

PARCO CO., LTD.

Non-consolidated Financial Statements for the Fiscal Year Ended February 28, 2003
(Fractional amounts less than one million yen are discarded)

April 23, 2003

Corporate Name: PARCO CO.,LTD.

(URL <http://www.parco.co.jp>)

Address: Headquarters in Tokyo

Company Representative: Isamu Ito, President

Personnel to Contact: Kourou Hiraide, Officer
Chief General Manager

TEL (03)3477-5791

Stock Exchange Listings: Tokyo Stock Exchange
(first section)

Code Number: 8251

Board of Directors meeting: April 23, 2003

Ordinary General Meeting
of shareholders: May 24, 2003

Interim dividends payment system: Yes

Trading unit (Tangenkabu) system: Yes
(1 unit 1,000shares)

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

(1) Sales and Income

	Net sales (¥ million)	Year-on year change [%]	Operating income (¥ million)	Year-on year Change [%]	Ordinary income (¥ million)	Year-on year change [%]
Fiscal 2002	244,936	[-1.4]	7,371	[+6.4]	6,352	[+11.1]
Fiscal 2001	248,525	[+1.0]	6,929	[+10.1]	5,719	[+17.1]

	Net income (¥ million)	Year-on year change [%]	Net income per share(¥)	Net income per share (diluted) (¥)	Return on equity [%]	Ordinary income/total assets [%]	Ordinary income/net sales [%]
Fiscal 2002	1,401	[+24.3]	18.27	17.41	[+2.4]	[+3.1]	[+2.6]
Fiscal 2001	1,127	[-]	15.80	14.06	[+2.1]	[+2.7]	[+2.3]

Notes:

1. Average number of shares outstanding during the term:

Fiscal 2002 76,718,190 shares

Fiscal 2001 71,365,687 shares

2. Changes in Accounting Methods: None

3. 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 (annual) (¥ million)	Payout ratio [%]	Dividend rate for shareholders' equity [%]
	Interim	Year-end				
Fiscal 2002	8.00	4.00	4.00	616	44.0	[+1.1]
Fiscal 2001	8.00	4.00	4.00	588	52.2	[+1.0]

(3) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity/ total assets [%]	Shareholders' equity Per share (¥)
Fiscal 2002	201,572	58,737	[+29.1]	763.45
Fiscal 2001	202,846	57,419	[+28.3]	762.81

Notes: Total number of shares outstanding:

As of February 28, 2003 76,937,886 shares

As of February 28, 2002 75,274,045 shares

Total number of treasury stock

As of February 28, 2003 1,368,396 shares

As of February 28, 2002 20,981 shares

2. Projected Results for Fiscal 2003 (March 1, 2003-February 29, 2004)

	Operating revenues (¥ million)	Operating income (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividends per share (¥)		
					Interim	Year-end	
Interim period	119,700	3,650	3,150	700	4.00	-	-
Fiscal 2003	245,000	7,400	6,360	1,550	-	4.00	8.00

Reference: Estimated net income per share (fiscal 2003): ¥20.15

Notes: The above projected results are announced presupposing available information at April 23, 2003 and an assumption related to uncertain factors which will influence to future results. Actual results may be different from forecast depend on various factors in future.

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Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2003

(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2003	2002	(Decrease)
ASSETS			
Current Assets:			
Cash on hand and in banks	¥ 12,713	¥ 8,013	¥ 4,700
Notes receivable - trade	11	94	(82)
Accounts receivable - trade	5,680	5,748	(67)
Finished products	189	212	(22)
Work-in-process	10	9	1
Supplies	12	30	(18)
Advance payment	119	32	86
Prepaid expenses	663	622	40
Short-term loans	19	57	(37)
Short-term loans to affiliated company	6,270	5,235	1,035
Deferred tax assets	962	917	45
Other current assets	1,183	1,564	(380)
Less: Allowance for doubtful accounts	(1,801)	(1,887)	86
Total current assets	<u>26,036</u>	<u>20,649</u>	<u>5,386</u>
Fixed Assets:			
Tangible fixed assets:			
Buildings	38,189	38,941	(752)
Structures	528	574	(45)
Machinery and equipment	234	217	17
Motor vehicles	4	7	(2)
Tools, furniture and fixtures	837	748	89
Land	39,392	39,400	(8)
Construction in progress	-	390	(390)
Total tangible fixed assets	<u>79,186</u>	<u>80,280</u>	<u>(1,093)</u>
Intangible fixed assets:			
Goodwill	1,128	1,504	(376)
Leasehold	11,014	10,943	71
Software	219	305	(86)
Other intangible fixed assets	326	360	(34)
Total intangible fixed assets	<u>12,688</u>	<u>13,114</u>	<u>(425)</u>
Investments and other assets:			
Investment securities	7,695	10,690	(2,994)
Investments in affiliated companies	12,668	12,413	254
Investments in non-stock equity interests	5	5	-
Long-term loans	1,034	1,017	17
Long-term prepaid expenses	1,209	1,282	(73)
Fixed leasehold deposits	56,486	59,560	(3,074)
Deferred tax assets	2,321	3,269	(947)
Other investments	2,323	634	1,689
Less: Allowance for doubtful accounts	(84)	(71)	(13)
Total investments and other assets	<u>83,660</u>	<u>88,802</u>	<u>(5,142)</u>
Total fixed assets	<u>175,535</u>	<u>182,196</u>	<u>(6,661)</u>
Total assets	<u>¥ 201,572</u>	<u>¥ 202,846</u>	<u>¥ (1,274)</u>

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2003
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2003	2002	(Decrease)
LIABILITIES			
Current liabilities:			
Notes payable – trade	¥ 891	¥ 944	¥ (53)
Accounts payable – trade	14,143	14,205	(61)
Short-term borrowings	10,830	11,930	(1,100)
Current portion of long-term borrowings	10,753	14,239	(3,485)
Accounts payable – other	4,459	5,109	(650)
Accrued income taxes	364	145	218
Accrued expenses	829	901	(72)
Advance received	189	209	(19)
Withholdings	248	288	(39)
Accrued bonuses to employees	534	534	0
Allowance for sales returns	10	9	0
Allowance for books unsold	65	77	(11)
Current portion of bonds	2,000	10,000	(8,000)
Current portion of guarantee deposits received from tenants	2,333	3,674	(1,340)
Other current liabilities	161	375	(213)
Total current liabilities	<u>47,816</u>	<u>62,643</u>	<u>(14,827)</u>
Long-term liabilities:			
Straight bonds	12,000	2,000	10,000
Convertible bonds	1,337	2,674	(1,337)
Long-term borrowings	34,047	27,246	6,801
Reserve for retirement benefits	175	162	13
Accrued retirement benefits for directors and statutory auditors	306	305	1
Provision for loss on guaranty of bank loans	350	350	-
Guarantee deposits received from tenants	46,801	50,046	(3,244)
Total long-term liabilities	<u>95,018</u>	<u>82,783</u>	<u>12,234</u>
Total liabilities	<u>142,834</u>	<u>145,427</u>	<u>(2,592)</u>

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2003
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2003	2002	(Decrease)
SHAREHOLDERS' EQUITY			
Common Stock	25,892	-	25,892
Capital Surplus			
Additional paid-in capital	25,318	-	25,318
Total capital surplus	25,318	-	25,318
Retained Earnings			
Legal reserve	681	-	681
General reserve	6,261	-	6,261
Unappropriated retained earnings	1,744	-	1,744
Total retained earnings	8,686	-	8,686
Net Unrealized Gains on Securities	(447)	-	(447)
Treasury Stock	(712)	-	(712)
Total shareholders' equity	58,737	-	58,737
Common Stock	-	25,224	(25,224)
Additional paid-in capital	-	24,649	(24,649)
Legal reserve	-	681	(681)
Other reserves:			
Voluntary reserve:			
General reserve	-	6,011	(6,011)
Unappropriated retained earnings	-	1,243	(1,243)
Total retained earnings	-	7,254	(7,254)
Net Unrealized Gains on Securities	-	(378)	378
Treasury Stock	-	(11)	11
Total shareholders' equity	-	57,419	(57,419)
Total liabilities and shareholders' equity	¥ 201,572	¥ 202,846	¥ (1,274)

PARCO CO., LTD.

Non-consolidated Statements of Income for the Fiscal Year Ended February 28, 2003
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase (Decrease)
	2003	2002	
Net sales:			
Net sales by tenants	¥ 239,971	¥ 242,753	¥ (2,782)
Own sales	4,965	5,771	(806)
	<u>244,936</u>	<u>248,525</u>	<u>(3,588)</u>
Cost of sales:			
Cost of net sales by tenants	212,289	215,294	(3,005)
Cost of net own sales	3,636	4,513	(876)
	<u>215,925</u>	<u>219,808</u>	<u>(3,882)</u>
	29,010	28,717	293
Provision for allowance for sales returns	0	-	0
Reversal of allowance for sales returns	-	13	(13)
	<u>29,009</u>	<u>28,730</u>	<u>279</u>
Other operating revenues	<u>1,768</u>	<u>1,612</u>	<u>156</u>
Gross profit	30,778	30,342	435
Selling, general and administrative expenses	<u>23,407</u>	<u>23,412</u>	<u>(5)</u>
Operating income	7,371	6,929	441
Non-operating income:			
Interest income	170	242	(72)
Dividends income	43	31	11
Other non-operating income	352	363	(10)
	<u>566</u>	<u>637</u>	<u>(71)</u>
Non-operating expenses:			
Interest expenses	1,071	994	76
Bonds interest expenses	127	472	(345)
Amortization of bonds discount	-	33	(33)
Bonds issue expenses	198	-	198
Other non-operating expenses	188	347	(158)
	<u>1,584</u>	<u>1,847</u>	<u>(262)</u>
Ordinary income	6,352	5,719	632
Special income:			
Gain on sales of investment securities	342	72	269
Reversal of allowance for doubtful accounts	20	89	(69)
Settlement received on determination of purchase price of securities	-	533	(533)
Gain on termination of substitutional portion of employees' pension fund	92	-	92
	<u>455</u>	<u>696</u>	<u>(240)</u>
Special losses:			
Loss on sales of fixed assets	14	-	14
Loss on disposal of fixed assets	1,982	978	1,004
Loss on sales of investment securities	7	12	(5)
Loss on sales of investments in subsidiaries	55	25	30
Loss on write-down of investment securities	1,518	1,586	(67)
Loss on write-down of golf club memberships	-	65	(65)
Loss on write-down of investments in subsidiaries	20	854	(833)
Provision for allowance for doubtful accounts	382	680	(298)
Loss on liquidation of a subsidiary	171	-	171
Special allowance for retirement	29	158	(128)
	<u>4,182</u>	<u>4,361</u>	<u>(179)</u>
Income (Loss) before income taxes	2,625	2,054	570
Income taxes:			
Current	271	22	249
Deferred	952	905	47
Net income (loss)	<u>1,401</u>	<u>1,127</u>	<u>273</u>
Retained earnings:			
Balance, beginning of the year	652	402	249
Cash dividends (interim)	309	287	21
Balance at the end of year	<u>¥ 1,744</u>	<u>¥ 1,243</u>	<u>¥ 501</u>

PARCO CO., LTD.

Non-consolidated Statements of Appropriation of Retained Earnings for the Fiscal Year
 Ended February 28, 2003

(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase (Decrease)
	2003	2002	
Unappropriated retained earnings:			
Balance at the end of year	¥ 1,744	¥ 1,243	¥ 501
Appropriations:			
Cash dividends (¥4.0 per share)	307	301	6
Bonuses to directors and statutory auditors	55	40	15
Transfer to general reserve	750	250	500
Balance to be carried forward	¥ 630	¥ 652	¥ (21)