

Consolidated Financial Results for the Interim Period Ended December 31, 2006

February 14, 2007

Listed Company: Zero Co., Ltd.

Tokyo Stock Exchange (Second Section)

Code No: 9028

Location of the head office: Kanagawa

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

Representative: Yoshi Iwashita, President

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Date of Board of Directors Meeting for the Settlement of Accounts: February 14, 2007

Parent company: Tan Chong International Ltd.

The percentage of stock held by the parent company: 20.8%

Application of U.S. Accounting Standards: Not applied

1. Consolidated Financial Results for the Interim Period Ended December 31, 2006

(From July 1, 2006 to December 31, 2006)

(1) Results of consolidated operations (Figures less than one million yen are rounded.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2006 1st half	25,728	3.1	-250	—	-193	—
FY2005 1st half	24,963	1.6	406	-23.7	461	-23.3
(Ref.) FY2005	51,205		883		1,034	

	Net income		Net income per share -basic	Net income per share -diluted
	Millions of yen	%	yen	yen
FY2006 1st half	-155	—	-8.89	—
FY2005 1st half	221	-8.1	39.10	37.63
(Ref.) FY2005	426		24.76	23.97

(Note) (i) Equity in earnings of equity-method affiliates:

FY2006 1st half: None

FY2005 1st half: None

FY2005: None

(ii) Average number of outstanding shares during the period (consolidated):

FY2006 1st half: 17,514,807 shares

FY2005 1st half: 5,664,170 shares

FY2005: 17,240,247 shares

(iii) Effective the base date of May 31, 2006, share split has been implemented at a rate of three to one.

(iv) Changes in accounting policy: Yes

(v) Percentages for net sales, operating income, ordinary income, and net income are rates of increase or decrease compared with the same period of previous year.

(2) Consolidated financial position (Figures less than one million yen are rounded.)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2006 1st half	28,150	10,896	38.6	625.86
FY2005 1st half	27,341	11,031	40.3	1,905.91
(Ref.) FY2005	28,807	11,212	38.8	637.56

(Note) Number of outstanding shares at period-end (consolidated):

(i) FY2006 1st half: 17,359,511 shares

FY2005 1st half: 5,787,822 shares

FY2005: 17,517,711 shares

(ii) Effective the base date of May 31, 2006, share split has been implemented at a rate of three to one.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2006 1st half	—635	—784	489	3,811
FY2005 1st half	—61	—522	435	4,398
(Ref.) FY2005	856	—701	39	4,741

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries 6 companies

Number of unconsolidated subsidiaries accounted for by the equity method 0 companies

Number of affiliates accounted for by the equity method 0 companies

(5) Changes in scope of consolidation and equity method

Number of newly consolidated subsidiaries 0 companies

Number of consolidated subsidiaries excluded from consolidation 0 companies

Number of affiliates newly accounted for by the equity method 0 companies

Number of affiliates ceased to be accounted by the equity method 0 companies

2. Consolidated forecast for FY06 (July 1, 2006 through June 30, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
FY06	55,700	560	920

(Ref.) Forecast of net income per share (full year) 53.00 yen

*The above forecast is based on information available as of the date of release, and actual results may vary depending on various factors.