For immediate release

November 16, 2001

FISCAL 2001 INTERIM FINANCIAL HIGHLIGHTS

NYK Line (Nippon Yusen Kabushiki Kaisha) announces the following statement of accounts for the period ended September 30, 2001.

A. CONSOLIDATED

1. Business Results (From April 1 to September 30, 2001 and 2000)

	¥ Million		US$ Thousand*	
	FY2001	FY2000	FY2001	FY2000
Revenue	585,299	562,727	4,902,001	4,712,964
Operating income	41,223	45,155	345,259	378,187
Ordinary income**	29,872	30,994	250,192	259,582
Net income	15,499	14,466	129,810	121,162

2. Balance Sheets (As at September 30, and March 31, 2001)

	¥ Million		US$ Thousand*	
	at September 30	at March 31	at September 30	at March 31
Assets				
Current assets	327,314	322,779	2,741,324	2,703,343
Fixed assets	1,042,468	1,058,807	8,730,888	8,867,732
Deferred assets	2	7	17	59
Total assets	1,369,784	1,381,593	11,472,230	11,571,136
Liabilities				
Current liabilities	366,650	378,954	3,070,775	3,173,825
Fixed liabilities	671,883	705,506	5,627,166	5,908,762
Total liabilities	1,038,534	1,084,460	8,697,941	9,082,587
Minority interest	19,332	18,384	161,915	153,975
Stockholders' equity				
Paid-in capital	88,531	88,531	741,465	741,465
Additional paid-in capital	93,342	93,342	781,759	781,759
Retained earnings	121,798	113,684	1,020,089	952,133
Unrealized gains on the holding of other securities	21,327	—	178,622	—
Foreign currency transration ajustments	(13,073)	(16,802)	(109,491)	(140,724)
Treasury stock	(1)	(7)	(8)	(62)
Stock of the parent company held by subsidiaries	(7)	—	(65)	—
Total stockholders' equity	311,917	278,747	2,612,372	2,334,572
Total				
Liabilities, Minority interest and shareholders' equity	1,369,784	1,381,593	11,472,230	11,571,136

3. **Revenue by Segment** (From April 1 to September 30, 2001 and 2000)

	¥ Million		US$ Thousand*	
	FY2001	FY2000	FY2001	FY2000
Shipping	386,478	360,152	3,236,836	3,016,354
Cruise	16,215	15,010	135,809	125,720
Shipping Related	44,555	46,625	373,164	390,498
Logistics	94,793	91,217	793,914	763,964
Oil Wholesaling	29,074	33,045	243,501	276,763
Real Estate	6,069	6,973	50,835	58,402
Others	8,111	9,702	67,939	81,261
Total Revenues	585,299	562,727	4,902,001	4,712,964

4. **Principal Financial Index** (From April 1 to September 30, 2001 and 2000)

	FY2001	FY2000
Gross profit Margin	18.2%	19.1%
Operating Profit Margin	7.0%	8.0%
Net Profit Margin	2.6%	2.6%
Return on Equity	5.0%	5.7%

5. **Forecast of Results for Fiscal 2001** (From April 1, 2001 to March 31, 2002)

	¥ Million	US$ Thousand*
Revenue	1,150,000	9,631,490
Ordinary income**	45,000	376,884
Net income	15,000	125,628

B. NON-CONSOLIDATED

1. Business Results (From April 1 to September 30, 2001 and 2000)

	¥ Million		US$ Thousand*	
	FY2001	FY2000	FY2001	FY2000
Revenue	390,689	363,945	3,272,103	3,048,117
Operating income	28,577	29,765	239,346	249,292
Ordinary income**	26,645	22,775	223,164	190,746
Net income	16,388	7,351	137,253	61,569

2. Balance Sheets (As at September 30, and March 31, 2001)

	¥ Million		US$ Thousand*	
	at September 30	at March 31	at September 30	at March 31
Assets				
Current assets	163,855	172,700	1,372,327	1,446,399
Fixed assets	663,671	659,531	5,558,384	5,523,717
Deferred assets	1	3	13	30
Total assets	827,528	832,235	6,930,725	6,970,148
Liabilities				
Current liabilities	178,088	189,458	1,491,524	1,586,757
Fixed liabilities	363,215	384,135	3,042,007	3,217,215
Total liabilities	541,303	573,594	4,533,532	4,803,973
Stockholders' equity				
Paid-in capital	88,531	88,531	741,465	741,465
Additional paid-in capital	92,399	92,399	773,867	773,867
Retained earnings	86,002	77,710	720,289	650,840
Unrealized gains on the holding of other securities	19,292	—	161,578	—
Treasury stock	(1)	—	(8)	—
Total stockholders' equity	286,224	258,641	2,397,193	2,166,174
Total				
Liabilities and stockholders' equity	827,528	832,235	6,930,725	6,970,148

3. Revenue by Segment (From April 1 to September 30, 2001 and 2000)

	FY2001		FY2000	
	¥ Million	Share(%)	¥ Million	Share(%)
Liner	149,544	38.3	140,806	38.7
Tramp and specialized carrier	165,779	42.4	156,449	43.0
Tanker	72,171	18.5	65,507	17.4
Other	3,193	0.8	3,182	0.9
Total	390,689	100.0	363,945	100.0

4. Gross Operating Tonnage (As at September 30, 2001 and March 31, 2001)

Vessel Ownership	September 30, 2001		March 31, 2001	
	DWT(kt)	No. of vessels	DWT(kt)	No. of vessels
NYK-owned vessels	4,996,706	54	5,475,257	56
Chartered vessels	24,242,826	474	25,257,477	493
Total	29,239,532	528	30,732,734	549

5. Forecast of Results for Fiscal 2001 (From April 1, 2001 to March 31, 2002)

	¥ Million	US$ Thousand*
Revenue	744,000	6,231,156
Ordinary income**	41,800	350,084
Net income	18,700	156,616

* The U.S. dollar amounts represent the calculation of exchanging Japanese yen to U.S. dollars on a basis of ¥119.40=US$1.00 (as of September 28, 2001). The amounts previously reported for FY 2000 are restated to reflect the same calculation and the same exchange rate used in the current year.

** Income before income taxes and special items.

I. Management Policy

1. Basic Management Policy

Our company has surmounted a great many difficulties since its founding in 1885 and has continued to make steady strides as a leader in the world's shipping community. Based not only on a keen awareness of the importance of wide-ranging exchanges between people and of goods as cornerstones for the economic and cultural development of the world, but also on a full realization that it is our social mission to provide safe and superior services, required of us as a comprehensive physical distributor and passenger ship operator, we make it a basic management policy to live up to our customers' expectations and trust by modestly listening to their wishes and, at the same time, to reward our stockholders by securing reasonable profits through lawful and fair corporate management and contribute to the development of the international community as a business group dedicated to the three principles of freedom, moral discipline and order.

In January this year, the NYK Group unveiled a new unified logo for the group. Dubbed "Double Wing," this logo combines the catchphrase "NYK Logistics & Megacarrier," employed by the group for more than a decade, with a compound wing. It symbolizes the group's common objective of meeting our customers' increasingly sophisticated and diversified logistics needs by supplying "integrated solutions" by means of mobilizing all the energies of our group companies, which have spread out throughout the world to provide land/sea/air transport services. The logo also means that the NYK Group makes it a common aim to become a valuable strategic partner for our customers. The NYK Group is determined to make an even greater leap forward under this new logo in the new century.

2. Basic Policy on Profit Distribution

Our company makes it a basic policy to continue stable dividend payments based on comprehensive judgments of such factors as payout ratio, profitability for our stockholders and our company's business outlook while paying due heed to future business development, such as the expansion of non-shipping logistics activities and passenger ship operations, not to mention shipping, and also to the maintenance of the proper level of internal reserves needed to put up with fluctuations in the shipping market.

Concerning the midterm dividend payment for the current fiscal year ending in March 2002, the board of directors, at a meeting held on November 16, 2001, decided to pay a sum of 3.75 yen per share in consideration of such factors as the business result of the first six months under review and the earnings outlook for the second half of the year.

Our company, taking into account the general economic situation, the current state of our company's business and assets, and other circumstances, purchased 5.4 million shares of its own common stock at a profit up to September 30 this year for the purpose of depreciation in a bid to enhance the value of stock ownership.

3. Our Company's Medium- and Long-Term Management Strategy

Our company mapped out and inaugurated its medium- and long-term vision "NYK 21" in 1986 and has since then undertaken what we refer to as "Plan-Do-Check" concerning our medium- and long-term targets by reviewing the vision every four years. In May last year, we mapped out the fourth NYK 21, "NYK21 New Millennium Declaration – Meeting Tomorrow's Challenges Today," and determined a return on investment (ROI), based on full attention to stockholders' equity cost, and other figures as our consolidated numerical targets for the 2002 fiscal year.

With these targets in view, we have defined our container transport, tramper-specialized carrier, logistics (including air transport) and passenger ship divisions as “core businesses.” We are expanding and developing our business by meeting all the logistics needs of our customers through the active use of information technology with the “strategy of scale” and “strategy of synergy” as main pillars in an effort to enhance our corporate worth as a group.

Furthermore, at a time when the business environment is undergoing a sea change with the rapid progress of globalization at the start of the 21st century, our company newly launched the Project “C” - CHANGE/CHALLENGE/CREATE - campaign in April this year in parallel with the NYK21 New Millennium Declaration so that the NYK Group will win an intensified international competition in the totally free market, attain the goals of the New Millennium Declaration without fail and transform itself into a truly globalized corporate group through a structural reform that looks five to 10 years ahead.

This project has two targets – that is, a short-term target of improving profits by about 20 billion yen over the next two years or three (Phase 1) and a medium- and long-term target of pursuing a new business model looking five to 10 years ahead (Phase 2). Under this project, we are pushing ahead with measures for creating competitive capacity through fresh and bold concepts and innovation.

As part of this bid to meet tomorrow’s challenges for the purpose of strengthening our international competitiveness, our company carried out the following regroupings and consolidations within the NYK Group as of October 1 this year:

Concentration of conventional shipping services in Hinode Kisen Co., Ltd.:
Our company transferred its conventional shipping business to Hinode Kisen, and completed the full concentration of conventional ship operations with a view to promoting diversification and enhancing efficiency in the operation of the conventional fleet of the NYK Group and drastically reinforcing the competitiveness of the group’s conventional shipping business.

Unification of technological divisions and establishment of a new ship management company:
Our company’s Marine Technical and Technical Group were unified, and at the same time, a new ship management company was set up in Singapore in a bid to step up the globalization of our technological sector and strengthen the group’s maritime technological strength and the ship management system for the group-operated fleets.

Thus, in the current fiscal year, which is the second year of the NYK21 New Millennium Declaration, as in the previous fiscal year, our company is steadily implementing specific measures in line with our action plans. The ultimate target of the NYK Group is to establish “a dynamic and virtuous corporate group that attaches importance to humanity.” To that end, we believe the most important undertaking to be securing and fostering able personnel. In addition to the hitherto-implemented ability enhancement program, including in-house training for acquiring business knowledge and experience, and the promotion of self-recognition and self-enlightenment for raising levels of mental acumen, including leadership, we have introduced a set of new programs for reforming our educational and training system, including the strengthening of education for fostering an international sense of civilization and history in each and every employee, the promotion of the comprehensive refinement of human nature, the education of leaders by leaders and the thorough promotion of the way of corporate citizenship from the standpoint of an international business group.

4. Measures for Improvement of Our Company's Management/Administrative Structure (Enhancement of Corporate Governance)

Our company, fully aware of its social mission, is managing its operations lawfully, properly and efficiently in order to avoid impairing our stockholders' interests and prevent our directors and auditors from running counter to their loyalty obligation. This principle is specifically enunciated in our company's business credo which was formulated in December 1997. This charter is published on our company's website as well as on the reverse side of the cover of our "Report."

Moreover, in order to clarify the company principles stated in the business credo by means of more concrete terminology, we formulated a "code of conduct" this is the minimum standard that must be adhered to by our company's directors and personnel. We are thus engaged in information and education activities to promote the awareness and implementation of the principles so that each individual will always behave with a law-abiding spirit in a way befitting our company.

Furthermore, in January this year, we launched the Management Process Re-engineering (MPR) movement for the purpose of (1) having all executive personnel and employees recover lost time by reexamining the need for and process of business itself, (2) expediting decision making and the conduct of business by reforming the mental attitudes of all executives and employees, and (3) building a system whereby necessary information is made available to people requiring it with a modicum of delay and rendered retrievable when needed in view of the remarkable innovations made possible by information technology in recent times. We intend to push ahead with an unflagging reform movement which serves the interests of our stockholders and customers.

5. Issues to Be Addressed by Our Company

As movements for the protection of the global environment have spread and mounted worldwide in recent years, we are convinced that the need to secure "safety" and deal with "environment issues," as the most fundamental factors of our business, are closely and inseparably connected with our bid to fulfill our social responsibility as a "corporate citizen." From this point of view, in order to integrate the various related activities we have been as well as provide our customers with even better services, we dissolved the Marine Safety Steering Committee and the Earth Environment Committee as of April 1 and set up the Safety & Environmental Management Committee.

Activities for Guaranteeing Safety and Quality

In order to guarantee safety and quality, we formulated action guidelines in 1993 as a basis for ensuring safety and environmental protection in regard to all NYK-related vessels in operation. At the same time, we established the safety promotion headquarters. Furthermore, in 1999, we newly introduced NYK "NAV9000" as our company's own standard for safe ship operation to supplement the earlier implemented ship safety management system based on ISO 9002 and the ISM Code. Since then, we have conducted our "Zero Accident, Zero Trouble" campaign with great vigor. We are thus engaged in thorough activities for guaranteeing safety and quality, including ship inspections and the auditing of ship management companies.

In regard to the safety of tankers, which have the potential to effect people's lives by impacting the local marine environment, we are exerting the maximum possible company-wide effort, including the consolidation and strengthening of ship management activities, the thorough training of crewmen, the establishment of an emergency action system and the promotion of a shift to double-hull tankers so as to secure the even stronger trust of our customers.

Measures for Protection of Global Environment

Meanwhile, in order to strive for the protection of the favorable global environment, our company formed the "Global Environment Committee" in 1990 and has been taking positive measures in regard to both hardware and software, this has been done not only to meet emission standards established by domestic and international laws and regulations regarding the reduction of environmental pollutants – NOs, SOx and ship bottom paints, as well as CO2, which contributes to global warming – but also to minimize their emissions as much as possible.

Specifically, based on the viewpoint that the reduction of fuel consumption (ratio) can be most effective in helping protect the environment, our company has taken such measures as slowing the acceleration speed of ships, improving fuel combustion efficiency through the use of a chemical agent and enhancing propulsion efficiency through hull washing. At the same time, we are promoting various other steps, including a switch to new ships and appropriate ship types which have higher energy/transport efficiency; the promotion of research into, and adoption of energy-efficient equipment; and the partial implementation of measures, stipulated by laws and ordinances related to shifting to non-TBT ship bottom paints and replacing chlorofluorocarbon materials ahead of schedule. Furthermore, in addition to such in-house activities as enlightenment/research/training regarding environmental issues for the purpose of educating our personnel, as well as outside activities, including cooperation in oil analysis and seawater monitoring activities in various parts of the world, our group members (including the NYK Logistics Technology Institute and Nippon Yuka Kogyo Co., Ltd.) are pushing ahead with research and technical development on their own in regard to environmental protection, including oil cleanup techniques using microorganisms and the development and production of oil spill dispersal agents.

With respect to the promotion of safety and the protection of the environment, which are expected to gain in importance in the years ahead, we believe that, in the hopes of obtaining an environment certificate for ISO14001 compliance, we have established an adequate system to undertake even more effective and efficient activities, centering on the newly formed Safety & Environmental Management Committee. We intend to redouble the concerted efforts of our group as a whole to step up activities that contribute to society, including environmental protection.

II. Business Results

1. General Situation in the Term under Review

Deceleration in the U.S. economy produced adverse repercussions in Europe, Asia and Latin America, bringing about an economic slump and stagnation in cargo traffic in all parts of the world. The situation now is such that a sharp fall in stock prices and a rise in the unemployment rate will force a considerable delay in economic recovery. Terrorist attacks in the U.S. on September 11 and the subsequent U.S. military campaign resulted in worsening the economic recession and quickening the fall in personal consumption in the U.S., which in the past served as a locomotive for the world economy, thus making it difficult to hope for an early recovery. In Japan, ongoing structural reform and business stimulus measures had no effect, while stock prices remained low. The Japanese economy was also troubled by a host of other problems, including the non-performing loans of financial institutions, for which no specific solutions are to be seen as yet. Moreover, the unemployment rate rose to a postwar high, making the employment issue a big headache for Japanese society.

Under these severe circumstances, our company registered consolidated midterm sales of 585.2 billion yen for the first half of the current fiscal year under review - an increase of 4 percent from the year before. Operating and ordinary profit came to 41.2 billion yen (down 8.7 percent from a year before) and 29.8 billion yen (down 3.6 percent), respectively, while the net profit stood at 15.4 billion yen (up 7.1 percent).

In non-consolidated terms, sales totaled 390.6 billion yen, up 7.3 percent from the year before. Operating profit and ordinary profit came to 28.5 billion yen (down 4 percent) and 26.6 billion yen (up 17 percent), respectively. Net profit stood at 16.3 billion yen, up 122.9 percent from a year before.

Following is a segment-by-segment account of general business conditions in the term under review:

〈Shipping〉

In regard to shipping, the core business of our group, the liner division witnessed worse-than-expected results regarding both the growth rate for cargo liftings and the average freight rates in the North American, European, Oceanian, Asian and other liner trades. This occurred in spite of intensified efforts aimed at cost reduction, the improvement of the container turnover rate, and the depreciation of the yen due to the deceleration in the U.S. economy and the emergence of gloomy signs in the European economy. Conditions are expected to remain unpredictable because of concerns about the fall in demand in the U.S., which followed the terrorist attacks and the subsequent U.S. military campaign, and because of a further stagnation in cargo traffic.

As regards the tramper division, Cape-size vessels experienced a basically bullish trend and leveled-off in the first half of the term under review. The dry bulk market for Panamax vessels was strong in the transatlantic trade and weak in the transpacific trade. In the second half of the term under review, however, a downtrend prevailed overall.

Concerning car carriers, new car exports from Japan fell short of the year-before level – except for shipments to the Middle and Near East – under the impact of the economic setbacks in the major European and U.S. markets. Nevertheless, we managed to minimize the decline in our earnings compared with a year before on the strength of such factors as the yen’s depreciation, cost-cutting efforts and the rationalization of ship deployment.

As regards the tanker division, we disposed of two single-hull VLCCs and newly decided to build one double-hull VLCC as a replacement for a single-hull VLCC currently in service. Thus, we endeavored to make our tanker fleet even safer and more competitive. VLCC rates showed a downtrend from the beginning of the term under review because of the global economic slowdown that resulted from the deceleration of the U.S. economy. However, a recovery trend emerged toward the end of the term on account of increased demand for VLCCs. Regarding petroleum products, freight rates for product tankers turned out to be firm. As for chemical tankers, we strove to enhance efficiency and ensure safe navigation in the operation of our methanol carriers. We also pushed ahead with a joint venture project with European and U.S. carriers specializing in the transport of chemicals. As regards LNG carriers, shipments of project-related cargo from Indonesia were partially suspended temporarily because of political unrest in that country. Nevertheless, this had little impact on the utilization ratio of our LNG carriers, and our fleet of 27 LNG carriers – both our own ships and those of companies partially owned by our company – was operated smoothly.

As a consequence of the factors discussed above, our shipping business as a whole chalked up sales of 386.9 billion yen, up 7 percent from a year before. However, operating profit and ordinary profit sagged by 6.3 percent and 0.9 percent, respectively, to 37.5 billion yen and 27.1 billion yen.

〈Cruise〉

Our passenger ship business is conducted mainly through two subsidiaries, one in the U.S. and the other in Japan. Safe, problem-free voyages were undertaken by the Crystal Harmony, operated by Crystal Cruises Inc. of the U.S. in North and South American waters, and by the Crystal Symphony, also operated by the same firm, in Pacific and European waters, but the business suffered declines in profits due to the slowdown in the U.S. economy. A third cruise ship, which is now under construction at a French shipyard, has been named “Crystal Serenity”. Henceforth, though, their operation will be affected in no small measure by the cancellation of reservations and the modification of sailing schedules resulting from the terrorist attacks in the U.S. on September 11. Meanwhile, the Asuka, the cruise ship owned and operated by our domestic subsidiary, NYK Cruises Co., Ltd. finished a 102-day round-the-world cruise without a hitch in May. The subsequent domestic cruise and Grand Cruise in the North Pacific also took place with great success. As a consequence, our cruise division registered sales of 16.2 billion yen, up 8 percent from a year before, but operating profit shrank by 60.9 percent to 600 million yen, while ordinary profit plummeted by 101.5 percent, resulting in no profit.

〈Shipping-related service〉

Our shipping-related services include transportation in port areas, operation of tugboats and wholesaling of marine equipment. Our container terminals handled much the same volume of containers as in the previous year. Overseas terminals centering on North America and domestic terminals mainly in the Kanto region enjoyed smooth operations by and large. Shipping-related services as a whole saw sales shrink by 12.4 percent to 52.3 billion yen compared with the year before, but operating profit and ordinary profit swelled by 11 percent and 12.1 percent, respectively, to 1.3 billion yen and 1.3 billion yen.

〈Logistics〉

There was concern that our logistics operations would be affected by the economic slowdown. It turned out, however, that except for airfreighting generally smooth trends were witnessed in all regions. During the half-year term under review, we established a logistics hub on the Northwest Coast of the U.S. as part of our effort to step up the supply of “integrated solutions” tailored to the sophisticated needs of our customers. Moreover, in a bid to develop a network of inland logistics hubs in the U.S. and participate in logistics operations across the Mexican border, we took over local logistics firms. In Japan, we launched a new regime for the development of domestic logistics services in conjunction with five companies concerned with transportation in port areas, which are all members of the NYK Group.

As for airfreighting, our subsidiary Yusen Air & Sea Service Co., Ltd. provides forwarding services by air, sea and land through its logistics networks and information systems both at home and abroad. However, airborne cargo traffic has declined sharply due to economic stagnation in the U.S. centering on the information technology industry. As a result, our logistics services division suffered falls in both sales and profits in the half-year term under review. Meanwhile, Nippon Cargo Airlines Co., Ltd., which is affiliated with NYK, and which expanded its fleet to 10 freighters in the term under review, provides regular transport services to North America, Asia and Europe as Japan’s only air carrier specializing in airfreighting. However, deceleration in the U.S. economy as well as the emergence of gloomy signs in the European economy caused the firm to suffer declines in sales and profits. As a consequence, our logistics services as a whole, even though boosting sales by 5.4 percent to 97.6 billion yen during the half-year term under review when compared with the year before, posted a decline of 53.9 percent in operating profit to 500 million yen and a fall of 152.1 percent in ordinary profit to produce a deficit of 500 million yen.

〈Oil wholesaling〉

Sales increased by 5.5 percent from the year before to 35 billion yen as the reorganization of petroleum wholesalers in Japan was completed and we strove to boost sales with added vigor. We increased our operating profit by 21.2 percent to 80 million yen through cost reduction, although purchase prices rose due to a sharp increase in crude oil prices since last year. Ordinary profit increased by 75 percent to 60 million yen.

〈Real estate〉

Our real estate business, involves the leasing of office and commercial buildings and condominiums mainly in urban centers like Tokyo, Yokohama, Nagoya and Kobe. We endeavored to increase the occupancy rates of our buildings and keep rents rates from sagging below existing levels by such means as strengthening the attractiveness of our buildings through equipment renewal. We thus managed to minimize the adverse effects of the sluggish real estate market. As a consequence, we chalked up sales of 6.8 billion yen, down 11.4 percent from a year before, an operating profit of 1.8 billion yen, up eight percent, and an ordinary profit of 900 million yen, up 22.8 percent.

〈Others〉

Other segments, including data processing and travel agency services, registered sales of 12.8 billion yen, down 5.7 percent from a year before, an operating loss of 700 million yen, down 3 percent, and an ordinary profit of 1.9 billion yen, up 1,183.4 percent.

As regards cash flows in the term under review, the flow from business activities increased by 6.9 billion yen from the year before to 43.9 billion yen owing to such factors as the increased net profit before tax and other adjustments. The cash flow from investment activities came to 8.3 billion yen, down 33.6 billion yen due mainly to a decline in revenues caused by drawing on the pension fund, while the flow from financial activities stood at minus 59.4 billion yen, up 22.9 billion yen, mainly because of a decrease in expenditures stemming from the redemption of corporate bonds. Consequently, the balance of cash and cash equivalents at the end of the term came to 101.3 billion yen, up 19.3 billion yen from a year before.

2. Outlook for the Next Term

Due to the uncertain situation arising from the worsening worldwide recession, there is concern that the liner division will see a fall in freight rates because of the widening gap between supply and demand resulting from the successive completion of new containerships, decreased consumption and stagnation in cargo traffic. The tramper and tanker divisions will experience stagnation in freight rates due to such factors as reduced cargo movements stemming from the global economic slowdown.

Thus, the environment surrounding our company become increasingly rigorous, and it is imperative to further accelerate cost reduction and to achieve further rationalize our business activities through the Project “C” campaign, a goal which our company is now exerting united efforts to achieve. We are pushing ahead with the tasks of improving our corporate structure based on forecasts for five to 10 years ahead, strategically preparing to become a true global enterprise with international competitiveness, and facing up to the challenges presented by new business opportunities.

As regards the consolidated business outlook for the current fiscal year, we project sales of 1.15 trillion yen, an ordinary profit of 45 billion yen and a net profit of 15 billion yen. Concerning the non-consolidated business outlook, we project sales of 744 billion yen, an ordinary profit of 41.8 billion yen and a net profit of 18.7 billion yen. These business projections assume an exchange rate of 120 yen to the U.S. dollar in the second half of the current fiscal year.

As regards the midterm payment of dividends, we intend to pay a sum of 3.75 yen per share, based on the comprehensive assessment of such factors as our company’s financial situation, midterm business results for the first half of the current fiscal year and the business outlook for the second six months. We also plan to set the annual dividend at 7.50 yen per share – the same as that for the previous fiscal year.