For immediate release

November 15, 2005

FISCAL 2005 INTERIM FINANCIAL HIGHLIGHTS

Nippon Yusen Kabushiki Kaisha (NYK Line) announces the following statement of accounts for the period ended September 30, 2005.

A. CONSOLIDATED

1. Business Results (From April 1 to September 30, 2005 and 2004)

	¥Million		US$Thousand*
	Half year ended September 30, 2005	Half year ended September 30, 2004	Half year ended September 30, 2005
Revenues	899,516	768,179	7,946,959
Operating income	80,529	72,678	711,453
Other income(expenses)	(1,291)	(2,367)	(11,413)
Recurring profit**	79,237	70,311	700,040
Extraordinary gains(losses)	(726)	(19,766)	(6,421)
Net income	48,399	29,772	427,597

2. Balance Sheets (As of September 30, 2005 / March 31, 2005)

	¥Million		US$Thousand*
	As of September 30, 2005	As of March 31, 2005	As of September 30, 2005
Assets			
Current assets	461,061	399,500	4,073,342
Fixed assets	1,258,131	1,076,604	11,115,213
Deferred assets	90	121	802
Total assets	1,719,283	1,476,226	15,189,357
Liabilities			
Current liabilities	580,831	477,865	5,131,477
Long-term liabilities	611,854	541,673	5,405,552
Total liabilities	1,192,686	1,019,538	10,537,029
Interest-bearing debt	746,644	630,054	6,596,383
Minority interest	36,846	28,917	325,523
Stockholders' Equity			
Paid-in capital	88,531	88,531	782,145
Additional paid-in capital	94,427	94,421	834,238
Retained earnings	232,896	203,774	2,057,574
Unrealized gains on the holding of other securities	81,064	55,335	716,183
Foreign currency translation adjustments	(3,563)	(10,819)	(31,484)
Treasury stock	(3,605)	(3,472)	(31,851)
Total stockholders' equity	489,751	427,770	4,326,805
Total			
Liabilities, Minority interest and shareholders' equity	1,719,283	1,476,226	15,189,357

3. **Cash Flow** (From April 1 to September 30, 2005 and 2004)

	¥Million		US$Thousand*
	Half year ended September 30, 2005	Half year ended September 30, 2004	Half year ended September 30, 2005
From Operating Activities	57,443	68,635	507,501
From Investing Activities	(92,098)	(69,662)	(813,660)
From Financing Activities	41,450	6,796	366,207
Cash and Cash Equivalents at end of the year	73,895	70,800	652,844
Depreciation and amortization	34,788	32,568	307,342
Capital expenditure	(92,531)	(89,994)	(817,488)

4. **Revenues by Segment** (From April 1 to September 30, 2005 and 2004)

	¥Million		US$Thousand*
	Half year ended September 30, 2005	Half year ended September 30, 2004	Half year ended September 30, 2005
Liner Trade	260,484	223,059	2,301,301
Other Shipping	323,128	274,303	2,854,741
Logistics	199,095	164,635	1,758,952
Terminal and Harbor Transport	56,010	54,574	494,835
Cruise	23,435	14,709	207,049
Real Estate	6,250	5,961	55,220
Others	81,787	70,332	722,570
Elimination & Unallocation	(50,676)	(39,397)	(447,710)
Total Revenues	899,516	768,179	7,946,959

5. **Principal Financial Index** (From April 1 to September 30, 2005 and 2004)

		Half year ended September 30, 2005	Half year ended September 30, 2004
Operating Profit Margin	(%)	9.0	9.5
Net Profit Margin	(%)	5.4	3.9
Return on Equity	(%)	10.6	8.0
Debt/Equity Ratio	(Times)	1.5	1.8
Earning Per Share	(¥)	39.65	24.38
Equity Ratio	(%)	28.5	26.5
Shareholders' Equity Per Share	(¥)	401.21	312.56

6. Forecast of Results for Fiscal 2004 (From April 1, 2005 to March 31, 2006)

	¥Million	US$Thousand
Revenue	1,840,000	16,727,272
Operating income	155,000	1,409,090
Recurring Profit**	150,000	1,363,636
Net income	92,000	836,363

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 ¥110/US$1, bunker price US$285/MT)

7. Gross Operation Tonnage

	As of September 30, 2005	As of March 31, 2005
	DWT(kt) No. of vessels	DWT(kt) No. of vessels
Vessels	686	646
Total	40,644,882	37,657,418

8. Consumed Bunker Price

	Half year ended September 30, 2005	Half year ended September 30, 2004
Average	US$259.84/MT	US$184.84/MT

9. Exchange Rate

	Half year ended September 30, 2005	Half year ended September 30, 2004
Average	¥109.39/US$1	¥109.43/US$1
End of September	¥113.19/US$1	¥111.05/US$1
End of June	¥110.62/US$1	¥108.43/US$1

B. NON-CONSOLIDATED

1. Business Results (From April 1 to September 30, 2005 and 2004)

	¥Million		US$Thousand*
	Half year ended September 30, 2005	Half year ended September 30, 2004	Half year ended September 30, 2005
Revenue	457,446	409,130	4,041,408
Operating income	41,688	45,867	368,303
Other income(expenses)	4,443	(228)	39,261
Recurring profit**	46,132	45,638	407,564
Extraordinary gains(losses)	(3,151)	(14,469)	(27,839)
Net income	27,410	20,270	242,166

2. Balance Sheets (As of September 30, 2005 / March 31, 2005)

	¥Million		US$Thousand*
	As of September 30, 2005	As of March 31, 2005	As of September 30, 2005
Assets			
Current assets	236,614	220,102	2,090,418
Fixed assets	760,877	718,862	6,722,128
Deferred assets	90	120	799
Total assets	997,582	939,085	8,813,346
Liabilities			
Current liabilities	251,877	227,594	2,225,264
Long-term liabilities	342,064	345,912	3,022,038
Total liabilities	593,942	573,507	5,247,302
Interest-bearing debt	376,144	372,486	3,323,123
Stockholders' Equity			
Paid-in capital	88,531	88,531	
Additional paid-in capital	93,198	93,198	823,380
Retained earnings	149,056	134,565	1,316,867
Unrealized gains on the holding of other securities	76,452	52,740	675,431
Treasury stock	(3,597)	(3,457)	(31,779)
Total stockholders' equity	403,640	365,578	3,566,044
Total			
Liabilities and shareholders' equity	997,582	939,085	8,813,346

3. Principal Financial Index (From April 1 to September 30, 2005 and 2004)

		Half year ended September 30, 2005	Half year ended September 30, 2004
Operating Profit Margin	(%)	9.1	11.2
Net Profit Margin	(%)	6.0	5.0
Return on Equity	(%)	7.1	6.3
Debt/Equity Ratio	(Times)	0.9	1.2
Earning Per Share	(¥)	22.45	16.59
Equity Ratio	(%)	40.5	37.4
Shareholders' Equity Per Share	(¥)	330.66	270.86

4. Forecast of Results for Fiscal 2004 (From April 1, 2005 to March 31, 2006)

	¥Million	US$Thousand
Revenue	915,000	8,318,181
Operating income	85,000	772,727
Recurring Profit**	92,000	836,363
Net income	55,000	500,000

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 ¥110/US$1, bunker price US$285/MT)

* The U.S. dollar amounts represent the calculation of exchanging Japanese yen to U.S. dollars on a basis of ¥113.19=US$1.00 (as of September 30, 2005)

** Income before income taxes and special items.

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 global logistics enterprise 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 stockholders 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

NYK considers the return of profits to its shareholders one of its most significant management issues. Therefore, the Company's basic policy is the consistent distribution of stable dividends. To make decisions on the distribution of dividends, the Company bases its forecast on business results, dividend payout ratio and other relevant issues into consideration in a comprehensive manner. Additionally, the Company pays attention to its business development with an eye on the expansion of the maritime business and other logistics businesses. Moreover, the Company carefully observes the standard of retained earnings to flexibly accommodate fluctuations in market conditions in the maritime industry.

In conformity with this policy, the dividend for the current fiscal year, ending March 31, 2006, our increase in the interim dividend and change in the forecast for the year-end dividend are as follows.

1) The reasons for an increased interim dividend and a changed forecast for the year-end dividend
Taking into account the Company's overall financial condition, interim financial performance and forecast performance for the full fiscal year, for the current fiscal year we intend to pay a year-end dividend of ¥9.00 per share, combined with an interim dividend of ¥9.00 per share, resulting in an annual dividend of ¥18.00 per share.

2) Changes

	Interim dividend per share	Year-end dividend per share	Annual dividend per share
Latest change	¥9.00	¥9.00	¥18.00
Previous forecast	¥8.00	¥8.00	¥16.00
Last fiscal year, ended March 31, 2005	¥7.50	¥10.50 including a ¥2.00 commemorative dividend	¥18.00 including a ¥2.00 commemorative dividend

3. Policy for Reducing the Number of Shares Constituting One Unit

Reducing the number of shares that comprise a single unit is recognized to be an effective measure to encourage individual investor participation in trading and to increase a company's liquidity in the stock market. However, after taking into consideration NYK's stock performance, number of shareholders and share liquidity, we do not consider it appropriate at this time to reduce the number of shares constituting one unit. We will continue to monitor the situation, taking into account our share price and investors' concerns.

4. Medium- to Long-Term Group Management Strategy and Management Indicators

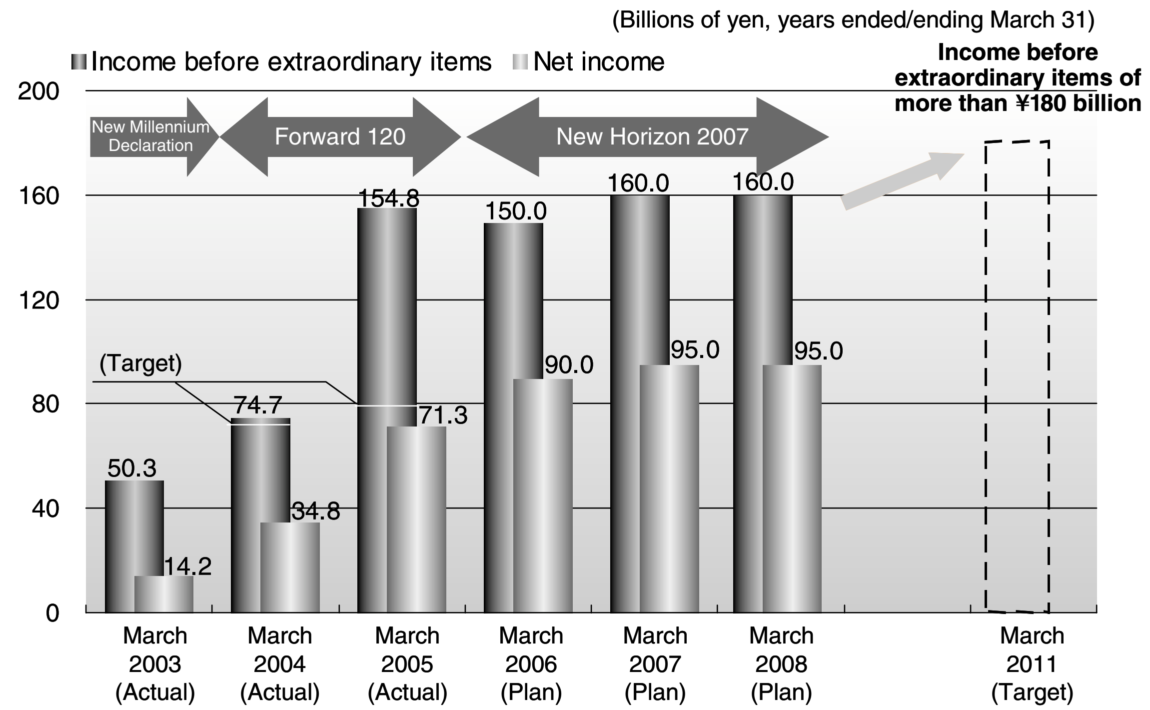
The NYK Group has created its new medium-term management plan, New Horizon 2007, spanning the three fiscal years from April 2005 through March 2008. Centered on the theme of accelerating our strong growth while stabilizing the Group's base, this plan is designed to set our corporate directions through 2010.

New Horizon 2007 comprises three key strategies, the first of which is the expansion of our maritime business. To handle the growth that is forecast for the global marine transport market, we will aggressively expand our fleet, as much as 280 vessels for six years from April 2005 through March 2010, concentrating specifically on the Bulk/Energy Resources Transportation Division. To assure stable profitability in the event of market downturns, we will increase our number of stable, long-term contracts, continue to implement cost-reduction policies and expand the Group's mainstay marine transport business.

Second, we will evolve towards a logistics integrator. In the past, our customers – particularly those in the automotive, electronics and retail sectors – primarily required port-to-port and door-to-door transport modes. These needs are becoming increasingly complex. To meet more advanced distribution needs, we will accelerate the implementation of the global logistics strategies that were set forth in Forward 120. In particular, as Group we are working to become a logistics integrator by combining the hardware-oriented approach of developing one of the largest fleets in the world with a software-type approach, namely to expand our international transportation network covering the sea, land and air.

Our third strategy focuses on enhancing corporate fundamentals. This strategy underpins the execution of our first and second strategies and is essential to fulfilling the expectations of shareholders and other stakeholders. Ultimately, we will continually strive to increase corporate value throughout the NYK Group, thereby ensuring that we meet our shareholders' expectations.

New Medium-term Management Plan: "New Horizon 2007"



(as of March 23, 2005)

5. Issues to Be Addressed

New Horizon 2007, the new medium-term management plan for the NYK Group, sets forth issues to be addressed and the management strategies to attain these goals.

To achieve the “expansion of maritime business,” we procure funds to expand the size of our fleet, seeking out an optimal balance of our capital investment options.

Ensuring our “evolution towards a logistics integrator,” we will integrate functionally the infrastructure and networks of our extensive fleet, global distribution bases and independently operated terminals. This approach will enable us to meet increasingly complicated and diverse customer needs and form stronger partnerships.

To accomplish “the enhancement of corporate fundamentals,” we will continue to place key importance on fleet safety and environmental preservation. The Monohakobi Technology Institute (MTI) serves as the primary organ for developing NYK’s shipboard transport and logistics management technologies, fostering personnel training and development, and ensuring the effective information management. MTI will continue to aggressively develop and employ NYK Group personnel on a global scale.

In April 2005, NYK established the CSR Management Headquarters to help ensuring the implementation of internal control, compliance and risk management measures for NYK and all Group companies. The Headquarters also promote the reliability of our financial information to maintain and enhance our corporate fundamentals.

6. Fundamental Philosophy for and Implementation of Corporate Governance

To ensure that it maintains the trust of its shareholders, customers, contractors, regional communities and other stakeholders, NYK strives to create and maintain a management structure that provides appropriate management transparency and efficiency.

(1) Organization of Internal Systems

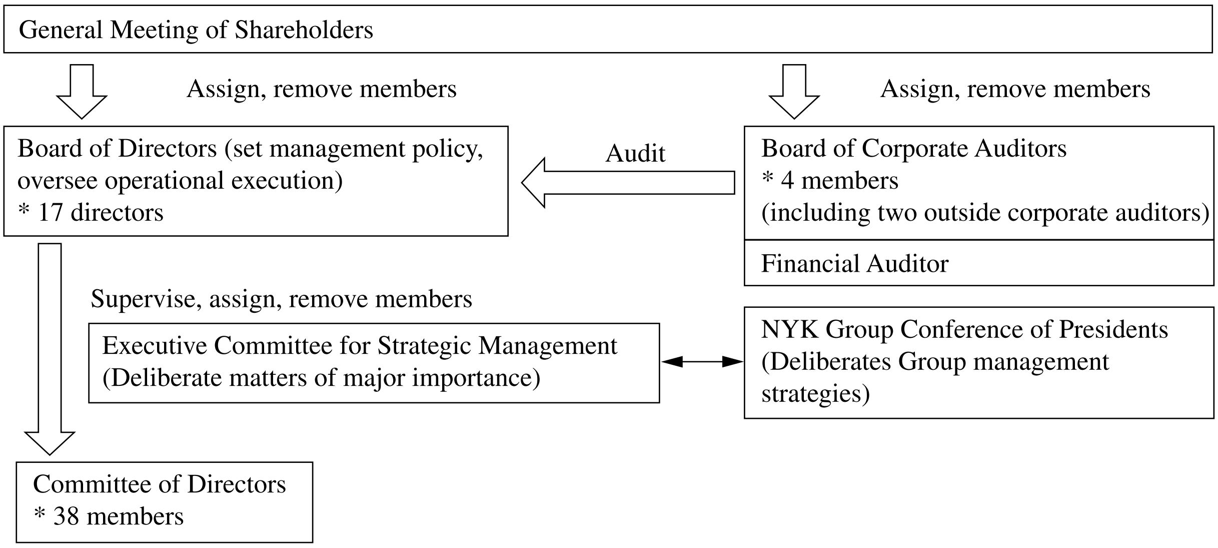
NYK employs an auditing system. Our Board of Corporate Auditors incorporates four members, including two outside corporate auditors, and oversees the activities of Company directors. Full-time auditors are located in the Corporate Auditors’ Staff Chamber.

Our Board of Directors, which comprises 17 members, makes decisions involving legal matters, sets major management policies and strategies, and oversees the execution of business activities. We also employ a 38-member Committee of Directors, which includes some members of the Board of Directors. This committee focuses on the execution of business matters, based on Board resolutions and decisions. Six members of the Committee of Directors are outside members of the committee who are employed as directors of Group companies. These members help take ownership of and implement Group management strategies. In April 2005, a non-Japanese outside member was appointed to this committee for the first time.

The Executive Committee for Strategic Management, which deliberates matters of major importance from the viewpoint of management strategy, as a rule, comprises members at the level of senior managing director or above and determines direction for the Board of Directors. We have also established the NYK Group Conference of Presidents to strengthen Groupwide management and transparency.

This internal structure is designed to provide clear lines of authority and responsibility for business operations, allow fast and appropriate decision-making, and increase management transparency and efficiency.

<NYK Management Organization>



(2) Internal Control System

NYK's internal control system includes the organizations described below. The Internal Audit Chamber, which serves as the primary audit body for all companies in the NYK Group, was established to provide periodic checks and evaluations of Group businesses in an efficient and effective manner.

1. Compliance with Laws and Articles of Association

The business environment in which NYK operates is characterized by tumultuous change, and we are expanding our operations rapidly on a global scale. To elucidate our corporate stance clearly to people both inside and outside the Group, in March 2005 we established the NYK Group business statement. We incorporated this statement into the NYK Line Business Credo, which describes codes of conduct that all directors and employees must follow. These guidelines form the basis for the thorough enforcement of compliance.

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 set up an office for consultation to encourage reporting from within the Group 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.

2. Risk Management

Supervisory departments within the Company respond to the various types of operating risks that our business involves, and various controls have been enacted to ensure compliance with internal regulations. To further ensure appropriate risk management, in April 2005 the Company created the Risk Management Chamber to periodically measure the Company's overall risk management activities. With this department at the core, we have created a Companywide internal control system that meets the need for an integrated approach toward ongoing internal control, with controls in place for various types of risk.

3. Financial Reporting to Ensure Trustworthiness and Comply with Disclosure Requirements

In its financial reporting, NYK applies corporate accounting standards that are generally accepted to be fair and appropriate and seeks to maintain its own trustworthiness. We realize the importance of the timely disclosure of corporate information with documentation that conforms to Securities Exchange Law, the Commercial Code and other legal stipulations. Furthermore, we comply with the regulations set forth by securities exchanges and provide shareholders, investors and other stakeholders with a range of information through our investor relations activities and on our website. To gather disclosure information related to our statements of accounts, we have designated a reporting division that gathers disclosure information from each department without allowing leaks, and have set in place a checking system.

In April 2005, we inaugurated the Disclosure Committee, chaired by President Koji Miyahara. After reviewing the disclosure control system and compliance, this committee will create a system to evaluate the Company's conformance in periodic financial securities reports.

(3) Corporate Audits, Audit Organizations and Financial Audits

NYK has established the Internal Audit Chamber, comprising 12 members, which performs audits in accordance with our Internal Audit Charter. We have also created overseas group administration offices (GAOs) in five locations – the United States, Europe, South Asia, East Asia and Oceania – to perform internal audits. Each GAO reports to the Internal Auditing Department. All four of our auditors, including two outside corporate auditors, follow the audit procedures set by the Board of Corporate Auditors. These auditors participate in Board of Directors meetings and other important meetings, listen to the status of duties executed by directors, the Internal Auditing Department and other personnel and peruse documents involving important decisions. One member of the Internal Auditing Department supports the auditor in his audit activities. Corporate auditors ensure the impartiality of financial auditors, and corporate and financial auditors work together to ensure seamless communications, a mutual exchange of information and strive to improve auditing efficiency.

Corporate auditors convene each month for a meeting of the Board of Corporate Auditors to review audit results and share other information. These auditors also meet each month with the Internal Auditing Department, and meet every three months with the financial auditors, thereby promoting communication among the three audit groups. Furthermore, we will expand and strengthen our auditing of the overall group through audits performed by Group company auditors and periodic Group audit committee meetings.

NYK's financial audits are conducted by certified public accountants Masaaki Ayukawa, Koichiro Kimura and Tatsuya Arai, all of whom are with the firm ChuoAoyama PricewaterhouseCoopers. Assisting these three are other certified public accountants, accounting assistants, and others. Audits are performed according to generally accepted standards for audit fairness and appropriateness.

(4) Human, Capital or Other Relationships or Interests Existing between NYK and Its Outside Directors and Outside Corporate Auditors

Keisuke Kitajima, an outside corporate auditor for NYK, is an outside director of the Daiwa Securities Group Inc. Tsuyoshi Miyazaki, also an outside corporate auditor, is a senior advisor for Mitsubishi Logistics Corporation. NYK has business relationships with both Daiwa Securities and Mitsubishi Logistics, but no personal interests exist between NYK and these outside corporate auditors individually.

(5) The Company's Activities during the Past Year to Improve Corporate Governance

As NYK is expanding its operations on a global scale, its compliance initiatives must extend to its overseas companies as well as domestic operations. In the past fiscal year, ended March 31, 2005, we have conducted compliance training at seven overseas locations, providing instruction and extensively strengthening compliance at our overseas companies and branches. Furthermore, in July 2005 we have implemented an e-Learning system that provides an environment enabling anyone, anywhere to study on their own at any time. We are considering the expansion of this e-Learning system overseas. In addition, we have designated September as our annual compliance review month. During this month, we conduct a host of compliance-related activities within the Company, as well as at affiliated companies and overseas subsidiaries.

In addition to the internal audit activities that NYK conducts in Japan, we distributed questionnaires designed to allow overseas companies in the NYK Group to conduct self-evaluations of their internal compliance. These evaluations were complemented with on-site audits.

Following the General Meeting of Shareholders, we provided an opportunity for shareholders to speak directly and informally with Company directors. At this time, NYK's directors provided shareholders with explanations of management performance and reports on current conditions. In the future, we will continually persevere to manage in a way that is both fair and transparent.

7. Items Pertaining to the Parent Company

None.

3. Operating Results and Financial Position

1. Operating Results

Overview

In the six months to September 30, 2005, NYK Line posted consolidated revenues of ¥899.5 billion, operating income of ¥80.5 billion, income before extraordinary items of ¥79.2 billion and net income of ¥48.3 billion. Revenues, operating income, income before extraordinary items and net income were all record highs.

(Billions of yen)

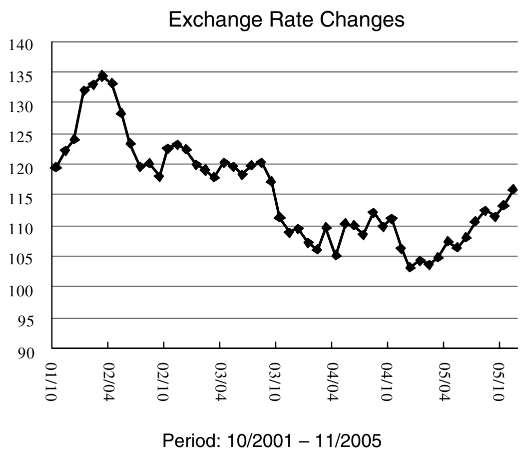
	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	Change	Percentage change
Revenues	899.5	768.1	131.3	17.1%
Costs and expenses	730.2	614.7	115.4	18.8%
Selling, general and adminstrative expenses	88.7	80.7	8.0	9.9%
Operating income	80.5	72.6	7.8	10.8%
Income before extraordinary items	79.2	70.3	8.9	12.7%
Net income	48.3	29.7	18.6	62.6%

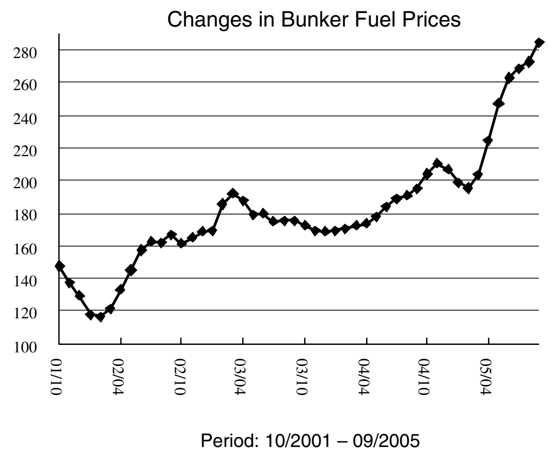
Consolidated revenues climbed 17.1%. Fleet expansion helped push up shipping revenues in the liner trade and other shipping segments. Revenues also expanded in all other segments, including logistics, terminal and harbor transport, cruise and others. Costs and expenses increased 18.8%, owing to higher bunker oil prices and freight rates on inland rail transport in the United States, and operating income expanded 10.8%. Consequently, the ratio of operating income to revenues decreased 0.5 percentage point, from 9.5% to 9.0%. Income before extraordinary items grew 12.7%, owing primarily to higher interest and dividend income, which pushed up other income. Net income surged 62.6%, due to the absence of an impairment loss on fixed assets, which was recorded during the preceding term.

The impact on income before extraordinary items of fluctuations in foreign exchange rates and bunker oil prices was as follows.

	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	Difference	Effect
Average exchange rate	¥109.39 to the dollar	¥109.43 to the dollar	Appreciation of ¥0.04 against the dollar	¥34 million decrease in income before extraordinary items
Average bunker oil price	$259.84 per ton	$184.84 per ton	Increase of $75.00 per ton	¥11.3 billion decrease in income before extraordinary items

Notes:
1. A ¥1 movement against the dollar alters income before extraordinary items by about ¥1.7 billion on an annualized basis.
2. A $1 change per ton of bunker oil alters 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, 2005, to September 30, 2005	April 1, 2004, to September 30, 2004	Increase (decrease)	Percentage change (minus)	April 1, 2005, to September 30, 2005	April 1, 2004, to September 30, 2004	Increase (decrease)	April 1, 2005, to September 30, 2005	April 1, 2004, to September 30, 2004	Increase (decrease)
Liner trade	260.4	223.0	37.4	16.8%	15.7	23.7	(8.0)	16.2	23.3	(7.1)
Other shipping	323.1	274.3	48.8	17.8%	52.0	46.3	5.6	52.5	45.3	7.2
Logistics	199.0	164.6	34.4	20.9%	5.3	3.0	2.3	5.5	2.9	2.5
Terminal and harbor transport	56.0	54.5	1.4	2.6%	3.7	2.1	1.5	0.7	0.2	0.5
Cruise	23.4	14.7	8.7	59.3%	2.6	(3.5)	6.2	2.3	(4.0)	6.4
Real estate	6.2	5.9	0.2	4.8%	1.5	1.5	0	1.9	1.8	0
Others	81.7	70.3	11.4	16.3%	(0.6)	(0.6)	0	(0.1)	0.5	(0.6)

<Liner Trade>

On North American routes, freight volumes from Southern China rebounded, following a temporary falloff, and on European routes freight volumes were firm, recovering sharply from the end of July. Overall, however, sharply higher bunker oil prices raised operating costs, and the cost of inland transport within the United States increased. Consequently, revenues increased in this segment, but income declined, falling below initial forecasts. On Australian routes, as well as Central/South American and African routes, favorable freight volumes and rates outpaced cost increases.

<Other Shipping>

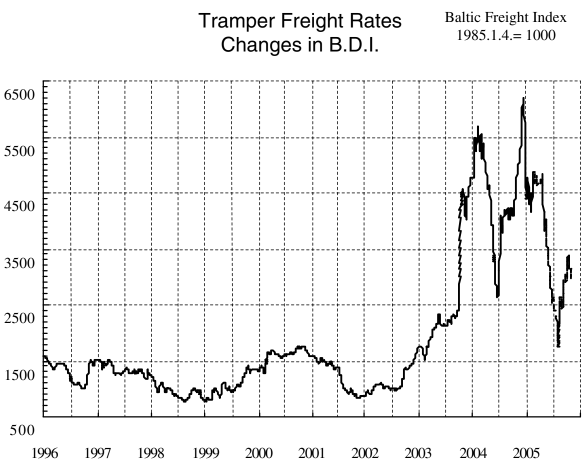
The other shipping segment includes trampers and specialized carriers, which provide bulk transport of iron, coal and other items, as well as cars. The segment also includes tanker transport of such energy resources as crude oil and liquefied natural gas (LNG), as well as petroleum products and chemicals.

- **Trampers and specialized carriers**

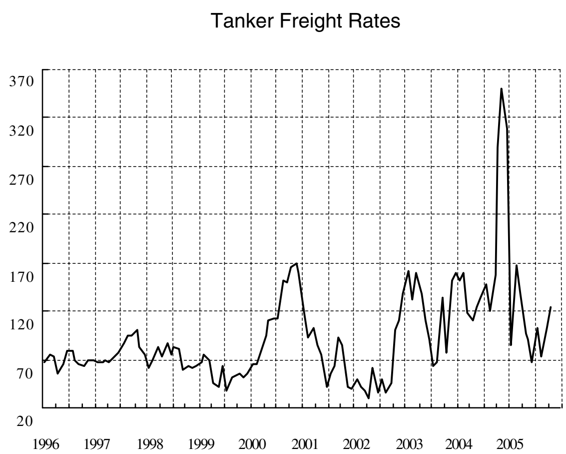
With active exports of automobiles continuing, freight volumes outstripped both the preceding term’s volume and initially projected volumes for the current period. We brought one new car carrier into operation during the term, and we also continue to use charter vessels and rerouting to ensure transport stability. Overall, the bulk carrier market is more lackluster than one year earlier, but the market began to recover slightly in September. Under these circumstances, we endeavored to secure stable revenues from Capesize vessels, operate Panamax and Handysize vessels on competitive routes and ensure efficient routing and transport. As a result, this segment achieved its performance target. Operations of wood chip carriers, open hatch carriers and reefer carriers remained robust. Overall, tramper and specialized carriers business performance increased, compared with the same period one year ago.

- **Tankers**

Crude oil tanker conditions softened, compared with the preceding term. Petroleum product tanker demand rose sharply, owing to the hurricanes that devastated parts of the United States from late August and into September, but overall market conditions were lackluster. Consequently, this business unit performed below initial forecasts, despite stable, long-term contracts for crude oil, liquefied petroleum gas (LPG) and LNG carriers.



Period: 1/1996 – 10/2005



Period: 1/1996 – 10/2005

<Logistics>

Our NYK Logistics division expanded operations in a variety of locations, and the warehousing division contributed specifically to operational improvements, bringing the logistics segment into the black during the term. The air cargo division was affected by cost increases stemming from the sharp rise in fuel prices but was able to hold its performance to a slight year-on-year decrease and achieved its targets for the term.

<Cruise>

Benefiting from the summer peak cruise season in the US market, our three Crystal vessels continued to perform steadily, and revenues remained firm. Consequently, segment performance was significantly higher than during the preceding term, exceeding initial expectations. The Japanese market also remained favorable. Contributing to stable revenues were a large number of cruises, including the Asuka’s final around-the-world cruise.

<Terminal and Harbor Transport>

Container cargo remained favorable overall. Supported by higher handling fees and improved operational efficiency, the segment exceeded its performance targets.

<Others>

Owing to firm management, the real estate business nearly met its performance target. The manufacturing and processing business posted revenue increases. Tugboat business revenues were approximately the same level as during the previous interim period, but profit declined as a result of bunker oil price increases. Revenues from the wholesaling of petrochemicals and shipping equipment were strong, but the ships machinery business posted a profit decrease as a result of high materials costs. Nippon Cargo Airlines Co., Ltd., which became a consolidated subsidiary in August 2005, recorded a decline in performance because of fuel cost increases.

Outlook

(Billions of yen)

		Fiscal Year ending March 31, 2006	Fiscal Year Change ending March 31, 2006 (Previous forecast) (August 8)	Change	Percenta Change
Revenues	Consolidated	1,840.0	1,770.0	70.0	4%
	Non-consolidated	915.0	880.0	35.0	4%
Operating income	Consolidated	155.0	155.0	0.0	0%
	Non-consolidated	85.0	92.0	(7.0)	(8%)
Income before extraordinary items					
	Consolidated	150.0	150.0	0.0	0%
	Non-consolidated	92.0	90.0	2.0	2%
Net income	Consolidated	92.0	90.0	2.0	2%
	Non-consolidated	55.0	53.0	2.0	4%

Forecast assumptions:
Exchange rates of ¥110 to the dollar in the third through fourth (October 1, 2005, to March 31, 2006) quarters.
Bunker oil prices in the third through fourth quarters (October 1, 2005, to March 31, 2006) of $285 per ton

- In the fiscal year ending March 31, 2006, we anticipate revenues of ¥1,840.0 billion, operating income of ¥155.0 billion, income before extraordinary items of ¥150.0 billion and net income of

¥92.0 billion.

- In the liner trade segment, we assume freight demand will remain firm. In trampers and specialized carriers and tankers, we also assume a slight upturn in market prices in autumn. However, increased costs—particularly bunker oil prices—remain a concern. Under these conditions, we will strive to conclude long-term shipping contracts, ensure route and schedule efficiencies and continue to reduce costs. Through these efforts, we expect to meet our performance forecasts despite reduced profitability in the shipping business as a whole, compared with the preceding term.
- In the logistics segment, we will steadily improve the balance between revenues and expenses. Therefore, we anticipate substantial increases in both revenue and profit.
- Through ongoing efforts to increase passenger ratios and reduce costs, we expect performance of the cruise segment to improve substantially.
- In the terminal and harbor transport segment, the volume of cargo handled is expected to keep robust. This situation, plus efficiency improvements, should result in year-on-year revenue and profit growth.

2. Financial Position

Assets, Liabilities and Shareholders' Equity

- Total assets were ¥1,719.2 billion, an increase of ¥243.0 billion from the previous year. Reflecting expanded sales, accounts receivable–trade expanded ¥20.4 billion, and we posted a ¥67.8 billion increase in our investment in shipbuilding—the total increase in the vessels and construction in progress categories. Nippon Cargo Airlines Co., Ltd., became a consolidated subsidiary, which raised aircraft ¥28.4 billion. Higher stock prices prompted a ¥47.4 billion increase in investments in securities.
- Total liabilities grew ¥173.1 billion, to ¥1,192.6 billion. Although the currently redeemable portion of corporate bonds outstanding decreased, short-term bank loans and the issuance of commercial paper caused interest-bearing debt to expand ¥116.5 billion.
- Total shareholders' equity increased ¥61.9 billion, to ¥489.7 billion, owing to a rise in retained earnings.
- The debt-equity ratio was 1.5, approximately the same level as one year earlier.

(Billions of yen)

	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	Change
Net cash provided by operating activities	57.4	68.6	(11.1)
Net cash provided by (used in) investing activities	(92.0)	(69.6)	(22.4)
Net cash provided by (used in) financing activities	41.4	6.7	34.6
Effect of exchange rate changes on cash and cash equivalents	1.1	0.0	1.0
Net increase (decrease) in cash and cash equivalents	7.9	5.8	2.1
Cash and cash equivalents at beginning of the year	65.0	63.6	1.3
Increase in cash and cash equivalents due to change in consolidation scope	1.0	1.3	(0.3)
Decrease in cash and cash equivalents at beginning of the year due to the change in the fiscal year end of subsidiaries	(0.1)	—	(0.1)
Cash and cash equivalents at end of the year	73.8	70.8	3.0

- Net cash provided by operating activities amounted to ¥57.4 billion, ¥11.1 billion less than one year earlier, primarily owing to higher payments for income taxes. Net cash used in investing activities was ¥92.0 billion, ¥22.4 billion than in the same period of the previous term. Primary factors included the purchase of investment securities and a loss on the sale of investment securities. Net cash provided by financing activities amounted to ¥41.4 billion, up ¥34.6 billion, owing to a net increase in short-term bank loans and proceeds from the issuance of commercial paper.
- As a result of the above activities, as well as to the change in cash and cash equivalents due to change in consolidation scope and others, cash and cash equivalents at the end of the period amounted to ¥73.8 billion, up ¥8.8 billion from the amount at the beginning of the year.

Cash flow trends are indicated below.

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	September 30, 2004	September 30, 2005
1 Capital adequacy ratio (%)	23.9	22.4	26.0	29.0	26.5	28.5
2 Capital adequacy ratio at market price (%)	38.3	38.9	44.1	53.4	48.4	54.0
3 Debt redemption (years)	8.5	7.8	5.9	3.6	-	-
4 Interest coverage ratio	2.8	4.1	6.0	10.4	8.2	7.4

1. Capital adequacy ratio: shareholders' 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
4. Interest coverage ratio: cash flow from operating activities/interest payment

Notes:
1. All indices are calculated using consolidated figures.
2. Cash flow indices are computed using 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.

3. Operational and Other Risks

The forecasts disclosed in these documents may differ materially from actual results, owing to risk factors and uncertainty. The general economic conditions in NYK's operating environment are marked by volatility in the maritime market, wide fluctuations in exchange rates, interest and bunker oil prices, marine perils among our fleet and international and social disorders such as war, terrorism and communicable diseases. Such factors in the Company's business environment, which are not limited to those mentioned, can affect NYK's business performance and financial situation adversely.