

<Excerpt English translation of the original Japanese-language document>



MEMBERSHIP

December 24, 2015

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending February 29, 2016
<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: January 13, 2016

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 nine months of the fiscal year ending
February 29, 2016 (from March 1, 2015 to November 30, 2015)**

(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 nine months ended								
November 30, 2015	204,230	3.5	9,295	5.2	9,175	4.1	4,749	(5.9)
November 30, 2014	197,300	1.7	8,834	1.6	8,811	2.9	5,045	5.2

Note: Comprehensive income

For the first nine months ended November 30, 2015: 4,171 million yen [(17.0)%]

For the first nine months ended November 30, 2014: 5,026 million yen [(5.6)%]

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
November 30, 2015	46.81	–
November 30, 2014	49.73	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
November 30, 2015	234,530	115,224	49.1
February 28, 2015	226,830	113,211	49.9

Reference: Equity

As of November 30, 2015: 115,224 million yen

As of February 28, 2015: 113,211 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, 2015	–	9.00	–	9.00	18.00
Fiscal year ending February 29, 2016	–	10.00	–		
Fiscal year ending February 29, 2016 (Forecast)				10.00	20.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

(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
Fiscal year ending February 29, 2016	283,800	5.2	12,900	3.1	12,600	0.8	6,600	4.9	65.05

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: Yes
 - 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 November 30, 2015	101,462,977 shares
As of February 28, 2015	101,462,977 shares
 - b. Number of treasury shares at the end of the period

As of November 30, 2015	3,999 shares
As of February 28, 2015	3,242 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first nine months ended November 30, 2015	101,459,226 shares
For the first nine months ended November 30, 2014	101,460,178 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, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	4,333	3,129
Notes and operating accounts receivable	11,655	13,544
Merchandise and finished goods	3,069	3,869
Work in process	670	514
Raw materials and supplies	37	37
Other	7,649	5,717
Allowance for doubtful accounts	(4)	(4)
Total current assets	27,410	26,807
Non-current assets		
Property, plant and equipment		
Buildings and structures	124,240	128,807
Accumulated depreciation	(79,979)	(81,747)
Accumulated impairment loss	(1,224)	(1,888)
Buildings and structures, net	43,036	45,171
Buildings and structures in trust	21,872	21,912
Accumulated depreciation	(4,290)	(5,127)
Buildings and structures in trust, net	17,582	16,785
Machinery, equipment and vehicles	867	882
Accumulated depreciation	(681)	(715)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	185	166
Machinery, equipment and vehicles in trust	171	171
Accumulated depreciation	(15)	(27)
Machinery, equipment and vehicles in trust, net	155	143
Other	6,419	6,769
Accumulated depreciation	(4,720)	(4,881)
Accumulated impairment loss	(70)	(86)
Other, net	1,628	1,802
Other in trust	192	193
Accumulated depreciation	(102)	(118)
Other in trust, net	90	74
Land	43,024	51,581
Land in trust	47,069	47,069
Construction in progress	5,864	4,171
Total property, plant and equipment	158,636	166,965
Intangible assets		
Leasehold right	10,969	10,969
Other	1,042	1,354
Total intangible assets	12,011	12,324
Investments and other assets		
Investment securities	2,371	1,249
Lease and guarantee deposits	24,075	24,284
Other	2,518	3,087
Allowance for doubtful accounts	(193)	(189)
Total investments and other assets	28,771	28,432
Total non-current assets	199,419	207,722
Total assets	226,830	234,530

(Millions of yen)

	As of February 28, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	17,850	22,609
Short-term loans payable	8,569	8,519
Income taxes payable	3,556	975
Provision	1,579	1,029
Other	15,916	21,931
Total current liabilities	47,472	55,065
Non-current liabilities		
Long-term loans payable	32,161	29,170
Guarantee deposits received	31,206	30,917
Provision	–	1,052
Net defined benefit liability	1,964	2,224
Other	814	875
Total non-current liabilities	66,146	64,239
Total liabilities	113,618	119,305
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	43,249	45,842
Treasury shares	(2)	(3)
Total shareholders' equity	112,743	115,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	656	44
Foreign currency translation adjustment	(59)	(92)
Remeasurements of defined benefit plans	(129)	(62)
Total accumulated other comprehensive income	467	(110)
Total net assets	113,211	115,224
Total liabilities and net assets	226,830	234,530

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

(Millions of yen)

	First nine months ended November 30, 2014	First nine months ended November 30, 2015
Net sales	197,300	204,230
Cost of sales	167,382	173,299
Gross profit	29,918	30,930
Operating revenue	3,163	3,557
Operating gross profit	33,081	34,488
Selling, general and administrative expenses	24,247	25,192
Operating income	8,834	9,295
Non-operating income		
Interest income	33	31
Dividend income	33	21
Miscellaneous income	293	160
Total non-operating income	360	213
Non-operating expenses		
Interest expenses	329	296
Miscellaneous expenses	52	36
Total non-operating expenses	382	333
Ordinary income	8,811	9,175
Extraordinary income		
Gain on sales of investment securities	99	1,220
Other	1	29
Total extraordinary income	101	1,250
Extraordinary losses		
Loss on sales of non-current assets	–	20
Loss on retirement of non-current assets	501	678
Impairment loss	53	42
Loss on closing of stores	–	1,886
Other	6	0
Total extraordinary losses	561	2,627
Income before income taxes and minority interests	8,351	7,797
Income taxes	3,305	3,048
Income before minority interests	5,045	4,749
Net income	5,045	4,749

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First nine months ended November 30, 2014	First nine months ended November 30, 2015
Income before minority interests	5,045	4,749
Other comprehensive income		
Valuation difference on available-for-sale securities	(53)	(611)
Foreign currency translation adjustment	32	(21)
Remeasurements of defined benefit plans, net of tax	–	66
Share of other comprehensive income of entities accounted for using equity method	2	(10)
Total other comprehensive income	(18)	(577)
Comprehensive income	5,026	4,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,026	4,171
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of cash flows

(Millions of yen)

	First nine months ended November 30, 2014	First nine months ended November 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	8,351	7,797
Depreciation	4,321	4,629
Impairment loss	53	42
Decrease in provision for bonuses	(529)	(584)
Decrease in provision for retirement benefits	(21)	–
Increase in net defined benefit liability	–	26
Interest and dividend income	(66)	(53)
Interest expenses	329	296
Loss on sales and retirement of non-current assets	166	190
Gain on sales of investment securities	(99)	(1,220)
Loss on store closings	–	1,886
Increase in notes and accounts receivable - trade	(9,431)	(1,889)
Increase in inventories	(741)	(644)
Increase in notes and accounts payable - trade	8,652	4,759
Increase/decrease in other assets/liabilities	3,629	378
Other, net	31	97
Subtotal	14,645	15,715
Interest and dividend income received	66	53
Interest expenses paid	(428)	(378)
Payment resulting from store closing	(107)	–
Income taxes paid	(2,631)	(5,555)
Net cash provided by operating activities	11,544	9,834
Cash flows from investing activities		
Payments into time deposits	(171)	(253)
Proceeds from withdrawal of time deposits	–	252
Purchase of property, plant and equipment	(8,142)	(15,301)
Proceeds from sales of property, plant and equipment	–	6
Purchase of investment securities	(2)	(402)
Proceeds from sales of investment securities	559	1,722
Payments for lease and guarantee deposits	(852)	(605)
Proceeds from collection of lease and guarantee deposits	3,812	3,692
Decrease in guarantee deposits received	(282)	(507)
Other, net	(397)	(1,015)
Net cash used in investing activities	(5,476)	(12,411)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,000)	1,500
Net increase in commercial papers	8,999	6,498
Proceeds from long-term loans payable	3,300	3,000
Repayments of long-term loans payable	(8,550)	(7,536)
Net increase in treasury shares	(0)	(0)
Cash dividends paid	(1,826)	(1,927)
Other, net	(126)	(130)
Net cash provided by (used in) financing activities	(4,204)	1,402
Effect of exchange rate change on cash and cash equivalents	36	(9)
Net increase (decrease) in cash and cash equivalents	1,899	(1,183)
Cash and cash equivalents at beginning of period	3,529	4,059
Cash and cash equivalents at end of period	5,429	2,876