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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 2020 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, 6 August 2020

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 and. 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, 2020 [Based on IFRS]

August 6, 2020

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 29, 2020 Scheduled date to commence dividend payments: September 30, 2020
 Scheduled Date for the Submission of Annual Securities Report: September 30, 2020
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended June 30, 2020 (From July 1, 2019 to June 30, 2020)

(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	%
FY2019	89,501	Δ0.8	3,675	11.2	3,679	11.7	2,387	43.5	2,374	43.2	2,375	87.9
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

	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	%	%	%
FY2019	142.30	141.98	9.9	8.8	4.1
FY2018	99.74	99.58	7.3	8.5	3.7

(Reference) Investment gain / loss through equity method; FY2019: 56 million yen, FY2018: 32 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
FY2019	44,514	24,894	24,864	55.9	1,490.16
FY2018	39,554	23,072	23,056	58.3	1,386.68

(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
FY2019	6,538	Δ2,067	Δ3,157	4,779
FY2018	1,033	Δ2,402	Δ438	3,465

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	%	%
FY2018	---	4.00	---	20.90	24.90	419	25.0	1.8
FY2019	---	15.00	---	20.60	35.60	581	25.0	2.4
FY2020 (forecast)	---	15.00	---	19.50	34.50		---	

3. Forecast of consolidated financial results for the year ending June 30, 2021 (From July 1, 2020 to June 30, 2021)

(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	81,000	Δ9.5	3,600	Δ2.1	3,580	Δ2.7	2,300	Δ3.1	137.84

※(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 : Yes

(Note) For details, please refer to the attached page. See “3. Summary of Consolidated Financial Statements and Major Notes, (6) Notes regarding Summary of Consolidated Financial Statements (Changes in Accounting Policy), (Changes in Accounting Estimates)” on page 11-12.

(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)

FY2019	17,560,242 shares	FY2018	17,560,242 shares
FY2019	1,018,869 shares	FY2018	1,030,369 shares
FY2019	16,685,873 shares	FY2018	16,626,874 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended June 30, 2020 (From July 1, 2019 to June 30, 2020)

(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	55,513	Δ1.3	1,522	Δ51.4	1,513	Δ16.4	881	165.7
FY2019	56,266	5.1	3,132	Δ28.2	1,809	Δ63.5	331	Δ90.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019	53.32	-
FY2018	20.08	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2019	33,673	20,917	62.1	1,264.59
FY2018	33,970	20,713	61.0	1,253.12

(Reference) Company's Equity

FY2019: 20,917 million yen

FY2018: 20,713 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

- 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.
- At our company, business management is conducted on a consolidated basis; therefore, individual business results forecasts are not created.

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1. Summary of operating results

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

Japan's economy during this accounting period of consolidation continued to recover gradually up to the second half-yearly consolidated cumulative period; individual consumption also improved with a steady employment and income environment, but the consolidated cumulative period of the third quarters getting affected by the massive spread of the COVID-19 infection and it is facing downward pressure of the background. The future economic situation remains unclear as a weak movement is seen in the individual consumption.

Even in the domestic automotive market, the total number of new vehicles sales decreased by 87.8% (statistical data of the Japan Automobile Manufacturers Association) as compared to the consolidated cumulative period of the same quarter from the previous year (hereinafter referred to as the same quarter from the previous year). The first quarterly consolidated cumulative period ratio to the same period of the previous year stood at 108.1% for the first quarterly consolidated cumulative period due to rush demand prior to the rise in consumption tax, there was a massive reduction in the second quarterly consolidated cumulative period ratio to the same period of the previous year stood at 83.7% due to the reaction to the rush demand and the impact of natural disaster. The third quarterly consolidated cumulative period ratio to the same period of the previous year stood at 89.8% due to the effect of the COVID-19 infection in addition to continuation of decline in motivation of consumption due to the rise in tax therefore 2-digit reduction continues at two consecutive quarters. For the fourth quarterly consolidated cumulative period, the quarterly consolidated cumulative period ratio to the same period of the previous year dropped to 68.2%, as the Japanese government declared a state of emergency and people refrained from going out of their homes. The number of registered used cars has continued with the same trend. However, this has stopped at slight reduction of quarterly ratio of 98.0% as compared to the previous year.

During the fourth quarterly consolidated cumulative period when the impact of the COVID-19 infection was significant, the number of vehicles transported and pre-delivery inspected dropped due to the depression of new vehicle sales; in addition export volumes were suppressed due to the impact of the lockdown in Malaysia, the main destination of the used car export business. Human resource business was also affected by the termination of the temporary staffing contracts.

As a result, the business results of our group are as follows: sales revenue of 895.1 million yen (99.2% compared to the same quarter from the previous year) and operating profit of 3,675million yen (111.2% compared to the same quarter from the previous year). In addition, the profit before taxes was 3,679million yen (111.7% compared to the same quarter from the previous year), and the profit of the quarter attributable to the equity shareholders of the company was 2,374million yen (ratio of same quarter from the previous year of 143.2%).

Number of units related to domestic distribution of automobiles

Units: vehicles

Domestic		July of 2018 to June of 2019	July of 2019 to June 2020	Compared to the previous year
New cars				
Domestic manufacturer	*1	4,986,398	4,384,762	87.9%
(out of this, Nissan Motor)	*1	(592,778)	(491,866)	(83.0%)
Foreign manufacturer	*2	306,612	264,809	86.4%
Total of new vehicle sales		5,293,010	4,649,571	87.8%
Number of used vehicle registrations				
Registered vehicles	*3	3,831,487	3,746,472	97.8%
Light vehicles	*4	3,123,533	3,067,767	98.2%
Total number of used vehicles registered		6,955,020	6,814,239	98.0%
Number of vehicles permanently deleted	*3	227,682	229,924	101.0%

Export		July of 2018 to June of 2019	July of 2019 to June 2020	Compared to the previous year
New vehicles of domestic manufacturers	*1	4,841,404	4,034,610	83.3%
Used vehicles(registered vehicles)	*5	1,462,583	1,439,123	98.4%

*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

[Fuel retail price]			Unit: Yen / L
National average	July 2018 ~ June 2019	July 2019 ~ June 2020	Compared to the previous year
Light oil *6	129.9	126.5	97.4 %
Regular petrol *6	150.0	146.1	97.4 %

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

The segment business results are as follows.

<<Automobile related businesses>>

For vehicle transportation, which is the core business, in addition to start of Mitsubishi Motors' vehicle transportation business in the mid of August of 2019, sales expansion efforts were taken actively to major used car dealers. However, with a slump in sales of Nissan Motor Corp, sales revenue for the same company reduced, the vehicle transportation business revenue reduced as the number of vehicles transported dropped due to the depression of new vehicle sales in the fourth quarterly consolidated cumulative period. Moreover, for the used car export business, the number of vehicles exported was suppressed due to the lockdown in Malaysia during the fourth quarterly consolidated cumulative period. However, the used car export business revenue increased as a result of favorable conditions for Malaysia till the third quarterly consolidated cumulative period. This resulted in reduction in revenue as an entire automotive industry.

The restructuring of the transportation system including cooperating companies has been accelerated with the impetus of establishment of regional block companies in the vehicle transportation business, and thorough implementation of cost management is being conducted while aiming to achieve a systematic allocation and optimum distribution network throughout Japan. Profits increased in the automobile related business due to the revision of transportation charges from January 2019, review of the depreciation period of car carriers to match the actual life expectancy, and drop in unit price of fuel expenses compared to the same period of the previous year, in the midst of business challenges such as promoting initiatives for work style reforms to create forwarding company and decrease the total work hours, increased labor costs and recruitment costs to deal with driver shortages, and increased vehicle costs due to the increased number of vehicles and the measures against aging of car carriers.

As a result, the overall sales revenue in the automobile related businesses was 64,675 million yen (98.3% compared to the same period from the previous year), and the segment profit was 5,426 million yen (110.9% compared to the same quarter from the previous year).

<<Human resource business>>

With tightening of the labor demand accompanying the economic recovery, the difficulty in employment in major cities and significant rise in labor cost have become a serious matter; therefore, the Group has promoted a regional shift from the major cities to smaller cities and reinforcement of the sales system, and has reviewed its product portfolio strategically and continuously. Human resource revenue has increased as the existing pick up service and driver dispatch business have transitioned steadily and participation in the newly entered airport related business contributes to sales revenue increase, even if being affected by the termination of temporary staffing contracts in the fourth quarterly consolidated cumulative period, in addition transient job listing advertising costs are no longer required,; and profit has increased with the restructuring of pricing strategy and cost structure.

As a result, the sales revenue of the overall human resource business was 18,603 million yen (100.4 % compared to the same quarter from the previous year), and the segment profit was 650 million yen (207.6% compared to the same quarter from the previous year).

<<General cargo business>>

In the transport / warehousing business, cargo volume reduced by the partial clients during the fourth quarterly consolidated cumulative period. However, it increased due to the increased cargo volume from the rush demand of the tax rise, from clients that were mainly handling household equipment. However, the revenue in the port cargo handling business reduced due to reduction in coal and automobile-related cargo. Furthermore, the CKD business was launched and contributed to the sales revenue increase, increasing the revenue in the overall general cargo business as well.

Profit increased with the increased revenue in the transport / warehousing business, but revenue decreased in the port cargo business due to reduced revenue. Furthermore, loss related to the launch of the CKD business has continued, and there was a significant decrease overall in profit in the general cargo business.

As a result of the above, the sales revenue of the overall general cargo business was 6,222 million yen (104.9 % compared to the same quarter of the previous year), and the segment loss was 188 million yen (segment profit of 150 million yen in the same quarter of the previous year).

Furthermore, the company expenses not including the abovementioned segment-wise loss and profit (expenses affiliated with our company's management division), etc. are allocated as an item in the "adjustment amount" as indicated in "3. Consolidated financial statements and major notes (6) Notes on consolidated financial statements (Segment information)" in the summary of consolidated statements for the quarter," and totaled 2,212 million yen.

(2) Summary of financial position of the current fiscal period
Status of assets, liabilities, and equity

(Assets)

Current assets increased 9 million yen (0.1%) compared to the end of the previous consolidated fiscal year and were 18,187 million yen.

This was mainly because the operating receivables and other receivables reduced by 674 million Yen. However, cash and cash equivalents increased 1,313 million Yen.

Non-current assets increased by 4,950 million yen (23.2%) compared to the end of the previous consolidated fiscal year to 26,327 million yen.

This was mainly due to an increase of tangible fixed assets of 5,214 million yen even if other financial assets reduced by 141 million Yen.

As a result, total assets increased by 4,960 million yen (12.5%) compared to the previous consolidated fiscal year to 44,514 million yen.

(Liabilities)

Current liabilities increased 2,011 million yen (16.0%) compared to the end of the previous consolidated fiscal year to 14,572 million yen.

This was mainly due to 1,100 million Yen reduction in operating liabilities and other liabilities. However, loan increased by 745 million Yen and other financial debt increased by 2,126 million yen due to an increase of lease liabilities.

Non-current liabilities increased by 1,127 million yen (28.8%) compared to the end of the previous consolidated fiscal year to 5,048 million yen.

This was mainly due to an increase of 1,629 million yen in other financial liabilities due to lease liabilities, etc.

As a result, total liabilities increased by 3,138 million yen (19.0%) compared to the end of the previous consolidated fiscal year to 19,620 million yen.

(Equity)

Equity increased by 1,821 million yen (7.9%) compared to the end of the previous consolidated fiscal year to 24,894 million yen.

This is mainly because profit margin increased by 1,936 million yen due to the totaling of current period's profits.

(3) Summary of cash flows of the current fiscal period

Cash and cash equivalents (hereinafter referred to as "funds") at the end of current consolidated accounting period increased by 1,313 million yen compared to the end of the previous consolidated accounting fiscal year to 4,779 million yen.

Each cash flow status category during current consolidated cumulative period and their causes are as follows.

(Cash flow through operating activities)

Funds obtained from operating activities were 6,538 million yen (there were income of 1,033 million yen during the same period of the previous year).

The main cause of the increase in funds were 4,188 million yen for depreciation and amortization expenses which are non-cash expenses and current period's profits are 2,387 million yen; the main cause of the decrease in funds was 1,255 million yen for payment of corporate income and 602 million yen which is reduction in operating liabilities.

To compare this with previous consolidated cumulative period, depreciation and amortization have increased due to the adoption of IFRS16 "lease", etc.

(Cashflow through investment activities)

Net cash used in investment activities was 2,067 million yen (expenditures of 2,402 million yen during the previous consolidated cumulative period).

The main itemization breakdown for expenditures was 1,889 million yen for acquisition of tangible fixed assets and investment property.

(Cashflow through financial activities)

Funds used due to financing activities were 3,157 million yen (expenditure of 438 million yen in the previous consolidated cumulative period).

The main itemization breakdown for expenditure was 3,209 million yen lease liabilities payments, 593 million for payment of dividends and 154 million yen for repayment of long-term loan amount.

To compare this with current consolidated cumulative period, income due to lease liability payments (payment of finance / lease liabilities for the previous consolidated cumulative period) have increased due to the adoption of IFRS16 "lease", etc.

(4) Future outlook

In the next consolidated cumulative period, the effect of COVID-19 is predicted to remain prevalent in the year 2020. Namely, it is predicted that number of vehicle transportation will reduce by 10 % due to low number of new vehicles purchases. It is also estimated that recovery of automobile market of Malaysia will take time and hence, number of used car export within the year will be reduced to half. Even in the human resource business, reduction in sale earnings will be seen due to continued effect of the termination of temporary staffing contracts.

The domestic automobile industry is said to be in a 100-year transient reform period due to reduction in population and reduction in number driving license holders due to non-use of cars and advancement of mobility represented by CASE (Connected, Autonomous, Sharing and Electric) or MaaS (Mobility as a Service) in addition to increase in period of average number of usage years with improved durability of cars.

Moreover, the logistics industry is predicted to show continuous severe financial environment due to the serious insufficiency of drivers due to reduced labor demand, assumed rise in mid to long-term fuel prices, advancement of work reforms aiming at controlling long-term labor and compliance such as on-road load handling limitations.

Under these conditions, in our company group, optimization of management activity and logistics system is being promoted by activating the regional characteristics of the base stations all over the country and with shrinking of domestic automobile market, efforts are being taken for expansion of overseas industry, participation of automobile industry of various models and reclamation of new industry looking at next-generation mobility companies.

Moreover, regional block companies have been established as a series of restructuring of vehicle transportation basics and hence, after estimating transport efficiency possessed within the group, improvement of transport efficiency and strengthening of cost management will be progressed by realization of planned vehicle distribution, infrastructure and resource within the group including cooperative companies will be utilized to the maximum level and effect of group synergy will be maximized.

The performance forecast of June 2021 period is estimated to be 81 billion Yen of sale earnings, 3.6 billion yen of operating profits, 3.58 billion yen of profit before tax deduction and 2.3 billion yen of current period profit owing to owners of new company.

* The above forecast is judged by the company to be rational based on information procurable as of now and the actual results may differ from the forecast.

2. Basic view on selection of accounting standards

This company group aims at achieving improvement in efficiency and quality of management through integration of financial report basics considering the progress of overseas business expansion and the policy of Tan Chong International Limited Group, which is the parent company and at achieving improving international comparison of financial information in the capital market. International financial standards (IFRS) is applied from consolidated financial statement in securities report of June 2016 (period no. 70).

3. Consolidated financial statements and major notes

(1) Consolidated statement of financial position

(Unit: million yen)

	End of the previous consolidated accounting year (June 30, 2019)	End of the current consolidated accounting period (June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	3,465	4,779
Trade and other receivables	13,281	12,607
Inventories	922	511
Other financial assets	4	10
Other current assets	503	279
Total current assets	18,177	18,187
Non-current assets		
Tangible fixed assets	11,931	17,146
Goodwill and intangible assets	2,803	2,626
Investment properties	3,393	3,275
Investment accounting processed with equity method	986	984
Other financial assets	1,629	1,487
Other non-current assets	291	350
Deferred tax assets	341	456
Total non-current assets	21,377	26,327
Total assets	39,554	44,514

(Unit: million yen)

	End of the previous consolidated accounting year (June 30, 2019)	End of the current consolidated accounting period (June 30, 2020)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payable	6,976	5,875
Loans	1,283	2,028
Other financial liabilities	720	2,847
Income taxes payable, etc.	901	931
Other current liabilities	2,679	2,889
Total current liabilities	12,561	14,572
Non-current liabilities		
Loans	154	55
Other financial liabilities	1,519	3,148
Retirement benefits liabilities	1,725	1,216
Other non-current liabilities	306	276
Deferred tax liabilities	214	351
Total non-current liabilities	3,920	5,048
Total liabilities	16,481	19,620
Equity		
Capital	3,390	3,390
Capital surplus	3,362	3,394
Treasury stock	△687	△681
Other component of funds	236	70
Retained earnings	16,754	18,690
Total equity attributable to the equity shareholders of the company	23,056	24,864
Non-controlling interest	16	29
Total Equity	23,072	24,894
Total liabilities and equity	39,554	44,514

(2) Consolidated statement of profit or loss

(Unit: million yen)

	Previous consolidated cumulative period (from July 1, 2018 to June 30, 2019)	Current consolidated cumulative period (from July 1, 2019 to June 30, 2020)
Sales revenue	90,228	89,501
Cost of sales	△78,099	△77,100
Gross Profit	12,129	12,401
Selling, general and administrative expenses	△9,302	△9,106
Other income	606	475
Other expenses	△127	△95
Operating profit	3,305	3,675
Financial profit	13	17
Financial expenses	△57	△69
Investment gain / loss through equity method	32	56
Profit before tax	3,294	3,679
Corporate income tax expenses	△1,630	△1,292
Profits of the year	1,663	2,387
Attribution of the profits of the year:		
Equity shareholders of the company	1,658	2,374
Non-controlling interest	5	12
Profits of the year	1,663	2,387
Earnings per share		
Basic earnings per share (yen)	99.74	142.30
Diluted earnings per share (yen)	99.58	141.98

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

(Unit: million yen)

	Previous Consolidated cumulative period (from July 1, 2018 to June 30, 2019)	Current Consolidated cumulative period (from July 1, 2019 to June 30, 2020)
Profits for the year	1,663	2,387
Other comprehensive income		
Items not transferring over to profit or loss:		
Remeasurement of defined benefit system	△219	154
Net change amount of fair value of equity instruments specified by measured by fair value through other comprehensive income	△177	△ 107
Total of the items not transferring over to profit or loss	△397	47
Items which may be transferred over to profit or loss		
Other comprehensive income equity of affiliated company accounted for by the equity method	△2	△58
Total of the items which may be transferred over to profit or loss	△2	△58
Other comprehensive income after tax deduction	△399	△11
Comprehensive income for the year	1,264	2,375
Attribution of the comprehensive income for the year:		
Equity shareholders of the company	1,258	2,362
Non-controlling interest	5	12
Comprehensive income for the year	1,264	2,375

(4) Consolidated statement of changes in equity
Previous consolidated accounting period (from July 1, 2018 to June 30, 2019)

(Unit: million yen)

	Equity attributable to equity shareholders of the company										Non-controlling interest	Total equity
	Capital	Capital surplus	Treasury stock	Other components of funds					Retained earnings	Total equity attributing to the equity shareholders of the company		
				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				
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
Current period balance in accounting method reflected	3,390	3,305	△687	△47	-	464	-	416	15,664	22,089	11	22,101
Profit 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 the 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

Current consolidated accounting period (from July 1, 2019 to June 30, 2020)

(Unit: million yen)

	Equity attributable to equity shareholders of the company										Non-controlling interests	Total equity
	Capital	Capital surplus	Treasury stock	Other components of funds					Retained earnings	Total equity attributing to the equity shareholders of the company		
				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					
Balance on July 1, 2019	3,390	3,362	△687	△50	286	-	236	16,754	23,056	16	23,072	
Profit of the year							-	2,374	2,374	12	2,387	
Other comprehensive income				△58	△107	154	△11		△11		△11	
Comprehensive income of the year	-	-	-	△58	△107	154	△11	2,374	2,362	12	2,375	
Dividends of the surplus							-	△593	△593		△593	
Share-based payment transactions		31	6							38		38
Transfer from other capital component to retained earnings						△154	△154	155	0			0
Total of transactions, etc., with the owners	-	31	6	-	-	△154	△154	△437	△554	-	△554	
Balance on June 30, 2020	3,390	3,394	△681	△108	179	-	70	18,690	24,864	29	24,894	

(5) Consolidated statement of cash flow

(Unit: million yen)

	Previous consolidated cumulative period (from July 1, 2018 to June 30, 2019)	Current Consolidated cumulative period (from July 1, 2019 to June 30, 2020)
Cash flow from operating activities		
Profits of the year	1,663	2,387
Depreciation and amortization costs	1,708	4,188
Interest income and dividend	△13	△12
Interest expense	45	51
Investment gain / loss through equity method	△32	△56
Corporate income tax expenses	1,630	1,292
Increase / decrease of trade receivables (△ is an increase)	△1,992	345
Increase / decrease of inventories (△ is an increase)	△409	411
Increase / decrease of trade payables (△ is a decrease)	240	△602
Increase / decrease in retirement benefits liabilities (△ is a decrease)	△440	△275
Other	597	104
Subtotal	2,998	7,833
Interest and dividend received	13	12
Interest paid	△45	△51
Corporate income tax paid	△1,932	△1,255
Net cash provided by (used in) operating activities	1,033	6,538
Cash flow from investment activities		
Payment for acquisition of tangible fixed assets and investment properties	△2,195	△1,889
Proceed from sales of tangible fixed assets and investment properties	7	13
Payment for intangible assets	△240	△105
Payment for loans receivable	△25	△36
Proceed from loans receivable	20	19
Other	30	△68
Net cash provided by (used in) investment activities	△2,402	△2,067

	Previous consolidated cumulative period (from July 1, 2018 to June 30, 2019)	Current Consolidated cumulative period (from July 1, 2019 to June 30, 2020)
Cash flow from financing activities		
Net increase or decrease of short-term loans (△ is a decrease)	700	800
Repayment of long-term loans	△226	△154
Repayment of finance lease debts	△563	△3,209
Dividend paid	△348	△593
Payment for acquisitioning of treasury stock	△0	-
Cash flow through financing activities	△438	△3,157
Increase / decrease in of cash and cash equivalents (△ is a decrease)	△1,807	1,313
Cash and cash equivalents at the beginning of the year	5,273	3,465
Balance of cash and cash equivalents at the end of the year	3,465	4,779

- (6) Notes on consolidated financial statements
 (Notes on going concern assumption)
 There are no applicable matters.

(Changes in accounting policies)

The important company policies that our group applies to this quarterly 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.

(1) Application of IFRS No. 16 (lease)

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

Standard	Name of the standard	Summary
IFRS No. 16	Lease	Definition of lease and revision of accounting process

In the application of IFRS No. 16 "Lease (announced in January of 2016, hereinafter referred to as IFRS No. 16), a method which is approved as a transitional measure that recognizes the cumulative amount of financial impact due to the application of this standard to be recognized on the day the application is started (retroactive revision approach), is being adopted. Therefore, revised comparison information is not shown again, and the cumulative effect of the application of IFRS No. 16 is recognized on the initial application date, which is July 1, 2019.

In the previous consolidated accounting year, our group has classified all substantial risks and lease contracts with economic benefit as finance lease. Lease assets are initially recognized at the fair value or the current value of the total amount of minimum payment lease fee. Lease contracts other than finance leases are classified as operating leases and are not appropriated in the consolidated statement of affairs of our group. The payment lease fee of operating leases is recognized as an expense throughout the lease period based on the straight-line method.

During current consolidated accounting year, our group did not categorize borrower leases as finance leases or operating leases, in accordance with IFRS No. 16, Our group introduced a single accounting model, and has recognized lease debts which show the obligation to pay the right-of-use asset and lease fee, which show the right to use the underlying assets as a general rule for all leases; excluding cases of short term leases with a lease period shorter than 12 months or small amount assets leases.

Accompanying the application of IFRS No. 16, for borrower lease transactions, our group has measured the right to use asset at acquisition cost and the lease debt at the current value of the total amount of unpaid lease fees at the lease commencement date. The acquisition cost of the right to use asset is initially measured by adjusting the prepaid lease payment, etc. to the initial measured amount of the lease debt. In the summary of consolidated financial status statement for the quarter, the right-of-use asset is shown as included in the "tangible fixed assets," and the lease debt is included in the "other financial debts." The depreciation of the right-of-use assets and interest costs related to the lease debt are appropriated after recognizing the right-of-use assets and the lease debts.

Our group estimates the lease period of the right-of-use asset by adding a reasonably certain time period in which executing an option to extend the lease or executing an option to cancel the lease will not be exercised during the irrevocability period of the lease. In addition, the discount rate applied to the lease debts related to the applicable right-of-use assets utilize the borrowing interest rate of the borrower. The right-of-use assets are depreciated using the straight-line method over the useful life period of the underlying asset if the ownership of the underlying asset is to be transferred to the borrower, over the shorter of either the useful life period or the lease period for other cases.

In addition, our group utilizes the following practical expedients in applying the IFRS No. 16.

- Regarding leases in which the lease period is to be concluded within 12 months of the application start date, the same accounting process method of short-term leases
- Exclude the initial direct cost from the measurement of right-of uses of the date of initial application
- Carry over the past decision of whether the transaction is a lease or not for the contracts signed before the previous consolidated accounting year
- Utilize ex post facto decisions in the case of calculating the lease period for contracts which include extension or cancellation options

(2) Effect on the summary of the consolidated financial statements of the quarter

For the company group, 8,871 million yen for right-of-use assets and 8,720 million yen for lease debts are appropriated in the summary of consolidated financial status statements for this quarter on July 1, 2019. This is mainly an influence of the lease fee classified as an operating lease in IAS No. 17 being appropriated as an asset and debt upon application of IFRS No. 16. Furthermore, there is no effect on the accumulated earnings at the beginning of the term because right-of-use assets that is the same amount as the lease debts (however, advance lease fee is revised) is recognized when the lease debt is recognized.

The average of the added borrowing interest applied to the lease debts at the time of the application start date was 0.2%.

In addition, the cash flow due to sales activities increased, and the cash flow due to financial activities decreased in conjunction with the change, etc. of display in the operating lease cost.

The difference between the total of the minimum lease fee of the irrevocable operating leases at the last date of the fiscal year immediately before the application start date, and the lease debt recognized in the summary of the consolidated financial status statement for the quarter as of the application start date, is as follows.

	(Million yen)
	Amount
Total amount of future minimum lease fees for irrevocable operating lease (June 30, 2019)	1,965
Total amount of future minimum lease fees for irrevocable operating lease after discount (July 1, 2019)	1,946
Lease debts classified in the finance leases (June 30, 2019)	2,149
Effects, etc., from the review of lease period due to the application of IFRS No. 16	4,624
Lease debts recognized in the summary of the consolidated statement of financial position as of the application start date (July1, 2019)	8,720

(Change of accounting estimates)

(Change in life expectancy)

Regarding the group's sales vehicles in the automobile related business by our company, (some excluded); it became clear that long-term usage could be expected through regular maintenance, etc. Due to this, the life expectancy has been revised from the conventional 7 years to 10 years starting the first quarter of the consolidated accounting period going forward.

Due to this, 326 million yen has been added to the sales profit and pre-tax profits for the current consolidated cumulative period compared to the case of using the conventional useful life period. In addition, the effect on the segment information is indicated in the applicable portions.

(Additional Information)

(About accounting estimates associated with the spread of COVID-19)

Now the COVID-19 infection is continuing to spread, and it has a certain impact on the business activities of our group. Our company group makes an estimate about future cash flows in fixed asset impairment accounting and goodwill impairment testing, and collectability of deferred tax assets in tax effect accounting. In reflecting the impact of the COVID-19 infection in the accounting estimate, it is predicted that the effect of COVID-19 infection will continue for a certain period of June 2021.

Although we make reasonable estimates and judgments based on the information procurable as of now, there are uncertainties in the estimation of the spread and convergence of the COVID-19, and the actual results may differ from the forecast.

(Segment information)

(1) Summary of report segment

In the report segment of our group, financial information isolated from the structural unit of our group can be procured and the highest decision-making body conducts regular study for deciding division of management resources and evaluating performance.

This group collects the business segments based on the state of management organization and characteristics of the service and creates report segment as "automobile-related business", "human resources business" and "general cargo business". Main services belonging to each report segment

Segment	Main service
Automobile-related business	Transport of automobiles, repair, used cars auction, used cars export
Human resource business	Temporary staffing of drivers, personal car driving management
General cargo business	General consumer goods transport and maintenance, loading and unloading of coal, minerals, warehouse lease, CKD business etc.

(2) Sale earnings, profit and loss, assets and other amounts for each report segment

Sale earnings, profit and loss, assets and other amounts for each report segment of our group are as follows. The accounting policy for each report segment is same as account of our company stated in note 3. Important accounting policies.

The sale earnings between the segments are based on market pricing.

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

(Unit: 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 and repayment amount	1,325	89	202	1,616	91	1,708

(Note) 1. The adjusted amount is as follows.

- ① The △ 2,053 million yen adjusted amount of segment profit includes total company cost of △ 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 adjusted amount of segment assets includes total company assets of 9,362 million yen not allotted into any of report segment and △7,429 million of translation elimination between segments.
- ③ The adjusted amount of other items is related to the total company assets not allotted to any report segment.

2. Non-current assets do not include financial assets, deferred tax assets etc.

Current consolidated accounting year (from July 1, 2019 to June 30, 2020)

(Unit: 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	64,675	18,603	6,222	89,501	-	89,501
Sales revenue between segments	44	1,056	444	1,545	△1,545	-
Total	64,719	19,659	6,667	91,046	△1,545	89,501
Segment profit (operating profit) (△ is loss)	5,426	650	△188	5,888	△2,212	3,675
Segment assets	26,587	6,995	8,326	41,910	2,604	44,514
Other items						
Increased amount in non-current assets (note) 2	2,234	40	107	2,382	17	2,399
Depreciation and repayment amount	1,299	88	199	1,587	58	1,646

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

① The △ 2,212 million yen adjusted amount of segment profit includes total company cost of △ 2,212 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 2,604 million yen adjusted amount of segment assets includes total company assets of 10,421 million yen not allotted into any of report segment and △ 7,816 million of translation elimination between segments.

③ The adjusted amount of other items is related to the total company assets not allotted to any report segment.

2. Non-current assets do not include financial assets, deferred tax assets etc.

3. As stated in "3. Consolidated financial statements and major notes (6) Notes on consolidated financial statements (Changes in accounting estimate), regarding the group's sales vehicles in the automobile related business by our company, (some excluded); the life expectancy has been revised starting from the first quarter of the consolidated accounting period. Due to this, the sales profit increased by 326 million yen in the automobile-related business for the current consolidated cumulative period compared to the case of using the conventional useful life period.

(3) Regional information

① The breakdown of sales revenue from external customers by region are as follows.

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

(Unit: million yen)

Japan	Malaysia (note)	Other	Total
80,026	9,751	450	90,228

(Note) "Malaysia" included in "Asia" region was mentioned as a region from the current consolidated cumulative period as its importance increased in the previous consolidated cumulative period.

Current consolidated accounting year (July 1, 2019 to June 30, 2020)

(Unit: Million yen)

Japan	Malaysia (note)	Other	Total
78,763	10,278	459	89,501

② Non-current assets

There are no non-current assets present outside Japan and hence, this item is not applicable.

(4) Information on major customers

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

(Unit: Million yen)

Name or title of customer	Sales revenue	Related segment
Nissan Motors Group (Note)	19,495	Automobile-related business

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Autech Japan Co. Ltd. and Nissan Motors Sales Co. all over the country.

Current consolidated accounting year (July 1, 2019 to June 30, 2020)

(Unit: Million yen)

Name or title of customer	Sale revenue	Related segment
Nissan Motors Group (Note)	17,553	Automobile-related business

(Note) Sale results of Nissan Motors Group are total sale results of Nissan Motors Co. Ltd., Autech Japan Co. Ltd. and Nissan Motors Sales Co. all over the country.

(Information per share)

The calculation of basic earnings per share for current period and basic earnings per share after dilution in the previous consolidated accounting year and current consolidated accounting year are as follows.

(1) Basic earnings per share

	Previous consolidated accounting year (July 1, 2018 to June 30, 2019)	Current consolidated accounting year (July 1, 2019 to June 30, 2020)
Profit for the year attributable to equity shareholders of the company (million Yen)	1,658	2,374
Weighted average number of shares (thousand shares)	16,626	16,685
Basic earnings per share (yen)	99.74	142.30

(2) Basic earnings per share after dilution

	Previous consolidated accounting year (July 1, 2018 to June 30, 2019)	Current consolidated accounting year (July 1, 2019 to June 30, 2020)
Profit for the year used for calculation of earnings per share after dilution (million Yen)	1,658	2,374
Impact of dilutive potential common stock Stock benefit trust BBT (thousand shares)	27	37
Weighted average number of shares after dilution (thousand shares)	16,654	16,744
Basic earnings per share after dilution (yen)	99.58	141.98

(Significant subsequent events)

No applicable item.