Consolidated Financial Results For The FY Ended March 31, 2014

(Japanese Accounting Standards)

May. 9, 2014

GEO HOLDINGS CORPORATION Listed Exchanges : Tokyo
TSE Code: 2681 URL: http://www.geonet.co.jp
Representative: Yuzo Endo,President
Contact: Yasuo Mitani,General Manager Telephone: +81 52 350 5711
Annual general shareholders' meeting (Scheduled): June 26, 2014
Scheduled date of securities report submission: June 27, 2014
Preparation of supplementary materials for the financial results: Yes
Holding financial results presentation meeting:Yes (for institutional investors for security analysts)

(Amounts rounded down to millions of yen)

1. Consolidated Financial Results Year 2014 (April 1 2013 to March 31, 2014)

(1) Consolidated Operating Results

(Percentages show year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥Million)	change(%)	(¥Million)	change(%)	(¥Million)	change(%)	(¥Million)	change(%)
FY ended March 31, 2014	262,324	1.2	9,198	(42.4)	9,344	(40.3)	3,808	(54.5)
FY ended March 31, 2013	259,288	0.4	15,965	(12.8)	15,643	(5.0)	8,380	22.5

(Note) Comprehensive income 4,278 million yen(△15.9%) for the Fiscal ended March 31,2014
5,087 million yen(△26.5%) for the Fiscal ended March 31,2013

	Earnings per Share(¥)	Fully diluted earnings per share(¥)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
FY ended March 31, 2014	70.54	70.45	6.6	7.9	3.5
FY ended March 31, 2013	154.80	154.60	15.6	12.5	6.2

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2014 ¥17 million
Fiscal year ended March 31, 2013 ¥ 0 million

On October 1, 2013 the Company carried out a 1-to-100 split of its common stock. Earnings per share and the fully diluted EPS were calculated as if this stock split took place at the beginning of the fiscal year ending March 2014

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(¥million)	(¥million)	%	(¥)
FY ended March 31, 2014	115,581	59,199	51.1	1,093.16
FY ended March 31, 2013	121,353	57,978	46.9	1,053.31

(Reference) Shareholders' equity Fiscal 2014 ¥ 59,027 million
Fiscal 2013 ¥ 56,875 million

On October 1, 2013 the Company carried out a 1-to-100 split of its common stock. Net assets per share were calculated as if this stock split took place at the beginning of the fiscal year ending March 2014

(3) Consolidated Cash Flows

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(¥million)	(¥million)	(¥million)	(¥million)
FY ended March 31, 2014	8,255	(9,401)	(3,790)	21,799
FY ended March 31, 2013	11,457	(5,296)	(9,615)	26,735

2. Dividends

	Dividend per share (¥)				
(Record date)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
Fiscal Year 2013	-	1,500	-	1,600	3,100
Fiscal Year 2014	-	1,600		16	-
Fiscal Year 2015 (Projection)	-	16	-	16	32

Regarding dividends for the period under review, without adjusting for this stock split, the dividend for the March 2014 fiscal year would have been 3,200 yen, the sum of interim and year-end dividends of 1,600 yen each. However, the actual dividend figure noted here takes into consideration the stock split.

3.Consolidated Forecasts for Fiscal Year 2015 (April 1, 2014 to March 31, 2015)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	(¥Million)	change(%)	(¥Million)	change(%)	(¥Million)	change(%)	(¥Million)	change(%)	(¥)
6 Months ended September 30, 2014	125,200	2.4	2,200	(58.8)	2,450	(55.8)	2,300	(19.3)	42.60
Fiscal Year 2015	270,000	2.9	6,500	(29.3)	7,000	(25.1)	4,400	15.5	81.49

Other

(1) Significant change in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): Yes
Newly removed from consolidation: Geo Dinos Co., Ltd.

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

(3) Changes in accounting principles, procedures, and the presentation for quarterly consolidated financial statements (matters to be included in the section , Changes in Basic Important Matters for Preparation of Quarterly Consolidated Financial Statements)
1) Changes due to revisions of accounting standards etc: No
2) Changes other than 1): No

(4) Number of shares outstanding (common stock)
1) Number of shares outstanding at term end (including treasury stock):
March 31, 2014 54,382,800 shares
March 31, 2013 54,382,800 shares
2) Number of shares of treasury stock at term end:
March 31, 2014 386,300 shares
March 31, 2013 386,300 shares
3) Average number of outstanding shares (during the Nine months ended Dec. 31):
March 31, 2014 53,996,500shares
March 31, 2013 54,134,500 shares

There was a 1-to-100 split of common stock on October 1, 2013. The number of shares outstanding (including treasury stock) and the number of shares of treasury stock at term end and the average number of outstanding shares (first half) have been calculated as if this split took place at the beginning of the previous fiscal year.

*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

(1) Analysis of Operating Results

(Operating Results for Fiscal Year under Review)

To give an overview of the business environment affecting the GEO Group during the consolidated fiscal year under review, our Media Shops felt the influence of the rising popularity of smartphones and other devices that are giving customers greater choices for how to spend their leisure time, and we need to respond. Our Reuse Shops' so-called 3Rs (Reduce, Reuse, Recycle) approach is becoming increasingly well established, the reuse business itself is becoming better recognized, and business growth is accelerating.
In this environment, we are working hard to expand our sales network and increase our market share by aggressively opening new stores.

※Media Shops: Stores operating under the GEO name, mainly dealing in rentals of entertainment software, sales of new merchandise, and purchase and resale of previously owned merchandise.

※Reuse Shops: Stores such as Jumble Store and 2nd Street that buy and resell clothing, consumer electronics, and other goods.

Conditions at our Group stores and facilities at the end of the consolidated fiscal year under review are as noted below. Figures in parentheses show gain/loss from the previous term.

	DMS		Distributor		FC shops		Total	
GEO Group Shops	1,384	(+63)	99	(△3)	127	(△9)	1,606	(+53)
GEO Shops	1,089	(+36)	99	(△3)	86	(△12)	1,274	(+21)
FAMILY BOOK (before renovation)	43	(+43)					43	(+43)
JUMBLE STORE 2nd STREET	327	(+21)			41	(+1)	368	(+22)
Cell phone shops etc.	4	(△31)					4	(△31)
WAREHOUSE	11	(+1)					11	(+1)

(Note) 1. The number of stores is based on the brand used by each store.
2. When two or more brands are used at a single location, the store is classified as a retail shop.
3. In cases where directly managed stores and franchise stores are conjoined, the total counts them as one store.
4. During the period under review, 31 stores selling mobile phones were absorbed into Geo shops, resulting in no change to the total number of stores
5. However, 43 GEO Dinos stores broke away from the Group during this period, and that change is reflection the total number of stores.
6. Together with the sales of GEO Dinos stock, the share of retail business surpassed 90%, and so, from, this operating year onwards Amusement figures will be omitted. (same below)

①Sales

Sales rose 3,036 million yen to 262,324 million yen (a 1.2% increase yr/yr).

Results for the main divisions are noted below.

		FY 2014 (¥Million)	Change (%)
Media Shops	Rental	82,831	103.0%
	Reuse	45,990	96.4%
	Sale of Thorough	71,055	110.2%
Reuse Shops		28,434	112.3%

②Cost of Sales, Sales and General Expenses, Operating Income

Media Shops: The weight of the profitable Rental and Used Merchandise divisions declined, as did the overall gross margin; moreover, personnel costs, land rent, and other SG&A costs rose in line with our active store opening policy, dragging down operating profit by 6,766 million yen to 9,198 million (a 42.4% decline yr/yr).

③Non-operating profit/loss, Extraordinary profit/loss, Net income

Due to various factors, including the special sale of Geo Dinos shares, which resulted in 514 million yen accounted as an extraordinary loss, net income declined by 4,571 million yen to 3,808 million yen (a 54.5% yr/yr decline).

（Outlook for fiscal year ending in March 2015）

Our outlook for the coming term assumes that the changes in our Group's operating environment will accelerate.

In order to survive the changes in the business environment and remain a leading company in this field, we plan to adopt decisive policies (to be explained in detail later), including: a new concept in store development; reform of the organizational system and investment in human resources; accelerating active store openings and scrap & build in suitable locations; thoroughly cultivating a network strategy; and securing new business fields.

Regarding our forecast for consolidated performance in the term ending in March 2015, we estimate sales of 270,000 million yen, operating income of 6,500 million yen, ordinary income of 7,000 million yen, and net income of 4,400 million yen.

This outlook is based upon currently available information and assumes reasonably stable conditions. Actual performance could be affected by various changes, risks, and uncertainties.

(2) Analysis of Financial Position

〔Analysis of Cash flows〕

In this fiscal year, cash and cash equivalents (hereafter "capital") declined by 4,935 million yen from the previous term to 21,799 million yen.

Revenue from sales activities reached 8,255 million yen, but was offset by investment expenses of 9,401 million yen and expenses related to financing activities totaling 3,790 million yen.

Cash flows during the period and the main factors behind them are as follows.

（Cash flows from operating activities）

Operating activities resulted in an 8,255 million yen increase in capital (vs. an 11,457 million yen increase in the previous term).

Among these, the main factors were expenses involved in obtaining rental assets, which came to 13,422 million yen, and expenses for corporate taxes, etc., which came to 6,842 million yen; net income before income taxes was 7,726 million yen, depreciation of rental assets totaled 13,150 million, and depreciation costs were 5,166 million yen.

（Cash Flows from investing activities）

As a result of investing activities, capital declined 9,401 million yen (vs. 5,296 million yen in the previous term).

The principal factors affecting investment cash flow were the acquisition of tangible fixed assets, which accounted for 4,937 million yen, and purchases of stock in Group subsidiaries in response to changes in the Group's composition, which resulted in expenses of 3,391 million yen.

（Cash Flows from financing activities）
As a result of financing activities, capital declined 3,790 million yen (vs. 9,615 million yen in the previous term).

The main factors in this category were as follows: Income from long-term borrowing came to 11,200 million yen, and the issuance of corporate bonds produced another 1,465 million yen, while repayment of long-term debt resulted in expenses of 10,972 million yen, the redemption of corporate bonds required 1,720 million yen, and payments for finance lease obligations came to 1,958 million yen.

In line with our basic policy as noted above, we paid a midterm per-share dividend of 1,600 yen and, following the 1-to-100 split of common stock on October 1, 2013 (which, if it had occurred at the beginning of the fiscal year would have resulted in a 16 yen per share dividend), we expect to pay a yearend per-share dividend of 16 yen.

〔Reference：Cash flow indicators〕

	FY 2012	FY 2013	FY 2014
Shareholders' equity ratio（%）	39.4	46.9	51.1
Market value equity ratio（%）	41.5	53.1	42.8
Years for debt repayment（years）	1.3	2.5	2.8
Interest coverage ratio（times）	40.34	23.50	23.96

＊Shareholders' equity ratio = Shareholders' equity / Total assets
Market value equity ratio = Market capitalization / Total assets
Years for debt repayment = Interest-bearing liabilities / Operating cash flows
Interest coverage ratio = Operating cash flows / Interest expenses

1) All indicators are based on figures in the consolidated financial statements.
2) Market capitalization is calculated by multiplying the stock price at the end of the fiscal year and number of shares issued at the end of the fiscal year.
3) Operating cash flows are the operating cash flows shown on the consolidated statement of cash flows. Interest-bearing liabilities are the sum of all liabilities on which interest is paid that are shown on the consolidated balance sheet. Interest expenses are the interest expenses paid shown in the consolidated statement of cash flows.

(3) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Next Fiscal Year

Distributing earnings to shareholders is one of the highest management priorities of GEO HOLDINGS. The fundamental policy is to pay a dividend based on results of operations in each fiscal year while taking actions to maintain a stable base of operations and increase the return on equity. GEO HOLDINGS pays an interim and year-end dividend in each fiscal year from retained earnings.

These dividends are determined at the shareholders meeting for the year-end dividend and by the board of directors for the interim dividend.

Based on this fundamental policy, GEO HOLDINGS plans to pay an annual dividend of 3,100 yen per share (interim dividends of 1,500 yen and year-end dividends of 1,600 yen) for the current year.

Retained earnings are used for investments that contribute to growth in earnings, primarily by investing in retail operations. Investments are used primarily for equipment and inventories at new shops and remodeled shops, merchandise logistics and distribution facilities, and IT equipment. The objective is to establish a highly profitable framework for business operations. GEO HOLDINGS also plans to use funds effectively for investments in new businesses.

Dividend payments for the past five fiscal years are shown below.

(Dividend per share)

	FY2010	FY 2011	FY 2012	FY 2013	FY 2014
2nd quarter end	1,300円	1,400円	1,500円	1,500円	1,600円
Year-end	1,400円	1,400円	1,500円	1,600円	16円
Annual	2,700円	2,800円	3,000円	3,100円	－円

In accordance with the policy described above, for the fiscal year ended in March 2015, GEO HOLDINGS plans to pay an interim dividend of 16 yen per share and a year-end dividend of 16 yen per share. This will result in an annual dividend of 32 yen per share.

CONSOLIDATED QUARTERLY BALANCE SHEETS

(Millions of yen)

	March 31,2013	March 31,2014
Assets		
Current assets		
Cash and deposits	24,102	19,869
Notes and accounts receivable - trade	5,035	3,992
Merchandise	18,695	23,495
Deferred tax assets	1,400	1,773
Other	6,227	5,942
Allowance for doubtful accounts	△293	△343
Total current assets	55,166	54,729
Non-current assets		
Property, plant and equipment		
Rental assets	97,738	104,647
Accumulated depreciation	△89,754	△96,055
Rental assets, net	7,983	8,591
Buildings and structures	44,533	39,478
Accumulated depreciation	△28,873	△25,976
Buildings and structures, net	15,660	13,501
Land	8,595	6,651
Leased assets	6,551	4,576
Accumulated depreciation	△3,457	△2,588
Leased assets, net	3,094	1,988
Other	18,989	17,708
Accumulated depreciation	△15,199	△13,236
Other, net	3,790	4,471
Total property, plant and equipment	39,124	35,205
Intangible assets	3,024	2,028
Investments and other assets		
Investment securities	1,309	1,266
Long-term loans receivable	6,216	6,628
Lease and guarantee deposits	15,438	15,034
Deferred tax assets	3,319	2,845
Other	1,703	1,760
Allowance for doubtful accounts	△3,949	△3,917
Total investments and other assets	24,038	23,617
Total non-current assets	66,186	60,851
Total assets	121,353	115,581

(Millions of yen)

	March 31,2013	March 31,2014
Liabilities		
Current liabilities		
Accounts payable - trade	12,386	13,124
Current portion of long-term loans payable	10,689	8,754
Current portion of bonds	1,745	249
Income taxes payable	3,987	1,170
Provision for bonuses	1,090	1,135
Other	9,505	10,279
Total current liabilities	39,405	34,713
Non-current liabilities		
Bonds payable	1,684	403
Long-term loans payable	13,852	13,910
Lease obligations	2,332	1,590
Deferred tax liabilities	300	26
Provision for retirement benefits	180	-
Asset retirement obligations	3,575	3,898
Other	2,045	1,839
Total non-current liabilities	23,970	21,668
Total liabilities	63,375	56,381
Net assets		
Shareholders' equity		
Capital stock	8,603	8,603
Capital surplus	6,078	6,078
Retained earnings	42,300	44,381
Treasury shares	△334	△334
Total shareholders' equity	56,648	58,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	227	297
Total accumulated other comprehensive income	227	297
Subscription rights to shares	155	172
Minority interests	946	-
Total net assets	57,978	59,199
Total liabilities and net assets	121,353	115,581

CONSOLIDATED STATESMENTS(COMPREHENSIVE) INCOME

(Millions of yen)

	March 31,2013	March 31,2014
Net sales	259,288	262,324
Cost of sales	148,597	152,301
Gross profit	110,690	110,022
Selling, general and administrative expenses	94,725	100,823
Operating income	15,965	9,198
Non-operating income		
Interest and dividend income	157	111
Real estate rent	1,021	1,193
Other	551	453
Total non-operating income	1,729	1,758
Non-operating expenses		
Interest expenses	484	332
Rent expenses on real estates	526	595
Other	1,040	684
Total non-operating expenses	2,051	1,612
Ordinary income	15,643	9,344
Extraordinary income		
Gain on bargain purchase	550	203
Total extraordinary income	550	203
Extraordinary losses		
Impairment loss	1,529	1,218
Loss on sales of shares of subsidiaries and associates	―	514
Other	―	87
Total extraordinary losses	1,529	1,821
Income before income taxes and minority interests	14,665	7,726
Income taxes - current	6,325	4,027
Income taxes - deferred	490	△39
Total income taxes	6,815	3,987
Income before minority interests	7,849	3,738
Minority interests in loss	△530	△70
Net income	8,380	3,808

(Millions of yen)

	March 31,2013	March 31,2014
Income before minority interests	7,849	3,738
Other comprehensive income		
Valuation difference on available-for-sale securities	42	82
Total other comprehensive income	42	82
Comprehensive income	7,892	3,820
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,429	3,888
Comprehensive income attributable to minority interests	△536	△67

CONSOLIDATED STATESMENTS OF CHANGE IN NET ASSETS

(April 1,2012 to March 31,2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,603	6,078	35,546	―	50,229
Changes of items during period					
Dividends of surplus			△1,627		△1,627
Net income			8,380		8,380
Purchase of treasury shares				△334	△334
Net changes of items other than shareholders' equity					
Total changes of items during period	―	―	6,753	△334	6,418
Balance at end of current period	8,603	6,078	42,300	△334	56,648

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	178	178	159	2,858	53,425
Changes of items during period					
Dividends of surplus					△1,627
Net income					8,380
Purchase of treasury shares					△334
Net changes of items other than shareholders' equity	48	48	△3	△1,911	△1,866
Total changes of items during period	48	48	△3	△1,911	4,552
Balance at end of current period	227	227	155	946	57,978

CONSOLIDATED STATESMENTS OF CHANGE IN NET ASSETS

(April 1,2013 to March 31,2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,603	6,078	42,300	△334	56,648
Changes of items during period					
Dividends of surplus			△1,727		△1,727
Net income			3,808		3,808
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,081	—	2,081
Balance at end of current period	8,603	6,078	44,381	△334	58,729

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	227	227	155	946	57,978
Changes of items during period					
Dividends of surplus					△1,727
Net income					3,808
Net changes of items other than shareholders' equity	70	70	16	△946	△859
Total changes of items during period	70	70	16	△946	1,221
Balance at end of current period	297	297	172	—	59,199

CONSOLIDATED STATESMENTS OF CASH FLOWS

(Millions of yen)

	March 31,2013	March 31,2014
Cash flows from operating activities		
Income before income taxes and minority interests	14,665	7,726
Depreciation	5,467	5,166
Rental assets depreciation	14,244	13,150
Impairment loss	1,529	1,218
Amortization of goodwill	1,222	1,103
Gain on bargain purchase	△550	△203
Interest and dividend income	△157	△111
Interest expenses	484	332
Loss (gain) on sales of shares of subsidiaries and associates	―	514
Decrease (increase) in notes and accounts receivable - trade	658	1,012
Decrease (increase) in inventories	△2,881	△1,673
Purchase of Rental assets	△13,247	△13,422
Increase (decrease) in notes and accounts payable - trade	382	△708
Increase (decrease) in accounts payable - other and accrued expenses	82	901
Other, net	△50	343
Subtotal	21,848	15,348
Interest and dividend income received	140	93
Interest expenses paid	△487	△344
Income taxes paid	△10,044	△6,842
Net cash provided by (used in) operating activities	11,457	8,255
Cash flows from investing activities		
Purchase of property, plant and equipment	△4,454	△4,937
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	△3,391
Purchase of shares of subsidiaries	△824	△266
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	―	△506
Other, net	△17	△299
Net cash provided by (used in) investing activities	△5,296	△9,401
Cash flows from financing activities		
Increase in short-term loans payable	9,050	13,550
Decrease in short-term loans payable	△9,020	△13,630
Proceeds from long-term loans payable	6,860	11,200
Repayments of long-term loans payable	△11,480	△10,972
Proceeds from issuance of bonds	780	1,465
Redemption of bonds	△1,489	△1,720
Repayments of finance lease obligations	△2,350	△1,958
Purchase of treasury shares	△334	―
Cash dividends paid	△1,630	△1,716
Other, net	0	△6
Net cash provided by (used in) financing activities	△9,615	△3,790
Net increase (decrease) in cash and cash equivalents	△3,455	△4,935
Cash and cash equivalents at beginning of period	30,190	26,735
Cash and cash equivalents at end of period	26,735	21,799