

Financial Report for Fiscal 2009

May 25, 2010

Company Name SG Holdings Co., Ltd. URL <http://www.sg-hldgs.co.jp/>
 Representative (Title) Chairman and President (Name) Eiichi Kuriwada
 Contact (Title) Director in Charge of finance strategy (Name) Toru Mitani TEL (075) 671-8600
 Date of the general meeting of shareholders: June 11, 2010 Date for commencement of dividend payment: June 14, 2010

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

1. Consolidated Performance (March 21, 2009 - March 20, 2010)

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

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2009	888,133	0.1	30,278	37.7	26,728	46.5	10,279	145.4
Fiscal 2008	887,277	-0.2	21,986	-39.7	18,248	-42.2	4,188	—

	Net income per share	Net Income per share diluted	Return on equity (ROE)	Ratio of ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal 2009	94.14	—	8.4	4.9	3.4
Fiscal 2008	37.68	—	3.6	3.4	2.5

(Reference) Income on investment in equity-method: FY 2009: ¥27 million; FY 2008: ¥15 million

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal 2009	560,470	127,084	22.6	1,177.74
Fiscal 2008	530,426	117,983	22.1	1,091.40

(Reference) Shareholders' equity: FY 2009: ¥126,484 million; FY 2008: ¥117,213 million

(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 2009	50,758	-37,040	891	82,512
Fiscal 2008	46,336	-44,077	-5,580	67,878

2. Dividend status

	Dividend per share					Total amount of dividend (Year)	Payout ratio (consolidated)	Ratio of Payout to Net Assets (Consolidated)
	1Q-end	2Q-end	3Q-end	4Q-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2008	—	—	—	7.50	7.50	800	19.9	0.7
Fiscal 2009	—	—	—	10.00	10.00	1,067	10.6	0.9

(Note) "Dividend Status" above represents the dividend paid for the Company's common share. For details of the status of dividends for other class shares entitling shareholders to different types of rights, please see "Dividend Status of Class Shares" on page 3.

3. Projection of Consolidated Performance for FY2010 (March 21, 2010 – March 20, 2011)

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

	Revenue		Operating Income		Ordinary Income		Net Income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal 2010 (Annual)	910,000	2.5	34,000	12.3	30,000	12.2	15,000	45.9	138.37

4. 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, 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

(Note) Please refer to “Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements” on page 23 for details.

(3) Outstanding shares (common shares)

① Number of shares outstanding as of the end of term (including treasury stock):

FY 2009: 106,732,400; FY 2008: 106,732,400

② Number of treasury stocks as of the end of term: FY 2009: None; FY 2008: None

(Reference) Summary of Non-Consolidated Operating Results

1. Non-consolidated operating results for the Fiscal 2009 (March 21, 2009 to March 20, 2010)

(1) Non-Consolidated Operating Results

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

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2009	8,145	-30.2	2,661	-60.0	2,745	-59.2	2,948	-53.8
Fiscal 2008	11,668	77.2	6,648	95.8	6,734	96.1	6,379	—

	Net income per share	Net Income per share diluted
	Yen	Yen
Fiscal 2009	25.46	—
Fiscal 2008	58.25	—

(2) Non-Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal 2009	355,803	154,824	43.5	1,443.27
Fiscal 2008	334,779	152,949	45.7	1,426.21

(Reference) Shareholders' equity: FY 2009: ¥154,824 million; FY 2008: ¥152,949 million

* Description Concerning the Appropriate Use of Business Forecast and Other Remarks

The descriptions concerning the business forecasts included in this document are based on certain information obtained by the Company and the assumptions that the Company has deemed reasonable as of the date of publication. Actual results may differ substantially from these forecasts due to a variety of important factors.

Dividend Status of Class Shares

Breakdown and the total amount of dividend paid for class shares entitling shareholders to rights different from those of common shares are as follows:

(Preferred shares)

	Dividend per share					Total amount of dividend (Year)
	1Q-end	2Q-end	3Q-end	4Q-end	Total	
	Yen	Yen	Yen	Yen	Yen	Million yen
Fiscal 2008	—	—	—	8.00	8.00	176
Fiscal 2009	—	—	—	10.50	10.50	231

1. Business Performance

(1) Analysis on Business Performance

① Overview of Business Performance in Fiscal 2009

The Japanese economy during the consolidated fiscal year 2009 witnessed continued tough conditions with deteriorating employment and income status despite slight signs of recovery in some industries supported by the economic stimulus package of the government amid the prolonged doldrums of corporate revenues due to the global economic recession since the autumn of 2008. In the logistics industry, while the mail order market grew steadily, private spending remained sluggish as seen in the decline in sales at large-scale retailers such as supermarkets. Thus, competition among delivery service providers further intensified in terms of securing cargo volumes and price competitions, reflecting the downward trend of demands for transportation of cargo within Japan and overseas due to reduction of business inventories and capital expenditure.

Under these circumstances, in the final business year of the First Stage Plan, the Group's medium-term corporate management plan formulated in March 2007, the Group focused on efforts to build a business foundation toward the future growth of each Group company and to establish a robust base for the delivery business.

Despite an increase in the volume of small-sized cargo for short-distance delivery, reflecting the growth of the mail order market, and a significant decline in export cargo volume affected by the strong yen, and the sluggish shipping volume from the Japanese companies, the growth of transaction volume and our efforts of business expansion into collective delivery services resulted in the revenue of 888,133 million yen (100.1% year on year). As to profits, operating income and ordinary income were 30,278 million yen (137.7% year on year) and 26,728 million yen (146.5% year on year), respectively, which was attributable to the improvement of efficiency of transportation and delivery systems as well as a decrease in fuel cost. Net income increased significantly to 10,279 million yen (245.4% year on year) even though we implemented one-time amortization of 7,190 million yen in past service liability in this consolidated fiscal year due to a change in the retirement benefit program.

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

• Delivery Businesses

The annual transaction quantity of Hikyaku Express, e-Collect Service and Hikyaku Cool Express is shown below.

Category	The Third Term (March 21, 2008 to March 20, 2009)	The Fourth Term (March 21, 2009 to March 20, 2010)	Change from previous fiscal year	Year-on-year comparison (%)
Hikyaku Express (million parcels)	1,061	1,124	63	106.0
e-Collect Service (million parcels)	105	127	21	120.7
Hikyaku Cool Express (million parcels)	33	37	4	113.4

In the delivery business, transaction volume increased in Hikyaku Express and e-Collect Service (cash on delivery service) as we improved the service quality amid the growth of the mail order market.

Further, our main products in general grew steadily as seen in the expansion of transaction volume of Hikyaku Cool Express by responding to increased consumer needs. In this consolidated fiscal year, the Group launched new services of "Recall Total Service" and "Document Storage Service." While the Company focused on the provision of new products and the expansion of new businesses to meet the market needs, including the reinforcement of the collective delivery service following the full-scale operation of World Supply Co., Ltd., a new subsidiary consolidated into the Group in February 2009, the revenue from this business segment decreased to 775,293 million yen (99.8% year on year) due to an increase in small-size parcels for short-distance delivery.

- Logistics Business

In the logistics business, the Group improved its logistics bases with an aim to expand business of the domestic contract-type 3rd Party Logistics (“3PL”) by establishing Fukuoka Logistics Center in Kyushu region and Kuki Sales Office No. 2 in Kanto region in Japan. Furthermore, the Group established a business base for platform sharing-type 3rd Party Logistics at Sagawa Logistics Partners Co., Ltd., a wholly owned subsidiary of Sagawa Global Logistics Co., Ltd.

In the overseas logistics business, the Group made utmost efforts to expand business, including acceptance of entrustment of the comprehensive transportation between Japan and China, which the Group successfully won in June 2009 through an on-line trade service for China provided by an internet retailer. In July 2009, the Group’s first logistics center in China, Shekou Logistics Center in Shenzhen, was completed and commenced full operation. In addition, a comprehensive service system from inspection of finished goods and detection of needles to shipping in China was established in Shanghai and Qingdao.

However, reflecting the sluggish cargo volume due to the business contraction of the existing customers mainly in the apparel industry and a sharp decline in transaction volume of export/import cargo, revenue from this business segment fell to 51,968 million yen (95.1% year on year).

- Other Businesses

In the automobile maintenance business, in June 2009, we converted Shin Mikuni Motors Service Co., Ltd. (currently, Sg Motors Kan-etsu Co., Ltd.) into a subsidiary of Sg Motors Co., Ltd. with the aim of obtaining new customers and reinforcing the business base.

In the real estate business, following the execution of a capital alliance agreement with XYMAX corporation, we promoted the Group’s CRE strategy and implemented a large-scale real estate investment toward further expansion of revenue opportunities of external business.

In the IT business, we entered into a business and capital alliance agreement with Future Architect, Inc., and established a structure toward reinforcement of IT strategies to heighten the competitive edge of the Group.

We focused on establishment of business bases also in other businesses. Consequently, revenue in this business segment amounted to 60,871 million yen (109.0% year on year).

Summary of the performance by business segment in the past two fiscal years

Category	The Third Term (March 21, 2008 to March 20, 2009)		The Fourth Term (March 21, 2009 to March 20, 2010)	
	Revenue (Million yen)	Percentage to total	Revenue (Million yen)	Percentage to total
Delivery Businesses	776,754	87.5	775,293	87.3
Logistics Business	54,673	6.2	51,968	5.9
Other Businesses	55,849	6.3	60,871	6.8

(Note) Revenue by business segment as shown in the table above was calculated by identifying the major business segments of each Group company and totaling the revenues of each Company into the relevant business segments.

② Projections for the next fiscal year

We anticipate that the future economic environment will remain unpredictable with uncertainties reappearing over the signs of the global economic recovery. Also, in the logistics industry, it is likely that the business reorganization of peer companies and price competitions will continue to be further intensified.

Under these circumstances, given the business and social conditions surrounding us, in March 2010 we started the “Second Stage Plan,” a new medium-term management plan based on “Further expansion of business scope and reinforcement of revenue base.” In the first year as the base to achieve the goal set in our new medium-term management plan, our projection for the consolidated business performance is as follows:

Revenue	: 910.0 billion yen
Operating income	: 34.0 billion yen
Ordinary income	: 30.0 billion yen
Net income	: 15.0 billion yen

(2) Analysis on Financial Position

① Financial position

Total assets as of the end of this consolidated fiscal year increased by 30,043 million yen from 530,426 million yen as of the end of the previous consolidated fiscal year, to 560,470 million yen. Factors contributing to this result were an increase of 14,614 million yen in cash and cash equivalents under current assets and an increase of 14,761 million yen in fixed assets due to purchase of land.

Total liabilities as of the end of this consolidated fiscal year amounted to 433,386 million yen, an increase of 20,942 million yen from 412,443 million yen as of the end of the previous consolidated fiscal year. The factors of this result were attributable to an increase of 2,529 million yen in trade notes payable and accounts due, and an increase of 4,770 million yen in lease liabilities due to changes in lease accounting standard, and an increase of 11,866 million yen in provision for retirement benefits due to changes in retirement benefit program.

Net assets increased by 9.1 billion yen from the end of the previous consolidated fiscal year, resulting in the capital ratio of 22.6% as of the end of this consolidated fiscal year, a rise of 0.5% from 22.1% a year earlier.

② Cash flows

Net cash generated from operating activities was 50,758 million yen in revenue, which is attributable to 17,717 million yen in income before income taxes, an increase of 11,861 million yen in provision for retirement benefits due to a change in retirement benefit program, and an increase of 7,285 million yen in notes and accounts receivable-trade.

Net cash used in investment activities amounted to 37,040 million yen, due mainly to an investment equivalent to 25,820 million yen in acquisition of tangible fixed assets including land.

Net cash raised from financing activities reached 891 million yen in revenue, consisting of proceeds from loans payable, etc.

Consequently, balance of cash and cash equivalents as of the end of this consolidated fiscal year was 82,512 million yen.

2. Status of Group Companies

SG Holdings Group (the Company and related companies) consists of the Company (SG Holdings Co., Ltd.), 37 subsidiaries and two affiliate companies, all engaged in Delivery Businesses, Logistics Businesses and other associated businesses.

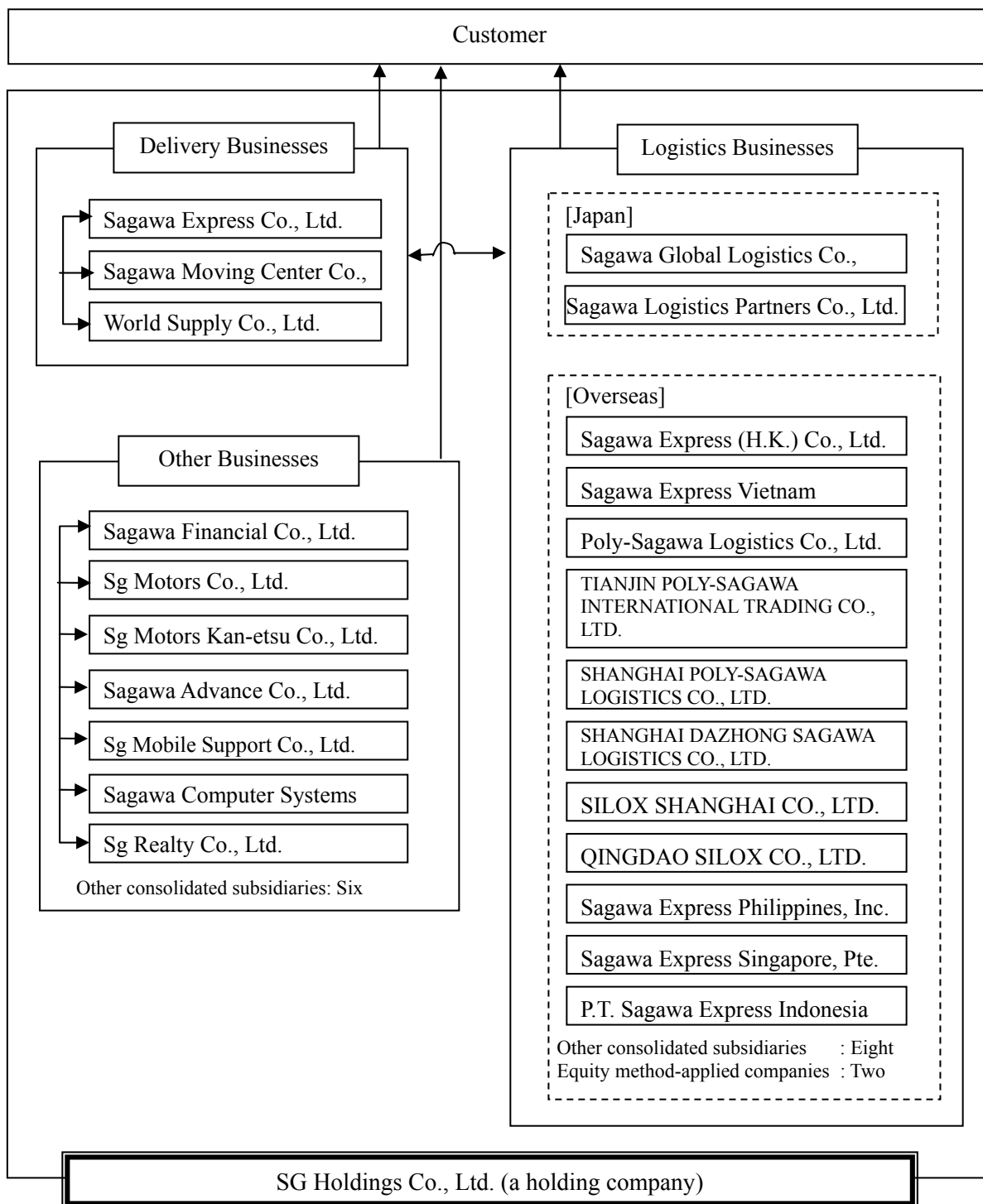
Operations performed by SG Holdings Group, together with the individual positions taken by the Company and related companies for performance of these operations, are as follows:

Business Segment	Major Products and Services	Major Companies
Delivery Businesses	Hikyaku Express • Hikyaku Cool Express • Hikyaku Mail Express • Hikyaku Air Express, etc. Moving transportation, Route delivery service, Charter transportation Installation transportation, Art transportation Collective delivery service, Food delivery service	Sagawa Express Co., Ltd. Sagawa Moving Center Co., Ltd. World Supply 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 sgx International air and marine transportation services	Sagawa Global Logistics Co., Ltd. Sagawa Logistics Partners Co., Ltd. Sagawa Express (H.K.) Co., Ltd. Sagawa Express Vietnam Poly-Sagawa Logistics Co., Ltd. TIANJIN POLY-SAGAWA INTERNATIONAL TRADING CO., LTD. SHANGHAI POLY-SAGAWA LOGISTICS CO., LTD. SHANGHAI DAZHONG SAGAWA LOGISTICS CO., LTD. SILOX SHANGHAI CO., LTD. QINGDAO SILOX CO., LTD. Sagawa Express Philippines, Inc. Sagawa Express Singapore, Pte. Ltd. P.T. Sagawa Express Indonesia Plus 10 other companies (Total: 23 companies)
Other Businesses	e-Collect Service Automobile maintenance, Automobile sale Manufacture of auto bodies Temporary staffing services, Product sales Insurance agent, travel agent Facility maintenance and management System sales and maintenance Real estate leasing and management	Sagawa Financial Co., Ltd. Sg Motors Co., Ltd. *1 Sg Motors Kan-etsu Co., Ltd. Sagawa Advance Co., Ltd. Sg Mobile Support Co., Ltd. Sagawa Computer Systems Co., Ltd. *2 SG Realty Co., Ltd. Plus 6 other companies (Total: 13 companies)

*1 Sagawa Galaxy Motors Co., Ltd. changed its name to Sg Motors Co., Ltd. on March 21, 2009.

*2 Sagawa Computer Systems Co., Ltd. changed its name to Sg Systems Co., Ltd. on March 21, 2010.

The Group business diagram is illustrated below:



3. Management Policy

(1) Basic policy of corporate management of the Company

The SG Holdings Group (the “Group”), with the management philosophy, “With social responsibility and sincerity for the customers as its mission, we render quality services to contribute to the development of local communities,” has endeavored to improve its services and quality in which the customers can enjoy “Security,” “Satisfaction” and “Trust.”

Toward the future, the Group will make utmost efforts to become a business entity much more necessary to society by quickly responding to the changing society and customer needs and providing total solutions.

(2) Target management indicators and the medium-term corporate management strategies

With an aim to respond to the variable customer needs and the fluctuating market environment under the rapidly changing management climate, the Group created its management vision in March 2007 toward the Group’s target of 10 years ahead: “Each group company builds up its business base, and creates new value.” Concurrently, the Group formulated the “First Stage Plan” which is the first medium-term management plan for a three-year period from FY 2007 to FY 2009, and has executed its business since then based on the theme, “Construction of a business base that can continually grow.” On the back of the large-scale global economic downturn, despite the deterioration of the current macroeconomic situation, we could achieve the goal, “Construction of a business base that can continually grow” to a certain extent including improvement of efficiency of transportation and establishment of logistics centers, which lead us to a new medium-term management plan.

Taking into consideration the management and social environment surrounding the Group, we commenced the “Second Stage Plan” in March 2010, which is a new medium-term management plan for the period from FY 2010 to FY 2012. Based on the theme of this management plan, “Expansion of business areas and reinforcement of revenue base,” the Group aims to achieve 1,100.0 billion yen in consolidated revenue and 55.0 billion yen in consolidated operating income in FY 2012, by concentrating the management resources on the Group’s key businesses such as logistics business, and establishing the second, third, and fourth pillars of business.

The Group has made clear one of its management policies, “Management for the Stakeholders,” based on which our businesses will be promoted to meet the expectations of our various stakeholders such as customers, local communities, shareholders, business partners and employees.

(3) Challenges to be addressed by the Company

In order to achieve the theme “Expansion of business areas and reinforcement of revenue base” in the “Second Stage Plan,” the medium-term management plan for the period from FY 2010 to FY 2012, the Group will focus on the giant leap toward the final stage and improvement of corporate values of the Group, by executing its businesses toward achievement of the said plan, based on the basic policies listed below:

- ① Strengthen further the revenue base in the Hikyaku Express business.
- ② Accelerate the development of the second, third and fourth pillars of business by concentrating the management resources on the key businesses.
- ③ Respond quickly to the changes in society and customer needs to promote commercialization.
- ④ Expand and foster human resources, and improve the labor environment allowing various kinds of personnel to exert their capabilities.
- ⑤ Improve the social credibility and evaluation, and put into practice activities to win popularity in society.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheet

(Unit: million yen)

	Fiscal 2008 (as of March 20, 2009)	Fiscal 2009 (as of March 20, 2010)
(Assets)		
Current Assets		
Cash and Cash Equivalents	68,176	82,790
Trade Notes and Accounts Receivable	120,335	127,811
Securities for business purposes	—	2,231
Inventory	1,780	—
Merchandise and finished goods	—	295
Work in process	—	754
Raw materials and supplies	—	1,068
Deferred Tax Assets	5,288	13,048
Other	12,697	8,900
Provision for Bad Debt	-793	-789
Total Current Assets	207,485	236,111
Fixed Assets		
Tangible Assets		
Buildings and Structures (net)	67,806	66,133
Vehicles and Transportation Equipment (net)	14,058	8,004
Aircraft (net)	1,302	—
Land	119,339	134,100
Lease assets (net)	—	4,605
Construction in Progress	701	1,582
Other (net)	12,103	10,651
Total Tangible Assets	215,312	225,077
Intangible Assets		
Computer Software	11,091	12,120
Lease assets	—	1,203
Other	9,239	10,019
Total Intangible Assets	20,331	23,343
Investments and Other Assets		
Investment Securities	1,582	3,933
Deferred Tax Assets	50,009	37,080
Guarantee Money Paid	33,626	33,129
Other	5,227	4,758
Provision for Bad Debt	-3,147	-2,964
Total Investments and Other Assets	87,297	75,938
Total Fixed Assets	322,941	324,359
Total Assets	530,426	560,470

(Unit: million yen)

	Fiscal 2008 (as of March 20, 2009)	Fiscal 2009 (as of March 20, 2010)
(Liabilities)		
Current Liabilities		
Trade Notes Payable and Accounts Due	44,646	47,176
Short-term Debt	9,655	27
Long-term Debt with Repayment Scheduled within One Year	29,273	29,968
Lease liabilities	—	1,643
Accrued Income Taxes and Other	2,020	2,541
Deposit received	34,268	32,573
Provision for Bonuses	3,639	3,884
Provision for directors' bonuses	13	28
Other	28,977	32,355
Total Current Liabilities	152,495	150,198
Long-term Liabilities		
Long-term Debts	218,536	227,920
Lease liabilities	—	3,126
Provision for Retirement Benefits	34,797	46,663
Provision for directors' retirement benefits	861	379
Other	5,752	5,096
Total Long-term Liabilities	259,948	283,187
Total Liabilities	412,443	433,386
(Net Assets)		
Stockholders' Equity		
Capital Stock	11,383	11,383
Capital Reserve	383	383
Retained Earnings	105,715	115,047
Total Stockholders' Equity	117,481	126,813
Differences in Valuations and Foreign Exchange Translations, and Other		
Differences in Valuations of Other Securities	222	141
Provision for Adjustment of Foreign Exchange Translations	-491	-471
Total of Differences in Valuations and Foreign Exchange Translations, and Other	-268	-329
Minority Interest	770	599
Total Net Assets	117,983	127,084
Total Liabilities and Net Assets	530,426	560,470

(2) Consolidated Profit & Loss Statement

(Unit: million yen)

	Fiscal 2008 〔 March 21, 2008 - March 20, 2009 〕	Fiscal 2009 〔 March 21, 2009 - March 20, 2010 〕
Revenue	887,277	888,133
Cost of Sales	835,637	827,052
Total Revenue	51,640	61,080
Selling, General and Administrative Expenses	29,654	30,801
Operating Income	21,986	30,278
Other Income		
Interest Received	208	103
Dividends Received	46	73
Equity in earnings of affiliates	15	27
Amortization of negative goodwill	75	121
Other	2,405	2,341
Total non-operating income	2,750	2,667
Other Expenses		
Interest Paid	5,489	5,138
Other	998	1,079
Total non-operating expenses	6,487	6,217
Ordinary Income	18,248	26,728
Extraordinary Income		
Profit from Sale of Fixed Assets	39	574
Other	373	470
Total extraordinary income	413	1,045
Extraordinary Loss		
Loss on sales of fixed assets	1,024	96
Loss on retirement of fixed assets	951	383
Impairment loss	—	742
Amortization of past service liability	—	7,190
Loss on withdrawal from business	9,950	—
Other	1,544	1,642
Total extraordinary losses	13,470	10,056
Income before income taxes	5,191	17,717
Corporate, Residential and Business Taxes	1,546	2,223
Adjustment of Corporate Tax and Other	-665	5,207
Total income taxes paid	881	7,430
Loss Owed to Minority Owners	121	7
Net income	4,188	10,279

(3) Consolidated Statement of Changes in Stockholders' Equity

(Unit: million yen)

	Fiscal 2008 〔 March 21, 2008 - March 20, 2009 〕	Fiscal 2009 〔 March 21, 2009 - March 20, 2010 〕
Stockholders' Equity		
Capital stock		
Balance as of March 20, 2009	11,383	11,383
Changes in fiscal period		
Total changes in fiscal period	—	—
Balance as of March 20, 2010	11,383	11,383
Capital Reserve		
Balance as of March 20, 2009	383	383
Changes in fiscal period		
Total changes in fiscal period	—	—
Balance as of March 20, 2010	383	383
Retained Earnings		
Balance as of March 20, 2009	102,237	105,715
Changes in fiscal period		
Dividend paid from retained earnings	-654	-976
Net income	4,188	10,279
Increase in retained earnings due to exclusion from consolidation	—	29
Disposal of treasury stock	-56	—
Total changes in fiscal period	3,478	9,332
Balance as of March 20, 2010	105,715	115,047
Treasury stock		
Balance as of March 20, 2009	—	—
Changes in fiscal period		
Purchase of treasury stock	-400	—
Disposal of treasury stock	400	—
Total changes in fiscal period	—	—
Balance as of March 20, 2010	—	—
Total Stockholders' Equity		
Balance as of March 20, 2009	114,003	117,481
Changes in fiscal period		
Dividend paid from retained earnings	-654	-976
Net income	4,188	10,279
Increase in retained earnings due to exclusion from consolidation	—	29
Purchase of treasury stock	-400	—
Disposal of treasury stock	344	—
Total changes in fiscal period	3,478	9,332
Balance as of March 20, 2010	117,481	126,813

(Unit: million yen)

	Fiscal 2008 〔 March 21, 2008 - March 20, 2009 〕	Fiscal 2009 〔 March 21, 2009 - March 20, 2010 〕
Difference in Valuations and Foreign Exchange Translations and Other		
Difference in Valuations of Other Securities		
Balance as of March 20, 2009	582	222
Changes in fiscal period		
Changes in account items other than stockholders' equity during fiscal period (net amount)	-359	-81
Total changes in fiscal period	-359	-81
Balance as of March 20, 2010	222	141
Provision for Adjustment of Foreign Exchange Translations		
Balance as of March 20, 2009	636	-491
Changes in fiscal period		
Changes in account items other than stockholders' equity during fiscal period (net amount)	-1,127	20
Total changes in fiscal period	-1,127	20
Balance as of March 20, 2010	-491	-471
Total Differences in Valuations and Foreign Exchange Translations, and Other		
Balance as of March 20, 2009	1,218	-268
Changes in fiscal period		
Changes in account items other than stockholders' equity during fiscal period (net amount)	-1,487	-61
Total changes in fiscal period	-1,487	-61
Balance as of March 20, 2010	-268	-329
Minority interest		
Balance as of March 20, 2009	1,817	770
Changes in fiscal period		
Changes in account items other than stockholders' equity during fiscal period (net amount)	-1,047	-170
Total changes in fiscal period	-1,047	-170
Balance as of March 20, 2010	770	599
Total net assets		
Balance as of March 20, 2009	117,040	117,983
Changes in fiscal period		
Dividend paid from retained earnings	-654	-976
Net income	4,188	10,279
Increase in retained earnings due to exclusion from consolidation	—	29
Purchase of treasury stock	-400	—
Disposal of treasury stock	344	—
Changes in account items other than stockholders' equity during fiscal period (net amount)	-2,534	-231
Total changes in fiscal period	943	9,100
Balance as of March 20, 2010	117,983	127,084

(4) Consolidated Cash Flow Statement

(Unit: million yen)

	Fiscal 2008 〔March 21, 2008 - March 20, 2009〕	Fiscal 2009 〔March 21, 2009 - March 20, 2010〕
Cash Flows from Operating Activities		
Income before income taxes	5,191	17,717
Depreciation and Amortization	25,939	21,657
Impairment loss	—	742
Loss on business withdrawal	7,460	—
Increase/Decrease in Provision for Retirement Benefits (In case of decrease, corresponding figure is indicated by “-”)	-84	11,861
Increase/Decrease in Provision for Bonuses (In case of decrease, corresponding figure is indicated by “-”)	-304	244
Interest and Dividends Received	-254	-177
Interest Paid	5,489	5,138
Profit/Loss from Disposal/ Sale of Fixed Assets	1,973	-94
Decrease/Increase in notes and accounts receivable-trade (In case of increase, corresponding figure is indicated by “-”)	6,912	-7,285
Increase/Decrease in notes and accounts payable-trade (In case of decrease, corresponding figure is indicated by “-”)	-8,952	1,486
Other	3,146	5,031
Sub-Total	46,518	56,322
Interest and Dividends Received	210	108
Interest Paid	-5,379	-4,951
Payment of Corporate and Other Taxes	4,986	-721
Total Cash Flows from Operating Activities	46,336	50,758
Cash Flows from Investing Activities		
Purchase of securities	—	-2,231
Expenditure for Purchase/Acquisition of Tangible Assets	-34,754	-25,820
Receipts from Sale of Tangible Assets	1,928	1,721
Expenditure for Purchase/Acquisition of Intangible Assets	-7,677	-7,436
Purchase of investment securities	—	-2,502
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-3,117	-580
Purchase of additional investments in consolidated subsidiaries	—	-91
Expenditure on taking over business	—	-149
Other	-455	49
Total Cash Flows from Investing Activities	-44,077	-37,040
Total Cash Flows from Financing Activities		
Net Increase/ Decrease in Short-Term Debt (In case of decrease, corresponding figure is indicated by “-”)	9,600	-9,629
Proceeds from Issuing Long-Term Debt	18,002	44,196
Repayment of Long-Term Debt	-32,360	-34,126
Proceeds from sale and leaseback transactions	—	4,711
Repayments of lease liabilities	—	-3,061
Purchase of treasury stock	-400	—
Proceeds from sales of treasury stock	344	—
Cash dividends paid	-654	-976
Dividend Payments to Minority Interest	-112	-79
Other	—	-143
Total Cash Flows from Financing Activities	-5,580	891
Differences in Cash and Cash Equivalents as result of foreign exchange translation	-754	25
Increase/ Decrease in Cash and Cash Equivalents (In case of decrease, corresponding figure is indicated by “-”)	-4,076	14,633
Outstanding Balance of Cash and Cash Equivalents, Beginning of Fiscal Period/Year	71,954	67,878
Outstanding Balance of Cash and Cash Equivalents, End of Fiscal Period/Year	67,878	82,512

(5) Significant Items Relating to the Preparation of Consolidated Financial Statements

Item	Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
1. Scope of consolidation	<p>(1) Number of consolidated subsidiaries: 35 Names of principal consolidated subsidiaries:</p> <p>Sagawa Express Co., Ltd. Sagawa Moving Center Co., Ltd. Galaxy Airlines Co., Ltd. World Supply Co., Ltd., Sagawa Global Logistics Co., Ltd. Sagawa Financial Co., Ltd. Sagawa Galaxy Motors Co., Ltd. Sagawa Advance Co., Ltd. Sagawa Computer Systems. Co., Ltd. Sg Realty Co., Ltd. Sg Mobile Support Co., Ltd. Sagawa Express (H.K.) Co., Ltd. Sagawa Express Vietnam</p> <p>Since this consolidated fiscal year, World Supply Co., Ltd. has been included in the scope of consolidation due to our acquisition of its shares, and Sagawa Logistics Korea Co., Ltd., due to new establishment.</p> <p>(2) Name of a non-consolidated subsidiary Sagawa Express Hawaii, Inc. (Reason for exclusion from the scope of consolidation) It is because this non-consolidated subsidiary is small sized, and the aggregate amount of total assets, revenues, net income (amount by the equity method) and retained earnings (amount by the equity method), etc. do not affect significantly the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 37 Names of principal consolidated subsidiaries:</p> <p>Sagawa Express Co., Ltd. Sagawa Moving Center Co., Ltd. World Supply Co., Ltd., Sagawa Global Logistics Co., Ltd. Sagawa Logistics Partners Co., Ltd. Sagawa Financial Co., Ltd. Sg Motors Co., Ltd. Sagawa Advance Co., Ltd. Sagawa Computer Systems. Co., Ltd. Sg Realty Co., Ltd. Sg Mobile Support Co., Ltd. Sagawa Express (H.K.) Co., Ltd. Sagawa Express Vietnam</p> <p>Sg Motors Kan-etsu Co., Ltd., SILOX SHANGHAI CO., LTD., and QINGDAO SILOX CO., LTD. have been included in the scope of consolidation since this consolidated fiscal year as a result of acquisition of shares, etc. Sagawa Logistics Partners Co., Ltd. has been included in the scope of consolidation since this consolidated fiscal year due to an increase in materiality. Galaxy Airlines Co., Ltd. and Sagawa Express International Logistics (Shaanxi) Co., Ltd. were excluded from the scope of consolidation in this consolidated fiscal year due to completion of liquidation. Sagawa Galaxy Motors Co., Ltd. changed its name to Sg Motors Co., Ltd. on March 21, 2009.</p> <p>(2) Name of a non-consolidated subsidiary Sagawa Express Hawaii, Inc. (Reason for exclusion from the scope of consolidation) Same as at left.</p>

Item	Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
2. Application of the equity method	<p>(1) Number of affiliates subject to the equity methods: 3 Names of affiliates subject to the equity methods: Sagawa Express Korea Co., Ltd. Beijing Sumisho-Sagawa Logistics Co., Ltd. Shanghai Dazhong Sagawa Logistics Co., Ltd.</p>	<p>(1) Number of affiliates subject to the equity methods: 2 Names of affiliates subject to the equity methods: Beijing Sumisho-Sagawa Logistics Co., Ltd. Shanghai Dazhong Sagawa Logistics Co., Ltd. SC Logis Co., Ltd. (formerly, Sagawa Express Korea Co., Ltd.) has been excluded from the scope of equity method due to partial sale of shares held by us.</p>
	<p>(2) Name of non-consolidated affiliates not subject to the equity method: Sagawa Express Hawaii, Inc. (Reasons for not applying the equity method) Even if the equity method were applied to this company, our share in its net profit, earned surplus, etc. would have a minimal, and not overall immaterial, impact on our consolidated financial statements.</p> <p>(3) Special remarks to the procedures for application of equity method: When applying the equity method to the affiliates which close their books on a date other than the consolidated closing, we used their financial statements which were prepared based on their fiscal years.</p>	<p>(2) Name of non-consolidated affiliates not subject to the equity method: Sagawa Express Hawaii, Inc. (Reasons for not applying the equity method) Same as at left.</p> <p>(3) Special remarks to the procedures for application of equity method: Same as at left.</p>
3. Fiscal years of consolidated subsidiaries	<p>Among our consolidated overseas subsidiaries, 17 companies including Sagawa Express (H.K.) Co., Ltd. close their books on December 31. When preparing our consolidated financial statement, we used their financial statements that were prepared based on their fiscal years ended on such date, and made adjustments necessary for consolidation if there were material transactions during the period between such closing date and the closing date of consolidated accounts.</p> <p>World Supply Co., Ltd. closes its books on June 30. When preparing our consolidated accounts, we used its financial statements based on provisional calculations made on March 31, and made adjustments necessary for consolidation if there were material transactions during the period between such date and the closing date of consolidated accounts.</p>	<p>Among our consolidated overseas subsidiaries, 19 companies including Sagawa Express (H.K.) Co., Ltd. close their books on December 31. When preparing our consolidated financial statement, we used their financial statements that were prepared based on their fiscal years ended on such date, and made adjustments necessary for consolidation if there were material transactions during the period between such closing date and the closing date of consolidated accounts.</p>

Item	Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
	<p>(b) Intangible fixed assets Amortized using the straight-line method. However, software for the Company's own use is amortized over the period it can be used by the Company (five years).</p>	<p>(b) Intangible fixed assets (except lease assets) Same as at left.</p> <p>(c) Lease assets Lease assets related to finance lease transactions with title transfer: Depreciated by the same method as the depreciation method applied to the fixed assets held by the Company. Lease assets related to finance lease transactions without title transfer Depreciated by the straight-line method, with the lease period counted as their useful lives and no residual value. Finance lease transactions without title transfer (of which the starting dates of lease transaction are prior to the beginning of the first consolidated fiscal year to which the Accounting Standard No. 13 "Accounting Standard Concerning Lease Transactions" were applied) are accounted for as operating leases.</p>
(3) Reporting standards for important allowances	<p>(a) Allowance for bad debt The Company makes this allowance for losses arising from bad debts. For normal debts, the amount of the allowance is determined using past default rates. In the case of specific debts that are considered to be at risk of souring, the amount of the allowance is the amount that is deemed unlikely to be recovered following an assessment of the individual debt concerned.</p> <p>(b) Provision for bonus The Company makes this allowance for employees' bonus payments based on estimated bonus to be paid in this consolidated fiscal year.</p> <p>(c) Provision for directors' bonus The Company makes this allowance for directors' bonus payments based on estimated bonus to be paid in this consolidated fiscal year.</p>	<p>(a) Allowance for bad debt Same as at left.</p> <p>(b) Provision for bonus Same as at left.</p> <p>(c) Provision for directors' bonus Same as at left.</p>

Item	Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
<p>(4) Accounting for important lease transactions</p> <p>(5) Accounting for important hedging activities</p>	<p>(d) Provision for retirement benefits The Company makes this allowance for payment of retirement benefits for employees in the amount that is deemed to have incurred as of the end of this consolidated fiscal year based on the estimated amount of retirement benefit liabilities and pension assets as of the same date. Actuarial losses have been recognized evenly over eight years (a period not exceeding the expected average remaining period of employment of the employees) following the respective consolidated fiscal years when such losses are identified. Past service liability is recorded as cost when recognized.</p> <p>(e) Provision for directors' retirement benefits The Company makes allowance for directors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules. The Company abolished the directors' retirement benefits in June 2006, and no allowance for this benefit is recorded thereafter.</p> <p>The Company accounts for finance leases where ownership of the leased assets is not transferred to the lessee as operating leases.</p> <p>(a) Accounting for hedging activities Deferred hedge accounting is adopted. Interest-rate swaps that meet certain conditions are accounted for according to exceptional treatments, while currency swaps that meet condition of appropriation are accounted for according to such appropriation treatment.</p> <p>(b) Hedging instruments and items hedged Hedging instruments: Interest-rate swaps and currency swaps agreements Items hedged: Interest on loans, accounts payable in foreign currencies</p> <p>(c) Hedging policy The Company enters into derivative contracts in order to hedge against the risk of fluctuations in interest rates and currency exchange rates in the amount not exceeding the accounts payable relating thereto.</p>	<p>(d) Provision for retirement benefits Same as at left. (Additional information) The Company and some consolidated domestic subsidiaries changed their retirement benefit programs on March 1, 2010 from the proportional compensation method (fixed and proportional) to the cumulative proportional compensation method (point system). Past service liability arising from this change amounted to 7,190 million yen, which was recorded as cost and included in extraordinary loss for this consolidated fiscal year.</p> <p>(e) Provision for directors' retirement benefits Same as at left.</p> <p>—————</p> <p>(a) Accounting for hedging activities Same as at left.</p> <p>(b) Hedging instruments and items hedged Same as at left.</p> <p>(c) Hedging policy Same as at left.</p>

Item	Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
	<p>(d) Evaluation of the efficacy of hedging activities The performance of the hedging instruments and the items hedged is compared using their total amount of fluctuations in the market, based on which the efficacy is evaluated. However, evaluation of the efficacy of the interest-rate swaps subject to the specific treatment is omitted.</p>	<p>(d) Evaluation of the efficacy of hedging activities Same as at left</p>
<p>(6) Other significant accounting policy for the preparation of consolidated financial statements</p> <p>(7) Appraisal of assets and liabilities of consolidated subsidiaries</p> <p>(8) Amortization of goodwill and negative goodwill</p> <p>(9) Definitions of cash used in the consolidated cash flow statements</p>	<p>(a) Treatment of consumption tax Consumption tax is treated outside of the financial statements.</p> <p>(b) Application of consolidated taxation system The Company applies the consolidated taxation system from this consolidated fiscal year.</p> <p>_____</p> <p>The market value method applies to the appraisal of assets and liabilities of consolidated subsidiaries.</p> <p>Goodwill and negative goodwill are amortized in equal installments over the five-year period. However, those goodwill and negative goodwill which are fairly immaterial are amortized in full in the consolidated fiscal year in which they arise.</p> <p>Cash and cash equivalents include cash at hand, highly liquid deposits at banks and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.</p>	<p>(a) Treatment of consumption tax Same as at left</p> <p>(b) Application of consolidated taxation system The company applies the consolidated taxation system.</p> <p>(c) Accounting treatment of investments in an anonymous association The Group's investments in an anonymous association for business purposes are presented under "Securities for business purposes" as capital contributions to investment limited partnerships and other similar associations (which is deemed as securities in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act). The Company's share in profit and loss (net) arising from business activities of such anonymous association is presented in "Operating profit and loss", and the same amount is added or deducted from "Securities for business purposes." Refund of capital contributions from such association is deducted from "Securities for business purposes."</p> <p>Same as at left</p> <p>Same as at left</p> <p>Same as at left</p>

(6) Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements

Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
	<p>(The accounting standard for measurement of inventories) The Company adopts the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, announced on July 5, 2006) from this consolidated fiscal year. There is no impact of this change on profit and loss.</p> <p>(The accounting standard for lease transactions) Finance lease transactions without title transfer were formerly accounted for as operating leases. However, the Company adopts the “Accounting Standard for Lease Transactions” (issued by the Accounting Standards Board of Japan on June 17, 1993, revised on March 30, 2007, ASBJ Statement No. 13) and the “Guidance on Accounting Standard for Lease Transactions (issued by the Accounting System Committee of JICPA on January 18, 1994, revised on March 30, 2007, ASBJ Guidance No. 16) from this consolidated fiscal year and capitalizes all finance lease transactions. The impact of this change on profit and loss is immaterial.</p> <p>(The practical solution on unification of accounting policies applied to overseas subsidiaries for consolidated financial statements) The “The Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied from this consolidated fiscal year, and necessary adjustments were made for consolidated accounting. There is no impact of this change on profit and loss.</p>

[Changes in presentation]

Fiscal 2008 (March 21, 2008 - March 20, 2009)	Fiscal 2009 (March 21, 2009 - March 20, 2010)
<p>(Consolidated Balance Sheet) Up to the previous consolidated fiscal year, “Provision for directors’ bonus” and “Provision for directors’ retirement benefits” were stated in “Others” under current liabilities and fixed assets, respectively. However, from this consolidated fiscal year, each account is stated separately. “Provision for directors’ bonus” and “Provision for directors’ retirement benefits” as of the end of the previous consolidated fiscal year were 121 million yen and 866 million yen, respectively.</p>	<p>(Consolidated Balance Sheet) “Inventories” as stated up to the previous consolidated fiscal year has been divided into “Merchandise and finished goods,” “Work in progress” and “Raw materials and supplies,” and are presented as such from this consolidated fiscal year. “Merchandise and finished goods,” “Work in progress” and “Raw materials and supplies,” which were included in “Inventories” as of the end of the previous consolidated fiscal year were 312 million yen, 259 million yen and 1,208 million yen, respectively.</p>

Segment Information

(Segment Information by Business Type)

Previous Fiscal Year (March 21, 2008-March 20, 2009)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
I Operating revenue and operating loss						
Revenue						
(1) Revenue from Customers Outside Group	776,754	54,673	55,849	887,277	—	887,277
(2) Revenue from Internal Transactions Between Different Segments / Transfer of Balances Between Different Segments	55,629	23,940	48,949	128,519	(128,519)	—
Total	832,384	78,613	104,798	1,015,796	(128,519)	887,277
Operating Expenses	814,994	76,854	102,469	994,318	(129,027)	865,291
Operating Income	17,389	1,759	2,329	21,478	507	21,986

Fiscal 2009 (March 21, 2009-March 20, 2010)

(million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group Account	On Consolidated Basis
I Operating revenue and operating loss						
Revenue						
(1) Revenue from Customers Outside Group	775,293	51,968	60,871	888,133	—	888,133
(2) Revenue from Internal Transactions Between Different Segments/ Transfer of Balances Between Different Segments	56,074	21,636	46,631	124,342	(124,342)	—
Total	831,367	73,604	107,502	1,012,475	(124,342)	888,133
Operating Expenses	808,473	70,437	104,139	983,050	(125,196)	857,854
Operating Income	22,893	3,167	3,363	29,424	854	30,278

(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, Hikyaku Air Express, etc., Moving transportation, Route delivery service, Charter transportation, Installation transportation , Art transportation Collective delivery services, Food delivery service
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 , sgx, International air and marine transportation services
Other Businesses	e-Collect Service, Automobile sale and services, and manufacture of auto bodies, Temporary staffing services Product sales, Insurance agent, Travel agent, Facility maintenance and management, System sales and maintenance Real estate leasing and management