

Consolidated Financial Results Announcement for the Six Months Ended June 30, 2014

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 11, 2014
 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, 2014 (from January 1, 2014 to June 30, 2014)

(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, 2014	65,777	6.4	1,480	110.3	1,373	157.0	1,761	-
6 Months Ended June 30, 2013	61,805	(1.7)	703	(47.2)	534	(62.4)	149	(81.9)

(Note) Comprehensive income:

6 Months Ended June 30, 2014: 1,896 million yen (284.7%);

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

	Net income per share	Diluted net income per share
	Yen	Yen
6 Months Ended June 30, 2014	45.15	45.09
6 Months Ended June 30, 2013	3.91	3.89

(Note) On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The net income per share and diluted net income per share are here calculated as if the stock split had occurred at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
6 Months Ended June 30, 2014	108,351	30,699	28.1
FY2013	108,354	29,265	26.7

(Reference) Shareholders' equity

6 Months Ended June 30, 2014: 30,403 million yen; FY2013: 28,973 million yen

2. Dividend Status

(Base date)	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
FY2013	-	0.00	-	40.00	40.00
FY2014	-	0.00	-	-	-
FY2014 (forecast)	-	-	-	14.00	14.00

(Note) Corrections regarding current dividend forecasts: None

On June 1, 2014 the Company conducted a 3-for-1 split of common shares. In tandem with this stock split, the year-end dividend forecast for December 31, 2014 is calculated at ¥13.33 per share and rounded up to ¥14 per share. In terms of the year-end dividend of ¥40 per share forecast in the fiscal year ending December 31, 2013, this is equivalent to ¥42 per share, representing a real increase of ¥2 per share.

3. Consolidated Financial Forecast for the Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

(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	137,000	3.6	4,800	15.9	4,400	15.8	3,500	122.8	89.86

(Note) Corrections regarding current consolidated forecast figures: None

On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The effect of this share split is reflected in the consolidated financial forecast of net income per share.

* 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: No
2) Change other than 1): No
3) Changes in accounting estimates: No
4) Restatements: No

(4) Number of shares issued (common share)

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

6 Months Ended June 30, 2014: 39,613,200 shares

FY2013: 39,613,200 shares

2) Number of treasury share at end of term

6 Months Ended June 30, 2014: 554,245 shares

FY2013: 663,645 shares

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

6 Months Ended June 30, 2014: 39,007,119 shares

6 Months Ended June 30, 2013: 38,360,619 shares

(Note) On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The number of shares at the end of the previous consolidated fiscal year and in the same quarter in the previous fiscal year are here calculated as if the stock split had occurred at the beginning of the previous consolidated fiscal year.

*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. On June 1, 2014 the Company conducted a 3-for-1 split of common shares.

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. 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. Explanation of Forecast of Consolidated Business Results and Other Forecasts" under "I. Business Performance" on page 4.

I. Business Performance

1. Explanation of Business Results

During the consolidated period for the six months ended June 30, 2014, the mood in the environment affecting SBS Holdings was one of cautious optimism. The Japanese economy stood on a modest recovery footing, as government stimulus policies and monetary easing measures taken by the Bank of Japan bolstered business results and employment levels. However, prospects remained tempered by a number of causes for uncertainty, such as the rising cost of imported inputs due to the weakening yen, a shortage of personnel and rising personnel expenses.

In the logistics industry as well, buoyant recent results contrasted with concerns about the near term. Rush demand in reaction to the consumption tax hikes had a positive effect, boosting shipping volumes and strengthening operators' positions in negotiating rates with shippers for the first time in recent memory. At the same time, fuel expenses, vehicle hiring expenses and labor costs, including part-time and temporary workers' wages, moved upward. A shortage of drivers also intensified, presenting the industry with a brace of urgent issues.

Confronted by this environment, the SBS Group worked together to pursue its business and investment strategies and to reinforce its management base. Underpinning these efforts was SBS Growth 2017, the Group's medium-term management plan launched during the consolidated business year under review and covering the period FY2014 through FY2017.

The Group's business strategy consisted of a two-pronged strategy. Aiming for a significant expansion in order acceptance, the Group strengthened proposal-based sales. At the same time, until March the Group responded to rush demand by increasing warehouse-internal work, boosting the number of delivery trucks in operation, and serving spot transportation needs. In new business, the Group launched 3PL operations for major meat processors and commenced operation of centers for mail-order sales on behalf of major department stores and for food-delivery operations, beginning with the Kanto region and continuing to Kansai. In other operations, the Group opened new offices for its personnel operations and upgraded existing ones, driven by strong demand due to widespread staff shortages. By these means, the Group worked to secure human resources and expand its operating area.

The period under review was one of considerable Group activity on the international front, particularly in Singapore and India. To accelerate operations in the ASEAN region, in January the Group merged its two local affiliates in Singapore. Also in January, the Group acquired a Singaporean logistics company active in container shipping, making the SBS Group a key participant in forwarding operations and in Singapore's shipping industry. Regarding the stock acquisition of an Indian logistics company Transpole Logistics Pvt. Ltd. disclosed July 7, the Group plans to acquire 66% of the company shares during the third quarter of the current fiscal year and include Transpole Logistics as the SBS group companies.

The Group deployed its investment strategy in multiple fields. In March the Group completed construction of the rooftop of the West Japan Logistics Center. This was the final phase of the Group's 1st Solar Power Generation Plan, launched in the previous fiscal year. Combined output at all four locations now in operation totals 5.4MW. Moving into the Second Plan, the Group plans capital investment in seven locations during the current fiscal year, to add a further 2MW of power generation. In April, the Group sold an office building in its possession, as part of moves to shuffle its asset portfolio. The funds thus acquired are to be reinvested in mergers and acquisitions as well as facility development.

Net sales grew 6.4% from the previous corresponding period to ¥65,777 million, driven largely by growth in logistics and personnel operations. In earnings, the Group achieved a 110.3% gain in operating income over the previous corresponding period to ¥1,480 million and a 157.0% surge in ordinary income to ¥1,373 million, as net sales grew despite rising fuel and vehicle hiring expenses. In addition to these increases in income from operations, the Group appropriated extraordinary income of ¥1,327 million from sales of office buildings and other gain on sales of noncurrent assets. Net income was ¥1,761 million, greatly exceeding the net income of ¥149 million for net income in the previous corresponding period.

Financial results by segment are as follows.

(Logistics Business)

In its logistics business, the Group launched 3PL operations and opened a new center for its foodstuffs operations and until March greatly expanded shipping volumes centering on consumable goods, beverages, and convenience goods in response to rush demand ahead of the April 1 increase in the consumption tax. At SBS Logicom Co., Ltd., SBS Zentsu Co., Ltd. and SBS Sokuhai Co., Ltd., the Group focused strongly on center operations and transport and delivery operations. As a result, net sales were ¥61,237 million (up 5.9% from the previous corresponding period), operating income was ¥605 million (the previous corresponding period marked an operating loss of ¥77 million).

(Property Management Business)

In our property management business, we transferred some of our rental real-estate assets to a private-placement fund in the previous consolidated period, resulting in a decline in rental revenue. Net sales were ¥1,195 million (down 11.1% from the previous corresponding period) and operating income was ¥612 million (down 11.9%).

(Other Business)

In our other business, trends were firm in our personnel, environmental and marketing business, and the Group added operations in solar power generation. Net sales were ¥3,344 million (up 25.7% from the previous corresponding period) and operating income was ¥171 million (up 440.1%).

2. Explanation of Financial Condition

Total assets at the end of the second quarter were ¥108,351 million, a decrease of ¥3 million from the end of the previous fiscal year. Property, plant and equipment increased, due to replacement of vehicles and purchase of equipment and fixtures. At the same time, while inventory assets increased, cash and deposits as well as notes and accounts receivable-trade declined, resulting in a decrease in current assets.

Liabilities were ¥77,651 million, a decrease of ¥1,437 million from the end of the previous fiscal year. This was mainly due to an increase in noncurrent liabilities of ¥1,072 million including long-term loans payable despite a decrease in current liabilities of ¥2,509 million including a net decrease of short-term loans payable.

Net assets were ¥30,699 million, an increase of ¥1,434 million from the end of the previous fiscal year. This was mainly due to the payment of dividends of ¥519 million while the recording of a net income of ¥1,761 million in the second quarter of the consolidated period and foreign exchange conversion adjustment increased by ¥99 million.

3. Explanation of Forecast of Consolidated Business Results and Other Forecasts

As announced in its July 30, 2014 "Notice Concerning Revisions to Business Forecasts," the Group's forecast of business results for the fiscal year ending December 31, 2014 consists of consolidated net sales of ¥137 billion (a 3.6% increase over the previous fiscal year), consolidated operating income of ¥4.8 billion (a rise of 15.9% over the previous fiscal year), consolidated ordinary income of ¥4.4 billion (15.8% higher than the figure for the previous fiscal year) and consolidated net income of ¥3.5 billion (growth of 122.8% over the previous fiscal year). The Group is working vigorously to achieve all of these forecast figures.

As disclosed July 7, 2014, the Group is acquiring shares in Transpole Logistics Pvt. Ltd. Upon completion of the acquisition process, the balance sheet of Transpole Logistics is to be consolidated in the third quarter, followed by the company's income statement in the fourth quarter. As such, only quarterly net sales and operating income, the portion due to be consolidated during the current consolidated fiscal year, is subject to consolidation. For this reason the effect on business results for the current consolidated period is expected to be minimal.

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

No applicable items.

III. Consolidated Financial Statement

1. Consolidated Balance Sheets

(Millions of yen)

	FY2013 (As of Dec 31, 2013)	2Q FY2014 (As of June 30, 2014)
ASSETS		
Current assets		
Cash and deposits	10,339	9,074
Notes and accounts receivable-trade	16,173	15,105
Inventories	7,583	9,669
Other	5,613	5,667
Allowance for doubtful accounts	(46)	(64)
Total current assets	39,663	39,451
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	36,491	36,003
Accumulated depreciation and impairment loss	(21,796)	(21,610)
Buildings and structures, net	14,694	14,392
Machinery, equipment and vehicles	16,455	17,111
Accumulated depreciation and impairment loss	(12,431)	(12,250)
Machinery, equipment and vehicles, net	4,024	4,861
Land	36,170	35,739
Lease assets	3,582	3,498
Accumulated depreciation and impairment loss	(1,359)	(1,283)
Lease assets, net	2,222	2,215
Other	3,456	3,528
Accumulated depreciation and impairment loss	(2,549)	(2,507)
Other, net	907	1,020
Total property, plant and equipment	58,019	58,229
Intangible assets		
Goodwill	909	933
Other	864	883
Total Intangible assets	1,774	1,817
Investments and other assets		
Investments and other assets	9,100	9,039
Allowance for doubtful accounts	(203)	(186)
Total investments and other assets	8,897	8,853
Total noncurrent assets	68,691	68,900
Total assets	108,354	108,351

(Millions of yen)

	FY2013 (As of Dec 31, 2013)	2Q FY2014 (As of June 30, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7,721	7,352
Current portion of bonds	286	286
Short-term loans payable	18,255	14,933
Current portion of long-term loans payable	9,416	9,861
Income taxes payable	312	359
Provision for bonuses	660	680
Other	7,316	7,985
Total current liabilities	43,969	41,459
Noncurrent liabilities		
Bonds payable	888	760
Long-term loans payable	20,709	21,826
Provision for retirement benefits	3,479	3,548
Other	10,043	10,057
Total noncurrent liabilities	35,120	36,192
Total liabilities	79,089	77,651
NET ASSETS		
Shareholders' equity		
Capital stock	3,902	3,902
Capital surplus	5,511	5,538
Retained earnings	19,468	20,710
Treasury stock	(205)	(171)
Total shareholders' equity	28,677	29,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	323	341
Deferred gains or losses on hedges	(23)	(14)
Foreign exchange conversion adjustments	(3)	96
Total valuation and translation adjustments	296	423
Subscription rights to shares	8	8
Minority interests	283	288
Total net assets	19,265	30,699
Total liabilities, net assets	108,354	108,351

2. Consolidated Statements of Operations**(Six Months Ended June 30, 2014)**

(Millions of yen)

	2Q FY2013 (Jan 1, 2013 - June 30, 2013)	2Q FY2014 (Jan 1, 2014 - June 30, 2014)
Net sales	61,805	65,777
Cost of sales	56,383	59,751
Gross profit	5,422	6,026
Selling, general and administrative expenses	4,718	4,545
Operating income	703	1,480
Non-operating income		
Interest income	5	7
Dividends income	43	31
Equity in earnings of affiliates	60	138
Other	87	92
Total non-operating income	197	269
Non-operating expenses		
Interest expenses	293	266
Other	73	110
Total non-operating expenses	366	377
Ordinary income	534	1,373
Extraordinary income		
Gain on sales of noncurrent assets	72	1,327
Gain on sales of investment securities	285	-
Total extraordinary income	358	1,327
Extraordinary loss		
Loss on sales of noncurrent assets	77	9
Loss on valuation of stocks of subsidiaries and affiliates	-	95
Office transfer expenses	191	-
Brand unification expenses	68	-
Other	27	7
Total extraordinary loss	365	112
Net quarterly income before taxes and other adjustments	527	2,588
Income taxes-current	220	404
Income taxes-deferred	163	417
Total income taxes	384	822
Income before minority interests	143	1,766
Minority interest income (loss)	(6)	4
Net income	149	1,761

Consolidated Quarterly Statements of Comprehensive Income**(Six Months Ended June 30, 2014)**

(Millions of yen)

	2Q FY2013 (Jan 1, 2013 - June 30, 2013)	2Q FY2014 (Jan 1, 2014 - June 30, 2014)
Income before minority interests	143	1,766
Other comprehensive income		
Valuation difference on available-for-sale securities	128	16
Deferred gains or losses on hedges	14	9
Foreign exchange conversion adjustment	202	104
Share of other comprehensive income of associates accounted for using equity method	4	1
Total other comprehensive income	349	130
Comprehensive income	493	1,896
(Breakdown)		
Comprehensive income attributable to owners of the parent	492	1,888
Comprehensive income attributable to minority interests	0	8

3. Notes on the Quarterly Consolidated Financial Statements

(Notes regarding Going Concern)

No applicable items.

(Notes regarding Remarkable Change of Shareholder's Equity)

No applicable items.

(Segment Information)

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

(Millions 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	1,344	2,659	61,805	-	61,805
Inter-segment sales or transfers	83	5	197	287	(287)	-
Total	57,884	1,350	2,857	62,092	(287)	61,805
Segment income (loss)	(77)	694	31	649	54	703

(Note)

1. The adjustment amount for segment income (loss) is ¥72 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from -¥18 million 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
2Q FY2014 (January 1, 2014 – June 30, 2014)**

(Millions 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	61,237	1,195	3,344	65,777	-	65,777
Inter-segment sales or transfers	92	4	132	229	(229)	-
Total	61,330	1,199	3,477	66,006	(229)	65,777
Segment income	605	612	171	1,388	91	1,480

(Note)

1. The adjustment amount for segment income is ¥84 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥6 million lost in trading between segments.
2. Segment income is adjusted with operating income, as recorded in consolidated quarterly income statements.