



**PARCO CO., LTD. AND SUBSIDIARIES**  
**Consolidated Financial Statements for the Second Quarter of Fiscal 2009**  
 (Six months ended August 31, 2009)  
 (Fractional amounts less than one million yen are discarded)

October 7, 2009

Corporate Name: **PARCO CO.,LTD.** Listed exchanges: Tokyo Stock Exchange(first section)  
 Code Number: 8251 URL <http://www.parco.co.jp/>  
 Representative: Hidekazu Hirano, President, Representative Executive Officer  
 Contact: Kazumi Kojima, Member of the Board, Senior Executive Officer & Director Finance Department TEL (03)3477-5791  
 Scheduled filing date of the quarterly financial report (Shihanki Houkokusho): October 14, 2009  
 Scheduled payment date of dividends: October 26, 2009

## 1. Consolidated Financial Results (March 1, 2009 - August 31, 2009)

### (1) Sales and Income

(%: Changes from the previous second quarter)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]
2Q F2009	127,906	[-]	4,757	[-]	4,691	[-]
2Q F2008	137,604	[+0.7]	4,585	[(16.0)]	4,546	[(16.1)]

	Net income (¥million)	Change [%]	Net income per share(¥)	Net income per share(diluted)(¥)
2Q F2009	2,203	[-]	26.75	—
2Q F2008	2,788	[+2.1]	33.84	—

### (2) Financial Position

	Total assets (¥million)	Net assets (¥million)	Equity ratio [%]	Net assets per share (¥)
2Q F2009	190,274	77,599	[+40.8]	941.66
Fiscal 2008	191,681	75,617	[+39.4]	917.61

Reference: Equity

2Q F2009 : ¥77,573 million

Fiscal 2008 : ¥75,592 million

## 2. Dividends

	Cash dividends per share (¥)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal 2008	—	8.00	—	8.00	16.00
Fiscal 2009	—	8.00			
Fiscal 2009 (forecast)			—	8.00	16.00

Notes: Revision of estimates for cash dividends during this quarter: No

## 3. Consolidated Forecast (March 1, 2009 - February 28, 2010)

(%: Changes from the previous fiscal year)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2009	267,000	[(5.5)]	9,400	[+0.4]	9,200	[+0.3]	4,500	[+20.6]	54.63

Notes: Revision of the consolidated forecast during this quarter: Yes

#### 4. Others

(1) Changes in significant subsidiaries during the period (scope of consolidation): No

Addition: No

Elimination: No

(2) Adoption of simplified accounting methods and specified accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures, presentation, etc.

1, Changes due to revision in accounting standards: Yes

2, Other changes: Yes

(4) Shares outstanding (Common stock)

1, Total number of shares outstanding including treasury stock

As of August 31, 2009 : 82,475,677 Shares

As of February 28, 2009 : 82,475,677 Shares

2, Total number of treasury stock

As of August 31, 2009 : 96,198 Shares

As of February 28, 2009 : 95,687 Shares

3, Average outstanding shares

2Q Fiscal 2009 : 82,379,828 Shares

2Q Fiscal 2008 : 82,381,282 Shares

#### \* Explanations about appropriate use of the forecast, and other specific notices

1. The Company has revised the consolidated forecast announced on April 8, 2009.

2. This report contains forward-looking statements, which are based on the information currently available and certain assumptions. Actual results may differ from forecast depending on various factors in future.

3. From this fiscal year, the Company has adopted the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No.12) and the "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No.14). The quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements".

[Reference]

### Non-consolidated Forecast (March 1, 2009 - February 28, 2010)

(%: Changes from the previous fiscal year)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2009	248,000	[(5.3)]	9,000	[+1.3]	8,800	[(2.9)]	4,400	[+9.9]	53.41

Notes: Revision of the non-consolidated forecast during this quarter: Yes

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Second Quarter of Fiscal 2009

(As of August 31, 2009)

(Fractional amounts less than one million yen are discarded)

	(¥ millions)	
	2Q of Fiscal 2009	Fiscal 2008
<b>(ASSETS)</b>		
<b>Current assets</b>		
Cash and deposits	12,996	11,080
Notes and operating accounts receivable - trade	7,394	10,428
Merchandise and finished goods	2,350	2,300
Work in process	226	262
Raw materials and supplies	48	55
Other	4,927	4,268
Allowance for doubtful accounts	(8)	(22)
Total current assets	<u>27,936</u>	<u>28,373</u>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	114,885	115,585
Accumulated depreciation	(66,818)	(65,245)
Accumulated impairment loss	(1,056)	(1,229)
Buildings and structures, net	<u>47,011</u>	<u>49,110</u>
Machinery, equipment and vehicles	1,229	1,224
Accumulated depreciation	(774)	(717)
Accumulated impairment loss	-	(0)
Machinery, equipment and vehicles, net	<u>455</u>	<u>507</u>
Other	4,837	4,870
Accumulated depreciation	(3,573)	(3,508)
Accumulated impairment loss	(64)	(62)
Other, net	<u>1,199</u>	<u>1,299</u>
Land	45,208	45,172
Construction in progress	2,241	73
Total property, plant and equipment	<u>96,116</u>	<u>96,163</u>
<b>Intangible assets</b>		
Leasehold right	10,949	10,949
Other	866	706
Total intangible assets	<u>11,815</u>	<u>11,656</u>
<b>Investments and other assets</b>		
Investment securities	4,992	4,355
Lease and guarantee deposits	45,373	46,726
Other	4,262	4,630
Allowance for doubtful accounts	(220)	(223)
Total investments and other assets	<u>54,406</u>	<u>55,488</u>
Total noncurrent assets	<u>162,338</u>	<u>163,308</u>
<b>Total assets</b>	<u>190,274</u>	<u>191,681</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Second Quarter of Fiscal 2009

(As of August 31, 2009)

(Fractional amounts less than one million yen are discarded)

	(¥ millions)	
	2Q of Fiscal 2009	Fiscal 2008
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>		
Notes and operating accounts payable - trade	19,476	19,455
Short-term loans payable	7,911	7,852
Income taxes payable	1,759	871
Provision	1,428	1,283
Other	8,684	9,286
Total current liabilities	<u>39,259</u>	<u>38,747</u>
<b>Noncurrent liabilities</b>		
Bonds payable	3,500	4,000
Long-term loans payable	26,314	27,925
Provision for loss on store closing	2,134	1,809
Provision	1,366	1,315
Guarantee deposits received	39,678	41,820
Other	421	445
Total noncurrent liabilities	<u>73,415</u>	<u>77,316</u>
<b>Total liabilities</b>	<u>112,675</u>	<u>116,064</u>
<b>(NET ASSETS)</b>		
<b>Shareholders' Equity</b>		
Capital stock	26,867	26,867
Capital surplus	27,528	27,528
Retained earnings	23,072	21,527
Treasury stock	(60)	(60)
Total shareholders' equity	<u>77,407</u>	<u>75,862</u>
<b>Valuation and Translation Adjustments</b>		
Valuation difference on available-for-sale securities	273	(104)
Foreign currency translation adjustment	(107)	(165)
Total valuation and translation adjustments	<u>166</u>	<u>(270)</u>
<b>Minority Interests</b>	<u>25</u>	<u>24</u>
<b>Total net assets</b>	<u>77,599</u>	<u>75,617</u>
<b>Total liabilities and net assets</b>	<u>190,274</u>	<u>191,681</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Income for the Second Quarter of Fiscal 2009

(For the six months ended August 31, 2009)  
 (Fractional amounts less than one million yen are discarded)

(¥ millions)	
2Q of Fiscal 2009	
Net sales	127,906
Cost of sales	108,064
Gross profit	19,841
Operating revenue	1,317
Operating gross profit	21,158
Selling, general and administrative expenses	16,401
Operating income	4,757
Non-operating income	
Interest income	43
Dividends income	45
Miscellaneous income	191
Total non-operating income	280
Non-operating expenses	
Interest expenses	340
Miscellaneous expenses	5
Total non-operating expenses	346
Ordinary income	4,691
Extraordinary income	
Reversal of allowance for doubtful accounts	4
Other	3
Total extraordinary income	8
Extraordinary loss	
Loss on retirement of noncurrent assets	95
Impairment loss	339
Loss on closing of stores	356
Restructuring loss	107
Other	6
Total extraordinary losses	904
Income before income taxes and minority interests	3,794
Income taxes	1,591
Minority interests in loss	(0)
Net income	2,203

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Second Quarter of Fiscal 2009

(For the six months ended August 31, 2009)  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

2Q of Fiscal 2009

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	3,794
Depreciation and amortization	2,766
Impairment loss	339
Increase (decrease) in allowance for doubtful accounts	(5)
Increase (decrease) in provision for bonuses	114
Increase (decrease) in provision for sales returns	(0)
Increase (decrease) in allowance for books unsold	4
Increase (decrease) in provision for sales promotion expenses	11
Increase (decrease) in provision for retirement benefits	50
Increase (decrease) in provision for directors' retirement benefits	0
Loss on store closings	356
Interest and dividends income	(88)
Interest expenses	340
Loss (gain) on sales and retirement of noncurrent assets	29
Loss on business restructuring	107
Decrease (increase) in notes and accounts receivable - trade	2,940
Decrease (increase) in inventories	(12)
Increase (decrease) in notes and accounts payable - trade	97
Increase/decrease in other assets/liabilities	(1,097)
Other, net	(98)
Subtotal	9,650
Interest and dividends income received	88
Interest expenses paid	(342)
Income taxes paid	(747)
Net cash provided by (used in) operating activities	8,649

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Second Quarter of Fiscal 2009

(For the six months ended August 31, 2009)  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

2Q of Fiscal 2009

Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(3,178)
Proceeds from sales of property, plant and equipment	195
Purchase of investment securities	(0)
Proceeds from sales of investment securities	0
Payments for lease and guarantee deposits	(109)
Proceeds from collection of lease and guarantee deposits	1,035
Increase (decrease) in guarantee deposits received	(1,843)
Other, net	(172)
Net cash provided by (used in) investment activities	(4,074)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	59
Repayment of long-term loans payable	(1,611)
Redemption of bonds	(500)
Net decrease (increase) in treasury stock	(0)
Cash dividends paid	(659)
Other, net	(2)
Net cash provided by (used in) financing activities	(2,714)
Effect of exchange rate change on cash and cash equivalents	56
Net increase (decrease) in cash and cash equivalents	1,916
Cash and cash equivalents at beginning of period	11,080
Cash and cash equivalents at end of period	12,996



[Reference]

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Income for the Interim Term Ended August 31, 2008  
(Fractional amounts less than one million yen are discarded)

	(¥ millions)	
	Interim Term	
	Aug.2008	
		%
I .Net sales	137,604	100.0
II .Cost of sales:	116,847	84.9
Net	20,756	15.1
Provision for allowance for sales returns	14	0.0
Gross profit	20,742	15.1
III .Other operating revenue	1,306	0.9
Gross operating profit	22,048	16.0
IV .Selling, general and administrative expenses	17,463	12.7
Operating income	4,585	3.3
V .Non-operating income:		
1 Interest income	51	
2 Dividends income	44	
3 Others	196	0.2
292		
VI .Non-operating expenses:		
1 Interest expenses	309	
2 Bonds interest expenses	2	
3 Others	19	0.2
331		
Ordinary income	4,546	3.3
VII .Special income:		
1 Gain on sales of investment securities	168	
2 Reversal of allowance for doubtful accounts	12	
3 Compensation for termination of lease agreement	204	
4 Others	65	0.3
451		
VIII .Special losses:		
1 Loss on sales of fixed assets	124	
2 Loss on disposal of fixed assets	123	
3 Loss on impairment of fixed assets	11	
4 Loss on write-down of investment securities	7	
5 Provision for allowance for doubtful accounts	1	
6 Others	13	0.2
281		
Income before income taxes and minority interests	4,716	3.4
Income taxes:		
Current income taxes	1,611	
Deferred income taxes	317	1.4
1,928		
Minority interests		0.0
0		
Net income	2,788	2.0

[Reference]

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Interim Term Ended August 31, 2008  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term
	Aug.2008
I .Cash flows from operating activities:	
1 Income before income taxes and minority interests	4,716
2 Depreciation and amortization	2,532
3 Loss on impairment of fixed assets	11
4 Increase (Decrease) in allowance for doubtful accounts	(11)
5 Increase in accrued bonuses to employees	93
6 Increase (Decrease) in allowance for sales returns	14
7 Increase (Decrease) in allowance for books unsold	5
8 Increase (Decrease) in reserve for sales promotion	11
9 Increase in reserve for retirement benefits	65
10 Increase (Decrease) in accrued retirement benefits for directors and statutory auditors	0
11 Interest income and dividends income	(95)
12 Interest expenses	312
13 Loss on sales/disposal of fixed assets	209
14 (Gain) Loss on sales of investment securities	(168)
15 Loss on write-down of investment securities	7
16 (Increase) Decrease in receivables	(2,948)
17 (Increase) Decrease in inventories	(93)
18 Increase (Decrease) in payables	(132)
19 Increase (Decrease) in other assets and liabilities, net	(413)
20 others	12
Sub-total	4,127
21 Interest and dividends received	97
22 Interest paid	(320)
23 Payment resulting from store closing	(77)
24 Income taxes paid	(3,264)
Net cash provided by operating activities	563

[Reference]

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Interim Term Ended August 31, 2008  
(Fractional amounts less than one million yen are discarded)

(¥ millions)	
	Interim Term
	Aug.2008
<b>II. Cash flows from investing activities:</b>	
1 Acquisition of marketable securities	(300)
2 Sales of marketable securities	300
3 Acquisition of tangible fixed assets	(8,586)
4 Proceeds from sales of tangible fixed assets	34
5 Proceeds from sales of investment securities	274
6 Payments for fixed leasehold deposits	(96)
7 Collection of fixed leasehold deposits	540
8 Increase (Decrease) in guarantee deposits received from tenants	(338)
9 others	11
Net cash used by investing activities	(8,159)
<b>III. Cash flows from financing activities:</b>	
1 Increase (Decrease) in short-term bank loans	(455)
2 Proceeds from long-term bank loans	9,950
3 Repayment of long-term bank loans	(2,812)
4 Payments for redemption of straight bonds	(2,000)
5 Sale (Acquisition) of treasury stock	(1)
6 Cash dividends paid	(659)
Net cash provided (used) by financing activities	4,022
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	(14)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(3,588)
<b>VI. Cash and cash equivalents at beginning of the term</b>	16,558
<b>VII. Cash and cash equivalents at end of the term</b>	12,970