

# SBS Business Report

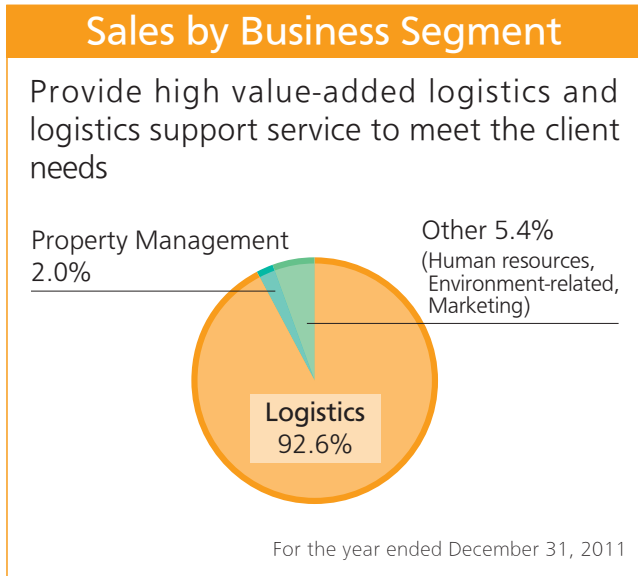
For the year ended December 31, 2011 (Security Code: 2384)



**SBS Holdings, Inc.**

SBS Group

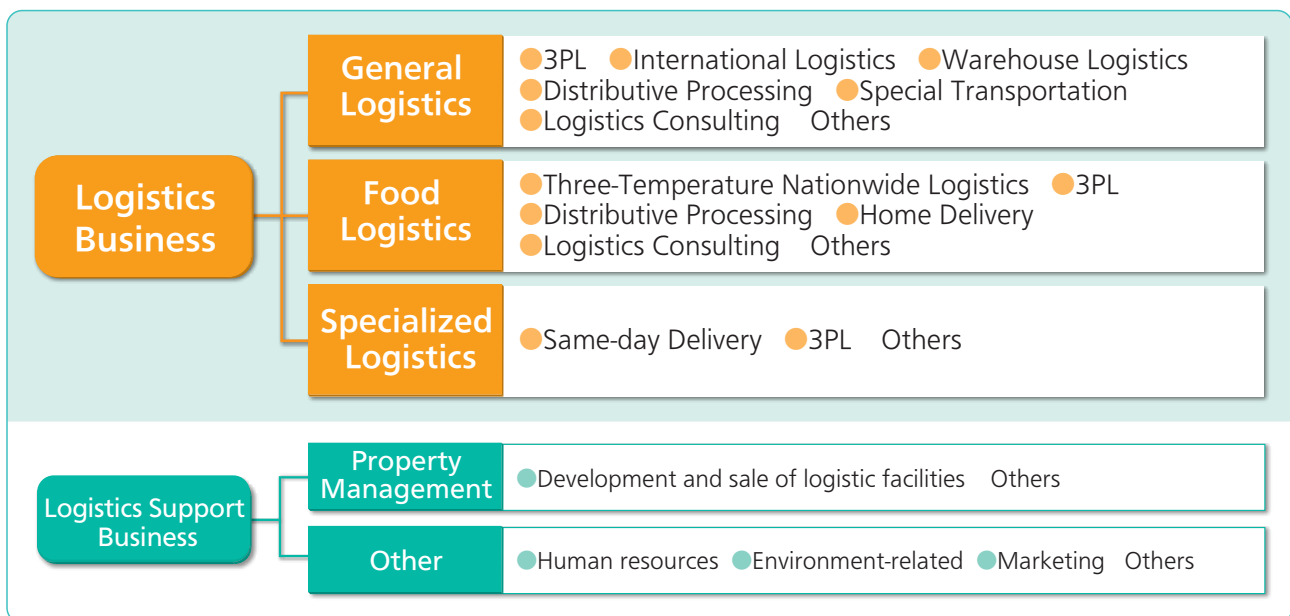
# SBS Group meets the various logistics needs with the utmost quality.



### 2012 Forecast

Net Sales	Operating Income	Dividend per Share
<b>¥127.0 billion</b>	<b>¥2.9 billion</b>	<b>¥30</b>

※ Dividend per share shown is calculated on the basis of stock split/share trading unit system we recently switched to.  
 ※ Please refer to the notes on the last page for details about stock split and adoption of the share trading unit system.



Disclaimer: Forward-looking statements included in this report are based on information and assumptions consisting of uncertain factors that may influence our performance available to the Company on the date of this report’s publication. Due to various unforeseen circumstances, however, actual results may differ from such forecasts.



Promise to advance full speed ahead for the next 25 years and achieve further growth.

Representative Director and President: **Masahiko Kamata**

Q

Can you tell us about the Company's business results of the current year under review (year ended December, 2011)?

A

For someone like me in the leading position, it was surely a difficult year. After the Great East Japan Earthquake, we put all our strength into revival effort, and by June the facilities of the Group that incurred damages have been more or less restored, but to recover the amount of cargo took some more time. The Group also felt impact of the flooding in Thailand, the European financial crisis, and some other adversary events, so in terms of business environment the severe situation continued. But even though the circumstances were by no means favorable, the Group managed to increase the income especially thanks to the activities of the companies, which newly joined the Group through mergers and acquisitions, and we also achieved an increase of 18%

of net income by the switchover to the consolidated tax return system, but in terms of the actual contents, the result was not really satisfactory.

Q

What are the current domestic trends in the logistics industry?

A

Due to the progressing deflation and the increase in the number of companies relocating to the overseas propelled by the appreciation of yen, the domestic logistics businesses are still experiencing severe conditions, and I think that this trend will continue for some time at least. The number of logistics enterprises is also decreasing, with many companies engaging in restructuring, that is, entering into alliances to compete against others. And my view of the situation is that the fight for survival will get even more intense in the future.

**Q** What kind of measures have you adopted in these severe circumstances?

**A** We strove hard to raise the power of the company to make enticing offers to the customers focusing on 3PL, enforced measures to lower the costs, striving to improve the Group in terms of its competitive power. Also, in order to prepare ourselves for the future overseas expansion, we invited an Indian forwarder to the Group, promoting the functional enhancement of the international logistics functions. We also endeavored to reinforce the compliance issues in the area of internal control, putting emphasis on construction of organization control with high transparency, this way ensuring that the Group can accomplish its social responsibilities. I believe that we managed to create a structure that will enable us to win straight victories even in the present harsh situation with its accelerating tendency of rearrangement in the industry.

**Q** Does the Group intend to make a full-fledged expansion into the overseas in the future?

**A** Atlas, which is an Indian company, whose shares we acquired last year, is an international logistics company owning 26 offices in India and overseas bases in 14 other countries. By having this company enter the Group, we were able to gain a powerful logistics network overseas based in India, which is a quickly

growing market. In addition to the reinforcement of the Group's competitive power domestically, we will aim at further development by advancing into the overseas markets. We will continue investing in the overseas development in the future, and will actively promote our expansion overseas by efficiently employing the collective strength of the Group by tight cooperation between the companies of the Group in Japan and those overseas. Besides India, we plan to expand our business scale centering on China and the ASEAN member nations.

**Q** What are the prospects for this year (year ending December, 2012)?

**A** In terms of sales, it is already possible to see the results of the various measures we adopted starting from the second half of the previous year, and we expect the operating performance of this term to recover. But although we intend to lay emphasis on steadily promoting the present businesses, we will also aim at construction of a more solid group including such measures as reorganizations or having new companies entering the Group. I should also add that we have steadily raised the level in the area of CSR activities last year and received high acclaim from the society.\* We intend to continue our efforts to manage the Group so as to ensure high standards of CSR, gaining further trust from the society.

\* For details, please refer to page 6.

**Q** In the end, can I ask you to give a message for the shareholders?

**A** Thanks to the stable support of our shareholders, the SBS Holdings will celebrate its 25th anniversary of establishment this year. Without letting the success go to our heads and falling into self-conceit, we intend to advance full speed ahead for the next 25 years also, and achieve yet further growth. We will strive to expand the enterprise both carefully and boldly based

on our long-term vision for the future, making a great leap leveraging the expected industry realignment, and striving to become a group even more trusted by the society as one of the leading companies of the industry. To our shareholders, I would like to say that we will further improve the profitability of the business, and return your contributions by improving the stock prices and with dividends. I can assure you that you can put your trust in our Group.

**A few words about Atlas**

Atlas (Atlas Logistics Private Limited) is a global company engaged in logistics with headquarters in Bangalore, India, owning 26 offices in India and overseas bases in 14 other countries.



## Major events of the SBS Group in 2011

### March

#### Supporting the areas damaged by the earthquake as one.

The Group provided a total of 500 large-size vehicles for transportation of emergency-relief goods to the areas damaged by the Great East Japan Earthquake. It also donated a contribution and the employees conducted a voluntary fund-raising campaign.



### July

(Foods Lec)

#### Logistics centers damaged by tsunami resume operations.

Three centers located in the Sendai area, which suffered a great deal of damage from tsunami, resumed operations either by repairs or relocations by July. This meant that logistics centers handling low-temperature foods for the whole Southern Tohoku Area were restored.



### April

(acquired by TL Logicom Co., Ltd.)

#### NIPPON RECORD CENTER Company, Limited. becomes a member of the SBS Group.

A subsidiary of JVC KENWOOD Group, NIPPON RECORD CENTER Company, Limited. became a member of the Group. With this addition, the Group acquired the 3PL work handling music and video mediums, at the same time gaining the logistics know-how of handling products of a wide variety often produced in small lots, a know-how we can use to aim for further business expansion.



### October

#### The first overseas subsidiary is acquired as a first step to reinforce the international logistics function.

An Indian international logistics company, Atlas Logistics Private Ltd., enters the Group becoming our first overseas subsidiary. The Group tackles expansion of its international logistics network, enrichment of the service menu, and strengthening its international logistics function.



### May to October

#### The Group as one conducts various power saving measures.

To deal with shortages of electric power supply after the earthquake, the Group as a whole leads the industry in adopting various power saving measures such as implementation of cool biz or creating "green curtains".



### December

#### Acquisition of G-mark certification promoted to ensure safe operation.

As an effort to ensure safe operation, the Group promotes acquisition of G-mark certification. The number of offices certified with G-mark has increased from 52 to 67 by the end of the year, reaching the percentage of 50 percent largely exceeding the national average of 20 percent.



## CSR activities of the SBS Group

As a logistics enterprise shouldering social infrastructure, the SBS Group fully recognizes the importance of its social responsibility, is actively striving to ensure high standards of CSR in its management and is contributing to creation of a truly rich society.

With the increasing aggravation of the environmental problems, the environmental considerations in business activities are becoming a very important managerial task. Following the SBS Group Environmental Policy stipulated to serve as the basic action policy for environmental preservation the SBS Group is creating and implementing a number of environmental projects.

Since 1997, Nikkei Inc. annually releases its "Nikkei Environment Management Survey" to

comprehensively evaluate the environmental measures conducted by various companies. In the 15th survey results published on the 30th of January, the SBS group ranked 13th in the transportation section, showing the high acclaim it received for its environmental measures. The Group intends to actively promote yet higher standards of CSR in its management including environmental measures in the future.

### 15th Nikkei Environment Management Survey

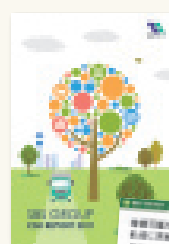
**SBS Group: 13th place in the transportation section**

## Publication of 2011 SBS Group CSR Report

To inform the society of the CSR activities of the Group, we published the "2011 SBS Group CSR Report." This CSR report tells of the annual results of the measures adopted by the Group in the areas of safety, environmental preservation, and other important managerial tasks, and is at the same time a declaration of intention regarding the targets and tasks we aim to achieve in the future.

- You can download the CSR report from the website of SBS Holdings. Please refer to it for further details.

<http://www.sbs-group.co.jp/eco/img/eco2011.pdf>

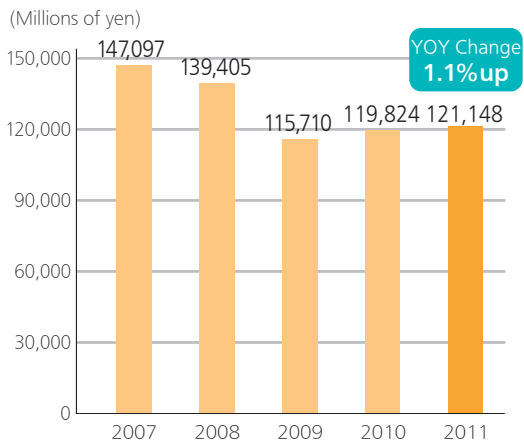


2011 SBS Group CSR Report

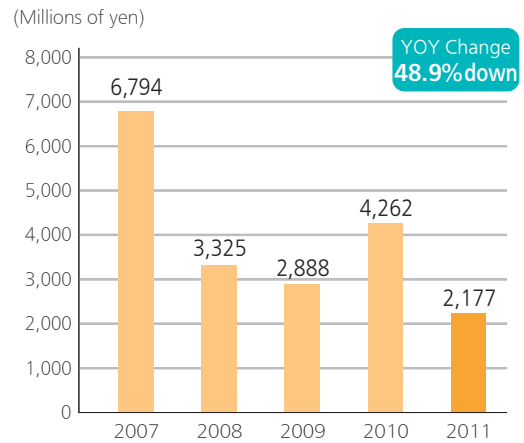


Although the business environment continued to be severe, net sales of the Group increased compared to the preceding year due to the expansion of the 3PL work and the effects of mergers and acquisitions. On the other hand, the demand for logistics which deteriorated after the Great East Japan Earthquake recovered slower than was expected, and as the operating ratio of facilities, vehicles, and personnel shifted to low figures, both the operating income and the ordinary income decreased. Nevertheless, the net income increased by the switchover to the consolidated tax return system and other measures.

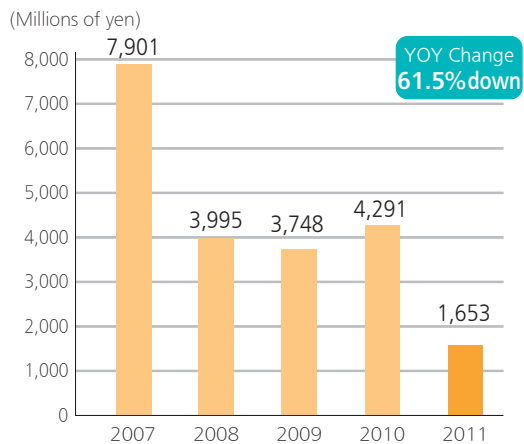
**Net Sales**



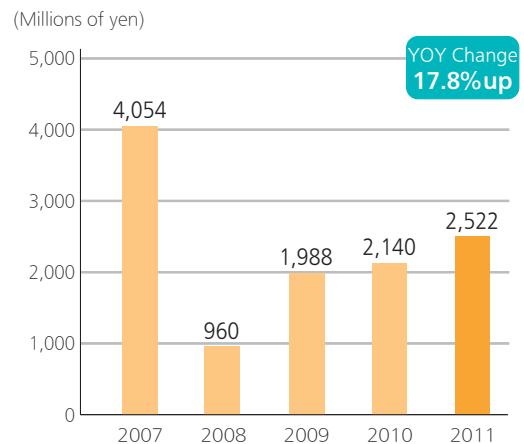
**Operating Income**



**Ordinary Income**

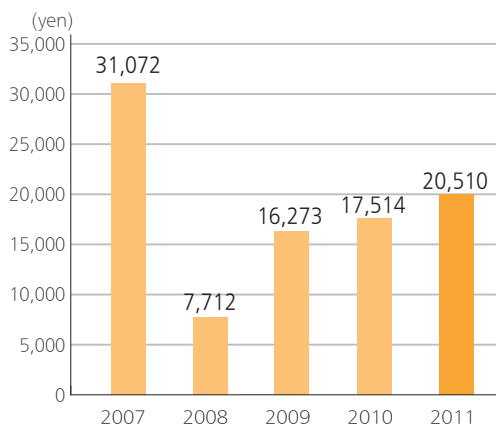


**Net Income**





## Net Income per Share



## Sales by Segment

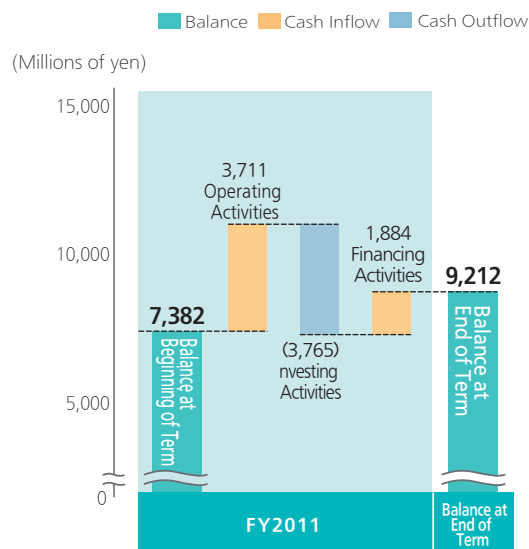
(Millions of yen)

	2011		2010	
	Net Sales	Operating Income	Net Sales	Operating Income
Logistics	113,026	1,265	107,002	1,761
Property Management	2,413	1,101	6,402	2,262
Other	6,540	(211)	7,531	141
Adjustment	(832)	23	(1,112)	98
<b>Total</b>	<b>121,148</b>	<b>2,177</b>	<b>119,824</b>	<b>4,262</b>

### Sales by Segment

- **Logistics Business** : although in general the logistics made little increase in performance due to the downturn in consumer spending, the impact of the appreciation of yen, and other reasons, the efforts to expand the business scale of the 3PL work bore fruit resulting in an increase in net sales.
- **Logistics Support Business** : in the property management, there were no sales of logistics-related property, and as the demand for temporary workers in the other segment continued to decrease, net sales decreased.

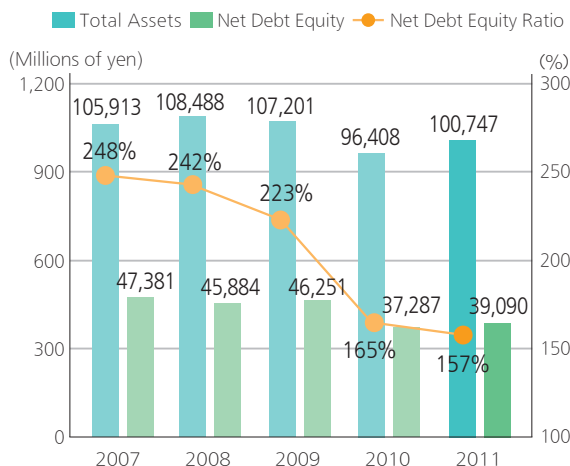
## Cash Flows Status



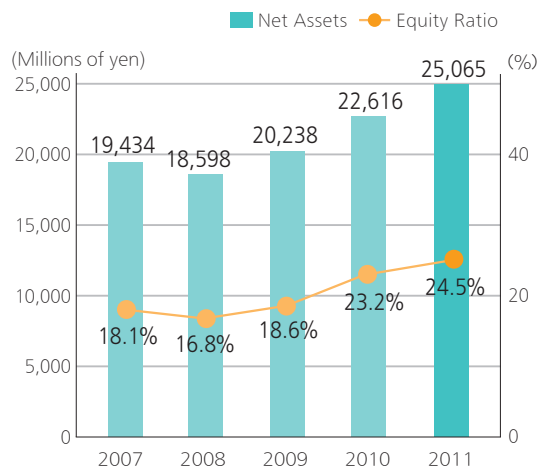
### Cash flow status

Due to acquisition of subsidiary shares in mergers and acquisitions, net cash used in investing activities amounted to 3,765 million yen, but capital procurement resulted in the cash and the cash equivalent at this end of the consolidated fiscal year constituting 9,212 million yen.

**Total Assets / Net Debt Equity / Net Debt Equity Ratio**

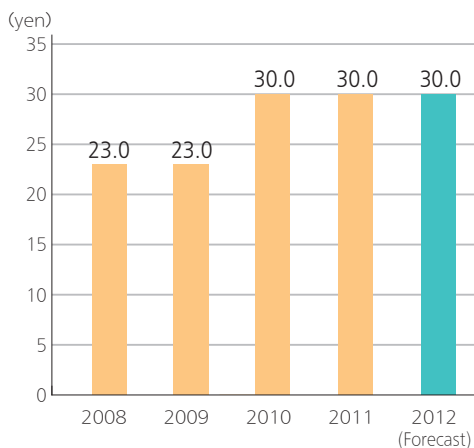


**Net Assets / Equity Ratio**



**Basic Policies regarding the Profit Distribution**

**Dividend per Share**



※Dividend per share shown is calculated on the basis of stock split/share trading unit system we recently switched to.

**Basic Policies regarding the Profit Distribution**

SBS Group regards the return of profits to all shareholders to be one of its most important business policies. Based on our group's business achievement and financial situations, we will address for the stable shareholder return through our efforts to further strengthen our management base and to increase in return on equity. We are expecting our dividend to remain the same as we announced at the beginning of the year at 3,000 yen per share for the year ending December 2011.

For the year ending December, 2012, we intend to pay dividend of 30 yen per share. The Group adopted the share trading unit system as of January 1, 2012, splitting every share into 100 shares, but for every share trading unit (100 shares) the dividend is 3,000 yen, which is the same amount it was during the current term.

\*Please refer to the notes on the last page for details about stock split and adoption of the share trading unit system.

## Corporate Profile (As of December 31, 2011)

Company name	SBS Holdings, Inc.
Representative director and president	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	¥3,833.93 million
Net sales	¥121.1 billion (for the year ended December 31, 2011)
Head office	4-1-3 Taihei, Sumida-ku, Tokyo 130-0012, Japan Tel: +81-3-3829-2222(main) Fax: +81-3-3829-2822
Lines of Business	Logistics, property management, marketing, human resources, etc.
Major consolidated subsidiaries	TL LOGICOM Co., Ltd. Foods Lec Co., Ltd. Zentsu Co., Ltd. SBS Logitem Co., Ltd. SBS Staff Co., Ltd. Atlas Logistics Private Limited Sogo Butsuryu System Co., Ltd. SBS Finance Co., Ltd. A-MAX Co., Ltd. Marketing Partner Co., Ltd. Forward PAM Co., Ltd.

## Stock Information (As of December 31, 2011)

Number of shares authorized	515,684 shares
Number of shares issued	130,684 shares
Share trading unit	None
Number of shareholders	3,813

## Major Shareholders (As of December 31, 2011)

Shareholder Name	Number of shares held (shares)	Ratio of share held (%)
Masahiko Kamata	64,128	50.16
Japan Trustee Services Bank, Ltd. (Trust account)	5,462	4.27
SBS Holdings Employee Share Ownership Association	4,460	3.48
Hiroshi Date	3,848	3.01
The Chase Manhattan Bank, N. A. London Secs Lending Omnibus Account	3,348	2.61
Junichi Ouchi	3,094	2.42
MELLON BANK, N. A. TREATY CLIENT OMNIBUS	2,000	1.56
Hiroyuki Yoshioka	1,889	1.47
3E Corporation	1,560	1.22
The Master Trust Bank of Japan, Ltd. (Trust account)	1,142	0.89

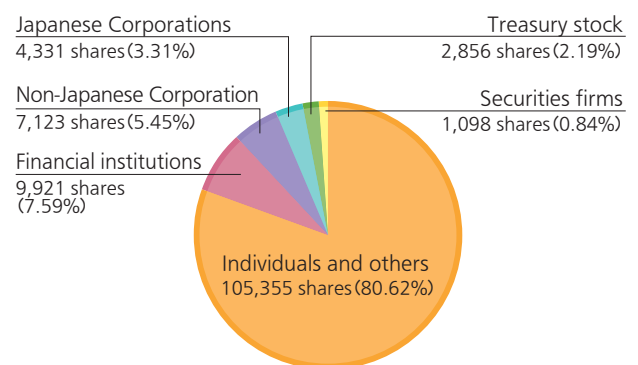
The ratio of share held are calculated based on the number of shares excluding 2,856 of treasury shares. Treasury shares does not include 4,245 shares held by our employee share ownership association.

## Board of Directors and Auditors (As of March 27, 2012)

Representative director and president	Masahiko Kamata
Managing director	Kenichi Iriyama
Directors	Fumiaki Miyasaka Shin-ichiro Watanabe
Full-time auditor	Tamio Wakabayashi
Auditors	Shigetaka Shomatsumoto Masato Takeda Jiro Iwasaki

The auditors Shigetaka Shomatsumoto, Masato Takeda and Jiro Iwasaki are the external auditors.

## Distribution of Shares by Shareholder Type (As of December 31, 2011)



## Note Regarding Adoption of the Stock Split/Unit Stock System

In accordance with the Action Plan for the Consolidation of Trading Units announced by Japanese Stock Exchanges Conference on November 27, 2007, our company divided its shares and adopted the unit stock system defining 100 shares as one unit. There will be no actual impact of the shareholders due to the adoption of the stock split/unit stock system. As the effective date of the adoption is January 1, 2012, this system will not be applied to the dividends for the fiscal term ended December 31, 2011.

● Brief outline of the system	● Impact on the shareholders: no actual changes made.	
Record date: December 31, 2011 Effective date: January 1, 2012  Up to now : <b>1 share</b>  After adoption of the stock split/unit stock system : <b>100 shares (one unit)</b>	[Investment unit] If the stock price is ¥100,000  Up to now : <b>¥100,000 x 1 share = ¥100,000</b>  After adoption of the stock split/unit stock system : <b>¥1,000 x 100 shares (one unit) = ¥100,000</b>	[Amount of dividend received] If the dividend is ¥3,000 per share  Up to now : <b>¥3,000 x 1 share = ¥3,000</b>  After adoption of the stock split/unit stock system : <b>¥30 x 100 shares (one unit) = ¥3,000</b>