

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.



119th NYK Group Report Fiscal 2005

119th Fiscal Year
Report

From April 1, 2005,
to March 31, 2006

Nippon Yusen Kabushiki Kaisha

Outline of Resolutions of Board of Directors on Development of Internal Control System

The Company Law, which came into effect in May 2006, obligates the Company to pass a resolution of the Board of Directors on the development of the Internal Control System. Accordingly, we passed the following resolutions at the Board of Directors Meeting held on May 10, 2006.

We will carry out an ongoing review of the Internal Control System, and further develop and improve the system.

- Outline of Resolutions of the Board of Directors

1. The Company's Directors fulfill their duties in compliance with laws and the Articles of Incorporation (hereinafter called "laws etc.") with clear distribution of authority and procedures stipulated in the internal rules. We recognize the fulfillment of social responsibilities as a basis of management and stipulate the corporate behavior charter and code of conduct (hereinafter called "action guidelines"), and Directors shall take the initiative in complying with these action guidelines. To ensure Directors' compliance with laws etc. and appropriateness of their duties, we also develop the internal systems such as the Internal Control Committee and the Compliance Committee.
2. We properly store and manage the documents and other information on the Directors' fulfillment of duties according to internal rules.
3. Regarding the risk of loss management, we establish the department dedicated to understand the company-wide risks, review and assess the risks, and further consider the proper countermeasures. We conduct thorough risk management on safe navigation of ships and environmental conservation.
4. The Directors fulfill their duties effectively with clear distribution of authority decision-making rules, and utilization of the electronic approval system.
5. To ensure conformity to laws etc. of our employees' duties, we regularly hold a Compliance Committee Meeting, conduct the Monthly Compliance Review, establish the consulting system, and conduct compliance training.
6. To ensure the appropriateness of the Company Group's business, we will instruct our Group companies to further establish the Internal Control System. We also establish the Global Management Strategy Group to ensure the health and improve the efficiency of Group companies. Furthermore, we establish the Internal Audit Chamber and conduct internal audits to the Company and Group companies.
7. We establish the Corporate Auditors' Chamber and allocate full-time staff so as to assist Corporate Auditors. Personnel evaluation of full-time staff is conducted by Full-time Corporate Auditors.
8. The Board of Directors develops an environment enabling Corporate Auditors to conduct an effective audit. Corporate Auditors attend the Board of Directors Meetings and other important meetings, inspect and investigate the important documents related to their fulfillment of duties, and conduct proper audits.
9. Corporate Auditors exchange information with independent auditors and the Internal Audit Chamber, make efforts for audit collaboration, and ensure the system to improve effectiveness and efficiency of each audit.

Greetings from the President

We would like to express our gratitude to our shareholders, for the NYK Group could celebrate the 120th anniversary in business in October 2005.

Dear Shareholders:

The NYK Group celebrated the 120th anniversary in business on October 1, 2005. We gratefully acknowledge our shareholders' support.

The fiscal year ended March 31, 2006 was the first year of our medium-term management plan named "New Horizon 2007" under the theme of "acceleration of strong growth strategies and stabilization of our corporate base." Although we suffered from unprecedented rising of bunker oil prices and volatile shipping market, we achieved consolidated revenues of ¥1,929.3 billion, operating income of ¥140.4 billion, income before extraordinary items of ¥140.4 billion and net income of ¥92.0 billion. Revenues and net income reached record highs, and operating income and income before extraordinary items achieved the second highest results. For the fiscal year ending March 31, 2007, we expect revenues of ¥2,020.0 billion, operating income of ¥135.0 billion, income before extraordinary items of ¥135.0 billion, and net income of ¥89.0 billion. Earnings forecast for the fiscal year ending March 2008 is currently under review. As it is anticipated that fuel costs will continue to increase for a while due to surging crude oil prices, we are making every effort to reduce costs. To cut fuel costs in particular, we urgently initiated the fuel consumption reduction program in October 2005 and have been taking company-wide finely-tuned measures.

On the other hand, we steadily implement three strategies set forth in "New Horizon 2007" and work hard to improve our corporate value.

The first strategy is the "expansion of shipping business." As transport demand for natural resources including LNG is expected to grow steadily, we are promoting investment in fleet as planned with a focus on the bulk/energy resources transportation division. In the container transportation division despite the withdrawal of some members from the Grand Alliance, we maintain high-quality services with other alliance networks and fleet rearrangement. In the cruise business division, we replaced popular "Asuka" with one size larger "Asuka II", trying to expand our customer base in Japan.

The second strategy is the "evolution towards a logistics integrator." To consolidate our unique position in the world as a logistics integrator covering all transportation modes of ocean, land and air, we made Nippon Cargo Airlines Co., Ltd. our consolidated subsidiary in August 2005. In addition, we decided to form a strategic alliance including both business and capital partnerships with Yamato Holdings Co., Ltd. in May 2006, and will aim to provide high-quality services to customers by taking full advantage of management resources of both groups.

The third strategy is the "enhancement of corporate fundamentals." We place first priority on the safe operation of vessels and environmentally-friendly management as our Group's fundamentals. To conform to laws on internal control, we established Internal Control Committee headed by myself and created Compliance and Risk Management Group under CSR Management Headquarters in April 2006. For the fiscal year ending March 2007, by making a comprehensive assessment of our financial standing and business results outlook, we intend to maintain the same level of dividend payments, ¥9.00 each for the interim and year-end dividends, for an annual total payment of ¥18.00 per share.

Based on our recognition that "Monohakobi" is "value transportation", we will steadily move forward as a partner trusted by customers. We appreciate our shareholders' continued support and understanding.

June 2006



Koji Miyahara
President

The 119th Ordinary General Meeting of Shareholders

Documents attached to the Notice of Ordinary General Meeting of Shareholders

- *1. Amounts and number of shares in this Business Report are indicated after rounding down fractions less than one unit.
- *2. The following business segments were changed from this fiscal year.
“Shipping Business” was divided into “Liner Trade” and “Other Shipping”, and “Shipping-related Services Business” was included in “Other”.
- *3. Statements in this Business Report include a part of subsequent events.

Business Report (From April 1, 2005 to March 31, 2006)

1. Business Overview of the consolidated group business

Review of Operations

Business Results for the Current Fiscal Year

The world economy during the current fiscal year remained strong supported by financial and exchange market stability, and the trade volume and ocean transportation recorded major growth compared with the previous year. The U.S. economy expanded favorably and China's growth rate exceeded 9%. The Japanese economy showed a positive growth compared with the previous year and the European economy was steady with its slightly low growth rate. On the other hand, crude oil prices hovered at high levels around \$60 and affected economic activities.

Although the Company Group's business suffered from surging bunker oil prices, etc., we made every effort to reduce costs in all segments. As a result, we achieved consolidated revenues of ¥1,929.3 billion (20.1% increase over the previous year), operating income of ¥140.4 billion (12.9% decrease over the previous year), income before extraordinary items of ¥140.4 billion (9.3% decrease over the previous year), and net income for the current term at ¥92.0 billion (29.1% increase over the previous year). Revenues and net income reached record highs and operating income and income before extraordinary items achieved the second highest results.

Overview of the Business Segments

- **Liner Trade**

The solid cargo traffic continued. Amid intensified competition, we attained some progress in our efforts to recover freight rates and achieved our revenues target for the fiscal year. However, due to surging bunker oil prices and increased inland transport costs, operating income underperformed the previous fiscal year. The overview by route is as follows:

Cargo traffic on the North American route largely remained strong, though bunker oil prices and inland transport costs increased. Cargo traffic on the European route showed steady growth supported by strong Euro, and we increased vessels to meet the active demand for exports from China. Cargo transportation on the Australian route progressed favorably supported by steady economy. On the Asian intraregional routes operated by Tokyo Senpaku Kaisha, Ltd., though freight rate recovery progressed, freight costs increased due to surging chartered ship market. On the Central and South American and African routes, we have expanded shipping capacity in the severe environment of increased costs and growing supply of competitors' shipping capacity. On the conventional liner routes operated by NYK-Hinode Line, Ltd., we achieved freight rate recovery on almost all routes thanks to favorable economic conditions.

- Other Shipping

Car Transportation Segment

The worldwide market for car carriers perked up and our cargo volume of manufacturers' cars outperformed the previous fiscal year. We enhanced our fleet by placing four newly-built large ships in service during this fiscal year, promoted stable transportation through chartering and efficient allocation of ships, and as a result achieved revenues and operating income targets for the fiscal year. In the car-related logistics segment, we steadily developed our business with a central focus on booming Chinese market, including domestic cargo transport business in China as a joint venture with COSCO Group, land transport business of auto-parts and manufacturers' cars mainly by the logistics subsidiary in China, and terminal business for manufacturers' cars in major ports in China such as Shanghai and Tianjin.

Bulk/Energy Resources Transportation Segment

<Bulk Carrier> Market conditions for bulk carriers entered into an adjustment phase, following the record surge in the previous fiscal year. However, we achieved our targets for the year with increased revenues and income over the previous year, supported by solid demand for iron ore and coal mainly in China and Asia. We have also endeavored to obtain new tripartite business and concluded contracts with an electric power company in Korea, etc. Regarding the wood chip carrier, although market conditions for free carriers have declined since summer, we achieved our targets with stable income through long-term contracts and tripartite business. NYK Global Bulk Corporation operating handysize bulk carriers achieved operating income exceeding the target by meeting cargo transportation demand for steel products, raw materials, salt, grains, etc. through proper fleet expansion. NYK Reefers Ltd. operating reefer carriers and Saga Shipholding (Norway) Ltd. operating open hatch carriers for wood pulp, lumber, steel products, etc. achieved the targets supported by solid cargo traffic. Shinwa Kaiun Kaisha, Ltd. running raw material and bulk cargo transportation achieved increased revenues by placing new and powerful ships in service, etc.

<Energy Resources Carrier> Under continued favorable VLCC market conditions, we achieved our targets in crude oil tanker business by ensuring stable income through long-term contracts with domestic, U.S. and Chinese oil companies. During the fiscal year, we started services with two double-hull VLCCs and decided to build one new contract vessel and to charter one new long-term contract vessel for starting services in 2008 to 2009. Petroleum product carrier business achieved the targets helped by surging markets due to hurricane damage of U.S. petroleum industry in August and September 2005 and record cold wave in Europe and East Asia, and stable income from ten LPG tankers through long-term contracts.

In LNG carriers business, we added four new vessels to our fleet during the year, and a total of 36 carriers owned by the Company or its investing companies operated smoothly. In addition to new agreements with domestic customers, we obtained overseas transport contracts including a Qatari project for North America and India and a joint venture project with a Russian national shipping company for Indonesia. Kyoei Tanker Co., Ltd. mainly operating the tanker transport and Taiheiyo Kaiun Co., Ltd. engaging in the transport of raw materials and fuel ensured stable income through steady operations of long-term chartered carriers.

- Logistics Business

The logistics business achieved its targets for the year in both revenues and operating income. NYK Logistics segment (logistics segment except air cargo transport segment) recorded a surplus exceeding its target and both segments have become sources of income for the logistics business. Solid demand for the vertically integrated import transport and domestic transport services in North America and full-scale operations of European logistics service network in which we had made prior investments greatly improved business results. In Asia, China and Oceania, we expanded our business to meet the customer demands in automobile, electrical and retail industries. In Japan, NYK Logistics Japan Co., Ltd. expanded the import services and recorded a surplus in the second fiscal year. Yusen Air & Sea Service Co., Ltd. exceeded the targets supported by vigorous demand for air transport. Also, we decided to form a strategic alliance including both business and capital partnerships with Yamato Holdings Co., Ltd. in May 2006 and

will aim to provide high-quality services to customers by taking full advantage of management resources of both groups.

- Terminal and Harbor Transport Business

Supported by solid freight market, the total handling volume of all terminals in Japan, Asia, North America and other areas developed favorably, and terminal and harbor transport business made solid results. The Company is in the process of reviewing new business expansion in China and other Asian countries.

- Cruise Business

The cruise business improved dramatically and achieved its targets in both revenues and operating income in summer as the U.S. market headed for recovery. In the Japanese market, the business progressed well until the third quarter. Although we posted costs and downtime loss associated with replacing “Asuka” with “Asuka II” in the fourth quarter, overall business greatly improved compared with the previous year.

- Real Estate Business and Other

In the real estate business, we strove for cost reduction and occupancy rate improvement mainly in the office leasing services and achieved steady results.

In other segment, tugboat business recorded a similar level of revenues but lower income compared with the previous year. Trading, manufacturing and processing, and shipping agency businesses achieved an increase in both revenues and income, while the restaurant business recorded results at the same level as in the previous year.

Nippon Cargo Airlines Co., Ltd. (NCA), which is a sole international cargo airline company in Japan and newly consolidated by the Company during this fiscal year, recorded higher revenues by expanding scale of operations with two new aircrafts, but posted an operating loss affected by surging bunker oil prices. As of May 15, 2006, the Company consolidated Global Logistics Investments Co., Ltd. by short-form merger, which is the parent company of NCA and the Company’s wholly owned subsidiary.

Revenues and Operating Income by Segment

Industry Segment	Revenues	Change from the previous fiscal year	Operating income	Change from the previous fiscal year
	(100 millions of yen)	(%)	(100 millions of yen)	(100 millions of yen)
Liner Trade	5,391	18.0	160	△300
Other Shipping	6,777	18.5	1,063	25
Logistics	4,264	19.4	127	43
Terminal and Harbor Transport	1,114	2.3	73	31
Cruise	407	21.9	5	41
Real Estate	125	△3.3	28	0
Other	2,342	59.7	△53	△51
(Elimination)	(1,130)	—	(0)	—
Total	19,293	20.1	1,404	△208

Safety and Environment

The Company Group places top priority on the safe operation of vessels. We implemented safe quality assurance activities based on our own safety environmental standards of NAV9000 to ensure safe navigation of all vessels and thorough environmental conservation. We also worked hard for global environmental conservation by disseminating the Group Environmental Management Vision and strengthening the global environmental management system. These activities were highly regarded, and in May 2005, the Company was presented with “Thor Heyerdahl International Maritime Environmental Award”, which is given to the company that contributed to global environmental conservation and implemented new concrete environmental protection measures.

Challenges Involving New Technologies

The Company grapples with technological development aimed at achieving safe and efficient operation of vessels and reducing the release of earth warming substances and other air pollutants generated by vessels during operation as an important task supporting environmental management. We developed the water-emulsion fuel-combustion equipment and adopted the electronic controlled engine and fuel homogenizing device as fuel-saving technologies, and adopted the dust removing device on ships and developed the alternative maritime power device as environmentally-friendly technologies. Our unique oily-water separating system in engine room that we proposed to the IMO (International Maritime Organization) was approved as an international guideline. At MTI (Monohakobi Technology Institute Co., Ltd.), we actively carry out research and development to pursue safety, improve the quality of transportation services, reduce transport costs and cope with environmental problems.

Financing

Funds required by the Company Group for the current fiscal year were covered by our own financial assets, loans from financial institutions and issuances of commercial papers.

Capital Investment

The Company implemented an overall investment in equipment of ¥193.5 billion by focusing on the liner trade and other shipping business for the current fiscal year.

In the liner trade and other shipping business, we made investments in equipment of ¥60.7 billion and ¥95.3 billion respectively mainly for building ships, ¥7.8 billion for constructing warehouses in the logistics business, and ¥2.6 billion for terminal equipment in the terminal and harbor transport business. In other segments, we made investments in equipment of ¥6.0 billion in the cruise business, ¥0.7 billion in the real estate business and ¥20.2 billion for air crafts in other.

Issues to be Addressed

Although surging bunker oil prices affected the business results for this fiscal year, the Company has urgently initiated the fuel consumption reduction program in October 2005 and taken company-wide finely-tuned measures.

We steadily carry out the three strategies set forth in the medium-term management plan “New Horizon 2007”.

Regarding the first strategy of the “expansion of shipping business”, we will promote development and enhancement of fleet with a focus on the bulk/energy resources transportation segment where the demand for natural resources transport is expected to increase. Regarding the financing for the investment in ships, we give consideration to an optimal capital balance in raising the funds. At the same time, in order to minimize the effects of volatile shipping market on our income and stabilize the management, we will strive to ensure stable long-term contracts and continue to reduce costs. In the cruise business, we introduced the large ship “Asuka II” in the Japanese market in March 2006, trying to improve brand image of “Asuka Cruise” and expand our customer base in the expanding cruise market in Japan.

As for the second strategy of the “evolution towards a logistics integrator”, we will build up closer partnerships and further expand the logistics integrator business by effectively combining our infrastructure and networks including a large scale fleet, global logistics bases and self-operated terminals to meet increasingly diversified and sophisticated customer needs. As we made Nippon Cargo Airlines Co., Ltd. our consolidated subsidiary in August 2005 and formed a strategic alliance with Yamato Holdings Co., Ltd. in May 2006, we will continue our efforts to expand the logistics integrator business covering ocean, land and air.

In regard to the third strategy of the “enhancement of corporate fundamentals”, the Company Group will strengthen the corporate infrastructure to be trusted by shareholders, customers and other stakeholders. We will continue to work on the safe operation of vessels and environmental conservation in our core shipping business as the highest priority issue.

To conform to the Company Law, which came into effect in May 2006, we established the Internal Control Committee in April to strengthen the internal control system and at the same time created Compliance and Risk Management Group. We will further make efforts to improve our corporate value as well as CSR activities. We also strive to develop an environment to improve the effectiveness of internal audits by the Internal Audit Chamber and audits by corporate auditors. In addition, we will promote activities of the Information Disclosure Committee and continue to pay full attention to ensuring credibility of its financial information to maintain and improve market confidence.

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 116th term	The 117th term	The 118th term	The 119th term (current term)
	FY2002	FY2003	FY2004	FY2005
Operating revenue	1,249,242	1,398,320	1,606,098	1,929,302
Income before extraordinary items	50,344	74,663	154,803	140,451
Net income	14,292	34,810	71,326	92,058
Net income per share	11.48 (yen)	28.27 (yen)	58.12 (yen)	75.04 (yen)
Total Assets	1,287,170	1,376,664	1,476,226	1,877,440
Total shareholders' equity	288,363	358,044	427,770	575,366
Shareholders' equity per share	235.81 (yen)	292.88 (yen)	350.10 (yen)	471.05 (yen)

116th fiscal year

In addition to lower level of freight rate in the liner market and sluggish tramp market in the first half, under harsh circumstances such as surging bunker oil prices and a higher yen, the Company Group strove to promote sales activities and reduce costs. As a result, we achieved the similar level of operating income and income before extraordinary items compared with the previous fiscal year, but saw a decrease in net income.

117th fiscal year

We achieved increased revenues due to overall increase in cargo volume and recovery of freight rate in the shipping business as well as expansion of the logistics business and terminal and harbor transport business on which we focus as core business. We also posted increased income through continued efforts to cut costs, reduced interest expenses and a large decrease on loss on devaluation of investment securities.

118th fiscal year

Despite surging bunker oil prices and a higher yen, the shipping market remained strong following the previous fiscal year. We achieved increased revenues due to higher cargo volume and freight rate, and increased revenues in the logistics business. Revenues and income reached record highs as we kept down the increase in costs in sales and selling, general and administrative expenses through continued cost reduction efforts.

119th fiscal year

Conditions in the current fiscal year are described in the preceding "Review of Operations" (on pages 3-7).

2. Non-consolidated Business Results and Summary of Assets

(In millions of yen)

	The 116th term	The 117th term	The 118th term	The 119th term (current term)
	FY2002	FY2003	FY2004	FY2005
Operating revenue	711,473	749,174	841,137	962,857
Ordinary income	43,749	60,132	106,641	82,018
Net income	12,614	27,590	53,116	53,458
Net income per share	10.22 (yen)	22.52 (yen)	43.41 (yen)	43.64 (yen)
Total Assets	794,490	853,032	939,085	1,101,991
Total shareholders' equity	253,394	317,083	365,578	462,891
Shareholders' equity per share	207.30 (yen)	259.49 (yen)	299.34 (yen)	379.11 (yen)

116th fiscal year

Revenues decreased due to some spin-off businesses to subsidiaries. Under harsh circumstances such as a higher yen, surging bunker oil prices and the reduced freight rate in the liner market, we strove to promote sales activities and further reduce costs. As a result, we posted the similar level of income compared with the previous fiscal year.

117th fiscal year

Despite soaring bunker oil prices and the strong yen trend, we achieved increased revenues and income owing to favorable performance in the shipping business supported by solid cargo traffic in the container transportation segment and continued good market conditions in the bulk/energy resources transportation segment, as well as cost reduction efforts in all segments.

118th fiscal year

Although bunker oil prices and the yen continued to surge, almost all of segments in the shipping business remained strong. At the same time, we strove to stabilize income and expand business through long-term contracts in the bulk/energy resources transportation segment, and consequently revenues and income increased.

119th fiscal year

Supported by solid market conditions in the shipping business, we outperformed the previous fiscal year's revenues, but saw a decrease in income before extraordinary items, affected by continued surging bunker oil prices.

2. Current State of the Consolidated Group and the Company (as of Mar. 31, 2006)

Principal Business of the Consolidated Group

Liner trade, other shipping, logistics, terminal and harbor transport, cruise, real estate, and other including air freight services

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, Ho Chi Minh, Beijing, London and Moscow

Principal subsidiaries (locations of head office or country)

NYK Global Bulk Corporation (Chiyoda-ku, Tokyo)

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

Nippon Cargo Airlines Company, Limited (Minato-ku, Tokyo)

Hachiuma Steamship Company, Limited (Kobe)

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

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

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

NYK Trading Corporation (Minato-ku, Tokyo)

UNI-X Corporation (Shinagawa-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	140,104 (Decreased by 17,566 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)	(%)
The Master Trust Bank of Japan, Ltd. (trust account)	84,089	6.8	-	-	
Japan Trustee Services Bank, Ltd. (trust account)	79,986	6.5	-	-	
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	4.4	-	-	
Meiji Yasuda Life Insurance Co.	38,899	3.2	-	-	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,978	3.0	-	-	
Mizuho Corporate Bank, Ltd.	29,417	2.4	-	-	
State Street Bank and Trust Co.	15,462	1.3	-	-	
Nomura Securities Co. Ltd.	14,349	1.2	-	-	
Trust & Custody Services Bank, Ltd. (Trust Accounts)	12,273	1.0	-	-	

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	430,076
	Total price of acquisition	305,284,934 (yen)
Shares disposed of or lapsed	None	
Shares held as of the end of the fiscal term	Common Stock	9,685,900

Note: On May 31, 2006, the Company disposed 8,368,000 shares of its treasury stock (common stock) for allocation to Yamato Holdings Co., Ltd. (Total price of disposition ¥5,999,856,000)

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.	66,475	38,899	3.2
Development Bank of Japan	39,306	–	–
Sumitomo Life Insurance Co.	26,447	1,752	0.1
Nippon Life Insurance Co.	25,898	7,600	0.6
The Dai-ichi Mutual Life Insurance Co.	20,499	2,006	0.2
Taiyo Life Insurance Co.	6,852	5,100	0.4
Mitsui Sumitomo Insurance Co., Ltd.	6,608	9,356	0.8
Fukoku Mutual Life Insurance Co.	6,506	971	0.1
Daido Life Insurance Co.	5,930	–	–
Mitsui Life Insurance Co., Ltd.	5,430	–	–

Employees of the consolidated group and the Company

Employees of the consolidated group		
Segment		Number of employees
Liner trade		2,943
Other shipping		1,150
Logistics		13,971
Terminal and Harbor Transport		3,886
Cruise		401
Real estate		69
Other		3,061
Company-wide (common)		251
Total		25,732

Employees of the Company

		Number of employees (persons)	Year-on-year change (persons)	Average age (years)	Average length of service (years)
Employees		1,269	6	41.6	18.1
Employees on sea duty	Staff members	379	△29	41.9	19.6
	Non-staff members	42	△7	54.2	36.2
	Sub-total	421	△36	43.1	21.3
Total / Average		1,690	△30	42.0	18.9

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)	141	4,676,895
Bulk carriers (Capesize)	97	13,604,859
Bulk carriers (Panamax & Handy size)	156	6,888,244
Wood Chip carriers	46	2,149,816
Car carriers	113	1,681,168
Reefer carriers	27	252,718
Tankers	66	11,054,742
LNG carriers	22	1,548,410
Cruise ships	3	21,577
Other	38	389,867
Total	709	42,268,296

Details of ships in possession

Type of vessel		Number	K/T (dwt)
Container ships (including semi-container ship)	(In possession)	26	930,421
	(Shared)	1	21,813
Bulk carriers (Capesize)	(In possession)	39	5,724,202
	(Shared)	5	329,045
Bulk carriers (Panamax & Handy size)	(In possession)	37	1,583,374
Wood Chip carriers	(In possession)	12	522,590
Car carriers	(In possession)	35	539,781
	(Shared)	2	12,942
Reefer carriers	(In possession)	12	118,766
Tankers	(In possession)	22	4,054,056
	(Shared)	17	1,404,191
LNG carriers	(Shared)	22	606,955
Cruise ships	(In possession)	2	13,417
Other	(In possession)	14	133,276
	(Shared)	3	5,025
Total	(In possession)	199	13,619,883
	(Shared)	50	2,379,971

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 seven segments consisting of liner trade and other shipping as its core business, logistics, terminal and harbor transport, cruise, real estate, and other.

The Company has 553 consolidated subsidiaries, etc. and 34 equity-method affiliates as of March 31, 2006. For business results of the consolidated Group, see the preceding "Review of Operations" (on pages 2-7) and "Business Results and Summary of Assets of the Consolidated Group and the Company" (on page 8).

Major subsidiaries			
Company	Paid-in Capital	NYK's Ownership (%)	Main activities
NYK Global Bulk Corporation	¥4,150 million	100.00	Sales of petrochemical products, etc
Tokyo Senpaku Kaisha, Ltd.	¥1,899 million	100.00	Marine transportation business
Nippon Cargo Airlines Company, Limited	¥21,600 million	81.18	Air freight services
Hachiuma Steamship Co., Ltd.	¥500 million	68.76	Marine transportation business
NYK-Hinode Line, Ltd.	¥2,100 million	100.00	Marine transportation business
NYK Cruises Co., Ltd.	¥2,000 million	100.00	Ownership and operation of cruise ships
YUSEN Air & Sea Service Co., Ltd.	¥4,301 million	61.38	Air freight forwarding business, etc
NYK Trading Corporation	¥1,246 million	77.94	Sales of petrochemical products, etc.
UNI-X Corp.	¥934 million	63.63	Harbor transportation business
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.	£71,400,000	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
ADAGIO MARITIMA S.A. 343 other companies	US\$172,160,000 (total of 118 companies) ¥22,675 million (total of 226 companies)	100.00 (all companies)	Ship leasing business

Note 1. Percentage of voting rights includes indirect holdings.

2. ADAGIO MARITIMA S.A. and 343 other companies are consolidated subsidiaries which are fully owned by the Company group and are established in Panama and Liberia, etc. for the purpose of holding and leasing ships. The vessels periodically chartered from the said companies by the Company group constitute an important part of the fleets of ships operated by the Company group.

Status of principal affiliates			
Company	Paid-in Capital	NYK's ownership (%)	Main activities
Kyoei Tanker Co.,Ltd.	¥2,850 million	30.00	Marine transportation business
Shinwa Kaiun Kaisha, Ltd.	¥8,100 million	26.78	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	¥122 million
2. Of the total amount prescribed in 1, the total amount of compensation to be paid to the Accounting Auditor concerning the operation prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Law (audit certification) by the Company and its subsidiaries	¥113 million
3. Of the total amount prescribed in 2, compensation to be paid to the Accounting Auditor by the Company	¥54 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, 2006)

Directors and Corporate Auditors

Chairman	Takao Kusakari	
President	Koji Miyahara	
Representative Directors, Executive Vice-Presidents	Tadamasa Ishida	Yukio Ozawa
Representative Directors, Senior Managing Directors	Takao Manji Yasushi Yamawaki	Michio Tamiya
Representative Director, Managing Director	Takahiro Ota	
Managing Directors	Hiromitsu Kuramoto Yasumi Kudo Hiroshi Sugiura Motoo Igawa	Minoru Sato Koichi Inoue Hiroyuki Shimizu Masamichi Morooka
Director	Susumu Kikuchi	
Corporate Auditors (Full-time)	Kazuhira Kamiya	Shigeru Shimizu
Outside Corporate Auditors (Part-time)	Keisuke Kitajima	Tsuyoshi Miyazaki

- Note 1. As of Mar. 31, 2006, all Directors are concurrently appointed as Corporate Officers. For responsibilities or principal duties of the Directors concurrently appointed as Corporate Officers as of Apr. 1, 2006, please refer to the column for Corporate Officers on page 18.
2. 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 (Joint Stock Companies)".
3. 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.
4. Mr. Tsuyoshi Miyazaki is appointed as an executive adviser to Mitsubishi Logistics Corporation.
5. Retired Directors and Corporate Auditor and newly appointed Directors and Corporate Auditor during the current fiscal year are as follows:

Retirement		
Director	Tadatoshi Mamiya	(Retired upon resignation on Jun. 28, 2005)
Director	Koji Usami	(Retired upon resignation on Jun. 28, 2005)
Director	Koichi Aoki	(Retired at the expiration of his term in office on Jun. 28, 2005)
Director	Masahiro Aoyama	(Retired at the expiration of his term in office on Jun. 28, 2005)
Corporate Auditor (Full-time)	Ryuji Narisada	(Retired at the expiration of his term in office on Jun. 28, 2005)
New appointment		
Managing Director	Hiroyuki Shimizu	(Appointed on Jun. 28, 2005)
Managing Director	Motoo Igawa	(Appointed on Jun. 28, 2005)
Managing Director	Masamichi Morooka	(Appointed on Jun. 28, 2005)
Director	Susumu Kikuchi	(Appointed on Jun. 28, 2005)
Corporate Auditor (Full-time)	Shigeru Shimizu	(Appointed on Jun. 28, 2005)

6. The representative directors and directors with special titles have been changed as follows as of Apr. 1, 2006. Executive Vice-President, Senior Managing Director, and Managing Director shall not be selected from directors with special titles, and rank classification shall be introduced for Corporate Officers as of Apr. 1, 2006.

As of Mar 31, 2006		After the change
Representative Director, Executive Vice-President	Tadamasa Ishida	Representative Director, Executive Vice-President Corporate Officer
Representative Director, Senior Managing Director	Yasushi Yamawaki	Representative Director, Executive Vice-President Corporate Officer
Representative Director, Senior Managing Director	Takao Manji	Representative Director, Senior Managing Corporate Officer
Managing Director	Hiromitsu Kuramoto	Representative Director, Senior Managing Corporate Officer
Managing Director	Minoru Sato	Director, Senior Managing Corporate Officer
Managing Director	Yasumi Kudo	Representative Director, Senior Managing Corporate Officer
Managing Director	Hiroshi Sugiura	Representative Director, Senior Managing Corporate Officer
Managing Director	Hiroyuki Shimizu	Director, Managing Corporate Officer
Managing Director	Motoo Igawa	Director, Managing Corporate Officer
Managing Director	Masamichi Morooka	Director, Managing Corporate Officer
Representative Director, Executive Vice-President	Yukio Ozawa	Director
Representative Director, Senior Managing Director	Michio Tamiya	Director
Representative Director, Managing Director	Takahiro Ota	Director
Managing Director	Koichi Inoue	Director

Corporate Officers (For reference) (As of Apr. 1, 2006)

Name	Position	Responsibilities or principal duties
Takao Kusakari	Chairman, Chairman Corporate Officer	
Koji Miyahara	President, President Corporate Officer	Chief Executive of CSR Management Headquarters (CSR Management Headquarters: Corporate Communication Group, IR Group, CSR Coordination Group and Compliance and Risk Management Group) Chairman of Bulk/Energy Resources Transportation Strategy Committee
Tadamasa Ishida	Representative Director, Executive Vice-President Corporate Officer	Chief Executive of Global Logistics Headquarters (Global Logistics Headquarters: Container Trade Management Group, Latin America and Africa Group, Logistics Group, Car Carrier Group, Auto-Project Group, Harbor Group and Logistics Integrator Group)
		Vice-Chief Executive of CSR Management Headquarters
		Oversees IT Strategy Group, Container Trade Management Group, Latin America and Africa Group, Logistics Group, Harbor Group, Logistics Integrator Group, Yokohama Branch, Nagoya Branch and Kansai Branch
		In charge of Latin America Region and NYK-HINODE LINE, Ltd.
	Chairman of IT Strategy Committee	
Yasushi Yamawaki	Representative Director, Executive Vice-President Corporate Officer	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 Group, and Bulk/Energy Atlantic Group)
		Vice-Chief Executive of CSR Management Headquarters
		Oversees Tramp Co-ordination Group, Steaming Coal Group, Petroleum Group, Petroleum Product and LPG Group, LNG Group, Bulk/Energy Atlantic Group, Sapporo Branch, Kyushu Branch, India Region and Middle-East Region
		Chief Compliance Officer (CCO)
Takao Manji	Representative Director, Senior Managing Corporate Officer	Assistant Chief Executive of CSR Management Headquarters
		Oversees Human Resources Group (Personnel management of Sea employees), Technical Group, Tanker and Gas Carrier Management Group and Fleet Management Group
		In charge of Safety and Environmental Management Group and Seafarer Planning Group

Name	Position	Responsibilities or principal duties
Hiromitsu Kuramoto	Representative Director, Senior Managing Corporate Officer	Assistant Chief Executive of CSR Management Headquarters
		Oversees Corporate Communication Group, IR Group, CSR Coordination Group, Capesize Bulker Group and Forest Products Group
		Assists the director who oversees Tramp Co-ordination Group and Bulk/Energy Atlantic Group
		In charge of Human Resources Group, Compliance and Risk Management Group, Research Group, Corporate History Chamber, Petroleum Group, Sapporo Branch, Kyushu Branch, India Region and matters related to NYK GLOBAL BULK Corporation
Minoru Sato	Director, Senior Managing Corporate Officer	Managing Director of NYK GROUP EUROPE Ltd.
Yasumi Kudo	Representative Director, Senior Managing Corporate Officer	Oversees Corporate Planning Group, Car Carrier Group and Auto-Project Group
		In charge of Management Coordination Group, Nagoya Branch, Middle-East Region and matters related to MTI (Monohakobi Technology Institute)
Hiroshi Sugiura	Representative Director, Senior Managing Corporate Officer	Chief Executive of Global Group Management Headquarters (Global Group Management Headquarters: Global Management Strategy Group and Corporate Affiliate Management Group)
		Oversees Global Management Strategy Group, Corporate Affiliate Management Group, Accounting Group, Finance Group and Cruise Enterprise Group
		In charge of General Affairs Group, Secretary Group, Legal and Insurance Group and Internal Audit Chamber
		Executive Chief of Environmental Management (ECEM)
Hiroyuki Shimizu	Director, Managing Corporate Officer	In charge of Logistics Group and Logistics Integrator Group
Motoo Igawa	Director, Managing Corporate Officer	In charge of Bulk/Energy Atlantic Group and matters related to Open Hatch Bulker and Reefer Cargo
Masamichi Morooka	Director, Managing Corporate Officer	In charge of Container Trade Management Group, Latin America and Africa Group, Harbor Group, Yokohama Branch, Kansai Branch, matters related to TOKYO SENPAKU KAISHA, Ltd., and matters related to NYK Line Japan Co. Ltd.
Susumu Kikuchi	Director, Managing Corporate Officer	Chief Representative for China

Name	Position	Responsibilities or principal duties
Shinji Kobayashi	Managing Corporate Officer	Chief Executive of Technical Headquarters (Technical Headquarters: Safety and Environmental Management Group, Technical Group, Tanker and Gas Carrier Management Group, Fleet Management Group and Seafarer Planning Group)
		In charge of Technical Group, Tanker and Gas Carrier Management Group and Fleet Management Group
		President of NYK-HINODE LINE, Ltd.
Naoki Takahata	Managing Corporate Officer	In charge of Accounting Group, Finance Group and matters related to NYK ACCOUNTING Co. Ltd.
		Chief Financial Officer (CFO)
Makoto Igarashi	Managing Corporate Officer	In charge of Corporate Communication Group, IR Group and CSR Coordination Group (CSR Management Headquarters)
		General Manager of Compliance and Risk Management Group
Masahiro Kato	Managing Corporate Officer	In charge of Car Carrier Group and Auto-Project Group
Hidenori Hono	Managing Corporate Officer	General Manager of Capesize Bulker Group and Forest Products Group
Yutaka Yasunaga	Corporate Officer	In charge of IT Strategy Group Chief Information Officer (CIO) General Manager of IT Strategy Group
Tetsufumi Otsuki	Corporate Officer	Managing Director of NIPPON CARGO AIRLINES Co. Ltd.
Takeshi Matsunaga	Corporate Officer	Senior Managing Director of NYK GLOBAL BULK Corporation
Takatake Naraoka	Corporate Officer	Senior Managing Director of TOKYO SENPAKU KAISHA, Ltd.
Masato Katayama	Corporate Officer	General Manager of Latin America and Africa Group
Yuji Semba	Corporate Officer	In charge of Steaming Coal Group and LNG Group Deputy Chairman of Bulk/Energy Resources Transportation Strategy Committee
Mitsutoshi Nawa	Corporate Officer	In charge of Cruise Enterprise Group
Saburo Yamagata	Corporate Officer	President of NYK LOGISTICS (AMERICAS) Inc.
Takamaru Ishida	Corporate Officer	Chief Executive Officer of NYK SHIPMANAGEMENT Pte Ltd
Toshinori Yamashita	Corporate Officer	President of NYK LINE JAPAN Co. Ltd.
Hiroshi Hattori	Corporate Officer	Deputy Chief Representative for China Chairman of NYK LINE (CHINA) Co. Ltd. , NYK LOGISTICS (CHINA) Co. Ltd.
Naoya Tazawa	Corporate Officer	General Manager of Human Resources Group
Yasuyuki Usui	Corporate Officer	General Manager of Container Trade Management Group

Name	Position	Responsibilities or principal duties
Tadaaki Naito	Corporate Officer	In charge of Tramp Co-ordination Group, Petroleum Product and LPG Group, Deputy Chairman of Bulk/Energy Resources Transportation Strategy Committee General Manager of Petroleum Group
Lanny Vaughn	Corporate Officer	NYK LOGISTICS (AMERICAS) Inc., Transportation Division President
Name	Position	Responsibilities or principal duties
Tsutomu Kikuchi	Corporate Officer	Managing Director of NYK GROUP OCEANIA Pty Ltd.
Toshiaki Takeda	Corporate Officer	Managing Director of NYK LOGISTICS (EUROPE) Ltd.
Tomoyuki Matsubara	Corporate Officer	General Manager of Technical Group
Hiroshi Sekine	Corporate Officer	Assists the director who is in charge of Tanker and Gas Carrier Management Group and Fleet Management Group General Manager of Safety and Environmental Management Group
Masahiko Fukatsu	Corporate Officer	General Manager of Logistics Group and Logistics Integrator Group President of NYK LOGISTICS (JAPAN) Co., Ltd.
Hiroshi Hiramatsu	Corporate Officer	In charge of Corporate Planning Group, Corporate Affiliate Management Group and Global Management Strategy Group

- Note
1. Corporate Officers are appointed by the Board of Directors and assist the President in executing business.
 2. Corporate Officer Genta Ohyama retired as of Jun. 28, 2005.
 3. Corporate Officers retired as of Mar. 31, 2006 are as follows:
Yukio Ozawa, Michio Tamiya, Takahiro Ota, Koichi Inoue and Yoshiharu Murata
 4. Corporate Officers appointed as of Apr. 1, 2006 are as follows:
Tsutomu Kikuchi, Toshiaki Takeda, Tomoyuki Matsubara, Hiroshi Sekine, Masahiko Fukatsu and Hiroshi Hiramatsu

Consolidated Balance Sheet

As of Mar. 31, 2006
(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	460,536	Current Liabilities	612,154
Cash and deposits	80,604	Notes and accounts payable—trade	177,073
Notes and accounts receivable—trade	203,501	Current portion of corporate bonds	4,800
Marketable securities	1,722	Short-term bank loans and current portion of long-term debt payable	222,294
Inventories	34,879	Commercial Paper	32,700
Deferred assets and prepaid expenses	56,460	Income taxes payable	30,747
Deferred income tax assets	6,660	Deferred income tax liabilities	382
Other current assets	81,385	Advance received	61,816
Allowance for doubtful accounts	(4,678)	Employees' bonuses accrued	10,094
Fixed Assets	1,416,843	Other current liabilities	72,245
Tangible fixed assets	856,065	Long-term liabilities	653,942
Vessels	456,982	Corporate bonds	102,000
Buildings and structures	74,935	Long-term bank loans	404,230
Aircraft	26,929	Deferred income tax liabilities	73,453
Machinery, equipment and vehicles	25,710	Reserve for employees retirement benefits	19,445
Furniture and fixtures	7,454	Reserve for directors' retirement benefits	2,086
Land	61,026	Reserve for periodic dry docking of vessels	2,116
Construction in progress	197,639	Other long-term liabilities	50,610
Other tangible fixed assets	5,386	Total Liabilities	1,266,096
Intangible fixed assets	52,919	Minority interests	35,977
Leaseholds	2,363	Shareholders' Equity	
Software	26,570	Common stock	88,531
Excess of investment cost over underlying net asset of consolidated subsidiaries, net of accumulated amortization	17,847	Capital surplus	94,427
Other intangible fixed assets	6,138	Retained earnings	266,567
Investments and other assets	507,858	Net unrealized gain on investments in stock etc.	127,756
Investment securities	410,675	Foreign currency translation adjustments	1,854
Long-term loans receivable	6,210	Treasury stock	(3,770)
Deferred income tax assets	7,840		
Other investments, etc.	84,922		
Allowance for doubtful accounts	(1,790)		
Deferred assets	60	Total Shareholders' Equity	575,366
Total Assets	1,877,440	Total Liabilities, Minority interests and Shareholders' Equity	1,877,440

Consolidated Statement of Income

From April 1, 2005 to March 31, 2006
(In millions of yen)

Account item	Breakdown	Amount
Ordinary Income or Loss		
Operating Revenues and Expenses		
Revenues	<u>1,929,302</u>	
Total operating revenue		1,929,302
Cost and expenses	1,594,598	
Selling, general and administrative expenses	<u>194,222</u>	
Total operating expenses		<u>1,788,821</u>
Operating income		140,481
Non-operating profit and loss		
Interest and dividends income	8,990	
Equity in earnings	1,868	
Other non-operating income	<u>7,529</u>	
Total non-operating income		18,388
Interest expenses	15,647	
Other non-operating expenses	<u>2,770</u>	
Total non-operating expenses		<u>18,418</u>
Income before extraordinary items		140,451
Extraordinary Gains and Losses		
Gain on sales of fixed assets	6,155	
Gain on sales of investment securities	6,613	
Other extraordinary gains	<u>1,717</u>	
Total Extraordinary Gains		14,487
Loss on disposal of fixed assets	2,247	
Other extraordinary losses	<u>7,131</u>	
Total extraordinary losses		9,378
Income before income taxes and minority interests		145,560
Income taxes-current	53,838	
Income taxes-deferred	<u>(3,261)</u>	
		<u>50,577</u>
Minority interests		2,924
Net income		92,058

Notes to the Consolidated Balance Sheet:

1. Totals stated are rounded down to the nearest million yen.	
2. Tangible fixed assets – accumulated depreciation	¥762,485 million
3. Tangible fixed assets – advanced depreciation	¥4,842 million
4. Notes receivable discounted and endorsed	¥20 million
5. Assets pledged as collateral	
Cash and deposits	¥169 million
Other current assets	¥1,681 million
Tangible fixed assets	¥137,232 million
Intangible fixed assets	¥106 million
Investments and other assets	¥28,070 million
6. Guarantee obligations	¥94,276 million
Amount of joint and several obligations borne by the other joint and several obligors	¥41,620 million

Notes to the Consolidated Statement of Income:

1. Totals stated are rounded down to the nearest million yen.	
2. Net income per share	¥75.04

Consolidated Statement of Cash Flow (For reference)

Notes to the Consolidated Statement of Cash Flow

From April 1, 2005 to March 31, 2006

(In millions of yen)

Net cash provided by operating activities	138,732
Net cash used in investing activities	△170,511
Net cash used in financing activities	40,339
Effect of exchange rate fluctuations on cash and cash equivalents	2,536
Net increase or decrease in cash and cash equivalents	11,097
Cash and cash equivalents at beginning of the year	65,027
Increase in cash and cash equivalents due to change of consolidation scope	2,465
Increase in cash and cash equivalents due to mergers conducted by consolidated subsidiaries	3
Net increase (decrease) in cash and cash equivalents at the beginning of the year due to changes to financial reporting period at consolidated subsidiaries	△105
Cash and cash equivalents at end of the year	78,487

Non-consolidated Balance Sheet

As of Mar. 31, 2006
(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	248,239	Current Liabilities	266,719
Cash and deposits	11,808	Notes and account payable	70,670
Notes and accounts receivable—trade	66,071	Bond short-term redemption	4,800
Short-term loans receivable	93,446	Short-term borrowings	44,563
Advances	1,072	Commercial Paper	32,700
Inventories	21,270	Account payable	3,950
Deferred or prepaid expenses	48,089	Income tax payable	15,914
Agency claims	5,610	Advance received	35,052
Deferred income tax assets	7,738	Deposits received	41,123
Other current assets	14,703	Agency liabilities	3,629
Allowance for doubtful accounts	△21,572	Employees' bonuses accrued	3,090
		Other current liabilities	11,224
		Long-term liabilities	372,380
Fixed Assets	853,691	Corporate bonds	102,000
Tangible fixed assets	151,235	Long-term debt	193,650
Vessels	94,472	Deferred income tax liabilities	58,730
Buildings and structures	22,493	Reserve for employees' retirement benefits	847
Equipment and fixtures	1,577	Reserve for special repairs of vessels	1,398
Land	31,059	Other long-term liabilities	15,753
Construction in progress	22	Total Liabilities	639,099
Other tangible fixed assets	1,608	Shareholders' Equity	
Intangible fixed assets	23,486	Common stock	88,531
Leaseholds	511	Capital surplus	93,198
Software	22,832	Additional paid-in capital	93,198
Other intangible fixed assets	142	Earned surplus	164,117
Investments and other assets	678,970	Earned surplus reserve	13,146
Investments in securities	352,094	Voluntary reserve	79,899
Stocks and equity in subsidiaries	154,571	Dividends reserve	50
Long-term loans receivable	149,570	Special depreciation reserve	3,420
Other investments, etc.	31,795	Reserve against investment losses	2
Allowance for doubtful accounts	△9,062	Reserve for advanced depreciation	3,102
		Other reserves	73,324
		Unappropriated retained earnings at the end of the fiscal term	71,070
		Net Unrealized gain on investments in stock etc.	120,807
		Treasury stock	△3,762
Deferred assets	60	Total Shareholders' Equity	462,891
Bond issue expenses	60		
Total Assets	1,101,991	Total Liabilities and Shareholders' Equity	1,101,991

Non-consolidated Statement of Income

From April 1, 2005 to March 31, 2006
(In millions of yen)

Account item	Breakdown	Amount
Ordinary Income or Loss		
Operating Income and Expenses		
Revenue from shipping operations	954,660	
Revenue from other business	<u>8,197</u>	
Total operating revenue		962,857
Shipping operation expenses	840,247	
Other operating expenses	6,160	
General administrative expenses	<u>43,510</u>	
Total operating expenses		<u>889,918</u>
Operating income		72,938
Non-operating Income and Expenses		
Interest and dividends income	13,597	
Other non-operating income	<u>4,232</u>	
Total non-operating income		17,830
Interest expense	7,392	
Other non-operating expenses	<u>1,357</u>	
Total non-operating expenses		<u>8,750</u>
Ordinary income		82,018
Extraordinary Gains and Losses		
Gain on sales of fixed assets	3,613	
Gain on sales of investment securities	6,472	
Other extraordinary gains	<u>2,797</u>	
Total Extraordinary Gains		12,882
Loss on disposal of fixed assets	274	
Provision for doubtful accounts	7,662	
Other extraordinary losses	<u>2,833</u>	
Total extraordinary losses		10,770
Income before income taxes		84,131
Income taxes including inhabitants' and enterprise taxes	33,265	
Income taxes-deferred	<u>△2,592</u>	
		<u>30,672</u>
Net income		53,458
Retained earnings brought forward from the previous fiscal term		28,599
Interim dividends		10,986
Unappropriated retained earnings at the end of the fiscal term		71,070

Notes to the Non-consolidated Balance Sheet:

1.	Totals stated are rounded down to the nearest million yen.	
2.	Claims and liabilities toward subsidiaries	
	Short-term monetary claims	¥98,023 million
	Long-term monetary claims	¥148,975 million
	Short-term monetary liabilities	¥55,791 million
	Long-term monetary liabilities	¥247 million
3.	Tangible fixed assets – accumulated depreciation	¥310,071 million
4.	Tangible fixed assets – advanced depreciation	¥452 million
5.	Besides the fixed assets shown in the Balance Sheet, 290,000 containers are used as important fixed assets under leasing contracts.	
6.	Assets pledged as collateral	
	Tangible fixed assets	¥74,177 million
	Investments in securities	¥19,063 million
	Stocks and equity in subsidiaries	¥2 million
	Cash and deposits	¥126 million
7.	Guarantee obligations	¥872,792 million
	Amount of joint obligations borne by the other joint obligors	¥44,056 million
8.	Matters relating to retirement benefit obligations	
	Retirement benefit obligations	¥48,230 million
	Pension assets	¥87,934 million
	Unrecognized actuarial gain	¥32,256 million
	Prepaid pension costs	¥8,294 million
	Reserve for employees' retirement benefits	¥847 million
9.	Net increment of net assets stipulated by Article 124-3 of the Enforcement Regulations of the Commercial Code	¥120,819 million

Notes to the Non-consolidated Statement of Income:

1.	Totals stated are rounded down to the nearest million yen.	
2.	Significant accounting principles are as described separately.	
3.	Transactions with subsidiaries	
	Operating transactions	
	Revenue	¥41,344 million
	Expenses	¥177,151 million
	Transactions other than operating transactions	¥22,956 million
4.	Net income per share	¥43.64