

Consolidated Financial Results Announcement for the Six Months Ended June 30, 2012

Company name: SBS Holdings, Inc.
 Stock exchange listing: JASDAQ
 Stock code: 2384
 URL: <http://www.sbs-group.co.jp/>
 Representative: Masahiko Kamata, Representative Director and President
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 Scheduled date of filing of Quarterly Report: August 10, 2012
 Preparation of supplementary references regarding quarterly results: Yes
 Holding the briefing of quarterly results: Yes (for investors and analysts)
 Date for commencement of dividend payments (planned): —

1. Consolidated Financial Results for the Six Months Ended June 30, 2012 (January 1, 2012 – June 30, 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	%
6 Months Ended June 30, 2012	62,846	8.3	1,332	156.4	1,422	390.1	829	—
6 Months Ended June 30, 2011	58,022	3.8	519	(69.0)	290	(86.6)	(476)	—

(Note) Comprehensive income: 848 million yen (-%) for the second quarter of the term ending December 2012 -491 million yen (-%) for the second quarter of the term ended December 2011

	Net income per share	Diluted net income per share
	Yen	Yen
6 Months Ended June 30, 2012	66.92	—
6 Months Ended June 30, 2011	(38.83)	—

(Note) Effective January 1, 2012, a 100:1 share split of our common stock was completed. Quarterly net income per share for the second 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	%
6 Months Ended June 30, 2012	102,439	26,570	25.6
FY2011	100,747	25,065	24.5

(Reference) Shareholders' equity 6 Months Ended June 30, 2012: 26,198 million yen; FY2011: 24,682 million yen

2. Dividend Status

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
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

* Notes

(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 4 in the attachment.

(4) Number of shares issued (common stock)

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

6 Months Ended June 30, 2012: 13,068,400 shares

FY2011: 13,068,400 shares

2) Number of treasury stock at end of term

6 Months Ended June 30, 2012: 645,541 shares

FY2011: 710,100 shares

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

6 Months Ended June 30, 2012: 12,392,630 shares

6 Months Ended June 30, 2011: 12,269,775 shares

(Note) Effective January 1, 2012, a 100 for 1 stock split was executed for our common stocks. The number of shares at the end of the previous consolidated fiscal period and at the same quarter of the previous period was calculated on the assumption that the stock split was carried out in the beginning of the previous consolidated fiscal period.

*Indication regarding the situation of quarterly review procedures

Quarterly review procedures according to the Financial Instruments and Exchange Act do not apply to this quarterly announcement, and at the time of this announcement, quarterly review procedures according to the Financial Instruments and Exchange Act are being carried out.

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

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

2. 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 (3) Consolidated Performance Forecast" on page 4 of the attached document.

Business Performance

1. Analysis of Operations

In the second quarter of the consolidated period (six months ended June 30, 2012), the Japanese economy showed signs of gradual recovery amidst the backdrop of demand for reconstruction from the Great East Japan Earthquake, etc., however, the uncertain economic outlook still continues partly due to worries over Europe's finances and worries over an economic slowdown in emerging countries, prolonged appreciation of the yen, and impact from deflation.

In the logistics business, the impact on cargo movements and transportation caused by the Great East Japan Earthquake was 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 customers continuously suppressing cargo costs and ongoing fierce competition.

Under such environment, our Group made efforts to promote business, investments and international strategies aiming for 3PL Corporate Group which has the logistic functions in all the directions.

In business strategy, our Group strove to strengthen our 3PL business and expand new business while reviewing and improving low profit businesses. For our investment strategy, we began construction of a 10,000-tsubo (app. 33,000 square meters) new center in Noda City, Chiba as the new base for our 3PL business, which is scheduled to open in October. For our international strategy, we established a company to oversee regional operations in Singapore in May, embarked on a reform of our Group's bases in the ASEAN region by utilizing overseas bases held by our subsidiary in India, Atlas Logistics Pvt. Ltd., and established bases in Singapore and Thailand.

As a result, net sales for the second quarter of the consolidated period (six months ended June 30, 2012) increased to ¥62,846 million (up 8.3% from the previous corresponding period) due to the steady performance of cargo movement in the consumable goods related business such as food, 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 ¥1,332 million (up 156.4% from the previous corresponding period) due to an increase in net sales, improvements of low profit businesses, cutback of unprofitable business, and turning unprofitable business into profitable ones. Ordinary income was ¥1,422 million (up 390.1%), including ¥359 million of equity in earnings of affiliates, Zero Co., Ltd., which became our Membership Company during the first quarter, was recorded in non-operating income for this period.

Net income for the second quarter of the consolidated period was ¥829 million (the previous corresponding period marked a net loss of ¥476 million). This is due 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 in addition to an increase of ordinary income.

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, an inclusion of business results of Nippon Record Center Company and Atlas Logistics Pvt. Ltd., which joined our Group last consolidated fiscal year, to our financial statements and factors including active cargo movement in the food related industries that usually fall in winter due to seasonal factors every year in the second quarter of the consolidated period led to a steady performance. As a result, net sales were ¥58,579 million (up 8.6% from the previous corresponding period).

Operating income was ¥683 million (up 736.1%). This is due to factors including an increase in net sales and improvements of unprofitable businesses, and additionally, from elimination of the impact from the earthquake and of costs for launching new centers that we had in the same period a year ago.

(Property Management Business)

For our property management business, since there were no new facility operations or sales, net sales remained almost at the same level as the previous period at ¥1,200 million (up 0.7% from the previous corresponding period), with operating income at ¥594 million (down 7.7%) due to expenses for refinancing the related SPC.

(Other Business)

For our other business category, operating income turned a profit of ¥24 million (the previous corresponding period marked an operating loss of ¥219 million) due to improvement of the human resource business and the environment business, while net sales increased to ¥3,066 million (up 5.5% from the previous corresponding period).

2. Analysis of the Financial Position

Total assets at the end of the second quarter were ¥102,439 million which was increased by ¥1,692 million from the end of the previous year. This was mainly due to the increase in cash and cash equivalents of ¥1,291 million.

Total liabilities were ¥75,868 million which was increased by ¥187 million from the end of the previous year. This was mainly due to long-term loans payable which increased by ¥5,825 million while ¥4,048 million short-term loans payable and ¥2,105 million long-term loans payable which is scheduled for return within a year respectively decreased.

Net assets were ¥26,570 million which was increased by ¥1,505 million from the end of the previous year. This was mainly due to a net income of ¥829 million in the second 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 at the end of the second quarter slightly exceeded our forecasts in sales, however, the sales were almost as forecasted and each profit surpassed our initial forecasts. The differences exceeding our forecasts in ordinary income and net income for this period were mainly due to recording in non-operating income resulting from the increase in our Membership Companies in the current six month period ended June 30, 2012.

On the other hand, the future business environment toward the end of the fiscal year is expected to remain uncertain due to factors including further appreciation of the yen and concerns over a slowdown of overseas economies. For our company, an increase in requests from customers for price reductions and fierce price competition in the same industry are predicted. Therefore, we need to be careful to ensure profits.

Under these circumstances, we will not revise our forecasts for the full fiscal year announced on February 10, 2012.

II. Summary Information (Notes)

1. Outline of Major Changes in Subsidiaries during the Term

No applicable items.

2. Application of Accounting Principles and Procedures Specific in 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.

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 six month 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 ¥ (3,883.41)

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)	2Q FY2012 (As of Jun 30, 2012)
ASSETS		
Current assets		
Cash and deposits	9,218,561	10,510,301
Notes and accounts receivable-trade	16,263,214	15,479,982
Short-term investment securities	300,717	300,657
Inventories	7,713,665	7,651,315
Other	6,296,246	5,545,616
Allowance for doubtful accounts	(65,899)	(74,127)
Total current assets	39,726,505	39,413,746
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	34,123,724	34,130,513
Accumulated depreciation and impairment loss	(20,651,495)	(21,043,750)
Buildings and structures, net	13,472,229	13,086,763
Machinery, equipment and vehicles	16,475,242	16,077,626
Accumulated depreciation and impairment loss	(13,998,062)	(13,620,955)
Machinery, equipment and vehicles, net	2,477,180	2,456,670
Land	32,807,119	32,720,435
Lease assets	4,925,198	4,787,301
Accumulated depreciation and impairment loss	(2,240,601)	(2,179,967)
Lease assets, net	2,684,597	2,607,333
Other	3,308,727	4,013,863
Accumulated depreciation and impairment loss	(2,449,350)	(2,440,646)
Other, net	859,376	1,573,217
Total property, plant and equipment	52,300,501	52,444,420
Intangible assets		
Goodwill	1,523,758	1,361,582
Other	812,284	780,601
Total intangible assets	2,336,043	2,142,184
Investments and other assets		
Investments and other assets	6,688,730	8,813,141
Allowance for doubtful accounts	(304,527)	(373,744)
Total investments and other assets	6,384,203	8,439,396
Total noncurrent assets	61,020,749	63,026,001
Total assets	100,747,254	102,439,747

	(Thousands of yen)	
	FY2011 (As of Dec 31, 2011)	2Q FY2012 (As of Jun 30, 2012)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7,601,232	7,220,961
Short-term loans payable	19,695,899	15,647,533
Current portion of long-term loans payable	9,490,869	7,384,918
Current portion of bonds	256,000	256,000
Income taxes payable	381,822	352,862
Provision for bonuses	638,219	659,822
Other	6,378,090	7,084,022
Total current liabilities	44,442,134	38,606,121
Noncurrent liabilities		
Bonds payable	1,430,000	1,302,000
Long-term loans payable	17,436,578	23,262,452
Provision for retirement benefits	3,577,229	3,542,230
Other	8,795,971	9,156,132
Total noncurrent liabilities	31,239,778	37,262,815
Total liabilities	75,681,912	75,868,937
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	17,668,460
Treasury stock	(658,985)	(599,067)
Total shareholders' equity	24,828,470	26,321,390
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(69,114)	(93,978)
Deferred gains or losses on hedges	(76,929)	(59,974)
Foreign currency translation adjustment	-	31,328
Total valuation and translation adjustments	(146,043)	(122,624)
Subscription rights to shares	14,949	25,060
Minority interests	367,965	346,984
Total net assets	25,065,341	26,570,810
Total liabilities, net assets	100,747,254	102,439,747

2. Consolidated Statements of Operations and Consolidated Quarterly Statements of Comprehensive Income

(Consolidated Statements of Operations)

(Six Months Ended June 30, 2012)

	(Thousands of yen)	
	2Q FY2011 (Jan 1, 2011 – Jun 30, 2011)	2Q FY2012 (Jan 1, 2012 – Jun 30, 2012)
Net sales	58,022,177	62,846,534
Cost of sales	52,940,603	56,711,982
Gross profit	5,081,574	6,134,552
Selling, general and administrative expenses	4,561,865	4,801,938
Operating income	519,709	1,332,613
Non-operating income		
Interest income	6,880	7,737
Dividends income	54,934	36,661
Equity in earnings of affiliates	23	359,984
Other	51,137	80,126
Total non-operating income	112,975	484,509
Non-operating expenses		
Interest expenses	297,456	307,522
Other	45,090	87,518
Total non-operating expenses	342,547	395,041
Ordinary income	290,137	1,422,081
Extraordinary income		
Gain on sales of noncurrent assets	37,855	59,205
Subsidy income	13,492	31,149
Other	101,945	7,110
Total extraordinary income	153,293	97,465
Extraordinary loss		
Loss on sales of noncurrent assets	30,405	33,093
Loss on adjustment for changes of accounting standard for asset retirement obligations	379,557	-
Loss on disaster	185,414	-
Impairment loss	-	47,849
Contribution for withdrawal from employees' pension fund	-	46,151
Other	102,390	13,976
Total extraordinary loss	697,767	141,071
Net quarterly income (loss) before taxes and other adjustments	(254,337)	1,378,476
Income taxes-current	406,072	324,297
Income taxes-deferred	(183,516)	242,815
Total income taxes	222,555	567,112
Income before minority interests (loss)	(476,892)	811,363
Minority interest income (loss)	(406)	(17,996)
Net income (loss)	(476,486)	829,360

Consolidated Quarterly Statements of Comprehensive Income**(Six Months Ended June 30, 2012)**

	(Thousands of yen)	
	2Q FY2011 (Jan 1, 2011 – Jun 30, 2011)	2Q FY2012 (Jan 1, 2012 – Jun 30, 2012)
Income (loss)before minority interests	(476,892)	811,363
Other comprehensive income		
Valuation difference on available-for-sale securities	(38,607)	(14,129)
Deferred gains or losses on hedges	24,292	16,954
Foreign currency translation adjustment	-	32,412
Share of other comprehensive income of associates accounted for using equity method	-	1,763
Total other comprehensive income	(14,315)	37,001
Comprehensive income	(491,208)	848,365
(Breakdown)		
Comprehensive income attributable to owners of the parent	(490,759)	865,049
Comprehensive income attributable to minority interests	(448)	(16,684)

3. Notes regarding Going Concern

There are no relevant matters.

4. Segment information

(Segment information)

1. 2Q FY2011 (January 1, 2011 – June 30, 2011)

Information Concerning Net Sales and Profits and Losses for Reporting Segments

(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	53,922,328	1,192,527	2,907,321	58,022,177	—	58,022,177
Inter-segment sales or transfers	157,223	10,696	256,935	424,854	(424,854)	—
Total	54,079,552	1,203,223	3,164,256	58,447,032	(424,854)	58,022,177
Segment income (loss)	81,797	644,151	(219,635)	506,314	13,394	519,709

(Note)

1. The adjustment amount for segment income (loss) is ¥-4,604,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥17,999,000 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

2. 2Q FY2012 (January 1, 2012 – June 30, 2012)

Information Concerning Net Sales and Profits and Losses for Reporting Segments

(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	58,579,214	1,200,553	3,066,766	62,846,534	—	62,846,534
Inter-segment sales or transfers	155,072	9,096	124,925	289,094	(289,094)	—
Total	58,734,287	1,209,649	3,191,691	63,135,628	(289,094)	62,846,534
Segment income (loss)	683,870	594,258	24,639	1,302,768	29,845	1,332,613

(Note)

1. The adjustment amount for segment income (loss) is ¥22,909,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥6,935,000 lost in trading between segments.
2. Segment income (loss) is adjusted with operating income, as recorded in consolidated quarterly income statements.

5. Notes regarding Remarkable Change of Shareholder's Equity

None