

Mitsui O.S.K. Lines, Ltd.

Financial Highlights: Fiscal Year 2006 Ended March 31, 2007

1. Consolidated Financial Highlights (from April 1, 2006 to March 31, 2007)

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

(1) Operational Results

	(¥Million)		(US\$ Thousand)
	FY2006	FY2005	FY2006
Revenues	1,568,435	1,366,725	13,286,192
Operating income	168,073	172,992	1,423,744
Ordinary income	182,488	176,502	1,545,853
Net income	120,940	113,731	1,024,481
	(¥)		(US\$)
Net income per share	101.20	94.98	0.857
Diluted net income per share	97.41	94.85	0.825
Rate of return on equity	24.8%	31.5%	24.8%
Rate of return (ordinary income) on assets	11.7%	13.1%	11.7%
Profit (operating income) margin ratio	10.7%	12.7%	10.7%

(2) Financial Position

	(¥Million)		(US\$ Thousand)
	FY2006	FY2005	FY2006
Total assets	1,639,940	1,470,824	13,891,910
Interest-bearing debt	569,417	571,429	4,823,524
Total Net Assets	620,989	424,460	5,260,390
Net worth / Total assets	33.6%	28.9%	33.6%
	(¥)		(US\$)
Net worth per share	460.78	354.95	3.903

* Total net assets for FY2005 do not include stock acquisition right and minority interests, while net worth is the same as shareholders' equity for FY2005.

Net worth for FY2006 is defined as follows.

Net worth for FY2006 = Total Net Assets - (Stock acquisition right + Minority interests)

(3) Cash Flows

	(¥Million)		(US\$ Thousand)
	FY2006	FY2005	FY2006
Cash flows from operating activities	156,418	163,914	1,325,015
Cash flows from investing activities	(136,049)	(155,076)	(1,152,469)
Cash flows from financing activities	(29,142)	1,821	(246,861)
Cash & cash equivalent at the end of the fiscal year	51,382	60,267	435,256
Capital expenditures	(152,180)	(177,226)	(1,289,115)
Depreciation and amortization	68,581	65,699	580,949

(4) Dividends

	Dividend per share		Total dividends paid (per year) (million ¥)	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Interim	Year end			
FY2005	9.00	9.00	21,530	19.0%	6.0%
FY2006	9.00	11.00	23,917	19.8%	4.9%
FY2007 (Forecast)	10.00	10.00		18.4%	

(5) Forecast of Consolidated Results for Fiscal Year ending March 31, 2008

	(¥Million)		(US\$ Thousand)
	1H/ FY2007	FY2007	FY2007
Revenues	840,000	1,700,000	14,782,609
Operating income	98,000	190,000	1,652,174
Ordinary income	104,000	200,000	1,739,130
Net income	67,000	130,000	1,130,435
	(¥)		(US\$)
Net income per share	56.05	108.76	0.946

* Underlying Assumption of the Forecast for the FY2007

The above forecast is made assuming translation rates and the bunker price for the FY2007.

Exchange Rate 1US\$=¥115.00 Bunker Price US\$ 330/MT

(Translation of foreign currencies)

The Japanese yen amounts for the FY2006 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2007, which was ¥118.05 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 March 31, 2007)

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

(1) Operational Results

	(¥Million)		(US\$ Thousand)
	FY2006	FY2005	FY2006
Revenues	1,243,985	1,093,157	10,537,781
Operating income	111,708	127,691	946,277
Ordinary income	128,983	131,860	1,092,613
Net income	81,334	78,688	688,979
	(¥)		(US\$)
Net income per share	68.00	65.66	0.576
Diluted net income per share	65.46	65.57	0.555
Rate of return on equity	22.0%	26.6%	
Rate of return (ordinary income) on assets	16.4%	19.5%	
Profit (operating income) margin ratio	9.0%	11.7%	

(2) Forecast of Non-Consolidated Results for Fiscal Year ending March 31, 2008

	(¥Million)		(US\$ Thousand)
	1H/ FY2007	FY2007	FY2007
Revenues	670,000	1,360,000	11,826,087
Operating income	74,000	140,000	1,217,391
Ordinary income	80,000	155,000	1,347,826
Net income	50,000	100,000	869,565
	(¥)		(US\$)
Net income per share	41.80	83.61	0.727

* Underlying Assumption of the Forecast for the FY2007

The above forecast is made assuming translation rates and the bunker price for FY2007.

Exchange Rate 1US\$=¥115.00 Bunker Price US\$330/MT

(Translation of foreign currencies)

The Japanese yen amounts for FY2006 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2007, which was ¥118.05 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. Mid- and Long-Term Corporate Management Strategies and Management Index Targeted

The Company, with the key word “Growth,” worked on the management plan Mitsui O.S.K. Lines’ Strategy towards Excellent and Powerful Group (MOL STEP), beginning April 1, 2004, and ending March 31, 2007. In this plan, we aimed at becoming the world’s largest, highest-quality, unique ocean transport company group with full range of services, and proactively continue to invest in ocean shipping businesses – resource and energy transport as main, and expanded businesses in the emerging markets that have potential for growth, such as India, in addition to China, Europe, and the U.S. Speaking of earnings, skyrocketing bunker prices and declining containership freight rates since the end of 2005 compressed our profits. However, in our bulkship businesses, we have expanded our fleet and increased its competitiveness, and the market has been favorable. As a result, we were able to post profits close the level we forecast. The financial results for the fiscal terms during execution of the plan are as follows.

(Unit: ¥billion)

	MOL STEP Original Plan (FY2004-FY2006 Plan)	MOL STEP Review (FY2004 Results FY2005/2006 Plan)	Results (FY2004-FY2006 Results)
Revenue	3,190.0	3,633.3	4,108.4
Ordinary income	315.0	544.9	533.9
Net income	176.0	333.2	332.9
	End of FY2006 Plan	End of FY 2006 Plan	End of FY 2006 Results
Shareholders’ equity	350.0	490.0	550.7
Equity ratio	30%	38%	34%
Interest-bearing debts	420.0	380.0	569.4
Gearing Ratio	120%	80%	103%

In the new midterm management plan -- Mitsui O.S.K. Lines’ Action and Direction at the Vanguard of Creating Excellence (MOL ADVANCE) -- announced in March 2007, the company, with the key word “Growth with enhanced quality,” positions ensuring of safe operation as the highest priority, and works on to increase quality and achieve sustainable growth.

The plan’s outline is as follows, and we have stated our overall strategies as “1S” & “4Gs.”

MOL ADVANCE

Mitsui O.S.K. Lines’ Action and Direction at the Vanguard of Creating Excellence

Long-Term Vision

To make the MOL Group an excellent and resilient organization that leads the world shipping industry.

Main Theme

“Growth with enhanced quality”- Ensuring safe operation is the highest priority, while achieving sustainable growth and enhancing quality.

Overall Strategies (“1 S” & “4 Gs”)

(1) Safety : Implement comprehensive measures to reinforce and ensure safe operation.

- Pursue transport quality that gains customers' ongoing trust, and enhance the structure to ensure safe operation.
- Implement measures to reinforce safe operation with a total investment of ¥35billion over three years (Hardware: ¥22 billion, software: ¥13 billion).

(2) Growth : Focus management resources heavily on growing fields in the ocean shipping industry.

- Expand fleet scale overperforming the average growth rate of cargo trade volume.
Number of operating vessels: 800 at end of FY2006, ending March 2007, to 1,000 at end of FY2009, ending March 2010 (including short term charter ships and J/V owned ships)
- Build a well-balanced business portfolio with a combination of stable earnings and benefits of favorable market conditions.

(3) Global : Accelerate globalization and enhance sales capabilities in emerging markets.

- Develop business on a global scale to meet growth and diversification of trade.
- Expand business in emerging markets and take a proactive approach to potential business.

(4) Group : Enhance Group-wide strength and competitiveness.

- Take steps to ensure both Group corporate growth and the development of individual employees.
- Reorganize Group companies and create synergy to promote further growth.
- Develop “Creative Cost Saving Program”.: Target of cost reduction for three years: ¥35 billion.
- Expand business scale in fields related to logistics and businesses associated with ocean shipping.

(5) Governance : Establish a governance structure that fulfills stakeholders' trust.

- Build and operate effective internal control systems.

Main Financial Goals (Consolidated)

(Unit: billion yen)

	FY2007 (plan)	FY2008 (plan)	FY2009 (plan)	FY2012 (target)
Revenue	1,640	1,880	2,060	2,500
Ordinary income	190	205	220	260
Net income	124	133	143	160
Ordinary Income Margin	12%	11%	11%	10%

Shareholders' Equity*1	860
Shareholder's Equity Ratio	40% or more
Gearing Ratio*2	1 time or less
ROA*3	7% or more

*1: Total Net Assets – (Stock acquisition right + Minority interests)

*2: Interest-bearing debt divided by shareholders' equity

*3: Net income divided by average of beginning – and end-year total assets
(on the assumption of ¥110 /US\$1; bunker price at US\$300/MT)**Fleet Scale Expansion Plan**

Launch year	FY2007 – FY2009		FY2010 – FY2012	
	Number of vessels	Ship's value	Number of vessels	Ship's value
Bulkships	172	-	200	-
Containerships	22	-	30	-
Others	2	-	6	-
Total	196	Equivalent to ¥1,100 billion	236	Equivalent to ¥1,400 billion
Six-year total	432 vessels Equivalent to ¥2,500 billion			

Fleet Scale (including short term charter ships and J/V owned ships)

Year		End of FY2006 (Actual number)	End of FY2009 (plan)	End of FY2012 (target)
Number of vessels	Bulkships	650	800	950
	Containerships	109	150	190
	Others	44	50	60
	Total	803	1,000	1,200

4. Business Performance

(1) Business climate during FY2006

(Unit: billion yen)

	FY2005 (Ended on March 31, 2006)	FY2006 (Ended on March 31, 2007)	increase/decrease
Revenue	1,366.7	1,568.4	201.7/14.8%
Operating income	172.9	168.0	-4.9/-2.8%
Ordinary income	176.5	182.4	5.9/3.4%
Net income	113.7	120.9	7.2/6.3%
Exchange rate	112.29yen/US\$	117.40yen/US\$	5.11yen/US\$
Bunker price	US\$280/MT	US\$321/MT	US\$41/MT

The world economy during fiscal year (FY) 2006, April 2006 through March 2007, saw the U.S. economy sustaining itself, ongoing growth in the Chinese economy thanks to strong investment and consumption, and gradual growth in the European economy. The Japanese economy also remained strong thanks mainly to brisk domestic demand and capital investment.

In general, crude oil and bunker prices remained at higher levels and became a factor in greatly pressuring profits compared to the previous year. The yen weakened from the year before, which improved profits. In ocean shipping, the dry bulker market increased from May 2006, when it bottomed out, and greatly improved to a level of the highest historical rate. In the tanker market, both crude oil and petroleum product tankers showed strongly during the first half of the period, but in turn, these products became overstocked due to the warm winter, resulting in a weakening market. The containership freight rate market had been enduring rate slumps due to a significant rate decline after the end of 2005.

In ocean shipping, our main business, the profitability of all segments suffered from rising bunker prices. However, the differences in market climates mentioned above resulted in varying profit pictures. In the bulkship market, a great increase in the dry bulker market covered the weakening tanker market. And stable earnings based on long-term contracts for specialized carriers, bolstered performance throughout the term. As a result, and with the launch of new large-scale vessels, the bulk shipping segment garnered increases both in revenue and in profits. The containership segment saw favorable conditions in cargo trade. The launching of large-size vessels, and the opening of new routes, as well as the effects of a weaker yen contributed to an increase in revenue. However, profit greatly decreased due to declining freight rates on key east and west routes as well as increases in bunker prices, terminal handling costs, and inland railway costs.

Furthermore, the segments such as logistics and associated businesses outside of ocean shipping, enjoyed continued favorable conditions, thanks to increasing trade and improved operational efficiency. In the associated business segment, Daibiru Corporation contributed greatly to stable earnings.

As a result, revenue for FY2006 increased 14.8% from the previous year, totaling 1,568.4 billion yen; operating income decreased 2.8 % to 168.0 billion yen; ordinary income increased 3.4% to 182.4 billion yen, and net income grew 6.3% to 120.9 billion yen. Both consolidated ordinary income and net income set new records.

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

(Unit: ¥ billion)

	FY2005 (Ended on March 31, 2006)	FY2006 (Ended on March 31, 2007)	increase/decrease
Bulk Shipping	676.6	789.2	112.5 / 16.6 %
	125.5	153.9	28.3 / 22.6 %
	135.3	163.5	28.2 / 20.9 %
Containership	490.0	571.0	80.9 / 16.5 %
	34.5	-2.9	-37.5 / - %
	37.4	3.1	-34.3 / -91.6 %
Logistics	65.3	57.0	-8.2 / -12.6 %
	1.2	1.4	0.2 / 18.8 %
	2.0	2.2	0.2 / 10.0 %
Ferry and Domestic Transport	46.8	49.9	3.1 / 6.8 %
	0.3	0.4	0.1 / 49.8 %
	-0.1	0.0	0.1 / - %
Associated Business	109.4	119.9	10.5 / 9.6 %
	11.2	11.6	0.4 / 3.6 %
	12.5	13.0	0.5 / 4.4 %
Others	12.4	19.0	6.5 / 52.7 %
	4.5	5.3	0.8 / 18.9 %
	2.6	3.0	0.3 / 14.2 %

a) Bulkships

--Dry Bulkers/Car Carriers--

Stable earnings from long-term contracts for iron ore carriers, coal carriers, and wood chip carriers contributed to satisfactory performance. The spot market started increasing at such a timing that the negotiation of iron ore sale price between China and sellers concluded in June 2006, remained at historical highs in the second half, which resulted in a great increase in profits compared to the previous year. By ship category: in iron ore carriers, the world iron ore trade volume during the term totaled about 720 million tons, about 9% more than the previous year, and the import volume markedly increased in China, surpassing 300 million tons in this term for the first time ever (18% increase from the previous year), so that cargo trade continued to expand. In that climate, we expanded our fleet to about 120 vessels including 17 newly launched vessels, and seized the opportunity for increase in the spot market. As a result, this segment set another record in both revenue and operating income. The bulkship operation showed increases in both revenue and profits along with expansion of the Handy Max fleet. In the transport of steel products and plant equipment, we reinforced marketing and sales activities, targeting the booming trade from China to Central and South America. In addition, the company increased the number of sailings to European, Middle Eastern, and Asian countries, and newly launched two heavy lift vessels for the Middle East route. Thus, we worked to improve profits by concentrating ship allocation on areas in which demand is growing. The transport of steaming coal declined, resulting in a decrease compared to the previous year because of the decrease of sailings of coal carriers, increases in ship costs, etc., due to protracted port congestion in Australia, where there are major loading ports, despite that the spot market greatly increased after summer. Woodchip carrier operations resulted in a decrease in profits from the previous year, due to increases in ship costs, though we strived to expand offshore trade, especially on Atlantic Ocean routes.

Looking at car carrier operations, a shortage of carriers continued worldwide, under strong trade caused by the export of completed cars, mainly from Japan and Asia. However, we increased transport capabilities by launching a total of nine large-scale car carriers after 2005 and working on more efficient operation of existing vessels. Thanks to these efforts, we increased the number of units transported in offshore trade as well as from Japan and Asia. As a result, this operation increased in both revenue and profits

--Tankers and LNG Carriers--

Tanker operation continued to show stable earnings through long-term contracts for crude-oil tankers and methanol carriers, contributing to satisfactory performance. On the other hand, speaking of non-long-term contracts, the crude oil tanker market and petroleum product carrier market remained strong on the back of steady demand for crude oil in the U.S. and China and front-loading stocks of petroleum products earlier in preparation for hurricanes during the first half of the period. During the second half, the situation became an overstock of products because there were no hurricanes and the winter was warm,

resulting in a weakening of the market. Thus, throughout the year, this segment decreased in profits. Meanwhile, three crude oil tankers, one methanol carrier (chartered), eight petroleum product carriers (including five chartered ones) were launched in FY2006. In addition, we started two large-scale LPG carriers operation under spot market, which does not rely on long-term contracts and plan to increase to 10 vessels by 2010.

In the LNG carrier operation, because of smooth operations under long-term contracts for all our vessels, we achieved our goals as expected, resulting in higher profits than the previous year. Meanwhile, five vessels were launched during the year. We also concluded contracts for participation in two vessels serving offshore transport for a new project that will start in the near future.

b) Containerships

In the containership business, key east-west routes saw a steady growth on the back of the favorable world economy, and routes serving South America, Africa, and Asia also showed active trade traffic. Effects of the slack winter season after the Chinese New Year were limited. And, two 6,350-TEU containerships were launched during the year for Asia/North America route, and opened new services on Asia/South America, Asia/Africa and Intra-Asia routes. Furthermore, the Europe/South Africa route, for which trade rights were acquired from AP Moller Maersk Group of Denmark in February 2006, contributed to our trade volume. Thus, we expanded our transport capacity, resulting in a great increase of container cargo volume from the previous year, and increase in revenue compared to the previous year. On the other hand, we saw a steep rise in bunker prices and increased terminal handling costs, inland railroad fees, and canal tolls. Freight rates for the European route were still recovering after their steep decline in December 2005, and freight rates for Asia/North America routes also declined. As a result, this segment saw an increase in revenue but a decrease in profits.

The performance of related businesses such as four MOL-owned and operated container terminals in Tokyo, Yokohama, Osaka, and Kobe, Japan, and two in Los Angeles and Oakland, California, U.S.A., as well as shipping agents, remained firm thanks to favorable cargo trade conditions.

Meanwhile, the company decided to launch a series of new 11 Over-Panamax containerships (eight 8,100-TEU and three 6,350-TEU vessels) from 2007 to 2008, in order to further improve service quality and competitiveness in the containership market, which is positioned for continued growth.

c) Logistics

Since our major subsidiary Mitsui O.S.K. Logistics (Japan) Co., Ltd. increased its air cargo trade volume, mainly in the Asian market, profits during the year in the logistics segment improved from the previous year.

In addition, we established the wholly-owned subsidiary MOL Consolidation Service Ltd. In Shanghai for the ocean consolidation business (OCB)* our logistics operation works on. And, we also tie up the business with a U.S. major logistics company California Cartage Company to develop the system which allows to offer a consistent service from departing places to final destinations.

* 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

In ferry operations, we took various measures to reinforce management basis of each group company such as integration of routes and termination of unprofitable routes, under severe changes of the external environment. We have felt sharp effects from the steep rise in bunker prices and the impact outstripped our rationalization efforts. The bunker adjustment factor system to our freight rates have been helpful in covering the additional costs in addition to the above measures, and the trade volume increased smoothly thanks to acceleration of the modal shift. As a result, the profits increased from the previous year. We plan to merge subsidiaries during FY2007 for further increase in profits.

Earnings in domestic transport operations during the year were the same as the previous year. And we proactively work on new transport fields utilizing synergy effects with our bulkship business.

As a result, the ferry and domestic transport segment achieved an increase in profits from FY2006,

e) Associated Businesses

In the real estate market, we saw further lower vacancy factor thanks to steady increase of office demand in associated with economic recovery, and a steady increase in rent fees mainly of the buildings which has superior site conditions and functions in central Tokyo and other areas. On the other hand, Daibiru Corporation, which is the core company in our real estate business, had no large project to launch during the term, however, it maintained a lower vacancy rate in its current properties, ensuring almost the same profits as the previous year. Meanwhile, Daibiru started construction of the Osaka Nakanoshima Daibiru building, which will be completed in spring 2009.

Profits in the trading business increased from the previous year since the fuel sales division posted higher revenue and sales of vessel supplies and materials increased as a result of newly launched vessels.

Earnings in the cruise ship business also saw increase in profits from FY2005 thanks to favorable sales

drawing customers particularly in the around-the-world cruise of Nippon Maru, resulting increase in profits from the previous year.

Overall, associated businesses showed increased profits for the 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 FY2005.

(2) Outlook for FY2007

(Unit: billion yen)

	FY2006 Results (Ended on March 31, 2007)	FY2007 Forecasts (Ended on March 31, 2008)	increase/decrease
Revenue	1,568.4	1,700.0	131.5 / 8.4 %
Operating income	168.0	190.0	21.9 /13.0 %
Ordinary income	182.4	200.0	17.5 / 9.6 %
Net income	120.9	130.0	9.0 / 7.5 %

Exchange rate	117.40yen/US\$	115.00yen/US\$	-2.40yen/US\$
Bunker price	US\$321/MT	US\$330/MT	US\$9/MT

The company expects world economic growth to remain brisk in FY2007, which will lead to strong activity in ocean shipping, our main business. On the other hand, we see uncertainties such as an additional rise in bunker prices, changes in exchange rates, and increased interest rates.

In the bulkship segment, the transport of completed cars from Asia and Japan in the car carrier operations will continue to show favorable conditions. In dry bulker operations, demand for iron ore in China and other nations is still robust, and we expect this segment to remain strong overall the Cape-size bulker market. While stable earnings through long-term contracts for VLCCs and other tankers support satisfactory performance, tanker spot markets will see strong demand, even though we can assume some seasonal fluctuations. We forecast increased profits in the LNG carrier operations based on long-term contracts, except for effects of exchange rate.

In containership segment, while we anticipate increased trade and earnings due to an expanding fleet and route network, we expect the freight rate of key east-west route will be recovered. So, we expect the profits for FY2007 to increase compared to FY2006.

The logistics and ferry/domestic transport segments are positioned for steadily increasing profitability thanks to a stronger sales force and reduced costs. The associated businesses segment is expected to make steady contributions to earnings mainly through real estate revenue from our consolidated subsidiary Daibiru Corporation.

As a result, we project consolidated revenue for FY2007 of 1,700 billion yen; consolidated operating income of 190 billion yen; consolidated ordinary income of 200 billion yen and consolidated net income of 130 billion yen.

These projections are based on an estimated exchange rate of 115.00 yen-US\$1 and bunker prices of US\$ 330/MT for the year.

5. Financial Position

a) Assets, liabilities, and shareholders' equity

Total assets for the FY2006, ending March 31, 2007, were 1,639.9 billion yen, an increase of 169.1 billion yen from the end of the previous fiscal year. This was due mainly to an increase in vessels, other property under construction and securities for investment. Total liabilities increased by 40.9 billion yen from the end of the previous year to 1,018.9 billion yen due mainly to an increase in accounts payable-trade 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 196.5 billion yen from the end of the previous fiscal year to 620.9 billion yen. This was mainly due to an increase in "Retained earnings" by 99.7 billion yen, which mainly resulted from 120.9 billion yen of consolidated "Net income" for 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 was 33.6%.

b) Cash Flows

Cash and cash equivalents (hereinafter called "cash") at the end of FY2006 totaled 51.3 billion yen, 8.8 billion yen decrease from the end of the previous year.

Net cash provided by operating activities during FY2006 totaled 156.4 billion yen, 7.4 billion yen decrease in cash from the same period of the previous year. Income before income taxes and minority interests for the fiscal year was 197.8 billion yen, and depreciation and amortization totaled 68.5 billion yen. Income taxes paid totaled 56.4 billion yen.

Net cash used in investing activities during FY2006 totaled 136.0 billion yen, 19.0 billion yen increase in cash from the same period of the previous year. This primarily consisted of 152.1 billion yen for payments for vessels and other tangible and intangible fixed assets.

✧ Net cash used by financing activities during FY2006 totaled 29.1 billion yen, 30.9 billion yen decrease in cash from the same period of the previous year. This primarily consisted of payment of cash dividends and decrease in short-term bonds.

6. Basic policy of profit sharing and dividend for FY2006 and FY2007

The Company regards increasing corporate value with proactive capital investment and direct return of profits to shareholders through dividends as two key management policies. Based on the newly formulated midterm management plan MOL ADVANCE, the company continues to invest proactively, mainly in vessels. We utilize internal capital reserves to cover investment funds while reinforcing corporate strength, so the Company will maintain a dividend payout ratio of 20% in the foreseeable future. But we will work to increase the payout ratio as a mid- and long-term management task.

Reflecting this dividend policy, the Company decided to increase the year-end dividend by ¥2 from the previously forecast ¥9 per share to upward to ¥11, and the annual dividend to ¥20 per share (including an interim dividend of 9 yen already paid). For FY2007, the company plans to pay an annual dividend of 20 yen per share (including an interim dividend of 10 yen), assuming we achieve our profit forecasts.

Meanwhile, we do not have a plan to change the number of dividend payments, such as adopting quarterly dividends, in the foreseeable future.

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7. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

(million yen)

	As of March 31,2007		As of March 31,2006		Increase/ Decrease
	Amount	%	Amount	%	
Assets					
Current assets	405,473	24.7	340,355	23.1	65,118
Fixed assets	1,234,466	75.3	1,130,468	76.9	103,998
Tangible fixed assets	847,660	51.7	769,902	52.4	77,758
Intangible fixed assets	19,318	1.2	25,515	1.7	(6,197)
Investments and other long-term assets	367,487	22.4	335,051	22.8	32,436
Total Assets	1,639,940	100.0	1,470,824	100.0	169,116

(million yen)

	As of March 31,2007		As of March 31,2006		Increase/ Decrease
	Amount	%	Amount	%	
Liabilities					
Current liabilities	482,810	29.4	433,022	29.4	49,788
Non-current liabilities	536,140	32.7	544,996	37.1	(8,856)
Total Liabilities	1,018,951	62.1	978,019	66.5	40,932
Minority Interests	—	—	68,344	4.6	—
Shareholders' Equity					
Common stock	—	—	64,915	4.4	—
Capital surplus	—	—	43,886	3.0	—
Retained earnings	—	—	275,688	18.8	—
Unrealized holding gains on available for-sale securities, net of tax	—	—	48,731	3.3	—
Foreign currency translation adjustment	—	—	(4,713)	(0.3)	—
Treasury stock, at cost	—	—	(4,048)	(0.3)	—
Total Shareholders' Equity	—	—	424,460	28.9	—
Total Liabilities, Minority Interests, and Total Shareholders' Equity	—	—	1,470,824	100.0	—
Net Assets					
Owners' equity					
Common stock	64,915	4.0	—	—	—
Capital surplus	43,886	2.7	—	—	—
Retained earnings	375,443	22.9	—	—	—
Treasury stock	(4,153)	(0.3)	—	—	—
Total owners' equity	480,091	29.3	—	—	—
Valuation and translation adjustments					
Unrealized holding gains on available for-sale securities, net of tax	57,771	3.5	—	—	—
Deferred hedge profit / (loss)	15,897	1.0	—	—	—
Foreign currency translation adjustment	(2,996)	(0.2)	—	—	—
Total valuation and translation adjustments	70,672	4.3	—	—	—
Stock Acquisition Right	365	0.0	—	—	—
Minority Interests	69,859	4.3	—	—	—
Total Net Assets	620,989	37.9	—	—	—
Total Liabilities and Total Net Assets	1,639,940	100.0	—	—	—

(2) Consolidated Statements of Income

(million yen)

	FY2006		FY2005		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	1,568,435	100.0	1,366,725	100.0	201,710	14.8
Shipping and other operating expenses	1,300,038	82.9	1,101,459	80.6	198,579	18.0
Gross operating income	268,396	17.1	265,265	19.4	3,131	1.2
Selling, general and administrative expenses	100,323	6.4	92,272	6.7	8,051	8.7
Operating income	168,073	10.7	172,992	12.7	(4,919)	(2.8)
Non-operating income:						
Interest income	3,663		2,350		1,313	
Dividend income	3,964		2,538		1,426	
Equity in earnings of unconsolidated subsidiaries and affiliated companies	16,171		16,816		(645)	
Others	11,006		5,650		5,356	
Total	34,806	2.2	27,356	2.0	7,450	27.2
Non-operating expenses:						
Interest expense	18,275		15,845		2,430	
Others	2,115		8,000		(5,885)	
Total	20,391	1.3	23,846	1.8	(3,455)	(14.5)
Ordinary income	182,488	11.6	176,502	12.9	5,986	3.4
Extraordinary profit:						
Gain on sale of fixed assets	13,771		14,048		(277)	
Gain on sale of investment securities	6,146		3,807		2,339	
Others	633		1,430		(797)	
Total	20,551	1.3	19,286	1.4	1,265	6.6
Extraordinary loss:						
Loss on sale or disposal of fixed assets	363		1,652		(1,289)	
Impairment loss	—		1,869		(1,869)	
Loss on sale of investment securities	138		819		(681)	
Valuation loss on investment securities	210		328		(118)	
Others	4,474		2,828		1,646	
Total	5,185	0.3	7,499	0.5	(2,314)	(30.9)
Income before income taxes and minority interests	197,854	12.6	188,289	13.8	9,565	5.1
Income taxes - current	63,041	4.0	61,200	4.5	1,841	3.0
Income taxes - deferred	7,468	0.5	7,570	0.6	(102)	(1.3)
Minority interests in earnings of consolidated subsidiaries	6,403	0.4	5,787	0.4	616	10.6
Net Income	120,940	7.7	113,731	8.3	7,209	6.3

(3) Consolidated Statement of Shareholders' Equity

(¥Million)

	Owners' Equity				
	Paid-in Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity
Balance at Mar 31,2006	64,915	43,886	275,688	(4,048)	380,442
Net income			120,940		120,940
Appropriations					—
Dividends paid	—	—	(21,520)	—	(21,520)
Bonuses to directors and corporate auditors	—	—	(234)	—	(234)
Due to change in consolidated subsidiaries	—	—	(352)	—	(352)
Due to change in affiliated companies accounted for by the equity method	—	—	782	—	782
Due to change in accounting period of consolidated subsidiaries	—	—	(65)	—	(65)
Due to merger of affiliated companies accounted for by the equity method	—	—	240	—	240
Repurchases of treasury stocks	—	—	—	(852)	(852)
Disposal of treasury stocks	—	—	(36)	746	710
Net increase / decrease during the term except in Owners' Equity	—	—	99,754	(105)	99,648
Balance at Mar 31,2007	64,915	43,886	375,443	(4,153)	480,091

(¥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			
Balance at Mar 31,2006	48,731	—	(4,713)	44,018	—	68,344	492,805
Net income	—	—	—	—	—	—	120,940
Appropriations	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	—	(21,520)
Bonuses to directors and corporate auditors	—	—	—	—	—	—	(234)
Due to change in consolidated subsidiaries	—	—	—	—	—	—	(352)
Due to change in affiliated companies accounted for by the equity method	—	—	—	—	—	—	782
Due to change in accounting period of consolidated subsidiaries	—	—	—	—	—	—	(65)
Due to merger of affiliated companies accounted for by the equity method	—	—	—	—	—	—	240
Repurchases of treasury stocks	—	—	—	—	—	—	(852)
Disposal of treasury stocks	—	—	—	—	—	—	710
Net increase / decrease during the term except in Owners' Equity	9,039	15,897	1,717	26,654	365	1,515	28,535
Balance at Mar 31,2007	57,771	15,897	(2,996)	70,672	365	69,859	620,989

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	1,203	1,347	10,115	

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	778 thousand shares
Decrease due to exercise of stock option	1,300 thousand shares
Decrease due to sale of treasury stock less than one unit	47 thousand shares

(4) Consolidated Statements of Surplus

(million yen)

	FY2005
Capital surplus	
Capital surplus at the beginning of the period	43,886
Capital surplus at the end of the period	43,886
Retained earnings	
Retained earnings at the beginning of the period	182,143
Increase in retained earnings	
Net income	113,731
Increase in retained earnings due to inclusion of consolidated subsidiaries	1,170
Increase in retained earnings due to exclusion of consolidated subsidiaries	107
Decrease in retained earnings	
Dividends	20,924
Directors' bonus	197
Decrease in retained earnings due to inclusion of companies accounted for by the equity method	147
Decrease in retained earnings due to exclusion of companies accounted for by the equity method	8
Loss on disposal of treasury stock	185
Retained earnings at the end of the period	275,688

(5) Consolidated Statements of Cash Flows

(million yen)

	FY2006	FY2005	Increase/ Decrease
Cash flows from operating activities			
Income before income taxes and minority interests	197,854	188,289	9,565
Depreciation and amortization	68,581	65,699	2,882
Impairment loss	—	1,869	(1,869)
Reversal of provisions	(146)	227	(373)
Interest and dividend income	(7,628)	(4,889)	(2,739)
Interest expense	18,275	15,845	2,430
Equity in earnings of affiliated companies, net	(16,171)	(16,816)	645
Loss (Gain) on sale and disposal of tangible fixed assets	(13,408)	(12,403)	(1,005)
Loss on write-down of investment securities and securities issued by subsidiaries and affiliates	210	328	(118)
Loss (Gain) on sale of investment securities and securities issued by subsidiaries and affiliates	(6,008)	(2,987)	(3,021)
Changes in operating assets and liabilities			
- Trade receivables	(23,433)	(33,188)	9,755
- Fuel and supplies	(2,497)	(10,610)	8,113
- Trade payables	22,174	13,499	8,675
Other, net	(19,888)	30,474	(50,362)
Sub total	217,913	235,339	(17,426)
Cash received for interest and dividend	14,097	10,138	3,959
Cash paid for interest	(19,098)	(15,128)	(3,970)
Cash paid for corporate income tax, resident tax, and enterprise tax	(56,494)	(66,435)	9,941
Net cash provided by operating activities	156,418	163,914	(7,496)
Cash flows from investing activities			
Purchase of marketable and investment securities	(19,646)	(26,652)	7,006
Proceeds from sale of marketable and investment securities	19,194	9,915	9,279
Payments for acquisition of tangible and intangible fixed assets	(152,180)	(177,226)	25,046
Proceeds from sale of tangible and intangible fixed assets	25,160	33,228	(8,068)
Net increase (decrease) in short-term loans	(9,568)	(455)	(9,113)
Disbursements for long-term loans	(6,778)	(5,474)	(1,304)
Collections of long-term loans receivable	3,964	4,197	(233)
Other, net	3,805	7,390	(3,585)
Net cash used in investing activities	(136,049)	(155,076)	19,027
Cash flows from financing activities			
Net increase (decrease) in short-term loans	5,502	(4,024)	9,526
Net increase (decrease) in short-term bonds	(13,185)	9,674	(22,859)
Net increase (decrease) in commercial paper	(5,000)	(17,000)	12,000
Proceeds from long-term loans	64,040	74,709	(10,669)
Repayments of long-term loans	(60,126)	(92,008)	31,882
Proceeds from issuance of bonds	31,038	64,545	(33,507)
Redemption of bonds	(26,886)	(5,917)	(20,969)
Cash dividends paid by the company	(21,497)	(20,883)	(614)
Other, net	(3,027)	(7,272)	4,245
Net cash provided by (used in) financing activities	(29,142)	1,821	(30,963)
Effect on exchange rate changes on cash and cash equivalents	(1,057)	2,793	(3,850)
Net increase (decrease) in cash and cash equivalents	(9,831)	13,453	(23,284)
Cash and cash equivalents at beginning of year	60,267	45,756	14,511
Net cash increase from new consolidation /de-consolidation of subsidiaries	947	1,057	(110)
Cash and cash equivalents at end of year	51,382	60,267	(8,885)

(6) Segment Information

1. Business segment information:

(million yen)

FY2006	Bulk ships	Container ships	Logistics	Ferry & Domestic transport	Associated business	Others	Total	Elimination	Consolidated
I. Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	787,039	568,590	55,570	49,848	99,669	7,716	1,568,435	—	1,568,435
2.Inter-segments revenues	2,193	2,429	1,514	144	20,294	11,352	37,928	(37,928)	—
Total Revenues	789,232	571,020	57,084	49,993	119,964	19,068	1,606,363	(37,928)	1,568,435
Operating expenses	635,251	573,973	55,657	49,532	108,304	13,681	1,436,402	(36,040)	1,400,361
Operating income	153,981	(2,953)	1,426	460	11,660	5,386	169,961	(1,888)	168,073
Ordinary income (loss)	163,580	3,150	2,256	19	13,073	3,026	185,106	(2,618)	182,488
II									
Assets	817,316	271,484	56,714	50,049	300,113	360,501	1,856,180	(216,239)	1,639,940
Depreciation and amortization	41,706	11,820	1,468	3,578	6,416	3,320	68,311	270	68,581
Capital expenditures	109,856	30,327	908	4,387	8,285	110	153,876	—	153,876

(million yen)

FY2005	Bulk ships	Container ships	Logistics	Ferry & Domestic transport	Associated business	Others	Total	Elimination	Consolidated
I. Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	676,322	488,232	63,685	46,771	87,453	4,259	1,366,725	—	1,366,725
2.Inter-segments revenues	364	1,812	1,636	50	21,959	8,228	34,051	(34,051)	—
Total Revenues	676,687	490,045	65,322	46,821	109,412	12,487	1,400,776	(34,051)	1,366,725
Operating expenses	551,099	455,488	64,122	46,513	98,151	7,957	1,223,332	(29,600)	1,193,732
Operating income	125,588	34,557	1,200	307	11,260	4,530	177,444	(4,451)	172,992
Ordinary income (loss)	135,346	37,485	2,050	(102)	12,519	2,649	189,948	(13,445)	176,502
II									
Assets	695,797	225,213	55,342	50,128	307,881	334,892	1,669,255	(198,431)	1,470,824
Depreciation and amortization	41,040	10,505	1,439	3,384	6,515	2,916	65,802	(102)	65,699
Impairment loss	—	—	—	—	676	—	676	1,193	1,869
Capital expenditures	119,485	37,912	1,236	8,204	7,251	3,135	177,226	—	177,226

2. Geographical segment information:

(million yen)

FY2006	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
I. Revenues								
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	1,490,370	45,011	16,876	16,073	103	1,568,435	—	1,568,435
2.Inter-segments revenues	5,715	16,921	8,056	8,663	2,469	41,827	(41,827)	—
Total Revenues	1,496,086	61,932	24,933	24,737	2,572	1,610,262	(41,827)	1,568,435
Operating expenses	1,342,715	50,590	20,025	23,090	2,469	1,438,891	(38,530)	1,400,361
Operating income	153,370	11,342	4,908	1,646	102	171,370	(3,297)	168,073
Ordinary income (loss)	175,899	12,598	1,328	1,971	145	191,943	(9,454)	182,488
II Assets	1,576,913	37,368	120,225	19,831	4,832	1,759,170	(119,230)	1,639,940

(million yen)

FY2005	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
I. Revenues								
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	1,296,012	44,668	10,181	15,762	100	1,366,725	—	1,366,725
2.Inter-segments revenues	4,061	14,819	8,366	6,373	1,901	35,522	(35,522)	—
Total Revenues	1,300,074	59,487	18,548	22,135	2,002	1,402,247	(35,522)	1,366,725
Operating expenses	1,137,653	47,937	15,292	20,666	2,059	1,223,609	(29,877)	1,193,732
Operating income	162,420	11,550	3,255	1,469	(57)	178,638	(5,645)	172,992
Ordinary income (loss)	179,044	12,220	976	1,663	(24)	193,880	(17,377)	176,502
II Assets	1,391,176	43,782	122,636	17,707	2,458	1,577,761	(106,936)	1,470,824

3. Overseas Sales

(million yen)

FY2006	North America	Europe	Asia	Other	Total
I .Overseas Sales	353,182	287,005	345,429	402,861	1,388,479
II .Total Consolidated Sales	—	—	—	—	1,568,435
III .Ratio of overseas sales to total consolidated sales	22.5%	18.3%	22.0%	25.7%	88.5%

FY2005	North America	Europe	Asia	Other	Total
I .Overseas Sales	310,082	193,977	318,031	396,118	1,218,208
II .Total Consolidated Sales	—	—	—	—	1,366,725
III .Ratio of overseas sales to total consolidated sales	22.7%	14.2%	23.3%	29.0%	89.1%

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 yen)

	As of March 31,2007		As of March 31,2006		Increase/ Decrease
	Amount	%	Amount	%	
Assets					
Current assets	368,228	44.0	306,300	41.7	61,928
Fixed assets	469,184	56.0	428,949	58.3	40,235
Tangible fixed assets	99,316	11.9	108,871	14.8	(9,555)
Intangible fixed assets	18,646	2.2	21,888	3.0	(3,242)
Investments and other long-term assets	351,221	41.9	298,189	40.5	53,032
Total Assets	837,412	100.0	735,250	100.0	102,162

(million yen)

	As of March 31,2007		As of March 31,2006		Increase/ Decrease
	Amount	%	Amount	%	
Liabilities					
Current liabilities	330,569	39.5	276,231	37.6	54,338
Non-current liabilities	102,836	12.3	124,481	16.9	(21,645)
Total Liabilities	433,405	51.8	400,713	54.5	32,692
Shareholders' Equity					
Common stock	—	—	64,915	8.8	—
Capital surplus	—	—	43,886	6.0	—
Retained earnings	—	—	189,600	25.8	—
Unrealized holding gain on available-for-sale securities, net of tax	—	—	40,784	5.5	—
Treasury stock, at cost	—	—	(4,650)	(0.6)	—
Total Shareholders' Equity	—	—	334,536	45.5	—
Total Liabilities and Total Shareholders' Equity	—	—	735,250	100.0	—
Net Assets					
Owners' equity					
Common stock	64,915	7.8	—	—	—
Capital surplus	43,886	5.2	—	—	—
Retained earnings	249,220	29.8	—	—	—
Treasury stock	(5,528)	(0.7)	—	—	—
Total owners' equity	352,494	42.1	—	—	—
Valuation and translation adjustments					
Unrealized holding gains on available-for-sale securities, net of tax	50,368	6.0	—	—	—
Deferred hedge profit / loss	778	0.1	—	—	—
Total valuation and translation adjustments	51,147	6.1	—	—	—
Stock Acquisition Right	365	0.0	—	—	—
Total Net Assets	404,007	48.2	—	—	—
Total Liabilities and Total Net Assets	837,412	100.0	—	—	—

(2) Non-Consolidated Statements of Income

(million yen)

	FY2006		FY2005		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Shipping and other operating revenues	1,243,985	100.0	1,093,157	100.0	150,828	13.8
Shipping and other operating expenses	1,104,015	88.7	935,922	85.6	168,093	18.0
Gross operating income	139,969	11.3	157,235	14.4	(17,266)	(11.0)
General and administrative expenses	28,260	2.3	29,543	2.7	(1,283)	(4.3)
Operating income	111,708	9.0	127,691	11.7	(15,983)	(12.5)
Non-operating income:						
Interest and Dividends	20,440		16,757		3,683	
Others	6,167		2,588		3,579	
Total	26,608	2.2	19,345	1.7	7,263	37.5
Non-operating expenses:						
Interest	4,234		4,153		81	
Others	5,098		11,022		(5,924)	
Total	9,333	0.8	15,176	1.3	(5,843)	(38.5)
Ordinary income	128,983	10.4	131,860	12.1	(2,877)	(2.2)
Extraordinary profit:						
Gain on sale of fixed assets	29		1,118		(1,089)	
Others	1,015		5,163		(4,148)	
Total	1,045	0.0	6,281	0.6	(5,236)	(83.4)
Extraordinary loss:						
Loss on sale of fixed assets	51		729		(678)	
Others	1,563		7,082		(5,519)	
Total	1,615	0.1	7,811	0.7	(6,196)	(79.3)
Income before income taxes	128,414	10.3	130,330	12.0	(1,916)	(1.5)
Income taxes - current	51,105	4.1	52,360	4.8	(1,255)	(2.4)
Income taxes - deferred	(4,026)	(0.3)	(717)	(0.0)	(3,309)	461.5
Net Income	81,334	6.5	78,688	7.2	2,646	3.4

(3) Non-Consolidated Statement of Shareholders' Equity

(¥Million)

	Owners' Equity									Treasury Stock	Total Owners' Equity
	Paid-in Capital	Capital Surplus	Retained Earnings						Retained Earnings brought forward		
		Capital Reserve	Earned Reserve	Other Retained Earnings							
				Reserve for special depreciation	Reserve for overseas investment loss	Reserve for advanced depreciation	Other Reserve				
Balance at Mar 31,2006	64,915	43,886	8,527	2,276	—	830	5,630	172,335	(4,650)	293,752	
Net income	—	—	—	—	—	—	—	81,334	—	81,334	
Appropriations	—	—	—	—	—	—	—	—	—	—	
Dividends paid	—	—	—	—	—	—	—	(21,528)	—	(21,528)	
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	(174)	—	(174)	
Transfer to reserve for special depreciation	—	—	—	9	—	—	—	(9)	—	—	
Reversal of reserve for special depreciation	—	—	—	(1,908)	—	—	—	1,908	—	—	
Transfer to reserve for overseas investment loss	—	—	—	—	20	—	—	(20)	—	—	
Addition to reserve for advanced depreciation	—	—	—	—	—	2	—	(2)	—	—	
Reversal of reserve for advanced depreciation	—	—	—	—	—	—	(317)	317	—	—	
Addition to other reserve	—	—	—	—	—	—	120,000	(120,000)	—	—	
Repurchases of treasury stocks	—	—	—	—	—	—	—	—	(1,625)	(1,625)	
Disposal of treasury stocks	—	—	—	—	—	—	—	(12)	747	735	
Net increase / decrease during the term except in Owners' Equity	—	—	—	(1,898)	20	(315)	120,000	(58,185)	(878)	58,742	
Balance at Mar 31,2007	64,915	43,886	8,527	377	20	514	125,630	114,150	(5,528)	352,494	

(¥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		
Balance at Mar 31,2006	40,784	—	40,784	—	334,536
Net income	—	—	—	—	81,334
Appropriations	—	—	—	—	—
Dividends paid	—	—	—	—	(21,528)
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	—	—	—	—	(1,625)
Disposal of treasury stocks	—	—	—	—	735
Net increase / decrease during the term except in Owners' Equity	9,584	778	10,362	365	10,728
Balance at Mar 31,2007	56,368	778	51,147	365	404,007

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	1,656	1,347	9,379

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	Results
Revenues (*1)	997	1,020	1,173	1,210	1,366	1,250	1,568
Bulkships	/	490	596	610	676	610	787
Containerships		360	399	415	488	440	568
Other 4 segments(*2)		170	177	185	202	200	212
Operating Income	92	105	171	176	172	186	168
Ordinary income	90	100	174	180	176	190	182
Bulkships	24	/	115	125	135	132	163
Containerships	61		55	46	37	46	3
Other 4 segments(*2)	6		8	14	17	12	18
Elimination	△ 2		△ 3	△ 5	△ 13		△ 2
Net income	55	55	98	113	113	122	120
Ratio of ordinary income to revenue	9.1%	9.8%	14.9%	14.9%	12.9%	15.2%	11.6%
Av. Ex. Rate	¥113.84/US\$	¥110.00/US\$	¥107.75/US\$	¥105.00/US\$	¥112.29/US\$	¥100.00/US\$	¥117.40/US\$
Av. Bunker price	US\$178/MT	US\$150/MT	US\$193/MT	US\$250/MT	US\$280/MT	US\$200/MT	US\$321/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	2007.3	"MOL STEP Review" Targets for 2007.3
Net worth /Total assets	22.2%	24.2%	28.9%	33.6%	38.0%
Gearing ratio	221.9%	172.3%	134.6%	103.4%	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 (Owners' equity + Valuation and translation adjustments) ÷ Total assets

Gearing ratio = Interest-bearing debt ÷ Net worth (Owners' equity + Valuation and translation adjustments)

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	402,225	406,692
Operating Income	31,734	41,225	47,366	47,748
Ordinary income	35,381	43,087	50,208	53,812
Income before income taxes	39,406	41,515	59,399	57,534
Net income	22,642	25,092	39,820	33,386
Net income per share [¥]	18.95	20.99	33.32	27.94
Total assets [¥ Million]	1,467,081	1,537,133	1,596,410	1,639,940
Total net assets	505,854	532,226	571,720	620,989
Total net worth per share [¥]	365.32	387.09	420.53	460.78

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

	(Million yen)		
	FY2005	FY2006	Increase /Decrease
Vessels	48,109	49,327	1,218
Others	17,590	19,254	1,664
Total	65,699	68,581	2,882

4. Interest-bearing Debt

	(Million yen)		
	As of March 31, 2006	As of March 31, 2007	Increase /Decrease
Bank loans	408,807	420,855	12,048
Bonds	145,622	136,562	△ 9,060
Commercial paper	17,000	12,000	△ 5,000
Total	571,429	569,417	△ 2,012

5. Fleet Capacity (MOL and consolidated subsidiaries)

	Dry bulkers		Tankers		LNG carriers		Car carriers		Containerships	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	79	5,985	58	8,403	27	1,796	28	456	26	1,074
Chartered	256	22,017	101	5,788	7	500	66	969	83	3,302
Others	1	154	0	0	2	143	0	0	0	0
Total	336	28,156	159	14,191	36	2,439	94	1,425	109	4,376
As of Mar.31,2006	299	24,391	142	13,210	35	2,365	93	1,377	94	3,944

	Ferries /Domestic carriers		Passenger ships		Others		Total	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	15	83	1	5	1	5	235	17,807
Chartered	22	58	0	0	2	13	537	32,647
Others	2	2	0	0	0	0	5	299
Total	39	143	1	5	3	18	777	50,753
As of Mar.31,2006	39	143	1	5	2	13	705	45,448

6. Exchange Rates

	FY2005	FY2006	Change		
Average rates	¥112.29	¥117.40	¥5.11	(4.4%)	¥ weaken
Term-end rates	¥117.47	¥118.05	¥0.58	(0.5%)	¥ weaken

(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 December 31,2005	TTM on December 31,2006	Change		
Term-end rates	¥118.07	¥119.11	¥1.04	(0.9%)	¥ weaken

7. Bunker Prices

	FY2005	FY2006	Increase /Decrease
Consumption Prices	US\$280/MT	US\$321/MT	US\$41/MT

8. Outlook for FY2007

(¥ Billion)

Segments	Revenues(*)	Operating Income	Ordinary Income
Bulkships	820	166	171
Containerships	650	7	10
Logistics	66	1	2
Ferry /Domestic Transport	53	1	1
Associated Businesses	102	12	13
Others	9	1	3
Elimination	-	0	△ 1
Total	1,700	190	200

From April 1, 2007 to March 31, 2008

Assumed exchange rates ¥115.00/US\$

bunker prices US\$330/MT

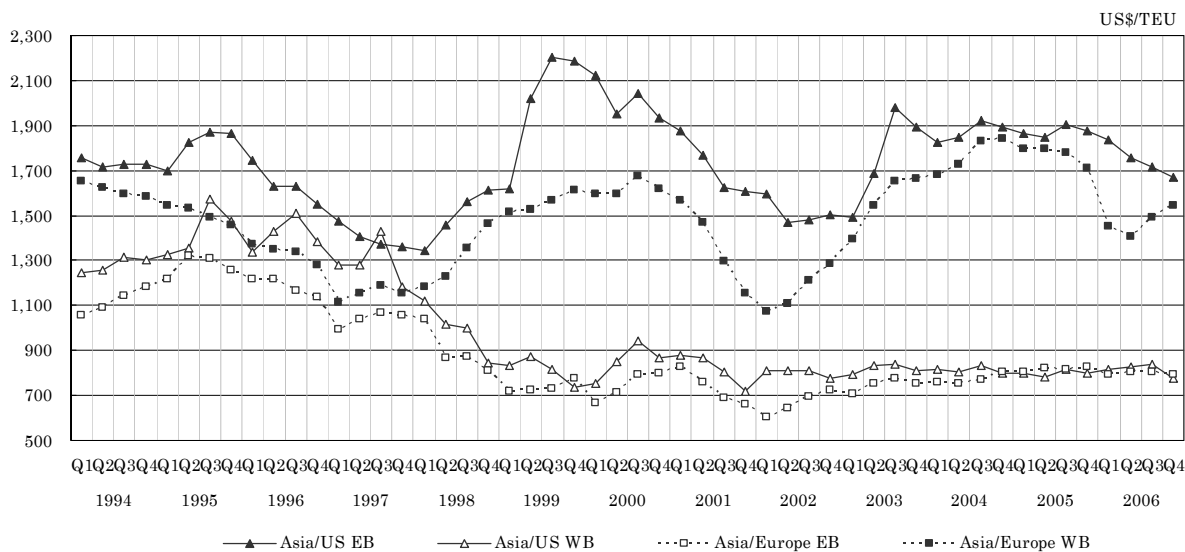
(*) Revenues from customers, unconsolidated subsidiaries and affiliated companies

9. Containerships' Capacity, Lifting and Utilization

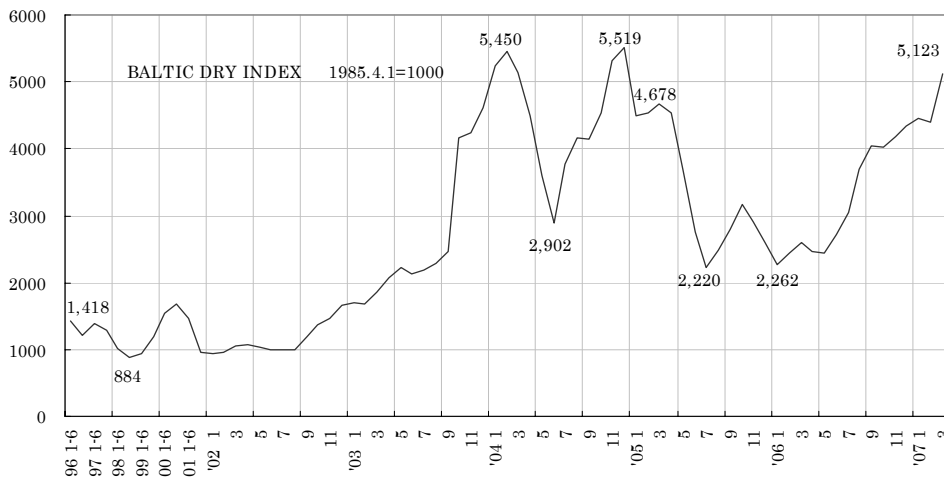
			Capacity(1000TEU)	Lifting(1000TEU)	Utilization
Asia -North America Trade	Outbound	FY2005	534	473	89%
		FY2006	547	492	90%
	Inbound	FY2005	531	229	43%
		FY2006	546	284	52%
Asia -Europe Trade	Outbound	FY2005	354	333	94%
		FY2006	426	413	97%
	Inbound	FY2005	346	233	67%
		FY2006	406	230	57%
Total: All Trades		FY2005	3,143	2,351	75%
		FY2006	3,828	2,850	74%

10. Market Information

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



(2) Dry Bulk Market (Baltic Dry Index)

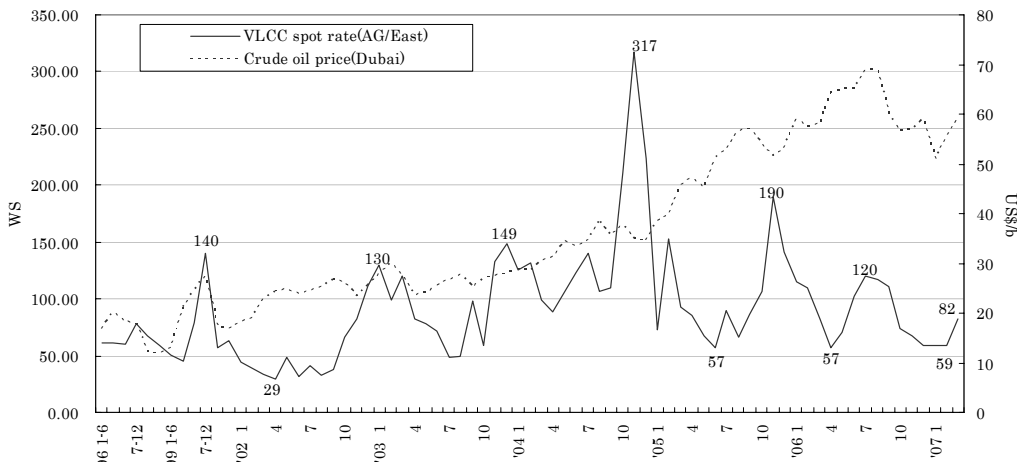


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maximum	2,258	1,549	1,471	1,156	1,343	1,734	1,566	1,666	4,609	5,519	4,678	4,336	5,123
Minimum	1,622	1,030	1,237	799	803	1,371	855	931	1,674	2,902	2,220	2,262	4,398

**1995-2001 data on the graph are half-yearly averages.

(~March)

(3) VLCC Market



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maximum	67	72	94	80	62	168	108	112	149	317	190	120	82
Minimum	42	46	52	47	36	55	35	29	49	91	57	57	59

**1995-2001 data on the graph are half-yearly averages.

(~March)