



July 5, 2012

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending February 28, 2013
<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: July 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 three months of the fiscal year ending
February 28, 2013 (from March 1, 2012 to May 31, 2012)**

(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 three months ended								
May 31, 2012	64,704	7.2	2,112	46.5	1,918	47.3	696	10.3
May 31, 2011	60,350	(7.4)	1,441	(32.0)	1,302	(35.2)	631	(39.3)

Note: Comprehensive income

For the first three months ended May 31, 2012: 746 million yen [65.4%]

For the first three months ended May 31, 2011: 451 million yen [-%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
May 31, 2012	8.47	7.04
May 31, 2011	7.66	6.39

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2012	215,887	84,568	39.2
February 29, 2012	208,697	84,577	40.5

Reference: Equity (Net assets – Minority interests)

As of May 31, 2012: 84,568 million yen

As of February 29, 2012: 84,555 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 29, 2012	–	8.00	–	9.00	17.00
Fiscal year ending February 28, 2013	–				
Fiscal year ending February 28, 2013 (Forecast)		9.00	–	9.00	18.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2013 (from March 1, 2012 to February 28, 2013)

(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
First six months ending August 31, 2012	132,000	6.6	4,800	19.1	4,500	13.4	2,100	2.8	25.54
Fiscal year ending February 28, 2013	274,000	5.5	10,700	16.7	10,300	14.9	5,200	20.4	63.23

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of issued shares (common stock)
 - a. Total number of issued shares at the end of the period (including treasury stock)

As of May 31, 2012	82,475,677 shares
As of February 29, 2012	82,475,677 shares
 - b. Number of shares of treasury stock at the end of the period

As of May 31, 2012	230,705 shares
As of February 29, 2012	240,250 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first three months ended May 31, 2012	82,237,919 shares
For the first three months ended May 31, 2011	82,378,494 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 consolidated financial statements are in progress.

*** 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. 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.

Quarterly Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 29, 2012	As of May 31, 2012
Assets		
Current assets		
Cash and deposits	7,437	12,663
Notes and operating accounts receivable	7,686	10,132
Short-term investment securities	–	300
Merchandise and finished goods	2,559	2,809
Work in process	229	269
Raw materials and supplies	38	36
Other	5,372	5,655
Allowance for doubtful accounts	(7)	(7)
Total current assets	23,317	31,858
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	119,392	119,327
Accumulated depreciation	(72,732)	(73,015)
Accumulated impairment loss	(876)	(898)
Buildings and structures, net	45,784	45,413
Buildings and structures in trust	17,209	17,209
Accumulated depreciation	(1,620)	(1,833)
Buildings and structures in trust, net	15,588	15,375
Machinery, equipment and vehicles	1,379	1,383
Accumulated depreciation	(1,035)	(1,053)
Machinery, equipment and vehicles, net	344	329
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(4)	(5)
Machinery, equipment and vehicles in trust, net	12	11
Other	5,315	5,426
Accumulated depreciation	(3,933)	(3,984)
Accumulated impairment loss	(90)	(94)
Other, net	1,290	1,347
Other in trust	136	136
Accumulated depreciation	(42)	(47)
Other in trust, net	94	88
Land	43,992	44,072
Land in trust	19,371	19,371
Construction in progress	11	24
Total property, plant and equipment	126,490	126,035
Intangible assets		
Leasehold right	10,949	10,949
Other	788	757
Total intangible assets	11,738	11,707
Investments and other assets		
Investment securities	2,702	2,432
Lease and guarantee deposits	41,000	40,468
Other	3,657	3,593
Allowance for doubtful accounts	(208)	(209)
Total investments and other assets	47,152	46,286
Total noncurrent assets	185,380	184,028
Total assets	208,697	215,887

(Millions of yen)

	As of February 29, 2012	As of May 31, 2012
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	16,526	20,038
Short-term loans payable	20,971	19,461
Income taxes payable	1,072	569
Provision	1,438	2,009
Other	9,679	8,746
Total current liabilities	49,687	50,826
Noncurrent liabilities		
Bonds payable	1,000	1,000
Bonds with subscription rights to shares	15,000	15,000
Long-term loans payable	21,565	27,621
Provision	1,617	1,637
Guarantee deposits received	34,419	34,413
Other	830	821
Total noncurrent liabilities	74,432	80,493
Total liabilities	124,120	131,319
Net assets		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus	27,526	27,528
Retained earnings	30,320	30,276
Treasury stock	(150)	(144)
Total shareholders' equity	84,563	84,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	200	226
Foreign currency translation adjustment	(209)	(185)
Total accumulated other comprehensive income	(8)	41
Minority interests	22	-
Total net assets	84,577	84,568
Total liabilities and net assets	208,697	215,887

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

(Millions of yen)

	First three months ended May 31, 2011	First three months ended May 31, 2012
Net sales	60,350	64,704
Cost of sales	51,287	55,090
Gross profit	9,063	9,613
Operating revenue	724	703
Operating gross profit	9,787	10,317
Selling, general and administrative expenses	8,346	8,205
Operating income	1,441	2,112
Non-operating income		
Interest income	15	13
Dividends income	10	3
Miscellaneous income	79	57
Total non-operating income	104	73
Non-operating expenses		
Interest expenses	235	193
Equity in losses of affiliates	0	61
Miscellaneous expenses	8	11
Total non-operating expenses	244	267
Ordinary income	1,302	1,918
Extraordinary income		
Gain on sales of noncurrent assets	186	-
Reversal of allowance for doubtful accounts	1	-
Other	23	-
Total extraordinary income	212	-
Extraordinary loss		
Loss on retirement of noncurrent assets	161	382
Loss on valuation of investment securities	0	293
Loss on disaster	103	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	148	-
Other	0	1
Total extraordinary losses	414	677
Income before income taxes and minority interests	1,099	1,241
Income taxes	468	544
Income before minority interests	631	696
Minority interests in loss	(0)	-
Net income	631	696

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First three months ended May 31, 2011	First three months ended May 31, 2012
Income before minority interests	631	696
Other comprehensive income		
Valuation difference on available-for-sale securities	(216)	25
Foreign currency translation adjustment	36	19
Share of other comprehensive income of associates accounted for using equity method	–	4
Total other comprehensive income	(180)	49
Comprehensive income	451	746
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	449	746
Comprehensive income attributable to minority interests	1	–

(3) Consolidated statements of cash flows

(Millions of yen)

	First three months ended May 31, 2011	First three months ended May 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,099	1,241
Depreciation and amortization	1,537	1,486
Increase (decrease) in provision for bonuses	567	571
Increase (decrease) in provision for retirement benefits	22	20
Increase (decrease) in provision for loss on store closing	(40)	–
Interest and dividends income	(25)	(16)
Interest expenses	235	193
Loss (gain) on sales and retirement of noncurrent assets	(163)	159
Loss (gain) on valuation of investment securities	0	293
Loss on adjustment for changes of accounting standard for asset retirement obligations	148	–
Decrease (increase) in notes and accounts receivable- trade	(3,095)	(2,442)
Decrease (increase) in inventories	(172)	(287)
Increase (decrease) in notes and accounts payable-trade	4,187	3,512
Increase/decrease in other assets/liabilities	1,130	(3)
Other, net	118	59
Subtotal	5,550	4,787
Interest and dividends income received	25	16
Interest expenses paid	(363)	(251)
Payment resulting from store closing	(276)	(23)
Income taxes paid	(2,331)	(1,013)
Net cash provided by (used in) operating activities	2,605	3,515

(Millions of yen)

	First three months ended May 31, 2011	First three months ended May 31, 2012
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(300)	–
Purchase of property, plant and equipment	(973)	(1,629)
Proceeds from sales of property, plant and equipment	1,471	–
Purchase of investment securities	(228)	(0)
Proceeds from sales of investment securities	0	5
Payments for lease and guarantee deposits	(26)	(394)
Proceeds from collection of lease and guarantee deposits	1,616	603
Increase (decrease) in guarantee deposits received	(634)	(295)
Other, net	(70)	(38)
Net cash provided by (used in) investing activities	855	(1,748)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,460	(920)
Proceeds from long-term loans payable	–	8,500
Repayment of long-term loans payable	(10,428)	(3,078)
Net decrease (increase) in treasury stock	(0)	7
Cash dividends paid	(741)	(740)
Other, net	(16)	(34)
Net cash provided by (used in) financing activities	(7,725)	3,734
Effect of exchange rate change on cash and cash equivalents	20	24
Net increase (decrease) in cash and cash equivalents	(4,244)	5,525
Cash and cash equivalents at beginning of period	12,253	7,437
Cash and cash equivalents at end of period	8,008	12,963