



PARCO CO., LTD. AND SUBSIDIARIES

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

October 8, 2008

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

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Scheduled filing date of semiannual securities report: November 20, 2008

Scheduled payment date of dividends: October 27, 2008

1. Consolidated Financial Results (March 1, 2008 - August 31, 2008)

(1) Sales and Income

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]
Aug.2008 interim term	137,604	[+0.7]	4,585	[(16.0)]	4,546	[(16.1)]
Aug.2007 interim term	136,639	[+5.6]	5,461	[+3.6]	5,420	[+4.4]
Fiscal 2007	286,788	[+7.6]	10,090	[+3.4]	9,973	[+3.9]

	Net income (¥million)	Change [%]	Net income per share(¥)	Net income per share(diluted)(¥)
Aug.2008 interim term	2,788	[+2.1]	33.84	—
Aug.2007 interim term	2,730	[+6.1]	33.14	—
Fiscal 2007	5,167	[+14.8]	62.73	—

Reference:

1. Equity in gain/loss of affiliates:

Aug.2008 interim term :¥(3) million Aug.2007 interim term : ¥3 million Fiscal 2007 : ¥14 million

2. Percentages above represent the change from the prior interim term (fiscal year) unless otherwise stated.

(2) Financial Position

	Total assets (¥million)	Net assets (¥million)	Equity ratio [%]	Net assets per share (¥)
Aug.2008 interim term	194,891	75,759	[+38.8]	918.79
Aug.2007 interim term	189,812	72,453	[+38.1]	878.62
Fiscal 2007	189,989	73,981	[+38.9]	897.19

Reference: Equity

Aug.2008 interim term: ¥75,690 million Aug.2007 interim term: ¥72,383 million Fiscal 2007: ¥73,912 million

(3) Cash Flows

	Cash flows from operating activities (¥million)	Cash flows from investing activities (¥million)	Cash flows from financing activities (¥million)	Cash and cash equivalents at end of the term (¥million)
Aug.2008 interim term	563	(8,159)	4,022	12,970
Aug.2007 interim term	7,783	(4,305)	1,430	18,490
Fiscal 2007	12,705	(6,611)	(3,084)	16,558

2. Dividends

Record Date	Cash Dividends per share (¥)		
	Interim	Year-end	Annual Dividends
Fiscal 2007	7.00	8.00	15.00
Fiscal 2008	8.00	—	16.00
Fiscal 2008 (forecast)	—	8.00	

3. Consolidated Forecast (March 1, 2008 - February 28, 2009)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2008	294,000	[+2.5]	10,300	[+2.1]	10,000	[+0.3]	5,000	[(3.2)]	60.69

Notes : The above forecasts are announced presupposing available information at October 8, 2008 and an assumption related to uncertain factors which will influence future results. Actual results may differ from forecast depending on various factors in future.

4. Others

(1) Significant changes in subsidiaries (scope of consolidation) during period: None

Addition: None

Elimination: None

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

1, Changes due to revision in accounting standards: None

2, Other changes: None

(3) Shares outstanding (Common stock)

1, Total number of shares outstanding including treasury stock

As of August 31, 2008 : 82,475,677 shares

As of August 31, 2007 : 82,475,677 shares

As of February 29, 2008 : 82,475,677 shares

2, Total number of treasury stock

As of August 31, 2008 : 95,028 shares

As of August 31, 2007 : 93,136 shares

As of February 29, 2008 : 93,843 shares

[Reference] Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (March 1, 2008 - August 31, 2008)

(1) Sales and Income

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]
Aug.2008 interim term	127,242	[+1.9]	4,379	[(7.7)]	4,721	[(0.2)]
Aug.2007 interim term	124,846	[+4.3]	4,746	[+3.3]	4,732	[+5.1]
Fiscal 2007	263,525	[+6.9]	9,087	[+3.8]	8,974	[+5.8]

	Net income (¥million)	Change [%]	Net income per share(¥)
Aug.2008 interim term	3,059	[+30.7]	37.13
Aug.2007 interim term	2,340	[+4.6]	28.41
Fiscal 2007	4,841	[+33.3]	58.77

Notes: Percentages above represent the change from the prior interim term (fiscal year) unless otherwise stated.

(2) Financial Position

	Total assets (¥million)	Net assets (¥million)	Equity ratio [%]	Net assets per share (¥)
Aug.2008 interim term	189,448	75,764	40.0	919.69
Aug.2007 interim term	180,970	72,022	39.8	874.25
Fiscal 2007	182,257	73,652	40.4	894.04

Reference: Equity

Aug.2008 interim term: ¥75,764 million Aug.2007 interim term: ¥72,022 million Fiscal 2007: ¥73,652 million

2. Non-Consolidated Forecast (March 1, 2008 - February 28, 2009)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2008	273,500	[+3.8]	9,600	[+5.6]	9,650	[+7.5]	4,950	[+2.2]	60.09

Notes : The above forecasts are announced presupposing available information at October 8, 2008 and an assumption related to uncertain factors which will influence future results. Actual results may differ from forecast depending on various factors in future.

PARCO CO., LTD. AND SUBSIDIARIES

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

(¥ millions)

	Interim Term				Increase (Decrease)	Fiscal 2007			Increase (Decrease)
	Aug.2007		Aug.2008						
(ASSETS)		%		%			%		
.Current Assets:									
1 Cash and time deposits	17,990		12,970		(5,020)	15,858		(2,888)	
2 Notes and accounts receivable - trade and accounts receivable for completed contract	8,155		10,775		2,619	7,826		2,948	
3 Marketable securities	800		300		(500)	1,000		(700)	
4 Inventories	3,168		2,901		(267)	2,807		93	
5 Advance payment	102		66		(35)	32		33	
6 Prepaid expenses	864		768		(95)	956		(187)	
7 Deferred tax assets	855		967		112	951		16	
8 Short-term loans	135		105		(30)	157		(51)	
9 Others	1,071		2,507		1,435	1,853		654	
Less: Allowance for doubtful accounts	(11)		(18)		(7)	(26)		8	
Total current assets	33,133	17.5	31,344	16.1	(1,788)	31,417	16.5	(72)	
.Fixed Assets:									
1 Tangible fixed assets:									
(1) Buildings and structures	103,700		114,779			107,245			
Accumulated depreciation	61,800		63,104			63,016			
Accumulated impairment losses	1,458	40,441	1,032	50,642	10,201	1,475	42,753	7,888	
(2) Machinery, equipment and motor vehicles	961		1,199			978			
Accumulated depreciation	662	299	698	500	201	683	294	205	
(3) Tools, furniture and fixtures	4,504		4,751			4,737			
Accumulated depreciation	3,123		3,344			3,273			
Accumulated impairment losses	56	1,325	26	1,380	55	54	1,409	(29)	
(4) Land	39,365		43,413		4,047	39,365		4,047	
(5) Construction in progress	5,758		32		(5,725)	5,692		(5,660)	
Total tangible fixed assets	87,189	45.9	95,968	49.2	8,779	89,516	47.1	6,452	
2 Intangible fixed assets:									
(1) Leasehold	11,014		11,014		-	11,014		-	
(2) Others	861		835		(26)	874		(38)	
Total intangible fixed assets	11,876	6.3	11,850	6.1	(26)	11,889	6.3	(38)	
3 Investments and other assets:									
(1) Investment securities	6,794		5,811		(982)	6,496		(684)	
(2) Long-term loans	743		651		(91)	695		(43)	
(3) Long-term prepaid expenses	908		892		(16)	937		(45)	
(4) Fixed leasehold deposits	46,738		46,002		(736)	46,570		(568)	
(5) Deferred tax assets	2,203		2,199		(3)	2,302		(103)	
(6) Long-term accounts receivable	139		131		(8)	129		1	
(7) Others	314		261		(52)	260		1	
Less: Allowance for doubtful accounts	(229)		(223)		6	(226)		3	
Total investments and other assets	57,612	30.3	55,727	28.6	(1,885)	57,165	30.1	(1,438)	
Total fixed assets	156,679	82.5	163,546	83.9	6,867	158,571	83.5	4,975	
Total assets	189,812	100.0	194,891	100.0	5,079	189,989	100.0	4,902	

PARCO CO., LTD. AND SUBSIDIARIES

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

(¥ millions)

	Interim Term				Increase (Decrease)	Fiscal 2007			Increase (Decrease)
	Aug.2007		Aug.2008						
(LIABILITIES)		%		%			%		
.Current Liabilities:									
1 Notes and accounts payable - trade	23,813		23,071		(741)	23,203		(132)	
2 Short-term bank loans	9,369		8,212		(1,156)	9,073		(861)	
3 Accounts payable - other	2,784		4,219		1,435	4,027		192	
4 Accrued expenses	1,451		1,677		225	1,453		223	
5 Accrued income taxes	2,279		1,786		(493)	3,438		(1,652)	
6 Accrued bonuses to employees	1,047		1,067		19	973		93	
7 Allowance for sales returns	20		28		7	13		14	
8 Allowance for books unsold	68		81		12	75		5	
9 Reserve for sales promotion	247		195		(51)	184		11	
10 Current portion of straight bonds	14,000		—		(14,000)	2,000		(2,000)	
11 Others	3,330		3,288		(41)	2,658		630	
Total current liabilities	58,412	30.8	43,627	22.4	(14,784)	47,102	24.8	(3,474)	
.Long-term Liabilities:									
1 Long-term bank loans	13,633		29,536		15,902	21,992		7,544	
2 Long-term accounts payable - other	285		224		(60)	224		—	
3 Reserve for retirement benefits	1,048		1,181		133	1,116		65	
4 Accrued retirement benefits for directors and statutory auditors	8		10		1	9		0	
5 Allowance for loss on store closing	2,179		1,809		(370)	2,179		(370)	
6 Guarantee deposits received from tenants	41,785		42,735		949	43,377		(641)	
7 Others	5		6		1	5		0	
Total long-term liabilities	58,945	31.0	75,504	38.7	16,559	68,905	36.3	6,598	
Total liabilities	117,358	61.8	119,132	61.1	1,774	116,008	61.1	3,124	
(NET ASSETS)									
.Shareholders' Equity:									
1 Common stock	26,867	14.1	26,867	13.8	—	26,867	14.1	—	
2 Capital surplus	27,527	14.5	27,527	14.1	0	27,527	14.5	0	
3 Retained earnings	17,254	9.1	21,243	10.9	3,989	19,114	10.1	2,128	
4 Treasury stock	(56)	(0.0)	(59)	(0.0)	(2)	(57)	(0.0)	(1)	
Total shareholders' equity	71,592	37.7	75,579	38.8	3,986	73,452	38.7	2,127	
.Valuation and Translation Adjustments:									
1 Net unrealized gains on securities	613	0.3	(20)	(0.0)	(634)	315	0.1	(335)	
2 Foreign currency translation adjustments	176	0.1	130	0.1	(45)	144	0.1	(14)	
Total valuation and translation adjustments	790	0.4	110	0.1	(679)	459	0.2	(349)	
.Minority Interests in Consolidated Subsidiaries:									
	70	0.1	68	0.0	(1)	69	0.0	(0)	
Total net assets	72,453	38.2	75,759	38.9	3,305	73,981	38.9	1,777	
Total liabilities and net assets	189,812	100.0	194,891	100.0	5,079	189,989	100.0	4,902	

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				Increase (Decrease)	Fiscal 2007	
	Aug.2007		Aug.2008				
		%		%			%
.Net sales	136,639	100.0	137,604	100.0	964	286,788	100.0
.Cost of sales:	116,520	85.3	116,847	84.9	327	245,200	85.5
Net	20,118	14.7	20,756	15.1	637	41,588	14.5
Provision for allowance for sales returns	4	0.0	14	0.0	9	-	-
Reversal of allowance for sales returns	-	-	-	-	-	1	0.0
Gross profit	20,114	14.7	20,742	15.1	628	41,590	14.5
.Other operating revenue	1,132	0.8	1,306	0.9	174	2,493	0.9
Gross operating profit	21,246	15.5	22,048	16.0	802	44,083	15.4
.Selling, general and administrative expenses	15,784	11.5	17,463	12.7	1,678	33,992	11.9
Operating income	5,461	4.0	4,585	3.3	(875)	10,090	3.5
.Non-operating income:							
1 Interest income	59		51			120	
2 Dividends income	55		44			67	
3 Others	155	270	196	292	22	339	526
Non-operating expenses:							
1 Interest expenses	208		309			472	
2 Bonds interest expenses	87		2			131	
3 Others	15	311	19	331	19	39	643
Ordinary income		5,420		4,546	(873)		9,973
.Special income:							
1 Gain on sales of investment securities	12		168			12	
2 Reversal of allowance for doubtful accounts	5		12			5	
3 Dividends from an anonymous association's assets	-		-			784	
4 Compensation for termination of lease agreement	-		204			-	
5 Others	52	70	65	451	380	92	895
.Special losses:							
1 Loss on sales of fixed assets	0		124			0	
2 Loss on disposal of fixed assets	342		123			1,024	
3 Loss on impairment of fixed assets	13		11			13	
4 Loss on write-down of investment securities	437		7			286	
5 Loss on sales of investment securities	-		-			53	
6 Provision for allowance for doubtful accounts	-		1			-	
7 Special allowance for retirement	-		-			3	
8 Loss on store closing	-		-			258	
9 Loss on collecting amortized coupons	-		-			47	
10 Others	-	793	13	281	(512)	7	1,696
Income before income taxes and minority interests		4,696		4,716	19		9,173
Income taxes:							
Current income taxes	2,056		1,611			4,085	
Deferred income taxes	(90)	1,965	317	1,928	(37)	(80)	4,004
Minority interests		0		0	(0)		0
Net income		2,730		2,788	57		5,167

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2007	26,867	27,527	15,100	(54)	69,441
Change of items during the interim period					
Dividends from surplus			(576)		(576)
Net income			2,730		2,730
Acquisition of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	—	—	2,153	(2)	2,151
Balance at August 31, 2007	26,867	27,527	17,254	(56)	71,592

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 28, 2007	1,022	117	1,139	195	70,777
Change of items during the interim period					
Dividends from surplus					(576)
Net income					2,730
Acquisition of treasury stock					(2)
Net changes of items other than shareholders' equity	(408)	58	(349)	(125)	(474)
Total changes of items during the interim period	(408)	58	(349)	(125)	1,676
Balance at August 31, 2007	613	176	790	70	72,453

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 29, 2008	26,867	27,527	19,114	(57)	73,452
Change of items during the interim period					
Dividends from surplus			(659)		(659)
Net income			2,788		2,788
Acquisition of treasury stock				(1)	(1)
Sale of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	—	0	2,128	(1)	2,127
Balance at August 31, 2008	26,867	27,527	21,243	(59)	75,579

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 29, 2008	315	144	459	69	73,981
Change of items during the interim period					
Dividends from surplus					(659)
Net income					2,788
Acquisition of treasury stock					(1)
Sale of treasury stock					0
Net changes of items other than shareholders' equity	(335)	(14)	(349)	(0)	(349)
Total changes of items during the interim period	(335)	(14)	(349)	(0)	1,777
Balance at August 31, 2008	(20)	130	110	68	75,759

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Fiscal Year Ended February 29 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2007	26,867	27,527	15,100	(54)	69,441
Change of items during the period					
Dividends from surplus			(1,153)		(1,153)
Net income			5,167		5,167
Acquisition of treasury stock				(3)	(3)
Sale of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	4,014	(3)	4,010
Balance at February 29, 2008	26,867	27,527	19,114	(57)	73,452

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 28, 2007	1,022	117	1,139	195	70,777
Change of items during the period					
Dividends from surplus					(1,153)
Net income					5,167
Acquisition of treasury stock					(3)
Sale of treasury stock					0
Net changes of items other than shareholders' equity	(706)	26	(680)	(126)	(806)
Total changes of items during the period	(706)	26	(680)	(126)	3,204
Balance at February 29, 2008	315	144	459	69	73,981

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		Increase (Decrease)	Fiscal2007
	Aug.2007	Aug.2008		
.Cash flows from operating activities:				
1 Income before income taxes and minority interests	4,696	4,716	19	9,173
2 Depreciation and amortization	2,135	2,532	396	4,594
3 Loss on impairment of fixed assets	13	11	(2)	13
4 Increase (Decrease) in allowance for doubtful accounts	(4)	(11)	(6)	7
5 Increase in accrued bonuses to employees	126	93	(32)	52
6 Increase (Decrease) in allowance for sales returns	4	14	9	(1)
7 Increase (Decrease) in allowance for books unsold	(2)	5	8	4
8 Increase (Decrease) in reserve for sales promotion	24	11	(12)	(38)
9 Increase in reserve for retirement benefits	49	65	15	118
10 Increase (Decrease) in accrued retirement benefits for directors and statutory auditors	0	0	-	1
11 Interest income and dividends income	(115)	(95)	19	(187)
12 Interest expenses	296	312	15	603
13 Loss on sales/disposal of fixed assets	137	209	71	450
14 (Gain) Loss on sales of investment securities	(12)	(168)	(155)	40
15 Loss on write-down of investment securities	437	7	(429)	286
16 Loss on store closing	-	-	-	258
17 Dividends from an anonymous association's assets	-	-	-	(784)
18 (Increase) Decrease in receivables	(233)	(2,948)	(2,715)	96
19 (Increase) Decrease in inventories	(56)	(93)	(37)	304
20 Increase (Decrease) in payables	746	(132)	(878)	137
21 Increase (Decrease) in other assets and liabilities, net	521	(413)	(935)	(291)
22 others	(4)	12	17	28
Sub-total	8,761	4,127	(4,634)	14,869
23 Interest and dividends received	112	97	(14)	184
24 Interest paid	(283)	(320)	(36)	(604)
25 Payment resulting from store closing	-	(77)	(77)	(33)
26 Income taxes paid	(807)	(3,264)	(2,456)	(1,711)
Net cash provided by operating activities	7,783	563	(7,220)	12,705

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		Increase (Decrease)	Fiscal2007
	Aug.2007	Aug.2008		
.Cash flows from investing activities:				
1 Acquisition of marketable securities	(300)	(300)	—	(300)
2 Sales of marketable securities	—	300	300	—
3 Acquisition of tangible fixed assets	(4,819)	(8,586)	(3,767)	(9,325)
4 Proceeds from sales of tangible fixed assets	0	34	34	0
5 Acquisition of investment securities	—	—	—	(446)
6 Proceeds from sales of investment securities	87	274	187	429
7 Payments for fixed leasehold deposits	(207)	(96)	110	(251)
8 Collection of fixed leasehold deposits	580	540	(39)	847
9 Increase (Decrease) in guarantee deposits received from tenants	813	(338)	(1,152)	2,247
10 Proceeds from an anonymous association's assets	—	—	—	784
11 others	(460)	11	471	(597)
Net cash used by investing activities	(4,305)	(8,159)	(3,854)	(6,611)
.Cash flows from financing activities:				
1 Increase (Decrease) in short-term bank loans	380	(455)	(835)	320
2 Proceeds from long-term bank loans	4,000	9,950	5,950	14,300
3 Repayment of long-term bank loans	(2,241)	(2,812)	(571)	(4,418)
4 Payments for redemption of straight bonds	—	(2,000)	(2,000)	(12,000)
5 Sale (Acquisition) of treasury stock	(2)	(1)	0	(3)
6 Cash dividends paid	(576)	(659)	(82)	(1,153)
7 Cash dividends paid to minority shareholders	(129)	—	129	(129)
Net cash provided (used) by financing activities	1,430	4,022	2,591	(3,084)
.Effect of exchange rate changes on cash and cash equivalents	62	(14)	(76)	29
.Net increase (decrease) in cash and cash equivalents	4,971	(3,588)	(8,559)	3,039
.Cash and cash equivalents at beginning of the term	13,519	16,558	3,039	13,519
.Cash and cash equivalents at end of the term	18,490	12,970	(5,520)	16,558

Notes : The reasons of the difference between net cash provided by operating activities of the prior interim term and that of this interim term are as follows: (1) Increase in receivables; Receivables increased for this interim term due to the timing of cash settlement of the bank. (2) Decrease in payables; Payables decreased for this interim term due to shortening the payment term. (3) Increase in income taxes paid; The amount of the corporate tax payment for this interim term is larger than that for prior interim term.

PARCO CO., LTD.

Non-Consolidated Balance Sheets for the Interim Term Ended August 31, 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2007			Increase (Decrease)	
	Aug.2007			Aug.2008								
(ASSETS)			%			%				%		
.Current Assets:												
1 Cash and time deposits	13,169			10,257			(2,911)	11,375			(1,117)	
2 Accounts receivable - trade	5,282			8,165			2,883	5,570			2,594	
3 Finished products	219			230			10	242			(12)	
4 Work-in-process	41			145			104	67			78	
5 Supplies	2			2			(0)	2			(0)	
6 Deferred tax assets	458			564			106	607			(42)	
7 Short-term loans	291			81			(210)	71			10	
8 Others	1,848			3,145			1,297	2,694			451	
Less: Allowance for doubtful accounts	(8)			(9)			(1)	(8)			(1)	
Total current assets		21,305	11.8		22,583	11.9		1,278	20,622	11.3		1,961
.Fixed Assets:												
1 Tangible fixed assets:												
(1)Buildings	39,716			49,768			10,051	41,933			7,834	
(2)Land	40,011			44,211			4,200	40,011			4,200	
(3)Others	7,332			1,988			(5,343)	7,378			(5,389)	
Total tangible fixed assets	87,059			95,969			8,909	89,323			6,645	
2 Intangible fixed assets:												
(1)Leasehold	11,014			11,014			-	11,014			-	
(2)Others	656			637			(18)	688			(50)	
Total intangible fixed assets	11,671			11,652			(18)	11,703			(50)	
3 Investments and other assets:												
(1)Investment securities	6,399			5,509			(889)	6,104			(595)	
(2)Investments in affiliates	5,699			5,699			-	5,699			-	
(3)Long-term loans	716			625			(90)	669			(43)	
(4)Fixed leasehold deposits	46,077			45,361			(716)	45,896			(534)	
(5)Deferred tax assets	915			985			69	1,137			(151)	
(6)Long-term accounts receivable	136			128			(8)	126			1	
(7)Others	1,214			1,152			(61)	1,197			(44)	
Less: Allowance for doubtful accounts	(227)			(220)			6	(224)			3	
Total investments and other assets	60,933			59,242			(1,690)	60,607			(1,364)	
Total fixed assets		159,665	88.2		166,864	88.1		7,199	161,635	88.7		5,229
Total assets		180,970	100.0		189,448	100.0		8,477	182,257	100.0		7,190

PARCO CO., LTD.

Non-Consolidated Balance Sheets for the Interim Term Ended August 31, 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2007			Increase (Decrease)
	Aug.2007			Aug.2008							
			%			%				%	
(LIABILITIES)											
.Current Liabilities:											
1 Accounts payable - trade	16,252			17,368			1,115	15,490			1,877
2 Short-term bank loans	10,769			10,167			(601)	9,933			234
3 Accounts payable - other	3,655			5,152			1,496	6,004			(852)
4 Accrued income taxes	1,838			1,666			(172)	3,105			(1,439)
5 Allowance reserve	588			599			11	546			53
6 Current portion of straight bonds	14,000			—			(14,000)	2,000			(2,000)
7 Others	3,663			4,086			422	3,451			634
Total current liabilities		50,767	28.1		39,040	20.6	(11,726)		40,532	22.2	(1,492)
.Long-term Liabilities:											
1 Long-term bank loans	13,633			29,536			15,902	21,992			7,544
2 Long-term accounts payable - other	236			175			(60)	175			—
3 Reserve for retirement benefits	209			217			8	210			6
4 Allowance for loss on store closing	2,179			1,809			(370)	2,179			(370)
5 Guarantee deposits received from tenants	41,922			42,871			949	43,513			(641)
6 Others	—			31			31	—			31
Total long-term liabilities		58,180	32.1		74,642	39.4	16,461		68,072	37.4	6,570
Total liabilities		108,947	60.2		113,683	60.0	4,735		108,605	59.6	5,078
(NET ASSETS)											
.Shareholders' Equity:											
1 Common stock		26,867	14.8		26,867	14.2	—		26,867	14.7	—
2 Capital surplus											
(1)Additional paid-in capital	26,623			6,100			(20,523)	26,623			(20,523)
(2)Other capital surplus	903			21,427			20,523	904			20,523
Total capital surplus		27,527	15.2		27,527	14.5	0		27,527	15.1	0
3 Retained earnings											
(1)Legal reserve	681			681			—	681			—
(2)Other retained earnings											
General reserve	12,811			12,811			—	12,811			—
Retained earnings brought forward	3,617			7,942			4,325	5,542			2,400
Total retained earnings		17,110	9.5		21,435	11.3	4,325		19,035	10.5	2,400
4 Treasury stock		(56)	(0.0)		(59)	(0.0)	(2)		(57)	(0.0)	(1)
Total shareholders' equity		71,448	39.5		75,771	40.0	4,322		73,372	40.3	2,398
.Valuation and Translation Adjustments:											
1 Net unrealized gains on securities		573			(6)		(579)		279		(286)
Total valuation and translation adjustments		573	0.3		(6)	(0.0)	(579)		279	0.1	(286)
Total net assets		72,022	39.8		75,764	40.0	3,742		73,652	40.4	2,112
Total liabilities and net assets		180,970	100.0		189,448	100.0	8,477		182,257	100.0	7,190

PARCO CO., LTD.

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

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2007		
	Aug.2007			Aug.2008						
.Net sales:			%			%				%
1 Tenants	121,543			123,878				256,883		
2 Other	3,302			3,364				6,641		
Total net sales		124,846	100.0		127,242	100.0	2,396		263,525	100.0
.Cost of sales:										
1 Tenants	107,122			108,522				226,499		
2 Other	2,237			2,330				4,634		
Total cost of sales		109,360	87.6		110,852	87.1	1,492		231,134	87.7
Net		15,486	12.4		16,389	12.9	903		32,391	12.3
Provision for allowance for sales returns		4	0.0		14	0.0	9		—	—
Reversal of allowance for sales returns		—	—		—	—	—		1	0.0
Gross profit		15,481	12.4		16,375	12.9	893		32,393	12.3
.Other operating revenue		1,180	0.9		1,400	1.1	219		2,614	1.0
Gross operating profit		16,662	13.3		17,775	14.0	1,113		35,007	13.3
.Selling, general and administrative expenses		11,915	9.5		13,395	10.6	1,480		25,920	9.9
Operating income		4,746	3.8		4,379	3.4	(366)		9,087	3.4
.Non-operating income		291	0.2		672	0.5	380		515	0.2
.Non-operating expenses		306	0.2		330	0.2	24		628	0.2
Ordinary income		4,732	3.8		4,721	3.7	(10)		8,974	3.4
.Special income		2	0.0		420	0.3	418		789	0.3
.Special losses		773	0.6		161	0.1	(612)		1,598	0.6
Income before income taxes		3,960	3.2		4,980	3.9	1,019		8,165	3.1
Income taxes:										
Current income taxes	1,641			1,530				3,513		
Deferred income taxes	(21)	1,620	1.3	391	1,921	1.5	300	(189)	3,323	1.3
Net income		2,340	1.9		3,059	2.4	718		4,841	1.8

PARCO CO., LTD.

Non-Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings			
					General reserve	Retained earnings brought forward				
Balance at February 28, 2007	26,867	26,623	903	27,527	681	10,511	4,154	15,346	(54)	69,687
Change of items during the interim period										
Fund for general reserve						2,300	(2,300)	—		—
Dividends from surplus							(576)	(576)		(576)
Net income							2,340	2,340		2,340
Acquisition of treasury stock									(2)	(2)
Net changes of items other than shareholders' equity										
Total changes of items during the interim period	—	—	—	—	—	2,300	(536)	1,763	(2)	1,761
Balance at August 31, 2007	26,867	26,623	903	27,527	681	12,811	3,617	17,110	(56)	71,448

	Valuation and Translation Adjustments	Total net assets
	Net unrealized gains on securities	
Balance at February 28, 2007	975	70,662
Change of items during the interim period		
Fund for general reserve		—
Dividends from surplus		(576)
Net income		2,340
Acquisition of treasury stock		(2)
Net changes of items other than shareholders' equity		(401)
Total changes of items during the interim period		1,359
Balance at August 31, 2007	573	72,022

PARCO CO., LTD.

Non-Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings			
					General reserve	Retained earnings brought forward				
Balance at February 29, 2008	26,867	26,623	904	27,527	681	12,811	5,542	19,035	(57)	73,372
Change of items during the interim period										
Dividends from surplus							(659)	(659)		(659)
Transfer from additional paid-in capital to other capital surplus		(20,523)	20,523	—						—
Net income							3,059	3,059		3,059
Acquisition of treasury stock									(1)	(1)
Sale of treasury stock			0	0					0	0
Net changes of items other than shareholders' equity										
Total changes of items during the interim period	—	(20,523)	20,523	0	—	—	2,400	2,400	(1)	2,398
Balance at August 31, 2008	26,867	6,100	21,427	27,527	681	12,811	7,942	21,435	(59)	75,771

	Valuation and Translation Adjustments	Total net assets
	Net unrealized gains on securities	
Balance at February 29, 2008	279	73,652
Change of items during the interim period		
Dividends from surplus		(659)
Transfer from additional paid-in capital to other capital surplus		—
Net income		3,059
Acquisition of treasury stock		(1)
Sale of treasury stock		0
Net changes of items other than shareholders' equity	(286)	(286)
Total changes of items during the interim period	(286)	2,112
Balance at August 31, 2008	(6)	75,764

PARCO CO., LTD.

Non-Consolidated Statement of Changes in Net Assets
for the Fiscal Year Ended February 29 2008
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		General reserve	Other retained earnings brought forward	Total retained earnings		
Balance at February 28, 2007	26,867	26,623	903	27,527	681	10,511	4,154	15,346	(54)	69,687
Change of items during the period										
Fund for general reserve						2,300	(2,300)	—		—
Dividends from surplus							(1,153)	(1,153)		(1,153)
Net income							4,841	4,841		4,841
Acquisition of treasury stock									(3)	(3)
Sale of treasury stock			0	0					0	0
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	0	0	—	2,300	1,388	3,688	(3)	3,685
Balance at February 29, 2008	26,867	26,623	904	27,527	681	12,811	5,542	19,035	(57)	73,372

	Valuation and Translation Adjustments		Total net assets
	Net unrealized gains on securities		
Balance at February 28, 2007		975	70,662
Change of items during the period			
Fund for general reserve			—
Dividends from surplus			(1,153)
Net income			4,841
Acquisition of treasury stock			(3)
Sale of treasury stock			0
Net changes of items other than shareholders' equity		(695)	(695)
Total changes of items during the period		(695)	2,989
Balance at February 29, 2008		279	73,652