



(Unaudited translation of 'kessan tannshin', provided for reference only)

Financial Results

For the Three Months Ended June 30, 2007 - Consolidated

August 2, 2007

Iino Kaiun Kaisha, Ltd.

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(Rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2007

(April 1, 2007 to June 30, 2007)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Revenues		Operating Profit		Recurring Profit		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Q1 / FY2007	22,886	22.6	4,714	53.1	5,093	83.9	1,748	5.7
Q1 / FY2006	18,671	8.3	3,080	16.0	2,769	8.4	1,654	38.5
FY2006	80,516	-	13,282	-	11,639	-	3,875	-

	Net income per share	Net income per share, fully diluted
	yen	yen
Q1 / FY2007	15.96	-
Q1 / FY2006	15.10	-
FY2006	35.36	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Q1 / FY2007	168,496	52,919	31.5	483.81
Q1 / FY2006	157,369	50,783	32.2	463.45
FY2006	166,736	52,008	31.2	474.66

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(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Q1 / FY2007	2,569	1,491	1,940	9,093
Q1 / FY2006	970	1,210	2,583	11,023
FY2006	11,910	18,168	4,445	6,890

2. Dividends

	Dividend per share		
	Interim	Year-end	Full year
	yen	yen	yen
FY2006	6.00	9.00	15.00
FY2007 (Forecast)	6.00	6.00	12.00

Note: Breakdown of year-end dividend

Year ended March 31, 2007: Ordinary dividend: ¥6.00 Special dividend: ¥3.00

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

	Revenues		Operating Profit		Recurring Profit		Net Income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	44,700	17.9	8,600	43.2	8,100	53.5	3,000	6.9	27.38
Full year	87,900	9.2	15,400	15.9	14,700	26.3	5,100	31.6	46.55

The percentage figures represent changes from the previous corresponding period.

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" in "Qualitative Information · Financial Statements, Others" on page 5.

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

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[Reference]

Summary of Non-consolidated Financial Results

**1. Forecast of Non-consolidated Earnings for the Year Ending March 31, 2008
(April 1, 2007 to March 31, 2008)**

	Revenues		Operating Profit		Recurring Profit		Net Income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	37,000	7.3	7,300	42.2	8,600	67.2	3,300	6.1	30.12
Full year	72,500	1.1	12,600	11.4	14,900	31.3	5,200	43.0	47.46

The percentage figures represent changes from the previous corresponding period.

The above projections are based on information available to the company as of the date of this document. Actual results may differ from the above forecasts depending on various conditions. Please refer to "3. Qualitative Information Concerning Our Consolidated Financial Forecast" on pages 5 for use of and assumptions related to forecasts.

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【Qualitative Information】

1. Qualitative Information Concerning Consolidated Financial Results

While the U.S. economy in the April - June quarter was supported by a gradual increase in personal consumption, economic growth is slowing because of weakness in the housing market. In the Euro area and the U.K., economic expansion continues on growth mainly in domestic and external demand, and Asian economies as a whole continue to record strong growth. Fixed asset investment in China continues to grow strongly, and GDP growth is expected to continue in the 10% range following real growth of 11.1% in the April - June quarter.

Japan's economy is recovering supported by improving corporate profits, growth in private capital investment and a recovery in personal consumption.

Given this economic environment, the shipping business continues to trend at high levels supported by growth in China's economy. The bulk carrier segment in particular continues to benefit from a favorable market environment, while efficient allocation of chemical carriers is also boosting profitability—resulting in very strong year-on-year profit growth.

In the real estate business, strong corporate business expansion demand is supporting continued strong demand for office space and vacancy ratios continue at low levels, while the rental market remains in an upward trend.

The Group's shipping businesses have been able to secure stable profitability through medium- and long-term contracts, and operating profits are showing good growth supported by a strong market and weakness in the yen (the average Yen-US dollar rate for the previous first quarter used by the Company was 1US\$= 114.71, while the average rate for the first quarter under review was 1US\$=119.85)

As a result of the above, first quarter consolidated financial metrics were very strong, as sales for the Company were ¥22,886 million (up 22.6% year-on-year), operating income was ¥4,714 million (up 53.1% year-on-year), ordinary income was ¥5,093 million (up 83.9% year-on-year) and net income was ¥1,748 million (up 5.7% year-on-year).

2. Qualitative Information Concerning Financial Condition

Total assets at the end of the first quarter were ¥168,496 million and ¥1,760 million higher than at the beginning of the period. This increase was mainly due to an increase in the account for ships under construction. Total liabilities at the end of the quarter were ¥115,577 million and ¥849 million higher than at the beginning of the period. This increase was mainly due to an increase in trade accounts payable. Net assets at the end of the quarter were ¥52,919 million and ¥911 million higher than at the beginning of the period, mainly reflecting the increase in net income for the period.

Net cash provided from operations in the first quarter was ¥2,569 million and reflected net income before taxes of ¥2,838 million and depreciation expenses of ¥1,991 million, which were offset by corporate and other taxes paid of ¥2,343 million. Net cash provided by investing activities was ¥1,491 million and reflected a cash outflow of ¥3,261 million

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from the acquisition of fixed assets that was offset by a cash inflow of ¥2,550 million from the sale of fixed assets, and a cash inflow of ¥2,064 million from the redemption and sale of long-term holdings in investment securities. Net cash used in financing activities was ¥1,940 million negative reflecting a cash inflow of ¥1,000 million from new long-term borrowings, a cash outflow of ¥1,945 million on the repayment of long-term debt, and dividend payments of ¥986 million.

As a result of the above, cash and cash equivalents at the end of the quarter were ¥9,093 million.

3. Qualitative Information Concerning Our Consolidated Financial Forecast

Business performance for the first quarter of the current fiscal year has been strong, as chemical and bulk carriers have been efficiently operated, and Yen-US Dollar exchange rates have trended weaker during the period than budgeted (1US\$ = ¥110) resulting in higher revenues and profit levels than originally forecast. In consideration of the first quarter results, and based on new assumptions for an average Yen/US dollar exchange rate of US\$1= ¥115, and Singapore quoted bunker oil price of US\$380/MT, we have revised our forecasts upward for the second quarter and onward. This, however, is contingent upon the closure and dismantling of the Iino Building taking place during the current fiscal year as has been announced at the time of our earlier earnings forecasts on May 10, 2007, which should result in us recognizing extraordinary losses (loss on reconstruction of office building) of ¥6.5 billion.

For details concerning this revised forecast, please refer to the "Notice of Financial Forecast Revision".

4. Others

- (1) There were no major changes in important subsidiaries (changes specified subsidiaries subject to consolidation) during the period.
- (2) Change in abbreviation accounting method used. The Group uses an abbreviated method based on legally effective tax rates to account for corporate and other taxes. In addition, abbreviated accounting is used for other amounts that have minimal material impact.
- (3) Changes in accounting method used for recent consolidated fiscal years.
There have been no changes.

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5. Summary of Consolidated Financial Statements

(1) Summary of Consolidated Balance Sheet

(In million yen)

	As of June 30,2007	As of June 30,2006	Increase/ decrease		As of March 31,2007
	Amount	Amount	Amount	%	Amount
Assets					
<u>Current assets</u>	23,548	20,465	3,083	15.1	19,804
Cash and time deposits	9,144	6,666	2,478		6,970
Notes and accounts receivable	5,517	3,599	1,918		4,790
Inventories	2,344	1,853	491		1,991
Other Current assets	6,580	8,424	1,844		6,098
Allowance for doubtful accounts	37	77	40		45
<u>Fixed assets</u>					
[Tangible fixed assets]	118,601	113,018	5,583	4.9	119,773
Vessels	58,618	55,113	3,505		60,185
Buildings and structures	13,442	10,826	2,616		13,718
Land	39,097	39,228	131		39,097
Construction in progress	7,050	7,520	470		6,379
Other	394	331	63		394
[Intangible fixed assets]	618	614	4	0.7	617
Telephone subscription rights	618	614	4		617
[Investments and other assets]	25,729	23,272	2,457	10.6	26,542
Investment securities	20,869	19,662	1,207		22,636
Other	4,983	3,735	1,248		4,030
Allowance for doubtful accounts	123	125	2		124
Total fixed assets	144,948	136,904	8,044	5.9	146,932
Total assets	168,496	157,369	11,127	7.1	166,736

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(In million yen)

	As of June 30,2007	As of June 30,2006	Increase/ decrease		As of March 31,2007
	Amount	Amount	Amount	%	Amount
Liabilities					
<u>Current liabilities</u>	32,229	21,169	11,060	52.2	31,348
Accounts payable	8,092	3,493	4,599		6,625
Current portion of bonds	1,600	-	1,600		1,600
Short-term borrowings	14,151	12,958	1,193		14,289
Income taxes payable	1,126	1,055	71		2,252
Reserve for bonuses	99	109	10		365
Other	7,161	3,554	3,607		6,217
<u>Long-term liabilities</u>	83,348	85,417	2,069	2.4	83,380
Bonds	1,400	2,500	1,100		1,400
Long-term borrowings	72,285	71,356	929		72,423
Accrued employees' pension and severance costs	1,348	1,532	184		1,367
Reserve for retirement benefits to directors and statutory auditors	92	117	25		94
Other	8,223	9,912	1,689		8,096
Total liabilities	115,577	106,586	8,991	8.4	114,728
Net assets					
<u>Shareholders' equity</u>					
Common stock	13,092	13,092	-		13,092
Additional paid-in capital	6,430	6,429	1		6,430
Retained earnings	28,052	25,728	2,324		27,291
Treasury stock	461	452	9		458
Total shareholders' equity	47,113	44,797	2,316	5.2	46,355
<u>Revaluation and translation adjustments</u>					
Unrealized gain(loss) on available-for-sale securities	4,698	3,714	984		4,605
Gain on deferred hedges	1,199	2,200	1,001		1,050
Foreign currency translation adjustments	2	-	2		-
Total revaluation and translation adjustments	5,899	5,914	15	0.3	5,655
<u>Minority Interests in consolidated subsidiaries</u>	93	72	165	-	2
Total net assets	52,919	50,783	2,136	4.2	52,008
Total liabilities and net assets	168,496	157,369	11,127	7.1	166,736

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(2) Summary of Consolidated Statements of Operations

(In million yen)

	Q1 / FY2007	Q1 / FY2006	Increase/decrease		FY2006
	Amount	Amount	Amount	%	Amount
Revenue	22,886	18,671	4,215	22.6	80,516
Cost and expenses	16,672	14,200	2,472	17.4	61,278
Gross profit	6,214	4,471	1,743	39.0	19,238
Selling, general and administrative expenses	1,500	1,391	109	7.8	5,956
Operating profit	4,714	3,080	1,634	53.1	13,282
Non-operating income	1,080	395	685	173.4	1,231
Interest and dividend income	576	211	365		479
Other	504	184	320		752
Non-operating expenses	701	706	5	0.7	2,874
Interest expense	673	651	22		2,731
Other	28	55	27		143
Recurring Profit	5,093	2,769	2,324	83.9	11,639
Extraordinary profit	88	2	86	-	268
Extraordinary losses	2,343	6	2,337	-	5,468
Extraordinary depreciation	-	-	-		3,475
Loss on reconstruction of office building	2,343	-	2,343		1,940
Other	0	6	6		53
Income before income taxes	2,838	2,765	73	2.6	6,439
Income tax, inhabitants tax and enterprise tax	1,081	1,098	17	1.5	2,567
Minority interests in income(loss) of consolidated subsidiaries	9	13	4	30.8	3
Net income	1,748	1,654	94	5.7	3,875

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(3) Summary of Consolidated Statements of Changes in Net Assets

First quarter of fiscal year 2007 (April 1, 2007 to June 30, 2007)

(In million yen)							
	Shareholders' capital					Minority interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity		
Balance as of March 31, 2007	13,092	6,430	27,291	458	46,355		
Change during the period							
Cash dividends			986		986		986
Net income			1,748		1,748		1,748
Gain on sale of treasury stock		0			0		0
Purchase/sale of treasury stock				3	3		3
Increase/decrease in retained earnings due to consolidation of additional subsidiaries			1		1		1
Net change in items other than shareholders' capital during the period							
Total changes during the period	-	0	761	3	758		
Balance as of June 30, 2007	13,092	6,430	28,052	461	47,113		
	Revaluation and translation adjustments				Total valuation & translation adjustments	Minority interests	Total net assets
	Net unrealized gains/losses on other securities	Deferred gains/losses on hedge contracts	Foreign currency translation adjustments				
Balance as of March 31, 2007	4,605	1,050	-	5,655	2	52,008	
Change during the period							
Cash dividends						986	
Net income						1,748	
Gain on sale of treasury stock						0	
Purchase/sale of treasury stock						3	
Increase/decrease in retained earnings due to consolidation of additional subsidiaries						1	
Net change in items other than shareholders' capital during the period	93	149	2	244	91	153	
Total changes during the period	93	149	2	244	91	911	
Balance as of June 30, 2007	4,698	1,199	2	5,899	93	52,919	

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First quarter of fiscal year 2006 (April 1, 2006 to June 30, 2006)

(In million yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	13,092	6,429	25,058	451	44,128
Change during the period					
Cash dividends			986		986
Directors' bonuses			78		78
Net income			1,654		1,654
Purchase of treasury stock				1	1
Increase in retained earnings due to consolidation of additional subsidiaries			80		80
Net change in items other than shareholders' capital during the period					
Total changes during the period	-	-	670	1	669
Balance as of June 30, 2006	13,092	6,429	25,728	452	44,797
	Revaluation and translation adjustments				
	Net unrealized gains/losses on other securities	Deferred gains/losses on hedge contracts	Total valuation & translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2006	4,244	-	4,244	76	48,296
Change during the period					
Cash dividends					986
Directors' bonuses					78
Net income					1,654
Purchase of treasury stock					1
Increase in retained earnings due to consolidation of additional subsidiaries					80
Net change in items other than shareholders' capital during the period	530	2,200	1,670	148	1,818
Total changes during the period	530	2,200	1,670	148	2,487
Balance as of June 30, 2006	3,714	2,200	5,914	72	50,783

(Unaudited translation of 'kessan tannshin', provided for reference only)

(4) Summary of Consolidated Statements of Cash Flows

(In million yen)

	Q1 / FY2007	Q1 / FY2006	FY2006
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes and minority interests	2,838	2,765	6,439
Depreciation and amortization	1,991	1,676	7,519
Non-recurring depreciation	-	-	3,475
Equity income of non-consolidated subsidiaries and affiliates	47	25	87
Increase/(decrease) in reserve for employees' retirement benefits	18	17	182
Increase/(decrease) in reserve for directors' retirement benefits	2	95	424
Interest and dividend income	576	211	479
Interest expenses	673	651	2,731
Gains on sale of tangible and intangible fixed assets	23	-	187
(Increase)/decrease in accounts receivable, trade	726	270	921
Increase/(decrease) in accounts payable, trade	1,467	839	2,293
Other	529	122	944
Subtotal	5,048	4,297	19,233
Interest and dividend received	572	211	581
Interest paid	708	659	2,714
Income taxes paid	2,343	2,879	5,190
Net cash provided by operating activities	2,569	970	11,910
II Cash flows from investing activities:			
Payments for purchases of fixed assets	3,261	1,338	19,332
Proceeds from sale of fixed assets	2,550	3	2,094
Purchase of investment securities	141	2	1,882
Proceeds from redemption of investment securities	2,064	-	300
Other	279	127	652
Net cash used in investment activities	1,491	1,210	18,168
III Cash flows from financing activities:			
Net decrease in short-term borrowings	4	443	1,788
Proceeds from long-term debt	1,000	6,400	17,914
Repayment of long-term debt	1,945	2,378	10,521
Proceeds from issuance of bond	-	-	500
Proceeds from sale of treasury stock	0	-	1
Payments for repurchase of treasury stock	3	1	8
Dividends paid	986	986	1,644
Dividends paid for minority interests	2	9	9
Net cash provided by(used in) financing activities	1,940	2,583	4,445
IV Effect of exchange rate changes on cash and cash equivalents	70	52	28
V Net decrease in cash and cash equivalents	2,190	2,291	1,841
VI Cash and cash equivalents at beginning of year	6,890	8,669	8,669
VII Effect of changes in scope of consolidated subsidiaries	13	63	62
VIII Cash and cash equivalents at end of year	9,093	11,023	6,890

(Rounded to the nearest million yen)

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(5) Segment Information

Business Segment Information

First quarter of fiscal year 2007 (April 1, 2007 to June 30, 2007)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Revenue:						
(1) External revenue	20,119	2,411	356	22,886	-	22,886
(2) Inter-segment revenue	-	34	42	76	76	-
Total	20,119	2,445	398	22,962	76	22,886
Operating expenses	16,352	1,503	393	18,248	76	18,172
Operating profit	3,767	942	5	4,714	-	4,714

First quarter of fiscal year 2006 (April 1, 2006 to June 30, 2006)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Revenue:						
(1) External revenue	16,101	2,112	458	18,671	-	18,671
(2) Inter-segment revenue	-	29	14	43	43	-
Total	16,101	2,141	472	18,714	43	18,671
Operating expenses	13,723	1,429	482	15,634	43	15,591
Operating profit	2,378	712	(10)	3,080	-	3,080

[Reference]

Fiscal year 2007 (April 1, 2006 to March 31, 2007)

(In million yen)

	Shipping	Real estate	Retail distribution	Total	Elimination or corporate	Consolidated
I. Revenue:						
(1) External revenue	69,760	8,906	1,850	80,516	-	80,516
(2) Inter-segment revenue	-	106	56	162	162	-
Total	69,760	9,012	1,906	80,678	162	80,516
Operating expenses	58,978	6,502	1,916	67,396	162	67,234
Operating profit	10,782	2,510	(10)	13,282	-	13,282

Geographic Segment Information

Geographic segment information is not provided herein as overseas subsidiaries account for less than 10% of total consolidated sales and total consolidated assets for the three months ended June 30, 2006 and 2007.

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[Reference]

Change in Quarterly Results (Consolidated)

Fiscal year 2008 (April 1, 2007 to March 31, 2008)

(In million yen)

	<u>1st Quarter</u> Apr. 1 – Jun. 30, 2007	<u>2nd Quarter</u> Jul. 1 – Sep. 30, 2007	<u>3rd Quarter</u> Oct. 1 – Dec. 31, 2007	<u>4th Quarter</u> Jan. 1 – Mar. 31 2008
Revenues	22,886			
Operating profit	4,714			
Recurring profit	5,093			
Net income, quarterly	1,748			
Net income per share, quarterly	15.96 yen			
Total assets	168,496			
Net assets	52,919			
Shareholders' equity ratio	31.5%			
Net assets per share	483.81 yen			

Fiscal year 2007 (April 1, 2006 to March 31, 2007)

(In million yen)

	<u>1st Quarter</u> Apr. 1 – Jun. 30, 2006	<u>2nd Quarter</u> Jul. 1 – Sep. 30, 2006	<u>3rd Quarter</u> Oct. 1 – Dec. 31, 2006	<u>4th Quarter</u> Jan. 1 – Mar. 31 2007
Revenues	18,671	19,258	20,969	21,618
Operating profit	3,080	2,925	3,124	4,153
Recurring profit	2,769	2,509	2,723	3,638
Net income, quarterly	1,654	1,567	1,673	(1,019)
Net income per share, quarterly	15.10 yen	14.30 yen	15.26 yen	9.30 yen
Total assets	157,369	165,902	168,009	166,736
Net assets	50,783	50,991	52,488	52,008
Shareholders' equity ratio	32.2%	30.7%	31.2%	31.2%
Net assets per share	463.45 yen	465.14 yen	478.98 yen	474.66 yen

- Notes: 1. The above operating results are based on the results for the first quarter and the cumulative results for the first six, nine, and twelve months, and are computed by taking the difference between the two adjacent periods.
2. "Net income per share – fully diluted" data are not shown in the above table, as there are no residual securities outstanding.