

ZERO Announces Revision to Earnings and Dividend Forecasts for Fiscal Year Ending June 30, 2008

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Company name: ZERO CO., LTD.

Code No: 9028

Tokyo Stock Exchange (Second Section)

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

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ZERO CO., LTD. (the "Company") hereby revises its earnings and dividend forecasts for the fiscal year ending June 30, 2008 (July 1, 2007 to June 30, 2008), which were in the financial statements announced on August 10, 2007, in consideration of recent business climate and future prospects.

1. Revision to Earnings Forecasts for the Year Ending June 30, 2008

(From July 1, 2007 to June 30, 2008)

1) Revision to Consolidated Earnings Forecasts

	Sales	Operating profit	Ordinary profit	Net profit	Net earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast announced on August 10, 2007 (A)	56,500	1,650	1,720	960	55.70
Revised earnings forecast (B)	56,500	1,300	1,370	750	43.51
Increase/decrease (B – A)	-	-350	-350	-210	-12.19
Increase/decrease rate	-	-21.2%	-20.3%	-21.9%	-21.9%
FY2006(Full year)	54,177	952	1,107	660	37.94

2) Revision to Unconsolidated Earnings Forecasts

	Sales	Operating profit	Ordinary profit	Net profit	Net earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast announced on August 10, 2007 (A)	50,500	1,200	1,500	900	52.22
Revised earnings forecast (B)	50,500	950	1,250	750	43.51
Increase/decrease (B – A)	-	-250	-250	-150	-8.71
Increase/decrease rate	-	-20.8%	-16.7%	-16.7%	-16.7%
FY2006(Full year)	48,792	513	919	750	43.14

2. Reasons for the Revision

(1) Consolidated Performance

Sales are expected to increase at the growth of previous forecast, however, profits are expected to fall below previous expectations due to the following factors and have been revised accordingly.

Vehicle Transportation-Related Business

Sales have been increasing steadily, whereas soaring fuel price has largely exceeded the estimates. Although the Company has devoted itself to reduce costs and improve transportation efficiency, the fuel cost has increased drastically since the early third quarter of FY07 and this trend is expected to remain the same in the fourth quarter of FY07. Forecasts for profits have been revised accordingly.

The Company is committed to make every effort for further improvement of transportation efficiency, as well as considering negotiations for the revision to the transportation charge with reflecting soaring fuel cost.

Car Selection Business

Volumes for used car auctions which are managed by the Company were to expand. However, competitions with other auto auctions became intensified and volumes for auto auction fell in the stagnation of used car market. Thus, the initial expected profits have been revised.

The Company will concentrate on acquiring auto auction volumes by expanding sales activities to new car dealers.

General Cargo Business

The number of contracts with cargo owners in 3PL business has been increasing steadily under the new sales structure. Tatebayashi Distribution Center was launched in Gunma prefecture in March, 2008 and has started its operation since. In addition, the Company has started to prepare for setting up Misato Distribution Center in Saitama prefecture which will start its operation from this June. Profits have been revised because costs for setting up those distribution centers were preceded since March 2008.

The Company takes setting up those distribution centers as a strategic move for expanding its business next fiscal year.

(2) Unconsolidated Performance

Reason for the revision to unconsolidated earnings forecasts for the year ending June 30, 2008 conforms to those for the revision to consolidated earnings forecasts.

3. Revision to Dividend Forecast for the Year Ending June 30, 2008

(From July 1, 2007 to June 30, 2008)

(1) Reason for the Revision to Dividend Forecast

The Company's profit distribution policy is calculated based upon the following scope of profit available for dividend for profit returns to the shareholders and openness and fairness of profit appropriation.

Consolidated earnings per share(EPS)- diluted	Up to 40 yen	More than 40 yen and up to 80 yen	More than 80 yen
Annual dividend	8 yen	EPS x 20 %	EPS x 25 %

For special profit/loss generated from other than ordinary operating activities, dividend may be exempted for the calculation policy set forth above.

Regrettably, the Company announces the revision to the year-end dividend forecast for the year ending June 30, 2008 by reflecting the revision to earnings forecasts based upon the performance linked dividend policy.

This is scheduled to be resolved at the ordinary general meeting of shareholders which will be held in late September of 2008.

(2) Contents of Revision

	Dividend per share		
	Interim	Year-end	Annual
Previous forecast announced on August 10, 2007	4.00 yen	7.00 yen	11.00 yen
Revised dividend forecast (A)	4.00 yen	5.00 yen	9.00 yen
FY2006 actual (B)	4.00 yen	4.00 yen	8.00 yen
Increase vs. FY2006 (A-B)	-	1.00 yen	1.00 yen
FY2007 actual	4.00 yen		

Note: Earnings and dividend forecasts stated above were prepared based upon data available at this time and therefore actual results may be different from the forecasts due to various factors.

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