

February 25, 2005

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### **PARCO Adopts Tangible Assets Impairment Accounting Two Years Early and Revises Earnings Forecasts**

In a board of directors' meeting held February 25, 2005, PARCO decided to adopt "Accounting Standards relating to Tangible Assets Impairment" in the fiscal year ending February 28, 2005 (two years ahead of schedule), as explained below. Accordingly, the earnings forecasts for fiscal 2004 (March 1, 2004 – February 28, 2005) announced on October 13, 2004 with the publication of interim earnings have been revised as outlined below.

#### I. Early adoption of accounting standards for tangible assets impairment

PARCO has decided to effect an early adoption of "Accounting Standards relating to Tangible Assets Impairment" in fiscal 2004 in order to aggressively expand its business by improving the long-term financial position of the company. In line with this decision, PARCO plans to post 2.4 billion yen in extraordinary losses on a consolidated basis and 2.2 billion yen on a non-consolidated basis.

#### II. Revisions to earnings forecasts

##### *1. Consolidated earnings forecast*

Full fiscal year (March 1, 2004 – February 28, 2005)

(Unit: ¥ million)

	Sales	Operating income	Ordinary income	Net income
Previous forecast (A)	255,000	8,200	7,400	3,000
Current revised forecast (B)	257,000	8,200	7,600	1,500
Difference (B – A)	2,000		200	(1,500)
% change	0.8		2.7	(50.0)
Reference: Fiscal 2003 results (for year ended February 29, 2004)	281,478	8,894	7,792	2,791

## 2. Non-consolidated earnings forecast

Full fiscal year (March 1, 2004 – February 28, 2005)

(Unit: ¥ million)

	Sales	Operating income	Ordinary income	Net income
Previous forecast (A)	237,000	7,100	6,300	2,500
Current revised forecast (B)	237,000	7,100	6,300	1,200
Difference (B – A)				(1,300)
% change				(52.0)
Reference: Fiscal 2003 results (for year ended February 29, 2004)	242,421	7,701	6,893	1,914

## 3. Reason for revisions

PARCO's decision to adopt accounting standards for tangible asset impairment ahead of schedule was not initially anticipated, and the decision to apply these standards requires the company to record impairment losses as extraordinary losses. Accordingly, earnings for fiscal 2004 are expected to undercut the consolidated and non-consolidated earnings forecasts previously announced, and have thus been revised.

Note: The projected results provided above are based on the future outlook as of the date of release and include estimates. Actual results may differ from these forecasts depending on various factors in the future.