

PARCO CO., LTD.

**Summary of Third Quarter Financial Statements  
for the Fiscal Year Ending February 29, 2008  
(Nine months from March 1, 2007 to November 30, 2007)**

January 9, 2008

PARCO CO., LTD.

Stock code:

8251

Company representative:

Isamu Ito,  
Chairman of the Board,  
President and CEO

Listed exchanges: Tokyo Stock Exchange (First section)

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**1. Consolidated Financial Results for the Nine Months Ended November 30, 2007** (March 1, 2007 to November 30, 2007)

(1) Consolidated operating results

*Millions of yen, rounded down, change compared to previous nine-month period*

	Net sales	Change %	Operating income	Change %	Ordinary income	Change %	Net income	Change %
Nine months ended Nov. 30, 2007	210,209	7.2	7,838	(0.1)	7,720	0.7	4,169	8.4
Nine months ended Nov. 30, 2006	196,158	2.2	7,846	14.6	7,663	14.4	3,845	16.1
Fiscal year ended Feb. 28, 2007	266,645		9,756		9,594		4,503	

	Net income per share (¥)	Fully diluted earnings per share (¥)
Nine months ended Nov. 30, 2007	50.61	--
Nine months ended Nov. 30, 2006	46.86	--
Fiscal year ended Feb. 28, 2007	54.83	--

(2) Consolidated financial position

*Millions of yen, rounded down*

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
As of Nov. 30, 2007	200,477	73,242	36.5	888.24
As of Nov. 30, 2006	192,767	69,668	35.9	843.51
Fiscal year ended Feb. 28, 2007	182,553	70,777	38.7	856.74

**2. Dividends**

	Dividend per share		
	Interim	Year-end	Annual
Fiscal year ended Feb. 28, 2007	6.00	7.00	13.00
Fiscal year ending Feb. 29, 2008	7.00	--	14.00
Fiscal year ending Feb. 29, 2008 (forecast)	--	7.00	

**3. Consolidated Forecasts for the Fiscal Year Ending February 29, 2008** (March 1, 2007 to February 29, 2008) (Reference)

*Change compared to previous year*

	Net sales	Change %	Operating income	Change %	Ordinary income	Change %	Net income	Change %	Net income per share (¥)
Full-year	292,000	9.5	10,000	2.5	9,900	3.2	4,600	2.1	55.84

Note: Forecast for net income per share is calculated based on the number of issued shares at the end of the third quarter.

#### 4. Other

- (1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): No
- (2) Adoption of simplified accounting method: Yes
- (3) Changes in accounting method from most recent consolidated accounting year: Yes

#### (Reference) Summary of Non-consolidated Results

#### 1. Non-consolidated Financial Results for the Nine Months Ended November 30, 2007 (March 1, 2007 to November 30, 2007)

(1) Non-consolidated operating results *Millions of yen, rounded down, change compared to previous nine-month period*

	Net sales	Change %	Operating income	Change %	Ordinary income	Change %	Net income	Change %
Nine months ended Nov. 30, 2007	191,487	6.0	6,895	0.2	6,793	2.1	3,593	7.3
Nine months ended Nov. 30, 2006	180,729	1.7	6,881	15.7	6,653	17.8	3,347	35.1
Fiscal year ended Feb. 28, 2007	246,439		8,755		8,481		3,633	

	Net income per share
Nine months ended Nov. 30, 2007	43.61
Nine months ended Nov. 30, 2006	40.78
Fiscal year ended Feb. 28, 2007	44.23

(2) Non-consolidated financial position

*Millions of yen, rounded down*

	Total assets	Net assets	Equity ratio (%)	Net assets per share
As of Nov. 30, 2007	191,701	72,673	37.9	882.16
As of Nov. 30, 2006	188,962	69,780	36.9	849.73
Fiscal year ended Feb. 28, 2007	173,796	70,662	40.7	857.72

#### 2. Non-Consolidated Forecasts for the Fiscal Year Ending February 29, 2008 (March 1, 2007 to February 29, 2008)

*Change compared to previous year*

	Net sales	Change %	Operating income	Change %	Ordinary income	Change %	Net income	Change %	Net income per share (¥)
Full-year	269,600	9.4	8,800	0.5	8,700	2.6	4,000	10.1	48.55

Note: Forecast for net income per share is calculated based on the number of issued shares at the end of the third quarter.

#### Note regarding appropriate use of forecasts:

The above forecasts were made based on estimates, assumptions and projections at the time of publication. Actual results may differ materially due to a number of factors.

**Consolidated Financial Statements** (summarized)

(1) Consolidated balance sheets as of November 30, 2007

*Millions of yen, rounded down*

	November 30, 2006		November 30, 2007		Change ¥	February 28, 2007		Change ¥
		%		%			%	
<b>(ASSETS)</b>								
<b>I Current assets</b>								
1 Cash and time deposits	18,140		21,121		2,981	13,519		7,602
2 Notes and accounts receivable	12,070		12,623		552	7,922		4,701
3 Marketable securities	1,000		1,000		0			1,000
4 Inventories	3,108		3,084		(24)	3,112		(28)
5 Other	2,941		3,392		450	2,713		678
Allowance for doubtful accounts	(9)		(11)		(1)	(13)		2
Total current assets	37,252	19.3	41,210	20.6	3,958	27,254	14.9	13,956
<b>II Fixed assets</b>								
1 Tangible fixed assets								
(1) Buildings and structures	37,901		42,950		5,048	37,554		5,395
(2) Land	39,652		39,365		(286)	39,347		18
(3) Other	7,769		7,450		(318)	7,772		(322)
Total tangible fixed assets	85,322	44.3	89,766	44.8	4,443	84,674	46.4	5,091
2 Intangible fixed assets								
(1) Leasehold	11,014		11,014			11,014		
(2) Other	651		848		197	760		88
Total intangible fixed assets	11,666	6.0	11,863	5.9	197	11,774	6.5	88
3 Investments and other assets								
(1) Investment securities	7,860		6,877		(982)	8,005		(1,128)
(2) Leasehold deposits	46,988		46,693		(294)	47,191		(497)
(3) Other	3,802		4,295		493	3,884		410
Allowance for doubtful accounts	(124)		(229)		(105)	(232)		2
Total investments and other assets	58,525	30.4	57,636	28.7	(889)	58,849	32.2	(1,213)
Total fixed assets	155,514	80.7	159,266	79.4	3,751	155,299	85.1	3,967
<b>Total assets</b>	<b>192,767</b>	<b>100.0</b>	<b>200,477</b>	<b>100.0</b>	<b>7,710</b>	<b>182,553</b>	<b>100.0</b>	<b>17,923</b>

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**Consolidated Financial Statements** (summarized)

(1) Consolidated balance sheets as of November 30, 2007 (cont.)

*Millions of yen, rounded down*

	November 30, 2006		November 30, 2007		Change ¥	February 28, 2007		Change ¥
		%		%			%	
<b>(LIABILITIES)</b>								
<b>I. Current liabilities</b>								
1 Notes and accounts payable	27,362		29,091		1,729	23,066		6,024
2 Short-term bank loans	14,064		10,044		(4,020)	9,108		936
3 Allowances and reserves	1,796		1,845		48	1,230		615
4 Current portion of straight bonds	9,000		5,000		(4,000)	12,000		(7,000)
5 Other	10,561		13,060		2,499	7,532		5,528
Total current liabilities	62,784	32.6	59,041	29.5	(3,742)	52,937	29.0	6,104
<b>II Long-term liabilities</b>								
1 Straight bonds	5,000				(5,000)	2,000		(2,000)
2 Long-term bank loans	11,491		20,277		8,786	11,755		8,522
3 Allowances and reserves	1,498		3,263		1,765	3,186		77
4 Guarantee deposits received	42,029		44,361		2,331	41,597		2,763
5 Other	294		290		(3)	300		(9)
Total long-term liabilities	60,313	31.3	68,193	34.0	7,879	58,839	32.2	9,353
Total liabilities	123,098	63.9	127,234	63.5	4,136	111,776	61.2	15,457
<b>(NET ASSETS)</b>								
<b>I Shareholders' equity</b>								
1 Common stock	26,867		26,867			26,867		
2 Capital surplus	27,196		27,527		331	27,527		
3 Retained earnings	14,443		18,116		3,673	15,100		3,015
4 Treasury stock	(52)		(57)		(5)	(54)		(3)
Total shareholders' equity	68,454	35.5	72,453	36.1	3,999	69,441	38.1	3,012
<b>II Valuation and translation adjustments</b>								
1 Net unrealized gains on securities	57		117		60	117		(0)
2 Foreign currency translation adjustments	700		485		(215)	905		(419)
Total valuation and translation adjustments	815	0.4	720	0.4	(94)	1,139	0.6	(419)
<b>III Minority interests</b>								
	399	0.2	68	0.0	(331)	195	0.1	(127)
Total net assets	69,668	36.1	73,242	36.5	3,573	70,777	38.8	2,465
<b>Total liabilities and net assets</b>	<b>192,767</b>	<b>100.0</b>	<b>200,477</b>	<b>100.0</b>	<b>7,710</b>	<b>182,553</b>	<b>100.0</b>	<b>17,923</b>

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**Consolidated Financial Statements** (summarized)

(2) Consolidated statements of income for the nine months ended November 30, 2007

*Millions of yen, rounded down*

	Nine months ended November 30, 2006		Nine months ended November 30, 2007		Change ¥	Fiscal year ended February 28, 2007	
		%		%			%
<b>I Net sales</b>	196,158	100.0	210,209	100.0	14,051	266,645	100.0
<b>II Cost of sales</b>	167,845	85.6	179,616	85.4	11,770	228,467	85.7
Gross profit	28,312	14.4	30,592	14.6	2,280	38,177	14.3
<b>III Other operating revenue</b>	1,492	0.8	1,902	0.9	410	2,008	0.8
Operating income	29,805	15.2	32,495	15.5	2,690	40,185	15.1
<b>IV Selling, general and administrative expenses</b>	21,958	11.2	24,656	11.8	2,698	30,429	11.4
Operating income	7,846	4.0	7,838	3.7	(8)	9,756	3.7
<b>V Non-operating income</b>	325	0.2	357	0.2	31	520	0.2
1 Interest income	74		83		9	109	
2 Dividend income	52		60		7	62	
3 Other	198		213		14	348	
<b>VI Non-operating expenses</b>	508	0.3	475	0.2	(33)	681	0.3
1 Interest expenses	483		446		(37)	634	
2 Other	25		29		3	47	
Ordinary income	7,663	3.9	7,720	3.7	56	9,594	3.6
<b>VII Extraordinary income</b>	355	0.2	117	0.0	(238)	1,544	0.6
1 Gain on sales of fixed assets						252	
2 Gain on sales of investment securities	55		12		(42)	55	
3 Reverse of allowance for doubtful accounts	11		4		(6)	15	
4 Reverse of allowance for loss on store closing	243				(243)	666	
5 Compensation for termination of advisory services agreement						508	
6 Other	45		99		53	47	
<b>VIII Extraordinary losses</b>	1,026	0.5	839	0.4	(186)	4,414	1.7
1 Loss on sales of fixed assets	0		0		(0)	0	
2 Loss on disposal of fixed assets	420		484		64	783	
3 Loss on impairment of fixed assets	551		13		(537)	653	
4 Loss on write-down of investment securities	46		339		292	434	
5 Provision for allowance for doubtful accounts						115	
6 Special allowance for retirement						49	
7 Loss on store closing						2,308	
8 Other	7		0		(7)	68	
Income before income taxes and minority interests	6,992	3.6	6,997	3.3	5	6,725	2.5
Current income taxes	3,165	1.6	3,154	1.5	(10)	2,187	0.8
Deferred income taxes	(59)	(0.0)	(326)	(0.2)	(267)	(150)	(0.1)
<b>Minority interests</b>	39	0.0	0	0.0	(39)	184	0.1
<b>Net income</b>	3,845	2.0	4,169	2.0	323	4,503	1.7

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