

## Zero Appoints Temporary Auditor

July 27, 2006

Company name: ZERO Co.,Ltd.

Code No: 9028

Tokyo Stock Exchange (Second Section)

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

Representative: CEO & President

Yoshi Iwashita

Contact for Inquiries:

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Department

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The appointment of a temporary independent auditor has been resolved at the Board of Auditors committee held today pursuant to Article 346-4 and 346-7 of the Company Law.

### 1. Reasons for the appointment

ChuoAoyama PricewaterhouseCoopers, our contracted auditing firm, was issued a business-suspension order for two months( from July 1, 2006 to August 31, 2006) by the Financial Service Agency on May 10, 2006. Therefore, it retired from the position of the Company's Auditor because it lost its qualification.

However, only for the Company's fiscal year ends at the end of June, the business-suspension period of ChuoAoyama PricewaterhouseCoopers to the Company is allowed to be shortened to one month( from July 1, 2006 to July 31, 2006) as special measure.

The appointment of a temporary independent auditor has been discussed and considered thoroughly. The followings are the factors taken into consideration.

- The schedule prior to the shareholders' meeting is tight.
- Even if a new temporary auditor is appointed, it would take a considerable amount of time for the new auditor to take over ChuoAoyama's tasks. And it is likely that ChuoAoyama's business-suspension period would be finished before the new temporary auditor practically starts its operation.

Those factors had been taken into consideration and it was judged that appointing ChuoAoyama independently, which has deep knowledge of the Company's business, shall be more rational from the point of view of prompt auditing.

Moreover, ChuoAoyama has accepted aforementioned administrative penalty with sincerity and restructured corporations in order to prevent similar incidents and the performance of their auditing against the Company has always been fair and rigorous. For these reasons, it was determined at the Board of Auditors committee held on July 27, 2006 that ChuoAoyama PricewaterhouseCoopers to be appointed as the Company's Temporary Auditor as of August 1, 2006.

Even though it means that we do not have a contracted auditor for one month(from July 1, 2006 to July 31, 2006), it is judged that appointing ChuoAoyama should not cause any significant adverse effect on auditing the final accounts for the fiscal year ended June 30, 2006.

## **2. Name and address of the Temporary Auditor**

Name: ChuoAoyama PricewaterhouseCoopers

Office: Kasumigaseki Bldg., 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo

## **3. Effective from**

August 1, 2006

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