

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

Financial Highlights: Fiscal Year 2013 Ended March 31, 2014



## 1. Consolidated Financial Highlights ( from April 1, 2013 to March 31, 2014 )

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

### (1) Operational Results

	(¥ Million)		(US\$ Thousand)
	FY2013	FY2012	FY2013
Revenues	1,729,452	1,509,194	16,803,848
Operating income	41,092	(15,766)	399,262
Ordinary income	54,985	(28,568)	534,250
Net income	57,393	(178,846)	557,647
	(¥)		(US\$)
Net income per share	47.99	(149.57)	0.466
Diluted net income per share	47.97	—	0.466
Rate of return to shareholders' equity	9.5%	(30.5%)	
Rate of ordinary income to assets	2.4%	(1.4%)	
Operating income margin ratio	2.4%	(1.0%)	

### (2) Financial Position

	(¥ Million)		(US\$ Thousand)
	FY2013	FY2012	FY2013
Total Assets	2,364,695	2,164,611	22,976,049
Total Net Assets	783,549	619,492	7,613,185
Shareholders' Equity / Total assets	28.7%	24.7%	
	(¥)		(US\$)
Shareholders' Equity per share	567.90	447.76	5.518

\* Shareholders' Equity is defined as follows.

Shareholders' Equity = Total Net Assets - ( Share subscription rights + Minority interests )

## 2. Dividends

	(¥)					(¥ Million)		
	Dividend per share					Total dividends paid (per year)	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Q1	Q2	Q3	Year end	Total			
FY2012	—	0.00	—	0.00	0.00	—	—	—
FY2013	—	2.00	—	3.00	5.00	5,979	10.4%	0.9%
FY2014 (Forecast)	—	3.00	—	3.00	6.00		12.0%	

## 3. Forecast of Consolidated Results for Fiscal Year ending March 31, 2015

	(¥ Million)		(US\$ Thousand)
	1H/FY2014	FY2014	FY2014
Revenues	895,000	1,800,000	18,000,000
Operating income	25,000	54,000	540,000
Ordinary income	32,500	70,000	700,000
Net income	32,000	60,000	600,000
	(¥)		(US\$)
Net income per share	26.76	50.17	0.502

\* Underlying Assumption of the Forecast for FY2014

The above forecast is made assuming the exchange rate and the bunker price for FY2014.

Exchange Rate 1US\$=¥100.00

Bunker Price US\$ 620/MT

( Translation of foreign currencies )

The Japanese yen amounts for FY2013 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2014, which was ¥102.92 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.)

**(Reference)****1. Non-Consolidated Financial Highlights (from April 1, 2013 to March 31, 2014)**

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

**(1) Operational Results**

	(¥Million)		(US\$ Thousand)
	FY2013	FY2012	FY2013
<b>Revenues</b>	1,230,658	1,122,171	11,957,423
<b>Operating income</b>	9,946	(48,156)	96,638
<b>Ordinary income</b>	33,483	(25,098)	325,330
<b>Net income</b>	60,620	(171,474)	589,001
		(¥)	(US\$)
<b>Net income per share</b>	50.68	(143.36)	0.492
<b>Diluted net income per share</b>	50.66	—	0.492

**(2) Financial Position**

	(¥Million)		(US\$ Thousand)
	FY2013	FY2012	FY2013
<b>Total Assets</b>	1,039,183	1,005,637	10,096,998
<b>Total Net Assets</b>	455,597	390,269	4,426,710
<b>Shareholders' Equity / Total assets</b>	43.6%	38.6%	
		(¥)	(US\$)
<b>Shareholders' Equity per share</b>	378.95	324.52	3.682

( Translation of foreign currencies )

The Japanese yen amounts for FY2013 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2014, which was ¥102.92 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.)

## 4. Business Performance

### (1) Business climate during FY2013

#### Consolidated financial highlights

(Billions of Yen)

	FY2012 From Apr. 1, 2012 to Mar. 31, 2013	FY2013 From Apr. 1, 2013 to Mar. 31, 2014	Year-on-year comparison (variance)
Revenue	1,509.1	1,729.4	220.2/ 14.6%
Operating income (loss)	(15.7)	41.0	56.8/ – %
Ordinary income (loss)	(28.5)	54.9	83.5/ – %
Net income (loss)	(178.8)	57.3	236.2/ – %
Exchange rate	¥82.31/US\$	¥99.79/US\$	¥17.48/US\$
Bunker price	US\$662/MT	US\$610/MT	US\$(52)/MT

In the global economy during the fiscal year under review, while recoveries in developed countries progressed, growth slowed down in emerging countries reflecting a decline in China's economic growth rate and a slowdown in investment. In the U.S., although there were temporary signs of a downswing resulting from political disarray associated with the fiscal problem and the impact from a spell of unusually cold weather, the economy continued to recover moderately. This reflected an increase in personal consumption on the back of recoveries in the financial, housing and labor markets, which carried on from 2012. In Europe, although the economy continued to stagnate in the aftermath of the debt problem, there was an upswing in the latter half of the year. Some countries, however, continued to experience difficult conditions in labor and financial markets, and the recovery lacked strength as a result. In China, amid growing issues related to excess investment and rising real estate prices, the government aimed for a transition from the period of high growth experienced hitherto, which has been centered on infrastructure investment, to a period of stable growth. This resulted in a moderate slowdown in China's economic growth rate. In Japan, yen depreciation and stock price rises continued on the back of large-scale monetary easing. While 2013 saw Japan post a record trade deficit reflecting a rise in import prices due to yen depreciation amid sluggish exports, the economy continued to recover on the back of strong personal consumption and public investment.

Looking at the maritime shipping market conditions, despite signs of a year-on-year recovery, the environment remained difficult overall. In the dry bulker market, on the vessel supply front the number of new vessel deliveries showed a substantial year-on-year decline. On the cargo demand front, cargo volumes were brisk overall and shipment volumes of iron ore from Western Australia hit a record high. With respect to tanker market conditions, the very large crude oil carrier (VLCC) market weakened in the summer season, during which demand drops off. Although there was a temporary surge from November on the back of crude oil inventory building by various Asian countries, the market slumped following the lunar New Year. In the market for containerships, the supply and demand environment worsened reflecting a substantial number of deliveries of large containerships, and freight rate levels declined as a result.

The average exchange rate against the U.S. dollar during the fiscal year under review depreciated by ¥17.48 year

on year to ¥99.79. The average bunker price during the fiscal year under review fell by US\$52/MT to US\$610/MT.

As a result of the above, we recorded revenue of ¥1,729.4 billion, operating income of ¥41.0 billion, ordinary income of ¥54.9 billion and net income of ¥57.3 billion.

The following is a summary of business conditions including revenue and ordinary income/loss per business segment.

Upper: Revenue, Lower: Segment Income (Loss) (Ordinary Income (Loss)) (Billions of Yen)

	FY2012 From Apr. 1, 2012 to Mar. 31, 2013	FY2013 From Apr. 1, 2013 to Mar. 31, 2014	Year-on-year comparison (variance)
Bulkships	732.0	836.9	104.9/ 14.3%
	(24.7)	57.1	81.9/ – %
Containerships	608.2	715.3	107.1/ 17.6%
	(11.2)	(14.5)	(3.2)/ – %
Ferry and Domestic Transport	54.4	55.8	1.3/ 2.4%
	1.2	2.2	0.9/ 74.4%
Associated Businesses	128.0	137.2	9.1/ 7.2%
	10.7	11.1	0.4/ 3.7%
Others	14.4	14.5	0.1/ 0.8%
	2.4	4.5	2.1/ 86.9%

(Note) Revenue includes internal sales or transfers among segments.

#### (A) Bulkships

##### <Dry Bulkers>

In the dry bulker segment, although China's economic growth rate trended weakly, volumes of major dry bulk cargoes such as iron ore and coal were firm on the back of lower resource prices. Capesize bulker charter rates rose from around July and temporarily hit US\$40,000 per day in September. In the market for medium and small dry bulkers, although there was a temporary decline up to the summer due to a fall in demand for grain shipments, market conditions were stronger year on year. This reflected the impact of improved conditions in the Capesize bulker market on market sentiment and supportive effects from other factors including grain shipments at the beginning of autumn.

Ordinary income in the dry bulker segment was boosted by stable profits from long-term contracts for carriers of iron ore, woodchip, steaming coal and others. There were also benefits from the effects of Business Structural Reforms implemented in the previous fiscal year and market recovery. As a result, this segment returned to profitability.

##### <Tankers/LNG Carriers>

Looking at the tanker segment, although the very large crude oil carrier (VLCC) market slumped in the summer season, during which demand drops off, going into the period of full-scale demand from November, there was a

temporary surge in the market reflecting brisk cargo volumes on the back of crude oil inventory building by China and other Asian countries. Nevertheless, the market slumped again after the lunar New Year holiday in China. With respect to product tankers, although the market was strong at the start of the fiscal year, upside momentum was limited overall from June. Under such an environment, although there was a substantial year-on-year improvement in ordinary income/loss reflecting continued efforts to reduce fuel costs by slow steaming and improve operation efficiency by setting up pools with other operators, a loss was recorded in the segment overall.

In the LNG carrier segment, despite firm demand for electric power generation in Japan and Korea, there was a decline in LNG import volume in Europe partly due to a recession, and global LNG ocean cargo volume remained about level with the previous fiscal year as a result. In the short- and medium-term charter markets, despite strong conditions in the first half of the fiscal year, market conditions declined gradually in the latter half of the fiscal year due to numerous deliveries of new vessels. Ordinary income was about level with the previous fiscal year, reflecting stable profits secured from long-term transport contracts.

#### <Car Carriers>

In the car carrier segment, regardless of the yen's depreciation, Japanese carmakers continued to prefer a policy of local production for local consumption, and the locations of production became increasingly diversified. This resulted in a continued decline in the number of completed cars transported from Japan. In order to respond to this change, we strove to secure new business opportunities by developing a structure under which we can proactively capture demand in the fields of cross trade in Intra-Asia routes and others, and inbound cargo on routes including Europe to China. As a result, there was a substantial year-on-year improvement in ordinary income in this segment.

#### (B) Containerships

With respect to cargo movement in major trades, the Trans-Pacific and Asia-Europe routes were both stable. Intra-Asia routes were firm partly due to economic recoveries in the developed countries of Europe and the U.S., despite factors for uncertainty such as the impact of developments in China's economy and political unrest in Thailand. The North-South routes were also firm despite concerns about the negative effects of weaker growth and currency value declines. Freight rate levels were affected by deterioration in the supply and demand environment reflecting an increase in capacity due to deliveries of large containerships. Despite efforts to improve the balance between vessel supply and demand by such means as reducing the frequency of services and enhancing slow steaming, freight rate levels declined on all routes. The declines in rates were particularly substantial for the Asia-Europe routes, which were affected by the introduction of numerous large containerships, and the North-South routes, which were affected by the transfer of vessels from the Asia-Europe routes in line with the consequent increase in vessels. Under this business environment, we strengthened the competitiveness of our service network by expanding alliances through such initiatives as new cooperative vessel allocations on the Trans-Pacific routes and worked to reduce fuel costs. Despite these efforts, a loss was recorded in this segment in the fiscal year under review.

(C) Ferry and Domestic Transport

In the ferry business, cargo and passenger volume both increased, resulting in year-on-year increases in revenue and ordinary income. Although the domestic transport business experienced a decline in revenue as energy transport stabilized after undergoing a temporary boom, its ordinary income increased through an improvement in vessel allocation efficiency. As a result, there were year-on-year increases in revenue and ordinary income in the ferry and domestic transport segment overall.

(D) Associated Businesses

In the real estate business, the rental office market staged a moderate recovery, and Daibiru Corporation, the core company in the MOL Group's real estate business, maintained low vacancy rates, allowing us to sustain a stable performance. On the other hand, looking at the cruise ship business, we increased the number of passengers and achieved a year-on-year improvement in ordinary income/loss. Nevertheless, a loss was recorded in this business. Other associated businesses, such as the tugboat and trading businesses, showed firm performances overall. Consequently, revenue and ordinary income of the associated businesses segment increased on a year-on-year basis.

(E) Others

Other businesses, which are mainly cost centers, include ship operations, ship management, financing, and shipbuilding. Ordinary income in this segment increased compared to the previous fiscal year.

## (2) Outlook for FY2014

For FY2014

(Billions of Yen)

	FY2013 From Apr. 1, 2013 to Mar. 31, 2014	Outlook for FY2014 From Apr. 1, 2014 to Mar. 31, 2015	Year-on-year comparison (variance)
Revenue	1,729.4	1,800.0	70.5/ 4.1%
Operating income	41.0	54.0	12.9/ 31.4%
Ordinary income	54.9	70.0	15.0/ 27.3%
Net income	57.3	60.0	2.6/ 4.5%

Exchange rate	¥99.79/US\$	¥100.00/US\$	¥0.21/US\$
Bunker price	US\$610/MT	US\$620/MT	US\$10/MT
		(Assumption for FY2014)	

Looking ahead to the global economy in FY2014, although the robust economic recoveries seen in developed countries are expected to continue, it is assumed that developing countries will remain susceptible to being affected by trends in the Chinese economy and the financial markets. Regarding the dry bulker market, while we project that the vessel supply will be about level with the fiscal year under review, we also assume that there will be a worldwide increase in bulk cargo volumes (particularly iron ore, coal and grain). We assume that this will improve the balance of supply and demand, leading to firm conditions in the market overall. In the tanker market, while we believe that the situation will remain uncertain about crude oil and product carrier market as a result of the impact of shale oil, LPG carriers market will be firm by apparent export increase from North America. As for the car carrier market, even on the assumption of the current trend of yen depreciation, we project that Japanese carmakers will continue to shift towards local production, and anticipate little growth in exports of completed cars from Japan. On the other hand, we project growth in cross trade on Intra-Asia routes, Intra-Atlantic routes, and others. With respect to containerships, it is assumed that an improvement in the supply and demand environment will remain elusive due to continued deliveries of large containerships.

In consideration of these prospects, we will continue to strive to further improve transportation service quality, and to acquire more medium- and long-term stable revenue. In the containership business, we plan to secure a certain level of profit by strengthening its cost competitiveness through such means as up-scaling the size of containerships, improving operational efficiency and expanding alliances.

For the full year, we project revenue of ¥1,800.0 billion, operating income of ¥54.0 billion, ordinary income of ¥70.0 billion, and net income of ¥60.0 billion.

## 5. Financial Position

Consolidated assets as of March 31, 2014 were 2,364.6 billion yen, an increase of 200.0 billion yen from the end of the previous fiscal year.

This mainly reflects an increase in construction in progress attributable to fleet enhancement related investments, and an increase in investment securities.

Consolidated liabilities as of March 31, 2014 were 1,581.1 billion yen, an increase of 36.0 billion yen from the end of the previous fiscal year. This was mainly due to an increase in long-term bank loans.

Consolidated net assets as of March 31, 2014 were 783.5 billion yen, an increase of 164.0 billion yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings and unrealized gains on hedging derivatives and foreign currency translation adjustment.

As a result, shareholder's equity ratio was 28.7%, increased by 4.0% from the end of the previous fiscal year.

## 6. Cash Flow

Cash and cash equivalents (hereinafter called "cash") at the end of FY2013 was 180.1 billion yen, a decrease of 20.5 billion yen from the end of the previous fiscal year. Details of each cash flows are as follows.

### (1)Cash flows from operating activities

Net cash provided during FY 2013 was 94.2 billion yen, an increase of 15.2 billion yen from the same period of the previous fiscal year.

This was mainly due to 71.7 billion yen of income before income taxes and minority interests for the fiscal year, and 83.9 billion yen in depreciation and amortization, and 21.7 billion yen in gains on sale of subsidiaries and affiliates stocks, and 15.6 billion yen in exchange earnings.

### (2)Cash flows from investing activities

Net cash used during FY 2013 was 119.8 billion yen, an increase of 15.6 billion yen from the same period of the previous fiscal year.

This was mainly due to 22.8 billion yen in purchase of investment securities, and 183.8 billion yen in payments for purchases of vessels and other tangible / intangible fixed assets, and 78.2 billion yen in proceeds from sale of vessels and other tangible / intangible fixed assets.

### (3)Cash flows from financing activities

Net cash used during FY 2013 was 7.0 billion yen, while it was provided 138.7 billion yen during FY 2012.

This was mainly due to 159.6 billion yen in proceeds from long-term bank loans, and 117.2 billion yen in repayments of long-term bank loans, and 31.7 billion yen of decrease in short-term bank loans, and 25.0 billion yen of redemption of bonds.



## **7. Basic policy on profit sharing and dividends**

Our key management policies are to enhance corporate value with proactive capital investment and to directly return profits to shareholders through dividends. Utilizing our internal capital reserves, we work to reinforce corporate strength and strive to further raise our per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked with business performance, and we will address the need to increase the ratio as a medium- and long-term management issue. There is no change to this basic policy, which we have followed up to now. On the other hand, as a key challenge for putting into practice our recently formulated midterm management plan, "STEER FOR 2020", it is imperative for us to make proactive investments in fields of growth such as LNG carriers and Offshore business that can generate long-term stable profits, while swiftly raising shareholders' equity to a sound level to rectify damage caused by the cost of business structural reforms we implemented in the previous fiscal year (the fiscal year ended March 31, 2013).

In light of these circumstances, we intend to pay an annual dividend of ¥5 per share for FY2013 (including the interim dividend of ¥2 per share already paid).

Looking ahead to the dividend for FY2014, in order to achieve a swift improvement in our financial position, which is an important current management issue, we are planning to pay a dividend of ¥6 per share (including an interim dividend of ¥3 per share) on the assumption that we secure the income described in our outlook for FY2014.

## **8. Management policies**

### **(1) Fundamental management policies**

The MOL Group Corporate Principles, established in April 2001, are as follows.

#### **MOL Group Corporate Principles**

- 1) As a multi-modal transport group, we will actively seize opportunities that contribute to global economic growth and development by meeting and responding to our customers' needs and to this new era
- 2) We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency, and promoting an open and visible management style that is guided by the highest ethical and social standards
- 3) We will promote and protect our environment by maintaining strict, safe operation and navigation standards

The MOL Group has chosen its long-term vision: "To make the MOL Group an excellent and resilient organization that leads the world shipping industry." While establishing an unwavering position as a leading company in the resources and energy transportation sector whose core is ocean shipping business, we will work to strengthen our financial position, aiming to be a truly excellent company of the 21st Century that can respond flexibly to changes in the business environment.

### **(2) Management strategies and issues to be addressed**

On March 31, we officially announced our new midterm management plan "STEER FOR 2020."

'To steer' means to take the helm of a ship and direct its course toward a specific destination. The MOL Group intends to cut the rudder and steer straight on a course of high-quality, solid growth towards 2020, which is why the group chose that particular name for its plan. A summary of MOL's new midterm management plan follows.

#### **◆ Recognition of the Business Climate, and Main Theme: Solid growth through innovative changes**

At present, global ocean cargo trade shows signs of growth as mainly advanced nation economies recover, and the fleet demand and supply balance has been improving. However, the improvements are lagging, depending on the type of ship. Considering the ongoing shipyard overcapacity, we realize that a structural upturn in the market environment is years away.

On the other hand, when looking at the flow of cargo around the world, we see a wide variety of changes. One that we should focus on is a new flow created by the shale revolution. The resulting rapid growth in demand for long-distance LNG transport presents us with a business opportunity that requires our full effort.

In view of this operating environment, we have formulated “STEER FOR 2020” a new midterm management plan which marks a departure from conventional profit targets based on anticipation of soaring markets. Instead, we steer toward accumulating stable, long-term profits by capturing new cargo flow opportunities.

This commitment is reflected in the main theme, “Solid growth through innovative changes”

◆Overall Strategies: “Three Innovations”

**I. Innovation of Business Portfolio**

We will boldly and swiftly allocate management resources to businesses where we expect high growth and stable long-term profits. The key business areas are resource and energy transport. As mentioned above, we will proactively capitalize on LNG carriers, where we can draw upon our advantages as a world leader, and offshore business, which we have launched as a new business domain.

**II. Innovation of Business Model**

In the business where we face shipping markets every day, we will control the impact of market changes and aim to establish a structure that allows us to reap profits with certainty, regardless of market levels.

For this purpose, we will seek a greater portion of mid- and long-term contracts on the revenue side, while increasing the percentage of short-term charter vessels on the procurement side, especially in dry bulkers and tankers. This will build a flexible fleet that can more effectively tolerate market fluctuations. To earn steady profits under such an earnings structure, it is indispensable to efficiently allocate vessels through an optimal combination of trades, and to focus on transport fields where we can meet customer needs and offer added value. We will realize those aims by taking advantage of optimal business locations around the world, such as Singapore, utilizing a wide variety of ship types, and bringing to bear our transport know-how.

**III. Innovation of Business Domain**

We have continually expanded ocean shipping businesses worldwide horizontally, but in parallel with that conventional move, we will also turn our eyes to expanding the ocean shipping business domain vertically in upstream and downstream directions.

We have already made a strategic alliance with a powerful partner and developed the foundation to expand our container terminal business in the future. Offshore businesses, which we have already started upstream from energy transport such as crude oil and LNG, also lie in that vertical direction. We will aggressively expand those businesses.

◆Strengthening of Our Management Foundation

We need to further strengthen our management foundation, which supports putting the plan outlined above into action.

The urgent need for the action we are taking to reinforce compliance and advance total risk control are highlighted by two examples: violation of the Japanese Antimonopoly Act regarding certain car carrier shipping trades (Note) as recently announced by the Japanese Fair Trade Commission, and excessive market exposure during the worst period after the Lehman Shock. In addition, restructuring safe operation, which is the core

competence of an ocean shipping company, and achieving a higher level of business intelligence also support our foundation for sustainable growth, so we continue to focus heavily on those issues.

(Note)

On March 18, 2014, the Japan Fair Trade Commission (the "JFTC") announced that it issued Cease and Desist Orders and Surcharge Payment Orders to several shipping companies regarding certain car carrier shipping trades. The JFTC suspected certain shipping companies, including the Company, of violating the Japanese Antimonopoly Act, and conducted on-site investigations on September 6, 2012.

According to the JFTC's announcement, the Company was among the companies found to have violated the Japanese Antimonopoly Act. However, the Company was exempted from all of the abovementioned administrative orders because the Company had already ceased the conduct in question before the on-site investigation, and the JFTC accepted an application made by the Company under the JFTC's leniency program. Nissan Motor Car Carrier Co., Ltd., which is a consolidated subsidiary of the Company, also made an application under the JFTC's leniency program and secured a reduction to its surcharge but was not exempted from the Cease and Desist Order and Surcharge Payment Order.

The MOL Group is also subject to investigations by overseas competition law authorities including those of the U.S. and Europe, and is continuing to provide its fullest cooperation in these investigations. In addition, a class-action lawsuit was filed in the U.S. and other countries against the MOL Group for damage claims and for a cease and desist order regarding price control negotiations for ocean transport services of completely built up vehicles.

## [NOTES]

1. Change in accounting policies

(Application of accounting standard for retirement benefits)

The Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012), except for the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, effective from the fiscal year ended March 31, 2014. Accordingly, the Company has changed its accounting policy to one that recognizes the difference between retirement benefit obligations and plan assets as net defined benefit liabilities or net defined benefit assets and recorded unrecognized actuarial gains and losses and unrecognized past service costs under net defined benefit liabilities or net defined benefit assets.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change has been added to or deducted from remeasurements of defined benefit plans under accumulated gains (losses) from valuation and translation adjustments as of March 31, 2014.

As a result of the change, as of March 31, 2014, net defined benefit liabilities of 12,935 million yen and net defined benefit assets of 21,199 million yen were recorded. Also, accumulated gains (losses) from valuation and translation adjustments increased by 1,186 million yen.

2. Change of accounting estimates

(Change of useful life)

As a part of the Business Structural Reforms executed in the previous fiscal year, we reviewed the policy on use of vessels based on actual use records. Then, we found that vessels can be used longer than their conventional useful life. Therefore, in this fiscal year, the period of useful lives of dry bulkers and car carriers were changed from the conventional 15 years to 20 years, and tankers from the conventional 13-18 years to 20-25 years.

As a result, each of operating income, ordinary income, and net income before taxes for the fiscal year was increased by ¥10,684 million, compared to the conventional method.

## 9. Consolidated Financial Statements

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

### (1) Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	150,780	98,148
Trade receivables	145,407	146,786
Marketable securities	35,938	83,000
Inventories	59,437	59,349
Deferred and prepaid expenses	56,274	73,284
Deferred tax assets	1,907	1,628
Other current assets	65,090	72,138
Allowance for doubtful accounts	(589)	(697)
<b>Total Current Assets</b>	<b>514,246</b>	<b>533,639</b>
Fixed assets		
Tangible fixed assets		
Vessels	825,346	860,095
Buildings and structures	138,347	136,990
Equipments, mainly containers	9,052	10,273
Equipments and parts	4,624	4,929
Land	214,614	215,610
Vessels and other property under construction	109,917	148,971
Other tangible fixed assets	2,063	2,373
<b>Total tangible fixed assets</b>	<b>1,303,967</b>	<b>1,379,244</b>
Intangible fixed assets	22,928	29,384
Investments and other assets		
Investment securities	193,939	234,455
Long-term loans receivable	23,117	37,519
Prepaid expenses	20,407	3,550
Net defined benefit assets	—	21,199
Deferred tax assets	4,033	3,768
Other long-term assets	84,091	123,717
Allowance for doubtful accounts	(2,120)	(1,785)
<b>Total investments and other assets</b>	<b>323,468</b>	<b>422,426</b>
<b>Total fixed assets</b>	<b>1,650,364</b>	<b>1,831,055</b>
<b>Total assets</b>	<b>2,164,611</b>	<b>2,364,695</b>

	(¥Million)	
	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Trade payables	142,585	143,196
Short-term bonds	25,000	45,000
Short-term bank loans	137,546	105,188
Accrued income taxes	7,047	6,909
Advances received	26,660	37,696
Deferred tax liabilities	1,117	1,716
Allowance for bonuses	3,814	4,530
Allowance for directors' bonuses	116	121
Commercial paper	2,000	—
Other current liabilities	79,835	85,687
<b>Total Current Liabilities</b>	<b>425,725</b>	<b>430,045</b>
Fixed liabilities		
Bonds	213,500	180,500
Long-term bank loans	648,227	740,038
Lease obligations	19,134	21,564
Deferred tax liabilities	71,132	81,130
Net defined benefit liabilities	—	12,935
Allowance for employees' severance and retirement benefits	13,471	—
Allowance for directors' and corporate auditors' retirement benefits	2,027	1,852
Allowance for special repairs	14,758	14,191
Other fixed liabilities	137,140	98,888
<b>Total Fixed Liabilities</b>	<b>1,119,393</b>	<b>1,151,100</b>
<b>Total Liabilities</b>	<b>1,545,118</b>	<b>1,581,146</b>
<b>Net Assets</b>		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	44,482	44,516
Retained earnings	447,829	502,833
Treasury stock, at cost	(6,997)	(6,981)
<b>Total owners' equity</b>	<b>550,714</b>	<b>605,768</b>
Accumulated gains (losses) from valuation and translation adjustments		
Unrealized holding gains on available for-sale-securities, net of tax	24,752	32,809
Unrealized gains (losses) on hedging derivatives, net of tax	(196)	39,711
Foreign currency translation adjustments	(39,848)	(315)
Remeasurements of defined benefit plans	—	1,186
<b>Total accumulated gains (losses) from valuation and translation adjustments</b>	<b>(15,292)</b>	<b>73,392</b>
Share subscription rights	2,115	2,390
Minority interests	81,955	101,998
<b>Total Net Assets</b>	<b>619,492</b>	<b>783,549</b>
<b>Total Liabilities and Total Net Assets</b>	<b>2,164,611</b>	<b>2,364,695</b>

**(2) Consolidated Statements of Income**

(¥Million)

	FY2012 (Apr.1, 2012 - Mar.31,2013)	FY2013 (Apr.1, 2013 - Mar.31,2014)
Shipping and other operating revenues	1,509,194	1,729,452
Shipping and other operating expenses	1,432,014	1,587,902
Gross operating income	77,179	141,550
Selling, general and administrative expenses	92,946	100,458
Operating income (loss)	(15,766)	41,092
Non-operating income:		
Interest income	1,673	2,318
Dividend income	3,492	7,022
Exchange gains	—	11,392
Gain on sale of containers	3,595	4,220
Others	3,542	4,553
Total	12,304	29,507
Non-operating expenses:		
Interest expense	13,020	12,583
Exchange loss	3,296	—
Equity in losses of affiliates	4,935	1,234
Others	3,852	1,796
Total	25,105	15,613
Ordinary income (loss)	(28,568)	54,985
Extraordinary profit:		
Gain on sale of fixed assets	12,253	7,094
Gain on sale of investment securities	205	1,199
Gain on sale of subsidiaries and affiliates stocks	62	21,857
Cancellation fee for chartered ships	1,844	572
Others	1,698	5,326
Total	16,064	36,050
Extraordinary loss:		
Loss on sale of fixed assets	3,104	6,510
Loss on retirement of fixed assets	778	192
Impairment loss	10,978	6,447
Loss arising from marine accident	—	2,397
Cost of business structural reforms	101,463	—
Others	9,110	3,777
Total	125,434	19,325
Income (loss) before income taxes and minority interests	(137,938)	71,710
Income taxes-current	11,324	13,796
Income taxes-deferred	24,799	(4,525)
Income taxes	36,123	9,270
Income (loss) before minority interests	(174,062)	62,439
Minority interests in earnings of consolidated subsidiaries	4,783	5,045
Net income (loss)	(178,846)	57,393



**(3) Consolidated Statements of Comprehensive Income**

(¥ Million)

	FY2012 (Apr.1, 2012 - Mar.31,2013)	FY2013 (Apr.1, 2013 - Mar.31,2014)
<b>Income (Loss) before minority interests</b>	(174,062)	62,439
<b>Other comprehensive income</b>		
Unrealized holding gains (losses) on available-for-sale securities, net of tax	9,093	8,846
Unrealized gains (losses) on hedging derivatives, net of tax	56,412	32,725
Foreign currency translation adjustments	14,909	31,157
Share of other comprehensive income of associates accounted for using equity method	1,103	19,285
Total	81,518	92,015
<b>Comprehensive income</b>	(92,544)	154,454
(Breakdown)		
Comprehensive income attributable to owners of the parent	(99,158)	144,892
Comprehensive income attributable to minority interests	6,614	9,562

**(4) Consolidated Statement of Changes in Net Assets**

FY2013 (April 1, 2013 - March 31, 2014)

(¥Million)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
<b>Balance at Mar 31, 2013</b>	65,400	44,482	447,829	(6,997)	550,714
Dividends paid			(2,392)		(2,392)
Net income (loss)			57,393		57,393
Due to change in consolidated subsidiaries			2		2
Repurchase of treasury stock				(61)	(61)
Disposal of treasury stock		34		77	111
Net increase / decrease during the term except in Owners' Equity					
<b>Balance at Mar 31, 2014</b>	65,400	44,516	502,833	(6,981)	605,768

(¥Million)

	Accumulated gains (losses) from valuation and translation adjustments					Share subscription rights	Minority interests	Total Net Assets
	Unrealized holding gains on available for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated gains from valuation and translation adjustments			
<b>Balance at Mar 31, 2013</b>	24,752	(196)	(39,848)	—	(15,292)	2,115	81,955	619,492
Dividends paid								(2,392)
Net income (loss)								57,393
Due to change in consolidated subsidiaries								2
Repurchase of treasury stock								(61)
Disposal of treasury stock								111
Net increase / decrease during the term except in Owners' Equity	8,057	39,907	39,533	1,186	88,684	275	20,042	109,002
<b>Balance at Mar 31, 2014</b>	32,809	39,711	(315)	1,186	73,392	2,390	101,998	783,549

## (5) Consolidated statements of Cash flows

(¥ Million)

	FY2012 (Apr.1, 2012 - Mar.31, 2013)	FY2013 (Apr.1, 2013 - Mar.31, 2014)
<b>Cash flows from operating activities:</b>		
Income (loss) before income taxes and minority interests	(137,938)	71,710
Depreciation and amortization	94,685	83,983
Impairment loss	10,978	6,447
Cost of business structural reforms	101,463	—
Equity in (earnings) losses of affiliates	4,935	1,234
Various provisions (reversals)	529	(13,899)
Decrease (increase) on net defined benefit assets	—	(19,535)
Increase (decrease) on net defined benefit liabilities	—	13,034
Interest and dividend income	(5,166)	(9,341)
Interest expense	13,020	12,583
Loss (gain) on the sale of investment securities	98	(986)
Loss (gain) on sales of subsidiaries and affiliates stocks	(62)	(21,732)
Loss (gain) on sale and retirement of vessels, property, plant and equipment	(8,374)	(390)
Exchange (earning) loss, net	2,841	(15,670)
Changes in operating assets and liabilities		
— Trade receivables	(11,660)	5,041
— Inventories	(5,001)	1,046
— Trade payables	6,877	(3,875)
Other, net	14,435	(4,865)
Sub total	81,660	104,785
Cash received from interest and dividend	9,233	13,345
Cash paid for interest	(12,695)	(13,167)
Cash paid for corporate income tax, resident tax and enterprise tax	757	(10,708)
Net cash provided by (used in) operating activities	78,955	94,255
<b>Cash flows from investing activities:</b>		
Purchase of investment securities	(16,853)	(22,887)
Proceeds from sale and redemption of investment securities	1,126	7,317
Payments for purchases of vessels and other tangible / intangible fixed assets	(165,543)	(183,888)
Proceeds from sale of vessels and other tangible / intangible fixed assets	80,198	78,266
Proceeds from sales of investments in subsidiaries	—	9,676
Net (increase) decrease in short-term loans receivable	(196)	359
Disbursements for loans receivable	(5,151)	(13,938)
Collections of loans receivable	2,862	4,585
Other, net	(682)	638
Net cash provided by (used in) investing activities	(104,240)	(119,870)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term bank loans	9,661	(31,724)
Net increase (decrease) in commercial paper	(3,000)	(2,000)
Proceeds from long-term bank loans	216,406	159,602
Repayments of long-term bank loans	(117,417)	(117,237)
Proceeds from issuance of bonds	55,000	15,000
Redemption of bonds	(7,337)	(25,000)
Purchase of treasury stock	(21)	(61)
Sale of treasury stock	24	13
Cash dividends paid by the company	(3,046)	(2,408)
Cash dividends paid to minority interests	(2,998)	(1,321)
Other, net	(8,503)	(1,957)
Net cash provided by (used in) financing activities	138,767	(7,093)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4,316	10,582
<b>Net increase (decrease) in cash and cash equivalents</b>	117,799	22,126
<b>Cash and cash equivalents at beginning of year</b>	82,837	200,636
<b>Net cash increase(decrease) from new consolidation/de-consolidation of subsidiaries</b>	—	1,616
<b>Cash and cash equivalents at end of the FY</b>	200,636	180,125

**(6) Segment Information**

Business segment information:

(¥Million)

FY2012(Apr.1, 2012 - Mar.31, 2013)	Segment report					Others *1	Total	Adjust- ment *2	Consoli- dated
	Bulk- ships	Container- ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	731,269	606,588	54,285	109,649	1,501,792	7,401	1,509,194	-	1,509,194
2.Inter-segments revenues	735	1,677	193	18,376	20,982	7,061	28,043	(28,043)	-
Total Revenues	732,004	608,266	54,478	128,026	1,522,775	14,462	1,537,238	(28,043)	1,509,194
Segment income	(24,799)	(11,291)	1,282	10,745	(24,062)	2,449	(21,613)	(6,954)	(28,568)
Segment assets	1,298,682	403,166	36,420	379,969	2,118,238	303,649	2,421,887	(257,276)	2,164,611
Others									
Depreciation and amortization	66,689	14,900	3,530	7,963	93,084	410	93,494	1,190	94,685
Amortization of goodwill	(573)	33	273	62	(203)	(17)	(220)	-	(220)
Interest income	1,143	178	36	97	1,456	1,251	2,707	(1,033)	1,673
Interest expenses	10,784	2,501	330	1,956	15,573	858	16,431	(3,411)	13,020
Equity in earnings of affiliates	(6,551)	1,258	152	140	(5,000)	64	(4,935)	-	(4,935)
Cost of business structural reforms	101,463	-	-	-	101,463	-	101,463	-	101,463
Investment in affiliates	66,623	6,031	1,624	1,189	75,469	2,281	77,751	-	77,751
Tangible / intangible fixed assets increased	128,440	11,462	1,101	20,339	161,343	621	161,965	2,924	164,890

\* 1. "Others" consist of the businesses which are not included in "segment report", such as vessels' operation, vessels' management, vessels' chartering business, financial business and shipbuilding business.

\* 2.

- (1) The adjustment of Segment income (-6,954 million yen) include the following element: -10,206 million yen of corporate profit which is unable to be distributed to each segment, 4,174 million yen of adjustment for management accounting, and -922 million yen of intersegment transaction elimination.
- (2) The adjustment of Segment assets (-257,276 million yen) include the following element: 45,446 million yen assets which are belonging to the whole company and -302,722 million yen of intersegment transaction elimination.
- (3) The adjustment of Depreciation and amortization (1,190 million yen) include the following element: 1,191 million yen of depreciation on the whole company's assets and -1 million yen of intersegment transaction elimination.
- (4) The adjustment of Interest income (-1,033 million yen) include the following element: 1,611 million yen interest income which is belonging to the whole company and -2,644 million yen of intersegment transaction elimination.
- (5) The adjustment of Interest expenses (-3,411 million yen) include the following element: 2,433 million yen interest expenses which is belonging to the whole company, -3,099 million yen adjustment for management accounting and -2,746 million yen of intersegment transaction elimination.
- (6) The adjustment of Tangible / intangible fixed assets increased (-2,924 million yen) is acquisition cost of Tangible / intangible fixed assets which are belonging to the whole company.

\* 3. In accordance with the decision made by board, liabilities are unable to be distributed to each segment, therefore the segment liabilities information is not disclosed.

\* 4. The segment income is the ordinary income, and the consolidated statements of income mentions the total figure after the adjustment.

(¥Million)

FY2013(Apr.1, 2013 - Mar.31, 2014)	Segment report					Others *1	Total	Adjust- ment *2	Consoli- dated
	Bulk- ships	Container- ships	Ferry & Domestic Transport	Associated Businesses	Sub Total				
Revenues									
1.Revenues from customers, unconsolidated subsidiaries and affiliated companies	836,408	713,503	55,603	116,599	1,722,114	7,338	1,729,452	-	1,729,452
2.Inter-segments revenues	588	1,886	201	20,608	23,285	7,246	30,531	(30,531)	-
Total Revenues	836,996	715,390	55,805	137,207	1,745,399	14,584	1,759,984	(30,531)	1,729,452
Segment income	57,121	(14,553)	2,236	11,146	55,950	4,576	60,527	(5,541)	54,985
Segment assets	1,501,313	449,725	35,088	386,851	2,372,978	325,937	2,698,915	(334,220)	2,364,695
Others									
Depreciation and amortization	55,545	15,014	3,302	8,622	82,485	326	82,812	1,171	83,983
Amortization of goodwill	(619)	17	305	105	(190)	0	(190)	-	(190)
Interest income	1,564	172	5	74	1,817	1,190	3,008	(689)	2,318
Interest expenses	9,837	2,453	203	1,935	14,430	743	15,173	(2,590)	12,583
Equity in earnings of affiliates	(3,008)	1,403	178	192	(1,233)	(1)	(1,234)	-	(1,234)
Investment in affiliates	97,801	3,385	1,777	1,505	104,469	2,308	106,778	-	106,778
Tangible / intangible fixed assets increased	126,649	28,510	1,424	10,484	167,069	145	167,214	5,395	172,609

\* 1. "Others" consist of the businesses which are not included in "segment report", such as vessels' operation, vessels' management, vessels' chartering business, financial business and shipbuilding business.

\* 2.

(1) The adjustment of Segment income (-5,541 million yen) include the following element: -6,848 million yen of corporate profit which is unable to be distributed to each segment, 3,880 million yen of adjustment for management accounting, and -2,574 million yen of intersegment transaction elimination.

(2) The adjustment of Segment assets (-334,220 million yen) include the following element: 19,162 million yen assets which are belonging to the whole company and -353,383 million yen of intersegment transaction elimination.

(3) The adjustment of Depreciation and amortization (1,171 million yen) include the following element: 1,171 million yen of depreciation on the whole company's assets and -0 million yen of intersegment transaction elimination.

(4) The adjustment of Interest income (-689 million yen) include the following element: 1,605 million yen interest income which is belonging to the whole company and -2,295 million yen of intersegment transaction elimination.

(5) The adjustment of Interest expenses (-2,590 million yen) include the following element: 2,739 million yen interest expenses which is belonging to the whole company, -2,899 million yen adjustment for management accounting and -2,430 million yen of intersegment transaction elimination.

(6) The adjustment of Tangible / intangible fixed assets increased (5,395 million yen) is acquisition cost of Tangible / intangible fixed assets which are belonging to the whole company.

\* 3. In accordance with the decision made by board, liabilities are unable to be distributed to each segment, therefore the segment liabilities information is not disclosed.

\* 4. The segment income is the ordinary income, and the consolidated statements of income mentions the total figure after the adjustment.

(¥Million)

FY2013 (Apr.1, 2013 - Mar.31, 2014)	Segment report					Others	Adjust- ment	Consoli- dated
	Bulk- ships	Container- ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Impairment loss	6,368	-	79	-	6,447	-	-	6,447

(¥Million)

FY2013 (Apr.1, 2013 - Mar.31, 2014)	Segment report					Others	Adjust- ment	Consoli- dated
	Bulk- ships	Container- ships	Ferry & Domestic Transport	Associated Businesses	Sub Total			
Goodwill (Negative goodwill) at the end of current period	(379)	(1)	398	1,554	1,571	1	-	1,573

\* 5. The amortization of goodwill (negative goodwill) is disclosed in business segment information.

\* 6. There were no material gains from negative goodwill arising at individual reporting segments.

## Geographical segment information:

(¥Million)

FY2013 (Apr.1, 2013 - Mar.31, 2014)	Japan	North America	Europe	Asia	Others	Total
Revenues	1,496,846	19,558	43,093	169,890	63	1,729,452
Tangible fixed assets	1,220,942	33,589	3,940	113,903	6,869	1,379,244

## Supplement

### 1. Review of Quarterly Results

#### <FY 2013>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2013	Jul-Sep, 2013	Oct-Dec, 2013	Jan-Mar, 2014
Revenues [ ¥ Millions]	411,924	433,251	430,134	454,143
Operating income	11,494	10,298	7,891	11,409
Ordinary income	15,291	10,397	11,281	18,016
Income before income taxes	15,942	12,315	11,951	31,502
Net income	12,941	8,198	8,376	27,878
Net income per share [ ¥]	10.82	6.86	7.00	23.31
Total Assets [ ¥ Millions]	2,214,208	2,245,603	2,285,533	2,364,695
Total Net Assets	663,094	694,240	726,855	783,549

#### <FY 2012>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2012	Jul-Sep, 2012	Oct-Dec, 2012	Jan-Mar, 2013
Revenues [ ¥ Millions]	378,850	378,118	362,522	389,704
Operating income (loss)	(503)	(1,876)	(9,001)	(4,386)
Ordinary income (loss)	(1,538)	(5,255)	(9,006)	(12,769)
Income (Loss) before income taxes	(5,811)	(4,289)	(6,198)	(121,640)
Net income (loss)	(5,020)	(8,062)	(45,631)	(120,133)
Net income (loss) per share [ ¥]	(4.20)	(6.74)	(38.16)	(100.46)
Total Assets [ ¥ Millions]	1,988,564	2,039,542	2,054,436	2,164,611
Total Net Assets	698,541	673,131	672,724	619,492

**2. Depreciation and Amortization**

(¥ Millions)

	FY2012	FY2013	Increase / Decrease
Vessels	79,150	67,512	(11,638)
Others	15,535	16,471	936
<b>Total</b>	<b>94,685</b>	<b>83,983</b>	<b>(10,702)</b>

**3. Interest-bearing Debt**

(¥ Millions)

	As of Mar.31, 2013	As of Mar.31, 2014	Increase / Decrease
Bank loans	785,774	845,226	59,452
Bonds	238,500	225,500	(13,000)
Commercial paper	2,000	0	(2,000)
Others	20,591	23,355	2,764
<b>Total</b>	<b>1,046,865</b>	<b>1,094,081</b>	<b>47,216</b>

**4. 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	77	7,054	72	11,201	26	1,805	51	825	22	1,428
Chartered	326	28,706	103	4,632	1	78	74	1,208	97	5,663
Others	-	-	-	-	2	143	-	-	-	-
<b>As of Mar.31, 2014</b>	<b>403</b>	<b>35,760</b>	<b>175</b>	<b>15,833</b>	<b>29</b>	<b>2,026</b>	<b>125</b>	<b>2,033</b>	<b>119</b>	<b>7,091</b>
<b>As of Mar.31, 2013</b>	<b>404</b>	<b>34,928</b>	<b>189</b>	<b>17,996</b>	<b>30</b>	<b>2,104</b>	<b>127</b>	<b>2,063</b>	<b>115</b>	<b>6,370</b>

	Ferries / Domestic carriers(*1)		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	88	1	5	-	-	264	22,406
Chartered	24	72	-	-	2	13	627	40,370
Others	1	1	-	-	-	-	3	144
<b>As of Mar.31, 2014</b>	<b>40</b>	<b>160</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>13</b>	<b>894</b>	<b>62,920</b>
<b>As of Mar.31, 2013</b>	<b>44</b>	<b>159</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>19</b>	<b>913</b>	<b>63,643</b>

(\*1)excluding tug boats

**5. Exchange Rates**

	FY2012	FY2013	Change		
Average rates	¥82.31	¥99.79	¥17.48	(21.2%)	JPY Weaken
Term-end rates	¥94.05	¥102.92	¥8.87	(9.4%)	JPY 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.

&lt;Overseas subsidiaries&gt;

	TTM on Dec.31, 2012	TTM on Dec.31, 2013	Change		
Term-end rates	¥86.58	¥105.39	¥18.81	(21.7%)	JPY Weaken

**6. Bunker Prices**

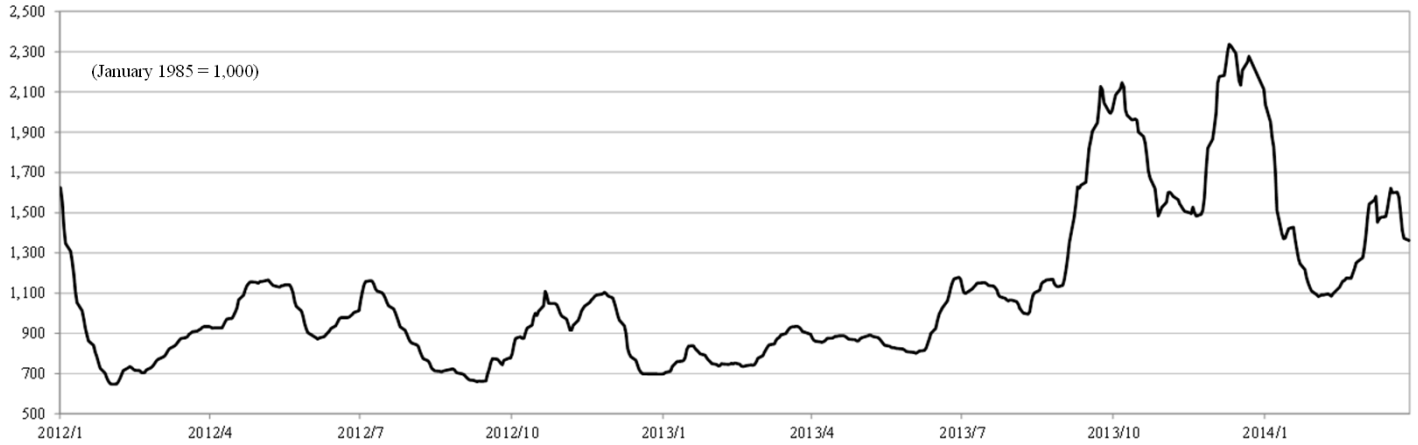
	FY2012	FY2013	Increase / Decrease
Consumption Prices	US\$662/MT	US\$610/MT	US\$(52)/MT



**7. Market Information**

**(1) Dry Bulker Market (Baltic Dry Index) : 4 TC Average**

Source : Bloomberg



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2012	1,039	703	859	1,021	1,101	937	1,056	761	707	952	1,025	856	918
2013	771	745	876	874	851	941	1,123	1,088	1,681	1,883	1,559	2,178	1,214
2014	1,472	1,140	1,484										1,365

**(2) Tanker Market (World Scale) : VLCC AG/East trade**

Source : researched by MOL

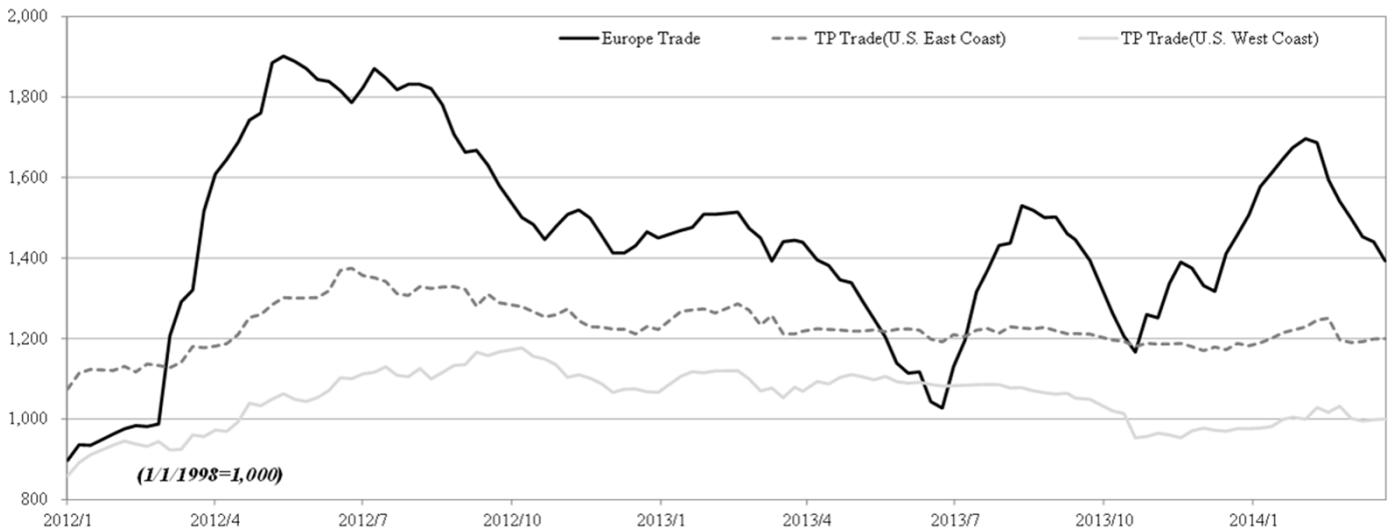


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2012	55	50	59	63	57	42	34	35	37	35	45	46	46
2013	41	34	36	34	42	44	44	34	36	43	64	66	43
2014	56	56	43										51

(Note) WS for 2012 and 2013 has been translated by the Flat Rate of 2014

**(3) Containership Market (China Containerized Freight Index)**

Source : Shanghai Shipping Exchange



\* CCFI reflects the freight rate trend for container exports from China only, which does not always match the overall trend for container exports from Asia. Therefore, this information is provided and updated only for reference purposes.