



April 6, 2017

Consolidated Financial Results for the Fiscal Year Ended February 28, 2017 <under Japanese GAAP>

Company name: **PARCO CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 8251
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Scheduled date of annual general shareholders' meeting: May 27, 2017
 Scheduled date of dividend distribution: May 8, 2017
 Scheduled date to file Annual Securities Report: May 29, 2017
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for institutional investors and analysts)

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

1. Consolidated performance for the fiscal year ended February 28, 2017 (from March 1, 2016 to February 28, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2017	268,373	(2.9)	12,812	0.3	13,253	4.6	7,525	24.1
February 29, 2016	276,358	2.4	12,772	2.1	12,673	1.4	6,061	(3.7)

Note: Comprehensive income

For the fiscal year ended February 28, 2017: 7,695 million yen [41.9%]

For the fiscal year ended February 29, 2016: 5,421 million yen [(14.5)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
February 28, 2017	74.17	–	6.3	5.4	4.8
February 29, 2016	59.75	–	5.3	5.5	4.6

Reference: Equity in earnings (losses) of affiliates

For the fiscal year ended February 28, 2017: (339) million yen

For the fiscal year ended February 29, 2016: (14) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2017	250,323	122,039	48.8	1,202.85
February 29, 2016	236,315	116,474	49.3	1,148.00

Reference: Equity

As of February 28, 2017: 122,039 million yen

As of February 29, 2016: 116,474 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2017	12,901	(10,098)	1,118	10,501
February 29, 2016	14,652	(19,325)	7,203	6,582

2. Cash dividends

	Annual dividends					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 29, 2016	–	10.00	–	10.00	20.00	2,029	33.5	1.8
Fiscal year ended February 28, 2017	–	11.00	–	12.00	23.00	2,333	31.0	2.0
Fiscal year ending February 28, 2018 (Forecast)	–	11.00	–	12.00	23.00		31.5	

Note: The dividend payout ratio(consolidated) for the fiscal year ending February 28, 2018(forecast)is based on basic earnings per share that have been calculated using the International Financial Reporting Standards(IFRS), as presented below in “3. Consolidated earnings forecasts for the fiscal year ending February 28, 2018.”

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Profit before taxes		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, 2017	45,500	(4.0)	5,900	(38.7)	5,700	(38.1)	3,800	(32.3)	37.45
Fiscal year ending February 28, 2018	95,100	1.1	11,500	(19.0)	11,000	(19.5)	7,400	(15.9)	72.94

Note: As the Company will voluntarily apply the International Financial Reporting Standards (IFRS) as of the first quarter of the fiscal year ending February 28, 2018, the above consolidated earnings forecasts have been calculated based on IFRS. Also, the actual result values (IFRS) for the fiscal year ended February 28, 2017, used in the year-on-year changes are approximate values and it is possible that they will change depending on the result of the accounting audit.

* **Notes**

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

As of February 28, 2017	101,462,977 shares
As of February 29, 2016	101,462,977 shares
 - Number of treasury shares at the end of the period

As of February 28, 2017	4,591 shares
As of February 29, 2016	4,200 shares
 - Average number of shares during the period

For the fiscal year ended February 28, 2017	101,458,590 shares
For the fiscal year ended February 29, 2016	101,459,135 shares

(Reference) Overview of non-consolidated performance

**1. Non-consolidated performance for the fiscal year ended February 28, 2017
(from March 1, 2016 to February 28, 2017)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2017	240,221	(3.7)	11,815	0.7	12,618	7.6	6,049	2.0
February 29, 2016	249,366	1.5	11,731	(0.1)	11,727	0.1	5,932	(1.0)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2017	59.63	-
February 29, 2016	58.48	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2017	247,027	120,758	48.9	1,190.23
February 29, 2016	233,450	116,827	50.0	1,151.48

Reference: Equity

As of February 28, 2017: 120,758 million yen

As of February 29, 2016: 116,827 million yen

*** Indication regarding execution of audit procedures**

The audit procedures pursuant to the Financial Instruments and Exchange Act do not apply to this earnings report. At the time of disclosure of this earnings report, the audit procedures for 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 earnings

Supplementary material on financial results will be disclosed on TDnet, on the date of this report. On April 6, 2017, the Company plans to hold an earnings performance review for institutional investors and analysts. The Company plans to post a video of this earnings performance review on its website promptly after the review is held.

Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	6,840	10,582
Notes and operating accounts receivable	8,289	8,378
Merchandise and finished goods	3,387	3,538
Work in process	653	748
Real estate for sale in process	-	6,406
Raw materials and supplies	37	37
Advance payments-trade	375	448
Prepaid expenses	907	992
Deferred tax assets	1,071	1,245
Short-term loans receivable	22	12
Other	2,312	2,702
Allowance for doubtful accounts	(3)	(44)
Total current assets	23,894	35,048
Non-current assets		
Property, plant and equipment		
Buildings and structures	129,672	115,225
Accumulated depreciation	(82,301)	(66,418)
Accumulated impairment loss	(1,878)	(1,003)
Buildings and structures, net	45,492	47,803
Buildings and structures in trust	22,270	22,340
Accumulated depreciation	(5,411)	(6,412)
Accumulated impairment loss	-	(323)
Buildings and structures in trust, net	16,858	15,604
Machinery, equipment and vehicles	887	864
Accumulated depreciation	(729)	(707)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	158	156
Machinery, equipment and vehicles in trust	171	171
Accumulated depreciation	(31)	(47)
Machinery, equipment and vehicles in trust, net	139	123
Tools, furniture and fixtures	5,814	5,661
Accumulated depreciation	(4,409)	(3,974)
Accumulated impairment loss	(87)	(114)
Tools, furniture and fixtures, net	1,317	1,572
Tools, furniture and fixtures in trust	194	194
Accumulated depreciation	(124)	(145)
Accumulated impairment loss	-	(0)
Tools, furniture and fixtures in trust, net	69	48
Land	51,392	40,081
Land in trust	50,104	50,104
Leased assets	1,070	3,676
Accumulated depreciation	(542)	(665)
Accumulated impairment loss	(76)	(12)
Leased assets, net	452	2,998
Construction in progress	6,229	18,870
Total property, plant and equipment	172,215	177,362

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Intangible assets		
Leasehold right	10,237	10,233
Other	1,403	1,834
Total intangible assets	11,641	12,068
Investments and other assets		
Investment securities	1,192	750
Long-term loans receivable	131	119
Long-term prepaid expenses	496	528
Lease and guarantee deposits	23,863	22,865
Deferred tax assets	2,369	1,070
Long-term accounts receivable-other	73	90
Other	617	609
Allowance for doubtful accounts	(180)	(189)
Total investments and other assets	28,564	25,844
Total non-current assets	212,421	215,275
Total assets	236,315	250,323
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	17,258	15,882
Short-term loans payable	7,919	18,180
Commercial papers	11,399	2,099
Lease obligations	224	358
Accounts payable-other	4,615	3,903
Accrued expenses	1,733	1,645
Income taxes payable	2,627	1,290
Provision for bonuses	1,067	1,114
Provision for sales returns	21	21
Provision for books unsold	121	133
Provision for sales promotion expenses	367	371
Provision for loss on store closing	487	1,063
Other	2,888	7,059
Total current liabilities	50,732	53,126
Non-current liabilities		
Long-term loans payable	35,200	37,820
Lease obligations	339	2,891
Long-term accounts payable-other	8	8
Net defined benefit liability	2,281	1,976
Provision for loss on store closing	564	-
Guarantee deposits received	30,188	27,036
Asset retirement obligations	505	474
Other	20	4,951
Total non-current liabilities	69,108	75,158
Total liabilities	119,841	128,284

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	47,154	52,549
Treasury shares	(3)	(4)
Total shareholders' equity	116,647	122,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	37
Foreign currency translation adjustment	(86)	(103)
Remeasurements of defined benefit plans	(101)	63
Total accumulated other comprehensive income	(172)	(2)
Total net assets	116,474	122,039
Total liabilities and net assets	236,315	250,323

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

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Net sales	276,358	268,373
Cost of sales	234,395	227,930
Gross profit	41,963	40,443
Provision for sales returns	-	0
Reversal of provision for sales returns	0	-
Gross profit-net	41,963	40,443
Operating revenue	4,691	5,003
Operating gross profit	46,655	45,446
Selling, general and administrative expenses	33,883	32,633
Operating income	12,772	12,812
Non-operating income		
Interest income	37	31
Dividend income	21	2
Compensation income	-	975
Miscellaneous income	307	397
Total non-operating income	366	1,407
Non-operating expenses		
Interest expenses	377	359
Interest on bonds	10	0
Share of loss of entities accounted for using equity method	14	339
Taxes and dues	-	130
Miscellaneous expenses	62	137
Total non-operating expenses	465	967
Ordinary income	12,673	13,253
Extraordinary income		
Gain on sales of non-current assets	0	3,158
Gain on sales of investment securities	1,220	55
Reversal of provision for loss on store closing	-	327
Other	29	-
Total extraordinary income	1,250	3,541
Extraordinary losses		
Loss on sales of non-current assets	20	258
Loss on retirement of non-current assets	822	734
Impairment loss	1,024	781
Special retirement expenses	26	15
Loss on closing of stores	1,887	2,731
Other	3	445
Total extraordinary losses	3,785	4,965
Profit before income taxes	10,137	11,829
Income taxes-current	4,663	3,263
Income taxes-deferred	(588)	1,040
Total income taxes	4,075	4,304
Profit	6,061	7,525
Profit attributable to owners of parent	6,061	7,525

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Profit	6,061	7,525
Other comprehensive income		
Valuation difference on available-for-sale securities	(640)	21
Foreign currency translation adjustment	(16)	(16)
Remeasurements of defined benefit plans, net of tax	27	164
Share of other comprehensive income of entities accounted for using equity method	(10)	-
Total other comprehensive income	(640)	170
Comprehensive income	5,421	7,695
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,421	7,695
Comprehensive income attributable to non- controlling interests	-	-

(3) Consolidated statements of changes in equity
Fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,367	35,129	43,249	(2)	112,743
Cumulative effects of changes in accounting policies			(229)		(229)
Restated balance	34,367	35,129	43,020	(2)	112,514
Changes of items during period					
Dividends of surplus			(1,927)		(1,927)
Profit attributable to owners of parent			6,061		6,061
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,134	(1)	4,133
Balance at end of current period	34,367	35,129	47,154	(3)	116,647

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	656	(59)	(129)	467	113,211
Cumulative effects of changes in accounting policies				-	(229)
Restated balance	656	(59)	(129)	467	112,981
Changes of items during period					
Dividends of surplus					(1,927)
Profit attributable to owners of parent					6,061
Purchase of treasury shares					(1)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity	(640)	(27)	27	(640)	(640)
Total changes of items during period	(640)	(27)	27	(640)	3,493
Balance at end of current period	15	(86)	(101)	(172)	116,474

Fiscal year ended February 28, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,367	35,129	47,154	(3)	116,647
Cumulative effects of changes in accounting policies					
Restated balance	34,367	35,129	47,154	(3)	116,647
Changes of items during period					
Dividends of surplus			(2,130)		(2,130)
Profit attributable to owners of parent			7,525		7,525
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	5,394	(0)	5,394
Balance at end of current period	34,367	35,129	52,549	(4)	122,041

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	15	(86)	(101)	(172)	116,474
Cumulative effects of changes in accounting policies					
Restated balance	15	(86)	(101)	(172)	116,474
Changes of items during period					
Dividends of surplus					(2,130)
Profit attributable to owners of parent					7,525
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	21	(16)	164	170	170
Total changes of items during period	21	(16)	164	170	5,564
Balance at end of current period	37	(103)	63	(2)	122,039

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Cash flows from operating activities		
Profit before income taxes	10,137	11,829
Depreciation	6,277	5,424
Impairment loss	1,024	781
Increase (decrease) in provision for bonuses	(27)	47
Increase (decrease) in net defined benefit liability	27	(63)
Interest and dividend income	(59)	(34)
Interest expenses	388	360
Compensation income	-	(975)
Share of loss of entities accounted for using equity method	-	339
Loss (gain) on sales and retirement of non-current assets	240	(2,768)
Gain on sales of investment securities	(1,220)	(55)
Loss on store closings	1,887	2,731
Decrease (increase) in notes and accounts receivable-trade	3,366	(89)
Increase in inventories	(300)	(6,654)
Decrease in notes and accounts payable-trade	(592)	(1,376)
Increase/decrease in other assets/liabilities	(716)	1,251
Other, net	121	146
Subtotal	20,555	10,894
Interest and dividend income received	59	34
Interest expenses paid	(407)	(375)
Proceeds from compensation	-	7,855
Payment resulting from store closing	-	(758)
Income taxes paid	(5,554)	(4,748)
Net cash provided by operating activities	14,652	12,901
Cash flows from investing activities		
Payments into time deposits	(257)	(80)
Proceeds from withdrawal of time deposits	256	243
Purchase of property, plant and equipment	(22,179)	(17,399)
Proceeds from sales of property, plant and equipment	7	9,906
Purchase of investment securities	(402)	(2)
Proceeds from sales of investment securities	1,722	195
Payments for lease and guarantee deposits	(660)	(388)
Proceeds from collection of lease and guarantee deposits	3,892	1,164
Decrease in guarantee deposits received	(863)	(2,736)
Other, net	(841)	(1,000)
Net cash used in investing activities	(19,325)	(10,098)
Cash flows from financing activities		
Net decrease in short-term loans payable	(1,000)	(19)
Net increase (decrease) in commercial papers	6,900	(9,299)
Proceeds from long-term loans payable	11,000	21,000
Repayments of long-term loans payable	(7,606)	(8,100)
Net increase in treasury shares	(1)	(0)
Cash dividends paid	(1,927)	(2,130)
Other, net	(161)	(331)
Net cash provided by financing activities	7,203	1,118
Effect of exchange rate change on cash and cash equivalents	(7)	(2)
Net increase in cash and cash equivalents	2,523	3,918
Cash and cash equivalents at beginning of period	4,059	6,582
Cash and cash equivalents at end of period	6,582	10,501

Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	6,496	10,386
Operating accounts receivable	6,527	6,463
Merchandise and finished goods	338	524
Work in process	370	207
Real estate for sale in process	-	6,406
Raw materials and supplies	5	6
Advance payments - trade	374	448
Prepaid expenses	764	833
Deferred tax assets	682	790
Short-term loans receivable	1,399	1,978
Current portion of guarantee deposits	942	1,163
Other	1,256	1,393
Allowance for doubtful accounts	(2)	-
Total current assets	19,155	30,604
Non-current assets		
Property, plant and equipment		
Buildings	126,986	112,349
Accumulated depreciation	(80,903)	(64,998)
Accumulated impairment loss	(1,687)	(687)
Buildings, net	44,396	46,662
Buildings in trust	21,991	22,053
Accumulated depreciation	(5,333)	(6,321)
Accumulated impairment loss	-	(322)
Buildings in trust, net	16,657	15,409
Structures	1,944	1,764
Accumulated depreciation	(1,345)	(1,198)
Accumulated impairment loss	(11)	(32)
Structures, net	586	533
Structures in trust	287	295
Accumulated depreciation	(79)	(93)
Accumulated impairment loss	-	(0)
Structures in trust, net	208	201
Machinery and equipment	881	873
Accumulated depreciation	(722)	(715)
Accumulated impairment loss	(0)	(0)
Machinery and equipment, net	159	157
Machinery and equipment in trust	171	171
Accumulated depreciation	(31)	(47)
Machinery and equipment in trust, net	139	123
Vehicles	16	-
Accumulated depreciation	(15)	-
Accumulated impairment loss	(0)	-
Vehicles, net	-	-
Tools, furniture and fixtures	4,191	3,896
Accumulated depreciation	(3,326)	(2,919)
Accumulated impairment loss	(20)	(36)
Tools, furniture and fixtures, net	844	940

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Tools, furniture and fixtures in trust	194	194
Accumulated depreciation	(124)	(145)
Accumulated impairment loss	-	(0)
Tools, furniture and fixtures in trust, net	69	48
Land	52,359	40,027
Land in trust	50,104	50,104
Leased assets	459	3,107
Accumulated depreciation	(188)	(374)
Leased assets, net	270	2,732
Construction in progress	6,156	18,864
Total property, plant and equipment	171,952	175,806
Intangible assets		
Leasehold right	10,237	10,233
Software	583	1,093
Other	349	226
Total intangible assets	11,170	11,553
Investments and other assets		
Investment securities	705	583
Shares of subsidiaries and associates	5,329	4,795
Investments in capital	7	7
Long-term loans receivable	131	119
Long-term prepaid expenses	495	527
Lease and guarantee deposits	22,793	21,767
Deferred tax assets	1,204	769
Long-term accounts receivable-other	73	70
Other	609	601
Allowance for doubtful accounts	(180)	(179)
Total investments and other assets	31,171	29,063
Total non-current assets	214,294	216,423
Total assets	233,450	247,027
Liabilities		
Current liabilities		
Operating accounts payable	13,623	12,200
Short-term loans payable	3,781	5,348
Current portion of long-term loans payable	7,900	18,180
Commercial papers	11,399	2,099
Lease obligations	90	278
Accounts payable-other	5,198	4,401
Accrued expenses	1,068	990
Income taxes payable	2,312	982
Advances received	533	1,962
Deposits received	284	296
Unearned revenue	-	1,951
Provision for bonuses	590	636
Provision for sales returns	21	21
Provision for books unsold	121	133
Provision for loss on store closing	487	1,063
Current portion of guarantee deposits	1,366	1,751
Other	356	282
Total current liabilities	49,136	52,582

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Non-current liabilities		
Long-term loans payable	35,200	37,820
Lease obligations	200	2,673
Long-term accounts payable-other	8	8
Provision for retirement benefits	932	884
Provision for loss on store closing	564	-
Guarantee deposits received	30,314	27,161
Asset retirement obligations	254	203
Other	11	4,935
Total non-current liabilities	67,486	73,686
Total liabilities	116,623	126,268
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus		
Legal capital surplus	13,600	13,600
Other capital surplus	21,529	21,529
Total capital surpluses	35,129	35,129
Retained earnings		
Legal retained earnings	681	681
Other retained earnings		
General reserve	12,811	12,811
Reserve for advanced depreciation of non-current assets	-	3,408
Retained earnings brought forward	33,860	34,370
Total retained earnings	47,352	51,271
Treasury shares	(3)	(4)
Total shareholders' equity	116,845	120,764
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(17)	(5)
Total valuation and translation adjustments	(17)	(5)
Total net assets	116,827	120,758
Total liabilities and net assets	233,450	247,027

(2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Net sales		
Tenants sales	243,079	233,973
Other sales	6,287	6,248
Total net sales	249,366	240,221
Cost of sales		
Cost of tenants sales	213,601	205,990
Other cost of sales	4,315	4,435
Total cost of sales	217,917	210,426
Gross profit	31,449	29,794
Provision for sales returns	-	0
Reversal of provision for sales returns	0	-
Gross profit-net	31,450	29,794
Operating revenue	4,690	4,987
Operating gross profit	36,140	34,782
Selling, general and administrative expenses	24,409	22,966
Operating income	11,731	11,815
Non-operating income		
Interest income	40	33
Dividend income	109	19
Compensation income	-	975
Miscellaneous income	301	370
Total non-operating income	450	1,399
Non-operating expenses		
Interest expenses	390	371
Interest on bonds	10	0
Taxes and dues	-	130
Miscellaneous expenses	52	94
Total non-operating expenses	453	596
Ordinary income	11,727	12,618
Extraordinary income		
Gain on sales of non-current assets	0	1,511
Gain on sales of investment securities	1,220	55
Reversal of provision for loss on store closing	-	327
Other	29	-
Total extraordinary income	1,250	1,894
Extraordinary losses		
Loss on sales of non-current assets	20	258
Loss on retirement of non-current assets	811	766
Impairment loss	868	583
Special retirement expenses	26	15
Loss on closing of stores	1,708	2,737
Loss on valuation of shares of subsidiaries and associates	-	538
Other	-	432
Total extraordinary losses	3,435	5,332
Profit before income taxes	9,542	9,180
Income taxes-current	4,210	2,809
Income taxes-deferred	(600)	321
Total income taxes	3,609	3,130
Profit	5,932	6,049

(3) Non-consolidated statements of changes in equity
Fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						General reserve	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	
Balance at beginning of current period	34,367	13,600	21,529	35,129	681	12,811	-	30,075	43,567
Cumulative effects of changes in accounting policies								(220)	(220)
Restated balance	34,367	13,600	21,529	35,129	681	12,811	-	29,854	43,347
Changes of items during period									
Dividends of surplus								(1,927)	(1,927)
Profit								5,932	5,932
Provision of reserve for advanced depreciation of non-current assets									
Purchase of treasury shares									
Disposal of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	-	-	-	4,005	4,005
Balance at end of current period	34,367	13,600	21,529	35,129	681	12,811	-	33,860	47,352

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(2)	113,061	634	113,696
Cumulative effects of changes in accounting policies		(220)		(220)
Restated balance	(2)	112,841	634	113,475
Changes of items during period				
Dividends of surplus		(1,927)		(1,927)
Profit		5,932		5,932
Provision of reserve for advanced depreciation of non-current assets		-		-
Purchase of treasury shares	(1)	(1)		(1)
Disposal of treasury shares		-		-
Net changes of items other than shareholders' equity			(652)	(652)
Total changes of items during period	(1)	4,004	(652)	3,351
Balance at end of current period	(3)	116,845	(17)	116,827

Fiscal year ended February 28, 2017

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						General reserve	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	
Balance at beginning of current period	34,367	13,600	21,529	35,129	681	12,811	-	33,860	47,352
Cumulative effects of changes in accounting policies									
Restated balance	34,367	13,600	21,529	35,129	681	12,811	-	33,860	47,352
Changes of items during period									
Dividends of surplus								(2,130)	(2,130)
Profit								6,049	6,049
Provision of reserve for advanced depreciation of non-current assets							3,408	(3,408)	-
Purchase of treasury shares									
Disposal of treasury shares			(0)	(0)					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	(0)	(0)	-	-	3,408	510	3,919
Balance at end of current period	34,367	13,600	21,529	35,129	681	12,811	3,408	34,370	51,271

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(3)	116,845	(17)	116,827
Cumulative effects of changes in accounting policies				
Restated balance	(3)	116,845	(17)	116,827
Changes of items during period				
Dividends of surplus		(2,130)		(2,130)
Profit		6,049		6,049
Provision of reserve for advanced depreciation of non-current assets		-		-
Purchase of treasury shares	(0)	(0)		(0)
Disposal of treasury shares	0	0		0
Net changes of items other than shareholders' equity			12	12
Total changes of items during period	(0)	3,918	12	3,931
Balance at end of current period	(4)	120,764	(5)	120,758