



July 6, 2011

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending February 29, 2012
<under Japanese GAAP>

Company name: **PARCO CO., LTD.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 8251
URL: <http://www.parco.co.jp/>
Representative: Kouzou Makiyama, Member of the Board, President, Representative Executive Officer
Inquiries: Kazumi Kojima, Senior Executive Officer for Finance
TEL: +81-3-3477-5791 (from overseas)

Scheduled date to file Quarterly Securities Report: July 13, 2011
Scheduled date of dividend distribution: –
Preparation of supplementary material on quarterly earnings: Yes
Holding of quarterly earnings performance review: None

(All amounts have been rounded down to the nearest million yen.)

1. Consolidated performance for the first three months of the fiscal year ending February 29, 2012 (from March 1, 2011 to May 31, 2011)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
May 31, 2011	60,350	(7.4)	1,441	(32.0)	1,302	(35.2)	631	(39.3)
May 31, 2010	65,183	0.2	2,119	(11.6)	2,009	(13.3)	1,040	(20.3)

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
May 31, 2011	7.66	6.39
May 31, 2010	12.63	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2011	217,340	81,578	37.5	989.98
February 28, 2011	222,135	81,868	36.8	993.52

Reference: Equity (Net assets – Minority interests)

As of May 31, 2011: 81,552 million yen
As of February 28, 2011: 81,844 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended February 28, 2011	Yen –	Yen 8.00	Yen –	Yen 9.00	Yen 17.00
Fiscal year ending February 29, 2012	–				
Fiscal year ending February 29, 2012 (Forecast)		8.00	–	9.00	17.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2012 (from March 1, 2011 to February 29, 2012)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending August 31, 2011	125,100	(2.9)	3,700	(18.8)	3,400	(21.5)	1,600	(24.4)	19.42
Fiscal year ending February 29, 2012	264,900	0.0	8,600	(6.7)	8,200	(6.3)	4,000	(9.1)	48.56

Note: Revisions to the consolidated earnings forecasts in the current quarter: None

4. Others

(1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in specified subsidiaries resulting in the change in scope of consolidation during the current quarter

(2) Application of simplified accounting and special accounting: Yes

Note: Application of simplified accounting and special accounting for preparing quarterly consolidated financial statements

(3) Changes in accounting policies and procedures, and methods of presentation

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: Yes

Note: Changes in accounting policies and procedures, and methods of presentation for preparing the quarterly consolidated financial statements described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements"

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of May 31, 2011 82,475,677 shares

As of February 28, 2011 82,475,677 shares

b. Number of shares of treasury stock at the end of the period

As of May 31, 2011 97,228 shares

As of February 28, 2011 97,083 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first three months ended May 31, 2011 82,378,494 shares

For the first three months ended May 31, 2010 82,379,360 shares

*** Indication regarding execution of quarterly review procedures**

The quarterly review procedures pursuant to the Financial Instruments and Exchange Act do not apply to this quarterly earnings report. At the time of disclosure of this quarterly earnings report, the quarterly review procedures for quarterly financial statements are in progress.

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the time of the filing and certain assumptions deemed reasonable by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of May 31, 2011	As of February 28, 2011 (Summary)
Assets		
Current assets		
Cash and deposits	8,008	12,253
Notes and operating accounts receivable	10,348	7,252
Short-term investment securities	300	-
Merchandise and finished goods	2,647	2,480
Work in process	234	228
Raw materials and supplies	41	42
Other	5,064	5,988
Allowance for doubtful accounts	(4)	(3)
Total current assets	26,640	28,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	120,147	120,122
Accumulated depreciation	(71,707)	(71,104)
Accumulated impairment loss	(932)	(932)
Buildings and structures, net	47,506	48,084
Buildings and structures in trust	16,898	16,898
Accumulated depreciation	(986)	(778)
Buildings and structures in trust, net	15,912	16,120
Machinery, equipment and vehicles	1,372	1,372
Accumulated depreciation	(968)	(945)
Machinery, equipment and vehicles, net	404	427
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(2)	(1)
Machinery, equipment and vehicles in trust, net	14	15
Other	5,118	5,074
Accumulated depreciation	(3,839)	(3,788)
Accumulated impairment loss	(59)	(59)
Other, net	1,220	1,226
Other in trust	134	134
Accumulated depreciation	(26)	(21)
Other in trust, net	108	113
Land	43,992	45,208
Land in trust	19,371	19,371
Construction in progress	20	75
Total property, plant and equipment	128,550	130,642
Intangible assets		
Leasehold right	10,949	10,949
Other	750	726
Total intangible assets	11,700	11,676
Investments and other assets		
Investment securities	4,835	4,972
Lease and guarantee deposits	42,018	43,099
Other	3,833	3,745
Allowance for doubtful accounts	(237)	(242)
Total investments and other assets	50,449	51,574
Total noncurrent assets	190,699	193,894
Total assets	217,340	222,135

(Millions of yen)

	As of May 31, 2011	As of February 28, 2011 (Summary)
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	20,305	16,118
Short-term loans payable	13,326	17,216
Income taxes payable	392	2,266
Provision	2,124	1,808
Other	9,368	9,552
Total current liabilities	45,517	46,961
Noncurrent liabilities		
Bonds payable	2,000	2,000
Bonds with subscription rights to shares	15,000	15,000
Long-term loans payable	35,153	38,231
Provision	1,556	1,555
Guarantee deposits received	35,904	36,159
Other	631	360
Total noncurrent liabilities	90,244	93,306
Total liabilities	135,762	140,267
Net assets		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus	27,528	27,528
Retained earnings	27,289	27,400
Treasury stock	(61)	(61)
Total shareholders' equity	81,624	81,734
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	58	275
Foreign currency translation adjustment	(129)	(164)
Total valuation and translation adjustments	(71)	110
Minority interests	25	23
Total net assets	81,578	81,868
Total liabilities and net assets	217,340	222,135

(2) Consolidated statements of income (cumulative)

(Millions of yen)

	First three months ended May 31, 2010	First three months ended May 31, 2011
Net sales	65,183	60,350
Cost of sales	55,515	51,287
Gross profit	9,667	9,063
Operating revenue	717	724
Operating gross profit	10,385	9,787
Selling, general and administrative expenses	8,265	8,346
Operating income	2,119	1,441
Non-operating income		
Interest income	23	15
Dividends income	9	10
Miscellaneous income	102	79
Total non-operating income	134	104
Non-operating expenses		
Interest expenses	234	235
Miscellaneous expenses	10	8
Total non-operating expenses	245	244
Ordinary income	2,009	1,302
Extraordinary income		
Gain on sales of noncurrent assets	–	186
Reversal of allowance for doubtful accounts	0	1
Other	0	23
Total extraordinary income	1	212
Extraordinary loss		
Loss on retirement of noncurrent assets	105	161
Restructuring loss	14	–
Loss on disaster	–	103
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	148
Other	46	1
Total extraordinary losses	167	414
Income before income taxes and minority interests	1,842	1,099
Income taxes	802	468
Income before minority interests	–	631
Minority interests in loss	(0)	(0)
Net income	1,040	631

(3) Consolidated statements of cash flows

(Millions of yen)

	First three months ended May 31, 2010	First three months ended May 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,842	1,099
Depreciation and amortization	1,603	1,537
Increase (decrease) in allowance for doubtful accounts	2	(3)
Increase (decrease) in provision for bonuses	558	567
Increase (decrease) in provision for sales returns	(7)	(4)
Increase (decrease) in provision for books unsold	0	6
Increase (decrease) in provision for sales promotion expenses	13	30
Increase (decrease) in provision for retirement benefits	39	22
Increase (decrease) in provision for directors' retirement benefits	(13)	–
Increase (decrease) in provision for loss on store closing	–	(40)
Interest and dividends income	(32)	(25)
Interest expenses	234	235
Loss (gain) on sales and retirement of noncurrent assets	23	(163)
Loss on business restructuring	14	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	148
Decrease (increase) in notes and accounts receivable-trade	(949)	(3,095)
Decrease (increase) in inventories	(49)	(172)
Increase (decrease) in notes and accounts payable-trade	4,968	4,187
Increase/decrease in other assets/liabilities	(1,423)	1,130
Other, net	(65)	89
Subtotal	6,759	5,550
Interest and dividends income received	33	25
Interest expenses paid	(145)	(363)
Payment resulting from store closing	–	(276)
Income taxes paid	(992)	(2,331)
Net cash provided by (used in) operating activities	5,654	2,605

(Millions of yen)

	First three months ended May 31, 2010	First three months ended May 31, 2011
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	–	(300)
Purchase of property, plant and equipment	(27,019)	(973)
Proceeds from sales of property, plant and equipment	1	1,471
Purchase of investment securities	(0)	(228)
Proceeds from sales of investment securities	–	0
Payments for lease and guarantee deposits	(1,942)	(26)
Proceeds from collection of lease and guarantee deposits	1,665	1,616
Increase (decrease) in guarantee deposits received	337	(634)
Other, net	(7)	(70)
Net cash provided by (used in) investing activities	(26,965)	855
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,803)	3,460
Proceeds from long-term loans payable	32,000	–
Repayment of long-term loans payable	(778)	(10,428)
Net decrease (increase) in treasury stock	(0)	(0)
Cash dividends paid	(659)	(741)
Other, net	(10)	(16)
Net cash provided by (used in) financing activities	28,749	(7,725)
Effect of exchange rate change on cash and cash equivalents	14	20
Net increase (decrease) in cash and cash equivalents	7,453	(4,244)
Cash and cash equivalents at beginning of period	9,023	12,253
Cash and cash equivalents at end of period	16,476	8,008