

Financial Results
For the Year Ended March 31, 2006 - Consolidated

May 11, 2006

Iino Kaiun Kaisha, Ltd.

Security code: 9119
Listings: Tokyo, Osaka, Nagoya, Fukuoka and Sapporo Stock Exchanges
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Date of the meeting of the Board of Directors: May 11, 2006
Basis of presentation: Japanese GAAP

1. Consolidated Financial Results for the Year Ended March 31, 2006
(April 1, 2005 to March 31, 2006)

(1) Operating Results

(Amounts rounded to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2006	73,382	15.1	12,430	30.2	11,038	33.4	8,417	73.4
Year ended March 31, 2005	63,763	9.4	9,545	60.8	8,274	132.6	4,855	114.7

	Net income per share	Net income per share, fully diluted	Return on equity	Ordinary income/ Total assets	Ordinary income/ Net sales
	yen	yen	%	%	%
Year ended March 31, 2006	76.13	-	19.2	7.3	15.0
Year ended March 31, 2005	47.23	-	13.9	5.7	13.0

- Notes:
- Investment gains or losses on the equity method:
Year ended March 31, 2006: 113 million yen
Year ended March 31, 2005: 29 million yen
 - Average number of shares issued and outstanding during the period (consolidated basis):
Year ended March 31, 2006: 109,583,909 shares
Year ended March 31, 2005: 101,730,144 shares
 - Changes in accounting method: Yes
 - Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Year ended March 31, 2006	156,659	48,372	30.9	440.75
Year ended March 31, 2005	147,777	39,525	26.7	360.22

Note: Total outstanding shares issued and outstanding at the end of the period (consolidated basis):

Year ended March 31, 2006: 109,578,919 shares

Year ended March 31, 2005: 109,586,919 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2006	12,553	-7,350	-7,481	8,669
Year ended March 31, 2005	12,139	-5,287	-3,910	10,831

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 38

Number of unconsolidated subsidiaries accounted for by the equity method: None

Number of affiliated companies accounted for by the equity method: 1

(5) Changes in the scope of consolidation or application of the equity method

Number of consolidated subsidiaries: Newly included 2; Newly excluded 1

Number of affiliates accounted for by the equity method:

Newly included None; Newly excluded 1

2. Forecast of Consolidated Earnings for the Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	million yen	million yen	million yen	million yen
Interim	35,000	5,000	3,900	2,400
Full year	72,100	10,600	8,500	5,100

Reference: Projected net income per share for the full year: 46.54 yen

The above projections are based on information available to the company as of the date of this document. Actual results may differ from the above forecasts depending on various conditions.

I. The Iino Kaiun Group

The Iino Kaiun Group (referred to hereafter the Group) consists of the reporting company (Iino Kaiun Kaisha Ltd., the Company), 38 consolidated subsidiaries, 1 affiliate accounted for by the equity method and 22 non-consolidated subsidiaries and affiliates (as of March 31, 2006). The Group's main three businesses include shipping, real estate and retail distribution. The Group is engaged in the following businesses:

Shipping Business

The Group is engaged in operation, leasing, chartering and administration of vessels; ship brokerage; purchase and sale of ship equipment; and shipping agent operations.

[Principal affiliates]

Operation and leasing:	Koyo Kisen Kaisha, Ltd., Lodestar Navigation S.A.
Administration:	Iino Marine Service Co., Ltd.
Brokerage, and sale and purchase of ship equipment:	Iino Enterprise Co., Ltd.

Real Estate Business

The Group is engaged in leasing and management of buildings, warehousing and real estate related business.

[Principal affiliates]

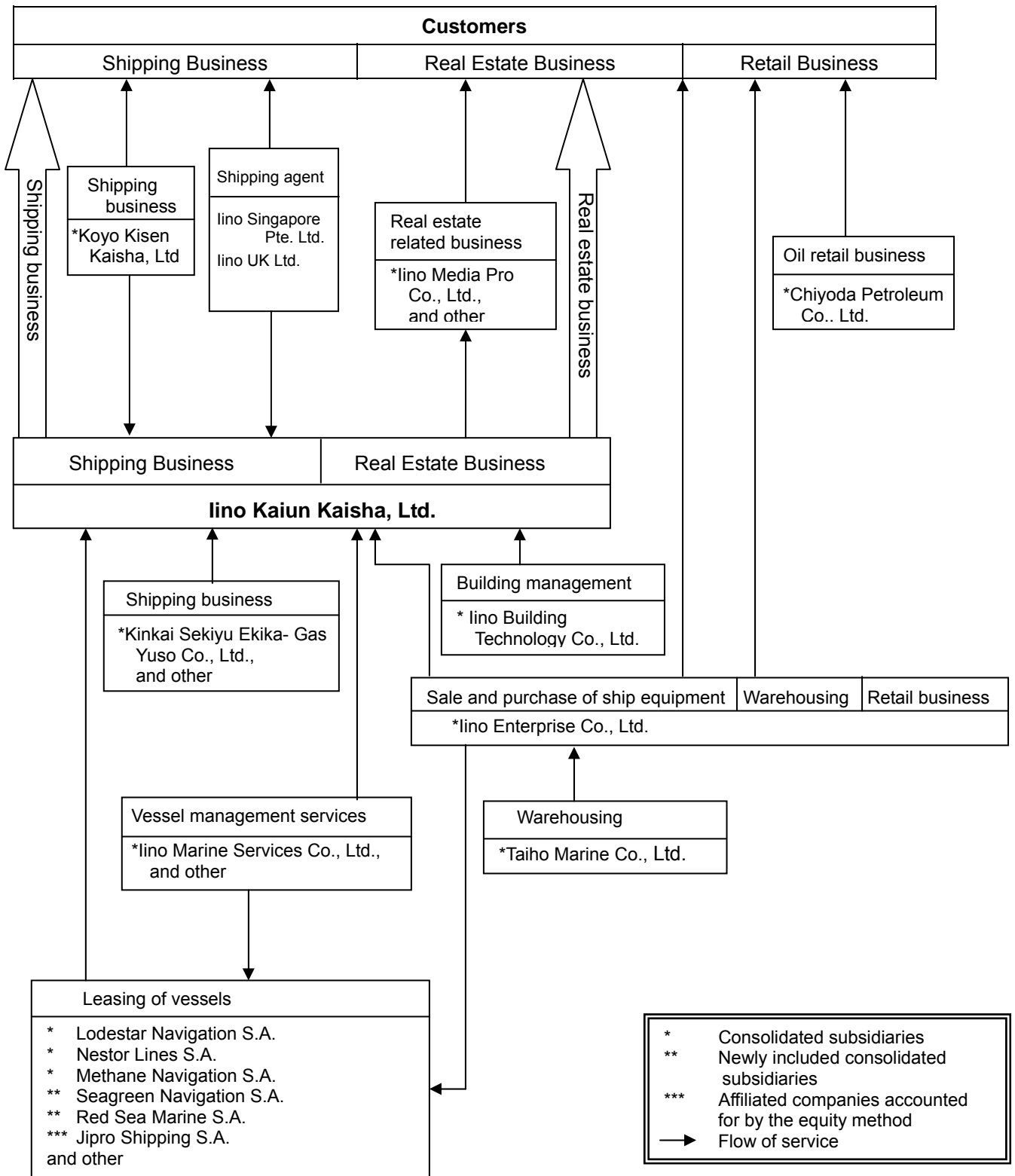
Management:	Iino Building Technology Co., Ltd.
Warehousing:	Taiho Marine Co., Ltd.
Real estate related business:	Iino Media Pro Co., Ltd.

Retail Distribution Business

The Group is engaged in retail distribution of oil.

[Principal affiliate] Chiyoda Petroleum Co., Ltd.

The following is a diagram of the Iino Kaiun Group's business structure.



II. Management Policy

1. Basic Management Policy

The Iino Kaiun Group (referred to hereafter the Group) upholds a management philosophy ensuring that safety is the foundation of the Group's operations. Guided by this philosophy, the Group strives to effectively manage its organization by providing a stable supply of high quality services and products, while gaining optimal profit by making incessant cost reduction efforts. The Group will ensure that its operations are in full compliance with the laws and regulations and take into account social and environmental considerations.

2. Dividend Policy

The Group's performance, particularly its mainstay shipping business, is largely susceptible to market fluctuations and foreign exchange rates. Therefore, its goal is to provide a steady dividend, which is determined by taking management environment forecasts into full consideration, while strengthening financial health and accumulating retained earnings. It also plans to use retained earnings to invest in strategic projects in the shipping business and in promising properties in the real estate business, and to fund facility maintenance and repairs and new business development.

In terms of annual dividend for the period, the Group intends to pay a ¥15 per share dividend, consisting of a ¥12 per share ordinary dividend ¥6 interim dividend and ¥6 year-end dividend) and a ¥3 per share commemorative dividend. This translates into a dividend payout ratio of 22.2% on a parent-only basis. The Group also plans to set aside ¥6 billion in the contingent reserve account to further raise the level of retained earnings.

3. Policy Regarding Lowering of Minimum Trading Unit

To further increase liquidity of its shares the Group lowered the minimum trading unit from 1,000 to 100 shares on November 1, 2005.

This policy was implemented in accordance with the guidelines of the respective stock exchanges.

4. Matters Related to the Parent Company

N/A

5. Medium- and Long-Term Management Strategies

[Core Business]

The Group's core business remains in the following two areas:

- Shipping Business: maritime transportation of such cargo as all types of liquid resources including liquefied gas, steam coal and other energy resources, wood chips, fertilizer and other basic materials.
- Real Estate Business: leasing of mid- to large-size office space in Tokyo area.

[Contribution to Society]

The Group plans to make its utmost efforts in ensuring safety, helping to protect the environment, and cooperating with and contributing to society, including full compliance with the laws and regulations. In addition to the shipping and real estate business divisions, both have already obtained ISO 9001 (quality management system) and ISO14001 (environmental management system), the Group intends to seek ISO certification for other business units.

[Risk Management; Enhanced Profitability, Financial Position and Affiliated Companies]

Significant changes are taking place in the management environment. The Group plans to be in a better position in risk management, coping quickly with changing needs in society, as well as with fluctuations in shipping markets, real estate prices, exchange rates and interest rates. It also continues to strengthen financial health by placing emphasis on maintaining sound cash flows, enhancing profitability, and improving asset efficiency through such measures as reducing interest-bearing debt.

6. Management Issues to be Addressed and Goals and Objectives

[Challenges for the Shipping Business Division]

Economic globalization is driving sweeping expansion in international distribution, and shipping markets during the past year trended at historically high levels. While this supported growth in the Group's earnings for the period, the Group intends to continue strengthening its existing relationships with domestic and overseas customers and to further internationalize its operations in order to ensure future profitability. In addition, as there is a shortage in the supply of capable seamen given the increase in marine freightage, the Group intends to continue education programs to ensure an adequate supply of qualified seaman. Moreover, the Group is working to further enhance ship management operations, which are the foundation of lino's shipping business.

[Challenges for the Real Estate Business Division]

The office building market in central Tokyo, which is the base of the Group's real estate operations, is beginning to recover. In addition to providing existing tenants with comfortable and convenient office space, the Group is also working to improve profitability. Active investment in office sites and existing buildings through various funds such as REITs, has pushed up prices over the past several years. The Group, however, is considering the purchase of a state-of-the-art rental building, provided that a suitable site can be found, while undertaking business planning to optimize asset efficiency.

[Increasing Customer Satisfaction and Reducing Costs]

The Group is pursuing further efficiencies in order to enhance customer satisfaction while reducing costs.

[Strengthening Internal Controls]

The Group seeks to further strengthen its management system in order to make decisions faster and even more appropriately in the constantly changing business environment.

[Personnel Training, and Improvements in Work Environment]

Personnel training and efficient management are indispensable in meeting the challenges and achieving the goals outlined above. The Group continues to facilitate employees' work by enriching employee training and educational programs and ensuring a pleasant work environment.

[IR Activities]

The Group continues to enhance its investor relations activities in order to communicate information on business activities accurately and timely to shareholders and other stakeholders, and strives to achieve high standards of transparency and accountability.

[Three-Year Business Plan]

In order to meet these and other issues effectively, the Group has raised the quantitative targets set in medium-term business plan IVC07, announced two years ago. The performance in the period under review significantly outpaced the revised targets, and in the next fiscal year through March 2007 our business performance is expected to exceed the revised IVC07 forecast figures yet again. We are therefore again revising our targets as in the following table. For reference, listed below is the forecast for the two fiscal years following fiscal 2006 ending March 2007. The Group's qualitative targets are also being

steadily achieved.

(In million yen)

	As of March 31, 2005	As of March 31, 2006	Revised IVC07 March 31, 2007	[Reference] Forecast for March 31, 2008	Forecast for March 31, 2009
Net sales	63,763	73,382	72,100	80,100	85,000
Operating income	9,545	12,430	10,600	13,600	15,100
Ordinary income	8,274	11,038	8,500	11,000	12,500
Net income	4,855	8,417	5,100	6,600	7,400
ROE	13.9%	19.2%	9.8%	11.5%	11.7%
Numbers used for results and forecast:					
Exchange rate	¥107.46/US\$	¥113.09/US\$	¥110.00/US\$	¥110.00/US\$	¥110.00/US\$
Fuel oil price	US\$202.20/MT	US\$289.68/MT	US\$310.00/MT	US\$310.00/MT	US\$310.00/MT

Notes:

- Average exchange rate as of March 31, 2005 and 2006 used in the above table: Average interoffice exchange rate
- Fuel oil price as of March 31, 2005 and 2006 used in the above table: Bond oil weighted average price

[Reference]

Major figures in IVC07 announced on May 12, 2005

(in million yen)

	Year ended March 31, 2005	Year ending March 31, 2006	Year ending March 31, 2007
Net sales	63,763	61,100	66,100
Operating income	9,545	8,100	9,100
Ordinary income	8,274	6,900	7,500
Net income	4,855	5,200	4,600
ROE	13.9%	12.2%	10.2%
Numbers used for results and forecast:			
Exchange rate	¥107.46/US\$	¥100.00/US\$	¥100.00/US\$
Fuel oil price	US\$202.20/MT	US\$175.00/MT	US\$175.00/MT

III. Operating Results and Financial Position

1. Operating Results

(1) Overview of the Fiscal Year Ended March 31, 2006

During the fiscal year ended March 31, 2006, the world economy as a whole remained firm. The U.S. economy continued to grow largely due to favorable individual consumption and an increase in private sector capital investment. Fast economic growth also continued in China because of an export-driven expansion of production, while the Euro zone economies maintained their gradual, external demand-driven recovery. Meanwhile, Japan's economy enjoyed a sustained autonomous recovery bolstered mainly by domestic demand in the form of private sector capital expenditures and personal consumption.

Under such economic conditions, the shipping business was supported by firm demand. Shipping business profits grew significantly, largely due to the strengthening of the Company's fleet in the Chemical Tanker Division and the use of larger-capacity vessels. As a result, consolidated net sales in the period under review amounted to ¥73,382 million, up 15.1% from a year earlier; operating income was ¥12,430 million, up 30.2% year-on-year; and ordinary income rose to ¥11,038 million, up 33.4% year-to-year. The above results include an extraordinary gain of ¥1,553 million associated with a gain from the sales of a rental building and other fixed assets, totaling ¥839 million; a gain from the liquidation of an affiliate at ¥2,700 million; and a loss on asset impairment involving sales of fixed assets worth ¥1,495 million. As a result, income before income taxes in the period stood at ¥13,269 million, up 65.6% from a year earlier, while net income for the period was ¥8,417 million, up 73.4% year-on-year.

(2) Segment Overview

a) Shipping Business

The Chinese economy continued its fast-paced growth in the period under review, and demand for shipments of raw materials also remained firm. However, shipping markets, affected by China's tightening policy and pressures caused by the entry of newly-built vessels into service, softened temporarily from the start of the period. Despite apprehensions for a continued post-summer flatness of the markets, U.S.-bound cargo movements rose largely due to the impact of full-size hurricanes, which hit the southern part of the United States in September 2005. Shipment volume has remained at relatively high levels since the fall, resulting in firm market conditions as a whole.

Looking at the Group's shipping business by division, the Oil Tanker Division operates the majority of its fleet under long- to medium-term charter contracts, which has contributed to the maintenance of stable earnings. However, shipping revenues (sales) in fiscal 2005 remained at ¥9,000 million because the sales of a VLCC (very large crude carrier) during the period.

In the Chemical Tanker Division, revenues in the period under review rose sharply from a year earlier due to continued firmness in shipping rates in our mainstay Middle East-Asia shipping route, as well as in the Middle East-Europe and the Atlantic-South America routes. At the same time, balanced sales were achieved in the division, including the fixed-period vessel charter business as a stable source of income. In regards to the division's fleet, a total of three additional vessels – 14,000-ton and 32,000-ton chemical tankers, as well as a 46,000-ton methanol tanker, half of which is owned by the Company – were newly put into service during the period. As a result, shipping revenues for the division reached ¥22,308 million.

LPG and LNG tankers in the Large Gas Tanker Division are operating under long-term contracts, and continue to provide stable revenue for the Company. In addition, a new LNG tanker for domestic routes was completed in November 2005, and the vessel is now operating under a new long-term shipping contract. As a result, shipping revenues for the division in the period stood at ¥7,538 million.

In the Small Gas Tanker Division, demand for LPG shipments in domestic routes declined in the first half of the period. However, the division's earnings improved in the last half of the fiscal year as cargo movements recovered, and shipments of petrochemical gas remained favorable. In adjacent waters, the Company took advantage of the firmness of the markets and renewed long- to medium-term contracts at favorable rates. In February 2006, the Company put into service a 8,700 cubic-meter freezing carrier for petrochemical gas shipment. As a result, shipping revenues for this division reached ¥7,861 million.

The Bulk Carrier Division succeeded in providing stable revenues with steady earnings by specialized carriers to ship wood chips for the paper industry and coal for power companies. The division also derived stable earnings, despite market fluctuations during the fiscal year, from volume-based shipping contracts for fuel coal and fertilizers, and utilization of low-cost controlled tonnage. In addition, the division completed a 81,000-ton specialized coal carrier for Kyushu Electric Power Co., Inc. in September 2005. As a result, shipping revenues for the division stood at ¥13,807 million.

Adding sales of ¥2,115 million in the Other Shipping division to the abovementioned revenues, total shipping revenues reached ¥62,629 million (up 18.2% year-on-year), and produced operating income of ¥10,156 million (up 36.7% year-on-year).

b) Real Estate Business

The Rental Buildings Division secured stable rent revenues during the period by providing quality service to leverage the good locations of its properties in central Tokyo. In order to create a more balanced asset portfolio, the division sold Kamata Green Building on March 1, 2006, while acquiring ownership of Sasazuka Center Building, which was sub-leased, on March 23, 2006.

For real estate-related businesses, the division implemented a marketing strategy for providing an integrated photographing-to-delivery service for customers at the Hiroo and Minami-Aoyama rental photo studios in Tokyo. This in turn resulted in the maintenance of a high uptime ratio at these studios.

As a result, total revenues for the real estate business were ¥8,755 million, down 0.9% from a year earlier, while operating income stood at ¥2,220 million, up 4.3% year-on-year.

c) Retail Business

For the oil retail business, the transfer to retail prices of rising wholesale gasoline prices because of surging crude oil prices was a struggle. Nevertheless the division achieved revenues which almost equaled the level for the previous fiscal year.

As a result, sales of retail business segment declined 0.1% year-on-year to ¥2,116 million, while operating income was ¥54 million versus ¥10 million losses in the previous fiscal year.

2. Consolidated Financial Position

(1) Assets, liabilities, and capital

Total current assets at the end of the fiscal year under review stood at ¥156,659 million, representing an increase of ¥8,882 million from the beginning of the period. This is mainly because of the acquisition of a rental building; the growth of tangible fixed assets caused by the increase in building under construction, the rise in value of shares, and increased investment in securities (namely investment in a LNG project). Meanwhile, total current liabilities at the end of the period stood at ¥108,363 million, representing a ¥1 million decrease from the beginning of the period. The margin of decrease was small, despite the progress in repayment of long-term borrowings, due to the increase in deferred tax liabilities caused by net unrealized gains/losses on securities, and the rise in leasehold deposits received. As a result, the balance of total shareholders' equity at the end of the period stood at ¥48,372 million, representing an increase of ¥8,847 million from the beginning of the period. This was due to the rise in net income in the fiscal year under review, as well as net unrealized gains on other securities.

(2) Cash Flows

Net cash provided by operating activities in the period increased to ¥12,553 million, up ¥414 million from the previous period. This reflects the substantial year-on-year increase in pretax profit for the fiscal year under review to ¥13,269 million (up ¥5,256 million) on firm shipping markets, depreciation expenses of ¥6,251 million, subsidiary liquidation profit adjustment of ¥2,700 million, and a rise in income taxes paid of ¥4,742 million on favorable performance in the previous fiscal year.

Net cash used in investing activities in the period was ¥7,350 million, down ¥2,063 million from a year earlier. This was primarily due to ¥14,048 million in investment expenditures on vessels and rental building construction, and ¥2,379 million in purchases of investment securities, which was partly offset by an inflow of cash from the sale of a rental building and other assets in the amount of ¥2,844 million, and subsidiary liquidation income of ¥2,705 million.

Net cash used in financial activities was ¥7,481 million (down ¥3,571 million year-to-year), reflecting a net decrease in short-term borrowings of ¥1,357 million, an increase in long-term borrowings of ¥6,830 million that was partly due to the increase in capital borrowings associated with acquisition of fixed assets, and a decrease of ¥11,193 million in long-term borrowings by repayment.

As a result, cash and cash equivalents at the end of the fiscal year under review were ¥8,669 million, down ¥2,162 million from a year earlier.

(2) Recent Trends in Cash Flow Indicators:

	Year ended March 2002	Year ended March 2003	Year ended March 2004	Year ended March 2005	Year ended March 2006
Shareholders' equity ratio (%)	19.8	19.3	21.1	26.7	30.9
Equity ratio based on market value (%)	15.2	15.8	33.8	39.7	80.0
Years to repay debt (Years)	9.7	11.4	11.7	7.3	6.7
Interest coverage ratio (X)	3.3	3.6	3.6	4.3	4.5

Notes: Shareholders' equity ratio: Shareholders' equity/Total assets
 Shareholder's equity ratio based on market value: Market capitalization/Total assets

Years to repay debt: Interest-bearing debt/Operating cash flows
Interest coverage ratio: Operating cash flows/Interest expense

- * Each of these indicators was calculated based on consolidated statements.
- * Market capitalization is calculated based on the closing stock price at the end of the fiscal year, multiplied by the number of shares outstanding as of the end of the fiscal year (after deducting the number of treasury stock).
- * Operating cash flow figure is derived from "Cash flows from operating activities" in the consolidated statements of cash flows for the period. Interest-bearing debt consists of all debt on which interest was paid, as is included in the consolidated balance sheet for the period. The amount of interest expense is taken from the "Interest paid" in the consolidated statements of cash flows for the period.

3. Outlook for the Year Ending March 2007

While the U.S. and Chinese economies continue to expand, there is a growing concern about inflation in the United States driven by rising crude oil prices, which has made the outlook for personal consumption in the country more uncertain. The Company believes that Japan's economy will continue to recover as private sector capital investment and individual consumption rise, despite growing concern regarding a possible slowing of overseas economies as a risk factor.

Under such economic conditions, there are concerns in the shipping business about the future of shipping demand, which tends to be heavily influenced by the health of the U.S. and Chinese economies, as well as rising fuel and ship equipment costs, induced by surging crude oil prices. The Company believes that bulk carrier shipping markets, which are especially likely to be affected by these factors, will not be as favorable as previous years, but at the same time believes that other shipping markets will continue to maintain a firm tone as a whole. For these reasons, shipping business performance in the next fiscal year is expected to slightly decline compared to the fiscal year under review, but again recover starting two years from now largely due to the planned entry of newly-built vessels into service. In regards to the real estate business, the Company forecasts a stable performance for the next fiscal year as property prices are starting to bottom out overall, which is observed in the sharp rise in commercial and residential land prices in central Tokyo.

In consideration of the above outlook, the Company is forecasting consolidated net sales for the coming fiscal year of ¥72.1 billion, down 1.7% from the year ended March 2006; ordinary income of ¥8.5 billion, down 23.0% year-on-year; and net income of ¥5.1 billion, down 39.4% from a year earlier. In addition, the Company forecasts non-consolidated net sales of ¥65.3 billion, ordinary income of ¥8.1 billion, and net income of ¥4.8 billion. Major assumptions include an average Japanese yen-U.S. dollar exchange rate of ¥110 to U.S. \$1.00, and an average marine fuel oil price of \$310/MT at the Port of Singapore..

Despite the forecast for a year-to-year decline in the Company's business performance, the Company plans to maintain its dividend payment in the coming fiscal year at the same level as the previous year with an annual dividend of ¥12 per share, consisting of an interim dividend of ¥6 per share and a year-end dividend of ¥6 per share.

5. Business Risks

The Group's main shipping and real estate business activities involve political, economic, social, natural disaster and accident risks in all regions in which it conducts its business, with regards to operating waters, ports of call, docking areas, markets, the regions and countries in which contracted parties are domiciled, as well as project and other investments. These risks could have a negative impact on the Group's business performance, stock price or financial condition.

Specific risks are outlined below. Forward looking statements contained in the following are based on the Group's view as of the end of the consolidated financial year under review.

(1) Risk of Major Accidents or Events Affecting Ships and Buildings

The basic management philosophy of the Group is that "ensuring safety is the basis for all corporate endeavors". Moreover, the Group believes its mission is to place safety first regarding the ships and buildings used in its business. Safety measures that are common to each business division are regularly reviewed monthly by a "Safety Committee," while a quality control management system based on international standards has been introduced for the shipping business in particular. In addition, a "Shipping Safety Countermeasures Committee" meets regularly to ensure that accident prevention and safety measures are being thoroughly implemented, which is also capable of responding to emergency situations. However, in the event of an occurrence of unforeseen major accident or event that results in an oil spill or other environmental pollution or the loss of life and/or assets, it is possible that such an event could have an impact on the Group's business performance, stock price or financial condition.

(2) Risk of Fluctuations in Shipping and Real Estate Markets

While the Group is making every effort to minimize the impact of temporary fluctuations in shipping and real estate markets and to ensure stable operating earnings with medium- and long-term contracts, it is possible that changes in spot shipments, increases or decreases in marine transportation volume, intensified competition, or shifts in the supply-demand balance for ships could result in significant fluctuations in shipping revenues and/or charter revenues. In addition, trends in the real estate market in general, and in vacancy ratios for the central Tokyo office market in particular could have a significant impact on rental revenues, and on the price of properties held. As a result, significant changes in shipping revenues and/or rental revenues could have an impact on the Group's business performance, stock price or financial condition. While the measures to stabilize earnings as discussed in the preceding paragraph help reduce the impact of market price fluctuations, they may also result in opportunity loss of income for the Group which may have been realized had the market moved in opposite direction.

(3) Exchange Rate Risk

The Group's shipping business is structured such that foreign currency-denominated revenues exceed foreign currency-denominated expenses, and thus exchange rate fluctuations can have an impact on earnings. A significant amount of the Group's investments are also denominated in foreign currencies. Given the situation the Group is endeavoring to limit the impact of currency fluctuations with forward exchange contracts, currency swaps, and other hedge transactions, as well as by increasing the portion of dollar denominated expenses. This notwithstanding, large fluctuations in exchange rates can have an impact on the Group's business performance, stock price or financial condition. While the aforementioned hedge transactions help reduce the impact of exchange rate fluctuations, they may also result in opportunity loss of income for the Group which may have been realized had exchange rates moved in opposite direction.

(4) Interest Rate Risk

In addition to using internal funds for investments in ships and real estate and for operating capital used in business operations, the Group also obtains finance from external sources. In order to reduce the impact of interest rate fluctuations on its variable rate borrowings, the Group, based on its reading of the market, from time to time take measures to fix interest rates. However, future interest rate fluctuations could significantly affect funding costs, and therefore have an impact on the Group's business performance, stock price or financial condition. While conversion to fixed rates do reduce the risk of interest rate fluctuations, they

may also involve opportunity loss of income for the Group had interest rates moved in opposite direction. In addition, cancellation of fixed rate borrowings before maturity may result in one time payment of cancellation fee.

(5) Risk of New or Amended Public Regulations

The construction, registration and operation of the vessels used by the Iino Kaiun Group are affected by legal restrictions based on various international treaties, and bureau of shipping rules and regulations. The implementation of new or amended laws and regulations related to the Group's future business activities, including non-shipping business areas, could result in increased compliance costs. In addition, resultant withdrawal from the business or a failure to comply, which could restrict the Group's business activities, may have an impact on the Group's business performance, stock price or financial condition.

(6) Regional Political, Economic, Social and Natural Condition Risks

The Group's business activities span Asia including Japan, the Middle East, the US and Europe and other regions, and entails political, economic, social, natural disaster and accident risk in each region. The specific nature of this risk is outlined below. While the Group makes every effort to prevent and avoid such risks through information gathering activities, the occurrence of any of these events could have an impact on the Group's business performance, stock price or financial condition.

- (a) Changes in political and economic conditions.
- (b) Introduction, cancellation, and amendment of public regulations, changes in business practices and customs, and changes in interpretation regarding business/investment license, taxation, accounting standards, foreign exchange controls, safety, the environment, trade restrictions and prohibitions against private monopolies.
- (c) Developments in joint ventures and cooperative agreements with other companies.
- (d) Natural disasters such as earthquakes, lightning strikes, windstorms, rainstorms, floods, droughts, cold waves, abnormally high temperatures, abnormally high sea-levels, Tsunami and typhoons.
- (e) Events that cause social disruption, such as accidents, fires, war, riots, terrorism, pirating, the outbreak of infectious diseases and labor strikes.

(7) Risk of Fuel Oil Price Fluctuations

While prices of marine fuel oil used by the Group in its shipping business are dependent on the supply-demand balance for crude oil and conditions in oil producing nations and regions, the Group makes every effort to minimize the impact of price fluctuations by diversifying regional source and timing of supply, implementing slower navigation speeds to reduce fuel oil consumption, and by negotiating fuel price adjustment clauses with shippers. However, sharp fluctuations in fuel oil prices can have an impact on the Group's business performance, stock price or financial condition.

(8) Risk of Changes in Shipping and Real Estate Operating Conditions

The vessels and buildings used by the Group could be rendered inoperable by unforeseen events caused by natural disasters or accidents. As the buildings used in the Group's real estate business are rented under office rental contracts, failure to renew a contract or a forced cancellation of contract may also render the buildings inoperable. This could have an impact on the Group's business performance, stock price or financial condition.

(9) Risk of Delayed Progress in Planned Investment

The Group has investment plans for fleet capacity in its shipping business, and building

constructions and other investments in its real estate business. Progress in these investment plans however could be delayed by conditions in the shipping and real estate markets, financial conditions, or shipbuilding company and construction company trends, and this could have an impact on the Group's business performance, stock price or financial condition.

(10) Risks Associated with Sale of Vessels or Mid-Term Contract Cancellations

Shipping market trends or the development and introduction of new ship technology could cause existing vessels to become obsolete, while changes in safety, environmental or other regulations could restrict vessel usage, resulting in the sale of vessels held by the Group, or mid-term cancellations in the charter contracts the Group uses to charter its vessels. Consequently, this could have an impact on the business performance, stock price or financial condition of the Group.

While the above are the major specific examples of risk, they are not all-inclusive of the risks incurred by the Group in the conduct of its business.

IV Consolidated Financial Statements

(1) Consolidated Financial Statements

(a) Consolidated Balance Sheet

(In million yen)

	As of March 31, 2006		As of March 31, 2005		Increase/ Decrease
	Amount	%	Amount	%	
Assets					
<u>Current assets</u>	<u>18,296</u>	<u>11.7</u>	<u>18,918</u>	<u>12.8</u>	<u>-622</u>
Cash and time deposits	6,694		7,222		-528
Notes and accounts receivable	3,768		3,517		251
Inventories	1,701		1,336		365
Deferred and prepaid expenses	1,675		1,117		558
Other	4,532		5,799		-1,267
Allowance for doubtful accounts	-74		-73		-1
<u>Fixed assets</u>	<u>138,363</u>	<u>88.3</u>	<u>128,859</u>	<u>87.2</u>	<u>9,504</u>
[Tangible fixed assets] *1	<u>113,318</u>	<u>72.3</u>	<u>107,349</u>	<u>72.6</u>	<u>5,969</u>
Vessels *3	54,755		54,325		430
Buildings and structures *3	10,991		9,219		1,772
Land *3	39,222		39,046		176
Construction in progress	8,028		4,432		3,596
Other	322		327		-5
[Intangible fixed assets]	<u>637</u>	<u>0.4</u>	<u>673</u>	<u>0.5</u>	<u>-36</u>
Telephone subscription rights	9		9		-
Other	628		664		-36
[Investments and other assets]	<u>24,408</u>	<u>15.6</u>	<u>20,837</u>	<u>14.1</u>	<u>3,571</u>
Investment securities *2,3	20,561		15,033		5,528
Long-term loans	549		225		324
Other *3	3,422		5,703		-2,281
Allowance for doubtful accounts	-124		-124		-0
Total assets	156,659	100.0	147,777	100.0	8,882

(In million yen)

	As of March 31, 2006		As of March 31, 2005		Increase/ Decrease
	Amount	%	Amount	%	
Liabilities					
<u>Current liabilities</u>	<u>24,865</u>	<u>15.8</u>	<u>23,282</u>	<u>15.8</u>	<u>1,583</u>
Accounts payable *3	4,218		3,570		648
Short-term borrowings *3	13,532		13,607		-75
Accrued expenses	360		449		-89
Income taxes payable	2,862		2,906		-44
Advances received	2,044		1,519		525
Reserve for bonuses	378		342		36
Other	1,471		889		582
<u>Fixed liabilities</u>	<u>83,498</u>	<u>53.3</u>	<u>85,082</u>	<u>57.6</u>	<u>-1,584</u>
Bonds	2,500		2,500		-
Long-term borrowings *3	67,818		71,919		-4,101
Reserve for employees' retirement benefits	1,519		1,742		-223
Reserve for directors' retirement benefits	506		413		93
Reserve for special repairs	539		401		138
Leasehold deposits received	5,097		4,290		807
Other	5,519		3,817		1,702
Total liabilities	108,363	69.1	108,364	73.4	-1
Minority Interests					
Minority interests	-76	-0.0	-112	-0.1	36
Shareholders' equity					
Common Stock *5	13,092	8.4	13,092	8.9	-
Additional paid-in capital	6,429	4.1	6,425	4.3	4
Retained earnings	25,058	16.0	18,463	12.5	6,595
Net unrealized gains/losses on other securities	4,244	2.7	1,985	1.3	2,259
Treasury stock *6	-451	-0.3	-440	-0.3	-11
Total shareholders' equity	48,372	30.9	39,525	26.7	8,847
Total liabilities, minority interests and shareholders' equity	156,659	100.0	147,777	100.0	8,882

(b) Consolidated Statements of Operations

(In million yen)

	Year ended March 31, 2006		Year ended March 31, 2005		Increase/ Decrease	YoY %
	Amount	%	Amount	%		
Net Sales	73,382	100.0	63,763	100.0	9,619	15.1
Cost of sales *1	55,728	75.9	48,846	76.6	6,882	14.1
Gross profit	17,654	24.1	14,917	23.4	2,737	18.3
Selling, general and administrative expenses *2	5,224	7.1	5,372	8.4	-148	-2.8
Operating income	12,430	17.0	9,545	15.0	2,885	30.2
Non-operating income	<u>1,427</u>	1.9	<u>1,590</u>	2.5	<u>-163</u>	<u>-10.3</u>
Interest income	122		56		66	
Dividend income	254		180		74	
Foreign exchange gains	40		334		-294	
Partnership income	693		698		-5	
Income from SPC's	166		157		9	
Equity income of non-consolidated subsidiaries and affiliates	113		29		84	
Other	39		136		-97	
Non-operating expenses	<u>2,819</u>	3.8	<u>2,861</u>	4.5	<u>-42</u>	<u>-1.5</u>
Interest expenses	2,672		2,727		-55	
Other	147		134		13	
Ordinary income	11,038	15.1	8,274	13.0	2,764	33.4
Extraordinary gains	<u>3,784</u>	5.2	<u>160</u>	0.2	<u>3,624</u>	<u>2,265.0</u>
Gain on sale of fixed assets *3	839		59		780	
Gain on reversal of reserve for special repairs	2		64		-62	
Gain on liquidation of affiliates	2,700		-		2,700	
Gain on sale of affiliates' shares	47		-		47	
Gain on sale of investment securities	43		36		7	
Other	153		1		152	
Extraordinary losses	<u>1,553</u>	2.1	<u>421</u>	0.7	<u>1,132</u>	<u>268.9</u>
Loss on sale of fixed assets *4	-		10		-10	
Loss on disposal of fixed assets *5	18		43		-25	
Impairment losses *6	1,495		-		1,495	
Valuation loss on investment securities	-		53		-53	
Valuation loss on real estate for sale	-		71		-71	
Provision for allowance for doubtful accounts	-		57		-57	
Loss on treatment of soil contamination	-		172		-172	
Other	40		15		25	
Income before income taxes	13,269	18.2	8,013	12.5	5,256	65.6
Income tax, inhabitants tax and enterprise tax	4,723	6.4	3,710	5.8	1,013	27.3
Income tax adjustments	84	0.1	-575	-0.9	659	-
Minority interests in income	45	0.1	23	0.0	22	95.7
Net income	8,417	11.6	4,855	7.6	3,562	73.4

(c) Consolidated Statements of Retained Earnings

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005	Increase/ Decrease
	Amount	Amount	
Additional paid-in capital			
Balance, beginning of period	6,425	4,086	2,339
Increase in additional paid-in-capital	<u>4</u>	<u>2,339</u>	<u>-2,335</u>
Issuance of new shares by capital increase	-	2,339	-2,339
Gain on disposition of treasury stock	4	-	4
Balance, end of period	6,429	6,425	4
Retained earnings			
Balance, beginning of period	18,463	14,453	4,010
Increase	<u>8,417</u>	<u>4,855</u>	<u>3,562</u>
Net income	8,417	4,855	3,562
Decrease	<u>1,822</u>	<u>845</u>	<u>977</u>
Dividends	1,753	794	959
Bonuses paid to directors	50	50	-
Decrease in retained earnings from increase in number of consolidated subsidiaries	-	1	-1
Decrease in retained earnings from decrease in number of consolidated subsidiaries	19	-	19
Balance, end of period	25,058	18,463	6,595

(d) Consolidated Statements of Cash Flows

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005	Increase/ Decrease
	Amount	Amount	
I Cash flows from operating activities			
Income before income taxes	13,269	8,013	5,256
Depreciation and amortization	6,251	5,851	400
Impairment losses	1,495	-	1,495
Equity income of non-consolidated subsidiaries and affiliates	-113	-	-113
Increase/decrease in reserve for employees' retirement benefits	-223	15	-238
Increase/decrease in reserve for directors' retirement benefits	93	-225	318
Interest and dividend income	-376	-236	-140
Loss on revaluation of investment securities	-	53	-53
Interest expenses	2,672	2,727	-55
Gains on sale of tangible and intangible fixed assets	-839	-59	-780
Gain on liquidation of affiliates	-2,700	-	-2,700
Increase/Decrease in accounts receivable, trade	-251	-	-251
Increase/decrease in accounts payable, trade	648	-	648
Other	-257	309	-566
Subtotal	19,669	16,448	3,221
Interest and dividend received	392	248	144
Interest paid	-2,766	-2,815	49
Income taxes paid	-4,742	-1,742	-3,000
Net cash provided by operating activities	12,553	12,139	414
II Cash flows from investing activities			
Purchase of tangible and intangible fixed assets	14,048	-10,219	-3,829
Sale of tangible and intangible fixed assets	2,844	6,522	-3,678
Proceeds from liquidation of affiliates	2,705	-	2,705
Purchase of investment securities	-2,379	-1,639	-740
Sale of investment securities	115	-	115
Redemption of investment securities	400	-	400
Collection of investment in partnership	2,945	-	2,945
Other	68	49	19
Net cash used in investing activities	-7,350	-5,287	-2,063
III Cash flows from financing activities			
Increase/decrease in short-term borrowings	-1,357	-14,947	13,590
Proceeds from long-term debt	6,830	19,610	-12,780
Repayment of long-term debt	-11,193	-10,425	-768
Proceeds of issue of bond	-	1,000	-1,000
Redemption of bonds	-	-3,000	3,000
Proceeds from share issuance	-	4,679	-4,679
Proceeds of treasury stocks	10	-	10
Payments for treasury stocks	-18	-33	15

Cash dividends paid	-1,753	-794	-959
Net cash used in financing activities	-7,481	-3,910	-3,571
IV Effect of exchange rate changes on cash and cash equivalents	116	-49	165
V Increase/decrease in cash and cash equivalents	-2,162	2,893	-5,055
VI Cash and cash equivalents at the beginning of the period	10,831	7,834	2,997
VII Increase in cash and cash equivalents due to change in scope of consolidation	-	104	-104
VIII Cash and cash equivalents at the end of the period	8,669	10,831	-2,162

Note: Reconciliation of the amounts of cash and cash equivalents at the end of the period stated in Consolidated Statements of Cash Flows to the amounts stated in Consolidated Balance Sheets

Cash and time deposits	6,694	7,222
Time deposits with maturity exceeding three months	-25	-329
Short-term investments with maturity due in or less than three months	2,000	3,938
Cash and cash equivalents at the end of the period	8,669	10,831

Significant Information Regarding the Preparation of Consolidated Financial Statements

	Year ended March 31, 2005	Year ended March 31, 2006
I. Scope of	<p>(1) Number of consolidated subsidiaries: 37 Names of major consolidated subsidiaries: Lodestar Navigation S.A. and lino Marine Service Co., Ltd. Pioneer Navigation S.A. and Serpent's Mouth Carriers S.A. were newly included in consolidation following their establishment/start of operations. Vela Panama S.A. was excluded from consolidation due to its liquidation. (2) Some subsidiaries including lino Lines (U.S.A.) Inc. are not included in All non-consolidated subsidiaries are insignificant in terms of the Company's equity in their assets, revenues, income, and retained earnings, as well as in terms of their impact on the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 38 Names of major consolidated subsidiaries: Lodestar Navigation S.A. and lino Marine Service Co., Ltd. Seagreen Navigation S.A. and Red Sea Marine S.A. were newly included in consolidation following their establishment of operations. Wish Lines S.A. was excluded from consolidation due to its sale. (2) Same as on the left</p>
II. Application of the equity method	<p>(1) Affiliates accounted for by the equity method are following two companies: lino Koun Kaisha, Ltd. Jipro Shipping S.A. (2) Non-consolidated subsidiaries including lino Lines (U.S.A.) Inc. and non-consolidated affiliates including M.I. Holding S.A. which are not accounted for by the equity method are insignificant in terms of the Company's equity in their income and retained earnings, and their</p>	<p>(1) An affiliate accounted for by the equity method is following one company: Jipro Shipping S.A. lino Koun Kaisha, Ltd. was excluded from application of equity method due to the sale of its shares. (2) Same as on the left</p>
III Accounting period of consolidated subsidiaries	<p>Among the consolidated subsidiaries, Taranaki Shipping S.A. and other four companies have their accounting period ending on December 31. Although financial statements as of the end of their accounting period were used for consolidation, necessary adjustments have been made on significant transactions that have taken place between the end of their accounting period and the end of the Company's consolidated accounting period.</p>	<p>Same as on the left</p>
IV Accounting standards	<p>(1) Valuation standards/methods for principal assets (a) Securities Other securities For which market price is available Carried at fair value as of the last day of the accounting period (unrealized holding gains and losses are reported as a net amount in a separate component of shareholders' equity. Cost of sales is determined by the moving average method). For which market price is not available Equity: Carried at cost determined by the moving average method. Bond: Carried at cost determined by the moving average method or by amortized cost method.</p>	<p>(1) Valuation standards/methods for principal assets (a) Securities Other securities For which market price is available Same as on the left For which market price is not available Same as on the left</p>

	Year ended March 31, 2005	Year ended March 31, 2006
	<p>(b) Inventories Real estate held for sale are stated at cost determined by identified cost method. Other inventories are stated at cost by first-in first-out method.</p> <p>(c) Derivatives Market value method applied</p> <p>(2) Depreciation/amortization of principal depreciable/amortizable assets Vessels are depreciated by straight-line method (with some exception where declining balance method is applied) . Tangible fixed assets other than vessels by declining balance method. However, buildings (excluding ancillary facilities) acquired on or after April 1, 1998 are depreciated by straight-line method.</p> <p>(3) Amortization of deferred assets Bond issuance expense: Fully recorded as expense when paid</p> <p>(4) Accounting standards for principal allowance/reserves</p> <p>(a) Allowance for doubtful accounts The allowance for doubtful accounts is computed based on the actual ratio of bad debts in the past. For classified loans/receivables the company states an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.</p> <p>(b) Reserve for bonuses Reserve for bonuses is provided to cover bonus payment to employees by estimating the amount of bonuses allocated for the accounting period under review.</p> <p>(c) Reserve for employees' retirement benefits Reserve for employees' retirement benefits is provided at an amount that is deemed to have accrued as of the end of the accounting period under review, calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the accounting period under review.</p> <p>(d) Reserve for directors' retirement benefits Reserve for directors' retirement benefits has been provided at an amount payable at the end of the accounting period under review based on the Company's internal regulations.</p> <p>(e) Reserve for special repairs Reserve for special repairs is provided to cover the cost of regular vessel inspection works based on the estimated amount of required repair works in the future.</p> <p>(5) Accounting treatment of principal lease transactions Finance leases for which ownership of the leased assets does not transfer to the lessees are not capitalized, and are accounted for in the same manner as operating leases.</p>	<p>(b) Inventories Same as on the left</p> <p>(c) Derivatives Same as on the left</p> <p>(2) Depreciation/amortization of principal depreciable/amortizable assets Same as on the left</p> <p>(3) Amortization of deferred assets Bond issuance expense: —————</p> <p>(4) Accounting standards for principal allowance/reserves</p> <p>(a) Allowance for doubtful accounts Same as on the left</p> <p>(b) Reserve for bonuses Same as on the left</p> <p>(c) Reserve for employees' retirement benefits Same as on the left</p> <p>(d) Reserve for directors' retirement benefits Same as on the left</p> <p>(e) Reserve for special repairs Same as on the left</p> <p>(5) Accounting treatment of principal lease transactions Same as on the left</p>

	Year ended March 31, 2005	Year ended March 31, 2006
	(6) Accounting method for principal hedges	(6) Accounting method for principal hedges
	(a) Hedge accounting The Company adopts a Deferred Hedge Method. For the interest rate swap contracts that meet specified conditions of the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expenses of the hedged financial assets and liabilities. For the currency swap contracts that meet the required conditions of the accounting standard, the Company translates hedged foreign currency assets and liabilities at the rate stipulated in respective contracts.	(a) Hedge accounting Same as on the left
	(b) Hedging instruments and hedged transactions *Hedging instruments: Interest rate swap Hedged transactions: Interest payment *Hedging instruments: Foreign currency obligation Hedged transactions: Foreign exchange risk in pending foreign currency denominated transactions *Hedging instruments: Currency swap Hedged transactions: Foreign exchange risk in pending foreign currency denominated transactions	(b) Hedging instruments and hedged transactions Same as of the left
	(c) Hedging policy The Company uses interest rate derivative transactions solely for the purpose of fixing the amount of future interest payments by effectively converting variable rate obligations into fixed rate obligations. The Company uses currency-related derivatives solely for the purpose of i) hedging foreign currency exposure in foreign currency denominated revenues generated from its normal business operations and ii) hedging foreign exchange risks associated with collection of loans made to the Group companies to meet their foreign currency needs. The amount of currency-related derivatives undertaken by the Company does not exceed the amount of foreign currency denominated revenues or loans that require hedging. It is the Company's policy not to engage in currency-related derivative transactions for speculative purposes.	(c) Hedging policy Same as on the left
	(d) Method of evaluating effectiveness of hedges The Company evaluates the effectiveness of hedges by comparing cumulative changes in cash flows between hedged items and hedging instruments.	(d) Method of evaluating effectiveness of hedges Same as on the left

	Year ended March 31, 2005	Year ended March 31, 2006
	<p>(7) Standards for recognizing income and expenses from shipping business</p> <p>The Company calculates income and expenses from its shipping business on a daily pro rata basis based on the number of days of voyage.</p> <p>(8) Method of treatment of interest expense</p> <p>In principal, the Company recognizes interest expenses on an accrual basis, provided, however, that interest payments related to and incurred during the construction of long-life operating assets of significant amount that meet certain conditions are included in the acquisition cost of the operating asset concerned.</p> <p>(9) Consumption tax, etc.</p> <p>Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.</p>	<p>(7) Standards for recognizing income and expenses from shipping business</p> <p>Same as on the left</p> <p>(8) Method of treatment of interest expense</p> <p>Same as on the left</p> <p>(9) Consumption tax, etc.</p> <p>Same as on the left</p>
V Treatment of profit appropriation items	The consolidated statement of retained earnings is prepared based on appropriations determined during the consolidated fiscal year concerned.	Same as on the left
VI Scope of cash and cash equivalents in the consolidated statements of cash flows	Included in "Cash (cash and cash equivalents)" in the Consolidated Statements of Cash Flows are cash in hand, demand deposits, and short-term investments with maturity arriving in three months from the date of acquisition, that are readily convertible to cash and are subject to minimum risk of price fluctuations.	Same as on the left

Changes in Accounting Method

Year ended March 31, 2005	Year ended March 31, 2006
-----	<p>(Accounting Standard for Impairment of Fixed Assets)</p> <p>In the period under review, the Company adopted Accounting Standard and Guidance in accordance with the Accounting Standard on Impairment of Fixed Assets (i.e. "Opinion Concerning Establishment of Accounting Standard on Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002), and "Guidance for Accounting Standard on Impairment of Fixed Assets" (ASB Guidance No.6, October 31, 2003)).</p> <p>The adoption decreased pretax profit by 1,495 million yen.</p> <p>The cumulative impairment losses are deducted directly from the value of corresponding assets in accordance with the revised consolidated financial statement rules.</p>

Changes in the Presentation of Accounts

Year ended March 31, 2005	Year ended March 31, 2006										
-----	<p>(Consolidated Cash Flows)</p> <p>For the previous consolidated fiscal year, the Company included "Increase/decrease in accounts receivable, trade ("-" denotes "increase"), "Increase/decrease in accounts payable, trade ("-" denotes "decrease") and "Equity in income/ loss of non-consolidated subsidiaries and affiliates" in "Other" under "Cash flows from operating activities." "Proceeds from sale of investment securities" and "Proceeds from collection of investments in partnership" were also included in "Other" under "Cash flows from investing activities." Starting this fiscal year, the Company presents these items in separate components for greater clarity. The items that were included in "Other" for the previous fiscal year but are separately presented from this fiscal year are as follows:</p> <p>Cash flows from operating activities:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">"Increase/decrease in account receivable, trade"</td> <td style="text-align: right;">278 million yen</td> </tr> <tr> <td>"Increase/decrease in accounts payable, trade"</td> <td style="text-align: right;">466 million yen</td> </tr> <tr> <td>"Equity in income/loss of non-consolidated subsidiaries and affiliates"</td> <td style="text-align: right;">-29</td> </tr> </table> <p>Cash flows from investing activities:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">"Proceeds of sale of investment securities"</td> <td style="text-align: right;">42 million yen</td> </tr> <tr> <td>"Proceeds of collection of investment in partnership"</td> <td style="text-align: right;">530 million yen</td> </tr> </table>	"Increase/decrease in account receivable, trade"	278 million yen	"Increase/decrease in accounts payable, trade"	466 million yen	"Equity in income/loss of non-consolidated subsidiaries and affiliates"	-29	"Proceeds of sale of investment securities"	42 million yen	"Proceeds of collection of investment in partnership"	530 million yen
"Increase/decrease in account receivable, trade"	278 million yen										
"Increase/decrease in accounts payable, trade"	466 million yen										
"Equity in income/loss of non-consolidated subsidiaries and affiliates"	-29										
"Proceeds of sale of investment securities"	42 million yen										
"Proceeds of collection of investment in partnership"	530 million yen										

Additional Information

Year ended March 31, 2005	Year ended March 31, 2006
<p>(Property for Sale)</p> <p>During the current consolidated fiscal year, the Company has changed the purpose of holding of some land assets and has accordingly transferred the corresponding amount (56 million yen) from "Tangible fixed assets" to "Land and buildings for sale" under the "Inventories (Property for sale)" of "Current assets".</p>	-----

Notes

(Consolidated Balance Sheets)

(In million yen)

	As of March 31, 2005	As of March 31, 2006																																																																														
1 Accumulated depreciation of fixed assets	41,086	44,420																																																																														
2 Investment securities: Of which related to non-consolidated subsidiaries and affiliates (shares)	1,224	1,194																																																																														
3 Asset pledged as collateral	<p>The assets listed below under "(a) Assets pledged as collateral" totaling 65,337 million yen are pledged as collateral for the obligations listed below under "(b) Obligations secured by collateral" totaling 52,242 million yen.</p> <p>(a) Asset pledged as collateral</p> <table> <tr> <td></td> <td>Book value</td> <td>as of Mar 31, 2005</td> </tr> <tr> <td>Vessels</td> <td>48,177</td> <td></td> </tr> <tr> <td>Buildings</td> <td>5,013</td> <td></td> </tr> <tr> <td>Land</td> <td>11,582</td> <td></td> </tr> <tr> <td>Investment securities</td> <td>561</td> <td></td> </tr> <tr> <td>Guarantee deposits</td> <td>4</td> <td></td> </tr> <tr> <td>Total</td> <td>65,337</td> <td></td> </tr> </table> <p>(b) Obligations secured by such collateral</p> <table> <tr> <td></td> <td>Book value</td> <td>as of Mar 31, 2005</td> </tr> <tr> <td>Accounts payable, trade</td> <td>103</td> <td></td> </tr> <tr> <td>Short-term borrowings</td> <td>6,872</td> <td></td> </tr> <tr> <td>(Current portion of long-term borrowings)</td> <td>(6,872)</td> <td></td> </tr> <tr> <td>Long-term borrowings</td> <td>45,267</td> <td></td> </tr> <tr> <td>Total</td> <td>52,242</td> <td></td> </tr> </table>		Book value	as of Mar 31, 2005	Vessels	48,177		Buildings	5,013		Land	11,582		Investment securities	561		Guarantee deposits	4		Total	65,337			Book value	as of Mar 31, 2005	Accounts payable, trade	103		Short-term borrowings	6,872		(Current portion of long-term borrowings)	(6,872)		Long-term borrowings	45,267		Total	52,242		<p>The assets listed below under "(a) Assets pledged as collateral" totaling 56,833 million yen are pledged as collateral for the obligations listed below under "(b) Obligations secured by collateral" totaling 47,293 million yen.</p> <p>(a) Asset pledged as collateral</p> <table> <tr> <td></td> <td>Book value</td> <td>as of Mar 31, 2006</td> </tr> <tr> <td>Vessels</td> <td>42,296</td> <td></td> </tr> <tr> <td>Buildings</td> <td>4,145</td> <td></td> </tr> <tr> <td>Land</td> <td>9,843</td> <td></td> </tr> <tr> <td>Investment securities</td> <td>534</td> <td></td> </tr> <tr> <td>Guarantee deposits</td> <td>15</td> <td></td> </tr> <tr> <td>Total</td> <td>56,833</td> <td></td> </tr> </table> <p>(b) Obligations secured by such collateral</p> <table> <tr> <td></td> <td>Book value</td> <td>as of Mar 31, 2006</td> </tr> <tr> <td>Accounts payable, trade</td> <td>77</td> <td></td> </tr> <tr> <td>Short-term borrowings</td> <td>5,748</td> <td></td> </tr> <tr> <td>(Current portion of long-term borrowings)</td> <td>(5,748)</td> <td></td> </tr> <tr> <td>Long-term borrowings</td> <td>41,468</td> <td></td> </tr> <tr> <td>Total</td> <td>47,293</td> <td></td> </tr> </table>		Book value	as of Mar 31, 2006	Vessels	42,296		Buildings	4,145		Land	9,843		Investment securities	534		Guarantee deposits	15		Total	56,833			Book value	as of Mar 31, 2006	Accounts payable, trade	77		Short-term borrowings	5,748		(Current portion of long-term borrowings)	(5,748)		Long-term borrowings	41,468		Total	47,293	
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4 Contingent liabilities	<p>(1) Guarantee obligations</p> <table> <tr> <td>Jipro Capital Shipping S.A.</td> <td>Capital expenditure finance</td> <td>1,009</td> </tr> <tr> <td>Central Tanker S.A.</td> <td>Investment finance</td> <td>882</td> </tr> <tr> <td>Just Spot Co., Ltd.</td> <td>Spot Working capital, etc.</td> <td>2</td> </tr> <tr> <td>Total</td> <td></td> <td>1,893</td> </tr> </table> <p>(2) Joint obligations</p> <table> <tr> <td>Other joint guarantors</td> <td>Guarantee obligation assumed by other joint guarantor</td> <td></td> </tr> <tr> <td>Nippon Yusen Kabushiki</td> <td>Investment finance</td> <td>36,498</td> </tr> <tr> <td>Mitsui O.S.K. Lines, Ltd.</td> <td>Investment finance</td> <td>31,017</td> </tr> <tr> <td>Kawasaki Kisen Kaisha, Ltd.</td> <td>Investment finance</td> <td>12,167</td> </tr> <tr> <td>Total</td> <td></td> <td>79,682</td> </tr> </table> <p>Of the amount of joint debt obligations, the portion owed by the Company is included in "Long-term borrowings" and "Short-term borrowings" on the consolidated balance sheet.</p>	Jipro Capital Shipping S.A.	Capital expenditure finance	1,009	Central Tanker S.A.	Investment finance	882	Just Spot Co., Ltd.	Spot Working capital, etc.	2	Total		1,893	Other joint guarantors	Guarantee obligation assumed by other joint guarantor		Nippon Yusen Kabushiki	Investment finance	36,498	Mitsui O.S.K. Lines, Ltd.	Investment finance	31,017	Kawasaki Kisen Kaisha, Ltd.	Investment finance	12,167	Total		79,682	<p>(1) Guarantee obligations</p> <table> <tr> <td>Jipro Capital Shipping S.A.</td> <td>Capital expenditure finance</td> <td>1,104</td> </tr> <tr> <td>Central Tanker S.A.</td> <td>Investment finance</td> <td>736</td> </tr> <tr> <td>Just Spot Co., Ltd.</td> <td>Spot Working capital, etc.</td> <td>3</td> </tr> <tr> <td>Total</td> <td></td> <td>1,843</td> </tr> </table> <p>(2) Joint obligations</p> <table> <tr> <td>Other joint guarantors</td> <td>Guarantee obligation assumed by other joint guarantor</td> <td></td> </tr> <tr> <td>Nippon Yusen Kabushiki</td> <td>Investment finance</td> <td>32,660</td> </tr> <tr> <td>Mitsui O.S.K. Lines, Ltd.</td> <td>Investment finance</td> <td>27,439</td> </tr> <tr> <td>Kawasaki Kisen Kaisha, Ltd.</td> <td>Investment finance</td> <td>10,927</td> </tr> <tr> <td>Total</td> <td></td> <td>71,026</td> </tr> </table> <p>Same as on the left</p>	Jipro Capital Shipping S.A.	Capital expenditure finance	1,104	Central Tanker S.A.	Investment finance	736	Just Spot Co., Ltd.	Spot Working capital, etc.	3	Total		1,843	Other joint guarantors	Guarantee obligation assumed by other joint guarantor		Nippon Yusen Kabushiki	Investment finance	32,660	Mitsui O.S.K. Lines, Ltd.	Investment finance	27,439	Kawasaki Kisen Kaisha, Ltd.	Investment finance	10,927	Total		71,026																								
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5 Common stock	Number of shares issued and outstanding: 111,075,980 shares of common stock	Same as on the left																																																																														
6 Number of treasury stocks held	Number of treasury stocks held by the Company: 1,489,061 shares of common stock	Number of treasury stocks held by the Company: 1,497,061 shares of common stock																																																																														

(Consolidated Statements of Operations)

	Year ended March 31, 2005		Year ended March 31, 2006	
1 Provisions for reserves included in cost of sales	Reserve for bonuses	99	Reserve for bonuses	106
	Reserve for retirement benefits	56	Reserve for retirement benefits	-103
	Reserve for special repairs	194	Reserve for special repairs	201
2 Major items in selling, general and administrative expenses	Directors' remuneration and salaries	2,002	Directors' remuneration and salaries	1,861
	Reserve for bonuses	243	Reserve for bonuses	264
	Reserve for retirement benefits	167	Reserve for retirement benefits	82
	Reserve for directors' retirement benefits	95	Reserve for directors' retirement benefits	115
	Outsourcing expenses	774	Outsourcing expenses	776
	Depreciation	105	Depreciation	125
3 Major items in gain on sale of fixed assets	Vessels	49	Buildings & structures	574
	Land	8	Land	252
	Buildings	2		
4 Major items in loss on sale of fixed assets	Vessels	10	-----	
5 Major items in loss on disposal of fixed	Buildings and structures	43	Buildings and structures	13
6 Impairment losses	-----		<p>For the fiscal year under review, the Group recognized an asset impairment loss for the following fixed asset group: Intended use of property: Leasing Type of property: Land and building Location: Sagamihara, Kanagawa Pref. In principle, the Group records fixed assets such as vessels, lease properties and unutilized assets by each item, and recognizes other types of fixed assets in one group as shared assets. Due to the continuous decline in land prices, the recoverable amount of the asset group listed above has become substantially lower than its carrying amount. As a result, the Group has recognized the amount of impairment (1,495 million yen) as an asset impairment loss, reducing the carrying amount to the recoverable amount.</p> <p>Breakdown of impairment losses: Land: 965 million yen Building: 505 million yen Other: 25 million yen Recoverable amount of this asset group is measured by net sales price which in turn is assessed by a real estate appraiser.</p>	

(Consolidated Statements of Cash Flows)

(In million yen)

Year ended March 31, 2005	Year ended March 31, 2006
Reconciliation of the amounts of cash and cash equivalents at the end of the period stated in Consolidated Statements of Cash Flows to the amounts stated in Consolidated Balance Sheets.	Reconciliation of the amounts of cash and cash equivalents at the end of the period stated in Consolidated Statements of Cash Flows to the amounts stated in Consolidated Balance Sheets.
Cash and time deposits 7,222	Cash and time deposits 6,694
Time deposits with maturity exceeding three months -329	Time deposits with maturity exceeding three months -25
Other cash equivalents included in other (repurchase agreement) 3,938	Other cash equivalents included in other (repurchase agreement) 2,000
Cash and cash equivalents 10,831	Cash and cash equivalents 8,669

(Lease Transactions)

Year ended March 31, 2005	Year ended March 31, 2006
1. Finance leases for which ownership of the leased assets does not transfer to the lessees.	1. Finance leases for which ownership of the leased assets does not transfer to the lessees.
(1) Lessee	(1) Lessee
Details omitted as applicable transactions are insignificant	Details omitted as applicable transactions are insignificant
(2) Lessor	(2) Lessor
Acquisition cost of leased property, accumulated depreciation amount and balance as at the end of the period	Acquisition cost of leased property, accumulated depreciation amount and balance as at the end of the period
Furniture and fixture	Furniture and fixture
Acquisition cost Depreciation Balance, end of period	Acquisition cost Depreciation Balance, end of period
	Accumulated amount
17 0 17	17 6 11
Unearned lease revenue at the end of the period	Unearned lease revenue at the end of the period
Within 1 year 4	Within 1 year 4
Over 1 year 15	Over 1 year 11
Total 19	Total 15
The equivalent amount of future lease payments at the end of the accounting period is calculated using the inclusive-of-interest method, as a combined amount of the ending balance of future lease payments at the end of the accounting period and the ending balance of the estimated residual value accounts for only a small percentage of the ending balance of operating receivables.	The equivalent amount of future lease payments at the end of the accounting period is calculated using the inclusive-of-interest method, as a combined amount of the ending balance of future lease payments at the end of the accounting period and the ending balance of the estimated residual value accounts for only a small percentage of the ending balance of operating receivables.
Lease income and depreciation	Lease income and depreciation
Lease income 0	Lease income 4
Depreciation 0	Depreciation 5
2. Operating lease transactions	2. Operating lease transactions
Future lease payments	Future lease payments
Within 1 year 2,272	Within 1 year 2,042
Over 1 year 4,081	Over 1 year 1,742
Total 6,353	Total 3,784

Securities

Year ended March 31, 2006 (As of March 31, 2006)

1. Other marketable securities for which market price is available

(In million yen)

		Acquisition cost	Carrying value on consolidated B/S	Difference
Securities whose carrying value on consolidated B/S are higher than acquisition cost	(1) Stocks	4,779	11,624	6,845
	(2) Bonds			
	Other	300	301	1
	(3) Other	10	10	0
	Subtotal	5,089	11,935	6,846
Securities whose carrying value on consolidated B/S are lower than acquisition cost	(1) Stocks	27	25	-2
	Subtotal	27	25	-2
Total		5,116	11,960	6,844

2. Other marketable securities sold during the year ended March 31, 2006

(In million yen)

Total proceeds	Total gains	Total losses
515	43	-

3. Breakdown of marketable securities for which market price is not available

(In million yen)

Other securities	Carrying value on consolidated B/S
Private equities (excluding OTC equities)	3,621
Private preferred equity securities	3,800

4. Redemption schedule of other marketable securities with maturity

(In million yen)

	As of March 31, 2006			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Bonds				
Straight bonds	300	-	-	-
Other	-	10	-	-
Total	300	10	-	-

Year ended March 31, 2005 (As of March 31, 2005)

1. Other marketable securities for which market price is available

(In million yen)

		Acquisition cost	Carrying value on consolidated B/S	Difference
Securities whose carrying value on consolidated B/S are higher than acquisition cost	(1) Stocks	3,872	7,182	3,310
	(2) Bonds			
	Other	400	405	5
	(3) Other	10	10	0
	Subtotal	4,282	7,597	3,315
Securities whose carrying value on consolidated B/S are lower than acquisition cost	(1) Stocks	20	19	-1
	Subtotal	20	19	-1
Total		4,302	7,616	3,314

2. Other marketable securities sold during the year ended March 31, 2005

(In million yen)

Total proceeds	Total gains	Total losses
69	36	-

3. Breakdown of marketable securities for which market price is not available

(In million yen)

Other securities	Carrying value on consolidated B/S
Private equities (excluding OTC equities)	2,093
Private preferred equity securities	4,100

4. Redemption schedule of other marketable securities with maturity

(In million yen)

	As of March 31, 2005			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Bonds				
Straight bonds	100	300	-	-
Other	-	10	-	-
Total	100	310	-	-

Derivative Transactions (Contract amount, Market value and Valuation gain/loss)

Interest rate related:

(in million yen)

	As of March 31, 2006			As of March 31, 2005		
	Contract amount	Market value	Valuation gain/loss	Contract amount	Market value	Valuation gain/loss
Transactions other than market transactions:						
Interest rate swap:						
Receive fixed and pay floating	-	-	-	-	-	-
Received floating and pay fixed	654	-59	-59	21	-0	-0
Total	654	-59	-59	21	-0	-0

Notes: 1. Derivative transactions to which hedge accounting is applicable are excluded.

2. Market value is based on the price presented with which the Group had derivative transactions.

Employees' Retirement Benefits

Year ended March 31, 2006 (As of March 31, 2006)

1. Summary of the employees' retirement benefit plan adopted
Tax qualified pension program (defined benefit plan) and lump-sum severance indemnities plan are adopted by the Company and its consolidated subsidiaries.

2. Retirement benefit obligations and its breakdown (As of March 31, 2006)

(1) Retirement benefit obligations	3,182 million yen
(2) Plan assets	1,663 million yen
(3) Reserve for retirement benefit obligations	1,519 million yen

Note: All of the consolidated companies employ the simplified method in computing retirement benefit obligations.

3. Retirement benefit expenses (from April 1, 2004 to March 31, 2005)
Service cost -22 million yen

4. Basis of calculation of projected benefit obligations
Discount rate 2.5%

Year ended March 31, 2005 (As of March 31, 2005)

1. Summary of the employees' retirement benefit plan adopted
Tax qualified pension program (defined benefit plan) and lump-sum severance indemnities plan are adopted by the Company and its consolidated subsidiaries.

2. Retirement benefit obligations and its breakdown (As of March 31, 2005)

(1) Retirement benefit obligations	3,229 million yen
(2) Plan assets	1,487 million yen
(3) Reserve for retirement benefit obligations	1,742 million yen

Note: All of the consolidated companies employ the simplified method in computing retirement benefit obligations.

3. Retirement benefit expenses (from April 1, 2004 to March 31, 2005)
Service cost 223 million yen

4. Basis of calculation of projected benefit obligations
Discount rate 2.5%

Tax Effect Accounting

As of March 31, 2006		As of March 31, 2005	
1. Breakdown of deferred tax assets and liabilities		1. Breakdown of deferred tax assets and liabilities	
Deferred tax assets		Deferred tax assets	
	million yen		million yen
Unrealized gains on fixed assets	245	Unrealized gains on fixed assets	245
Provision for employees' retirement benefits in excess of the amount deductible for tax purposes	539	Provision for employees' retirement benefits in excess of the amount deductible for tax purposes	611
Taxable undistributed profits related to overseas subsidiaries	74	Taxable undistributed profits related to overseas subsidiaries	54
Directors' retirement benefits	192	Directors' retirement benefits	156
Provision for bonuses in excess of the amount deductible for tax purposes	141	Provision for bonuses in excess of the amount deductible for tax purposes	127
Valuation loss on real estate for sale	169	Valuation loss on real estate for sale	169
Other	289	Other	269
Subtotal	1,649	Subtotal	1,778
Valuation allowance	-55	Valuation allowance	-148
Total deferred tax assets	1,594	Total deferred tax assets	1,630
Deferred tax liabilities		Deferred tax liabilities	
Reserve for special depreciation	-190	Reserve for special depreciation	-362
Reserve for advanced depreciation	-316	Reserve for advanced depreciation	-63
Taxable undistributed profits related to consolidated subsidiaries	-67	Taxable undistributed profits related to consolidated subsidiaries	-77
Net unrealized gains/losses on other securities	-2,705	Net unrealized gains/losses on other securities	-1,254
Other	-3	Other	-26
Total deferred tax liabilities	-3,281	Total deferred tax liabilities	-1,782
Net deferred tax liabilities	-1,687	Net deferred tax liabilities	-152
2. Reconciliation of statutory tax rate to effective tax rate		2. Reconciliation of statutory tax rate to effective tax rate	
Statutory effective tax rate	39%	Statutory effective tax rate	39%
[Adjustment]	million yen	[Adjustment]	million yen
Unrealized gains	-2.3	Nondeductible items such as entertainment expenses	1.0
Other	-0.7	Unrealized gains	-0.9
Corporate tax rate after tax effect accounting	36.0	Corporate tax rate after tax effect accounting	39.1

Segment Information

1. Business Segment Information

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Net sales:						
(1) External sales	62,629	8,697	2,056	73,382	-	73,382
(2) Inter-segment sales	-	58	60	118	-118	-
Total	62,629	8,755	2,116	73,500	-118	73,382
Operating expenses	52,473	6,535	2,062	61,070	-118	60,952
Operating income/loss	10,156	2,220	54	12,430	-	12,430
II. Assets, depreciation & capital expenditures:						
Assets	73,555	54,799	688	129,042	27,617	156,659
Depreciation	5,316	889	46	6,251	-	6,251
Capital expenditures	6,307	7,731	10	14,048	-	14,048

Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Net sales:						
(1) External sales	52,968	8,795	2,000	63,763	-	63,763
(2) Inter-segment sales	-	43	118	161	-161	-
Total	52,968	8,838	2,118	63,924	-161	63,763
Operating expenses	45,541	6,710	2,128	54,379	-161	54,218
Operating income/loss	7,427	2,128	-10	9,545	-	9,545
II. Assets, depreciation & capital expenditures:						
Assets	69,019	54,201	787	124,007	23,770	147,777
Depreciation	4,779	1,022	50	5,851	-	5,851
Capital expenditures	7,544	2,614	61	10,219	-	10,219

Notes: (1) Classification of business segment

The Company's businesses are classified into shipping, real estate and retail distribution segments based on Japan Standard Industry Classification.

(2) Business in each segment

Segment	Business contents
Shipping	Overseas cargo shipping, domestic cargo shipping, leasing, shipping agent and all the ancillary businesses related to shipping business
Real estate	Ownership, rental, trade, brokerage and administration of real estate, design control and execution of building works
Retail distribution	Sale of oil such as gasoline

2. Geographic Segment Information

Geographic segment information is not provided herein as overseas subsidiaries account for less than 10% of total consolidated sales and total consolidated assets for the fiscal years ended March 31, 2005 and March 31, 2006.

3. Overseas Sales

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(In million yen)

	North America	Middle East	Asia, Oceania	Other	Total
I. Overseas sales	2,869	25,832	14,067	11,707	54,475
II. Consolidated net sales					73,382
III. Ratio of overseas sales to total consolidated sales	3.9%	35.2%	19.2%	15.9%	74.2%

Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(In million yen)

	North America	Middle East	Asia, Oceania	Other	Total
I. Overseas sales	2,391	25,269	13,011	5,964	46,635
II. Consolidated net sales					63,763
III. Ratio of overseas sales to total consolidated sales	3.7%	39.6%	20.4%	9.4%	73.1%

Notes:

1. Overseas sales include overseas shipping sales of the Company and its consolidated subsidiaries in Japan and the sales of overseas consolidated subsidiaries (excluding inter-segment sales).
2. Geographic segmentation is based on geographic proximity.
3. Major countries or regions in each segment are as follows:
 - (1) North America: U.S., Canada
 - (2) Middle East: Saudi Arabia, Oman, etc.
 - (3) Asia, Oceania: Australia, Malaysia, Indonesia, India, etc.
 - (4) Other areas: Europe, Africa, etc.

Transactions with Related Parties

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

Type	Affiliated company	Affiliated company
Name	Jipro Shipping S.A.	Central Tanker S.A.
Address	Panama	Panama
Capital	US\$1,000,000	US\$9,000
Line of business/occupation	Shipping	Shipping
Percentage of voting rights owned or owing	50% directly	40% directly
Relationship with the Company: Number of interlocking officers and directors and other Business relationship	One Guarantee	Two Guarantee
Transactions	Guarantee	Guarantee
Transaction amount	1,104 million yen	736 million yen
Accounts	-	-
Year-end balance	-	-

- Notes:
1. The "transaction amount" in the above table is shown exclusive of consumption tax.
 2. Terms of trade and method of setting trading terms:
Guarantees for Jipro Shipping S.A. and Central Tanker S.A. are intended to support their borrowings to finance their purchase of capital assets,

Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

Type	Affiliated company	Affiliated company
Name	Jipro Shipping S.A.	Central Tanker S.A.
Address	Panama	Panama
Capital	US\$1,000,000	US\$9,000
Line of business/occupation	Shipping	Shipping
Percentage of voting rights owned or owing	50% directly	40% directly
Relationship with the Company: Number of interlocking officers and directors and other Business relationship	One Guarantee	Two Guarantee
Transactions	Guarantee	Guarantee
Transaction amount	1,009 million yen	882 million yen
Accounts	-	-
Year-end balance	-	-

- Notes:
1. The "transaction amount" in the above table is shown exclusive of consumption tax.
 2. Terms of trade and method of setting trading terms:
Guarantees for Jipro Shipping S.A. and Central Tanker S.A. are intended to support their borrowings to finance their purchase of capital assets,

Per Share Data

	Year ended March 31, 2006	Year ended March 31, 2005
Net assets per share	440.75 yen	360.22 yen
Net income per share	76.13 yen	47.23 yen
Net income per share, fully diluted	Not shown, since there are no residual securities outstanding.	Not shown, since there are no residual securities outstanding.

Note: Net income per share is computed based on the following data:

	Year ended March 31, 2006	Year ended March 31, 2005
Net income in consolidated balance sheets	8,417 million yen	4,855 million yen
Amounts not belonging to common stock holders	75 million yen	50 million yen
(of which Bonuses for directors)	(75 million yen)	(50 million yen)
Net income available for common stock	8,342 million yen	4,805 million yen
Average number of shares of common stock during the period	109,584,000 shares	101,730,000 shares

XII. Significant Subsequent Events

Year ended March 31, 2006	Year ended March 31, 2005
_____	<p>On May 12, 2005, Iino Kaiun's board of directors voted to liquidate Five-Star Navigation S.A., an Iino Kaiun affiliate which was established to conduct ship leasing and chartering and which had been conducting bare boat chartering. The decision to liquidate the company was based on the fact that the Five-Star Navigation was no longer needed as it had purchased and sold the chartered boats in April. The company completed liquidation on May 23, 2005.</p> <p>The dissolution and liquidation of the company will result in affiliated company liquidation profits of ¥2,696 million, which will be recorded in Iino Kaiun's consolidated statements of operations for the year ending March 2006 as extraordinary gains.</p>

Reference

Change in Quarterly Results (Consolidated)

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

	1st Quarter Apr. 1 – Jun. 30, 2005	2nd Quarter Jul. 1 – Sep. 30, 2005	3rd Quarter Oct. 1 – Dec. 31, 2005	4th Quarter Jan. 1 – Mar. 31 2006
Net sales	¥17,236 million	¥17,711 million	¥18,868 million	¥19,567 million
Operating income	¥2,656 million	¥2,990 million	¥3,567 million	¥3,217 million
Ordinary income	¥2,554 million	¥2,630 million	¥3,186 million	¥2,668 million
Net income, quarterly	¥2,688 million	¥1,595 million	¥1,933 million	¥2,201 million
Net income per share, quarterly	¥24.53	¥14.56	¥17.63	¥19.41
Total assets	¥146,250 million	¥149,158 million	¥152,887 million	¥156,659 million
Shareholders' equity	¥41,051 million	¥43,480 million	¥45,672 million	¥48,372 million
Shareholders' equity ratio	28.1%	29.2%	29.9%	30.9%
Shareholders' equity per share	¥374.61	¥396.77	¥416.79	¥440.75

Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

	1st Quarter Apr. 1 – Jun. 30, 2004	2nd Quarter Jul. 1 – Sep. 30, 2004	3rd Quarter Oct. 1 – Dec. 31, 2004	4th Quarter Jan. 1 – Mar. 31 2005
Net sales	¥15,042 million	¥15,753 million	¥16,031 million	¥16,937 million
Operating income	¥1,844 million	¥2,111 million	¥2,745 million	¥2,845 million
Ordinary income	¥1,679 million	¥1,870 million	¥2,155 million	¥2,570 million
Net income, quarterly	¥1,024 million	¥1,157 million	¥1,381 million	¥1,293 million
Net income per share, quarterly	¥10.31	¥11.66	¥13.63	¥11.63
Total assets	¥140,073 million	¥143,952 million	¥149,418 million	¥147,777 million
Shareholders' equity	¥30,285 million	¥31,297 million	¥37,925 million	¥39,525 million
Shareholders' equity ratio	21.6%	21.7%	25.4%	26.7%
Shareholders' equity per share	¥305.00	¥315.30	¥346.05	¥360.22

- Notes:
1. The above operating results are based on the results for the first quarter and the cumulative results for the first six, nine, and twelve months, and are computed by taking the difference between the two adjacent periods.
 2. "Net income per share – fully diluted" data are not shown in the above table, as there are no residual securities outstanding.