



(Unaudited translation of earnings report (*kessan tanshin*), provided for reference only)

Financial Results

For the Three Months Ended June 30, 2009 - Consolidated

July 30, 2009

Iino Kaiun Kaisha, Ltd. (Iino Lines)

Stock code:	9119
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(Rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2009

(April 1, 2009 to June 30, 2009)

(1) Operating Results (Three Months)

(The percentage figures represent changes from the previous corresponding period)

Q1 (Apr-Jun)	Revenues		Operating Profit		Recurring Profit		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2009	18,746	(19.6)	1,486	(60.1)	970	(72.6)	596	(75.1)
FY2008	23,324	-	3,720	-	3,545	-	2,395	-

Q1 (Apr-Jun)	Net income per share	Net income per share, fully diluted
	yen	yen
FY2009	5.59	-
FY2008	21.88	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets Per share
	million yen	million yen	%	yen
Q1 (Apr-Jun) / FY2009	181,529	53,727	29.4	500.41
FY (Apr-Mar) 2008	175,808	53,395	30.2	497.64

Note:

Treasury stock:

Q1 / FY2009: 53,376 million yen, FY2008: 53,081 million yen

2. Dividends

	Dividend per share				
	Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY (Apr-Mar)
	yen	yen	yen	yen	yen
FY2008	-	7.50	-	7.50	15.00
FY2009 (Forecast)	-	6.00	-	6.00	12.00

Note:

Breakdown of dividend:

Q4 / FY2008 : Ordinary dividend: 6.00yen, Special dividend: 1.50yen

Q2 / FY2008: Ordinary dividend: 6.00yen, Special dividend: 1.50yen

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2010

(April 1, 2009 to March 31, 2010)

(The percentage figures represent changes from the previous corresponding period)

FY2009	Revenues		Operating Profit		Recurring Profit		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
H1 (Apr-Sep)	38,100	(25.6)	2,400	(68.2)	1,200	(82.4)	800	(83.2)
FY (Apr-Mar)	78,900	(16.5)	4,900	(58.9)	3,100	(72.5)	1,300	(76.8)

FY2009	Net income per share
H1 (Apr-Sep)	7.50 yen
FY (Apr-Mar)	12.19

4. Other

(1) Changes in principal subsidiaries during the period (Changes in the subsidiaries resulting in changes in scope of consolidation): None

(2) Use of simplified accounting method: Used

Note: For details, see "4.Other Information" in "Operating Results and Financial Position" on page 7.

(3) Change in accounting policies from the last accounting period: None

(4) Number of shares issued and outstanding (Common stock):

i) Number of shares issued and outstanding at the end of the period (including treasury stock)

Q1 / FY2009: 111,075,980 shares FY2008: 111,075,980 shares

ii) Number of treasury stock at the end of the period

Q1 / FY2009: 4,411,126 shares FY2008: 4,410,823 shares

iii) Average number of shares in the period

Q1 / FY2009: 106,664,891 shares Q1 / FY2008: 109,567,228 shares

Appropriate Use of Earnings Forecasts and Other Important Information

1. This report contains corrections to the Company's consolidated earnings forecasts, previously issued on April 30, 2009.

2. These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors. For the assumptions underlying the earnings forecasts presented and other information regarding the use of such forecasts, refer to "3.Outlook for the Full Year Ending March 31, 2010" page 6 in the "Operating Results and Financial Position" section.

Operating Results and Financial Position

1. Results for the Fiscal First Quarter (three months ended June 30, 2009)

The global economy saw somewhat of an abatement of financial anxiety during the three months ended June 30, 2009, but real economic activity has yet to recover from a deep slump. Stimulus measures have started to have at least some impact and China and a number of other emerging economies do appear to be making some headway, but we remain highly conscious of the risk of a further economic downturn and/or a particularly protracted recession.

The US government's massive economic stimulus packages have been somewhat successful in slowing the downturns in industrial production and consumer spending, but residential investment and capital spending continue to decline, and a steadily rising unemployment rate also points to a considerable risk of a prolonged recession. The eurozone is now seeing some signs of improvement on the foreign demand front, but domestic demand has fallen sharply and unemployment rates continue to rise. The worst may now be over for many Asian economies now that exports and industrial production appear to have leveled out. Chinese exports are still in a steep downtrend, but the economy has already started to rally as the government's stimulus measures provide support for consumer and capital spending. In Japan, inventory adjustments appear to have run their course, which has buoyed production and exports, while consumer spending appears to have bottomed out. However, overall economic conditions are still far from ideal, with capital spending still declining and labor market conditions continuing to deteriorate.

Amid this challenging environment, the Company has sought to minimize the impact of weak market conditions by continuing to advantageously renew medium- to long-term contracts and efficiently deploying and operating our fleet. By virtue of such efforts, in the three months ended June 30, 2009, we achieved consolidated operating profit of ¥1,486 million (down 60.1% versus the three months ended June 30, 2008) on consolidated revenues of ¥18,746 million (down 19.6%). We also booked recurring profit of ¥970 million (down 72.6%) and net income of ¥596 million (down 75.1%).

1) Shipping Business

Crude oil prices started to rise once again during the three months ended June 30, 2009, but demand for tonnage in the oil tanker market remains a long way short of total supply. A decline in demand that loosening the supply-demand balance for tonnage has also weakened the petroleum product tanker market. The chemical tanker market has seen freight rates decline worldwide, and marine transport volumes have declined, as a consequence of sluggish demand for manufactured products as well as technical difficulties and production adjustments at petrochemical plants in the Middle East. In the bulk carrier market, the Capesize and Panamax sectors recovered sharply on the back of increased demand for transport of steel raw materials to China and higher demurrage income from Australian coal shippers, and the worst now appears to be over for this market as a whole, although it is still larger carriers that are seeing the most demand.

The Oil Tanker Division maintained stable shipping revenues with most of the fleet deployed on medium- to long-term contracts. The division's shipping revenues for the three months ended June 30, 2009, were ¥2,036 million.

The Chemical Tanker Division worked to generate revenues by boosting capacity utilization by deploying large vessels on routes from the US to Asia and pursuing spot contracts for shipments from Asia to the west coast of India and the Middle East, but a series of problems at petrochemical plants in the Middle East in May impacted demand for both contracted and spot shipping, limiting the division's shipping revenue to ¥7,560 million.

The Large Gas Tanker Division maintained stable earnings thanks to existing long-term contracts for both LPG and LNG tankers, and shipping revenues amounted to ¥1,662 million.

The Small Gas Tanker Division struggled with somewhat sluggish demand in Japan, but worked to boost revenues and efficiency by actively using longer-distance-capable vessels for gas shipments to China. Existing long-term contracts once again generated stable revenues in adjacent waters. All told, the division booked shipping revenues of ¥2,039 million.

The Bulk Carrier Division earned stable revenues from ships specializing in shipping wood chips to paper companies and coal to power companies, and also worked to secure additional income by deploying cost-competitive tonnage under its control on contracts of affreightment and spot contracts. The worst now appears to be over throughout this sector, but with freight rates still down from a year earlier, the division generated shipping revenues of ¥3,457 million.

With the addition of ¥676 million in revenues from other shipping divisions, total shipping revenues from the Shipping Business amounted to ¥17,429 million (down 18.8% versus the three months ended June 30, 2008), and operating profit totaled ¥1,305 million (down 62.5%).

2) Real Estate Business

Land prices and office rents fell markedly over the three months ended June 30, 2009, reflecting a severe downturn in economic conditions since the second half of last fiscal year. Official land prices (prices of land fronting major roads as published by the National Tax Agency) fell throughout Japan after having risen through 2008, with Tokyo marking its first decline in five years. Office vacancy rates in central Tokyo have continued to rise over the past year, generating considerable pressure on rent levels.

The Lease Building Division generated revenues of ¥1,073 million as construction work progressed on the Iino Building project.

The Real Estate Related Business Division booked revenues of ¥244 million as the economic downturn led customers to cut their advertising expenses, which impacted on photo studio and poster production sales.

As a result, the Real Estate Business's total revenues were ¥1,317 million for the three months ended June 30, 2009 (down 12.3% versus the three months ended June 30, 2008), and it booked operating profit of ¥181 million (down 27.6%).

2. Consolidated Financial Position

1) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal first quarter (June 30, 2009) were ¥181,529 million, an increase of ¥5,721 million from the end of the previous fiscal year (March 31, 2009). This was primarily due to an increase in funds held in our “construction in progress” account relating to the rebuilding of the Iino Building.

Total liabilities were ¥127,801 million at June 30, 2009, up ¥5,388 million from March 31, 2009, mainly reflecting an increase in borrowings in relation to the rebuilding of the Iino Building.

Net assets were ¥53,727 million at June 30, 2009, up ¥332 million from March 31, 2009, mainly reflecting net unrealized gains on other securities.

Consequently, our shareholder's equity ratio was 29.4% as of June 30, 2009, and net assets per share was ¥500.41.

2) Cash Flows

Operating activities provided net cash of ¥3,022 million in the three months ended June 30, 2009 (versus a net outflow of ¥622 million in the three months ended June 30, 2008). This was mainly due to a decrease in trade accounts payable being offset by increases in income before income taxes and depreciation and amortization.

Investing activities used net cash of ¥9,248 million (versus a net outflow of ¥4,368 million in the three months ended June 30, 2008). This was mainly due to capital expenditures on buildings, ships, and other fixed assets of ¥10,830 million, partly offset by ¥1,561 million in proceeds from the sale of ships and other fixed assets.

Financing activities provided net cash of ¥4,529 million (versus a net inflow of ¥3,924 million in the three months ended June 30, 2008). This mainly reflects ¥19,006 million in proceeds from short- and long-term borrowings exceeding ¥13,647 million in repayments of such borrowings.

As a result, cash and cash equivalents at June 30, 2009, were ¥9,394 million, up ¥1,107 million from June 30, 2008.

3. Outlook for the Full Year Ending March 31, 2010

We have downwardly revised our consolidated earnings forecasts for the six months ending September 30, 2009, and the fiscal year ending March 31, 2010, to reflect: (i) softer-than-expected tanker market conditions due to the global economic downturn's impact on marine transport volumes of crude oil, petroleum products, and chemical products and (ii) our revised foreign exchange rate assumptions—reflecting the yen's persistent strengths—and our revised bunker oil assumptions.

Forecast of Consolidated Earnings for the Six Months Ending September 30, 2009 (April 1, 2009 to September 30, 2009)

	Revenues	Operating Profit	Recurring Profit	Net income
	million yen	million yen	million yen	million yen
Previous Forecast (issued April 30, 2009)	37,500	3,200	2,100	700
Revised Forecast (issued July 30, 2009)	38,100	2,400	1,200	800
Value Change	600	(800)	(900)	100
Percent Change (%)	1.6%	(25.0%)	(42.9%)	14.3%

Forecast of Consolidated Earnings for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Revenues	Operating Profit	Recurring Profit	Net income
	million yen	million yen	million yen	million yen
Previous Forecast (issued April 30, 2009)	78,000	7,500	6,000	3,200
Revised Forecast (issued July 30, 2009)	78,900	4,900	3,100	1,300
Value Change	900	(2,600)	(2,900)	(1,900)
Percent Change (%)	1.2%	(34.7%)	(48.3%)	(59.4%)

* Assumptions regarding foreign exchange rates and the Port of Singapore bunker price used for the previous forecast, released on April 30, 2009, and the current forecast are shown below.

	Foreign exchange rate	Bunker price
Previous Forecast (issued April 30, 2009)	1US\$ = ¥95.0	US\$300 / MT
Revised Forecast (issued July 30, 2009)	1US\$ = ¥92.5	US\$420 / MT

4. Other Information

1 Changes in principal subsidiaries during the period (changes in subsidiaries resulting in changes in scope of consolidation): None

2. Use of simplified accounting methods and/or accounting methods specific to the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

i) Inventory valuation

Book values of inventory assets are reduced by estimating the net realizable value. This is done only for inventory assets for which there is a clear decline in profitability.

ii) Depreciation of fixed assets

The value of depreciation on fixed assets subject to the straight-line method for the consolidated fiscal year is allocated to quarterly periods in accordance with the length of those periods.

2) Accounting methods specific to the preparation of quarterly consolidated financial statements

The Company calculates tax liabilities as follows. A reasonable estimate is produced of the effective tax rate after apply tax-effect accounting to net income before taxes for the consolidated fiscal year under review, which includes the consolidated first quarter under review. This estimated effective tax rate is multiplied by net income before taxes to determine tax liabilities.

The value of income tax adjustments is included in income taxes in the financial statements.

3. Changes in accounting principles, procedures, and methods of disclosure used in the preparation of consolidated financial statements for the quarter under review: None

Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(In million yen)

	As of June 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	9,394	11,087
Notes and accounts receivable	3,702	5,033
Supplies	1,744	1,325
Merchandise	64	46
Real estate held for sale	276	276
Deferred and prepaid expenses	1,543	1,630
Deferred tax assets	655	599
Refund of corporation tax claimed as a result of tax loss carry-back, not taxable	2,069	2,069
Other current assets	2,783	2,736
Allowance for doubtful accounts	(11)	(11)
Total current assets	22,218	24,790
Fixed assets		
Tangible fixed assets		
Vessels, net	76,553	76,599
Buildings and structures, net	12,497	12,658
Land	40,008	40,008
Construction in progress	13,907	5,912
Other tangible fixed assets, net	306	325
Total tangible fixed assets	143,270	135,501
Intangible fixed assets		
Telephone subscription rights	9	9
Other intangible fixed assets	849	858
Total intangible fixed assets	858	867
Investments and other assets		
Investment securities	13,183	12,591
Long-term loans	120	117
Deferred income taxes	299	363
Other long-term assets	1,704	1,702
Allowance for doubtful accounts	(123)	(123)
Total investments and other assets	15,183	14,650
Total fixed assets	159,311	151,018
Total assets	181,529	175,808

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(In million yen)

	As of June 30, 2009	As of March 31, 2009
Liabilities		
Current liabilities		
Accounts payable	4,313	4,904
Current portion of bonds	300	1,100
Short-term borrowings	18,865	21,579
Accrued expenses	311	318
Income taxes payable	533	299
Advances received	2,044	2,128
Reserve for bonuses	88	332
Other current liabilities	1,485	1,838
Total current liabilities	27,939	32,498
Fixed liabilities		
Bonds	1,000	200
Long-term borrowings	90,311	82,037
Reserve for employees' retirement benefits	1,428	1,500
Reserve for directors' retirement benefits	80	121
Reserve for special repairs	699	656
Leasehold deposits received	3,037	3,038
Deferred tax liabilities	384	214
Other fixed liabilities	2,923	2,150
Total liabilities	99,862	89,916
Total liabilities	127,801	122,413
Net assets		
Shareholders' capital		
Common stock	13,092	13,092
Additional paid-in capital	6,432	6,432
Retained earnings	34,831	35,035
Treasury stock	(2,300)	(2,300)
Total shareholders' capital	52,054	52,258
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities	283	(143)
Deferred hedge gains (losses)	1,065	1,018
Foreign currency translation adjustments	(27)	(52)
Total valuation and translation adjustments	1,322	823
Minority Interests	351	314
Total net assets	53,727	53,395
Total liabilities and net assets	181,529	175,808

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(2) Consolidated Statements of Operations

(In million yen)

	Three months Ended June 30, 2009	Three months Ended June 30, 2008
Revenues	18,746	23,324
Costs and expenses	15,679	17,903
Gross profit	3,067	5,421
Selling, general and administrative expenses	1,581	1,701
Operating profit	1,486	3,720
Non-operating income		
Interest income	21	56
Dividend income	137	113
Foreign exchange income	57	224
Equity income of non-consolidated subsidiaries and affiliates	-	103
Others	38	11
Total	252	507
Non-operating expenses		
Interest expenses	694	620
Equity expense of non-consolidated subsidiaries and affiliates	57	-
Others	17	63
Total	768	683
Recurring profit	970	3,545
Extraordinary profit		
Gain on sale of fixed assets	54	604
Gain on reversal of reserve for special repairs	-	8
Total	54	612
Extraordinary losses		
Loss on sale of investment securities	1	-
Loss on reconstruction of office building	-	95
Loss on write-down of real estate for sale	-	76
Loss on disposal of fixed assets	1	-
Total	2	171
Income before income taxes	1,022	3,985
Income tax, inhabitants tax and enterprise tax	422	1,585
Minority interests in income (loss)	4	6
Net income	596	2,395

(3) Consolidated Statements of Cash Flows

(In million yen)

	Three months Ended June 30, 2009	Three months Ended June 30, 2008
Cash flows from operating activities		
Income before income taxes	1,022	3,985
Depreciation and amortization	2,454	2,000
Equity (income) loss of non-consolidated subsidiaries and affiliates	57	(103)
Increase (decrease) in reserve for employees' retirement benefits	(71)	(16)
Interest and dividend income	(158)	(169)
Interest expenses	694	620
(Gains) losses on sale of tangible and intangible fixed assets	(54)	(604)
(Increase) decrease in accounts receivable, trade	1,331	(271)
Increase (decrease) in accounts payable, trade	(593)	(1,871)
Other	(824)	(1,598)
Sub Total	3,858	1,973
Interest and dividend received	163	164
Interest paid	(698)	(637)
Income taxes paid	(300)	(2,162)
Net cash provided by (used in) operating activities	3,022	(662)
Cash flows from investment activities		
Purchase of tangible and intangible fixed assets	(10,830)	(6,146)
Sale of tangible and intangible fixed assets	1,561	1,717
Purchase of investment securities	(1)	(2)
Other	23	63
Net cash provided by (used in) investing activities	(9,248)	(4,368)

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(In million yen)

	Three months Ended June 30, 2009	Three months Ended June 30, 2008
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,058)	6,136
Proceeds from long-term borrowings	11,955	1,994
Repayment of long-term borrowings	(3,537)	(3,187)
Proceeds from issue of bonds	1,000	-
Payments for redemption of bonds	(1,000)	-
Proceeds of treasury stock	0	0
Payments for treasury stock	(0)	(1)
Cash dividends paid	(800)	(986)
Cash dividends paid to minority shareholders	-	(2)
Repayment of lease obligations	(30)	(30)
Net cash provided by (used in) financing activities	4,529	3,924
Effect of exchange rate change on cash and cash equivalents	2	156
Increase (decrease) in cash and cash equivalents	(1,693)	(950)
Cash and cash equivalents at the beginning of the period	11,087	9,237
Cash and cash equivalents at the end of the period	9,394	8,287

(4) Note on the Going Concern Assumption

Not applicable

(5) Segment Information

a. Business Segment Information

Three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

(In million yen)

	Shipping	Real estate	Total	Elimination or corporate	Consolidated
Revenues:					
(1) External sales	17,429	1,317	18,746	-	18,746
(2) Inter-segment sales	-	0	0	(0)	-
Total	17,429	1,317	18,746	(0)	18,746
Operating profit (loss)	1,305	181	1,486	(0)	1,486

Notes:

1. Classification of business segment

The Company's businesses are classified into shipping and real estate segments based on Japan Standard Industry Classification.

2. Business in each segment

<u>Segment</u>	<u>Main business content</u>
Shipping	Overseas shipping, domestic shipping, leasing, ship management
Real estate	Ownership, rental, and administration of real estate; design, control, and execution of building works; operation of photo studios

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

(In million yen)

	Shipping	Real estate	Retail	Total	Elimination or corporate	Consolidated
Revenues:						
(1) External sales	21,465	1,494	365	23,324	-	23,324
(2) Inter-segment sales	-	7	56	63	(63)	-
Total	21,465	1,502	421	23,387	(63)	23,324
Operating profit (loss)	3,480	250	(9)	3,720	(0)	3,720

Notes:

1. Classification of business segment

The Company's businesses are classified into shipping, real estate and retail distribution segments based on Japan Standard Industry Classification.

2. Business in each segment

<u>Segment</u>	<u>Main business content</u>
Shipping	Overseas shipping, domestic shipping, leasing, ship management
Real estate	Ownership, rental, and administration of real estate; design, control, and execution of building works; operation of photo studios
Retail distribution	Sale of oil such as gasoline

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b. Geographic segment information

Three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

Geographic segment information is not provided herein as overseas subsidiaries account for less than 10% of total consolidated sales and total consolidated assets.

c. Overseas Sales

Three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

(In million yen)

		North America	Middle East	Asia, Oceania	Other	Total
I	Overseas sales	793	7,181	4,475	2,701	15,150
II	Consolidated revenues					15,150
III	Ratio of overseas sales to total consolidated revenues	4.2%	38.3%	23.9%	14.4%	80.8%

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

(In million yen)

		North America	Middle East	Asia, Oceania	Other	Total
I	Overseas sales	1,286	8,313	5,971	3,109	18,679
II	Consolidated revenues					23,324
III	Ratio of overseas sales to total consolidated revenues	5.5%	35.6%	25.6%	13.3%	80.0%

Notes:

1. Overseas sales include overseas shipping sales of the Company and its consolidated subsidiaries in Japan and the sales of overseas consolidated subsidiaries (excluding inter-segment sales).
2. Geographic segmentation is based on geographic proximity.
3. Major countries or regions in each segment are as follows:
 - (1) North America: U.S., Canada
 - (2) Middle East: Saudi Arabia, Oman, etc.
 - (3) Asia, Oceania: Australia, Malaysia, Indonesia, India, etc.
 - (4) Other areas: Europe, Africa, etc.

(6) Note on Significant Changes in the Amount of Shareholders' Equity

Not applicable