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TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

The announcement of financial results of Zero Co., Ltd. for the year ended 30 June 2018 is originally prepared in Japanese ("Original Announcement"). The attached announcement on the next page is a translation of the Original Announcement solely for the purpose of providing information.

By the order of the Board
Tan Chong International Limited
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 10 August 2018

Website: <http://www.tanchong.com>

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong and Mdm. Sng Chiew Huat. The non-executive Director is Mr. Joseph Ong Yong Loke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim and Mr. Teo Ek Kee.

Summary of Consolidated Financial Results for the Fiscal Year Ended June 30, 2018 [Based on IFRS]

August 10, 2018

Company name: ZERO CO., LTD. Stock Exchange Listing: Tokyo
 Stock code: 9028 URL <http://www.zero-group.co.jp/>
 Representative: President & CEO Takeo Kitamura
 Inquiries: Director and Manager of Group Strategies Headquarters Toshihiro Takahashi TEL 044-520-0106
 Scheduled Date of Ordinary General meeting of Shareholders: September 27, 2018 Scheduled date to commence dividend payments: September 28, 2018
 Scheduled Date for the Submission of Annual Securities Report: September 28, 2018
 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, 2018 (From July 1, 2017 to June 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Net Income		Profit attributable to owners of parent 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	%
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
FY2016	79,134	1.7	5,630	4.4	5,568	1.4	3,455	Δ0.0	3,455	Δ0.0	3,893	28.7

	Basic earnings of this year per share	Diluted earnings of this year per share	Profit ratio attributable to owners of parent company	Total capital profit ratio before tax	Sales revenue operating profit ratio
	Yen	Yen	%	%	%
FY2017	128.33	128.18	10.0	10.7	5.1
FY2016	207.69	207.29	18.0	15.1	7.1

(Reference) Investment gain / loss through equity method; FY2017: 7 million yen, FY2016: Δ18 million yen

(2) Consolidated financial position

	Total assets	Total capital	Equity attributable to owners of parent company	Equity ratio attributable to owners of parent company	Equity per share attributable to owners of parent company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2017	38,290	22,119	22,108	57.7	1,332.15
FY2016	38,007	20,672	20,661	54.4	1,248.04

(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
FY2017	3,015	Δ2,890	Δ2,953	5,273
FY2016	3,391	Δ591	Δ2,623	8,101

2. Cash dividends

	Annual dividends per share					Total dividends (Total)	Dividend payout ratio (consolidated)	Equity dividend ratio attributable to owners of parent company (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2016	---	15.00	---	36.90	51.90	874	25.0	4.5
FY2017	---	15.00	---	17.10	32.10	541	25.0	2.5
FY2018 (forecast)	---	15.00	---	18.10	33.10		---	

3. Forecast of consolidated financial results for the year ending June 30, 2019 (From July 1, 2018 to June 30, 2019)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Profit attributable to owners of parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	84,000	3.2	4,300	4.5	4,280	4.5	2,200	3.3	132.56

※(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 : No

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)

② Number of treasury shares at the end of the period

③ Average number of shares during the period (total up to this year)

FY2017	17,560,242 shares	FY2016	17,560,242 shares
FY2017	1,030,367 shares	FY2016	1,030,367 shares
FY2017	16,595,875 shares	FY2016	16,635,602 shares

※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 27, 2018. The accounts explanatory documents to be distributed during the explanatory meeting will promptly be posted on our company's website after the meeting.

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1. Summary of operating results, etc.

(1) Summary of operating results of the current fiscal year

In the Japanese economy in the current accounting period of consolidation, a modest recovery continued, and even though the overseas economies are uncertain, individual consumption is improving in response to a steady employment/income environment.

Meanwhile, in the automobile industry, the total number of new car sales was at 99.6% when compared to the previous consolidated accounting year (hereinafter referred to as “the same period one year ago”) (Japan Automobile Dealers Association statistics data), the turn toward a negative was due to the finished vehicle inspection issue in addition to a lull in the new-model effect, resulting in a loss of momentum. While the number of used cars registered increased year-on-year, the used car market slowed due to the decrease in new car sales.

Under such environmental conditions, our group tried to promote strategic and flexible business activities corresponding to the changes in the market environment in each business segment and develop new businesses, create services with high added value, and to improve quality. Further, we are continuing with compliance activities, activities to strengthen group synergy, transportation reform, compliance efforts and work style reform. However, the business environment is tough in the distribution industry due to an insufficient amount of drivers resulting from the strained supply and demand of labor, increase in wages, increase in fuel expenses, and increase in compliance costs.

As a result, the business results of our group in the current fiscal year are as follows: sales revenue 81,376 million JPY (year-on-year 102.8%), operating income was 4,116 million (year-on-year 73.1%). In addition, gross profit was 4,094 million (year-on-year 73.5%) and profit attributable to the owners of the parent company for this fiscal year was 2,129 million JPY (year-on-year 61.6%).

[Unit Sales Data Relating to Domestically-Distributed Cars]

Unit: number of vehicles

Domestic		07/2016 – 06/2017	07/2017 – 06/2018	Year-on-year
Sales volume of new vehicles				
Domestic makers	*1	4,904,841	4,877,208	99.4%
(Nissan Motors)	*1	(598,512)	(583,046)	(97.4%)
Foreign makers	*2	300,610	306,894	102.1%
Total number of new vehicle sales		5,205,451	5,184,102	99.6%
Number of registered used vehicles				
Registered vehicles	*3	3,822,525	3,821,606	100.0%
Light vehicles	*4	3,016,270	3,073,852	101.9%
Total number of registered used vehicles		6,838,795	6,895,458	100.8%
Number of vehicles recorded as being permanently disposed of	*3	208,683	204,094	97.8%

Exports		07/2016 – 06/2017	07/2017 – 06/2018	Year-on-year
Domestic automaker's new vehicles	*1	4,674,106	4,858,533	103.9%
Used vehicles (registered vehicles)	*5	1,325,101	1,367,195	103.2%

*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

[Retail price of the fuel]

Unit: yen / L

National average		07/2016 – 06/2017	07/2017 – 06/2018	Year-on-year
Diesel fuel	*6	107.4	118.7	110.5%
Regular gasoline	*6	128.2	140.2	109.4%

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

The business results of the segments are as follows.

<<Vehicle Related Business>>

The main business, vehicle transportation, had an increase in income due to a reorganization of the business organization to a system that promotes customer strategy, regional strategy, and product strategy and the implementation of various strategies such as customer development activities, aimed at expanding the domestic new and used car transportation business; the increase was especially due to promoting strengthening used vehicle business at new vehicle dealers as well as measures taken in response to the expanded influence of major used vehicle dealers.

With regards to used car exports, as a result of the increased revenue from reconstructing the system aimed to review the sales strategy, there was an increase in the overall vehicle related businesses.

Using the establishment of region block companies in the vehicle transportation business, we are continuing to speed up the reorganization of transportation systems including subsidiaries and subcontractors, and we are aiming to achieve optimal management of the national logistics network while continuing to take initiatives to ensure thorough cost control. Meanwhile, due to the strengthening of compliance with vehicle restrictions cabinet orders, the promotion of initiatives to reform work styles, and the rise of the labor cost unit price and hiring costs caused by a lack of crewmembers, in the handling of load volumes exceeding transportation capacity in March through beginning of April, the busy season, some orders, mostly for used car transportation, were temporarily passed up, resulting in missed opportunities. Further, the sudden rise in fuel costs, increase in depreciation and amortization due to an increase in the number of cars using machine parts, and the finished vehicle inspection issue were causes for reduced profits, and profits for the overall vehicle related business decreased.

As a result of the above, sales revenue was 59,515 million JPY (year-on-year 101.4%) and segment profit was 4,658 million JPY (year-on-year 78.4%).

<<Human Resources Business>>

Corporate demand for human resources is on an increasing trend in conjunction with the economic recovery, however the remarkable rise in labor costs and the difficulty in hiring new personnel is worsening in major cities. Our group has promoted a shift from major cities where labor costs are high to regional areas and a strengthening of the sales system, and we have revised our product portfolio in accordance with strategic business activities. While income increased due to driver dispatch remaining steady and our entrance into new fields such as nursing/care and housework services, profit decreased due to start-up costs in conjunction with the launching of our temporary staffing business in the airport industry as well as increase in hiring costs.

As a result of these, sales revenue was 16,489 million JPY (year-on-year 109.9%) and segment profit was 529 million JPY (year-on-year 80.1%).

<<General Cargo Business>>

In the freight and warehousing business, income increased due to the further cultivation of existing customers and the acquisition of new customers, however, profits decreased due to the impact from the loss of coal loading spot projects as well as decrease of vehicle cargo handling, and, consequently, there was decrease in income and profits overall for the cargo business.

As a result of these, sales revenue was 5,371 million JPY (year-on-year 98.6%) and segment profit was 882 million JPY (year-on-year 98.6%).

Furthermore, overall company expenses (such as expenses pertaining to our company's our management department) of the company not included in the above profit and loss by segments are accounted for in the "adjustment amount" as per the description in "3. Consolidated financial statements and main notes (6) Notes on consolidated financial statements (Segment Information)," and were 1,954 million JPY.

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

Assets, Liabilities, and Capital Condition

(Assets)

Current assets decreased by 1,997 million JPY (10.11%) in comparison with the end of the previous consolidated fiscal year and is 17,748million JPY.

Mainly, this was due to trade receivables and other receivables increasing by 964 million JPY and cash and cash equivalents decreasing by 2,828 million JPY.

Non-current assets increased by 2,280 million JPY (12.49%) in comparison with the end of the previous consolidated fiscal year and is 20,542 million JPY.

Mainly, this was due to tangible fixed assets such as vehicles increasing by 1,762 million JPY and goodwill and intangible asset increasing by 366 million JPY.

As a result, total assets increased was by 283 million JPY (0.75%) in comparison with the end of the previous consolidated fiscal year and is 38,290 million JPY.

(Liabilities)

Current liabilities decreased by 431 million JPY (3.6%) in comparison with the end of the previous consolidated fiscal year and is 11,687 million JPY.

Mainly, this was due to the unpaid corporate income tax increasing by 410 million JPY but the loan amount decreasing by

1,149 million JPY.

Non-current liabilities decreased by 732 million JPY (14.0%) in comparison with the end of the previous consolidated fiscal year and is 4,483 million JPY.

Mainly, this was due to the other financial liabilities decreasing by 490 million JPY and the liabilities related to retirement benefits decreasing by 240 million yen.

As a result of the above, total liabilities decreased by 1,163 million JPY (6.7%) in comparison with the end of the previous consolidated fiscal year and is 16,170 million JPY.

(Capital)

Total capital increased by 1,446 million JPY (7.0%) in comparison with the end of the previous consolidated fiscal year and is 22,119 million JPY.

Mainly, this was due to earned surplus increasing by 1,279 million JPY due to appropriation of profits in the current fiscal year.

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

Cash and cash equivalents (hereinafter “Funds”) at the end of the consolidated accounting fiscal year decreased by 2,828 million JPY in comparison to the end of the previous consolidated fiscal year and is 5,273 million JPY.

Each of the cashflow conditions in the consolidated accounting fiscal year and the causes thereof are as follows.

(Cashflow from business activities)

The Funds earned as a result of the business activities was 3,015 million JPY (income of 3,391 million JPY for the previous consolidated accounting year).

Main breakdown of income: 2,112 million JPY in fiscal year profit and 1,499 million JPY in depreciation and amortization and repayment costs. Main breakdown of expenditure: payment of 1,572 million JPY in corporate income tax, etc., and increased amount of operating receivables: 756 million yen.

(Cashflow from investment activities)

The Funds used as a result of investment activities was 2,890 million JPY (expenditures of 591 million JPY for the same period a year ago).

Main breakdown of expenditure: 192 million JPY in expenditure due to the acquisition of tangible fixed assets.

(Cashflow from financing activities)

The Funds used as a result of financing activities was 2,953 million JPY (expense of 2,623 million JPY for the previous consolidated accounting year).

Main breakdown of expenditure: 984 million JPY in long term loan repayments, 857 million JPY in short term loan repayments 725 million JPY.

(4) Future forecast

In the next consolidated accounting year, it is expected that domestic economy will gently improve due to financial measures by the government, although there are some concerns regarding the foreign economic trends, such as trade problems.

However, in the automobile industry, concerns for market shrinkage cannot be eradicated with the decrease of individuals who have driving license due to the decrease in population and people not utilizing vehicles, longer average utilization years due to improvements in automobile durability and decrease of number of vehicles being owned due to the popularization of sharing services.

Also, in the distribution industry, it is expected that difficult business environment will continue with the driver insufficiency caused by strained supply and demand of labor becoming more serious, mid to long term fuel price increase, compliance response such as vehicle limitations and limitations of road freight handling, etc.

Under these circumstances, our group has worked on sales activities that are conscious of the regional characteristics of locations throughout the country and distribution optimization; we will continue to work on entering different businesses within the automobile industry and pioneering new businesses focusing on next generation mobility preparing for the shrinkage of automobile market within Japan.

Region blocking within the vehicle transportation business as a part of business foundation reconstruction has been completed; we will ascertain the transportation capacity possessed by the companies within our group to promote transportation innovations such as improving transportation efficiency and strengthening revenue management, and to increase the group synergistic effects by maximizing the utilization of the infrastructures and resources of our group.

As for the earnings forecast for the fiscal year 2018, we expect the sales revenue to be 84,000 million JPY, operating profit to be 4,300 million JPY, profit before taxes to be 4,280 million JPY, and the profit for this fiscal year attributable to owners of the parent company to be 2,200 million yen.

In this forecast fiscal year, we expect last-minute demand for new car sales before the consumption tax raise, accompanying used car trading increase in the second half of the year. To follow this trend, we have to prepare the transportation ability beforehand that increase cost in the first half of the year. As a result, our profit may have unbalance trend, occurring mainly in the second half of the year.

*The above forecast is deemed to be logical by our company based on the information obtained at this point by our company; the actual business results may differ compared to the forecast.

2. Basic view regarding the selection of accounting standards

Our company group voluntarily applies the International Financial Reporting Standards (IFRS) from the consolidated financial statements in the June of 2016 financial statement report (70th Term) based on the status of progress of foreign business development, policies of Tan Chong International Limited Group with the aim of improving management efficiency and quality improvement through unification of financial reporting standards as well as to improve the possibility of comparing financial information internationally.

3. Consolidated financial statements and major notes

(1) Consolidated statement of financial position

(Unit: million yen)

	End of previous consolidated fiscal year (30 June 2017)	End of consolidated fiscal year (June 30, 2018)
Assets		
Current assets		
Cash and cash equivalents, etc.	8,101	5,273
Trade and other receivables	10,195	11,160
Inventories	532	512
Other financial assets	195	131
Other current assets	719	670
Total current assets	19,745	17,748
Non-current assets		
Property, plant and equipment	9,064	10,827
Goodwill, Intangible assets	2,499	2,865
Investments properties	3,628	3,511
Investments accounted for using the equity method	927	964
Other financial assets	1,837	1,943
Other non-current assets	83	122
Deferred tax assets	222	307
Total non-current assets	18,262	20,542
Total assets	38,007	38,290

(Unit: Million yen)

	End of previous consolidated fiscal year (30 June 2017)	End of consolidated fiscal year (June 30, 2018)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,320	6,436
Borrowings	1,851	702
Other financial liabilities	555	723
Income taxes payable etc.	885	1,296
Other current liabilities	2,505	2,530
Total current liabilities	12,118	11,687
Non-current liabilities		
Borrowings	358	262
Other financial liabilities	2,339	1,849
Retirement benefits liabilities	2,078	1,838
Other non-current liabilities	331	313
Deferred tax liabilities	107	219
Total non-current liabilities	5,215	4,483
Total liabilities	17,334	16,170
Equity		
Share capital	3,390	3,390
Capital surplus	3,271	3,305
Treasury stock	△687	△687
Other components of equity	283	416
Retained earnings	14,403	15,682
Total equity attributable to owners of the parent	20,661	22,108
Non-controlling interest	11	11
Total equity	20,672	22,119
Total liabilities and equity	38,007	38,290

(2) Consolidated statement of profit or loss

(Unit: Million yen)

	Previous Consolidated fiscal year (From July 1, 2016 To June 30, 2017)	Current Consolidated fiscal year (From July 1, 2017 To June 30, 2018)
Sales revenue	79,134	81,376
Cost of sales	Δ65,731	Δ68,994
Gross profit	13,403	12,381
Selling, general and administrative expenses	Δ8,117	Δ8,590
Other income	479	436
Other expenses	Δ134	Δ111
Operating profit	5,630	4,116
Finance income	48	44
Finance costs	Δ91	Δ73
Share of profit (loss) of investments accounted for using the equity method	Δ18	7
Profit before tax	5,568	4,094
Income tax expense	Δ2,113	Δ1,981
Fiscal year profit	3,455	2,112
Fiscal year profit attributable to		
Owners of the parent company	3,455	2,129
Non-controlling interest:	--	Δ16
Fiscal year profit	3,455	2,112
Fiscal year earnings per share		
Basic earnings per share (yen)	207.69	128.33
Diluted earnings per share (yen)	207.29	128.18

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

(Unit: Million yen)

	Previous Consolidated Financial Year (From July 1, 2016 To June 30, 2017)	Current Consolidated Financial Year (From July 1, 2017 To June 30, 2018)
Fiscal year profit	3,455	2,112
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Re-measurement of defined benefit pension plans	177	7
Total items that will not be reclassified to profit and loss	177	7
Items that may be reclassified to profit and loss		
Assets measured at fair value through other comprehensive income	288	100
Share of other comprehensive income of investments accounted for using the equity method	△27	33
Total items that may be reclassified to profit and loss	261	133
Other comprehensive income for the year, net of tax	438	141
Total Fiscal year comprehensive income	3,893	2,254
Total Fiscal year comprehensive income attributable to:		
Owners of the parent company	3,893	2,270
Non-controlling interest	—	△16
Fiscal year Comprehensive income	3,893	2,254

(4) Consolidated statement of changes in equity

Previous consolidated fiscal year (From July 1, 2016 to June 30, 2017)

(Unit: Million yen)

	Equity attributable to the owner of the parent company									No controlling interest	Total equity
	Capital	Capital surplus	Treasury stock	Components of other capital				Profit Surplus	Total equity attributable to the owner of the parent company		
				Conversion difference of foreign business activities	Changes in fair value of available- for-sale financial assets	Remeasurement of defined benefit plan	Total of other capital components				
Balance on July 1, 2016	3,390	3,249	△561	△53	75	-	21	11,640	17,741	-	17,741
Profit of this fiscal year							--	3,455	3,455		3,455
Other comprehensive income				△27	288	177	438		438		438
Comprehensive income for the fiscal year	-	-	-	△27	288	177	438	3,455	3,893	--	3,893
Acquisition of treasury stock			△142				--		△142		△142
Dividend of surplus							--	△869	△869		△869
Stock compensation transaction		23	17				--		40		40
Capital transaction with non-controlling shareholder		△1					--		△1	11	9
Transfer from other capital components to retained earnings						△177	△177	177	--		--
Total transaction etc. with owner	--	21	△125	--	--	△177	△177	△692	△973	11	△962
Balance on June 30, 2017	3,390	3,271	△687	△81	364	--	283	14,403	20,661	11	20,672

Current consolidated fiscal year (From July 1, 2017 To June 30, 2018)

(Unit: Million yen)

	Equity attributable to the owner of the parent company									No controlling interest	Total equity
	Capital	Capital surplus	Treasury stock	Components of other capital				Profit Surplus	Total Equity attributable to the owner of the parent company		
				Conversion difference of foreign operations	Changes in fair value of available- for-sale financial assets	Remeasurement of defined benefit plan	Total of other capital components				
Balance on July 1, 2017	3,390	3,271	△687	△81	364	-	283	14,403	20,661	11	20,672
Profit of this fiscal year								2,129	2,129	△16	2,112
Other comprehensive income				33	100	7	141		141		141
Comprehensive income for the fiscal year	--	--	--	33	100	7	141	2,129	2,270	△16	2,254
Dividend of surplus								△857	△857		△857
Stock compensation transaction.		35							35		35
Transaction ect. with no controlling interest		△1							△1	16	14
Transfer from other capital components to retained earnings						△7	△7	7	-		-
Total transaction etc. with owner	-	34	-	-	-	△7	△7	△850	△823	16	△807
Balance at 30 June 2018	3,390	3,305	△687	△47	464	-	416	15,682	22,108	11	22,119

(5) Consolidated statement of cash flows

(Unit: Million yen)

	Previous Consolidated Fiscal Year (From July 1, 2016 To June 30, 2017)	Current Consolidated Fiscal Year (From July 1, 2017 To June 30, 2018)
Cash flows from operating activities:		
Fiscal year profit	3,455	2,112
Depreciation and amortization	1,118	1,499
Interest income and dividends	△16	△14
Interest expenses	67	65
Share of (profit) loss of investments accounted for using the equity method	18	△7
Corporate income tax expenses	2,113	1,981
(Increase) decrease in trade receivables (△ indicates increase)	△978	△756
(Increase) decrease in inventories (△ indicates increase)	248	20
Increase (decrease) in trader payables (△ indicates decrease)	387	△362
Increase (decrease) in retirement benefit liabilities (△ indicates decrease)	△132	△214
Other	△216	314
Sub total	6,064	4,639
Interest and dividend received	16	14
Interest paid	△67	△65
Income taxes paid	△2,622	△1,572
Net cash provided by (used in) operating activities	3,391	3,015
Cash flows from investing activities:		
Payments for property, plant and equipment	△546	△1,902
Proceeds from sales of property, plant and equipment	76	19
Payments for intangible assets	△278	△257
Payments for loans receivable	△11	△21
Proceeds from collection of loans receivable	43	46
Expenditure for Acquisition of business	—	△697
Other	124	△77
Net cash provided by (used in) investing activities	△591	△2,890
Cash flows from financing activities		
Net change in short-term borrowings (△ indicates decrease)	105	△725
Proceeds from long-term borrowings	114	225
Repayment of long-term borrowings	△1,244	△984
Repayment of finance lease liabilities	△595	△625
Dividends paid	△869	△857
Payments due to treasury stock acquisition	△142	--
Proceeds from payments from non-controlling shares	9	14
Net cash provided by (used in) financing activities	△2,623	△2,953
Increase (decrease) in cash and cash equivalents, net (△ indicates decrease)	176	△2,828
Cash and cash equivalents at the beginning of the fiscal year	7,924	8,101
Cash and cash equivalents at the end of the fiscal year	8,101	5,273

(6) Notes on consolidated financial statements

(Notes on going concern assumption)

N/A

(Segment Information)

(1) Summary of report segment

With the report segment of our company group, separate financial information from our company group's element is obtainable; the highest organ of decision-making regularly conducts considerations to determine the corporate resource allocation as well as to evaluate the business results.

Our company group collects the business segments based on the form of management organization and the characteristics of the services, and deems "automobile related businesses", "human resources businesses", and "general cargo businesses" to be the report segments.

Main services attributable to each report segment

Segment	Main services
Automobile related businesses	Automobile transportation, maintenance, used vehicle auction, used vehicle export, etc.
Human resource businesses	Dispatching drivers, operation of home-use automobile management, etc.
General cargo businesses	Transportation / storage of general consumer goods, cargo handling of coal, slag, etc., warehouse lease, etc.

(2) Sales revenue, profit and loss, and capital for each report segment as well as amounts of other items

The sales revenue, profit and loss, capital, and amounts of other items for each report segment of our company group are as follows.

Also, the sales revenue between segments is based on the market prices.

Previous consolidated fiscal year (From July 1, 2016 to June 30, 2017)

(Unit: Million yen)

	Automotive related business	Human resources business	General cargo business	Total	Adjustment amount (Note) 1	Amount recorded on consolidated financial statements
Revenue to external customers	58,687	15,000	5,446	79,134	—	79,134
Revenue between segments	80	789	238	1,107	△1,107	—
Total	58,767	15,789	5,685	80,242	△1,107	79,134
Segment Profit (Operating Income)	5,938	661	895	7,495	△1,864	5,630
Segment assets	19,328	5,433	6,801	31,562	6,444	38,007
Other items						
Increased amount in non-liquid assets (Note) 2	1,732	195	57	1,984	35	2020
Depreciation expenses and amortization expenses	760	57	212	1,030	88	1,118

(Note) 1. The adjustment amounts are as follows.

- (1) Adjustment for segment profit △1,864 million includes corporate expenses △1,864 million yen and intersegment transaction elimination △0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.
- (2) The adjustment amount of 6,444 million in the segment asset includes company-wide assets of 9,622 million yen not allocated in each of the report segments as well as the elimination amount of △3,177 million for the transaction between segments.
- (3) The adjustment amount within the other items are related to company-wide assets that are not allocated in each of the report segments.

(Note) 2. In Non-current assets, financial assets and deferred tax are not included

Current consolidated fiscal year (From July 1, 2017 to June 30, 2018)

(Unit: Million yen)

	Automotive related business	Human resources business	General cargo business	Total	Adjustment amount (Note) 1	Amount recorded on consolidated financial statements
Revenue to external customers	59,515	16,489	5,371	81,376	—	81,376
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 Income)	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-liquid assets (Note) 2	3,280	155	73	3,508	210	3,719
Depreciation expenses and amortization expenses	1,108	85	204	1,397	101	1,499

(Note) 1. The adjustment amounts are as follows.

- (1) Adjustment for segment profit △1,954 million includes corporate expenses △1,954 million yen and intersegment transaction elimination 0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.
- (2) The adjustment amount of 3,817 million in the segment assets includes company-wide assets of 9,193 million yen not allocated in each of the report segments as well as the elimination amount of △5,376million for the transaction between segments.
- (3) The adjustment amount within the other items are related to company-wide assets that are not allocated in each of the report segments.

(Note) 2. In Non-current assets, financial assets and deferred tax are not included

(3) Information by regions

(1) The details by destination regions of sales revenue from external clients is as follows.

Previous consolidated fiscal year (From July 1, 2016 to June 30, 2017)

(Units: million yen)

Japan	Asia	Other	Total
73,087	5,860	185	79,134

Current consolidated accounting year (From July 1, 2017 to June 30, 2018)

(Units: million yen)

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

(2) Non-current assets

There are no applicable matters since there are no non-current assets outside of Japan.

(4) Information for the main customers

Previous consolidated fiscal year (From July 1, 2016 to June 30, 2017)

(Units: million yen)

Title or name of the customer	Sales revenue	Affiliated segment
Nissan Motor Group	19,845	Automobile related business

(Note) The sales result of Nissan Motor Group is the sum of sales results to Nissan Motor Co., Ltd., Autech Japan Inc., and all Nissan Motor distributors throughout the country.

Current consolidated accounting year (From July 1, 2017 to June 30, 2018)

(Units: million yen)

Title or name of the customer	Sales revenue	Affiliated segment
Nissan Motor Group	19,853	Automobile related business

(Note) The sales result of Nissan Motor Group is the sum of sales results to Nissan Motor Co., Ltd., Autech Japan Inc., and all Nissan Motor distributors throughout Japan.

(Information per share)

The calculation of the basic earnings per share and the diluted earnings per share in the previous consolidated fiscal year and the current consolidated fiscal year are as follows.

(1) Basic earnings per share

	Previous Consolidated Financial Year (From July 1, 2016 To June 30, 2017)	Current Consolidated Financial Year (From July 1, 2017 To June 30, 2018)
Profits of the current fiscal year attributable to the owners of parent company (million yen)	3,455	2,129
Weighted average number of issued ordinary shares (thousand shares)	16,635	16,595
Basic earnings per share (Yen)	207.69	128.33

(2) Diluted earnings per share

	Previous Consolidated Financial Year (From July 1, 2016 To June 30, 2017)	Current Consolidated Financial Year (From July 1, 2017 To June 30, 2018)
Net income used in the calculation of net income per share after dilution (million yen)	3,455	2,129
Effect of potentially dilutive ordinary shares Board Benefit Trust (BBT) (thousand shares)	32	18
Weighted average number of shares after dilution (thousand shares)	16,667	16,614
Diluted earnings per share (Yen)	207.29	128.18

(Major subsequent events)

N/A