



October 4, 2012

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2013 <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 to file Quarterly Securities Report: October 10, 2012
Scheduled date of dividend distribution: October 29, 2012
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 28, 2013 (from March 1, 2012 to August 31, 2012)

(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, 2012	128,337	3.6	4,858	20.5	4,554	14.8	2,237	9.6
August 31, 2011	123,844	(3.8)	4,030	(11.5)	3,967	(8.4)	2,042	(3.5)

Note: Comprehensive income
For the first six months ended August 31, 2012: 2,237 million yen [18.7%]
For the first six months ended August 31, 2011: 1,885 million yen [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended August 31, 2012	26.18	-
August 31, 2011	24.79	20.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2012	208,339	101,275	48.6
February 29, 2012	208,697	84,577	40.5

Reference: Equity (Net assets – Minority interests)
As of August 31, 2012: 101,275 million yen
As of February 29, 2012: 84,555 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, 2012	–	8.00	–	9.00	17.00
Fiscal year ending February 28, 2013	–	9.00			
Fiscal year ending February 28, 2013 (Forecast)			–	9.00	18.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2013 (from March 1, 2012 to February 28, 2013)

(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 28, 2013	269,000	3.5	10,700	16.7	10,300	14.9	5,200	20.4	55.69

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

* 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: None
 - 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 stock)
 - a. Total number of issued shares at the end of the period (including treasury stock)

As of August 31, 2012	101,462,977 shares
As of February 29, 2012	82,475,677 shares
 - b. Number of shares of treasury stock at the end of the period

As of August 31, 2012	33,247 shares
As of February 29, 2012	240,250 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, 2012	85,448,028 shares
For the first six months ended August 31, 2011	82,361,214 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. 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.

(Reference) Non-consolidated earnings forecasts

**Non-consolidated earnings forecasts for the fiscal year ending February 28, 2013
(from March 1, 2012 to February 28, 2013)**

(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 28, 2013	248,000	3.7	10,000	17.3	10,000	9.1	5,400	18.7	57.83

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

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 29, 2012	As of August 31, 2012
Assets		
Current assets		
Cash and deposits	7,437	8,639
Notes and operating accounts receivable	7,686	7,831
Merchandise and finished goods	2,559	2,622
Work in process	229	337
Raw materials and supplies	38	36
Other	5,372	6,719
Allowance for doubtful accounts	(7)	(6)
Total current assets	23,317	26,180
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	119,392	119,351
Accumulated depreciation	(72,732)	(73,746)
Accumulated impairment loss	(876)	(954)
Buildings and structures, net	45,784	44,651
Buildings and structures in trust	17,209	17,209
Accumulated depreciation	(1,620)	(2,046)
Buildings and structures in trust, net	15,588	15,162
Machinery, equipment and vehicles	1,379	1,394
Accumulated depreciation	(1,035)	(1,051)
Machinery, equipment and vehicles, net	344	343
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(4)	(6)
Machinery, equipment and vehicles in trust, net	12	10
Other	5,315	5,437
Accumulated depreciation	(3,933)	(4,067)
Accumulated impairment loss	(90)	(107)
Other, net	1,290	1,261
Other in trust	136	136
Accumulated depreciation	(42)	(52)
Other in trust, net	94	83
Land	43,992	44,071
Land in trust	19,371	19,371
Construction in progress	11	51
Total property, plant and equipment	126,490	125,008
Intangible assets		
Leasehold right	10,949	10,949
Other	788	779
Total intangible assets	11,738	11,728
Investments and other assets		
Investment securities	2,702	2,658
Lease and guarantee deposits	41,000	39,474
Other	3,657	3,496
Allowance for doubtful accounts	(208)	(207)
Total investments and other assets	47,152	45,421
Total noncurrent assets	185,380	182,159
Total assets	208,697	208,339

(Millions of yen)

	As of February 29, 2012	As of August 31, 2012
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	16,526	18,086
Short-term loans payable	20,971	14,331
Income taxes payable	1,072	1,715
Provision	1,438	1,515
Other	9,679	7,738
Total current liabilities	49,687	43,386
Noncurrent liabilities		
Bonds payable	1,000	500
Bonds with subscription rights to shares	15,000	-
Long-term loans payable	21,565	26,717
Provision	1,617	1,669
Guarantee deposits received	34,419	34,016
Other	830	773
Total noncurrent liabilities	74,432	63,677
Total liabilities	124,120	107,064
Net assets		
Shareholders' equity		
Capital stock	26,867	34,367
Capital surplus	27,526	35,119
Retained earnings	30,320	31,817
Treasury stock	(150)	(21)
Total shareholders' equity	84,563	101,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	200	192
Foreign currency translation adjustment	(209)	(200)
Total accumulated other comprehensive income	(8)	(8)
Minority interests	22	-
Total net assets	84,577	101,275
Total liabilities and net assets	208,697	208,339

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

(Millions of yen)

	First six months ended August 31, 2011	First six months ended August 31, 2012
Net sales	123,844	128,337
Cost of sales	105,069	108,867
Gross profit	18,775	19,470
Operating revenue	1,394	1,329
Operating gross profit	20,169	20,799
Selling, general and administrative expenses	16,138	15,941
Operating income	4,030	4,858
Non-operating income		
Interest income	32	28
Dividends income	48	42
Equity in earnings of affiliates	138	-
Miscellaneous income	174	146
Total non-operating income	393	217
Non-operating expenses		
Interest expenses	439	366
Equity in losses of affiliates	-	71
Miscellaneous expenses	17	83
Total non-operating expenses	456	521
Ordinary income	3,967	4,554
Extraordinary income		
Gain on sales of noncurrent assets	186	-
Reversal of allowance for doubtful accounts	3	-
Other	23	-
Total extraordinary income	213	-
Extraordinary loss		
Loss on retirement of noncurrent assets	294	572
Impairment loss	8	91
Loss on disaster	103	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	148	-
Other	32	11
Total extraordinary losses	587	675
Income before income taxes and minority interests	3,593	3,879
Income taxes	1,552	1,642
Income before minority interests	2,041	2,237
Minority interests in loss	(0)	-
Net income	2,042	2,237

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months ended August 31, 2011	First six months ended August 31, 2012
Income before minority interests	2,041	2,237
Other comprehensive income		
Valuation difference on available-for-sale securities	(187)	(8)
Foreign currency translation adjustment	30	7
Share of other comprehensive income of associates accounted for using equity method	-	1
Total other comprehensive income	(156)	0
Comprehensive income	1,885	2,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,884	2,237
Comprehensive income attributable to minority interests	0	-

(3) Consolidated statements of cash flows

(Millions of yen)

	First six months ended August 31, 2011	First six months ended August 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,593	3,879
Depreciation and amortization	3,094	2,995
Impairment loss	8	91
Increase (decrease) in provision for bonuses	109	44
Increase (decrease) in provision for retirement benefits	46	51
Increase (decrease) in provision for loss on store closing	(17)	–
Interest and dividends income	(80)	(70)
Interest expenses	439	366
Loss (gain) on sales and retirement of noncurrent assets	(118)	231
Loss on adjustment for changes of accounting standard for asset retirement obligations	148	–
Decrease (increase) in notes and accounts receivable- trade	(386)	(143)
Decrease (increase) in inventories	(42)	(168)
Increase (decrease) in notes and accounts payable-trade	2,116	1,560
Increase/decrease in other assets/liabilities	700	(848)
Other, net	(41)	155
Subtotal	9,572	8,145
Interest and dividends income received	81	70
Interest expenses paid	(494)	(402)
Payment resulting from store closing	(301)	(46)
Income taxes paid	(2,382)	(1,015)
Net cash provided by (used in) operating activities	6,474	6,751

(Millions of yen)

	First six months ended August 31, 2011	First six months ended August 31, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,605)	(2,608)
Proceeds from sales of property, plant and equipment	1,471	1
Purchase of investment securities	(228)	(0)
Proceeds from sales of investment securities	0	5
Payments for lease and guarantee deposits	(30)	(525)
Proceeds from collection of lease and guarantee deposits	1,807	833
Increase (decrease) in guarantee deposits received	(1,414)	(579)
Other, net	(47)	(7)
Net cash provided by (used in) investing activities	(48)	(2,881)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,460	(2,050)
Proceeds from long-term loans payable	175	8,500
Repayment of long-term loans payable	(11,311)	(7,979)
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	(109)	222
Cash dividends paid	(741)	(740)
Other, net	(33)	(130)
Net cash provided by (used in) financing activities	(10,059)	(2,677)
Effect of exchange rate change on cash and cash equivalents	17	8
Net increase (decrease) in cash and cash equivalents	(3,617)	1,201
Cash and cash equivalents at beginning of period	12,253	7,437
Cash and cash equivalents at end of period	8,635	8,639