

Financial Result for 1Q for FY07/3 and Prospect for Whole FY07/3

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Summary of 1Q for FY07/3

1) 22% Increase in Revenue and 39% Decrease in Recurring Profit

(Billion Yen)

		Revenue		Ope. Profit		Rec. Profit		Net Income	
1Q FY06/3		430.6		36.5		36.4		21.8	
1Q FY07/3		524.8		22.5		22.3		12.4	
Change	%	94.1	22%	-14.0	-38%	-14.1	-39%	-9.4	-43%

2) Shipping Divisions : Profit Decreased by ¥13.5Bil.

3) 3 Major Non-Shipping Divisions(Logistics/Terminal/Cruise)
: Profit Increased by ¥3.4Bil.

4) Exchange Rate/Bunker Price (Comparison between 05/6 vs 06/6)

Exchange Rate(Average) : ¥7.43 Yen Depreciation(¥107.28 ¥114.71)

Bunker Price : Increased by \$92.29/MT(\$244.53/MT \$336.82/MT)

Analysis of Change in Recurring Profit between 1Q FY07/3 and 1Q FY06/3

(Billion Yen)

Yen Depreciation	2.6	¥ 114. <u>71</u> / Depreciated by ¥ 7. <u>43</u> /\$
Bunker Oil Price	6.9	\$336. <u>82</u> / Increased by \$92. <u>29</u> MT
Market Effects etc	11.8	
Non-Shipping Division	0.9	Including NCA ¥ 3.3B.
Cost Reduction	2.8	Shipping ¥ 2.5B., Non-Shipping ¥ 0.3B.
New Consolidation	0.1	Logistics ¥ 0.1B
Total	14.1	

Sensitivity against Recurring Profit(Whole Year)

Exchange Rate **¥1.4 Billion Decrease per ¥1/\$ Appreciation**

Bunker Price **¥0.3 Billion Decrease per \$1/MT Increase**

Comparison of Financial Result of 1QFY07/3 vs 1QFY06/3 by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1Q FY06/3	122.4	159.6	94.7	26.9	9.8	3.0	37.2	22.9	430.6
1Q FY07/3	146.2	188.7	110.7	30.0	11.2	2.8	67.8	32.5	524.7
Change	23.8	29.0	16.0	3.1	1.4	0.2	30.6	9.6	94.1

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1Q FY06/3	6.4	26.7	2.0	0.4	0.3	0.6	0.4	0.0	36.4
1Q FY07/3	3.9	23.5	3.3	1.1	1.2	1.0	3.9	0.0	22.3
Change	10.3	3.2	1.3	0.6	1.5	0.4	4.3	0.0	14.1

Revenue	1Q FY07/3	1Q FY06/3	Change
Bulk and Specialized Carriers	159.8	133.7	26.0
Tankers	28.9	25.9	3.0
Total	188.7	159.6	29.0

Performance against the Prospect for 1H FY07/3 by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1H FY07/3 Prospect	274.3	341.2	228.7	58.2	22.6	6.1	133.1	64.2	1,000.0
1Q FY07/3 Actual	146.2	188.7	110.7	30.0	11.2	2.8	67.8	32.5	524.7
Performance	53%	55%	48%	52%	50%	46%	51%	51%	52%
<i>Balance</i>	<i>128.1</i>	<i>152.5</i>	<i>118.0</i>	<i>28.2</i>	<i>11.4</i>	<i>3.3</i>	<i>65.3</i>	<i>31.7</i>	<i>475.3</i>

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1H FY07/3 Prospect	3.6	47.7	7.4	2.2	3.0	1.8	2.7	0.0	63.0
1Q FY07/3 Actual	3.9	23.5	3.3	1.1	1.2	1.0	3.9	0.0	22.3
Performance	-	49%	45%	50%	40%	56%	-	-	35%
<i>Balance</i>	<i>7.5</i>	<i>24.2</i>	<i>4.1</i>	<i>1.1</i>	<i>1.8</i>	<i>0.8</i>	<i>1.2</i>	<i>0.0</i>	<i>40.7</i>

	1Q FY07/3 Actual	1H FY07/3 Prospect	Balance
Revenue			
Bulk and Specialized Carriers	159.8	283.7	-123.9
Tankers	28.9	57.5	-28.6
Total	188.7	341.2	-152.5

Summary of Revised Prospect for Whole FY07/3

- 1) **Revenue Increase by ¥65 Billion, and Recurring Profit Decrease by ¥35 Billion**
- 2) **Shipping Divisions : Profit Decrease due to Bunker Oil Price Hike and Insufficient Container Freight Rate Increase**
- 3) **Non-Shipping Divisions : Good Result of 3 Major Segments, but Decrease in NCA due to Severe Competition in Asia Market and Jet Oil Surge**
- 4) **Exchange Rate and Bunker Price**
 - Exchange Rate : 2Q-4Q Prerequisite ¥110.00/\$
 - Bunker Price : 2Q Prerequisite \$370.00/MT, 2H \$365.00/MT
 - * Bunker Price Effects Profit Decrease by ¥8.3Billion for Whole FY 07/3
- 5) **Cash Dividend(Prospect)**
 - : Maintain Annual Dividend of ¥18/Share

Prospect for Whole FY07/3

(Billion Yen)

	Original Prospect			Revised Prospect			Change		
	1H	2H	Whole	1H	2H	Whole	1H	2H	Whole
Revenue	1,000.0	1,020.0	2,020.0	1,033.0	1,052.0	2,085.0	33.0 3%	32.0 3%	65.0 3%
Operating Profit	61.0	74.0	135.0	44.0	58.0	102.0	17.0 -28%	16.0 -22%	33.0 -24%
Recurring Profit	63.0	72.0	135.0	45.5	54.5	100.0	17.5 -28%	17.5 -24%	35.0 -26%
Net Income	41.0	48.0	89.0	28.0	31.0	59.0	13.0 -32%	17.0 -35%	30.0 -34%

Exchange Rate	¥110.00	¥110.00	¥110.00	¥112.36	¥110.00	¥111.18	¥2.35	¥0.00	¥1.18
Bunker Price	\$330.00	\$330.00	\$330.00	\$353.41	\$365.00	\$359.21	\$23.41	\$35.00	\$29.21

Exchange Rate : 1Q Actual(¥114.71/\$), 2-4Q Prerequisite(¥110.00/\$)
 Bunker Price : 1Q Actual(\$336.82/MT), 2Q Prerequisite(\$370.00/MT), 3-4Q(\$365.00/MT)



Comparison of Financial Prospects for Whole FY07/3 (Original vs Revised) by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
FY07/3 (Original Prospect)	551.9	690.4	473.4	115.6	40.0	12.4	271.4	135.2	2,020.0
FY07/3 (Revised Prospect)	543.4	726.8	483.9	118.7	42.4	11.5	301.1	142.7	2,085.0
for 1H (Revised Prospect)	276.9	364.7	235.0	60.5	23.9	5.8	140.4	74.2	1,033.0
for 2H (Revised Prospect)	266.5	362.1	248.9	58.3	18.5	5.7	160.6	68.5	1,052.0
Change	8.5	36.4	10.5	3.1	2.4	0.9	29.7	7.5	65.0

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
FY07/3 (Original Prospect)	7.9	102.0	17.1	3.7	1.0	3.5	0.2	0.0	135.0
FY07/3 (Revised Prospect)	17.0	96.8	17.1	3.5	1.5	3.4	5.3	0.0	100.0
for 1H (Revised Prospect)	7.0	44.1	7.3	1.6	3.3	2.0	5.8	0.0	45.5
for 2H (Revised Prospect)	10.0	52.7	9.8	1.9	1.8	1.4	0.5	0.0	54.5
Change	24.9	5.2	0.0	0.2	0.5	0.1	5.1	0.0	35.0

Revenue	Revised Prospect	Original Prospect	Change
Bulk and Specialized Carriers	614.7	574.9	39.8
Tankers	112.1	115.5	3.4
Total	726.8	690.4	36.4

Overview of Each Industrial Segments

1. Shipping Division – 1)

Container : Efforts Continue in Freight Rate Restoration and Cost Reduction such as Bunker Saving Activities.

Container Lifting Result/Prospect

(1,000TEU)

	05/4-6 (Actual)	06/4-6 (Actual)	Change	(%)	05/4-9 (Actual)	06/4-9 (Prospect)	Change	(%)	FY2005 (Actual)	FY2006 (Prospect)	Change	(%)
Asia NA	163	177	14	8.6%	349	366	17	4.8%	702	756	54	7.7%
Utilization	84%	84%			87%	87%			86%	87%		
Asia Europe	91	124	33	35.8%	194	242	48	25.0%	403	472	69	17.0%
Utilization	91%	93%			91%	93%			90%	92%		

Car Carriers : Delivered New Buildings from July 2006.

Car Transportation Result/Prospect

(10,000Cars)

	05/4-6 (Actual)	06/4-6 (Actual)	Change	05/4-9 (Actual)	06/4-9 (Prospect)	Change	FY2005 (Actual)	FY2006 (Prospect)	Change	(%)
All Trade	71	84	13	143	158	15	286	314	28	9.8%

Overview of Each Industrial Segments

1. Shipping Division – 2)

Trend of Shipping Market for Other Shipping (Index)

	FY05/3 (Actual)	FY06/3 (Actual)	FY07/3 (Original Prospect)	1Q FY07/3 (Actual)	FY07/3	
					(Revised Prospect)	Change
Capesize Bulkers	100	64	50	49	57	7
Handysize Bulkers	100	73	65	89	79	14
VLCC	100	69	60	51	66	6

Bulkers : Profit Increased for Capesize Owing to the Fleet Expansion Based on Long Term.

Profit Decreased for Handysize due to the Rising Time Charterage.

Tanker: VLCC's Profit Remained Stable, While Product Tanker Market Showed Some Decline.

Overview of Each Industrial Segments

2. Logistics

1) NYK Logistics(Earth) : Profit Growth Continues.

	1Q FY06/3(Actual)	FY06/3(Actual)	1Q FY07/3(Actual)	FY07/3(Prospect)
Rec. Profit	¥0.4 Billion	¥3.6 Billion	¥0.6 Billion	¥7.4 Billion
Change	¥1.3 Billion	¥2.9 Billion	¥0.2 Billion	¥3.8 Billion

2) YAS (Air Forwarding) : Expanding in China, U.S.A. Markets.

	1Q FY06/3(Actual)	FY06/3(Actual)	1Q FY07/3(Actual)	FY07/3(Prospect)
Rec. Profit	¥1.6 Billion	¥9.4 Billion	¥2.7 Billion	¥9.7 Billion
Change	¥-0.6 Billion	¥0.0 Billion	¥1.1 Billion	¥0.3 Billion

*Above is NYK's Consolidated Account Figures, Which is Different from the YAS's Non-Consolidated One.

Overview of Each Industrial Segments

3. Terminal and Harbor Transport

- 1) Mitigated the Effect from the Reorganization of GA Together with Increase in Handling Cargo Helped to Achieve Target.
- 2) YTI (Los Angeles) Operates Smoothly with Improved Efficiency.
- 3) CTE (Amsterdam), Start-Up Cost Depressed Their Performance, in Spite of the Steady Increase of Cargo Handling.

4. Cruise

- 1) *Asuka* Sailing with Full Booking, Even Though 50% Increase in Capacity.
- 2) *Crystals* Improved Their Utilization by Fleet Reorganization.

Nippon Cargo Airlines (NCA)

NCA's Results for 1Q FY07/3 and the Prospect for Whole FY07/3

(Billion yen)

	FY06/3 (Actual)	FY07/3 (Original Prospect)	1Q FY07/3 (Actual)	FY07/3 (Revised Prospect)		
				1H	2H	Whole
Revenues	103.7	110.0	24.4	49.7	55.9	105.6
Rec. Profit	10.4	0.2	3.9	5.0	0.6	4.4

- Lower Utilization due to the Intensified Competition Especially on the Asia Routes.
- Soared Fuel Prices (MOPS \$87/BLL), Has Depressed the Prospect of NCA's.