Financial Results for the Fiscal Year Ended March 31, 2011 [J-GAAP]

May 11, 2011

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

Representative: President and Chief Executive Officer Satoshi Ishizaki
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The date of the ordinary general shareholder meeting: June 21, 2011
The date of the dividend payment start (planned): June 22, 2011
The date of filing the securities report: June 22, 2011
Preparation of earnings presentation material: Yes
Holding of earnings announcement: Yes

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

1. Fiscal year ended March 2011 consolidated results (April 1, 2010 – March 31, 2011)

(1) Consolidated business results (Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2011	267,688	26.4	11,898	59.7	12,831	59.7	7,880	72.4
March 31, 2010	211,836	△18.6	7,451	△17.4	8,032	△12.7	4,570	31.4

(Reference) Comprehensive income: Fiscal year ended March 31, 2011: 5,072 million yen (△25.1%)
Fiscal year ended March 31, 2010: 6,769 million yen (– %)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating margin
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2011	218.92	—	11.7	10.8	4.4
March 31, 2010	126.97	—	7.3	7.1	3.5

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2011: 168 million yen
Fiscal year ended March 31, 2010: △93 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2011	120,280	71,317	57.6	1,925.90
As of March 31, 2010	116,640	68,038	56.3	1,822.95

(Reference) Shareholders' equity: As of March 31, 2011: 69,331 million yen As of March 31, 2010: 65,625 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2011	9,843	779	△2,703	30,966
March 31, 2010	6,259	△3,834	△3,995	25,045

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Full fiscal year			
Fiscal year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
March 31, 2010	—	7.00	—	17.00	24.00	863	18.9	1.4
March 31, 2011	—	12.00	—	18.00	30.00	1,079	13.7	1.6
Fiscal year ending March 31, 2012 (Forecasts)	—	15.00	—	15.00	30.00		13.5	

3. Consolidated earnings forecasts for the fiscal year ending March 2012 (April 1, 2011 – March 31, 2012)

(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	137,000	3.1	5,700	15.3	5,700	5.6	3,500	△11.5	97.22
Full fiscal year	287,000	7.2	13,000	9.3	13,000	1.3	8,000	1.5	222.23

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): Yes

Newly included: SHANGHAI KINTETSU WORLD EXPRESS CO., LTD. Excluded: –

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

(2) Changes in accounting principles and procedures or format of consolidated financial statements (those listed in changes to important items forming the basis for preparation of consolidated financial statements)

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

(b) Other changes: None

(3) Number of issued shares (common shares)

(a) Number of issued shares (including treasury stock)	As of March 31, 2011:	36,000,000 shares	As of March 31, 2010:	36,000,000 shares
(b) Number of treasury stock	As of March 31, 2011:	599 shares	As of March 31, 2010:	555 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2011:	35,999,412 shares	Fiscal year ended March 31, 2010:	35,999,453 shares

(Reference) Summary of Non-consolidated results

1. Fiscal year ended March 2011 non-consolidated results (April 1, 2010 – March 31, 2011)

(1) Non-consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2011	92,719	21.9	2,002	35.3	4,659	11.5	2,554	△18.2
March 31, 2010	76,078	△15.3	1,480	1,292.2	4,179	48.4	3,124	940.5

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
March 31, 2011	70.95	—
March 31, 2010	86.79	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2011	66,394	41,500	62.5	1,152.81
As of March 31, 2010	63,762	40,103	62.9	1,114.00

(Reference) Shareholders' equity As of March 31, 2011: 41,500 million yen As of March 31, 2010: 40,103 million yen

2. Non-consolidated earnings forecasts for the fiscal year ending March 2012 (April 1, 2011 – March 31, 2012)

(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	48,637	2.9	1,100	48.2	1,420	8.6	1,105	△0.4	30.71
Full fiscal year	98,542	6.3	2,700	34.9	4,980	6.9	3,870	51.5	107.52

* Implementation status of review procedures

The review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

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

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 page 4-5.

1. Business Results

(1) Analysis of Business Results

During the fiscal year ended March 31, 2011 (hereinafter, "the current fiscal year"), the global economy saw further expansion driven by emerging nations, particularly in Asia, while the European and US markets sustained a gradual recovery throughout the year amid lingering concerns over their uncertain economic outlook.

The Japanese economy continued to experience a moderate recovery helped by higher exports and production, but lacked autonomous strength as signaled by the persistently weak employment environment, and was dealt a severe blow by the March 11 Tohoku Earthquake.

Moreover, while notable improvements were seen in international shipping volume both in Japan and abroad, freight costs continued to rise in various regions, reflecting hikes for air and ocean freight rates as well as rising fuel surcharges.

Against this backdrop, overall freight operations for the fiscal year at the KWE Group returned to levels last seen before the global financial crisis erupted. More specifically, airfreight forwarding saw exports rising 31.8%[*1] year on year, and imports 11.1%[*2]. Ocean freight forwarding saw exports expand 12.2%[*3], and imports 16.6%[*2].

Starting with 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 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:

1) Japan

During the fiscal year under review, airfreight exports rose 12.9%[*1] year on year. Although inventory adjustments slowed freight movements from August, shipments of products such as semiconductor production machinery and electronic components, particularly those for LCD-related materials for Asia, remained strong during the first half of the fiscal year. Airfreight imports declined 1.6%[*2], as rising volume in flat-screen TV-related products driven by the government's "eco-point" system for home appliances, was unable to offset sharp declines in telecommunication equipment. In the ocean freight forwarding, exports increased 11.2%[*3], supported by strong volume for chemicals and equipment transportation. Ocean freight imports increased 18.8%[*2] as a result of an increase in volumes of products such as electronics products and general merchandise. As a result, net sales for Japan, including net sales generated by domestic subsidiaries, increased 18.3% year on year to 112,725 million yen, and operating income increased 79.1% to 2,918 million yen.

To take advantage of the recently added international terminal at Haneda Airport, we established a warehouse and customs desk on site in October 2010.

2) The Americas

Airfreight exports rose 32.1%[*1] year on year, supported by sharp growth in shipments of electronics products, particularly semiconductors and LCDs. Airfreight imports advanced 22.3%[*2] due to expansion in digital home appliance products and other materials. In the ocean freight forwarding, exports and imports increased 12.6%[*3] and 15.5%[*2], respectively. As a result, overall net sales for the Americas increased 26.1% year on year to 32,855 million yen, and operating income increased 112.1% to 2,327 million yen.

In July 2010, KWE opened a warehouse in the suburb of Toronto to expand logistics business.

3) Europe, Middle East & Africa

Airfreight exports expanded 41.9%*1 year on year, reflecting steady shipments by existing customers, volume growth in medical-related products, and contributions from spot freight shipments to the Middle East. Airfreight imports advanced 21.6%*2, benefiting from strong shipments for automotive products as well as an increase in shipments of flat-screen TVs bound for Central and Eastern Europe. In the ocean freight forwarding, exports gained 12.9%*3 while imports grew 26.7%*2. As a result, overall net sales in Europe, Middle East & Africa increased 21.5% year on year to 24,085 million yen, and operating income recorded 679 million yen (operating loss of 6 million yen for the previous fiscal year).

In June 2010, we established the joint venture KINTETSU WORLD EXPRESS (SAUDI ARABIA) LTD. to bolster our sales operations in Saudi Arabia.

4) East Asia & Oceania

Airfreight exports increased 46.3%*1 year on year due to volume growth for electronic products such as digital home appliance products and printers. Airfreight imports gained 14.2%*2, as a result of an ongoing recovery in overall shipping demand despite slowdown due to partial production adjustments in the latter half of the fiscal year. In the ocean freight forwarding, exports and imports increased 21.1%*3 and 10.9%*2, respectively. As a result, total net sales for East Asia & Oceania increased 37.1% year on year to 77,606 million yen and operating income increased 22.7% to 4,212 million yen.

Moreover, in order to further expand our bonded logistics business in China, we established affiliates in the Shanghai Pudong Airport and Yantai (Shandong Province) districts.

5) Southeast Asia

Airfreight exports increased 46.0%*1 year on year as a result of a steady recovery in volumes of electronics products, and contributions from spot freight shipments. Airfreight imports also saw an increase of 15.9%*2 due to sustained brisk shipments, particularly for electronic products. In the ocean freight forwarding, exports declined 10.3%*3, as some major shippers handled less volume, while imports continued to recover, growing 18.1%*2. As a result, total net sales for Southeast Asia increased 42.2% year on year to 25,078 million yen and operating income increased 44.4% to 1,522 million yen.

In addition, we established a delegate office in Bangladesh in April 2010, as we anticipate shipping demand in the region will expand going forward.

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

As described above, 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, consolidated net sales for the current fiscal year increased 26.4% year on year to 267,688 million yen. Operating income increased 59.7% to 11,898 million yen, ordinary income increased 59.7% to 12,831 million yen, and net income increased 72.4% to 7,880 million yen.

For the fiscal year ending March 31 2012, we predict sustained growth in shipping demand led by Asian countries, but at the same time expect to see rising costs driven by a surge in oil prices and a slowdown in freight movement affected by the Tohoku Earthquake.

As set forth in our medium-term management plan outlined below, the Group intends to respond to this situation by accelerating development into overseas markets with a particular focus on the Asia region, where growth is foreseen going forward, and also by aggressively expanding not only our mainstay airfreight forwarding business, but also our ocean freight forwarding and logistics operations across the Group. In addition, we intend to steadily implement various policies that will enable the Group to expand shipping volume in an effort to further boost our competitiveness on the global stage.

While Group earnings going forward are likely to be affected by the global economy, exchange rates, the crude prices, etc., we are currently looking for net sales of 287,000 million yen (up 7.2% year on year), operating income of 13,000 million yen (up 9.3%), and ordinary income of 13,000 million yen (up 1.3%) in the fiscal year ending March 2012.

* The forecasts above are based on information currently available. Actual performance may differ from the above forecasts due to various factors.

(2) Analysis of Financial Position

1) Assets, liabilities, and net assets

Total assets as of March 31, 2011 were 120,280 million yen, up 3,639 million yen year on year.

Current assets were 77,864 million yen, up 7,821 million yen from the end of the previous fiscal year, as a result of increases in cash and time deposits, and trade notes and accounts receivable.

Fixed assets were 42,415 million yen, down 4,181 million yen from the end of the previous fiscal year mainly due to a decrease in investment securities.

Total liabilities were 48,963 million yen, up 361 million yen from the end of the previous fiscal year, reflecting an increase due to recording allowance for loss on violation of the U.S. antitrust laws and a decrease in reserve for retirement benefits.

Meanwhile, net assets were up 3,278 million yen year on year to 71,317 million yen due to an increase in retained earnings and a decrease in foreign currency translation adjustments. Consequently, the equity ratio increased 1.3 points year on year to 57.6%.

2) Cash flows

(Millions of yen)

	FY3/10	FY3/11	Change
Cash flows from operating activities	6,259	9,843	3,583
Cash flows from investing activities	△3,834	779	4,614
Cash flows from financing activities	△3,995	△2,703	1,292
Effect of exchange rate changes on cash and cash equivalents	710	△1,998	△2,709
Net increase (decrease△) in cash and cash equivalents	△859	5,920	6,780
Cash and cash equivalents at end of period	25,045	30,966	5,920

Cash flows from operating activities

During the fiscal year ended March 2011, operating activities provided net cash of 9,843 million yen, an increase of 3,583 million yen year on year. This mainly reflected the following factors: 4,521 million yen increase of trade accounts receivable, 3,764 million yen of income taxes paid, and 1,133 million yen decrease of reserve for retirement benefits were recorded; Meanwhile, 12,676 million yen for income before income taxes and minority interests, 2,975 million yen for depreciation and amortization, 2,531 million yen increase in trade notes payable, and 1,014 million yen increase of allowance for loss on violation of the U.S. antitrust laws were recorded.

Cash flows from investing activities

Investing activities generated net cash of 779 million yen, a decrease of 4,614 million yen. This mainly reflected 1,465 million yen payment for purchase of fixed assets, 978 million yen for the purchase of subsidiary shares, and 3,247 million yen for proceeds from sale of investment securities.

Cash flows from financing activities

Net cash used in financing activities was 2,703 million yen, down 1,292 million yen year on year. This mainly reflected the net decrease of 1,101 million yen in short-term debt, 1,043 million yen for payment of cash dividends, 317 million yen for payment of cash dividends to minority share holders, and 195 million yen for payment of finance lease obligations.

As a result of the above, cash and cash equivalents as of March 31, 2011 were 30,966 million yen, an increase of 5,920 million yen compared with the previous year end.

(Reference) The trend in the KWE Group's cash flow indicators

	FY3/08	FY3/09	FY3/10	FY3/11
Equity ratio (%)	50.6	55.1	56.3	57.6
Market-value-based equity ratio (%)	64.5	59.9	74.5	77.8
Interest-bearing debt to operating cash flow (years)	1.7	1.8	2.4	1.4
Interest coverage ratio (times)	27.0	27.5	19.1	36.3

Equity ratio = (Net assets – Minority interests) / Total assets

Market-value-based equity ratio = Total value of shares / Total assets

Interest-bearing debt to operating flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payment

* Each indicator was calculated using consolidated financial figures.

* The total value of shares was calculated using the closing stock price at the end of fiscal year x the number of shares issued after deducting treasury stock.

* The "Cash flows from operating activities" on the consolidated statements of cash flows were used as operating cash flows. The interest-bearing debt covered all liabilities which accrued interest payment on the consolidated balance sheets. The "Interest paid" on the consolidated statements of cash flows were used as interest payment.

(3) Basic Policy Regarding Profit Distributions and Dividends for the Fiscal Year Ended March 2011 and Those Ending March 2012

Taking a comprehensive perspective on how to best to benefit shareholder interests, to facilitate future expansion of business both at home and overseas, and to strengthen our operating framework, the Group is committed to the continuation of stable dividend payments, and furthermore, strives to boost dividends each fiscal year based on factors such as consolidated performance and payout ratio. As we strive to achieve a truly sound business infrastructure, retained earnings are put to use in the form of capital investment that aims to both strengthen our financial condition and improve the quality of services to our customers.

In line with this approach, we have decided to pay the following per-share dividends for the fiscal year ended March 2011 and those ending March 2012.

	Dividends per share (yen)			Payout ratio (%)	
	Q2	Year-end	Full fiscal year	Consolidated	Non-consolidated
Fiscal year ended March 31, 2011	12.00 (Result)	18.00 (Forecast)	30.00 (Forecast)	13.7	42.3
Fiscal year ending March 31, 2012	15.00 (Forecast)	15.00 (Forecast)	30.00 (Forecast)	13.5	27.9

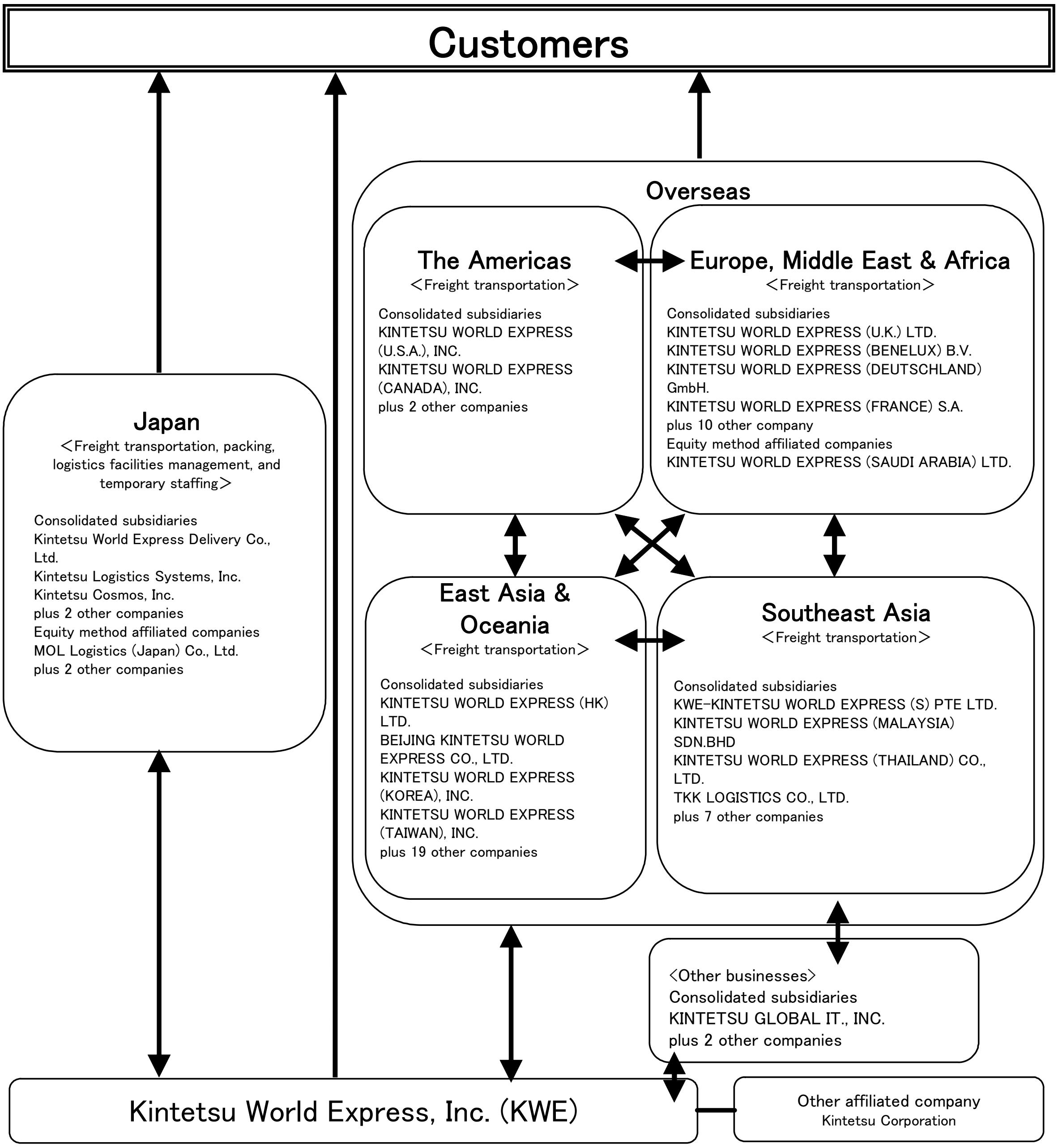
Payout ratio (Consolidated) = Dividends per share / Consolidated net income per share

Payout ratio (Non-consolidated) = Dividends per share / Net income per share

2. The KWE Group

The KWE Group (the Company and its subsidiaries and affiliates) consists of Kintetsu World Express, Inc., 60 consolidated subsidiaries and four affiliates (nine domestic companies and 56 overseas companies). The Group's principal businesses are international and domestic freight contracting (the airfreight forwarding, import freight consolidation, and international ocean freight forwarding) using transport provided by airlines and shipping companies, and representation on behalf of airlines. We also offer customs clearance, trucking, temporary staffing, insurance agency, property management and packing services.

The following diagram shows operations of the KWE Group.



Arrows show flow of service provision.

3. Management Policy

(1) Basic Management Policy of the KWE Group

(1) Basic Management Policy:

This section has been omitted as no material changes have occurred since the release of the Financial Results for the Fiscal Year Ended March 31, 2010 (published on May 11, 2010).

(Company website)

http://www.kwe.co.jp/ir/financial/settlementbriefnote.html

(Tokyo Stock Exchange website [search team for listed companies])

http://www.tse.or.jp/listing/compsearch/index.html

(2) Management Indicator Targets

The Group's new medium-term management plan "Ready for the Next!" assigns considerable importance to consolidated net sales and consolidated operating income as business indicators. This management plan calls for consolidated net sales of 322,000 million yen (revised up on May 11, 2011 from the original target of 300,000 million yen) and consolidated operating income of 15,000 million yen by the fiscal year ending March 2013.

(3) Medium to Long-Term Management Strategies

The KWE Group has started its medium-term management plan, outlined above, aiming to build a solid management structure that can compete on an equal footing with major global competitors amid the current turbulent economic climate.

Our current management plan calls for an increase in corporate and shareholder values by establishing partnerships with customers while providing reliable services and customer satisfaction all over the world as a Global Logistics Partner. The plan outlines the following four strategic objectives: (1) creating a strong Asia, (2) selling a strong Asia, (3) strengthening core competencies (human resources, quality, and IT), and (4) ensuring thorough compliance and strengthening a management system for the environment. As such, the Group is actively working to bolster logistics operations, particularly in China, through focused deployment of management resources while at the same time making preparations to sell a strong Asia.

In April 2011, we partially reorganized our corporate structure in order to support promotion of businesses and sales strategies the Group should pursue. The current Group structure enables management and support of all Group operations through its four headquarters— Corporate Strategy Headquarters, Corporate Sales & Marketing Headquarters, Corporate Forwarding Headquarters, and Corporate Logistics Headquarters. Under the new corporate structure, we will work to implement a wide range of policies and measures to respond to the global expansion in shipping volume while at the same time aim to adopt a balanced business portfolio.

(4) Challenges Going Forward

Although we expect global shipping demand will continue to grow, mainly driven by Asian nations, the outlook remains unclear owing to unpredictable factors such as oil prices, exchange rates, and the impact of the Tohoku Earthquake.

The Group intends to respond to this situation by aggressively expanding not only the traditional mainstay of the airfreight forwarding, but also our ocean freight forwarding and logistics services. Furthermore, in order to transform into a lean corporate structure to ensure profit generation even in adverse circumstances, we will continue to drive forward the various rationalization measures that proved beneficial during the fiscal years ended March 2010 and 2011.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY3/10 (As of March 31, 2010)	FY3/11 (As of March 31, 2011)
Assets		
Current assets		
Cash and time deposits	25,933	31,755
Notes and accounts receivable – trade	41,133	42,415
Securities	—	137
Deferred tax assets	678	772
Other	2,557	3,028
Allowance for doubtful accounts	△260	△246
Total current assets	70,043	77,864
Fixed assets		
Property and equipment		
Buildings and structures	31,404	31,654
Accumulated depreciation	△11,925	△12,682
Buildings and structures, net	19,478	18,972
Machinery and equipment	2,823	2,423
Accumulated depreciation	△1,924	△1,763
Machinery and equipment, net	898	659
Land	10,799	10,705
Lease assets	1,155	1,111
Accumulated depreciation	△311	△359
Lease assets, net	844	751
Other	10,096	8,339
Accumulated depreciation	△7,485	△6,663
Other, net	2,611	1,675
Total property and equipment	34,631	32,764
Intangible fixed assets		
Goodwill	126	355
Other	1,944	1,475
Total intangible fixed assets	2,071	1,830
Investments and other assets		
Investment securities	5,439	2,851
Long-term loans receivable	249	233
Deferred tax assets	701	1,049
Other	3,920	3,933
Allowance for doubtful accounts	△416	△248
Total investments and other assets	9,894	7,820
Total fixed assets	46,597	42,415
Total assets	116,640	120,280

(Millions of yen)

	FY3/10 (As of March 31, 2010)	FY3/11 (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,528	19,842
Short-term debt	11,955	9,094
Lease liabilities	187	184
Income taxes payable	990	1,956
Deferred tax liabilities	64	80
Reserve for bonuses	1,589	1,698
Reserve for directors' bonuses	168	205
Allowance for loss on violation of the U.S. antitrust law		1,014
Other	7,548	8,252
Total current liabilities	42,032	42,329
Long-term liabilities		
Long-term debt	3,349	4,850
Lease liabilities	761	546
Deferred tax liabilities	88	124
Reserve for retirement benefits	2,200	1,042
Other	170	69
Total long-term liabilities	6,569	6,633
Total liabilities	48,602	48,963
Net assets		
Shareholders' equity		
Common stock	7,216	7,216
Capital surplus	4,867	4,867
Retained earnings	57,496	64,333
Treasury stock	△1	△1
Total shareholders' equity	69,578	76,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	173	79
Foreign currency translation adjustment	△4,127	△7,163
Total accumulated other comprehensive income	△3,953	△7,084
Minority interests	2,413	1,985
Total net assets	68,038	71,317
Total liabilities and net assets	116,640	120,280

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	FY3/10 (April 1, 2009 –March 31, 2010)	FY3/11 (April 1, 2010 –March 31, 2011)
Net sales	211,836	267,688
Cost of sales	175,720	226,846
Gross profit	36,116	40,842
Selling, general, and administrative expenses	28,665	28,943
Operating income	7,451	11,898
Non-operating income		
Interest income	169	156
Dividend income	48	34
Amortization of negative goodwill	35	35
Foreign exchange gains	529	628
Equity in earnings of affiliates	—	168
Miscellaneous income	362	318
Total non-operating income	1,145	1,342
Non-operating expenses		
Interest expenses	301	268
Equity in losses of affiliates	93	—
Miscellaneous expenses	169	141
Total non-operating expenses	564	410
Ordinary income	8,032	12,831
Extraordinary income		
Gain on sales of investment securities	—	741
Gain on sales of fixed assets	10	6
Gain on negative goodwill	—	188
Total extraordinary income	10	935
Extraordinary losses		
Loss on sale of fixed assets	—	26
Loss on disposal of fixed assets	50	41
Loss on valuation of golf club memberships	7	8
Loss on valuation of investment securities	86	—
Restructuring loss	34	—
Loss on offices closing	204	—
Bad debt expenses	61	—
Provision of allowance for loss on violation of the U.S. antitrust laws	—	1,014
Total extraordinary losses	446	1,090
Income before income taxes and minority interests	7,596	12,676
Income taxes, etc.	2,503	4,723
Income taxes – deferred	108	△317
Total income taxes	2,612	4,405
Income before minority interests	—	8,270
Minority interests	412	390
Net income	4,570	7,880

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/10 (April 1, 2009 -March 31, 2010)	FY3/11 (April 1, 2010 -March 31, 2011)
Income before minority interests	—	8,270
Other comprehensive income		
Valuation difference on available-for-sale securities	—	△112
Foreign currency translation adjustment	—	△3,103
Share of other comprehensive income of equity-method affiliates	—	18
Total other comprehensive income	—	△3,198
Comprehensive income	—	5,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	4,749
Comprehensive income attributable to minority interests	—	322

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY3/10 (April 1, 2009 –March 31, 2010)	FY3/11 (April 1, 2010 –March 31, 2011)
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	7,216	7,216
Change of items during the term		
Total change of items during the term	—	—
Balance at end of current fiscal year	7,216	7,216
Capital surplus		
Balance at end of previous fiscal year	4,867	4,867
Change of items during the term		
Total change of items during the term	—	—
Balance at end of current fiscal year	4,867	4,867
Retained earnings		
Balance at end of previous fiscal year	53,681	57,496
Change of items during the term		
Cash dividends paid	△755	△1,043
Net income	4,570	7,880
Total change of items during the term	3,814	6,836
Balance at end of current fiscal year	57,496	64,333
Treasury stock		
Balance at end of previous fiscal year	△1	△1
Change of items during the term		
Acquisition of treasury stock	△0	△0
Total change of items during the term	△0	△0
Balance at end of current fiscal year	△1	△1
Total shareholders' equity		
Balance at end of previous fiscal year	65,763	69,578
Change of items during the term		
Cash dividends paid	△755	△1,043
Net income	4,570	7,880
Acquisition of treasury stock	△0	△0
Total change of items during the term	3,814	6,836
Balance at end of current fiscal year	69,578	76,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at end of previous fiscal year	△415	173
Change of items during the term		
Net changes of items other than shareholders' equity	589	△94
Total change of items during the term	589	△94
Balance at end of current fiscal year	173	79
Foreign currency translation adjustment		
Balance at end of previous fiscal year	△5,223	△4,127
Change of items during the term		
Net changes of items other than shareholders' equity	1,095	△3,036
Total change of items during the term	1,095	△3,036
Balance at end of current fiscal year	△4,127	△7,163

(Millions of yen)

	FY3/10 (April 1, 2009 –March 31, 2010)	FY3/11 (April 1, 2010 –March 31, 2011)
Total accumulated other comprehensive income		
Balance at end of previous fiscal year	△5,638	△3,953
Change of items during the term		
Net changes of items other than shareholders' equity	1,685	△3,130
Total change of items during the term	1,685	△3,130
Balance at end of current fiscal year	△3,953	△7,084
Minority interests		
Balance at end of previous fiscal year	1,748	2,413
Change of items during the term		
Net changes of items other than shareholders' equity	664	△427
Total change of items during the term	664	△427
Balance at end of current fiscal year	2,413	1,985
Total net assets		
Balance at end of previous fiscal year	61,873	68,038
Change of items during the term		
Cash dividends paid	△755	△1,043
Net income	4,570	7,880
Acquisition of treasury stock	△0	△0
Net changes of items other than shareholders' equity	2,350	△3,558
Total change of items during the term	6,164	3,278
Balance at end of current fiscal year	68,038	71,317

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	7,596	12,676
Depreciation and amortization	3,100	2,975
Amortization of goodwill	48	58
Amortization of negative goodwill	△35	△35
Gain on negative goodwill	—	△188
Increase (decrease △) in reserve for bonuses	154	203
Increase (decrease △) in reserve for directors' bonuses	△27	49
Increase (decrease △) in reserve for retirement benefits	1,071	△1,133
Increase (decrease △) in allowance for doubtful accounts	105	△161
Increase (decrease △) in allowance for loss on violation of the U.S. antitrust law	—	1,014
Interest and dividend income	△218	△191
Interest expenses	301	268
Investment loss (gain △) by equity method	93	△168
(Gain △) loss on sales of fixed assets	△10	19
Loss on disposal of property and equipment	50	41
(Gain △) loss on sales of investment securities	—	△741
(Gain △) loss on valuation of investment securities	86	—
Loss on valuation of golf club memberships	7	8
Decrease (increase △) in notes and accounts receivable	△4,322	△4,521
Increase (decrease △) in notes and accounts payable	2,869	2,531
Other, net	368	993
Subtotal	11,240	13,700
Interest and dividends received	260	178
Interest paid	△326	△271
Payments for loss on violation of the antitrust laws	△1,494	—
Income taxes paid	△3,419	△3,764
Net cash provided by operating activities	6,259	9,843
Cash flows from investing activities		
Payments for time deposits	△587	△537
Proceeds from withdrawal of time deposits	127	550
Payments for purchase of property and equipment	△3,322	△1,465
Proceeds from sale of property and equipment	103	86
Payments for purchase of investment securities	△31	△67
Proceeds from sale and redemption of investment securities	33	3,247
Payment for purchase of subsidiary shares	—	△978
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△114	—
Payments for loans receivable	△24	△2
Collection of loans receivable	43	18
Payments for lease and guarantee deposits	△424	△263
Proceeds from collection of lease and guarantee deposits	561	248
Other, net	△197	△55
Net cash used in investing activities	△3,834	779

(Millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Cash flows from financing activities		
Net increase (decrease △) in short-term debt	△2,007	△1,101
Payments of finance lease obligations	△190	△195
Proceeds from long-term debt	357	1,878
Payments of long-term debt	△1,054	△1,923
Payments for acquisition of treasury stock	△0	△0
Payment of cash dividends	△755	△1,043
Payment of cash dividend to minority shareholders	△344	△317
Other	0	—
Net cash used in financing activities	△3,995	△2,703
Effect of exchange rate changes on cash and cash equivalents	710	△1,998
Net increase (decrease △) in cash and cash equivalents	△859	5,920
Cash and cash equivalents at beginning of period	25,904	25,045
Cash and cash equivalents at end of period	25,045	30,966

[Segment Information]

a. Segment information by business

Fiscal year ended March 2010 (April 1, 2009 – March 31, 2010)

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

b. Segment information by geographic areas

Fiscal year ended March 2009 (April 1, 2009 – March 31, 2010) (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	94,388	25,129	18,978	55,787	17,552	211,836	—	211,836
(2) Inter-segment sales/transfers	906	2,774	606	862	333	5,482	△5,482	—
Total sales	95,295	27,903	19,584	56,649	17,886	217,319	△5,482	211,836
Operating expenses	93,666	26,505	19,602	53,214	16,820	209,810	△5,424	204,385
Operating income (loss)	1,628	1,397	△18	3,435	1,066	7,509	△58	7,451
Assets	60,953	12,842	10,910	28,419	10,874	123,999	△7,359	116,640

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, and 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. Company-wide assets included in the "Elimination or unallocated" line items were 6,511 million yen as of the previous fiscal year end, and 4,612 million yen as of the year end, consisting mainly of financial assets of the Company (cash and time deposits).

4. Starting with the fiscal year, income and costs of overseas subsidiaries were converted in line with the average exchange rate during the year under review.

As a result of this policy change, net sales for The Americas and also for East Asia & Oceania have increased by 438 million yen and 183 million yen, respectively, with respect to the corresponding values as calculated using the old approach; similarly, net sales for Europe & Africa and for Southeast Asia & Middle East have decreased by 514 million yen and 192 million yen, respectively. Meanwhile, operating income increased 21 million yen and 23 million yen for The Americas and East Asia & Oceania, respectively, but decreased 2 million yen for Europe & Africa and 13 million yen for Southeast Asia & Middle East.

c. Net sales in overseas countries

Fiscal year ended March 2010 (April 1, 2009– March 31, 2010) (Millions of yen)

	The Americas	Europe & Africa	East Asia & Oceania	Southeast Asia & Middle East	Total
Net sales in overseas countries	25,133	18,984	55,790	17,554	117,462
Consolidated net sales	—	—	—	—	211,836
Percentage of such sales against consolidated net sales (%)	11.9	9.0	26.3	8.3	55.4

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, and 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' sales include net sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

4. Income and costs of overseas subsidiaries will, starting with the year, be converted in line with the average exchange rate during the period in question.

As a result of this policy change, net sales for The Americas and also for East Asia & Oceania have increased by 394 million yen and 187 million yen, respectively, with respect to the corresponding values as calculated using the old approach; similarly, net sales for Europe & Africa and for Southeast Asia & Middle East decreased by 507 million yen and 188 million yen, respectively.

d. Segment information

Fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

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.

For each reported segment, we mainly focus on freight operations, providing forwarding (international shipping), logistics (import custom clearance, warehousing, etc.), ocean freight forwarding, and other (domestic airfreight forwarding, etc.) services.

2. Calculation method used for sales, income / loss, assets and other items. for each reported segment

Segment income (loss) refers to operating income (loss) for each reported segment. Inter-segment sales/transfers are based on market value.

3. Information about sales, income / loss, assets and other items. for each reported segment

Fiscal year ended March 2010 (April 1, 2009- March 31, 2010)

(Millions of yen)

	Reported segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	94,388	24,792	19,215	55,787	17,315	211,499	337	211,836	—	211,836
Inter-segment sales/transfers	906	1,261	615	826	324	3,934	1,829	5,763	△5,763	—
Total net sales	95,295	26,053	19,831	56,613	17,640	215,434	2,166	217,600	△5,763	211,836
Segment income (loss)	1,628	1,097	△6	3,433	1,054	7,207	302	7,509	△58	7,451
Segment assets	60,953	11,712	10,971	28,025	10,686	122,348	1,282	123,631	△6,990	116,640
Other										
Depreciation and amortization	1,716	169	317	464	283	2,951	149	3,100	—	3,100
Amortization of goodwill	—	—	15	9	24	48	—	48	—	48
Investment in equity-method companies	1,199	—	—	—	—	1,199	—	1,199	—	1,199
Increase in property and equipment and intangible fixed assets	2,611	961	147	213	129	4,063	143	4,206	—	4,206

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

2. . Adjustments are as follows.

(1) Segment income adjustment refers to inter-segment transaction eliminations.

(2) The △6,990 million yen adjustment in segment assets includes △12,080 million yen of inter-segment eliminations and 5,089 million of the Company's surplus operating cash (cash and time deposits), which are not allocated to the specific 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

Fiscal year ended March 2011 (April 1, 2010- March 31, 2011)

(Millions of yen)

	Reported segment						Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	111,604	31,148	23,119	76,782	24,738	267,392	295	267,688	―	267,688
Inter-segment sales/transfers	1,121	1,706	965	824	340	4,959	1,681	6,640	△6,640	―
Total net sales	112,725	32,855	24,085	77,606	25,078	272,351	1,976	274,328	△6,640	267,688
Segment income	2,918	2,327	679	4,212	1,522	11,658	296	11,955	△56	11,898
Segment assets	60,800	11,994	11,235	28,795	11,801	124,627	1,231	125,859	△5,578	120,280
Other										
Depreciation and amortization	1,656	161	318	385	273	2,796	179	2,975	―	2,975
Amortization of goodwill	―	―	15	9	33	58	―	58	―	58
Investment in equity-method companies	1,393	―	13	―	―	1,406	―	1,406	―	1,406
Increase in property and equipment, and intangible fixed assets	693	358	141	291	259	1,745	102	1,847	―	1,847

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

2. Adjustments are as follows.

(1) Segment income adjustment refers to inter-segment transaction eliminations.

(2) The △5,578 million yen adjustment in segment assets includes △13,152 million yen of inter-segment eliminations and 7,573 million of the Company's surplus operating cash (cash and time deposits), which are not allocated to the specific 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

e. Related information

I. Fiscal year ended March 2010 (April 1, 2009 – March 31, 2010)

1. Information by service

(Millions of yen)

	Forwarding	Logistics	Ocean freight forwarding	Others	Total
Net sales to outside customers	93,700	44,805	42,984	30,346	211,836

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	North America	Asia & Oceania	Europe	Others	Total
94,388	44,010	25,129	29,092	14,710	4,504	211,836

Notes: 1. Net sales are classified by country or region based on the location of customers.

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

(1) North America: United States, Canada

(2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia

(3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden

(4) Others South Africa, Russia, UAE

(2) Property and equipment

(Millions of yen)

Japan	China	North America	East Asia & Oceania	Europe	Others	Total
24,531	1,824	2,743	4,696	301	534	34,631

2. Information by major customer

Information has been omitted as there are no individual KWE Group customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

II. Fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

1. Information by service

(Millions of yen)

	Forwarding	Logistics	Ocean freight forwarding	Others	Total
Net sales to outside customers	132,467	52,234	51,285	31,700	267,688

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	North America	Asia & Oceania	Europe	Others	Total
111,604	59,910	31,441	41,612	17,835	5,283	267,688

Notes: 1. Net sales are classified by country or region based on the location of customers.

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

(1) North America: United States, Canada

(2) Asia & Oceania: Singapore, Thailand, Taiwan, South Korea, Malaysia, Philippines, Indonesia, India, Vietnam, Australia

(3) Europe: Germany, Netherlands, United Kingdom, France, Italy, Ireland, Switzerland, Czech, Sweden

(4) Others South Africa, Russia, UAE

(2) Property and equipment

(Millions of yen)

Japan	China	North America	East Asia & Oceania	Europe	Others	Total
23,483	1,471	2,700	4,473	268	367	32,764

3. Information by major customer

Information has been omitted as there are no individual KWE Group customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

f. Information regarding impairment loss of fixed assets for each reported segment

Fiscal year ended March 2010 (April 1, 2009 – March 31, 2010)

There are no applicable matters to be reported.

Fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

There are no applicable matters to be reported.

g. Information about goodwill amortization amount and year-end balance for each reported segment

Fiscal year ended March 2010 (April 1, 2009 - March 31, 2010)

(Millions of yen)

		Reported Segment						Others	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	—	—	15	9	24	48	—	48
	Year-end balance	—	—	231	154	217	603	—	603
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	352	124	476	—	476

Fiscal year ended March 2011 (April 1, 2010 - March 31, 2011)

(Millions of yen)

		Reported Segment						Others	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	Total		
Goodwill	Amortization amount for the year	—	—	15	9	33	58	—	58
	Year-end balance	—	—	216	145	436	797	—	797
Negative Goodwill	Amortization amount for the year	—	—	—	28	6	35	—	35
	Year-end balance	—	—	—	323	118	441	—	441

h. Information about gains on negative goodwill for each reported segment

Fiscal year ended March 2011 (April 1, 2010 - March 31, 2011)

Effective April 1, 2010, the KWE Group acquired an additional 20% of the equity held by minority shareholders in its consolidated Thai subsidiary TKK Logistics Co., Ltd., which is part of its Southeast Asia Segment. The equity that was transferred from minority shareholders was purchased below market value and as a result, the Group recorded negative goodwill of 188 million yen for the fiscal year under review.

(Additional information)

Fiscal year ended March 2011 (April 1, 2010 - March 31, 2011)

Starting with 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.