

Consolidated Financial Results Announcement for the Three Months Ended March 31, 2012

Company name: SBS Holdings, Inc.
 Stock exchange listing: JASDAQ
 Stock code: 2384
 URL: <http://www.sbs-group.co.jp/>
 Representative: Masahiko Kamata, President
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 Preparation of supplementary references regarding quarterly results: No
 Holding the briefing of quarterly results: No
 Date for commencement of dividend payments (planned): —

1. Consolidated Financial Results for the Three Months Ended March 31, 2012 (from January 1, 2012 to March 31, 2012)

(Figures are rounded to the nearest one million yen.)

(1) Consolidated business results (Percentages show change in value from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 Months Ended March 31, 2012	30,979	12.7	530	-	691	—	563	—
3 Months Ended March 31, 2011	27,489	1.4	39	(94.1)	(55)	—	(552)	—

	Net income per share	Diluted net income per share
	Yen	Yen
3 Months Ended March 31, 2012	45,58	—
3 Months Ended March 31, 2011	(45,12)	—

(Note) Effective January 1, 2012, a 100:1 share split of our common stock was completed. Quarterly net income per share for the first quarter of the term ended December, 2011 was calculated on the assumption that the stock split was carried out in the beginning of the previous consolidated fiscal period.

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3 Months Ended March 31, 2012	103,351	26,248	25.0
FY2011	100,747	25,065	24.5

(Reference) Shareholders' equity

3 Months Ended March 31, 2012: 25,872 million yen; FY2011: 24,682 million yen

2. Dividend Status

(Base date)	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
FY2011	—	0.00	—	3,000.00	3,000.00
FY2012	—				
FY2012 (forecast)		0.00	—	30.00	30.00

(Note) Corrections regarding current dividend forecasts: None

Effective January 1, 2012, a 100:1 share split of our common stock was completed. The dividend per share (forecast) for FY2012 will be at the same level of FY2011 in consideration of 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 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	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) Corrections regarding current consolidated forecast figures: None

4. Others

(1) Important changes of subsidiaries during the term: None
New: None
Eliminated: None

(2) Application of accounting principles and procedures specific in preparation of consolidated quarterly financial statements: No

(3) Changes in accounting principles and procedures and changes and restatements in accounting estimates
1) Changes in accounting principles accompanying revisions in accounting standards, etc: Yes
2) Change other than 1): No
3) Changes in accounting estimates: No
4) Restatements: No

(Note) For more details, please refer to "2. Summary Information (Others) related Issue (3) Changes in Accounting Principles and Procedures and Changes and Restatements in Accounting Estimates" on page 3 in the attachment.

(4) Number of shares issued (common stock)

1) Number of shares issued at end of term (including treasury stock)

3 Months Ended Mar 31, 2012: 13,068,400 shares

FY2011: 13,068,400 shares

2) Number of treasury stock at end of term

3 Months Ended Mar 31, 2012: 669,700 shares

FY2011: 710,100 shares

3) Average number of outstanding shares during the period (Accumulative figures for quarter)

3 Months Ended Mar 31, 2012: 12,374,323 shares

3 Months Ended Mar 31, 2011: 12,254,068 shares

*Presentation of the implementation status of quarterly review procedures

The consolidated financial results under review are exempted from the quarterly review procedures under the Financial Instruments and Exchange Act, and quarterly review procedures under the Financial Instruments and Exchange Act are implemented at the time of the release of this consolidated financial results announcement.

*Instruction on a proper use of financial forecasts and other special instructions

1. Effective January 1, 2012, a 100 for 1 stock split was executed for our common stocks.

2. Forecasts on our future business performance contained in this document are based on information currently available to the company and on certain assumptions deemed reasonable, and actual results may differ significantly due to a variety of factors. For assumptions used for financial forecasts and cautions in using these forecasts, please refer to "3. Consolidated Performance Forecast" on page 4.

I. Business Performance

1. Analysis of Operations

In the first quarter, the Japanese economy was showing signs of recovery following factors including a correction of the prolonged yen appreciation, a rebound in stock prices, and a gradual recovery of individual consumption. However, factors including rising oil prices, an electric rate hike, fear for power supply shortages, and an unsettled political situation have kept the future of the economy uncertain. In the logistics business, the impact on cargo movements and transportation caused by the Great East Japan Earthquake was almost eliminated, and the amount of cargo has risen in certain sectors including the food industry following a recovery of individual consumption. On the other hand, securing of profits became more challenging due to factors including a rise in fuel prices, customers suppressing cargo costs, and fierce competition.

Within this climate, the SBS Group focused on enhancing our business, investment, and overseas strategies essential to grow into a 3PL business group with the logistics function in all directions.

In business strategy, our Group strove to strengthen our 3PL business and to review and improve less profitable businesses. For our investment strategy, we began a construction of a 10,000-tsubo (app. 33,000 square meters) new center in Noda City, Chiba as our new base for our 3PL business, and it is planned to open in October. For our international strategy, our Group began preparation for a full overseas expansion with activities including enhancement of our Group's bases by utilizing overseas bases held by our subsidiary, Atlas Logistics Pvt. Ltd., in South Eastern Asia and training of overseas personnel.

As a result, net sales for the first quarter of the consolidated period increased to ¥30,979 million (up 12.7% from the previous corresponding period) due to a steady performance in cargo movement in food related industries, an increase in the number of group companies following the M&A completed in the previous fiscal year, and the expansion of our 3PL business.

Operating income was ¥530 million (the previous corresponding period marked an operating income of ¥39 million) due to an increase in net sales and improvements of unprofitable businesses. Ordinary income was ¥691 million (the previous corresponding period marked a loss of ¥55 million), including ¥320 million of equity in earnings of affiliates, Zero Co., Ltd., which had become our Membership Company during this period under review, was recorded in non-operating income for this period.

Net income for the first quarter of the consolidated period was ¥563 million (the previous corresponding period marked a net loss of ¥552 million). This is due to a decrease in corporate income taxes paid resulting from the consolidated tax system introduced in this consolidated fiscal period, in addition to no extraordinary losses such as loss on disaster or loss on adjustment for changes of accounting standard for asset retirement obligations as recorded in the previous corresponding period.

Financial results by segment are as follows.

(Logistics Business)

For our logistics business, in addition to elimination of the impact on cargo movement by the Great East Japan Earthquake and an inclusion of business results of Nippon Record Center Company and Atlas Logistics Pvt. Ltd. to our financial statements, factors including active cargo movement in the food related industries in the first quarter of the consolidated period led to a steady performance. As a result, net sales increased to ¥28,810 million (up 13.9% from the previous corresponding period).

Operating income was ¥187 million (the previous corresponding period marked an operating loss of ¥252 million). This is due to factors including an increase in net sales and improvements of unprofitable businesses, and additionally, from elimination of impacts from the earthquake and of costs for launching new centres.

(Property Management Business)

For our property management business, net sales remained almost at the same level as the previous period at ¥609 million (up 2.2% from the previous corresponding period), with operating income at ¥304 million (down 9.8%) due to expenses for refinancing the related SPC.

(Other Business)

For our other business category, operating income turned a profit of ¥21 million (the previous corresponding period marked an operating loss of ¥29 million) due to improvement of the human resource business and the environment business, while net sales slightly decreased to ¥1,558 million (down 2.2% from the previous corresponding period).

2. Analysis of the financial position

Total assets at the end of the first quarter were ¥103,351 million, an increase of ¥2,604 million from the end of the previous fiscal year. This was due mainly to a ¥1,004 million increase in cash and deposits from collection of notes and accounts receivable-trade and an increase in loans payable and a ¥2,027 million increase in investments and other assets due to revaluation of investment securities under the application of equity method.

Liabilities were ¥77,103 million, an increase of ¥1,421 million from the end of the previous fiscal year. This was mainly due to an increase in noncurrent liabilities of ¥6,125 million including long-term loans payable despite a decrease in current liabilities of ¥4,704 million including a net decrease of short-term loans payable.

Net assets were ¥26,248 million, an increase of ¥1,182 million from the end of the previous fiscal year. This was mainly due to a net income of ¥563 million in the first quarter of the consolidated period and due an increase in retained earnings of ¥986 million accompanying the affiliation of Zero Co., Ltd. under the equity method despite a ¥370 million dividend payment.

3. Consolidated Performance Forecast

Consolidated results for the first quarter were rather strong in both sales and profits against our initial forecasts. However, the future business environment still remains uncertain due to factors including possible fuel price hikes, power supply shortages in the summer, and concern for a slowdown of overseas economies. Under these circumstances, we will not revise our forecasts for the second quarter of the consolidated period and the full fiscal year announced on February 10, 2012.

II. Summary (other) Information

1. Outline of Major Changes in Subsidiaries During the Term

No applicable items.

2. Application of accounting principles and procedures specific to preparation of consolidated quarterly financial statements

No applicable items.

3. Changes in accounting principles and procedures and changes and restatements in accounting estimates

(Application of accounting standards regarding current net income per share)

Since the first quarter, the Accounting Standard for current net income per share (ASBJ Statement No.2, June 30, 2010), the Guidance on Accounting Standard for current net income per share (ASBJ Guidance No.4 June 30, 2010) and the Discussion Paper on Current Net Income per Share (Discussion Paper No.9, June 30, 2010) have been applied. With this application, the share split completed in this first quarter of the consolidated period is assumed to be completed at the start of the previous consolidated fiscal period, and quarterly net income per share and quarterly net income per share fully diluted are estimated.

In the event that those accounting standards are not applied, quarterly net loss per share for the previous corresponding period is as follows. Quarterly net income per share fully diluted for the period is the quarterly net loss per share, and dilutive shares do not exist; therefore, we do not list it.

Quarterly net loss per share ¥(4,511.80)

4. Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

For the accounting changes and error corrections implemented after the start of the first quarter of the consolidated period under review, the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Accounting Standard No. 24, December 4, 2009) and the Accounting Standard for Changes and Error Corrections and its Implementation Guidance (ASBJ Accounting Standard No. 24, December 4, 2009) have been applied.

III. Consolidated Financial Statement

1. Consolidated Balance Sheets

(Thousands of yen)

	FY2011 (As of Dec 31, 2011)	1Q FY2012 (As of Mar 31, 2012)
ASSETS		
Current assets		
Cash and deposits	9,218,561	10,223,281
Notes and accounts receivable-trade	16,263,214	15,966,744
Short-term investment securities	300,717	747
Inventories	7,713,665	7,692,712
Other	6,296,246	6,682,436
Allowance for doubtful accounts	(65,899)	(72,490)
Total current assets	39,726,505	40,493,432
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	34,123,724	34,139,818
Accumulated depreciation and impairment loss	(20,651,495)	(20,887,746)
Buildings and structures, net	13,472,229	13,252,072
Machinery, equipment and vehicles	16,475,242	16,224,084
Accumulated depreciation and impairment loss	(13,998,062)	(13,750,435)
Machinery, equipment and vehicles, net	2,477,180	2,473,648
Land	32,807,119	32,805,347
Lease assets	4,925,198	4,991,633
Accumulated depreciation and impairment loss	(2,240,601)	(2,340,799)
Lease assets, net	2,684,597	2,650,833
Other	3,308,727	3,553,683
Accumulated depreciation and impairment loss	(2,449,350)	(2,443,626)
Other, net	859,376	1,110,057
Total property, plant and equipment	52,300,501	52,291,959
Intangible assets		
Goodwill	1,523,758	1,358,811
Other	812,284	795,242
Total Intangible assets	2,336,043	2,154,054
Investments and other assets		
Investments and other assets	6,688,730	8,735,793
Allowance for doubtful accounts	(304,527)	(323,881)
Total investments and other assets	6,384,203	8,411,912
Total noncurrent assets	61,020,749	62,857,925
Total assets	100,747,254	103,351,358

(Thousands of yen)

	FY2011 (As of Dec 31, 2011)	1Q FY2012 (As of Mar 31, 2012)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7,601,232	7,408,282
Short-term loans payable	19,695,899	17,021,643
Current portion of long-term loans payable	9,490,869	7,007,808
Current portion of bonds	256,000	256,000
Income taxes payable	381,822	245,001
Provision for bonuses	638,219	1,307,127
Other	6,378,090	6,491,978
Total current liabilities	44,442,134	39,737,841
Noncurrent liabilities		
Bonds payable	1,430,000	1,302,000
Long-term loans payable	17,436,578	23,312,267
Provision for retirement benefits	3,577,229	3,568,341
Other	8,795,971	9,182,755
Total noncurrent liabilities	31,239,778	37,365,364
Total liabilities	75,681,912	77,103,206
NET ASSETS		
Shareholders' equity		
Capital stock	3,833,934	3,833,934
Capital surplus	5,418,063	5,418,063
Retained earnings	16,235,458	17,407,495
Treasury stock	(658,985)	(621,494)
Total shareholders' equity	24,828,470	26,037,998
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(69,114)	(16,499)
Deferred gains or losses on hedges	(76,929)	(60,741)
Foreign exchange conversion adjustments	-	(87,796)
Total valuation and translation adjustments	(146,043)	(165,038)
Subscription rights to shares	14,949	20,004
Minority interests	367,965	355,187
Total net assets	25,065,341	26,248,151
Total liabilities, net assets	100,747,254	103,351,358

2. Consolidated Statements of Operations**(Three Months Ended March 31, 2012)**

(Thousands of yen)

	1Q FY2011 (Jan 1, 2011 - Mar 31, 2011)	1Q FY2012 (Jan 1, 2012 - Mar 31, 2012)
Net sales	27,489,756	30,979,311
Cost of sales	25,345,068	28,062,023
Gross profit	2,144,687	2,917,287
Selling, general and administrative expenses	2,104,724	2,386,716
Operating income	39,963	530,571
Non-operating income		
Interest income	4,496	3,431
Dividends income	16,189	15,912
Gain on valuation of derivatives	33,162	-
Amortization of negative goodwill	11	321,111
Other	24,154	31,660
Total non-operating income	78,014	372,115
Non-operating expenses		
Interest expenses	147,392	148,490
Other	26,502	62,486
Total non-operating expenses	173,894	210,976
Ordinary income (loss)	(55,916)	691,710
Extraordinary income		
Gain on sales of noncurrent assets	15,309	30,563
Subsidy income	9,259	10,848
Other	3,887	7,110
Total extraordinary income	28,456	48,522
Extraordinary loss		
Loss on sales of noncurrent assets	27,825	566
Loss on retirement of noncurrent assets	1,742	1,349
Loss on adjustment for changes of accounting standard for asset retirement obligations	379,557	-
Loss on disaster	150,544	-
Other	2,818	47
Total extraordinary loss	562,488	1,963
Net quarterly income (loss) before taxes and other adjustments	(589,948)	738,270
Income taxes-current	350,320	206,590
Income taxes-deferred	(377,894)	(27,243)
Total income taxes	(27,573)	179,347
Income before minority interests (loss)	(562,374)	558,922
Minority interest income (loss)	(9,472)	(5,076)
Net income (loss)	(552,902)	563,999

(Three Months Ended March 31, 2012)

(Thousands of yen)

	1Q FY2011 (Jan 1, 2011 - Mar 31, 2011)	1Q FY2012 (Jan 1, 2012 - Mar 31, 2012)
Income (loss)before minority interests	(562,374)	558,922
Other comprehensive income		
Valuation difference on other available-for-sale securities	16,071	65,247
Deferred gains or losses on hedges	29,110	16,187
Foreign exchange conversion adjustment	-	(92,020)
Total other comprehensive income	45,182	(10,585)
Comprehensive income	(517,192)	548,336
(Breakdown)		
Comprehensive income attributable to owners of the parent	(507,250)	557,275
Comprehensive income attributable to minority interests	(9,942)	(8,938)

3. Notes regarding Going Concern

There are no relevant matters.

4. Segment information

1. Information Concerning Net Sales and Profits and Losses for Reporting Segments 1Q FY2011 (January 1, 2011 – March 31, 2011)

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
	Logistics	Property Management Business	Others	Total		
Net sales						
Sales to external customers	25,299,842	596,265	1,593,648	27,489,756	—	27,489,756
Inter-segment sales or transfers	75,192	6,256	133,841	215,289	(215,289)	—
Total	25,375,034	602,521	1,727,490	27,705,045	(215,289)	27,489,756
Segment income (loss)	(252,638)	337,554	(29,918)	54,997	(15,034)	39,963

(Note)

1. The adjustment amount for segment income (loss) is ¥26,456,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥11,422,000 lost in trading between segments.
2. Segment income (loss) is adjusted with operating income, as recorded in consolidated quarterly income statements.

2. Information Concerning Net Sales and Profits and Losses for Reporting Segments 1Q FY2012 (January 1, 2012 – March 31, 2012)

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
	Logistics	Property Management Business	Others	Total		
Net sales						
Sales to external customers	28,810,920	609,648	1,558,742	30,979,311	—	30,979,311
Inter-segment sales or transfers	83,058	4,548	65,117	152,724	(152,724)	—
Total	28,893,979	614,196	1,623,859	31,132,035	(152,724)	30,979,311
Segment income	187,530	304,385	21,173	513,089	17,481	530,571

(Note)

1. Adjustment in profits for reporting segments are ¥3,712 thousand from inter-segment sales and transfers and ¥13,769 thousand of net profit and loss incurred by the parent companies (those submitting quarterly consolidated financial statements).
2. Profits for reporting segments are adjusted with the operating income in the quarterly consolidated statement of operations.

5. Notes regarding Remarkable Change of Shareholder's Equity

None