



October 7, 2013

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending February 28, 2014
<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/>

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Scheduled date to file Quarterly Securities Report: October 11, 2013

Scheduled date of dividend distribution: October 28, 2013

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, 2014 (from March 1, 2013 to August 31, 2013)

(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, 2013	129,401	0.8	5,926	22.0	5,824	27.9	3,280	46.6
August 31, 2012	128,337	3.6	4,858	20.5	4,554	14.8	2,237	9.6

Note: Comprehensive income

For the first six months ended August 31, 2013: 3,496 million yen [56.2%]

For the first six months ended August 31, 2012: 2,237 million yen [18.7%]

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended August 31, 2013	32.33	—
August 31, 2012	26.18	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2013	221,604	106,166	47.9
February 28, 2013	206,243	103,573	50.2

Reference: Equity

As of August 31, 2013: 106,166 million yen

As of February 28, 2013: 103,573 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, 2013	–	9.00	–	9.00	18.00
Fiscal year ending February 28, 2014	–	9.00			
Fiscal year ending February 28, 2014 (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, 2014 (from March 1, 2013 to February 28, 2014)

(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, 2014	267,900	1.2	12,200	12.7	11,900	15.2	6,350	24.9	62.59

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: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - d. Restatement of prior period financial statements after error corrections: None

Note: These items fall in those set forth in Article 10-5 of the “Ordinance on Terminology, Forms, and Preparation Methods of 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, 2013	101,462,977 shares
As of February 28, 2013	101,462,977 shares
 - b. Number of shares of treasury stock at the end of the period

As of August 31, 2013	2,200 shares
As of February 28, 2013	11,635 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, 2013	101,456,669 shares
For the first six months ended August 31, 2012	85,448,028 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

On Monday, October 7, 2013, 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.

(Reference) Non-consolidated earnings forecasts

**Non-consolidated earnings forecasts for the fiscal year ending February 28, 2014
(from March 1, 2013 to February 28, 2014)**

(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, 2014	246,000	1.4	11,800	16.1	11,600	12.9	6,350	16.6	62.59

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 28, 2013	As of August 31, 2013
Assets		
Current assets		
Cash and deposits	10,463	2,661
Notes and operating accounts receivable	7,675	10,275
Merchandise and finished goods	2,758	2,783
Work in process	225	166
Raw materials and supplies	41	42
Other	7,833	7,773
Allowance for doubtful accounts	(5)	(6)
Total current assets	28,991	23,697
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	119,131	120,763
Accumulated depreciation	(74,664)	(76,321)
Accumulated impairment loss	(1,034)	(1,083)
Buildings and structures, net	43,432	43,358
Buildings and structures in trust	17,209	17,465
Accumulated depreciation	(2,472)	(2,909)
Buildings and structures in trust, net	14,737	14,556
Machinery, equipment and vehicles	1,395	1,406
Accumulated depreciation	(1,089)	(1,083)
Machinery, equipment and vehicles, net	305	322
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(7)	(9)
Machinery, equipment and vehicles in trust, net	9	7
Other	5,597	5,806
Accumulated depreciation	(4,227)	(4,416)
Accumulated impairment loss	(122)	(133)
Other, net	1,248	1,255
Other in trust	136	138
Accumulated depreciation	(63)	(73)
Other in trust, net	73	64
Land	43,994	46,608
Land in trust	19,371	46,536
Construction in progress	526	3
Total property, plant and equipment	123,698	152,712
Intangible assets		
Leasehold right	10,949	10,949
Other	894	894
Total intangible assets	11,844	11,844
Investments and other assets		
Investment securities	2,924	3,051
Lease and guarantee deposits	35,631	27,817
Other	3,365	2,690
Allowance for doubtful accounts	(212)	(209)
Total investments and other assets	41,708	33,349
Total noncurrent assets	177,251	197,906
Total assets	206,243	221,604

(Millions of yen)

	As of February 28, 2013	As of August 31, 2013
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	16,278	18,859
Short-term loans payable	5,978	8,607
Income taxes payable	3,406	2,365
Provision	1,468	1,677
Other	9,243	7,959
Total current liabilities	36,375	39,468
Noncurrent liabilities		
Long-term loans payable	30,397	40,402
Provision	1,737	1,752
Guarantee deposits received	33,377	33,176
Other	782	638
Total noncurrent liabilities	66,295	75,969
Total liabilities	102,670	115,438
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,124	35,129
Retained earnings	33,830	36,197
Treasury stock	(7)	(1)
Total shareholders' equity	103,314	105,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	586
Foreign currency translation adjustment	(138)	(112)
Total accumulated other comprehensive income	258	474
Total net assets	103,573	106,166
Total liabilities and net assets	206,243	221,604

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

(Millions of yen)

	First six months ended August 31, 2012	First six months ended August 31, 2013
Net sales	128,337	129,401
Cost of sales	108,867	109,716
Gross profit	19,470	19,685
Operating revenue	1,329	1,859
Operating gross profit	20,799	21,544
Selling, general and administrative expenses	15,941	15,618
Operating income	4,858	5,926
Non-operating income		
Interest income	28	28
Dividends income	42	34
Miscellaneous income	146	168
Total non-operating income	217	232
Non-operating expenses		
Interest expenses	366	271
Equity in losses of affiliates	71	0
Miscellaneous expenses	83	63
Total non-operating expenses	521	334
Ordinary income	4,554	5,824
Extraordinary income		
Gain on sales of investment securities	-	10
Other	-	0
Total extraordinary income	-	10
Extraordinary loss		
Loss on retirement of noncurrent assets	572	153
Impairment loss	91	23
Loss on closing of stores	-	97
Other	11	2
Total extraordinary losses	675	277
Income before income taxes and minority interests	3,879	5,557
Income taxes	1,642	2,277
Income before minority interests	2,237	3,280
Net income	2,237	3,280

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months ended August 31, 2012	First six months ended August 31, 2013
Income before minority interests	2,237	3,280
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	189
Foreign currency translation adjustment	7	21
Share of other comprehensive income of associates accounted for using equity method	1	5
Total other comprehensive income	0	216
Comprehensive income	2,237	3,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,237	3,496
Comprehensive income attributable to minority interests	-	-

(3) Consolidated statements of cash flows

(Millions of yen)

	First six months ended August 31, 2012	First six months ended August 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,879	5,557
Depreciation and amortization	2,995	2,880
Impairment loss	91	23
Increase (decrease) in provision for bonuses	44	92
Increase (decrease) in provision for retirement benefits	51	14
Interest and dividends income	(70)	(63)
Interest expenses	366	271
Loss (gain) on sales and retirement of noncurrent assets	231	65
Loss on store closings	–	97
Decrease (increase) in notes and accounts receivable-trade	(143)	(2,597)
Decrease (increase) in inventories	(168)	31
Increase (decrease) in notes and accounts payable-trade	1,560	2,580
Increase/decrease in other assets/liabilities	(848)	455
Other, net	155	18
Subtotal	8,145	9,429
Interest and dividends income received	70	63
Interest expenses paid	(402)	(235)
Payment resulting from store closing	(46)	–
Payments for cancellation of leasehold contracts	–	(999)
Income taxes paid	(1,015)	(3,226)
Net cash provided by (used in) operating activities	6,751	5,031
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,608)	(31,503)
Purchase of investment securities	(0)	(55)
Proceeds from sales of investment securities	5	238
Payments for lease and guarantee deposits	(525)	(470)
Proceeds from collection of lease and guarantee deposits	833	8,360
Increase (decrease) in guarantee deposits received	(579)	(482)
Other, net	(5)	(90)
Net cash provided by (used in) investing activities	(2,881)	(24,002)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,050)	500
Proceeds from long-term loans payable	8,500	15,500
Repayment of long-term loans payable	(7,979)	(3,371)
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	222	9
Cash dividends paid	(740)	(913)
Other, net	(130)	(86)
Net cash provided by (used in) financing activities	(2,677)	11,139
Effect of exchange rate change on cash and cash equivalents	8	30
Net increase (decrease) in cash and cash equivalents	1,201	(7,801)
Cash and cash equivalents at beginning of period	7,437	10,463
Cash and cash equivalents at end of period	8,639	2,661