

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending June 30, 2017 (IFRS)**

May 12, 2017  
Tokyo Stock Exchange (Second Section)

Company name: ZERO CO., LTD.

Code No: 9028

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Creation of supporting documentation for quarterly results: No

Quarterly results briefing: No

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2017  
(From July 1, 2016 to March 31, 2017)**

(1) Consolidated Results (total cumulative amount)

(Figures less than one million yen are rounded down.)

Percentages shown below are the rates of increase or decrease compared with the same quarter of the previous year.

	Revenue		Operating income		Profit before tax		Quarterly earnings		Quarterly profit attributable to owners of the parent		Total comprehensive quarterly income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2016	59,375	0.2	4,534	0.7	4,492	(2.9)	2,801	(8.2)	2,801	(8.2)	3,013	2.5
3Q FY2015	59,235	-	4,502	-	4,625	-	3,053	-	3,053	-	2,939	-

	Quarterly earnings per share-basic	Quarterly earnings per share-diluted
	Yen	Yen
3Q FY2016	168.29	168.02
3Q FY2015	183.22	183.04

(2) Consolidated Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
3Q FY2016	37,780	19,916	19,916	52.7
FY2015	35,852	17,741	17,741	49.5

**2. Dividends**

	Dividend per share				
	At end of 1Q	At end of 2Q	At end of 3Q	At end of 4Q	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2015	--	13.00	--	37.40	50.40
FY2016	--	15.00			
Forecast for FY2016			--	37.70	52.70

(Note) Revision from most recently announced dividend forecast: None

### 3. Consolidated Forecasts for FY2016 (From July 1, 2016 to June 30, 2017)

Percentages shown below are the rates of increase or decrease compared with the previous year.

	Revenue		Operating income		Profit before tax		Profit attributable to owners of the parent		Earnings per share-basic Yen
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Whole FY2016	80,000	2.8	5,600	3.9	5,600	2.0	3,500	1.3	210.97

(Note) Revision from most recently announced earnings forecast: None

#### \*Remarks

- (1) Changes in important subsidiaries during the consolidated cumulative third quarter of the current fiscal year (transfer of a particular subsidiary which involves a change in the scope of consolidation): N/A  
Included company name: \_\_\_\_\_, Excluded company name: \_\_\_\_\_
- (2) Changes in accounting policies, procedure or notation method for documenting consolidated financial statements
  - ① Changes in accordance with the revision of accounting standards and others: N/A
  - ② Changes other than above: N/A
  - ③ Changes in accounting estimates: N/A
- (3) Number of issued shares (common shares)
  - ① Number of issued shares (including treasury stock) at the end of each period:  
3Q FY2016: 17,560,242      FY2015: 17,560,242
  - ② Number of repurchased shares at the end of each period:  
3Q FY2016: 938,335      FY2015: 967,732
  - ③ Average number of issued shares during the fiscal year (excluding treasury stock) (quarterly total)  
3Q FY2016: 16,646,961      3Q FY2015: 16,665,237

\*Earnings summary is not within the scope of the quarterly reviews

\*Information regarding the proper use of the earnings forecast and other special notes

The financial outlook and other forward-looking statements presented in this document are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and are not intended to be construed as guaranteeing certain business performance outcomes. The actual business performance can vary significantly depending on various factors, including the economic conditions in the primary markets both inside and outside the country and fluctuations in the exchange rates.

○ **Accompanying Materials – Contents**

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1. Qualitative Information on the Financial Results for the Third Quarter of the Current Fiscal Year

(1) Business Performance Information

During the consolidated cumulative third quarter of the current fiscal year, although a slow recovery of Japan's economy with improvements in consumer confidence, there has been a transition in the uncertain situation and as shown by the rise in the jobs-to-applicants ratio, it has become increasingly more difficult to maintain the balance of labor supply and demand. Domestic new car sales by domestic automakers are estimated to pick up reaching 104.1% of the sales achieved during the consolidated cumulative third quarter of the previous year (hereafter referred to as "the same period of the previous year") according to the statistics provided by the Japan Automobile Manufacturers Association. Domestic sales of the used car market is becoming stronger reaching 100.8% when compared to the same period of the previous year although the export of used cars has remained weak reaching only 94.1% year-on-year.

In view of these facts, our Group has encouraged each segment to implement strategic operating activities to adapt to the changing market environment, strengthened group synergy in our three business segments to create and deliver value-added services, and promoted activities (including cost reduction) aimed at strengthening our revenue-management system.

During the current period, our Group achieved revenue of 59,375 million yen (100.2% of that achieved during the same period of the previous year) and an operating income of 4,534 million yen (100.7% of that achieved during the same period of the previous year). Furthermore, our Group recorded a profit before tax of 4,492 million yen (97.1% of that achieved during the same period of the previous year), and the quarterly profit attributable to owners of the parent reached 2,801 million yen (91.8% of that achieved during the same period of the previous year).

Unit sales data relating to domestically-distributed cars

Unit sales

Domestic sales		From July 2015 to March 2016	From July 2016 to March 2017	Compared to the previous year
New cars				
Domestic automakers	*1	3,622,203	3,770,386	104.1%
(Nissan Motor)	*1	(452,115)	(467,587)	(103.4%)
Overseas automakers	*2	217,777	230,275	105.7%
Used cars				
Registered car	*3	2,831,462	2,879,671	101.7%
Light vehicles	*4	2,295,992	2,288,426	99.7%
Total		5,127,454	5,168,097	100.8%
Cars registered for permanent deletion	*3	170,181	167,746	98.6%

Exports		From July 2015 to March 2016	From July 2016 to March 2017	Compared to the previous year
Domestic automakers' new cars	*1	3,509,411	3,556,562	101.3%
Used passenger vehicles	*5	1,082,430	1,018,358	94.1%

\*1 Calculated based on the statistics provided by the Japan Automobile Manufacturers Association

\*2 Calculated based on the statistics provided by the Japan Automobile Importers Association

\*3 Calculated based on the statistics provided by the Japan Automobile Dealers Association

\*4 Calculated based on the statistics provided by the Japan Light Motor Vehicle and Motorcycle Association

\*5 Estimated based on the number of used cars to be exported which have been registered for deletion, which is recorded in the statistics provided by the Japan Automobile Dealers Association

The business performance of each segment is summarized below.

①Automobile-related business

Nissan Motor Co., Ltd., our Company's main client, recorded domestic sales of 467,587, new cars which is 103.4% of that recorded during the same period of the previous year) according to the statistics provided by the Japan Automobile Manufacturers Association but the automobile-related business segment which had suffered a decrease in revenues from transportation of new Nissan cars until the second quarter of consolidated fiscal year, failed to recover. Although the vehicle transport business section has promoted business building activities to bring in new clients for the new/used vehicle transport business, the automobile related business segment suffered a decrease in total sales due to the decline in orders received by the used car export business segment as a result of the slowdown in the used car export market from exchange rate impacts, etc.

Thus, the automobile-related business segment recorded revenue of 44,041 million yen (which is 96.5% of that recorded during the same-period of the previous year) and a segment income of 4, 650 million yen (which is 96.3% of that recorded during the same period of the previous year).

②Human resources business

With the Japanese economy going through a phase of recovery, the demand for manpower is increasing. Soaring labor costs and difficulty in finding suitable workers in big cities, however, pose serious problems. Companies have brought in temporary employees and hired properly-skilled workers to respond to the changing needs for human resource utilization. In the face of the falling birth rate and the aging population, unique and effective approaches are needed to secure adequate human resources. In view of these facts, and in order to make up for weak business performance in urban areas, our Group has reviewed the target regions for business expansion, and shifted our business stations to rural areas where it is easier to secure the necessary personnel. As a result, the human resources business segment recorded revenue of 11,140 million yen (which is 114.0% of that recorded during the same period of the previous year) and a segment income of 484 million yen (which is 142.9% of that recorded during the same period of the previous year).

③ General cargo transportation business

Due to steady performance of the harbor loading and unloading business, and because the storage and transportation business section successfully developed new business opportunities with existing clients, the general cargo transportation business segment achieved increased revenue. Thus, the general cargo transportation business segment recorded revenue of 4,192 million yen (which is 109.6% of that recorded during the same period of the previous year), and a segment income of 787 million yen (which is 123.5% of that recorded during the same period of the previous year) as a result of increased revenue.

The group-wide expenses (expenses related to the Company's management division), which are not presented in the above-mentioned segment reports, are reported as "Adjustments" (1,387 million yen) specified under "2. Summary of Quarterly Consolidated Financial Statements and Important Notes (Segment Information)".

(2) Information on Financial Position

①Financial position relating to assets, liabilities and equity

(Assets)

Current assets increased by 1,457 million yen (7.9%) compared to the previous consolidated fiscal year end, up to 19,804 million yen.

This is mainly due to a 1,273 million-yen decrease in cash and cash equivalents and a 2,480 million-yen increase in trade and other receivables.

Non-current assets increased by 469 million yen (2.7%) compared to the previous consolidated fiscal year end, up to 17,976 million yen.

This is mainly due to a 681 million-yen increase in leased assets (which include property, plant and equipment).

Thus, the total assets increased by 1,927 million yen (5.4%) compared to the previous consolidated fiscal year end, up to 37,780 million yen.

(Liabilities)

Current liabilities increased by 147 million yen (1.2%) compared to the previous consolidated fiscal year end, up to 12,327 million yen.

This is mainly due to a 1,236-million-yen decrease in income taxes payable and a 1,573 million-yen increase in trade and other receivables.

Non-current liabilities decreased by 395 million yen (6.7%) compared to the previous consolidated fiscal year end, down to 5,536 million yen.

Thus, the total liabilities decreased by 247 million yen (1.4%) compared to the previous consolidated fiscal year end, down to 17,863 million yen.

(Equity)

The total equity increased by 2,175 million yen (12.3%) compared to the previous consolidated fiscal year end, up to 19,916 million yen.

This is mainly due to a 2,015-million-yen increase in retained earnings due to the incorporation of the profit attributable to owners of the parent, etc.

②Cash flow status

Cash and cash equivalents (hereafter referred to as "funds") at the end of the third quarter consolidated fiscal year accounting period were decreased by 1,273 million yen compared to the previous consolidated fiscal year end, down to 6,650 million yen.

The cash flow status and its underlying factors for the third quarter consolidated fiscal year are summarized below.

(Cash flows from operating activities)

The funds used in operating activities amounted to 832 million yen (as compared to 38.7% during the same period of the previous year).

Income mainly comes from quarterly profit of 2,801 million yen and depreciation and amortization of 814 million yen, whereas expenses mainly come from income taxes paid amounting to 2,658 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 261 million yen (as compared to 383 million yen during the same period of the previous year).

Income mainly comes from proceeds from sales of property, plant, and equipment which amounted to 71 million yen, whereas expenses mainly come from payments for property, plant, and equipment amounting to 242 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 1,845 million yen (as compared to 2,039 million yen during the same period of the previous year).

Expenses mainly come from repayment of long-term borrowings which amounted to 982 million yen and dividends paid amounting to 869 million yen.

(3) Forecast for the next consolidated fiscal year

No changes have been made to the consolidated performance forecast announced on August 10, 2016.

## 2. Summary of Quarterly Consolidated Financial Statements and the Important Notes

### (1) Summary of the quarterly consolidated statement of financial position

(Million yen)

	End of Fiscal 2015 (June 30, 2016)	End of 3Q Fiscal 2016 (March 31, 2017)
Assets		
Current assets		
Cash and cash equivalents	7,924	6,650
Trade and other receivables	9,036	11,517
Other financial assets	167	202
Inventories	779	764
Other current assets	438	669
Total current assets	18,346	19,804
Non-current assets		
Property, plant and equipment	8,447	8,936
Goodwill, Intangible assets	2,232	2,497
Investments properties	3,791	3,659
Investments accounted for using the equity method	973	944
Other financial assets	1,393	1,654
Other non-current assets	115	75
Deferred tax assets	552	207
Total non-current assets	17,506	17,976
Total assets	35,852	37,780

(Million yen)

	Note No.	End of Fiscal 2015 (June 30, 2016)	End of 3Q Fiscal 2016 (March 31, 2017)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		5,647	7,220
Borrowings		2,235	2,236
Other financial liabilities		496	564
Income taxes payable		1,594	358
Other current liabilities		2,205	1,947
Total current liabilities		12,179	12,327
Non-current liabilities			
Borrowings		768	459
Other financial liabilities		1,943	2,412
Retirement benefits liabilities		2,476	2,242
Other non-current liabilities		741	369
Deferred tax liabilities		2	52
Total non-current liabilities		5,932	5,536
Total liabilities		18,111	17,863
Equity			
Share capital		3,390	3,390
Capital surplus		3,249	3,264
Treasury stock		△561	△544
Other components of equity		21	149
Retained earnings		11,640	13,656
Total equity attributable to owners of the parent		17,741	19,916
Total equity		17,741	19,916
Total liabilities and equity		35,852	37,780

## (2) Summary of quarterly consolidated statements of income

(Million yen)

	3Q Fiscal 2015 (From July 1, 2015 to March 31, 2016)	3Q Fiscal 2016 (From July 1, 2016 to March 31, 2017)
Revenue	59,235	59,375
Cost of sales	△49,377	△49,070
Gross profit	9,858	10,304
Selling, general and administrative expenses	△5,486	△6,084
Other income	161	374
Other expenses	△31	△60
Operating profit	4,502	4,534
Finance income	73	32
Finance costs	△52	△58
Share of profit (loss) of investments accounted for using the equity method	102	△15
Profit before tax	4,625	4,492
Income tax expense	△1,572	△1,691
Quarterly profit	3,053	2,801
Quarterly profit attributable to:		
Owners of the parent	3,053	2,801
Quarterly earnings per share attributable to owners of the parent		
Basic quarterly earnings per share (yen)	183.22	168.29
Diluted quarterly earnings per share (yen)	183.04	168.02

## (3) Summary of quarterly consolidated statements of comprehensive income

(Million yen)

	Note No.	3Q Fiscal 2015 (From July 1, 2015 to March 31, 2016)	3Q Fiscal 2016 (From July 1, 2016 to March 31, 2017)
Quarterly profit		3,053	2,801
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurement of defined benefit pension plans		△88	83
Total items that will not be reclassified to profit and loss		△88	83
Items that may be reclassified to profit and loss			
Assets measured at fair value through other comprehensive income		46	141
Share of other comprehensive income of investments accounted for using the equity method		△71	△13
Total items that may be reclassified to profit and loss		△24	127
Other comprehensive income for the year, net of tax		△113	211
Total quarterly comprehensive income		2,939	3,013
Total quarterly comprehensive income attributable to:			
Owners of the parent		2,939	3,013

## (4) Summary of the quarterly consolidated statement of changes in equity

Consolidated cumulative third quarter of the previous fiscal year (from July 1, 2015 to March 31, 2016)

(Million yen)

	Total equity attributable to owners of the parent									Total Equity
	Share capital	Capital surplus	Treasury stock	Other components of equity				Retained earnings	Total equity attributable to owners of the parent	
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Re-measurement of defined benefit pension plans	Total other components of equity			
Balance at the beginning of FY2015	3,390	3,176	△152	68	54	-	123	9,066	15,603	15,603
Quarterly profit								3,053	3,053	3,053
Other comprehensive income				△72	47	△88	△113		△113	△113
Total quarterly comprehensive income	-	-	-	△72	47	△88	△113	3,053	2,939	2,939
Acquisition of treasury stock			△409						△409	△409
Dividends								△553	△553	△553
Stock benefit contribution		52							52	52
Reclassification from other components of equity to retained earnings						88	88	△88	-	-
Total comprehensive income for the year attribute to owners of the parent	-	52	△409	-	-	88	88	△642	△909	△909
Balance at the end of 3Q FY2015	3,390	3,229	△561	△3	101	-	98	11,477	17,633	17,633

Consolidated cumulative third quarter of the current fiscal year (from July 1, 2016 to March 31, 2017)

(Million yen)

	Total equity attributable to owners of the parent									Total Equity
	Share capital	Capital surplus	Treasury stock	Other components of equity				Retained earnings	Total equity attributable to owners of the parent	
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Re-measurement of defined benefit pension plans	Total other components of equity			
Balance at the beginning of FY2016	3,390	3,249	△561	△53	75	-	21	11,640	17,741	17,741
Quarterly profit								2,801	2,801	2,801
Other comprehensive income				△13	141	83	211		211	211
Total quarterly comprehensive income	-	-	-	△13	141	83	211	2,801	3,013	3,013
Acquisition of treasury stock			△0						△0	△0
Dividends								△869	△869	△869
Stock benefit contribution		14	17						32	32
Reclassification from other components of equity to retained earnings						△83	△83	83	-	-
Total comprehensive income for the year attribute to owners of the parent	-	14	17	-	-	△83	△83	△785	△837	△837
Balance at the end of 3Q FY2016	3,390	3,264	△544	△67	217	-	149	13,656	19,916	19,916

## (5) Summary of quarterly consolidated statements of cash flows

(Million yen)

	3Q Fiscal 2015 (From July 1, 2015 to March 31, 2016)	3Q Fiscal 2016 (From July 1, 2016 to March 31, 2017)
Cash flows from operating activities:		
Quarterly profit	3,053	2,801
Depreciation and amortization	714	814
Interest income and dividends	△3	△10
Interest expenses	51	50
Share of (profit) loss of investments accounted for using the equity method	△102	15
Income tax expense	1,572	1,691
(Increase) decrease in trade receivables (△ indicates increase)	△1,862	△2,337
(Increase) decrease in inventories (△ indicates increase)	△104	16
Increase (decrease) in trader payables (△ indicates decrease)	855	1,222
Increase (decrease) in retirement benefit liabilities (△ indicates decrease)	△81	△94
Other	△350	△638
Sub total	3,740	3,531
Interest received	3	10
Interest paid	△51	△50
Income taxes paid	△1,539	△2,658
Net cash provided by (used in) operating activities	2,153	832
Cash flows from investing activities:		
Payments for property, plant and equipment	△387	△242
Proceeds from sales of property, plant and equipment	61	71
Payments for intangible assets	△137	△225
Proceeds from collection of loans receivable	△28	△11
Payments for loans receivable	50	29
Other	58	118
Net cash provided by (used in) investing activities	△383	△261

(Million yen)

	3Q Fiscal 2015 (From July 1, 2015 to March 31, 2016)	3Q Fiscal 2016 (From July 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net ( $\Delta$ indicates decrease)	165	330
Proceeds from long-term borrowings	180	114
Repayment of long-term borrowings	$\Delta$ 1,090	$\Delta$ 982
Repayment of finance lease liabilities	$\Delta$ 330	$\Delta$ 437
Dividends paid	$\Delta$ 553	$\Delta$ 869
Payment for treasury stocks	$\Delta$ 409	$\Delta$ 0
Net cash provided by (used in) financing activities	$\Delta$ 2,039	$\Delta$ 1,845
Increase (decrease) in cash and cash equivalents, net ( $\Delta$ indicates decrease)	$\Delta$ 268	$\Delta$ 1,273
Cash and cash equivalents at the beginning of the year	5,856	7,924
Cash and cash equivalents at the end of the quarter	5,587	6,650

## (6) Notes on Summary of Quarterly Consolidated Financial Statements

(Notes on the going concern assumption)

N/A

(Segment information)

The following summarizes the information on each segment of our Group.

Consolidated cumulative third quarter of the previous fiscal year (from July 1, 2015 to March 31, 2016)

(Million yen)

	Automobile -related business	Human resources business	General cargo transportation business	Total	Adjustments (Note)	Summary of quarterly consolidated statements of income
Revenue						
Revenue to external customers	45,641	9,768	3,824	59,235	-	59,235
Inter-segment revenue or transfers	48	301	65	415	△415	-
Total	45,690	10,070	3,890	59,651	△415	59,235
Segment income (Operating profit)	4,828	339	637	5,804	△1,302	4,502

Note. The adjustment amount of (1,302) million yen in segment income included group-wide expenses of (1,302) million yen, and inter-segment eliminations of 0 million yen. Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.

Consolidated cumulative third quarter of the current fiscal year (from July 1, 2016 to March 31, 2017)

(Million yen)

	Automobile -related business	Human resources business	General cargo transportation business	Total	Adjustments (Note)	Summary of quarterly consolidated statements of income
Revenue						
Revenue to external customers	44,041	11,140	4,192	59,375	-	59,375
Inter-segment Revenue or transfers	65	554	136	755	△755	-
Total	44,107	11,695	4,328	60,130	△755	59,375
Segment income (Operating profit)	4,650	484	787	5,922	△1,387	4,534

Note. The adjustment amount of (1,387) million yen in segment income included group-wide expenses of (1,387) million yen, and inter-segment eliminations of (0) million yen. Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.