



January 7, 2011

**Consolidated Financial Results**  
**for the First Nine Months of the Fiscal Year Ending February 28, 2011**  
**<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 12, 2011  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly earnings: Yes  
 Holding of quarterly earnings performance review: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

**1. Consolidated performance for the first nine months of the fiscal year ending February 28, 2011 (from March 1, 2010 to November 30, 2010)**

**(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, 2010	194,149	0.8	6,522	(0.4)	6,115	(4.9)	3,041	(5.2)
November 30, 2009	192,589	—	6,551	—	6,433	—	3,208	—

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
November 30, 2010	36.92	34.69
November 30, 2009	38.95	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2010	232,835	80,358	34.5	975.17
February 28, 2010	187,093	78,657	42.0	954.52

Reference: Equity (Net assets – Minority interests)

As of November 30, 2010: 80,333 million yen

As of February 28, 2010: 78,632 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, 2010	—	8.00	—	8.00	16.00
Fiscal year ending February 28, 2011	—	8.00	—	—	—
Fiscal year ending February 28, 2011 (Forecast)	—	—	—	8.00	16.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2011 (from March 1, 2010 to February 28, 2011)

(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 28, 2011	264,000	1.1	8,700	1.1	8,300	(3.0)	4,200	2.2	50.98

Note: Revisions to the consolidated earnings forecasts in the current quarter: None

## 4. Others

### (1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in specified subsidiaries resulting in the change in scope of consolidation during the current quarter

### (2) Application of simplified accounting and special accounting: Yes

Note: Application of simplified accounting and special accounting for preparing quarterly consolidated financial statements

### (3) Changes in accounting policies and procedures, and methods of presentation

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: None

Note: Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements"

### (4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of November 30, 2010 82,475,677 shares

As of February 28, 2010 82,475,677 shares

b. Number of shares of treasury stock at the end of the period

As of November 30, 2010 96,646 shares

As of February 28, 2010 96,305 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, 2010 82,379,214 shares

For the first nine months ended November 30, 2009 82,379,703 shares

**\* Indication regarding execution of quarterly review procedures**

At the time of disclosure of this quarterly earnings report, the quarterly review procedures pursuant to the Financial Instruments and Exchange Act are in progress.

**\* Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company as of the date of announcement of these materials and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors.

### 3. Quarterly consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of November 30, 2010	As of February 28, 2010 (Summary)
<b>Assets</b>		
Current assets		
Cash and deposits	15,976	9,023
Notes and operating accounts receivable	11,767	9,821
Short-term investment securities	400	–
Merchandise and finished goods	2,816	2,424
Work in process	315	650
Raw materials and supplies	49	44
Other	6,126	4,199
Allowance for doubtful accounts	(6)	(17)
Total current assets	37,445	26,146
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	121,434	115,953
Accumulated depreciation	(71,215)	(68,871)
Accumulated impairment loss	(1,118)	(1,138)
Buildings and structures, net	49,100	45,943
Buildings and structures in trust	16,898	–
Accumulated depreciation	(570)	–
Buildings and structures in trust, net	16,327	–
Machinery, equipment and vehicles	1,368	1,360
Accumulated depreciation	(918)	(836)
Machinery, equipment and vehicles, net	449	523
Machinery, equipment and vehicles in trust	17	–
Accumulated depreciation	(0)	–
Machinery, equipment and vehicles in trust, net	16	–
Other	5,124	4,894
Accumulated depreciation	(3,781)	(3,737)
Accumulated impairment loss	(64)	(73)
Other, net	1,279	1,084
Other in trust	134	–
Accumulated depreciation	(15)	–
Other in trust, net	118	–
Land	45,208	45,208
Land in trust	19,371	–
Construction in progress	5	3,691
Total property, plant and equipment	131,878	96,451
Intangible assets		
Leasehold right	10,949	10,949
Other	750	829
Total intangible assets	11,699	11,779
Investments and other assets		
Investment securities	4,692	4,676
Lease and guarantee deposits	43,338	44,834
Other	4,025	3,441
Allowance for doubtful accounts	(245)	(235)
Total investments and other assets	51,811	52,716
Total noncurrent assets	195,389	160,947
Total assets	232,835	187,093

(Millions of yen)

	As of November 30, 2010	As of February 28, 2010 (Summary)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and operating accounts payable-trade	21,785	17,637
Short-term loans payable	20,851	9,784
Income taxes payable	1,351	1,151
Provision	1,227	1,268
Other	11,081	10,548
Total current liabilities	56,297	40,389
<b>Noncurrent liabilities</b>		
Bonds payable	2,500	3,000
Bonds with subscription rights to shares	15,000	–
Long-term loans payable	39,114	24,703
Provision	1,531	1,610
Guarantee deposits received	37,648	38,494
Other	385	238
Total noncurrent liabilities	96,179	68,046
Total liabilities	152,477	108,435
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,867	26,867
Capital surplus	27,528	27,528
Retained earnings	26,041	24,317
Treasury stock	(60)	(60)
Total shareholders' equity	80,375	78,652
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	108	99
Foreign currency translation adjustment	(150)	(119)
Total valuation and translation adjustments	(42)	(19)
Minority interests	24	25
Total net assets	80,358	78,657
Total liabilities and net assets	232,835	187,093

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

(Millions of yen)

	First nine months ended November 30, 2009	First nine months ended November 30, 2010
Net sales	192,589	194,149
Cost of sales	163,246	165,356
Gross profit	29,342	28,793
Operating revenue	1,985	2,126
Operating gross profit	31,327	30,919
Selling, general and administrative expenses	24,776	24,396
Operating income	6,551	6,522
Non-operating income		
Interest income	61	59
Dividends income	47	43
Miscellaneous income	282	308
Total non-operating income	392	412
Non-operating expenses		
Interest expenses	500	738
Miscellaneous expenses	8	80
Total non-operating expenses	509	818
Ordinary income	6,433	6,115
Extraordinary income		
Gain on sales of investment securities	31	–
Reversal of allowance for doubtful accounts	6	1
Other	3	19
Total extraordinary income	42	21
Extraordinary loss		
Loss on retirement of noncurrent assets	147	374
Impairment loss	339	18
Loss on closing of stores	356	266
Restructuring loss	107	14
Other	12	73
Total extraordinary losses	964	747
Income before income taxes and minority interests	5,511	5,389
Income taxes	2,303	2,348
Minority interests in loss	(0)	(0)
Net income	3,208	3,041

**(3) Consolidated statements of cash flows**

(Millions of yen)

	First nine months ended November 30, 2009	First nine months ended November 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,511	5,389
Depreciation and amortization	4,167	4,921
Impairment loss	339	18
Increase (decrease) in allowance for doubtful accounts	(5)	(2)
Increase (decrease) in provision for bonuses	(500)	(442)
Increase (decrease) in provision for sales returns	0	(1)
Increase (decrease) in provision for books unsold	20	14
Increase (decrease) in provision for sales promotion	15	24
Increase (decrease) in provision for retirement benefits	114	123
Increase (decrease) in provision for directors' retirement benefits	1	(13)
Loss on store closings	356	266
Interest and dividends income	(109)	(103)
Interest expenses	500	738
Loss (gain) on sales and retirement of noncurrent assets	41	102
Loss (gain) on sales of investment securities	(31)	–
Loss on business restructuring	107	14
Decrease (increase) in notes and accounts receivable-trade	(1,504)	(1,945)
Decrease (increase) in inventories	(583)	(61)
Increase (decrease) in notes and accounts payable-trade	3,355	4,148
Increase/decrease in other assets/liabilities	1,727	(756)
Other, net	(98)	(16)
Subtotal	13,425	12,419
Interest and dividends income received	109	103
Interest expenses paid	(495)	(647)
Payment resulting from store closing	(2,007)	–
Payments for business restructuring	–	(219)
Income taxes paid	(2,127)	(2,133)
Net cash provided by (used in) operating activities	8,904	9,523

(Millions of yen)

	First nine months ended November 30, 2009	First nine months ended November 30, 2010
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	–	(200)
Proceeds from sales of short-term investment securities	–	100
Purchase of property, plant and equipment	(5,135)	(40,147)
Proceeds from sales of property, plant and equipment	195	1
Purchase of investment securities	(1)	(0)
Proceeds from sales of investment securities	34	–
Payments for lease and guarantee deposits	(108)	(2,016)
Proceeds from collection of lease and guarantee deposits	2,453	2,843
Increase (decrease) in guarantee deposits received	(1,896)	(675)
Other, net	(225)	(713)
Net cash provided by (used in) investing activities	(4,683)	(40,808)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	414	(1,733)
Proceeds from long-term loans payable	–	32,000
Repayment of long-term loans payable	(2,389)	(4,789)
Proceeds from issuance of bonds with subscription rights to shares	–	14,945
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(1,318)	(1,318)
Other, net	(6)	(36)
Net cash provided by (used in) financing activities	(3,799)	38,568
Effect of exchange rate change on cash and cash equivalents	9	(30)
Net increase (decrease) in cash and cash equivalents	430	7,253
Cash and cash equivalents at beginning of period	11,080	9,023
Cash and cash equivalents at end of period	11,510	16,276