

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2014 (Based on Japanese GAAP)

October 6, 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: October 15, 2014
 Scheduled date to commence dividend payments: November 7, 2014
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for six months ended August 31, 2014 (from March 1, 2014 to August 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	%
Six months ended August 31, 2014	283,405	4.0	13,770	(5.9)	13,690	(3.9)	8,515	(7.2)
Six months ended August 31, 2013	272,528	4.7	14,635	12.3	14,243	13.4	9,171	17.4

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2014	118.51	—
Six months ended August 31, 2013	123.44	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2014	419,039	137,452	30.4
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	—	23.00	—	—	—
Year ending February 28, 2015 (Forecast)	—	—	—	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
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 six months ended August 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 August 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 August 31, 2014	7,005,099 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)

Six months ended August 31, 2014	71,856,998 shares	Six months ended August 31, 2013	74,299,814 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of August 31, 2014
Assets		
Current assets		
Cash and deposits	6,800	13,586
Notes and accounts receivable - trade	25,482	29,031
Merchandise and finished goods	24,125	22,051
Work in process	84	67
Raw materials and supplies	319	332
Other	14,718	16,862
Allowance for doubtful accounts	(635)	(621)
Total current assets	70,895	81,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,474	134,721
Land	141,011	144,083
Other, net	9,547	14,968
Total property, plant and equipment	284,033	293,773
Intangible assets	7,418	7,960
Investments and other assets		
Other	35,142	36,392
Allowance for doubtful accounts	(419)	(398)
Total investments and other assets	34,723	35,994
Total non-current assets	326,175	337,728
Total assets	397,071	419,039
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,191	43,332
Short-term loans payable	46,726	33,168
Current portion of long-term loans payable	23,249	23,999
Income taxes payable	5,287	4,884
Provision for bonuses	1,451	1,987
Provision for directors' bonuses	47	12
Provision for point card certificates	1,817	2,077
Provision for loss on recollection of gift certificates	53	55
Asset retirement obligations	335	—
Other	21,653	31,948
Total current liabilities	123,813	141,464
Non-current liabilities		
Long-term loans payable	103,471	100,080
Provision for retirement benefits	6,540	6,717
Provision for directors' retirement benefits	1,241	1,264
Provision for loss on interest repayment	329	268
Asset retirement obligations	6,501	6,675
Other	24,994	25,116
Total non-current liabilities	143,079	140,122
Total liabilities	266,892	281,587

(Millions of yen)

As of February 28, 2014

As of August 31, 2014

	As of February 28, 2014	As of August 31, 2014
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	94,517	101,380
Treasury shares	(16,760)	(16,761)
Total shareholders' equity	119,652	126,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,162
Foreign currency translation adjustment	(264)	(263)
Total accumulated other comprehensive income	558	899
Minority interests	9,966	10,038
Total net assets	130,178	137,452
Total liabilities and net assets	397,071	419,039

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

	(Millions of yen)	
	Six months ended August 31, 2013	Six months ended August 31, 2014
Net sales	259,691	270,138
Cost of sales	204,165	212,392
Gross profit	55,526	57,745
Operating revenue	12,836	13,266
Operating gross profit	68,363	71,012
Selling, general and administrative expenses	53,727	57,242
Operating income	14,635	13,770
Non-operating income		
Interest income	72	73
Purchase discounts	187	153
Share of profit of entities accounted for using equity method	10	368
Other	371	333
Total non-operating income	640	928
Non-operating expenses		
Interest expenses	849	830
Other	183	178
Total non-operating expenses	1,033	1,009
Ordinary income	14,243	13,690
Extraordinary income		
Gain on sales of non-current assets	693	2
Gain on bargain purchase	-	19
Gain on sales of securities	61	-
Total extraordinary income	754	22
Extraordinary losses		
Loss on sales of non-current assets	31	41
Loss on retirement of non-current assets	292	180
Other	15	11
Total extraordinary losses	340	232
Income before income taxes and minority interests	14,657	13,479
Income taxes - current	5,331	4,728
Income taxes - deferred	(43)	138
Total income taxes	5,287	4,866
Income before minority interests	9,369	8,612
Minority interests in income	197	96
Net income	9,171	8,515

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2013	Six months ended August 31, 2014
Income before minority interests	9,369	8,612
Other comprehensive income		
Valuation difference on available-for-sale securities	310	370
Foreign currency translation adjustment	7	0
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	317	371
Comprehensive income	9,687	8,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,411	8,856
Comprehensive income attributable to minority interests	275	127

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2013	Six months ended August 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	14,657	13,479
Depreciation	6,096	6,324
Amortization of goodwill	57	57
Gain on bargain purchase	–	(19)
Increase (decrease) in allowance for doubtful accounts	(28)	(34)
Interest and dividend income	(117)	(117)
Interest expenses	849	830
Share of (profit) loss of entities accounted for using equity method	(10)	(368)
Loss (gain) on sales of non-current assets	(661)	38
Loss on retirement of non-current assets	292	180
Decrease (increase) in notes and accounts receivable - trade	(2,797)	(3,548)
Decrease (increase) in inventories	(768)	2,229
Increase (decrease) in notes and accounts payable - trade	17,963	19,919
Other, net	4,753	5,199
Subtotal	40,286	44,171
Interest and dividend income received	119	122
Interest expenses paid	(772)	(760)
Income taxes (paid) refund	(6,376)	(5,173)
Net cash provided by (used in) operating activities	33,256	38,359
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,703)	(9,275)
Proceeds from sales of property, plant and equipment	1,513	40
Purchase of intangible assets	(535)	(528)
Purchase of investment securities	(265)	(418)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(623)
Decrease (increase) in short-term loans receivable	9	(204)
Other, net	329	(497)
Net cash provided by (used in) investing activities	(9,651)	(11,506)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(11,340)	(14,658)
Proceeds from long-term loans payable	10,000	8,800
Repayments of long-term loans payable	(9,286)	(12,507)
Purchase of treasury shares	(2,769)	(0)
Cash dividends paid	(1,497)	(1,652)
Cash dividends paid to minority shareholders	(20)	(28)
Other, net	(16)	(18)
Net cash provided by (used in) financing activities	(14,929)	(20,066)
Effect of exchange rate change on cash and cash equivalents	(1)	0
Net increase (decrease) in cash and cash equivalents	8,674	6,786
Cash and cash equivalents at beginning of period	6,862	6,800
Cash and cash equivalents at end of period	15,536	13,586