



December 24, 2014

Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending February 28, 2015
<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 7, 2015
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, 2015 (from March 1, 2014 to November 30, 2014)

(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, 2014	197,300	1.7	8,834	1.6	8,811	2.9	5,045	5.2
November 30, 2013	194,069	0.1	8,698	18.5	8,560	23.7	4,793	26.4

Note: Comprehensive income
For the first nine months ended November 30, 2014: 5,026 million yen [(5.6)%]
For the first nine months ended November 30, 2013: 5,323 million yen [39.2%]

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
November 30, 2014	49.73	–
November 30, 2013	47.25	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
November 30, 2014	234,712	112,023	47.7
February 28, 2014	220,757	108,823	49.3

Reference: Equity
As of November 30, 2014: 112,023 million yen
As of February 28, 2014: 108,823 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, 2014	–	9.00	–	9.00	18.00
Fiscal year ending February 28, 2015	–	9.00	–		
Fiscal year ending February 28, 2015 (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, 2015 (from March 1, 2014 to February 28, 2015)

(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, 2015	272,000	2.9	12,300	0.8	12,150	1.1	6,800	0.3	67.02

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: 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 shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2014	101,462,977 shares
As of February 28, 2014	101,462,977 shares
 - b. Number of treasury shares at the end of the period

As of November 30, 2014	3,136 shares
As of February 28, 2014	2,587 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, 2014	101,460,178 shares
For the first nine months ended November 30, 2013	101,458,023 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, 2014	As of November 30, 2014
Assets		
Current assets		
Cash and deposits	3,529	5,601
Notes and operating accounts receivable	7,581	17,013
Merchandise and finished goods	2,984	3,637
Work in process	278	371
Raw materials and supplies	40	37
Other	7,987	4,543
Allowance for doubtful accounts	(5)	(11)
Total current assets	22,396	31,192
Non-current assets		
Property, plant and equipment		
Buildings and structures	121,524	124,497
Accumulated depreciation	(77,395)	(79,388)
Accumulated impairment loss	(1,131)	(642)
Buildings and structures, net	42,997	44,466
Buildings and structures in trust	17,667	21,690
Accumulated depreciation	(3,339)	(4,010)
Buildings and structures in trust, net	14,327	17,679
Machinery, equipment and vehicles	845	892
Accumulated depreciation	(645)	(675)
Machinery, equipment and vehicles, net	200	217
Machinery, equipment and vehicles in trust	16	167
Accumulated depreciation	(9)	(11)
Machinery, equipment and vehicles in trust, net	7	156
Other	5,865	6,406
Accumulated depreciation	(4,469)	(4,660)
Accumulated impairment loss	(137)	(59)
Other, net	1,257	1,686
Other in trust	138	179
Accumulated depreciation	(84)	(96)
Other in trust, net	53	82
Land	43,803	43,805
Land in trust	46,992	47,069
Construction in progress	4,950	4,909
Total property, plant and equipment	154,590	160,072
Intangible assets		
Leasehold right	10,949	10,969
Other	898	1,062
Total intangible assets	11,847	12,032
Investments and other assets		
Investment securities	2,886	2,347
Lease and guarantee deposits	27,299	27,262
Other	1,945	2,010
Allowance for doubtful accounts	(209)	(205)
Total investments and other assets	31,921	31,414
Total non-current assets	198,360	203,520
Total assets	220,757	234,712

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	15,564	24,217
Short-term loans payable	14,719	7,579
Income taxes payable	1,216	1,882
Provision	1,626	1,023
Other	7,904	21,512
Total current liabilities	41,030	56,214
Non-current liabilities		
Long-term loans payable	35,705	31,597
Provision	1,788	1,766
Guarantee deposits received	32,740	32,233
Other	668	876
Total non-current liabilities	70,902	66,474
Total liabilities	111,933	122,689
Net assets		
Shareholders' equity		
Capital stock	34,367	34,367
Capital surplus	35,129	35,129
Retained earnings	38,781	42,001
Treasury shares	(2)	(2)
Total shareholders' equity	108,276	111,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	671	617
Foreign currency translation adjustment	(124)	(89)
Total accumulated other comprehensive income	547	528
Total net assets	108,823	112,023
Total liabilities and net assets	220,757	234,712

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

(Millions of yen)

	First nine months ended November 30, 2013	First nine months ended November 30, 2014
Net sales	194,069	197,300
Cost of sales	164,733	167,382
Gross profit	29,335	29,918
Operating revenue	2,886	3,163
Operating gross profit	32,221	33,081
Selling, general and administrative expenses	23,523	24,247
Operating income	8,698	8,834
Non-operating income		
Interest income	41	33
Dividend income	34	33
Miscellaneous income	260	293
Total non-operating income	336	360
Non-operating expenses		
Interest expenses	394	329
Miscellaneous expenses	80	52
Total non-operating expenses	475	382
Ordinary income	8,560	8,811
Extraordinary income		
Gain on sales of investment securities	10	99
Other	0	1
Total extraordinary income	10	101
Extraordinary losses		
Loss on retirement of non-current assets	357	501
Impairment loss	23	53
Loss on closing of stores	97	–
Other	2	6
Total extraordinary losses	481	561
Income before income taxes and minority interests	8,089	8,351
Income taxes	3,295	3,305
Income before minority interests	4,793	5,045
Net income	4,793	5,045

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First nine months ended November 30, 2013	First nine months ended November 30, 2014
Income before minority interests	4,793	5,045
Other comprehensive income		
Valuation difference on available-for-sale securities	502	(53)
Foreign currency translation adjustment	21	32
Share of other comprehensive income of entities accounted for using equity method	5	2
Total other comprehensive income	529	(18)
Comprehensive income	5,323	5,026
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,323	5,026
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of cash flows

(Millions of yen)

	First nine months ended November 30, 2013	First nine months ended November 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	8,089	8,351
Depreciation	4,365	4,321
Impairment loss	23	53
Decrease in provision for bonuses	(536)	(529)
Increase (decrease) in provision for retirement benefits	30	(21)
Interest and dividend income	(76)	(66)
Interest expenses	394	329
Loss on sales and retirement of non-current assets	119	166
Gain on sales of investment securities	(10)	(99)
Loss on store closings	97	–
Increase in notes and accounts receivable - trade	(8,117)	(9,431)
Increase in inventories	(765)	(741)
Increase in notes and accounts payable - trade	6,698	8,652
Increase/decrease in other assets/liabilities	1,860	3,629
Other, net	73	31
Subtotal	12,246	14,645
Interest and dividend income received	76	66
Interest expenses paid	(464)	(428)
Payment resulting from store closing	–	(107)
Payments for cancellation of rental contracts	(999)	–
Income taxes paid	(5,458)	(2,631)
Net cash provided by operating activities	5,400	11,544
Cash flows from investing activities		
Payments into time deposits	–	(171)
Purchase of property, plant and equipment	(32,558)	(8,142)
Purchase of investment securities	(56)	(2)
Proceeds from sales of investment securities	238	559
Payments for lease and guarantee deposits	(559)	(852)
Proceeds from collection of lease and guarantee deposits	8,580	3,812
Decrease in guarantee deposits received	(235)	(282)
Other, net	(141)	(397)
Net cash used in investing activities	(24,731)	(5,476)
Cash flows from financing activities		
Net decrease in short-term loans payable	–	(6,000)
Increase in commercial papers	5,999	8,999
Proceeds from long-term loans payable	15,500	3,300
Repayments of long-term loans payable	(7,259)	(8,550)
Redemption of bonds	(500)	–
Net decrease (increase) in treasury shares	9	(0)
Cash dividends paid	(1,826)	(1,826)
Other, net	(130)	(126)
Net cash provided by (used in) financing activities	11,794	(4,204)
Effect of exchange rate change on cash and cash equivalents	29	36
Net increase (decrease) in cash and cash equivalents	(7,506)	1,899
Cash and cash equivalents at beginning of period	10,463	3,529
Cash and cash equivalents at end of period	2,956	5,429