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**TAN CHONG INTERNATIONAL LIMITED**

陳唱國際有限公司

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 693)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

*(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)*

The announcement of financial results of Zero Co., Ltd. ("**Zero**") for the year ended 30 June 2015 is originally prepared in Japanese. The attached announcement on the next page is a translation of the official announcement solely for the purpose of providing information.

By the order of the Board  
**Tan Chong International Limited**  
**Joseph Ong Yong Loke**  
*Deputy Chairman and Managing Director*

Hong Kong, 7 August 2015

Website: <http://www.tanchong.com>

*As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. The non-executive Director is Mr. Azman Bin Badrillah. The independent non-executive Directors are Mr. Lee Han Yang, Mr. Ng Kim Tuck and Mr. Prechaya Ebrahim.*

## Financial Results for the Fiscal Year Ended June 30, 2015

August 7, 2015

Company name: ZERO CO., LTD.

Code No: 9028

Tokyo Stock Exchange (Second Section)

(URL <http://www.zero-group.co.jp/>)

Representative: Takeo Kitamura, President and COO

Contact for inquiries: Toshihiro, Takahashi Operating officer, Tel: 044-520-0106  
Corporate Planning Department

Date of Annual Shareholders' Meeting: September 29, 2015

Date to begin payment of dividend: September 30, 2015

Date of financial report submission: September 30, 2015

Additional materials for the financial results for FY2014: None

Briefing session for the financial results for FY2014: None

### 1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2015 (From July 1, 2014 to June 30, 2015)

(1) Consolidated Results (Figures less than one million yen are rounded down.)

Percentages shown below are the rates of increase or decrease compared with the same period of the previous year.

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2014	77,247	14.2	3,662	28.3	3,772	28.4	1,878	24.4
FY2013	67,630	12.6	2,853	78.3	2,937	76.9	1,510	110.8

(Note) Comprehensive income: FY2014 2,111 million yen (31.8%)  
FY2013 1,602 million yen (110.8%)

	Earnings per share-basic	Earnings per share -diluted	Net income to shareholder's equity ratio	Ordinary income to total assets ratio	Operating income on sales
	Yen	Yen	%	%	%
FY2014	109.90	-	11.9	11.2	4.7
FY2013	88.38	-	10.7	9.3	4.2

(Ref.) Equity in net income of affiliates: FY2014: 27 million yen FY2013: 36 million yen

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2014	35,145	16,605	47.2	971.51
FY2013	32,107	14,926	46.5	873.28

(Ref.) Shareholders' equity: As of June 30, 2015: 16,605 million yen As of June 30, 2014: 14,926 million yen

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2014	2,003	-1,016	-383	5,856
FY2013	2,284	-480	-1,440	5,148



(Ref.) Unconsolidated Financial Results for the Fiscal Year Ended June 30, 2015

**1. Unconsolidated Financial Results for the Fiscal Year Ended June 30, 2015 (From July 1, 2014 to June 30, 2015)**

(1) Unconsolidated Results

Percentages shown below are the rates of increase or decrease compared with the same period of the previous year.

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2014	54,242	6.2	2,382	31.6	2,595	31.3	1,545	45.9
FY2013	51,064	9.5	1,810	103.4	1,977	82.2	1,059	91.2

	Earnings per share -basic	Earnings per share -diluted
FY2014	90.45 yen	-
FY2013	62.01 yen	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2014	29,768	13,881	46.6	812.13
FY2013	27,298	12,814	46.9	749.73

(Ref.) Shareholders' equity:

As of June 30, 2015: 13,881 million yen

As of June 30, 2014: 12,814 million yen

※Implementation status review procedure

This financial report is exempt from the review procedure based upon the Financial Instruments and Exchange Act. The financial statements are under the review procedure at the time of disclosure of this report.

※Explanation regarding appropriate use of forecasts

Statements in this report relating to future matters such as earnings forecasts are based on the information presently.

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# 1. Analysis of Business Performance and Financial Position

## (1) Analysis of Business Performance

### ① Business Performance for the Current Term

The nation's economy in the current consolidated fiscal year showed improvements in corporate earnings and employment situation against the backdrop of the government's economic policy and the Bank of Japan's quantitative and qualitative easy monetary policy. On the other hand, recovery trend is proceeding at a gradual pace showing signs of the consumption tax rate hike and concern that commodity prices may rise due to the weaker yen.

In the automobile industry, Japanese automakers' new vehicle sales in the domestic market continued to underperform at 92.3% year-on-year (the Japan Automobile Manufacturers Association's statistical data), indicating that the chilling effect of the increase in the consumption tax on the consumer mind is persisting. Based on vehicle types, the mini-vehicle market maintained the high level equal to that of the previous year until April 2015, when taxes on these vehicles were increased, after which the market downturned sharply. Registered vehicles which comprise the core market also failed to perform robustly, and decreased significantly as a reaction to last year, when the market was at a high level due to last-minute rise in demand that occurred before the consumption tax increase. While further correction to the strong yen created conditions favorable to exports, number of new vehicle exports was 98.1% year-on-year, due to the decrease of exports to North America, our largest market. Likewise the used vehicle market also showed a downward trend as a result of a weaker consumer mindset. A breakdown of this shows that the number of registration of used vehicles in Japan underperformed, being 96.2% year-on-year. On the other hand, export of used vehicles continued an upward trend, posting 104.5% year-on-year.

Against this backdrop, with regard to the Company's main segment, the automobile-related business, sales from Nissan-related transportation dropped due to decrease in the number of new vehicles sold by Nissan Motor Co., our major customer, but due to the success in capturing new transportation-related demand, and our used car export business, we posted an year-on-year increase in overall sales of automobile-related business. With regard to our human resources business, through active sales activities and strengthening of sales system, we strongly promoted activities to cultivate our clientele, sales have increased year-on-year. With regard to the general cargo business, sales have increased year-on-year.

[No. of Motor Vehicles Related to Domestic Distribution] (Unit: Units)

Domestic Sales	July 2013-June 2014	July 2014-June 2015	Year-on-year Change (%)
New vehicles			
Domestic automakers *1	5,669,674	5,233,716	92.3%
(Nissan Motor Co. only) *1	(718,433)	(610,060)	(84.9%)
Foreign automakers *2	291,258	290,870	99.9%
Used cars			
Passenger cars *3	3,868,631	3,701,837	95.7%
Mini-cars *4	3,149,363	3,052,618	96.9%
Total of used cars	7,017,994	6,754,455	96.2%
De-registered vehicle *3	300,431	248,372	82.7%

Export volume (in units)	July 2013-June 2014	July 2014-June 2015	Year-on-year Change (%)
New vehicles			
Domestic automakers *1	4,560,150	4,475,390	98.1%
Used passenger vehicles *5	1,394,361	1,457,422	104.5%

\*1: Calculated using the Japan Automobile Manufacturers Association's statistics

\*2: Calculated using the Japan Automobile Importers Association's statistics

\*3: Calculated using the Japan Automobile Dealers Association's statistics

\*4: Calculated using the Japan Light Motor Vehicle and Motorcycle Association's statistics

\*5: Calculated using the number of deregistered used cars for export listed in the Japan Automobile Dealers Association's statistics

## [Retail Prices of Fuels]

Unit: yen per liter)

		July 2013-June 2014	July 2014-June 2015	Year-on-year Change (%)
Light oil	*6	140	131	93.6%
Regular gasoline	*6	161	152	94.4%

\*6 Calculated using the Resources and Energy Agency's statistics (The fuel that our company uses for transportation services is mainly light oil.)

As a result of these measures, our group's financial results for the current fiscal year to June 30, 2015 showed sales of 77,247 million yen (114.2% year-on-year) and operating income of 3,662 million yen (128.3% year-on-year), thus posting year-on-year increases in both sales and operating income). Also, ordinary income rose to 3,772 million yen (128.4% year-on-year), and net income jumped to 1,878 million yen (124.4% year-on-year).

Incidentally, pursuant to the change in accounting period of a number of our consolidated subsidiaries from March 31 (April 30 in the case of a number of our subsidiaries) to more appropriately disclose and manage our group's performance, the financial results for the current fiscal year for these consolidated subsidiaries reflect performance for a period of 15 months from April 1, 2014 to June 30, 2015 (14 months from May 1, 2014 to June 30, 2015 in the case of a number of our subsidiaries). Sales for the 3-month period from April 1, 2014 (2-month period from May 1, 2014 in the case of a number of our subsidiaries) posted by the consolidated subsidiaries which changed their accounting period were 1,893 million yen, their operating income was 44 million yen, ordinary income was 50 million yen, and net income was 32 million yen.

## ② Business Performance by Segment

## &lt;Automobile-related Business&gt;

In this business segment, Nissan Motor Company, our major customer, posted sluggish sales of 610,060 units (84.9% year-on-year) of new vehicles in Japan. New vehicles made by other Japanese automakers, imported cars and used cars also posted year-on-year decreases in domestic sales. In response to these market downturns, we focused our efforts in obtaining new transport services and actively pursued our used car export business. We also implemented measures to win orders from foreign automakers for the business of new vehicle maintenance/pre-delivery inspection and vehicle storage, thereby providing services with high added value and at the same time furthering measures to increase our sales.

On the back of these factors, this segment's sales rose to 59,423 million yen (113.5% year-on-year). In pursuit of higher profitability, we continued to promote positive activities to improve the means of transportation, the number of relay points and transport routes, while further enhancing labor management. As a result, the segment income significantly improved to 4,081 million yen (126.1% year-on-year). Incidentally, the foregoing includes effect of accounting change from the change in the accounting period for certain consolidated subsidiaries, in the amount of sales of 888 million yen and segment profit of 9 million yen.

## &lt;Human Resources Business&gt;

In this segment, companies seeking human resources are on the increase as the nation's economy is on a recovery trend. However, companies' HR utilization needs and job seekers' employment needs are becoming more varied and sophisticated than ever before. Under these circumstances, concerning our group's transportation service to and from a certain place, we focused our sales efforts on the Kyushu and Hokkaido regions by making a strategic shift from major metropolitan areas toward regional areas.

As a result, this segment's sales rose to 12,327 million yen (113.4% year-on-year), and segment income increased from the prior fiscal year to 568 million yen (101.2% year on year). Incidentally, the foregoing has not been affected the accounting change from the change in the accounting period for certain consolidated subsidiaries.

## &lt;General Cargo Transportation Business&gt;

In this segment, we continued to promote obtaining new order from existed customers and new customers. At the same time, the consolidation and abolition of business facilities, we succeeded in increasing the profitability of this segment. KANDAKO KAIRIKU UNSO CO., LTD., a ZERO subsidiary, continued firm performance on its mainstay business of loading and unloading of coals, and KYUSO COMPANY LTD., another ZERO subsidiary, continued to its cost/expense structural reform and the winning of new businesses.

As a result of the above, this segment posted sales of 6,174 million yen (124.9% year-on-year) and segment income of 868 million yen (107.1% year-on-year). Incidentally, the foregoing includes effect of accounting

change from the change in the accounting period for certain consolidated subsidiaries, in the amount of sales of 1,004 million yen and segment profit of 35 million yen.

Incidentally, concerning unclassifiable group-wide expenses (expenses concerning the company's administrative departments) and the amortization of goodwill, etc., which are not included in the above profit and loss by segment, they are recognized as "Adjustments" items as listed in "Segment Information" in "4. "Consolidated Financial Statements" and amounted to 1,855 million yen.

### ③ Forecast for the Next Fiscal Year

In the next consolidated fiscal year, despite of uncertain of foreign economy, the nation's economy is expected to continue on a recovery trend, mainly supported by the Government's economic policy package. However, in the automobile industry, uncertainty over the prospects of the domestic market is likely to remain due to reductions in demand. Also, in the transportation industry, we will continue to face a severe business environment due mainly to growing labor shortages, rising fuel prices and the need to secure a higher level of safety.

Our group will press forward with initiatives to reinforce the base for our domestic vehicle transportation business by continuing efforts to promote sales activities and improve transportation efficiency and cost, while keeping in mind higher profitability. Also, we will undertake the challenges of expanding businesses incidental to transportation and expanding automotive business in ASEAN countries. Based on this outlook, we have issued forecasts listed below.

(For Reference)

	Sales	Operating income	Ordinary income	Net income
Results for the fiscal year ended June 30, 2015	77,247 million yen	3,662 million yen	3,772 million yen	1,878 million yen
Forecasts for the fiscal year ending June 30, 2016	76,400 million yen	3,850 million yen	3,930 million yen	2,300 million yen
Increase-decrease rate %	(1.1%)	5.1%	4.2%	22.4%

## (2) Analysis of the Financial Condition

### ① Assets, Liabilities and Net Assets

#### (Assets)

Compared to the end of the previous term, current assets increased by 2,537 million yen (17.7%) to 16,890 million yen. This is chiefly due to increase of notes and accounts receivable by 955 million yen and cash and deposits by 815 million yen.

Compared to the end of the previous term, fixed assets increased by 500 million yen (2.8%) to 18,255 million yen. This is chiefly due to the fact that although there was depreciation of fixed assets, investment securities increased by 478 million yen, lease assets of property, plant and equipment by 466 million yen, and buildings and structures by 205 million yen.

As a result of the foregoing, compared to the end of the previous term, total assets increased by 3,038 million yen (9.5%) to 35,145 million yen.

#### (Liabilities)

Compared to the end of the previous term, current liabilities increased by 1,038 million yen (10.3%) to 11,106 million yen. This is chiefly due to the fact that although notes and accounts payable-trade decreased by 266 million yen, short-term loans payable increased by 270 million yen, and accrued consumption taxes by 208 million yen.

Compared to the end of the previous term, long-term liabilities increased by 320 million yen (4.5%) to 7,433 million yen. This is chiefly due to the fact that lease obligations increased by 357 million yen provided to the previous term's provision for lease obligations.



As a result of the foregoing, compared to the end of the previous term, liabilities increased by 1,359 million yen (7.9%) to 18,540 million yen.

(Net Assets)

Compared to the end of the previous term, net assets increased by 1,679 million yen (11.2%) to 16,605 million yen. This is chiefly due to increase of retained earnings due to posting of net income by 1,446 million yen.

## ② Cash Flow Situation

At the end of the current term, cash and cash equivalents (hereinafter referred to as “Funds”) increased by 707 million yen compared to the end of the previous term, to 5,856 million yen.

The respective cash flow situation in the current term and their causes are as follows:

(Cash flow from operating activities)

Funds provided by operating activities were 2,003 million yen (12.3% decrease from the previous term).

Income was provided mainly by 3,458 million yen in income before income taxes, 922 million yen in depreciation, 347 million yen in amortization of goodwill, and 216 million yen in increase in other current liabilities. Payments were made mainly as 1,449 million yen in income taxes paid, increase of 775 million yen in notes and accounts receivable-trade, and increase of 469 million yen in inventories.

(Cash flow from investment activities)

Funds used in investment activities were 1,016 million yen (111.7% increase from the previous term).

Income was provided mainly by 316 million yen as proceeds from collection of loans receivable. Payments were made mainly as 625 million yen in payments for purchases of property, plant and equipment, 392 million yen for purchase of investment securities, and 323 million yen in payments for loans implementation.

(Cash flow from financing activities)

Funds used in financing activities were 383 million yen (73.4% decrease from the previous term).

Payments were made mainly as 355 million yen in payment of lease obligation repayments, and 377 million yen in cash dividends paid.

### Change in the Group’s Cash-flow Related Indicators

	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	42.3	42.9	46.5	47.2
Equity ratio at market value basis (%)	18.1	18.7	37.1	40.1
Cash flow to interest bearing debt ratio (per annum)	2.0	2.0	1.5	2.0
Interest coverage ratio (multiples)	26.3	25.7	29.1	26.7

Equity ratio: Shareholder’s equity / total assets

Equity ratio at market value basis: Market capitalization / total assets

Cash flow to interest bearing debt ratio: interest bearing debt / cash flow

Interest coverage ratio: cash flow / interest payment

(Note 1) All of the foregoing are calculated on the consolidated basis financial figures.

(Note 2) Market capitalization is calculated based on the number of shares outstanding not including treasury stocks

(Note 3) Cash flow uses operational cash flow.

(Note 4) Interest bearing debt covers all debts posted in the consolidated balance sheets for which interest is paid.

(3) Basic Policy on Appropriation of Profits; Dividends in Current Fiscal Year and Next Fiscal Year

Our Dividend policy is to return profits to shareholders while expanding the scope of businesses and strengthening our corporate position at the same time taking into consideration retained earnings. In view of the foregoing, the following is planned to be the basis of profits that can be appropriated.

Earnings per share on consolidated net income	40 yen or less	More than 40 yen but 80 yen or less	More than 80 yen
Annual dividend	8 yen	Earnings per share on consolidated net income x 20%	Earnings per share on consolidated net income x 25%

(Note) Provided, however, that special gains and losses not attributable to normal operating activities may be excluded from the foregoing.

The following dividend payments are expected to be made pursuant to the appropriate policy set forth above.

	Earnings per share on consolidated net income	Dividend per share		
		Annual total	Second quarter end	Fiscal year end
FY2014	109.90 yen	27.50 yen	8.00 yen	19.50 yen
FY2015	134.56 yen	33.60 yen	10.00yen	23.60 yen

(4) Risks for Businesses

Significant items which may cause risks relating to the Group's businesses are as follows. Items which contain future matters are judged by the Company based as of submission date of the financial results of fiscal 2014 and it is not assured that the following statements cover all risks to the Company's businesses and investment to its shares.

① Degree of dependence of sales on major customer

Sales results from Nissan Motor Co., Ltd. (hereinafter called as Nissan Motor), the Company's major customer, are as follows. Although the degree of dependence of sales on them has decreased in fiscal 2014, it nonetheless remains high, and in case there are any changes to trade conditions between the Company and them, our business climate can be negatively affected at a certain level.

Party	FY2012		FY2013		FY2014	
	Million yen	Percentage in gross sales	Million yen	Percentage in gross sales	Million yen	Percentage in gross sales
Nissan Motor	14,751	24.6%	16,654	24.6%	14,673	19.0%
Nissan Motor Group *1	20,105	33.5%	22,587	33.4%	20,075	26.0%

(Note) Nissan Motor Group includes Nissan Motor, Autech Japan Inc. and sales dealers of nation-wide Nissan Motor sales-network in Japan.

The Company has entered into a contract of "Memorandum of Understanding Regarding Strategic Partnership Contract" with Nissan Motor in addition to those contracts such as "Vehicle Transportation Trust Agreement" and "Basic Service Agreement", which were concluded by respective operations such as vehicle transportation operation and new vehicle inspection operation. Those contracts stipulate that Nissan Motor entrust vehicle logistics related operations to the Company continuously during the contract period on condition that the Company reaches the target by each evaluation items set by them.

The current Memorandum of Understanding has been agreed in principle that it is to be validated continually

until the end of March in 2017. The Company had successfully reached the target set by Nissan Motor since the contract was concluded in 2003 till the end of March, 2015. It is prospected to continue to renew the contract after April, 2015 by making effort to improve the quality of operation.

However, in case that the Company is not able to continue to deal with Nissan Motor due to circumstances beyond its control, the Group's business climate can be negatively affected at a certain level.

② Concentration of sales in the second half of fiscal year

In the automobile-related business, new car transportation is affected by the tendency of which auto makers' shipment volume are to increase in March compared with the rest of the months. As for profitable private car transportation, the demand is inclined to increase in March, a moving season. Since it is predictable to have same concentration of business performance for the future, it is required to pay attention upon judging the Group's business performance.

	Sales (million yen)		
	First half	Second half	Total
FY2013	31,981 (47.3%)	35,648 (52.7%)	67,630 (100.0%)
FY2014	35,158 (45.5%)	42,088 (54.5%)	77,247 (100.0%)

③ Matters regarding specific laws and regulations

a. Motor Truck Vehicle Transportation Business Act and other regulations

The Group's main business activities, namely its transportation services are based on the following assumptions: as a general motor truck transportation business operator, based on the general motor truck transportation business permit (Director of the Kanto Regional Transportation Bureau (*Kan Ji Ka 2*) No. 1992, etc.) pursuant to Article 3 of the Motor Truck Vehicle Transportation Business Act, and as a second class consigned freight transportation business operator, based on the second class consigned freight transportation business permit (Director of the Forwards Division, Policy Bureau Freight (*Koku So Ka Fuku* No. 6-4-25). The licenses and permits held by the Group are of indefinite duration.

These laws set forth in detail the regulations regarding transportation safety focusing on: permits issued to business executives, standards of business permits, creation and approval of standard transportation contracts, prevention of driving under excessive working conditions; appointment of operation managers and qualification examinations to operate service vehicles and ensure the security of transportation; orders for improvement of business issued by the supervisory agency; and furthermore of prohibition of using another's name, and various permits and approvals when transferring or acquiring business operations or suspending or discontinuing the same. In particular, Article 33 of the Motor Truck Vehicle Transportation Business Act and Article 33 of the Consigned Motor Truck Transportation Business Act set forth grounds for rescission of the permits and approvals. The Group at this point in time has no matters falling under these grounds for rescission.

As explained above, general motor truck transportation business permits and second class consigned freight transportation business permits are needed to continue the Group's major business activities; should such permits and approvals be rescinded in the future by reason of violations of the laws or regulations, it will no longer be possible to engage in all or part of the main business activities and the Group's business climate can be negatively affected at a certain level.

There is also a possibility of new costs arising in the future in the event of changes in the nature of the Motor Truck Vehicle Transportation Business Act and/or the Consigned Motor Truck Transportation Business Act and the Group's business climate can be negatively affected at a certain level.

b. Various regulations on controlling gas emissions

Regarding the Group's businesses, the vehicle related business and general cargo transportation business, with the enactment of the "Special Measure Act on Reduction in Designated Locations of Total Amount of Nitrogen Oxides and Particulate Matters Emitted by Motor Vehicles" (Motor Vehicle Nox/PM Act) on October 1, 2002 and

with the enactment of Tokyo Metropolis' ordinance, "Ordinance on Securing the Health and Safety of Metropolis Inhabitants" on October 1, 2003 in the metropolitan area, regulations on operation of diesel vehicles have spread throughout the country.

The Group has responded to the various regulations by switching to new vehicles or installing gas emission control devices; however, further costs may arise if the nature of the regulations become more stringent in the future, and the Group's business climate can be negatively affected at a certain level.

c. Regulations of the Road Traffic Act

The Group complies with the Road Transport Act when engaging in its transportation business, and does its best to ensure traffic safety placing utmost importance on human life. However, should a serious traffic accident occur, the Group's business climate can be negatively affected at a certain level.

d. Regulations regarding the Cabinet Order on Restrictions on Motor Vehicles under the Road Transport Act

Semi-trailers used by the Group for vehicle transportation have limitations on their length, height, excessive loading, etc. imposed by the Cabinet Order on Restrictions on Motor Vehicles under the Road Transport Act. Semi-trailers for vehicle transportation have been manufactured on the basis of being able to load 6 or 7 merchandise vehicles (vehicles requested to be transported); however, with merchandise vehicles becoming larger in size in recent times, there may be situations where they do not fit the size of the semi-trailer when loading.

The Group is making adjustments at the time of loading so as not to exceed the limit by mixing compact vehicles. However, for transport of new vehicles where it would be difficult to mix in compact vehicles, there would be situations where the number of vehicles loaded may need to be reduced. While the Group will continue to negotiate revision of the transportation fees to an appropriate level, if the regulations are revised and the cost increase due to lower transportation efficiency cannot be reflected in the transportation fees, the Group's business climate can be negatively affected at a certain level.

e. Regulations of the Labor Standards Act

Overtime work and continuous vehicle operation by the crew require workforce management based on the "Labor Standards Act", "Standards on Improvement of Labor Hours, etc. of Motor Vehicle Drivers", etc. The recent trend in labor administration is to require companies to provide more detailed workforce management and safety precautions to employees, through strengthening guidance and supervision of long work hours by the supervisory agency and the Industrial Safety and Health Act, is going to put into operation, to make mental health check-up mandatory. In the current situation, we are not against these laws, Taking the foregoing into consideration, depending on which direction the examination of strengthening regulations and application of the law takes, and the Group's business climate can be negatively affected at a certain level.

f. Amendment of the Worker Dispatching Act

The Worker Dispatching Act as amended came into effect from October 2012. And following amended additional law also effect from September, 2015. The recent amendments include the job security measurement mandatory, and the limitation for the dispatch period by individual basis and by the office basis. There are movements among client companies to switch to outsourcing or direct employment, and it is expected that the dispatching business will become even more competitive. Depending on how the amended Worker Dispatching Act impacts the business and how the client companies respond to the amended Act coming into force, the Group's business climate can be negatively affected at a certain level.

④ Increase of fuel prices

In the event light oil, gasoline and other fuel prices increase sharply and if the increased transportation costs cannot be absorbed by corporate endeavor or reflected on the transportation fees (including fuel surcharges), the Group's business climate can be negatively affected at a certain level.

⑤ Human resource recruitment

While recruiting and training human resources has been a major business agenda, in case it is not possible to secure the required personnel due to labor shortage caused by the falling birth rate and aging population, coupled

with the steep rise in labor costs as the economy recovers, the Group's business climate can be negatively affected at a certain level.

⑦ Damage from natural disaster and other large-scale disasters

In the event the Group sustains damages to the extent it is required to suspend its business operations due to earthquake, tsunami, typhoon and other natural disaster, fires and other accidents, or disruption in the information system including communication networks, the Group's business climate can be negatively affected at a certain level.

## 2. Status of the Business Group

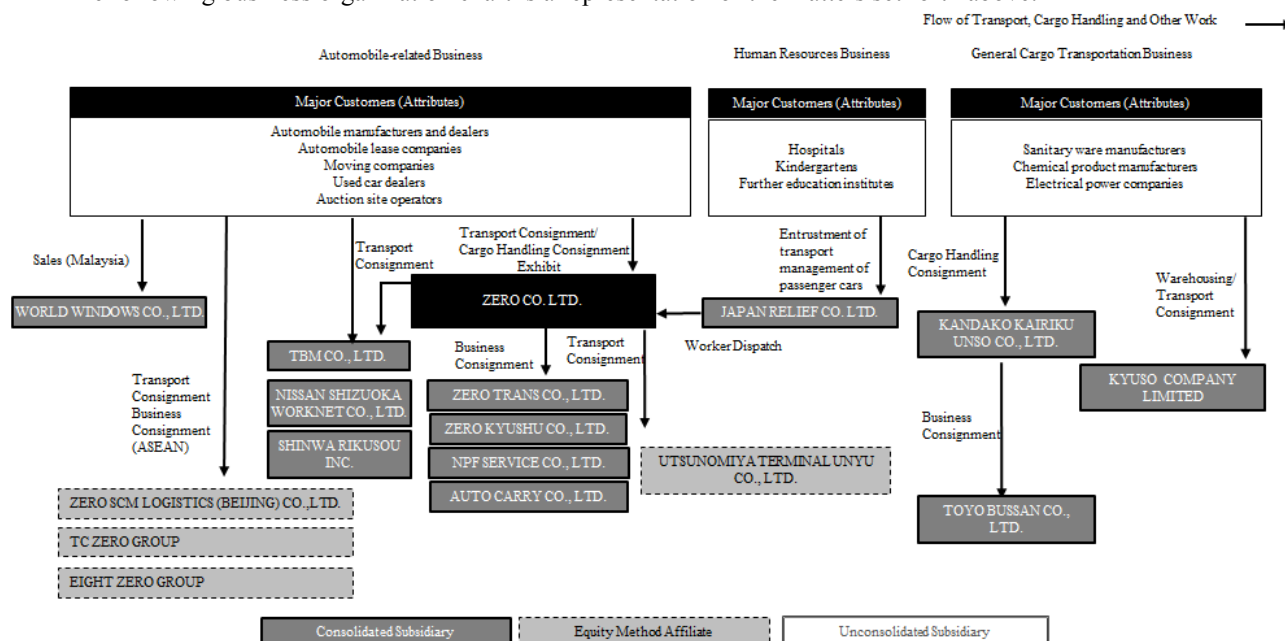
As of June 30, 2015, the Group comprises the Company, 13 subsidiaries and 8 affiliates and engages chiefly in automobile-related, human resource and general cargo transportation businesses. As a result of the tender offer on the Company's ordinary shares, as of June 19, 2014, the Group became a member of a group headed by the parent company Tan Chong International Limited Group. Tan Chong International Limited Group is engaged in chiefly in the manufacture, distribution and sales of motor vehicles, along with businesses in industry machinery, real estate, finance and other fields in Singapore, Hong Kong, China, Thailand and other Asian countries. Tan Chong International Limited Group is listed on the Hong Kong Stock Exchange.

The status of the Group's businesses are as follows.

By Business Segment	Company
Automobile-related	ZERO CO., LTD, ZERO-TRANS CO., LTD., ZERO KYUSHU CO., LTD., TBM CO. LTD., AUTO CARRY CO., LTD., NISSAN SHIZUOKA WORKNET CO., LTD., WORLD WINDOWS CO., LTD., ZERO SCM LOGISTICS (BEIJING) CO., LTD., UTSUNOMIYA TERMINAL UNYU CO., LTD., NPF SERVICE CO., LTD., SHINWA RIKUSOU INC., EIGHT ZERO CO., LTD., GUANGZHOU EIGHT ZERO AUTO SERVICE CO., LTD., TC ZERO COMPANY PRIVATE LIMITED and 3 other companies
Human Resources	JAPAN RELIEF CO., LTD., ASSIST WORK CO., LTD.
General Cargo Transportation	ZERO CO., LTD, KANDAKO KAIRIKU UNSO CO., LTD., KYUSO COMPANY LIMITED, TOYO BUSSAN CO., LTD.

### <Business Organization Chart>

The following business organization chart is a representation of the matters set forth above.



### 3. Management Policy

#### (1) Basic Policy of the Company's Management

The Group's business philosophy is "Quality", which is to provide safe and high quality transportation services to customers and to contribute to the development for an affluent society by creating services which exceed the expectation of the customers. The base of its activities is to improve the quality of various services corresponding to customer needs.

In addition, in order to secure the position in the logistics industry, the Company commits to become a corporate group continuously trusted by the public, customers and shareholders, which it intends to do by expanding existing businesses, promoting entering into a new business domain by M&A, and adding corporate value through continuous growth and development.

#### (2) Business Perspective

As vehicle transportation, the Group's main business, fluctuates according to movements in the vehicle sales market, it is under severe circumstances under the present trend of declining sales. However, the Group commits to enhance its presence in the industry and expand the market share by strengthening its sales power to provide higher quality service to customers. Moreover, it is committed to transform to the solid corporate structure with stable profitability and continuous growth by reducing transportation costs for enhancing transportation efficiency and minimizing indirect cost and fixed cost by rationalization. The Group's immediate objective is to establish profit structure and business lines making it the foremost company in the Japanese logistics industry, and its long-term objective is to build a business and profit-generating operation among the top in Japan, and to be a vigorous corporate group full of creativity where each employee addresses their job with hope.

#### (3) Management Benchmark

The Group is committed to make its every best to achieve the target of consolidated sales of 100 billion yen and operating income ratio of 5% as the mid-and-long term benchmark by taking various measures.

#### (4) Activities

The following management issues will be tackled aggressively to attain the management objectives.

##### ① Value-added transportation service

In order to strengthen its operation base, the Group is committed to provide, in addition to the existing transportation service from makers' plants to dealers, transportation of new cars among dealers, transportation of trade-in cars, ownership change, registration, maintenance, auto body repair, painting, auction and export, packaging those services in response to customer needs. Through these "high-value-added services" which can exceed customer expectations, the Company will strengthen the capability of special transportations other than existing transportations to increase sales accordingly.

##### ② Innovations in vehicle transportation operations

One of the Company's top priorities of tasks is to improve transportation operations from order entry through carrier dispatch. The carrier dispatch which was individually operated by each logistics center is going to be concentrated in the "Area Dispatch Center" for each of the 5 areas in Japan. Transportation efficiency will be improved by introducing "Logistics Management Operation System". The concentration of logistics center and the new system have been installed in designated areas other than Eastern Japan and Northern Japan districts and will be installed completely to the remaining areas as soon as possible. By streamlining transportation works by pursuing efficient and systematic carrier dispatch and by improving transportation quality, the Company will achieve higher customer satisfaction and cost reduction and profit increases.

##### ③ Expansion into new business

The human resources business (providing for sure human resources to the society focusing on drivers and their education) has steadily expanded through strengthening new customer development and new business implementation. The company will enhance their education and will expand business to which required special licenses.

In the general cargo transportation business, the Company modified its business structure to achieve higher revenue by the closure of unprofitable business as well as eliminations and consolidations of business facilities. The business in this segment will be expanded maintaining the higher profit ratio.

④ Enhancement of export business and entering into ASEAN market and other Asian market

The Company has established the Export Sales Department this fiscal year to expand its export business, and in the future we will expand reuse business such as used car export and parts export in cooperation with the Company's Car Selection business.

The Company has established ZERO SCM LOGISTICS (BEIJING) CO., LTD. in August 2004 as the joint venture with CITIC Logistics Co., Ltd., a group of top company in China, Sumitomo Corporation and Mitsui O.S.K. Lines, Ltd. to apply the know-how of vehicle transportation and maintenance which has been accumulated in the domestic market. ZERO SCM LOGISTICS (BEIJING) CO., LTD., is engaged in new car transportation business and pre-delivery inspection business in China, and has achieved steady performance in these businesses.

Moreover, the Company has plans to enter into Asian countries especially into remarkably growing ASEAN countries with vehicle transportation and automobile-related business.

(5) Challenges faced by the Company

As vehicle transportation, the Group's main business, fluctuates according to movements in the vehicle sales market, it is under severe circumstances under the present trend of declining sales.

Furthermore, it is expected that oil prices will rise sharply in the middle or long term, and that environmental measures starting with emission regulations would become even more stringent. In addition, the shortage of workforce, particularly that of drivers, is becoming increasingly acute, and as such the vehicle transportation business continues to be placed in a difficult situation. The Group will deal with such issues as those set forth below and engage in activities to realize a dynamic growth strategy.

Challenges and Measures

① Promotion of ASEAN business

The Company has been promoting business development in ASEAN countries upon mutual cooperation with Tan Chong International Limited, and to make this relationship even closer, the Company concluded a business alliance agreement with Tan Chong International Limited on May 15, 2014.

In the future, the Company will work with Tan Chong International Limited Group to promote exploration of 3 projects – “establishment of automobile value chains”, “alliance in the human resources business” and “alliance in the truck body-building business” – and accelerate our undertaking to make ASEAN business a strong pillar of the Company.

② Dealing with changes in transportation modes

The entry of net auctions, large scale home electronics stores and leading logistics companies into vehicle transportation business is creating a trend towards changing the vehicle transportation into a complex mode of distribution, including such changes as sales with lower distribution margin or sale of used cars between and among individuals (C2C business). In addition to conventional trunk line transportation and localized transport, the Company will work towards establishing a transportation system that would respond quickly to “point-to-point transportation”.

③ Further cost-cutting

Cost-cutting efforts will be taken in all areas in order to respond to more stringent emission regulations, long-term upward trend in crude oil prices and other changes in the business environment. Operations that used to be done manually will be systematized, operations overlapping among affiliated companies will be reviewed to streamline business operations. And at the same time, we keep watching and strengthening business profitability through reviewing company structure.

④ Development of the human resource business



In addition to providing human resources to society through securing and training drivers as has been done from the past, in light of the aging population and low birth rate, the prospect of training and providing human resources in the field of medicine, nursing care and childcare will be studied.

#### **4. Basic Views on Selection of Accounting Standards**

Our group will pursue examination of application of IFRS based upon progress of our overseas business development, our parent company's(Tan Chong International Limited Group )policies, and trends both within Japan and overseas.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Unit: million yen)

	As of June 30, 2014	As of June 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,236	6,051
Notes and accounts receivable	7,492	8,448
Merchandise	324	812
Supplies	100	82
Deferred tax assets	269	262
Others	1,012	1,320
Allowance for doubtful accounts	(83)	(87)
<b>Total current assets</b>	<b>14,353</b>	<b>16,890</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,974	6,432
Accumulated depreciation	(2,890)	(3,144)
<b>Buildings and structures, net</b>	<b>3,083</b>	<b>3,288</b>
Machinery, equipment and vehicles	1,069	1,662
Accumulated depreciation	(896)	(1,443)
<b>Machinery, equipment and vehicles, net</b>	<b>172</b>	<b>218</b>
Tools, furniture and fixtures, net	423	429
Accumulated depreciation	(352)	(361)
<b>Tools, furniture and fixtures, net</b>	<b>71</b>	<b>67</b>
Land	8,279	7,939
Lease assets	2,052	2,815
Accumulated depreciation	(459)	(756)
<b>Lease assets, net</b>	<b>1,592</b>	<b>2,059</b>
Construction in progress	25	73
<b>Total property, plant and equipment</b>	<b>13,224</b>	<b>13,647</b>
<b>Intangible assets</b>		
Goodwill	1,479	1,227
Lease assets	31	42
Others	534	493
<b>Total intangible assets</b>	<b>2,045</b>	<b>1,763</b>
<b>Investments and other assets</b>		
Investment securities	989	1,468
Long-term loans receivable	75	85
Deferred tax assets	523	406
Others	1,031	1,004
Allowance for doubtful accounts	(136)	(120)
<b>Total investments and other assets</b>	<b>2,483</b>	<b>2,844</b>
<b>Total fixed assets</b>	<b>17,754</b>	<b>18,255</b>
<b>Total assets</b>	<b>32,107</b>	<b>35,145</b>

(Unit: million yen)

	As of June 30, 2014	As of June 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,478	3,212
Short-term loans payable	610	880
Current portion of long-term loans payable	1,193	1,335
Lease obligations	313	427
Accrued expenses	1,619	1,871
Income taxes payable	792	948
Accrued consumption taxes	441	649
Deposits received	280	294
Allowance for bonus	410	435
Allowance for sub-lease loss	15	15
Others	911	1,036
Total current liabilities	10,067	11,106
<b>Long-term liabilities</b>		
Long-term loans payable	1,663	1,823
Lease obligations	1,396	1,753
Deferred tax liabilities	193	14
Deferred tax liabilities for land revaluation	1,088	987
Provision for retirement benefits for directors	422	496
Allowance for sub-lease loss	44	28
Liability for retirement benefit	2,182	2,155
Asset retirement obligation	38	84
Others	83	89
Total long-term liabilities	7,113	7,433
Total liabilities	17,181	18,540
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,390	3,390
Capital surplus	3,204	3,204
Retained earnings	8,870	10,317
Treasury stock	(152)	(152)
Total shareholders' equity	15,313	16,759
<b>Accumulated other comprehensive income</b>		
Unrealized gains(losses) on securities	27	54
Revaluation reserve for land	(705)	(603)
Foreign currency translation adjustment	88	147
Accumulated retirement allowance adjustment	202	247
Total accumulated other comprehensive income	(386)	(154)
Total net assets	14,926	16,605
Total liabilities and net assets	32,107	35,145

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement  
(Consolidated Income Statement)

(Unit: million yen)

	FY13 ended June 30, 2014	FY14 ended June 30, 2015
Sales	67,630	77,247
Cost of sales	58,333	66,441
Gross profit	9,297	10,805
Selling, general and administrative expenses	6,443	7,143
Operating income	2,853	3,662
Non-operating income		
Interest income	2	6
Dividend income	5	7
Rent income on fixed assets	17	9
Commission fee	69	60
Equity in earnings of affiliates	36	27
Gains from disposal of supplies	—	33
Others	61	80
Total non-operating income	193	225
Non-operating expenses		
Interest expenses	73	74
Loss on disposal of supplies	32	—
Losses on valuation of investment securities	—	30
Others	3	11
Total non-operating expenses	109	115
Ordinary income	2,937	3,772
Extraordinary income		
Gain on sales of fixed assets	78	2
Compensation received	—	62
Total extraordinary income	78	64
Extraordinary loss		
Losses on sales of fixed assets	7	1
Losses on retirement of fixed assets	3	29
Impairment losses	—	348
Provision of allowance for sub-lease loss	69	—
Others	9	—
Total extraordinary loss	90	378
Income before income taxes	2,926	3,458
Income taxes-current	1,160	1,583
Income taxes-deferred	255	(4)
Total income tax	1,415	1,579
Income before minority interests	1,510	1,878
Net income	1,510	1,878

## (Consolidated Comprehensive Income Statement)

(Unit: million yen)

	FY13 ended June 30, 2014	FY14 ended June 30, 2015
Income before minority interests	1,510	1,878
Other comprehensive income		
Unrealized gains(losses) on securities	12	26
Retirement allowance adjustment	—	45
Equity of equity-method affiliate	80	59
Revaluation reserve for land	—	101
Total other comprehensive income	92	233
Comprehensive income	1,602	2,111
(Breakdown)		
Parent company portion of comprehensive income	1,602	2,111

(3) Consolidated Statement of Changes in Net Assets  
FY13 ended June 30, 2014

(Unit: million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the end of previous period	3,390	3,204	7,571	(152)	14,014
Cumulative effect of change in accounting policy					
Balance at the end of previous period reflecting the change in accounting policy	3,390	3,204	7,571	(152)	14,014
Changes of items during the period					—
Dividends from surplus			(211)		(211)
Net income			1,510		1,510
Change in the scope of consolidation					—
Purchase of treasury stock					—
Net changes of items other than shareholder's equity					—
Total changes of items during the period	—	—	1,298	—	1,298
Balance at the end of current period	3,390	3,204	8,870	(152)	15,313

	Accumulated other comprehensive income					Total net assets
	Unrealized gains(losses) on securities	Revaluation reserve for land	Foreign currency translation adjustment	Accumulated retirement allowance adjustment	Total accumulated other comprehensive income	
Balance at the end of previous period	15	(705)	8	—	(681)	13,333
Cumulative effect of change in accounting policy						—
Balance at the end of previous period reflecting the change in accounting policy	15	(705)	8	—	(681)	13,333
Changes of items during the period						
Dividends from surplus						(211)
Net income						1,510
Change in the scope of consolidation						—
Purchase of treasury stock						—
Net changes of items other than shareholder's equity	12	—	80	202	294	294
Total changes of items during the period	12	—	80	202	294	1,593
Balance at the end of current period	27	(705)	88	202	(386)	14,926

FY14 ended June 30, 2015

(Unit: million yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the end of previous period	3,390	3,204	8,870	(152)	15,313
Cumulative effect of change in accounting policy			(155)		(155)
Balance at the end of previous period reflecting the change in accounting policy	3,390	3,204	8,715	(152)	15,157
Changes of items during the period					
Dividends from surplus			(377)		(377)
Net income			1,878		1,878
Change in the scope of consolidation			101		101
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholder's equity					
Total changes of items during the period	—	—	1,602	(0)	1,602
Balance at the end of current period	3,390	3,204	10,317	(152)	16,759

	Accumulated other comprehensive income					Total net assets
	Unrealized gains(losses) on securities	Revaluation reserve for land	Foreign currency translation adjustment	Accumulated retirement allowance adjustment	Total accumulated other comprehensive income	
Balance at the end of previous period	27	(705)	88	202	(386)	14,926
Cumulative effect of change in accounting policy						(155)
Balance at the end of previous period reflecting the change in accounting policy	27	(705)	88	202	(386)	14,770
Changes of items during the period						
Dividends from surplus						(377)
Net income						1,878
Change in the scope of consolidation						101
Purchase of treasury stock						(0)
Net changes of items other than shareholder's equity	27	101	58	45	232	232
Total changes of items during the period	27	101	58	45	232	1,834
Balance at the end of current period	54	(603)	147	247	(154)	16,605

## (4) Consolidated Cash Flow Statement

(Unit: million yen)

	FY13 ended June 30, 2014	FY14 ended June 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes	2,926	3,458
Depreciation	736	922
Amortization of goodwill	329	347
Increase (decrease) in allowance for doubtful accounts	41	(11)
Increase (decrease) in allowance for bonus	(11)	(11)
Increase (decrease) in liability for retirement benefit	(534)	(260)
Increase (decrease) in provision for director's retirement benefits	(54)	67
Increase (decrease) in allowance for sub-lease loss	60	(15)
Interest and dividends income	(8)	(13)
Interest expenses	73	74
Losses (gains) on sales and retirement of fixed assets	(67)	28
Impairment loss	—	348
Equity in earnings of affiliates	(36)	(27)
Compensation received	—	(62)
Decrease (increase) in notes and accounts receivable-trade	(518)	(775)
Decrease (increase) in inventories	(108)	(469)
Decrease (increase) in other current assets	(57)	(282)
Increase (decrease) in notes and accounts payable-trade	31	(276)
Increase (decrease) in other current liabilities	291	216
Increase (decrease) in accrued consumption taxes	168	188
Others	(17)	6
Subtotal	3,243	3,450
Interest and dividends received	8	13
Interest paid	(78)	(74)
Income taxes paid	(942)	(1,449)
Income taxes refunded	53	—
Amount of compensation received	—	62
Net cash used in operating activities	2,284	2,003
<b>Cash flows from investment activities</b>		
Payments into time deposits	—	(0)
Proceeds from withdrawal of time deposits	—	17
Payments for purchases of property, plant and equipment	(206)	(625)
Proceeds from sales of property, plant and equipment	310	9
Payments for purchases of intangible assets	(259)	(104)
Payments for purchases of investment securities	(101)	392
Payments arising from acquisition of subsidiary's shares accompanied by change in scope of consolidation	(175)	—
Proceeds from sale of subsidiary's shares accompanied by change in scope of consolidation	—	40
Payments for loans implementation	(145)	(323)
Proceeds from collection of loans receivable	196	316
Others	(98)	43
Net cash used in investing activities	(480)	(1,016)



(Unit: million yen)

	FY13 ended June 30, 2014	FY14 ended June 30, 2015
Cash flows from financing activities		
Payments of short-term loans payable	(140)	190
Proceeds from long-term loans payable	950	1,740
Payments of long-term loans repayments	(1,742)	(1,579)
Payments for purchase of treasury stock	—	(0)
Payment of lease obligation repayments	(295)	(355)
Cash dividends paid	(212)	(377)
Net cash used in financing activities	(1,440)	(383)
Net increase (decrease) in cash and cash equivalents	363	603
Cash and cash equivalents at beginning of period	4,785	5,148
Increase (decrease) in cash and cash equivalents pursuant to change in scope of consolidation	—	104
Cash and cash equivalents at end of period	5,148	5,856

(5) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable.

(Significant Fundamental Matters for the Preparation of Consolidated Financial Matters)

1. Information for the scope of consolidation

(1) Number of consolidated subsidiaries: 13

Consolidated subsidiaries:

ZERO-TRANS CO., LTD.

ZERO KYUSHU CO., LTD.

KANDAKO KAIRIKU UNSO CO., LTD.

TOYO BUSSAN CO., LTD.

TBM CO., LTD.

KYUSO COMPANY LIMITED

JAPAN RELIEF CO., LTD.

ASSIST WORK CO., LTD.

NISSAN SHIZUOKA WORKNET CO., LTD.

NPF SERVICE CO., LTD.

AUTO CARRY CO., LTD.

WORLD WINDOWS CO., LTD.

SHINWA RIKUSOU INC.

(Changes in the Scope of Consolidation)

AUTO CARRY CO., LTD., NPF SERVICE CO., LTD., TOYO BUSSAN CO., LTD. and ASSIST WORK CO., LTD. have been included in the scope of consolidation from this fiscal year. Pursuant to conclusion of a capital and business alliance agreement with Tan Chong International Limited Group dated 15 May 2014, the Company has made a unification of group company accounting policy and from the view of group management. The scope of consolidation was reviewed in light of such changes in the business environment. Pursuant to acquisition of all shares of SHINWA RIKUSOU INC., the company was included in the scope of consolidation.

(2) Unconsolidated subsidiaries

There are no unconsolidated subsidiaries.

TOYO BUSSAN CO., LTD., ASSIST WORK CO., LTD., NPF SERVICE CO., LTD., and AUTO CARRY CO., LTD. have been included in the scope of consolidation from this fiscal year. Pursuant to decrease in ownership ratio in EIGHT ZERO CO., LTD. and GUANGZHOU EIGHT ZERO AUTO SERVICE CO., LTD., the two companies are no longer unconsolidated subsidiaries, but equity method affiliates.

2. Information for application of the equity method

(1) Number of affiliates accounted for using the equity method: 8

ZERO SCM LOGISTICS (BEIJING) CO., LTD.

UTSUNOMIYA TERMINAL UNYU CO., LTD.

EIGHT ZERO CO., LTD.

GUANGZHOU EIGHT ZERO AUTO SERVICE CO., LTD.

TC ZERO COMPANY PRIVATE LIMITED and 3 other companies

EIGHT ZERO CO., LTD. and GUANGZHOU EIGHT ZERO AUTO SERVICE CO., LTD. which used to be unconsolidated subsidiaries, and UTSUNOMIYA TERMINAL UNYU CO. LTD., TC ZERO COMPANY PRIVATE LIMITED and 3 other companies which used to be unconsolidated affiliates, have become equity method affiliates.

(2) Unconsolidated subsidiaries and affiliates that are not accounted for using the equity method

There are no applicable items.

The unconsolidated subsidiary not accounted for using the equity method (TOYO BUSSAN CO., LTD.) and the unconsolidated affiliate not accounted for using the equity method (UTSUNOMIYA TERMINAL UNYU CO. LTD.) have respectively become a consolidated subsidiary and equity method affiliate.

- (3) Accounting periods of the affiliates accounted for using the equity method are different from that of the Company and those companies are consolidated by using their financial statements based on their respective accounting period.

### 3. Information for different balance sheet date of consolidated subsidiaries

The balance sheet dates of the financial year for the consolidated subsidiaries are the same as the Company's balance sheet date.

In order to more appropriately disclose the consolidated financial statements, the balance sheet date has been changed from March 31 to June 30 with regard to KANDAKO KAIRIKU UNSO CO., LTD., TBM CO., LTD., KYUSO CO., LTD AND NISSAN SHIZUOKA WORKNET CO., LTD. and 3 other companies. The accounting period for the current fiscal year for these consolidated subsidiaries is 15 months from April 1, 2014 to June 30, 2015. The balance sheet date has been changed from May 1, 2014 to June 30, 2015 with regard to WORLD WINDOWS CO., LTD., and its accounting period for the current fiscal year is 14 months from May 1, 2014 to June 30, 2015. The effect of these changes in the balance sheet date for sales was 1,893 million yen, operating income was 44 million yen, ordinary income was 50 million yen, and net income was 32 million yen.

#### (Changes in the Accounting Policy)

##### (Application of the Accounting Standard for Retirement Benefits, etc.)

The Accounting Standard for Retirement Benefits (ASBJ Statement No.26 of May 17, 2012; hereinafter referred to as the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of May 17, 2012; hereinafter referred to as the "Guidance") is applied from this fiscal year 2014. (provided, however, that the provisions set forth in Section 35 of the Accounting Standard and Article 67 of the Guidance shall be excluded), and the method used is changed to post the amount of retirement asset from which the retirement benefit obligation is excluded as liability for retirement benefit. Unrealized actuarial differences and unrealized past service costs is posted as liability for retirement benefit. The Accounting Standard is applied based on the transitional treatment prescribed in Section 37 of the Accounting Standard, and at the end of the current term, the amount affected by this change is reflected in "Accumulated retirement allowance adjustment" under accumulated other comprehensive income. As a result, liability for retirement benefit at the beginning of the current term increased by 240 million yen and retained earnings decreased by 155 million yen.

The effect on per share information is set forth in the relevant section.

##### (Changes in the Method of Depreciation of Property, Plant and Equipment)

The depreciation method that has been used in the past by our company and our domestic consolidated subsidiaries was straight-line method, except for buildings acquired on and after April 1, 1998 (excluding building-related equipment) and lease assets. This has been changed to declining-balance method from this fiscal year 2014.

On May 15, 2014, our company concluded a capital and business alliance agreement with Tan Chong International Limited to enter into full-scale business in the market of ASEAN countries, and in the future we expect to engage in full-scale overseas investment, including establishment of new logistics centers.

Taking the opportunity of such changes in the business environment, the depreciation method of tangible fixed assets was reviewed to unify accounting principles within our group, both domestic and overseas, and maintain comparability of periodic earnings. As the tangible fixed assets of our company and our domestic subsidiaries are within their useful lives and running stably, we have determined to change the depreciation to declining-balance method to expense at a constant rate over the useful life in order to more appropriately reflect the actual business operation.

This change has no material effect on operating profits, ordinary profits and income taxes – deferred of the current term.

(Additional Information)

(Effect of Changes in Corporation Tax Rates, etc.)

The Act on Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015, and corporation tax rates, etc. are to be lowered from the consolidated fiscal periods commencing on and after April 1, 2015. Pursuant to the foregoing, the normal effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities would be changed from the previous rate of 35.3% to 32.8% with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on July 1, 2015, and to 32.0% with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on and after July 1, 2016. This change has no material effect on the financial statements.

(Segment Information)

a. Segment information

1. Overview of the reportable segments

Reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision-making body to make decisions about resource allocation and to assess performance.

Based on an aggregation of business segments with respect to its management organization, structure and service attributes, the Group’s reportable segments are automobile-related business, general cargo transportation business and human resources business.

Main services for each reportable segment

Segment	Main services
Automobile-related business	Vehicle transport, maintenance, used car auctions, export of used cars
Human resources business	Driver dispatch, personal vehicle operation management
General cargo transportation business	General consumer goods shipping and warehousing, cargo handling of coal, slag, etc., warehouse rental

2. Calculation method for net sales, income or loss, assets, liabilities and other items by reportable segments

Accounting policies adopted by the reportable segments are the same as those described in “Significant Fundamental Matters for the Preparation of Consolidated Financial Matters”. Segment income for each business segment correspond to operating income (before goodwill amortization).

Inter-segment sales and transfer are based on prevailing market prices.

### 3. Information on Sales, Income or Loss, Assets, Liabilities and Other Items by Reportable Segment

FY13 ended June 30, 2014

(Unit: million yen)

	Automobile -related business	General cargo transportation business	Human resources business	Total	Adjustments (Note 1)	Consolidated statements of income (Note 2)
<b>Sales</b>						
Net sales to external customers	52,315	10,459	4,856	67,630	—	67,630
Inter-segment net sales or transfers	44	409	89	543	(543)	—
<b>Total</b>	<b>52,359</b>	<b>10,868</b>	<b>4,945</b>	<b>68,173</b>	<b>(543)</b>	<b>67,630</b>
Segment income	3,235	561	810	4,608	(1,754)	2,853
Segment assets	15,957	2,391	6,695	25,044	7,063	32,107
<b>Other items</b>						
Depreciation	450	22	203	676	59	736
Increase in property, plant and equipment and intangible assets	846	74	112	1,033	238	1,271

Note 1. Adjustment amounts are as follows:

- (1) The adjustment amount of (1,754 million yen) in segment income included group-wide expenses of (1,424 million yen), goodwill amortization of (329 million yen) and inter-segment eliminations of (0 million yen). Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.
- (2) Segment asset adjustments are group-wide assets that are not allocated to each reportable segment.
- (3) Other item adjustments are related to group-wide assets that are not allocated to each reportable segment.

Note 2. Segment income is adjusted to reconcile with the operating income of the consolidated financial statements.

Current term as of June 30, 2015

(Unit: million yen)

	Automobile -related business	Human resources business	General cargo transportation business	Total	Adjustments (Note 1)	Consolidated statements of income (Note 2)
Sales						
Net sales to external customers	59,365	11,822	6,058	77,247	—	77,247
Inter-segment net sales or transfers	57	504	116	678	(678)	—
Total	59,423	12,327	6,174	77,925	(678)	77,247
Segment income	4,081	568	868	5,517	(1,855)	3,662
Segment assets	18,342	2,741	6,094	27,178	7,967	35,145
Other items						
Depreciation	590	25	219	835	87	922
Increase in property, plant and equipment and intangible assets	1,065	59	359	1,484	49	1,534

Note 1. Adjustment amounts are as follows:

- (1) The adjustment amount of (1,855 million yen) in segment income included group-wide expenses of (1,504 million yen), goodwill amortization of (347 million yen) and inter-segment eliminations of (2 million yen). Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.
- (2) Segment asset adjustments are group-wide assets that are not allocated to each reportable segment.
- (3) Other item adjustments are related to group-wide assets that are not allocated to each reportable segment.

Note 2. Segment income is adjusted to reconcile with the operating income of the consolidated financial statements.

Note 3. Matters regarding changes in reported segments, etc.

In the past, the balance sheet dates of certain consolidated subsidiaries were March 31 or April 30, and in the preparation of consolidated financial statements, financial statements as of and for the year ended on said dates were used and necessary adjustments were made to their financial statements to reflect any significant transactions that occurred during the period prior to the Company's balance sheet date. However, in order to more appropriately disclose and manage our group's performance, the financial results for the current fiscal year for these consolidated subsidiaries reflect performance for a period of 15 months from April 1, 2014 to June 30, 2015 (14 months from May 1, 2014 to June 30, 2015 in the case of a number of our subsidiaries). Sales for the 3-month period from April 1, 2014 (2-month period from May 1, 2014 in the case of a number of our subsidiaries) was 888 million yen for automobile-related business, and 1,004 million yen for general cargo transportation business, and segment income was 9 million yen for automobile-related business, and 35 million yen for general cargo transportation business

## b. Related information

FY13 ended June 30, 2014

### 1. Segment information by product and service

Information by product and service is not presented since the same information is presented in segment information.

### 2. Geographical segment information

#### (1) Sales

Geographical segment information is omitted since net sales to external customers in Japan exceed 90% of total net sales in the consolidated statements of income

(2) Tangible fixed assets

There are no applicable items since there are no tangible fixed assets outside of Japan.

3. Information by major customer

(Unit: million yen)

Name of Customer	Sales	Relevant segment
Nissan Motor Co., Ltd.	16,654	Automobile-related business

FY14 ended June 30, 2015

1. Segment information by product and service

Information by product and service is not presented since the same information is presented in segment information.

2. Geographical segment information

(1) Sales

(Unit: million yen)

Japan	Asia	Others	Total
68,267	8,799	179	77,247

(2) Tangible fixed assets

There are no applicable items since there are no tangible fixed assets outside of Japan.

3. Information by major customer

(Unit: million yen)

Name of Customer	Sales	Relevant segment
Nissan Motor Co., Ltd.	14,673	Automobile-related business

c. Information on impairment losses on fixed assets by reportable segments

FY13 ended June 30, 2014

(Unit: million yen)

	Automobile-related business	General cargo transportation business	Human resources business	Group-wide/ Elimination	Total
Impairment losses	—	—	—	—	—

FY14 ended June 30, 2015

(Unit: million yen)

	Automobile-related business	General cargo transportation business	Human resources business	Group-wide/ Elimination	Total
Impairment losses	—	348	—	—	348

d. Information on amortization and unamortized balance of goodwill by reportable segments

FY13 ended June 30, 2014

(Unit: million yen)

	Automobile-related business	General cargo transportation business	Human resources business	Group-wide/ Elimination	Total
Amortization during the year	0	—	328	—	329
Balance at the end of year	—	—	1,479	—	1,479

FY14 ended June 30, 2015

(Unit: million yen)

	Automobile-related business	General cargo transportation business	Human resources business	Group-wide/ Elimination	Total
Amortization during the year	19	—	328	—	347
Balance at the end of year	76	—	1,150	—	1,227

e. Information on gain on negative goodwill by reportable segments

FY13 ended June 30, 2014

Not applicable.

FY14 ended June 30, 2015

Not applicable.



(Per Share Information)

	2014 Year ended June 30, 2014	2015 Year ended June 30, 2015
Net assets per share	873.28 yen	971.51 yen
Basic net income per share	88.38 yen	109.90 yen

Note 1. Diluted net income per share amounts are not presented since there are no shares existing that have dilutive effects.

Note 2. According to the Changes in the Accounting Policy, the company adopts The Accounting Standard for Retirement Benefits, following the transitional act rule No37. As a result, Net assets per share increased 9.10yen. And there is no material effect on Basic net income per share.

Note 3. The basis for calculation of basic net income per share is as follows:

	2014 Year ended June 30, 2014	2015 Year ended June 30, 2015
Basic net income per share		
Net income (Millions of yen)	1,510	1,878
Net income not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to common shareholders (Millions of yen)	1,510	1,878
Average number of common stock during the year (Thousands of shares)	17,092	17,092

(Subsequent Events)

Not applicable.

## 5. Financial Statements

### (1) Balance Sheets

(Millions of yen)

	2014 As of June 30, 2014	2015 As of June 30, 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,294	3,886
Notes receivable-trade	170	152
Accounts receivable-trade	5,163	5,843
Merchandise	104	511
Supplies	92	65
Prepaid expenses	232	262
Deferred tax assets	171	199
Short-term loans receivable	33	29
Accounts receivable	654	741
Others	31	114
Allowance for doubtful accounts	(62)	(68)
Total current assets	9,885	11,738
Fixed assets		
Property, plant and equipment		
Buildings	3,968	4,026
Accumulated depreciation	(1,334)	(1,487)
Buildings, net	2,633	2,539
Structures	861	894
Accumulated depreciation	(679)	(703)
Structures, net	181	190
Machinery and equipment	252	252
Accumulated depreciation	(209)	(217)
Machinery and equipment, net	43	34
Vehicles	123	144
Accumulated depreciation	(102)	(108)
Vehicles, net	21	36
Tools, furniture and fixtures	319	324
Accumulated depreciation	(284)	(285)
Tools, furniture and fixtures, net	34	38
Land	6,716	6,725
Leased assets	1,594	2,121
Accumulated depreciation	(347)	(646)
Leased assets, net	1,246	1,475
Construction in progress	23	73
Total property, plant and equipment	10,901	11,114
Intangible assets		
Software	471	403
Leased assets	31	32
Others	16	10
Total intangible assets	519	446

(Millions of yen)

	2014 As of June 30, 2014	2015 As of June 30, 2015
<b>Investments and other assets</b>		
Investment securities	298	311
Investments in subsidiaries and affiliates	4,691	5,106
Long-term loans receivable	48	56
Long-term loans receivable from employees, net	25	27
Long-term prepaid expenses	63	49
Deferred tax assets	362	414
Insurance funds	120	124
Leases and guarantee deposits	286	309
Others	205	164
Allowance for doubtful accounts	(110)	(94)
Total investments and other assets	5,991	6,469
Total fixed assets	17,412	18,029
Total assets	27,298	29,768
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	3,400	3,279
Current portion of long-term loans payable	755	947
Lease obligations	242	315
Accounts payable-other	636	655
Accrued expenses	563	622
Income taxes payable	408	763
Accrued consumption taxes	125	106
Deposits received	1,763	2,194
Allowance for bonuses	267	273
Others	15	15
Total current liabilities	137	228
Current portion of long-term loans payable	8,316	9,401
<b>Long-term liabilities</b>		
Long-term loans payable	1,362	1,480
Lease obligations	1,120	1,267
Deferred tax liabilities for land revaluation	1,088	987
Provision for retirement benefits	2,109	2,185
Provision for directors' retirement benefits	331	380
Asset retirement obligations	44	28
Others	30	76
Total Long-term liabilities	79	79
Long-term loans payable	6,168	6,485
Total liabilities	14,484	15,887

(Unit: million yen)

	2014 As of June 30, 2014	2015 As of June 30, 2015
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	3,390	3,390
Capital surplus		
Capital reserve	3,204	3,204
Total capital surplus	3,204	3,204
Retained earnings		
Legal reserve	179	179
Other retained earnings		
Accident loss reserve	123	123
Reserve for advanced depreciation of fixed assets	747	749
Special reserve fund	3,267	3,267
Retained earnings carried forward	2,723	3,676
Total retained earnings	7,040	7,995
Treasury stock	(152)	(152)
Total shareholders' equity	13,483	14,438
Total valuation and translation adjustments		
Unrealized gains(losses) on securities	29	39
Revaluation reserve for land	(698)	(596)
Total valuation and translation adjustments	(668)	(556)
<b>Total net assets</b>	<b>12,814</b>	<b>13,881</b>
<b>Total liabilities and net assets</b>	<b>27,298</b>	<b>29,768</b>

## (2) Statements of Income

(Unit: million yen)

	2014 Year ended June 30, 2014	2015 Year ended June 30, 2015
Sales	51,064	54,242
Cost of sales		
Personal expenses		
Salaries and allowances	3,728	3,605
Bonuses	201	208
Provision for allowance for bonuses	201	205
Retirement benefit expenses	(140)	21
Welfare expenses	868	870
Other expenses		
Fuel expenses	1,075	916
Subcontract expenses	33,034	32,465
Rent expenses	1,626	1,540
Depreciation	422	443
Others	4,495	7,711
Total cost of sales	45,513	47,989
Gross profit	5,551	6,253
Selling, general and administrative expenses		
Salaries and allowances	1,784	1,840
Bonuses	71	71
Provision for allowance of bonuses	65	68
Retirement benefit expenses	(64)	31
Provision for directors' retirement benefits	36	48
Welfare expenses	477	441
Information processing expenses	251	344
Provision of allowance for doubtful accounts	37	9
Depreciation	34	27
Others	1,046	985
Total selling, general and administrative expenses	3,740	3,870
Operating income	1,810	2,382
Non-operating income		
Interest income	1	1
Dividend income	125	125
Rent income on fixed assets	17	17
Commission fee	67	60
Gains from disposal of supplies	—	49
Others	36	34
Total non-operating income	249	289
Non-operating expenses		
Interest expenses	48	44
Loss on disposal of supplies	32	—
Losses on valuation of investment securities	—	27
Others	1	4
Total non-operating expenses	82	76
Ordinary income	1,977	2,595

(Unit: million yen)

	2014 Year ended June 30, 2014	2015 Year ended June 30, 2015
<b>Extraordinary gains</b>		
Gain on sales of fixed assets	1	0
Compensation received	—	62
Total extraordinary gains	1	63
<b>Extraordinary losses</b>		
Losses on sales of fixed assets	7	0
Losses on retirement of fixed assets	2	24
Losses on valuation of stocks of subsidiaries and affiliates	—	39
Provision of allowance for sub-lease loss	69	—
Total extraordinary losses	79	64
Income before income taxes	1,899	2,595
Income taxes-current	574	1,014
Income taxes-deferred	265	35
Total income taxes	839	1,049
Net income	1,059	1,545

(3) Statements of Changes in Net Assets  
FY13 ended June 30, 2014

(Unit: million yen)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings						Total Retained Earnings
		Capital surplus	Legal reserve	Other retained earnings				Retained earnings carried forward	
				Accident loss reserve	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	Special reserve fund		
Balance at the end of previous period	3,390	3,204	179	123	781	—	3,267	1,842	6,192
Cumulative effect of change in accounting policy									—
Balance at the end of previous period reflecting the change in accounting policy	3,390	3,204	179	123	781	—	3,267	1,842	6,192
Changes during the year									
Dividends								(211)	(211)
Increase in fixed asset reduction reserve pursuant to change in tax rate					1			(1)	—
Reversal of reserve for advanced depreciation of fixed assets					(35)			35	—
Reversal of reserve for special account for advanced depreciation of fixed assets									—
Net income								1,059	1,059
Purchase of treasury stock									
Net changes of items other than shareholders' equity									
Net changes during the year					(33)			881	847
Balance at the end of year	3,390	3,204	179	123	747	—	3,267	2,723	7,040

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains(losses) on securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the end of previous period	(152)	12,635	14	(698)	(683)	11,952
Cumulative effect of change in accounting policy						—
Balance at the end of the period reflecting the change in the accounting policies	(152)	12,635	14	(698)	(683)	11,952
Changes during the year						
Dividends		(211)				(211)
Increase in fixed asset reduction reserve pursuant to change in tax rate			—			
Reversal of reserve for advanced depreciation of fixed assets			—			
Reversal of reserve for special account for advanced depreciation of fixed assets			—			
Net income		1,059				1,059
Purchase of treasury stock		—				—
Net changes of items other than those in shareholders' equity		—	14		14	14
Net changes during the year		847	14		14	862
Balance at the end of year	(152)	13,483	29	(698)	(668)	12,814



	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings						Total Retained Earnings
		Capital surplus	Legal reserve	Other retained earnings				Retained earnings carried forward	
				Accident loss reserve	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	Special reserve fund		
Balance at the end of previous period	3,390	3,204	179	123	747	—	3,267	2,723	7,040
Cumulative effect of change in accounting policy								(213)	(213)
Balance at the end of previous period reflecting the change in accounting policy	3,390	3,204	179	123	747	—	3,267	2,510	6,827
Changes during the year									
Dividends								(377)	(377)
Increase in fixed asset reduction reserve pursuant to change in tax rate					35			(35)	-
Reversal of reserve for advanced depreciation of fixed assets					(34)			34	-
Reversal of reserve for special account for advanced depreciation of fixed assets									-
Net income								1,545	1,545
Purchase of treasury stock									
Net changes of items other than shareholders' equity									
Net changes during the year					1			1,168	1,168
Balance at the end of year	3,390	3,204	179	123	749	-	3,267	3,676	7,995

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains(losses) on securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at the end of previous period	(152)	13,483	29	(698)	(668)	12,814
Cumulative effect of change in accounting policy		(213)				(213)
Balance at the end of the previous period reflecting the changes in the accounting policies	(152)	13,270	29	(698)	(668)	12,601
Changes during the year						
Dividends		(377)				(377)
Increase in fixed asset reduction reserve pursuant to change in tax rate		-				-
Reversal of reserve for advanced depreciation of fixed assets		-				-

Reversal of reserve for special account for advanced depreciation of fixed assets		-				-
Net income		1,545				1,545
Purchase of treasury stock	(0)	(0)				(0)
Net changes of items other than those in shareholders' equity		-	10	101	111	111
Net changes during the year	(0)	1,168	10	101	111	1,280
Balance at the end of year	(152)	14,438	39	(596)	(556)	13,881

(4) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable.