

## Consolidated Financial Results Announcement for the Six Months Ended June 30, 2013

Company name: SBS Holdings, Inc.  
 Stock exchange listing: Tokyo Stock Exchange (TSE)  
 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 9, 2013  
 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, 2013 (from January 1, 2013 to June 30, 2013)

(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, 2013	61,805	(1.7)	703	(47.2)	534	(62.4)	149	(81.9)
6 Months Ended June 30, 2012	62,846	8.3	1,332	156.4	1,422	390.1	829	—

(Note) Comprehensive income:

6 Months Ended June 30, 2013: 493 million yen (-41.9%); 6 Months Ended June 30, 2012: 848 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
6 Months Ended June 30, 2013	11.72	11.67
6 Months Ended June 30, 2012	66.92	—

#### (2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
6 Months Ended June 30, 2013	104,550	27,763	26.2
FY2012	104,466	27,750	26.2

(Reference) Shareholders' equity

6 Months Ended June 30, 2013: 27,441 million yen; FY2012: 27,401 million yen

### 2. Dividend Status

(Base date)	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
FY2012	—	0.00	—	40.00	40.00
FY2013	—	0.00	—	—	—
FY2013 (forecast)	—	0.00	—	30.00	30.00

(Note) Corrections regarding current dividend forecasts: None

### 3. Consolidated Financial Forecast for the Year Ending December 31, 2013 (January 1, 2013 – December 31, 2013)

(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	128,000	0.1	3,100	6.9	2,700	(2.4)	1,100	(33.2)	86.21

(Note) Corrections regarding current consolidated forecast figures: None

#### \* Note

(1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): 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, changes in accounting estimates and restatements

1) Changes in accounting principles accompanying revisions in accounting standards, etc: Yes

2) Change other than 1): No

3) Changes in accounting estimates: Yes

4) Restatements: No

(Note) The depreciation method changed in the first quarter of this fiscal year. This falls under “cases where it is difficult to distinguish changes in accounting principles from changes in accounting estimates.” For details, please refer to “3. Changes in Accounting Principles, Changes in Accounting Estimates and Restatements” under “II. Summary Information (Notes)” on page 4.

(4) Number of shares issued (common stock)

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

6 Months Ended June 30, 2013: 13,068,400 shares

FY2012: 13,068,400 shares

2) Number of treasury stock at end of term

6 Months Ended June 30, 2013: 258,368 shares

FY2012: 308,641 shares

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

6 Months Ended June 30, 2013: 12,786,873 shares

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

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. It does not guarantee that these results will be achieved. Actual results may differ significantly due to variety of factors. For assumptions used for financial forecasts and cautions on using these forecasts, refer to “3. Consolidated Performance Forecast” under “I. Business Performance” on page 4.

# I. Business Performance

## 1. Analysis of Operations

During the consolidated period for the six months ended June 30, 2013, the Japanese economy held out promise that was only partially realized. Against a backdrop of expectations that the new national government would usher in a bold program of monetary easing and fiscal stimulus, share prices rose and the rise of the strong Japanese yen was tempered. The business environment began to show signs of brightening. In the event, however, real economic activity remained sluggish, leaving near-term prospects unclear.

In the logistics industry, the total volume of freight transportation continues to decrease due to the aging society, decrease of working-age population, and increase in the offshore ratio of procurement, production and sales. Competition within the industry is getting stiffer, and along with customer savings on freight fees and instability of the procurement cost of fuel, securing profit has become even more severe.

Amid this challenging environment, on June 1 the Group began the process of unifying its brand, to foster greater recognition and a consistent image. A new logo and slogan were introduced, and the names of all 14 Group logistics companies were changed to include a common "SBS" appellation. The Group unified employee uniforms, changed vehicle liveries and overhauled facility billboards, among other changes. While the sums invested in this makeover were considerable, the directors are convinced that these labors will deliver substantial benefits in terms of long-term growth.

Besides, we have promoted our business strategy, investment strategy, and international strategy into "the 3PL corporate group which has logistic functions in all the directions" aiming to be ranked in the top 10 in this industry.

The Group's business strategy is also moving forward on several fronts. To accelerate its 3PL business, the Group aggressively developed its proposal-based marketing. The Group put its logistics centers into new action to serve drugstores, home improvement stores and eyeglass lens makers, and shifted and focused operations toward the music and rental industries.

In the investment strategy, we have started installation on a solar power generation business scheduled for launch this fiscal year. In March, we began selling power generated on the rooftop of the Noda Yoshiharu logistics center. In the Nagatsuta district of Yokohama, the Group began construction of a logistics center aimed at major foodstuffs producers. This facility is slated for completion in fall 2014.

In the international strategy, we have established two local subsidiaries in Hong Kong in March, one presides over the Chinese market, while the other is a business firm in Hong Kong, and we started business for Japanese manufacturing companies from April. In Thailand, the scene of a massive influx of Japanese-affiliated companies, the Group is considering the construction of a logistics facility in the coming consolidated fiscal year.

As a result, net sales for the second quarter of the consolidated period was ¥61,805 million (down 1.7% from the previous corresponding period), as consumption failed to recover. Operating income was ¥703 million (down 47.2%) and ordinary income was ¥534 million (down 62.4%). Contributors to these results included the impact of heavy snowfalls in northern Japan, reduced utilization ratios in some foodstuffs logistics centers, and unit-price pressure due to intensifying competition. The Group appropriated an extraordinary loss from expenses such as the transfer and consolidation of logistics centers and brand unification. These were partially offset, however, by extraordinary income from the gain on sale of investment securities and property, plant and equipment. Net income was ¥149 million (down 81.9%).

Financial results by segment are as follows.

### (Logistics Business)

In its logistics business, the Group reinforced its sales activities, developed logistics centers for its newly acquired 3PL operations, and transferred and consolidated some existing logistics centers. Net sales was ¥57,801 million (down 1.3% from the previous corresponding period), as lackluster consumption slowed the movement of goods and seasonal factors depressed cargo volumes in foodstuffs. At the same time, heavy snowfalls in northern Japan throughout the months of January until February drove up costs, utilization ratios declined at certain foodstuffs logistics centers and unit prices declined amid intensifying competition in same-day deliveries. Operating loss was ¥77 million (the previous corresponding period marked an operating income of ¥683 million).

### (Property Management Business)

In our property management business, due to the contribution of rental income from real estate for rent whose portion we made additional purchases of in the previous consolidated fiscal year, net sales were ¥1,344 million (up 12.0% from the previous corresponding period) and operating income was ¥694 million (up 16.9%).

### (Other Business)

In our other business, net sales were ¥2,659 million (down 13.3% from the previous corresponding period)

mainly due to the deconsolidation of a subsidiary of the shipping agency business. Operating income was 31 million (up 29.2%), paced by recovery in marketing and environmental businesses and a reduction of losses from human resource business.

## 2. Analysis of the Financial Position

Total assets at the end of the second quarter were ¥104,550 million, an increase of ¥83 million from the end of the previous fiscal year.

Several items contributed to the increase in assets. A decrease in cash, deposits and short-term investment securities engendered a decline of ¥1,579 million in current assets. However, an increase in land purchased for use in logistics centers, replacement of vehicles, and purchase of fixtures and fittings for new centers and new businesses resulted in an increase of ¥1,662 million in noncurrent assets.

Liabilities were ¥76,787 million, an increase of ¥70 million from the end of the previous fiscal year. This was mainly due to an increase in noncurrent liabilities of ¥2,715 million including long-term loans payable despite a decrease in current liabilities of ¥2,644 million including a net decrease of short-term loans payable.

Net assets were ¥27,763 million, an increase of ¥12 million from the end of the previous fiscal year. Among the key factors in this result, a payment of ¥510 million in dividends was largely offset by a ¥131 million increase in valuation difference on available-for-sale securities, a ¥196 million rise in foreign exchange conversion adjustments and ¥149 million in quarterly net income.

## 3. Consolidated Performance Forecast

In comparison with its forecast for the six months to June 30, 2013, published February 8, 2013, the Group's business results to the end of the second quarter were 0.3% lower for net sales, 12.1% lower for operating income, 6.8% higher for ordinary income and 49.0% higher for quarterly net income. As such, while net sales and operating income slightly underperformed expectations, business results remain well within the originally planned range.

The directors of the Group expect the near-term business environment to be characterized by higher fuel prices due to the declining yen as well as intensifying competition. However, a moderate recovery in the Japanese economy is expected amid the introduction of economic and fiscal measures.

Under these circumstances, we will not revise our forecasts for the full fiscal year announced on February 8, 2013.

# II. Summary Information (Notes)

## 1. Important Changes of 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, Changes in Accounting Estimates and Restatements

(Changes in accounting principles which are difficult to distinguish from changes in accounting estimates)

Due to the revision of the Corporation Tax Act of Japan, the Company and its domestic consolidated subsidiaries have replaced the method of depreciation for property, plant and equipment obtained on or after January 1, 2013, with the method according to the revised Corporation Tax Act.

The effect of this change on operating income, ordinary income, and net quarterly income before taxes and other adjustments in the second quarter of the consolidated period is immaterial.

### III. Consolidated Financial Statement

#### 1. Consolidated Balance Sheets

(Thousands of yen)

	FY2012 (As of Dec 31, 2012)	2Q FY2013 (As of June 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	10,180,787	8,284,563
Notes and accounts receivable-trade	15,080,274	15,093,426
Inventories	7,628,511	7,916,396
Other	6,330,377	6,323,252
Allowance for doubtful accounts	(69,955)	(47,000)
Total current assets	39,149,995	37,570,638
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	36,564,409	36,258,715
Accumulated depreciation and impairment loss	(21,618,376)	(21,236,563)
Buildings and structures, net	14,946,032	15,022,151
Machinery, equipment and vehicles	15,797,504	15,371,043
Accumulated depreciation and impairment loss	(13,436,258)	(12,552,377)
Machinery, equipment and vehicles, net	2,361,246	2,818,665
Land	33,671,842	34,395,635
Lease assets	4,751,726	5,204,449
Accumulated depreciation and impairment loss	(2,196,882)	(2,171,204)
Lease assets, net	2,554,844	3,033,244
Other	3,344,534	3,522,615
Accumulated depreciation and impairment loss	(2,355,602)	(2,341,875)
Other, net	988,932	1,180,740
Total property, plant and equipment	54,522,897	56,450,436
Intangible assets		
Goodwill	1,078,891	1,070,713
Other	699,605	900,417
Total Intangible assets	1,778,496	1,971,130
Investments and other assets		
Investments and other assets	9,292,475	8,870,212
Allowance for doubtful accounts	(276,866)	(311,951)
Total investments and other assets	9,015,609	8,558,260
Total noncurrent assets	65,317,003	66,979,828
Total assets	104,466,998	104,550,466

(Thousands of yen)

	FY2012 (As of Dec 31, 2012)	2Q FY2013 (As of June 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	7,626,827	7,337,550
Current portion of bonds	256,000	256,000
Short-term loans payable	18,014,227	13,928,984
Current portion of long-term loans payable	7,950,719	9,158,289
Income taxes payable	556,610	255,385
Provision for bonuses	628,097	672,359
Other	6,297,224	7,077,057
Total current liabilities	41,329,707	38,685,627
Noncurrent liabilities		
Bonds payable	1,174,000	1,046,000
Long-term loans payable	20,913,930	23,183,992
Provision for retirement benefits	3,519,012	3,526,421
Other	9,779,470	10,345,003
Total noncurrent liabilities	35,386,414	38,101,417
Total liabilities	76,716,122	76,787,045
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,833,934	3,833,934
Capital surplus	5,418,063	5,428,384
Retained earnings	18,407,178	18,046,641
Treasury stock	(286,424)	(239,782)
Total shareholders' equity	27,372,750	27,069,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,616	293,393
Deferred gains or losses on hedges	(49,046)	(34,328)
Foreign exchange conversion adjustments	(83,553)	112,814
Total accumulated other comprehensive income	29,016	371,880
Subscription rights to shares	34,620	39,748
Minority interests	314,488	282,614
Total net assets	27,750,876	27,763,420
Total liabilities, net assets	104,466,998	104,550,466

**2. Consolidated Statements of Operations****(Six Months Ended June 30, 2013)**

(Thousands of yen)

	2Q FY2012 (Jan 1, 2012 - June 30, 2012)	2Q FY2013 (Jan 1, 2013 - June 30, 2013)
Net sales	62,846,534	61,805,564
Cost of sales	56,711,982	56,383,428
Gross profit	6,134,552	5,422,135
Selling, general and administrative expenses	4,801,938	4,718,276
Operating income	1,332,613	703,858
Non-operating income		
Interest income	7,737	5,762
Dividends income	36,661	43,275
Equity in earnings of affiliates	359,984	60,890
Other	80,126	87,229
Total non-operating income	484,509	197,157
Non-operating expenses		
Interest expenses	307,522	293,527
Other	87,518	73,134
Total non-operating expenses	395,041	366,661
Ordinary income	1,422,081	534,354
Extraordinary income		
Gain on sales of noncurrent assets	59,205	72,900
Gain on sales of investment securities	-	285,350
Subsidy income	31,149	-
Other	7,110	-
Total extraordinary income	97,465	358,250
Extraordinary loss		
Loss on sales of noncurrent assets	33,093	77,450
Office transfer expenses	-	191,637
Brand unification expenses	-	68,300
Impairment loss	47,849	-
Contribution for withdrawal from employees' pension fund	46,151	-
Other	13,976	27,852
Total extraordinary loss	141,071	365,241
Net quarterly income before taxes and other adjustments	1,378,476	527,363
Income taxes-current	324,297	220,475
Income taxes-deferred	242,815	163,659
Total income taxes	567,112	384,134
Income before minority interests	811,363	143,228
Minority interest income (loss)	(17,996)	(6,624)
Net income	829,360	149,853

**Consolidated Quarterly Statements of Comprehensive Income****(Six Months Ended June 30, 2013)**

(Thousands of yen)

	2Q FY2012 (Jan 1, 2012 – June 30, 2012)	2Q FY2013 (Jan 1, 2013 – June 30, 2013)
Income before minority interests	811,363	143,228
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,129)	128,096
Deferred gains or losses on hedges	16,954	14,718
Foreign exchange conversion adjustment	32,412	202,900
Share of other comprehensive income of associates accounted for using equity method	1,763	4,208
<b>Total other comprehensive income</b>	<b>37,001</b>	<b>349,923</b>
<b>Comprehensive income</b>	<b>848,365</b>	<b>493,151</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	865,049	492,717
Comprehensive income attributable to minority interests	(16,684)	434



**3. Notes regarding Going Concern**

No applicable items.

**4. Notes regarding Remarkable Change of Shareholder's Equity**

No applicable items

**5. Segment Information****1. Information Concerning Net Sales and Profits and Losses for Reporting Segments  
2Q FY2012 (January 1, 2012 – June 30, 2012)**

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
	Logistics	Property Management Business	Other Business	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	683,870	594,258	24,639	1,302,768	29,845	1,332,613

(Note)

1. The adjustment amount for segment income 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 is adjusted with operating income, as recorded in consolidated quarterly income statements.

**2. Information Concerning Net Sales and Profits and Losses for Reporting Segments  
2Q FY2013 (January 1, 2013 – June 30, 2013)**

(Thousands of yen)

	Reporting Segment				Adjustment Amount *1	Consolidated Quarterly Income Statement Amount *2
	Logistics	Property Management Business	Other Business	Total		
Net sales						
Sales to external customers	57,801,359	1,344,586	2,659,617	61,805,564	—	61,805,564
Inter-segment sales or transfers	83,382	5,976	197,743	287,102	(287,102)	—
Total	57,884,742	1,350,562	2,857,360	62,092,666	(287,102)	61,805,564
Segment income (loss)	(77,029)	694,928	31,826	649,724	54,133	703,858

(Note)

1. The adjustment amount for segment income (loss) is ¥72,185,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from -¥18,051,000 lost in trading between segments.
2. Segment income (loss) is adjusted with operating income, as recorded in consolidated quarterly income statements.