



June 26, 2017

Consolidated Financial Results for the Three Months of the Fiscal Year Ending February 28, 2018 <under IFRS>

Company name: **PARCO CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 8251
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Scheduled date to file Quarterly Securities Report: July 12, 2017
 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 three months of the fiscal year ending February 28, 2018 (from March 1, 2017 to May 31, 2017)

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

	Operating revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 31, 2017	23,508	(0.8)	3,497	2.5	3,422	2.0	2,301	5.2
May 31, 2016	23,706	–	3,412	–	3,355	–	2,186	–

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
May 31, 2017	2,301	5.2	2,257	1.3	22.68	–
May 31, 2016	2,186	–	2,228	–	21.55	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
May 31, 2017	252,139	121,640	121,640	48.2	1,198.93
February 28, 2017	248,806	120,600	120,600	48.5	1,188.67

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, 2017	–	11.00	–	12.00	23.00
Fiscal year ending February 28, 2018	–				
Fiscal year ending February 28, 2018 (Forecast)		11.00	–	12.00	23.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2017	45,500	(3.5)	5,900	(38.7)	5,700	(38.1)	3,800	(32.3)	37.45
Fiscal year ending February 28, 2018	95,100	1.4	11,500	(19.0)	11,000	(19.5)	7,400	(15.9)	72.94

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

Because the actual IFRS figures used in the consolidated financial results for the fiscal year ended February 28, 2017 were estimates, the percentage changes have changed.

* **Notes**

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- a. Changes in accounting policies required by IFRS: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
- (3) 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, 2017 101,462,977 shares
 - As of February 28, 2017 101,462,977 shares
 - b. Number of treasury shares at the end of the period
 - As of May 31, 2017 4,694 shares
 - As of February 28, 2017 4,591 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - For the three months ended May 31, 2017 101,458,315 shares
 - For the three months ended May 31, 2016 101,458,726 shares

*** Quarterly earnings reports are not required to be subjected to quarterly reviews.**

*** 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.

Application of International Financial Reporting Standards (IFRS)

The Group has applied the International Financial Reporting Standards (IFRS) from the three months of the fiscal year ending February 28, 2018. Financial figures for the three months ended May 31, 2016 and the fiscal year ended February 28, 2017 are also presented in accordance with IFRS.

Condensed quarterly consolidated financial statements
(1) Condensed consolidated statements of financial position

	As of March 1, 2016 (IFRS transition date)	As of February 28, 2017	As of May 31, 2017
	Millions of yen	Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	6,584	10,522	8,989
Trade and other receivables	9,631	9,837	13,411
Other financial assets	1,312	1,356	1,341
Inventories	3,738	10,092	11,226
Other current assets	1,656	1,738	1,620
Total current assets	22,923	33,547	36,589
Non-current assets			
Property, plant and equipment	174,096	179,843	180,441
Intangible assets	1,211	1,570	1,582
Investment property	6,839	6,521	6,505
Investments accounted for using equity method	385	50	39
Other financial assets	22,385	21,476	21,218
Deferred tax assets	4,818	2,958	2,978
Other non-current assets	3,000	2,838	2,784
Total non-current assets	212,736	215,258	215,550
Total assets	235,659	248,806	252,139

	As of March 1, 2016 (IFRS transition date)	As of February 28, 2017	As of May 31, 2017
	Millions of yen	Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	19,299	20,279	19,637
Trade and other payables	23,317	21,310	26,651
Other financial liabilities	1,696	2,056	1,761
Income tax payables	2,627	1,290	1,258
Provisions	492	1,044	268
Other current liabilities	5,194	8,654	11,393
Total current liabilities	<u>52,627</u>	<u>54,636</u>	<u>60,971</u>
Non-current liabilities			
Bonds and borrowings	35,265	37,882	34,240
Other financial liabilities	30,590	28,154	28,252
Net defined benefit liability	2,468	2,130	2,112
Provisions	1,069	474	480
Other non-current liabilities	29	4,926	4,442
Total non-current liabilities	<u>69,423</u>	<u>73,568</u>	<u>69,527</u>
Total liabilities	122,051	128,205	130,498
Equity			
Share capital	34,367	34,367	34,367
Share premium	35,129	35,129	35,129
Treasury shares	(3)	(4)	(4)
Other components of equity	(285)	(184)	(227)
Retained earnings	44,400	51,292	52,376
Total equity attributable to owners of parent	<u>113,607</u>	<u>120,600</u>	<u>121,640</u>
Total equity	<u>113,607</u>	<u>120,600</u>	<u>121,640</u>
Total liabilities and equity	<u><u>235,659</u></u>	<u><u>248,806</u></u>	<u><u>252,139</u></u>

(2) Condensed consolidated statements of income

	Three months ended May 31, 2016	Three months ended May 31, 2017
	Millions of yen	Millions of yen
Operating revenue	23,706	23,508
Operating cost	(15,653)	(15,914)
Operating gross profit	8,052	7,594
Selling, general and administrative expense	(4,563)	(4,786)
Other income	154	928
Other expense	(231)	(238)
Operating profit	3,412	3,497
Finance income	46	24
Finance cost	(87)	(87)
Share of loss of entities accounted for using equity method	(15)	(11)
Profit before tax	3,355	3,422
Income tax expense	(1,169)	(1,121)
Profit	2,186	2,301
Profit attributable to		
Owners of parent	2,186	2,301
Profit	2,186	2,301
Earnings per share		
Basic and diluted earnings per share (Yen)	21.55	22.68

(3) Condensed consolidated statements of comprehensive income

	Three months ended May 31, 2016	Three months ended May 31, 2017
	Millions of yen	Millions of yen
Profit	2,186	2,301
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	43	(53)
Remeasurements of defined benefit plans	(6)	–
Total amount of items that will not be reclassified to profit or loss	37	(53)
Items that might be reclassified to profit or loss		
Cash flow hedges	12	10
Exchange differences on translation of foreign operations	(7)	(0)
Total amount of items that might be reclassified to profit or loss	4	9
Other comprehensive income, net of tax	42	(43)
Comprehensive income	2,228	2,257
Comprehensive income attributable to		
Owners of parent	2,228	2,257
Comprehensive income	2,228	2,257

(4) Condensed consolidated statements of changes in equity
Three months ended May 31, 2016

Equity attributable to owners of parent

	Equity attributable to owners of parent					
	Share capital	Share premium	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2016	34,367	35,129	(3)	(260)	–	(25)
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	43	(6)	12
Total comprehensive income	–	–	–	43	(6)	12
Purchase of treasury shares	–	–	(0)	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	–	6	–
Total amount of transactions with owners	–	–	(0)	–	6	–
Balance as of May 31, 2016	34,367	35,129	(3)	(217)	–	(12)

Equity attributable to owners of parent

	Equity attributable to owners of parent				
	Other components of equity		Retained earnings	Total	Total
	Exchange differences on translation of foreign operations	Total			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2016	–	(285)	44,400	113,607	113,607
Profit	–	–	2,186	2,186	2,186
Other comprehensive income	(7)	42	–	42	42
Total comprehensive income	(7)	42	2,186	2,228	2,228
Purchase of treasury shares	–	–	–	(0)	(0)
Dividends	–	–	(1,014)	(1,014)	(1,014)
Transfer to retained earnings	–	6	(6)	–	–
Total amount of transactions with owners	–	6	(1,020)	(1,014)	(1,014)
Balance as of May 31, 2016	(7)	(237)	45,566	114,821	114,821

Three months ended May 31, 2017

Equity attributable to owners of parent

	Other components of equity					
	Share capital	Share premium	Treasury shares	Financial assets	Remeasurements of	Cash flow hedges
				measured at fair value through other comprehensive income	defined benefit plans	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2017	34,367	35,129	(4)	(185)	–	19
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	(53)	–	10
Total comprehensive income	–	–	–	(53)	–	10
Purchase of treasury shares	–	–	(0)	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	–	–	–
Total amount of transactions with owners	–	–	(0)	–	–	–
Balance as of May 31, 2017	34,367	35,129	(4)	(238)	–	30

Equity attributable to owners of parent

	Other components of equity				Total
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2017	(18)	(184)	51,292	120,600	120,600
Profit	–	–	2,301	2,301	2,301
Other comprehensive income	(0)	(43)	–	(43)	(43)
Total comprehensive income	(0)	(43)	2,301	2,257	2,257
Purchase of treasury shares	–	–	–	(0)	(0)
Dividends	–	–	(1,217)	(1,217)	(1,217)
Transfer to retained earnings	–	–	–	–	–
Total amount of transactions with owners	–	–	(1,217)	(1,217)	(1,217)
Balance as of May 31, 2017	(19)	(227)	52,376	121,640	121,640

(5) Condensed consolidated statements of cash flows

	Three months ended May 31, 2016	Three months ended May 31, 2017
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	3,355	3,422
Depreciation and amortization expense	1,254	1,360
Increase (decrease) in net defined benefit liability	(19)	(18)
Finance income	(46)	(24)
Finance cost	87	87
Share of (profit) loss of entities accounted for using equity method	15	11
Loss (gain) on sales and retirement of non-current assets	(36)	43
Decrease (increase) in trade receivables	(3,850)	(3,640)
Decrease (increase) in inventories	(285)	(1,133)
Increase (decrease) in trade payables	4,761	5,581
Increase/decrease in other assets/liabilities	423	2,000
Other, net	23	(25)
Subtotal	5,683	7,665
Interest and dividends received	12	10
Interest paid	(156)	(130)
Income taxes paid	(2,476)	(1,041)
Net cash provided by (used in) operating activities	3,061	6,503
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,123)	(2,432)
Proceeds from sales of property, plant and equipment	397	16
Payments for investments in real estates	–	(39)
Payments for lease and guarantee deposits	(21)	(13)
Proceeds from collection of lease and guarantee deposits	217	216
Other, net	(305)	(225)
Net cash provided by (used in) investing activities	(1,835)	(2,478)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,000	–
Net increase (decrease) in commercial papers	(399)	2,900
Repayments of non-current borrowings	(2,930)	(7,180)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(1,014)	(1,217)
Other, net	(59)	(59)
Net cash provided by (used in) financing activities	(3,403)	(5,557)
Net increase (decrease) in cash and cash equivalents	(2,177)	(1,532)
Cash and cash equivalents at beginning of period	6,584	10,522
Effect of exchange rate changes on cash and cash equivalents	(1)	(0)
Cash and cash equivalents at end of period	4,405	8,989