

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements for the Fiscal Year Ended February 28,2002
(Fractional amounts less than one million yen are discarded)

April 24, 2002

Corporate Name: PARCO CO.,LTD.
Address: Headquarters in Tokyo
Personnel to Contact: Director
Mr. Kazumi Kojima

Stock Exchange Listings: Tokyo Stock Exchange
(first section)
Code Number: 8251
Board of Directors meeting: April 24, 2002
TEL (03)3477-5791

1. Results for Fiscal 2001 (March 1, 2001-February 28, 2002)

(1) Sales and Income

	Net sales (¥ million)	Year-on year change [%]	Operating income (¥ million)	Year-on year change [%]	Ordinary income (¥ million)	Year-on year change [%]
Fiscal 2001	310,624	[+ 1.0]	8,325	[+ 9.7]	7,082	[+14.1]
Fiscal 2000	307,482	[+16.1]	7,587	[+19.3]	6,205	[+26.7]

	Net income (¥ million)	Year-on year change [%]	Net income per share(¥)	Net income per share (diluted) (¥)	Return on equity [%]	Ordinary income/total assets [%]	Ordinary income/net sales [%]
Fiscal 2001	2,454	[+259.3]	34.39	30.56	[+5.0]	[+3.0]	[+2.3]
Fiscal 2000	683	[+ 41.1]	12.19	10.33	[+1.5]	[+2.5]	[+2.0]

Notes:

- Investment profit on equity method: Fiscal 2001 ¥122 million
Fiscal 2000 ¥88 million
- Average number of shares outstanding during the term (consolidated): Fiscal 2001 71,365,687 shares
Fiscal 2000 56,056,298 shares
- Changes in accounting methods: None
- Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity/ total assets [%]	Shareholders' equity per share (¥)
Fiscal 2001	230,561	52,916	[+23.0]	702.98
Fiscal 2000	248,268	44,536	[+17.9]	794.53

Notes: Total number of shares outstanding (consolidated): As of February 28,2002 75,274,045 shares
As of February 28,2001 56,056,298 shares

(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 year (¥ million)
Fiscal 2001	11,344	-705	-14,464	12,750
Fiscal 2000	10,147	-6,134	-20,903	16,537

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 19 companies
Unconsolidated subsidiaries accounted for by the equity method: None
Affiliated companies accounted for by the equity method: 3 companies

(5) Changes in scope of consolidation and application of the equity method

Consolidation: (New) 1 company (Eliminated) 3 companies
Equity method: (New) None (Eliminated) None

2. Projected Results for Fiscal 2002 (March 1, 2002-February 28, 2003)

	Operating revenues (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Interim period	155,000	3,600	1,000
Fiscal 2002	314,000	7,200	2,300

Reference: Estimated net income per share (fiscal 2002): ¥30.55

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Fiscal Year Ended February 28, 2002

(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2002	2001	(Decrease)
ASSETS			
Current Assets:			
Cash on hand and in banks	¥ 12,756	¥ 13,664	¥ (908)
Notes and accounts receivable - trade	11,398	14,257	(2,859)
Accounts receivable for completed contract	4,574	4,473	101
Marketable securities	65	4,069	(4,004)
Inventories	9,687	10,016	(328)
Advance payment	159	196	(36)
Prepaid expenses	819	881	(62)
Short-term loans on marketable securities	-	2,998	(2,998)
Other short-term loans	84	53	31
Deferred tax assets	621	1,067	(445)
Other current assets	1,799	10,210	(8,410)
Less: Allowance for doubtful accounts	(62)	(170)	107
Total current assets	<u>41,905</u>	<u>61,718</u>	<u>(19,812)</u>
Fixed Assets:			
Tangible Fixed Assets:			
Buildings and structures	43,656	43,492	164
Machinery, equipment and motor vehicles	244	280	(35)
Tools, furniture and fixtures	1,410	1,488	(78)
Land	41,364	40,991	373
Construction in progress	390	779	(388)
Other tangible fixed assets	-	1	(1)
Total tangible fixed assets	<u>87,066</u>	<u>87,032</u>	<u>33</u>
Intangible Fixed Assets:			
Goodwill	193	289	(96)
Leasehold	10,944	10,944	-
Difference between cost of investments and equity in net assets	711	907	(196)
Other intangible fixed assets	878	986	(107)
Total intangible fixed assets	<u>12,728</u>	<u>13,127</u>	<u>(399)</u>
Investments and Other Assets:			
Investment securities	15,884	12,732	3,152
Long-term loans	2,451	1,424	1,026
Long-term loans to affiliated companies	1,695	2,609	(914)
Long-term prepaid expenses	1,344	1,354	(9)
Fixed leasehold deposits	61,843	62,499	(656)
Deferred tax assets	5,380	5,320	59
Other investments	1,046	579	467
Less: Allowance for doubtful accounts	(783)	(206)	(576)
Total investments and other assets	<u>88,862</u>	<u>86,313</u>	<u>2,548</u>
Total fixed assets	<u>188,656</u>	<u>186,474</u>	<u>2,182</u>
Deferred Assets:			
Discount on bonds issued	-	33	(33)
Total deferred assets	<u>-</u>	<u>33</u>	<u>(33)</u>
Foreign currency translation adjustments			
	-	43	(43)
Total assets	<u>¥ 230,561</u>	<u>¥ 248,268</u>	<u>¥ (17,706)</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Fiscal Year Ended February 28, 2002
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2002	2001	(Decrease)
LIABILITIES			
Current Liabilities:			
Notes and accounts payable – trade	¥ 29,539	¥ 30,966	¥ (1,427)
Short-term borrowings	36,569	39,069	(2,499)
Accounts payable – other	3,121	3,009	111
Accrued income taxes	542	1,215	(673)
Deferred tax liabilities	11	12	(0)
Accrued expenses	1,728	1,485	242
Accrued bonuses to employees	1,125	1,229	(103)
Allowance for sales returns	9	23	(13)
Allowance for books unsold	77	118	(41)
Current portion of bonds payable	10,000	4,700	5,300
Other current liabilities	4,796	5,405	(608)
Total current liabilities	<u>87,521</u>	<u>87,234</u>	<u>286</u>
Long-term Liabilities:			
Straight bonds	2,000	21,700	(19,700)
Convertible bonds	2,674	5,000	(2,326)
Long-term borrowings	28,585	30,010	(1,425)
Accrued retirement benefits for employees	-	103	(103)
Reserve for retirement benefits	925	-	925
Accrued retirement benefits for directors and statutory auditors	707	814	(107)
Guarantee deposits received from tenants	50,660	53,958	(3,298)
Other long-term debt	242	517	(275)
Total long-term liabilities	<u>85,794</u>	<u>112,104</u>	<u>(26,309)</u>
Total liabilities	<u>173,316</u>	<u>199,339</u>	<u>(26,023)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES			
	4,329	4,393	(63)
SHAREHOLDERS' EQUITY			
Common Stock	25,224	21,793	3,431
Additional Paid-in Capital	24,649	21,218	3,431
Consolidated Retained Earnings	3,467	1,525	1,941
Unrealized Gains on Securities	(393)	-	(393)
Foreign Currency Translation Adjustments	(20)	-	(20)
Treasury Stock	(11)	(0)	(10)
Total shareholders' equity	<u>52,916</u>	<u>44,536</u>	<u>8,380</u>
Total liabilities and shareholders' equity	<u>¥ 230,561</u>	<u>¥ 248,268</u>	<u>¥ (17,706)</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Income for the Fiscal Year Ended February 28, 2002
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		Increase (Decrease)
	February 28		
	2002	2001	
Net sales	¥ 310,624	¥ 307,482	¥ 3,141
Cost of sales:	261,037	257,920	3,116
	49,586	49,562	24
Provision for allowance for sales returns	-	1	(1)
Reversal of allowance for sales returns	13	-	13
	49,600	49,560	39
Other operating revenues	1,384	1,482	(98)
Gross profit	50,984	51,043	(58)
Selling, general and administrative expenses	42,659	43,456	(796)
Operating income	8,325	7,587	738
Non-operating income:			
Interest income	176	237	(61)
Investment profit on equity method	122	88	34
Other non-operating income	723	832	(108)
	1,022	1,158	(135)
Non-operating expenses:			
Interest expenses	1,210	1,376	(165)
Bonds interest expenses	472	733	(260)
Amortization of bonds discount	33	33	(0)
Bonds issue expenses	-	12	(12)
Other non-operating expenses	548	383	164
	2,265	2,539	(274)
Ordinary income	7,082	6,205	876
Special income:			
Gain on sales of fixed assets	-	10	(10)
Gain on sales of investment securities	452	3	449
Reversal of write-down of marketable securities	-	1,245	(1,245)
Reversal of write-down of investment securities	-	162	(162)
Reversal of allowance for doubtful accounts	124	37	87
Settlement received on determination of purchase price of securities	533	-	533
Prior years' removal expense adjustments	-	168	(168)
	1,111	1,628	(517)
Special losses:			
Loss on sales of fixed assets	20	108	(88)
Loss on disposal of fixed assets	1,355	1,258	96
Loss on sales of investment securities	16	5,215	(5,199)
Loss on write-down of investment securities	1,633	317	1,316
Loss on write-down of golf club memberships	122	127	(5)
Provision for allowance for doubtful accounts	579	121	457
Special allowance for retirement	412	-	412
Provision for accrued retirement benefits for directors and statutory auditors	-	9	(9)
Loss on liquidation of a subsidiary	-	1,138	(1,138)
Loss on liquidation of relevant investment business	-	225	(225)
Loss on others	366	241	124
	4,505	8,764	(4,259)
Income (Loss) before income taxes and minority interests	3,688	(930)	4,619
Income taxes:			
Current	598	1,667	(1,069)
Deferred	639	(3,318)	3,958
Minority interests	(4)	37	(41)
Net Income	¥ 2,454	¥ 683	¥ 1,771

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Appropriation of Retained Earnings for the Fiscal Year Ended
February 28, 2002

(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase (Decrease)
	2002	2001	
Consolidated retained earnings	¥ 1,525	¥ 6,458	¥ (4,933)
Increase in consolidated retained earnings:			
Due to the increase of consolidated subsidiaries	-	642	(642)
Due to the increase of affiliates accounted for by the equity method	-	258	(258)
	-	900	(900)
Decrease in consolidated retained earnings:			
Cash dividends	511	448	63
Bonuses to directors and statutory auditors	0	52	(51)
Due to the decrease of consolidated subsidiaries	-	35	(35)
Due to the increase of consolidated subsidiaries	-	5,980	(5,980)
	512	6,516	(6,004)
Net income (loss) for the year	2,454	683	1,771
Balance at end of year	¥ 3,467	¥ 1,525	¥ 1,941

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Fiscal Year Ended February 28, 2002
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	2002	2001	(Decrease)
Cash flows from operating activities:			
Income (Loss) before income taxes and minority interests ¥	3,688	¥ (930)	¥ 4,619
Depreciation and amortization	4,435	4,659	(224)
Amortization of consolidated accounts reconciliation	192	286	(94)
Amortization of bonds discount	33	33	(0)
Increase in allowance for doubtful accounts	469	92	377
Increase (Decrease) in accrued bonuses to employees	(102)	24	(126)
Increase (Decrease) in allowance for sales returns	(13)	1	(14)
(Decrease) in allowance for books unsold	(41)	(132)	90
(Decrease) in accrued retirement benefits for employees	(103)	(17)	(85)
Increase in reserve for retirement benefits	928	-	928
(Decrease) in accrued retirement benefits for directors and statutory auditors	(107)	(283)	175
Interest income and dividends income	(218)	(268)	50
Interest expenses	1,683	2,110	(426)
Investment profit on equity method	(122)	(88)	(34)
Gain on sales of fixed assets	-	(10)	10
Loss on sales/disposal of fixed assets	749	865	(115)
Gain and loss on sales of marketable securities and investment securities	(436)	5,181	(5,618)
Loss and reversal on write-down of marketable securities and investment securities	1,633	(1,079)	2,713
Loss on liquidation of a subsidiary	-	1,135	(1,135)
Decrease in receivables	1,903	3,861	(1,958)
Decrease in inventories	326	1,559	(1,233)
(Decrease) in payables	(1,423)	(469)	(954)
Increase (Decrease) in other assets and liabilities	610	(2,548)	3,158
Other	(20)	65	(86)
Sub-total	14,065	14,048	17
Interest income and dividends income received	213	193	20
Interest expenses paid	(1,683)	(2,104)	420
Income taxes paid	(1,251)	(1,990)	739
Net cash provided by operating activities	11,344	10,147	1,197
Cash flows from investing activities:			
Acquisition of marketable securities	-	(29)	29
Proceeds from sales of marketable securities	-	123	(123)
Acquisition of tangible fixed assets	(4,865)	(4,096)	(768)
Proceeds from sales of tangible fixed assets	96	93	2
Acquisition of investment securities	(1,677)	(166)	(1,511)
Proceeds from sales of investment securities	1,093	152	941
Acquisition of investments in subsidiaries newly consolidated for the fiscal 2000	-	1,094	(1,094)
Payments for fixed leasehold deposits	(1,799)	(757)	(1,042)
Collection of fixed leasehold deposits	1,913	2,679	(766)
(Decrease) in guarantee deposits received from tenants	(3,919)	(4,501)	581
Collection of accounts receivable on sales of investment securities	8,830	-	8,830
Other	(377)	(726)	349
Net cash provided by (used in) investing activities	¥ (705)	¥ (6,134)	¥ 5,429

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Fiscal Year Ended February 28, 2002
(Fractional amounts less than one million yen are discarded)

	(¥ millions)		
	February 28		Increase
	<u>2002</u>	<u>2001</u>	<u>(Decrease)</u>
Cash flows from financing activities:			
(Decrease) in short-term loans	¥ (8,899)	¥ (8,771)	¥ (127)
Proceeds from long-term loans	15,347	11,699	3,648
Repayment of long-term loans	(10,286)	(14,814)	4,528
Proceeds from bonds issued	-	2,000	(2,000)
Redemption of bonds	(14,400)	(10,300)	(4,100)
Proceeds from issue of shares	4,536	-	4,536
Cash dividends	(511)	(448)	(63)
Cash dividends paid to minority shareholders	(17)	(16)	(0)
Other	(233)	(251)	18
Net cash used in financing activities	<u>(14,464)</u>	<u>(20,903)</u>	<u>6,439</u>
Effect of exchange rate changes on cash and cash equivalents	<u>37</u>	<u>13</u>	<u>24</u>
Net (decrease) in cash and cash equivalents	(3,787)	(16,877)	13,089
Cash and cash equivalents at beginning of year	16,537	32,520	(15,983)
Net increase in cash and cash equivalents for newly consolidated subsidiaries	-	894	(894)
Cash and cash equivalents at end of year	<u>¥ 12,750</u>	<u>¥ 16,537</u>	<u>¥ (3,787)</u>