

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

## Financial Highlights: The Half Year Ended September 30, 2006

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

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

**(1) Operational Results**

	(¥Million)			(US\$ Thousand)
	1H/ FY2006	1H/ FY2005	FY2005	1H/ FY2006
<b>Revenues</b>	759,518	636,399	1,366,725	6,442,053
<b>Operating income</b>	72,959	95,269	172,992	618,821
<b>Ordinary income</b>	78,468	98,453	176,502	665,547
<b>Net income</b>	47,734	61,789	113,731	404,869
			(¥)	(US\$)
<b>Net income per share</b>	39.94	51.73	94.98	0.339
<b>Diluted net income per share</b>	39.92	51.68	94.88	0.339

**(2) Financial Position**

	(¥Million)			(US\$ Thousand)
	1H/ FY2006	1H/ FY2005	FY2005	1H/ FY2006
<b>Total Assets</b>	1,537,133	1,346,922	1,470,824	13,037,600
<b>Interest-bearing debt</b>	587,308	544,942	571,429	4,981,408
<b>Total Net Assets</b>	532,226	363,655	424,460	4,514,215
<b>Net worth / Total assets</b>	30.1%	27.0%	28.9%	30.1%
			(¥)	(US\$)
<b>Total net worth per share</b>	387.09	304.32	354.95	3.283

\* Total net assets for 1H/FY2005 and FY2005 do not include minority interests, while net worth is the same as shareholders' equity for 1H/FY2005 and FY2005. Net worth for 1H/FY2006 is defined as follows.

Net worth for H1/FY2006 = Total Net Assets - Minority interests

**(3) Cash Flows**

	(¥Million)			(US\$ Thousand)
	1H/ FY2006	1H/ FY2005	FY2005	1H/ FY2006
Cash flows from operating activities	64,922	75,529	163,914	550,653
Cash flows from investing activities	(57,657)	(83,099)	(155,076)	(489,033)
Cash flows from financing activities	2,625	4,395	1,821	22,265
Cash & cash equivalent at the end of the period	70,699	44,872	60,267	599,652
Capital expenditures	(66,272)	(91,832)	(177,226)	(562,103)
Depreciation and amortization	33,086	29,178	65,699	280,628

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

	(¥Million)	(US\$ Thousand)
	FY2006	FY2006
<b>Revenues</b>	1,585,000	13,443,596
<b>Operating income</b>	166,000	1,407,973
<b>Ordinary income</b>	175,000	1,484,309
<b>Net income</b>	112,000	949,958
	(¥)	(US\$)
<b>Net income per share</b>	93.73	0.795

\* Underlying Assumption of the Forecast for the FY2006

The above forecast is made assuming the exchange rate and the bunker price for the 2nd Half of FY2006.

Exchange Rate 1US\$=¥113.00

Bunker Price US\$ 300/MT

( Translation of foreign currencies )

The Japanese yen amounts for 1H/ FY2006 have been translated into U.S. dollars using the prevailing exchange rate at September 30, 2006, which was ¥117.90 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 September 30, 2006 )**

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

**(1) Operational Results**

	(¥Million)			(US\$ Thousand)
	1H/ FY2006	1H/FY 2005	FY2005	1H/ FY2006
<b>Revenues</b>	598,255	501,264	1,093,157	5,074,258
<b>Operating income</b>	47,498	72,796	127,691	402,867
<b>Ordinary income</b>	53,116	71,141	131,860	450,517
<b>Net income</b>	33,974	43,951	78,688	288,159
			(¥)	(US\$)
<b>Net income per share</b>	28.40	36.76	65.66	0.241
<b>Diluted net income per share</b>	28.38	36.73	65.59	0.241

**(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)
	FY2006		FY2006
<b>Revenues</b>	1,260,000		10,687,023
<b>Operating income</b>	115,000		975,403
<b>Ordinary income</b>	128,000		1,085,666
<b>Net income</b>	80,000		678,541
			(US\$)
<b>Dividend per share ( Year-end )</b>	9.00		0.076
		(¥)	(US\$)
<b>Net income per share</b>	66.91		0.568

\* Underlying Assumption of the Forecast for the FY2006

The above forecast is made assuming translation rates and the bunker price for the 2nd Half of FY2006.

Exchange Rate 1US\$=¥113.00

Bunker Price US\$300/MT

( Translation of foreign currencies )

The Japanese yen amounts for 1H/ FY2006 have been translated into U.S. dollars using the prevailing exchange rate at September 30, 2006, which was ¥117.90 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 the first half of FY2006 (Consolidated)

(Unit: ¥ billion)

	1 <sup>st</sup> half FY2006 (Ending Sept. 30, 2006)	1 <sup>st</sup> half FY2005 (Ending Sept. 30, 2005)	% increase/decrease
Revenue	759.5	636.3	123.1/19.3%
Operating income	72.9	95.2	-22.3/-23.4%
Ordinary income	78.4	98.4	-19.9/-20.3%
Net income	47.7	61.7	-14.0/-22.7%

Exchange rate	¥115.83/US\$	¥108.61/US\$	¥7.22/US\$
Bunker price	US\$339/MT	US\$252/MT	US\$87/MT

The world economy during the first half of fiscal year (FY) 2006, (April 2006 through March 2007) saw a slowdown in U.S. economic growth, mainly due to a decelerating housing market. The Chinese economy showed continuous high growth thanks to robust investment. European economies showed continual, gradual recovery. The Japanese economy also remained strong thanks to brisk domestic demand, especially in personal consumption and capital investment. The ocean shipping industry stayed firm throughout the first half of FY2006 although the dry bulkship market showed a decline in the beginning of the fiscal year compared to the same period of the previous year. Spot rates for very large crude carriers (VLCCs) turned upward from the beginning of the fiscal year, remaining higher than initially assumed. Containership trade was strong, but freight rates on each route were lower than forecast at the beginning of the term.

Crude oil prices and bunker prices remained at high levels, with the average bunker price during the first half of FY2006 at US\$339/MT. This was a key factor in sharply compressing profits compared to the previous year. On the other hand, the yen weakened compared to the previous year, with the average during the first half was ¥115.83/US\$1. This helped improve profitability.

As a result, revenue for the first half of FY2006 increased 19.3% from the same period of the previous year, totaling ¥759.5 billion; operating income decreased 23.4% to ¥72.9 billion; ordinary income decreased 20.3% to ¥78.4 billion yen; and net income dropped 22.7% to ¥47.7 billion. In other words, the company saw an increase in revenue and a decrease in profits.

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

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

(Unit: ¥billion)

	FY2005 (ending Mar 2006)	FY2004 (ending Mar 2005)	% increase/decrease
Containerships	278.7	218.6	60.1/27.5%
	-2.7	30.4	-33.2/--%
	-0.9	31.3	-32.3/--%
Bulkships	375.6	318.0	57.6/18.1%
	67.0	57.5	9.5/16.6%
	70.6	63.1	7.5/12.0%
Logistics	28.2	30.4	-2.1/-7.1%
	0.4	0.5	-0.1/-18.6%
	0.7	0.6	0.0/13.6%
Ferry and Domestic Transport	25.9	24.5	1.3/5.5%
	0.6	0.7	-0.0/-11.8%
	0.2	0.3	-0.1/-35.2%
Associated Businesses	60.2	54.0	6.2/11.5%
	5.5	5.7	-0.2/-3.8%
	6.4	6.4	0.0/0.4%
Others	8.3	6.8	1.5/22.0%
	2.7	1.6	1.0/65.6%
	1.7	1.1	0.6/55.6%

**a) Containerships**

A rise in bunker prices and increased costs for terminal handling, inland railroad transport, and so on eroded profits compared to the same period of the previous year. Cargo trade on all routes remained strong overall, and the company's volume increased compared to the previous term, due to the launch of larger containerships and the introduction of new services. However, we were unable to fully restore freight rates on the European routes, and negotiations for renewed freight rates on routes serving North America resulted in lower rates than anticipated at the beginning of the term. On the other hand, related businesses such as container terminal operation and freight forwarding, enjoyed a strong market thanks to vigorous cargo trade, but this did not offset declining profits on all routes. As a result, this segment saw a large decrease in profits during the first half of FY2006, resulting in red ink.

**b) Bulkships**

## &lt;Dry Bulkers&gt;

In dry bulk operations, the company has stepped up its efforts to stabilize earnings through long-term contracts for iron ore carriers, coal carriers, and wood chip carriers. The spot market showed favorable conditions throughout the first half of the fiscal year. However, profits during this interim term fell short of the same period of the previous year because of increased bunker prices.

## &lt;Car Carriers&gt;

Looking at car carrier operations, since the company increased transport capacity by launching newly built large vessels under favorable conditions for Japan/Far East exports and offshore trade, profits during the half of the fiscal year surpassed the same period of the previous year.

<Tankers/LNG Carriers>

In the tanker and LNG carrier segment, stable earnings through long-term contracts for crude-oil tankers, methanol carriers, liquefied petroleum gas (LPG) carriers and LNG carriers contributed to strong performance. The markets for both crude oil and petrochemical product carriers maintained higher levels than in the previous term, although there were some fluctuations. As a result, profits during the first half of the fiscal year greatly increased from the same period of the previous year.

**c) Logistics**

Profits in this segment during the first half of FY2006 increased from the same period of the previous term thanks to the Group companies' aggressive sales efforts and cost reduction initiatives, backed by robust growth in trade, mainly air cargo business.

The company continued to restructure, focusing on networks and IT, and established a wholly owned subsidiary in Shanghai, called MOL Consolidation Service Ltd. in September 2006 to enhance the ocean consolidation business (OCB) in China.

- \* Ocean Consolidation Business: Logistics service to support the "buying logistics" systems used by major U.S. and European retailers and apparel companies, which buy products directly from China and other Asian countries.

**d) Ferry and Domestic Transport**

Our ferry operations during the first half of FY2006 posted higher revenue than the same period of FY2005 thanks to favorable cargo trade conditions. However, increased bunker prices severely squeezed profitability. Though the company worked to offset higher bunker prices by fuel surcharges and reduce other costs, these efforts fell short, and profits dipped below the same period of FY2005. However, domestic transport operations were affected only slightly by rising bunker prices because a large proportion of their fuel is supplied under long-term contracts at guaranteed prices. Overall, profits of ferry and domestic transport operations were slightly lower than the same period of the previous year.

**e) Associated Businesses**

The real estate business, which is operated mainly by our subsidiary Daibiru Corporation, remained strong, with occupancy rates remaining high, and profits surpassed those of the same period in FY2005. In the cruise ship business, the around-the-world cruise of the *Nippon Maru* and other cruises contributed

to increased revenue, and sales of fuel oil and machinery for vessels in our trading business remained brisk. As a result, overall profits during the first half of FY2006 remained at the same level as in the previous year.

#### f) Others

Other businesses, which are mainly cost centers, include ship operation, ship management, ship chartering, financing, and shipbuilding. Overall profits of this segment increased compared to the same period of FY2005.

#### (2) Outlook for all of FY2006 (Consolidated)

(Unit: ¥ billion)

	Latest outlook (announced with interim results)	Previous outlook (announced with 1 <sup>st</sup> quarter results)	% increase/decrease
Revenue	1,585.0	1,480.0	105.0/7.1%
Operating income	166.0	146.0	20.0/13.7%
Ordinary income	175.0	155.0	20.0/12.9%
Net income	112.0	100.0	12.0/12.0%
Exchange rate	¥113.00/US\$	¥110.00/US\$	¥3.00/US\$
Bunker price	US\$300/MT	US\$340/MT	-US\$40/MT

(Assumption for 2<sup>nd</sup> half)(Assumption after 2<sup>nd</sup> quarter)

For the second half of FY2006, the company expects the ocean shipping market to remain generally strong, although we see uncertainties such as the deceleration of the U.S. economy, yen appreciation, and an additional rise in bunker prices, which have gradually been leveling off. The company has reviewed assumptions of foreign exchange and bunker price based on immediate situations.

In the containership segment, brisk cargo trade is forecast on all routes, and the company will continue working to restore freight rates on European routes. We plan to temporarily adjust the fleet supply on the North America route with a winter schedule, in order to respond to seasonal factors such as a decrease in trade over the Chinese New Year. Congestion at discharging ports, meanwhile, remains a concern for routes serving South America and Africa.

The dry bulkship market, including our mainstay Cape-size bulkers, will maintain its strength. Cargo volume in the car carrier business is expected to increase, especially in the exports from Japan and the Far East. In tanker operations, the company aims to increase earnings by market-oriented vessels, while counting on stable earnings from long-term contracts to support our performance. We expect the market will remain within our assumptions, although it declined in October, since demand for energy will rise during the latter part of the term. In LNG carrier operations, the company can depend on already

established profits based on long-term contracts.

The company also expects to ensure stable ongoing profits in the associated businesses segment, particularly real estate.

Based on these prospects, we project revenue for FY2006 of ¥1,585.0 billion; operating income of ¥166.0 billion; ordinary income of ¥175.0 billion, and net income of ¥112.0 billion.

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 half of FY2006, ended September 30, 2006, were 1,537.1 billion yen, an increase of 66.3 billion yen from the end of the previous fiscal year. This was due mainly to an increase in “vessels and other property under construction” because of our expanded fleet, while valuation of available-for-sale securities decreased. Total liabilities increased by 26.8 billion yen from the end of the previous year to 1,004.9 billion yen due mainly to an increase in interest-bearing debt even though Mitsui O.S.K. Lines, Ltd. changes the display method. With this change, the company 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 107.7 billion yen from the end of the previous fiscal year to 532.2 billion yen. This was mainly due to an increase in “Retained earnings” by 37.8 billion yen, resulting mostly from 47.7 billion yen in consolidated net profit for the first half of FY2006, and to an increase by the change of 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/Total assets ratio increased to 30.1% from 28.9% at the end of the previous fiscal year.

#### **5. Cash Flow**

Cash and cash equivalents (hereinafter called “cash”) at the end of the first half of FY2006 totaled ¥70.6 billion, a ¥10.4 billion increase from the end of the previous year.

Cash provided by operating activities during the first half of FY2006 totaled ¥64.9 billion, a ¥10.6 billion decrease in cash from the same period of the previous year. This was mainly due to a decrease in income before income taxes and minority interests (a ¥17.9 billion decrease in cash from the same period of the previous year).

Cash used in investment activities during the first half of FY2006 totaled ¥57.6 billion, a ¥25.4 billion increase in cash from the same period of the previous year. This was mainly due to a decrease in payments for acquisition of tangible and intangible fixed assets (a ¥25.5 billion increase in cash from the same period of the previous year).

Cash provided by financing activities during the first half of FY2006 totaled ¥2.6 billion, a ¥1.7 billion decrease in cash from the same period of the previous year. This was mainly due to a decrease in short-term loans and short-term bonds.

## **6. Business Risks**

In overseas shipping, the MOL Group's main business field, cargo traffic is affected by economic trends and product markets around the world. And in global business activities, there is a risk that unforeseen circumstances such as war, terrorism, and political or social unrest will have harmful effects on relevant regions or markets. In particular, an economic slowdown and decline of demand in major markets such as North America, Europe, Japan, and China can lead to reduced international trade and a falloff in freight rates in markets susceptible to price competition. Such a scenario could harm the MOL Group's business performance.

Other significant risks that may have harmful effects on MOL Group business activities are as follows:

### **A) Exchange Rate Fluctuations**

Most MOL Group business earnings are U.S. dollar-based overseas shipping revenues. Costs include vessel capital, fuel, cargo handling charges overseas, and general administration costs overseas on U.S. dollar and local currency bases. We are working to base more of our costs on U.S. dollars and conduct currency hedge transactions to minimize the negative impact of fluctuations in the U.S. dollar exchange rate. However, appreciation of the yen against other currencies (particularly the U.S. dollar) puts downward pressure on MOL Group profits, because dollar-based revenues surpass expenditures based in foreign currencies. In addition, vessels owned by overseas subsidiaries and affiliates, and the related liabilities, are denominated in foreign currencies. This may affect values in the yen-based balance sheets, even though the original value in local currency remains unchanged.

For example, a change in the exchange rate of 1 yen per US\$1 affects our ordinary income by up to 2.2 billion yen a year, although this is subject to change by currency hedge transactions.

### **B) Bunker Price Fluctuations**

Procurement of fuel to operate vessels is indispensable to MOL Group activities. While we attempt to stabilize and reduce procurement costs of bunker oil through fuel hedge transactions, higher prices



naturally decrease our profitability. Generally, the market price of bunker oil is linked to the price of crude oil, and can be affected by world economic trends, conditions in oil-producing regions, U.S. reserve levels, the inflow of speculative funds, and so on.

For example, a change in bunker price of US\$1 per ton affects our ordinary income by up to 300 million yen a year. However, fuel hedge transactions may affect this amount.

### **C) Interest Rate Fluctuations**

The MOL Group conducts ongoing facility investment to build new vessels and renew others. Although we have been working to reduce interest-bearing debt, we borrow capital from outside, mainly for operational funds and facility investments. We strive to stabilize interest rates by borrowing at fixed rates and implementing interest swaps. The funds procured at variable interest rates, as well as future costs of fund procurement, may be affected by interest rate fluctuations.

### **D) Legal Restrictions**

Overseas shipping, the MOL Group's main business field, is subject to a broad range of legal restrictions, such as national and international regulations and classification society standards related to the safety of facilities and vessel operation. We are also subject to laws covering transport, commerce, monopolies, taxes, exchange controls, environmental protection, security, and so on, as well as business and investment licensing standards in all nations where the MOL Group develops any of its business activities. Complying with all these laws and regulations may result in higher costs, limit MOL Group activities and adversely affect our businesses or performance.

### **E) Vessel Operations**

As stated in the MOL Group Corporate Principles, "We will promote and protect our environment by maintaining strict, safe operation and navigation standards." We have established a unique MOL Safety Management System to create an effective, wide-ranging accident prevention system by providing comprehensive seafarer education and training systems. However, with a fleet of more than 700 vessels in constant operation all over the world, there is still the risk of marine incidents, especially one that results in an oil leak or spill and the subsequent environmental pollution. Naturally, any such event could have a severe impact on our business.

The previous examples illustrate some - but not all - of the major foreseeable risks facing the MOL Group's businesses and other matters. And, the statement concerning our future outlook is the forecast that the company deems reasonable based on the information currently available, potential risks, uncertainty, and other issues. Therefore, actual results of our business performance may differ from the forecast.

## 7. Consolidated Financial Statements

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

### (1) Consolidated Balance Sheets

	As of September 30, 2006		As of March 31, 2006		Increase/ (Decrease)	As of September 30, 2005	
	Amount	%	Amount	%		Amount	%
<b>Assets</b>							
Current assets	404,244	26.3	340,355	23.1	63,889	333,434	24.8
Fixed assets	1,132,889	73.7	1,130,468	76.9	2,421	1,013,557	75.2
Tangible fixed assets	799,345	52.0	769,902	52.4	29,443	716,642	53.2
Intangible fixed assets	18,761	1.2	25,515	1.7	(6,754)	7,653	0.5
Investments and other long-term assets	314,781	20.5	335,051	22.8	(20,270)	289,262	21.5
<b>Total Assets</b>	<b>1,537,133</b>	<b>100.0</b>	<b>1,470,824</b>	<b>100.0</b>	<b>66,309</b>	<b>1,346,992</b>	<b>100.0</b>

	As of September 30, 2006		As of March 31, 2006		Increase/ (Decrease)	As of September 30, 2005	
	Amount	%	Amount	%		Amount	%
<b>Liabilities</b>							
Current liabilities	472,465	30.7	433,022	29.4	39,443	473,693	35.2
Non-current liabilities	532,441	34.7	544,996	37.1	(12,555)	446,261	33.1
<b>Total Liabilities</b>	<b>1,004,907</b>	<b>65.4</b>	<b>978,019</b>	<b>66.5</b>	<b>26,888</b>	<b>919,954</b>	<b>68.3</b>
<b>Minority Interests</b>	<b>—</b>	<b>—</b>	<b>68,344</b>	<b>4.6</b>	<b>—</b>	<b>63,382</b>	<b>4.7</b>
<b>Shareholders' Equity</b>							
Common stock	—	—	64,915	4.4	—	64,915	4.8
Capital surplus	—	—	43,886	3.0	—	43,886	3.3
Retained earnings	—	—	275,688	18.8	—	234,416	17.4
Unrealized holding gains on available-for-sale securities, net of tax	—	—	48,731	3.3	—	36,377	2.7
Foreign currency translation adjustment	—	—	(4,713)	(0.3)	—	(12,301)	(0.9)
Treasury stock, at cost	—	—	(4,048)	(0.3)	—	(3,639)	(0.3)
<b>Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>424,460</b>	<b>28.9</b>	<b>—</b>	<b>363,655</b>	<b>27.0</b>
<b>Total Liabilities, Minority Interests, and Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>1,470,824</b>	<b>100.0</b>	<b>—</b>	<b>1,346,992</b>	<b>100.0</b>
<b>Net Assets</b>							
Owners' equity							
Paid-in capital	64,915	4.2	—	—	—	—	—
Capital surplus	43,887	2.9	—	—	—	—	—
Retained earnings	313,555	20.4	—	—	—	—	—
Treasury stock	(3,981)	(0.3)	—	—	—	—	—
Total owners' equity	418,376	27.2	—	—	—	—	—
Valuation and translation adjustments							
Valuation difference on available-for-sale securities	42,532	2.8	—	—	—	—	—
Deferred hedge profit / (loss)	8,705	0.6	—	—	—	—	—
Translation adjustments	(7,058)	(0.5)	—	—	—	—	—
Total valuation and translation adjustments	44,178	2.9	—	—	—	—	—
Stock Acquisition Right	365	0.0	—	—	—	—	—
Minority Interests	69,306	4.5	—	—	—	—	—
<b>Total Net Assets</b>	<b>532,226</b>	<b>34.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Net Assets</b>	<b>1,537,133</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Note)

Contingent Liabilities	As of Sep 30, 2006	As of Mar 31, 2006	As of Sep 30, 2005
Guarantee	70,851 million yen	65,317 million yen	63,647 million yen
Co-debtors' share of joint guarantee	41,768 million yen	46,833 million yen	50,154 million yen
In-substance defeasance on bonds	29,400 million yen	29,400 million yen	29,400 million yen

**(2) Consolidated Statements of Income**

(¥Million)

	1H / FY2006		1H / FY2005		Increase/(Decrease)		FY2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	759,518	100.0	636,399	100.0	123,119	19.3	1,366,725	100.0
Shipping and other operating expenses	637,958	84.0	497,340	78.1	140,618	28.3	1,101,459	80.6
Gross operating income	121,559	16.0	139,058	21.9	(17,499)	(12.6)	265,265	19.4
Selling, general and administrative expenses	48,599	6.4	43,789	6.9	4,810	11.0	92,272	6.7
Operating income	72,959	9.6	95,269	15.0	(22,310)	(23.4)	172,992	12.7
Non-operating income:								
Interest income	1,530		1,127		403		2,350	
Dividend income	1,809		1,348		461		2,538	
Equity in earnings of unconsolidated subsidiaries and affiliated companies	6,214		8,739		(2,525)		16,816	
Others	5,539		2,571		2,968		5,650	
Total	15,094	2.0	13,786	2.2	1,308	9.5	27,356	2.0
Non-operating expenses:								
Interest expense	8,724		7,226		1,498		15,845	
Others	859		3,376		(2,517)		8,000	
Total	9,584	1.3	10,602	1.7	(1,018)	(9.6)	23,846	1.8
Ordinary income	78,468	10.3	98,453	15.5	(19,985)	(20.3)	176,502	12.9
Extraordinary profit:								
Gain on sale of fixed assets	4,450		2,613		1,837		14,048	
Gain on sale of investment securities	325		527		(202)		3,807	
Others	144		1,018		(874)		1,430	
Total	4,920	0.7	4,160	0.6	760	18.3	19,286	1.4
Extraordinary loss:								
Loss on sale or disposal of fixed assets	208		853		(645)		1,652	
Impairment Loss	—		1,186		(1,186)		1,869	
Loss on sale of investment securities	0		—		0		819	
Valuation loss on investment securities	12		105		(93)		328	
Others	2,244		1,588		656		2,828	
Total	2,467	0.3	3,734	0.6	(1,267)	(33.9)	7,499	0.5
Income before income taxes and minority interests	80,921	10.7	98,879	15.5	(17,958)	(18.2)	188,289	13.8
Income taxes - current	29,930	4.0	34,568	5.4	(4,638)	(13.4)	61,200	4.5
Income taxes - deferred	—	—	—	—	—	—	7,570	0.6
Minority interests in earnings of consolidated subsidiaries	3,256	0.4	2,520	0.4	736	29.2	5,787	0.4
Net income	47,734	6.3	61,789	9.7	(14,055)	(22.7)	113,731	8.3

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

## (3) Consolidated Statement of Shareholders' Equity

(¥ Million)

	Owners' Equity				
	Paid-in Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity
<b>Balance at Mar 31, 2006</b>	64,915	43,886	275,688	(4,048)	380,442
Net income	—	—	47,734	—	47,734
Appropriations					
Dividends paid	—	—	(10,759)	—	(10,759)
Bonuses to directors and corporate auditors	—	—	(234)	—	(234)
Due to change in consolidated subsidiaries	—	—	408	—	408
Due to change in affiliated companies accounted for by the equity method	—	—	717	—	717
Repurchases of treasury stocks	—	—	—	(139)	(139)
Disposal of treasury stocks	—	0	—	205	206
Net increase / decrease during the term except in Owners' Equity	—	—	—	—	—
<b>Balance at Sep 30, 2006</b>	64,915	43,887	313,555	(3,981)	418,376

(¥ Million)

	Valuation and Translation Adjustments				Stock Acquisition Right	Minority Interst	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred Hedge Profit / Loss	Translation Adjustments	Total Valuation and Translation adjustments			
<b>Balance at Mar 31, 2006</b>	48,731	—	(4,713)	44,018	—	68,344	492,805
Net income	—	—	—	—	—	—	47,734
Appropriations							
Dividends paid	—	—	—	—	—	—	(10,759)
Bonuses to directors and corporate auditors	—	—	—	—	—	—	(234)
Due to change in consolidated subsidiaries	—	—	—	—	—	—	408
Due to change in affiliated companies accounted for by the equity method	—	—	—	—	—	—	717
Repurchases of treasury stocks	—	—	—	—	—	—	(139)
Disposal of treasury stocks	—	—	—	—	—	—	206
Net increase / decrease during the term except in Owners' Equity	(6,198)	8,705	(2,345)	160	365	961	1,488
<b>Balance at Sep 30, 2006</b>	42,532	8,705	(7,058)	44,178	365	69,306	532,226

## Notes :

1. Condition of outstanding Stocks	Common Stock	Beginning of the period	Increase during the period	Decrease during the period	End of the period	unit: thousand shares
		1,205,410	—	—	1,205,410	
2. Condition of treasury Stocks	Common Stock	Beginning of the period	Increase during the period	Decrease during the period	End of the period	unit: thousand shares
		10,259	597	390	10,466	

The breakdown of increase / decrease of treasury stock (by reason) is as follows :

Increase due to MOL's purchase of treasury stocks owned by Utoc Corp.	424 thousand shares
Increase due to repurchase of treasury stock less than one unit	172 thousand shares
Decrease due to exercise of stock option	373 thousand shares
Decrease due to sale of treasury stock less than one unit	17 thousand shares

**(4) Consolidated Statements of Surplus**

(¥Million)

	1H/ FY2005	FY2005
<b>Capital surplus</b>		
Capital surplus at the beginning of the period	43,886	43,886
Capital surplus at the end of the period	43,886	43,886
<b>Retained earnings</b>		
Retained earnings at the beginning of the period	182,143	182,143
Increase in retained earnings		
Net income	61,789	113,731
Increase in retained earnings due to inclusion of consolidated subsidiaries	1,273	1,170
Increase in retained earnings due to exclusion of consolidated subsidiaries	—	107
Decrease in retained earnings		
Dividends	10,160	20,924
Directors' bonus	197	197
Decrease in retained earnings due to exclusion of consolidated subsidiaries	167	—
Decrease in retained earnings due to inclusion of companies accounted for by the equity method	136	147
Decrease in retained earnings due to exclusion of companies accounted for by the equity method	8	8
Loss on disposal of treasury stock	119	185
Retained earnings at the end of the period	234,416	275,688

**(5) Consolidated Statements of Cash Flows**

(¥Million)

	1H/FY2006	1H/FY2005	Increase/ (Decrease)	FY2005
<b>Cash flows from operating activities</b>				
Income before income taxes and minority interests	80,921	98,879	(17,958)	188,289
Depreciation and amortization	33,086	29,178	3,908	65,699
Impairment loss	—	1,186	(1,186)	1,869
Reversal of provisions	(2,143)	(215)	(1,928)	227
Interest and dividend income	(3,340)	(2,475)	(865)	(4,889)
Interest expense	8,724	7,226	1,498	15,845
Equity in earnings of affiliated companies, net	(6,214)	(8,739)	2,525	(16,816)
Loss (Gain) on sale and disposal of tangible fixed assets	(4,241)	(1,759)	(2,482)	(12,403)
Loss on write-down of investment securities and securities issued by subsidiaries and affiliates	12	105	(93)	328
Loss (Gain) on sale of investment securities and securities issued by subsidiaries and affiliates	(324)	(527)	203	(2,987)
Changes in operating assets and liabilities				
- Trade receivables	(27,921)	(13,370)	(14,551)	(33,188)
- Fuel and supplies	(1,940)	(6,137)	4,197	(10,610)
- Trade payables	28,128	2,167	25,961	13,499
Other, net	(8,096)	10,591	(18,687)	30,474
Sub total	96,652	116,109	(19,457)	235,339
Cash received for interest and dividend	7,848	5,982	1,866	10,138
Cash paid for interest	(8,608)	(6,905)	(1,703)	(15,128)
Cash paid for corporate income tax, resident tax, and enterprise tax	(30,969)	(39,657)	8,688	(66,435)
Net cash provided by (used in) operating activities	64,922	75,529	(10,607)	163,914
<b>Cash flows from investing activities</b>				
Purchase of marketable and investment securities	(4,085)	(15,054)	10,969	(27,579)
Proceeds from sale of marketable and investment securities	706	1,328	(622)	9,915
Payments for acquisition of tangible and intangible fixed assets	(66,272)	(91,832)	25,560	(177,226)
Proceeds from sale of tangible and intangible fixed assets	5,507	21,643	(16,136)	33,228
Net decrease (increase) in short-term loans	(5,011)	(7,216)	2,205	(455)
Disbursements for long-term loans	(1,256)	(1,147)	(109)	(5,474)
Collections of long-term loans receivable	2,873	799	2,074	4,197
Other	9,880	8,379	1,501	8,317
Net cash provided by (used in) investing activities	(57,657)	(83,099)	25,442	(155,076)
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans	(6,086)	5,440	(11,526)	(4,024)
Net increase (decrease) in short-term bonds	(3,698)	15,301	(18,999)	9,674
Net increase (decrease) in commercial paper	3,500	9,500	(6,000)	(17,000)
Proceeds from long-term loans	33,186	27,811	5,375	74,709
Repayments of long-term loans	(36,169)	(40,164)	3,995	(92,008)
Proceeds from issuance of bonds	28,645	4,770	23,875	64,545
Redemption of bonds	(6,044)	(3,022)	(3,022)	(5,917)
Cash Dividends paid by the company	(10,741)	(10,151)	(590)	(20,883)
Other	34	(5,091)	5,125	(7,272)
Net cash provided by (used in) financing activities	2,625	4,395	(1,770)	1,821

(¥Million)

	1H/FY2006	1H/FY2005	Increase/ (Decrease)	FY2005
<b>Effect on exchange rate changes on cash and cash equivalents</b>	(385)	1,233	(1,618)	2,793
<b>Net increase (decrease) in cash and cash equivalents</b>	9,505	(1,940)	11,445	13,453
<b>Cash and cash equivalents at the beginning of period</b>	60,267	45,756	14,511	45,756
<b>Net cash increase (decrease) from new consolidation /de-consolidation of subsidiaries</b>	926	1,056	(130)	1,057
<b>Cash and cash equivalents at the end of the period</b>	70,699	44,872	25,827	60,267

**(6) Leases**

(¥Million)

	1H/FY2006	1H/FY2005	FY2005
<b>As lessee</b>			
< Finance leases accounted for as operating leases >			
Future lease payments inclusive of interest			
Amount due within one year	5,710	4,415	5,607
Amount due after one year	28,248	25,020	28,726
Total	33,959	29,436	34,333
< Operating leases >			
Future lease payments			
Amount due within one year	40,885	40,846	41,757
Amount due after one year	227,361	251,727	246,739
Total	268,246	292,574	288,497
<b>As lessor</b>			
< Finance leases accounted for as operating leases >			
Future lease payments inclusive of interest			
Amount due within one year	24	33	28
Amount due after one year	32	46	35
Total	56	80	63
< Operating leases >			
Future lease payments			
Amount due within one year	3,489	3,693	3,611
Amount due after one year	27,483	33,057	29,217
Total	30,972	36,750	32,829

**(7) Market Value Information on Securities**

## A. 1H/ FY2006

## (a) Bonds to be held to maturity with market values

As of September 30, 2006			
	Book value	Market value	Difference
Governmental bonds	—	—	—
Corporate bonds	2,013	2,048	34
Others	24	24	—
Sub Total	2,038	2,072	34

## (b) Other securities with market values

The securities are restated at the mark to market.

As of September 30, 2006			
	Acquisition cost	Book Value	Difference
Equity securities	39,025	126,311	87,286
Governmental Bonds	15	14	(0)
Corporate bonds	—	—	—
Others	4,893	4,889	(3)
Sub Total	43,933	131,216	87,282

## (c) Major components of other securities not valued at market

As of September 30, 2006		Book value
Other securities		
Unlisted securities		13,280
Unlisted foreign bonds		—
Others		155

## B. 1H / FY2005

## (a) Bonds to be held to maturity with market values

As of September 30, 2005			
	Book value	Market value	Difference
Governmental bonds	24	24	0
Corporate bonds	2,019	2,080	60
Total	2,043	2,104	60

## (b) Other securities with market values

The securities are restated at the mark to market.

As of September 30, 2005			
	Acquisition cost	Book value	Difference
Equity securities	33,575	107,111	73,535
Governmental bonds	10	10	0
Corporate bonds	—	—	—
Others	4,832	4,782	(49)
Total	38,418	111,904	73,485



## (c) Major components of other securities not valued at market

As of September 30, 2005 (¥Million)

	Book value
Other securities	
Unlisted equity securities	15,063
Unlisted foreign bonds	—
Others	248

## C. FY2005

## (a) Bonds to be held to maturity with market values

As of March 31, 2006 (¥Million)

	Book value	Market value	Difference
<Market Values above book values>			
Governmental bonds	—	—	—
Corporate bonds	2,016	2,045	28
Others	—	—	—
Sub Total	2,016	2,045	28
<Market Values less than book values>			
Governmental bonds	—	—	—
Corporate bonds	—	—	—
Others	24	24	—
Sub Total	24	24	—
Total	2,041	2,070	28

## (b) Other securities with market values

The securities are restated at the mark to market.

As of March 31, 2006 (¥Million)

	Acquisition cost	Book Value	Difference
<Book Values above Acquisition cost>			
Equity securities	34,998	134,222	99,223
Governmental Bonds	—	—	—
Corporate bonds	—	—	—
Others	494	495	1
Sub Total	35,492	134,717	99,224
<Book Values less than Acquisition cost>			
Equity securities	1,838	1,662	(175)
Governmental Bonds	15	14	0
Corporate bonds	—	—	—
Others	4,438	4,415	(23)
Sub Total	6,292	6,092	(199)
Total	41,785	140,810	99,025

## (c) Major components of other securities not valued at market

As of March 31, 2006 (¥Million)

	Book value
Bonds to be held to maturity	
Others	36
Other securities	
Unlisted securities	12,477
Unlisted foreign bonds	—
Others	202

**(8) Segment Information**

Business segment information:

(¥Million)

1H / 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	277,604	374,633	27,477	25,827	50,211	3,765	759,518	—	759,518
2.Inter-segments revenues	1,191	1,040	769	102	10,079	4,603	17,788	(17,788)	—
<b>Total Revenues</b>	<b>278,796</b>	<b>375,673</b>	<b>28,246</b>	<b>25,929</b>	<b>60,290</b>	<b>8,368</b>	<b>777,306</b>	<b>(17,788)</b>	<b>759,518</b>
Operating expenses	281,592	308,605	27,809	25,294	54,721	5,657	703,681	(17,122)	686,558
Operating income / (loss)	(2,796)	67,068	437	634	5,568	2,711	73,625	(665)	72,959
Ordinary income / (loss)	(963)	70,687	735	252	6,453	1,730	78,896	(427)	78,468

(¥Million)

1H / 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	217,974	317,031	29,628	24,552	44,161	3,049	636,399	—	636,399
2.Inter-segments revenues	645	1,022	771	21	9,926	3,808	16,195	(16,195)	—
<b>Total Revenues</b>	<b>218,619</b>	<b>318,053</b>	<b>30,400</b>	<b>24,574</b>	<b>54,088</b>	<b>6,858</b>	<b>652,595</b>	<b>(16,195)</b>	<b>636,399</b>
Operating expenses	188,138	260,525	29,862	23,854	48,301	5,220	555,904	(14,774)	541,129
Operating income / (loss)	30,480	57,528	537	719	5,786	1,637	96,691	(1,421)	95,269
Ordinary income / (loss)	31,349	63,117	647	389	6,429	1,112	103,046	(4,592)	98,453

(¥Million)

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	488,232	676,322	63,685	46,771	87,453	4,259	1,366,725	—	1,366,725
2.Inter-segments revenues	1,812	364	1,636	50	21,959	8,228	34,051	(34,051)	—
<b>Total Revenues</b>	<b>490,045</b>	<b>676,687</b>	<b>65,322</b>	<b>46,821</b>	<b>109,412</b>	<b>12,487</b>	<b>1,400,776</b>	<b>(34,051)</b>	<b>1,366,725</b>
Operating expenses	455,488	551,099	64,122	46,513	98,151	7,957	1,223,332	(29,600)	1,193,732
Operating income / (loss)	34,557	125,588	1,200	307	11,260	4,530	177,444	(4,451)	172,992
Ordinary income / (loss)	37,485	135,346	2,050	(102)	12,519	2,649	189,948	(13,445)	176,502

## 8. 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 September 30,2006		As of March 31,2006		Increase/ (Decrease)	As of September 30,2005	
	Amount	%	Amount	%		Amount	%
<b>Assets</b>							
Current assets	345,101	44.6	306,300	41.7	38,801	301,712	43.6
Fixed assets	428,049	55.4	428,949	58.3	(900)	391,059	56.4
Tangible fixed assets	103,386	13.4	108,871	14.8	(5,485)	116,370	16.8
Intangible fixed assets	18,660	2.4	21,888	3.0	(3,228)	5,379	0.7
Investments and other long-term assets	306,002	39.6	298,189	40.5	7,813	269,309	38.9
<b>Total Assets</b>	<b>773,151</b>	<b>100.0</b>	<b>735,250</b>	<b>100.0</b>	<b>37,901</b>	<b>692,771</b>	<b>100.0</b>

	(¥ Million)						
	As of September 30,2006		As of March 31,2006		Increase/ (Decrease)	As of September 30,2005	
	Amount	%	Amount	%		Amount	%
<b>Liabilities</b>							
Current liabilities	306,957	39.7	276,231	37.6	30,726	316,870	45.8
Non-current liabilities	114,320	14.8	124,481	16.9	(10,161)	74,367	10.7
<b>Total Liabilities</b>	<b>421,278</b>	<b>54.5</b>	<b>400,713</b>	<b>54.5</b>	<b>20,565</b>	<b>391,238</b>	<b>56.5</b>
<b>Shareholders' Equity</b>							
Common stock	—	—	64,915	8.8	—	64,915	9.4
Capital surplus	—	—	43,886	6.0	—	43,886	6.3
Retained earnings	—	—	189,600	25.8	—	165,694	23.9
Unrealized holding gain on available for-sale securities, net of tax	—	—	40,784	5.5	—	31,684	4.6
Treasury stock, at cost	—	—	(4,650)	(0.6)	—	(4,647)	(0.7)
<b>Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>334,536</b>	<b>45.5</b>	<b>—</b>	<b>301,533</b>	<b>43.5</b>
<b>Total Liabilities and Total Shareholders' Equity</b>	<b>—</b>	<b>—</b>	<b>735,250</b>	<b>100.0</b>	<b>—</b>	<b>692,771</b>	<b>100.0</b>
<b>Net Assets</b>							
Owners' equity							
Paid-in capital	64,915	—	—	—	—	—	—
Capital surplus	43,887	—	—	—	—	—	—
Retained earnings	212,633	—	—	—	—	—	—
Treasury stock	(5,356)	—	—	—	—	—	—
Total owners' equity	316,079	40.9	—	—	—	—	—
Valuation and translation adjustments							
Valuation difference on available-for-sale securities	36,154	—	—	—	—	—	—
Deferred hedge profit / loss	(726)	—	—	—	—	—	—
Total valuation and translation adjustments	35,427	4.6	—	—	—	—	—
Stock Acquisition Right	365	0.0	—	—	—	—	—
<b>Total Net Assets</b>	<b>351,872</b>	<b>45.5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Net Assets</b>	<b>773,151</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Note)

	As of Sep 30,2006	As of Mar 31,2006	As of Sep 30,2005
1. Accumulated depreciation for tangible fixed assets	225,940 million yen	220,184 million yen	215,851 million yen
2. Contingent Liabilities			
Guarantee	537,720 million yen	428,569 million yen	426,720 million yen
Co-debtors' share of joint guarantee	41,760 million yen	46,821 million yen	50,163 million yen
In-substance defeasance on bonds	29,400 million yen	29,400 million yen	29,400 million yen

## (2) Non-Consolidated Statements of Income

(¥Million)

	H1 / FY2006		H1 / FY2005		Increase/(Decrease)		FY2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	598,255	100.0	501,264	100.0	96,991	19.3	1,093,157	100.0
Shipping and other operating expenses	536,960	89.8	414,054	82.6	122,906	29.7	935,922	85.6
Gross operating income	61,295	10.2	87,209	17.4	(25,914)	(29.7)	157,235	14.4
Selling, general and administrative expenses	13,797	2.3	14,413	2.9	(616)	(4.3)	29,543	2.7
Operating income	47,498	7.9	72,796	14.5	(25,298)	(34.8)	127,691	11.7
Non-operating income:								
Interest and Dividends	7,485		4,043		3,442	85.1	16,757	
Others	2,014		790		1,224	154.8	2,588	
Total	9,499	1.6	4,834	1.0	4,665	96.5	19,345	1.7
Non-operating expenses:								
Interest	2,018		2,090		(72)	(3.5)	4,153	
Others	1,863		4,398		(2,535)	(57.6)	11,022	
Total	3,882	0.6	6,488	1.3	(2,606)	(40.2)	15,176	1.3
Ordinary income	53,116	8.9	71,141	14.2	(18,025)	(25.3)	131,860	12.1
Extraordinary profit:								
Gain on sale of fixed assets	16		1,094		(1,078)		1,118	
Others	164		1,480		(1,316)		5,163	
Total	180	0.0	2,574	0.5	(2,394)	(93.0)	6,281	0.6
Extraordinary loss:								
Loss on sale of fixed assets	118		725		(607)		729	
Others	126		1,702		(1,576)		7,082	
Total	245	0.0	2,427	0.5	(2,182)	(89.9)	7,811	0.7
Income before income taxes	53,051	8.9	71,288	14.2	(18,237)	(25.6)	130,330	12.0
Income taxes - current	19,077	3.2	27,337	5.5	(8,260)	(30.2)	52,360	4.8
Income taxes - deferred	—	—	—	—	—	—	(717)	(0.0)
Net Income	33,974	5.7	43,951	8.7	(9,977)	(22.7)	78,688	7.2
Retained earnings brought forward	—	—	104,597	20.9	—	—	104,597	9.6
Losses on disposal of treasury stocks	—	—	119	0.0	—	—	186	0.0
Interim Dividend	—	—	—	—	—	—	10,763	1.0
Unappropriated Income	—	—	148,430	29.6	—	—	172,335	15.8

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

## (3) Non-Consolidated Statement of Shareholders' Equity

(¥ Million)

	Owners' Equity									Treasury Stock	Total Owners' Equity
	Paid-in Capital	Capital Surplus	Retained Earnings								
			Capital Reserve	Earned Reserve	Other Retained Earnings						
		Reserve for special depreciation			Reserve for overseas investment loss	Reserve for advanced depreciation	Other Reserve	Retained Earnings brought forward			
<b>Balance at Mar 31, 2006</b>	64,915	43,886	8,527	2,276	—	830	5,630	172,335	(4,650)	293,752	
Net income	—	—	—	—	—	—	—	33,974	—	33,974	
Appropriations	—	—	—	—	—	—	—	—	—	—	
Dividends paid	—	—	—	—	—	—	—	(10,767)	—	(10,767)	
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	(174)	—	(174)	
Transfer to reserve for special depreciation	—	—	—	9	—	—	—	(9)	—	—	
Reversal of reserve for special depreciation	—	—	—	(1,221)	—	—	—	1,221	—	—	
Transfer to reserve for overseas investment loss	—	—	—	—	13	—	—	(13)	—	—	
Addition to reserve for advanced depreciation	—	—	—	—	—	2	—	(2)	—	—	
Reversal of reserve for advanced depreciation	—	—	—	—	—	(307)	—	307	—	—	
Addition to other reserve	—	—	—	—	—	—	120,000	(120,000)	—	—	
Repurchases of treasury stocks	—	—	—	—	—	—	—	—	(912)	(912)	
Disposal of treasury stocks	—	0	—	—	—	—	—	—	205	206	
Net increase / decrease during the term except in Owners' Equity	—	—	—	—	—	—	—	—	—	—	
<b>Balance at Sep 30, 2006</b>	64,915	43,887	8,527	1,064	13	524	125,630	76,873	(5,356)	316,079	

(¥ Million)

	Valuation and Translation Adjustments			Stock Acquisition Right	Total Net Assets
	Unrealized holding gains on available for-sale securities, net of tax	Deferred Hedge Profit / Loss	Total Valuation and Translation adjustments		
<b>Balance at Mar 31, 2006</b>	40,784	—	40,784	—	334,536
Net income	—	—	—	—	33,974
Appropriations	—	—	—	—	—
Dividends paid	—	—	—	—	(10,767)
Bonuses to directors and corporate auditors	—	—	—	—	(174)
Transfer to reserve for special depreciation	—	—	—	—	—
Reversal of reserve for special depreciation	—	—	—	—	—
Transfer to reserve for overseas investment loss	—	—	—	—	—
Addition to reserve for advanced depreciation	—	—	—	—	—
Reversal of reserve for advanced depreciation	—	—	—	—	—
Addition to other reserve	—	—	—	—	—
Repurchases of treasury stocks	—	—	—	—	(912)
Disposal of treasury stocks	—	—	—	—	206
Net increase / decrease during the term except in Owners' Equity	(4,629)	(726)	(5,356)	365	(4,990)
<b>Balance at Sep 30, 2006</b>	36,154	(726)	35,427	365	351,872

Notes :

Condition of treasury Stocks	Common Stock	Beginning of the period	Increase during the period	Decrease during the period	End of the period
		9,070	1,049	390	9,730

unit: thousand shares

The breakdown of increase / decrease of treasury stock(by reason) is as follows :

Increase due to MOL's purchase of MOL stocks owned by Utoc Corp.	877 thousand shares
Increase due to repurchase of treasury stock less than one unit	172 thousand shares
Decrease due to exercise of stock option	373 thousand shares
Decrease due to sale of treasury stock less than one unit	17 thousand shares

## 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	1,585
Containerships	/	360	399	415	488	440	570
Bulkships		490	596	610	676	610	800
Other 4 segments(*2)		170	177	185	202	200	215
Operating Income	92	105	171	176	172	186	166
Ordinary income	90	100	174	180	176	190	175
Containerships	24	/	55	46	37	46	2
Bulkships	61		115	125	135	132	157
Other 4 segments(*2)	6		8	14	17	12	17
Elimination	△ 2		△ 3	△ 5	△ 13		△ 1
Net income	55	55	98	113	113	122	112
Ratio of ordinary income to revenue	9.1%	9.8%	14.9%	14.9%	12.9%	15.2%	11.0%
Av. Ex. Rate	¥113.84/US\$	¥110.00/US\$	¥107.75/US\$	¥105.00/US\$	¥112.29/US\$	¥100.00/US\$	¥114.42/US\$
Av. Bunker price	US\$178/MT	US\$150/MT	US\$193/MT	US\$250/MT	US\$280/MT	US\$200/MT	US\$320/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	2006.9	"MOL STEP Review" Targets for 2007.3
Net worth /Total assets	22.2%	24.2%	28.9%	30.1%	38.0%
Gearing ratio	221.9%	172.3%	134.6%	126.9%	80.0%

(~2006.3.31)

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

Gearing ratio = Interest-bearing debt ÷ Shareholders' equity

(2006.4.1~)

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	388,875		
Operating Income	31,734	41,225		
Ordinary income	35,381	43,087		
Income before income taxes	39,406	41,515		
Net income	22,642	25,092		
Net income per share [¥]	18.95	20.99		
Total assets [¥ Million]	1,467,081	1,537,133		
Total net assets	505,854	532,226		
Total net worth per share [¥]	365.32	387.09		

## 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**

	Six months ended September 30, 2006	Six months ended September 30, 2005	Increase /Decrease	(¥ Million) FY2005
Vessels	24,119	23,119	1,000	48,109
Others	8,966	6,058	2,908	17,590
<b>Total</b>	<b>33,086</b>	<b>29,178</b>	<b>3,908</b>	<b>65,699</b>

**4. Interest-bearing Debt**

	As of September 30, 2006	As of March 31, 2006	Increase /Decrease	(¥ Million) As of September 30, 2005
Bank loans	400,835	408,807	△ 7,972	408,034
Bonds	165,972	145,622	20,350	93,408
Commercial paper	20,500	17,000	3,500	43,500
<b>Total</b>	<b>587,308</b>	<b>571,429</b>	<b>15,879</b>	<b>544,942</b>

**5. Exchange Rates**

	Six months ended September 30, 2006	Six months ended September 30, 2005	Increase /Decrease			FY2005
Average rates	¥115.83	¥108.61	7.22	(6.6%)	¥ weaken	¥112.29
Term-end rates	¥117.90	¥113.19	4.71	(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 June 30,2006	TTM on June 30,2005	Increase /Decrease			TTM on December 31,2005
Term-end rates	¥115.24	¥110.62	4.62	(4.2%)	¥ weaken	¥118.07

**6. Bunker Prices**

	Six months ended September 30, 2006	Six months ended September 30, 2005	Increase /Decrease	FY2005
Consumption Prices	US\$339/MT	US\$252/MT	US\$87/MT	US\$280/MT



7. Fleet Capacity (MOL and consolidated subsidiaries)

	Containerships		Car carriers & Dry bulkers		Tankers & LNG carriers		Ferries /Domestic		Passenger ships, etc.		Total	
	No. of ships	1,000K/T	No. of ships	1,000K/T	No. of ships	1,000K/T	No. of ships	1,000K/T	No. of ships	1,000K/T	No. of ships	1,000K/T
Owned	24	1,019	105	6,615	84	10,169	16	91	1	5	230	17,899
Chartered	75	3,140	313	20,727	96	5,821	22	56	0	0	506	29,744
Others	0	0	1	154	2	143	3	4	0	0	6	301
Total	99	4,159	419	27,496	182	16,133	41	151	1	5	742	47,944
As of Mar.31,2006	94	3,944	394	25,781	177	15,575	39	143	1	5	705	45,448
As of Sep.30,2005	83	3,440	384	25,260	174	15,239	38	143	1	5	680	44,087

8. Number of Employees

Segments	Number of employees	
Containerships	3,200	[412]
Bulkships	925	[109]
Logistics	1,373	[305]
Ferry /Domestic Transport	813	[85]
Associated Businesses	1,711	[1,443]
Others	325	[54]
Common	287	[51]
Total	8,634	[2,459]
As of Mar.31,2006	8,351	[2,507]
As of Sep.30,2005	7,795	[2,144]

(Remark) Figures in parentheses show number of temporary employees (average in 1st half of FY2006).

9. Outlook for FY2006

(¥ Billion)

Segments	Revenues(*)	Operating Income	Ordinary Income
Containerships	570	△ 1	2
Bulkships	800	152	157
Logistics	56	1	1
Ferry /Domestic Transport	51	0	0
Associated Businesses	102	11	12
Others	6	2	2
Elimination	-	△ 1	△ 1
Total	1,585	166	175

From October 1, 2006 to March 31, 2007

Assumed exchange rates ¥113.00/US\$

bunker prices US\$300/MT

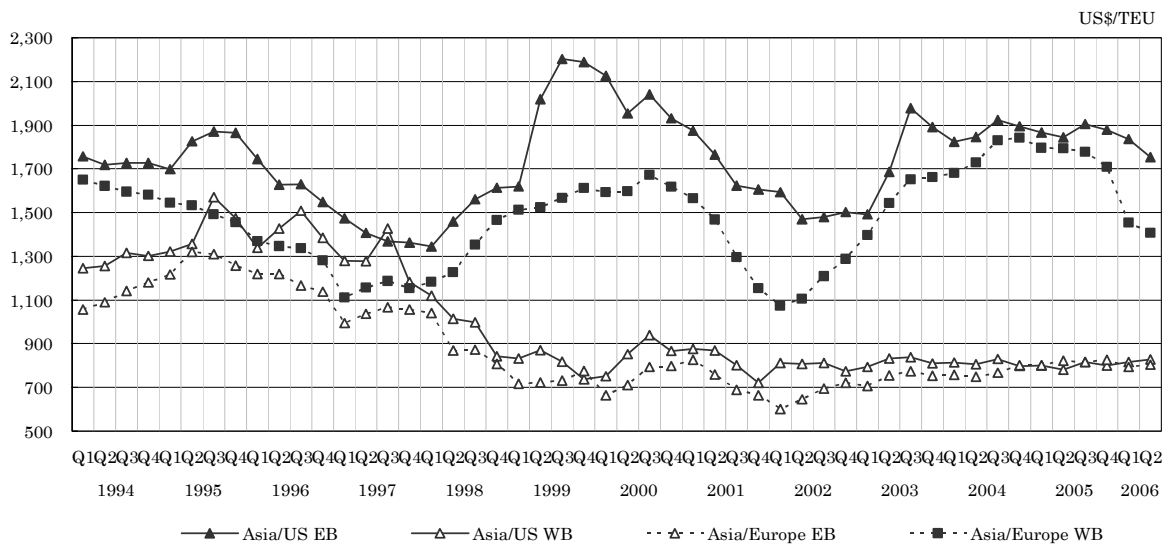
(\*) Revenues from customers, unconsolidated subsidiaries and affiliated companies

10. Containerships' Capacity, Lifting and Utilization

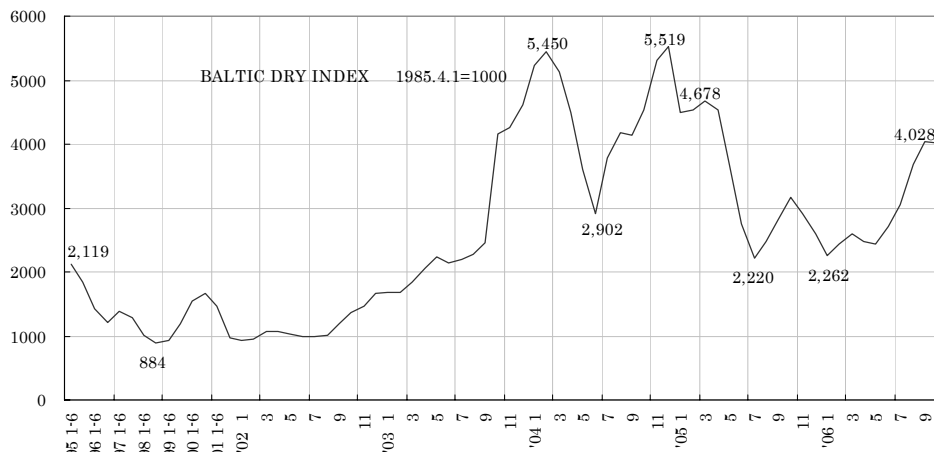
			Capacity(1000TEU)	Lifting(1000TEU)	Utilization
Asia -North America Trade	Outbound	FY2006 1st half	284	263	92%
		FY2005 1st half	271	247	91%
	Inbound	FY2006 1st half	280	134	48%
		FY2005 1st half	268	114	42%
Asia -Europe Trade	Outbound	FY2006 1st half	217	207	95%
		FY2005 1st half	169	163	96%
	Inbound	FY2006 1st half	203	113	56%
		FY2005 1st half	169	117	69%
Total: All Trades		FY2006 1st half	1,914	1,422	74%
		FY2005 1st half	1,485	1,149	77%

### 11. Market Information

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



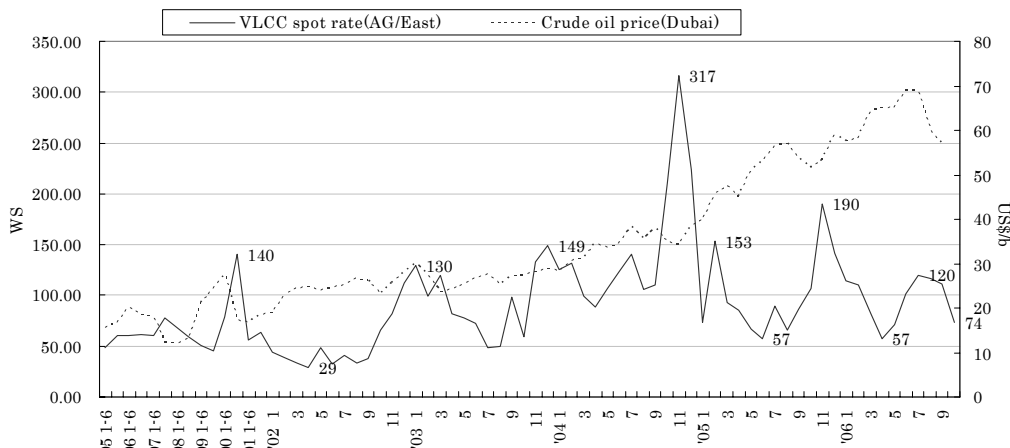
#### (2) Dry Bulk Market (Baltic Dry Index)



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Maximum	2,258	1,549	1,471	1,156	1,343	1,734	1,566	1,666	4,609	5,519	4,678	4,039
Minimum	1,622	1,030	1,237	799	803	1,371	855	931	1,674	2,902	2,220	2,262

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

#### (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	120
Minimum	42	46	52	47	36	55	35	29	49	91	57	57

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