

Financial Results
For the Year Ended March 31, 2006 – Non-Consolidated

May 12, 2006

Nippon Yusen Kabushiki Kaisha (NYK Line)

Security code: 9101
 Listings: The First Section of Tokyo, Osaka and Nagoya Stock Exchanges
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Date of the meeting of the board of directors: May 12, 2006
 Basis of presentation: Japanese GAAP
 Interim dividend: Applicable
 Scheduled commencement date of dividend payment: June 29, 2006
 Date of annual shareholders' meeting: June 28, 2006
 The Minimum Number of Shares Constituting a Unit of Voting Right 1,000 shares

1. Non-consolidated Financial Results for the Year Ended March 31, 2006
(April 1, 2005 to March 31, 2006)

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Revenues		Operating income		Income before extraordinary items		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2006	962,857	14.5	72,938	- 28.4	82,018	- 23.1	53,458	0.6
Year ended March 31, 2005	841,137	12.3	101,916	50.0	106,641	77.3	53,116	92.5

	Net income per share	Net income per share – fully diluted	Return on equity	Income before extraordinary items/ Total asset	Income before extraordinary items/ Revenues
	yen	yen	%	%	%
Year ended March 31, 2006	43.64	-	12.9	8.0	8.5
Year ended March 31, 2005	43.41	-	15.6	11.9	12.7

- Notes: 1. Average number of shares issued and outstanding during the period:
 Year ended March 31, 2006: 1,220,722,413 shares
 Year ended March 31, 2005: 1,221,319,390 shares
2. Changes in accounting policy during the period: None
3. The percentage figures shown in revenues, operating income, income before extraordinary items and net income represent year-on-year changes.
4. Net income per share – fully diluted data are not shown in the above table, as there are no residual shares outstanding.

(2) Dividends

	Dividend per share			Total dividends paid (Full year)	Payout ratio	Dividends/ Stockholders' equity
	Interim	End of term				
	yen	yen	yen	million yen	%	%
Year ended March 31, 2006	18.00	9.00	9.00	21,970	41.2	4.7
Year ended March 31, 2005	18.00	7.50	10.50	21,980	41.5	6.0

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Year ended March 31, 2006	1,101,991	462,891	42.0	379.11
Year ended March 31, 2005	939,085	365,578	38.9	299.34

Note: Total issued and outstanding shares at the end of the period:

Year ended March 31, 2006: 1,220,502,173 shares

Year ended March 31, 2005: 1,220,932,249 shares

Number of treasury stock at the end of the period:

Year ended March 31, 2006: 9,685,900 shares

Year ended March 31, 2005: 9,255,824 shares

2. Forecast of Non-consolidated Earnings for the Year Ending March 31, 2007

(April 1, 2006 to March 31, 2007)

	Revenues	Operating income	Income before extraordinary items	Net income	Dividend per share		
					Interim	End of term	
	million yen	million yen	million yen	million yen	yen	yen	yen
Interim	493,000	30,000	31,000	20,000	9.00	-	-
Full year	993,000	71,000	71,000	46,000	-	9.00	18.00

Reference: Projected net income per share for the full year: ¥37.69

Prerequisites for forecasts: Foreign exchange rate (interim and full year): ¥110/US\$

Bunk oil price (interim and full year): US\$330/MT

* The above forecast incorporates certain assumptions the Company regarded as rational expectations at the time this report was announced. Actual results could differ materially from those projected figures. Refer to the attachment for assumptions and other matters related to the forecast.

11. Financial Statements

(1) Balance Sheets

(In million yen)

	As of March 31, 2006 (A)		As of March 31, 2005 (B)		(A)-(B)
	Amount	%	Amount	%	Amount
Assets					
<u>Current assets</u>					
Cash and time deposits	11,808		11,221		587
Account receivable-trade	66,071		58,215		7,855
Short-term loans	93,446		95,115		- 1,669
Advances paid	1,072		1,043		29
Inventories	21,270		11,382		9,887
Deferred/prepaid expenses	48,089		34,357		13,731
Receivable from agencies	5,610		6,589		- 979
Deferred tax assets	7,738		4,496		3,241
Other	14,703		12,655		2,048
Allowance for doubtful accounts	- 21,572		- 14,976		- 6,596
Total current assets	248,239	22.5	220,102	23.4	28,136
<u>Fixed assets</u>					
[Tangible fixed assets]					
Vessels	94,472		109,456		- 14,983
Buildings	22,493		23,334		- 841
Equipment and fixtures	1,577		1,405		172
Land	31,059		32,511		- 1,451
Construction in progress	22		3,817		- 3,794
Other	1,608		1,926		- 317
Total tangible fixed assets	151,235	13.7	172,450	18.4	- 21,215
[Intangible fixed assets]					
Leasehold	511		513		- 2
Software	22,832		15,523		7,308
Other	142		627		- 484
Total intangible fixed assets	23,486	2.1	16,664	1.8	6,821
Investments and other assets					
Investment securities	328,825		218,991		109,834
Shares of affiliates	175,504		165,259		10,245
Investment in affiliates	5,043		3,690		1,353
Long-term loans	149,570		126,048		23,522
Other	29,088		26,691		2,397
Allowance for doubtful accounts	- 9,062		- 10,933		1,870
Total investments and other assets	678,970	61.7	529,746	56.4	149,223
Total fixed assets	853,691	77.5	718,862	76.6	134,829
<u>Deferred assets</u>					
Bond issuance expenses	60		120		- 60
Total deferred assets	60	0.0	120	0.0	- 60
Total assets	1,101,991	100.0	939,085	100.0	162,905

(In million yen)

	As of March 31, 2006 (A)		As of March 31, 2005 (B)		(A)-(B)
	Amount	%	Amount	%	Amount
Liabilities					
<u>Current liabilities</u>					
Accounts payable-trade	70,670		57,333		13,336
Current portion of long term corporate bond	4,800		24,000		- 19,200
Short-term loans	44,563		41,798		2,765
Commercial paper	32,700		-		32,700
Accounts payable - other	3,950		2,118		1,831
Income tax payable	15,914		20,183		- 4,269
Advances received	35,052		24,548		10,503
Deposits payable	41,123		41,727		- 603
Payable to agencies	3,629		2,145		1,483
Employees' bonuses accrued	3,090		2,730		359
Allowance for exhibition at 2005 World Exposition, Aichi, Japan	-		31		- 31
Other	11,224		10,976		248
Total current liabilities	266,719	24.2	227,594	24.3	39,124
<u>Long-term liabilities</u>					
Bonds	102,000		106,800		- 4,800
Long-term debt	193,650		199,888		- 6,237
Deferred tax liabilities	58,730		17,241		41,489
Reserve for employees' retirement benefits	847		1,612		- 764
Reserve for directors' retirement benefits	-		960		- 960
Reserve for periodic dry docking of vessels	1,398		2,534		- 1,136
Other	15,753		16,876		- 1,122
Total long-term liabilities	372,380	33.8	345,912	36.8	26,467
Total liabilities	639,099	58.0	573,507	61.1	65,591
Shareholders' equity					
<u>Common stock</u>	88,531	8.0	88,531	9.4	-
<u>Additional paid-in capital</u>					
Capital reserve	93,198	8.4	93,198	9.9	-
<u>Retained earnings</u>	164,117	14.9	134,565	14.4	29,552
Legal reserve	13,146		13,146		-
Voluntary reserves					
Reserve for dividends payable	50		50		-
Special depreciation reserve	3,420		4,685		- 1,264
Reserve for possible loss on investment	2		3		- 0
Reserve for advanced depreciation	3,102		3,062		39
General reserve	73,324		48,324		25,000
Unappropriated retained earnings	71,070		65,292		5,778
<u>Net unrealized holding gain on other securities</u>	120,807	11.0	52,740	5.6	68,067
<u>Treasury stock</u>	- 3,762	- 0.3	- 3,457	- 0.4	- 305
Total shareholders' equity	462,891	42.0	365,578	38.9	97,313
Total liabilities and shareholders' equity	1,101,991	100.0	939,085	100.0	162,905

(2) Statements of Operations

(In million yen)

	Year ended March 31, 2006 (A)		Year ended March 31, 2005 (B)		(A)-(B)	YoY
	Amount	%	Amount	%	Amount	%
<u>Revenues</u>						
Revenues from shipping business	954,660		832,526		122,134	
Revenues from other businesses	8,197		8,611		- 414	
Total revenues	962,857	100.0	841,137	100.0	121,719	14.5
<u>Cost and expenses</u>						
Cost of shipping business	840,247		691,675		148,572	
Cost of other businesses	6,160		6,433		- 273	
Selling, general and administrative expenses	43,510		41,112		2,397	
Total cost of operations	889,918	92.4	739,221	87.9	150,697	20.4
Operating income	72,938	7.6	101,916	12.1	- 28,977	- 28.4
<u>Non-operating income</u>						
Interest and dividend income	13,597		12,352		1,244	
Other non-operating income	4,232		2,475		1,756	
Total non-operating income	17,830	1.8	14,828	1.8	3,001	20.2
<u>Non-operating expenses</u>						
Interest expenses	7,392		8,274		- 881	
Other non-operating expenses	1,357		1,829		- 471	
Total non-operating expenses	8,750	0.9	10,103	1.2	- 1,352	- 13.4
Income before extraordinary items	82,018	8.5	106,641	12.7	- 24,623	- 23.1
<u>Extraordinary gains</u>						
Gain on sale of fixed assets	3,613		1,216		2,397	
Gain on sale of investment securities	6,472		2,875		3,596	
Reversal of allowance for doubtful accounts	1,605		118		1,486	
Reversal of periodic dry docking of vessels	132		22		110	
Gain on liquidation of affiliates	986		838		147	
Other extraordinary gains	73		611		- 538	
Total extraordinary gains	12,882	1.3	5,683	0.7	7,199	126.7
<u>Extraordinary losses</u>						
Loss on disposal of fixed assets	274		723		- 449	
Reserve for allowance for doubtful accounts	7,662		14,908		- 7,245	
Impairment loss on fixed assets	-		8,692		- 8,692	
Other extraordinary losses	2,833		4,120		- 1,287	
Total extraordinary losses	10,770	1.1	28,445	3.4	- 17,674	- 62.1
Income before income taxes	84,131	8.7	83,879	10.0	251	0.3
Income taxes – current	33,265	3.4	30,986	3.7	2,278	7.4
Income tax – deferred	- 2,592	- 0.3	- 223	- 0.0	- 2,368	-
Net income for the year	53,458	5.6	53,116	6.3	341	0.6
Retained earnings brought forward	28,599	3.0	21,336	2.5	7,262	34.0
Interim dividend paid	10,986	1.2	9,160	1.1	1,826	19.9
Unappropriated retained earnings	71,070	7.4	65,292	7.7	5,778	8.8

(3) Significant Accounting Policies

Following are the significant accounting policies and methods adopted for the preparation of balance sheets and statements of operations:

1. Valuation of marketable securities:
 - Shares of the Company's subsidiaries and affiliates Stated at cost, determined by the moving average method
 - Other securities
 - With market quotes Stated at the average of market value for the last month of the fiscal year (All appraisal differentials are capitalized and costs of sales are generally computed by the moving average method.)
 - Without market quotes Stated at cost, determined by the moving average method
2. Derivatives Valued at market quotation
3. Inventories
 - Bunker oil Stated at the lower of cost or market quotation, determined by principally the moving average method
 - Marine equipment and other Stated at cost based on first-in, first-out method
4. Depreciation and amortization of fixed assets
 - Tangible fixed assets
 - Vessels and buildings By the straight-line method based on the Japanese Corporation Tax Law
 - Other tangible fixed assets By the declining-balance method based on the Japanese Corporation Tax Law
 - Intangible fixed assets
 - Computer software By the straight-line method based on the length of period it can be used internally (five years)
 - Other intangible assets By the straight-line method based on the Japanese Corporation Tax Law
5. Accounting treatment of deferred assets
 - Bond issuance expenses Amortized by the straight-line method over a period of three years in accordance with the provisions of the Commercial Code Enforcement Regulations
6. Recognition of allowances/reserves
 - Allowance for doubtful accounts Allowance for doubtful accounts is provided to cover possible losses from bad debts. Allowance with respect to non-classified loans/receivables is calculated based on historical default rates. For classified loans/receivables the Company states an amount deemed to be unrecoverable based on the prospect of recovery of individual loans/receivables.
 - Reserve for employees' bonuses Employees' bonuses accrued is reserved for the portion relevant to the current year of the amount estimated for payment of the bonuses in the future.
 - Reserve for employees' retirement benefits The Company provides reserve for employees' retirement benefits based on estimated retirement benefit obligations and outstanding amount of pension assets at the end of the fiscal year. Unrecognized actuarial net differences are mainly amortized from the immediately following year on a straight line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (8 years).
 - Reserve for directors' retirement benefits Based on the approval by the general meeting of shareholders on June 28, 2005, the Company has abolished its directors and auditors retirement allowance system for the directors and corporate auditors, as a result of which the balance of directors' retirement benefits has been transferred to "Other" in "long-term liabilities" category.
 - Reserve for periodic dry-docking of vessels Reserve for periodic dry-docking of vessels is provided for based on the estimated amount of expenditure for periodic dry-coking in the future.
7. Freight revenue and expense recognition
 - Transportation by container ships Revenues and expenses arising from ocean transportation of containers are recognized proportionately as shipments move.
 - Transportation by vessels other than container ships Revenues and expenses from transportation by vessels other than container ships are recognized upon completion of unloading cargoes at the final destination.

8. Accounting for leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method similar to that applicable to ordinary operating leases in accordance with accounting principles and practices generally accepted in Japan.

9. Method of Accounting for Material Hedge Transactions

For the derivative financial instruments used to offset the risks of assets and liabilities due to fluctuations in interest rates, foreign currency exchange rates and cash flow, the Company applies hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement, etc. For the hedge accounting, the Company adopts a Deferred Hedge Method that requires the Company to mark the derivative financial instruments, effective as hedges, to market, and to defer the valuation loss/gain. For the currency swap contracts and forward foreign exchange contracts that meet the required conditions of the accounting standard, the Company translates hedged foreign currency assets and liabilities at the rate stipulated in respective contracts. For the interest rate swap contracts that meet specified conditions of the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expenses of the hedged financial assets and liabilities. Interest rate swaps are used to hedge the borrowings and bonds against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in overseas subsidiaries and other foreign currency denominated transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. Semi-annually, the Company evaluates effectiveness of hedging transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions, provided that interest rate swap transactions that are subject to special accounting treatment as noted above are excluded from the evaluation.

10. Transactions subject to consumption taxes and other are recorded at amounts exclusive of taxes.

<Notes>

[Balance Sheets]

1. Accumulated depreciation of tangible fixed assets	¥ 310,071 million
2. Advanced depreciation amount of tangible fixed assets	¥ 452 million
3. Guarantees of loans	¥ 872,792 million
Share of joint obligations assumed by third party	¥ 44,056 million

(4) Proposed Appropriation of Retained Earnings

(In million yen)

	Year ended March 31, 2006 (A)	Year ended March 31, 2005 (B)	(A) – (B)
Unappropriated retained earnings for the year	71,070	65,292	5,778
Reversal of voluntary reserves			
Reversal of special depreciation reserve	1,581	1,735	- 153
Reversal of reserve for possible loss on investment	0	0	- 0
Reversal of reserve for advanced depreciation	155	190	- 34
	72,808	67,219	5,589
Appropriation of retained earnings:			
Cash dividends	10,984 (¥9.00 per share)	12,819 (¥10.50 per share)	- 1,835
Directors' bonuses	185	100	85
Special depreciation reserve	-	470	- 470
Reserve for possible loss on investment	9	230	- 220
Reserve for advanced depreciation	25,000	25,000	-
General reserve	36,179	38,620	- 2,440
Retained earnings to be carried forward	36,629	28,599	8,030

Note: Interim dividend of ¥10,986,451,281 (¥9.00 per share) was paid on December 5, 2005

(5) Securities

Shares of the Company's subsidiaries and affiliates with market quotes

(In million yen)

	As of March 31, 2006			As of March 31, 2005		
	Book value	Market value	Unrealized gain/loss	Book value	Market value	Unrealized gain/loss
Shares of subsidiaries	2,309	77,908	75,599	2,309	60,759	58,450
Share of affiliates	4,116	21,725	17,609	4,116	24,253	20,136
Total	6,425	99,634	93,208	6,425	85,012	78,587

12. Director and Auditor Changes (effective June 28, 2006)

Director Candidates

Shinji Kobayashi (present Managing Corporate Officer)

Retiring Directors

Yukio Ozawa (will become a Senior Advisor)

Michio Tamiya (will become an Advisor to the president)

Takahiro Ota (will become an Advisor to the president)

Koichi Inoue (will become an Advisor to the president)

Corporate Officers as of April 1, 2006

Chairman,

Takao Kusakari

Chairman Corporate Officer

President,

Koji Miyahara

President Corporate Officer

Representative Directors,

Tadamasa Ishida

Yasushi Yamawaki

Executive Vice-President Corporate Officers

Representative Directors,

Takao Manji

Hiromitsu Kuramoto

Senior Managing Corporate Officers

Director,

Minoru Sato

Senior Managing Corporate Officer

Representative Directors,

Yasumi Kudo

Hiroshi Sugiura

Senior Managing Corporate Officers

Directors,

Hiroyuki Shimizu

Motoo Igawa

Managing Corporate Officers

Masamichi Morooka

Susumu Kikuchi

Managing Corporate Officers

Shinji Kobayashi

Naoki Takahata

Makoto Igarashi

Masahiro Kato

Hidenori Hono

Corporate Officers

Yutaka Yasunaga

Tetsufumi Otsuki

Takeshi Matsunaga

Takatake Naraoka

Masato Katayama

Yuji Semba

Mitsutoshi Nawa

Saburo Yamagata

Takamaru Ishida

Toshinori Yamashita

Hiroshi Hattori

Naoya Tazawa

Yasuyuki Usui

Tadaaki Naito

Lanny Vaughn

Tsutomu Kikuchi

Toshiaki Takeda

Tomoyuki Matsubara

Hiroshi Sekine

Masahiko Fukatsu

Hiroshi Hiramatsu