

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

Financial Highlights: The First Quarter Ended June 30, 2006

**1. Consolidated Financial Highlights (from April 1, 2006 to June 30, 2006)**

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

**(1) Operational Results**

	(¥ Million)			(US\$ Thousand)
	Q1/ FY2006	Q1/ FY2005	FY2005	Q1/ FY2006
<b>Revenues</b>	370,643	308,315	1,366,725	3,216,270
<b>Operating income</b>	31,734	46,408	172,992	275,373
<b>Ordinary income</b>	35,381	49,225	176,502	307,020
<b>Net income</b>	22,642	31,073	113,731	196,477
			(¥)	(US\$)
<b>Net income per share</b>	18.95	26.02	94.98	0.164
<b>Diluted net income per share</b>	18.93	25.99	94.88	0.164

**(2) Financial Position**

	(¥ Million)			(US\$ Thousand)
	Q1/ FY2006	Q1/ FY2005	FY2005	Q1/ FY2006
<b>Total Assets</b>	1,467,081	1,284,237	1,470,824	12,730,658
<b>Interest-bearing debt</b>	590,990	549,875	571,429	5,128,341
<b>Total Net Assets</b>	505,854	323,194	424,460	4,389,570
<b>Net worth / Total assets</b>	29.8%	25.2%	28.9%	29.8%
			(¥)	(US\$)
<b>Total net worth per share</b>	365.32	270.59	354.95	3.170

\* Total net assets for Q1/FY2005 and FY2005 do not include minority interests, while net worth is the same as shareholders' equity for Q1/FY2005 and FY2005. Net worth for Q1/FY2006 is defined as follows.

Net worth for Q1/FY2006 = Total Net Assets - Minority interests

**(3) Forecast of Consolidated Results for Fiscal Year ending March 31, 2007**

	(¥ Million)		(US\$ Thousand)
	1H / FY2006	FY2006	FY2006
<b>Revenues</b>	740,000	1,480,000	12,842,763
<b>Operating income</b>	69,000	146,000	1,266,921
<b>Ordinary income</b>	74,000	155,000	1,345,019
<b>Net income</b>	46,000	100,000	867,754
		(¥)	(US\$)
<b>Net income per share</b>		FY2006	FY2006
		83.67	0.726

\* Underlying Assumption of the Forecast for the FY2006

The above forecast is made assuming translation rates and the bunker price for FY2006.

Exchange Rate 1US\$=¥110.00

Bunker Price US\$ 340/MT

( Translation of foreign currencies )

The Japanese yen amounts for Q1/ FY2006 have been translated into U.S. dollars using the prevailing exchange rate at June 30, 2006, which was ¥115.24 to U.S. \$1.00, solely for the convenience of readers. ( The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S.dollars at this or any other rate of exchange.)

**2. Non-Consolidated Financial Highlights (from April 1, 2006 to June 30, 2006)**

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

**(1) Operational Results**

	(¥Million)			(US\$ Thousand)
	Q1/ FY2006	Q1/FY 2005	FY2005	Q1/ FY2006
<b>Revenues</b>	292,681	243,598	1,093,157	2,539,752
<b>Operating income</b>	19,990	35,880	127,691	173,464
<b>Ordinary income</b>	25,250	36,373	131,860	219,108
<b>Net income</b>	16,311	22,443	78,688	141,539

	(¥)			(US\$ )
<b>Net income per share</b>	13.63	18.77	65.66	0.118
<b>Diluted net income per share</b>	13.63	18.76	65.59	0.118

**(2) Dividends**

	Dividend per share		Total dividends paid (per year) (¥Million )	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Interim	Year-end			
<b>FY2006</b>	9.00	—	—	—	—
<b>FY2005</b>	9.00	9.00	21,530	27.4%	6.4%

**(3) Forecast of Non-Consolidated Results for Fiscal Year ending March 31, 2007**

	(¥Million)		(US\$ Thousand)
	1H / FY2006	FY2006	FY2006
<b>Revenues</b>	585,000	1,170,000	5,076,362
<b>Operating income</b>	45,000	100,000	390,489
<b>Ordinary income</b>	51,000	113,000	442,555
<b>Net income</b>	32,000	70,000	277,681
		(¥)	(US\$ )
<b>Net income per share</b>		FY2006	FY2006
		58.51	0.508

\* Underlying Assumption of the Forecast for the FY2006

The above forecast is made assuming translation rates and the bunker price for FY2006.

Exchange Rate 1US\$=¥110.00

Bunker Price US\$340/MT

( Translation of foreign currencies )

The Japanese yen amounts for Q1/ FY2006 have been translated into U.S. dollars using the prevailing exchange rate at June 30, 2006, which was ¥115.24 to U.S. \$1.00, solely for the convenience of readers. (The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S.dollars at this or any other rate of exchange.)

### 3. Business Performance

#### (1) Business climate during 1<sup>st</sup> quarter of FY2006

The world economy during the first quarter of fiscal year (FY) 2006, from April 1 to June 30, 2006, showed an ongoing economic expansion in the United States, with some risks of a slowdown. The Chinese economy also showed continuous high growth thanks to robust investment. European economies showed continual, gradual recovery. The Japanese economy also remained strong, backed by rising domestic demand, especially in personal consumption and capital investment. In ocean shipping, the dry bulker market – mainly small and handy-size bulkers – remained stronger than our initial assumption although the market stayed at a lower level than the same period of the previous year. Spot freight rates for very large crude oil carrier (VLCCs) turned upward at the beginning of the fiscal year, remaining higher than our forecast. Containership trade saw active cargo traffic, but the freight rate market in the east-west route continued to weaken.

Crude oil prices and bunker prices remained at higher levels compared to the previous year, and became major factors in substantially compressing profits. The yen weakened from the previous year, however, which improved profits. We assumed a bunker price for this term of US\$340/MT, but the actual average was US\$338/MT. The average exchange rate during the first quarter was ¥115.46/US\$, compared to our forecast of ¥110/US\$.

Consolidated financial results for the first quarter and a comparison with the same period of the previous year are as follows:

(Unit: ¥ billion)

	1 <sup>st</sup> quarter of FY2006 (3 months from Apr to Jun 2006)	1 <sup>st</sup> quarter of FY2005 (3 months from Apr to Jun 2005)	% increase/decrease
Revenue	370.6	308.3	+62.3 / +20.2%
Operating income	31.7	46.4	-14.6 / -31.6%
Ordinary income	35.3	49.2	-13.8 / -28.1%
Net income	22.6	31.0	-8.4 / -27.1%
Exchange rate	¥115.46/US\$	¥106.79/US\$	¥8.67/US\$
Bunker price	US\$338/MT	US\$238/MT	US\$100/MT

Revenue, operating income, and ordinary income by segment during the first quarter, and a comparison with the same period of the previous year are as follows:

Upper: Revenue; Middle: Operating Income; Lower: Ordinary Income

(Unit: ¥billion)

	1 <sup>st</sup> quarter of FY2006 (3 months from Apr to Jun 2006)	1 <sup>st</sup> quarter of FY2005 (3 months from Apr to Jun 2005)	% increase/decrease
Containerships	132.7	103.8	+28.9 / +27.8%
	-3.1	11.1	-14.2 / - %
	-2.0	11.6	-13.6 / - %
Bulkships	185.5	155.3	+30.2 / +19.5%
	29.7	31.6	-1.8 / - 5.8%
	31.8	35.0	-3.2 / - 9.2%
Logistics	13.7	14.5	-0.7 / - 5.1%
	0.2	0.2	0 / +26.1%
	0.3	0.2	0 / +33.7%
Ferry and Domestic Transport	11.9	11.7	+0.1 / + 1.3%
	-0.2	0	-0.2 / - %
	-0.4	-0.1	-0.2 / - %
Associated Businesses	24.9	21.3	+3.6 / +16.9%
	2.8	2.9	- 0 / - 2.3%
	3.4	3.0	+0.4 / +14.5%
Others	1.5	1.4	+0.1 / +10.5%
	1.1	1.2	-0.1 / -10.7%
	1.0	1.1	-0.1 / -11.4%

#### A) Containerships

The rise in bunker price and increases in terminal loading/unloading costs, inland railroad fees, and canal tolls were key factors in compressing profits compared to the same period of the previous year. Cargo traffic remained strong, and the company's volume increased thanks to the launch of larger size of containerships and the introduction of new services. However, freight rates on European routes showed a downward tendency and have yet to recover. In addition, negotiations to restore freight rate levels on the North America routes during the fiscal year resulted in lower levels than anticipated at the beginning of the term. Profits on Intra Asia routes, on the other hand, exceeded the initial forecast. Surrounding businesses such as container terminals and forwarding remained strong thanks to vigorous trade. However, this could not offset the sharply deteriorating profits of the key east-west routes. As a result, profits in the containership segment during the first quarter fell significantly short of the initial assumption and despite increased revenue, profits declined compared to the same period of the previous year.

#### B) Bulkships

Dry bulk operations showed stable earnings from long-term contracts for iron ore carriers, coal carriers, and wood chip carriers. The spot market – mainly for small and handy-sized bulkers – remained favorable. However, profit during the first quarter was lower than the same period of the previous year – which brought historic high levels – due in part to rising bunker prices.

Both revenue and profit in car carrier operation increased from the same period of the previous year, thank to favorable conditions of both routes outbound from Japan/Far East ports and offshore routes. Looking at tanker and LNG carrier operations, stable operations under long-term contracts for crude oil tankers, and methanol, LPG, and LNG carriers underpinned earnings. Although both crude oil tanker and petrochemical product carrier markets fluctuated, this segment remained strong, posting the same results as in the first quarter of FY2005. As a result, the profits were the same as the same period of the previous year.

#### C) Logistics

Thanks to steady growth in air cargo traffic, our air cargo operations for the first quarter posted higher profits compared to the same period of the previous year, in spite of rising airline fuel surcharges.

#### D) Ferry and Domestic Transport

In our ferry operations, increased bunker prices severely squeezed profitability although the revenue increased due to robust cargo traffic. Profits during the first quarter were lower than the same period of the previous year. On the other hand, in domestic transport operations, the increase in bunker price had only a minor effect on profits since the increases were in most cases passed on through freight rates under long-term contracts. As a result, profit remained roughly equal to the same period of the previous year.

#### F) Associated Businesses

Profits in the real estate business, which is centered on our major subsidiary Daibiru Corporation, remained generally firm, at approximately the same level as the same period of FY2005. The *Nippon Maru* around-the-world cruise in our passenger ship operation contributed to rising revenue. In the trading business, the fuel oil sales segment and sales of vessel machinery saw continued favorable conditions. Overall profits from associated businesses increased compared to the same period of the previous year.

#### G) Other Businesses

Other businesses, which are mainly cost centers, include ship operation, ship management, ship chartering, and financing. Overall profits of this segment remained roughly the same as in the first quarter of FY2005.

**(2) Outlook for FY2006**

Consolidated (interim)

(Unit: ¥ billion)

	New forecast (as of announcement of 1 <sup>st</sup> quarter financial results)	Initial forecast (announced on May 11, 2006)	% increase/decrease
Revenue	740	740	- / - %
Operating income	69	76	-7 / - 9.2%
Ordinary income	74	79	-5 / - 6.3%
Net income	46	49	-3 / - 6.1%

Exchange rate	¥110.00/US\$	¥110.00/US\$	¥ - /US\$
Bunker price	US\$340/MT	US\$340/MT	US\$ /MT

(Assumption of 2<sup>nd</sup> quarter)(Assumption of above period)

Consolidated (full year)

(Unit: ¥ billion)

	New forecast (as of announcement of 1 <sup>st</sup> quarter financial results)	Initial forecast (announced on May 11, 2006)	% increase/decrease
Revenue	1,480	1,480	- / - %
Operating income	146	155	-9 / - 5.8%
Ordinary income	155	160	-5 / - 3.1%
Net income	100	105	-5 / - 4.8%

Exchange rate	¥110.00/US\$	¥110.00/US\$	¥ - /US\$
Bunker price	US\$340/MT	US\$340/MT	US\$ /MT

(Assumption of 2<sup>nd</sup> half) (Assumption of 2<sup>nd</sup> half)

Looking ahead to the second quarter, there are uncertain factors such as further increases in bunker prices due to tension in the Middle East, continued yen appreciation, and an economic slowdown. The containership segment still shows stable cargo trade on all routes and the freight rates continue to recover. But this will not offset the decline in freight rates up through the first quarter. So the outlook was changed from the initial plan. In bulkship operations, we expect profit to surpass our initial forecast thanks to a favorable market.

Considering this outlook, the company projects consolidated revenue for the first half of FY2006 of 740 billion yen; consolidated operating income of 69 billion yen; consolidated ordinary income of 74 billion yen, and consolidated net income of 46 billion yen. We forecast the following results for all of FY2006, ending March 31, 2007: Consolidated revenues of 1.48 trillion yen, with operating income of 146 billion yen, ordinary income of 155 billion yen, and net income of 100 billion yen.

The company plans to pay an annual dividend of 18 yen per share (including an interim dividend of 9 yen), assuming we achieve the profit forecasts outlined above.

#### **4. Financial Position**

Total assets for the first quarter of FY2006, ended June 30, 2006, were 1,467.0 billion yen, a decrease of 3.7 billion yen from the end of the previous fiscal year. This was due mainly to a decrease in valuation on available-for-sale securities, while “vessels and other property under construction” increases because of our expanded fleet. Total liabilities decreased by 16.7 billion yen from the end of the previous year to 961.2 billion yen despite an increase in interest-bearing debt. This was mainly due to a decrease in accrued income taxes and to a change to the display of net assets. With this change of the display method, Mitsui O.S.K.Lines, Ltd. presents the deferred hedge profits, which were reported as liabilities under the previous display method, as net assets on a net basis after applying Tax Effect Accounting to these deferred hedge profits and losses. Total net assets increased by 81.3 billion yen from the end of the previous fiscal year to 505.8 billion yen. This was due mainly to an increase in the change to the display method, under which deferred hedge profits and losses and minority interests are newly reported as net assets. As a result, the net worth ratio increased to 29.8 % from 28.9% at the end of the previous fiscal year.

## 5. Consolidated Financial Statements

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

### (1) Consolidated Balance Sheets

	As of June 30, 2006		As of March 31, 2006		Increase/ (Decrease)	As of June 30, 2005	
	Amount	%	Amount	%		Amount	%
<b>Assets</b>							
Current assets	351,535	24.0	340,355	23.1	11,180	313,769	24.4
Fixed assets	1,115,546	76.0	1,130,468	76.9	(14,922)	970,467	75.6
Tangible fixed assets	781,227	53.2	769,902	52.4	11,325	690,714	53.8
Intangible fixed assets	20,910	1.4	25,515	1.7	(4,605)	9,297	0.7
Investments and other long-term assets	313,407	21.4	335,051	22.8	(21,644)	270,454	21.1
<b>Total Assets</b>	<b>1,467,081</b>	<b>100.0</b>	<b>1,470,824</b>	<b>100.0</b>	<b>(3,743)</b>	<b>1,284,237</b>	<b>100.0</b>

	As of June 30, 2006		As of March 31, 2006		Increase/ (Decrease)	As of June 30, 2005	
	Amount	%	Amount	%		Amount	%
<b>Liabilities</b>							
Current liabilities	447,274	30.5	433,022	29.4	14,252	457,318	35.6
Non-current liabilities	513,953	35.0	544,996	37.1	(31,043)	443,762	34.5
<b>Total Liabilities</b>	<b>961,227</b>	<b>65.5</b>	<b>978,019</b>	<b>66.5</b>	<b>(16,792)</b>	<b>901,080</b>	<b>70.1</b>
<b>Minority Interests</b>	—	—	68,344	4.6	—	59,962	4.7
<b>Shareholders' Equity</b>							
Common stock	—	—	64,915	4.4	—	64,915	5.1
Capital surplus	—	—	43,886	3.0	—	43,886	3.4
Retained earnings	—	—	275,688	18.8	—	204,053	15.9
Revaluation reserve for land, net of tax	—	—	—	—	—	2,267	0.2
Unrealized holding gains on available-for-sale securities, net of tax	—	—	48,731	3.3	—	26,353	2.0
Foreign currency translation adjustment	—	—	(4,713)	(0.3)	—	(14,542)	(1.1)
Treasury stock, at cost	—	—	(4,048)	(0.3)	—	(3,739)	(0.3)
<b>Total Shareholders' Equity</b>	—	—	<b>424,460</b>	<b>28.9</b>	—	<b>323,194</b>	<b>25.2</b>
<b>Total Liabilities, Minority Interests, and Total Shareholders' Equity</b>	—	—	<b>1,470,824</b>	<b>100.0</b>	—	<b>1,284,237</b>	<b>100.0</b>
<b>Net Assets</b>							
Owners' equity							
Paid-in capital	64,915	4.4	—	—	—	—	—
Capital surplus	43,886	3.0	—	—	—	—	—
Retained Earnings	288,054	19.7	—	—	—	—	—
Treasury stock	(4,062)	(0.3)	—	—	—	—	—
<b>Total owners' equity</b>	<b>392,794</b>	<b>26.8</b>	—	—	—	—	—
Valuation and translation adjustments							
Valuation difference on available-for-sale securities	42,205	2.9	—	—	—	—	—
Deferred hedge profit /(loss)	7,028	0.5	—	—	—	—	—
Translation adjustments	(5,409)	(0.4)	—	—	—	—	—
<b>Total valuation and translation adjustments</b>	<b>43,823</b>	<b>3.0</b>	—	—	—	—	—
Minority interests	69,235	4.7	—	—	—	—	—
<b>Total Net Assets</b>	<b>505,854</b>	<b>34.5</b>	—	—	—	—	—
<b>Total Liabilities and Net Assets</b>	<b>1,467,081</b>	<b>100.0</b>	—	—	—	—	—



**(2) Consolidated Statements of Income**

(¥Million)

	Q1/ FY2006		Q1 / FY2005		Increase/(Decrease)		FY2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	370,643	100.0	308,315	100.0	62,328	20.2	1,366,725	100.0
Shipping and other operating expenses	315,046	85.0	240,483	78.0	74,563	31.0	1,101,459	80.6
Gross operating income	55,597	15.0	67,832	22.0	(12,235)	(18.0)	265,265	19.4
Selling, general and administrative expenses	23,862	6.4	21,423	6.9	2,439	11.4	92,272	6.7
Operating income	31,734	8.6	46,408	15.1	(14,674)	(31.6)	172,992	12.7
Non-operating income:								
Interest income	789		547		242		2,350	
Dividend income	1,313		945		368		2,538	
Equity in earnings of unconsolidated subsidiaries and affiliated companies	3,514		4,765		(1,251)		16,816	
Others	2,757		1,096		1,661		5,650	
Total	8,375	2.2	7,354	2.4	1,021	13.9	27,356	2.0
Non-operating expenses:								
Interest expense	4,369		3,455		914		15,845	
Others	359		1,082		(723)		8,000	
Total	4,728	1.3	4,537	1.5	191	4.2	23,846	1.8
Ordinary income	35,381	9.5	49,225	16.0	(13,844)	(28.1)	176,502	12.9
Extraordinary profit:								
Gain on sale of fixed assets	3,990		2,356		1,634		14,048	
Gain on sale of investment securities	319		93		226		3,807	
Others	114		196		(82)		1,430	
Total	4,424	1.2	2,646	0.8	1,778	67.2	19,286	1.4
Extraordinary loss:								
Loss on sale or disposal of fixed assets	116		626		(510)		1,652	
Impairment Loss	—		1,186		(1,186)		1,869	
Loss on sale of investment securities	0		—		0		819	
Valuation loss on investment securities	—		99		(99)		328	
Others	282		565		(283)		2,828	
Total	399	0.1	2,477	0.8	(2,078)	(83.9)	7,499	0.5
Income before income taxes and minority interests	39,406	10.6	49,394	16.0	(9,988)	(20.2)	188,289	13.8
Income taxes - current	14,768	4.0	16,989	5.5	(2,221)	(13.1)	61,200	4.5
Income taxes - deferred	—	—	—	—	—	—	7,570	0.6
Minority interests in earnings of consolidated subsidiaries	1,994	0.5	1,331	0.4	663	49.8	5,787	0.4
Net income	22,642	6.1	31,073	10.1	(8,431)	(27.1)	113,731	8.3

(Presentation of Taxes) As tax expenses for the first quarter ended June 30, 2006, and June 30, 2005, are calculated using the simplified method, the tax adjustment is included in "Income taxes-current" in the income statements above.

**(3) Segment Information**

Business segment information:

(¥Million)

Q1 / FY2006	Container-ships	Bulk-ships	Logistics	Ferry & Domestic transport	Associated businesses	Others	Total	Elimination	Consolidated
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	132,763	185,599	13,787	11,950	24,947	1,595	370,643	—	370,643
2.Inter-segments revenues	551	100	380	52	5,049	2,340	8,475	(8,475)	—
<b>Total Revenues</b>	<b>133,315</b>	<b>185,699</b>	<b>14,167</b>	<b>12,003</b>	<b>29,997</b>	<b>3,936</b>	<b>379,119</b>	<b>(8,475)</b>	<b>370,643</b>
Operating expenses	136,418	155,906	13,877	12,222	27,136	2,786	348,347	(9,438)	338,908
Operating income / (loss)	(3,103)	29,793	290	(219)	2,860	1,149	30,771	962	31,734
Ordinary income / (loss)	(2,030)	31,809	377	(424)	3,453	1,007	34,192	1,189	35,381

(¥Million)

Q1 / FY2005	Container-ships	Bulk-ships	Logistics	Ferry & Domestic transport	Associated businesses	Others	Total	Elimination	Consolidated
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	103,845	155,365	14,521	11,799	21,338	1,444	308,315	—	308,315
2.Inter-segments revenues	696	198	370	—	4,655	1,779	7,700	(7,700)	—
<b>Total Revenues</b>	<b>104,541</b>	<b>155,563</b>	<b>14,892</b>	<b>11,799</b>	<b>25,994</b>	<b>3,223</b>	<b>316,015</b>	<b>(7,700)</b>	<b>308,315</b>
Operating expenses	93,411	123,947	14,661	11,722	23,067	1,937	268,747	(6,841)	261,906
Operating income / (loss)	11,130	31,615	230	77	2,926	1,286	47,267	(859)	46,408
Ordinary income / (loss)	11,638	35,050	282	(136)	3,015	1,136	50,987	(1,761)	49,225

**6. Non-Consolidated Financial Statements**

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

**(1) Non-Consolidated Balance Sheets**

(¥Million)

	As of June 30,2006		As of March 31,2006		Increase/ (Decrease)	As of June 30,2005	
	Amount	%	Amount	%		Amount	%
<b>Assets</b>							
Current assets	320,834	43.5	306,300	41.7	14,534	284,410	44.4
Fixed assets	416,543	56.5	428,949	58.3	(12,406)	356,644	55.6
Tangible fixed assets	106,044	14.4	108,871	14.8	(2,827)	119,582	18.6
Intangible fixed assets	19,957	2.7	21,888	3.0	(1,931)	5,658	0.9
Investments and other long-term assets	290,541	39.4	298,189	40.5	(7,648)	231,403	36.1
<b>Total Assets</b>	<b>737,378</b>	<b>100.0</b>	<b>735,250</b>	<b>100.0</b>	<b>2,128</b>	<b>641,054</b>	<b>100.0</b>

(¥Million)

	As of June 30,2006		As of March 31,2006		Increase/ (Decrease)	As of June 30,2005	
	Amount	%	Amount	%		Amount	%
<b>Liabilities</b>							
Current liabilities	287,040	38.9	276,231	37.6	10,809	301,743	47.1
Non-current liabilities	114,868	15.6	124,481	16.9	(9,613)	68,762	10.7
<b>Total Liabilities</b>	<b>401,909</b>	<b>54.5</b>	<b>400,713</b>	<b>54.5</b>	<b>1,196</b>	<b>370,506</b>	<b>57.8</b>
<b>Shareholders' Equity</b>							
Common stock	—	—	64,915	8.8	—	64,915	10.1
Capital surplus	—	—	43,886	6.0	—	43,886	6.9
Retained earnings	—	—	189,600	25.8	—	144,287	22.5
Unrealized holding gain on available for-sale securities, net of tax	—	—	40,784	5.5	—	22,310	3.5
Treasury stock, at cost	—	—	(4,650)	(0.6)	—	(4,852)	(0.8)
<b>Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>334,536</b>	<b>45.5</b>	<b>—</b>	<b>270,548</b>	<b>42.2</b>
<b>Total Liabilities and Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>735,250</b>	<b>100.0</b>	<b>—</b>	<b>641,054</b>	<b>100.0</b>
<b>Net Assets</b>							
Owners' equity							
Paid-in capital	64,915		—	—	—	—	
Capital reserve	43,886		—	—	—	—	
Earned reserve	8,527		—	—	—	—	
Reserve for special depreciation	1,064		—	—	—	—	
Reserve for overseas investment loss	13		—	—	—	—	
Reserve for reduced value entry	524		—	—	—	—	
Other reserve	125,630		—	—	—	—	
Retained Earnings brought forward	59,209		—	—	—	—	
Treasury stock	(4,662)		—	—	—	—	
<b>Total owners' equity</b>	<b>299,109</b>	<b>40.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Valuation and translation adjustments							
Valuation difference on available-for-sale securities	35,834		—	—	—	—	
Deferred hedge profit / loss	524		—	—	—	—	
Translation adjustments	—		—	—	—	—	
<b>Total valuation and translation adjustments</b>	<b>36,359</b>	<b>4.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Net Assets</b>	<b>335,468</b>	<b>45.5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Net Assets</b>	<b>737,378</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**(2) Non-Consolidated Statements of Income**

(¥Million)

	Q1 / FY2006		Q1 / FY2005		Increase/(Decrease)		FY2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	292,681	100.0	243,598	100.0	49,083	20.1	1,093,157	100.0
Shipping and other operating expenses	266,213	91.0	200,739	82.4	65,474	32.6	935,922	85.6
Gross operating income	26,467	9.0	42,858	17.6	(16,391)	(12.5)	157,235	14.4
Selling, general and administrative expenses	6,477	2.2	6,978	2.9	(501)	(7.2)	29,543	2.7
Operating income	19,990	6.8	35,880	14.7	(15,890)	(44.3)	127,691	11.7
Non-operating income:								
Interest and Dividends	5,489		2,536		2,953		16,757	
Others	1,930		450		1,480		2,588	
Total	7,419	2.5	2,987	1.2	4,432	148.4	19,345	1.7
Non-operating expenses:								
Interest	988		997		(9)		4,153	
Others	1,170		1,496		(326)		11,022	
Total	2,159	0.7	2,494	1.0	(335)	(13.4)	15,176	1.3
Ordinary income	25,250	8.6	36,373	14.9	(11,123)	(30.6)	131,860	12.1
Extraordinary profit:								
Gain on sale of fixed assets	10		1,092		(1,082)		1,118	
Others	147		98		49		5,163	
Total	157	0.0	1,190	0.5	(1,033)	(86.8)	6,281	0.6
Extraordinary loss:								
Loss on sale of fixed assets	45		556		(511)		729	
Others	89		1,666		(1,577)		7,082	
Total	135	0.0	2,223	0.9	(2,088)	(93.9)	7,811	0.7
Income before income taxes	25,273	8.6	35,340	14.5	(10,067)	(28.5)	130,330	12.0
Income taxes - current	8,961	3.0	12,897	5.3	(3,936)	(30.5)	52,360	4.8
Income taxes - deferred	—	—	—	—	—	—	(717)	0.0
Net Income	16,311	5.6	22,443	9.2	(6,132)	(27.3)	78,688	7.2
Retained earnings brought forward	—	—	104,597	42.9	—	—	104,597	9.6
Losses on disposal of treasury stocks	—	—	17	0.0	—	—	186	0.0
Interim Dividend	—	—	—	—	—	—	10,763	1.0
Unappropriated Income	—	—	127,022	52.1	—	—	172,335	15.8

(Presentation of Taxes) As tax expenses for the first quarter ended June 30, 2006, and June 30, 2005, are calculated using the simplified method, the tax adjustment is included in "Income taxes-current" in the income statements above

## Supplement

(For further details please refer to our homepage <http://www.mol.co.jp/ir-e>)

### 1. Comparison with Mid-Term Management Plan "MOL STEP"

#### (1) Revenues & Income

(¥ Billion)

	FY2003	FY2004		FY2005		FY2006	
	Results	MOL STEP Original Plan	Results	MOL STEP Review Plan	Results (*3)	MOL STEP Review Plan	Forecast
Revenues (*1)	997	1,020	1,173	1,210	1,366	1,250	1,480
Containerships	/	360	399	415	488	440	540
Bulkships		490	596	610	676	610	730
Other 4 segments(*2)		170	177	185	202	200	210
Operating Income	92	105	171	176	172	186	146
Ordinary income	90	100	174	180	176	190	155
Containerships	24	/	55	46	37	46	0
Bulkships	61		115	125	135	132	137
Other 4 segments(*2)	6		8	14	17	12	17
Elimination	△ 2		△ 3	△ 5	△ 13		1
Net income	55	55	98	113	113	122	100
Ratio of ordinary income to revenue	9.1%	9.8%	14.9%	14.9%	12.9%	15.2%	10.5%
Av. Ex. Rate	¥113.84/US\$	¥110.00/US\$	¥107.75/US\$	¥105.00/US\$	¥112.29/US\$	¥100.00/US\$	¥111.37/US\$
Av. Bunker price	US\$178/MT	US\$150/MT	US\$193/MT	US\$250/MT	US\$280/MT	US\$200/MT	US\$340/MT

(\*1) Revenues = Revenues from customers, unconsolidated subsidiaries and affiliated companies

(\*2) Logistics, ferry & domestic transport, associated businesses, others

(\*3) Including the one-time effect of revision in accounting standards for the "Containerships" segment (revenue and operating income /ordinary income /income before income taxes are to increase approximately 25.2 billion yen and 0.9 billion yen respectively), which was not projected in May 2005.

#### (2) Management /Financial Index

	2004.3	2005.3	2006.3	2006.6	"MOL STEP Review" Targets for 2007.3
Net worth /Total assets	22.2%	24.2%	28.9%	29.8%	38.0%
Gearing ratio	221.9%	172.3%	134.6%	135.4%	80.0%

(~2006.3)

Net worth /Total assets = Shareholders' equity ÷ Total assets

Gearing ratio = Interest-bearing debt ÷ Shareholders' equity

(2006.6~)

Net worth /Total assets = Net worth (Total net assets - Minority interests) ÷ Total assets

Gearing ratio = Interest-bearing debt ÷ Net worth (Total net assets - Minority interests)

2. Review of Quarterly Results

## FY2006

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. ~ Jun., 2006	Jul. ~ Sep., 2006	Oct. ~ Dec., 2006	Jan. ~ Mar., 2007
Revenues [¥ Million]	370,643			
Operating Income	31,734			
Ordinary income	35,381			
Income before income taxes	39,406			
Net income	22,642			
Net income per share [¥]	18.95			
Total assets [¥ Million]	1,467,081			
Total net assets	505,854			
Total net worth per share [¥]	365.32			

## FY2005

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	Apr. ~ Jun., 2005	Jul. ~ Sep., 2005	Oct. ~ Dec., 2005	Jan. ~ Mar., 2006
Revenues [¥ Million]	308,315	328,084	379,703	350,623
Operating Income	46,408	48,861	42,307	35,416
Ordinary income	49,225	49,228	42,294	35,755
Income before income taxes	49,394	49,485	48,302	41,108
Net income	31,073	30,716	28,209	23,733
Net income per share [¥]	26.02	25.71	23.60	19.65
Total assets [¥ Million]	1,284,237	1,346,992	1,397,263	1,470,824
Shareholder's equity	323,194	363,655	390,721	424,460
Shareholder's equity per share [¥]	270.59	304.32	327.00	354.95

**3. Depreciation and Amortization**

	Three months ended June 30, 2006	Three months ended June 30, 2005	Increase /Decrease	(¥ Million) FY2005
Vessels	12,114	11,205	909	48,109
Others	2,946	2,883	63	17,590
<b>Total</b>	<b>15,061</b>	<b>14,088</b>	<b>973</b>	<b>65,699</b>

**4. Interest-bearing Debt**

	As of June 30, 2006	As of March 31, 2006	Increase /Decrease	(¥ Million) As of June 30, 2005
Bank loans	396,843	408,807	△ 11,964	418,375
Bonds	140,646	145,622	△ 4,976	76,499
Commercial paper	53,500	17,000	36,500	55,000
<b>Total</b>	<b>590,990</b>	<b>571,429</b>	<b>19,561</b>	<b>549,875</b>

**5. Exchange Rates**

	Threr months ended June 30, 2006	Threr months ended June 30, 2005	Increase /Decrease			FY2005
Average rates	¥115.46	¥106.79	8.67	(8.1%)	¥ weaken	¥112.29
Term-end rates	¥115.24	¥110.62	4.62	(4.2%)	¥ weaken	¥117.47

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

**Overseas subsidiaries**

	TTM on March 31,2006	TTM on March 31,2005	Increase /Decrease			TTM on December 31,2005
Term-end rates	¥117.47	¥107.39	10.08	(9.4%)	¥ weaken	¥118.07

**6. Bunker Prices**

	Threr months ended June 30, 2006	Threr months ended June 30, 2005	Increase /Decrease	FY2005
Consumption Prices	US\$338/MT	US\$238/MT	US\$100/MT	US\$280/MT

7. Outlook for FY2006

(¥ Billion)

Segments	Revenues(*)	Operating Income	Ordinary Income
Containerships	540	△ 4	0
Bulkships	730	134	137
Logistics	58	1	1
Ferry /Domestic Transport	51	0	0
Associated Businesses	96	11	12
Others	4	1	2
Elimination	-	0	1
Total	1,480	146	155

From July 1, 2006 to March 31, 2007

Assumed exchange rates ¥110.00/US\$

bunker prices US\$340/MT

(\*) Revenues from customers, unconsolidated subsidiaries and affiliated companies

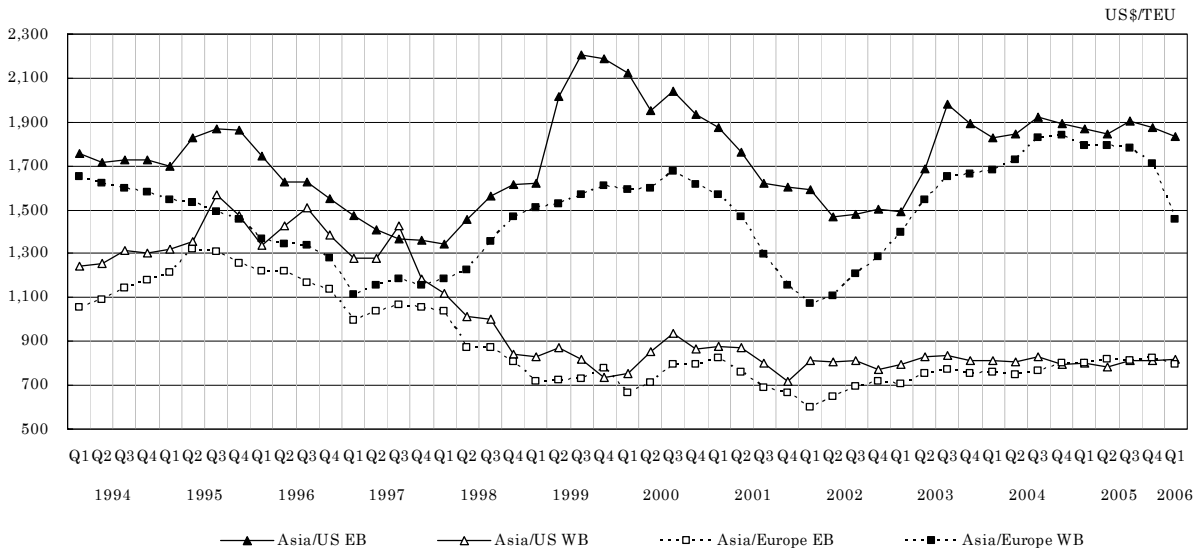
8. Containerships' Capacity, Lifting and Utilization

			Capacity(1000TEU)	Lifting(1000TEU)	Utilization
Asia -North America Trade	Outbound	FY2006 1Q (3 months)	134	120	89%
		FY2005 1Q (3 months)	129	115	89%
	Inbound	FY2006 1Q (3 months)	133	67	50%
		FY2005 1Q (3 months)	129	59	46%
Asia -Europe Trade	Outbound	FY2006 1Q (3 months)	100	94	94%
		FY2005 1Q (3 months)	85	82	97%
	Inbound	FY2006 1Q (3 months)	96	57	59%
		FY2005 1Q (3 months)	85	59	69%
Total: All Trades		FY2006 1Q (3 months)	896	665	74%
		FY2005 1Q (3 months)	726	561	77%

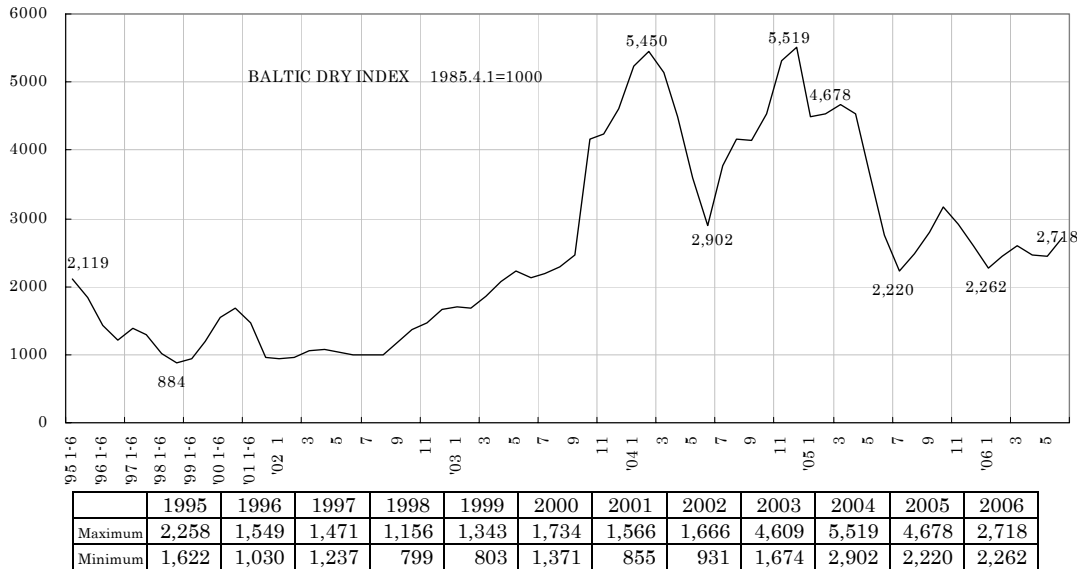


9. Market Information

(1) Containership Market (Containerization International "Freight Rates Indicators")

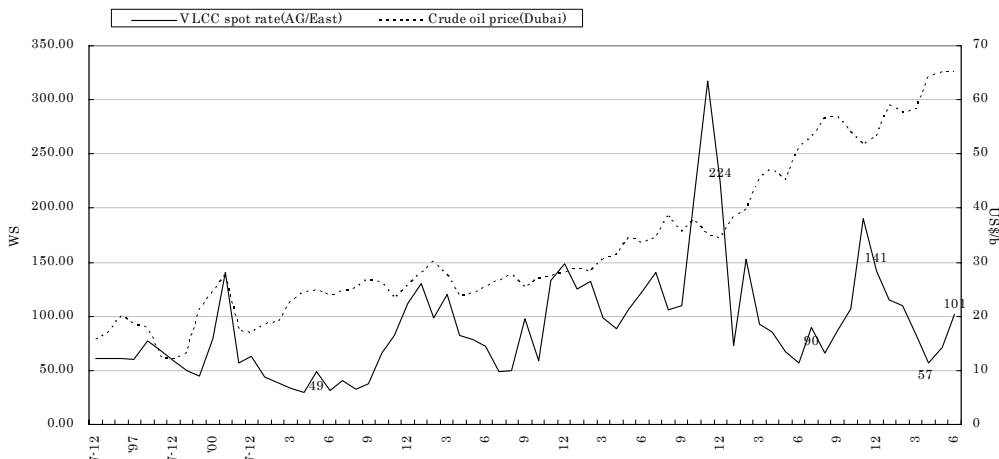


(2) Dry Bulk Market (Baltic Dry Index)



\*\*1995-2001 data on the graph are half-yearly averages. (~June)

(3) VLCC Market



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Maximum	67	72	94	80	62	168	108	112	149	317	190	115
Minimum	42	46	52	47	36	55	35	29	49	91	57	57

\*\*1995-2001 data on the graph are half-yearly averages. (~June)