



MEMBERSHIP
June 24, 2015

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending February 29, 2016
<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/>

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Scheduled date to file Quarterly Securities Report: July 8, 2015

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, 2016 (from March 1, 2015 to May 31, 2015)**

(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, 2015	70,620	4.4	3,363	11.7	3,314	10.6	1,965	19.3
May 31, 2014	67,670	3.7	3,011	8.3	2,998	8.8	1,647	3.8

Note: Comprehensive income

For the first three months ended May 31, 2015: 2,119 million yen [44.1%]

For the first three months ended May 31, 2014: 1,470 million yen [(21.0)%]

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
May 31, 2015	19.37	–
May 31, 2014	16.23	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
May 31, 2015	235,256	114,187	48.5
February 28, 2015	226,830	113,211	49.9

Reference: Equity

As of May 31, 2015: 114,187 million yen

As of February 28, 2015: 113,211 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2015	–	9.00	–	9.00	18.00
Fiscal year ending February 29, 2016	–				
Fiscal year ending February 29, 2016 (Forecast)		10.00	–	10.00	20.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

(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, 2015	138,500	5.6	6,500	2.9	6,400	1.1	3,700	2.2	36.47
Fiscal year ending February 29, 2016	285,600	5.8	12,800	2.3	12,500	0.0	6,900	9.6	68.01

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2015	101,462,977 shares
As of February 28, 2015	101,462,977 shares
 - b. Number of treasury shares at the end of the period

As of May 31, 2015	3,642 shares
As of February 28, 2015	3,242 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, 2015	101,459,566 shares
For the first three months ended May 31, 2014	101,460,342 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 consolidated financial statements are in progress.

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

Caution concerning forward-looking statements

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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

Method of accessing supplementary material on quarterly earnings

Supplementary material on quarterly earnings will be disclosed on TDnet, on the date of this report.

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of May 31, 2015
Assets		
Current assets		
Cash and deposits	4,333	4,385
Notes and operating accounts receivable	11,655	16,848
Merchandise and finished goods	3,069	3,421
Work in process	670	372
Raw materials and supplies	37	36
Other	7,649	7,988
Allowance for doubtful accounts	(4)	(4)
Total current assets	27,410	33,047
Non-current assets		
Property, plant and equipment		
Buildings and structures	124,240	125,132
Accumulated depreciation	(79,979)	(80,738)
Accumulated impairment loss	(1,224)	(1,220)
Buildings and structures, net	43,036	43,172
Buildings and structures in trust	21,872	21,879
Accumulated depreciation	(4,290)	(4,568)
Buildings and structures in trust, net	17,582	17,310
Machinery, equipment and vehicles	867	866
Accumulated depreciation	(681)	(691)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	185	175
Machinery, equipment and vehicles in trust	171	171
Accumulated depreciation	(15)	(19)
Machinery, equipment and vehicles in trust, net	155	151
Other	6,419	6,612
Accumulated depreciation	(4,720)	(4,804)
Accumulated impairment loss	(70)	(69)
Other, net	1,628	1,738
Other in trust	192	192
Accumulated depreciation	(102)	(107)
Other in trust, net	90	84
Land	43,024	44,725
Land in trust	47,069	47,069
Construction in progress	5,864	6,517
Total property, plant and equipment	158,636	160,945
Intangible assets		
Leasehold right	10,969	10,969
Other	1,042	1,147
Total intangible assets	12,011	12,117
Investments and other assets		
Investment securities	2,371	2,540
Lease and guarantee deposits	24,075	24,233
Other	2,518	2,563
Allowance for doubtful accounts	(193)	(191)
Total investments and other assets	28,771	29,145
Total non-current assets	199,419	202,208
Total assets	226,830	235,256

(Millions of yen)

	As of February 28, 2015	As of May 31, 2015
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	17,850	23,627
Short-term loans payable	8,569	11,177
Income taxes payable	3,556	1,311
Provision	1,579	2,202
Other	15,916	18,922
Total current liabilities	47,472	57,240
Non-current liabilities		
Long-term loans payable	32,161	29,170
Guarantee deposits received	31,206	31,555
Net defined benefit liability	1,964	2,268
Other	814	834
Total non-current liabilities	66,146	63,828
Total liabilities	113,618	121,069
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	43,249	44,072
Treasury shares	(2)	(3)
Total shareholders' equity	112,743	113,565
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	656	805
Foreign currency translation adjustment	(59)	(76)
Remeasurements of defined benefit plans	(129)	(108)
Total accumulated other comprehensive income	467	621
Total net assets	113,211	114,187
Total liabilities and net assets	226,830	235,256

(2) Consolidated statements of (comprehensive) income
Consolidated statements of income (cumulative)

(Millions of yen)

	First three months ended May 31, 2014	First three months ended May 31, 2015
Net sales	67,670	70,620
Cost of sales	57,587	60,047
Gross profit	10,083	10,573
Operating revenue	1,025	1,224
Operating gross profit	11,109	11,797
Selling, general and administrative expenses	8,097	8,434
Operating income	3,011	3,363
Non-operating income		
Interest income	16	11
Dividend income	3	0
Miscellaneous income	100	49
Total non-operating income	120	61
Non-operating expenses		
Interest expenses	119	100
Miscellaneous expenses	14	9
Total non-operating expenses	134	109
Ordinary income	2,998	3,314
Extraordinary losses		
Loss on sales of non-current assets	–	20
Loss on retirement of non-current assets	209	96
Impairment loss	14	–
Other	1	0
Total extraordinary losses	225	117
Income before income taxes and minority interests	2,772	3,197
Income taxes	1,125	1,232
Income before minority interests	1,647	1,965
Net income	1,647	1,965

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First three months ended May 31, 2014	First three months ended May 31, 2015
Income before minority interests	1,647	1,965
Other comprehensive income		
Valuation difference on available-for-sale securities	(187)	149
Foreign currency translation adjustment	12	(13)
Remeasurements of defined benefit plans, net of tax	–	21
Share of other comprehensive income of entities accounted for using equity method	(0)	(2)
Total other comprehensive income	(176)	153
Comprehensive income	1,470	2,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,470	2,119
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of cash flows

(Millions of yen)

	First three months ended May 31, 2014	First three months ended May 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	2,772	3,197
Depreciation	1,392	1,485
Impairment loss	14	–
Increase in provision for bonuses	596	607
Decrease in provision for retirement benefits	(18)	–
Decrease in net defined benefit liability	–	(0)
Decrease in provision for loss on store closing	(78)	–
Interest and dividend income	(19)	(11)
Interest expenses	119	100
Loss on sales and retirement of non-current assets	85	40
Increase in notes and accounts receivable - trade	(7,094)	(5,192)
Increase in inventories	(221)	(53)
Increase in notes and accounts payable - trade	6,292	5,776
Increase/decrease in other assets/liabilities	1,681	164
Other, net	24	23
Subtotal	5,546	6,135
Interest and dividend income received	19	11
Interest expenses paid	(213)	(178)
Income taxes paid	(1,131)	(3,419)
Net cash provided by operating activities	4,221	2,549
Cash flows from investing activities		
Payments into time deposits	–	(262)
Proceeds from withdrawal of time deposits	–	262
Purchase of property, plant and equipment	(3,442)	(5,593)
Proceeds from sales of property, plant and equipment	–	1
Purchase of investment securities	(0)	(0)
Payments for lease and guarantee deposits	(170)	(214)
Proceeds from collection of lease and guarantee deposits	3,328	229
Increase (decrease) in guarantee deposits received	(53)	140
Other, net	(79)	(701)
Net cash used in investing activities	(417)	(6,138)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	4,000
Net increase in commercial papers	3,499	4,999
Repayments of long-term loans payable	(3,850)	(4,380)
Net increase in treasury shares	(0)	(0)
Cash dividends paid	(913)	(913)
Other, net	(43)	(48)
Net cash provided by (used in) financing activities	(3,807)	3,657
Effect of exchange rate change on cash and cash equivalents	10	(5)
Net increase in cash and cash equivalents	7	62
Cash and cash equivalents at beginning of period	3,529	4,059
Cash and cash equivalents at end of period	3,536	4,122