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Consolidated Financial Results For The Nine Months Ended December 31, 2012

Feb 7, 2013

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Scheduled date of securities report submission: February 12, 2013 (planned)
Preparing supplementary material an quarterly financial results: None
Holding quarterly financial results presentation meeting: None

This consolidated financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures are in Japanese yen rounded to the nearest millions.

1. **Consolidated Financial Results** (April 1 to December 31, 2012) for the Fiscal Year Ending March 31, 2013

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥Millions)	change(%)	(¥Millions)	change(%)	(¥Millions)	change(%)	(¥Millions)	change(%)
9 Months ended Dec. 31, 2012	193,152	0.8	11,810	△15.1	11,811	△14.8	5,768	△15.0
9 Months ended Dec. 31, 2011	191,546	2.7	13,903	55.6	13,868	48.9	6,786	14.7

(Note) Comprehensive income 5,087 million yen (△26.5%) for the nine months ended December 31, 2012
6,920 million yen (16.7%) for the nine months ended December 31, 2011

	Earning per Share(¥)	Fully diluted earnings per share(¥)
9 Months ended Dec. 31, 2012	10,645.19	10,631.46
9 Months ended Dec. 31, 2011	12,479.76	12,454.53

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(¥Millions)	(¥Millions)	%
As of Dec. 31, 2012	130,336	56,552	41.6
As of Mar. 31, 2012	128,075	53,425	39.4

(Reference) Shareholders' equity As of December 31, 2012 ¥ 54,163 million
As of March 31, 2012 ¥ 50,407 million

2. Dividends

	Dividend per share (¥)				
(Record date)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
Fiscal 2012	-	1,500	-	1,500	3,000
Fiscal 2013	-	1,500	-		
Fiscal 2013 (Projection)				1,500	3,000

(Note) Revisions to the dividend forecast since the latest announcement: None

3. Projected Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

(Percentage shows the rate of increase or decrease from the previous corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	(¥Millions)	change(%)	(¥Millions)	change(%)	(¥Millions)	change(%)	(¥Millions)	change(%)	(¥)
Fiscal Year 2013	260,000	0.7	15,000	△18.1	15,000	△8.9	7,500	9.6	13,841.65

(Note) Revisions to the forecast of consolidated results since the latest announcement: Yes

***Notes**

(1) Significant change in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): No

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements:
1) Changes due to revisions of accounting standards etc: Yes
2) Changes other than 1): No
3) Changes in accounting estimates: Yes
4) Restatements: No

(4) Number of shares outstanding (common stock)
1) Number of shares outstanding at term end (including treasury stock):
December 31, 2012 543,828 shares
March 31, 2012 543,828 shares
2) Number of shares of treasury stock at term end:
December 31, 2012 3,863 shares
March 31, 2012 0 shares
3) Average number of outstanding shares (during the Nine months ended Dec. 31):
December 31, 2012 541,843 shares
December 31, 2011 543,828 shares

*Indication regarding execution of quarterly review

This quarterly financial report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial result, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

*Note to ensure appropriate use of forecasts

The outlook presented in this presentation is the results of management's assessment based upon currently available information, and the actual performance could be influenced by various risks and uncertainties.

1. Results of Operations and Financial Condition

(1) Results of operations and Financial Condition

In the first three quarters of the fiscal year, the Japanese economic outlook remained unclear due to the decline in personal consumption triggered by a widening in the scope of credit uncertainty in response to the European debt crisis and a continuation in deflationary pressure as a result of the slowdown in the economies of emerging countries.

In this business environment, the GEO Group strived to expand the shop network and raise its market share in order to provide inexpensive leisure activities. Overall, the GEO Group continued to open many new stores in the first three quarters of the fiscal year, increasing the number of GEO shops by 60 and group stores by 74 to 1,542.

The used merchandise sector remains a growth market and so We continued opening new stores for ‘2nd Street’ and ‘JUMBLE STORE’ to increase its share, adding a further 20 stores. ‘2nd Street’ and ‘JUMBLE STORE’ also conducted a storewide winter sale promotion at the end of November with the support of TV advertisement which proved to be very successful in generating firm sales.

In the first three quarters of the fiscal year, net sales increased 0.8% from one year earlier to 193,152 million yen, operating income decreased 15.1% to 11,810 million yen, ordinary income decreased 14.8% to 11,811 million yen and net income decreased 15.0% to 5,768 million yen.

The number of GEO Group stores and other facilities was as follows at the end of the 3rd quarter of the fiscal year. (Change from previous fiscal year end)

	DMS		Distributor		FC shops		Total	
GEO Group shops	1,304	(+75)	107	(+1)	137	(△5)	1,542	(+74)
Retail shops	1,251	(+77)	107	(+1)	137	(△5)	1,489	(+76)
GEO shops	1,044	(+63)	107	(+1)	97	(△4)	1,248	(+60)
2nd STREET JUMBLE STORE	301	(+20)			42	(0)	343	(+20)
Cell phone shops etc.	35	(△3)					35	(△3)
Amusement centers	53	(△2)					53	(△2)
GEO Dinos	20	(△1)					20	(△1)
Warehouse	10	(△1)					10	(△1)
GEO Fitness	15	(0)					15	(0)
GEO Café, etc.	8	(0)					8	(0)

Notes:

1. The number of stores is based on the brand used by each store starting in the third quarter of the current fiscal year.
2. When two or more brands are used at a single location, the store is classified as a retail shop.
3. When there is a directly operated and distributor or franchised shop at a single location with two or more brands, the location is counted as a shop for each brand used but the location is counted as a single shop for the total number of retail shops.

(2) Analysis of financial condition

(Assets)

Current assets were 62,101 million yen at the end of the first three quarters, 5,861 million yen higher than at the end of the previous fiscal year. The primary reason was the increase of 5,144 million yen in merchandise. Noncurrent assets decreased 3,599 million yen to 68,235 million yen mainly because of decreases of 2,367 million yen in property, plant and equipment and 860 million yen in goodwill.

As a result, compared with the end of the previous fiscal year, total assets increased 2,261 million yen to 130,336 million yen.

(Liabilities)

Current liabilities increased 4,072 million yen to 47,961 million yen due primarily to the increase of 9,692 million yen in accounts payable-trade and decreases of 4,870 million yen in income taxes payable and 674 million yen in provision. Noncurrent liabilities decreased 4,937 million yen to 25,822 million yen. This was attributable mainly to decreases of 731 million yen in bonds payable and 3,418 million yen in long-term loans payable.

As a result, total liabilities decreased 865 million yen from the end of the previous fiscal year to 73,784 million yen.

(Net assets)

Net assets increased 3,126 million yen to 56,552 million yen mainly because of net income of 5,768 million yen in the first three quarters, a deduction for dividends of 1,627 million yen paid from retained earnings and a deduction for purchase of treasury stock of 334 million yen.

This resulted in an equity ratio of 41.6% compared with 39.4% at the end of the previous fiscal year.

(3) Outlook for the fiscal year ending March 31, 2013

In the light of recent business results, GEO revised the forecasts for the current fiscal year to March 2013 that it announced on May 10, 2012 with its consolidated business results for the fiscal year ended March 2012. Please refer to the 'Notice of Revisions to Forecast for Fiscal Year Ending March 2013' which GEO released today (February 7, 2013) for further details.

2. Others

(1) Change in significant subsidiaries during the period: None

(2) Use of accounting methods that are specific to preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting principles and estimates, and retrospective restatements:

Change in accounting principles

(Revision in method used for depreciation)

Beginning with the first quarter of the current fiscal year, GEO Holdings Corporation and its consolidated subsidiaries (except certain subsidiaries), due to a revision in the Corporation Tax Act, have revised the depreciation method for property, plant and equipment purchased on or after April 1, 2012 to be consistent with the revised tax act.

The effect of this change on earnings was negligible.

CONSOLIDATED QUARTERLY BALANCE SHEETS

(Millions of yen)

	March 31, 2012	December 31, 2012
Assets		
Current assets		
Cash and deposits	28,072	25,031
Accounts receivable-trade	5,693	7,439
Merchandise	15,349	20,539
Other	7,468	9,469
Allowance for doubtful accounts	△389	△377
Total current assets	56,240	62,101
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,733	15,712
Other, net	25,798	24,452
Total property, plant and equipment	42,532	40,164
Intangible assets		
Goodwill	3,057	2,197
Other	1,161	1,157
Total intangible assets	4,219	3,354
Investments and other assets		
Lease and guarantee deposits	15,037	15,338
Other	13,124	12,895
Allowance for doubtful accounts	△3,079	△3,517
Total investments and other assets	25,082	24,715
Total Noncurrent assets	71,834	68,235
Total assets	128,075	130,336
Liabilities		
Current liabilities		
Accounts payable-trade	12,003	21,696
Current portion of long-term loans payable	10,623	10,790
Income taxes payable	7,846	2,975
Provision	1,338	663
Other	12,076	11,835
Total current liabilities	43,889	47,961
Noncurrent liabilities		
Bonds payable	2,685	1,954
Long-term loans payable	18,538	15,120
Provision	249	228
Asset retirement obligations	3,318	3,521
Other	5,967	4,997
Total Noncurrent liabilities	30,759	25,822
Total liabilities	74,649	73,784

(Millions of yen)

	March 31, 2012	December 31, 2012
Net assets		
Shareholders' equity		
Capital stock	8,603	8,603
Capital surplus	6,078	6,078
Retained earnings	35,546	39,687
Treasury stock	―	△334
Total shareholders' equity	50,229	54,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale	178	127
Total accumulated other comprehensive income	178	127
Subscription rights to shares	159	159
Minority interests	2,858	2,229
Total net assets	53,425	56,552
Total liabilities and net assets	128,075	130,336

CONSOLIDATED QUARTERLY STATESMENTS OF (COMPREHENSIVE) INCOME

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	191,546	193,152
Cost of sales	109,256	110,483
Gross profit	82,289	82,669
Selling, general and administrative expenses	68,385	70,859
Operating income	13,903	11,810
Non-operating income		
Real estate rent	602	726
Other	642	589
Total non-operating income	1,244	1,316
Non-operating expenses		
Interest expenses	486	377
Rent expenses on real estates	366	391
Loss on retirement of Noncurrent assets	99	410
Other	327	135
Total non-operating expenses	1,280	1,315
Ordinary income	13,868	11,811
Extraordinary income		
Extraordinary loss		
Impairment loss	547	1,484
Other	49	23
Total extraordinary losses	597	1,508
Income before income taxes and minority interests	13,270	10,302
Income taxes-current	5,985	5,276
Income taxes-deferred	408	△116
Total income taxes	6,393	5,159
Income before minority interests	6,877	5,142
Minority interests in income (loss)	90	△625
Net income	6,786	5,768

CONSOLIDATED QUARTERLY STATESMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Income before minority interests	6,877	5,142
Other comprehensive income		
Valuation difference on available-for-sale securities	43	△55
Total other comprehensive income	43	△55
Comprehensive income	6,920	5,087
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,826	5,716
Comprehensive income attributable to minority interests	93	△629