



October 5, 2018

**Consolidated Financial Results**  
**for the Six Months of the Fiscal Year Ending February 28, 2019**  
**<under IFRS>**

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  
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Scheduled date to file Quarterly Securities Report: October 11, 2018  
 Scheduled date of dividend distribution: October 22, 2018  
 Preparation of supplementary material on quarterly earnings: Yes  
 Holding of quarterly 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 six months of the fiscal year ending February 28, 2019 (from March 1, 2018 to August 31, 2018)**

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

	Operating revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2018	44,184	(2.3)	5,043	(12.0)	5,707	(14.4)	5,534	(15.5)
August 31, 2017	45,230	(4.1)	5,729	(22.2)	6,666	(31.4)	6,552	(29.6)

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended August 31, 2018	3,786	(15.3)	3,941	(11.6)	37.35	37.35
August 31, 2017	4,469	(21.2)	4,460	(21.6)	44.05	—

Note: Business profit is calculated by deducting the sum of operating cost and selling, general and administrative expense from operating revenue.

**(2) Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of August 31, 2018	257,686	128,545	128,545	49.9	1,272.26
February 28, 2018	261,835	126,311	126,311	48.2	1,244.97

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended February 28, 2018	Yen –	Yen 11.00	Yen –	Yen 12.00	Yen 23.00
Fiscal year ending February 28, 2019	–	12.00			
Fiscal year ending February 28, 2019 (Forecast)			–	12.00	24.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

(Percentages indicate year-on-year changes.)

	Operating revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2019	93,700	2.3	10,000	(2.8)	10,800	(7.8)	10,450	(8.8)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2019	7,100	(9.1)	70.04

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

A forecast for business profit has been newly added to the consolidated earnings forecasts for the fiscal year ending February 28, 2019 announced in the consolidated financial results released on April 9, 2018. Furthermore, net profit is omitted from the above presentation.

\* **Notes**

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- a. Changes in accounting policies required by IFRS: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
- (3) Number of issued shares (common shares)
- a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2018	101,462,977 shares
As of February 28, 2018	101,462,977 shares
  - b. Number of treasury shares at the end of the period

As of August 31, 2018	425,538 shares
As of February 28, 2018	5,369 shares
  - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended August 31, 2018	101,366,884 shares
For the six months ended August 31, 2017	101,458,242 shares

**\* Quarterly earnings reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit corporation.**

**\* 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.

**Condensed quarterly consolidated financial statements**  
**(1) Condensed consolidated statements of financial position**

	As of February 28, 2018	As of August 31, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	12,464	7,868
Trade and other receivables	10,839	10,566
Other financial assets	721	607
Inventories	13,458	13,654
Other current assets	1,762	2,358
Total current assets	39,245	35,055
Non-current assets		
Property, plant and equipment	186,791	186,442
Intangible assets	1,494	1,482
Investment property	8,493	8,831
Investments accounted for using equity method	21	24
Other financial assets	21,065	21,284
Deferred tax assets	1,855	1,792
Other non-current assets	2,867	2,773
Total non-current assets	222,590	222,630
Total assets	261,835	257,686

	As of February 28, 2018	As of August 31, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,580	8,080
Trade and other payables	23,780	22,097
Other financial liabilities	1,212	1,310
Income tax payables	1,475	2,080
Provisions	7	7
Contract liabilities	-	13,740
Other current liabilities	17,457	4,261
Total current liabilities	<u>52,514</u>	<u>51,576</u>
Non-current liabilities		
Borrowings	44,240	39,950
Other financial liabilities	33,447	33,131
Net defined benefit liability	1,792	1,753
Provisions	503	511
Contract liabilities	-	2,019
Other non-current liabilities	3,026	198
Total non-current liabilities	<u>83,010</u>	<u>77,564</u>
Total liabilities	<u>135,524</u>	<u>129,140</u>
Equity		
Share capital	34,367	34,367
Share premium	35,129	35,154
Treasury shares	(5)	(520)
Other components of equity	(209)	(54)
Retained earnings	57,029	59,598
Total equity attributable to owners of parent	<u>126,311</u>	<u>128,545</u>
Total equity	<u>126,311</u>	<u>128,545</u>
Total liabilities and equity	<u><u>261,835</u></u>	<u><u>257,686</u></u>

## (2) Condensed consolidated statements of income

	Six months ended August 31, 2017	Six months ended August 31, 2018
	Millions of yen	Millions of yen
Operating revenue	45,230	44,184
Operating cost	(30,076)	(29,483)
Operating gross profit	15,153	14,700
Selling, general and administrative expense	(9,424)	(9,657)
Other income	1,578	1,141
Other expense	(640)	(477)
Operating profit	6,666	5,707
Finance income	62	82
Finance cost	(157)	(258)
Share of profit (loss) of entities accounted for using equity method	(18)	3
Profit before tax	6,552	5,534
Income tax expense	(2,083)	(1,748)
Profit	4,469	3,786
Profit attributable to		
Owners of parent	4,469	3,786
Profit	4,469	3,786
Earnings per share		
Basic earnings per share (Yen)	44.05	37.35
Diluted earnings per share (Yen)	-	37.35

### (3) Condensed consolidated statements of comprehensive income

	Six months ended August 31, 2017	Six months ended August 31, 2018
	Millions of yen	Millions of yen
Profit	4,469	3,786
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(22)	158
Total amount of items that will not be reclassified to profit or loss	(22)	158
Items that might be reclassified to profit or loss		
Cash flow hedges	12	2
Exchange differences on translation of foreign operations	0	(5)
Total amount of items that might be reclassified to profit or loss	13	(3)
Other comprehensive income, net of tax	(9)	154
Comprehensive income	4,460	3,941
Comprehensive income attributable to		
Owners of parent	4,460	3,941
Comprehensive income	4,460	3,941

**(4) Condensed consolidated statements of changes in equity**  
**Six months ended August 31, 2017**

	Equity attributable to owners of parent				
	Share capital	Share premium	Treasury shares	Other components of equity	
				Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2017	34,367	35,129	(4)	(185)	19
Profit	-	-	-	-	-
Other comprehensive income	-	-	-	(22)	12
Total comprehensive income	-	-	-	(22)	12
Purchase of treasury shares	-	-	(0)	-	-
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(0)	-	-
Balance as of August 31, 2017	34,367	35,129	(4)	(207)	31

	Equity attributable to owners of parent				
	Other components of equity		Retained earnings	Total	Total
	Exchange differences on translation of foreign operations	Total			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2017	(18)	(184)	51,292	120,600	120,600
Profit	-	-	4,469	4,469	4,469
Other comprehensive income	0	(9)	-	(9)	(9)
Total comprehensive income	0	(9)	4,469	4,460	4,460
Purchase of treasury shares	-	-	-	(0)	(0)
Dividends	-	-	(1,217)	(1,217)	(1,217)
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(1,217)	(1,217)	(1,217)
Balance as of August 31, 2017	(17)	(193)	54,544	123,842	123,842



## Six months ended August 31, 2018

### Equity attributable to owners of parent

	Equity attributable to owners of parent				
	Share capital	Share premium	Treasury shares	Other components of equity	
				Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2018	34,367	35,129	(5)	(193)	(3)
Profit	-	-	-	-	-
Other comprehensive income	-	-	-	158	2
Total comprehensive income	-	-	-	158	2
Purchase of treasury shares	-	-	(514)	-	-
Dividends	-	-	-	-	-
Share-based payment transactions	-	25	-	-	-
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	25	(514)	-	-
Balance as of August 31, 2018	34,367	35,154	(520)	(35)	(1)

### Equity attributable to owners of parent

	Equity attributable to owners of parent				
	Other components of equity			Total	Total
	Exchange differences on translation of foreign operations	Total	Retained earnings		
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2018	(12)	(209)	57,029	126,311	126,311
Profit	-	-	3,786	3,786	3,786
Other comprehensive income	(5)	154	-	154	154
Total comprehensive income	(5)	154	3,786	3,941	3,941
Purchase of treasury shares	-	-	-	(514)	(514)
Dividends	-	-	(1,217)	(1,217)	(1,217)
Share-based payment transactions	-	-	-	25	25
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(1,217)	(1,706)	(1,706)
Balance as of August 31, 2018	(17)	(54)	59,598	128,545	128,545

## (5) Condensed consolidated statements of cash flows

	Six months ended August 31, 2017	Six months ended August 31, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	6,552	5,534
Depreciation and amortization expense	2,732	2,917
Impairment loss	240	113
Increase (decrease) in net defined benefit liability	(33)	(39)
Finance income	(62)	(82)
Finance cost	157	258
Share of (profit) loss of entities accounted for using equity method	18	(3)
Loss (gain) on sales and retirement of non-current assets	79	85
Decrease (increase) in trade receivables	(253)	350
Decrease (increase) in inventories	(3,300)	(195)
Increase (decrease) in trade payables	3,016	1,897
Increase/decrease in other assets/liabilities	16,012	(3,361)
Other, net	94	89
Subtotal	25,255	7,564
Interest and dividends received	19	17
Interest paid	(209)	(288)
Income taxes paid	(1,021)	(1,031)
Net cash provided by (used in) operating activities	24,043	6,262
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	80	-
Purchase of property, plant and equipment	(4,355)	(3,377)
Proceeds from sales of property, plant and equipment	16	5
Payments for investments in real estates	(583)	(637)
Purchase of investment securities	(1)	(101)
Proceeds from sales of investment securities	19	-
Payments for lease and guarantee deposits	(41)	(85)
Proceeds from collection of lease and guarantee deposits	679	381
Other, net	(276)	(339)
Net cash provided by (used in) investing activities	(4,462)	(4,153)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	(2,099)	-
Repayments of non-current borrowings	(8,390)	(4,790)
Net decrease (increase) in treasury shares	(0)	(514)
Dividends paid	(1,217)	(1,217)
Other, net	(113)	(178)
Net cash provided by (used in) financing activities	(11,821)	(6,700)
Net increase (decrease) in cash and cash equivalents	7,759	(4,590)
Cash and cash equivalents at beginning of period	10,522	12,464
Effect of exchange rate changes on cash and cash equivalents	1	(5)
Cash and cash equivalents at end of period	18,283	7,868