

Non-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

Kazuo Kato

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Meeting of the Board of Directors for Approval of Results: May 12, 2004

Interim dividend System: Yes

Date of general shareholders' meeting: June 29, 2004

Minimum Trading Unit System: Yes (1 unit = 100 shares)

Date of Year-End Dividend Payment: June 30, 2005

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

(1) Changes in Non-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 March 31, 2005	76,977 (24.0)	5,372 (34.6)	5,764 (31.4)	3,377 (94.0)
The Year Ended March 31, 2004	62,091 (4.8)	3,992 (-8.8)	4,385 (-4.6)	1,741 (-19.1)

	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	155 97	--	16.0	12.2	7.5
The Year Ended March 31, 2004	95 63	--	9.2	10.0	7.1

Notes:

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

(2) Dividend payments

	Annual dividends per share		
		Interim dividends	Year-end dividends
	Yen Sen	Yen Sen	Yen Sen
The Year Ended March 31, 2005	30 00	7 50	22 50
The Year Ended March 31, 2004	15 00	7 50	7 50

	Total amount of dividends (for the year)	Dividend propensity	Ratio of dividends to capital stock
	Millions of Yen	%	%
The Year Ended March 31, 2005	632	19.2	2.8
The Year Ended March 31, 2004	264	15.7	1.3

Note: Year-end dividends for the year ended March 31, 2005 include an ordinary dividend of 12.50 yen, a special dividend of 5.00 yen to commemorate the 50th anniversary of the establishment of the company, and a special dividend of 5.00 yen to mark the listing on the first section of the Tokyo Stock Exchange.

(3) Changes in Non-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	49,385	22,514	45.6	1,064 40
The Year Ended March 31, 2004	44,856	19,591	43.7	1,111 39

Notes:

1. Number of issued shares for the year ended March 31, 2005 totaled 21,067,412 shares and 17,573,300 shares for the year ended March 31, 2004.
2. Number of treasury stocks for the year ended March 31, 2005 totaled 42,988 shares and 18,700 shares for the year ended March 31, 2004.

2. Non-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	37,000	2,100	1,200
Full year	76,000	4,700	2,700

	Estimated Annual Dividends per Share		
	Interim dividends		Year-end dividends
	Yen	Sen	Yen Sen
Interim period	10	00	-
Full year	-	-	10 00

References: 1) Estimated net income per share (full year): 123 yen 85 sen

2) Estimated operating income (full year): 4,400 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. Non-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 from Fiscal 2003
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Changes (millions of yen)
	Periods				
Assets					
I Current Assets					
1 Cash and cash equivalents	3,350		2,642		708
2 Trade notes	19		84		-65
3 Accounts receivable	15,703		16,062		-359
4 Inventory assets	17		10		7
5 Prepaid expenses	126		120		6
6 Deferred tax assets -current	689		576		113
7 Short-term loans to affiliates	201		90		111
8 Other current assets	851		491		360
Less: Allowance for doubtful accounts	-15		-11		-4
Total current assets	20,941	42.4	20,064	44.7	877
II Fixed Assets					
1 Property, plant, and equipment					
(1) Buildings	11,152		6,781		4,371
Less: Accumulated depreciation	3,172	7,980	2,924	3,857	4,123
(2) Structures	444		310		134
Less Accumulated depreciation	205	239	191	119	120
(3) Motor vehicles	146		148		-2
Less: Accumulated depreciation	114	32	111	37	-5
(4) Machinery and equipment	492		373		119
Less: Accumulated depreciation	263	229	218	155	74
(5) Land	6,620		6,620		—
(6) Construction in progress	—		359		-359
Total property, plant and equipment	15,100	30.6	11,147	24.8	3,953
2 Intangible fixed assets					
(1) Software	483		512		-29
(2) Telephone rights	39		39		—
(3) Right of telegram-use	8		8		0
(4) Development costs of software in progress	215		—		215
(5) Other intangible fixed assets	1		1		0
Total intangible fixed assets	746	1.5	560	1.3	186
3 Investments and advances					
(1) Investments in securities	793		1,032		-239
(2) Investments in affiliates	5,702		5,705		-3
(3) Investments in equities of affiliates	2,327		2,327		—
(4) Long -term loans to employees	1		2		-1
(5) Long-term loans to affiliates	180		270		-90
(6) Bankrupt and delinquent loans receivable	5		6		-1
(7) Long-term prepaid expenses	9		6		3
(8) Deferred tax assets, non-current	2,038		1,827		211
(9) Guaranteed deposits	908		966		-58
(10) Golf club membership	252		261		-9
(11) Prepaid pension cost	385		640		-255
(12) Other assets	313		357		-44
Less: Allowance for doubtful accounts	-315		-314		-1
Total investments and advances	12,598	25.5	13,085	29.2	-487
Total fixed assets	28,444	57.6	24,792	55.3	3,652
Total Assets	49,385	100.0	44,856	100.0	4,529

(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	9,060		9,557		-497
2 Short-term bank loans	300		3,260		-2,960
3 Current portion of long-term debt	1,251		412		839
4 Account payable-others	982		435		546
5 Accrued expenses	163		138		26
6 Accrued income taxes	1,634		1,189		445
7 Deposit payable	95		75		20
8 Deposits received under Cash Management Services	2,181		—		2,181
9 Accrued bonuses to employees	1,240		1,022		218
10 Other current liabilities	41		126		-86
Total current liabilities	16,947	34.3	16,214	36.1	733
II Long-Term Liabilities					
1 Long-term debt	6,505		5,444		1,061
2 Accrued retirement benefits to employees	3,094		3,266		-172
3 Accrued retirement benefits to directors and statutory auditors	286		300		-14
4 Other long-term liabilities	39		41		-2
Total long-term liabilities	9,924	20.1	9,051	20.2	873
Total liabilities	26,871	54.4	25,265	56.3	1,606
SHAREHOLDERS' EQUITY					
I Common stock					
1 Common stock	4,301	8.7	4,301	9.6	—
II Capital surplus					
1 Capital reserve	4,744		4,744		
Total capital surplus	4,744	9.6	4,744	10.6	—
III Retained earnings					
1 Legal reserve of retained earnings	337		337		
2 Voluntary reserve					
(1) Reserve for special amortization	15		20		
(2) Other reserves	3,900		3,600		
3 Unappropriated retained earnings at the end of the term	9,228		6,495		
Total retained earnings	13,480	27.3	10,452	23.3	3,028
IV Unrealized gains (losses) on securities	97	0.2	130	0.3	-33
V Treasury stock	-108	(0.2)	-36	(0.1)	-72
Total shareholders' equity	22,514	45.6	19,591	43.7	2,923
Total liabilities and shareholders' equity	49,385	100.0	44,856	100.0	4,529

2. Non-Consolidated Statement of Income for the 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)	Ratio (%)	Amount (millions of yen)	Ratio (%)	Changes (millions of yen)
I Net Sales							
1 Air and sea cargo	76,775				61,878		
2 Others	202	76,977	100.0	213	62,091	100.0	14,886
II Cost of Sales							
1 Air and sea cargo	57,354				45,357		
2 Others	125	57,479	74.7	126	45,483	73.3	11,996
Gross profit on sales		19,498	25.3		16,608	26.7	2,890
III Selling, general and administrative expense							
1 Director's remuneration	210				176		
2 Salaries and bonuses to employees	5,129				5,026		
3 Subcontract expenses	1,154				898		
4 Provision for bonuses to employees for accrued bonuse	1,117				871		
5 Retirement benefits	555				446		
6 Provision for director's retirement benefits	61				59		
7 Welfare benefits	1,434				1,119		
8 Sales commission	1,084				1,020		
9 Advertising expense	71				24		
10 Rent expense	508				498		
11 Depreciation	302				270		
12 Provision for allowance for doubtful account	8				—		
13 Other expenses	2,493	14,126	18.3	2,209	12,616	20.3	1,510
Operating income		5,372	7.0		3,992	6.4	1,380
IV Non-operating income							
1 Interest income	2				2		
2 Interest income on securities	0				0		
3 Divided profit	351				274		
4 Gains on foreign exchange	38				198		
5 Gains on sales of investments in securitie	15				28		
6 Gains on liquidation of credit and deb	59				—		
7 Other non-operating income	76	541	0.7	66	568	0.9	-27
V Non-operating expenses							
1 Interest expenses	107				128		
2 Losses on disposals of fixed assets	28				29		
3 Other non-operating expenses	14	149	0.2	18	175	0.2	-26
Ordinary income		5,764	7.5		4,385	7.1	1,379
VI Extraordinary Income							
Reversal of allowance for doubtful account	—	—	—	6	6	0.0	-6
VII Extraordinary expenses							
1 Loss on write-down of investment securitie	—				178		
2 Loss on impairment of fixed assets	—				902		
3 Provision for doubtful accounts	—				293		
4 Expenses related to early repayment of long-term loans	80				—		
5 Loss on write-down of golf club membership	8	88	0.1	—	1,373	2.2	-1,285
Net income before income taxes		5,676	7.4		3,018	4.9	2,658
Income taxes	2,600				2,082		
Adjustments on income taxes	-301	2,299	3.0	-805	1,277	2.1	1,022
Net income		3,377	4.4		1,741	2.8	1,636
Retained earnings brought forward from the previous term		6,009			4,886		1,122
Interim dividends		158			132		26
Unappropriated retained earnings at the end of the term		9,228			6,495		2,733