



Financial Results for the First Half of the Fiscal Year Ending March 31, 2010

November 10, 2009

Company Name: Kintetsu World Express, Inc.(KWE)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 9375 URL: <http://www.kwe.co.jp>
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 The date of filing the quarterly financial statements: November 12, 2009
 The date of the dividend payment start (planned) : December 10, 2009

(Figures are rounded down to the nearest million yen)

1. First half of the fiscal year ending March 2010 consolidated results (April 1, 2009 – September 30, 2009)

(1) Consolidated business results

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First half ended								
September 30, 2009	94,741	△38.2	2,773	△51.1	2,927	△50.8	1,476	△56.3
September 30, 2008	153,226	—	5,670	—	5,951	—	3,374	—

	Net income per share	Diluted net income per share
First half ended	(Yen)	(Yen)
September 30, 2009	41.01	—
September 30, 2008	93.74	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2009	107,380	65,080	58.4	1,741.81
As of March 31, 2009	109,153	61,873	55.1	1,670.18

(Reference) Shareholders' equity As of September 30 2009: 62,704 million yen As of March 31, 2009: 60,125 million yen

2. Dividends

(Base date)	Dividends per share				
	Q1	Q2	Q3	Q4	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2009	—	13.00	—	14.00	27.00
Fiscal year ending March 31, 2010	—	7.00			
Fiscal year ending March 31, 2010 (Forecasts)			—	8.00	15.00

(Note) Changes in forecasts of dividends for the fiscal year ending March 2010: None

3. Consolidated earnings forecasts for the fiscal year ending March 2010 (April 1, 2009–March 31, 2010)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	202,000	△22.4	7,900	△12.5	8,100	△12.0	4,500	29.4	125.00

(Note) Changes in consolidated earnings forecasts for the fiscal year ending March 2010: Yes

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): None

- (2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: Yes

- (3) Changes in accounting principles and procedures or format of quarterly consolidated financial statements (those listed in changes to important items forming the basis for preparation of quarterly consolidated financial statements)
 - (a) Changes accompanying revisions to items such as accounting standards: None
 - (b) Other changes: Yes

- (4) Number of issued shares (common shares)
 - (a) Number of issued shares at the end of the period (including treasury stock)
As of September 30, 2009: 36,000,000 shares As of March 31, 2009: 36,000,000 shares
 - (b) Number of treasury stock at the end of the period
As of September 30, 2009: 551 shares As of March 31, 2009: 473 shares
 - (c) Average number of shares during the period (six months)
First half ended September 30, 2009: 35,999,455 shares First half ended September 30, 2008: 35,999,615 shares

* Explanation of the proper use of earnings forecasts and other notes

1. The consolidated earnings forecasts for the year ending March 2010 which were announced on August 5, 2009 were revised on this report.
2. The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earning forecasts, please refer to 3. Qualitative information concerning consolidated earnings forecasts of Qualitative information and financial statements on pages 6-7.

[Qualitative information and financial statements]

1. Qualitative information concerning consolidated results

During the first six months of the current fiscal year (April 1, 2009 to September 30, 2009), despite the fact that the worst appears to be over for the financial crisis, the global economy continues for the most part to be buoyed by financial deregulation and fiscal policies implemented by governments of major countries. The economy is still not back on a full-fledged recovery track, and remains on a weak trend.

Japanese economy has started on a recovery trend based on growth in exports and production, but the economy is still below the levels recorded in the same period in the previous year. Personal consumption and capital investment trends remain weak, and there is persistent uncertainty regarding the potential for sustainable recovery.

The KWE Group's airfreight forwarding recorded a gradual improvement in freight movement during the first six months in Japan and Asia. However, there has been no major recovery recorded in Europe or the Americas. As a result, the KWE Group's overall airfreight export volume declined 34.2%^{*1}, and the airfreight import shipments declined 21.5%^{*2} year on year. Trends in the ocean freight forwarding echoed the airfreight forwarding with significant decreases, with exports declining 21.8%^{*3} and the imports also down 14.8%^{*2}.

Japan

In the airfreight exports, there was brisk activity in freight movement involving LCD-related materials and electronic components mainly for the Taiwan and China markets, a result of domestic demand expansion policies in China and the completion of inventory adjustments. However, recovery in all other regions was only mild, so the overall airfreight exports declined 29.4%^{*1} year on year. In the airfreight imports, there was less of a decline in freight volumes of semiconductors, electronic components, and LCD-related materials, especially in Asia to Japan routes, and the airfreight imports declined 17.1%^{*2}. In the ocean freight exports, performance was strong for construction machinery and chemicals. However, automotive products declined, resulting in an overall decline of 8.1%^{*3}. In the ocean freight imports, apparel, general merchandise, and automotive products declined, resulting in an 8.0%^{*2} decline. As a result, net sales for Japan, including net sales generated by domestic affiliates, declined 31.7% year on year to 43,998 million yen.

The Americas

Airfreight exports recorded a decline of 33.0%^{*1} year on year. There were spot freight shipments for some products, such as LCD-related materials, in contrast to the sharp decline in volumes for automotive products. The airfreight imports have shown no signs from major recovery since the start of the fiscal term, and the shipments declined 25.4%^{*2}. In the ocean freight forwarding, the exports declined 9.9%^{*3}, while the imports declined 11.0%^{*2}. As a result, overall net sales for the Americas declined 40.2% year on year to 13,118 million yen.

Europe & Africa

The airfreight exports declined 38.0%^{*1} year on year. Petroleum-related shipments were strong, but declined overall as a result of a sharp decline in transportation demand, especially among existing customers in the electronic products business. The airfreight imports declined 23.8%^{*2}. There were some spot freight shipments for automotive products, but there were no signs of recovery in shipments originating in Japan, a major exporter to Europe. In the ocean freight forwarding, the exports

declined 12.3%*³ and the imports declined 14.0%*². As a result, overall net sales in Europe & Africa declined 44.6% year on year to 8,695 million yen.

East Asia & Oceania

The airfreight exports witnessed sharp production adjustments following a decline in external demand, especially for the U.S. and Europe. Freight tonnage of electronic products fell significantly, and overall airfreight exports declined 42.2%*¹ year on year. In the airfreight imports, there was a marked recovery in some areas, especially LCD-related materials, as a result of domestic demand expansion policies in China. However, recovery in all other regions was only mild, and the shipments declined 23.7%*². There was a similar sharp decline in the ocean freight forwarding, where the exports declined 27.6%*³ and the imports declined 22.7%*². As a result, total net sales for East Asia & Oceania declined 44.0% year on year to 23,803 million yen.

Southeast Asia & Middle East

The airfreight exports declined 25.6%*¹ year on year as a result of many production adjustments among customers. The airfreight imports declined 21.0%*² as a result of weak shipments of electronic components and materials. In the ocean freight forwarding, the exports declined 26.0%*³ and the imports declined 16.7%*². As a result, total net sales for Southeast Asia & the Middle East declined 38.9% year on year to 7,669 million yen.

As a Group, we have strived to strengthen sales initiatives and implement further cost reductions. However, as stated above, the weak global economic environment contributed to a sharp decline in freight volumes. As a result, for the first six months of the fiscal year under review, consolidated net sales declined 38.2% year on year to 94,741 million yen. Operating income declined 51.1% to 2,773 million yen, while ordinary income declined 50.8% to 2,927 million yen.

*1 based on weight *2 based on number of shipments *3 based on TEUs (Twenty-foot Equivalent Units)

2. Qualitative information concerning consolidated financial position

During the first six months of the fiscal year under review, total assets decreased 1,773 million yen year on year to 107,380 million yen, as a result of a decline in accounts and trade receivables.

Total liabilities were 42,299 million yen, down 4,979 million yen year on year. Net assets were 65,080 million yen, up 3,206 million yen year on year, due to an increase in retained earnings and foreign currency translation adjustments.

3. Qualitative information concerning consolidated earnings forecasts

We have made the following revisions to our consolidated earnings forecasts for the fiscal year ending March 2010 (April 1, 2009 to March 31, 2010).

(1) Difference between forecasts and actual results in the first half of the fiscal year ending March 2010 (April 1, 2009 – September 30, 2009)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on August 5, 2009)	92,000	2,300	2,500	1,300	36.11
Results (B)	94,741	2,773	2,927	1,476	41.01
Change (B) – (A)	2,741	473	427	176	—
Change (%)	3.0	20.6	17.1	13.6	—
(Reference) Previous period result (First half of the fiscal year ended March 31, 2009)	153,226	5,670	5,951	3,374	93.74

(2) Revised full-year forecasts for the fiscal year ending March 2010 (April 1, 2009 – March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on August 5, 2009)	206,000	6,500	6,500	3,800	105.56
Revised forecast (B)	202,000	7,900	8,100	4,500	125.00
Change (B) – (A)	△4,000	1,400	1,600	700	—
Change (%)	△1.9	21.5	24.6	18.4	—
(Reference) Previous year result (Fiscal year ended March 31, 2009)	260,330	9,025	9,203	3,478	96.62

(Note) The full-year forecasts were announced on the financial reports of the first quarter on August 5, 2009, whose figures were the same as the ones announced on May 12, 2009.

(3) Reasons for the revisions

In non-consolidated results, airfreight volumes originating from Japan exceeded our projections, and the impact of cost reduction measures being implemented as part of companywide rationalization measures continues to become evident. Moreover, at the consolidated level, the financial balance in the East Asia region is also improving. These factors have prompted the aforementioned forecast revision.

(Reference) Revisions of non-consolidated earnings forecasts for the fiscal year ending March 31, 2010

We have made the following revisions to our non-consolidated earnings forecasts for the fiscal year ending March 2010 (April 1, 2009 to March 31, 2010).

(1) Difference between forecasts and actual results in the first half of the fiscal year ending March 2010 (April 1, 2009 – September 30, 2009)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on August 5, 2009)	32,000	300	1,200	1,000	27.78
Results (B)	34,133	673	1,730	1,209	33.61
Change (B) – (A)	2,133	373	530	209	—
Change (%)	6.7	124.4	44.2	21.0	—
(Reference) Previous period result (First half of the fiscal year ended March 31, 2009)	52,215	533	1,388	813	22.59

(2) Revised full-year forecasts for the fiscal year ending March 2010 (April 1, 2009 – March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A) (Announced on August 5, 2009)	71,000	1,300	3,200	2,600	72.22
Revised forecast (B)	71,000	1,690	3,930	2,900	80.56
Change (B) – (A)	0	390	730	300	—
Change (%)	0	30.0	22.8	11.5	—
(Reference) Previous year result (Fiscal year ended March 31, 2009)	89,827	106	2,816	300	8.34

Notes regarding earnings forecasts:

The aforementioned earnings forecasts were based on the currently available information. Actual income may vary according to various factors.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Second quarter of FY3/10 (As of September 30, 2009)	FY3/09 Summary (As of March 31, 2009)
Assets		
Current assets		
Cash and time deposits	25,788	26,294
Notes and accounts receivable – trade	33,124	35,235
Other	3,714	3,802
Allowance for doubtful accounts	△259	△225
Total current assets	62,367	65,107
Fixed assets		
Property and equipment		
Buildings and structures, net	17,868	17,180
Land	10,809	9,455
Other, net	4,978	4,570
Total property and equipment	33,655	31,207
Intangible fixed assets		
Goodwill	133	271
Other	2,128	2,273
Total intangible fixed assets	2,261	2,544
Investments and other assets	9,094	10,293
Total fixed assets	45,012	44,045
Total assets	107,380	109,153
Liabilities		
Current liabilities		
Notes and accounts payable – trade	14,852	15,871
Short-term debt	11,710	12,602
Income taxes payable	1,239	1,711
Accrued bonuses	1,259	1,419
Accrued directors' bonuses	60	191
Other	7,340	8,835
Total current liabilities	36,462	40,632
Long-term liabilities		
Long-term debt	3,433	4,762
Accrued retirement benefits to employees	1,742	1,120
Other	660	762
Total long-term liabilities	5,837	6,646
Total liabilities	42,299	47,279

(Millions of yen)

	Second quarter of FY3/10 (As of September 30, 2009)	FY3/09 Summary (As of March 31, 2009)
Net assets		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	54,653	53,681
Treasury stock	△1	△1
Total shareholders' equity	66,735	65,763
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△496	△415
Foreign currency translation adjustment	△3,534	△5,223
Total valuation and translation adjustments	△4,031	△5,638
Minority interests	2,375	1,748
Total net assets	65,080	61,873
Total liabilities and net assets	107,380	109,153

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First half of FY3/09 (April 1, 2008 – September 30, 2008)	First half of FY3/10 (April 1, 2009 – September 30, 2009)
Net sales	153,226	94,741
Cost of sales	130,501	77,929
Gross profit	22,724	16,812
Selling, general, and administrative expenses	17,053	14,039
Operating income	5,670	2,773
Non-operating income		
Interest income	205	86
Dividend income	18	24
Amortization of negative goodwill	14	17
Foreign exchange gains	138	215
Miscellaneous income	184	111
Total non-operating income	561	455
Non-operating expenses		
Interest expenses	206	160
Equity in losses of affiliates	57	113
Miscellaneous expenses	16	27
Total non-operating expenses	280	301
Ordinary income	5,951	2,927
Extraordinary income		
Gain on prior period adjustment	25	–
Gain on sales of fixed assets	9	6
Total extraordinary income	34	6
Extraordinary losses		
Loss on disposal of fixed assets	3	15
Loss on valuation of investment securities	93	30
Loss on valuation of golf club membership	–	1
Restructuring loss	–	34
Loss on offices closing	–	213
Provision of allowance for loss on compensation for damage	46	–
Total extraordinary losses	142	296
Income before income taxes	5,843	2,637
Income taxes, etc.	2,214	1,002
Minority interests	254	158
Net income	3,374	1,476

(3) Quarterly Consolidated Statement of Cash Flow

(Millions of yen)

	First half of FY3/09 (April 1, 2008 – September 30, 2008)	First half of FY3/10 (April 1, 2009 – September 30, 2009)
Cash flows from operating activities		
Income before income taxes	5,843	2,637
Depreciation and amortization	1,678	1,540
Amortization of goodwill	24	24
Amortization of negative goodwill	△14	△17
Increase (decrease △) in accrued bonuses	46	△204
Increase (decrease △) in directors' accrued bonuses	△159	△138
Increase (decrease △) in accrued retirement benefits to employees	126	613
Increase (decrease △) in allowance for doubtful accounts	△20	11
Interest and dividend income	△223	△111
Interest expenses	206	160
Investment loss (gain △) by equity method	57	113
(Gain △) loss from sales of fixed assets	△9	△6
Loss on disposal of fixed assets	3	15
(Gain △) loss on valuation of investment securities	93	30
Loss on valuation of golf club membership	–	1
Provision of allowance for loss on compensation for damage	46	–
Decrease (increase △) in notes and accounts receivable	△414	4,306
Increase (decrease △) in notes and accounts payable	△1,509	△2,256
Other, net	△2,126	△446
Subtotal	3,648	6,273
Interest and dividends received	253	161
Interest paid	△223	△198
Payments for loss on violation of the antitrust laws	–	△1,494
Income taxes paid	△2,826	△1,351
Net cash provided by operating activities	851	3,390
Cash flows from investing activities		
Payments for time deposits	△12	△98
Proceeds from withdrawal of time deposits	149	74
Payments for purchase of property and equipment	△1,008	△1,321
Proceeds from sale of property and equipment	18	27
Payments for purchase of investment securities	△3,004	△11
Proceeds from sale and redemption of investment securities	53	28
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	△114
Payments for loans receivable	△2	△10
Collection of loans receivable	4	36
Payments for lease and guarantee deposits	△236	△191
Proceeds from collection of security deposits	149	283
Other, net	56	△161
Net cash used in investing activities	△3,832	△1,459

(Millions of yen)

	First half of FY3/09 (April 1, 2008 – September 30, 2008)	First half of FY3/10 (April 1, 2009 – September 30, 2009)
Cash flows from financing activities		
Net increase (decrease Δ) in short-term debt	1,637	Δ 2,616
Payments of finance lease obligations	Δ 44	Δ 61
Proceeds from long-term debt	2,610	328
Payments of long-term debt	Δ 3,450	Δ 540
Payments for acquisition of treasury stock	Δ 0	Δ 0
Payment of cash dividends	Δ 467	Δ 503
Payment of cash dividend to minority shareholders	Δ 147	Δ 177
Net cash provided by (used in Δ) financing activities	137	Δ 3,571
Effect of exchange rate changes on cash and cash equivalents	Δ 902	1,083
Net increase (decrease Δ) in cash and cash equivalents	Δ 3,745	Δ 556
Cash and cash equivalents at beginning of period	28,500	25,904
Cash and cash equivalents at end of period	24,754	25,348

(4) Segment Information

[Segment information by business]

First half of the fiscal year ended March 2009 (April 1, 2008–September 30, 2008)

Since the freight forwarding business constitutes over 90% of the total net sales and operating income, we have not included segment information by business type in this report.

First half of the fiscal year ending March 2010 (April 1, 2009–September 30, 2009)

Since the freight forwarding business constitutes over 90% of the total net sales and operating income, we have not included segment information by business type in this report.

[Segment information by geographic areas]

First half of the fiscal year ended March 2009 (April 1, 2008–September 30, 2008)

(Millions of yen)

	Japan	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total	Elimination or unallocated	Consolidated
Net sales								
(1) Net sales to outside customers	63,842	19,946	15,155	41,953	12,329	153,226	–	153,226
(2) Inter-segment sales/transfers	621	1,976	545	522	230	3,894	△3,894	–
Total net sales	64,463	21,922	15,700	42,475	12,559	157,121	△3,894	153,226
Operating income	1,225	1,282	494	2,006	656	5,665	4	5,670

First half of the fiscal year ending March 2010 (April 1, 2009–September 30, 2009)

(Millions of yen)

	Japan	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total	Elimination or unallocated	Consolidated
Net sales								
(1) Net sales to outside customers	43,598	11,746	8,440	23,441	7,515	94,741	–	94,741
(2) Inter-segment sales/transfers	399	1,371	255	362	153	2,543	△2,543	–
Total net sales	43,998	13,118	8,695	23,803	7,669	97,285	△2,543	94,741
Operating income (loss △)	827	452	△250	1,467	307	2,804	△31	2,773

Notes: 1. The geographic segmentation is classified based on the relationship of business activities and geographic proximity.

2. Major countries or regions except Japan in each category are as follows:

- (1) The Americas: United States, Canada, and South American countries
- (2) Europe & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, Russia, South Africa, and other European and African countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, Philippines, and Australia
- (4) Southeast Asia & Middle East: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, and Middle Eastern countries