

Non-consolidated Financial Statements for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

April 6, 2007

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: April 6, 2007

Projected Starting Date of Dividend Distribution: May 7, 2007

Ordinary General Meeting

of shareholders: May 26, 2007

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

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

(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 2006	246,439	[+1.6]	8,755	[+14.3]	8,481	[+15.9]
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(¥)	Net income per share (diluted) (¥)	Return on equity [%]	Ordinary income/total assets [%]	Ordinary income/net sales [%]
Fiscal 2006	3,633	[+20.9]	44.23	—	[+5.2]	[+4.8]	[+3.4]
Fiscal 2005	3,005	[+138.0]	36.95	36.91	[+4.5]	[+4.0]	[+3.0]

Notes:

1. Average number of shares outstanding during year:

Fiscal 2006 : 82,135,198 shares

Fiscal 2005 : 81,339,975 shares

2. Changes in accounting methods: None

3. Year-on-year changes for net sales, operating income, ordinary income and net income are based on the previous fiscal year.

(3) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio [%]	Net assets per share (¥)
Fiscal 2006	173,796	70,662	[+40.7]	857.72
Fiscal 2005	180,492	68,014	[+37.7]	830.29

Notes: Total number of shares outstanding:

As of February 28, 2007 : 82,384,079 shares

As of February 28, 2006 : 81,917,354 shares

Total number of treasury stock

As of February 28, 2007 : 91,598 shares

As of February 28, 2006 : 293,427 shares

2. Projected Results for Fiscal 2007 (March 1, 2007 - February 29, 2008)

	Net sales (¥ million)	Operating income (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Interim period	124,700	4,100	4,000	1,900
Fiscal 2007	269,300	8,500	8,300	3,700

Reference: Estimated net income per share (fiscal 2007): ¥44.91

3. Dividends

	Cash dividends per share (¥)			Total dividends (¥ million)	Payout ratio [%]	Dividend rate for shareholders' equity [%]
	Interim	Year-end	Annual Dividends			
Fiscal 2005	5.00	6.00	11.00	898	29.8	[+1.3]
Fiscal 2006	6.00	7.00	13.00	1,069	29.4	[+1.5]
Fiscal 2007 (forecast)	7.00	7.00	14.00			

Notes: The above projected results are announced presupposing available information as at April 6, 2007 and an assumption related to uncertain factors which will influence the future results.

Actual results may differ from the above projection depending on various factors in the future.

PARCO CO., LTD.

Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2006		28-Feb 2007		Increase (Decrease)	
(ASSETS)						
I .Current Assets:						
1 Cash and time deposits	6,753		7,738		984	
2 Notes receivable - trade	1		1		(0)	
3 Accounts receivable - trade	5,310		5,256		(54)	
4 Finished products	267		238		(28)	
5 Work-in-process	15		50		35	
6 Supplies	0		0		(0)	
7 Advance payment	10		87		76	
8 Prepaid expenses	689		676		(12)	
9 Deferred tax assets	533		400		(133)	
10 Short-term loans	74		17		(56)	
11 Short-term loans to affiliates	95		190		95	
12 Others	755		936		181	
13 Less: Allowance for doubtful accounts	(3)		(8)		(4)	
Total current assets	14,504	8.0	15,587	9.0	1,082	
II .Fixed Assets:						
1 Tangible fixed assets:						
(1) Buildings	98,136		97,965			
Accumulated depreciation	58,795		59,618			
Accumulated impairment losses	1,407	37,934	1,444	36,902	(1,032)	
(2) Structures	1,715		1,669			
Accumulated depreciation	1,237		1,222			
Accumulated impairment losses	33	443	32	415	(28)	
(3) Machinery and equipment	912		970			
Accumulated depreciation	631	280	650	319	39	
(4) Motor vehicles	13		13			
Accumulated depreciation	10	2	11	1	(0)	
(5) Tools, furniture and fixtures	3,523		3,353			
Accumulated depreciation	2,634		2,537			
Accumulated impairment losses	17	871	48	766	(105)	
(6) Land		40,493		39,979	(514)	
(7) Construction in progress		3,633		6,179	2,545	
Total tangible fixed assets		83,659	46.3	84,563	48.6	903
2 Intangible fixed assets:						
(1) Leasehold		11,014		11,014	—	
(2) Software		223		233	9	
(3) Others		237		342	104	
Total intangible fixed assets		11,476	6.4	11,590	6.7	113

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Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2006		28-Feb 2007		Increase (Decrease)
3 Investments and other assets:		%		%	
(1) Investment securities	9,605		7,513		(2,092)
(2) Investments in affiliated companies	10,173		5,699		(4,474)
(3) Investments in non-stock equity interests	2		2		(0)
(4) Long-term loans	856		740		(115)
(5) Long-term prepaid expenses	918		770		(147)
(6) Fixed leasehold deposits	48,910		46,482		(2,428)
(7) Deferred tax assets	134		677		543
(8) Long-term accounts receivable	261		196		(64)
(9) Others	118		203		84
(10) Less: Allowance for doubtful accounts	(128)		(229)		(101)
Total investments and other assets	70,851	39.3	62,056	35.7	(8,795)
Total fixed assets	165,987	92.0	158,209	91.0	(7,778)
Total assets	180,492	100.0	173,796	100.0	(6,695)
(LIABILITIES)					
I .Current Liabilities:					
1 Notes payable - trade	841		1,073		231
2 Accounts payable - trade	14,011		14,495		484
3 Short-term bank loans	10,130		5,390		(4,740)
4 Current portion of long-term bank loans	12,080		4,418		(7,662)
5 Accounts payable - other	3,350		3,647		297
6 Accrued expenses	786		824		37
7 Accrued income taxes	1,146		556		(589)
8 Advance received	262		237		(24)
9 Withholdings	264		176		(88)
10 Accrued bonuses to employees	469		425		(43)
11 Allowance for sales returns	12		15		3
12 Allowance for books unsold	73		71		(2)
13 Current portion of straight bonds	—		12,000		12,000
14 Current portion of guarantee deposits received from tenants	2,444		1,394		(1,050)
15 Others	1,354		288		(1,066)
Total current liabilities	47,229	26.2	45,015	25.9	(2,214)
II .Long-term Liabilities:					
1 Straight bonds	14,000		2,000		(12,000)
2 Long-term bank loans	8,173		11,755		3,582
3 Long-term accounts payable - other	281		237		(43)
4 Reserve for retirement benefits	205		213		7
5 Allowance for loss on store closing	824		2,179		1,355
6 Guarantee deposits received from tenants	41,763		41,732		(30)
Total long-term liabilities	65,247	36.1	58,118	33.4	(7,128)
Total liabilities	112,477	62.3	103,134	59.3	(9,343)

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Non-consolidated Balance Sheets for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2006		28-Feb 2007		Increase (Decrease)
(SHAREHOLDERS' EQUITY)					
I .Common Stock		26,867	14.9	—	—
II .Capital Surplus					
1 Additional paid-in capital	26,292			—	
2 Other capital surplus					
Gain on sales of treasury stock	892			—	
Total capital surplus		27,184	15.1	—	—
III .Retained Earnings					
1 Legal reserve	681			—	
2 Voluntary reserve					
General reserve	8,611			—	
3 Unappropriated retained earnings	3,405			—	
Total retained earnings		12,697	7.0	—	—
IV .Net Unrealized Gains on Securities		1,432	0.8	—	—
V .Treasury Stock		(166)	(0.1)	—	—
Total shareholders' equity		68,014	37.7	—	—
Total liabilities and shareholders' equity		180,492	100.0	—	—
(NET ASSETS)					
I .Shareholders' Equity:					
1 Common stock		—		26,867	15.5
2 Capital surplus					
(1) Additional paid-in capital	—			26,623	
(2) Other capital surplus	—			903	
Total capital surplus		—		27,527	15.8
3 Retained earnings					
(1) Legal reserve	—			681	
(2) Others					
General reserve	—			10,511	
Retained earnings brought forward	—			4,154	
Total retained earnings		—		15,346	8.8
4 Treasury stock		—		(54)	(0.0)
Total shareholders' equity		—		69,687	40.1
II .Valuation and Translation Adjustments:					
1 Net unrealized gains on securities		—		975	0.6
Total valuation and translation adjustments		—		975	0.6
Total net assets		—		70,662	40.7
Total liabilities and net assets		—		173,796	100.0

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Non-consolidated Statements of Income for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2006			28-Feb 2007			Increase (Decrease)
			%			%	
I .Net sales:							
1 Net sales by tenants	237,131			240,820			
2 Own sales	5,430	242,562	100.0	5,619	246,439	100.0	3,877
II .Cost of sales:							
1 Cost of net sales by tenants	209,380			212,812			
2 Cost of own sales	3,858	213,238	87.9	4,005	216,818	88.0	3,579
Provision for allowance for sales returns		29,323	12.1		29,620	12.0	297
Gross profit on sales		2	0.0		3	0.0	1
Gross profit on sales		29,321	12.1		29,617	12.0	296
III .Other operating revenue		2,173	0.9		2,207	0.9	33
Gross profit		31,495	13.0		31,824	12.9	329
IV .Selling, general and administrative expenses		23,837	9.8		23,068	9.3	(769)
Operating income		7,657	3.2		8,755	3.6	1,098
V .Non-operating income:							
1 Interest income	66			65			
2 Dividends income	51			126			
3 Others	374	492	0.2	293	485	0.2	(7)
VI .Non-operating expenses:							
1 Interest expenses	589			527			
2 Bonds interest expenses	174			174			
3 Others	65	829	0.4	57	759	0.4	(70)
Ordinary income		7,319	3.0		8,481	3.4	1,161

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Non-consolidated Statements of Income for the Fiscal Year Ended February 28, 2007
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(¥ millions)

	28-Feb 2006			28-Feb 2007			Increase (Decrease)
			%			%	
VII. Special income:							
1 Gain on sales of fixed assets	1			252			
2 Gain on sales of investment securities	52			43			
3 Reversal of allowance for doubtful accounts	19			8			
4 Foreign exchange gain on capital reduction of a subsidiary	80			—			
5 Gain on prior period adjustment of rent expense	43			—			
6 Reversal of allowance for loss on store closing	—			666			
7 Others	—	197	0.1	26	997	0.4	799
VIII. Special losses:							
1 Loss on sales of fixed assets	—			0			
2 Loss on disposal of fixed assets	1,125			753			
3 Loss on impairment of fixed assets	—			608			
4 Loss on write-down of investment securities	38			434			
5 Provision for allowance for doubtful accounts	—			115			
6 Special allowance for retirement	58			49			
7 Loss on store closing	944			2,308			
8 Loss on discontinued operations	133			—			
9 Others	111	2,412	1.0	64	4,335	1.7	1,922
Income before income taxes		5,104	2.1		5,143	2.1	38
Income taxes:							
Current income taxes	1,746			1,606			
Deferred income taxes	353	2,099	0.9	(96)	1,510	0.6	(589)
Net income		3,005	1.2		3,633	1.5	627

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Non-consolidated Statement of Appropriation of Retained Earnings
for the Fiscal Year Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	28-Feb 2006	
(Appropriation of Unappropriated Retained Earnings:)		
I .Unappropriated retained earnings:		
Balance at end of year		3,405
II .Appropriations:		
(1)Cash dividends	491	
(2)Voluntary reserve		
General reserve	1,900	2,391
III .Balance to be carried forward		1,013
(Appropriation of Other Capital Surplus:)		
I .Other capital surplus:		892
II .Balance to be carried forward:		892

PARCO CO., LTD.

Non-consolidated Statement of Changes in Net Assets
for the Fiscal Year Ended February 28, 2007
(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 period										
Issuance of shares		331		331						331
Fund for general reserve						1,900	(1,900)	—		—
Dividends from surplus							(491)	(491)		(491)
Dividends from surplus (interim dividends)							(492)	(492)		(492)
Net income							3,633	3,633		3,633
Repurchase of treasury stock									(4)	(4)
Disposal of treasury stock			11	11					116	128
Net changes of items other than shareholder's equity										
Total changes of items during the period	—	331	11	343	—	1,900	748	2,648	112	3,104
Balance at February 28, 2007	26,867	26,623	903	27,527	681	10,511	4,154	15,346	(54)	69,687

	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 period		
Issuance of shares		331
Fund for general reserve		—
Dividends from surplus		(491)
Dividends from surplus (interim dividends)		(492)
Net income		3,633
Repurchase of treasury stock		(4)
Disposal of treasury stock		128
Net changes of items other than shareholder's equity	(456)	(456)
Total changes of items during the period	(456)	2,647
Balance at February 28, 2007	975	70,662