

Financial Results for 1st Six-Month Period of Fiscal Year Ending March 20, 2010

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

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

(1) Consolidated Operation Results (Accumulation)

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 six-month period of FY ending March 20, 2010	436,973	-2.1	14,910	18.8	12,502	22.2	6,840	1,159.9
1st six-month period of FY ended March 20, 2009	446,504	1.2	12,549	-38.0	10,226	-44.1	542	-92.7

	Quarterly net income per share	Quarterly net income per share after full dilution
	Yen, Sen	Yen, Sen
1st six-month period of FY ending March 20, 2010	64.09	—
1st six-month period of FY ended March 20, 2009	5.09	—

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share	
	Million yen	Million yen	%	Yen	Sen
1st six-month period of FY ending March 20, 2010	534,759	124,123	23.1	1,150	28
FY ended March 20, 2009	530,426	117,983	22.1	1,091	40

(Reference) Shareholders' equity for 1st six-month period of fiscal year ending March 20, 2010: 123,321 million yen; for 1st six-month period of fiscal year ended March 20, 2009: 117,213 million yen

2. Dividend payment

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen, Sen	Yen, Sen	Yen, Sen	Yen, Sen	Yen, Sen
FY ended March 20, 2009	—	—	—	7.50	7.50
FY ending March 20, 2010	—	—			
FY ending March 20, 2010 (forecast)			—	7.50	7.50

(Note) "Dividend payment" refers to dividend payment on the Company's common stocks. Regarding classified stocks that differ from the Company's common stocks in respect to shareholder's rights, refer to "Dividend payment on classified stocks" on page 2.

3. Projection of Consolidated Performance for FY2009 (March 21, 2009-March 20, 2010)

Percentages represent changes from the same period in the previous year

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2009 (Annual)	890,000	0.3	30,000	36.5	26,000	42.5	11,000	162.7

4. Other

- (1) Changes in significant subsidiaries during the period: Yes
(Note) For details, refer to Page 4.
- (2) Adoption of simplified accounting method and special accounting practices for preparation of quarterly consolidated financial statements: Yes
(Note) For details, refer to Page 4.
- (3) Changes in accounting principles, procedures and presentations for preparation of quarterly consolidated financial statements (those included in Changes in Important Matters for Preparation of Quarterly Consolidated Financial Statements)
- ① Changes associated with revision of accounting standards: Yes
② Changes other than ①: No
(Note) For details, refer to Pages 4 - 5.
- (4) Number of shares outstanding (Common stock)
- ① Number of shares outstanding at end of term (including treasury stock):
1st six-month period of fiscal year ending March 20, 2010: 106,732,400 shares
Fiscal year ended March 20, 2009 : 106,732,400 shares
- ② Number of treasury stocks at end of term
1st six-month period of fiscal year ending March 20, 2010: -
Fiscal year ended March 20, 2009 : -
- ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)
1st six-month period of fiscal year ending March 20, 2010: 106,732,400 shares
1st six-month period of fiscal year ended March 20, 2009 : 106,732,400 shares

* Explanation on appropriate use of forecasts of performance and other special items
The forward-looking statements in this document concerning performance forecasting, etc. are based on currently available information and assumptions considered reasonable by the company. Actual performance may differ significantly from forecasts, due to various factors.

Dividend payment on classified stocks

Details of dividend payment on classified stocks that differ from the Company's common stocks in respect to shareholder's rights and total dividends are as follows.

(Preferred stocks)

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen, Sen	Yen, Sen	Yen, Sen	Yen, Sen	Yen, Sen
FY ended March 20, 2009	—	—	—	8.00	8.00
FY ending March 20, 2010	—	—			
FY ending March 20, 2010 (forecast)			—	8.00	8.00

[Financial statements]

1. Consolidated performance

In the first six-month period of the current fiscal year ending March 20, 2010, there were visible signs of recovery in the Japanese economy. However, since corporate earnings didn't improve and the job market deteriorated further, the economic environment remained difficult. In the logistics industry, competition for freight - including price competition - intensified among competitors, since consumer spending was sluggish and capital expenditure declined, resulting in a fall in freight delivery demand at home and abroad.

As this fiscal year is the final year of the Group's medium-term management plan, the "SgH First Stage Plan," the SG Holdings Group strived not only to establish a solid foundation for the Delivery Businesses, but also to build up a business base to foster the growth and expansion of each group company's business.

In such a business environment, in the Delivery Businesses - the Group's core business - we saw the number of packages handled and distributed by the Group exceed those in the same period last year, thanks to growth of the mail-order sales market. However, revenue for the first-six month period of the current fiscal decreased by 2.1% year-on-year, to 436,973 million yen, since the quantity of freight with low rates increased. In contrast, operating income grew by 18.8% year-on-year, to 14,910 million yen, and ordinary income rose by 22.2% year-on-year, to 12,502 million yen, thanks to a rise in efficiency in its delivery system and to lower fuel costs resulting from a decline in fuel prices. Net income skyrocketed from the same period last year to 6,840 million yen, though we posted a loss on liquidation of subsidiaries and affiliates as extraordinary loss, after the liquidation of Galaxy Airlines Co., Ltd. was completed.

The Group's medium-term management plan, the "SgH First Stage Plan," which was implemented from the fiscal year ended March 20, 2008, has reached its final phase. From the next fiscal year, the Group will implement the next medium-term management plan, the "SgH Second Stage Plan." In order to meet stakeholders' expectations, we will draw up a plan that includes further upgrading of revenue sources in the Delivery Businesses, the Group's core business, and broadening of business areas by focusing business resources on the Logistics Businesses that we position as a second pillar of the Group's business, and Other Businesses.

Business conditions remain unfavorable. We will continue to promote the establishment of a business base that enables sustainable growth by improving the efficiency of delivery services and upgrading the sales organization that provides attentive services.

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

- Delivery Businesses

The number of packages handled and delivered by the Group exceeded those in the same period last year at Hikyaku Express, e-Collect service and Hikyaku Cool Express, among the Delivery Businesses.

Business segment	1st six-month period ended September 20, 2008	1st six-month period ended September 20, 2009	Change (%)
Hikyaku Express	527,219,000 items	549,085,000 items	4.1
e-Collect service	50,115,000 items	60,705,000 items	21.1
Hikyaku Cool Express	15,557,000 items	18,263,000 items	17.3

SG Holdings Group saw the number of packages handled and delivered increase in Hikyaku Express, due to the mail-order sales market expansion resulting from the *staycation* trend. The number of packages handled and delivered also increased substantially in Hikyaku Cool Express, since customers, mainly in food-related industries, highly valued our efforts to improve the quality of service by implementing appropriate temperature control. The Group tried to broaden its product lines to meet market needs by offering such new services as "Recall Total Service," which covers all procedures commonly involved in recall management, from "occurrence of incident, emergency response to incident, collection of goods and follow-up care," and "Document Storage Service,"

which provide customers with all the following services at a single location: collection, storage, disposal and recycling of classified documents and electronic media that corporate customers hold in their offices. Furthermore, we strive to enhance delivery service efficiency and improve cost structure by increasing employment and upgrading personnel education with an eye toward the future. Despite our efforts, however, revenue in the segment decreased by 2.0% year-on-year, to 382,859 million yen.

- Logistics Businesses

In domestic Logistics Businesses, the SG Holdings Group established the Fukuoka Logistics Center in the Kyushu district and the Kuki Second Office in the Kanto district. The Group also undertook contracts for operating a customer center in the Osaka district.

In overseas Logistics Businesses, with the Shekou Logistics Center, the Group's first logistics center in China, completed and fully operational in Shenzhen City, China, we established a system to provide high value added logistic services at Japanese quality. Customers can reduce costs of transport from China to Japan, shorten lead time and utilize services such as products inspection, meter reading and IT supports based on the know-how accumulated through business in Japan. The Group also upgraded its integrated sales support system, from procurement in China to logistics processing to delivery.

In such a situation, shipment by information equipment and mail order sale related customers increased. But, revenue decreased because shipment by large existing customers, mainly the apparel industry, declined and some customers downsized their business. We tried to reduce costs by reviewing personnel allocation.

Consequently, revenue in the segment declined by 8.7% year-on-year, to 24,735 million yen.

- Other Businesses

In the System Business, on August 31, 2009 we formed a business and capital tie-up with Future Architect, Inc., establishing a structure to create new business opportunities and strengthen IT strategies to enhance the Group's competitiveness.

In the Automobile Maintenance Business, on June 1, 2009 we changed Shin Mikuni Motors Service Co., Ltd. (current Sg Motors Kan-etsu Co., Ltd.) into a subsidiary of Sg Motors Co., Ltd. with the aim of upgrading a maintenance business base and obtaining new customers.

In other businesses, we worked hard to establish business bases. Consequently, revenue in the segment increased by 1.7% year-on-year, to 29,379 million yen.

2. Other

- (1) Changes in significant subsidiaries during the term

From Mikuni Coca-Cola Bottling Co., Ltd., on June 1, 2009 we acquired shares of Shin Mikuni Motors Service Co., Ltd. (current Sg Motors Kan-etsu Co., Ltd.) and changed it into a consolidated subsidiary. We dissolved Galaxy Airlines Co., Ltd. on March 17, 2009 and liquidated it on September 15, 2009.

- (2) Adoption of simplified accounting method and special accounting practices for preparation of quarterly consolidated financial statements

Regarding judgment on the collectability of deferred tax assets, as the business environment and temporary differences are deemed not to have changed significantly since the end of the previous fiscal year, a method has been adopted that involves forecasting business performance and tax planning used in the previous fiscal year.

- (3) Changes in accounting principles, procedures and presentations for preparing quarterly consolidated financial statements

Change of accounting treatment standards

- ① Effective from the fiscal year ending March 20, 2010, "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12 March 14, 2007) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14 March 14, 2007) have been applied. Quarterly consolidated financial statements were prepared in accordance with "Regulations for Quarterly Consolidated Financial Reporting."

- ② Inventories held for the purpose of ordinary sale were previously evaluated mainly using the identified cost method. With the adoption of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9 July 5, 2006) from the first quarter of the fiscal year ending March 20, 2010, these inventories will be measured mainly by the identified cost method (inventory amounts shown on the balance sheet are calculated by writing them down based on their decrease in profitability). Such adoption as above does not give any effect on earnings.
- ③ Effective from the first quarter of the fiscal year ending March 20, 2010, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18 May 17, 2006) has been applied. Accordingly, some revisions were made to the consolidated accounts, as necessary. Such adoption as above does not affect on earnings significantly.
- ④ Finance lease transactions without title transfer were formerly accounted for in a manner similar to ordinary rental transactions. Effective from the fiscal year commenced after April 1, 2008, “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 [June 17, 1993, Business Accounting Council, First Subcommittee] revised March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16 [January 18, 1994, Japanese Institute of Certified Public Accountants, Accounting System Committee] revised March 30, 2007) have been applied and finance lease transactions without title transfer have been accounted for in a manner similar to ordinary sale and purchase transactions. Lease assets relating to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Such adoption as above does not affect earnings significantly.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Unit: Million yen)

	End of 1st six-month period of FY ending March 20, 2010 (September 20, 2009)	Condensed consolidated balance sheets for end of previous FY (March 20, 2009)
Assets		
Current Assets		
Cash and Cash Equivalents	69,936	68,176
Notes and Accounts Receivable- Trade	127,164	120,335
Merchandise and Finished Goods	502	312
Work in Progress	138	259
Raw Materials and Supplies	1,419	1,208
Deferred Tax Assets	14,156	5,288
Other	9,239	12,697
Provision for Bad Debt	-815	-793
Total Current Assets	221,741	207,485
Fixed Assets		
Tangible Assets		
Buildings and Structures (net)	67,638	67,806
Vehicles and Transportation Equipment (net)	11,288	14,058
Aircraft (net)	—	1,302
Land	121,042	119,339
Lease Assets (net)	4,443	—
Construction in Progress	1,875	701
Other	10,354	12,103
Total Tangible Assets	216,642	215,312
Intangible Assets		
Computer Software	12,240	11,091
Lease Assets	1,325	—
Other	7,745	9,239
Total Intangible Assets	21,311	20,331
Investments and Other Assets		
Investment Securities	3,167	1,582
Deferred Tax Assets	36,917	50,009
Guarantee Money Paid	33,049	33,626
Other	5,282	5,227
Provision for Bad Debt	-3,352	-3,147
Total Investments and Other Assets	75,063	87,297
Total Fixed Assets	313,017	322,941
Total Assets	534,759	530,426

(Unit: Million yen)

	End of 1st six-month period of FY ending March 20, 2010 (September 20, 2009)	Condensed consolidated balance sheets for end of previous FY (March 20, 2009)
Liabilities		
Current Liabilities		
Trade Notes Payable and Accounts Due	47,457	44,646
Short-Term Debt	28	9,655
Current Portion of Long-Term Loans Payable	22,219	29,273
Lease Obligations	1,323	—
Accrued Income Taxes and Other	1,762	2,020
Deposits Received	32,941	34,268
Provision for Bonuses	4,070	3,639
Other Provisions	5	13
Other	31,713	28,977
Total Current Liabilities	141,521	152,495
Long-Term Liabilities		
Long-Term Debts	223,320	218,536
Lease obligations	2,827	—
Provision for Retirement Benefits	37,198	34,797
Other Provisions	379	861
Other	5,387	5,752
Total Long-Term Liabilities	269,113	259,948
Total Liabilities	410,635	412,443
Net Assets		
Stockholders' Equity		
Capital Stock	11,383	11,383
Capital Reserve	383	383
Retained Earnings	111,579	105,715
Total Stockholders' Equity	123,345	117,481
Differences in Valuations and Foreign Exchange Translations, and Other		
Differences in Valuations of Other Securities	264	222
Provision for Adjustment of Foreign Exchange Translations	-288	-491
Total of Differences in Valuations and Foreign Exchange Translations, and Other	-23	-268
Minority Interest	802	770
Total Net Assets	124,123	117,983
Total Liabilities and Net Assets	534,759	530,426

(2) Consolidated quarterly statement of income
(1st six-month period ended September 20, 2009)

(Unit: Million yen)

	1st six-month period ended September 20, 2008 (March 21, 2008 to September 20, 2008)	1st six-month period ended September 20, 2009 (March 21, 2009 to September 20, 2009)
Revenue	446,504	436,973
Cost of Sales	419,865	406,763
Total Revenue	26,638	30,210
Selling, General and Administrative Expenses	14,088	15,300
Operating Income	12,549	14,910
Other Income		
Interest Income	112	48
Dividend Income	30	25
Equity in Earnings of Affiliates	3	21
Amortization of Negative Goodwill	35	40
Other	875	488
Total Non-Operating Income	1,056	624
Other Expenses		
Interest Paid	2,850	2,602
Other	528	430
Total Non-Operating Expense	3,379	3,032
Ordinary Income	10,226	12,502
Extraordinary Income		
Profit from Sale of Fixed Assets	29	40
Other	520	163
Total Extraordinary Income	549	204
Extraordinary Loss		
Loss on Sales of Noncurrent Assets	396	74
Loss on Retirement of Noncurrent Assets	83	88
Loss on Business Liquidation	10,908	—
Loss on Liquidation of Subsidiaries and Affiliates	—	256
Other	403	212
Total Extraordinary Loss	11,791	631
Income (Loss) before Income Taxes	-1,014	12,074
Corporate, Residential and Business Taxes	759	1,019
Adjustment of Corporate Tax and Other	-2,407	4,199
Total Income Taxes	-1,648	5,218
Minority Interests in Income	90	15
Net Income (Interim or Annual)	542	6,840

(3) Consolidated quarterly statements of cash flows

	(Unit: Million yen)	
	1st six-month period ended September 20, 2008 (March 21, 2008 to September 20, 2008)	1st six-month period ended September 20, 2009 (March 21, 2009 to September 20, 2009)
Cash Flows from Operating Activities		
Income (Loss) before Income Taxes	-1,014	12,074
Depreciation and Amortization	11,785	10,449
Loss on Business Liquidation	7,997	—
Loss on Liquidation of Subsidiaries and Affiliates	—	256
Increase (Decrease) in Provision for Retirement Benefits	-81	2,389
Increase (Decrease) in Provision for Bonuses	97	430
Interest and Dividends Received	-142	-73
Interest Paid	2,850	2,602
Loss on Sales and Retirement of Noncurrent Assets	451	122
Decrease (Increase) in Notes and Accounts Receivable-Trade	-2,647	-6,493
Increase (Decrease) in Notes and Accounts Payable-Trade	193	2,456
Other	-3,015	2,765
Sub-Total	16,474	26,979
Interest and Dividends Received	121	46
Interest Paid	-2,781	-2,400
Income Taxes Refund (Paid)	4,550	393
Total Cash Flows from Operating Activities	18,364	25,019
Cash Flows from Investing Activities		
Expenditure for Purchase/Acquisition of Tangible Assets	-20,958	-9,296
Receipts from Sale of Tangible Assets	136	1,154
Expenditure for Purchase/Acquisition of Intangible Assets	-3,862	-3,363
Purchase of Investment Securities	-16	-1,491
Change in Scope of Consolidation- Purchase of Investments in Subsidiaries	—	-170
Payments for Additional Purchase of Consolidated Subsidiaries	—	-60
Other	-24	549
Total Cash Flows from Investing Activities	-24,725	-12,677
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-Term Debt	9,994	-9,630
Proceeds from Issuing Long-Term Debt	2	17,400
Repayment of Long-Term Debt	-12,315	-19,677
Income from Sale and Leaseback	—	4,700
Repayments of Lease Obligations	—	-2,306
Cash Dividend Paid	-654	-976
Dividend Payments to Minority Interest	-112	0
Purchase of Treasury Stock	-400	—

Other	—	-143
Cash Flows from Financing Activities	-3,484	-10,634
Differences in Cash and Cash Equivalents as Result of Foreign Exchange Translation	-335	101
Increase (Decrease) in Cash and Cash Equivalents	-10,181	1,808
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	61,773	69,686

(4) Segment Information

[Segment Information by Business Type]

1st six-month period ended September 20, 2008 (March 21, 2008 to September 20, 2008)

(Million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group	On Consolidated Basis
Revenue						
(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)	—
Total	419,396	40,894	46,289	506,579	(60,075)	446,504
Operating Expenses	410,714	39,969	43,744	494,428	(60,473)	433,954
Operating Income	8,681	924	2,544	12,151	398	12,549

1st six-month period ended September 20, 2009 (March 21, 2009 to September 20, 2009)

(Million yen)

	Delivery Businesses	Logistics Businesses	Other Businesses	Total	Balance of Offsetting or Entire Group	On Consolidated Basis
Revenue						
(1) Revenue from Customers Outside Group	382,859	24,735	29,379	436,973	—	436,973
(2) Revenue from Internal Transactions Between Different Segments/Transfer of Balances Between Different Segments	27,347	10,585	19,367	57,300	(57,300)	—
Total	410,206	35,320	48,747	494,273	(57,300)	436,973
Operating Expenses	398,956	34,018	46,885	479,861	(57,797)	422,063
Operating Income	11,249	1,301	1,861	14,412	497	14,910

(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, Hikyaku Air Transportation etc., moving service, route delivery, charter transportation, art transportation, delivery proxy service, food delivery
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 logistics center, warehousing, transportation using public transport, 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, real estate maintenance and management