



June 25, 2014

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending February 28, 2015**  
**<under Japanese GAAP>**

Company name: **PARCO CO., LTD.**  
Listing: First Section of the Tokyo Stock Exchange  
Stock code: 8251  
URL: <http://www.parco.co.jp/>  
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Scheduled date to file Quarterly Securities Report: July 9, 2014  
Scheduled date of dividend distribution: –  
Preparation of supplementary material on quarterly earnings: Yes  
Holding of quarterly earnings performance review: None

(All amounts have been rounded down to the nearest million yen.)

**1. Consolidated performance for the first three months of the fiscal year ending February 28, 2015 (from March 1, 2014 to May 31, 2014)**

**(1) Consolidated operating results (cumulative)** (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
May 31, 2014	67,670	3.7	3,011	8.3	2,998	8.8	1,647	3.8
May 31, 2013	65,282	0.9	2,781	31.7	2,755	43.6	1,587	127.9

Note: Comprehensive income  
For the first three months ended May 31, 2014: 1,470 million yen [(21.0)%]  
For the first three months ended May 31, 2013: 1,860 million yen [149.4%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
May 31, 2014	16.23	–
May 31, 2013	15.65	–

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2014	226,096	109,380	48.4
February 28, 2014	220,757	108,823	49.3

Reference: Equity  
As of May 31, 2014: 109,380 million yen  
As of February 28, 2014: 108,823 million yen

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2014	–	9.00	–	9.00	18.00
Fiscal year ending February 28, 2015	–				
Fiscal year ending February 28, 2015 (Forecast)		9.00	–	9.00	18.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending August 31, 2014	132,200	2.2	6,100	2.9	6,000	3.0	3,350	2.1	33.02
Fiscal year ending February 28, 2015	273,000	3.3	12,200	0.0	12,050	0.3	6,800	0.3	67.02

Note: Revisions to the consolidated earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of issued shares (common shares)
  - a. Total number of issued shares at the end of the period (including treasury shares)
 

As of May 31, 2014	101,462,977 shares
As of February 28, 2014	101,462,977 shares
  - b. Number of treasury shares at the end of the period
 

As of May 31, 2014	2,684 shares
As of February 28, 2014	2,587 shares
  - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

For the first three months ended May 31, 2014	101,460,342 shares
For the first three months ended May 31, 2013	101,453,390 shares

**\* Indication regarding execution of quarterly review procedures**

The quarterly review procedures pursuant to the Financial Instruments and Exchange Act do not apply to this quarterly earnings report. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly consolidated financial statements are in progress.

**\* Proper use of earnings forecasts, and other special matters**

Caution concerning forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the time of the filing and certain assumptions deemed reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

Method of accessing supplementary material on quarterly earnings

Supplementary material on quarterly earnings will be disclosed on TDnet, on the date of this report.

## Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of May 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,529	3,536
Notes and operating accounts receivable	7,581	14,676
Merchandise and finished goods	2,984	3,165
Work in process	278	321
Raw materials and supplies	40	39
Other	7,987	4,539
Allowance for doubtful accounts	(5)	(9)
<b>Total current assets</b>	<b>22,396</b>	<b>26,268</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	121,524	122,173
Accumulated depreciation	(77,395)	(78,045)
Accumulated impairment loss	(1,131)	(1,117)
Buildings and structures, net	42,997	43,010
Buildings and structures in trust	17,667	17,672
Accumulated depreciation	(3,339)	(3,557)
Buildings and structures in trust, net	14,327	14,114
Machinery, equipment and vehicles	845	845
Accumulated depreciation	(645)	(656)
Machinery, equipment and vehicles, net	200	188
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(9)	(9)
Machinery, equipment and vehicles in trust, net	7	6
Other	5,865	6,098
Accumulated depreciation	(4,469)	(4,542)
Accumulated impairment loss	(137)	(141)
Other, net	1,257	1,413
Other in trust	138	148
Accumulated depreciation	(84)	(88)
Other in trust, net	53	60
Land	43,803	43,803
Land in trust	46,992	46,992
Construction in progress	4,950	6,792
<b>Total property, plant and equipment</b>	<b>154,590</b>	<b>156,383</b>
<b>Intangible assets</b>		
Leasehold right	10,949	10,949
Other	898	896
<b>Total intangible assets</b>	<b>11,847</b>	<b>11,846</b>
<b>Investments and other assets</b>		
Investment securities	2,886	2,594
Lease and guarantee deposits	27,299	27,066
Other	1,945	2,144
Allowance for doubtful accounts	(209)	(208)
<b>Total investments and other assets</b>	<b>31,921</b>	<b>31,597</b>
<b>Total non-current assets</b>	<b>198,360</b>	<b>199,827</b>
<b>Total assets</b>	<b>220,757</b>	<b>226,096</b>

(Millions of yen)

	As of February 28, 2014	As of May 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable - trade	15,564	21,857
Short-term loans payable	14,719	12,419
Income taxes payable	1,216	1,169
Provision	1,626	2,154
Other	7,904	12,353
Total current liabilities	41,030	49,954
Non-current liabilities		
Long-term loans payable	35,705	31,654
Provision	1,788	1,769
Guarantee deposits received	32,740	32,602
Other	668	734
Total non-current liabilities	70,902	66,761
<b>Total liabilities</b>	<b>111,933</b>	<b>116,715</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	38,781	39,515
Treasury shares	(2)	(2)
Total shareholders' equity	108,276	109,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	671	483
Foreign currency translation adjustment	(124)	(113)
Total accumulated other comprehensive income	547	370
<b>Total net assets</b>	<b>108,823</b>	<b>109,380</b>
<b>Total liabilities and net assets</b>	<b>220,757</b>	<b>226,096</b>

**(2) Consolidated statements of (comprehensive) income**  
**Consolidated statements of income (cumulative)**

(Millions of yen)

	First three months ended May 31, 2013	First three months ended May 31, 2014
Net sales	65,282	67,670
Cost of sales	55,397	57,587
Gross profit	9,885	10,083
Operating revenue	914	1,025
Operating gross profit	10,800	11,109
Selling, general and administrative expenses	8,018	8,097
Operating income	2,781	3,011
Non-operating income		
Interest income	17	16
Dividend income	3	3
Miscellaneous income	112	100
Total non-operating income	132	120
Non-operating expenses		
Interest expenses	136	119
Miscellaneous expenses	22	14
Total non-operating expenses	159	134
Ordinary income	2,755	2,998
Extraordinary income		
Gain on sales of investment securities	10	–
Other	0	–
Total extraordinary income	10	–
Extraordinary losses		
Loss on retirement of non-current assets	73	209
Impairment loss	–	14
Other	0	1
Total extraordinary losses	74	225
Income before income taxes and minority interests	2,691	2,772
Income taxes	1,104	1,125
Income before minority interests	1,587	1,647
Net income	1,587	1,647

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	First three months ended May 31, 2013	First three months ended May 31, 2014
Income before minority interests	1,587	1,647
Other comprehensive income		
Valuation difference on available-for-sale securities	259	(187)
Foreign currency translation adjustment	10	12
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	273	(176)
Comprehensive income	1,860	1,470
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,860	1,470
Comprehensive income attributable to minority interests	—	—

**(3) Consolidated statements of cash flows**

(Millions of yen)

	First three months ended May 31, 2013	First three months ended May 31, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	2,691	2,772
Depreciation	1,428	1,392
Impairment loss	–	14
Increase in provision for bonuses	577	596
Decrease in provision for retirement benefits	(3)	(18)
Decrease in provision for loss on store closing	–	(78)
Interest and dividend income	(20)	(19)
Interest expenses	136	119
Loss on sales and retirement of non-current assets	42	85
Increase in notes and accounts receivable - trade	(3,049)	(7,094)
Increase in inventories	(475)	(221)
Increase in notes and accounts payable - trade	4,003	6,292
Increase/decrease in other assets/liabilities	546	1,681
Other, net	12	24
Subtotal	5,890	5,546
Interest and dividend income received	20	19
Interest expenses paid	(195)	(213)
Payments for cancellation of rental contracts	(999)	–
Income taxes paid	(3,247)	(1,131)
Net cash provided by operating activities	1,468	4,221
<b>Cash flows from investing activities</b>		
Purchase of securities	(300)	–
Purchase of property, plant and equipment	(30,946)	(3,442)
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	238	–
Payments for lease and guarantee deposits	(411)	(170)
Proceeds from collection of lease and guarantee deposits	8,184	3,328
Increase (decrease) in guarantee deposits received	339	(53)
Other, net	(125)	(79)
Net cash used in investing activities	(23,023)	(417)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,200	(2,500)
Increase in commercial papers	1,999	3,499
Proceeds from long-term loans payable	15,500	–
Repayments of long-term loans payable	(2,488)	(3,850)
Net decrease (increase) in treasury shares	7	(0)
Cash dividends paid	(913)	(913)
Other, net	(42)	(43)
Net cash provided by (used in) financing activities	17,263	(3,807)
Effect of exchange rate change on cash and cash equivalents	19	10
Net increase (decrease) in cash and cash equivalents	(4,270)	7
Cash and cash equivalents at beginning of period	10,463	3,529
Cash and cash equivalents at end of period	6,192	3,536