

Consolidated Annual Report for the Fiscal Year Ending March 31, 2005 (Summary)

May 12, 2005

Company Name Yusen Air & Sea Service Co., Ltd. Listed on the First Section of the
Tokyo Stock Exchange
Code Number 9370 Head Office Tokyo
(URL <http://www.yusen.co.jp>)

Representative Director and President

Michio Tanaka

Inquiries

General Manager, Accounting Division

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Meeting of the Board of Directors for Approval of Results: May 12, 2005

Parent company: Nippon Yusen Kaisha (Code Number: 9101)

Parent company shareholding: 60.94%

U.S. GAAPs Applied: None

1. Consolidated Business Results and Financial Position for Fiscal 2004 (from April 1, 2004 to March 31, 2005) (Summary)

(1) Changes in Consolidated Business Results

	Net Sales	Operating Income	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
	%	%	%	%
The Year Ended	148,263	10,408	10,887	6,797
March 31, 2005	(25.2)	(44.1)	(43.2)	(81.8)
The Year Ended	118,465	7,222	7,604	3,738
March 31, 2004	(6.7)	(-2.3)	(-3.2)	(-19.3)

	Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Assets	Ordinary Income to Net Sales
	Yen Sen	Yen Sen	%	%	%
The Year Ended March 31, 2005	317 17	--	20.8	15.4	7.3
The Year Ended March 31, 2004	208 38	--	13.2	11.6	6.4

Notes:

1. Equity in earnings of affiliated companies for the year ended March 31, 2005, totaled 97 million yen and 67 million yen for the year ended March 31, 2004.
2. Average number of issued shares (on consolidated basis) for the year ended March 31, 2005, totaled 21,074,566 shares and 17,579,451 shares for the year ended March 31, 2004.
3. Changes in accounting procedures: None
4. The percentage figures accompanying net sales, operating income, ordinary income, and net income represent year-on-year changes.
5. The amounts are rounded to the nearest million yen.

(2) Changes in Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen Sen
The Year Ended March 31, 2005	75,485	35,894	47.6	1,698 40
The Year Ended March 31, 2004	66,332	29,488	44.4	1,673 78

Note:

Number of issued shares (on consolidated basis) for the year ended March 31, 2005, totaled 21,067,412 shares and 17,573,300 shares for the year ended March 31, 2004.

(3) Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financial Activities	Cash and Cash Equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
The Year Ended March 31, 2005	8,371	-5,136	-1,297	11,446
The Year Ended March 31, 2004	3,997	-2,173	-2,425	9,384

(4) Scope of Consolidation and Adoption of the Equity Method

Consolidated subsidiaries: 33 companies

Non-consolidated subsidiaries accounted for by the equity method: 3 companies

Affiliates accounted for by the equity method 1 company

(5) Changes in Scope of Consolidation and Affiliates Accounted for Under the Equity Method

Consolidated subsidiaries: 1 new company; 1 excluded company

Affiliates accounted for under equity method: No new companies and no excluded companies

2. Consolidated Outlook for Fiscal 2005 (from April 1, 2005 to March 31, 2006)

	Estimated Net Sales	Estimated Ordinary Income	Estimated Net Income
	Millions of yen	Millions of yen	Millions of yen
Interim period	75,000	4,450	2,850
Full year	154,500	9,500	5,750

References: 1) Estimated net income per share (full year): 267 yen 49 sen

2) Estimated operating income (full year): 9,200 million yen

* The above projections are based on information available at the time of the release of this report and contain uncertainties. Actual results could materially differ from the projections.

1. Consolidated Balance Sheets (as of March 31,2004 and March 31 2005)

(Rounded down)

Items	Fiscal 2004 (ended March 31, 2005)		Fiscal 2003 (ended March 31, 2004)		Changes form fiscal 2003
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Changes (millions of yen)
Assets					
I Current Assets					
1 Cash and cash equivalents	11,450		9,390		2,060
2 Trade notes and accounts receivable	32,028		29,447		2,581
3 Inventory assets	28		17		11
4 Deferred tax assets -current	824		712		112
5 Other current assets	2,109		1,454		655
Less: Allowance for doubtful accounts	-268		-286		18
Total current assets	46,171	61.2	40,734	61.4	5,437
II Fixed Assets					
1 Property, plant, and equipment					
(1) Buildings and structures	17,368		12,797		
Less: Accumulated depreciation	4,605	12,763	4,117	8,680	4,083
(2) Machinery and equipment, and motor vehicles	911		864		
Less: Accumulated depreciation	607	304	557	307	-3
(3) Furniture and fixtures	2,883		2,584		
Less: Accumulated depreciation	1,913	970	1,753	831	139
(4) Land		7,621		7,632	-11
(5) Construction in progress		13		378	-365
Total property, plant and equipment	21,671	28.7	17,828	26.9	3,843
2 Intangible fixed assets	1,275		1,162		113
Total intangible fixed assets	1,275	1.7	1,162	1.7	113
3 Investments and advances					
(1) Investments in securities	1,573		1,747		-174
(2) Long-term loan receivable	174		190		-16
(3) Deferred tax assets - non current	2,097		1,878		219
(4) Other assets	2,902		3,160		-258
Less: Allowance for doubtful accounts	-378		-367		-11
Total investments and advances	6,368	8.4	6,608	10.0	-240
Total fixed assets	29,314	38.8	25,598	38.6	3,716
Total Assets	75,485	100.0	66,332	100.0	9,153

(Rounded down)

Items	Fiscal 2004 (ended March 31, 2005)		Fiscal 2003 (ended March 31, 2004)		Changes from Fiscal 2003
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Changes (millions of yen)
Liabilities					
I Current Liabilities					
1 Trade notes and accounts payable	16,379		14,769		1,610
2 Short-term bank loans	2,285		4,193		-1,908
3 Accrued income taxes	2,421		1,718		703
4 Deferred tax liabilities - current	3		3		-0
5 Accrued bonuses to employees	1,453		1,196		257
6 Other current liabilities	4,437		3,368		1,069
Total current liabilities	26,978	35.7	25,247	38.1	1,731
II Long-Term Liabilities					
1 Long-term debt	6,614		5,649		965
2 Deferred tax liabilities - non current	366		398		-32
3 Accrued retirement benefits to employees	4,341		4,420		-79
4 Accrued retirement benefits to directors and statutory auditors	299		308		-9
5 Excess of investment cost over underlying equity in net assets of consolidated subsidiaries	140		185		-45
6 Other long-term liabilities	181		168		13
Total long-term liabilities	11,941	15.8	11,128	16.8	813
Total liabilities	38,919	51.5	36,375	54.9	2,544
MINORITY INTEREST					
Minority interests in consolidated subsidiaries	672	0.9	469	0.7	203
SHAREHOLDERS' EQUITY					
I Common stock	4,301	5.7	4,301	6.5	—
II Capital surplus	4,744	6.3	4,744	7.1	—
III Retained earnings	28,202	37.4	21,769	32.8	6,433
IV Unrealized gains (losses) on securities	97	0.1	129	0.2	-32
V Adjustments on foreign currency statement translation	-1,342	(1.8)	-1,419	(2.1)	77
VI Treasury stock	-108	(0.1)	-36	(0.1)	-72
Total shareholders' equity	35,894	47.6	29,488	44.4	6,406
Total liabilities, minority interest and shareholders' equity	75,485	100.0	66,332	100.0	9,153

2. Consolidated Statement of Income for Fiscal 2004

(Rounded down)

Items	Fiscal 2004 (from April 1, 2004 to March 31, 2005)		Fiscal 2003 (from April 1, 2003 to March 31, 2004)		Changes from Fiscal 2003
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Changes (millions of yen)
I Net Sales					
1 Air and sea cargo	144,381		115,018		
2 Travel	3,790		3,354		
3 Others	92	148,263	93	118,465	29,798
II Cost of Sales					
1 Air and sea cargo	108,670		84,682		
2 Travel	231		181		
3 Others	354	109,255	269	85,132	24,123
Gross profit on sales		39,008		33,333	5,675
III Selling, general and administrative expenses		28,600		26,111	2,489
Operating income		10,408		7,222	3,186
IV Non-operating income					
1 Interest income	88		74		
2 Divided income	21		17		
3 Gains on foreign exchange	255		368		
4 Gains on sales of investments in securities	15		30		
5 Equity in earnings of unconsolidated subsidiaries and affiliates	97		67		
6 Other non-operating income	276	752	178	734	18
V Non-operating expenses					
1 Interest expenses	188		234		
2 Losses on disposals of fixed assets	46		50		
3 Other non-operating expenses	39	273	68	352	-79
Ordinary income		10,887		7,604	3,283
VI Extraordinary Income					
1 Reversal of allowance for doubtful accounts	40		15		
2 Compensation for expropriated land	—	40	182	197	-157
VII Extraordinary expenses					
1 Loss on write-down of investment securities	1		178		
2 Loss on write-down of golf club membership	18		16		
3 Loss on impairment of fixed assets	—		902		
4 Allowance for doubtful accounts	—		293		
5 Expenses related to early repayment of long-term loans	80		—		
6 Other extraordinary expenses	—	99	89	1,478	-1,379
Net income before income taxes		10,828		6,323	4,505
Income taxes	4,194		3,087		
Adjustments on income taxes	-342	3,852	-724	2,363	1,489
Minority shareholders' Income		179		222	-43
Net income		6,797		3,738	3,059

3. Consolidated Statement of Retained Earnings for Fiscal 2004

(Rounded down)

Items	Periods		Fiscal 2004 (from April 1, 2004 to March 31, 2005)		Fiscal 2003 (from April 1, 2003 to March 31, 2004)		Changes from Fiscal 2003
	Amount (millions of yen)		Amount (millions of yen)		Amount (millions of yen)		Changes (Millions of yen)
Capital surplus							
I Capital surplus at the beginning of the period			4,744			4,744	—
II Capital surplus at the end of the period			4,744			4,744	—
Retained earnings							
I Retained earnings at the beginning of the period			21,769			18,460	3,309
II Increase in retained earnings during the period							
Net income for the period	6,797		6,797		3,738	3,738	3,059
III Decrease in retained earnings during the period							
1 Cash dividends	290				325		
2 Bonuses to directors and statutory auditors	74				71		
3 Decrease in retained earnings due to inclusion of additional subsidiaries in consolidation	—				29		
4 Decrease in retained earnings due to exclusion from application of the equity method of investment in affiliates	—		364		4	429	-65
IV Retained earnings at the end of the period			28,202			21,769	6,433

4. Consolidated Statements of Cash Flows

(Rounded down)

	Fiscal 2004 (ended March 31, 2005)	Fiscal 2003 (ended March 31, 2004)
Items	Amount (Millions of yen)	Amount (Millions of yen)
I Cash Flow from Operating Activities		
Income before income taxes	10,828	6,323
Depreciation and amortization	1,360	1,245
Impairment loss of fixed assets	-	902
Losses on disposal of fixed assets	46	50
Amortization of difference between investment costs and equity in net assets acquired of consolidated subsidiaries	-45	-22
Equity in earnings of affiliates	-97	-67
Increase in accrued bonuses to employees	257	127
Increase/decrease in accrued retirement benefits to employees	-78	318
Increase/decrease in accrued retirement benefits to directors and statutory auditors	-9	19
Increase/decrease in allowance for doubtful accounts	-12	264
Interest and dividend income	-109	-91
Interest expenses	188	234
Gain on sale of investments in securities	-15	-30
Loss on write-down of investments in securities	1	178
Loss on sale of golf club memberships	-	7
Loss on write-down of golf club memberships	18	16
Increase in trade notes and accounts receivable	-2,474	-2,879
Increase in trade notes and accounts payable	1,510	1,908
Bonuses to directors paid	-77	-73
Others	608	-239
Sub total	11,900	8,190
Interest and dividend received	166	173
Interest paid	-191	-237
Income tax paid	-3,504	-4,129
Net cash provided by operating activities	8,371	3,997

(Rounded down)

	Fiscal 2004 (ended March 31, 2005)	Fiscal 2003 (ended March 31, 2004)
Items	Amount (Millions of yen)	Amount (Millions of yen)
II Cash Flows from Investing Activities		
Payments for time deposits	-	-63
Proceeds from repayment of time deposits	2	98
Lending of loans	-48	-82
Collection of loans	93	138
Purchase of property, plant and equipment	-5,399	-3,504
Proceeds from sale of property, plant and equipment	21	447
Purchase of investments in securities	-62	-84
Proceeds from sale of investments in securities	109	145
Purchase of investment in subsidiaries	-37	-79
Proceeds from sale of investment in subsidiaries	-	1
Purchase of investment in affiliated companies	-31	-
Others	216	810
Net cash used in investing activities	-5,136	-2,173
III Cash Flows from Financing Activities		
Short-term bank loans, net	-2,675	-1,373
Borrowing of long-term debt	2,800	2,100
Repayment of long-term debt	-1,075	-2,858
Cash dividends paid	-290	-325
Cash dividends paid to minority shareholders	-10	-4
Others, net	-65	35
Net cash provided by financing activities	-1,297	-2,425
IV Effect of exchange rate changes on cash and cash equivalents	98	-188
V Decrease/increase in cash and cash equivalents	2,036	-789
VI Cash and cash equivalents at the beginning of the period	9,384	9,196
VII Adjustments of new consolidated subsidiaries on cash and cash equivalents	26	977
VIII Cash and cash equivalents at the end of the period	11,446	9,384

Segment Information

1. Industry Segments

Fiscal 2003 (from April 1, 2003, to March 31, 2004)

(Millions of yen: rounded down)

	Air and sea cargo (millions of yen)	Travel (millions of yen)	Others (millions of yen)	Total (millions of yen)	Elimination or unallocatable amounts	Consolidated total (millions of yen)
I Net sales and Operating income:						
(1) Net sales to outside customers	115,018	3,354	93	118,465	—	118,465
(2) Inter-segment sales/transfers	1	—	511	512	-512	—
Total sales	115,019	3,354	604	118,977	-512	118,465
Operating expenses	108,116	3,160	471	111,747	-504	111,243
Operating income (loss)	6,903	194	133	7,230	-8	7,222
II Assets, Depreciation expenses, Losses on impairment of assets, and Capital expenditures						
Assets	56,368	3,723	3,986	64,077	2,255	66,332
Depreciation expenses	1,077	87	81	1,245	—	1,245
Losses on impairment of asset	902	—	—	902	—	902
Capital expenditures	3,464	39	1	3,504	—	3,504

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

2. Breakdown of each segment

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

Travel : Travel agency, Airline agency

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

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

4. Among the assets, total amounts of the Company's assets included in the elimination or unallocatable amounts reached ¥3,674 million, which mainly comprise surplus funds under management in the parent company (cash and time deposits, and investments in securities).

5. Losses on impairment of assets of ¥902 million were recorded in air and sea cargo business. The loss resulted in an reduction in the same amounts of assets in the business

Fiscal 2004 (from April 1, 2004, to March 31, 2005)

(Millions of yen: rounded down)

	Air and sea cargo (millions of yen)	Travel (millions of yen)	Others (millions of yen)	Total (millions of yen)	Elimination or unallocatable amounts	Consolidated total (millions of yen)
I Net sales and Operating income:						
(1) Net sales to outside customers	144,381	3,790	92	148,263	—	148,263
(2) Inter-segment sales/transfers	1	0	639	640	-640	—
Total sales	144,382	3,790	731	148,903	-640	148,263
Operating expenses	134,747	3,169	575	138,491	-636	137,855
Operating income (loss)	9,635	621	156	10,412	-4	10,408
II Assets, Depreciation expenses, Losses on impairment of assets, and Capital expenditures						
Assets	64,675	4,922	5,021	74,618	867	75,485
Depreciation expenses	1,200	76	84	1,360	—	1,360
Capital expenditures	5,141	55	218	5,414	—	5,414

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

2. Breakdown of each business

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

Travel : Travel agency, Airline agency

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

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

4. Among the assets, total amounts of the Company's assets included in the elimination or unallocatable amounts reach ¥4,143 million, which mainly comprise surplus funds under management in the parent company (cash and time deposits, and investments in securities)

2. Geographic Areas

Fiscal 2003 (from April 1, 2003 to March 31, 2004)

(Millions of yen: rounded down)

	Japan (millions of yen)	North America (millions of yen)	Europe (millions of yen)	East Asia (millions of yen)	South Asia and Oceania (millions of yen)	Total (millions of yen)	Elimination or unallocatable amounts (Millions of yen)	Consolidated total (millions of yen)
I Net sales and Operating income:								
(1) Net sales to outside customers	68,462	9,807	11,652	16,515	12,029	118,465	—	118,465
(2) Inter-segment sales/transfers	186	703	433	179	184	1,685	-1,685	—
Total sales	68,648	10,510	12,085	16,694	12,213	120,150	-1,685	118,465
Operating expenses	63,966	10,108	11,520	15,687	11,646	112,927	-1,684	111,243
Operating income	4,682	402	565	1,007	567	7,223	-1	7,222
II Assets	38,960	6,675	8,088	9,273	6,048	69,044	-2,712	66,332

- Notes: 1. Geographic areas are determined according to the linkage and geographical proximity of each business.
2. Breakdown of each area
- (1) North America : United States, Canada
 - (2) Europe : United Kingdom, Germany, France, Italy, Netherlands
 - (3) East Asia : China, Hong Kong, Taiwan, South Korea
 - (4) South Asia and Oceania : Singapore, Indonesia, Australia, Thailand
3. Joint costs in operating expenses are allocated to each area.
4. Among the assets, total amounts of the Company's assets included in the elimination or unallocatable amounts reached ¥3,674 million, which mainly comprise surplus funds under management in the parent company (cash and time deposits, and investments in securities).

Fiscal 2004 (from April 1, 2004 to March 31, 2005)

(Millions of yen: rounded down)

	Japan (millions of yen)	North America (millions of yen)	Europe (millions of yen)	East Asia (millions of yen)	South Asia and Oceania (millions of yen)	Total (millions of yen)	Elimination or unallocatable amounts (Millions of yen)	Consolidated total (millions of yen)
I Net sales and Operating income:								
(1) Net sales to outside customers	84,050	11,612	14,637	24,028	13,936	148,263	—	148,263
(2) Inter-segment sales/transfers	199	858	624	234	195	2,110	-2,110	—
Total sales	84,249	12,470	15,261	24,262	14,131	150,373	-2,110	148,263
Operating expenses	77,632	11,766	14,023	23,203	13,341	139,965	-2,110	137,855
Operating income	6,617	704	1,238	1,059	790	10,408	0	10,408
II Asset	42,507	7,778	10,131	10,622	6,436	77,474	-1,989	75,485

- Notes: 1. Geographic areas are determined according to the linkage and geographical proximity of each business.
2. Breakdown of each area
- (1) North America : United States, Canada
 - (2) Europe : United Kingdom, Germany, France, Italy, Netherlands
 - (3) East Asia : China, Hong Kong, Taiwan, South Korea
 - (4) South Asia and Oceania : Singapore, Indonesia, Australia, Thailand
3. Joint costs in operating expenses are allocated to each area.
4. Among the assets, total amounts of the Company's assets included in the elimination or unallocatable amounts reached ¥4,143million, which mainly comprise surplus funds under management in the parent company (cash and time deposits, and investments in securities).

Overseas net sales

		North America	Europe	East Asia	South Asia and Oceania	Others	Total
Fiscal 2003 (From April 1, 2003, to March 31, 2004)	I Overseas net sales (millions of yen)	10,560	12,150	16,782	12,269	3	51,764
	II Consolidated net sales (millions of yen)						118,465
	III Ratio of overseas net sales to consolidated net sales (%)	8.9	10.3	14.1	10.4	0.0	43.7
Fiscal 2004 (From April 1, 2004, to March 31, 2005)	I Overseas net sales (millions of yen)	12,544	15,331	24,241	14,270	2	66,388
	II Consolidated net sales (millions of yen)						148,263
	III Ratio of overseas net sales to consolidated net sales (%)	8.5	10.3	16.3	9.6	0.0	44.7

- Notes: 1. Geographic areas are determined according to the linkage and geographical proximity of each business.
2. Breakdown of each area
- (1) North America : United States, Canada
 - (2) Europe : United Kingdom, Germany, France, Italy, Netherlands
 - (3) East Asia : China, Hong Kong, Taiwan, South Korea
 - (4) South Asia and Oceania : Singapore, Indonesia, Australia, Thailand
 - (5) Others : South America, Africa, India and others
3. Overseas net sales represent the net sales of the group (including the Company and consolidated subsidiaries) in countries and areas except Japan.