



# Interim Financial Report for First Half of Fiscal 2008 (Consolidated)

November 28, 2008

Company Name SG Holdings Co., Ltd. U R L <http://www.sg-hldgs.co.jp/>  
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(Note: Amounts less than 1 million yen are rounded down to nearest million yen.)

## 1. Interim Consolidated Performance (March 21, 2008 - September 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	%
1st Half, Fiscal 2008	446,504	1.2	12,549	-38.0	10,226	-44.1	542	-92.7
1st Half, Fiscal 2007	441,205	3.9	20,251	5.7	18,279	8.3	7,441	-24.8
Fiscal 2007 (Annual)	889,395	2.3	36,444	-8.0	31,572	-12.9	-59,013	-

### (2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net assets per share
	Million yen	Million yen	%	Yen
1st Half, Fiscal 2008	533,543	115,958	21.4	1,069.08
1st Half, Fiscal 2007	611,294	185,542	29.9	3,407.35
Fiscal 2007 (Annual)	552,399	117,040	20.9	1,073.26

(Note) A two-for-one stock split was implemented on November 20, 2007, as the record date.

Both net income per share and net assets per share for the fiscal year ended March 20, 2008 were calculated on the assumption that the relevant stock split had been implemented at the beginning of the period.

### (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
1st Half, Fiscal 2008	18,364	-24,725	-3,484	61,773
1st Half, Fiscal 2007	10,541	-14,911	-4,061	67,017
Fiscal 2007 (Annual)	27,928	-27,460	-3,707	71,954

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

	Revenue	Operating Income	Ordinary Income	Net Income
	Million yen	Million yen	Million yen	Million yen
Fiscal 2008 (Annual)	900,000	28,000	23,500	7,000



## 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. The SG Holdings Group's main businesses include Delivery Businesses, Logistics Businesses and Other 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 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 a logistics system Control and management of inventories and orders Management of a distribution center Warehousing Transportation using public transport Hikyaku Air Transportation sgx Service 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 sales, automobile maintenance and manufacture of automobile bodies Real estate maintenance and management Facility maintenance and management Temporary staffing services Merchandise sales Insurance agent Travel agent System sales and maintenance	Sagawa Financial Co., Ltd. Sagawa Galaxy Motors Co., Ltd. SG Realty Co., Ltd. Sagawa Advance Co., Ltd. Sagawa Computer Systems Co., Ltd.  Plus 8 other companies ( Total: 12 companies )

\* In Other Businesses, SG Holdings Co., Ltd., as a pure holding company, is included.

## 2. Business Performance

### (1) Overview of Business Performance in First Half of Fiscal 2008

During the first-half consolidated accounting period, it became increasingly clear that corporate earnings had deteriorated and consumer spending had slowed in Japan due to the global financial crisis triggered by the subprime loan problem and soaring crude oil and raw material prices.

Delivery Businesses, the SG Holdings Group's core business, has steadily expanded thanks to growth of the mail-order sale market, but this advance has decelerated, since the market has already matured to a great extent. With crude oil prices skyrocketing, the establishment of the Japan Post Express further intensified competition in the industry, making business tougher.

In such a business environment, the SG Holdings Group focused on creating a sound business foundation based on the "SgH First Stage Plan," the Group's medium-term management plan (the Group is in the second year of the plan), in order to foster the growth and expansion of each group company's business, and to enhance our overall strength in Delivery Businesses.

As a result of these efforts, revenue increased by 1.2% over the same period of the previous year, to 446,504 million yen. Operating income and ordinary income decreased by 38.0% over the same period of the previous year to 12,549 million yen, and by 44.1% over the same period of the previous year to 10,226 million yen, respectively, due to increased expenses, such as from soaring fuel prices. Net income declined considerably to 542 million yen, since the Group recorded the loss on the business liquidation of Galaxy Airlines Co., Ltd. as extraordinary loss, in accordance with the submission of an application to cease airfreight services by Galaxy Airlines.

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

#### • Delivery Businesses

In order to meet customers' needs, the SG Holdings Group sought to enhance the quality of its products and services, and broaden its product lines through several measures: improving the convenience of existing products, such as e-Collect service, the full scale commencement of a value-added transportation service "Large Furniture and Domestic Electronic Device Transportation and Installation Service" and the release of new products and services, such as "Hikyaku Express with carbon dioxide emission rights." In the meantime, Galaxy Airlines Co., Ltd., which commenced operations in October 2006 in an effort to expand the Group's delivery capacity, had been struggling due to mounting expenses, including such miscellaneous expenses as labor and maintenance costs, and soaring fuel costs resulting from the rise in crude oil prices. Furthermore, with the economy losing momentum, Galaxy saw its profitability deteriorate. Consequently, the Group decided to withdraw from the business, concluding that it would be difficult to expect profitability to improve in the long and medium terms, and difficult to continue the business. The SG Holdings Group submitted an application for cessation of airfreight

services by Galaxy Airlines on October 6, 2008. After making adjustments with stakeholders to secure customer convenience, the Group will liquidate Galaxy Airlines.

In the first half of the fiscal year ending March 2009, the number of packages handled and distributed by the Group increased by 0.8% over the same period of the previous year, to 642 million items, and the corresponding freight revenue grew by 0.8% over the same period of the previous year, to 377,243 million yen. The total settlement amount of e-Collect service, and the number of envelopes dealt with through Hikyaku Mail service, rose solidly. Consequently, revenue in the segment increased by 2.9% over the same period of the previous year, to 390,518 million yen.

- Logistics Businesses

The SG Holdings Group consolidated its functions relating to Logistics Businesses, including logistics processing services, airfreight services and international logistics services, to lay out the framework for providing seamless domestic and international logistics services. At the same time, the Group upgraded the quality of its products and services to satisfy customer needs through the aggressive deployment of new logistics facilities and the release of new products, such as overseas moving services. In addition, the SG Holdings Group strengthened its business foundations by enhancing productivity in its logistics facilities, enhancing its international door-to-door delivery services and improving its overnight delivery networks.

Despite these efforts, however, revenue in the segment decreased by 25.3% over the same period of the previous year, to 27,097 million yen, since most of the domestic airfreight businesses had been recorded as Delivery Businesses, instead of Logistics Businesses, since October 2007.

- Other Businesses

Revenue from Financing Businesses grew steadily, thanks to the increase in number of e-Collect service member stores and efforts to capture account settlement needs, which increased along with the growth of the mail-order sale market.

Revenue from Automobile Sales Businesses increased over the same period of the previous year, thanks to the increase in used automobile transactions and the capturing of vehicle maintenance needs in maintenance leasing, despite sluggish domestic demand. Other businesses, such as Facility Maintenance and Management and Human Resource Development, remained stable.

SG Realty Co., Ltd., established by the SG Holdings Group to promote the Group's CRE (Corporate Real Estate) strategy, commenced operation from March 21, 2008, with satisfactory results.

Consequently, revenue in the segment rose by 14.5% over the same period last year, to 28,888 million yen.

### **Matters to be addressed**

Eighteen months ago, the SG Holdings Group formulated and implemented its medium-term management plan, the “SgH First Stage Plan,” under the management vision “Encouraging each group company to establish an adequate business foundation and create new values.” In order to establish a business foundation for sustainable growth, the Group has striven to diversify its revenue sources so as to reduce reliance on Delivery Businesses.

In Delivery Businesses, the SG Holdings Group’s core business, the door-to-door delivery service market is expected to grow steadily, thanks to expansion of the mail-order sale market, but this growth is likely to decelerate, since the market has already matured to a great extent. With competition in the industry continuing to intensify, the management recognizes that the global financial crisis will weigh on the economy, making business even tougher. Though the liquidation of Galaxy Airlines cost the Group much money and time, the Group will work to restructure its business foundation and focus on establishing a solid infrastructure, enhancing the convenience and quality of existing products and services, and developing and releasing a new value-added service so as to steadily expand Delivery Businesses, the Group’s main strength and core business, while adding customers.

In Logistics Business, with the economy entering recession, more and more companies are expected to outsource logistics operations to service providers. The SG Holdings Group will improve various operating bases, upgrade services and expand subcontracting logistics business (3PL or Third-Party Logistics) to boost revenue from Logistics Businesses. Management will formulate a business strategy for overseas subsidiaries, using the business network centering on Asia, and develop overseas business as a second pillar of our business.

In Other Businesses, SG Realty Co., Ltd. began its operations in the interim consolidated accounting period. Although the real estate industry is in a difficult environment, management will invest strategically and promote the Group’s CRE strategy aggressively. In other business fields, the Group companies will closely cooperate to foster businesses in each segment and promote the improvement of business structure toward establishing the third and fourth pillars of the Group’s business.

### 3. Interim Consolidated Financial Statement

#### (1) Interim Consolidated Balance Sheet

Account Category	End of 1st Half, Fiscal 2007 (as of September 20, 2007)		End of 1st Half, Fiscal 2008 (as of September 20, 2008)		End of Fiscal 2007 (as of March 20, 2008)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
(Assets)				%		%
Current Assets						
1. Cash and Cash Equivalents	67,885		62,494		72,780	
2. Trade Notes and Accounts Receivable	121,089		129,093		126,673	
3. Inventory	2,001		2,206		2,617	
4. Deferred Tax Assets	3,645		14,789		13,391	
5. Other	12,440		12,077		19,027	
6. Provision for Bad Debt	-882		-865		-958	
Total Current Assets	206,180	33.7	219,795	41.2	233,531	42.3
Fixed Assets						
(1) Tangible Assets						
1. Buildings and Structures	82,101		68,420		69,942	
2. Vehicles and Transportation Equipment	18,615		17,296		16,331	
3. Aircraft	10,537		2,443		9,651	
4. Land	205,108		115,979		114,553	
5. Construction in Progress	6,128		457		1,429	
6. Other	12,150		12,670		12,358	
Total Tangible Assets	334,641	54.8	217,268	40.7	224,267	40.6
(2) Intangible Assets						
1. Computer Software	9,542		11,880		9,032	
2. Other	4,501		4,892		6,677	
Total Intangible Assets	14,044	2.3	16,773	3.1	15,710	2.8
(3) Investments and Other Assets						
1. Investment Securities	3,011		2,383		2,393	
2. Deferred Tax Assets	16,417		42,035		41,034	
3. Guarantee Money Paid	32,843		32,837		32,925	
4. Other	6,736		6,665		6,383	
5. Provision for Bad Debt	-3,831		-4,215		-3,846	
Total Investments and Other Assets	55,177	9.0	79,706	14.9	78,889	14.3
Total Fixed Assets	403,862	66.1	313,748	58.8	318,868	57.7
Deferred Assets	1,251	0.2	-	-	-	-
Total Assets	611,294	100.0	533,543	100.0	552,399	100.0

Account Category	End of 1st Half, Fiscal 2007 (as of September 20, 2007)		End of 1st Half, Fiscal 2008 (as of September 20, 2008)		End of Fiscal 2007 (as of March 20, 2008)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
<b>(Liabilities)</b>		%		%		%
<b>Current Liabilities</b>						
1. Trade Notes Payable and Accounts Due	48,082		52,825		52,706	
2. Corporate Bonds with Redemption Scheduled within One Year	12,900		-		-	
3. Short-term Debt	14,541		10,062		-	
4. Long-term Debt with Repayment Scheduled within One Year	36,875		36,895		33,357	
5. Accrued Income Taxes and Other	8,037		1,638		2,353	
6. Deposits received	22,675		27,467		27,688	
7. Provision for Bonuses	4,053		3,993		3,895	
8. Other provisions	-		-		281	
9. Other	29,680		29,117		34,650	
<b>Total Current Liabilities</b>	<b>176,844</b>	<b>28.9</b>	<b>161,998</b>	<b>30.4</b>	<b>154,932</b>	<b>28.0</b>
<b>Long-term Liabilities</b>						
1. Corporate Bonds	53,900		-		-	
2. Long-term Debts	143,226		212,961		228,812	
3. Provision for Retirement Benefits	36,008		34,826		34,912	
4. Provision for loss on business liquidation	-		2,125		-	
5. Other provisions	1,264		861		1,352	
6. Other	14,507		4,812		15,349	
<b>Total Long-term Liabilities</b>	<b>248,907</b>	<b>40.7</b>	<b>255,586</b>	<b>47.9</b>	<b>280,426</b>	<b>50.8</b>
<b>Total Liabilities</b>	<b>425,752</b>	<b>69.6</b>	<b>417,585</b>	<b>78.3</b>	<b>435,359</b>	<b>78.8</b>
<b>(Net Assets )</b>						
<b>Stockholders' Equity</b>						
1. Capital Stock	11,383		11,383		11,383	
2. Capital Reserve	383		383		383	
3. Retained Earnings	168,693		102,125		102,237	
4. Treasury stock	-		-400		-	
<b>Total Stockholders' Equity</b>	<b>180,459</b>	<b>29.6</b>	<b>113,491</b>	<b>21.3</b>	<b>114,003</b>	<b>20.6</b>
<b>Differences in Valuations and Foreign Exchange Translations, and Other</b>						
1. Differences in Valuations of Other Securities	929		561		582	
2. Deferred Loss/Gain from Hedging Instruments	7		-		-	
3. Provision for Adjustment of Foreign Exchange Translations	991		173		636	
<b>Total of Differences in Valuations and Foreign Exchange Translations, and Other</b>	<b>1,928</b>	<b>0.3</b>	<b>735</b>	<b>0.1</b>	<b>1,218</b>	<b>0.2</b>
<b>Minority Interest</b>	<b>3,155</b>	<b>0.5</b>	<b>1,730</b>	<b>0.3</b>	<b>1,817</b>	<b>0.3</b>
<b>Total Net Assets</b>	<b>185,542</b>	<b>30.4</b>	<b>115,958</b>	<b>21.7</b>	<b>117,040</b>	<b>21.2</b>
<b>Total Liabilities and Net Assets</b>	<b>611,294</b>	<b>100.0</b>	<b>533,543</b>	<b>100.0</b>	<b>552,399</b>	<b>100.0</b>

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

Account Category	1st Half, Fiscal 2007 (March 21, 2007- September 20, )		1st Half, Fiscal 2008 (March 21, 2008- September 20, )		Fiscal 2007 (Annual) (March 21, 2007- March 20, 2008 )	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(million yen)	%	(million yen)	%	(million yen)	%
Revenue	441,205	100.0	446,504	100.0	889,395	100.0
Cost of Sales	404,760	91.7	419,865	94.0	822,548	92.5
Total Revenue	36,445	8.3	26,638	6.0	66,847	7.5
Selling, General and Administrative Expenses	16,193	3.7	14,088	3.2	30,403	3.4
Operating Income	20,251	4.6	12,549	2.8	36,444	4.1
Other Income	974	0.2	1,056	0.2	2,555	0.3
1. Interest and Dividends Received	113		142		239	
2. Amortization of negative goodwill	51		35		85	
3. Other	809		878		2,230	
Other Expenses	2,946	0.7	3,379	0.8	7,427	0.8
1. Interest Paid	2,197		2,850		4,448	
2. Equity in losses of affiliates	35		-		56	
3. Other	714		528		2,922	
Ordinary Income	18,279	4.1	10,226	2.3	31,572	3.4
Extraordinary Income	140	0.1	549	0.1	198	0.0
1. Profit from Sale of Fixed Assets	134		29		151	
2. Other	5		520		47	
Extraordinary Loss	3,176	0.7	11,791	2.6	121,532	13.7
1. Loss from Disposal of Fixed Assets	331		479		115,766	
2. Loss on business liquidation	-		10,908		-	
3. Special contribution	2,845		-		2,968	
4. Other	-		403		2,796	
Net Income Before Income Taxes and Other Adjustments	15,243	3.5	-1,014	-0.2	-89,761	-10.1
Corporate, Residential and Business Taxes	7,434	1.7	759	0.2	3,677	0.4
Adjustment of Corporate Tax and Other	1,127	0.2	-2,407	-0.5	-32,983	-3.7
Minority interests in income *(-) represents minority interests in loss.	-759	0.1	90	0.0	-1,440	0.2
Net Income (Interim or Annual)	7,441	1.7	542	0.1	-59,013	-6.6

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

The previous interim consolidated accounting period (March 21, 2007 to September 20, 2007)

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 20, 2007	11,275	275	161,905	173,455
Changes of items during the interim consolidated accounting period				
Dividends from surplus			-653	-653
Net income for the interim consolidated accounting period			7,441	7,441
Issuance of new shares due to share exchanges	108	108		216
Changes of items other than shareholders' equity during the first half consolidated accounting period (net amount)				
Total changes of items during the interim consolidated accounting period	108	108	6,788	7,004
Balance as of September 20, 2007	11,383	383	168,693	180,459

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of March 20, 2007	1,346	-7	720	2,060	4,323	179,839
Changes of items during the interim consolidated accounting period						
Net income for the interim consolidated accounting period						7,441
Issuance of new shares due to share exchanges						216
Changes of items other than shareholders' equity during the first half consolidated accounting period (net amount)	-417	14	271	-132	-1,168	-1,300
Total changes of items during the interim consolidated accounting period	-417	14	271	-132	-1,168	5,704
Balance as of September 20, 2007	929	7	991	1,928	3,155	185,542

## First Half of Fiscal 2008 (March 21, 2008-September 20, 2008)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 20, 2007	11,383	383	102,237	-	114,003
Changes of items during the interim consolidated accounting period					
Dividends from surplus			-654		-654
Net income for the interim consolidated accounting period			542		542
Purchase of treasury stock				-400	-400
Changes of items other than shareholders' equity during the first half consolidated accounting period (net amount)					
Total changes of items during the interim consolidated accounting period	-	-	-111	-400	-512
Balance as of September 20, 2007	11,383	383	102,125	-400	113,491

	Valuation and translation adjustments			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of March 20, 2007	582	636	1,218	1,817	117,040
Changes of items during the interim consolidated accounting period					
Dividends from surplus					-654
Net income for the interim consolidated accounting period					542
Purchase of treasury stock					-400
Changes of items other than shareholders' equity during the first half consolidated accounting period (net amount)	-20	-462	-483	-86	-569
Total changes of items during the interim consolidated accounting period	-20	-462	-483	-86	-1,081
Balance as of September 20, 2007	561	173	735	1,730	115,958

Fiscal Period: 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, 2007	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) Interim Consolidated Cash Flow Statement

Account Category	Previous interim consolidated accounting period March 21, 2007- September 20, 2008	1st Half, Fiscal 2008 March 21, 2008- September 20, 2008	Fiscal 2007 March 21, 2007- March 20, 2008
	Amount (million yen)	Amount (million yen)	Amount (million yen)
<b>Cash Flows from Operating Activities</b>			
Net Income (Interim) Before Income Taxes and Other Adjustments * (-) represents net loss.	15,243	-1,014	-89,761
Depreciation and Amortization	9,999	11,785	22,000
Loss on business liquidation	-	7,997	-
Increase/Decrease in Provision for Retirement Benefits (or decrease amount [-])	-975	-81	-2,069
Increase in Provision for Bonuses	870	97	712
Interest and Dividends Received	-113	-142	-239
Interest Paid	2,197	2,850	4,448
Profit/Loss from Disposal/ Sale of Fixed Assets	196	451	115,615
Special contribution	-	-	2,968
Increase in Trade Notes and Accounts Receivable	-1,967	-2,647	-7,820
Increase in Trade Notes Payable and Accounts Due	1,461	193	6,188
Other	-3,886	-3,015	-988
Sub-Total	23,025	16,474	51,054
Interest and Dividends Received	93	121	198
Interest Paid	-1,985	-2,781	-4,297
Payment of Corporate and Other Taxes	-10,571	4,550	-19,027
<b>Total Cash Flows from Operating Activities</b>	<b>10,561</b>	<b>18,364</b>	<b>27,928</b>
<b>Cash Flows from Investing Activities</b>			
Expenditure for Purchase/Acquisition of Tangible Assets	-12,445	-20,958	-21,935
Receipts from Sale of Tangible Assets	344	136	1,414
Expenditure for Purchase/Acquisition of Intangible Assets	-3,255	-3,862	-7,584
Other	444	-41	646
<b>Total Cash Flows from Investing Activities</b>	<b>-14,911</b>	<b>-24,725</b>	<b>-27,460</b>
<b>Cash Flows from Financing Activities</b>			
Net Increase/ Decrease in Short- Term Debt	11,498	9,994	-2,987
Proceeds from Issuing Long-Term Debt	19,869	2	163,016
Repayment of Long-Term Debt	-21,647	-12,315	-82,712
Payments for Redemption of Corporate Bonds	-12,800	-	-79,600

Dividend Payments made by Parent Company	653	654	-653
Dividend Payments to Minority Interest	327	-112	-328
Payment to minority shareholders due to capital reduction of subsidiaries	-	-	-442
Purchase of treasury stock	-	-400	-
Total Cash Flows from Financing Activities	-4,061	-3,484	-3,707
Differences in Cash and Cash Equivalents as result of foreign exchange translation	171	-335	-62
Increase/ Decrease in Cash and Cash Equivalents	-8,239	-10,181	-3,302
Outstanding Balance of Cash and Cash Equivalents, Beginning of Fiscal Period/Year	75,257	71,954	75,257
Outstanding Balance of Cash and Cash Equivalents, End of Fiscal Period/Year	67,017	61,773	71,954

## Segment Information

## 1 . Segment Information by Business Type

First Half of Fiscal 2007 (March 21, 2007-September 20, 2007)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
<b>Revenue</b>						
(1) Revenue from Customers Outside Group	379,684	36,282	25,238	441,205	-	441,205
(2) Revenue from Internal Transactions Between Different Segments/ Transfer of Balances Between Different Segments	21,072	9,516	16,431	47,020	(47,020)	-
<b>Total</b>	<b>400,756</b>	<b>45,798</b>	<b>41,670</b>	<b>488,226</b>	<b>(47,020)</b>	<b>441,205</b>
<b>Operating Expenses</b>	<b>385,263</b>	<b>43,460</b>	<b>39,441</b>	<b>468,166</b>	<b>(47,212)</b>	<b>420,954</b>
<b>Operating Income</b>	<b>15,493</b>	<b>2,337</b>	<b>2,228</b>	<b>20,059</b>	<b>192</b>	<b>20,251</b>

## (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. Main products and services in each business segment

Business segment	Main products and services
Delivery Businesses	Hikyaku Express, Hikyaku Cool Express, Hikyaku Mail Express etc., Moving service, Charter transportation, Art transportation, Air transportation
Logistics Businesses	Lump-sum acceptance of orders for logistics services, Development of a logistics system, Control and management of inventories and orders, Management of a distribution center, Warehousing, Transportation using public transport, Hikyaku Air Transportation, sgx Service, International air and marine transportation services
Other Businesses	e-Collect service, Automobile sales, automobile maintenance and manufacture of automobile bodies, Facility maintenance and management, Temporary staffing services, Merchandise sales, Insurance agent, Travel agent and System sales and maintenance

## First Half of Fiscal 2008 (March 21, 2008-September 20, 2008)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
<b>Revenue</b>						
(1) Revenue from Customers Outside Group	390,518	27,097	28,888	446,504	-	446,504
(2) Revenue from Internal Transactions Between Different Segments / Transfer of Balances Between Different Segments	28,877	13,796	17,400	60,075	(60,075)	-
<b>Total</b>	<b>419,396</b>	<b>40,894</b>	<b>46,289</b>	<b>506,579</b>	<b>(60,075)</b>	<b>446,504</b>
<b>Operating Expenses</b>	<b>410,714</b>	<b>39,969</b>	<b>43,744</b>	<b>494,428</b>	<b>(60,473)</b>	<b>433,954</b>
<b>Operating Income</b>	<b>8,681</b>	<b>924</b>	<b>2,544</b>	<b>12,151</b>	<b>398</b>	<b>12,549</b>

## (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. Main products and services in each business segment

Business segment	Main products and services
Delivery Businesses	Hikyaku Express, Hikyaku Cool Express, Hikyaku Mail Express etc., Moving service, Route delivery, Charter transportation, Art transportation, Air transportation
Logistics Businesses	Lump-sum acceptance of orders for logistics services, Development of a logistics system, Control and management of inventories and orders, Management of a distribution center, Warehousing, Transportation using public transport, Hikyaku Air Transportation, sgx Service, International air and marine transportation services
Other Businesses	e-Collect service, Automobile sales, automobile maintenance and manufacture of automobile bodies, Real estate maintenance and management, Facility maintenance and management, Temporary staffing services, Merchandise sales, Insurance agent, Travel agent and System sales and maintenance

3. Note on revenue in business segments: The Company classifies the main businesses of each company by business segment and each company's revenue is recorded by business segment. Most parts of the domestic airfreight businesses were transferred to Sagawa Express Co., Ltd. from Sagawa Global Logistics Co., Ltd. after October 2007. The transferred business is included in Delivery Businesses. Revenue in Logistics Businesses decreased in comparison to the previous fiscal year. Revenue in Delivery Businesses will be 33,843 million yen, if calculated in the previous way.

## Previous Fiscal Year ( 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
<b>Revenue</b>						
(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)	-
<b>Total</b>	<b>811,562</b>	<b>90,266</b>	<b>84,203</b>	<b>986,032</b>	<b>(96,637)</b>	<b>889,395</b>
<b>Operating Expenses</b>	<b>783,826</b>	<b>85,998</b>	<b>80,418</b>	<b>950,242</b>	<b>(97,291)</b>	<b>852,951</b>
<b>Operating Income</b>	<b>27,735</b>	<b>4,268</b>	<b>3,785</b>	<b>35,789</b>	<b>654</b>	<b>36,444</b>

## (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. Main products and services in each business segment

Business segment	Main products and services
Delivery Businesses	Hikyaku Express, Hikyaku Cool Express, Hikyaku Mail Express etc., Moving service, Route delivery, Charter transportation, Art transportation, Air transportation
Logistics Businesses	Lump-sum acceptance of orders for logistics services, Development of a logistics system, Control and management of inventories and orders, Management of a distribution center, Warehousing, Transportation using public transport, Hikyaku Air Transportation, sgx Service, International air and marine transportation services
Other Businesses	e-Collect service, Automobile sales, automobile maintenance and manufacture of automobile bodies, Real estate maintenance and management, Facility maintenance and management, Temporary staffing services, Merchandise sales, Insurance agent, Travel agent and System sales and maintenance

3. Note on revenue in business segment: The Company classifies the main businesses of each company by business segment and each company's revenue is recorded by business segment. Most parts of the domestic airfreight businesses were transferred to Sagawa Express Co., Ltd. from Sagawa Global Logistics Co., Ltd. after October 2007. The transferred business is included in Delivery Businesses. Revenue in Delivery Businesses will be 73,308 million yen, if calculated in the previous way.