[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the correct version.

Securities Code: 9104
June 2, 2008

To Shareholders with Voting Rights

Akimitsu Ashida
Representative Director
President Executive Officer
Mitsui O.S.K. Lines, Ltd.
6-32, Nakanoshima 3-chome,
Kita-ku, Osaka, Japan

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Ordinary General Meeting of Shareholders of Mitsui O.S.K. Lines, Ltd. ("MOL" or the "Company"). The meeting will be held as described below. For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following two methods. Please review the "Reference Documents for General Meeting of Shareholders" mentioned below, and exercise your voting rights by no later than 5:00 p.m., Monday, June 23, 2008.

[When Exercising Voting Rights by Mail]
Please vote on the proposals in the enclosed Voting Rights Exercise Form, and return it so that it will arrive by the aforementioned exercise deadline.
[When Exercising Voting Rights via Internet]
For exercising your voting rights via the Internet, access the website designated by the Company for exercising voting rights (http://www.evote.jp/) by a personal computer or mobile phone, and enter your approval or disapproval for the proposals. (Note: The website for Internet Voting is Japanese only.)

1. **Date and Time:** 10:00 a.m., Tuesday, June 24, 2008.
2. **Place:** Shinagawa Intercity Hall,
   2-15-4, Konan, Minato-ku, Tokyo, Japan
3. **Agenda of the Meeting:**
   Matters to be Reported:
   (1) The Business Report and the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the Fiscal Year 2007 (From April 1, 2007 to March 31, 2008)
   (2) The Non-consolidated Financial Statements for the Fiscal Year 2007 (From April 1, 2007 to March 31, 2008)

   Proposals to be Resolved:
   Proposal No.1: Appropriation of Surplus
   Proposal No.2: Partial Amendments to the Articles of Incorporation
   Proposal No.3: Election of Eleven (11) Directors
   Proposal No.4: Election of One (1) Substitute Corporate Auditor
   Proposal No.5: Issue of Stock Acquisition Rights for the Purpose of Executing a Stock Option System to Executive Officers, General Managers, and Presidents of the Company's Consolidated Subsidiaries in Japan

Should any modification to the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (http://www.mol.co.jp/ir-j/index.html/).

If you are unable to attend the general meeting of shareholders, you can exercise your voting rights by sending another shareholder with voting rights to the meeting on your behalf. Please note that it is required to supply a written certificate for power of attorney.

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Appropriation of Surplus

1. Matters related to the year-end dividend

The Company's management policies recognize the increase in corporate value resulting from proactive business investment, and the importance of returning profits directly to shareholders through dividend payments.

Based on the new midterm management plan **"MOL ADVANCE"** announced in 2007, the Company continues to proactively implement investments, especially in vessels. The Company uses internal reserve funds to increase corporate value per share, while enhancing corporate strength.

In consideration of the above, the Company will continue to increase the dividend payout ratio in conjunction with results of operations as part of its mid- and long-term management goals, while having set the criterion of 20% of consolidated dividend payout ratio for the coming years.

In line with these policies, the Company proposes to pay a dividend of ¥17 per share, an increase of ¥6 from the previous year.

As a result, the annual dividend payment per share is ¥31, including the interim dividend of ¥14 per share paid in November 29, 2007.

(1) Type of property dividends
Cash

(2) Matter related to distribution of property dividends to shareholders and the total amount
¥17 per common share of the Company Total amount: ¥20,353,508,502

(3) Effective date of the distribution of surplus
June 25, 2008

2. Matters related to the appropriation of surplus

(1) Increasing surplus and its amount
Other reserve: ¥120,000,000,000

(2) Decreasing surplus and its amount
Retained earnings carried forward: ¥120,000,000,000

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

In order to clarify business responsibilities of directors in the fiscal year and construct a more flexible management system able to quickly respond to changes in the business environments, the Company intends to shorten the term of office of directors from the current two (2) years under the existing period to one (1) year, making necessary amendments to the provisions of Article 21 of the existing Articles of Incorporation.

2. Details of the Proposed Amendments

The proposed amendments are as follows:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER IV Directors Article 21. The term of office of Directors shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within <u>two (2) years</u> from the time of their election.	CHAPTER IV Directors Article 21. The term of office of Directors shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within <u>one (1) year</u> from the time of their election.

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Proposal No. 3: Election of Eleven (11) Directors

On approval of "Proposal No. 2: Partial Amendments to the Articles of Incorporation" in its original form, the terms of office of all 11 directors will expire at the conclusion of this meeting.

Accordingly, election of the following 11 directors is proposed.

The candidates for Directors are as follows:

(*indicates new candidate)

No.	Name (Date of Birth)	Personal History and Principal Occupation (*Executive Positions Held in Other Companies)	Number of the Company's Shares Held
1	Kunio Suzuki (August 27, 1939)	Apr. 1962 Joined Osaka Shosen Kaisha (renamed as Mitsui O.S.K. Lines, Ltd. in 1964) Jun. 1988 General Manager of Tanker Division Jun. 1991 Director, General Manager of Tanker Division Jun. 1993 Director Jun. 1994 Managing Director Jun. 1995 Representative Director, Senior Managing Director Jun. 1998 Representative Director, Executive Vice President Jun. 2000 Representative Director, President, President Executive Officer Jun. 2004 Representative Director, Chairman of the Board, Chairman Executive Officer Jun. 2006 Representative Director, Chairman of the Board (to present)	220,150 shares
2	Akimitsu Ashida (April 10, 1943)	Apr. 1967 Joined Mitsui O.S.K. Lines, Ltd. Jun. 1993 General Manager of Europe and Oceania Division Jun. 1994 General Manager of Europe and Asia Division Apr. 1995 General Manager of Liner Division (A) Jun. 1996 Director and General Manager of Planning Division Jun. 1998 Managing Director Jun. 2000 Senior Managing Director and Senior Managing Executive Officer Jun. 2003 Representative Director Executive vice President, Executive Officer Jun. 2004 Representative Director, President President Executive Officer Jun. 2005 Representative Director, President Executive Officer (to present)	244,000 shares
3	Saburo Koide (August 17, 1948)	Apr. 1971 Joined Mitsui O.S.K. Lines, Ltd. Jun. 1997 General Manager of Iron Ore Carrier/Bulk Carrier Division Apr. 1999 General Manager of Bulk Carrier Division Jun. 2000 Executive Officer, General Manager of Coal and Iron Ore Carrier Division Jun. 2002 Managing Executive Officer Jun. 2004 Senior Managing Executive Officer Jun. 2005 Director, Senior Managing Executive Officer Jun. 2006 Representative Director Executive Vice President, Executive Officer (to present)	73,000 shares

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No.	Name (Date of Birth)	Personal History and Principal Occupation (*Executive Positions Held in Other Companies)	Number of the Company's Shares Held
4	Hidehiro Harada (December 30, 1947)	Apr. 1971 Joined Mitsui O.S.K. Lines, Ltd. Jun. 1997 Chief Representative of Mitsui O.S.K. Lines, London Branch Jun. 1998 Assigned as Chief Executive Officer of Mitsui O.S.K. Lines (Europe) Ltd. Jun. 2000 Executive Officer Jun. 2003 Managing Director, Managing Executive Officer Jun. 2005 Director, Senior Managing Executive Officer Jun. 2006 Representative Director Executive Vice President, Executive Officer (to present)	66,000 shares
5	Masakazu Yakushiji (June 18, 1948)	Apr. 1972 Joined Mitsui O.S.K. Lines, Ltd. Jun. 1998 General Manager of Liner Division Jun. 2000 Executive Officer and General Manager of Liner Division Jun. 2001 Executive Officer and General Manager of Corporate Planning Division Jan. 2002 Executive Officer Jun. 2003 Managing Executive Officer Jun. 2005 Senior Managing Executive Officer Jun. 2006 Director, Senior Managing Executive Officer Jun. 2007 Representative Director Executive Vice President, Executive Officer (to present) <u>(Executive Positions Held in Other Companies)</u> Representative Director of MOL Osaka Nanko Physical Distribution Center Co., Ltd., Chairman of MOL (Europe) B.V., Chairman of MOL (Asia) Ltd.	93,000 shares
6	Kenichi Yonetani (October 12, 1950)	Apr. 1974 Joined Mitsui O.S.K. Lines, Ltd. Apr. 2000 General Manager of Investor Relations Office Jun. 2003 Executive Officer Jun. 2005 Managing Executive Officer Jun. 2006 Director, Managing Executive Officer Jun. 2007 Director, Senior Managing Executive Officer (to present) <u>(Executive Positions Held in Other Companies)</u> Chairman of Mitsui O.S.K. Finance PLC	76,000 shares
7	Yoichi Aoki (May 9, 1950)	Apr. 1974 Joined Mitsui O.S.K. Lines, Ltd. Jun. 2000 General Manager of LNG Division (B) Jun. 2004 Executive Officer Jun. 2005 Managing Executive Officer Jun. 2007 Director, Senior Managing Executive Officer (to present)	20,000 shares
8	Koichi Muto (September 26, 1953)	Apr. 1976 Joined Mitsui O.S.K. Lines, Ltd. Jun. 2002 General Manager of Bulk Carrier Division Jan. 2003 General Manager of Corporate Planning Division Jun. 2004 Executive Officer, General Manager of Planning Division Jun. 2006 Managing Executive Officer Jun. 2007 Director, Managing Executive Officer (to present)	40,000 shares

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No.	Name (Date of Birth)	Personal History and Principal Occupation (*Executive Positions Held in Other Companies)	Number of the Company's Shares Held
9	Kunio Kojima (December 15, 1937)	Apr. 1960 Joined the Bank of Japan Nov. 1986 Secretary of the Bank of Japan May 1989 Director, Market Operation Department, the Bank of Japan May 1990 Director, Policy Planning Department, the Bank of Japan Feb. 1992 Executive Director of the Bank of Japan Feb. 1996 Senior Advisor of the Bank of Japan Aug. 1996 Resigned from the Bank of Japan Aug. 1996 Advisor, the Industrial Bank of Japan (IBJ) May 1998 Resigned from IBJ May 1998 Advisor, Japan Securities Finance Co., Ltd. Jun. 1998 Representative Director, President of Japan Securities Finance Co., Ltd. Jun. 2003 Director of Mitsui O.S.K. Lines, Ltd. (to present) Jun. 2004 Representative Director, Chairman of Japan Securities Finance Co., Ltd. Apr. 2006 Director, Chairman of Japan Securities Finance Co., Ltd. Jun. 2006 Director, Senior Advisor to Japan Securities Finance Co., Ltd. Feb. 2008 Resigned from Japan Securities Finance Co., Ltd. (to present) <u>(Executive Positions Held in Other Companies)</u> Vice Chairman and President of Keizai Doyukai (Japan Association of Corporate Executives)	24,000 shares
10	Yoko Ishikura (March 19, 1949)	Jul. 1985 McKinsey & Co., Inc., Tokyo, Japan Apr. 1992 Professor, Department of International Politics, Economics and Business, Aoyama Gakuin University Mar. 1996 Member of the Board of Directors, Avon Products Co., Ltd. (part-time) Apr. 2000 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (to present) Apr. 2004 Non-executive Director, Vodafone Holdings K.K. (part-time) Apr. 2004 Non-executive Director, Japan Post (part-time) Jun. 2006 Director of Mitsui O.S.K. Lines, Ltd. (to present) Jan. 2008 Part-time Member of Council for Science and Technology Policy	0 share

No.	Name (Date of Birth)	Personal History and Principal Occupation (*Executive Positions Held in Other Companies)	Number of the Company's Shares Held
11	* Takeshi Komura (September 2, 1939)	Apr. 1963 Joined Ministry of Finance Jun. 1987 Director of the Co-ordination Division, the Budget Bureau Jun. 1988 Director-General, Tokyo Customs Jun. 1989 Deputy Director-General of the Budget Bureau, Ministry of Finance Jun. 1992 Director-General of the Economic Planning Agency Jun. 1993 Deputy Vice Minister, Ministry of Finance May 1995 Director-General of the Budget Bureau, Ministry of Finance Jul. 1997 Administrative Vice Minister, Ministry of Finance Feb. 1998 Advisor, Ministry of Finance, Policy Research Institute Jan. 2001 Governor, the Development Bank of Japan Sep. 2007 Retired from the Development Bank of Japan	0 share

Notes: 1. No business interests exist between the candidates and the Company.

2. Among the above candidates, Kunio Kojima, Yoko Ishikura and Takeshi Komura satisfy the conditions for outside directors in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

3. The Company requests that Kunio Kojima be appointed as an outside director, in order to utilize his long-time experience in and knowledge of the financial industry, and to gain an independent, objective viewpoint from an experienced executive.

   The Company requests that Yoko Ishikura be appointed as outside director, in order to utilize her long-time experience and knowledge as an expert of international corporate strategy, and to gain an independent, objective viewpoint from an experienced business executive. Although Ms. Ishikura does not have direct experience in private company management, she has a thorough knowledge of company management through her experience regarding international politics and economics, and international corporate strategy. The Company believes she will properly execute the duties as outside director in the future, based on her past achievements as outside director.

   The Company requests that Takeshi Komura be appointed as outside director, in order to utilize his long-time industry-wide experience and knowledge, and to gain an independent, objective viewpoint from an experienced business executive. Although Mr. Komura does not have direct experience in private company management, he has a thorough knowledge of company management through his experience as Governor of the Development Bank of Japan. The Company believes he will properly execute the duties as outside director in the future.

4. Japan Securities Finance Co., Ltd. at which Kunio Kojima, a candidate for outside director, was serving as an advisor was ordered to improve and reinforce their compliance and internal control systems by the Financial Services Agency on December 14, 2007, as it was judged that Japan Securities Finance Co., Ltd. was in the situation required to take necessary actions to improve their business operation from the viewpoint of public interests and protection of investors.

   Since this case was not organizationally related and the candidate himself was not involved in it, the Company considers that there is no concern about his qualifications to be an outside director.

5. Kunio Kojima is, at present, outside director of the Company. His five-year term of office will end at the conclusion of this General Meeting of Shareholders.

   Yoko Ishikura is, at present, outside director of the Company. Her two-year term of office will end at the conclusion of this General Meeting of Shareholders.

6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into contracts with both Kunio Kojima and Yoko Ishikura, which limit their liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act, if they are without knowledge and are not grossly negligent in performing their duties.

   On approval of their renomination, the Company plans to continue the above contracts with them for limitation of liability.

   On Takeshi Komura's assumption of office, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company is supposed to enter into contract with Takeshi Komura, which limits his liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act, if he is without knowledge and is not grossly negligent in performing his duty.

Proposal No. 4: Election of One (1) substitute Corporate Auditor

In preparation for lacking a quorum of corporate auditors, election of one (1) substitute corporate auditor is proposed, based on Article 329, Paragraph 2 of the Companies Act.

The Board of Corporate Auditors has previously given its approval to this proposal.

The candidate for substitute corporate auditor is as follows:

Name (Date of Birth)	Personal History and Principal Occupation (*Executive Positions Held in Other Companies)	Number of the Company's Shares Held
Sotaro Mori (January 20, 1951)	Apr. 1977 Registered as Lawyer, Joined Yoshida & Partners Apr. 1982 Partner in Yoshida & Partners (to present) Jun. 2005 Outside Auditor, Asahi Tanker Co., Ltd. (to present)	0 share

Notes:
1. No business interests exist between Sotaro Mori and the Company, except that the Company pays a reasonable amount of attorney's fees to Sotaro Mori for the handling of maritime cases, as needed.
2. It is proposed that Sotaro Mori be appointed as substitute outside corporate auditor.
3. The Company request that Sotaro Mori be appointed as substitute outside corporate auditor, in order to utilize his long-term experience as a lawyer and wide range of knowledge on corporate legal affairs for the Company's audit.
4. As Sotaro Mori has thorough knowledge of corporate legal affairs as lawyer and an adequate insight on company management through his experience as outside corporate auditor of the other shipping company, the Company believes he will properly execute the duties as outside corporate auditor.
5. On Sotaro Mori's assumption of office as corporate auditor, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company is supposed to enter into contract with Sotaro Mori, which limits his liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act to the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act, if he is without knowledge and is not grossly negligent in performing his duty.

Proposal No. 5: Issue of Stock Acquisition Rights for the Purpose of Executing a Stock Option System to Executive Officers, General Managers, and Presidents of the Company's Consolidated Subsidiaries in Japan

In fiscal year 2008, determination of offering subscription of stock acquisition rights as stock options for Executive Officers who do not serve as Directors of the Company, General Managers, or presidents of consolidated subsidiaries in Japan, will be authorized by the Board of Directors, based on the provisions of Article 236, 238 and 239 of the Companies Act in the following matters.

1. Reason for the necessity of subscription for persons who underwrite the stock acquisition right on particularly advantageous terms
   With the purpose of increasing the Company's business performance and shareholders' profit by increasing incentives for Executive Officers who do not serve as Directors of the Company, General Managers, or presidents of consolidated subsidiaries in Japan, the Company will allocate stock option rights to these persons, without a payout requirement.
2. Details and maximum number of stock acquisition rights
   (1) Maximum number of stock acquisition rights
   Maximum shall be 1,500, determined in item (3) below.
   The total number of shares issuable by exercising the stock acquisition right, shall be up to 1,500,000 of the Company's common shares, and in the case that the number of granted shares related to the relevant stock acquisition rights by (3) (a) below is adjusted, it shall be that number multiplied by the number of

granted shares related to the relevant stock acquisition rights after adjustment by the above-written maximum number of stock acquisition rights.

(2) Payout shall not be required for the stock acquisition rights

(3) Details of stock acquisition rights

(a) Class and number of shares for the purpose of stock acquisition rights

Class of shares for the purpose of stock acquisition rights shall be common shares, and the number for the purpose of each stock acquisition right (hereinafter called “granted shares”), are to be limited to 1,000.

However, in the case the Company’s common stock splits (including the gratis allotment of the stock) or merges after the resolution by the General Meeting of Shareholders (hereinafter called “resolution date”), the number of granted shares related to the relevant stock acquisition rights shall be adjusted proportionally in accordance with the percentage of the share split or share merger.

In addition, in the case the Company decreases capital, after the resolution date, due to cases beyond the Company’s control that needs adjustment of the number of granted shares related to the relevant stock acquisition rights, the number of granted shares related to the relevant stock acquisition rights shall be adjusted within a rational range, under consideration of conditions, etc. of capital reduction, etc.

Fractions of less than one (1) share as a result of the above adjustment are to be rounded down.

(b) Amount to be paid when stock acquisition rights are exercised

Amount to be paid when stock acquisition rights are exercised shall be the paid amount per share that can be issued by exercising the stock acquisition rights (hereinafter called “exercise amount”), multiplied by the anticipated number of shares concerning the relevant stock acquisition rights.

The exercise amount will be the average closing price, multiplied by 1.10, of the Company’s stock (hereinafter called “closing price”) on the Tokyo Stock Exchange of the previous month of the date when the stock acquisition rights are allocated (hereinafter called “allotment date”). Note that the date when the trade was not effective is not included. Fractions of less than ¥1 will be rounded up.

However, in the case the amount is lower than the closing price of the warrant issue date (when no closing rate is published on that day, closing rate of the nearest previous date shall be applied), it will be the closing price on that date.

After the allotment date, if the Company splits (including the gratis allotment of the stock) or merges its shares after the issue date of warrants, the exercise amount will be adjusted by the following formula, with factions of less than ¥1 rounded up.

$$\begin{array}{c}\text{Exercise price after}\\\text{adjustment}\end{array} = \begin{array}{c}\text{Exercise price before}\\\text{adjustment}\end{array} \times \frac{1}{\text{Ratio of split/consolidation}}$$

In addition, after the allotment date, for the Company’s common stocks, in the case the Company issues new shares or disposes of treasury stocks at a price lower than market price [excluding sale of treasury stocks based on provision of Article 194 of the Corporate Law (claim of sale of minimum trading unit (*tan-gen*) of shares by shareholders of minimum trading unit (*tan-gen*)); exercise of stock acquisition rights based on regulations of the former Commercial Code Article 280-19 before execution of the “Laws of partial amendment of the Commercial Code, etc.” (Law No. 128 of 2001); transfer of treasury stocks based on regulations of the “Laws of partial amendment of the Commercial Code, etc.” (Law No. 79 of 2001) Supplementary Provision paragraph 5 Article 2; and transfer or exercise of securities that are or can be made to common stocks of the Company or the stock acquisition rights (including ones committed to corporate bonds with new stock acquisition rights) that can be claimed for issue of the Company’s common stocks, the exercise price shall be adjusted in accordance with the following formula, with fractions of less than ¥1 rounded higher.

$$\begin{array}{c}\text{Exercise}\\\text{price after}\\\text{adjustment}\end{array} = \begin{array}{c}\text{Exercise}\\\text{price before}\\\text{adjustment}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\\text{shares}\\\text{outstanding}\end{array} + \dfrac{\begin{array}{c}\text{Number of shares to be}\\\text{issued}\end{array} \times \begin{array}{c}\text{Subscription price per}\\\text{share to be issued}\end{array}}{\text{Market price per share}}}{\begin{array}{c}\text{Number of shares}\\\text{outstanding}\end{array} + \begin{array}{c}\text{Number of shares}\\\text{to be issued}\end{array}}$$

In above formula, the “number of shares outstanding” is the number of the Company’s outstanding common stock, deducted by the number of its treasury stock concerning common stock. In case the treasury stock is disposed, the “number of shares to be issued” shall be treated as the “number of shares to be disposed.”

Furthermore, in the case the Company is merged with another company, in the case the Company executes a demerger, or in the case the Company decreases capital, after allotment date, that require adjustment of the exercise price, the exercise price shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(c) Period during which stock acquisition rights may be exercised
From June 20, 2009 to June 24, 2018. It will be determined by the Board of Directors.

(d) Capital and capital reserve increased in the case the stocks are issued by exercising the stock acquisition rights
- i) The amount of capital increased in the case the shares are issued by exercising the stock acquisition rights shall be half of the maximum limit to increase capital, calculated in accordance with the Company Calculation Ordinance paragraph 40 Clause 1, and adjusted in accordance with the following formula, with fractions rounded up.
- ii) The amount of capital reserve increased in the case the shares are issued by exercising the stock acquisition rights shall be the amount that the maximum limits of capital, etc. described in i.) above is subtracted by the increased capital amount determined in i.) above.

(e) Restrictions on acquisition of stock acquisition rights by transfer
Acquisition of the stock acquisition rights by transfer shall require approval of the Board of Directors.

(f) Acquisition conditions of stock acquisition rights
Acquisition conditions of stock acquisition rights shall not be determined.

(g) The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption/split, stock exchange or stock transfer (all hereinafter called “organizational restructure”), may issue the stock acquisition rights of the companies listed in the Corporate Law, Article 236 paragraph 1, item A to E (hereinafter called “restructure target company”) to each person holding stock acquisition rights (hereinafter called “remaining stock acquisition rights”) that remain at the time when the effects of the organizational restructure arises, for each case thereof, based on the following conditions. In this case, the remaining stock acquisition rights shall be void and the restructured target companies shall issue new stock acquisition rights. However, this is applied only to the case of the agreement to issue the stock acquisition rights of the restructure target companies, in accordance with the following conditions: the merger agreement, newly founded merger agreement, merger/split agreement, new split agreement, stock exchange agreement, or stock transfer plan.
- i) Number of stock acquisition rights of restructured target companies
The same number of stock acquisition rights shall be issued as the number that the person holds of outstanding stock acquisition rights as of effective date of organizational restructure.
- ii) Class of shares of restructured target companies for the purpose of stock acquisition rights
It shall be the common stock of the restructure target companies.
- iii) Number of shares of restructured target companies for the purpose of stock acquisition rights
It shall be determined in accordance with the above item (a), after considering the conditions, etc. for organizational restructure.
- iv) Amount to be paid when stock acquisition rights are exercised
Amount to be paid when each stock acquisition right is exercised shall be the amount gained by multiplying the payout amount after restructure adjusted after considered conditions, etc. for the organizational restructure by the number of shares for the purpose of the relevant stock acquisition rights determined in accordance with the sentence “c)”.
- v) Exercisable period of the stock acquisition rights
The stock acquisition rights determined in the above item (c) can be exercised from the later of: the commencement date of the exercisable period of the stock acquisition rights determined in the above item (c); or the effective date of the organizational restructure, to the expiration date of the period.
- vi) Capital and capital reserve increased in the case the shares are issued by exercising the stock acquisition rights
It shall be determined in accordance with item (d) above.
- vii) Limits of acquisition of stock acquisition rights by assignment
Acquisition of stock acquisition rights by assignment shall require approval of the restructured target company.
- viii) Acquisition conditions of stock acquisition rights
It shall be determined in accordance with item (f) above.

(h) In the case of fractions of less than one (1) share in the number of shares issued to the persons who exercised the stock acquisition rights, the number shall be rounded down.

(i) Exercise conditions of stock acquisition rights

i) A single stock acquisition right may not be split.

ii) Persons who receive the allotment may exercise the right, even in the case that they no longer hold the position of the Company's Executive Officer, General Manager, or president of a consolidated subsidiary in Japan, when exercising the rights.

Note: The granted stock acquisition rights shall immediately be cancelled, in the case he or she is assigned a penalty of imprisonment or higher, in the case that he or she is dismissed or discharged, or in the case that he or she has died.

iii) Other conditions to exercise the rights shall be determined by the Board of Directors.

- END -

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BUSINESS REPORT

(From April 1, 2007 to March 31, 2008)

1. Matters concerning the Present State of the Corporate Group

(1) Business Progress and Results

1) General Business Climate

As seen in an overview of the global economy, in the U.S. economy during the fiscal year ended March 31, 2008, the subprime loan issue created turmoil in the financial markets, and personal consumption and employment declined in step with the deteriorating housing markets. The overall U.S. economic slowdown deepened. On the other hand, Europe showed continuous steady growth supported by favorable investment. The Chinese economy showed continual growth of over 10% annually backed by favorable trends in investment and personal consumption. Japan also maintained slow growth thanks to rising exports offsetting sluggish domestic demand.

In the foreign exchange market, the yen was weak early in the year, but depreciation of the dollar progressed rapidly around December 2007 due to turmoil in the U.S. economy after the summer. As a result, the average exchange rate during FY2007 for the yen was at ¥115.55/U.S.$, slightly higher than the previous fiscal year. Bunker prices continued to increase as the price of crude oil exceeded $100 per barrel (WTI) spurred by increased demand in developing countries and speculative funds flowing into the futures market. As a result, the average bunker price during FY2007 was U.S.$409/MT (up U.S.$88/MT from the previous fiscal year). Higher bunker prices combined with an appreciating yen had a dampening effect on our company's profits.

In the seaborne market, the spot freight rates of dry bulkers showed an almost uninterrupted rise after the summer, and marked a record high in November. It remained high throughout the fiscal year, in spite of a temporary adjustment. As for tankers, while there was a surplus of vessels such as Very Large Crude oil Carriers (VLCCs) and LPG carriers, the market for petrochemical product carriers (MR type) remained steady to some extent. The loaded cargo volume in the containership business increased greatly from the previous fiscal year, and freight rates on European routes recovered, but profits increased only slightly from the previous fiscal year, due to increases in various costs including inland railroad rates, along with higher fuel prices.

Consequently, consolidated revenue for FY2007 increased 24.1% from the previous fiscal year, totaling ¥1,945.6 billion; operating income increased 73.3% to ¥291.2 billion; ordinary income increased 65.6% to ¥302.2 billion, and net income grew 57.4% to ¥190.3 billion. Revenue and all incomes set new records.

2) Business Overview by Segment

Bulkships Business

<Dry Bulkers>

Worldwide seaborne trade of iron ore in 2007 was nearly 800 million tons, a 9% increase from the previous year 2006. In particular, China showed a strong increase of 17% to 383 million tons. In addition to this increase, spot rates for dry bulkers including Cape size bulkers rose rapidly after the summer, thanks to increasing purchases from more remote loading ports, such as Brazil, etc., because of diversified ore supply sources, which resulted in longer voyage distances than ever before. Port congestion in Australia was another factor for such rise in rates. MOL sequentially put in service 24 newly built vessels including Brasil Maru to ensure stable earnings through long-term contracts for iron ore carriers, coal carriers, wood chip carriers, and so on, and expanded its aggressive business activities utilizing its free tonnage, and reaped the benefits of a favorable market. Heavy lift vessels also showed strong performance thanks to active plant trades to the Middle East. As a result, both revenue and income for FY2007 increased significantly from the previous fiscal year, reaching new highs.

<Tankers/LNG carriers>

The petrochemical products business was supported by a robust market almost throughout FY2007. On the other hand, while the VLCC market showed a temporary steep rise at the end of 2007, overall it remained at low levels throughout the fiscal year, due to stagnant trade because of high crude oil prices and sluggish U.S. energy demand. The market for LPG carriers also remained at a low level. While the tanker segment secured stable earnings as a whole with 11 newly built vessels and long-term contracts, and although revenues increased, income declined from the previous fiscal year as the result of the impact of rising seafarer wages to secure higher quality crew and dry-dock fees.

In the LNG carrier segment, two (2) new building vessels were put in service during FY2007, further expanding the fleet. The Company won a contract for one (1) vessel to participate in new project for a Japanese customer. Although existing vessels performed well under long-term contracts during the fiscal year, income in this segment decreased from the previous fiscal year mainly due to the yen's appreciation against the dollar and a change of the vessel depreciation method.

<Car Carriers>

With favorable seaborne trade from Japan and the Far East, the Company launched new 12 vessels from FY2006 to 2007 to increase its transport capacity. In FY2007, units transported totaled 2.78 million, a 4% increase from FY2006. In addition, higher profits from the cross-trade business in the Atlantic contributed to our performance. However, higher bunker prices, ship management costs and various costs for managing the fleet shortage associated with higher-than-expected shipping volume depressed our earnings. As a result, income in this segment decreased.

Containerships Business

Seaborne trade on Asia-North America (eastbound) routes remained almost the same as the previous year, but other routes, such as Asia-Europe routes and South/North routes, showed steady growth. The Company put in service 11 newly built containerships during FY2007 to provide larger-scale ships on key routes such as Asia-Europe, and opened new services such as Asia-the Black Sea, Middle East-Africa, and Asia-Africa. Thanks to these efforts, loaded cargo volume increased greatly compared to FY2006. Furthermore, as a result of efforts to restore freight rates on the European route, and so on, revenue posted a strong increase of 21% from the previous fiscal year. However, income rose by only a small margin due to higher costs for inland railroad transport in North America, terminal handling, and canal tolls, in addition to the steep rise in bunker prices.

Business associated with containerships include container terminals that the Company operates (four (4) in Japan and two (2) in North America), and harbor and port operation. These businesses remained firm thanks to growth in the container trade.

Logistics Business

Income in the air cargo transport business FY2007 remained almost the same as the previous fiscal year due to a slowdown in trade to and from Japan. The Company has also worked to develop and reinforce its Ocean Consolidation Business (OCB) operations. The Company won a contract to serve as a buyer's consolidator in China and Hong Kong for a major U.S. retail chain, maintaining our solid growth in this business.

Ferry and Domestic Transport Business

In the ferry business, a bunker price surge of more than ¥10,000/KL (about 20%) compared to FY2006, depressed profits. But, the Company reinforced our management base by consolidating Group companies, took measures for rationalization such as withdrawal from an unprofitable route, and assessed bunker surcharges. As a result of these endeavors, the Company secured more profits than the previous fiscal year. Also in the domestic transport business, seaborne trade showed favorable growth, and profits increased over FY2006.

Associated Businesses

The real estate business showed steady performance and maintained profits at the same level as the previous fiscal year. In cruise ship operations, the Company attracted more passengers but could not offset cost increases such as higher bunker prices, resulting in lower profits than FY2006. In the trading business, ship machinery sales were favorably on track. As a result, overall revenue and profit in the associated business segment during FY2007 showed increases compared to the previous fiscal year.

Others

Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering, financing, and shipbuilding. Overall profits for the year in this segment increased from FY2006.

Revenues and Composition ratio by Business Segment

Name of Business	Revenues (millions of yen)	Composition ratio (%)
Bulkships	1,024,797	52.67
Container ships	686,828	35.30
Logistics	61,236	3.15
Ferry and Domestic Transport	53,099	2.73
Associated Businesses	108,859	5.59
Others	10,875	0.56
Total	1,945,696	100.00

Note: Figures less than one (1) million are rounded down to the nearest million.

(2) Fund Raising

1) Fund Raising

The Group's funds required in the fiscal year under review were financed with our own resources and borrowings from financial institutions.

2) Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to approximately ¥303.5 billion.

(Millions of yen)

Name of Business	Amount of Capital Investment
Bulkships	198,809
Containerships	80,485
Logistics	716
Ferry and Domestic Transport	10,452
Associated Businesses	9,708
Others	3,401
Total	303,573

Note: Figures less than one (1) million are rounded down to the nearest million.

12 vessels including bulkships, ferries, and domestic transport vessels were sold.

Sale of Vessels

Name of Business	Number of Vessels	Deadweight Tons (thousand deadweight tons)	Book Value (millions of yen)
Bulkships	8	689	2,480
Ferry and Domestic Transport	4	17	4,230
Total	12	706	6,710

Notes: 1. Figures less than one (1) million are rounded down to the nearest million.
2. Among four (4) ships sold in Ferry and Domestic Transport, a ship was sold through an exchange transaction.

(3) Financial Position and Results of Operations

(Millions of yen)

	FY2004	FY2005	FY2006	FY2007 (current consolidated fiscal term)
Revenues	1,173,332	1,366,725	1,568,435	1,945,696
Ordinary income	174,979	176,502	182,488	302,219
Net income	98,261	113,731	120,940	190,321
Net income per share (yen)	81.99	94.98	101.20	159.14
Total assets	1,232,252	1,470,824	1,639,940	1,900,551
Total shareholders' equity	298,258	424,460	620,989	751,652

Note: Figures in revenues, ordinary income, net income, total assets and total net assets are rounded down to the nearest million.

(4) Issues to be Addressed

As stated in item No.1 of overall strategies in the three-year Midterm Management Plan, **"MOL ADVANCE"** started from FY2007, and the Company regards securing safe operation as its top priority. In an attempt to carry out various measures to enhance the safe operation system, a plan of investment amounting to ¥35 billion over three (3) years from FY2007 through FY2009 is generally advancing as scheduled.

Principal measures to enhance safe operation are as follows:

- Supporting system for safe operation on a round-the-clock basis through the Safety Operation Supporting Center (from February 2007)
- Restructuring of ship management organizations rooted in on-site, ship-oriented approach (April 2007)
- Training of seafarers on the "SPIRIT OF MOL," a Company-owned training ship from July 2007
- Execution of "MOL safety standard specifications" for newly built ships and existing ships (as needed)
- Holding a joint meeting of domestic and overseas concerned parties including ship management companies, and ship owners on seafarers' policies and training(as needed), etc.

As the result of the measures taken and the extra efforts made by the Group, and drawing on the lessons learned from previous serious accidents at sea, there were no serious maritime accidents in the fiscal year under review. The Company will remain uncompromising in taking all necessary measures to ensure future safe operation.

In business, the Company is aiming for continued growth and the expansion of revenues and income with prior reinforcement of fleet and strengthening of strategic business portfolios, worldwide business development on a global scale to meet growth and diversification of trade, especially expanding business in emerging markets such as India, Russia, Vietnam, Brazil, Black Sea states, and the Middle East, the reorganization of MOL Group companies to enhance the Group's total strength and competitiveness, and the promotion of creative cost saving programs.

Regarding the corporate governance system, the Company completed making documents for an internal control system for financial reports required by the Financial Instruments and Exchange Law, and evaluating the system. The Company is now at the stage of confirming that the internal control system is functioning effectively. Furthermore, the Company intends for the internal control system to not only meet the conditions of the Financial Instruments and Exchange Law, but also to cover a range of areas which extend beyond the requirements of the Law, such as environmental measures, compliance, etc. in efforts to further build confidence and trust between the Company and its Stakeholders.

Regarding the social action programs as a part of CSR (Corporate Social Responsibility), the Company has primarily focused on the "Transport of relief supplies" and "International cooperation/Maritime education." With respect to the "Transport of relief supplies," the Company transports emergency tents without charge in cooperation with the United Nations High Commissioner for Refugees (UNHCR), using the Company's container service networks. Also in an attempt to encourage the children of Japan, a maritime country, to develop an interest in ships and the sea, the Company has held "MOL Kids' Cruise" since FY2005, in which elementary school children and their parents are invited to a cruise on the Nippon Maru. In March 2008, the 3rd MOL Kids' Cruise was held and won favorable review from participants. The Company will actively work on social action programs related to the Company's business areas.

Environmental protection measures the Company addresses in the aspect of hardware include the development of car carriers with a wind/water resistance reducing design and the diffusion of PBCF (Propeller Boss Cap Fin), an energy-saving propeller system. Other steps taken include the establishment and the implementation of sailing schedules in consideration of fuel consumption, and the selection of optimum navigation routes on the basis of climates and marine phenomena. As other energy-saving measures, a solar power generation system with a generation capacity of 200 KW was introduced in the "Ohi Container Terminal in Tokyo Port" that MOL operates in March 2007.

Furthermore, 63 major domestic group companies and 19 overseas companies are involved in the "MOL Group Environmental Target System," promoting environmental preservation activities in each group company. As of the end of FY2007, a total 14 group companies have acquired the "Green Management Certificate," under the environmental management certification system promoted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. The Company intends to continue considering and implementing measures to control and reduce environmental burdens associated with the Group's business activities in the future.

MOL Group Midterm Management Plan (FY2007-FY2009)

MOL ADVANCE

Long-Term Vision:	To make the MOL Group an excellent and resilient organization that leads the world shipping industry
Main Theme:	"Growth with enhanced quality" Ensuring safe operation is the highest priority, while achieving sustainable growth and enhancing quality.

<**MOL ADVANCE** Overall Strategies: 1 "S" & 4 "G">

[1] Safety:	Implement comprehensive measures to reinforce and ensure safe operation
[2] Growth:	Focus management resources heavily on growing fields in the ocean shipping industry
[3] Global:	Accelerate globalization and enhance sales capabilities in emerging markets
[4] Group:	Enhance Group-wide strength and competitiveness
[5] Governance:	Establish a governance structure that fulfills stakeholders' trust

(5) Principal Business (As of March 31, 2008)

World wide Maritime cargo transport services such as Bulkships, various Bulk Carriers, Tankers, LNG Carriers and Container vessels and Marine transportation businesses such as collection of freight, ship charter hire and handling charges in operations, warehousing and real estate

(6) Principal Business Offices (As of March 31, 2008)

1) The Company

	Location
Head office	Tokyo
Registered office	Osaka
Branch offices	Sapporo, Yokohama, Nagoya, Osaka, Kobe, Kyushu (Fukuoka Pref.), Tomakomai, Hiroshima
Representative offices	Middle East Headquarters (United Arab Emirates), Moscow, Vladivostok, St. Petersburg

2) Subsidiaries

- Principal domestic business offices
  Tokyo, Osaka, Hyogo Pref.
- Principal overseas business offices
  U.S.A., Mexico, Panama, Brazil, Chile, Argentina, the Netherlands, United Kingdom, Austria, Belgium, Germany, Italy, France, Poland, South Africa, Nigeria, Ghana, China, Taipei, the Philippines, Thailand, Malaysia, Singapore, Indonesia, Sri Lanka, India, Pakistan, Korea, Vietnam, Cambodia, Australia, New Zealand, Lebanon, United Arab Emirates, Qatar, Oman

[Translation for Reference and Convenience Purposes Only]

(7) Shipping Tonnage of the Group (As of March 31, 2008)

Category	Bulkships				Containerships	
	Dry Bulkers, Car Carriers		Tankers, LNG Carriers		Containerships	
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		thousand deadweight tons		thousand deadweight tons		thousand deadweight tons
Owned Vessels	124	7,515	97	12,024	40	2,115
Chartered vessels	342	24,241	99	4,584	90	3,388
Others	1	152	2	143	0	0
Total	467	31,908	198	16,751	130	5,503

Category	Ferry and Domestic Transport		Associated Businesses		Others		Total	
	Ferry and Domestic Transport		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		thousand deadweight tons		thousand deadweight tons		thousand deadweight tons		thousand deadweight tons
Owned Vessels	14	78	1	5	1	6	277	21,743
Chartered vessels	30	78	0	0	2	13	563	32,304
Others	2	3	0	0	0	0	5	298
Total	46	159	1	5	3	19	845	54,345

(8) Employees (As of March 31, 2008)

1) Employees of the Group

Name of Business	Number of Employees
Bulkships	1,045 (136)
Containerships	3,569 (469)
Logistics	1,946 (330)
Ferry and Domestic Transport	778 (48)
Associated Businesses	1,647 (1,463)
Others	361 (57)
Company-wide (common)	280 (75)
Total	9,626 (2,578)
Fiscal year ended March 31, 2007	8,621 (2,516)

Notes: 1. The number of employees includes the entire labor force, the approximate average number of temporary employees is indicated in parentheses.
2. The employees indicated as Company-wide (common) belong to administrative departments that cannot be classified in a specific segment.

2) Employees of the Company

Number of Employees		Year-on-year Increase	Average Age	Average Years of Service
	persons	persons	years	Years
Employees on land duty	607	3	38.5	15.3
Employees on sea duty	285	18	36.1	13.5
Total	892	21	37.7	14.7

Notes: 1. The number of employees on land duty does not include 460 employees dispatched outside the Company, 16 contractors and 99 non-regular employees.
2. The number of employees on sea duty does not include 19 employees dispatched outside the Company and 23 non-regular employees.

(9) Principal Subsidiaries (As of March 31, 2008)

Company	Paid-in Capital (millions of yen)	Percentage of Equity Participation (%)	Principal Business
Daibiru Corporation	12,227	*50.95	Real estate business
Utoc Corporation	1,455	*51.01	Harbor and transportation business
Mitsui O.S.K. Passenger Line, Ltd.	100	100.00	Marine transportation business
MOL Tankship Management Ltd.	100	100.00	Marine transportation business
Mitsui O.S.K. Kinkai, Ltd.	660	99.04	Marine transportation business
Tokyo Marine Co., Ltd.	2,000	87.13	Marine transportation business
International Container Terminal Co., Ltd.	700	*100.00	Harbor and transportation business
Shosen Koun Co., Ltd.	300	*79.98	Harbor and transportation business
Mitsui O.S.K. Techno-Trade, Ltd.	490	100.00	Sales of fuel oil/vessel materials/ machinery
Mitsui O.S.K. Kosan Co., Ltd.	300	*100.00	Real estate business, etc.
Kusakabe Maritime Engineering Co., Ltd.	200	80.63	Construction business
MOL Logistics (Japan) Co., Ltd.	756	59.74	Representation of Air freight industry
The Diamond Ferry Co., Ltd.	1,000	*98.70	Marine transportation business
MOL Ferry Co., Ltd.	1,440	100.00	Marine transportation business

Notes: 1. Figures less than one (1) million are rounded down to the nearest million.
2. * includes shares held by subsidiaries.
3. Kyushu Kyuko Ferry Co., Ltd. that had been included in the consolidated financial statements until the previous fiscal year was merged with MOL Ferry Co., Ltd., as of June 1, 2007.

(10) Major Creditors (As of March 31, 2008)

(Millions of yen)

Creditors	Loan Outstanding
Development Bank of Japan	15,817
Sumitomo Mitsui Banking Corporation	2,560
The Norinchukin Bank	1,833

Note: Figures less than one (1) million are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

2. Status of Shares (As of March 31, 2008)

(1) Total Number of Shares Authorized to be Issued 3,154,000,000

(2) Number of Shares Issued 1,206,195,642

(**including own shares** 8,930,436 shares)

(3) Number of Shareholders 102,316

(4) Major Shareholders

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (thousand shares)	Investment ratio (%)
1. Japan Trustee Services Bank, Ltd.	126,152	10.54
2. The Master Trust Bank of Japan, Ltd.	74,678	6.24
3. State Street Bank and Trust Co.	44,603	3.73
4. Trust & Custody Services Bank, Ltd.	43,291	3.62
5. Mitsui Sumitomo Insurance Co., Ltd.	43,166	3.61
6. Sumitomo Mitsui Banking Corporation	30,000	2.51
7. State Street Bank and Trust Co. 505103	26,211	2.19
8. Mizuho Corporate Bank, Ltd.	21,549	1.80
9. Mitsubishi UFJ Trust and Banking Corporation	18,412	1.54
10. Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	16,954	1.42

Notes: 1. Shares less than 1,000 have been rounded down to the nearest 1,000 shares.
2. Shares of the above loan and trust companies include shares related to trust services.
3. The investment ratio is calculated excluding Company owned shares (8,930,436 shares).

3. Matters concerning Stock Acquisition Rights

(1) Outline of Stock Acquisition Rights Held by the Company's Officers at the End of the Fiscal Year under Review, etc.

Issue date	August 5, 2004	August 5, 2005	August 11, 2006	August 10, 2007
Total number of holders (persons)	3	6	9	11
MOL Directors (excluding outside directors) (persons)	2	4	6	8
MOL outside directors (persons)	1	2	3	3
MOL Corporate Auditors (persons)	None	None	None	None
Total number of stock acquisition rights (units)	101	317	430	520
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 101,000	(common stock) 317,000	(common stock) 430,000	(common stock) 520,000
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration
Exercise price (per share) (yen)	644	762	841	1,962
Exercise period of the stock acquisition rights	June 20, 2005 to June 24, 2014	June 20, 2006 to June 23, 2015	June 20, 2007 to June 22, 2016	June 20, 2008 to June 21, 2017
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Note: 1

1) A stock acquisition right cannot be partially exercised.

2) Even if the grantee no longer holds a position as an officer, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.

3) Other exercise conditions of stock acquisition rights are decided by the Board of Directors.

Note: 2 The stock acquisition rights granted to MOL directors are indicated.

(2) Outline of Stock Acquisition Rights Granted to MOL Employees, etc. during the Fiscal Year under Review, etc.

Issue date	August 10, 2007
Total number of employees granted (persons)	89
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	20
MOL employees (excluding one serving as an MOL officer/executive officer) (persons)	33
Officers and employees of MOL subsidiaries (excluding ones serving as an MOL officer/executive officer/employee) (persons)	36
Total number of stock acquisition rights (units)	1,190
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 1,190,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	1,962
Exercise period of the stock acquisition rights	June 20, 2008 to June 21, 2017
Exercise conditions of the stock acquisition rights	(note)

Notes: 1. A stock acquisition right cannot be partially exercised.
2. Even if the grantee no longer holds a position as an MOL employee, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
3. Other exercise conditions of stock acquisition rights are decided by the Board of Directors.

(3) Other Significant Matters concerning Stock Acquisition Rights, etc.

Stock acquisition rights granted to “Euro Yen Contingent Conversion Zero Coupon Convertible Bonds with Acquisition Rights due 2011” were issued on March 29, 2006. Details as of March 31, 2008 are shown below.

Total number of stock acquisition rights (units)	49,130
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 44,341,156
Issue price of the stock acquisition rights (yen)	1,108
Exercise period of the stock acquisition rights	April 12, 2006 to March 15, 2011
Exercise conditions of the stock acquisition rights	No stock acquisition right may be exercised in part only
Bonds with stock acquisition rights (millions of yen)	49,130

[Translation for Reference and Convenience Purposes Only]

4. Matters concerning Executives

(1) Directors and Corporate Auditors

(As of March 31, 2008)

Position	Name	Responsibilities	Executive Positions Held in Other Companies
Chairman of the Board, Representative Director, Chairman	Kunio Suzuki		
Representative Director, President & Executive Officer	Akimitsu Ashida		
Representative Director, Executive Vice President & Executive Officer	Saburo Koide	Assistant to President [mainly in business divisions (except Liner), Technical Division], Bulk Carrier Division, Dry Bulk Carrier Supervising Office	
Representative Director, Executive Vice President & Executive Officer	Hidehiro Harada	Assistant to President, [mainly in administrative divisions]	
Representative Director, Executive Vice President & Executive Officer	Masakazu Yakushiji	Assistant to President, [mainly in Liner Division], Logistics Business Division	
Director, Senior Managing Executive Officer	Kenichi Yonetani	Internal Audit Office, Finance and Accounting Division, Investor Relations Office	
Director, Senior Managing Executive Officer	Yoichi Aoki	LNG Carrier Division, Research Office	
Director, Managing Executive Officer	Koichi Muto	Corporate Planning Division, Public Relations Office, Information Systems Office	
Director	Yukiharu Kodama		Chairman of the Mechanical Social Systems Foundation
Director	Kunio Kojima		Vice Chairman and President of Keizai Doyukai (Japan Association of Corporate Executives)
Director	Yoko Ishikura		Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
Corporate Auditor	Munehisa Kusunoki		
Corporate Auditor	Kazumasa Mizoshita		
Corporate Auditor	Kensuke Hotta		Chairman and Representative Director of Hotta Sogo Office
Corporate Auditor	Sumio Iijima		Attorney at Law

Notes: 1. Yukiharu Kodama, Kunio Kojima and Yoko Ishikura are outside directors as stipulated in Article 2, Item 15 of the Companies Act.

2. Kensuke Hotta and Sumio Iijima are outside corporate auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Kensuke Hotta, a corporate auditor, has many years of experience in the financial business at a bank and a securities company, and considerable knowledge about finance and accounting.
4. Sumio Iijima, a corporate auditor, is familiar with corporate legal affairs as a lawyer, and has considerable knowledge about finance and accounting.
5. Yoichi Aoki and Koichi Muto were newly appointed as directors and assumed those positions at the annual general meeting of shareholders held on June 21, 2007.
6. At the completion of the annual general meeting of shareholders held on June 21, 2007, Tokinao Hojo retired as a director at the expiration of his term, and Setsuyasu Hagiwara resigned as a director.
7. Executive officers as of March 31, 2008 are as follows (excluding ones concurrently serving as a director).

Executive Officers

(As of March 31, 2008)

Position	Name	Responsibilities
Senior Managing Executive Officer	Toshihiro Kagami	Human Resources Division, MOL Tankship Management Ltd., MO LNG Transport Co., Ltd.
Managing Executive Officer	Masashi Seki	Tanker Division
Managing Executive Officer	Osamu Suzuki	MOL (America) Inc., President / CEO
Managing Executive Officer	Kenji Hokazono	Liner Marketing, President of Mitsui O. S. K. Lines (Japan), Ltd.
Managing Executive Officer	Toshitaka Shishido	Car Carrier Division
Managing Executive Officer	Nobuo Nishijima	Secretaries Office, Human Resource Division, General Affairs Division
Managing Executive Officer	Masafumi Yasuoka	Coal and Iron Ore Carrier Division
Managing Executive Officer	Hiroshi Tanaka	Dedicated Bulk Carrier Division
Managing Executive Officer	Takehiko Yamamoto	Group Business Division, Kansai Area
Executive Officer	Kazuhiro Sato	LNG Carrier Division
Executive Officer	Noboru Kitazawa	Liner Division
Executive Officer	Tetsuya Minato	MOL (Europe) B.V. Managing Director
Executive Officer	Soichi Hiratsuka	Marine Safety Division, MOL Ship Management Co., Ltd.
Executive Officer	Tsuneo Watanabe	Tanker Division
Executive Officer	Shugo Aoto	General Manager of Finance and Accounting Division
Executive Officer	Kenji Yokota	Technical Division
Executive Officer	Kuniaki Motohashi	General Manager of LNG Carrier Division
Executive Officer	Takashi Kurauchi	Car Carrier Division
Executive Officer	Makoto Yamaguchi	General Manager of Bulk Carrier Division
Executive Officer	Kenichi Nagata	General Manager of Coal and Iron Ore Carrier Division

(2) Remuneration Paid to Directors and Corporate Auditors

Category	Number of Persons Remunerated	Total Amount of Remuneration Paid (millions of yen)
Directors	11	906
Corporate Auditors	4	82
Total	15	988

Notes: 1. For all payments, the total amount of remuneration paid to outside officers is ¥76 million.
2. These payment include the following amounts recorded as compensation as stock options in addition to monthly compensation and bonus to directors in the fiscal year under review ¥183 million for eleven (11) directors (including ¥21 million for three (3) outside directors)
3. Figures less than one (1) million are rounded down to the nearest million.

(3) Matters concerning Outside Executives

1) Positions in other companies

Kensuke Hotta, a corporate auditor, is a chairman and representative director of Hotta Sogo Office, but that company had no significant business relationship with the Company in the fiscal year under review.

2) Major activities and positions of outside officers in other companies

[Outside Directors]

Name	Major Activities	Positions in Other Companies
Yukiharu Kodama	Attended all 10 board meetings held in the fiscal year under review, and appropriately made statements necessary for discussion of proposals on the basis of many years of experience and knowledge in the industrial field, from the objective viewpoint of an outside director.	Outside director, HOYA Corporation Outside director, Asahi Kasei Corporation Outside auditor, Tokyo Dome Corporation
Kunio Kojima	Attended all 10 board meetings held in the fiscal year under review, and appropriately made statements necessary for discussion of proposals on the basis of many years of experience and knowledge in the financial field, from the objective viewpoint of an outside director.	Outside director, Resona Holdings, Inc. Outside director, JBIS Holdings, Inc.
Yoko Ishikura	Attended nine (9) out of 10 board meetings held in the fiscal year under review, and appropriately made statements necessary for discussion of proposals on the basis of experience and knowledge as a specialist in international corporate strategies, from the objective viewpoint of an outside director.	

[Outside Auditors]

Name	Major Activities	Positions in Other Companies
Kensuke Hotta	Attended all 10 board meetings and 11 out of 12 auditor's meetings held in the fiscal year under review, and appropriately made statements necessary for discussion of proposals mainly from the viewpoint of an experienced executive.	Outside Auditor, Seiren Co., Ltd.
Sumio Iijima	Attended nine (9) out of 10 board meetings and 11 out of 12 auditor's meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the special viewpoint of a lawyer.	Outside Auditor, TKC Corporation Outside Auditor, Kitagawa Industries Co., Ltd. Outside Auditor, Isetan Company Limited

Note: Sumio Iijima has concurrently served as an outside auditor of Isetan Mitsukoshi Holdings Ltd. since April 1, 2008.

3) Outline of the contract on limited responsibilities

Based on the stipulation in Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract with each outside officer, which stipulates the responsibilities stipulated in Article 423, Paragraph 1 of the Companies Act and is limited to the total amount stipulated in Article 425, for each item of Paragraph 1 of Companies Act, as long as he/she fulfills his/her duties in good faith and does not have serious faults.

5. Status of the Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA & Co.

(2) Compensation to the Accounting Auditor

(Millions of yen)

	Amount of Compensation
Compensation paid for the fiscal year under review	67
Total of cash and other financial amounts payable by the Company and its subsidiaries to the Accounting Auditor	257

Notes: 1. Figures less than one (1) million are rounded down to the nearest million.
2. The audit agreement entered into by MOL and the Accounting Auditor does not clearly distinguish the amount being derived from audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Law and cannot be done practically, therefore, the total amount is the amount of compensation in the fiscal year under review.

(3) Contents of Non-audit Services

The Company has entrusted to the Accounting Auditor "Advisory service on internal control system regarding financial reports" that are services other than ones stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law (non-audit services).

(4) Company Policy regarding Dismissal or Decision Not to Reappoint the Accounting Auditor

In the case the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in full consideration of the Accounting Auditor's performance of its duties and other various factors, the Board of Directors include dismissal or non-reappointment of the Accounting Auditor in the agenda of the general meeting of shareholders, with approval or upon request from the Board of Corporate Auditors.

In case the Accounting Auditor is considered to be within the circumstances stipulated in any of items of Paragraph 1, Article 340 of the Companies Act, the Board of Corporate Auditors shall dismiss the Accounting Auditor by consent of all corporate auditors.

6. System to Secure Properness of Operations

The outline of decisions on the system to ensure that the execution of duties by the directors complies with laws and regulations and the articles of incorporation and the system to secure the properness of other corporate operations is as follows:

(1) System to Ensure that the Execution of Duties by the Directors and Executive Officers Complies with Laws and Regulations and the Articles of Incorporation

1) The Company shall ensure that directors, executive officers and employees comply with the code of conduct stipulated in Article 4 of the Compliance Policy, advocating an “open and visible management style that is guided by the highest ethical and social standards,” as one of its corporate principles.
2) The Board of Directors consisting of internal directors and outside directors secures its proper operations with rules of the Board of Directors, supervises execution of duties by directors and prevents violation of laws and regulations and the articles of incorporation.
   Also Directors are involved in the highest level of policymaking regarding all aspects of corporate management through the Board of Directors, and, as a member of the Board of Directors, supervise and encourage executive officers to execute business.
3) The Executive Committee set up by the Board of Directors deliberates to enable the President Executive Officer to decide important issues on basic management plans and execution of business, based on uppermost policies decided by the Board of Directors.
4) Executive officers are appointed by the Board of Directors, take over authorities transferred by representative directors based on rules of executive officers, and perform his/her duties in accordance with uppermost policies decided by the Board of Directors regarding all aspects of corporate management.
5) The Board of Directors shall make efforts to create an environment which enables the auditors to audit the performance of duties by directors and executive officers in accordance with auditing policies stipulated in the rules of the Board of Auditors and the standards of audit by the auditors, and enables the auditors to fulfill policies stipulated in other laws and regulations.

(2) System concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

Information on execution of duties by directors and executive officers is properly preserved and managed during a specified period, and kept available for inspection, in accordance with the rules of document management.

(3) Rules and Other Systems concerning Management of Risk that May Cause Losses

In preparation for major risks that may cause losses, the Company establishes the following control systems, and the Executive Committee functions as a body to comprehensively manage all risks.

1) Risks concerning business and market trends
   In the marine transportation field, the Company’s principal business, as seaborne trades are influenced by business trends and commodity markets all over the world, such material issues as investment in ships and others are brought to a decision-making body, after the Investment and Finance Committee set up as a primary deliberative organ of the Executive Committee understands, analyzes and evaluates risks.
2) Safe operation of ships
   The Operational Safety Committee, that has been set up as a subordinate organ of the Executive Committee and led by the President Executive Officer, reviews and deliberates issues concerning safe operation based on the rules of the Operational Safety Committee, in order to secure and thoroughly implement the safe operation of ships.
   Should an accident occur, it prevents damage from expanding and protects the environment in accordance with the rules of the Emergency Control Headquarters.
3) Market risks
   Market risks including fluctuations of bunker prices, exchange rates and interest rates are reduced with appropriate management based on the rules of market risk management.

(4) System to Secure Efficient Execution of Duties by Directors and Executive Officers

1) The board meeting is held about 10 times per year with appropriate intervals between meetings, and as necessary. Material matters to be brought to the Board of Directors are, in general, deliberated in the Executive Committee in advance based on the rules of the Board of Directors.

2) The Executive Committee consisting of members appointed by the President Executive Officer and approved by the Board of Directors meets once a week in general, and as necessary, based on the rules of the Executive Committee.

Furthermore, if required, the Executive Committee sets up a subcommittee to consult about necessary matters.

3) Executive officers perform their duties, based on the division of duties by organization and the administrative authority of each position stipulated in the organizational rules.

(5) System to Ensure that the Performance of Duties by Employees Complies with Laws and Regulations and the Articles of Incorporation

1) The compliance system is enhanced and maintained by establishing a Compliance Policy and setting up a Compliance Committee led by an executive vice president in charge of administrative divisions.
2) The Company ensures that the employees comply with the code of conduct stipulated in Article 4 of the Compliance Policy.
3) For reports and consultation on violation of laws and other compliance rules, the reporting and consultation system including the Compliance Advisory Service Desk is maintained and operated based on the Compliance Policy.
4) The Internal Audit Office is established, and is directed only by the Executive Committee as an internal audit department and independent from any other positions.

(6) System to Secure the Propriety of Business Carried Out by the Group Consisting of the Company and its Subsidiaries

1) In an attempt to secure the propriety of business carried out by the Group companies, the group corporate principles are advocated, and each Group company prescribes various rules based on it.
2) As for business management of the Group companies, a division of the Company is nominated to be responsible for the business management of each group company. Based on the rules of the Group companies' business management, a head of the division require the Group companies to report in advance about material matters about management of the Group companies, and to carry them out with the Company's approval.
3) To secure compliance among the Group companies, each Group company prescribes various rules conforming to the Company's compliance policy including the code of conduct.
   The Compliance Advisory Service Desk provides officers and employees of the Group companies with consultation service, about the compliance program as properly applicable to the entire Group.

(7) System concerning Employees to Assist in the Corporate Auditors' Duties and Their Independence from Directors and Executive Officers

1) The Corporate Auditor Office is established to assist in the corporate auditors' duties, and assistants for auditors are appointed among the Company's employees.
2) Personnel evaluation of assistants for corporate auditors is conducted by auditors, and the transfer of assistants for corporate auditors is decided with approval of the Board of Auditors.
3) In general, assistants for auditors shall not be involved in business execution.

(8) System concerning Reports to the Corporate Auditors including a Reporting System from Directors, Executive Officers, Employees and Others concerning Reports to the Auditors, and System to Ensure that the Audit is Effectively Conducted by the Corporate Auditors

1) Rules are prescribed on matters to be reported to the corporate auditors by directors, executive officers and employees. Based on those rules, directors, executive officers and employees shall report on material matters that may have impact on the Company's businesses or performance.
2) By maintaining the appropriate operation of reporting and consultation service systems based on Compliance Policies, the appropriate reporting system to auditors on issues concerning compliance such as violation of laws is secured.
3) Representative directors make efforts to have regular meetings with the corporate auditors.
4) The Internal Audit Office shall cooperate in the effective implementation of the audit by the corporate auditors, while keeping in contact and coordinating with the corporate auditors.

[Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheets

(Millions of yen)

Item	As of March 31, 2008	As of March 31, 2007
	Amount	Amount
(Assets)		
Current assets	506,077	405,473
Cash and deposits	62,982	51,737
Trade receivables	244,535	197,261
Marketable securities	41	87
Inventories	46,650	28,437
Deferred and prepaid expenses	71,526	59,022
Deferred tax assets	5,018	6,190
Other current assets	75,647	64,519
Allowance for doubtful accounts	(324)	(1,781)
Fixed assets	1,394,473	1,234,466
(Vessels, property, plant and equipment)	[1,047,824]	[847,660]
Vessels	598,585	429,985
Building and structures	88,732	92,022
Equipment, mainly containers	11,119	12,420
Furniture and fixtures	5,661	5,185
Land	180,588	180,459
Vessels and other property under construction	162,196	126,635
Other fixed assets	940	951
(Intangible fixed assets)	[16,835]	[19,318]
Goodwill	7,167	9,836
Other intangible fixed assets	9,668	9,482
(Investments and other assets)	[329,813]	[367,487]
Investment securities	130,863	175,402
Stocks of subsidiaries and affiliates	100,077	91,875
Long-term loans receivables	29,651	31,491
Long-term prepaid expenses	5,757	6,449
Deferred tax assets	2,818	2,707
Other long-term assets	62,803	62,691
Allowance for doubtful accounts	(2,158)	(3,129)
Total Assets	**1,900,551**	**1,639,940**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

Item	As of March 31, 2008	As of March 31, 2007
	Amount	Amount
(Liabilities)		
Current liabilities	**528,390**	**482,810**
Notes payable-trade and accounts payable-trade	180,281	151,193
Short-term bonds and short-term redemption	29,106	11,072
Short-term bank loans	86,314	147,810
Accrued income taxes	82,214	38,389
Advances received	85,950	67,569
Deferred tax liabilities	1,008	2,320
Reserve for bonuses expenses	5,696	5,532
Reserve for bonuses to directors and corporate auditors	274	270
Commercial paper	10,000	12,000
Other current liabilities	47,543	46,651
Non-current liabilities	**620,508**	**536,140**
Corporate bonds	137,906	125,489
Long-term bank loans	321,373	273,044
Deferred tax liabilities	66,402	78,731
Employees' severance and retirement benefits	14,469	14,936
Directors' and corporate auditors' retirement benefits	2,160	2,373
Reserve for dry docking of vessels	15,457	1,132
Other non-current liabilities	62,738	40,433
Total Liabilities	**1,148,898**	**1,018,951**
(Net Assets)		
Shareholders' equity	**641,306**	**480,091**
Common stock	65,350	64,915
Capital surplus	44,449	43,886
Retained earnings	536,096	375,443
Treasury stock	(4,589)	(4,153)
Valuation and translation adjustments	**39,471**	**70,672**
Unrealized holding gains on available-for-sale securities, net of tax	31,647	57,771
Unrealized gains on hedging derivatives, net of tax	12,051	15,897
Foreign currency translation adjustments	(4,227)	(2,996)
Stock acquisition rights	**967**	**365**
Minority interests	**69,907**	**69,859**
Total Net Assets	**751,652**	**620,989**
Total Liabilities and Net Assets	**1,900,551**	**1,639,940**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(Millions of yen)

Item	FY2007 (From Apr. 1, 2007 to Mar. 31, 2008)	FY2006 (From Apr. 1, 2006 to Mar. 31, 2007)
	Amount	Amount
Revenues	**1,945,696**	**1,568,435**
Cost of sales	1,544,109	1,300,038
Gross operating income	**401,587**	**268,396**
Selling, general and administrative expenses	110,302	100,323
Operating income	**291,284**	**168,073**
Non-operating income		
Interest income	4,113	3,663
Dividend income	4,667	3,964
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	18,198	16,171
Other non-operating income	12,013	11,006
Total	**38,992**	**34,806**
Non-operating expenses		
Interest expense	18,065	18,275
Other non-operating expenses	9,993	2,115
Total	**28,058**	**20,391**
Ordinary income	**302,219**	**182,488**
Extraordinary gains		
Gain on sale of fixed assets	19,485	13,771
Gain on sale of investment securities	3,528	867
Gain on sale of securities issued by subsidiaries and affiliated companies	-	5,278
Cancellation fee for vessel charter	9,584	21
Other extraordinary gains	1,549	612
Total extraordinary gains	**34,148**	**20,551**
Extraordinary losses		
Loss on sale of fixed assets	2,066	363
Loss on sale of investment securities	19	16
Loss on sale of securities issued by subsidiaries and affiliated companies	10	121
Loss on write-down of investment securities	2,955	6
Loss on write-down of securities issued by subsidiaries and affiliated companies	175	204
Provision of reserve for dry docking of vessels in previous years	10,846	-
Loss arising from marine incident	-	2,213
Other extraordinary losses	2,089	2,260
Total extraordinary losses	**18,164**	**5,185**
Income before income taxes and minority interests	**318,202**	**197,854**
Income tax-current	**115,183**	**63,041**
Income tax-deferred	**5,693**	**7,468**
Minority interests	**7,004**	**6,403**
Net income	**190,321**	**120,940**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net Assets

FY2007 (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2007	64,915	43,886	375,443	(4,153)	480,091
Changes during the consolidated fiscal year					
Issue of new stock (exercise of stock acquisition rights)	435	435			870
Dividend paid			(29,914)		(29,914)
Net income			190,321		190,321
Due to change in consolidated subsidiaries			260		260
Due to change in affiliated companies accounted for by the equity method			(13)		(13)
Purchases of treasury stock				(1,139)	(1,139)
Disposal of treasury stock		127		704	831
Net changes other than shareholders' equity during the consolidated fiscal year (Net amount)					
Total changes during the consolidated fiscal year	435	562	160,653	(435)	161,215
Balance as of March 31, 2008	65,350	44,449	536,096	(4,589)	641,306

(Millions of yen)

	Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2007	57,771	15,897	(2,996)	70,672	365	69,859	620,989
Changes during the consolidated fiscal year							
Issue of new stock (exercise of stock acquisition rights)							870
Dividend of surplus							(29,914)
Net income							190,321
Increase/decrease of consolidated subsidiaries							260
Increase/decrease of equity-method companies							(13)
Purchases of treasury stock							(1,139)
Disposal of treasury stock							831
Net changes other than shareholders' equity during the consolidated fiscal year (Net amount)	(26,123)	(3,846)	(1,231)	(31,201)	601	47	(30,551)
Total changes during the consolidated fiscal year	(26,123)	(3,846)	(1,231)	(31,201)	601	47	130,663
Balance as of March 31, 2008	31,647	12,051	(4,227)	39,471	967	69,907	751,652

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 267

(2) Names of principal consolidated subsidiaries are as stated in “1. Matters concerning the Present State of the Corporate Group, (9) Principal Subsidiaries” in Business Report.

(3) Name of non-consolidated principal subsidiaries: Asia Cargo Service Co., Ltd.

(4) Reason for exclusion from the scope of consolidation

Total assets, net revenues, net income (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) of non-consolidated subsidiaries are not substantial respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 1

(2) Name of non-consolidated subsidiaries accounted for by the equity method:
MOL (West Africa) Ltd.

(3) Number of non-consolidated affiliates accounted for by the equity method: 54

(4) Name of non-consolidated principal affiliates accounted for by the equity method:
Daiichi Chuo Kisen Kaisha, Osaka Shipping Co., Ltd, Asahi Tanker Co., Ltd.

(5) Name of non-consolidated principal subsidiaries accounted for by the equity method:
Asia Cargo Service Co., Ltd.

(6) Name of non-consolidated principal affiliates accounted for by the equity method:
Sorami Container Center Co., Ltd.

(7) Reason for exclusion from the scope of applying the equity method

Amounts calculated according to our equity interest in net income and retained earnings of non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are not significant.

3. Changes in scope of consolidation and application of equity method

(1) Scope of consolidation

Twelve (12) companies including Phoenix Tankers Pte. Ltd. that was a non-consolidated subsidiary for the previous fiscal year were included in the scope of consolidation for the consolidated fiscal year ended March 31, 2008 from the viewpoint of significance. Nine (9) companies including Kyushu Kyuko Ferry Co., Ltd. that had been a consolidated subsidiary were excluded from the scope of consolidation due to elimination after merger, etc.

(2) Scope of applying the equity method

Two (2) non-consolidated affiliates including PENINSULA LNG TRANSPORT NO.4 LTD. that were not accounted for by the equity method in the previous fiscal year were accounted for by the equity method for the fiscal year under review. Meitan Kosokusen Co., Ltd was excluded from the scope of applying the equity method due to completion of liquidation.

4. Significant accounting policies

(1) Standards and methods of valuation of assets

Securities

Available-for-sale securities	Market value method (Calculating cost of securities sold with moving-average method)
Held-to-maturity debt securities	Amortized cost method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method)
without market value	Stated at cost using the moving-average method
Derivative transactions	Market value method
Inventories	Stated at cost using the moving-average method

(2) Depreciation methods for fixed assets

Tangible fixed assets

Vessels	Straight-line method (Declining-balance method for a part of vessels)
Buildings and structures	Straight-line method
Other tangible fixed assets	Declining-balance method

(Changes in accounting policies)

Beginning with the fiscal year under review, the Company and the domestic subsidiaries adopted new accounting standard for depreciation of tangible fixed assets acquired on and after April 1, 2007 based on the Corporate Law revised. Earnings were slightly influenced by this change.

(Additional information)

Tangible fixed assets acquired on and before March 31, 2007 were amortized equally over five (5) years from the following fiscal year the allowable limit for depreciation is reached.

Earnings were slightly influenced by this change.

Intangible fixed assets — Straight-line method

As for software for in-house use, the straight-line method is used with a useful life in-house of 5 years.

As for goodwill, the amount more than averaged is amortized over five (5) years, in general.

(3) Disposition method of deferred assets

Bond issue expenses	The entire amount is expensed as incurred
Stock issue expenses	The entire amount is expensed as incurred

(4) Standards of accounting for allowances and reserves

Allowance for doubtful accounts

Provided for losses on ordinary receivables using the historical default rate and provided for losses on specific receivables where there is a possibility of default based on the estimated amount of uncollectible receivables on an individual basis.

Reserve for bonuses

Provided for bonus payments to employees based on the estimated amounts of future payments attributed to the consolidated fiscal year.

Reserve for bonuses to directors

The Company and a part of consolidated domestic subsidiaries provide for bonus payments to directors based on the estimated amounts of future payments.

Reserve for retirement benefits

Reserve for retirement benefits mainly to employees are calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the consolidated fiscal year under review. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period no longer than the average remaining service period for employees in service (generally 10 years).

Reserve for retirement benefits to directors and corporate auditors

To provide for the payment of retirement benefits to directors and corporate auditors, the Company and a part of consolidated domestic subsidiaries record an amount to adequately cover payments at the end of the fiscal year under review, in accordance with internal regulations. Effective from the shareholders' meeting of the Company for FY2004, the Company abolished the retirement benefits plan for directors and corporate auditors. Following the decision in that meeting, the Company recognizes liabilities for retirement benefit for directors and corporate auditors until the completion of the shareholders' meeting for FY2004, which will be paid upon their retirement, in accordance with internal regulations.

Reserve for dry docking of vessels

Provided for the payment for dry docking of vessels based on the estimated amount of dry docking of vessels

(Changes in accounting policies)

The scale of the Group's fleet operation are expected to expand based on the new mid-term plan (MOL ADVANCE) started from the fiscal year under review and costs for the large-scale repair involved in regular inspection of ships and vessels tends to soar due to increases in material costs and labor costs associated with recent higher prices of resources and crude oil. In consideration of those factors, beginning with the fiscal year under review, not only a part of consolidated subsidiaries that have recorded reserve for dry docking of vessels but also other vessel holding companies that need the large-scale repairs of vessels recorded reserve for dry docking of vessels based on the estimated amount of dry docking of vessels, in order to make earnings during the period appropriate. Accordingly, operating income and ordinary income decreased ¥3,358 million and net income before tax decreased ¥14,151 million.

(5) Standards to record freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized mainly by completed-voyage method.

(6) Accounting for lease transactions

Finance leases other than those that transfer the ownership of the leased property to the lessee at the conclusion of the lease are accounted for in general as operating leases.

(7) Hedge accounting
Means for hedging
The Company mainly adopts deferral hedge accounting.
The Company adopts special accounting rules for interest swaps that satisfy the requirements for special accounting rules.
Means for hedging and hedged item

Means for hedging	Hedged item
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

Hedging policy
The derivative transactions are executed in accordance with the Company's internal regulations, "Market Risk Management Policy" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.
Method of assessing the effectiveness of hedges
The Company evaluates hedge effectiveness 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 during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement for special treatment, the evaluation of hedge effectiveness is omitted.

(8) Valuation of assets and liabilities of consolidated subsidiaries
Assets and liabilities of consolidated subsidiaries are valuated using full-assessment market value method

(9) Method and Period of amortization of goodwill
Goodwill is amortized equally each year over five (5) years after the accrual date, in general. However, goodwill that the Company acquired when MOL-NIC Transport Ltd. merged with former Burmah Transport Holdings Ltd. has been amortized equally each year over the period (14 years) that it has economic effects

(10) In the Company and consolidated subsidiaries, interest paid is expensed as incurred, in general.
However, in cases where a period from start to completion of construction is long and the scale of investment is significant, interest expenses incurred during the construction period are included as part of the acquisition cost.

(11) Consumption tax and local consumption tax are accounted for by the tax exclusion method.

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	205,086 millions of yen
Buildings and structures	5,835 millions of yen
Land	4,392 millions of yen
Investment securities	19,295 millions of yen
Securities issued by subsidiaries and affiliated companies	32,028 millions of yen
Others	45 millions of yen
Total	266,682 millions of yen

(2) Secured obligations

Short-term debt	28,018 millions of yen
Long-term debt	103,035 millions of yen
Total	131,053 millions of yen

Pledged investment securities and securities issued by subsidiaries and affiliated companies include the following securities:

a) Investment securities at ¥16,321 million and securities issued by subsidiaries and affiliated companies at ¥11,143 million were pledged in order to secure losses to be incurred when the Company and our subsidiaries and affiliated companies cause oil pollution casualties in U.S. ocean area, and obligations for them have not been incurred as of the end of the consolidated fiscal year under review. ¥11,143 million in securities issued by subsidiaries and affiliated companies are securities issued by consolidated subsidiaries.

b) Investment securities at ¥435 million and securities issued by subsidiaries and affiliated companies at ¥728 million were pledged in order to secure future settlement money for currency swap contracts, and obligations for them have not been incurred as of the end of the consolidated fiscal year under review. ¥728 million in securities issued by subsidiaries and affiliated companies are securities issued by consolidated subsidiaries.

c) Investment securities at ¥2,522 million were pledged in order to secure guarantee with issuance of performance bonds regarding BGT project, and obligations for it have not been incurred as of the end of the consolidated fiscal year under review. Securities issued by subsidiaries and affiliated companies at ¥ 1,464 million are securities issued by consolidated subsidiaries.

d) Securities issued by subsidiaries and affiliated companies at ¥18,691 million were pledged in order to secure long-term debts and future payment of charterage.

2. Accumulated depreciation of tangible fixed assets — 757,549 millions of yen

3. Contingent liabilities

Amount of discount on notes receivable	111 millions of yen
Guarantee liabilities, etc.	67,181 millions of yen
(Including guarantee liabilities in foreign currency	56,796 millions of yen)
Burden on other joint debtors in joint debts	22,337 millions of yen
Contingent liabilities related to underwriting agreement on bonds	9,700 millions of yen

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued and outstanding shares at the end of this consolidated fiscal year

Class: Common stock

Total shares: 1,206,195,642 shares

2. Class and total shares of treasury stock at the end of the consolidated fiscal year under review

Class: Common stock

Total shares: 9,669,232 shares

3. Matters concerning dividend distribution of surplus

(1) Amount of dividend payment

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 21, 2007	Common stock	13,156	11	March 31, 2007	June 22, 2007
Board of Directors Meeting October 30, 2007	Common stock	16,757	14	September 30, 2007	November 29, 2007

(2) Dividend for which record date is in the current consolidated fiscal year but the effective date for the dividend is in the following fiscal year

Resolution	Class of stock	Total dividend (millions of yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2008	Common stock	20,353	Retained earnings	17	March 31, 2008	June 25, 2008

4. Class and number of shares subject to the stock acquisition rights at the end of the fiscal year

(Excluding rights before exercise period of the stock acquisition rights)

Class: Common stock

Total shares: 47,560,156 shares

Note on per-share information

1. Net assets per share 568.96 yen
2. Net income per share 159.14 yen

Notes to material subsequent events

No applicable

Notes to others

Figures less than one million are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Balance Sheets

(Millions of yen)

Item	As of March 31, 2008	As of March 31, 2007
	Amount	Amount
(Assets)		
Current assets	**449,048**	**368,228**
Cash and deposits	15,687	13,465
Accounts receivable-trade	188,001	141,853
Short-term loans receivable	95,249	99,028
Advances	11,272	7,724
Supplies	38,874	22,800
Deferred and prepaid expenses	67,470	54,695
Bad debts of agency	19,939	15,577
Deferred tax assets	1,802	3,602
Other current assets	11,178	12,479
Allowance for doubtful accounts	(427)	(3,000)
Fixed assets	**525,708**	**469,184**
(Vessels, property, plant and equipment)	**[101,527]**	**[99,316]**
Vessels	59,302	61,309
Building	12,954	13,385
Structure-Equipment	839	740
Vehicles and transportation equipment	602	1,048
Equipment, mainly containers	879	629
Land	19,825	19,827
Vessels and other property under construction	6,465	1,678
Other vessels, property, plant and equipment	658	697
(Intangible fixed assets)	**[14,712]**	**[18,646]**
Goodwill	8,479	12,719
Other intangible fixed assets	6,232	5,926
(Investments and other assets)	**[409,468]**	**[351,221]**
Investment securities	96,321	124,885
Stocks of subsidiaries and affiliates and Investments in equity	149,620	125,352
Long-term loans receivables	150,000	92,070
Long-term prepaid expenses	244	317
Other investments and other assets	15,775	16,917
Allowance for doubtful accounts	(2,494)	(8,321)
Total Assets	**974,757**	**837,412**

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

Item	As of March 31, 2008	As of March 31, 2007
	Amount	Amount
(Liabilities)		
Current liabilities	**360,545**	**330,569**
Account payable-trade	154,395	123,147
Short-term bonds	1,000	-
Short-term bank loans	18,063	71,723
Account payable-other	2,528	1,457
Accrued income taxes	73,112	32,767
Accrued expenses	1,102	1,550
Advances received	82,488	64,112
Bad debts of agency	16,545	9,364
Reserve for bonus expenses	3,069	2,967
Reserve for bonuses to directors and corporate auditors	176	174
Commercial paper	-	12,000
Other current liabilities	8,064	11,305
Non-current liabilities	**84,784**	**102,836**
Corporate bonds	52,130	54,000
Long-term bank loans	13,534	21,250
Employees' severance and retirement benefits	292	480
Directors' and corporate auditors' retirement benefits	371	500
Deferred tax liabilities	7,084	19,001
Other non-current liabilities	11,371	7,602
Total Liabilities	**445,330**	**433,405**
(Net Assets)		
Shareholders' equity	**496,443**	**352,494**
Common stock	65,350	64,915
Capital surplus	44,439	43,886
Additional paid-in capital	44,321	43,886
Other capital surplus	117	-
Retained earnings	392,597	249,220
Legal earnings reserve	8,527	8,527
Other retained earnings	384,069	240,692
Reserve for special depreciation	1,227	377
Reserve for losses on overseas investments	30	20
Reserve for advanced depreciation	504	514
General reserve	175,630	125,630
Retained earnings brought forward	206,677	114,150
Treasury stock	(5,943)	(5,528)
Valuation and translation adjustments	**32,016**	**51,147**
Unrealized holding gains available for sale of securities, net of tax	29,110	50,368
Unrealized gains on hedging derivatives, net of tax	2,905	778
Stock acquisition rights	**967**	**365**
Total Net Assets	**529,426**	**404,007**
Total Liabilities and Net Assets	**974,757**	**837,412**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(Millions of yen)

Item	FY2007 (From April 1, 2007 to March 31, 2008)		FY2006 (From April 1, 2006 to March 31, 2007)	
	Amount		Amount	
Revenues				
Shipping revenues				
Freight	1,181,142		914,929	
Charter fees	374,386		299,724	
Other shipping revenues	31,696	1,587,225	27,950	1,242,604
Other operating revenue		1,322		1,381
Total revenues		1,588,548		1,243,985
Cost of sales				
Shipping expenses				
Voyage expenses	607,505		488,849	
Vessels	16,303		15,929	
Charter fees	588,276		492,570	
Other shipping	112,085	1,324,171	105,823	1,103,172
Other operating expenses		826		843
Total cost of sales		1,324,997		1,104,015
Gross operating income		263,550		139,969
General and administrative expenses		31,290		28,260
Operating income		232,260		111,708
Non-operating income				
Interest and dividend income	33,628		20,440	
Other non-operating income	8,711	42,340	6,167	26,608
Non-operating expenses				
Interest expense	3,302		4,234	
Other non-operating expenses	11,118	14,420	5,098	9,333
Ordinary income		260,179		128,983
Extraordinary gains				
Gain on sale of fixed assets	20		29	
Gain on sale of investment securities	3,518		859	
Gain on sale of securities issued by subsidiaries and affiliated companies	-		156	
Gain on liquidation of subsidiaries and affiliates	329		-	
Reversal of allowance for doubtful accounts	4,299		-	
Cancellation fee for vessel charter	9,584		-	
Other extraordinary gains	305	18,057	-	1,045
Extraordinary losses				
Loss on sale of fixed assets	1,264		156	
Loss on sale of investment securities	9		15	
Loss on write-down of investment securities	1,602		-	
Loss on write-down of securities issued by subsidiaries and affiliated companies	166		288	
Loss on liquidation of subsidiaries and affiliates	61		78	
Special retirement benefits	-		210	
Loss arising from marine incident	-		644	
Provision for doubtful accounts	89	3,193	222	1,615
Income before income taxes		275,043		128,414
Income tax-current	100,429		51,105	
Income tax-deferred	1,323	101,752	(4,026)	47,079
Net income		173,291		81,334

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets
FY2007 (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Shareholders' equity												
		Capital surplus			Retained earnings								
						Other earned surplus							
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal earnings revenue	Reserve for special depreciation	Reserve for losses on overseas investments	Reserve for advanced depreciation	General reserve	Reserve for advanced depreciation	Total retained earnings	Treasury stock	Total share-holders' equity
Balance as of March 31, 2007	64,915	43,886	-	43,886	8,527	377	20	514	125,630	114,150	249,220	(5,528)	352,494
Changes during the non-consolidated fiscal year													
Issue of new stock (exercise of stock acquisition rights)	435	435		435									870
Dividend paid										(29,914)	(29,914)		(29,914)
Net income										173,291	173,291		173,291
Provision of reserve for special depreciation						1,177				(1,177)	-		-
Reversal of reserve for special depreciation						(327)				327	-		-
Provision of reserve for losses on overseas investments							10			(10)	-		-
Reversal of reserve for advanced depreciation								(9)		9	-		-
General reserve									50,000	(50,000)	-		-
Purchases of treasury stock											-	(1,139)	(1,139)
Disposal of treasury stock			117	117							-	723	840
Net changes other than shareholders' equity during the non-consolidated fiscal year (Net amount)													
Total changes during the fiscal year	435	435	117	552	-	849	10	(9)	50,000	92,526	143,376	(415)	143,948
Balance as of March 31, 2008	65,350	44,321	117	44,439	8,527	1,227	30	504	175,630	206,677	392,597	(5,943)	496,443

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Total valuation and translation adjustments		
Balance as of March 31, 2007	50,368	778	51,147	365	404,007
Changes during the non-consolidated fiscal year					
Issue of new stock (exercise of stock acquisition rights)					870
Dividend of paid					(29,914)
Net income					173,291
Provision of reserve for special depreciation					-
Reversal of reserve for special depreciation					-
Provision of reserve for losses on overseas investments					-
Reversal of reserve for advanced depreciation					-
General reserve					-
Purchases of treasury stock					(1,139)
Disposal of treasury stock					840
Net changes other than shareholders' equity during the non-consolidated fiscal year (Net amount)	(21,257)	2,126	(19,130)	601	(18,529)
Total changes during the fiscal year	(21,257)	2,126	(19,130)	601	125,419
Balance as of March 31, 2008	29,110	2,905	32,016	967	529,426

[Translation for Reference and Convenience Purposes Only]

Significant Matters for Basis of Preparation of Non-Consolidated Financial Statements

Significant accounting policies

1. Standards and methods of valuation of assets

Securities

Available-for-sale securities	Market value method (Calculating cost of securities sold with moving-average method)
Securities issued by subsidiaries and affiliated companies	Stated at cost using the moving-average method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method)
without market value	Stated at cost using the moving-average method
Derivative transactions	Market value method
Inventories	Fuel oil is stated at cost using the moving-average method. Other articles for ships are stated at cost using individual method.

2. Depreciation methods for fixed assets

Tangible fixed assets

Vessels	Straight-line method
Buildings and structures	Straight-line method
Other tangible fixed assets	Declining-balance method

(Changes in accounting policies)

Beginning with the fiscal year under review, the Company adopted new accounting standard for depreciation of tangible fixed assets acquired on and after April 1, 2007 based on the Corporate Law revised. Earnings were slightly influenced by this change.

(Additional information)

Tangible fixed assets acquired on and before March 31, 2007 were amortized equally over five (5) years from the following fiscal year the allowable limit for depreciation is reached.

Earnings were slightly influenced by this change.

Intangible fixed assets	Straight-line method As for software for in-house use, the straight-line method is used with a useful life in-house of 5 years. As for goodwill, the amount more than averaged is amortized over five (5) years, in general.

3. Disposition method of deferred assets

Bond issue expenses

The entire amount is expensed as incurred.

Stock issue expenses

The entire amount is expensed as incurred.

4. Standards of accounting for allowances and reserves

Allowance for doubtful accounts

Provided for losses on ordinary receivables using the historical default rate and provided for losses on specific receivables where there is a possibility of default based on the estimated amount of uncollectible receivables on an individual basis.

Reserve for bonuses

Provided for bonus payments to employees based on the estimated amounts of future payments attributed to the fiscal year under review.

Reserve for bonuses to directors

Provided for bonus payments to directors based on the estimated amounts of future payments.

Reserve for retirement benefits

Reserve for retirement benefits to employees are calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the consolidated fiscal year under review. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period no longer than the average remaining service period for employees in service (10 years).

Reserve for retirement benefits to directors and corporate auditors

To provide for the payment of retirement benefits to directors and corporate auditors, the amount to adequately cover payments at the end of the fiscal year under review is recorded, in accordance with internal regulations. Effective from the shareholders' meeting of the Company for FY2004, the Company abolished the retirement benefits plan for directors and corporate auditors. Following the decision in that meeting, the Company recognizes liabilities for retirement benefit for directors and corporate auditors until the completion of the shareholders' meeting for FY2004, which will be paid upon their retirement, in accordance with internal regulations.

5. Standards to record freight revenues and related expenses

Containerships:	Recognized by the multiple transportation progress method.
Vessels other than containerships:	Recognized mainly by completed-voyage method.

6. Accounting for lease transactions

Finance leases other than those that transfer the ownership of the leased property to the lessee at the conclusion of the lease are accounted for in general as operating leases.

7. Hedge accounting

Means for hedging

The Company mainly adopts deferral hedge accounting.

Special accounting rules are used for interest swaps that satisfy the requirements for special accounting rules.

Means for hedging and hedged item

Means for hedging	Hedged item
Loans payable in foreign currencies	Foreign currency future transactions, Foreign securities issued by subsidiaries and affiliated companies
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
Commodities futures	Fuel oil
Freight futures	Freight

Hedging policy

The derivative transactions are executed in accordance with the Company's internal regulations, "Market Risk Management Policy" and "Guideline for Market Risk Management." clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of assessing the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness 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 during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting requirement of special treatment, the evaluation of hedge effectiveness is omitted.

8. Interest paid is expensed as incurred, in general. However, in cases where a period from start to completion of construction is long and the scale of investment is significant, interest expenses incurred during the construction period are included in a part of the acquisition cost.

9. Consumption tax and local consumption tax are accounted for by the tax exclusion method.

Notes to Non-Consolidated Balance Sheet

1. To subsidiaries and affiliated companies

Short-term monetary lending	124,034 millions of yen
Long-term monetary lending	152,524 millions of yen
Short-term monetary debts	50,343 millions of yen
Long-term monetary debts	267 millions of yen

2. Accumulated depreciation on tangible fixed assets 238,620 millions of yen

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	41,752 millions of yen
Buildings and structures	3,117 millions of yen
Land	3,408 millions of yen
Investment securities	19,279 millions of yen
Securities issued by subsidiaries and affiliated companies	30,675 millions of yen
Total	98,232 millions of yen

(2) Secured obligations

Short-term debt	5,851 millions of yen
Long-term debt	11,319 millions of yen
Guaranteed liabilities	10,651 millions of yen
Total	27,822 millions of yen

Pledged investment securities and securities issued by subsidiaries and affiliated companies include the following securities:

a) Investment securities at ¥16,321 million and securities issued by subsidiaries and affiliated companies at ¥11,143 million were pledged in order to secure losses to be incurred when the Company and our subsidiaries and affiliated companies cause oil pollution casualties in U.S. ocean area, and obligations for them have not been incurred as of the end of the fiscal year under review.

b) Investment securities at ¥435 million and securities issued by subsidiaries and affiliated companies at ¥728 million were pledged in order to secure future settlement money for currency swap contracts, and obligations for them have not been incurred as of the end of the fiscal year under review.

c) Investment securities at ¥2,522 million were pledged in order to secure guarantee with issuance of performance bonds regarding BGT project, and obligations for it have not been incurred as of the end of the fiscal year under review.
Securities issued by subsidiaries and affiliated companies at 1,464million were pledged in order to secure guarantee with achievement of contract regarding BGT project, and obligations for it have not been incurred as of the fiscal year under review.

d) Securities issued by subsidiaries and affiliated companies at ¥17,338 million were pledged in order to secure long-term debts and future payment of charterage.

4. Guarantee liabilities, etc. 688,601 millions of yen

Burden on other joint debtors in joint debts 22,254 millions of yen

5. Contingent liabilities related to underwriting agreement on bonds

9,700 millions of yen

Notes to Non-Consolidated Statements of Income

Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	52,953 millions of yen
Amount of purchase	288,762 millions of yen
Transactions other than operating transactions	30,967 millions of yen

Notes to Non-Consolidated Statements of Changes in Net Assets

Class and total shares of treasury stock at the end of the fiscal year under review

Common stock	8,930,436 shares

Notes to Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Retained income of specific foreign subsidiaries	11,828
Voluntary adjustment of valuation loss on securities issued by subsidiaries and affiliates	7,146
Reserve for bonuses expenses	1,143
Voluntary adjustment of valuation loss on listed shares	1,403
Voluntary adjustment of valuation loss on unlisted shares	409
Voluntary adjustment of valuation loss on golf club membership	151
Accrued business tax and business place tax	1,508
Retirement allowances for directors	138
Impairment loss	17
Deferred hedge losses	92
Others	1,306
Total of deferred tax assets	25,145
Valuation allowance	(6,858)
Net deferred tax assets	18,286
Deferred tax liabilities	
Reserve deductible for tax purposes when appropriated for special depreciation	(728)
Reserve for advanced depreciation	(299)
Gain on securities contributed to employee retirement benefit trust	(4,338)
Other marketable securities valuation difference	(16,306)
Deferred hedge gains	(1,817)
Others	(77)
Total deferred tax liabilities	(23,569)
Net deferred tax liabilities	(5,282)

Notes to fixed assets to use on lease

1. Finance leases that do not transfer ownership to the lessee

(1) Assumed amount of acquisition cost, accumulated depreciation and net book value at March 31, 2008

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Equipment, mainly containers	46,660	31,674	14,985
Total	46,660	31,674	14,985

(2) Future lease payment at March 31, 2008

Amount due within one year	4,082 millions of yen
Amount due after one year	17,286 millions of yen
Total	21,368 millions of yen

(3) Lease payment, depreciation equivalent and interest equivalent

Lease payment	5,385 millions of yen
Depreciation equivalent	6,043 millions of yen
Interest equivalent	490 millions of yen

(4) Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the declining-balance method or the straight-line method in accordance with depreciation method of each account in balance sheet 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.

2. Operating lease transactions

Future lease payment

Amount due within one year	8,185 millions of yen
Amount due after one year	35,638 millions of yen
Total	43,824 millions of yen

Notes to transactions with related parties

(Millions of yen)

Attribution	Name of company, etc.	Ratio of MOL's Voting Rights	Nature of relationship	Nature of Transaction (Note 1)	Transacted amount (Note 2)	Account	Term-end balance
Subsidiary	Euromol B.V.	Indirectly 100%	Interlocking directorate Debt guarantee	Debt guarantee	84,522	-	-
	MOL Euro-orient shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	39,415	-	-
	Aurora Car Maritime Transport S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	35,074	-	-
	Polar Express S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	24,256	-	-
	Vermintino Shipping Inc.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	20,530	-	-
	Camellia Container Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	20,417	-	-
	Perennial Transport INC.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	19,825	-	-
	Linkman Holdings INC.	Directly 100%	Interlocking directorate Funding loan Debt guarantee	Debt guarantee Funding loan	18,034 146,471	- Short-term loan	- 74,202
	Cygnet Bulk Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Funding loan Debt guarantee	Debt guarantee Funding loan	17,727 8,985	- Long-term loan Short-term loan	- 14,294 980
	Canopus Maritime INC.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	15,534	-	-
	Diamond Ferry Co., Ltd.	Directly 98.59% Indirectly 0.11%	Interlocking directorate Debt guarantee	Debt guarantee	11,806	-	-
	Jovial Shipping Navigation S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	10,801	-	-
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	10,349	-	-
Affiliated company	Joint Gas Two Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	11,324	-	-

(Note) 1. Transaction conditions and Policies to decide transaction conditions, etc.
(1) As for debt guarantee, guarantee charges for Euromol B.V. and Diamond Ferry Co., Ltd. were decided based on market interest rates, etc. Other companies do not pay guarantee charges and offer mortgages.
(2) Funding loan is decided based on market interest rates. It is not necessary to offer mortgages.
2. Consumption tax and others are not included in transacted amount.

Note on per-share information

1. Net assets per share 441.39 yen
2. Net income per share 144.81 yen

Notes to material subsequent sheet events

No applicable

Notes to others

Figures less than one million are rounded down to the nearest million.