

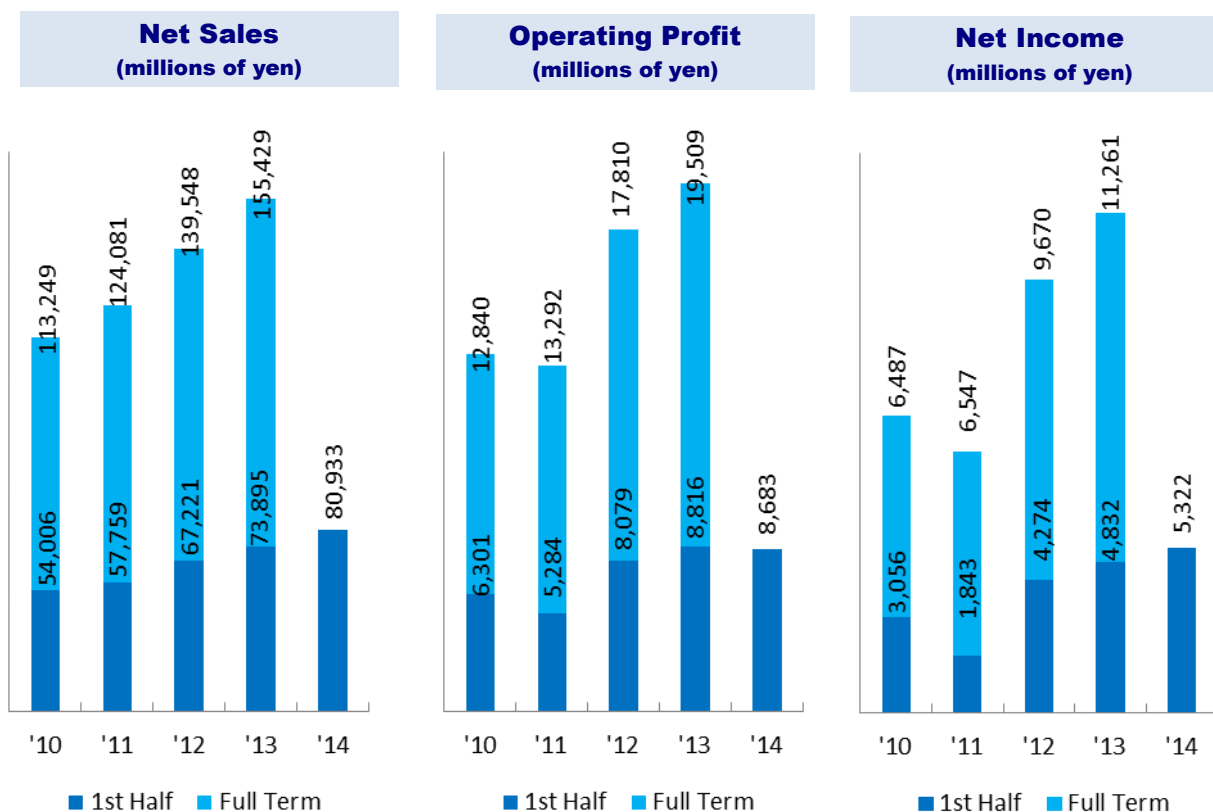
A Road to a
Comfortable Automobile Society

SEMI ANNUAL REPORT 2014

CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited)
For the six-month periods ended April 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note)
	2013	2014	2014
For the period:			
Net sales	¥ 73,895	¥ 80,933	\$ 788,744
Parking business	58,844	62,895	612,952
Mobility business	15,052	18,038	175,792
Operating profit	8,816	8,683	84,621
Net income	4,832	5,322	51,866
At the end of the period:			
Total Net Assets	¥ 54,968*	¥ 55,205	\$ 538,008
Total Assets	126,575*	127,113	1,238,797
Per share data (Yen and U.S. dollars) :			
Net income			
Basic	¥ 33.54	¥ 36.76	\$ 0.36
Diluted	31.72	34.66	0.34
Shareholders' equity	332.61	378.16	3.69
Number of Times parking spaces	423,239*	453,444	
Number of employees:	1,718*	1,973	

*As of October 31, 2013



TO OUR SHAREHOLDERS

[Qualitative Data, Financial Statements and Other Information]

1. Qualitative data on the consolidated financial results

During the first six months of the consolidated fiscal year under review (from November 1, 2013 to April 30, 2014), the Japanese economy experienced a moderate recovery primarily in capital investments, production and employment, due mainly to an improvement in business sentiment centered on the manufacturing industry, but some weakness was seen in personal consumption, in part due to a reactionary decline to the rush in demand that occurred ahead of the consumption tax hike. The outlook is uncertain due to rising construction costs and prices of resources as well as a downside risk to overseas economies centered on emerging countries, such as China. In this environment, the Group sought to achieve a comfortable automobile society and aimed to increase the number of parking facilities and parking spaces in the Parking Business, which is to serve as a revenue base, and improved the quality of rent-a-car services while endeavoring to expand the size and profitability of the car sharing service in the Mobility Business. However, the business environment for both the Parking Business and the Mobility Business deteriorated temporarily as a result of a plunge in traffic volume caused by record snowfall in February. As a result, in the first six months under review, the Group posted net sales of 80,933 million yen (up 9.5% year on year), operating profit of 8,683 million yen (down 1.5%) and recurring profit of 8,675 million yen (down 0.9%). Net income stood at 5,322 million yen (up 10.1%).

Results by business segment are as follows:

Parking Business

In terms of an expansion in parking facilities, their number set a record high on a half-yearly basis mainly as a result of changing the sales structure to segmented area-based development and management that allows the business to operate as one unit; and capturing outsourcing demand among commercial facilities. As a result, the number of Times parking facilities and parking spaces managed at the end of the term under review were 13,413, up 5.0% from the end of the previous fiscal year, and 453,444, up 5.2%, respectively. The total number of parking facilities managed, including monthly parking and facility management services, rose 4.7% from the end of the previous fiscal year to 14,865, and the total number of parking spaces managed increased 4.2% to 557,168. While efforts were made to improve profitability by utilizing this structure, which allowed the meticulous execution of operational measures that respond to not only the most recent usage data but also changes in the surrounding environment, these were offset by factors such as a decline in traffic volume as a result of record snowfall, in addition to a temporary slump in consumer sentiment after the consumption tax hike. As a result, net sales in this segment (including intersegment sales) stood at 62,955 million yen (rising 6.9% year on year), and operating profit amounted to 12,172 million yen (up 1.2%).

TO OUR SHAREHOLDERS

Mobility Business

Regarding the rent-a-car service, the Group sought to improve the quality of its customer service, and to strengthen web-based reservations and corporate sales, among other areas. For its car sharing service, the Group launched a preferential service for frequent users, while also making progress in creating a user-friendly environment, such as by improving the management system and increasing the number of stationed vehicles. In addition, the Group reduced its vehicle maintenance costs and hours of down time by enhancing backyard functions.

As a result, the total number of vehicles in the Mobility Business at the end of the term under review was up 5.4% from the end of the previous fiscal year, to 34,739 (of which, the number of vehicles for the car sharing service was 8,533). Net sales in the segment (including intersegment sales) reached 18,055 million yen (rising 19.8% year on year) and the operating loss stood at 112 million yen (compared with an operating loss of 160 million yen a year earlier).

2. Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

As of the end of the first six months under review, total assets were up 538 million yen from the end of the previous consolidated fiscal year, to 127,113 million yen. This primarily reflects an increase of 952 million yen in property, plant and equipment, such as machinery, equipment and vehicles, as well as in lease assets.

Total liabilities rose 301 million yen to 71,907 million yen. Primary factors included an increase of 200 million yen in notes and accounts payable and a rise of 220 million yen in asset retirement obligations.

Net assets rose 237 million yen, to 55,205 million yen, with net income of 5,322 million yen, a rise of 1,019 million yen resulting from the issuance of new shares through the exercise of stock options, which offset dividend payments of 5,773 million yen, and other factors.

(ii) Cash flow condition

Cash and cash equivalents at the end of the first six months of the consolidated fiscal year under review fell 3,102 million yen from the end of the previous consolidated fiscal year to 12,208 million yen.

The cash-flow situation by category for the six months was as follows.

(Net cash from operating activities)

Net cash provided by operating activities rose by 5,367 million yen from a year ago to 14,431 million yen. The major positive factor was that the total of 17,431 million yen for depreciation and amortization and income before income and minority interests offset the major negative factor of income taxes paid, which amounted to 4,437 million yen.

TO OUR SHAREHOLDERS

(Net cash from investing activities)

Net cash used in investing activities was 9,303 million yen (an increase of 2,652 million yen from a year ago). This figure primarily reflects a purchase of property, plant and equipment totaling 6,800 million yen associated with the opening of Times parking facilities and the acquisition of vehicles for service, and the purchase of long-term prepaid expenses of 1,463 million yen.

(Net cash from financing activities)

Net cash outflows from financing activities was 8,232 million yen (cash outflows increased by 13,730 million yen from a year ago). This was mainly attributable to a net increase of 3,000 million yen in short-term loans payable, proceeds from long-term loans payable of 1,400 million yen, and proceeds from the issuance of common stock of 835 million yen, which was offset by 5,768 million yen in dividend payments and repayment of long-term loans payable of 5,583 million yen.

3. Qualitative data on the consolidated earnings forecasts

The consolidated earnings forecasts for the fiscal year ending October 31, 2014 have not been changed from the figures announced on December 16, 2013 in the Consolidated Financial Report for the Fiscal Year Ended October 2013.

4. Others

(1) Important changes of subsidiaries during the term

(Change of specified subsidiaries that lead to a change in the scope of consolidation): None

(2) Adoption of the simplified accounting methods and accounting methods specific

to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and procedures and the presentation method, etc.

of consolidated financial statements: None

July 2014



Koichi Nishikawa
President

CONSOLIDATED BALANCE SHEETS (Unaudited)
As of April 30, 2014 and October 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 2)
	October 31	April 30	April 30
	2013	2014	2014
ASSETS			
Current assets:			
Cash on hand and in banks	¥ 15,326	¥ 12,224	\$ 119,131
Notes and accounts receivable, trade	6,751	6,823	66,494
Less: allowance for doubtful accounts	(25)	(28)	(273)
Inventories	692	763	7,436
Prepaid expenses	7,015	7,081	69,009
Deferred tax assets	1,111	1,102	10,740
Other current assets	1,853	3,223	31,410
Total current assets	32,723	31,188	303,947
Property, plant and equipment:			
Buildings and structures	20,549	21,139	206,013
Machinery and vehicles	43,270	45,779	446,145
Equipment, furniture and fixtures	11,880	12,287	119,745
Lease assets	22,228	24,702	240,737
Land	24,304	24,304	236,858
Construction-in-progress	574	748	7,290
	122,805	128,959	1,256,788
Less: accumulated depreciation	(44,610)	(49,811)	(485,440)
Total property, plant and equipment, net	78,195	79,148	771,348
Investments and other assets:			
Investment securities	1,590	2,178	21,226
Intangible assets	1,191	1,448	14,112
Goodwill	1,355	1,177	11,470
Long-term prepaid expenses	6,577	6,804	66,309
Lease deposits	3,203	3,416	33,291
Deferred tax assets	1,350	1,348	13,137
Other assets	405	421	4,103
Less: allowance for doubtful accounts	(14)	(15)	(146)
Total investments and other assets	15,657	16,777	163,502
Total assets	¥ 126,575	¥ 127,113	\$ 1,238,797

CONSOLIDATED BALANCE SHEETS (Unaudited)
As of April 30, 2014 and October 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 2)
	October 31 2013	April 30 2014	April 30 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes and accounts payable, trade	¥ 492	¥ 693	\$ 6,754
Short term borrowings	1,150	4,150	40,445
Current portion of long term debt	7,516	4,268	41,594
Current portion of lease obligation	3,604	3,825	37,277
Notes payable, property and equipment	3,016	2,779	27,083
Accounts payable, other	4,534	6,171	60,140
Accrued expenses	4,131	4,486	43,719
Accrued income taxes	4,411	3,506	34,168
Other current liabilities	3,032	2,878	28,048
Total current liabilities	31,886	32,756	319,228
Long-term liabilities:			
Long-term debt	26,373	25,438	247,910
Lease obligation	7,450	7,667	74,720
Accrued retirement benefits for employees	691	699	6,812
Accrued retirement benefits for directors and corporate auditors	279	-	-
Asset retirement obligations	4,033	4,253	41,448
Other long-term liabilities	895	1,095	10,671
Total long-term liabilities	39,721	39,152	381,561
Net Assets:			
Shareholders' equity:			
Common stock	7,676	8,185	79,768
Authorized :			
2013—283,680,000 shares			
2014—283,680,000 shares			
Issued and outstanding:			
2013—150,790,504 shares,			
2014—151,728,504 shares			
Additional paid-in capital	9,429	9,938	96,852
Retained earnings	47,877	47,427	462,206
Treasury stock, at cost			
2013—6,460,897 shares,	(9,343)	(9,652)	(94,064)
2014—6,620,977 shares			
	55,639	55,898	544,762
Accumulated other comprehensive income:			
Net unrealized gains on securities	70	77	750
Revaluation surplus for land	(1,053)	(1,053)	(10,262)
Foreign currency translation adjustment	(113)	(49)	(478)
Total accumulated other comprehensive income	(1,096)	(1,025)	(9,990)
Stock acquisition rights	425	332	3,236
Total net assets	54,968	55,205	538,008
Total liabilities and net assets	¥ 126,575	¥ 127,113	\$ 1,238,797

CONSOLIDATED STATEMENT OF INCOME (Unaudited)
For the six-month periods ended April 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Net sales:	¥ 73,895	¥ 80,933	\$ 788,744
Cost of sales:	53,412	59,511	579,973
Gross profit	20,483	21,422	208,771
Selling, general and administrative expenses:	11,667	12,739	124,150
Operating profit	8,816	8,683	84,621
Other expenses (income):			
Interest expense	132	57	556
Interest and dividend income	(3)	(3)	(29)
Expenses incurred for evacuation of parking facilities	175	179	1,744
Penalty income charged to customers for cancellation of parking facilities	(23)	(37)	(361)
Equity in loss (earnings) of affiliates	(13)	(19)	(185)
Brand change expenses	802	-	-
Foreign exchange loss (gain)	(132)	(20)	(195)
Losses on disposal of property and equipments	12	23	224
Other, net	(70)	(149)	(1,452)
	880	31	302
Income before income taxes	7,936	8,652	84,319
Income taxes:			
Current	3,013	3,320	32,356
Deferred	91	10	97
	3,104	3,330	32,453
Income before minority interests	4,832	5,322	51,866
Minority interests in earnings of consolidated subsidiaries	-	-	-
Net income	¥ 4,832	¥ 5,322	\$ 51,866
	Yen		U.S. dollars (Note 2)
	2013	2014	
Per share of common stock :			
Net income			
Basic	¥ 33.54	¥ 36.76	\$ 0.36
Diluted	¥ 31.72	¥ 34.66	\$ 0.34
Cash dividends	¥ -	¥ -	\$ -

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the six-month periods ended April 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Income before minority interests	¥ 4,832	¥ 5,322	\$ 51,866
Other comprehensive income			
Net unrealized gains on securities	41	7	68
Foreign currency translation adjustments	76	6	59
Share of other comprehensive gain in affiliated companies	135	59	575
Total other comprehensive income	252	72	702
Comprehensive income	¥ 5,084	¥ 5,394	\$ 52,568
Comprehensive income attribute to:			
Shareholders of PARK24 Co., Ltd.	¥ 5,084	¥ 5,394	\$ 52,568

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the six-month periods ended April 30, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes	¥ 7,936	¥ 8,652	\$ 84,319
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,787	8,779	85,557
Retirement benefit costs	(58)	(7)	(68)
Officers' retirement benefit costs	(5)	(270)	(2,631)
Interest and dividend income	(3)	(3)	(29)
Interest expense	132	57	556
Losses on disposal of property and equipments	13	23	224
Changes in assets and liabilities:			
Notes and accounts receivable, trade	106	(80)	(780)
Inventories	274	1,034	10,077
Prepaid expenses	(31)	(89)	(867)
Notes and accounts payable, trade	(548)	200	1,949
Notes payable, property and equipment	(67)	(30)	(292)
Accounts payable, other	(1,342)	989	9,638
Other	1,939	(332)	(3,236)
Subtotal	16,133	18,923	184,417
Interest and dividend income received	4	3	29
Interest expense paid	(137)	(57)	(556)
Income taxes paid	(6,936)	(4,438)	(43,251)
Net cash provided by operating activities	9,064	14,431	140,639
Cash flows from investing activities:			
Increase in time deposits with deposit term of over three months	(6)	(6)	(58)
Decrease in time deposits with deposit term of over three months	6	6	58
Payments for purchase of property and equipment	(4,235)	(6,801)	(66,280)
Proceeds from sales of property and equipment	11	25	244
Payments of intangible assets	(224)	(216)	(2,105)
Proceeds from a sale of investment securities	3	-	-
Payments for purchase of investment securities	-	(500)	(4,873)
Payment of long-term prepaid expenses	(2,033)	(1,463)	(14,258)
Other	(172)	(348)	(3,391)
Net cash used in investing activities	(6,650)	(9,303)	(90,663)
Cash flows from financing activities:			
Increase in short-term borrowings, net	(297)	3,000	29,237
Proceeds from issuance of convertible bonds	20,000	-	-
Proceeds from long-term debt	1,700	1,400	13,644
Repayment of long-term debt	(9,731)	(5,583)	(54,410)
Repayment of lease obligations	(1,516)	(1,808)	(17,620)
Early redemption of convertible bonds	-	-	-
Dividends paid	(5,039)	(5,768)	(56,213)
Proceeds from issuance of additional shares of common stock	380	836	8,147
Payments for purchase of treasury stock	-	(309)	(3,011)
Other	0	-	-
Net cash provided by (used in) financing activities	5,497	(8,232)	(80,226)
Foreign currency translation adjustments on cash and cash equivalents	50	2	19
Net increase in cash and cash equivalents	7,961	(3,102)	(30,231)
Cash and cash equivalents at beginning of year	12,029	15,310	149,206
Cash and cash equivalents at end of year	¥ 19,990	¥ 12,208	\$ 118,975

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements of PARK 24 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. U.S. dollar amounts:

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥102.61=U.S.\$1, the rate of exchange on April 30, 2014, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

CORPORATE DATA

As of April 30, 2014

CORPORATE INFORMATION

Corporate Name

PARK24 Co., Ltd.

Stock Listing

First Section of the Tokyo Stock Exchange

Share Code

4666

Date of Founding

August 26, 1971

(Date of Establishment: February 3, 1973)

Paid-in Capital

¥8,185 million

Fiscal Year-end

October 31

Number of Employees

227(1,973 on a consolidated basis)

Overview of Operations

Parking Business

Running Parking Sites Business

Times operations (operation of 24-hour, unmanned hourly parking sites)

Facility Management and Other Businesses

Outsourced management of parking sites,

Operation of monthly parking sites, etc.

Mobility Business

Rent-a-car Service, Car Sharing Service,

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.

Accounting Auditor

Ernst & Young ShinNihon LLC

Group Main Company

Times24 Co., Ltd.

Times Service Co., Ltd.

Times Communication Co., Ltd.

Times Mobility Networks Co., Ltd.

Times Rescue Co., Ltd.

Times Support Co., Ltd.

Taiwan Park24 Parking Co., Ltd

GS Park24 Co., Ltd. (Korea)

TPF1 Ltd

BOARD OF DIRECTORS AND AUDITORS

Koichi Nishikawa

President and Representative Director

(Corporate Officer)

Kenichi Sasaki

Director

(Corporate Officer

General Manager of Corporate Planning Division)

Norifumi Kawakami

Director

(Corporate Officer

General Manager of Business Propulsion Division)

Keisuke Kawasaki

Director

Seishi Uenishi

Full-Time Corporate Auditor

Kyosuke Kano

Outside Corporate Auditor

Tsunekazu Takeda

Outside Corporate Auditor

CORPORATE OFFICERS

Shingo Kaneko

General Manager of Corporate Administration Division