

**Consolidated Financial Results**  
**for the Second Quarter of FY 2012**

(from June 1,2011 to August 31,2011)

**Izumi Co.,Ltd.**

(Millions of yen)

	2Q / FY2011 Three Months (Jun 1, 2010 – Aug 31, 2010)		2Q / FY2012 Three Months (Jun 1, 2011 – Aug 31, 2011)	
		YOY		YOY
Revenues	124,960	2.9%	126,639	1.3%
Operating Income	5,327	27.8%	5,946	11.6%
Ordinary Income	5,003	29.4%	5,734	14.6%
Net Income	2,804	53.0%	2,983	6.4%
Net Income per Share	¥ 29.43		¥ 31.86	

	2Q / FY2011 Six Months (Mar 1, 2010 – Aug 31, 2010)		2Q / FY2012 Six Months (Mar 1, 2011 – Aug 31, 2011)	
		YOY		YOY
Revenues	246,340	1.6%	250,462	1.7%
Operating Income	10,232	4.2%	11,832	15.6%
Ordinary Income	9,669	2.9%	11,422	18.1%
Net Income	4,815	4.2%	4,901	1.8%
Net Income per Share	¥ 50.55		¥ 51.96	

	28-Feb-2011 (End of FY2011)	31-Aug-2011 (End of 2Q/FY2012)
Total Assets	368,584	368,560
Net Assets	132,513	128,971
Owners' Equity Ratio	33.2%	31.5%
Net Assets per Share	¥ 1,286.20	¥ 1,309.86

Dividends

	FY2011	FY2012(forecast)
1Q	–	–
2Q	¥ 8.00	¥ 8.00
3Q	–	–
4Q	¥ 8.00	¥ 8.00
Annual	¥ 16.00	¥ 16.00

Consolidated Quarterly Financial Statements  
**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	31-Aug-2011	28-Feb-2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,107	12,316
Notes and accounts receivable-trade	19,841	18,456
Merchandise and finished goods	20,009	20,726
Work in process	29	68
Raw materials and supplies	273	273
Other	13,786	15,642
Allowance for doubtful accounts	△943	△940
Total current assets	62,104	66,542
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	134,177	134,771
Land	120,027	119,080
Other, net	11,873	9,446
Total property, plant and equipment	266,079	263,297
<b>Intangible assets</b>	7,167	7,178
<b>Investments and other assets</b>		
Other	33,972	32,347
Allowance for doubtful accounts	△762	△781
Total investments and other assets	33,209	31,565
Total noncurrent assets	306,456	302,041
<b>Total assets</b>	<b>368,560</b>	<b>368,584</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	23,210	20,773
Short-term loans payable	41,120	35,890
Current portion of long-term loans payable	24,520	22,178
Income taxes payable	4,297	5,180
Provision for bonuses	1,912	1,525
Provision for directors' bonuses	0	23
Provision for point card certificates	1,234	1,209
Provision for loss on recollection of gift certificates	54	54
Other	11,769	12,846
Total current liabilities	108,119	99,682
<b>Noncurrent liabilities</b>		
Long-term loans payable	92,419	102,675
Provision for retirement benefits	5,999	5,836
Provision for directors' retirement benefits	851	830
Provision for loss on interest repayment	496	565
Asset retirement obligations	5,765	—
Other	25,938	26,481
Total noncurrent liabilities	131,470	136,389
Total liabilities	239,589	236,071
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	82,104	96,743
Treasury stock	△7,720	△16,262
Total shareholders' equity	116,280	122,377
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	282	472
Foreign currency translation adjustment	△348	△312
Total valuation and translation adjustments	△66	159
<b>Minority interests</b>	12,757	9,976
<b>Total net assets</b>	<b>128,971</b>	<b>132,513</b>
<b>Total liabilities and net assets</b>	<b>368,560</b>	<b>368,584</b>

**CONSOLIDATED STATEMENTS OF INCOME : Three Months**

	(Millions of yen)	
	2Q / FY 2011	2Q / FY 2012
	Three Months (Jun 1,2010 – Aug 31,2010)	Three Months (Jun 1,2011 – Aug 31,2011)
Net sales	119,139	120,744
<b>Cost of sales</b>	<b>93,856</b>	<b>94,060</b>
Gross profit	25,283	26,683
Operating revenue	5,821	5,895
Operating gross profit	31,104	32,578
<b>Selling, general and administrative expenses</b>	<b>25,776</b>	<b>26,632</b>
Operating income	5,327	5,946
<b>Non-operating income</b>		
Interest income	45	42
Dividends income	153	18
Purchase discounts	79	81
Other	159	176
Total non-operating income	438	318
<b>Non-operating expenses</b>		
Interest expenses	554	482
Other	207	49
Total non-operating expenses	762	531
Ordinary income	5,003	5,734
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	29	11
Compensation income	75	—
Other	60	22
Total extraordinary income	165	33
<b>Extraordinary loss</b>		
Loss on prior period adjustment	—	156
Loss on retirement of noncurrent assets	199	362
Other	8	18
Total extraordinary losses	208	537
Income before income taxes and minority interests	4,960	5,230
Income taxes—current	1,940	2,133
Income taxes—deferred	43	△30
<b>Total income taxes</b>	<b>1,983</b>	<b>2,102</b>
Income before minority interests	—	3,127
Minority interests in income	172	144
Net income	2,804	2,983

**CONSOLIDATED STATEMENTS OF INCOME : Six Months**

	(Millions of yen)	
	2Q / FY 2011	2Q / FY 2012
	Six Months (Mar 1,2010 – Aug 31,2010)	Six Months (Mar 1,2011 – Aug 31,2011)
Net sales	234,705	238,717
<b>Cost of sales</b>	<b>185,040</b>	<b>186,447</b>
Gross profit	49,664	52,269
Operating revenue	11,635	11,744
Operating gross profit	61,299	64,014
<b>Selling, general and administrative expenses</b>	<b>51,066</b>	<b>52,182</b>
Operating income	10,232	11,832
<b>Non-operating income</b>		
Interest income	97	99
Purchase discounts	180	181
Other	720	401
Total non-operating income	998	682
<b>Non-operating expenses</b>		
Interest expenses	1,120	976
Other	441	116
Total non-operating expenses	1,561	1,092
Ordinary income	9,669	11,422
<b>Extraordinary income</b>		
Gain on sales of securities	2,546	2,518
Reversal of provision for directors' retirement benefits	103	—
Other	156	55
Total extraordinary income	2,806	2,574
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	207	466
Impairment loss	46	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,844
Other	87	232
Total extraordinary losses	341	2,542
Income before income taxes and minority interests	12,134	11,453
Income taxes—current	4,248	4,157
Income taxes—deferred	154	△419
<b>Total income taxes</b>	<b>4,402</b>	<b>3,737</b>
Income before minority interests	—	7,716
Minority interests in income	2,915	2,814
Net income	4,815	4,901

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

	2Q / FY 2011	2Q / FY 2012
	Six Months (Mar 1,2010 – Aug 31,2010)	Six Months (Mar 1,2011 – Aug 31,2011)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	12,134	11,453
Depreciation and amortization	7,145	6,668
Impairment loss	46	—
Loss on adjustment for changes of accounting standard for asset re	—	1,844
Increase (decrease) in allowance for doubtful accounts	19	△16
Interest and dividends income	△278	△146
Interest expenses	1,120	976
Loss (gain) on valuation of investment securities	186	10
Loss (gain) on sales of securities	△2,546	△2,518
Equity in (earnings) losses of affiliates	△9	△16
Loss (gain) on sales of noncurrent assets	23	△10
Loss on retirement of noncurrent assets	207	466
Decrease (increase) in notes and accounts receivable-trade	△629	△1,385
Decrease (increase) in inventories	3,053	755
Increase (decrease) in notes and accounts payable-trade	△7,633	2,436
Other, net	△4,530	△1,239
<b>Subtotal</b>	<b>8,309</b>	<b>19,279</b>
Interest and dividends income received	273	149
Interest expenses paid	△1,258	△1,002
Income taxes (paid) refund	△5,987	△5,023
<b>Net cash provided by (used in) operating activities</b>	<b>1,338</b>	<b>13,402</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△8,645	△6,502
Proceeds from sales of property, plant and equipment	242	31
Purchase of intangible assets	△260	△364
Purchase of investment securities	△2	△2
Proceeds from sales of investment securities	50	—
Decrease (increase) in short-term loans receivable	1,411	1,185
Other, net	176	361
<b>Net cash provided by (used in) investing activities</b>	<b>△7,027</b>	<b>△5,290</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	11,800	5,230
Proceeds from long-term loans payable	—	3,000
Repayment of long-term loans payable	△9,231	△10,913
Purchase of treasury stock	△0	△7,718
Cash dividends paid	△762	△762
Cash dividends paid to minority shareholders	△20	△20
Other, net	△133	△133
<b>Net cash provided by (used in) financing activities</b>	<b>1,652</b>	<b>△11,318</b>
Effect of exchange rate change on cash and cash equivalents	△8	△2
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>△4,045</b>	<b>△3,208</b>
Cash and cash equivalents at beginning of period	15,490	12,316
<b>Cash and cash equivalents at end of period</b>	<b>11,445</b>	<b>9,107</b>