

Consolidated Financial Results Announcement for the Three Months Ended March 31, 2015

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: May 15, 2015
 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, 2015 (from January 1, 2015 to March 31, 2015)

(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, 2015 | 39,538 | 22.5 | 734 | 8.8 | 989 | 73.4 | 2,594 | 564.4 |
| 3 Months Ended March 31, 2014 | 32,266 | 8.2 | 674 | - | 570 | - | 390 | - |

(Note) Comprehensive income:

3 Months Ended March 31, 2015: 3,257 million yen (607.1%); 3 Months Ended March 31, 2014: 460 million yen (90.3%)

| | Net income per share | Diluted net income per share |
|-------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| 3 Months Ended March 31, 2015 | 66.12 | 66.07 |
| 3 Months Ended March 31, 2014 | 10.02 | 10.00 |

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

(2) Consolidated financial condition

| | Total assets | Net assets | Equity ratio |
|-------------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| 3 Months Ended March 31, 2015 | 135,502 | 37,756 | 25.3 |
| FY2014 | 131,120 | 35,091 | 24.3 |

(Reference) Shareholders' equity

3 Months Ended March 31, 2015: 34,349 million yen; FY2014: 31,817 million yen

(Note) The figures have been retroactively adjusted in accordance with changes in accounting principles in the year ended December 31, 2014.

2. Dividend Status

| | Dividend per share (yen) | | | | | |
|-------------------|--------------------------|-----------|-----------|-----------|-----------|-------|
| | (Base date) | End of Q1 | End of Q2 | End of Q3 | End of Q4 | Total |
| FY2014 | — | — | 0.00 | — | 15.00 | — |
| FY2015 | — | — | — | — | — | — |
| FY2015 (forecast) | — | — | 0.00 | — | 15.00 | 16.00 |

(Note) Corrections regarding current dividend forecasts: None

3. Consolidated Financial Forecast for the Year Ending December 31, 2015 (January 1, 2015 – December 31, 2015)

(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 | 79,000 | 20.1 | 1,500 | 2.2 | 1,200 | -11.8 | 1,900 | 8.6 | 48.44 |
| Full year | 165,000 | 16.6 | 5,500 | 34.2 | 4,900 | 34.3 | 3,800 | 39.5 | 96.89 |

(Note) Corrections regarding current consolidated forecast figures: None

(Note) Year-on-year percentage changes reflect retroactive adjustments in accordance with changes in accounting principles.

* Note

- (1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): 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: No
 - 4) Restatements: No
- (4) Number of shares issued (common share)
 - 1) Number of shares issued at end of term (including treasury share)
 - 3 Months Ended Mar 31, 2015: 39,703,200 shares
 - FY2014: 39,703,200 shares
 - 2) Number of treasury share at end of term
 - 3 Months Ended Mar 31, 2015: 430,385 shares
 - FY2014: 481,985 shares
 - 3) Average number of outstanding shares during the period (Accumulative figures for quarter)
 - 3 Months Ended Mar 31, 2015: 39,239,139 shares
 - 3 Months Ended Mar 31, 2014: 38,973,627 shares

(Note) On June 1, 2014, the Company conducted a 3-for-1 split of common shares. Net income per share and diluted net income per share here are calculated as if the stock split had occurred at the beginning of 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. 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 period under review (Q1 FY2015: three months ended March 31, 2015), the Japanese economy was characterized by entrenched yen depreciation and rising stock prices, and some corporate earnings showed signs of improvement. Nevertheless, the outlook remained opaque due to sudden fluctuations in exchange rates and the cost of imported raw materials, as well as the risk of a downturn in overseas economies.

The logistics industry fell short of seeing a full-fledged improvement in the movement of goods, as a recovery in consumption was dulled by such factors as the prolonged impact of the consumption tax rise. Furthermore, the operating environment remained problematic owing to opportunity losses stemming from personnel and vehicle shortages, higher vehicle-rental costs and rising wages for part-time and temporary workers.

Confronted by this environment, the SBS Group moved into the second year of SBS Growth 2017, its medium-term management plan, working together to achieve its targets by pursuing its business and investment strategies, among other measures.

The business strategy comprised the renovation of SBS Logicom's sales organization to further expand the 3PL business, and the full-fledged start of market cultivation in the Kansai region and western Japan by opening a sales base in Osaka for the logistics and human resources businesses. We also entered a business and capital alliance with Seikodo Co., Ltd., a prominent wholesaler of music and video software, to comprehensively handle that company's logistics operations.

Our investment strategy included the January 2015 completion and start of operations at the Nagatsuta Logistics Center in the city of Yokohama. In March, we began construction of a dedicated logistics center for a major department store group in the city of Tokorozawa, Saitama Prefecture. We are now moving forward with construction on two large-scale logistics facilities, including the Sugita Logistics Center in Yokohama.

As a result, net sales expanded 22.5% year on year, to ¥39,538 million. Operating income increased 8.8%, to ¥734 million, and ordinary income jumped 73.4%, to ¥989 million, due to the recording of ¥270 million in foreign exchange gains. Net income soared 564.4%, to ¥2,594 million, due to the posting of a gain on sales of noncurrent assets of ¥2,279 million as extraordinary income and a drawing down of deferred tax liabilities in accordance with a reduction in the corporate tax rate.

Financial results by segment are as follows.

(Logistics Business)

Segment sales in the logistics business grew 20.9% year on year, to ¥36,240 million, and operating income increased 38.6%, to ¥266 million. Although the Group had been concerned about a potential demand backlash compared with the first quarter of the preceding fiscal year, which was affected by a demand rush ahead of the consumption tax hike, shipments increased in some segments of the retail industry and from department stores. Also contributing to these rises were the inclusion in the scope of consolidation of SBS Transpole Logistics Pvt. Ltd. of India, which we acquired in the preceding fiscal year, and lower fuel charges.

(Property Management Business)

In the property management business, operations commenced at the Nagatsuta Logistics Center, and we sold for ¥1,173 million a logistics facility in the city of Tokorozawa, Saitama Prefecture, that we had held as real estate for sale. As a result, sales in this segment rose 199.8% year on year, to ¥1,853 million, and operating income increased 38.6%, to ¥471 million.

(Other Business)

In other business, sales were down 13.8%, to ¥1,443 million, and operating income fell 45%, to ¥53 million. Key factors included lost opportunities in the human resources business, as we secured fewer staff for dispatch than we had anticipated, and the sale in the previous fiscal year of a marketing business subsidiary.

2. Explanation of Financial Condition

As of March 31, 2015, total assets amounted to ¥135,502 million, up ¥4,382 million from their level on December 31, 2014.

Major contributors to this increase were a ¥1,754 million rise in current assets, including a ¥609 million increase in cash and deposits and ¥1,011 million higher inventories, stemming from the completion of a logistics facility. Noncurrent assets also expanded ¥2,316 million, due in part to a ¥2,318 million increase in the "other" category (the construction in progress account) in line with the construction of logistics facilities underway in Saitama and Yokohama.

Total liabilities came to ¥97,746 million, ¥1,717 million higher than on December 31, 2014. Although current liabilities were down ¥8,709 million due to a net decrease in short-term loans payable, this increase was largely attributable to a rise in long-term loans payable, which caused noncurrent liabilities to expand ¥10,427 million.

Net assets totaled ¥37,756 million, up ¥2,665 million compared with December 31, 2014. Net income of ¥2,594 million and foreign exchange conversion adjustments of ¥429 million led to this increase, despite dividend payments of ¥595 million.

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

During the first quarter under review, the posting of foreign exchange gains and the drawing down of deferred tax liabilities due to the decrease in the corporate tax rate, as well as the addition of an overseas subsidiary and extraordinary income stemming from the sale of noncurrent assets we had anticipated, led to increases in ordinary income and net income.

However, future consumption trends are unclear, we expect higher vehicle hiring and other costs, and we are unable to forecast exchange rate fluctuations. Accordingly, at this stage we maintain unchanged our forecasts for the six months ending June 30, 2015, and the full fiscal year ending December 31, 2015, as announced on February 13, 2015.

II. Consolidated Financial Statement

1. Consolidated Balance Sheets

(Millions of yen)

| | FY2014 (As of Dec 31, 2014) | 1Q FY2015 (As of Mar 31, 2015) |
|--|--------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 11,098 | 11,708 |
| Notes and accounts receivable-trade | 22,012 | 21,899 |
| Inventories | 13,002 | 14,013 |
| Other | 7,838 | 8,147 |
| Allowance for doubtful accounts | (104) | (167) |
| Total current assets | 53,847 | 55,602 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 33,262 | 33,050 |
| Accumulated depreciation and impairment loss | (21,502) | (21,179) |
| Buildings and structures, net | 11,760 | 11,870 |
| Machinery, equipment and vehicles | 18,274 | 18,961 |
| Accumulated depreciation and impairment loss | (12,326) | (12,330) |
| Machinery, equipment and vehicles, net | 5,948 | 6,630 |
| Land | 38,052 | 37,627 |
| Lease assets | 3,430 | 2,842 |
| Accumulated depreciation and impairment loss | (1,391) | (1,190) |
| Lease assets, net | 2,038 | 1,652 |
| Other | 5,122 | 7,528 |
| Accumulated depreciation and impairment loss | (2,680) | (2,750) |
| Other, net | 2,442 | 4,777 |
| Total property, plant and equipment | 60,241 | 62,558 |
| Intangible assets | | |
| Goodwill | 5,136 | 5,292 |
| Other | 1,570 | 1,691 |
| Total Intangible assets | 6,706 | 6,983 |
| Investments and other assets | | |
| Investments and other assets | 10,508 | 10,552 |
| Allowance for doubtful accounts | (184) | (193) |
| Total investments and other assets | 10,324 | 10,358 |
| Total noncurrent assets | 77,272 | 79,900 |
| Total assets | 131,120 | 135,502 |

(Millions of yen)

| | FY2014 (As of Dec 31, 2014) | 1Q FY2015 (As of Mar 31, 2015) |
|---|--------------------------------|-----------------------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 8,767 | 8,565 |
| Current portion of bonds | 256 | 280 |
| Short-term loans payable | 23,243 | 16,625 |
| Current portion of long-term loans payable | 11,815 | 11,485 |
| Income taxes payable | 755 | 306 |
| Provision for bonuses | 683 | 1,431 |
| Other | 9,467 | 7,585 |
| Total current liabilities | 54,990 | 46,280 |
| Noncurrent liabilities | | |
| Bonds payable | 632 | 480 |
| Long-term loans payable | 26,372 | 36,971 |
| Net defined benefit liability | 3,928 | 3,853 |
| Other | 10,106 | 10,160 |
| Total noncurrent liabilities | 41,038 | 51,466 |
| Total liabilities | 96,029 | 97,746 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 3,918 | 3,918 |
| Capital surplus | 5,502 | 5,502 |
| Retained earnings | 21,475 | 23,467 |
| Treasury stock | (117) | (104) |
| Total shareholders' equity | 30,778 | 32,783 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 415 | 508 |
| Deferred gains or losses on hedges | (7) | (2) |
| Foreign currency translation adjustment | 795 | 1,225 |
| Remeasurements of defined benefit plans | (164) | (165) |
| Total accumulated other comprehensive income | 1,039 | 1,566 |
| Subscription rights to shares | 30 | 38 |
| Minority interests | 3,243 | 3,367 |
| Total net assets | 35,091 | 37,756 |
| Total liabilities, net assets | 131,120 | 135,502 |

2. Consolidated Statements of Operations**(Three Months Ended March 31, 2015)**

(Millions of yen)

| | 1Q FY2014 (Jan 1, 2014 - Mar 31, 2014) | 1Q FY2015 (Jan 1, 2015 - Mar 31, 2015) |
|--|--|--|
| Net sales | 32,266 | 39,538 |
| Cost of sales | 29,330 | 35,813 |
| Gross profit | 2,935 | 3,724 |
| Selling, general and administrative expenses | 2,260 | 2,989 |
| Operating income (loss) | 674 | 734 |
| Non-operating income | | |
| Interest income | 1 | 63 |
| Dividends income | 8 | 13 |
| Foreign exchange gains | 3 | 270 |
| Equity in earnings of affiliates | 69 | 70 |
| Other | 28 | 35 |
| Total non-operating income | 110 | 453 |
| Non-operating expenses | | |
| Interest expenses | 135 | 186 |
| Other | 79 | 10 |
| Total non-operating expenses | 214 | 197 |
| Ordinary income (loss) | 570 | 989 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 30 | 2,279 |
| Other | - | 16 |
| Total extraordinary income | 30 | 2,296 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 8 | 0 |
| Loss on retirement of noncurrent assets | 1 | 19 |
| Total extraordinary loss | 10 | 19 |
| Net quarterly income (loss) before taxes and other adjustments | 590 | 3,266 |
| Income taxes-current | 238 | 804 |
| Income taxes-deferred | (34) | (170) |
| Total income taxes | 203 | 633 |
| Income before minority interests (loss) | 387 | 2,633 |
| Minority interest income (loss) | (3) | 38 |
| Net income (loss) | 390 | 2,594 |

(Three Months Ended March 31, 2015)

(Millions of yen)

| | 1Q FY2014 (Jan 1, 2014 - Mar 31, 2014) | 1Q FY2015 (Jan 1, 2015 - Mar 31, 2015) |
|---|--|--|
| Income (loss) before minority interests | 387 | 2,633 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (32) | 93 |
| Deferred gains or losses on hedges | 8 | 4 |
| Foreign currency translation adjustment | 96 | 527 |
| Remeasurements of defined benefit plans | - | 4 |
| Share of other comprehensive income of associates accounted for using equity method | 0 | (5) |
| Total other comprehensive income | 73 | 624 |
| Comprehensive income | 460 | 3,257 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 460 | 3,121 |
| Comprehensive income attributable to minority interests | 0 | 135 |

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
1Q FY2014 (January 1, 2014 – March 31, 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 | 29,973 | 618 | 1,674 | 32,266 | — | 32,266 |
| Inter-segment sales or transfers | 47 | 2 | 73 | 124 | (124) | — |
| Total | 30,021 | 621 | 1,747 | 32,390 | (124) | 32,266 |
| Segment income (loss) | 192 | 339 | 97 | 629 | 44 | 674 |

(Note)

1. The adjustment amount for segment income is ¥41 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥3 million lost in trading between segments.
2. Segment income is adjusted with operating loss, as recorded in consolidated quarterly income statements.

**2. Information Concerning Net Sales and Profits and Losses for Reporting Segments
1Q FY2015 (January 1, 2015 – March 31, 2015)**

(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 | 36,240 | 1,853 | 1,443 | 39,538 | - | 39,538 |
| Inter-segment sales or transfers | 54 | 0 | 37 | 92 | (92) | - |
| Total | 36,294 | 1,854 | 1,480 | 39,630 | (92) | 39,538 |
| Segment income | 266 | 471 | 53 | 791 | (56) | 734 |

(Note)

1. The adjustment amount for segment income is -¥59 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from ¥2 million lost in trading between segments.
2. Segment income is adjusted with operating loss, as recorded in consolidated quarterly income statements.