

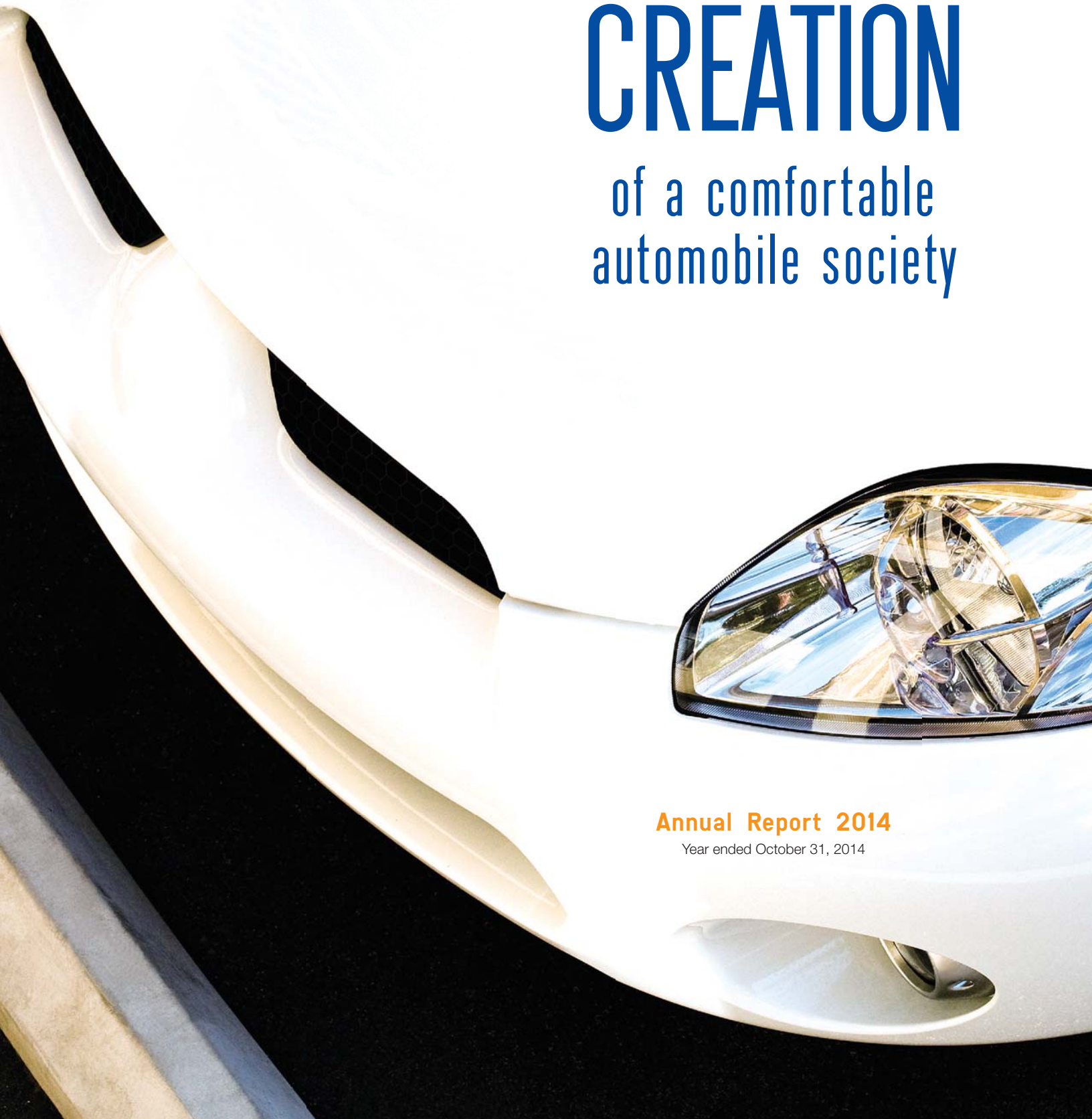
Park24 Co., Ltd.

CREATION

of a comfortable
automobile society

Annual Report 2014

Year ended October 31, 2014



PIONEER

in car parking solutions



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Profile

The Park24 Group is Japan's largest manager of parking facilities and a leader in a related area we call "mobility service".

The Park24 Group was founded in 1971. At first, the principal business was selling parking facility-related equipment. The Group opened the first *Times* facility in 1991 as the first 24-hour unmanned hourly parking facility in Japan. The Group subsequently gradually expanded its business and in 2003 developed TONIC (Times Online Network and Information Center), an independent IT network that links parking facilities online. The Group also inaugurated the "Times Club" membership point program in 2003 and has established overwhelming competitive advantage in the parking facility industry by capitalizing on a wealth of operating expertise based on TONIC, a strong

administrative structure, and a large sales force.

In 2009, the Group acquired *MAZDA CAR RENTAL Corporation* (now Times Mobility Networks Co., Ltd.) and started the Mobility Business. In 2013, the Group changed the name of the rent-a-car service to *Times Car RENTAL* and the car sharing service to *Times Car PLUS*, unifying branding in the Mobility Business under the "*Times*" brand.

The Group aspires to be a "Transportation infrastructure company" essential to Japan's automobile society with the Parking Business and Mobility Business as the core businesses.

Overview of Group Operations

Parking Business

The Parking Business consists of Standard Times (ST), the lease of unused land and other properties and operation of unmanned hourly parking facilities open 24 hours a day, 365 days a year, and Times Partner Service (TPS), the operation of customer parking facilities at commercial facilities and other locations. Park24 Group's *Times* parking facilities comprise more than 14,000 sites and 470,000 spaces.

Mobility Business

Times Car Rental: This is a rent-a-car service with a fleet of more than 26,000 vehicles. Cars can be reserved as little as 30 minutes in advance.

Times Car Plus: This is a car sharing service with a fleet of more than 10,000 vehicles. Membership cardholders can use vehicles available at locations nationwide, which can be reserved for 15-minute increments.

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.

Mission

The Park24 Group's mission is to realize a comfortable automobile society.

The Park24 Group believes that the Parking Business is a business that creates mutual benefits with a wide range of stakeholders, including land owners, drivers, local communities (utilization of vacant land), and the environment (reduced environmental impact).

In Tokyo, Osaka, and other urban areas, where there are many small vacant lots 70 square meters or less in size and land unsuited to building construction, it is often difficult to utilize land. Also, real estate taxes are a major financial burden on landowners. At the

same time, the search for parking spaces is a source of stress for drivers, and roadside stopping and parking is commonplace due to a lack of parking sites. Illegal parking is a cause of traffic accidents, and the adverse environmental impact of engine idling is increasing.

The Park24 Group is working to solve these problems and realize a comfortable automobile society with harmony among “people, cars, communities...” We provide highly convenient, environment-friendly traffic infrastructure-related services centered on our parking facilities.

Parking Facility



Times24 Co., Ltd.

Rent-a-car



Times Mobility Networks Co., Ltd.

Car Sharing



Times24 Co., Ltd.
Times Mobility Networks Co., Ltd.

Parking Maintenance/ Parking Fee Collection/ Cleaning

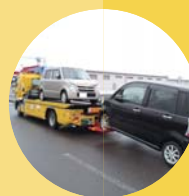


Times Service Co., Ltd.



Park24 Group

Road Assistance



Times Rescue Co., Ltd.

Emergency Response



Times Service Co., Ltd.

Contact Center



Times Communication Co., Ltd.

System Development



Park24 Co., Ltd.

REALIZATION

of positive benefit for stakeholders

The Park24 Group's corporate slogan is "People, cars, communities..." and we create value through the realization of a safe, secure, and comfortable automobile society. We do this by fostering understanding among drivers, parking owners, and local communities and by expanding our parking facilities and mobility network.

3



GROWING

more than 20 years consecutive

The Parking Business is
the largest in Japan
and our earnings foundation.
As a leader, we will develop and
expand the Mobility Business,
comprising a rent-a-car service,
car sharing service,
and road assistance service.

Market Position

Leveraging ideas and service enhancements into dominant leadership in the hourly parking and car sharing markets.

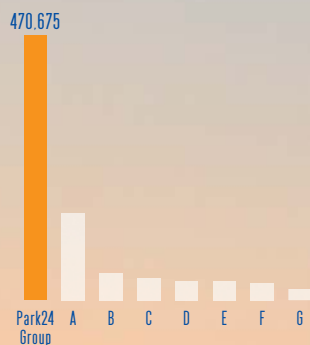
The Parking Business, the Park24 Group's core business, is Japan's largest, with 470,675 managed parking spaces at 13,994 parking sites. In addition, the car sharing service, part of the Mobility Business, boasts the largest fleet in the nation with a fleet of 10,061 vehicles and 414,965 members.

The Group's car sharing business became profitable in its fifth year. The car sharing service market in Japan is rapidly growing and is now the second largest in the world, after the U.S., in terms of numbers of

vehicles and members. Approximately 30 companies compete in the Japanese market, where the Park24 Group has opened a huge lead over competitors.

Since the car sharing business requires investment in vehicles and entails parking site costs, rapid profitability is rare. Only the Park24 Group, which benefits from parking site infrastructure and the vehicle procurement capabilities, has attained such profitability, as we drive the market as the industry leader.

Competitor Comparison
(Number of Parking Spaces)

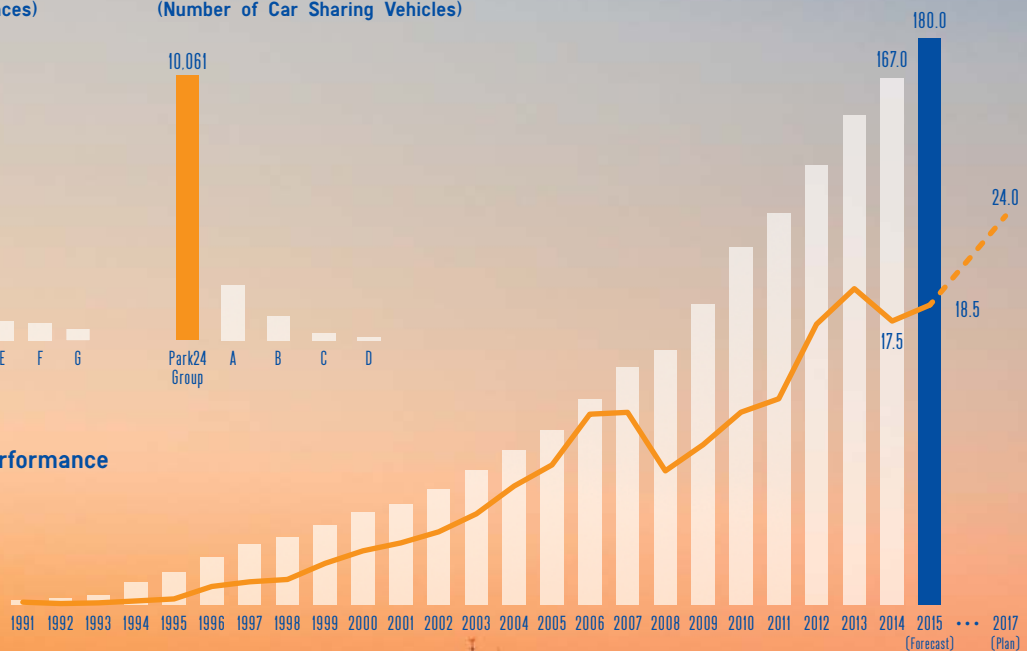


Competitor Comparison
(Number of Car Sharing Vehicles)



Trends in Performance
(Billions of yen)

■ Net Sales
— Recurring Profit



Future Strategies

Pursuit of sustained growth through expansion of parking site development activities and establishment of a mobility network.

The Park24 Group will contribute to the evolution of an automobile society and fulfill its mission to all stakeholders through the realization of sustained growth.

Specifically, we will help to realize low-stress mobility for approximately 81 million drivers. To this end, in the Parking Business we will reinforce our operations closely attuned to regional and local needs and accelerate parking site development to achieve balance of supply and demand in each area.

We will also work to expand and reinforce the network linking approximately 14,000 managed parking sites and our rent-a-car and car sharing services in

order to evolve the *Times* brand from a parking lot brand to a transportation infrastructure services brand. In addition, we will seek to accelerate new Times Club member acquisition by expanding and upgrading services offered to registered members, now numbering approximately 5.13 million, and work to promote and increase service use per member.

We live in an age when automobiles are an essential part of day-to-day life, and the function of parking facilities is about to expand dramatically to play a vital role at the heart of communities. The Park24 Group will continue its quest to create unique and distinctive service value.

Ten-Year Vision

Parking capacity:

1,000,000
spaces

Mobility fleet:

100,000
vehicles

Times Club
participation:

10,000,000
members

Two hands, one on the left and one on the right, are positioned to frame the central text. The fingers are spread, creating a rectangular shape around the words 'IDEAS' and 'for future growth'. The skin tone is light, and the lighting is soft, highlighting the texture of the skin.

IDEAS

for future growth

The Park24 Group aims to promote sustained development of an automobile society by creating new mobility services marked by comfort and environmental friendliness and to coexist with all stakeholders through sustained growth in enterprise value.

Special Feature

New Medium-Term Management Plan

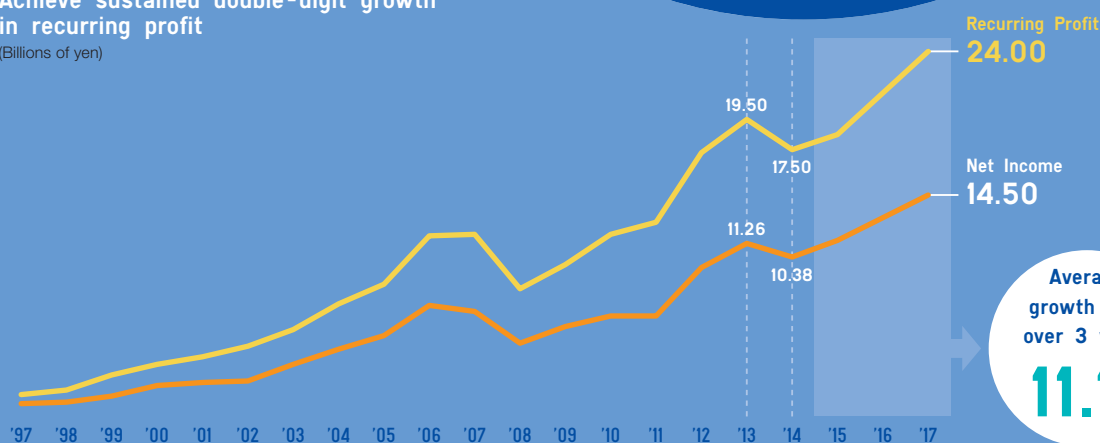
Park24 Group has formulated a new medium-term management plan for FY2015–FY2017, aiming to create a comfortable automobile society by developing parking sites and constructing a mobility network.

FY2014 Results

			Comparison with FY2014
Recurring Profit	17.50 Billion Yen	24.00 Billion Yen	137.1%
Net Income	10.38 Billion Yen	14.50 Billion Yen	139.6%
EPS	71.6 Yen	100 Yen	139.5%
Number of Times Parking Sites	13,994 Sites	18,000 Sites	128.6%
Number of Times Parking Spaces	470,675 Spaces	600,000 Spaces	127.5%
Number of Mobility Vehicles	36,317 Vehicles	50,000 Vehicles	137.7%

Plan for FY2017

Achieve sustained double-digit growth in recurring profit
(Billions of yen)



Our Vision

Creating a comfortable automobile society

Enhancing the environment by enabling transportation with lower stress and impact

- Dotting parking facilities conveniently throughout cities
- Establishing a mobility network

Major Tasks in FY2015–2017 Medium-Term Management Plan

To develop a business base that anticipates "One million parking facilities, one hundred thousand mobility vehicles, ten million Times Club members" by FY2024, 10 years from now

Strengthen profitability of existing businesses

Times parking facilities

Expansion of scale

- Continued development of many new parking facilities to expand profitability

Early monetizing of new parking facilities

- Implement measures to achieve operations meticulously adapted to surrounding situations
- > Promotion of area-based sales more than ever

Times Car PLUS

Expansion of scale

Integrate service into city-center rent-a-cars

- Simplify rent-a-car renting procedure for Times Car PLUS members
- Reconfigure services to include rent-a-cars

Give shape to the member business

Develop new member services to increase profit per member

Creation of member organization marked by high usage of Group services

Create a more active member organization

- Firmly establish use of services among new members
- Promote use of services by existing active members

Create an environment that is more conducive to accumulating and spending Times Points

- Expand and improve member services
- Use the "Times Tower" (See Glossary, P. 11) payment kiosks to promote using points at parking facilities



Times Club Card

Refer customers to TPS stores

- Promote store visits and purchases using Times Points

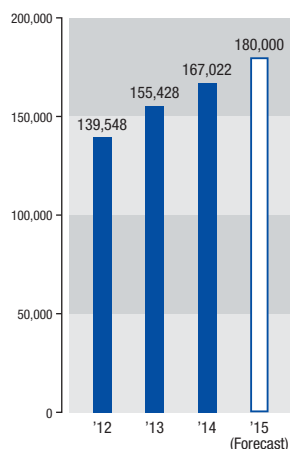
Consolidated Financial Highlights

	Millions of yen			Thousands of U.S. dollars (Note)
	2012	2013	2014	2014
For the year:				
Net sales	¥139,548	¥155,428	¥167,022	\$1,528,246
Gross profit	39,423	43,643	44,092	403,440
Operating profit	17,810	19,509	17,555	160,628
Recurring profit	17,318	19,508	17,509	16,021
Net income	9,670	11,261	10,388	95,050
At year-end:				
Total net assets	¥47,893	¥54,968	¥60,190	550,737
Total assets	117,809	126,575	135,294	1,237,936
Per share data (Yen and U.S. dollars):				
Net income —Basic	¥67.37	¥78.11	¥71.66	0.66
—Diluted	66.98	75.22	67.63	0.62
Cash dividends	35.00	40.00	50.00	0.46
Net assets	330.44	377.91	411.86	3.77
Management indexes:				
Recurring profit year on year (%)	136.2	112.7	89.8	
Operating profit margin (%)	12.8	12.6	10.5	
Recurring profit margin (%)	12.4	12.6	10.5	
Return on assets (%)	8.5	9.2	7.9	
Return on equity (%)	21.7	22.1	18.2	
Equity ratio (%)	40.4	43.1	44.2	
Dividend payout ratio (%)	52.0	51.2	69.8	
Number of employees	1,617	1,784	2,010	

Note: The U.S. dollar amounts represent translations of yen amounts at the rate of ¥109.29=U.S.\$1, the approximate rate of exchange prevailing on October 31, 2014.

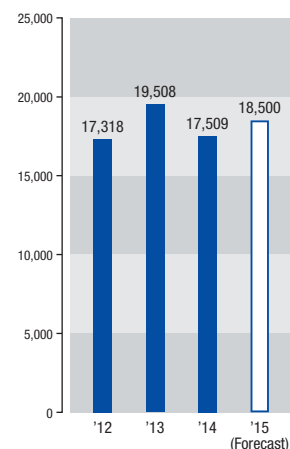
Net Sales

(Millions of yen)



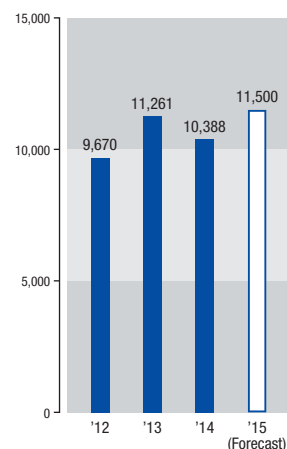
Recurring Profit

(Millions of yen)



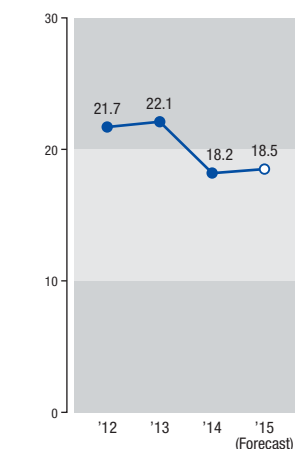
Net Income

(Millions of yen)



Return on Equity

(%)



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.



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.



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 Club



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 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.



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.

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.



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 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 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 vehicles. Service charges are applied in 15-minute increments so that customers can use the vehicles for even very short amounts of time.



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 9,672 auto maintenance factories nationwide.



Times Towers

Times Towers are touch-panel information terminals being installed at *Times* parking sites. Customers can use the towers to confirm the number of accumulated Times points they have earned or to convert points into Times tickets or Times Partner Service (TPS) store gift cards.



A Promising New Growth Driver Emerges

K. Nishikawa

KOICHI NISHIKAWA

President and Representative Director



Overview of Fiscal 2014

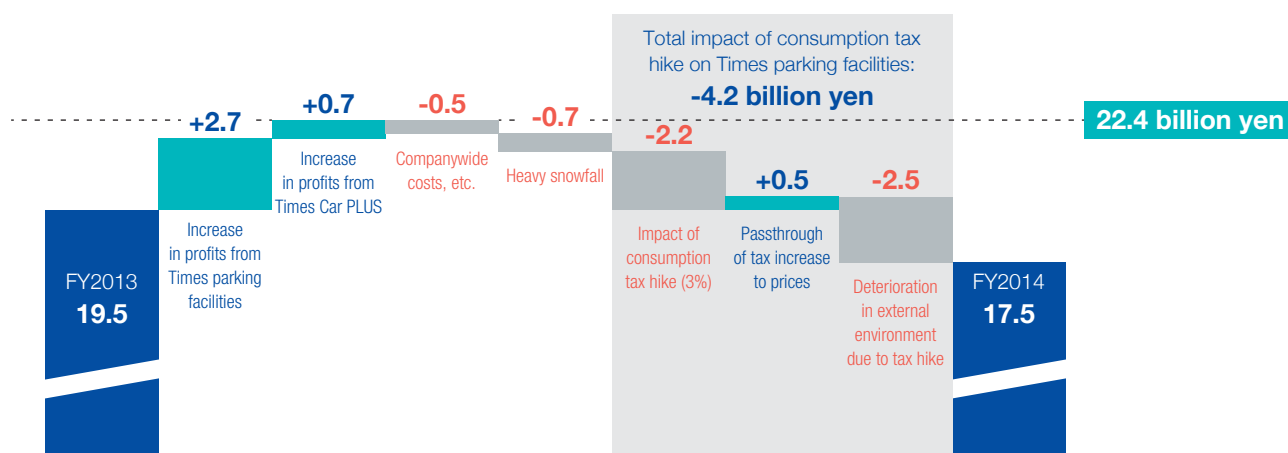
In fiscal 2014, ended October 31, 2014, by increasing the number of *Times* parking sites and spaces in operation, our foundation for earnings and earnings growth, the Company again realized record-high net sales. However, we were unable to avoid a profit decrease (the first since fiscal 2008, and the second since our founding), caused by two external factors: the heavy snowfall in February 2014 and the consumption tax hike in April. To be specific, the Company recorded net sales of ¥167.0 billion (a 7.5% increase year on

year), operating profit of ¥17.6 billion (a 10.0% decrease), recurring profit of ¥17.5 billion (a 10.2% decrease from ¥19.5 billion in fiscal 2013), and net income of ¥10.4 billion (a 7.8% decrease) on a consolidated basis.

Analysis of positive and negative factors affecting recurring profit in fiscal 2014 indicates that there was a positive ¥2.7 billion profit contribution from *Times* parking facilities opened in the previous fiscal year and a ¥0.7 billion profit increase from scale expansion and growing use of the *Times Car PLUS* car sharing

Recurring profit: Key Factors of Change

(Billions of yen)



service. Among the negative factors was an approximately ¥0.7 billion profit impact related to heavy snow, which led to declines in parking facility utilization, mainly in city centers, and vehicle rental cancellations in the Mobility Business. However, the greatest source of downward pressure was consumption tax hike-related, with a negative impact of ¥4.2 billion. Parking fees are inclusive of consumption tax, and although the tax hike was passed on through revision of parking fees on an individual site basis, the direct impact was ¥1.7 billion. In addition, traffic volume decreased because of the tax hike and a sharp rise in gasoline prices (as evidenced by a three-percentage point decline year on year in traffic volume on the Tokyo Metropolitan Expressway and Hanshin Expressway networks), resulting in an impact of ¥2.5 billion.

On a consolidated basis, the Parking Business generated net sales of ¥127.5 billion and operating profit of ¥23.6 billion, and the Mobility Business contributed net sales of ¥39.5 billion and operating

profit of ¥1.0 billion. Notably, the *Times Car PLUS* car sharing service, part of the Mobility Business, generated an operating profit of ¥16 million, the first operating profit since the service was introduced five years ago.

Parking Business Initiatives in Fiscal 2014

The Park24 Group believes that the market area of a parking facility has a radius of up to 200 meters, and that dotting communities with many parking facilities increases customer convenience. Our policy is to intersperse large-scale parking facilities that serve as hubs for commercial areas among a matrix of smaller, conveniently located parking sites, and we continue to fill strong demand by developing new parking sites, which also drive our earnings growth.

Since fiscal 2014, in order to align operating activities more closely with local needs, we have implemented a change to our area management system under which operating areas are divided into smaller blocks, each

“New parking sites drive earnings growth.”

Results for Fiscal 2014

	Fiscal 2014 (Billions of yen)	Change from Previous Fiscal Year
Net Sales	167.0	7.5%
Operating Profit	17.6	-10.0%
Recurring Profit	17.5	-10.2%
Net Income	10.4	-7.8%

President's Message

with their own development and operation team.

As a result, during fiscal 2014 1,977 *Times* parking sites and 74,598 spaces were newly developed, both record highs. The number of parking sites under management rose to 13,994 sites (a 9.6% increase from the end of the previous term), and the number of managed parking spaces reached 470,675 spaces (a 9.2% increase). The new facilities have begun to contribute to earnings.

In addition, we continued efforts to raise the profitability of existing parking facilities. Since introduction of the area-based management structure has made it possible to respond rapidly to the latest usage data and changes in the surrounding environment, we have been able to adopt optimal profit maximization measures for individual parking sites.

Mobility Business Initiatives in Fiscal 2014

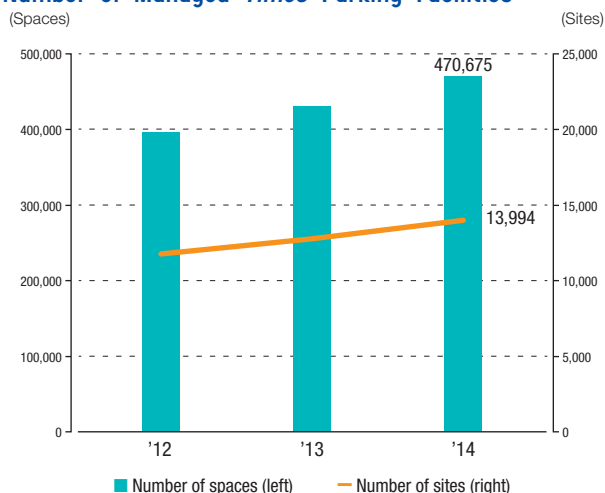
In fiscal 2014, the Mobility Business continued to support customer convenience with the aim of "Achieving a comfortable automobile society," the aspirational goal of the Park24 Group.

The *Times Car RENTAL* rent-a-car service worked to increase customer service quality by strengthening the online reservations system and stepping up sales activities targeting corporate customers. At the same time, the rental fleet grew to 26,256 vehicles (a 305-vehicle increase) through deployment of vehicles to areas with high demand.

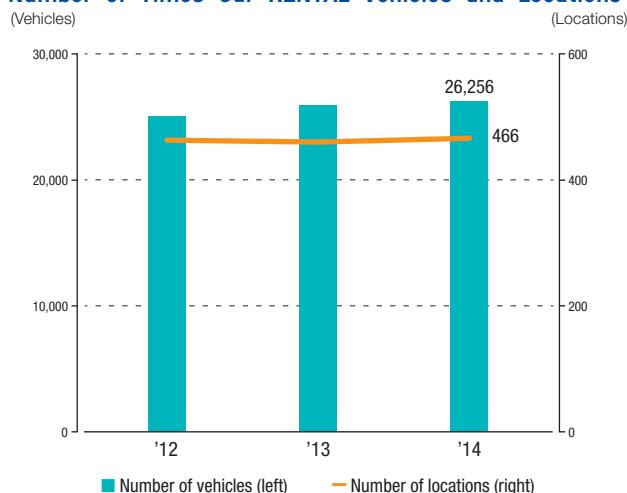
At the same time, we continued to make the *Times Car PLUS* car sharing service easier for its members to use by implementing operating system improvements. We consistently expanded the car sharing fleet beyond

**"*Times Car PLUS*
car sharing service achieved
full-year profitability."**

Number of Managed *Times* Parking Facilities



Number of *Times Car RENTAL* Vehicles and Locations



“Fiscal 2015: development of 2,000 new sites and 68,000 spaces, recurring profit of ¥18.5 billion”

the 10,000-vehicle milestone, raising it by 3,038 vehicles to 10,061 at the end of the term. Efforts to increase the weekday fleet utilization rate by attracting corporate members were steady and successful. As a result, the car sharing service achieved operating profitability on a full-year basis for the first time, an objective in the initial plan.

Furthermore, enhancement of the fleet maintenance function helped reduce vehicle maintenance costs and downtime.

I consider fiscal 2014 to have been a year in which the Mobility Business steadily implemented initiatives to increase customer convenience.

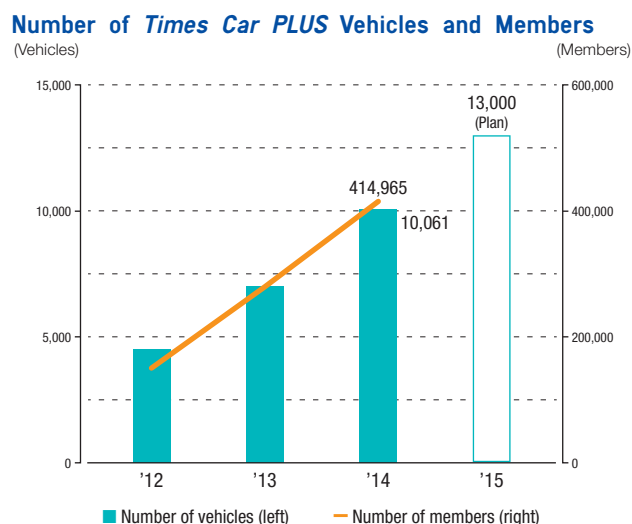
Outlook for Fiscal 2015 and New Medium-Term Management Plan

The Park24 Group aims to enhance enterprise value by realizing continuous growth. The Group's most important performance indicator is recurring profit growth rate, and we have set a target of continuous double-digit growth.

In fiscal 2015, the Park24 Group will prepare and launch a medium-term management plan covering the three-year period to fiscal 2017. (See page 08-09 for details.)

We have positioned fiscal 2015, the first year of the plan, as a year for restoring the Group to a profit growth trajectory. In the Parking Business, we will further develop the area management system introduced in fiscal 2014 to boost profitability by assigning sales personnel to each area and refining the area-based management structure. This will make possible site development and operation even more closely attuned to local needs. At the same time, we will step up corporate sales activities directed at public administration and medical institutions. We will aim to set a new record for the number of new *Times* parking facilities launched by developing 2,000 sites and 68,000 spaces.

In the Mobility Business, we will implement initiatives to further increase customer ease of use and strive to increase profits by strengthening mutual customer referral with *Times* parking facilities and promoting corporate use through the use of Times points. In a noteworthy development, the car sharing service



President's Message

achieved operating profitability in fiscal 2014, and we will aim to achieve operating profit of ¥0.5 billion in fiscal 2015 through further efforts.

Through these initiatives, we will aim to post consolidated net sales of ¥180.0 billion (a 7.8% increase year on year) and recurring profit of ¥18.5 billion (a 5.7% increase) in fiscal 2015.

Returning Profits to Shareholders

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

The Group emphasizes dividends as a means of returning profits to shareholders and pays dividends to shareholders to ensure the maximum level of profit distribution from surplus funds remaining after securing internal reserves to meet future requirements for investment capital.

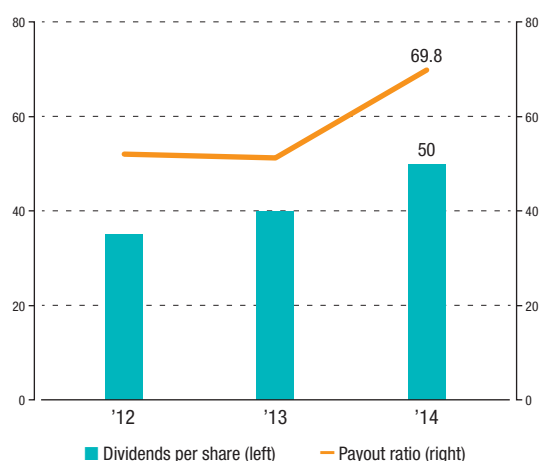
Although, in fiscal 2014 the Company posted its first profit decrease since fiscal 2008, since initiatives to strengthen the management foundation are steadily progressing, and development of parking facilities (earnings drivers) has progressed favorably, the Company has decided to raise the year-end dividend by ¥10 to ¥50 per share, representing a dividend payout ratio of 69.8%.

The Company anticipates that R&D expenses and capital expenditures aimed at realizing a comfortable automobile society and maximizing enterprise value will be the principal uses for internal reserves earmarked for use as investment capital.

In recent years, the Park24 Group has utilized M&A as a means of investing to realize growth. For instance, we entered the mobility business in 2009 by acquiring *Mazda Car Rental Corporation* (now Times Mobility Networks Co., Ltd.). The Group intends to continue making timely investments as needed.

“Year-end dividend rising to ¥50 per share”

Dividend Status

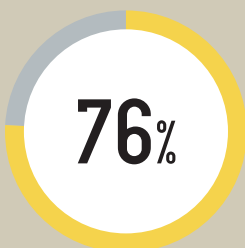


Business Overview

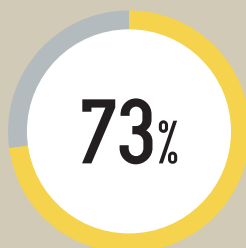
Parking Business Overview



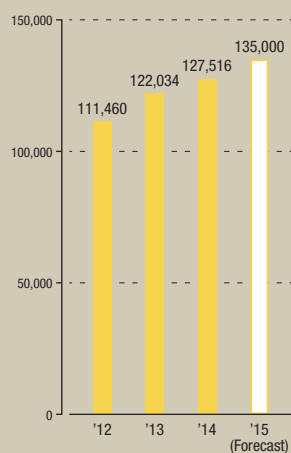
Net Sales Ratio



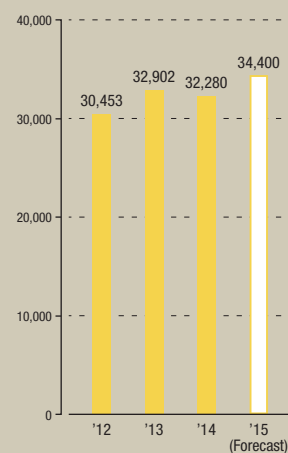
Gross Profit Ratio



Net Sales
(Millions of yen)



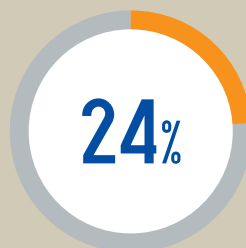
Gross Profit
(Millions of yen)



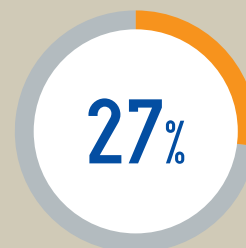
Mobility Business Overview



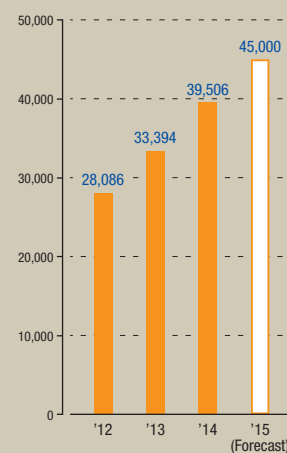
Net Sales Ratio



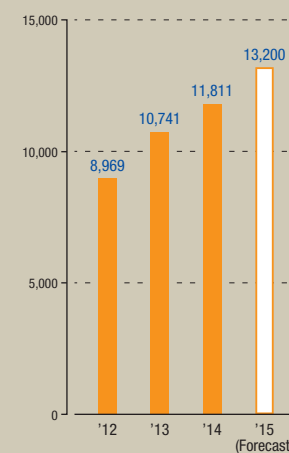
Gross Profit Ratio



Net Sales
(Millions of yen)



Gross Profit
(Millions of yen)

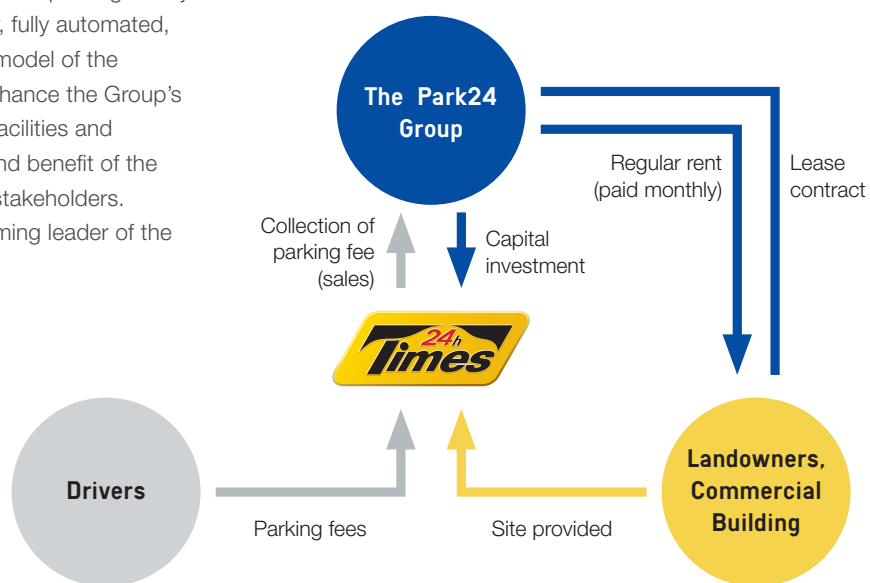


Strengths and Business Model

Parking Business

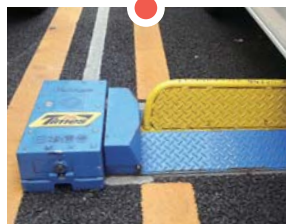
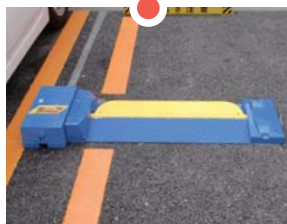
The Park24 Group is a pioneer in the Japanese parking facility industry opening the country's first 24-hour, fully automated, and hourly parking facilities. The business model of the Parking Business has been improved to enhance the Group's ability to develop various types of parking facilities and associated 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.

- Land is leased, with a basic contract term of two years, after which the contract is automatically renewed annually.
- The Park24 Group assumes the cost of capital investment for signage, etc.
- Running costs (rent, the cost of leasing parking equipment, operation and maintenance costs) are mostly fixed costs, so increasing utilization of a parking facility is linked to higher revenue.
- Run as a 24-hour unmanned hourly parking facility, thanks to the use of automated equipment.



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.



Parking Lock System

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.

Strength 01

Largest number of development and sales staff and office locations in Japan

1. Know-how

Know-how developed from operating the first Japanese 24-hour, unmanned hourly parking facility, started by Park24 in 1991.

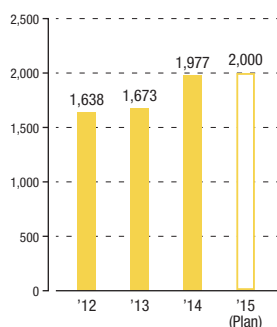
2. Original strategies

Sales staff in 85 teams are deployed to collect information by walking around towns all over the country.

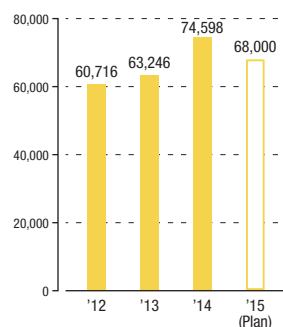
3. Sales staff

The industry's largest sales staff of 350 people.

Developed Sites



Developed Spaces



Strength 02

IT System

Introduction of highly sophisticated IT is essential to enable the Park24 Group to manage over 470,000 parking spaces. 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

Enhanced maintenance and emergency response by Group companies

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. Backup

Thirty-three maintenance locations around the country regularly implement maintenance, parking fee collection, cleaning and emergency response.

2. 24/7

Contact centers and service staff respond to inquiries and provide services even on holidays and at night in emergencies.



Strengths and Business Model

Business Model 01

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.



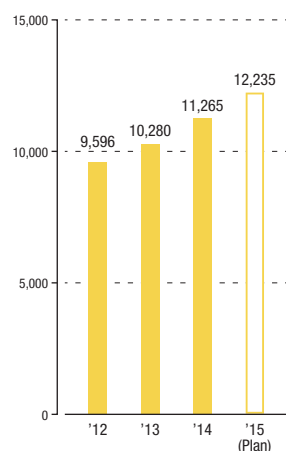
Before

After

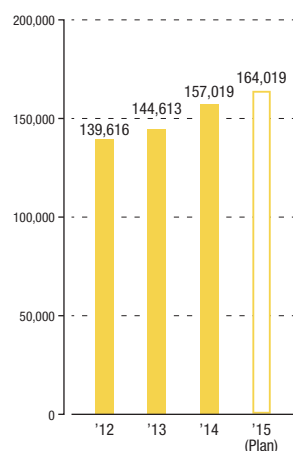


Format	Management of <i>Times</i> parking facilities on idle sites and other sites
Contract Term	2 years (after which the contract is automatically renewed annually)
Contracting Party	Individual or corporate landowner
Earnings	All sales belong to the Park24 Group
Characteristics	ST is mainly located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

Total Sites



Total Spaces



How a *Times* Parking Site is Born

To assess parking demand at a potential *Times* parking site, we study the flow of people and automobiles around the site and note area characteristics. From that, we can estimate the sales potential and suitable rent, then submit a business proposal to the landowner. After operation begins, to maximize earnings we analyze data from the Times Online Network and Information Center (TONIC) system and adjust the site's fee structure. We also work on the ground to raise awareness of the site through billboards and leaflets.

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.

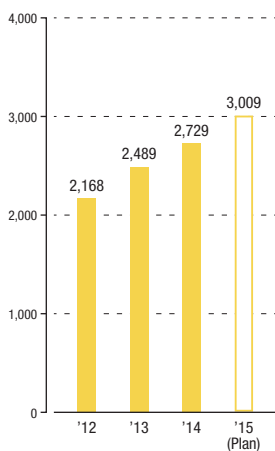
Benefits for Shop Owners

- 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.

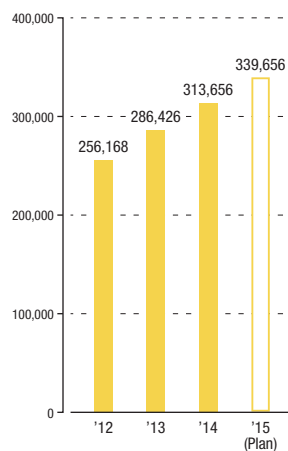
Benefits for Park24

- 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



Companies Introducing TPS



AEON Shinonome Shopping Center

Retails

AEON RETAIL Co., Ltd.
Seven & i Holdings Co., Ltd.
UNIQLO CO., LTD.

Banks

Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Fast-Food Restaurants

McDonald's Holdings Company (Japan), Ltd.

Hospitals

Japanese Red Cross Society

Government

Osaka City
Yokohama City

Strengths and Business Model

Market Analysis

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	Supply of parking spaces (estimated)	Registered parking spaces* ³
22.96 million spaces* ²	7.00 million spaces	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: 4.36 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.

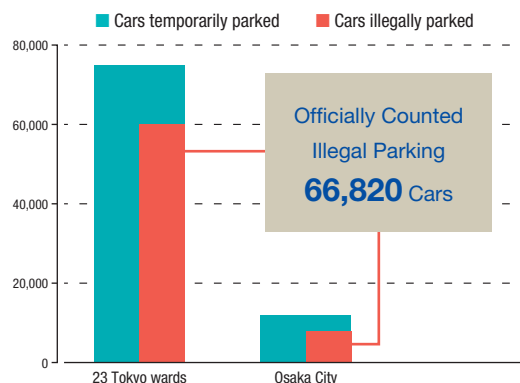
Towards a Society without Roadside Parking

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 (2013)



Q2

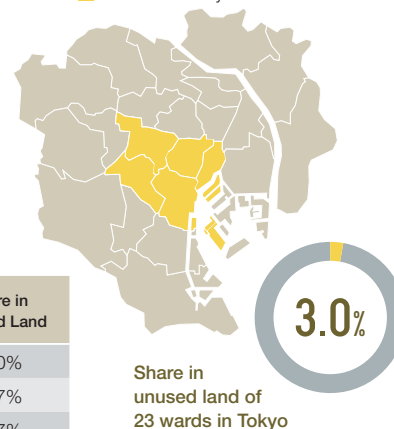
Are there still vacant lots or spaces to turn into parking spaces?

A2

There remain many lands and spaces for development.

The map of 23 wards in Tokyo

■ + 23 wards in Tokyo
■ 5 wards in Tokyo



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	19.6 km ²	783,400	24,285	3.0%
5 wards in central Tokyo* ³	1.9 km ²	76,680	5,484	6.7%
Osaka Prefecture	9.9 km ²	397,332	19,637	4.7%

*¹ Source: Tokyo Statistical Yearbook 2012, land areas and weather (Research Section, Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government). Osaka Statistical Report for FY2012 (calculated based on "Other" of land used for purposes other than buildings)

*² Number of spaces (as the end of Oct. 2014)

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

Management of Commercial Buildings Parking

	(2)/(1)	(1) Number of Stores* ¹	(2) TPS Sites* ²
Nationwide	3.1%	29,607	923
Tokyo area* ³	5.8%	8,405	490
Tokyo Metropolis	4.8%	3,124	150
Kansai area* ⁴	8.5%	3,330	284
Osaka Prefecture	10.0%	1,601	160

	(2)/(1)	(1) Number of Parking Spaces* ¹	(2) TPS Parking Spaces* ²
Nationwide	7.9%	2,432,533	192,058
Tokyo area* ³	16.3%	570,819	93,144
Tokyo Metropolis	20.2%	104,304	21,041
Kansai area* ⁴	19.7%	248,262	48,958
Osaka Prefecture	21.4%	113,532	24,327

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

*² Of TPS spaces for retail sites (as the end of Oct. 2014), 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

Data of Major Operating Companies (In Japan)*

Corporate Name	Brand Name	Total Sites of Parking Facilities	Total Spaces of Parking Facilities	Spaces of Hourly Parking Facilities	Spaces of Monthly Parking Facilities
Park24 Group	Times	15,426	575,976	534,389	41,587
Mitsui FUDOSAN Realty	Repark	—	154,682	154,682	—
Starts Amenity	Navi Park	—	121,400	33,043	88,357
Meitetsu Kyosho	Meitetsu Kyosho Parking	Approx. 2,000	—	—	—
Nihon Parking Corporation	NPC	—	46,633	46,633	—
Paraca	Paraca	1,423	19,684	19,684	—
Nippon Parking Development	NPD	1,130	51,441	38,692	12,749
Parking Management Organization	PMO Parking	245	33,050	33,050	—
Trust Park	Trust Park	769	28,691	28,691	—

*By own research ***— in table means undisclosed.

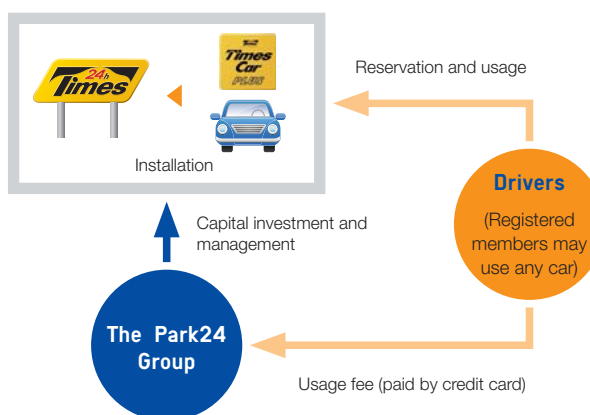
Mobility Business

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 01

Car Sharing Service

Since the inception of the car sharing service in May 2009, the service now comprises about 10,000 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

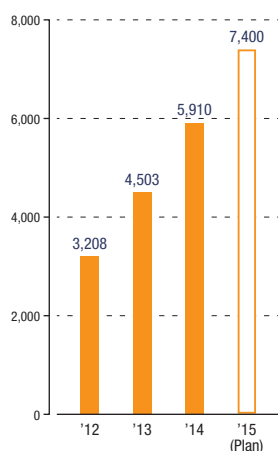
Establish branches at Times parking facilities

- Quickly secure operating sites.
- High profitability from availability of no-cost parking.

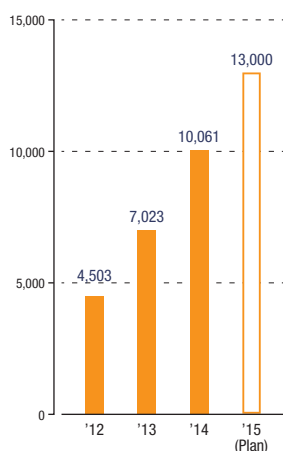
Promote membership and vehicle usage

- 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.

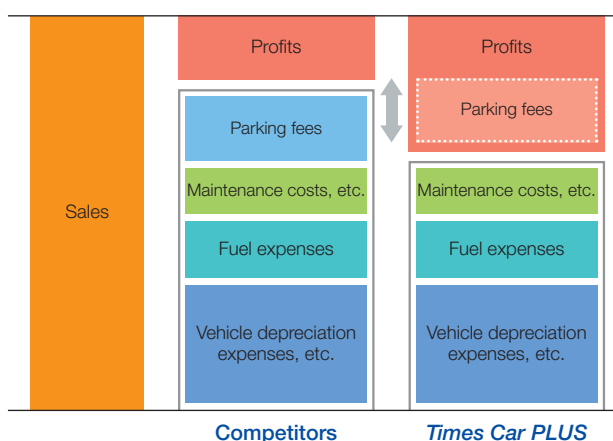
Total Stations



Total Vehicles



Account Structure Compared to Competitors



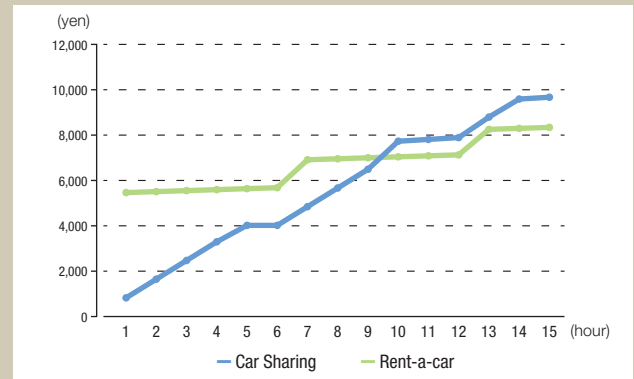
Comparison of Rent-a-car to Car Sharing

System Comparison

		Rent-a-car	Car sharing
Membership registration		Not required	Required
Costs	Upfront costs	Fee per use	Joining fee
	Monthly costs	Gasoline costs	Monthly fee + usage fee
Usage time		A minimum of six hours	15-minute units
Management system		Staff on hand	Unmanned

Our car sharing service is more cost effective for short usage times and our rent-a-car service is more cost effective for long usage times.

Fee Comparison



* The rent-a-car fee plot is based on the standard usage price for a compact car at Times Car RENTAL along with a gasoline charge.

* The car sharing fee plot is based on the short plan usage fee at Times Car PLUS (this calculation does not include a package charge).

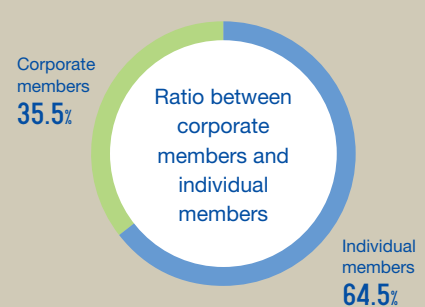
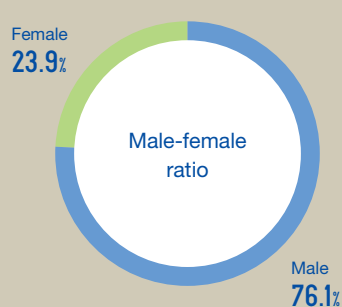
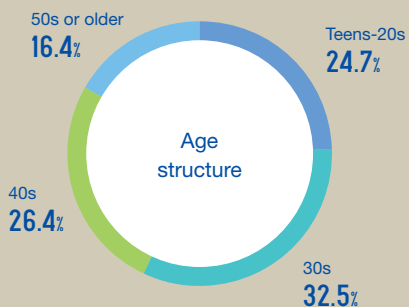
Worldwide Car Sharing Markets

Overseas Markets

	Start year	Number of organizations	Number of vehicles	Number of members	Date of survey
U.S.	1998	25	12,131	891,593	Jan. 2013
Japan	2002	32	8,831	289,497	Jan. 2013
Germany	1988	145	6,700	270,000	Jan. 2013
Canada	1994	20	3,432	141,351	Jan. 2013
Switzerland	1987	1	2,650	105,100	Dec. 2012

For reference: Foundation for Promoting Personal Mobility and Ecological Transportation

Attributes of Times Car PLUS Members



Strengths and Business Model

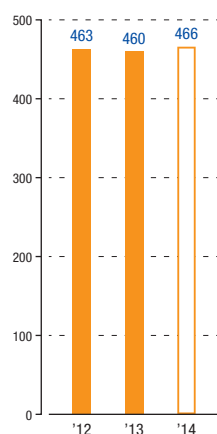
Business Model 02

Rent-a-car Service

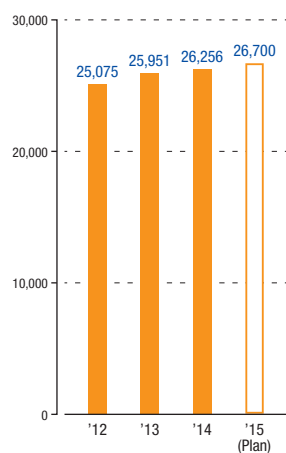
The Park24 Group's rent-a-car service provides highly attentive service from our staff, which is not possible with automated systems, at our approximately 470 locations nationwide covering all 47 prefectures. The Mobility Business is also strengthening ties with *Times* parking facilities, setting up booths at parking facilities with ST and TPS services, and rolling out the "PitGo" service, which simplifies the car sharing procedure for members, based on using existing resources.



Total Stores



Total Vehicles



Corporate Governance

Basic Corporate Governance Philosophy

Taking “People, Cars, Communities...” as our corporate slogan, we at the Park24 Group are working toward the realization of a reliable, safe and comfortable automobile society, having made it of our basic policy to play a role in that endeavor. Under this policy, we will enhance our parking facilities and mobility network, while, at the same time, fully using our management resources to continue creating new value for an automobile society.

The Park24 Group considers the enhancement of its corporate governance to be essential to establishing relationships of trust with all stakeholders and to achieving ongoing increases in enterprise value. In this way, we strive to realize fair and highly transparent management.

Corporate Governance Structure

1. Directors and the Board of Directors

The Company's Articles of Incorporation set the number of directors at 10 or fewer to ensure management efficiency and an optimal management environment, and set the term of office for directors at one year to better clarify their missions and responsibilities.

The Articles of Incorporation stipulate that resolutions to elect a director require a majority of the votes of the shareholders present at the meeting at which shareholders holding one-third or more of the voting rights of the shareholders entitled to vote shall be present.

In consideration of the management environment, the Company currently maintains four directors, and the Board of Directors meets at least once a month to make decisions on issues stipulated by law and other important issues.

2. Corporate auditors and the Board of Corporate Auditors

The Company has adopted the corporate auditor system. The Board of Corporate Auditors consists of three corporate auditors, including two outside corporate auditors. In principle, the Board of Corporate Auditors meets at least four times a year. A standing corporate auditor, who is familiar with the Company's internal operations and possesses a deep understanding of its corporate management, enhances the effectiveness of management oversight through activities that include auditing of non-compliance, attending important meetings, and expressing opinions based on proper analysis through objective evaluation of processes executed to address management issues and the results of those processes. The Company appoints two outside corporate auditors as independent auditors to ensure the objectivity and neutrality of management oversight.

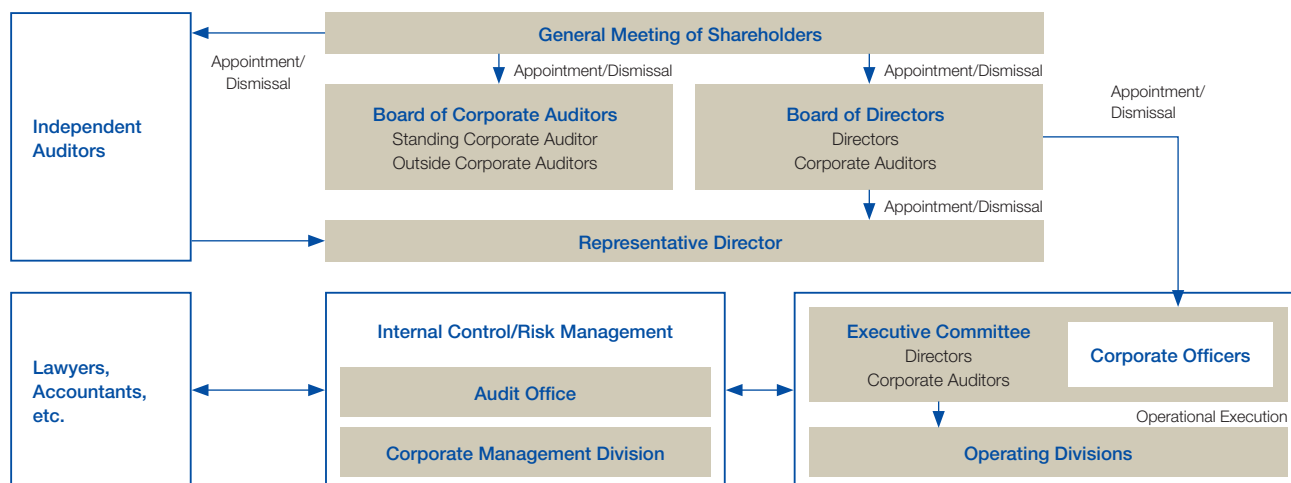
Internal Control Systems

1. A system to ensure that directors and employees perform their company duties in accordance with relevant laws and regulations and the Company's Articles of Incorporation

The Board of Directors has established a Code of Ethics for the Company and the corporate group (hereinafter the “Group”), comprising subsidiaries as defined in Article 2 and Article 3 of the Companies Act, thereby clarifying the normative system to ensure that the execution of duties of directors, auditors, and employees (hereinafter “executives and employees”) are carried out in compliance with laws, regulations, and the Company's Articles of Incorporation.

Directors educate the executives and employees of the departments they supervise so that they can be fully aware of

Corporate Governance System



Corporate Governance

such a normative 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 assign 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 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, who 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, the number of consecutive years they have carried out company audits are as follows:

Manabu Kurihara

Designated limited liability partner, Ernst & Young ShinNihon LLC; three years

Seiichiro Suyama

Designated limited liability partner, Ernst & Young ShinNihon LLC; one year

The composition of the staff providing support for accounting audits: Fourteen certified public accountants; fifteen 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 believes that a Board of Directors consisting of the persons most knowledgeable about the Company's business is the most effective means of making expeditious, rational management decisions. At the same time, to monitor the

appropriateness of business conducted by the Board of Directors and accommodate diversification of discussion, the Company has appointed two outside corporate auditors with a wealth of knowledge in a number of fields as independent officers pursuant to the rules stipulated by the Tokyo Stock Exchange. Since management believes that the function for monitoring management decision-making by outside officers is sufficiently performed by outside corporate auditors, the Company does not appoint outside directors. Management will continue to consider the necessity of appointing outside directors in the future and how to recruit the most appropriate candidates.

Outside corporate auditor Mr. Kyosuke Kano provides counsel from a perspective of expert knowledge of real estate gained as an executive of a real estate company. Outside corporate auditor Mr. Tsunekazu Takeda provides counsel based on extensive insight gained as an executive and chairman of several organizations and is a representative director of LTK Reisebüro Japan Co., Ltd., a company from which we purchase rail and ferry tickets.

3. Details of compensation paid to directors and corporate auditors

Details of compensation paid to directors and corporate auditors in fiscal 2014 are as follows:

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

	Total Compensation (¥ million)	Total Compensation by Category (¥ million)			
		Base Salary	Bonuses	Stock Options	No. of People
Directors	192	103	55	32	6
Corporate Auditors (excluding Outside Corporate Auditors)	20	15	3	2	2
Outside Directors and Outside Corporate Auditors	17	14	1	1	2
Total	229	133	60	36	10

Corporate Governance

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.

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.

8. 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.

Board of Directors and Auditors

(As of January 29, 2014)

Board of Directors and Auditors



Koichi Nishikawa
President and Representative Director
President of
Times24 Co., Ltd.



Kenichi Sasaki
Director, General Manager of
Corporate Planning Division
President of
Times Service Co., Ltd.
Times Communication Co., Ltd.



Norifumi Kawakami
Director, General Manager of
Business Development Division



Keisuke Kawasaki
Director
President of
Times Mobility Networks Co., Ltd.



Seishi Uenishi
Standing Corporate Auditor



Kyosuke Kano
Outside Corporate Auditor



Tsunekazu Takeda
Outside Corporate Auditor

Corporate Officers

Koichi Nishikawa
President and Representative Director

Kenichi Sasaki
Director, General Manager of
Corporate Planning Division

Norifumi Kawakami
Director, General Manager of
Business Development 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—



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.

CSR activities by the Park24 Group include distribution of *Times* parking facilities maps to drivers in *Times* parking facilities and donation of a portion of August 9th's sales to *Foundation for Orphans from Automobile Accidents*, helping young children who have lost parents in automobile accidents.



Our Corporate Social Responsibility



Conserving Energy with LED Lighting

Park24 operates about 14,000 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
カーシェアリング
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 trains 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)
	2009 (Note 2)	2010	2011	2012	2013	2014	2014
For the year:							
Net sales	¥ 95,320	¥113,249	¥124,080	¥139,548	¥155,428	¥167,022	\$1,528,246
Parking business	87,016	94,588	102,011	111,461	122,034	127,516	1,166,767
Mobility business	8,304	18,661	22,069	28,087	33,394	39,506	361,479
Gross profit	24,122	31,409	33,254	39,423	43,643	44,092	403,440
Operating profit	10,584	12,840	13,292	17,810	19,509	17,555	160,628
Recurring profit	9,878	11,880	12,711	17,318	19,508	17,509	16,021
Net income	5,756	6,487	6,547	9,670	11,261	10,388	95,050
Capital investment (Note 3)	8,275	14,525	22,909	22,574	21,595	26,008	238,000
Depreciation and amortization (Note 3)	6,989	10,697	12,245	14,150	16,529	18,470	169,000
At year-end:							
Total net assets	¥ 36,455	¥ 39,228	¥ 41,686	¥ 47,893	¥ 54,968	60,190	\$ 550,737
Total assets	91,051	94,981	108,935	117,809	126,575	135,294	1,237,936
Interest-bearing debt	42,201	39,538	45,598	41,886	46,093	46,461	425,117
Per share data (Yen and U.S. dollars):							
Net income—Basic	¥ 40.68	¥ 45.60	¥ 45.94	¥ 67.37	¥ 78.11	¥ 71.66	\$ 0.66
—Diluted	38.44	44.90	45.81	66.98	75.22	67.63	0.62
Cash dividends, historical	30.00	30.00	30.00	35.00	40.00	50.00	0.46
Net assets	256.98	274.47	290.70	330.44	377.91	411.86	3.77
Management indexes:							
Recurring profit year on year (%)	119.6	120.3	107.0	136.2	112.7	89.8	
Operating profit margin (%)	11.1	11.3	10.7	12.8	12.6	10.5	
Recurring profit margin (%)	10.4	10.5	10.2	12.4	12.6	10.5	
Return on assets (%)	7.5	7.0	6.4	8.5	9.2	7.9	
Return on equity (%)	16.2	17.1	16.2	21.7	22.1	18.2	
Equity ratio (%)	40.0	41.3	38.0	40.4	43.1	44.2	
Dividend payout ratio (%)	73.7	65.8	65.3	52.0	51.2	69.8	
Other data:							
Number of employees	1,276	1,350	1,523	1,617	1,784	2,010	
Number of Times parking sites	8,908	9,646	10,697	11,764	12,769	13,994	
Number of Times parking spaces	261,471	314,069	357,129	395,784	431,039	470,675	
Number of vehicles	19,690	22,599	26,235	29,578	32,974	36,317	

Notes: 1. The U.S. dollar amounts represent translations of yen amounts at the rate of ¥109.29=U.S.\$1, the approximate rate of exchange prevailing on October 31, 2014.
 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 45-46.

Management's Discussion and Analysis

Overview of the Fiscal Year Ended October 31, 2014

Management Environment and Business Results for the Fiscal Year Ended October 31, 2014

During the consolidated fiscal year under review, the Japanese economy saw improvement in business sentiment primarily due to the government's economic stimulus measures and the BOJ's monetary easing, recovery in capital investment and employment, and moderately rising consumer prices. However the outlook remained uncertain given signs of weakness in personal consumption associated with the consumption tax hike and increases in prices of resources and energy due to the weak yen.

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. It also 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 remained challenging, chiefly reflecting a sharp drop in traffic volume caused by record snowfall in February, a decline in consumer sentiment after the consumption tax hike, and a reduction in the use of automobiles due to higher gasoline prices. As a result, in the fiscal year under review, the Group posted net sales of 167,022 million yen (up 7.5% year on year), operating profit of 17,554 million yen (down 10.0%) and recurring profit of 17,509 million yen (down 10.2%). Net income stood at 10,388 million yen (down 7.8%).

Outline of Business Results by Segment

1. Parking Business

Parking facilities expanded steadily as a result of changing the sales structure to further 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 fiscal year under review were 13,994, up 9.6% from the end of the previous fiscal year, and 470,675, up 9.2%, respectively. The total number of parking facilities managed, including monthly parking and facility management services, rose 8.6% from the end of the previous fiscal year to 15,426, and the total number of parking spaces managed increased 7.7% to 575,976.

Efforts 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, were partially offset by deterioration in the external environment due to natural disasters and higher taxes, and net sales in this segment (including intersegment sales) stood at 127,619 million yen (increasing 4.5% year on year), and operating profit was 23,614 million yen (down 7.2%).

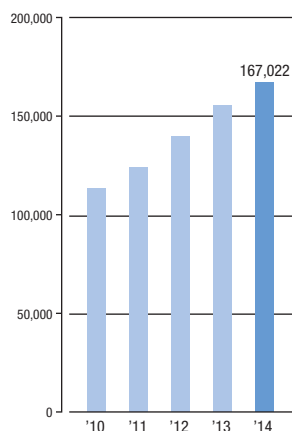
2. Mobility Business

Regarding the rent-a-car service, the Group sought to strengthen web-based reservations and corporate sales and to improve the quality of its customer service. In the car sharing service, the Group made progress in creating a user-friendly environment chiefly by improving the management system and increasing the number of stationed vehicles. As a result, the use of the service not only by individual customers but also by corporate customers increased. 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 segment at the end of the fiscal year under review rose 10.1% from the end of the previous fiscal year, to 36,317 (of which, the number of vehicles for the *Times Car PLUS* service was 10,061). Sales in the segment (including intersegment sales) reached 39,537 million yen (increasing 18.3% year on year), while the operating profit was 1,053 million yen (rising 57.6%).

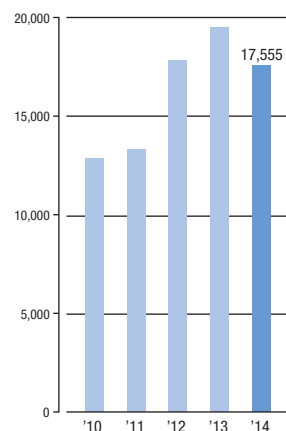
Net Sales

(Millions of yen)



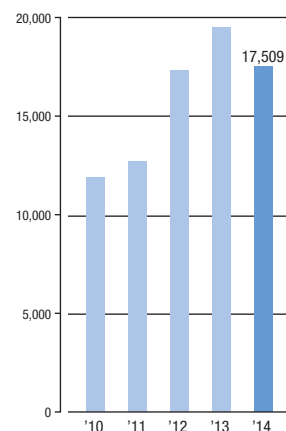
Operating Profit

(Millions of yen)



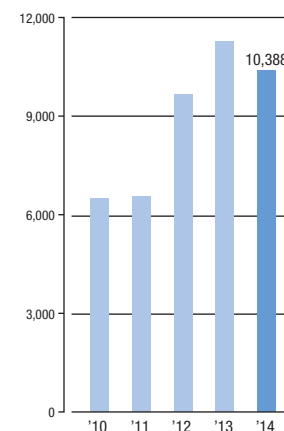
Recurring Profit

(Millions of yen)



Net Income

(Millions of yen)



Analysis of Operating Results

Net Sales and Operating Profit

For the fiscal year ended October 31, 2014, the Company recorded net sales of ¥167,022 million (an increase of ¥11,593 million, or 7.5%, year on year) and operating profit of ¥17,554 million (a decrease of ¥1,954 million, or 10.0%). Although net sales increased, mainly as a result of an increase in the number of parking spaces managed and expansion of the rental car and car sharing vehicle fleets, the ratio of operating profit to sales declined by 2.1 percentage points from 12.6% in fiscal 2013 to 10.5% in fiscal 2014 due to deterioration of the business environment caused by factors such as the consumption tax increase.

Non-operating Expenses (Income) and Recurring Profit

Non-operating income decreased by ¥15 million year on year to ¥542 million, and non-operating expenses increased by ¥28 million to ¥587 million. Interest expense decreased by ¥111 million due to factors including zero-coupon convertible bonds issued in the previous term and a decrease in market interest rates. In addition, penalty income charged to customers for cancellation of parking facilities increased by ¥84 million, and loss on disposal of parking equipment associated with cancellations of *Times* parking sites increased by ¥155 million.

Consequently, recurring profit decreased by ¥1,999 million to ¥17,509 million, and the ratio of recurring profit to net sales decreased by 2.1 percentage points from 12.6% the previous fiscal year to 10.5%.

Extraordinary Income (Loss) and Net Income

In addition to recording a loss on disposal of property, plant and equipment, the Company recorded a ¥341 million impairment loss as an extraordinary loss. As a result, income before income taxes and minority interests decreased by ¥1,502 million year on year to ¥17,123 million. Net income decreased by ¥872 million to ¥10,388 million.

Analysis of Financial Position

Assets

Total assets rose 8,719 million yen from the end of the previous fiscal year, to 135,293 million yen. The increase was primarily attributable to an increase of 4,310 million yen in property, plant and equipment, including machinery, equipment and vehicles and lease assets, and an increase of 2,426 million yen in current assets, including notes and accounts receivable-trade and prepaid expenses.

Liabilities

Total liabilities increased 3,496 million yen, to 75,103 million yen. Major contributing factors included increases of 1,674 million yen in accounts payable-other, 883 million yen in lease obligations, and a decrease of 516 million yen in long-and short-term loans payable.

Net Assets

Net assets rose 5,222 million yen, to 60,190 million yen as a result of an increase in net income of 10,388 million yen and 1,087 million yen from the issuance of new shares through the exercise of stock options, which more than offset dividend payments of 5,773 million yen.

Analysis of Cash Flows

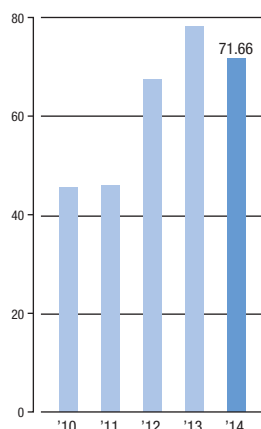
Cash and cash equivalents at the fiscal year-end amounted to ¥15,693 million, a ¥3,082 million increase from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities increased 6,977 million yen from a year ago, to 33,101 million yen. The major positive factor was the total of depreciation and amortization and impairment loss and income before income taxes and minority interests of 35,935 million yen, offsetting the major negative factor of income taxes paid of 7,491 million yen.

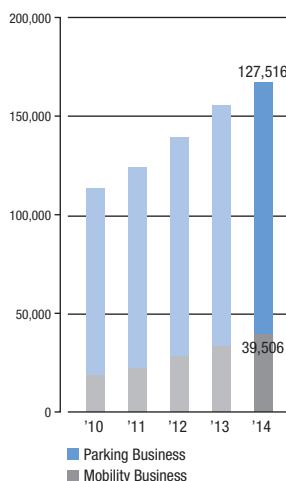
Net Income per Share

(Yen)



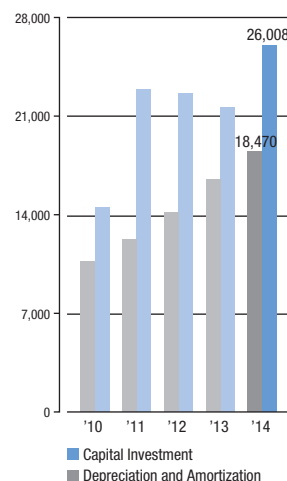
Net Sales by Business Segment

(Millions of yen)



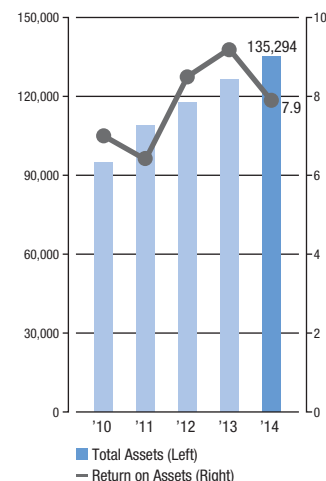
Capital Investment/Depreciation and Amortization

(Millions of yen)



Total Assets/Return on Assets

(Millions of yen/%)



Cash Flows from Investing Activities

Net cash used in investing activities was 22,930 million yen (up 5,453 million yen year on year). This figure primarily reflects purchases of property, plant, and equipment of 17,360 million yen associated with the acquisition of vehicles for rent mainly in the rent-a-car service, the opening of *Times* parking facilities and long-term prepaid expenses of 3,310 million yen.

Net Cash from Financing Activities

Net cash used in financing activities was 9,799 million yen (up 4,383 million yen year on year). This was attributable primarily to dividend payments of 5,777 million yen, repayment of long-term loans payable of 7,866 million yen, and repayments of lease obligations of 4,086 million yen, offsetting proceeds from long-term loans payable of 7,400 million yen and proceeds from issuance of common stock of 887 million yen.

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 2014, Park24 distributed no interim dividend and ¥50.00 per share as a year-end dividend.

Fiscal 2015 Forecast

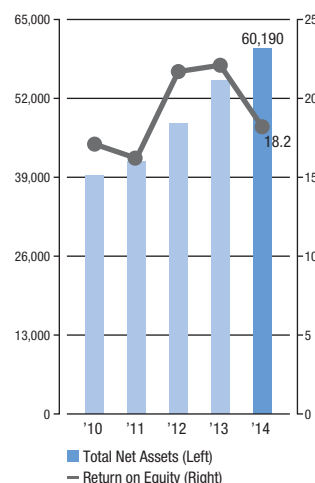
Although companies' business confidence and employment situations are recovering moderately, the future of the economy, including trends in exchange rates and the momentum of personal spending following the consumption tax hike, remains unpredictable.

In this environment, the Group will expand business bases and promote further segmented area-based operations in the Parking Business. The Group will also promote sales to corporations, including administrative corporations and medical corporations. In the Mobility Business, the Group will seek to expand the scale of the car sharing service and increase the service's earnings power. The Group will promote the integration of the car sharing service and the rent-a-car service to improve the service level and customer retention.

Through these initiatives, at the end of October 2015, we expect to have 503,675 *Times parking* spaces managed and 39,700 *Times Car* vehicles (including 13,000 vehicles for the car sharing service). In the fiscal year ending October 31, 2015, the Group expects to increase both sales and profits, posting net sales of 180,000 million yen, an operating profit of 18,600 million yen, a recurring profit of 18,500 million yen, and net income of 11,500 million yen.

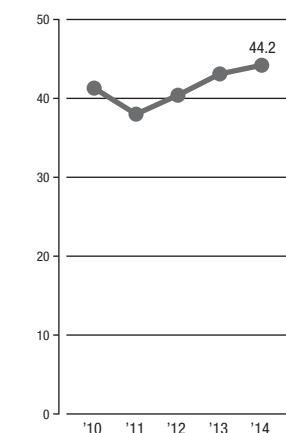
Total Net Assets/ Return on Equity

(Millions of yen/%)



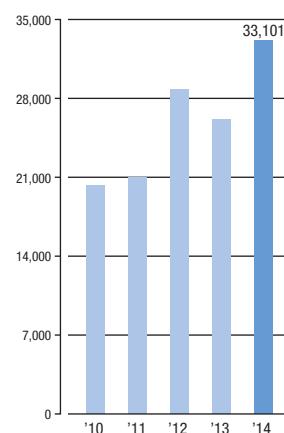
Equity Ratio

(%)



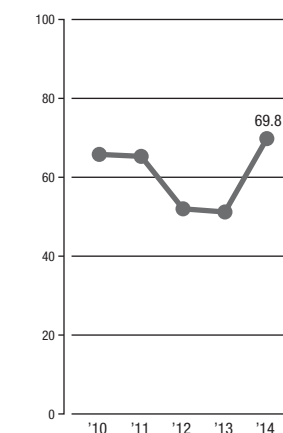
Cash Flows from Operating Activities

(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 Systems 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 PrivacyMark® 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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
ASSETS			
Current assets:			
Cash on hand and in banks (Notes 4 and 7)	¥ 15,326	¥ 15,709	\$ 143,737
Notes and accounts receivable, trade (Note 7)	6,751	7,338	67,142
Less: allowance for doubtful accounts	(25)	(74)	(677)
Inventories (Note 21)	692	768	7,027
Prepaid expenses	7,015	7,593	69,476
Deferred tax assets (Note 10)	1,111	1,075	9,836
Other current assets	1,853	2,740	25,071
Total current assets	32,723	35,149	321,612
Property, plant and equipment:			
Buildings and structures	20,549	21,448	196,249
Machinery and vehicles (Note 21)	43,270	49,115	449,401
Equipment, furniture and fixtures	11,880	12,876	117,815
Leased assets	22,228	26,836	245,548
Land (Note 11)	24,304	24,304	222,381
Construction in progress	574	705	6,451
	122,805	135,284	1,237,845
Less: accumulated depreciation	(44,610)	(52,778)	(482,917)
Total property, plant and equipment, net	78,195	82,506	754,928
Investments and other assets:			
Investment securities (Notes 5 and 7)	1,590	2,275	20,816
Intangible assets	1,191	1,461	13,368
Goodwill	1,355	694	6,350
Long-term prepaid expenses	6,577	7,308	66,868
Lease deposits	3,203	3,604	32,976
Deferred tax assets (Note 10)	1,350	1,500	13,725
Other assets	405	812	7,430
Less: allowance for doubtful accounts	(14)	(15)	(137)
Total investments and other assets	15,657	17,639	161,396
Total assets	¥126,575	¥135,294	\$1,237,936

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable, trade	¥ 492	¥ 618	\$ 5,655
Short-term borrowings (Notes 6 and 7)	1,150	1,100	10,065
Current portion of long-term debt (Notes 6 and 7)	7,516	5,135	46,985
Current portion of lease obligations (Notes 6 and 7)	3,604	3,966	36,289
Notes payable, other	3,016	3,595	32,894
Accounts payable, other	4,534	6,208	56,803
Accrued expenses	4,131	4,810	44,011
Accrued income taxes	4,411	3,726	34,093
Other current liabilities	3,032	3,117	28,520
Total current liabilities	31,886	32,275	295,315
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	26,373	28,288	258,834
Lease obligations (Notes 6 and 7)	7,450	7,972	72,944
Accrued retirement benefits for employees (Note 8)	691	—	—
Accrued retirement benefits for directors and corporate auditors	279	—	—
Net defined benefit liability (Note 8)	—	1,196	10,943
Asset retirement obligations (Note 13)	4,033	4,248	38,869
Other long-term liabilities	895	1,125	10,294
Total long-term liabilities	39,721	42,829	391,884
Net assets:			
Shareholders' equity (Note 20):			
Common stock	7,676	8,219	75,204
Authorized:			
2013 and 2014—283,680,000 shares			
Issued and outstanding:			
2013—150,790,504 shares,			
2014—145,171,904 shares			
Capital surplus	9,429	9,972	91,243
Retained earnings (Note 23)	47,877	42,842	392,003
Treasury stock, at cost (2013—6,460,897 shares, 2014—977 shares)	(9,343)	(1)	(9)
	55,639	61,032	558,441
Accumulated other comprehensive income:			
Net unrealized gains on securities	70	97	888
Revaluation reserve for land (Note 11)	(1,053)	(1,053)	(9,626)
Foreign currency translation adjustments	(113)	14	119
Accumulated adjustments for retirement benefit	—	(300)	(2,745)
Total accumulated other comprehensive income	(1,096)	(1,242)	(11,364)
Stock acquisition rights (Note 9)	425	400	3,660
Total net assets	54,968	60,190	550,737
Total liabilities and net assets	¥126,575	¥135,294	\$1,237,936

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
Net sales	¥155,428	¥167,022	\$1,528,246
Cost of sales	111,785	122,930	1,124,806
Gross profit	43,643	44,092	403,440
Selling, general and administrative expenses (Note 16)	24,134	26,537	242,812
Operating profit	19,509	17,555	160,628
Other expenses (income):			
Interest expense	208	96	878
Interest and dividend income	(7)	(10)	(91)
Foreign exchange gain, net	(145)	(80)	(732)
Expenses incurred for evacuation of parking facilities	270	426	3,897
Loss on disposal of property, plant and equipment, and other assets	27	44	403
Penalty income charged to customers for cancellation of parking facilities	(38)	(122)	(1,116)
Void parking ticket income	(150)	(169)	(1,546)
Gain on a sale of land	(113)	—	—
Impairment loss on fixed assets (Note 12)	36	341	3,120
Brands change expense	931	—	—
Equity in earnings of affiliates	(35)	(52)	(476)
Other, net	(101)	(43)	(393)
	883	431	3,944
Income before income taxes and minority interests	18,626	17,124	156,684
Income taxes (Note 10):			
Current	7,305	6,697	61,277
Deferred	60	39	357
	7,365	6,736	61,634
Income before minority interests	11,261	10,388	95,050
Net income	¥ 11,261	¥ 10,388	\$ 95,050

	Yen	U.S. dollars (Note 3)
Per share of common stock:		
Net income (Note 19):		
Basic	¥ 78.11	\$ 0.66
Diluted	75.22	0.62
Cash dividends	40.00	0.46
Net assets	377.91	3.77

	Millions of yen	Thousands of U.S. dollars (Note 3)
Income before minority interests	¥ 11,261	\$ 95,050
Other comprehensive income (Note 14):		
Net unrealized gains on securities	32	247
Foreign currency translation adjustments	80	284
Share of other comprehensive income of affiliates accounted for using the equity method	182	878
Total other comprehensive income	294	1,409
Comprehensive income	¥ 11,555	\$ 96,459
Comprehensive income attributable to (Note 14):		
Shareholders of PARK24 Co., Ltd.	¥ 11,555	\$ 96,459

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, 2013 and 2014

	Number of common shares	Millions of yen				
		Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at November 1, 2012	150,344,504	¥7,436	¥9,189	¥41,653	¥(9,343)	¥48,935
Exercise of stock options	446,000	240	240	—	—	480
Net income	—	—	—	11,261	—	11,261
Cash dividends	—	—	—	(5,037)	—	(5,037)
Purchase of treasury stock	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at November 1, 2013	150,790,504	¥7,676	¥9,429	¥47,877	¥(9,343)	¥55,639
Exercise of stock options	1,001,400	543	543	—	—	1,086
Net income	—	—	—	10,388	—	10,388
Cash dividends	—	—	—	(5,773)	—	(5,773)
Purchase of treasury stock	—	—	—	—	(308)	(308)
Retirement of treasury stock	(6,620,000)	—	—	(9,650)	9,650	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Balance at October 31, 2014	145,171,904	¥8,219	¥9,972	¥42,842	¥ (1)	¥61,032

	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Stock acquisition rights
Balance at November 1, 2012	¥38	¥(1,053)	¥(375)	¥ —	¥(1,390)	¥348
Exercise of stock options	—	—	—	—	—	—
Net income	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—
Net changes of items other than shareholders' equity	32	—	262	—	294	77
Balance at November 1, 2013	¥70	¥(1,053)	¥(113)	¥ —	¥(1,096)	¥425
Exercise of stock options	—	—	—	—	—	—
Net income	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—
Net changes of items other than shareholders' equity	27	—	127	(300)	(146)	(25)
Balance at October 31, 2014	¥97	¥(1,053)	¥ 14	¥(300)	¥(1,242)	¥400

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
	Number of common shares	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost
Balance at November 1, 2013	150,790,504	\$70,236	\$86,275	\$438,073	\$(85,488)
Exercise of stock options	1,001,400	4,968	4,968	—	—
Net income	—	—	—	95,050	—
Cash dividends	—	—	—	(52,823)	—
Purchase of treasury stock	—	—	—	—	(2,818)
Retirement of treasury stock	(6,620,000)	—	—	(88,297)	88,297
Net changes of items other than shareholders' equity	—	—	—	—	—
Balance at October 31, 2014	145,171,904	\$75,204	\$91,243	\$392,003	\$ (9)

	Thousands of U.S. dollars (Note 3)					
	Accumulated other comprehensive income					
	Net unrealized gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Stock acquisition rights
Balance at November 1, 2013	\$641	\$(9,626)	\$(1,043)	\$ —	\$(10,028)	\$3,889
Exercise of stock options	—	—	—	—	—	—
Net income	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—
Net changes of items other than shareholders' equity	247	—	1,162	(2,745)	(1,336)	(229)
Balance at October 31, 2014	\$888	\$(9,626)	\$ 119	\$(2,745)	\$(11,364)	\$3,660

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2014	2014
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 18,626	¥ 17,124	\$ 156,684
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	16,529	18,470	169,000
Impairment loss on fixed assets	36	341	3,120
Decrease in accrued retirement benefits for employees	(110)	—	—
Increase in net defined benefit liability	—	18	165
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	17	(279)	(2,553)
Interest and dividend income	(7)	(10)	(91)
Interest expense	208	96	878
Gain on sales of fixed assets	(113)	—	—
Loss on disposal of property, plant and equipment, and other assets	27	44	403
Changes in assets and liabilities:			
Notes and accounts receivable, trade	(950)	(601)	(5,499)
Inventories	1,137	2,458	22,490
Prepaid expenses	(253)	(576)	(5,270)
Notes and accounts payable, trade	(652)	125	1,144
Notes payable, other	(490)	591	5,407
Accounts payable, other	(770)	1,847	16,900
Other	2,104	1,036	9,479
Subtotal	35,339	40,684	372,257
Interest and dividend income received	9	10	91
Interest expense paid	(201)	(102)	(933)
Income taxes paid	(9,024)	(7,491)	(68,542)
Net cash provided by operating activities	26,123	33,101	302,873
Cash flows from investing activities:			
Increase in time deposits due over three months	(16)	(16)	(146)
Decrease in time deposits due over three months	16	16	146
Payments for purchase of property, plant and equipment	(13,906)	(17,359)	(158,834)
Proceeds from sale of property, plant and equipment	497	59	540
Payments for purchase of intangible assets	(462)	(679)	(6,213)
Payments for purchase of investment securities	—	(500)	(4,575)
Proceeds from sale of investment securities	3	—	—
Payments of long-term prepaid expenses	(3,309)	(3,311)	(30,296)
Other	(301)	(1,141)	(10,440)
Net cash used in investing activities	(17,478)	(22,931)	(209,818)
Cash flows from financing activities:			
Decrease in short-term borrowings, net	(7,263)	(50)	(457)
Proceeds from issuance of bonds	19,962	—	—
Proceeds from long-term debt	1,700	7,400	67,710
Repayment of long-term debt	(11,969)	(7,866)	(71,985)
Repayment of lease obligations	(3,282)	(4,086)	(37,386)
Proceeds from issuance of additional shares of common stock	477	888	8,125
Dividends paid	(5,041)	(5,777)	(52,859)
Purchases of treasury stock	(0)	(308)	(2,818)
Net cash used in financing activities	(5,416)	(9,799)	(89,670)
Effect of exchange rate changes on cash and cash equivalents	52	12	119
Net increase in cash and cash equivalents	3,281	383	3,504
Cash and cash equivalents at beginning of year	12,029	15,310	140,086
Cash and cash equivalents at end of year (Note 4)	¥ 15,310	¥ 15,693	\$ 143,590

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 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. Summary of significant accounting policies

(1) Basis of consolidation

a) Scope of consolidation

The consolidated financial statements as of October 31, 2014 include the accounts of the Company and its 10 significant (11 in 2013) subsidiaries (collectively, the "Companies"). Investments in 2 (2 in 2013) non-consolidated subsidiaries and 4 (4 in 2013) 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, 2014 were as follows:

Consolidated subsidiaries

Times24 Co., Ltd.
Times Service Co., Ltd.
Times Communication Co., Ltd.
TPF1 Limited
Taiwan Park24 Parking Co., Ltd.
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.)
Times Mobility Oita Corporation
(Subsidiary of Times Mobility Networks Co., Ltd.)

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, 2013 and 2014. 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) 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. Retirement benefit obligation for employees is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. 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. Prior service cost is charged to income when incurred.

b) Directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors of the Companies were 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.

However, the retirement benefits system for directors and corporate auditors was terminated at the close of the annual shareholders' meeting on January 29, 2014.

As a result, the Companies recorded a reversal of accrued retirement benefits for directors and corporate auditors. The corresponding unpaid portion of the ceased payments was recorded as other long-term liabilities.

(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 17)

(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) Consumption taxes

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

(17) Reclassifications

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

(18) 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.

(19) Changes in accounting policies

Effective from the year ended October 31, 2014, the Company and its consolidated subsidiaries in Japan have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, "Guidance No. 25")) except Article 35 of Statement No. 26 and Article 67 of Guidance No. 25, and unrecognized actuarial differences have been recognized and the difference between the projected benefit obligation and pension plan assets has been recognized as a net defined benefit liability.

In accordance with Article 37 of Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in accumulated adjustments for retirement benefit in accumulated other comprehensive income.

As a result, the Group recorded ¥1,196 million (\$10,943 thousand) of net defined benefit liability as of October 31, 2014. Furthermore, accumulated other comprehensive income decreased by ¥300 million (\$2,745 thousand) as of October 31, 2014.

In addition, net assets per share decreased by ¥2.07 (\$0.02).

(20) Accounting standard and guidance that are yet to be adopted

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1) Overview

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service cost, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

2) Scheduled date of adoption

The revised accounting standard and guidance were adopted as of the end of the fiscal year ended October 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending October 31, 2015.

3) Impact of adopting revised accounting standards and guidance

The Company is currently evaluating the effect of adopting this accounting standard and guidance on the consolidated financial statements at the time of preparation of these statements.

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥109.29 = U.S.\$1, the rate of exchange on October 31, 2014, 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, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Cash on hand and in banks	¥15,326	¥15,709	\$143,737
Time deposits due over three months	(16)	(16)	(147)
Cash and cash equivalents	¥15,310	¥15,693	\$143,590

5. Investment securities

Investment securities classified as "other securities" at October 31, 2013 and 2014 were as follows:

(1) Other securities for which market quotations are available

	Millions of yen						Thousands of U.S. dollars		
October 31	2013			2014			2014		
	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	¥104	¥197	¥93	¥104	¥240	¥136	\$ 952	\$2,196	\$1,244
Debt securities	10	10	0	10	10	0	91	101	0
	114	207	93	114	250	136	1,043	2,297	1,244
Securities for which market value does not exceed cost:									
Equity securities	—	—	—	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
Total	¥114	¥207	¥93	¥114	¥250	¥136	\$1,043	\$2,297	\$1,244

(2) Debt securities with maturity

	Millions of yen						Thousands of U.S. dollars		
October 31	2013			2014			2014		
	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	\$—	\$—	\$91

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

Short-term borrowings at October 31, 2013 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Loans from banks with weighted average interest rates of 0.4% for the years ended October 31, 2013 and 2014:			
—Unsecured	¥1,150	¥1,100	\$10,065
	¥1,150	¥1,100	\$10,065

Long-term debt and lease obligations at October 31, 2013 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Unsecured zero coupon convertible bonds due 2026	¥ 1,000	¥ 1,000	\$ 9,150
Unsecured zero coupon convertible bonds due 2018	20,000	20,000	182,999
Unsecured loans, principally from banks, with weighted average interest rates of 0.1% due 2015—2018	12,889	12,423	113,670
Lease obligations	11,054	11,938	109,233
	44,943	45,361	415,052
Less current portion	(11,120)	(9,101)	(83,274)
Total	¥ 33,823	¥ 36,260	\$331,778

The aggregate annual maturities of long-term debt and lease obligations at October 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending October 31	2014	2014
2015	¥ 9,101	\$ 83,274
2016	6,933	63,437
2017	4,421	40,452
2018	23,017	210,605
2019	719	6,579
2020 and thereafter	1,170	10,705
Total	¥45,361	\$415,052

The conversion price of the unsecured zero coupon convertible bonds due 2026 is ¥2,496.0 (\$22.84) as of October 31, 2014 (¥2,480.1 (\$22.69) after November 1, 2014). Convertible bonds outstanding at October 31, 2014 would have been convertible into 400,641 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, 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 (\$24.19) as of October 31, 2014 (¥2,636.4 (\$24.12) after November 1, 2014). Convertible bonds outstanding at October 31, 2014 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.

(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, 2013 and 2014 were as follows:

	Millions of yen		
	2013		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	¥15,326	¥15,326	¥ —
Notes and accounts receivables, trade	6,751	6,751	—
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	—	—	—

	Millions of yen		
	2014		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	¥15,709	¥15,709	¥ —
Notes and accounts receivables, trade	7,338	7,338	—
Other securities in investment securities	250	250	—
Short-term borrowings	1,100	1,100	—
Convertible bonds	21,000	21,171	(171)
Long-term debt (including current portion)	12,423	12,340	83
Lease obligations (including current portion)	11,938	11,683	255

	Thousands of U.S. dollars		
	2014		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash on hand and in banks	\$143,737	\$143,737	\$ —
Notes and accounts receivables, trade	67,142	67,142	—
Other securities in investment securities	2,287	2,287	—
Short-term borrowings	10,065	10,065	—
Convertible bonds	192,149	193,714	(1,565)
Long-term debt (including current portion)	113,670	112,911	759
Lease obligations (including current portion)	109,233	106,899	2,334

Cash on hand and in banks

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

Notes and accounts receivables

The carrying value of notes and accounts receivable approximates fair value because of their short maturities.

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, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
October 31			
Investment securities	¥1,383	¥2,025	\$18,529

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	¥—	¥—	¥—
Notes and accounts receivables, trade	7,338	—	—	—
Other securities with contractual maturities	—	—	10	—
	¥7,414	¥—	¥10	¥—

	Thousands of U.S. dollars			
	Within 1 year	1-5 years	5-10 years	More than 10 years
Time deposit	\$ 695	\$—	\$—	\$—
Notes and accounts receivables, trade	67,142	—	—	—
Other securities with contractual maturities	—	—	91	—
	\$67,837	\$—	\$91	\$—

8. Retirement benefit plans

For the year ended October 31, 2014

The Companies have funded pension plans or termination allowance plans as part of their defined benefit plans.

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

Certain consolidated subsidiaries apply the simplified method for the calculation of retirement benefits.

The changes in the retirement benefit obligation during the year ended October 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
October 31	2014	2014
Retirement benefit obligation at November 1, 2013	¥1,957	\$17,906
Service cost	289	2,644
Interest cost	29	265
Actuarial loss	372	3,404
Retirement benefits paid	(37)	(338)
Retirement benefit obligation at October 31, 2014	¥2,610	\$23,881

The changes in plan assets during the year ended October 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
October 31	2014	2014
Plan assets at November 1, 2013	¥1,075	\$ 9,836
Expected return on plan assets	10	91
Actuarial gain	4	37
Contributions by the Company	362	3,312
Retirement benefits paid	(37)	(338)
Plan assets at October 31, 2014	¥1,414	\$12,938

The following table sets forth the funded status of plans and the amounts recognized in the consolidated balance sheet as of October 31, 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligation	¥ 2,610	\$ 23,881
Plan assets at fair value	(1,414)	(12,938)
	1,196	10,943
Net liability for retirement benefits in the balance sheet	1,196	10,943
Liability for retirement benefits	1,196	10,943
Net liability for retirement benefits in the balance sheet	¥ 1,196	\$ 10,943

The components of retirement benefit expense for the year ended October 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥289	\$2,644
Interest cost	29	265
Expected return on plan assets	(9)	(82)
Amortization of actuarial loss	91	833
Retirement benefit expense	¥400	\$3,660

Unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of October 31, 2014 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Unrecognized actuarial loss	466	4,264
Total	¥466	\$4,264

The fair value of plan assets, by major category, as a percentage of total plan assets as of October 31, 2014 is as follows:

	2014
Life insurance company general accounts	100%
Total	100%

The expected return on plan assets has been estimated based on the expected long-term returns on the minimum guarantees for the yield of life insurance company general accounts.

The assumptions used in an accounting for the above plans were as follows:

	2014
Discount rate	1.5%
Expected rate of return on plan assets	0.9%

Contributions to defined contribution plans of a certain subsidiary were ¥64 million (\$586 thousand).

For the year ended October 31, 2013

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.

	Millions of yen
October 31	2013
Projected benefit obligations	¥(1,957)
Plan assets at fair value	1,075
	(882)
Unrecognized actuarial differences	191
Accrued retirement benefits for employees	¥ (691)

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

	Millions of yen
Years ended October 31	2013
Service cost	¥234
Interest cost	25
Amortization of unrecognized actuarial differences	76
Other	64
Net pension expense	¥399

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

Years ended October 31	2013
Discount rate	1.50%
Method of attributing the projected benefits to periods of service	Straight-line basis
Amortization period of prior service costs	Charged to expenses as incurred
Amortization period of unrecognized actuarial differences	5 years

9. Stock options plan

Summarized information on the stock options granted as of October 31, 2014 is as follows:

(1) Stock option plan approved by the Board of Directors on June 18, 2009

	Stock options granted on July 8, 2009
Number of shares for options granted	1,134,500
Number of shares for options outstanding	281,000
Exercise price	¥888 (\$8.13)
Exercisable period	December 1, 2011–January 31, 2017

(2) Stock option plan approved by the Board of Directors on June 15, 2011

	Stock options granted on July 4, 2011
Number of shares for options granted	1,519,500
Number of shares for options outstanding	748,600
Exercise price	¥867 (\$7.93)
Exercisable period	December 1, 2013–January 31, 2019

(3) Stock option plan approved by the Board of Directors on July 16, 2013

	Stock options granted on August 6, 2013
Number of shares for options granted	989,200
Number of shares for options outstanding	964,700
Exercise price	¥1,884 (\$17.24)
Exercisable period	December 1, 2015–January 31, 2021

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 1,001,400 shares due to the exercise of options and also decreased by 1,769,400 shares due to the resignation of the directors and employees of the Company and its subsidiaries who had been granted stock options.

10. Income taxes

At October 31, 2013 and 2014, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Deferred tax assets:			
Accrued enterprise taxes	¥ 420	¥ 312	\$ 2,855
Accrued bonuses	433	459	4,200
Net defined benefit liability	—	437	3,998
Accrued retirement benefits for employees	275	—	—
Accrued retirement benefits for directors and corporate auditors	88	—	—
Depreciation	485	479	4,383
Revaluation of land	375	375	3,431
Asset retirement obligations	1,429	1,504	13,762
Other	759	1,017	9,305
Less: valuation allowance	(835)	(935)	(8,555)
Total deferred tax assets	3,429	3,648	33,379
Deferred tax liabilities:			
Unrealized gains on securities	39	54	494
Asset retirement cost	912	980	8,967
Other	21	46	421
Total deferred tax liabilities	972	1,080	9,882
Net deferred tax assets	¥2,457	¥2,568	\$23,497

For the years ended October 31, 2013 and 2014 reconciliations of the difference between the statutory income tax rates and the effective income tax rates were as follows:

Years ended October 31	2013	2014
Statutory income tax rates	38.0%	38.0%
Valuation allowance	0.0	0.6
Non-deductible expenses for tax purposes	0.5	0.5
Per capita levy of inhabitants' taxes	0.4	0.5
Effect of changes in tax laws and corporate tax rates in Japan	—	0.4
Loss carry forward	—	(1.4)
Other	0.6	0.7
Effective income tax rates	39.5%	39.3%

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.

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Company is no longer subject to the Special Reconstruction Corporation Tax effective for fiscal years beginning on or after November 1, 2014.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 38.0% to 35.6% for the temporary differences expected to be realized or settled from the fiscal year beginning November 1, 2014.

11. 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, 2013 and 2014 by ¥12 million and ¥21 million (\$192 thousand), respectively.

12. 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, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended October 31	2013	2014	2014
Related assets			
Buildings and structures	¥14	¥ 7	\$ 64
Other tangible fixed assets	1	1	9
Long-term prepaid expenses	21	29	265
Goodwill	—	304	2,782
Total	¥36	¥341	\$3,120

13. 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, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Beginning of year	¥3,712	¥4,033	\$36,902
New obligations by acquisition of fixed assets	464	486	4,447
Accretion expense	59	63	576
Settlement payment	(202)	(334)	(3,056)
End of year	¥4,033	¥4,248	\$38,869

14. Other comprehensive income

The components of other comprehensive income for the years ended October 31, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Net unrealized gains on securities			
Gains arising during the year	¥ 72	¥ 42	\$ 384
Reclassification adjustments to profit or loss	(1)	—	—
Amount before income tax effect	71	42	384
Income tax effect	(39)	(15)	(137)
Total	32	27	247
Foreign currency translation adjustments			
Adjustments arising during the year	80	31	284
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	80	31	284
Income tax effect	—	—	—
Total	80	31	284
Share of other comprehensive income of affiliates accounted for using the equity method			
Gains arising during the year	182	96	878
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	182	96	878
Income tax effect	—	—	—
Total	182	96	878
Total other comprehensive income	¥294	¥154	\$1,409

15. Segment information by business category

	Millions of yen		Thousands of U.S. dollars
Years ended October 31	2013	2014	2014
I. Operating revenues and operating profit:			
Operating revenues			
(1) Outside customers			
Parking business	¥122,034	¥127,516	\$1,166,767
Mobility business	33,394	39,506	361,479
Total	155,428	167,022	1,528,246
Reconciliations	—	—	—
Consolidated	155,428	167,022	1,528,246
(2) Inter-segment			
Parking business	108	103	942
Mobility business	37	31	284
Total	145	134	1,226
Reconciliations	(145)	(134)	(1,226)
Consolidated	—	—	—
Total operating revenue			
Parking business	122,142	127,619	1,167,709
Mobility business	33,431	39,537	361,763
Total	155,573	167,156	1,529,472
Reconciliations	(145)	(134)	(1,226)
Consolidated	155,428	167,022	1,528,246
Operating expenses			
Parking business	96,708	104,004	951,632
Mobility business	32,763	38,483	352,119
Total	129,471	142,487	1,303,751
Reconciliations	6,448	6,980	63,867
Consolidated	135,919	149,467	1,367,618
Operating profit			
Parking business	25,434	23,615	216,077
Mobility business	669	1,054	9,644
Total	26,103	24,669	225,721
Reconciliations	(6,594)	(7,114)	(65,093)
Consolidated	¥ 19,509	¥ 17,555	\$ 160,628
II. Depreciation and amortization:			
Parking business	¥ 7,021	¥ 7,746	\$ 70,876
Mobility business	8,889	10,052	91,975
Total	15,910	17,798	162,851
Reconciliations	619	672	6,149
Consolidated	¥ 16,529	¥ 18,470	\$ 169,000

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.

16. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended October 31, 2013 and 2014 were principally as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended October 31	2013	2014	2014
Advertising and sales promotion	¥1,750	¥ 1,731	\$15,839
Transfer and transportation expenses	636	664	6,076
Salaries and bonuses	9,663	10,836	99,149
Retirement benefit expenses	280	311	2,846
Rental expenses	1,999	1,968	18,007
Remuneration and commission	2,170	2,410	22,051
Amortization of goodwill	357	357	3,267
Provision of allowance for doubtful accounts	2	55	503
Directors' and corporate auditors' compensations and salaries	325	287	2,626
Provision for bonuses	801	870	7,960
Provision for directors' and corporate auditors' bonuses	83	71	650
Provision for directors' and corporate auditors' retirement benefits	45	—	—
Legal welfare expenses	1,214	1,392	12,737
Depreciation and amortization	722	793	7,256

17. 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, 2013 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Acquisition cost			
Parking facilities	¥ 1,397	¥ 1,387	\$ 12,691
Less: Accumulated depreciation	(1,353)	(1,387)	(12,691)
Net book value	¥ 44	¥ —	\$ —

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	2013	2014	2014
Lease expenses	¥473	¥137	\$1,254
Depreciation	¥159	¥ 44	\$ 403
Interest expense	¥ 7	¥ 1	\$ 9

Future minimum lease payments (including the interest portion) under finance leases accounted for as operating leases as of October 31, 2013 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
October 31	2013	2014	2014
Due within one year	¥136	¥ —	\$ —
Due over one year	—	—	—
Total	¥136	¥ —	\$ —

18. Related party transactions

Material transactions of the Company with related companies and individuals for the years ended October 31, 2013 and 2014 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,	
					2013	2014	2013	2014
LTK Reisebüro Japan Co., Ltd.	¥34 million	Travel agency	—	Purchase of ticket for business trip	¥18	¥ 19 (\$174)	¥—	¥ 2 (\$18)

- 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.

19. Net income per share

The reconciliations of the difference between basic and diluted net income per share for the years ended October 31, 2013 and 2014 were as follows:

Years ended October 31	Millions of yen		Thousands of U.S. dollars
	2013	2014	2014
Net income available to the common stockholders	¥11,261	¥10,388	\$95,050
Effect of dilutive securities	—	—	—
Net income available to the common stockholders for diluted net income per share	¥11,261	¥10,388	\$95,050

Years ended October 31	Thousands of shares	
	2013	2014
Weighted-average number of shares	144,177	144,958
Effect of dilutive securities:		
Common stock warrants	5,852	8,651
Weighted-average number of shares for diluted net income per share	150,029	153,609

Years ended October 31	Yen		U.S. dollars
	2013	2014	2014
Basic net income per share	¥78.11	¥71.66	\$0.66
Diluted net income per share	¥75.22	¥67.63	\$0.62

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, 2013 and 2014, was 2,774,600 shares and 964,700 shares, respectively.

20. 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.

21. Vehicles reclassified as inventories

The rent-a-car business includes sales of used cars as an operating cycle. For the years ended October 31, 2013 and 2014, the Companies reclassified ¥1,208 million and ¥2,534 million (\$23,186 thousand) of vehicles to inventories and subsequently sold all of them.

22. 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, 2013 and 2014 were as follows:

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

Millions of yen				
Amount on the consolidated balance sheet				
	November 1, 2013	Increase (Decrease)	October 31, 2014	Market value as of October 31, 2014
Rental properties	¥29,394	¥(505)	¥28,889	¥33,697

Thousands of U.S. dollars				
Amount on the consolidated balance sheet				
	November 1, 2013	Increase (Decrease)	October 31, 2014	Market value as of October 31, 2014
Rental properties	\$268,954	\$(4,621)	\$264,333	\$308,326

(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, 2013 and 2014 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, 2013 and 2014 were as follows:

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

Millions of yen				
2014	Revenues	Expenses	Difference	Other
Rental properties	¥3,930	¥1,375	¥2,555	¥—

Thousands of U.S. dollars				
2014	Revenues	Expenses	Difference	Other
Rental properties	\$35,959	\$12,581	\$23,378	\$—

23. 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, 2014, was approved at an ordinary general meeting of shareholders held on January 28, 2015.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥50=U.S.\$0.46 per share)	¥7,259	\$66,415

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, 2014, 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, 2014, 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 Shin Nihon LLC

January 28, 2015
Tokyo, Japan

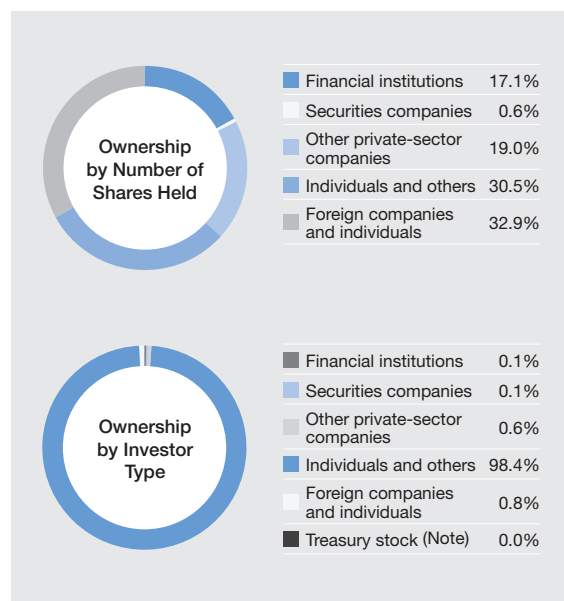
Stock Information

As of October 31, 2014

Share Data

Number of shares:	
Authorized	283,680,000 shares
Issued and outstanding	145,171,904 shares
Number of shares per trading unit	100 shares
Number of shareholders	51,408

Shareholders Composition



Note: Treasury stock was cancelled in Sep. 2014.
Number of shares in treasury stock after cancellation is 977 shares.

Major Shareholders

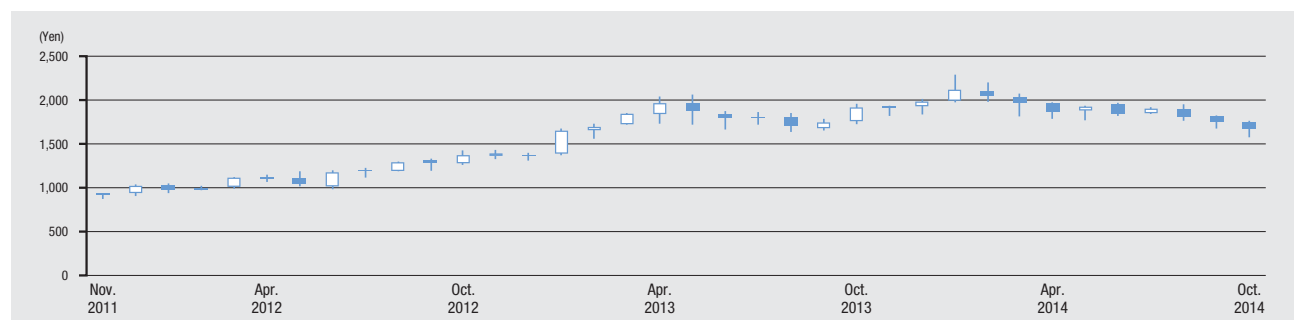
	Number of shares (Thousand shares)	Shareholding ratio (%)
Senju Co., Ltd.	21,746	14.98
Japan Trustee Services Bank, Ltd. (trust account)	9,064	6.24
Koichi Nishikawa	8,110	5.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,521	4.49
Isao Nishikawa	6,194	4.27
The Nippon Signal Co., Ltd.	3,853	2.65
Morgan Stanley & Co. LLC.	3,507	2.42
State Street Bank and Trust Company	3,473	2.39
Kyoko Nishikawa	3,200	2.20
MSCO CUSTOMER SECURITIES	2,593	1.79

Note: The number of shares is rounded down to the nearest thousand. The shareholding is rounded of to two decimal place.

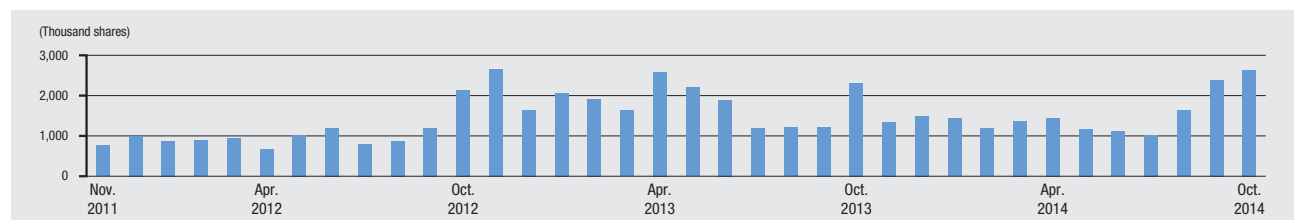
Stock Acquisition Rights (SARs) / Stock Options

	Date of issue	Exercise period (deadline)	Total number of SARs to be issued	Exercise price	Outstanding balance	Percentage of SARs exercised
1	June 18, 2009	January 31, 2017	11,345	¥888	2,810	49.6%
2	June 15, 2011	January 31, 2019	15,195	¥867	7,486	—
3	July 16, 2013	January 31, 2021	9,647	¥1,884	9,647	—

Stock Price Range on Tokyo Stock Exchange



Trading Volume



Corporate Data

As of October 31, 2014

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	¥8,219 million
Fiscal Year-end	October 31
Number of Employees	2,010

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 facilities	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

Note: 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 2014, Park24 held 290 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>