



April 8, 2014

Consolidated Financial Results for the Fiscal Year Ended February 28, 2014 <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
 Inquiries: Hideki Noguchi, Executive Officer for the Finance Group, Accounting Group and Accounting Coordination Group
 TEL: +81-3-3477-5791 (from overseas)

Scheduled date of annual general shareholders' meeting: May 24, 2014
 Scheduled date of dividend distribution: May 7, 2014
 Scheduled date to file Annual Securities Report: May 26, 2014
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for institutional investors and analysts)

(All amounts have been rounded down to the nearest million yen.)

1. Consolidated performance for the fiscal year ended February 28, 2014 (from March 1, 2013 to February 28, 2014)

(1) Consolidated operating results

(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	%
Fiscal year ended								
February 28, 2014	264,384	(0.1)	12,196	12.7	12,013	16.3	6,778	33.3
February 28, 2013	264,779	1.9	10,824	18.1	10,329	15.2	5,083	17.7

Note: Comprehensive income

For the fiscal year ended February 28, 2014: 7,066 million yen [32.1%]

For the fiscal year ended February 28, 2013: 5,351 million yen [27.4%]

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2014	66.81	—	6.4	5.6	4.6
February 28, 2013	54.44	—	5.4	5.0	4.1

Reference: Equity in earnings (losses) of affiliates

For the fiscal year ended February 28, 2014: (0) million yen

For the fiscal year ended February 28, 2013: (180) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2014	220,757	108,823	49.3	1,072.57
February 28, 2013	206,243	103,573	50.2	1,020.92

Reference: Equity

As of February 28, 2014: 108,823 million yen

As of February 28, 2013: 103,573 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2014	9,864	(27,886)	11,049	3,529
February 28, 2013	13,938	(2,139)	(8,826)	10,463

2. Cash dividends

	Annual dividends					Total cash dividends (Annual) Millions of yen	Dividend payout ratio (Consolidated) %	Ratio of dividends to net assets (Consolidated) %
	First quarter-end Yen	Second quarter-end Yen	Third quarter-end Yen	Fiscal year-end Yen	Total Yen			
Fiscal year ended February 28, 2013	–	9.00	–	9.00	18.00	1,825	33.1	1.8
Fiscal year ended February 28, 2014	–	9.00	–	9.00	18.00	1,826	26.9	1.7
Fiscal year ending February 28, 2015 (Forecast)	–	9.00	–	9.00	18.00		26.9	

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

(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, 2014	132,200	2.2	6,100	2.9	6,000	3.0	3,350	2.1	33.02
Fiscal year ending February 28, 2015	273,000	3.3	12,200	0.0	12,050	0.3	6,800	0.3	67.02

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - d. Restatement of prior period financial statements after error corrections: None

Note: These items fall in those set forth in Article 14-7 of the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements,” “Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.”

- (3) Number of issued shares (common shares)
- Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2014	101,462,977 shares
As of February 28, 2013	101,462,977 shares
 - Number of treasury shares at the end of the period

As of February 28, 2014	2,587 shares
As of February 28, 2013	11,635 shares
 - Average number of shares during the period

For the fiscal year ended February 28, 2014	101,458,633 shares
For the fiscal year ended February 28, 2013	93,377,787 shares

(Reference) Overview of non-consolidated performance

1. Non-consolidated performance for the fiscal year ended February 28, 2014 (from March 1, 2013 to February 28, 2014)

(1) Non-consolidated operating results

(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	%
Fiscal year ended February 28, 2014	242,653	(0.0)	11,823	16.3	11,725	14.1	6,772	24.4
February 28, 2013	242,706	1.5	10,166	19.2	10,276	12.1	5,444	19.7

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
February 28, 2014	66.75	–
February 28, 2013	58.30	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2014	218,915	109,554	50.0	1,079.78
February 28, 2013	203,181	104,413	51.4	1,029.20

Reference: Equity

As of February 28, 2014: 109,554 million yen

As of February 28, 2013: 104,413 million yen

2. Non-consolidated earnings forecasts for the fiscal year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

(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, 2014	120,900	2.2	6,000	4.3	5,950	3.6	3,450	3.1	34.00
Fiscal year ending February 28, 2015	249,400	2.8	11,500	(2.7)	11,350	(3.2)	6,550	(3.3)	64.56

*** Indication regarding execution of audit procedures**

The audit procedures pursuant to the Financial Instruments and Exchange Act do not apply to this earnings report. At the time of disclosure of this earnings report, the audit procedures for 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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

Method of accessing supplementary material on earnings

On Tuesday, April 8, 2014, the Company plans to hold an earnings performance review for institutional investors and analysts. The Company plans to post a video of this earnings performance review on its website promptly after the review is held.

Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
Assets		
Current assets		
Cash and deposits	10,463	3,529
Notes and operating accounts receivable	7,675	7,581
Merchandise and finished goods	2,758	2,984
Work in process	225	278
Raw materials and supplies	41	40
Advance payments - trade	140	332
Prepaid expenses	816	785
Deferred tax assets	1,404	934
Short-term loans receivable	94	12
Other	5,376	5,921
Allowance for doubtful accounts	(5)	(5)
Total current assets	28,991	22,396
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,131	121,524
Accumulated depreciation	(74,664)	(77,395)
Accumulated impairment loss	(1,034)	(1,131)
Buildings and structures, net	43,432	42,997
Buildings and structures in trust	17,209	17,667
Accumulated depreciation	(2,472)	(3,339)
Buildings and structures in trust, net	14,737	14,327
Machinery, equipment and vehicles	1,395	845
Accumulated depreciation	(1,089)	(645)
Machinery, equipment and vehicles, net	305	200
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(7)	(9)
Machinery, equipment and vehicles in trust, net	9	7
Tools, furniture and fixtures	4,843	5,084
Accumulated depreciation	(3,929)	(4,073)
Accumulated impairment loss	(122)	(137)
Tools, furniture and fixtures, net	791	873
Tools, furniture and fixtures in trust	136	138
Accumulated depreciation	(63)	(84)
Tools, furniture and fixtures in trust, net	73	53
Land	43,994	43,803
Land in trust	19,371	46,992
Leased assets	754	780
Accumulated depreciation	(297)	(395)
Leased assets, net	456	384
Construction in progress	526	4,950
Total property, plant and equipment	123,698	154,590
Intangible assets		
Leasehold right	10,949	10,949
Other	894	898
Total intangible assets	11,844	11,847

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
Investments and other assets		
Investment securities	2,924	2,886
Long-term loans receivable	181	155
Long-term prepaid expenses	1,108	575
Lease and guarantee deposits	35,631	27,299
Deferred tax assets	1,615	745
Long-term accounts receivable - other	114	101
Other	345	367
Allowance for doubtful accounts	(212)	(209)
Total investments and other assets	41,708	31,921
Total non-current assets	177,251	198,360
Total assets	206,243	220,757
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	16,278	15,564
Short-term loans payable	5,978	14,719
Lease obligations	159	147
Accounts payable - other	4,039	3,834
Accrued expenses	1,515	1,614
Income taxes payable	3,406	1,216
Provision for bonuses	1,032	1,040
Provision for sales returns	14	26
Provision for books unsold	137	129
Provision for sales promotion expenses	284	334
Provision for loss on store closing	-	94
Current portion of bonds	1,000	-
Other	2,528	2,307
Total current liabilities	36,375	41,030
Non-current liabilities		
Long-term loans payable	30,397	35,705
Lease obligations	319	255
Long-term accounts payable - other	122	16
Provision for retirement benefits	1,737	1,788
Guarantee deposits received	33,377	32,740
Asset retirement obligations	320	376
Other	19	19
Total non-current liabilities	66,295	70,902
Total liabilities	102,670	111,933
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,124	35,129
Retained earnings	33,830	38,781
Treasury shares	(7)	(2)
Total shareholders' equity	103,314	108,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	671
Foreign currency translation adjustment	(138)	(124)
Total accumulated other comprehensive income	258	547
Minority interests	-	-
Total net assets	103,573	108,823
Total liabilities and net assets	206,243	220,757

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

(Millions of yen)

	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014
Net sales	264,779	264,384
Cost of sales	224,951	224,503
Gross profit	39,827	39,881
Provision for sales returns	–	12
Reversal of provision for sales returns	6	–
Gross profit - net	39,834	39,868
Operating revenue	2,732	3,908
Operating gross profit	42,567	43,776
Selling, general and administrative expenses	31,742	31,580
Operating income	10,824	12,196
Non-operating income		
Interest income	52	54
Dividend income	49	41
Miscellaneous income	344	343
Total non-operating income	446	439
Non-operating expenses		
Interest expenses	551	499
Interest on bonds	69	14
Share of loss of entities accounted for using equity method	180	0
Miscellaneous expenses	140	108
Total non-operating expenses	941	622
Ordinary income	10,329	12,013
Extraordinary income		
Gain on sales of non-current assets	111	0
Gain on sales of investment securities	286	12
Compensation income	–	201
Compensation income for loss from damage	569	–
Gain on reversal of foreign currency translation adjustment	–	26
Total extraordinary income	968	240
Extraordinary losses		
Loss on retirement of non-current assets	958	621
Impairment loss	149	70
Loss on sales of investment securities	0	87
Special retirement expenses	64	22
Loss on closing of stores	–	94
Loss on cancellation of rental contracts	999	–
Other	22	73
Total extraordinary losses	2,195	971
Income before income taxes and minority interests	9,102	11,283
Income taxes - current	4,538	3,320
Income taxes - deferred	(519)	1,184
Total income taxes	4,018	4,505
Income before minority interests	5,083	6,778
Net income	5,083	6,778

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014
Income before minority interests	5,083	6,778
Other comprehensive income		
Valuation difference on available-for-sale securities	196	274
Foreign currency translation adjustment	62	5
Share of other comprehensive income of entities accounted for using equity method	8	9
Total other comprehensive income	267	288
Comprehensive income	5,351	7,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,351	7,066
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of changes in equity
Fiscal year ended February 28, 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	26,867	27,526	30,320	(150)	84,563
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	7,500	7,500			15,000
Dividends of surplus			(1,652)		(1,652)
Net income			5,083		5,083
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		98		144	242
Change of scope of equity method			78		78
Net changes of items other than shareholders' equity					
Total changes of items during period	7,500	7,598	3,509	143	18,751
Balance at end of current period	34,367	35,124	33,830	(7)	103,314

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	200	(209)	(8)	22	84,577
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					15,000
Dividends of surplus					(1,652)
Net income					5,083
Purchase of treasury shares					(0)
Disposal of treasury shares					242
Change of scope of equity method					78
Net changes of items other than shareholders' equity	196	70	267	(22)	244
Total changes of items during period	196	70	267	(22)	18,995
Balance at end of current period	397	(138)	258	-	103,573

Fiscal year ended February 28, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,367	35,124	33,830	(7)	103,314
Changes of items during period					
Dividends of surplus			(1,826)		(1,826)
Net income			6,778		6,778
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		6	10
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4	4,951	5	4,961
Balance at end of current period	34,367	35,129	38,781	(2)	108,276

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	397	(138)	258	-	103,573
Changes of items during period					
Dividends of surplus					(1,826)
Net income					6,778
Purchase of treasury shares					(0)
Disposal of treasury shares					10
Net changes of items other than shareholders' equity	274	14	288	-	288
Total changes of items during period	274	14	288	-	5,250
Balance at end of current period	671	(124)	547	-	108,823

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	9,102	11,283
Depreciation	6,120	5,877
Impairment loss	149	70
Increase (decrease) in provision for bonuses	13	7
Increase (decrease) in provision for retirement benefits	120	50
Loss on store closings	–	94
Interest and dividend income	(101)	(96)
Interest expenses	620	513
Compensation income for loss from damage	(569)	–
Compensation income	–	(201)
Loss (gain) on sales and retirement of non-current assets	213	209
Decrease (increase) in notes and accounts receivable - trade	17	98
Decrease (increase) in inventories	(197)	(278)
Increase (decrease) in notes and accounts payable - trade	(247)	(713)
Increase/decrease in other assets/liabilities	54	(558)
Other, net	2	155
Subtotal	15,298	16,512
Interest and dividend income received	101	96
Interest expenses paid	(685)	(498)
Compensation for loss from damage received	1,578	–
Proceeds from compensation	–	204
Payment resulting from store closing	(87)	–
Payments for cancellation of leasehold contracts	–	(999)
Income taxes paid	(2,266)	(5,451)
Net cash provided by (used in) operating activities	13,938	9,864
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,131)	(35,450)
Proceeds from sales of property, plant and equipment	228	8
Purchase of investment securities	(1)	(56)
Proceeds from sales of investment securities	322	454
Payments for lease and guarantee deposits	(1,189)	(612)
Proceeds from collection of lease and guarantee deposits	3,717	8,973
Increase (decrease) in guarantee deposits received	(805)	(927)
Other, net	(279)	(275)
Net cash provided by (used in) investing activities	(2,139)	(27,886)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,130)	6,000
Proceeds from long-term loans payable	15,000	15,500
Repayments of long-term loans payable	(17,078)	(7,459)
Redemption of bonds	(1,000)	(1,000)
Net decrease (increase) in treasury shares	241	9
Cash dividends paid	(1,652)	(1,826)
Other, net	(206)	(174)
Net cash provided by (used in) financing activities	(8,826)	11,049
Effect of exchange rate change on cash and cash equivalents	53	38
Net increase (decrease) in cash and cash equivalents	3,025	(6,933)
Cash and cash equivalents at beginning of period	7,437	10,463
Cash and cash equivalents at end of period	10,463	3,529

Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
Assets		
Current assets		
Cash and deposits	9,282	2,998
Operating accounts receivable	6,097	6,054
Merchandise and finished goods	348	323
Work in process	88	124
Raw materials and supplies	2	2
Advance payments - trade	140	332
Prepaid expenses	708	662
Deferred tax assets	1,034	548
Short-term loans receivable	93	12
Short-term loans receivable from subsidiaries and associates	1,125	1,119
Current portion of guarantee deposits	4,166	3,910
Other	1,082	1,733
Allowance for doubtful accounts	(5)	(5)
Total current assets	24,166	17,817
Non-current assets		
Property, plant and equipment		
Buildings	116,544	118,752
Accumulated depreciation	(73,374)	(76,022)
Accumulated impairment loss	(426)	(425)
Buildings, net	42,743	42,304
Buildings in trust	16,940	17,406
Accumulated depreciation	(2,433)	(3,288)
Buildings in trust, net	14,507	14,118
Structures	1,643	1,653
Accumulated depreciation	(1,257)	(1,273)
Accumulated impairment loss	(6)	(6)
Structures, net	379	373
Structures in trust	269	269
Accumulated depreciation	(38)	(51)
Structures in trust, net	230	217
Machinery and equipment	1,411	839
Accumulated depreciation	(1,100)	(638)
Machinery and equipment, net	310	201
Machinery and equipment in trust	16	16
Accumulated depreciation	(7)	(9)
Machinery and equipment in trust, net	9	7
Vehicles	16	16
Accumulated depreciation	(14)	(15)
Vehicles, net	1	0
Tools, furniture and fixtures	3,553	3,665
Accumulated depreciation	(3,040)	(3,122)
Accumulated impairment loss	(8)	(8)
Tools, furniture and fixtures, net	503	534

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
Tools, furniture and fixtures in trust	136	138
Accumulated depreciation	(63)	(84)
Tools, furniture and fixtures in trust, net	73	53
Land	44,793	44,601
Land in trust	19,371	46,992
Leased assets	296	256
Accumulated depreciation	(139)	(137)
Leased assets, net	156	118
Construction in progress	516	4,930
Total property, plant and equipment	123,596	154,453
Intangible assets		
Leasehold right	10,949	10,949
Software	406	417
Other	188	190
Total intangible assets	11,545	11,557
Investments and other assets		
Investment securities	2,657	2,760
Shares of subsidiaries and associates	4,541	4,929
Investments in capital	7	55
Investments in capital of subsidiaries and associates	70	–
Long-term loans receivable	181	155
Long-term loans receivable from subsidiaries and associates	112	–
Long-term prepaid expenses	1,106	574
Lease and guarantee deposits	34,689	26,407
Deferred tax assets	280	–
Long-term accounts receivable - other	105	89
Other	337	311
Allowance for doubtful accounts	(216)	(198)
Total investments and other assets	43,873	35,086
Total non-current assets	179,015	201,098
Total assets	203,181	218,915

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
Liabilities		
Current liabilities		
Operating accounts payable	12,628	12,353
Short-term loans payable	2,619	8,925
Current portion of long-term loans payable	5,959	8,700
Lease obligations	66	50
Accounts payable - other	4,620	4,579
Accrued expenses	992	1,070
Income taxes payable	3,112	1,089
Advances received	297	396
Deposits received	244	165
Provision for bonuses	605	617
Provision for sales returns	14	26
Provision for books unsold	137	129
Current portion of bonds	1,000	–
Current portion of guarantee deposits	1,453	1,128
Other	292	312
Total current liabilities	34,044	39,548
Non-current liabilities		
Long-term loans payable	30,350	35,650
Lease obligations	97	74
Long-term accounts payable - other	83	16
Deferred tax liabilities	–	386
Provision for retirement benefits	567	617
Guarantee deposits received	33,475	32,863
Asset retirement obligations	131	184
Other	19	19
Total non-current liabilities	64,723	69,813
Total liabilities	98,768	109,361
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus		
Legal capital surplus	13,600	13,600
Other capital surplus	21,524	21,529
Total capital surpluses	35,124	35,129
Retained earnings		
Legal retained earnings	681	681
Other retained earnings		
General reserve	12,811	12,811
Retained earnings brought forward	20,960	25,906
Total retained earnings	34,452	39,399
Treasury shares	(7)	(2)
Total shareholders' equity	103,937	108,893
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	476	661
Total valuation and translation adjustments	476	661
Total net assets	104,413	109,554
Total liabilities and net assets	203,181	218,915

(2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014
Net sales		
Tenants sales	236,711	237,389
Other sales	5,994	5,264
Total net sales	242,706	242,653
Cost of sales		
Cost of tenants sales	207,315	207,988
Other cost of sales	3,997	3,599
Total cost of sales	211,313	211,587
Gross profit	31,393	31,065
Provision for sales returns	–	12
Reversal of provision for sales returns	6	–
Gross profit - net	31,399	31,052
Operating revenue	2,419	3,588
Operating gross profit	33,819	34,641
Selling, general and administrative expenses	23,653	22,818
Operating income	10,166	11,823
Non-operating income		
Interest income	51	59
Dividend income	542	144
Miscellaneous income	282	325
Total non-operating income	876	529
Non-operating expenses		
Interest expenses	561	510
Interest on bonds	69	14
Miscellaneous expenses	134	101
Total non-operating expenses	765	626
Ordinary income	10,276	11,725
Extraordinary income		
Gain on sales of non-current assets	111	0
Gain on sales of investment securities	286	12
Compensation income	–	201
Compensation income for loss from damage	569	–
Total extraordinary income	968	214
Extraordinary losses		
Loss on retirement of non-current assets	951	597
Special retirement expenses	35	12
Loss on business of subsidiaries and associates	203	434
Loss on cancellation of rental contracts	999	–
Other	18	63
Total extraordinary losses	2,208	1,107
Income before income taxes	9,036	10,832
Income taxes - current	4,105	3,008
Income taxes - deferred	(513)	1,051
Total income taxes	3,591	4,059
Net income	5,444	6,772

(3) Non-consolidated statements of changes in equity
Fiscal year ended February 28, 2013

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	26,867	6,100	21,426	27,526	681	12,811	17,168	30,661	(150)	84,904
Changes of items during period										
Issuance of new shares - exercise of subscription rights to shares	7,500	7,500		7,500						15,000
Dividends of surplus							(1,652)	(1,652)		(1,652)
Net income							5,444	5,444		5,444
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			98	98					144	242
Net changes of items other than shareholders' equity										
Total changes of items during period	7,500	7,500	98	7,598	-	-	3,791	3,791	143	19,032
Balance at end of current period	34,367	13,600	21,524	35,124	681	12,811	20,960	34,452	(7)	103,937

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of current period	265	85,169
Changes of items during period		
Issuance of new shares - exercise of subscription rights to shares		15,000
Dividends of surplus		(1,652)
Net income		5,444
Purchase of treasury shares		(0)
Disposal of treasury shares		242
Net changes of items other than shareholders' equity	211	211
Total changes of items during period	211	19,244
Balance at end of current period	476	104,413

Fiscal year ended February 28, 2014

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	34,367	13,600	21,524	35,124	681	12,811	20,960	34,452	(7)	103,937
Changes of items during period										
Dividends of surplus							(1,826)	(1,826)		(1,826)
Net income							6,772	6,772		6,772
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			4	4					6	10
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	4	4	-	-	4,946	4,946	5	4,956
Balance at end of current period	34,367	13,600	21,529	35,129	681	12,811	25,906	39,399	(2)	108,893

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of current period	476	104,413
Changes of items during period		
Dividends of surplus		(1,826)
Net income		6,772
Purchase of treasury shares		(0)
Disposal of treasury shares		10
Net changes of items other than shareholders' equity	184	184
Total changes of items during period	184	5,140
Balance at end of current period	661	109,554