

<Excerpt English translation of the original Japanese-language document>



MEMBERSHIP  
June 24, 2016

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2017 <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: Kozo Makiyama, Chairman of the Board, President, Representative Executive Officer

Inquiries: Hideki Noguchi, Executive Officer for the Finance Group, Accounting Group and  
Accounting Coordination Group

TEL: +81-3-3477-5791 (from overseas)

Scheduled date to file Quarterly Securities Report: July 13, 2016

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 28, 2017 (from March 1, 2016 to May 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
May 31, 2016	68,208	(3.4)	3,231	(3.9)	3,157	(4.7)	1,725	(12.2)
May 31, 2015	70,620	4.4	3,363	11.7	3,314	10.6	1,965	19.3

Note: Comprehensive income

For the first three months ended May 31, 2016: 1,731 million yen [(18.3)%]

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

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
May 31, 2016	17.01	–
May 31, 2015	19.37	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2016	238,678	117,191	49.1
February 29, 2016	236,315	116,474	49.3

Reference: Equity

As of May 31, 2016: 117,191 million yen

As of February 29, 2016: 116,474 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 29, 2016	–	10.00	–	10.00	20.00
Fiscal year ending February 28, 2017	–				
Fiscal year ending February 28, 2017 (Forecast)		11.00	–	11.00	22.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending August 31, 2016	139,450	2.0	7,150	7.2	6,950	5.3	4,100	19.8	40.41
Fiscal year ending February 28, 2017	280,150	1.4	13,500	5.7	13,800	8.9	7,850	29.5	77.37

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: Yes
  - c. Changes in accounting estimates: Yes
  - 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, 2016	101,462,977 shares
As of February 29, 2016	101,462,977 shares
  - b. Number of treasury shares at the end of the period
 

As of May 31, 2016	4,286 shares
As of February 29, 2016	4,200 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, 2016	101,458,726 shares
For the first three months ended May 31, 2015	101,459,566 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 29, 2016	As of May 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	6,840	4,628
Notes and operating accounts receivable	8,289	12,094
Merchandise and finished goods	3,387	3,601
Work in process	653	775
Raw materials and supplies	37	35
Other	4,689	5,337
Allowance for doubtful accounts	(3)	(3)
Total current assets	23,894	26,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	129,672	130,217
Accumulated depreciation	(82,301)	(82,910)
Accumulated impairment loss	(1,878)	(1,869)
Buildings and structures, net	45,492	45,437
Buildings and structures in trust	22,270	22,279
Accumulated depreciation	(5,411)	(5,660)
Buildings and structures in trust, net	16,858	16,619
Machinery, equipment and vehicles	887	887
Accumulated depreciation	(729)	(737)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	158	150
Machinery, equipment and vehicles in trust	171	171
Accumulated depreciation	(31)	(35)
Machinery, equipment and vehicles in trust, net	139	135
Other	6,885	6,747
Accumulated depreciation	(4,952)	(4,567)
Accumulated impairment loss	(163)	(143)
Other, net	1,769	2,036
Other in trust	194	194
Accumulated depreciation	(124)	(130)
Other in trust, net	69	64
Land	51,392	51,135
Land in trust	50,104	50,104
Construction in progress	6,229	6,227
Total property, plant and equipment	172,215	171,910
Intangible assets		
Leasehold right	10,237	10,237
Other	1,403	1,732
Total intangible assets	11,641	11,970
Investments and other assets		
Investment securities	1,192	1,180
Lease and guarantee deposits	23,863	23,691
Other	3,688	3,634
Allowance for doubtful accounts	(180)	(179)
Total investments and other assets	28,564	28,327
Total non-current assets	212,421	212,208
Total assets	236,315	238,678

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable - trade	17,258	22,020
Short-term loans payable	7,919	13,169
Income taxes payable	2,627	1,072
Provision	2,065	2,422
Other	20,862	22,573
Total current liabilities	50,732	61,257
Non-current liabilities		
Long-term loans payable	35,200	28,020
Guarantee deposits received	30,188	28,385
Provision	564	564
Net defined benefit liability	2,281	2,247
Other	874	1,012
Total non-current liabilities	69,108	60,229
Total liabilities	119,841	121,487
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	47,154	47,865
Treasury shares	(3)	(3)
Total shareholders' equity	116,647	117,358
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	22
Foreign currency translation adjustment	(86)	(93)
Remeasurements of defined benefit plans	(101)	(95)
Total accumulated other comprehensive income	(172)	(166)
Total net assets	116,474	117,191
Total liabilities and net assets	236,315	238,678

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

(Millions of yen)

	First three months ended May 31, 2015	First three months ended May 31, 2016
Net sales	70,620	68,208
Cost of sales	60,047	57,898
Gross profit	10,573	10,310
Operating revenue	1,224	1,222
Operating gross profit	11,797	11,533
Selling, general and administrative expenses	8,434	8,301
Operating income	3,363	3,231
Non-operating income		
Interest income	11	12
Miscellaneous income	50	51
Total non-operating income	61	63
Non-operating expenses		
Interest expenses	100	95
Miscellaneous expenses	9	41
Total non-operating expenses	109	137
Ordinary income	3,314	3,157
Extraordinary losses		
Loss on sales of non-current assets	20	259
Loss on retirement of non-current assets	96	205
Other	0	9
Total extraordinary losses	117	474
Income before income taxes and minority interests	3,197	2,683
Income taxes	1,232	957
Profit	1,965	1,725
Profit attributable to owners of parent	1,965	1,725

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

(Millions of yen)

	First three months ended May 31, 2015	First three months ended May 31, 2016
Profit	1,965	1,725
Other comprehensive income		
Valuation difference on available-for-sale securities	149	7
Foreign currency translation adjustment	(13)	(7)
Remeasurements of defined benefit plans, net of tax	21	5
Share of other comprehensive income of entities accounted for using equity method	(2)	—
Total other comprehensive income	153	6
Comprehensive income	2,119	1,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,119	1,731
Comprehensive income attributable to non- controlling interests	—	—

**(3) Consolidated statements of cash flows**

(Millions of yen)

	First three months ended May 31, 2015	First three months ended May 31, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	3,197	2,683
Depreciation	1,485	1,275
Increase in provision for bonuses	607	601
Decrease in net defined benefit liability	(0)	(21)
Interest and dividend income	(11)	(12)
Interest expenses	100	95
Loss on sales and retirement of non-current assets	40	319
Increase in notes and accounts receivable - trade	(5,192)	(3,804)
Increase in inventories	(53)	(334)
Increase in notes and accounts payable - trade	5,776	4,761
Increase/decrease in other assets/liabilities	164	(150)
Other, net	23	13
Subtotal	6,135	5,427
Interest and dividend income received	11	12
Interest expenses paid	(178)	(156)
Income taxes paid	(3,419)	(2,522)
Net cash provided by operating activities	2,549	2,760
<b>Cash flows from investing activities</b>		
Payments into time deposits	(262)	(58)
Proceeds from withdrawal of time deposits	262	84
Purchase of property, plant and equipment	(5,593)	(2,123)
Proceeds from sales of property, plant and equipment	1	397
Purchase of investment securities	(0)	(0)
Payments for lease and guarantee deposits	(214)	(21)
Proceeds from collection of lease and guarantee deposits	229	217
Increase in guarantee deposits received	140	301
Other, net	(701)	(330)
Net cash used in investing activities	(6,138)	(1,534)
<b>Cash flows from financing activities</b>		
Net increase in short-term loans payable	4,000	1,000
Net increase (decrease) in commercial papers	4,999	(399)
Repayments of long-term loans payable	(4,380)	(2,930)
Net increase in treasury shares	(0)	(0)
Cash dividends paid	(913)	(1,014)
Other, net	(48)	(59)
Net cash provided by (used in) financing activities	3,657	(3,403)
Effect of exchange rate change on cash and cash equivalents	(5)	(1)
Net increase (decrease) in cash and cash equivalents	62	(2,178)
Cash and cash equivalents at beginning of period	4,059	6,582
Cash and cash equivalents at end of period	4,122	4,404