



## Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2011 [J-GAAP] (Consolidated)

August 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: August 12, 2010  
 The date of the dividend payment start (planned): —  
 Preparation of quarterly earnings presentation material: No  
 Holding of quarterly earnings announcement: No

(Figures are rounded down to the nearest million yen.)

### 1. Consolidated earnings results for the first three months of the fiscal year ending March 2011 (April 1, 2010 – June 30, 2010)

#### (1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
First three months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
June 30, 2010	63,587	39.9	2,266	211.5	2,461	201.6	1,177	292.4
June 30, 2009	45,468	△37.0	727	△70.0	816	△65.1	300	△71.7

	Net income per share	Diluted net income per share
First three months ended	(Yen)	(Yen)
June 30, 2010	32.71	—
June 30, 2009	8.33	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2010	120,011	68,821	55.8	1,858.80
As of March 31, 2010	116,640	68,038	56.3	1,822.95

(Reference) Shareholders' equity As of June 30, 2010: 66,915 million yen As of March 31, 2010: 65,625 million yen

### 2. Dividends

Annual dividends					
	Q1	Q2	Q3	Q4	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2010	—	7.00	—	17.00	24.00
Fiscal year ending March 31, 2011	—				
Fiscal year ending March 31, 2011 (Forecasts)		12.00	—	13.00	25.00

(Note) Changes in forecasts of dividends for the fiscal year ending March 2011 as of June 30, 2010: No

### 3. Consolidated earnings forecasts for the fiscal year ending March 2011 (April 1, 2010 – March 31, 2011)

(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)
First half	134,500	42.0	4,800	73.1	5,100	74.2	3,200	116.8	88.89
Full fiscal year	260,000	22.7	10,800	44.9	11,000	36.9	7,000	53.1	194.45

(Note) Changes in consolidated earnings forecasts for the fiscal year ending March 2011 as of June 30, 2010: Yes

#### 4. Other (For detail, please refer to 2. Other Information on page 7.)

(1) Changes in significant subsidiaries during the period: None

(Note) This refers to changes in specified subsidiaries resulting from change in scope of consolidation during the period.

(2) Application of the simplified accounting method and/or the special accounting method: Yes

(Note) This refers to simplified accounting method and accounting method peculiar to quarterly consolidated financial statement preparation.

(3) Changes in accounting principles and procedures or format

(a) Changes accompanying revisions to items such as accounting standards: Yes

(b) Other changes: No

(Note) This refers to changes in accounting principles and procedures or format of quarterly consolidated financial statements listed in "Changes to important items forming the basis for preparation of quarterly consolidated financial statements."

(4) Number of issued shares (common shares)

(a) Number of issued shares at the end of the period (including treasury stock)

As of June 30, 2010:	36,000,000 shares	As of March 31, 2010:	36,000,000 shares
As of June 30, 2010:	588 shares	As of March 31, 2010:	555 shares
First three months ended June 30, 2010:	35,999,418 shares	First three months ended June 30, 2009:	35,999,455 shares

(b) Number of treasury stock at the end of the period

(c) Average number of shares during the period (three months)

#### \* Implementation status of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, but the procedures were being implemented when this Financial Results report was disclosed.

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

1. The consolidated first-half and full-year earnings forecasts for the year ending March 31, 2011, which were announced on May 11, 2010, 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 earnings forecasts, please refer to (3) Qualitative Information Concerning Consolidated Earnings Forecasts on page 5.

## 1. Qualitative Information Concerning Consolidated Earnings Results for the First Three Months of the Fiscal Year Ending March 2011

### (1) Qualitative Information Concerning Consolidated Business Results

During the first three months of the current fiscal year (April 1, 2010 to June 30, 2010), the economies of emerging market countries, particularly those in Asia, continued to strengthen, and there were also signs of a gradual economic recovery in developed countries. However, new uncertainties surfaced such as financial market volatility stemming from the European fiscal crisis.

Although exports to Asia increased and capital expenditures bottomed out, the Japanese economy still was not able to achieve a self-sustaining recovery as evident from the high level of unemployment.

During the first three months of the current fiscal year, KWE Group's airfreight forwarding business showed signs of a recovery in volume both overseas and in Japan and approached the level last seen before the global financial crisis in the fall of 2008. On the other hand, freight costs continued to rise in all regions because the amount of cargo space declined as airline companies streamlined operations and a shift in the supply-demand balance brought about by the recovery in freight volumes. The overall Group saw airfreight exports expand 65.1%<sup>\*1</sup>, and airfreight imports increased 23.8%<sup>\*2</sup> year on year. The ocean freight forwarding business recorded a dramatic increase in business with exports expanding 19.5%<sup>\*3</sup> and imports rising 24.7%<sup>\*2</sup> as they did for airfreight forwarding business.

Starting with the first three months of the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" was applied, and revisions were made to traditional segments. Figures for the first three months of the previous fiscal year, those used for year-on-year comparisons, reflect the changes in the new segments.

Operating results by each segment are as follows:

#### ***Japan***

Airfreight exports rose 48.0%<sup>\*1</sup> year on year as volumes of products such as semiconductor production machinery and electronic components, particular those for LCD-related materials to Asia, remained firm, and volumes of automotive products to the Americas and Europe rose. Airfreight imports expanded 3.0%<sup>\*2</sup>. Although volumes of telecommunication-equipment largely fell, the volume of other electronics-related items such as semiconductors increased as a result of more aggressive sales. As for ocean freight forwarding, exports expanded 31.2%<sup>\*3</sup> since volumes of chemicals and equipment transportation rose, and imports increased 25.8%<sup>\*2</sup> as a result of an increase in volumes of products such as general merchandise and apparel. As a result, net sales for Japan, including net sales generated by domestic affiliates, increased 36.5% year on year to 28,704 million yen, and operating income increased 303.0% to 678 million yen.

#### ***The Americas***

Airfreight exports grew 30.8%<sup>\*1</sup> year on year due to a strong recovery in shipping demand of electronics-related items, particularly semiconductors and LCD. Airfreight imports increased 32.8%<sup>\*2</sup> because of growth in volume similar to that seen for exports. In the ocean freight forwarding, exports and imports increased 33.4%<sup>\*3</sup> and 27.2%<sup>\*2</sup>, respectively. As a result, overall net sales for the Americas increased 29.0% year on year to 7,721 million yen, and operating income recorded 434 million yen (operating loss of 40 million yen in the same period of the previous year).

#### ***Europe, Middle East & Africa***

Airfreight exports expanded 47.7%<sup>\*1</sup> year on year since the volume from existing customers rose and the volume of

medical-related products and spot freight shipments to the Middle East increased. Airfreight imports increased 26.0%<sup>\*2</sup> as volumes of automotive products and LCD-related materials rose. As for ocean freight forwarding, exports shrank 11.3%<sup>\*3</sup> because of a decline in spot freight shipments handled in the same period of the previous year, but imports rose 21.9%<sup>\*2</sup> year on year. As a result, overall net sales in Europe, Middle East & Africa increased 18.1% year on year to 5,290 million yen, and operating income recorded 107 million yen (operating loss of 113 million yen in the same period of the previous year).

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

Airfreight exports rose 107.4%<sup>\*1</sup> year on year as there was strong growth in demand for electronics-related items and a rebound from the dramatic decline in the first three months of the previous fiscal year. Airfreight imports rose 38.2%<sup>\*2</sup> due to an increase in volumes of electronic components and LCD-related materials as manufacturers expanded their productions. In the ocean freight forwarding, exports and imports increased 21.1%<sup>\*3</sup> and 19.0%<sup>\*2</sup>, respectively. As a result, total net sales for East Asia & Oceania increased 55.5% year on year to 17,388 million yen and operating income increased 34.9% to 740 million yen.

#### ***Southeast Asia***

Airfreight exports increased 95.0%<sup>\*1</sup> year on year as a result of a firm recovery in volumes of electronics-related items, particularly semiconductors, and contributions from robust spot freight shipments. There was also an increase in airfreight imports of 30.5%<sup>\*2</sup> due to brisk shipments of items such as semiconductors production machinery, storage media-related products, and TV components. As for ocean freight forwarding, exports fell 2.1%<sup>\*3</sup> as major shippers handled less volume, but imports rose 32.3%<sup>\*2</sup>. As a result, total net sales for Southeast Asia increased 56.9% year on year to 5,501 million yen and operating income increased 447.1% to 291 million yen.

The whole KWE Group worked to promote sales and continued to implement rationalization measures such as major reductions in fixed and variable costs. As a result, for the first three months of the fiscal year under review, consolidated net sales increased 39.9% year on year to 63,587 million yen. Operating income increased 211.5% to 2,266 million yen, and ordinary income increased 201.6% to 2,461 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

At the first three months-end of the fiscal year under review, total assets increased 3,370 million yen from the end of the previous fiscal year to 120,011 million yen, mainly due to an increase in accounts receivables.

Total liabilities were 51,189 million yen, up 2,587 million yen from the end of the previous fiscal year, mainly due to the increases in accounts payables and long-term debt. Net assets increased 782 million yen from the end of the previous fiscal year to 68,821 million yen. This was mainly because retained earnings and foreign currency translation adjustment increased while minority interests declined.

## (3) Qualitative Information Concerning Consolidated Earnings Forecasts

We have made the following revisions to our consolidated earnings forecasts for the fiscal year ending March 2011 (April 1, 2010 to March 31, 2011).

### 1) Revised consolidated first-half forecasts for the fiscal year ending March 2011 (April 1, 2010 – September 30, 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 May 11, 2010)	112,000	4,000	4,000	2,300	63.89
Revised forecast (B)	134,500	4,800	5,100	3,200	88.89
Change (B) – (A)	22,500	800	1,100	900	—
Change (%)	20.1	20.0	27.5	39.1	—
(Reference) Previous period result (First half of the fiscal year ended March 2010)	94,741	2,773	2,927	1,476	41.01

### 2) Revised consolidated full-year forecasts for the fiscal year ending March 31, 2011 (April 1, 2010 – March 31, 2011)

	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 May 11, 2010)	235,000	10,000	10,000	5,800	161.11
Revised forecast (B)	260,000	10,800	11,000	7,000	194.45
Change (B) – (A)	25,000	800	1,000	1,200	—
Change (%)	10.6	8.0	10.0	20.7	—
(Reference) Previous year result (Fiscal year ended March 2010)	211,836	7,451	8,032	4,570	126.97

### (3) Reasons for the revisions

The above revisions were made since freight volume in both Japan and overseas, particularly Asia, was greater than projected and a gain of 741 million yen was recorded on the sale of shares in SANYO Electric Logistics Co., Ltd.

(Reference) Revisions of non-consolidated earnings forecasts for the fiscal year ending March 2011

The following revisions were made to the non-consolidated earnings forecasts for the fiscal year ending March 2011 (April 1, 2010 to March 31, 2011) for the same reasons.

**1) Revised non-consolidated first-half forecasts for the fiscal year ending March 2011 (April 1, 2010 – September 30, 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 May 11, 2010)	42,000	750	990	740	20.56
Revised forecast (B)	47,500	750	1,180	1,050	29.17
Change (B) – (A)	5,500	0	190	310	—
Change (%)	13.1	0	19.2	41.9	—
(Reference) Previous period result (First half of the fiscal year ended March 2010)	34,133	673	1,730	1,209	33.61

**2) Revised non-consolidated full-year forecasts for the fiscal year ending March 2011 (April 1, 2010 – March 31, 2011)**

	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 May 11, 2010)	86,000	2,400	4,500	3,500	97.22
Revised forecast (B)	92,100	2,400	4,500	3,600	100.00
Change (B) – (A)	6,100	0	0	100	—
Change (%)	7.1	0	0	2.9	—
(Reference) Previous year result (Fiscal year ended March 2010)	76,078	1,480	4,179	3,124	86.79

(Note) Notes regarding earnings forecasts

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

## **2. Other Information**

### **(1) Overview of Changes in Significant Subsidiaries**

There are no applicable matters.

### **(2) Overview of the Simplified Accounting Method and/or the Special Accounting Method**

The simplified accounting method is partially applied for transactions that have negligible impact on financial results.

### **(3) Overview of Changes in Accounting Principles and Procedures or Format**

#### **1. Application of accounting standard for asset retirement obligations**

The Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Statement No.18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Guidance No.21; March 31, 2008) are being applied from the first quarter.

This change had no impact on operating income, ordinary income and income before income taxes.

#### **2. Application of Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method**

The Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; March 10, 2008), and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force No.24; March 10, 2008) are being applied from the first quarter, with consolidated results adjusted as necessary.

This change had no impact on operating income, ordinary income and income before income taxes.

#### **3. Application of accounting standards for business combinations**

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No.21; December 26, 2008), the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No.22; December 26, 2008), the Partial amendments to Accounting Standard for Research and Development Costs (Accounting Standards Board of Japan Statement No.23; December 26, 2008), the Revised Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Statement No.7; December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan Statement No.16; December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No.10; December 26, 2008) are being applied from the first quarter.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	First quarter of FY3/11 (As of June 30, 2010)	FY3/10 Summary (As of March 31, 2010)
<b>Assets</b>		
Current assets		
Cash and time deposits	25,827	25,933
Notes and accounts receivable – trade	44,287	41,133
Other	3,254	3,236
Allowance for doubtful accounts	△249	△260
<b>Total current assets</b>	<b>73,119</b>	<b>70,043</b>
Fixed assets		
Property and equipment		
Buildings and structures, net	19,364	19,478
Land	10,876	10,799
Other, net	4,383	4,354
<b>Total property and equipment</b>	<b>34,624</b>	<b>34,631</b>
Intangible fixed assets		
Goodwill	395	126
Other	1,850	1,944
<b>Total intangible fixed assets</b>	<b>2,246</b>	<b>2,071</b>
Investments and other assets	10,021	9,894
<b>Total fixed assets</b>	<b>46,892</b>	<b>46,597</b>
<b>Total assets</b>	<b>120,011</b>	<b>116,640</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	20,446	19,528
Short-term debt	12,177	11,955
Income taxes payable	989	990
Accrued bonuses	1,130	1,589
Accrued directors' bonuses	71	168
Other	8,092	7,800
<b>Total current liabilities</b>	<b>42,907</b>	<b>42,032</b>
Long-term liabilities		
Long-term debt	4,918	3,349
Accrued retirement benefits to employees	2,413	2,200
Other	950	1,020
<b>Total long-term liabilities</b>	<b>8,282</b>	<b>6,569</b>
<b>Total liabilities</b>	<b>51,189</b>	<b>48,602</b>



(Millions of yen)

	First quarter of FY3/11 (As of June 30, 2010)	FY3/10 Summary (As of March 31, 2010)
Net assets		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	58,061	57,496
Treasury stock	△1	△1
Total shareholders' equity	70,143	69,578
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	441	173
Foreign currency translation adjustment	△3,669	△4,127
Total valuation and translation adjustments	△3,228	△3,953
Minority interests	1,906	2,413
Total net assets	68,821	68,038
Total liabilities and net assets	120,011	116,640

## (2) Quarterly Consolidated Statements of Income

(Millions of yen)

	First three months of FY3/10 (April 1, 2009 – June 30, 2009)	First three months of FY3/11 (April 1, 2010 – June 30, 2010)
Net sales	45,468	63,587
Cost of sales	37,686	54,043
Gross profit	7,781	9,543
Selling, general, and administrative expenses	7,054	7,277
Operating income	727	2,266
Non-operating income		
Interest income	44	30
Dividend income	22	22
Amortization of negative goodwill	8	8
Foreign exchange gains	135	161
Miscellaneous income	37	41
Total non-operating income	247	265
Non-operating expenses		
Interest expenses	77	67
Equity in losses of affiliates	64	0
Miscellaneous expenses	16	2
Total non-operating expenses	159	70
Ordinary income	816	2,461
Extraordinary income		
Gain on sales of fixed assets	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on disposal of fixed assets	11	—
Restructuring loss	25	—
Total extraordinary losses	36	—
Income before income taxes	782	2,461
Income taxes, etc.	436	1,188
Income before minority interests	—	1,273
Minority interests	46	95
Net income	300	1,177

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

(Millions of yen)

	First three months of FY3/10 (April 1, 2009 – June 30, 2009)	First three months of FY3/11 (April 1, 2010 – June 30, 2010)
<b>Cash flows from operating activities</b>		
Income before income taxes	782	2,461
Depreciation and amortization	766	768
Amortization of goodwill	12	12
Amortization of negative goodwill	△8	△8
Increase (decrease △) in accrued bonuses	△504	△456
Increase (decrease △) in directors' accrued bonuses	△119	△96
Increase (decrease △) in accrued retirement benefits to employees	325	211
Increase (decrease △) in allowance for doubtful accounts	△0	△12
Interest and dividend income	△66	△53
Interest expenses	77	67
Investment loss (gain △) by equity method	64	0
(Gain △) loss from sales of fixed assets	△3	—
Loss on disposal of fixed assets	11	—
Decrease (increase △) in notes and accounts receivable	4,319	△2,917
Increase (decrease △) in notes and accounts payable	△3,130	880
Other, net	△519	317
Subtotal	2,007	1,173
Interest and dividends received	119	52
Interest paid	△137	△75
Payments for loss on violation of the antitrust laws	△1,494	—
Income taxes paid	△861	△1,171
Net cash used in operating activities	△366	△21
<b>Cash flows from investing activities</b>		
Payments for time deposits	△55	△226
Proceeds from withdrawal of time deposits	24	228
Payments for purchase of property and equipment	△741	△468
Proceeds from sale of property and equipment	10	10
Payments for purchase of investment securities	△3	△5
Proceeds from sale and redemption of investment securities	28	154
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△114	—
Purchase of subsidiary shares	—	△923
Payments for loans receivable	△9	△1
Collection of loans receivable	5	2
Payments for lease and guarantee deposits	△67	△55
Proceeds from collection of lease and guarantee deposits	97	47
Other, net	184	△235
Net cash used in investing activities	△643	△1,472

(Millions of yen)

	First three months of FY3/10 (April 1, 2009 – June 30, 2009)	First three months of FY3/11 (April 1, 2010 – June 30, 2010)
Cash flows from financing activities		
Net increase (decrease $\Delta$ ) in short-term debt	373	1,810
Payments of finance lease obligations	$\Delta 32$	$\Delta 48$
Proceeds from long-term debt	297	1,633
Payments of long-term debt	$\Delta 241$	$\Delta 1,688$
Payments for acquisition of treasury stock	$\Delta 0$	$\Delta 0$
Payment of cash dividends	$\Delta 503$	$\Delta 598$
Net cash provided by (used in $\Delta$ ) financing activities	$\Delta 107$	1,108
Effect of exchange rate changes on cash and cash equivalents	818	265
Net increase (decrease $\Delta$ ) in cash and cash equivalents	$\Delta 298$	$\Delta 119$
Cash and cash equivalents at beginning of period	25,904	25,045
Cash and cash equivalents at end of period	25,605	24,925

#### (4) Notes Concerning Going Concern Assumption

There are no applicable matters.

#### (5) Segment Information

##### [ Segment information by business ]

##### First three months of the fiscal year ended March 2010 (April 1, 2009 – June 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 three months of the fiscal year ended March 2010 (April 1, 2009 – June 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	20,832	5,821	4,286	11,027	3,501	45,468	—	45,468
(2) Inter-segment sales/transfers	190	684	121	164	73	1,235	△ 1,235	—
Total net sales	21,022	6,505	4,408	11,191	3,575	46,704	△ 1,235	45,468
Operating income (loss △)	168	88	△ 118	547	58	743	△ 16	727

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, other European countries, Russia, 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

##### First three months of the fiscal year ended March 2010 (April 1, 2009 – June 30, 2009)

(Millions of yen)

	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total
I Overseas net sales	5,822	4,288	11,027	3,501	24,640
II Consolidated net sales	—	—	—	—	45,468
III Overseas net sales to consolidated net sales (%)	12.8	9.4	24.3	7.7	54.2

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, other European countries, Russia, 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

3. “Overseas net sales” are the total of sales by the Company and its consolidated subsidiaries in the countries and regions other than Japan.

## [ Segment information ]

First three months of the fiscal year ending March 2011 (April 1, 2010 – June 30, 2010)

### 1. Summary of reportable segments

Reportable segments are parts of the business for which it is possible to obtain separate financial information and that the Board of Directors regularly examines in order to evaluate decisions on allocation of management resources and earnings.

KWE has established Corporate Strategy Headquarters at the head office that sets comprehensive strategy and manages business for operations both within Japan and overseas. In addition, under the direction of the Corporate Strategy Headquarters, KWE manages operations within Japan and a headquarters for each region is responsible for operations in that particular area. Consolidated subsidiaries both within Japan and overseas are independent business units and conduct business operations in their particular area under the guidance of either KWE or the headquarters for the region.

Therefore, KWE is composed of segments for each of the following areas: Japan; the Americas; Europe, Middle East & Africa; East Asia & Oceania; Southeast Asia. Each reportable segment mainly handles freight transportation.

### 2. Amount of sales and income/loss for each reportable segment

First three months of the fiscal year ending March 2011 (April 1, 2010 – June 30, 2010)

(Millions of yen)

	Reported segment						Others Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	28,441	7,385	5,080	17,186	5,421	63,515	72	63,587	—	63,587
Inter-segment sales/transfers	263	335	210	202	80	1,091	457	1,549	△1,549	—
Total net sales	28,704	7,721	5,290	17,388	5,501	64,606	530	65,137	△1,549	63,587
Segment income	678	434	107	740	291	2,253	27	2,280	△14	2,266

Notes: 1. Other refers to business not included in reportable segments and mainly consists of supplementary logistics within the Group.

2. The △14 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

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

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

### 3. Impairment loss or goodwill on fixed assets for each reportable segment

(Material changes in goodwill)

Within the Southeast Asia segment, KWE acquired all the shares of the consolidated subsidiary Kintetsu Integrated Air Services Sdn. Bhd. held by minority shareholders. This resulted in goodwill increasing 272 million yen during the first three months of the current fiscal year.

(Additional information)

Starting with the first three months of the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 issued on March 21, 2008) were applied.

(Reference)

The following is the segment information by geographic area for the first three months of the previous fiscal year that has been revised to reflect the segments adopted for the first three months of the current fiscal year.

**(Reference) First three months of the fiscal year ended March 2010 (April 1, 2009 – June 30, 2009)**

(Millions of yen)

	Reported segment						Others	Total	Adjustment	Carrying amount on quarterly consolidated statements of income
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total				
Net sales										
Net sales to outside customers	20,832	5,740	4,354	11,027	3,433	45,387	81	45,468	—	45,468
Inter-segment sales/transfers	190	243	123	156	72	786	533	1,319	△1,319	—
Total net sales	21,022	5,983	4,478	11,183	3,505	46,173	614	46,787	△1,319	45,468
Segment income (loss △)	168	△40	△113	548	53	616	127	743	△16	727

## (6) Significant Changes in Shareholders' Equity

There are no applicable matters.