

Earnings Report for the 2Q ended September 30, 2008 (Summary)

October 27, 2008

Company Name: YUSEN AIR & SEA SERVICE CO., LTD.

Stock Exchange Listing: Tokyo Stock Exchange First Section

Code Number: 9370

URL: <http://www.yusen.co.jp>

Representative Title Representative Director and President

Name Shunichi Yano

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(Figures are rounded to the nearest million yen)

1. Consolidated Business Results and Financial Position for 2Q of Fiscal 2008 (from April 1, 2008, to September 30, 2008)

(1) Changes in Consolidated Business Results

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|-----------------------------|-----------------|-----|------------------|------|-----------------|------|-----------------|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2Q Ended September 30, 2008 | 92,846 | - | 3,447 | - | 4,122 | - | 2,382 | - |
| 2Q Ended September 30, 2007 | 91,622 | 5.7 | 4,879 | △8.3 | 5,628 | △2.5 | 3,364 | 0.4 |

| | Net Income per Share | Fully Diluted Net Income per Share |
|-----------------------------|----------------------|------------------------------------|
| | yen | yen |
| 2Q Ended September 30, 2008 | 56.49 | - |
| 2Q Ended September 30, 2007 | 79.76 | - |

(2) Changes in Consolidated Financial Position

| | Total Assets | Equity | Shareholders' Equity Ratio | Equity per Share |
|----------------------------------|-----------------|-----------------|----------------------------|------------------|
| | Millions of yen | Millions of yen | % | yen |
| 2Q Ended September 30, 2008 | 93,394 | 59,608 | 61.8 | 1,368.72 |
| Fiscal Year Ended March 31, 2008 | 98,366 | 59,614 | 58.7 | 1,368.84 |

Note) Shareholder's Equity

2Q ended September 30, 2008: 57,720 million yen

The year ended March 31, 2008: 57,725 million yen

2. Dividend Payments

| (Base Date) | Dividends per share | | | | |
|--|---------------------|--------------------------|-------------------------|-------------------------------|-----------|
| | 1Q Ended June 30 | 2Q Ended September 30 | 3Q Ended December 31 | Fiscal Year Ended March 31 | Full year |
| | yen | yen | yen | yen | yen |
| Fiscal Year Ended March 31, 2008 | - | 9.00 | - | 11.00 | 20.00 |
| Fiscal Year Ended March 31, 2009 | - | 10.00 | - | - | - |
| Fiscal Year Ended March 31, 2009 (Outlook) | - | - | - | 10.00 | 20.00 |

Note) Revisions of expected dividends in the quarter under review: None

3. Consolidated Outlook for Fiscal 2008 (from April 1, 2008 to March 31, 2009)

| | Estimated Net Sales | | Estimated Operating Income | | Estimated Ordinary Income | | Estimated Net Income | | Estimated Net Income per Share |
|-----------|------------------------|-----|-------------------------------|-------|------------------------------|-------|-------------------------|-------|--------------------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | yen |
| Full year | 190,000 | 1.3 | 7,150 | △30.0 | 8,200 | △31.5 | 4,700 | △35.4 | 111.45 |

Note) Revisions of estimated consolidated results in the quarter under review: Yes

4. Other Information

(1) Changes in important subsidiaries during the term under review (changes in specified subsidiaries requiring a change in the scope of consolidation): None

(2) Application of simplified accounting and accounting specific to the preparation of consolidated financial statements for the quarter: Yes

* See the Notes of P3.

(3) Changes in accounting principles, procedures, presentation, etc. in relation to the preparation of consolidated financial statements for the quarter (changes stated in “Changes in basic matters for the preparation of consolidated financial statements for the quarter”)

① Changes related to the revision of accounting standards, etc.: Yes

② Changes other than the changes set out in ① above: Yes

* See the Notes of P3.

(4) Total number of outstanding shares (common shares)

① Number of outstanding share at end of term (including treasury stocks)

2Q ended September 2008: 42,220,800 shares Term ended March 2008: 42,220,800 shares

② Number of treasury stocks at end of term

2Q ended September 2008: 50,224 shares Terms ended March 2008: 50,236 shares

③ Average number of shares during the period (quarter)

2Q ended September 2008: 42,170,570 shares 2Q ended September 2007: 42,170,133 shares

* Explanation about the appropriate use of earnings forecasts and other comments

1. The consolidated earnings forecasts announced on July 25, 2008 have been revised.

For further information, refer to the notice announced separately.

2. The above projections are based on information available at the time of the release of this report and contain uncertainties.

Actual results could differ materially from the projections due to changes in business conditions and other factors.

3. Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Consolidated financial statements for the quarter are prepared under the Rules for Consolidated Financial Statements for the Quarter.

Notes:

(1) Changes in important subsidiaries during the term under review (changes in specified subsidiaries requiring a change in the scope of consolidation): Not applicable.

(2) Application of simplified accounting and accounting specific to the preparation of consolidated financial statements for the quarter

- Calculation of tax expenses

Tax expenses are calculated by multiplying income before income taxes by an effective tax rate that is reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year including the second quarter under review.

The Company uses the earnings forecast and tax planning used at the end of the previous fiscal year to judge the collectability of deferred tax assets if the business environment does not seem to have changed significantly after the end of the previous fiscal year and if the temporary difference is considered not to have changed considerably.

The adjustment for corporate income taxes is included in corporate income taxes.

(3) Changes in accounting principles, procedures, presentation, etc. in relation to the preparation of consolidated financial statements for the quarter

- Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Consolidated financial statements for the quarter are prepared under the Rules for Consolidated Financial Statements for the Quarter.

- Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Starting the first quarter under review, the Company is applying the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Issues Task Force No. 18) and has made the necessary adjustments for consolidated accounting.

The effect of the application on the earnings for the second quarter is minor.

- Method of translating the financial statement items of foreign subsidiaries

The revenues and expenses of foreign consolidated subsidiaries and equity method affiliates were formerly translated based on the spot exchange rate on the closing date of subsidiaries and equity method affiliates. However, starting the first quarter under review, they are translated based on the average exchange rate for the period.

The change was made as the importance of quarterly financial information increased with the introduction of the quarterly reporting system. The objective of the change is to eliminate the inappropriate influence of violent fluctuations of spot exchange rates near the end of the quarter on earnings for the quarter and to recognize earnings reflecting the actual situation more accurately.

As a result of the change, net sales, operating income, and ordinary income and income before income taxes for the total period of the first six months fell 303 million yen, 21 million yen, and 20 million yen, respectively.

I. Fiscal Statements for the 2Q ended September 30, 2008**1. 2Q Consolidated Balance Sheets**

| | (millions of yen) | |
|---|-----------------------------------|--|
| | 2Q ended September 30, 2008 | Condensed consolidated balance sheet relating to fiscal year ended March 31, 2008 |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 17,548 | 21,024 |
| Trade notes and accounts receivable | 39,830 | 41,040 |
| Inventory Assets | 29 | 30 |
| Deferred tax assets - current | 906 | 901 |
| Other current assets | 4,235 | 3,744 |
| Allowance for doubtful accounts | △146 | △181 |
| Total current assets | 62,402 | 66,558 |
| Fixed Assets | | |
| Property, plant, and equipment | | |
| Buildings and structures | 19,344 | 19,627 |
| Accumulated depreciation | △7,691 | △7,392 |
| Buildings and structures (net) | 11,653 | 12,235 |
| Machinery and equipment, and motor vehicles | 1,235 | 1,243 |
| Accumulated depreciation | △773 | △786 |
| Machinery and equipment, and motor vehicles (net) | 462 | 457 |
| Tools, furniture and fixtures | 4,590 | 4,531 |
| Accumulated depreciation | △2,908 | △2,899 |
| Tools, furniture and fixtures (net) | 1,682 | 1,632 |
| Land | 7,534 | 7,681 |
| Construction in progress | - | 11 |
| Total property, plant, and equipment | 21,331 | 22,016 |
| Intangible fixed assets | | |
| Goodwill | 26 | 31 |
| Other assets | 1,161 | 1,302 |
| Total intangible fixed assets | 1,187 | 1,333 |
| Investments and other assets | | |
| Investments in securities | 2,775 | 2,806 |
| Long-term loan receivables | 435 | 463 |
| Deferred tax assets - non current | 1,973 | 1,859 |
| Other assets | 3,595 | 3,667 |
| Allowance for doubtful accounts | △304 | △336 |
| Total investments and other assets | 8,474 | 8,459 |
| Total Fixed Assets | 30,992 | 31,808 |
| Total Assets | 93,394 | 98,366 |

| | (millions of yen) | |
|--|-----------------------------------|--|
| | 2Q ended September 30, 2008 | Condensed consolidated balance sheet relating to fiscal year ended March 31, 2008 |
| Liabilities | | |
| Current Liabilities | | |
| Trade notes and accounts payable | 20,103 | 21,798 |
| Short-term bank loans | 542 | 1,682 |
| Accrued income taxes | 1,070 | 2,436 |
| Deferred tax liabilities - current | 14 | 2 |
| Accrued bonuses to employees | 1,365 | 1,484 |
| Accrued bonuses to directors and corporate auditors | 33 | - |
| Other current liabilities | 4,595 | 5,314 |
| Total Current Liabilities | 27,722 | 32,716 |
| Long-Term Liabilities | | |
| Long-term debt | 1,250 | 1,500 |
| Deferred tax liabilities - non current | 99 | 100 |
| Accrued pension and severance costs for employees | 4,099 | 3,827 |
| Accrued pension and severance costs for directors and corporate auditors | 206 | 308 |
| Negative goodwill | 20 | 33 |
| Other long-term liabilities | 390 | 268 |
| Total Long Term Liabilities | 6,064 | 6,036 |
| Total Liabilities | 33,786 | 38,752 |
| | | |
| Equity | | |
| Shareholders' Capital | | |
| Common stock | 4,301 | 4,301 |
| Capital surplus | 4,812 | 4,812 |
| Retained earnings | 48,560 | 46,775 |
| Treasury stock | △68 | △68 |
| Total Shareholders' Capital | 57,605 | 55,820 |
| Valuation and Translation Adjustments | | |
| Unrealized gain on available-for-sale securities | 64 | 69 |
| Foreign currency translation adjustments | 51 | 1,836 |
| Total Valuation and Translation Adjustments | 115 | 1,905 |
| Minority Interests in Consolidated Subsidiaries | 1,888 | 1,889 |
| Total Equity | 59,608 | 59,614 |
| Total Liabilities and Equity | 93,394 | 98,366 |

2. 2Q Consolidated Statements of Income
(for the first six months)

| | (millions of yen) |
|---|---|
| | 2Q |
| | (from April 1, 2008 to September 30, 2008) |
| Net Sales | |
| Air and sea cargo | 89,986 |
| Travel | 2,777 |
| Others | 83 |
| Total Net Sales | 92,846 |
| Cost of Sales | |
| Air and sea cargo | 70,923 |
| Travel | 121 |
| Others | 428 |
| Total Cost of Sales | 71,472 |
| Gross Profit on Sales | 21,374 |
| Selling, General and Administrative Expenses | 17,927 |
| Operating Income | 3,447 |
| Non-Operating Income | |
| Interest income | 229 |
| Dividend income | 31 |
| Foreign currency exchange gain, net | 321 |
| Equity in earnings of unconsolidated subsidiaries and affiliate companies | 22 |
| Amortization of negative goodwill | 13 |
| Other non-operating income | 110 |
| Total Non-Operating Income | 726 |
| Non-Operating Expenses | |
| Interest expenses | 32 |
| Loss on disposal of fixed assets | 6 |
| Other Non-Operating Expenses | 13 |
| Total Non-Operating Expenses | 51 |
| Ordinary Income | 4,122 |
| Extraordinary Income | |
| Reversal of allowance for doubtful accounts | 37 |
| Total Extraordinary Income | 37 |
| Extraordinary Expenses | |
| Loss on valuation of investment securities | 284 |
| Loss on sale of fixed assets | 43 |
| Loss on disposal of fixed assets | 77 |
| Total Extra Ordinary Expenses | 404 |
| Income before Income Taxes | 3,755 |
| Income Taxes | 1,151 |
| Minority Interests in Net Income of Consolidated Subsidiaries | 222 |
| Net Income | 2,382 |

Starting the current fiscal year, the Company applies the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Consolidated financial statements for the quarter are prepared under the Rules for Consolidated Financial Statements for the Quarter.

3. Industry Segments Information

2Q (from April 1, 2008 to September 30, 2008)

(millions of yen)

| | Air and sea cargo | Travel | Others | Total | Elimination or unallocatable amounts | Consolidated Total |
|-------------------------------------|-------------------|--------|--------|--------|--------------------------------------|--------------------|
| Net sales and Operating income: | | | | | | |
| (1) Net sales to outside customers | 89,986 | 2,777 | 83 | 92,846 | - | 92,846 |
| (2) Inter-segment sales / transfers | - | - | 754 | 754 | △754 | - |
| Total sales | 89,986 | 2,777 | 837 | 93,600 | △754 | 92,846 |
| Operating income (loss) | 3,016 | 283 | 149 | 3,448 | △1 | 3,447 |

Notes : 1. Business segments are determined according to the applicability of the business descriptions and characteristics.

2. Breakdown of each segment

Air and sea cargo: Air transportation agency, Consolidation business, Customs agency

Travel: Travel agency, Airline agency

Other: Non-life insurance agency, Finance business, Real estate lease business, Temporary staffing business

3. Referring to changes in accounting principles, procedures, presentation, etc. in relation to the preparation of consolidated financial statements for the quarter, the revenues and expenses of foreign consolidated subsidiaries and equity method affiliates were formerly translated based on the spot exchange rate on the closing date of subsidiaries and equity method affiliates. However, starting the first quarter under review, they are translated based on the average exchange rate for the period. Consequently, total sales for the total period of the first six months were 289 million yen lower in the air and sea cargo business and 34 million yen higher in others, than if they had been translated by the old method. Operating income fell 9 million yen in the air and sea cargo business and rose 39 million yen in others. The travel business was not affected by the change.

4. Geographical Segments Information

2Q (from April 1, 2008 to September 30, 2008)

(millions of yen)

| | Japan | North America | Europe | East Asia | South Asia and Oceania | Total | Elimination or unallocatable amounts | Consolidated Total |
|-------------------------------------|--------|---------------|--------|-----------|------------------------|--------|--------------------------------------|--------------------|
| Net sales and Operating income: | | | | | | | | |
| (1) Net sales to outside customers | 43,232 | 8,248 | 10,454 | 16,754 | 14,147 | 92,846 | - | 92,846 |
| (2) Inter-segment sales / transfers | 104 | 390 | 555 | 131 | 99 | 1,279 | △1,279 | - |
| Total sales | 43,347 | 8,638 | 11,009 | 16,885 | 14,246 | 94,125 | △1,279 | 92,846 |
| Operating income (loss) | 701 | 331 | 640 | 983 | 826 | 3,481 | △34 | 3,447 |

Notes : 1. Geographic areas are determined according to the linkage and geographical proximity of each business.

2. Breakdown of each area

(1) North America: United States, Canada

(2) Europe: United Kingdom, Germany, France, Italy, Netherlands

(3) East Asia: China, Hong Kong, Taiwan, South Korea

(4) South Asia and Oceania: Singapore, Indonesia, Australia, Thailand, Vietnam, Philippines

3. Referring to changes in accounting principles, procedures, presentation, etc. in relation to the preparation of consolidated financial statements for the quarter, the revenues and expenses of foreign consolidated subsidiaries and equity method affiliates were formerly translated based on the spot exchange rate on the closing date of subsidiaries and equity method affiliates. However, starting the first quarter under review, they are translated based on the average exchange rate for the period. Because of the change, total sales for the total period of the first six months in North America, Europe, and East Asia fell 30 million yen, 404 million yen and 181 million yen, and the total sales in South Asia and Oceania rose 307 million yen, respectively. Operating income in North America, Europe and East Asia decreased 0 million yen, 33 million yen and 5 million yen, and operating income in South Asia and Oceania increased 17 million yen, respectively. Japan was not affected by the change.

[Reference]

II. Financial Statements for the 2Q ended September 30, 2007

1. Interim Consolidated Statements of Income

| | For the Interim Period from April 1, 2007 to September 30,2007 | |
|--|---|--------|
| Items | Amounts (millions of yen) | |
| I. Net Sales | | |
| 1. Air and sea cargo | 88,764 | |
| 2. Travel | 2,773 | |
| 3. Others | 85 | 91,622 |
| II. Cost of Sales | | |
| 1. Air and sea cargo | 68,269 | |
| 2. Travel | 120 | |
| 3. Others | 362 | 68,751 |
| Gross profit on sales | | 22,871 |
| III. Selling, general and administrative expenses | | 17,992 |
| Operating income | | 4,879 |
| IV. Non-operating income | | |
| 1. Interest income | 245 | |
| 2. Dividend income | 27 | |
| 3. Foreign currency exchange gain, net | 414 | |
| 4. Equity in earnings of unconsolidated subsidiaries and affiliate companies | 19 | |
| 5. Amortization of negative goodwill | 17 | |
| 6. Other non-operating income | 135 | 857 |
| V Non-operating expenses | | |
| 1. Interest expenses | 47 | |
| 2. Loss on disposal of fixed assets | 12 | |
| 2. Other non-operating expenses | 49 | 108 |
| Ordinary income | | 5,628 |
| VI. Extraordinary Income | | |
| 1. Reversal of allowance for doubtful accounts | 3 | |
| 2. Gains on sale of golf club membership | 14 | 17 |
| VII. Extraordinary expenses | | |
| 1. Loss from impairment of fixed assets | 95 | 95 |
| Income before income taxes | | 5,550 |
| Income taxes | 1,615 | |
| Income taxes - Deffered | 344 | 1,959 |
| Minority interests in net income of consolidated subsidiaries | | 227 |
| Net income | | 3,364 |

2. Industry Segments Information

2Q (from April 1, 2007 to September 30, 2007)

| | Air and sea cargo (millions of yen) | Travel (millions of yen) | Others (millions of yen) | Total (millions of yen) | Elimination or unallocatable amounts (millions of yen) | Consolidated Total (millions of yen) |
|-------------------------------------|--|-----------------------------|-----------------------------|----------------------------|---|---|
| Net sales and Operating income: | | | | | | |
| (1) Net sales to outside customers | 88,764 | 2,773 | 85 | 91,622 | - | 91,622 |
| (2) Inter-segment sales / transfers | 0 | - | 679 | 679 | △679 | - |
| Total sales | 88,764 | 2,773 | 764 | 92,301 | △679 | 91,622 |
| Operating Expenses | 84,300 | 2,448 | 672 | 87,420 | △677 | 86,743 |
| Operating income (loss) | 4,464 | 325 | 92 | 4,881 | △2 | 4,879 |

Notes : 1. Business segments are determined according to the applicability of the business descriptions and characteristics.

2. Breakdown of each segment

Air and sea cargo: Air transportation agency, Consolidation business, Customs agency

Travel: Travel agency, Airline agency

Other: Non-life insurance agency, Finance business, Real estate lease business, Temporary staffing business

3. Joint costs in operating expenses are allocated to each segment.

3. Geographical Segments Information

2Q (from April 1, 2007 to September 30, 2007)

| | Japan (millions of yen) | North America (millions of yen) | Europe (millions of yen) | East Asia (millions of yen) | South Asia and Oceania (millions of yen) | Total (millions of yen) | Elimination or unallocatable amounts (millions of yen) | Consolidated Total (millions of yen) |
|-------------------------------------|----------------------------|------------------------------------|-----------------------------|--------------------------------|---|----------------------------|---|---|
| Net sales and Operating income: | | | | | | | | |
| (1) Net sales to outside customers | 41,343 | 8,874 | 10,286 | 17,753 | 13,366 | 91,622 | - | 91,622 |
| (2) Inter-segment sales / transfers | 129 | 430 | 475 | 143 | 106 | 1,283 | △1,283 | - |
| Total sales | 41,472 | 9,304 | 10,761 | 17,896 | 13,472 | 92,905 | △1,283 | 91,622 |
| Operating Expenses | 39,347 | 8,881 | 10,220 | 16,663 | 12,885 | 87,996 | △1,253 | 86,743 |
| Operating income (loss) | 2,125 | 423 | 541 | 1,233 | 587 | 4,909 | △30 | 4,879 |

Notes : 1. Geographic areas are determined according to the linkage and geographical proximity of each business.

2. Breakdown of each area

(1) North America: United States, Canada

(2) Europe: United Kingdom, Germany, France, Italy, Netherlands

(3) East Asia: China, Hong Kong, Taiwan, South Korea

(4) South Asia and Oceania: Singapore, Australia, Indonesia, Thailand, Vietnam, Philippines

3. Joint costs in operating expenses are allocated to each segment.