



October 6, 2017

Consolidated Financial Results for the Six 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: October 12, 2017
 Scheduled date of dividend distribution: October 23, 2017
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly earnings performance review: Yes (for institutional investors and analysts)

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

1. Consolidated performance for the six months of the fiscal year ending February 28, 2018 (from March 1, 2017 to August 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	%
Six months ended August 31, 2017	45,230	(4.1)	6,666	(31.4)	6,552	(29.6)	4,469	(21.2)
August 31, 2016	47,168	–	9,716	–	9,303	–	5,672	–

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended August 31, 2017	4,469	(21.2)	4,460	(21.6)	44.05	–
August 31, 2016	5,672	–	5,688	–	55.91	–

(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
August 31, 2017	260,803	123,842	123,842	47.5	1,220.63
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	–	11.00			
Fiscal year ending February 28, 2018 (Forecast)			–	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
Fiscal year ending February 28, 2018	94,000	0.2	11,600	(18.3)	11,200	(18.1)	7,500	(14.7)	73.92

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* **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 August 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 August 31, 2017	4,911 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 six months ended August 31, 2017	101,458,242 shares
For the six months ended August 31, 2016	101,458,689 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 six months ended August 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 August 31, 2017
	Millions of yen	Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	6,584	10,522	18,283
Trade and other receivables	9,631	9,837	9,918
Other financial assets	1,312	1,356	1,001
Inventories	3,738	10,092	13,393
Other current assets	1,656	1,738	1,832
Total current assets	<u>22,923</u>	<u>33,547</u>	<u>44,429</u>
Non-current assets			
Property, plant and equipment	174,096	179,843	180,791
Intangible assets	1,211	1,570	1,506
Investment property	6,839	6,521	7,003
Investments accounted for using equity method	385	50	32
Other financial assets	22,385	21,476	21,095
Deferred tax assets	4,818	2,958	3,015
Other non-current assets	3,000	2,838	2,929
Total non-current assets	<u>212,736</u>	<u>215,258</u>	<u>216,374</u>
Total assets	<u><u>235,659</u></u>	<u><u>248,806</u></u>	<u><u>260,803</u></u>

	As of March 1, 2016 (IFRS transition date)	As of February 28, 2017	As of August 31, 2017
	Millions of yen	Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	19,299	20,279	14,635
Trade and other payables	23,317	21,310	23,527
Other financial liabilities	1,696	2,056	1,987
Income tax payables	2,627	1,290	2,477
Provisions	492	1,044	126
Other current liabilities	5,194	8,654	26,830
Total current liabilities	52,627	54,636	69,585
Non-current liabilities			
Bonds and borrowings	35,265	37,882	33,030
Other financial liabilities	30,590	28,154	27,814
Net defined benefit liability	2,468	2,130	2,097
Provisions	1,069	474	462
Other non-current liabilities	29	4,926	3,970
Total non-current liabilities	69,423	73,568	67,375
Total liabilities	122,051	128,205	136,960
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)	(193)
Retained earnings	44,400	51,292	54,544
Total equity attributable to owners of parent	113,607	120,600	123,842
Total equity	113,607	120,600	123,842
Total liabilities and equity	235,659	248,806	260,803

(2) Condensed consolidated statements of income

	Six months ended August 31, 2016	Six months ended August 31, 2017
	Millions of yen	Millions of yen
Operating revenue	47,168	45,230
Operating cost	(30,662)	(30,076)
Operating gross profit	16,505	15,153
Selling, general and administrative expense	(9,143)	(9,424)
Other income	3,002	1,578
Other expense	(648)	(640)
Operating profit	9,716	6,666
Finance income	87	62
Finance cost	(175)	(157)
Share of loss of entities accounted for using equity method	(325)	(18)
Profit before tax	9,303	6,552
Income tax expense	(3,631)	(2,083)
Profit	5,672	4,469
Profit attributable to		
Owners of parent	5,672	4,469
Profit	5,672	4,469
Earnings per share		
Basic and diluted earnings per share (Yen)	55.91	44.05

(3) Condensed consolidated statements of comprehensive income

	Six months ended August 31, 2016	Six months ended August 31, 2017
	Millions of yen	Millions of yen
Profit	5,672	4,469
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	51	(22)
Remeasurements of defined benefit plans	(6)	–
Total amount of items that will not be reclassified to profit or loss	45	(22)
Items that might be reclassified to profit or loss		
Cash flow hedges	0	12
Exchange differences on translation of foreign operations	(29)	0
Total amount of items that might be reclassified to profit or loss	(29)	13
Other comprehensive income, net of tax	16	(9)
Comprehensive income	5,688	4,460
Comprehensive income attributable to		
Owners of parent	5,688	4,460
Comprehensive income	5,688	4,460

(4) Condensed consolidated statements of changes in equity
Six months ended August 31, 2016

Equity attributable to owners of parent

	Other components of equity					
	Share capital	Share premium	Treasury shares	Financial assets	Remeasurements of defined benefit plans	Cash flow hedges
				measured at fair value through other comprehensive income		
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	–	–	–	51	(6)	0
Total comprehensive income	–	–	–	51	(6)	0
Purchase of treasury shares	–	–	(0)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	0	6	–
Total amount of transactions with owners	–	(0)	(0)	0	6	–
Balance as of August 31, 2016	34,367	35,129	(4)	(208)	–	(25)

Equity attributable to owners of parent

	Other components of equity				
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	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	–	–	5,672	5,672	5,672
Other comprehensive income	(29)	16	–	16	16
Total comprehensive income	(29)	16	5,672	5,688	5,688
Purchase of treasury shares	–	–	–	(0)	(0)
Disposal 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 August 31, 2016	(29)	(263)	49,051	118,281	118,281

Six months ended August 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	–	–	–	(22)	–	12
Total comprehensive income	–	–	–	(22)	–	12
Purchase of treasury shares	–	–	(0)	–	–	–
Disposal of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	–	–	–
Total amount of transactions with owners	–	–	(0)	–	–	–
Balance as of August 31, 2017	34,367	35,129	(4)	(207)	–	31

Equity attributable to owners of parent

	Other components of equity				
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Total
	Millions of yen	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	–	–	4,469	4,469	4,469
Other comprehensive income	0	(9)	–	(9)	(9)
Total comprehensive income	0	(9)	4,469	4,460	4,460
Purchase of treasury shares	–	–	–	(0)	(0)
Disposal of treasury shares	–	–	–	–	–
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 August 31, 2017	(17)	(193)	54,544	123,842	123,842

(5) Condensed consolidated statements of cash flows

	Six months ended August 31, 2016	Six months ended August 31, 2017
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	9,303	6,552
Depreciation and amortization expense	2,606	2,732
Impairment loss	168	240
Increase (decrease) in net defined benefit liability	(32)	(33)
Finance income	(87)	(62)
Finance cost	175	157
Share of (profit) loss of entities accounted for using equity method	325	18
Loss (gain) on sales and retirement of non-current assets	(2,743)	79
Decrease (increase) in trade receivables	(180)	(253)
Decrease (increase) in inventories	(40)	(3,300)
Increase (decrease) in trade payables	1,685	3,016
Increase/decrease in other assets/liabilities	(2,649)	16,012
Other, net	116	94
Subtotal	8,646	25,255
Interest and dividends received	20	19
Interest paid	(192)	(209)
Income taxes paid	(2,426)	(1,021)
Payment resulting from store closing	(134)	-
Net cash provided by (used in) operating activities	5,914	24,043
Cash flows from investing activities		
Payments into time deposits	(161)	-
Proceeds from withdrawal of time deposits	243	80
Purchase of property, plant and equipment	(9,804)	(4,355)
Proceeds from sales of property, plant and equipment	3,980	16
Payments for investments in real estates	-	(583)
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	-	19
Payments for lease and guarantee deposits	(304)	(41)
Proceeds from collection of lease and guarantee deposits	556	679
Other, net	(604)	(276)
Net cash provided by (used in) investing activities	(6,095)	(4,462)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	(1,899)	(2,099)
Proceeds from non-current borrowings	6,000	-
Repayments of non-current borrowings	(3,700)	(8,390)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(1,014)	(1,217)
Other, net	(166)	(113)
Net cash provided by (used in) financing activities	(780)	(11,821)
Net increase (decrease) in cash and cash equivalents	(962)	7,759
Cash and cash equivalents at beginning of period	6,584	10,522
Effect of exchange rate changes on cash and cash equivalents	(6)	1
Cash and cash equivalents at end of period	5,615	18,283