

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



October 5, 2011

Consolidated Financial Results
for the First Six 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

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Scheduled date to file Quarterly Securities Report: October 12, 2011

Scheduled date of dividend distribution: October 31, 2011

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 first six months of the fiscal year ending February 29, 2012 (from March 1, 2011 to August 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 six months ended								
August 31, 2011	123,844	(3.8)	4,030	(11.5)	3,967	(8.4)	2,042	(3.5)
August 31, 2010	128,780	0.7	4,554	(4.3)	4,333	(7.6)	2,116	(3.9)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
August 31, 2011	24.79	20.48
August 31, 2010	25.69	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2011	213,891	82,903	38.7	1,008.20
February 28, 2011	222,135	81,868	36.8	993.52

Reference: Equity (Net assets – Minority interests)

As of August 31, 2011: 82,878 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2011	–	8.00	–	9.00	17.00
Fiscal year ending February 29, 2012	–	8.00			
Fiscal year ending February 29, 2012 (Forecast)			–	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
Fiscal year ending February 29, 2012	263,600	(0.5)	9,000	(2.4)	8,750	(0.0)	4,300	(2.3)	52.21

Note: Revisions to the consolidated earnings forecasts in the current quarter: Yes

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 August 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 August 31, 2011 271,214 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 six months ended August 31, 2011 82,361,214 shares

For the first six months ended August 31, 2010 82,379,278 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.

(Reference)

**Non-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
Fiscal year ending February 29, 2012	242,700	(1.1)	8,400	(3.6)	8,900	8.2	5,000	17.9	60.71

Note: Revisions to the non-consolidated earnings forecasts in the current quarter: Yes

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of August 31, 2011	As of February 28, 2011 (Summary)
Assets		
Current assets		
Cash and deposits	8,635	12,253
Notes and operating accounts receivable	7,640	7,252
Merchandise and finished goods	2,497	2,480
Work in process	256	228
Raw materials and supplies	39	42
Other	4,995	5,988
Allowance for doubtful accounts	(3)	(3)
Total current assets	24,061	28,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	120,218	120,122
Accumulated depreciation	(72,682)	(71,104)
Accumulated impairment loss	(922)	(932)
Buildings and structures, net	46,612	48,084
Buildings and structures in trust	16,898	16,898
Accumulated depreciation	(1,194)	(778)
Buildings and structures in trust, net	15,704	16,120
Machinery, equipment and vehicles	1,375	1,372
Accumulated depreciation	(989)	(945)
Machinery, equipment and vehicles, net	385	427
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(3)	(1)
Machinery, equipment and vehicles in trust, net	13	15
Other	5,173	5,074
Accumulated depreciation	(3,923)	(3,788)
Accumulated impairment loss	(57)	(59)
Other, net	1,192	1,226
Other in trust	134	134
Accumulated depreciation	(31)	(21)
Other in trust, net	103	113
Land	43,992	45,208
Land in trust	19,371	19,371
Construction in progress	360	75
Total property, plant and equipment	127,735	130,642
Intangible assets		
Leasehold right	10,949	10,949
Other	808	726
Total intangible assets	11,758	11,676
Investments and other assets		
Investment securities	5,021	4,972
Lease and guarantee deposits	41,798	43,099
Other	3,745	3,745
Allowance for doubtful accounts	(228)	(242)
Total investments and other assets	50,336	51,574
Total noncurrent assets	189,830	193,894
Total assets	213,891	222,135

(Millions of yen)

	As of August 31, 2011	As of February 28, 2011 (Summary)
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	18,234	16,118
Short-term loans payable	16,326	17,216
Income taxes payable	1,433	2,266
Provision	1,699	1,808
Other	8,960	9,552
Total current liabilities	46,653	46,961
Noncurrent liabilities		
Bonds payable	1,500	2,000
Bonds with subscription rights to shares	15,000	15,000
Long-term loans payable	30,445	38,231
Provision	1,558	1,555
Guarantee deposits received	35,175	36,159
Other	656	360
Total noncurrent liabilities	84,335	93,306
Total liabilities	130,988	140,267
Net assets		
Shareholders' equity		
Capital stock	26,867	26,867
Capital surplus	27,528	27,528
Retained earnings	28,700	27,400
Treasury stock	(170)	(61)
Total shareholders' equity	82,925	81,734
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	87	275
Foreign currency translation adjustment	(135)	(164)
Total valuation and translation adjustments	(47)	110
Minority interests	24	23
Total net assets	82,903	81,868
Total liabilities and net assets	213,891	222,135

(2) Consolidated statements of income (cumulative)

(Millions of yen)

	First six months ended August 31, 2010	First six months ended August 31, 2011
Net sales	128,780	123,844
Cost of sales	109,442	105,069
Gross profit	19,338	18,775
Operating revenue	1,395	1,394
Operating gross profit	20,733	20,169
Selling, general and administrative expenses	16,178	16,138
Operating income	4,554	4,030
Non-operating income		
Interest income	42	32
Dividends income	41	48
Equity in earnings of affiliates	-	138
Miscellaneous income	193	174
Total non-operating income	277	393
Non-operating expenses		
Interest expenses	481	439
Miscellaneous expenses	18	17
Total non-operating expenses	499	456
Ordinary income	4,333	3,967
Extraordinary income		
Gain on sales of noncurrent assets	-	186
Reversal of allowance for doubtful accounts	0	3
Other	11	23
Total extraordinary income	11	213
Extraordinary loss		
Loss on retirement of noncurrent assets	219	294
Impairment loss	18	8
Loss on disaster	-	103
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	148
Loss on closing of stores	266	4
Restructuring loss	14	-
Other	72	28
Total extraordinary losses	591	587
Income before income taxes and minority interests	3,753	3,593
Income taxes	1,637	1,552
Income before minority interests	-	2,041
Minority interests in loss	(0)	(0)
Net income	2,116	2,042

(3) Consolidated statements of cash flows

(Millions of yen)

	First six months ended August 31, 2010	First six months ended August 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,753	3,593
Depreciation and amortization	3,238	3,094
Impairment loss	18	8
Increase (decrease) in allowance for doubtful accounts	(0)	(14)
Increase (decrease) in provision for bonuses	173	109
Increase (decrease) in provision for sales returns	(7)	(0)
Increase (decrease) in provision for books unsold	11	1
Increase (decrease) in provision for sales promotion expenses	15	37
Increase (decrease) in provision for retirement benefits	82	46
Increase (decrease) in provision for directors' retirement benefits	(13)	-
Increase (decrease) in provision for loss on store closing	-	(17)
Loss on store closings	266	4
Interest and dividends income	(84)	(80)
Interest expenses	481	439
Loss (gain) on sales and retirement of noncurrent assets	60	(118)
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	2,212	(386)
Decrease (increase) in inventories	219	(42)
Increase (decrease) in notes and accounts payable-trade	1,902	2,116
Increase/decrease in other assets/liabilities	(2,325)	700
Other, net	(242)	(70)
Subtotal	9,777	9,572
Interest and dividends income received	84	81
Interest expenses paid	(307)	(494)
Payment resulting from store closing	-	(301)
Income taxes paid	(1,000)	(2,382)
Net cash provided by (used in) operating activities	8,554	6,474

(Millions of yen)

	First six months ended August 31, 2010	First six months ended August 31, 2011
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(100)	–
Purchase of property, plant and equipment	(28,785)	(1,605)
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	(2,008)	(30)
Proceeds from collection of lease and guarantee deposits	1,912	1,807
Increase (decrease) in guarantee deposits received	(651)	(1,414)
Other, net	(685)	(47)
Net cash provided by (used in) investing activities	(30,317)	(48)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,988)	2,460
Proceeds from long-term loans payable	32,000	175
Repayment of long-term loans payable	(1,661)	(11,311)
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	(0)	(109)
Cash dividends paid	(659)	(741)
Other, net	(22)	(33)
Net cash provided by (used in) financing activities	27,169	(10,059)
Effect of exchange rate change on cash and cash equivalents	(42)	17
Net increase (decrease) in cash and cash equivalents	5,363	(3,617)
Cash and cash equivalents at beginning of period	9,023	12,253
Cash and cash equivalents at end of period	14,386	8,635