



**Third Quarter Financial Results
For the Nine Months Ended December 31, 2006 - Consolidated**

February 8, 2007

Iino Kaiun Kaisha, Ltd.

Security code: 9119
 Listings: Tokyo, Osaka, Nagoya, Fukuoka and Sapporo Stock Exchanges
 URL: <http://www.iino.co.jp>
 Head office: Tokyo, Japan
 Representative: Katsuyuki Sugimoto, President
 Contact: Hitoshi Sato, Head of Finance and Accounting Group
 Telephone: +81-3-3506-3540

1. Notes Related to the Preparation of This Report

- (1) Use of simplified accounting method: Used
 Used in recording income tax and other taxes
 Simplified accounting method is also used
 partially in other less significant items.
- (2) Change in accounting policies from the last accounting period: No
- (3) Change in the scope of consolidation and application of equity method: Yes
 Consolidated subsidiaries Newly included 5
 Newly excluded -
 Affiliated companies accounted for by equity method Newly included -
 Newly excluded -
- (4) Audit by CPA or auditing firm: No

**2. Consolidated Financial Results for the Nine Months Ended December 31, 2006
(April 1, 2006 to December 31, 2006)**

(1) Operating results

(Amounts rounded to the nearest million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2006	58,898	9.4	9,129	(0.9)	8,001	(4.4)
Nine months ended December 31, 2005	53,815	14.9	9,213	37.5	8,370	46.7
Year ended March 31, 2006	73,382		12,430		11,038	

	Net income		Net income per share	Net income per share -fully diluted
	million yen	%	yen	yen
Nine months ended December 31, 2006	4,894	(21.3)	44.66	-
Nine months ended December 31, 2005	6,216	74.5	56.72	-
Year ended March 31, 2006	8,417		76.13	-

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent changes from the previous corresponding period.

2. Average number of shares issued and outstanding during the period (consolidated basis):
- | | |
|--------------------------------------|--------------------|
| Nine months ended December 31, 2006: | 109,577,319 shares |
| Nine months ended December 31, 2005: | 109,585,297 shares |
| Year ended March 31, 2006: | 109,583,909 shares |

[Review of Operating Results]

During the nine-month period under review, the U.S. saw a slowdown in economic growth due partly to an adjustment in the real estate market, despite a rise in personal consumption and capital expenditures in the private sector. The Euro zone economy maintained a recovery, fueled largely on an increase in foreign demand and personal consumption. The business climate in Asia continued an upward trend, mainly led by foreign demand. In China, fixed asset investment slowed slightly but still remained at high levels, and the real economic growth rate continued to exceed 10% annually.

The Japanese economy continued its steady expansion reflecting growing capital expenditures in the private sector, despite weakness in personal consumption.

In this economic climate, the business outlook for the marine transport business was favorable supported by steady demand for chemical products in Asia, which kept ocean transports busy. The bulk carrier market was stable as cargo movement was robust throughout the third quarter. Although cargo movement for product and LPG carriers slowed slightly due to inventory accumulation caused by the warm winter conditions globally, other shipping markets in general remained steady. Each of the Group's shipping division secured stable earnings mainly from mid- and long-term contracts, and operating revenue steadily increased due to impact of strong market conditions and the weaker yen (the Company's dollar/yen assumption of 110 at the time of the release of earnings estimates vs. the average inter-office exchange rate of 115.96 for the third quarter).

In the real estate business, there is a growing shortage of supply for large-size buildings in central Tokyo, resulting in an improvement in occupancy rates and the average rent. However, the real estate business saw a decline in profits relative to the interim period. This was attributable to initial costs, such as free rent offered during the initial lease term and real estate acquisition tax, related to the completion of the Shiodome Shibarikyu Building in July 2006.

As a result of the above, consolidated net sales for the nine months under review amounted to ¥58,898 million, up 9.4% from the same period a year earlier, operating income decreased 0.9% to ¥9,129 million, and ordinary income came to ¥8,001 million, down 4.4% year-on-year. During the period under review, the Company registered an extraordinary loss of ¥7 million, compared with extraordinary gains of ¥1,366 million during the same period in the previous fiscal year. As a result, net income totaled ¥4,894 million, representing a decline of 21.3% year-on-year.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Nine months ended December 31, 2006	168,009	52,488	31.2	478.98
Nine months ended December 31, 2005	152,887	45,672	29.9	416.79
Year ended March 31, 2006	156,659	48,372	30.9	440.75

Note: Number of shares issued and outstanding at the end of period (consolidated basis):

Nine months ended December 31, 2006	109,575,330 shares
Nine months ended December 31, 2005:	109,580,707 shares
Year ended March 31, 2006:	109,578,919 shares

(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
	million yen	million yen	million yen	million yen
Nine months ended December 31, 2006	7,305	(16,483)	7,712	7,262
Nine months ended December 31, 2005	6,829	(4,818)	(5,865)	7,098
Year ended March 31, 2006	12,553	(7,350)	(7,481)	8,669

[Review of Change in Financial Position]

Total assets at the end of the period increased ¥11,350 million from the beginning of the current fiscal year to ¥168,009 million. This is primarily because of the acquisition of buildings for rent and the increase in tangible fixed assets resulting from the completion of a VLCC. Total liabilities at the end of the quarter were ¥115,521 million, an increase of ¥7,158 million compared with the beginning of the term. The increase is attributed to the rise in long-term borrowings associated with capital investments in vessels and real estate, which more than offset a decrease in liabilities mainly stemming from payment of accrued income taxes. Net assets at the end of the term were ¥52,488 million, an increase of ¥4,192 million from the beginning of the term. This was mainly due to an increase in net income for the third quarter.

Net cash provided by operating activities was ¥7,305 million, reflecting net income before taxes of ¥7,994 billion and depreciation expenses of ¥5,370 million, which were partly offset by income tax payment of ¥5,170 million. Net cash used in investing activities was ¥16,483 million, with outlays in the amount of ¥16,175 million yen for acquisition of fixed assets. Net cash provided by financing activities was ¥7,712 million, reflecting an increase in long-term borrowings of ¥15,428 million, which was offset by a ¥6,216 million repayment of long-term borrowings and ¥1,644 million in dividend payments.

As a result of the above, cash and cash equivalents at the end of the period totaled ¥7,262 million.

3. Forecast for the Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

Consolidated

	Net sales	Operating income	Ordinary income	Net income
	million yen	million yen	million yen	million yen
Full year	79,600	12,400	10,800	4,600

Reference: Projected net income per share for the full year: ¥41.98

[Forecast for the Year Ending March 31, 2007] (April 1, 2006 to March 31, 2007)

The Group enjoyed solid operating performance in the first nine months of the current fiscal

year due to the efficient deployment of its fleet, particularly its chemical tankers and bulk carriers and to a weaker-than- expected yen throughout the period (vs. its dollar/yen assumption of 110).

For the fourth quarter, the Company expects healthy earnings growth to continue following the nine-month period under review. However, as shown in "Notice of Extraordinary Loss (One-time Depreciation Expense)" released on February 8, 2007, the Company has decided to record special depreciation expense under extraordinary loss related to the scheduled closure of the Iino Building in October 2007. Accordingly, the Company is revising its earnings estimates for the year ending March 31, 2007 released on November 9, 2006.

The above forecast is based on information available to the Company as of the date of this document. Actual results may differ from the above forecast due to any number of factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of December 31 2006 (A)		As of March 31 2006 (B)		(A)-(B)	As of December 31 2005	
	Amount	%	Amount	%	Amount	Amount	%
Assets							
<u>Current assets</u>							
Cash and bank deposits	7,342		6,694		648	7,238	
Notes and accounts receivable	4,673		3,768		905	3,970	
Inventories	2,015		1,701		314	1,694	
Other	3,904		6,207		(2,303)	4,363	
Allowance for doubtful accounts	(71)		(74)		3	(93)	
Total current assets	17,863	10.6	18,296	11.7	(433)	17,172	11.2
<u>Fixed assets</u>							
[Tangible fixed assets]							
Vessels	59,388		54,755		4,633	56,080	
Buildings and structures	17,505		10,991		6,514	8,244	
Land	39,228		39,222		6	38,086	
Construction in progress	7,592		8,028		(436)	6,436	
Other	469		322		147	277	
Total tangible fixed assets	124,182	73.9	113,318	72.3	10,864	109,123	71.4
[Intangible fixed assets]							
Telephone subscription rights	642		637		5	641	
Total intangible fixed assets	642	0.4	637	0.4	5	641	0.4
[Investments and other assets]							
Investment securities	21,075		20,561		514	19,642	
Other	4,371		3,971		400	6,438	
Allowance for doubtful accounts	(124)		(124)		(0)	(129)	
Total investments and other assets	25,322	15.1	24,408	15.6	914	25,951	17.0
Total fixed assets	150,146	89.4	138,363	88.3	11,783	135,715	88.8
Total assets	168,009	100.0	156,659	100.0	11,350	152,887	100.0

(In million yen)

	As of December 31, 2006 (A)		As of March 31, 2006 (B)		(A)-(B)	As of December 31, 2005	
	Amount	%	Amount	%	Amount	Amount	%
Liabilities							
<u>Current liabilities</u>							
Accounts payable	4,992		4,218		774	3,784	
Current portion of bonds	1,000		-		1,000	-	
Short-term borrowings	13,167		13,532		(365)	9,766	
Income taxes payable	822		2,862		(2,040)	1,573	
Reserve for bonuses	89		378		(289)	92	
Other	3,916		3,875		41	4,000	
Total current liabilities	23,986	14.3	24,865	15.8	(879)	19,215	12.6
<u>Fixed liabilities</u>							
Bonds	1,500		2,500		(1,000)	2,500	
Long-term borrowings	77,445		67,818		9,627	73,390	
Reserve for employees' retirement benefits	1,597		1,519		78	1,732	
Reserve for directors' retirement benefits	127		506		(379)	470	
Other	10,866		11,155		(289)	9,987	
Total fixed liabilities	91,535	54.5	83,498	53.3	8,037	88,079	57.6
Total liabilities	115,521	68.8	108,363	69.1	7,158	107,294	70.2
Minority Interests							
Minority interests	-	-	(76)	(0.0)	-	(79)	(0.1)
Shareholders' equity							
Common Stock	-		13,092		-	13,092	
Additional paid-in capital	-		6,429		-	6,429	
Retained earnings	-		25,058		-	22,959	
Net unrealized gains/losses on other securities	-		4,244		-	3,641	
Treasury stock	-		(451)		-	(449)	
Total shareholders' equity	-	-	48,372	30.9	-	45,672	29.9
Total liabilities, minority interests and shareholders' equity	-	-	156,659	100.0	-	152,887	100.0
Net assets							
<u>Shareholders' Capital</u>							
Common stock	13,092		-		-	-	
Additional paid-in capital	6,429		-		-	-	
Retained earnings	28,310		-		-	-	
Treasury stock	(455)		-		-	-	
Total shareholders' capital	47,376	28.2	-		-	-	
<u>Valuation and Translation Adjustments</u>							
Net unrealized gains/losses on other securities	4,183		-		-	-	
Deferred gain on deferred hedges	925		-		-	-	
Total valuation and translation adjustments	5,108	3.0	-		-	-	
Minority Interests	4	0.0	-		-	-	
Total net assets	52,488	31.2	-		-	-	
Total liabilities and net assets	168,009	100.0	-		-	-	

(2) Consolidated Statements of Operations

(In million yen)

	Nine months ended December 31,2006 (A)		Nine months ended December 31,2005 (B)		(A)-(B)		Year ended March 31,2006	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	58,898	100.0	53,815	100.0	5,083	9.4	73,382	100.0
Cost of sales	45,469	77.2	40,607	75.5	4,862	12.0	55,728	75.9
Gross profit	13,429	22.8	13,208	24.5	221	1.7	17,654	24.1
Selling, general and administrative expenses	4,300	7.3	3,995	7.4	305	7.6	5,224	7.1
Operating income	9,129	15.5	9,213	17.1	(84)	(0.9)	12,430	17.0
Non-operating income								
Interest and dividend income	400		328		72		376	
Other	502		958		(456)		1,051	
Total non-operating income	902	1.5	1,286	2.4	(384)	(29.9)	1,427	1.9
Non-operating expenses								
Interest expenses	2,006		2,030		(24)		2,672	
Other	24		99		(75)		147	
Total non-operating expenses	2,030	3.4	2,129	4.0	(99)	(4.7)	2,819	3.8
Ordinary income	8,001	13.6	8,370	15.5	(369)	(4.4)	11,038	15.1
Extraordinary gains								
Gain on liquidation of affiliates	-		2,695		(2,695)		2,700	
Other	6		201		(195)		1,084	
Total extraordinary gains	6	0.0	2,896	5.4	(2,890)	(99.8)	3,784	5.2
Extraordinary losses								
Impairment losses	-		1,495		(1,495)		1,495	
Other	13		35		(22)		58	
Total extraordinary losses	13	0.0	1,530	2.8	(1,517)	(99.2)	1,553	2.1
Income before income taxes	7,994	13.6	9,736	18.1	(1,742)	(17.9)	13,269	18.2
Income tax, inhabitants tax and enterprise tax	3,101	5.3	3,482	6.5	(381)	(10.9)	4,807	6.5
Minority interests in income/loss	(1)	(0.0)	38	0.1	(39)	(102.6)	45	0.1
Net income	4,894	8.3	6,216	11.5	(1,322)	(21.3)	8,417	11.6

(3) Consolidated Statements of Changes in Shareholders' Capital

Nine months ended December 31, 2006 (April 1, 2006 to December 31, 2006)

(In million yen)

	Shareholders' capital					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital	Net unrealized gains/losses on other securities	Gains/losses on deferred hedge contracts	Total valuation & translation adjustments		
Balance as of March 31, 2006	13,092	6,429	25,058	(451)	44,128	4,244	-	4,244	(76)	48,296
Change during the period										
Cash dividends			(1,644)		(1,644)					(1,644)
Directors' bonuses			(78)		(78)					(78)
Net income			4,894		4,894					4,894
Purchase of treasury stock				(4)	(4)					(4)
Increase in retained earnings due to consolidation of additional subsidiaries			80		80					80
Net change in items other than shareholders' capital during the period						(61)	925	864	80	944
Total changes during the period	-	-	3,252	(4)	3,248	(61)	925	864	80	4,192
Balance as of December 31, 2006	13,092	6,429	28,310	(455)	47,376	4,183	925	5,108	4	52,488

(4) Consolidated Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2006 (A)	Nine months ended December 31, 2005 (B)	(A)-(B)	Year ended March 31, 2006
	Amount	Amount	Amount	Amount
I Cash flows from operating activities				
Income before income taxes	7,994	9,736	(1,742)	13,269
Depreciation and amortization	5,370	4,602	768	6,251
Impairment losses	-	1,495	(1,495)	1,495
Equity income of non-consolidated subsidiaries and affiliates	(63)	(89)	26	(113)
Increase/decrease in reserve for employees' retirement benefits	48	(10)	58	(223)
Increase/decrease in reserve for directors' retirement benefits	(391)	57	(448)	93
Interest and dividend income	(400)	(328)	(72)	(376)
Interest expenses	2,006	2,030	(24)	2,672
Gains on sale of tangible and intangible fixed assets	(1)	(13)	12	(839)
Gain on liquidation of affiliates	-	(2,695)	2,695	(2,700)
Decrease/increase in accounts receivable, trade	(803)	(454)	(349)	(251)
Increase/decrease in accounts payable, trade	659	214	445	648
Other	(426)	(1,207)	781	(257)
Sub total	13,993	13,338	655	19,669
Interest and dividend received	479	330	149	392
Interest paid	(1,997)	(2,121)	124	(2,766)
Income taxes paid	(5,170)	(4,718)	(452)	(4,742)
Net cash provided by operating activities	7,305	6,829	476	12,553
II Cash flows from investing activities				
Purchase of tangible and intangible fixed assets	(16,175)	(6,176)	(9,999)	(14,048)
Sale of tangible and intangible fixed assets	4	30	(26)	2,844
Proceeds from liquidation of affiliates	-	2,705	(2,705)	2,705
Purchase of investment securities	(880)	(2,204)	1,324	(2,379)
Collection of investment in partnership	-	-	-	2,945
Other	568	827	(259)	583
Net cash used in investing activities	(16,483)	(4,818)	(11,665)	(7,350)
III Cash flows from financing activities				
Net increase/decrease in short-term borrowings	157	(1,590)	1,747	(1,357)
Proceeds from long-term borrowings	15,428	6,830	8,598	6,830
Repayment of long-term borrowings	(6,216)	(9,429)	3,213	(11,193)
Proceeds of treasury stocks	1	10	(9)	10
Payments for treasury stocks	(5)	(16)	11	(18)
Cash dividends paid	(1,644)	(1,670)	26	(1,753)
Cash dividends paid to minority shareholders	(9)	-	(9)	-
Net cash provided by/used in financing activities	7,712	(5,865)	13,577	(7,481)
IV Effect of exchange rate change on cash and cash equivalents	(4)	121	(125)	116
V Increase/decrease in cash and cash equivalents	(1,470)	(3,733)	2,263	(2,162)
VI Cash and cash equivalents at the beginning of the period	8,669	10,831	(2,162)	10,831
VII Increase in cash and cash equivalents due to change in scope of consolidation	63	-	63	-
VIII Cash and cash equivalents at the end of the period	7,262	7,098	164	8,669

Note: Reconciliation of the amounts of cash and cash equivalents at end of the year stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets.

	As of December 31, 2006 (B)	As of December 31, 2005 (B)	(A)-(B)	As of March 31,2006
Cash and bank deposits	7,342	7,238	104	6,694
Time deposits with maturities exceeding three months	(80)	(140)	60	(25)
Short-term investments with maturities due in or less than three months	-	-	-	2,000
Cash and cash equivalents at the end of the period	7,262	7,098	164	8,669

Note: Amounts rounded off to the nearest million yen.

(5) Segment Information

《Business Segment Information》

Nine months ended December 31, 2006 (April 1, 2006 to December 31, 2006)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Net sales:						
(1) External sales	50,999	6,460	1,439	58,898	-	58,898
(2) Inter-segment sales	-	79	43	122	(122)	-
Total	50,999	6,539	1,482	59,020	(122)	58,898
Operating expenses	43,534	4,855	1,502	49,891	(122)	49,769
Operating income/loss	7,465	1,684	(20)	9,129	-	9,129

Nine months ended December 31, 2005 (April 1, 2005 to December 31, 2005)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Net sales:						
(1) External sales	45,933	6,438	1,444	53,815	-	53,815
(2) Inter-segment sales	-	31	40	71	(71)	-
Total	45,933	6,469	1,484	53,886	(71)	53,815
Operating expenses	38,709	4,508	1,456	44,673	(71)	44,602
Operating income	7,224	1,961	28	9,213	-	9,213

Year ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Net sales:						
(1) External sales	62,629	8,697	2,056	73,382	-	73,382
(2) Inter-segment sales	-	58	60	118	(118)	-
Total	62,629	8,755	2,116	73,500	(118)	73,382
Operating expenses	52,473	6,535	2,062	61,070	(118)	60,952
Operating income	10,156	2,220	54	12,430	-	12,430

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

Segment	Lines of business
Shipping	Overseas cargo shipping, domestic cargo shipping, leasing and shipping agent
Real estate	Rental and administration of real estate, construction and running photographic studios
Retail distribution	Sale of oil such as gasoline

《Reference》

Quarterly Earnings Reports (Consolidated)

Year ending March 31, 2007

(In million yen except for per share data and stated otherwise)

	First quarter	Second quarter	Third quarter	Fourth quarter
	Apr 1, 2006 – June 30, 2006	July 1, 2006 – Sept 30, 2006	Oct 1, 2006 – Dec 31, 2006	Jan 1, 2007 – Mar 31, 2007
Net sales	18,671	19,258	20,969	
Operating income	3,080	2,925	3,124	
Ordinary income	2,769	2,509	2,723	
Net income	1,654	1,567	1,673	
Net income per share (Yen)	15.10	14.30	15.26	
Total assets	157,369	165,902	168,009	
Net assets	50,783	50,991	52,488	
Shareholders' equity ratio (%)	32.2	30.7	31.2	
Net assets per share (Yen)	463.45	465.14	478.98	

Year ended March 31, 2006

(In million yen except for per share data and stated otherwise)

	First quarter	Second quarter	Third quarter	Fourth quarter
	Apr 1, 2005 – June 30, 2005	July 1, 2005 – Sept 30, 2005	Oct 1, 2005 – Dec 31, 2005	Jan 1, 2006 – Mar 31, 2006
Net sales	17,236	17,711	18,868	19,567
Operating income	2,656	2,990	3,567	3,217
Ordinary income	2,554	2,630	3,186	2,668
Net income	2,688	1,595	1,933	2,201
Net income per share (Yen)	24.53	14.56	17.63	19.41
Total assets	146,250	149,158	152,887	156,659
Shareholders' equity	41,051	43,480	45,672	48,372
Shareholders' equity ratio (%)	28.1	29.2	29.9	30.9
Shareholders' equity per share (Yen)	374.61	396.77	416.79	440.75

- Notes: 1. The above quarterly figures (net sales, operating income, ordinary income and net income) are computed by taking year-to-date figures for the quarter concerned and subtracting from it corresponding year-to-date figure for the preceding quarter.
2. "Net income per share, fully diluted" data is not applicable as there was no residual share outstanding.