



# Financial Report for Fiscal 2007 (Consolidated)

May 27, 2008

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(Note: Amounts less than 1 million yen are rounded down to nearest million yen)

## 1. Consolidated Performance for fiscal 2007 (March 21, 2007 - March 20, 2008)

(1) Consolidated Operation Results (Note: Percentage figures in table below represent changes from same period of previous fiscal year.)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2007	889,395	2.3	36,444	-8.0	31,572	-12.9	-59,013	—
Fiscal 2006	869,268	—	39,634	—	36,243	—	18,537	—

## (2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal 2007	552,399	117,040	20.9	1,073.26
Fiscal 2006	620,390	179,839	28.3	3,281.85

## (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Outstanding Balance of Cash & Cash Equivalents at End of Fiscal Period
	Million yen	Million yen	Million yen	Million yen
Fiscal 2007	27,928	-27,460	-3,707	71,954
Fiscal 2006	53,544	-25,186	-27,408	75,257

## 2. Projection of Consolidated Performance for FY2008 (March 21, 2008 - March 20, 2009)

(Note: Percentage figures in table below represent changes from same period of previous fiscal year.)

	Revenue	Operating Income	Ordinary Income	Net Income
	Million yen	Million yen	Million yen	Million yen
Fiscal 2008 (Annual)	930,000	32,000	27,000	14,000

## 3. Miscellaneous

- (1) Significant Transfer of Subsidiary during Fiscal Period (Transfer of Special Subsidiary causing any change in scope of consolidated accounting) None
- (2) Changes Implemented to Conventional Accounting Principles, Standard, Procedures, Method and Process in Relation to Production of Consolidated Financial Statement (Any information to be included in "Notes of Significant Changes," providing basis for producing Consolidated Financial Statement)
  - ① Changes implemented in accordance with revision of conventional accounting standard and legal requirements: Yes
  - ② Changes other than those described in Item ①: None

## 1. Status of Group Companies

SG Holdings Group (the Company and related companies) consists of the Company (SG Holdings Co., Ltd.), 33 subsidiaries and three affiliate companies, all engaged in Delivery Businesses, Logistics Businesses and other associated businesses.

Operations performed by SG Holdings Group, together with the individual positions taken by the Company and related companies for performance of these operations, are as follows:

Business Segment	Major Products and Services	Major Companies
Delivery Businesses	Hikyaku Express Hikyaku Cool Express Hikyaku Mail Express, etc. Moving transportation Route Delivery Service Charter transportation Art transportation Air transportation	Sagawa Express Co., Ltd. Sagawa Moving Center Co., Ltd. Galaxy Airlines Co., Ltd.  (Total: 3 companies)
Logistics Businesses	Lump-sum acceptance of orders for logistics services Development of logistics systems Control and management of inventory and orders placed and received Management of distribution centers Warehousing Transportation using public transport Hikyaku Air Transportation Sagawa Global Transportation Service sgx International air and marine transportation services	Sagawa Global Logistics Co., Ltd. Sagawa Express (H.K.) Co., Ltd. Poly-Sagawa Logistics Co., Ltd. Sagawa Express Vietnam Sagawa Express Philippines, Inc. Sagawa Express Singapore, Pte. Ltd. P.T. Sagawa Express Indonesia Plus 14 other companies (Total: 21 companies)
Other Businesses	e-Collect Service Automobile sale and services, and manufacture of auto bodies Facility maintenance and management Temporary staffing services Product sales Representation of insurance and travel companies System sales and maintenance Support for introduction of shipping systems	Sagawa Financial Co., Ltd. Sagawa Galaxy Motors Co., Ltd. Sagawa Advance Co., Ltd. Sagawa Computer Systems Co., Ltd.  Plus 9 other companies (Total: 13 companies)

\* Major Companies of Other Businesses include SG Holdings Co., Ltd., a pure holding company.

## 2. Business Performance

### (1) Overview of Business Performance in Fiscal 2007

Despite increasing exports to developing and resource abundant countries, the Japanese economy remained stagnant during fiscal 2007. In particular, implementation of the revised Building Standard Law resulted in a drastic fall in housing investment, while soaring commodity prices curbed the real value of consumer incomes and reduced their discretionary incomes in the latter half of the fiscal year. These factors continued to hamper the overall growth of domestic consumer demand for goods and services.

The delivery service market, SG Holdings Group's major source of income, has already largely matured and its growth now appears to be slackening. Meanwhile, the Group was under pressure to cope with cost-increasing factors, including soaring oil prices, the revision of the Road Traffic Law and the need for environmental measures. In addition, the emergence and commencement of operations of the Japan Post Group in October 2007 further intensified competition among delivery service providers, serving to prolong a difficult time for the management of SG Holdings Group.

During fiscal 2007, SG Holdings Group began implementing the SgH First Stage Plan, the Group's first medium-term corporate management plan devised since introduction of the holding-company system. Based on this plan, the Group concentrated its efforts primarily on strengthening and expanding Delivery Businesses, the Group's pillar business and developing and securing Logistics Businesses as a second pillar, as well as establishing a third and a fourth pillar. Through these endeavors, the Group worked actively to form a firm foundation to enable and ensure the Group's sustainable development.

Furthermore, SG Holdings Group reorganized the assets owned by all Group companies during fiscal 2007 as part of its business base development measures aimed at improving the efficacy of the management policies and strategies toward the Group's future. The assets subjected to this process varied widely, from fixed assets including the distribution center owned by Sagawa Express Co., Ltd., through trademarks owned by individual Group companies, to overseas subsidiaries' assets, including company shares and systems. By identifying each Group company's responsibilities for maintaining and managing its individual assets, and in consideration of the company's future business development plan, the Group judged it possible to use these assets more efficiently and appropriately in the medium and/or long term. Such a process enables the entire Group to improve profitability and enjoy the resultant benefits.

Under such circumstances, the entire Group's revenue results rose by 2.3% to 889,395 million yen from the previous fiscal year. Due to soaring fuel prices, strategic investment-related costs and expenses posted for accounting processes and other cost-increasing factors, the Group recorded operating income of 36,444 million yen and ordinary income of 31,572 million yen, representing decreases of 8.0% and 12.9%, respectively, from the previous fiscal year.

In its efforts to reorganize assets under the ownership of all Group companies, Sagawa Express's distribution center and other properties were sold to SG Realty Co., Ltd., founded

during fiscal 2007. Due to the application of prevailing market prices, the transactions had a considerable impact on the Group's performance, resulting in a net loss of 59,013 million yen for fiscal 2007.

Below is an overview of individual business segments and their respective performances.

- Delivery Businesses

SG Holdings Group worked diligently to further strengthen and expand its Delivery Businesses, the Group's major source of income. In addition to enhancing existing products and services in terms of ease, convenience and range of service applications, as well as introducing a Large Furniture and Domestic Electronic Device Transportation and Installation Service, a Recipient-Confirmed Delivery Service and other new products and services, efforts were steadily made in improving vehicle and personnel allocations, and efficiency of transportation and delivery. Affected in no small part by sluggish market demand in the latter half of the fiscal year, the number of packages handled and distributed by the Group totaled 1,280 million items, a mere 0.7% increase from the previous fiscal year. On the other hand, the services provided by Galaxy Airlines Co., Ltd., which commenced operations in fiscal 2006 aimed at improving delivery services, contributed to the remarkable growth of the Hikyaku Air Transportation business during fiscal 2007. Furthermore, the volume of account settlement orders associated with e-Collect Service transactions, as well as the number of envelopes handled through Hikyaku Mail Service continued to increase steadily.

As a result, revenue from this business segment rose by 2.3% to 771,133 million yen from the previous fiscal year.

- Logistics Businesses

SG Holdings Group consolidated its internal functions relating to logistics, including distribution and processing services, and air- and international freight transportation services, with a view to establishing a system capable of providing consistent distribution services both within Japan and overseas. In addition, the Group introduced overseas transportation systems and other new products, as well as improving existing products and implementing other initiatives, in order to provide quality products and services able to satisfy customer needs. Through these efforts, the Group worked diligently to strengthen the basis for establishing the Group's second pillar business. With regard to domestic distribution businesses, there was a steady rise in the number of packages handled and distributed by the Group, particularly for customers requiring large-scale and/or frequent deliveries of clothing, furnishings and other articles. In addition to the increasing volume of consolidated cargo handled through domestic air transportation, on the whole, SG Holdings' overseas subsidiaries steadily expanded their businesses.

With respect to domestic air-freight transportation businesses, however, the Group changed its accounting procedures in October 2007 by transferring corresponding figures and data from Logistics Businesses to Delivery Businesses. As a result, revenue from this

business segment decreased 4.4% to 67,329 million yen from the previous fiscal year.

- Other Businesses

In Finance Businesses, SG Holdings Group enabled e-Collect Service recipients to use any of the five major international credit card services for their payments, introduced an electronic money system known as QUICPay, and implemented other efforts to enhance the facility and advantages provided by account settlement and other services. Furthermore, by introducing a new product, the Online Account Settlement Service, the Group made diligent efforts to attract account settlement businesses, which expanded along with the growth of the mail-order sales market.

In Automobile Sales Businesses, as a result of establishing and developing sales and marketing systems closely connected to local communities and implementing other measures, the Group saw a steady increase in the sales of new trucks. In addition, other businesses on the whole recorded stable growth during the fiscal year.

SG Mobile Support Co., Ltd., founded on August 1, 2007, embarked on a full-scale mobile communication base stations installation business, while SG Realty Co., Ltd, founded on August 21, 2007, made efforts in preparation for real estate businesses. In taking such steps in combination with other efforts, the Group endeavors to develop a third and even a fourth pillar business.

As a result, this business segment generated revenue of 50,932 million yen, 13.4% increase since the previous fiscal year.

## (2) Future Challenges

The delivery service market, SG Holdings Group's major source of income, has already matured to a great extent and its growth now appears to be slackening. The Group has found itself under pressure to respond to soaring oil prices and the need for environmental measures, as well as to cope with other cost-increasing factors. In view of further intensified competition among delivery service providers, the Group is anticipating the business environment to become increasingly demanding. Moreover, the Group remains extremely reliant on Delivery Businesses, particularly on Delivery Businesses associated with delivery service transactions, as a source of revenue.

Meanwhile, the corporate tendency to outsource Logistics Businesses to service providers is likely to continue. As the corporate practice of subcontracting Logistics Businesses (Third-Party Logistics or 3PL) increases every year and export and import businesses steadily expand, the demand for logistics and other associated services is expected to widen further, consequently boosting the Group's income from Logistics Businesses.

Based on this understanding, the SgH First Stage Plan, a new medium term management plan incorporating the Group's management vision "Encouraging Individual Group Companies to Establish Necessary Bases for Performing Operations and Create Value-Added Businesses," was formulated and put into action during fiscal 2007. With a

view to “laying the foundation for businesses that ensure the Group’s sustainable development,” SG Holdings Group is endeavoring to develop a well-balanced profit-making base, rather than one heavily reliant on Delivery Businesses alone.

In relation to Delivery Businesses, SG Holdings Group is planning to further improve direct air freight transportation services provided by Galaxy Airlines Co., Ltd., which commenced full-scale operations in fiscal 2007, as well as to implement necessary measures aimed at establishing a solid business basis for enhancing the quality of package collection and delivery services. In addition, efforts will be made to develop and introduce new value-added services that can satisfy shippers’ needs, with a view to strengthening and expanding Delivery Businesses, the Group’s flagship pillar business.

In Logistics Businesses, SG Holdings Group is working diligently to improve the distribution facilities, while extending its scope to future business expansion, and also to encourage overseas corporations to develop business strategies for establishing its second pillar business.

In Other Businesses, efforts will be concentrated not only on expanding existing businesses, but also on steadily developing and strengthening the business foundations of SG Mobile Support Co., Ltd. and SG Realty Co., Ltd. (both established during fiscal 2007), together with the framework for the Online Account Settlement Service provided by Sagawa Financial Co., Ltd., to enable the Group to establish a third and a fourth pillar business.

### 3. Consolidated Financial Statement

#### (1) Consolidated Balance Sheet

Account Category	Fiscal 2006 (as of March 20, 2007)		Fiscal 2007 (as of March 20, 2008)		Change from previous fiscal year
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
(Assets)					
I Current Assets					
1. Cash and Cash Equivalents	76,515		72,780		-3,734
2. Trade Notes and Accounts Receivable	118,916		126,673		7,756
3. Inventory	2,416		2,617		201
4. Deferred Tax Assets	4,053		13,391		9,337
5. Other	14,434		19,027		4,592
6. Provision for Bad Debt	-929		-958		-28
Total Current Assets	215,407	34.8	233,531	42.3	18,124
II Fixed Assets					
(1) Tangible Assets					
1. Buildings and Structures	82,665		69,942		-12,722
2. Vehicles and Transportation Equipment	18,467		16,331		-2,135
3. Aircraft	10,909		9,651		-1,257
4. Land	205,067		114,553		-90,513
5. Construction in Progress	5,803		1,429		-4,374
6. Other	11,314		12,358		1,044
Total Tangible Assets	334,227	53.9	224,267	40.6	-109,959
(2) Intangible Assets					
1. Computer Software	9,888		9,032		-855
2. Other	2,773		6,677		3,904
Total Intangible Assets	12,661	2.0	15,710	2.8	3,048
(3) Investments and Other Assets					
1. Investment Securities	3,722		2,393		-1,328
2. Deferred Tax Assets	16,990		41,034		24,043
3. Guarantee Money Paid	32,814		32,925		111
4. Other	6,928		6,383		-545
5. Provision for Bad Debt	-3,802		-3,846		-43
Total Investments and Other Assets	56,652	9.1	78,889	14.3	22,237
Total Fixed Assets	403,541	65.0	318,868	57.7	-84,673
III Deferred Assets	1,440	0.2	—	—	-1,440
Total Assets	620,390	100.0	552,399	100.0	-67,990

Account Category	Fiscal 2006 (as of March 20, 2007)		Fiscal 2007 (as of March 20, 2008)		Change from previous fiscal year
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
(Liabilities)					
I Current Liabilities					
1. Trade Notes Payable and Accounts Due	46,513		52,706		6,192
2. Corporate Bonds with Redemption Scheduled within One Year	21,600		—		-21,600
3. Short-Term Debt	3,061		—		-3,061
4. Long-Term Debt with Repayment Scheduled within One Year	37,506		33,357		-4,149
5. Accrued Income Taxes and Other	15,900		2,353		-13,547
6. Deposit received	28,320		27,688		-632
7. Provision for Bonuses	3,182		3,895		712
8. Other provisions	79		281		202
9. Other	29,388		34,650		5,262
Total Current Liabilities	185,553	29.9	154,932	28.0	-30,621
II Long-term Liabilities					
1. Corporate Bonds	58,000		—		-58,000
2. Long-Term Debts	144,374		228,812		84,438
3. Provision for Retirement Benefits	36,953		34,912		-2,040
4. Other provisions	1,029		1,352		323
5. Other	14,639		15,349		709
Total Long-Term Liabilities	254,996	41.1	280,426	50.8	25,430
Total Liabilities	440,550	71.0	435,359	78.8	-5,191
(Net Assets)					
I Stockholders' Equity					
1. Capital Stock	11,275		11,383		108
2. Capital Reserve	275		383		108
3. Retained Earnings	161,905		102,237		-59,667
Total Stockholders' Equity	173,455	28.0	114,003	20.6	-59,451
II Differences in Valuations and Foreign Exchange Translations, and Other					
1. Differences in Valuations of Other Securities	1,346		582		-764
2. Deferred Loss/Gain from Hedging Instruments	-7		—		7
3. Provision for Adjustment of Foreign Exchange Translations	720		636		-84
Total of Differences in Valuations and Foreign Exchange Translations, and Other	2,060	0.3	1,218	0.2	-841
III Minority Interest	4,323	0.7	1,817	0.3	-2,506
Total Net Assets	179,839	29.0	117,040	21.2	-62,799
Total Liabilities and Net Assets	620,390	100.0	552,399	100.0	-67,990

## (2) Interim Consolidated Profit &amp; Loss Statement

Account Category	Fiscal 2006 〔 March 22, 2006- March 20, 2007 〕		Fiscal 2007 〔 March 21, 2007- March 20, 2008 〕		Change from previous fiscal year
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
I Revenue	869,268	100.0	889,395	100.0	20,127
II Cost of Sales	796,921	91.7	822,548	92.5	25,627
Total Revenue	72,347	8.3	66,847	7.5	-5,500
III Selling, General and Administrative Expenses	32,713	3.8	30,403	3.4	-2,310
Operating Income	39,634	4.5	36,444	4.1	-3,189
IV Other Income	2,892	0.3	2,555	0.3	-336
1. Interest and Dividends Received	179		239		59
2. Amortization of negative goodwill	272		85		-187
3. Other	2,439		2,230		-208
V Other Expenses	6,282	0.7	7,427	0.8	1,144
1. Interest Paid	4,157		4,448		290
2. Loss from equity method investment	112		56		-56
3. Other	2,012		2,922		909
Ordinary Income	36,243	4.1	31,572	3.4	-4,671
VI Extraordinary Income	1,259	0.1	198	0.0	-1,060
1. Profit from Sale of Fixed Assets	436		151		-285
2. Other	822		47		-775
VII Extraordinary Loss	5,880	0.6	121,532	13.7	115,651
1. Loss from Disposal of Fixed Assets	1,064		115,766		114,702
2. Special donations	—		2,968		2,968
3. Payment for Use of Land Owned by Other Parties	1,316		—		-1,316
4. Other	3,500		2,796		-704
Net Income before Income Taxes and Other Adjustments	31,622	3.6	-89,761	-10.1	-121,383
Corporate, Residential and Business Taxes	16,687	1.9	3,677	0.4	-13,009
Adjustment of Corporate Tax and Other	-2,960	-0.3	-32,983	-3.7	-30,023
Loss Owed to Minority Owners	642	0.1	1,440	0.2	798
Net Income	18,537	2.1	-59,013	-6.6	-77,551

## (3) Consolidated Statement of Changes in Stockholders' Equity

Fiscal period: March 22, 2006 to March 20, 2007

(Million yen)

	Stockholders' Equity			
	Capital Stock	Capital Reserve	Retained Earnings	Total Stockholders' Equity
Balance, March 20, 2006	—	—	—	—
Changes in fiscal period				
Dividend paid from retained earnings			-282	-282
Officers' bonus payment by appropriation of earnings			-2	-2
Net income earned during fiscal period			18,537	18,537
New stocks issued for transfer of equity to subsidiaries	11,275	275	143,652	155,202
Changes in account items other than stockholders' equity during fiscal period (net amount)				
Total changes in fiscal period	11,275	275	161,905	173,455
Balance, March 20, 2007	11,275	275	161,905	173,455

	Differences in Valuations and Foreign Exchange Translations and Other				Minority Interest	Total Net Assets
	Differences in Valuations of Other Securities	Deferred Loss/Gain from Hedging Instruments	Provision for Adjustment of Foreign Exchange Translations	Total Differences in Valuations and Foreign Exchange Translations, and Other		
Balance, March 20, 2006	—	—	—	—	—	—
Changes in fiscal period						
Dividend paid from retained earnings						-282
Officers' bonus payment by appropriation of earnings						-2
Net income earned during fiscal period						18,537
New stocks issued for transfer of equity to subsidiaries	1,601		520	2,122	4,621	161,945
Changes in account items other than stockholders' equity during fiscal period (net amount)	-254	-7	200	-61	-297	-359
Total changes in fiscal period	1,346	-7	720	2,060	4,323	179,839
Balance, March 20, 2007	1,346	-7	720	2,060	4,323	179,839

Fiscal 2007: March 21, 2007 to March 20, 2008

(Million yen)

	Stockholders' Equity			
	Capital Stock	Capital Reserve	Retained Earnings	Total Stockholders' Equity
Balance, March 20, 2007	11,275	275	161,905	173,455
Changes in fiscal period				
Dividend paid from retained earnings			-653	-653
Net loss incurred during the fiscal period			-59,013	-59,013
New stocks issued for transfer of equity to subsidiaries	108	108		216
Changes in account items other than stockholders' equity during fiscal period (net amount)	—	—	—	—
Total changes in fiscal period	108	108	-59,667	-59,451
Balance, March 20, 2008	11,383	383	102,237	114,003

	Differences in Valuations and Foreign Exchange Translations and Other				Minority Interest	Total Net Assets
	Differences in Valuations of Other Securities	Deferred Loss/Gain from Hedging Instruments	Provision for Adjustment of Foreign Exchange Translations	Total Differences in Valuations and Foreign Exchange Translations, and Other		
Balance, March 20, 2007	1,346	-7	720	2,060	4,323	179,839
Changes in fiscal period						
Dividend paid from retained earnings				—		-653
Net loss incurred during the fiscal period				—		-59,013
New stocks issued for transfer of equity to subsidiaries				—		216
Changes in account items other than stockholders' equity during fiscal period (net amount)	-764	7	-84	-841	-2,506	-3,347
Total changes in fiscal period	-764	7	-84	-841	-2,506	-62,799
Balance, March 20, 2008	582	—	636	1,218	1,817	117,040

## (4) Consolidated Cash Flow Statement

Account Category	Fiscal 2006 March 22, 2006 - March 20, 2007	Fiscal 2007 March 21, 2007 - March 20, 2008
	Amount (million yen)	Amount (million yen)
<b>I Cash Flows from Operating Activities</b>		
Net Income before Income Taxes and Other Adjustments	31,622	-89,761
Depreciation and Amortization	19,861	22,000
Increase/Decrease in Provision for Retirement Benefits (In case of decrease, corresponding figure is indicated by “-”)	205	-2,069
Increase in Provision for Bonuses	587	712
Interest and Dividends Received	-179	-239
Interest Paid	4,157	4,448
Profit/Loss from Disposal/ Sale of Fixed Assets	627	115,615
Land Tenancy Amortization	1,316	—
Special Donations	—	2,968
Increase in Trade Notes and Accounts Receivable	-6,118	-7,820
Increase in Trade Notes Payable and Accounts Due	4,410	6,188
Other	7,588	-988
Sub-Total	64,079	51,054
Interest and Dividends Received	140	198
Interest Paid	-3,941	-4,297
Payment of Corporate and Other Taxes	-6,733	-19,027
Total Cash Flows from Operating Activities	53,544	27,928
<b>II Cash Flows from Investing Activities</b>		
Expenditure for Purchase/Acquisition of Tangible Assets	-20,178	-21,935
Receipts from Sale of Tangible Assets	1,091	1,414
Expenditure for Purchase/Acquisition of Intangible Assets	-5,502	-7,584
Other	-598	646
Total Cash Flows from Investing Activities	-25,186	-27,460
<b>III Cash Flows from Financing Activities</b>		
Net Increase/ Decrease in Short-Term Debt	195	-2,987
Proceeds from Issuing Long-Term Debt	36,003	163,016
Repayment of Long-Term Debt	-41,723	-82,712
Payments for Redemption of Corporate Bonds	-21,600	-79,600
Dividend Payments made by Parent Company	-282	-653
Dividend Payments to Minority Interest	—	-328
Payments to Minority Interest Due to Reduction of Subsidiaries' Equity	—	-442
Total Cash Flows from Financing Activities	-27,408	-3,707
<b>IV Differences in Cash and Cash Equivalents as a Result of Foreign Exchange Translation</b>	120	-62
<b>V Increase/ Decrease in Cash and Cash Equivalents</b>	1,069	-3,302
<b>VI Outstanding Balance of Cash and Cash Equivalents, Beginning of Fiscal Period/Year</b>	74,187	75,257
<b>VII Outstanding Balance of Cash and Cash Equivalents, End of Fiscal Period/Year</b>	75,257	71,954

## Segment Information

## 1. Segment Information by Business Type

Previous Fiscal Year (March 22, 2006 - March 20, 2007)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
Revenue						
(1) Revenue from Customers Outside Group	753,900	70,463	44,905	869,268	—	869,268
(2) Revenue from Internal Transactions between Different Segments / Transfer of Balances between Different Segments	36,160	13,343	27,510	77,014	(77,014)	—
Total	790,060	83,806	72,416	946,282	(77,014)	869,268
Operating Expenses	756,955	80,900	68,426	906,282	(76,647)	829,634
Operating Income	33,104	2,905	3,990	40,000	(366)	39,634

Fiscal 2007 (March 21, 2007 - March 20, 2008)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
Revenue						
(1) Revenue from Customers Outside Group	771,133	67,329	50,932	889,395	—	889,395
(2) Revenue from Internal Transactions between Different Segments/ Transfer of Balances between Different Segments	40,428	22,937	33,271	96,637	(96,637)	—
Total	811,562	90,266	84,203	986,032	(96,637)	889,395
Operating Expenses	783,826	85,998	80,418	950,242	(97,291)	852,951
Operating Income	27,735	4,268	3,785	35,789	654	36,444

## (Notes) 1. Business Type Categorization Method

The Company categorized the Group's business types by considering the content of products and services provided as part of individual operations, and similarities of related markets.

## 2. Major Products by Business Type

Business Segment	Major Products
Delivery Businesses	Hikyaku Express Hikyaku Cool Express Hikyaku Mail Express, etc. Moving transportation Charter transportation Art transportation Air transportation
Logistics Businesses	Lump-sum acceptance of orders for logistics services Development of logistics systems Control and management of inventory and orders placed and received Management of distribution centers Warehousing Transportation using public transport Hikyaku Air Transportation Sagawa Global Transportation Service sgx International air and marine transportation services
Other Businesses	e-Collect Service Automobile sale and services, and manufacture of auto bodies Facility maintenance and management Temporary staffing services Product sales Representation of insurance and travel companies System sales and maintenance Support for introduction of shipping systems

3. For the purpose of calculating revenue by business type, SG Holdings Group specified the major business type for each Group company and subsequently summed all revenue recorded by the company and posted the lump-sum amount to the relevant business type account. For this reason, figures and data corresponding to domestic air freight transportation business transactions implemented in and after October 2007 were transferred from Sagawa Global Logistics Co., Ltd. to Sagawa Express Co., Ltd. and accordingly included in accounts related to Delivery Businesses. As a result, revenue from Logistics Businesses appears to have declined since the previous fiscal year. However, if the Group had continued employing the conventional accounting method, revenue from Logistics Businesses would have reached 73,308 million yen, an increase of 4.0% since the previous fiscal year.