

INFORMATION

The documents following this cover sheet exist solely to provide English translations of selected information contained in the original Japanese text of the documents attached to the Notice of Ordinary General Meeting of Shareholders for reference only.



118th NYK Group Report Fiscal 2004

118th Fiscal Year
Report

From April 1, 2004,
To March 31, 2005

Nippon Yusen Kabushiki Kaisha

NYK Group Mission Statement

Through safe and dependable monohakobi (transport), we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation.

Together with Our Customers

Through the use of our extensive skills and expertise and by considering each business site to be of utmost importance, we always work to create new value so that our customers will consider us a trusted and reliable partner.

Together with Our Shareholders and Investors

We aim to enhance our corporate value by being financially responsible and by conducting business activities in an open, honest, and transparent fashion.

Together with Society

As a good corporate citizen, we positively take on the tough issues that challenge our society, such as concerns involving the preservation of our natural environment, as we work for the betterment of the world that we inhabit.

Together with All Staff Members in the NYK Group

As a global enterprise that has the utmost respect for diversity in the workplace and the spirit of challenge, we emphasize the development of employee talents so that all staff members can take pride in their work and eventually fulfill their dreams.

Constituted on 31st March, 2005

Medium-term NYK Group New Management Plan

New Horizon 2007

April 1, 2005 to March 31, 2008

Strategy 1: Expansion of Shipping Business

- Fleet expansion to meet growing ocean transport requirements centering around the bulk/energy resources transportation segment
- Further stabilization of returns

Strategy 2: Leap onto logistics integrator

- Provision of high-quality comprehensive logistics service for customers in automotive-related industries, electronics and other manufacturers, and retail industries
- Quality upgrading and integration of respective container, automobile, logistics and port services
- Development of efficient ocean, land and air supply chains
- Stable supply of ocean transportation service by enhancing our own port and harbor infrastructure

Strategy 3: Reinforcement of corporate infrastructure

- Promotion of CSR management
- Promotion of environmental management and realization of safe maritime navigation
- Human resource development and use in global fields
- Reinforcement of technological capabilities and enhancement of training / educational programs focused on MTI
- Realization of information-intensive management

Greetings form the President

NYK Group celebrating the 120th anniversary in business on 1st October, this year will strive for a global logistics and megacarrier group leading the world by offering ocean, land and air transportation services.

Dear Shareholders:

The current year (FY2004) falls under the final year of our Group's medium and long term management plan named "Forward 120." In this respect, I am very happy to report to you of our having achieved a record business performance by sharply exceeding the expected target figures.

	Target	Actual records
● Consolidated sales:	1,360 billion yen	1,606 billion yen (Increase of 18.1% above target)
● Consolidated ordinary profit:	77.5 billion yen	154.8 billion yen (Increase of 99.7% above target)
● Consolidated rate of after-tax return on invested capital (After-tax ROIC)	6.0%	9.4%

I believe that this was attributable to support from soaring demand on world wide routes and the results of untiring, creative approaches and cost reduction efforts on the part of the Company Group. I intend to steer management by closely watching the direction of the winds in the future.

On the basis of the results of "Forward 120", the Company Group has this April formulated a new medium-term management plan titled "New Horizon 2007". This is the management plan covering a 3-year period from the current year to FY2007 and further onward to FY2010 under the theme of "Acceleration of powerful growth strategies and stabilization of corporate infrastructure." To achieve the objective, we have formulated three management strategies.

First, the "expansion of shipping business." To cope with an increase in ocean cargo movements on a global scale, we will expand the scale of our fleet by focusing on the bulk/energy resources transportation segments. We will develop the fleet by spending 750 billion yen in three years from this year to FY2007. At the same time, aiming at stabilizing our earnings, we will promote the enhancement of our main business of shipping by retaining long-term, stable contracts and promoting cost reductions.

Next, "leap onto a logistics integrator." The Company Group aims at becoming the "logistics integrator" to meet ever-diversifying and increasing customer needs. To accomplish this, the Company will further advance its concept for comprehensive logistics headquarters as initiated in "Forward 120" by integrating its great fleet, one of the greatest in the world, with its international transportation network covering sea, land and air.

Finally, "reinforcement of corporate infrastructure." To steadily execute management strategies and meet the expectations of our customers, shareholders and other stakes holders, we will pursue to reinforce our corporate infrastructure. As an initial move, the Company has established CSR Management Headquarters in April this year. I myself, as the Chief Executive of the Headquarters, will promote CSR activities. The Company Group will carry out the mission of ensuring safe navigation of its ships, the basic assets of the Group and environmental management, simultaneously working on strengthening the technological capability and enhancement of training and education focused on MTI (Monohakobi Technology Institute), realization of information-intensive management, human resource development for employees of the Group all over the world and positive implementation of compliance.

NYK will celebrate the 120th anniversary in business this year. NYK Group will remain partner trusted and relied by customers for the next 120 years. At the same time, it intends to further raise the

corporate value of the Group to meet shareholders' expectations. Regarding the dividend for the coming term, the Company plans to pay ¥8 per share each for the medium and term-end dividends, and ¥16 annually.

In all our endeavors, we will be grateful for our shareholders' continuing support.

June, 2005

A handwritten signature in black ink, appearing to read "K. Miyahara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Koji Miyahara
President

Business Report

1. Outline of the consolidated group business

Review of Operations

Business record for the current term

During the current term, the world economy developed well notwithstanding the soaring oil prices, and the ocean transportation recorded major growth. The United States expanded its economy favorably. China continued to grow at an annual rate exceeding 9% while economic conditions were partially tightened. The European economy grew steady as a whole. The Japanese economy was slightly sluggish compared with growth in the previous term. Attention is focused on the trends of oil prices and U.S. financial policy reflecting the country's concerns about inflation.

In this business environment, the consolidated business of the Company group achieved sales (operating income) at 1,606 billion yen (a 14.9% increase over the preceding term), operating profit at 161.3 billion yen (a 75.5% increase over the preceding term, ordinary profit at 154.8 billion yen (an increase of 103.7% over the preceding term), and net profit for the current term at 71.3 billion yen (a 104.9% increase over the preceding term). These figures by far exceeded the prospected business results announced in May last year. With increase in both sales and profits over the preceding term, the Company achieved record-high business results.

Outline of business segments

- Shipping business

For the current term, most of the shipping segments achieved their prospected targets both in sales and operating profits, resulting in increased returns compared with the preceding term. While fuel costs and charter hires rose, we made cost reduction efforts in every field of operations.

Container transport segment

Cargo movements developed well for each line with the freight volume exceeding that of the previous fiscal term. Despite a shortage of shipping capacity, the company worked on the freight rate recovery and could achieve a certain degree of results. In addition, with the purposes of promoting high expertise business activities, and achieving improved customer satisfaction in Japan, we have established NYK Line Japan Co., Ltd..

The outline by line is as follows:

Outbound cargo transportation on the North American line developed at a high level supported by steady U.S. consumption although some demurrage was observed on the U.S. West Coast due to the shortage of the longshoremen. Outbound cargo transportation developed well on the European lines supported by the soaring Euro prices and affiliation of 10 countries into the EU. Cargo transportation on the Australian line progressed favorably supported by their steady economy. On the Central/South American and African lines, we have enhanced our service with independent allocation of ships for the west coast of South America and the opening of the cross transport line. On the Asian intra-lines operated by Tokyo Senpaku Kaisha, Ltd., we have enhanced our service by opening new lines in response to increased demand for shipping capacity. On the conventional liner lines operated by NYK-Hinode Line, Ltd. we have promoted the development of multi-purpose fleets of ships including heavy cargo carriers. On all these lines, we made efforts in recovering freight rate on the background of favorable market positions.

Car transportation segment

The current market position for the car carriers progressed well supported by the large volume of worldwide cargo traffic levels. The Company met the growing demand by promoting chartering and efficient allocation of ships in addition to the placement of 7 newly built large ships in service. The Company promoted business development activities to meet the growth of global logistics of finished cars, which included new acquisitions of logistics agreements for finished cars in the Chinese and Asian markets, establishment of the joint venture terminal companies for finished cars in Tianjin and Dalian in succession to Shanghai, development of the domestic cargo transport business in China which began as a joint venture project, and full-scale participation of the overland transport of finished cars in China.

Bulk/Energy resource transportation segment

(Bulk carrier) Favorable tramp market for both the Capesize and Panamax sizes continued growing with increased demand for transporting steel material into China. This was reflected in the profits of the Company Group. We have concluded long-term specialized carrier agreements with major customers, domestic and overseas, for the purpose of stabilizing the earnings. Regarding the wood chip carrier, we have made efforts to maintain stable earnings through long-term agreements and promote efficient navigation of the free carriers. We have also endeavored to positively develop tripartite business as obtaining long-term agreements with major U.S. customers for transportation between South America and the United States. NYK Global Bulk Corp. operating handysize bulk carriers achieved favorable results, enjoying steady cargo transportation demand for steel materials, raw materials, salt, grains, etc. NYK Reefers Ltd. in operation in the reefer carrier business and Saga Shipholding (IOM) Ltd. operating open hatch carriers for wood pulp, lumber, steel products, etc. achieved their prospected targets supported by favorable development of respective markets. Shinwa Kaiun Kaisha, Ltd. running bulk cargo and raw material transportation achieved a major increase in sales and profits over the preceding term supported by enlarged Chinese demand for shipping services.

<Energy resource carriers> The VLCC market developed favorably at a high level due to increased oil imports to China and the U.S.. The Company maintains stable earnings by acquiring new long-term agreements, simultaneously spurring reinforcement of overseas business with the calling at North American ports by VLCC for the first time since 1990. With regard to fleet development, the construction of six double-hull VLCC's was completed, while another VLCC of the same specifications and an Aframax tanker were newly built and chartered. Petroleum product carrier was also supported by good market conditions in the earnings. Regarding the domestic chemical product transportation in China, three Japanese and Chinese shipping companies including the Company entered a joint venture business agreement. LPG carriers contributed to producing stable earnings with a fleet of 10 carriers on long-term agreements. A total of 32 LNG Carriers including two newly built vessels possessed by the Company and our invested companies worked steady operation. In addition to new agreements with Japanese customers, the Company positively developed overseas business including the independent order receipt of a Nigerian project, participation in the Russian Sakhalin project No.2 and so forth. Kyoei Tanker Co., Ltd. mainly operating the tanker transport, and Taiheiyo Kaiun Co., Ltd. engaging in the transport of raw materials and fuel, maintained stable earnings through steady operation of long-term chartered vessels.

● Logistics business

The Company's logistics business has been developing since 2002 with investment based on the LSP (Logistics Strategy Plan). By developing the LSP 3-year plan since the preceding term, with a target set to improve earnings, the Company succeeded in increasing whole sales and improving profits in a number of overseas businesses, subsequently meeting the prospected targets. In Japan, NYK Logistics Japan Co., Ltd commenced business activities in August last year, and has begun accepting global logistics services on a through basis. Yusen Air & Sea Service Co., Ltd. achieved a sharp increase in sales and operating profits over the preceding term largely based on brisk air cargo transport demand. This company was listed on the First Section of the Tokyo Stock Exchange in February this year.

- Cruise business

The cruise business in the Japanese market recovered from the effects of the Iraqi War during the preceding term. It achieved record-high sales and operating profit. In the U.S., we failed to achieve the prospected target because of intensified competition in the high-class cruise market including our three Crystal series.

- Terminal and harbour transport business

Supported by steady cargo movements, the total volume of handling by all the terminals in Japan, Asia, North America and other areas developed favorably. A setback was experienced in terminal business management at the Port of Los Angeles on the U.S. West Coast last July due to the shortage of longshoremen. However, the situation returned to normal within the last year. The Company is in the process of reviewing new development of the container terminal business in China and other Asian countries.

- Shipping-related services business, real estate business and others

In business areas related to shipping, both NYK Trading Corp., established as a result of a merger in the year before last, and United Maritime Co., Ltd. a shipping agency, achieved good business results by concentrating management resources and strengthening their competitive ground through the realization of a synergetic effect. The tug boat operation business also developed well in general.

The real estate segment, which mainly handles the leasing of office space, achieved the prospected target due to steady management efforts while the market environment was going through changes prompted by the redevelopment of the inner city and other factors.

In other business spheres, Nippon Cargo Airlines Co., Ltd. a sole international cargo airline company in Japan, which links major hub cities in North America, Europe and Asia with its fleet of 11 dedicated aircraft, it recorded higher sales but lower earnings compared with the preceding term, affected by soaring fuel prices despite a steady freight market.

The restaurant and sightseeing business are facing severe market conditions for which countermeasures are under review. Nippon Airship Corp. commenced its advertising business using a rigid airship. The company plans to expand activities into the sightseeing business from the next term onward.

Operating revenue and income by segment

Industry Segment	Operating revenue	Change from the previous fiscal term	Operating income	Change from the previous fiscal term
	(100 millions of yen)	(%)	(100 millions of yen)	(100 millions of yen)
Shipping	10,226	16.2	1,499	585
Logistics	3,571	21.1	83	48
Cruise	334	11.9	△36	18
Terminal and Harbour Transport	1,090	6.5	41	35
Shipping-related services	447	5.3	1	0
Real Estate	129	2.7	28	△2
Others	1,020	△0.7	△3	8
(Elimination)	(759)	–	(0)	–
Total	16,060	14.9	1,613	694

Safety and Environment

The safe navigation of vessels is a priority management task for the Company Group. We worked hard to assure the safety of all vessels by means of the transmission of safety information, implementation of joint sea and land safety drills in preparation for emergency situations, safe quality assurance activities for ship owners of chartered vessels, vessel management companies and vessels based on our own safety environmental standards of NAV9000 and so forth. Regarding global environmental conservation, we have started the further strengthening of the global environmental management system by formulating the Group Environmental Management Vision. The safe quality management and environment management of the Company Group draw a high evaluation from customers, media and trade circles.

Challenges involving New Technologies

The Company grapples with technological development aimed at achieving safe and efficient navigation and reducing the release of earth warming substances and other air pollutants generated by ships during navigation as part of the important tasks supporting environmental management. The Company Group strived to develop global environmentally-friendly technologies for the ships. This includes the development and adoption of the electronic controlled engine, a wind turbine generator system, solar light generation system, fuel homogenizing device and other fuel-saving technologies, device of alternative maritime power and dust removing devices on ships, and a proposal to the IMO (International Maritime Organization) for oily water separating system. This system was developed by the Company in cooperation with shipbuilders and machinery manufacturers by utilizing information obtained from the actual sites on board the vessels. At MTI, which was newly inaugurated last April, we carry out research and development to improve the quality of transportation service, pursue safety, reduce transport costs and cope with environmental problems.

Financing

Funds required by the Company Group for the current term were covered by our own financial assets, loans from financial institutions and issuances of commercial papers and corporate bonds. Newly issued corporate bonds for the current term accounted for 30 billion yen (consisting of 20 billion yen in the 22nd issuance of straight, uncovered bonds by the Company and 10 billion yen in the 23rd issuance of the same).

Capital Investment

The Company implemented an overall investment in equipment of 193.5 billion yen by focusing on the shipping business for the current term.

In the shipping business segment, we made an investment in equipment of 168.4 billion yen for building ships, 14.7 billion yen for constructing warehouses in the logistics business, and 3.9 billion yen for installing terminal machinery and equipment in the terminal and harbour transport business. In other segments, we made an investment in equipment of 1.2 billion yen for the cruise business, 2.4 billion yen for the shipping-related services, 0.9 billion yen for the real estate business and 1.6 billion yen for others.

Issues to be Addressed by the Consolidated Group

The Company formulated a new medium-term management plan titled "New Horizon 2007" that took effect this April. In the final year (the term ending March 2008) of this 3-year plan, we have set numerical targets of 1,800 billion yen for consolidated sales, 160 billion yen for ordinary profit and over 8% of rate of after-tax return on invested capital.

First of all, to meet an increased demand for marine transport, we will develop and strengthen our fleet with a priority given to the bulk/energy resource transportation segment. Regarding the financing for the investment in ships, we will give consideration to an optimal capital balance in raising the funds. At the same time, we will aim at stabilizing our earnings. To achieve this, we will strive to retain long-term stable agreements while continually reducing costs to realize further improvement in our profits.

We will functionally combine a large scale fleet, globally deployed logistics bases, self-managed terminals, and other infrastructure and networks to meet our customers' diversifying and ever more sophisticated needs. Subsequently, we will build up closer partnerships and further expand the comprehensive logistics business as the logistics integrator.

In the cruise business, we will replace the Asuka, the existing luxury liner that has been in service since last spring, with a larger, high-grade one, the "Crystal Harmony" currently in service in the U.S. market. After christening her as "Asuka", we will put her into the Japanese market to improve earnings in the growing cruise market in Japan.

The Company Group has established CSR Management Headquarters in April this year by understanding that CSR should be the basis for our management. We will continually promote CSR activities in the future to contribute to the improvement of corporate value. By placing the safe navigation of vessels in our main business of shipping and environmental protection as our most priority challenge, we will continue to work on these matters with maximum efforts. Regarding our internal controls, the Company will promote the guidance and thorough understanding of compliance among the Company and Group companies. Simultaneously, in April this year the Company established a Risk management department to promote appropriate risk management principles for overall business activities conducted by the Company. In addition, we will have our internal audit department thoroughly audit legality and efficiency concerning the execution of business operations. Moreover, we will work on building an optimal internal control system for the entire consolidated group. To develop CSR and these activities on a global basis, we will promote the development of an efficient group management system through overseas regional control companies.

In addition, to retain and improve trust by the markets, we will continue to execute thorough care to maintain reliability of our financial information. As part of these activities, in April this year we established an Information disclosure committee to promote appropriate information disclosures as required.

In the course of global business development by the Company Group, human resource development and utilization are very important measures. Irrespective of nationality, the Company Group is developing human resources who will be the nucleus of our business operation. We are positively promoting the appointment of personnel with motivation, competence and ability to higher positions. In April this year, we appointed a foreign national as a member of committee of directors for the first time. The Company understands that improving technological capabilities concerning transportation of every type will develop a competitive edge for the Company Group as megacacarrier group. Accordingly, we will strive to improve technical capabilities of ocean transport and logistics management with MTI functioning at the center.

Business Results and Summary of Assets of the Consolidated Group and the Company

1. Consolidated Business Results and Summary of Assets

(In millions of yen)

	The 115th term FY2001	The 116th term FY2002	The 117th term FY2003	The 118th term (current term) FY2004
Operating revenue	1,142,934	1,249,242	1,398,320	1,606,098
Income before extraordinary items	50,107	50,344	74,663	154,803
Net income	17,538	14,292	34,810	71,326
Net income per share	14.23 (yen)	11.48 (yen)	28.27 (yen)	58.12 (yen)
Total Assets	1,339,922	1,287,170	1,376,664	1,476,226
Total shareholders' equity	320,096	288,363	358,044	427,770
Shareholders' equity per share	260.80 (yen)	235.81 (yen)	292.88 (yen)	350.10 (yen)

2. Non-consolidated Business Results and Summary of Assets

(In millions of yen)

	The 115th term FY2001	The 116th term FY2002	The 117th term FY2003	The 118th term (current term) FY2004
Operating revenue	748,995	711,473	749,174	841,137
Ordinary income	43,079	43,749	60,132	106,641
Net income	13,225	12,614	27,590	53,116
Net income per share	10.73 (yen)	10.22 (yen)	22.52 (yen)	43.41 (yen)
Total Assets	803,511	794,490	853,032	939,085
Total shareholders' equity	281,842	253,394	317,083	365,578
Shareholders' equity per share	229.63 (yen)	207.30 (yen)	259.49 (yen)	299.34 (yen)

2. Current State of the Consolidated Group and the Company (as of Mar. 31, 2005)

Principal Business of the Consolidated Group

Shipping, logistics, cruise, terminal and harbour transport, shipping related services and real estate business

Principal Business Offices of the Consolidated Group

The Company

Head Office: (Yusen Bldg.) 3-2, Marunouchi 2 Chome,
Chiyoda-ku, Tokyo

Branch Offices: Sapporo Branch Office (Sapporo City) and
Yokohama Branch Office (Yokohama City)
Nagoya Branch Office (Nagoya City) and Kansai
Branch Office (Kobe City)
Kyushu Branch Office (Fukuoka City) and
Taipei Branch Office (Taipei, Taiwan)

Local offices: Tomakomai, Muroran and Kushiro

Overseas resident and representative offices: Sao Paulo and Buenos Aires
Johannesburg, Dubai and Doha
Jedda, Hochimin, Beijing and London

Principal subsidiaries (locations of head office or country)

NYK Trading Corporation (Minato-ku, Tokyo)

NYK Global Bulk Corporation (Chiyoda-ku, Tokyo)

Yusen Air & Sea Service Company, Limited (Chuo-ku, Tokyo)

Tokyo Senpaku Kaisha, Limited (Chiyoda-ku, Tokyo)

NYK-Hinode Line, Limited (Chiyoda-ku, Tokyo)

UNI-X Corporation (Shinagawa-ku, Tokyo)

Hachiuma Steamship Company, Limited (Kobe)

NYK Cruises Company, Limited (Chiyoda-ku, Tokyo)

NYK Group America Incorporated (U.S.A.)

NYK Group Europe Limited (U.K.)

NYK Group South Asia Private Company (Singapore)

NYK Group Oceania Proprietary Limited (Australia)

Shares

Total number of shares authorized to be issued		2,983,550,000		
Number of shares issued		1,230,188,073		
Number of shareholders		122,538 (Decreased by 134 from the preceding term)		
Major shareholders (Top 10)		Investment by the Company in these major shareholders		
Name	Number of shares held	Percentage of equity participation	Number of shares held	Percentage of equity participation
	(thousand shares)	(%)	(thousand shares)	(%)
Japan Trustee Services Bank, Ltd. (trust account)	112,284	9.1	–	–
The Master Trust Bank of Japan, Ltd. (trust account)	104,403	8.5	–	–
Tokio Marine & Nichido Fire Insurance Co., Ltd.	57,275	4.7	–	–
The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Ltd. account, (retirement allowance trust account))	54,717	4.5	–	–
Meiji Yasuda Life Insurance Co.	38,899	3.2	–	–
The Bank of Tokyo-Mitsubishi, Ltd.	36,978	3.0	–	–
Mizuho Corporate Bank, Ltd.	29,417	2.4	–	–
Trust & Custody Services Bank, Ltd. (trust B account)	18,961	1.5	–	–
State Street Bank and Trust Co.	18,231	1.5	–	–
Japan Trustee Services Bank, Ltd. (4 trust accounts)	12,961	1.1	–	–

Note: Regarding the Master Trust Bank of Japan (Mitsubishi Heavy Industries, Ltd. account and retirement allowance trust account), the Company is in possession of 12,150,000 shares (percentage of equity participation: 0.4%) of Mitsubishi Heavy Industries, Ltd.

Treasury Stock Acquired, Disposed or Lapsed and Held

Shares acquired		
Less-than-One-Voting-Unit Share Purchased	Common Stock	687,253
	Total price of acquisition	375,781,627 (yen)
Shares disposed of or lapsed		
	None	
Shares held as of the end of the fiscal term		
	Common Stock	9,255,824

Major creditors to the Company, amount of borrowings and the number of the Company's shares held by lenders and percentage of equity participation

Creditors	Balance of borrowings of the Company and percentage of equity participation	Number of the Company's shares held by creditor (thousands)	
	(Millions of yen)	(thousand shares)	(%)
Meiji Yasuda Life Insurance Co.	57,208	38,899	3.2
Development Bank of Japan	45,072	–	–
Sumitomo Life Insurance Co.	25,787	1,750	0.1
Nippon Life Insurance Co.	25,769	7,600	0.6
The Dai-ichi Mutual Life Insurance Co.	15,183	2,006	0.2
Taiyo Life Insurance Co.	10,256	3,600	0.3
Mitsui Life Insurance Co., Ltd.	8,817	–	–
Fukoku Mutual Life Insurance Co.	6,846	971	0.1
Asahi Mutual Life Insurance Co.	6,475	–	–
Daido Life Insurance Co.	6,446	–	–

Employees of the consolidated group and the Company

Employees of the consolidated group		
Segment		Number of employees
Shipping		3,686
Logistics		12,120
Cruises		414
Terminal and Harbour Transport		4,119
Shipping Related Services		1,032
Real estate		70
Others		1,530
Company-wide (common)		261
Total		23,232

Employees of the Company

		Number of employees (persons)	Year-on-year change (persons)	Average age (years)	Average length of service (years)
Employees		1,263	△3	41.5	18.0
Employees on sea duty	Staff members	408	△12	42.3	20.1
	Non-staff members	49	△4	53.6	35.7
	Sub-total	457	△16	43.5	21.8
Total / Average		1,720	△19	42.0	19.0

Note: Triangular marks (△) indicate decreases.

State of ships of the consolidated group

Vessels in service		
Type of vessel	Number	K/T (dwt)
Container ships (including semi-container ship)	137	4,395,489
Bulk carriers (Capesize)	75	10,577,326
Bulk carriers (Panamax & Handy size)	142	6,436,828
Wood Chip carriers	44	2,046,914
Car carriers	98	1,485,724
Reefer carriers	27	252,718
Tankers	61	10,552,485
LNG carriers	22	1,548,410
Cruise ships	4	22,957
Others	36	338,567
Total	646	37,657,418

Details of ships in possession

Type of vessel		Number	K/T (dwt)
Container ships (including semi-container ship)	(In possession)	24	881,661
	(Shared)	1	21,813
Bulk carriers (Capesize)	(In possession)	38	5,521,022
	(Shared)	5	329,045
Bulk carriers (Panamax & Handy size)	(In possession)	34	1,452,627
Wood Chip carriers	(In possession)	12	537,636
Car carriers	(In possession)	34	518,398
	(Shared)	2	12,942
Reefer carriers	(In possession)	12	118,766
Tankers	(In possession)	18	3,872,212
	(Shared)	16	1,420,740
LNG carriers	(Shared)	22	606,955
Cruise ships	(In possession)	3	14,797
Others	(In possession)	14	117,802
	(Shared)	3	5,025
Total	(In possession)	189	13,034,921
	(Shared)	49	2,396,520

Note: Weight tonnage of shared vessels denotes the holding of the Company group.

Status of Major Business Combinations

Changes and results of business combinations

The Company group is running business in 7 segments consisting of shipping that forms the nucleus of the group operations, logistics, cruise, terminal and harbour transport, shipping related services, real estate and others.

The number of consolidated subsidiaries, etc. numbers 495 as of Mar. 31, 2005 and the equity-method companies 30. For business results of the consolidated group, see the preceding "Review of Operations" (on page 5 – 8) and "Business Results and Summary of Assets of the Consolidated Group and the Company" (on page 10).

Major subsidiaries			
Company	Paid-in Capital	NYK's Ownership (%)	Main activities
NYK Trading Corporation	¥1,246 million	77.94	Sales of petrochemical products, etc
NYK Global Bulk Corporation	¥4,150 million	100.00	Marine transportation business
YUSEN Air & Sea Service Co., Ltd.	¥4,301 million	61.41	Air freight forwarding business, etc
Tokyo Senpaku Kaisha, Ltd.	¥1,899 million	100.00	Marine transportation business
NYK-Hinode Line, Ltd.	¥2,100 million	100.00	Marine transportation business
UNI-X Corp.	¥934 million	61.44	Harbour transportation business
Hachiuma Steamship Co., Ltd.	¥500 million	68.73	Marine transportation business
NYK Cruises Co., Ltd.	¥2,000 million	100.00	Ownership and operation of cruise ships
NYK Group Americas Inc.	US\$4,000,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in North and South American areas
NYK Group Europe Ltd.	£63,500,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Europe (excluding the United Kingdom)
NYK Group South Asia Pte., Ltd.	SP\$12,800,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Southern Asian areas
NYK Group Oceania Pty., Ltd.	A\$8,400,000	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Oceania areas
Albireo Maritima S.A. 299 other companies	US\$180,656,000 (total of 110 companies) ¥18,820 million (total of 190 companies)	100.00 (all companies)	Ship leasing business

Note 1. Percentage of voting rights includes indirect holdings.

2. Albireo Maritima S.A. and 299 other companies are consolidated subsidiaries fully owned by the Company group and established in Panama and Liberia, etc. for the purpose of holding and leasing ships. The vessels periodically chartered from these companies by the Company group constitute an important part of the fleets of ships under operation by the Company group.

Status of principal affiliates			
Company	Paid-in Capital	NYK's ownership (%)	Main activities
Nippon Cargo Airlines Co., Ltd.	¥21,600 million	27.77	Air transportation business
Shinwa Kaiun Kaisha, Ltd.	¥8,100 millions	26.78	Marine transportation business
Kyoei Tanker Co.,Ltd.	¥2,850 million	30.00	Marine transportation business
Taiheiyo Kaiun Co., Ltd.	¥2,750 million	22.78	Marine transportation business

Note: Percentage of voting rights includes indirect holdings.

Compensation paid to Accounting Auditor

1. Total compensation to be paid by the Company and its subsidiaries	¥123 million
2. Of the total amount prescribed in 1, the total amount of compensation paid to the Accounting Auditor concerning the operation prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Law (audit certification)	¥113 million
3. Of the total amount prescribed in 2, compensation payable for the Company to the Accounting Auditor for their services	¥53 million

Note: The audit agreement entered into by the accounting auditor and the Company does not clearly distinguish the amount being derived from the audit under the "Law for Special Provisions for the Commercial Code Concerning Audits, etc., of *Kabushiki-Kaisha* (Corporations)" and that being derived from the audit under the "Securities and Exchange Law". Therefore, the amount in 3 above includes total compensations.

Significant Subsequent Events of the Group

None to be mentioned.

3. Current state of directors of the Company (as of Mar. 31, 2005)

Directors and Corporate Auditors

Chairman	Takao Kusakari*	
President	Koji Miyahara*	
Executive Vice Presidents	Tadatoshi Mamiya*	Tadamasa Ishida*
Senior Managing Directors	Yukio Ozawa* Takao Manji*	Koji Usami*
Managing Directors	Michio Tamiya Takahiro Ota Hiromitsu Kuramoto Yasumi Kudo Hiroshi Sugiura	Yasushi Yamawaki Koichi Aoki Minoru Sato Koichi Inoue
Director	Masahiro Aoyama	
Corporate Auditors (Full-time)	Ryuji Narisada	Kazuhira Kamiya
Outside Corporate Auditors (Part-time)	Keisuke Kitajima	Tsuyoshi Miyazaki

- Note
1. Asterisk (*) denotes the representative director (including one within the note).
 2. All the directors are concurrently appointed as the Executive Officer (as of Mar. 31, 2005). For principal responsibility or occupation of the directors concurrently appointed as the Executive Officer, see the column for the Executive Officer on page 11.
 3. Of Corporate Auditors, Messrs. Keisuke Kitajima and Tsuyoshi Miyazaki are Outside Corporate Auditors as stipulated in Article 18, Paragraph 1, of the "Law for Special Provisions for the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha (Corporations)" and that being derived from the audit under the "Securities and Exchange Law".
 4. Mr. Keisuke Kitajima, Corporate Auditor, is an attorney-at-law. He is appointed as an outside corporate auditor of Nippon Life Insurance Company and an outside director of Daiwa Securities Group, Inc.
 5. Mr. Tsuyoshi Miyazaki is appointed as an executive adviser to Mitsubishi Logistics Corporation.
 6. Directors retired and newly appointed during the current term are as follows:

Retirement

Director	Yuji Hirano	(Retired upon resignation on Jun. 29, 2004)
Director	Yoshinobu Uezu	(Retired at the expiration of his term in office on Jun. 29, 2004)
Director	Shunichi Yano	(Retired at the expiration of his term in office on Jun. 29, 2004)

New appointments

Managing Director	Minoru Sato	(Appointed on Jun. 29, 2004)
Managing Director	Yasumi Kudo	(Appointed on Jun. 29, 2004)
Managing Director	Koichi Inoue	(Appointed on Jun. 29, 2004)
Managing Director	Hiroshi Sugiura	(Appointed on Jun. 29, 2004)

7. The rank classification and right of representation have been changed as follows as of Apr. 1, 2005:

As of Mar 31, 2005		After the change
Senior Managing Director*	Yukio Ozawa	Executive Vice President*
Managing Director	Michio Tamiya	Senior Managing Director*
Managing Director	Yasushi Yamawaki	Senior Managing Director*
Managing Director	Takahiro Ota	Managing Director*
Executive Vice President*	Tadatoshi Mamiya	Director
Senior Managing Director*	Koji Usami	Director
Managing Director	Koichi Aoki	Director

Executive Officers (for your reference)

Name	Assignment or principal responsibilities
Takao Kusakari	
Koji Miyahara	
Tadatoshi Mamiya	<p>Chief Executive of Bulk/Energy Resources Transportation Headquarters (Bulk/Energy Resources Transportation Headquarters: Tramp Co-ordination Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group, Petroleum Group, Petroleum Product and LPG Group, LNG Carrier Group, and Bulk/Energy Atlantic Group) and Technical Headquarters (Technical Headquarters: Safety and Environmental Management Group, Technical Group, Tanker and Gas Carrier Management Group, and Fleet Management Group)</p> <p>Oversees Tramp Co-ordination Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group, Petroleum Group, Petroleum Product and LPG Group, LNG Group, Bulk/Energy Atlantic Group, Sapporo Branch, Kyushu Branch, and Middle-East Region</p> <p>In charge of Corporate History Chamber, and MTI (Monohakobi Technology Institute)</p>
Tadamasa Ishida	<p>Chief Executive of Global Logistics Headquarters (Global Logistics Headquarters: Container Transportation Division, Logistics Division, Car Carrier Division, and Harbour Division)</p> <p>Oversees IT Strategy Group, Container Trade Management Group, Liner Service Sales Group, Japan Area Management Group, Latin America and Africa Group, Logistics Business Management Group, Japan Logistics Group, Harbour Group, Yokohama Branch, Nagoya Branch, Kansai Branch, and Latin America Region</p> <p>In charge of matters related to TOKYO SENPAKU KAISHA, LTD.</p> <p>Chairman of IT Strategy Committee</p>
Yukio Ozawa	<p>Oversees New Frontier Group, Planning Group and Corporate Affiliate Management Group</p> <p>In charge of Management Coordination Group, Internal Audit Camber, Cruise Enterprise Group, Finance Group and Group Management Committee</p> <p>Chief Financial Officer</p>

Name	Assignment or principal responsibilities
Koji Usami	Oversees General and Legal Affairs Group, Secretary Group and Corporate Communication Group
	In charge of Human Resources Group and Research Group
	Chief Compliance Officer
	Executive Chief of Environmental Management(ECEM)
Takao Manji	Oversees Human Resources Group (Personnel management of Sea employee) and Technical Group
	In charge of Safety and Environmental Management Group, Tanker and Gas Carrier Management Group, and Fleet Management Group
Michio Tamiya	In charge of Bulk/Energy Atlantic Group and business related to Open Hatch Bulker and Reefer Cargo
Yasushi Yamawaki	In charge of Steaming Coal Group, Petroleum Product and LPG Group, LNG Group, Sapporo Branch, and Kyushu Branch
Takahiro Ota	In charge of General and Legal Affairs Group (General Affairs), Secretary Group, Latin America and Africa Group, Latin America Region, and matters related to HINODE YUSEN CO. LTD
Koichi Aoki	Chief Representative for China
Hiromitsu Kuramoto	In charge of Tramp Co-ordination Group, Capesize Bulker Group, Forest Products Group, Petroleum Group, and matters related to NYK GLOBAL BULK CO., LTD
Minoru Sato	Managing Director of NYK GROUP EUROPE LTD.
Yasumi Kudo	Oversees Logistics Business Management Group, Car Carrier Group, and China Auto-Project Group
	In charge of Nagoya Branch and Middle-East Region
Koichi Inoue	In charge of Technical Group
	Assists the Director who is in charge of Safety and Environmental Management Group, Tanker and Gas Carrier Management Group, and Fleet Management Group
Hiroshi Sugiura	In charge of Planning Group and Corporate Affiliate Management Group
Masahiro Aoyama	In charge of General and Legal Affairs Group (Legal Affairs) and Harbour Group
Hiroyuki Shimizu	President of NYK GROUP AMERICAS INC.
Yutaka Yasunaga	In charge of IT Strategy Group and New Frontier Group
	Chief Information Officer
	General Manager of IT Strategy Group
Tsuguo Yamada	In charge of matters related to NYK ACCOUNTING CO. LTD.
	Assists the Director who is in charge of monthly closing
Susumu Kikuchi	Deputy Chief Representative for China
	Chairman of NYK LINE (CHINA) CO. LTD.
Motoo Igawa	In charge of Corporate Communication Group
	Assists the Director who is in charge of Forest Products Group and Steaming Coal Group
Masamichi Morooka	In charge of Container Trade Management Group
Naoki Takahata	General Manager of Finance Group
Makoto Igarashi	General Manager of Cruise Enterprise Group

Name	Assignment or principal responsibilities
Yoshiharu Murata	In charge of Liner Service Sales Group, Japan Area Management Group, Logistics Business Management Group, Yokohama Branch, and Kansai Branch
Masato Katayama	General Manager of Latin America and Africa Group
Masahiro Kato	In charge of Car Carrier Group and China Auto-Project Group
Hidenori Hono	Assists the Director who is in charge of Petroleum Group General Manager of Capesize Bulker Group
Yuji Semba	Assists the Director who is in charge of LNG Group
Koichiro Shoji	Chief Executive Officer of JAPAN MARINE SCIENCE INC.
Shinji Kobayashi	President of HINODE YUSEN CO. LTD.
Tetsufumi Otsuki	Director of NIPPON CARGO AIRLINES CO. LTD.
Takeshi Matsunaga	Managing Director of NYK GLOBAL BULK CO. LTD.
Takatake Naraoka	Managing Director of TOKYO SENPAKU KAISHA, LTD.
Genta Ohyama	Managing Director of YUSEN AIR & SEA SERVICE CO. LTD.

- Note
1. Executive Officers members are appointed by the board of directors. They assist the president in executing business.
 2. Executive Officers Genta Ohyama was appointed to the position as of Jun. 29, 2004.
 3. Executive Officers appointed as of Mar. 31, 2005 are as follows: Tadatoshi Mamiya, Koji Usami, Koichi Aoki, Masahiro Aoyama and Koichiro Shoji
 4. Executive Officers appointed as of Apr. 1, 2005 are as follows: Mitsutoshi Nawa, Saburo Yamagata, Takamaru Ishida, Toshinori Yamashita, Hiroshi Hattori, and Naoya Tazawa, Yasuyuki Usui, Tadaaki Naito, and Lanny Vaughn

* Amounts and number of shares in the current Business Report are indicated after rounding down the fractions smaller than the unit.

Consolidated Balance Sheet

As of Mar. 31, 2005
(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	399,500	Current Liabilities	477,865
Cash and deposits	66,739	Notes and accounts payable—trade	152,418
Notes and accounts receivable—trade	189,656	Current portion of corporate bonds	25,008
Marketable securities	1,639	Short-term bank loans and current portion of long-term debt payable	140,850
Inventories	22,711	Income taxes payable	37,184
Deferred assets and prepaid expenses	42,897	Deferred income tax liabilities	1,795
Deferred income tax assets	3,950	Advance received	49,170
Other current assets	73,561	Employees' bonuses accrued	8,047
Allowance for doubtful accounts	(1,655)	Reserve for participation in EXPO 2005 Aichi	31
Fixed Assets	1,076,604	Other current liabilities	63,358
Tangible fixed assets	701,157	Long-term liabilities	541,673
Vessels	453,364	Corporate bonds	106,800
Buildings and structures	69,265	Long-term bank loans	357,396
Machinery, equipment and vehicles	20,438	Deferred income tax liabilities	22,326
Furniture and fixtures	8,353	Reserve for employees retirement benefits	19,173
Land	59,345	Reserve for directors' retirement benefits	2,916
Construction in progress	82,073	Reserve for periodic dry docking of vessels	3,152
Other tangible fixed assets	8,315	Other long-term liabilities	29,907
Intangible fixed assets	33,674	Total Liabilities	1,019,538
Leaseholds	1,994	Minority interests	28,917
Software	18,073	Shareholders' Equity	
Excess of investment cost over underlying net asset of consolidated subsidiaries, net of accumulated amortization	8,261	Common stock	88,531
Other intangible fixed assets	5,344	Capital surplus	94,421
Investments and other assets	341,773	Retained earnings	203,774
Investment securities	280,660	Net unrealized gain on other securities	55,335
Long-term loans receivable	8,183	Foreign currency translation adjustments	(10,819)
Deferred income tax assets	475	Treasury stock	(3,472)
Other investments, etc.	54,988		
Allowance for doubtful accounts	(2,534)		
Deferred assets	121	Total Shareholders' Equity	427,770
Total Assets	1,476,226	Total Liabilities, Minority interests and Shareholders' Equity	1,476,226

Consolidated Statement of Income

From April 1, 2004 to March 31, 2005
(In millions of yen)

Account item	Breakdown	Amount
Ordinary Income or Loss		
Operating Revenues and Expenses		
Revenues	<u>1,606,098</u>	
Total operating revenue		1,606,098
Cost and expenses	1,283,769	
Selling, general and administrative expenses	<u>160,953</u>	
Total operating expenses		<u>1,444,723</u>
Operating income		161,375
Non-operating profit and loss		
Interest and dividends income	5,167	
Equity in earnings	2,598	
Other non-operating income	<u>4,776</u>	
Total non-operating income		12,542
Interest expenses	16,631	
Other non-operating expenses	<u>2,482</u>	
Total non-operating expenses		<u>19,114</u>
Income before extraordinary items		154,803
Extraordinary Gains and Losses		
Gain on sales of fixed assets	5,231	
Gain on sales of investment securities	2,916	
Other extraordinary gains	<u>1,706</u>	
Total Extraordinary Gains		9,854
Loss on disposal of fixed assets	7,234	
Impairment loss on fixed assets	20,606	
Other extraordinary losses	<u>9,603</u>	
Total extraordinary losses		37,444
Income before income taxes and minority interests		127,213
Income taxes-current	51,365	
Income taxes-deferred	<u>579</u>	
		<u>51,945</u>
Minority interests	3,940	
Net income		71,326

Consolidated Statement of Cash Flow (for your reference)

Notes to the Consolidated Statement of Cash Flow

From April 1, 2004 to March 31, 2005

(In millions of yen)

Net cash provided by operating	175,507
Net cash used in investing activities	△135,066
Net cash used in financing activities	△41,374
Effect of exchange rate changes on cash and cash equivalents	743
Net increase or decrease in cash and cash equivalents	△190
Cash and cash equivalents at beginning of the year	63,632
Increase or decrease of cash and cash equivalents due to change consolidation scope	1,585
Cash and cash equivalents at end of the year	65,027

Non-consolidated Balance Sheet

As of Mar. 31, 2005
(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	220,102	Current Liabilities	227,594
Cash and time deposits	11,221	Notes and account payable	57,333
Notes and accounts receivable	58,215	Bond short-term redemption	24,000
Short-term loans receivable	95,115	Short-term borrowings	41,798
Advances	1,043	Account payable	2,118
Inventories	11,382	Income tax payable	20,183
Deferred or prepaid expenses	34,357	Advance received	24,548
Agency claims	6,589	Deposits received	41,727
Deferred income tax assets	4,496	Agency liabilities	2,145
Other current assets	12,655	Employees' bonuses accrued	2,730
Allowance for doubtful accounts	△14,976	Allowance for exhibition at Japan International Exposition	31
		Other current liabilities	10,976
		Long-term liabilities	345,912
Fixed Assets	718,862	Corporate bonds	106,800
Tangible fixed assets	172,450	Long-term debt	199,888
Vessels	109,456	Deferred income tax debts	17,241
Buildings and structures	23,334	Reserve for employees' retirement benefits	1,612
Equipment and fixtures	1,405	Reserve for retirement benefits for directors and corporate auditors	960
Land	32,511	Reserve for special repairs of vessels	2,534
Construction in progress	3,817	Other long-term liabilities	16,876
Other tangible fixed assets	1,926	Total Liabilities	573,507
Intangible fixed assets	16,664	Shareholders' Equity	
Leaseholds	513	Common stock	88,531
Software	15,523	Capital surplus	93,198
Other intangible fixed assets	627	Additional paid-in capital	93,198
Investments and other assets	529,746	Earned surplus	134,565
Investments in securities	240,523	Earned surplus reserve	13,146
Stocks and equity in subsidiaries	144,915	Voluntary reserve	56,125
Long-term loans receivable	126,048	Dividends reserve	50
Other investments, etc.	29,193	Special depreciation reserve	4,685
Allowance for doubtful accounts	△10,933	Reserve against investment losses	3
		Reserve for advanced depreciation	3,062
		Other reserves	48,324
		Unappropriated retained earnings at the end of the fiscal term	65,292
		Unrealized holding gain on securities	52,740
Deferred assets	120	Treasury stock	△3,457
Bond issue expenses	120	Total Shareholders' Equity	365,578
Total Assets	939,085	Total Liabilities and Shareholders' Equity	939,085

Non-consolidated Statement of Income

From April 1, 2004 to March 31, 2005
(In millions of yen)

Account item	Breakdown	Amount
Ordinary Income or Loss		
Operating Income and Expenses		
Revenue from shipping operations	832,526	
Revenue from other business	<u>8,611</u>	
Total operating revenue		841,137
Shipping operation expenses	691,675	
Other operating expenses	6,433	
General administrative expenses	<u>41,112</u>	
Total operating expenses		<u>739,221</u>
Operating income		101,916
Non-operating Income and Expenses		
Interest and dividends income	12,352	
Other non-operating income	<u>2,475</u>	
Total non-operating income		14,828
Interest expense	8,274	
Other non-operating expenses	<u>1,829</u>	
Total non-operating expenses		<u>10,103</u>
Ordinary income		106,641
Extraordinary Gains and Losses		
Gain on sales of fixed assets	1,216	
Gain on sales of investment securities	2,875	
Other extraordinary gains	<u>1,591</u>	
Total Extraordinary Gains		5,683
Loss on disposal of fixed assets	723	
Provision for doubtful accounts	14,908	
Impairment loss on fixed assets	8,692	
Other extraordinary losses	<u>4,120</u>	
Total extraordinary losses		28,445
Income before income taxes		83,879
Income taxes including inhabitants' and enterprise taxes	30,986	
Income taxes-deferred	<u>△223</u>	
		<u>30,763</u>
Net income		53,116
Retained earnings brought forward from the previous fiscal term		21,336
Interim dividends		9,160
Unappropriated retained earnings at the end of the fiscal term		65,292