



January 10, 2012

**Consolidated Financial Results**  
**for the First Nine Months of the Fiscal Year Ending February 29, 2012**  
**<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/>  
Representative: Kouzou Makiyama, Member of the Board, President, Representative Executive Officer  
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Scheduled date to file Quarterly Securities Report: January 13, 2012  
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 first nine months of the fiscal year ending February 29, 2012 (from March 1, 2011 to November 30, 2011)**

**(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, 2011	187,992	(3.2)	6,156	(5.6)	5,997	(1.9)	2,902	(4.6)
November 30, 2010	194,149	0.8	6,522	(0.4)	6,115	(4.9)	3,041	(5.2)

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
November 30, 2011	35.26	29.15
November 30, 2010	36.92	34.69

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
November 30, 2011	219,314	83,007	37.8	1,009.35
February 28, 2011	222,135	81,868	36.8	993.52

Reference: Equity (Net assets – Minority interests)

As of November 30, 2011: 82,985 million yen

As of February 28, 2011: 81,844 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, 2011	–	8.00	–	9.00	17.00
Fiscal year ending February 29, 2012	–	8.00	–		
Fiscal year ending February 29, 2012 (Forecast)				9.00	17.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending February 29, 2012 (from March 1, 2011 to February 29, 2012)

(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 29, 2012	263,600	(0.5)	9,000	(2.4)	8,750	(0.0)	4,300	(2.3)	52.24

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: Yes

Note: Changes in accounting policies and 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, 2011 82,475,677 shares

As of February 28, 2011 82,475,677 shares

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

As of November 30, 2011 259,445 shares

As of February 28, 2011 97,083 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, 2011 82,310,426 shares

For the first nine months ended November 30, 2010 82,379,214 shares

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

The quarterly review procedures pursuant to the Financial Instruments and Exchange Act do not apply to this quarterly earnings report. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly financial statements 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 at the time of the filing and certain assumptions deemed reasonable by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

## Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of November 30, 2011	As of February 28, 2011 (Summary)
<b>Assets</b>		
Current assets		
Cash and deposits	9,222	12,253
Notes and operating accounts receivable	11,752	7,252
Short-term investment securities	300	-
Merchandise and finished goods	2,998	2,480
Work in process	196	228
Raw materials and supplies	35	42
Other	5,279	5,988
Allowance for doubtful accounts	(4)	(3)
Total current assets	29,781	28,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	119,162	120,122
Accumulated depreciation	(71,739)	(71,104)
Accumulated impairment loss	(609)	(932)
Buildings and structures, net	46,813	48,084
Buildings and structures in trust	17,208	16,898
Accumulated depreciation	(1,407)	(778)
Buildings and structures in trust, net	15,801	16,120
Machinery, equipment and vehicles	1,378	1,372
Accumulated depreciation	(1,013)	(945)
Machinery, equipment and vehicles, net	365	427
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(3)	(1)
Machinery, equipment and vehicles in trust, net	12	15
Other	5,340	5,074
Accumulated depreciation	(3,871)	(3,788)
Accumulated impairment loss	(45)	(59)
Other, net	1,422	1,226
Other in trust	136	134
Accumulated depreciation	(36)	(21)
Other in trust, net	99	113
Land	43,992	45,208
Land in trust	19,371	19,371
Construction in progress	13	75
Total property, plant and equipment	127,892	130,642
Intangible assets		
Leasehold right	10,949	10,949
Other	771	726
Total intangible assets	11,721	11,676
Investments and other assets		
Investment securities	4,886	4,972
Lease and guarantee deposits	41,579	43,099
Other	3,676	3,745
Allowance for doubtful accounts	(223)	(242)
Total investments and other assets	49,919	51,574
Total noncurrent assets	189,533	193,894
Total assets	219,314	222,135

(Millions of yen)

	As of November 30, 2011	As of February 28, 2011 (Summary)
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable-trade	21,579	16,118
Short-term loans payable	21,756	17,216
Income taxes payable	446	2,266
Provision	1,002	1,808
Other	11,784	9,552
Total current liabilities	56,569	46,961
Noncurrent liabilities		
Bonds payable	1,500	2,000
Bonds with subscription rights to shares	15,000	15,000
Long-term loans payable	25,867	38,231
Provision	1,585	1,555
Guarantee deposits received	34,933	36,159
Other	852	360
Total noncurrent liabilities	79,738	93,306
Total liabilities	136,307	140,267
Net assets		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus	27,527	27,528
Retained earnings	28,903	27,400
Treasury stock	(162)	(61)
Total shareholders' equity	83,135	81,734
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	60	275
Foreign currency translation adjustment	(211)	(164)
Total valuation and translation adjustments	(150)	110
Minority interests	22	23
Total net assets	83,007	81,868
Total liabilities and net assets	219,314	222,135

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

(Millions of yen)

	First nine months ended November 30, 2010	First nine months ended November 30, 2011
Net sales	194,149	187,992
Cost of sales	165,356	159,776
Gross profit	28,793	28,216
Operating revenue	2,126	2,077
Operating gross profit	30,919	30,293
Selling, general and administrative expenses	24,396	24,137
Operating income	6,522	6,156
Non-operating income		
Interest income	59	65
Dividends income	43	48
Equity in earnings of affiliates	–	105
Miscellaneous income	308	282
Total non-operating income	412	501
Non-operating expenses		
Interest expenses	738	631
Miscellaneous expenses	80	29
Total non-operating expenses	818	661
Ordinary income	6,115	5,997
Extraordinary income		
Gain on sales of noncurrent assets	–	186
Reversal of allowance for doubtful accounts	1	5
Other	19	24
Total extraordinary income	21	216
Extraordinary loss		
Loss on retirement of noncurrent assets	374	753
Impairment loss	18	8
Loss on disaster	–	103
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	148
Loss on closing of stores	266	4
Restructuring loss	14	–
Other	73	84
Total extraordinary losses	747	1,102
Income before income taxes and minority interests	5,389	5,111
Income taxes	2,348	2,208
Income before minority interests	–	2,902
Minority interests in loss	(0)	(0)
Net income	3,041	2,902

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

(Millions of yen)

	First nine months ended November 30, 2010	First nine months ended November 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,389	5,111
Depreciation and amortization	4,921	4,695
Impairment loss	18	8
Increase (decrease) in allowance for doubtful accounts	(2)	(18)
Increase (decrease) in provision for bonuses	(442)	(541)
Increase (decrease) in provision for sales returns	(1)	4
Increase (decrease) in provision for books unsold	14	8
Increase (decrease) in provision for sales promotion expenses	24	47
Increase (decrease) in provision for retirement benefits	123	74
Increase (decrease) in provision for directors' retirement benefits	(13)	–
Increase (decrease) in provision for loss on store closing	–	(53)
Loss on store closings	266	4
Interest and dividends income	(103)	(114)
Interest expenses	738	631
Loss (gain) on sales and retirement of noncurrent assets	102	(43)
Loss on business restructuring	14	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	148
Decrease (increase) in notes and accounts receivable-trade	(1,945)	(4,501)
Decrease (increase) in inventories	(61)	(480)
Increase (decrease) in notes and accounts payable-trade	4,148	5,460
Increase/decrease in other assets/liabilities	(756)	2,875
Other, net	(16)	(3)
Subtotal	12,419	13,315
Interest and dividends income received	103	114
Interest expenses paid	(647)	(771)
Payment resulting from store closing	–	(333)
Payments for business restructuring	(219)	–
Income taxes paid	(2,133)	(4,056)
Net cash provided by (used in) operating activities	9,523	8,267

(Millions of yen)

	First nine months ended November 30, 2010	First nine months ended November 30, 2011
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(200)	(300)
Proceeds from sales of short-term investment securities	100	–
Purchase of property, plant and equipment	(40,147)	(2,161)
Proceeds from sales of property, plant and equipment	1	1,471
Purchase of investment securities	(0)	(229)
Proceeds from sales of investment securities	–	0
Payments for lease and guarantee deposits	(2,016)	(68)
Proceeds from collection of lease and guarantee deposits	2,843	1,978
Increase (decrease) in guarantee deposits received	(675)	(1,952)
Other, net	(713)	(137)
Net cash provided by (used in) investing activities	(40,808)	(1,397)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,733)	7,140
Proceeds from long-term loans payable	32,000	175
Repayment of long-term loans payable	(4,789)	(15,139)
Proceeds from issuance of bonds with subscription rights to shares	14,945	–
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	(0)	(102)
Cash dividends paid	(1,318)	(1,399)
Other, net	(36)	(48)
Net cash provided by (used in) financing activities	38,568	(9,873)
Effect of exchange rate change on cash and cash equivalents	(30)	(26)
Net increase (decrease) in cash and cash equivalents	7,253	(3,030)
Cash and cash equivalents at beginning of period	9,023	12,253
Cash and cash equivalents at end of period	16,276	9,222