



June 27, 2018

Consolidated Financial Results
for the Three Months of the Fiscal Year Ending February 28, 2019
<under IFRS>

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 11, 2018
 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, 2019 (from March 1, 2018 to May 31, 2018)

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

Three months ended	Operating revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2018	22,026	(6.3)	2,283	(18.7)	2,750	(21.4)	2,663	(22.2)
May 31, 2017	23,508	(0.8)	2,807	(19.5)	3,497	2.5	3,422	2.0

Three months ended	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
May 31, 2018	1,784	(22.5)	1,886	(16.4)	17.59	–
May 31, 2017	2,301	5.2	2,257	1.3	22.68	–

Note: Business profit is calculated by deducting the sum of operating cost and selling, general and administrative expense from operating revenue.

(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, 2018	258,647	126,979	126,979	49.1	1,251.56
February 28, 2018	261,835	126,311	126,311	48.2	1,244.97

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, 2018	–	11.00	–	12.00	23.00
Fiscal year ending February 28, 2019	–				
Fiscal year ending February 28, 2019 (Forecast)		12.00	–	12.00	24.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

(Percentages indicate year-on-year changes.)

	Operating revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending August 31, 2018	46,400	2.6	5,700	(0.5)	6,400	(4.0)	6,250	(4.6)
Fiscal year ending February 28, 2019	96,000	4.8	10,750	4.5	11,750	0.3	11,400	(0.5)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending August 31, 2018	4,250	(4.9)	41.89
Fiscal year ending February 28, 2019	7,700	(1.4)	75.89

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

The consolidated earnings forecasts have not been revised since the forecasts for the six months ending August 31, 2018 and the fiscal year ending February 28, 2019 announced in the consolidated financial results released on April 9, 2018. However, a forecast for business profit has been newly added. Furthermore, net profit is omitted from the above presentation.

* **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: Yes
 - 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, 2018	101,462,977 shares
As of February 28, 2018	101,462,977 shares
 - b. Number of treasury shares at the end of the period

As of May 31, 2018	5,507 shares
As of February 28, 2018	5,369 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended May 31, 2018	101,457,546 shares
For the three months ended May 31, 2017	101,458,315 shares

*** Quarterly earnings reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit corporation.**

*** 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.

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

	As of February 28, 2018	As of May 31, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	12,464	6,049
Trade and other receivables	10,839	12,726
Other financial assets	721	639
Inventories	13,458	13,757
Other current assets	1,762	2,246
Total current assets	<u>39,245</u>	<u>35,417</u>
Non-current assets		
Property, plant and equipment	186,791	187,106
Intangible assets	1,494	1,496
Investment property	8,493	8,617
Investments accounted for using equity method	21	25
Other financial assets	21,065	21,348
Deferred tax assets	1,855	1,811
Other non-current assets	2,867	2,823
Total non-current assets	<u>222,590</u>	<u>223,229</u>
Total assets	<u><u>261,835</u></u>	<u><u>258,647</u></u>

	As of February 28, 2018	As of May 31, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,580	7,080
Trade and other payables	23,780	24,103
Other financial liabilities	1,212	1,116
Income tax payables	1,475	1,017
Provisions	7	7
Contract liabilities	-	13,563
Other current liabilities	17,457	5,419
Total current liabilities	<u>52,514</u>	<u>52,308</u>
Non-current liabilities		
Borrowings	44,240	41,160
Other financial liabilities	33,447	33,364
Net defined benefit liability	1,792	1,769
Provisions	503	524
Contract liabilities	-	2,487
Other non-current liabilities	3,026	53
Total non-current liabilities	<u>83,010</u>	<u>79,359</u>
Total liabilities	<u>135,524</u>	<u>131,667</u>
Equity		
Share capital	34,367	34,367
Share premium	35,129	35,129
Treasury shares	(5)	(5)
Other components of equity	(209)	(107)
Retained earnings	57,029	57,596
Total equity attributable to owners of parent	<u>126,311</u>	<u>126,979</u>
Total equity	<u>126,311</u>	<u>126,979</u>
Total liabilities and equity	<u><u>261,835</u></u>	<u><u>258,647</u></u>

(2) Condensed consolidated statements of income

	Three months ended May 31, 2017	Three months ended May 31, 2018
	Millions of yen	Millions of yen
Operating revenue	23,508	22,026
Operating cost	(15,914)	(14,881)
Operating gross profit	7,594	7,144
Selling, general and administrative expense	(4,786)	(4,861)
Other income	928	558
Other expense	(238)	(91)
Operating profit	3,497	2,750
Finance income	24	39
Finance cost	(87)	(130)
Share of profit (loss) of entities accounted for using equity method	(11)	4
Profit before tax	3,422	2,663
Income tax expense	(1,121)	(879)
Profit	2,301	1,784
Profit attributable to		
Owners of parent	2,301	1,784
Profit	2,301	1,784
Earnings per share		
Basic and diluted earnings per share (Yen)	22.68	17.59

(3) Condensed consolidated statements of comprehensive income

	Three months ended May 31, 2017	Three months ended May 31, 2018
	Millions of yen	Millions of yen
Profit	2,301	1,784
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(53)	105
Total amount of items that will not be reclassified to profit or loss	(53)	105
Items that might be reclassified to profit or loss		
Cash flow hedges	10	2
Exchange differences on translation of foreign operations	(0)	(5)
Total amount of items that might be reclassified to profit or loss	9	(3)
Other comprehensive income, net of tax	(43)	102
Comprehensive income	2,257	1,886
Comprehensive income attributable to		
Owners of parent	2,257	1,886
Comprehensive income	2,257	1,886

(4) Condensed consolidated statements of changes in equity
Three months ended May 31, 2017

	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	Cash flow hedges
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		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, 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

Three months ended May 31, 2018

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	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, 2018	34,367	35,129	(5)	(193)	(3)
Profit	-	-	-	-	-
Other comprehensive income	-	-	-	105	2
Total comprehensive income	-	-	-	105	2
Purchase of treasury shares	-	-	(0)	-	-
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(0)	-	-
Balance as of May 31, 2018	34,367	35,129	(5)	(88)	(1)

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, 2018	(12)	(209)	57,029	126,311	126,311
Profit	-	-	1,784	1,784	1,784
Other comprehensive income	(5)	102	-	102	102
Total comprehensive income	(5)	102	1,784	1,886	1,886
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, 2018	(17)	(107)	57,596	126,979	126,979

(5) Condensed consolidated statements of cash flows

	Three months ended May 31, 2017	Three months ended May 31, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	3,422	2,663
Depreciation and amortization expense	1,360	1,450
Increase (decrease) in net defined benefit liability	(18)	(23)
Finance income	(24)	(39)
Finance cost	87	130
Share of (profit) loss of entities accounted for using equity method	11	(4)
Loss (gain) on sales and retirement of non-current assets	43	30
Decrease (increase) in trade receivables	(3,640)	(1,922)
Decrease (increase) in inventories	(1,133)	(298)
Increase (decrease) in trade payables	5,581	2,848
Increase/decrease in other assets/liabilities	2,000	(1,071)
Other, net	(25)	23
Subtotal	7,665	3,787
Interest and dividends received	10	9
Interest paid	(130)	(142)
Income taxes paid	(1,041)	(1,055)
Net cash provided by (used in) operating activities	6,503	2,598
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,432)	(2,544)
Proceeds from sales of property, plant and equipment	16	1
Payments for investments in real estates	(39)	(369)
Purchase of investment securities	-	(100)
Payments for lease and guarantee deposits	(13)	(82)
Proceeds from collection of lease and guarantee deposits	216	172
Other, net	(225)	(189)
Net cash provided by (used in) investing activities	(2,478)	(3,112)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	-	(1,000)
Net increase (decrease) in commercial papers	2,900	-
Repayments of non-current borrowings	(7,180)	(3,580)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(1,217)	(1,217)
Other, net	(59)	(98)
Net cash provided by (used in) financing activities	(5,557)	(5,895)
Net increase (decrease) in cash and cash equivalents	(1,532)	(6,410)
Cash and cash equivalents at beginning of period	10,522	12,464
Effect of exchange rate changes on cash and cash equivalents	(0)	(4)
Cash and cash equivalents at end of period	8,989	6,049