

# Mitsui O.S.K. Lines, Ltd.



Financial Highlights: Fiscal Year 2012 Ended March 31, 2013

## 1. Consolidated Financial Highlights (from April 1, 2012 to March 31, 2013)

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

### (1) Operational Results

	(¥ Million)		(US\$ Thousand)
	FY2012	FY2011	FY2012
Revenues	1,509,194	1,435,220	16,046,720
Operating income	(15,766)	(24,459)	(167,634)
Ordinary income	(28,568)	(24,320)	(303,753)
Net income	(178,846)	(26,009)	(1,901,606)
	(¥)		(US\$)
Net income per share	(149.57)	(21.76)	(1.590)
Diluted net income per share	—	—	—
Rate of return to shareholders' equity	(30.5%)	(4.0%)	
Rate of ordinary income to assets	(1.4%)	(1.3%)	
Operating income margin ratio	(1.0%)	(1.7%)	

### (2) Financial Position

	(¥ Million)		(US\$ Thousand)
	FY2012	FY2011	FY2012
Total Assets	2,164,611	1,946,161	23,015,534
Total Net Assets	619,492	717,909	6,586,837
Shareholders' Equity / Total assets	24.7%	32.8%	
	(¥)		(US\$)
Shareholders' Equity per share	447.76	533.27	4.761

\* Shareholders' Equity is defined as follows.

Shareholders' Equity = Total Net Assets - (Share subscription rights + Minority interests)

## 2. Dividends

	(¥)					(¥ Million)		
	Dividend per share					Total dividends paid (per year)	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Q1	Q2	Q3	Year end	Total			
FY2011	—	2.50	—	2.50	5.00	5,980	—	0.9%
FY2012	—	0.00	—	0.00	0.00	—	—	—
FY2013 (Forecast)	—	—	—	—	—			

## 3. Forecast of Consolidated Results for Fiscal Year ending March 31, 2014

	(¥ Million)		(US\$ Thousand)
	1H/FY2013	FY2013	FY2013
Revenues	840,000	1,700,000	17,894,737
Operating income	25,000	60,000	631,579
Ordinary income	25,000	60,000	631,579
Net income	20,000	50,000	526,316
	(¥)		(US\$)
Net income per share	16.73	41.81	0.440

\* Underlying Assumption of the Forecast for FY2013

The above forecast is made assuming the exchange rate and the bunker price for FY2013.

Exchange Rate 1US\$=¥95.00

Bunker Price US\$ 650/MT

(Translation of foreign currencies)

The Japanese yen amounts for FY2012 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2013, which was ¥94.05 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.)

**(Reference)****1. Non-Consolidated Financial Highlights (from April 1, 2012 to March 31, 2013)**

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

**(1) Operational Results**

	(¥ Million)		(US\$ Thousand)
	FY2012	FY2011	FY2012
<b>Revenues</b>	1,122,171	1,064,478	11,931,643
<b>Operating income</b>	(48,156)	(64,989)	(512,026)
<b>Ordinary income</b>	(25,098)	(38,947)	(266,858)
<b>Net income</b>	(171,474)	(31,704)	(1,823,222)
	(¥)		(US\$)
<b>Net income per share</b>	(143.36)	(26.51)	(1.524)
<b>Diluted net income per share</b>	—	—	—

**(2) Financial Position**

	(¥ Million)		(US\$ Thousand)
	FY2012	FY2011	FY2012
<b>Total Assets</b>	1,005,637	976,318	10,692,578
<b>Total Net Assets</b>	390,269	559,159	4,149,591
<b>Shareholders' Equity / Total assets</b>	38.6%	57.1%	
	(¥)		(US\$)
<b>Shareholders' Equity per share</b>	324.52	465.82	3.451

( Translation of foreign currencies )

The Japanese yen amounts for FY2012 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2013, which was ¥94.05 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.)

**4. Business Performance**

## (1) Business climate during FY2012

## Consolidated financial highlights

(Billions of Yen)

	FY2011 From Apr. 1, 2011 to Mar. 31, 2012	FY2012 From Apr. 1, 2012 to Mar. 31, 2013	Year-on-year comparison (variance)
Revenue	1,435.2	1,509.1	73.9/5.2%
Operating income/loss	(24.4)	(15.7)	8.6/— %
Ordinary income/loss	(24.3)	(28.5)	(4.2)/— %
Net income/loss	(26.0)	(178.8)	(152.8)/— %
Exchange rate	¥78.85/US\$	¥82.31/US\$	¥3.46/US\$
Bunker price	US\$667/MT	US\$662/MT	US\$(5)/MT

In the global economy during the first half of the fiscal year under review, economic slowdown in Europe due to the financial crisis and austere fiscal policies in the region rippled through to emerging countries including China by causing a decline in exports to developed countries, heightening concerns about a global economic slowdown. Nevertheless, monetary easing measures were implemented in many countries and the European Central Bank implemented government bond buying measures, bringing stability to the financial system, while the U.S. was able to avoid rapid fiscal constriction. As a result, the global economy began to recover gently in the latter half of the fiscal year.

In the U.S., a third round of aggressive quantitative easing (“QE3”) undertaken before the presidential election boosted the housing market, stock prices, personal consumption and employment, and along with the avoidance of rapid fiscal constriction after the presidential election, this sustained the country’s robust economic recovery.

With respect to Europe, although a crisis in the financial system was averted due to action by the relevant authorities, a slump in internal demand caused by austere fiscal policies and high unemployment rates in southern European countries rippled through to the rest of Europe, prolonging the region’s economic slowdown.

In China, monetary easing and additional economic stimulus measures, which were implemented in response to weakened exports to Europe and weaker growth caused by monetary restraint measures, were carried on by a new administration. Meanwhile, recoveries in exports to the U.S. and Asia began to ease the slowdown in economic growth.

As for Japan, although the appreciation of the yen to historic highs had an adverse effect on corporate results, in the latter half of the year, the yen depreciated and stock prices rose in anticipation of large-scale monetary easing by the relevant authorities and government spending, and this gave rise to expectations of growth in internal demand and exports.

Looking at the maritime shipping market conditions, the deterioration in the gap between vessel supply and demand took its toll on markets across the board, becoming a significant factor in market stagnation. In the dry bulker market, conditions for all vessel types stagnated because the number of new vessel deliveries was consistently high from the start of 2012, preventing further improvements in the gap between supply and demand.

Although the crude oil tanker (VLCC) market temporarily showed signs of improvement in the winter demand period, overall cargo volume was sluggish and freight rate levels were low. As for containerships, a reduction in the frequency of services and the thorough promotion of super-slow steaming helped to constrict the supply of vessels, and along with the self-sustained restoration of freight rates, this improved the market environment. From the summer, however, primarily because of slowness in the recovery of European economies and slower economic growth in China, cargo volumes to Asia-Europe routes were low and freight rate levels weakened.

The average exchange rate against the U.S. dollar during the fiscal year under review depreciated by ¥3.46 year on year to ¥82.31. The average bunker price during the fiscal year under review fell by US\$5/MT to US\$662/MT.

As a result of the above, we recorded revenue of ¥1,509.1 billion, operating loss of ¥15.7 billion and ordinary loss of ¥28.5 billion. Net loss was ¥178.8 billion, reflecting such factors as the recording of the cost of business structural reforms in the quarter ended March 31, 2013.

The following is a summary of business conditions including revenue and ordinary income/loss per business segment.

Upper: Revenue, Lower: Segment Income (Loss) (Ordinary Income (Loss))			(Billions of Yen)
	FY2011 From Apr. 1, 2011 to Mar. 31, 2012	FY2012 From Apr. 1, 2012 to Mar. 31, 2013	Year-on-year comparison (variance)
Bulkships	726.9	732.0	5.0/ 0.7%
	(6.9)	(24.7)	(17.8)/ —%
Containerships	544.1	608.2	64.1/ 11.8%
	(29.9)	(11.2)	18.6/ —%
Ferry and Domestic Transport	52.3	54.4	2.1/ 4.1%
	(0.5)	1.2	1.8/ —%
Associated Businesses	124.4	128.0	3.5/ 2.9%
	9.0	10.7	1.6/ 18.1%
Others	15.1	14.4	(0.6)/ (4.5) %
	4.3	2.4	(1.8)/ (43.1) %

(Note) Revenue includes internal sales or transfers among segments.

(A) Bulkships  
<Dry Bulkers>

In the Capesize bulker market, against the background of excess supply of vessels caused by the large number of new vessel deliveries, average hire rates for the calendar year 2012 fell below the US\$10,000 level, which was their lowest point since The Baltic Exchange began releasing the figures. From January in 2013, the gap between vessel supply and demand failed to improve and the market continued to stagnate. In the market for Panamax on down, hire rates for all vessel types generally stayed below the US\$10,000 level, partly reflecting strong supply pressure from newly delivered vessels, slowdown in economic growth in China, and drought in North America in

the summer. In particular, hire rates for Panamax vessels reached their lowest point to date in late September in 2012. In the market for carriers of steaming coal, cargo volume was firm because coal fired power plants that were damaged by the Great East Japan Earthquake gradually came back on line and maintained high rates of operation. The woodchip carrier market stagnated reflecting weak market conditions for medium and small dry bulkers, which are in competition with each other for some types of cargo.

Under such an environment, in the dry bulker segment, we secured stable profits through long-term contracts for carriers of iron ore, woodchips, steaming coal, etc., and boosted revenue and cut costs by improving operation efficiency. We also proactively scrapped Capesize bulkers and woodchip carriers, worked to renew our fleet and improve its quality, and strove to provide high-quality transportation services. Despite these efforts, a loss was recorded in this segment due to the impact of the weak dry bulker market.

#### <Tankers/LNG Carriers>

In the tanker segment, the crude oil tanker (VLCC) market temporarily showed signs of improvement as a result of increased demand for long-distance transportation by oil-consuming countries such as China. Nevertheless, the market declined owing to a perception of an oversupply of crude oil inventories in China due to slower economic growth and the impact of the summer season, during which demand drops off. Following this, despite a temporary recovery in the winter demand period, the perception of an oversupply of vessels lingered, and the market stagnated overall. With respect to product tankers, although in the first half of the fiscal year market recovery remained limited, in the latter half firm naphtha demand in the Far East, in addition to increased cargo volume due to a surge in winter demand for fuel and the closure of an Australian oil refinery, helped the market to recover particularly in Pacific Ocean routes.

Under these circumstances, although we reduced costs by improving operation efficiency, enhancing slow steaming and other means, a loss was recorded in the tanker segment overall.

In the LNG carrier segment, additional demand for electric power generation in Japan offset a fall in demand partly caused by economic stagnation in Europe. As a result, global LNG cargo volume was firm and hire rates in the short- to medium-term charter market remained high. Ordinary income was about level with the previous fiscal year, reflecting stable revenue secured from long-term transport contracts.

#### <Car Carriers>

In this segment, there were initial expectations that exports of completed Japanese cars would grow on the back of a shift towards vehicle production for exporting following the end of eco-friendly car tax reduction in the domestic market. Nevertheless, growth in exports of completed cars from Japan remained elusive, mainly due to increasingly prolonged market stagnation in Europe. Furthermore, Japanese carmakers increasingly produced cars in the markets where they were to be sold as part of moves to step up local production for local consumption. Under this environment, we increased business in such areas as exporting cargo from Asian countries other than Japan as well as handling cross trade and inbound cargo, and worked to secure new business opportunities. As a result of these measures, this segment recorded much higher profits than those of the previous fiscal year when the Great East Japan Earthquake hit Japanese economy.

(B) Containerships

As to the cargo movement in major trades, Trans-Pacific trade was firm. Asia-Europe routes both in east and west bound saw weak volume, primarily due to slowness in the recovery of European economies and slower economic growth in China. On the other hand, on Intra-Asia trade, there was a normalization in trade after the disruption caused by the flooding in Thailand in the previous fiscal year, and manufacturers moved to disperse their operations from China to ASEAN countries, contributing to growth in cargo volume. In the freight market, actions to constrict the supply of vessels by such means as reducing the frequency of services and enhancing slow steaming eased deterioration in the supply and demand environment caused by increased capacity from deliveries of large vessels, while a series of measures for self-sustained restoration in freight rates were taken in the whole market. From the summer, however, freight rate levels on Asia-Europe routes weakened in line with stagnation in cargo volumes. Under this business environment, although we strengthened the competitiveness of our service network by expanding alliances and worked to reduce costs and improve operational efficiency by further enhancing slow steaming and other means, a loss was recorded in this segment in the fiscal year under review.

(C) Ferry and Domestic Transport

The ferry business showed a steady improvement in results, with a recovery from the effects of the Great East Japan Earthquake. However, ordinary income in the domestic transport business decreased year on year due to continued weakness in the tramp market. Overall, the ferry and domestic transport segment showed a year-on-year improvement in ordinary income/loss and recorded a black ink for the first time in the five years since the fiscal year 2007.

(D) Associated Businesses

In the real estate business, Daibiru Corporation, the core company in the MOL Group's real estate business, secured high occupancy rates particularly at well-located office buildings in inner-city areas, allowing us to maintain a robust performance. On the other hand, in the cruise ship business an increase in the number of passengers was not sufficient enough to achieve a return to profitability. Apart from real estate and cruise ships, other associated businesses showed a firm performance overall. Consequently, the ordinary income of the associated businesses segment increased year on year.

(E) Others

Other businesses, which are mainly cost centers, include ship operations, ship management, financing, and shipbuilding. Ordinary income in this segment during the fiscal year under review decreased compared to the previous fiscal year.

## (2) Outlook for FY2013

(Billions of Yen)

	FY2012 From Apr. 1, 2012 to Mar. 31, 2013	Outlook for FY2013 From Apr. 1, 2013 to Mar. 31, 2014	Year-on-year comparison (variance)
Revenue	1,509.1	1,700.0	190.8/ 12.6%
Operating income/loss	(15.7)	60.0	75.7/ —%
Ordinary income/loss	(28.5)	60.0	88.5/ —%
Net income/loss	(178.8)	50.0	228.8/ —%
Exchange rate	¥82.31/US\$	¥95.00/US\$	¥12.69/US\$
Bunker price	US\$662/MT	US\$650/MT	US\$(12)/MT
		(Assumption for FY2013)	

In the coming fiscal year, although we assume that the European economy will stagnate amid continued fiscal austerity, we anticipate a gentle recovery for the U.S. economy by personal consumption and housing demand, and robust economic growth for China, India and other emerging countries by export recovery and strong internal demand. Regarding the dry bulker market, we anticipate a mild increase in cargo volume. However, since we do not anticipate that the excess supply of vessels resulting from the large number of new vessel deliveries will ease, it is difficult to envisage a significant improvement in the gap between vessel supply and demand. Consequently, we assume that the market environment will continue to be severe. In the tanker market, although the prospects for the crude oil tanker (VLCC) market are unclear because of changes in crude oil trading patterns due to shale oil, we expect the product tanker market to be firm overall. As for the car carrier market, even on the assumption of the current trend of yen depreciation, we expect that Japanese carmakers will continue to shift towards the local production for local consumption, and anticipate little growth in exports of completed cars from Japan. On the other hand, we expect increasing exports of completed cars from Thailand, Indonesia, India, China and others. As for containerships, while there are concerns that cargo volumes on Asia-Europe trade will continue to be weak, we anticipate that both reduction of the service frequency and thorough promotion of super-slow steaming will cause a gradual improvement in the gap between vessel supply and demand in the market as a whole.

In consideration of these prospects, we will continue to strive to improve transportation service quality and operational efficiency, and to acquire more medium- and long-term stable revenue. In addition, through the business structural reforms of the dry bulker segment and tanker segment implemented in fiscal 2012, we will work to recover cost competitiveness and strengthen overseas operations to make the best use of growing power of emerging countries particularly. For the coming fiscal year, we are targeting annual cost savings for the entire MOL Group of ¥31.5 billion. We will also work to achieve a return to profitability in the coming fiscal year.

For the full year, we project consolidated revenue of ¥1,700.0 billion, consolidated operating income of ¥60.0 billion, consolidated ordinary income of ¥60.0 billion, and consolidated net income of ¥50.0 billion.

## **5. Financial Position**

Consolidated assets as of March 31, 2013, were 2,164.6 billion yen, an increase of 218.4 billion yen from the end of the previous fiscal year.

This mainly reflects an increase in cash and deposits and an increase in other long-term assets due to an increase in derivatives by a depreciation of the yen.

Consolidated liabilities as of March 31, 2013, were 1,545.1 billion yen, an increase of 316.8 billion yen from the end of the previous fiscal year. This was mainly due to an increase in bonds, long-term bank loans for acquisition of newly completed vessels and deferred tax liabilities.

Consolidated net assets as of March 31, 2013, were 619.4 billion yen, a decrease of 98.4 billion yen from the end of the previous fiscal year. This was mainly due to a decrease in retained earnings, although unrealized losses on hedging derivatives decreased.

As a result, shareholder's equity ratio was 24.7%, down 8.1% from the end of the previous fiscal year.

## **6. Cash Flow**

Cash and cash equivalents (hereinafter called "cash") at the end of FY2012 was 200.6 billion yen, an increase of 117.7 billion yen from the end of the previous fiscal year.

Net cash provided by operating activities during FY2012 totaled 78.9 billion yen, an increase of 73.9 billion yen from the same period of the previous fiscal year.

This was mainly due to 137.9 billion yen in loss before income taxes and minority interests for the fiscal year, and 10.9 billion yen in impairment loss, and 94.6 billion yen in depreciation and amortization, and 101.4 billion yen in cost of business structural reforms.

## **7. Basic policy on profit sharing and dividends**

Our key management policies are to enhance corporate value with proactive capital investment and to directly return profits to shareholders through dividends. Utilizing our internal capital reserves, we will work to reinforce corporate strength and strive to further raise our per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked with business performance. However, we will address the need to increase the ratio under our medium- and long-term management policies.

For the fiscal year 2012, considering our net loss due to deterioration in the business environment and our financial position, we have regrettably taken the decision not to pay a dividend, as announced in our previous dividend forecast.

Concerning the dividend for the coming fiscal year, we have not decided a plan yet, in consideration of the continued uncertainty in the business environment surrounding the Company. We plan to provide notification of a forecast after closely monitoring the business environment from now.



## **8. Management policies**

### **(1) Fundamental management policies**

The MOL Group Corporate Principles, established in April 2001, are as follows.

#### 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

The MOL Group has chosen its long-term vision: "To make the MOL Group an excellent and resilient organization that leads the world shipping industry." While establishing an unwavering position as a leading company in the resources and energy transportation sector whose core is ocean shipping business, we will work to strengthen our financial position, aiming to be a truly excellent company of the 21st Century that can respond flexibly to changes in the business environment.

### **(2) Management strategies and issues to be addressed**

The business environment surrounding the Company has begun to show signs of a partial turnaround as seen by a recovery in the U.S. economy and a weakening yen. However, for the maritime shipping market, we expect a high level of supply to continue, despite a comparative year-on-year decrease in the new vessel deliveries of dry bulkers and crude oil tankers, and we consider it will take some time for the supply and demand gap of vessels to be eliminated.

In FY 2012, the Company has reported an extremely regrettable operating loss, as was the case in FY 2011. However, despite the severe conditions in the maritime shipping market, in January this year, as part of business structural reforms executed to restore our fleet's competitiveness, we shifted the free tonnages of our dry bulker business and the sales headquarters to Singapore, which is a central location for customers and information. In FY 2013, in order to stage a coordinated group effort to return soundly to operating profit and establish a firm base for sustained future growth, the MOL Group has newly formulated the single-year management plan "RISE 2013" and is working together to achieve the following measures:

- 1) Transform the business model
  - Boost stable revenues by improving the ability of sales to meet customer needs and enhancing business expansion in overseas markets
  - Reduce market exposure of free tonnages by expanding cargo contracts, selling vessels and redelivering vessels
  - Pursue business opportunities of winning customers based on our knowhow in safe operations and our

high quality service

2) Boost business intelligence

- Track supply capability of major shipbuilding countries and enhance vessel supply/demand analytics
- Look for business chances arising from structural changes that have enormous impact on maritime transport such as the shale gas revolution and next-generation fuels

3) Reduce cost at different stages (cost reduction target: ¥31.5 billion)

- Reduce vessel costs and operation costs by extending the practice of slow steaming and reducing cargo costs
- Boost productivity through business process reform and review of personnel placement
- Reduce selling, general and administrative expenses through director remuneration cuts and partial surrendering of salaries by senior management

In addition, we will undertake the following measures with respect to the important ongoing management issues of “Safe Operation,” “Compliance,” and “CSR (Corporate Social Responsibility).”

### **Safe Operation**

We have again set the target of 4 Zeros\*, which we successfully realized in FY 2012 and we are promoting ways to make our safe operation more transparent. At the same time, we are working to achieve the “world leader in safe operation” by assigning management priority to the eradication of trouble that causes long-term operational stoppages.

\* 4 Zeros: Zero serious marine incidents, zero environmental pollution by oil spill, zero fatal accidents, and zero major cargo damage.

### **Compliance**

In September 2012, the Company was investigated by the Fair Trade Commission on suspicion of infringement of the Antimonopoly Act related to the export of complete cars and construction machinery etc. We acknowledge the seriousness of this incident and while cooperating fully with the commission’s investigation, we are making all possible efforts to increase our legal compliance.

### **CSR**

Concerning environmental strategy, while promoting the ISHIN project in the aim of offering transportation solutions with a low environmental burden, we are proactively encouraging activities that enhance a greater consciousness among the MOL Group’s employees and directors toward the conservation of biodiversity and protection of the natural environment. One aspect of our CSR programs entails programs for contributing to society, which includes contributing to the UN Millennium Development Goals such as elimination of poverty and penetration of education, promoting the ideology of contributing to local communities and pursuing activities as appropriate for an ocean shipping company.

## 9. Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

### (1) Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2012	As of March 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	50,864	150,780
Trade receivables	130,921	145,407
Marketable securities	10,023	35,938
Inventories	54,335	59,437
Deferred and prepaid expenses	53,744	56,274
Deferred tax assets	4,594	1,907
Other current assets	82,852	65,090
Allowance for doubtful accounts	(401)	(589)
<b>Total Current Assets</b>	<b>386,936</b>	<b>514,246</b>
Fixed assets		
Tangible fixed assets		
Vessels	822,280	825,346
Buildings and structures	124,294	138,347
Equipments, mainly containers	9,210	9,052
Equipments and parts	3,597	4,624
Land	215,958	214,614
Vessels and other property under construction	116,724	109,917
Other tangible fixed assets	1,735	2,063
<b>Total tangible fixed assets</b>	<b>1,293,802</b>	<b>1,303,967</b>
Intangible fixed assets	16,193	22,928
Investments and other assets		
Investment securities	172,746	193,939
Long-term loans receivable	19,166	23,117
Prepaid expenses	20,479	20,407
Deferred tax assets	11,692	4,033
Other long-term assets	27,696	84,091
Allowance for doubtful accounts	(2,551)	(2,120)
<b>Total investments and other assets</b>	<b>249,228</b>	<b>323,468</b>
<b>Total fixed assets</b>	<b>1,559,225</b>	<b>1,650,364</b>
<b>Total assets</b>	<b>1,946,161</b>	<b>2,164,611</b>

	(¥Million)	
	As of March 31, 2012	As of March 31, 2013
<b>Liabilities</b>		
Current liabilities		
Trade payables	133,599	142,585
Short-term bonds	4,190	25,000
Short-term bank loans	101,012	137,546
Accrued income taxes	6,112	7,047
Advances received	19,808	26,660
Deferred tax liabilities	902	1,117
Allowance		
for provision for bonuses	3,928	3,814
for provision for directors' bonuses	152	116
for provision for loss related to U.S. antitrust matter	151	—
Commercial paper	5,000	2,000
Other current liabilities	47,993	79,835
<b>Total Current Liabilities</b>	<b>322,851</b>	<b>425,725</b>
Fixed liabilities		
Bonds due	187,030	213,500
Long-term bank loans	552,156	648,227
Lease obligations	19,011	19,134
Deferred tax liabilities	18,732	71,132
Allowance		
for employees' severance and retirement benefits	13,766	13,471
for directors' and corporate auditors' retirement benefits	2,159	2,027
for provision for special repairs	14,058	14,758
Other fixed liabilities	98,484	137,140
<b>Total Fixed Liabilities</b>	<b>905,401</b>	<b>1,119,393</b>
<b>Total Liabilities</b>	<b>1,228,252</b>	<b>1,545,118</b>
<b>Net Assets</b>		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	44,486	44,482
Retained earnings	629,667	447,829
Treasury stock, at cost	(7,151)	(6,997)
<b>Total owners' equity</b>	<b>732,402</b>	<b>550,714</b>
Accumulated gains (losses) from valuation and translation adjustments		
Unrealized holding gains on available for-sale-securities, net of tax	16,888	24,752
Unrealized gains (losses) on hedging derivatives, net of tax	(54,936)	(196)
Foreign currency translation adjustments	(56,932)	(39,848)
<b>Total accumulated losses from valuation and translation adjustments</b>	<b>(94,980)</b>	<b>(15,292)</b>
Share subscription rights	2,005	2,115
Minority interests	78,481	81,955
<b>Total Net Assets</b>	<b>717,909</b>	<b>619,492</b>
<b>Total Liabilities and Total Net Assets</b>	<b>1,946,161</b>	<b>2,164,611</b>

**(2) Consolidated Statements of Income**

(¥ Million)

	FY2011 (Apr.1, 2011 - Mar.31,2012)	FY2012 (Apr.1, 2012 - Mar.31,2013)
Shipping and other operating revenues	1,435,220	1,509,194
Shipping and other operating expenses	1,368,794	1,432,014
Gross operating income	66,426	77,179
Selling, general and administrative expenses	90,885	92,946
Operating income (loss)	(24,459)	(15,766)
Non-operating income:		
Interest income	1,172	1,673
Dividend income	6,785	3,492
Equity in earnings of affiliates	3,300	—
Gain on valuation of derivatives	491	—
Gain on sale of containers	1,265	3,595
Others	4,566	3,542
Total	17,581	12,304
Non-operating expenses:		
Interest expense	11,511	13,020
Exchange loss	4,440	3,296
Equity in losses of affiliates	—	4,935
Loss on valuation of derivatives	—	1,682
Others	1,491	2,169
Total	17,442	25,105
Ordinary income (loss)	(24,320)	(28,568)
Extraordinary profit:		
Gain on sale of fixed assets	11,558	12,253
Gain on sale of investment securities	225	205
Cancellation fee for chartered ships	142	1,844
Others	2,096	1,760
Total	14,022	16,064
Extraordinary loss:		
Loss on sale of fixed assets	664	3,104
Loss on retirement of fixed assets	1,165	778
Impairment loss	5,468	10,978
Loss on liquidation of affiliates	285	151
Loss on valuation of investment securities	9,162	2,652
Cancellation fee for chartered ships	341	100
Cost of business structural reforms	—	101,463
Others	6,130	6,206
Total	23,218	125,434
Income (loss) before income taxes and minority interests	(33,516)	(137,938)
Income taxes-current	9,546	11,324
Income taxes-deferred	(20,814)	24,799
Income taxes	(11,268)	36,123
Income (loss) before minority interests	(22,247)	(174,062)
Minority interests in earnings of consolidated subsidiaries	3,761	4,783
Net income (loss)	(26,009)	(178,846)

**(3) Consolidated Statements of Comprehensive Income**

(¥ Million)

	FY2011 (Apr.1, 2011 - Mar.31,2012)	FY2012 (Apr.1, 2012 - Mar.31,2013)
<b>Income (Loss) before minority interests</b>	(22,247)	(174,062)
<b>Other comprehensive income</b>		
Unrealized holding gains (losses) on available-for-sale securities, net of tax	2,504	9,093
Unrealized gains (losses) on hedging derivatives, net of tax	18,730	56,412
Foreign currency translation adjustments	(1,303)	14,909
Share of other comprehensive income of associates accounted for using equity method	(10,051)	1,103
Total	9,880	81,518
<b>Comprehensive income</b>	(12,367)	(92,544)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(14,404)	(99,158)
Comprehensive income attributable to minority interests	2,037	6,614

**(4) Consolidated Statement of Changes in Net Assets**

FY2012 (April 1, 2012 - March 31, 2013)

(¥ Million)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
<b>Balance at Mar 31, 2012</b>	65,400	44,486	629,667	(7,151)	732,402
Net income (loss)			(178,846)		(178,846)
Dividends paid			(2,990)		(2,990)
Due to change in consolidated subsidiaries			(0)		(0)
Repurchase of treasury stock				(21)	(21)
Disposal of treasury stock		(4)		175	170
Net increase / decrease during the term except in Owners' Equity					
<b>Balance at Mar 31, 2013</b>	65,400	44,482	447,829	(6,997)	550,714

(¥ Million)

	Accumulated gains (losses) from valuation and translation adjustments				Share subscription rights	Minority interests	Total Net Assets
	Unrealized holding gains (losses) on available for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments			
<b>Balance at Mar 31, 2012</b>	16,888	(54,936)	(56,932)	(94,980)	2,005	78,481	717,909
Net income (loss)							(178,846)
Dividends paid							(2,990)
Due to change in consolidated subsidiaries							(0)
Repurchase of treasury stock							(21)
Disposal of treasury stock							170
Net increase / decrease during the term except in Owners' Equity	7,864	54,740	17,083	79,687	109	3,473	83,271
<b>Balance at Mar 31, 2013</b>	24,752	(196)	(39,848)	(15,292)	2,115	81,955	619,492

## (5) Consolidated statements of Cash flows

(¥ Million)

	FY2011 (Apr.1, 2011 - Mar.31, 2012)	FY2012 (Apr.1, 2012 - Mar.31, 2013)
<b>Cash flows from operating activities:</b>		
Income (loss) before income taxes and minority interests	(33,516)	(137,938)
Depreciation and amortization	85,624	94,685
Impairment loss	5,468	10,978
Cost of business structural reforms	—	101,463
Equity in (earnings) losses of affiliates	(3,300)	4,935
Loss on valuation of investment securities	9,162	2,652
Various provisions (reversals)	(4,004)	529
Interest and dividend income	(7,958)	(5,166)
Interest expense	11,511	13,020
Loss (gain) on the sale of investment securities	(223)	98
Loss (gain) on sale and retirement of vessels, property, plant and equipment	(9,729)	(8,374)
Exchange (earning) loss, net	4,172	2,841
Changes in operating assets and liabilities		
— Trade receivables	(3,971)	(11,660)
— Inventories	(7,932)	(5,001)
— Trade payables	3,805	6,877
Other, net	(6,843)	11,719
Sub total	42,264	81,660
Cash received from interest and dividend	17,368	9,233
Cash paid for interest	(10,477)	(12,695)
Cash paid for corporate income tax, resident tax and enterprise tax	(44,140)	757
Net cash provided by operating activities	5,014	78,955
<b>Cash flows from investing activities:</b>		
Purchase of investment securities	(1,157)	(16,853)
Proceeds from sale and redemption of investment securities	698	1,126
Payments for purchases of vessels and other tangible / intangible fixed assets	(175,035)	(165,543)
Proceeds from sale of vessels and other tangible / intangible fixed assets	44,878	80,198
Net (increase) decrease in short-term loans receivable	126	(196)
Disbursements for loans receivable	(4,527)	(5,151)
Collections of loans receivable	8,384	2,862
Other, net	(7,679)	(682)
Net cash used in investing activities	(134,312)	(104,240)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term bonds	56	—
Net increase (decrease) in short-term bank loans	(2,958)	9,661
Net increase (decrease) in commercial paper	(16,500)	(3,000)
Proceeds from long-term bank loans	270,357	216,406
Repayments of long-term bank loans	(115,662)	(117,417)
Proceeds from issuance of bonds	30,000	55,000
Redemption of bonds	(7,890)	(7,337)
Purchase of treasury stock	(28)	(21)
Sale of treasury stock	28	24
Cash dividends paid by the company	(9,041)	(3,046)
Cash dividends paid to minority interests	(1,305)	(2,998)
Other, net	1,217	(8,503)
Net cash provided by (used in) financing activities	148,272	138,767
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,940)</b>	<b>4,316</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,033</b>	<b>117,799</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>65,477</b>	<b>82,837</b>
<b>Net cash increase(decrease) from new consolidation/de-consolidation of subsidiaries</b>	<b>114</b>	<b>—</b>
<b>Increase(decrease) in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries</b>	<b>211</b>	<b>—</b>
<b>Cash and cash equivalents at end of the FY</b>	<b>82,837</b>	<b>200,636</b>



**(6) Segment Information**

Business segment information:

(¥ Million)

FY2011(Apr.1, 2011 - Mar.31, 2012)	Segment report					Others *1	Total	Adjust-ment *2	Consoli-dated
	Bulk-ships	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	726,011	542,426	52,134	106,709	1,427,281	7,939	1,435,220	-	1,435,220
2.Inter-segments revenues	978	1,699	205	17,729	20,612	7,206	27,819	(27,819)	-
Total Revenues	726,989	544,126	52,340	124,438	1,447,893	15,145	1,463,039	(27,819)	1,435,220
Segment income	(6,921)	(29,910)	(533)	9,098	(28,267)	4,303	(23,963)	(356)	(24,320)
Segment assets	1,194,813	365,975	36,089	355,341	1,952,220	278,060	2,230,280	(284,118)	1,946,161
Others									
Depreciation and amortization	58,370	13,433	3,866	8,254	83,925	1,446	85,371	252	85,624
Amortization of goodwill	(557)	34	241	(11)	(294)	6	(287)	-	(287)
Interest income	798	169	70	41	1,080	1,255	2,336	(1,163)	1,172
Interest expenses	9,817	2,456	405	1,980	14,660	1,056	15,717	(4,206)	11,511
Equity in earnings of affiliates	1,882	984	92	124	3,083	216	3,300	-	3,300
Investment in affiliates	59,381	5,081	1,095	1,370	66,929	2,227	69,157	-	69,157
Tangible / intangible fixed assets increase <sup>c</sup>	158,188	8,209	829	5,442	172,669	2,768	175,437	289	175,726

\* 1. "Others" consist of the businesses which are not included in "segment report", such as vessels' operation, vessels' management, vessels' chartering business, financial business and shipbuilding business.

\* 2.

(1) The adjustment of Segment income (-356 million yen) include the following element: -3,897 million yen of corporate profit which is unable to be distributed to each segment, 2,877 million yen of adjustment for management accounting, 663 million yen of intersegment transaction elimination.

(2) The adjustment of Segment assets (-284,118 million yen) include the following element: 55,114 million yen assets which are belonging to the whole company and -339,233 million yen of intersegment transaction elimination.

(3) The adjustment of Interest income (-1,163million yen) include the following element: 1,775 million yen interest income which is belonging to the whole company and -2,939 million yen of intersegment transaction elimination.

(4) The adjustment of Interest expenses (-4,206 million yen) include the following element: 1,612 million yen interest expenses which is belonging to the whole company, -2,877 million yen adjustment for management accounting and -2,941 million yen of intersegment transaction elimination.

\* 3. In accordance with the decision made by board, liabilities are unable to be distributed to each segment, therefore the segment liabilities information is not disclosed.

FY2012(Apr.1, 2012 - Mar.31, 2013)	Segment report					Others *1	Total	Adjust-ment *2	Consoli-dated
	Bulk-ships	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	731,269	606,588	54,285	109,649	1,501,792	7,401	1,509,194	-	1,509,194
2.Inter-segments revenues	735	1,677	193	18,376	20,982	7,061	28,043	(28,043)	-
Total Revenues	732,004	608,266	54,478	128,026	1,522,775	14,462	1,537,238	(28,043)	1,509,194
Segment income	(24,799)	(11,291)	1,282	10,745	(24,062)	2,449	(21,613)	(6,954)	(28,568)
Segment assets	1,298,682	403,166	36,420	379,969	2,118,238	303,649	2,421,887	(257,276)	2,164,611
Others									
Depreciation and amortization	66,689	14,900	3,530	7,963	93,084	410	93,494	1,190	94,685
Amortization of goodwill	(573)	33	273	62	(203)	(17)	(220)	-	(220)
Interest income	1,143	178	36	97	1,456	1,251	2,707	(1,033)	1,673
Interest expenses	10,784	2,501	330	1,956	15,573	858	16,431	(3,411)	13,020
Equity in earnings of affiliates	(6,551)	1,258	152	140	(5,000)	64	(4,935)	-	(4,935)
Cost of business structural reforms	101,463	-	-	-	101,463	-	101,463	-	101,463
Investment in affiliates	66,623	6,031	1,624	1,189	75,469	2,281	77,751	-	77,751
Tangible / intangible fixed assets increase <sup>c</sup>	128,440	11,462	1,101	20,339	161,343	621	161,965	2,924	164,890

\* 1. "Others" consist of the businesses which are not included in "segment report", such as vessels' operation, vessels' management, vessels' chartering business, financial business and shipbuilding business.

\* 2.

(1) The adjustment of Segment income (-6,954 million yen) include the following element: -10,206 million yen of corporate profit which is unable to be distributed to each segment, 4,174 million yen of adjustment for management accounting, and -922 million yen of intersegment transaction elimination.

(2) The adjustment of Segment assets (-257,276 million yen) include the following element: 45,446 million yen assets which are belonging to the whole company and -302,722 million yen of intersegment transaction elimination.

(3) The adjustment of Interest income (-1,033 million yen) include the following element: 1,611 million yen interest income which is belonging to the whole company and -2,644 million yen of intersegment transaction elimination.

(4) The adjustment of Interest expenses (-3,411 million yen) include the following element: 2,433 million yen interest expenses which is belonging to the whole company, -3,099 million yen adjustment for management accounting and -2,746 million yen of intersegment transaction elimination.

\* 3. The method of allocating general and administrative expenses was changed from FY2012 to reflect global expansion of our business locations on segment information. In appropriately. In case of calculating allocation of general and administrative expenses of FY2011 by the modified method, segment loss would be decreased by 2,260 million yen in "Bulk-ships", 541 million yen in "Container-ships", 51 million yen in "Ferry & Domestic Transport". And segment income would be increased by 71 million yen in "Associated Business" and decreased by 33 million yen in "Others", 2,891 million yen in "Adjustment".

\* 4. In accordance with the decision made by board, liabilities are unable to be distributed to each segment, therefore the segment liabilities information is not disclosed.

FY2012 (Apr.1, 2012 - Mar.31, 2013)	Segment report					Others	Adjust-ment *5	Consoli-dated
	Bulk-ships *6	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Impairment loss	8,407	-	368	-	8,775	278	1,925	10,978

\* 5. The impairment loss of assets which are belonging to the whole company.

\* 6. Aside from above, impairment losses of vessels related to bulk-ships segment were recorded as cost of business structural reforms in extraordinary loss.

FY2012 (Apr.1, 2012 - Mar.31, 2013)	Segment report					Others	Adjust-ment	Consoli-dated
	Bulk-ships	Container-ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Goodwill (Negative goodwill) at the end of current period	(1,014)	15	703	1,397	1,103	2	-	1,105

\* 7. The amortization of goodwill (negative goodwill) is disclosed in business segment information.

\* 8. There were no material gains from negative goodwill arising at individual reporting segments.

Geographical segment information:

FY2012 (Apr.1, 2012 - Mar.31, 2013)	Japan	North America	Europe	Asia	Others	Total
Revenues	1,400,961	17,422	35,220	55,590	-	1,509,194
Tangible fixed assets	1,211,948	23,456	3,650	64,843	68	1,303,967

**Supplement****1. Review of Quarterly Results**

FY2012

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr.~Jun.,2012	Jul.~Sep.,2012	Oct.~Dec.,2012	Jan.~Mar.,2013
Revenues [ ¥ Million]	378,850	378,118	362,522	389,704
Operating income (loss)	(503)	(1,876)	(9,001)	(4,386)
Ordinary income (loss)	(1,538)	(5,255)	(9,006)	(12,769)
Income (Loss) before income taxes	(5,811)	(4,289)	(6,198)	(121,640)
Net income (loss)	(5,020)	(8,062)	(45,631)	(120,133)
Net income (loss) per share [ ¥]	(4.20)	(6.74)	(38.16)	(100.46)
Total Assets [ ¥ Million]	1,988,564	2,039,542	2,054,436	2,164,611
Total Net Assets	698,541	673,131	672,724	619,492

FY2011

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr.~Jun.,2011	Jul.~Sep.,2011	Oct.~Dec.,2011	Jan.~Mar.,2012
Revenues [ ¥ Million]	349,113	368,232	356,326	361,549
Operating income (loss)	(8,643)	(1,411)	(8,321)	(6,084)
Ordinary income (loss)	(8,356)	(3,744)	(6,569)	(5,651)
Income (Loss) before income taxes	(5,643)	(11,940)	(12,416)	(3,517)
Net income (loss)	(8,047)	(8,416)	(8,678)	(868)
Net income (loss) per share [ ¥]	(6.73)	(7.04)	(7.26)	(0.73)
Total Assets [ ¥ Million]	1,897,714	1,911,808	1,890,477	1,946,161
Total Net Assets	719,521	697,365	674,922	717,909

**2. Depreciation and Amortization**

	(Million yen)		
	FY2011	FY2012	Increase /Decrease
Vessels	70,149	79,150	9,001
Others	15,475	15,535	60
<b>Total</b>	<b>85,624</b>	<b>94,685</b>	<b>9,061</b>

**3. Interest-bearing Debt**

	(Million yen)		
	As of Mar. 31,2012	As of Mar. 31,2013	Increase /Decrease
Bank loans	653,168	785,774	132,606
Bonds	191,221	238,500	47,279
Commercial paper	5,000	2,000	(3,000)
Others	20,229	20,591	362
<b>Total</b>	<b>869,619</b>	<b>1,046,865</b>	<b>177,246</b>

**4. Fleet Capacity**

(MOL and consolidated subsidiaries)

	Dry bulkers		Tankers		LNG carriers		Car carriers		Containerships	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	75	6,086	80	12,954	26	1,805	51	820	23	1,519
Chartered	329	28,842	109	5,042	1	78	76	1,242	92	4,851
Others	-	-	-	-	3	221	-	-	-	-
As of Mar.31,2013	404	34,928	189	17,996	30	2,104	127	2,063	115	6,370
As of Mar.31,2012	392	34,911	195	17,718	31	2,172	128	2,055	115	6,205

	Ferries/Domestic carriers(*1)		Passenger ships		Others		Total	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	15	79	1	5	1	6	272	23,275
Chartered	27	78	-	-	2	13	636	40,146
Others	2	1	-	-	-	-	5	222
As of Mar.31,2013	44	159	1	5	3	19	913	63,643
As of Mar.31,2012	45	158	1	5	3	19	910	63,242

\*1:excluding tug boats

**5. Exchange Rates**

	FY2011	FY2012	Change	
Average rates	¥78.85	¥82.31	¥3.46	(4.4%) \ weaken
Term-end rates	¥82.19	¥94.05	¥11.86	(14.4%) \ weaken

(Remark) "Average rates" are average of monthly corporate rates in each term, while "term-end rates" are TTM rates on the last day of each term.

Overseas subsidiaries

	TTM on December,2011	TTM on December, 2012	Change	
Term-end rates	¥77.74	¥86.58	¥8.84	(11.4%) \ weaken

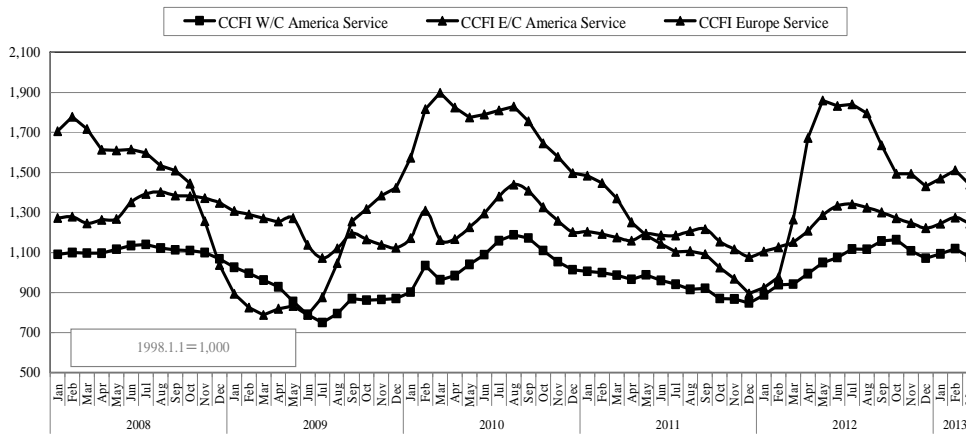
**6. Bunker Prices**

	FY2011	FY2012	Increase /Decrease
Consumption Prices	US\$667/MT	US\$662/MT	US\$(5)/MT

**7. Market Information**

(1) Containership Market (China Containerized Freight Index)

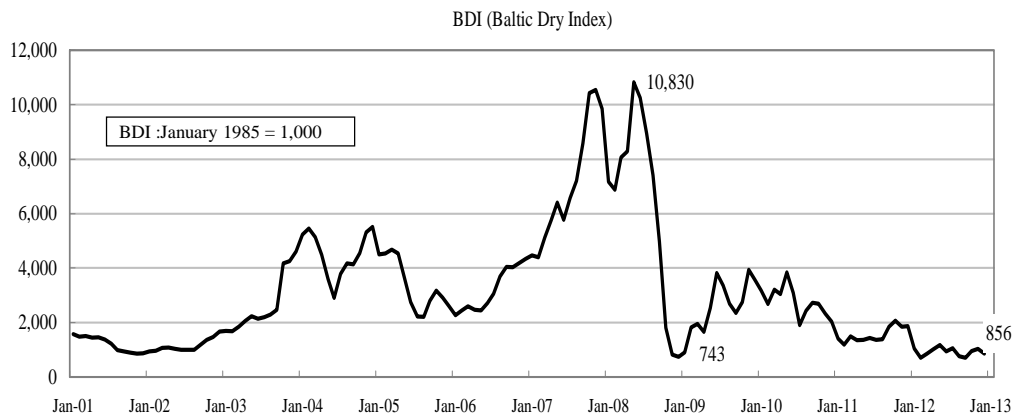
Source : Shanghai Shipping Exchange



\* CCFI reflects the freight rate trend for container exports from China only, which does not always match the overall trend for container exports from Asia. Therefore, this information is provided and updated only for reference purposes.

(2) Dry Bulk Market (Baltic Dry Index) [Monthly Average]

Source : Tramp Data Service

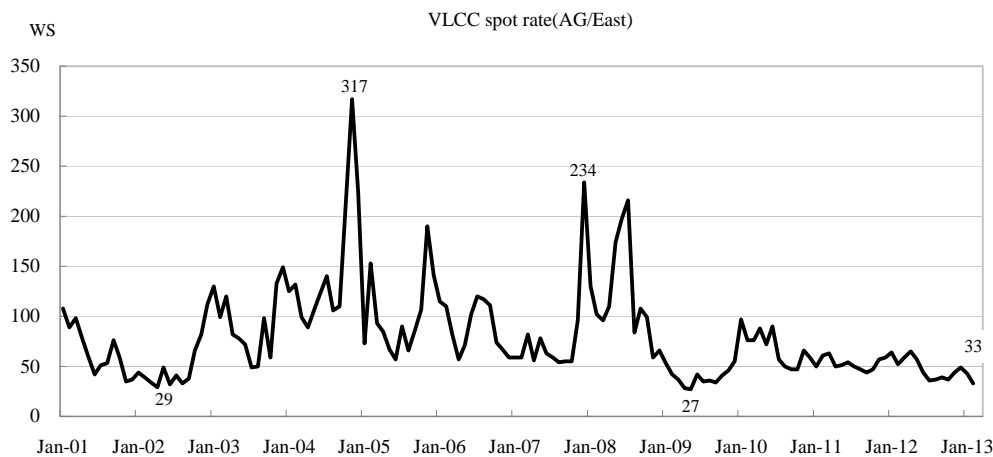


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Maximum	1,734	1,566	1,666	4,609	5,519	4,678	4,336	10,543	10,830	3,941	3,838	2,072	1,170	876
Minimum	1,371	855	931	1,674	2,902	2,207	2,262	4,398	743	905	1,910	1,181	703	745
Average	1,606	1,215	1,144	2,634	4,521	3,380	3,188	7,090	6,346	2,613	2,761	1,548	924	797

(Jan. ~ Mar.)

(3) VLCC Market [Monthly Average]

Source : Drewry, RIM etc.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Maximum	168	108	112	149	317	190	120	234	216	55	97	63	65	43
Minimum	55	35	29	49	89	57	57	54	59	27	47	44	36	33
Average	110	66	50	93	149	101	90	79	120	40	69	53	49	38

(Jan. ~ Feb.)