

## 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 attached to the Notice of Ordinary General Meeting of Shareholders for reference only.



**The 121st NYK Group Annual Report Fiscal 2007**

The 121st Fiscal Year  
Report

From April 1, 2007,  
to March 31, 2008

Nippon Yusen Kabushiki Kaisha

## Greetings from the President

I would like to express my gratitude to our shareholders for their understanding and support for NYK Group's corporate activities.

For the consolidated fiscal year, NYK Group achieved record revenues and profits, with consolidated revenues of ¥2,584.6 billion, operating income of ¥202.0 billion, recurring profit of ¥198.4 billion and net income of ¥114.1 billion.

In the shipping segment (liner trade and bulk shipping), despite adverse conditions of surging bunker oil prices and strong yen, we achieved increases in revenues and profits due to efforts for efficient operation, cost reduction and freight rates recovering, supported by favorable conditions of the shipping market. Especially the liner trade business successfully went out of the red, compared with recurring profit in the previous fiscal year. We also steadily achieved increases in revenues and profits in the logistics, terminal and harbor transport, and cruise businesses. However, the air cargo transportation business ended in the red with recurring profit despite all-out efforts. In this fiscal year, we replaced all aging aircraft with low fuel-efficiency to new models, and steadily promoted independence in the operation and maintenance system of aircraft, and aim to move into the black with recurring profit in fiscal 2010.

In March 2008, NYK initiated the new medium-term management plan "New Horizon 2010", which covers three years from fiscal 2008. The plan sets forth basic business strategies of three key concepts, "Growth", "Stability" and "Environment", along with the task to "Strengthen Corporate Social Responsibility Management" which supports efforts in these areas.

- As for "Growth" to aim for a true global enterprise, we work to deepen the scope of strategies for global logistics services, expand energy and natural resource transport, and extend business reach in growth regions, especially the BRIC countries.

- As for "Stability" to respond to changes in economic conditions, we reinforce customer-oriented services, stabilize profits by securing long-term contracts, and maintain a sound financial position and work to further strengthen this standing.

- As for "Environment" to perform our duties as global citizens, we ensure safety, score far ahead of other companies as an environmentally progressive corporate group, and aggressively invest in the development of environment-friendly technologies.- As for "Strengthen Corporate Social Responsibility Management", we ensure transparency in corporate management by inviting Outside Directors\*, social contribution and public relations activities such as the preservation of Hikawa Maru, human resource development of the group employees in the world, respect for human rights and securement of good working environment, and promotion of the NYK Group Values (Integrity, Innovation and Intensity) in the group to realize the NYK Group's corporate philosophy.

We also aggressively invest in business fields where growth and high profits are expected, while maintaining stable dividends targeting around 25% of consolidated dividend payout ratio as profit return to shareholders.

In fiscal 2008, we steadily bend our steps as the first year of "New Horizon 2010", Regarding the dividends for the fiscal year ending March 2009 (next fiscal year), we plan to pay ¥13.00 per share for both interim and year-end dividends, for an annual total payment of ¥26.00 per share, by making comprehensive assessment of our financial standing and business outlook.

Once again, we do appreciate our shareholders' continued understanding and support.

\*Note: Subject to approval of shareholders at the Ordinary General Meeting of Shareholders held in June 2008.

June 2008



Koji Miyahara  
President

## Segment results

### (1) Liner Trade

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	6,664	5,739
Operating income	115	(98)
Recurring profit	114	(96)

### (2) Bulk Shipping

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	10,391	7,832
Operating income	1,784	1,046
Recurring profit	1,741	1,043

### (3) Logistics

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	5,269	4,827
Operating income	160	161
Recurring profit	171	169

### (4) Terminal and Harbor Transport

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	1,513	1,268
Operating income	110	79
Recurring profit	94	55

**(5) Cruise**

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	467	441
Operating income	52	50
Recurring profit	50	46

**(6) Air Cargo Transportation**

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	1,026	970
Operating income	(220)	(215)
Recurring profit	(232)	(184)

**(7) Real Estate**

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	115	116
Operating income	34	29
Recurring profit	41	36

**(8) Other**

(In 100 millions of yen)

	The 121st term (current term) FY2007	The 120th term FY2006
Revenues	2,050	1,781
Operating income	(18)	(8)
Recurring profit	2	5

Notes: 1. Amounts are rounded down to the nearest 100 million yen.

2. ( ) indicates minus.

3. Figures are before elimination of internal transactions between segments.

4. From this fiscal year, Air Cargo Transport, which has been hitherto included in "Other" segment, is categorized into "Air Cargo Transportation" as an independent segment considering its increasing importance. In addition, the figures, which are the result of the last year, are based on the segment classifications of this fiscal year. Also, from this fiscal year, former "Other Shipping" is changed to "Bulk Shipping." This change is a name change only and there is no change of classification of itself.

**The 121st Ordinary General Meeting of Shareholders**  
**Documents attached to the Notice of Ordinary General Meeting of Shareholders**

**Business Report** (From April 1, 2007 to March 31, 2008)

- Notes: 1. The fraction of less than unit of the display is rounded down.  
2. ( ) indicates minus.  
3. Ratio is calculated to two decimal places and rounded off to one decimal place.

**1. Overview of Operations for NYK Group**

**(1) Business Progress and Results**

**1) Business Progress and Results for Current Fiscal Year**

The world economy during the current fiscal year continued to expand; however, the growth rates of the U.S. and European countries fell in the second half due to turmoil in the world financial markets stemming from the U.S. subprime loan problems, downturn in the U.S. economy, weak U.S. dollar and falling world stock prices, and surging oil prices. On the other hand, the economy of emerging countries including China continued to expand. Fueled by favorable foreign demand, the Japanese economy gradually headed for recovery due to increase in capital investment and solid consumer spending.

NYK Group made every effort to reduce costs in all segments in the severe environment of surging bunker oil prices and strong yen. As a result, we achieved record revenues and profits, with consolidated revenues of ¥2,584.6 billion (19.4% increase over the previous year), operating income of ¥202.0 billion (92.6% increase over the previous year), recurring profit of ¥198.4 billion (84.6% increase over the previous year), and net income of ¥114.1 billion (75.5% increase over the previous year).

**2) Overview of the Business Segments**

**(i) Liner trade**

As a result of aggressive sales activities supported by robust cargo traffic, revenues increased over the previous fiscal year. While bunker oil prices continued to surge, we strived for efficient operation of vessels and holding of freight rate level, and recurring profit increased drastically over the previous fiscal year. The overview by route is as follows.

On the North American route, the load factor generally remained strong and revenues increased over the previous fiscal year. On the European route, as cargo traffic showed steady growth supported by strong Euro and booming European economy and freight rates recovered to a certain degree, revenues and profits drastically increased over the previous fiscal year. The load factor and freight rate level on the Australian route progressed steadily supported by strong cargo traffic, and revenues increased over the previous fiscal year. On the Asian routes operated by TOKYO SENPAKU KAISHA, LTD., despite surging bunker oil prices, traffic volume and freight rate level remained strong and both revenues and profits increased. On the Central and South American and African routes, solid cargo traffic and freight rate level resulted in increases in revenues and profits.

On the conventional liner routes operated by NYK-HINODE LINE, LTD., thanks to strong cargo traffic, revenues and profits increased due to the efficient allocation and operation of ships and the completions of newly-built ships.

## (ii) Bulk Shipping

### ▶ Car Carrier Transportation

The global car carrier transportation perked up and our cargo volume outperformed that of the previous fiscal year. With continued demand exceeding freight space, we strived for stable transportation through the completion of eleven newly-built ships, short-term chartered ships, and efficient allocation of ships and generally achieved the same level of results with previous fiscal year though the profit margin was lower. In the car-related logistics, we actively work on the terminal business for manufacturers' cars in Europe and South-East Asia, in addition to Japanese shipping transportation, land transportation, and terminal businesses in China.

### ▶ Bulk/Energy Resources Transportation

<Bulk Carriers> Bulk carriers market recorded a historical boom in the fiscal year due to tight supply and demand balance with increasing cargo traffic of bulk freight such as iron ore, coal, grain, steel, and cement driven by strong demand of fast-growing emerging countries such as China and India, and the congestion of ships in Australia. Thanks to booming market, we achieved significantly increased revenues and profits over the previous fiscal year, entered into new medium-term and long-term contracts with Japanese and foreign customers including a Chinese steel company centered on large-scale ships, and strived to expand business through planned investment in ships. NYK GLOBAL BULK CO., which operates handy bulk carriers, achieved record profits since its foundation supported by strong cargo traffic and unprecedented favorable conditions of the market in the water areas in Asia, Middle East and Africa.

<Tanker> Market conditions of crude oil tankers had been on a down note due to a high level of crude oil inventory in the U.S. and European countries and output cut by OPEC, but surged during the high demand period in winter and remained at high levels since then. The petroleum products carrier business remained at low levels throughout the year due to the completion of many newly-built ships and low cargo traffic. In the LNG carrier business, seven newly-built ships were added to our fleet, and 46 carriers owned by NYK and its investing companies operated smoothly. Tanker business in total achieved the same level of results with the previous fiscal year owing to stable profits through long-term contracts.

## (iii) Logistics

Logistics business steadily grew and recorded increases in revenues and profits. NYK Logistics sector (logistics division excluding the air forwarder division) kept up with demand of customers mainly in the manufacturing industry, ensured efficient operation in China, Asia, and East Europe, and outperformed previous fiscal year's recurring profit. In the emerging markets such as Russia, India, and Vietnam, it smoothly started operations, acquired new customers, and expanded business. On the other hand, logistics business in North America and Europe stagnated due to falling consumption with downturn in economy and surging oil prices. In Japan, new NYK LOGISTICS JAPAN CO., LTD. integrating NYK Group's logistics functions smoothly launched operations. YUSEN AIR & SEA SERVICE CO., LTD. achieved solid revenues and profits supported by favorable results of overseas subsidiaries in adverse market conditions.

## (iv) Terminal and Harbor Transport

The terminal and harbor transport business posted increased revenues and profits supported by favorable results of affiliated companies. As well as developing berths and acquiring container berth leaseholds at the Port of Tacoma on the West Coast of North America, we also received preliminary approval to participate as a joint investor in Da Xiao Yang Shan Container Terminals in the Port of Shanghai.

## (v) Cruises

The cruise business recorded increases in revenues and profits despite increased costs due to surging bunker oil prices and strong Euro. The favorable boarding ratio of Crystal Cruises continued throughout the year and unit price of boarding fares was improved. We achieved strong sales in markets

both Japanese cruises and long cruises such as the round-the-world cruise and the Oceania Grand Cruise.

(vi) Air Cargo Transportation

NIPPON CARGO AIRLINES CO., LTD. achieved independence in operation control and maintenance of aircraft, a goal it had been working toward for some time. As it retired all aging aircraft by the end of the fiscal year to reduce the consumption of bunker oil, it resulted in a contraction in the scale of operations. Though revenues slightly increased over the previous fiscal year, they could not absorb the increased maintenance costs for aging aircraft and surging bunker oil cost, and the deficit increased.

(vii) Real Estate and Other

In the real estate business, though revenues were decreased due to the renewal construction of Yusen Building, we strived to sell the properties with low occupancy rate and raise office rents, and recorded a decrease in revenues and an increase in profits. In other segments, the trading significantly outperformed the results of previous fiscal year supported by strong sales of bunker oil and ship chandlery. The restaurant business and manufacturing and processing business recorded a decrease in revenues and an increase in profits, while the shipping agency business generally achieved the same level of results with previous fiscal year.

**3) Revenues by Segment**

Industry Segment	Revenues	Composition ratio	Change from the previous fiscal year
	(100 millions of yen)	(%)	(%)
Liner Trade	6,664	25.8	16.1
Bulk shipping	10,391	40.2	32.7
Logistics	5,269	20.4	9.2
Terminal and Harbor Transport	1,513	5.9	19.3
Cruises	467	1.8	5.8
Air Cargo Transportation	1,026	4.0	5.8
Real Estate	115	0.4	(1.0)
Other	2,050	7.9	15.1
[Elimination]	[(1,651)]	[(6.4)]	—
Total	25,846	100.0	19.4

Notes: 1. Figures are before elimination of internal transactions between segments.

2. From this fiscal year, Air Cargo Transport, which has been hitherto included in “Other” segment, categorized into “Air Cargo Transportation” as an independent segment considering its increasing importance. In addition, the figures, which are the Change from the previous fiscal year, are based on the segment classifications of this fiscal year. Also, from this fiscal year, former “Other Shipping” is changed to “Bulk Shipping.” This change is a name change only and there is no change of classification of itself.

**4) Safety and Environment**

Ensuring safe operation of ships is the origin of management of NYK Group. We realize safe and secure marine transportation services based on our own safe operation standard of NAV9000 which marked the 10th anniversary and Near Miss 3000 Activities, etc. as the core of safety. Based on this safe operation, NYK Group establishes the goal of environmental management indicators, works to reduce CO<sub>2</sub> emission from ships in operation, and focuses on environmental conservation.

## **5) Challenges involving New Technologies**

NYK Group works to develop the ships capable of safer and more efficient operation and conduct research on environmental damage reduction as the important issues of corporate management. We operate the shoreside electric power units to supply the ships with electric power directly from the land to reduce emission gas in cargo handling and developed the AMP (Alternative Maritime Power) Mobile Container. At the same time, we achieved the reduction of fuels and environmental damages by installing electronically controlled engines in the vessels with large output engines and fitting the hull appendage. MTI (MONOHAKOBI TECHNOLOGY INSTITUTE) developed the hull appendage and fuel-consumption monitor, as well as proposed efficient logistics service models using electronic tags.

## **(2) Financing Activities**

Funds required by NYK Group for the current fiscal year were covered by own financial assets, loans from financial institutions, along with issuances of domestic ordinary bonds and commercial paper.

## **(3) Capital Investment Activities**

NYK Group implemented an overall investment of ¥501.3 billion by focusing on the liner trade and bulk shipping businesses.

In the liner trade and bulk shipping businesses, we made investment of ¥135.1 billion and ¥291.8 billion, respectively, primarily for ship construction, ¥9.5 billion for warehouse construction in the logistics business, ¥7.0 billion for terminal equipment in the terminal and harbor transport business, and ¥50.9 billion for aircraft in the air cargo transportation business. In other segments, we made investment of ¥1.5 billion in the cruise business, ¥3.3 billion in the real estate business, and ¥1.9 billion in other business.

## **(4) Management Perspectives**

NYK Group is to implement the new medium-term management plan "New Horizon 2010" and take on the following issues.

We regard the environment as one of the highest priority management issues and strive for the environmentally-advanced company group. We established the NYK Cool Earth Project headed by President in April 2008, aiming for CO<sub>2</sub> reduction, we invest in innovative environmental technologies, actively involve in international environment policies for marine transportation, and change business models such as to reduce navigation speed.

We strive to cut down fuel costs and environmental damages by carefully-crafted operation control.

NIPPON CARGO AIRLINES CO., LTD. works to expand its business base in the Asian air cargo market, ensure safe and efficient operation by the independent operation and maintenance system, and improve the cost competitiveness and environmental performance by newly-built aircraft.

We further promote the comprehensive logistics strategy to provide services combining sea, earth, and air transportation as NYK Group's specialty and the integration of shipping segments and logistics business.

Based on our recognition that Corporate Social Responsibility management is the base supporting NYK's basic strategies, we realize high transparency in corporate management through the efforts to ensure safety and environment, invitation of Outside Directors\*, and preparation for global development of internal control and compliance system.

NYK Group contributes to the sustainable growth of society through human resource development, respect for human rights, and securement of a good working environment as an international enterprise as well.

\*Note: Subject to approval of shareholders in the Ordinary General Meeting of Shareholders held in June 2008.

## (5) Financial Position and Results of Operation

### 1) Consolidated Financial Position and Results of Operation

(In millions of yen)

	The 118th term FY2004	The 119th term FY2005	The 120th term FY2006	The 121st term (current term) FY2007
Revenues	1,606,098	1,929,302	2,164,279	2,584,626
Recurring Profit	154,803	140,451	107,534	198,480
Net income	71,326	92,058	65,037	114,139
Net income per share	58.12 (yen)	75.04 (yen)	52.99 (yen)	92.93 (yen)
Total Assets	1,476,226	1,877,440	2,135,441	2,286,013
Net Assets	427,770	575,366	700,717	679,036
Net Assets per share	350.10 (yen)	471.05 (yen)	534.90 (yen)	519.51 (yen)

Notes: 1. Net income per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and net assets per share is calculated on the basis of the total number of shares outstanding at each term end.

2. NYK Group adopted "Accounting Standard on Presentation of Net Asset in the Balance Sheet" (Financial Accounting Standard No. 5) and the "Guidance on Accounting Standard on Presentation of Net Asset in the Balance Sheet" (Financial Accounting Standards Implementation Guidance No. 8) from the 120th consolidated fiscal year.

#### The 118th fiscal year

Despite surging bunker oil prices and a higher yen, the shipping market remained strong following the previous fiscal year. We achieved increased revenues due to higher cargo volume and freight rate, and increased revenues in the logistics business. Revenues and income reached record highs as we kept down the increase in costs in sales and selling, general and administrative expenses through continued cost reduction efforts.

#### The 119th fiscal year

As for liner trade, in spite of the continuous solid cargo traffic, we recorded increased revenues but underperformed income compared to the previous year, due to surging bunker oil prices and increased North American inland transport costs. In other shipping, we recorded increased revenues and income by advantage of expansion of fleet scale. In the logistics, terminal and harbor transport businesses and the cruise business, we improved our results beyond the targets. As a whole, although we recorded a decrease in recurring profit, operating revenues and net income exceeded the previous year and renewed record highs.

#### The 120th fiscal year

In the shipping segment, though we achieved increased revenues due to solid cargo traffic and expansion of fleet scale, we recorded decreased income due to falling freight rates, surging bunker oil prices, and other rising transportation costs on major liner routes. Although we posted increased revenues and income in three major non-shipping segments including the logistics business, we recorded increased revenues and decreased income in the total non-shipping segment affected by NIPPON CARGO AIRLINES CO., LTD., which fully consolidated in this fiscal year.

#### The 121st fiscal year

Conditions in the current fiscal year are described in the preceding "Business Progress and Results" (on pages 4-7). Net assets decreased over the previous fiscal year mainly because of a decrease in net unrealized holding gain on available-for-sale securities.

**2) Non-consolidated Financial Position and Results of Operation**

(In millions of yen)

	<b>The 118th term</b>	<b>The 119th term</b>	<b>The 120th term</b>	<b>The 121st term (current term)</b>
	FY2004	FY2005	FY2006	FY2007
Revenues	841,137	962,857	1,070,180	1,312,566
Recurring Profit	106,641	82,018	52,430	106,135
Net income	53,116	53,458	38,172	75,920
Net income per share	43.41 (yen)	43.64 (yen)	31.10 (yen)	61.81 (yen)
Total Assets	939,085	1,101,991	1,237,635	1,301,423
Net Assets	365,578	462,891	494,085	497,154
Net Assets per share	299.34 (yen)	379.11 (yen)	402.20 (yen)	404.83 (yen)

Notes: 1. Net income per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and net assets per share is calculated on the basis of the total number of shares outstanding at each term end.

2. NYK adopted "Accounting Standard on Presentation of Net Asset in the Balance Sheet" (Financial Accounting Standard No. 5) and the "Guidance on Accounting Standard on Presentation of Net Asset in the Balance Sheet" (Financial Accounting Standards Implementation Guidance No. 8) from the 120th fiscal year.

**The 118th fiscal year**

Although bunker oil prices and the yen continued to surge, almost all of the segments in the shipping business remained strong. At the same time, we strove to stabilize income and expand business through long-term contracts in the bulk/energy resources transportation segment, and consequently revenues and income increased.

**The 119th fiscal year**

Supported by solid market conditions in the shipping business, we outperformed the previous fiscal year's revenues, but saw a decrease in recurring profit, affected by continued surging bunker oil prices.

**The 120th fiscal year**

Supported by solid market conditions in the shipping business, we achieved the highest of operation revenue in the past. However, recurring profit underperformed the previous results, affected by the continued surging bunker oil prices, etc.

**The 121st fiscal year**

Despite surging bunker oil prices and stronger yen, we recorded significant increases in revenues and profits over the previous fiscal year, due to the increase in cargo volume and recovery of freight rates to a certain degree in the liner trade, favorable market conditions of dry-bulk carriers in the bulk shipping, and cost reduction in all segments.

**(6) Principal Business of the Consolidated (as of March 31, 2008)**

Liner trade, bulk shipping, logistics, terminal and harbor transport, cruises, air cargo transportation, real estate and other

**(7) Principal Business Offices (as of March 31, 2008)****1) NYK**

	<b>Location</b>
Head Office	Yusen Bldg., 3-2, Marunouchi 2 Chome, Chiyoda-ku, Tokyo
Branch Offices	Sapporo Branch Office (Sapporo City), Yokohama Branch Office (Yokohama City), Nagoya Branch Office (Nagoya City), Kansai Branch Office (Kobe City), Kyushu Branch Office (Fukuoka City) and Taipei Branch Office (Taiwan)
Local offices	Tomakomai, Muroran, and Kushiro
Overseas resident and representative offices	Buenos Aires, Dubai, Doha, Jedda, Hanoi, Beijing and Moscow

**2) Principal subsidiaries**

<b>Name of company</b>	<b>Location of head office or country</b>
NYK GLOBAL BULK CO.	Chiyoda-ku, Tokyo
TOKYO SENPAKU KAISHA, LTD.	Chiyoda-ku, Tokyo
NIPPON CARGO AIRLINES CO., LTD.	Minato-ku, Tokyo
HACHIUMA STEAMSHIP CO., LTD.	Kobe city
NYK-HINODE LINE, LTD.	Chiyoda-ku, Tokyo
NYK CRUISES CO., LTD.	Chiyoda-ku, Tokyo
YUSEN AIR & SEA SERVICE CO., LTD.	Chuo-ku, Tokyo
NYK TRADING CO.	Minato-ku, Tokyo
UNI-X CO.	Shinagawa-ku, Tokyo
NYK GROUP AMERICAS INC.	U.S.A.
NYK GROUP EUROPE LTD.	U.K.
NYK GROUP SOUTH ASIA PTE. LTD.	Singapore
NYK GROUP OCEANIA PTY. LTD.	Australia

**(8) Status of Principal Lenders of NYK (as of March 31, 2008)**

Lender	Outstanding Balance (Millions of yen)
NIPPON LIFE INSURANCE CO.	59,166
MEIJI YASUDA LIFE INSURANCE CO.	54,302
SUMITOMO LIFE INSURANCE CO.	36,913
DEVELOPMENT BANK OF JAPAN	19,555
THE DAI-ICHI MUTUAL LIFE INSURANCE CO.	17,971
SUMITOMO MITSUI BANKING CO.	12,177
MIZUHO CORPORATE BANK, LTD.	10,054
MITSUI SUMITOMO INSURANCE CO., LTD.	5,488
DAIDO LIFE INSURANCE COMPANY	4,859
MITSUI LIFE INSURANCE COMPANY LTD.	4,655

**(9) Employees (as of March 31, 2008)****1) Employees of the Consolidated**

Segment	Number of employees (persons)	Year-on-year change (persons)
Liner Trade	4,010	433
Bulk shipping	1,531	99
Logistics	16,876	779
Terminal and Harbor Transport	5,329	15
Cruises	353	(8)
Air Cargo Transportation	712	83
Real Estate	54	(4)
Other	2,209	89
Company-wide (common)	295	11
Total	31,369	1,497

- Notes: 1. From this fiscal year, Air Cargo Transport, which has been hitherto included in "Other" segment, categorized into "Air Cargo Transportation" as an independent segment considering its increasing importance. In addition, the figures, which are the Year-on-year change, are based on the segment classifications of this fiscal year. Also, from this fiscal year, former "Other Shipping" is changed to "Bulk Shipping." This change is a name change only and there is no change of classification of itself.
2. Employees included in "Company-wide (common)" belong to administrative divisions that cannot be classified to a specific segment.

**2) Employees of the Non-Consolidated**

Segment	Number of employees (persons)	Year-on-year change (persons)
Employees on land duty	1,268	(11)
[seamen on land out of above]	[261]	[(7)]
Employees on sea duty	375	(15)
Total	1,643	(26)

**(10) State of Vessels of the Consolidated (as of March 31, 2008)****1) Details of vessels in service**

Type of vessel	Number of vessels	K/T (dwt)
Container ships (including semi-container ships)	155	5,785,780
Bulk carriers (Capesize)	113	16,519,007
Bulk carriers (Panamax & Handy size)	173	8,425,394
Wood Chip carriers	55	2,633,777
Car carriers	113	1,762,834
Reefer carriers	21	204,502
Tankers	79	12,587,615
LNG carriers	30	2,183,377
Cruise ships	3	21,577
Other	35	406,600
<b>Total</b>	<b>777</b>	<b>50,530,463</b>

**2) Details of vessels in possession**

Type of vessel		Number of vessels	K/T (dwt)
Container ships (including semi-container ships)	In possession	32	1,121,495
	Shared	1	21,813
Bulk carriers (Capesize)	In possession	45	6,638,364
	Shared	8	364,876
Bulk carriers (Panamax & Handy size)	In possession	49	2,265,159
Wood Chip carriers	In possession	14	612,056
Car carriers	In possession	40	608,499
	Shared	2	12,942
Reefer carriers	In possession	12	118,766
Tankers	In possession	26	4,616,071
	Shared	17	1,404,191
LNG carriers	In possession	2	164,030
	Shared	25	763,378
Cruise ships	In possession	2	13,417
Other	In possession	16	194,115
	Shared	3	5,025
<b>Total</b>	In possession	<b>238</b>	<b>16,351,972</b>
	Shared	<b>56</b>	<b>2,572,225</b>

Note: Deadweight tonnage of shared vessels denotes the holding of NYK Group and consolidated subsidiaries.

## (11) Status of Major Business Combination (as of March 31, 2008)

### 1) Changes and results of business combinations

NYK Group is engaged in business in eight segments consisting of liner trade and bulk shipping as its core businesses, logistics, terminal and harbor transport, cruises, air cargo transportation, real estate, and other.

NYK Group has 687 consolidated subsidiaries and 74 equity-method companies as of March 31, 2008. For business progress and results of NYK Group, see the preceding "Business Progress and Results" (on pages 4-7) and "Financial Position and Results of Operation" (on pages 8-9).

### 2) Status of principal subsidiaries

Company Name	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
NYK GLOBAL BULK CO.	¥4,150 million	100.00	Marine transportation business
TOKYO SENPAKU KAISHA, LTD.	¥1,899 million	100.00	Marine transportation business
NIPPON CARGO AIRLINES CO., LTD.	¥50,574 million	83.98	Air cargo transportation business
HACHIUMA STEAMSHIP CO., LTD.	¥500 million	68.76	Marine transportation business
NYK-HINODE LINE, LTD.	¥2,100 million	100.00	Marine transportation business
NYK CRUISES CO., LTD.	¥2,000 million	100.00	Ownership and operation of cruise ships
YUSEN AIR & SEA SERVICE CO., LTD.	¥4,301 million	59.80	Air freight forwarding business, etc.
NYK TRADING CO.	¥1,246 million	78.19	Sales of petrochemical products, etc.
UNI-X CO.	¥934 million	78.50	Harbor transportation business
NYK GROUP AMERICAS INC.	US\$4,000,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in North and South American area
NYK GROUP EUROPE LTD.	£74,620,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Europe
NYK GROUP SOUTH ASIA PTE. LTD.	SP\$12,800,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Southern Asian area
NYK GROUP OCEANIA PTY. LTD.	A\$8,400,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Oceania areas
ADAGIO MARITIMA S.A. 431 other companies	US\$156,644,000 (total of 121 companies) ¥25,604 million (total of 311 companies)	100.00 (all companies)	Ship owning and chartering

Notes: 1. Percentage of voting rights includes indirect holdings.

2. ADAGIO MARITIMA S.A. and 431 other companies are consolidated subsidiaries that are fully owned by NYK Group and are incorporated in Panama, Singapore and Liberia, etc. for the purpose of owning and chartering vessels. Vessels periodically chartered from the said companies by NYK Group constitute an important part of the fleet of ships operated by NYK Group.

### 3) Status of principal affiliates

Company Name	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
KYOEI TANKER CO., LTD.	¥2,850 million	30.01	Marine transportation business
SHINWA KAIUN KAISHA, LTD.	¥8,100 million	27.00	Marine transportation business
TAIHEIYO KAIUN CO., LTD.	¥2,750 million	22.81	Marine transportation business

Note: Percentage of voting rights includes indirect holdings

### (12) Other significant matters on operations for NYK Group

- 1) NIPPON CARGO AIRLINES CO.,LTD.(NCA), a consolidated subsidiary of NYK, has been under investigation in relation to suspicious of a price-fixing cartel in cargo transport by U.S. and European authorities. In Europe, NCA received an official statement of objections from the European Commission in December 2007. In the U.S., class-action suits against NCA are pending, although a value has not yet been set for the claims.
- 2) YUSEN AIR & SEA SERVICE CO., LTD., a consolidated subsidiary of NYK, was raided by Japan's Fair Trade Commission on suspicion of violating the Anti-Monopoly Act with respect to international air-cargo fees and fuel surcharges.

### 2. Status of Shares (as of March 31, 2008)

- (1) Total number of shares authorized to be issued 2,983,550,000 shares
- (2) Number of shares issued 1,228,045,835 shares  
(excluding treasury stock 2,142,238 shares)
- (3) Number of shareholders 113,990 persons  
(decreased by 6,379 from the preceding term)

### (4) Major shareholders (Top 10)

Name	Number of shares held (in thousands)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	80,063
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	77,131
STATE STREET BANK AND TRUST CO.	58,571
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	57,275
THE MASTER TRUST BANK OF JAPAN, LTD. (MITSUBISHI HEAVY INDUSTRIES, LTD. ACCOUNT (RETIREMENT ALLOWANCE TRUSTY ACCOUNT))	54,717
MEIJI YASUDA LIFE INSURANCE CO.	38,899
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	36,978
MIZUHO CORPORATE BANK, LTD.	17,167
THE SUMITOMO TRUST & BANKING CO., LTD. (TRUST B ACCOUNT)	16,619
TRUST & CUSTODY SERVICES BANK, LTD. (TRUST ACCOUNT)	16,063

Note: No shareholder holds shares of more than one tenth of the total number of shares issued.

**(5) Treasury Stock**

Shares held as of the end of the preceding term	Common Stock	1,721,571 (shares)
Shares purchased in the current term		
Less-than-One-Unit Share Purchased	Common Stock	484,398 (shares)
	Total price of acquisition	518,373,853 (yen)
Shares disposed in the current term		
Less-than-One-Unit Share Sold	Common Stock	63,731 (shares)
	Total price of disposition	61,977,635 (yen)
Shares lapsed in the current term		None
Shares held as of the end of the fiscal term	Common Stock	2,142,238 (shares)

**3. Status of Stock Acquisition Rights, etc. (as of March 31, 2008)**

Following is the status as of the end of this fiscal year of corporate bonds with stock acquisition rights issued under the Corporation Law.

Name of corporate bonds with stock acquisition rights	Euro Yen Contingent Conversion Zero Coupon Convertible Bonds with Acquisition Rights due 2026
Date of resolution of issuance	August 31, 2006
Date of issuance	September 20, 2006
Number of stock acquisition rights	11,000 units
Class and number of shares subject to stock acquisition rights	Common stock 65,243,179 shares
Amount to be paid upon exercise of stock acquisition rights (exercise price)	¥843 per share
Amount to be capitalized upon exercise of stock acquisition rights	¥422 per share
Exercise period of stock acquisition rights	October 4, 2006 to September 10, 2026

#### 4. Executives of NYK

##### (1) Directors and Corporate Auditors (incumbents from June 28, 2007 to March 31, 2008)

Position	Name	Responsibilities and representing status of other corporations, etc. (including status of significant concurrent post)
Chairman, Chairman Corporate Officer	Takao Kusakari	Chairman, Council for Promotion of Regulatory Reform
President, President Corporate Officer	Koji Miyahara	Chief Executive of CSR Management Headquarters, Chairman of Bulk/Energy Resources Transportation Strategy Committee, Corporate Director of THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION, Chairman of NIPPON CARGO AIRLINES CO., LTD., President of BADA LNG TRANSPORT INC. (retired on June 29, 2007)
Representative Director, Executive Vice-President Corporate Officer	Yasushi Yamawaki	Chief Executive of Bulk/Energy Resources Transportation Headquarters, Vice-Chief Executive of CSR Management Headquarters, Chief Compliance Officer (CCO), IT Strategy Group
Representative Director, Executive Vice-President Corporate Officer	Minoru Sato	Chief Executive of Global Logistics Headquarters, Vice-Chief Executive of CSR Management Headquarters
Representative Director, Senior Managing Corporate Officer	Takao Manji	Assistant Chief Executive of CSR Management Headquarters, Technical Headquarters, Executive Chief of Environmental Management (ECEM), President of TOKYO SEAMEN'S WELFARE ASSOCIATION
Representative Director, Senior Managing Corporate Officer	Hirimitsu Kuramoto	Assistant Chief Executive of CSR Management Headquarters, Bulk/Energy Transportation Headquarters, Human Resources Group, Corporate Communication Group, IR Group
Representative Director, Senior Managing Corporate Officer	Yasumi Kudo	Corporate Planning Division, Car Carrier Division, Director of TAIHEIYO KISEN KAISHA, LTD., Corporate Auditor of MITSUBISHI ORE TRANSPORT CO., LTD.
Representative Director, Senior Managing Corporate Officer	Hiroshi Sugiura	Chief Executive of Global Group Management Headquarters, General Affairs Group, Accounting and Finance Group, Legal and Insurance Group and Cruise Enterprise Group, Director of MEIYU FUDOSAN CO., LTD.
Representative Director, Senior Managing Corporate Officer	Hiroyuki Shimizu	Container Trade division, Logistics Division
Director, Managing Corporate Officer	Masamichi Morooka	Managing Director of NYK GROUP EUROPE LTD., Director of NYK HOLDING (EUROPE) B.V., Director of NYK HOLDING (UK) LTD.
Director, Managing Corporate Officer	Shinji Kobayashi	Chief Executive of Technical Headquarters, President of NYK-HINODE LINE, LTD.

Position	Name	Responsibilities and representing status of other corporations, etc. (including status of significant concurrent post)
Director, Managing Corporate Officer	Naoki Takahata	Chief Financial Officer
Director, Managing Corporate Officer	Makoto Igarashi	CSR Management Headquarters
Director, Managing Corporate Officer	Masahiro Kato	Car carriers division, Vice-President of NYKCOS CAR CARRIER COMPANY LTD.
Corporate Auditor (full-time)	Shigeru Shimizu	
Corporate Auditor (full-time)	Yukio Ozawa	
Outside Corporate Auditor (part-time)	Keisuke Kitajima	Outside Corporate Auditor of NIPPON LIFE INSURANCE CO., Outside Director of DAIWA SECURITIES GROUP, INC., Chairman of CORRECTIONAL ASSOCIATION
Outside Corporate Auditor (part-time)	Hidehiko Haru	
Temporary Outside Corporate Auditor (part-time)	Takaji Kunimatsu	Outside Director of MARUBENI CO., Chairman of HEM-NET:EMERGENCY MEDICAL NETWORK OF HELICOPTER AND HOSPITAL

- Notes: 1. As of Mar. 31, 2008, all Directors are concurrently appointed as Corporate Officers. For the responsibilities and principal duties of the Directors concurrently appointed as Corporate Officers as of Apr. 1, 2008, please refer to the Corporate Officer column on pages 18-21.
2. Of Corporate Auditors, Messrs. Keisuke Kitajima, Hidehiko Haru and Takaji Kunimatsu are Outside Corporate Auditors as stipulated in Article 2, Item 16, of the Corporation Law.
3. Corporate Auditor, Mr. Yukio Ozawa served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting. Corporate Auditor, Mr. Hidehiko Haru served as a Director in charge of accounting of the other listed company for many years and has considerable expertise in finance and accounting.
4. Retired Directors, retired Corporate Auditors, newly appointed Directors and newly appointed Corporate Auditors during the current fiscal year are as follows:

<Retirement>

Director	Tadamasa Ishida	(Retired upon resignation on Jun. 27, 2007)
Director	Motoo Igawa	(Retired at the expiration of his term in office on Jun. 27, 2007)
Director	Susumu Kikuchi	(Retired at the expiration of his term in office on Jun. 27, 2007)
Corporate Auditor (full-time)	Kazuhira Kamiya	(Retired at the expiration of his term in office on Jun. 27, 2007)
Outside Corporate Auditor (part-time)	Tsuyoshi Miyazaki	(Retired at the expiration of his term in office on Jun. 27, 2007)
Outside Corporate Auditor (part-time)	Keisuke Kitajima	(Retired on March 2, 2008 by his death)

<New appointment>

Director, Managing Corporate Officer	Naoki Takahata	(Appointed on Jun. 27, 2007)
Director, Managing Corporate Officer	Makoto Igarashi	(Appointed on Jun. 27, 2007)
Director, Managing Corporate Officer	Masahiro Kato	(Appointed on Jun. 27, 2007)
Corporate Auditor (full-time)	Yukio Ozawa	(Appointed on Jun. 27, 2007)

Outside Corporate Auditor (part-time)	Hidehiko Haru	(Appointed on Jun. 27, 2007)
Temporary Outside Corporate Auditor (part-time)	Takaji Kunimatsu	(Appointed on Mar. 13, 2008)

5. As of April 1, 2008, Representative Directors and Executive Corporate Officers who also serve as Directors are relocated as follows:

As of March 31, 2008		After relocation
Representative Director, Executive Vice-President Corporate Officer	Yasushi Yamawaki	Executive Vice-Chairman, Executive Vice-Chairman Corporate Officer
Representative Director, Senior Managing Corporate Officer	Hirimitsu Kuramoto	Representative Director, Executive Vice-President Corporate Officer
Representative Director, Senior Managing Corporate Officer	Yasumi Kudo	Representative Director, Executive Vice-President Corporate Officer
Representative Director, Senior Managing Corporate Officer	Hiroshi Sugiura	Representative Director, Executive Vice-President Corporate Officer
Director, Managing Corporate Officer	Shinji Kobayashi	Representative Director, Senior Managing Corporate Officer
Director, Managing Corporate Officer	Makoto Igarashi	Representative Director, Senior Managing Corporate Officer
Director, Managing Corporate Officer	Masamichi Morooka	Director, Senior Managing Corporate Officer
Representative Director, Executive Vice-President Corporate Officer	Minoru Sato	Director
Representative Director, Senior Managing Corporate Officer	Takao Manji	Director
Director, Managing Corporate Officer	Naoki Takahata	Director

**(2) Corporate Officers (For reference) (as of April 1, 2008)**

Position	Name	Responsibilities and principal duties
Chairman, Chairman Corporate Officer	Takao Kusakari	
Executive Vice-Chairman, Executive Vice-Chairman Corporate Officer	Yasushi Yamawaki	
President, President Corporate Officer	Koji Miyahara	Chief Executive of CSR Management Headquarters (CSR Management Headquarters: Corporate Communication Group, IR Group and CSR Coordination Group) Chairman of Bulk/Energy Resources Transportation Strategy Committee

Position	Name	Responsibilities and principal duties
Representative Director, Executive Vice-President Corporate Officer	Hiromitsu Kuramoto	Vice-Chief Executive of CSR Management Headquarters Chief Executive of Bulk/Energy Resources Transportation Headquarters (Bulk/Energy Resources Transportation Headquarters: Tramp Co-ordination Group, Dry Bulk Marine Quality Control Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group, Petroleum Group, Petroleum Product and LPG Group, and LNG Group)
		Oversees Human Resources Group, Dry Bulk Marine Quality Control Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group, Petroleum Group, Petroleum Product and LPG Group, LNG Group, matters related to Open Hatch Bulker, Reefer Cargo and India Region
		In charge of Sapporo Branch, Kyushu Branch and matters related to NYK GLOBAL BULK CO.
Representative Director, Executive Vice-President Corporate Office	Yasumi Kudo	Vice-Chief Executive of CSR Management Headquarters Chief Executive of Global Logistics Headquarters (Global Logistics Headquarters: Container Trade Management Group, Logistics Group, Car Carrier Group, Auto-Project Group, Harbour Group and Logistics Integrator Group)
		Oversees IT Strategy Group, Container Trade Management Group, Logistics Group, Car Carrier Group, Auto-Project Group, Harbour Group, Logistics Integrator Group, Yokohama Branch, Nagoya Branch, Kansai Branch, Middle-East Region and Latin America Region Assists the director who oversees Corporate Planning Group ("Chikyu" Project)
		Chairman of IT Strategy Committee In charge of matters related to NYK-HINODE LINE, LTD.
Representative Director, Executive Vice-President Corporate Officer	Hiroshi Sugiura	Vice-Chief Executive of CSR Management Headquarters Chief Executive of Global Group Management Headquarters (Global Group Management Headquarters: Global Management Strategy Group and Corporate Affiliate Management Group)
		Oversees General Affairs Group, Secretary Group, Compliance and Risk Management Group, Internal Audit Chamber, Global Group Management Strategy Group and Corporate Affiliate Management Group
		Chief Compliance Officer, Chief Governance Officer In charge of Legal and Insurance Group, Research Group, Corporate History Chamber and Cruise Enterprise Group
Representative Director, Senior Managing Corporate Officer	Hiroyuki Shimizu	In charge of Container Trade Management Group, Logistics Group, Harbour Group, Logistics Integrator Group, Yokohama Branch, Kansai Branch, matters related to TOKYO SENPAKU KAISHA, LTD., and NYK LINE (JAPAN) LTD.
Representative Director, Senior Managing Corporate Officer	Shinji Kobayashi	Assistant Chief Executive of CSR Management Headquarters Chief Executive of Technical Headquarters (Technical Headquarters: Safety and Environmental Management Group, Technical Group, Fleet Upkeep Group, Ship Management Group and Seafarer Planning Group)
		Oversees Safety and Environmental Management Group, Technical Group, Fleet Upkeep Group, Ship Management Group and Seafarer Planning Group

<b>Position</b>	<b>Name</b>	<b>Responsibilities and principal duties</b>
		Executive Chief of Environmental Management President of NYK-HINODE LINE, LTD.
Representative Director, Senior Managing Corporate Officer	Makoto Igarashi	Assistant Chief Executive of CSR Management Headquarters Oversees Corporate Communication Group, IR Group, CSR Coordination Group, Management Coordination Group, Corporate Planning Group, Accounting Group, Internal Control Project Office and Finance Group Deputy Chief Compliance Officer, Deputy Executive Chief of Environmental Management, Chief Financial Officer In charge of matters related to MONOHAKOBI TECHNOLOGY INSTITUTE and NYK ACCOUNTING CO., LTD.
Director, Senior Managing Corporate Officer	Masamichi Morooka	President and Chief Executive Officer of NYK GROUP EUROPE LTD.
Director, Managing Corporate Officer	Masahiro Kato	In charge of Car Carrier Group, Auto-Project Group and Nagoya Branch
Managing Corporate Officer	Hidenori Hono	In charge of Tramp Co-ordination Group, Dry Bulk Marine Quality Control Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group and matters related to Open Hatch Bulker, Deputy Chairman of Bulk/Energy Resources Transportation Strategy Committee
Managing Corporate Officer	Hiroshi Hattori	Chief Representative for China, Chairman of NYK LINE (CHINA) CO., LTD. and NYK LOGISTICS (CHINA) CO., LTD.
Managing Corporate Officer	Tadaaki Naito	Assists the director who oversees LNG Group In charge of Petroleum Group, Petroleum Product and LPG Group and Middle East Region
Managing Corporate Officer	Yuji Semba	In charge of matters related to reefer cargo and NYK BULKSHIP (ATLANTIC) N.V.
Managing Corporate Officer	Naoya Tazawa	In charge of General Affairs Group, Secretary Group, Human Resources Group, Compliance and Risk Management Group and Internal Audit Chamber
Managing Corporate Officer	Takeshi Matsunaga	President of NYK GLOBAL BULK CO.
Managing Corporate Officer	Toshinori Yamashita	President of NYK LINE (JAPAN) LTD.
Managing Corporate Officer	Tomoyuki Matsubara	In charge of Technical Group
Managing Corporate Officer	Hiroshi Sekine	Assists the Director who oversees Fleet Upkeep Group and Ship Management Group In charge of Safety and Environmental Management Group and Seafarer Planning Group
Managing Corporate Officer	Hiroshi Hiramatsu	Assists the Director who oversees Accounting Group, Internal Control Project Office and Finance Group In charge of Management Coordination Group, Corporate Planning Group, Global Management Strategy Group and Corporate Affiliate Management Group

<b>Position</b>	<b>Name</b>	<b>Responsibilities and principal duties</b>
Managing Corporate Officer	Kenji Mizushima	In charge of India Region
		Assists the Director who is in charge of Container Trade Management Group and Logistics Group
Corporate Officer	Tetsufumi Otsuki	Senior Executive Managing Director of NIPPON CARGO AIRLINES CO., LTD.
Corporate Officer	Takatake Naraoka	President of TOKYO SENPAKU KAISHA, Ltd.
Corporate Officer	Masato Katayama	In charge of Latin America Region
		Chairman of NYK LINE DO BRASIL LTDA.
Corporate Officer	Yasuyuki Usui	In charge of IT Strategy Group, Chief Information Officer
Corporate Officer	Mikitoshi Kai	In charge of Corporate Communication Group, IR Group and CSR Coordination Group
Corporate Officer	Susumu Akeno	In charge of Fleet Upkeep Group, Ship Management Group and matters related to NYK SHIPMANAGEMENT PTE. LTD.,
		General Manager of Fleet Upkeep Group and Ship Management Group
Corporate Officer	Wataru Nakamae	In charge of Finance Group
Corporate Officer	Tetsuichi Nozaki	President of NYK GROUP AMERICAS INC.
Corporate Officer	Shoji Murakami	Director of YUSEN AIR and SEA SERVICE CO., LTD.
Corporate Officer	Satoshi Akagi	General Manager of Harbour Group
Corporate Officer	Fukashi Sakamoto	In charge of matters related to NYK BULKSHIP (EUROPE) LTD. and NYK LNG SHIPMANAGEMENT (UK) LTD.
Corporate Officer	Hitoshi Nagasawa	In charge of LNG Group
		General Manager of LNG Group
Corporate Officer	Peter Keller	President of NYK LINE (NORTH AMERICA), INC.
Corporate Officer	Ian Veitch	Chief Executive Officer of NYK LOGISTICS (UK), LTD.
Corporate Officer	Takeshi Yukawa	In charge of Accounting Group and Internal Control Project Office
		General Manager of Accounting Group
Corporate Officer	Yasushi Takada	In charge of matters related to NYK BULKSHIP (ASIA) PTE. LTD. and TATA NYK SHIPPING PTE. LTD.
Corporate Officer	Koichi Akamine	Chief Executive Officer of NYK SHIPMANAGEMENT PTE. LTD.
Corporate Officer	Hiroaki Tsuchiya	Director of NYK GROUP EUROPE LTD. (Logistics)
Corporate Officer	Takuji Nakai	Chairman of NYK GROUP SOUTH ASIA PTE. LTD.
Corporate Officer	Hidetoshi Maruyama	General Manager of Container Trade Management Group

- Notes: 1. Corporate Officers retired as of Mar. 31, 2008 are as follows:  
 Minoru Sato, Takao Manji, Naoki Takahata, Tsutomu Kikuchi, Toshiaki Takeda and Masahiko Fukatsu
2. Corporate Officers newly appointed as of Apr. 1, 2008 are as follows:  
 Takeshi Yukawa, Yasushi Takada, Koichi Akamine, Hiroaki Tsuchiya, Takuji Nakai and Hidetoshi Maruyama

### (3) Remuneration Paid to Executives

Category	Number of persons remunerated	Total Amount of remuneration paid
Directors	14	¥755 million
Corporate Auditors	5	¥79 million
Total	19	¥834 million

Note: Amount of remuneration paid to Directors includes ¥185 million in bonus for Directors that is planned to be proposed at the 121st Ordinary General Meeting of Shareholders.

### (4) Status of Major Activities of Outside Executives

Name	Status of Attendance and Stating of Opinions
Corporate Auditor (Part-time, Outside Corporate Auditor) Keisuke Kitajima (Retired on Mar. 2, 2008)	Attended 11 of the 17 meetings of Board of Directors and 11 of the 17 Board of meetings of Board of Corporate Auditors required to attend, and when necessary made statements mainly from his expert perspective as an attorney at law.
Corporate Auditor (Part-time, Outside Corporate Auditor) Hidehiko Haru (Appointed on Jun. 27, 2007)	Attended all the 12 meetings of Board of Directors and all the 11 Board of meetings of Board of Corporate Auditors required to attend, and when necessary made statements mainly from his considerable experience in corporate management and financial policies, etc.
Temporary Corporate Auditor (Part-time, Outside Corporate Auditor) Takaji Kunimatsu (Appointed on Mar. 13, 2008)	Attended one meeting of Board of Directors and one meeting of Board of Corporate Auditors meeting required to attend, and when necessary made statements mainly from his considerable experience in government service.

Notes: 1. Mr. Keisuke Kitajima who passed away on March 2, 2008 could not attend some meetings because he was hospitalized due to illness.  
2. In response to the death of Mr. Keisuke Kitajima, NYK filed for election of Temporary Corporate Auditor (Outside Corporate Auditor) to the Tokyo District Court to fill a vacancy as stipulated in the Corporation Law, and Mr. Takaji Kunimatsu was elected as of March 13, 2008.

### (5) Liability Limitation Agreement with Outside Executives

Outline of the liability limitation agreement that NYK has executed with three Outside Corporate Auditors as stipulated in the Articles of Incorporation is as follows:

(Article 45 of the Articles of Incorporation: Limitation of Liabilities of Outside Corporate Auditors)

The Company may enter into an agreement with each of Outside Corporate Auditors to the effect that any liabilities for damages of such Outside Corporate Auditors as stipulated in Article 423, Paragraph 1 of the Corporation Law shall be limited to the extent permitted by law; provided, however, the limit of the liability thereunder shall be a prescribed amount in advance that is to be twenty million yen or more or an amount set by law, whichever is the greater.

### (6) Remuneration Paid to Outside Executives

Category	Number of persons remunerated	Total Amount of remuneration paid
Total amount of remuneration paid to outside executives	3	¥21 million

## **5. Independent Auditor**

### **(1) Name of Independent Auditor**

Deloitte Touche Tohmatsu

### **(2) Compensation paid to Independent Auditor for the fiscal year under review**

Compensation paid for the fiscal year under review	206 million yen
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	321 million yen

Notes: 1. The audit contract between NYK and the Independent Auditor does not separate the compensation for the audit based on the Corporation Law from the compensation for the audit based on the Financial Instruments and Exchange Act. Therefore, the aforementioned amount includes the compensation for the audit, etc. based on the Financial Instruments and Exchange Act.

2. NYK pays consulting fees to the Independent Auditor for the Internal Control Project, which is the service other than the services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit service).

3. Among our principal subsidiaries, TOKYO SENPAKU KAISHA, LTD., NYK-HINODE LINE, LTD., UNI-X CO., NYK GROUP AMERICAS INC., NYK GROUP EUROPE LTD., NYK GROUP SOUTH ASIA PTE. LTD. AND NYK GROUP OCEANIA PTY. LTD. undergo audits of statutory documents by CPAs or audit corporations other than the Independent Auditor of NYK (including persons who have qualifications equivalent to these qualifications in foreign countries) (limited to audit pursuant to the Corporation Law or Financial Instruments and Exchange Act (including foreign laws equivalent to these laws))

### **(3) Company Policy regarding dismissal or decision not to reappoint the Independent Auditor**

Article 340 of the Corporation Law stipulates that the Board of Corporate Auditors shall be entitled to dismiss the Independent Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner, NYK, subject to prior consent of, or request from, the Board of Corporate Auditors, will offer a resolution to the Shareholders' Meeting to the effect of dismissal of, or a decision not to reappoint, the Independent Auditor.

## **6. Matters on Internal Control System**

The Company adopted a new resolution with respect to preparation of the internal control system based on the Corporation Law at the meeting of Board of Directors on March 27, 2008 as follows.

### ▶ Outlines of Resolutions of Board of Directors

- (1) Directors of the Company execute duties in compliance with the laws and Articles of Incorporation (the “Laws”) in accordance with the clear allocation of authority and procedures. The Company recognizes that fulfillment of social responsibility is fundamental to management, and has determined the NYK Group Mission Statement, the NYK Line Business Credo and Code of Conduct (the “Conduct Guidelines”) and Directors take a leading role in observing these Conduct Guidelines. In addition, in order to ensure compliance with the law and proper execution of business by the Directors, the Company has established in-house systems such as the Internal Control Committee and Compliance Committee, etc.
- (2) Documents and other information relating to execution of duties by the Directors of the Company are stored and managed properly according to in-house rules.
- (3) As to management of risks of loss, the Company has established sections solely to be in charge of maintaining awareness of company-wide risks, and by utilizing information technology devices these track down and evaluate risks on a regular basis and implement proper countermeasures. The Company performs thorough risk management relating to safe operation of vessels and environmental preservation.
- (4) Directors of the Company are performing efficient duty execution by clear distribution of authorities and decision-making rules, and activation of electronic-decision system.
- (5) In order to ensure the conformance of duties by employees of the Company with laws, Compliance Committee meetings are held on a regular basis, Compliance Total Check Month has been implemented, a consultation channel and an internal report channel have been installed, and Compliance Training has been held regularly.
- (6) The Company applies NYK Group Mission Statement and Group Value to the overall group. In order to ensure proper operations by the Corporate Group, the Company will instruct each group company to further prepare an internal control system. Additionally, the Company has established a Global Group Management Headquarters, aiming at ensuring sound and efficiency improvements of group companies. Furthermore, an internal audit division has been established and internal audits are being carried out for the Company and group companies.
- (7) The Company has established a Corporate Auditor’s staff Chamber as an assistant for Corporate Auditors, and allocates full-time staff. Personnel evaluation of full-time staff is performed by full-time Corporate Auditors.
- (8) Board of Directors has prepared an environment in which the Corporate Auditor can conduct effective audits. Corporate Auditors participated in Board of Directors meetings and other major meetings, peruse and examine important documents relating to business execution, and implement proper auditing.
- (9) Corporate Auditors exchange information with Independent Auditor and internal audit division, making efforts to collaborate in auditing, and ensure systems to improve the effectiveness and efficiency of each audit.
- (10) The Company has established a dedicated department as a part of the construction of the internal control system to ensure the properness of financial statements under the Financial Instruments and Exchange Act.

## **7. Matters on Basic Policies Regarding Corporate Governance**

Please refer to the contents of Chapter 1 and 2 of the Proposal No.6 “Introduction of measures for large-scale purchases of NYK share certificates (takeover defense measures) for the purpose of securing and enhancing corporate value and the common interests of shareholders” in the enclosed “Reference Documents for the General Meeting of Shareholders” (on pages 12-29) of the Notice of the 121st Ordinary General Meeting of Shareholders.

## Consolidated Financial Statements

### 1. Consolidated Balance Sheet (As of March 31, 2008)

		(In millions of yen)	
Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	602,067	Current liabilities	775,066
Cash and deposits	120,193	Notes and accounts payable-trade	215,613
Notes and accounts receivable-trade	256,204	Current portion of corporate bonds	16,000
Marketable securities	2,457	Short-term bank loans and current portion of long-term debt payable	287,955
Inventories	54,357	Commercial paper	19,000
Deferred assets and prepaid expenses	67,655	Income taxes payable	50,997
Deferred tax assets	8,482	Deferred tax liabilities	3,414
Other current assets	98,666	Advance received	69,172
Allowance for doubtful accounts	(5,948)	Employees' bonuses accrued	9,381
Fixed assets	1,682,164	Directors' bonuses accrued	560
Tangible fixed assets	1,131,945	Reserve for loss on business	2,824
Vessels	624,895	Other current liabilities	100,147
Buildings and structures	83,610	Long-term liabilities	831,909
Aircraft	9,402	Corporate bonds	211,266
Machinery, equipment and vehicles	41,180	Long-term bank loans	487,975
Furniture and fixtures	8,262	Deferred tax liabilities	54,214
Land	61,287	Reserve for employees' retirement benefits	15,857
Construction in progress	296,040	Reserve for directors' retirement benefits	2,761
Other tangible fixed assets	7,265	Reserve for periodic dry docking of vessels	6,946
Intangible fixed assets	65,415	Other long-term liabilities	52,888
Leaseholds	1,516	Total Liabilities	1,606,976
Software	29,697	<b>Net Assets</b>	
Goodwill	28,797	Shareholders' equity	585,449
Other intangible fixed assets	5,404	Common stock	88,531
Investments and other assets	484,802	Capital surplus	97,212
Investment securities	377,899	Retained earnings	401,044
Long-term loans receivable	15,907	Treasury stock	(1,339)
Deferred tax assets	9,387	Valuation and translation adjustments	52,513
Other investments, etc.	82,571	Net unrealized holding gain on available-for-sale securities	85,668
Allowance for doubtful accounts	(963)	Deferred gains/losses on hedge	(20,712)
Deferred assets	1,781	Foreign currency translation adjustments	(12,442)
		Minority interests	41,074
		Total net assets	679,036
Total Assets	2,286,013	Total Liabilities and Net Assets	2,286,013

## **2. Consolidated Statement of Income** (From April 1, 2007 to March 31, 2008)

	(In millions of yen)	
Item	Amount	
Revenues		2,584,626
Cost and expenses		<u>2,128,849</u>
Gross profit		455,777
Selling, general and administrative expenses		<u>253,698</u>
Operating income		202,079
Non-operating profit		
Interest and dividends income	13,784	
Equity in income of non-consolidated subsidiaries and affiliates	11,040	
Other non-operating income	<u>6,277</u>	31,103
Non-operating expenses		
Interest expenses	22,781	
Other non-operating expenses	<u>11,920</u>	<u>34,701</u>
Recurring profit		198,480
Extraordinary gains		
Gain on sales of fixed assets	13,528	
Gain on sales of investment securities	4,738	
Other extraordinary gains	<u>2,096</u>	20,363
Extraordinary losses		
Loss on disposal of fixed assets	1,308	
Impairment loss	7,299	
Provision for reserve for loss on business	3,246	
Other extraordinary losses	6,498	18,352
Income before income taxes and minority interests		200,491
Income taxes-current	78,789	
Income taxes-deferred	<u>3,122</u>	81,912
Minority interests		<u>4,439</u>
Net income		114,139

### 3. Consolidated Statement of Changes in Net Assets (From April 1, 2007 to March 31, 2008)

(In millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on available -for-sale securities	Deferred gains/ losses on hedge	Foreign currency translation adjustments	Total valuation and translation adjustments		
<b>Balance as of March 31, 2007</b>	88,531	97,188	312,605	(858)	<b>497,466</b>	136,954	14,361	8,307	<b>159,622</b>	<b>43,628</b>	<b>700,717</b>
Changes during fiscal year											
Dividends from retained earnings			(25,794)		<b>(25,794)</b>						<b>(25,794)</b>
Net income			114,139		<b>114,139</b>						<b>114,139</b>
Acquisition of treasury stock				(518)	<b>(518)</b>						<b>(518)</b>
Disposition of treasury stock		23		38	<b>61</b>						<b>61</b>
Increase in retained earnings due to increase in consolidated subsidiaries			754		<b>754</b>						<b>754</b>
Increase in retained earnings due to mergers of non-consolidated subsidiaries			105		<b>105</b>						<b>105</b>
Decrease in retained earnings by increase in consolidated subsidiaries			(243)		<b>(243)</b>						<b>(243)</b>
Decrease in retained earnings by decrease in consolidated subsidiaries			(15)		<b>(15)</b>						<b>(15)</b>
Increase in retained earnings due to increase in equity method investees			0		<b>0</b>						<b>0</b>
Decrease in retained earnings due to increase in equity method investees			(1)		<b>(1)</b>						<b>(1)</b>
Other			(507)		<b>(507)</b>						<b>(507)</b>
Net changes other than shareholders' equity during consolidated fiscal year						(51,286)	(35,073)	(20,749)	<b>(107,109)</b>	<b>(2,554)</b>	<b>(109,663)</b>
Total change during fiscal year	—	23	88,438	(480)	<b>87,982</b>	(51,286)	(35,073)	(20,749)	<b>(107,109)</b>	<b>(2,554)</b>	<b>(21,680)</b>
<b>Balance as of March 31, 2008</b>	88,531	97,212	401,044	(1,339)	<b>585,449</b>	85,668	(20,712)	(12,442)	<b>52,513</b>	<b>41,074</b>	<b>679,036</b>

**(For reference)**

**4. Summary of Consolidated Statement of Cash Flow** (From April 1, 2007 to March 31, 2008)

Item	(In millions of yen) Amount
Net cash provided by operating activities	199,525
Net cash used in investing activities	(292,510)
Net cash provided by financing activities	146,829
Effect of exchange rate fluctuations on cash and cash equivalents	(27,289)
Net increase (decrease) in cash and cash equivalents	26,555
Cash and cash equivalents at beginning of the year	87,709
Increase (decrease) in cash and cash equivalents due to change of consolidation scope	1,623
Increase (decrease) in cash and cash equivalents due to mergers of consolidated subsidiaries	75
Cash and cash equivalents at end of the year	115,963

Note: This statement is not covered by the audit reports.

## **5. Notes to Consolidated Financial Statements**

### **(1) Basis of presenting consolidated financial statements**

#### **1) Scope of Consolidation**

- (i) Number of Consolidated subsidiaries: 687  
Name of principal consolidated subsidiaries  
NYK GLOVAL BULK CO., TOKYO SENPAKU KAISHA, LTD., NIPPON CARGO AIRLINES CO., LTD., HACHIUMA STEAMSHIP CO., LTD, NYK-HINODE LINE, LTD., NYK CRUISES CO., LTD., YUSEN AIR & SEA SERVICE CO., LTD., NYK TRADING CO., UNI-X CO., NYK GROUP AMERICAS INC., NYK TROUP EUROPE LTD., NYK GROUP SOUTH ASIA PTE. LTD., NYK GROUP OCEANIA PTY, LTD., ADAGIO MARITIMA S.A. and other 431 companies
- (ii) Name of principal non-consolidated subsidiaries  
There is no principal non-consolidated subsidiary to be noted.
- (iii) Reason for exclusion from the scope of consolidation  
Total assets, total sum of revenues and total equity amount out of net income and total equity amount of retained earnings, etc. of non-consolidated subsidiary are all small compared to total assets, total sum of revenues, total equity amount out of net income and total equity amount of retained earnings of consolidated companies, and do not have a material effect on the consolidated statutory report as a whole, and this is why they are excluded from the scope of consolidation.
- (iv) Name of the company that is not a subsidiary of NYK despite NYK holds a majority of voting rights of the company in its own calculation: NYK ARMATEUR S.A.S.
- (v) Reason for not making the company a subsidiary  
Though NYK holds a majority of voting rights of NYK ARMATEUR S.A.S. in its own calculation, NYK does not actually control the decision-making body of the company due to the agreement regarding decisions on significant finance and sales or business policies. Therefore, we classifies the company an affiliate accounted for by the equity method.

#### **2) Application of equity method**

- (i) Number of affiliates accounted for by the equity method  
non-consolidated subsidiaries: 31  
affiliates: 43  
Name of principal affiliates accounted for by the equity method:  
Kyoei Tanker Co., Ltd., Shinwa Kaiun Kaisha, Ltd., Taiheiyo Kaiun Co., Ltd.
- (ii) Name of principal non-consolidated subsidiaries and affiliates that are not accounted for by the equity method  
There is no principal non-consolidated subsidiary or affiliate to be noted.
- (iii) Reason for exclusion of the scope of application of the equity method  
Net income and total equity amount of retained earnings, etc. of non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to net income and total equity amount of retained earnings of consolidated companies and companies that are accounted for by the equity method, and impact on retained earnings, etc., is minor, and as a whole do not have a material effect on the consolidated statutory report, and this is why they are excluded from the scope of application of the equity method.

#### **3) Change of scope of consolidation and scope of application of the equity method**

- (i) Consolidation  
(New): 79 companies  
The following companies are included within the scope of consolidated subsidiaries from this fiscal year respectively due to new establishment in this fiscal year, increase of significance, new acquisition and additional acquisition, etc.  
91 BERMUDA LTD.  
94 BERMUDA LTD.

AIRPORT SIDE MARITIMA S.A.  
ALOSA MARITIMA S.A.  
ASSAM SHIPHOLDING S.A.  
BIEI SHIPPING PTE. LTD.  
BISCUIT SHIPHOLDING S.A.  
BRULE SHIPHOLDING S.A.  
BRUNI INTERNATIONAL, INC.  
BUDDHI SHIPPING PTE. LTD.  
BULBASUR MARITIMA S.A.  
BUTTERFREE MARITIMA S.A.  
CARANX MARITIMA S.A.  
CATERPIE MARITIMA S.A.  
CELLO SHIPHOLDING S.A.  
CHAKRA SHIPPING PTE. LTD.  
CHARIZARD MARITIMA S.A.  
CHARMANDER MARITIMA S.A.  
CHARMELEON MARITIMA S.A.  
CLARINET SHIPHOLDING S.A.  
CLICQUOT SHIPHOLDING S.A.  
CONCHIGLIE SHIPHOLDING S.A.  
CONTRABASS SHIPHOLDING S.A.  
DAESHIM SHIPPING PTE. LTD.  
DIPLODUS MARITIMA S.A.  
ECLAIR SHIPHOLDING S.A.  
FAGGOT SHIPHOLDING S.A.  
FARFALLE SHIPHOLDING S.A.  
FLUTE SHIPHOLDING S.A.  
FUDOKI SHIPPING PTE. LTD.  
FUKUOKA SHIPHOLDING PTE. LTD.  
GALEUS MARITIMA S.A.  
GANA SHIPPING PTE. LTD.  
GLOBAL IRIS S.A.  
GLOBAL JOURNEY S.A.  
GOSSET SHIPHOLDING S.A.  
HORN SHIPHOLDING S.A.  
IVYSAUR MARITIMA S.A.  
KAGOSHIMA SHIPHOLDING PTE. LTD.  
KRUG SHIPHOLDING S.A.  
KUMAMOTO SHIPHOLDING PTE. LTD.  
LANSON SHIPHOLDING S.A.  
LOLIGO MARITIMA S.A.  
METAPOD MARITIMA S.A.  
MUMM SHIPHOLDING S.A.  
NAGASAKI SHIPHOLDING PTE. LTD.  
NLV LTD.  
NYK BULKSHIP (ATLANTIC) N.V.  
NYK DELPHINUS CO.  
NYK DEMETER CO.  
NYK DENEBO CO.  
NYK DIANA CO.  
NYK LINE (BANGLADESH) LTD.  
NYK LINE (INDIA) LTD.  
NYK LINE (KOREA) CO.,LTD.  
NYK LINE (MACAU) LTD.  
NYK LNG TRANSPORT UK 1 LTD.

NYK OCEANUS CO.  
NYK OLYMPUS CO.  
NYK ORION CO.  
NYK VIRGO CO.  
NYK-SCF LNG SHIPPING NO.1 LTD.  
NYK-SCF LNG SHIPPING NO.2 LTD.  
OBOE SHIPHOLDING S.A.  
OITA SHIPHOLDING PTE. LTD.  
PAGRUS MARITIMA S.A.  
POMMERY SHIPHOLDING S.A.  
QIMEN SHIPHOLDING S.A.  
REBUN SHIPPING PTE. LTD.  
ROBIGUS SHIPPING PTE. LTD.  
SAN GABRIEL INDUSTRIES, INC.  
SIKKIM SHIPHOLDING S.A.  
SUR MARITIMA S.A.  
TIMPANI SHIPHOLDING S.A.  
TROMBONE SHIPHOLDING S.A.  
UVA SHIPHOLDING S.A.  
VIOLIN SHIPHOLDING S.A.  
WEEDLE MARITIMA S.A.  
ZUSHI MARITIMA S.A.

(Exclusion): 24 companies

The following companies are excluded within the scope of consolidated subsidiaries from this fiscal year due to liquidation and merger.

NYK LOGISTICS (JAPAN) CO.,LTD.  
ANTEVORTE SHIPPING PTE. LTD.  
BETULA SHIPHOLDING S.A.  
CANTERBURY SHIPHOLDING S.A.  
CANTERBURY SHIPHOLDING II S.A.  
EBISU MARITIMA S.A.  
ERICA SHIPHOLDING S.A.  
GAMBA MARITIMA S.A.  
HIKAWA (SINGAPORE) PTE. LTD.  
JYOJIN SHIPHOLDING S.A.  
KYOJIN SHIPHOLDING S.A.  
LAVENDER NAVIGATION S.A.  
MAGIC MARITIMA S.A.  
MONDIA ARTOIS S.A.S.  
MONDIA GRENOBLE S.A.S.  
MONTEDIO MARITIMA S.A.  
NYK BULKSHIP (USA) INC.  
REYSOL MARITIMA S.A.  
TAXA SHIPHOLDING S.A.  
TENJIN SHIPHOLDING S.A.  
TIDEWAY MARITIMA S.A.  
UTOPIA MARITIMA S.A.  
VEGALTA MARITIMA S.A.  
YUJIN SHIPHOLDING S.A.

(ii) Equity method

(New): 33 companies

Following companies are included within the scope of application of the equity method, due to occurrence of significance in both net income and retained earnings, etc.

NYK ARMATEUR S.A.S.  
 PENINSULA LNG TRANSPORT NO.4 LTD.  
 TATA NYK SHIPPING PTE. LTD.  
 Other 30 companies

#### 4) Closing date for consolidated subsidiaries

For the 51 companies that have fiscal terms ending December 31 and the single company that has a fiscal term ending February 29, financial statements as of the relevant date are used, however for material transactions arising in the period between the dates and the consolidated closing date, adjustment for consolidation has been carried out as necessary.

Additionally, for the three companies that have fiscal terms ending in December 31, financial statements based on provisional account closing made as of the consolidated closing date are used.

#### 5) Accounting policies

- (i) Standards and methods of valuation of significant assets
- |                                 |  |
|---------------------------------|--|
| Securities                      |  |
| Bonds held to maturity          | Amortized cost method (primarily straight-line method)   |
| Available-for-sale securities   |  |
| Securities with market value    | Primarily, market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in net assets and costs of securities sold are calculated primarily using the moving-average method) |
| Securities without market value | Primarily, stated at cost using the moving-average method  |
| Derivative                      | Market value method  |
| Inventories                     | Primarily, lower of cost using the moving-average method   |
- (ii) Depreciation methods for significant depreciable assets
- |                                 |  |
|---------------------------------|--|
| Tangible fixed assets           | Primarily, the straight-line method pursuant to the provisions of the Corporation Tax Law. |
| Intangible fixed assets         |  |
| (Software)                      | Primarily, straight-line method based on useful life of five years in-house.               |
| (Other intangible fixed assets) | Primarily, the straight-line method pursuant to the provisions of the Corporation Tax Law. |
- (iii) Disposition method of significant deferred assets
- |                     |  |
|---------------------|--|
| Bond issue expenses | Amortized equally each month over the period of redemption of the bond |
|---------------------|--|
- (iv) Standards of accounting for significant allowances and reserves
- |  |   |
|--|---|
| Allowance for doubtful accounts            | Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.   |
| Employees' bonuses accrued                 | Provided for bonus payments to employees based on estimated amounts of future payments attributed to the fiscal year  |
| Directors' bonuses accrued                 | Provided for bonus payments to directors based on estimated amounts of future payments attributed to the fiscal year  |
| Reserve for employees' retirement benefits | Reserve for employees' retirement benefits is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Prior service cost is amortized primarily by the straight-line |

method over a certain period (8 years) which is not more than the average remaining service period of employees. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.

Reserve for directors' retirement benefits

Reserve for directors' retirement benefits at the end of fiscal term are calculated based on internal rules as for 54 consolidated subsidiaries.

Reserve for periodic dry docking of vessels

Reserve for periodic dry docking of vessels is calculated based on future estimated amount for periodic dry docking of vessels.

Reserve for loss on business

Reserve for loss on business of consolidated subsidiaries is calculated based on the reasonable estimated amount at the end of the fiscal year.

(v) Accounting method for significant leases

Finance leases other than those which transfer the ownership of the leased property to the lessee at the conclusion of the lease are accounted for as operating leases in general.

(vi) Significant hedge accounting

The Group applies hedge accounting to derivative transactions, etc. in order to set off the interest volatility risk, exchange volatility risk or cash flow volatility risk in credits and debts. Additionally, to derivative transactions in preparation for price volatility risks in purchase of bunker oil, etc., hedge accounting is applied as well. We have adopted deferred hedging as the method, and for currency swaps and exchange forward contract that meets the prescribed hedging requirements are translated at the foreign exchange rate stipulated in the contracts, and interest rate swaps and interest rate which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

For interest volatility risk on loans payable and corporate bonds, etc., interest rate swaps, etc., are used; for exchange volatility risk of foreign currency denominated transactions such as pecuniary debts and credits, forecasted transaction, etc., currency swaps, exchange reservations, and foreign currency denominated credits and debts, etc., and for price volatility risk of bunker oil, etc., swaps, etc. are used as means for hedging. Assessment of effectiveness of hedges is made at the end of each fiscal year and each interim term end by the method of rate analysis of fluctuations in the market for the hedged item and means for hedging or the cumulative total of cash flow volatility. However, assessment of hedging effectiveness is not performed for interest rate swaps and interest rate caps that qualify for hedge accounting and meet specific matching criteria above.

(vii) Consumption taxes are accounted for by the tax exclusion method.

**6) Valuation of assets and liabilities of consolidated subsidiaries**

Valuation of assets and liabilities of consolidated subsidiaries is determined based on the full-assessment market value method.

**7) Amortization of goodwill**

Goodwill is amortized equally each year over 5 to 20 years.

## (2) Changes in accounting policy

In accordance with the amendment of the Corporation Tax Law, NYK and some of the consolidated subsidiaries have adopted the new depreciation method based on the Corporation Tax Law after the amendment for the tangible fixed assets acquired on and after April 1, 2007 from this fiscal year. This change has only a minor impact on profit and loss.

## (3) Additional information

- 1) In accordance with the amendment of the Corporation Tax Law, NYK and some of the consolidated subsidiaries have adopted the depreciation method based on the Corporation Tax Law before the amendment for the assets acquired by March 31, 2007, and the difference between the amount equal to 5% of the acquisition price and the memorandum price is amortized and included in the depreciation in the year following the year in which the difference reached the amount equal to 5% of the acquisition price by the straight-line method over five years. This change has only a minor impact on profit and loss.
- 2) NYK changed the retirement benefit scheme based on the tax-qualified pension plan to the defined-benefit pension plan as of April 1, 2007. This change gave rise to a pension liability of ¥3,328 million.

## (4) Notes to Consolidated Balance Sheet

### 1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Cash and deposits	197 million yen
Marketable securities	47 million yen
Other current assets	2,282 million yen
Vessels	64,564 million yen
Buildings and structures	6,420 million yen
Aircraft	2,119 million yen
Machinery, equipment and vehicles	674 million yen
Furniture and fixtures	16 million yen
Land	7,059 million yen
Other tangible fixed assets	25 million yen
Software	5 million yen
Investment securities	17,599 million yen
Other investments, etc	4,220 million yen
Total	105,233 million yen
(ii) Obligations relating to collateral	
Notes and accounts payable-trade	58 million yen
Short-term bank loans and current portion of long-term debt payable	16,017 million yen
Other current liabilities	56 million yen
Long-term bank loans	31,869 million yen
Other long-term liabilities	61 million yen
Total	48,062 million yen

2) Accumulated depreciation of tangible fixed assets 831,823 million yen

### 3) Contingent liability

- |   |                     |
|---|---------------------|
| (i) Notes receivable discounted and endorsed  | 13 million yen      |
| (ii) Guarantee obligations  | 103,886 million yen |
| (iii) Amount of joint obligations borne by the other joint obligors   | 19,450 million yen  |
| (iv) U.S. and European authorities are investigating major airlines worldwide in relation to suspicions of a price-fixing cartel in cargo transport. NIPPON CARGO AIRLINES CO., LTD. ("NCA"), a consolidated subsidiary of NYK, has been under investigation by U.S. authorities since February |                     |

2006 and by the European Commission since December 2006 and has given its full cooperation. In Europe, NCA received an official statement of objections from the European Commission in December 2007. In the U.S., class-action suits against NCA are pending, although a value has not yet been set for the claims. The results of these investigations and law suits have the potential to impact NCA's operating results. However, producing reasonable estimates of this impact is difficult as the investigations are still on going.

- (v) On April 16, 2008, YUSEN AIR & SEA SERVICE CO., LTD. ("YAS"), a consolidated subsidiary of NYK, and other leading air-cargo companies in Japan were raided by Japan's Fair Trade Commission on suspicion of violating the Anti-Monopoly Act with respect to international air-cargo fees and fuel surcharges. The results of the investigation have the potential to impact the operating results of YAS. However, producing reasonable estimates of this impact is difficult at this stage.

## (5) Notes to Consolidated Statement of Income

### Impairment loss

NYK and its consolidated subsidiaries in principle use a grouping by business segment which is a classification of management accounting and investment decision-making for business assets, and a grouping by case for lease properties, assets to be disposed of, and idle assets.

In this fiscal year, regarding the asset group with lower profitability due to the sale value less than the carrying value of assets to be disposed of and falling land prices of lease properties and idle assets, the carrying value is reduced to the recoverable value and the reduced amount is posted as impairment loss (¥7,299 million) in extraordinary losses.

The details are as follows.

Location	Use	Category	Impairment loss (millions of yen)
-	Assets to be disposed of	Aircraft	6,893
Matsuyama, Ehime, etc.	Lease properties, idle assets	Land and building	405
Total			7,299

The recoverable value for the asset group is net realizable value. Net realizable value is evaluated based on the sales contract or appraisal value of real estate, etc.

## (6) Notes to Consolidated Statement of Changes in Net Assets

### 1) Class and number of issued and outstanding shares at term-end

Common stock 1,230,188,073 shares

## 2) Matters concerning dividends

### (i) Amount of dividend payment

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 27, 2007	Common stock	11,056	9	March 31, 2007	June 28, 2007
Board of Directors' Meeting October 29, 2007	Common stock	14,738	12	September 30, 2007	November 26, 2007
Total		25,794			

### (ii) Dividend for which base date is in the current consolidated fiscal term but effective date for dividend is in the following fiscal term

As a proposal at the Ordinary General Meeting of Shareholders to be held on June 24, 2008, matters regarding dividends of common stock are submitted as follows:

Total dividend	14,736 million yen
Dividend per share	12 yen
Base date	March 31, 2008
Effective date	June 25, 2008

Resource for dividends are planned to be retained earnings.

## (7) Note on per-share information

1) Net assets per share	519.51 yen
2) Net income per share	92.93 yen

## (8) Other Note

Amounts are rounded down to the nearest million yen

## (9) Notes on significant subsequent events

Not applicable

## Non-Consolidated Financial Statements

### 1. Non-Consolidated Balance Sheet (As of March 31, 2008)

		(In millions of yen)	
Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	335,120	Current liabilities	313,402
Cash and deposits	17,088	Accounts payable-trade	86,556
Accounts receivable-trade	87,128	Current portion of Corporate bonds	16,000
Short-term loans receivable	125,596	Short-term bank loans	32,492
Inventories	34,085	Commercial paper	19,000
Deferred or prepaid expenses	52,386	Account payable	8,887
Receivable from agencies	11,055	Income taxes payable	25,310
Deferred tax assets	6,536	Advance received	34,982
Other current assets	23,199	Deposits received	74,329
Allowance for doubtful accounts	(21,956)	Payable to agencies	2,522
Fixed assets	964,635	Employees' bonuses accrued	3,086
Tangible fixed assets	137,295	Directors' bonuses accrued	185
Vessels	71,967	Other current liabilities	10,050
Buildings	20,481	Long-term liabilities	490,866
Structures	744	Corporate bonds	211,266
Machinery and equipment	525	Long-term debts	220,182
Vehicles	44	Deferred tax liabilities	41,185
Equipment and fixtures	1,260	Reserve for periodic dry docking of vessels	3,062
Land	28,220	Other long-term liabilities	15,170
Construction in progress	14,051	Total liabilities	804,268
Intangible fixed assets	26,242	<b>Net Assets</b>	
Leaseholds	511	Shareholders' equity	413,371
Software	25,620	Common stock	88,531
Other intangible fixed assets	110	Capital surplus	95,983
Investments and other assets	801,096	Capital reserve	93,198
Investment securities	274,032	Other capital surplus	2,784
Stocks and equity in subsidiaries and affiliates	299,237	Retained earnings	230,187
Long-term loans receivable	196,664	Earned surplus reserve	13,146
Other investments, etc.	37,804	Other retained earnings	217,040
Allowance for doubtful accounts	(6,642)	Dividends reserve	50
Deferred assets	1,667	Special depreciation reserve	314
Bond issue expenses	1,667	Reserve against investment losses	0
		Reserve for advanced depreciation	6,982
		Other reserves	108,324
		Retained earnings carried forward	101,368
		Treasury stock	(1,330)
		Valuation and translation adjustments	83,783
		Net unrealized holding gain on available-for-sale securities	79,644
		Deferred gains/losses on hedge	4,138
		Total net assets	497,154
Total Assets	1,301,423	Total Liabilities and Net Assets	1,301,423

## **2. Non-Consolidated Statement of Income** (From April 1, 2007 to March 31, 2008)

	(In millions of yen)	
Item	Amount	
Revenue from shipping operation	1,305,079	
Shipping operation expenses	<u>1,161,791</u>	
Shipping operation income		143,288
Revenue from other business	7,487	
Other operating expenses	<u>5,025</u>	
Other business income		<u>2,461</u>
Gross operating income		145,750
General administrative expenses		<u>52,722</u>
Operating income		93,027
Non-operating income		
Interest and dividends income	23,270	
Other non-operating income	<u>4,553</u>	27,824
Non-operating expenses		
Interest expenses	8,795	
Other non-operating expenses	<u>5,920</u>	<u>14,716</u>
Recurring profit		106,135
Extraordinary gains		
Gain on sales of fixed assets	9,192	
Gain on sales of investment securities	4,294	
Other extraordinary gains	<u>1,307</u>	14,794
Extraordinary losses		
Loss on disposal of fixed assets	896	
Provision for doubtful accounts	612	
Other extraordinary losses	1,983	3,492
Income before income taxes		117,437
Income taxes-current	37,076	
Income taxes-deferred	<u>4,439</u>	<u>41,516</u>
Net income		75,920

### 3. Non-Consolidated Statement of Changes in Net Assets (From April 1, 2007 to March 31, 2008)

(In millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Earned surplus reserve	Retained earnings			
		Capital reserve	Other capital surplus		Other retained earnings			
					Dividends reserve	Special depreciation reserve	Reserve against investment losses	Reserve for advanced depreciation
<b>Balance as of March 31, 2007</b>	88,531	93,198	2,761	13,146	50	702	0	2,712
Changes during fiscal year								
Dividends from retained earnings								
Reversal of special depreciation reserve						(387)		
Reversal of reserve against investment losses							(0)	
Reversal of reserve for advanced depreciation								(375)
Provision of reserve for advanced depreciation								4,646
Provision of other reserves								
Net income								
Acquisition of treasury stock								
Disposition of treasury stock			23					
Net changes other than shareholders' equity during fiscal year								
Total change during fiscal year	—	—	23	—	—	(387)	(0)	4,270
<b>Balance as of March 31, 2008</b>	88,531	93,198	2,784	13,146	50	314	0	6,982

(In millions of yen)

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	Net unrealized holding gain on available-for-sale securities	Deferred gains/ losses on hedge	
	Other retained earnings						
	Other reserves	Retained earning carried forward					
<b>Balance as of March 31, 2007</b>	98,324	65,125	(850)	<b>363,701</b>	130,606	(222)	<b>494,085</b>
Changes during fiscal year							
Dividends from retained earnings		(25,794)		<b>(25,794)</b>			<b>(25,794)</b>
Reversal of special depreciation reserve		387		—			—
Reversal of reserve against investment losses		0		—			—
Reversal of reserve for advanced depreciation		375		—			—
Provision of reserve for advanced depreciation		(4,646)		—			—
Provision of other reserves	10,000	(10,000)		—			—
Net income		75,920		<b>75,920</b>			<b>75,920</b>
Acquisition of treasury stock			(518)	<b>(518)</b>			<b>(518)</b>
Disposition of treasury stock			38	<b>61</b>			<b>61</b>
Net changes other than shareholders' equity during fiscal year					(50,961)	4,361	<b>(46,600)</b>
Total change during fiscal year	10,000	36,243	(480)	<b>49,669</b>	(50,961)	4,361	<b>3,069</b>
<b>Balance as of March 31, 2008</b>	108,324	101,368	(1,330)	<b>413,371</b>	79,644	4,138	<b>497,154</b>

#### **4. Notes to Non-Consolidated Financial Statements**

##### **(1) Notes on matters relating to significant accounting policies**

###### **1) Standards and methods of valuation of securities**

Stock of subsidiaries and affiliates	stated at cost using the moving-average method
Available-for-sale securities	
Securities with market value	Market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method)
Securities without market value	stated at cost using the moving-average method

###### **2) Standards of valuation of derivative transaction**

Market value method

###### **3) Standards and methods of valuation of inventories**

bunker oil	lower of cost using the moving-average method
articles for ships and other	stated at cost using the first-in, first-out method

###### **4) Depreciation methods fixed assets**

Tangible fixed assets	
Vessels and building	Straight-line method pursuant to the provisions of the Corporation Tax Law
Other tangible fixed assets	Declining-balance method pursuant to the provisions of the Corporation Tax Law
Intangible fixed assets	
Software	Straight-line method based on useful life in-house (5 years)
Other intangible fixed assets	Straight-line method pursuant to the provisions of the Corporation Tax Law

###### **5) Disposition method of deferred assets**

Bond issue expenses	Amortized equally each month over the period of redemption of bond
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###### **6) Standards of accounting for allowances and reserves**

Allowance for doubtful accounts	Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.
Employees' bonuses accrued	Provided for bonus payments to employees based on the estimated amounts of future payments attributed to the fiscal year
Directors' bonuses accrued	Provided for bonus payments to directors based on the estimated amounts of future payments attributed to the fiscal year
Reserve for employees' retirement benefits	Reserve for employees' retirement benefits is calculated based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal term. Prior service cost is amortized primarily by the straight-line method over a certain period (8 years) which is not more than

the average remaining service period of employees. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.

Reserve for periodic dry docking of vessels

Reserve for periodic dry docking of vessels is calculated based on future estimated amount for periodic dry docking of vessels.

**7) Standards of accounting for income and expenses**

Container ships

For freight rate and transportation costs, the Company has adopted the intermodal transportation percentage of completion basis, which is posted in accordance with the elapse of the transportation period of the individual cargo.

Other than container ships

For freight rates, transportation costs, vessel cost relating to vessels in operation and vessel lease fees, along with lending vessel fees corresponding to these, the Company has adopted the voyage completion method, which considers from place of departure to the place of return as one unit.

**8) Accounting method for leases**

Finance leases other than those that transfer the ownership of the leased property to the lessee at the conclusion of the lease are accounted for in general as operating leases.

**9) Hedge accounting**

The Company applies hedge accounting to derivative transactions, etc. in order to set off the interest volatility risk, exchange volatility risk or cash flow volatility risk in credits and debts. Additionally, to derivative transactions in preparation for price volatility risks in purchase of bunker oil, etc., hedge accounting is applied as well. We have adopted deferred hedging as the method, and for currency swaps and exchange forward contract that meets the prescribed hedging requirements are translated at the foreign exchange rate stipulated in the contracts, and interest rate swaps and interest rate which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

For interest volatility risk on loans payable and corporate bonds, etc., interest rate swaps, etc., are used; for exchange volatility risk of foreign currency denominated transactions such as pecuniary debts and credits, forecasted transaction, etc., currency swaps, exchange reservations, and foreign currency denominated credits and debts, etc., and for price volatility risk of bunker oil, etc., swaps, etc. are used as means for hedging. Assessment of effectiveness of hedges is made at the end of each fiscal year and each interim term end by the method of rate analysis of fluctuations in the market for the hedged item and means for hedging or the cumulative total of cash flow volatility. However, assessment of hedging effectiveness is not performed for interest rate swaps and interest rate caps that qualify for hedge accounting and meet specific matching criteria above.

**10) Consumption taxes are accounted for by the tax exclusion method.**

**(2) Changes in accounting policy**

In accordance with the amendment of the Corporation Tax Law, NYK has adopted the new depreciation method based on the Corporation Tax Law after the amendment for tangible fixed assets acquired on and after April 1, 2007 from this fiscal year. This change has only a minor impact on profit and loss.

**(3) Additional information**

- 1) In accordance with the amendment of the Corporation Tax Law, NYK has adopted the depreciation method based on the Corporation Tax Law before the amendment for the assets acquired by March 31, 2007, and the difference between the amount equal to 5% of the acquisition price and the memorandum price is amortized and included in the depreciation in the year following the year in which the difference reached the amount equal to 5% of the acquisition price by the straight-line method over five years. This change has only a minor impact on profit and loss.
- 2) NYK changed the retirement benefit plan scheme based on the tax-qualified pension plan to the defined benefit pension plan as of April 1, 2007. This change gave rise to a pension liability of ¥3,328 million.

**(4) Notes to Non-Consolidated Balance Sheet**

**1) Assets pledged as collateral and obligations relating to collateral**

(i) Assets pledged as collateral	
Cash and deposits	115 million yen
Vessels	46,778 million yen
Buildings	126 million yen
Land	1,000 million yen
Investment securities	3,695 million yen
<u>Stocks and equity in subsidiaries and affiliates</u>	<u>13,085 million yen</u>
Total	64,802 million yen
(ii) Obligations relating to collateral	
Short-term borrowings	6,355 million yen
<u>Long-term borrowings</u>	<u>9,598 million yen</u>
Total	15,953 million yen

**2) Accumulated depreciation of tangible fixed assets** 333,857 million yen

**3) Contingent liability**

Guarantee obligations	1,189,472 million yen
Amount of joint obligations borne by the other joint obligors	21,574 million yen

**4) Claims and liabilities toward subsidiaries and affiliates (except for as presented in item categories)**

Short-term monetary claims	140,533 million yen
Long-term monetary claims	201,115 million yen
Short-term monetary liabilities	84,078 million yen
Long-term monetary liabilities	275 million yen

## (5) Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions

Revenues (revenue from shipping operation, revenue from other business)

35,796 million yen

Expenses (shipping operation expenses, other operating expenses, general administrative expenses)

224,479 million yen

Transactions other than operating transactions

31,126 million yen

## (6) Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury stock at term-end

Common stock

2,142,238 shares

## (7) Notes on tax effect accounting

Major causes of deferred tax assets are the amount that exceeds the deductible amount for allowance for doubtful accounts, the non-deductible amount for employees' retirement benefits, and devaluation loss of fixed assets, etc., and major causes for deferred tax liabilities are net unrealized holding gain on available-for-sale securities.

## (8) Notes on fixed asset leasing

Other than the fixed assets posted in the non-consolidated balance sheet, the Company owns 210 thousand units of containers as major fixed assets used under finance leases other than those that transfer the ownership of the leased property to the lessee at the conclusion of the lease.

## (9) Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held)(%)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	NIPPON CARGO AIRLINES CO., LTD	Holding Directly 83.78 Indirectly 0.20	Capital support Concurrent service as executives	Lending of funds (Note 1)	6,514	Short-term loans receivable	54,022
				Acceptance of interest	479	Other current assets	24
				Debt guarantee, etc. (Note 3)	63,770	—	—
				Subscription of capital increase (Note 4)	40,003	—	—
Subsidiary	NYK GLOBAL BULK CO.	Holding Directly 100.0	Capital support Concurrent service as executives	Acceptance of funds (Note 2)	21,410	Deposits received	41,239
				Interest payment	177	—	—
Subsidiary	CERES CONTAINER TERMINALS EUROPE B.V.	Holding Directly 100.0	Capital support	Lending of funds (Note 1)	10,630	Short-term loans receivable	26,053
				Acceptance of interest	258	Other current assets	34
Subsidiary	LNG VANGUARD 1 LTD.	Holding Directly 100.0	Capital support	Lending of funds (Note 1)	944	Short-term loans receivable	1,275
				Acceptance of interest	295	Long-term loans receivable Other current assets	14,169 53
Subsidiary	NYK FTC (SINGAPORE) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	176,918	—	—
Subsidiary	NYK ARMATEUR S.A.S.	Holding Indirectly 60.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	40,817	—	—
Subsidiary	CRYSTAL SHIP THREE (BAHAMAS) LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	25,716	—	—

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held)(%)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	24,414	—	—
Subsidiary	NYK LNG FINANCE CO., LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	23,222	—	—
Subsidiary	CAYMAN LNG TRANSPORT(NO.1) LTD.	Holding Directly 95.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	16,958	—	—
Subsidiary	CERESCORP COMPANY	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	15,298	—	—
Subsidiary	INTERNATIONAL CAR OPERATORS (BENELUX) N.V.	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	15,048	—	—
Subsidiary	Vessels owning, chartering related companies ADAGIO MARITIMA S.A. and other 373 companies	Holding Directly 100.0 (359 companies) Indirectly 100.0 (15 companies)	Capital support Debt guarantee, etc.	Lending of funds (Note 1) Debt guarantee, etc. (Note 3)	20,165 571,256	Short-term loans receivable Long-term loans receivable	20,250 161,641
			Contract of chartering ships	Payment of charterage (Note 5)	129,043	—	—

Transaction conditions and policies on determination of transaction conditions

- Notes: 1. Conditions of lending funds are determined by taking into consideration the market rate. The Company has not accepted security.  
2. Conditions for borrowing funds are determined by taking into consideration the market rate. The Company has not deposited security.  
3. Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.  
4. Subscription of capital increase is determined taking into consideration past stock subscription conditions.  
5. Cost equivalent amounts accrued by subsidiaries are paid as vessel lease fees`.

#### (10) Note on per-share information

Net assets per share	404.83 yen
Net income per share	61.81 yen

#### (11) Other notes

Amounts are rounded down to the nearest million yen

#### (12) Notes on significant subsequent events

Not applicable