

PARCO CO., LTD.



Non-consolidated Financial Statements for the Interim Term Ended August 31, 2006  
(Fractional amounts less than one million yen are discarded)

October 6, 2006

Corporate Name: PARCO CO.,LTD.

Stock Exchange Listings: Tokyo Stock Exchange(first section)

Code Number: 8251

Address: Headquarters in Tokyo

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

Company Representative: Isamu Ito, Chairman of the Board, President & Chief Executive Officer

Personnel to Contact: Kazumi Kojima, Member of the Board, Director Finance Department & Chief Finance Officer TEL (03)3477-5791

Board of Directors meeting: October 6, 2006

Interim dividends day: October 18, 2006

Trading unit (Tangen-kabu) system: Yes (1 unit 100shares)

1. Results for the Interim Term of Fiscal 2006 (March 1, 2006 - August 31, 2006)

(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 [%]
Aug.2006 interim term	119,691	[+2.1]	4,594	[+14.4]	4,503	[+18.6]
Aug.2005 interim term	117,234	[+2.6]	4,017	[+16.9]	3,798	[+30.3]
Fiscal 2005	242,562	[+2.6]	7,657	[+6.2]	7,319	[+11.6]

	Net income (¥million)	Year-on year Change [%]	Net income per share(¥)
Aug.2006 interim term	2,236	[+43.5]	27.26
Aug.2005 interim term	1,558	[+43.6]	19.24
Fiscal 2005	3,005	[+138.0]	36.95

Notes: 1. Average number of shares outstanding during the term:

Aug.2006 interim term	82,048,727 shares
Aug.2005 interim term	81,002,167 shares
Fiscal 2005	81,339,975 shares

2. Changes in accounting methods: None

3. 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.2006 interim term	181,251	69,640	[38.4]	848.01
Aug.2005 interim term	182,562	65,925	[36.1]	810.02
Fiscal 2005	180,492	68,014	[37.7]	830.29

Notes: 1.Total number of shares outstanding:	As of August 31, 2006	82,121,532 shares
	As of August 31, 2005	81,386,875 shares
	As of February 28, 2006	81,917,354 shares
2.Total number of treasury stock:	As of August 31, 2006	89,249 shares
	As of August 31, 2005	823,906 shares
	As of February 28, 2006	293,427 shares

2. Projected Results for Fiscal 2006 (March 1, 2006 - February 28, 2007)

	Net sales (¥million)	Operating income (¥million)	Ordinary income (¥million)	Net income (¥million)
Fiscal 2006	245,200	8,500	8,200	3,450

Reference: Estimated net income per share (fiscal 2006): ¥42.01

3. Dividends

Cash Dividends	Cash Dividends per share (¥)		
	Interim	Year-end	Annual Dividends
Fiscal 2005	5.00	6.00	11.00
Fiscal 2006 ( result )	6.00	—	12.00
Fiscal 2006 ( forecast )	—	6.00	

Notes : The above projected results are announced presupposing available information at October 6, 2006 and an assumption related to uncertain factors which will influence to future results. Actual results may be different from forecast depend on various factors in future.

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Non-consolidated Balance Sheets for the Interim Term Ended August 31, 2006  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2005			Increase (Decrease)
	Aug.2005		Aug.2006								
(ASSETS)		%		%				%			
<b>.Current Assets:</b>											
1 Cash and time deposits	10,171		11,791		1,620	6,753		5,038			
2 Notes receivable - trade	-		0		0	1		(0)			
3 Accounts receivable - trade	4,728		5,256		527	5,310		(54)			
4 Finished products	250		276		26	267		9			
5 Work-in-process	17		53		35	15		37			
6 Supplies	0		0		(0)	0		(0)			
7 Deferred tax assets	394		413		19	533		(119)			
8 Short-term loans	510		15		(494)	169		(153)			
9 Other current assets	1,466		1,712		246	1,455		257			
Less: Allowance for doubtful accounts	(47)		(3)		43	(3)		-			
Total current assets		17,492	9.6		19,518	10.8	2,025		14,504	8.0	5,013
<b>.Fixed Assets:</b>											
1 Tangible fixed assets:											
(1)Buildings	37,995		37,167		(828)	37,934		(766)			
(2)Land	40,622		40,248		(374)	40,493		(245)			
(3)Other tangible fixed assets	1,523		5,803		4,279	5,231		571			
Total tangible fixed assets	80,142		83,219		3,076	83,659		(440)			
2 Intangible fixed assets:											
(1)Leasehold	11,014		11,014		-	11,014		-			
(2)Other intangible fixed assets	681		471		(209)	461		10			
Total intangible fixed assets	11,696		11,486		(209)	11,476		10			
3 Investments and other assets:											
(1)Investment securities	8,375		8,254		(120)	9,605		(1,351)			
(2)Investments in affiliated companies	12,411		10,173		(2,237)	10,173		-			
(3)Long-term loans	904		751		(153)	856		(104)			
(4)Fixed leasehold deposits	48,870		46,494		(2,375)	48,910		(2,415)			
(5)Deferred tax assets	1,438		215		(1,223)	134		81			
(6)Long-term accounts receivable - other	2,005		199		(1,805)	261		(61)			
(7)Other investments	1,098		1,061		(37)	1,039		22			
Less: Allowance for doubtful accounts	(1,872)		(123)		1,748	(128)		5			
Total investments and other assets	73,232		67,028		(6,203)	70,851		(3,823)			
Total fixed assets		165,070	90.4		161,733	89.2	(3,336)		165,987	92.0	(4,254)
<b>Total assets</b>		182,562	100.0		181,251	100.0	(1,311)		180,492	100.0	759

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Non-consolidated Balance Sheets for the Interim Term Ended August 31, 2006  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2005			Increase (Decrease)
	Aug.2005		Aug.2006		%	%				%	
<b>(LIABILITIES)</b>											
<b>.Current Liabilities:</b>											
1 Notes payable - trade	566			742			175	841		(99)	
2 Accounts payable - trade	15,636			16,037			401	14,011		2,026	
3 Short-term bank loans	19,376			16,990			(2,386)	22,210		(5,220)	
4 Accounts payable - other	2,348			2,417			69	3,350		(932)	
5 Accrued income taxes	1,594			1,712			118	1,146		566	
6 Allowance reserve	565			536			(28)	556		(19)	
7 Other current liabilities	3,359			3,664			304	5,113		(1,449)	
Total current liabilities		43,446	23.8		42,101	23.2	(1,344)		47,229	26.2	(5,128)
<b>.Long-term Liabilities:</b>											
1 Straight bonds	14,000			14,000			-	14,000		-	
2 Long-term bank loans	15,822			13,232			(2,590)	8,173		5,059	
3 Long-term accounts payable - other	281			237			(43)	281		(43)	
4 Reserve for retirement benefits	191			208			17	205		3	
5 Allowance for loss on store closing	807			517			(290)	824		(306)	
6 Guarantee deposits received from tenants	42,087			41,313			(774)	41,763		(449)	
Total long-term liabilities		73,191	40.1		69,510	38.4	(3,681)		65,247	36.1	4,262
Total liabilities		116,637	63.9		111,611	61.6	(5,026)		112,477	62.3	(865)

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Non-consolidated Balance Sheets for the Interim Term Ended August 31, 2006  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term				Increase (Decrease)	Fiscal 2005	Increase (Decrease)
	Aug.2005		Aug.2006				
<b>(NET ASSETS)</b>			%				%
<b>.Shareholders' Equity:</b>							
1 Common stock	-			26,867	14.8	-	-
2 Capital surplus							
(1)Additional paid-in capital	-		26,292	-		-	
(2)Other capital surplus	-		903	-		-	
Total capital surplus	-		27,196	15.0	-	-	-
3 Retained earnings							
(1)Legal reserve	-		681	-		-	
(2)Other retained earnings							
General reserve	-		10,511	-		-	
Retained earnings brought forward	-		3,250	-		-	
Total retained earnings	-		14,442	8.0	-	-	-
4 Treasury stock	-		(51)	(0.0)	-	-	-
Total shareholders' equity	-		68,455	37.8	-	-	-
<b>.Valuation and Translation Adjustments:</b>							
1 Net unrealized gains on securities	-		1,184		-	-	-
Total valuation and translation adjustments	-		1,184	0.6	-	-	-
Total net assets	-		69,640	38.4	-	-	-
<b>Total liabilities and net assets</b>	-		181,251	100.0	-	-	-
<b>(SHAREHOLDERS' EQUITY)</b>							
<b>.Common Stock</b>		26,867	14.7	-	-	26,867	14.9
<b>.Capital Surplus</b>							
1 Additional paid-in capital	26,292		-	-	26,292	-	-
2 Other capital surplus	856		-	-	892	-	-
Total capital surplus	27,148	14.9	-	-	27,184	15.1	-
<b>.Retained Earnings</b>							
1 Legal reserve	681		-	-	681	-	-
2 General reserve	8,611		-	-	8,611	-	-
3 Unappropriated retained earnings	2,365		-	-	3,405	-	-
Total retained earnings	11,657	6.4	-	-	12,697	7.0	-
<b>.Net Unrealized Gains on Securities</b>	708	0.4	-	-	1,432	0.8	-
<b>.Treasury Stock</b>	(456)	(0.3)	-	-	(166)	(0.1)	-
Total shareholders' equity	65,925	36.1	-	-	68,014	37.7	-
<b>Total liabilities and shareholders' equity</b>	182,562	100.0	-	-	180,492	100.0	-

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Non-consolidated Statements of Income for the Interim Term Ended August 31, 2006  
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2005		
	Aug.2005			Aug.2006						
.Net sales:			%			%				%
1 Net sales by tenants	114,407			116,877			2,469	237,131		
2 Own sales	2,826			2,814			(12)	5,430		
		117,234	100.0		119,691	100.0	2,457		242,562	100.0
.Cost of sales:										
1 Cost of net sales by tenants	100,763			103,142			2,378	209,380		
2 Cost of net own sales	2,002			1,946			(56)	3,858		
		102,765	87.7		105,088	87.8	2,322		213,238	87.9
		14,468	12.3		14,603	12.2	134		29,323	12.1
Provision for allowance for sales returns		2	0.0		7	0.0	4		2	0.0
Gross profit on sales		14,466	12.3		14,595	12.2	129		29,321	12.1
.Other operating revenue		1,034	0.9		1,090	0.9	56		2,173	0.9
Gross profit		15,500	13.2		15,686	13.1	185		31,495	13.0
.Selling, general and administrative expenses		11,482	9.8		11,091	9.3	(391)		23,837	9.8
Operating income		4,017	3.4		4,594	3.8	576		7,657	3.2
.Non-operating income		222	0.2		272	0.2	50		492	0.2
.Non-operating expenses		441	0.4		363	0.3	(78)		829	0.4
Ordinary income		3,798	3.2		4,503	3.7	705		7,319	3.0
.Special income		58	0.1		318	0.3	260		197	0.1
.Special losses		1,260	1.1		821	0.7	(439)		2,412	1.0
Income before income taxes		2,596	2.2		4,001	3.3	1,405		5,104	2.1
Income taxes:										
Current income taxes	1,352			1,556				1,746		
Deferred income taxes	(314)	1,037	0.9	208	1,764	1.5	726	353	2,099	0.9
Net income		1,558	1.3		2,236	1.8	678		3,005	1.2
Retained earnings:										
Balance, beginning of the term		806			-		-		806	
Cash dividends (interim)		-			-		-		406	
Balance at end of the term		2,365			-		-		3,405	

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Non-consolidated Statements of Changes in Net Assets  
for the Interim Term Ended August 31, 2006  
(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, 2006	26,867	26,292	892	27,184	681	8,611	3,405	12,697	(166)	66,582
Change of items during the interim period										
Gain on sales of treasury stock			11	11						11
Fund for general reserve						1,900	(1,900)	—		—
Dividends from surplus							(491)	(491)		(491)
Net income							2,236	2,236		2,236
Repurchase of treasury stock									(1)	(1)
Disposal of treasury stock									116	116
Net changes of items other than shareholders' equity										
Total changes of items during the interim period			11	11		1,900	(154)	1,745	115	1,872
Balance at August 31, 2006	26,867	26,292	903	27,196	681	10,511	3,250	14,442	(51)	68,455

	Valuation and Translation Adjustments	Total net assets
	Net unrealized gains on securities	
Balance at February 28, 2006	1,432	68,014
Change of items during the interim period		
Gain on sale of treasury stock		11
Fund for general reserve		—
Dividends from surplus		(491)
Net income		2,236
Repurchase of treasury stock		(1)
Disposal of treasury stock		116
Net changes of items other than shareholders' equity	(247)	(247)
Total changes of items during the interim period	(247)	1,625
Balance at August 31, 2006	1,184	69,640