

# Financial Results for the Three-Month Period Ended September 30, 2014

November 13, 2014

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 Code No.: 9028  
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## 1. Consolidated Financial Results for the Three-Month Period Ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

(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	%
Three-Month Period Ended Sep. 30, 2014	17,125	9.3	416	-37.8	456	-32.5	257	-30.6
Three-Month Period Ended Sep. 30, 2013	15,670	9.4	669	121.2	676	108.5	371	135.3

(Note) Comprehensive income: FY2014 First quarter 219 million yen (-46.3%)  
 FY2013 First quarter 408 million yen (138.8%)

	Earnings per share-basic	Earnings per share-diluted
	Yen	Yen
Three-Month Period Ended Sep. 30, 2014	15.08	-
Three-Month Period Ended Sep. 30, 2013	21.73	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2014	32,791	14,861	45.3	869.47
As of June 30, 2014	32,107	14,926	46.5	873.28

(Ref.) Shareholders' equity: As of Sep. 30, 2014: 14,861 million yen As of June 30, 2014: 14,926 million yen

## 2. Dividends

	Dividend per share				
	At end of 1Q	At end of 2Q	At end of 3Q	At end of 4Q	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2013	-	8.00	-	14.10	22.10
FY2014	-				
Forecast for FY2014		8.00	-	15.00	23.00

(Note) Revision from the latest dividend forecast: None

## 3. Consolidated Forecasts for FY2014 (From July 1, 2014 to June 30, 2015)

Percentages shown below for whole FY2014 are the rates of increase or decrease compared with the previous year.

	Sales		Operating income		Ordinary income		Net income		Earnings per share - basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Whole 2014	69,500	2.8	2,900	1.6	2,950	0.4	1,570	3.9	91.85

(Note) Revision to the latest consolidated forecasts: None

## 4. Others

- (1) Changes in important subsidiaries during period (Transfer of particular subsidiary which involves the change of scope of consolidation): N/A
- (2) Application of particular accounting methods for quarterly consolidated financial statements: N/A
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
  - ① Changes in accordance with the revision of accounting standards and others: Yes
  - ② Changes other than above: Yes
  - ③ Changes in accounting estimates: N/A
  - ④ Restatement of corrections: N/A
- (4) Number of issued shares (common shares)
  - ① Number of issued shares (including treasury stock) at the end of each period:  
As of September 30, 2014: 17,560,242      As of June 30, 2014: 17,560,242
  - ② Number of treasury stock at the end of each period:  
As of September 30, 2014: 467,711      As of June 30, 2014: 467,711
  - ③ Average number of shares issued during the first quarter of the fiscal year  
FY 2014: 17,092,531      FY 2013: 17,092,531

### ❖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 information presently available. Actual results may differ from those forecasts depending on various factors.

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## 1. Qualitative Information

### (1) Analysis of business performance

The nation's economy during the first three months of fiscal 2014 (referred to as the "current term") maintained a weaker yen and higher stock prices against the backdrop of the government's economic policy and the Bank of Japan's quantitative and qualitative easy monetary policy, and continues to show improvements in corporate earnings and employment situation. On the other hand, while recovering from the backlash of the last-minute rise in demand that occurred before the consumption tax rate hike, the progress of that recovery is slow for individual consumption, being affected by concerns over increase in commodity prices from the weaker yen. As such, the economic prospect remains unclear.

In the automobile industry, Japanese automakers' new vehicle sales in the domestic market turned out to be 96.3% of that in the corresponding quarter from the previous year (hereinafter referred as "year-on-year") (Japan Automobile Manufacturers Association's statistical data), with performance being strongly affected by the chilling effect of the consumption tax rate hike on consumer spending. The drop was slight immediately after the consumption tax rate hike, helped by shipment of outstanding orders, but in the current term the drop became sharper as a result of sluggishness in new orders. Exports to overseas markets upturned as the stronger yen was depreciated further, but recorded 96.5% year-on-year, strongly affected by the decrease of exports to North America, the largest market. Used car market also displayed a downward trend due to the chill in consumer spending. On the other hand, the export of used cars continued to grow, recording 104.6% year-on-year.

Under these circumstances, in the vehicle-related business, our Group's major segment, sales from transportation business related to Nissan Motor Co., Ltd., our major customer, fell due to a drop in sales of new cars by Nissan Motor. However, we were successful in capturing new transportation demand and the overall sales of the vehicle-related business increased year-on-year. In the human resources business, thanks to steady efforts to develop new sales regions and customers through strong sales activities and enhanced sales operations, sales increased year-on-year. Sales also increased year-on-year in the general cargo transportation business.

【No. of Motor Vehicles Related to Domestic Distribution】			Unit : Units	
Domestic Sales		July 2013-September 2013	July 2014-September 2014	Year-on-year Change (%)
<b>New Vehicles</b>				
Domestic automakers	*1	1,290,383	1,242,962	96.3%
(Nissan Motor Co. only)	*1	(180,399)	(157,066)	(87.1%)
Foreign automakers	*2	71,237	69,545	97.6%
<b>Used Cars</b>				
Passenger cars	*3	899,991	858,339	95.4%
Mini-cars	*4	690,405	676,185	97.9%
Total used cars		1,590,396	1,534,524	96.5%
Deregistered vehicles	*3	64,099	59,396	92.7%

  

Exports		July 2013-September 2013	July 2014-September 2014	Year-on-year Change (%)
Domestic automakers' new vehicles	*1	1,189,297	1,147,292	96.5%
(Nissan Motor)	*1	(164,361)	(122,118)	(74.3%)
Used passenger cars	*5	350,910	366,908	104.6%

\*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

As a result of these measures, our group's financial results for the current fiscal year to June 30, 2014 recorded sales of 17,125 million yen (109.3% year-on-year) and operating income of 416 million yen (62.2% year-on-year), thus posting year-on-year increase in sales but year-on-year decrease in operating income. Upon taking non-operating gains and losses into account, ordinary income was 456 million yen (67.5% year-on-year), and net income was 257 million yen (69.4% year-on-year).

### ① Automobile-related Business

In this business segment, domestic sales of Nissan Motor Company, our major customer, was affected strongly by the backlash of the last-minute rise in demand that occurred before the consumption tax rate hike, and posted sales of 157,066 units (87.1% year-on-year) of new vehicles in Japan. Exports also fell, and recorded 122,118 units (74.3% year-on-year) (Japan Automobile Manufacturers Association's statistical data).

Due to the above reasons, the sales of Nissan's new cars transportation decreased. However, efforts were made to increase the sales of Non-Nissan new cars and general used cars transportation as well as other automobile-related business such as used car exports, which contributed the overall increase year on year.

As a result, this segment's sales rose to 13,173 million yen (108.4% year-on-year) but profit was 666 million yen (88.3% year-on-year). The vehicle transportation business faces serious challenges, with future demand being uncertain with the domestic automobile market having reached maturity, the number of young job applicants is shrinking, reflecting the falling birthrate and the rapid aging of the population, and fuel prices are rising. In pursuit of higher profitability, we continue our effort to become a corporate group capable of steadily generating revenue by winning the trust of our customers and to maintain and increase sales by improving the quality of transportation, and in addition by strengthening and carrying out measures to reduce transportation costs.

### ② Human Resources Business

In this segment, while companies seeking human resources are on the increase as the nation's economy is on a recovery trend, our corporate clients continue to be very strict in terms of dispatch and contract work fees. Under these circumstances, we were able to increase sales in this segment, thanks to steady efforts to develop new sales regions and customers through strong sales activities and enhanced sales operations in the employee dispatch business, and posted sales of 2,915 million yen (113.5% year on year) but due to increase in recruitment costs, etc., profits in this segment were 109 million yen (81.5% year-on-year).

### ③ General Cargo Transportation Business

Strong sales of 1,140 million yen (111.5% year-on-year) was recorded in this business segment. However, due to increase of outsourced work as a result of changes in the sales composition of port cargo handling, and increase in the outsourced transportation cost, this segment posted profit of 78 million yen (55.2% year-on-year).

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 "3. "Consolidated Financial Statements" and amounted to 438 million yen.

## (2) Analysis of the financial condition

### (Assets)

Compared to the end of the previous term, current assets increased by 261 million yen (1.8%) to 14,614 million yen. This is chiefly due, despite the decrease of cash and deposits by 352 million yen, to the increase of notes and accounts receivable-trade by 167 million yen and merchandise by 130 million yen.

Compared to the end of the previous term, fixed assets increased by 422 million yen (2.4%) to 18,176 million yen. This is chiefly due to the increase of buildings and structures by 362 million yen, and machinery, equipment and vehicles by 113 million yen.

As a result of the foregoing, compared to the end of the previous term, total assets increased by 683 million yen (2.1%) to 32,791 million yen.

### (Liabilities)

Compared to the end of the previous term, current liabilities increased by 712 million yen (7.1%) to 10,779 million yen. This is chiefly due, despite the decrease of income taxes payable by 588 million yen, to the increase of short-term loans payable by 1,080 million yen.

Compared to the end of the previous term, long-term liabilities increased by 36 million yen (0.5%) to 7,150 million yen.

As a result of the foregoing, compared to the end of the previous term, total liabilities increased by 749 million yen (4.4%) to 17,930 million yen.

(Net Assets)

Compared to the end of the previous term, net assets decreased by 65 million yen (0.4%) to 14,861 million yen. This is chiefly due, despite posting of net profits in the current term, retained earnings decreased by 37 million yen as a result of dividend payment.

### (3) Forecast for the next consolidated fiscal year

The forecast has not changed from the consolidated forecast published on August 8, 2014.

## 2. Summary Information (Notes)

(1) Changes in important subsidiaries during period: N/A

(2) Application of particular accounting methods for quarterly consolidated financial statements: N/A

(3) Changes in accounting policies, accounting estimates and restatement of corrections

(Application of the ASBJ Statement)

Provisions set forth in Section 35 of the ASBJ Statement No.26 of May 17, 2012 (hereinafter referred to as the "Accounting Standard") and provisions set forth in Article 67 of the Guidance were applied from the current term. The calculation method of the retirement benefit obligation cost was reviewed and the method of attributing expected benefit to periods was also changed from straight-line attribution to benefit formula basis. In addition, the method of determination of discount rate was changed from the method based on the period approximate to the expected average remaining working lives of employees, to the method using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Based on the transitional treatment prescribed in Section 37 of the Accounting Standard, in applying the Standards, adjustments in retirement benefit obligation and service cost pursuant to changes in the calculation method have been posted as gains/losses in retained earnings.

As a result, liabilities concerning retirement benefits at the start of the current term increased by 240 million yen, and retained earnings decreased by 155 million yen. This has no material effect on operating profits, ordinary profits and income taxes – deferred of the current term.

(Changes in depreciation method of fixed assets)

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 the current term.

On May 15, 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.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: million yen)

	As of June 30, 2014	As of September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	5,236	4,883
Notes and accounts receivable - trade	7,492	7,660
Merchandise	324	454
Supplies	100	97
Deferred tax assets	269	271
Others	1,012	1,336
Allowance for doubtful accounts	(83)	(89)
Total current assets	14,353	14,614
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	3,083	3,446
Machinery, equipment and vehicles, net	172	286
Tools, furniture and fixtures, net	71	73
Land	8,279	8,279
Lease assets, net	1,592	1,576
Construction in progress	25	9
Total property, plant and equipment	13,224	13,671
Intangible assets		
Goodwill	1,479	1,493
Others	566	546
Total intangible assets	2,045	2,040
Investments and other assets		
Investment securities	989	992
Long-term loans receivable	75	68
Deferred tax assets	523	503
Others	1,031	1,024
Allowance for doubtful accounts	(136)	(123)
Total investments and other assets	2,483	2,465
Total fixed assets	17,754	18,176
Total assets	32,107	32,791

	As of June 30, 2014	As of September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,478	3,540
Short-term loans payable	610	1,690
Current portion of long-term loans payable	1,193	1,287
Income taxes payable	792	203
Accrued consumption taxes	441	438
Allowance for bonus	410	324
Allowance for sub-lease loss	15	15
Others	3,125	3,279
<b>Total current liabilities</b>	<b>10,067</b>	<b>10,779</b>
Long-term liabilities		
Long-term loans payable	1,663	1,597
Deferred tax liabilities	193	96
Deferred tax liabilities for land revaluation	1,088	1,088
Provision for retirement benefits for directors	422	448
Allowance for sub-lease loss	44	40
Provision for retirement benefits	2,182	2,408
Asset retirement obligation	38	36
Others	1,480	1,433
<b>Total long-term liabilities</b>	<b>7,113</b>	<b>7,150</b>
<b>Total liabilities</b>	<b>17,181</b>	<b>17,930</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,390	3,390
Capital surplus	3,204	3,204
Retained earnings	8,870	8,833
Treasury stock	(152)	(152)
<b>Total shareholders' equity</b>	<b>15,313</b>	<b>15,275</b>
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	27	31
Revaluation reserve for land	(705)	(705)
Foreign currency translation adjustment	88	78
Accumulated retirement allowance adjustment	202	180
<b>Total accumulated other comprehensive income</b>	<b>(386)</b>	<b>(414)</b>
<b>Total net assets</b>	<b>14,926</b>	<b>14,861</b>
<b>Total liabilities and net assets</b>	<b>32,107</b>	<b>32,791</b>



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

(Consolidated Income Statement)  
(First three months)

(Unit: million yen)

	First three months of FY13 (from July 1, 2013 to Sep. 30, 2013)	First three months of FY14 (from July 1, 2014 to Sep. 30, 2013, 2014)
Sales	15,670	17,125
Cost of sales	13,440	14,987
Gross profit	2,230	2,138
Selling, general and administrative expenses	1,561	1,722
Operating income	669	416
Non-operating income		
Interest income	0	0
Dividend income	0	1
Commission fee	19	15
Equity in earnings of affiliates	0	9
Others	17	39
Total non-operating income	38	66
Non-operating expenses		
Interest expenses	20	16
Loss on disposal of supplies	-	7
Others	10	1
Total non-operating expenses	30	25
Ordinary income	676	456
Extraordinary income		
Gain on sale of fixed assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of fixed assets	0	1
Total extraordinary losses	0	1
Net income before tax adjustments	677	455
Income taxes	305	197
Income before minority interests	371	257
Net income	371	257

(Consolidated Comprehensive Income Statement)  
 (First three months)

(Unit: million yen)

	First three months of FY13 (from July 1, 2013 to Sep. 30, 2013)	First three months of FY143 (from July 1, 2014 to Sep. 30, 2014)
Income before minority interests	371	257
Other comprehensive income		
Unrealized gains (losses) on securities	0	5
Accumulated retirement allowance adjustment	-	(22)
Equity of equity-method affiliate	35	(22)
Total other comprehensive income (loss)	36	(38)
Comprehensive income	408	219
(Breakdown)		
Parent company portion of comprehensive income	408	219

(3) Notes to Consolidated Financial Statements

(Note for the assumption of going concern)

None.

(Note concerning major changes in shareholders' equity)

None.

Segment Information

**1. Sales and profit for each reportable segment for the first three months of FY2013 (from July 1, 2013 to September 30, 2013)**

(Unit: million yen)

	Automobile transportation-related	General cargo transportation	Human resources	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales of external customers	12,145	2,513	1,012	15,670	-	15,670
(2) Internal sales between business segments or transfer	7	55	10	73	(73)	-
Total	12,152	2,568	1,022	15,744	(73)	15,670
Operating income	755	134	142	1,031	(362)	669

(Notes)

1. Elimination of -362 million yen includes corporate expense of -280 million yen, goodwill amortization of -82 million yen and elimination among the segments of 0 million yen. The corporate expense is the expense of the administrative departments which do not belong to any reported segment.
2. The segment profit is adjusted according to the operating profit in the quarterly consolidated profit and loss statement.

**2. Sales and profit for each reportable segment for the first three months of FY2014 (from July 1, 2014 to September 30, 2014)**

(Unit: million yen)

	Automobile transportation-related	Human resources	General cargo transportation	Total	Elimination and Corporate (Note 1)	Consolidated (Note 2)
Sales						
(1) Sales for external customers	13,158	2,845	1,121	17,125	-	17,125
(2) Internal sales between business segments or transfer	15	70	18	104	(104)	-
Total	13,173	2,915	1,140	17,229	(104)	17,125
Operating income	666	109	78	854	(438)	416

(Notes)

1. Elimination of -438 million yen includes corporate expense of -357 million yen, goodwill amortization of -82 million yen and elimination among the segments of 1 million yen. The corporate expense is the expense of the administrative departments which do not belong to any reported segment.
2. The segment profit is adjusted according to the operating profit in the quarterly consolidated profit and loss statement.