

PARCO CO., LTD. AND SUBSIDIARIES



Consolidated Financial Statements for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

April 7, 2010

Corporate Name: PARCO CO.,LTD.

Stock Exchange Listings: Tokyo Stock Exchange(first section)

Code Number: 8251

URL <http://www.parco.co.jp/>

Company Representative: Hidekazu Hirano, President, Representative Executive Officer

Contact: Kazumi Kojima, Member of the Board, Senior Executive Officer & Director Finance Department Phone: (03)3477-5791

Ordinary General Meeting

Projected Starting Date

of Shareholders: May 29, 2010

of Dividend Distribution: May 10, 2010

Projected Date to Submit Financial Report: May 31, 2010

1. Results for Fiscal 2009 (March 1, 2009 - February 28, 2010)

(1) Sales and Income

(Year-on-year changes are based on the previous fiscal year)

	Net sales (¥ million)	Year-on-year change [%]	Operating income (¥ million)	Year-on-year change [%]	Ordinary income (¥ million)	Year-on-year change [%]
Fiscal 2009	261,076	[(7.6)]	8,601	[(8.1)]	8,554	[(6.7)]
Fiscal 2008	282,509	[(1.5)]	9,362	[(7.2)]	9,171	[(8.0)]

	Net income (¥ million)	Year-on-year change [%]	Net income per share(¥)	Net income per share (diluted) (¥)	Return on equity [%]	Ordinary income/total assets [%]	Operating income/net sales [%]
Fiscal 2009	4,108	[+10.1]	49.87	—	5.3	4.5	3.3
Fiscal 2008	3,730	[(27.8)]	45.29	—	5.0	4.8	3.3

Reference: Investment profit or loss on equity method

Fiscal 2009 : ¥(0) million

Fiscal 2008 : ¥(4) million

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio [%]	Net assets per share (¥)
Fiscal 2009	187,093	78,657	42.0	954.52
Fiscal 2008	191,681	75,617	39.4	917.61

Reference: Equity

Fiscal 2009 : ¥78,632 million

Fiscal 2008 : ¥75,592 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 year (¥ million)
Fiscal 2009	8,921	(7,405)	(3,617)	9,023
Fiscal 2008	2,713	(14,148)	6,270	11,080

2. Dividends

	Cash dividends per share (¥)					Total dividends (annual) [¥ million]	Payout ratio (consolidated) [%]	Dividends paid/net assets (consolidated) [%]
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual dividends			
Fiscal 2008	—	8.00	—	8.00	16.00	1,318	35.3	1.8
Fiscal 2009	—	8.00	—	8.00	16.00	1,318	32.1	1.7
Fiscal 2010 (forecast)	—	8.00	—	8.00	16.00		31.4	

3. Projected Results for Fiscal 2010 (March 1, 2010 - February 28, 2011)

(Year-on-year changes are based on the previous fiscal year and previous interim period)

	Net sales (¥ million)	Year-on- year change [%]	Operating income (¥ million)	Year-on- year change [%]	Ordinary income (¥ million)	Year-on- year change [%]	Net income (¥ million)	Year-on- year change [%]	Net income per share (¥)
2Q F2010	127,000	[(0.7)]	4,100	[(13.8)]	3,800	[(19.0)]	1,900	[(13.8)]	23.06
Fiscal 2010	264,000	[+1.1]	8,700	[+1.1]	8,300	[(3.0)]	4,200	[+2.2]	50.98

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4. Others

(1) Changes in main subsidiary companies during the fiscal year (Changes in specific subsidiary companies with changes in scope of consolidation): None
New: None Eliminated: None

(2) Changes in accounting standards, procedures and disclosure methods for drawing up consolidated financial statements (Changes in important fundamentals for drawing up consolidated financial statements)

1, Changes due to revision of accounting standards: Yes
2, Other changes: None

(3) Total number of shares outstanding (Common stocks)

1, Total number of shares outstanding (Including treasury stocks)

Fiscal 2009 : 82,475,677 shares Fiscal 2008 : 82,475,677 shares

2, Total number of treasury stocks

Fiscal 2009 : 96,305 shares Fiscal 2008 : 95,687 shares

Reference: Non-consolidated Financial Statements

1. Non-consolidated Results for Fiscal 2009 (March 1, 2009 - February 28, 2010)

(1) Non-consolidated Sales and Income

(Year-on-year changes are based on the previous fiscal year)

	Net sales (¥ million)	Year-on-year change [%]	Operating income (¥ million)	Year-on-year change [%]	Ordinary income (¥ million)	Year-on-year change [%]
Fiscal 2009	243,349	[(7.0)]	8,154	[(8.2)]	8,208	[(9.5)]
Fiscal 2008	261,751	[(0.7)]	8,885	[(2.2)]	9,067	[+1.0]

	Net income (¥ million)	Year-on-year change [%]	Net income per share(¥)	Net income per share (diluted) (¥)
Fiscal 2009	4,184	[+4.5]	50.79	—
Fiscal 2008	4,004	[(17.3)]	48.61	—

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio [%]	Net assets per share (¥)
Fiscal 2009	183,189	79,059	43.2	959.71
Fiscal 2008	187,186	76,000	40.6	922.56

Reference: Equity

Fiscal 2009 : ¥79,059 million

Fiscal 2008 : ¥76,000 million

2. Non-consolidated Projected Results for Fiscal 2010 (March 1, 2010 - February 28, 2011)

(Year-on-year changes are based on the previous fiscal year and previous interim period)

	Net sales	Year-on-year change	Operating income	Year-on-year change	Ordinary income	Year-on-year change	Net income	Year-on-year change	Net income per share
	(¥ million)	[%]	(¥ million)	[%]	(¥ million)	[%]	(¥ million)	[%]	(¥)
2Q F2010	118,000	[(0.8)]	3,900	[(15.4)]	3,700	[(20.6)]	1,900	[(20.2)]	23.06
Fiscal 2010	245,000	[+0.7]	8,200	[+0.6]	7,700	[(6.2)]	4,000	[(4.4)]	48.56

* Explanations about appropriate use of projected results, and other specific notices

The above projected results are announced presupposing available information as at April 7, 2010 and an assumption related to uncertain factors which will influence the future results. Actual results may differ from the above projections depending on various factors in the future.

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Fiscal Year Ended February 28, 2010

(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
(ASSETS)		
Current assets		
Cash and deposits	11,080	9,023
Notes and operating accounts receivable	10,428	9,821
Inventories	2,618	—
Merchandise and finished goods	—	2,424
Work in process	—	650
Raw materials and supplies	—	44
Advance payments-trade	52	95
Prepaid expenses	855	863
Deferred tax assets	957	1,194
Short-term loans receivable	123	101
Other	2,280	1,944
Allowance for doubtful accounts	(22)	(17)
Total current assets	28,373	26,146
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	115,585	115,953
Accumulated depreciation	(65,245)	(68,871)
Accumulated impairment loss	(1,229)	(1,138)
Buildings and structures, net	49,110	45,943
Machinery, equipment and vehicles	1,224	1,360
Accumulated depreciation	(717)	(836)
Accumulated impairment loss	(0)	—
Machinery, equipment and vehicles, net	507	523
Tools, furniture and fixtures	4,870	4,835
Accumulated depreciation	(3,508)	(3,727)
Accumulated impairment loss	(62)	(73)
Tools, furniture and fixtures, net	1,299	1,034
Land	45,172	45,208
Lease assets	—	58
Accumulated depreciation	—	(9)
Lease assets, net	—	49
Construction in progress	73	3,691
Total property, plant and equipment	96,163	96,451
Intangible assets		
Leasehold right	10,949	10,949
Other	706	829
Total intangible assets	11,656	11,779
Investments and other assets		
Investment securities	4,355	4,676
Long-term loans receivable	596	501
Long-term prepaid expenses	847	761
Lease and guarantee deposits	46,726	44,834
Deferred tax assets	2,804	1,783
Long-term accounts receivable-other	125	134
Other	256	259
Allowance for doubtful accounts	(223)	(235)
Total investments and other assets	55,488	52,716
Total noncurrent assets	163,308	160,947
Total assets	191,681	187,093

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Fiscal Year Ended February 28, 2010

(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
(LIABILITIES)		
Current liabilities		
Notes and operating accounts payable-trade	19,455	17,637
Short-term loans payable	7,852	9,784
Lease obligations	—	13
Accounts payable-other	3,613	4,909
Accrued expenses	1,589	1,478
Income taxes payable	871	1,151
Provision for bonuses	951	910
Provision for sales returns	18	23
Provision for books unsold	107	111
Provision for sales promotion expenses	205	222
Current portion of bonds	1,000	1,000
Other	3,082	3,146
Total current liabilities	<u>38,747</u>	<u>40,389</u>
Noncurrent liabilities		
Bonds payable	4,000	3,000
Long-term loans payable	27,925	24,703
Long-term accounts payable-other	224	195
Lease obligations	—	38
Provision for retirement benefits	1,303	1,341
Provision for directors' retirement benefits	11	13
Provision for loss on store closing	1,809	255
Guarantee deposits received	41,820	38,494
Other	221	4
Total noncurrent liabilities	<u>77,316</u>	<u>68,046</u>
Total liabilities	<u>116,064</u>	<u>108,435</u>
(NET ASSETS)		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus	27,528	27,528
Retained earnings	21,527	24,317
Treasury stock	(60)	(60)
Total shareholders' equity	<u>75,862</u>	<u>78,652</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(104)	99
Foreign currency translation adjustment	(165)	(119)
Total valuation and translation adjustments	<u>(270)</u>	<u>(19)</u>
Minority interests		
	<u>24</u>	<u>25</u>
Total net assets	<u>75,617</u>	<u>78,657</u>
Total liabilities and net assets	<u>191,681</u>	<u>187,093</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Income for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Net sales	282,509	261,076
Cost of sales	240,128	221,663
Gross profit	42,381	39,412
Provision for sales returns	4	5
Gross profit-net	42,376	39,407
Operating revenue	2,600	2,611
Operating gross profit	44,976	42,019
Selling, general and administrative expenses	35,614	33,417
Operating income	9,362	8,601
Non-operating income		
Interest income	87	82
Dividends income	56	53
Miscellaneous income	438	513
Total non-operating income	583	649
Non-operating expenses		
Interest expenses	637	600
Interest on bonds	2	56
Bond issuance cost	90	—
Miscellaneous expenses	44	38
Total non-operating expenses	774	695
Ordinary income	9,171	8,554
Extraordinary income		
Gain on sales of investment securities	168	33
Reversal of allowance for doubtful accounts	15	4
Compensation for cancellation of leasehold contracts	204	—
Other	114	3
Total extraordinary income	502	42
Extraordinary loss		
Loss on sales of noncurrent assets	124	—
Loss on retirement of noncurrent assets	578	279
Impairment loss	110	411
Loss on valuation of investment securities	1,332	0
Provision of allowance for doubtful accounts	10	13
Special retirement expenses	—	41
Restructuring loss	894	148
Amortization of leasehold	325	—
Loss on closing of stores	—	619
Other	50	29
Total extraordinary losses	3,425	1,543
Income before income taxes and minority interests	6,248	7,053
Income taxes-current	2,742	2,302
Income taxes-deferred	(218)	643
Total income taxes	2,523	2,945
Minority interests in loss	(5)	(0)
Net income	3,730	4,108

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥millions)

	28-Feb 2009	28-Feb 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	26,867	26,867
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>26,867</u>	<u>26,867</u>
Capital surplus		
Balance at the end of previous period	27,527	27,528
Changes of items during the period		
Disposal of treasury stock	0	0
Total changes of items during the period	<u>0</u>	<u>0</u>
Balance at the end of current period	<u>27,528</u>	<u>27,528</u>
Retained earnings		
Balance at the end of previous period	19,114	21,527
Changes of items during the period		
Dividends from surplus	(1,318)	(1,318)
Net income	3,730	4,108
Total changes of items during the period	<u>2,412</u>	<u>2,790</u>
Balance at the end of current period	<u>21,527</u>	<u>24,317</u>
Treasury stock		
Balance at the end of previous period	(57)	(60)
Changes of items during the period		
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Total changes of items during the period	<u>(2)</u>	<u>(0)</u>
Balance at the end of current period	<u>(60)</u>	<u>(60)</u>
Total shareholders' equity		
Balance at the end of previous period	73,452	75,862
Changes of items during the period		
Dividends from surplus	(1,318)	(1,318)
Net income	3,730	4,108
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Total changes of items during the period	<u>2,410</u>	<u>2,789</u>
Balance at the end of current period	<u>75,862</u>	<u>78,652</u>

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	315	(104)
Changes of items during the period		
Net changes of items other than shareholders' equity	(420)	204
Total changes of items during the period	(420)	204
Balance at the end of current period	(104)	99
Foreign currency translation adjustment		
Balance at the end of previous period	144	(165)
Changes of items during the period		
Net changes of items other than shareholders' equity	(309)	45
Total changes of items during the period	(309)	45
Balance at the end of current period	(165)	(119)
Total valuation and translation adjustments		
Balance at the end of previous period	459	(270)
Changes of items during the period		
Net changes of items other than shareholders' equity	(729)	250
Total changes of items during the period	(729)	250
Balance at the end of current period	(270)	(19)
Minority interests		
Balance at the end of previous period	69	24
Changes of items during the period		
Net changes of items other than shareholders' equity	(44)	0
Total changes of items during the period	(44)	0
Balance at the end of current period	24	25
Total net assets		
Balance at the end of previous period	73,981	75,617
Changes of items during the period		
Dividends from surplus	(1,318)	(1,318)
Net income	3,730	4,108
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	(774)	250
Total changes of items during the period	1,636	3,040
Balance at the end of current period	75,617	78,657

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

	(¥ millions)	
	28-Feb 2009	28-Feb 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,248	7,053
Depreciation and amortization	5,602	5,597
Impairment loss	110	411
Increase (decrease) in allowance for doubtful accounts	(6)	18
Increase (decrease) in provision for bonuses	(21)	(13)
Increase (decrease) in provision for sales returns	4	5
Increase (decrease) in provision for books unsold	32	3
Increase (decrease) in provision for sales promotion expenses	20	16
Increase (decrease) in provision for retirement benefits	186	37
Increase (decrease) in provision for directors' retirement benefits	1	1
Interest and dividends income	(144)	(135)
Interest expenses	639	656
Bond issuance cost	90	—
Loss (gain) on sales and retirement of noncurrent assets	343	81
Loss (gain) on sales of investment securities	(168)	(33)
Loss (gain) on valuation of investment securities	1,332	0
Loss on store closings	—	619
Loss on business restructuring	894	148
Amortization of leasehold	325	—
Decrease (increase) in notes and accounts receivable-trade	(2,602)	513
Decrease (increase) in inventories	189	(506)
Increase (decrease) in notes and accounts payable-trade	(3,748)	(1,741)
Increase/decrease in other assets/liabilities	(312)	942
Other, net	25	114
Subtotal	9,041	13,791
Interest and dividends income received	146	135
Interest expenses paid	(646)	(664)
Payment resulting from store closing	(532)	(2,011)
Payments for business restructuring	—	(210)
Income taxes paid	(5,295)	(2,118)
Net cash provided by (used in) operating activities	2,713	8,921

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Consolidated Statements of Cash Flows for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

	(¥ millions)	
	28-Feb 2009	28-Feb 2010
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(300)	—
Proceeds from sales of short-term investment securities	600	—
Purchase of property, plant and equipment	(13,298)	(5,523)
Proceeds from sales of property, plant and equipment	34	195
Purchase of investment securities	(7)	(1)
Proceeds from sales of investment securities	274	56
Payments for lease and guarantee deposits	(627)	(1,933)
Proceeds from collection of lease and guarantee deposits	920	3,575
Increase (decrease) in guarantee deposits received	(1,433)	(3,424)
Other, net	(311)	(349)
Net cash provided by (used in) investing activities	(14,148)	(7,405)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(380)	1,932
Proceeds from long-term loans payable	9,950	—
Repayment of long-term loans payable	(4,858)	(3,222)
Proceeds from issuance of bonds	4,909	—
Redemption of bonds	(2,000)	(1,000)
Net decrease (increase) in treasury stock	(2)	(0)
Cash dividends paid	(1,318)	(1,318)
Cash dividends paid to minority shareholders	(30)	—
Other, net	—	(8)
Net cash provided by (used in) financing activities	6,270	(3,617)
Effect of exchange rate change on cash and cash equivalents	(314)	43
Net increase (decrease) in cash and cash equivalents	(5,478)	(2,056)
Cash and cash equivalents at beginning of period	16,558	11,080
Cash and cash equivalents at end of period	11,080	9,023

Notes : Figures for fiscal 2008 are due to factors including:

- (1) An increase in receivables due to the last day of the fiscal year being a bank holiday
- (2) A decrease in payables attributable to shortening of the payment term
- (3) A large amount of income and other taxes paid in the year under review with respect to income in the year under review.

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
(ASSETS)		
Current assets		
Cash and deposits	9,000	7,204
Operating accounts receivable	7,590	7,989
Finished goods	246	—
Merchandise and finished goods	—	261
Work in process	97	75
Supplies	1	—
Raw materials and supplies	—	1
Advance payments-trade	52	95
Prepaid expenses	771	742
Deferred tax assets	633	835
Short-term loans receivable	70	76
Short-term loans receivable to subsidiaries and affiliates	65	50
Other	1,925	1,850
Allowance for doubtful accounts	(13)	(15)
Total current assets	20,442	19,167
Noncurrent assets		
Property, plant and equipment		
Buildings	113,842	114,224
Accumulated depreciation	(64,305)	(67,866)
Accumulated impairment loss	(1,192)	(973)
Buildings, net	48,343	45,384
Structures	1,817	1,775
Accumulated depreciation	(1,299)	(1,317)
Accumulated impairment loss	(21)	(20)
Structures, net	496	437
Machinery and equipment	1,238	1,378
Accumulated depreciation	(725)	(844)
Machinery and equipment, net	512	533
Vehicles	14	14
Accumulated depreciation	(10)	(12)
Vehicles, net	4	2
Tools, furniture and fixtures	3,745	3,805
Accumulated depreciation	(2,840)	(3,057)
Accumulated impairment loss	(21)	(28)
Tools, furniture and fixtures, net	883	719
Land	45,971	46,006
Lease assets	—	38
Accumulated depreciation	—	(5)
Lease assets, net	—	33
Construction in progress	72	3,473
Total property, plant and equipment	96,283	96,590
Intangible assets		
Leasehold right	10,949	10,949
Software	387	383
Other	203	208
Total intangible assets	11,540	11,541

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Investments and other assets		
Investment securities	4,107	4,411
Stocks of subsidiaries and affiliates	5,702	5,660
Investments in capital	17	7
Long-term loans receivable	575	480
Long-term prepaid expenses	846	760
Lease and guarantee deposits	45,976	44,007
Deferred tax assets	1,552	412
Long-term accounts receivable-other	125	120
Other	239	251
Allowance for doubtful accounts	(223)	(220)
Total investments and other assets	58,919	55,890
Total noncurrent assets	166,743	164,022
Total assets	187,186	183,189

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
(LIABILITIES)		
Current liabilities		
Operating accounts payable	14,027	13,435
Short-term loans payable	6,310	8,589
Current portion of long-term loans payable	3,222	3,222
Lease obligations	—	8
Accounts payable-other	4,890	5,483
Accrued expenses	1,015	977
Income taxes payable	831	874
Advances received	338	296
Deposits received	307	292
Provision for bonuses	445	448
Provision for sales returns	18	23
Provision for books unsold	107	111
Current portion of bonds	1,000	1,000
Current portion of guarantee deposits	1,985	1,887
Other	356	447
Total current liabilities	<u>34,856</u>	<u>37,098</u>
Noncurrent liabilities		
Bonds payable	4,000	3,000
Long-term loans payable	27,925	24,703
Long-term accounts payable-other	175	152
Lease obligations	—	25
Provision for retirement benefits	235	321
Provision for loss on store closing	1,809	255
Guarantee deposits received	41,958	38,572
Other	224	—
Total noncurrent liabilities	<u>76,328</u>	<u>67,031</u>
Total liabilities	<u>111,185</u>	<u>104,129</u>
(NET ASSETS)		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus		
Legal capital surplus	6,100	6,100
Other capital surplus	21,428	21,428
Total capital surpluses	<u>27,528</u>	<u>27,528</u>
Retained earnings		
Legal retained earnings	681	681
Other retained earnings		
General reserve	12,811	12,811
Retained earnings brought forward	8,229	11,095
Total earned surpluses	<u>21,721</u>	<u>24,587</u>
Treasury stock	(60)	(60)
Total shareholders' equity	<u>76,057</u>	<u>78,922</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(56)	137
Total valuation and translation adjustments	<u>(56)</u>	<u>137</u>
Total net assets	<u>76,000</u>	<u>79,059</u>
Total liabilities and net assets	<u>187,186</u>	<u>183,189</u>

PARCO CO., LTD.

Non-consolidated Statements of Income for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Net sales		
Tenants sales	255,194	237,791
Other sales	6,556	5,558
Total net sales	261,751	243,349
Cost of sales		
Cost of tenants sales	223,524	207,481
Other cost of sales	4,592	4,120
Total cost of sales	228,117	211,602
Gross profit	33,634	31,747
Provision for sales returns	4	5
Gross profit-net	33,629	31,741
Operating revenue	2,811	2,674
Operating gross profit	36,441	34,416
Selling, general and administrative expenses	27,555	26,261
Operating income	8,885	8,154
Non-operating income		
Interest income	64	75
Dividends income	459	191
Miscellaneous income	435	474
Total non-operating income	958	742
Non-operating expenses		
Interest expenses	650	616
Interest on bonds	2	56
Bond issuance cost	90	—
Miscellaneous expenses	33	15
Total non-operating expenses	776	688
Ordinary income	9,067	8,208
Extraordinary income		
Gain on sales of investment securities	168	33
Reversal of allowance for doubtful accounts	6	4
Compensation for cancellation of leasehold contracts	204	—
Other	79	3
Total extraordinary income	459	41
Extraordinary loss		
Loss on retirement of noncurrent assets	545	257
Loss on valuation of investment securities	1,332	0
Provision of allowance for doubtful accounts	10	13
Special retirement expenses	—	25
Restructuring loss	913	157
Amortization of leasehold	325	—
Loss on closing of stores	—	620
Impairment loss	—	195
Other	85	8
Total extraordinary losses	3,212	1,279
Income before income taxes	6,314	6,970
Income taxes-current	2,520	1,980
Income taxes-deferred	(210)	805
Total income taxes	2,309	2,786
Net income	4,004	4,184

PARCO CO., LTD.

Non-consolidated Statements of Changes in Net Assets
for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	26,867	26,867
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>26,867</u>	<u>26,867</u>
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	26,623	6,100
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	(20,523)	—
Total changes of items during the period	<u>(20,523)</u>	<u>—</u>
Balance at the end of current period	<u>6,100</u>	<u>6,100</u>
Other capital surplus		
Balance at the end of previous period	904	21,428
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	20,523	—
Disposal of treasury stock	0	0
Total changes of items during the period	<u>20,523</u>	<u>0</u>
Balance at the end of current period	<u>21,428</u>	<u>21,428</u>
Total capital surplus		
Balance at the end of previous period	27,527	27,528
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	—	—
Disposal of treasury stock	0	0
Total changes of items during the period	<u>0</u>	<u>0</u>
Balance at the end of current period	<u>27,528</u>	<u>27,528</u>
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	681	681
Changes of items during the period		
Total changes of items during the period	<u>—</u>	<u>—</u>
Balance at the end of current period	<u>681</u>	<u>681</u>
Other retained earnings		
General reserve		
Balance at the end of previous period	12,811	12,811
Changes of items during the period		
Total changes of items during the period	<u>—</u>	<u>—</u>
Balance at the end of current period	<u>12,811</u>	<u>12,811</u>
Retained earnings brought forward		
Balance at the end of previous period	5,542	8,229
Changes of items during the period		
Dividends from surplus	(1,318)	(1,318)
Net income	4,004	4,184
Total changes of items during the period	<u>2,686</u>	<u>2,866</u>
Balance at the end of current period	<u>8,229</u>	<u>11,095</u>
Total retained earnings		
Balance at the end of previous period	19,035	21,721
Changes of items during the period		
Dividends from surplus	(1,318)	(1,318)
Net income	4,004	4,184
Total changes of items during the period	<u>2,686</u>	<u>2,866</u>
Balance at the end of current period	<u>21,721</u>	<u>24,587</u>

PARCO CO., LTD.

Non-consolidated Statements of Changes in Net Assets
for the Fiscal Year Ended February 28, 2010
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2009	28-Feb 2010
Treasury stock		
Balance at the end of previous period	(57)	(60)
Changes of items during the period		
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Total changes of items during the period	(2)	(0)
Balance at the end of current period	(60)	(60)
Total shareholders' equity		
Balance at the end of previous period	73,372	76,057
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	—	—
Dividends from surplus	(1,318)	(1,318)
Net income	4,004	4,184
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Total changes of items during the period	2,684	2,866
Balance at the end of current period	76,057	78,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	279	(56)
Changes of items during the period		
Net changes of items other than shareholders' equity	(336)	193
Total changes of items during the period	(336)	193
Balance at the end of current period	(56)	137
Total net assets		
Balance at the end of previous period	73,652	76,000
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	—	—
Dividends from surplus	(1,318)	(1,318)
Net income	4,004	4,184
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	(336)	193
Total changes of items during the period	2,348	3,059
Balance at the end of current period	76,000	79,059