February 10, 2012

Consolidated Financial Results Announcement for the Year Ended December 31, 2011

Company name:	SBS Holdings, Inc.
Stock exchange listing:	Osaka Securities Exchange (OSE)-JASDAQ
Stock code:	2384
URL:	http://www.sbs-group.co.jp/
Representative:	Masahiko Kamata, Representative Director and President
Contact:	Koki Kakehashi, General Manager of Accounting Division (Tel: +81-3-3829-2222)
Date of Annual General Meeting of Shareholders (planned):	March 27, 2012
Date of submission of annual securities report (planned):	March 27, 2012
Date for commencement of dividend payments (planned):	March 12, 2012
Preparation of supplementary references regarding results:	Yes
Holding the briefing of results:	Yes (for investors and analysts)

1. Consolidated Financial Results for the Year Ended December 31, 2011 (January 1, 2011 – December 31, 2011)

(Figures are rounded to the nearest one million yen.)
(Figures in percentages denote the year-on-year change)

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2011	121,148	1.1	2,177	(48.9)	1,653	(61.5)	2,522	17.8
FY2010	119,824	3.6	4,262	47.6	4,291	14.5	2,140	7.7

(Note) Comprehensive income:
FY2011: 2,626 million yen (-5.2%); FY2010: 2,769 million yen (－%)

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY2011	20,510.11	－	10.7	1.7	1.8
FY2010	17,514.70	17,478.66	10.1	4.2	3.6

(Reference) Equity in earnings and losses of affiliates
FY2011: -0 million yen; FY2010: -0 million yen

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY2011	100,747	25,065	24.5	199,723.48
FY2010	96,408	22,616	23.2	182,492.27

(Reference) Shareholders' equity
FY2011: 24,682 million yen; FY2010: 22,344 million yen

(3) Consolidated cash flows position

	Net cash provided by (used in)			Cash and cash equivalents at end of term
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
FY2011	3,711	(3,765)	1,884	9,212
FY2010	7,939	3,059	(14,071)	7,382

2. Dividend Status

(Base date)	Dividend per share (yen) End of Q1	End of Q2	End of Q3	End of Q4	Total	Total dividend (annual) (million yen)	Payout ratio (consolidated) (%)	Dividend on equity (consolidated) (%)
FY2010	－	0.00	－	3,000.00	3,000.00	367	17.1	1.7
FY2011	－	0.00	－	3,000.00	3,000.00	370	14.6	1.6
FY2012 (forecast)	－	0.00	－	30.00	30.00		20.6	

(Note) Effective January 1, 2012, a 100:1 share split of our common stock was completed. The dividend per share (forecast) for FY2012 has taken into consideration the impact of the share split.

3. Consolidated Financial Forecast for the Year Ending December 31, 2012 (January 1, 2012 – December 31, 2012)

(Percentage figures for the full year denote the year-on-year increase or decrease. Percentage figures for the half year (consolidated) denote the increase or decrease from the previous corresponding term.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year (consolidated)	62,000	6.9	1,100	111.9	800	175.9	500	－	40.46
Full year	127,000	4.8	2,900	33.2	2,400	45.2	1,800	(28.6)	145.65

(Note) Effective January 1, 2012, a 100:1 share split of our common stock was completed. The net income per share in the Consolidated Financial Forecast has taken into consideration the impact of the share split.

4. Others

(1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): Yes
New (1): Nippon Record Center Company Limited
Eliminated: None

(2) Changes in accounting principles and procedures and the presentation method, etc.
1) Changes associated with the revision of accounting principles, etc.: Yes
2) Change other than 1): No

(3) Number of shares issued (common stock)
1) Number of shares issued at end of term (including treasury stock)
FY2011: 130,684 shares FY2010: 130,684 shares
2) Number of treasury stock at end of term
FY2011: 7,101 shares FY2010: 8,244 shares
3) Average number of outstanding shares during the period
FY2011: 122,983 shares FY2010: 122,227 shares

(Reference) Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended December 31, 2011 (January 1, 2011 – December 31, 2011)

(1) Non-consolidated business results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2011	2,490	(17.4)	738	(48.7)	484	(59.8)	1,357	82.8
FY2010	3,013	57.5	1,439	321.8	1,206	625.2	742	―

	Net income per share	Diluted net income per share
	Yen	Yen
FY2011	11,039.01	―
FY2010	6,076.17	―

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio	Net Assets per share
	Million yen	Million yen	%	Yen
FY2011	42,321	11,537	27.3	93,263.82
FY2010	40,020	10,371	25.9	84,709.56

(Reference) Shareholders' equity

FY2011: 11,537 million yen; FY2010: 10,371 million yen

*Indication regarding the situation of the audit procedures

The audit procedures according to the Financial Instruments and Exchange Act do not apply to this announcement, and at the time of this announcement, the audit procedures according to the Financial Instruments and Exchange Act have not been completed.

* Explanation about the proper use of financial forecasts and other important notes

1. Effective January 1, 2012, a 100:1 share split of our common stock was executed for our shareholders registered as of December 31, 2011. The dividend per share (forecast) for FY2012 in "2. Dividend Status" and the net income per share in "3. Consolidated Financial Forecast for the Year Ending December 31, 2012" above have both taken into consideration the impact of the share split.

2. * Explanation about the proper use of financial forecasts and other important notes

Since any forward-looking statements about financial outlook printed in this document are based on information currently available to the company and on certain assumptions deemed reasonable, actual results may differ significantly due to variety of factors. For assumptions used for financial forecasts and cautions on using these forecasts, refer to "I. Business Performance, 1. Analysis of operations" on page 4.

I. Business Performance

1. Analysis of operations

(1) Consolidated summary of current fiscal year

Japan's economy in the fiscal year under review showed signs of recovery following the restoration of production facilities and rebuilding of supply chains, although the economy experienced a severe situation due mainly to the sharp decrease in production and sales as a result of the Great East Japan Earthquake (hereinafter called as the "earthquake") that occurred in March 2011. However, the future economy became uncertain owing primarily to the debt crisis in Europe that reignited in the second half of the year and also the prolonged and unprecedentedly appreciated yen.

In logistic business, cargo movements continued towards a recovery to normal levels from the downturn caused by the earthquake. However, overall demand for logistic operations struggled to grow due partly to low individual consumption and a slump in export related business due to yen appreciation. In addition, the business environment remained severe due to continued high fuel prices, as well as requests from customers to reduce distribution cost and fierce competition among the peers.

Under such circumstances, the Group concentrated its efforts on the recovery of the damaged facilities and distribution functions. The restoration in the metropolitan area was completed by April and the facilities in the Tohoku region mostly managed to re-start by summer. However, the impact of the decreased amount of cargo due to the earthquake affected as far as the third quarter, and the operating rates of facilities, vehicles and staff remained at a low level.

Meanwhile, our Group made efforts to promote business, international and investment strategies aiming to achieve our medium-term target of existing as a "3PL Corporate Group which has the logistic functions in all directions". In the business strategy, our Group strove to expand our 3PL business by taking up new operations, including pharmaceuticals, audiovisual, foods and retail industries, in Hokkaido, Kansai, Shikoku and Kyushu regions, etc. as well as our mainstay metropolitan area.

In international strategy, TL Logicom Co. Ltd., the main entity of our international logistics business, carried out a merger with VL Loginet Co. Ltd., whose clients include electronics manufacturers which operate internationally. Our Group custom clearance was also streamlined by centralizing operations with AC System Corporation as the administrator. Furthermore, our Group acquired an international logistics company in India as a business partner in our overseas business expansion, especially in Asia, which enabled us to make an appropriate step forward for our international business development.

In the investment strategy, our Group carried out two M&A, both of which are investments that could contribute to our future growth. In April 2011, we acquired Nippon Record Center Company, which operates in the audiovisual logistics area, such as DVDs. The aim of the acquisition was to expand our 3PL business and strengthen our high-mix low volume logistics operation. Further, in October 2011, India's logistic company Atlas Logistics Pvt. Ltd. was acquired, becoming our first-ever overseas consolidated subsidiary and enhancing our international logistics business.

As a result, net sales for the consolidated fiscal year became 121,148 million yen (up 1.1% from the previous fiscal year) due to the expansion of 3PL business and M&A effect. Meanwhile, the operating income was 2,177 million yen (down 48.9%) because of earthquake, etc., and the ordinary income was 1,653 million yen (down 61.5%). Net income exceeded the previous year's net income to reach 2,522 million yen (up 17.8%). This increase was due to profit of 1,951 million yen in income taxes-deferred through the approval obtained from the authorities to adopt the consolidated tax return filing system from the next consolidated fiscal year and the change in income tax rate.

(2) An overview of segments

Operating status of each business segment is as below.

As a result of introducing management approach from this consolidated fiscal year, the reportable segments are "Logistics Business", "Property Management Business" and "Other Business". Among these, the real estate leasing business is separated from the "Logistics Business" till previous consolidated fiscal year. Development, sales and leasing business of the logistic facilities from "Financial Business" are clubbed together and a new "Property Management Business" is established. Further "Human Resource Business," "Marketing Business", "Financial Business excluding real estate" and "Other Business" are integrated to "Other Business."

(Logistic Business)

In logistic business, sales increased from 3 newly consolidated companies namely VL Loginet Co. Ltd., AC System Corporation, which entered into the Group during the period of previous year, and Nippon Record Center Company Limited, which entered into the Group during the period of the current year. In addition, the group also worked to expand the business with 3PL services that came newly on-stream. As a result, net sales were ¥112,698 million (up 5.6% from the previous fiscal year). Meanwhile, due to the earthquake influenced reduction in operating ratio and the operating income was ¥1,265 million (down 28.1%).

(Property Management Business)
Real estate business consists of renting properties held as offices, residential or storage facilities and development and sales of distribution facilities. Since there was no sale of logistics properties during the current consolidated fiscal year, net sales were ¥2,392 million (down 60.7%), with operating income at ¥1,101 million (down 51.3%).

(Other business)
Other Business consists of human resources, environment, marketing etc. Since human resource business did not perform well due to a continued severe employment situation and decrease in demand for personal dispatch service, net sales were ¥6,057 million (down 14.1%), with operating loss at ¥211 million (operating income of previous fiscal year was 141 million yen).

(3) Future prospects
Uncertainty regarding the future economic situation is increasing, especially in the export business, due primarily to prolonged appreciation of the yen and the financial instability in Europe. The employment situation is unlikely to improve and, at the same time, a movement towards tax increase has been observed. With these in consideration, it is not plausible to believe that the economy is in a recovery trend.

To achieve growth during the time of market downturn, such strategies as ensuring a structure to strengthen cost competitiveness and advancing overseas markets become increasingly important. We will strive to expand our business operations, by thoroughly ensuring our low cost operation system, strengthening 3PL business that deliver overall logistics services comprehensively, and enhancing overseas development through aggressive M&A to expand our future business internationally.

In these circumstances, we expect consolidated performance for the year ending December 31, 2012 as follows:

<Consolidated financial forecast for the year ending December 31, 2012>

Net Sales	127 billion yen	(up 4.8% from the previous year)
Operating Income	2.9 billion yen	(up 33.2%)
Ordinary Income	2.4 billion yen	(up 45.2%)
Net Income	1.8 billion yen	(down 28.6%)

2. Analysis of the financial position

(1) Status of assets, liabilities and net assets

(Current Assets)
The balance of current assets in this fiscal year is 39,726 million yen which is 3,827 million yen up compared to the previous fiscal year. This is mainly due to the increase in cash and cash equivalents linked with the increase in short-term borrowings, and the increase in accounts receivable-trade following the increase in the number of our subsidiaries.

(Non-Current Assets)
The balance of fixed assets in this fiscal year is 61,020 million yen which is 511 million yen up compared to the previous fiscal year. This mainly involves the increase in goodwill which came from M&A.

(Current Liabilities)
The balance of current liabilities in this fiscal year is 44,442 million yen which is 6,014 million yen up from the previous fiscal year. This is mainly due to the increase in short-term borrowings and current portion of long-term loans payable.

(Non-Current Liabilities)
The balance of non-current liabilities in this fiscal year is 31,239 million yen which is 4,124 million yen down from the previous fiscal year. This mainly involves the decrease in long-term borrowings and deferred tax liabilities.

(Net Assets)
Due to the increase in retained earnings, net assets in this fiscal year became 25,065 million yen which is 2,448 million yen up from the end of previous fiscal year. The equity ratio improved 1.3 points to 24.5% compared to

23.2% at the end of the previous fiscal year.

(2) Status of cash flow

Cash and cash equivalents (hereinafter called as “cash”) at the end of current fiscal year is 1,829 million yen up compared to the end of previous fiscal year and became 9,212 million yen. The major fluctuating factors of each cash flow are as below.

(Cash flows from Operating Activities)
Cash obtained from the operating activities are 3,711 million yen. This was mainly due to the cash outflows from the corporate tax payment of 1,274 million yen, interest payments of 603 million yen and increased notes and accounts receivables of 1,009 million yen; however, it involved the cash inflows from net income before income taxes of 1,286 million yen, depreciation of 3,567 million yen etc.

(Cash Flows from Investment Activities)
Cash used in investment activities are 3,765 million yen. This was mainly due to cash inflow of 1,498 million yen through sales of tangible and intangible non-current assets, including unused tangible non-current assets; and on the other hand, cash outflows of 2,408 million yen for obtaining tangible and intangible non-current assets such as purchasing of new logistics facilities and vehicle, and cash outflows of 2,888 million yen for the stock acquisition of subsidiaries through M&A, etc.

(Cash Flows from Financial Activities)
Cash obtained from financial activities are 1,884 million yen. This was mainly due to net increase of 1,620 million yen on short-term borrowings, fund procurement of long-term debts of 8,490 million yen, on the other hand, there were cash outflows such as long-term debt repayment of 6,684 million yen, dividend payment of 367 million yen.

(Note)
Cash flow indexes

For the years ended December 31	2007	2008	2009	2010	2011
Equity ratio (%)	18.1	16.8	18.6	23.2	24.5
Equity ratio based on market price (%)	17.2	5.6	6.2	12.3	8.0
Debt repayment term (years)	17.7	9.9	29.8	5.6	13.0
Interest coverage ratio (times)	4.1	8.3	2.4	11.6	6.1

Notes:
Equity ratio: Equity (Shareholders’ equity + Valuation and translation adjustment) / Total assets
Equity ratio based on market price: Market value of total stock / Total assets
Debt repayment term: Interest-bearing debt / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest paid
1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) and the number of shares outstanding at the end of the term (after deduction of treasury stock).
3. Cash flows from operating activities are used in the above calculations.
4. Interest-bearing debt includes all the liabilities recorded in the consolidated balance sheets that incur interest payments.
5. Interest paid is the amount of interest expenses included in the consolidated statements of cash flows.

3. Basic policy on profit distribution and dividends of current and next fiscal year

Our company, regarded the profit distribution to shareholders as one of the most important measures of management, the basic policy of profit sharing included not only building a very strong operational base and improving ROE but it also considered the results and put in its efforts to stable profit returns.

Regarding current year-end dividend, as it was announced on February 15, 2011, we are planning for 3,000 yen per share.

In the next fiscal year, we are planning to pay 30 yen per share. We adopted a unit share system which became effective from January 1, 2012 and 1 share was split into 100 shares. Accordingly, dividend per share unit (100 shares) is 3,000 yen, which will be the same as the current fiscal year.

4. Business risks

We think below are the possibilities of the risks which can affect the business results, stock price and financial conditions of our Group. Our Group intends to put maximum focus on avoiding the risks when the possibility of such risk occurrence is recognized and measures if the risk is occurred.

Future related matters are considered and determined as appropriate by our Group as of the end of this fiscal year.

(1) Risks due to the changes in legal system

We are subject to variety of laws and regulations such as truck transportation business, warehousing, custom clearance, etc. in logistics, and Workers Dispatch Act etc. in human resource operations. Revision, strengthening and change in the interpretations of legal systems related to traffic, labors and environmental measures in response to the changes in social conditions surrounding the market are envisaged. Our group is running the business on the basis of honoring all these laws, however, occurrence of any new imposition or any new changes in business development while supporting them is expected which might affect our group's performance and financial conditions.

(2) Risk of rising oil prices

While running logistic business, usage of fuels such as gasoline and diesel becomes essential. If the fuel price increases by the global rise in oil prices, cost increase becomes an affecting factor. The group is making the budget, while watching the market movements, which incorporates price fluctuations to some extent; however, if the prices rise more than the expectations and if the surplus amount of cost increase can not be passed onto the fare, it may affect our group's performance and financial conditions.

(3) Risk of personal information

In the business which our group is handling, we manage a large amount of information concerning our clients, including personal information. We strive to maintain appropriate management of information concerning clients and also personal information by establishing Code of Corporate Ethics and Personal Information Management Rules. However, there is a possibility that such client information might be inadvertently leaked or lost, which may affect our group's performance and financial conditions.

(4) Risks related to the fluctuation of interest rates

Our group is working in the implementation of M&A as the key growth strategies and in the development of the logistic facilities for 3PL business development. We mainly rely on borrowings from financial institutions for the necessary funding. While proceeding with the repayment by liquidation of logistic facilities and operating cash flows on one hand, we have also taken measures such as fixing the interest rates for interest-bearing debts; however, movements in monetary policies may affect our group's performance and financial conditions.

(5) Risks related to concentration of our business in a particular geographical area

Industries and consumption activities are concentrated in the metropolitan area as the center of the Japanese economy. Accordingly, this is an attractive area for logistics activities as a large-scale market and is also a critically important point of contact for both domestic and international logistics operations. Since it is our Group's business strategy to benefit from this robust logistics demand, a large portion of our logistics business bases are inevitably located in the metropolitan area. In the case that situations such as large-scale disasters arise in the metropolitan area, there is a possibility that cargo owners and/or facilities of our group might be damaged, transportation might be cut off and cause chaos, and lifelines, such as electricity, gas, and water, might also be cut off, resulting in failure of business continuity, which may affect our group's performance and financial conditions.

(6) Risks related to property management business

Our group develops and sells logistics facilities as part of our property management business. Development of new logistics facilities only proceeds on the condition that clients will be secured who will use the facilities regardless of whether on a lease or a sale basis, and its construction starts only once the leasees or buyers have been confirmed and details of such information as purposes, specifications, lease fees and lease period has been determined. However, there is a possibility that sales and/or profits might be earned only during a limited period or might be delayed depending on timing of orders received, size and specification of the facilities, and timing of completion and sale, which may affect our group's performance and financial conditions.

(7) Risks related to disasters

The core operations of our group's business consist of transportation by trucks and running distribution center operations. In the case that situations such as large-scale disasters arise in the metropolitan area, there is a possibility that cargo owners and/or facilities of our group might be damaged, transportation might be cut off and cause chaos, and lifeline, such as electricity, gas, and water, might also be cut off, resulting in failure of business continuity, which may affect our group's performance and financial conditions.

(8) Risks related to serious accidents

The core business of our group includes transportation mainly by truck of goods and products of our clients. Therefore, in the case of serious accidents which occurred during our operations and involved death of several people, there is a possibility that such victims might start a lawsuit against us, trust from our clients and our credibility in the society might suffer, and administrative disposition might be imposed on us, such as suspension of use of vehicles or business operations, which may affect our group's performance and financial conditions.

(9) Risks related to information system failure

Our group widely relies on computers and system networks, ranging from operation systems for information management of clients' cargos, storage management and custom clearance, to internal administration systems, such as accounting, and personnel and payroll systems. In the case of system failures for such reasons as technical malfunction, virus infections, hacking or natural disasters, there is a possibility that provision of services to clients and trading partners might be suspended, a delay or confusion might occur in the operational processes, which may affect our group's performance and financial conditions.

(10) Risks related to M&A

Our group carries out M&A, capital participations and capital tie-ups as part of our business strategy to expand our existing business or advance to a new business field. There is a possibility that progress of the business plan after concluding acquisitions or tie-ups might be substantially delayed as compared to initially expected, which may affect our group's performance and financial conditions.

(11) Risks related to international development

Our group actively develops initiatives to advance our business overseas in order to maintain our future growth. There is a possibility that such initiatives might be affected by changes or stagnation in the economic situation of the region concerned, fluctuation of exchange rates, social confusion triggered by changes to political or legal systems, and the occurrence of terrorist activities, wars, epidemics or any other reasons, which may affect our group's performance and financial conditions.

II. Business Group

Our group operates logistics, property management and other businesses with our company as a pure holding company, in mutual and close cooperation with the 27 consolidated subsidiaries of our company. The business areas and their related companies are illustrated as follows in relation with the "reporting segments". The following includes non-consolidated subsidiaries, which are denoted by an asterisk (*)

Client

Logistics Business	Property Management Business	Other Business
Truck freight, rail freight, low temperature distribution, international logistics, distribution center operations, distributive processing, express delivery for companies, home deliveries and 3PL businesses that are commissioned for all of these inclusively, logistics consulting, and related businesses	Renting of facilities for use as offices, residences, or storage, as well as development and sales of logistics facilities	Human resources, environmental, and marketing businesses
Subsidiaries: TL LOGICOM Co., Ltd Nihon Kamotsu Kyuso Co., Ltd. Nippon Record Center Co., Ltd TL Transport Co., Ltd. Izu Express Trucking Inc. AC System Corporation TL Service Co., Ltd. Foods Lec Co., Ltd. Hokkaido Lec Co., Ltd. Tohoku Wing Co., Ltd. Wing Transport Co., Ltd. Chubu Lec Co., Ltd. Kansai Ryutsu System Co., Ltd. Kyushu Lec Co., ltd. Zentsu Co., Ltd Ibaraki Zentsu Co., Ltd.* SBS Logitem Co., Ltd. Sogo Butsuryu System Co., Ltd. SBS Finance Co., Ltd. **Overseas subsidiaries:** Atlas Logistics Pvt. Ltd. TL LOGICOM (Shanghai) Co., Ltd.*	**Subsidiaries:** TL LOGICOM Co., Ltd. A-MAX Co., Ltd L-MAX Co., Ltd. T-Assets Co., Ltd. Shinbashi Capital Limited	**Subsidiaries:** SBS Staff Co., Ltd. Sogo Butsuryu System Co., Ltd. SBS Finance Co., Ltd. Marketing Partner Co., Ltd. Forward Inc. PAM Co., Ltd. PEACE Inc.* R-Stone Co., Ltd.*

SBS Holdings, Inc.

III. Management Policy

1. Basic management policy of the company

Our group's main business area is logistics, which ties all kinds of industries and is an essential infrastructure for the economic activities.

With this knowledge, our group is exhibiting total strength, professional ability, and resolution power as a "3PL company group having logistic functions in all the directions". We will support customers' all the corporate activities such as production and sales from the backend.

We, while performing this logistic business which is closely related to the society, do understand the importance of corporate social responsibility and are sincerely involved in the CSR management with safety, environment and social contribution. We will continue to contribute affluent society by putting in efforts to increase corporate and shareholder value.

2. Targeted management indexes

Our group is aiming to stably maintain the two indexes as below:

(1) Returns on equity (ROE)：more than 15%

(2) Ratio of ordinary income to sales：more than 3%

We are considering, returns on equity as an index to determine shareholder value and ratio of ordinary income to sales as an index to determine the necessary profit supporting the stable growth and thus both as appropriate indexes.

3. Medium and long-term management strategy of the company

Domestic demand for logistic tends to shrink due to the factors like low birthrate and aging population, global competition, overseas relocation of production bases etc. On the other hand, in the logistic industry, approximately 60,000 companies, this is a sudden increase due to the deregulations, are betting their survivals and competing on quality improvement and cost reduction issues and are showing the signs of cut-throat competition.

Under such tough environment, it is important to expand the scale and to pursue the logistic expertise within the companies to knock out and survive in the competition and to sustain the growth. To achieve this, the group is promoting 3 strategies such as business, investment and overseas, and the development of a group management structure that can support the strategies and thereby aiming further to the "3PL Group of companies having logistic functions in all the directions".

(1) Business Strategy

We will dedicate our total strength in the expansion of 3PL business which entrusts company's logistic functions comprehensively and thus aim to be the top group in this industry. We would like to strengthen the competitiveness of 3PL business by putting our efforts not only in the development of logistic functions according to the types of business sectors and merchandise but also in establishing the development of logistic facilities and low cost operation system. Food Logistic, which is our group's area of specialty, is engaged in increasing market share furthermore as it is positioned as a base business generating stable cash flow. Additionally, we would like to actively promote the growth strategy leveraging M&A to expand scale and ensure and accelerate good customer base.

(2) Investment Strategy

We will make investments with the aim to achieve financial soundness. In order to maintain the growth under the expected shrinking domestic market, aggressive M&A and full-fledged penetration in overseas markets is an essential factor. We are concern about the temporary deteriorating financial position as substantial funds are necessary for the development of large-scale logistic facilities required for the expansion of 3PL business. Therefore, our group, initially, is going to invest funds by with a careful selection of M&A, where synergies can be expected both in business scale and in profitability. We will also effectively allocate our financial resources, working on facility development in non-asset form.

(3) International Strategy

Staring at the decline in the demand for domestic logistic, we will undertake a full-fledged overseas development seeking new markets. The target is countries in East Asia such as China, ASEAN countries, India where the market is growing. In case of China, we would like to strengthen the base in Shanghai and target the expansion towards Japanese companies and domestic logistic within China. Meanwhile, in case of the emerging countries like India, where there is further development expected in future, we will focus on finding partner companies keeping M&A also in the vision.

(4) Development of Group Management Structure

We are working on improving the management of personnel and vehicles; construct low cost operation system in order not to succumb to the cost down pressure. We will plan eradication by enforcing the basic measures of unprofitable business. We also work on environmental improvement in order to extract group synergies. We would like to start building group business infrastructure which would support the growth by taking various measures such as strengthening accounting system, upgrading information infrastructure, unifying training systems etc.

4. Company issues to be addressed

Our group understands the importance of effective check functions in order to overcome the uncertain economic environment and fierce competition among the companies. In other words, accelerate the decision-making power in order to invest the necessary business resources in a timely and appropriate manner and also strive to make responsibilities and authorities of operational performance more transparent. We will work to establish a system to prevent the manifestation of the problems by strengthening internal controls and also by ensuring the compliance thoroughness and risk management.

On the other hand, logistic personnel, to promote 3PL business and global human resources equipped with overseas deployment are essential factors to maintain the growth. We are working on nurturing the talented personnel by upgrading the personnel system and enhancement of educational system. In addition to this, we are putting our efforts in creating an environment by participation in the management and introduce Employees Stock Ownership Plan (ESOP) or stock option system with the aim of uplifting the morale, which can give job satisfaction, pride and salt to life of every employee.

Moreover, to fulfill the social responsibilities as a logistic company we are actively engaged in safety measures such as ensuring work safety and avoiding traffic accidents, and environmental protection through promotion of eco-driving and reduction of environmental impacts from vehicles and facilities etc. We are promoting CSR management steadily in order to become a corporate group which can meet the requests from the society without fail.

IV. Consolidated Financial Statement

1. Consolidated Balance Sheets

(Thousands of yen)

	FY 2010 (As of December 31, 2010)	FY 2011 (As of December 31, 2011)
ASSETS		
Current assets		
Cash and deposits	7,418,624	9,218,561
Notes and accounts receivable-trade	15,128,171	16,263,214
Lease receivables and investment assets	2,518,070	2,947,258
Short-term investment securities	300,686	300,717
Inventories	7,810,137	7,713,665
Deferred tax assets	337,105	579,374
Other	2,435,445	2,769,614
Allowance for doubtful accounts	(49,352)	(65,899)
Total current assets	35,898,890	39,726,505
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	33,369,955	34,123,724
Accumulated depreciation and impairment loss	(19,573,076)	(20,651,495)
Buildings and structures, net	13,796,878	13,472,229
Machinery, equipment and vehicles	16,830,584	16,475,242
Accumulated depreciation and impairment loss	(14,104,749)	(13,998,062)
Machinery, equipment and vehicles, net	2,725,834	2,477,180
Land	32,984,319	32,807,119
Lease assets	5,179,368	4,925,198
Accumulated depreciation and impairment loss	(1,973,564)	(2,240,601)
Lease assets, net	3,205,804	2,684,597
Other	1,906,048	3,308,727
Accumulated depreciation and impairment loss	(1,537,505)	(2,449,350)
Other, net	368,543	859,376
Total property, plant and equipment	53,081,381	52,300,501
Intangible assets		
Software	395,631	498,182
Goodwill	—	1,523,758
Other	887,346	314,102
Total noncurrent assets	1,282,978	2,336,043
Investments and other assets		
Investment securities	2,530,186	2,407,173
Long-term loans receivable	607,217	530,603
Deferred tax assets	186,400	132,254
Guarantee deposits	2,205,574	2,704,190
Other	703,777	914,508
Allowance for doubtful accounts	(87,910)	(304,527)
Total investments and other assets	6,145,246	6,384,203
Total noncurrent assets	60,509,606	61,020,749
Total assets	96,408,496	100,747,254

(Thousands of yen)

	FY 2010 (As of December 31, 2010)	FY 2011 (As of December 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7,002,890	7,601,232
Short-term loans payable	17,670,000	19,695,899
Current portion of long-term loans payable	5,690,617	9,490,869
Current portion of bonds	256,000	256,000
Accounts payable-other	416,812	731,181
Accrued expenses	3,076,232	3,069,597
Lease obligations	1,208,900	944,219
Income taxes payable	825,842	381,822
Accrued consumption taxes	674,608	440,458
Provision for bonuses	580,718	638,219
Other	1,024,755	1,192,633
Total current liabilities	38,427,376	44,442,134
Noncurrent liabilities		
Bonds payable	1,686,000	1,430,000
Long-term loans payable	19,403,194	17,436,578
Long-term guarantee deposited	1,493,854	1,719,213
Lease obligations	2,975,408	2,352,924
Provision for retirement benefits	3,597,915	3,577,229
Provision for directors' retirement benefits	107,450	113,230
Deferred tax liabilities	5,793,535	3,938,509
Other	307,144	672,093
Total noncurrent liabilities	35,364,502	31,239,778
Total liabilities	73,791,879	75,681,912
NET ASSETS		
Shareholders' equity		
Capital stock	3,833,934	3,833,934
Capital surplus	5,418,063	5,418,063
Retained earnings	14,100,121	16,235,458
Treasury stock	(765,058)	(658,985)
Total shareholders' equity	22,587,060	24,828,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(97,632)	(69,114)
Deferred gains or losses on hedges	(145,073)	(76,929)
Total accumulated other comprehensive income	(242,706)	(146,043)
Subscription rights to shares	3,152	14,949
Minority interests	269,111	367,965
Total net assets	22,616,617	25,065,341
Total liabilities, net assets	96,408,496	100,747,254

2. Consolidated Statements of Operations

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011)
Net sales	119,824,045	121,148,126
Cost of sales	107,392,638	109,894,451
Gross profit	12,431,406	11,253,674
Selling, general and administrative expenses	8,168,534	9,075,814
Operating income	4,262,871	2,177,860
Non-operating income		
Interest income	22,316	10,939
Dividends income	93,874	61,381
Commission fee	27,841	25,849
Amortization of negative goodwill	556,602	—
Other	112,028	76,000
Total non-operating income	812,663	174,171
Non-operating expenses		
Interest expenses	667,408	602,730
Bond issuance cost	14,445	—
Financial charges	19,531	19,319
Other	82,385	76,154
Total non-operating expenses	783,770	698,204
Ordinary income	4,291,764	1,653,826
Extraordinary income		
Gain on sales of noncurrent assets	399,929	582,999
Gain on sales of investment securities	4,512	100,550
Subsidy income	65,680	—
Other	128,735	36,516
Total extraordinary income	598,857	720,066
Extraordinary loss		
Loss on sales of noncurrent assets	23,471	99,971
Loss on retirement of noncurrent assets	86,933	23,778
Loss on valuation of investment securities	557,070	232,772
Loss on cancellation of leasehold contracts	32,197	—
Impairment loss	52,604	58,633
Loss on adjustment for changes of accounting standard for retirement obligations	—	379,557
Loss on disaster	—	198,324
Other	169,389	94,518
Total extraordinary loss	921,666	1,087,557
Total net income (loss)	3,968,955	1,286,335
Income taxes-current	1,511,368	709,952
Income taxes-deferred	246,120	(1,951,347)
Total income taxes	1,757,488	(1,241,394)
Income before minority interests (loss)	—	2,527,729
Minority interests in income	70,696	5,334
Net income	2,140,769	2,522,394

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011)
Income before minority interests	—	2,527,729
Other comprehensive income		
Valuation difference on available-for-sale securities	—	30,375
Deferred gains or losses on hedges	—	68,144
Total other comprehensive income	—	98,520
Comprehensive income	—	2,626,249
Breakdown		
Comprehensive income attributable to owners of the parent	—	2,619,058
Comprehensive income attributable to minority interests	—	7,191

3. Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011
Shareholders' equity		
Capital stock		
Balance as of December 31, 2010	3,833,934	3,833,934
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of December 31, 2011	3,833,934	3,833,934
Capital surplus		
Balance as of December 31, 2010	5,418,063	5,418,063
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of December 31, 2011	5,418,063	5,418,063
Retained earnings		
Balance as of December 31, 2010	12,242,920	14,100,121
Changes of items during the period		
Dividends from surplus	(281,055)	(367,320)
Net income	2,140,769	2,522,394
Disposal of treasury stock	(2,512)	(19,737)
Total changes of items during the period	1,857,200	2,135,337
Balance as of December 31, 2011	14,100,121	16,235,458
Treasury stock		
Balance as of December 31, 2010	(787,516)	(765,058)
Changes of items during the period		
Disposal of treasury stock	22,458	106,072
Total changes of items during the period	22,458	106,072
Balance as of December 31, 2011	(765,058)	(658,985)
Total shareholders' equity		
Balance as of December 31, 2010	20,707,401	22,587,060
Changes of items during the period		
Dividends from surplus	(281,055)	(367,320)
Net income	2,140,769	2,522,394
Disposal of treasury stock	19,945	86,335
Total changes of items during the period	1,879,659	2,241,409
Balance as of December 31, 2011	22,587,060	24,828,470

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance as of December 31, 2010	(624,359)	(97,632)
Changes of items during the period		
Net changes of items other than shareholders' equity	526,726	28,518
Total changes of items during the period	526,726	28,518
Balance as of December 31, 2011	(97,632)	(69,114)
Deferred gains or losses on hedges		
Balance as of December 31, 2010	(176,350)	(145,073)
Changes of items during the period		
Net changes of items other than shareholders' equity	31,276	68,144
Total changes of items during the period	31,276	68,144
Balance as of December 31, 2011	(145,073)	(76,929)
Total accumulated other comprehensive income		
Balance as of December 31, 2010	(800,710)	(242,706)
Changes of items during the period		
Net changes of items other than shareholders' equity	558,003	96,663
Total changes of items during the period	558,003	96,663
Balance as of December 31, 2011	(242,706)	(146,043)
Subscription rights to shares		
Balance as of December 31, 2010	3,152	3,152
Changes of items during the period		
Net changes of items other than shareholders' equity	—	11,796
Total changes of items during the period	—	11,796
Balance as of December 31, 2011	3,152	14,949
Minority interests		
Balance as of December 31, 2010	328,262	269,111
Changes of items during the period		
Net changes of items other than shareholders' equity	(59,150)	98,854
Total changes of items during the period	(59,150)	98,854
Balance as of December 31, 2011	269,111	367,965
Total net assets		
Balance as of December 31, 2010	20,238,105	22,616,617
Changes of items during the period		
Dividends from surplus	(281,055)	(367,320)
Net income	2,140,769	2,522,394
Disposal of treasury stock	19,945	86,335
Net changes of items other than shareholders' equity	498,852	207,314
Total changes of items during the period	2,378,511	2,448,724
Balance as of December 31, 2011	22,616,617	25,065,341

4. Consolidated Statements of Cash Flows

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011)
Net cash provided by (used in) operating activities		
Total net income (loss)	3,968,955	1,286,335
Depreciation	3,799,902	3,567,160
Impairment loss	52,604	58,633
Amortization of negative goodwill	(556,602)	—
Amortization of goodwill	—	319,671
Increase (decrease) in allowance for doubtful accounts	(351,189)	195,730
Increase (decrease) in provision for bonuses	(19,646)	(14,142)
Increase (decrease) in provision for retirement benefits	(211,272)	(51,024)
Interest and dividends income	(116,190)	(72,320)
Interest expenses	667,408	602,730
Equity in (earnings) losses of affiliates	198	9
Bond issuance cost	14,445	—
Loss (gain) on valuation of investment securities	557,070	232,772
Loss (gain) on sales of investment securities	10,552	(97,431)
Loss (gain) on sales of property, plant and equipment and intangible assets	(376,457)	(483,028)
Loss on retirement of property, plant and equipment and intangible assets	86,933	23,778
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	379,557
Decrease (increase) in notes and accounts receivable-trade	(114,201)	(1,009,105)
Decrease (increase) in inventories	2,247,306	7,411
Decrease (increase) in other current assets	990,372	92,175
Increase (decrease) in notes and accounts payable-trade	(19,983)	257,912
Increase (decrease) in other current liabilities	(787,884)	(59,543)
Increase (decrease) in accrued consumption taxes	231,941	(248,549)
Increase (decrease) in other noncurrent liabilities	2,226	231,087
Other	114,620	299,791
Subtotal	10,191,109	5,519,610
Interest and dividends income received	115,710	70,914
Interest expenses paid	(685,931)	(603,614)
Income taxes paid	(1,681,573)	(1,274,958)
Net cash provided by (used in) operating activities	7,939,315	3,711,952

(Thousands of yen)

	FY 2010 (Fiscal year ended December 31, 2010)	FY 2011 (Fiscal year ended December 31, 2011)
Net cash provided by (used in) investing activities		
Payments into time deposits	(29,000)	(24,000)
Proceeds from withdrawal of time deposits	30,000	54,000
Purchase of property, plant and equipment and intangible assets	(1,576,921)	(2,408,248)
Proceeds from sales of property, plant and equipment and intangible assets	5,130,594	1,498,987
Purchase of short-term investment securities	(599,550)	(299,880)
Proceeds from redemption of securities	609,842	300,000
Purchase of investment securities	(59,014)	(40,046)
Proceeds from sales of investment securities	128,397	130,155
Purchase of investments in subsidiaries	(60,000)	(2,184)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(736,673)	(2,888,577)
Payments of loans receivable	(8,137)	(10,433)
Collection of loans receivable	99,731	98,690
Payments for guarantee deposits	(451,436)	(444,875)
Proceeds from collection of guarantee deposits	362,079	308,188
Other	219,280	(37,538)
Net cash provided by (used in) investing activities	3,059,192	(3,765,762)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8,330,000)	1,620,000
Repayments of lease obligations	(1,111,952)	(998,696)
Proceeds from long-term loans payable	4,541,000	8,490,000
Repayment of long-term loans payable	(9,088,147)	(6,684,014)
Proceeds from issuance of bonds	585,554	—
Redemption of bonds	(328,000)	(256,000)
Proceeds from sales of treasury stock	19,840	85,881
Cash dividends paid	(281,055)	(367,320)
Cash dividends paid to minority shareholders	(1,113)	(5,070)
Other	(77,220)	(780)
Net cash provided by (used in) financing activities	(14,071,094)	1,884,000
Effect of exchange rate change on cash and cash equivalents	25	(253)
Net increase (decrease) in cash and cash equivalents	(3,072,561)	1,829,936
Cash and cash equivalents at the beginning of period	10,455,186	7,382,624
Cash and cash equivalents at the end of period	7,382,624	9,212,561

V. Segment Information etc

a. Information on the business segments
Previous consolidated fiscal year (January 1, 2010 – December 31, 2010)

(Thousands of yen)

	Logistics Business	Marketing Business	Human Resource Business	Financial Business	Other Business	Total (Thousand)	Elimination or Corporate Total	Consolidated
I. Net sales and operating income Net sales (1) Sales to external customers	107,655,953	1,880,209	4,303,890	5,348,145	635,845	119,824,045	–	119,824,045
(2) Inter-segment sales or transfers	226,198	232,936	196,828	1,404,103	48,888	2,108,955	(2,108,955)	–
Total	107,882,152	2,113,146	4,500,719	6,752,248	684,734	121,933,001	(2,108,955)	119,824,045
Operating expenses	104,995,732	2,070,400	4,480,335	5,552,963	699,437	117,798,868	(2,237,695)	115,561,173
Operating income or loss (-)	2,886,420	42,745	20,384	1,199,285	(14,702)	4,134,132	128,739	4,262,871
II. Assets, depreciation and amortization, capital expenditure and impairment loss								
Assets	80,277,011	806,630	1,031,372	13,948,226	944,365	97,007,606	(599,109)	96,408,496
Depreciation and Amortization	3,356,739	3,528	38,478	283,627	67,975	3,750,350	49,552	3,799,902
Impairment loss	52,604	–	–	–	–	52,604	–	52,604
Capital expenditure	1,576,638	2,402	42,911	6,847	13,432	1,642,232	124,805	1,767,038

Notes:
1. Business segment has been classified in term of similarity in nature and the way of delivery of services.
2. Main services of each business segment are as follows;
   (1) Logistics Business: Total logistic business (general logistics, international logistics, forwarding, special transportation, in-door logistics, etc); food logistics (three-temperature logistics, home delivery); specialized logistics (same-day delivery)
   (2) Marketing Business: Mailing service with parcel network (parcel delivery including catalog); marketing; advertising production and agent; mail order services
   (3) Human Resources Business: Personnel dispatch service; fee-based placement service
   (4) Financial Business: Asset management and development of logistics facilities; leasing and sales of vehicle, fuel, tires, etc.; insurance agency
   (5) Other Business: Information services (development and maintenance of logistics information system including WMS); environmental service (waste management, product recycle series, act.)
3. Unallocated operating expenses included in Eliminations and Corporate amounted to ¥1,574,610 thousand. This consisted mainly of managerial expenses from the parent company.

4. Corporate assets included in Eliminations and Corporate totaled ¥15,234,220 thousand. This consisted mainly of assets related to surplus operating funds (cash and deposits), long-term investment funds (investment securities) and general and managerial division from the parent company.

b. Segment Information by Location
Previous consolidated fiscal year (January 1, 2010 – December 31, 2010)

Since there are no consolidated subsidiaries or external branches in countries or regions outside of Japan, nothing applies to this category.

c. Overseas Sales
Previous consolidated fiscal year (January 1, 2010 – December 31, 2010)

Because total overseas sales came to less than 10% of consolidated net sales, this description has been omitted.

d. Segment Information

Current consolidated fiscal year (January 1, 2011 – December 31, 2011)

1. Overview of Reporting Segments

Separate financial segments can be acquired for component units of our company group reporting segments, and the board of directors periodically considers them to evaluate results and determine division of management resources.

The SBS Group is affiliated with SBS Holdings which is a pure holdings company, with each company operating independently to formulate strategies and carry out operating activities, but for core business of the SBS Group, our company performs overall management.

Based on these reasons, the SBS Group splits reporting segments into “logistics business”, “property management business” and “other business”.

“Logistics business” includes truck freight, rail freight, low temperature distribution, international logistics, distribution center operations, distributive processing, and express delivery for companies, home deliveries, 3PL businesses that are commissioned for all of these inclusively, logistics consulting, and related businesses.

“Property management business” includes the renting of facilities for use as offices, residences, or storage, as well as development and sales of logistics facilities.

“Other business” includes human resources, environmental, and marketing businesses.

2. Calculation method of net sales, income or loss, assets, liabilities and other items of reporting segments

The accounting method for reporting segments is generally identical to the method included in the “Significant Accounting Policies as Bases for the Preparation of Consolidated Financial Statements”.

Reporting segment income consists of figures based on operating income. Inter-segment sales and transfers are reported based on market prices.

3. Information Concerning Net Sales and Profits and Losses for Reporting Segments

Previous consolidated fiscal year (January 1, 2010 – December 31, 2010)

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Financial Statements Amount *2
	Logistics Business	Property Management Business	Other Business	Total		
Net sales						
Sales to external customers	106,684,968	6,084,544	7,054,533	119,824,045	-	119,824,045
Inter-segment sales or transfers	317,960	318,289	476,722	1,112,971	(1,112,971)	-
Total	107,002,928	6,402,833	7,531,255	120,937,017	(1,112,971)	119,824,045
Segment income	1,761,129	2,262,248	141,002	4,164,380	98,491	4,262,871
Segment assets	60,770,105	30,565,062	2,919,347	94,254,515	2,153,980	96,408,496
Other items						
Depreciation and amortization	2,945,671	615,244	111,145	3,672,061	127,841	3,799,902
Impairment loss on fixed assets	52,604	-	-	52,604	-	52,604
Increase in property, plant and equipment and intangible assets	1,345,423	1,988,136	60,017	3,393,577	(1,626,539)	1,767,038

(Note)

1. Details of Adjustment Amount are as follows:
   (1) The adjustment amount for segment income is ¥11,297 thousand in trading between segments and from ¥87,193 thousand not allocated to reporting segments by the parent company (company releasing the quarterly financial statement).
   (2) The adjustment amount for segment assets is -¥12,256,543 thousand in trading between segments and ¥14,410,524 thousand from the entire Group which is not allocated to reporting segments. These Group-wide assets comprise mainly idle money invested by the parent company (cash and deposits) and the assets held by the administrative departments.
   (3) The adjustment amount for Increase in property, plant and equipment and intangible assets is -¥1,753,353 thousand in trading between segments and from ¥126,814 thousand from the entire Group which is not allocated to reporting segments.
2. Segment income is adjusted with operating income, as recorded in consolidated financial statements.

Current consolidated fiscal year (January 1, 2011 – December 31, 2011)

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Financial Statements Amount *2
	Logistics Business	Property Management Business	Other Business	Total		
Net sales						
Sales to external customers	112,698,256	2,392,802	6,057,068	121,148,126	-	121,148,126
Inter-segment sales or transfers	328,718	20,392	483,579	832,689	(832,689)	-
Total	113,026,974	2,413,194	6,540,647	121,980,815	(832,689)	121,148,126
Segment income	1,265,523	1,101,110	(211,856)	2,154,777	23,082	2,177,860
Segment assets	64,226,079	31,233,628	2,582,118	98,041,827	2,705,427	100,747,254
Other items						
Depreciation and amortization	2,859,717	487,804	87,474	3,434,997	132,163	3,567,160
Impairment loss on fixed assets	40,580	-	18,053	58,633	-	58,633
Increase in property, plant and equipment and intangible assets	2,604,901	1,798,265	11,755	4,414,922	(1,576,779)	2,838,143

(Note)

1. Details of Adjustment Amount are as follows:
   (1) The adjustment amount for segment income (loss) is ¥24,187 thousand in trading between segments and from -¥1,104 thousand not allocated to reporting segments by the parent company (company releasing the quarterly financial statement).
   (2) The adjustment amount for segment assets is -¥12,883,387 thousand in trading between segments and from ¥15,588,814 thousand from the entire Group which is not allocated to reporting segments. These Group-wide assets comprise mainly idle money invested by the parent company (cash and deposits) and the assets held by the administrative departments.
   (3) The adjustment amount for Increase in property, plant and equipment and intangible assets is -¥1,689,279 thousand in trading between segments and from ¥112,500 thousand from the entire Group which is not allocated to reporting segments.
2. Segment income (loss) is adjusted with operating income, as recorded in consolidated financial statements.

(Additional Information)

As of this consolidated fiscal year, we are applying “Accounting Standards for Displaying Segment Information, etc.” (Corporate Accounting Standards vol. 17, March 27, 2009) and “Application Guideline for Accounting Standards for Displaying Segment Information” (Corporate Accounting Standards Application Guideline vol. 20, March 21, 2008).