

## ZERO Announces Revision to Earnings Forecasts and the Year-end Dividend for the Fiscal Year Ending June 30, 2009

July 30, 2009

Company name: ZERO CO., LTD.

Code No: 9028

Tokyo Stock Exchange (Second Section)

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

Representative: CEO & President

Yoshi Iwashita

Contact for Inquiries:

Takeo Kitamura

Director, General Manager, Corporate Planning Department

Telephone: (044)520-0106

ZERO CO., LTD. (the “Company”) hereby announces that it was resolved at the Board of Directors’ Meeting held today to revise its year-end earnings forecast for the fiscal year ending June 30, 2009, which was announced in the financial results for the second quarter of fiscal year ending June 30, 2009 on February 12, 2009 and to pass the year-end dividend as below.

### 1. Revision to Year-end Earnings Forecasts for the Fiscal Year Ending June 30, 2009

(From July 1, 2008 to June 30, 2009)

#### 1) Contents of Revision

##### a. Consolidated

	Sales	Operating income	Ordinary income	Net income	Net earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	53,900	-480	-380	-410	-23.79
Revised forecast (B)	51,500	-540	-460	-720	-41.87
Increase/decrease (B – A)	-2,400	-60	-80	-310	-
Increase/decrease rate (%)	-4.5	-	-	-	-
(Ref.) FY2007 actual	55,910	1,416	1,527	787	45.67

##### a. Unconsolidated

	Sales	Operating income	Ordinary income	Net income	Net earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	44,300	-990	-740	-500	-29.01
Revised forecast (B)	42,900	-890	-660	-600	-34.89
Increase/decrease (B – A)	-1,400	100	80	-100	-
Increase/decrease rate (%)	-3.2	-	-	-	-
(Ref.) FY2007 actual	50,306	1,048	1,379	842	48.90

## (2) Reasons for the Revision

### a. Consolidated Performance

Against the background of the continuing global economic downturn, consumption has been dropped sharply. Since auto makers, who are our main customers, have reduced their production volume and adjusted their stock volume to a large extent, the volume of transportation of new cars resulted below what we expected. In addition, with the appreciation of the yen and the tariff hikes of Russia, exportation of used cars which had been leading the market plummeted since the beginning of this year, the volume of domestic transportation of used cars and used car auction business have been influenced negatively, worse than expected.

As for the driver dispatching business of Fullcast Drive Co., Ltd., one of the ZERO Group companies, the number of drivers dispatched has plummeted worse than expected, due to significant restructuring in those companies to be dispatched.

As a result, sales are expected to mark the drop by 2,400 million yen below the forecast.

### (Operating income/Ordinary income)

Since the Group's sales marked below its forecast, operating income and ordinary income decreased.

Despite the earnings structure has been making progress by improving profitability in vehicle transportation and accelerating reduction of fixed costs such as labor and overhead costs, it is expected to mark the drops by 60 million yen below the forecast of operating income and 80 million yen below the forecast of ordinary income respectively.

### (Net income)

Due to implementation of closure and scale down of some unprofitable businesses based on the worsening business climate, disposal loss of fixed assets and lease assets were accounted as extraordinary loss. Accordingly, net income is expected to mark the drop by 310 million yen below the forecast.

### b. Unconsolidated Performance

Reason for the revision to unconsolidated earnings forecasts for the fiscal year ending June 30, 2009 conforms to those for the revision to consolidated earnings forecasts.

## 2. Year-end Dividend

Date of record	Dividend per share		
	Second quarter-end	Year-end	Annual total
Previous forecast	-	TBD	TBD
Current revision	-	0 yen	0 yen
FY2008 actual	0 yen		
FY2007 actual	4 yen	5.10 yen	9.10 yen

### (1) Contents of the Resolution

The Company resolved at the Board of Directors' Meeting today to pass an year-end dividend of the base date as of June 30, 2009.

(2) Reasons for the Resolution

In order to prioritize returning the profit to shareholders, the Company's dividend policy is to consider both consolidated net profit per share and dividend payout ratio.

Due to unpredictably uncertainty of the industry, the year-end dividend forecast was announced as yet to be determined in the financial results for the second quarter of fiscal year ending June 30, 2009, disclosed on February 12, 2009.

As previously mentioned, it is expected to post a net loss in the consolidated financial results of fiscal year ending June 30, 2009 for the first time since being listed on the Tokyo Stock Exchange. Considering the stagnation of the businesses is expected to still continue, the Company judged that it should be prioritized to secure retained earnings for the future business evolution from the managerial strategic point of view. Accordingly, the Company decided to pass a dividend regrettably.

We, ZERO Group, are committed to concentrate on improving our business performance as our top priority task in order to come up to our shareholders' expectations. Your understanding is highly appreciated.

End of document