

## Consolidated Financial Results Announcement for the Nine Months Ended September 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: November 11, 2013  
 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 Nine Months Ended September 30, 2013 (from January 1, 2013 to September 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	%
9 Months Ended September 30, 2013	94,943	(0.3)	1,542	(23.7)	1,277	(36.1)	567	(41.4)
9 Months Ended September 30, 2012	95,213	7.0	2,020	93.9	1,997	200.4	968	214.5

(Note) Comprehensive income:

9 Months Ended September 30, 2013: 853 million yen (-8.0%);  
 9 Months Ended September 30, 2012: 927 million yen (259.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
9 Months Ended September 30, 2013	44.33	44.15
9 Months Ended September 30, 2012	78.08	—

#### (2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
9 Months Ended September 30, 2013	104,555	28,153	26.6
FY2012	104,466	27,750	26.2

(Reference) Shareholders' equity

9 Months Ended September 30, 2013: 27,831 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)	—	—	—	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 5.

(4) Number of shares issued (common stock)

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

9 Months Ended September 30, 2013: 13,076,400 shares

FY2012: 13,068,400 shares

2) Number of treasury stock at end of term

9 Months Ended September 30, 2013: 237,068 shares

FY2012: 308,641 shares

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

9 Months Ended September 30, 2013: 12,799,320 shares

9 Months Ended September 30, 2012: 12,407,951 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 nine months ended September 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. At the same time, personal consumption, for which expectations of a positive change had been heightening, proved slow to rally. In the end, uncertainty about the prospects for the real economy persisted.

In the logistics industry, despite expectations for economic recovery, the total volume of freight transportation continued 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 became stiffer. As customers saved on freight fees and amid instability of the procurement cost of fuel, securing profit became even more severe.

The key response of the SBS Group to this environment was to unify its brand on June 1. A new logo and slogan were introduced, and "SBS" was added to the beginning of the names of 14 Group companies. Further, vehicle liveries and facility billboards were changed, and employee uniforms were standardized Group-wide. While the outlay for these measures was considerable, they will absolutely contribute to the long-term expansion of the Group's operations, by raising the profile of the SBS Group and establishing for it a consistent corporate image.

We also 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.

In business strategy, the Group took a number of steps to revitalize 3PL operations. In a bid for further expansion in 3PL operations, the Group made concerted efforts to conduct proposal-driven sales. A logistics center was launched, providing a hub for the Group's newly acquired operations in areas such as drugstores, DIY centers, eyeglass-lens producers and food producers. In existing 3PL operations for the music and rental industries, in May the Group transferred the functions of previously scattered logistical facilities to a leading-edge, large-scale logistics center. This consolidation was aimed at raising efficiency and achieving economies of scale.

The Group implemented its investment strategy on a number of fronts. Four facilities for solar-power development became operational during the fiscal year, including a plant in Shibayama-machi, Chiba Prefecture, and all began selling electrical power in August 2013. In logistics-center development, the Group launched construction in July of a vehicle depot for Megmilk Snow Brand Co., Ltd. in Ami-machi, Ibaraki Prefecture; completion of the project is expected in November. In September, the Group won a competitive bid to purchase a 16,000sqm plot in Sugita, Isogo Ward, Yokohama, for use as a logistical facility. The price for the property was ¥1.9 billion. The Group also plans to build a logistics center on the site with 33,000sqm of floor space, with completion targeted for 2015. Land forming at the site of another large-scale logistics center, under development in Nagatsuta, Yokohama, is now complete; construction is under way and slated for completion by fall 2014.

International strategy focused on expanding the Group's base network in Asia ex-Japan and building out its organization in that region. In March the Group established two companies, a holding company in the China market and an operating company in Hong Kong, which commenced operations directed at Japanese manufacturers in April. June saw the acquisition by the Group 66,000sqm of land for logistical purposes in Thailand, one of the world's most active destinations for inward investment by Japanese-affiliated companies; preparations are already under way for completion of the Group's first overseas logistics center in 2014. To facilitate smooth management of overseas operations, the Group is restructuring its regional holding and operating companies in Singapore as it reinforces its organization in the ASEAN region.

As a result, net sales for the third quarter of the consolidated cumulative period were flat compared with the same period of the previous fiscal year and came to ¥94,943 million (down 0.3% from the previous corresponding period). Despite a gradual improvement in revenues, a snowfall disaster in northern Japan in the first quarter, a decline in operating ratio at some food logistics centers and falling prices from intensifying competition combined to prompt a decline in operating income, to ¥1,542 million (down 23.7%), and a drop in ordinary income, to ¥1,277 million (down 36.1%).

In addition, the costs of the transfer and concentration of logistics centers and unification of the Group brand, based on the Group's investment plan, resulted in the appropriation of an extraordinary loss in the consolidated accounting period. This effect was partially offset by extraordinary income from the gain on sale of marketable securities and property, plant and equipments. Net income was ¥567 million (down 41.4%).

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. Business results touched bottom in the first quarter and recovered steadily in each quarter thereafter. Net sales and operating income both improved year-on-year in the third quarter. For the third quarter consolidated cumulative period under review, net sales were ¥88,783 million (up 0.0% from the previous corresponding period), while operating income was ¥287 million (down 71.9%), despite some signs of improvement. This segment was unable to compensate for increased costs due to a snowfall disaster in northern Japan throughout the months of January until February, a decline in operating ratio at some food logistics centers and falling prices from intensifying competition in same-day delivery.

#### **(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 ¥2,014 million (up 10.3% from the previous corresponding period) and operating income was ¥1,034 million (up 12.3%).

#### **(Other Business)**

In our other business, net sales were ¥4,145 million (down 10.4% from the previous corresponding period) mainly due to the deconsolidation of a subsidiary of the shipping agency business. Operating income was ¥103 million (up 443.8%), paced by recovery in marketing and environmental businesses and turning a profit in human resource business.

## **2. Analysis of the Financial Position**

Total assets at the end of the third quarter were ¥104,555 million, an increase of ¥88 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 ¥2,129 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 ¥2,217 million in noncurrent assets.

Liabilities were ¥76,401 million, a decrease of ¥314 million from the end of the previous fiscal year. This was mainly due to a decrease in short-term loans payable of ¥4,139 million, while long-term loans payable increased by ¥2,297 million and the current portion of long-term loans payable by ¥1,679 million.

Net assets were ¥28,153 million, an increase of ¥402 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 ¥130 million in valuation difference on available-for-sale securities, a ¥127 million rise in foreign exchange conversion adjustments and ¥567 million in quarterly net income.

## **3. Consolidated Performance Forecast**

Looking ahead to the end of the consolidated fiscal year, the recovery in the Japanese economy is expected to find a firmer footing as the effects of the national government's economic policies take hold. Nonetheless risks remain, such as a possible slump in shipments caused by the slow recovery in personal consumption, as well as rising electricity charges and fuel purchasing costs. As such, the business environment remains too uncertain for firm conclusions.

Net sales at the end of the third quarter are trending within the range indicated in the Group's original plan. However, operating income in the third quarter is not sufficient to offset declines in logistics operations in the first fiscal half-year. Fortunately the Group's share of consumer logistics, such as handling of foodstuffs and sundries, continues to hold at a commanding 80%. Therefore, a recovery is expected in the fourth quarter, which is traditionally the period of highest demand in the year.

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 third quarter of the consolidated period is immaterial.

### III. Consolidated Financial Statement

#### 1. Consolidated Balance Sheets

(Thousands of yen)

	FY2012 (As of Dec 31, 2012)	3Q FY2013 (As of Sep 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	10,180,787	8,607,207
Notes and accounts receivable-trade	15,080,274	14,210,483
Inventories	7,628,511	8,047,952
Other	6,330,377	6,206,480
Allowance for doubtful accounts	(69,955)	(51,712)
Total current assets	39,149,995	37,020,410
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	36,564,409	36,322,638
Accumulated depreciation and impairment loss	(21,618,376)	(21,507,435)
Buildings and structures, net	14,946,032	14,815,202
Machinery, equipment and vehicles	15,797,504	16,373,190
Accumulated depreciation and impairment loss	(13,436,258)	(12,457,519)
Machinery, equipment and vehicles, net	2,361,246	3,915,670
Land	33,671,842	34,393,863
Lease assets	4,751,726	5,269,478
Accumulated depreciation and impairment loss	(2,196,882)	(2,270,177)
Lease assets, net	2,554,844	2,999,301
Other	3,344,534	3,383,660
Accumulated depreciation and impairment loss	(2,355,602)	(2,436,906)
Other, net	988,932	946,754
Total property, plant and equipment	54,522,897	57,070,792
Intangible assets		
Goodwill	1,078,891	979,837
Other	699,605	893,040
Total Intangible assets	1,778,496	1,872,878
Investments and other assets		
Investments and other assets	9,292,475	8,803,680
Allowance for doubtful accounts	(276,866)	(212,356)
Total investments and other assets	9,015,609	8,591,323
Total noncurrent assets	65,317,003	67,534,994
Total assets	104,466,998	104,555,405

(Thousands of yen)

	FY2012 (As of Dec 31, 2012)	3Q FY2013 (As of Sep 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	7,626,827	7,197,535
Current portion of bonds	256,000	256,000
Short-term loans payable	18,014,227	13,874,791
Current portion of long-term loans payable	7,950,719	9,630,216
Income taxes payable	556,610	183,994
Provision for bonuses	628,097	1,393,074
Other	6,297,224	5,919,068
Total current liabilities	41,329,707	38,454,681
Noncurrent liabilities		
Bonds payable	1,174,000	918,000
Long-term loans payable	20,913,930	23,211,373
Provision for retirement benefits	3,519,012	3,509,500
Other	9,779,470	10,308,190
Total noncurrent liabilities	35,386,414	37,947,064
Total liabilities	76,716,122	76,401,745
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,833,934	3,837,995
Capital surplus	5,418,063	5,436,249
Retained earnings	18,407,178	18,464,207
Treasury stock	(286,424)	(220,016)
Total shareholders' equity	27,372,750	27,518,436
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,616	292,605
Deferred gains or losses on hedges	(49,046)	(23,327)
Foreign exchange conversion adjustments	(83,553)	43,931
Total accumulated other comprehensive income	29,016	313,208
Subscription rights to shares	34,620	37,889
Minority interests	314,488	284,124
Total net assets	27,750,876	28,153,659
Total liabilities, net assets	104,466,998	104,555,405

**2. Consolidated Statements of Operations****(Nine Months Ended September 30, 2013)**

(Thousands of yen)

	3Q FY2012 (Jan 1, 2012 - Sep 30, 2012)	3Q FY2013 (Jan 1, 2013 - Sep 30, 2013)
Net sales	95,213,724	94,943,502
Cost of sales	86,033,964	86,388,912
Gross profit	9,179,760	8,554,590
Selling, general and administrative expenses	7,159,285	7,012,299
Operating income	2,020,474	1,542,291
Non-operating income		
Interest income	9,849	7,626
Dividends income	43,018	51,536
Equity in earnings of affiliates	408,244	89,056
Other	100,822	123,510
Total non-operating income	561,935	271,730
Non-operating expenses		
Interest expenses	461,815	437,710
Other	122,631	99,083
Total non-operating expenses	584,447	536,794
Ordinary income	1,997,962	1,277,227
Extraordinary income		
Gain on sales of noncurrent assets	329,510	101,395
Gain on sales of investment securities	-	285,800
Other	51,174	-
Total extraordinary income	380,684	387,196
Extraordinary loss		
Office transfer expenses	-	191,637
Brand unification expenses	-	143,982
Impairment loss	417,257	-
Other	116,947	113,793
Total extraordinary loss	534,204	449,413
Net quarterly income before taxes and other adjustments	1,844,442	1,215,011
Income taxes-current	610,198	486,556
Income taxes-deferred	286,726	163,626
Total income taxes	896,925	650,182
Income before minority interests	947,517	564,829
Minority interest income (loss)	(21,265)	(2,590)
Net income	968,782	567,419



**Consolidated Quarterly Statements of Comprehensive Income****(Nine Months Ended September 30, 2013)**

(Thousands of yen)

	3Q FY2012 (Jan 1, 2012 – Sep 30, 2012)	3Q FY2013 (Jan 1, 2013 – Sep 30, 2013)
Income before minority interests	947,517	564,829
Other comprehensive income		
Valuation difference on available-for-sale securities	91,065	127,723
Deferred gains or losses on hedges	29,271	25,718
Foreign exchange conversion adjustment	(141,282)	131,553
Share of other comprehensive income of associates accounted for using equity method	831	3,732
Total other comprehensive income	(20,113)	288,728
Comprehensive income	927,404	853,557
(Breakdown)		
Comprehensive income attributable to owners of the parent	954,259	851,612
Comprehensive income attributable to minority interests	(26,855)	1,944

**3. Notes regarding Going Concern**

No applicable items.

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

No applicable items

**5. Segment Information****1. 1) Information Concerning Net Sales and Profits and Losses for Reporting Segments  
3Q FY2012 (January 1, 2012 – September 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	88,757,981	1,826,594	4,629,148	95,213,724	—	95,213,724
Inter-segment sales or transfers	222,715	9,984	193,148	425,847	(425,847)	—
Total	88,980,697	1,836,578	4,822,296	95,639,572	(425,847)	95,213,724
Segment income	1,022,445	920,753	19,016	1,962,215	58,259	2,020,474

(Note)

1. The adjustment amount for segment income is ¥48,494,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥9,765,000 lost in trading between segments.
2. Segment income is adjusted with operating income, as recorded in consolidated quarterly income statements.

**2) Information Concerning Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reporting Segment  
(Important impairment loss related to noncurrent assets)**

Impairment losses on noncurrent assets were appropriated in the Logistics Business and the Property Management Business. The amounts appropriated for these losses in the consolidated third quarter period under review were ¥390,799,000 for Logistics Business and ¥26,457,000 for Property Management Business.

**2. Information Concerning Net Sales and Profits and Losses for Reporting Segments  
3Q FY2013 (January 1, 2013 – September 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	88,783,956	2,014,133	4,145,413	94,943,502	—	94,943,502
Inter-segment sales or transfers	130,541	8,964	308,595	448,100	(448,100)	—
Total	88,914,497	2,023,097	4,454,008	95,391,603	(448,100)	94,943,502
Segment income	287,794	1,034,229	103,417	1,425,442	116,849	1,542,291

(Note)

1. The adjustment amount for segment income is ¥148,829,000 not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from -¥31,979,000 lost in trading between segments.
2. Segment income is adjusted with operating income, as recorded in consolidated quarterly income statements.