



December 25, 2013

Consolidated Financial Results
for the First Nine 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: January 8, 2014
Scheduled date of dividend distribution: –
Preparation of supplementary material on quarterly earnings: Yes
Holding of quarterly earnings performance review: None

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

1. Consolidated performance for the first nine months of the fiscal year ending February 28, 2014 (from March 1, 2013 to November 30, 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 nine months ended								
November 30, 2013	194,069	0.1	8,698	18.5	8,560	23.7	4,793	26.4
November 30, 2012	193,855	3.1	7,341	19.3	6,922	15.4	3,793	30.7

Note: Comprehensive income
For the first nine months ended November 30, 2013: 5,323 million yen [39.2%]
For the first nine months ended November 30, 2012: 3,824 million yen [44.8%]

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
November 30, 2013	47.25	–
November 30, 2012	41.80	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
November 30, 2013	228,618	107,080	46.8
February 28, 2013	206,243	103,573	50.2

Reference: Equity
As of November 30, 2013: 107,080 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: None

* 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 November 30, 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 November 30, 2013	2,285 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 nine months ended November 30, 2013	101,458,023 shares
For the first nine months ended November 30, 2012	90,737,312 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

Supplementary material on quarterly earnings will be disclosed on TDnet, on the date of this report.

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2013	As of November 30, 2013
Assets		
Current assets		
Cash and deposits	10,463	2,956
Notes and operating accounts receivable	7,675	15,795
Merchandise and finished goods	2,758	3,440
Work in process	225	310
Raw materials and supplies	41	39
Other	7,833	7,969
Allowance for doubtful accounts	(5)	(9)
Total current assets	28,991	30,503
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	119,131	121,431
Accumulated depreciation	(74,664)	(76,878)
Accumulated impairment loss	(1,034)	(1,075)
Buildings and structures, net	43,432	43,477
Buildings and structures in trust	17,209	17,465
Accumulated depreciation	(2,472)	(3,125)
Buildings and structures in trust, net	14,737	14,340
Machinery, equipment and vehicles	1,395	1,406
Accumulated depreciation	(1,089)	(1,103)
Machinery, equipment and vehicles, net	305	302
Machinery, equipment and vehicles in trust	16	16
Accumulated depreciation	(7)	(9)
Machinery, equipment and vehicles in trust, net	9	7
Other	5,597	5,946
Accumulated depreciation	(4,227)	(4,511)
Accumulated impairment loss	(122)	(132)
Other, net	1,248	1,302
Other in trust	136	138
Accumulated depreciation	(63)	(79)
Other in trust, net	73	58
Land	43,994	46,608
Land in trust	19,371	46,536
Construction in progress	526	158
Total property, plant and equipment	123,698	152,792
Intangible assets		
Leasehold right	10,949	10,949
Other	894	905
Total intangible assets	11,844	11,855
Investments and other assets		
Investment securities	2,924	3,537
Lease and guarantee deposits	35,631	27,668
Other	3,365	2,461
Allowance for doubtful accounts	(212)	(200)
Total investments and other assets	41,708	33,467
Total noncurrent assets	177,251	198,114
Total assets	206,243	228,618

(Millions of yen)

	As of February 28, 2013	As of November 30, 2013
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	16,278	22,977
Short-term loans payable	5,978	8,769
Income taxes payable	3,406	1,093
Provision	1,468	1,087
Other	9,243	15,753
Total current liabilities	36,375	49,679
Noncurrent liabilities		
Long-term loans payable	30,397	35,852
Provision	1,737	1,768
Guarantee deposits received	33,377	33,567
Other	782	670
Total noncurrent liabilities	66,295	71,858
Total liabilities	102,670	121,538
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,124	35,129
Retained earnings	33,830	36,797
Treasury stock	(7)	(1)
Total shareholders' equity	103,314	106,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	899
Foreign currency translation adjustment	(138)	(112)
Total accumulated other comprehensive income	258	787
Total net assets	103,573	107,080
Total liabilities and net assets	206,243	228,618

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

(Millions of yen)

	First nine months ended November 30, 2012	First nine months ended November 30, 2013
Net sales	193,855	194,069
Cost of sales	164,673	164,733
Gross profit	29,182	29,335
Operating revenue	2,046	2,886
Operating gross profit	31,229	32,221
Selling, general and administrative expenses	23,887	23,523
Operating income	7,341	8,698
Non-operating income		
Interest income	40	41
Dividends income	42	34
Miscellaneous income	224	260
Total non-operating income	307	336
Non-operating expenses		
Interest expenses	501	394
Equity in losses of affiliates	128	0
Miscellaneous expenses	97	80
Total non-operating expenses	727	475
Ordinary income	6,922	8,560
Extraordinary income		
Gain on sales of investment securities	-	10
Compensation income for loss from damage	569	-
Other	-	0
Total extraordinary income	569	10
Extraordinary loss		
Loss on retirement of noncurrent assets	748	357
Impairment loss	92	23
Loss on closing of stores	-	97
Other	19	2
Total extraordinary losses	860	481
Income before income taxes and minority interests	6,631	8,089
Income taxes	2,838	3,295
Income before minority interests	3,793	4,793
Net income	3,793	4,793

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First nine months ended November 30, 2012	First nine months ended November 30, 2013
Income before minority interests	3,793	4,793
Other comprehensive income		
Valuation difference on available-for-sale securities	17	502
Foreign currency translation adjustment	11	21
Share of other comprehensive income of associates accounted for using equity method	2	5
Total other comprehensive income	31	529
Comprehensive income	3,824	5,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,824	5,323
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of cash flows

(Millions of yen)

	First nine months ended November 30, 2012	First nine months ended November 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,631	8,089
Depreciation and amortization	4,541	4,365
Impairment loss	92	23
Increase (decrease) in provision for bonuses	(526)	(536)
Increase (decrease) in provision for retirement benefits	89	30
Interest and dividends income	(83)	(76)
Interest expenses	501	394
Compensation income for loss from damage	(569)	–
Loss (gain) on sales and retirement of noncurrent assets	267	119
Loss on store closings	–	97
Decrease (increase) in notes and accounts receivable-trade	(4,594)	(8,117)
Decrease (increase) in inventories	(891)	(765)
Increase (decrease) in notes and accounts payable-trade	6,020	6,698
Increase/decrease in other assets/liabilities	734	1,860
Other, net	236	63
Subtotal	12,450	12,246
Interest and dividends income received	83	76
Interest expenses paid	(630)	(464)
Compensation for loss from damage received	1,578	–
Payment resulting from store closing	(87)	–
Payments for cancellation of leasehold contracts	–	(999)
Income taxes paid	(2,250)	(5,458)
Net cash provided by (used in) operating activities	11,142	5,400
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(300)	–
Purchase of property, plant and equipment	(3,590)	(32,558)
Purchase of investment securities	(1)	(56)
Proceeds from sales of investment securities	5	238
Payments for lease and guarantee deposits	(867)	(559)
Proceeds from collection of lease and guarantee deposits	2,607	8,580
Increase (decrease) in guarantee deposits received	(244)	(235)
Other, net	(88)	(141)
Net cash provided by (used in) investing activities	(2,479)	(24,731)

(Millions of yen)

	First nine months ended November 30, 2012	First nine months ended November 30, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(795)	–
Increase (decrease) in commercial papers	–	5,999
Proceeds from long-term loans payable	8,500	15,500
Repayment of long-term loans payable	(12,657)	(7,259)
Redemption of bonds	(500)	(500)
Net decrease (increase) in treasury stock	229	9
Cash dividends paid	(1,652)	(1,826)
Other, net	(166)	(130)
Net cash provided by (used in) financing activities	(7,042)	11,794
Effect of exchange rate change on cash and cash equivalents	14	29
Net increase (decrease) in cash and cash equivalents	1,635	(7,506)
Cash and cash equivalents at beginning of period	7,437	10,463
Cash and cash equivalents at end of period	9,072	2,956