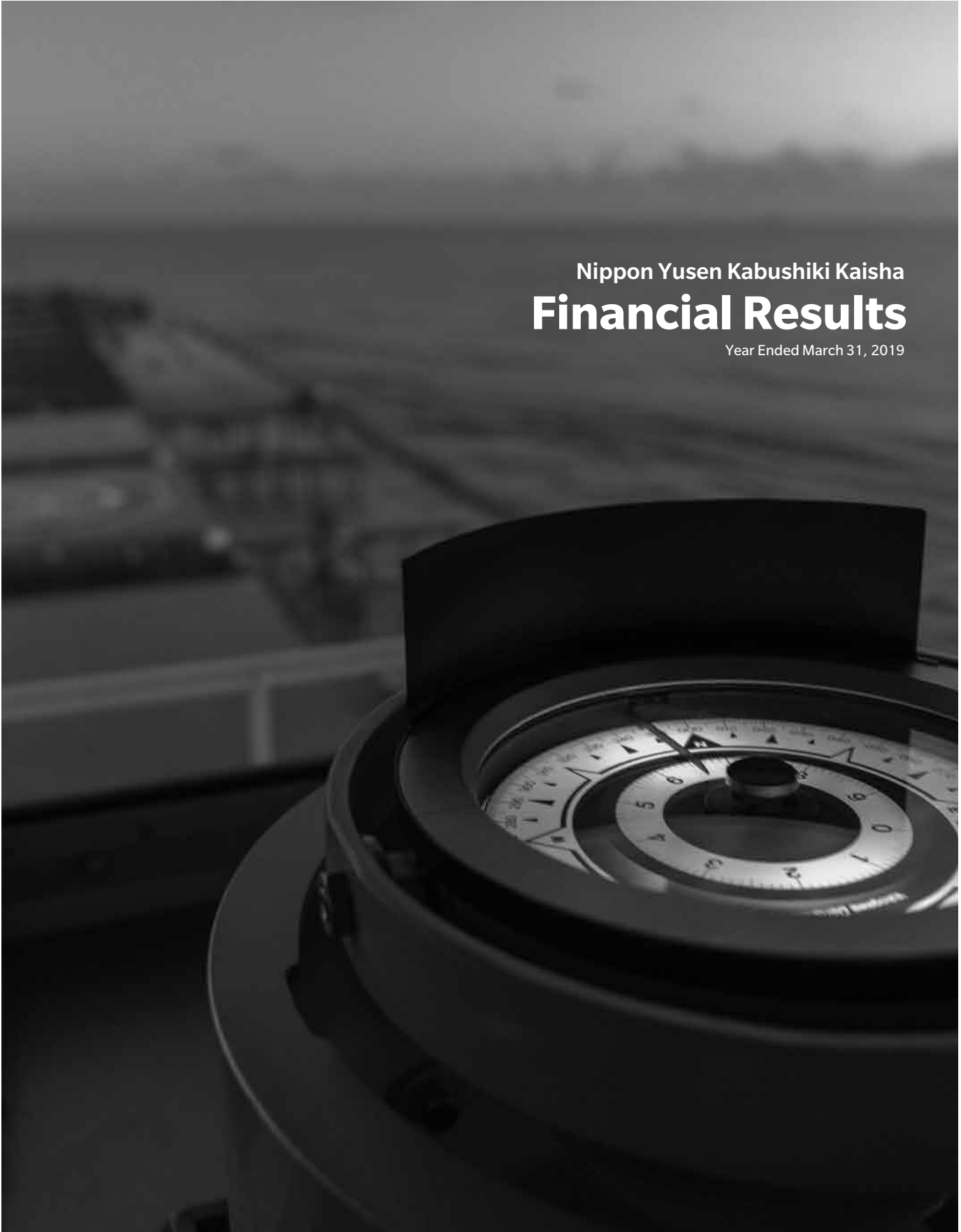




Nippon Yusen Kabushiki Kaisha
Financial Results

Year Ended March 31, 2019



Consolidated Balance Sheet

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2019)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 4 and 13)	¥ 79,915	¥ 104,899	\$ 720,025
Notes and operating accounts receivable—trade (Note 4)	219,937	259,367	1,981,598
Short-term investment securities (Notes 4 and 5)	140	155	1,263
Inventories (Note 7)	39,308	46,598	354,159
Deferred and prepaid expenses	63,211	68,758	569,521
Other	71,909	87,013	647,894
Allowance for doubtful accounts (Note 4)	(2,299)	(2,194)	(20,714)
Total current assets	472,123	564,597	4,253,749
NON-CURRENT ASSETS:			
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 8, 10, 11, and 13):			
Vessels	620,212	631,840	5,588,004
Buildings and structures	84,827	79,083	764,281
Aircraft	39,692	47,813	357,626
Machinery, equipment, and vehicles	29,310	27,691	264,080
Equipment	5,729	5,919	51,619
Land	68,543	71,516	617,562
Construction in progress	44,172	49,920	397,987
Other	5,372	4,985	48,405
Total vessels, property, plant and equipment	897,861	918,770	8,089,567
INTANGIBLE ASSETS:			
Leasehold right	4,553	5,144	41,022
Software	6,562	6,807	59,127
Goodwill	16,404	21,008	147,798
Other	3,815	3,972	34,374
Total intangible assets	31,335	36,932	282,323
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4, 5, 9, and 13)	478,996	423,246	4,315,668
Long-term loans receivable (Note 4)	21,445	20,819	193,219
Net defined benefit asset (Note 22)	55,997	52,971	504,525
Deferred tax assets (Note 15)	6,361	8,461	57,317
Other	44,146	52,779	397,749
Allowance for doubtful accounts (Note 4)	(6,847)	(7,263)	(61,693)
Total investments and other assets	600,099	551,015	5,406,786
Total non-current assets	1,529,295	1,506,718	13,778,676
DEFERRED ASSETS	285	319	2,571
TOTAL ASSETS	2,001,704	2,071,636	18,034,997

* See notes to consolidated financial statements.

Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2019)

(Consolidated Statement of Operation)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
REVENUES	¥1,829,300	¥2,183,201	\$16,481,667
COST AND EXPENSES	1,634,188	1,952,401	14,723,746
Gross profit	195,111	230,799	1,757,920
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	184,026	202,974	1,658,045
Operating profit (loss)	11,085	27,824	99,875
NON-OPERATING INCOME:			
Interest income	3,475	3,478	31,316
Dividend income	8,473	7,013	76,348
Equity in earnings of unconsolidated subsidiaries and affiliates	-	9,935	-
Foreign exchange gains	368	-	3,320
Other	6,522	5,100	58,770
Total non-operating income	18,841	25,527	169,756
NON-OPERATING EXPENSES:			
Interest expenses	24,343	17,787	219,326
Equity in losses of unconsolidated subsidiaries and affiliates	2,538	-	22,870
Foreign exchange losses	-	3,857	-
Other	5,097	3,690	45,925
Total non-operating expenses	31,978	25,335	288,122
Recurring profit (loss)	(2,052)	28,016	(18,491)
OTHER GAINS:			
Gain on sales of non-current assets	12,577	13,861	113,320
Gain on sales of investment securities	19,474	11,949	175,463
Gain on sales of shares of subsidiaries and associates	17,513	421	157,795
Other	3,200	3,241	28,833
Total other gains	52,766	29,474	475,412
OTHER LOSSES:			
Loss on sales of non-current assets	674	181	6,081
Impairment loss	18,886	916	170,168
Provision for losses related to contracts	35,465	-	319,534
Other	17,670	14,346	159,203
Total other losses	72,697	15,444	654,987
PROFIT (LOSS) BEFORE INCOME TAXES	(21,983)	42,046	(198,066)
Income taxes - Current	15,869	17,918	142,985
Income taxes - Deferred	3,359	(2,636)	30,268
Total income taxes (Note 15)	19,229	15,282	173,253
PROFIT (LOSS)	(41,212)	26,763	(371,319)
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	3,288	6,596	29,632
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	(44,501)	20,167	(400,952)
	Per share of common stock (Note 3.L):	Yen	U.S. dollars (Note 2)
Basic profit (loss)	¥(263.80)	¥119.57	\$(2.38)
Cash dividends applicable to the year	20.00	30.00	0.18

(Consolidated Statement of Comprehensive Income)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Profit (Loss)	¥(41,212)	¥26,763	\$(371,319)
Other comprehensive income (Note 19)			
Unrealized gain (loss) on available-for-sale securities	(16,550)	(7,357)	(149,113)
Deferred gain (loss) on hedges	(2,810)	5,008	(25,323)
Foreign currency translation adjustments	(5,574)	5,828	(50,227)
Remeasurements of defined benefit plans	1,390	4,142	12,528
Share of other comprehensive income of associates accounted for using equity method	4,449	(820)	40,089
Total other comprehensive income	(19,095)	6,800	(172,046)
Comprehensive income	(60,308)	33,564	(543,366)
Comprehensive income attributable to owners of parent	(63,307)	26,938	(570,389)
Comprehensive income attributable to non-controlling interests	2,999	6,625	27,022

* See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2019)

Millions of Yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, April 1, 2017	¥144,319	¥155,461	¥202,488	¥(3,814)	¥498,455	¥48,860	¥(27,284)	¥(4,816)	¥7,255	¥24,015	¥69,464	¥591,936
Transfer to retained earnings from capital surplus	-	(122,500)	122,500	-	-	-	-	-	-	-	-	-
Profit (loss) attributable to owners of the parent company	-	-	20,167	-	20,167	-	-	-	-	-	-	20,167
Purchase of treasury stock	-	-	-	(23)	(23)	-	-	-	-	-	-	(23)
Disposal of treasury stock	-	(2)	-	36	33	-	-	-	-	-	-	33
Change in equity of parent related to transactions with non-controlling shareholders	-	2,153	-	-	2,153	-	-	-	-	-	-	2,153
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	(35)	-	(35)	-	-	-	-	-	-	(35)
Change of scope of consolidation	-	-	88	-	88	-	-	-	-	-	-	88
Change of scope of equity method	-	-	202	-	202	-	-	-	-	-	-	202
Other	-	-	(6)	0	(6)	-	-	-	-	-	-	(6)
Net change of items other than shareholders' capital	-	-	-	-	-	(7,223)	8,355	1,714	3,989	6,835	(33,096)	(26,261)
Total changes of items during the period	-	(120,348)	142,916	13	22,580	(7,223)	8,355	1,714	3,989	6,835	(33,096)	(3,680)
Balance, March 31, 2018	144,319	35,112	345,404	(3,801)	521,035	41,637	(18,929)	(3,101)	11,245	30,851	36,368	588,255
Cumulative effects of changes in accounting policies	-	-	-	-	-	(1,822)	-	-	-	(1,822)	45	(1,777)
Restated Balance, March 31, 2018	144,319	35,112	345,404	(3,801)	521,035	39,814	(18,929)	(3,101)	11,245	29,028	36,414	586,478
Dividends from surplus	-	-	(6,783)	-	(6,783)	-	-	-	-	-	-	(6,783)
Profit (loss) attributable to owners of the parent company	-	-	(44,501)	-	(44,501)	-	-	-	-	-	-	(44,501)
Purchase of treasury stock	-	-	-	(13)	(13)	-	-	-	-	-	-	(13)
Disposal of treasury stock	-	(1)	-	99	98	-	-	-	-	-	-	98
Change in equity of parent related to transactions with non-controlling shareholders	-	7,783	-	-	7,783	-	-	-	-	-	-	7,783
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	26	-	26	-	-	-	-	-	-	26
Change of scope of consolidation	-	-	(290)	-	(290)	-	-	-	-	-	-	(290)
Change of scope of equity method	-	-	(22)	-	(22)	-	-	-	-	-	-	(22)
Decrease by merger	-	-	(108)	-	(108)	-	-	-	-	-	-	(108)
Other	-	-	(4)	(0)	(4)	-	-	-	-	-	-	(4)
Net change of items other than shareholders' capital	-	-	-	-	-	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(20,934)
Total changes of items during the period	-	7,781	(51,685)	85	(43,817)	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(64,752)
Balance, March 31, 2019	144,319	42,894	293,719	(3,715)	477,218	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725

Thousands of U.S. dollars (Note 2)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, March 31, 2018	\$1,300,295	\$316,358	\$3,112,036	\$(34,250)	\$4,694,440	\$375,142	\$(170,552)	\$(27,945)	\$101,318	\$277,964	\$327,673	\$5,300,077
Cumulative effects of changes in accounting policies	-	-	-	-	-	(16,424)	-	-	-	(16,424)	411	(16,013)
Restated Balance, March 31, 2018	1,300,295	316,358	3,112,036	(34,250)	4,694,440	358,717	(170,552)	(27,945)	101,318	261,539	328,084	5,284,064
Dividends from surplus	-	-	(61,113)	-	(61,113)	-	-	-	-	-	-	(61,113)
Profit (loss) attributable to owners of the parent company	-	-	(400,952)	-	(400,952)	-	-	-	-	-	-	(400,952)
Purchase of treasury stock	-	-	-	(124)	(124)	-	-	-	-	-	-	(124)
Disposal of treasury stock	-	(12)	-	897	884	-	-	-	-	-	-	884
Change in equity of parent related to transactions with non-controlling shareholders	-	70,126	-	-	70,126	-	-	-	-	-	-	70,126
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	235	-	235	-	-	-	-	-	-	235
Change of scope of consolidation	-	-	(2,621)	-	(2,621)	-	-	-	-	-	-	(2,621)
Change of scope of equity method	-	-	(203)	-	(203)	-	-	-	-	-	-	(203)
Decrease by merger	-	-	(981)	-	(981)	-	-	-	-	-	-	(981)
Other	-	-	(38)	(0)	(39)	-	-	-	-	-	-	(39)
Net change of items other than shareholders' capital	-	-	-	-	-	(150,079)	29,230	(62,046)	13,387	(169,507)	(19,109)	(188,617)
Total changes of items during the period	-	70,113	(465,675)	772	(394,789)	(150,079)	29,230	(62,046)	13,387	(169,507)	(19,109)	(583,406)
Balance, March 31, 2019	1,300,295	386,472	2,646,360	(33,477)	4,299,650	208,638	(141,321)	(89,991)	114,706	92,031	308,974	4,700,657

* See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2019)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
OPERATING ACTIVITIES			
Profit (loss) before income taxes	¥ (21,983)	¥ 42,046	\$ (198,066)
Adjustments for:			
Depreciation and amortization	89,713	87,839	808,305
Impairment loss	18,886	916	170,168
Losses related to antitrust law	-	3,100	-
Provision for losses related to contracts	35,465	-	319,534
Losses related to business restructuring	925	6,985	8,341
Loss (Gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(11,259)	(13,086)	(101,441)
Loss (Gain) on sales of short-term and long-term investment securities	(36,515)	(12,301)	(329,000)
Loss (Gain) on valuation of short-term and long-term investment securities	812	116	7,323
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	2,538	(9,935)	22,870
Interest and dividend income	(11,949)	(10,491)	(107,665)
Interest expenses	24,343	17,787	219,326
Foreign exchange losses (gains)	(7,944)	5,359	(71,575)
Decrease (increase) in notes and accounts receivable-trade	32,476	(7,731)	292,607
Decrease (increase) in inventories	7,788	(5,538)	70,168
Increase (decrease) in notes and accounts payable-trade	(43,775)	7,854	(394,413)
Other, net	2,144	(6,802)	19,317
Subtotal	81,666	106,119	735,800
Interest and dividend income received	22,028	23,640	198,473
Interest expenses paid	(23,994)	(17,422)	(216,190)
Paid expenses related to antitrust law	(18,997)	(2,975)	(171,162)
Income taxes paid	(15,442)	(20,270)	(139,135)
Net cash provided by operating activities	45,260	89,090	407,785
INVESTING ACTIVITIES			
Purchase of securities	(84)	(53)	(762)
Proceeds from sales and redemption of securities	100	-	900
Purchase of vessels, property, plant and equipment and intangible assets	(169,614)	(199,240)	(1,528,193)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	85,356	70,984	769,048
Purchase of investment securities	(100,799)	(43,368)	(908,188)
Proceeds from sales and redemption of investment securities	36,855	27,058	332,058
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,756)	(8,123)	(24,831)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 14)	(948)	(222)	(8,542)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 14)	11,414	-	102,838
Payments of loans receivable	(5,844)	(3,799)	(52,657)
Collections of loans receivable	8,410	14,455	75,776
Other, net	5,618	4,313	50,617
Net cash used in investing activities	(132,292)	(137,994)	(1,191,934)
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	97,487	(227)	878,348
Net increase (decrease) in commercial papers	11,000	-	99,108
Proceeds from long-term loans payable	112,236	126,553	1,011,234
Repayments of long-term loans payable	(139,028)	(97,596)	(1,252,620)
Proceeds from issuance of bonds	9,937	29,852	89,536
Redemption of bonds	(30,000)	-	(270,294)
Purchase of treasury stock	(13)	(23)	(124)
Proceeds from sales of treasury stock	106	35	958
Cash dividends paid to shareholders	(6,783)	-	(61,113)
Cash dividends paid to non-controlling interests	(4,965)	(10,253)	(44,741)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,565)	(29,748)	(14,109)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	12,846	-	115,743
Other, net	1,457	(1,004)	13,128
Net cash provided by financing activities	62,715	17,587	565,052
Effect of exchange rate change on cash and cash equivalents	(1,201)	(3,029)	(10,826)
Net increase (decrease) in cash and cash equivalents	(25,519)	(34,345)	(229,922)
Cash and cash equivalents at beginning of period	103,278	137,444	930,519
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	486	132	4,383
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6	-	54
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	28	47	258
Cash and cash equivalents at end of period (Note 14)	78,280	103,278	705,292

* See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2019)

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, additional information is provided in order to present the

consolidated financial statements in a format familiar to international readers. The result of this does not affect the financial position, results of operations, and cash flows of the consolidated companies as reported in the original consolidated financial statements.

Yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, and the U.S. dollar amounts represent the arithmetical results of translating yen to U.S. dollars using the exchange rate prevailing at March 31, 2019, which was ¥110.99 to \$1.00. The statements in such dollar

amounts are solely for the convenience of readers outside Japan and are not intended to imply that the yen amounts have been, or could be, readily converted, realized, or settled in dollars at that rate, or any other rates, of exchange.

3. Summary of Significant Accounting Policies

A. Consolidation Policies

(1) The consolidated financial statements include the accounts of Nippon Yusen Kabushiki Kaisha (the "Company") and its 510 consolidated subsidiaries (the "NYK Group") at March 31, 2019.

During the fiscal year ended March 31, 2019, the Company newly established 5 companies and judged 13 companies to have a material impact on the consolidated financial statements. Consequently, the Company brought these companies under the scope of consolidation in the consolidated fiscal year ended March 31, 2019.

4 companies were included in the scope of consolidation following acquisitions of their shares.

4 companies were changed from consolidated subsidiaries to equity-method affiliates following sell-offs of their shares.

31 companies were excluded from the scope of consolidation due to liquidation.

1 company was excluded from the scope of consolidation due to merger.

15 companies were excluded from the scope of consolidation following sell-offs of their shares.

(2) Investments in unconsolidated subsidiaries and affiliates are accounted for either using the cost method or using the equity method, depending on the extent of influence or fiscal significance each carries. The Company accounted for 7 unconsolidated subsidiaries and 195 affiliates using the equity method at March 31, 2019.

In the consolidated fiscal year ended March 31, 2019, the Company newly established 6 companies

and judged 5 companies to have a material impact on the consolidated financial statements. Consequently, these companies are newly included in the scope of companies accounted for using the equity method.

1 company was included in the scope of companies accounted for using the equity method following an acquisition of its shares.

4 companies were changed from consolidated subsidiaries to equity-method affiliates following sell-offs of their shares.

1 company was excluded from the scope of companies accounted for using the equity method and included in the scope of consolidation due to its significant material impact.

6 companies were excluded from consolidation due to liquidation.

10 companies were excluded from the scope of companies accounted for using the equity method following sell-offs of their shares.

(3) Any material difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary upon inclusion in the consolidation, unless specifically identified and reclassified to the applicable accounts from which the value originates, is treated as goodwill or negative goodwill, as the case may be, and amortized over a period of 5 to 20 years on a straight-line basis.

(4) All significant intercompany balances, transactions, and material unrealized profit within the consolidated group have been eliminated in consolidation.

B. Accounting Period

The Company's accounting period begins each year on April 1 and ends the following year on March 31. During the fiscal year ended March 31, 2019, December 31 was used by 33 consolidated subsidiaries as the closing date for their financial statements. Necessary adjustments have been made to address transactions that occurred between closing dates different to that of the Company. 9 companies with a fiscal year end of December 31 provide financial statements based on provisional settlement of accounts as of March 31 to facilitate preparation of the consolidated financial statements.

C. Foreign Currency Financial Statements

The balance sheet accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity and "Non-controlling interests." Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

D. Valuation of Assets

- (1) Short-term and long-term investment securities are classified and accounted for, depending on management's intent, as follows:
 - i) Held-to-maturity debt securities that are expected, intended, and able to be held to maturity are reported at amortized cost.
 - ii) (a) Available-for-sale securities with fair value, which are not classified as the aforementioned securities, are reported at fair values, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity and (b) available-for-sale securities whose fair values are not readily determinable are reported at cost using the moving average method.
- (2) Derivatives are valued at market.
- (3) Inventories are stated at the lower of cost, determined by the first-in, first-out method, or net selling value, which is defined as the selling price, less additional estimated manufacturing costs and estimated direct selling expenses.

E. Depreciation and Amortization

- (1) Vessels, property, plant and equipment, except for lease assets, are depreciated as follows:

Vessels, property, plant and equipment are depreciated generally by the straight-line method.
- (2) Intangible assets, except for lease assets, are amortized as follows:

Computer software is amortized by the straight-line

method based principally on the length of period it can be used internally (five years). Other intangible assets are amortized by the straight-line method.

- (3) Leased assets are depreciated as follows:

Leased assets related to financial leases that transfer ownership rights are depreciated by the same depreciation method that is applied to fixed assets owned by the Company. Leased assets related to financial leases that do not transfer ownership rights are depreciated under the straight-line method based on the lease term as the useful life and assuming no residual value.

F. Capitalization of Interest Expenses

Interest expenses are generally charged to income as incurred. However, interest expenses incurred in the construction of certain assets, particularly projects for vessels, are capitalized and included in the costs of assets when a construction period is substantially long and the amount of interest incurred during such a period is significantly material.

G. Provisions

- (1) Allowance for doubtful accounts:

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in receivables outstanding.
- (2) Provision for bonuses:

Bonuses to employees are accrued at the year-end to which such bonuses are attributable.
- (3) Provision for directors' bonuses:

Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.
- (4) Provision for directors' retirement benefits:

To provide for the payment of retirement benefits to directors and corporate auditors, in accordance with internal policies, consolidated subsidiaries record such provisions calculated as the estimated amount that would be payable if all directors and corporate auditors were to retire at the balance sheet date.
- (5) Provision for stock payment:

Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.
- (6) Provision for periodic dry docking of vessels:

Provision for periodic dry docking of vessels is provided based on the estimated amount of expenditures for periodic dry docking in the future.

- (7) Provision for losses related to contracts:
Provision for possible losses associated with the fulfillment of fixed-term vessel charter contracts, purchase of non-current assets, as well as performance of lease contracts are based on estimated amounts of future losses.
- (8) Provision for related to business restructuring
Provision for losses resulting from business restructuring is provided in preparation for estimated future losses.
- (9) Provision for losses related to antitrust law:
Provision for possible losses associated with surcharges and other payments arising from suspected violation of competition laws (including antitrust laws) are based on estimated amounts of losses.

H. Accounting Method for Retirement Benefits

- (1) Method of attributing estimated amounts of retirement benefits to periods:
In calculating defined benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is primarily determined based on a benefit formula basis.
- (2) Amortization of unrecognized actuarial gain (loss) and prior service cost:
Unrecognized actuarial gain (loss) is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a certain period (primarily 8 years), which is not more than the average remaining service period of employees. Prior service cost is amortized by the straight-line method over a certain period (primarily 8 years), which is not more than the average remaining service period of employees.

I. Income Taxes

The Company and its subsidiaries recognize future tax consequences of temporary differences between assets and liabilities in accounting and tax treatments. Deferred taxes are computed based on the pretax income or loss included in the consolidated statement of income and measured by applying currently enacted laws to the temporary differences. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts and the tax bases of assets and liabilities.

J. Freight Revenue and Expense Recognition

Freight revenues and expenses are recognized by two different methods depending on types of cargo transportation.

- (1) Transportation by containerships:
Revenues and expenses arising from ocean transportation of containers are recognized proportionately as shipments move.

- (2) Transportation by vessels other than containerships:
Revenues and expenses from transportation by vessels other than containerships are principally recognized upon the voyage completion method.

K. Method of Accounting for Material Hedge Transactions

For assets, liabilities, and planned transactions, the Company and its consolidated subsidiaries apply hedge accounting to derivative transactions in order to offset risks posed by fluctuations in interest rates, foreign currency exchange rates, and cash flows. In addition, hedge accounting is also applied to derivative transactions used to mitigate the risks of price fluctuations in fuel procurement and others. For hedge accounting, the Company and its consolidated subsidiaries adopt a deferred hedge method that requires the Company to mark the derivative transactions effective as hedges to market and to defer the valuation loss/gain. For forward foreign exchange contracts, etc., that meet the required conditions under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rates of these contracts. In addition, for interest rate swap contracts, etc., that meet specified conditions under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expense of the hedged financial assets and liabilities. In addition, the following hedging methods for various risks are utilized: interest rate swaps to hedge the risk of interest rate fluctuations related to borrowings, bonds, and others; currency swap contracts, forward foreign currency exchange contracts, debts, and credits in foreign currency to hedge the foreign exchange risk associated with monetary assets and liabilities, expected transactions, and others; and fuel swap contracts to hedge the risk of price fluctuations in fuel oil and others. The Company and its consolidated subsidiaries evaluate the effectiveness of hedging methods at the end of each financial quarter, except for interest rate swaps and interest rate caps that meet specified conditions under the accounting standard by analyzing the ratios of the cumulative amount of market fluctuation or cash flow among the hedging financial instruments and the hedged items.

For foreign currency transactions, both short-term and long-term receivables and payables denominated in foreign currencies are translated into yen at exchange rates in effect at the balance sheet date.

However, short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates.

Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

L. Per Share Information

Basic profit per share is computed by dividing profit available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock or reverse stock splits.

Cash dividends per share consist of interim dividends paid during the year and dividends to be paid after the end of the year.

M. Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits that are able to be withdrawn on demand, and short-term investments with original maturities of three months or less that are exposed to minor value fluctuation risk.

N. Additional Information

(1) Changes in Accounting Policies

Application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers
NYK Group companies that prepare financial reports in accordance with International Financial Reporting Standards (IFRS) were required to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, effective from fiscal years commencing on or after January 1, 2018. Accordingly, the Company applied these accounting standards in its consolidated financial accounting from the fiscal year under review.

The application of these accounting standards had an insignificant effect on results presented in its consolidated financial statements.

Application of Practical Issues Task Forces (PITF) concerning subsidiaries and equity-method affiliates
In the fiscal year under review, the Company applied, from an earlier than required date, PITF No. 18 Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for Consolidated Financial Statements, and PITF No. 24 Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method, both of which were revised and issued on September 14, 2018, by the Accounting Standards Board of Japan (ASBJ).

The application of these revised standards had an insignificant effect on results presented in its consolidated financial statements.

(2) Yet to Be Adopted Accounting Standards

In the fiscal year under review, the Company had not yet adopted the "Accounting Standard for Revenue Recognition" (Statement No. 29) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (Guidance No. 30), both

issued by the ASBJ on March 30, 2018.

i) Background

The International Accounting Standards Board (IASB) and the U.S.-based Financial Accounting Standards Board (FASB) have been jointly developing a comprehensive accounting standard related to revenue recognition, and announced a new guidance, "Revenue from Contracts with Customers" (issued as IFRS 15 by the IASB and Topic 606 by the FASB), in May 2014. Given that IFRS 15 could be adopted effective from fiscal years starting from January 1, 2018, or later, and Topic 606 could be adopted effective from fiscal years starting from December 15, 2017, or later, the ASBJ also established a comprehensive accounting standard related to revenue recognition and announced it together with the implementation guidance. As its basic policy when developing its standard, the ASBJ reflected the fundamental principles of IFRS 15 in order to ensure that financial statements disclosed in Japan would be comparable, recognizing that as one of the benefits of maintaining consistency with this particular international financial reporting standard. Furthermore, to deal with cases of accounting entries that could arise in consideration of business procedures that have been carried out in Japan in the past, the ASBJ included alternative treatments within a scope that would not compromise the comparability of financial statements.

ii) Scheduled date of adoption

The Company plans to adopt the standard, above, from April 1, 2021.

iii) Impact of adopting the accounting standard

At the time of preparing this report, the Company was in the process of assessing the monetary impact of adopting the "Accounting Standard for Revenue Recognition" and other related matters on its statements of consolidated financial results.

IFRS 16 Leases and Accounting Standards Update (ASU) 2016-02 Leases

i) Background

In principle, companies are expected to adopt accounting models that treat all leases as assets and liabilities.

ii) Scheduled date of adoption

The Company applied IFRS 16 Leases from April 1, 2019, and plans to apply ASU 2016-02 Leases effective from April 1, 2020.

iii) Impact of adopting the accounting standards

As a result of adopting IFRS 16 Leases, both assets and liabilities in the consolidated balance sheet for the fiscal year ending March 31, 2020, are expected to increase by approximately ¥80 billion. The impact on retained earnings, however, is expected

to be insignificant. At the time of preparing this report, the Company was in the process of assessing the monetary impact of adopting ASU 2016-02 Leases on its statements of consolidated financial results.

(3) Changes in presentation

Changes following the adoption of Partial Amendments to Accounting Standard for Tax Effect Accounting

Effective from April 1, 2018, the Company applied Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting, issued by the ASBJ on February 16, 2018. Accordingly, it changed its method of presenting “deferred tax assets” under “investments and other assets,” and “deferred tax liabilities” under “non-current liabilities.” The Company also changed its explanatory notes regarding tax effect accounting.

Consequently, previously stated amounts presented in the consolidated balance sheet for the previous fiscal year were changed as follows: “deferred tax assets” under “current assets” decreased by ¥2,299 million and “deferred tax assets” under “investments and other assets” increased by ¥1,963 million. Furthermore, “deferred tax liabilities” under “current liabilities” decreased by ¥3,321 million and “deferred tax liabilities” under “non-current liabilities” increased by ¥2,984 million.

In addition, “total assets” decreased by ¥336 million compared with the time before the change went into effect, reflecting the offsetting of consolidated deferred tax assets and deferred tax liabilities.

The Company added details to the explanatory notes herein based on items 3 to 5 of the Partial Amendments to Accounting Standard for Tax Effect Accounting, specifically in reference to tax effect-related accounting standards and the exclusion of total valuation allowance in sections 8 and 9. Among these added details, however, details related to the previous fiscal year have not been included in accordance with the transitional treatment explained in item 7 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

Consolidated Statement of Income

“Gain on sales of shares of subsidiaries and affiliates,” which was included in “other” under “other gains” in the fiscal year ended March 31, 2018, has been presented as a separate item in the fiscal year under review because the amount exceeded 10% of “total other gains.” The consolidated financial statement for the fiscal year ended March 31, 2018, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥3,662 million for “other” under “other gains” in the consolidated statement of income for the previous fiscal year has been reclassified as “gain on sales of shares of subsidiaries and affiliates” totaling ¥421 million and “other” amounting to ¥3,241 million.

“Losses related to business restructuring” and “losses related to antitrust law,” which were presented as separate items under “other losses” in the consolidated statement of income for the fiscal year ended March 31, 2018, have been included in “other” in the fiscal year under review because the respective amounts were less than 10% of “total other losses.” The consolidated financial statement for the fiscal year ended March 31, 2018, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥7,612 million for “losses related to business restructuring” and ¥3,100 million for “losses related to antitrust law” in the consolidated statement of income for the previous fiscal year have been included in the total amount for “other.”

Meanwhile, “impairment losses,” which were included in “other” under “other losses” in the fiscal year ended March 31, 2018, has been presented as a separate item in the fiscal year under review because the amount exceeded 10% of “total other losses.” The consolidated financial statement for the fiscal year ended March 31, 2018, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥4,551 million for “other” under “other losses” in the consolidated statement of income for the fiscal year ended March 31, 2018, has been reclassified as “impairment losses” totaling ¥916 million and “other” amounting to ¥14,346 million.

(4) Transactions Related to the Board Incentive Plan Trust

Based on the resolution at the General Meeting of Shareholders held on June 20, 2016, the Company introduced “Board Incentive Plan Trust” (the “Plan”) as a performance-based stock remuneration plan for Directors and Corporate Officers of the Company (excluding Outside Directors, as well as Directors and Corporate Officers who are non-residents of Japan, foreign nationals, or listed subsidiaries; hereinafter collectively referred to as “Director(s), etc.”). Accounting treatments related to the trust are in accordance with Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

The Plan is a stock remuneration plan, wherein a trust established by the Company (Board Incentive Plan

Trust) acquires the Company shares using the cash contributed by the Company, and through this trust the Company shares and money equivalent to the amount obtained by converting the Company shares into cash corresponding to the points granted based on the degree of achievement of business performance of each fiscal year and according to individual position of the recipient are delivered and paid to Directors, etc.

The Company's shares remaining in the Trust are recorded under equity as treasury stock, calculated

based on the total book value (excluding incidental expenses) of the shares in the Trust. As of March 31, 2019, the Company's treasury stock consisted of 861,000 shares with a total book value of ¥1,577 million, compared with 914,000 shares and a total book value of ¥1,604 million as of March 31, 2018.

In addition, the estimated amount of the above Directors' remuneration allotted at the end of the current fiscal year was recorded as provision for stock payment.

4. Financial Instruments

(1) Disclosure on Financial Instruments

a. Policy on financial instruments

Internal funding provides the Company and its consolidated subsidiaries with some of the funds they require for capital expenditures for vessels, aircraft, and transport equipment, as well as working capital. Other funds are procured from outside sources. Methods of raising funds include loans from banks and other financial institutions, as well as issuing corporate bonds. Funds are invested mainly in short-term deposits. The Company and its consolidated subsidiaries utilize derivatives to hedge risks mentioned below and do not engage in speculative financial transactions.

b. Contents and risks of financial instruments

Notes and operating accounts receivable—trade are subject to client credit risk. In addition, foreign currency-denominated transactions are subject to foreign exchange rate risk.

Investment securities include held-to-maturity debt securities and corporate shares. The Company and its consolidated subsidiaries mainly used the current value method to evaluate investment securities that have explicit market values, taking as the market value the average market price during the one-month period preceding the end of the fiscal year. Consequently, shifts in stock market conditions could affect the operating performance and financial condition of the Company and its consolidated subsidiaries.

Notes and operating accounts payable—trade are settled in the short term. Of these, transactions denominated in foreign currencies are subject to foreign exchange rate risk.

Loans payable are subject to interest rate risk, and the Company and its consolidated subsidiaries utilize derivative financial instruments to hedge against these risks.

As for derivative financial instruments, to avert interest rate risks associated with loans payable, the Company and its consolidated subsidiaries utilize interest rate swap contracts. To avert foreign exchange

risk associated with foreign currency assets and liabilities, the Company and its consolidated subsidiaries utilize forward foreign exchange contracts and currency swap contracts. Similarly, to deal with the risk of price fluctuations in fuel and chartered freight, the Company and its consolidated subsidiaries utilize fuel swap contracts, freight (chartered-freight) forward transactions, and other methods.

The details of hedge accounting for derivative financial instruments are described below. Methods for evaluating effectiveness of hedging are described above in "3. Summary of Significant Accounting Policies, K. Method of Accounting for Material Hedge Transactions."

① Hedge accounting method

The Company and its consolidated subsidiaries primarily adopt deferral hedge accounting that requires marking the derivative financial instruments effective as hedges to market, and deferring the valuation loss/gain. For forward foreign exchange contracts, etc., that meet the required conditions for designation accounting under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rates of these contracts. In addition, for interest rate swap contracts that meet specified conditions for exceptional accounting under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expense of the hedged financial assets and liabilities.

② Principal hedging methods and items hedged	
<u>Principal hedging methods</u>	<u>Principal items hedged</u>
Currency swap contracts	Loans payable and receivable
Interest rate swap contracts	Loans payable and receivable
Fuel swap contracts	Purchase price of fuel
Forward foreign exchange contracts	Forecasted foreign currency transactions, investment in overseas subsidiaries

- ③ Risks inherent in derivative transactions
Derivative transactions are subject to inherent market risk, which is derived from future changes in market prices (currency rates, interest rates, and share prices), and credit risk, which arises from the counterparties becoming unable to perform their contractual obligations. The derivative financial instruments utilized by the Company and its consolidated subsidiaries are only those that offset the fluctuation in fair value of the underlying financial assets and liabilities; thereby, the Company and its consolidated subsidiaries are not exposed to material market risk. The counterparties in the derivative transactions are financial institutions with high credit ratings, implying that credit risk is immaterial.

c. Risk management for financial instruments

- ① Credit risk management
The Company utilizes credit management regulations to minimize its risk on notes and operating accounts receivable-trade and long-term loans receivable. In terms of held-to-maturity debt securities, in line with asset management regulations, the Company and its consolidated subsidiaries hold only highly rated debt securities, so credit risk is negligible.
- ② Market risk management
To hedge exchange rate fluctuation risk associated with foreign currency assets and liabilities, the Company and its consolidated subsidiaries make use of forward foreign exchange contracts, currency swap contracts, and other methods.
The Company and its consolidated subsidiaries utilize interest rate swaps and other methods to avert the fluctuation risks of interest paid on loans payable.
The Company and its consolidated subsidiaries periodically ascertain the price of short-term and long-term investment securities and the financial conditions of their issuers (corporate business partners).
The Company and its consolidated subsidiaries review the status of their holdings in instruments other than held-to-maturity debt securities on an ongoing

basis, taking into consideration their relationships with their corporate business partners.

The derivative transactions of the Company and its consolidated subsidiaries follow the internal approval process specified in the Company's Rules for Risk Management Employing Financial Instruments and other rules and regulations, and are subject to internal controls operated principally by the divisions in charge of accounting. In addition, to prevent improper transactions, the back-office function for these transactions is performed by personnel of the Company and its consolidated subsidiaries who are not directly involved in the transactions. The contract amounts and other information related to derivative financial instruments are reported to the Board of Directors periodically.

- ③ Management of liquidity risk associated with capital raising activities
Cash planning is made and updated by the financial division of the Company on a timely basis based on reports from business divisions of the Company, and the Company also enters into commitment-line contracts with a number of financial institutions in order to meet unexpected cash demand.

d. Supplementary explanation of fair value of financial instruments and others

The fair value of financial instruments includes, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market price is available. However, as certain variables are used for these calculations, the result of such calculations may vary if different assumptions are used.

The contract amounts of interest rate swap transactions and currency swap transactions do not represent the amounts exchanged by the parties and do not measure the Company's and its consolidated subsidiaries' exposure to credit or market risk.

(2) Disclosure of the Fair Value of Financial Instruments and Others

The table below shows the book value of financial instruments as indicated in the consolidated balance sheets as of March 31, 2019 and 2018, as well as their fair values and unrealized gains or losses. Note that financial instruments for which fair value cannot be reliably determined are not included in this table (refer to Note b).

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2019			2018			2019		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
① Cash and deposits	¥ 79,915	¥ 79,915	¥ -	¥104,899	¥104,899	¥ -	\$ 720,025	\$ 720,025	\$ -
② Notes and operating accounts receivable-trade	219,937	-	-	259,367	-	-	1,981,598	-	-
Allowance for doubtful accounts*1	(1,340)	-	-	(1,329)	-	-	(12,074)	-	-
Balance	218,597	218,597	-	258,037	258,037	-	1,969,524	1,969,524	-
③ Short-term and long-term investment securities (Note 5)									
Held-to-maturity debt securities	-	-	-	155	156	1	-	-	-
Available-for-sale securities	112,129	112,129	-	121,583	121,583	-	1,010,265	1,010,265	-
Investments in affiliates	15,739	12,598	(3,141)	14,619	11,663	(2,956)	141,808	113,506	(28,302)
④ Long-term loans receivable	21,445	-	-	20,819	-	-	193,219	-	-
Allowance for doubtful accounts*1	(1,547)	-	-	(776)	-	-	(13,941)	-	-
Balance	19,898	20,826	928	20,042	20,904	862	179,278	187,639	8,361
Subtotal	446,279	444,066	(2,213)	519,339	517,246	(2,093)	4,020,902	4,000,961	(19,940)
① Notes and operating accounts payable-trade	160,258	160,258	-	206,205	206,205	-	1,443,899	1,443,899	-
② Current portion of bonds	30,000	30,000	-	30,000	30,000	-	270,294	270,294	-
③ Short-term loans payable	196,849	196,849	-	113,198	113,198	-	1,773,579	1,773,579	-
④ Commercial papers	11,000	11,000	-	-	-	-	99,108	99,108	-
⑤ Bonds payable	125,000	130,011	5,011	145,000	151,225	6,225	1,126,227	1,171,375	45,148
⑥ Long-term loans payable	663,305	673,968	10,663	683,184	694,158	10,974	5,976,262	6,072,338	96,076
Subtotal	1,186,413	1,202,087	15,674	1,177,588	1,194,788	17,200	10,689,371	10,830,595	141,224
Derivative financial instruments*2	1,069	1,069	-	1,718	1,718	-	9,639	9,639	-

* 1. An individual listing of allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable has been omitted.
 2. Amount of derivative financial instruments is net of related assets and liabilities.

a. Calculation method for the market value of financial instruments and matters concerning marketable securities and derivative transactions

Assets

① Cash and deposits

These assets are stated at book value as they are settled in the short term and their market values approximate book values.

② Notes and operating accounts receivable-trade

These assets are stated at book value as they are settled in the short term and their market values approximate book values.

Claims with default possibility are stated at adjusted book value. The expected amount of doubtful accounts on these assets is calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral or guarantees; hence, their market values approximate their book values at the closing date, less the current expected amount of doubtful accounts.

③ Short-term and long-term investment securities

Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions.

④ Long-term loans receivable

Long-term loans receivable with variable interest rates are stated at book value. The interest rate on these assets reflects the market rate in the short term; therefore, their market values approximate book values. Those with fixed-interest rates are stated at market value, which is calculated by discounting the principal and interest using the assumed rate applied to a similar type of new loan. Meanwhile, loans with default possibility are stated at adjusted book value. The expected amount of doubtful accounts on these assets is calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral or guarantees; hence, their market values approximate their book values at the closing date, less the current expected amount of doubtful accounts.

Liabilities

- ① Notes and operating accounts payable-trade,
- ② Current portion of bonds,
- ③ Short-term loans payable and
- ④ Commercial papers

These assets are stated at book value as they are settled in the short term and their market values approximate book values.

- ⑤ Bonds payable

The market value of the corporate bonds issued by the Company is calculated based on the market price.

- ⑥ Long-term loans payable

Long-term loans payable with variable interest rates are stated at book value as the interest rate on these loans

reflects the market rate in the short term and their market values approximate book values. Long-term loans payable with fixed interest rates are stated at present value. The present value is calculated by discounting a periodically divided portion of the principal and interest of these loans*, using the assumed rate applied to a similar loan.

* As to the long-term loans payable involved in the interest rate swap agreement that meets the requirements for exceptional accounting (refer to "6. Derivatives"), the total amount of principal and interest income at the post-swap rate is applied.

Derivative financial instruments

Refer to "6. Derivatives."

b. Financial instruments for which fair value cannot be reliably determined

Segment	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
	Book value	Book value	Book value
Investments in unconsolidated subsidiaries and affiliates	¥340,458	¥256,115	\$3,067,465
Shares in unlisted companies	7,929	11,779	71,443
Others	2,880	19,148	25,948
Total	351,267	287,042	3,164,857

As these instruments do not have readily available market values, and their fair values cannot be reliably determined, they are not included in "③ Short-term and long-term investment securities."

c. Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen							
	2019				2018			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	¥ 79,915	¥ -	¥ -	¥ -	¥104,899	¥ -	¥ -	¥ -
Notes and operating accounts receivable-trade	219,011	926	-	-	258,115	1,251	-	-
Short-term and long-term investment securities:								
Held-to-maturity debt securities (government bonds)	-	-	-	-	155	-	-	-
Held-to-maturity debt securities (corporate bonds)	-	-	-	-	-	-	-	-
Held-to-maturity debt securities (others)	-	-	-	-	-	-	-	-
Available-for-sale securities with maturity dates (government bonds)	-	-	-	-	-	42	-	-
Available-for-sale securities with maturity dates (others)	-	-	-	-	-	-	-	-
Long-term loans receivable	-	6,654	6,889	7,901	-	5,927	7,668	7,223
Total	298,926	7,581	6,889	7,901	363,170	7,221	7,668	7,223

Thousands of U.S. dollars (Note 2)

	2019			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	\$ 720,025	\$ -	\$ -	\$ -
Notes and operating accounts receivable-trade	1,973,250	8,348	-	-
Short-term and long-term investment securities:				
Held-to-maturity debt securities (government bonds)	-	-	-	-
Held-to-maturity debt securities (corporate bonds)	-	-	-	-
Held-to-maturity debt securities (others)	-	-	-	-
Available-for-sale securities with maturity dates (government bonds)	-	-	-	-
Available-for-sale securities with maturity dates (others)	-	-	-	-
Long-term loans receivable	-	59,958	62,074	71,186
Total	2,693,275	68,306	62,074	71,186

d. Maturity analysis for corporate bonds and long-term loans after the balance sheet date

Millions of yen

	2019					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds	¥ 30,000	¥ -	¥ -	¥ -	¥ -	¥ -
Short-term loans payable	196,849	-	-	-	-	-
Commercial papers	11,000	-	-	-	-	-
Bonds payable	-	20,000	25,000	30,000	10,000	40,000
Long-term loans payable	-	102,617	163,803	126,852	60,564	209,466
Total	237,849	122,617	188,803	156,852	70,564	249,466

Thousands of U.S. dollars (Note 2)

	2019					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds	\$ 270,294	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term loans payable	1,773,579	-	-	-	-	-
Commercial papers	99,108	-	-	-	-	-
Bonds payable	-	180,196	225,245	270,294	90,098	360,392
Long-term loans payable	-	924,565	1,475,842	1,142,920	545,678	1,887,254
Total	2,142,981	1,104,761	1,701,087	1,413,215	635,776	2,247,647

Millions of yen

	2018					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds	¥ 30,000	¥ -	¥ -	¥ -	¥ -	¥ -
Short-term loans payable	113,198	-	-	-	-	-
Commercial papers	-	-	-	-	-	-
Bonds payable	-	30,000	20,000	25,000	30,000	40,000
Long-term loans payable	-	83,152	94,382	158,722	114,529	232,397
Total	143,198	113,152	114,382	183,722	144,529	272,397

5. Securities

(1) Short-term and long-term investment securities held-to-maturity with fair value as of March 31, 2019 and 2018, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2019			2018			2019		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities for which fair value exceeds book value:									
Government bonds and others	¥-	¥-	¥-	¥155	¥156	¥1	\$-	\$-	\$-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	155	156	1	-	-	-
Securities for which fair value is equal to or less than book value:									
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Total	-	-	-	156	156	1	-	-	-

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2019 and 2018, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2019			2018			2019		
	Book value	Acquisition costs	Difference	Book value	Acquisition costs	Difference	Book value	Acquisition costs	Difference
Securities for which book value exceeds acquisition costs:									
Corporate shares	¥ 84,708	¥43,714	¥40,994	¥105,498	¥42,870	¥62,627	\$ 763,207	\$393,855	\$369,351
Government bonds and others	-	-	-	42	41	0	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	149	141	7	53	50	3	1,342	1,272	70
Subtotal	84,857	43,855	41,002	105,594	42,963	62,631	764,550	395,127	369,422
Securities for which book value is equal to or less than acquisition costs:									
Corporate shares	27,254	35,102	(7,847)	15,981	20,313	(4,331)	245,555	316,263	(70,707)
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	17	22	(4)	6	10	(3)	159	200	(40)
Subtotal	27,271	35,124	(7,852)	15,988	20,323	(4,334)	245,715	316,463	(70,748)
Total	112,129	78,979	33,149	121,583	63,286	58,296	1,010,265	711,591	298,674

(3) Proceeds, gains, and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2019 and 2018, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
	Proceeds from sales	¥25,684	¥22,020
Gross realized gains	19,474	11,949	175,463
Gross realized losses	(34)	(69)	(307)

6. Derivatives

Derivative financial instruments with fair value as of March 31, 2019 and 2018, are summarized as follows:

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2019			2018			2019		
	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value
a. Currency-related									
Forward foreign currency exchange contracts:									
Buy U.S. dollar, sell Japanese yen	¥56,092	¥ -	¥ 30	¥ 16,846	¥ -	¥ (132)	\$505,385	\$ -	\$ 273
Sell U.S. dollar, buy Japanese yen	7,611	-	(75)	82,515	-	(480)	68,582	-	(678)
Sell Chinese Yuan, buy U.S. dollar	-	-	-	8,652	-	(18)	-	-	-
Sell EURO, buy U.S. dollar	2,478	-	29	-	-	-	22,329	-	264
Sell Thai baht, buy Japanese yen	2,379	-	(59)	2,408	-	(138)	21,434	-	(540)
Others	6,775	-	(27)	32,583	-	(547)	61,048	-	(251)
Currency swaps:									
Receive Japanese yen, pay U.S. dollar	5,867	-	117	6,336	5,867	369	52,860	-	1,058
Receive U.S. dollar, pay Japanese yen	1,474	-	(22)	925	-	(38)	13,282	-	(199)
Receive Thai baht, pay Euro	974	-	47	984	-	11	8,783	-	425
Receive Thai baht, pay Japanese yen	6,750	-	134	3,554	-	93	60,817	-	1,207
Others	-	-	-	1,745	-	(47)	-	-	-
Interest rate currency swaps:									
Receive U.S. dollar floating, pay Mexican Peso fixed	300	289	32	302	291	16	2,710	2,605	293
	90,704	289	205	156,855	6,158	(911)	817,235	2,605	1,853
b. Interest rate-related									
Interest rate swaps:									
Receive fixed, pay floating	-	-	-	464	-	4	-	-	-
Receive floating, pay fixed	-	-	-	466	-	(5)	-	-	-
	-	-	-	930	-	(1)	-	-	-
c. Commodity-related									
Market transactions									
Freight (chartered-freight) forward transactions:									
Forward chartered-freight agreements on seller's side	1,450	-	105	-	-	-	13,071	-	951
Freight (chartered-freight) collar transactions:*2									
Buy call option, sell put option	351	-	3	-	-	-	3,167	-	34
Off-market transactions									
Freight (chartered-freight) forward transactions:									
Forward chartered-freight agreements on buyer's side	373	-	(80)	-	-	-	3,365	-	(729)
Forward chartered-freight agreements on seller's side	1,047	-	242	1,401	-	26	9,433	-	2,188
Fuel swaps:									
Receive floating, pay fixed	249	-	3	-	-	-	2,246	-	28
Freight (chartered-freight) collar transactions:*2									
Buy put option, sell call option	351	-	(3)	-	-	-	3,167	-	(29)
	3,823	-	271	1,401	-	26	34,452	-	2,444

*1. Method for calculating derivative amounts as of the balance sheet dates: The amounts of market transactions were calculated according to the closing prices of relevant stock exchanges as of the final day of the Company's fiscal year, while amounts of off-market transactions were calculated based on the values and discounted present values reported by the financial institutes handling the transactions.

2. Freight (chartered-freight) collar transactions are zero-cost option transactions, and call option and put option are shown as a lump sum because they are included in integrated contracts.

(2) Derivative transactions qualifying for hedge accounting

		Millions of yen						Thousands of U.S. dollars (Note 2)		
		2019			2018			2019		
		Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value
a. Currency-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Forward foreign currency exchange contracts:	Principal items hedged:									
Sell U.S. dollar, buy Japanese yen	Investment for equity of overseas subsidiary	¥133,194	¥ 8,939	¥1,581	¥ 92,145	¥ 11,912	¥4,912	\$ 1,200,061	\$ 80,547	\$ 14,246
Sell Euro, buy Japanese yen		6,088	-	205	6,280	-	114	54,858	-	1,851
Others		292	-	5	678	438	(9)	2,637	-	52
Currency swaps:										
Receive U.S. dollar, pay Malaysian ringgit	Loans payable	9,517	7,879	22	6,963	5,528	54	85,751	70,996	204
Receive Singapore dollar, pay U.S. dollar	Loans receivable	284	221	(21)	509	447	(15)	2,567	1,997	(194)
Foreign exchange contracts and other derivative transactions qualifying for designation accounting										
Forward foreign currency exchange contracts:	Principal items hedged:									
Buy U.S. dollar, sell Japanese yen	Forecasted capital expenditures	23,859	14,514	1,398	20,002	16,385	(225)	214,968	130,772	12,599
Sell U.S. dollar, buy Japanese yen		435	-	(0)	845	-	1	3,921	-	(4)
Others		257	-	(0)	310	-	(3)	2,321	-	(3)
Integration treatment of interest rate and currency swaps (qualifying for designation accounting and exceptional accounting)										
Interest rate and currency swaps:	Principal items hedged:									
Receive fixed U.S. dollar, pay floating Japanese yen	Accounts payable	3,402	2,041	367	4,763	3,402	249	30,658	18,395	3,315
		177,333	33,597	3,559	132,499	38,114	5,076	1,597,747	302,708	32,068
b. Interest rate-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating		10,000	10,000	1,020	10,000	10,000	946	90,098	90,098	9,194
Receive floating, pay fixed	Long-term loans payable	146,719	116,515	(4,514)	119,958	102,975	(4,275)	1,321,918	1,049,781	(40,672)
Interest rate swap derivative transactions qualifying for exceptional accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	25,000	25,000		25,000	25,000		225,245	225,245	
Receive floating, pay fixed		43,854	37,051	*2	48,435	43,818	*2	395,124	333,829	*2
		225,574	188,566	(3,493)	203,394	181,793	(3,329)	2,032,386	1,698,954	(31,477)
c. Commodity-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Freight (chartered-freight) forward transactions:	Principal items hedged:									
Forward chartered-freight agreements on buyer's side	Charterage	218	-	(52)	-	-	-	1,972	-	(469)
Fuel swaps:	Principal items hedged:									
Receive floating, pay fixed	Fuel	7,403	143	625	7,197	347	884	66,700	1,297	5,638
Fuel oil collar transactions:*3	Principal items hedged:									
Buy call option, sell put option	Fuel	8,325	-	(51)	13,735	-	219	75,009	-	(463)
Freight (chartered-freight) collar transactions:*3										
Buy put option, sell call option	Charterage	6,630	6,630	372	-	-	-	59,739	59,739	3,354
		22,577	6,774	894	20,933	347	1,104	203,421	61,037	8,059

*1. Market values as of the date of the financial statement were calculated based on the values reported by the financial institutes handling the transactions and the discounted present values.

*2. As exceptional accounting for interest rate swaps is handled together with the long-term loans payable hedged, their fair value is included in that of the long-term loans payable.

*3. Fuel oil collar transactions and freight (chartered-freight) collar transactions are zero-cost option transactions, and call options and put options are shown as a lump sum because they are included in integrated contracts.

7. Inventories

Inventories as of March 31, 2019 and 2018, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Products and goods	¥ 2,763	¥ 1,934	\$ 24,898
Work in progress	710	656	6,399
Raw materials, fuel, and supplies	35,834	44,006	322,860

8. Accumulated Depreciation

As of March 31, 2019 and 2018, accumulated depreciation of vessels, property, plant and equipment is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Accumulated depreciation	¥1,039,876	¥1,026,650	\$9,369,104

9. Investment in Non-Consolidated Subsidiaries and Affiliates

Amounts corresponding to non-consolidated subsidiaries and affiliates as of March 31, 2019 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Investment securities (stocks)	¥356,197	¥270,735	\$3,209,274
Other investments and other assets (investment in capital)	10,192	10,661	91,830

10. Investment and Rental Property

The Company and some of its consolidated subsidiaries own offices and other buildings (including land) for earning rent, and other purposes in Tokyo and other regions. Profit from rental of these properties (with main rental income recorded as revenues and main rental expense recorded as costs and expenses) in the consolidated fiscal year ended March 31, 2019, totaled ¥4,352 million (\$39,219 thousand), and profit from sales totaled ¥502 million (\$4,528 thousand) (with gain on sales as other gains and loss on sales as other losses).

The amounts recorded in the consolidated balance sheets, the increase (decrease) during the fiscal years ended March 31, 2019 and 2018, and the fair values of the relevant investment and rental property as of March 31, 2019 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Amount recorded in consolidated balance sheet:			
Balance at beginning of year	¥ 47,666	¥ 48,046	\$ 429,468
Increase (decrease) during the fiscal year	(1,360)	(380)	(12,254)
Balance at end of year	46,306	47,666	417,213
Fair value as of current fiscal year end	121,439	118,847	1,094,147

* 1. The amount recorded in the consolidated balance sheet is the acquisition cost, net of accumulated depreciation and impairment losses.

2. Of the increase (decrease) during the fiscal year ended March 31, 2019, the primary increase was ¥931 million (\$8,390 thousand) from acquisition and the primary decreases were -¥1,179 million (-\$10,624 thousand) from depreciation and -¥678 million (-\$6,114 thousand) from sales.

3. The market value as of the fiscal year end is the amount calculated primarily based on the Real Estate Appraisal Standard (including adjustments made using indexes).

11. Deferred Capital Gains

Under certain conditions, such as exchanges of fixed assets of similar kinds, gains from insurance claims, and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer gains arising from such transactions by reducing the cost of the assets

acquired. As such, deferred capital gains from insurance claims were deducted from the cost of properties acquired in replacement, which amounted to ¥6,595 million (\$59,423 thousand) and ¥6,650 million as of March 31, 2019 and 2018, respectively.

12. Short-Term and Long-Term Debt

(1) Bonds as of March 31, 2019 and 2018, consisted of the following:

	Interest rate	Maturity date	Millions of yen		Thousands of U.S. dollars (Note 2)
			2019	2018	2019
Unsecured Straight Bonds No. 23	2.36%	June 7, 2024	¥ 10,000	¥ 10,000	\$ 90,098
Unsecured Straight Bonds No. 25	2.65%	June 22, 2026	10,000	10,000	90,098
Unsecured Straight Bonds No. 29*	1.782%	August 9, 2019	30,000	30,000	270,294
Unsecured Straight Bonds No. 31	1.218%	September 9, 2021	25,000	25,000	225,245
Unsecured Straight Bonds No. 32	2.13%	September 9, 2031	10,000	10,000	90,098
Unsecured Straight Bonds No. 34	0.594%	June 18, 2018	-	10,000	-
Unsecured Straight Bonds No. 35	1.177%	June 17, 2022	10,000	10,000	90,098
Unsecured Straight Bonds No. 36	0.572%	September 13, 2018	-	20,000	-
Unsecured Straight Bonds No. 37	0.939%	September 11, 2020	20,000	20,000	180,196
Unsecured Straight Bonds No. 38	0.39%	May 31, 2022	20,000	20,000	180,196
Unsecured Straight Bonds No. 39	0.53%	May 31, 2024	10,000	10,000	90,098
Unsecured Straight Bonds No. 40	0.29%	May 24, 2023	10,000	-	90,098
Total			155,000	175,000	1,396,522

* The Company plans to redeem Unsecured Straight Bonds No. 29 within one year.

The aggregate annual maturities of convertible bonds and bonds as of March 31, 2019, were as follows:

Millions of yen				
Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
¥30,000	¥20,000	¥25,000	¥30,000	¥10,000

Thousands of U.S. dollars (Note 2)				
Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
\$270,294	\$180,196	\$225,245	\$270,294	\$90,098

(2) Loans payable, obligations under finance leases, and other interest-bearing liabilities as of March 31, 2019 and 2018, were as follows:

Classification	Average interest rate	Repayment deadline	Millions of yen		Thousands of U.S. dollars (Note 2)
			2019	2018	2019
Short-term loans payable (including overdraft)	2.89%	-	¥110,394	¥ 13,026	\$ 994,630
Current portion of long-term loans payable	2.04%	-	86,455	100,171	778,948
Current portion of obligations under finance leases	5.09%	-	4,151	2,024	37,408
Long-term loans payable	2.1%	2020-2034	663,305	683,184	5,976,262
Obligations under finance leases	3.57%	2020-2033	15,875	10,025	143,035
Other interest-bearing liabilities					
Commercial papers	-0.01%	-	11,000	-	99,108
Current portion of long-term accounts payable	1.61%	-	1,361	1,361	12,263
Long-term accounts payable	1.92%	2021	5,100	6,331	45,957
Total			897,644	816,125	8,087,614

Average interest rate is the weighted average interest rate for amounts outstanding as of the fiscal year end.

Long-term loans payable, obligations under finance leases, and long-term accounts payable (excluding current portion) scheduled for repayment within five years from March 31, 2019, are as follows:

	Millions of yen			
	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
Long-term loans payable	¥102,617	¥163,803	¥126,852	¥60,564
Obligations under finance leases	2,047	1,672	1,607	5,431
Long-term accounts payable	1,361	3,739	-	-

	Thousands of U.S. dollars (Note 2)			
	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
Long-term loans payable	\$924,565	\$1,475,842	\$1,142,920	\$545,678
Obligations under finance leases	18,445	15,071	14,480	48,940
Long-term accounts payable	12,263	33,694	-	-

13. Pledged Assets and Secured Liabilities

As of March 31, 2019, the following assets were pledged as collateral for short-term loans payable, long-term loans payable, and others:

Pledged assets	Net book value	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash and deposits	¥ 557	\$ 5,022
Vessels *	197,547	1,779,865
Buildings and structures	906	8,163
Land	3,118	28,099
Investment securities *	87,617	789,422
Total	289,747	2,610,572

Secured liabilities	Net book value	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Short-term loans payable	¥ 34,618	\$ 311,909
Long-term loans payable	133,888	1,206,308
Total	168,507	1,518,218

* Vessels include ¥266 million (\$2,403 thousand) and investment securities include ¥87,574 million (\$789,029 thousand) pledged as collateral for the debt of affiliates, etc.

14. Supplementary Information on Consolidated Statement of Cash Flows

(1) Cash and cash equivalents in the accompanying consolidated statement of cash flows for the years ended March 31, 2019 and 2018, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets as of March 31, 2019 and 2018, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Cash and deposits	¥79,915	¥104,899	\$720,025
Time deposits with a maturity of more than three months	(1,635)	(1,621)	(14,732)
Cash and cash equivalents	78,280	103,278	705,292

(2) Payments for sales of shares of subsidiaries resulting in change in scope of consolidation

Breakdown of main assets and liabilities of subsidiaries excluded from the scope of consolidation due to sell-offs of their shares
Four subsidiaries were excluded from the scope of consolidation due to the sell-off of their shares in the fiscal year under review.
Their main assets and liabilities at the time of the sell-offs are listed as follows.

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2019	2019
Current assets	¥17,924	\$161,498
Non-current assets	3,562	32,096
Total assets	21,487	193,594
Current liabilities	14,009	126,223
Non-current liabilities	2,534	22,835
Total liabilities	16,544	149,059

(3) Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation

Breakdown of main assets and liabilities of subsidiaries excluded from the scope of consolidation due to sell-offs of their shares
Fifteen subsidiaries were excluded from the scope of consolidation due to the sell-off of their shares in the fiscal year under review. Their main assets and liabilities at the time of the sell-offs are listed as follows.

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2019	2019
Current assets	¥10,168	\$ 91,617
Non-current assets	35,241	317,523
Total assets	45,410	409,141
Current liabilities	7,225	65,099
Non-current liabilities	22,467	202,428
Total liabilities	29,692	267,527

15. Income Taxes

(1) Significant components of deferred tax assets and liabilities as of March 31, 2019 and 2018, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Deferred tax assets:			
Provision for bonuses	¥ 2,115	¥ 2,204	\$ 19,060
Net defined benefit liabilities	4,371	4,763	39,388
Impairment loss on vessels, property, plant and equipment	46,606	56,221	419,917
Losses on revaluation of securities	6,355	3,790	57,260
Tax loss carryforwards*	90,445	91,984	814,897
Unrealized gains on sale of vessels, property, plant and equipment	1,459	3,500	13,146
Provision for periodic dry docking of vessels	5,595	5,961	50,412
Accrued expenses	1,195	2,423	10,774
Deferred loss on derivatives under hedge accounting	9,655	7,255	86,992
Allowance for doubtful accounts	2,543	2,440	22,918
Provision for losses related to contracts	10,128	907	91,258
Others	7,983	7,140	71,927
Subtotal of deferred tax assets	188,456	188,592	1,697,955
Less valuation allowances for tax loss carryforwards*	(87,308)	-	(786,632)
Less valuation allowances for temporary differences	(89,513)	-	(806,498)
Valuation allowances	(176,821)	(174,384)	(1,593,131)
Total deferred tax assets	11,634	14,208	104,824
Deferred tax liabilities:			
Net defined benefit assets	(13,480)	(12,771)	(121,457)
Gain on securities contribution to employee retirement benefit trust	(2,859)	(2,862)	(25,761)
Depreciation	(2,758)	(2,787)	(24,851)
Reserve for reduction entry	(3,684)	(4,134)	(33,198)
Valuation difference on available-for-sale securities	(10,451)	(16,510)	(94,163)
Deferred gain on derivatives under hedge accounting	(5,559)	(5,482)	(50,093)
Undistributed retained earnings of consolidated subsidiaries	(4,959)	(4,807)	(44,687)
Others	(11,059)	(8,606)	(99,640)
Total deferred tax liabilities	(54,812)	(57,962)	(493,855)
Net deferred tax (liabilities) assets	¥ (43,178)	¥ (43,753)	\$ (389,031)

* The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2019, were as follows:

March 31, 2019	Millions of yen						Total
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	
Deferred tax assets relating to tax loss carryforwards*	452	12,222	4,300	3,655	2,290	67,523	90,445
Less valuation allowances for tax loss carryforwards	(450)	(12,209)	(4,300)	(3,655)	(558)	(66,134)	(87,308)
Net deferred tax assets relating to tax loss carryforwards	2	13	-	0	1,731	1,389	3,137

* The amount of deferred tax assets relating to tax loss carryforwards was calculated using statutory tax rates.

March 31, 2019	Thousands of U.S. dollars						Total
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	
Deferred tax assets relating to tax loss carryforwards*	4,079	110,125	38,747	32,934	20,636	608,374	814,897
Less valuation allowances for tax loss carryforwards	(4,055)	(110,007)	(38,747)	(32,934)	(5,031)	(595,855)	(786,632)
Net deferred tax assets relating to tax loss carryforwards	24	117	-	0	15,604	12,518	28,264

* The amount of deferred tax assets relating to tax loss carryforwards was calculated using statutory tax rates.

(2) Reconciliation of the statutory income tax rate to the effective income tax rate for the years ended March 31, 2019 and 2018, was as follows:

	2019	2018
Normal statutory income tax rate	28.5%	28.8%
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	-	1.5
Equity in earnings of unconsolidated subsidiaries and affiliates	-	(2.7)
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	-	3.1
Changes in valuation allowance	-	2.3
Tax exemption of shipping business	-	(4.2)
Effects of foreign tax included in deductible expenses	-	3.7
Income tax for prior periods	-	(0.1)
Other	-	4.0
Actual effective income tax rate	-	36.3%

* For the fiscal year ended March 31, 2019, the reconciliation of the statutory tax rate to the effective income tax rate is not stated as the Company and its consolidated subsidiaries recorded loss before income taxes.

16. Equity

The consolidated financial statements have been reported in accordance with the provisions set forth in the Japanese Companies Act (the "Companies Act").

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (a) having a Board of Directors, (b) having independent auditors, (c) having an Audit & Supervisory Board, and (d) the term of service of the directors being prescribed as one year rather than the normal two-year term by articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

Semiannual interim dividends may also be paid once a year upon resolution of the company as stipulated. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10%

of dividends must be appropriated as legal retained earnings (a component of retained earnings) or as legal capital surplus (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal retained earnings and legal capital surplus equals 25% of the amount of common stock. Under the Companies Act, the total amount of legal retained earnings and legal capital surplus may be reversed without limitation. The Companies Act also provides that common stock, legal retained earnings and legal capital surplus, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a component of equity. The Companies Act also provides that companies can purchase both treasury stock purchase rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(A) Matters concerning outstanding shares

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2019, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2018	170,055	1,396
Increase in number of shares	-	6
Decrease in number of shares	-	53
At March 31, 2019	170,055	1,349

(B) Matters concerning dividends

(1) Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2019, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Approved at the ordinary general meeting of shareholders on June 20, 2018	¥5,087	\$45,835
Approved by the Board of Directors on October 31, 2018	1,695	15,278

(2) The effective date for dividends, including retained earnings, as of March 31, 2019, shall be determined in the subsequent consolidated fiscal year as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
At the ordinary general meeting of shareholders on June 19, 2019	¥1,695	\$15,278

17. Impairment Losses

In principle, the Company and its consolidated subsidiaries categorize operating assets under each business for which investment decisions concerning the assets are made, while leased properties, properties held for sale, idle properties, and other types of properties are categorized separately as individual properties.

During the fiscal year under review, the expected sale

price of properties held for sale was below their total book value, and the book values of certain categories of operating assets, which had become less profitable due to sluggish performance and other factors, were reduced to their recoverable amounts. The combined amount of these reductions was recorded as an "impairment loss" of ¥18,886 million (\$170,168 thousand) under "other losses."

The breakdown is as follows:

Location	Application	Type	Millions of yen	Thousands of U.S. dollars (Note 2)
Japan	Assets held for sale	Vessels (Dry bulk carriers)	¥ 2,634	\$ 23,735
Japan	Business assets	Aircraft, etc.	¥10,295	\$ 92,763
Japan	Business assets	Land, etc.	¥ 1,015	\$ 9,147
Thailand	-	Goodwill	¥ 1,995	\$ 17,977
Others	Assets held for sale, etc.	Other vessels, property, plant and equipment	¥ 2,946	\$ 26,544
Total			¥18,886	\$170,168

The recoverable amount for these asset groups will be the higher of the net selling price of the asset or its value in use.

The net selling price is based on an appraisal value

reasonably calculated by a third party, etc., and the value in use is calculated from the projected future cash flows discounted mainly at 7.18%.

18. Amount Transferred to Provision for Losses Related to Contracts

In preparation for losses mainly resulting from the fulfillment of fixed-term vessel charter contracts, an amount equivalent to the expected future losses was transferred to a reserve in the fiscal year under review.

19. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2019 and 2018, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ (4,454)	¥ 1,626	\$ (40,131)
Reclassification adjustments to profit or loss for the year	(17,993)	(11,496)	(162,116)
Amount before income tax effect	(22,447)	(9,870)	(202,247)
Income tax effect	5,897	2,512	53,133
Total	(16,550)	(7,357)	(149,113)
Deferred gain (loss) on hedges:			
Gains (losses) arising during the year	(2,476)	724	(22,315)
Reclassification adjustments to profit or loss for the year	(126)	6,202	(1,136)
Adjustment for the acquisition cost of assets	(94)	(274)	(855)
Amount before income tax effect	(2,697)	6,652	(24,307)
Income tax effect	(112)	(1,644)	(1,016)
Total	(2,810)	5,008	(25,323)
Foreign currency translation adjustments:			
Gains (losses) arising during the year	(3,011)	6,252	(27,132)
Reclassification adjustments to profit or loss for the year	(2,563)	(424)	(23,095)
Amount before income tax effect	(5,574)	5,828	(50,227)
Income tax effect	-	-	-
Total	(5,574)	5,828	(50,227)
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	5,057	8,777	45,563
Reclassification adjustments to profit or loss for the year	(3,114)	(3,243)	(28,061)
Amount before income tax effect	1,942	5,533	17,501
Income tax effect	(551)	(1,390)	(4,972)
Total	1,390	4,142	12,528
Share of other comprehensive income of associates accounted for using the equity method:			
Gains (losses) arising during the year	1,930	(4,728)	17,393
Reclassification adjustments to profit or loss for the year	2,519	3,873	22,696
Adjustment for the acquisition cost of assets	-	34	-
Total	4,449	(820)	40,089
Total other comprehensive income (loss)	(19,095)	6,800	(172,046)

20. Commitments and Contingent Liabilities

(1) Commitments made by the Company and its consolidated subsidiaries as of March 31, 2019, totaled ¥130,935 million (\$1,179,707 thousand) for the construction of vessels.

Contingent liabilities for notes receivable discounted and endorsed, guarantees of loans, and debt assumption as of March 31, 2019, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Notes receivable discounted and endorsed	¥ 23	\$ 214
Guarantees of loans	118,008	1,063,237

(2) Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥8,273 million (\$74,545 thousand). The guarantee may be paid if the companies choose to return the leased property rather than exercise an option to buy it. The operating lease agreements will expire by March 2020.

The operating lease agreements will expire by December 2026.

(3) Some operating lease agreements that the NYK Group concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥52,389 million (\$472,024 thousand).

The companies may pay the guarantee if they choose to return the leased properties at the end of the lease term.

(4) Companies of the NYK Group have been under investigation by certain authorities overseas for suspected violations of antitrust laws concerning the shipping of automobiles and other cargo handled in or after September 2012. In the U.S. and other countries, companies of the Group have also been sued in class action lawsuits for damages, shipment suspensions, and other penalties not involving specific amounts of damage, in connection with alleged agreements with major automobile shipping companies to fix prices of new automobile shipments and other matters, as well as in separate lawsuits. At the time of publication, it was difficult to accurately predict the outcome of the investigations by authorities overseas and the final damages in the class action lawsuits.

21. Accounting for Leases

Operating leases

As lessees

Future lease payments as of March 31, 2019, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	¥ 44,872	\$ 404,289
More than one year	147,749	1,331,200
Total	¥192,621	\$1,735,489

As lessors

Future lease income as of March 31, 2019, is as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	¥12,722	\$114,628
More than one year	58,907	530,747
Total	¥71,630	\$645,375

22. Accounting for Employees' Retirement Benefits

1. Outline of employees' retirement benefit plans

The Company and its domestic consolidated subsidiaries maintain the following defined benefit plans: the national government's Employees' Pension Fund and a retirement

lump-sum allowance system.

Some overseas consolidated subsidiaries also maintain defined contribution plans or defined benefit plans.

2. Defined benefit plans

(1) Changes in defined benefit obligation for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Balance at beginning of year	¥86,215	¥84,949	\$776,784
Service costs	3,249	3,485	29,274
Interest costs	1,094	1,117	9,863
Actuarial (gains) losses	(79)	547	(714)
Benefits paid	(3,667)	(3,890)	(33,044)
Prior service cost	131	15	1,186
Others	(717)	(10)	(6,460)
Balance at end of year	86,226	86,215	776,888

(2) Changes in plan assets for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Balance at beginning of year	¥127,710	¥120,466	\$1,150,647
Expected return on plan assets	1,520	1,448	13,698
Actuarial gains (losses)	4,057	9,339	36,555
Contributions from the employer	1,068	2,358	9,626
Benefits paid	(2,670)	(2,703)	(24,061)
Others	(383)	(3,200)	(3,457)
Balance at end of year	131,302	127,710	1,183,008

(3) Reconciliation between the balance at beginning of year and the balance at end of year in relation to net defined benefit liability for which the shortcut method was applied for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Balance at beginning of year	¥6,824	¥6,859	\$61,489
Net periodic benefit costs	1,279	1,324	11,530
Benefits paid	(753)	(697)	(6,785)
Contributions from the employer	(470)	(682)	(4,240)
Other	(965)	21	(8,696)
Balance at end of year	5,915	6,824	53,296

(4) Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Funded defined benefit obligation	¥ 85,832	¥ 87,045	\$ 773,335
Plan assets	(138,368)	(135,360)	(1,246,676)
	(52,536)	(48,315)	(473,341)
Unfunded defined benefit obligation	13,376	13,644	120,518
Net liability (asset) arising from defined benefit obligation	(39,159)	(34,670)	(352,822)
Net defined benefit liability	16,837	18,301	151,702
Net defined benefit asset	(55,997)	(52,971)	(504,525)
Net liability (asset) arising from defined benefit obligation	(39,159)	(34,670)	(352,822)

(5) Components of net periodic benefit costs for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Service costs	¥ 3,249	¥ 3,485	\$ 29,274
Interest costs	1,094	1,117	9,863
Expected return on plan assets	(1,520)	(1,448)	(13,698)
Recognized actuarial (gains) losses	(1,757)	(3,166)	(15,836)
Amortization of prior service cost	65	42	593
Net periodic benefit costs calculated using the shortcut method	1,279	1,324	11,530
Other	3	89	27
Net periodic benefit costs	2,414	1,444	21,755

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Prior service cost	¥ (67)	¥ 7	\$ (611)
Actuarial gains (losses)	2,010	5,525	18,112
Total	1,942	5,533	17,501

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Unrecognized prior service cost	¥ (75)	¥ (7)	\$ (678)
Unrecognized actuarial gains (losses)	18,256	15,787	164,487
Total	18,181	15,780	163,808

(8) Components of plan assets

① Plan assets consisted of the following as of March 31, 2019 and 2018:

	2019	2018
Debt investments	33%	35%
Equity investments	53%	54%
Cash and cash equivalents	1%	1%
Others	13%	10%
Total	100%	100%

A retirement benefit trust established for a corporate pension plan accounts for 38% and 37% of plan assets as of March 31, 2019 and 2018, respectively.

② Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions in calculation of the above information

Discount rate	Mainly 1.1%
Expected rate of return on plan assets	Mainly 1.6%
Expected rate of salary increase	Mainly 1.2%~7.1%

A point system has been adopted for certain employees, and the expected rate of salary increase includes the expected rate of point increase.

3. Defined contribution plan

Certain consolidated subsidiaries had ¥2,175 million (\$19,601 thousand) for the fiscal year ended March 31, 2019, in defined contribution retirement benefit costs. Besides the retirement benefit costs shown above, certain consolidated subsidiaries treated the amount of defined contributions paid to the multi-employer plan as retirement benefit costs.

23. Segment Information

The Company and its consolidated subsidiaries operate in six businesses: Liner Trade, Bulk Shipping, Logistics, Air Cargo Transport, Real Estate, and Others.

The table below presents certain segment information for the years ended March 31, 2019 and 2018.

Year ended March 31, 2019:

	Millions of yen								
	Global Logistics			Others			Total	Adjustments*	Consolidated Total
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others			
I Revenues:									
(1) Revenues from customers	¥277,998	¥ 53,112	¥523,621	¥ 839,624	¥ 6,405	¥128,537	¥1,829,300	¥ -	¥1,829,300
(2) Intersegment revenues	8,341	3,637	2,204	1,734	1,212	59,620	76,751	(76,751)	-
Total	286,339	56,750	525,826	841,358	7,617	188,158	1,906,051	(76,751)	1,829,300
Segment profit (loss)	(26,401)	(15,969)	7,728	33,791	2,747	3,082	4,979	(7,031)	(2,052)
Segment assets	361,893	64,122	281,834	1,285,305	57,328	171,748	2,222,234	(220,530)	2,001,704
II Other items:									
Depreciation and amortization	11,754	4,485	9,088	60,465	1,285	2,672	89,751	(37)	89,713
Amortization of goodwill and negative goodwill	349	-	904	1,204	-	-	2,458	-	2,458
Interest income	455	358	538	2,869	1	1,729	5,952	(2,476)	3,475
Interest expenses	6,380	273	1,462	13,536	76	3,951	25,680	(1,337)	24,343
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(22,073)	-	115	19,335	22	61	(2,538)	-	(2,538)
Investments in equity method affiliates	121,471	-	1,544	223,217	-	2,398	348,631	(66)	348,565
Increase in vessels, property, plant and equipment and intangible assets	19,454	10,643	15,300	124,730	2,013	770	172,912	(2,135)	170,776
III Information about impairment loss by reportable segments:									
Impairment loss	1,945	10,295	1,842	4,792	-	10	18,886	-	18,886
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	179	-	6,006	10,217	-	-	16,404	-	16,404

Thousands of U.S. dollars (Note 2)

	Global Logistics				Others		Total	Adjustments*	Consolidated Total
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others			
I Revenues:									
(1) Revenues from customers	\$2,504,717	\$478,535	\$4,717,736	\$ 7,564,863	\$ 57,711	\$1,158,102	\$16,481,667	\$ -	\$16,481,667
(2) Intersegment revenues	75,153	32,773	19,865	15,630	10,920	537,169	691,512	(691,512)	-
Total	2,579,870	511,308	4,737,602	7,580,493	68,632	1,695,272	17,173,180	(691,512)	16,481,667
Segment profit (loss)	(237,874)	(143,881)	69,635	304,458	24,756	27,769	44,864	(63,355)	(18,491)
Segment assets	3,260,600	577,731	2,539,282	11,580,376	516,516	1,547,427	20,021,934	(1,986,936)	18,034,997
II Other items:									
Depreciation and amortization	105,908	40,415	81,881	544,786	11,579	24,075	808,646	(340)	808,305
Amortization of goodwill and negative goodwill	3,152	-	8,146	10,850	-	-	22,149	-	22,149
Interest income	4,101	3,229	4,849	25,852	16	15,578	53,627	(22,310)	31,316
Interest expenses	57,483	2,461	13,173	121,963	692	35,604	231,378	(12,052)	219,326
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(198,876)	-	1,037	174,208	203	556	(22,870)	-	(22,870)
Investments in equity method affiliates	1,094,432	-	13,917	2,011,153	-	21,607	3,141,111	(600)	3,140,510
Increase in vessels, property, plant and equipment and intangible assets	175,278	95,895	137,857	1,123,798	18,141	6,938	1,557,910	(19,240)	1,538,669
III Information about impairment loss by reportable segments:									
Impairment loss	17,524	92,763	16,600	43,180	-	98	170,168	-	170,168
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	1,616	-	54,120	92,061	-	-	147,798	-	147,798

Adjustments of segment profit or loss are ¥59 million (\$537 thousand) of internal exchanges or transfers among segments and -¥7,091 million (-\$63,893 thousand) of corporate expenses which are not attributed to specific segments.

The Company treats general and administrative expenses as well as non-operating expenses that do not belong to any single segment as corporate expenses.

In the fiscal year under review, the Company partially revised its operational management methods for each reportable segment, and, consequently, interest and other expenses for each segment were changed. The impact of the revisions on segment profits and losses was insignificant, and there was no impact on each segment's revenues, consolidated revenues, or consolidated recurring loss.

Adjustments of segment assets are -¥233,591 million (-\$2,104,614 thousand) of receivables or assets relating to internal exchanges among segments and ¥13,061 million (\$117,678 thousand) of corporate assets.

Major corporate assets are the excess of operating funds (cash and deposits).

Year ended March 31, 2018:

	Millions of yen									
	Global Logistics				Others			Total	Adjustments*	Consolidated Total
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others				
I Revenues:										
(1) Revenues from customers	¥676,818	¥92,184	¥508,005	¥ 794,894	¥ 6,814	¥104,483	¥2,183,201	¥ -	¥2,183,201	
(2) Intersegment revenues	14,614	5,641	4,326	711	1,127	67,816	94,238	(94,238)	-	
Total	691,433	97,826	512,332	795,606	7,941	172,300	2,277,440	(94,238)	2,183,201	
Segment profit (loss)	10,874	1,811	2,382	9,643	2,659	3,167	30,539	(2,522)	28,016	
Segment assets	405,307	77,362	277,919	1,256,094	58,854	195,238	2,270,777	(199,141)	2,071,636	
II Other items:										
Depreciation and amortization	13,770	2,825	8,355	59,404	1,259	2,244	87,859	(19)	87,839	
Amortization of goodwill and negative goodwill	363	-	598	1,181	-	-	2,143	-	2,143	
Interest income	503	432	389	2,539	1	4,827	8,694	(5,216)	3,478	
Interest expenses	4,701	210	1,023	14,220	83	2,765	23,003	(5,216)	17,787	
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(7,283)	-	81	17,023	39	75	9,936	(0)	9,935	
Investments in equity method affiliates	56,364	-	1,618	201,591	1,006	264	260,845	(66)	260,778	
Increase in vessels, property, plant and equipment and intangible assets	40,075	35,647	17,079	99,297	10,476	1,008	203,583	(3,140)	200,443	
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	1,703	-	5,854	13,450	-	-	21,008	-	21,008	

Adjustments of segment profit or loss are ¥28 million (\$252 thousand) of internal exchanges or transfers among segments and -¥2,550 million (-\$22,978 thousand) of corporate expenses which are not attributed to specific segments.

The Company treats general and administrative expenses that do not belong to any single segment as corporate expenses.

Adjustments of segment assets are -¥235,247 million (-\$2,119,540 thousand) of receivables or assets relating to internal exchanges among segments and ¥36,106 million (\$325,312 thousand) of corporate assets.

Major corporate assets are the excess of operating funds (cash and deposits).

There is no important impairment loss of fixed assets other than losses related to business restructuring, which is presented under "other losses."

24. Related Information

Information by geographical segment is as follows. As there were no customers that accounted for more than 10% of consolidated revenues, information about revenues from major customers is omitted.

Year ended March 31, 2019:

	Millions of yen					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	¥1,234,760	¥162,933	¥172,241	¥237,358	¥22,006	¥1,829,300
II Tangible fixed assets	642,646	35,303	159,017	59,387	1,506	897,861

	Thousands of U.S. dollars (Note 2)					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	\$11,124,974	\$1,468,000	\$1,551,866	\$2,138,555	\$198,270	\$16,481,667
II Tangible fixed assets	5,790,130	318,074	1,432,716	535,070	13,575	8,089,567

Year ended March 31, 2018:

	Millions of yen					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	¥1,600,438	¥162,084	¥166,589	¥232,846	¥21,241	¥2,183,201
II Tangible fixed assets	665,879	35,142	155,561	60,467	1,719	918,770

25. Related Party Disclosures

(1) The Company was underwriting capital increase of OCEAN NETWORK EXPRESS PTE. LTD., a related party, at March 31, 2019 and 2018, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
	¥88,816	¥33,661	\$800,222

(2) Summarized financial information as of and for the years ended March 31, 2019 and 2018, for OCEAN NETWORK EXPRESS PTE. LTD., which was classified as a significant affiliated company, is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Total current assets	¥ 375,656	¥53,642	\$ 3,384,599
Total non-current assets	35,865	25,924	323,146
Total current liabilities	167,288	12,668	1,507,236
Total non-current liabilities	5,320	5,231	47,941
Total equity	238,913	61,666	2,152,568
Revenues	1,254,587	27	11,303,609
Loss before income taxes	(67,537)	(24,412)	(608,503)
Loss attributable to owners of parent	(70,951)	(24,412)	(639,258)

26. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2019, was approved at the Company's shareholders' meeting held on June 19, 2019.

	Millions of yen	Thousands of U.S. dollars (Note 2)
Year-end cash dividends, ¥10.00 (\$0.09) per share	¥1,695	\$15,278

1. Matters relating to the basic framework of internal control over financial reporting

Hitoshi Nagasawa, President, Representative Director, President Corporate Officer, and Eiichi Takahashi, Representative Director, Senior Managing Corporate Officer, are responsible for designing and operating effective internal control over financial reporting of the Company and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that material misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment, and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2019, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidated basis ("company-level controls"), and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of company-level controls conducted for the Company and consolidated subsidiaries, we reasonably determined the scope of assessment of process-level controls. Regarding the consolidated subsidiaries and the equity-method affiliated companies that do not have a material effect on financial reporting, we did not include them in the scope of assessment of company-level controls.

Regarding the scope of assessment of process-level controls, we selected locations and business units to be tested in descending order of revenues, and the companies whose combined revenues reach two thirds of revenues on a consolidated basis were selected as "significant locations and/or business units." We included in the scope of assessment, at the selected significant locations and/or business units, business processes leading to revenues, costs and expenses, and accounts receivable-trade as significant accounts that may have a material impact on the business objectives of the Company. Further, in addition to selected significant locations and/or business units, we also selected for testing the business processes having greater materiality, taking into account their impact on the financial reporting.


3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting of the consolidated financial statements was effectively maintained.



Hitoshi Nagasawa

President, Representative Director,
President Corporate Officer
June 20, 2019



Eiichi Takahashi

Representative Director, Senior Managing Corporate Officer



Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-8360
Japan
Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Yusen Kabushiki Kaisha:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Nippon Yusen Kabushiki Kaisha and its consolidated subsidiaries as of March 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Yusen Kabushiki Kaisha and its consolidated subsidiaries as of March 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Report on Internal Control

We have audited management's report on internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2019.

Member of
Deloitte Touche Tohmatsu Limited

Management's Responsibility for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2019 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Deloitte Touche Tohmatsu LLC

June 19, 2019

Major Consolidated Subsidiaries

(As of March 31, 2019)

		(Millions of yen)		
	Company	Voting rights held (%)	Paid-in capital	
Domestic	Liner	UNI-X CORPORATION	100.00	¥ 934
		GENEQ CORPORATION	55.14	242
		ASAHI UNYU KAISHA, LTD.	100.00	100
		NIPPON CONTAINER TERMINALS CO., LTD.	100.00	250
		YUSEN KOUN CO., LTD.	100.00	100
		ASIA PACIFIC MARINE CORPORATION	100.00	35
		NIPPON CONTAINER YUSO CO., LTD.	51.00	250
		NAIKAI TUG BOAT SERVICE CO., LTD.	100.00	97
		KAIYO KOGYO CORPORATION	100.00	90
		WING MARITIME SERVICE CORPORATION	100.00	490
	Air Cargo Transportation	NIPPON CARGO AIRLINES CO., LTD.	100.00	10,000
	Logistics	YUSEN LOGISTICS CO., LTD.	100.00	4,301
		KINKAI YUSEN KAISHA LTD.	100.00	465
		CAMELLIA LINE CO., LTD.	51.00	400
	Bulk Shipping	NYK BULK & PROJECTS CARRIERS LTD.	100.00	2,100
		ASAHI SHIPPING CO., LTD.	69.67	495
		HACHIUMA STEAMSHIP CO., LTD.	74.86	500
		NS UNITED KAIUN KAISHA, LTD.	18.57	10,300
		KYOEI TANKER CO., LTD.	30.03	2,850
	Real Estate	YUSEN REAL ESTATE CORPORATION	100.00	450
	Others	NYK CRUISES CO., LTD.	50.00	2,000
		NYK BUSINESS SYSTEMS CO., LTD.	100.00	99
		SANYO TRADING CO., LTD.	50.37	100
		NYK TRADING CORPORATION	79.25	1,246

		(Millions of indicated units)		
	Company	Voting rights held (%)	Paid-in capital	
Overseas	Liner	YUSEN TERMINALS LLC	100.00	US\$ 2
		CERES HALIFAX INC.	100.00	CA\$ 0.0
		ACX PEARL CORPORATION	100.00	¥ 0.1
		OCEAN NETWORK EXPRESS PTE. LTD.	0.00	US\$ 3,000
	Logistics	YUSEN LOGISTICS (AMERICAS) INC.	100.00	US\$ 70
		YUSEN LOGISTICS (CHINA) CO., LTD.	100.00	CHY 158
		YUSEN LOGISTICS (UK) LTD.	100.00	£ 44
		YUSEN LOGISTICS (THAILAND) CO., LTD.	100.00	B 70
		YUSEN LOGISTICS (HONG KONG) LTD.	100.00	HK\$ 55
	Bulk Shipping	INTERNATIONAL CAR OPERATORS N.V.	100.00	€ 104
		NYK BULKSHIP (ASIA) PTE. LTD.	100.00	US\$ 7
		SAGA SHIPHOLDING (NORWAY) AS	100.00	US\$ 6
		NYK BULKSHIP (ATLANTIC) N.V.	100.00	US\$ 555
		NYK AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.	100.00	CHY 195
		NYK ENERGY TRANSPORT (ATLANTIC) LTD.	100.00	US\$ 51
		NYK BULKSHIP (KOREA) CO., LTD.	100.00	KRW11,386
		NYK SHIPMANAGEMENT PTE. LTD.	100.00	US\$ 0.4
		ADAGIO MARITIMA S.A.	100.00	¥ 0.1

Currencies: [B] Thai baht [CA\$] Canada dollar [CHY] Chinese yuan [HK\$] Hong Kong dollar [KRW] Korean won [US\$] U.S dollar [£] Pound sterling [€] Pound sterling



3-2, Marunouchi 2-chome,
Chiyoda-ku, Tokyo 100-0005, Japan
Telephone: +81-3-3284-5151
<https://www.nyk.com/english/>