

Please note that the following is an unofficial English translation of the Japanese original text of the business report 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 official version.

BUSINESS REPORT

(From April 1, 2012 to March 31, 2013)

1. Matters Concerning the Present State of the Corporate Group

(1) Business Progress and Results

In the global economy during the first half of the fiscal year under review, economic slowdown in Europe due to the financial crisis and austere fiscal policies in the region rippled through to emerging countries including China by causing a decline in exports to developed countries, heightening concerns about a global economic slowdown. Nevertheless, monetary easing measures were implemented in many countries, and it brought a stability to the financial system. As a result, the global economy began to recover gently in the latter half of the fiscal year. In the U.S., a third round of aggressive quantitative easing (“QE3”) undertaken before the presidential election boosted the housing market, stock prices, personal consumption and employment, and along with the avoidance of rapid fiscal constriction after the presidential election, this sustained the country’s robust economic recovery. With respect to Europe, although a crisis in the financial system was averted due to the government bond buying measures implemented by the European Central Bank, a slump in internal demand caused by austere fiscal policies and high unemployment rates in southern European countries rippled through to the rest of Europe, prolonging the region’s economic slowdown. In China, monetary easing and additional economic stimulus measures, which were implemented in response to weakened exports to Europe and weaker growth caused by monetary restraint measures, were carried on by a new administration. Meanwhile, recoveries in exports to the U.S. and Asia began to ease the slowdown in economic growth. As for Japan, although the appreciation of the yen to historic highs had an adverse effect on corporate results, in the latter half of the year, the yen depreciated and stock prices rose in anticipation of large-scale monetary easing by the relevant authorities and government spending, and this gave rise to expectations of growth in internal demand and exports.

Looking at the maritime shipping market conditions, the deterioration in the gap between vessel supply and demand took its toll on markets across the board, becoming a significant factor in market stagnation. In the dry bulker market, conditions for all vessel types stagnated because the number of new vessel deliveries was consistently high from the start of 2012, preventing improvements in the gap between supply and demand. Although the crude oil tanker (VLCC) market temporarily showed signs of improvement in the winter demand period, overall cargo volume was sluggish and freight rate levels were low. As for containerships, a reduction in the frequency of services and the thorough promotion of super-slow steaming helped to constrict the supply of vessels, and along with the self-sustained restoration of freight rates, this improved the market environment. From the summer, however, primarily because of slowness in the recovery of European economies and slower economic growth in China, cargo volumes to Asia-Europe routes were low and freight rate levels weakened.

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

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

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(2) Financial Position and Results of Operations

(Millions of yen)

Category	FY2009	FY2010	FY2011	FY2012 (current fiscal year)
Revenues	1,347,964	1,543,660	1,435,220	1,509,194
Ordinary income (or loss)	24,234	121,621	(24,320)	(28,568)
Net income (or loss)	12,722	58,277	(26,009)	(178,846)
Net income (or loss) per share (yen)	10.63	48.75	(21.76)	(149.57)
Total assets	1,861,312	1,868,740	1,946,161	2,164,611
Total net assets	735,702	740,247	717,909	619,492

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

(3) Business Overview by Segment

Bulkships	
Revenues ¥731,269 million	Composition ratio 48.45%

<Dry Bulkers>

In the Capesize bulker market, against the background of excess supply of vessels caused by the large number of new vessel deliveries, average daily hire rates for the calendar year 2012 fell below the US\$10,000 level. From January in 2013, the gap between vessel supply and demand failed to improve and the market continued to stagnate. In the market for Panamax on down, hire rates for all vessel types generally stayed below the US\$10,000 level, partly reflecting strong supply pressure from newly delivered vessels, slowdown in economic growth in China, and drought in North America in the summer. In the market for carriers of steaming coal, cargo volume was firm because coal fired power plants that were damaged by the Great East Japan Earthquake gradually came back on line and maintained high rates of operation. The woodchip carrier market stagnated reflecting weak market conditions for medium and small dry bulkers, which are in competition with each other for some types of cargo.

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

<Tankers/LNG Carriers>

In the tanker segment, the crude oil tanker (VLCC) market temporarily showed signs of improvement as a result of increased demand for long-distance transportation by oil-consuming countries such as China. Nevertheless, the market declined owing to a perception of an oversupply of crude oil inventories in China due to slower economic growth and the impact of the summer season, during which demand drops off. Following this, despite a temporary recovery in the winter demand period, the perception of an oversupply of vessels lingered, and the market stagnated overall. With respect to product tankers, although in the first half of the fiscal year market recovery remained limited, in the latter half firm naphtha demand in the Far East, in addition to increased cargo volume due to a surge in winter demand for fuel and the closure of an Australian oil refinery, helped the market to recover particularly in Pacific Ocean routes. Under these circumstances, although we reduced costs by improving operation efficiency, enhancing slow steaming and other means, a loss was recorded in the tanker segment overall. In the LNG carrier segment, additional demand for electric power generation in Japan offset a fall in demand partly caused by economic stagnation in Europe. As a result, global LNG cargo volume was firm and hire rates in the medium- to short-term charter market remained high. Ordinary income was about level with the previous fiscal year, reflecting stable revenue secured from long-term transport contracts.

<Car Carriers>

In this segment, there were initial expectations that exports of completed Japanese cars would grow on the back of a shift towards vehicle production for exporting following the end of eco-friendly car tax reduction

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

Containerships

Revenues ¥606,588 million	Composition ratio 40.19%
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As to the cargo movement in major trades, Trans-Pacific trade was firm. Asia-Europe routes both in east and west bound saw weak volume, primarily due to slowness in the recovery of European economies and slower economic growth in China. On the other hand, on Intra-Asia trade, there was a normalization in trade after the disruption caused by the flooding in Thailand in the previous fiscal year, and manufacturers moved to disperse their operations from China to ASEAN countries, contributing to growth in cargo volume. In the freight market, actions to constrict the supply of vessels by such means as reducing the frequency of services and enhancing slow steaming eased deterioration in the supply and demand environment caused by increased capacity from deliveries of large vessels, while a series of measures for self-sustained restoration in freight rates were taken in the whole market. From the summer, however, freight rate levels on Asia-Europe routes weakened in line with stagnation in cargo volumes. Under this business environment, although we strengthened the competitiveness of our service network by expanding alliances and worked to reduce costs and improve operational efficiency by further enhancing slow steaming and other means, a loss was recorded in this segment in the fiscal year under review.

Ferry and Domestic Transport

Revenues ¥54,285 million	Composition ratio 3.60%
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The ferry business showed a steady improvement in results, with a recovery from the effects of the Great East Japan Earthquake. However, ordinary income in the domestic transport business decreased year on year due to continued weakness in the tramp market. Overall, the ferry and domestic transport segment showed a year-on-year improvement in ordinary income/loss and recorded a black ink for the first time in the five years since the fiscal year 2007.

Associated Businesses

Revenues ¥109,649 million	Composition ratio 7.27%
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In the real estate business, Daibiru Corporation, the core company in the MOL Group's real estate business, secured high occupancy rates particularly at well-located office buildings in inner-city areas, allowing us to maintain a robust performance. On the other hand, in the cruise ship business, an increase in the number of passengers was not sufficient enough to achieve a return to profitability. Apart from real estate and cruise ships, other associated businesses showed a firm performance overall. Consequently, ordinary income of the associated businesses segment increased year on year.

Others

Revenues ¥7,401 million	Composition ratio 0.49%
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Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering, financing, and shipbuilding. Overall profits in this segment during the fiscal year under review decreased compared to the previous fiscal year.

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(4) 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, and through the issuance of bonds. We issued ¥45.0 billion of unsecured corporate bonds in total in the fiscal year under review (in July 2012).

2) Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to approximately ¥164.8 billion.

(Millions of yen)

Name of Segment	Amount of Capital Investment
Bulkships	128,440
Containerships	11,462
Ferry and Domestic Transport	1,101
Associated Businesses	20,339
Others	621
Adjustment	2,924
Total	164,890

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

2. "Adjustment" includes company-wide assets not belonging to any segment.

30 vessels of bulkships, etc. were sold and removed.

Sale, etc. of Vessels

Name of Segment	Number of Vessels	Deadweight Tons (in thousands)	Book Value (millions of yen)
Bulkships	29	2,425	26,950
Others	1	45	73
Total	30	2,471	27,024

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

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(5) Issues to Be Addressed

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

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

- (1) Transform the business model
 - Boost stable revenues by improving the ability of sales to meet customer needs and enhancing business expansion in overseas markets
 - Reduce market exposure of free tonnages by expanding cargo contracts, selling vessels and redelivering vessels
 - Pursue business opportunities of winning customers based on our knowhow in safe operations and our high quality service
- (2) Boost business intelligence
 - Track supply capability of major shipbuilding countries and enhance vessel supply/demand analytics
 - Look for business chances arising from structural changes that have enormous impact on maritime transport such as the shale gas revolution and next-generation fuels
- (3) Reduce cost at different stages (cost reduction target: ¥31.5 billion)
 - Reduce vessel hiring costs by cutting shipping costs and capital costs and reduce operation costs by extending the practice of slow steaming and cutting cargo costs
 - Boost productivity through business process reform and review of personnel placement
 - Reduce selling, general and administrative expenses through director remuneration cuts and partial surrendering of salaries by senior management

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

Safe Operation

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

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

Compliance

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

CSR

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

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(6) Principal Business (As of March 31, 2013)

Worldwide 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

(7) Principal Business Offices (As of March 31, 2013)

1) The Company

	Location
Head and registered office	Tokyo
Branch offices	Nagoya, Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima
Representative offices	Beijing Representative Office, Middle East Headquarters (United Arab Emirates)

2) Subsidiaries

- Principal domestic business offices

Tokyo, Kanagawa Pref., Osaka, Hyogo Pref.

- Principal overseas business offices

U.S.A., Mexico, Panama, Brazil, Chile, Peru, United Kingdom, Germany, Italy, Austria, the Netherlands, Belgium, France, Sweden, Denmark, Finland, Poland, Lebanon, Cote d'Ivoire, Ghana, Nigeria, South Africa, China, Korea, Taiwan, the Philippines, Vietnam, Cambodia, Thailand, Singapore, Malaysia, Indonesia, India, Pakistan, Sri Lanka, Myanmar, United Arab Emirates, Qatar, Oman, Australia, New Zealand

(8) Shipping Tonnage of the Group (As of March 31, 2013)

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
Owned vessels	126	in thousands 6,906	106	in thousands 14,760	23	in thousands 1,519
Chartered vessels	405	30,085	110	5,119	92	4,851
Others	0	0	3	221	0	0
Total	531	36,991	219	20,100	115	6,370

Category	Ferry and Domestic Transport		Associated Businesses		Others		Total	
	Ferry and Domestic Transport Vessels		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
Owned vessels	15	in thousands 79	1	in thousands 5	1	in thousands 6	272	in thousands 23,275
Chartered vessels	27	78	0	0	2	13	636	40,146
Others	2	1	0	0	0	0	5	222
Total	44	159	1	5	3	19	913	63,643

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(9) Employees (As of March 31, 2013)

1) Employees of the Group

Name of Segment	Number of Employees	
Bulkships	1,277	(129)
Containerships	4,484	(385)
Ferry and Domestic Transport	919	(112)
Associated Businesses	2,103	(1,504)
Others	384	(67)
Company-wide (common)	298	(74)
Total	9,465	(2,271)
As of March 31, 2012	9,431	(2,355)

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

2) Employees of the Company

Number of Employees	Year-on-year Increase (Decrease)		Average Age	Average Years of Service
	persons	persons	years old	years
Employees on land duty	637	(21)	39.0	15.5
Employees on sea duty	289	7	34.6	11.7
Total	926	(14)	37.6	14.3

- Notes: 1. The number of employees on land duty does not include 425 employees dispatched outside the Company, 6 contractors and 147 non-regular employees and others.
2. The number of employees on sea duty does not include 7 employees dispatched outside the Company and 48 non-regular employees and others.

(10) Principal Subsidiaries (As of March 31, 2013)

Company	Paid-in Capital (millions of yen)	Percentage of Equity Participation (%)	Principal Business
Daibiru Corporation	12,227	*50.95	Real estate business
Utoc Corporation	2,155	*67.22	Harbor and transportation business
Mitsui O.S.K. Passenger Line, 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	*100.00	Marine 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
MOL Logistics (Japan) Co., Ltd.	756	75.06	Air Transport agents and other businesses
Ferry Sunflower Limited	100	100.00	Marine transportation business
Nissan Motor Car Carrier Co., Ltd.	640	70.01	Marine transportation business
MOL Ferry Co., Ltd.	1,577	100.00	Marine transportation business

- Notes: 1. Figures less than one (1) million are rounded down to the nearest million.
2. The calculation of figures with * includes shares held by subsidiaries.

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(11) Major Creditors (As of March 31, 2013)

(Millions of yen)

Creditor	Loan Outstanding
Sumitomo Mitsui Banking Corporation	47,560
Mizuho Corporate Bank, Ltd.	14,710
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,800
Development Bank of Japan, Inc.	11,181

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

2. Status of Shares (As of March 31, 2013)

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

(2) Number of Shares Issued 1,206,286,115 shares

(including own shares 10,205,994 shares)

(3) Number of Shareholders 120,874 parties

(4) Major Shareholders

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (in thousands)	Investment ratio (%)
1. Japan Trustee Services Bank, Ltd.	159,376	13.32
2. The Master Trust Bank of Japan, Ltd.	47,240	3.95
3. Mitsui Sumitomo Insurance Co., Ltd.	38,165	3.19
4. Sumitomo Mitsui Banking Corporation	30,000	2.51
5. SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	23,497	1.96
6. Mizuho Corporate Bank, Ltd.	20,000	1.67
7. The Nomura Trust and Banking Co., Ltd.	19,338	1.62
8. Mellon Bank Treaty Clients Omnibus	15,626	1.31
9. Trust & Custody Services Bank, Ltd.	14,877	1.24
10. Sumitomo Life Insurance Company	12,427	1.04

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 own shares (10,205,994 shares).

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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	August 8, 2008	August 14, 2009	August 16, 2010	August 9, 2011	August 13, 2012
Total number of holders (persons)	1	1	1	2	3	5	7	9	9
MOL Directors (excluding outside directors) (persons)	1	1	1	2	2	4	5	6	6
MOL Outside Directors (persons)	0	0	0	0	1	1	2	3	3
MOL Corporate Auditors (persons)	None	None	None	None	None	None	None	None	None
Total number of stock acquisition rights (units)	27	100	100	130	160	240	350	420	420
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 27,000	(common stock) 100,000	(common stock) 100,000	(common stock) 130,000	(common stock) 160,000	(common stock) 240,000	(common stock) 350,000	(common stock) 420,000	(common stock) 420,000
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	644	762	841	1,962	1,569	639	642	468	277
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	July 25, 2009 to June 24, 2018	July 31, 2011 to June 22, 2019	July 31, 2012 to June 21, 2020	July 26, 2013 to June 22, 2021	July 28, 2014 to June 21, 2022
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Notes: 1. 1) A stock acquisition right cannot be partially exercised.

2) Even if the grantee no longer holds a position as an officer of the Company, 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 according to the decision of the Board of Directors.

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

[Translation for Reference and Convenience Purposes Only]

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

Issue date	August 13, 2012
Total number of employees granted (persons)	85
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	22
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)	30
Total number of stock acquisition rights (units)	1,220
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 1,220,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	277
Exercise period of the stock acquisition rights	July 28, 2014 to June 21, 2022
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 according to the decision of the Board of Directors.

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

There are no significant matters to report.

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4. Matters Concerning Officers

(1) Directors and Corporate Auditors (As of March 31, 2013)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, Chairman of the Board, Chairman Executive Officer	Akimitsu Ashida		President, The Japanese Shipowners' Association Member of the Board (external), JFE Holdings, Inc.
Representative Director, President Executive Officer	Koichi Muto		
Representative Director, Executive Vice President Executive Officer	Toshitaka Shishido	Assistant to President	
Director, Senior Managing Executive Officer	Masafumi Yasuoka	Coal and Iron Ore Carrier Division, Bulk Carrier Division, Dedicated Bulk Carrier Division, Research Office	
Director, Senior Managing Executive Officer	Tsuneo Watanabe	Tanker Division, Tanker Safety Management Office	
Director, Managing Executive Officer	Shugo Aoto	Finance Division, Accounting Division, Investor Relations Office	
Director	Takeshi Komura		Provided in (3) Matters Concerning Outside Officers below.
Director	Sadayuki Sakakibara		Provided in (3) Matters Concerning Outside Officers below.
Director	Masayuki Matsushima		Provided in (3) Matters Concerning Outside Officers below.
Full-time Corporate Auditor	Junichi Narita		
Full-time Corporate Auditor	Masaaki Tsuda		
Corporate Auditor	Sumio Iijima		Provided in (3) Matters Concerning Outside Officers below.
Corporate Auditor	Hiroyuki Itami		Provided in (3) Matters Concerning Outside Officers below.

- Notes:
1. Takeshi Komura, Sadayuki Sakakibara and Masayuki Matsushima are outside directors as stipulated in Article 2, item (15) of the Companies Act, and the Company has appointed them as independent directors as stipulated under the regulations of the stock exchanges where the Company's common stock is listed and notified the matter to the exchanges.
 2. Sumio Iijima and Hiroyuki Itami are outside corporate auditors as stipulated in Article 2, item (16) of the Companies Act, and the Company has appointed them as independent auditors stipulated under the regulations of the stock exchanges where the Company's stock is listed and notified the matter to the exchanges.
 3. Sumio Iijima, a corporate auditor, is familiar with corporate legal affairs as an attorney at law, and has considerable knowledge about finance and accounting.
 4. Hiroyuki Itami, a corporate auditor, is thoroughly versed in business management through practical research on business strategies as an expert in business science, and has considerable knowledge about finance and accounting.
 5. At the conclusion of the Ordinary General Meeting of Shareholders held on June 22, 2012, Director Masakazu Yakushiji resigned from his office due to expiration of his term.
 6. Executive officers as of March 31, 2013 are as follows (excluding ones concurrently serving as director).

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Executive Officers (As of March 31, 2013)

Position	Name	Assignment
Senior Managing Executive Officer	Kazuhiro Sato	LNG Carrier Division, MOL LNG Transport Co., Ltd.
Senior Managing Executive Officer	Soichi Hiratsuka	Human Resources Division, Marine Safety Division, Tanker Safety Management Office, MOL Ship Management Co., Ltd., MOL LNG Transport Co., Ltd., Safety Operation
Senior Managing Executive Officer	Takashi Kurauchi	Car Carrier Division
Managing Executive Officer	Makoto Yamaguchi	Bulk Carrier Division, Dry Bulk Carrier Supervising Office
Managing Executive Officer	Kenichi Nagata	Coal and Iron Ore Carrier Division
Managing Executive Officer	Junichiro Ikeda	Liner Division
Managing Executive Officer	Masahiro Tanabe	General Affairs Division, Group Business Division, Kansai Area
Managing Executive Officer	Shizuo Takahashi	Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd.
Managing Executive Officer	Kiyotaka Yoshida	Technical Division
Managing Executive Officer	Hirokazu Hatta	Human Resources Division
Managing Executive Officer	Takeshi Hashimoto	LNG Carrier Division, Offshore Business
Managing Executive Officer	Tetsuro Nishio	Dedicated Bulk Carrier Division
Executive Officer	Kazunori Nakai	Tanker Division
Executive Officer	Masaaki Nemoto	Marine Safety Division, Tanker Safety Management Office, MOL LNG Transport Co., Ltd.
Executive Officer	Hiroyuki Fukumoto	Car Carrier Division
Executive Officer	Toshiya Konishi	Liner Division
Executive Officer	Tsuyoshi Yoshida	President / Chief Executive Officer of MOL (America) Inc.
Executive Officer	Takashi Maruyama	General Manager of Finance Division
Executive Officer	Akihiko Ono	General Manager of Corporate Planning Division
Executive Officer	Takaaki Inoue	General Manager of Marine Safety Division
Executive Officer	Toshiyuki Sonobe	Managing Director of Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte. Ltd., Southeast Asia
Executive Officer	Yoshikazu Kawagoe	General Manager of Technical Division

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(2) Remunerations Paid to Directors and Corporate Auditors

Category	Number of Persons Remunerated	Total Amount of Remunerations Paid (millions of yen)
Directors	10	381
Corporate Auditors	4	88
Total	14	470

- Notes:
1. The above includes remuneration related to one (1) director who resigned upon the conclusion of the Ordinary General Meeting of Shareholders held on June 22, 2012.
 2. The above includes payments of remunerations to five (5) outside officers totaling ¥51 million.
 3. The above includes the following amounts of stock options offered and recorded as compensation during the fiscal year under review in addition to the monthly compensation paid to directors.
¥28 million for ten (10) directors (including ¥4 million for three (3) outside directors)
 4. Recorded figures less than one (1) million are rounded down to the nearest million.

(3) Matters Concerning Outside Officers

- 1) Major activities and significant concurrent positions outside the Company

[Outside Directors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Takeshi Komura	Attended all eleven (11) 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 fields of economy management and policy finance of our country, from the objective viewpoint of an outside director.	President, The Salt Science Research Foundation Outside Director, Maezawa Industries, Inc.
Sadayuki Sakakibara	Attended nine (9) out of eleven (11) board meetings held in the fiscal year under review and appropriately made statements necessary for discussing proposals on the basis of his abundant experience and extensive knowledge as a corporate manager, from the objective viewpoint of an outside director.	Chairman of the Board and Representative Member of the Board, Toray Industries, Inc. Outside Director, Senior Vice President, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Masayuki Matsushima	Attended all eleven (11) board meetings held in the fiscal year under review and appropriately made statements necessary for discussing proposals on the basis of his many years of experience and knowledge in the financial sector, from the objective viewpoint of an outside director.	Senior Advisor, the Boston Consulting Group K.K. Outside Director, Mitsui Fudosan Co., Ltd.

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[Outside Corporate Auditors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Sumio Iijima	Attended all eleven (11) board meetings and all eleven (11) corporate auditors' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the viewpoint of a specialist as an attorney at law.	Attorney at law, Tokyo Toranomon Law Office Outside Corporate Auditor, Kitagawa Industries Co., Ltd. Outside Corporate Auditor, Isetan Mitsukoshi Holdings, Ltd.
Hiroyuki Itami	Attended ten (10) out of eleven (11) board meetings and nine (9) out of eleven (11) corporate auditors' meetings held in the fiscal year under review and appropriately made statements necessary for discussion of proposals mainly from the viewpoint of a specialist as a scholar of business administration.	Professor and Dean of Tokyo University of Science, Graduate School of Innovation Studies Outside Director, TOSHIBA CORPORATION Outside Corporate Auditor, JFE Holdings, Inc.

Note: No significant business relationships exist between the Company and the organizations for which the outside directors and outside corporate auditors hold significant concurrent positions.

2) Outline of the limited liability contract

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into contracts with outside officers that limit their liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if they are without knowledge and are not grossly negligent in performing their duties.

5. Status of the Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Compensations to the Accounting Auditor

(Millions of yen)

	Amount of Compensations Paid
Compensations paid for the fiscal year under review	106
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	241

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 the audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Act and cannot practically distinguish between the two types, therefore, the amount of compensations paid for the fiscal year under review is the total of these amounts.

(3) Contents of Non-audit Services

The Company has entrusted to the Accounting Auditor "Preparation of comfort letter" and "Financial due diligence advisory services" that are services other than ones stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

(4) Company Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

In the case the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in comprehensive consideration of the Accounting Auditor's performance of its duties and other various factors, the Board of Directors decides to 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

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Article 340, paragraph (1) 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:

(Final revision: March 29, 2013)

(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 corporate 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 Corporate Auditors and the standards of audit by the corporate auditors, and enables the corporate 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

- 1) Information on execution of duties by directors and executive officers is properly preserved and managed during a specified period in accordance with the rules of document management.
- 2) Directors and corporate auditors may access to these documents at any time.

(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 maritime shipping market trends
In the marine transportation field, the Company’s principal business, the shipping tonnage supply-demand is influenced by trends in the volume of global seaborne trades and supply of vessels, and freight rates and hire rates fluctuate. Hence, 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.

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

- 1) The Board of Directors meets approximately 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 officer appointed by the Executive Committee.
- 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 Reliability of Financial Reporting

- 1) In attempt to secure appropriate accounting and enhance the reliability of financial reporting, the rules for accounting shall be prescribed while a system of internal control over financial reporting shall be established and steps shall be taken to enhance the effectiveness of the system.
- 2) The Internal Audit Office evaluates the effectiveness of internal control over financial reporting. The department receiving the evaluation implements measures for correction or improvement as necessary.

(7) 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 or an officer 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 or the officer requires the Group companies to report matters as necessary, properly understands the management status and business risks, and requires the Group companies to carry out material matters about management 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.
- 4) As for the audits of the Group companies, each Group company appropriately establishes an internal audit system, and the Internal Audit Office of the Company conducts internal audits of the Group companies on a periodical basis and as necessary based on the internal audit rules.

(8) 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 corporate auditors are appointed among the Company's employees.
- 2) Personnel evaluation of assistants for corporate auditors is conducted by the corporate auditors, and the transfer of assistants for corporate auditors is decided with approval of the Board of Corporate Auditors.
- 3) In general, assistants for corporate auditors shall not be concurrently involved in business execution.

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(9) System Concerning Reports to the Corporate Auditors Including a Reporting System from Directors, Executive Officers, Employees and Others Concerning Reports to the Corporate 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 to the corporate auditors 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 the Compliance Policy, the appropriate reporting system to the corporate 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, 2013	As of March 31, 2012
	Amount	Amount
(Assets)		
Current assets	514,246	386,936
Cash and deposits	150,780	50,864
Trade receivables	145,407	130,921
Marketable securities	35,938	10,023
Inventories	59,437	54,335
Deferred and prepaid expenses	56,274	53,744
Deferred tax assets	1,907	4,594
Other current assets	65,090	82,852
Allowance for doubtful accounts	(589)	(401)
Fixed assets	1,650,364	1,559,225
(Tangible fixed assets)	[1,303,967]	[1,293,802]
Vessels	825,346	822,280
Buildings and structures	138,347	124,294
Equipment, mainly containers	9,052	9,210
Equipment and parts	4,624	3,597
Land	214,614	215,958
Vessels and other property under construction	109,917	116,724
Other tangible fixed assets	2,063	1,735
(Intangible fixed assets)	[22,928]	[16,193]
(Investments and other assets)	[323,468]	[249,228]
Investment securities	103,755	93,805
Investments in and advances to unconsolidated subsidiaries and affiliates	90,183	78,940
Long-term loans receivables	23,117	19,166
Long-term prepaid expenses	20,407	20,479
Deferred tax assets	4,033	11,692
Other long-term assets	84,091	27,696
Allowance for doubtful accounts	(2,120)	(2,551)
Total Assets	2,164,611	1,946,161

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

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

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(Millions of yen)

Item	FY2012 (From Apr. 1, 2012 to Mar. 31, 2013)	FY2011 (From Apr. 1, 2011 to Mar. 31, 2012)
	Amount	Amount
Shipping and other operating revenues	1,509,194	1,435,220
Shipping and other operating expenses	1,432,014	1,368,794
Gross operating income	77,179	66,426
Selling, general and administrative expenses	92,946	90,885
Operating loss	(15,766)	(24,459)
Non-operating income		
Interest income	1,673	1,172
Dividend income	3,492	6,785
Equity in earnings of unconsolidated subsidiaries and affiliates	-	3,300
Gain on sale of containers	3,595	1,265
Others	3,542	5,058
Total non-operating income	12,304	17,581
Non-operating expenses		
Interest expense	13,020	11,511
Equity in losses of unconsolidated subsidiaries and affiliates	4,935	-
Others	7,149	5,931
Total non-operating expenses	25,105	17,442
Ordinary loss	(28,568)	(24,320)
Extraordinary profits		
Gain on sales of fixed assets	12,253	11,558
Gain on sales of investment securities	205	225
Cancellation fee for chartered vessels	1,844	142
Others	1,760	2,096
Total extraordinary profits	16,064	14,022
Extraordinary losses		
Loss on sales, disposal and retirement of fixed assets	3,882	1,830
Impairment loss	10,978	5,468
Loss on valuation of investment securities	2,652	9,162
Cancellation fee for chartered vessels	100	341
Cost of business structural reforms	101,463	-
Others	6,357	6,415
Total extraordinary losses	125,434	23,218
Loss before income taxes and minority interests	(137,938)	(33,516)
Income taxes - current	11,324	9,546
Income taxes - deferred	24,799	(20,814)
Loss before minority interests	(174,062)	(22,247)
Minority interests in earnings of consolidated subsidiaries	4,783	3,761
Net loss	(178,846)	(26,009)

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Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
Balance at April 1, 2012	65,400	44,486	629,667	(7,151)	732,402
Changes during the fiscal year					
Dividends paid			(2,990)		(2,990)
Net loss			(178,846)		(178,846)
Due to change in consolidated subsidiaries			(0)		(0)
Purchases of treasury stock				(21)	(21)
Disposal of treasury stock		(4)		175	170
Net increase/decrease during the term except in owners' equity					
Total changes during the fiscal year	-	(4)	(181,837)	154	(181,687)
Balance at March 31, 2013	65,400	44,482	447,829	(6,997)	550,714

	Accumulated other comprehensive income (loss)				Share subscription rights	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)			
Balance at April 1, 2012	16,888	(54,936)	(56,932)	(94,980)	2,005	78,481	717,909
Changes during the fiscal year							
Dividends paid							(2,990)
Net loss							(178,846)
Due to change in consolidated subsidiaries							(0)
Purchases of treasury stock							(21)
Disposal of treasury stock							170
Net increase/decrease during the term except in owners' equity	7,864	54,740	17,083	79,687	109	3,473	83,271
Total changes during the fiscal year	7,864	54,740	17,083	79,687	109	3,473	(98,416)
Balance at March 31, 2013	24,752	(196)	(39,848)	(15,292)	2,115	81,955	619,492

[Translation for Reference and Convenience Purposes Only]

[Reference Document]

Consolidated Statements of Cash Flows

(Millions of yen)

Items	FY2012 (From April 1, 2012 to March 31, 2013)	FY2011 (From April 1, 2011 to March 31, 2012)
	Amount	Amount
Cash flows from operating activities	78,955	5,014
Cash flows from investing activities	(104,240)	(134,312)
Cash flows from financing activities	138,767	148,272
Effect of exchange rate changes on cash and cash equivalents	4,316	(1,940)
Net increase in cash and cash equivalents	117,799	17,033
Cash and cash equivalents at beginning of year	82,837	65,477
Net cash increase from new consolidation/de-consolidation of subsidiaries	-	114
Increase in cash and cash equivalents due to change in accounting period for consolidated subsidiaries	-	211
Cash and cash equivalents at end of period	200,636	82,837

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 349
- (2) Names of principal consolidated subsidiaries are as stated in “1 Matters Concerning the Present State of the Corporate Group, (10) Principal Subsidiaries” in Business Report.
- (3) Names of principal non-consolidated 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 affiliates accounted for by the equity method: 65
- (2) Names of principal affiliates accounted for by the equity method:
Daiichi Chuo Kisen Kaisha, Osaka Shipping Co., Ltd., Asahi Tanker Co., Ltd.
- (3) Names of principal non-consolidated subsidiaries that are not accounted for by the equity method:
Asia Cargo Service Co., Ltd.
- (4) Names of principal affiliates that are not accounted for by the equity method:
Sorami Container Center Co., Ltd.
- (5) 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
Twenty two (22) companies, including MOL BRIDGE FINANCE S.A., a newly established company, have been newly included in the scope of consolidation effective the fiscal year under review. Nine (9) companies, including M.O. REINSURANCE S.A., were excluded from the scope of consolidation due to completion of their liquidation, etc.
- (2) Scope of applying the equity method
Two (2) companies including Cernambi Norte MV26 B.V. have been accounted for under the equity method effective the fiscal year under review from the viewpoint of the significance.

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(4) Accounting for allowances

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.

Allowance for provision for bonuses

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

Allowance for provisions for directors' bonuses

Some consolidated domestic subsidiaries provide for bonus payments to directors based on the estimated amounts of future payments.

Allowance for employees' 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 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). Past service liability is chiefly accounted for as expenses in lump-sum at the time of occurrence.

Allowance for directors' and corporate auditors' retirement benefits

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 conclusion of the Ordinary General Meeting of Shareholders 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 conclusion of the shareholders' meeting for FY2004, which will be paid upon their retirement, in accordance with internal regulations.

Allowance for periodic drydocking

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

(5) Recognition of freight revenues and related expenses

Containerships: Recognized by the multiple transportation progress method.

Vessels other than containerships: Recognized mainly by the completed-voyage method.

(6) Hedge accounting

Hedge accounting

The Company mainly adopts deferral hedge accounting. The Company adopts special accounting rules for interest swaps that satisfy the requirements for special accounting rules.

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Hedging instruments and hedged items

Means for hedging

Loans payable in foreign currencies
Forward foreign exchange contracts
Currency option contracts
Currency swap contracts
Interest rate swap contracts
Crude oil swap contracts
Commodities futures
Freight futures

Hedged items

Foreign currency future transactions
Foreign currency future transactions
Foreign currency future transactions
Foreign currency loans payable
Interest on loans and bonds payable
Fuel oil
Fuel oil
Freight

Hedging policy

The hedging derivative transactions are executed and managed by the Company mainly in accordance with established policies, “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 evaluating the effectiveness of hedges

The Company evaluates hedge effectiveness mainly 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.

- (7) 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.
- (8) Consumption tax and local consumption tax are accounted for by the tax exclusion method.

Changes in Accounting Policies

(Change in depreciation method)

In accordance with the amendment to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012 to that in accordance with the revised Corporation Tax Act, effective the fiscal year under review. This change has minimal impact on income/loss.

Changes in Presentations

(Consolidated statements of income)

Although “Gain on sale of containers” had been included in “Others” up to the previous fiscal year, the item is separately presented in the fiscal year under review due to the increase in monetary significance. “Gain on sale of containers” for the previous fiscal year was ¥1,265 million.

Although “Loss on reversal of foreign currency translation adjustments” (¥71 million for the fiscal year under review) was separately presented in the previous fiscal year, the item is included in “Others” in the fiscal year under review due to the decrease in monetary significance.

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	58,326 million yen
Other	1,110 million yen

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral	
Vessels	195,173 million yen
Buildings and structures	139 million yen
Vessels and other property under construction	32,011 million yen
Investment securities	48,361 million yen
Equity securities issued by subsidiaries and affiliates	26,982 million yen
Total	302,668 million yen
(2) Secured obligations	
Short-term loans	15,150 million yen
Long-term loans	100,471 million yen
Total	115,622 million yen

Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following securities:

- a) Investment securities at ¥48,280 million and equity securities issued by subsidiaries and affiliates at ¥11,143 million were pledged in order to secure losses to be incurred when the Company and our subsidiaries and affiliates 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. ¥11,143 million in equity securities issued by subsidiaries and affiliates are equity securities issued by consolidated subsidiaries.
- b) Equity securities issued by subsidiaries and affiliates at ¥15,838 million were pledged in order to secure long-term loans and future payment of charter fees of subsidiaries and affiliates.
- c) Investment securities of ¥81 million were pledged as collateral for long-term loans associated with an LNG carrier project.

3. Accumulated depreciation of tangible fixed assets	746,409 million yen
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4. Contingent liabilities

Guarantee liabilities, etc.	80,066 million yen
(Including guarantee liabilities in foreign currency)	70,662 million yen)
Burden on other joint debtors in joint debts	391 million yen

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Notes to Consolidated Statements of Income

Breakdown of cost of business structural reforms

Incomes and losses associated with the business structural reforms conducted for dry bulkers and tankers such as loss on transfer of charter contracts, sale of vessels and income/loss on cancellation of derivatives have been collectively recorded to cost of business structural reforms. Major components are as follows.

	(Millions of yen)
Loss on transfer of charter contracts	103,422
Impairment loss	7,279
Loss on sale of vessels	1,341
Gain on cancellation of derivatives	(10,346)
Others	(233)
Total	101,463

Notes to Consolidated Statement of Changes in Net Assets

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

Class: Common stock
 Total number of shares: 1,206,286,115 shares

2. Class and number of shares of treasury stock at the end of the fiscal year

Class: Common stock
 Number of shares: 10,502,169 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 22, 2012	Common stock	2,990	2.5	March 31, 2012	June 25, 2012

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

There are no applicable matters to report.

4. Class and number of shares subject to the share subscription rights at the end of the fiscal year

(Excluding rights before exercise period of the share subscription rights)

Class: Common stock
 Total number of shares: 9,391,000 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Qualitative information on financial instruments

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds through commercial papers and bank loans. Furthermore, we have established commitment line with Japanese banks in preparation for supplementing liquidity in emergency situations. Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables dominated in foreign currencies). Investment securities are mainly stocks of companies with which we have business relationships. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year. Short-term loans and commercial papers are primarily used for raising short-term operating funds, while long-term loans and bonds are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps. Long-term loans and bonds dominated in foreign currencies are exposed to the foreign currency exchange rate risk, a part of which is avoided by using currency swaps. Derivatives are utilized to hedge risks as discussed above and are executed within the scope of real requirements in accordance with the established policies “Market Risk Management Policy” and “Guideline for market Risk Management.” Our policy is not to use derivatives for speculative purposes.

2. Fair values of financial instruments

Book values and fair values of the financial instruments as well as differences between them at end of the fiscal year are the following:

	Book Value	Fair Value	Difference
(1) Cash and deposits	150,780	150,780	-
(2) Trade receivables	145,407	145,407	-
(3) Marketable securities			
Available-for-sale securities	35,938	35,938	-
(4) Short-term loans receivables	19,182	19,182	-
(5) Long-term loans receivables (*1)	24,759	30,955	6,196
(6) Investment securities			
Available-for-sale securities	92,785	92,785	-
(7) Trade payables	142,585	142,585	-
(8) Short-term loans	49,250	49,250	-
(9) Commercial papers	2,000	2,000	-
(10) Bonds (*2)	238,500	242,649	4,149
(11) Long-term loans (*3)	736,524	739,244	2,720
(12) Derivative financial instruments (*4)	36,965	36,518	△447

(*1) The book value of long-term loans receivables includes current portion amounting to ¥1,642 million.

(*2) The book value of bonds includes current portion amounting to ¥25,000 million.

(*3) The book value of long-term loans includes current portion amounting to ¥88,296 million.

(*4) Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with [].

Notes: 1. The following is a description of the valuation methodologies used for the assets and liabilities measured at the fair value.

(1) Cash and deposits, (2) Trade receivables and (4) Short-term loans receivables

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

(3) Marketable securities and (6) Investment securities

[Translation for Reference and Convenience Purposes Only]

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

(5) Long-term loans receivables

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

(7) Trade payables, (8) Short-term loans and (9) Commercial papers

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

(10) Bonds

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

(11) Long-term loans

The fair value of long-term bank loans with variable interest rates is evaluated at the book value because their fair value is almost equal to the book value, the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after such bank loans were made. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan types, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were newly taken out. The fair value of long-term bank loans qualifying for allocation method of interest and currency swap is evaluated at the book value because such bank loans were deemed as the variable interest rates bank loans and the interest rate reflects the market rate in a short term.

(12) Derivative financial instruments

The fair value of derivative financial instruments, which are used for the hedging purposes, is measured based on forward exchange rates prevailing at the end of the fiscal year, information provided by financial institutions, etc. Currency swaps whose transactions are booked in yen by translation at the exchange rate stipulated in the contract are recorded as the combined amount of such currency swaps and their hedged items. Therefore, their fair value is included in fair values of such hedged items.

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

(Millions of yen)

Item	Book Value
Unlisted stocks	7,764
Unlisted foreign bonds	3,200
Others	6
Total	10,970

The above items are not included in the amount presented under the line “(6) Investments securities - Available-for-sale securities” in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to estimate as they have no quoted market price and the future cash flow cannot be estimated.

Notes on Rental Property

1. Qualitative information on rental property

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

[Translation for Reference and Convenience Purposes Only]

2. Fair value of rental property

(Millions of yen)

Book Value	Fair Value
279,130	368,127

- Notes: 1. The book value was calculated as the amount equivalent to the cost for acquisition deducting accumulated depreciation.
2. The fair value is mainly based upon the amount appraised by outside independent real estate appraisers. For other properties, the fair value of land is the amount adjusted using an index that is believed to reflect the market price properly, and that of depreciable assets such as buildings is the amount on consolidated balance sheets.

Per-share Information

1. Net assets per share 447.76 yen
2. Net loss per share 149.57 yen

Material Subsequent Events

There are no applicable matters to report.

Other Notes

1. Figures less than one (1) million yen are rounded down to the nearest million.
2. Underwriting of capital increase of shares of an affiliate accounted for by the equity method
The Company resolved at its meeting of the Board of Directors on March 29, 2013 to underwrite capital increase through a third-party allotment of new shares of Daiichi Chuo Kisen Kaisha, an affiliate accounted for by the equity method. The details and subscription amount of the capital increase through third-party allotment are as follows:
- (1) Profile of the affiliate accounted for by the equity method
- (i) Name Daiichi Chuo Kisen Kaisha
 - (ii) Date of establishment October 1, 1960
 - (iii) Main Business Marine transportation
 - (iv) Capital ¥20,758 million (Capital after capital increase ¥28,958 million)
 - (v) Number of issued shares
- | | | |
|---|---------------|--------------------|
| | Common stock | 263,549,171 shares |
| | Class A stock | 15,000,000 shares |
| (Number of shares issued after capital increase | | |
| | Common stock | 263,549,171 shares |
| | Class A stock | 31,400,000 shares) |
- (2) Outline of subscription
- (i) Total amount of subscription ¥15,000 million
 - (ii) Subscription price ¥1,000 per share
 - (iii) Number of shares to be subscribed 15,000,000 shares of class A stock
 - (iv) Purpose of subscription Stabilization of the financial base
- (3) Status of shareholding before and after subscription
- | | | |
|---|---------------|-------------------|
| Number of shares held before capital increase | | |
| | Common stock | 68,774,960 shares |
| | Class A stock | 15,000,000 shares |
| Number of shares held after capital increase | | |
| | Common stock | 68,774,960 shares |
| | Class A stock | 30,000,000 shares |

[Translation for Reference and Convenience Purposes Only]

(4) Schedule

March 29, 2013	Resolution at the meeting of the Board of Directors
June 27, 2013 (scheduled)	Ordinary general meeting of shareholders of Daiichi Chuo Kisen Kaisha, general meeting of class stock shareholders by common shareholders and general meeting of class stock shareholders by class A shareholders
June 28, 2013 (scheduled)	Application and payment date

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Balance Sheets

(Millions of yen)

Item	As of March 31, 2013	As of March 31, 2012
	Amount	Amount
(Assets)		
Current assets	398,115	357,937
Cash and deposits	71,032	16,815
Trade receivables	97,205	83,803
Short-term loans receivable	67,789	102,410
Advances	11,990	14,704
Marketable securities	35,938	10,000
Inventories	41,954	43,228
Deferred and prepaid expenses	45,498	45,572
Debts for agency	11,450	9,736
Deferred tax assets	-	757
Other current assets	15,672	31,210
Allowance for doubtful accounts	(417)	(301)
Fixed assets	607,521	618,381
(Tangible fixed assets)	[116,120]	[118,172]
Vessels	82,320	82,975
Buildings	10,883	10,973
Structures and equipment	391	729
Vehicles and transportation equipment	81	109
Equipment, mainly containers	609	498
Land	18,367	20,195
Vessels and other property under construction	1,515	1,064
Other tangible fixed assets	1,950	1,626
(Intangible fixed assets)	[13,728]	[7,685]
(Investments and other assets)	[477,672]	[492,523]
Investment securities	81,734	74,861
Investments in and advances to subsidiaries and affiliates	190,411	182,919
Long-term loans receivables	158,226	172,986
Long-term prepaid expenses	17,647	17,775
Deferred tax assets	-	15,970
Long-term lease receivables	19,597	19,691
Other investments and other assets	15,085	10,591
Allowance for doubtful accounts	(5,029)	(2,273)
Total Assets	1,005,637	976,318

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

Item	As of March 31, 2013	As of March 31, 2012
	Amount	Amount
(Liabilities)		
Current liabilities	303,957	215,943
Trade payables	120,391	112,480
Short-term bonds	15,000	-
Short-term loans	91,666	62,800
Other payables	36,884	5,606
Accrued expenses	1,625	1,119
Advances received	20,426	15,410
Accounts receivable from agents	6,238	6,003
Allowance for provision for bonuses	1,464	1,682
Provision for loss on liquidation of subsidiaries and affiliates	846	234
Other current liabilities	9,414	10,605
Fixed liabilities	311,409	201,216
Bonds	143,500	115,000
Long-term loans	126,574	81,725
Long-term other payables	21,333	858
Deferred tax liabilities	15,835	-
Allowance for employees' retirement benefits	34	84
Allowance for directors' and corporate auditors' retirement benefits	120	120
Other fixed liabilities	4,011	3,428
Total Liabilities	615,367	417,159
(Net Assets)		
Owners' equity	364,571	539,031
Common stock	65,400	65,400
Capital surplus	44,429	44,472
Additional paid-in capital	44,371	44,371
Other capital surplus	57	100
Retained earnings	261,726	436,190
Legal earnings reserve	8,527	8,527
Other retained earnings	253,198	427,662
Reserve for special depreciation	1,868	2,497
Reserve for overseas investment loss	37	42
Reserve for advanced depreciation	821	743
Reserve for special account for advanced depreciation	-	5
General reserve	420,630	445,630
Retained earnings (losses) brought forward	(170,159)	(21,255)
Treasury stock, at cost	(6,984)	(7,031)
Accumulated gains from valuation and translation adjustments	23,583	18,122
Unrealized gains on available-for-sale securities, net of tax	23,568	17,081
Unrealized gains on hedging derivatives, net of tax	14	1,041
Share subscription rights	2,115	2,005
Total Net Assets	390,269	559,159
Total Liabilities and Total Net Assets	1,005,637	976,318

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(Millions of yen)

Item	FY2012	FY2011
	(From April 1, 2012 to March 31, 2013)	(From April 1, 2011 to March 31, 2012)
	Amount	Amount
Shipping and other operating revenues		
Shipping revenues		
Freight	872,525	811,108
Charter fees	218,284	225,475
Other shipping revenues	30,324	26,817
Total	1,121,134	1,063,401
Other operating revenue	1,036	1,076
Total shipping and other operating revenues	1,122,171	1,064,478
Shipping and other operating expenses		
Shipping expenses		
Voyage expenses	549,292	521,356
Vessels	13,963	11,957
Charter fees	481,807	480,802
Other shipping expenses	96,091	84,811
Total	1,141,155	1,098,927
Other operating expenses	758	771
Total shipping and other operating expenses	1,141,913	1,099,698
Gross operating loss	(19,742)	(35,219)
Selling, general and administrative expenses	28,414	29,769
Operating loss	(48,156)	(64,989)
Non-operating income		
Interest and dividend income	25,783	27,731
Gain on sale of containers	3,595	1,265
Others	1,400	2,204
Total non-operating income	30,779	31,200
Non-operating expenses		
Interest expense	2,795	2,405
Others	4,925	2,754
Total non-operating expenses	7,721	5,159
Ordinary loss	(25,098)	(38,947)
Extraordinary profits		
Gain on sales of fixed assets	994	3,056
Gain on sales of investment securities	26	3
Gain on sales of securities issued by subsidiaries and affiliates	47	-
Gain on liquidation of subsidiaries and affiliates	342	58
Reversal of allowance for doubtful accounts	27	-
Cancellation fee for chartered vessels	1,790	86
Gain on sales of goodwill	-	1,018
Others	314	495
Total extraordinary profits	3,542	4,718
Extraordinary losses		
Loss on disposal of fixed assets	120	98
Loss on sales of investment securities	30	-
Loss on valuation of investment securities	2,445	8,182
Loss on valuation of securities issued by subsidiaries and affiliates	15,092	5,932
Loss on liquidation of subsidiaries and affiliates	4	391
Cancellation fee for chartered vessels	-	341
Provision of allowance for doubtful accounts	3,104	146
Cost of business structural reforms	93,392	-
Others	5,241	2,255
Total extraordinary losses	119,431	17,348
Loss before income taxes	(140,988)	(51,577)
Income taxes - current	652	(190)
Income taxes - deferred	29,833	(19,683)
Net loss	(171,474)	(31,704)

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

	Owners' equity														
	Common stock	Capital surplus				Legal earnings reserve	Retained earnings						Total retained earnings	Treasury stock, at cost	Total owners' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings										
					Reserve for special depreciation		Reserve for overseas investment loss	Reserve for advanced depreciation	Reserve for special account for advanced depreciation	General reserve	Retained earnings (losses) brought forward				
Balance at April 1, 2012	65,400	44,371	100	44,472	8,527	2,497	42	743	5	445,630	(21,255)	436,190	(7,031)	539,031	
Changes during the fiscal year															
Dividends paid											(2,990)	(2,990)		(2,990)	
Net loss											(171,474)	(171,474)		(171,474)	
Reversal of reserve for special depreciation						(629)					629	-		-	
Reversal of reserve for overseas investment loss							(4)				4	-		-	
Provision of reserve for advanced depreciation								100			(100)	-		-	
Reversal of reserve for advanced depreciation								(21)			21	-		-	
Reversal of reserve for special account for advanced depreciation									(5)		5	-		-	
Reversal of general reserve										(25,000)	25,000	-		-	
Repurchase of treasury stock													(21)	(21)	
Disposal of treasury stock			(42)	(42)									67	25	
Net increase/decrease during the term except in owners' equity															
Total changes during the fiscal year	-	-	(42)	(42)	-	(629)	(4)	78	(5)	(25,000)	(148,903)	(174,464)	46	(174,460)	
Balance at March 31, 2013	65,400	44,371	57	44,429	8,527	1,868	37	821	-	420,630	(170,159)	261,726	(6,984)	364,571	

	Accumulated gains from valuation and translation adjustments			Share subscription rights	Total net assets
	Unrealized gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments		
Balance at April 1, 2012	17,081	1,041	18,122	2,005	559,159
Changes during the fiscal year					
Dividends paid					(2,990)
Net loss					(171,474)
Reversal of reserve for special depreciation					-
Reversal of reserve for overseas investment loss					-
Provision of reserve for advanced depreciation					-
Reversal of reserve for advanced depreciation					-
Reversal of reserve for special account for advanced depreciation					-
Reversal of general reserve					-
Repurchase of treasury stock					(21)
Disposal of treasury stock					25
Net increase/decrease during the term except in owners' equity	6,487	(1,026)	5,460	109	5,570
Total changes during the fiscal year	6,487	(1,026)	5,460	109	(168,889)
Balance at March 31, 2013	23,568	14	23,583	2,115	390,269

Notes to Non-consolidated Financial Statements

Notes to Matters for Significant Accounting Policies

1. Bases and methods of valuation of assets

Securities

Trading securities

Market value method (Calculating cost of securities sold with moving-average method)

Held-to-maturity debt securities

Amortized cost method

Equity securities issued by subsidiaries and affiliates

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

Stated at cost using the moving-average method

Figures on the balance sheets have been calculated based on the method of reducing the book value in accordance with the decline in profitability.

2. Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels

Straight-line method

Buildings and structures

Straight-line method

Other tangible fixed assets

Declining-balance method

Intangible fixed assets

Straight-line method

(excluding leased assets)

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

Leased assets

Leased assets related to finance lease transactions that transfer ownership

The Company adopts the method consistent with the depreciation method applied on fixed assets owned on its own.

Leased assets related to finance lease transactions that do not transfer ownership

The Company adopts the straight-line method over the term of the lease assuming no residual value.

The Company adopts accounting standards corresponding to the method related to normal rental and lease transactions for finance lease transactions that do not transfer ownership and for which the lease transaction commenced on or before March 31, 2008.

[Translation for Reference and Convenience Purposes Only]

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. Accounting for allowances

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.

Allowance for provision for bonuses

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

Provision for loss on liquidation of subsidiaries and affiliates

Provided for losses accrued due to liquidation of subsidiaries and affiliates based on the estimated losses in the future.

Allowance for employees' 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 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).

Past service liability is accounted for as expenses in lump-sum at the time of occurrence.

Allowance for directors' and corporate auditors' retirement benefits

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 conclusion of the Ordinary General Meeting of Shareholders 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 benefits for directors and corporate auditors until the conclusion of the shareholders' meeting for FY2004, which will be paid upon their retirement, in accordance with internal regulations.

5. Recognition of freight revenues and related expenses

Containerships:

Recognized by the multiple transportation progress method.

Vessels other than containerships:

Recognized by the completed-voyage method.

[Translation for Reference and Convenience Purposes Only]

6. Hedge accounting

Hedge accounting

The Company adopts deferral hedge accounting.

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

Hedging instruments and hedged items

Hedging instruments

Loans payable in foreign currencies

Forward foreign exchange contracts

Currency option contracts

Interest rate swap contracts

Commodities futures

Freight futures

Hedged items

Foreign currency future transactions

Foreign currency future transactions

Foreign currency future transactions

Interest on loans and bonds payable

Fuel oil

Freight

Hedging policy

Hedging 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 evaluating the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in the 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 of special treatment, the evaluation of hedge effectiveness is omitted.

7. 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.

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

Changes in Accounting Policies

(Change in depreciation method)

In accordance with the amendment to the Corporation Tax Act, the Company has changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012 to that in accordance with the revised Corporation Tax Act, effective the fiscal year under review. This change has minimal impact on income/loss.

Changes in Presentations

(Non-consolidated balance sheets)

Although "Long-term other payables" had been included in "Other fixed liabilities" up to the previous fiscal year, the item is separately presented in the fiscal year under review due to the increase in its monetary significance. "Long-term other payables" for the previous fiscal year was ¥858 million.

Although "Accrued income taxes" (¥3,232 million for the fiscal year under review) was separately presented in the previous fiscal year, the item is included in "Other current assets" in the fiscal year under review due to the decrease in its monetary significance.

(Non-consolidated statements of income)

Although "Gain on sale of containers" had been included in "Others" up to the previous fiscal year, the item is separately presented in the fiscal year under review due to the increase in monetary significance. "Gain on sale of containers" for the previous fiscal year was ¥1,265 million.

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	73,655 million yen
Long-term monetary lending	165,513 million yen
Short-term monetary debts	103,397 million yen
Long-term monetary debts	20,701 million yen

2. Accumulated depreciation on tangible fixed assets 192,365 million yen

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	14,155 million yen
Investment securities	48,361 million yen
Equity securities issued by subsidiaries and affiliates	32,175 million yen
Total	94,692 million yen

(2) Secured obligations

Short-term loans	1,378 million yen
Long-term loans	7,042 million yen
Total	8,421 million yen

Pledged investment securities and equity securities issued by subsidiaries and affiliates include the following securities:

- a) Investment securities at ¥48,280 million and equity securities issued by subsidiaries and affiliates at ¥11,143 million were pledged in order to secure losses to be incurred when the Company and our subsidiaries and affiliates 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) Equity securities issued by subsidiaries and affiliates at ¥21,031 million were pledged in order to secure long-term loans and future payment of charter fees of subsidiaries and affiliates.
- c) Investment securities at ¥81 million were pledged as collateral for long-term loans associated with an LNG carrier project.

4. Contingent liabilities

Guarantee liabilities, etc.	689,221 million yen
(Including guarantee liabilities in foreign currency)	344,820 million yen)
Burden on other joint debtors in joint debts	391 million yen

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	76,809 million yen
Amount of purchase	316,098 million yen
Transactions other than operating transactions	129,936 million yen

2. Breakdown of cost of business structural reforms

Loss on transfer of charter contracts associated with the execution of business reforms conducted for dry bulkers, and loss on valuation of securities issued by subsidiaries and affiliates related to the reforms have been collectively recorded to cost of business structural reforms. Major components are as follows.

	(Millions of yen)
Loss on transfer of charter contracts	87,196
Loss on valuation of securities issued by subsidiaries and affiliates	6,318
Others	(122)
Total	<u>93,392</u>

Notes to Non-consolidated Statement of Changes in Net Assets

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

Common stock	10,205,994 shares
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[Translation for Reference and Convenience Purposes Only]

Notes on Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Loss brought forward	63,775
Retained income of specific foreign subsidiaries	7,895
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	19,743
Reserve for bonuses expenses	501
Voluntary adjustment of loss on valuation of listed shares	208
Voluntary adjustment of loss on valuation of unlisted shares	341
Voluntary adjustment of loss on valuation of golf club membership	196
Accrued business tax and business place tax	21
Retirement allowances for directors	38
Impairment loss	674
Deferred hedge losses	303
Excess of provision of allowance for doubtful accounts	1,438
Others	2,401
Total of deferred tax assets	<u>97,540</u>
Valuation allowance	<u>(97,100)</u>
Net deferred tax assets	439
Deferred tax liabilities	
Reserve deductible for tax purposes when appropriated for special depreciation	(869)
Reserve for advanced depreciation	(382)
Gain on securities contributed to employee retirement benefit trust	(3,698)
Unrealized gains on available-for-sale securities	(10,772)
Deferred hedge gains	(439)
Others	(113)
Total deferred tax liabilities	<u>(16,274)</u>
Net deferred tax liabilities	<u><u>(15,835)</u></u>

[Translation for Reference and Convenience Purposes Only]

Notes on Fixed Assets to Use on Lease

1. Finance lease transactions that commenced on or before March 31, 2008, except those whose ownership deems to transfer to the lessee.

(1) Assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2013
(Millions of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Equipment, mainly containers	26,336	25,170	1,166
Total	26,336	25,170	1,166

(2) Future lease payments equivalent

Amount due within one year	2,041 million yen
Amount due after one year	1,177 million yen
<u>Total</u>	<u>3,218 million yen</u>

(3) Lease payments, depreciation equivalent and interest equivalent

Lease payments	2,698 million yen
Depreciation equivalent	1,317 million yen
Interest equivalent	78 million yen

(4) Calculation of depreciation equivalent

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

Amount due within one year	10,601 million yen
Amount due after one year	14,151 million yen
<u>Total</u>	<u>24,752 million yen</u>

[Translation for Reference and Convenience Purposes Only]

Notes on 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	White Bear Maritime Limited	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	76,679	-	-
	MOL Euro-orient Shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	40,161	-	-
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	37,799	-	-
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Debt guarantee Funding loan	Debt guarantee Funding loan	33,231 139,623	- Short-term loans receivable	- 20,300
	Euromol B.V.	Indirectly 100%	Interlocking directorate Debt guarantee	Debt guarantee	31,728	-	-
	Camellia Container Carrier S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	23,679	-	-
	Ural Container Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	23,659	-	-
	Phoenix Tankers Pte. Ltd.	Directly 100%	Entrusting ship operations Undertaking ship operations Debt guarantee	Debt guarantee	17,283	-	-
	Aurora Car Maritime Transport S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	14,486	-	-
	Nefertiti LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	13,765	-	-
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	13,675	-	-
	Juliet Shipping Corporation	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	13,413	-	-
	Astraea Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	12,201	-	-
	Snowscape Car Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	11,725	-	-
	Eligible Tankers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	11,467	-	-
	Aeolus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	11,392	-	-
	Taurus Transport & Marine S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	11,128	-	-
	MOL Bulk Carriers Pte. Ltd.	Directly 100%	Interlocking directorate Transfer of charter contracts	Transfer of charter contracts	66,383	Other payables Long-term other payables	31,977 20,285
	MOL Cape (Singapore) Pte. Ltd.	Directly 100%	Transfer of charter contracts	Transfer of charter contracts	20,813	-	-
	Affiliate	Daiichi Chuo Kisen Kaisha	Directly 27%	Interlocking directorate	Underwriting of capital increase	15,000	-
Ship chartering Funding loan				Funding loan	38,400	-	-
Cernambi Sul MV24 B.V.		Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	13,369	-	-

[Translation for Reference and Convenience Purposes Only]

Notes 1. Transaction conditions and policies to decide transaction conditions, etc.

- (1) As for debt guarantees, Euromol B.V. is required to pay guarantee charges, decided based on market interest rates and other conditions. Other companies are required neither to pay guarantee charges nor to pledge collateral.
- (2) As for funding loan, they are determined by market rates and conditions, and companies are not required to pay mortgages.
- (3) As for the transfer of charter contracts, some charter contracts for bulkships and iron ore carriers were transferred, and the transfer price was determined based on the appraisal value.
- (4) As for underwriting of capital increase, the Company decided to underwrite capital increase through third-party allotment of new shares of Daiichi Chuo Kisen Kaisha at ¥1,000 per share.

2. Consumption taxes are not included in transacted amount.

Per-share Information

1. Net assets per share	324.52 yen
2. Net loss per share	143.36 yen

Material Subsequent Events

There are no significant matters to report.

Other Notes

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

2. Underwriting of capital increase of an affiliate

The Company resolved at its meeting of the Board of Directors on March 29, 2013 to underwrite a capital increase through a third-party allotment of new shares of Daiichi Chuo Kisen Kaisha, an affiliate. The details and subscription amount of the capital increase through third-party allotment are as follows:

(1) Profile of the affiliate

- (i) Name Daiichi Chuo Kisen Kaisha
- (ii) Date of Establishment October 1, 1960
- (iii) Main Business Marine transportation business
- (iv) Capital ¥20,758 million (Capital after capital increase ¥28,958 million)
- (v) Number of issued shares

Common stock	263,549,171 shares
Class A stock	15,000,000 shares

(Number of shares issued after capital increase)

Common stock	263,549,171 shares
Class A stock	31,400,000 shares

(2) Outline of subscription

- (i) Total amount of subscription ¥15,000 million
- (ii) Subscription price ¥1,000 per share
- (iii) Number of shares to be subscribed 15,000,000 shares of class A stock
- (iv) Purpose of subscription Stabilization of the financial base

(3) Status of shareholding before and after subscription

Number of shares held before capital increase

Common stock	68,774,960 shares
Class A stock	15,000,000 shares

Number of shares held after capital increase

Common stock	68,774,960 shares
Class A stock	30,000,000 shares

(4) Schedule

March 29, 2013	Resolution at the meeting of the Board of Directors
June 27, 2013 (scheduled)	Ordinary general meeting of shareholders of Daiichi Chuo Kisen Kaisha, general meeting of class stock shareholders by common shareholders and general meeting of class stock shareholders by class A shareholders
June 28, 2013 (scheduled)	Application and payment date