

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, 2014 to March 31, 2015)

1. Matters Concerning the Present State of the Corporate Group

(1) Business Progress and Results

The global economy during the fiscal year (FY) 2014 (April 1, 2014 to March 31, 2015) recovered gradually centered on developed countries, although slowdowns in emerging countries, such as China, became pronounced. The U.S. economy continued to show a recovery trend underpinned by steady improvement in the employment situation despite signs of slight weakness at the end of the fiscal year due to the impacts from poor weather and dollar appreciation. In Europe, amid continuing concerns about deflation, there were heightened risks such as tense situation in Ukraine and a recurrence of the debt crisis in Greece. Nevertheless, consumption was boosted by quantitative easing by the European Central Bank (ECB) and a fall in crude oil prices, and the economy showed a moderate upswing. In China, in the face of prolonged stagnation in the real estate market, the government refrained from implementing large-scale economic-stimulus measures under its policy of allowing a transition from a period of high growth to a period of stable growth, and the economic growth slowed down. Looking at other emerging countries, economic slowdowns in crude oil exporting countries such as Russia became evident due to a plunge in crude oil prices which accelerated from last autumn. In Japan, a demand decline following a surge ahead of a consumption tax hike protracted negative economic growth, and the economic recovery lacked strength even after turning to a positive growth in the quarter from October to December.

Looking at the maritime shipping market conditions, in the dry bulker market, although shipment volumes of iron ore from Western Australia hit a record high, the balance between vessel supply and demand did not fully improve and the market remained weak, due to weak growth in cargo volumes of iron ore from Brazil and decrease in the volume of coal imports in China. Although the market of very large crude oil carrier (VLCC) and product tanker remained weak up to the beginning of autumn, the market rose sharply from mid-October due to the fall in crude oil prices and demand for reserves associated with it, in addition to an increase in demand due to winter demand. The market remained at a higher level than previous fiscal year, even after slight decline mainly due to termination of the winter demand. With respect to the containership market, the gap between supply and demand resulting from deliveries of large containerships remained substantial, and this kept the level of freight rates low.

The average exchange rate against the U.S. dollar during the fiscal year depreciated by ¥8.55 year on year to ¥108.34. The average bunker price during the fiscal year fell by US\$80/MT year on year to US\$529/MT.

As a result of the above, we recorded revenue of ¥1,817.0 billion, operating income of ¥17.2 billion, ordinary income of ¥51.3 billion and net income of ¥42.3 billion, recording a revenue growth but a decreased income year on year.

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(2) Financial Position and Results of Operations

(Millions of yen)

Category	FY2011	FY2012	FY2013	FY2014 (current fiscal year)
Revenues	1,435,220	1,509,194	1,729,452	1,817,069
Ordinary income (or loss)	(24,320)	(28,568)	54,985	51,330
Net income (or loss)	(26,009)	(178,846)	57,393	42,356
Net income (or loss) per share (yen)	(21.76)	(149.57)	47.99	35.42
Total assets	1,946,161	2,164,611	2,364,695	2,624,049
Total net assets	717,909	619,492	783,549	892,435
ROE (Return on Equity)	(4.0)%	(30.5)%	9.5%	5.8%
ROA (Return on Assets)	(1.3)%	(1.4)%	2.4%	2.1%
Equity ratio	32.8%	24.7%	28.7%	29.8%
Net gearing ratio <small>*(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity</small>	123%	158%	135%	135%

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	¥857,289 million	Revenue composition ratio	47.18%
Ordinary income (loss)	¥ 54,105 million		

<Dry Bulkers>

In the Capesize bulker market, although the shipment volumes of iron ore from Western Australia hit a record high, the balance between vessel supply and demand did not fully improve and the market remained weak due to weak growth in cargo volumes of iron ore for long-distance transport from Brazil. The market temporarily recovered due to an increase in cargo volumes of iron ore from Brazil from the latter half of October. However, the market started to decline again from mid-November, and the average market level in the fiscal year was down year on year to US\$11,000 per day as a result. The market for Panamax on down mid- and small-sized vessels also remained weak, because the oversupply of vessels was not resolved mainly due to a decrease in the volume of coal imports in China associated with its economic slowdown and environmental regulations. Under such an environment, ordinary income in the dry bulker division decreased year on year, although we worked to strengthen marketing in growing regions such as India and continued efforts to cut costs in addition to stable profits from long-term contracts for carriers of iron ore, woodchips, steaming coal and others.

<Tankers/LNG Carriers>

Although the market of very large crude oil carrier (VLCC) and product tanker remained weak up to the beginning of autumn, the market rose sharply from mid-October due to the fall in crude oil prices and demand for reserves associated with it, in addition to an increase in demand due to winter demand. The market remained at a higher level than previous fiscal year, even after slight decline due to termination of the winter demand and bottoming out of crude oil prices. The LPG carrier market rose sharply up to summer, underpinned by firm India-bound trade and an increase in the volume of LPG exports from the U.S. Vessel demand declined from the beginning of autumn in the situation that the forward price of LPG remained low in line with the fall in crude oil prices, however, the LPG carrier market showed a significant improvement overall. Under such an environment, the tanker division improved their operation and posted a profit, as a result of ceaseless efforts to reduce fuel costs by slow steaming and to improve operation efficiency by setting up pools with other operators.

In the LNG carrier market, there were few launches of new projects and cargo volume of LNG remained at almost same as the previous fiscal year. The short- and medium-term charter markets remained weak amid continuing supply pressure of newly delivered vessels, although there was a period of temporary recovery toward the winter demand period. Despite such an environment, the LNG carrier division posted a profit

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by accumulating profits generated by long-term contracts.

<Car Carriers>

Even with a trend of yen depreciation, there were no significant changes in the environment; namely, Japanese carmakers continued to diversify their locations of production in line with their tendency to move production abroad, while the trend of decrease in the number of completed cars exported from Japan continued. Amid this situation, although we worked to bolster our handling of cross trade transportation and inbound cargo, ordinary income for the car carrier division decreased year on year.

Containerships			
Revenues	¥787,068 million	Revenue composition ratio	43.32%
Ordinary income (loss)	¥(24,146) million		

In the containership business, although cargo volumes from Asia to North America and to Europe, and the freight market on their trade, were comparatively firm, cargo volumes from Europe and the U.S. to China and other Asian countries showed weak growth, and the Asia-bound freight market remained stagnant. On the west coast of North America, cargo handling efficiency was lowered by a labor slowdown which was organized by a port labor union in connection with protracted labor negotiation. It caused severe vessel congestion and forced us to review our operation plans. On the North-South routes, the freight market continued to struggle due to widening of the gap between supply and demand resulting from allocations of large vessels particularly to the South America east coast route. Although cargo volumes and freight market on Intra-Asia routes were underpinned by strong demand and comparatively stable, vessel congestion at various ports in Asia stayed unresolved, and the adverse effect from delay of vessels' schedule remained.

Under this business environment, although we worked to reduce operation costs by continuing slow steaming and reorganizing routes, a loss was recorded in this segment for this fiscal year.

Ferry and Domestic Transport			
Revenues	¥56,032 million	Revenue composition ratio	3.08%
Ordinary income (loss)	¥4,461 million		

In the ferry business, cargo volume remained firm underpinned by accelerated movement of modal shift due to lack of truck driver, despite a demand decline following a surge ahead of a consumption tax hike in the beginning of the year. In the domestic transport business, we built-up our vessel fleet amid firm cargo volume such as steel. As a result, revenue and ordinary income of the ferry and domestic transport division increased year on year also backed by fall in the bunker price.

Associated Businesses			
Revenues	¥108,388 million	Revenue composition ratio	5.96%
Ordinary income (loss)	¥10,925 million		

In the real estate business, Daibiru Corporation, the core company in the MOL Group's real estate business, maintained stable sales, while the office leasing market, centered on the Tokyo metropolitan area, showed a trend of improvement. However, ordinary income decreased year on year mainly due to an increase in temporary costs associated with Shin-Daibiru which was completed in this March. In the cruise ship business, the number of passengers remained firm. Other associated businesses, such as tugboat and trading businesses, showed firm performances overall. However, ordinary income of the associated businesses segment overall, including the real estate business, decreased year on year.

Others			
Revenues	¥8,290 million	Revenue composition ratio	0.46%
Ordinary income (loss)	¥4,183 million		

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Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering, financing, and shipbuilding. Ordinary income in this segment decreased year on year.

(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 ¥29.6 billion of unsecured corporate bonds in the fiscal year under review (in June 2014).

2) Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to approximately ¥195.5 billion.

(Millions of yen)

Name of Segment	Amount of Capital Investment
Bulkships	138,058
Containerships	21,782
Ferry and Domestic Transport	3,193
Associated Businesses	32,341
Others	181
Adjustment	22
Total	195,580

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.

Eighteen vessels, bulkships and containerships, were sold and removed.

Sale of Vessels

Name of Segment	Number of Vessels	Deadweight Tons (in thousands)	Book Value (millions of yen)
Bulkships	14	1,131	16,050
Containerships	4	204	4,520
Total	18	1,335	20,570

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

(5) Management Strategies and Issues to be Addressed

In fiscal 2014, the first fiscal year of the "STEER FOR 2020" midterm management plan, the Company was unable to achieve the profit targets aimed for at the start of the fiscal year. The Company recognizes that quickly getting back on track to achieve the midterm management plan by steadily executing the various strategies aimed at improving operating performance already being carried out by each division is a matter of utmost importance. In particular, the Containerships business, which posted a large loss, is currently sparing no effort to securely return to profitability, including further bolstering its marketing capabilities, cutting costs, and rationalizing routes through alliances. The Bulkships business will accumulate stable profits, and work on a global basis towards building a business structure which does not assume a recovery in market conditions or the continuation of strong market conditions.

The MOL Group is the subject of investigations by regulators in the United States, Europe and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group, seeking damage claims, a cease and desist order, and so on. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with antitrust laws of respective nations, as well as strive to prevent recurrence.

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New midterm management plan

STEER FOR 2020

Main Theme: **Solid growth through innovative changes**

Long-term vision: **“To make the MOL Group an excellent and resilient organization that leads the world shipping industry.”**

Overall strategies

(1) Innovation of Business Portfolio

- Allocating management resources swiftly and heavily to businesses where we expect high growth and stable long-term profits in ocean shipping and related businesses.

(2) Innovation of Business Model

- Taking advantage of our expertise to focus on businesses that offer added value and meet customer needs.
- Transforming our fleets for a more flexible structure that has greater market resilience, while increasing competitiveness and controlling the risk of lower-than-projected profitability.

(3) Innovation of Business Domain

- Creating value chains by expanding business fields both upstream and downstream of ocean shipping transport.

Strengthening management foundation

- ▶ Reinforce compliance
- ▶ Reconstruct our safe operation structure
- ▶ Strengthen total risk control
- ▶ Concentrating business intelligence

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(6) Principal Business (As of March 31, 2015)

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, offshore business, warehousing and real estate

(7) Principal Business Offices (As of March 31, 2015)

1) The Company

	Location
Head and registered office	Tokyo
Branch offices	Nagoya (Aichi Pref.), Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima (Hiroshima Pref.)
Representative offices	Beijing Representative Office (China), 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., Canada, Mexico, Panama, Brazil, Chile, Peru, Uruguay, United Kingdom, Germany, the Netherlands, Belgium, Poland, Czech Republic, Turkey, Egypt, Cote d'Ivoire, Ghana, Nigeria, South Africa, China, Korea, Taiwan, the Philippines, Vietnam, Cambodia, Singapore, Malaysia, Indonesia, India, Pakistan, Sri Lanka, Thailand, Myanmar, Australia, New Zealand

(8) Shipping Tonnage of the Group (As of March 31, 2015)

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	128	in thousands 8,223	98	in thousands 13,122	18	in thousands 1,224
Chartered vessels	410	30,100	94	3,803	100	6,177
Others	0	0	2	143	0	0
Total	538	38,322	194	17,068	118	7,401

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		in thousands		in thousands		in thousands		in thousands
	16	92	1	5	0	0	261	22,665
Chartered vessels	26	78	0	0	2	13	632	40,171
Others	1	1	0	0	0	0	3	144
Total	43	171	1	5	2	13	896	62,980

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(9) Employees (As of March 31, 2015)

1) Employees of the Group

Name of Segment	Number of Employees	
Bulkships	1,342	(121)
Containerships	5,534	(350)
Ferry and Domestic Transport	858	(86)
Associated Businesses	2,123	(1,468)
Others	351	(78)
Company-wide (common)	300	(71)
Total	10,508	(2,174)
As of March 31, 2014	10,289	(2,204)

- 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	606	0	39.4	16.0
Employees on sea duty	284	8	33.9	11.0
Total	890	8	37.7	14.4

- Notes: 1. The number of employees on land duty does not include 450 employees dispatched outside the Company and 155 non-regular employees and others.
2. The number of employees on sea duty does not include 4 employees dispatched outside the Company and 48 non-regular employees and others.

(10) Principal Subsidiaries (As of March 31, 2015)

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
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	99.00	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
MOL Bulk Carriers Pte. Ltd.	3,500 USD Thousand	100.00	Marine transportation business
Phoenix Tankers Pte. Ltd.	379,311 USD Thousand	100.00	Marine transportation business
Tokyo Marine Asia Pte. Ltd.	138,017 SGD Thousand	100.00	Marine transportation business

- Notes: 1. Figures less than one (1) million yen, one (1) thousand USD, one (1) thousand SGD 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, 2015)

(Millions of yen)	
Creditor	Loan Outstanding
Sumitomo Mitsui Banking Corporation	41,306
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,430
Mitsubishi UFJ Trust and Banking Corporation	23,254
Sumitomo Mitsui Trust Bank, Limited.	22,571
The Norinchukin Bank	13,607
Mizuho Bank, Ltd.	11,944
Development Bank of Japan Inc.	8,858

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

2. Status of Shares (As of March 31, 2015)

(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 10,162,254 shares)

(3) Number of Shareholders 104,192 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.	224,744	18.79
2. The Master Trust Bank of Japan, Ltd.	60,902	5.09
3. Mitsui Sumitomo Insurance Co., Ltd.	34,165	2.86
4. Sumitomo Mitsui Banking Corporation	30,000	2.51
5. Trust & Custody Services Bank, Ltd.	24,555	2.05
6. The Nomura Trust and Banking Co., Ltd.	19,090	1.60
7. Mizuho Bank, Ltd.	17,000	1.42
8. The Bank of New York Mellon SA/NV 10	14,931	1.25
9. State Street Bank West Client-Treaty 505234	13,313	1.11
10. Sumitomo Life Insurance Company	11,848	0.99

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 (10,162,254 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 10, 2007	August 8, 2008	August 14, 2009	August 16, 2010	August 9, 2011	August 13, 2012	August 16, 2013	August 18, 2014
Total number of holders (persons)	1	2	2	3	4	3	7	9
MOL Directors (excluding outside directors) (persons)	1	1	1	2	2	2	5	6
MOL Outside Directors (persons)	0	1	1	1	2	1	2	3
MOL Corporate Auditors (persons)	None	None	None	None	None	None	None	None
Total number of stock acquisition rights (units)	30	60	60	150	180	50	300	350
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 30,000	(common stock) 60,000	(common stock) 60,000	(common stock) 150,000	(common stock) 180,000	(common stock) 50,000	(common stock) 300,000	(common stock) 350,000
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
Exercise price (yen per share)	1,962	1,569	639	642	468	277	447	412
Exercise period of the stock acquisition rights	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	August 2, 2015 to June 20, 2023	August 2, 2016 to June 23, 2024
Exercise conditions of the stock acquisition rights	(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 18, 2014
Total number of employees granted (persons)	84
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	19
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)	32
Total number of stock acquisition rights (units)	1,130
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 1,130,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	412
Exercise period of the stock acquisition rights	August 2, 2016 to June 23, 2024
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.

The Company issued “Euro US dollar Zero Coupon Convertible Bond due 2018” and “Euro US dollar Zero Coupon Convertible Bond Due 2020,” and their details are as follows.

Euro US dollar Zero Coupon Convertible Bond due 2018

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	3,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 56,179,775
Conversion price	US\$5.34
Exercise period of the stock acquisition rights	May 8, 2014 to April 10, 2018
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US\$300 million

Euro US dollar Zero Coupon Convertible Bond Due 2020

Issue date	April 24, 2014
Total number of stock acquisition rights (units)	2,000
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 41,666,666
Conversion price	US\$4.80
Exercise period of the stock acquisition rights	May 8, 2014 to April 9, 2020
Exercise conditions of the stock acquisition rights	Partial exercise of each stock acquisition right is not allowed.
Balance of convertible bonds	US\$200 million

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4. Matters Concerning Officers

(1) Directors and Corporate Auditors (As of March 31, 2015)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, President Executive Officer	Koichi Muto		Chairman, The Japan Ship Owners' Mutual Protection & Indemnity Association
Representative Director, Executive Vice President Executive Officer	Kazuhiro Sato	Assistant to President	
Director, Senior Managing Executive Officer	Tsuneo Watanabe	Tanker Division, Tanker Safety Management Office	
Director, Senior Managing Executive Officer	Junichiro Ikeda	Human Resources Division, Liner Division, Car Carrier Division	
Director, Managing Executive Officer	Masahiro Tanabe	Finance Division, Accounting Division, Investor Relations Office	
Director, Managing Executive Officer	Shizuo Takahashi	Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd., Compliance	
Director	Takeshi Komura		Provided in (3) Matters Concerning Outside Officers below.
Director	Masayuki Matsushima		Provided in (3) Matters Concerning Outside Officers below.
Director	Atsutoshi Nishida		Provided in (3) Matters Concerning Outside Officers below.
Full-time Corporate Auditor	Masaaki Tsuda		
Full-time Corporate Auditor	Takehiko Ota		
Corporate Auditor	Hiroyuki Itami		Provided in (3) Matters Concerning Outside Officers below.
Corporate Auditor	Hideki Yamashita		Provided in (3) Matters Concerning Outside Officers below.

- Notes:
1. Takeshi Komura, Masayuki Matsushima and Atsutoshi Nishida are outside directors, 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. Hiroyuki Itami and Hideki Yamashita are outside corporate auditors, 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. 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.
 4. Hideki Yamashita, a corporate auditor, is familiar with corporate legal affairs as an attorney at law, and has considerable knowledge about finance and accounting.
 5. At the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2014, Directors Akimitsu Ashida and Sadayuki Sakakibara resigned from their offices due to expiration of their terms.
 6. At the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2014, Sumio Iijima, a corporate auditor, resigned from his office due to expiration of his term.
 7. Executive officers as of March 31, 2015 are as follows (excluding ones concurrently serving as director).

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Executive Officers (As of March 31, 2015)

Position	Name	Assignment
Senior Managing Executive Officer	Kenichi Nagata	Research Office, Coal and Iron Ore Carrier Division, Bulk Carrier Office, Dry Bulk Carrier Supervising Office
Senior Managing Executive Officer	Masaaki Nemoto	Dry Bulk Carrier Supervising Office, Tanker Safety Management Office, MOL LNG Transport Co., Ltd., Human Resources Division, Marine Safety Division, Safety Operation
Managing Executive Officer	Kiyotaka Yoshida	Technical Division
Managing Executive Officer	Hirokazu Hatta	General Affairs Division, Group Business Division, Kansai Area
Managing Executive Officer	Takeshi Hashimoto	LNG Carrier Division, Offshore and LNG Project Division, MOL LNG Transport Co., Ltd.
Managing Executive Officer	Tetsuro Nishio	Dedicated Bulk Carrier Division
Managing Executive Officer	Toshiya Konishi	Liner Division
Managing Executive Officer	Takaaki Inoue	Tanker Safety Management Office, MOL LNG Transport Co., Ltd., Marine Safety Division
Executive Officer	Takashi Maruyama	General Manager of Finance Division
Executive Officer	Akihiko Ono	General Manager of Corporate Planning 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
Executive Officer	Hideo Horiguchi	General Manager of Accounting Division
Executive Officer	Akio Mitsuta	Tanker Division
Executive Officer	Koichi Yashima	Human Resources Division
Executive Officer	Akasaka Kojiro	Managing Director of MOL (ASIA) LIMITED
Executive Officer	Shunichi Inaoka	Dry Bulk Carrier Supervising Office, Marine Safety Division, General Manager of Dry Bulk Carrier Supervising Office
Executive Officer	Naotoshi Omoto	General Manager of Car Carrier Division
Executive Officer	Toshiaki Tanaka	General Manager of Coal and Iron Ore Carrier Division

(2) Remunerations Paid to Directors and Corporate Auditors

Category	Number of Persons Remunerated	Total Amount of Remunerations Paid (millions of yen)
Directors	11	343
Corporate Auditors	5	86
Total	16	430

- Notes:
1. The above includes remuneration related to two (2) directors and one (1) corporate auditor who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2014.
 2. The above includes payments of remunerations to seven (7) outside officers totaling ¥57 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.
¥46 million for nine (9) directors (including ¥7 million for three (3) outside directors)
 4. Recorded figures less than one (1) million are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

(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, Capital Market Promotion Foundation Outside Director, Maezawa Industries, Inc.
Masayuki Matsushima	Attended ten (10) 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 many years of experience and knowledge in the financial sector, from the objective viewpoint of an outside director.	Outside Director, Mitsui Fudosan Co., Ltd. Chairman, NWIC Co., Ltd. Senior Adviser, Integral Corporation
Atsutoshi Nishida	Attended seven (7) out of eight (8) board meetings held in the fiscal year under review after assuming the position of outside director of the Company 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.	Advisor to the Board, TOSHIBA CORPORATION President, Japan Tax Association Chairman, Japan Institute of Logistics Systems Chairman, Japan International Training Cooperation Organization

[Outside Corporate Auditors]

Name	Major Activities	Significant Concurrent Positions outside the Company
Hiroyuki Itami	Attended all eleven (11) board meetings and all ten (10) 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 head of Graduate School of Innovation Studies, Tokyo University of Science Outside Director, TOSHIBA CORPORATION Outside Corporate Auditor, JFE Holdings, Inc.
Hideki Yamashita	Attended all eight (8) board meetings and all eight (8) corporate auditors' meetings held in the fiscal year under review after assuming the position of outside corporate auditor of the Company and appropriately made statements necessary for discussion of proposals mainly from the viewpoint of a specialist as an attorney at law.	Attorney at law, YAMASHITA & TOYAMA LAW AND PATENT OFFICE Outside Corporate Auditor, I-Cell Networks

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.

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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 of Business Report

(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	109
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	240

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

In addition to the above, in the case when there is any event that undermines eligibility or credibility as the Accounting Auditor, when it is considered difficult for the Accounting Auditor to properly perform an accounting audit, when it is considered reasonable to change the Accounting Auditor in order to improve the appropriateness of the accounting audit, or when 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 Corporate Auditors decides details of an agenda concerning dismissal or non-reappointment of the Accounting Auditor and requests the Board of Directors to include that agenda in the agenda of the general meeting of shareholders.

The Board of Directors, upon request from the Board of Corporate Auditors, decides to include the said agenda in the agenda of the general meeting of shareholders.

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: February 18, 2015)

(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

<Compliance>

1) The Group not only complies with laws and regulations and the articles of incorporation but also advocates an “open and visible management style that is guided by the highest ethical and social standards” as one of its corporate principles. The Company formulates the Compliance Policy as a basis of the compliance system and establishes a Compliance Committee, which is headed by a Chief

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Compliance Officer (CCO) appointed by the Board of Directors to develop and maintain the compliance system through regular monitoring.

- 2) The Company ensures that officers and employees comply with the code of conduct stipulated in Article 5 of the Compliance Policy, with a focus on compliance with overseas competition laws, taking a stringent and resolute attitude toward antisocial forces, prohibition of insider trading, prohibition of bribery, preservation of confidential information on customers and companies, etc. and prohibition of discrimination and harassment.
- 3) The Company provides training by job rank and category and implements e-learning with respect to various laws and regulations and rules such as the Antimonopoly Act, the Financial Instruments and Exchange Act and the Unfair Competition Prevention Act as well as the Company regulations for all officers and employees to prevent compliance violations and take remedial actions while ensuring that officers and employees are fully aware of compliance and improving the level of such awareness.
- 4) Based on the Compliance Policy, the Company develops and operates a reporting and consultation system by establishing a service desk for reports and consultation on violation of compliance rules as well as a compliance advisory service desk provided by an outside attorney.

<Corporate governance>

- 5) 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 compliance violations. Also directors are involved in the highest level of policymaking regarding all aspects of corporate management through the Board of Directors, and, as members of the Board of Directors, they supervise and encourage executive officers to execute business.
- 6) 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.
- 7) 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.
- 8) 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.

(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 in the case of documents and the rules of electronic information security in the case of electronic information.
- 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.

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

[Translation for Reference and Convenience Purposes Only]

- 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 consists of members appointed by the President Executive Officer and approved by the Board of Directors. The Executive Committee 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 are appointed by the Board of Directors, take over authorities transferred by representative directors based on rules of executive officers, and perform their duties in accordance with the uppermost policies decided by the Board of Directors regarding all aspects of corporate management, based on the division of duties by organization and the administrative authority of each position stipulated in the organizational rules.

(5) 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.

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

- 1) In an attempt to secure the propriety of business carried out by the Group companies, the group corporate principles are advocated, and each Group company prescribes various rules based on it.
- 2) As for business management of the Group companies, a division of the Company is nominated to be responsible for the business management of each Group company. Based on the rules of the Group companies' business management, a head of the division 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. For the Group companies positioned as quasi internal organizations based on the organizational rules, however, the officer, instead of a head of the division, performs these procedures.
- 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.

(7) Dedicated Staff Members to Assist in the Corporate Auditors' Duties and Their Independence

- 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.

(8) 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 an 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 Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
	Amount	Amount
(Assets)		
Current assets	511,795	533,639
Cash and deposits	86,622	98,148
Trade receivables	178,844	146,786
Marketable securities	45,000	83,000
Inventories	49,025	59,349
Deferred and prepaid expenses	75,937	73,284
Deferred tax assets	2,106	1,628
Other current assets	75,796	72,138
Allowance for doubtful accounts	(1,537)	(697)
Fixed assets	2,112,254	1,831,055
(Tangible fixed assets)	1,498,028	1,379,244
Vessels	906,983	860,095
Buildings and structures	165,930	136,990
Equipment, mainly containers	21,387	10,273
Equipment and parts	5,927	4,929
Land	221,993	215,610
Vessels and other property under construction	173,279	148,971
Other tangible fixed assets	2,526	2,373
(Intangible fixed assets)	37,068	29,384
(Investments and other assets)	577,157	422,426
Investment securities	128,415	111,060
Investments in and advances to unconsolidated subsidiaries and affiliates	140,395	123,394
Long-term loans receivable	74,958	37,519
Long-term prepaid expenses	3,692	3,550
Net defined benefit assets	24,063	21,199
Deferred tax assets	3,954	3,768
Other long-term assets	203,182	123,717
Allowance for doubtful accounts	(1,504)	(1,785)
Total Assets	2,624,049	2,364,695

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
	Amount	Amount
(Liabilities)		
Current liabilities	505,346	430,045
Trade payables	167,001	143,196
Short-term bonds	15,000	45,000
Short-term bank loans	179,388	105,188
Accrued income taxes	7,638	6,909
Advances received	36,280	37,696
Deferred tax liabilities	592	1,716
Allowance for bonuses	4,763	4,530
Allowance for directors' bonuses	241	121
Commercial papers	5,500	-
Other current liabilities	88,940	85,687
Fixed liabilities	1,226,267	1,151,100
Bonds	270,185	180,500
Long-term bank loans	688,331	740,038
Long-term lease obligations	22,928	21,564
Deferred tax liabilities	109,042	81,130
Net defined benefit liabilities	13,659	12,935
Allowance		
for directors' and corporate auditors' retirement	1,803	1,852
for periodic drydocking	15,802	14,191
Other fixed liabilities	104,513	98,888
Total Liabilities	1,731,614	1,581,146
(Net Assets)		
Owners' equity	636,530	605,768
Common stock	65,400	65,400
Capital surplus	44,468	44,516
Retained earnings	533,484	502,833
Treasury stock, at cost	(6,823)	(6,981)
Accumulated other comprehensive income	146,026	73,392
Unrealized holding gains on available-for-sale securities, net of tax	44,260	32,809
Unrealized gains (losses) on hedging derivatives, net of tax	68,769	39,711
Foreign currency translation adjustments	27,673	(315)
Remeasurements of defined benefit plans, net of tax	5,322	1,186
Share subscription rights	2,553	2,390
Minority interests	107,324	101,998
Total Net Assets	892,435	783,549
Total Liabilities and Total Net Assets	2,624,049	2,364,695

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(Millions of yen)

	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)
	Amount	Amount
Shipping and other operating revenues	1,817,069	1,729,452
Shipping and other operating expenses	1,683,795	1,587,902
Gross operating income	133,274	141,550
Selling, general and administrative expenses	116,024	100,458
Operating income	17,249	41,092
Non-operating income		
Interest income	2,704	2,318
Dividend income	6,920	7,022
Equity in earnings of affiliated companies	4,930	-
Others	34,210	20,165
Total non-operating income	48,765	29,507
Non-operating expenses		
Interest expense	12,555	12,583
Equity in losses of affiliated companies	-	1,234
Others	2,129	1,796
Total non-operating expenses	14,685	15,613
Ordinary income	51,330	54,985
Extraordinary profit		
Gain on sales of fixed assets	16,225	7,094
Others	9,927	28,955
Total extraordinary profit	26,152	36,050
Extraordinary loss		
Loss on sales, disposal and retirement of fixed assets	2,852	6,702
Impairment loss	10,198	6,447
Loss arising from marine accident	-	2,397
Others	6,099	3,777
Total extraordinary loss	19,150	19,325
Income before income taxes and minority interests	58,332	71,710
Income taxes - current	12,440	13,796
Income taxes - deferred	(2,577)	(4,525)
Income before minority interests	48,469	62,439
Minority interests in earnings of consolidated subsidiaries	6,113	5,045
Net income	42,356	57,393

[Translation for Reference and Convenience Purposes Only]

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, 2014	65,400	44,516	502,833	(6,981)	605,768
Cumulative effects of changes in accounting policies			(4,567)		(4,567)
Restated balance	65,400	44,516	498,266	(6,981)	601,201
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares				18	18
Dividends paid			(7,172)		(7,172)
Net income			42,356		42,356
Change in scope of consolidation			205		205
Change in scope of equity method accounting			(121)		(121)
Purchase of treasury stock				(56)	(56)
Disposal of treasury stock		(47)	(49)	195	98
Net changes of items other than owners' equity during the fiscal year					
Total changes during the fiscal year	-	(47)	35,218	158	35,329
Balance at March 31, 2015	65,400	44,468	533,484	(6,823)	636,530

[Translation for Reference and Convenience Purposes Only]

	Accumulated other comprehensive income					Share subscription rights	Minority interests	Total Net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Accumulated other comprehensive income			
Balance at April 1, 2014	32,809	39,711	(315)	1,186	73,392	2,390	101,998	783,549
Cumulative effects of changes in accounting policies								(4,567)
Restated balance	32,809	39,711	(315)	1,186	73,392	2,390	101,998	778,982
Changes during the fiscal year								
Issuance of new shares - exercise of subscription rights to shares						(18)		-
Dividends paid								(7,172)
Net income								42,356
Change in scope of consolidation								205
Change in scope of equity method accounting								(121)
Purchase of treasury stock								(56)
Disposal of treasury stock								98
Net changes of items other than owners' equity during the fiscal year	11,450	29,058	27,988	4,136	72,634	181	5,326	78,142
Total changes during the fiscal year	11,450	29,058	27,988	4,136	72,634	162	5,326	113,453
Balance at March 31, 2015	44,260	68,769	27,673	5,322	146,026	2,553	107,324	892,435

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 371
- (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) Name of principal non-consolidated subsidiary: Asia Cargo Service Co., Ltd.
- (4) Reason for exclusion from the scope of consolidation
Total assets, total operating revenues, net income (based on the Group’s equity interest) and retained earnings (based on the Group’s equity interest) of non-consolidated subsidiaries are not significant respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method accounting

- (1) Number of equity method affiliates: 70
- (2) Names of principal equity method affiliates:
Daiichi Chuo Kisen Kaisha, Asahi Tanker Co., Ltd.
- (3) Name of principal non-consolidated subsidiary that is not accounted under the equity method:
Asia Cargo Service Co., Ltd.
- (4) Name of principal affiliate that is not accounted under the equity method:
Sorami Container Center Co., Ltd.
- (5) Reason for exclusion from the scope of applying the equity method accounting
Net income and retained earnings (based on the Group’s equity interest) of non-consolidated subsidiaries and affiliates that are not accounted under the equity method are not significant.

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

- (1) Scope of consolidation
25 companies including Tokai Tug-boat Co., Ltd. have been newly included in the scope of consolidation from this fiscal year, due to the increase in materiality. 11 companies including MOBSEL Vermintino Shipping Co. Ltd., which had been a consolidated subsidiary, were excluded from the scope of consolidation due to their liquidation and other reasons.
- (2) Scope of applying the equity method accounting
3 companies, including LNG Rose Shipping Corp., a newly established company, have been newly accounted under the equity method from this fiscal year. 6 companies including Act Maritime Co., Ltd., which had been equity method affiliates, were excluded from the scope of equity method application due to their liquidation and other reasons.

[Translation for Reference and Convenience Purposes Only]

4. Significant accounting policies

(1) Bases and methods of valuation of assets

Securities

Trading securities

Market value method (Costs of securities sold are determined based on the moving-average method)

Held-to-maturity debt securities

Amortized cost method

Other securities

Available-for-sale securities

with market value

Market value method based on the market price as of the closing date

(Unrealized gains/losses are recorded in equity. Costs of securities sold are determined mainly based on the moving-average method)

without market value

Stated at cost mainly based on the moving-average method

Derivative transactions

Market value method

Inventories (Fuel and supplies)

Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

(2) Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels

Mainly straight-line method (Declining-balance method for a part of vessels)

Buildings and structures

Mainly straight-line method

Other tangible fixed assets

Mainly declining-balance method

Intangible fixed assets (excluding leased assets) Straight-line method

Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.

Goodwill is amortized equally over 5 years, in general.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Group owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

Finance leases other than those that transfer ownership, which have commenced prior to March 31, 2008 are accounted for as ordinary rental and lease transactions.

(3) Accounting treatment for deferred assets

Bond issue expenses

Expensed as incurred

Stock issue expenses

Expensed as incurred

[Translation for Reference and Convenience Purposes Only]

(4) Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

The Company and several domestic consolidated subsidiaries record allowances for bonuses to directors based on the estimated amount of future payments.

Allowance for directors' and corporate auditors' retirement benefits

Several domestic consolidated subsidiaries record allowances for payments of retirement benefits to directors and corporate auditors based on amounts to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.

Allowance for periodic drydocking

Allowance for periodic drydocking is based on the estimated amount of repairs 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 meet the requirements of special accounting rules.

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

Future transactions in foreign currencies
Future transactions in foreign currencies
Future transactions in foreign currencies
Loans payable in foreign currencies
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.

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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) Interest expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting for retirement benefits

Net defined benefit assets/liabilities are recorded based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Unrecognized actuarial gains/losses are amortized by the straight-line method over a period that does not exceed the employees' estimated remaining service period (generally 10 years) from the next fiscal year. Prior service costs are generally expensed as incurred.

Accounting for consumption taxes

Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Accounting Policies

(Application of accounting standards for retirement benefits and another standard)

The Company has reviewed the calculation method of retirement benefit obligations and service costs, and changed the method of determining the discount rate by applying the provision of Article 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective the fiscal year ended March 31, 2015.

In applying the Accounting Standard and Guidance, the Company has followed the transition measures set forth in the provision of Article 37 of the Accounting Standard, and recognized the effect of change in the method of calculating retirement benefit obligations and service costs as an adjustment to retained earnings as of the beginning of this fiscal year.

As a result, the beginning balance for the fiscal year ended March 31, 2015 of "net defined benefit assets" decreased by 4,570 million yen, "net defined benefit liabilities" decreased by 5 million yen, and "retained earnings" decreased by 4,567 million yen.

The effect on operating income, ordinary income and net income before taxes for this fiscal year is minimal.

[Translation for Reference and Convenience Purposes Only]

Notes to Changes in Presentations

(Consolidated statements of income)

“Gain on sale of containers” (4,094 million yen for this fiscal year), which was separately disclosed in the previous fiscal year, is included in “Others” in non-operating income in this fiscal year, due to the decrease in materiality.

“Gain on sales of investment securities” (135 million yen for this fiscal year), “Gain on sale of subsidiaries and affiliates stocks” (198 million yen for this fiscal year) and “Cancellation fee for chartered vessels” (2,229 million yen for this fiscal year), which were separately disclosed in the previous fiscal year, are included in “Others” in extraordinary profit in this fiscal year, due to the decrease in materiality.

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	48,030 million yen
Other	995 million yen

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	202,453 million yen
Vessels and other property under construction	90,908 million yen
Investment securities	31,993 million yen
Equity securities issued by subsidiaries and affiliates	41,818 million yen
<hr/>	
Total	367,172 million yen

(2) Secured obligations

Short-term loans	13,769 million yen
Long-term loans	156,237 million yen
<hr/>	
Total	170,006 million yen

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

- a) Investment securities of ¥31,911 million and equity securities issued by subsidiaries and affiliates of ¥11,143 million are pledged as collateral to secure losses that could arise if the Company and subsidiaries/affiliates cause oil pollution accidents in U.S. waters. As of March 31, 2015 there are no outstanding liabilities. ¥11,143 million of equity securities issued by subsidiaries and affiliates are equity securities issued by consolidated subsidiaries.
- b) Equity securities issued by subsidiaries and affiliates of ¥30,674 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.
- c) Investment securities of ¥81 million are pledged as collateral for long-term loans associated with LNG carrier projects.

3. Accumulated depreciation of tangible fixed assets 838,161 million yen

4. Contingent liabilities

Amount of discounts on notes receivables	14 million yen
Guarantee liabilities, etc.	112,359 million yen
(Guarantee liabilities in foreign currency included in above)	95,818 million yen)

5. Others

The MOL Group is subject to investigations by overseas competition law authorities including those of the U.S. and Europe for violation of competition laws of those countries regarding price control negotiations for ocean transport services of completely built-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group for damage claims and for a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of MOL Group is uncertain as its financial impact is not estimable at this stage.

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Statement of Changes in Net Assets

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

Class: Common stock
 Number of shares: 10,186,509 shares

3. Dividends distribution of surplus

(1) Dividends paid

Resolution	Class of stock	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2014	Common stock	3,587	3.0	March 31, 2014	June 25, 2014
Board of Directors' Meeting October 31, 2014	Common stock	3,588	3.0	September 30, 2014	November 25, 2014

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year.

Resolution	Class of stock	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 23, 2015	Common stock	4,784	Retained earnings	4.0	March 31, 2015	June 24, 2015

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

(Excluding share subscription rights yet to be effective)

Class: Common stock
 Total number of shares: 12,118,000 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Qualitative information on financial instruments

To acquire vessels and other fixed assets, the Group raises capital investment primarily by bank loans and bonds. In addition, the Group raises short-term working capital primarily by bank loans. Furthermore, the Group has commitment lines with Japanese banks to maintain sufficient sources of working capital and secure necessary liquidity in case of emergency situations.

Trade receivables are exposed to the credit risks of customers. The Group mitigates such risks by performing operations in accordance with internal regulations. In addition, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risks. The Group avoids this risk mainly by using exchange forward contracts to cover net trade receivables and payables denominated in foreign currencies. Investment securities are mainly stocks of companies which the Group has business relationships with. Fair value of listed stock is measured at market value on a quarterly basis.

Trade payables are due within a year. Short-term loans are primarily used to raise short-term working capital, while long-term loans and bonds are mainly used to raise necessary funds for capital investments. Although several items have variable interest rates and therefore are exposed to volatility risks, the Group uses derivative financial instruments (interest rate swap) to fix certain portions of such variable interest rates. Long-term loans denominated in foreign currencies are exposed to foreign currency exchange rate risks; however, currency swaps are set for a portion of such loans to minimize the risks. Derivatives are used to hedge risks as discussed above and are executed to manage risks related to actual demand. In accordance with internal policies (“Market Risk Management Policy” and “Guideline for Market Risk Management”), the Group’s policy is not to use derivatives for speculative purposes.

2. Fair values of financial instruments

The book value, fair value, and differences between the two values of financial instruments at end of this fiscal year are as follows:

	(Millions of yen)		
	Book Value	Fair Value	Difference
(1) Cash and deposits	86,622	86,622	–
(2) Trade receivables	178,844	178,844	–
(3) Marketable securities			
Available-for-sale securities	45,000	45,000	–
(4) Short-term loans receivable	5,556	5,556	–
(5) Long-term loans receivable (*1)	76,264	82,282	6,017
(6) Investment securities			
Available-for-sale securities	120,583	120,583	–
(7) Trade payables	167,001	167,001	–
(8) Short-term loans	74,202	74,202	–
(9) Commercial paper	5,500	5,500	–
(10) Bonds (*2)	285,185	288,297	3,112
(11) Long-term loans (*3)	793,517	807,098	13,581
(12) Derivative financial instruments (*4)	153,518	153,082	(436)

(*1) The book value of long-term loans receivable includes current portion of ¥ 1,306 million.

(*2) The book value of bonds includes current portion of ¥ 15,000 million.

(*3) The book value of long-term loans includes current portion of ¥ 105,185 million.

(*4) Assets and liabilities from derivative financial instruments are net. Negative amounts are stated in [].

Notes: 1. Methods used to measure financial instruments at fair value, and issues regarding investment securities and derivative financial instruments are as follows:

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

[Translation for Reference and Convenience Purposes Only]

Since these assets are settled within a short period and the fair value is almost equivalent to the book value, therefore, these assets are evaluated at the book value.

(3) Marketable securities and (6) Investment securities

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

(5) Long-term loans receivable

Fair value of long-term loans receivable with variable interest rate is evaluated at 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 was made. 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 paper

Since these assets are settled within a short period and the fair value is almost equivalent to the book value, therefore, these assets are evaluated at the book value.

(10) Bonds

Fair value of marketable corporate bond is evaluated at market price.

(11) Long-term loans

Fair value of long-term bank loans with variable interest rates is evaluated at the book value because fair value is almost equivalent 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 the Group 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 type, 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 to be newly made. 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

Fair value of derivatives, which are used for hedging purposes, is measured at the value of forward exchange rates as of the end of the fiscal year or offered prices by financial institutions. Since currency swaps, which deferral hedge accounting is applied, are accounted for together with the long-term bank loans being hedged, the fair value is included in the fair value of the relevant hedged item.

2. Financial instruments which fair value are extremely difficult to determine are as follows:

(Millions of yen)

	Book Value
Unlisted stocks	7,821
Others	11
Total	7,832

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 determine as they have no quoted market price and the future cash flow cannot be estimated.

[Translation for Reference and Convenience Purposes Only]

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.

2. Fair value of rental property

(Millions of yen)

Book Value	Fair Value
317,018	432,440

Notes: 1. Book value is acquisition cost less accumulated depreciation.

2. Fair value of major properties is based on the valuation of independent real estate appraisers. For other properties, fair value of land is adjusted using an index that reflects market price properly.

Fair value of depreciable assets such as buildings is the amount recorded on consolidated balance sheets.

Per-share Information

- | | |
|-------------------------|------------|
| 1. Net assets per share | 654.26 yen |
| 2. Net income per share | 35.42 yen |

Significant Subsequent Events

There are no significant events to be disclosed.

Other Notes

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

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
	Amount	Amount
(Assets)		
Current assets	380,617	368,521
Cash and deposits	22,130	24,263
Trade receivables	112,952	86,113
Short-term loans receivable	71,795	26,866
Advances	7,921	14,912
Marketable securities	45,000	83,000
Inventories	33,151	43,011
Deferred and prepaid expenses	44,475	46,878
Receivable from agencies	18,351	19,780
Other receivables	12,243	10,991
Other current assets	13,824	13,218
Allowance for doubtful accounts	(1,227)	(516)
Fixed assets	721,059	670,662
(Tangible fixed assets)	117,259	124,072
Vessels	84,419	89,138
Buildings	9,440	10,204
Structures and equipment	411	379
Vehicles and transportation equipment	95	66
Equipment, mainly containers	609	659
Land	16,694	18,015
Vessels and other property under construction	3,784	3,561
Other tangible fixed assets	1,803	2,046
(Intangible fixed assets)	15,970	17,898
(Investments and other assets)	587,829	528,691
Investment securities	99,684	86,551
Investments in and advances to subsidiaries and affiliates	239,726	214,624
Long-term loans receivable	137,971	136,848
Long-term prepaid expenses	15,593	18,974
Long-term lease receivables	84,841	52,038
Other investments and other assets	12,279	21,700
Allowance for doubtful accounts	(2,268)	(2,047)
Total Assets	1,101,677	1,039,183

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014
	Amount	Amount
(Liabilities)		
Current liabilities	280,778	271,712
Trade payables	122,296	98,106
Short-term bonds	15,000	30,000
Short-term bank loans	104,185	77,352
Other payables	1,385	27,422
Accrued income taxes	-	662
Accrued expenses	1,564	1,756
Advances received	23,194	22,246
Payable to agencies	2,383	2,752
Allowance for bonuses	2,117	2,099
Allowance for directors' bonuses	42	-
Other current liabilities	8,609	9,314
Fixed liabilities	353,589	311,873
Bonds	185,185	110,500
Long-term bank loans	141,206	179,310
Deferred tax liabilities	20,303	18,906
Allowance for employees' severance and retirement benefits	8	8
Allowance for directors' and corporate auditors' retirement benefits	-	120
Allowance for loss on guarantees	3,510	300
Other fixed liabilities	3,375	2,728
Total Liabilities	634,367	583,586
(Net Assets)		
Owners' equity	428,937	422,751
Common stock	65,400	65,400
Capital surplus	44,371	44,419
Additional paid-in capital	44,371	44,371
Other capital surplus	-	47
Retained earnings	326,038	319,954
Legal earnings reserve	8,527	8,527
Other retained earnings	317,510	311,427
Reserve for special depreciation	635	1,247
Reserve for overseas investment loss	23	31
Reserve for advanced depreciation	978	975
General reserve	289,630	249,630
Retained earnings (losses) brought forward	26,243	59,543
Treasury stock, at cost	(6,872)	(7,023)
Accumulated gains from valuation and translation adjustments	35,818	30,455
Unrealized holding gains on available-for-sale securities, net of tax	40,315	30,764
Unrealized gains (losses) on hedging derivatives, net of tax	(4,497)	(308)
Share subscription rights	2,553	2,390
Total Net Assets	467,309	455,597
Total Liabilities and Total Net Assets	1,101,677	1,039,183

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(Millions of yen)

	FY2014	FY2013
	(From April 1, 2014 to March 31, 2015)	(From April 1, 2013 to March 31, 2014)
	Amount	Amount
Shipping and other operating revenues		
Shipping revenues		
Freight	993,810	962,871
Charter fees	243,465	231,140
Other shipping revenues	37,591	35,676
Total	1,274,868	1,229,688
Other operating revenue	1,101	970
Total shipping and other operating revenues	1,275,969	1,230,658
Shipping and other operating expenses		
Shipping expenses		
Voyage expenses	628,994	604,065
Vessels	13,440	12,594
Charter fees	474,576	452,903
Other shipping expenses	137,035	121,896
Total	1,254,046	1,191,459
Other operating expenses	824	743
Total shipping and other operating expenses	1,254,870	1,192,202
Gross operating income	21,098	38,456
Selling, general and administrative expenses	33,228	28,509
Operating income (loss)	(12,129)	9,946
Non-operating income		
Interest and dividend income	29,049	22,539
Gain on sale of containers	4,094	4,220
Exchange gains	6,136	170
Others	1,134	939
Total non-operating income	40,414	27,869
Non-operating expenses		
Interest expense	3,139	3,163
Others	1,216	1,168
Total non-operating expenses	4,355	4,332
Ordinary income	23,929	33,483
Extraordinary profits		
Gain on sales of fixed assets	1,915	929
Gain on sales of investment securities	2	991
Gain on sales of securities issued by subsidiaries and affiliates	98	28,369
Gain on liquidation of subsidiaries and affiliates	2,878	2,276
Reversal of allowance for doubtful accounts	9	314
Cancellation fee for chartered vessels	219	572
Others	686	1,776
Total extraordinary profits	5,810	35,229
Extraordinary losses		
Loss on disposal of fixed assets	225	59
Loss on sales of investment securities	-	213
Loss on valuation of investment securities	-	20
Loss on valuation of securities issued by subsidiaries and affiliates	8,969	4,302
Loss on liquidation of subsidiaries and affiliates	-	124
Provision of allowance for loss on guarantees	3,210	300
Provision of allowance for doubtful accounts	650	-
Loss arising from marine accident	-	257
Others	1,108	696
Total extraordinary losses	14,164	5,973
Income before income taxes	15,575	62,739
Income taxes - current	(1,191)	2,084
Income taxes - deferred	(1,116)	35
Net income	17,883	60,620

[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	General reserve	Retained earnings (losses) brought forward				
Balance at April 1, 2014	65,400	44,371	47	44,419	8,527	1,247	31	975	249,630	59,543	319,954	(7,023)	422,751
Cumulative effects of changes in accounting policies										(4,570)	(4,570)		(4,570)
Restated balance	65,400	44,371	47	44,419	8,527	1,247	31	975	249,630	54,973	315,384	(7,023)	418,180
Changes during the fiscal year													
Issuance of new shares - exercise of subscription rights to shares				-							-	18	18
Dividends paid				-						(7,175)	(7,175)		(7,175)
Adjustments of reserves due to effective tax rate change in accordance with Act on Special Measures concerning Taxation				-		18	0	31		(50)	-		-
Net income				-						17,883	17,883		17,883
Reversal of reserve for special depreciation				-		(630)				630	-		-
Reversal of reserve for overseas investment loss				-			(8)			8	-		-
Reversal of reserve for advanced depreciation				-				(28)		28	-		-
Provision of general reserve				-					40,000	(40,000)	-		-
Purchase of treasury stock				-							-	(56)	(56)
Disposal of treasury stock			(47)	(47)						(53)	(53)	188	87
Net changes of items other than owners' equity during the fiscal year													
Total changes during the fiscal year-	-	-	(47)	(47)	-	(611)	(7)	3	40,000	(28,729)	10,654	151	10,757
Balance at March 31, 2015	65,400	44,371	-	44,371	8,527	635	23	978	289,630	26,243	326,038	(6,872)	428,937

[Translation for Reference and Convenience Purposes Only]

(Millions of yen)

	Accumulated gains from valuation and translation adjustments			Share subscription rights	Total Net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments		
Balance at April 1, 2014	30,764	(308)	30,455	2,390	455,597
Cumulative effects of changes in accounting policies					(4,570)
Restated balance	30,764	(308)	30,455	2,390	451,027
Changes during the fiscal year					
Issuance of new shares - exercise of subscription rights to shares			-	(18)	-
Dividends paid			-		(7,175)
Adjustments of reserves due to effective tax rate change in accordance with Act on Special Measures concerning Taxation			-		-
Net income			-		17,883
Reversal of reserve for special depreciation			-		-
Reversal of reserve for overseas investment loss			-		-
Reversal of reserve for advanced depreciation			-		-
Provision of general reserve			-		-
Purchase of treasury stock			-		(56)
Disposal of treasury stock			-		87
Net changes of items other than owners' equity during the fiscal year	9,551	(4,189)	5,362	181	5,544
Total changes during the fiscal year	9,551	(4,189)	5,362	162	16,282
Balance at March 31, 2015	40,315	(4,497)	35,818	2,553	467,309

[Translation for Reference and Convenience Purposes Only]

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 (Costs of securities sold are determined based on the 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
(Unrealized gains/losses are recorded in equity. Costs of securities sold are determined based on the moving-average method)

without market value

Stated at cost based on the moving-average method

Derivative transactions

Market value method

Inventories

Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

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 (excluding leased assets)

Straight-line method

Internal use software is depreciated by the straight line method, based on the estimated useful life of 5 years.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Company owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

Finance leases other than those that transfer ownership, which have commenced prior to March 31, 2008 are accounted for as ordinary rental and lease transactions.

[Translation for Reference and Convenience Purposes Only]

3. Accounting treatment for deferred assets

- Bond issue expenses
 - Expensed as incurred
- Stock issue expenses
 - Expensed as incurred

4. Accounting for allowances

- Allowance for doubtful accounts
 - Allowance for general receivables is based on historical default rate.
 - Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.
- Allowance for bonuses
 - Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.
- Allowance for directors' bonuses
 - Allowance for bonuses to directors is based on the estimated amounts of future payments.
- Allowance for employees' severance and retirement benefits
 - Allowance for retirement benefits to employees is based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year.
 - In calculating retirement benefit obligations, the Company uses straight-line attribution as a method of attributing estimates of retirement benefit to a period up to the end of the fiscal year.
 - Actuarial differences are recognized using the straight-line method within the estimated remaining service period (generally 10 years) commencing with the following period. Prior service cost is accounted for as expenses in lump-sum at the time of occurrence.
- Allowance for loss on guarantees
 - Provided for losses arising from fulfilling guarantee obligations, the Company appropriates a provision for the estimated losses in view of the financial conditions of guaranteed companies.

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 meet the requirements of 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

Future transactions in foreign currencies

Future transactions in foreign currencies

Future transactions in foreign currencies

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 expense is generally expensed as incurred. However, interest expense for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

8. The accounting methods for unrecognized actuarial differences relating to retirement benefits are different from those accounting methods in the consolidated financial statements.

9. Consumption tax and similar local taxes are excluded from income and expense.

Notes to Changes in Accounting Policies

(Application of accounting standards for retirement benefits and another standard)

The Company has reviewed the calculation method of retirement benefit obligations and service costs, and changed the method of determining the discount rate by applying the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective the fiscal year ended March 31, 2015.

In applying the Accounting Standard and Guidance, the Company has followed the transition measures set forth in the provision of Article 37 of the Accounting Standard, and recognized the effect of change in the method of calculating retirement benefit obligations and service costs as an adjustment to retained earnings brought forward as of the beginning of this fiscal year.

As a result, the beginning balance for the fiscal year ended March 31, 2015 of "long-term prepaid expenses" decreased by 4,570 million yen, and "retained earnings brought forward" decreased by 4,570 million yen. The effect on operating income, ordinary income and net income before taxes for this fiscal year is minimal.

[Translation for Reference and Convenience Purposes Only]

Notes to Changes in Presentations

(Non-consolidated balance sheets)

“Long-term other receivables” (¥753 million for this fiscal year), which was separately disclosed in the previous fiscal year, is included in “Other investments and other assets” in this fiscal year due to the decrease in materiality. “Long-term other receivables” for the previous fiscal year was ¥10,594 million.

(Non-consolidated statements of income)

“Exchange gains”, which was included in “Others” up to the previous fiscal year, is separately disclosed in this fiscal year due to the increase in its materiality. The amount of “Exchange gains” in the previous fiscal year was 170 million yen.

“Provision of allowance for loss on guarantees”, which was included in “Others” up to the previous fiscal year, is separately disclosed in this fiscal year due to the increase in its materiality. The amount of “Provision of allowance for loss on guarantees” in the previous fiscal year was 300 million yen.

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	96,070 million yen
Long-term monetary lending	145,229 million yen
Short-term monetary debts	68,809 million yen
Long-term monetary debts	489 million yen

2. Accumulated depreciation on tangible fixed assets 205,880 million yen

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	27,006 million yen
Investment securities	31,993 million yen
Equity securities issued by subsidiaries and affiliates	35,008 million yen
<hr/> Total	<hr/> 94,007 million yen

(2) Secured obligations

Short-term loans	1,525 million yen
Long-term loans	6,724 million yen
<hr/> Total	<hr/> 8,250 million yen

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

- a) Investment securities of ¥31,911 million and equity securities issued by subsidiaries and affiliates of ¥11,143 million are pledged as collateral to secure losses that could arise if the Company and subsidiaries/affiliates cause oil pollution accidents in U.S. waters. As of March 31, 2015 there are no outstanding liabilities.
- b) Equity securities issued by subsidiaries and affiliates of ¥23,864 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.
- c) Investment securities at ¥81 million are pledged as collateral for long-term loans associated with LNG carrier projects.

4. Contingent liabilities

Guarantee liabilities, etc.	713,721 million yen
(Guarantee liabilities in foreign currency included in above)	445,713 million yen)

[Translation for Reference and Convenience Purposes Only]

5. Others

MOL is subject to investigations by overseas competition law authorities including those of the U.S. and Europe for violation of competition laws of those countries regarding price control negotiations for ocean transport services of completely built-up vehicles. In addition, a class-action lawsuit was filed in the U.S. and other countries against MOL for damage claims and for a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of MOL is uncertain as its financial impact is not estimable at this stage.

Notes to Non-consolidated Statements of Income

Volume of transactions with subsidiaries and affiliates

Volume of operating transactions

Revenues

103,574 million yen

Amount of purchase

347,502 million yen

Transactions other than operating transactions

29,429 million yen

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of this fiscal year

Common stock

10,162,254 shares

[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	48,018
Retained income of specific foreign subsidiaries	10,584
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	20,812
Reserve for bonuses expenses	629
Voluntary adjustment of loss on valuation of listed shares	191
Voluntary adjustment of loss on valuation of unlisted shares	117
Voluntary adjustment of loss on valuation of golf club membership	187
Accrued business tax and business place tax	30
Impairment loss	13
Deferred hedge losses	1,342
Excess of provision of allowance for doubtful accounts	999
Others	2,662
Total of deferred tax assets	<u>85,589</u>
Valuation allowance	<u>(85,350)</u>
Net deferred tax assets	238
Deferred tax liabilities	
Reserve deductible for tax purposes when appropriated for special depreciation	(268)
Reserve for advanced depreciation	(409)
Gain on securities contributed to employee retirement benefit trust	(2,808)
Unrealized gains on available-for-sale securities	(16,655)
Deferred hedge gains	(7)
Others	(392)
Total deferred tax liabilities	<u>(20,542)</u>
Net deferred tax liabilities	<u><u>(20,303)</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, 2015
(Millions of yen)

	Acquisition cost	Accumulated depreciation	Net book value
Equipment, mainly containers	2,425	2,401	23
Total	2,425	2,401	23

(2) Future lease payments equivalent

Amount due within one year	116 million yen
Amount due after one year	5 million yen
Total	121 million yen

(3) Lease payments, depreciation equivalent and interest equivalent

Lease payments	1,305 million yen
Depreciation equivalent	364 million yen
Interest equivalent	38 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	15,397 million yen
Amount due after one year	20,324 million yen
Total	35,721 million yen

[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	63,631	-	-
	MOL Euro-orient Shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	44,414	-	-
	Samba Offshore S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	37,159	-	-
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Debt guarantee Funding loan	Debt guarantee Funding loan	33,334 104,421	- Short-term loans receivable	- 22,658
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee Ship leasing	32,840 16,041	- Other current assets Long-term lease receivables	- 3,443 57,453
	Camellia Container Carrier S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	24,724	-	-
	Euromol B.V.	Indirectly 100%	Interlocking directorate Debt guarantee	Debt guarantee	24,700	-	-
	Aurora Car Maritime Transport S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	18,884	-	-
	Ural Container Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	17,737	-	-
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	17,270	-	-
	MOG-IX LNG Shipholding S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	16,135	-	-
	Nefertiti LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	15,760	-	-
	MOL Cape (Singapore) Pte. Ltd.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	14,110	-	-
	Snowscape Car Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	8,165	- Long-term loans receivable	- 15,668
	Kilimanjaro Container Carriers S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	6,023	- Long-term loans receivable	- 11,196
	Lakler S.A.	Directly 100%	Interlocking directorate Funding loan Debt guarantee	Debt guarantee Funding loan	2,601 13,638	- Short-term loans receivable	- 13,843
	Nissan Motor Car Carrier Co., Ltd.	Directly 70%	Interlocking directorate Borrowing of funds Ship chartering	Borrowing of funds	14,326	Short-term bank loans	5,426
Affiliate	Cernambi Sul MV24 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	31,407	-	-
	Cernambi Norte MV26 B.V.	Directly 21%	Interlocking directorate Debt guarantee	Debt guarantee	19,902	-	-
	Joint Gas Two Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	11,324	-	-

[Translation for Reference and Convenience Purposes Only]

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

- (1) Debt guarantees are decided based on the form of guarantees and other conditions.
 - (2) As for funding loan, they are determined by market rates and conditions, and companies are not required to pay mortgages.
 - (3) Lease fee is decided by calculating an amount equivalent to the cost of a target asset.
 - (4) As a part of the borrowing of funds is for CMS (Cash Management System), net change is shown in addition to the transaction amount.
2. Consumption taxes are not included in transacted amount.

Per-share Information

- | | |
|-------------------------|------------|
| 1. Net assets per share | 388.55 yen |
| 2. Net income per share | 14.95 yen |

Significant Subsequent Events

There are no significant events to be disclosed.

Other Notes

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