Annual Report 2005

Year Ended March 31, 2005

kintetsu world express

Profile

A “Global Logistics Partner” Kintetsu World Express, Inc.(“KWE”) began in 1948 as a logistics division of Kinki Nippon Railway Co., Ltd. before becoming independent in 1970. In September 2003, KWE was listed on the First Section of the Tokyo Stock Exchange. As of June 2005, KWE had 38 affiliated companies and 10 representative offices in 30 countries outside Japan. KWE’s Quadrilateral Management System divides the globe into Japan, the Americas, Europe and Africa, and Asia and Oceania regions; it covers 251 overseas operational bases in 168 cities. The global KWE Group ranks among the world’s top 10 sellers of international airfreight and provides a variety of logistics services to customers around the world.

KWE has about 5,000 employees outside Japan, and generates a half of its operating income from overseas affiliates, making it unique among Japanese logistics companies. KWE’s aim is to further integrate its facilities, equipment and other tangible aspects with intangible aspects like services and technology, and to become a “Global Logistics Partner” that leads through seamless logistics services.

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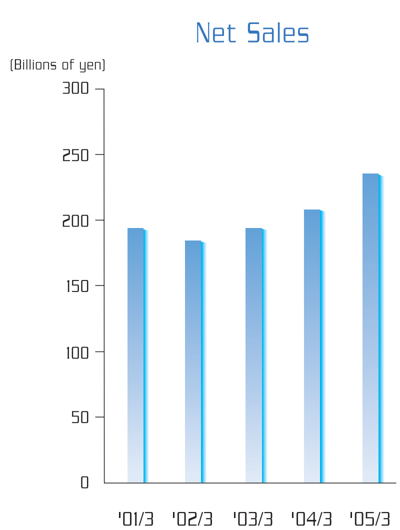
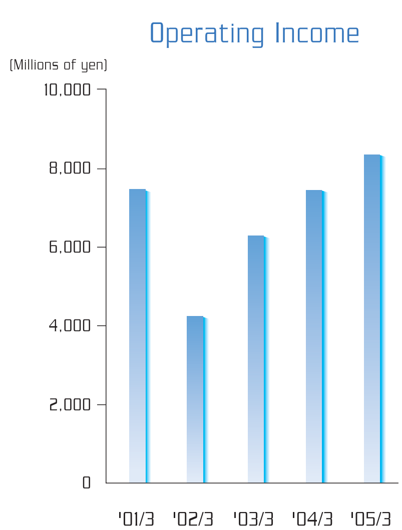
Consolidated Financial Highlights

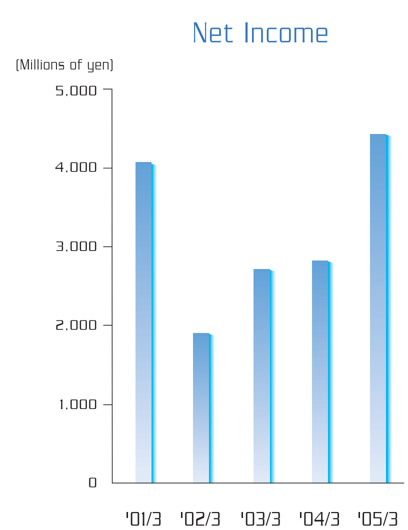
Kintetsu World Express, Inc. and Consolidated Subsidiaries
Years ended March 31, 2005 and 2004

	Millions of yen except per share amounts		% change	Thousands of U.S.dollars except per share amounts
	2005	2004	2005/2004	2005
FOR THE YEAR				
Net sales	¥ 238,280	¥ 202,941	17.4 %	$ 2,218,829
Operating income	8,387	7,571	10.8	78,099
Income before income taxes	8,291	6,219	33.3	77,205
Net income	4,441	2,887	53.8	41,354
Per share data				
Net income	¥ 121.64	¥ 80.72	53.7 %	$ 1.13
Cash dividends	15.00	12.00	25.0	0.140
AT YEAR-END				
Shareholders' equity	¥ 42,726	¥ 34,881	22.5 %	$ 397,858
Total assets	102,661	93,990	9.2	955,964

Note:
U.S. dollar amounts have been translated from Japanese yen for convenience only, at the rate of ¥107.39=US$ 1, the approximate Tokyo foreign exchange market rate of March 31, 2005.







Toshio Kumokawa
Chairman and Chief Executive Officer

Hirokazu Tsujimoto
President and Chief Operating Officer

Message to Our Shareholders

Kintetsu World Express, Inc.'s corporate ideal is to work together with our clients, shareholders, and employees to help develop the global community by creating new value and the best possible environments through our logistics services. To achieve this, the KWE Group announced KWE's Grand Design for the 21st Century in November 2002, outlining our vision of the Group's future. The plan sets forth four basic strategies: (1) increase profits from international airfreight forwarding (our core operation), (2) provide high-quality logistics services, (3) expand ocean freight forwarding, and (4) develop business in the growing Chinese market. As concrete measures for executing these strategies, we will implement the following five reforms: (1) share customer information across our organization, (2) enhance planning operations at our world headquarters, (3) discover and develop core personnel and specialists, (4) increase the sophistication of our global information technology functions, and (5) enhance legal compliance. Based on this plan, we intend to take knowledge of our customer base that we accumulated through our international airfreight forwarding business and make use of it in ocean freight forwarding and logistics services. Our aims are to further improve our performance as an integrated global forwarding company, and to boost corporate value.

Assessing Phase I of Our Medium-Term Management Plan

Large Increases in Profits from International Airfreight Forwarding and from East Asia

The term that ended March 31, 2005 was the final fiscal year of Phase I of our Medium-term Management Plan (henceforth referred to as "Phase I"), which covered the three years from April 2002 to March 2005. During Phase I, we worked to realize KWE's Grand Design for the 21st Century, which defines the kind of corporate group we want to be, our business vision, and proposes a growth scenario. In order to achieve our goal of becoming a "Global Logistics Partner" that provides high-quality, one-stop services, we have been working on expanding profits by implementing the four basic strategies and five reforms described above.

For the most part, we succeeded in achieving our goals for Phase I, which ended in March 2005. We fell slightly short of our March 2005 targets for net sales and operating income because increased revenues resulting from M&A activity included in the plan did not materialize. Nevertheless, profits grew close to the levels called for in the plan. Major contributing factors were our success at increasing profits from our international airfreight forwarding business, significant growth in our ocean freight forwarding business (primarily in Asia), and big improvements in performance in China and other East Asian countries, which we positioned as strategic sales regions.

Building the Management Infrastructure We Need in Order to Beat the Competition in the Global Market

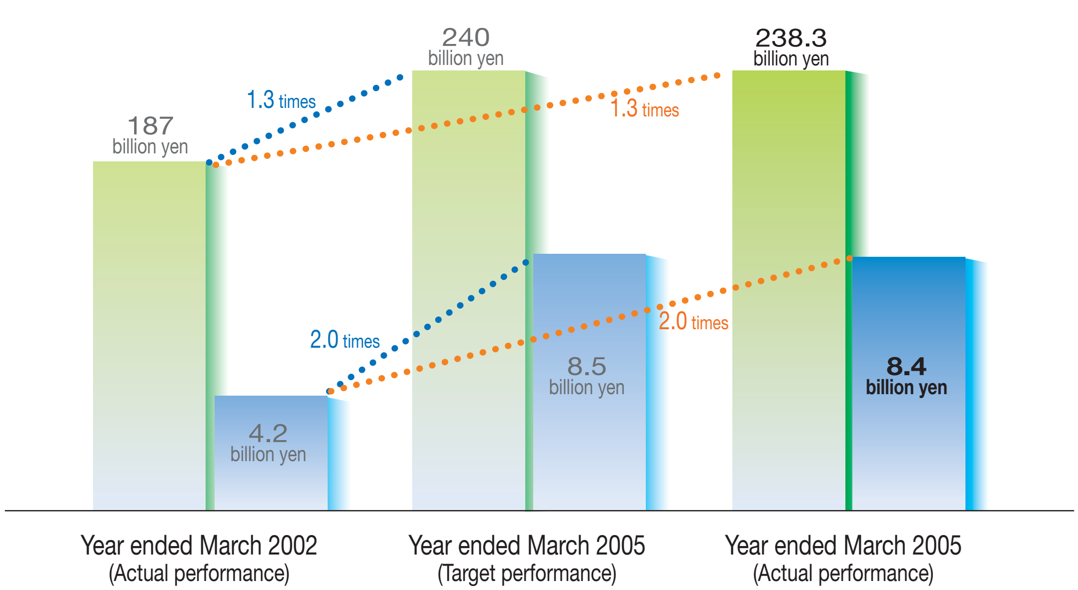
Besides expanded profits, we believe that our biggest accomplishment under Phase I was the dramatic progress that we made toward building the management infrastructure that we need in order to beat the competition as a comprehensive forwarder in the global market.

During the first half of Phase I, we concentrated on a "select and focus" management strategy aimed at improving the Group's earning power. As a result of liquidating or merging non-performing subsidiaries in Latin America and other areas, as well as consolidating domestic affiliates, our Group performance has not been affected by deficit-producing companies since April 2004.

From the second half of Phase I, we were ready to finish up this type of structural reform and could shift our focus to "aggressive management and aggressive sales." Our

Actual Performance Achieved in the Phase I Medium-Term Management Plan

Target for the year ended March 2005 (consolidated)
Net Sales: 240 billion yen
Operating Income: 8.5 billion yen



primary focus was on our logistics business in China, which continues to expand by leaps and bounds. In order to solidify our position as the leader in this market, we set to work on reinforcing our service framework through such steps as expanding our network and boosting sales capacity. As of the end of March 2005, we had the industry's largest network in China, with 85 offices—a major factor that differentiates our Chinese business from the competition.

We made progress toward achieving our Group's objective of expanding in the global market by starting alliances (including our tie-up with a major European forwarder Kuehne & Nagel on ocean freight forwarding between Asia and Europe and beginning outsourcing of operations in Latin America), and by receiving TAPA certification (an international standard related to cargo security) for 12 locations worldwide, mainly in Asia, in order to improve the security of high-tech cargo.

Performance in the Fiscal Term Ended March 2005

A Third Consecutive Term of Higher Sales and Profits

In the fiscal year ended March 2005, we achieved increases in sales and profits for the third year in a row. Net sales grew by 17.4% from the previous term to 238,280 million yen. However, our cost of sales rose 19.7%, exceeding the rate of growth in sales, to 200,880 million yen because of the jump in airfreight rates and the fuel surcharge stemming from the surge in crude oil prices. In order to mitigate the effect of the higher cost of sales, we limited growth in selling and general administrative expenses to 5.3%. We accomplished this by decreasing our personnel cost ratio through measures like suitable placement of personnel, redistributing sales offices, and boosting efficiency through freight consolidation, etc. As a result, operating income increased by 10.8% over the previous year, to 8,387 million yen. Net income increased by 53.8 % over the previous term, to 4,441 million yen.

Asia and Oceania Region Drives Income Growth

By region, our business continued to be robust in Asia and Oceania, mainly in China, and this region was the leader in income growth. Import and export tonnage increased, particularly in China, spurring the KWE Group to build new warehouses and offices in China. We also reinforced our business base in Asia by opening new sales offices in Thailand and India. Thanks to the success of the restructuring measures implemented under Phase I, performance improved in the Americas and in Europe and Africa, and these regions made bigger contributions to Group profits. As a result, combined net sales from the three regions -- Asia and Oceania, the Americas, and Europe and Africa – grew 17.9% from the previous term to 119,723 million yen, while operating income rose by 34.2% from the previous year, to 4,446 million yen.

Meanwhile, net sales in Japan increased by 17.0% year on year to 118,537 million yen and operating income decreased by 5.5% to 3,989 million yen. In the first half, there were robust airfreight exports, primarily of things like electronic components, digital electronic appliances, semiconductors and semiconductor production equipment, but in the second half, manufacturers adjusted their inventories and there was a drop in shipments of high-tech related items, which are mainly destined within Asia.

Strengthening Our Financial Constitution and Actively Investing in Facilities

This fiscal term, the KWE Group also concentrated on strengthening our financial position and investing in plant and equipment. As a result, the total amount of our long and short-term debts decreased by 8.0% compared to the previous term, to 25,171 million yen. Capital expenditure was focused on strengthening our logistics business; the amount increased by 17.8% from the previous term to 6,682 million yen. Completed construction projects included the first phase of our No. 4 Baraki Terminal in Ichikawa, Chiba Prefecture in Japan, and our logistics terminal at the Central Japan International Airport (in Nagoya). Construction of the Rinku Terminal adjacent to the Kansai International Airport was completed in July 2005. The second phase of the No. 4 Baraki Terminal is underway and scheduled for completion in October 2005.

Toward Greater Corporate Value in the Medium and Long Terms

Starting the Phase II Medium-Term Management Plan

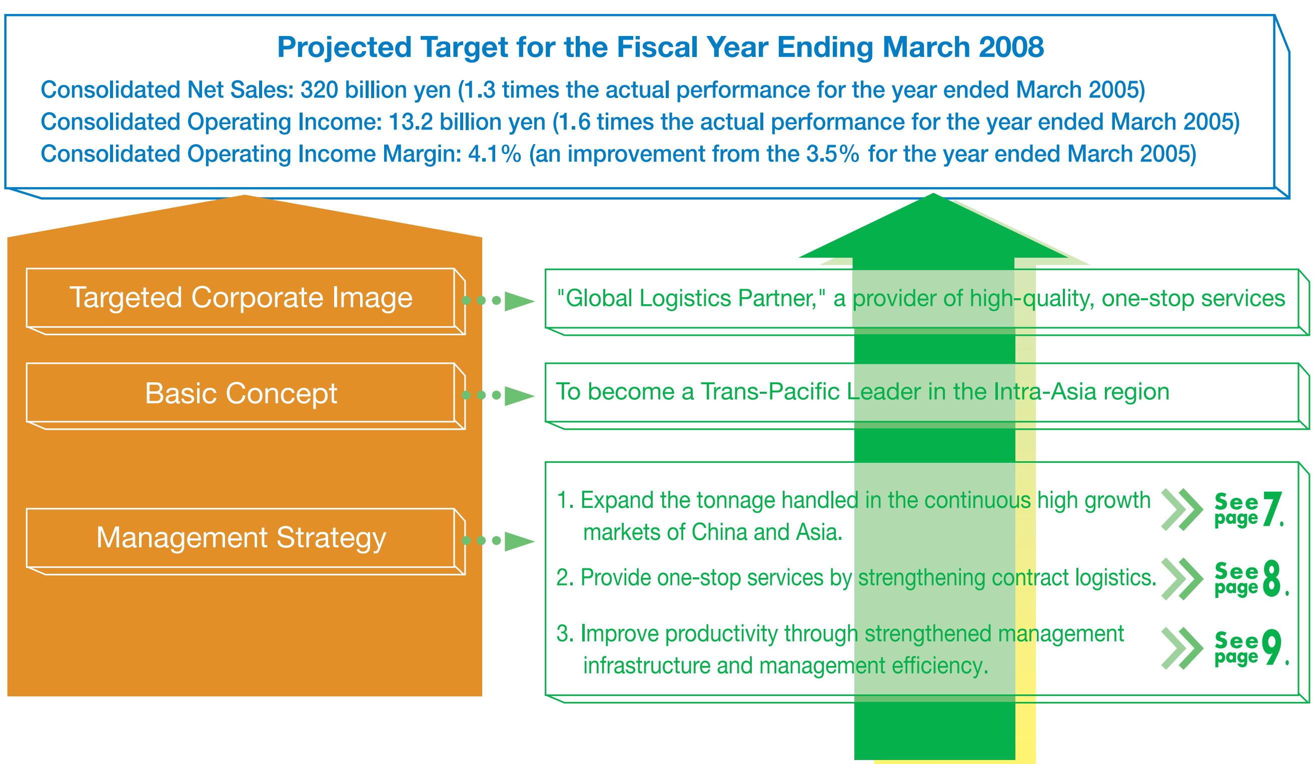
The KWE Group's goal is to use the dramatically reinforced management infrastructure that we achieved in Phase I as a springboard from which to grow so that we consistently rank among the top five logistics groups in the global community in the medium and long terms. We also want to expand our profits and enhance corporate value.

Our Phase II Medium-term Management Plan (henceforth “Phase II”) covers the three-year period from April 2005 to March 2008 and represents a second stage in the achievement of our medium to long-term goals. As in Phase I, we will continue to work toward becoming a “Global Logistics Partner” that provides high-quality, one-stop services, and to concentrate our management resources in the Pacific Rim region between Asia and North America where we can make the most of our Group’s regional strength as we aim to enhance our status as a Trans-Pacific and Intra-Asian Leader. By pursuing our management strategies, we aim to continuously enhance corporate value by expanding the scale of our business, boosting competitiveness, and improving management efficiency. Details of the Phase II management strategies are explained on pages 7 to 9, but we would like to call special attention to the following three points.

– Expand tonnage in China and other Asian markets that continue to grow rapidly as global production bases and consumer markets
– Provide one-stop services by beefing up contract logistics functions
– Improve productivity by boosting management efficiency and refining management infrastructure

Our targets for the term ending March 2008 are consolidated net sales of 320 billion yen (1.3 times greater than net sales in the term ended March 2005) and consolidated operating income of 13.2 billion yen (1.6 times more than the term ended March 2005). Since Phase II also focuses on boosting our profit ratio, we set a new operating income ratio of 4.1%—up from 3.5% in the year through March 2005.

Outline of the Phase II Medium-Term Management Plan



Business and Capital Alliance with Mitsui O.S.K. Lines (MOL)

On May 23, 2005, KWE announced a strategic alliance with Mitsui O.S.K. Lines (MOL). In the past several years, the competitive environment of the global logistics market has changed dramatically due to operational and capital alliances symbolized by the entry of European postal companies into the international comprehensive forwarding industry. KWE and MOL have agreed to respond to these changes jointly and proactively, and to form strategic ties based largely on supplementing each other's services in three areas: airfreight forwarding, ocean freight forwarding, and logistics. Details of the alliance are still being worked out, but in order to further solidify the operational ties, MOL plans to acquire 5% of KWE's outstanding shares while KWE acquires about 25% of outstanding shares in MOL Logistics (Japan) Co., Ltd. (MLG), a subsidiary of MOL.

Phase II's profit target for its final year assumes that M&As will generate an additional 30 billion yen in sales and 300 million yen in profit. This is in consideration not just of the alliance with MOL, but also of an ongoing policy of approaching companies that can be expected to form synergies with KWE.

Maximizing Shareholder Value

The KWE Group is a group of companies that aims to increase shareholder value by providing high-quality logistics services as our customers' "Global Logistics Partner." We intend to expand the scope of our business by strengthening our global management base and concentrating our management resources in the Pacific Rim region, where our greatest strength lies. We believe that the most important steps we can take toward maximizing shareholder value are raising our profit ratio by promoting management efficiency, following all laws from the standpoint of corporate social responsibility, respecting the environment, and improving the quality of our operations.

We always aspire to return additional profits to shareholders when we succeed in increasing profits. This term we increased the dividend per share from 12 yen (in the previous term) to 15 yen for the term ended March 2005, and we intend to continue increasing dividends in the future.

In order to meet these goals, our first task is for the entire company to focus on achieving Phase II's first-year objectives, and to push together to secure profits and increase corporate value.

Toshio Kumokawa
Chairman and Chief Executive Officer

Hirokazu Tsujimoto
President and Chief Operating Officer

Three Key Strategies of Our Phase II Medium-Term Management Plan

CHINA

Increase tonnage handled in China and Asian markets that are still rapidly developing as global production base/consumer markets.

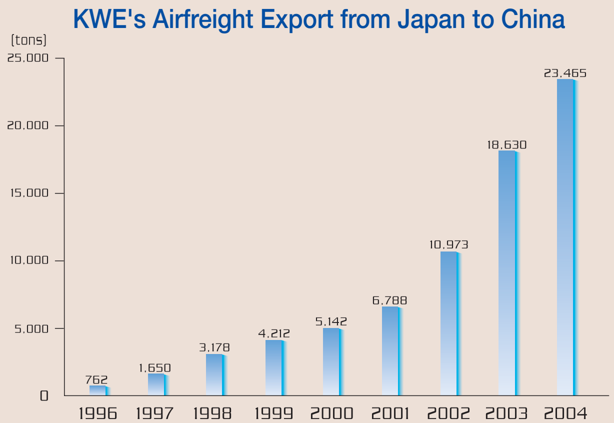
To achieve the earnings targeted in the Phase II Medium-term Management Plan (henceforth "Phase II"), we will expand our international airfreight forwarding business, which is our greatest source of earnings, while focusing on augmenting our logistics and ocean freight forwarding businesses as well. The most important region where we will be increasing the tonnage that is handled by these businesses is in China and the Asian market where the strength of the KWE Group lies. According to a statistical report, China has the fastest growing freight forwarding market in the world, followed by the Intra-Asia market in the Asia region, the Asia-North America lane, and the Asia-Europe lane, where both arrivals and departures from Asia continue. The KWE Group will expand its ongoing international airfreight forwarding business centered in China, in conjunction with measures to expand its ocean freight forwarding and Third Party Logistics businesses as well.

Priority investments in management resources will be actively made in new and promising markets including Russia, India, and the Middle East.

Business in China—KWE's Greatest Strength

A major increase in demand for forwarding is anticipated in China, due to the 2008 Beijing Olympics that is expected to trigger an annual economic growth rate of about 8 percent.

Thanks to the priority investments made in China during the Phase I Medium-term Management Plan, the KWE Group has the largest forwarding network in China, with 85 offices in 31 cities as of the end of March 2005, in addition to a trucking transport license that allows us to operate throughout the country. At the end of last year, we also acquired a license to operate domestic airfreight forwarding services in China, enabling us to build a system of operations that other non-Chinese forwarding groups do not have. During the Phase II, we will make full use of such infrastructure to expand our business even further and to reap a return on our investments. Moreover, in order to give our system of services further differentiation, we will be extending our network in the East China and South China districts—we are planning to have 100 offices throughout China by the end of March 2008.



LOGISTICS

Provide one-stop services through our reinforced contract logistics function

Important keys to achieving our targeted earnings are increasing the volume of business and expanding our market share, in addition to expanding our forwarding business of global strategic customers (GSC). We will expand the category of high-tech businesses that we have acquired and where we have excelled to include the automotive and medical industries as well as the airline industry, where demand is expected to grow. Furthermore, we will strategically expand our focus on GSC in America and Europe to include customers in Asia. We will also pursue a policy of mutual assistance that cuts across organizational lines between our airfreight forwarding, ocean freight forwarding, and the logistics businesses, in order to provide high-quality, one-stop logistics services based on the strengths of the KWE Group and to expand our forwarding business.

Growing Demands for High-Quality Logistics Services

In recent years, the demand for supply chain management (SCM) has continued to grow mainly among GSC. Consecuently, the demand for high-quality logistics services such as the storage facilities and distribution processing that we provide has steadily increased in an environment of ever growing sophisticated needs. While pursuing a division of labor on an international scale, our client companies possess a large number of factories and customers, where a large volume of cargo is handled. By utilizing us as their main forwarder and consolidating their forwarding needs with us, they will be able to lower their transport costs. Our storage facilities in Japan that provide 3PL services continue to be booked to full capacity, and have contributed greatly to our earnings. Moreover, it was general practice in the past for companies to utilize different forwarding agents to meet their airfreight, ocean freight, and logistics needs, but we have created a system of one-stop services that provides services in all three of these areas. Our logistics services include a succession of cargo transport services that meet each customer’s convenience and needs as part of our goal to expand our sales as a “Global Logistics Partner.”

KWE's Logistics Facilities

124 locations outside Japan totaling 440,000 m^2

46 locations in Japan totaling 168,000 m^2

KWE's TAPA Certification Status

KWE was among the first in Japan to be certified as Class A in international cargo security standards by the Technology Asset Protection Association (TAPA) at the Narita Terminal.

TAPA certification at 12 locations around the world, including Narita

MANAGEMENT INFRASTRUCTURE

Pursue improved productivity through management efficiency and an enhanced management infrastructure

The KWE Group has focused its priorities on expanding its sales mainly with strategic multinational companies with priority investments in focal regions in keeping with our goal to expand their global operations. But, we also believe in the importance of raising the standards of company excellence in tandem with our efforts to expand our profits in the coming years. Hence, we will strive toward improving our productivity through an enhanced management infrastructure and greater management efficiency.

In our pursuit of management efficiency, we will work more efficiently to collect our outstanding accounts and strive to cut costs. In our sales activities, we will focus our energies on generating profits through managed selling prices on achieving an improved profit ratio.

In the area of management infrastructure, we will try to enhance our global IT functions and to foster core personnel with both management and foreign language capabilities as part of our global strategy on human resources development.

New Approach to Differentiation in Services—Comprehensive Group-Wide Information Systems

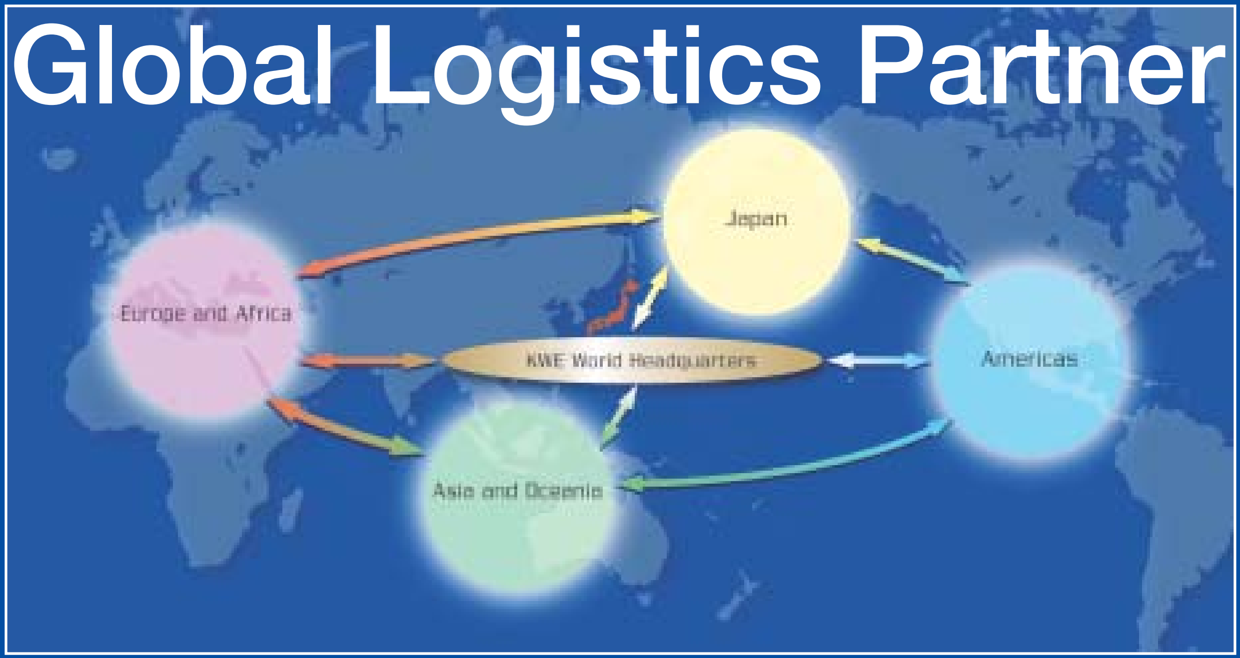
We will introduce group-wide information systems in our major companies by the end of 2005. This will enable us to implement (1) a cargo tracking system, (2) an inventory management system, (3) an integrated reporting system for multinational companies, and other functions on a global basis. GSC have developed SCM on a global scale and in order to cope with their needs, we will implement an advanced system that will provide each customer with convenient and advanced IT-driven services that will help to differenciate our services in this competitive market. The new system will also cut costs through the automated transmission of data.

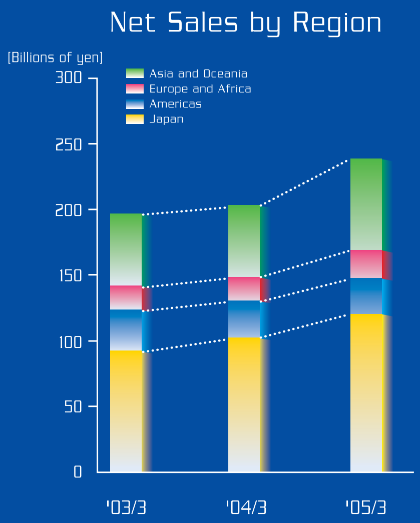
Fostering Human Resources—Global Strategy on Human Resources

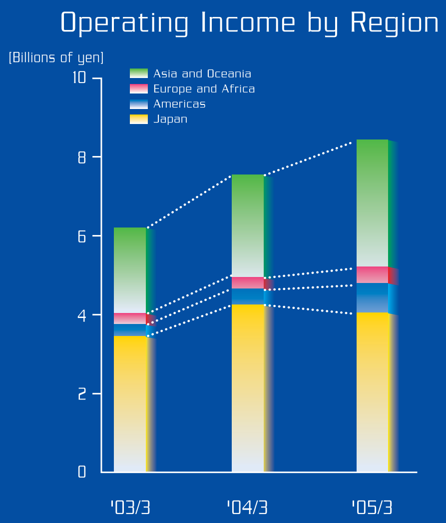
KWE places great priority on developing its human resources. Of particular note is the training program that was started in Japan from 2004 to foster its mid-management level employees in total quality management (TQM), which is aimed at strengthening problem-solving abilities and improving the ability to make proposals. An advanced course in TQM was also started this year. In the area of foreign languages, a Chinese language course was started in December 2003, in addition to the ongoing English language course, and as of July 2005, about 100 employees have taken the Chinese language course. Additionally, a training exchange program that will be implemented between different regions of the world is planned for our overseas operations.

Outline and Strategy by Quadrilateral Region

The KWE Group is aiming for even greater progress as a "Global Logistics Partner," and its top priority is expanding tonnage in the Pacific Rim region. In addition to increasing airfreight forwarding in Japan, Asia and Oceania, and the Americas, we are pushing hard to expand our logistics business. In the Europe and Africa region, too, we are engaged in a group-wide drive to boost sales, as well as to increase efficiency through measures like cutting costs.







Japan

1. Outline of KWE's Business and Its Strengths

As the core company of the KWE Group, KWE maintained 251 offices in 168 cities in 30 countries outside of Japan as of June 2005. Our main line of business is international airfreight forwarding that utilizes airlines, but we are also engaged in international ocean freight forwarding, logistics services, customs clearance, trucking, and other businesses related to our specialty of freight forwarding.

KWE is among the largest freight forwarders in Japan, ranking second in air export tonnage and also second in the number of air import shipments that were cleared through the customs. We are the first Japanese company in the industry to acquire the ISO 9001 certification. Following certification of KWE's Tokyo Terminal in January 2001, we received the ISO 14001 certification for our Narita Terminal, which is the central facility in our international distribution strategy, as well as Class A certification from the Technology Asset Protection Association (TAPA), in addition to the certifications that we have received for 11 of our locations abroad. Thus, KWE continues to be a pioneer in the freight forwarding industry.

On a non-consolidated basis, KWE's major sales consisted of airfreight exports (62.3%), airfreight imports (21.8%), and ocean freight exports and imports (15.2%). About 70 percent of the cargo that we handled consisted of high-tech items such as semiconductors and other electronic components, production equipment for making such components, telecommunications devices, and LCD-related components. Another characteristic of our company is that a number of our clients are foreign-affiliated companies.

In Japan, we have actively moved ahead of the competition in our approach to logistics services, an area where demand has rapidly increased due to changes and increasing diversification in the international cargo logistics market in recent years. This fiscal term, we completed the construction of our No. 4 Baraki Terminal (total floor space of 21,200 square meters) at the site of the old Tokyo Aircargo City Terminal (TACT) in Ichikawa City, Chiba Prefecture, as well as the 7,300 square-meter Central Japan International Airport Terminal (Nagoya) for handling import and export airfreight.

KWE's major strengths are a well-developed international service network, state-of-the-art information systems and infrastructure, and capable staff members that provide integrated one-stop cargo logistics services, including not just international airfreight forwarding, but also international ocean forwarding and warehousing services that make use of our logistics facilities. By region, our strength lies in the Asia-Pacific region that has Japan and the rest of Asia at its center and includes the United States. In recent years, we have succeeded at expanding ahead of the competition — beginning especially with China and other parts of East Asia—and we are increasing our lead in this region.

2. Overview of the Term Ended March 2005

This term, the Japanese economy showed continued strength mainly due to activity by export companies in the continually expanding market in China and a favorable business climate in digital electronic appliances in the aftermath of such events as the Athens Olympics that took place in August 2004. However, with the slowdown in exports in the latter half of the term, seesaw conditions have prevailed due to adjustments in IT-related product inventory and production, a slacking off of individual consumption, and other factors.

Against this backdrop, KWE continued to expand its sales in line with its basic strategies, as set forth in KWE's Grand Design for the 21st Century that was drawn up in November 2002.

In the first half of this term, airfreight exports were robust, especially in semiconductor production equipment and electronic components to Asia, and digital electronic appliances, automotive parts, and construction and agricultural machinery to the U.S. and Europe. In the second half of this term, despite having been affected to some degree by the shift to airfreight due to the West Coast port congestion in the U.S., the drop in exports was mainly attributed to the high price of crude oil, inventory adjustments accompanying price declines, and other factors that caused drops in exports, mainly of semiconductors, semiconductor production equipment, and electronic components to Asia. Under this environment, shipments of automotive parts that have been the focus of business for the past several years increased greatly throughout this term. The total tonnage of export shipments handled exceeded the previous term's by 17.5%, and the number of shipments handled increased by 1.0%.

In the area of airfreight imports, the shipment of digital electronic appliances from Asia and telecommunications devices and semiconductor production devices from the U.S. in the first half of the term did well. However, in the second half of the term, due to the impact of adjustments made in supply and demand, the shipments of semiconductors were sluggish, although the movement of LCD-related products from Asia remained the same as the previous term. The total tonnage of airfreight shipments increased by 4.1% from the previous term and the number of shipments that were handled increased 0.8%. Meanwhile, sales in warehousing and distribution services continued to grow due to energetic demand, and Third Party Logistics services are being expanded in the area of customer storage and distribution processing, mainly at our Narita Terminal and at warehousing and distribution facilities in Tokyo and its neighboring cities.

In ocean freight, both the export and import businesses mainly to and from Asia, have done well. The transport of exported LCD production devices and automotive parts has expanded successfully. The volume of import business has stabilized throughout this term due to the shift from air transport to ocean freight of computer-related products, household commodities, and household appliances for mass merchandising outlets. The volume of shipments handled increased by 24.3% from the last term or an increase of 22.8% in the number of shipments handled for both exports and imports.

Affiliated companies in Japan such as Kintetsu Eurasia Express, Inc., that was established in April 2004 to develop the market in Central Asia and Russia increased its revenues by 19.4% from the previous term due to sales efforts that were expended in each area.

3. Issues Confronting KWE for the Future

In the field of air and ocean freight forwarding and logistics, we will continue to expand our shipment volume of digital electronic appliances, semiconductors, and semiconductor production equipment, LCD-related components, electronic components, and automotive parts, while integrating our sales efforts with our strategy for logistics processing. To expand our transport volume in Japan, Asia and Oceania, and the U.S., which is one of the strengths of the KWE Group, and to meet Third Party Logistics demand, we must concentrate our management resources in the Pacific Rim region.

We will actively pursue the four basic business strategies indicated in KWE's Grand Design for the 21st Century – (1) increase profits from our core operation, which is international airfreight forwarding, (2) provide high-quality logistics services, (3) expand ocean freight forwarding, and (4) move ahead of the competition in the growing Chinese market - and work hard to improve our performance, while focusing especially on augmenting our profits.

Additionally, in the area of corporate social responsibility (CSR), we will strive to abide by all laws and regulations, to pursue environmental care, to improve the quality of our services, and to strengthen our risk management capabilities. Furthermore, we will carry out intensive educational measures for our middle management and supervisory personnel aimed at improving the capabilities of our employees as part of our policy of continuously strengthening and expanding sales.




The Americas

1. Outline of Business and KWE's Strengths

Kintetsu World Express (U.S.A.) Inc. (KWE/USA) was established in May 1969 and began full-fledged marketing efforts in the U.S. Its initial headquarters was located in Chicago and since the goal was to build a base for expansion, sales efforts focused on acquiring business from American companies rather than from American branches of Japanese firms. Since then, we have expanded the scope of our operations as an international forwarder specializing in Trans-Pacific business, especially between the U.S. and Japan, and between the U.S. and other Asian nations. Presently, KWE has six subsidiaries in the U.S. and Canada that are engaged in a wide variety of logistics businesses with import and export freight forwarding at the core, which include ocean freight forwarding, customs clearance, and warehousing as we continue to expand the scope of our businesses.

As an international forwarder with a competitive edge in exports and imports between the U.S. and Asian nations, a diverse range of products are transported—electronic components, computer peripherals, semiconductor production equipment, mobile communications equipment, and items related to medical care are just some of the major products that we transport. We also have a company that specializes in exporting racehorses—another unique business that gives us a competitive edge.

There are a number of multinational companies in the U.S., and our growth there has centered around these large-volume shippers, but we have also won a great deal of trust from satisfied Japanese customers thanks to our high-quality, sophisticated service and advanced information system.

The U.S. is also the home of Kintetsu Global I.T. Inc., based in Dallas, Texas. It handles research and development, and maintenance, and operation of information systems for the entire KWE Group.

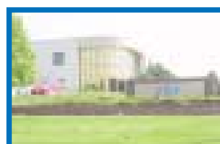
2. The Fiscal Term Ended March 31, 2005

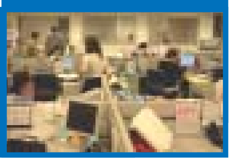
In the area of exports, the transport of computer products, semiconductor production equipment, and telecommunication devices was robust. In the area of imports, the shipment of digital electronic appliances, construction and agricultural machinery, and automotive parts remained favorable, despite a shift from ocean to air transport due to the West Coast port congestion in the U.S. As a result, the tonnage of airfreight exports handled by KWE/USA this term rose by 11.9% from the previous term and the tonnage of airfreight imports rose by 10.0%, as the cubic volume of ocean freight shipments fell by 14.2%. Additionally, the deficit left by the nonperforming companies in Latin America that were liquidated last term was greatly decreased.

In April 2004, Kintetsu Intermodal (U.S.A), Inc. (warehousing business) merged with KWE/USA as part of the KWE Group's efforts to streamline its business operations.

3. Strategies for the Future

Our Americas regional headquarters and core company, KWE/USA, will continue to streamline and strengthen its operations. In the airfreight business, our efforts will be centered on developing new clients in the airfreight, ocean freight, and logistics sectors by maintaining close ties, mainly with production bases in Asia. Additionally, we will continue to focus our energies on expanding shipments handling of automotive parts in conjunction with the expanding automotive market. As for the 14.2% drop in ocean freight forwarding last term, KWE/USA will be working in closer cooperation with each company in the KWE Group to exchange information aimed at increasing the volume of shipments handled. As for the warehousing business that was assimilated by KWE/USA, rapid measures will be taken to bring the business out of deficit and a strong base of operations will be created.





Europe and Africa

1. Outline of Business and KWE's Strengths

Since the opening of its representative office in London in 1977, the KWE Group began full-fledged expansion in Europe. Presently, there are ten KWE companies established in Europe and Africa, including the Russian and South African affiliates—the only locally-incorporated affiliates of a Japanese freight forwarder in these countries. Their businesses are engaged in a wide variety of cargo logistics operations, with import and export airfreight forwarding at a core that includes ocean freight forwarding, customs clearance, warehousing and distribution operations.

The main items that KWE exports from this region vary depending on the country, but include automotive parts, various types of machinery, electronic components, office equipment, mobile communications equipment, books, and perishables. On the import side, the main cargo includes electronic and other high-tech components, digital electronic appliances, automotive and audio-related items, and game machines. The affiliates that make up this regional headquarters are relatively younger than affiliates in other regions, and they have actively opened top positions for local personnel. As their lines of business expand, they hold promise for future growth through sales activities that emphasize localization. Their strength lies in the business lane to Japan and other Asian countries. The region can be expected to make a valuable contribution to the Group thanks to its high-quality cargo logistics services that make use of our network.

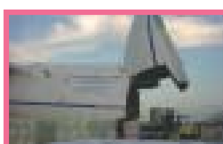
2. The Fiscal Term Ended March 31, 2005

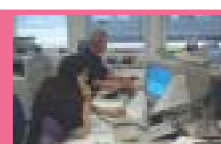
The handling of airfreight cargo is at the core of this region's business, and export tonnage grew by 21.8%, while import tonnage grew 30.6%. Cubic volume of export ocean freight rose by 24.6%, while imports grew 10.3% from the previous year. Overall, business conditions have remained favorable.

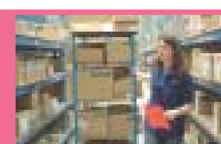
The regional headquarters has been implementing structural reforms in order to move away from the region's prior dependence on imports and shift to a stronger, export-driven operation. The affiliates with the best performance this term were in Germany, France, South Africa, and Benelux. Our affiliate in the United Kingdom also achieved vast improvements in performance. With the establishment of our affiliate in Pretoria, South Africa and a representative office in Poland under our affiliate in Germany, we have reinforced our service network.

3. Strategies for the Future

While maintaining an export-driven organization, we will accelerate reform of our business management and reinforce our sales, while pursuing the further development of logistics, which is at the core of our strategy. Toward these ends, we will bolster joint sales among the companies of the KWE Group and move ahead in cultivating business with local exporters in the region. The demand for logistics is growing, and it is also important for us to strengthen this area of our business. Regionally, we will expand our presence in the Central/Eastern European market, and enhance our service network in Russia and the CIS countries and in the Middle East and West Asia.





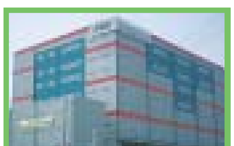


Asia and Oceania

1. Outline of Business and KWE's Strengths

The KWE Group's first officially recognized overseas affiliate was established in Hong Kong in 1969. The Asia and Oceania region plays a central role among KWE's regional groups outside of Japan. Its headquarters covers 21 Group affiliates including China, whose economy is rapidly growing, India, Indonesia, Australia, and others. As in the other regional groups, it engages primarily in export and import airfreight forwarding, along with ocean freight forwarding, customs clearance, warehousing, domestic trucking, and other transport-related businesses, but this region is notable for its strength in third party and other logistics operations.

KWE Asia and Oceania regional headquarters were quick to act on the strong demand and growth potential for warehousing and distribution in their countries. After KWE started moving into each Asian country, it was quick to establish warehousing and distribution facilities and successfully offer its services to a wide variety of customers. In order to meet the needs of a variety of customers for deliveries within the region, KWE affiliates there have worked closely together to combine various optimal shipping methods in order to arrange finished product shipments and smooth movement of semi-finished goods between factories. As it stands, demand for air and ocean transport and other logistics services is expected to grow more in Asian nations than in other regions, and China, in particular, is seen as having very high growth potential. In 1985, KWE became the first airfreight forwarder with a representative office in Beijing. Since then, KWE has remained ahead of the competition as it joined the Chinese market and built a service network there. KWE currently has six companies and two investment companies, for a total of eight companies in China and a network of 86 offices in 31 cities. This network by itself is one of the remarkable strengths of the KWE Group. With its strong presence in Asia, the KWE Group will continue to be the trustworthy Trans-Pacific Leader, providing satisfaction to a wide variety of customers as an integrated forwarder.



2. The Fiscal Term Ended March 31, 2005

In the Asia and Oceania region, our increased investment in China, the shift of production to China, and the expanded logistics services in the domestic consumption market accelerated growth in our export and import volumes during the first half of this term. However, demand for transporting semiconductor production equipment, electronic components, and other products decreased in the wake of a drop in the heated business activities in the second half of the term. Consequently, export airfreight tonnage grew 17.9% over the previous term while import airfreight tonnage increased by 29.1%. Export airfreight tonnage from China alone shot up 50.3% from the previous term, and the tonnage of export airfreight that KWE handled from Japan to China increased by 14.5%. (Note that these figures for China do not include Hong Kong.) To further strengthen our sales capacity in the Chinese market, we set up a series of facilities such as the Yantai Office, a third warehouse in Shenzhen and the Zhongshan representative office in Zhuhai district in 2004. In addition, our affiliate in Thailand established an office in Chiagmai, and our affiliate in Taiwan established the second warehouse in Taoyuan and an office in Tainan. Our affiliate in India also set up sales offices in Kolkata and Pune.

3. Strategies for the Future

We see the Asia and Oceania region as the driving force for establishing the KWE brand as a Trans-Pacific Leader. Specifically, we will strive to expand our tonnage in China, which continues to grow as a global production base and market, and in the Intra-Asia region, and to actively expand our sales in the China-to-Japan, and the China-to-North America target lanes. By reinforcing our efforts to achieve competitive differentiation with other forwarders, we have provided more comprehensive logistics services in China, where demand is strong. We expanded our domestic transport trucking network that includes the inland areas of China and in 2005, we became the first licensed foreign forwarder to begin domestic airfreight forwarding services in China. Furthermore, we anticipate having 100 offices in China within two to three years. We also foresee further growth opportunities in the new markets of India and Vietnam, and we will be strengthening our sales and services in these countries through our affiliates in India and Vietnam, established in 1997 and 2005 respectively.

Efforts to Preserve the Environment

As a world-class company with global operations, it is our responsibility to address environmental concerns. 'Being friendly to the environment' is achieved through successive and accumulated acts of environmental consideration and cooperation.

KWE's environmental policies are centered on activities that we can promote to control the environmental impact of our airfreight forwarding and logistics services.

In January 2001, KWE formulated its environmental policies and took concrete action to publicly announce its guiding principles and policies about the environment both internally and outside the company. We believe that these environmental policies, along with our guiding philosophy "to contribute to the development of a global community while also using resources wisely, promoting harmony with nature, and taking steps to preserve the global environment," are essential guidelines for a global

Goals and Targets for Environmental Protection (April 2004 - March 2005)

Goal	Target	Results
Promote energy conservation	Reduce electricity consumption Reduce kWh consumption by 5% (compared with average from 2nd half of previous year)	A 15.8% increase in use of electricity from previous year (due to a rise in cargo shipments, reinforced security, etc.)
Promote waste reduction and recycling/ reuse	(1) Reduce both combustible and noncombustible waste Reduce the volume of both combustible and noncombustible waste by 5% (compared with previous-year average)	A 15.4% increase over previous year (due to a rise in cargo shipments, increased disassembly of ULD cargo, which contributed to rise in packing waste)
	(2) Thoroughly sort trash Contain violations of environment policy within the terminal to fewer than 10 per month	An average of 19 violations per month. Majority stemmed from office and restroom use; raise the level of employee awareness through in-house PR measures
	(3) Separate cardboard cartons and maintain reuse channels Separate all our cardboard cartons and maintain reuse channels	Achieved 100% of the target (disposed of 102.3 tons of recyclable waste after separation)
	(4) Separate plastic wrapping materials and maintain reuse channels Separate all plastic wrapping materials and maintain reuse channels	Achieved 100% of the target (disposed of 47.7 tons of recyclable waste after separation)
	(5) Separate wooden pallets and maintain reuse channels Separate all our wooden pallets and maintain reuse channels	Achieved 100% of the target (disposed of 147.4 tons of recyclable waste after separation)
	(6) Improve recycling ratio Raise recycling ratio by 3% over previous-year average, which was about 79%	Achieved 79.9% reuse ratio (a 0.6% improvement)
	(7) Study reduction (conversion) of carbon dioxide emissions Aim to reduce our carbon dioxide emissions by 5% compared with the previous year Calculate our usage of electricity, volume of combustible and noncombustible waste, propane gas, etc.	A 19% increase in use of electricity from previous year (due to a rise in cargo shipments, reinforced security, etc.)
Restrict exhaust emissions from vehicles	(1) Stop idling of our vehicle engines inside the terminal Aim for 100% elimination of idling (2) Use petitions and questionnaires to ask for cooperation regarding diesel vehicle controls	Achieved nearly 100% of the target (including trucks, private cars, forklifts)
In order to prevent environmental pollution, use surveys and ask for cooperation from affiliates, business partners, and other locations within the company	Utilize requests, surveys, etc., to prevent pollution (once a year)	Distributed questionnaires on how other companies are addressing environmental issues

forwarder that aims to set a world standard.

KWE's specific activities to preserve the environment include, among its own operational activities, promoting energy conservation, reducing waste materials, and recycling resources and materials. However, what is still more important is that we believe that efforts to preserve the environment by KWE alone are not enough. Being in a global business, we need the cooperation of many others. We are thus asking for cooperation in preserving the environment—such as eliminating the idling of motor vehicle engines—from our business partners and concerned parties so that together, we can set a world standard.

To promote and implement these policies more effectively, KWE's Tokyo Terminal achieved ISO 14001 certification for environmental protection from the International Organization for Standardization (ISO) in September 2001, followed by ISO 14001 certification of the Narita Terminal, our international forwarding base, in January 2003. This year we are planning to achieve ISO 14001 certification for our No. 4 Baraki Terminal (Ichikawa City, Chiba Prefecture), which started operations in December 2004, and activities on the same scale as our Narita Terminal are in the works there.

Goals and Targets for Environmental Protection (April 2005 - March 2006)

Goal	Target	Location
Promote energy conservation Reduce electricity consumption and carbon dioxide emissions	(1) Reduce electricity consumption Reduce kWh consumption and carbon dioxide emissions by 5% (compared with previous-year average) (2) Reduce electricity consumption for office electronic equipment and other office equipment	All locations
Promote waste reduction and recycling/ reuse	(1) Reduce overall waste output Reduce overall waste output by 5%(compared with previous-year average) (2) Reduce both combustible and noncombustible waste Reduce the volume of both combustible and noncombustible waste by 5% (compared with previous-year average) (3) Thoroughly sort trash Contain violations of environment policy within the terminal to fewer than 13 per month (4) Separate cardboard cartons and maintain reuse channels Separate all our cardboard cartons and maintain reuse channels	All locations
	(5) Separate plastic wrapping materials and maintain reuse channels Separate all plastic wrapping materials and maintain reuse channels (6) Separate wooden pallets and maintain reuse channels Separate all our wooden pallets and maintain reuse channels	Warehouse-related locations
	(7) Improve recycling ratio Raise recycling ratio to more than 80%	Offices
Restrict exhaust emissions from vehicles	(1) Stop idling of our vehicle engines inside the terminal Aim for 100% elimination of idling (2) Reduce carbon dioxide emissions from KWE vehicles by 5% (compared with previous-year average) (3) Reduce carbon dioxide emissions of trucks and other vehicles by 5% (compared with previous-year average) (4) Use petitions and questionnaires to ask for cooperation regarding diesel vehicle controls	All locations, Offices
Surveys on total carbon dioxide emissions and reduction	Study reduction (conversion) of total carbon dioxide emissions Aim to reduce our total carbon dioxide emissions by 5% compared with the previous year Calculate our usage of combustible wastes, propane gas, gasoline, kerosene oil, etc.	Offices
In order to prevent environmental pollution, use surveys and ask for cooperation from affiliates, business partners, and other locations within the company	Utilize requests, surveys, etc., to prevent pollution (once a year)	Offices

Corporate Governance

Fundamental Concept of Corporate Governance

Under our Global Quadrilateral Management System, the KWE Group Top Strategy Meeting, which is organized by our World Headquarters and attended by corporate directors, convenes to decide key issues such as management policies for the entire KWE Group, the sharing of information, and the establishment of new corporations. In addition, KWE's Executive Committee, consisting of directors, auditors and departmental managers, generally meets twice a month so that participants can share ideas and information, analyze the company's performance, keep abreast of developments in the business environment, and make forward-looking management decisions. Our administrative system of corporate governance enables the board of directors to make timely management decisions based on the discussions that take place at the above-mentioned meetings.

Internal Audit, Board of Auditors and Accounting Audits

KWE has an auditing system comprised of four standing and non-standing auditors who comprise the Board of Auditors. Under this system, auditors actively participate in all meetings of the Executive Committee and Board of Directors, as well as other important meetings such as the Top Strategy Meeting, which allows them to adequately monitor how the directors are doing their jobs. The audit corporation, KPMG AZSA & Co. was selected as our independent auditor. It has audited KWE throughout this term. We altered our receptive environment for the implementation of various audits. The internal audit team, auditors, and the independent auditor meet regularly to discuss the annual schedule, performance reports, and other issues. Information is constantly exchanged as needed, and an atmosphere of mutual collaboration has been promoted.

The Relationship Between KWE, Its Outside Directors, and External Auditors

KWE's Board of Directors is set up to make decisions and respond to changes in the business environment promptly; nine of the twelve directors are full-time directors. KWE's outside directors and external auditors have no vested interests in KWE's business transactions.

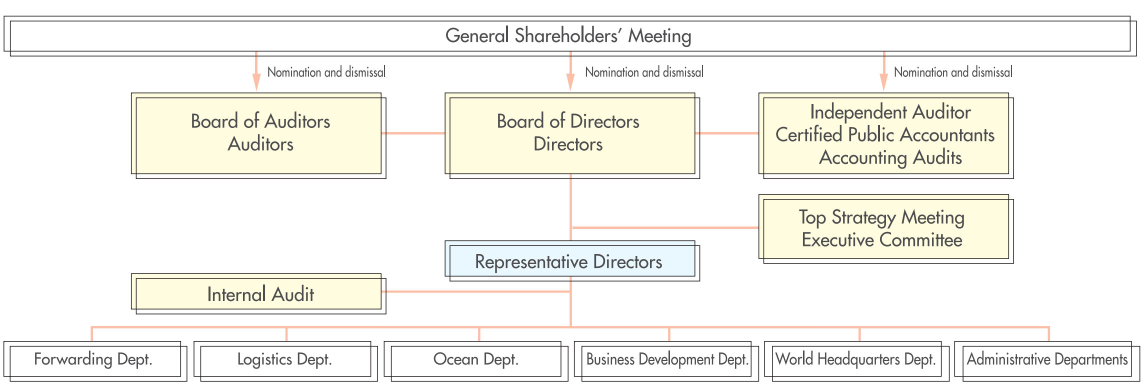
Steps Taken in the Past Year to Improve Corporate Governance

There were two auditing teams that conducted internal audits of all KWE Group companies according to predetermined schedules. The team that audited companies outside of Japan was led by the World Headquarters, consisting of members from the Audit Department and Accounting Department. The other team, which audited domestic companies, was led by the General Affairs Department in collaboration with the Audit Department and Accounting Department. KWE conducts accounting audits of all its sales offices twice a year, and inspects the operations of its administrative departments once a year. Audit results are reported to the President and the Executive Committee, and are announced in-house along with comments and evaluation points.

Since KWE has a large number of affiliated companies overseas, each of its quadrilateral headquarters audits these companies on a regular basis, and KWE conducts separate corporate inspections.

We are also aware of our social responsibility to safely manage and protect customer information in accordance with Japanese laws to protect personal information as well as "KWE Compliance Standards" (KWE Ethics and Action Standards). We will continue to strive to do our utmost to earn the trust of our customers and the general public.

In today's rapidly changing world, the KWE Group's chances of survival would be lessened without having corporate governance mechanisms that enable us to make the best possible decisions. We will continue to work hard at developing our operating environment so that we can function more effectively and efficiently.



Management's Discussion and Analysis

Unless otherwise noted, all financial information contained in this section is based on the consolidated financial statements included in the annual report of Kintetsu World Express, Inc. (KWE), which were prepared on the basis of generally accepted accounting principles in Japan.

OVERVIEW

Our consolidated financial statements for the fiscal year ended March 31, 2005 cover Kintetsu World Express, Inc., 47 of its subsidiaries, and three affiliated companies that have been accounted for by the equity method.

KWE's principal businesses are international and domestic freight forwarding using transport provided by airlines and shipping companies, and representation on behalf of air carriers. The KWE Group also engages in the related fields of customs clearance, trucking, temporary staffing, insurance agency, property management, packing, etc.

Although KWE's business falls within the single segment of freight transportation and cargo logistics, we divide our operations into four categories: airfreight forwarding (which accounted for 54.9% of net sales this fiscal year), logistics (19.1%), ocean freight forwarding (14.3%), and other operations (11.7%).

The KWE Group has adopted a Global Quadrilateral Management System. This fiscal year, the Japan Region accounted for 49.7% of net sales, the Americas Region contributed 12.3%, the Europe and Africa Region took in 8.7%, and the Asia and Oceania Region brought in 29.3%. In all, 50.3% of KWE's total net sales came from overseas operations.

OPERATIONS

In the first half of this fiscal year, the business environment for the company was favorable, thanks to an increase in production and a buildup of inventory worldwide. In the second half, however, exports in the Euro currency region and Asia were weak. Japan's economy generally expanded in the first half, but alternately weakened and improved in the second half. The fiscal year was also marked by an increase in prices of aircraft fuel stemming from the worldwide rise in oil prices and a sharp increase in airfreight rates owing to higher demand for air transport.

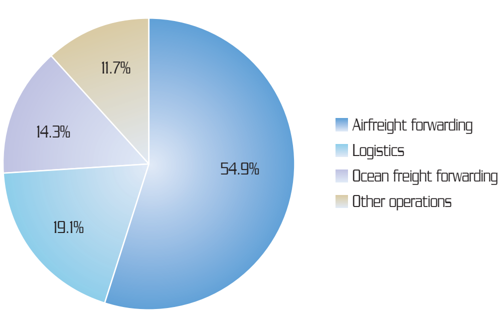
In KWE's operational sphere, airfreight volumes expanded in the first half thanks to a strong market for digital electronic appliances stemming from the Athens Olympic Games and growth in the Chinese market. In the second half, however, volumes of high-tech cargo, mainly to Asia, weakened and airfreight demand gradually slowed.

Within this business environment, we established a GSC (Global Strategic Customers) Headquarters in Hong Kong in April 2004 to service multinational corporations as part of our efforts to expand our sales activities. The KWE Group also made concerted efforts to reduce costs to mitigate the impact of higher rate procurement costs stemming from high oil prices. This was one reason that this term net sales and profits both substantially exceeded previous-year levels.

In terms of geographical strategies, we enhanced our sales bases in areas where economic growth is expected in the future. In China, we established offices in Yantai, Shandong Province, and Zhongshan, Zhuhai Special Economic Zone, and third warehouses in both Waigaoqiao and Shenzhen. In Taiwan, we opened an office in Tainan and a second warehouse in Taoyuan. In other parts of Asia, we established an office in Chiagmai, Thailand, and sales offices in the Indian cities of Kolkata and Pune.

In Europe and Africa, we established offices in Pretoria, South Africa, and in Poland. We obtained Class A certification from the Technology Asset Protection Association (TAPA) for our Amsterdam warehouse.

Net Sales by Category



Net Sales

Net sales this fiscal year increased 17.4% from the previous year to 238.280 billion yen. Net sales rose from the previous year in all of KWE's quadrilateral bases – 26.0% in Asia and Oceania, 17.0% in Japan and Europe and Africa, and 2.5% in the Americas. Consequently, net sales outside Japan constituted 50.3% of overall net sales, compared to 50.1% the previous year.

The amount of airfreight (in weight) originating from Japan rose by more than 20% from the previous year thanks to a boost in demand for digital electronic appliances from the Athens Olympic Games and an increase in exports of semiconductor and LCD production equipment. In the second half of the year, however, high-tech exports slowed as electronics companies reduced inventories.

Cargo flows in and out of Asia and Oceania, mainly China, increased. The consolidation and liquidation of group companies in the Americas, Europe and Africa was completed in the previous fiscal year. This reorganization contributed to a substantial improvement in financial results this fiscal year.

Cost of Sales

Cost of sales this fiscal year increased 19.7% over the previous year to 200.880 billion yen, while the percentage to net sales rose by 1.6 percentage points to 84.3%.

KWE has no aircraft or ships of its own to use for transport, so our costs consist mainly of freight charges paid to airlines and shipping companies as our biggest direct cost, along with wages and other indirect costs. The fiscal year was also marked by an increase in prices of aircraft fuel stemming from the worldwide rise in oil prices and a sharp increase in airfreight rates owing to higher demand for air transport, resulting in an increase in the cost of sales which was higher than the increase in net sales.

Selling, General and Administrative Expenses

KWE's selling, general and administrative expenses this fiscal year rose 5.3% from the previous year to 29.013 billion yen, but the percentage to net sales declined from 13.6% to 12.2%.

We made efforts to reduce selling, general and administrative expenses to mitigate the impact of higher procurement costs stemming from high oil prices. Specifically, we strove to hold down the increase in personnel costs by trying to optimize our placement of employees, relocate sales facilities, and make airfreight consolidation more efficient.

Operating Income

Operating income this fiscal year rose 10.8% from the previous year to 8.387 billion yen. However, the operating income margin slipped from 3.7% to 3.5%. Not only did we steadily increase net sales, but at the same time we mitigated the impact of a sharp increase in the cost of sales by holding down selling, general and administrative expenses, and this boosted KWE's operating income by a double-digit percentage.

Other income (expenses)

The net amount of other income (expenses) was a loss of 96 million yen for the fiscal year, an improvement of 1.256 billion yen over the previous year's loss of 1.352 billion yen. The biggest reason for the improvement was a decline in losses on the liquidation of affiliates, from 1.413 billion yen in the previous fiscal year for the liquidation of KWE's five Latin American subsidiaries, to 34 million yen. In addition, interest expenses declined by 73 million yen thanks to a reduction in debt.

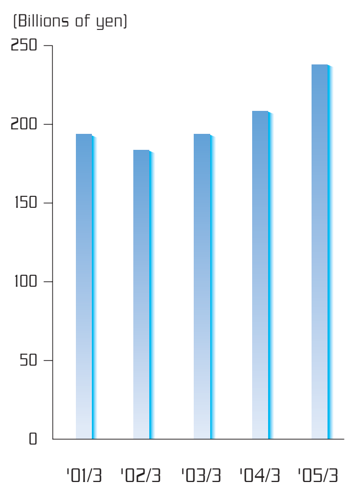
Income Before Income Taxes

This fiscal year, KWE's income before income taxes was 8.291 billion yen, an increase of 33.3% from the previous year.

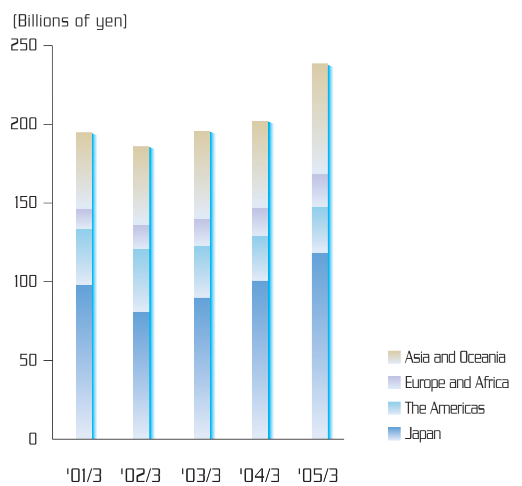
Income Taxes

This fiscal year, income taxes came to 3.505 billion yen, an increase of 14.2% from the previous year. KWE's effective

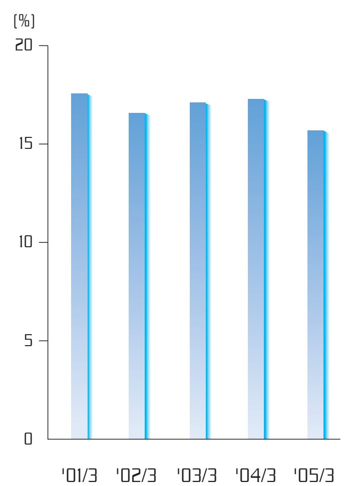
Net Sales



Net Sales by Region



Gross Profit Margin



tax rate, including deferred income taxes, decreased from 49.4% in the previous year to 42.3% this term.

Net Income

KWE's net income this fiscal year rose 53.8% over the previous year to 4.441 billion yen.

Because of this, net income per share rose from the previous year's 80.72 yen to 121.64 yen, and return on equity improved from the previous year's 8.6% to 11.4%.

TRENDS IN SEGMENTS BY REGION

To see a breakdown of segment trends by region, please refer to the Outline and Strategy by Quadrilateral Region on pages 10 to 15.

FINANCIAL POSITION

This fiscal year, KWE's total assets increased 9.2% to 102.661 billion yen.

One factor behind this change was an increase in our current assets, which rose 10.9%, or 5.992 billion yen, to 60.878 billion yen. This was due mainly to increases in cash and time deposits, and in trade notes and accounts receivable.

The amount of investments decreased 7.6%, or 493 million yen, to 6.023 billion yen owing to the liquidation of some corporate investments. Total property and equipment rose 11.4%, or 3.164 billion yen, to 31.027 billion yen. Most of this increase stemmed from the completed construction of the No. 4 Baraki Terminal in Ichikawa, Chiba Prefecture, and a terminal at Central Japan International Airport (Nagoya).

Meanwhile, total liabilities increased 1.1% to 59.035 billion yen. Current liabilities were roughly unchanged from the previous year at 46.494 billion yen. Trade notes and accounts payable rose 25.8% from the previous year to 20.369 billion yen, but short-term debt decreased 15.0% to 15.477 billion yen.

Long-term liabilities increased 5.5% to 12.541 billion yen. Long-term debt rose 6.0% to 9.694 billion yen. Accrued retirement benefits to directors and statutory auditors amounted to 0, down from 534 million yen in the previous year.

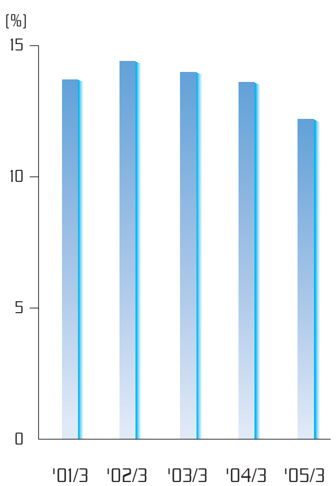
Meanwhile, shareholders' equity rose 22.5% to 42.726 billion yen thanks to proceeds from the issuance of new shares and an increase in retained earnings. The amount of common stock increased 38.4% to 7.216 billion yen, capital surplus climbed 69.9% to 4.868 billion yen, and retained earnings rose 14.0% to 31.094 billion yen. In the end, our equity ratio increased to 41.6%, up from 37.1% at the end of the previous fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

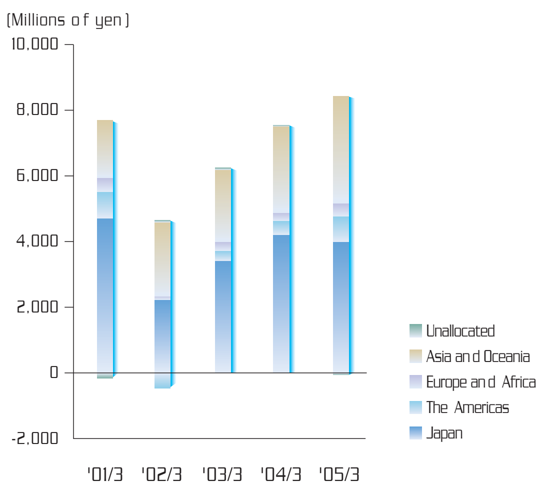
This fiscal year, KWE generated 4.952 billion yen in cash flows from operating activities. This was 14.5% less than the previous year. Although cash flows from operating activities were boosted by increases in income before income taxes and trade notes and accounts payable, they were also reduced by an increase in trade notes and accounts receivable and a decline in losses on the liquidation of affiliates.

Cash used in investment activities this year amounted to 4.570 billion yen, which was 1.554 billion yen less than the

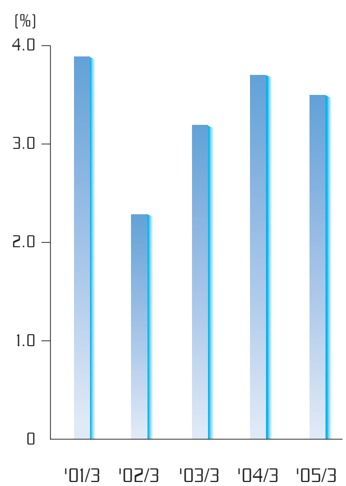
SGA Expenses to Net Sales



Operating Income by Region



Operating Income Margin



previous term. The main reasons for the decline were a 2,014 billion yen increase in proceeds from loan receivables and a 655 million yen reduction in losses on the liquidation of consolidated subsidiaries. Payments for purchases of property and equipment, which trend in line with the amount of capital investment, totaled 5.133 billion yen, up 21.9% from the previous year.

Finally, net cash provided by financing activities was 1.150 billion yen, compared with 805 million yen in cash used a year earlier. The improvement stemmed mainly from 3.976 billion yen in proceeds from new stock issuance. As a result, the total number of common stock issued increased from 34 million to 36 million. Cash dividend payments this fiscal year rose 44.1% from the previous year to 490 million yen.

At the end of fiscal 2004, cash and cash equivalents rose by 1.629 billion yen from a year earlier to 16.660 billion yen.

Risk Disclosures
Significant Risk Factors Impacting Operating Results

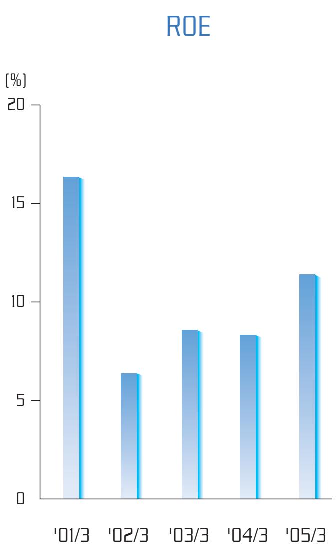
The following are the major risk factors that KWE recognizes as having the potential to affect our operating results.

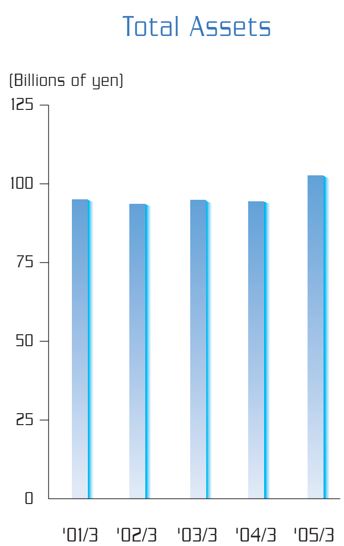
1. Economic conditions

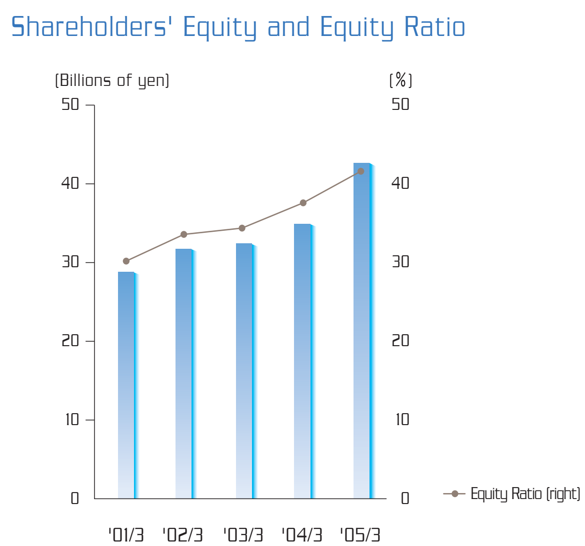
KWE operates on a global basis, with operations primarily distributed in our quadrilateral system consisting of Japan, the Americas, Europe and Africa, and Asia and Oceania. The main products we handle are export goods such as high-tech products (electronic components, semiconductors and semiconductor production equipment, telecommunication items, LCD-related items, digital electronic appliances, etc.), automotive items, (including auto parts and fully assembled vehicles), medical items (related to medical care or pharmaceuticals, and chemical goods), high-end apparel and related products, and goods for sale by mass merchandisers. In situations such as an adjustment in demand for IT items that are particularly sensitive to fluctuations in economic ups and downs, or in the event of a global disruption such as the terrorist attacks that took place in the United States in September 2001, the 2003 Iraq war, or the outbreak of SARS and avian influenza, it is possible that the performance of the KWE Group or its financial condition could be affected.

2. Exchange rate fluctuations

KWE has built a Global Quadrilateral Management System (consisting of Japan, the Americas, Europe and Africa, and Asia and Oceania), and fluctuations in foreign exchange rates in any of these regions could affect KWE's performance or financial condition. In order to minimize risks arising from such currency fluctuations, KWE uses foreign exchange forward contracts. Our policy is to use such forward contracts only to hedge the amount of KWE's net debts or credits related to sales contracts denominated in foreign currencies. In principle, we do not enter into forward contracts with terms of more than one year. Moreover, we have a policy of not engaging in speculative dealings or highly leveraged transactions. We use comprehensive foreign exchange forward contracts only to offset the risks of future fluctuations as related to normal business dealings denominated in a foreign currency.







3. Fluctuations in crude oil prices

Taking into account the influence that a sudden surge in oil prices can have on distribution and transport, KWE maintains close relationships with air and ocean carriers, and works to expand our channels for procuring cargo space. Nevertheless, it is possible that unforeseeable circumstances could affect our corporate performance. We have twice passed on airlines' fuel surcharges to our customers, but fuel oil prices could be volatile and affect our corporate performance.

4. Legal regulations

Each nation has enacted various regulations governing transport, warehousing, storage management, and other businesses in which we engage. Most of these are statutory regulations (to ensure safety, for example) or legal regulations affecting the transport business. If existing legal regulations are changed, it is possible that a temporary spike in capital spending could result, which could affect KWE's performance.

5. Concerning transport accidents

KWE takes the utmost care based on the know-how that we have accumulated as an airfreight forwarder as we work to expand our logistics business. We work hard to secure and increase the trust that our customers place in us. Nevertheless, in the event of a transport accident arising, for example, from an unpredictable disaster, KWE's performance could be adversely affected.

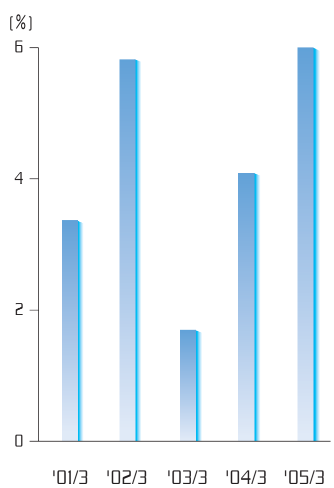
6. Concerning storage and security at distribution-related facilities

KWE owns distribution-related facilities in four regions of the world: Japan, the Americas, Europe and Africa, and Asia and Oceania. We take measures to ensure safe storage and security at these facilities; for example, we have obtained Class A certification from Technology Asset Protection Association (TAPA, an organization that sets international security standards) for our facilities in Japan and 11 other countries around the world. However, in the event that our security measures should cease to function due to war or terrorist attack, etc., KWE's performance could be adversely affected.

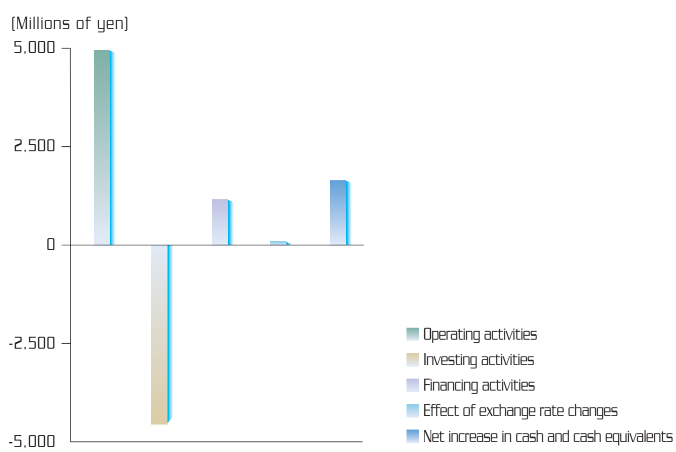
7. Concerning customer data management and information leaks

KWE systematically controls customer data and information about freight movements through our intra-Group information network. We perform regular audits and inspections to ensure that there are no information leaks. In addition, in accordance with the Act on the Protection of Personal Information (which took effect on April 1, 2005), KWE has a companywide policy of safeguarding personal information and makes every effort to familiarize employees with it. Therefore, we believe there is an extremely small risk of customer data being leaked outside the company. Nevertheless, in the unlikely event that for some reason customer information should be leaked to an outside party, the resulting loss of trust in the company could affect our corporate performance.

Working Capital to Net Sales



Cash Flows



Kintetsu World Express, Inc. and Subsidiaries

Consolidated Balance Sheets

March 31, 2005 and 2004

ASSETS	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 1) 2005
Current assets :			
Cash and time deposits (Note 3)	**¥ 16,726**	¥ 15,084	**$ 155,750**
Notes and accounts receivable-Trade	**41,045**	35,385	**382,205**
Less: Allowance for doubtful accounts	**(394)**	(525)	**(3,669)**
Deferred income taxes (Note 8)	**557**	699	**5,187**
Other current assets	**2,944**	4,242	**27,414**
Total current assets	**60,878**	54,885	**566,887**
Investments (Note 4) :			
Investments in :			
Affiliates	**238**	296	**2,216**
Others	**2,208**	2,886	**20,561**
Other investments	**3,892**	3,921	**36,241**
Less: Allowance for doubtful accounts	**(315)**	(587)	**(2,933)**
Total investments	**6,023**	6,516	**56,085**
Property and equipment (Note 6) :			
Land	**9,576**	9,405	**89,170**
Buildings and structures	**24,987**	21,977	**232,675**
Machinery and equipment	**2,120**	1,905	**19,741**
Other	**8,375**	7,585	**77,988**
	45,058	40,872	**419,574**
Less: Accumulated depreciation	**(14,031)**	(13,009)	**(130,655)**
Total property and equipment	**31,027**	27,863	**288,919**
Other assets	**3,925**	3,850	**36,549**
Deferred income taxes (Note 8)	**808**	876	**7,524**
	¥ 102,661	¥ 93,990	**$ 955,964**

See accompanying notes.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 1) 2005
Current liabilities :			
Short-term debt (Note 5)	**¥ 13,730**	¥ 14,883	**$ 127,852**
Current maturities of long-term debt (Note 5)	**1,747**	3,327	**16,268**
Notes and accounts payable -Trade	**20,369**	16,186	**189,673**
Income taxes payable (Note 8)	**1,405**	2,068	**13,083**
Deferred income taxes (Note 8)	**9**	16	**84**
Accrued bonuses	**954**	911	**8,884**
Other current liabilities	**8,280**	9,090	**77,101**
Total current liabilities	**46,494**	46,481	**432,945**
Long-term debt (Note 5)	**9,694**	9,145	**90,269**
Accrued retirement benefits to :			
Employees (Note 7)	**1,938**	1,835	**18,046**
Directors and statutory auditors	**-**	534	**-**
Deferred income taxes (Note 8)	**90**	84	**838**
Other long-term liabilities	**819**	294	**7,627**
Minority interests	**900**	736	**8,381**
Contingent liabilities (Note 9)			
Shareholders' equity (Note 10) :			
Common stock			
Authorized 120,000,000 shares			
Issued 36,000,000 shares in 2005	**7,216**	5,212	**67,194**
34,000,000 shares in 2004			
Capital surplus	**4,868**	2,864	**45,330**
Retained earnings	**31,094**	27,265	**289,543**
Net unrealized holding gains on marketable securities	**378**	420	**3,520**
Foreign currency translation adjustment	**(830)**	(880)	**(7,729)**
Treasury stock , at cost	**(0)**	(0)	**(0)**
Total shareholders' equity	**42,726**	34,881	**397,858**
	¥ 102,661	¥ 93,990	**$ 955,964**

See accompanying notes.

Kintetsu World Express, Inc. and Subsidiaries

Consolidated Statements of Income

Years ended March 31, 2005 and 2004

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2005	2004	**2005**
Net sales (Note 12)	**¥ 238,280**	¥ 202,941	**$ 2,218,829**
Cost of sales	**200,880**	167,823	**1,870,565**
Gross profit	**37,400**	35,118	**348,264**
Selling, general and administrative expenses (Note 13)	**29,013**	27,547	**270,165**
Operating income (Note 12)	**8,387**	7,571	**78,099**
Other income (expenses) :			
Interest and dividends income	**175**	182	**1,630**
Interest expenses	**(495)**	(568)	**(4,609)**
Foreign currency exchange gain	**446**	517	**4,153**
Loss on liquidation of subsidiaries	**(34)**	(1,413)	**(317)**
Loss on disposals of fixed assets	**(424)**	(21)	**(3,948)**
Other, net	**236**	(49)	**2,197**
	(96)	(1,352)	**(894)**
Income before income taxes	**8,291**	6,219	**77,205**
Income taxes (Note 8) :			
Current	**3,284**	3,688	**30,580**
Deferred	**221**	(617)	**2,058**
	3,505	3,071	**32,638**
Minority interest in consolidated subsidiaries	**(345)**	(261)	**(3,213)**
Net income	**¥ 4,441**	¥ 2,887	**$ 41,354**

	Yen		*U.S. dollars (Note 1)*
	2005	2004	**2005**
Amounts per share :			
Net income	**¥ 121.64**	¥ 80.72	**$ 1.13**
Cash dividends applicable to the year	**15.00**	12.00	**0.140**

See accompanying notes.

Kintetsu World Express, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2005 and 2004

	Number of shares of common stock (thousands)	Millions of yen					
		Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2003	34,000	¥ 5,212	¥ 2,864	¥ 24,802	¥ 53	¥ (480)	¥ (0)
Net income	-	-	-	2,887	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	-	(400)	-
Net unrealized holding gains on marketable securities	-	-	-	-	367	-	-
Cash dividends paid	-	-	-	(340)	-	-	-
Bonuses to directors and statutory auditors	-	-	-	(84)	-	-	-
Balance at March 31, 2004	**34,000**	**5,212**	**2,864**	**27,265**	**420**	**(880)**	**(0)**
Net income	**-**	**-**	**-**	**4,441**	**-**	**-**	**-**
Adjustments from translation of foreign currency financial statements	**-**	**-**	**-**	**-**	**-**	**50**	**-**
Net unrealized holding loss on marketable securities	**-**	**-**	**-**	**-**	**(42)**	**-**	**-**
Cash dividends paid	**-**	**-**	**-**	**(490)**	**-**	**-**	**-**
Bonuses to directors and statutory auditors	**-**	**-**	**-**	**(122)**	**-**	**-**	**-**
New stock issuance (Note 10)	**2,000**	**2,004**	**2,004**	**-**	**-**	**-**	**-**
Balance at March 31, 2005	**36,000**	**¥ 7,216**	**¥ 4,868**	**¥ 31,094**	**¥ 378**	**¥ (830)**	**¥ (0)**

	Number of shares of common stock (thousands)	Thousands of U.S. dollars (Note 1)					
		Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2004	**34,000**	**$ 48,533**	**$ 26,669**	**$ 253,888**	**$ 3,911**	**$ (8,194)**	**$ (0)**
Net income	**-**	**-**	**-**	**41,354**	**-**	**-**	**-**
Adjustments from translation of foreign currency financial statements	**-**	**-**	**-**	**-**	**-**	**465**	**-**
Net unrealized holding gains on marketable securities	**-**	**-**	**-**	**-**	**(391)**	**-**	**-**
Cash dividends paid	**-**	**-**	**-**	**(4,563)**	**-**	**-**	**-**
Bonuses to directors and statutory auditors	**-**	**-**	**-**	**(1,136)**	**-**	**-**	**-**
New stock issuance (Note 10)	**2,000**	**18,661**	**18,661**	**-**	**-**	**-**	**-**
Balance at March 31, 2005	**36,000**	**$ 67,194**	**$ 45,330**	**$ 289,543**	**$ 3,520**	**$ (7,729)**	**$ (0)**

See accompanying notes.

Kintetsu World Express, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	**2005**
CASH FLOWS FROM OPERATING ACTIVITIES :			
Net income before income taxes	**¥ 8,291**	¥ 6,219	**$ 77,205**
Adjustments to reconcile net income before income taxes to net cash provided by operating activities :			
Depreciation and amortization	**3,027**	2,446	**28,187**
Increase in accrued bonuses	**43**	49	**400**
Increase (Decrease) in accrued retirement benefits	**(446)**	439	**(4,153)**
Interest and dividends income	**(175)**	(181)	**(1,630)**
Interest expenses	**495**	568	**4,609**
Loss on disposal of fixed assets	**424**	21	**3,948**
Changes in assets and liabilities:			
(Increase) Decrease in notes and accounts receivable	**(5,516)**	(288)	**(51,364)**
Increase (Decrease) in notes and accounts payable	**4,032**	(2,383)	**37,545**
(Increase) Decrease in other assets	**(165)**	(291)	**(1,536)**
Increase (Decrease) in other liabilities	**(283)**	733	**(2,635)**
Bonuses to directors and statutory auditors	**(123)**	(87)	**(1,145)**
Loss on liquidation of subsidiaries	**34**	1,413	**317**
Other, net	**(300)**	684	**(2,794)**
Sub-total	**9,338**	9,342	**86,954**
Interest and cash dividends received	**176**	185	**1,638**
Interest paid	**(521)**	(580)	**(4,851)**
Income taxes paid	**(4,041)**	(3,155)	**(37,629)**
Net cash provided by operating activities	**4,952**	5,792	**46,112**
CASH FLOWS FROM INVESTING ACTIVITIES :			
Payments for purchases of securities	**(11)**	(32)	**(102)**
Proceeds from sales of securities	**210**	-	**1,955**
Payments for purchases of property and equipment	**(5,133)**	(4,212)	**(47,798)**
Proceeds from sales of property and equipment	**166**	405	**1,546**
Payment for purchase of investments in subsidiaries	**(436)**	-	**(4,060)**
Proceeds from (Payment for) loans receivable	**1,549**	(465)	**14,424**
Other, net	**(915)**	(1,820)	**(8,520)**
Net cash used in investing activities	**(4,570)**	(6,124)	**(42,555)**
CASH FLOWS FROM FINANCING ACTIVITIES :			
Net increase (decrease) in short-term debt	**(1,001)**	1,855	**(9,321)**
Payments of capital lease obligations	**(70)**	(104)	**(652)**
Proceeds from long-term debt	**2,044**	7,786	**19,033**
Payments for long-term debt	**(3,229)**	(9,957)	**(30,068)**
Proceeds from new stock issuance	**3,976**	-	**37,024**
Payments of cash dividends	**(490)**	(340)	**(4,563)**
Payments of cash dividends to minority shareholders	**(80)**	(67)	**(744)**
Proceeds from minority shareholders	**-**	22	**-**
Net cash provided by (used in) financing activities	**1,150**	(805)	**10,709**
Effect of exchange rate changes on cash and cash equivalents	**97**	(424)	**903**
Net increase (decrease) in cash and cash equivalents	**1,629**	(1,561)	**15,169**
Cash and cash equivalents at beginning of year	**15,031**	16,592	**139,966**
Cash and cash equivalents at end of year (Note 3)	**¥ 16,660**	¥ 15,031	**$ 155,135**

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2005 and 2004

Note 1: Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Kintetsu World Express, Inc. (the "Company") and subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S.dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2005, which was ¥107.39 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S.dollars at this or any other rate of exchange.

Certain reclassifications have been made in the 2004 consolidated financial statements to conform to the presentation for 2005.

Note 2: Summary of Significant Accounting Policies

(1) Scope of Consolidation

The Company had 47 subsidiaries at March 31, 2005 and the consolidated financial statements include the accounts of the Company and all subsidiaries. At March 31, 2004 the Company had 49 subsidiaries and consolidated all of them.

The Company and the consolidated subsidiaries are together referred to as the "Companies" hereinafter.

(2) Consolidation and Elimination

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

(3) Investments in Affiliates

At March 31, 2005, three affiliates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method whereby the costs of investments are adjusted for equity in undistributed earnings or losses since acquisition.

(4) Securities

Securities are classified as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Securities held by the Company and its subsidiaries are classified into three categories.

Held-to-maturity securities are stated at amortized cost.

Available-for-sale securities with market values are stated at market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains on sale of such securities are computed using weighted-average cost.

Other securities that do not have market value are stated at weighted-average cost.

If the market value of available-for-sale securities declines significantly, such securities are stated at market value and the difference between market value and the carrying amount is recognized as loss in the period of the decline.

(5) Allowance for Doubtful Accounts

The Companies adopted the policy of providing the allowance for doubtful accounts using the actual rate of bad debt losses experienced in the past for the receivable other than those, for which allowance is provided based on individual evaluation of their possibility of collection.

The allowance for doubtful accounts held by overseas consolidated subsidiaries represents the amount deemed necessary to cover possible losses.

(6) Property and Equipment

Property and equipment are stated at cost. Depreciation for buildings held by the Company and domestic consolidated subsidiaries is computed on the straight-line method based on the estimated useful lives of assets. Depreciation for others is computed using the declining-balance method. Depreciation of tangible fixed assets held by overseas consolidated subsidiaries is mainly computed by the straight-line method. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

In the year ended March 31, 2005, the Company did not adopt early the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on

August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on October 31, 2003). The new accounting standard is required to be adopted effective April 1, 2005.

(7) Amortization of Intangible Assets
Amortization of intangible assets is computed using the straight-line method.
Software for internal use is amortized over their estimated useful lives (primarily 5 years) on a straight-line basis.

(8) Accrued Bonuses
Accrued bonuses to employees are provided for the portion relevant to the current year of the estimated amount of bonus payments. Bonuses to directors and statutory auditors, which are subject to approval at the shareholders' meeting, are accounted for as an appropriation of retained earnings.

(9) Accrued Retirement Benefits to Employees
The Companies adopted the Accounting standard for employees' severance and retirement benefits, under which allowance and expenses for severance and pension benefits are determined based on the amounts obtained by actuarial calculations.
The Company and certain domestic consolidated subsidiaries have defined benefit pension plans and certain overseas subsidiaries provide defined benefit pension plans and defined contribution plans.
Effective April 1, 2001, the Company integrated entire lump-sum payment plan into funded pension plan. The transition amount arising from this integration of 67 million ($642 thousand) is amortized on a straight-line basis over the period of 13 years commencing with the year ended March 31, 2002.
The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to 3,788 million, is recognized in expenses in equal amounts primarily over 15 years commencing with the year ended March 31, 2001.
Unrecognized net actuarial differences are amortized as expenses from the next fiscal year by the straight-line basis over the prescribed years within the estimated remaining service period (primarily 13 years).

(10) Accrued Retirement Benefits to Directors and Statutory Auditors
Effective June 24, 2004, the Company and certain domestic consolidated subsidiaries have abolished retirement benefits to directors and statutory auditors. With this change, the liabilities which was recognized prior to the abolishment in accordance with the requirement of payment upon retirement of all directors and statutory auditors as "Accrued retirement benefits to directors and statutory auditors" was reclassified to "Other long-term liabilities".

(11) Translation of Foreign Currency Transactions
Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates and the resulting translation gains or losses are taken into income.
Receivables and payables denominated in foreign currencies, which are hedged by forward exchange contracts, are translated at the contracted rates of exchange.

(12) Translation of Foreign Currency Financial Statements
(Accounts of overseas subsidiaries and affiliates)
Foreign currency financial statements of overseas consolidated subsidiaries and affiliates accounted for by the equity method are translated into Japanese yen at current exchange rates prevailing at the relevant balance sheet dates of these subsidiaries and affiliates, except that shareholders' equity accounts are translated at historical rates. Differences arising from translation are presented as " Foreign currency translation adjustment " in the shareholders' equity.

(13) Income Taxes
Income taxes consist of corporation, enterprise and inhabitant taxes. The provision for income taxes is computed based on the pretax income of each of the Company and its consolidated subsidiaries with certain adjustments required for tax purposes.
The Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax purposes and financial reporting purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(14) Leases
Finance leases of the Company and the domestic consolidated subsidiaries, other than those which are deemed to transfer the ownership of the leased assets to lessees, are accounted for by a method similar to that used for ordinary operating leases.
Certain overseas subsidiaries capitalize their assets leased under finance lease contracts in accordance with local accounting principles.

(15) Hedging activities
The Company and its subsidiaries use forward foreign currency contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation in foreign currency exchange rates with respect to foreign currency receivables and payables, within the amount of foreign currency receivables and payables.
Forward foreign currency contracts are subject to risks of foreign exchange rate changes, respectively.
The following hedging derivative financial instrument used by the company and items hedged:
Hedging instrument : Forward foreign exchange contracts
Hedged items : Foreign currency receivables and payables
If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.
However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable, (i) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and (ii) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(b) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

(16) Per Share information

Diluted earnings per share of common stock for the years ended March 31, 2005 and 2004 are not presented since the Company had no securities with dilutive effect.

Cash dividends per share presented in the consolidated statements of income represent dividends declared as applicable to the respective year, including dividends paid after the end of the year.

(17) Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Note 3: Cash and Cash Equivalents

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2005 and 2004 are as follows:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Cash and time deposits	**¥ 16,726**	¥ 15,084	**$ 155,750**
Deposits over three months	**(66)**	(53)	**(615)**
Cash and cash equivalents	**¥ 16,660**	¥ 15,031	**$ 155,135**

Note 4: Securities

The following tables summarize acquisition cost, book value and market value of securities with available fair values as of March 31, 2005 and 2004 :

	Millions of yen			*Thousands of U.S.dollars*		
Held-to-maturity debt securities, at March 31, 2005	*Book value*	*Market value*	*Difference*	*Book value*	*Market value*	*Difference*
Securities with available fair values exceeding book value	¥ -	¥ -	¥ -	$ -	$ -	$ -
Other securities	-	-	-	-	-	-
Total	¥ -	¥ -	¥ -	$ -	$ -	$ -

	Millions of yen		
Held-to-maturity debt securities, at March 31, 2004	*Book value*	*Market value*	*Difference*
Securities with available fair values exceeding book value	¥ 350	¥ 350	¥ 0
Other securities	-	-	-
Total	¥ 350	¥ 350	¥ 0

Available-for-sale securities, at March 31, 2005	Millions of yen Acquisition cost	Book value	Difference	Thousands of U.S.dollars Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition costs	¥ 738	¥ 1,428	¥ 690	$ 6,872	$ 13,297	$ 6,425
Other securities	211	159	(52)	1,965	1,481	(484)
Total	¥ 949	¥ 1,587	¥ 638	$ 8,837	$ 14,778	$ 5,941

Available-for-sales securities, at March 31, 2004	Millions of yen Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition costs	¥ 656	¥ 1,399	¥ 743
Other securities	232	197	(35)
Total	¥ 888	¥ 1,596	¥ 708

Book value of available-for-sale securities, with no fair market value, as of March 31, 2005 and 2004 were as follows:

Available-for-sales securities	Millions of yen 2005	2004	Thousands of U.S.dollars 2005
Non-listed securities (except for over-the-counter securities)	¥ 621	¥ 940	$ 5,783
Non-listed equity securities issued by subsidiaries and affiliates	238	296	2,216
Total	¥ 859	¥ 1,236	$ 7,999

The carrying value of debt securities classified as available-for-sale and held-to-maturity as of March 31, 2005 and 2004 are summarized by contractual maturities as follows:

	Millions of yen				Thousands of U.S.dollars	
	2005		2004		2005	
	Corporate bonds	Others	Corporate bonds	Others	Corporate bonds	Others
One year or less	¥ -	¥ -	¥ -	¥ 350	$ -	$ -
One to five years	-	-	-	-	-	-
Five to 10 years	-	-	-	-	-	-
More than 10 years	-	-	-	-	-	-
Total	¥ -	¥ -	¥ -	¥ 350	$ -	$ -

Note 5: Short-term Debt and Long-term Debt

Short-term debt consisted principally of borrowings from banks. The weighted average interest rates of short-term debt as of March 31, 2005 and 2004 were 1.57% and 1.26% , respectively.

Long-term debt at March 31, 2005 and 2004 consisted of the followings:

	Millions of yen 2005	2004	Thousands of U.S.dollars 2005
Long-term debt from banks and other financial institutions due 2006 to 2036, with average interests 2.48% for 2005 and 2.51% for 2004, respectively			
Secured	**¥ 499**	¥ 605	**$ 4,647**
Unsecured	**10,942**	11,867	**101,890**
	11,441	12,472	**106,537**
Less: Portion due within one year	**(1,747)**	(3,327)	**(16,268)**
	¥ 9,694	¥ 9,145	**$ 90,269**

Annual maturities of long-term debt at March 31, 2005 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2006	¥ 1,747	$ 16,268
2007	1,566	14,582
2008	3,111	28,969
2009	3,747	34,892
2010	848	7,896
2011 and thereafter	422	3,930
Total	¥ 11,441	$ 106,537

Note 6: Pledged Assets

At March 31, 2005, assets pledged as collateral for long-term debt mentioned in Note 5 were as follows:

	Millions of yen	Thousands of U.S.dollars
Buildings and structures	¥ 1,174	$ 10,932
Land	912	8,492
Investment	140	1,304
	¥ 2,226	$ 20,728

Note 7: Employees' retirement benefits

The accrued retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2005	2004	**2005**
Projected benefit obligation	**¥ 17,407**	¥ 17,405	**$ 162,091**
Unrecognized prior service costs	**(51)**	(56)	**(475)**
Unrecognized actuarial differences	**(2,273)**	(2,840)	**(21,166)**
Less fair value of pension assets	**(10,614)**	(9,891)	**(98,836)**
Less unrecognized net transition obligation	**(2,531)**	(2,783)	**(23,568)**
Accrued retirement benefits	**¥ 1,938**	¥ 1,835	**$ 18,046**

Included in the consolidated statements of income for the years ended March 31, 2005 and 2004 are retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S.dollars
	2005	2004	**2005**
Service costs - benefits earned during the year	**¥ 864**	¥ 889	**$ 8,045**
Interest cost on projected benefit obligation	**418**	426	**3,892**
Expected return on plan assets	**(391)**	(304)	**(3,641)**
Amortization on net transition obligation	**252**	253	**2,347**
Amortization on prior service costs	**5**	5	**47**
Amortization on actuarial differences	**265**	433	**2,468**
Retirement benefit expenses	**¥ 1,413**	¥ 1,702	**$ 13,158**

The discount rates used by the Company to measure the projected pension benefit obligation was 2.5% for 2005 and 2004 and the rate of expected return on plan assets was 4.0% for 2005 and 2004.

Note 8: Income Taxes

Income taxes consist of corporation, inhabitants and enterprise taxes.
The statutory tax rates for the years ended March 31, 2005 and 2004 were 40.69% and 42.05%, respectively.
Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2005 and 2004 were as follows:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Deferred tax assets :			
Operating loss carryforwards	**¥ 539**	¥ 704	**$ 5,019**
Bonuses	**354**	265	**3,296**
Bad debt allowance	**73**	334	**680**
Retirement benefits to employees	**608**	514	**5,662**
Retirement benefits to directors and statutory auditors	**210**	210	**1,955**
Accrued enterprise tax	**78**	140	**726**
Other	**373**	376	**3,474**
Total	**2,235**	2,543	**20,812**
Valuation allowance	**(526)**	(722)	**(4,898)**
Total net deferred tax assets	**1,709**	1,821	**15,914**
Deferred tax liabilities :			
Net unrealized gains on marketable securities	**(260)**	(288)	**(2,421)**
Depreciation and other	**(183)**	(58)	**(1,704)**
Total deferred tax liabilities	**(443)**	(346)	**(4,125)**
Net deferred tax assets	**¥ 1,266**	¥ 1,475	**$ 11,789**

Reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2005 is not presented since the difference was insignificant.

Note 9: Contingent Liabilities

The Company was contingently liable as of March 31, 2005, as a guarantor for borrowings of Cargo Community System Japan Co., Ltd. which amounted to ¥18 million ($168 thousand).

Note 10: Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which various amendments have become effective since 1st October, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50 percent of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in-capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The revised Code also provides that an amount at least equal to 10 percent of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equal to 25 percent of the balance of common stock. The amount of total additional paid-in capital and leagal reserve that exceeds 25 percent of the common stock may be available for dividends by resolution of the shareholders. In addtion, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general

shareholders meeting.
The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Code. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.
Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicalbe. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitaions imposed by the Code.
The company issued 2,000,000 shares at market price by a public offering on July 17, 2004, which resulted in increase of ¥2,004 million ($18,661 thousand) in common stock and ¥2,004 million ($18,661 thousand) in additional paid-in capital included in capital surplus.

Note 11: Accounting for Leases

The Company and domestic consolidated subsidiaries have various lease agreements whereby the Companies act as lessees.
Finance leases which do not transfer ownership to lessees are accounted for in the same manner as operating leases.
Certain information for non-capitalized finance leases for the years ended March 31, 2005 and 2004 were as follows:

(1) A summary of assumed amounts of acquisition cost , accumulated depreciation and net book value for finance leases at March 31, 2005 and 2004 were as follows:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Machinery and equipment :			
Assumed acquisition cost	**¥ 252**	¥ 253	**$ 2,346**
Accumulated depreciation	**(139)**	(109)	**(1,294)**
Net book value	**113**	144	**$ 1,052**
Others (tools, dies, furniture and fixtures) :			
Assumed acquisition cost	**¥ 1,396**	¥ 1,596	**$ 12,999**
Accumulated depreciation	**(793)**	(883)	**(7,384)**
Net book value	**¥ 603**	¥ 713	**$ 5,615**
Software :			
Assumed acquisition cost	**¥ 903**	¥ 950	**$ 8,409**
Accumulated depreciation	**(481)**	(379)	**(4,479)**
Net book value	**¥ 422**	¥ 571	**$ 3,930**

(2) Lease obligations under non-capitalized finance leases, including finance charges at March 31, 2005 and 2004 were as follows:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Payments due within one year	**¥ 463**	¥ 525	**$ 4,311**
Payments due after one year	**709**	942	**6,602**
	¥ 1,172	¥ 1,467	**$ 10,913**

(3) Lease payments and the amounts corresponding to depreciation and interest expense under such leases for the years ended March 31, 2005 and 2004 were as follows:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Lease payments	**¥ 597**	¥ 681	**$ 5,559**
Depreciation expense portion	**562**	641	**5,233**
Interest expense portion	**30**	38	**279**

In addition, lease obligations under operating leases, including finance charges, at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2005	2004	**2005**
Payments due within one year	**¥ 230**	¥ 179	**$ 2,142**
Payments due after one year	**427**	167	**3,976**
	¥ 657	¥ 346	**$ 6,118**

Note 12

Segment Information

(1) Industry segments
The Companies are engaged predominantly in a single industry which is air and sea cargo business.

(2) Geographic areas
The segment information of the Companies for the years ended March 31, 2005 and 2004, classified by geographic areas is presented below:

	Millions of yen						
	Japan	*Americas*	*Europe and Africa*	*Asia and Oceania*	*Total*	*Elimination or Unallocated*	*Consolidated*
Year ended March 31, 2005:							
Net Sales:							
Net sales to outside customers	**¥118,537**	**¥ 29,207**	**¥ 20,624**	**¥ 69,912**	**¥238,280**	**¥ -**	**¥ 238,280**
Inter-segment sales/ transfers	**1,064**	**3,456**	**1,224**	**1,128**	**6,872**	**(6,872)**	**-**
Total sales	**119,601**	**32,663**	**21,848**	**71,040**	**245,152**	**(6,872)**	**238,280**
Operating expenses	**115,612**	**31,888**	**21,445**	**67,772**	**236,717**	**(6,824)**	**229,893**
Operating income	**¥ 3,989**	**¥ 775**	**¥ 403**	**¥ 3,268**	**¥ 8,435**	**¥ (48)**	**¥ 8,387**
At March 31, 2005:							
Total assets	**¥ 59,240**	**¥ 14,009**	**¥ 10,430**	**¥ 27,246**	**¥110,925**	**¥ (8,264)**	**¥ 102,661**
Year ended March 31, 2004:							
Net Sales:							
Net sales to outside customers	¥ 101,336	¥ 28,497	¥ 17,632	¥ 55,476	¥ 202,941	¥ -	¥ 202,941
Inter-segment sales/ transfers	1,365	2,579	851	1,000	5,795	(5,795)	-
Total sales	102,701	31,076	18,483	56,476	208,736	(5,795)	202,941
Operating expenses	98,482	30,653	18,222	53,848	201,205	(5,835)	195,370
Operating income	¥ 4,219	¥ 423	¥ 261	¥ 2,628	¥ 7,531	¥ 40	¥ 7,571
At March 31, 2004:							
Total assets	¥ 55,995	¥ 12,819	¥ 9,341	¥ 21,865	¥ 100,020	¥ (6,030)	¥ 93,990

	Japan	Americas	Europe and Africa	Asia and Oceania	Total	Elimination or Unallocated	Consolidated
	Thousands of U.S.dollars						
Year ended March 31, 2005:							
Net Sales:							
Net sales to outside customers	**$ 1,103,799**	**$ 271,971**	**$ 192,048**	**$ 651,011**	**$ 2,218,829**	**$ -**	**$ 2,218,829**
Inter-segment sales/ transfers	**9,908**	**32,182**	**11,397**	**10,504**	**63,991**	**(63,991)**	**-**
Total sales	**1,113,707**	**304,153**	**203,445**	**661,515**	**2,282,820**	**(63,991)**	**2,218,829**
Operating expenses	**1,076,562**	**296,936**	**199,693**	**631,083**	**2,204,274**	**63,544**	**2,140,730**
Operating income	**$ 37,145**	**$ 7,217**	**$ 3,752**	**$ 30,432**	**$ 78,546**	**$ (447)**	**$ 78,099**
At March 31, 2005:							
Total assets	**$ 551,634**	**$ 130,450**	**$ 97,122**	**$ 253,711**	**$ 1,032,917**	**$ (76,953)**	**$ 955,964**

The amounts for the common assets included in the column "Elimination or Unallocated" are ¥4,549 million ($42,360 thousand) and ¥4,177 million for the years ended March 31, 2005 and 2004, respectively, which mainly consist of surplus funds (cash and time deposits).

(3) Net sales in overseas countries
Net sales of the Companies from sources outside Japan for the years ended March 31, 2005 and 2004 are presented below:

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Net sales in overseas countries:			
Americas	**¥ 29,211**	¥ 28,498	**$ 272,009**
Europe and Africa	**20,638**	17,644	**192,178**
Asia and Oceania	**69,925**	55,490	**651,131**
	¥ 119,774	¥ 101,632	**$ 1,115,318**
Percentage of such sales against consolidated net sales	**50.3%**	50.1%	**50.3%**

Overseas' sales include foreign subsidiaries' sales to overseas third parties as well as the Company's and domestic subsidiaries' export sales to third parties.

Note 13: Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2005 and 2004 are summarized as follows :

	Millions of yen		*Thousands of U.S.dollars*
	2005	2004	**2005**
Labor and payroll cost	**¥ 14,290**	¥ 13,400	**$ 133,066**
Provision for accrued bonuses to employees	**779**	682	**7,254**
Provision for accrued retirement benefits to :			
Employees	**852**	1,092	**7,934**
Directors and statutory auditors	**-**	97	**-**
Provision for doubtful accounts	**124**	134	**1,155**
Others	**12,968**	12,142	**120,756**
	¥ 29,013	¥ 27,547	**$ 270,165**

Note 14: Subsequent Events

On June 23, 2005, the shareholders of the Company approved (i) payment of a cash dividend to shareholders of record as of March 31, 2005 of ¥8.00 ($0.07) per share for a total of ¥288 million ($2,682 thousand) and (ii) payment of bonuses to directors and statutory auditors aggregating ¥70 million ($652 thousand).

Independent Auditors' Report

To the Shareholders and Board of Directors of
Kintetsu World Express, Inc.:

We have audited the accompanying consolidated balance sheets of Kintetsu World Express, Inc. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kintetsu World Express, Inc. and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 23, 2005

Selected Financial Data

Kintetsu World Express, Inc. and Consolidated Subsidiaries
For years ended March 31

	2000	2001	2002	2003	2004	**2005**
Income Statement Data (¥ million)						
Net sales	¥ 162,778	¥ 195,761	¥ 189,698	¥ 196,528	¥ 202,941	**¥ 238,280**
Cost of sales	134,183	161,357	155,580	162,801	167,823	**200,880**
Gross profit	28,595	34,404	31,118	33,727	35,118	**37,400**
Selling, general and administrative expenses	23,687	26,858	26,886	27,470	27,547	**29,013**
Operating income	4,908	7,546	4,232	6,257	7,571	**8,387**
Income before income taxes	4,225	7,081	3,985	5,666	6,219	**8,291**
Net income	2,241	4,024	1,946	2,777	2,887	**4,441**
Balance Sheet Data (¥ million)						
Total assets	¥ 92,734	¥ 95,068	¥ 93,208	¥ 94,603	¥ 93,990	**¥ 102,661**
Property and equipment - net	26,925	26,957	26,898	26,305	27,863	**31,027**
Interest-bearing debt	36,455	32,591	30,245	28,260	27,355	**25,171**
Long-term liabilities	17,836	14,660	16,616	7,306	11,892	**12,541**
Total liabilities	71,873	65,479	60,560	61,607	58,373	**59,035**
Shareholders' equity	20,225	28,827	31,484	32,451	34,881	**42,726**
Other Selected Data (¥ million)						
Capital expenditures for property and equipment (cash basis)	¥ 1,011	¥ 1,329	¥ 1,060	¥ 2,789	¥ 4,212	**¥ 5,133**
Depreciation and amortization expenses	1,892	2,033	2,545	2,768	2,446	**3,027**
Number of common stock issued	30,000,000	34,000,000	34,000,000	34,000,000	34,000,000	**36,000,000**
Per Share Data (¥, shares)						
Net income	¥ 74.70	¥ 125.15	¥ 57.23	¥ 78.65	¥ 80.72	**¥ 121.64**
Cash dividends	7.50	10.00	7.50	9.00	12.00	**15.00**
Shareholders' equity	674.15	847.84	926.00	954.45	1,021.73	**1,183.14**
Financial Ratios (%, times)						
As a percent of net sales:						
Gross profit	17.57%	17.57%	16.40%	17.16%	17.30%	**15.70%**
Selling, general and administrative expenses	14.55	13.72	14.17	13.98	13.57	**12.18**
Operating income	3.02	3.85	2.23	3.18	3.73	**3.52**
Income before income taxes	2.60	3.62	2.10	2.88	3.06	**3.48**
Net income	1.38	2.06	1.03	1.41	1.42	**1.86**
Return on equity	11.8	16.4	6.5	8.7	8.6	**11.4**
Current ratio	1.03	1.13	1.25	1.06	1.18	**1.31**
Debt-to-equity	1.80	1.13	0.96	0.87	0.78	**0.59**

Management

Toshio Kumokawa
Chairman
and
Chief Executive Officer

Hirokazu Tsujimoto
President
and
Chief Operating Officer

Yoshiaki Matsuda
Executive Vice President and
Chief World Headquarters Officer

Shigeru Mori
Senior Managing Director and
Chief Financial Officer

Kiyoshi Kataoka
Managing Director and
Chief General Affairs and
Audit Officer

Takeo Shimomura
Managing Director and Chief
Marketing Officer-Business
Development

Yoichi Tanaka
Managing Director and Chief
Marketing Officer-Forwarding,
Ocean Freight and Asia-Oceania

Norihiro Fujita
Director and Chief Marketing
Officer-Global Strategic
Customers

Eiji Ushio
Director and Chief
Information Systems Officer

Masakazu Hattori
Director and Vice
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Akio Tsujii Absentee Director

KWE's Network

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Investor Information (As of March 31, 2005)

Kintetsu World Express, Inc. (KWE)

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Ohtemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Tel: +81-3-3201-2580

Established:
January 1970

Paid-in Capital
¥ 7,216 million

Number of Common Stocks

Authorized	120,000,000 shares
Issued and outstanding	36,000,000 shares

General Annual Meeting:
The annual meeting of shareholders of the Company is held every June in Tokyo, Japan.

Transfer Agent (As of June 24, 2005)**:**
The Mitsubishi Trust and Banking Corporation
Transfer Agent Department
Tel: +81-3-5391-1900
or 0120-707-696 (toll-free number only in Japan)

Number of Employees:
6,769 (worldwide on a consolidated basis)

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Printed in Japan
This annual report is printed using recycled paper.