

Interim Financial Report for Fiscal 2006

SG Holdings Co., Ltd.

I. Interim Financial Report (as of September 30, 2006)

1. Consolidated Financial Results

	First Half FY2006 (March 21, 2006 – September 30, 2006) (million yen)	First Half FY2005 (March 21, 2005 – September 30, 2005) (million yen)	Comparison with Same Period of Previous Fiscal Year (%)
Revenue	424,848	398,531	106.6
Operating Income	19,165	18,471	103.8
Ordinary Income	16,871	15,992	105.5
Net Income	9,893	8,570	115.4

* Please note that as of March 21, 2006, SG Holdings Co., Ltd. was established as a pure holding company.

Companies Subject to Consolidated Accounting

SG Holdings Co., Ltd., Sagawa Express Co., Ltd., Sagawa Global Logistics Co., Ltd., and others (Total: 33 companies)

2. Non-Consolidated Financial Results (SG Holdings Co., Ltd.)

	First Half FY2006 (March 21, 2006 – September 30, 2006) (million yen)	First Half FY2005 (March 21, 2005 – September 30, 2005)	Comparison with Same Period of Previous Fiscal Year
Revenue	206	—	—
Operating Income	-13	—	—
Ordinary Income	-121	—	—
Net Income	-73	—	—

Upon establishment of SG Holdings Co, Ltd., the start-up cost of 108 million yen was amortized.

3. Number of Packages and Mails Delivered through Sagawa Express (a delivery service provided by Sagawa Express Co., Ltd.) and mail delivery services

	First Half FY2006 (million packages/mail)	First Half FY2005 (million packages/mail)	Comparison with Same Period of Previous Fiscal Year (%)
Total Packages/Mails Handled by Sagawa Express	503.681	487.326	103.4
Packages Delivered through e-Collect Services	39.448	32.573	121.1
Packages Delivered through Hikyaku Cool Express	15.004	13.673	107.4
Packages Delivered through Time Selection Service	20.127	15.581	129.2
Mails Delivered through Mail Delivery Services	308.957	227.216	136.0

* As indicated in this document, “Mail Delivery Services” refers to Hikyaku Mail Express and Sagawa Yu Mail, and the corresponding figures represent the sums of mails delivered through these two services.

General Description

During the first half of FY2006, given the fact that Sagawa Express Co., Ltd., a core company of the SG Holdings Group, enjoyed an increase in the number of packages and mails delivered through its delivery services, e-Collect Service, and mail services, the Group's resulting revenue was 424,848 million yen, an increase of 6.6% from the same period of the previous fiscal year. With all cost-increasing factors, including soaring oil prices and necessary response to implementation of the revised Road Traffic Law, the Group recorded an operating income of 19,165 million yen and an ordinary income of 16,871 million yen, representing increases of 3.8% and 5.5%, respectively, from the same period of the previous fiscal year.

II. Projection of Annual Performance for FY2006 (March 21, 2006 – March 20, 2007)

1. Consolidated Financial Results (Projected Performance)

	Projected Performance for FY2006 (million yen)	Actual Performance for FY2005 (million yen)	Comparison with Previous Fiscal Year (%)
Revenue	875,000	824,346	106.1
Operating Income	40,000	39,053	102.4
Ordinary Income	36,000	34,746	103.6
Net Income	20,900	-5,668	—

Please note that for FY2005, an extraordinary loss of 36.3 billion yen, arising from securitization of real estate owned by the Group as well as early application of impairment loss accounting, was posted and included in the calculation of the Actual Performance provided above.

2. Non-Consolidated Financial Results (Projected)

	Projected Performance for FY2006 (million yen)	Actual Performance for FY2005	Comparison with Previous Fiscal Year
Revenue	28,400	—	—
Operating Income	27,500	—	—
Ordinary Income	27,400	—	—
Net Income	27,400	—	—

3. Number of Packages and Mails Delivered or Expected to be Delivered through Sagawa Express (a delivery service provided by Sagawa Express Co., Ltd.) and Mail Delivery Services

	Projected Performance for FY2006 (million packages/mail)	Actual Performance for FY2005 (million packages/mail)	Comparison with Previous Fiscal Year (%)
Total Actual/Estimated Packages and Mails	1,023	993.094	103.0
Through e-Collect Services	84	69.917	120.1
Through Hikyaku Cool Express	30	28.344	105.8
Through Time Selection Service	42	32.955	127.4
Through Mail Delivery Services	660	503.22	131.2

* As indicated in this document, “Mail Delivery Services” refers to Hikyaku Mail Express and Sagawa Yu Mail, and the corresponding figures represent the sums of mails delivered or expected to be delivered through these two services.