For immediate release

November 11, 2004

FISCAL 2004 INTERIM FINANCIAL HIGHLIGHTS

Nippon Yusen Kabushiki Kaisha (NYK Line) announces the following statement of accounts for the period ended September 30, 2004.

A. CONSOLIDATED

1. Business Results (From April 1 to September 30, 2004 and 2003)

	¥Million		US$Thousand*
	Half year ended September 30, 2004	Half year ended September 30, 2003	Half year ended September 30, 2004
Revenues	768,179	680,029	6,917,422
Operating income	72,678	44,438	654,470
Other income(expenses)	(2,367)	(7,075)	(21,317)
Income before extraordinary items	70,311	37,362	633,153
Extraordinary gains(losses)	(19,766)	(1,491)	(178,000)
Net income	29,772	21,286	268,102

2. Balance Sheets (As of September 30, 2004 and 2003)

	¥Million		US$Thousand*
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Assets			
Current assets	388,984	370,673	3,502,785
Fixed assets	1,050,250	1,005,852	9,457,460
Deferred assets	219	137	1,978
Total assets	1,439,454	1,376,664	12,962,224
Liabilities			
Current liabilities	489,748	425,753	4,410,159
Long-term liabilities	540,898	569,196	4,870,762
Total liabilities	1,030,646	994,950	9,280,921
Interest-bearing debt	676,347	654,481	6,090,477
Minority interest	27,082	23,669	243,876
Stockholders' Equity			
Paid-in capital	88,531	88,531	797,218
Additional paid-in capital	94,421	94,421	850,257
Retained earnings	170,952	146,755	1,539,417
Unrealized gains on the holding of other securities	43,720	44,333	393,701
Foreign currency translation adjustments	(12,670)	(12,900)	(114,097)
Treasury stock	(3,228)	(3,096)	(29,069)
Total stockholders' equity	381,726	358,044	3,437,427
Total			
Liabilities, Minority interest and shareholders' equity	1,439,454	1,376,664	12,962,224

3. **Cash Flow** (From April 1 to September 30, 2004 and 2003)

	¥Milion		US$Thousand*
	Half year ended September 30, 2004	Half year ended September 30, 2003	Half year ended September 30, 2004
Net cash provided by operating activities	68,635	54,273	618,063
Net cash provided by investing activities	(69,662)	(48,564)	(627,311)
Net cash provided by financing activities	6,796	(22,448)	61,206
Cash and Cash Equivalents at end of the year	70,800	68,293	637,557
Depreciation and amortization	32,568	31,980	293,274
Capital expenditure	(89,994)	(82,377)	(810,394)

4. **Revenues by Segment** (From April 1 to September 30, 2004 and 2003)

	¥Milion		US$Thousand*
	Half year ended September 30, 2004	Half year ended September 30, 2003	Half year ended September 30, 2004
Shipping	494,386	437,559	4,451,929
Logistics	164,635	135,450	1,482,537
Cruise	14,709	11,818	132,463
Terminal and Harbor Transport	54,574	48,571	491,441
Shipping-Related Services	20,967	20,755	188,815
Real Estate	5,961	6,501	53,685
Others	49,410	49,461	444,938
Elimination & Unallocation	(36,467)	(30,090)	(328,385)
Total Revenues	768,179	680,029	6,917,422

5. **Shipping Revenues by Business** (From April 1 to September 30, 2004 and 2003)

	¥Milion		US$Thousand*
	Half year ended September 30, 2004	Half year ended September 30, 2003	Half year ended September 30, 2004
Liner Trade	220,780	192,108	1,988,113
Trampers and specialized carriers	222,547	195,672	2,004,025
Tanker Business	51,058	49,779	459,775

6. **Principal Financial Index**

		Half year ended September 30, 2004	Half year ended September 30, 2003
Operating Profit Margin	(%)	9.5	6.5
Net Profit Margin	(%)	3.9	3.1
Return on Equity	(%)	8.0	6.8
Debt/Equity Ratio	(Times)	1.77	2.04
Earning Per Share	(¥)	24.38	17.42
Equity Ratio	(%)	26.5	24.7
Shareholders' Equity Per Share	(¥)	312.56	272.97

7. Forecast of Results for Fiscal 2004 (From April 1, 2004 to March 31, 2005)

	¥Milion	US$Thousand
Revenue	1,540,000	14,666,666
Operating income	150,000	1,428,571
Income before extraordinary items	140,000	1,333,333
Net income	63,000	600,000

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future earnings. Actual earnings may differ significantly from these forecasts as a consequence of various factors.
(Forecast : exchange rate ¥105/US$1, bunker price US$195/MT)

8. Gross Operation Tonnage

	As of September 30, 2004	As of march 31, 2004
	DWT(kt) No.of vessels	DWT(kt) No.of vessels
Vessels	34,899,296	35,116,517
Total	621	616

9. Consumed Bunker Price

	As of September 30, 2004	As of March 31, 2004
Average	US$184.84/MT	US$174.37/MT

10. Exchange Rate

	Half year ended September 30, 2004	Half year ended September 30, 2003
Average	¥109.43/US$1	¥119.22/US$1
End of September	¥111.05/US$1	¥111.25/US$1
End of June	¥108.43/US$1	¥119.80/US$1

B. NON-CONSOLIDATED

1. Business Results (From April 1 to September 30, 2004 and 2003)

	¥Milion		US$Thousand*
	Half year ended September 30, 2004	Half year ended September 30, 2003	Half year ended September 30, 2004
Revenues	409,130	376,119	3,684,203
Operating income	45,867	35,969	413,032
Other income(expenses)	(228)	(4,217)	(2,055)
Income before extraordinary items	45,638	31,752	410,977
Extraordinary gains(losses)	(14,469)	(194)	(130,294)
Net income	20,270	19,185	182,532

2. Balance Sheets (As of September 30, 2004 and 2003)

	¥Milion		US$Thousand*
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Assets			
Current assets	194,056	172,070	1,747,471
Fixed assets	691,204	680,828	6,224,266
Deferred assets	217	134	1,961
Total assets	885,479	853,032	7,973,697
Liabilities			
Current liabilities	220,387	190,186	1,984,583
Long-term liabilities	334,277	345,762	3,010,153
Total liabilities	554,665	535,948	4,994,736
Interest-bearing debt	384,511	368,781	3,462,506
Stockholders' Equity			
Paid-in capital	88,531	88,531	797,218
Additional paid-in capital	93,198	93,198	839,247
Retained earnings	110,879	96,797	998,461
Unrealized gains on the holding of other securities	41,418	41,639	372,973
Treasury stock	(3,213)	(3,081)	(28,937)
Total stockholders' equity	330,813	317,083	2,978,961
Total			
Liabilities and shareholders' equity	885,479	853,032	7,973,697

3. Principal Financial Index

		Half year ended September 30, 2004	Half year ended September 30, 2003
Operating Profit Margin	(%)	11.2	9.6
Net Profit Margin	(%)	5.0	5.1
Return on Equity	(%)	6.3	7.0
Debt/Equity Ratio	(Times)	1.16	1.36
Earning Per Share	(¥)	16.59	15.70
Equity Ratio	(%)	37.4	35.6
Shareholders' Equity Per Share	(¥)	270.86	240.86

4. Forecast of Results for Fiscal 2004 (From April 1, 2004 to March 31, 2005)

	¥Milion	US$Thousand
Revenue	815,000	7,761,904
Operating income	92,000	876,190
Income before extraordinary items	95,000	904,761
Net income	47,000	447,619

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future earnings. Actual earnings may differ significantly from these forecasts as a consequence of various factors.
(Forecast : exchange rate ¥105/US$1, bunker price US$195/MT)

* The U.S. dollar amounts represent the calculation of exchanging Japanese yen to U.S. dollars on a basis of ¥111.05=US$1.00 (as of September 30, 2004)

Management Policy

1. Basic Management Policy

Our company has surmounted numerous difficulties since its founding in 1885 and has continued to achieve sound growth as a leader of the world's shipping community. Keenly conscious of the importance of the wide range of exchanges between people and goods as the cornerstone of world economic and cultural development and, simultaneously, fully aware of our social mission to provide safe, quality services as a comprehensive physical distributor and passenger ship operator, the NYK Group strives, day in and day out, to live up to our customers' expectations by focusing on our originality and creativity. We also maintain a basic management policy of rewarding our shareholders by securing reasonable profits through lawful and fair corporate management and by contributing to the development of the international community.

2. Basic Policy on Profit Distribution

Profit distribution, returning our profits to our shareholders, has been regarded as one of the most important management tasks. Based on maintaining stable dividend payments, we have a policy of distributing profits through broad-based judgments of such factors as our company's business outlook and dividend payout ratio, while also taking into account not only the future development of our business, such as the expansion of shipping as well as logistics, but also the maintenance of sufficient internal reserves for coping with fluctuations in the shipping market.

In conformity with this policy, the dividend for the current fiscal year, ending March 31, 2005, an increase of the interim dividend, and a change in the forecast for the annual dividend are as follows.

1) The reasons for an increased interim dividend and a changed forecast for the annual dividend

For the current fiscal year, we intend to pay a year-end dividend of ¥7.50 per share, combined with an interim dividend of ¥7.50 per share, results in an annual dividend of ¥15.00.

2) Changes

	Interim dividend per share	Year-end dividend per share	Annual dividend per share
Latest change	¥7.50	¥7.50	¥15.00
Previous forecast	¥5.00	¥5.00	¥10.00
Last fiscal year, ended March 31, 2004	¥5.00	¥5.00	¥10.00

3. Policy for reducing the number of shares constituting one unit

Reducing the number of shares equal to one unit is recognized to be as an effective measure to encourage individual investor participation in trading and to increase the company's liquidity in the stock market. However, taking in consideration our company's stock performance, the number of shareholders, and the liquidity of our shares, we do not consider it appropriate at this time to reduce the number of shares equal to one unit. Henceforth, we will timely study the situation, taking into consideration our share price and investors' concerns.

4. Medium- to Long-Term Management Strategy of the NYK Group

Our company mapped out its first medium- to long-term group management vision, NYK 21, in 1986, and formulated the fifth NYK 21 under the name of Forward 120 in May of last year. To mark our upcoming 120th anniversary in October 2005, Forward 120 is a two-year action plan for the NYK Group, designed to maintain sustained growth and support a further leap forward.

The three key strategies of Forward 120 are (1) the expansion of the global logistics business, (2) the global development of the bulk and energy transport business, and (3) stabilizing profitability in the container transport division. To attain the numerical targets, we must transform ourselves into a truly global enterprise and take up new challenges.

To start with, in April of last year we established the Global Logistics Headquarters to carry out the integration of three divisions: container transport, logistics and car transport. We intend to provide our customers with ever more attractive services by combining the strengths of these divisions, giving full play to their diverse logistical infrastructures, logistics technology and information technology (IT), and thereby creating the most appropriate integrated solutions for our customers.

One particular focus will be to vigorously expand our business by targeting broad-based logistics for the automotive industry. Simultaneously, we will reorganize the logistics companies within the NYK Group under six regional management organizations with the brand name of NYK Logistics and expand our logistics services.

At our bulk/energy resources transport headquarters, we will aggressively enter new spheres of business in the China/Asia and Atlantic markets. To newly secure bulk and energy transport business in the Atlantic market, we positioned a director in charge of sales and a CFO International in Europe in April of last year, and established the Bulk Energy Atlantic Group and an onsite subsidiary, Bulk & Energy B.V. Furthermore, we participate in the transport of energy resources to the United States, which will be a major energy importing country in the near future.

To improve our human resources training and staff capabilities, we set up *Monohakobi Technology Institute (MTI), in April of this year. The institute provides extensive education and training for NYK Group employees who are becoming increasingly multinational with the progression of globalization. With challenging tasks in new spheres and the adoption and development of new techniques, we will make the most of our existing shipping operating know-how, logistics technology and IT—all of which have already produced tangible results. (*Monohakobi is Japanese for transportation.)

We will also expand our organizations and systems flexibly by realizing our group’s global personnel strategy, Global Human Resources (GHR), and promoting the recruitment and training of local staff in cooperation with our regional headquarters. Through this new project, we will foster the mutual sharing of ideas and knowledge within the NYK Group as a whole, and effectively use all of our human resources, including local staffs.

5. Fundamental philosophy for and implementation of corporate governance

Fully conscious of our social mission, the Company is trying to establish a management organization to meet the expectations among stakeholders, including shareholders, clients, business partners and regional communities.

Our principle was specifically enunciated in NYK Line Business Credo, which was formulated in December 1997. This credo appears on our Web site. In addition, in compliance with our company’s principles as stated in the charter, in March 1999 we prepared a code of conduct setting minimum standards to which our company’s directors and personnel must adhere.

In response to the changes of the times, we revised our code of conduct in January 2003 and NYK Line Business Credo in August 2004.

Our internal structure for ensuring full compliance with the law and social norms consists of a compliance committee, a chief compliance officer (CCO) and a compliance chamber. We have also newly set up an internal “windows” for consultation to encourage reporting from within the group so as to prevent even minor problems or potential issues from escaping our notice. Furthermore, we conduct “A Month of General Compliance Review” campaign every year to keep all our directors and employees fully conscious of the need for compliance and to encourage them to take specific measures to that end.

In addition, we have already introduced a new management system designed not only to reinforce the board of directors’ functions of mapping out strategies and overseeing the conduct of business but also to clarify the authority and responsibility of the respective divisions under the charge of directors and to ensure expeditious decision making therein. We have also implemented a new management formula executive committee for strategic management, a committee of directors, NYK Group conferences of the presidents and meetings of the board of directors and corporate auditors.

Since last year, directors of group companies have been accepted as outside members of the committee of directors to enhance the value to the group by ensuring the mutual understanding and dissemination of management plans. In January of this year, we established Group Administration Offices (GAO) in five key business centers around the world to enable overseas group companies to develop their corporate functions internally rather than under instructions from the head office. Under this system, we will promote the flexible and independent management of group companies through the respective business centers.

6. Issues to be Addressed

In all our corporate activities, efforts to ensure safety and protect the environment are crucial. In 1998 we formulated NAV9000, which laid out our company’s standards for safe ship operation as the accumulation of our subsequent endeavors in this field. These standards, which go beyond the scope of both Japanese and foreign laws and regulations, now apply to more than 500 NYK-operated vessels as part of our sustained campaign to guarantee safety. In March 2002, we established an environmental management system to guarantee safe ship operation and protect the global environment. This system was certified as conforming to the ISO 14001 international standard. The scope of this certification has been expanded subsequently, and today covers not only our head office and vessels but also about 60 business footholds in three major markets: Europe, North America and Asia, even including container terminals and overland and inland waterway transport with a combination of trucking, railway and barge services. As a comprehensive logistic provider, we have developed one of the world’s largest networks for conserving the environment. Recently, with an increasing focus on measures to address terrorism, we introduced tighter security within our group, well ahead of treaties and legislation.

Last year, NYK was incorporated successfully again into the FTSE-4Good Global Index (England) of socially responsible investments (SRI) covering corporations worldwide, and the Dow Jones Sustainability Indexes (America).

Our company inaugurated the Corporate Social Responsibility (CSR) Chamber on April 1 in recognition that CSR is the basis of our management. NYK intends to integrate the activities that its divisions have been engaged in to improve corporate value such as ensuring compliance, maintaining better corporate governance, and integrating internal structures as well as tackling employment issues. On October 1, we established the Office for Corporate Citizenship as the special division in charge of our company’s social contribution activities in order to encourage our employees’ spontaneous social activities and harmony with the community. We intend to continue to actively fulfill our social responsibilities with respect to shareholders, customers, business partners, and regional communities. Every year, we publish “The Earth is our Home,”a report on the social environment that informs our shareholders about how the NYK Group is dealing with social and environmental issues, in order to continue to strengthen our dialogue with shareholders in the future.

Operating Results and Financial Position

1. Operating Results

Overview

In the six months to September 30, 2004, NYK Line posted consolidated revenues of ¥768.1 billion, operating income of ¥72.6 billion, income before extraordinary items of ¥70.3 billion and net income of ¥29.7 billion. Revenues, operating income, income before extraordinary items and net income were all record highs.

(Billions of yen)

	April 1, 2004 to September 30, 2004	April 1, 2003 to September 30, 2003	Change	Percentage change
Revenues	768.1	680.0	88.1	13.0%
Costs and expenses	614.7	559.7	55.0	9.8%
Selling, general and administrative expenses	80.7	75.8	4.9	6.5%
Operating income	72.6	44.4	28.2	63.5%
Income before extraordinary items	70.3	37.3	32.9	88.2%
Net income	29.7	21.2	8.4	39.9%

Consolidated revenues climbed 13.0%, to ¥768.1 billion. This reflected higher volumes and freight rates in the shipping segment, as well as expansion of the logistics operation. Operating income jumped 63.5%, to ¥72.6 billion on the strength of intensive cost-cutting, which offset higher costs and expenses as well as selling, general and administrative expenses. As a result, the ratio of operating income to revenues was 9.5%. Income before extraordinary items soared 88.2%, to ¥70.3 billion, on lower interest expense and other expenses. After a ¥20.4 billion loss due to impairment, net income shot up 39.9%, to ¥29.7 billion.

Early application of asset-impairment accounting

Although we have been pursuing a sound balance sheet and reductions, we applied the "accounting standard concerning the impairment of fixed assets" and the "guideline for the application of the accounting standard concerning the impairment to fixed assets" from this interim period, which was earlier than the date of enforcement.

The following table summarizes the effect on income before extraordinary items of changes in the foreign exchange rate and bunker oil prices.

	April 1, 2004 to September 30, 2004	April 1, 2003 to September 30, 2003	Difference	Effect
The average exchange rate	¥109.43 to the dollar	¥119.22 to the dollar	Appreciation of ¥9.79 against the dollar	¥6.9 billion decrease in income before extraordinary items
The average price of bunker oil	$184.84 per ton	$178.45 per ton	Increase of ¥6.39 per ton	¥1.0 billion decrease in income before extraordinary items

Note:
A ¥1 movement against the dollar alters income before extraordinary items by about ¥1.4 billion on an annualized basis.
A ¥1 change per ton of bunker oil varies income before extraordinary items by about ¥0.3 billion on an annualized basis.

Segment Information

(Billions of yen)

	Revenues				Operating income (loss)			Income (loss) before extraordinary items		
	April 1, 2004, to September 30, 2004	April 1, 2003, to September 30, 2003	Increase (decrease)	Percentage change (minus)	April 1, 2004, to September 30, 2004	April 1, 2003, to September 30, 2003	Increase (decrease)	April 1, 2004, to September 30, 2004	April 1, 2003, to September 30, 2003	Increase (decrease)
Shipping	¥494.3	¥437.5	¥56.8	13.0%	¥70.1	¥46.6	¥23.4	¥68.6	¥39.9	¥28.7
Logistics	164.6	135.4	29.1	21.5%	3.0	1.0	2.0	2.9	1.0	1.9
Cruise	14.7	11.8	2.8	24.5%	(3.5)	(4.3)	0.7	(4.0)	(4.8)	0.8
Terminal and harbor transport	54.5	48.5	6.0	12.4%	2.1	0.3	1.8	0.2	(0.2)	0.5
Shipping-related services	20.9	20.7	0.2	1.0%	(0.3)	(0.0)	(0.3)	(0.1)	0.1	(0.2)
Real estate	5.9	6.5	(0.5)	-8.3%	1.5	1.5	(0.0)	1.8	1.8	0.0
Others	49.4	49.4	(0.0)	-0.1%	(0.2)	(0.8)	0.5	0.6	(0.0)	(0.1)

Shipping

The shipping segment consists of three areas. The first is the liner trade, which includes container operations. The second is the trampers and specialized carriers, which include bulk ore and coal as well as car carrier operations. The third is the tanker business, which encompasses petroleum, LNG, petroleum products, and chemical carrier operations.

Segment Revenues

(Billions of yen)

	April 1, 2004, to September 30, 2004	April 1, 2003, to September 30, 2003	Change	Percentage change
Liner trade	¥220.7	¥192.1	¥28.6	14.9%
Trampers and specialized carriers	222.5	195.6	26.8	13.7%
Tanker business	51.0	49.7	1.2	2.6%

Liner Trade

As each route faced tighter supply and soaring demand, as well as restored freight rates, revenue on every route significantly exceeded the target. Moreover, we increased frequencies and put larger ships on certain routes to expand services and continued to reduce costs.

Trampers and Specialized Carriers

With active exports of automobile continuing, centering on Europe and the Middle East, shipments and the performance of car carriers expanded steadily. From February 2004, the freighter market weakened regardless of type and cargo; however, the market rebounded sharply on China’s resumption of steel materials import since July. Revenue rose significantly due to brisk market conditions primarily for the “handy size” ships.

Tanker Business

The market is normally thin in summer, but we concluded new agreements with domestic and foreign oil companies in a tough market, backed by increases in demand from China and North America and therefore business performance reached the target. We have made our first VLCC call at a North American port in the past 15 years in preparation for assigning a regular ship on the route from next fiscal year. The market for petroleum products tankers weakened in the early part of this interim period, yet demand from North America prevented a large dip in the market, and the market moved upward slightly in the latter part on increased demand from Australia. Regarding LNG carriers, our fleet of 30 ships, consisting of our own ships and those of our investing companies, had smooth operations.

Logistics

Air cargo maintained good business levels. In other areas, increasing revenues and improving profitability were almost on track through the expansion of new businesses and the campaign for improving profit based on the three-year Logistics Strategy Plan-II (LSP-II) started this fiscal year.

Cruises

There have been clear signs of recovery in the Japanese cruise market, and we secured a stable profit. On the other hand, as fears of acts of terrorism, such as the bomb attacks in Spain, have not dispersed, a recovery in passenger numbers for luxury cruises has lagged in the U.S. market.

Terminal and Harbor Transport Services

Container handing volume in all ports, including in Japan, rose steadily and, as a result, the segment's performance met the target of this interim period.

Other Services

Profits from the wholesaling of shipping machinery and equipment and the tugboat operations diminished from the previous term. The real estate business recorded a revenues decline but a profit increase. Revenues and earnings grew in information processing services, oil wholesaling, and travel agency services.

Outlook

(Billions of yen)

(Consolidated)	April 1, 2004, to March 31, 2005	April 1, 2003, to March 31, 2004	Change	Percentage change
Revenues	¥1540.0	¥1,398.3	¥141.6	10.1%
Operating income	150.0	91.9	58.0	63.2
Income before extraordinary items	140.0	74.6	65.3	87.5
Net income	63.0	34.8	28.1	81.0

(Non-consolidated)	April 1, 2004, to March 31, 2005	April 1, 2003, to March 31, 2004	Change	Percentage change
Revenues	¥815.0	¥749.1	¥65.8	8.8%
Operating income	92.0	67.9	24.0	35.4
Income before extraordinary items	95.0	60.1	34.8	58.0
Net income	47.0	27.5	19.4	70.4

For the full term, revenues should reach ¥1540.0 billion. Operating income should total ¥150.0 billion, with income before extraordinary items of ¥140.0 billion and net income of ¥63.0 billion. All of these numbers will be the highest in the Company's history. We assume an exchange rate of ¥105 to the U.S. dollar in the second half of this fiscal year and a bunker oil price of $195 per ton.

Revenues, operating income and income before extraordinary items from shipping business should all be higher than in the previous fiscal year. This reflects the forecast of markets remaining steady in the second half despite concerns about the high yen and oil prices.

We expect the operating results of the logistics segment to exceed the target via the steady application of LSP-II.

We do not anticipate a recovery of passenger numbers in the cruise segment because terrorism fears will not be eliminated. However, we will continue our best efforts to improve earnings.

In terminal and harbor transport services, there are some worries such as congestion at the terminal due to a shortage of workers at harbors along the U.S. West Coast, cost increases, and declines in handling volume.

2. Financial Position

(1) Assets, Liabilities and Shareholders' Equity

Total assets were ¥1,439.4 billion, up ¥62.7 billion from the previous year, the result of an increase of ¥10.0 billion in notes and accounts receivable through business expansion and ¥48.9 billion in construction in progress for investing in our fleet.

Total liabilities increased ¥35.6 billion, to ¥1,030.6 billion. Despite a ¥30.4 billion decline in long-term loans, this increase reflected a rise of ¥63.9 billion in current liabilities by issuing bonds and commercial paper, as well as borrowing short-term loans.

Total shareholders' equity increased ¥23.6 billion, to ¥381.7 billion, due primarily to rises in consolidated retained earnings.

Debt-equity ratio was 1.8, almost the same level as a year earlier.

(2) Cash Flows

(Billions of yen)

	April 1, 2004, to September 30, 2004	April 1, 2003, to September 30, 2003	Change
Net cash provided by operating activities	¥68.6	¥54.2	¥14.3
Net cash provided by (used in) investing activities	(69.6)	(48.5)	(21.0)
Net cash provided by (used in) financing activities	6.7	(22.4)	29.2
Effect of exchange rate changes on cash and cash equivalents	0.0	0.7	(0.6)
Net (decrease) increase in cash and cash equivalents	5.8	(16.0)	21.8
Net increase in cash and cash equivalents due to a change in consolidation scope	1.3	4.5	(3.1)
Cash and cash equivalents at end period	70.8	68.2	2.5

At the close of the period under review, net cash provided by operating activities was up ¥14.3 billion, to ¥68.6 billion, mainly reflecting a rise in income before income taxes and minority interests. Net cash used in investing activities was ¥69.6 billion, down ¥21.0 billion from a year earlier, owing to increased expenditures for tangible and intangible fixed assets. Net cash provided in financing activities was ¥6.7 billion, up ¥29.2 billion from a year earlier, due to increased short-term loans and issuance of commercial paper and bonds.

As a result of these factors, cash and cash equivalents rose a net ¥5.8 billion. This factor and changes in cash and cash equivalents due to changes in consolidation scope expanded cash and cash equivalents at the end of the period by ¥7.1 billion, to ¥70.8 billion.

Cash flow trends are as follow:

	2001/3	2002/3	2003/3	2004/3	2003/9	2004/9
1 Capital adequacy ratio (%)	20.2	23.9	22.4	26.0	24.7	26.5
2 Capital adequacy ratio at market price (%)	43.9	38.3	38.9	44.1	39.9	48.4
3 Debt redemption (year)	7.9	8.5	7.8	5.9	–	–
4 Interest coverage ratio	3.1	2.8	4.1	6.0	5.5	8.2

1. Capital adequacy ratio: stockholders' equity/total assets
2. Capital adequacy ratio at market price: total stock value at market price/total assets
3. Debt redemption: interest-bearing debt/cash flow from operating activities (Not disclosed in interim reports)
4. Interest coverage ratio: cash flow from operating activities/interest payment

* All indexes are calculated using consolidated figures.

* Cash flow indexes represent cash flow from operating activities.

Interest-bearing debt consists of all interest-bearing liabilities included in liabilities listed in the balance sheet. Payments are based on the interest payments in the consolidated statements of cash flows.