

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2015 (Based on Japanese GAAP)

October 8, 2015

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 14, 2015
 Scheduled date to commence dividend payments: November 9, 2015
 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, 2015 (from March 1, 2015 to August 31, 2015)

(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, 2015	310,579	9.6	14,761	7.2	14,421	5.3	9,258	8.7
Six months ended August 31, 2014	283,405	4.0	13,770	(5.9)	13,690	(3.9)	8,515	(7.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2015	129.04	—
Six months ended August 31, 2014	118.51	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2015	436,837	151,380	32.2
As of February 28, 2015	432,416	145,709	31.2

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, 2015	—	23.00	—	28.00	51.00
Year ending February 29, 2016	—	31.00	—	—	—
Year ending February 29, 2016 (Forecast)	—	—	—	31.00	62.00

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

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	648,200	11.8	33,300	9.8	32,100	7.8	18,100	4.3	251.89

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2015
(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: Yes
- 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, 2015	78,861,920 shares	As of February 28, 2015	78,861,920 shares
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Number of treasury shares at the end of the period

As of August 31, 2015	7,378,179 shares	As of February 28, 2015	7,005,563 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, 2015	71,749,758 shares	Six months ended August 31, 2014	71,856,998 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
Assets		
Current assets		
Cash and deposits	13,380	10,076
Notes and accounts receivable - trade	28,540	30,584
Merchandise and finished goods	24,517	23,845
Work in process	85	109
Raw materials and supplies	383	407
Other	16,413	18,024
Allowance for doubtful accounts	(627)	(660)
Total current assets	82,692	82,388
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	136,677	150,049
Land	147,469	147,757
Other, net	20,015	12,640
Total property, plant and equipment	304,162	310,446
Intangible assets	7,985	8,226
Investments and other assets		
Other	37,971	36,168
Allowance for doubtful accounts	(395)	(392)
Total investments and other assets	37,575	35,776
Total non-current assets	349,723	354,449
Total assets	432,416	436,837
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,564	31,678
Short-term loans payable	20,387	24,611
Current portion of long-term loans payable	25,888	23,902
Income taxes payable	6,987	5,833
Provision for bonuses	1,491	2,071
Provision for directors' bonuses	37	28
Provision for point card certificates	2,017	2,303
Provision for loss on recollection of gift certificates	81	81
Other	36,640	30,922
Total current liabilities	134,096	121,433
Non-current liabilities		
Long-term loans payable	110,876	122,993
Provision for directors' retirement benefits	1,405	1,452
Provision for loss on interest repayment	273	235
Net defined benefit liability	8,193	6,778
Asset retirement obligations	6,723	6,830
Other	25,138	25,734
Total non-current liabilities	152,610	164,024
Total liabilities	286,706	285,457

(Millions of yen)

As of February 28, 2015

As of August 31, 2015

	As of February 28, 2015	As of August 31, 2015
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	108,283	116,493
Treasury shares	(16,763)	(18,931)
Total shareholders' equity	133,416	139,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,785	1,547
Remeasurements of defined benefit plans	(383)	(354)
Total accumulated other comprehensive income	1,402	1,193
Minority interests	10,890	10,729
Total net assets	145,709	151,380
Total liabilities and net assets	432,416	436,837

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, 2014	Six months ended August 31, 2015
Net sales	270,138	296,543
Cost of sales	212,392	232,981
Gross profit	57,745	63,562
Operating revenue	13,266	14,035
Operating gross profit	71,012	77,598
Selling, general and administrative expenses	57,242	62,837
Operating income	13,770	14,761
Non-operating income		
Interest income	73	74
Purchase discounts	153	159
Share of profit of entities accounted for using equity method	368	24
Other	333	420
Total non-operating income	928	679
Non-operating expenses		
Interest expenses	830	765
Other	178	253
Total non-operating expenses	1,009	1,019
Ordinary income	13,690	14,421
Extraordinary income		
Gain on sales of non-current assets	2	2
Gain on sales of investment securities	-	930
Gain on bargain purchase	19	18
Subsidy income	-	359
Total extraordinary income	22	1,311
Extraordinary losses		
Loss on sales of non-current assets	41	17
Loss on retirement of non-current assets	180	115
Impairment loss	-	83
Other	11	45
Total extraordinary losses	232	261
Income before income taxes and minority interests	13,479	15,470
Income taxes - current	4,728	5,707
Income taxes - deferred	138	580
Total income taxes	4,866	6,287
Income before minority interests	8,612	9,183
Minority interests in income (loss)	96	(75)
Net income	8,515	9,258

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Income before minority interests	8,612	9,183
Other comprehensive income		
Valuation difference on available-for-sale securities	370	(268)
Foreign currency translation adjustment	0	–
Remeasurements of defined benefit plans, net of tax	–	35
Share of other comprehensive income of entities accounted for using equity method	0	–
Total other comprehensive income	371	(233)
Comprehensive income	8,983	8,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,856	9,049
Comprehensive income attributable to minority interests	127	(99)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	13,479	15,470
Depreciation	6,324	6,871
Impairment loss	–	83
Amortization of goodwill	57	85
Gain on bargain purchase	(19)	(18)
Increase (decrease) in allowance for doubtful accounts	(34)	88
Interest and dividend income	(117)	(126)
Interest expenses	830	765
Share of (profit) loss of entities accounted for using equity method	(368)	(24)
Subsidy income	–	(359)
Loss (gain) on sales of investment securities	6	(913)
Loss (gain) on sales of non-current assets	38	14
Loss on retirement of non-current assets	180	115
Decrease (increase) in notes and accounts receivable - trade	(3,548)	(2,044)
Decrease (increase) in inventories	2,229	623
Increase (decrease) in notes and accounts payable - trade	19,919	(8,885)
Other, net	5,193	(4,621)
Subtotal	44,171	7,124
Interest and dividend income received	122	131
Interest expenses paid	(760)	(807)
Proceeds from subsidy income	–	359
Income taxes (paid) refund	(5,173)	(6,845)
Net cash provided by (used in) operating activities	38,359	(36)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,275)	(14,015)
Proceeds from sales of property, plant and equipment	40	134
Purchase of intangible assets	(528)	(752)
Purchase of investment securities	(418)	(907)
Proceeds from sales of investment securities	22	2,288
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(623)	–
Decrease (increase) in short-term loans receivable	(204)	(142)
Other, net	(520)	60
Net cash provided by (used in) investing activities	(11,506)	(13,334)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(14,658)	4,223
Proceeds from long-term loans payable	8,800	23,650
Repayments of long-term loans payable	(12,507)	(13,519)
Purchase of treasury shares	(0)	(2,168)
Cash dividends paid	(1,652)	(2,012)
Cash dividends paid to minority shareholders	(28)	(28)
Other, net	(18)	(78)
Net cash provided by (used in) financing activities	(20,066)	10,067
Effect of exchange rate change on cash and cash equivalents	0	–
Net increase (decrease) in cash and cash equivalents	6,786	(3,303)
Cash and cash equivalents at beginning of period	6,800	12,990
Cash and cash equivalents at end of period	13,586	9,686