

**Second Quarter Financial Results  
For the Six Months Ended September 30, 2008**

October 27, 2008

**Nippon Yusen Kabushiki Kaisha (NYK Line)**

Security Code: 9101  
 Listings: The First Section of Tokyo, Osaka and Nagoya Stock Exchanges  
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 Submit scheduled date of Quarterly Financial Report: November 12, 2008  
 Start scheduled date of paying Dividends: November 25, 2008

(Amounts rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2008  
(April 1, 2008 to September 30, 2008)**

**(1) Operating Results**

(Percentage figures shown year-on-year changes)

	Revenues		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2008	1,419,874	-	134,829	-	139,833	-	91,274	-
Six months ended September 30, 2007	1,256,677	19.3	90,668	92.4	93,181	90.5	54,989	86.1

	Net income per share	Net income per share – fully diluted
	yen	yen
Six months ended September 30, 2008	74.33	-
Six months ended September 30, 2007	44.77	42.49

Note: Diluted net income per share data for the second quarter of this fiscal year is not shown in the above table, as there are no residual shares having possibilities of diluting stock value.

**(2) Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Six months ended September 30, 2008	2,355,539	741,240	29.7	570.23
Year ended March 31, 2008	2,286,013	679,036	27.9	519.51

Shareholders' Equity

Six months ended September 30, 2008: ¥700,138 million

Year ended March 31, 2008: ¥637,962 million

## 2. Dividends

Date of record	Dividend per share				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-end	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2008	-	12.00	-	12.00	24.00
Year ended March 31, 2009	-	13.00			
Year ended March 31, 2009 (Forecast)			-	13.00	26.00

Note: Revision of forecast for dividends in the second quarter: None

## 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2009

(April 1, 2008 to March 31, 2009)

(Percentage figures shown year-on-year changes)

	Revenues		Operating income		Recurring profit		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2009	2,750,000	6.4	210,000	3.9	210,000	5.8	140,000	22.7	114.02

Note: Revision of forecast for consolidated financial results in the second quarter: Yes

## 4. Others

(1) Changes of important subsidiaries in the period (Changes of specific subsidiaries with that of the scope of consolidation): None

(2) Use of simplified accounting methods and accounting methods particular to preparation of the quarterly consolidated financial statements: Yes

Remarks: Refer to page 9 of 4.Others in "Operating Results."

(3) Changes of policy, procedure and indication of accounting in Consolidated Financial Statements.

(Details recorded under the changes in significant information in the preparation of Consolidated Financial Statements.)

1. Changes with revised method of accounting: Yes

2. Changes except No.1: Yes

Remarks: Refer to page 9 of 4.Others in "Operating Results."

(4) Total issued shares (Ordinary shares)

1. Total issued and outstanding at the end of the period (including treasury stocks)

Six months ended September 30, 2008: 1,230,188,073 shares

Year ended March 31, 2008: 1,230,188,073 shares

2. Number of treasury stock at the end of the period

Six months ended September 30, 2008: 2,365,247 shares

Year ended March 31, 2008: 2,181,765 shares

3. Average number of shares during the period (cumulative quarterly period)

Six months ended September 30, 2008: 1,227,922,869 shares

Six months ended September 30, 2007: 1,228,280,366 shares

Note and special instructions for the use of financial forecasts provided in this document

(1) Assumptions for forecasts: Foreign exchange rate (for the third and fourth quarter): ¥100/US\$  
Bunker oil price (for the third and fourth quarter): US\$500/MT

The above forecast incorporates certain assumptions the Company regarded as rational expectations at the time this report was announced. Actual results could differ materially from those projected figures. Refer to page 4-8 of the attachment for assumptions and other matters related to the forecast.

(2) Effective from the first quarter of this fiscal year, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12, March 14, 2007) and “Implementation Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Statement Guidance No.14, March 14, 2007) have been adopted. Quarterly financial statements are prepared in accordance with “Rules Concerning Quarterly Financial Statements.”

**Supplementary Information**

**Operating Results**

Three Months Ended September 30, 2008 (July 1, 2008 – September 30, 2008)

(Percentage figures shown year-on-year changes)

	Revenues		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended September 30, 2008	740,274	-	76,671	-	74,722	-	46,914	-
Three months ended September 30, 2007	-	-	-	-	-	-	-	-

	Net income per share	Net income per share – fully diluted
	yen	yen
Three months ended September 30, 2008	38.21	-
Three months ended September 30, 2007	-	-

Note: Diluted net income per share data for the second quarter is not shown in the above table, as there are no residual shares having possibilities of diluting stock value.

## Operating Results

### 1. Review of Consolidated Operating Results

For the second quarter (July 1, 2008–September 30, 2008), NYK Line posted consolidated revenues of ¥740.2 billion, compared with ¥655.3 billion for the same period last year, operating income of ¥76.6 billion, compared with ¥51.3 billion last year, recurring profit of ¥74.7 billion, compared with ¥48.6 billion last year, and net income for the quarter of ¥46.9 billion, compared with ¥26.3 billion for the same period last year.

#### Overview

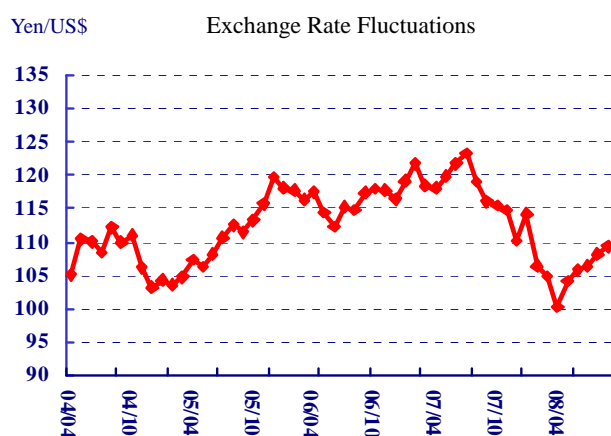
Overall, consolidated revenues for the second quarter (July 1, 2008–September 30, 2008) climbed 13.0% compared to the same period last year, reflecting substantial revenue growth in the shipping segment, composed of liner trade and bulk shipping. This growth was due mainly to the recovery of freight rates for container transport, and to high levels of demand in the market for dry bulk transport, although the market entered a correction phase. Meanwhile, the increase in cost and expenses was limited to 10.4% despite upward pressure from rising bunker oil prices and other factors. As a result, operating income climbed 49.4%, or ¥25.3 billion, from the same period last year, and the ratio of operating income to revenues rose 2.6 percentage points from 7.8% to 10.4%. Recurring profit jumped by 53.5%, or ¥26.0 billion, and net income for the quarter climbed 78.1%, or ¥20.5 billion, compared with the same period of the previous year.

The impact of fluctuations in foreign exchange rates and bunker oil prices on recurring profit for the six-month period under review is summarized in the following table:

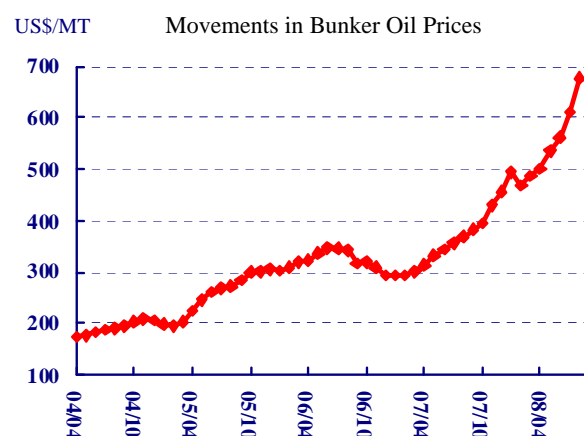
	Six months ended September 30, 2008	Six months ended September 30, 2007	Change	Impact
Average exchange rate	¥105.66/US\$	¥119.64/US\$	Yen up ¥13.98	- ¥18.8 billion
Average bunker oil price	US\$593.73/MT	US\$349.89/MT	Price up US\$243.84	- ¥36.5 billion

Notes:

1. A ¥1 change in the exchange rate against the dollar has an annualized impact of around ¥2.7 billion on recurring profit.
2. A US\$1 change per metric ton in the price of bunker oil results in a change in annual recurring profit of approximately ¥300 million.



Period: April 2004–September 2008



Period: April 2004–September 2008

## Segment Information

Three Months Ended September 30, 2008 (July 1, 2008 – September 30, 2008)

### Liner Trade

Revenues in the liner trade increased over the same period last year due to a recovery of freight rates to a certain degree on North American routes and a year-on-year rise in freight volume amid low transport volumes on container routes overall. However, further increases in bunker oil prices led to a significant decline in performance compared with the same period last year. Meanwhile, we have been trying to cut costs through reductions in fuel consumption and other measures.

### Bulk Shipping

#### *Car Carrier Division*

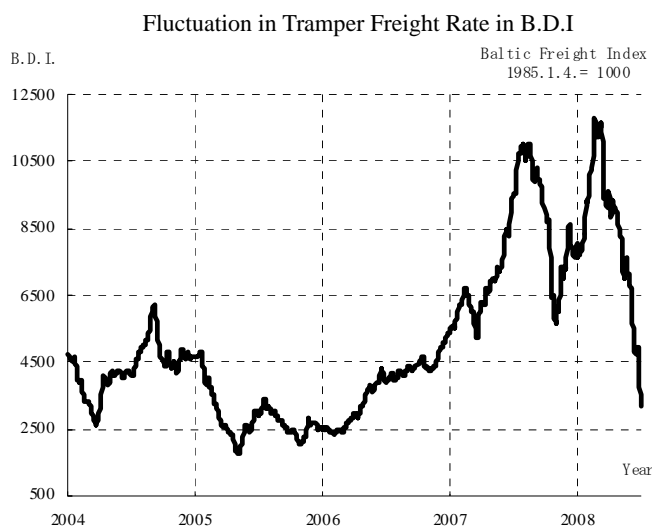
Although levels of U.S.-bound freight were sluggish and levels of Europe-bound freight were somewhat lackluster, the car carrier division enjoyed brisk levels of transport volume bound for emerging nations. With the introduction of seven newly constructed vessels and expanded shipping capacity, the volume of units transported by the division slightly outstripped that for the same period last year.

#### *Dry Bulk Carrier Division*

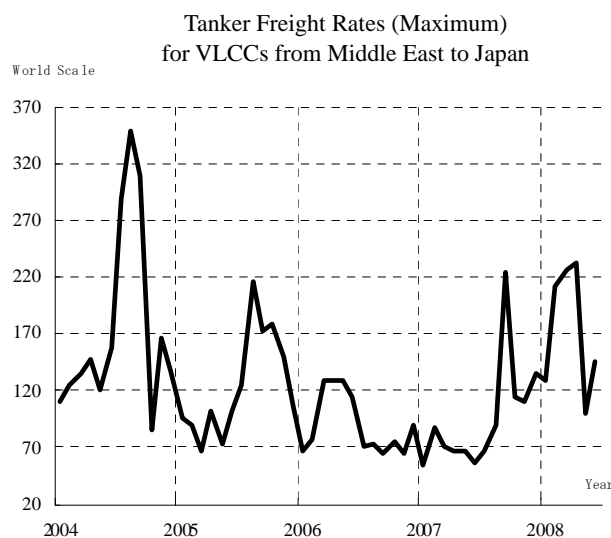
Market conditions were weighed down by factors such as a slowdown in sea transport volumes for iron ores bound for China and the easing of shipping congestion at Australian ports, as well as the summer holiday season and the Beijing Olympic Games, which both arrived in August. September saw the dry bulk market plummet as financial market unrest spread amid a global economic slowdown centered on the United States. However, supported by the successful performance of contracts signed in May and June, during which the market was at historical highs, the division recorded significant growth in revenues and profits for the quarter compared with the same period last year.

#### *Tanker Division*

Although the VLCC and Aframax tanker markets were volatile after recording historical highs in July, the market for petroleum product carriers remained strong as the recovery that began in the previous quarter gathered momentum. As a result, the division as a whole outperformed the results it recorded in the same period last year.



Period: April 2004–September 2008



Period: April 2004–September 2008

### **Logistics**

Although the favorable impact of operational improvements are materializing in some areas at NYK Logistics, transport volumes slowed due to the deepening worldwide economic downturn, resulting in a decline in handling volumes. Yusen Air & Sea Service Co., Ltd., was affected by a slowdown in air cargo handling volumes. As a result, the logistics segment as a whole underperformed compared to the same period last year.

### **Terminal and Harbor Transport**

While container handling volumes were unchanged at both domestic and overseas terminals, higher operating costs were not fully absorbed, mainly at overseas terminals, resulting in lower performance compared to the same period last year.

### **Cruises**

Performance was strong in the Japanese market, due in part to the absence of cruise cancellations due to typhoons, and despite a slight decline in the seat load factor compared to the same period last year. In the U.S. market, although the seat load factor remained firm, the division felt the impact of higher costs due to surging bunker oil prices and stronger European currencies. As a result, the cruise segment underperformed compared to the same period last year.

### **Air Cargo Transportation**

Nippon Cargo Airlines Co., Ltd., continued to successfully cut maintenance and aircraft operating costs thanks to the independence it has achieved in terms of aircraft operation, maintenance, and IT, and a fleet composed uniformly of new aircraft. At the same time, the company responded to the cost burden of persistently high fuel oil prices through efforts to reduce fuel consumption. As a result, the air cargo transportation segment achieved a greatly reduced loss compared to the same period last year.

### **Real Estate and Other Business Services**

The real estate business worked mainly to attract new tenants to its office buildings and increase rents from existing tenants, while in other services, the manufacturing and processing business performed favorably and the trading business enjoyed increased sales of bunker oil and ship equipment. As a result, the real estate business and other services segment as a whole achieved growth in both revenues and profits compared to the same period last year.

For consolidated business results for the first three months of the year ending March 31, 2009, please see the first quarter financial results for that period (issued on July 25, 2008).

## **2. Review of Change in Financial Position**

### **Assets, Liabilities, and Net Assets**

Total assets at the end of the second quarter amounted to ¥2,355.5 billion, an increase of ¥69.5 billion from the end of the previous fiscal year. This rise in total assets comes despite a ¥24.0 billion fall in investment securities, due to a decline in share prices, and reflects an increase in current assets of ¥26.0 billion, resulting from an increase in inventories due to surging bunker oil prices, and from an increase in notes and operating accounts receivable-trade in conjunction expansions in the scale of our operations. In addition, noncurrent assets increased ¥43.5 billion due to a ¥22.3 billion increase in construction in progress, mainly attributable to fleet enhancement related investments. Total liabilities grew ¥7.3 billion from the end of the previous fiscal year to ¥1,614.2 billion. This was primarily due to an increase in interest-bearing debt of ¥25.0 billion resulting from increases in long-term loans payable, although the effect of these items was offset somewhat by a reduction in deferred tax liabilities and income taxes payable. Shareholders' equity—the aggregate of shareholders' capital of ¥662.4 billion and valuation and translation adjustments came in at ¥700.1 billion, and adding minority interests of ¥41.1 billion to this resulted in total net assets of ¥741.2 billion. This resulted in a debt-equity ratio of 1.50.

## Cash Flows

Net cash provided by operating activities for the second quarter was ¥104.5 billion, mainly due to income before income taxes and minority interests of ¥143.0 billion as well as depreciation and amortization of ¥49.5 billion, which were offset somewhat by ¥60.6 billion in income taxes paid. Net cash provided by investment activities was -¥97.4 billion, primarily reflecting increased expenditure for noncurrent assets, mainly accounted for by investments in vessels. Net cash provided by financing activities was -¥13.4 billion, primarily due to cash dividends paid to shareholders. As a result, the balance of cash and cash equivalents stood at ¥117.1 billion at the end of the second quarter, a rise of ¥1.2 billion, after taking effect of exchange on cash and cash equivalents.

Trends in cash flows over time are illustrated in the following table:

	March 31, 2006	March 31, 2007	March 31, 2008	September 30, 2007	September 30, 2008
1 Shareholders' equity ratio (%)	30.6	30.8	27.9	30.0	29.7
2 Shareholders' equity ratio at market price (%)	46.7	54.4	50.3	59.3	34.8
3 Cash flows vs ratio of interest-bearing debt (years)	5.5	10.3	5.1	-	-
4 Interest coverage ratio	8.5	5.0	8.8	7.2	8.3

1. Shareholders' equity ratio: shareholders' equity/total assets

2. Shareholders' equity ratio at market price: total market capitalization/total assets

3. Cash flows vs ratio of interest-bearing debt (years): interest-bearing debt/cash flow from operating activities

4. Interest coverage ratio: cash flow from operating activities/interest payments

Notes:

1. All indices are calculated using consolidated figures.

2. Cash flow indices are computed using cash flows from operating activities as reported in the consolidated cash flow statements. Interest-bearing debt consists of all interest-bearing liabilities included in liabilities on the balance sheet. Interest payments are based on the interest expenses paid in the consolidated statements of cash flows.

### 3. Forecast of Consolidated Financial Results

We have adjusted performance forecast for the fiscal year ending March 31, 2009, to revenues of ¥2,750.0 billion, operating income of ¥210.0 billion, recurring profit of ¥210.0 billion, and net income of ¥140.0 billion.

(In billion yen)

Forecast for the fiscal year ending March 2009	Revenues	Operating income	Recurring profit	Net income
Previous	2,730.0	207.0	210.0	140.0
Year ending March 31, 2009	<b><u>2,750.0</u></b>	<b><u>210.0</u></b>	<b><u>210.0</u></b>	<b><u>140.0</u></b>
<b>Revisions</b>				
Change	20.0	3.0	-	-
Percentage change	0.7%	1.4%	-	-

Assumptions for forecasts:

Exchange rate: ¥100/US\$ for the third and fourth quarters.

Bunker oil prices: US\$500/metric ton for the third and fourth quarters.

Dry bulk market levels have plummeted since the latter half of the second quarter, and we face concerns of a slowdown in container transport volumes due to the worldwide economic downturn as well as uncertainty regarding the effect of that downturn on non-shipping segments such as logistics and cruises. Meanwhile, bunker oil prices are trending downward and freight rates for containerships have recovered to a certain degree. Given these factors, we expect full-year results to remain mostly unchanged compared to last fiscal year.

#### 4. Others

(1) Changes in important subsidiaries during the period (changes in specific subsidiaries due to changes in the scope of consolidation): None

(2) Use of simplified accounting methods and accounting methods particular to preparation of the quarterly consolidated financial statements

1. Calculation of doubtful accounts of ordinary credits

As there is not recognized any significant difference between the actual default-experience rate calculated as at the end of the second quarter of fiscal 2008 and that calculated as at the end of the previous fiscal year, an uncollectible amount continues to be estimated based on the same default-experience rate as applied for the previous fiscal year.

2. Calculation of taxes, deferred tax assets, and deferred tax liabilities

The Company and some of its subsidiaries have adopted an accounting method that limits deductible and taxable items and tax credit items used in the calculation of the amounts of income and other taxes paid to those that are material.

Because there have been no substantial changes in the business environment and no temporary valuation differences since the end of last fiscal year, the Company is using the earnings forecasts and tax planning from last fiscal year to determine the possibility of deferred tax assets being utilized.

(3) Changes in accounting principles, procedures and presentation methods for quarterly financial statements

1. Accounting standard for quarterly financial statements

Effective from the first quarter of this fiscal year, "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No.12, March 14, 2007) and "Implementation Guidance on Accounting Standard for Quarterly Financial Statements" (ASBJ Statement Guidance No.14, March 14, 2007) have been adopted. Quarterly financial statements are prepared in accordance with "Rules Concerning Quarterly Financial Statements."

2. Accounting standard for valuation of inventories

Effective from the first quarter of this fiscal year, the Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) and has switched from mainly using the lower-of-cost-or-market method to mainly using the identified-cost method (reducing book value in accordance with declines in profitability). The effect of this change is minimal.

3. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the first quarter of this fiscal year, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) has been applied, and accordingly made any necessary modifications to its consolidated financial statements. The effect of this change is minimal.

4. Accounting standard for lease transactions

*Lessees*

Effective from the first quarter of this fiscal year, the Company has early adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13; June 17, 1993; latest revision March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Statement Guidance No. 16; January 18, 1994; latest revision March 30, 2007). Non-ownership-transfer finance leases will no longer be subject to accounting treatment for operating leases and will instead be treated as ordinary sales transactions, and capitalized as lease assets.

Lease assets arising from non-ownership transfer finance leases are depreciated over a useful life equal to the lease period with an estimated residual value of zero.

The conventional accounting treatment will still apply to non-ownership-transfer finance leases that commenced before the current fiscal year began on April 1, 2008.

The effect of this change is minimal.

5. Change of classification of business segment:

Business segments are categorized primarily based on the type and nature of service and organizational setup. "Travel agency" which has been hitherto included in "Other" segment, is categorized into "Logistics" segment in order to improve consistency with the categories used for business management. The effect on the segment information arising from this change is minimal.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In million yen)

	As of	As of
	September 30, 2008	March 31, 2008
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	119,726	120,193
Notes and operating accounts receivable-trade	267,989	256,204
Short-term investment securities	2,345	2,457
Inventories	70,249	54,357
Deferred and prepaid expenses	67,000	67,655
Deferred tax assets	8,159	8,482
Other	97,574	98,666
Allowance for doubtful accounts	-4,906	-5,948
Total current assets	628,138	602,067
Noncurrent assets		
Vessels, property, plant and equipment		
Vessels, net	625,396	624,895
Buildings and structures, net	84,126	83,610
Aircraft, net	7,339	9,402
Machinery, equipment and vehicles, net	40,212	41,180
Equipment and fixtures, net	7,753	8,262
Land	59,914	61,287
Construction in progress	318,395	296,040
Other, net	54,230	7,265
Net vessels, property, plant and equipment	1,197,367	1,131,945
Intangible assets		
Leasehold right	1,514	1,516
Software	29,726	29,697
Goodwill	29,888	28,797
Other	4,646	5,404
Total intangible assets	65,775	65,415
Investments and other assets		
Investment securities	353,808	377,899
Long-term loans receivable	16,485	15,907
Deferred tax assets	12,153	9,387
Other	81,498	82,571
Allowance for doubtful accounts	-1,388	-963
Total investments and other assets	462,557	484,802
Total noncurrent assets	1,725,701	1,682,164
Deferred assets	1,699	1,781
Total assets	2,355,539	2,286,013

(In million yen)

	As of	As of
	September 30, 2008	March 31, 2008
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and operating accounts payable-trade	222,755	215,613
Current portion of bonds	15,000	16,000
Short-term loans payable	284,252	287,955
Commercial papers	21,000	19,000
Income taxes payable	39,859	50,997
Deferred tax liabilities	5,055	3,414
Advances received	66,660	69,172
Employees' bonuses accrued	9,368	9,381
Directors' bonuses accrued	272	560
Provision for loss on business	1,202	2,824
Other	111,289	100,147
<b>Total current liabilities</b>	<b>776,717</b>	<b>775,066</b>
<b>Noncurrent liabilities</b>		
Bonds	211,231	211,266
Long-term loans payable	502,582	487,975
Deferred tax liabilities	42,120	54,214
Liability for employees' retirement benefits	16,307	15,857
Liability for directors' retirement benefits	2,136	2,761
Liability for periodic dry docking of vessels	10,457	6,946
Other	52,744	52,888
<b>Total noncurrent liabilities</b>	<b>837,581</b>	<b>831,909</b>
<b>Total liabilities</b>	<b>1,614,299</b>	<b>1,606,976</b>
<b>Net assets</b>		
<b>Shareholders' capital</b>		
Common stock	88,531	88,531
Capital surplus	97,222	97,212
Retained earnings	478,186	401,044
Treasury stock	-1,518	-1,339
<b>Total shareholders' capital</b>	<b>662,421</b>	<b>585,449</b>
<b>Valuation and translation adjustments</b>		
Unrealized gain on available-for-sale securities	68,840	85,668
Deferred gain (loss) on derivatives under hedge accounting	-13,340	-20,712
Foreign currency translation adjustments	-17,782	-12,442
<b>Total valuation and translation adjustments</b>	<b>37,717</b>	<b>52,513</b>
<b>Minority interests</b>	41,101	41,074
<b>Total net assets</b>	<b>741,240</b>	<b>679,036</b>
<b>Total liabilities and net assets</b>	<b>2,355,539</b>	<b>2,286,013</b>

## (2) Consolidated Statements of Income

Six Months Ended September 30, 2008

(In million yen)

	Six months ended September 30, 2008 (Apr.1 – Sep.30)
	Amount
Revenues	1,419,874
Cost and expenses	1,156,296
Gross profit	263,578
Selling, general and administrative expenses	128,749
Operating income	134,829
Non-operating income	
Interest income	3,250
Dividends income	4,320
Foreign exchange gains	1,413
Equity in earning of unconsolidated subsidiaries and affiliates	6,670
Other	2,909
Total non-operating income	18,564
Non-operating expenses	
Interest expenses	12,407
Other	1,153
Total non-operating expenses	13,560
Recurring profit	139,833
Extraordinary gains	
Gain on sales of noncurrent assets	6,210
Other	2,347
Total extraordinary gains	8,558
Extraordinary losses	
Loss on sales of noncurrent assets	73
Impairment loss	1,259
Provision for loss on business	1,202
Other	2,790
Total extraordinary losses	5,326
Income before income taxes and minority interests	143,064
Income taxes	49,472
Minority interests in net income	2,317
Net income	91,274

Three Months Ended September 30, 2008

(In million yen)

		Three months ended September 30, 2008 (Jul.1 – Sep.30)
		Amount
Revenues		740,274
Cost and expenses		598,118
	Gross profit	142,155
Selling, general and administrative expenses		65,484
	Operating income	76,671
Non-operating income		
Interest Income		1,335
Dividends income		639
Equity in earning of unconsolidated subsidiaries and affiliates		2,014
Other		1,474
	Total non-operating income	5,463
Non-operating expenses		
Interest expenses		5,875
Foreign exchange losses		930
Other		604
	Total non-operating expenses	7,411
	Recurring profit	74,722
Extraordinary gains		
Gain on sales of noncurrent assets		1,684
Gain on sales of investment securities		770
Other		435
	Total extraordinary gains	2,889
Extraordinary losses		
Loss on sales of noncurrent assets		29
Impairment loss		1,259
Provision for loss on business		1,202
Other		1,551
	Total extraordinary losses	4,043
	Income before income taxes and minority interests	73,569
	Income taxes	25,681
	Minority interests in net income	973
	Net income	46,914

### (3) Consolidated Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2008 (Apr.1 – Sep.30)
	Amount
<b>Net cash provided by (used in) operating activities:</b>	
Income before income taxes and minority interests	143,064
Depreciation and amortization	49,576
Impairment loss	1,259
Loss (gain) on sales and retirement of vessels, property, plant and equipment	-5,130
Loss (gain) on sale of short-term and long-term investment securities	-923
Loss (gain) on valuation of short-term and long-term investment securities	898
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	-6,670
Interest and dividends income	-7,571
Interest expenses	12,407
Foreign exchange losses (gains)	2,234
Decrease (increase) in notes and accounts receivable-trade	-12,749
Decrease (increase) in inventories	-14,462
Increase (decrease) in notes and accounts payable-trade	3,183
Other, net	3,024
Subtotal	168,142
Interest and dividends income received	9,583
Interest expenses paid	-12,593
Income taxes paid	-60,615
Net cash provided by (used in) operating activities	104,517
<b>Net cash provided by (used in) investing activities:</b>	
Purchase of short-term investment securities	-1,263
Proceeds from sales of short-term investment securities	1,413
Purchase of vessels, property, plant and equipment and intangible assets	-222,943
Proceeds from sales of vessels, property, plant and equipment and intangible assets	125,603
Purchase of investment securities	-8,961
Proceeds from sales of investment securities	5,416
Disbursements for loans receivable	-3,427
Collections of loans receivable	2,535
Other, net	4,184
Net cash provided by (used in) investment activities	-97,442
<b>Net cash provided by (used in) financing activities</b>	
Net increase (decrease) in short-term loans payable	-8,237
Increase (decrease) in commercial papers	2,000
Proceeds from long-term loans payable	54,233
Repayments of long-term loans payable	-43,699
Redemption of bonds	-1,000
Purchase of treasury stock	-204
Proceeds from sale of treasury stock	35
Cash dividends paid to shareholders	-14,736
Cash dividends paid to minority shareholders	-555
Other, net	-1,259
Net cash provided by (used in) financing activities	-13,424
<b>Effect of exchange on cash and cash equivalents</b>	4,086
<b>Net increase (decrease) in cash and cash equivalents</b>	-2,263
<b>Cash and cash equivalents, at beginning of period</b>	115,963
<b>Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation</b>	3,471
<b>Increase (decrease) in beginning balance of cash and cash equivalents due to changes in fiscal periods of consolidated subsidiaries</b>	13
<b>Cash and cash equivalents, at end of period</b>	117,185

Effective from the first quarter of this fiscal year, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No.12, March 14, 2007) and “Implementation Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Statement Guidance No.14, March 14, 2007) have been adopted. Quarterly financial statements are prepared in accordance with “Rules Concerning Quarterly Financial Statements.”

**(4) Notes Regarding Going Concern Assumption**

The second quarter of this fiscal year (July 1, 2008 – September 30, 2008)

Not applicable

## **(5) Segment Information**

Segment information by business

Six Months Ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(In million yen)

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transportation	Real Estate	Other	Total	Elimination or Corporate	Consolidated Total
Revenues											
(1) Revenues from customer	347,055	635,593	255,453	55,863	26,898	43,334	4,663	51,012	1,419,874	-	1,419,874
(2) Inter-segment revenues	3,026	3,182	1,489	17,743	-	5,327	1,176	80,001	111,948	(111,948)	-
Total	350,082	638,775	256,943	73,607	26,898	48,662	5,839	131,014	1,531,823	(111,948)	1,419,874
Operating income/loss	-4,163	131,698	4,747	4,561	2,742	-5,765	1,859	-856	134,824	4	134,829
Recurring profit/loss	-3,734	134,606	5,111	3,984	2,606	-5,879	2,334	798	139,828	4	139,833

Three Months Ended September 30, 2008 (July 1, 2008 – September 30, 2008)

(In million yen)

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transportation	Real Estate	Other	Total	Elimination or Corporate	Consolidated Total
Revenues											
(1) Revenues from customer	184,250	337,872	128,427	28,650	14,199	22,561	2,277	22,034	740,274	-	740,274
(2) Inter-segment revenues	1,697	1,601	758	9,055	-	2,698	669	51,579	68,060	(68,060)	-
Total	185,947	339,474	129,186	37,706	14,199	25,259	2,946	73,614	808,334	(68,060)	740,274
Operating income/loss	-1,298	74,453	2,398	2,093	1,832	-3,372	963	-403	76,668	2	76,671
Recurring profit/loss	-1,051	72,062	2,530	1,774	1,781	-3,594	1,188	29	74,720	2	74,722

Notes: 1. Change of classification of business segment:

Business segments are categorized primarily based on the type and nature of service and organizational setup. "Travel agency" which has been hitherto included in "Other" segment, is categorized into "Logistics" segment from first quarter of this fiscal year, in order to improve consistency with the categories used for business management. The effect on the segment information arising from this change is minimal.

2. Classification of business segment:

Business segments are categorized primarily based on the type and nature of service and organizational setup as well as by referencing Japan Standard Industrial Classification.

3. Major operation and services in each segment:

Liner Trade ..... Ocean cargo shipping, ship owning and chartering, shipping agency  
Bulk Shipping ..... Ocean/coastal cargo shipping, ship owning and chartering, shipping agency  
Logistics ..... Warehouse operation, cargo transport/handling business  
Terminal and Harbor Transport ..... Container terminals business, harbor transport services, tugboat operation  
Cruise ..... Ownership and operation of passenger boats  
Air Cargo Transportation ..... Air cargo Transport  
Real Estate ..... Rental, management and sale of real estate properties  
Other ..... Wholesaling of ship machinery and furniture, other services related to transport, information-processing business and wholesaling of oil products

4. Common operating expenses are allocated to individual segments.

## **(6) Notes in the Event of Significant Changes in Shareholders' Capital**

The second quarter of this fiscal year (April 1, 2008 – September 30, 2008)

Not applicable

## Supplementary Information

### (1) Consolidated Statements of Income

(In million yen)

	Six months ended September 30, 2007 (Apr.1 – Sep.30)
	Amount
Revenues	1,256,677
Cost and expenses	1,041,099
Gross profit	215,577
Selling, general and administrative expenses	124,909
Operating income	90,668
Non-operating income	
Interest and dividends income	7,484
Equity in earning of unconsolidated subsidiaries and affiliates	5,944
Other	3,101
Total non-operating income	16,530
Non-operating expenses	
Interest expenses	10,974
Other	3,043
Total non-operating expenses	14,017
Recurring profit	93,181
Extraordinary gains	
Gain on sales of noncurrent assets	5,880
Other	1,031
Total extraordinary gains	6,911
Extraordinary losses	
Loss on disposal of noncurrent assets	744
Other	2,994
Total extraordinary losses	3,739
Income before income taxes and minority interests	96,354
Income taxes - current	36,971
Income taxes - deferred	3,100
Minority interests in net income	1,293
Net income	54,989

(In million yen)

	Three months ended September 30, 2007 (Jul.1 – Sep.30)
	Amount
Revenues	655,325
Cost and expenses	541,606
Gross profit	113,719
Selling, general and administrative expenses	62,388
Operating income	51,330
Non-operating income	
Interest and dividends income	1,901
Equity in earning of unconsolidated subsidiaries and affiliates	2,688
Other	1,796
Total non-operating income	6,386
Non-operating expenses	
Interest expenses	4,873
Foreign exchange losses	3,689
Other	472
Total non-operating expenses	9,034
Recurring profit	48,681
Extraordinary gains	
Gain on sales of noncurrent assets	1,847
Other	385
Total extraordinary gains	2,233
Extraordinary losses	
Loss on disposal of noncurrent assets	654
Other	2,110
Total extraordinary losses	2,765
Income before income taxes and minority interests	48,149
Income taxes	20,482
Minority interests in net income	1,319
Net income	26,347

## (2) Segment information by business

Six Months Ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(In million yen)

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transportation	Real Estate	Other	Total	Elimination or Corporate	Consolidated Total
Revenues											
(1) Revenues from customer	327,605	485,192	259,454	59,386	26,283	44,302	4,250	50,202	1,256,677	-	1,256,677
(2) Inter-segment revenues	3,387	3,631	1,345	17,475	-	5,071	1,254	43,291	75,456	(75,456)	-
Total	330,993	488,823	260,799	76,861	26,283	49,373	5,504	93,494	1,332,134	(75,456)	1,256,677
Operating income/loss	7,654	78,285	7,498	4,867	5,223	-13,470	1,582	-978	90,663	5	90,668
Recurring profit/loss	7,734	80,109	7,941	4,122	5,125	-14,036	1,971	209	93,176	5	93,181

Three Months Ended September 30, 2007 (July 1, 2007 – September 30, 2007)

(In million yen)

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transportation	Real Estate	Other	Total	Elimination or Corporate	Consolidated Total
Revenues											
(1) Revenues from customer	173,923	254,103	132,525	29,388	13,310	24,397	2,119	25,556	655,325	-	655,325
(2) Inter-segment revenues	1,936	2,000	554	9,587	-	2,567	657	22,694	39,998	(39,998)	-
Total	175,860	256,103	133,080	38,976	13,310	26,964	2,776	48,251	695,323	(39,998)	655,325
Operating income/loss	5,947	42,474	4,214	2,836	2,910	-7,679	836	-213	51,327	2	51,330
Recurring profit/loss	5,246	40,950	4,469	2,467	2,905	-8,381	1,011	8	48,679	2	48,681

Notes: 1. Change of classification of business segment:

By the effect of “New Horizon 2007” of medium-term NYK group management plan (aim at global logistics and megacarrier group), Air Cargo Transport, which has been hitherto included “Other” segment, is more important and categorized into “Air Cargo Transportation” is being independent segment.

2. Classification of business segment:

Business segments are categorized primarily based on the type and nature of service and organizational setup as well as by referencing Japan Standard Industrial Classification.

3. Major operation and services in each segment:

Liner Trade .....	Ocean cargo shipping, ship owning and chartering, shipping agency
Bulk Shipping .....	Ocean/coastal cargo shipping, ship owning and chartering, shipping agency
Logistics .....	Warehouse operation, cargo transport/handling business
Terminal and Harbor Transport .....	Container terminals business, harbor transport services, tugboat operation
Cruise .....	Ownership and operation of passenger boats
Air Cargo Transportation .....	Air cargo Transport
Real Estate .....	Rental, management and sale of real estate properties
Other .....	Wholesaling of ship machinery and furniture, other services related to transport, information-processing business, wholesaling of oil products and travel agency.

4. Common operating expenses are allocated to individual segments.

## 6. Other Supplementary Information

### (1) Statements of changes in consolidated net assets

Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(In million yen)

	Shareholders' capital					Valuation & translation adjustments				Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance, March 31, 2008	88,531	97,212	401,044	-1,339	585,449	85,668	-20,712	-12,442	52,513	41,074	679,036
Changes of items during the period											
Cash dividends			-14,736		-14,736						-14,736
Net income			91,274		91,274						91,274
Purchase of treasury stock				-204	-204						-204
Disposal of treasury stock		10		25	35						35
Increase by unification of accounting policies applied to foreign subsidiaries			161		161						161
Adjustments due to changes in the fiscal periods of consolidated subsidiaries			186		186						186
Effect by an increase in the number of consolidated subsidiaries			-4		-4						-4
Effect by an increase in the number of affiliates accounted for by the equity method			483		483						483
Other			-222		-222						-222
Net change of items other than shareholders' capital during the period						-16,827	7,371	-5,339	-14,796	26	-14,769
Total changes of items during the period	-	10	77,141	-179	76,972	-16,827	7,371	-5,339	-14,796	26	62,203
Balance, September 30, 2008	88,531	97,222	478,186	-1,518	662,421	68,840	-13,340	-17,782	37,717	41,101	741,240

## **(2) Quarterly operating results (on a consolidated basis)**

Year ended March 31, 2009

(In 100 million yen)

	Apr 1, 2008– Jun 30, 2008	Jul 1, 2008– Sep 30, 2008	Oct 1, 2008– Dec 31, 2008	Jan 1, 2009– Mar 31, 2009
	1Q	2Q	3Q	4Q
Revenues	6,796	7,402		
Operating income	581	766		
Recurring profit	651	747		
Net income for the quarter	443	469		
Net income per share for the quarter	¥36.12	¥38.21		
Net income per share for the quarter – fully diluted	¥34.29	-		
Total assets	24,494	23,555		
Net assets	7,565	7,412		
Net assets per share	¥583.41	¥570.23		

Year ended March 31, 2008

(In 100 million yen)

	Apr 1, 2007 – Jun 30, 2007	Jul 1, 2007 – Sep 30, 2007	Oct 1, 2007 – Dec 31, 2007	Jan 1, 2008 – Mar 31, 2008
	1Q	2Q	3Q	4Q
Revenues	6,013	6,553	6,807	6,472
Operating income	393	513	579	534
Recurring profit	445	486	565	487
Net income for the quarter	286	263	381	209
Net income per share for the quarter	¥23.32	¥21.45	¥31.07	¥17.09
Net income per share for the quarter – fully diluted	¥22.13	¥20.36	-	-
Total assets	23,125	23,251	23,697	22,860
Net assets	7,546	7,427	7,403	6,790
Net assets per share	¥578.48	¥568.01	¥565.58	¥519.51

- Notes: 1. The above operating results are based on the results for the first quarter and the cumulative results for the first six, nine and twelve months, and are computed by taking the difference between the two adjacent periods.
2. Diluted net income per share data for the third and fourth quarter period in the fiscal year ended March 31, 2008, and the second quarter period in the fiscal year ended March 31, 2009 are not shown in the above table, as there are no residual shares having possibilities of diluting stock value.

## **(3) Foreign exchange rate information (on a consolidated basis)**

Exchange rate per US\$1	Six months ended September 30, 2008	Six months ended September 30, 2007	Change	Year ended March 31, 2008
Average exchange rate during the period	¥105.66/US\$	¥119.64/US\$	Yen up ¥13.98	¥115.29/US\$
Exchange rate at the end of the period	¥103.57/US\$	¥115.43/US\$	Yen up ¥11.86	¥100.19/US\$

**(4) Bunker oil prices information (on a consolidated basis)**

	Six months ended September 30, 2008	Six months ended September 30, 2007	Change	Year ended March 31, 2008
Average bunker oil prices	US\$593.73/MT	US\$349.89/MT	Price up US\$243.84	US\$402.77/MT

**(5) Balance of interest-bearing debt at end of period (on a consolidated basis)**

(In 100 million yen)

	Six months ended September 30, 2008	Year ended March 31, 2008	Change	Six months ended September 30, 2007
Loans	7,868	7,759	109	7,461
Bonds	2,262	2,272	-10	2,483
Commercial papers	210	190	20	160
Other	131	-	131	-
Total	10,472	10,221	250	10,104