

PARCO CO., LTD. AND SUBSIDIARIES



Financial Statements for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

October 5, 2007

Company Name: PARCO CO.,LTD.

Listed exchanges: Tokyo Stock Exchange(first section)

Code Number: 8251

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

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

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

Scheduled filing date of semiannual securities report: November 15, 2007

Scheduled payment date of dividends: October 25, 2007

Based on US GAAP: Inapplicable

1. Consolidated Financial Results (March 1, 2007 - August 31, 2007)

(1) Sales and Income

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]
Aug.2007 interim term	136,639	[+5.6]	5,461	[+3.6]	5,420	[+4.4]
Aug.2006 interim term	129,391	[+2.4]	5,273	[+13.4]	5,193	[+14.7]
Fiscal 2006	266,645	[+1.6]	9,756	[+7.4]	9,594	[+8.1]

	Net income (¥million)	Change [%]	Net income per share(¥)	Net income per share(diluted)(¥)
Aug.2007 interim term	2,730	[+6.1]	33.14	—
Aug.2006 interim term	2,572	[+16.4]	31.35	—
Fiscal 2006	4,503	[+12.4]	54.83	—

Reference:

1. Equity in gain/loss of affiliates:

Aug.2007 interim term : ¥3 million Aug.2006 interim term : ¥-0 million Fiscal 2006 : ¥-0 million

2. 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.2007 interim term	189,812	72,453	[+38.1]	878.62
Aug.2006 interim term	183,440	69,339	[+37.6]	839.68
Fiscal 2006	182,553	70,777	[+38.7]	856.74

Reference: Equity

Aug.2007 interim term: ¥72,383 million Aug.2006 interim term: ¥68,955 million Fiscal 2006: ¥70,581 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 the term (¥million)
Aug.2007 interim term	7,783	-4,305	1,430	18,490
Aug.2006 interim term	5,569	-928	-556	15,770
Fiscal 2006	10,322	-3,673	-4,911	13,519

2. Dividends

Record Date	Cash Dividends per share (¥)		
	Interim	Year-end	Annual Dividends
Fiscal 2006	6.00	7.00	13.00
Fiscal 2007	7.00	—	14.00
Fiscal 2007 (forecast)	—	7.00	

3. Consolidated Forecast (March 1, 2007 - February 29, 2008)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2007	292,000	[+9.5]	10,000	[+2.5]	9,900	[+3.2]	4,600	[+2.1]	55.84

Notes : The above forecasts are announced presupposing available information at October 5, 2007 and an assumption related to uncertain factors which will influence future results. Actual results may differ from forecast depending on various factors in future.

4. Others

(1) Significant changes in subsidiaries (scope of consolidation) during period: None

Addition: None

Elimination: None

(2) Changes in accounting principles, procedures, presentation, etc.

(a) Changes due to revision in accounting standards: Yes

(b) Other changes: None

(3) Shares outstanding (Common stock)

(a) Total number of shares outstanding including treasury stock

As of August 31, 2007 : 82,475,677 shares

As of August 31, 2006 : 82,210,781 shares

As of February 28, 2007 : 82,475,677 shares

(b) Total number of treasury stock

As of August 31, 2007 : 93,136 shares

As of August 31, 2006 : 89,249 shares

As of February 28, 2007 : 91,598 shares

[Reference] Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (March 1, 2007 - August 31, 2007)

(1) Sales and Income

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]
Aug.2007 interim term	124,846	[+4.3]	4,746	[+3.3]	4,732	[+5.1]
Aug.2006 interim term	119,691	[+2.1]	4,594	[+14.4]	4,503	[+18.6]
Fiscal 2006	246,439	[+1.6]	8,755	[+14.3]	8,481	[+15.9]

	Net income (¥million)	Change [%]	Net income per share(¥)
Aug.2007 interim term	2,340	[+4.6]	28.41
Aug.2006 interim term	2,236	[+43.5]	27.26
Fiscal 2006	3,633	[+20.9]	44.23

Notes: 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.2007 interim term	180,970	72,022	39.8	874.25
Aug.2006 interim term	181,251	69,640	38.4	848.01
Fiscal 2006	173,796	70,662	40.7	857.72

Reference: Equity

Aug.2007 interim term: ¥72,022 million Aug.2006 interim term: ¥69,640 million Fiscal 2006: ¥70,662 million

2. Non-Consolidated Forecast (March 1, 2007 - February 29, 2008)

	Net sales (¥million)	Change [%]	Operating income (¥million)	Change [%]	Ordinary income (¥million)	Change [%]	Net income (¥million)	Change [%]	Net income per share(¥)
Fiscal 2007	269,600	[+9.4]	8,800	[+0.5]	8,700	[+2.6]	4,000	[+10.1]	48.55

Notes : The above forecasts are announced presupposing available information at October 5, 2007 and an assumption related to uncertain factors which will influence future results. Actual results may differ from forecast depending on various factors in future.

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

	Interim Term						Increase (Decrease)	Fiscal 2006			Increase (Decrease)
	Aug.2006		Aug.2007		%	%		%	%		
(¥ millions)											
(ASSETS)											
I .Current Assets:											
1 Cash and time deposits		15,770			17,990		2,219		13,519	4,471	
2 Notes and accounts receivable - trade and accounts receivable for completed contract		7,651			8,155		504		7,922	233	
3 Marketable securities		700			800		100		—	800	
4 Inventories		2,610			3,168		558		3,112	56	
5 Advance payment		79			102		22		87	14	
6 Prepaid expenses		744			864		119		768	95	
7 Deferred tax assets		759			855		96		753	102	
8 Short-term loans		15			135		120		173	(37)	
9 Others		1,057			1,071		14		929	141	
Less: Allowance for doubtful accounts		(10)			(11)		(0)		(13)	2	
Total current assets		29,378	16.0		33,133	17.5	3,755		27,254	14.9	5,878
II .Fixed Assets:											
1 Tangible fixed assets:											
(1) Buildings and structures	100,349				103,700				99,302		
Accumulated depreciation	60,929				61,800				60,285		
Accumulated impairment losses	1,708	37,710			1,458	40,441	2,730	1,461	37,554	2,886	
(2) Machinery, equipment and motor vehicles	948				961				958		
Accumulated depreciation	649	299			662	299	(0)	646	312	(13)	
(3) Tools, furniture and fixtures	4,395				4,504				4,288		
Accumulated depreciation	3,085				3,123				2,978		
Accumulated impairment losses	25	1,284			56	1,325	40	56	1,253	71	
(4) Land		39,652			39,365		(286)		39,347	18	
(5) Construction in progress		4,253			5,758		1,504		6,206	(448)	
Total tangible fixed assets		83,201	45.4		87,189	45.9	3,988		84,674	46.4	2,514
2 Intangible fixed assets:											
(1) Leasehold		11,014			11,014		—		11,014	—	
(2) Difference between cost of investments and equity in net assets		7			—		(7)		—	—	
(3) Others		597			861		264		760	101	
Total intangible fixed assets		11,620	6.3		11,876	6.2	256		11,774	6.5	101
3 Investments and other assets:											
(1) Investment securities		8,706			6,794		(1,911)		8,005	(1,210)	
(2) Long-term loans		775			743		(32)		766	(22)	
(3) Long-term prepaid expenses		874			908		33		779	128	
(4) Fixed leasehold deposits		47,168			46,738		(430)		47,191	(452)	
(5) Deferred tax assets		1,442			2,203		760		1,934	268	
(6) Long-term accounts receivable - other		201			139		(62)		198	(59)	
(7) Others		197			314		116		205	108	
Less: Allowance for doubtful accounts		(125)			(229)		(103)		(232)	2	
Total investments and other assets		59,241	32.3		57,612	30.4	(1,628)		58,849	32.2	(1,236)
Total fixed assets		154,062	84.0		156,679	82.5	2,616		155,299	85.1	1,379
Total assets		183,440	100.0		189,812	100.0	6,371		182,553	100.0	7,258

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

	Interim Term				Increase (Decrease)	Fiscal 2006			Increase (Decrease)
	Aug.2006		Aug.2007						
		%		%			%		
(¥ millions)									
(LIABILITIES)									
I .Current Liabilities:									
1 Notes and accounts payable - trade	23,061		23,813		752	23,066		747	
2 Short-term bank loans	11,490		9,369		(2,121)	9,108		261	
3 Accounts payable - other	1,835		2,784		948	2,335		449	
4 Accrued expenses	1,343		1,451		108	1,278		173	
5 Accrued income taxes	2,153		2,279		125	935		1,344	
6 Accrued bonuses to employees	960		1,047		86	920		126	
7 Allowance for sales returns	19		20		0	15		4	
8 Allowance for books unsold	78		68		(10)	71		(2)	
9 Reserve for sales promotion	200		247		47	223		24	
10 Current portion of straight bonds	—		14,000		14,000	12,000		2,000	
11 Others	2,782		3,330		547	2,983		346	
Total current liabilities	43,926	23.9	58,412	30.8	14,486	52,937	29.0	5,475	
II .Long-term Liabilities:									
1 Straight bonds	14,000		—		(14,000)	2,000		(2,000)	
2 Long-term bank loans	13,232		13,633		401	11,755		1,878	
3 Long-term accounts payable - other	294		285		(9)	294		(9)	
4 Reserve for retirement benefits	943		1,048		104	998		49	
5 Accrued retirement benefits for directors and statutory auditors	6		8		1	7		0	
6 Allowance for loss on store closing	517		2,179		1,662	2,179		—	
7 Guarantee deposits received from tenants	41,180		41,785		605	41,597		187	
8 Others	—		5		5	5		(0)	
Total long-term liabilities	70,175	38.3	58,945	31.0	(11,229)	58,839	32.2	106	
Total liabilities	114,101	62.2	117,358	61.8	3,257	111,776	61.2	5,581	
(NET ASSETS)									
I .Shareholders' Equity:									
1 Common stock	26,867	14.7	26,867	14.1	—	26,867	14.7	—	
2 Capital surplus	27,196	14.8	27,527	14.5	331	27,527	15.1	—	
3 Retained earnings	13,662	7.4	17,254	9.1	3,591	15,100	8.3	2,153	
4 Treasury stock	(51)	(0.0)	(56)	(0.0)	(5)	(54)	(0.0)	(2)	
Total shareholders' equity	67,675	36.9	71,592	37.7	3,917	69,441	38.1	2,151	
II .Valuation and Translation Adjustments:									
1 Net unrealized gains on securities	1,257	0.7	613	0.3	(643)	1,022	0.6	(408)	
2 Foreign currency translation adjustments	22	0.0	176	0.1	153	117	0.0	58	
Total valuation and translation adjustments	1,280	0.7	790	0.4	(490)	1,139	0.6	(349)	
III .Minority Interests in Consolidated Subsidiaries:									
	383	0.2	70	0.1	(312)	195	0.1	(125)	
Total net assets	69,339	37.8	72,453	38.2	3,114	70,777	38.8	1,676	
Total liabilities and net assets	183,440	100.0	189,812	100.0	6,371	182,553	100.0	7,258	

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Income for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2006		
	Aug.2006			Aug.2007						
			%			%			%	
I .Net sales	129,391	100.0		136,639	100.0		7,247	266,645	100.0	
II .Cost of sales:	110,584	85.5		116,520	85.3		5,936	228,464	85.7	
Net	18,807	14.5		20,118	14.7		1,311	38,180	14.3	
Provision for allowance for sales returns	7	0.0		4	0.0		(2)	3	0.0	
Gross profit	18,800	14.5		20,114	14.7		1,313	38,177	14.3	
III .Other operating revenue	983	0.8		1,132	0.8		148	2,008	0.8	
Gross operating profit	19,783	15.3		21,246	15.5		1,462	40,185	15.1	
IV .Selling, general and administrative expenses	14,510	11.2		15,784	11.5		1,274	30,429	11.4	
Operating income	5,273	4.1		5,461	4.0		188	9,756	3.7	
V .Non-operating income:										
1 Interest income	48			59				109		
2 Dividends income	52			55				62		
3 Others	160	261	0.2	155	270	0.2	9	348	520	0.2
VI .Non-operating expenses:										
1 Interest expenses	235			208				459		
2 Bonds interest expenses	87			87				174		
3 Others	17	340	0.3	15	311	0.2	(28)	47	681	0.3
Ordinary income		5,193	4.0		5,420	4.0	226		9,594	3.6
VII .Special income:										
1 Gain on sales of fixed assets	—			—				252		
2 Gain on sales of investment securities	55			12				55		
3 Reversal of allowance for doubtful accounts	9			5				15		
4 Reversal of allowance for loss on store closing	243			—				666		
5 Compensation for termination of advisory services agreement	—			—				508		
6 Others	43	351	0.3	52	70	0.0	(280)	47	1,544	0.6
VIII .Special losses:										
1 Loss on sales of fixed assets	0			0				0		
2 Loss on disposal of fixed assets	239			342				783		
3 Loss on impairment of fixed assets	551			13				653		
4 Loss on write-down of investment securities	46			437				434		
5 Provision for allowance for doubtful accounts	—			—				115		
6 Special allowance for retirement	—			—				49		
7 Loss on store closing	—			—				2,308		
8 Others	7	845	0.7	—	793	0.6	(51)	68	4,414	1.7
Income before income taxes and minority interests		4,699	3.6		4,696	3.4	(2)		6,725	2.5
Income taxes:										
Current income taxes	1,933			2,056				2,187		
Deferred income taxes	170	2,103	1.6	(90)	1,965	1.4	(137)	(150)	2,037	0.7
Minority interests		22	0.0		0	0.0	(22)		184	0.1
Net income		2,572	2.0		2,730	2.0	157		4,503	1.7

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement 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	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2006	26,867	27,184	11,581	(166)	65,466
Change of items during the interim period					
Dividends from surplus			(491)		(491)
Net income			2,572		2,572
Repurchase of treasury stock				(1)	(1)
Disposal of treasury stock		11		116	128
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	—	11	2,081	115	2,208
Balance at August 31, 2006	26,867	27,196	13,662	(51)	67,675

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 28, 2006	1,516	(7)	1,508	401	67,376
Change of items during the interim period					
Dividends from surplus					(491)
Net income					2,572
Repurchase of treasury stock					(1)
Disposal of treasury stock					128
Net changes of items other than shareholders' equity	(258)	30	(228)	(17)	(245)
Total changes of items during the interim period	(258)	30	(228)	(17)	1,962
Balance at August 31, 2006	1,257	22	1,280	383	69,339

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at February 28, 2007	26,867	27,527	15,100	(54)	69,441
Change of items during the interim period					
Dividends from surplus			(576)		(576)
Net income			2,730		2,730
Repurchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the interim period	—	—	2,153	(2)	2,151
Balance at August 31, 2007	26,867	27,527	17,254	(56)	71,592

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 28, 2007	1,022	117	1,139	195	70,777
Change of items during the interim period					
Dividends from surplus					(576)
Net income					2,730
Repurchase of treasury stock					(2)
Net changes of items other than shareholders' equity	(408)	58	(349)	(125)	(474)
Total changes of items during the interim period	(408)	58	(349)	(125)	1,676
Balance at August 31, 2007	613	176	790	70	72,453

PARCO CO., LTD. AND SUBSIDIARIES

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	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2006	26,867	27,184	11,581	(166)	65,466
Change of items during the period					
Issuance of shares		331			331
Dividends from surplus			(491)		(491)
Dividends from surplus (interim dividends)			(492)		(492)
Net income			4,503		4,503
Repurchase of treasury stock				(4)	(4)
Disposal of treasury stock		11		116	128
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	343	3,519	112	3,974
Balance at February 28, 2007	26,867	27,527	15,100	(54)	69,441

	Valuation and Translation Adjustments			Minority Interests in Consolidated Subsidiaries	Total net assets
	Net unrealized gains on securities	Foreign currency transaction adjustments	Total valuation and translation adjustments		
Balance at February 28, 2006	1,516	(7)	1,508	401	67,376
Change of items during the period					
Issuance of shares					331
Dividends from surplus					(491)
Dividends from surplus (interim dividends)					(492)
Net income					4,503
Repurchase of treasury stock					(4)
Disposal of treasury stock					128
Net changes of items other than shareholders' equity	(494)	125	(369)	(205)	(574)
Total changes of items during the period	(494)	125	(369)	(205)	3,400
Balance at February 28, 2007	1,022	117	1,139	195	70,777

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term		Increase (Decrease)	Fiscal2006
	Aug.2006	Aug.2007		
I .Cash flows from operating activities:				
1 Income before income taxes and minority interests	4,699	4,696	(2)	6,725
2 Depreciation and amortization	1,912	2,135	223	3,893
3 Loss on impairment of fixed assets	551	13	(537)	653
4 Amortization of consolidation adjustments accounts	1	—	(1)	—
5 increase (Decrease) in allowance for doubtful accounts	(9)	(4)	4	99
6 Increase in accrued bonuses to employees	54	126	71	15
7 Increase in allowance for sales returns	7	4	(2)	3
8 Increase (Decrease) in allowance for books unsold	4	(2)	(7)	(2)
9 Increase in reserve for sales promotion	25	24	(1)	48
10 Increase in reserve for retirement benefits	46	49	2	101
11 Increase (Decrease) in accrued retirement benefits for directors and statutory auditors	(2)	0	3	(1)
12 Interest income and dividends income	(100)	(115)	(14)	(171)
13 Interest expenses	322	296	(26)	634
14 Loss on sales/disposal of fixed assets	79	137	57	22
15 Gain on sales of investment securities	(55)	(12)	42	(55)
16 Loss on write-down of investment securities	46	437	390	434
17 Loss on store closing	—	—	—	2,308
18 Reversal of allowance for loss on store closing	(243)	—	243	(666)
19 Increase in receivables	(88)	(233)	(144)	(546)
20 Increase in inventories	(359)	(56)	303	(861)
21 Increase in payables	946	746	(200)	951
22 Increase (Decrease) in other assets and liabilities, net	(790)	521	1,311	(306)
23 others	(23)	(4)	19	67
Sub-total	7,025	8,761	1,736	13,347
24 Interest and dividends received	100	112	11	170
25 Interest paid	(286)	(283)	3	(624)
26 Payment resulting from store closing	—	—	—	(151)
27 Income taxes paid	(1,269)	(807)	462	(2,419)
Net cash provided by operating activities	5,569	7,783	2,213	10,322

PARCO CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term		Increase (Decrease)	Fiscal2006
	Aug.2006	Aug.2007		
II.Cash flows from investing activities:				
1 Acquisition of marketable securities	(700)	(300)	400	(700)
2 Sales of marketable securities	—	—	—	700
3 Acquisition of tangible fixed assets	(2,318)	(4,819)	(2,500)	(6,211)
4 Proceeds from sales of tangible fixed assets	6	0	(6)	523
5 Acquisition of investment securities	(500)	—	500	(592)
6 Proceeds from sales of investment securities	1,509	87	(1,421)	1,509
7 Payments for fixed leasehold deposits	(94)	(207)	(112)	(944)
8 Collection of fixed leasehold deposits	2,414	580	(1,834)	3,355
9 Increase (Decrease) in guarantee deposits received from tenants	(1,330)	813	2,144	(1,083)
10 others	86	(460)	(546)	(230)
Net cash used by investing activities	(928)	(4,305)	(3,376)	(3,673)
III.Cash flows from financing activities:				
1 Increase (Decrease) in short-term bank loans	(3,030)	380	3,410	60
2 Proceeds from long-term bank loans	7,300	4,000	(3,300)	8,000
3 Repayment of long-term bank loans	(4,431)	(2,241)	2,190	(12,080)
4 Sales of treasury stock	127	(2)	(129)	124
5 Cash dividends paid	(491)	(576)	(85)	(984)
6 Cash dividends paid to minority shareholders	(32)	(129)	(97)	(32)
7 others	0	—	(0)	0
Net cash provided (used) by financing activities	(556)	1,430	1,987	(4,911)
IV.Effect of exchange rate changes on cash and cash equivalents	30	62	31	125
V.Net increase in cash and cash equivalents	4,114	4,971	856	1,862
VI.Cash and cash equivalents at beginning of the term	11,656	13,519	1,862	11,656
VII.Cash and cash equivalents at end of the term	15,770	18,490	2,719	13,519

PARCO CO., LTD.

Non-Consolidated Balance Sheets for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2006			Increase (Decrease)
	Aug.2006		Aug.2007								
(ASSETS)		%		%				%			
I .Current Assets:											
1 Cash and time deposits	11,791		13,169		1,377	7,738		5,431			
2 Notes receivable - trade	0		—		(0)	1		(1)			
3 Accounts receivable - trade	5,256		5,282		25	5,256		25			
4 Finished products	276		219		(56)	238		(19)			
5 Work-in-process	53		41		(12)	50		(9)			
6 Supplies	0		2		1	0		1			
7 Deferred tax assets	413		458		44	400		58			
8 Short-term loans	15		291		275	207		83			
9 Others	1,712		1,848		135	1,700		147			
Less: Allowance for doubtful accounts	(3)		(8)		(4)	(8)		—			
Total current assets	19,518	10.8	21,305	11.8	1,787	15,587	9.0	5,718			
II .Fixed Assets:											
1 Tangible fixed assets:											
(1)Buildings	37,167		39,716		2,548	36,902		2,814			
(2)Land	40,248		40,011		(236)	39,979		32			
(3)Others	5,803		7,332		1,528	7,681		(349)			
Total tangible fixed assets	83,219		87,059		3,840	84,563		2,496			
2 Intangible fixed assets:											
(1)Leasehold	11,014		11,014		—	11,014		—			
(2)Others	471		656		184	575		81			
Total intangible fixed assets	11,486		11,671		184	11,590		81			
3 Investments and other assets:											
(1)Investment securities	8,254		6,399		(1,855)	7,513		(1,114)			
(2)Investments in affiliates	10,173		5,699		(4,474)	5,699		—			
(3)Long-term loans	751		716		(34)	740		(23)			
(4)Fixed leasehold deposits	46,494		46,077		(416)	46,482		(404)			
(5)Deferred tax assets	215		915		700	677		238			
(6)Long-term accounts receivable - other	199		136		(62)	196		(59)			
(7)Others	1,061		1,214		152	976		237			
Less: Allowance for doubtful accounts	(123)		(227)		(103)	(229)		2			
Total investments and other assets	67,028		60,933		(6,094)	62,056		(1,122)			
Total fixed assets	161,733	89.2	159,665	88.2	(2,068)	158,209	91.0	1,455			
Total assets	181,251	100.0	180,970	100.0	(281)	173,796	100.0	7,173			

PARCO CO., LTD.

Non-Consolidated Balance Sheets for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term				Increase (Decrease)	Fiscal 2006			Increase (Decrease)
	Aug.2006		Aug.2007						
(LIABILITIES)			%					%	
I .Current Liabilities:									
1 Notes payable - trade	742			—	(742)	1,073			(1,073)
2 Accounts payable - trade	16,037			16,252	215	14,495			1,757
3 Short-term bank loans	16,990			10,769	(6,221)	9,808			961
4 Accounts payable - other	2,417			3,655	1,237	3,647			7
5 Accrued income taxes	1,712			1,838	125	556			1,281
6 Allowance reserve	536			588	51	512			75
7 Current portion of straight bonds	—			14,000	14,000	12,000			2,000
8 Others	3,664			3,663	(0)	2,921			742
Total current liabilities		42,101	23.2	50,767	8,665	45,015	25.9		5,751
II .Long-term Liabilities:									
1 Straight bonds	14,000			—	(14,000)	2,000			(2,000)
2 Long-term bank loans	13,232			13,633	401	11,755			1,878
3 Long-term accounts payable - other	237			236	(1)	237			(1)
4 Reserve for retirement benefits	208			209	0	213			(3)
5 Allowance for loss on store closing	517			2,179	1,662	2,179			—
6 Guarantee deposits received from tenants	41,313			41,922	608	41,732			189
Total long-term liabilities		69,510	38.4	58,180	(11,329)	58,118	33.4		61
Total liabilities		111,611	61.6	108,947	(2,663)	103,134	59.3		5,813
(NET ASSETS)									
I .Shareholders' Equity:									
1 Common stock		26,867	14.8	26,867	—	26,867	15.5		—
2 Capital surplus									
(1)Additional paid-in capital	26,292			26,623	331	26,623			—
(2)Other capital surplus	903			903	0	903			—
Total capital surplus		27,196	15.0	27,527	331	27,527	15.8		—
3 Retained earnings									
(1)Legal reserve	681			681	—	681			—
(2)Other retained earnings									
General reserve	10,511			12,811	2,300	10,511			2,300
Retained earnings brought forward	3,250			3,617	367	4,154			(536)
Total retained earnings		14,442	8.0	17,110	2,667	15,346	8.8		1,763
4 Treasury stock		(51)	(0.0)	(56)	(5)	(54)	(0.0)		(2)
Total shareholders' equity		68,455	37.8	71,448	2,993	69,687	40.1		1,761
II .Valuation and Translation Adjustments:									
1 Net unrealized gains on securities		1,184		573	(611)	975			(401)
Total valuation and translation adjustments		1,184	0.6	573	(611)	975	0.6		(401)
Total net assets		69,640	38.4	72,022	2,382	70,662	40.7		1,359
Total liabilities and net assets		181,251	100.0	180,970	(281)	173,796	100.0		7,173

PARCO CO., LTD.

Non-Consolidated Statements of Income
for the Interim Term Ended August 31, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Interim Term						Increase (Decrease)	Fiscal 2006		
	Aug.2006			Aug.2007						
I .Net sales:			%			%				%
1 Tenants	116,877			121,543				240,820		
2 Other	2,814			3,302				5,619		
Total net sales		119,691	100.0		124,846	100.0	5,154		246,439	100.0
II .Cost of sales:										
1 Tenants	103,142			107,122				212,812		
2 Other	1,946			2,237				4,005		
Total cost of sales		105,088	87.8		109,360	87.6	4,271		216,818	88.0
Net		14,603	12.2		15,486	12.4	883		29,620	12.0
Provision for allowance for sales returns		7	0.0		4	0.0	(2)		3	0.0
Gross profit		14,595	12.2		15,481	12.4	885		29,617	12.0
III .Other operating revenue		1,090	0.9		1,180	0.9	90		2,207	0.9
Gross operating profit		15,686	13.1		16,662	13.3	976		31,824	12.9
IV .Selling, general and administrative expenses		11,091	9.3		11,915	9.5	824		23,068	9.3
Operating income		4,594	3.8		4,746	3.8	152		8,755	3.6
V .Non-operating income		272	0.2		291	0.2	18		485	0.2
VI .Non-operating expenses		363	0.3		306	0.2	(57)		759	0.4
Ordinary income		4,503	3.7		4,732	3.8	228		8,481	3.4
VII .Special income		318	0.3		2	0.0	(315)		997	0.4
VIII .Special losses		821	0.7		773	0.6	(47)		4,335	1.7
Income before income taxes		4,001	3.3		3,960	3.2	(40)		5,143	2.1
Income taxes:										
Current income taxes	1,556			1,641				1,606		
Deferred income taxes	208	1,764	1.5	(21)	1,620	1.3	(143)	(96)	1,510	0.6
Net income		2,236	1.8		2,340	1.9	103		3,633	1.5

PARCO CO., LTD.

Non-Consolidated Statement 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			Retained earnings			Treasury stock	Total shareholders' equity	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	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										
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			11	11					116	128
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		
Fund for general reserve		—
Dividends from surplus		(491)
Net income		2,236
Repurchase of treasury stock		(1)
Disposal of treasury stock		128
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

PARCO CO., LTD.

Non-Consolidated Statement of Changes in Net Assets
for the Interim Term Ended August 31, 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, 2007	26,867	26,623	903	27,527	681	10,511	4,154	15,346	(54)	69,687
Change of items during the interim period										
Fund for general reserve						2,300	(2,300)	—		—
Dividends from surplus							(576)	(576)		(576)
Net income							2,340	2,340		2,340
Repurchase of treasury stock									(2)	(2)
Net changes of items other than shareholders' equity										
Total changes of items during the interim period	—	—	—	—	—	2,300	(536)	1,763	(2)	1,761
Balance at August 31, 2007	26,867	26,623	903	27,527	681	12,811	3,617	17,110	(56)	71,448

	Valuation and Translation Adjustments	Total net assets
	Net unrealized gains on securities	
Balance at February 28, 2007	975	70,662
Change of items during the interim period		
Fund for general reserve		—
Dividends from surplus		(576)
Net income		2,340
Repurchase of treasury stock		(2)
Net changes of items other than shareholders' equity	(401)	(401)
Total changes of items during the interim period	(401)	1,359
Balance at August 31, 2007	573	72,022

PARCO CO., LTD.

Non-Consolidated Statement of Changes in Net Assets
for the Interim Term Ended February 28, 2007
(Fractional amounts less than one million yen are discarded)

(¥ millions)

	Shareholders' Equity									
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	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 shareholders' 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 shareholders' equity		(456)
Total changes of items during the period		2,647
Balance at February 28, 2007	975	70,662