

PARCO CO., LTD.

Non-consolidated Financial Statements for the Fiscal Year Ended February 28,2002  
(Fractional amounts less than one million yen are discarded)

April 24, 2002

Corporate Name: PARCO CO.,LTD.  
Address: Headquarters in Tokyo  
Personnel to Contact: Director  
Mr. Kazumi Kojima  
TEL (03)3477-5791

Stock Exchange Listings: Tokyo Stock Exchange  
(first section)  
Code Number: 8251  
Board of Directors meeting: April 24, 2002  
Ordinary General Meeting  
of shareholders: May 25, 2002  
Interim dividends payment system: Yes  
Trading unit (Tangenkabu) system: Yes  
(1 unit 1,000shares)

1. Results for Fiscal 2001 (March 1, 2001-February 28, 2002)

(1) Sales and Income

|             | Net sales<br>(¥ million) | Year-on year<br>change [%] | Operating income<br>(¥ million) | Year-on year<br>change [%] | Ordinary income<br>(¥ million) | Year-on year<br>change [%] |
|-------------|--------------------------|----------------------------|---------------------------------|----------------------------|--------------------------------|----------------------------|
| Fiscal 2001 | 248,525                  | [+1.0]                     | 6,929                           | [+10.1]                    | 5,719                          | [+17.1]                    |
| Fiscal 2000 | 246,126                  | [- 6.7]                    | 6,296                           | [+ 0.3]                    | 4,886                          | [+ 0.3]                    |

|             | Net income<br>(¥ million) | Year-on year<br>change [%] | Net income<br>per share(¥) | Net income<br>per share<br>(diluted) (¥) | Return on<br>equity [%] | Ordinary<br>income/total<br>assets [%] | Ordinary<br>income/net<br>sales [%] |
|-------------|---------------------------|----------------------------|----------------------------|--|-------------------------|--|-------------------------------------|
| Fiscal 2001 | 1,127                     | [- ]                       | 15.80                      | 14.06                                    | [+2.1]                  | [+2.7]                                 | [+2.3]                              |
| Fiscal 2000 | -3,753                    | [- ]                       | -66.96                     | -  | [-7.2]                  | [+2.2]                                 | [+2.0]                              |

Notes:

- Average number of shares outstanding during the term: Fiscal 2001 71,365,687 shares  
Fiscal 2000 56,056,298 shares
- Changes in Accounting Methods: None
- Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.

(2) Dividends

|             | Annual dividends per share (¥) |          |      | Total dividends<br>(annual) (¥ million) | Payout ratio<br>[%] | Dividend rate for<br>shareholders' equity [%] |
|-------------|--------------------------------|----------|------|---|---------------------|---|
|             | Interim                        | Year-end |      |   |                     |   |
| Fiscal 2001 | 8.00                           | 4.00     | 4.00 | 588                                     | 52.2                | [+1.0]  |
| Fiscal 2000 | 8.00                           | 4.00     | 4.00 | 448                                     | -                   | [+0.9]  |

(3) Financial Position

|             | Total assets<br>(¥ million) | Shareholders' equity<br>(¥ million) | Shareholders' equity/<br>total assets [%] | Shareholders' equity<br>per share (¥) |
|-------------|-----------------------------|-------------------------------------|---|---------------------------------------|
| Fiscal 2001 | 202,846                     | 57,419                              | [+28.3]                                   | 762.81                                |
| Fiscal 2000 | 215,314                     | 50,331                              | [+23.4]                                   | 897.87                                |

Notes: Total number of shares outstanding: As of February 28, 2002 75,274,045 shares  
As of February 28, 2001 56,056,298 shares  
Total number of treasury stock As of February 28, 2002 20,981 shares

2. Projected Results for Fiscal 2002 (March 1, 2002-February 28, 2003)

|                | Operating revenues<br>(¥ million) | Ordinary income<br>(¥ million) | Net income<br>(¥ million) | Annual dividends per share (¥) |          |      |
|----------------|-----------------------------------|--------------------------------|---------------------------|--------------------------------|----------|------|
|                |                                   |                                |                           | Interim                        | Year-end |      |
| Interim period | 122,500                           | 2,600                          | 750                       | 4.00                           | -        | -    |
| Fiscal 2002    | 253,000                           | 6,000                          | 1,500                     | -                              | 4.00     | 8.00 |

Reference: Estimated net income per share (fiscal 2002):

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28,2002

(Fractional amounts less than one million yen are discarded)

|   | (¥ millions)     |                  |                   |
|---|------------------|------------------|-------------------|
|   | February 28      |                  | Increase          |
|   | 2002             | 2001             | (Decrease)        |
| <b>ASSETS</b>                             |                  |                  |                   |
| <b>Current Assets:</b>                    |                  |                  |                   |
| Cash on hand and in banks                 | ¥ 8,013          | ¥ 7,270          | ¥ 743             |
| Notes receivable - trade                  | 94               | 103              | (9)               |
| Accounts receivable - trade               | 5,748            | 5,949            | (201)             |
| Marketable securities                     | -                | 3,342            | (3,342)           |
| Treasury stocks                           | -                | 0                | (0)               |
| Finished products                         | 212              | 309              | (97)              |
| Work-in-process                           | 9                | 21               | (11)              |
| Supplies                                  | 30               | 33               | (2)               |
| Advance payment                           | 32               | 70               | (38)              |
| Prepaid expenses                          | 622              | 655              | (32)              |
| Short-term loans on marketable securities | -                | 2,998            | (2,998)           |
| Short-term loans to affiliated company    | 5,235            | 7,737            | (2,502)           |
| Other short-term loans                    | 57               | 8                | 48                |
| Accounts receivable - other               | -                | 9,368            | (9,368)           |
| Deferred tax assets                       | 917              | 986              | (69)              |
| Other current assets                      | 1,564            | 607              | 956               |
| Less: Allowance for doubtful accounts     | (1,887)          | (2,187)          | 300               |
| Total current assets                      | <u>20,649</u>    | <u>37,274</u>    | <u>(16,624)</u>   |
| <b>Fixed Assets:</b>                      |                  |                  |                   |
| Tangible fixed assets:                    |                  |                  |                   |
| Buildings                                 | 38,941           | 38,219           | 722               |
| Structures                                | 574              | 583              | (9)               |
| Machinery and equipment                   | 217              | 251              | (33)              |
| Motor vehicles                            | 7                | 1                | 5                 |
| Tools, furniture and fixtures             | 748              | 634              | 113               |
| Land                                      | 39,400           | 39,010           | 390               |
| Construction in progress                  | 390              | 779              | (388)             |
| Total tangible fixed assets               | <u>80,280</u>    | <u>79,479</u>    | <u>800</u>        |
| Intangible fixed assets:                  |                  |                  |                   |
| Goodwill                                  | 1,504            | -                | 1,504             |
| Leasehold                                 | 10,943           | 10,943           | -                 |
| Software                                  | 305              | 328              | (22)              |
| Other intangible fixed assets             | 360              | 394              | (33)              |
| Total intangible fixed assets             | <u>13,114</u>    | <u>11,665</u>    | <u>1,448</u>      |
| Investments and other assets:             |                  |                  |                   |
| Investment securities                     | 10,690           | 7,994            | 2,695             |
| Investments in affiliated companies       | 12,413           | 12,560           | (146)             |
| Investments in non-stock equity interests | 5                | 5                | -                 |
| Long-term loans                           | 1,017            | 1,021            | (4)               |
| Long-term prepaid expenses                | 1,282            | 1,284            | (1)               |
| Fixed leasehold deposits                  | 59,560           | 59,955           | (394)             |
| Deferred tax assets                       | 3,269            | 3,830            | (561)             |
| Other investments                         | 634              | 215              | 419               |
| Less: Allowance for doubtful accounts     | (71)             | (6)              | (65)              |
| Total investments and other assets        | <u>88,802</u>    | <u>86,860</u>    | <u>1,941</u>      |
| Total fixed assets                        | <u>182,196</u>   | <u>178,006</u>   | <u>4,190</u>      |
| <b>Deferred Assets:</b>                   |                  |                  |                   |
| Discount on bonds issued                  | -                | 33               | (33)              |
| Total deferred assets                     | <u>-</u>         | <u>33</u>        | <u>(33)</u>       |
| Total assets                              | <u>¥ 202,846</u> | <u>¥ 215,314</u> | <u>¥ (12,467)</u> |

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2002  
(Fractional amounts less than one million yen are discarded)

|   | (¥ millions)     |                  |                   |
|---|------------------|------------------|-------------------|
|   | February 28      |                  | Increase          |
|   | 2002             | 2001             | (Decrease)        |
| <b>LIABILITIES</b>  |                  |                  |                   |
| <b>Current liabilities:</b>   |                  |                  |                   |
| Notes payable – trade   | ¥ 944            | ¥ 953            | ¥ (8)             |
| Accounts payable – trade  | 14,205           | 14,512           | (306)             |
| Short-term borrowings   | 11,930           | 17,415           | (5,485)           |
| Current portion of long-term borrowings                             | 14,239           | 8,392            | 5,847             |
| Accounts payable – other  | 5,109            | 3,937            | 1,171             |
| Accrued income taxes  | 145              | 725              | (579)             |
| Accrued expenses  | 901              | 985              | (84)              |
| Advance received  | 209              | 158              | 50                |
| Withholdings  | 288              | 313              | (25)              |
| Accrued bonuses to employees  | 534              | 554              | (19)              |
| Allowance for sales returns   | 9                | 22               | (13)              |
| Allowance for books unsold  | 77               | 118              | (41)              |
| Current portion of bonds  | 10,000           | 4,700            | 5,300             |
| Current portion of guarantee deposits<br>received from tenants      | 3,674            | 4,289            | (615)             |
| Other current liabilities   | 375              | 118              | 256               |
| Total current liabilities   | <u>62,643</u>    | <u>57,196</u>    | <u>5,446</u>      |
| <b>Long-term liabilities:</b>                                       |                  |                  |                   |
| Straight bonds  | 2,000            | 21,700           | (19,700)          |
| Convertible bonds   | 2,674            | 5,000            | (2,326)           |
| Long-term borrowings  | 27,246           | 27,005           | 241               |
| Long-term accounts payable  | -                | 1                | (1)               |
| Accrued retirement benefits for employees                           | -                | 16               | (16)              |
| Reserve for retirement benefits                                     | 162              | -                | 162               |
| Accrued retirement benefits for directors<br>and statutory auditors | 305              | 400              | (95)              |
| Provision for loss on guaranty of bank loans                        | 350              | 350              | -                 |
| Guarantee deposits received from tenants                            | 50,046           | 53,312           | (3,266)           |
| Total long-term liabilities   | <u>82,783</u>    | <u>107,786</u>   | <u>(25,002)</u>   |
| Total liabilities   | <u>145,427</u>   | <u>164,983</u>   | <u>(19,555)</u>   |
| <b>SHAREHOLDERS' EQUITY</b>   |                  |                  |                   |
| <b>Common stock</b>   | 25,224           | 21,793           | 3,431             |
| <b>Additional paid-in capital</b>                                   | 24,649           | 21,218           | 3,431             |
| <b>Legal reserve</b>  | 681              | 658              | 23                |
| <b>Other reserves:</b>  |                  |                  |                   |
| Voluntary reserve:  |                  |                  |                   |
| General reserve   | 6,011            | 10,011           | (4,000)           |
| Unappropriated retained earnings                                    | 1,243            | (3,349)          | 4,593             |
| Total retained earnings   | <u>7,254</u>     | <u>6,661</u>     | <u>593</u>        |
| <b>Unrealized gains on securities</b>                               | (378)            | -                | (378)             |
| <b>Treasury stock</b>   | (11)             | -                | (11)              |
| Total shareholders' equity  | <u>57,419</u>    | <u>50,331</u>    | <u>7,088</u>      |
| Total liabilities and shareholders' equity                          | <u>¥ 202,846</u> | <u>¥ 215,314</u> | <u>¥ (12,467)</u> |

PARCO CO., LTD.

Non-consolidated Statements of Income for the Fiscal Year Ended February 28, 2002  
(Fractional amounts less than one million yen are discarded)

|  | (¥ millions)   |                  |                        |
|--|----------------|------------------|------------------------|
|  | February 28    |                  | Increase<br>(Decrease) |
|  | 2002           | 2001             |                        |
| <b>Net sales:</b>  |                |                  |                        |
| Net sales by tenants   | ¥ 242,753      | ¥ 240,153        | ¥ 2,599                |
| Own sales  | 5,771          | 5,972            | (200)                  |
|  | <u>248,525</u> | <u>246,126</u>   | <u>2,398</u>           |
| <b>Cost of sales:</b>  |                |                  |                        |
| Cost of net sales by tenants   | 215,294        | 213,201          | 2,093                  |
| Cost of net own sales  | 4,513          | 4,752            | (239)                  |
|  | <u>219,808</u> | <u>217,954</u>   | <u>1,853</u>           |
|  | 28,717         | 28,172           | 545                    |
| Provision for allowance for sales returns                            | -              | 1                | (1)                    |
| Reversal of allowance for sales returns                              | 13             | -                | 13                     |
|  | <u>28,730</u>  | <u>28,170</u>    | <u>559</u>             |
| <b>Other operating revenues</b>                                      | <u>1,612</u>   | <u>1,590</u>     | <u>22</u>              |
| Gross profit   | 30,342         | 29,760           | 581                    |
| <b>Selling, general and administrative expenses</b>                  | <u>23,412</u>  | <u>23,464</u>    | <u>(51)</u>            |
| Operating income   | <u>6,929</u>   | <u>6,296</u>     | <u>632</u>             |
| <b>Non-operating income:</b>   |                |                  |                        |
| Interest income  | 242            | 274              | (31)                   |
| Dividends income   | 31             | 36               | (4)                    |
| Other non-operating income   | 363            | 354              | 8                      |
|  | <u>637</u>     | <u>666</u>       | <u>(28)</u>            |
| <b>Non-operating expenses:</b>                                       |                |                  |                        |
| Interest expenses  | 994            | 1,060            | (66)                   |
| Bonds interest expenses  | 472            | 733              | (260)                  |
| Amortization of bonds discount                                       | 33             | 33               | (0)                    |
| Bonds issue expenses   | -              | 12               | (12)                   |
| Other non-operating expenses   | 347            | 236              | 110                    |
|  | <u>1,847</u>   | <u>2,076</u>     | <u>(228)</u>           |
| Ordinary income  | <u>5,719</u>   | <u>4,886</u>     | <u>833</u>             |
| <b>Special income:</b>   |                |                  |                        |
| Gain on sales of investment securities                               | 72             | 1                | 71                     |
| Reversal of write-down of marketable securities                      | -              | 1,245            | (1,245)                |
| Reversal of write-down of investment securities                      | -              | 162              | (162)                  |
| Reversal of allowance for doubtful accounts                          | 89             | -                | 89                     |
| Settlement received on determination of purchase price of securities | 533            | -                | 533                    |
| Prior years' removal expense adjustments                             | -              | 168              | (168)                  |
|  | <u>696</u>     | <u>1,577</u>     | <u>(881)</u>           |
| <b>Special losses:</b>   |                |                  |                        |
| Loss on disposal of fixed assets                                     | 978            | 917              | 60                     |
| Loss on sales of investment securities                               | 12             | 5,069            | (5,056)                |
| Loss on sales of investments in subsidiaries                         | 25             | -                | 25                     |
| Loss on write-down of investment securities                          | 1,586          | 227              | 1,359                  |
| Loss on write-down of golf club memberships                          | 65             | 127              | (62)                   |
| Loss on write-down of investments in subsidiaries                    | 854            | 2,900            | (2,045)                |
| Provision for allowance for doubtful accounts                        | 680            | 1,914            | (1,234)                |
| Provision for loss on guaranty of bank loans                         | -              | 350              | (350)                  |
| Loss on liquidation of a subsidiary                                  | -              | 1,135            | (1,135)                |
| Loss on liquidation of relevant investment business                  | -              | 225              | (225)                  |
| Special allowance for retirement                                     | 158            | -                | 158                    |
|  | <u>4,361</u>   | <u>12,868</u>    | <u>(8,506)</u>         |
| Income (Loss) before income taxes                                    | <u>2,054</u>   | <u>(6,403)</u>   | <u>8,458</u>           |
| <b>Income taxes:</b>   |                |                  |                        |
| Current  | 22             | 1,200            | (1,177)                |
| Deferred   | 905            | (3,850)          | 4,755                  |
| Net income (loss)  | <u>1,127</u>   | <u>(3,753)</u>   | <u>4,881</u>           |
| <b>Retained earnings:</b>  |                |                  |                        |
| Balance, beginning of the year                                       | 402            | 650              | (247)                  |
| Cash dividends (interim)   | 287            | 224              | 63                     |
| Transfer to legal reserve (interim)                                  | -              | 22               | (22)                   |
| Balance at the end of year   | <u>¥ 1,243</u> | <u>¥ (3,349)</u> | <u>¥ 4,593</u>         |

PARCO CO., LTD.

Non-consolidated Statements of Appropriation of Retained Earnings for the Fiscal Year  
 Ended February 28, 2002

(Fractional amounts less than one million yen are discarded)

|   | (¥ millions) |              |                        |
|---|--------------|--------------|------------------------|
|   | February 28  |              | Increase<br>(Decrease) |
|   | 2002         | 2001         |                        |
| <b>Unappropriated retained earnings:</b>    |              |              |                        |
| Balance at the end of year                  | ¥ 1,243      | ¥ (3,349)    | ¥ 4,593                |
| Reversal of general reserve                 | -            | 4,000        | (4,000)                |
|   | <u>1,243</u> | <u>650</u>   | <u>593</u>             |
| <b>Appropriations:</b>                      |              |              |                        |
| Transfer to legal reserve                   | -            | 23           | (23)                   |
| Cash dividends (¥4.0 per share)             | 301          | 224          | 76                     |
| Bonuses to directors and statutory auditors | 40           | -            | 40                     |
| Transfer to general reserve                 | 250          | -            | 250                    |
| <b>Balance to be carried forward</b>        | <u>¥ 652</u> | <u>¥ 402</u> | <u>¥ 249</u>           |