

## INFORMATION

The documents following this cover sheet exist solely to provide English translations of selected information contained in the original Japanese text of the documents provided to shareholders as of September 30, 2006.



“Leveraging our international network covering sea, earth, and air to become the world’s leading global logistics and megacarrier group”

**120th NYK Group Interim Report Fiscal 2006**

From April 1, 2006,  
to September 30, 2006

**Bringing value to life.**

**Dear Shareholders:**

**I would like to express my sincere gratitude to our shareholders for the continued support.**

The interim financial results for fiscal 2006 measured up to the prospects that we revised downward in August 2006 as freight rates continued to stay at low level in the liner trade segment. There were several favorable factors such as improved collection of bunker and peak season surcharges and partial freight rate restoration. The “other shipping” segment mainly consisting of the bulk and energy resources transport and car transport businesses achieved solid results supported by strong freight market. In the nonshipping segments, which are distinctive to the Company Group, the logistics business and the terminal and harbor transport business remained steady, and the cruise business especially showed favorable results.

In consideration of financial results and other factors, the interim dividend is ¥9.00 per share as planned.

The Company Group has implemented the three-year medium-term management plan named “New Horizon 2007” since April 2005 to enhance our corporate value, and this interim period marks the halfway point. We must partially revise the plan to reflect changes in assumptions that have taken place since we made the plan such as surging bunker oil prices, but basic policies will remain the same. Therefore, I would like to explain the current state of three basic strategies again.

First, as for the “Expansion of Maritime Business”, we have been aggressively expanding our fleet in response to the growth of world economy. In the container transportation sector, we make every effort to quickly improve profitability through efficient operations of vessels. In the car transport sector, we aim to expand the world’s largest car carrier fleet, and in the bulk and energy transport segment, we will strengthen the relationships of trust with customers from a long-term perspective.

Secondly, regarding the “Evolution towards a Logistics Integrator”, we formed a business and capital alliance with Yamato Holdings Co., Ltd. in May 2006 as part of business expansion outside the Group, and have started a business such as logistics material management using IC tags. In the Group, we established the Logistics Integrator Group in April 2006 to promote the logistics integration strategy named “SEA-LIP (Sea-Earth-Air Logistics Integrator Program)”. This program aims to provide superior solutions to quickly and properly meet customers’ needs, and build stable long-term relationships with customers as business partners by consolidating the management by region and by customer across the sectors. Nippon Cargo Airlines Co., Ltd., which became our consolidated subsidiary in 2005 as a core of logistics integrator, could not achieve expected financial results due to intensified competition on the Asian intraregional routes such as China and soaring jet fuel prices. In the future, we will strive for safety and cost reduction by accelerating the shift to new aircraft and strengthening the company’s direct management of flight and maintenance operations. We will also expand its network by forming partnerships with foreign carriers and work hard to turn the air transportation business profitable quickly. The unique strength of the Company Group is the capability to provide logistics integration solutions to meet every request of customers including air transportation business, and we will further enhance this capability.

Thirdly, in regard to the “Enhancement of Corporate Fundamentals”, we work on safety, CSR management, human resource development, IT implementation, and so on. “Safety” is a top priority

for the Company Group, which aims to contribute to society as a global logistics integrator covering , earth, and air. We ensure safety of not only vessels but also trucks, warehouses, terminals, and aircraft, and promote CSR management with due considerations to environment and society. In human resource development, we do our best to improve human resources by expanding global training and sharing common values with the Group employees of different cultures and backgrounds around the world. In addition, IT systems have been implemented as a new system for the liner trade sector started operations.

The Company Group will steadily execute these strategies and strive to enhance our corporate value by realizing our mission statement to support people's lives through safe and dependable "Monohakobi". We appreciate our shareholders' continued support and encouragement.

December 2006

A handwritten signature in black ink, appearing to read "K. Miyahara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Koji Miyahara

## **NYK Group's CSR (Corporate Social Responsibility) Initiatives**

### **CSR Concept**

- A company is a part of society. We aim at being a corporate group that is trusted by society by always checking by ourselves whether our daily activities live up to the expectations of society and fulfill the roles demanded of us and through reconsidering our business activities.
- CSR activities are not special activities. We consider these to be to respond to the demands of society and incorporate them into the daily operations of each department and individual. We perform them as an overall group and aim at creating an organization for which people can be happy to work.

### **Relationship with Stakeholders**

The NYK Group aims to communicate with stakeholders to learn new perspectives and values. We improve management transparency by informing them of this information as well.

### **CSR Promotion Framework**

The NYK Group has been carrying out various activities linked to the social responsibilities of the company such as compliance, ensuring safe vessel operation, environmental protection, respect of human rights, improvement of occupational health and safety, and social contribution. For further promotion of such CSR activities, the CSR Management Headquarters was established in April 2005, with the President as Chief Executive. In April 2006, to reinforce the CSR framework, the compliance and risk management functions were combined and assigned to the Compliance and Risk Management Group, which was established within the CSR Management Headquarters.

### **Adoption to Social Responsibility Investment Index**

As the ongoing CSR activities of the NYK Group have been evaluated, and the group has been continuously adopted since 2003 as an investment target name in the Dow Jones Sustainability World Index and the FTSE4 Good Global Index, which are internationally important indexes.

For details of CSR activities of the NYK Group, please see "CSR Report 2006," on our website. This can also be requested in printed book format from the website.

<http://www.nykline.co.jp/profile/csr/report.htm>

## **We will introduce some of the CSR activities we have carried out, our Social Contribution Activities.**

A special organization for social contribution activities was established inside the Corporate Communication Group in October 2004 and it has been in active operation. As a good corporate citizen living responsibly in this global society, NYK is committed to proactively tackling the challenges presented by society, and through all NYK's activities, to striving for the enhancement of corporate value for all stakeholders.

In September 2005, NYK was honored with the second Asahi Corporate Citizen Award\*. The award was in recognition of free transport of relief supplies to areas affected by the Earthquake off Sumatra and support in transportation aspects for two projects by the Japanese Organization for International Cooperation in Family Planning (JOICFP) to donate reconditioned bicycles to community health workers all over the world and to provide used school backpacks to children in Afghanistan.

\* **Asahi Corporate Citizen Award:** An award sponsored by the Asahi Shimbun, one of Japan's leading daily newspapers, to recognize Japanese corporations that show significant efforts and remarkable results as these companies endeavor to fulfill their social responsibility as members of modern society.

### **Free Transport of Relief Supplies to Areas Affected by Disaster**

The NYK Group joined forces with Japan Platform, an international humanitarian relief organization, in addition to NPOs and NGOs to supply free transport of relief supplies to the areas affected by the Earthquake off Sumatra, the Pakistan Earthquake, and the Java Earthquake.

### **Support for Reconditioned Bicycle Donations Worldwide**

In collaboration with these activities by JOICFP since 2000, up to fiscal 2005, the NYK Group offered free transport for a total of 14,956 reconditioned bicycles to developing countries. The bicycles are presented to maternity and district nurses to help them improve their ability to provide healthcare in their communities.

### **Support of Used School Backpacks Donation Project**

In the same way, collaborating in JOICFP activities since 2004, we offered free transport for 18,880 used school backpacks (in total for 2004 and 2005) to schoolchildren in Afghanistan. In Afghan villages, the school backpacks become a symbol of fundamental education.

### **Participation in Books for Children Campaign**

Since 2005, NYK volunteers have also been assisting the Shanti Volunteer Association (SVA) in their Books for Children Campaign by attaching seals to picture books with translations in local languages. In fiscal 2005, 135 books were completed by NYK Group employees. The SVA added the books to its stock, which the NYK Group then transported free-of-charge to children in Cambodia and Laos.

For details of activities, please see our website  
<http://www.nykline.co.jp/profile/csr/social/index.htm>

## NYK Group

As a logistics & megacarrier group, we will continue to evolve and develop.

The NYK Group has constantly pursued safe and high quality service to the earn trust of customers. As a result, we have achieved transportation services that are unique to logistics & megacarrier, using one of the world's largest fleets and an international transport network covering sea, earth and air. Since cargo movements in the world will become more complicated and diversified in the future as well, logistics services all around the world will be required even more free and swiftly. The NYK Group will aim at delivering more kinds of satisfaction to more customers, through continuous reinforcement of shipping and evolution as a logistics & megacarrier corporate group, and will develop even further.

- Number of employees of NYK Group: 27,242 (NYK and consolidated subsidiaries only)
- Number of vessels operating in NYK Group: 708 (42,778,045 dwt)

(This number is before subtraction of sales between classifications.)  
(Major group companies are described here.)

### Liner Trade

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | 2,906                                 | 2,604                                 |
| Operating income                     | (47)                                  | 157                                   |
| Income before<br>extraordinary items | (48)                                  | 162                                   |

### Ocean Cargo

NYK  
Tokyo Senpaku Kaisha, Ltd.  
NYK-Hinode Line, Ltd.

### Ship Owning and Chartering

Astarte Carriers, Ltd.  
and other

### Shipping Agency

NYK Line Japan, Ltd.  
NYK Line (North America) Inc.  
NYK Line (Europe), Ltd.,  
and other

### Other Shipping

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | 3,705                                 | 3,231                                 |
| Operating income                     | 471                                   | 520                                   |
| Income before<br>extraordinary items | 466                                   | 525                                   |

### Ocean · Coast Cargo Shipping

NYK  
NYK Global Bulk Corporation  
Kinkai Yusen Logistics Co., Ltd.  
Hachiuma Steamship Co., Ltd.  
NYK Bulkship (Europe) Ltd.  
NYK Bulkship (Asia) Pte. Ltd.  
NYK Reefers Ltd.,  
and other

### Ship Owning and Chartering

Adagio Maritima S.A.  
and other

### **Logistics**

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | <b>2,277</b>                          | 1,990                                 |
| Operating income                     | <b>67</b>                             | 53                                    |
| Income before<br>extraordinary items | <b>72</b>                             | 55                                    |

NYK  
Yusen Air & Sea Service Co., Ltd.\*  
JIT Corporation  
UNI-X Corporation  
Yusen Koun Co., Ltd.  
Asahi Unyu Kaisha, Ltd.  
NYK Logistics (Americas) Inc.  
NYK Logistics (UK) Ltd.  
New Wave Logistics (USA) Inc.  
Yusen Air & Sea Service (USA) Inc.,  
and other

\* Yusen Air & Sea Service Co., Ltd. is listed on the Tokyo Stock Exchange (1<sup>st</sup> section).

### **Terminal and Harbor Transport**

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | <b>622</b>                            | 560                                   |
| Operating income                     | <b>37</b>                             | 37                                    |
| Income before<br>extraordinary items | <b>24</b>                             | 7                                     |

NYK  
UNI-X Corporation  
Nippon Container Terminals, Co., Ltd.  
Geneq Corporation  
Asahi Unyu Kaisha, Ltd.  
Nippon Container Yuso Co., Ltd.

Nippon Kaiyosha, Ltd.  
 Kaiyo Kogyo Co., Ltd. NYK Terminals (North America) Inc.  
 Yusen Terminals Inc.,  
 and other

**Cruise**

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | 242                                   | 234                                   |
| Operating income                     | 41                                    | 26                                    |
| Income before<br>extraordinary items | 38                                    | 23                                    |

NYK Cruises Co., Ltd.  
 Crystal Cruises, Inc.,  
 and other

**Real Estate**

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | 57                                    | 62                                    |
| Operating income                     | 15                                    | 15                                    |
| Income before<br>extraordinary items | 19                                    | 19                                    |

NYK  
 Yusen Real Estate Corporation,  
 and other

**Other**

(In 100 millions of yen)

|                                      | Half year ended<br>September 30, 2006 | Half year ended<br>September 30, 2005 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                             | 1,388                                 | 817                                   |
| Operating income                     | (115)                                 | (6)                                   |
| Income before<br>extraordinary items | (83)                                  | (1)                                   |

Air freight

Nippon Cargo Airlines Co., Ltd.

Wholesaling of Ship Machinery and Furniture

Sanyo Trading Co., Ltd.  
 and other

Information Processing

NYK Systems Research Institute  
and other

Wholesaling of Oil Products

NYK Trading Corporation

Travel Agency

Yusen Travel Co., Ltd.

For segment classification methods, we classified the types of service by similarity of characteristics and besides cohesion with management organization, and from this term, in order to conform to the classifications adopted for business management, the tugboat operation, which was classified in “Other” segment before, has been determined for inclusion in “Terminal and Harbor Transport” segment. The impact of this change of business classification on the classification information is slight.

## Consolidated Results in Interim Period Ended in September 30, 2006

### Business overview of the consolidated group business

As consolidated results for this interim period (for the 6 months from April 1, 2006 to Sept. 30), sales were 1,053.6 billion yen, operating income was 47.1 billion yen, ordinary income was 48.9 billion yen, and interim net profits were 29.5 billion yen. These results made up, in comparison with the previous term, an increase in sales and a decrease in earnings, however, the numbers all exceed the projected interim period results announced in August of this year (projected sales 1,033 billion yen, operating income of 44 billion yen, ordinary income of 45.5 billion yen, and interim net profit of 28 billion yen).

The present high bunker oil price is projected to come down in the latter period, and logistics business and cruise business results for the latter half are expected to be up over the previous period.

The outlook for the consolidated results for the current term predicts sales of 2.1 trillion yen, operating income of 115 billion yen, ordinary income of 115 billion yen, and current net profit for the period of 68 billion yen.

### Summary of Consolidated Balance Sheets

|                                     | (In millions of yen)        |                      |
|-------------------------------------|-----------------------------|----------------------|
|                                     | <b>Current interim term</b> | <b>Previous term</b> |
|                                     | As of September 30, 2006    | As of March 31, 2006 |
| <b>Assets</b>                       |                             |                      |
| Current assets                      | <b>522,599</b>              | 460,536              |
| Cash and deposits                   | <b>86,943</b>               | 80,604               |
| Notes and accounts receivable—trade | <b>223,648</b>              | 203,501              |
| Other current assets                | <b>217,307</b>              | 181,108              |
| Allowance for doubtful accounts     | <b>(5,299)</b>              | (4,678)              |
| Non-current assets                  | <b>1,459,305</b>            | 1,416,843            |
| Tangible non-current assets         | <b>874,680</b>              | 856,065              |
| Vessels                             | <b>448,402</b>              | 456,982              |
| Buildings and structures            | <b>74,759</b>               | 74,935               |
| Aircraft                            | <b>25,074</b>               | 26,929               |
| Land                                | <b>64,357</b>               | 61,026               |
| Other tangible non-current assets   | <b>262,086</b>              | 236,191              |
| Intangible non-current assets       | <b>55,384</b>               | 52,919               |
| Investments and other assets        | <b>529,241</b>              | 507,858              |
| Investment securities               | <b>417,609</b>              | 410,675              |
| Other investments etc.              | <b>113,135</b>              | 98,973               |
| Allowance for doubtful accounts     | <b>(1,503)</b>              | (1,790)              |
| Deferred assets                     | <b>1,652</b>                | 60                   |
| <b>Total assets</b>                 | <b>1,983,557</b>            | 1,877,440            |

|  | (In millions of yen)        |                      |
|--|-----------------------------|----------------------|
|  | <b>Current interim term</b> | <b>Previous term</b> |
|  | As of September 30, 2006    | As of March 31, 2006 |
| <b>Liabilities</b>   |                             |                      |
| Current liabilities  | <b>633,491</b>              | 612,154              |
| Notes and accounts payable—trade                               | <b>188,773</b>              | 177,073              |
| Current portion of long term corporate bonds                   | <b>800</b>                  | 4,800                |
| Short-term bank loans  | <b>244,852</b>              | 222,294              |
| Commercial paper   | <b>37,000</b>               | 32,700               |
| Advance received   | <b>56,844</b>               | 61,816               |
| Other current liabilities                                      | <b>105,221</b>              | 113,470              |
| Long-term liabilities  | <b>706,654</b>              | 653,942              |
| Bonds  | <b>188,369</b>              | 102,000              |
| Long-term debts  | <b>390,343</b>              | 404,230              |
| Other long-term liabilities                                    | <b>127,941</b>              | 147,711              |
| Total liabilities  | <b>1,340,145</b>            | 1,266,096            |
| <b>Minority Interests</b>                                      |                             |                      |
| Minority interests   | —                           | 35,977               |
| <b>Shareholders' Equity</b>                                    |                             |                      |
| Common stock   | —                           | 88,531               |
| Additional paid-in capital                                     | —                           | 94,427               |
| Retained earnings  | —                           | 266,567              |
| Net unrealized holding gain on available-for-sale securities   | —                           | 127,756              |
| Foreign currency translation adjustments                       | —                           | 1,854                |
| Treasury stock   | —                           | (3,770)              |
| Total shareholders' equity                                     | —                           | 575,366              |
| Total liabilities, minority interests and shareholders' equity | —                           | 1,877,440            |
| <b>Net Assets</b>  |                             |                      |
| Shareholders' capital  | <b>470,918</b>              | —                    |
| Common stock   | <b>88,531</b>               | —                    |
| Additional paid-in capital                                     | <b>97,178</b>               | —                    |
| Retained earnings  | <b>285,839</b>              | —                    |
| Treasury stock   | <b>(630)</b>                | —                    |
| Valuation and translation adjustments                          | <b>132,176</b>              | —                    |
| Net unrealized holding gain on available-for-sale securities   | <b>116,815</b>              | —                    |
| Net deferred gains on hedge contracts                          | <b>10,753</b>               | —                    |
| Foreign currency translation adjustments                       | <b>4,607</b>                | —                    |
| Minority interests   | <b>40,317</b>               | —                    |
| Total net assets   | <b>643,411</b>              | —                    |
| Total liabilities and net assets                               | <b>1,983,557</b>            | —                    |

## Summary of Consolidated Statements of Income

|  | (In millions of yen)   |   |
|--|--|---|
|  | <b>Current interim term</b><br>From April 1, 2006 to<br>September 30, 2006 | <b>Previous interim term</b><br>From April 1, 2005 to<br>September 30, 2005 |
| Revenues   | <b>1,053,643</b>   | 899,516   |
| Cost and expenses  | <b>903,570</b>   | 730,208   |
| Gross profit   | <b>150,072</b>   | 169,307   |
| Selling, general and administrative expenses             | <b>102,938</b>   | 88,778  |
| Operating income   | <b>47,133</b>  | 80,529  |
| Non-operating income                                     | <b>11,544</b>  | 8,344   |
| Non-operating expenses                                   | <b>9,769</b>   | 9,636   |
| Income before extraordinary items                        | <b>48,908</b>  | 79,237  |
| Extraordinary gains                                      | <b>7,086</b>   | 3,148   |
| Extraordinary losses                                     | <b>4,973</b>   | 3,875   |
| Interim income before income taxes and minority interest | <b>51,021</b>  | 78,510  |
| Income taxes-current                                     | <b>17,551</b>  | 30,057  |
| Income taxes-deferred                                    | <b>3,228</b>   | (1,708)   |
| Minority interests                                       | <b>691</b>   | 1,762   |
| Net income for half year                                 | <b>29,550</b>  | 48,399  |

## Summary of Consolidated Statements of Cash Flows

|   | (In millions of yen)   |   |
|---|--|---|
|   | <b>Current interim term</b><br>From April 1, 2006 to<br>September 30, 2006 | <b>Previous interim term</b><br>From April 1, 2005 to<br>September 30, 2005 |
| Cash flows from operating activities  | <b>30,891</b>  | 57,443  |
| Cash flows from investing activities  | <b>(114,047)</b>   | (92,098)  |
| Cash flows from financing activities  | <b>86,654</b>  | 41,450  |
| Effect of exchange rate changes on cash and cash equivalents  | <b>580</b>   | 1,126   |
| Increase/decrease in cash and cash equivalents  | <b>4,079</b>   | 7,923   |
| Cash and cash equivalents at beginning of period  | <b>78,487</b>  | 65,027  |
| Increase in cash and cash equivalents due to change in consolidation scope  | <b>931</b>   | 1,046   |
| Increase in cash and cash equivalents due to merger of consolidated subsidiaries  | <b>—</b>   | 3   |
| Increase in cash and cash equivalents at the beginning of the year due to change in accounting period for consolidated subsidiaries | <b>(1)</b>   | (105)   |
| Cash and cash equivalents at end of half year   | <b>83,496</b>  | 73,895  |

## Summary of Statement of Changes in Consolidated Net Assets

(In millions of yen)

| From April 1, 2006<br>to September 30, 2006   | Shareholders' capital |                               |                      |                |                                |
|---|-----------------------|-------------------------------|----------------------|----------------|--------------------------------|
|   | Common<br>stock       | Additional paid-in<br>capital | Retained<br>earnings | Treasury stock | Total shareholders'<br>capital |
| <b>Balance as of March 31, 2006</b>   | 88,531                | 94,427                        | 266,567              | (3,770)        | <b>445,755</b>                 |
| Changes during current interim period   |                       |                               |                      |                |                                |
| Distribution of retained earnings*  |                       |                               | (10,984)             |                | <b>(10,984)</b>                |
| Directors' bonuses*   |                       |                               | (461)                |                | <b>(461)</b>                   |
| Net income for half year  |                       |                               | 29,550               |                | <b>29,550</b>                  |
| Purchase of treasury stock  |                       |                               |                      | (126)          | <b>(126)</b>                   |
| Disposal of treasury stock  |                       | 2,751                         |                      | 3,266          | <b>6,018</b>                   |
| Increase in retained earnings due to an increase in the number of consolidated subsidiaries                     |                       |                               | 669                  |                | <b>669</b>                     |
| Increase in retained earnings due to changes in accounting period of consolidated subsidiaries                  |                       |                               | 87                   |                | <b>87</b>                      |
| Decrease in retained earnings due to an increase in the number of consolidated subsidiaries                     |                       |                               | (10)                 |                | <b>(10)</b>                    |
| Decrease in retained earnings due to an increase in the number of affiliates accounted for by the equity method |                       |                               | (70)                 |                | <b>(70)</b>                    |
| Other   |                       |                               | 491                  |                | <b>491</b>                     |
| Net change in items other than shareholders' capital during current interim period                              |                       |                               |                      |                |                                |
| Total changes during current interim period   | —                     | 2,751                         | 19,271               | 3,140          | <b>25,162</b>                  |
| <b>Balance as of September 30, 2006</b>   | 88,531                | 97,178                        | 285,839              | (630)          | <b>470,918</b>                 |

\* These are items for appropriation of retained earnings at ordinary general meeting of shareholders in June 2006.

(In millions of yen)

| From April 1, 2006<br>to September 30, 2006   | Valuation and translation adjustments                                     |  |  |   |                       |                     |
|---|---|--|--|---|-----------------------|---------------------|
|   | Net unrealized<br>holding gain<br>on available-<br>for-sale<br>securities | Net deferred<br>gains<br>on hedge<br>contracts | Foreign currency<br>translation<br>adjustments | Total valuation<br>and translation<br>adjustments, etc. | Minority<br>Interests | Total<br>net assets |
| <b>Balance as of March 31, 2006</b>   | 127,756   | —  | 1,854  | <b>129,610</b>  | <b>35,977</b>         | <b>611,343</b>      |
| Changes during current interim period   |   |  |  |   |                       |                     |
| Distribution of retained earnings*  |   |  |  |   |                       | (10,984)            |
| Directors' bonuses*   |   |  |  |   |                       | (461)               |
| Net income for half year  |   |  |  |   |                       | 29,550              |
| Purchase of treasury stock  |   |  |  |   |                       | (126)               |
| Disposal of treasury stock  |   |  |  |   |                       | 6,018               |
| Increase in retained earnings due to an<br>increase in the number of consolidated<br>subsidiaries                     |   |  |  |   |                       | 669                 |
| Increase in retained earnings due to<br>changes in accounting period of<br>consolidated subsidiaries                  |   |  |  |   |                       | 87                  |
| Decrease in retained earnings due to an<br>increase in the number of consolidated<br>subsidiaries                     |   |  |  |   |                       | (10)                |
| Decrease in retained earnings due to an<br>increase in the number of affiliates<br>accounted for by the equity method |   |  |  |   |                       | (70)                |
| Other   |   |  |  |   |                       | 491                 |
| Net change in items other than<br>shareholders' capital during current<br>interim period                              | (10,941)  | 10,753   | 2,753  | <b>2,565</b>  | <b>4,339</b>          | <b>6,905</b>        |
| Total changes during current interim period   | (10,941)  | 10,753   | 2,753  | <b>2,565</b>  | <b>4,339</b>          | <b>32,068</b>       |
| <b>Balance as of September 30, 2006</b>   | 116,815   | 10,753   | 4,607  | <b>132,176</b>  | <b>40,317</b>         | <b>643,411</b>      |

\* These are items for appropriation of retained earnings at ordinary general meeting of shareholders in June 2006.

## Non-consolidated Results in Interim Period Ended in September 30, 2006

### Summary of Non-consolidated Balance Sheets

|   | Current interim term<br>As of September 30, 2006 | (In millions of yen)<br>Previous term<br>As of March 31, 2006 |
|---|--|---|
| <b>Assets</b>                                     |  |   |
| Current assets                                    | <b>259,350</b>                                   | 248,239   |
| Cash and time deposits                            | <b>15,645</b>                                    | 11,808  |
| Accounts receivable—trade                         | <b>72,331</b>                                    | 66,071  |
| Other current assets                              | <b>189,669</b>                                   | 191,931   |
| Allowance for doubtful accounts                   | <b>(18,295)</b>                                  | (21,572)  |
| Non-current assets                                | <b>883,162</b>                                   | 853,691   |
| Tangible non-current assets                       | <b>144,468</b>                                   | 151,235   |
| Vessels   | <b>88,207</b>                                    | 94,472  |
| Land  | <b>31,062</b>                                    | 31,059  |
| Other tangible non-current assets                 | <b>25,198</b>                                    | 25,702  |
| Intangible non-current assets                     | <b>26,604</b>                                    | 23,486  |
| Investments and other assets                      | <b>712,088</b>                                   | 678,970   |
| Investment securities                             | <b>324,060</b>                                   | 352,094   |
| Shares of affiliates and investment in affiliates | <b>218,079</b>                                   | 154,571   |
| Other   | <b>178,529</b>                                   | 181,366   |
| Allowance for doubtful accounts                   | <b>(8,580)</b>                                   | (9,062)   |
| Deferred assets                                   | <b>1,649</b>                                     | 60  |
| <b>Total assets</b>                               | <b>1,144,162</b>                                 | 1,101,991   |

|  | (In millions of yen)        |                      |
|--|-----------------------------|----------------------|
|  | <b>Current interim term</b> | <b>Previous term</b> |
|  | As of September 30, 2006    | As of March 31, 2006 |
| <b>Liabilities</b>   |                             |                      |
| Current liabilities  | <b>239,159</b>              | 266,719              |
| Accounts payable—trade   | <b>74,700</b>               | 70,670               |
| Current portion of long term corporate bonds                   | <b>800</b>                  | 4,800                |
| Short-term bank loans  | <b>38,323</b>               | 44,563               |
| Other current liabilities                                      | <b>125,334</b>              | 146,685              |
| Long-term liabilities  | <b>438,636</b>              | 372,380              |
| Bonds  | <b>188,369</b>              | 102,000              |
| Long-term debt   | <b>181,072</b>              | 193,650              |
| Other long-term liabilities                                    | <b>69,194</b>               | 76,729               |
| Total liabilities  | <b>677,795</b>              | 639,099              |
| <b>Shareholders' Equity</b>                                    |                             |                      |
| Common stock   | —                           | 88,531               |
| Additional paid-in capital                                     | —                           | 93,198               |
| Retained earnings  | —                           | 164,117              |
| Net unrealized holding gain on available-for-sale securities   | —                           | 120,807              |
| Treasury stock   | —                           | (3,762)              |
| Total shareholders' equity                                     | —                           | 462,891              |
| Total liabilities, minority interests and shareholders' equity | —                           | 1,101,991            |
| <b>Net Assets</b>  |                             |                      |
| Shareholders' capital  | <b>357,384</b>              | —                    |
| Common stock   | <b>88,531</b>               | —                    |
| Additional paid-in capital                                     | <b>95,949</b>               | —                    |
| Retained earnings  | <b>173,526</b>              | —                    |
| Treasury stock   | <b>(622)</b>                | —                    |
| Valuation and translation adjustments                          | <b>108,981</b>              | —                    |
| Net unrealized holding gain on available-for-sale securities   | <b>111,013</b>              | —                    |
| Net deferred gains on hedge contracts                          | <b>(2,031)</b>              | —                    |
| Total net assets   | <b>466,366</b>              | —                    |
| Total liabilities and net assets                               | <b>1,144,162</b>            | —                    |

\* Accompanying the enforcement of the Corporation Law, a part of items that were previously segmented to the Investment securities, Investments and other assets, and other investments, etc. are included in the shares of affiliates and investment in affiliates from this interim period.

## Summary of Non-consolidated Statements of Income

(In millions of yen)

|                                    | <b>Current interim term</b><br>From April 1, 2006 to<br>September 30, 2006 | <b>Previous interim term</b><br>From April 1, 2005 to<br>September 30, 2005 |
|------------------------------------|--|---|
| Revenues                           | 532,246  | 457,446   |
| Cost and expenses                  | 491,174  | 394,072   |
| Gross profit                       | 41,072   | 63,374  |
| General administrative expenses    | 20,454   | 21,686  |
| Operating income                   | 20,618   | 41,688  |
| Non-operating income               | 10,735   | 8,874   |
| Non-operating expenses             | 4,615  | 4,430   |
| Ordinary income                    | 26,738   | 46,132  |
| Extraordinary gains                | 8,432  | 2,338   |
| Extraordinary losses               | 5,245  | 5,489   |
| Interim income before income taxes | 29,925   | 42,981  |
| Income taxes-current               | 8,384  | 19,388  |
| Income taxes-deferred              | 962  | (3,818)   |
| Net income for half year           | 20,578   | 27,410  |

### About dividends

We set the interim dividend for this period at 9 yen per share (same as for last interim period) with payment to commence on December 4, 2006, based on the financial situation of the Company, interim period results and predicted results for entire fiscal year, as a result of general consideration of all the above facts from the standpoint of stressing returns to shareholders,.

The dividend for the yearly period is planned to be 18 yen per share.

**Summary of Statement of Changes in Non-consolidated Net Assets**

(In millions of yen)

| From April 1, 2006<br>to September 30, 2006   | Shareholders' capital |                            |                                     |                   |   |
|---|-----------------------|----------------------------|-------------------------------------|-------------------|---|
|   | Common stock          | Additional paid-in capital |                                     | Retained earnings |   |
|   |                       | Capital reserve            | Other additional<br>paid-in capital | Legal<br>reserve  | Other retained<br>earnings<br>Reserves for<br>dividends payable |
| <b>Balance as of March 31, 2006</b>   | 88,531                | 93,198                     | —                                   | 13,146            | 50  |
| Changes in current interim period   |                       |                            |                                     |                   |   |
| Distribution of retained earnings*  |                       |                            |                                     |                   |   |
| Directors' bonuses*   |                       |                            |                                     |                   |   |
| Reversal of special depreciation reserve  |                       |                            |                                     |                   |   |
| Reversal of reserve for possible loss on<br>investment                                  |                       |                            |                                     |                   |   |
| Reversal of reserve for advanced<br>depreciation  |                       |                            |                                     |                   |   |
| Provision for reserve for advanced<br>depreciation                                      |                       |                            |                                     |                   |   |
| Provision for general reserve   |                       |                            |                                     |                   |   |
| Net income for half year  |                       |                            |                                     |                   |   |
| Purchase of treasury stock  |                       |                            |                                     |                   |   |
| Disposal of treasury stock  |                       |                            | 2,751                               |                   |   |
| Net change in items other than<br>shareholders' equity during current<br>interim period |                       |                            |                                     |                   |   |
| Total changes during current interim<br>period  | —                     | —                          | 2,751                               | —                 | —   |
| <b>Balance as of September 30, 2006</b>   | 88,531                | 93,198                     | 2,751                               | 13,146            | 50  |

(In millions of yen)

| From April 1, 2006<br>to September 30, 2006                                       | Shareholders' capital              |   |   |                 |   |
|---|------------------------------------|---|---|-----------------|---|
|   | Retained earnings                  |   |   |                 |   |
|   | Other retained earnings            |   |   |                 |   |
|   | Special<br>depreciation<br>reserve | Reserve for<br>possible loss on<br>investment | Reserve for<br>advanced<br>depreciation | General reserve | Retained<br>earnings carried<br>forward |
| <b>Balance as of March 31, 2006</b>   | 3,420                              | 2   | 3,102                                   | 73,324          | 71,070                                  |
| Changes in current interim period   |                                    |   |   |                 |   |
| Distribution of retained earnings*  |                                    |   |   |                 | (10,984)                                |
| Directors' bonuses*   |                                    |   |   |                 | (185)                                   |
| Reversal of special depreciation reserve  | (2149)                             |   |   |                 | 2,149                                   |
| Reversal of reserve for possible loss on investment                               |                                    | (1)   |   |                 | 1                                       |
| Reversal of reserve for advanced depreciation                                     |                                    |   | (219)                                   |                 | 219                                     |
| Provision for reserve for advanced depreciation                                   |                                    |   | 9                                       |                 | (9)                                     |
| Provision for General reserve   |                                    |   |   | 25,000          | (25,000)                                |
| Net income for half year  |                                    |   |   |                 | 20,578                                  |
| Purchase of treasury stock  |                                    |   |   |                 |   |
| Disposal of treasury stock  |                                    |   |   |                 |   |
| Net change in items other than shareholders' equity during current interim period |                                    |   |   |                 |   |
| Total changes during current interim period                                       | (2149)                             | (1)   | (209)                                   | 25,000          | (13,229)                                |
| <b>Balance as of September 30, 2006</b>   | 1,270                              | 0   | 2,892                                   | 98,324          | 57,841                                  |

(In millions of yen)

| From April 1, 2006<br>to September 30, 2006                                       | Shareholders' capital |                             | Valuation and translation adjustments                        |                                      | Total net assets |
|---|-----------------------|-----------------------------|--|--------------------------------------|------------------|
|   | Treasury stock        | Total shareholders' capital | Net unrealized holding gain on available-for-sale securities | Net deferred gain on hedge contracts |                  |
| <b>Balance as of March 31, 2006</b>   | (3,762)               | <b>342,083</b>              | 120,807  | —                                    | <b>462,891</b>   |
| Changes in current interim period   |                       |                             |  |                                      |                  |
| Distribution of retained earnings*  |                       | <b>(10,984)</b>             |  |                                      | <b>(10,984)</b>  |
| Directors' bonuses*   |                       | <b>(185)</b>                |  |                                      | <b>(185)</b>     |
| Reversal of special depreciation reserve  |                       | —                           |  |                                      | —                |
| Reversal of reserve for possible loss on investment                               |                       | —                           |  |                                      | —                |
| Reversal of reserve for advanced depreciation                                     |                       | —                           |  |                                      | —                |
| Provision for reserve for advanced depreciation                                   |                       | —                           |  |                                      | —                |
| Provision for general reserve   |                       | —                           |  |                                      | —                |
| Net income for half year  |                       | <b>20,578</b>               |  |                                      | <b>20,578</b>    |
| Purchase of treasury stock  | (126)                 | <b>(126)</b>                |  |                                      | <b>(126)</b>     |
| Disposal of treasury stock  | 3,266                 | <b>6,018</b>                |  |                                      | <b>6,018</b>     |
| Net change in items other than shareholders' equity during current interim period |                       |                             | (9,794)  | (2,031)                              | <b>(11,826)</b>  |
| Total changes during current interim period                                       | 3,140                 | <b>15,300</b>               | (9,794)  | (2,031)                              | <b>3,474</b>     |
| <b>Balance as of September 30, 2006</b>   | (622)                 | <b>357,384</b>              | 111,013  | (2,031)                              | <b>466,366</b>   |

\* These are items for appropriation of retained earnings at ordinary general meeting of shareholders in June 2006.

**Directors, Corporate Auditors and Corporate Officers (As of September 30, 2006)**

|  |                     |
|--|---------------------|
| Chairman, Chairman Corporate Officer                                   | Takao Kusakari      |
| President, President Corporate Officer                                 | Koji Miyahara       |
| Representative Director,<br>Executive Vice-President Corporate Officer | Tadamasa Ishida     |
| Representative Director,<br>Executive Vice-President Corporate Officer | Yasushi Yamawaki    |
| Representative Director,<br>Senior Managing Corporate Officer          | Takao Manji         |
| Representative Director,<br>Senior Managing Corporate Officer          | Hiromitsu Kuramoto  |
| Representative Director,<br>Senior Managing Corporate Officer          | Yasumi Kudo         |
| Representative Director,<br>Senior Managing Corporate Officer          | Hiroshi Sugiura     |
| Director, Senior Managing Corporate Officer                            | Minoru Sato         |
| Director, Managing Corporate Officer                                   | Hiroyuki Shimizu    |
| Director, Managing Corporate Officer                                   | Motoo Igawa         |
| Director, Managing Corporate Officer                                   | Masamichi Morooka   |
| Director, Managing Corporate Officer                                   | Susumu Kikuchi      |
| Director, Managing Corporate Officer                                   | Shinji Kobayashi    |
| Corporate Auditor (Full-time)  | Kazuhira Kamiya     |
| Corporate Auditor (Full-time)  | Shigeru Shimizu     |
| Outside Corporate Auditor (Part-time)                                  | Keisuke Kitajima    |
| Outside Corporate Auditor (Part-time)                                  | Tsuyoshi Miyazaki   |
| Managing Corporate Officer   | Naoki Takahata      |
| Managing Corporate Officer   | Makoto Igarashi     |
| Managing Corporate Officer   | Masahiro Kato       |
| Managing Corporate Officer   | Hidenori Hono       |
| Corporate Officer  | Yutaka Yasunaga     |
| Corporate Officer  | Tetsufumi Otsuki    |
| Corporate Officer  | Takeshi Matsunaga   |
| Corporate Officer  | Takatake Naraoka    |
| Corporate Officer  | Masato Katayama     |
| Corporate Officer  | Yuji Semba          |
| Corporate Officer  | Mitsutoshi Nawa     |
| Corporate Officer  | Saburo Yamagata     |
| Corporate Officer  | Takamaru Ishida     |
| Corporate Officer  | Toshinori Yamashita |
| Corporate Officer  | Hiroshi Hattori     |
| Corporate Officer  | Naoya Tazawa        |
| Corporate Officer  | Yasuyuki Usui       |
| Corporate Officer  | Tadaaki Naito       |
| Corporate Officer  | Lanny Vaughn        |
| Corporate Officer  | Tsutomu Kikuchi     |
| Corporate Officer  | Toshiaki Takeda     |
| Corporate Officer  | Tomoyuki Matsubara  |
| Corporate Officer  | Hiroshi Sekine      |
| Corporate Officer  | Masahiko Fukatsu    |
| Corporate Officer  | Hiroshi Hiramatsu   |

**Shares** (As of September 30, 2006)

|   |  |
|---|--|
| ● <b>Total number of shares authorized to be issued</b>   | 2,983,550,000                                  |
| ● <b>Number of shares issued</b>  | 1,228,721,396                                  |
|   | (excluding 1,466,677 shares of treasury stock) |
| ● <b>Treasury stock</b>   |  |
| 1. Shares purchased in this interim period  | 174,004  |
| Less-than-One-Unit Share Purchased  | 174,004  |
| 2. Shares disposed of during interim period   | 8,393,227                                      |
| Less-than-One-Unit Share Sold   | 25,227   |
| Allocation to Yamato Holdings, Co., Ltd.<br>(May 31, 2006)  | 8,368,000                                      |
| 3. Shares held  | 1,466,677                                      |
| ● <b>Number of shareholders</b>   | 138,870  |
| ● <b>Principal shareholders (Top 10)</b>  | Number of shares held                          |
| Japan Trustee Services Bank, Ltd. (Trust Account)   | 74,730,000                                     |
| The Master Trust Bank of Japan, Ltd. (Trust Account)  | 74,109,000                                     |
| Tokio Marine & Nichido Fire Insurance Co., Ltd.   | 57,275,059                                     |
| The Master Trust Bank of Japan, Ltd.<br>(Mitsubishi Heavy Industries, Ltd. account, (Retirement Allowance Trust Account)) | 54,717,149                                     |
| State Street Bank and Trust Co.   | 45,708,832                                     |
| Meiji Yasuda Life Insurance Co.   | 38,899,038                                     |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.  | 36,978,337                                     |
| Mizuho Corporate Bank, Ltd.   | 29,417,450                                     |
| Nomura Securities Co. Ltd.  | 15,356,660                                     |
| Trust & Custody Services Bank, Ltd. (Trust Account)   | 14,096,000                                     |

**Current State of the Company** (As of September 30, 2006)

- **Trade Name** Nippon Yusen Kabushiki Kaisha  
(NYK Line)
- **Head Office** 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005  
Tel: 03-3284-5151 (main switchboard)
- **Establishment** September 29, 1885  
(Date of commencement: October 1, 1885)
- **Paid-in Capital** ¥ 88,531,033,730
- **Listed on stock exchange** Tokyo (1<sup>st</sup> section), Osaka (1<sup>st</sup> section), Nagoya (1<sup>st</sup> section)
- **Number of employees** 1,690 (land 1,291, sea: 399)  
(including temporary seconded employees)
- **Accounting Auditors** Deloitte Touche Tohmatsu