

# Financial Results for 1H ended 06/9 and Revised Prospect for Whole FY 07/3

November 2006



# Summary of 1H ended 06/9

- 1) Compared with 05/9, Revenue Increased by 17% but Recurring Profit Decreased by 38%

(Billion Yen)

		Revenue		Operating Profit		Recurring Profit		Net Income	
1H ended 05/9		899.5		80.5		79.2		48.4	
1H ended 06/9		1,053.6		47.1		48.9		29.6	
Change	%	154.1	17%	33.4	-41%	30.3	-38%	18.8	-39%

- 2) Shipping Divisions : Rec. Profit Decreased by ¥27.0 Billion

- 3) Major Non-Shipping Divisions(Logistics/Terminal/Cruise)  
: Marked ¥4.8 Billion Increase in Rec. Profit

- 4) Exchange Rate/Bunker Price (Comparison between 05/9 vs 06/9)

Exchange Rate : ¥5.87 Yen Depreciation (¥109.39    ¥115.26)

Bunker Price : Increase by \$76.20/MT (\$259.84/MT    \$336.04/MT)

# Analysis of Change in Recurring Profit between 1H ended 06/9 and 05/9

(Billion Yen)

<b>Yen Depreciation</b>	<b>4.1</b>	1H ¥ 115. <u>26</u> / Depreciated by ¥ 5. <u>87</u> /\$
<b>Bunker Oil Price</b>	<b>11.4</b>	1H \$336. <u>04</u> / Increased by \$76. <u>20</u>
<b>Market Effects etc</b>	<b>26.3</b>	
<b>Improvement of 3 Major Non-Shipping Divisions</b>	<b>3.3</b>	Logistics/Terminal/Cruise
<b>Cost Reduction</b>	<b>5.6</b>	Shipping ¥ 4.9Bil., Non-Shipping ¥ 0.7Bil.
<b>New Consolidation</b>	<b>5.6</b>	NCA ¥ 6.6Bil.
<b>Total</b>	<b>30.3</b>	

## Sensitivity against Recurring Profit (Whole Year)

**Exchanging Rate**      **¥1.4 Billion Increase per ¥1/\$ Depreciation**

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

# Comparison of Financial Results between 1H ended 06/9 vs 05/9 by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1H ended 05/9	260.5	323.1	199.1	56.0	23.4	6.3	81.8	50.7	899.5
1H ended 06/9	290.6	370.6	227.8	62.2	24.2	5.8	138.9	66.5	1,053.6
Change	30.2	47.4	28.7	6.2	0.8	0.5	57.1	15.8	154.1

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/ Unallocation	Consolidated
1H ended 05/9	16.2	52.6	5.5	0.8	2.4	1.9	0.1	0.0	79.2
1H ended 06/9	4.8	46.6	7.2	2.4	3.9	2.0	8.4	0.0	48.9
Change	21.1	6.0	1.7	1.6	1.5	0.1	8.2	0.0	30.3

Revenue	06/9	05/9	Change
Bulk and Specialized Carriers	312.6	270.5	42.1
Tankers	58.0	52.7	5.4
Total	370.6	323.1	47.4

# Comparison between Previous Prospect and Result for 1H ended 06/9 by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/Unallocation	Consolidated
1H ended 06/9 Prospect	276.9	364.7	235.0	60.5	23.9	5.8	140.4	74.2	1,033.0
1H ended 06/9 Result	290.6	370.6	227.8	62.2	24.2	5.8	138.9	66.5	1,053.6
Performance	105%	102%	97%	103%	101%	100%	99%	-	102%
Balance	13.7	5.9	7.2	1.7	0.3	0.0	1.5	-	20.6

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/Unallocation	Consolidated
1H ended 06/9 Prospect	7.0	44.1	7.3	1.6	3.3	2.0	5.8	0.0	45.5
1H ended 06/9 Result	4.8	46.6	7.2	2.4	3.9	2.0	8.4	0.0	48.9
Performance	-	106%	99%	152%	117%	100%	-	-	107%
Balance	2.2	2.5	0.1	0.8	0.6	0.0	2.6	-	3.4

Revenue	1H ended 06/9 Result	1H ended 06/9 Prospect	Change
Bulk and Specialized Carriers	312.6	310.7	1.9
Tankers	58.0	54.0	4.0
Total	370.6	364.7	5.9

# Summary of Revised Prospect for Whole FY07/3

- 1) Revised Upwardly Rec. Profit Prospect by ¥15.0 Bil.**
- 2) Shipping Divisions : Rec. Profit Increase by ¥17.0 Bil. as the Result of Stabilization of Bunker Oil Price and Strong Drybulk Market**
- 3) Non-Shipping Divisions : 3 Major Segments Kept Steady Growth but Rec. Profit Decrease by ¥2.0 Bil. Due to Profit Decline of NCA**
- 4) Exchange Rate/Bunker Price**
  - Exchange Rate : ¥110.00 (Same as Previous Assumption)
  - Bunker Price : \$330/MT for 2H(Revised Downward from \$365/MT)
  - \* Profit Would Increase by ¥5.3 Bil. for 2H
- 5) Cash Dividend(Prospect)**
  - : Maintain Annual Dividend of ¥18/Share

# Revised Prospect for Whole FY07/3

(Billion Yen)

	Previous Prospect			Revised Prospect			Change		
	1H	2H	Whole	1H(Result)	2H	Whole	1H	2H	Whole
Revenue	1,033.0	1,052.0	2,085.0	1,053.6	1,046.4	2,100.0	20.6 2%	5.6 -1%	15.0 1%
Operating Profit	44.0	58.0	102.0	47.1	67.9	115.0	3.1 7%	9.9 17%	13.0 13%
Recurring Profit	45.5	54.5	100.0	48.9	66.1	115.0	3.4 7%	11.6 21%	15.0 15%
Net Income	28.0	31.0	59.0	29.6	38.4	68.0	1.6 6%	7.4 24%	9.0 15%

Exchange Rate	¥112.36	¥110.00	¥111.18	¥115.26	¥110.00	¥112.63	¥2.91	¥0.00	¥1.45
Bunker Price	\$353.41	\$365.00	\$359.21	\$336.04	\$330.00	\$333.02	-\$17.37	-\$35.00	-\$26.19

2H Exchange Rate : ¥110.00/\$  
 2H Bunker Price : \$330.00/MT

# Comparison between Previous and Revised Prospects for FY 07/3 by Industrial Segments

(Billion Yen)

Revenue	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/Unallocation	Consolidated
Previous Prospect	543.4	726.8	483.9	118.7	42.4	11.5	301.1	142.7	2,085.0
Revised Prospect	560.0	735.0	484.0	120.5	42.0	11.6	292.2	145.3	2,100.0
<i>for 1H(Result)</i>	290.6	370.6	227.8	62.2	24.2	5.8	138.9	66.5	1,053.6
<i>for 2H(Prospect)</i>	269.4	364.4	256.2	58.2	17.7	5.9	153.3	78.8	1,046.4
Change	16.6	8.2	0.1	1.8	0.4	0.1	8.9	2.6	15.0

Recurring Profit	Liner (Container)	Other Shipping	Logistics	Terminal	Cruise	Real Estate	Other	Elimination/Unallocation	Consolidated
Previous Prospect	17.0	96.8	17.1	3.5	1.5	3.4	5.3	0.0	100.0
Revised Prospect	9.0	105.6	18.2	4.5	2.7	3.5	10.5	0.0	115.0
<i>for 1H(Result)</i>	4.8	46.6	7.2	2.4	3.9	2.0	8.4	0.0	48.9
<i>for 2H(Prospect)</i>	4.2	59.0	11.0	2.1	1.2	1.5	2.1	0.0	66.1
Change	8.0	8.8	1.1	1.0	1.2	0.1	5.2	0.0	15.0

Revenue	Revised	Previous	Change
Bulk and Specialized Carriers	619.0	614.7	4.3
Tankers	116.0	112.1	3.9
Total	735.0	726.8	8.2

# Overview of Each Industrial Segments

## 1. Shipping Division – 1)

Container: Efforts to **Maintain/Recover Freight-Rate Levels** with Firm Cargo Movement, as well as Active **Cost Reduction** Including Reconstruction of Allocation of Vessels.

Container Lifting Result/Prospect (1,000TEU)

	1H FY06/3 (Actual)	1H FY07/3 (Actual)	Change	(%)	1H FY07/3 (Prospect)	1H FY07/3 (Actual)	Change	(%)	FY06/3 (Actual)	FY07/3 (Prospect)	Change	(%)
Asia to NA	349	367	18	5.2%	366	367	1	0.3%	702	748	46	6.6%
Utilization	87%	88%			87%	88%			86%	88%		
Asia to EUR	194	234	40	20.9%	235	234	-1	-0.4%	403	469	66	16.3%
Utilization	91%	93%			93%	93%			90%	93%		

\*For Asia to Europe Trade, Figures are Restated to Exclude Intra-Europe Trade from FY07/3 Results.

Car Carriers: Efficient Vessel Operation and Assignment to Absorb Increasing Cargo Volume.

Car Transportation Result/Prospect (10,000Cars)

	1H FY06/3 (Actual)	1H FY07/3 (Actual)	Change	1H FY07/3 (Prospect)	1H FY07/3 (Actual)	Change	FY06/3 (Actual)	FY07/3 (Prospect)	Change	(%)
All Trade	143	162	19	158	162	4	286	323	37	12.9%

# Overview of Each Industrial Segments

## 1. Shipping Division – 2)

### Trend of Shipping Market for “Other Shipping” (Index)

	FY05/3 (Actual)	FY06/3			FY07/3		
		1H (Actual)	2H (Actual)	Full Year (Actual)	1H (Actual)	2H (Prospect)	Full Year (Prospect)
Capesize Bulkers	100	66	59	63	63	75	69
Handysize Bulkers	100	70	65	68	81	84	82
VLCC	100	52	90	71	67	87	77

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

**Profit Decreased for Handysize Bulkers Due to Cost Increase in Bunker Oil Price and Charter Rate.**

**Tankers : VLCC’s Profit Remained Stable, While Product Tanker Market Showed Some Decline.**

# Overview of Each Industrial Segments

## 2. Logistics

### 1) NYK Logistics(Land-Based) : Profit Growth Continues.

	1H ended 05/9(Result)	FY06/3(Result)	1H ended 06/9(Result)	FY07/3(Prospect)
Rec. Profit	¥1.6 Billion	¥3.6 Billion	¥2.1 Billion	¥7.1 Billion
Change			¥0.5 Billion	¥3.5 Billion

### 2) YAS (Air Forwarding) : Profit Increase in Overseas Operation.

	1H ended 05/9(Result)	FY06/3(Result)	1H ended 06/9(Result)	FY07/3(Prospect)
Rec. Profit	¥3.9 Billion	¥9.4 Billion	¥5.1 Billion	¥11.0 Billion
Change			¥1.2 Billion	¥1.6 Billion

\*Above is NYK's Consolidated Accounting Figures, Which is Different from the YAS's Individual Accounting Results.

## 3. Terminal and Harbor Transport

- 1) **YTI (Los Angeles) Operates Smoothly with Improved Efficiency, Coping with Cargo Return to USWC.**
- 2) **Non-GA Services Started to Call CTE(Amsterdam), Cargo Handling Volume Steadily Increased.**

## 4. Cruise

- 1) ***Asuka* Kept High Cabin Load Factor Compared with *Asuka*, in Spite of Increased Capacity.**
- 2) ***Crystals* Improved both in Cabin Load Factor and Freight-Rate Level by Fleet Reorganization.**

# NCA Summary of 1H ended 06/9

## 1) Comparison between Result and Previous Prospect for 1H ended 06/9

(Billion Yen)

	1H ended 05/9 Result	1H ended 06/9 Previous Prospect	1H ended 06/9 Result	Change vs Previous Prospect
Revenue	48.0	49.7	48.6	1.1
Rec. Profit	5.6	5.0	8.5	3.5
Exchange Rate	¥109.39	¥112.60	¥115.26	¥2.66
MOPS	\$71.62	\$86.25	\$85.68	-\$0.57

### Sensitivity against Recurring Profit (Whole Year)

Exchanging Rate    ¥40 Million Increase per ¥1/\$ Depreciation

Bunker Price        ¥400 Million Decrease per \$1/BBL Increase

Infavorable Portfolio of Asia-Oriented Cargo, 2 Months **Repair Work for a Classic Aircraft**, **Additional Recruitment of Pilots and Maintenance Staffs** and **Delay of Aircraft Sales to Second Half**, Resulted Downturn of Rec. Profit.

# NCA Summary of 1H ended 06/9

## 2) Change of Tradewise Load Factor for 1H ended 06/9

	1H ended 05/9	1H ended 06/9	1H ended 06/9	Change	
	Result	Previous Prospect	Result	vs 1H ended 05/9	vs Previous Prospect
Asia NA	96%	98%	98%	2%	0%
NA Asia	75%	69%	72%	-3%	3%
Asia Europe	90%	97%	94%	4%	-3%
Europe Asia	92%	84%	86%	-6%	2%
Japan Asia	47%	56%	62%	15%	6%
Intra Asia					
Asia Japan	79%	77%	77%	-2%	0%

Asia-NA Trade Includes Japan-NA Trade.

L/F = Gross Chargeable Weight/ACL (Available Cabin Load)

Compared with 1H ended 05/9, Outbound Leg Improved but Inbound Leg Declined. Load Factor Improved Partially Due to Flights Adjustment.

# NCA Revised Prospect for Whole FY07/3

## 3) Comparison between Result for FY 06/3 and Revised Prospect for FY 07/3

(Billion Yen)

	FY 06/3 Result	FY 07/3 Previous Prospect	FY 07/3 Revised Prospect	Change vs FY 06/3
Revenue	103.6	105.6	102.6	1.1
Rec. Profit	10.4	4.4	10.8	0.4
Exchange Rate	¥113.09	¥111.30	¥112.63	¥-0.46
MOPS	\$72.34	\$86.63	\$86.34	\$14.00

### Sensitivity against Recurring Profit (Whole Year)

Exchanging Rate    ¥40 Million Increase per ¥1/\$ Depreciation

Bunker Price        ¥400 Million Decrease per \$1/BBL Increase

**Positives : Introduction of Advanced Aircrafts, Gains in Sales Activities and Sales of Classic Aircrafts**

**Negatives : Higher Jet Oil Price, Classic Aircrafts' Trouble, High Maintenance Cost of Classic Aircrafts and Additional Recruitment of Pilots and Maintenance Staffs.**

# NCA Roadmap to Be Profitable

## 4) Financial Prospects from FY 07/3 to FY 09/3, Reflecting Latest Prospect for FY 07/3

(Billion Yen)

	FY 06/3 Result	FY 07/3 Prospect	FY 08/3 Prospect	FY 09/3 Prospect
Revenue	103.6	102.6	110.0	110.0
Rec. Profit	10.4	10.8	6.8	0.2
<b>Change</b>		<b>0.4</b>	<b>4.0</b>	<b>7.0</b>

Exchange Rate	¥113.09	¥112.63	¥110.00	¥110.00
MOPS	\$72.34	\$86.34	\$84.00	\$84.00

200F(No.)	10.5	7.5	4.3	1.0
400F(No.)	1.3	2.5	4.7	7.8
Space Charter	0.0	1.0	2.5	2.5
<b>Total</b>	<b>11.8</b>	<b>11.0</b>	<b>11.5</b>	<b>11.3</b>

**Turn Profitable in FY 09/3** by Replacing Fleet with Advanced Aircrafts and Establishment of Own Operation

# NYK – Yamato Strategic Alliance

---

## 1. **Commencement of Co-Loading** by YAS and Yamato Logistics

System Connection Completed and Launched Co-Loading from Narita to 6 Foreign Destinations by Last October. Will Increase Departure Points/Destinations.

## 2. **New Logistics System** of YYGS

Commenced Unified Cargo Management by Connecting Both Group's Logistics System, Enabled Information Control Jobs Such as Customs Clearing Easy and Simple.