

# Consolidated Balance Sheets

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

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

See accompanying notes.

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



# Consolidated Statements of Changes in Net Assets

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

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2007	¥64,915	¥43,887	¥375,443	¥(5,616)	¥ 57,771	¥ 15,898	¥ (2,996)	¥ 366	¥71,321	¥ 620,989
Issuance of stock (Exercise of share subscription rights)	435	435	-	-	-	-	-	-	-	870
Due to change in consolidated subsidiaries	-	-	260	-	-	-	-	-	-	260
Due to change in affiliated companies accounted for by the equity method	-	-	(14)	-	-	-	-	-	-	(14)
Net income	-	-	190,321	-	-	-	-	-	-	190,321
Purchases of treasury stock	-	-	-	(1,140)	-	-	-	-	-	(1,140)
Disposal of treasury stock	-	127	-	705	-	-	-	-	-	832
Dividends paid	-	-	(29,914)	-	-	-	-	-	-	(29,914)
Net changes during the year	-	-	-	-	(26,124)	(3,846)	(1,232)	602	48	(30,552)
Balance at March 31, 2008	¥65,350	¥44,449	¥536,096	¥(6,051)	¥ 31,647	¥ 12,052	¥ (4,228)	¥ 968	¥71,369	¥ 751,652
Issuance of stock (Exercise of share subscription rights)	50	50	-	-	-	-	-	-	-	100
Due to change in consolidated subsidiaries	-	-	(99)	-	-	-	-	-	-	(99)
Due to change in affiliated companies accounted for by the equity method	-	-	(2)	-	-	-	-	-	-	(2)
Due to change in accounting period of consolidated subsidiaries	-	-	(446)	-	-	-	-	-	-	(446)
Net income	-	-	126,988	-	-	-	-	-	-	126,988
Purchases of treasury stock	-	-	-	(1,119)	-	-	-	-	-	(1,119)
Disposal of treasury stock	-	45	-	731	-	-	-	-	-	776
Dividends paid	-	-	(38,911)	-	-	-	-	-	-	(38,911)
Net changes during the year	-	-	-	-	(25,481)	(83,512)	(33,895)	339	(1,368)	(143,917)
Balance at March 31, 2009	¥65,400	¥44,544	¥623,626	¥(6,439)	¥ 6,166	¥(71,460)	¥(38,123)	¥1,307	¥70,001	¥ 695,022

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

See accompanying notes.

# Consolidated Statements of Cash Flows

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

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

See accompanying notes.

# Notes to Consolidated Financial Statements

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

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No.18. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## 2. Summary of Significant Accounting Policies

### (1) PRINCIPLES OF CONSOLIDATION

All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

The consolidated financial statements include the accounts of the Company and 265 consolidated subsidiaries for the year ended March 31, 2009 (267 consolidated subsidiaries for the year ended March 31, 2008). All significant inter-company transactions and accounts have been eliminated.

Investments in unconsolidated subsidiaries and affiliated companies (20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method. Companies accounted for using the equity method include 1 unconsolidated subsidiary and 63 affiliated companies for the year ended March 31, 2009, and 1 unconsolidated subsidiary and 54 affiliated companies for the year ended March 31, 2008. Investments in other subsidiaries (110 for the year ended March 31, 2009 and 115 for the year ended March 31, 2008) and affiliated companies (85 and 89 for the respective years) were stated at cost since the Company's equity in net income and retained earnings in such companies were not material.

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

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

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

### (2) TRANSLATION OF FOREIGN CURRENCY

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

### (3) CASH AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

### (4) FREIGHT REVENUES AND RELATED EXPENSES

#### 1. Containerships

Freight revenues and the related voyage expenses are recognized by the multiple transportation progress method.

#### 2. Vessels other than containerships

Freight revenues and the related voyage expenses are recognized mainly by the completed-voyage method.

## **(5) SECURITIES**

Securities are classified into (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, net of the amount considered not collectible. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of net assets. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net assets value with a corresponding charge in the income statement in the event net assets value declines significantly. In these cases, such fair market value or the net assets value will be the carrying amount of the securities at the beginning of the next year.

## **(6) INVENTORIES**

Inventories are stated principally at cost determined by the moving-average method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

## **(7) DEPRECIATION OF VESSELS, PROPERTY, PLANT AND EQUIPMENT**

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

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

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned noncurrent assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero. With regard to finance lease that do not transfer ownership for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

## **(8) AMORTIZATION OF BOND ISSUE EXPENSE AND STOCK ISSUE EXPENSE**

Bond issue expense and stock issue expense are charged to income as incurred.

## **(9) INTEREST CAPITALIZATION**

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost which amounted to ¥2,788 million (\$28,382 thousand) for the year ended March 31, 2009 and ¥3,552 million for the year ended March 31, 2008.

## **(10) ALLOWANCE FOR DOUBTFUL ACCOUNTS**

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

## **(11) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS**

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

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

The Company and its consolidated subsidiaries (the "Group") provided allowance for employees' severance and retirement benefits at March 31, 2009 and 2008 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates.

Actuarial gains and losses are recognized in the statements of income using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period.

## (12) DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

The Company and its domestic subsidiaries recognize liabilities for retirement benefits for directors and corporate auditors at an amount required in accordance with the internal regulations had all directors and corporate auditors terminated as of the balance sheet date.

Effective from the shareholders' meeting of the Company, held on June 23, 2005, the Company abolished the retirement benefits plan for directors and corporate auditors. Accordingly, the Company recognizes liabilities for retirement benefit for directors and corporate auditors till the completion of the shareholders' meeting on June 23, 2005, which will be paid upon their retirement.

## (13) INCOME TAXES

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

## (14) AMOUNTS PER SHARE OF COMMON STOCK

Net income per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes exercise of the outstanding stock options and conversion of the convertible bonds at the beginning of the year or at the date of issuance.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

## (15) DERIVATIVES AND HEDGE ACCOUNTING

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:	Hedged items:
Loans payable in foreign currencies	Foreign currency future transactions
Forward foreign exchange contracts	Foreign currency future transactions
Currency option contracts	Foreign currency future transactions
Currency swap contracts	Foreign currency loans payable
Interest rate swap contracts	Interest on loans and bonds payable
Crude oil swap contracts	Fuel oil
Commodities futures	Fuel oil
Freight futures	Freight

The derivative transactions are executed and managed by the Company in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange rate fluctuations.

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the cumulative changes in cash flows from or the changes in fair value of hedging instruments.

## (16) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2009 presentation. These changes had no impact on previously reported results of operations or cash flows or net assets.

## (17) CHANGES IN ACCOUNTING METHOD

### 1. Reserve for periodic drydocking

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

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

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

The effect on profit and loss is immaterial.

## 3. Lease transactions

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

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

The effect on profit and loss is immaterial.

## 4. Freight revenues for incomplete voyages

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

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

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

## 3. Securities

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

(a) Held-to-maturity debt securities:

Securities with available fair values exceeding book values

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

Securities with available fair values not exceeding book values

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

(b) Available-for-sale securities:

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

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

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

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

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

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

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities.....	<b>¥29,595</b>	<b>¥19,306</b>	<b>¥(10,289)</b>
Bonds.....	-	-	-
Others.....	<b>963</b>	<b>292</b>	<b>(671)</b>
Total.....	<b>¥30,558</b>	<b>¥19,598</b>	<b>¥(10,960)</b>

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

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

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

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

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

C. Available-for-sale securities with maturities and held-to-maturity debt securities are as follows:  
For the year ended March 31, 2009:

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

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

For the year ended March 31, 2008:

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

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

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

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

## 4. Inventories

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

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

## 5. Derivative Transactions

The Group enters into derivative transactions to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations, in accordance with the guidance determined by the management of the Company.

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

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

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

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

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

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

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

Notes: 1. In calculating market values in Japanese yen at the end of the fiscal year, forward exchange rates prevailing at the end of the year for the same values of the respective contracts are used.  
2. Market values of interest swaps at the end of the fiscal year are calculated using prices of the contracts at the end of the year quoted by the financial institutions or trading houses with which the relevant transactions were closed.

## 6. Short-term Debt and Long-term Debt

### (1) SHORT-TERM DEBT

Short-term debt amounting to ¥107,571 million (\$1,095,093 thousand) and ¥51,674 million at March 31, 2009 and 2008 respectively, were unsecured. The interest rates on short-term debt were mainly set on a floating rate basis.

### (2) LONG-TERM DEBT

Long-term debt at March 31, 2009 and 2008 consisted of the following:

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

\* Zero coupon convertible bonds

At March 31, 2009, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2010.....	¥ 79,009	\$ 804,327
2011.....	102,758	1,046,096
2012.....	90,674	923,078
2013.....	49,411	503,013
2014.....	81,835	833,096
2015 and thereafter.....	174,515	1,776,596
	<b>¥578,202</b>	<b>\$5,886,206</b>

### (3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2009, the following assets were pledged as collateral for short-term debt and long-term debt.

Assets pledged	Millions of yen	Thousands of U.S. dollars (Note 1)
Vessels .....	¥202,732	\$2,063,850
Buildings and structures .....	2,573	26,194
Land .....	985	10,027
Investment securities .....	51,722	526,539
Others .....	421	4,287
	¥258,433	\$2,630,897

  

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

## 7. Commitments and Contingent Liabilities

At March 31, 2009, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the aggregate amount of ¥94,850 million (\$965,591 thousand).

## 8. Net Assets

Net assets comprises four sections, which are the owners' equity, accumulated gains (losses) from valuation and translation adjustments, share subscription rights and minority interests.

Under the Japanese Corporate Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

### (A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2009 and 2008 were as follows:

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

### (B) SHARE SUBSCRIPTION RIGHTS

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

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

### (C) DIVIDENDS

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

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

(2) Dividends included in the retained earnings at March 31, 2009 and to be paid in subsequent periods were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 23, 2009.....	<b>¥18,559</b>	<b>\$188,934</b>
Total.....	<b>¥18,559</b>	<b>\$188,934</b>

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

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

## 10. Leases

### AS LESSEE:

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

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

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

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

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

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

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

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

(3) Lease payments, Depreciation equivalent and Interest equivalent

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

(4) Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(5) Calculation of interest equivalent

The excess of total lease payments over acquisition cost equivalents is regarded as amounts representing interest payable equivalents and is allocated to each period using the interest method.

(6) Impairment loss

There was no impairment loss on finance lease accounted for as operating leases.

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

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

**AS LESSOR:**

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

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

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

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

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

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

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

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

(3) Lease income, Depreciation and Interest equivalent

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

(4) Calculation of interest equivalent

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

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

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

## 11. Segment Information

### (A) BUSINESS SEGMENT INFORMATION:

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

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

(Change in accounting method)

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

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

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

(Change in accounting method)

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

## (B) GEOGRAPHICAL SEGMENT INFORMATION:

Each segment covers the following countries or regions;

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

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

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

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

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

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

(Change in accounting method)

As mentioned in Note 2 (17) 4., effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received. As a result of the change, in comparison with the previous accounting method, assets decreased by ¥30,973 million (\$315,311 thousand) for Japan.

There is no effect related to the change over segments other than Japan.

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

(Change in accounting method)

As mentioned in Note 2 (17) 1., effective April 1, 2007, reserve for periodic drydocking of vessels was appropriated for the Company's ship-owning subsidiaries, in addition to the subsidiaries that had already been appropriating the reserve. As a result of the change, in comparison with the previous accounting method, operating expenses for Japan increased by ¥3,358 million and operating income for Japan decreased accordingly.

There is no effect related to the change over segments other than Japan.

### (C) INTERNATIONAL BUSINESS INFORMATION:

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

Geographical areas belonging to the segments are as follows:

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

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

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

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

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

(Change in geographical segment)

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

## 12. Income Taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 37.25% for the years ended March 31, 2009 and 2008.

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

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

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

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

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

### 13. Employees' Severance and Retirement Benefits

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

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

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

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

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

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

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

## 14. Stock Options

### (A) EXPENSED AMOUNT

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

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

### (B) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2002	2003	2004	2005
Number of grantees	Directors: 13 Executive officers: 19 Employees: 52	Directors: 11 Executive officers: 16 Employees: 37 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 16 Employees: 32 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 17 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 34
Number of stock options	Common stock 1,560,000	Common stock 1,590,000	Common stock 1,570,000	Common stock 1,650,000
Grant date	September 11, 2002	August 8, 2003	August 5, 2004	August 5, 2005
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 26, 2004 to June 25, 2012	From June 20, 2004 to June 25, 2013	From June 20, 2005 to June 24, 2014	From June 20, 2006 to June 23, 2015
	2006	2007	2008	
Number of grantees	Directors: 11 Executive officers: 17 Employees: 34 Presidents of the Company's domestic consolidated subsidiaries: 37	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 36	
Number of stock options	Common stock 1,670,000	Common stock 1,710,000	Common stock 1,760,000	
Grant date	August 11, 2006	August 10, 2007	August 8, 2008	
Vesting conditions	No provisions	No provisions	No provisions	
Service period	No provisions	No provisions	No provisions	
Exercise period	From June 20, 2007 to June 22, 2016	From June 20, 2008 to June 21, 2017	From July 25, 2009 to June 24, 2018	

### (C) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

#### (1) Changes in number of stock options

Non-vested stock options	2002	2003	2004	2005	2006	2007	2008
Balance at March 31, 2008.....	-	-	-	-	-	-	-
Options granted during the year.....	-	-	-	-	-	-	1,760,000
Options expired during the year.....	-	-	-	-	-	-	-
Options vested during the year.....	-	-	-	-	-	-	1,760,000
Balance at March 31, 2009.....	-	-	-	-	-	-	-

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

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

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

### (D) KEY FIGURES FOR FAIR VALUE PER STOCK OPTION

The Company utilized the Black Scholes Model for calculating fair value per stock option. Key figures of the calculation were as follows:

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

## 15. Material Non-cash Transactions

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

#### (B) Exercise of share subscription rights

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

## 16. Subsequent Events

### (1) CONVERSION OF KANSAI KISEN KAISHA TO SUBSIDIARY

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

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

#### 1. Reason for the takeover bid

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

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

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

#### 3. Outline of takeover bid

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

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

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

### (2) ISSUANCE OF BONDS

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

# Independent Auditors' Report



## Independent Auditors' Report

To the Shareholders and Board of Directors of  
Mitsui O.S.K. Lines, Ltd.:

We have audited the accompanying consolidated balance sheets of Mitsui O.S.K. Lines, Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsui O.S.K. Lines, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the followings:

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

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*KPMG AZSA & Co.*

Tokyo, Japan  
June 23, 2009