

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended May 31, 2014
(Based on Japanese GAAP)**

July 3, 2014

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <http://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Executive Officer and General Manager of
 Inquiries: Finance & Accounting Department Masami Kawanishi TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: July 15, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for three months ended May 31, 2014 (from March 1, 2014 to May 31, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2014	140,481	4.4	6,709	(6.6)	6,784	(3.1)	4,097	(1.4)
Three months ended May 31, 2013	134,506	5.0	7,184	13.1	7,000	14.3	4,157	11.8

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2014	57.03	–
Three months ended May 31, 2013	55.71	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2014	406,022	132,651	30.2
As of February 28, 2014	397,071	130,178	30.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2014	–	20.00	–	23.00	43.00
Year ending February 28, 2015	–	–	–	–	–
Year ending February 28, 2015 (Forecast)	–	23.00	–	23.00	46.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2014	281,400	3.3	13,600	(7.1)	13,200	(7.3)	8,100	(11.7)	112.72
Full year	580,000	4.2	31,100	6.9	30,100	5.8	17,500	0.7	243.54

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2014	78,861,920 shares	As of February 28, 2014	78,861,920 shares
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Number of treasury shares at the end of the period

As of May 31, 2014	7,004,893 shares	As of February 28, 2014	7,004,785 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2014	71,857,100 shares	Three months ended May 31, 2013	74,631,304 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of May 31, 2014
Assets		
Current assets		
Cash and deposits	6,800	10,213
Notes and accounts receivable - trade	25,482	28,829
Merchandise and finished goods	24,125	24,252
Work in process	84	30
Raw materials and supplies	319	369
Other	14,718	14,934
Allowance for doubtful accounts	(635)	(637)
Total current assets	70,895	77,992
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,474	132,798
Land	141,011	141,082
Other, net	9,547	11,698
Total property, plant and equipment	284,033	285,579
Intangible assets	7,418	7,306
Investments and other assets		
Other	35,142	35,561
Allowance for doubtful accounts	(419)	(418)
Total investments and other assets	34,723	35,143
Total non-current assets	326,175	328,029
Total assets	397,071	406,022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,191	39,793
Short-term loans payable	46,726	31,898
Current portion of long-term loans payable	23,249	23,747
Income taxes payable	5,287	2,207
Provision for bonuses	1,451	2,595
Provision for directors' bonuses	47	10
Provision for point card certificates	1,817	1,923
Provision for loss on recollection of gift certificates	53	53
Asset retirement obligations	335	66
Other	21,653	26,233
Total current liabilities	123,813	128,530
Non-current liabilities		
Long-term loans payable	103,471	105,261
Provision for retirement benefits	6,540	6,582
Provision for directors' retirement benefits	1,241	1,251
Provision for loss on interest repayment	329	306
Asset retirement obligations	6,501	6,530
Other	24,994	24,908
Total non-current liabilities	143,079	144,841
Total liabilities	266,892	273,371

(Millions of yen)

As of February 28, 2014

As of May 31, 2014

	As of February 28, 2014	As of May 31, 2014
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	94,517	96,962
Treasury shares	(16,760)	(16,760)
Total shareholders' equity	119,652	122,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	910
Foreign currency translation adjustment	(264)	(264)
Total accumulated other comprehensive income	558	645
Minority interests	9,966	9,907
Total net assets	130,178	132,651
Total liabilities and net assets	397,071	406,022

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Net sales	128,141	133,928
Cost of sales	101,150	106,084
Gross profit	26,991	27,843
Operating revenue	6,364	6,553
Operating gross profit	33,355	34,396
Selling, general and administrative expenses	26,171	27,687
Operating income	7,184	6,709
Non-operating income		
Interest income	35	36
Purchase discounts	104	80
Share of profit of entities accounted for using equity method	0	287
Other	202	201
Total non-operating income	343	605
Non-operating expenses		
Interest expenses	426	420
Other	99	109
Total non-operating expenses	526	530
Ordinary income	7,000	6,784
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on bargain purchase	–	19
Total extraordinary income	0	21
Extraordinary losses		
Loss on sales of non-current assets	–	41
Loss on retirement of non-current assets	116	50
Other	7	9
Total extraordinary losses	123	101
Income before income taxes and minority interests	6,877	6,704
Income taxes - current	2,159	2,155
Income taxes - deferred	454	411
Total income taxes	2,614	2,566
Income before minority interests	4,263	4,138
Minority interests in income	105	40
Net income	4,157	4,097

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Income before minority interests	4,263	4,138
Other comprehensive income		
Valuation difference on available-for-sale securities	169	46
Foreign currency translation adjustment	8	(0)
Share of other comprehensive income of entities accounted for using equity method	—	(2)
Total other comprehensive income	178	43
Comprehensive income	4,442	4,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,308	4,185
Comprehensive income attributable to minority interests	133	(3)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2013	Three months ended May 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	6,877	6,704
Depreciation	3,023	3,122
Amortization of goodwill	28	28
Gain on bargain purchase	–	(19)
Increase (decrease) in allowance for doubtful accounts	(12)	1
Interest and dividend income	(57)	(53)
Interest expenses	426	420
Share of (profit) loss of entities accounted for using equity method	(0)	(287)
Loss (gain) on sales of non-current assets	(0)	39
Loss on retirement of non-current assets	116	50
Decrease (increase) in notes and accounts receivable - trade	(2,678)	(3,346)
Decrease (increase) in inventories	(1,786)	(122)
Increase (decrease) in notes and accounts payable - trade	3,414	16,601
Other, net	1,162	5,370
Subtotal	10,515	28,510
Interest and dividend income received	57	59
Interest expenses paid	(361)	(270)
Income taxes (paid) refund	(6,602)	(5,164)
Net cash provided by (used in) operating activities	3,608	23,135
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,080)	(4,657)
Proceeds from sales of property, plant and equipment	0	39
Purchase of intangible assets	(252)	(162)
Purchase of investment securities	(109)	(300)
Decrease (increase) in short-term loans receivable	(67)	(219)
Other, net	196	(191)
Net cash provided by (used in) investing activities	(5,312)	(5,490)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	10,550	(14,828)
Proceeds from long-term loans payable	–	6,700
Repayments of long-term loans payable	(4,356)	(4,412)
Purchase of treasury shares	(2,542)	(0)
Cash dividends paid	(1,497)	(1,652)
Cash dividends paid to minority shareholders	(20)	(28)
Other, net	(8)	(8)
Net cash provided by (used in) financing activities	2,125	(14,230)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	422	3,413
Cash and cash equivalents at beginning of period	6,862	6,800
Cash and cash equivalents at end of period	7,284	10,213