MOL
Mitsui O.S.K. Lines

Resilient and Buoyant

How We're Sailing Through Rough Seas

Annual Report 2009
Year ended March 31, 2009

Powered by Three Stre

Contents

FINANCIAL STRENGTH

MOL stands head and shoulders above other companies it competes against globally in terms of financial soundness. Even in the face of an uncertain economic environment, MOL will capitalize on its financial strength and maintain stable management.

MARKET STRENGTH

World trade volume is expected to trend upward over the medium and long term. We therefore still see marine transport as a growth industry. As a company focused on marine transport, we are determined to continue benefiting fully from this growth going forward.

BUSINESS STRENGTH

Our fleet portfolio remains optimally balanced in terms of its size, diversity of vessels, and contract durations. This well-balanced fleet enables us to meet varying customer needs and maintain high profitability.

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.

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.

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Financial Highlights

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

	Millions of yen						Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2004	**2009**
For the year:							
Shipping and other revenues	**¥1,865,802**	¥1,945,697	¥1,568,435	¥1,366,725	¥1,173,332	¥ 997,260	**$18,994,218**
Shipping and other expenses	**1,564,486**	1,544,109	1,300,038	1,101,459	917,149	824,902	**15,926,764**
Selling, general and administrative expenses	**104,105**	110,303	100,324	92,273	84,388	80,232	**1,059,809**
Operating income	**197,211**	291,285	168,073	172,993	171,795	92,126	**2,007,645**
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**16,000**	18,199	16,171	16,817	11,764	6,613	**162,883**
Ordinary income	**204,510**	302,219	182,488	176,502	174,979	90,556	**2,081,950**
Income before income taxes and minority interests	**197,732**	318,202	197,854	188,290	155,057	89,776	**2,012,949**
Income taxes	**(65,712)**	(120,877)	(70,510)	(68,770)	(53,792)	(33,194)	**(668,960)**
Minority interests	**(5,032)**	(7,004)	(6,404)	(5,788)	(3,004)	(1,191)	**(51,227)**
Net income	**126,988**	190,321	120,940	113,732	98,261	55,391	**1,292,762**
At year-end:							
Total assets	**1,807,080**	1,900,551	1,639,940	1,470,824	1,232,252	1,000,206	**18,396,417**
Net vessels, property, plant and equipment	**1,106,746**	1,047,825	847,660	769,902	665,320	477,621	**11,266,884**
Interest-bearing debt	**702,617**	601,174	569,417	571,429	514,131	491,693	**7,152,774**
Net Assets/Shareholders' Equity	**695,022**	751,652	620,989	424,461	298,258	221,535	**7,075,456**
Retained earnings	**623,626**	536,096	375,443	275,689	182,143	101,991	**6,348,631**

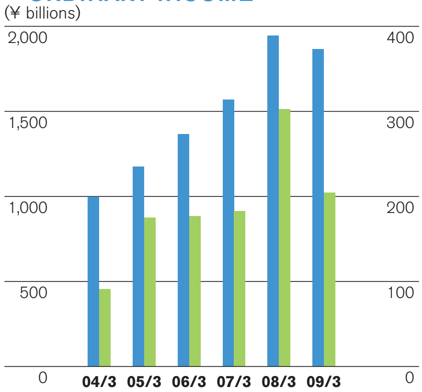
Amounts per share of common stock:	Yen						U.S. dollars
Net income	**¥106.13**	¥159.14	¥101.20	¥94.98	¥81.99	¥46.14	**$1.080**
Cash dividends applicable to the year	**31.00**	31.00	20.00	18.00	16.00	11.00	**0.316**

Management indicators:						
Gearing ratio (%)	**113%**	88%	104%	135%	173%	222%
Equity ratio (%)	**34.5%**	35.8%	33.6%	28.9%	24.2%	22.1%
ROA (%)	**6.9%**	10.8%	7.8%	8.4%	8.8%	5.4%
ROE (%)	**19.5%**	30.9%	24.8%	31.5%	37.8%	28.7%
Dividend payout ratio (%)	**29.2%**	19.5%	19.8%	19.0%	19.5%	23.8%
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	**10,012**	9,626	8,621	8,351	7,385	7,033

Please refer to the notes on p.54, for "Translation of foreign currencies" and "Presentation of net assets in the balance sheet."

SHIPPING AND OTHER REVENUES AND ORDINARY INCOME

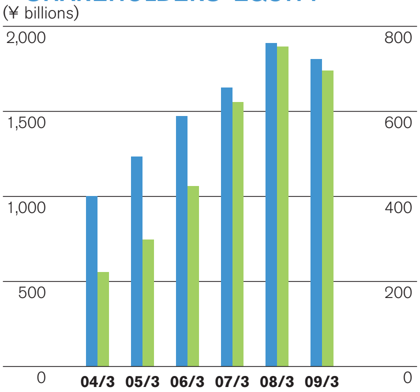
(¥ billions)



■ Shipping and other revenues (left scale)
■ Ordinary income (right scale)

TOTAL ASSETS AND NET ASSETS/ SHAREHOLDERS' EQUITY

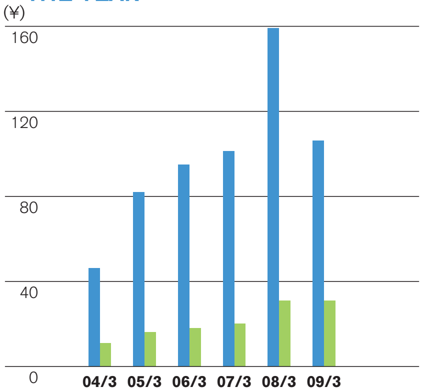
(¥ billions)



■ Total assets (left scale)
■ Net assets/Shareholders' equity (right scale)

NET INCOME PER SHARE AND CASH DIVIDENDS APPLICABLE TO THE YEAR

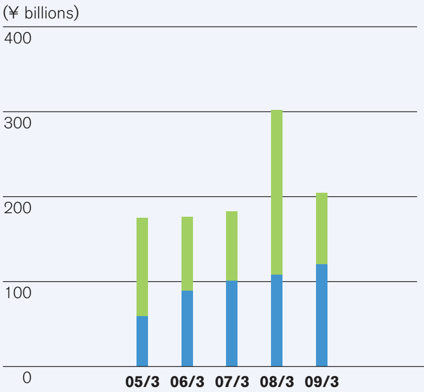
(¥)



■ Net income per share
■ Cash dividends applicable to the year

Key Financial Indicators

HIGHLY STABLE PROFITS AND MARKET-SENSITIVE PROFITS

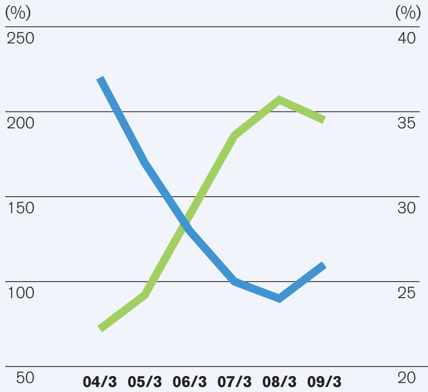


FY2008
Highly Stable Profits
¥120 billion

■ Highly stable profits
■ Market-sensitive profits

Highly stable profit + Market-sensitive profit = Ordinary income

GEARING RATIO AND EQUITY RATIO

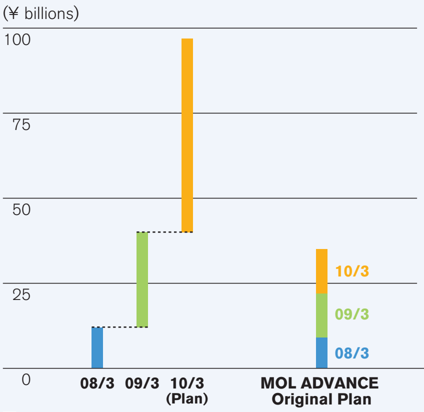


FY2008
Gearing Ratio
113%

FY2008
Equity Ratio
34.5%

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

COST REDUCTIONS



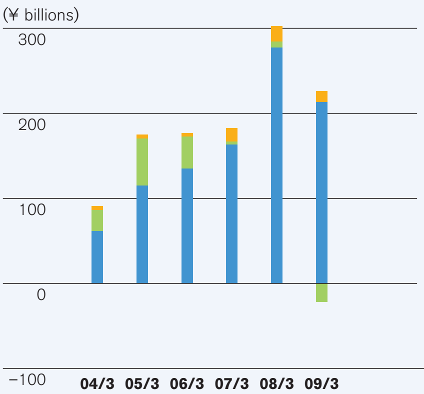
Ahead of plan

CREDIT RATINGS

As of July 1, 2009

	Type of rating	Rating
JCR	Long-term debt rating	AA–
R&I	Issuer rating	AA–
	Short-term debt rating (CP)	a-1+
Moody's	Issuer rating	A3
Standard & Poor's	Issuer rating	BBB

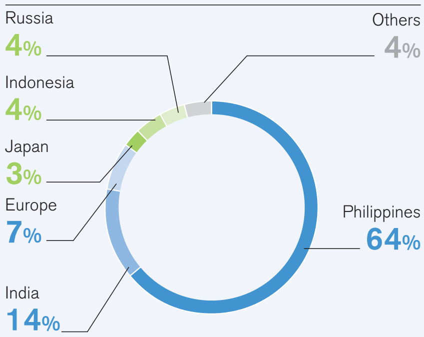
ORDINARY INCOME (LOSS) BY CONSOLIDATED SEGMENT



■ Bulkships
■ Containerships
■ 4 other segments, etc.

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

As of January 2009



Total: Approx. 7,700 people

Fiscal 2008 saw a second-half drop-off unlike any experienced before due to the worldwide economic crisis that began in September 2008. Nevertheless, we did well minimizing the effects of this economic storm, posting ¥204.5 billion in ordinary income and ¥127.0 billion in consolidated net income—both were our second-highest results ever. I attribute this solid performance to our constant state of readiness to respond to a crisis and our fast response when the crisis occurred.

Fiscal 2008 was an aberration in many ways. I still maintain that the paradigm shift in the global economy will drive growth in the marine transport sector over the long run, and we'll be ready for that as well.

AKIMITSU ASHIDA
President

To Our Shareholders

A Fast Response Was Crucial

The marine transport sector surged ahead in the first half of fiscal 2008, setting new records along the way, most notably dry bulker charter rates. That changed abruptly though from September 2008 when the collapse of Lehman Brothers triggered a tailspin in seaborne trade. This unprecedented drop-off naturally hurt our earnings, as did the yen's run-up and soaring first-half bunker costs.

But we acted quickly and boldly when conditions deteriorated to minimize the damage. We scrapped old vessels, returned unprofitable ships, laid up other ships and implemented other urgent measures to cut costs across the company. Consequently, we were able to maintain earnings at a high level.

The fact that we achieved this sort of performance was firstly due to our preparedness. When I became president, I ordered each division to draw up emergency plans based on the assumption that a global economic slowdown would take place in the future. These plans cover fleet downsizing, and are reviewed every year so that we are always prepared for a crisis situation. Our ability to execute as an organization enabled a swift response to put these plans into effect. Another strength which enabled us to post a profit was our management skill in optimally combining various types of vessels, cargo contracts and contract durations. At the same time, weathering through a second half like the one experienced in fiscal 2008 and still being able to outperform other companies in terms of earnings has shown the wisdom of a business model focused on marine transportation.

It also proved the importance of a sound financial base. The marine transport sector had enjoyed a lengthy period of prosperity. Thanks to astute management decisions, we benefited sooner and have continued to benefit longer than most. Our capital base has steady grown as a result. At the end of March 2002, shareholders' equity was ¥167.0 billion and our gearing ratio (interest-bearing debt/shareholders' equity) was 400%. Thanks to subsequent efforts to pare down interest-bearing debt, while continuing to invest in our fleet to propel growth, shareholders' equity and our gearing ratio stood at ¥623.7 billion and 113%, respectively, at March 31, 2009. With the operating environment expected to remain difficult for some time, I'm convinced that our relatively solid financial footing will make us even more competitive.

Setting the Stage for More Growth

From a long-term perspective, the marine transport sector has by no means matured yet. I still believe that this industry will continue to grow in step with world population growth and increasing trade volumes. To be sure, trade volumes have dropped temporarily because of the worldwide economic recession, but I expect seaborne trade and charter rates to gradually pick up steam once China and other economic powerhouses have trimmed inventories and the unease in global financial markets subsides.

Since last fall, we have temporarily slowed the pace of fleet expansion to minimize the impact on our earnings. Originally, under our midterm management plan MOL ADVANCE, we planned to have a fleet of 1,200 vessels by March 2013. Current plans call for us to achieve this goal two years later than originally projected. Over the medium and long terms, however, there will be no change to our growth strategy of expanding our fleet in step with global economic development.

With tough economic conditions expected to persist, it is business strategy, the management skills to implement it and balance sheet strength that will separate the winners and losers. MOL has a sound financial base, a well-balanced business portfolio and a lean organizational structure. We will keep navigating the rough seas ahead by leveraging these core strengths, and further elevate our status in the marine transport industry.

July 6, 2009

AKIMITSU ASHIDA — President

AKIMITSU ASHIDA
President

Interview With the President

Resilient and Buoyant

How We're Sailing Through Rough Seas

The shipping industry enjoyed many years of strong growth up to fiscal 2008. That all came to an abrupt end in September 2008 after the shockwaves of Lehman Brothers collapse reverberated across economic and national borders. There was an unprecedented slide in economic activity. Dry bulker charter rates nosedived. The marine transport of automobiles almost halved. As of the writing of this annual report, there were signs that the dry bulker market had bottomed out, but the overall marine transport industry is still depressed. In this section, MOL's president answers questions on how MOL is sailing through these rough seas.

Q: We saw both record highs and record lows in fiscal 2008. At the start of the past fiscal year, did you anticipate this dramatic shift?

A: It may sound like I am speaking with the benefit of hindsight, but actually I felt change was in the wind even before the Lehman shock. This feeling wasn't based on a precise theoretical analysis of market trends from the supply-demand equation for ships and the like. It was much simpler than that—freight rates were abnormally high. My years of experience and instinct told me that this situation couldn't last and I started to believe that it was risky to run the company on the assumption that such high freight rates would continue. I began expressing these views to members of the Executive Committee around the beginning of the second quarter of fiscal 2008. However, bullish views still dominated. I continued to have concerns, and at a later Executive Committee meeting I directed that 15 Capesize vessels of the approximately 30 operating on spot contracts be switched to medium-term agreements of between 3 and 5 years. This is because these vessels have a relatively large impact on our earnings. This switchover was effected smoothly because the rate for medium-term agreements was far lower than the spot rate at the time. Spot rates subsequently plunged. Had we stuck with spot contracts, approximately ¥15.0 billion in earnings would have been wiped out in the second half of fiscal 2008. This turned out to be a very good decision.

CAPESIZE BULKER MARKET

Time charter average (4 TC routes)

Source: The Baltic Exchange

Q: In recent years, MOL has produced outstanding results and management has won plaudits. However, that coincided with a period in which the market did nothing but rise. How did management respond when the shipping market slipped into an unprecedented reverse in the second half of fiscal 2008?

A: The shipping market ebbs and flows as a matter of course. That means that a company runs a considerable risk of suffering major losses during the inevitable market correction if it only pursues expansionist plans when market conditions are buoyant. The marine transportation market has enjoyed several years of expansion, but my management style has always factored in the risk of a market pullback and we have always impressed upon employees to be ready to pull back as well. In fiscal 2008, we were able to quickly implement our contingency plans. After the Lehman shock, we reduced our fleet by approximately 70 ships through to March 2009 and we plan to downsize by another 40 or so ships in fiscal 2009.

Implementing such a retrenchment strategy quickly is one part of a successful contingency plan. However, downsizing a fleet results in lower revenues, and in some cases, one-off expenses or losses may also be incurred. We were able to execute our pull-back because we have also focused on strengthening our financial base while increasing our fleet. For example, our gearing ratio (interest-bearing debt/shareholders' equity) is an indicator of this financial soundness. As of March 31, 2009, MOL's gearing ratio was 113%, a marked improvement from 400% at the end of March 2002.

Without both quick execution and a sound financial position, it was almost impossible to weather the harsh conditions experienced in fiscal 2008. Some companies found this out the hard way; nearly 10 shipping companies have gone bankrupt around the world since the market turned downward.

It is easy to talk about downsizing one's fleet by around 70 ships, but in practice it is extremely challenging to follow through with this in terms of operations and earnings in a short space of time. Strong leadership is required. I responded to the situation much like a captain of a ship in the middle of a storm by ordering that we lower the sails and batten down the hatches. I can't say that I did this with 100% conviction, but, although somewhat hesitant, I felt that the most important thing to do at the time was to act to ensure we weathered the storm.

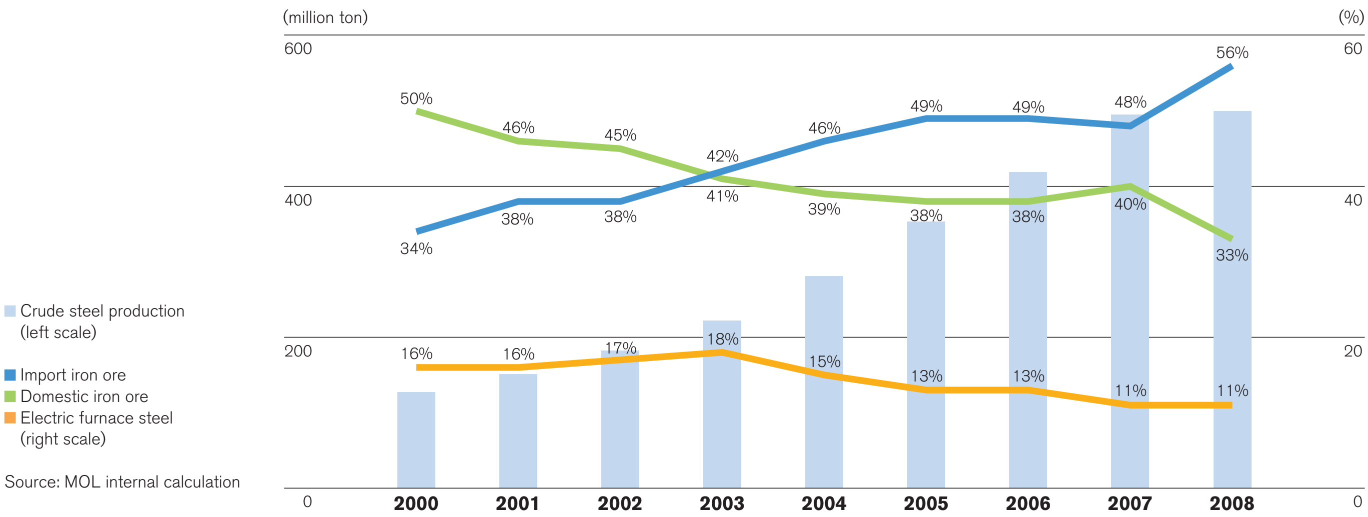
Q: Given that the market waxes and wanes, there is bound to be a recovery. What conditions do you believe will lead to the recovery? Do you think the market will return to its former growth trajectory?

A: A recovery in market conditions for bulkships is conceivable. Containerships, though, face a more complicated recovery scenario. We are, therefore, looking at the two sectors quite differently.

In dry bulkers, charter rates for Capesize ships fell from a peak of US$230,000 last year to US$1,000 at a rapid rate of knots, but have since rebounded to around US$30,000 (in early May 2009), which does provide some comfort that things are improving.

This precipitous drop was due to a sharp downturn in demand for shipping of iron ore, as steel-makers in Europe, the U.S. and Japan slashed production. In contrast, strong demand for iron ore persists in China, partly because of the government's aggressive domestic economic stimulus measures. Crude steel production in China is slightly up on 2008, while iron ore imports were reportedly 30% higher year on year in the six months from January to June 2009. China has been slow to build its domestic transportation infrastructure. In addition to this, the country's mines have been stopping production one after another due to the drop in the price of iron ore since the fall of 2008. The upshot of this is that China is more reliant than ever on imported iron ore. If this trend continues, market rates will surely improve for Capesize bulkers, whose main cargo is iron ore. On top of that, when crude steel production in industrialized countries recovers, it is quite conceivable that Capesize bulker supply will be tighter than expected.

CHINA'S INCREASING DEPENDENCE ON IMPORT IRON ORE



Source: MOL internal calculation

Q: Demand has fallen by more than 20% in the containerships business. Some reports say that the supply of ships is increasing at an annual rate of 10%, so isn't it highly likely that MOL won't see a recovery for the next four to five years?

A: That's what we're assuming. All companies in this industry sector are literally in the same boat—unable to implement effective steps, they are all continuing to suffer losses. But MOL is better placed to weather this market storm than most, given that our containership operations are only mid-tier in size globally. There used to be a line of thinking that bigger was better. But not now. In the current market, the bigger the company, the harder it is, and companies that specialize in containerships have no other revenue sources. The situation is so serious that I wouldn't be surprised to see some companies find the going too tough and fall by the wayside at some point down the line. Were that to happen, the industry would be thrown into upheaval, after which the industry would be more orderly than it is now.

MOL's plan is to ride out this storm, limiting our losses in containerships as far as possible. With our broad marine transport business, of which containerships is only part, and a comparatively strong balance sheet, MOL has the underlying strength to wait it out for opportunities that may arise when a new order is formed in the containership sector.

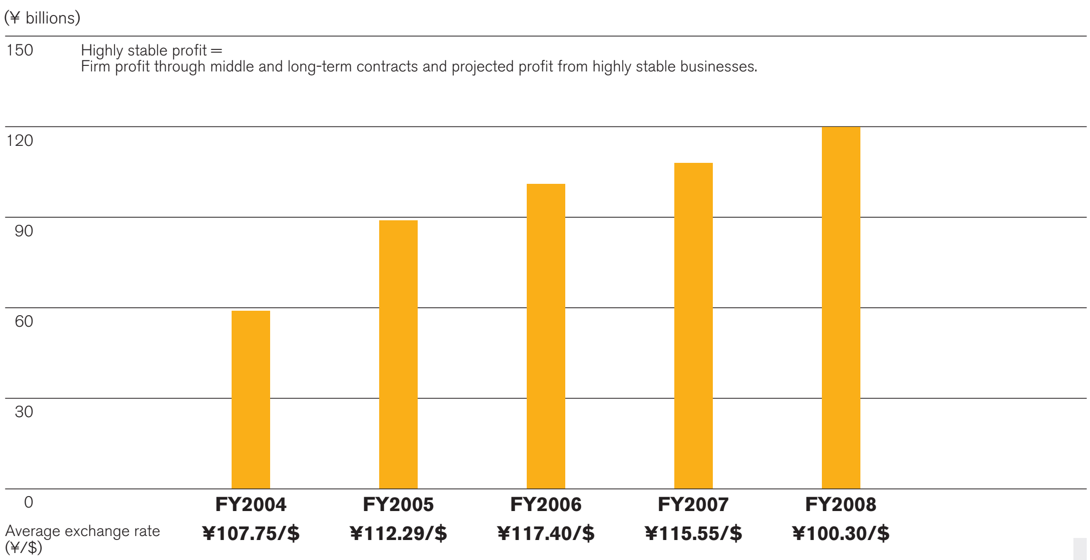
Q: How has your strategy of striking a good balance between highly stable profits and market-sensitive profits served you amid the tumultuous conditions in the marine transport market?

A: We define highly stable profits as earnings that have a low level of volatility because they are mostly derived from medium- and long-term shipping contracts. Market-sensitive profits, on the other hand, are those that are affected by various market factors. Highly stable profits, as defined in this way, accounted for 36% of our ordinary income in fiscal 2007, when we posted record earnings. In fiscal 2008, this share rose to 59%. With ordinary income down by 32%, it was natural for the share of highly stable profits to increase. In absolute monetary terms, highly stable profits increased from ¥108.0 billion to ¥120.0 billion in fiscal 2008. As I said earlier, this is because we concluded medium- to long-term contracts when market conditions were buoyant in the dry bulker market.

For fiscal 2009, our initial plan called for highly stable profits of around ¥120.0 billion, but we now expect a slightly lower figure. One reason for this is that we expect the yen to be stronger than in the previous fiscal year on average. Another reason is a large drop in revenues and earnings of an unprecedented nature in the car carrier business due to the global economic recession. This business had been a source of stable earnings because of the comparatively high barriers to entry. For the time being, this situation is unavoidable given the abnormal market conditions, as highlighted by General Motors' bankruptcy filing. Even so, we have a higher level of stable profits than other shipping companies around the world, and it is these profits that enable us to generate a certain level of earnings despite the extremely difficult operating environment. This is a real strength of MOL. We plan to continue developing an efficient business portfolio that maximizes highly stable profits, while generating as much profit as possible from short-term contracts.

ACCUMULATION OF HIGHLY STABLE PROFITS

Highly stable profit + Market-sensitive profit = Ordinary income



Q: Your fiscal 2009 forecast factors in cost savings of ¥40.0 billion. How realistic is it that you will be able to cut costs to that extent?

A: We are making steady progress with actions to cut costs by ¥40.0 billion in fiscal 2009 in all areas. Areas targeted include running costs, repair expenses and subsidiary expenses. Costs have fallen to nearly the level they were in 2006, before market rates rose steeply. We are therefore looking closely at all costs that have risen substantially from the past in our efforts to cut costs. I'm fully confident that we will achieve cost savings of ¥36.0 billion through these initiatives, but expect to see even more savings. Our goal now for fiscal 2009 is to cut costs by ¥57.0 billion. Cost-cutting efforts are typically the most effective in containership operations, where we plan reductions of ¥27.0 billion of the ¥57.0 billion target.

Q: Have you revised your fleet expansion plan given the dramatic change in the business landscape?

A: As I said before, our long-term fleet expansion plan has not changed. Our initial plan under MOL ADVANCE was for a fleet of 1,200 vessels by the end of March 2013. We still hope to achieve that number, but probably about two years later than we planned.

You may question why we are still looking to expand our fleet in this harsh environment. Well, I'm convinced that the marine transportation market will continue growing over the medium and long terms. We are temporarily reducing our fleet size, but I don't want this to be interpreted that the market has stopped growing. One must remember that the world economy has many more dimensions to it these days. Eastern European countries have become interwoven in the global market economy over the two decades since the fall of the Berlin Wall in 1989. And then there is the emergence of economies in countries like China. These sorts of factors have driven dramatic growth in the marine transport industry. We continue to base our management of MOL on this paradigm change.

DETAILS OF FLEET EXPANSION PLAN (AS OF APRIL 2009)

		Fleet scale at the end of March 2009 (Actual)	MOL ADVANCE		FY2010–FY2012	
			Ships to join MOL fleet (Ordered)	Fleet scale at the end of March 2010 (Plan)	Ships to join MOL fleet (Plan)	Fleet scale at the end of March 2013 (Target)
			FY2009 (Plan)		FY2010–FY2012	
Bulkships	No. of vessels	695		740		875
	New vessel launching		69		126	
Dry Bulkers	No. of vessels	356		372		438
	New vessel launching		26		59	
Tankers	No. of vessels	178		202		243
	New vessel launching		29		39	
LNG Carriers	No. of vessels	72		77		75
	New vessel launching		5		1	
Car Carriers	No. of vessels	89		89		119
	New vessel launching		9		27	
Containerships	No. of vessels	115		113		120
	New vessel launching		9		18	
Others	No. of vessels	51		47		55
	New vessel launching				1	
Total	No. of vessels	861		900		1,050
	New vessel launching		78		145	

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

Q: You are forecasting profits to remain at a lower level than the past for the next few years, yet you are increasing borrowings at the same time. How should people measure MOL's shareholder value in this context?

A: Interest-bearing debt at March 31, 2009 stood at ¥702.6 billion, up from ¥601.2 billion a year ago. Of the approximate ¥100.0 billion increase, ¥30.0 billion was to increase cash on hand so we were prepared to weather uncertain financial conditions. The remaining ¥70.0 billion was appropriated for ordinary capital expenditures. Because net income was so high through fiscal 2007, capital rose at a faster pace than debt, resulting in a lower gearing ratio. At the end of March 2009, however, the gearing ratio had crept up to 113%, from 89% a year ago, reflecting increased borrowings and a ¥55.6 billion decrease in shareholders' equity to ¥623.7 billion. The decrease in shareholders' equity was due to a ¥142.8 billion change in accumulated gains (losses) from valuation and translation adjustments.

The main reason for the change in "accumulated gains (losses) from valuation and translation adjustments" was foreign currency translation adjustments. MOL has many overseas consolidated subsidiaries with December 31 fiscal year-ends. Foreign currency translations mostly used a yen-US$ rate of ¥91 at December 31, 2008, leading to the apparent large decline in capital. However, the exchange rate had returned to ¥98 at March 31, 2009. Had this rate been used instead, shareholders' equity would have been around ¥670.0 billion and the gearing ratio 105%. There was thus no substantial change in shareholder value as calculated from the balance sheet.

In these times of global economic upheaval, in addition to the strength of our balance sheet, I think people should look at how much MOL's qualitative value has increased. This is our latent capability as a company. Whereas the balance sheet allows for measurement on accounting and quantitative terms, qualitative value is a measure of our resilience in tough economic circumstances and our ability to rise when the inevitable market recovery comes. In other words, qualitative value should be measured as the extent to which we are more competitive and have delivered higher profits than other companies in a difficult business environment, as well as how ready we will be to catch the next wave of growth. I'd like shareholders to keep asking me whether we are prepared for that wave and when it will arrive.

Q: The shipping industry has been battered by rough economic conditions since last year. What role has corporate governance played in helping MOL to navigate these rough conditions?

A: In calmer times, corporate governance's value lies in ensuring exhaustive debate. However, in turbulent conditions, how corporate governance functions is more important than discussions and information sharing. During fiscal 2008, actions rather than debate proved telling as we switched into crisis response mode.

Since I took over as president, I have held frequent face-to-face meetings with personnel from the manager rank up. We call these meetings "Can Do Meetings" and they have provided a valuable forum for me to directly communicate management policy and thinking to front-line employees in my own words. I'd like to think that it was thanks to these meetings that MOL was able to act much faster and better than peer companies during fiscal 2008.

The presence of three independent outside directors was extremely meaningful as well in this crisis mode. I received valuable advice from these directors from an objective, third-party standpoint, as well as from shareholders and other investors about whether I was carrying out my daily duties as CEO properly. I believe that our corporate governance, centered on these directors, functioned effectively before and during the crisis.

Q: Mr. Ashida, you seem to have a knack for coming up with concise slogans to simplify the essence of your approach to management at any given time. Expressions like “Diversify Risk With Diverse Ships” and “Be Prepared to Reverse Rudder (Pull Back)” are certainly memorable. Do you have a slogan for your approach to management today?

A: “Cultivate more skilled employees.” The challenge we face today in this market lacking vitality is like growing wine grapes in poor soil—difficult, but when done well the final product achieves an unparalleled flavor. I remember reading a famous expression attributed to Panasonic founder Konosuke Matsushita along the lines that good times are good, but bad times are even better. In this sense, there couldn’t be a better time than now for improving our operations. We can improve them in terms of costs, as I said earlier. We can improve them in terms of efficiency. And we can improve them in many other ways, such as by using this lull in economic activity to perform maintenance to make doubly sure that our fleet is up to scratch and teach our people about safe operations. But, above all, this time is the best opportunity for our people to acquire the skills to do business better.

MOL enjoyed seven straight years of revenue and earnings growth. But not once during those prosperous economic times did our younger employees experience what it was like to do business under difficult conditions. All they know is good times. They learned how to take customer orders well, because that was key during the strong market conditions. They learned how to catch the waves, to be good surfers.

But what those prosperous years did not teach them was a more fundamental skill: how to swim well. From now on, their individual wisdom and ability to execute will be tested. They’ll have to become better swimmers as well, using their skills and capabilities to get to shore. I believe that they’ll learn more from their experiences today than before, and that MOL will be in even better shape in the future as a result.

I hope that our younger employees stand up and rise to the challenge to overcome this difficult business environment. I’m certainly committed to making this happen.

MOL ADVANCE

Mitsui **O**.S.K. **L**ines’ **A**ction and **D**irection at the **Van**guard of **C**reating **E**xcellence

Operational Safety

Complete operational safety is of the utmost importance at MOL, and we view it as our social responsibility. In the wake of four successive major marine accidents in fiscal 2006, we reflected deeply on and analyzed the factors that caused these incidents. This led us to establish the Safety Operations Headquarters, which is at the vanguard of our efforts to forcefully promote measures that will prevent future accidents. In this section, we introduce some of those measures.

MASAAKI NEMOTO
Executive Officer

Safety Conference

Since 2007, we have been holding Safety Conference briefing sessions in three locations around the world: India, the Philippines and Eastern Europe. These conferences gather executives and employees of ship management divisions, including MOL's executive officer in charge of safe operations, and seafarers on leave. Attendees receive presentations on MOL's present status and expectations for seafarers, learn from past problems by looking at case studies, and discuss hidden risks in their workplaces and measures to improve safety. Every year ahead of the briefing sessions, MOL employs outside specialist consultants to conduct interviews with seafarers for their candid opinions and uses the feedback to pinpoint problem areas and set priorities. Interactive communication among front-line personnel (seafarers), supervisors (land-based superintendents) and management is crucial for enhancing shared understanding of what operational safety means and these conferences provide a valuable forum for that. Three years into this program, we found this year that seafarers, who in past years had been somewhat reticent, were prominent in voicing constructive opinions, an encouraging sign that mindsets are changing. MOL utilizes the ideas for building safer ships and for supporting operational safety that emerge from the discussions at these conferences to devise its strategies.

Safety Operation Supporting Center (SOSC)

In February 2007, MOL established the Safety Operation Supporting Center (SOSC) in its Tokyo Head Office building. The SOSC operates round-the-clock and is staffed full time by experienced captains, who constantly watch over MOL's approximately 860 fleet. The SOSC provides real-time information to individual ships to aid in safe navigation. Besides weather and sea conditions, this up-to-the-minute information extends to information on terrorism and piracy, and public safety and hygiene for calling ports. Duty officers at the SOSC do more than simply pass on information. As experienced captains themselves, they receive questions and consultations from vessels and offer appropriate advice based on their experience and wealth of information available to them. Captains of ships at sea are under constant pressure as the master of huge vessels. One of the SOSC's roles is to ensure that they never feel alone, so that they can make cool-headed and quick decisions that put safety first when needed. The SOSC thus provides wide-ranging support in collaboration with commercial divisions.

Ship Visits and Training

Improving interactive communication between land and sea is an ongoing theme at MOL. One way we are fostering closer communication is through ship visits. In fiscal 2008, we introduced a system where management-level staff (executives and division heads) visit ships to talk about company management. This program builds on an existing system that involves mainly staff responsible for commercial operation and ship management holding meetings on ships. We also run Company-wide focused operational safety campaigns twice a year. These are some of the ways that we provide frequent opportunities for seafarers and land-based staff to understand each other and discuss operational safety on the same footing.

We have also produced an educational DVD reenacting the four major marine accidents that occurred in fiscal 2006 to ensure that this painful experience does not fade from our collective consciousness. This DVD is shown to MOL's seafarers and land staff around the world as part of our training program. Through workshops and theme-based training for personnel in charge of operation onshore, we hone a sense of responsibility for achieving improvement of both navigation efficiency and safety. When it comes to operational safety measures, all parts of our activities are equally important at MOL, whether on land or at sea.

MOL PRESIDENTIAL AWARD

In 2008, MOL instituted the *MOL Presidential Award*, a system where the president directly honors seafarers who have demonstrated leadership at sea and have an outstanding record in safe navigation. In the first year of this award, a total of five MOL Group captains and chief engineers were selected and invited to an awards ceremony with their spouses. We believe that recognizing people who achieve a major contribution to safe front-line operations will make them role models and good examples for all our seafarers to follow.

Seafarer Training

As of March 31, 2009, MOL had some 11,400 seafarers working in its fleet, but as the number of vessels continues to increase, so will the number of shipboard personnel. In order to provide safe, high-quality transportation services, the company needs to secure a steady supply of highly skilled, top-flight seafarers. Therefore, the company has established a training program to cultivate and train top-quality seafarers. The following report offers a more in-depth look at that program.

Cultivating Seafarers With Excellent Skills and Strong Loyalty

In 2007, MOL launched a large-sized training ship named “*Spirit of MOL*,” and introduced an onboard training program for maritime school graduates (cadets) using a unique curriculum that the company developed itself. The training ship welcomes around 180 new cadets from 5 to 7 different countries, who spend a period of 4 to 6 months acquiring basic seamanship skills while the ship operates in the waters of the Philippines and Southeast Asian countries. The intensive training program carefully selects well-trained supervisors and seafarers to serve as instructors, and ensures that all cadets receive thorough training in safe practices and basic operational skills. By living and working together on the ship, the multi-national young cadets develop strong bonds of cooperation while acquiring practical navigation and marine engineering skills and learning to take pride in becoming MOL seafarers. MOL has invested energetically in this program, which is one of the first dedicated training ship programs developed by a private-sector shipping company, to provide cadets with essential multicultural understanding and professional skills. In fiscal 2008, in recognition of the program’s quality and success, Lloyd’s Register - Fairplay Ltd. presented MOL with the “Safety at Sea International Award 2008” (training division).

In the summer of 2008, the *Spirit of MOL* was dispatched to Iloilo City, in the Philippines, to assist in disaster relief efforts following a major typhoon. The ship delivered emergency supplies for the government of the Philippines, helped to clean up public facilities that had suffered severe flood damage, and assisted with local restoration work. In recognition of these efforts, the Republic of the Philippines’ Office of the President offered official appreciation to MOL, the training ship, her cadets and crewmembers. In this way, the *Spirit of MOL* was able to contribute to disaster relief in the Philippines, the largest source of MOL seafarers. Not only did the cadets help MOL fulfill its corporate social responsibility; they also had a unique opportunity to work in an environment very different from their usual shipboard life, and strengthen the bonds of cooperation by taking part in a humanitarian relief operation.


SENATE

When their training aboard the *Spirit of MOL* is complete, and the cadets have acquired basic operational skills, they are assigned to a ship in the MOL fleet to receive more “hands-on” training. The captain and his crewmembers, who have extensive experience and skill over years of shipboard service, give cadets on-scene training in cargo handling, ship maneuvering and machinery operations, seeking to teach the cadets the decision-making skills as well as know-how and the work ethic that have been cultivated by MOL seafarers. In order to accommodate these trainees, and provide a proper training environment, new ships that are being built for the MOL fleet are equipped with additional cabins to meet the increasing demand. By taking part in both the training ship program and a period of apprenticeship on an actual MOL vessel, the cadets are able to obtain the basic knowledge, safety awareness, applied skills, and ability to be a fully fledged MOL seafarer.

MOL has also established land-based facilities in six countries (Japan, the Philippines, India, Montenegro, Indonesia and Russia) to provide upgraded training to seafarers on leave, or prior to their next tour of duty. The training programs seek to enhance the various specialized skills of MOL’s shipboard personnel. The company also cooperates with maritime universities in the countries that produce most of the world’s seafarers, by offering “cadet programs” and scholarships, thus contributing to the cultivation of excellent seafarers.

Support for Families

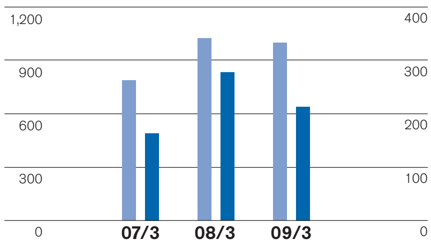
Seafarers spend several months at a time away from their families, on board a ship, so it is very important that family members can understand and support their husbands, fathers and brothers while they are on tough duty at sea. The overseas manning offices, which take care of MOL seafarers, provide various information continuously to families, and organize regular “family gatherings,” giving special awards to long-serving employees, in an effort to strengthen ties and promote the sense that they are members of the “MOL family.” In this way, the company strives to create a sense of loyalty, and pride in being a member of the MOL Group, and thus promote safe operation of our fleet further.

MOL at a Glance

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

PERFORMANCE

(¥ billions)



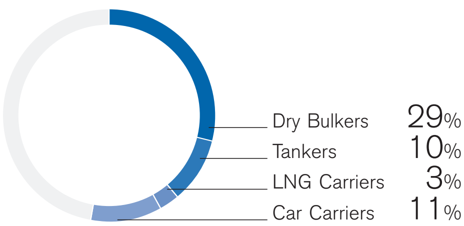
■ Revenues (left scale) ■ Ordinary income (right scale)

BUSINESS DESCRIPTION

MOL operates a world-class fleet of dry bulkers, tankers, LNG carriers and car carriers, including the world's largest fleet of dry bulkers, with 356 ships. Many of these are specialized vessels built specifically to suit a type of cargo; 136 (101 Capesize and 35 Panamax) supply iron ore and coal to the steel industry, 37 are specialized steaming coal carriers, 48 supply wood chips to the paper industry, and 8 are heavy lifters. Another 127 are general cargo bulkers which transport all manner of bulk cargoes, ranging from grain to industrial goods.

MOL's fleet of 178 tankers is diversified to carry a wide range of liquefied products—42 are crude oil tankers, 49 are product tankers, 27 carry LPG and methanol, and 60 carry chemicals. MOL also has 72 LNG tankers, many assigned to specific projects, giving it the world's number-one share of this market. MOL operates a world-class fleet of 89 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 BY SEGMENTS

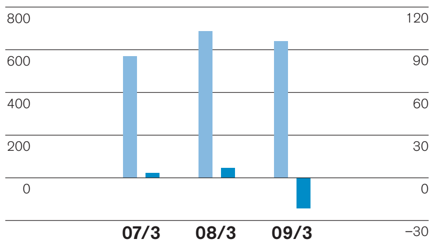


53%

Containerships

PERFORMANCE

(¥ billions)



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

BUSINESS DESCRIPTION

MOL operates a very diverse fleet of 115 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 transport needs of global clients. This segment also includes MOL's container terminal operations in Japan, the U.S., and Thailand.

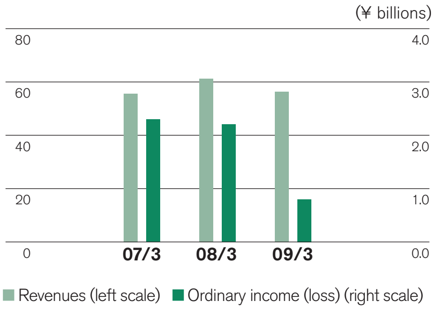
SALES BREAKDOWN BY SEGMENTS

34%

* Fiscal 2008 results. Please see page 73 for revenues figures.

Logistics

PERFORMANCE



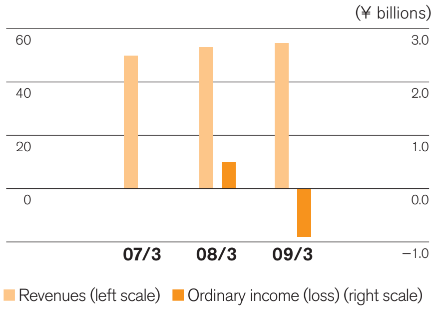
BUSINESS DESCRIPTION

The main objective of MOL's logistics business is to maximize synergies with other MOL divisions. MOL has adopted a "market-in" approach to ensure that it can offer services that exactly match the needs of customers. The highly regarded MOL brand helps this segment achieve steady growth. A capital tie-up and business alliance with Kintetsu World Express, Inc., allows both companies to offer a one-stop service to customers that require both sea and air freight services. MOL is also working aggressively to develop an ocean consolidation business (OCB) which can provide procurement and distribution services for various consumer products.

SALES BREAKDOWN BY SEGMENTS

Ferry & Domestic Transport

PERFORMANCE



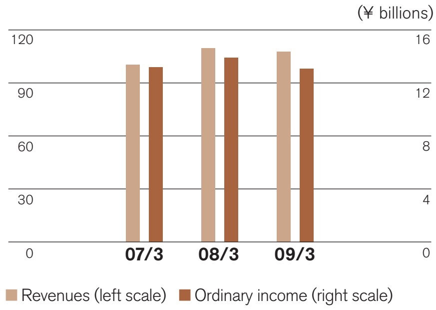
BUSINESS DESCRIPTION

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 and salt.

SALES BREAKDOWN BY SEGMENTS

Associated Businesses

PERFORMANCE



BUSINESS DESCRIPTION

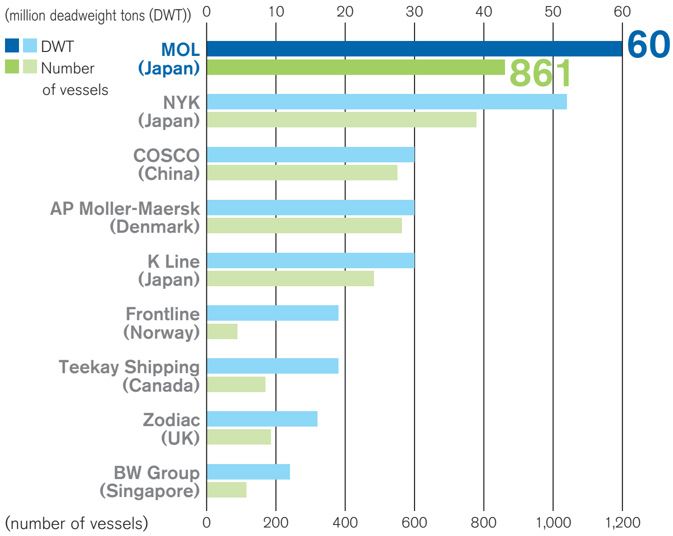
This segment is centered on the office and residential building leasing operations of Daibiru Corporation, as well as one of Japan's largest tugboat operations. Other activities include marine consulting, maritime engineering, trading, and temporary staffing, most of which have some relationship to MOL's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

SALES BREAKDOWN BY SEGMENTS

MOL in the Industry

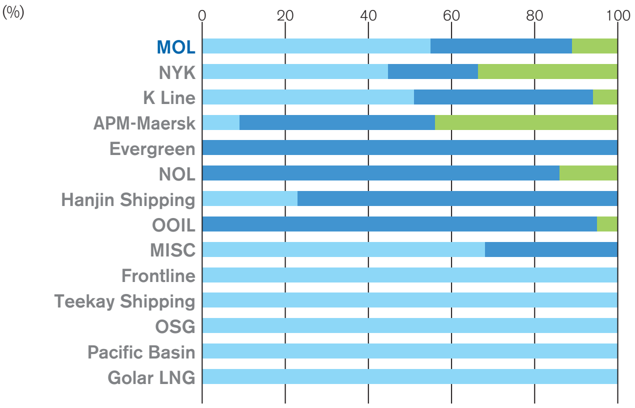
MOL operates a large and balanced oceangoing fleet.
In terms of its total fleet size and presence in individual market categories, MOL ranks among the world's largest shipping companies.

WORLD MAJOR CARRIERS' FLEETS (ALL VESSEL TYPES)



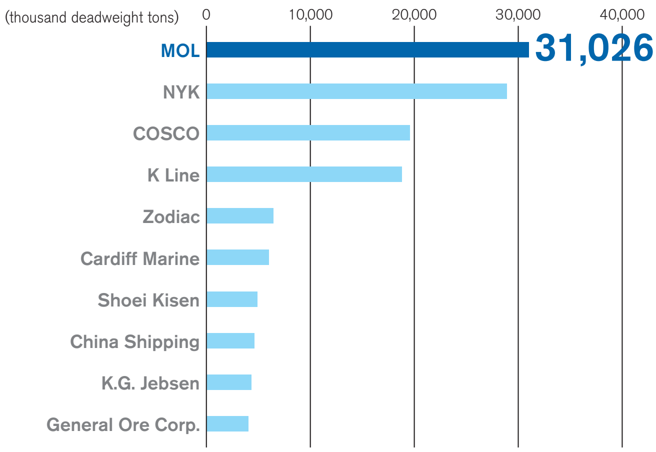
Source: Companies' published data, Clarkson Bulk Carrier Register 2009, etc.
As of April 2009

WORLD MAJOR CARRIERS' REVENUE PORTFOLIO BY SEGMENTS



Bulkships　Containerships　Other businesses
(Containerships include container terminals/agency businesses.)
Source: MOL calculations based on each company's financial statement (2008.1–12)

DRY BULKERS



Source: Companies' published data, Clarkson Bulk Carrier Register 2009, etc.
As of April 2009

MOL Fleet Composition FY2008

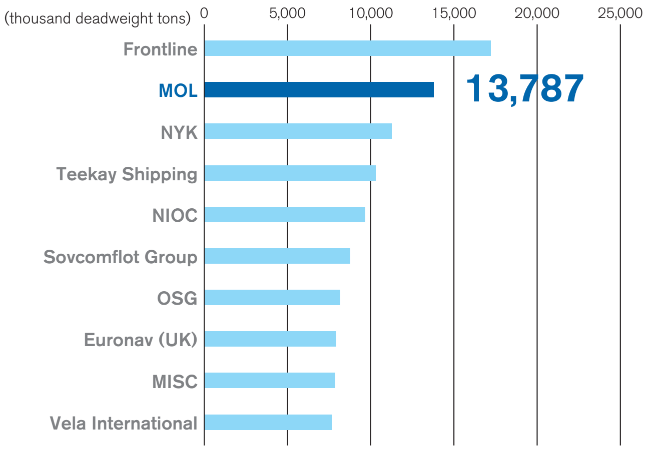
Notes:
1. Figures are as of March 31, 2009; numbers in parentheses are as of March 31, 2008, including spot-chartered ships and those owned by joint ventures.
2. The figures in the graphs above for the five different types of vessel do not match MOL Fleet Composition data due to discrepancies between the calculation methods of external organizations and MOL, and other reasons.





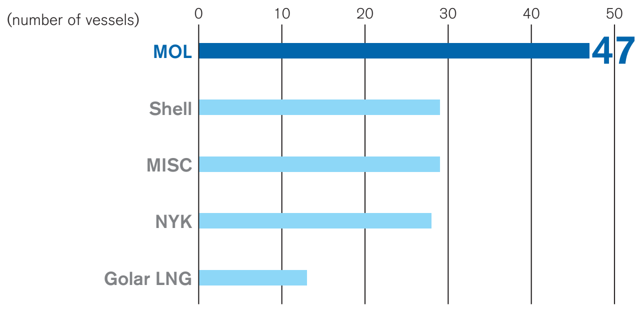
	Dry bulkers			Tankers	
	Bulk carriers	Wood chip carriers	Heavy lifters	Crude oil tankers	Chemical/Product tankers
Vessels	300 (309)	48 (46)	8 (9)	42 (41)	127 (115)
Thousand deadweight tons	28,626 (27,997)	2,368 (2,199)	120 (138)	10,955 (10,981)	4,694 (4,054)

TANKERS



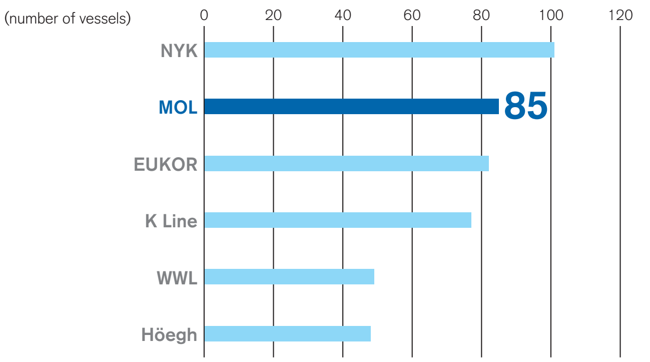
Source: Clarkson Research Services Spring 2009
As of March 2009

LNG CARRIERS



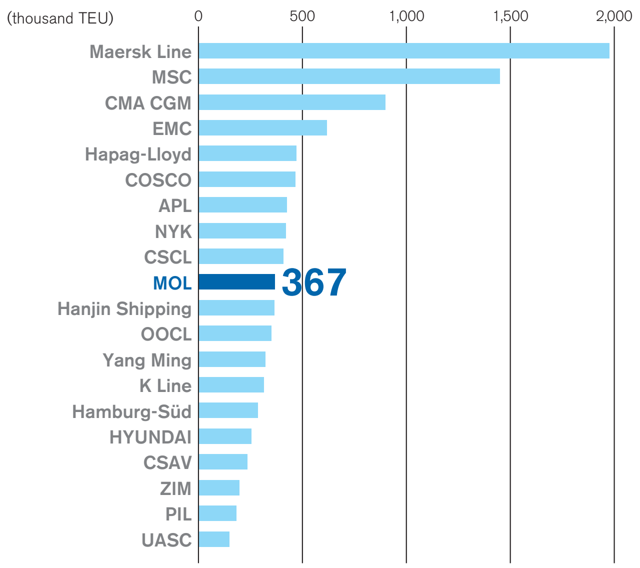
The above number shows the LNG vessels managed or more than 50% owned by each company
Source: MOL
As of April 2009

CAR CARRIERS



Source: MOL internal calculation
As of April 2009

CONTAINERSHIPS BY TEU CAPACITY



Source: MDS Transmodal "Containership Databank," April 2009
As of April 2009





LPG carriers	LNG carriers	Car carriers	Containerships	Others (Ferries and Others)	Total
9 (10)	72 (60)	89 (103)	115 (130)	51 (51)	861 (874)
389 (439)	5,451 (4,193)	1,434 (1,574)	5,418 (5,503)	188 (187)	59,643 (57,265)

Overview of Operations

Bulkships
Dry Bulkers

MASAFUMI
YASUOKA
Senior Managing
Executive Officer

Historically High Rates Plummet in Second Half

Fiscal 2008 was a historic year. In the first half, we saw market rates steeple to all-time highs. They subsequently came crashing down in the second half as market demand dried up in the wake of the dramatic slowdown in the world economy precipitated by the Lehman shock. You could say we had the best and worst of it all in one year. Dry bulkers recorded lower earnings as a whole in fiscal 2008 despite higher earnings from medium- and long-term contracts. This was principally due to a large drop in earnings from vessels operating on spot contracts which are exposed to market fluctuations.

As of March 31, 2009, MOL operated about 360 dry bulkers, which are broken down according to size and purpose into a number of sub-categories, including Capesize bulkers (the largest size among dry bulkers), Panamax bulkers, Handymax bulkers, Small Handy-size bulkers, wood chip carriers, heavy lifters, and short-range bulkers.

In this section, we explain the dry bulkers business by dividing 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

Iron ore and coking coal transportation saw an extremely strong first half stand in stark contrast to the lows of the second. We experienced record-high market rates and then the drop. Things peaked in June and July 2008, with a subsequent slowdown related to lower Chinese steel production during the Beijing Summer Olympic Games and then there was the sudden drop in the manufacturing industry as the financial crisis surfaced. These effects reverberated to the shipping industry. We reacted by scrapping ships, and cancelling, at a cost, contracts on three relatively expensive time charter vessels. We also proceeded to return some ships without extending the charter expiration period, as part of efforts to downsize our fleet.

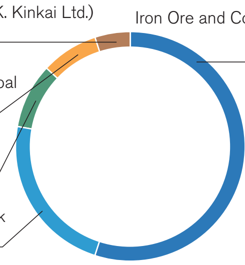
Overall, we had planned to have a 160-strong fleet of coal and iron ore carriers by the first half of March 2014, consisting of 130 Capesize and 30 Panamax bulkers. But now, in light of market conditions, we have lowered this target to 150. Further, the fleet size may decrease to 130 ships, if we decide not to renew expiring time chartered vessels. In any case, we placed orders for many of the future fleet additions at a time when new building prices were relatively cost effective, affording us a high degree of competitiveness in our operations.

Regarding the so-called "2010 Problem," given shipbuilders' less-than-anticipated capacity and issues surrounding fundraising that have led buyers to cancel shipbuilding orders, the number of new bulkers in the industry is likely to be less than half the initial forecasts. Similarly, new ships coming into service in 2010 will be substantially down from forecasts a year ago.

The Capesize bulker
Brilliant Sunrise

The wood chip carrier
Crystal Pioneer

CONSOLIDATED REVENUES BREAKDOWN (Results in FY2008)



In terms of our portfolio, at present 70% of our dry bulkers are operating on medium- to long-term contracts, while the remaining 30% are spot vessels. The percentage temporarily fell to as low as 15% during fiscal 2008 because we were able to sign contracts at higher rates, which enabled us to accumulate stable profits.

Other Dry Bulk Transportation

The market was one of extremes in fiscal 2008, as it sank from historical highs in the first half to historical lows in the second. MOL delivered a solid performance overall amid this market storm. We can't say that we forecast those market changes, but we increased the share of medium- and long-term contracts in our portfolio up until the summer of fiscal 2008, as we considered it was about the right time to do so. In retrospect, this action helped immensely to minimize the damage of the market turmoil to our operations. On top of that, we moved quickly in fiscal 2008 ahead of other companies to downsize our fleet and cancel expensive time charter contracts before the stipulated expiration dates. We have already used the cold lay-up method or scrapped 10 wood chip carriers and other small vessels. We actually cancelled 9 time charters before expiration. However, given that there are a large number of old ships active on the market, we are still well placed because of the relatively young age profile of our fleet; the old ships will gradually be retired, while our young fleet will take their place.

In terms of our deployment of free tonnage, 50% is assigned to the Pacific and 50% to the Atlantic. We are benefiting from high rates on the latter due to tight supplies of ships stemming from the fact that large quantities of grains have historically been transported from North and South America to Asia across the Pacific. We expect this situation to continue for some time going forward.

Resilient and Buoyant—Prospects Going Forward

Iron Ore and Coking Coal Transportation

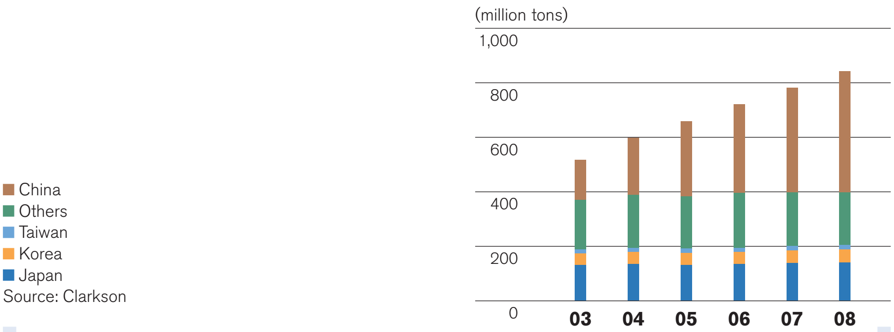
Fiscal 2008 was significant for the completion of two additional very large iron ore carriers (VLOCs), following the completion of the *Brasil Maru* in fiscal 2007; two more are scheduled for completion in fiscal 2009. As we have already entered into long-term contracts with clients for all of these ships, this will help bolster our stable earnings going forward.

China will obviously remain an important market in the future. Steel mills in China are still operating at high levels and small and medium-sized mills are continuing to import iron ore. In fact, import volumes of iron ore rose from 383 million tons in 2007 to 444 million tons in 2008. Forecasts for 2009 call for a similar level as in 2008, so China should continue producing at the same level as now.

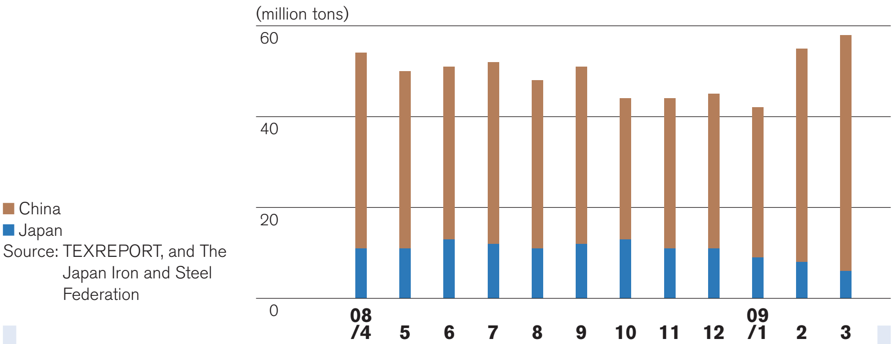
One of MOL's greatest strengths is its fleet and how we manage it by keeping the right balance between long- and medium-term contracts and spot contracts. Spot vessels have an important role to play in helping shipping companies bridge the gap between the time when the need for a new ship arises and the time when a ship can actually be built. While continuing to reduce costs by retiring old ships and returning high-cost time charter ships, we will leverage our fleet to capitalize on future business opportunities and increase our earnings.

Given the prevailing conditions in the shipping market, which have seen some companies falter, customers are increasingly choosing shipping companies with strong credit ratings to mitigate risk. This is good news for MOL with its longstanding customer base and as both an owner and an operator of ships, rather than an owner that simply charters ships out.

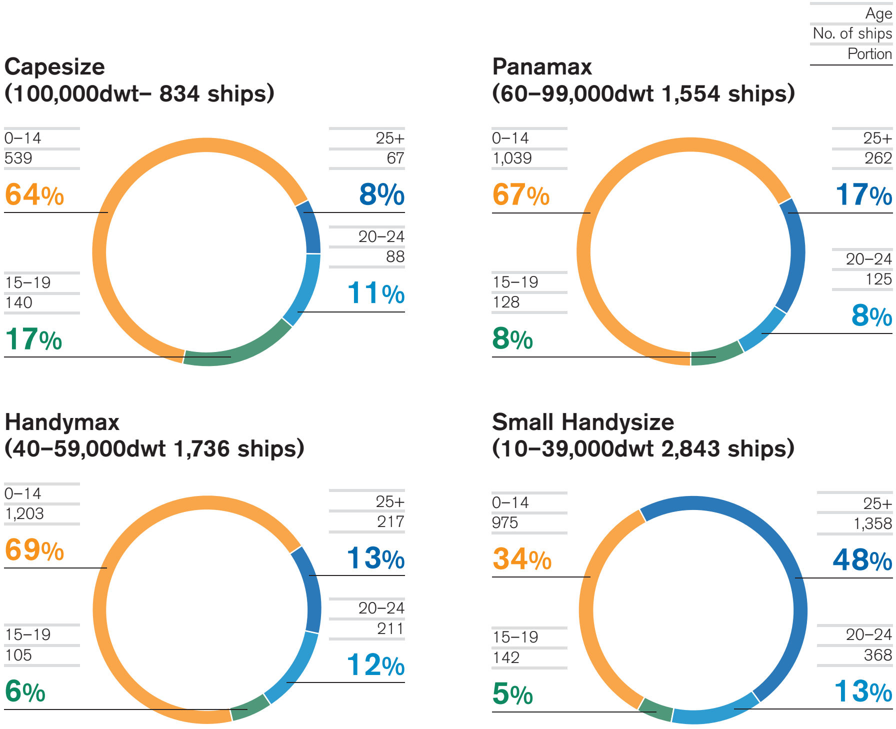
IMPORT AREA-WISE WORLD IRON ORE SEABORNE TRADE



IRON ORE IMPORT MONTHLY DATA (CHINA AND JAPAN ONLY)



WORLD DRY BULKERS AGE PROFILE
(As of March 2009)



Source: Clarkson

The increasing number of overseas customers is evidence of MOL's growing presence and reputation. At present, we transport 100 million tons of iron ore and coking coal annually, 65 million tons of which is brought to Japan. In fiscal 2009, this ratio should be about 50-50.

Other Dry Bulk Transportation

China and India are still strong driving forces for natural resources and raw material demand regardless of the downturn in the U.S. and Europe. This is because newly emerging economies continue to invest heavily in infrastructure as part of their nation-building process. They'll need these resources to do that—and MOL to get them there. One must not forget also that the Obama Administration has bold public works plans under its new stimulus program to invest in new roads and bridges in the U.S. This should create demand for main cargoes like cement, steel products and so forth, too.

MOL also uses its versatile fleet of dry bulkers to transport copper ore, nickel and aluminum, all of which are used in electronic products, houses and cars. These markets have all been badly affected by the global financial crisis. However, this is only cyclical and demand for these products will surely rebound, spurring more demand again for the raw materials used in them. To ready MOL for this recovery, we are casting our net wider to glean the sort of information we'll need to decide when these cyclical markets have reached the expected turning point. Along with rising demand for chrome and manganese, materials necessary to make the special steel for building national infrastructure, this expected upswing could spell explosive demand for shipping raw materials.

Supporting Global Industry—
THE PORT OF NEWCASTLE

The Port of Newcastle in Australia is the world's largest coal loading port—some 92 million tons of coal are exported from here annually. Coal is an important resource, supporting industry worldwide. In addition to fuel for power generation, coal is used to make cokes for producing steel. MOL berths approximately 260 dry bulkers every year at the Port of Newcastle. These vessels transport roughly 23 million tons of coal not only to Japan but also to other countries. Pictured is a ship loader which places coal in the ship's hold.


KIRMAR
GEARBULK

Bulkships
LNG Carriers

YOICHI AOKI
Executive Vice
President

Fulfilling Our Role to Generate Stable Profits

Prevailing economic conditions were difficult in fiscal 2008, but the fact that most of our LNG fleet operates on long-term contracts meant we were largely insulated from the global downturn. Our sales and earnings decreased slightly year on year, because of foreign exchange rate movements and more dry dockings than the previous year. In fiscal 2008, we played our expected role of generating stable profits in the MOL Group.

During fiscal 2008, we continued to bolster our LNG carrier fleet. As of March 31, 2009, our fleet consisted of 72 vessels, compared with 60 a year earlier. Our plans call for the completion of five more vessels in fiscal 2009 and another in fiscal 2010.

Until recently, there had been concerns about delays with new LNG projects, which were triggered by various factors, including a shortage of construction personnel, although LNG sales contracts have been fixed—under long-term contracts, once we have taken delivery of a vessel, revenues are guaranteed by the charterer even if a project hasn't come online as planned. Incidentally, we have seen delayed projects come online one after another this year.

Safe navigation continued to be a hallmark of our operations during the past fiscal year. In addition to implementing the MOL Safety Standard, two years ago we adopted TMSA* for LNG carriers that is similar to that for oil tankers. Fleet management has improved qualitatively as a result of adhering to those standards, and we have won high marks from various quarters for this initiative.

* Tanker Management and Self Assessment. A best-practice guide for tanker operators and owners issued by OCIMF (Oil Companies International Marine Forum).

Resilient and Buoyant—Prospects Going Forward

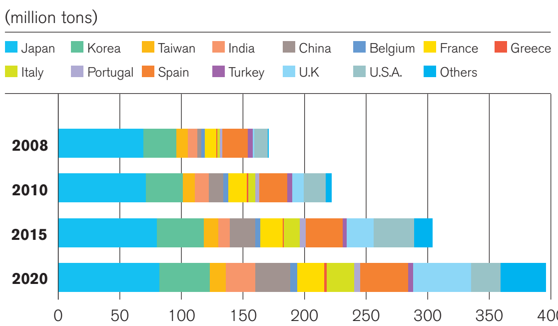
Our market is expected to gradually regain its vitality in 2009 with a large number of LNG projects coming on-stream in the Middle East, Indonesia, Russia and elsewhere. There could very well be a shortage of LNG carriers around 2015 as demand increases. The profile of natural gas as a clean energy source will continue to underpin demand growth going forward, particularly in emerging markets like China, India and Thailand.

The LNG Carrier
Sun Arrows

MOL has the largest LNG transport business in the world, with a global market share of around one-quarter. Our expansive network, technological capabilities, active investments in educating seafarers, and customer relationship building give us a competitive edge. Capitalizing fully on these advantages as the industry forerunner, MOL will hone its competitive edge in terms of transportation cost and quality to remain the leading force in the LNG shipping industry.

We're also targeting new growth opportunities. MOL is currently having two shuttle & regasification vessels (SRVs) built. These SRVs, which will come into service from around November 2009, will deliver LNG to a terminal located off-shore Boston, in the U.S. state of Massachusetts. These vessels don't require onshore regasification facilities and are ideal for ports where receiving terminals cannot be constructed. FPSO (Floating Production, Storage and Offloading) units are another recent industry development for small-scale LNG projects to produce LNG on-board. We will strive to contribute to such new developments, too.

LNG DEMAND FORECAST



Source: The Institute of Energy Economics, Japan, etc.

Oman—
A SEAFARING NATION

The country of Oman has rich supplies of oil and natural gas. In 2003, MOL forged a business alliance with the government of this Middle Eastern nation to support its efforts to create a shipping industry. Oman subsequently established the state-run Oman Shipping Company S.A.O.C., to which MOL is providing wide-ranging support, including specialist advice. Ancient Oman was regarded as one of the world's foremost seafaring nations, well known for the legend of Sinbad the Sailor. Today, modern Oman is working to reestablish its shipping industry, backed by its abundant energy resources and MOL's expertise.


L N G

Bulkships
Tankers

TSUNEO WATANABE
Managing Executive Officer

A Good Year Considering the Circumstances

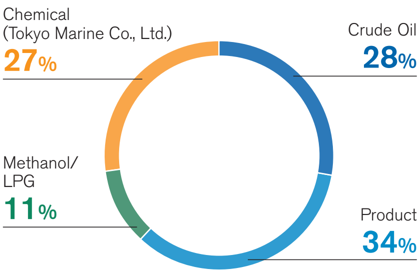
In fiscal 2008, the supply of crude oil tankers remained tight, because more single-hulled tankers were retired ahead of the 2010 deadline stipulated by international agreements, a relatively small number of new vessels entered service, and crude oil transportation from OPEC nations was robust. Overall, crude oil transportation rose in volume terms and we recorded higher sales and earnings. Product tankers performed relatively well, supported by increased refining in oil-producing countries and demand for transportation of refined products over long routes like the Far East to South America. LPG tankers, after recording historically high freight levels last summer, saw demand plummet as Saudi Arabia restricted exports. Chemical tankers, despite the relatively stable market structure, finally saw freight rates decline due to the rapid economic downturn in the second half of fiscal 2008.

There was no change in our policy of how to best distribute our fleet by contract length in fiscal 2008. By and large, 70% of our crude oil tankers operate on medium- and long-term contracts. Several VLCCs (Very Large Crude Oil Carriers) operate on spot (short-term) contracts, and smaller-size crude oil tankers operate mostly on spot contracts. Product tankers and LPG tankers principally operate on a spot basis. Chemical tankers operate mostly on one-year contracts. This portfolio allocation served us well, enabling us to maintain a good balance between stable profits from medium- to long-term contracts and market-sensitive profits. This is why we were able to achieve a solid performance in fiscal 2008 despite the first decline in world oil consumption for 20 years.

Meantime, in December 2008, our fleet of crude oil tankers became 100% double-hulled, earning our operations further recognition from customers.

The Aframax tanker
Atlantic Explorer

CONSOLIDATED REVENUES BREAKDOWN (Results in FY2008)



Resilient and Buoyant—Prospects Going Forward

Fiscal 2009 will surely present more challenges for the industry. But when the economic tide turns, our core strengths and evolving market dynamics should power our growth. Based on this belief, we plan to continue expanding our entire tanker fleet to accommodate growing demand for tankers.

LPG tankers, where we are one of the major players, is one area with growth potential. We expect LPG seaborne trade to increase as countries like Qatar raise production—Qatar in fact is expected to surpass Saudi Arabia in terms of annual production volume in 2012—and for other reasons, such as increased household use of this energy in China, India and elsewhere. That's why in January 2009 we formed a VLGC ("Very Large Gas Carrier") pool called LPG Global Transport (LPG Global), along with Gulf LPG Transport Company W.L.L. of Qatar (Gulf LPG). LPG Global is currently operating MOL's 5 VLGCs, out of a total of 9 MOL LPG tankers, and Gulf LPG's 4 VLGCs. With 7 more new VLGCs poised to enter our fleet, which will be operated by LPG Global, we should have 16 LPG tankers at our disposal in 2010.

Crude oil tankers held up comparatively well in fiscal 2008 despite the decline in worldwide oil consumption. Although 2009 is likely to see oil consumption continue to decline, it will inevitably increase over the long term because demand for consumer goods and raw materials will grow as the world population increases.

We will continue to operate and invest in our fleet to meet current and upcoming market demand, and to achieve maximum cost effectiveness and earnings growth. MOL is one of the industry's top players in terms of fleet size and we also have a low average cost per ship due to astute orders placed in 2002 and 2003. Moreover, we have one of the best operating safety records in the industry. We are ready to grow in tandem with a recovery in market conditions.

Bulkships
Car Carriers

TOSHITAKA SHISHIDO
Senior Managing Executive Officer

Plummeting Demand Necessitates an Equally Rapid Response

The volume of vehicles shipped worldwide increased to about 14 million units in 2007. Based on this increasing trend since the beginning of this century, we were gearing up to transport 3 million vehicles in fiscal 2008, assuming a market of 15 million units. And until October 2008, we were on target. Thereafter, year-on-year demand plummeted by as much as 60% in January 2009. We have experienced downturns before, but nothing like this.

As demand nosedived, we were forced to rethink our plans and restructure our fleet.

When the situation became clear in October 2008, we acted immediately. Thanks to quick decision-making facilitated by our simple organizational structure, we scrapped 15 ships and returned 4 others in fiscal 2008. Thereafter, we initiated phase-two of a downsizing plan, which will see us scrap 6 vessels and cold lay-up 11 others in fiscal 2009. Fleet downsizing will thus continue through March 2010 in line with industry demand, resulting in around 80 vessels by March 2010; we had planned to have 105 ships by that stage under MOL ADVANCE. While we are downsizing our fleet, we will be very careful not to go overboard, because we must ensure that we are ready for a recovery in demand and are able to respond to one in a minimum amount of time and cost effectively.

Volumes are gradually recovering, after bottoming out around April 2009. Although the market conditions are unprecedented, we expect volumes to normalize once the inevitable economic recovery comes. Cars are a way of life in North America and Europe, so there is deep-rooted demand in those regions. Australia, meanwhile, has so far been relatively unscathed by the financial crisis and underlying demand for vehicles is high. This is likely to be one of the quickest markets to recover.

On top of downsizing, we took other urgent actions to lower our costs during fiscal 2008. We avoided night-loading where possible, adopted slow steaming and various other options for operating vessels more efficiently, and selected the most cost-effective routes to sail.

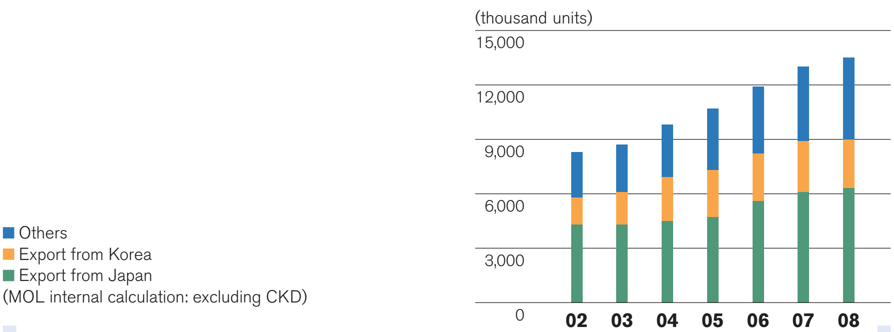
Resilient and Buoyant—Prospects Going Forward

MOL has two key strengths that enable it to play an active part in car transportation: an extensive worldwide network and a large fleet. Both are essential to meet the needs of automakers who are developing globally, with elaborate marketing plans to expand their businesses. We plan to further raise the percentage of our fleet that doesn't call in at Japanese ports at all to capitalize on expected demand growth worldwide. To enhance customer satisfaction further, we set up a company in India to transport vehicles over land domestically in fiscal 2008.

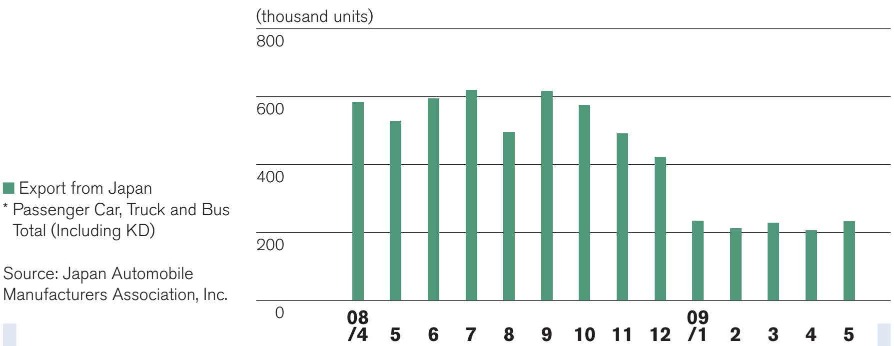
Now, we are also transporting ultra-large mining machinery, expanding our market horizon. These gigantic machines are dismantled and loaded onto car carriers using Mafi low-bed trailers. This opens up the possibility of capturing demand for shipping more heavy machinery when natural resource development takes off again.

The car carrier
Prominent Ace

WORLD CAR CARRIER TRADE



MONTHLY EXPORT VOLUMES FROM JAPAN



Containerships

China and India have attracted much attention for their fast-paced growth. But the spotlight in Asia is also increasingly being focused on Vietnam's potential. Pictured is Cai Mep Port, which is located 50 kilometers to the southeast of Ho Chi Minh City. Construction is proceeding at fever pitch on a new terminal at Cai Mep, which is poised to experience growth as a marine transport hub for the Vietnamese economy going forward due to its geographical advantage. MOL has invested in the management company that will run the new terminal. Furthermore, in June 2009, MOL began containership services out of the existing terminal in Cai Mep.

A New Leading Player in Asia

A Year of Greater-Than-Expected Change

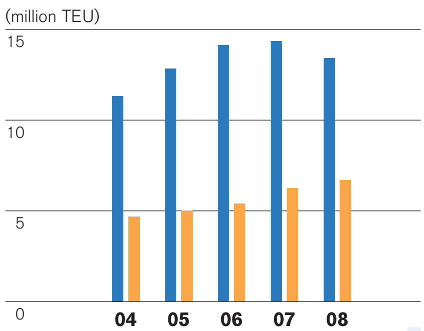
In fiscal 2008, we fought hard to counter the speed and power of the forces we came up against, but despite our best efforts, we posted an ordinary loss of ¥21 billion, our first loss since fiscal 2002, and ¥28 billion less than the ordinary income we recorded in fiscal 2007.

Fiscal 2008 was characterized by greater-than-expected change on many fronts. In the first half, we had to contend with skyrocketed fuel oil prices. We initially assumed an average bunker oil cost of $530/MT, but the price soared as high as $750/MT at its peak in the second quarter. We unfortunately incurred some hedging losses during the year as we responded to this run-up, which added to our costs. In the second half, trade volume across the board dropped far more than anyone could have anticipated, with large falls of up to 50% to 60% in auto-related, housing-related, and general consumer goods areas. The lower overall trade volume came after worldwide cargo volume had been increasing at an annual rate of roughly 10% through fiscal 2007.

To cope with fiscal 2008's unexpected conditions, we slashed cargo carrying capacity by more than 20% on east-west (Asia-North America and Asia-Europe) routes from October 2008, and by 20% on north-south and intra-Asia routes toward February 2009. We reduced the number of weekly services on the Europe route from four to three, and suspended service between Asia and the Asia-Eastern Mediterranean/Black Sea. These efforts helped to substantially lower our costs. To alleviate a surplus of vessels, we returned about 20 chartered ships, laid up 2 vessels, and idled a few more ships.

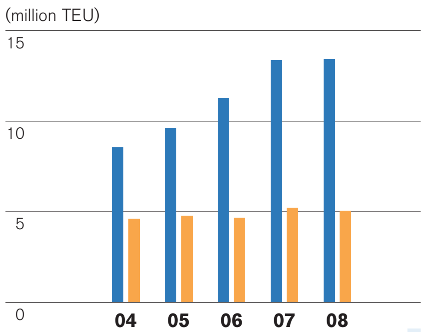
Actions to manage our fleet more efficiently yielded significant cost savings, too. These efforts centered on the Containership Supervising Group, composed of dedicated marine staff, in the Liner Division.

ASIA-NORTH AMERICA CONTAINER TRADE CARGO MOVEMENTS



Outbound voyage
Inbound voyage
Source: Drewry

ASIA-EUROPE CONTAINER TRADE CARGO MOVEMENTS



Outbound voyage
Inbound voyage
Source: Drewry


TANCANG-CAIMEP JOINT STOCK CO.
MOL

The containership
MOL Partner

The containership
MOL Creation

This group continuously underpins the efficient operation of vessels, keeping a close eye on large TV monitors showing the location and status of every containership MOL operates around the globe.

In our terminal business, a drop in volume handled in fiscal 2008 led to lower earnings. However, unlike the marine transport business, there are only minimal concerns about over-supply, so we still expect earnings to be comparatively stable in the long run. January 2009 saw the opening of a new MOL container terminal in Jacksonville, Florida, and the following month we decided to participate in a joint terminal operation company in Vietnam's Cai Mep region. A consortium which MOL participates in has also been selected as the operator of a new terminal in Rotterdam; this terminal is scheduled to begin operations in 2013.

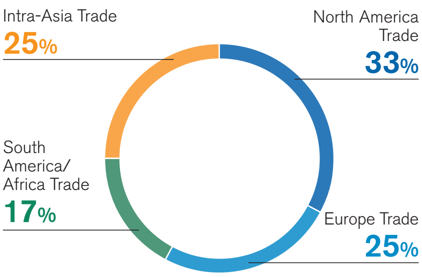
Resilient and Buoyant—Prospects Going Forward

Trade volume is very likely to remain sluggish in fiscal 2009, however, a slow recovery is eventually expected. Although it will take some time for cargo volumes to rebound on the North America and Europe routes, we expect a quicker upturn on routes to emerging markets. We are therefore most upbeat about a recovery on south-north and intra-Asia routes before any others. In light of these modest prospects for an uptick in trade volume, we will continue to streamline our fleet and organization. Foreseeing a certain level of decline in cargo movement, we will continue to adjust our fleet size to match cargo demand in fiscal 2009. We plan to reduce about 20 containerships, through scrapping, laying up, and redelivery in fiscal 2009. We are also negotiating to delay the delivery of new vessels scheduled for fiscal 2009, given current conditions as well as the remaining over-supply problem of new ships joining the market in the next three years. If there is an earlier-than-expected recovery of volumes on certain routes, however, we'll deploy our fleet on the right routes in a timely manner so that we don't miss any opportunities. Quick and bold decision-making is even more important in times of crisis like now.

Our fleet mix has stood us in relatively good stead. The bulk of our fleet comprises relatively smaller, versatile vessels, which gives us an advantage over companies with gigantic 12,000+teu vessels, in terms of providing varied services during this period of lower volumes.

The containership sector will most likely continue to experience tough conditions for some time going forward. Some companies may even find the going too tough and fall by the wayside, which could change the competitive landscape completely. Until that new era is ushered in, we are determined to respond quickly to the changing business environment with our streamlined fleet and organization, so that we can ride out this challenging period while improving our bottom line as much as possible.

MOL CONTAINERSHIPS' CAPACITY BY TRADES (Results in FY2008)



Logistics

MASAKAZU
YAKUSHIJI
Executive Vice President

More Competitive With Customized, Detailed Services

In fiscal 2008, logistics operations suffered alongside our containership operations following the so-called "Lehman shock" in September 2008. Air freight, most notably that originating from Japan, dropped appreciably. Against this backdrop, logistics operations recorded ordinary income of ¥0.8 billion, compared with ¥2.2 billion in fiscal 2007.

A bright spot was our ocean consolidation business (OCB), or MOL Consolidation Service (MCS), which held up relatively well in the context of the global turmoil in fiscal 2008. MCS has been growing at a rate of about 20,000 TEU a year as we have been successful at retaining existing customers and winning new accounts. In the latter half of 2008, we were selected as a logistics partner by Burlington Coat Factory and W.S. Badcock Corporation in September and December 2008, respectively. In fiscal 2008, MCS cargo volume rose to 80,000 TEU, and we have set our sights on increasing it to 100,000 TEU.

One part of the story is STARLINK, our transfer inventory management system that provides customers with real-time cargo information at the SKU (stock keeping unit) level over the whole logistics process, from product order to shipping. This system can also be linked with customers' warehouse management systems, and it enables customers to view cargo information via the Internet.

Staff work at MOL Logistics (Netherlands) B.V.

We have been focusing on the MCS business because it also has great benefits in terms of forecasting container cargo movements and it is able to choose, within limits stipulated by the customer, the ocean transport company it works with, which enables the efficient use of MOL ships.

Another focus is on our largest logistics arm, the group of companies belonging to MOL Logistics. This group has a well-established global air-forwarding network that complements the supply chain of customers. Amid a sharp drop in air freight in fiscal 2008, the group is beefing up its NVOC (non-vessel operating carrier) capabilities and expanding its contract logistics business, in order to cater to wider customer needs.

Resilient and Buoyant—Prospects Going Forward

Our strategy for the logistics business has focused on determining customer needs and providing the optimal solutions for each customer, minimizing the assets we own. Our strategy does not tie us to facilities we have established, making our solutions proposals more creative, and thus we have been able to maximize customer satisfaction. We intend to strengthen our sales force, now that more businesses are looking to reduce costs amid the sluggish economy. This spells a chance for winning new customers.

In June 2009, we reorganized the Logistics Business Division. The majority of the logistics businesses, mainly forwarding and overseas businesses, have been integrated into the Liner Division, while the remainder, mainly Japanese domestic businesses, are now part of the Group Business Division. The Logistics Business Division was established in June 2003 to reinforce the logistics business in the MOL Group as a whole. However, we decided that we should focus on capturing logistics synergies with containership transportation business rather that try to expand our logistics business under a separate organizational entity as before. This move should bolster the MOL Group going forward.

Ferry and Domestic Transport

TAKEHIKO YAMAMOTO
Senior Managing Executive Officer

A Tumultuous Business Environment

In the first half of fiscal 2008, our earnings were negatively impacted by a run-up in the bunker price. Then came the Lehman Brothers shock. The subsequent economic downturn depressed transportation demand. In particular, we witnessed a precipitous fall in auto parts transportation from September last year. Sales fell sharply on routes bound for Kyushu in southern Japan, where many car plants are based. Transportation volumes of housing-related materials also fell. As a result, our earnings decreased despite a comparatively good performance on the Eastern Japan route. Regarding fuel costs, we were able to recoup some of the cost increase through the bunker surcharge. Due to the time lag before the surcharge takes effect, however, we were unable to defray the entire cost increase.

Cost-cutting was an ongoing theme during the past year. One action was to reduce the number of boats on our Inland Sea route from 7 to 6. In addition, the adoption of a single screw hullform in two of our new ships, *Sunflower Gold and Sunflower Pearl*, helped improve fuel efficiency by 15%.

A highlight of fiscal 2008 was the runaway success of *Pacific Story*, a tour package designed in collaboration with bus companies. This proved to us that if we are creative, if the tour is attractive in its own right and if we market it properly, people will come. We are also refurbishing ships, creating private rooms, upgrading food services, and enabling passengers to stay with their pets. These and other actions in fiscal 2008 limited the decline in passenger numbers on the Eastern Japan route to around 2% year on year, a relatively good performance considering the prevailing severe economic environment.

MOL Naikou, Ltd. saw cargo volume drop as steel companies cut production; this subsidiary transports mainly steel products within Japanese coastal waters. Shanghai Super Express, which connects Hakata with Shanghai, also experienced a downturn in cargo after the Beijing Summer Olympic Games.

Resilient and Buoyant—Prospects Going Forward

The Japanese government's "modal shift" policy, which favors environmentally friendly modes of transport, has the potential to drive demand for ferry cargo space as has already been shown over the past few years. On the other hand, the recent reduction in expressway tolls in Japan, as part of the government's economic stimulus package, may have a negative effect on ferry services. The ferry industry will therefore work with the government to ensure marine traffic continues to play an important role in the country's modal shift. In terms of our operations, there are still big gains to be derived from route restructuring and rationalization in the ferry cargo business. The tender offer we conducted in fiscal 2008 for all the shares of Kansai Kisen Kaisha will also strengthen our operations. This company will be integrated with our wholly owned subsidiary The Diamond Ferry Co., Ltd., giving impetus to the restructuring and streamlining of our business.

The ferry
Sunflower Furano

Evolving Ferry Services

The MOL Group's ferry services network extends from Hokkaido in the north of Japan to Kagoshima in the south. Our ferries offer various classes of accommodation, from suites to individual cabins. Onboard amenities also include restaurants, spas, retail shops and children's playrooms. For its two latest vessels, MOL employed a cruise ship designer to create hotel-like comfort and spaces. This is all part of MOL's efforts to reach a new customer base by providing a comfortable and relaxing travel experience, rather than just a means of getting from A to B. Passengers can enjoy reasonably priced meals in this open-plan restaurant aboard the *Sunflower Furano*.

Associated Businesses

TAKEHIKO YAMAMOTO
Senior Managing Executive Officer

A key theme at MOL is to make a direct contribution to protecting our environment, such as by reducing CO_2 emissions. In this drive, we are conducting research into vessel fuel efficiency. One product of this ongoing research is a propeller boss cap fin system (PBCF) like that shown here. By means of fins attached to the rear end of the propeller shaft, this system alleviates energy loss in the vortex generated behind a ship's propeller, improving fuel efficiency by 5%. More than 1,600 vessels worldwide have been fitted with this system so far.

Cleaner Marine Transport

Real Estate Still an Asset

Real estate operations, which are conducted by Daibiru Corporation, generated more than 70% of all ordinary income derived from associated businesses in fiscal 2008, an even larger share than in fiscal 2007. The real estate market in Japan saw vacancy levels rise and rents fall in major cities, but Daibiru maintained an almost full occupancy rate and rent levels thanks to the prime central city locations of its properties. Real estate management operations delivered impressive results as the benefits of the integration of the real estate businesses of Daibiru and Mitsui O.S.K. Kosan Co., Ltd. began to show through in fiscal 2008.

For cruise ship operations, fiscal 2008 was highlighted by one of our Hokkaido cruises being selected as Cruise of the Year by Japan Oceangoing Passenger Ship Association. This cruise—an industry first because it involved passengers flying to Hokkaido at the beginning of their voyage—was noteworthy for another reason—70% of the passengers were first-timers. In the cruise industry, the repeat rate tends to be high, so this achievement bodes well for our cruise business.

Tugboat operations encountered tough conditions in Japan because fewer bulk carriers and containerships entered port. Overseas, we are looking to gain a foothold in other Asian ports besides Hong Kong and China.

PBCF (propeller boss cap fin system), which helps improve fuel efficiency, saw increased sales when fuel prices soared in early fiscal 2008. Mitsui O.S.K. Techno-Trade, Ltd. is now looking for the next growth driver after PBCF in the field of energy-conserving products.

Resilient and Buoyant—Prospects Going Forward

Daibiru opened two new buildings in Osaka in 2009—the Nakanoshima Daibiru Building and the Tosabori Daibiru Building. These new additions will further enhance Daibiru's property portfolio. Real estate operations provide a steady earnings stream, unaffected by bunker price and forex fluctuations, thus acting as a stabilizer for MOL as a whole. The cruise ship business, for its part, will receive a boost when the newly renovated *Nippon Maru* sets sail in spring 2010. The business should also benefit from Japan's aging society because seniors make up the majority of cruise ship passengers.

Nakanoshima Daibiru

MOL Global Services

Local Offices

Main Calling Ports


MACKENZIE
ANCHORAGE
HOMER
PRINCE RUPERT
KITIMAT
VANCOUVER
NEW WESTMINSTER
ROBERTS BANK
SEATTLE
TACOMA
VANCOUVER (WA)
PORTLAND
COOS BAY
EUREKA
BENICIA
CONCORD
SAN FRANCISCO
SACRAMENTO
STOCKTON
OAKLAND
PORT HUENEME
LOS ANGELES
LONG BEACH
ENSENADA
SAN DIEGO
CEDROS
MONTERREY
HONOLULU
MANZANILLO
LAZARO CARDENAS
ACAPULCO
SALINA CRUZ
ACAJUTLA
MEXICO CITY
VERACRUZ
ALTAMIRA
HOUSTON
LAKE CHARLES
NEW ORLEANS
JACKSONVILLE
MIAMI
CONVENT
MOBILE
DALLAS
MEMPHIS
ATLANTA
CHARLOTTE
KANSAS CITY
ST. LOUIS
MINNEAPOLIS
TORONTO
DETROIT
CHICAGO
WILMINGTON
CINCINNATI
MONTREAL
CLEVELAND
NEWARK
THREE RIVERS
SEVEN ISLAND
DAVISVILLE
BOSTON
SHEET HARBOR
HALIFAX
STAMFORD
NEW YORK
EDISON
PHILADELPHIA
BALTIMORE
NORFOLK
NEWPORT NEWS
MOREHEAD CITY
CHARLESTON
SAVANNAH
BRUNSWICK
HAMILTON
PORT EVERGLADES
FREEPORT
NASSAU
SAN PEDRO DE MACORIS
PUERTO PLATA
SANTO DOMINGO
RIO HAINA
SAN JUAN
PORT AU PRINCE
KINGSTON
PUERTO QUETZAL
CURACAO
BONAIRE
ARUBA
SANTA MARTA
BARRANQUILLA
FREDERIKSTED
ST. JOHN'S
ROSEAU
CASTRIES
BRIDGETOWN
PHILIPSBURG
BASSETERRE
POINTE-A-PITRE
FORT DE FRANCE
KINGSTOWN
ST. GEORGE'S
PORT OF SPAIN
POINT LISAS
PUERTO SUCRE
GUANTA
LA GUAIRA
PUERTO CABELLO
CARTAGENA
COVENAS
CORINTO
CALDERA
PUERTO LIMON
COCO SOLO
BALBOA
PANAMA
(PT. OF MANZANILLO)
BUENAVENTURA
GEORGE TOWN
ESMERALDAS
MANTA
GUAYAQUIL
MACAPA
VILA DO CONDE
BELEM
MANAUS
PONTA DA MADEIRA
CALLAO
SUAPE
SALVADOR
APIA
PAGO PAGO
PAPEETE
NUKUALOFA
MATARANI
ILO
ARICA
IQUIQUE
ANTOFAGASTA
CHANARAL
HUASCO
PRAIA MOLE
TUBARAO
VITORIA
SAO PAULO
SANTOS
RIO DE JANEIRO
ITAGUAI
SAO SEBASTIAO
PARANAGUA
SAO FRANCISCO DO SUL
ASUNCION
VALPARAISO
ITAJAI
LAS VENTANAS
RIO GRANDE
SANTIAGO
SAN ANTONIO
LIRQUEN
TALCAHUANO
SAN VICENTE
CORONEL
ZARATE
M'BOPICUA
MONTEVIDEO
BUENOS AIRES
SAN NICOLAS
NECOCHEA
CORRAL
CALBUCO
PUERTO MONTT
CHACABUCO
PUNTA ARENAS
MELKOYA
PITEA
FLORO
THAMESPORT
SHEERNESS
KAARSTO
OSLO
SULLOM VOE
FELIXSTOWE
HANKO
KOTKA
HELSINKI
PALDISKI
GOTHENBURG
GDYNIA
GDANSK
MALMO
MIDDLESBROUGH
GLASGOW
NEWCASTLE
COPENHAGEN
LIVERPOOL
DUBLIN
ILFORD
LONDON
BRISTOL
SOUTHAMPTON
HAMBURG
BREMERHAVEN
EMDEN
BREMEN
AMSTERDAM
DUSSELDORF
CHERBOURG
LE HAVRE
VIENNA
STUTTGART
ZEEBRUGGE
GHENT
BRUSSELS
PARIS
ROTTERDAM
ANTWERP
MONTOIR
ODESSA
CONSTANZA
TRIESTE
KOPER
SAVONA
GENOA
MILAN
DERICE
LA SPEZIA
LIVORNO
BILBAO
FOS
(MARSEILLE)
LYON
ISTANBUL
GEMLIK
VIGO
SANTANDER
BARCELONA
GIOIA TAURO
LISBON
GIBRALTAR
VALENCIA
PIRAEUS
HUELVA
CARTAGENA
VALLETTA
TUNIS
CEUTA
ALGIERS
ARZEW
ANNABA
CASABLANCA
TRIPOLI
BENGHAZI
ALEXANDRIA
DAMIETTA
LAS PALMAS
SANTA CRUZ DE TENERIFE
NOUAKCHOTT
DAKAR
BANJUL
CONAKRY
FREETOWN
MONROVIA
LOME
COTONOU
SAN PEDRO
TEMA
LAGOS
ABIDJAN
TAKORADI
BONNY
DOUALA
LIBREVILLE
POINTE NOIRE
BOMA
PALANCA
MATADI
LUANDA
HARARE
WALVIS BAY
JOHANNESBURG
SALDANHA BAY
EAST LONDON
CAPE TOWN
PORT ELIZABETH

Board of Directors, Corporate Auditors and Executive Officers

(As of June 23, 2009)

Corporate Auditors

KAZUMASA MIZOSHITA
Corporate Auditor

JUNICHI NARITA
Corporate Auditor

KENSUKE HOTTA
Corporate Auditor

SUMIO IIJIMA
Corporate Auditor

Executive Officers

AKIMITSU ASHIDA
President Executive Officer

MASAKAZU YAKUSHIJI
Executive Vice President Executive Officer
(Assistant to President [Mainly in Liner Division])

KENICHI YONETANI
Executive Vice President Executive Officer
(Assistant to President [Mainly in Finance Division, Accounting Division], General Affairs Division, Research Office, Investor Relations Office)

YOICHI AOKI
Executive Vice President Executive Officer
(Assistant to President [Mainly in Technical Division, Tanker Division, LNG Carrier Division], Human Resources Division)

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

KOICHI MUTO
Senior Managing Executive Officer
(Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, Information Systems Office)

TOSHITAKA SHISHIDO
Senior Managing Executive Officer
(Car Carrier Division)

TAKEHIKO YAMAMOTO
Senior Managing Executive Officer
(Group Business Division, Kansai Area)

HIROSHI TANAKA
Managing Executive Officer
(Dedicated Bulk Carrier Division)

KAZUHIRO SATO
Managing Executive Officer
(LNG Carrier Division)

NOBORU KITAZAWA
Managing Executive Officer
(President/Chief Executive Officer, MOL (America) Inc.)

Board of Directors

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

KUNIO KOJIMA
Director
(Advisor, Japan Securities Finance Co., Ltd.)

TOSHITAKA SHISHIDO
Director

MASAFUMI YASUOKA
Director

KENICHI YONETANI
Representative Director

SOICHI HIRATSUKA
Managing Executive Officer
(Human Resources Division, Marine Safety Division, MOL Ship Management Co., Ltd., MOL Tankship Management Ltd., M.O. LNG Transport Co., Ltd.)

TSUNEO WATANABE
Managing Executive Officer
(Tanker Division)

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

SHUGO AOTO
Executive Officer
(Finance Division, Accounting Division)

JUNICHIRO IKEDA
Executive Officer
(Liner Division)

KAZUNORI NAKAI
Executive Officer
(Tanker Division)

MASAHIRO TANABE
Executive Officer
(Managing Director, MOL (Europe) B.V.)

SHIZUO TAKAHASHI
Executive Officer
(General Manager of Corporate Planning Division)

MASAAKI NEMOTO
Executive Officer
(Marine Safety Division, MOL Tankship Management Ltd., M.O. LNG Transport Co., Ltd.)

KIYOTAKA YOSHIDA
Executive Officer
(General Manager of Technical Division)

HIROKAZU HATTA
Executive Officer
(General Manager of Human Resources Division)

MASATOSHI NAKAJIMA
Executive Officer
(General Manager of Bulk Carrier Division)

TAKESHI HASHIMOTO
Executive Officer
(General Manager of LNG Carrier Division)

AKIMITSU ASHIDA
Representative Director

MASAKAZU YAKUSHIJI
Representative Director

YOICHI AOKI
Representative Director

KOICHI MUTO
Director

TAKEHIKO YAMAMOTO
Director

YOKO ISHIKURA
Director
(Professor at Hitotsubashi University Graduate School)

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 the roles of the Board of Directors concerning the determination of basic strategies and monitoring risk management while providing for faster decision-making at the business execution level. 1. The 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

Actions in Recent Years	
June 2006	In response to the enforcement of the Financial Instruments and Exchange Law, the Internal Control Planning Office was established in the Corporate Planning Division.
Fiscal 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.
Fiscal 2008	We used management evaluations of internal controls relating to financial reporting required by the Financial Instruments and Exchange Law from fiscal 2008, audits by the Internal Audit Office and advice based on the results of those audits, to improve internal controls throughout the group.
Number of Meetings of Governance Bodies in Fiscal 2008	
	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 above 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 11 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 11 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 2008, 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 TD-net, 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 picked up the IR Prime Business Award again in 2008. 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 18 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.

Director Compensation

The Board of Directors, including the external directors, determines compensation for the directors. Compensation paid to directors in fiscal 2008 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.

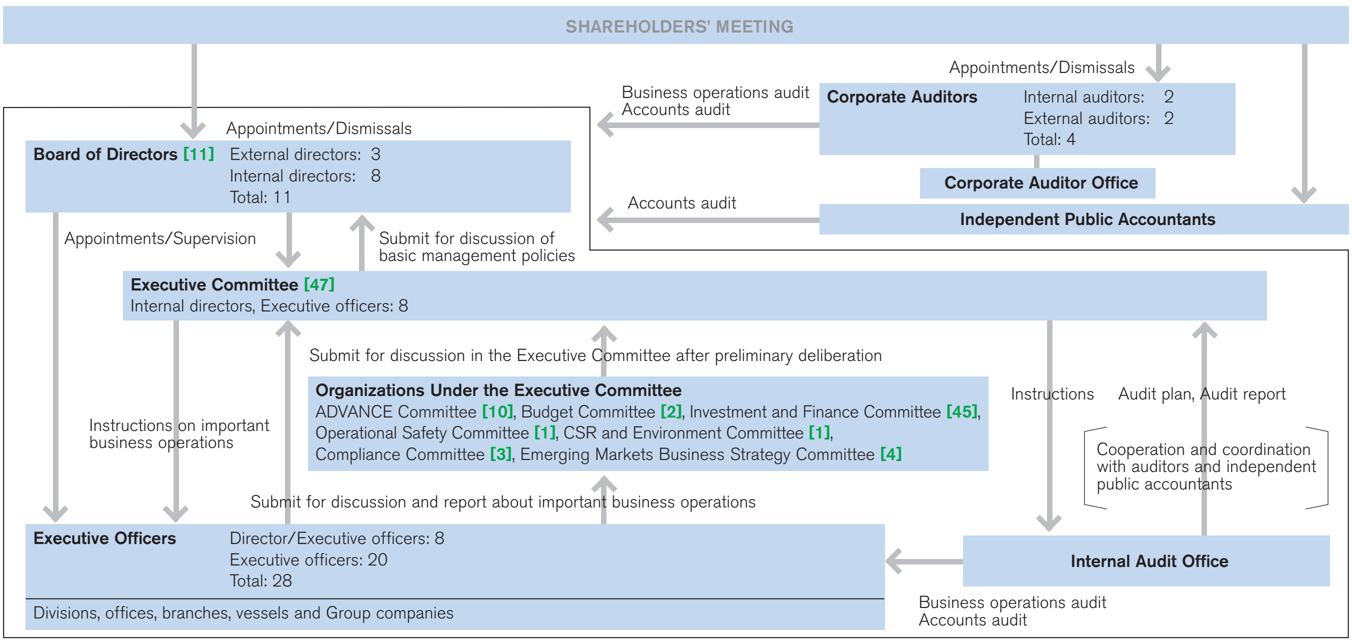
Compliance

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, headed by the deputy president, 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 2008 is shown in the table below.

CORPORATE GOVERNANCE ORGANIZATION (AS OF JUNE 23, 2009)



Numbers in brackets show the number of meetings of the Board of Directors, Executive Committee and their sub-committees during fiscal 2008.

COMPENSATION FOR DIRECTORS

(Notes 1 and 2)

	(¥ millions)	(Thousands of U.S.$)
Compensation for internal directors	¥724	$7,370
Compensation for external directors	49	499
Compensation for internal corporate auditors	80	814
Compensation for external corporate auditors	17	173
Total	¥870	$8,857

COMPENSATION FOR INDEPENDENT PUBLIC ACCOUNTANTS

	(¥ millions)	(Thousands of U.S.$)
Compensation for auditing services	¥125	$1,276
Compensation for auditing-related services	17	173
Total	¥142	$1,449

Notes: 1. The above includes remuneration related to 1 director whose term of office expired as of the close of the Annual General Shareholders' Meeting for fiscal 2007 held on June 24, 2008.
2. The above includes the following amounts of stock options offered and recorded as compensation during the fiscal year under review in addition to the monthly compensation and bonus paid to directors: ¥115 million for 11 directors (including ¥13 million for 3 external directors)

A Message from an External Director
A Prudent but Proactive Management Approach

Since I was appointed a director in 2003, MOL has taken full advantage of global economic and trade growth to increase both its business scale and corporate value considerably. This growth speaks highly to the foresight and skill of the management teams that have steered the company over those years. The marine transport business resembles finance in terms of the requisite management techniques; the investment timeframe is long, while risk management is required to control the various market factors that change daily. When management orders a new ship it must anticipate what the market environment will be like when the vessel is completed, as well as profitability for the subsequent 10 to 20 years. In this sense, I feel that the management techniques of MOL's Board of Directors are extremely dependable. I think they balance attack and defense well. They make bold investment decisions when needed, while always being cognizant of risk. Equally, they adjust MOL's fleet as needed when demand is trending downward. This well-balanced approach has stood MOL in good stead during the recent market downturn.

In terms of corporate governance, there is a clear separation of decision-making levels at MOL. While more authority has been handed to executive officers to facilitate a high degree of responsiveness in management, the Board of Directors still exercises sufficient oversight. I also think that management incentives such as stock options are rational and effective. At MOL, a great deal is expected of external directors, and Board of Directors' proposals are always explained in depth and backed up with detailed documentation before meetings. We external directors must also fulfill our duties, living up to those expectations. A point that all three of MOL's external directors have in common is that none of us worked in the marine transport industry during our careers, but we are all very experienced in corporate management. In other words, we are able to point out things that an industry insider may overlook, and at the same time we can propose solutions based on our understanding of corporate management. I think this is one of the best points of Japan's corporate governance as it relates to external directors.

MOL's focused approach to business has led to its success. By specializing in marine transportation, management has honed its skills to generate earnings even in changeable markets. MOL has also been very successful in terms of management efficiency and implementing measures to ensure safe operations. Looking ahead, I expect management to maintain its present strategic course while making bold management decisions, including M&As, if necessary. We, MOL's external directors, are strongly aware of our responsibility, and are determined to fulfill our role of supervising management. To accomplish our task, we will make the best use of our knowledge while working to understand MOL's operations even more profoundly.

KUNIO KOJIMA
Director

Corporate Social Responsibility (CSR)

MOL's Approach to CSR

The foundations of corporate social responsibility (CSR) lie in ensuring that corporations give due consideration to social, environmental and human rights issues in their activities, thus achieving sustainable growth in harmony with society. Needless to say, companies are members of society and will be unable to continue in business should they lose the trust of society.

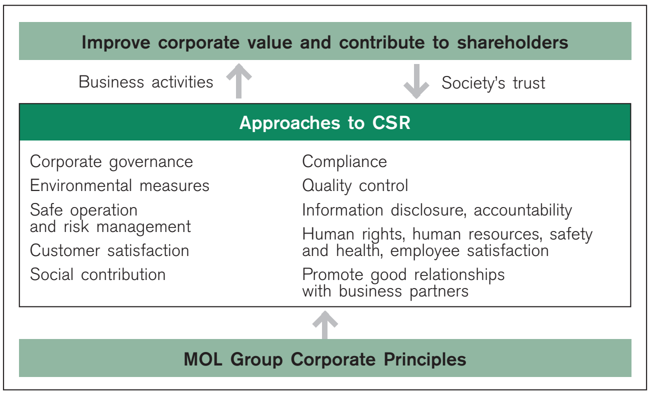
The MOL Group provides an indispensable service to society through its operation of a fleet of oceangoing ships. We have been able to grow steadily over the last 125 years because, from the very beginning, we have consistently followed business policies compatible with contemporary standards of CSR, thus earning the support of stakeholders, including clients, shareholders, business partners and communities. MOL has drawn up Group Corporate Principles, and the group now addresses such issues as corporate governance, compliance and environmental protection.

In June 2004, the MOL Group established the CSR and Environment Committee. The new committee emerged from a reorganization of the Environment Committee. In addition to its previous duties of formulating MOL Group environmental policies, the new committee takes on the added responsibility of studying and discussing CSR issues, with the purpose of creating a stronger framework for group-wide CSR activities.

Simultaneously, the CSR and Environment Office was established within the Corporate Planning Division. The CSR and Environment Office acts as the CSR and Environment Committee's secretariat and promotes CSR initiatives throughout the MOL Group.

The CSR and Environment Office positions CSR activities as shown in the diagram below and works to achieve targets it sets for each item each fiscal year.

POSITIONING OF MOL GROUP CORPORATE PRINCIPLES, CSR CONCEPTS, AND ACTIVITIES



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. Oppose antisocial activities
6. Fulfill social obligations
7. Ensure safe operations and protect the environment
8. Build relationships with clients and contractors that conform to laws, regulations and social standards
9. Provide guidance and supervision by individuals in management positions
10. Report improper behavior, provide advice and deal with individuals who violate rules

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 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.

Environmental Protection

Environmental Management System and Certifications

ISO 14001: MOL expanded the scope of its Environmental Management System, MOL EMS 21, from onshore operations to all vessels in the fleet (excluding charters of one year or less) and in January 2003 received ISO 14001 international certification for environmental management. Furthermore, Mitsui O.S.K. Passenger Line, Ltd., MOL Ferry Co., Ltd., Kusakabe Marine Engineering Co., Ltd., MOL Logistics

(Japan) Co., Ltd., and three other MOL Group members have received ISO 14001 certification based on MOL EMS 21 or their own environmental management systems.


DNV
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))

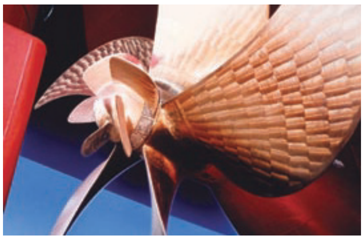
Green management: MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. In August 2005, Kyushu Kyuko Ferry Co., Ltd.* became the first domestic shipping company in Japan to earn this certification. Thus far, 15 MOL Group companies have been certified.

** Merged with MOL Ferry Co., Ltd. in June 2007*

Environmental Technology

MOL Group is developing technologies that will contribute to environmental protection and energy conservation and will serve as global warming countermeasures. Representative technologies include energy-efficient ships with reduced wind resistance, ships designed for reduced risk of oil spills, and a propeller boss cap fin system (PBCF).

PBCF: PBCF efficiently recovers energy loss in the vortex generated behind a ship's propeller. This is an MOL proprietary technology that uses the same number of fins attached to the rear end of the propeller shaft. The PBCF system provides a 4% to 5% energy saving and reduces emissions of CO_2, NOx, and SOx. Since the PBCF system was developed in 1987, more than 1,600 vessels worldwide have been fitted with it.



***Euphony Ace* pure car carrier:** The *Euphony Ace* entered service in November 2005. This pure car carrier features environmental technologies that surpass even those of the *Utopia Ace*, which won the Lloyd's List "Ship of the Year Award 2005." The newer ship has conventional technologies like the PBCF, an aerodynamic profile and double-hulled fuel tank, along with several new and exclusive MOL environmental technologies. Among them are an exhaust gas cleansing system, solar panels to produce electricity, and a raw garbage treatment unit. With these features, the *Euphony Ace* is attracting much attention as a next-generation eco-ship.

Ferry *Sunflower Gold*: Operated by The Diamond Ferry Co., Ltd., an MOL Group company, the *Sunflower Gold* picked up the Outstanding Ferry Technology Award at the ShipPax Award 2008, which is sponsored by ShipPax Information of Sweden. The award recognized efforts to reduce greenhouse gas emissions through the bold adoption of a single screw hullform. This award was created in 1999 and is bestowed on vessels boasting outstanding technologies and designs from newly delivered ferries, RORO and cruise vessels worldwide.


The ferry *Sunflower Gold*

Protection of the Marine Environment

MOL takes extensive measures to ensure safe navigation and prevent the occurrence of oil spills and accidents, which represent serious threats to the marine environment.

In addition, care is exercised to reduce the impact on the oceans of normal operation of our vessels.

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). Other measures in place to reduce environmental loads include use of environmentally responsible anti-fouling paint and proper management of ballast water.

As of the end of December 2008, 100% of MOL's crude oil tankers had double hulls.


Double-hull structure

Prevention of Air Pollution and Global Warming

MOL's primary actions to prevent air pollution are focused on reducing exhaust gasses, a factor in global warming and acid rain, and replacing Freon and CFCs, substances that destroy the ozone layer that shields the earth from ultraviolet radiation, with substitute refrigerants.

Solar power generation system at Ohi Container Terminal: In March 2007, MOL and MOL Group company International Container Terminal Co., Ltd. (TICT) started operation of a solar power generation system at the Ohi Container Terminal in Tokyo Port. The system includes 1,200 solar panels that have been installed on the roofs of the gatehouse and container washing facility. With a generation capacity of 200 kilowatts, it is the largest private-sector solar power generation system in the Tokyo metropolitan area. The system's annual output is enough to supply about 60 typical households.

Social Service Activities

MOL transports supplies to aid victims of natural disasters using its container services network. As an ocean shipping company that has a worldwide transport network, MOL will continue to serve society through activities that are closely associated with its business domains such as transporting important relief supplies free of charge internationally.

Transport of relief supplies: MOL provides financial aid to the United Nations High Commissioner for Refugees (UNHCR) for the purchase of emergency supplies. In addition, MOL has provided free transport of such relief supplies between China and Dubai, U.A.E. The UNHCR, which is the United Nations' refugee agency, was established to provide protection and support to refugees who have lost the protection of their own countries due to war or oppression. As an ocean shipping company that has a worldwide transport network, MOL will continue to act in accordance with humanitarian principles by supporting the UNHCR through the provision of free transportation and other means.

Kids' Cruise: Following a similar event in the previous year, in March 2009 MOL invited 153 pairs of parents and children—a total of 306 people—to enjoy a cruise on the *Nippon Maru* at no charge. The cruise was planned and conducted by MOL employees who volunteered their time. During the cruise, the ship became a floating classroom to teach children about the sea, ships and the marine transportation business, as well as about environmental issues from the standpoint of ships and the seas.

Third-party Opinions

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

Dow Jones Sustainability Indexes
Member 2008/09

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 2008, 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 May, 2009, 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 September 2008, MOL was selected for continuing inclusion in the index.

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/index.shtml

Financial Section

Contents

Management's Discussion and Analysis

Financial Issues and Strategy

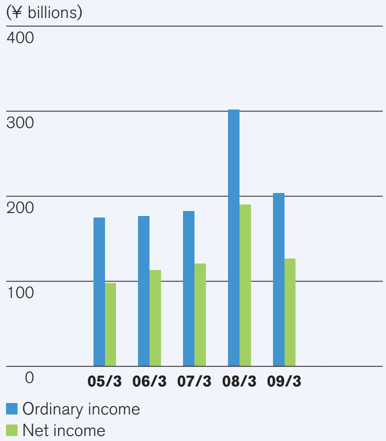
As was the case for many industries with a global scope, the marine transport industry was severely affected by the financial instability and subsequent global economic downturn that developed following the collapse of Lehman Brothers in September 2008. Transport volume dropped off from the third quarter of fiscal 2008 and market rates weakened, making for an extremely difficult operating environment.

Nevertheless, we expect demand for international marine transportation to continue rising, thanks to the world's growing population and increased globalization. MOL has adopted a long-term strategy founded on the assumption that demand will continue to increase over the next 5 to 10 years. Our basic strategy has not changed. We aim to build a fleet that can respond to demand, by adding ships at an appropriate pace and timing. In addition, we have an investment strategy that will seek to use M&As and other techniques to expand into new growth-oriented sectors. That strategy will naturally make it necessary for the company to raise new funds. Because of the global financial crisis, the supply of funds in financial markets has become very tight. The strategic and effective expansion of a company's fleet in growth markets is premised on raising the necessary funds when they are required. However, there are only a limited number of shipping companies that can do this. MOL is striving to maintain its advantage over business rivals in terms of financial stability and credit quality, not only to ensure that the company can obtain funds for new ships but also to gain the trust of customers. This will allow us to respond to difficult business conditions and take advantage of business opportunities.

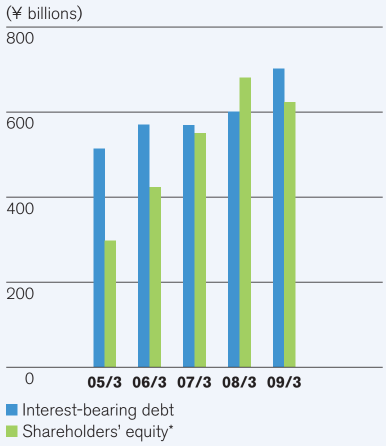
In fiscal 2007, we embarked on a new midterm management plan, "MOL ADVANCE." This plan aims to ensure that the company will be able to maintain steady growth and to strengthen MOL's financial position in support of this. One of the main numerical targets of this plan is to improve the gearing ratio (interest-bearing debt/shareholders' equity)—an important indicator of financial stability—to no more than 100%. We achieved this target in the very first year of the plan, reducing the ratio to 88% as of March 31, 2008. However, due to the deterioration of earnings in the latter half of fiscal 2008, the ratio rose to 113% at March 31, 2009. In fiscal 2009, we project that operating cash flow will once again fall below the demands of capital investment, causing the ratio to rise by a further 10 points or so. The company is responding by cutting costs and seeking to improve operating profitability in other ways. In addition, we are increasing the use of chartered ships and operating leases in order to access the ships required to meet demand. These and other measures to obtain transport capacity without expanding the balance sheet should allow MOL to halt any further increase in the gearing ratio, and maintain its superior financial condition relative to other companies in the marine transport industry.

KENICHI YONETANI
Executive Vice President Executive Officer

ORDINARY INCOME AND NET INCOME

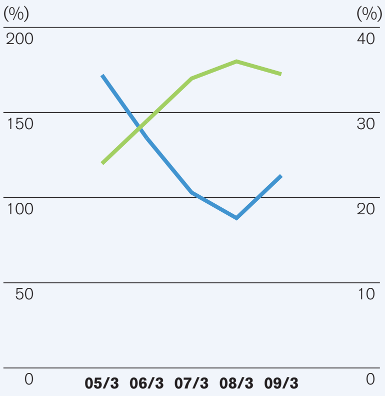


INTEREST-BEARING DEBT AND SHAREHOLDERS' EQUITY



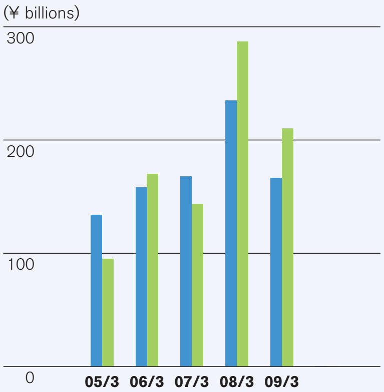
* "Shareholders' equity" in this section comprises the total of owners' equity and accumulated gains from valuation and translation adjustments.

GEARING RATIO AND EQUITY RATIO



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

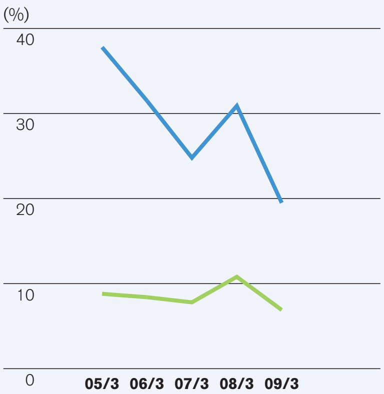
CASH FLOWS AND CAPITAL EXPENDITURES



Cash flows
Capital expenditures

* Cash flow=Net income+Depreciation−Dividend

ROA AND ROE



ROE
ROA

Fund-Raising and Capital Investment

In fiscal 2007, the first year of our midterm management plan, "MOL ADVANCE," which ends in fiscal 2009, the company added 60 new ships to its fleet. Another 72 vessels were added in fiscal 2008, bringing the total number at the end of March 2009 to 861 ships. In fiscal 2009, we plan to add another 78 ships, at a total cost of around ¥510.0 billion. Meanwhile, we are retiring older vessels and selling or scrapping them, and cancelling unprofitable charter contracts. As a result, we expect to have a total fleet of around 900 vessels by the end of March 2010, about 100 lower than the number estimated in our original business plan.

Of the ships used in MOL's business operations, about 40% are owned directly by either the company or one of its overseas subsidiaries. These assets appear in the "vessels" account of MOL's consolidated balance sheet. The remaining 60% or so are chartered under long-term contracts with vessel owners, and thus do not appear on the balance sheet. Capital expenditures include new ship construction costs, which are roughly equivalent to 40% of total fleet addition costs, as well as the cost of purchasing used vessels (including some vessels purchased under options in the lease agreements), and investments in fixed assets other than ships. Total capital expenditures in fiscal 2008 were ¥210.1 billion.

In order to obtain the necessary funds to cover these capital investments, and to help increase liquidity on hand as a precautionary measure due to the financial instability which followed the collapse of Lehman Brothers, MOL increased its interest-bearing debt by ¥101.4 billion year on year to ¥702.6 billion as of the end of March 2009. As a result, the gearing ratio increased from 88% at March 31, 2008 to 113% in March 31, 2009.

In fiscal 2009, the company expects capital expenditures to once again exceed ¥200.0 billion. However, due to declining profits we project that operating cash flows will not be sufficient to fully cover the cost of these capital expenditures, and the company will need to raise the shortfall from the financial markets. Since it is unlikely that the financial markets will improve dramatically in the short term, the company will employ a wide range of both direct and indirect financing methods to ensure that it can continue to raise the funds it needs on competitive terms.

In line with the company's policy of diversifying its methods of raising cash, the company issued domestic straight bonds in December 2008 and in May 2009, with a total combined value of ¥65.0 billion.

Shareholders' Equity

When the company embarked on its current midterm management plan, "MOL ADVANCE," shareholders' equity stood at ¥550.8 billion at March 31, 2007. In the first year of the plan (fiscal 2007), strong earnings elevated that total to ¥679.3 billion at the end of the fiscal year. In fiscal 2008, the second year of the plan, MOL posted net income of ¥126.9 billion. However, at the end of December 2008, when overseas subsidiaries closed their books for 2008, the yen had strengthened to a value of ¥91=US$1.00. This sudden appreciation of the yen produced a dramatic decline in the book value of "accumulated gains (losses) from valuation and translation adjustments," and consequently, shareholders' equity declined by ¥55.6 billion year on year, to ¥623.7 billion at March 31, 2009.

Two of the numerical targets set out in the MOL ADVANCE plan are to reduce the gearing ratio to no more than 100% as of the end of fiscal 2009, and to improve the equity ratio to at least 40%. However, since it seems unlikely that the global economy will rebound quickly, we now project that MOL will most likely be unable to meet either of these targets. Nevertheless, we are working diligently to establish charter contracts with ship owners and employing other methods to obtain transport capacity via off-balance-sheet methods. Going forward, the company will try to minimize interest-bearing debt, elevate the equity ratio and thus improve the gearing ratio. On this basis, MOL intends to keep its consolidated dividend payout ratio at 20% for the time being.

In March 2006, the company issued convertible bonds (euro yen zero-coupon CBs, due in 2011; total issuance amount: ¥50.0 billion). During 2007, when share prices were rising, bondholders converted about ¥0.9 billion worth of these bonds, but since the share price began to decline, no additional bonds have been converted.

Confirming Progress of Financial Strategy

FY2009 Targets	FY2008 Results	Status
Improve the equity ratio to over 40%	35%	The accumulation of retained earnings made a contribution, but the ratio was dragged down by a large decrease in accumulated gains (losses) from valuation and translation adjustments
Improve gearing ratio to less than 100%	113%	Reflected decrease in operating cash flows and intentional steps to improve liquidity on hand in the wake of the financial crisis since the collapse of Lehman Brothers, which led to higher interest-bearing debt
Improve ROA to over 7%	6.9%	Maintaining ROA at a high level close to target

Credit Ratings

Credit ratings are an important focal point of MOL's financial strategy, since stronger ratings will further enhance the company's ability to procure capital on competitive terms. In fiscal 2007, we successfully achieved the target of boosting the company's rating with some overseas rating agencies to A Category, and its domestic credit rating to AA Category. Although the business environment remains tough amid the severe global economic malaise since the collapse of Lehman Brothers, we will work to secure "highly stable profits" and mitigate the risk of underperformance in market-sensitive profits, to bolster shareholders' equity and strengthen cash flows to improve our financial position and maintain our credit ratings.

Credit Ratings (As of July 1, 2009)

R&I	AA−
JCR	AA−
Moody's	A3
Standard & Poor's	BBB

Cash Management

Since fiscal 2000, the MOL Group has implemented a "Cash Management System" (CMS) to promote the more effective use of available funds by Group companies in Japan. In fiscal 2008, these efforts helped reduce loans for the Group as a whole from outside sources by ¥11.5 billion, thereby reducing total interest expenses by approximately ¥140 million. In the future, the company will broaden the scope of cash management to Europe, Asia and elsewhere, as part of efforts to use funds more efficiently in each overseas region.

Moreover, amid the increase in credit risk after the collapse of Lehman Brothers, the company is working to collect outstanding receivables as quickly as possible, as it further strengthens cash management for the Group as a whole and reduces credit risk.

Global Tax Planning

The "tonnage tax" system is a standardized tax system that is utilized in the global marine transport industry. Amendments to Japan's tax system in fiscal 2008 enable Japanese companies to apply the tonnage tax system from fiscal 2009. MOL has applied for and been granted permission to apply this system. MOL will apply this system over the next 5 years, with approximately 25 vessels subject to tonnage tax in fiscal 2009. The system applies only to Japanese-flagged vessels and there are some other restrictions. However, MOL plans to request that the Japanese government widen the scope of application and make other changes to this system.

Most of MOL's competitors in Europe and Asia have already adjusted their operations to incorporate the so-called "tonnage tax" system. In order to remain competitive, in terms of the relative tax burden, it will be increasingly important to utilize global tax planning. 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. In March 2009, the Japanese government abolished its former tax on dividends received from overseas affiliates, thus making it easier for the company to repatriate earnings from its overseas operations. This very important change in government tax policies will allow MOL to optimize its investments and expand operations in key overseas markets.

Risk Management

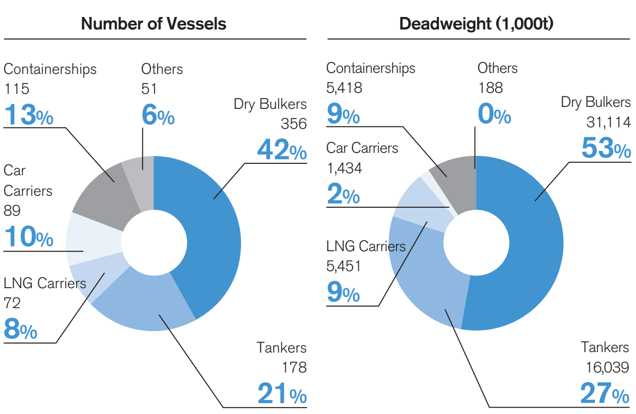
Fluctuations of Cargo Volume, Fleet Supply, and Freight Rates

The global shipping business, like many other industries, is greatly affected by trends in the global economic cycle, and is thus subject to both macro-economic 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, among other factors. A marine transport company needs to respond to these changes quickly and accurately in order to achieve the best performance. 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 2009, our fleet consisted of 861 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 the end of Mar. 2009)
(%)



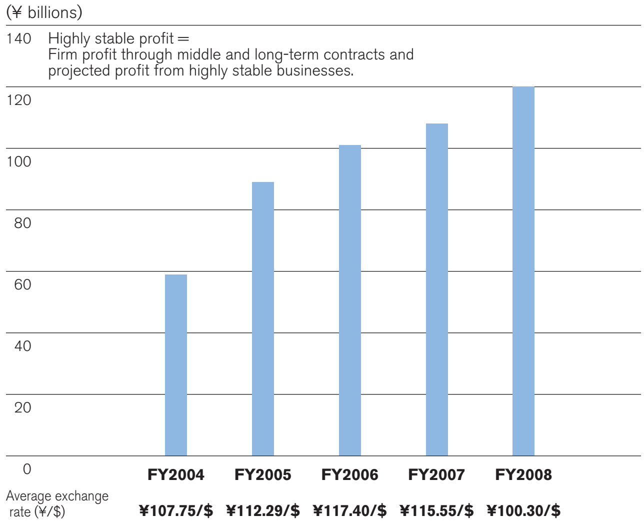
Raising Highly Stable Profits Through the Use of Medium- and Long-term Contracts and Other Means

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.

The sudden drop in global demand that followed the collapse of Lehman Brothers in fiscal 2008 illustrates this potential risk. However, MOL's businesses are largely shielded from this sort of impact, 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.

ACCUMULATION OF HIGHLY STABLE PROFITS

Highly stable profit + Market-sensitive profit = Ordinary income



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 2009, we project that each ¥1-per-dollar change in the yen-U.S. dollar exchange rate will have an impact of approximately ¥1.7 billion on consolidated ordinary income (net of hedging).

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, 2009, interest-bearing liabilities totaled ¥702.6 billion, and between 60% and 70% 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 just over ¥2.0 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 860 vessels, whose annual fuel consumption amounts to around 6 million tons of bunker. The company is able to pass on about 60% 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 a maximum of approximately ¥200 million (net of hedging).

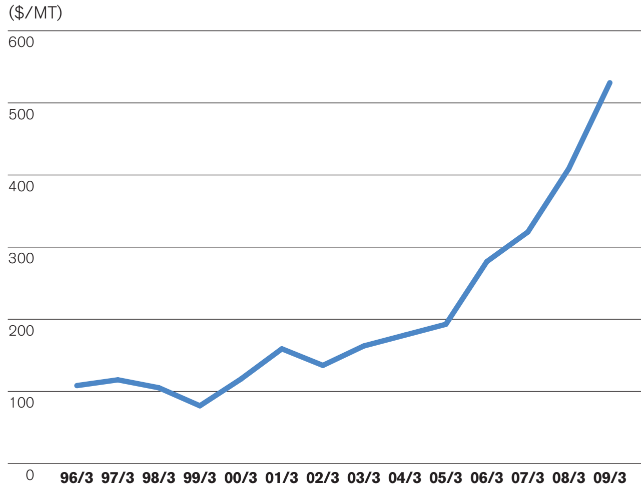
Comparing the fuel consumption of different types of vessels, the speedier containerships with high-horsepower engines consume a far greater volume of fuel per vessel than other types of ships. We estimate that these ships account for just over 50% of the company's total exposure to bunker price fluctuations, which impacts earnings in the containerships division. Therefore, whenever possible, the company tries to gain the customer's understanding and impose or maintain a fuel surcharge on containership operations in order to ensure that earnings in this business remain stable.

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 over time 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 (¥/$)	A ¥1 appreciation reduces ordinary income by up to ¥1.7 billion
Interest Rate (%)	A 1 point rise in both yen- and U.S. dollar-denominated interest-bearing debt reduces ordinary income by just over ¥2.0 billion
Bunker Price (US$/MT)	A US$1/MT increase reduces ordinary income by up to ¥0.2 billion.

AVERAGE BUNKER PRICE



Vessel Operations

MOL operates a fleet of approximately 860 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.

The company's midterm management plan, "MOL ADVANCE," includes comprehensive measures to promote safe operation, in line with its theme of pursuing "growth with enhanced quality." In spring 2007, MOL conducted a thorough revision of its organizational structure, and it plans to invest ¥35.0 billion over the 3-year period from fiscal 2007 to fiscal 2009 with the aim of achieving world-leading transport quality.

DETAILS OF MEASURES TO REINFORCE SAFE OPERATIONS

	Three-year Total Investment (including capital investment)	(¥ billions)
Intangible Factors	**Organizational Restructuring** (Improvement of ship management structure, establishment of Safety Operation Supporting Center, etc.) **Recruiting and Training Seafarers**	¥13.0
Facilities and Equipment	**Previewing and Implementing Safety Standard Specifications** **Ensure Thoroughness of Ship Maintenance Policies, etc.**	¥22.0
Total Investment		¥35.0

10-year Summary

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

	2009	2008	2007
For the year:			
Shipping and other revenues	**¥1,865,802**	¥1,945,697	¥1,568,435
Shipping and other expenses	**1,564,486**	1,544,109	1,300,038
Selling, general and administrative expenses	**104,105**	110,303	100,324
Operating income	**197,211**	291,285	168,073
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**16,000**	18,199	16,171
Income before income taxes and minority interests	**197,732**	318,202	197,854
Income taxes, current	**(65,074)**	(115,183)	(63,042)
Income taxes, deferred	**(638)**	(5,694)	(7,468)
Minority interests	**(5,032)**	(7,004)	(6,404)
Net income	**126,988**	190,321	120,940
At year-end:			
Current assets	**428,598**	506,078	405,474
Current liabilities	**440,910**	528,390	482,810
Net vessels, property, plant and equipment	**1,106,746**	1,047,825	847,660
Total assets	**1,807,080**	1,900,551	1,639,940
Long-term debt due after one year	**499,193**	459,280	398,534
Net assets/Shareholders' equity	**695,022**	751,652	620,989
Retained earnings	**623,626**	536,096	375,443

Amounts per share of common stock:

	2009	2008	2007
Net income	**¥106.13**	¥159.14	¥101.20
Net assets/Shareholders' equity	**521.23**	567.74	459.55
Cash dividends applicable to the year	**31.00**	31.00	20.00

(Translation of foreign currencies)
The Japanese yen amounts for 2009 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2009, which was ¥98.23 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 shareholder's 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.

Millions of yen							Thousands of U.S. dollars
2006	2005	2004	2003	2002	2001	2000	**2009**
¥1,366,725	¥1,173,332	¥ 997,260	¥ 910,288	¥ 903,943	¥ 887,867	¥ 881,807	**$18,994,218**
1,101,459	917,149	824,902	787,540	761,507	732,512	746,048	**15,926,764**
92,273	84,388	80,232	77,392	82,663	77,116	74,439	**1,059,809**
172,993	171,795	92,126	45,356	59,773	78,239	61,320	**2,007,645**
16,817	11,764	6,613	3,387	4,426	3,681	1,403	**162,883**
188,290	155,057	89,776	25,114	24,851	20,860	15,314	**2,012,949**
(61,200)	(52,587)	(35,346)	(10,872)	(6,101)	(19,473)	(6,427)	**(662,465)**
(7,570)	(1,205)	2,152	1,435	(6,633)	7,709	(529)	**(6,495)**
(5,788)	(3,004)	(1,191)	(967)	(1,572)	1,847	(33)	**(51,227)**
113,732	98,261	55,391	14,710	10,545	10,943	8,325	**1,292,762**
340,355	299,835	299,544	289,645	251,388	255,774	239,860	**4,363,209**
433,023	429,695	398,091	423,838	375,032	399,996	412,717	**4,488,547**
769,902	665,320	477,621	569,234	619,645	691,307	756,623	**11,266,884**
1,470,824	1,232,252	1,000,206	1,046,612	1,079,090	1,140,400	1,196,474	**18,396,417**
399,617	340,598	311,021	395,589	475,696	540,159	598,999	**5,081,879**
424,461	298,258	221,535	164,790	166,970	144,355	151,992	**7,075,456**
275,689	182,143	101,991	56,469	47,818	43,433	43,199	**6,348,631**
Yen							U.S. dollars
¥ 94.98	¥ 81.99	¥ 46.14	¥ 12.16	¥ 8.76	¥ 9.01	¥ 6.77	**$1.080**
354.01	248.40	185.06	137.44	138.78	119.88	123.63	**5.306**
18.00	16.00	11.00	5.00	5.00	5.00	4.00	**0.316**

Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents	**¥ 83,195**	¥ 61,716	**$ 846,941**
Marketable securities (Note 3)	**14**	42	**143**
Trade receivables	**186,625**	244,535	**1,899,878**
Allowance for doubtful accounts	**(204)**	(324)	**(2,077)**
Inventories (Note 4)	**28,151**	46,650	**286,583**
Deferred and prepaid expenses	**57,585**	71,527	**586,226**
Deferred tax assets (Notes 12)	**5,128**	5,018	**52,204**
Other current assets	**68,104**	76,914	**693,311**
Total current assets	**428,598**	506,078	**4,363,209**
Vessels, property, plant and equipment (Note 6):			
Vessels	**1,184,544**	1,192,491	**12,058,882**
Buildings and structures	**247,738**	203,665	**2,522,020**
Equipment, mainly containers	**69,735**	66,433	**709,915**
Land	**180,238**	180,589	**1,834,857**
Vessels and other property under construction	**165,820**	162,197	**1,688,079**
	1,848,075	1,805,375	**18,813,753**
Accumulated depreciation	**(741,329)**	(757,550)	**(7,546,869)**
Net vessels, property, plant and equipment	**1,106,746**	1,047,825	**11,266,884**
Investments and other assets:			
Investment securities (Notes 3 and 6)	**88,720**	130,863	**903,186**
Investments in and advances to unconsolidated subsidiaries and affiliated companies	**92,605**	100,717	**942,737**
Long-term loans receivable	**39,923**	29,652	**406,424**
Goodwill	**4,784**	7,167	**48,702**
Other intangible fixed assets	**9,501**	9,669	**96,722**
Deferred tax assets (Notes 12)	**5,755**	2,819	**58,587**
Other assets	**30,448**	65,761	**309,966**
Total investments and other assets	**271,736**	346,648	**2,766,324**
Total assets	**¥1,807,080**	¥1,900,551	**$18,396,417**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND NET ASSETS	**2009**	2008	**2009**
Current liabilities:			
Short-term loans	**¥ 84,394**	¥ 21,549	**$ 859,147**
Short-term bonds	**2,677**	20,125	**27,252**
Commercial paper	**20,500**	10,000	**208,694**
Total short-term debt (Note 6)	**107,571**	51,674	**1,095,093**
Long-term bank loans due within one year	**58,410**	64,766	**594,625**
Bonds due within one year	**20,599**	8,981	**209,702**
Total long-term debt due within one year (Note 6)	**79,009**	73,747	**804,327**
Trade payables	**167,472**	180,282	**1,704,897**
Advances received	**19,378**	85,951	**197,272**
Accrued income taxes	**8,011**	82,215	**81,553**
Deferred tax liabilities (Notes 12)	**416**	1,009	**4,235**
Other current liabilities	**59,053**	53,512	**601,170**
Total current liabilities	**440,910**	528,390	**4,488,547**
Long-term bank loans due after one year	**366,522**	321,374	**3,731,263**
Bonds due after one year	**132,671**	137,906	**1,350,616**
Total long-term debt due after one year (Note 6)	**499,193**	459,280	**5,081,879**
Employees' severance and retirement benefits (Note 13)	**14,627**	14,469	**148,906**
Directors' and corporate auditors' retirement benefits	**2,242**	2,161	**22,824**
Reserve for periodic drydocking	**16,091**	15,457	**163,809**
Deferred tax liabilities (Notes 12)	**31,565**	66,403	**321,338**
Other non-current liabilities	**107,430**	62,739	**1,093,658**
Commitments and contingent liabilities (Note 7)			
Net assets (Note 8):			
Owners' equity			
Common stock;			
Authorized—3,154,000,000 shares			
Issued—1,206,286,115 shares	**65,400**	65,350	**665,784**
Capital surplus	**44,544**	44,449	**453,466**
Retained earnings	**623,626**	536,096	**6,348,631**
Treasury stock, at cost	**(6,439)**	(6,051)	**(65,550)**
Total owners' equity	**727,131**	639,844	**7,402,331**
Accumulated gains (losses) from valuation and translation adjustments			
Unrealized holding gains on available-for-sale securities, net of tax	**6,166**	31,647	**62,771**
Unrealized gains (losses) on hedging derivatives, net of tax	**(71,460)**	12,052	**(727,476)**
Foreign currency translation adjustments	**(38,123)**	(4,228)	**(388,100)**
Total accumulated gains (losses) from valuation and translation adjustments	**(103,417)**	39,471	**(1,052,805)**
Share subscription rights	**1,307**	968	**13,306**
Minority interests	**70,001**	71,369	**712,624**
Total net assets	**695,022**	751,652	**7,075,456**
Total liabilities and total net assets	**¥1,807,080**	¥1,900,551	**$18,396,417**

Consolidated Statements of Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Shipping and other revenues (Note 11)	¥1,865,802	¥1,945,697	$18,994,218
Shipping and other expenses (Note 11)	1,564,486	1,544,109	15,926,764
Gross operating income	301,316	401,588	3,067,454
Selling, general and administrative expenses (Note 11)	104,105	110,303	1,059,809
Operating income (Note 11)	197,211	291,285	2,007,645
Other income (expenses):			
Interest and dividend income	7,960	8,781	81,034
Interest expense	(13,929)	(18,065)	(141,800)
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	16,000	18,199	162,883
Others, net (Note 9)	(9,510)	18,002	(96,813)
	521	26,917	5,304
Income before income taxes and minority interests	197,732	318,202	2,012,949
Income taxes (Notes 12):			
Current	(65,074)	(115,183)	(662,465)
Deferred	(638)	(5,694)	(6,495)
Minority interests	(5,032)	(7,004)	(51,227)
Net income	¥ 126,988	¥190,321	$ 1,292,762

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income	¥106.13	¥159.14	$1.080
Diluted net income	102.29	153.18	1.041
Cash dividends applicable to the year	31.00	31.00	0.316

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2009 and 2008

	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 gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2007	¥64,915	¥43,887	¥375,443	¥(5,616)	¥ 57,771	¥ 15,898	¥ (2,996)	¥ 366	¥71,321	¥ 620,989
Issuance of stock (Exercise of share subscription rights)	435	435	–	–	–	–	–	–	–	870
Due to change in consolidated subsidiaries	–	–	260	–	–	–	–	–	–	260
Due to change in affiliated companies accounted for by the equity method	–	–	(14)	–	–	–	–	–	–	(14)
Net income	–	–	190,321	–	–	–	–	–	–	190,321
Purchases of treasury stock	–	–	–	(1,140)	–	–	–	–	–	(1,140)
Disposal of treasury stock	–	127	–	705	–	–	–	–	–	832
Dividends paid	–	–	(29,914)	–	–	–	–	–	–	(29,914)
Net changes during the year	–	–	–	–	(26,124)	(3,846)	(1,232)	602	48	(30,552)
Balance at March 31, 2008	¥65,350	¥44,449	¥536,096	¥(6,051)	¥ 31,647	¥ 12,052	¥ (4,228)	¥ 968	¥71,369	¥ 751,652
Issuance of stock (Exercise of share subscription rights)	**50**	**50**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100**
Due to change in consolidated subsidiaries	**–**	**–**	**(99)**	**–**	**–**	**–**	**–**	**–**	**–**	**(99)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**
Due to change in accounting period of consolidated subsidiaries	**–**	**–**	**(446)**	**–**	**–**	**–**	**–**	**–**	**–**	**(446)**
Net income	**–**	**–**	**126,988**	**–**	**–**	**–**	**–**	**–**	**–**	**126,988**
Purchases of treasury stock	**–**	**–**	**–**	**(1,119)**	**–**	**–**	**–**	**–**	**–**	**(1,119)**
Disposal of treasury stock	**–**	**45**	**–**	**731**	**–**	**–**	**–**	**–**	**–**	**776**
Dividends paid	**–**	**–**	**(38,911)**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,911)**
Net changes during the year	**–**	**–**	**–**	**–**	**(25,481)**	**(83,512)**	**(33,895)**	**339**	**(1,368)**	**(143,917)**
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**

	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 gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2008	$665,275	$452,499	$5,457,559	$(61,600)	$ 322,172	$ 122,692	$ (43,042)	$ 9,854	$726,550	$ 7,651,959
Issuance of stock (Exercise of share subscription rights)	**509**	**509**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,018**
Due to change in consolidated subsidiaries	**–**	**–**	**(1,008)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,008)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(20)**	**–**	**–**	**–**	**–**	**–**	**–**	**(20)**
Due to change in accounting period of consolidated subsidiaries	**–**	**–**	**(4,540)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,540)**
Net income	**–**	**–**	**1,292,762**	**–**	**–**	**–**	**–**	**–**	**–**	**1,292,762**
Purchases of treasury stock	**–**	**–**	**–**	**(11,392)**	**–**	**–**	**–**	**–**	**–**	**(11,392)**
Disposal of treasury stock	**–**	**458**	**–**	**7,442**	**–**	**–**	**–**	**–**	**–**	**7,900**
Dividends paid	**–**	**–**	**(396,122)**	**–**	**–**	**–**	**–**	**–**	**–**	**(396,122)**
Net changes during the year	**–**	**–**	**–**	**–**	**(259,401)**	**(850,168)**	**(345,058)**	**3,452**	**(13,926)**	**(1,465,101)**
Balance at March 31, 2009	**$665,784**	**$453,466**	**$6,348,631**	**$(65,550)**	**$ 62,771**	**$(727,476)**	**$(388,100)**	**$13,306**	**$712,624**	**$ 7,075,456**

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 197,732	¥ 318,202	$ 2,012,949
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	78,156	74,481	795,643
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	(16,000)	(18,199)	(162,883)
Loss on write-down of investment securities	3,208	2,956	32,658
Loss on write-down of securities issued by subsidiaries and affiliated companies	39	176	397
Various provisions (reversals)	1,160	11,488	11,809
Interest and dividend income	(7,960)	(8,781)	(81,034)
Interest expense	13,929	18,065	141,800
Gain on sale of investment securities	(18)	(3,509)	(183)
Loss on sale of securities issued by subsidiaries and affiliated companies	–	10	–
Gain on sale and disposal of vessels, property, plant and equipment	(11,560)	(17,440)	(117,683)
Exchange loss, net	931	4,508	9,478
Changes in operating assets and liabilities:			
Trade receivables	19,239	(46,126)	195,856
Inventories	17,938	(18,279)	182,612
Trade payables	(5,172)	28,053	(52,652)
Others, net	(35,304)	11,932	(359,401)
Sub total	256,318	357,537	2,609,366
Cash received for interest and dividend	15,438	14,996	157,162
Cash paid for interest	(13,795)	(17,784)	(140,436)
Cash paid for corporate income tax, resident tax and enterprise tax	(138,976)	(71,390)	(1,414,802)
Net cash provided by operating activities	118,985	283,359	1,211,290
Cash flows from investing activities:			
Purchase of investment securities	(13,840)	(13,727)	(140,894)
Proceeds from sale of marketable securities	–	32	–
Proceeds from sale of investment securities	6,647	5,895	67,668
Payments for purchase of vessels and other tangible and intangible fixed assets	(209,882)	(286,983)	(2,136,639)
Proceeds from sale of vessels and other tangible and intangible fixed assets	34,421	43,069	350,412
Disbursements for loans receivable	(18,656)	(10,932)	(189,922)
Collections of loans receivable	4,242	8,567	43,185
Net increase (decrease) in short-term loans receivable	5,744	(3,716)	58,475
Others, net	1,301	(2,274)	13,245
Net cash used in investing activities	(190,023)	(260,069)	(1,934,470)
Cash flows from financing activities:			
Net increase (decrease) in short-term bonds	(15,469)	15,614	(157,476)
Net increase (decrease) in short-term loans	64,417	(52,395)	655,777
Net increase (decrease) in commercial paper	10,500	(2,000)	106,892
Proceeds from long-term bank loans	142,445	131,645	1,450,117
Repayments of long-term bank loans	(73,705)	(86,779)	(750,331)
Proceeds from issuance of bonds	32,036	29,270	326,133
Redemption of bonds	(17,257)	(13,271)	(175,680)
Cash dividends paid by the Company	(38,881)	(29,898)	(395,816)
Purchase of treasury stock	(1,119)	(1,140)	(11,392)
Sale of treasury stock	776	746	7,900
Cash dividends paid to minority interests	(2,434)	(2,905)	(24,779)
Others, net	(443)	(617)	(4,510)
Net cash provided by (used in) financing activities	100,866	(11,730)	1,026,835
Effect of exchange rate changes on cash and cash equivalents	(8,486)	(2,289)	(86,389)
Net increase in cash and cash equivalents	21,342	9,271	217,266
Cash and cash equivalents at beginning of year	61,716	51,383	628,281
Net cash increase from new consolidation/de-consolidation of subsidiaries	151	1,062	1,537
Increase (decrease) in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries	(14)	–	(143)
Cash and cash equivalents at end of year	¥ 83,195	¥ 61,716	$ 846,941

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2009 and 2008

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. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 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 265 consolidated subsidiaries for the year ended March 31, 2009 (267 consolidated subsidiaries for the year ended March 31, 2008). 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 1 unconsolidated subsidiary and 63 affiliated companies for the year ended March 31, 2009, and 1 unconsolidated subsidiary and 54 affiliated companies for the year ended March 31, 2008. Investments in other subsidiaries (110 for the year ended March 31, 2009 and 115 for the year ended March 31, 2008) and affiliated companies (85 and 89 for the respective years) were stated at cost since the Company's equity in net income and retained earnings in such companies were not material.

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

The difference of acquisition cost over net assets acquired is shown as goodwill and amortized over 5 to 14 years.

Amortization of goodwill is included in "Other income" of the consolidated statements of income.

(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. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, 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, 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, PLANT AND EQUIPMENT

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property, plant and equipment is computed mainly by the declining-balance method.

The Company and its domestic subsidiaries changed the accounting method for depreciation of vessels, property, plant and equipment acquired on and after April 1, 2007, due to the revision of Japanese Corporate Tax Law. The effect on the consolidated financial statements of the change is not material.

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 ¥2,788 million ($28,382 thousand) for the year ended March 31, 2009 and ¥3,552 million for the year ended March 31, 2008.

(10) ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(11) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

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

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

The Company and its consolidated subsidiaries (the "Group") provided allowance for employees' severance and retirement benefits at March 31, 2009 and 2008 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.

(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.

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 currency exchange rate fluctuations.

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 2009 presentation. These changes had no impact on previously reported results of operations or cash flows or net assets.

(17) CHANGES IN ACCOUNTING METHOD

1. Reserve for periodic drydocking

Effective April 1, 2007, reserve for periodic drydocking of vessels was appropriated for the Company's ship-owning subsidiaries, in addition to the subsidiaries that had already been appropriating the reserve. The change is attributable to expected fleet expansion in future pursuant to the Company's midterm management plan and to surge in repair costs related to the periodical survey required by the authorities. As a result of the change, operating income decreased by ¥3,358 million and income before income taxes and minority interests decreased by ¥14,151 million, in comparison with the results under the previous method of accounting. The effect of the change in segment information is disclosed in Note 11.

2. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the year ended March 31, 2009, the Company adopted the new practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements (ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," issued by the Accounting Standards Board of Japan on May 17, 2006).

The effect on profit and loss is immaterial.

3. Lease transactions

Finance leases that do not transfer ownership to lessees were previously accounted for in the same manner as operating leases. Effective from the year ended March 31, 2009, the Company adopted the new accounting standards for Lease Transactions (ASBJ Statement No. 13, "the Accounting Standards for Lease Transactions," revised by the Accounting Standards Board of Japan on March 30, 2007) and the guidance on accounting standards for lease transaction (ASBJ Guidance No. 16, "Implementation Guidance on the Accounting Standards for Lease Transactions," revised by the Accounting Standards Board of Japan on March 30, 2007) and are following accounting procedures for ordinary sales transactions.

With regard to finance lease that do not transfer ownership to lessees for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for in the same manner as operating leases.

The effect on profit and loss is immaterial.

4. Freight revenues for incomplete voyages

Previously, the freight revenues for incomplete voyages at the end of the year (deferred under percentage of total voyage days method for containerships) was recognized as advances received under the completed-voyage method (the multiple transportation progress method for containerships), while uncollected freight was recognized as trade receivables at the time of completion of operations. Effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received.

The reasons for the change are this method is becoming the majority in industry and a freight management system corresponding to this method was designed. In light of such circumstances, a new calculation method has been determined to ensure the comparability with other companies and to disclose the financial position more appropriately and so was adopted as from this financial period.

As a result of the change, trade receivables and advances received decreased by ¥30,973 million ($315,311 thousand), respectively, in comparison with the result under the previous method of accounting. The effect of the change in segment information is disclosed in Note 11.

3. Securities

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2009 and 2008.

(a) Held-to-maturity debt securities:

Securities with available fair values exceeding book values

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Book value	**¥–**	¥2,005	**$–**
Fair value	**–**	2,008	**–**
Difference	**–**	3	**–**

Securities with available fair values not exceeding book values

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Book value	**¥–**	¥–	**$–**
Fair value	**–**	–	**–**
Difference	**–**	–	**–**

(b) Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2009

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	**¥26,343**	**¥58,306**	**¥31,963**
Bonds	**15**	**16**	**1**
Others	**1**	**1**	**0**
Total	**¥26,359**	**¥58,323**	**¥31,964**

Type	Thousands of U.S. dollars (Note 1) Acquisition cost	Book value	Difference
Equity securities	**$268,177**	**$593,566**	**$325,389**
Bonds	**153**	**163**	**10**
Others	**10**	**10**	**0**
Total	**$268,340**	**$593,739**	**$325,399**

Securities with book values exceeding acquisition costs at March 31, 2008

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	¥37,655	¥104,187	¥66,532
Bonds	15	16	1
Others	591	600	9
Total	¥38,261	¥104,803	¥66,542

Securities with book values not exceeding acquisition costs at March 31, 2009

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	**¥29,595**	**¥19,306**	**¥(10,289)**
Bonds	**–**	**–**	**–**
Others	**963**	**292**	**(671)**
Total	**¥30,558**	**¥19,598**	**¥(10,960)**

Type	Thousands of U.S. dollars (Note 1) Acquisition cost	Book value	Difference
Equity securities	**$301,283**	**$196,539**	**$(104,744)**
Bonds	**–**	**–**	**–**
Others	**9,803**	**2,973**	**(6,830)**
Total	**$311,086**	**$199,512**	**$(111,574)**

Securities with book values not exceeding acquisition costs at March 31, 2008

Type	Millions of yen Acquisition cost	Book value	Difference
Equity securities	¥12,549	¥10,826	¥(1,723)
Bonds	–	–	–
Others	3,234	2,305	(929)
Total	¥15,783	¥13,131	¥(2,652)

B. The following tables summarize book values of securities with no available fair value at March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Type	Book value	Book value	Book value
Unlisted equity securities	**¥ 7,495**	¥10,862	**$ 76,300**
Unlisted foreign bonds	**3,200**	–	**32,577**
Others	**118**	105	**1,201**
Total	**¥10,813**	¥10,967	**$110,078**

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

For the year ended March 31, 2009:

Type	Millions of yen: Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Governmental bonds	¥–	¥–	¥ 16	¥–	¥ 16
Corporate bonds	–	–	–	–	–
Others	–	–	3,200	–	3,200
Total	¥–	¥–	¥3,216	¥–	¥3,216

Type	Thousands of U.S. dollars (Note 1): Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Governmental bonds	$–	$–	$ 163	$–	$ 163
Corporate bonds	–	–	–	–	–
Others	–	–	32,577	–	32,577
Total	$–	$–	$32,740	$–	$32,740

For the year ended March 31, 2008:

Type	Millions of yen: Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Governmental bonds	¥–	¥ –	¥16	¥–	¥ 16
Corporate bonds	–	2,000	–	–	2,000
Others	–	–	–	–	–
Total	¥–	¥2,000	¥16	¥–	¥2,016

D. There were no held-to-maturity debt securities sold in the years ended March 31, 2009 and 2008.

E. Total sales of available-for-sale securities sold in the years ended March 31, 2009 and 2008 and the related gains and losses were as follows:

	Millions of yen: 2009	2008	Thousands of U.S. dollars (Note 1): 2009
Proceeds from sales	¥4,603	¥4,922	$46,859
Gross realized gains	22	3,529	224
Gross realized losses	4	20	41

4. Inventories

Inventories as of March 31, 2009 consisted of the following:

	Millions of yen: 2009	Thousands of U.S. dollars (Note 1): 2009
Fuel and supplies	¥26,855	$273,389
Others	1,296	13,194
Total	¥28,151	$286,583

5. 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.

The following tables summarize the outstanding contract amounts and unrealized gains or losses of financial derivatives of the Group at March 31, 2009 and 2008, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
(1) Currency related:			
Forward currency exchange contracts			
Sell (U.S. dollar):			
Contracts outstanding	**¥327**	¥915	**$3,329**
Unrealized gains	**54**	35	**550**

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Currency swaps			
Receive Yen, pay U.S. dollar:			
Contracts outstanding	**¥–**	¥49,500	**$–**
Unrealized gains	**–**	1,603	**–**
Receive Yen, pay Euro:			
Contracts outstanding	**¥–**	¥ 500	**$–**
Unrealized losses	**–**	(115)	**–**
Receive Euro, pay U.S. dollar:			
Contracts outstanding	**¥–**	¥ 7,233	**$–**
Unrealized gains	**–**	472	**–**
Receive Euro, pay Yen:			
Contracts outstanding	**¥–**	¥ –	**$–**
Unrealized gains	**–**	–	**–**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
(2) Interest related			
Interest rate swaps			
Receive floating, pay fixed:			
Contracts outstanding	**¥71,455**	¥77,187	**$727,425**
Unrealized losses	**(5,214)**	(1,552)	**(53,080)**
Receive fixed, pay floating:			
Contracts outstanding	**¥ 7,500**	¥ –	**$ 76,351**
Unrealized gains	**38**	–	**387**

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Interest rate swaps			
Receive floating, pay fixed:			
Contracts outstanding	**¥–**	¥22,262	**$–**
Unrealized losses	**–**	(1,100)	**–**
Receive fixed, pay floating:			
Contracts outstanding	**¥–**	¥13,771	**$–**
Unrealized gains	**–**	17	**–**
Receive floating, pay floating:			
Contracts outstanding	**¥–**	¥12,632	**$–**
Unrealized gains	**–**	13	**–**

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.

6. Short-term Debt and Long-term Debt

(1) SHORT-TERM DEBT

Short-term debt amounting to ¥107,571 million ($1,095,093 thousand) and ¥51,674 million at March 31, 2009 and 2008 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Bonds:			
1.190% yen bonds due 2009	¥ 10,000	¥ 10,000	$ 101,802
1.240% yen bond due 2009	5,000	–	50,901
1.220% yen bond due 2009	4,500	–	45,811
Floating/fixed rate Euro medium term notes due 2009–2015	26,740	44,758	272,218
0.000% yen bonds due 2011*	49,030	49,130	499,135
1.480% yen bonds due 2011	1,000	1,000	10,180
1.460% yen bonds due 2011	2,000	2,000	20,361
1.428% yen bond due 2013	15,000	–	152,703
1.760% yen bonds due 2014	10,000	10,000	101,802
1.590% yen bonds due 2015	15,000	15,000	152,703
2.070% yen bonds due 2016	15,000	15,000	152,703
Secured loans from:			
Japan Development Bank due through 2021 at interest rates of 0.60% to 5.65%	79,916	80,778	813,560
Other financial institutions due through 2021 at interest rates of 0.50% to 4.56%	27,989	50,276	284,933
Unsecured loans from:			
Other financial institutions due through 2023 at interest rates of 0.54% to 7.78%	317,027	255,085	3,227,394
	578,202	533,027	5,886,206
Amount due within one year	79,009	73,747	804,327
	¥499,193	¥459,280	$5,081,879

* Zero coupon convertible bonds

At March 31, 2009, 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)
2010	¥ 79,009	$ 804,327
2011	102,758	1,046,096
2012	90,674	923,078
2013	49,411	503,013
2014	81,835	833,096
2015 and thereafter	174,515	1,776,596
	¥578,202	$5,886,206

(3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2009, 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	¥202,732	$2,063,850
Buildings and structures	2,573	26,194
Land	985	10,027
Investment securities	51,722	526,539
Others	421	4,287
	¥258,433	$2,630,897

Secured debt	Millions of yen	Thousands of U.S. dollars (Note 1)
Short-term debt	¥ –	$ –
Long-term debt due within one year	20,766	211,402
Long-term debt due after one year	87,139	887,091
	¥107,905	$1,098,493

7. Commitments and Contingent Liabilities

At March 31, 2009, 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 ¥94,850 million ($965,591 thousand).

8. Net Assets

Net assets comprises four sections, which are the owners' equity, accumulated gains (losses) from valuation and translation adjustments, 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, 2009 and 2008 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at March 31, 2007	1,205,410	10,115
Net increase during the year	785	696
Net decrease during the year	–	(1,142)
Balance at March 31, 2008	1,206,195	9,669
Net increase during the year	91	856
Net decrease during the year	–	(868)
Balance at March 31, 2009	1,206,286	9,657

(B) SHARE SUBSCRIPTION RIGHTS

Share subscription rights at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Stock options	¥1,307	¥968	$13,306
Total	¥1,307	¥968	$13,306

(C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 24, 2008	¥20,354	$207,208
Approved at the board of directors held on October 27, 2008	18,557	188,914
Total	¥38,911	$396,122

(2) Dividends included in the retained earnings at March 31, 2009 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, 2009	¥18,559	$188,934
Total	¥18,559	$188,934

9. Other Income (Expenses): Others, Net — Breakdown

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Others, net:			
Gain on sale of marketable securities	¥ –	¥ 0	$ –
Exchange loss, net	(4,611)	(5,612)	(46,941)
Amortization of goodwill	1,392	1,306	14,171
Gain on sale of vessels, investment securities and others	12,306	23,014	125,278
Loss on sale and disposal of vessels, investment securities and others	(727)	(2,097)	(7,401)
Loss arising from dissolution of subsidiaries and affiliated companies	(121)	(64)	(1,232)
Loss on write-down of investment securities and others	(3,246)	(3,131)	(33,045)
Provision for doubtful accounts	(334)	(800)	(3,400)
Special retirement	(111)	(79)	(1,130)
Reserve for periodic drydocking accumulated in past fiscal years	–	(10,847)	–
Cancellation fee for chartered ships, net	(14,552)	9,585	(148,142)
Sundries, net	494	6,727	5,029
Total	¥ (9,510)	¥ 18,002	$ (96,813)

10. 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, 2009 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	¥43,405	¥376	¥43,781
Accumulated depreciation	32,951	245	33,196
Net book value	¥10,454	¥131	¥10,585

	Thousands of U.S. dollars (Note 1)		
	Equipment, mainly containers	Others	Total
Acquisition cost	$441,871	$3,828	$445,699
Accumulated depreciation	335,448	2,494	337,942
Net book value	$106,423	$1,334	$107,757

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2008 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	¥46,704	¥817	¥47,521
Accumulated depreciation	31,693	549	32,242
Net book value	¥15,011	¥268	¥15,279

(2) Future lease payments at March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Amount due within one year	**¥ 4,088**	¥ 4,220	**$ 41,617**
Amount due after one year	**13,073**	17,470	**133,085**
Total	**¥17,161**	¥21,690	**$174,702**

(3) Lease payments, Depreciation equivalent and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Lease payments	**¥4,556**	¥5,541	**$46,381**
Depreciation equivalent	**4,659**	6,196	**47,430**
Interest equivalent	**364**	500	**3,706**

(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 AT MARCH 31, 2009 AND 2008:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Amount due within one year	**¥ 36,708**	¥ 38,451	**$ 373,695**
Amount due after one year	**166,755**	190,845	**1,697,597**
Total	**¥203,463**	¥229,296	**$2,071,292**

AS LESSOR:

(A) INFORMATION ON FINANCE LEASES ACCOUNTED FOR AS OPERATING LEASES:

(1) A summary of acquisition cost, accumulated depreciation and net book value at March 31, 2009 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen	
	Equipment, mainly containers	Total
Acquisition cost	¥–	¥–
Accumulated depreciation	–	–
Net book value	¥–	¥–

	Thousands of U.S. dollars (Note 1)	
	Equipment, mainly containers	Total
Acquisition cost	$–	$–
Accumulated depreciation	–	–
Net book value	$–	$–

A summary of acquisition cost, accumulated depreciation and net book value at March 31, 2008 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen	
	Equipment, mainly containers	Total
Acquisition cost	¥107	¥107
Accumulated depreciation	100	100
Net book value	¥ 7	¥ 7

(2) Future lease income at March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Amount due within one year	¥–	¥22	$–
Amount due after one year	–	–	–
Total	¥–	¥22	$–

(3) Lease income, Depreciation and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Lease income	¥22	¥22	$224
Depreciation	7	11	71
Interest equivalent	0	1	0

(4) Calculation of interest equivalent

The excess of total lease income over acquisition costs equivalent is regarded as amounts representing interest receivable equivalents and is allocated to each period using the interest method.

(B) FUTURE LEASE INCOME UNDER OPERATING LEASES AT MARCH 31, 2009 AND 2008:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Amount due within one year	¥ 6,586	¥ 6,510	$ 67,047
Amount due after one year	29,949	31,672	304,886
Total	¥36,535	¥38,182	$371,933

11. Segment Information

(A) BUSINESS SEGMENT INFORMATION:

For the year ended March 31, 2009:	Millions of yen Bulk-ships	Container-ships	Logistics	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
1. Revenues:								
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 998,543	¥639,695	¥56,270	¥54,534	¥107,033	¥ 9,727	¥ –	¥1,865,802
(2) Inter-segment revenues	3,111	1,607	1,355	231	19,608	14,463	(40,375)	–
Total revenues	1,001,654	641,302	57,625	54,765	126,641	24,190	(40,375)	1,865,802
2. Operating expenses	796,171	664,645	57,816	54,868	114,878	19,517	(39,304)	1,668,591
Operating income	¥ 205,483	¥ (23,343)	¥ (191)	¥ (103)	¥ 11,763	¥ 4,673	¥ (1,071)	¥ 197,211
3. Assets, Depreciation and Capital expenditures:								
(1) Assets	¥ 910,659	¥362,537	¥47,054	¥42,665	¥293,066	¥376,655	¥(225,556)	¥1,807,080
(2) Depreciation	48,949	15,399	1,413	3,948	6,033	2,157	257	78,156
(3) Capital expenditures	154,275	36,640	971	1,083	26,643	3,563	33	223,208

For the year ended March 31, 2009:	Thousands of U.S. dollars (Note 1) Bulk-ships	Container-ships	Logistics	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
1. Revenues:								
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	$10,165,357	$6,512,216	$572,839	$555,167	$1,089,616	$ 99,023	$ –	$18,994,218
(2) Inter-segment revenues	31,670	16,360	13,794	2,352	199,613	147,236	(411,025)	–
Total revenues	10,197,027	6,528,576	586,633	557,519	1,289,229	246,259	(411,025)	18,994,218
2. Operating expenses	8,105,171	6,766,212	588,567	558,568	1,169,480	198,687	(400,112)	16,986,573
Operating income	$ 2,091,856	$ (237,636)	$ (1,934)	$ (1,049)	$ 119,749	$ 47,572	$ (10,913)	$ 2,007,645
3. Assets, Depreciation and Capital expenditures:								
(1) Assets	$ 9,270,681	$3,690,695	$479,019	$434,338	$2,983,468	$3,834,419	$(2,296,203)	$18,396,417
(2) Depreciation	498,310	156,765	14,385	40,191	61,417	21,959	2,616	795,643
(3) Capital expenditures	1,570,549	373,002	9,885	11,025	271,231	36,272	336	2,272,300

(Change in accounting method)
As mentioned in Note 2 (17) 4, effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received. As a result of the change, in comparison with the previous accounting method, assets decreased by ¥24,448 million ($248,885 thousand) for Bulkships, ¥6,525 million ($66,426 thousand) for Containerships.

There is no effect related to the change over segments other than Bulkships and Containerships.

For the year ended March 31, 2008:	Millions of yen Bulk-ships	Container-ships	Logistics	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
1. Revenues:								
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥1,024,797	¥686,829	¥61,236	¥53,100	¥108,860	¥ 10,875	¥ –	¥1,945,697
(2) Inter-segment revenues	2,444	1,752	1,505	139	20,198	12,182	(38,220)	–
Total revenues	1,027,241	688,581	62,741	53,239	129,058	23,057	(38,220)	1,945,697
2. Operating expenses	758,562	687,267	61,608	52,024	116,692	15,454	(37,195)	1,654,412
Operating income	¥ 268,679	¥ 1,314	¥ 1,133	¥ 1,215	¥ 12,366	¥ 7,603	¥ (1,025)	¥ 291,285
3. Assets, Depreciation and Capital expenditures:								
(1) Assets	¥ 989,607	¥352,856	¥55,961	¥50,686	¥290,992	¥412,947	¥(252,498)	¥1,900,551
(2) Depreciation	46,828	13,523	1,537	3,366	6,226	2,776	225	74,481
(3) Capital expenditures	198,810	80,485	716	10,452	9,736	3,402	(27)	303,574

(Change in accounting method)
As mentioned in Note 2 (17) 1, effective April 1, 2007, reserve for periodic drydocking of vessels was appropriated for the Company's ship-owning subsidiaries, in addition to the subsidiaries that had already been appropriating the reserve. As a result of the change, in comparison with the previous accounting method, operating expenses increased by ¥2,846 million for Bulkships, ¥488 million for Containerships, and ¥23 million for Ferry & Domestic transport. Operating income for respective segments decreased accordingly.

(B) GEOGRAPHICAL SEGMENT INFORMATION:

Each segment covers the following countries or regions;

North America:	U.S.A. and Canada
Europe:	U.K., Netherlands and other European countries
Asia:	The Middle and Near East, China and other Asian countries
Others:	Central and South America, Africa, and Oceanian countries

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

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

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

	Millions of yen						
For the year ended March 31, 2009:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥1,796,589	¥28,413	¥ 13,809	¥26,920	¥ 71	¥ –	¥1,865,802
(2) Inter-segment revenues	5,984	15,868	11,218	10,120	4,599	(47,789)	–
Total revenues	1,802,573	44,281	25,027	37,040	4,670	(47,789)	1,865,802
2. Operating expenses	1,616,452	37,539	21,466	33,948	4,599	(45,413)	1,668,591
Operating income	¥ 186,121	¥ 6,742	¥ 3,561	¥ 3,092	¥ 71	¥ (2,376)	¥ 197,211
3. Assets	¥1,712,392	¥47,343	¥115,896	¥35,380	¥54,955	¥(158,886)	¥1,807,080

	Thousands of U.S. dollars (Note 1)						
For the year ended March 31, 2009:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	$18,289,616	$289,250	$ 140,578	$274,051	$ 723	$ –	$18,994,218
(2) Inter-segment revenues	60,918	161,539	114,201	103,024	46,819	(486,501)	–
Total revenues	18,350,534	450,789	254,779	377,075	47,542	(486,501)	18,994,218
2. Operating expenses	16,455,787	382,154	218,528	345,598	46,819	(462,313)	16,986,573
Operating income	$ 1,894,747	$ 68,635	$ 36,251	$ 31,477	$ 723	$ (24,188)	$ 2,007,645
3. Assets	$17,432,475	$481,961	$1,179,843	$360,175	$559,452	$(1,617,489)	$18,396,417

(Change in accounting method)
As mentioned in Note 2 (17) 4., effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received. As a result of the change, in comparison with the previous accounting method, assets decreased by ¥30,973 million ($315,311 thousand) for Japan.
There is no effect related to the change over segments other than Japan.

	Millions of yen						
For the year ended March 31, 2008:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥1,866,521	¥40,392	¥ 15,592	¥23,001	¥ 191	¥ –	¥1,945,697
(2) Inter-segment revenues	5,631	18,037	13,844	10,030	3,949	(51,491)	–
Total revenues	1,872,152	58,429	29,436	33,031	4,140	(51,491)	1,945,697
2. Operating expenses	1,598,132	45,360	23,744	31,547	4,071	(48,442)	1,654,412
Operating income	¥ 274,020	¥13,069	¥ 5,692	¥ 1,484	¥ 69	¥ (3,049)	¥ 291,285
3. Assets	¥1,775,035	¥55,332	¥157,599	¥40,646	¥28,735	¥(156,796)	¥1,900,551

(Change in accounting method)
As mentioned in Note 2 (17) 1., effective April 1, 2007, reserve for periodic drydocking of vessels was appropriated for the Company's ship-owning subsidiaries, in addition to the subsidiaries that had already been appropriating the reserve. As a result of the change, in comparison with the previous accounting method, operating expenses for Japan increased by ¥3,358 million and operating income for Japan decreased accordingly.
There is no effect related to the change over segments other than Japan.

(C) INTERNATIONAL BUSINESS INFORMATION:

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

Geographical areas belonging to the segments are as follows:

North America:	U.S.A. and Canada
Europe:	U.K., Netherlands and other European countries
Asia:	The Middle and Near East, China and other Asian countries
Central and South America:	Brazil, Chile and other Central and South American countries
Oceania:	Australia and other Oceanian countries
Others:	Africa and other countries

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

	Millions of yen						
For the year ended March 31, 2009:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	**¥381,427**	**¥288,015**	**¥365,110**	**¥216,351**	**¥300,458**	**¥125,637**	**¥1,676,998**
2. Consolidated revenues	**–**	**–**	**–**	**–**	**–**	**–**	**¥1,865,802**
3. Ratio of international revenues to consolidated revenues	**20.4%**	**15.4%**	**19.6%**	**11.6%**	**16.1%**	**6.7%**	**89.9%**

	Thousands of U.S. dollars (Note 1)						
For the year ended March 31, 2009:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	**$3,882,999**	**$2,932,047**	**$3,716,889**	**$2,202,494**	**$3,058,719**	**$1,279,009**	**$17,072,157**
2. Consolidated revenues	**–**	**–**	**–**	**–**	**–**	**–**	**$18,994,218**
3. Ratio of international revenues to consolidated revenues	**20.4%**	**15.4%**	**19.6%**	**11.6%**	**16.1%**	**6.7%**	**89.9%**

	Millions of yen						
For the year ended March 31, 2008:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	¥424,032	¥317,668	¥373,041	¥221,417	¥297,076	¥113,760	¥1,746,994
2. Consolidated revenues	–	–	–	–	–	–	¥1,945,697
3. Ratio of international revenues to consolidated revenues	21.8%	16.3%	19.2%	11.4%	15.3%	5.8%	89.8%

(Change in geographical segment)

Effective from the year ended March 31, 2008, Central and South Amarica and Oceania, which were previously included in Others, have been shown in order to disclose International business information more appropriately and effectively. Internatioal revenues for Central and South America and for Oceania for previous fiscal year were ¥124,197 million and ¥206,455 million respectively, which accounted for 7.9% and 13.2% respectively of consolidated revenues.

12. 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, 2009 and 2008.

(A) Significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Deferred tax assets:			
Excess bad debt expenses	¥ 1,027	¥ 119	$ 10,455
Reserve for bonuses expenses	1,947	2,198	19,821
Retirement benefits expenses	3,883	5,009	39,530
Retirement allowances for directors	775	858	7,889
Write-down of securities and other investments	3,771	2,927	38,389
Accrued business tax and business place tax	399	2,068	4,062
Operating loss carried forward	1,304	3,816	13,275
Unrealized gain on sale of fixed assets	1,863	1,863	18,966
Impairment loss	843	896	8,582
Unrealized losses on hedging derivatives	9,384	–	95,531
Others	2,849	1,945	29,003
Total deferred tax assets	28,045	21,699	285,503
Valuation allowance	(6,005)	(7,457)	(61,132)
Net deferred tax assets	22,040	14,242	224,371
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	(2,087)	(2,085)	(21,246)
Reserve deductible for tax purposes when appropriated for special depreciation	(1,717)	(768)	(17,479)
Unrealized holding gains on available-for-sale securities	(8,327)	(24,125)	(84,771)
Gain on securities contributed to employee retirement benefit trust	(4,339)	(4,339)	(44,172)
Revaluation reserve	(11,858)	(12,194)	(120,717)
Retained earnings of consolidated subsidiaries	(14,125)	(16,665)	(143,795)
Unrealized gains on hedging derivatives	–	(12,885)	–
Others	(685)	(756)	(6,973)
Total deferred tax liabilities	(43,138)	(73,817)	(439,153)
Net deferred tax liabilities	¥(21,098)	¥(59,575)	$(214,782)

(B) Significant differences between the statutory tax rate and the effective tax rate for the financial statement purpose for the year ended March 31, 2009 was as follows:

	2009
Statutory tax rate	37.3 %
Non-deductible expenses	0.7 %
Tax exempt revenues	(2.0)%
Decrease in deferred tax liabilities resulting from enactment of income tax regulations	(2.5)%
Others	(0.3)%
Effective tax rate	33.2 %

The difference between the statutory tax rate and the effective tax rate for the financial statement purpose for the year ended March 31, 2008 is not disclosed as it is immaterial.

13. Employees' Severance and Retirement Benefits

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Projected benefit obligation	**¥ 62,668**	¥ 63,929	**$ 637,972**
Unrecognized actuarial differences	**(13,041)**	4,066	**(132,760)**
Prepaid pension expenses	**18,434**	17,168	**187,662**
Less fair value of pension assets	**(53,434)**	(70,694)	**(543,968)**
Employees' severance and retirement benefits	**¥ 14,627**	¥ 14,469	**$ 148,906**

Included in the consolidated statements of income for the years ended March 31, 2009 and 2008 were severance and retirement benefit expenses, which comprise the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Service costs—benefits earned during the year	**¥ 4,472**	¥ 3,923	**$ 45,526**
Interest cost on projected benefit obligation	**912**	918	**9,284**
Expected return on plan assets	**(1,242)**	(1,533)	**(12,644)**
Amortization of actuarial differences	**(144)**	(1,686)	**(1,466)**
Others*	**514**	–	**5,233**
Employees' severance and retirement benefits expenses	**¥ 4,512**	¥ 1,622	**$ 45,933**

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

The discount rate for the years ended March 31, 2009 and 2008 used by the Company is 2.0%. Also, the rate of expected return on plan assets for the years ended March 31, 2009 and 2008 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.

14. Stock Options

(A) EXPENSED AMOUNT

Expensed amount on stock options for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Selling, general and administrative expenses	¥381	¥601	$3,879
Total	¥381	¥601	$3,879

(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
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
Number of stock options	Common stock 1,670,000	Common stock 1,710,000	Common stock 1,760,000
Grant date	August 11, 2006	August 10, 2007	August 8, 2008
Vesting conditions	No provisions	No provisions	No provisions
Service period	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

(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
Balance at March 31, 2008	–	–	–	–	–	–	–
Options granted during the year	–	–	–	–	–	–	1,760,000
Options expired during the year	–	–	–	–	–	–	–
Options vested during the year	–	–	–	–	–	–	1,760,000
Balance at March 31, 2009	–	–	–	–	–	–	–

Vested stock options	2002	2003	2004	2005	2006	2007	2008
Balance at March 31, 2008	40,000	44,000	385,000	1,080,000	1,670,000	1,710,000	–
Options vested during the year	–	–	–	–	–	–	1,760,000
Options exercised during the year	20,000	20,000	89,000	192,000	197,000	–	–
Options expired during the year	–	–	–	–	–	–	–
Balance at March 31, 2009	20,000	24,000	296,000	888,000	1,473,000	1,710,000	1,760,000

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

	2002	2003	2004	2005	2006	2007	2008
Exercise price	¥264	¥377	¥ 644	¥ 762	¥ 841	¥1,962	¥1,569
Average market price of share at exercise	¥549	¥549	¥1,483	¥1,403	¥1,329	–	–
Fair value per stock option at grant date	–	–	–	–	¥ 219	¥ 352	¥ 217

(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:

	2008
Stock price volatility	34.0%
Expected remaining term of the option	5 years and 11 months
Expected dividends	¥31 per share
Risk-free interest rate	1.21%

15. Material Non-cash Transactions

(A) Amount of lease assets and lease obligations recognized for the year ended March 31, 2009 and 2008 were ¥4,211 million ($42,869 thousand) and ¥17,123 million, respectively.

(B) Exercise of share subscription rights

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Increase in common stock by the exercise	**¥ 50**	¥435	**$ 509**
Increase in capital surplus by the exercise	**50**	435	**509**
Decrease in bonds with share subscription rights by the exercise	**¥100**	¥870	**$1,018**

16. Subsequent Events

(1) CONVERSION OF KANSAI KISEN KAISHA TO SUBSIDIARY

The Company based on the resolution of the board of directors on March 18, 2009, subscribed in full for shares issued under allocation of new shares to third parties by Kansai Kisen Kaisha ("Kansai Kisen") (29,000,000 shares of common stock: payment price of ¥55 yen per share for a total of ¥1,595 million ($16,237 thousand)) and made the payment on April 13, 2009. As a result of the completion of the payment, Kansai Kisen became a subsidiary of the Company.

In addition, the Company reached a resolution to acquire shares of Kansai Kisen through a takeover bid.

1. Reason for the takeover bid

The Company under "MOL ADVANCE," its mid-term management plan announced in March 2007, aims for sustained growth with basic objectives being further expansion of the maritime business and strengthening of peripheral maritime segments and identifies "enhancement of Group-wide integrity and competitiveness" as one of its core overall strategies. Based on this overall strategy, the Company made aggressive efforts in pursuing organizational restructuring and synergy creation in all business areas. As a result, the Company reached the conclusion that the best step would be to make Kansai Kisen Kaisha its wholly owned subsidiary through a takeover bid of applicable shares and took action accordingly.

2. Profile of subsidiary to be purchased (as of April 13, 2009)

(1) Name:	Kansai Kisen Kaisha
(2) Principal businesses:	Marine transport, food & beverages/product sales, other businesses
(3) Date of establishment:	May 4, 1942
(4) Location of head office:	3-6-32 Nakanoshima, Kita-ku, Osaka
(5) Name and title of representative:	Makoto Kuroishi, President
(6) Capital:	¥2,166 million ($22,050 thousand)
(7) Total number of issued shares:	68,531,200 shares
(8) Total number of voting rights:	685,258 rights

3. Outline of takeover bid

(1) Number of shares acquired:	17,583,914 shares
(2) Period of the takeover bid:	March 19, 2009 to April 27, 2009
(3) Funds required for the takeover bid:	¥1,108 million ($11,280 thousand)

4. Number of shares and voting rights to be held after the takeover bid

(1) Number of shares held:	61,060,114 (holding ratio: 89.09%)
(2) Number of voting rights:	610,601 (voting rights ratio: 89.10%)

(2) ISSUANCE OF BONDS

1.	(1) Type:	Unsecured Straight Bond (5 year bond)
	(2) Issue price:	¥100 for each ¥100 of face value
	(3) Total issue amount:	¥30,000 million ($305,406 thousand)
	(4) Interest rate:	1.278%
	(5) Redemption:	Redemption at maturity
	(6) Maturity:	5 years
	(7) Issuance date:	May 27, 2009
	(8) Use of proceeds:	Repayment and redemption of debt loan and commercial paper for ship investments
2.	(1) Type:	Unsecured Straight Bond (10 year bond)
	(2) Issue price:	¥100 for each ¥100 of face value
	(3) Total issue amount:	¥20,000 million ($203,604 thousand)
	(4) Interest rate:	1.999%
	(5) Redemption:	Redemption at maturity
	(6) Maturity:	10 years
	(7) Issuance date:	May 27, 2009
	(8) Use of proceeds:	Repayment and redemption of debt loan and commercial paper for ship investments

KPMG

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, 2009 and 2008, 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, 2009 and 2008, 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 followings:

(1) As discussed in Note 2 (17) 1 to the consolidated financial statements, effective April 1, 2007, reserve for periodic drydocking of vessels was appropriated for the Company's ship-owning subsidiaries, in addition to the subsidiaries that had already been appropriating the reserve.
(2) As discussed in Note 2 (17) 4 to the consolidated financial statements, effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 & Co.

Tokyo, Japan
June 23, 2009

The MOL Group

Mitsui O.S.K. Lines, Ltd. March 31, 2009

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

Segment		Company	Registered Office	MOL's Voting Rights (%)*1	Paid-in Capital (Thousands)
Bulkships	■	BGT Ltd.	Liberia	100.00	US$5
	■	BIL Investments Ltd.	U.K.	100.00	£21
	■	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
	■	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 Tankship Management Ltd.	Japan	100.00	¥100,000
	■	Phoenix Tankers Pte. Ltd.	Singapore	100.00	S$158,630
	■	Shipowner/Chartering companies (128 companies) in Panama, Cayman Islands, Liberia, Singapore, Hong Kong, Cyprus and Malta			
	■	Tokyo Marine Asia Pte. Ltd.	Singapore	100.00	S$500
	■	Tokyo Marine Co., Ltd.	Japan	87.13	¥2,000,000
	■	Unix Line Pte Ltd.	Singapore	100.00	S$500
	■	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	40.00	US$75,000
	▲	M.S. Tanker Shipping Ltd.	Hong Kong	50.00	HK$2,000
	▲	Nissan Motor Car Carrier Co., Ltd.	Japan	40.00	¥640,000
	▲	Shipowner/Chartering companies (36 companies) in Liberia, Panama, Bahamas, Malta, Norway and Cayman Islands			
Containerships	■	Chiba Utoc Corporation	Japan	100.00	¥90,000
	■	International Container Terminal Co., Ltd.	Japan	100.00	¥700,000
	■	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 (Singapore) Pte Ltd.	Singapore	100.00	S$5,000
	■	MOL (America) Inc.	U.S.A.	100.00	US$6
	■	MOL (Asia) Ltd.	Hong Kong	100.00	HK$40,000
	■	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 South Africa (Proprietary) Limited	South Africa	100.00	R3,000
	■	Shipowner companies (10 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$500
	■	Utoc Stevedoring Corporation	Japan	100.00	¥50,000
	■	Utoc Logistics Corporation	Japan	100.00	¥50,000
	■	Others (6 companies)			
	●	MOL (West Africa) Ltd.	U.K.	51.00	£140
	▲	Mitsui O.S.K. Lines (Thailand) Co., Ltd.	Thailand	47.00	BT20,000
	▲	Shanghai Kakyakusen Kaisha., Ltd.	Japan	31.98	¥100,000
Logistics	■	Bangpoo Intermodal Systems Co., Ltd.	Thailand	67.98	BT130,000
	■	Hong Kong Logistics Co., Ltd.	Hong Kong	100.00	HK$58,600
	■	International Container Transport Co., Ltd.	Japan	51.00	¥100,000
	■	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
	■	M.O. Air International (Taiwan) Co., Ltd.	Taiwan	100.00	NT$7,500
	■	MOL Consolidation Service Limited	Hong Kong	100.00	HK$1,000
	■	MOL Consolidation Service Limited (China)	China	100.00	RMB8,000
	■	MOL Logistics (Europe) B.V.	Netherlands	100.00	€414
	■	MOL Logistics (H.K.) Ltd.	Hong Kong	100.00	HK$3,676
	■	MOL Logistics Holding (Europe) B.V.	Netherlands	100.00	€18
	■	MOL Logistics (Japan) Co., Ltd.	Japan	75.06	¥756,250
	■	MOL Logistics (Netherlands) B.V.	Netherlands	100.00	€3,049
	■	MOL Logistics (Deutschland) GmbH	Germany	100.00	€537
	■	MOL Logistics (Singapore) Pte. Ltd.	Singapore	100.00	S$700
	■	MOL Logistics (Thailand) Co., Ltd.	Thailand	49.50	BT20,000
	■	MOL Logistics (UK) Ltd.	U.K.	100.00	£400
	■	MOL Logistics (USA) Inc.	U.S.A.	100.00	US$9,814
	■	MOL Osaka Nanko Physical Distribution Center Co., Ltd.	Japan	100.00	¥10,000
	■	Shanghai Huajia International Freight Forwarding Co., Ltd.	China	76.00	US$1,720
	■	Others (5 companies)			
	▲	Shanghai Longfei International Logistics Co., Ltd.	China	22.05	¥1,240
	▲	Others (1 company)			

Ferry & Domestic Transport

	Company	Registered Office	MOL's Voting Rights (%)*1	Paid-in Capital (Thousands)
■	Blue Highway Express K.K.	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
■	MOL Naikou, Ltd.	Japan	99.72	¥650,000
■	Sea-Road Express Corp.	Japan	100.00	¥320,000
■	Searox Kitaichi Co., Ltd.	Japan	100.00	¥20,000
■	Shipowner company (1 company) in Panama			
■	MOL Ferry Co., Ltd.	Japan	100.00	¥1,440,000
■	The Diamond Ferry Co., Ltd.	Japan	100.00	¥1,000,000
▲	Kansai Kisen Kaisha*2	Japan	37.36	¥1,368,989
▲	Meimon Taiyo Ferry Co., Ltd.	Japan	38.57	¥880,000
▲	Shinyo Kaiun Corporation	Japan	36.00	¥100,000
▲	Others (8 companies)			

Associated Business

	Company	Registered Office	MOL's Voting Rights (%)*1	Paid-in Capital (Thousands)
■	Daibiru Corporation	Japan	51.07	¥12,227,847
■	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	77.36	¥26,500
■	Japan Hydrographic Charts & Publications Co., Ltd.	Japan	54.62	¥32,000
■	Kitanihon Tug-boat Co., Ltd.	Japan	62.00	¥50,000
■	Kobe Towing Co., Ltd.	Japan	100.00	¥50,000
■	Kosan Kanri Service Co., Ltd.	Japan	100.00	¥20,000
■	Kosan Kanri Service West Corporation	Japan	100.00	¥14,400
■	Kusakabe Maritime Engineering Co., Ltd.	Japan	85.00	¥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
■	Mitsui O.S.K. Techno-Trade, Ltd.	Japan	100.00	¥490,000
■	MOL Kaiji Co., Ltd.	Japan	100.00	¥95,000
■	M.O. Tourist Co., Ltd.	Japan	100.00	¥250,000
■	Nihon Tug-Boat Co., Ltd.	Japan	69.53	¥134,203
■	Daibiru Facility Management Ltd.	Japan	100.00	¥17,000
■	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
▲	South China Towing Co., Ltd.	Hong Kong	25.00	HK$12,400

Others

	Company	Registered Office	MOL's Voting Rights (%)*1	Paid-in Capital (Thousands)
■	Euromol B.V.	Netherlands	100.00	€8,444
■	International Marine Transport Co., Ltd.	Japan	99.68	¥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. Engineering Co., Ltd.	Japan	100.00	¥20,000
■	M.O. Marine Consulting, Ltd.	Japan	100.00	¥100,000
■	M.O. Reinsurance S.A.	Luxembourg	100.00	US$5,376
■	M.O. Ship Tech Inc.	Japan	100.00	¥50,000
■	Mitsui Kinkai Kisen Co., Ltd.	Japan	80.13	¥350,000
■	Mitsui O.S.K. Finance PLC	U.K.	100.00	US$6,568
■	Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€17,245
■	Mitsui O.S.K. Manning Service S.A.	Panama	100.00	US$135
■	MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
■	MOL Adjustment, Ltd.	Japan	100.00	¥10,000
■	MOL FG, Inc.	U.S.A.	100.00	US$20
■	MOL Information Systems, Ltd.	Japan	100.00	¥100,000
■	MOL SI, Inc.	U.S.A.	100.00	US$100
■	MOL Ship Management Co., Ltd.	Japan	100.00	¥50,000
■	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

*1 MOL includes MOL and its subsidiaries
*2 The status of Kansai Kisen Kaisha was changed to a consolidated subsidiary company as of April 13, 2009.

Worldwide Offices

HEAD OFFICE

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

JAPAN

Mitsui O.S.K. Lines (Japan), Ltd.
Head Office (Tokyo): Tel: 81-3-3587-7684 Fax: 81-3-3587-7730
Yokohama: Tel: 81-45-212-7710 Fax: 81-45-212-7735
Nagoya: Tel: 81-52-564-7000 Fax: 81-52-564-7047
Osaka: Tel: 81-6-6446-6501 Fax: 81-6-6446-6513
Kyushu: Tel: 81-92-262-0701 Fax: 81-92-262-0720

NORTH AMERICA

MOL (America) Inc.
Head Office (Chicago): Tel: 1-630-592-7300 Fax: 1-630-592-7402
Main Branch Offices
Atlanta: Tel: 1-678-855-7700 Fax: 1-678-855-7747
Long Beach: Tel: 1-562-983-6200 Fax: 1-562-983-6295
New Jersey: Tel: 1-732-512-5200 Fax: 1-732-512-5272
San Francisco: Tel: 1-415-836-3500 Fax: 1-415-836-3533
Seattle: Tel: 1-206-444-6900 Fax: 1-206-444-6903
Mitsui O.S.K. Bulk Shipping (USA) Inc.
Head Office (New Jersey): Tel: 1-201-395-5800 Fax: 1-201-395-5820
Houston: Tel: 1-832-615-6470 Fax: 1-832-615-6480
Long Beach: Tel: 1-562-983-6276 Fax: 1-562-983-6290
MOL Logistics (USA) Inc.
Head Office (New York): Tel: 1-516-403-2100 Fax: 1-516-626-6092
Los Angeles: Tel: 1-310-212-1140 Fax: 1-310-328-8626

CENTRAL AND SOUTH AMERICA

MOL (Brasil) Ltda.
Head Office (Sao Paulo): Tel: 55-11-3145-3955 Fax: 55-11-3145-3945
MOL (Chile) Ltda.
Head Office (Santiago): Tel: 56-2-630-1950 Fax: 56-2-231-5622
Corporativo MOL de Mexico S.A. de C.V.
Head Office (Mexico City): Tel: 52-55-5010-5200 Fax: 52-55-5010-5220
MOL (Panama) Inc.
Head Office (Panama): Tel: 507-300-3200 Fax: 507-300-3212
Mitsui O.S.K. Bulk Shipping (USA) Inc.
Sao Paulo: Tel: 55-11-3145-3980 Fax: 55-11-3145-3946

EUROPE

MOL (Europe) B.V.
Head Office (Rotterdam): Tel: 31-10-201-3200 Fax: 31-10-503-1090
Le Havre: Tel: 33-2-32-74-24-00 Fax: 33-2-32-74-24-39
Antwerp: Tel: 32-3-545-39-39 Fax: 32-3-545-39-20
MOL (Europe) GmbH
Head Office (Hamburg): Tel: 49-40-356110 Fax: 49-40-352506
Mitsui O.S.K. Lines (Austria) GmbH
Head Office (Vienna): Tel: 43-1-877-6971 Fax: 43-1-876-4725
MOL (Europe) Ltd.
Head Office (Southampton): Tel: 44-2380-714500 Fax: 44-2380-714509
MOL Italia s.r.l.
Head Office (Genoa): Tel: 39-010-2901711 Fax: 39-010-5960450
Milan: Tel: 39-02-6986971 Fax: 39-02-8900986
Mitsui O.S.K. Bulk Shipping (Europe) Ltd.
Head Office (London): Tel: 44-20-7265-7500 Fax: 44-20-7265-7699
Brussels: Tel: 32-2-305-4240 Fax: 32-2-305-4241
Hamburg: Tel: 49-40-360-9740 Fax: 49-40-360-97450
MOL Logistics (Deutschland) GmbH
Head Office (Dusseldorf): Tel: 49-211-41883-0 Fax: 49-211-4183310
MOL Logistics (Netherlands) B.V.
Head Office (Rotterdam): Tel: 31-10-299-6220 Fax: 31-10-299-6226
MOL Logistics (U.K.) Ltd.
Head Office (London): Tel: 44-1895-459700 Fax: 44-1895-449600

AFRICA

MOL South Africa Pty Ltd.
Head Office (Cape Town): Tel: 27-21-441-2200 Fax: 27-21-419-1040
Mitsui O.S.K. Lines (Nigeria) Ltd.
Lagos: Tel: 234-1-587-1900 Fax: 234-1-587-4771
MOL (Ghana) Ltd.
Tema: Tel: 233-22-212084 Fax: 233-22-210807

MIDDLE EAST

Mitsui O.S.K. Lines Ltd. Middle East Headquarters
Dubai: Tel: 971-4-3938793 Fax: 971-4-3938794
MOL (UAE) L.L.C.
Head Office (Dubai): Tel: 971-4-3393132 Fax: 971-4-3935401
Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.
Doha: Tel: 974-4-836548 Fax: 974-4-836563
Muscat: Tel: 968-2440-0950 Fax: 968-2440-0953
MOL (Europe) Ltd.
Beirut: Tel: 961-1-567251 Fax: 961-1-567250

OCEANIA

Mitsui O.S.K. Lines (Australia) Pty. Ltd.
Head Office (Sydney): Tel: 61-2-9320-1600 Fax: 61-2-9320-1601
Mitsui O.S.K. Lines (New Zealand) Ltd.
Auckland: Tel: 64-9-3005820 Fax: 64-9-3091439
Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte., Ltd.
Melbourne: Tel: 61-3-9691-3222 Fax: 61-3-9691-3223
Perth: Tel: 61-8-9278-2499 Fax: 61-8-9278-2727
MOL Logistics (Australia) Pte. Ltd.
Head Office (Melbourne): Tel: 61-3-9335-8555 Fax: 61-3-9335-8598

ASIA

MOL (Asia) Ltd.
Head Office (Hong Kong): Tel: 852-2823-6800 Fax: 852-2529-9989
Seoul: Tel: 82-2-538-1034 Fax: 82-2-566-6591
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Head Office (Mumbai): Tel: 91-22-6694-6300 Fax: 91-22-6694-6301
Mitsui O.S.K. Lines Lanka (Private) Ltd.
Head Office (Colombo): Tel: 94-11-2304721 Fax: 94-11-2304730
MOL (Singapore) Pte. Ltd.
Head Office (Singapore): Tel: 65-6225-2811 Fax: 65-6225-6096
Mitsui O.S.K. Lines (Malaysia) Sdn. Bhd.
Head Office (Kuala Lumpur): Tel: 60-3-7957-9666 Fax: 60-3-7958-6763
P.T. Mitsui O.S.K. Lines Indonesia
Head Office (Jakarta): Tel: 62-21-521-1740 Fax: 62-21-521-1741
Mitsui O.S.K. Lines (Thailand) Co., Ltd.
Head Office (Bangkok): Tel: 66-2-234-6252 Fax: 66-2-237-1552
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: 84-8-8219219 Fax: 84-8-8219317
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: 886-2-2523-2417
Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.
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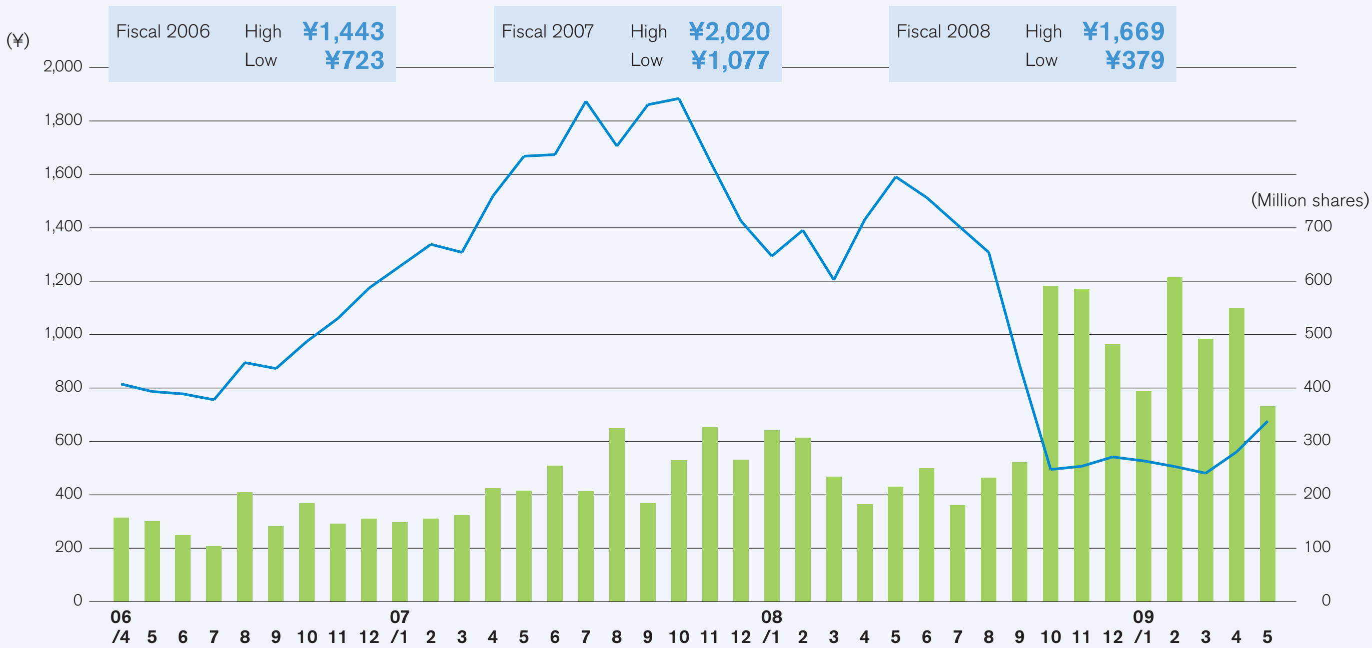
Kuala Lumpur: Tel: 60-3-7954-8349 Fax: 60-3-7958-5246
Seoul: Tel: 82-2-5672718 Fax: 82-2-5672719
Mumbai: Tel: 91-44-6771-4500 Fax: 91-44-6771-4501
Chennai: Tel: 91-44-4392-6000 Fax: 91-44-4392-6001

Shareholder Information

Capital:	¥65,400,351,028
Head office:	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees:	918
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	10,012
Total number of shares authorized:	3,154,000,000
Number of shares issued:	1,206,286,115
Number of shareholders:	122,875
Shares listed in:	Tokyo, Osaka, Nagoya, Fukuoka
Share transfer agent:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, 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, 2009

STOCK PRICE RANGE (TOKYO STOCK EXCHANGE) AND VOLUME OF STOCK TRADE



MOL Mitsui O.S.K. Lines

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Printed in Japan