Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 [Based on IFRS]

August 8, 2019

Company name: ZERO CO., LTD. Stock Exchange Listing: Tokyo
Stock code: 9028 URL http://www.zero-group.co.jp/
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Scheduled Date of Ordinary General meeting of Shareholders: September 26, 2019 Scheduled date to commence dividend payments: September 27, 2019
Scheduled Date for the Submission of Annual Securities Report: September 27, 2019
Preparation of supplementary material on financial results: No
Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended June 30, 2019 (From July 1, 2018 to June 30, 2019)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Net Income		Profit attributable to equity shareholders of the company		Total comprehensive income of the fiscal year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	90,228	10.9	3,305	Δ19.7	3,294	Δ19.5	1,663	Δ21.3	1,658	Δ22.1	1,264	Δ43.9
FY2017	81,376	2.8	4,116	Δ26.9	4,094	Δ26.5	2,112	Δ38.8	2,129	Δ38.4	2,254	Δ42.1

	Basic earnings of this year per share	Diluted earnings of this year per share	Profit ratio attributable to equity shareholders of the company	Total capital profit ratio before tax	Sales revenue operating profit ratio
	Yen	Yen	%	%	%
FY2018	99.74	99.58	7.3	8.5	3.7
FY2017	128.33	128.18	10.0	10.7	5.1

(Reference) Investment gain / loss through equity method; FY2018: 32 million yen, FY2017: 7 million yen

(2) Consolidated financial position

	Total assets	Total capital	Equity attributable to equity shareholders of the company	Equity ratio attributable to equity shareholders of the company	Equity per share attributable to equity shareholders of the company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2018	39,554	23,072	23,056	58.3	1,386.68
FY2017	38,290	22,119	22,108	57.7	1,332.15

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2018	1,033	△2,402	△438	3,465
FY2017	3,015	△2,890	△2,953	5,273

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Dividend payout ratio (consolidated)	Equity dividend ratio attributable to equity shareholders of the company (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2017	---	15.00	---	17.10	32.10	541	25.0	2.5
FY2018	---	4.00	---	20.90	24.90	419	25.0	1.8
FY2019 (forecast)	---	15.00	---	19.60	34.60		---	

3. Forecast of consolidated financial results for the year ending June 30, 2020 (From July 1, 2019 to June 30, 2020)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Profit attributable to equity shareholders of the company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	95,000	5.3	4,000	21.0	3,980	20.8	2,300	38.7	138.33

※(Note)
(1) Changes in significant subsidiary companies during the current fiscal year (Changes in the specific subsidiary companies following changes in the scope of consolidation): No
New — Co. (Company name), Exclusions — Co. (Company name)

(2) Changes in accounting policies, changes in accounting estimates
① Changes in the accounting policies required by IFRS : Yes
② Changes in the accounting policies due to reasons other than ① : No
③ Changes in the accounting estimates : No

(3) Number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury shares)	FY2018	17,560,242 shares	FY2017	17,560,242 shares
② Number of treasury shares at the end of the period	FY2018	1,030,369 shares	FY2017	1,030,367 shares
③ Average number of shares during the period (total up to this year)	FY2018	16,626,874 shares	FY2017	16,595,875 shares

(Reference) Summary of non-consolidated financial results
Non-consolidated financial results for the fiscal year ended June 30, 2019 (From July 1, 2018 to June 30, 2019)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	56,266	5.1	3,132	Δ28.2	1,809	Δ63.5	957	Δ71.2
FY2017	53,533	1.3	4,363	10.3	4,954	9.1	3,326	7.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2018	57.92	-
FY2017	201.26	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2018	34,595	21,339	61.7	1,290.95
FY2017	34,504	20,890	60.5	1,263.81

(Reference) Company's Equity FY2018: 21,339 million yen FY2017: 20,890 million yen

※Earnings summary is not within the scope of audit by a certified public accountant or auditor

※Explanation of the proper use of financial results forecast and other notes
1. The earnings forecast, and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors such as economic status of the major domestic and international markets or exchange rates fluctuation.
2. At our company, business management is conducted on a consolidated basis; therefore, individual business results forecasts are not created.
3. Our company is scheduled to hold an explanatory meeting for analysts on August 26, 2019. The accounts explanatory documents to be distributed during the explanatory meeting will promptly be posted on our company's website after the meeting.

○ Attached Documents – Table of Contents

1. Summary of operating results, etc.
   (1) Summary of operating results of the current fiscal year

Japan's economy during this accounting period of consolidation continued to recover gradually; personal consumption is also being improved with steady employment and income environment, but things remains unclear due to the uncertainty of the foreign economic situation, beginning with the trade problem in the US and China.

In the automobile industry, the total number of new vehicles sold was increased at 102.1% (statistical data of the Japan Automobile Manufacturers Association) as compared to the previous consolidated accounting period (hereinafter referred to as the same period from the previous year) due to the sales of new models of light vehicles favorably increased and resolution of the finished vehicle inspection issue. The number of used registered vehicles has also increased compared to the same period from the previous year as was the case in the number of new vehicles sold.

While promoting strategic and flexible sales activity and business operations in response to changes in the market environment in each of the business segments, our group is working to develop new businesses focusing on next generation mobility, increasing foreign visitors to Japan, and the growth of the foreign economy to prepare for the shrinkage of the domestic automobile market. Also, we are continuing our efforts to strengthen group synergy, transport reforms, efforts to strengthen compliance, and reform the work style; however, the business environment is severe due to the insufficient number of drivers caused by shortages of labor supply and demand in the logistics industry as well as the increase in wages and recruitment cost, high fuel prices, and the increased cost relative to compliance response such as compliance vehicle restrictions and restrictions on roads.

As a result, the business results of our group for this fiscal year are as follows: sales revenue of 90,228 million yen (110.9% compared to the same period from the previous year) and operating profit of 3,305 million yen (80.3% compared to the same period from the previous year). Also, the profit before taxes was 3,294 million yen (80.5% compared to the same period from the previous year), and the profit of this fiscal year attributable to the equity shareholders of the company was 1,658 million yen (77.9% compared to the same period from the previous year).

[Number of units related to domestic distribution of automobiles] Units: vehicles

Domestic Sale		July of 2017 to June of 2018	July of 2018 to June of 2019	Compared to the previous year
New vehicles				
Domestic manufacturer	*1	4,877,208	4,986,398	102.2%
(out of this, Nissan Motor)	*1	(583,046)	(592,778)	(101.7%)
Foreign manufacturer	*2	306,894	306,612	99.9%
New vehicle total		5,184,102	5,293,010	102.1%
Used vehicles				
Registered vehicles	*3	3,821,606	3,831,487	100.3%
Light vehicles	*4	3,073,852	3,123,533	101.6%
Total used vehicles		6,895,458	6,955,020	100.9%
Vehicles permanently deleted	*3	220,759	227,682	103.1%

Export		July of 2017 to June of 2018	July of 2018 to June of 2019	Compared to the previous year
New vehicles of domestic manufacturers	*1	4,858,533	4,841,404	99.6%
Used passenger vehicles	*5	1,367,195	1,462,583	107.0%

*1 Calculated from Japan Automobile Industry Association statistics *2 Calculated from Japan Automobile Importers' Association statistics *3 Calculated from Japan Automobile Dealers Association statistics *4 Calculated from Japan Mini Vehicles Association statistics *5 Trial calculated from the number of export deleted registered vehicles in the Japan Automobile Dealers Association statistics

[Retail price of fuel] Units: yen / L

National average		July of 2017 to June of 2018	July of 2018 to June of 2019	Compared to the previous year
Diesel fuel	*6	118.7	129.9	109.4%
Regular gasoline	*6	140.2	150.0	107.0%

*6 Calculated from the statistics by the Agency of Natural Resources and Energy (the fuel used for transport by our company is mainly diesel fuel)

The segment business results are as follows.

<<Automobile related businesses>>

For vehicle transportation, which is the core business, in aiming to expand transactions related to the shipment of new and used vehicles in Japan, advancing sales activities in response to the oligopolization of used car sales by new car dealers and major used car dealerships resulted in an increase for the business sector. Furthermore, export of used vehicles increased significantly due to reconstruction of the system aiming to review the sales strategy which as a result increased the overall revenue in the automobile related industry.

With the completion of establishing regional block companies in the vehicle transportation, restructuring of the transportation system has been accelerated including cooperating companies, aiming to achieve optimal operation of the distribution network throughout Japan and are striving for thorough cost management. Meanwhile, the costs were prepaid until the second quarter under circumstances involving increased labor costs / employment costs caused by an insufficient number of drivers, increased fuel prices, expanded vehicle costs to handle deterioration and increase the number of trucks, in addition to the decreased load ratio due to compliance with vehicle restriction laws, the promotion of work style reforms to reduce total working hours and increased cost accompanying the relocation of bases to construct an effective distribution system, the price increase of vehicle transportation charge was executed from January and was able to fill in the declining profit until the second quarter, then automobile-related businesses as a whole saw an increase in profit.

As a result, the overall sales revenue in automobile-related industries was 65,766 million yen (110.5% compared to the same period from the previous year), and the segment profit was 4,894 million yen (105.1% compared to the same period from the previous year).

<<Human resource business>>

With the labor demand being tightened accompanying the economic recovery, the difficulty in employment in large cities and the increase in personnel expenses have become serious matters; therefore, the Group has promoted a regional shift from the major cities and reinforcement of the sales system, and has reviewed its product portfolio strategically and continuously. In addition to the fact that existing services such as pick up service and driver dispatch transitioning steadily, participation in the newly entered airport business has increased revenues but profit decreased due to the temporary increase of recruiting advertisement cost in the second quarter.

As a result, the overall sales revenue in human resources was 18,527 million yen (112.4% compared to the same period from the previous year), and the segment profit was 313 million yen (59.2% compared to the same period from the previous year).

<<General cargo business>>

The revenue of the transportation / warehouse business has increased with the incorporation of cargo that was shifted to land transportation due to the disaster in the West Japan region in addition to the expansion of transactions with existing customers and acquisition of new customers through 3PL. The revenue of port cargo handling business decreased due to a decrease in automobile cargo handling and coal cargo handling, but the revenue for the general cargo business has increased overall with the launch of CKD business which contributed to the increase of sales. In addition to the decreased revenue in the cargo handling business, the initial cost incurred in the newly entered CKD business and the loss related to the business launch have caused significantly decreased revenue in the general cargo business. As a result, the overall sales revenue in the general cargo business was 5,935 million yen (110.5% compared to the same period from the previous year), and the segment profit was 150 million yen (17.1% compared to the same period from the previous year).

Also, company expenses not included in the profit and loss categorized by the segments above (expenses related to our company's management divisions) were calculated in the item "adjustment amount" as indicated in "Segment Information" in "3. Summary of the consolidated financial statements and major notes, (6) Notes regarding the consolidated financial statements" and were 2,053 million yen.

(2) Summary of the financial status of the current fiscal year

Status of assets, liabilities, and equity

(Assets)

Current assets increased 429 million yen (2.4%) compared to the end of the previous accounting period of consolidation and were 18,177 million yen.

This was mainly because, while cash and cash equivalents decreased by 1,807 million yen, the operating receivables and other receivables increased by 2,121 million yen, on the other hand.

Non-current assets increased by 834 million yen (4.1%) compared to the end of the previous consolidated fiscal year to 21,377 million yen.

This was mainly due to a decrease of 314 million yen in other financial assets, while tangible fixed assets increased 1,104 million yen.

As a result, total assets increased by 1,264 million yen (3.3%) compared to the end of the previous consolidated fiscal year to 39,554 million yen.

(Liabilities)

Current liabilities increased 873 million yen (7.5%) compared to the end of the previous consolidated fiscal year to 12,561 million yen.

This was mainly due to unpaid corporate income tax decreasing by 394 million yen, while borrowings increasing by 700 million yen and the trade payables and other payables increasing by 540 million yen.

Non-current liabilities decreased by 562 million yen (12.5%) compared to the end of the previous consolidated fiscal year to 3,920 million yen.

This was mainly due to a decrease of 329 million yen in other financial liabilities as well as a decrease of 113 million yen in liabilities related to retirement benefits.

As a result, total liabilities increased by 310 million yen (1.9%) compared to the end of the previous consolidated fiscal year to 16,481 million yen.

(Equity)

The equity increased by 953 million yen (4.3%) compared to the end of the previous consolidated fiscal year to 23,072 million yen.

This is mainly because retained earnings increased by 1,071 million yen due to the recording of the profits from this fiscal year.

(3) Summary of the cash flow of the current fiscal year

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated accounting year decreased by 1,807 million yen compared to the end of the previous consolidated accounting year to 3,465 million yen.

Each cash flow status category during the consolidated accounting period and their causes are as follows.

(Cash flow through operating activities)

Funds obtained as a result of operating activities were 1,033 million yen (there was an income of 3,015 million yen during the previous consolidated accounting year).

The main factors of the increase in funds were 1,708 million yen for depreciation of non-cash expenses and amortization expenses; the profit from this fiscal year was 1,663 million yen, the main factor for the decrease in funds was for increase in trade receivables of 2,205 million and 1,932 million yen for payment of corporate income.

(Cashflow through investment activities)

Net cash used in investment activities was 2,402 million yen (expenditures of 2,890 million yen during the previous consolidated accounting year).

The main itemization breakdown for expenditures was 2,195 million yen for acquisition of tangible fixed assets.

(Cashflow through financial activities)

Funds used as a result of financing activities were 438 million yen (2,953 million yen used in the previous consolidated accounting year).

The main itemization breakdown for expenditures were payment of 563 million yen for finance lease and 348 million yen for dividends, and expenditures of 226 million yen due to repayment of long-term loans.

(4) Future forecast

In the following consolidated accounting year, it is forecasted that the economy in Japan will continue to gradually recover due to increased consumption with the Tokyo Olympics coming up, although there are some concerns regarding the trend of the foreign economy such as trade problems.

However, in the automobile industry, the concern for market shrinkage caused by a decrease in the number of people with driver's licenses due to decreased population or not using vehicles, lengthening in the average usage period of vehicles due to improvements in their durability, decrease in the number of vehicles being possessed due to the popularization of sharing services, cannot be eliminated.

Moreover, in the logistics industry, it is assumed that the strict operating environment will continue due to driver insufficiency becoming serious with the demand of tightened labor conditions, promotion of labor reform aiming to inhibit long-term labor, concern about mid to long term increases in fuel prices, compliance with the cabinet order on vehicle restrictions and limitations in argo handling on the road.

Under these circumstances, our group will promote operating activities utilizing the local characteristics of locations around the Japan as well as optimization of the distribution system and will develop new businesses focusing on expanding foreign business, entering the automobile industry, and keeping the next-generation mobility society in view.

Also, establishment of regional block companies in the vehicle transportation business as a part of reconstructing the business foundation was completed; therefore, improvement of transportation efficiency and strengthening the system in order to increase profit was promoted after ascertaining the available transportation capacity within the group, and optimizing the infrastructures and resources within the group including those of cooperating companies to maximize the synergistic group effect.

In addition to implementing a revision of the transportation fee in January of 2019 under a strict distribution industry environment, a contract with Mitsubishi Motors Corporation to transport completed vehicles within Japan will be started in the middle of August. On the other hand, the initial costs of the CKD business expect to be incurred continuously. The business forecast for June of 2020 with the above included is as follows: sales profit at 95 billion yen, operating profit at 4,000 million yen, profit before taxes at 3,980 million yen, and profit from this term attributed to shareholders of the parent company is at 2,300 million yen.

*The abovementioned forecast was deemed logical by our company based on the information obtainable at this point, and may be different compared to the actual business results.

2. Basic view related to the selection of accounting standards

Our group has aimed to improve the efficiency and quality of operations through unification of the financial report standards based on the status of progress of foreign business development and the policy of Tan Chong International Limited, our parent company, and also have voluntarily applied the International Accounting Standards (IFRS) from the consolidated financial statements in the asset securities report in June of 2016 (The 70^{th} term) for the purpose of improving the international comparability of financial information in the capital market.

3. Summary of the consolidated financial statements and major notes

(1) Consolidated statement of financial position

(Units: million yen)

	End of the previous consolidated accounting year (June 30, 2018)	End of the consolidated accounting year (June 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	5,273	3,465
Trade and other receivables	11,160	13,281
Inventories	512	922
Other financial assets	131	4
Other current assets	670	503
Total current assets	17,748	18,177
Non-current assets		
Tangible fixed assets	10,827	11,931
Goodwill and intangible assets	2,865	2,803
Investment properties	3,511	3,393
Investment accounting processed with equity method	964	986
Other financial assets	1,943	1,629
Other non-current assets	122	291
Deferred tax assets	307	341
Total non-current assets	20,542	21,377
Total assets	38,290	39,554

(Units: million yen)

	End of the previous consolidated accounting year (June 30, 2018)	End of the consolidated accounting year (June 30, 2019)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	6,436	6,976
Loans	702	1,283
Other financial liabilities	723	720
Income taxes payable, etc.	1,296	901
Other current liabilities	2,530	2,679
Total current liabilities	11,687	12,561
Non-current liabilities		
Loans	262	154
Other financial liabilities	1,849	1,519
Retirement benefits liabilities	1,838	1,725
Other non-current liabilities	313	306
Deferred tax liabilities	219	214
Total non-current liabilities	4,483	3,920
Total liabilities	16,170	16,481
Equity		
Capital	3,390	3,390
Capital surplus	3,305	3,362
Treasury stock	△687	△687
Other component of funds	416	236
Retained earnings	15,682	16,754
Total equity attributable to the equity shareholders of the company	22,108	23,056
Non-controlling interest	11	16
Total Equity	22,119	23,072
Total liabilities and equity	38,290	39,554

(2) Consolidated statement of profit or loss

(Units: million yen)	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current consolidated accounting year (from July 1, 2018 to June 30, 2019)
Sales revenue	81,376	90,228
Cost of sales	△68,994	△78,099
Gross Profit	12,381	12,129
Selling, general expenses	△8,590	△9,302
Other income	436	606
Other expenses	△111	△127
Operating profit	4,116	3,305
Financial profit	44	13
Financial expenses	△73	△57
Investment gain / loss through equity method	7	32
Profit before tax	4,094	3,294
Corporate income tax expenses	△1,981	△1,630
Profits of the year	2,112	1,663
Attribution of the profits of the year:		
Equity shareholders of the parent company	2,129	1,658
Non-controlling interest	△16	5
Profits of the year	2,112	1,663
Earnings per share		
Basic earnings per share (yen)	128.33	99.74
Diluted earnings per share (yen)	128.18	99.58

(3) Consolidated statement of profit or loss and other comprehensive income

(Units: million yen)

	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current consolidated accounting year (from July 1, 2018 to June 30, 2019)
Profits for the year	2,112	1,663
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	7	△219
Financial assets measured by fair value through other comprehensive income	--	△177
Total of the items not transferring over to profit or loss	7	△397
Items which may be transferred over to profit or loss		
Fluctuation of fair value of the assets which can be sold	100	--
Other comprehensive income equity of affiliated company accounted for by the equity method	33	△2
Total of the items which may be transferred over to profit or loss	133	△2
Other comprehensive income after tax deduction	141	△399
Comprehensive income for the year	2,254	1,264
Attribution of the comprehensive income for the year:		
Equity shareholders of the parent company	2,270	1,258
Non-controlling interest	△16	5
Comprehensive income for the year	2,254	1,264

(4) Consolidated statement of changes in equity

Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)

(Units: million yen)

	Equity attributable to equity shareholders of the company									Non-controlling interests	Total equity
				Other components of funds							
	Capital	Capital surplus	Treasury stock	Conversion difference of business activities overseas	Fluctuation of fair value of financial assets which can be sold	Remeasurement of defined benefit system	Total other components of funds	Retained earnings	Total equity attributing to the equity shareholders of the company		
Balance on July 1, 2017	3,390	3,271	△687	△81	364	--	283	14,403	20,661	11	20,672
Profits of the year							--	2,129	2,129	△16	2,112
Other comprehensive income				33	100	7	141		141		141
Comprehensive income of the year	--	--	--	33	100	7	141	2,129	2,270	△16	2,254
Dividends of the surplus							--	△857	△857		△857
Share-based payment transactions, etc.		35					--		35		35
Transactions with non-controlling interest, etc.		△1					--		△1	16	14
Transfer from other capital component to retained earnings						△7	△7	7	--		--
Total of transactions, etc., with the owners	--	34	--	--	--	△7	△7	△850	△823	16	△807
Balance on June 30, 2018	3,390	3,305	△687	△47	464	--	416	15,682	22,108	11	22,119

Current consolidated accounting year (from July 1, 2018 to June 30, 2019)

(Units: million yen)

	Equity attributable to equity shareholders of the company										Non-controlling interest	Total equity
				Other components of funds								
	Capital	Capital surplus	Treasury stock	Conversion difference of business activities overseas	Fluctuation of fair value of financial assets which can be sold	Financial assets measured by fair value through other comprehensive profits	Remeasurement of defined benefit system	Total other components of funds	Retained earnings	Total equity attributing to the equity shareholders of the company		
Balance on July 1, 2018	3,390	3,305	△687	△47	464	--	--	416	15,682	22,108	11	22,119
Cumulative effect amount due to change of accounting method					△464	464		--	△18	△18		△18
Carrying amount with the change in accounting method reflected	3,390	3,305	△687	△47	--	464	--	416	15,664	22,089	11	22,101
Profits of the year								--	1,658	1,658	5	1,663
Other comprehensive income				△2		△177	△219	△399	--	△399		△399
Comprehensive income of the year	--	--	--	△2	--	△177	△219	△399	1,658	1,258	5	1,264
Dividends of surplus								--	△348	△348		△348
Share-based payment transactions, etc.		56						--		56		56
Acquisition of treasury stock			△0					--		△0		△0
Transfer from other capital component to Retained earnings							219	219	△219	--		--
Total transactions, etc. with the owners	--	56	△0	--	--	--	219	219	△568	△292	--	△292
Balance on June, 30, 2019	3,390	3,362	△687	△50	--	286	--	236	16,754	23,056	16	23,072

(5) Consolidated statement of cash flow

(Units: million yen)

	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current consolidated accounting year (from July 1, 2018 to June 30, 2019)
Cash flow from operating activities		
Profits of the year	2,112	1,663
Depreciation and amortization costs	1,499	1,708
Interest income and dividend	△14	△13
Interest expense	65	45
Investment gain / loss through equity method	△7	△32
Corporate income tax expenses	1,981	1,630
Increase / decrease of trade receivables (△ is an increase)	△756	△1,992
Increase / decrease of inventories (△ is an increase)	20	△409
Increase / decrease of trade payables (△ is a decrease)	△362	240
Increase / decrease in retirement benefits liabilities (△ is a decrease)	△214	△440
Other	314	597
Subtotal	4,639	2,998
Interest and dividend received	14	13
Interest paid	△65	△45
Corporate income tax paid	△1,572	△1,932
Cash flow from operating activities	3,015	1,033
Cash flow from investment activities		
Expenditures due to the acquisition of tangible fixed assets and investment properties	△1,902	△2,195
Proceeds from sales of tangible fixed assets and investment properties	19	7
Payment for intangible assets	△257	△240
Payment for loans receivable	△21	△25
Proceed from loans receivable	46	20
Expense through transfer of business	△697	--
Other	△77	30
Cash flow from investment activities	△2,890	△2,402

	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current consolidated accounting year (from July 1, 2018 to June 30, 2019)
Cash flow from financing activities		
Net increase or decrease of short-term loans (△ is a decrease)	△725	700
Proceeds from long-term loans	225	--
Repayment of long-term loans	△984	△226
Repayment of finance lease debts	△625	△563
Dividend paid	△857	△348
Income from non-controlling interests	--	△0
Acquisition of treasury stock	14	--
Cash flow from financing activities	△2,953	△438
Increase / decrease in of cash and cash equivalents (△ is a decrease)	△2,828	△1,807
Cash and cash equivalents at the beginning of the year	8,101	5,273
Balance of cash and cash equivalents at the end of the year	5,273	3,465

(6) Notes on the consolidated financial statements

(Notes on going concern assumption)

There are no applicable matters.

(Changes in accounting policies)

The important company policies applicable to this consolidated financial statement summary will be the same company policies applicable to the consolidated financial statements of the previous consolidated accounting year excluding the below.

Our group has applied the following standards starting from this first quarter of the consolidated accounting period.

Standard and interpretation guide		Summary
IFRS No. 9	Financial products	Revisions regarding recognition and measurement of financial assets / financial debts, depletion of financial assets, accounting standards for generic hedge
IFRS No. 15	Profits generated from contracts with clients	Revisions of accounting process regarding profit recognition

(Application of IFRS No. 9 "financial products")

Our group has applied IFRS No. 9 "financial products" (hereinafter referred to as "IFRS No. 9") starting from the first quarter of this consolidated accounting period. At our group, in accordance with transitional measures, retrospective restatement for the previous consolidated accounting year is not conducted, but is based on IAS No.39 "Financial Products: Recognition and Measurement" (hereinafter referred to as "IAS 39"). Further, the group has adopted a method which recognizes the cumulative effects due to the application of this standard on the first application date.

At our group, the classification of financial assets has been changed based on the facts and status existing on the first application date due to the application of IFRS No. 9.

Our group has classified non-derivative financial assets as financial assets measured at amortized cost and financial income measured at fair value through profit / loss or other comprehensive income.

All financial assets are classified as financial assets measured by amortized cost if they satisfy the below requirements.

- Are held in a business model for the purpose of holding financial assets to recover contractual cash flows.
- Cash flows which are only payment of interest on principal and principal balances, generated on the designated day based on the contract requirements of the financial asset.

Financial assets aside from the financial assets measured by amortized cost (excluding operating receivables that do not have significant financial factors measured at the transaction price at initial recognition) are classified as financial assets measured by fair value. Equity instruments measured by fair value are under the irrevocable option in which the fluctuation after the fair value is displayed in other comprehensive income and are classified as equity instruments measured by fair value through other comprehensive income, excluding equity instruments held for the purpose of selling which must be measured by fair value through net profit / loss. Further, no liability financial instruments are held.

In accordance with this reclassification, equity instruments that were previously classified as available-for-sale financial assets are classified as financial assets to be measured at fair value through other comprehensive income.

Also, in IFRS No. 9, the depletion of financial assets will change from "generation of loss model" to "forecasted credit loss model" of IAS No. 39 "Financial products: recognition and measurement." Our group conducts an evaluation at the end of the consolidated accounting period on whether the credit risk regarding the financial assets has increased significantly from the time of initial recognition; if the credit risk has not increased significantly from the time of initial recognition, the amount equivalent to 12 months of forecast credit loss is recognized as the allowance for bad debts. On the other hand, if the credit risk has increased significantly from the time of initial recognition, the amount equivalent to the forecasted credit loss for the whole period is recognized as the allowance for bad debts. However, the allowance for bad debts for trade receivables not containing major financial factors is always recognized as the amount equivalent to the forecasted credit loss for the entire period regardless of the presence of significant increase in credit risk from the time of initial recognition. The forecasted credit loss is estimated through a method which reflects the changes in credit information, past due information of credit, etc.

Due to the application of this standard, compared to the case in which the prior accounting standard is applied, the trade and other receivables have decreased 21 million yen, deferred tax asset has increased 3 million yen, and the retained earnings has decreased 18 million yen at the beginning of the first quarter of this consolidated accounting period.

(Application of IFRS No. 15 "Profit generated from contracts with clients")

Our group has adopted a method of recognizing the cumulative effects of adopting the same standard on effective date of adoption, to which is applied IFRS No. 15 "Profits generated from contracts with clients" (published in May of 2014) and "Clarification of IFRS No. 15" (published in April of 2016) (hereinafter collectively referred to as "IFRS No. 15") starting from the first quarter of this consolidated accounting period. Accompanying the application of IFRS No. 15, profits are recognized based on the 5-step approach indicated below.

Step 1: Identify contracts with clients
Step 2: Identify the performance obligation of the contract
Step 3: Calculate the transaction amount
Step 4: Distribute the transaction price to the performance obligation in the contract
Step 5: Recognize the profits when a business satisfies the performance obligation

The profits provided from the main duties of our group are calculated from the transport of automobiles, temporary staffing, port cargo handling, and transport of general consumer goods.

Among such transactions, in principle items with which the customer acquires control at the time of delivery of the goods / stored items, etc. and satisfy the performance obligation are recognized as revenue when the goods / stored items, etc. are handed over. For the transactions by contract agreement which is provision of services and such over a certain period of time, as the performance obligation is satisfied over a certain period of time, revenue is recognized according to the degree of progress.

The major revenue from the sales of goods constitutes used car export sales. Revenue is recognized when the contractual delivery conditions are fulfilled.

Also, there are major effects on our group's status of business performance and financial status through the application of these standards; in the current consolidated accounting year, sales profit increased by 212 million yen, operating profit and profit before taxes each increased 97 million yen respectively, and the profit from this term increased by 67 million yen compared to when the conventional accounting standards were applied, due to changes in the handling of acknowledgement of profits, etc. which complies with fulfillment of the above-mentioned performance obligations, and the basic profit per share increased by 4.1 yen. Furthermore, contract assets increased by 212 million yen at the end of this consolidated accounting year, and other current assets decreased by 114 million yen compared to when conventional accounting standards were applied.

(Segment information)

(1) Summary of the report segment

As for the report segment of our group, financial information separate from the constituent units of our group can be obtained, and it is subject for regular consideration for the highest council of decision-making to determine the allocation of corporate resources and to evaluate the business.

Our group has collected the business segments based on the form of management organization and the characteristics of the services, to establish the report segments as "automobile-related business," "human resource business," and "general cargo business."

Main services affiliated with each report segment

Segment	Main services
Automobile-related business	Automobile transport, maintenance, used car auction, used car export, etc.
Human resource business	Dispatching drivers, managing the operation of home-use automobiles
General cargo business	General consumer goods transport / storage, handling cargo such as coal, slag, etc., warehouse rent, etc.

(2) Sales profit, profit / loss, assets by report segment and the amount in other categories

The sales profit, profit / loss, assets by report segment and the amount in other categories at our group are as follows. Also, the sales profit between segments is based on the actual market prices.

Previous accounting year (from July 1, 2017 to June 30, 2018)

(Units: million yen)

	Automobile related businesses	Human resource businesses	General cargo businesses	Total	Adjustment amount (note) 1	Total amount on the consolidated financial statements
Sales revenue from external customers	59,515	16,489	5,371	81,376	--	81,376
Sales revenue between segments	66	1,199	412	1,678	△1,678	--
Total	59,582	17,689	5,783	83,055	△1,678	81,376
Segment profit (operating profit)	4,658	529	882	6,070	△1,954	4,116
Segment assets	21,294	6,304	6,874	34,472	3,817	38,290
Other items						
Increased amount in non-current assets (note) 2	3,280	155	73	3,508	210	3,719
Depreciation costs and depreciation	1,108	85	204	1,397	101	1,499

(Note) 1: The adjustment amount is as follows.

(1) The △1,954 million yen adjustment amount in the segment profits includes the total company cost △1,954 million yen and 0 million yen of transaction elimination between segments. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.

(2) The 3,817 million yen adjustment amount in the segment assets includes the total company cost 9,193 million yen not allocated to each report segment as well as △5,376 million yen of transaction elimination between segments.

(3) The adjustment amounts in other items are related to the total company cost that is not allocated to each report segment.

(Note) 2: Non-current assets do not include financial assets, deferred tax assets, etc.

Current accounting year (from July 1, 2018 to June 30, 2019)

(Units: million yen)

	Automobile related businesses	Human resource businesses	General cargo businesses	Total	Adjustment amount (note) 1	Total amount on the consolidated financial statements
Sales revenue from external customers	65,766	18,527	5,935	90,228	--	90,228
Sales revenue between segments	39	1,221	433	1,694	△1,694	--
Total	65,805	19,748	6,368	91,923	△1,694	90,228
Segment profit (operating profit)	4,894	313	150	5,358	△2,053	3,305
Segment assets	23,783	6,423	7,414	37,621	1,933	39,554
Other items						
Increased amount in non-current assets (note) 2	2,618	72	251	2,942	0	2,942
Depreciation costs and depreciation	1,325	89	202	1,616	91	1,708

(Note) 1: The adjustment amount is as follows.

(1) The △2,053 million yen adjustment amount in the segment profits includes the total company cost △2,053 million yen and 0 million yen of transaction elimination between segments. The total company cost is an expense related to the management divisions of our company not belonging to the reporting segment.

(2) The 1,933 million yen adjustment amount in the segment assets includes the total company cost 9,362 million yen not allocated to each report segment as well as △7,429 million yen of transaction elimination between segments.

(3) The adjustment amount in other items are related to the total company cost that is not allocated to each report segment.

(Note) 2: Non-current assets do not include financial assets, deferred tax assets, etc.

(3) Information by region

1) The breakdown of sales profits by destination from external customers is as follows.

Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)

(Unit: million yen)

Japan	Asia	Other	Total
75,586	5,711	78	81,376

Current consolidated accounting year (from July 1, 2018 to June 30, 2019)

(Unit: million yen)

Japan	Asia	Other	Total
80,026	10,201	0	90,228

2) Non-current assets

There is nothing applicable since there are no non-current assets located outside of Japan.

(4) Information by major client

Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)

(Unit: million yen)

Title or name of the client	Sales profit	Related segment
Nissan Motors Group (Note)	19,853	Automobile-related business

(Note) The sales results of Nissan Motor Group are the sales results of Nissan Motor Co., Autech Japan, Inc., and Nissan Motor dealerships in Japan added together.

Current consolidated accounting year (from July 1, 2018 to June 30, 2019)

(Unit: million yen)

Title or name of the client	Sales profit	Related segment
Nissan Motors Group (Note)	19,495	Automobile-related business

(Note) The sales results of Nissan Motor Group are the sales results of Nissan Motor Co., Autech Japan, Inc., and Nissan Motor dealerships in Japan added together.

(Per share information)

The calculations of basic earnings per share and basic earnings per share after dilution in the previous consolidated accounting year and current accounting year are as follows:

(1) Basic earnings per share

	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current accounting year (from July 1, 2018 to June 30, 2019)
Profit for the year attributable to equity shareholders of the company (million yen)	2,129	1,658
Weighted average number of common shares issued (thousand shares)	16,595	16,626
Basic earnings per share (yen)	128.33	99.74

(2) Basic earnings per share after dilution

	Previous consolidated accounting year (from July 1, 2017 to June 30, 2018)	Current accounting year (from July 1, 2018 to June 30, 2019)
Profit for the year used to calculate earnings per share after dilution (million yen)	2,129	1,658
Impact of Dilutive Potential Common Stock Stock benefit trust ＢＢＴ（thousand shares）	18	27
Weighted average number of shares after dilution（thousand shares）	16,614	16,654
Earnings per share after dilution（yen）	128.18	99.58

（Significant subsequent events）
Not applicable.