Financial Results for the Fiscal Year Ended June 30, 2016

August 10, 2016

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, Corporate Officer Tel: 044-520-0106
General Manager, Group strategy division
Date of Annual Shareholders' Meeting: September 28, 2016
Date to begin payment of dividend: September 29, 2016
Date of financial report submission September 29, 2016
Additional materials for the financial results for FY2015 None
Briefing session for the financial results for FY2015 Yes (to analysts)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2016 (From July 1, 2015 to June 30, 2016)

(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 attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2015	77,829	0.8	5,271	43.9	5,650	49.8	3,358	78.8
FY2014	77,247	14.2	3,662	28.3	3,772	28.4	1,878	24.4

(Note) Comprehensive income: FY2015 2,786 million yen (32.0%)
FY2014 2,111 million yen (31.8%)

	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	%	%	%
FY2015	201.77	-	19.1	15.7	6.8
FY2014	109.90	-	11.9	11.2	4.7

(Ref.) Equity in net income of affiliates: FY2015: 118 million yen FY2014: 27 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	37,037	18,511	50.0	1,115.63
FY2014	35,145	16,605	47.2	971.51

(Ref.) Shareholders' equity: As of June 30, 2016: 18,511 million yen As of June 30, 2015: 16,605 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
FY2015	5,050	-512	-2,469	7,924
FY2014	2,003	-1,016	-383	5,856

2. Dividends

(Record date)	Dividend per share: At end of 1Q	At end of 2Q	At end of 3Q	At end of 4Q	Annual total	Annual total amount of dividend	Dividend payout ratio (Consolidated)	Dividend ratio of net assets (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2014	-	8.00	-	19.50	27.50	470	25.0	3.0
FY2015	-	13.00	-	37.40	50.40	854	25.0	4.8
Forecast for FY2016	-	15.00	-	37.70	52.70		25.0	

3. Consolidated Forecasts for FY2016 (From July 1, 2016 to June 30, 2017)

	Sales		Operating income		Profit before tax		Net income attributable to owners of parent company		Net income per share -basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Whole FY2016	80,000	-	5,600	-	5,600	-	3,500	-	210.94

Note: The Company has decided to voluntarily adopt International Financial Reporting Standards (IFRS) for use in consolidated financial statements from FY2015. As such, the consolidated forecasts for FY2016 were prepared based on IFRS and the percentage of change from the previous fiscal year is not shown.

***Remarks**

(1)) Changes in important subsidiaries during period (Transfer of particular subsidiary which involves the change of scope of consolidation): N/A

(2)) Changes in accounting policies, procedure or notation method for documenting consolidated financial statements

①Changes in accordance with the revision of accounting standards and others: Yes

②Changes other than above: N/A

③Changes in accounting estimates: N/A

④Restatement of corrections: N/A

(3)) Number of issued shares (common shares)

①Number of issued shares (including treasury stock) at the end of each period:

FY2015: 17,560,242 FY2014: 17,560,242

②Number of repurchased shares at the end of each period:

FY2015: 967,732 FY2014: 467,732

③Average number of shares issued during the fiscal year

FY2015: 16,647,155 FY2014: 17,092,510

(Ref.) Unconsolidated Financial Results for the Fiscal Year Ended June 30, 2016

1. Unconsolidated Financial Results for the Fiscal Year Ended June 30, 2016 (From July 1, 2015 to June 30, 2016)

(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	%
FY2015	55,567	2.4	4,318	81.2	4,573	76.2	2,882	86.4
FY2014	54,242	6.2	2,382	31.6	2,595	31.3	1,545	45.9

	Earnings per share –basic	Earnings per share -diluted
FY2015	173.14 yen	-
FY2014	90.45 yen	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2015	31,630	15,965	50.5	962.22
FY2014	29,768	13,881	46.6	812.13

(Ref.) Shareholders' equity:
As of June 30, 2016: 15,965 million yen   As of June 30, 2015: 13,881 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.

Table of Contents of Attachments

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 continued improvements in corporate earnings and employment situation even though somewhat affected by the deceleration in the economies of emerging nations. Personal consumption also been performing steadily and showing a recovery trend that is proceeding at a gradual pace. On the other hand, the labor shortage has become more acute, with the falling birth rate and aging population causing a drop in the labor force population.

In the automobile industry, Japanese automakers sold 4,917,221 new vehicles in the domestic market from July 2015 to June 2016 (94.0% year-on-year). 6,739,186 used vehicles were registered in the domestic market (99.8% year-on-year) and 1,372,293 used vehicles were exported (94.2% year-on-year), showing a downward trend. (Source: the Japan Automobile Manufacturers Association's data, the Japan Automobile Dealers Association's data, the Japan Light Motor Vehicle and Motorcycle Association's data).

Under these circumstances, our Group promoted strategic sales activities matching the changes in the market environment in each of its segments, created higher added-value services by strengthening the group synergy of its three businesses, and worked to strengthen cost reduction and other profit administration systems.

As a result of these measures, our group's financial results for the current fiscal year to June 30, 2016 showed sales of 77,829 million yen (up 100.8% year-on-year) and operating income of 5,271 million yen (up 143.9% year-on-year), thus posting year-on-year increases in both sales and operating income. Also, ordinary income rose to 5,650 million yen (up 149.8% year-on-year), and net income attributable to owners of parent jumped to 3,358 million yen (up 178.8% 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 previous 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). As a result of this change in the accounting period, sales in the previous fiscal year increased by 1,893 million yen, operating income by 44 million yen, ordinary income by 50 million yen, and net income by 32 million yen.

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

Domestic Sales		July 2014-June 2015	July 2015-June 2016	Year-on-year Change (%)
New vehicles				
Domestic automakers	*1	5,233,716	4,917,221	94.0%
(Nissan Motor Co. only)	*1	(610,060)	(542,043)	(88.9%)
Foreign automakers	*2	290,870	286,358	98.4%
Used cars				
Passenger cars	*3	3,701,837	3,737,186	101.0%
Mini-cars	*4	3,052,618	3,002,000	98.3%
Total of used cars		6,754,455	6,739,186	99.8%
De-registered vehicle	*3	248,372	210,762	84.9%

Export volume (in units)		July 2014-June 2015	July 2015-June 2016	Year-on-year Change (%)
New vehicles Domestic automakers	*1	4,475,390	4,589,303	102.5%
Used passenger vehicles	*5	1,457,422	1,372,293	94.2%

*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 2014-June 2015	July 2015-June 2016	Year-on-year Change (%)
Light oil *6	131	107	81.7%
Regular gasoline *6	152	126	82.9%

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

② Business Performance by Segment

<Automobile-related Business>

Nissan Motor Company, our major customer, posted sales of 542,043 units (88.9% year-on-year; the Japan Automobile Manufacturers Association's data) of new vehicles in Japan, resulting in decreased revenue from transport and maintenance of new Nissan cars and we actively pursued new transport services and used car export business. As a result of winning orders from foreign automakers and reviewing fees, this segment's sales rose to 59,782 million yen (up 100.6% year-on-year). We continued to promote positive activities to improve the means of transportation and transport routes, while further enhancing labor management which, coupled with the effect of lower crude oil prices on cutting the cost of fuel, resulted in the segment income significantly improving to 6,175 million yen (up 151.3% 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.

<Human Resources Business>

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. The issues we are faced from the fall in birthrate and aging population are diverse, necessitating the securing employment opportunities for senior citizens on the one hand, while on the other hand raising the issue of a shortage in younger applicants. With corporate clients being very demanding with regard to fees paid to contract worker and for consignment work, we focused our efforts on making a strategic shift from major metropolitan areas with high labor costs toward regional areas and in cultivating new clients.

As a result, this segment's sales rose to 13,627 million yen (up 110.5% year-on-year), and segment income was 500 million yen (88.1% year on year).

<General Cargo Transportation Business>

The positive results of working towards obtaining orders from new clients in addition to receiving orders on a steady basis from existing clients, and also taking measures to improve profitability through better operational efficiency and the like, are being seen in 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. has been working towards winning new businesses and improving operational efficiency.

As a result of the above, this segment posted sales of 5,005 million yen (81.1% year-on-year) and segment income of 718 million yen (82.7% 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 "5. "Consolidated Financial Statements" and amounted to 2,122 million yen.

③ Forecast for the Next Fiscal Year

While there is some concern on the movements of economic conditions outside Japan, gradual recovery is expected to continue as a result of economic measures taken by the government. However, in the automobile industry, there is a nagging concern of lower domestic demand caused by a decrease in the number of holders of driver's license brought about by falling population, as well as long-term ownership from increased durability. Also, in the transportation industry, severe business environment is expected to continue due mainly to growing shortage of drivers from falling population, concern over medium- and long-term rise in fuel prices, and the need to secure a higher level of safety and strengthen environmental measures. Under these circumstances, our group will press forward with initiatives to reinforce the base for our domestic vehicle transportation business by continuing efforts to promote sales activities, promote growth of ancillary businesses, and expand the automobile businesses in ASEAN countries in which market growth is expected. Based on this outlook, we have issued forecasts listed below.

Incidentally, the Company made a decision to voluntarily apply IFRS to the consolidated financial statements in its securities report from the fiscal year ending June 31, 2016 instead of the Japanese Generally Accepted Accounting Principles ("Japanese GAAP"). As a result, the forecasts for the fiscal year ending June 30, 2017 has been prepared based on IFRS.

(For Reference)

	Sales	Operating income	Ordinary income	Net income attributable to owners of parent company
Forecasts for the fiscal year ending June 30, 2017	80,000 million yen	5,600 million yen	5,600 million yen	3,500 million yen

(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 1,774 million yen (10.5%) to 18,664 million yen. This is chiefly due to increase of cash and deposits by 2,015 million yen.

Compared to the end of the previous term, fixed assets increased by 117 million yen (0.6%) to 18,372 million yen. This is chiefly due to the increase in deferred tax assets by 186 million yen and the increase in lease assets of property, plant and equipment by 119 million yen.

As a result of the foregoing, compared to the end of the previous term, total assets increased by 1,891 million yen (5.4%) to 37,037 million yen.

(Liabilities)

Compared to the end of the previous term, current liabilities increased by 542 million yen (4.9%) to 11,649 million yen. This is chiefly due to the fact that although current portion of long-term loans payable decreased by 165 million yen, income taxes payable increased by 646 million yen.

Compared to the end of the previous term, long-term liabilities decreased by 556 million yen (7.5%) to 6,877 million yen. This is chiefly due to the fact that long-term loans payable decreased by 1,055 million yen.

As a result of the foregoing, compared to the end of the previous term, liabilities decreased by 13 million yen (0.1%) to 18,526 million yen.

(Net Assets)

Compared to the end of the previous term, net assets increased by 1,905 million yen (11.5%) to 18,511 million yen. This is chiefly due to increase of retained earnings due to posting of net income attributable to owners of parent company by 2,887 million yen.

② Cash Flow Situation

At the end of the current term, cash and cash equivalents (hereinafter referred to as "Funds") increased by 2,068 million yen compared to the end of the previous term, to 7,924 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 5,050 million yen (152.1% increase from the previous term).

Income was provided mainly by 5,576 million yen in income before income taxes, 990 million yen in depreciation, 347 million yen in amortization of goodwill,. Payments were made mainly as 1,584 million yen in income taxes paid, increase of 130 million yen in notes and accounts receivable-trade, and decrease of 143 million yen in notes and accounts payable-trade.

(Cash flow from investment activities)

Funds used in investment activities were 512 million yen (1,016 million yen in the previous term).

Income was provided mainly by 60 million yen as proceeds from collection of loans receivable. Payments were made mainly as 422 million yen in payments for purchases of property, plant and equipment.

(Cash flow from financing activities)

Funds used in financing activities were 2,469 million yen (383 million yen in the previous term).

Payments were made mainly as 1,400 million yen for repayment of long-term loans payable, 471 million yen in payment of lease obligation repayments, 409 million yen in payments for purchase of treasury stock and 553 million yen in cash dividends paid.

Change in the Group's Cash-flow Related Indicators

	FY2012	FY2013	FY2014	FY2015
Equity ratio (%)	42.9	46.5	47.2	50.0
Equity ratio at market value basis (%)	18.7	37.1	40.1	58.6
Cash flow to interest bearing debt ratio (per annum)	2.0	1.5	2.0	1.1
Interest coverage ratio (multiples)	25.7	29.1	26.7	76.3

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
FY2015	201.77 yen	50.40 yen	13.00 yen	37.40 yen
FY2016	210.94 yen	52.70 yen	15.00 yen	37.70 yen

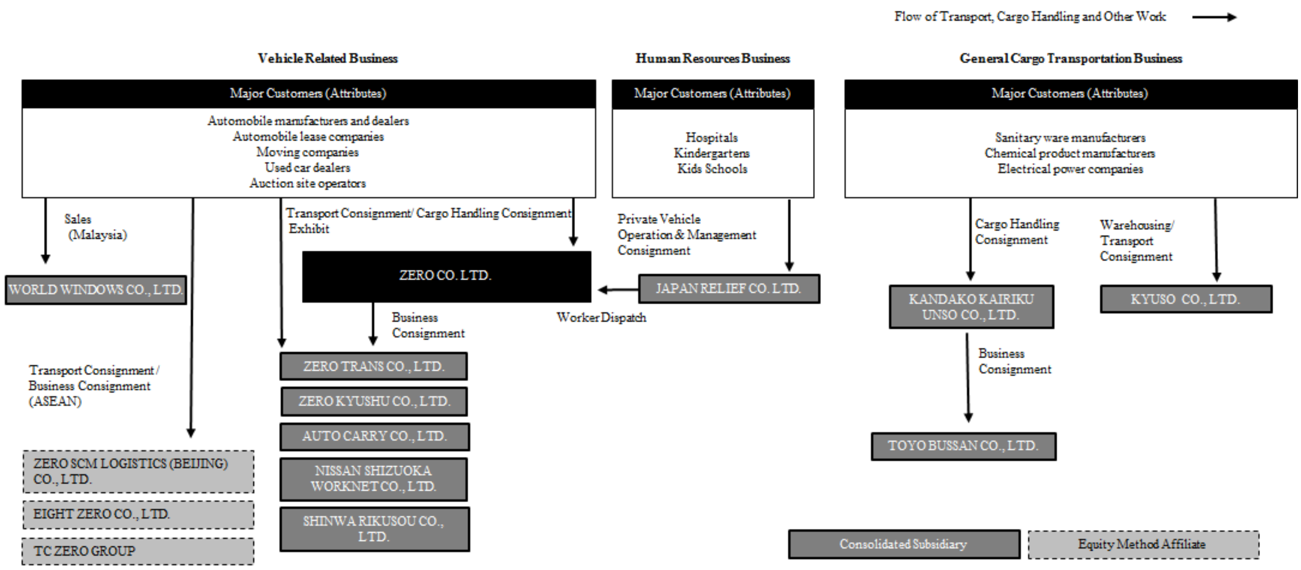
2. **Status of the Business Group**

As of June 30, 2016, the Group comprises the Company, 14 subsidiaries and 6 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 PLUS KYUSHU CO., LTD., AUTO CARRY CO., LTD., NISSAN SHIZUOKA WORKNET CO., LTD., WORLD WINDOWS CO., LTD., ZERO SCM LOGISTICS (BEIJING) CO., LTD., SHINWA RIKUSOU INC., EIGHT ZERO CO., LTD., TC ZERO COMPANY PRIVATE LIMTED and 3 other companies
Human Resources	JAPAN RELIEF CO., LTD. and 4 other companies
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 facing 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 a 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 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 do 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 Promotion of Geographical Blocks
Operational bases are being restructured in the automobile-related business, the Company's core business, to further strengthen vehicle transportation. By creating geographical blocks, we will advance "creation of optimal transportation system", "unification of car dispatch system", "improvement of transportation efficiency through volume effect", "establishment of appropriate transportation fees" and "unification of information and chain-of-command", thereby attaining "speedier decision-making", "stronger revenue management" and "stronger organization management". We will move ahead of market changes and stabilize Zero Group's operational bases even as ground transportation is surrounded by changes, and work to improve stability, safety and quality.

③ Expansion into new business
Through strategic sales efforts and reinforcement of operations, in the human resources business we are capturing various outsourcing needs of companies arising from falling birthrate and aging population and diversification of demand, as well as advancing into local municipalities. Facing the future, we will put in place systems to secure and educate drivers and utilize personnel within the Group.

④ Enhancement of export business and entering into ASEAN market and other Asian market
With regard to its export business, the Company will expand reuse business such as used car export and parts export in cooperation with the Company's used car auction business (Car Selection).

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 businesses.

(5) Challenges faced by the Company

As the vehicle transportation business, the Company's main business, is keyed to domestic vehicle sales, with vehicle sales in a downward trend, it is currently facing an extremely difficult business environment. Moreover, this harsh situation is believed to persist in light of the risk of a sharp rise in fuel prices in the medium-term, establishment of more stringent emission regulations and other environmental measures, and the need to cope with domestic workforce shortage, particularly with regard to drivers. Under these circumstances, 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.

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

Based upon progress of our overseas business development, and on the company policies of Tan Chong International Limited Group, our parent company, and for the purpose of increasing efficiency and quality of our operations through unification of financial reporting standards, and for international comparability of financial information in the capital markets, our Group has decided to voluntarily adopt International Financial Reporting Standards (IFRS) for use in consolidated financial statements from fiscal year ended June 30, 2016 instead of the Japan GAAP previously used.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of June 30, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	6,051	8,067
Notes and accounts receivable	8,448	8,578
Merchandise	812	659
Supplies	82	120
Deferred tax assets	262	335
Others	1,320	985
Allowance for doubtful accounts	(87)	(82)
Total current assets	16,890	18,664
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,432	6,680
Accumulated depreciation	(3,144)	(3,340)
Buildings and structures, net	3,288	3,340
Machinery, equipment and vehicles	1,662	1,750
Accumulated depreciation	(1,443)	(1,465)
Machinery, equipment and vehicles, net	218	285
Tools, furniture and fixtures, net	429	448
Accumulated depreciation	(361)	(368)
Tools, furniture and fixtures, net	67	79
Land	7,939	7,851
Lease assets	2,815	3,296
Accumulated depreciation	(756)	(1,117)
Lease assets, net	2,059	2,178
Construction in progress	73	10
Total property, plant and equipment	13,647	13,746
Intangible assets		
Goodwill	1,227	879
Lease assets	42	29
Others	493	640
Total intangible assets	1,763	1,550
Investments and other assets		
Investment securities	1,468	1,389
Long-term loans receivable	85	83
Deferred tax assets	406	593
Others	1,004	1,081
Allowance for doubtful accounts	(120)	(71)
Total investments and other assets	2,844	3,075
Total fixed assets	18,255	18,372
Total assets	35,145	37,037

(Unit: million yen)

	As of June 30, 2015	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,212	3,068
Short-term loans payable	880	1,065
Current portion of long-term loans payable	1,335	1,170
Lease obligations	427	495
Accrued expenses	1,871	2,005
Income taxes payable	948	1,594
Accrued consumption taxes	649	519
Deposits received	294	262
Allowance for bonus	435	589
Allowance for sub-lease loss	15	15
Others	1,036	863
Total current liabilities	11,106	11,649
Long-term liabilities		
Long-term loans payable	1,823	768
Lease obligations	1,753	1,861
Deferred tax liabilities	14	2
Deferred tax liabilities for land revaluation	987	946
Provision for retirement benefits for directors	496	106
Provision for stock contribution	—	76
Allowance for sub-lease loss	28	13
Liability for retirement benefit	2,155	2,476
Asset retirement obligation	84	84
Others	89	541
Total long-term liabilities	7,433	6,877
Total liabilities	18,540	18,526
Net assets		
Shareholders' equity		
Capital stock	3,390	3,390
Capital surplus	3,204	3,497
Retained earnings	10,317	13,204
Treasury stock	(152)	(854)
Total shareholders' equity	16,759	19,238
Accumulated other comprehensive income		
Unrealized gains(losses) on securities	54	75
Revaluation reserve for land	(603)	(562)
Foreign currency translation adjustment	147	24
Accumulated retirement allowance adjustment	247	(264)
Total accumulated other comprehensive income	(154)	(726)
Total net assets	16,605	18,511
Total liabilities and net assets	35,145	37,037

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

(Unit: million yen)

	FY14 ended June 30, 2015	FY15 ended June 30, 2016
Sales	77,247	77,829
Cost of sales	66,441	64,875
Gross profit	10,805	12,953
Selling, general and administrative expenses	7,143	7,682
Operating income	3,662	5,271
Non-operating income		
Interest income	6	2
Dividend income	7	6
Rent income on fixed assets	9	6
Commission fee	60	65
Equity in earnings of affiliates	27	118
Consumption tax difference	—	76
Gains from disposal of supplies	33	26
Others	80	160
Total non-operating income	225	462
Non-operating expenses		
Interest expenses	74	66
Loss on investment securities	30	—
Losses on valuation of investment securities	11	17
Others	115	83
Total non-operating expenses	3,772	5,650
Ordinary income		
Extraordinary income	2	2
Gain on sales of fixed assets	62	—
Compensation received	—	17
Total extraordinary income	64	20
Extraordinary loss		
Losses on sales of fixed assets	1	2
Losses on retirement of fixed assets	29	29
Impairment losses	348	29
Losses on sales of subsidiary	—	32
Total extraordinary loss	378	94
Income before income taxes	3,458	5,576
Income taxes-current	1,583	2,180
Income taxes-deferred	(4)	37
Total income tax	1,579	2,217
Net income	1,878	3,358
Net income attributable to owners of parent company	1,878	3,358

(Consolidated Comprehensive Income Statement)

(Unit: million yen)

	FY14 ended June 30, 2015	FY15 ended June 30, 2016
Net income	1,878	3,358
Other comprehensive income		
Unrealized gains(losses) on securities	26	21
Retirement allowance adjustment	45	(512)
Equity of equity-method affiliate	59	(122)
Revaluation reserve for land	101	41
Total other comprehensive income	233	(572)
Comprehensive income	2,111	2,786
(Breakdown)		
Parent company portion of comprehensive income	2,111	2,786

(3) Consolidated Statement of Changes in Net Assets
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 attributable to owners of parent company			1,878		1,878
Change in the scope of consolidation			101		101
Purchase of treasury stock				(0)	(0)
Disposition of treasury stock					
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 attributable to owners of parent company						1,878
Change in the scope of consolidation						101
Purchase of treasury stock						(0)
Disposition of treasury stock						
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

FY15 ended June 30, 2016

(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	10,317	(152)	16,759
Cumulative effect of change in accounting policy			81		81
Balance at the end of previous period reflecting the change in accounting policy	3,390	3,204	10,399	(152)	16,841
Changes of items during the period					
Dividends from surplus			(553)		(553)
Net income attributable to parent company			3,358		3,358
Change in the scope of consolidation					-
Purchase of treasury stock				(908)	(908)
Disposition of treasury stock		292		207	499
Net changes of items other than shareholder's equity					-
Total changes of items during the period	-	292	2,805	(701)	2,396
Balance at the end of current period	3,390	3,497	13,204	(854)	19,238

	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	54	(603)	147	247	(154)	16,605
Cumulative effect of change in accounting policy						81
Balance at the end of previous period reflecting the change in accounting policy	54	(603)	147	247	(154)	16,687
Changes of items during the period						
Dividends from surplus						(553)
Net income attributable to parent company						3,358
Change in the scope of consolidation						-
Purchase of treasury stock						(908)
Disposition of treasury stock						499
Net changes of items other than shareholder's equity	21	41	(122)	(512)	(572)	(572)
Total changes of items during the period	21	41	(122)	(512)	(572)	1,823
Balance at the end of current period	75	(562)	24	(264)	(726)	18,511

(4) Consolidated Cash Flow Statement

(Unit: million yen)

	FY14 ended June 30, 2015	FY15 ended June 30, 2016
Cash flows from operating activities		
Income before income taxes	3,458	5,576
Depreciation	922	990
Amortization of goodwill	347	347
Increase (decrease) in allowance for doubtful accounts	(11)	(42)
Increase (decrease) in allowance for bonus	(11)	154
Increase (decrease) in liability for retirement benefit	(260)	(412)
Increase (decrease) in provision for director's retirement benefits	67	(390)
Increase (decrease) in Board Benefit Trust	—	76
Increase (decrease) in allowance for sub-lease loss	(15)	(15)
Interest and dividends income	(13)	(9)
Interest expenses	74	66
Losses (gains) on sales and retirement of fixed assets	28	29
Impairment loss	348	29
Equity in earnings of affiliates	(27)	(118)
Compensation received	(62)	(18)
Decrease (increase) in notes and accounts receivable-trade	(775)	(130)
Decrease (increase) in inventories	(469)	114
Decrease (increase) in other current assets	(282)	312
Increase (decrease) in notes and accounts payable-trade	(276)	(143)
Increase (decrease) in other current liabilities	216	(101)
Increase (decrease) in accrued consumption taxes	188	(130)
Others	6	467
Subtotal	3,450	6,652
Interest and dividends received	13	9
Interest paid	(74)	(66)
Income taxes paid	(1,449)	(1,584)
Amount of compensation received	62	18
Amount of insurance proceeds received	—	20
Net cash used in operating activities	2,003	5,050
Cash flows from investment activities		
Payments into time deposits	(0)	(0)
Proceeds from withdrawal of time deposits	17	52
Payments for purchases of property, plant and equipment	(625)	(422)
Proceeds from sales of property, plant and equipment	9	59
Payments for purchases of intangible assets	(104)	(262)
Payments for purchases of investment securities	(392)	(0)
Proceeds from sale of subsidiary's shares accompanied by change in scope of consolidation	40	-
Payments for loans implementation	(323)	(29)
Proceeds from collection of loans receivable	316	60
Others	43	30
Net cash used in investing activities	(1,016)	(512)

(Unit: million yen)

	FY14 ended June 30, 2015	FY15 ended June 30, 2016
Cash flows from financing activities		
Payments of short-term loans payable	190	185
Proceeds from long-term loans payable	1,740	180
Payments of long-term loans repayments	(1,579)	(1,400)
Payments for purchase of treasury stock	(0)	(409)
Payment of lease obligation repayments	(355)	(471)
Cash dividends paid	(377)	(553)
Net cash used in financing activities	(383)	(2,469)
Net increase (decrease) in cash and cash equivalents	603	2,068
Cash and cash equivalents at beginning of period	5,148	5,856
Increase (decrease) in cash and cash equivalents pursuant to change in scope of consolidation	104	—
Cash and cash equivalents at end of period	5,856	7,924

(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: 14
   Consolidated subsidiaries:
   ZERO-TRANS CO., LTD.
   ZERO PLUS KYUSHU CO., LTD.
   KANDAKO KAIRIKU UNSO CO., LTD.
   TOYO BUSSAN CO., LTD.
   KYUSO COMPANY LIMTED
   JAPAN RELIEF CO., LTD.
   ASSIST WORK CO., LTD.
   NISSAN SHIZUOKA WORKNET CO., LTD.
   AUTO CARRY CO., LTD.
   WORLD WINDOWS CO., LTD.
   SHINWA RIKUSOU INC. and 3 other companies

   (Changes in the scope of consolidation)

   In the current term, TBM CO., LTD. was removed from the scope of consolidation by reason of merger with ZERO-TRANS CO., LTD., and NPF SERVICE CO., LTD was likewise removed by reason of liquidation.

   (2) Unconsolidated subsidiaries

   There are no unconsolidated subsidiaries.

2. Information for application of the equity method

   (1) Number of affiliates accounted for using the equity method: 6
   ZERO SCM LOGISTICS (BEIJING) CO., LTD.
   EIGHT ZERO CO., LTD.
   TC ZERO COMPANY PRIVATE LIMITED and 3 other companies

   (Changes in the scope of equity method affiliates)

   In the current term, UTSUNOMIYA TERMINAL UNYU CO. LTD. was removed from equity method affiliates by reason of sale of all of its shares, and GUANGZHOU EIGHT ZERO AUTO SERVICE CO., LTD. was likewise removed by reason of liquidation.

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

   There are no applicable items.

   (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.

Incidentally, the balance sheet date has been March 31 with regard to KANDAKO KAIRIKU UNSO CO., LTD., KYUSO CO., LTD and NISSAN SHIZUOKA WORKNET CO., LTD. and 4 other companies, and the same has been April 30 with regard to WORLD WINDOWS CO., LTD. Adjustments were previously made to consolidated accounts to account for significant transactions involving these companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year; however, in order to more appropriately disclose the consolidated financial statements, the accounting period for these companies have been changed to the end of the consolidated fiscal year from the previous fiscal year. As a result, the previous fiscal year was 15 months from April 1, 2014 to June 30, 2015 with regard to consolidated subsidiaries whose balance sheet date had been March 31, and was 14 months from May 1, 2014 to June 30, 2015 with regard to the consolidated subsidiary whose balance sheet date had been April 30.

4. Matters concerning accounting policies

(1) Method of valuation of significant assets

a. Securities

Held-to-maturity debt securities

Stated at cost using the amortized cost method

Other securities

Securities with market quotations

Stated at market value based on the market price as of the end of the fiscal period (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method)

Securities without market quotations

Stated at cost using the moving-average method

b. Derivatives

Stated as fair value

c. Inventories

Merchandise

Specific identification method is used to determine cost (values on the balance sheet are subject to the book value reduction method based on decreased profitability)

Supplies

Last purchase cost method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)

(2) Depreciation method of significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

Straight-line method

b. Intangible assets (excluding leased assets)

Straight-line method

Incidentally, depreciation of software for internal use is by straight-line method based on useful life (five years)

c. Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership

Depreciation of leased assets is calculated by using the straight-line method over the period of the lase contract term with no residual value.

Incidentally, finance lease transactions that do not transfer ownership that were commenced on or before June 30, 2008 are accounted for in a similar manner with ordinary rental transactions.

(3) Standards for major allowances

a. Allowance for doubtful accounts

In order to provide for potential credit losses on receivables outstanding, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.

b. Allowance for bonus

Bonuses for employees of the Company and consolidated subsidiaries are provided for in the necessary amounts based on the estimated amounts to be borne in the current fiscal year.

c. Provision for director's retirement benefits

In order to provide for payment of director's retirement benefits, the estimated amount of retirement allowance required at the closing date in accordance with the internal rules is recorded.

d. Provision for stock contribution

In order to provide for distribution of the shares of the Company in accordance with the Rules on Distributions of Board Benefits, an estimated amount of the distribution obligation at the end of the current fiscal year is recorded.

e. Allowance for sub-lease loss

In order to provide for losses arising during the remaining period of the sub-lease agreement, an amount equal to the total amount of rent obligations less the total estimated rental revenue is recorded.

(4) Accounting treatment for retirement benefits

a. Method for attributing the estimated amount of retirement benefits

The benefit formula method is used for attributing the estimated amount of the retirement benefit obligations to periods up to the end of the fiscal year under review in the calculation of net defined benefit liability.

b. Amortization of actuarial differences and prior service cost

Prior service cost is amortized as incurred using the straight-line method based on the average remaining service period (10-13 years) of the employees in service during the period in which it arises.

Actuarial differences are treated as a lump-sum expense in the following consolidate fiscal year.

Unrecognized actual differences and unrecognized past service liabilities are included, after adjusting for tax effects, in Accumulated other comprehensive income -- Accumulated retirement benefits adjustment under Net Assets.

(5) Significant method for hedge accounting

a. Hedge accounting method

Interest rate swaps meet the conditions of special treatment and are thus given special treatment.

b. Hedged instruments and hedged items

Hedged instrument: interest rate swaps

Hedged item: interest on loans payable

c. Hedging policy

The Company uses interest rate swaps to mitigate interest rate risk involved in procuring funds, and hedged items are identified on an individual contract basis.

(6) Method and period for amortizing goodwill

Goodwill has been amortized by the straight-line method over reasonable periods estimated for each acquisition (5-10 years). If the value of goodwill is immaterial, the aggregate amount is written off in the fiscal year in which it arises.

(7) Scope of funds in consolidated cash flow statement

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits and short-term liquid investments that mature within three months from the purchase date and can be converted easily into cash with little risk of change in value.

(8) Accounting for consumption tax

Consumption tax and local consumption taxes are accounted for under the tax exclusion method.

(Changes in the Accounting Policy)

(Application of the ASBJ Statement)

The Company has applied "Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) (hereinafter referred to as the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) hereinafter referred to as the "Consolidation Accounting Standard"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) (hereinafter referred to as the "Business Divestitures Accounting Standard") and other standards from the current term. Accordingly, the accounting methods have been changed to record the difference arising from changes in equity in subsidiaries which the Company continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which incurred. In addition, regarding business combinations occurring on or after the start of the current term, the accounting method has been changed to retroactively reflect adjustments to the amount allocated to acquisition costs arising from the finalization of the provisional accounting treatment on the consolidated financial statements of the period in which the business combination occurs. Furthermore, presentation of net income has been changed. In order to reflect the changes in presentation of financial statements, reclassification was made accordingly in the consolidated financial statements for the previous fiscal year.

The Business Combinations Accounting Standard and other standards have been applied from the start of the term ended September 30, 2015 in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard. Incidentally, there is no effect on the profits and losses in the consolidated financial statements for the current term and on the capital surplus at the end of the current accounting period.

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

As the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standard No. 26 of March 28, 2016) may be applied from consolidated financial statements from the end of the current term, this accounting standard has been applied from the current term and part of the accounting treatment of recoverability of deferred tax assets has been revised.

Implementation Guidance on Recoverability of Deferred Tax Assets is applied in accordance with the transitional provision set forth in its Article 49(4), and the difference between the amount equivalent to the deferred tax assets calculated by applying the provisions set forth in Categories 1 to 3 of Article 49 and the deferred tax liabilities as of the start of the current term, and the amount equivalent to deferred tax assets and deferred tax at the end of the previous term is added in retained earnings at the beginning of the current term.

As a result, at the beginning of the current term, deferred tax assets (investment and other assets) were increased by 81 million yen, and retained earnings by 81 million yen. Reflecting the impact on net assets at the beginning of the current term, retained earnings at the beginning posted in the Consolidated Statement of Changes were increased by 81 million yen.

(Additional Information)

(Abolition of Retirement Benefits for Directors)

At the ordinary general meeting of shareholders convened on September 29, 2015, a resolution was passed to make final payment pursuant to abolition of the directorate retirement benefits system. Pursuant to the foregoing, the Company reversed the full amount of "Provision for retirement benefits for directors" and included the outstanding balance under "Others" of Long-term liabilities as long-term accounts payable in order to continue to be prepared to pay retirement benefits for directors.

Incidentally, in some of the consolidated subsidiaries, in order to prepare for payment of retirement benefits to directors, the amounts to be paid based on internal regulations have been recognized under "Provision for retirement benefits for directors".

(Introduction of a Performance-based Stock Compensation Program)

At the ordinary general meeting of shareholders convened on September 29, 2015, a resolution was passed to newly introduce a new stock compensation program 'Board Benefit Trust (BBT)' (hereinafter referred to as the "Program") for the Company's directors, auditors and executive officers (excluding those serving concurrently as officers of the Company's parent company, outside directors and outside auditors) (hereinafter referred to as the "Directors and Others"), with the purpose of increasing the awareness of the Directors and Others of their contribution to improving medium to long-term performance and increasing corporate value.

The Trust is accounted according to "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issue Task Force No. 30, March 26, 2015).

(1) Overview of the transaction

This is a performance-based stock compensation program whereby shares of the Company are acquired by the Trust using money contributed as funds by the Company, and distributed by the Trust in accordance with the Rules on Distributions of Board Benefits based on points given to each of the Directors and Others in view of their positions and performance. Incidentally, the shares of the Company shall be distributed to the Directors and Others as a general rule when they leave their positions.

(2) Treasury stock remaining in the Trust

Stock remaining in the Trust is recognized as treasury stock under assets section of the quarterly consolidated balance sheet by book value of the Trust (excluding ancillary expenses). The book value of the relevant treasury shares was 499 million yet at the end of the current term. The number of shares at the end of the term was 357,100 shares at the end of the current term.

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

The Act on Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were formed on March 29, 2016, and corporation tax rates, etc. are to be lowered from the consolidated fiscal periods commencing on and after April 1, 2016. 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 32.0% to 30.9% with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on and after July 1, 2016, and from 32.0% to 30.7%with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on and after July 1, 2018. Incidentally, this change has no material effect on quarterly consolidated 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, human resources business and general cargo transportation businesses.

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

FY14 ended 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). As a result of this change, 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) increased by 1,004 million yen for automobile-related business, by 888 million yen for general cargo transportation business, and segment income by 9 million yen for automobile-related business, and by 35 million yen for general cargo transportation business

Current term as of June 30, 2016

(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	59,714	13,215	4,899	77,829	—	77,829
Inter-segment net sales or transfers	67	411	105	585	(585)	—
Total	59,782	13,627	5,005	78,414	(585)	77,829
Segment income	6,175	500	718	7,393	(2,122)	5,271
Segment assets	18,478	2,841	5,843	27,163	9,874	37,037
Other items						
Depreciation	672	26	201	901	89	990
Increase in property, plant and equipment and intangible assets	1,167	121	74	1,363	28	1,392

Note 1. Adjustment amounts are as follows:
(1) The adjustment amount of (2,122 million yen) in segment income included group-wide expenses of (1,774 million yen), goodwill amortization of (347 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.

b. Related information

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

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.

(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

FY15 ended June 30, 2016

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
68,578	9,021	229	77,829

   (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.	12,259	Automobile-related business

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

FY14 ended June 30, 2015

(Unit: million yen)

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

FY15 ended June 30, 2016

(Unit: million yen)

	Automobile-related business	Human resources business	General cargo transportation business	Group-wide/ Elimination	Total
Impairment losses	—	—	29	—	29

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

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

FY15 ended June 30, 2016

(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	57	822	–	–	879

e. Information on gain on negative goodwill by reportable segments

FY14 ended June 30, 2015

Not applicable.

FY15 ended June 30, 2016

Not applicable.

(Per Share Information)

	2015 Year ended June 30, 2015	2016 Year ended June 30, 2016
Net assets per share	971.51 yen	1,115.63 yen
Basic net income per share	109.90 yen	201.77 yen

Note 1. Diluted net income per share amounts are not presented since there are no shares existing that have dilutive effects.
Note 2. The basis for calculation of basic net income per share is as follows:

	2015 Year ended June 30, 2015	2016 Year ended June 30, 2016
Basic net income per share		
Profit (loss) attributable to owners of parent (Millions of yen)	1,878	3,358
Net income not attributable to common shareholders (Millions of yen)	—	-
Net income attributable to common shareholders (Millions of yen)	1,878	3,358
Average number of common stock during the year (Thousands of shares)	17,092	16,647

(Subsequent Events)

Not applicable.