

## Zero Announces Revision to Earnings Forecasts of Fiscal Year Ending June 30, 2007

August 2, 2007

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 has revised its earnings forecasts of FY2006( July 1, 2006 to June 30, 2007) which were announced on February 14, 2007.

### 1. Revision to earnings forecasts of FY2006(July 1, 2006 to June 30, 2007)

#### (1) Unconsolidated

( million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast(A)	50,200	△70	240	820	47.24 yen
Revised Forecast(B)	48,790	510	920	750	43.09 yen
Difference(B-A)	△1,410	580	680	△70	△4.15 yen
Difference(%)	△2.8	—	283.3	△8.5	△8.8 %
Results of FY2006	48,993	373	522	138	8.02 yen

\* (A) Previous Forecast announced on February 14, 2007

(B) Revised Forecast announced on August 2, 2007

#### (2) Consolidated

( million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast(A)	55,700	450	560	920	53.00 yen
Revised Forecast(B)	54,180	950	1,110	660	37.92 yen
Difference(B-A)	△1,520	500	550	△260	△15.08 yen
Difference(%)	△2.7	111.1	98.2	△28.3	△28.5 %
Results of FY2006	51,205	883	1,034	426	24.76 yen

## 2. Reasons for the revision to earnings forecasts of FY2006(July 1, 2006 to June 30, 2007)

### (1) Upward revision of ordinary profit

#### 【Unconsolidated】

With the outcome of activity for fundamental review of the transportation route, which we have been working on as our primary task, achieved more than planned, and reflected the part of the costs raised by the influence of skyrocketing fuel cost and the cost for the emission regulation to the transportation cost, rate of return or operating margin on vehicle transportation has improved. Although net sales resulted slightly below the plan, which was resulted from the decreased transportation volume driven by Nissan Motor Co., Ltd.'s sluggish domestic sale and withdrawal from unprofitable used car transportation routes, these negative factors were covered by the improvement of revenue. In addition, with the contribution of the internal control of labor cost and overhead cost, ordinary profit is expected to exceed the previous forecast.

#### 【Consolidated】

Revenue of subsidiaries fell below the plan. This was due to the delay in the business expansion of Kandako Kairiku Unso Co., Ltd. and the decreased volume of General Cargo transportation of Kyuso Company, Ltd.. However, consolidated ordinary profit is expected to exceed the previous forecast being covered by the improvement of unconsolidated( ZERO operation) achievements.

### (2) Downward revision to net profit

#### 【Unconsolidated】

Despite the gain on sale of the former building of head office, which was included in the previous forecast, and increase in profit on main business and gain on sale of shares were accounted, net profit is expected to fall below the previous forecast by booking valuation loss of 800 million yen on investment securities as extraordinary loss.

#### 【Consolidated】

With valuation loss on investment securities booked in unconsolidated figures, and with reversal of the portion of deferred tax asset in subsidiaries, net profit is expected to fall below the previous forecast.

### (3) Valuation loss on investment securities

We book valuation loss on investment securities by impairment in fiscal year 2006 (July 1, 2006 to June 30, 2007) as follows.

①Total valuation loss on investment securities at the end of FY2006	million yen
(A) Total valuation loss on investment securities at the end of FY2006	800
(B)Unconsolidated net asset of FY2005 (A / B x 100)	10,020 (8.0%)
(C)Unconsolidated ordinary profit of FY2005 (A / C x 100)	522 (153.3%)
(D)Unconsolidated net profit of FY2005 (A / D x100)	138 (579.7%)

②Reason for valuation loss on investment securities

Valuation loss of 800 million yen on investment securities was resulted from one particular unlisted share. After excess earning power expected at the timing of investing decreased and real value of share decreased, we judged that the recovery for the loss was not recognized and it was tested for impairment.

**3. Dividend forecast**

As we announced in the interim results of FY2006 on February 14, 2007, dividend for the end of FY2006 is predicted to be 4 yen. As a result, annual dividend for this fiscal year is to be 8 yen per share, and dividend increase of 0.66 yen from last fiscal year.

	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full year
FY2005	10.00 yen*	4.00 yen	14.00 yen
FY2005(reflecting share split)	3.34 yen	4.00 yen	7.34 yen
FY2006	4.00 yen(actual)	4.00 yen(forecast)	8.00 yen(forecast)

\*The Company has split its shares at the rate of three to one with the base date of May 31, 2006.

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