



## Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2010

February 4, 2010

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: February 10, 2010  
 The date of the dividend payment start (planned): —

(Figures are rounded down to the nearest million yen)

### 1. First nine months of the fiscal year ending March 2010 consolidated results (April 1, 2009 – December 31, 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 nine months ended								
December 31, 2009	150,734	△32.0	5,338	△33.8	5,676	△34.4	3,208	△36.6
December 31, 2008	221,634	—	8,069	—	8,655	—	5,064	—

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
First nine months ended		
December 31, 2009	89.13	—
December 31, 2008	140.69	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2009	111,159	64,975	56.3	1,739.95
As of March 31, 2009	109,153	61,873	55.1	1,670.18

(Reference) Shareholders' equity As of December 31, 2009: 62,637 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)				17.00	24.00

(Note) Changes in forecasts of dividends for the fiscal year ending March 2010: Yes

### 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: None

#### 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 December 31, 2009: 36,000,000 shares	As of March 31, 2009: 36,000,000 shares
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  - (b) Number of treasury stock at the end of the period

As of December 31, 2009: 555 shares	As of March 31, 2009: 473 shares
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  - (c) Average number of shares during the period (nine months)

First nine months ended December 31, 2009: 35,999,456 shares	
First nine months ended December 31, 2008: 35,999,603 shares	

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

1. 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 page 5.

## [Qualitative information and financial statements]

### 1. Qualitative information concerning consolidated results

During the first nine months of the current fiscal year (April 1, 2009 to December 31, 2009), the global economy partially improved as a result of economic measures implemented by individual governments in response to the financial crisis and resultant deterioration in economic conditions. However, this has fallen short of a full-fledged recovery, and economic conditions remained weak.

The Japanese economy has remained on an upward trend in exports and production, but personal consumption remained weak, a sense of excessive employment and capital equipment existed, and there was persistent uncertainty regarding the potential for a self-sustainable recovery.

The KWE Group's airfreight forwarding business recorded a gradual increase month by month in each region, but it was unable to recover completely from a major decline at the start of the fiscal year. As a result, the KWE Group's overall airfreight export volume declined 24.3%<sup>\*1</sup>, and the airfreight import shipments declined 16.5%<sup>\*2</sup> year on year. In the ocean freight forwarding business, exports declined 16.3%<sup>\*3</sup> and imports declined 12.8%<sup>\*2</sup>.

#### *Japan*

In the airfreight exports, there was firm activity in freight movement involving LCD-related materials, electronic components and semiconductor production machinery for the Taiwan and China markets, a result of domestic demand expansion policies in China and the progress of inventory adjustments. However, recovery in all other regions was only mild, so the overall airfreight exports declined 15.3%<sup>\*1</sup> year on year. In the airfreight imports, activity in freight movement from Asia, centered mainly on electronic products, has been firm since early fall 2009. However, recovery has been mild as a result of stagnant domestic consumption, and the airfreight imports declined 11.8%<sup>\*2</sup>. In the ocean freight exports, performance was strong for chemicals, but plant equipment transportation and automotive products declined, resulting in an overall decline of 1.3%<sup>\*3</sup>. In the ocean freight imports, apparel and general merchandise volumes rose, but there was a decline in automotive products, resulting in a 5.2%<sup>\*2</sup> decline. As a result, net sales for Japan, including net sales generated by domestic affiliates, declined 25.0% year on year to 69,357 million yen.

#### *The Americas*

The airfreight exports recorded a decline of 30.8%<sup>\*1</sup> year on year. There were spot freight shipments for flat-screen television components in some areas, in contrast to the sharp decline from the start of the fiscal term in volumes for semiconductors and automotive products. In the airfreight imports, activity remained weak despite a recovery trend, and volumes declined 20.5%<sup>\*2</sup>. In the ocean freight forwarding, exports recovered to a 0.5%<sup>\*3</sup> decrease as a result of our winning new customers, while imports declined 9.8%<sup>\*2</sup>. As a result, overall net sales for the Americas declined 38.5% year on year to 20,101 million yen.

#### *Europe & Africa*

The airfreight exports declined by 26.5%<sup>\*1</sup> year on year. Petroleum-related shipments were strong, but shipments by customers in the electronic products business were at a low level. In the airfreight imports, there was firm activity in automotive products due to car allowance rebate systems initiated in individual countries. However, there was a decline in

transfer shipments to Central and Eastern Europe, and no signs of a major recovery in shipments originating in Japan, a major exporter to the region. As a result, the airfreight imports declined 20.6%\*<sup>2</sup>. In the ocean freight forwarding, the exports declined 13.7%\*<sup>3</sup> and the imports declined 14.8%\*<sup>2</sup>. As a result, overall net sales in Europe & Africa declined 35.9% year on year to 13,696 million yen.

#### ***East Asia & Oceania***

In the airfreight exports, a gradual rise in volume indicated an increasing likelihood of a recovery, but a major volume decline at the start of the fiscal year, mainly in shipments to the U.S. and Europe, resulted in export volumes declining 33.1%\*<sup>1</sup> year on year. In the airfreight imports, there was firm activity in freight movement involving LCD-related materials, electronic components, and semiconductor equipment as a result of an expansion of domestic demand in China and the completion of inventory adjustments, which led to a slowdown in the pace of decline in imports, which fell 17.8%\*<sup>2</sup>. We also have yet to reach a full-fledged recovery in the ocean freight forwarding, where the exports declined 22.6%\*<sup>3</sup> and the imports declined 21.9%\*<sup>2</sup>. As a result, total net sales for East Asia & Oceania declined 38.1% year on year to 39,120 million yen.

#### ***Southeast Asia & Middle East***

In the airfreight exports, a gradual recovery trend appeared on the back of freight demand for electronic products such as semiconductors, but many production adjustments at the start of the fiscal year impacted exports, which declined 12.7%\*<sup>1</sup> year on year. Similarly, in the airfreight imports, despite a rise in volumes of semiconductors, electronic products such as storage media, a sharp decline at the start of the fiscal year impacted imports, which declined 17.4%\*<sup>2</sup>. In the ocean freight forwarding, the exports declined 21.0%\*<sup>3</sup> and the imports declined 12.0%\*<sup>2</sup>. As a result, total net sales for Southeast Asia & Middle East declined 29.0% year on year to 12,492 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 nine months of the fiscal year under review, consolidated net sales declined 32.0% year on year to 150,734 million yen. Operating income declined 33.8% to 5,338 million yen, and ordinary income declined 34.4% to 5,676 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 nine months of the fiscal year under review, total assets increased 2,006 million yen year on year to 111,159 million yen, mainly due to increases in accounts and trade receivables, and property and equipment.

Total liabilities were 46,183 million yen, down 1,095 million yen year on year. This was mainly because accrued retirement benefits increased while long-term debts decreased. Net assets increased 3,101 million yen year on year to 64,975 million yen, mainly due to an increase in retained earnings.

## **3. Qualitative information concerning consolidated earnings forecasts**

To describe the KWE Group's business environment, while a trend toward gradual recovery in freight movement in Japan and overseas can be seen, the global economic outlook remains uncertain and freight costs are on an upward trend. Therefore, conditions are likely to remain unpredictable for the foreseeable future.

Under such conditions, the KWE Group has been focusing on achieving its earnings targets for the current fiscal year by steadily implementing a series of rationalization measures adopted in the previous year and is redoubling its efforts to establish a lean corporate structure capable of ensuring profit generation even in a stagnant airfreight market.

No change has been made to our forecasts of full-year consolidated earnings previously announced on November 10, 2009. These include net sales of 202,000 million yen, operating income of 7,900 million yen, ordinary income of 8,100 million yen, and net income of 4,500 million yen.

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

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Third quarter of FY3/10 (As of December 31, 2009)	FY3/09 Summary (As of March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and time deposits	25,374	26,294
Notes and accounts receivable – trade	37,256	35,235
Other	3,921	3,802
Allowance for doubtful accounts	△254	△225
<b>Total current assets</b>	<b>66,298</b>	<b>65,107</b>
Fixed assets		
Property and equipment		
Buildings and structures, net	19,561	17,180
Land	10,727	9,455
Other, net	3,646	4,570
<b>Total property and equipment</b>	<b>33,935</b>	<b>31,207</b>
Intangible fixed assets		
Goodwill	129	271
Other	1,925	2,273
<b>Total intangible fixed assets</b>	<b>2,055</b>	<b>2,544</b>
Investments and other assets	8,869	10,293
<b>Total fixed assets</b>	<b>44,860</b>	<b>44,045</b>
<b>Total assets</b>	<b>111,159</b>	<b>109,153</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	16,611	15,871
Short-term debt	13,102	12,602
Income taxes payable	970	1,711
Accrued bonuses	1,393	1,419
Accrued directors' bonuses	87	191
Other	7,987	8,835
<b>Total current liabilities</b>	<b>40,153</b>	<b>40,632</b>
Long-term liabilities		
Long-term debt	3,374	4,762
Accrued retirement benefits to employees	2,019	1,120
Other	636	762
<b>Total long-term liabilities</b>	<b>6,029</b>	<b>6,646</b>
<b>Total liabilities</b>	<b>46,183</b>	<b>47,279</b>

(Millions of yen)

	Third quarter of FY3/10 (As of December 31, 2009)	FY3/09 Summary (As of March 31, 2009)
<b>Net assets</b>		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	56,134	53,681
Treasury stock	△1	△1
<b>Total shareholders' equity</b>	<b>68,216</b>	<b>65,763</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△614	△415
Foreign currency translation adjustment	△4,964	△5,223
<b>Total valuation and translation adjustments</b>	<b>△5,579</b>	<b>△5,638</b>
Minority interests	2,338	1,748
<b>Total net assets</b>	<b>64,975</b>	<b>61,873</b>
<b>Total liabilities and net assets</b>	<b>111,159</b>	<b>109,153</b>

**(2) Quarterly Consolidated Statements of Income**

(Millions of yen)

	First nine months of FY3/09 (April 1, 2008 – December 31, 2008)	First nine months of FY3/10 (April 1, 2009 – December 31, 2009)
Net sales	221,634	150,734
Cost of sales	188,740	124,180
Gross profit	32,893	26,553
Selling, general, and administrative expenses	24,824	21,215
Operating income	8,069	5,338
Non-operating income		
Interest income	321	122
Dividend income	47	48
Amortization of negative goodwill	24	26
Foreign exchange gains	359	292
Miscellaneous income	355	229
Total non-operating income	1,108	719
Non-operating expenses		
Interest expenses	299	234
Equity in losses of affiliates	138	111
Miscellaneous expenses	83	34
Total non-operating expenses	521	381
Ordinary income	8,655	5,676
Extraordinary income		
Gain on prior period adjustment	25	—
Gain on sales of fixed assets	11	9
Gain on sales of investment securities	4	—
Total extraordinary income	41	9
Extraordinary losses		
Loss on disposal of fixed assets	3	19
Loss on valuation of investment securities	97	86
Loss on valuation of golf club membership	39	1
Restructuring loss	—	34
Loss on offices closing	—	204
Compensation for damage	44	—
Total extraordinary losses	183	347
Income before income taxes	8,513	5,338
Income taxes, etc.	3,002	1,832
Minority interests	445	297
Net income	5,064	3,208

**(3) Quarterly Consolidated Statement of Cash Flow**

(Millions of yen)

	First nine months of FY3/09 (April 1, 2008 – December 31, 2008)	First nine months of FY3/10 (April 1, 2009 – December 31, 2009)
Cash flows from operating activities		
Income before income taxes	8,513	5,338
Depreciation and amortization	2,535	2,331
Amortization of goodwill	36	36
Amortization of negative goodwill	△24	△26
Increase (decrease △) in accrued bonuses	134	△33
Increase (decrease △) in directors' accrued bonuses	△116	△107
Increase (decrease △) in accrued retirement benefits to employees	322	892
Increase (decrease △) in allowance for doubtful accounts	△28	17
Interest and dividend income	△368	△170
Interest expenses	299	234
Investment loss (gain △) by equity method	138	111
(Gain △) loss from sales of fixed assets	△11	△9
Loss on disposal of fixed assets	3	19
(Gain △) loss on sales and valuation of investment securities	93	86
Loss on valuation of golf club membership	39	1
Loss on compensation for damage	44	—
Decrease (increase △) in notes and accounts receivable	3,190	△999
Increase (decrease △) in notes and accounts payable	△1,246	320
Other, net	△3,039	557
Subtotal	10,515	8,601
Interest and dividends received	383	223
Interest paid	△294	△296
Proceeds from insurance income	11	—
Compensation for damage paid	△55	—
Payments for loss on violation of the antitrust laws	—	△1,494
Income taxes paid	△4,537	△2,810
Net cash provided by operating activities	6,022	4,224

(Millions of yen)

	First nine months of FY3/09 (April 1, 2008 – December 31, 2008)	First nine months of FY3/10 (April 1, 2009 – December 31, 2009)
<b>Cash flows from investing activities</b>		
Payments for time deposits	△274	△440
Proceeds from withdrawal of time deposits	85	104
Payments for purchase of property and equipment	△1,291	△2,720
Proceeds from sale of property and equipment	33	50
Payments for purchase of investment securities	△3,099	△28
Proceeds from sale and redemption of investment securities	57	28
Payment for purchase of subsidiary shares	△195	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	△114
(Increase △) decrease in short-term loans receivable	△1,000	—
Payments for loans receivable	△216	△18
Collection of loans receivable	67	41
Payments for lease and guarantee deposits	△402	△274
Proceeds from collection of security deposits	240	327
Other, net	374	△209
Net cash used in investing activities	△5,622	△3,254
<b>Cash flows from financing activities</b>		
Net increase (decrease △) in short-term debt	3,217	△1,024
Payments of finance lease obligations	△63	△113
Proceeds from long-term debt	2,610	353
Payments of long-term debt	△3,700	△793
Payments for acquisition of treasury stock	△0	△0
Payment of cash dividends	△935	△755
Payment of cash dividend to minority shareholders	△229	△228
Net cash provided by (used in △) financing activities	898	△2,562
Effect of exchange rate changes on cash and cash equivalents	△2,177	324
Net increase (decrease △) in cash and cash equivalents	△878	△1,267
Cash and cash equivalents at beginning of period	28,500	25,904
Cash and cash equivalents at end of period	27,621	24,636

#### (4) Segment Information

##### [ Segment information by business ]

##### First nine months of the fiscal year ended March 2009 (April 1, 2008– December 31, 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 nine months of the fiscal year ending March 2010 (April 1, 2009– December 31, 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 nine months of the fiscal year ended March 2009 (April 1, 2008 – December 31, 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	91,590	29,673	20,622	62,474	17,272	221,634	—	221,634
(2) Inter-segment sales/transfers	902	2,991	760	713	322	5,691	△5,691	—
Total net sales	92,493	32,664	21,383	63,188	17,595	227,325	△5,691	221,634
Operating income	1,313	2,108	565	3,113	982	8,082	△13	8,069

##### First nine months of the fiscal year ending March 2010 (April 1, 2009 – December 31, 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	68,719	17,945	13,286	38,525	12,258	150,734	—	150,734
(2) Inter-segment sales/transfers	637	2,156	410	595	234	4,034	△4,034	—
Total net sales	69,357	20,101	13,696	39,120	12,492	154,768	△4,034	150,734
Operating income (loss △)	1,322	895	△162	2,680	652	5,388	△49	5,338

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