

A Road to a
Comfortable Automobile Society

ANNUAL REPORT 2013

Corporate Philosophy of the Park24 Group

The Park24 Group aims to help achieve a comfortable automobile society with harmony among people, cars, and communities.

We believe that a comfortable automobile society is one that offers a stress-free means of transportation. Based on this belief, we seek to contribute to the sustainable development of a motoring society, boosting understanding with our customers, and helping to create new, environmentally enhancing, comfortable mobility services. Aiming to become an indispensable entity in a motoring society, we are determined to meet the expectations of all stakeholders.

Park24 Group

The Park24 Group is Japan's largest manager of parking facilities and a leader in mobility services

The Park24 Group was founded in 1971. In 1991, it opened the first *Times* facility, a 24-hour unmanned hourly parking development, in Japan. In 2003, the Group broke new ground in the industry by introducing its original IT system TONIC (Times Online Network and Information Center) in *Times* parking facilities, enabling two-way communication and storage of data on parking facilities. We are continuing to grow as Japan's largest parking-facility management company through measures such as increased efficiency of operations with the use of TONIC and enhanced customer service, in addition to leveraging our brand strength.

Recently, we have also been working on our Mobility Business, including rent-a-car, car sharing, and roadside assistance services. In addition, we have been actively working to develop the market for car sharing services, which can provide a new means of transportation. In this way, we at the Park24 Group continue to generate new value for Japan's automobile society.

Parking Business



Management of Parking Facilities "*Times*"

Mobility Business



Rent-a-car Service
"*Times Car RENTAL*"



Car Sharing Service
"*Times Car PLUS*"



Roadside Assistance Service
"*Car Rescue*"

To Our Shareholders and Investors

The Park24 Group achieved record-high profits for the second consecutive year as it continued generating growth for the Parking Business and Mobility Business.



March 2014

A handwritten signature in black ink that reads "K. Nishikawa".

KOICHI NISHIKAWA

President and Representative Director

It is with great pleasure that I report the Park24 Group performance results for fiscal 2013, ended October 2013.

The Japanese economy was supported in the year under review by anticipation for the new government administration's economic and fiscal policies along with continuing correction to the strong yen and recovering stock prices. In these conditions, Japanese exports and production moved into recovery trends and corporate profits also showed signs of improving, particularly in some manufacturing sectors.

In this environment, the Park24 Group continued expanding its services developed from the driver's perspective as it seeks to realize a comfortable automobile society. In the fiscal year ended in October 2013, the Park24 Group consolidated our services under the Times brand while increasing the number of parking sites and spaces in the Parking Business as well as expanding the revenue base for the rent-a-car services and developing demand for car sharing services in the Mobility Business. The outcome of these efforts was record-high results in all profits—gross profits, operating profits, recurring profits and net income—for the second straight year.

The outlook for the Japanese economy remains uncertainty given the uncertainty about foreign exchange conditions and how the planned hike in the consumption tax will affect private consumption. In this environment, the Park24 Group will continue diligently implementing strategies for ongoing growth.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding the Company's plans, strategies, and outlook for the future. All forward-looking statements are based on judgements derived from the information available to the Company at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report.

Glossary

Standard Times (ST)

The ST business rents mainly idle sites from landowners and converts them to *Times* parking facilities. The ST business focuses on small-scale facilities with 4–5 parking spaces to limit the potential impact from contract cancellations.



Park & Charge

Park & Charge is a service enabling electric vehicles to recharge while parked at *Times* parking facilities. The Park & Charge service is being expanded in line with the increase in electric vehicles.



Times Partner Service (TPS)

The TPS business rents parking facilities to operate *Times* parking facilities for visitors to commercial facilities, banks, hospitals, hotels, and other establishments. The TPS business maintains stable operations over the long term and has less contract cancellation risk compared to the ST business.



Traffic IC Park & Ride Service

The Traffic IC Park & Ride Service provides parking fee discounts to customers with traffic IC cards. When they hold their traffic IC card, such as Suica, PASMO and ICOCA, over a *Times* payment machine, the parking fee is reduced according to the transportation usage history recorded on the card.



Times Club

Times Club is a membership point program with no signup charge or annual fee. Members accumulate points by using the *Times* parking facilities, *Times Car PLUS*, and other services and are offered special members-only services.



Times Car RENTAL

Times Car RENTAL is the nationwide car rental service operated by the Group company Times Mobility Networks Co., Ltd. The service, which is designed primarily for extended rental hours, offers a wide selection of rental models from major automakers and is affiliated with Europcar.



Times Business Card

The Times Business Card is a corporate customers-specific card that enables cashless settlement of parking fees when using *Times* parking facilities. Corporate customers can reduce the labor required for reimbursing parking fees and improve their business efficiency by using this card service.



Times Car PLUS

Times Car PLUS is a car sharing service operated by Times24 Co., Ltd., our Group company, and offers a new approach to using vehicles based on when, where and how long our customers need vehicle. Service charges are applied in 15-minute increments so that customers can use the vehicles for even very short amounts of time.



Times Ticket

Times Tickets are service tickets that can be used at *Times* parking facilities nationwide. Times Tickets are sold to commercial facilities and other businesses that own no parking sites and can boost customers for both the business and the *Times* parking facilities.



Car Rescue

Car Rescue is a road service of Times Rescue Co., Ltd., our Group company, that provides customer support for auto accidents or breakdowns. The service encompasses first response and arrangements, emergency operation on site, and transport service, using a network of 9,500 auto maintenance factories nationwide.



Times Online Network and Information Center (TONIC)

TONIC is an online system infrastructure linking our information center and *Times* parking facilities nationwide. The two-way data communication system enables the Company to provide parking space availability information and various parking site services including cashless settlement services. TONIC is also used to enhance the efficiency of the Company's marketing and parking facility management.

Parking Day

The Park24 Group designated August 9 as "Parking Day" to promote awareness about driving etiquette and the dangers of roadside parking. On Parking Day, we donated a portion of the revenues from *Times* parking fees to the Foundation for Orphans from Automobile Accidents and work on awareness raising activities.



Special Feature: Park24's Growth Trajectory

The Park24 Group has been steadily growing since its founding in 1971. Two innovative developments played particularly key roles in the Group's growth—the 1972 start of sales of equipment for hospital parking facilities and the 1991 start of fully-automated, 24-hour Times parking service, with hourly-based parking rates, which was the first in Japan. The Park24 Group will continue to take on new challenges and pursue further growth as it seeks to fulfill its mission to realize a comfortable automobile society.

2003

Introduced the Times Club membership program for individual users

1972

Commenced sales of equipment for parking facilities

1997

Provided its first Times Partner Service (TPS)

1991

Commenced *Times* parking business
Provided its first fully-automated, 24-hour *Times* parking service with hourly-based parking rates

1971

Park24 established (commenced sales of "No Parking" signs)

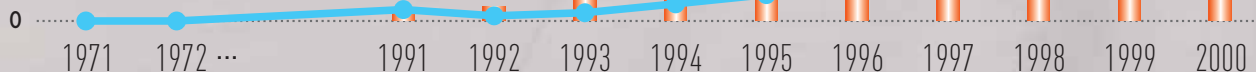
(Millions of yen)

150,000

100,000

50,000

■ Net Sales (Left)
● Recurring Profit (Right)



2009

Incorporated MAZDA
CAR RENTAL to the
Park24 Group (currently
Times Mobility Networks
Co., Ltd.)
Full-scale entry to the car
sharing business

2013

Renamed the
rental car service brand
Times Car RENTAL and
the car sharing service
brand *Times Car PLUS*

(Millions of yen)
20,000

2006

Enforcement of the
revised Road Traffic
Law (with stricter regu-
lations against illegal
parking)

2011

Number of Park24
parking facilities
surpassed 10,000

15,000

2005

Connecting of all *Times*
parking facilities to the
Times Online Network
and Information Center
(TONIC)

10,000

5,000

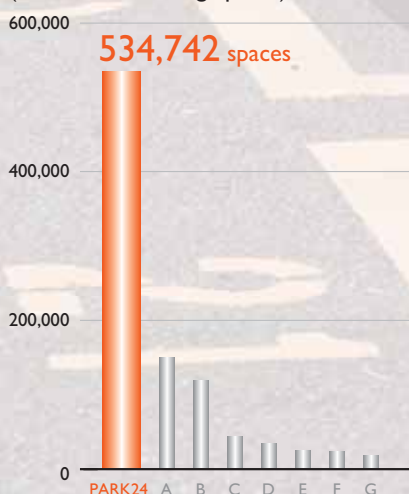
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2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Parking Business

Park24 is increasing the number of its parking sites in operation and introducing online systems and other advanced services ahead of competitors to firmly maintain its position as the premier operator of parking facilities in Japan.

Competitor Comparison
(Number of Parking Spaces)



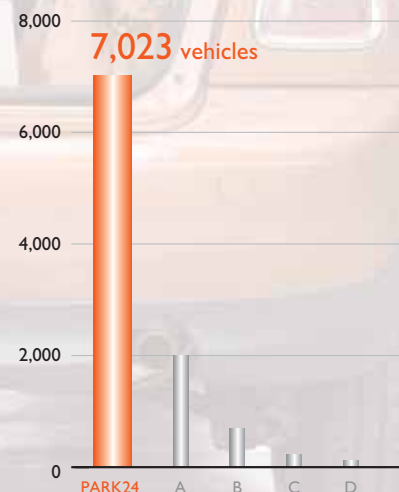
Mobility Business

The Mobility Business activates the synergies with the Parking Business and develops business centered on car rental services, such as rent-a-car and car sharing.

The number of rental car counters is the largest in Japan.



Competitor Comparison
(Number of Car Sharing Vehicles)



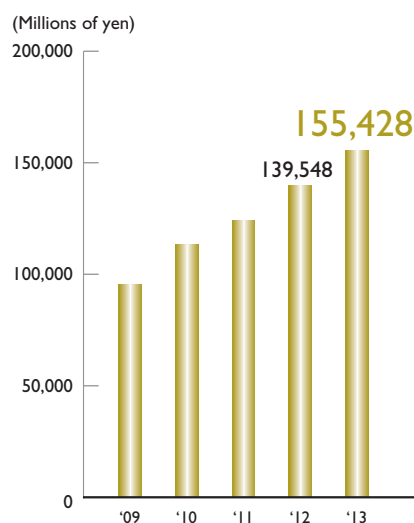
Consolidated Financial Highlights

The Park24 Group achieved record-high profits for the second consecutive year as it continued generating growth for the Parking Business and Mobility Business.

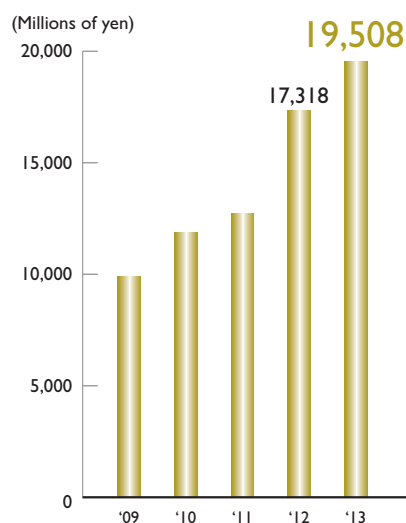
	2004	2005	2006	2007
For the year:				
Net sales	¥ 48,919	¥ 55,360	¥ 65,300	¥ 75,458
Gross profit	12,068	14,275	18,705	20,245
Operating profit	7,594	9,006	12,164	12,654
Recurring profit	7,324	8,626	11,759	11,873
Net income	4,312	5,192	7,177	6,841
At year-end:				
Total net assets	¥ 23,704	¥ 29,577	¥ 28,676	¥ 34,504
Total assets	31,647	40,559	55,434	63,948
Per share data (Yen and U.S. dollars, Note 2):				
Net income —Basic	¥ 29.37	¥ 35.37	¥ 50.84	¥ 48.45
—Diluted	29.14	34.96	49.08	46.22
Cash dividends, historical	5.00	7.50	12.50	30.00
Net assets	166.57	205.69	204.15	243.94
Management indexes:				
Recurring profit year on year	130.6	117.8	136.3	101.0
Operating profit margin	15.5	16.3	18.6	16.8
Recurring profit margin	15.0	15.6	18.0	15.7
Return on assets	14.5	14.4	15.0	11.5
Return on equity	19.3	19.5	24.6	21.7
Equity ratio	74.9	72.9	51.7	54.0
Dividend payout ratio	17.0	21.2	24.6	61.9
Number of employees	494	543	638	760

Notes: 1. The U.S. dollar amounts represent translations of yen amounts at the rate of ¥98.50=U.S.\$1, the approximate rate of exchange prevailing on October 31, 2013.
2. Per share data has been adjusted retroactively for the stock splits carried out by the Company as follows; a 3-for-1 split on June 19, 2002, a 2-for-1 split on December 20, 2004, and a 2-for-1 split on November 1, 2006.

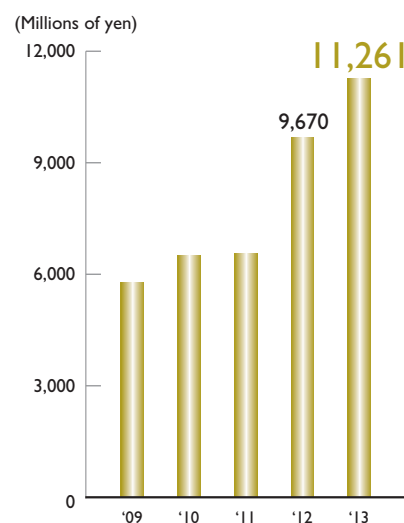
Net Sales



Recurring Profit

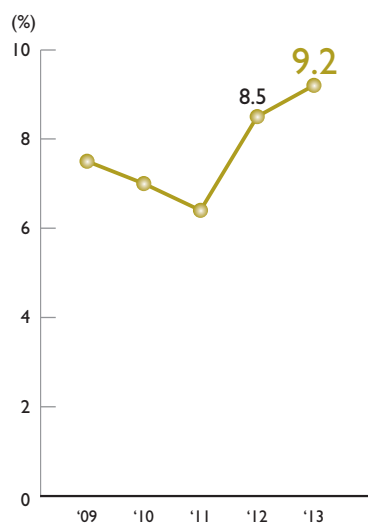


Net Income

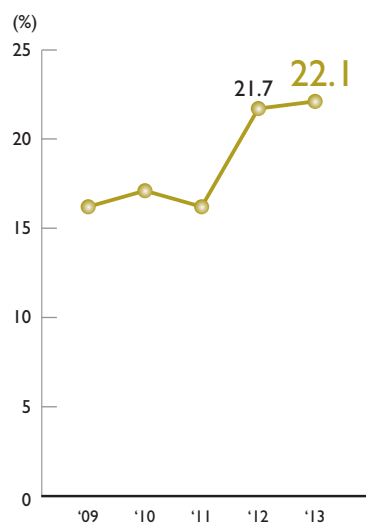


					Millions of yen	Thousands of U.S. dollars (Note 1)
2008	2009	2010	2011	2012	2013	2013
¥ 80,835	¥ 95,320	¥ 113,249	¥ 124,080	¥ 139,548	¥ 155,428	\$ 1,577,949
18,533	24,122	31,409	33,254	39,423	43,643	443,076
8,937	10,584	12,840	13,292	17,810	19,509	198,061
8,260	9,878	11,880	12,711	17,318	19,508	198,051
4,738	5,756	6,487	6,547	9,670	11,261	114,325
¥ 34,756	¥ 36,455	¥ 39,228	¥ 41,686	¥ 47,893	¥ 54,968	\$ 558,051
63,168	91,051	94,981	108,935	117,809	126,575	1,285,025
¥ 33.49	¥ 40.68	¥ 45.60	¥ 45.94	¥ 67.37	¥ 78.11	\$ 0.79
32.18	38.44	44.90	45.81	66.98	75.22	0.76
30.00	30.00	30.00	30.00	35.00	40.00	0.41
245.29	256.98	274.47	290.70	330.44	377.91	3.84
69.6	119.6	120.3	107.0	136.2	112.7	
11.1	11.1	11.3	10.7	12.8	12.6	
10.2	10.4	10.5	10.2	12.4	12.6	
7.5	7.5	7.0	6.4	8.5	9.2	
13.7	16.2	17.1	16.2	21.7	22.1	
54.9	40.0	41.3	38.0	40.4	43.1	
89.6	73.7	65.8	65.3	52.0	51.2	
873	1,276	1,350	1,523	1,617	1,784	

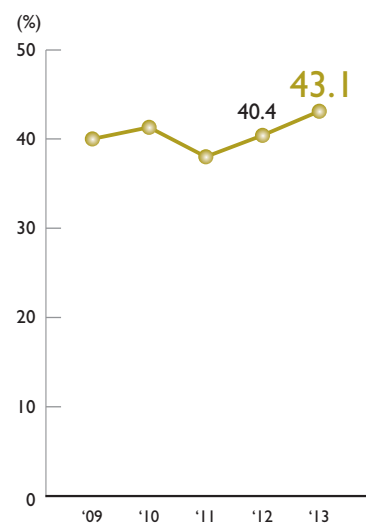
Return on Assets



Return on Equity



Equity Ratio



President's Message

Koichi Nishikawa, President and Representative Director, explains the Park24 Group's performance results and business strategies in the following message.

01 Overview of Fiscal 2013

The Park24 Group achieved growth in both sales and profits fueled by the positive results from the aggressive and profit improvement strategies.

In fiscal 2013, ended October 2013, the Company achieved substantial increases in both sales and profits and posted record highs in sales and all results on profit for the second consecutive year.

The Park24 Group accomplished its objective of double-digit recurring profit growth in fiscal 2013, recording year-on-year consolidated increases of 11.4% in net sales to ¥155.4 billion, 9.5% in operating profit to ¥19.5 billion, 12.7% in recurring profit to ¥19.5 billion, and 16.5% in net income to ¥11.3 billion. We aim to achieve double-digit recurring profits ever year.

In the Parking Business, the Company successfully advanced its plan to aggressively develop new parking facilities and for a second straight year posted a record-high increase in new parking sites. These efforts combined

with measures to improve the profitability of existing parking facilities enabled the Parking Business to record 9.5% year-on-year growth in net sales to ¥122.0 billion and an 8.5% rise in operating profit to ¥25.4 billion.

In the Mobility Business, the Company continued to focus on expanding the revenue base for the rent-a-car service and creating a market for the car sharing service. Mobility Business sales rose 18.9% year-on-year to ¥33.4 billion and operating profit surged to ¥0.7 billion, 91.4 times the previous year level. The Company generated net sales of ¥6.4 billion in the car sharing service, but fell short of its goal to achieve profitability as operating profit remained at a ¥0.7 billion loss. Nevertheless, the margin of loss is steadily narrowing.

Results for Fiscal 2013

	Fiscal 2013 (Billions of yen)	Change from Previous Fiscal Year
Net Sales	155.4	+11.4%
Operating Profit	19.5	+9.5%
Recurring Profit	19.5	+12.7%
Net Income	11.3	+16.5%

02 Parking Business Initiatives in Fiscal 2013

The Parking Business continued its steady pace of parking facility development and steadily increased the total number of managed parking spaces in its drive to achieve area dominance.

The Parking Business progressed toward its objective of establishing area dominance by developing large-scale parking facilities that serve as hubs for commercial areas along with smaller parking sites conveniently located in peripheral areas. The business advanced this strategy during the year by focusing on developing new parking sites.

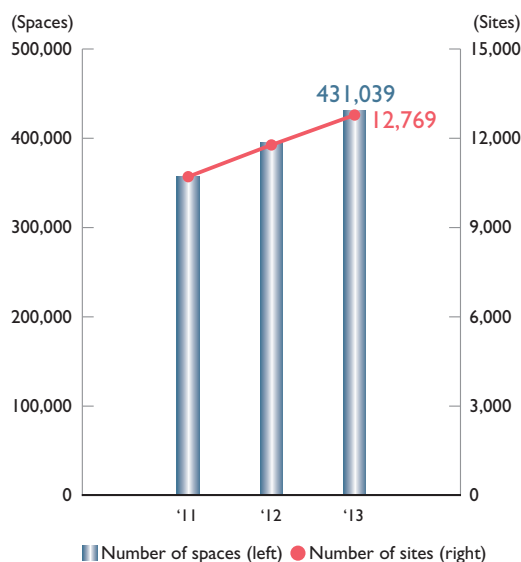
The Parking business developed a record-high 1,017 parking sites in the first half of the year. Development activities were then scaled back in the second half in order to focus on improving the profitability of the newly developed sites. Even with the slower pace of development, the number of new *Times* parking sites reached a record high for the second straight year in fiscal 2013, with the number of parking sites increasing to 1,673 and parking spaces

reaching 63,246.

As a result, the total number of parking facilities under management at the end of the term increased by 1,005 facilities from the end of the previous fiscal year to 12,769 facilities, and the number of managed parking spaces rose by 35,255 spaces to 431,039 spaces. These facilities will form the foundation for future earnings.

While developing the new parking sites, the business continued optimizing its parking facility management capabilities using data analysis, expanding sales of parking tickets to commercial facilities near parking facilities, introducing electronic payment services, and other strategic operations and measures to enhance the features of its parking sites.

Number of Managed *Times* Parking Facilities



03

Mobility Business Initiatives in Fiscal 2013

The Mobility Business made effective use of the *Times* brand and advanced strategies for revenue base expansion and market creation.

In November 2012, the road service company Rescue Network Co., Ltd. was renamed Times Rescue Co., Ltd. This was followed in April 2013 with the renaming of the rent-a-car service from *MAZDA CAR RENTAL* to *Times Car RENTAL* and the car sharing service from *Times PLUS* to *Times Car PLUS*.

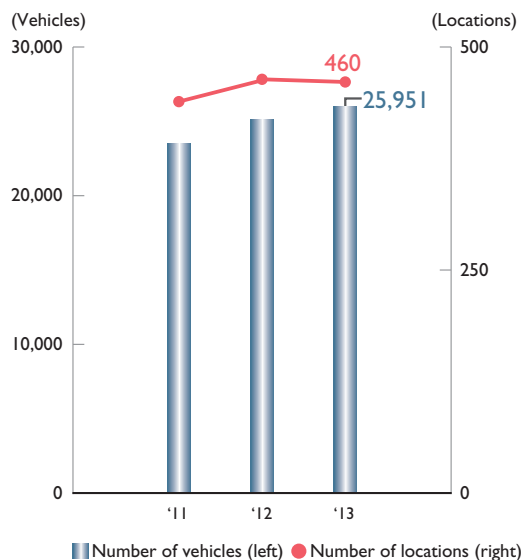
Progress was also made with measures to broaden the revenue base for the rent-a-car service and establish market creation for the car sharing service.

In the rent-a-car service, the rental fleet was expanded by 876 vehicles to 25,951 vehicles and customer service was enhanced with extended store operating hours at

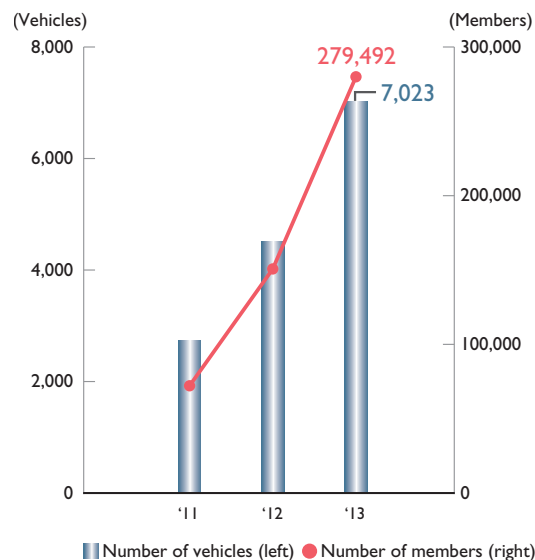
select locations, an upgraded online reservations system, and other improvements.

In the car sharing service, the number of car share vehicles was increased substantially, with 2,520 vehicles added to bring the total fleet to 7,023 vehicles, to further nurture the market. In addition, the car sharing service's number of registered members nearly doubled, growing by 129,122 members for a total of 279,492 members at the end of the fiscal year. Stepped up sales activities aimed at attracting corporate membership supported steady growth in the ratio of corporate members.

Number of *Times Car RENTAL* Vehicles and Locations



Number of *Times Car PLUS* Vehicles and Members



04 Outlook for Fiscal 2014

We will reinforce the profitability of the Parking Business and Mobility Business with the aim of increasing our recurring profit for a sixth straight year.

The outlook for the macroeconomic environment for fiscal 2014, ending in October 2014, remains uncertain considering the presence of risk factors such as foreign exchange fluctuations and the consumption tax hike that have the potential to undermine business conditions. The Park24 Group's strategy in these conditions will be to continue aggressively developing its businesses while aiming for another year of double-digit growth in the recurring profit.

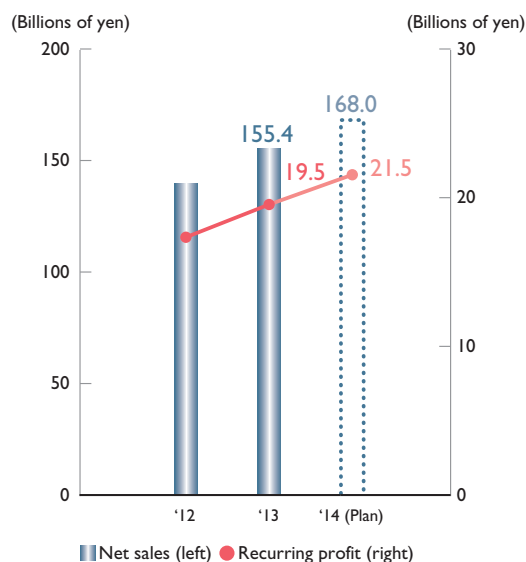
The Group aims to increase net sales and profits in the Parking Business by continuing to develop new facilities with business operations catered to specific areas and steadily advancing meticulous strategies to improve

revenue from existing parking facilities.

The Group also aims to raise net sales and profits in the Mobility Business by upgrading the customer service and fortifying the corporate client operations of the rent-a-car service. The aim for the car sharing service is to expand the scope of operations and achieve profitability.

In fiscal 2014, ending in October 2014, the Park24 Group is aiming for these initiatives to fortify the Parking Business and the Mobility Business to generate 8.1% year-on-year growth in consolidated net sales to ¥168.0 billion and a 10.2% increase in consolidated recurring profit to ¥21.5 billion, for a sixth consecutive year of recurring profit growth.

Consolidated Performance Targets



05

Concrete Strategies for Both Businesses in Fiscal 2014

We will fortify our business structure by introducing area-based management in the Parking Business and dividing the Mobility Business into sections.

In the Parking Business in the fiscal year ending October 2014, we will maintain the previous fiscal year's strong growth in new facility developments and continue increasing the number of sites under management and total parking spaces, which are the foundation for earnings. We will also seek to speed up the time needed for newly developed sites to reach profitability.

With the view to enabling operating activities more closely attuned to local needs, we have divided the areas under operation of the Parking Business into smaller blocks with smaller teams conducting the development and management functions. Thus, we will accelerate parking facility development and implement management strategies catered to each business area while also aggressively work to capture outsourcing demand in companies and government entities. Through these initiatives, we aim to increase the number of spaces at *Times* parking facilities by

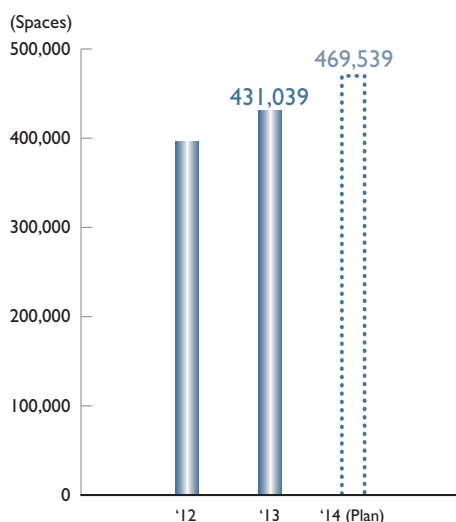
8.9% year on year to 469,539 spaces at the end of the term.

In the Mobility Business, we will focus on measures aimed at expanding the scale of operation and achieving profitability of the car sharing service, *Times Car PLUS*.

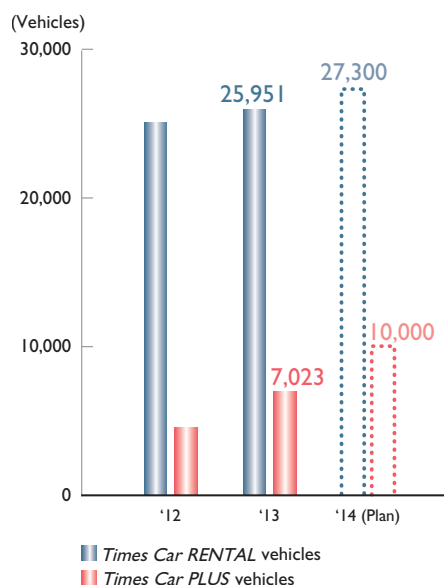
We will also continue aggressively expanding the fleet for the service, and plan to add 3,000 vehicles during the year to raise the total number of vehicles to 10,000 at the end of the term. Having been steadily expanding the service in line with the growth in membership and implementation of promotions, we will work to attract more members and promote use.

Furthermore, we have brought the *Times Car PLUS* Department under direct control of the president. Accordingly, we can accelerate decision-making and further clarify responsibility for earnings performance.

Number of Managed *Times* Parking Facilities



Number of *Times Car RENTAL* Vehicles and *Times Car PLUS* Vehicles



06

Returning Profit to Shareholders

Reflecting the record-high earnings performance, the Company is raising the year-end dividend by ¥5 to ¥40.

The Park24 Group believes that enhancing enterprise value by increasing earnings is the highest priority for management.

The Group policy is to distribute the maximum level of profit to shareholders from surplus funds remaining after securing retained earnings needed for future capital investment.

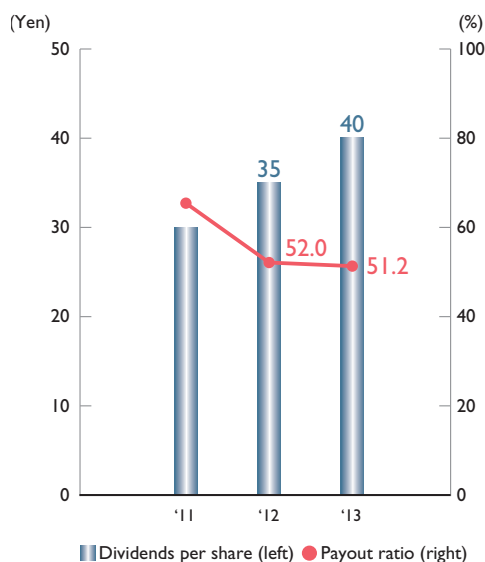
Reflecting the Company's performance of a record-high net income in the second straight year, the Company has decided to raise the year-end dividend by ¥5 to ¥40 per

share, representing a dividend payout ratio of 51.2%.

Retained earnings will be utilized as funding for investments in R&D and capital expenditures to realize a comfortable automobile society and maximize enterprise value.

In 2009, we acquired Mazda Car Rental Corporation (now Times Mobility Networks Co., Ltd.) and in 2011, Rescue Network Co., Ltd. (now Times Rescue Co., Ltd.) The Park24 Group will, as ever, continue making timely investments for future growth and pursuing M&A and tie-up opportunities as needed.

Dividend Status



Business Overview

Parking Business Overview

Net Sales
(million yen)

122,034

(up 9.5% year-on-year)

Gross Profit
(million yen)

32,902

(up 8.0% year-on-year)

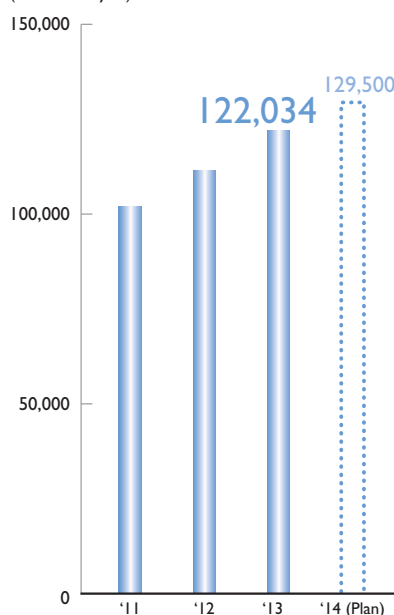


Another record-high number of new parking spaces under management

In fiscal 2013, the Parking Business reorganized its sales structure from two business headquarters, East and West, to a Corporate Sales Headquarters and three region-based headquarters to build on its dominant sales capabilities in both large parking facilities in urban centers and highly convenient small parking sites. Moreover, the business developed a record-high 1,673 new parking facilities during the year, adding 63,246 spaces, and consequently, raised the number of *Times* parking spaces managed by 8.9% year on year to 431,039 at the end of the term under review.

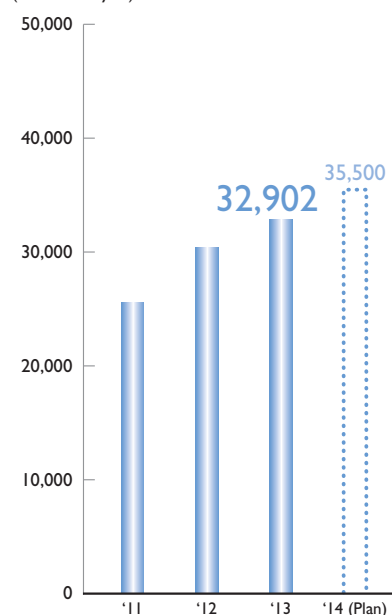
Net Sales

(Millions of yen)

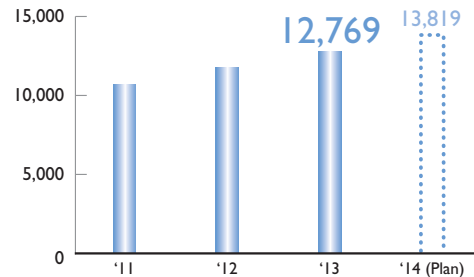


Gross Profit

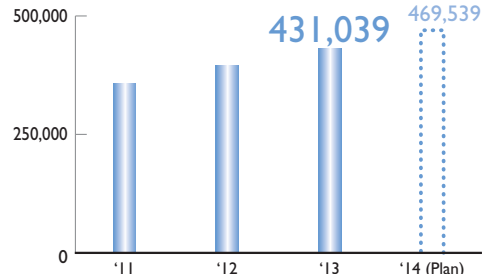
(Millions of yen)



Total Sites



Total Spaces



Mobility Business Overview

Net Sales
(million yen)

33,394
(up 18.9% year-on-year)

Gross Profit
(million yen)

10,741
(up 19.8% year-on-year)

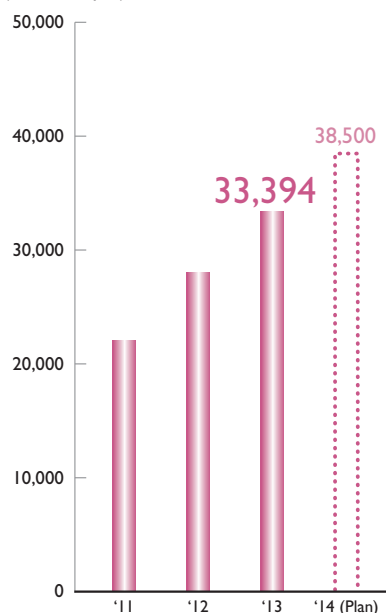


Focus on enhancing the customer experience

In April 2013, the Mobility Business increased visibility for the *Times* brand by changing the name of the rent-a-car service from *MAZDA CAR RENTAL* to *Times Car RENTAL* and the car sharing service from *Times PLUS* to *Times Car PLUS*. The business improved customer convenience in the *Times Car RENTAL* service, including expanding the branch network and extending operating hours, and enhanced the customer experience of the car sharing business by increasing the number of car sharing vehicles and improving the operating system.

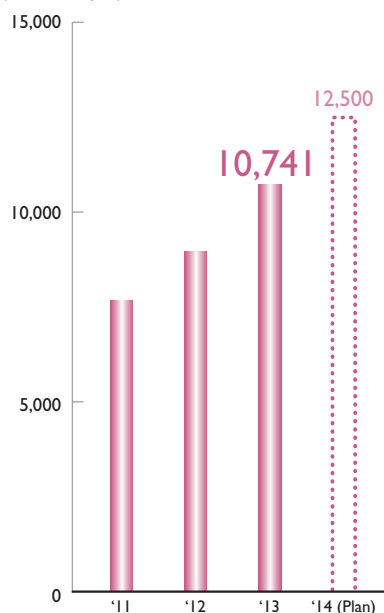
Net Sales

(Millions of yen)

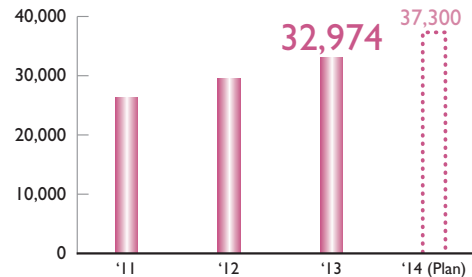


Gross Profit

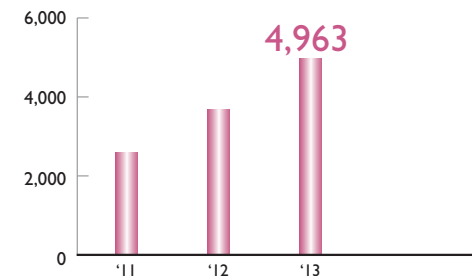
(Millions of yen)



Total Vehicles



Total Locations

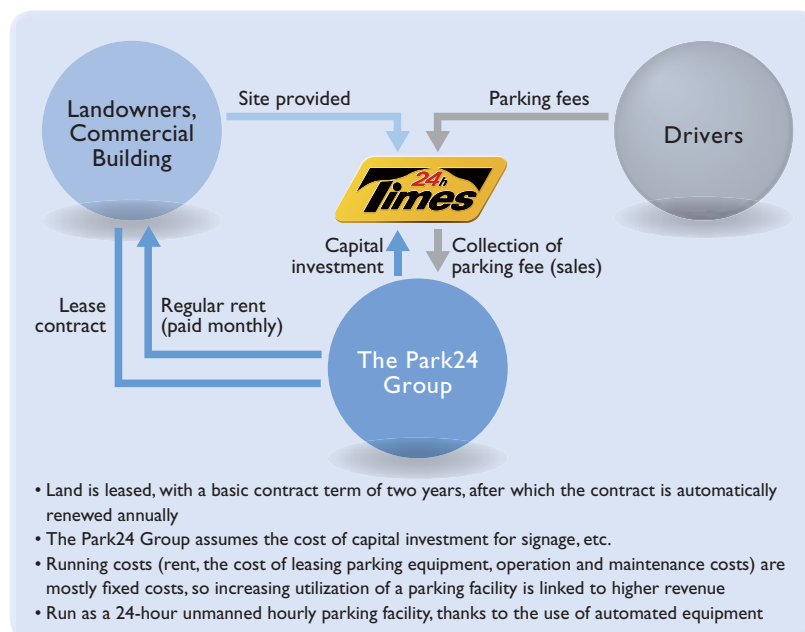


Strengths and Business Model

Parking Business

Overview

The Park24 Group is a pioneer in the Japanese parking facility industry opening the country's first 24-hour, fully automated, and hourly parking facilities. The business model of the Parking Business has been improved to enhance the Group's ability to develop various types of parking facilities and associated services to offer convenience and benefit of the parking site users, landowners, and other stakeholders. Park24's Parking Business is the overwhelming leader of the Japanese parking industry.



Parking Lock

Once a vehicle is parked in a space, the parking flap-lock rises and locks the vehicle in the space. Once the parking fee is paid at the payment machine, the parking flap-lock lowers automatically and the car can exit the space.



Payment Machine

Parking fees are paid at payment machines, which accept cash and credit cards. Some parking facilities have payment machines where IC cards that can electronically store money can be used. Times Club members can also collect and save loyalty program points on their Times Club Card.

Strength 01

Development and Sales Capability

1. Expertise

Know-how accumulated from opening Japan's first 24-hour, fully automated, and hourly parking facility in 1991

2. Unique Strategy

A sales force intimately knowledgeable about every nook and cranny of every city from Hokkaido to Okinawa

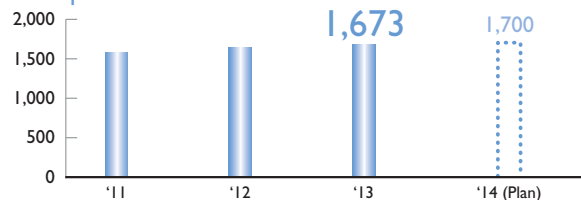
3. Sales Force

The parking industry's largest sales force with 378 people

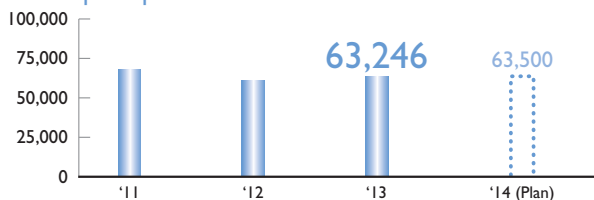
4. Parking Space Development

Over 60,000 new parking spaces developed each year

Developed Sites



Developed Spaces



Strength 02

IT System

A highly-sophisticated IT system is essential to enabling the Park24 Group to manage all the parking spaces of over 400,000. Park24 was the first in the industry to introduce an IT network with complete coverage of its parking spaces. The IT network provides vital data that is used every day in the Group's marketing activities and to enhance customer services.

1. Industry Pioneer

The Japanese parking industry's first comprehensive IT network

2. Efficient Management

Two-way online communication with parking sites nationwide enhances management efficiency

3. Marketing

Detailed data on parking site operating status enhances our marketing power

4. Customer Service

The industry's first credit card payment capability, introduction of the membership point program, and the electronic money payment system

Strength 03

Group's Comprehensive Capabilities

Park24 Group companies conduct all auxiliary services, including facility maintenance, collection of payments, cleaning, call center management, and other activities, and enable the Group to provide parking sites that are safe and secure, clean, and easy to use 24 hours a day, 365 days a year.

1. Local Management

Regular maintenance, payment collection, cleaning, and other support

2. 24/365

Contact Centers and service staff at our Group companies are available day and night every day of the year



Standard Times (ST)

The ST business rents unused sites and other properties from individual and corporate landowners and converts them to *Times* parking facilities. The ST business excels in providing numerous small-scale parking sites in both residential districts and urban centers to enhance parking convenience for drivers.

Format	Management of <i>Times</i> parking facilities on idle sites and other sites
Contract Term	2 years (after which the contract is automatically renewed annually)
Contracting Party	Individual or corporate landowner
Earnings	All sales belong to the Park24 Group
Characteristics	ST is mainly located on sites measuring around 100 sq. meters in size to prevent them from being converted to building Sites.

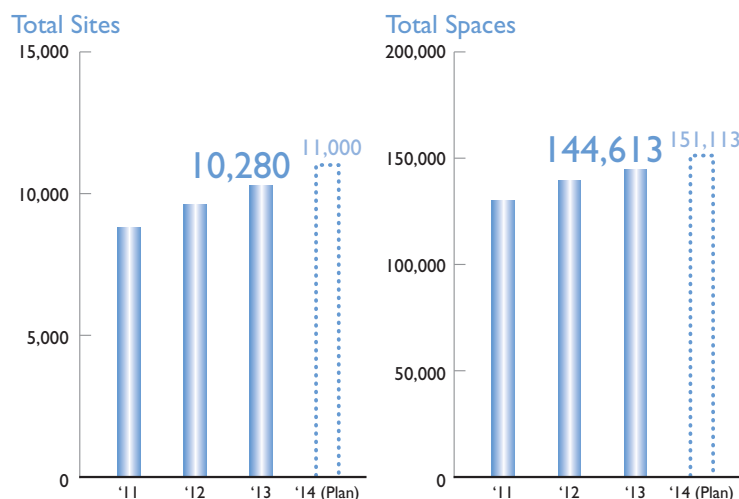


The job of a *Times* Parking Site Salesperson

Kazunari Miura
Times24 Co., Ltd,
Sales Division I
East Tokyo
Sales Department
Group Manager



When we develop a new *Times* parking site, we begin by re-searching the movement of people and automobiles around the site and the area's characteristics to assess parking demand. We then estimate the sales potential and suitable rent to submit a business proposal to the landowner. After the parking facility begins operation, we analyze the data collected by the Times Online Network and Information Center (TONIC) system and adjust the fee structure to maximize earnings. We also work on the ground to raise awareness of the site's presence by putting up billboards and delivering leaflets.



Business Model

Times Partner Service (TPS)

The TPS business manages the existing customer parking lots of commercial facilities, financial institutions, hospitals, hotels, and other establishments with its *Times* brand. Businesses possessing land used for customer parking are able to outsource their parking-related services, allowing them to concentrate on their core business while receiving additional lease income. The Park24 Group's expertise can also be utilized to offer various services to the parking facility users.

Format	Management of parking facilities for customers of commercial buildings as <i>Times</i> parking facilities
Contract Term	2-5 years (after which the contract is automatically renewed annually)
Contracting Party	Commercial buildings (financial institutions, retailers, etc.), Public buildings (hospitals, government-related facilities, etc.)
Earnings	Free parking service for users of the building is not counted as sales; sales from overtime use and parking use belong solely to the Park24 Group
Characteristics	TPS has a lower risk of cancellation and therefore contributes to a stable business portfolio.

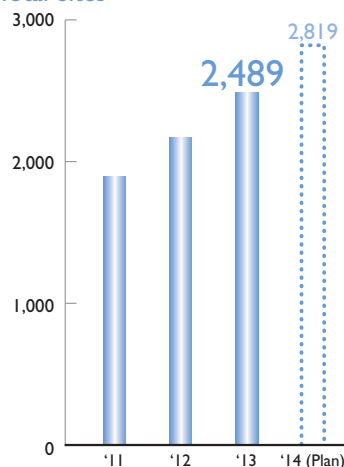
✓ Benefits for Shop Owners

- Prevents parking lot abuse (non-customer cars parked for long periods)
- Reduces parking lot costs (management costs, such as security guards and attendants employment; investment expenses including maintenance and repair work)
- Improves marketing capability with data on parking facility use from Park24 Group
- Enhances parking facility service quality

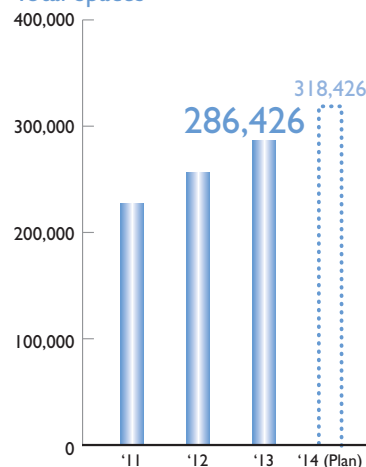
✓ Benefits for Park24

- Reduces contract cancellation risk as sites are likely to be used for a long time without conversion to other use
- Enables to locate parking sites in prime customer focus areas, such as near train stations

Total Sites



Total Spaces



Case: Government



Funabashi city office

FAQ About Parking Business

Q1 How many parking spaces are in demand? How many of the demand are currently provided?

A1 About seven million parking spaces are estimated to be ready among 23 million demands.

Parking demand in three metropolitan areas*¹
22.96 million spaces^{*2}

Supply of parking spaces
(estimated)
7.00 million spaces

Registered parking spaces*³
4.36 million spaces

*1 The three metropolitan areas are the Tokyo area (Saitama, Chiba, Tokyo, and Kanagawa), the Chukyo area (Aichi and Mie), and the Kinki area (Kyoto, Osaka, and Hyogo).

*2 The number of trips, excluding those for returning home and to the company. Only private automobiles are counted.

*3 The figure is not the number of spaces in the entire parking market. (Small hourly parking spaces are not included.)

The only official number of parking spaces available is the number covering parking sites registered by the law: 4.26 million spaces. They include fee-charging parking sites exceeding 500 square meters, parking sites attached to residential or commercial buildings, and marking meters on the streets.

Q2 Are there still vacant lots or spaces to turn into parking spaces?

A2 There remain many lands and spaces for development.

Management of Parking Facilities on Idle Land

Unused land and potential parking spaces in the two largest urban areas

	Unused Land* ¹	Unused Land Translated into Parking Spaces	ST Spaces* ²	Share in Unused Land
23 wards in Tokyo	19.6km ²	783,400	23,018	2.9%
5 wards in central Tokyo* ³	1.9km ²	76,680	5,361	6.5%
Osaka Prefecture	9.9km ²	397,332	17,001	4.1%

*1 Source: Tokyo Statistical Yearbook 2010, land areas and weather (Research Section, Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government).

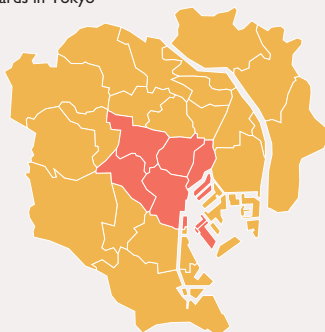
Osaka Statistical Report for FY2011 (calculated based on "Other" of land used for purposes other than buildings)

*2 Number of spaces (as the end of Oct. 2013)

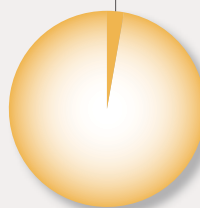
*3 Chuo-ku, Minato-ku, Chiyoda-ku, Shinjuku-ku, and Shibuya-ku

The map of 23 wards in Tokyo

■ + 23 wards in Tokyo
■ 5 wards in Tokyo



Share in unused land of
23 wards in Tokyo
2.9%



Management of Commercial Buildings Parking

	(2)/(1)	(1) Number of Stores* ¹	(2) TPS Sites* ²
Nationwide	3.0%	29,607	884
Tokyo area* ³	5.6%	8,405	474
Tokyo Metropolis	4.7%	3,124	146
Kansai area* ⁴	8.0%	3,330	267
Osaka Prefecture	9.1%	1,601	146

	(2)/(1)	(1) Number of Parking Spaces* ¹	(2) TPS Parking Spaces* ²
Nationwide	7.2%	2,432,533	176,287
Tokyo area* ³	14.9%	570,819	85,257
Tokyo Metropolis	19.1%	104,304	19,952
Kansai area* ⁴	18.0%	248,262	44,779
Osaka Prefecture	18.2%	113,532	20,658

*1 Source: All Japan supermarket information (as the end of Oct. 2010)

*2 OFTPS spaces for retail sites (as the end of Oct. 2013), the sum of spaces at supermarkets, drug stores, department stores, and commercial complexes

*3 Tokyo area: Saitama, Chiba, Tokyo, and Kanagawa

*4 Kansai area: Kyoto, Osaka, and Hyogo

Q3 Why would landowner choose to have a parking operation? Also, why does Japan have so many vacant properties for parking facilities?

A3

Private landowners in Japan are generally cautious about construction as a form of property investment. Many people believe that the high vacancy rate (Chart 1) in Japan mean that constructing and maintaining apartment buildings is a high investment risk. In addition, Japanese people generally prefer to live in newly constructed housing, so it is not unlikely that the occupancy rate of a apartment building would decline even further as the building ages. Many landowners are concerned that this could affect future cash flow. Rather than assuming the high risk that comes with apartment management, landowners choose to lease the land as a *Times* parking facility because the stable monthly revenue makes it a low-risk business and all of the management is taken care of by Park24 Group.

Japan also has a relatively high inheritance tax rate compared to other advanced countries (Graph 1). This leads to many lots remaining undeveloped because landowners prefer to leave a lot empty since it provides liquidity to pay inheritance tax.

The *Times* parking facility contracts can be cancelled after the initial two-year period, allowing landowners to revert the property to vacant status within a relatively short timeframe. The flexibility that the *Times* parking contracts enable is another reason landowners choose to develop *Times* parking facilities.

Chart 1. Vacancy Rates of House in Major Cities

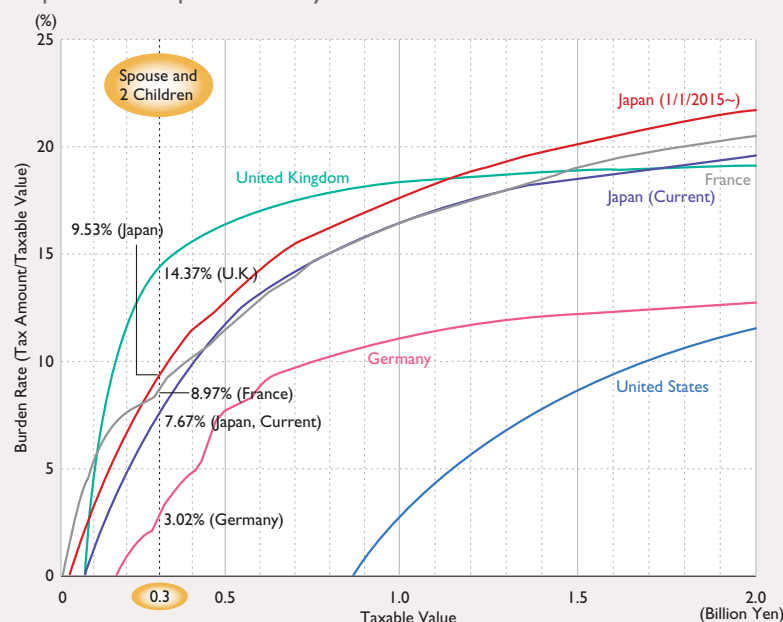
	Total Housing Stock (Units)	Total Vacancies (Units)	Vacancy Rate (%)
Tokyo	6,780,500	750,300	11.1%
New York	3,328,648	226,393	6.8%
London	22,239,000	1,016,000	4.6%

Sources: Japan...2008 Housing and Land Survey/Statistics Bureau Ministry of International Affairs and Communications
 United States...Current Population Survey/Housing Vacancy Survey, Series H-111, U.S. Census Bureau
 United Kingdom...For housing stock calculation see Notes and Definitions



Vacant Land

Graph 1. Developed Country Inheritance Tax Burden Rate



Source: Japan Ministry of Finance website (retrieved January 2013)
 (*Reference: http://www.mof.go.jp/tax_policy/summary/property/149.htm)

Note 1. In the case the spouse receives half of the inheritance and the remainder is divided evenly among the children.

Note 2. The United States abolished the inheritance tax in 2010 then reinstated it in 2011 with a \$5 million (¥400 million) exclusion amount and 35% maximum tax rate. This tax schedule was in effect until 2012 and was superseded by the Taxpayer Relief Act of 2012, which took effect in 2013 and maintained the \$5 million (¥400 million) exclusion amount while raising the maximum tax rate to 40%.

(Additional notes) Exchange rates: US\$1=¥81, £1=¥130, €=¥104. The base and arbitrated exchange rates are derived from the average value of the prevailing market rates during November 2012. The figures are rounded off.

Mobility Business

The Mobility Business encompasses the rent-a-car, car sharing, and roadside assistance services. The Group is developing these three services under the widely recognized *Times* brand of hourly parking facilities and offering more enhanced services that leverage the scale and synergies with *Times* parking business.

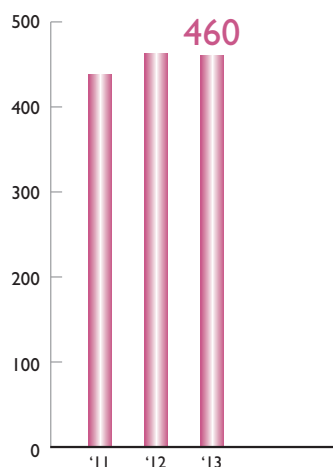
Business Model

Rent-a-Car Service

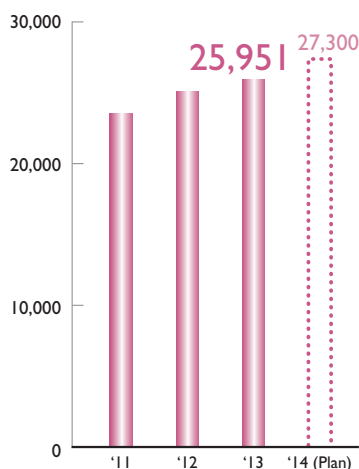


The Park24 Group's rent-a-car service provides highly attentive service made by our staff, which is not possible by automated systems, at its 460 locations nationwide covering all 47 prefectures and also prepares an extensive range of fleet models. The Mobility Business is also strengthening ties with *Times* parking facilities and setting up booths at parking facilities with ST and TPS services to diversify the offerings of the rent-a-car locations. These efforts enable the Group to reduce the cost of opening new locations, leading to increasing profitability.

Total Stores



Total Vehicles



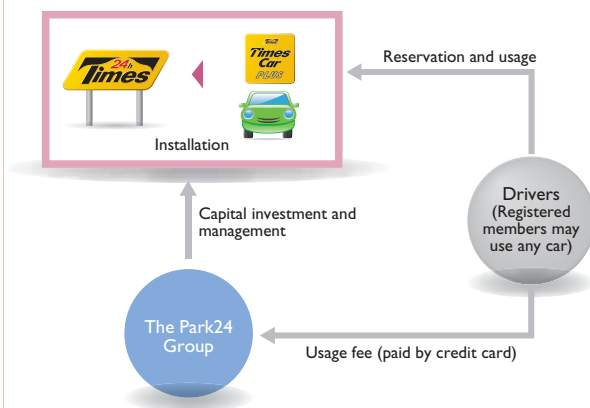
Business Model

Car Sharing Service

Since the inception of the car sharing service in May 2009, the service now comprises about 7,000 vehicles. Its strengths are its ability to rapidly develop operations because of accessibility to the Group's parking site network, large number of corporate and individual members, the widely recognized *Times* brand name, and high profitability attainable from not incurring parking fees for its fleet. The Park24 Group is actively working to promote development of the car sharing market in Japan and create a society with easy access to shared vehicles.

Times Car PLUS Strategy

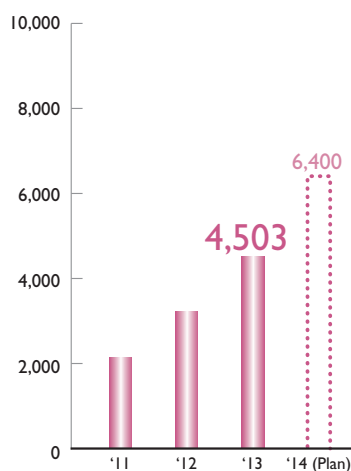
- ☒ **Establish branches at *Times* parking facilities**
 - Quickly secure operating sites
 - High profitability from availability of no-cost parking
- ☒ **Promote membership and vehicle usage**
 - Enable to offer customers additional services available in the Group
 - Easy to understand and convenient fee structure
 - Profitability quickly achievable through precision advertising in target areas



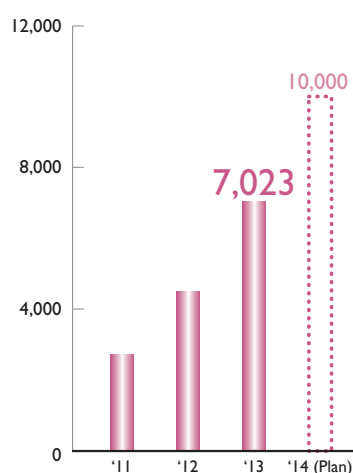
Account Structure Compared to Competitors

	Profits	Profits
Sales	Parking fees	Parking fees
	Maintenance costs, etc.	Maintenance costs, etc.
	Fuel expenses	Fuel expenses
	Vehicle depreciation expenses, etc.	Vehicle depreciation expenses, etc.
	Competitors	Times Car PLUS

Total Stations



Total Vehicles



Comparison of *Times Car PLUS* and zipcar

Zipcar is the largest car sharing service company in the world.

	<i>Times Car PLUS</i>	zipcar
Service Start	2009	2000
Members	279,492	Over 775,000 (as of March 31, 2013)
Fleet	7,023	Over 10,645 (as of March 31, 2013)
Model Options	26	Over 30
Service Areas	Japan (30 prefectures)	20 major cities in North America, the United Kingdom, etc.
Notes	Located primarily at <i>Times</i> parking facilities	Acquired by Avis Budget Group in 2013

Source: By Own Research

Worldwide Carsharing Markets

	Start Year	Number of Organizations	Number of Vehicles	Number of Members	Date of Survey
U.S.	1998	26	12,634	806,332	Jul. 2012
Japan	2002	32	8,831	289,497	Jan. 2013
German	1988	Approx. 130	5,600	220,000	Jan. 2012
Canada	1994	19	3,143	101,502	Jul. 2012
Switzerland	1987	1	2,600	102,100	Dec. 2011

Source: Foundation for Promoting Personal Mobility and Ecological Transportation

Attracting Corporate Membership

Aiming to increase the operating rates of our car sharing service during weekdays, we focus on developing corporate members that would likely need to use the service from Monday to Friday. We visit each company to explain the car sharing system and the benefits it would have for the company. We also actively conduct follow-up interactions with existing customers, and have found potential customers introduced by them. As of the end of October 2013, the ratio of corporate customers rose to 34.5%.

Takeshi Naito
Times24 Co., Ltd.
Times Car PLUS
Department
Sales Group 1
Group Manager



system, and maintain an effective compliance system within the Group.

A department established to carry out compliance governance functions verifies the legal compliance of actions before making important management decisions and provides compliance education and guidance to executives and employees. The Company has established rules regarding internal reporting of noncompliant actions by executives and employees, including directors, and maintains a reporting system that includes a system for reporting to a third party.

2. A system to store and manage information relating to the performance of company duties by directors

The Company has established document management regulations, specified storage periods, and created a storage management system to store and manage information pertaining to the performance of duties by directors in a manner appropriate for storage media.

3. A system to provide for risk management and other systems

Headed by a Representative Director, the Company identifies, analyzes, and evaluates risk arising from uncertainty and risk of loss (hereinafter "risk") accompanying the Company's business activities, designates responsible departments for managing each risk, thereby establishing a risk management system. For risk-related matters requiring a concerted response by the Company or the entire Group, a department headed by a Representative Director carries out risk control functions related to such matters.

4. A system to ensure effective performance of director duties

The Company adopted a corporate officer system in 2004. The system provides clarity regarding authority and responsibility through the separation of decision-making and business execution duties of directors, and facilitates swift management action by the delegation of authority. To facilitate swift management judgment and decision-making in the current management environment, the Board of Directors currently consists of four members. In addition to the Board of Directors, the Executive Committee, which consists of directors and corporate officers, meets at least once a month and has put into place a framework for the oversight and implementation of basic management policies and for their swift execution in operations based on the division of duties prescribed by the Board of Directors.

5. A system to maintain the appropriateness of the operations of the corporate group, comprising the Company, its parent, and its parent's subsidiary companies

The Company maintains a compliance code of conduct that is consistent for the Company and all companies in the Group and systems to ensure conformity to laws, regulations, and the Company's Articles of Incorporation.

In addition, executives and employees are dispatched to subsidiaries and, in accordance with the related Company regulations established by the Board of Directors, subsidiaries are provided with support, management and oversight, and systems are established to ensure appropriate work practices throughout the Group.

6. A system to respond to requests for employees to assist the corporate auditors in the performance of their duties

To provide assistance for audits implemented by corporate auditors, employees in the Legal Affairs and Compliance Office also work as auditing assistants in accordance with requests from the corporate auditors. The employees are removed from the line of command of the directors to safeguard their independence in their duties as assistants to the corporate auditors.

7. A system for directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

Corporate auditors attend Board of Directors and Executive Committee meetings to gather information and participate in deliberations.

A system has been established for directors and managers in each department to report immediately to corporate auditors in the event that they discover or have reason to suspect the occurrence of a violation of laws, regulations, the Articles of Incorporation, or internal regulations, or any other important matter.

8. A system to ensure corporate auditors effectively execute audits, and other systems

Corporate auditors, when necessary, can submit requests to the Audit Office, the Legal Affairs, Compliance and Risk Management Office, or the Board of Directors for investigations and reports needed to ensure auditing effectiveness. Corporate auditors can also, at their discretion, attend Executive Committee meetings and other important meetings of the Group.

Internal Audits, Audits by The Corporate Auditors, and Accounting Audits

Based on internal audit regulations, internal operational audits are planned and carried out by the Audit Office, which has two staff members and is under the direct control of the President. The Audit Office requests those sections being audited to submit materials and explain their operations, and also provides advice on areas requiring improvement. Audit results are reported to the President at the end of the fiscal year and when deemed necessary.

As stipulated in the auditing policy established by the Board of Auditors, audits conducted by the corporate auditors include attendance at the meetings of the Board of Directors, examination of business conditions, and other activities to audit directors regarding execution of duties and compliance with laws, regulations, and the Articles of Incorporation. In addition, standing corporate auditor Seishi Uenishi, whose has accumulated considerable experience and broad understanding as a company owner, has a wealth of knowledge about finance and accounting.

1. Accounting auditors

The Company has appointed Ernst & Young ShinNihon LLC as its independent auditor in accordance with the Companies Law and the Financial Instruments and Exchange Law.

The names of the certified public accountants executing audits and the composition of the staff providing support for accounting audits are as follows.

The names of the certified public accountants executing audits and the number of consecutive years they have carried out company audits are as follows:

Manabu Kurihara,

Designated limited liability partner; Ernst & Young ShinNihon LLC; two years

Katsuya Ishida,

Designated limited liability partner; Ernst & Young ShinNihon LLC; seven years

Composition of the staff providing support for accounting audits: Seven certified public accountants; seven support staff members

The corporate auditors, the Audit Office, the independent auditors, and subsidiary company corporate auditors convene liaison meetings as required to maintain reciprocal communications, collect information, and preserve an appropriate audit environment.

2. Relationship between outside directors and outside corporate auditors

The Company does not currently maintain outside directors. The Company appoints two outside corporate auditors who are also simultaneously appointed to serve as independent auditors. We believe that this system is duly sufficient to ensure objective and neutral management oversight. Of the outside corporate auditors, Mr. Tsunekazu Takeda is a representative director of LTK Reisebüro Japan Co., Ltd., which has a business relationship with Park24. Mr. Takeda provides counsel based on his extensive insight as an executive and chairman of various organizations. Mr. Kyosuke Kano does not have a conflict of interest with Park24. Mr. Kano provides counsel for real estate activities from his perspective as an executive of a real estate company.

3. Details of compensation paid to directors and corporate auditors

Details of compensation paid to directors and corporate auditors in fiscal 2013 are as follows:

Compensation amounts for directors are determined by the Board of Directors in consideration of business performance, financial conditions, and economic climate, and set within the maximum compensation amount approved by resolution of the General Meeting of Shareholders. Compensation amounts for corporate auditors are determined in consultation with the corporate auditors and set within the maximum compensation amount approved by resolution of the General Meeting of Shareholders.

4. Details of compensation paid to auditors

The Company paid ¥45 million in compensation to Ernst & Young ShinNihon LLC, the Company's independent auditor; in accordance with Article 2.1 of the Certified Public Accountants Act, and ¥15 million for non-audit services.

5. Summary of the limited liability agreement

Based on Article 427.1 of the Companies Act, the outside corporate auditors have concluded an agreement limiting damage liability as stipulated in Article 423.1 of the Companies Act. The limit on liability for damages based on this agreement is the minimum limit prescribed by law.

6. Matters for resolution at General Meetings of Shareholders that can be resolved at meetings of the Board of Directors

The Articles of Incorporation stipulates that the Company may acquire its own shares through the market and other transactions by resolution of a meeting of the Board of Directors, in accordance with Article 165.2 of the Companies Act, for the purpose of operating a flexible capital policy for its shareholders. The Articles of Incorporation also stipulate that the Company may pay interim dividends with April 30 of every year as the record date by resolution of a meeting of the Board of Directors for the purpose of executing a dividend policy in a flexible manner.

	Total Compensation (¥ million)	Total Compensation by Category (¥ million)				No. of People
		Base Salary	Bonuses	Retirement Benefits	Stock Options	
Directors	216	97	70	16	31	5
Corporate Auditors (excluding Outside Corporate Auditors)	19	15	3	1	0	1
Outside Directors and Outside Corporate Auditors	17	14	1	0	1	2
Total	254	126	75	18	33	8

7. Matters requiring extraordinary resolutions at General Meetings of Shareholders

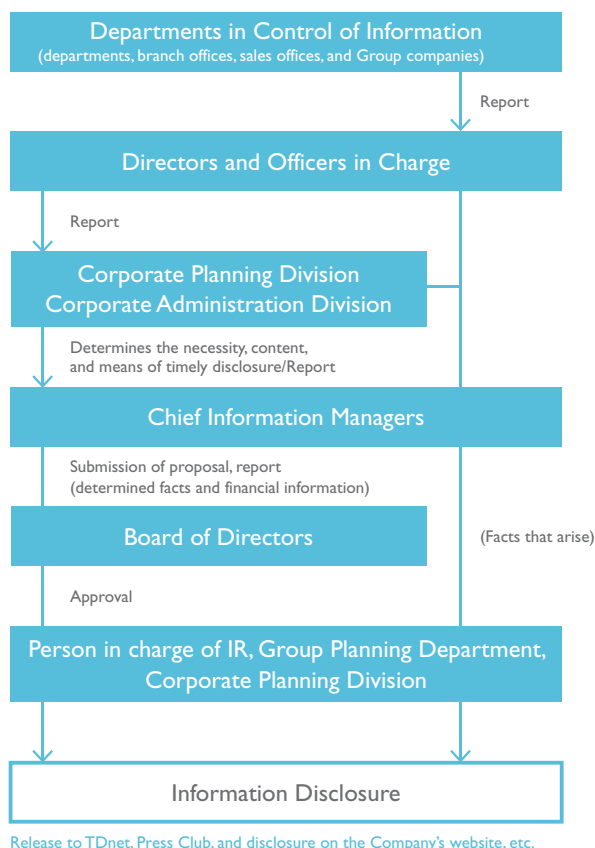
Regarding matters requiring extraordinary resolutions for General Meetings of Shareholders, as set forth in Article 309.2 of the Companies Act, the Articles of Incorporation stipulates one-third or more of shareholders with voting rights are required to be present at a General Meeting of Shareholders where extraordinary resolutions shall be adopted by two-thirds or more of the votes of the shareholders in attendance.

Disclosure of Information

The Company's basic stance is to carry out disclosure of company information to its investors in an appropriate and timely manner, and we therefore handle information requiring timely disclosure in accordance with in-house regulations (regulations to prevent insider trading.)

When material facts arise, the information is promptly collected in the Corporate Planning Division. After that, the Chief Information Managers, the Corporate Administration Division, and executives with relevant responsibilities immediately examine the material facts, and consider whether or not the information requires timely disclosure. They, in turn, submit their proposal or report to the Board of Directors containing the determined facts as well as financial information. Following approval, disclosure is carried out without delay. In addition, the facts are disclosed immediately after they arise. Regarding the methods and means of disclosure, the person in charge of IR of the Group Planning Department in the Corporate Administration Division releases the information to the relevant stock exchanges and other agencies.

Timely Disclosure System



Board of Directors and Auditors

(As of January 29, 2014)

Board of Directors and Auditors

Koichi Nishikawa
President and Representative
Director

Norifumi Kawakami
Director;
General Manager of
Business Development Division

Seishi Uenishi
Standing Corporate Auditor

Kenichi Sasaki
Director;
General Manager of
Corporate Planning Division

Keisuke Kawasaki
Director

Kyosuke Kano
Outside Corporate Auditor

Tsunekazu Takeda
Outside Corporate Auditor

Corporate Officers

Koichi Nishikawa
President and Representative
Director

Norifumi Kawakami
Director;
General Manager of
Business Development Division

Kenichi Sasaki
Director;
General Manager of Corporate
Planning Division

Shingo Kaneko
General Manager of
Corporate
Administration Division

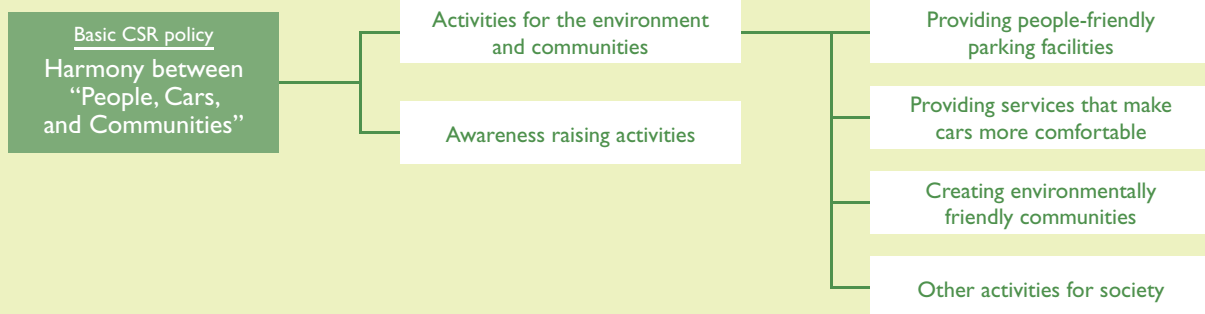
Our Corporate Social Responsibility

Our CSR Approach and Measures

The Park24 Group aims to help achieve a comfortable automobile society guided by its slogan "People, Cars, and Communities." The Group considers the development of its business as a provider of time-based parking facilities and car sharing services to be its greatest contribution to society. The Group is working to provide a positive contribution to society and the environment, such as by eliminating roadside parking, promoting the symbiotic existence of automobiles and railways, and supporting the proliferation of electric vehicles.

Corporate Philosophy

—Creating a comfortable automobile society—



► Towards a Society without Roadside Parking

Roadside parking creates environmental pollution from the unnecessary exhaust emissions of idling vehicles, contributes to traffic congestion that produces economic losses, and increases traffic accidents. Although roadside parking is said to be declining each year in Japan, in just the two major cities of Tokyo and Osaka the number of street-parked automobiles at a given moment is estimated to be more than 80,000 vehicles. Park24 Group will continue seeking to increase the number of parking spaces under management to contribute to reducing and eliminating the problem of roadside parking.

Number of Cars Temporarily Parked

(Thousand cars)



* Number of automobiles counted on roads satisfying fixed standards in a fixed daytime period on a weekday.

* Metropolitan Police Department, Osaka Prefectural Police (2012)



Parking Day

The Park24 Group has designated August 9 as an annual "Parking Day" to encourage drivers to consider social problems caused by illegal roadside parking and organizes educational activities to help alleviate traffic congestion and reduce the number of accidents.

▶ Conserving Energy with LED Lighting

Park24 operates about 10,000 Standard Times (ST) parking facilities. The Park24 Group is seeking to reduce the environmental impact of its facilities by installing LED lighting at these *Times* sites.



▶ Car Sharing Business Receives the Eco Mark

Car sharing helps improve the environment by reducing the excessive use of vehicles as drivers can use cars only for short but necessary time, and also by providing eco-friendly models. In recognition of offering drivers a stress-free and environmentally friendly car sharing option, the Park24 Group's car sharing service was the first in the industry to receive Eco Mark certification from the Japan Environmental Association.



エコマーク認定
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第12502001号
タイムズ24株式会社

▶ Advances with Park & Charge

Electric charging infrastructure must be available in all urban areas for the successful proliferation of electric vehicles. The Park24 Group has been installing electric charging stations at its parking sites since 1998 as its Park & Charge service enabling drivers to extend their vehicle's cruising range while the vehicle is parked.



▶ Park & Ride Discount Service

Japan's extensive rail system lets transport users easily make train and automobile connections with no extra burden on users while also reducing the impact on the environment and easing traffic congestion, particularly in urban centers. The Park24 Group developed the Traffic IC Park & Ride Service to provide parking fee discounts to customers who have parked before and after using train with the train IC card system. The service is currently offered in cooperation with 25 railway companies nationwide.

Financial Section

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Consolidated Six-Year Summary

Park24 Co., Ltd. and Consolidated Subsidiaries/For the years ended October 31

	Millions of yen						Thousands of U.S. dollars (Note 1)
	2008	2009 (Note 2)	2010	2011	2012	2013	2013
For the year:							
Net sales	¥ 80,835	¥ 95,320	¥ 113,249	¥ 124,080	¥ 139,548	¥ 155,428	\$ 1,577,949
Parking business	80,835	87,016	94,588	102,011	111,461	122,034	1,238,924
Mobility business	—	8,304	18,661	22,069	28,087	33,394	339,025
Gross profit	18,533	24,122	31,409	33,254	39,423	43,643	443,076
Operating profit	8,937	10,584	12,840	13,292	17,810	19,509	198,061
Recurring profit	8,260	9,878	11,880	12,711	17,318	19,508	198,051
Net income	4,738	5,756	6,487	6,547	9,670	11,261	114,325
Capital investment (Note 3)	5,050	8,275	14,525	22,909	22,574	21,595	219,239
Depreciation and amortization (Note 3)	3,877	6,989	10,697	12,245	14,150	16,529	167,807
At year-end:							
Total net assets	¥ 34,756	¥ 36,455	¥ 39,228	¥ 41,686	¥ 47,893	¥ 54,968	\$ 558,051
Total assets	63,168	91,051	94,981	108,935	117,809	126,575	1,285,025
Interest-bearing debt	19,047	42,201	39,538	45,598	41,886	46,093	467,949
Per share data (Yen and U.S. dollars):							
Net income —Basic	¥ 33.49	¥ 40.68	¥ 45.60	¥ 45.94	¥ 67.37	¥ 78.11	\$ 0.79
—Diluted	32.18	38.44	44.90	45.81	66.98	75.22	0.76
Cash dividends, historical	30.00	30.00	30.00	30.00	35.00	40.00	0.41
Net assets	245.29	256.98	274.47	290.70	330.44	377.91	3.84
Management indexes:							
Recurring profit year on year (%)	69.6	119.6	120.3	107.0	136.2	112.7	
Operating profit margin (%)	11.1	11.1	11.3	10.7	12.8	12.6	
Recurring profit margin (%)	10.2	10.4	10.5	10.2	12.4	12.6	
Return on assets (%)	7.5	7.5	7.0	6.4	8.5	9.2	
Return on equity (%)	13.7	16.2	17.1	16.2	21.7	22.1	
Equity ratio (%)	54.9	40.0	41.3	38.0	40.4	43.1	
Dividend payout ratio (%)	89.6	73.7	65.8	65.3	52.0	51.2	
Other data:							
Number of employees	873	1,276	1,350	1,523	1,617	1,784	
Number of Times parking sites	8,335	8,908	9,646	10,697	11,764	12,769	
Number of Times parking spaces	239,394	261,471	314,069	357,129	395,784	431,039	
Number of vehicles	—	19,690	22,599	26,235	29,578	32,974	

Notes: 1. The U.S. dollar amounts represent translations of yen amounts at the rate of ¥98.50=U.S.\$1, the approximate rate of exchange prevailing on October 31, 2013.

2. Times Mobility Networks Co., Ltd. was included in the scope of consolidation due to the acquisition by the Company in March 2009. The consolidated operations are reorganized into two business segments: The Parking Business and the Mobility Business.

3. The Company adopted lease accounting standards beginning in 2009. For further details, please see page 45.

Management's Discussion and Analysis

Overview of the Fiscal Year Ended October 31, 2013

Management Environment and Business Results for the Fiscal Year Ended October 31, 2013

During the fiscal year ended in October 2013, economic conditions in Japan showed continuing correction to the strong yen and recovery in stock prices supported by expectations for economic and fiscal policies of the new government administration. In addition, although the balance of goods and services continued to be in deficit, export and production levels recovered and signs appeared of improving corporate earnings centering on certain manufacturing sectors.

In this environment, the Park24 Group unified all of its services under the *Times* brand in the aim of expanding services designed from the driver's perspective as it seeks to realize a comfortable automobile society. The Group also increased the number of parking spaces and facilities in the Parking Business while expanded the revenue base of the rent-a-car service and created the market for the car sharing service in the Mobility Business.

As a result, the Group updated continuous record highs in sales and profit at each level, posting net sales of ¥155,428 million (up 11.4% year on year), operating profit of ¥19,509 million (up 9.5%), and recurring profit of ¥19,508 million (up 12.7%). Net income stood at ¥11,261 million (up 16.5%).

Outline of Business Results by Segment

1. Parking Business

The Parking Business rearranged its organizational structure from two business headquarters, East and West, to a Corporate Sales Headquarters and three region-based headquarters to build on its dominant sales capabilities ranging from large parking facilities centered in urban areas to easy-to-use and convenient small parking sites. The business also continued advancing specific strategies highlighting the features of its parking sites, including optimizing parking site management by analyzing data collected at Times Online Network and Information Center (TONIC) with Times Online System, selling parking tickets to

commercial facilities near parking sites, and introducing electronic payment services.

These efforts increased the number of *Times* parking facilities to 12,769 and parking spaces managed to 431,039 at the end of the term under review, representing increases of 8.5% and 8.9%, respectively. The total number of parking facilities managed, including monthly parking and facility management services, rose 7.9% from the end of the previous fiscal year to 14,203, and the total number of parking spaces managed increased 8.1% to 534,742. As a result, sales in this segment (including intersegment sales) stood at ¥122,142 million, up 9.4% year on year, and operating profit was ¥25,434 million, up 8.5%.

2. Mobility Business

The Mobility Business changed the name of the car rental service from *MAZDA CAR RENTAL* to *Times Car RENTAL* and the car sharing service from *Times PLUS* to *Times Car PLUS* in April 2013.

Times Car RENTAL implemented several measures to enhance customer convenience, including expanding its branch network, extending operating hours in appropriate areas, and upgrading the online reservation system. *Times Car PLUS*, which has become well-known as a brand and is steadily adding new members and used more, is also improving the operating system and increasing the number of car sharing vehicles to enhance the practicality and usability of the car sharing service.

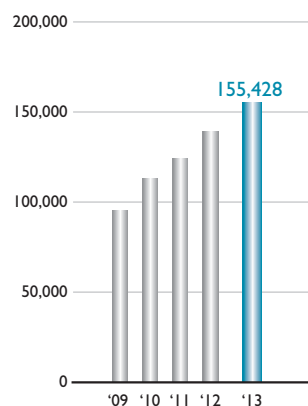
These efforts increased the total number of vehicles in the Mobility Business by 11.5% year on year to 32,974, including 7,023 car sharing vehicles, at the end of the term under review. As a result, sales in this segment (including intersegment sales) amounted to ¥33,431 million, up 18.9% year on year, and operating profit was ¥669 million, representing a 9,044.0% increase.

Analysis of Operating Results

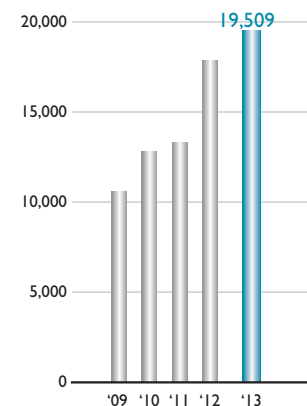
Net Sales and Operating Profit

During the fiscal year ended October 31, 2013, the Company recorded net sales of ¥155,428 million, an increase of ¥15,881 million or 11.4% from the previous fiscal year; and operating profit of ¥19,509 million, an increase of ¥1,699 million or 9.5%. Sales grew largely from the increase

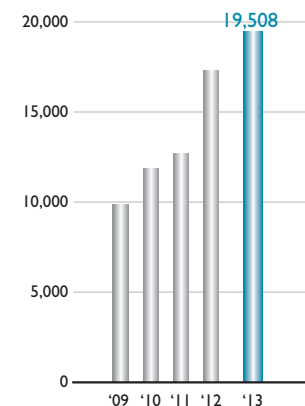
Net Sales (Millions of yen)



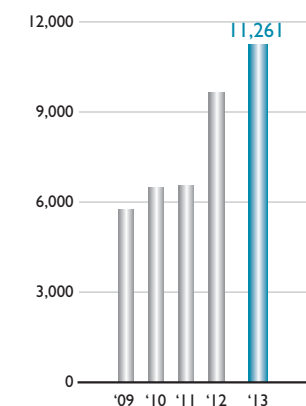
Operating Profit (Millions of yen)



Recurring Profit (Millions of yen)



Net Income (Millions of yen)



in *Times* parking spaces managed and the increases in rent-a-car and car sharing vehicles. The ratio of operating profit to sales declined by 0.2 percentage point from 12.8% in fiscal 2012 to 12.6% in fiscal 2013.

Non-operating Expenses (Income) and Recurring Profit

Non-operating income increased by ¥205 million year on year to ¥558 million and non-operating expenses decreased by ¥285 million to ¥559 million. The increase in non-operating income was due primarily to a foreign exchange gain of ¥145 million. Factors contributing to the decrease in non-operating expenses included a ¥161 million decline in interest income owing mainly to the issuance of zero-coupon convertible bonds maturing in 2018 and the repayment of long-term loans payable, and a ¥115 million decrease in loss on disposal of parking equipment associated with cancellations of *Times* parking sites.

Consequently, recurring profit grew by ¥2,190 million to ¥19,508 million, and the ratio of recurring profit to net sales was 12.6%, up 0.2 percentage point from 12.4% in the previous fiscal year.

Extraordinary Income (Loss) and Net Income

The Group recorded a ¥112 million gain on sale of land as extraordinary income. In addition, it posted ¥931 million of an extraordinary loss in costs associated with the unification of services under the *Times* brand.

As a result, income before income taxes and minority interests increased by ¥1,366 million from the previous fiscal year to ¥18,626 million. Net income rose by ¥1,590 million to ¥11,261 million.

Analysis of Financial Position

Assets

Total assets at the end of the term amounted to ¥126,575 million, an ¥8,766 million increase from the previous fiscal year. The main factors in the rise were increases of ¥3,281 million in cash on hand and in banks, ¥3,487 million in the total of property, plant and equipment such as machinery, equipment and vehicles, and ¥646 million in leased assets.

Liabilities

Total liabilities were ¥71,606 million, up ¥1,691 million from the

previous fiscal year. The main elements were an increase of ¥20,000 million in bonds with stock acquisition rights from the issue of convertible bonds and a decrease of ¥17,353 million in short- and long-term loans payable.

Net Assets

Total net assets were ¥54,968 million, an increase of ¥7,074 million compared to the end of the previous fiscal year. This was largely the sum result of ¥11,261 million of net income, a ¥479 million increase from the issue of new stock for the exercise of stock options, and a ¥5,035 million decrease in cash dividends distributed.

Analysis of Cash Flows

Cash and cash equivalents at the fiscal year-end amounted to ¥15,310 million, a ¥3,281 million increase from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥26,123 million, a ¥2,671 million decrease from the previous fiscal year.

The major factors in the increase were a combined total of ¥35,191 million for depreciation and amortization, impairment loss, and income before income taxes and minority interests while income taxes paid amounted to ¥9,024 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥17,478 million, a ¥1,265 million decrease from the previous fiscal year.

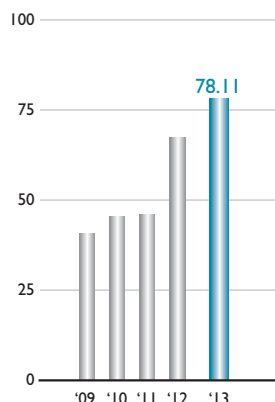
This figure primarily reflects purchases of property, plant and equipment of ¥13,906 million associated with the opening of *Times* parking facilities and the acquisition of vehicles for operation, and the purchase of long-term prepaid expenses of ¥3,309 million.

Net Cash from Financing Activities

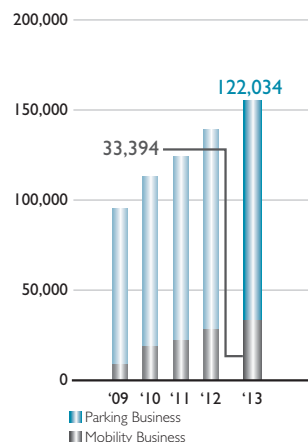
Net cash used in financial activities stood at ¥5,416 million, down ¥4,593 million from a year ago.

Increases of ¥19,962 million from the issuance of bonds with stock

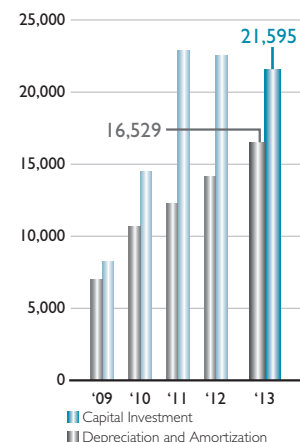
Net Income per Share (Yen)



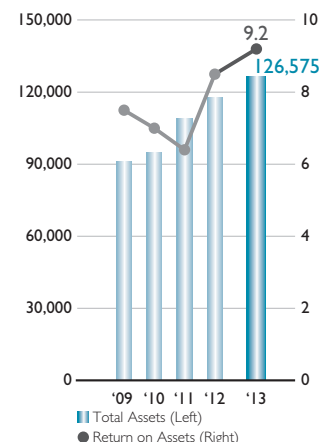
Net Sales by Business Segment (Millions of yen)



Capital Investment/Depreciation and Amortization (Millions of yen)



Total Assets/Return on Assets (Millions of yen/%)



acquisition rights and ¥1,700 million in proceeds from long-term loans payable were more than offset by decreases including ¥5,041 million in cash dividends paid, ¥11,969 million in repayment of long-term loans payable, a ¥7,263 million in net decrease in short-term loans, and ¥3,282 million in repayments of lease obligations.

Capital Policy

The Group engages in capital investment for the purpose of increasing cash flow by expanding the number of managed *Times* parking sites and vehicles and by providing parking services using the Group's TONIC system infrastructure. Moreover, the Group has also put its capital to use in capital investments in order to strengthen the Parking Business revenue base, and to create a new Mobility Business model integrating *Times* parking spaces with a particular focus on enhancing the car sharing service.

Funds are procured primarily through loans from financial institutions, which affords the Group flexibility in responding to changes in financial conditions.

Dividend Policy and Distribution of Dividends in the Current and Next Fiscal Years

The Group believes that its chief responsibility is to raise enterprise value through earnings growth. In accordance with this belief, the Group makes it its fundamental policy to return profits to shareholders primarily through dividend payments, while securing the retained earnings needed for the capital investment necessary for future growth.

The basic policy is to conduct dividend payments once at the end of the fiscal year, with the year-end dividend amount determined at the General Meeting of Shareholders. Internal reserves are allocated to R&D and capital investment for the purpose of creating a new automobile society and the maximizing of enterprise value. To this end, the Group will actively pursue business alliance opportunities and carry out investments when favorable opportunities arise.

Based on this policy, for the fiscal year ended October 2013, Park24 distributed no interim dividend and ¥40.00 per share as a year-end dividend.

Fiscal 2014 Forecast

The economic outlook remains unpredictable given downward pressures including the slowing economic expansion of Europe and developing countries, the looming fiscal cliff in the United States, currency movements, and the question of whether the gradual improvement in the domestic employment and personal income environments will continue after the planned increase in the consumption tax.

In this environment, the Group plans to aggressively develop its business operations to broaden its revenue base with the aim of increasing both sales and profits.

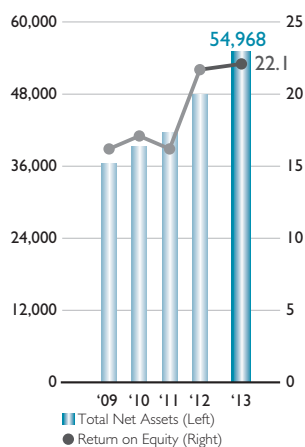
In the Parking Business, we aim to increase the number of parking spaces under management at term end to 469,539 spaces, for an 8.9% year-on-year increase through measures including segmenting our business development by area and rapidly implementing activities catered to specific regions as well as by actively meeting the outsourcing needs of corporate customers.

In the Mobility Business, we will expand the car sharing service by increasing the number of car sharing vehicles at the end of the term to 10,000, up 42.4% from the end of the previous fiscal year, with the aim of achieving profitability. In the rent-a-car service, we plan to improve store operations to enhance service quality and to strengthen marketing to the corporate sector.

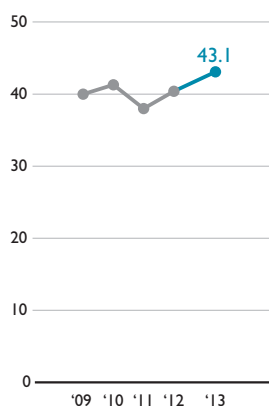
We will also continue integrating our operations, upgrading our services, and enhancing member services to promote *Times* Car services to Parking Business customers and *Times* parking facilities to Mobility Business customers.

Through these activities, the Park24 Group aims to achieve net sales of ¥168,000 million, operating profit of ¥21,700 million, recurring profit of ¥21,500 million, and net income of ¥12,700 million in the fiscal year ending October 31, 2014, representing record levels in each category for the Group.

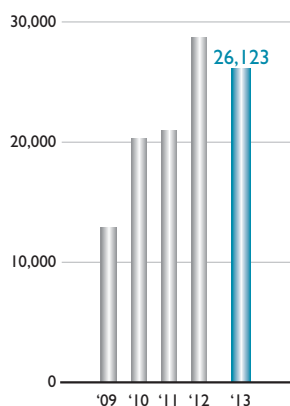
Total Net Assets/
Return on Equity (Millions of yen/%)



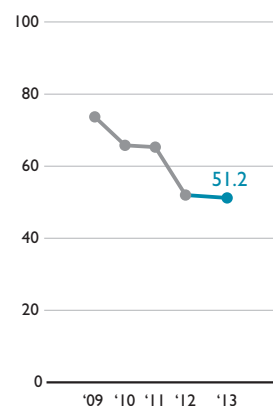
Equity Ratio (%)



Cash Flows from Operating
Activities (Millions of yen)



Dividend Payout Ratio (%)



Business and Other Risks

Risks Associated with Lease Contract Cancellation

In the ST Business, the Company's core operation, lease contracts are subject to cancellation by landowners for various reasons. Accordingly, to go along with the ST Business, the Park24 Group is moving ahead with the TPS Business, in which parking sites are managed under long-term, stable contracts with small cancellation risk. By expanding the TPS business, the Group is working to build an optimal business portfolio to maintain a stable business base. However, the Group's results could be significantly affected if the TPS Business is unable to offset lease contract cancellations for reasons such as a delay in the establishment of the business portfolio.

Risks Associated with Rising Land Prices

A sharp rise in land prices has the potential to affect the strategy of expanding the number of *Times* parking sites and spaces, by encouraging landowners to sell land (contract cancellations) and by increasing rents for new projects at the development stage. The Park24 Group is rigorously developing operations in areas that are less susceptible to rising land prices, and the Group has not experienced cases of higher land prices leading to an increase in rents. Nevertheless, increases in the contract cancellation rate or in rents in the future could significantly affect the Group's results.

Risks Associated with Developing the Mobility Business

The Mobility Business competes in terms of quality, pricing, and service not only with other rental car companies, but with automobile leasing companies, taxi companies, and others in the personal mobility market. Thus, the situation at these companies could significantly affect the results of the Mobility Business. In addition, because used vehicles are sold as a part of an operating cycle, a rapid change in the size of the used vehicle market could affect the Group's results.

Risks Associated with Changes in Economic Conditions

An economic recession in Japan has the potential to negatively affect traffic volume in the major cities that form the Group's key markets, leading to a decline in parking demand. In addition, the Group's results could be significantly affected if future economic conditions have an impact on such matters as fuel and energy prices, interest rates, and tax rates.

Risks Associated with System Disruption

Technical problems or viruses could compromise the TONIC system. While such an event would not prevent the operation of parking facilities, it could have an adverse effect on the provision of the high value-added services that are an essential part of the Group's growth strategy of customer retention, which could significantly affect the Group's results.

Risks Associated with Natural Disasters and Other Events

If the transportation infrastructure is immobilized due to heavy snowfall, earthquakes, or other natural disasters, the number of cars using parking sites could decrease and slow down operation of *Times* sites. In response to this risk, the Park24 Group is working to secure revenues through geographic dispersion of *Times* sites. However, in the event of severe damage to the Group's administrative centers, data centers, or similar facilities, the consequent deterioration in customer service, restoration costs, or other related factors could significantly affect the Group's results.

Risks Associated with the Management of Personal Information

Personal information necessary for member registration in the Times Club membership point program is processed and administered in the Group's databases. Strict attention is paid to information management and to ensuring the proper handling of personal information. The Group has acquired Privacy Mark certification, has provided comprehensive education and training to ensure data administrators are fully informed about the importance of information management, and has enforced advanced system security measures. Despite these precautions, a leak of personal information due to unforeseen circumstances could compromise the credibility of the Park24 Group, and the Group's results could subsequently be significantly affected.

Consolidated Balance Sheets

Park24 Co., Ltd. and Consolidated Subsidiaries/As of October 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
ASSETS	2012	2013	2013
Current assets:			
Cash on hand and in banks (Notes 4 and 7)	¥ 12,044	¥ 15,326	\$ 155,594
Notes and accounts receivable, trade	5,826	6,751	68,538
Less: allowance for doubtful accounts	(40)	(25)	(253)
Inventories (Note 22)	620	692	7,025
Prepaid expenses	6,545	7,015	71,218
Deferred tax assets (Note 11)	1,132	1,111	11,279
Other current assets	1,764	1,853	18,812
Total current assets	27,891	32,723	332,213
Property, plant and equipment:			
Buildings and structures	20,119	20,549	208,619
Machinery and vehicles (Note 22)	36,803	43,270	439,289
Equipment, furniture and fixtures	10,524	11,880	120,609
Leased assets	18,531	22,228	225,665
Land (Note 12)	24,657	24,304	246,741
Construction in progress	519	574	5,828
	111,153	122,805	1,246,751
Less: accumulated depreciation	(36,395)	(44,610)	(452,893)
Total property, plant and equipment, net	74,758	78,195	793,858
Investments and other assets:			
Investment securities (Notes 5 and 7)	1,309	1,590	16,142
Intangible assets	1,092	1,191	12,091
Goodwill	1,712	1,355	13,756
Long-term prepaid expenses	5,968	6,577	66,771
Lease deposits	3,053	3,203	32,518
Deferred tax assets (Note 11)	1,424	1,350	13,706
Other assets	614	405	4,112
Less: allowance for doubtful accounts	(12)	(14)	(142)
Total investments and other assets	15,160	15,657	158,954
Total assets	¥ 117,809	¥ 126,575	\$ 1,285,025

		Millions of yen	Thousands of U.S. dollars (Note 3)
LIABILITIES AND NET ASSETS	2012	2013	2013
Current liabilities:			
Notes and accounts payable, trade	¥ 1,143	¥ 492	\$ 4,994
Short-term borrowings (Notes 6 and 7)	8,235	1,150	11,675
Current portion of long-term debt (Notes 6, 7 and 8)	11,756	7,516	76,305
Current portion of lease obligations (Notes 6 and 7)	3,055	3,604	36,589
Notes payable, other	2,813	3,016	30,619
Accounts payable, other	5,260	4,534	46,030
Accrued expenses	3,496	4,131	41,939
Accrued income taxes	5,802	4,411	44,782
Other current liabilities	2,996	3,032	30,782
Total current liabilities	44,556	31,886	323,715
Long-term liabilities:			
Long-term debt (Notes 6, 7 and 8)	12,401	26,373	267,746
Lease obligations (Notes 6 and 7)	7,440	7,450	75,635
Accrued retirement benefits for employees (Note 9)	801	691	7,015
Accrued retirement benefits for directors and corporate auditors	262	279	2,833
Asset retirement obligations (Note 14)	3,712	4,033	40,944
Other long-term liabilities	744	895	9,086
Total long-term liabilities	25,360	39,721	403,259
Net assets:			
Shareholders' equity (Note 21):			
Common stock	7,436	7,676	77,929
Authorized:			
2012 and 2013—283,680,000 shares			
Issued and outstanding:			
2012—150,344,504 shares,			
2013—150,790,504 shares			
Capital surplus	9,189	9,429	95,726
Retained earnings (Note 24)	41,653	47,877	486,061
Treasury stock, at cost (2012—6,460,837 shares, 2013—6,460,897 shares)	(9,343)	(9,343)	(94,853)
	48,935	55,639	564,863
Accumulated other comprehensive income:			
Net unrealized gains on securities	38	70	710
Revaluation reserve for land (Note 12)	(1,053)	(1,053)	(10,690)
Foreign currency translation adjustments	(375)	(113)	(1,147)
Total accumulated other comprehensive income	(1,390)	(1,096)	(11,127)
Stock acquisition rights (Note 10)	348	425	4,315
Total net assets	47,893	54,968	558,051
Total liabilities and net assets	¥ 117,809	¥ 126,575	\$ 1,285,025

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Park24 Co., Ltd. and Consolidated Subsidiaries/For the years ended October 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Net sales	¥ 139,548	¥155,428	\$ 1,577,949
Cost of sales	100,125	111,785	1,134,873
Gross profit	39,423	43,643	443,076
Selling, general and administrative expenses (Note 17)	21,613	24,134	245,015
Operating profit	17,810	19,509	198,061
Other expenses (income):			
Interest expense	369	208	2,112
Interest and dividend income	(6)	(7)	(71)
Foreign exchange gain	—	(145)	(1,472)
Expenses incurred for evacuation of parking facilities	385	270	2,741
Loss on disposal of property, plant and equipment, and other assets	13	27	274
Penalty income charged to customers for cancellation of parking facilities	(50)	(38)	(386)
Void parking ticket income	(141)	(150)	(1,523)
Gain on a sale of land	—	(113)	(1,147)
Impairment loss on fixed assets (Note 13)	45	36	365
Brands change expense	—	931	9,452
Equity in earnings of affiliates	(31)	(35)	(355)
Other, net	(33)	(101)	(1,025)
	551	883	8,965
Income before income taxes and minority interests	17,259	18,626	189,096
Income taxes (Note 11):			
Current	7,733	7,305	74,162
Deferred	(144)	60	609
	7,589	7,365	74,771
Income before minority interests	9,670	11,261	114,325
Net income	¥ 9,670	¥ 11,261	\$ 114,325

		Yen	U.S. dollars (Note 3)
Per share of common stock:			
Net income (Note 20):			
Basic	¥ 67.37	¥ 78.11	\$ 0.79
Diluted	66.98	75.22	0.76
Cash dividends	35.00	40.00	0.41
Net assets	330.44	377.91	3.84

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Income before minority interests	¥ 9,670	¥ 11,261	\$ 114,325
Other comprehensive income (Note 15):			
Net unrealized gains (losses) on securities	(38)	32	325
Foreign currency translation adjustments	16	80	812
Share of other comprehensive income of affiliates accounted for using the equity method	20	182	1,848
Revaluation reserve for land	(432)	—	—
Total other comprehensive income	(434)	294	2,985
Comprehensive income	¥ 9,236	¥ 11,555	\$ 117,310
Comprehensive income attributable to (Note 15):			
Shareholders of PARK24 Co., Ltd.	¥ 9,236	¥ 11,555	\$ 117,310

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Park24 Co., Ltd. and Consolidated Subsidiaries/For the years ended October 31, 2012 and 2013

	Number of shares of common stock	Millions of yen										
		Shareholders' equity					Accumulated other comprehensive income					Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gains (losses) on securities	Revaluation reserve for land	Foreign currency translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	
Balance at November 1, 2011	149,023,304	¥ 6,865	¥ 8,618	¥ 36,260	¥ (9,343)	¥ 42,400	¥ 76	¥ (621)	¥ (411)	¥ (956)	¥ 242	¥ 41,686
Net income	—	—	—	9,670	—	9,670	—	—	—	—	—	9,670
Cash dividends	—	—	—	(4,277)	—	(4,277)	—	—	—	—	—	(4,277)
Unrealized holding gains (losses) arising during the period	—	—	—	—	—	—	(38)	(432)	—	(470)	—	(470)
Exercise of stock options	2,321,200	571	571	—	—	1,142	—	—	—	—	—	1,142
Changes in foreign currency translation adjustments	—	—	—	—	—	—	—	—	36	36	—	36
Accumulated stock acquisition rights	—	—	—	(0)	0	0	—	—	—	—	106	106
Balance at October 31, 2012	150,344,504	¥ 7,436	¥ 9,189	¥ 41,653	¥ (9,343)	¥ 48,935	¥ 38	¥ (1,053)	¥ (375)	¥ (1,390)	¥ 348	¥ 47,893
Balance at November 1, 2012	150,344,504	¥ 7,436	¥ 9,189	¥ 41,653	¥ (9,343)	¥ 48,935	¥ 38	¥ (1,053)	¥ (375)	¥ (1,390)	¥ 348	¥ 47,893
Net income	—	—	—	11,261	—	11,261	—	—	—	—	—	11,261
Cash dividends	—	—	—	(5,037)	—	(5,037)	—	—	—	—	—	(5,037)
Unrealized holding gains (losses) arising during the period	—	—	—	—	—	—	32	—	—	32	—	32
Exercise of stock options	446,000	240	240	—	—	480	—	—	—	—	—	480
Changes in foreign currency translation adjustments	—	—	—	—	—	—	—	—	262	262	—	262
Accumulated stock acquisition rights	—	—	—	—	(0)	(0)	—	—	—	—	77	77
Balance at October 31, 2013	150,790,504	¥ 7,676	¥ 9,429	¥ 47,877	¥ (9,343)	¥ 55,639	¥ 70	¥ (1,053)	¥ (113)	¥ (1,096)	¥ 425	¥ 54,968

	Thousands of U.S. dollars (Note 3)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
Balance at November 1, 2012	\$ 75,492	\$ 93,289	\$422,873	\$ (94,853)	\$496,801	\$ 385	\$ (10,690)	\$ (3,807)	\$ (14,112)	\$ 3,533	\$486,222
Net income	—	—	114,325	—	114,325	—	—	—	—	—	114,325
Cash dividends	—	—	(51,137)	—	(51,137)	—	—	—	—	—	(51,137)
Unrealized holding gains (losses) arising during the period	—	—	—	—	—	325	—	—	325	—	325
Exercise of stock options	2,437	2,437	—	—	4,874	—	—	—	—	—	4,874
Changes in foreign currency translation adjustments	—	—	—	—	—	—	—	2,660	2,660	—	2,660
Accumulated stock acquisition rights	—	—	—	(0)	(0)	—	—	—	—	782	782
Balance at October 31, 2013	\$ 77,929	\$ 95,726	\$486,061	\$ (94,853)	\$564,863	\$ 710	\$ (10,690)	\$ (1,147)	\$ (11,127)	\$ 4,315	\$558,051

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Park24 Co., Ltd. and Consolidated Subsidiaries/For the years ended October 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 17,259	¥ 18,626	\$ 189,096
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	14,150	16,529	167,807
Impairment loss on fixed assets	45	36	365
Decrease in accrued retirement benefits for employees	(91)	(110)	(1,117)
Increase in accrued retirement benefits for directors and corporate auditors	39	17	173
Interest and dividend income	(6)	(7)	(71)
Interest expense	369	208	2,112
Gain on sales of fixed assets	—	(113)	(1,147)
Loss on disposal of property, plant and equipment, and other assets	13	27	274
Changes in assets and liabilities:			
Notes and accounts receivable, trade	(700)	(950)	(9,644)
Inventories	1,223	1,137	11,543
Prepaid expenses	309	(253)	(2,568)
Notes and accounts payable, trade	81	(652)	(6,619)
Notes payable, other	241	(490)	(4,975)
Accounts payable, other	617	(770)	(7,817)
Other	1,590	2,104	21,360
Subtotal	35,139	35,339	358,772
Interest and dividend income received	5	9	91
Interest expense paid	(369)	(201)	(2,041)
Income taxes paid	(5,981)	(9,024)	(91,614)
Net cash provided by operating activities	28,794	26,123	265,208
Cash flows from investing activities:			
Increase in time deposits due over three months	(16)	(16)	(163)
Decrease in time deposits due over three months	16	16	163
Payments for purchase of property, plant and equipment	(14,767)	(13,906)	(141,178)
Proceeds from sale of property, plant and equipment	51	497	5,046
Payments for purchase of intangible assets	(382)	(462)	(4,690)
Proceeds from sale of investment securities	21	3	31
Payments of long-term prepaid expenses	(3,237)	(3,309)	(33,594)
Other	(429)	(301)	(3,056)
Net cash used in investing activities	(18,743)	(17,478)	(177,441)
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(8,197)	(7,263)	(73,736)
Proceeds from issuance of bonds	—	19,962	202,660
Proceeds from long-term debt	10,900	1,700	17,259
Repayment of long-term debt	(6,778)	(11,969)	(121,513)
Repayment of lease obligations	(2,792)	(3,282)	(33,320)
Proceeds from issuance of additional shares of common stock	1,141	477	4,843
Dividends paid	(4,283)	(5,041)	(51,178)
Other	0	(0)	(0)
Net cash used in financing activities	(10,009)	(5,416)	(54,985)
Effect of exchange rate changes on cash and cash equivalents	5	52	528
Net increase in cash and cash equivalents	47	3,281	33,310
Cash and cash equivalents at beginning of year	11,982	12,029	122,121
Cash and cash equivalents at end of year (Note 4)	¥ 12,029	¥ 15,310	\$ 155,431

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Park24 Co., Ltd. and Consolidated Subsidiaries

1 Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of PARK24 Co., Ltd. (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2 Summary of significant accounting policies

(1) Basis of consolidation

a) Scope of consolidation

The consolidated financial statements as of October 31, 2013 include the accounts of the Company and its 11 significant (11 in 2012) subsidiaries (collectively, the "Companies"). Investments in 2 (2 in 2012) non-consolidated subsidiaries and 4 (4 in 2012) affiliated companies over which the Companies have the ability to exercise significant influence are accounted for using the equity method.

Under the control or influence concept, those companies in which the Company and/or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations are fully consolidated, and those companies over which the Company and/or its consolidated subsidiaries have the ability to exercise significant influence are accounted for using the equity method.

b) Names of consolidated subsidiaries and non-consolidated subsidiaries

The consolidated subsidiaries and non-consolidated subsidiaries as of October 31, 2013 were as follows:

Consolidated subsidiaries

Times24 Co., Ltd.
Times Service Co., Ltd.
Times Communication Co., Ltd.
TPFI Limited
Taiwan Park24 Parking Co., Ltd.
ITS Business Applications, Inc.
Times Mobility Networks Co., Ltd.
Times Support Co., Ltd.
TPF3 Co., Ltd.
Times Rescue Co., Ltd.
TFI Co., Ltd.

Non-consolidated subsidiaries

Times Mobility Fukuoka Corporation (Subsidiary of Times Mobility Networks Co., Ltd.) (Former Mazda Car Rental Fukuoka Corporation)
Times Mobility Oita Corporation (Subsidiary of Times Mobility Networks Co., Ltd.) (Former Mazda Car Rental Oita Corporation)

c) Goodwill

The excess of the cost of an acquisition over the fair value of the net assets of the acquired consolidated subsidiary at the date of acquisition is being amortized over reasonably estimated periods, in which economic benefits are expected to be realized.

d) Consolidation and elimination

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

e) Fiscal periods of consolidated subsidiaries

Except for Taiwan Park24 Parking Co., Ltd. and TFI Co., Ltd., the accounts of the consolidated subsidiaries are prepared as of the same date as the consolidated financial statements and are included in the consolidated financial statements.

The fiscal year ends of Taiwan Park24 Parking Co., Ltd. and TFI Co., Ltd. are the ends of September and March, respectively. With respect to the preparation of the accompanying consolidated financial statements, Taiwan Park24 Parking Co., Ltd. uses financial statements as of its fiscal year-end, and adjustments are made for important transactions that occurred during the period from September 30 to October 31, and TFI Co., Ltd. uses provisional financial statements as of October 31.

f) Investments in affiliated companies

The Company had 4 affiliated companies as of October 31, 2012 and 2013. All affiliated companies were accounted for using the equity method.

The fiscal year-end of these affiliated companies differs from that of the Company. Provisional financial statements as of October 31 were utilized in the preparation of the consolidated financial statements.

g) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

The accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements requires:

(1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

- 1) Amortization of goodwill
- 2) Scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity
- 3) Expensing capitalized development costs of R&D
- 4) Cancellation of the fair value model accounting for property, plant,

and equipment and investment properties and incorporation of the cost model accounting

5) Exclusion of minority interests from net income, if contained

(2) Revenue recognition

Parking fees are recorded at the time billings are made to customers based on seconds of use, on a monthly billing cycle basis.

(3) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with original maturities of three months or less which represent a minor risk of fluctuations in value.

(4) Financial instruments

"Other securities" for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount.

"Other securities" for which market quotations are unavailable are stated at cost, except in cases where they have declined significantly and such impairment of the value is not deemed temporary. Such securities are written down to fair value and the resulting losses are included in the net income or loss for the period.

(5) Inventories

Merchandise is stated at cost, cost being determined by the specific identification method or net realizable value. Supplies are stated at cost, cost being determined by the last-purchase-price method or net realizable value.

The accounting standard for measurement of inventories requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

(6) Property, plant and equipment and depreciation

Property, plant and equipment, including significant renewals, additions and betterments, are carried at cost. When retired or otherwise disposed of, the cost and the related depreciation are cleared from the respective accounts and the net difference, less the amount of any proceeds, is charged to income. Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Except for buildings acquired on or after April 1, 1998, lease assets, and rent-a-car, depreciation is computed using the declining-balance method over the estimated useful lives of which the range is principally from 4 to 45 years. Depreciation of buildings acquired on or after April 1, 1998 and rent-a-car are computed by the straight-line method over the estimated useful lives of which the range is principally from 4 to 50 years. Depreciation of lease assets is computed by straight-line method over the period of the lease contracts.

(7) Long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to

result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(8) Asset retirement obligations

The accounting standard for asset retirement obligations defines an asset retirement obligation as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period.

(9) Intangible assets and amortization

Intangible assets are carried at cost and amortized on a straight-line basis.

Expenditures related to computer software development for internal use are capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life of the software (5 years).

(10) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for based on the amount deemed necessary to cover possible losses estimated by the management of the Companies, based on a ratio founded on past experience, plus specifically identified uncollectible receivables.

(11) Accrued retirement benefits

a) Employees

The Companies have primarily a defined benefit pension plan covering substantially all of the employees. The defined benefit plan provides for a lump-sum payment and, in certain cases, an annuity payment to terminated employees. Accrued retirement benefits for employees represent the estimated present value of projected benefit obligations as adjusted for unrecognized actuarial differences. Unrecognized actuarial differences are amortized on a straight-line basis over a period of 5 years from the year following the year in which they arise.

b) Directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors of the Companies are provided for at the amount which the Companies would have been required to pay in accordance with their internal regulations if all eligible directors and corporate auditors of the Companies had resigned at the respective balance sheet dates.

(12) Stock options

The accounting standard for stock options requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as

consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights and treated as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

(13) Leases

The accounting standard for lease transactions requires the Companies to capitalize leased assets and lease obligations that commenced on or after November 1, 2008.

Prior to November 1, 2008, the Companies accounted for finance leases that do not transfer ownership of the leased property to the lessee as operating lease transactions with disclosure of "as if capitalized" information in the notes to the consolidated financial statements. (See Note 18)

(14) Deferred charges

Stock issuance costs and bond issuance costs are charged to income as incurred.

(15) Income taxes

Income taxes of the Companies consist of corporate income taxes, local inhabitants' taxes and enterprise taxes. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

(16) Derivatives and hedging activities

The Company uses derivative financial instruments to manage its exposures to fluctuations in interest rates and foreign currency exchange rates. An interest rate swap is utilized to reduce interest rate risk and a foreign currency swap is utilized to reduce foreign currency exchange rate risk. The Company does not enter into derivatives for trading purposes or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income, and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Long-term borrowing denominated in a foreign currency for which a foreign currency swap is used to hedge currency fluctuation risk is translated at the amount of the swap contract provided it qualifies for specific hedge accounting. The interest rate swap and the foreign currency swap which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differentials paid or received under an interest rate swap contract and a foreign currency swap contract are both recognized and included in interest expense as incurred.

(17) Consumption taxes

Consumption taxes are excluded from net sales, cost of sales and expenses.

(18) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform with the current year's classifications.

(19) Accounting changes and error corrections

The accounting standard for accounting changes and error corrections requires the followings:

a) Changes in accounting policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless revised accounting standards include specific transitional provisions. When revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

b) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

c) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

d) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

(20) New accounting pronouncements

Accounting standard for retirement benefits

On May 17, 2012, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits," and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council (BAC) in 1998 with an effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

The major changes are as follows:

a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset. Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard would not change how to recognize

actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in

profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

3 U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥98.50 = U.S.\$1, the rate of exchange on October 31, 2013, has been used in translation. The inclusion of such amounts is not intended to imply that the Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

4 Cash and cash equivalents

Reconciliations of cash on hand and in banks to cash and cash equivalents at October 31, 2012 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2012	2013	2013
Cash on hand and in banks	¥ 12,044	¥ 15,326	\$ 155,594
Time deposits due over three months	(15)	(16)	(163)
Cash and cash equivalents	¥ 12,029	¥ 15,310	\$ 155,431

5 Investment securities

Investment securities classified as "other securities" at October 31, 2012 and 2013 were as follows:

(1) Other securities for which market quotations are available

	Millions of yen						Thousands of U.S. dollars		
October 31	2012			2013			2013		
	Cost	Fair value (Carrying amount)	Difference	Cost	Fair value (Carrying amount)	Difference	Cost	Fair value (Carrying amount)	Difference
Securities for which market value exceeds cost:									
Equity securities	¥ 87	¥ 127	¥ 40	¥ 104	¥ 197	¥ 93	\$ 1,056	\$ 2,000	\$ 944
Debt securities	10	10	0	10	10	0	101	101	0
	97	137	40	114	207	93	1,157	2,101	944
Securities for which market value does not exceed cost:									
Equity securities	21	17	(4)	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—	—	—
	21	17	(4)	—	—	—	—	—	—
Total	¥ 118	¥ 154	¥ 36	¥ 114	¥ 207	¥ 93	\$ 1,157	\$ 2,101	\$ 944

(2) Debt securities with maturity

	Millions of yen						Thousands of U.S. dollars		
October 31	2012			2013			2013		
	Within 1 year	1-5 years	More than 5 years	Within 1 year	1-5 years	More than 5 years	Within 1 year	1-5 years	More than 5 years
Government bonds	¥ —	¥ —	¥ 10	¥ —	¥ —	¥ 10	\$ —	\$ —	\$ 101

6 Short-term borrowings, long-term debt and lease obligations

Short-term borrowings at October 31, 2012 and 2013 comprised the following:

		Millions of yen	Thousands of U.S. dollars
October 31	2012	2013	2013
Loans from banks with weighted average interest rates of 0.5% and 0.4% for the years ended October 31, 2012 and 2013:			
—Unsecured	¥ 8,235	¥ 1,150	\$ 11,675
	¥ 8,235	¥ 1,150	\$ 11,675

Long-term debt and lease obligations at October 31, 2012 and 2013 comprised the following:

		Millions of yen	Thousands of U.S. dollars
October 31	2012	2013	2013
Unsecured zero coupon convertible bonds due 2026	¥ 1,000	¥ 1,000	\$ 10,152
Unsecured zero coupon convertible bonds due 2018	¥ —	¥ 20,000	\$ 203,046
Unsecured loans, principally from banks, with weighted average interest rates of 0.5% due 2014—2017	23,157	12,889	130,853
Lease obligations	10,495	11,054	112,224
	34,652	44,943	456,275
Less current portion	(14,811)	(11,120)	(112,894)
Total	¥ 19,841	¥ 33,823	\$ 343,381

The aggregate annual maturities of long-term debt and lease obligations at October 31, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending October 31		
2014	¥ 11,120	\$ 112,894
2015	6,321	64,173
2016	4,128	41,909
2017	1,659	16,843
2018	20,609	209,229
2019 and thereafter	1,106	11,227
Total	¥ 44,943	\$ 456,275

The conversion price of the unsecured zero coupon convertible bonds due 2026 is ¥2,506.8 (\$25.45) as of October 31, 2013 (¥2,496 (\$25.34) after November 1, 2013). Convertible bonds outstanding at October 31, 2013 would have been convertible into 398,914 shares of common stock of the Company.

Bondholders of the unsecured zero coupon convertible bonds due 2026 have the right to require the Company to redeem the bonds on April 10, 2014, 2018, and 2022 at 100% of their principal amount.

The conversion price of the unsecured zero coupon convertible bonds due 2018 is ¥2,644.0 (\$26.84) as of October 31, 2013. Convertible bonds outstanding at October 31, 2013 would have been convertible into 7,564,296 shares of common stock of the Company.

Bondholders of the unsecured zero coupon convertible bonds due 2018 have the right to require the Company to redeem the bonds on April 26, 2016 at 100% of their principal amount.

7 Financial instruments

(1) Policy for financial instruments

With respect to cash management, temporary surplus funds are invested in short-term, low-risk financial instruments only. The Companies have a policy to procure the funds for capital expenditures by using bond issuances and borrowings from financial institutions. Fund procurement for operating funds is financed by short-term borrowings from financial institutions. Derivative transactions are undertaken only for the purpose of hedging risks of fluctuations in interest rates and foreign currency exchange rates. As a matter of policy, the Companies do not undertake derivative transactions for speculative purposes.

(2) Nature and risks of financial instruments and risk management

Short-term borrowings, long-term debt and lease obligations are mainly used for capital expenditures. Debt with floating interest rates is subject to interest-rate fluctuation risk and debt denominated in a foreign currency is also subject to foreign currency exchange rate fluctuation risk. The Companies undertake derivatives, including interest rate swaps and a foreign currency swap, to hedge the above risks. In addition, the Companies limit the counterparties of these derivative transactions to highly rated financial institutions to reduce the credit risk. Regarding hedge accounting and the Companies' policy for derivative transactions, please see Note 2 (16).

(3) Supplemental explanation regarding fair value of financial instruments

Fair values of financial instruments are based on the quoted price in active markets. If a quoted price is not available, other reasonably assessed values are used. Fair values of financial instruments of which the quoted price is not available are calculated based on certain assumptions, and the fair values might differ if different assumptions are used.

The carrying amount, fair value and unrealized gain or loss on financial instruments as of October 31, 2012 and 2013 were as follows:

Millions of yen			
2012			
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	¥ 12,044	¥ 12,044	¥ —
Other securities in investment securities	154	154	—
Short-term borrowings	8,235	8,235	—
Convertible bonds	1,000	996	4
Long-term debt (including current portion)	23,157	23,153	4
Lease obligations (including current portion)	10,495	10,225	270
Derivative transactions	—	—	—

Millions of yen			
2013			
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	¥ 15,326	¥ 15,326	¥ —
Other securities in investment securities	207	207	—
Short-term borrowings	1,150	1,150	—
Convertible bonds	21,000	22,100	(1,100)
Long-term debt (including current portion)	12,889	12,847	42
Lease obligations (including current portion)	11,054	10,793	261
Derivative transactions	—	—	—

Thousands of U.S. dollars			
2013			
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	\$ 155,594	\$ 155,594	\$ —
Other securities in investment securities	2,101	2,101	—
Short-term borrowings	11,675	11,675	—
Convertible bonds	213,198	224,365	(11,167)
Long-term debt (including current portion)	130,853	130,427	426
Lease obligations (including current portion)	112,224	109,574	2,650
Derivative transactions	—	—	—

Cash on hand and in banks

Since these items are settled in a short period of time, their carrying value approximates fair value.

Other securities in investment securities

The fair value of these items are based on quoted market prices.

Short-term borrowings

Since these items are settled in a short period of time, their carrying value approximates fair value.

Convertible bonds

The fair value of convertible bonds is based on the quoted market price, if available. Otherwise the fair value of the bonds is the present value of the discounted cash flows using the interest rate determined by the remaining period and current credit risk.

Long-term debt (including current portion)

The fair value of long-term borrowings are measured based on the current total amount of principal and interest, discounted by the expected interest rate if the borrowings were refinanced at present.

Lease obligations (including current portion)

The fair value of lease obligations are measured based on the current total amount of future payments, discounted by the average interest rate for long-term borrowings.

Derivative transactions

The fair value of derivative transactions which qualified for hedge accounting is measured together with that of long-term borrowings as hedged items and is included in the estimated fair value of the long-term borrowings.

The carrying amounts of financial instruments whose fair value can not be reliably determined as of October 31, 2012 and 2013 were as follows:

		Millions of yen	Thousands of U.S. dollars
October 31	2012	2013	2013
Investment securities	¥ 1,155	¥ 1,383	\$ 14,041

Maturities of financial assets and securities were as follows:

	Millions of yen			
	Within 1 year	1-5 years	5-10 years	More than 10 years
Time deposit	¥ 76	¥ —	¥ —	¥ —
Other securities with contractual maturities	—	—	10	—
	¥ 76	¥ —	¥ 10	¥ —

	Thousands of U.S. dollars			
	Within 1 year	1-5 years	5-10 years	More than 10 years
Time deposit	\$ 772	\$ —	\$ —	\$ —
Other securities with contractual maturities	—	—	101	—
	\$ 772	\$ —	\$ 101	\$ —

8 Derivatives

The Companies enter into foreign currency swap contract to hedge foreign exchange risk associated with certain long-term debt denominated in a foreign currency. The Companies also enter into interest rate swap contracts to manage interest rate fluctuation risks on certain long-term debt.

These derivative transactions are entered into to hedge foreign currency and interest rate exposures incorporated within the business. Accordingly, market risk related to these derivatives is entirely offset by opposite movements in the value of the hedged liabilities. The Companies do not hold or issue derivatives for trading or speculative purposes. In addition, the counterparties to these derivatives are limited to highly rated financial institutions.

Derivative transactions to which hedge accounting applied at October 31, 2012 and 2013 were as follows:

		Millions of yen	
October 31, 2012	Hedged item	Contract amounts	Contract amounts due after 1 year
Foreign currency swap Receiving U.S. dollars	Long-term debt	¥ 2,000	¥ 2,000
Interest rate swap Receiving floating rate and paying fixed rate	Long-term debt	2,130	2,000

		Millions of yen	
October 31, 2013	Hedged item	Contract amounts	Contract amounts due after 1 year
Foreign currency swap Receiving U.S. dollars	Long-term debt	¥ 2,000	¥ —
Interest rate swap Receiving floating rate and paying fixed rate	Long-term debt	2,000	—

		Thousands of U.S. dollars	
October 31, 2013	Hedged item	Contract amounts	Contract amounts due after 1 year
Foreign currency swap Receiving U.S. dollars	Long-term debt	\$ 20,305	\$ —
Interest rate swap Receiving floating rate and paying fixed rate	Long-term debt	20,305	—

Disclosure of fair value information on foreign currency swap and interest rate swap transactions has been omitted, because all derivative positions qualified for hedge accounting at October 31, 2012 and 2013.

9 Retirement benefit plans

The Companies have retirement benefit plans for their employees. Employees (excluding directors and corporate auditors) with more than one year of service at the Companies are generally entitled to lump-sum retirement benefits at amounts determined by reference to current pay rates by position, length of service and the conditions under which terminations occur.

Additional employee retirement benefits, which are not included in the calculation of the projected benefit obligations, might be paid in certain circumstances.

Accrued retirement benefits for employees as of October 31, 2012 and 2013 were analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2012	2013	2013
Projected benefit obligations	¥ (1,682)	¥ (1,957)	\$ (19,868)
Plan assets at fair value	646	1,075	10,914
	(1,036)	(882)	(8,954)
Unrecognized actuarial differences	235	191	1,939
Accrued retirement benefits for employees	¥ (801)	¥ (691)	\$ (7,015)

The net pension expenses related to retirement benefits for the years ended October 31, 2012 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended October 31	2012	2013	2013
Service cost	¥ 220	¥ 234	\$ 2,376
Interest cost	20	25	254
Amortization of unrecognized actuarial differences	76	76	771
Other	63	64	650
Net pension expense	¥ 379	¥ 399	\$ 4,051

The assumptions used in the calculation of the above information were as follows:

Years ended October 31	2012	2013
Discount rate	1.5%	1.5%
Method of attributing the projected benefits to periods of service	Straight-line basis	Straight-line basis
Amortization period of prior service costs	Charged to expenses as incurred	Charged to expenses as incurred
Amortization period of unrecognized actuarial differences	5 years	5 years

10 Stock options

The Company has stock option plans.

On January 26, 2006, the shareholders of the Company approved the issuance of stock options for the directors and employees of the Company and its subsidiaries. On April 14, 2006, the Company issued stock options which had stock acquisition rights of 1,959,800 shares. The issued stock options are exercisable from December 1, 2008 to January 31, 2014. The number of shares to be newly issued or transferred from treasury stock upon the exercise of the outstanding stock options as of October 31, 2013 was 1,785,400 shares of common stock of the Company. The options were granted at ¥2,138 (\$21.71) per share as an exercise price of the Company's common stock at the date of option grant.

On June 18, 2009, the Board of Directors of the Company declared the issuance of stock options for the directors and employees of the Company and its subsidiaries. On July 8, 2009, the Company issued stock options which had stock acquisition rights of 1,134,500 shares. The issued stock options are exercisable from December 1, 2011 to January 31, 2017. The number of shares to be newly issued or transferred from treasury stock upon the exercise of the outstanding stock options as of October 31, 2013 was 538,500 shares of common stock of the Company. The options were granted at ¥888 (\$9.02) per share as an exercise price of the Company's common stock at the date of option grant.

On June 15, 2011, the Board of Directors of the Company declared the issuance of stock options for the directors and employees of the Company and its subsidiaries. On July 4, 2011, the Company issued stock options which had stock acquisition rights of 1,519,500 shares. The issued stock options are exercisable from December 1, 2013 to January 31, 2019. The number of shares to be newly issued or transferred from treasury stock upon the exercise of the outstanding stock options as of October 31, 2013 was 1,476,500 shares of common stock of the Company. The options were granted at ¥867 (\$8.80) per share as an exercise price of the Company's common stock at the date of option grant.

On July 16, 2013, the Board of Directors of the Company declared the issuance of stock options for the directors and employees of the Company and its subsidiaries. On August 6, 2013, the Company issued stock options which had stock acquisition rights of 989,200 shares. The issued stock options are exercisable from December 1, 2015 to January 31, 2021. The number of shares to be newly issued or transferred from treasury stock upon the exercise of the outstanding stock options as of October 31, 2013 was 989,200 shares of common stock of the Company. The options were granted at ¥1,884 (\$19.13) per share as an exercise price of the Company's common stock at the date of option grant.

The number of shares of common stock to be newly issued or to be transferred from treasury stock of the Company, which had been approved by the shareholders in the previous years, decreased by 446,000 shares due to the exercise of options and also decreased by 16,600 shares due to the resignation of the directors and employees of the Company and its subsidiaries who had been granted stock options.

11 Income taxes

At October 31, 2012 and 2013, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2012	2013	2013
Deferred tax assets:			
Accrued enterprise taxes	¥ 500	¥ 420	\$ 4,264
Accrued bonuses	410	433	4,396
Accrued retirement benefits for employees	305	275	2,791
Accrued retirement benefits for directors and corporate auditors	91	88	893
Depreciation	486	485	4,924
Revaluation of land	375	375	3,807
Asset retirement obligations	1,316	1,429	14,508
Other	765	759	7,706
Less: valuation allowance	(841)	(835)	(8,477)
Total deferred tax assets	3,407	3,429	34,812
Deferred tax liabilities:			
Unrealized gains on securities	0	39	396
Asset retirement cost	842	912	9,259
Other	9	21	213
Total deferred tax liabilities	851	972	9,868
Net deferred tax assets	¥ 2,556	¥ 2,457	\$ 24,944

For the years ended October 31, 2012 and 2013 reconciliations of the difference between the statutory income tax rates and the effective income tax rates were as follows:

Years ended October 31	2012	2013
Statutory income tax rates	41.0%	38.0%
Valuation allowance	(0.4)	0.0
Non-deductible expenses for tax purposes	0.5	0.5
Per capita levy of inhabitants' taxes	0.4	0.4
Effect of changes in tax laws and corporate tax rates in Japan	1.5	—
Other	1.0	0.6
Effective income tax rates	44.0%	39.5%

In assessing the realizability of deferred tax assets, management of the Companies considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is entirely dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which these temporary differences become deductible. Although realization is not assured, management considered the projected future taxable income in making this assessment. Based on these factors, management believes it is more likely than not that the Companies will realize the benefits of these deductible differences, net of the existing valuation allowance.

12 Revaluation of land

On October 31, 2000, the Company revalued its land held for business purposes in accordance with the "Law on Land Revaluation." The method followed for this land revaluation was determined in accordance with the "Enforcement Act Concerning Land Revaluation." Differences arising from the land revaluation have been accounted for as revaluation reserve for land under net assets.

The carrying value of this land after the revaluation was down from its fair value as of October 31, 2012 and 2013 by ¥15 million and ¥12 million (\$122 thousand), respectively.

13 Impairment loss on fixed assets

The Companies review their long-lived assets in operation for impairment by asset group. An asset group consists of the lowest level of geographical area under business classification. Mainly headquarters' assets and leased assets are allocated to a single group as corporate common assets. When the above asset group makes continuing loss in operation, the Companies reduce the carrying amount of the asset group to the recoverable amount.

The related assets which incurred impairment losses for the years ended October 31, 2012 and 2013 were as follows:

Years ended October 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Related assets			
Buildings and structures	¥ 18	¥ 14	\$ 142
Other tangible fixed assets	—	1	10
Long-term prepaid expenses	27	21	213
Total	¥ 45	¥ 36	\$ 365

14 Asset retirement obligations

(1) General information about asset retirement obligations

Asset retirement obligations are based upon estimated future restoration obligations pursuant to parking facilities rental agreements.

(2) Calculation method of the asset retirement obligations

Asset retirement obligations are calculated based upon the estimated period of use depending on the useful life of the relevant tangible fixed assets (mainly 15 years) and discounted by relevant discount rates which are estimated based upon the rate of return on government bonds matures corresponding periods.

(3) Asset retirement obligations for the years ended October 31, 2012 and 2013 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2012	2013	2013
Beginning of year	¥ 3,411	¥ 3,712	\$ 37,675
New obligations by acquisition of fixed assets	427	464	4,711
Accretion expense	54	59	599
Settlement payment	(180)	(202)	(2,041)
End of year	¥ 3,712	¥ 4,033	\$ 40,944

15 Other comprehensive income

The components of other comprehensive income for the years ended October 31, 2012 and 2013 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2012	2013	2013
Net unrealized gains (losses) on securities			
Gains (losses) arising during the year	¥ (91)	¥ 72	\$ 731
Reclassification adjustments to profit or loss	0	(1)	(10)
Amount before income tax effect	(91)	71	721
Income tax effect	53	(39)	(396)
Total	(38)	32	325
Foreign currency translation adjustments			
Adjustments arising during the year	16	80	812
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	16	80	812
Income tax effect	—	—	—
Total	16	80	812
Share of other comprehensive income of affiliates accounted for using the equity method			
Gains arising during the year	20	182	1,848
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	20	182	1,848
Income tax effect	—	—	—
Total	20	182	1,848
Revaluation reserve for land			
Gains arising during the year	—	—	—
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	(432)	—	—
Total	(432)	—	—
Total other comprehensive income	¥ (434)	¥ 294	\$ 2,985

16 Segment information by business category

		Millions of yen	Thousands of U.S. dollars
Years ended October 31	2012	2013	2013
I. Operating revenues and operating profit:			
Operating revenues			
(1) Outside customers			
Parking business	¥ 111,461	¥ 122,034	\$ 1,238,924
Mobility business	28,087	33,394	339,025
Total	139,548	155,428	1,577,949
Reconciliations	—	—	—
Consolidated	139,548	155,428	1,577,949
(2) Inter-segment			
Parking business	135	108	1,096
Mobility business	34	37	376
Total	169	145	1,472
Reconciliations	(169)	(145)	(1,472)
Consolidated	—	—	—
Total operating revenue			
Parking business	111,596	122,142	1,240,020
Mobility business	28,121	33,431	339,401
Total	139,717	155,573	1,579,421
Reconciliations	(169)	(145)	(1,472)
Consolidated	139,548	155,428	1,577,949
Operating expenses			
Parking business	88,162	96,708	981,807
Mobility business	28,113	32,763	332,619
Total	116,275	129,471	1,314,426
Reconciliations	5,463	6,448	65,462
Consolidated	121,738	135,919	1,379,888
Operating profit			
Parking business	23,434	25,434	258,213
Mobility business	8	669	6,792
Total	23,442	26,103	265,005
Reconciliations	(5,632)	(6,594)	(66,944)
Consolidated	¥ 17,810	¥ 19,509	\$ 198,061
II. Depreciation and amortization:			
Parking business	¥ 5,875	¥ 7,021	\$ 71,279
Mobility business	7,740	8,889	90,244
Total	13,615	15,910	161,523
Reconciliations	535	619	6,284
Consolidated	¥ 14,150	¥ 16,529	\$ 167,807

Notes 1: Business category and main services in each category

Business Category	Main Services
Parking business	24-hour self-service parking lot ("Times") Parking facility management
Mobility business	Lending and sales of automobiles Roadside assistance

2. Geographical information

The operating revenues and tangible fixed assets outside Japan were immaterial.

17 Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended October 31, 2012 and 2013 were principally as follows:

		Millions of yen	Thousands of U.S. dollars
Years ended October 31	2012	2013	2013
Advertising and sales promotion	¥ 1,274	¥ 1,750	\$ 17,766
Transfer and transportation expenses	546	636	6,457
Salaries and bonuses	8,862	9,663	98,102
Pension expenses	274	280	2,843
Rental expenses	1,970	1,999	20,294
Remuneration and commission	1,878	2,170	22,030
Amortization of goodwill	357	357	3,624
Provision of allowance for doubtful accounts	12	2	20
Directors' and corporate auditors' compensations and salaries	297	325	3,299
Provision for bonuses	787	801	8,132
Provision for directors' and corporate auditors' bonuses	63	83	843
Provision for directors' and corporate auditors' retirement benefits	39	45	456
Legal welfare expenses	1,109	1,214	12,325
Depreciation and amortization	637	722	7,330

18 Leases

The Companies have various lease agreements as lessees. As stated in Note 2 (13), the Companies account for leases which existed prior to November 1, 2008 and are not deemed to transfer ownership of the leased assets to lessees as operating leases. No impairment loss was allocated to the leased assets. Pro forma information of such leases existing prior to November 1, 2008, such as acquisition cost, accumulated depreciation and net book value of the leased property on an "as if capitalized" basis as of October 31, 2012 and 2013 were as follows:

		Millions of yen	Thousands of U.S. dollars
October 31	2012	2013	2013
Acquisition cost			
Parking facilities	¥ 3,907	¥ 1,397	\$ 14,183
Less: Accumulated depreciation	(3,703)	(1,353)	(13,736)
Net book value	¥ 204	¥ 44	\$ 447

Lease expenses, pro forma depreciation (computed on the declining-balance method over the respective lease term with nil residual values) and interest expense of the lease payments relating to the finance leases accounted for as operating leases were as follows:

		Millions of yen	Thousands of U.S. dollars
Years ended October 31	2012	2013	2013
Lease expenses	¥ 1,049	¥ 473	\$ 4,802
Depreciation	¥ 400	¥ 159	\$ 1,614
Interest expense	¥ 24	¥ 7	\$ 71

Future minimum lease payments (including the interest portion) under finance leases accounted for as operating leases as of October 31, 2012 and 2013 are summarized as follows:

		Millions of yen	Thousands of U.S. dollars
October 31	2012	2013	2013
Due within one year	¥ 469	¥ 136	\$ 1,381
Due over one year	136	—	—
Total	¥ 605	¥ 136	\$ 1,381

19 Related party transactions

Material transactions of the Company with related companies and individuals for the years ended October 31, 2012 and 2013 were as follows:

Name of related company or individual	Paid-in capital	Principal business	Percentage of the Company's ownership held by related company or individual	Description of the Company's transactions	Millions of yen/Thousands of U.S. dollars			
					Transactions		Resulting account balance	
					For the year ended October 31,		At October 31,	
					2012	2013	2012	2013
LTK Reisebüro Japan Co., Ltd.	¥ 34 million	Travel agency	—	Purchase of ticket for business trip	¥ 14	¥ 18 (\$ 183)	¥ —	¥ — (\$ —)

- The terms and conditions of the above transactions were on an arm's-length basis.
- LTK Reisebüro Japan Co., Ltd. is owned by Tsunekazu Takeda, the Company's corporate auditor.

20 Net income per share

The reconciliations of the difference between basic and diluted net income per share for the years ended October 31, 2012 and 2013 were as follows:

Years ended October 31	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Net income available to the common stockholders	¥ 9,670	¥ 11,261	\$ 114,325
Effect of dilutive securities	—	—	—
Net income available to the common stockholders for diluted net income per share	¥ 9,670	¥ 11,261	\$ 114,325

Years ended October 31	2012	Thousands of shares
	2012	2013
Weighted-average number of shares	143,540	144,177
Effect of dilutive securities:		
Common stock warrants	832	5,852
Weighted-average number of shares for diluted net income per share	144,372	150,029

Years ended October 31	Yen		U.S. dollars
	2012	2013	2013
Basic net income per share	¥ 67.37	¥ 78.11	\$ 0.79
Diluted net income per share	¥ 66.98	¥ 75.22	\$ 0.76

Potential common stock upon the exercise of a common stock warrant, which was excluded from the computation of diluted net income per share since it had an exercise price in excess of the average market value of the common stock during the years ended October 31, 2012 and 2013, was 1,789 thousand shares and 2,775 thousand shares, respectively.

21 Shareholders' equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the legal capital surplus) and retained earnings (other than the legal retained earnings) be transferred to the legal capital surplus and the legal retained earnings, respectively, until the sum of the legal capital surplus and the legal retained earnings equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the legal capital surplus nor the legal retained earnings is available for distribution.

22 Vehicles reclassified as inventories

The rent-a-car business includes sales of used cars as an operating cycle. For the years ended October 31, 2012 and 2013, the Companies reclassified ¥1,280 million and ¥1,208 million (\$12,264 thousand) of vehicles to inventories and subsequently sold all of them.

23 Investments and rental properties

The Companies own properties for parking facilities in Tokyo, Kanagawa and other areas. The carrying amount on the consolidated balance sheet, any increase or decrease during the year, as well as the market value of the properties as of October 31, 2012 and 2013 were as follows:

	Millions of yen			
	Amount on the consolidated balance sheet			
	November 1, 2011	Increase (Decrease)	October 31, 2012	Market value as of October 31, 2012
Rental properties	¥ 28,536	¥ 1,594	¥ 30,130	¥ 34,660

	Millions of yen			
	Amount on the consolidated balance sheet			
	November 1, 2012	Increase (Decrease)	October 31, 2013	Market value as of October 31, 2013
Rental properties	¥ 30,130	¥ (736)	¥ 29,394	¥ 33,942

	Thousands of U.S. dollars			
	Amount on the consolidated balance sheet			
	November 1, 2012	Increase (Decrease)	October 31, 2013	Market value as of October 31, 2013
Rental properties	\$ 305,888	\$ (7,472)	\$ 298,416	\$ 344,589

(1) Amount on the consolidated balance sheet is calculated as acquisition cost deducting accumulated depreciation and cumulative impairment losses.

(2) Market values as of October 31, 2012 and 2013 were principally established in accordance with the "Real estate evaluation standards," and were adjusted using official indices.

Revenues and expenses related to investment and rental properties for the years ended October 31, 2012 and 2013 were as follows:

2012	Millions of yen			
	Revenues	Expenses	Difference	Other
Rental properties	¥ 2,945	¥ 957	¥ 1,988	¥ —

2013	Millions of yen			
	Revenues	Expenses	Difference	Other
Rental properties	¥ 3,901	¥ 1,459	¥ 2,442	¥ 113

2013	Thousands of U.S. dollars			
	Revenues	Expenses	Difference	Other
Rental properties	\$ 39,604	\$ 14,812	\$ 24,792	\$ 1,147

24 Subsequent events

Appropriation of retained earnings

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended October 31, 2013, was approved at an ordinary general meeting of shareholders held on January 29, 2014.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥40=U.S.\$0.41 per share)	¥ 5,773	\$ 58,609

Report of Independent Auditors



Independent Auditor's Report

The Board of Directors
PARK24 Co., Ltd.

We have audited the accompanying consolidated financial statements of PARK24 Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at October 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PARK24 Co., Ltd. and its consolidated subsidiaries as at October 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young Shinchon LLC

January 29, 2014
Tokyo, Japan

A member firm of Ernst & Young Global Limited

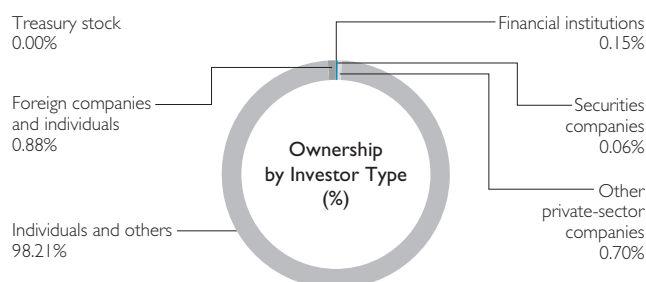
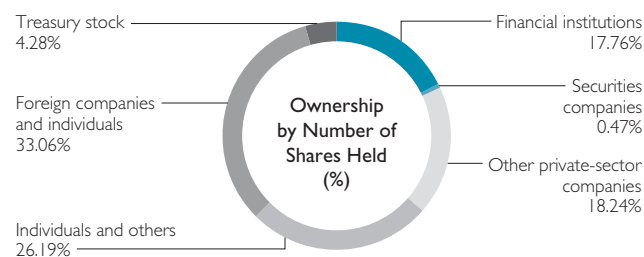
Stock Information

As of October 31, 2013

Share Data

Number of shares:	
Authorized	238,680,000 shares
Issued and outstanding	150,790,504 shares
Number of shares per trading unit	100 shares
Number of shareholders	40,688

Shareholder Composition



Major Shareholders

	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Senju Co., Ltd.	21,746	14.42
Japan Trustee Services Bank, Ltd. (trust account)	10,277	6.82
State Street Trust and Banking Company, Ltd.	8,176	5.42
Koichi Nishikawa	8,110	5.38
Isao Nishikawa	6,194	4.11
The Master Trust Bank of Japan, Ltd. (trust account)	5,658	3.75
The Nippon Signal Co., Ltd.	3,853	2.56
CBNY-ORBIS Funds	3,409	2.26
Trust & Custody Services Bank, Ltd. (Held in securities investment trust account)	3,260	2.16
Kyoko Nishikawa	3,200	2.12

Note: In addition to the above, the Company retains treasury stock of 6,460 thousand shares (4.28%).

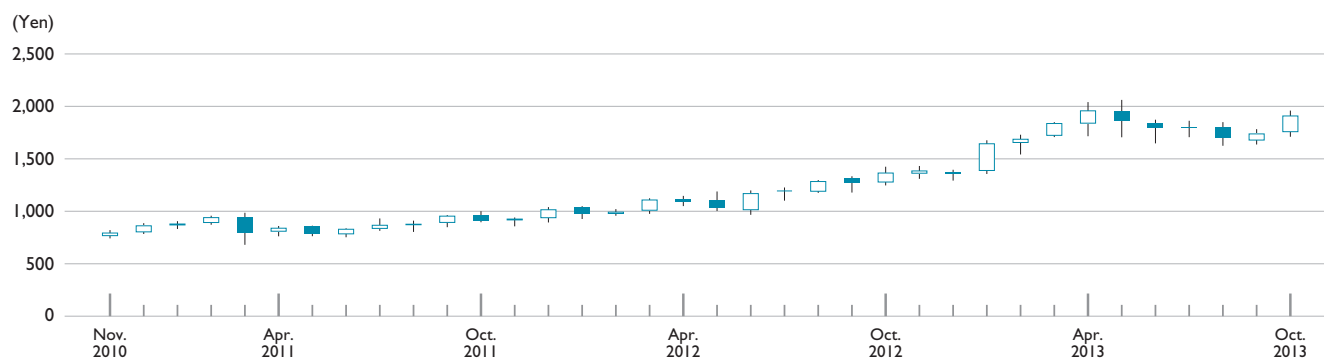
Stock Acquisition Rights (SARs) Stock Options

	Date of issue	Exercise period (deadline)	Total number of SARs to be issued	Exercise price	Outstanding balance	Percentage of SARs exercised
1	April 14, 2006	January 31, 2014	19,598	¥2,138	17,854	0.0%
2	June 18, 2009	January 31, 2017	11,345	¥888	5,385	49.6%
3	June 15, 2011	January 31, 2019	15,195	¥867	14,765	—
4	July 16, 2013	January 31, 2021	9,892	¥1,884	9,892	—

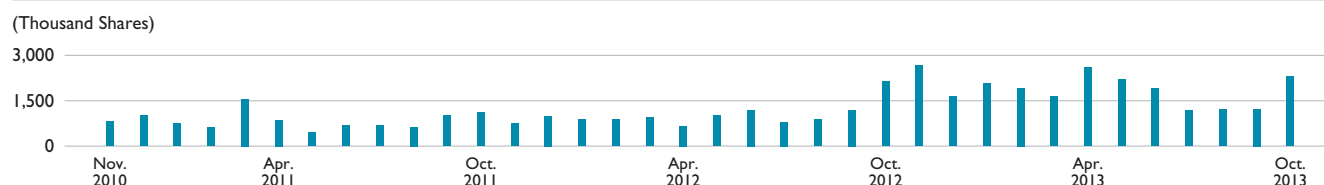
Notes: 1. Stock acquisition rights are issued for the purpose of granting stock options

2. The number of shares to be issued upon exercise of each stock acquisition right is 100

Stock Price Range on Tokyo Stock Exchange



Trading Volume



Corporate Data

As of October 31, 2013

Corporate Name	PARK24 Co., Ltd.
Head Office	2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-8424, Japan TEL 81-3-3213-8910 FAX 81-3-3213-8914
Stock Listing	First Section of the Tokyo Stock Exchange
Stock Code	4666
Date of Founding	August 26, 1971 (Date of Establishment: February 3, 1973)
Paid-in Capital	¥7,676 million
Fiscal Year-end	October 31
Number of Employees	1,784

Main Businesses

Parking Business:

Management of parking facilities

Mobility Business:

Rent-a-car service, Car sharing service and Road assistance service

Leading Banks

Sumitomo Mitsui Banking Corp.

Resona Bank, Ltd.

Mizuho Bank, Ltd.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mitsubishi UFJ Trust and Banking Corp.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corp.

Independent Auditor

Ernst & Young ShinNihon LLC

Subsidiaries and Affiliates

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
Times24 Co., Ltd.	Management of parking facilities and car sharing service	100.0
Times Service Co., Ltd.	Maintenance of parking	100.0
Times Communication Co., Ltd.	Contact center	100.0
Times Mobility Networks Co., Ltd.	Rent-a-car service	100.0
Times Rescue Co., Ltd. (Note)	Roadside assistance service	100.0
Times Support Co., Ltd.	Insurance agent service	100.0
Taiwan Park24 Parking Co., Ltd.	Management of parking (Taiwan)	100.0
GS Park24 Co., Ltd.	Management of parking (South Korea)	50.0
TPF1 Ltd.	Management of real estate owned	100.0

Note: The company name of Times Rescue Co., Ltd. was changed from Rescue Network Co., Ltd. on November 1, 2012. Park24 Co., Ltd. holds all the shares in TPF3 Ltd., which holds all the shares in Times Rescue Co., Ltd.

IR Guide

Home Page	http://www.park24.co.jp/en/
Division	Planning Dept. Corporate Planning Div.
Telephone	+81-3-3213-8910
E-mail	ir@park24.co.jp

Principal Investor Relations Activities

General Meeting of Shareholders: ordinary shareholders are welcomed.	Ordinary shareholders are welcome to attend the management briefings on recent developments held after the General Meeting of Shareholders. Time is allotted for question-and-answer sessions after the Company President (as the Company representative) reports on business policies and other items.
Regularly Scheduled Results Announcement Meeting	The Company President (as the Company representative) reports on performance results, future management and business strategies, and other items at the biannual financial results briefings held in late May and mid December.
Active Schedule of Investor Relations Meetings	In the fiscal year ended in October 2013, Park24 held 280 IR meetings with analysts and institutional investors, which included holding One-on-One meetings, group conferences, and an overseas tour of IR presentations.
Actively approaching overseas investors	The Company conducts overseas IR presentations once a year, primarily to individual investment firms in Europe, the United States, and Asia. The Company also distributes videos in English showing footage of its biannual financial results briefings.

Park24 Co., Ltd.

2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-8424, Japan
TEL: 81-3-3213-8910 FAX: 81-3-3213-8914
<http://www.park24.co.jp/en>