

Business Report 2014

March 1, 2013 - February 28, 2014



Innovation, Excitement and Surprise

youme



Izumi Co., Ltd.



May I offer my sincere thanks to all our shareholders for their kind support.

In the retail environment during the term, consumer morale gradually improved, under the influence of a corporate performance recovery powered by a cheap yen and buoyant stock markets, and some consumers shopped for enjoyment as well as going after low prices.

Continuing on from the last term, which saw us post our highest-ever profits, our Group has pursued customer satisfaction with a guiding policy of “Doing our all for our customers”, so as to lift our profits to the next level in this term. In particular, we have been pressing ahead with reviewing the quality, prices and provision methods of our goods and services from the customer’s point of view, without deference to past practices.

As regards our stores, we have worked to acquire candidate shop-opening sites for the future, and at the same time have newly constructed eight “youme Mart” small-trading-area stores and so forth, effecting a further strengthening that gives us predominance in our region. Also, the new Head Office, which is to serve as a new “command tower” for our Group, was completed and we moved into it in November.

Looking at our performance segment by segment, in the retail segment which is the core of our business we went on providing high added-value products at competitive prices under our slogan of “The Good Life, Inexpensively”. Also, we released priority merchandise in accordance with hypotheses of sales trends at the weekly level, and enhanced the enjoyability and freshness of shopping spaces so that the merchandise yielded sales increases.

In the tenant segment, we have replaced tenants with more prominent and popular ones, thereby enhancing the stores’ competitiveness.

Further, in order to benefit definitely from the fruits of our productivity improvements to date, we worked to entrench them in the various stores, and moreover we made a start with efforts for the next stage of activities with a view to the next level of improvements.

In the retail-peripheral operations segment, we moved ahead with promoting the use of credit cards by shoppers and expanding the use of electronic money in the form of the “youmeka” card. In particular, there has been a rapid increase in the number of cardholders (from 1.16 million last term to 3.50 million this term), not only resulting in an increase in revenue from handling commissions, but also contributing to improved customer-drawing power for the entire Izumi Group.

These results gave increased revenue and profits in our business results for this term – as you will see below – and have enabled us to achieve record-breaking profits. Hence, we are raising our dividend payments to 43 yen per share per year, so as to return these fruits to our shareholders.

For the next term, we will be making fine-grained responses to customers’ needs, as well as continuing with our efforts to make “The Good Life, Inexpensively” a reality – in spite of the forecasts of a slump in consumer spending from April onward as a reaction to the consumption tax hike. We are also planning to build three new small-trading-area stores as we achieve further expansion and company growth to a predominant position in our region.

I look forward to receiving continued guidance and encouragement from all our shareholders.

The History of Izumi Co., Ltd.

1946	Yoshimasa Yamanishi (the current chairperson) opens a stall outside the Hiroshima train station.
1950	Apparel wholesaler Yamanishi Shoten Co., Ltd., is established.
1961	Izumi Co., Ltd., is established and the first Izumi supermarket is opened.
1967	Second store is opened next to the Hiroshima train station.
1968	Hiring of large numbers of new college graduates begins.
1969	Okayama store is opened.
1970	Kure store is opened.
1972	Sun Mall outlet is opened.
1973	Gion store, the first suburban store is opened.
1974	Nihon Ryutsu Sangyo Co., Ltd. (Nichiryu), a cooperative buying organization, is established.
1977	Izumi joins the Japan Chain Stores Association.
1978	Stock is listed on the Osaka Securities Exchange, second section, and the Hiroshima Securities Exchange.
1980	Izumi changes the Japanese spelling of its company name ("Izumi" changes from hiragana to katakana).
1983	Total Quality Control (TQC) is introduced, and efforts are made to vitalize the entire organization.
1985	Point of sale (POS) system is introduced, and progress is made on integration of company information. Fashion boutique building Wiz Wonderland is opened.
1986	Stock is listed on the Tokyo Stock Exchange, second section, and the Osaka Securities Exchange, first section.
1987	Stock is listed on the Tokyo Stock Exchange, first section. ai Card is introduced.
1990	The You Me Town shopping center format is launched. X-sell Inc. is established as part of the Company's import business.
1991	Yoshimasa Yamanishi (the current chairperson) is awarded the Japanese Medal of Honor with blue ribbon for excellence in public service. The Company is awarded the Chugoku Regional Quality Control Award.
1993	Yasuaki Yamanishi is appointed as president and representative director. Yoshimasa Yamanishi is appointed as chairperson and representative director.
1994	The Izumi women's handball team is launched. Izumi becomes an official sponsor of the 14th Asian Handball Championships in Hiroshima.
1995	Izumi begins pursuing a growth strategy based on opening shopping malls in Kyushu. The first to open is the You Me Town Onga mall in Fukuoka.
1996	Eight new shopping malls are opened, including the Kyushu flagship mall You Me Town Chikushino. Izumi Food Service Co., Ltd., is established.
1997	The Izumi Museum of Art is founded. Youme Card Co., Ltd., is established.
1998	You Me Town Takamatsu, one of the largest retail facilities in west Japan, is opened.
1999	The Company receives two awards, the Hiroshima Josei Shonen Shitsu-cho Award for businesses that promote equal opportunities for men and women, and the Ministry of Health, Labour and Welfare Award for businesses that provide employment opportunities for the disabled. The Izumi women's handball team becomes a "triple crown" winner for the first time in its history.
2000	Yumesaito, You Me Town Hakata, and You Me Town Yame malls are opened.
2001	You Me Town Omuta is opened. The Izumi women's handball team becomes the Hiroshima Maple Reds, representing the entire prefecture of Hiroshima.
2002	You Me Town Gakuen is opened. Four large-scale stores are acquired from now-defunct retailer Nikonikodo Co., Ltd.
2003	City Park Hamada and You Me Town Kurume are opened.
2004	You Me Town Hikari no Mori is opened. The Company receives an Award for Excellence from the Ministry of Health, Labour and Welfare for its promotion of active roles for women in the workplace. You Me Town Kure is opened. City Park Kure (formerly Izumi Kure) is opened.
2005	You Me Town Yatsushiro is opened.
2006	You Me Town Saga is opened. The Company is awarded the Hiroshima Labour Bureau Chief's Award for family-friendly businesses.
2007	You Me Town Beppu is opened. You Me Town Hiroshima is opened.
2008	You Me Town Izumo is opened. You Me Town Mitoyo is opened. You Me Town Marugame is opened.
2011	You Me Town Tokushima is opened.
2012	Joy Step Limited Private Company, our former consolidated subsidiary, was taken over by Izumi Co., Ltd.
2013	Headquarters was relocated to 3-3-1 Futabanosato, Higashi-ku, Hiroshima.

“youme,” evolving and growing
An essential part of the local community. Our aim is to be the top local store.



Consolidated Financial Highlights

Revenue

¥556,852 million

(Year-on-year comparison) **104.0%**

Ordinary Income

28,446 million

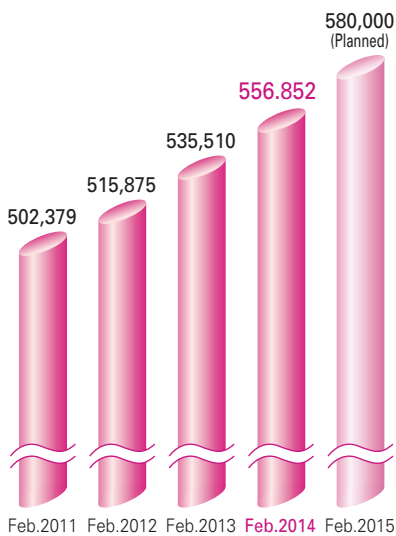
(Year-on-year comparison) **105.0%**

Net Income for the Period

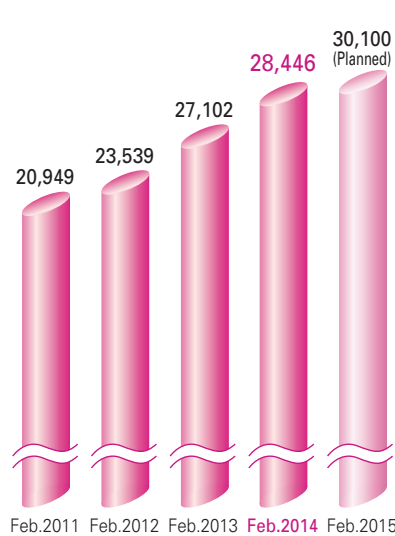
17,384 million

(Year-on-year comparison) **107.4%**

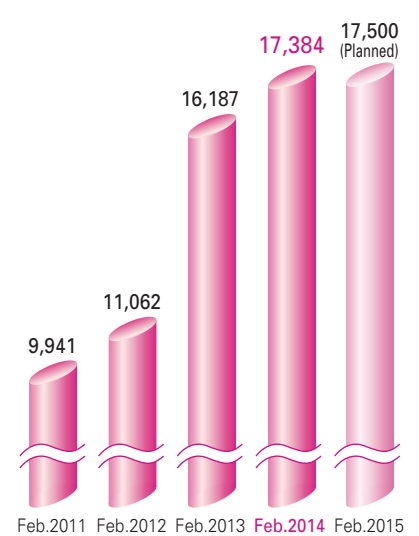
(Millions of yen)



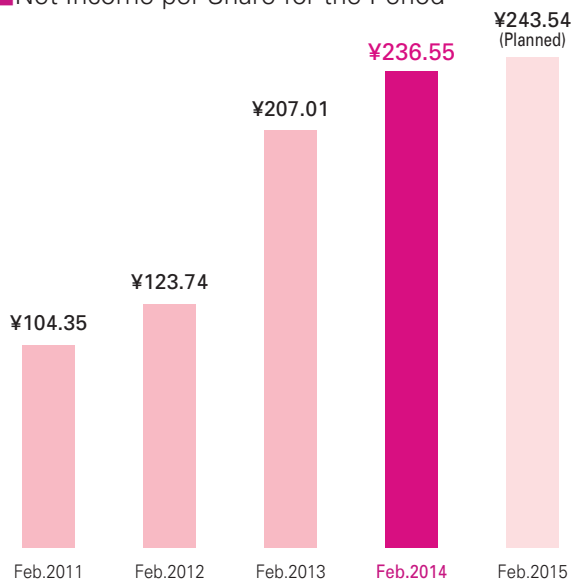
(Millions of yen)



(Millions of yen)



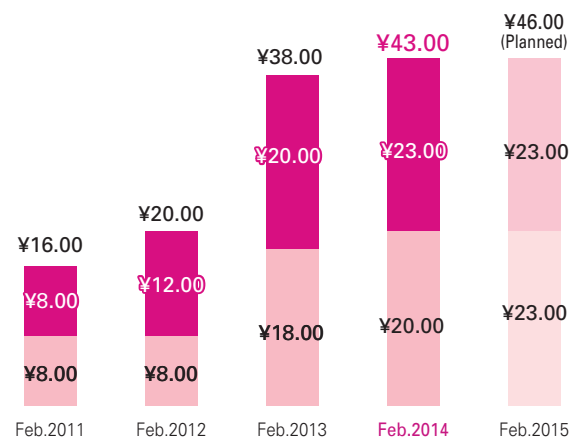
Net Income per Share for the Period



Cash Dividend per Share

By achieving record-breaking profits, we have been able to increase the cash dividend per share as shown below.

■ Year-end dividend
■ Interim dividend



Focus① A visit to the new Head Office

New Head Office (new command tower) finally operational! Starting new challenges and innovations with the aim of being a Trillion Yen Company!

In November last year the new Head Office that will serve as Izumi's new command tower became operational.

Its prime strength is vitalization of communication and teamwork.

Inside the new Head Office we have provided various innovative means and environments for such vitalization.



Office

In the offices, which are the command tower's fundamental component, we have constructed state-of-the-art IT facilities and security systems. The offices vitalize communication through environmental designs replete with comfort and creativity, and sit-where-you-choose desk/seating arrangements.



Youme Hall (Lecture Theater)

The building is provided with a hall for conferences, lectures and so forth, that seats up to 300 people. It is also able to host TV conferencing, and enables information sharing in real time between the Head Office and the stores.



Staff Restaurant

On the top floor we've provided a staff restaurant that gives a sense of openness and plenty of expansive views. As well as being a place for staff to refresh themselves from their work, it serves as a site for communication with fellow staff they don't normally come in contact with.



Youme Library

We've installed a library with a wealth of books and periodicals relating to skills upgrading, especially specialist books about business and the distribution industry. It is also utilized as a source of hints for store improvement and product development.

Izumi History Museum

This is a museum that narrates Hiroshima's revival in the wake of the atomic bombing and the course of Izumi's History from its founding onward. Exhibiting numerous treasured and nostalgic photographs, the museum is open to the general public, who are finding it a gladdening experience.

column

>>> Contains "youme Mart Futaba-no-Sato" urban supermarket

On the New Head Office's first floor, we've constructed "youme Mart Futaba-no-Sato", an urban supermarket with a full and copious range of goods for daily living – primarily food. It is highly appreciated by the neighborhood residents and office workers, people utilizing JR Hiroshima Station, and others besides.

Opening hours: 9 am to 12 midnight (7 days a week) Retail floor space: 1,970 m²

Focus② youme Town Hatsukaichi Project

Project starts in Hatsukaichi City for largest “youme Town” yet!

In collaboration with the City of Hatsukaichi, Izumi is moving ahead with preparations to open a “youme Town Hatsukaichi” (provisional name) that will be a flagship urban development facility. Work on the Hatsukaichi Project has started at last, and we are aiming to open the facility in the spring of 2015. An overview of the project is set forth below.



Opening scheduled for spring 2015!

“youme Town Hatsukaichi” – set amid water, parks, flowers and cherry trees

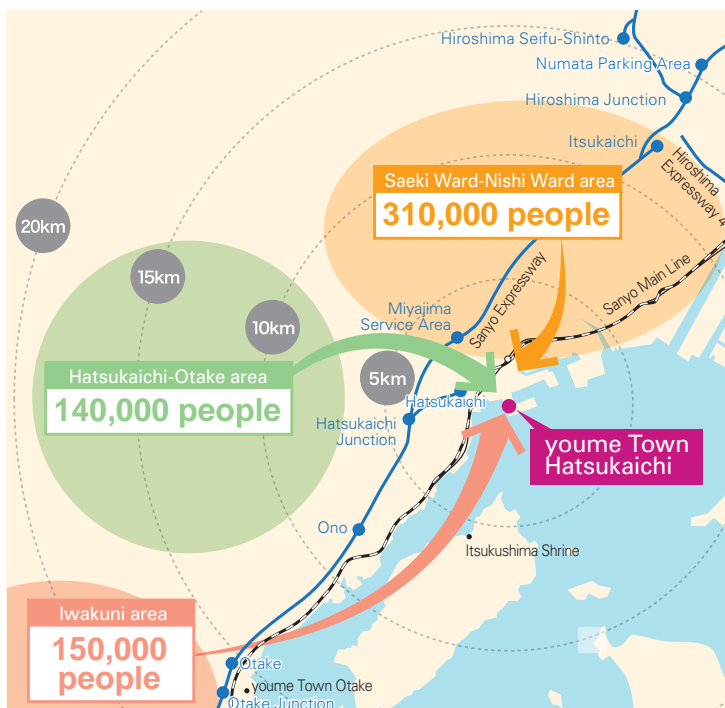
“youme Town Hatsukaichi” is placed as a flagship facility of the “Civic Core Area” that is being promoted by the City of Hatsukaichi as a new city-center development project.

The civic core will be an area where public administrative services, cultural facilities and commercial facilities are concentrated, and promises to truly form a new core for Hatsukaichi City.

Its surroundings will be provided with aquatic parks, cherry tree groves and similar, and it is planned that the zone thus formed will serve as a center for recreation and activities on the part of the city’s people.



Site area: 61,000 m² / Total floor space: 182,000 m² / Retail floor space: 50,000 m² / Parking capacity: 4,000 vehicles

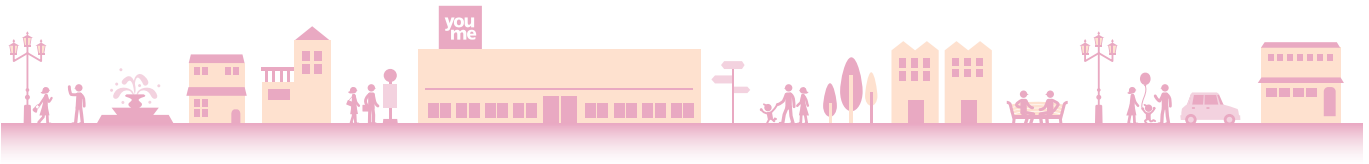


Extensive market area with 600,000 people, targeting three generations

The market area envisioned extends to a radius of 20 km. The facility will be easily accessible from Hatsukaichi City all through the week, while at weekends it is expected to draw customers from a wide area – extending to the Saeki and Nishi Wards of Hiroshima City to the eastward, and to Iwakuni City to the westward – with a population of 600,000 people.

In order to satisfy so many customers, the basic concept is store creation that targets three generations.

The facility will feature: a section with prestige stores of Hiroshima and other prefectures offering wide ranges of fine products; an expansive food market covering 4,000 m²; a fashion zone with the latest trends; a food court seating 900 people; and more than 20 specialty eateries. Thus, the facility will exceed the imagination not only in size but also in thrillingness and emotional impact.



We’ve started deploying “youme Malls” - a third business category following on from the youme Towns and Marts

Thus far, Izumi has developed the “youme Town” composite shopping centers for large trading areas and the food-based “youme Mart” supermarkets for small trading areas.

We are now starting on our third strategic business category, the “youme Malls”, which are to bring together large specialist daily-article stores with “youme Marts” as their core.

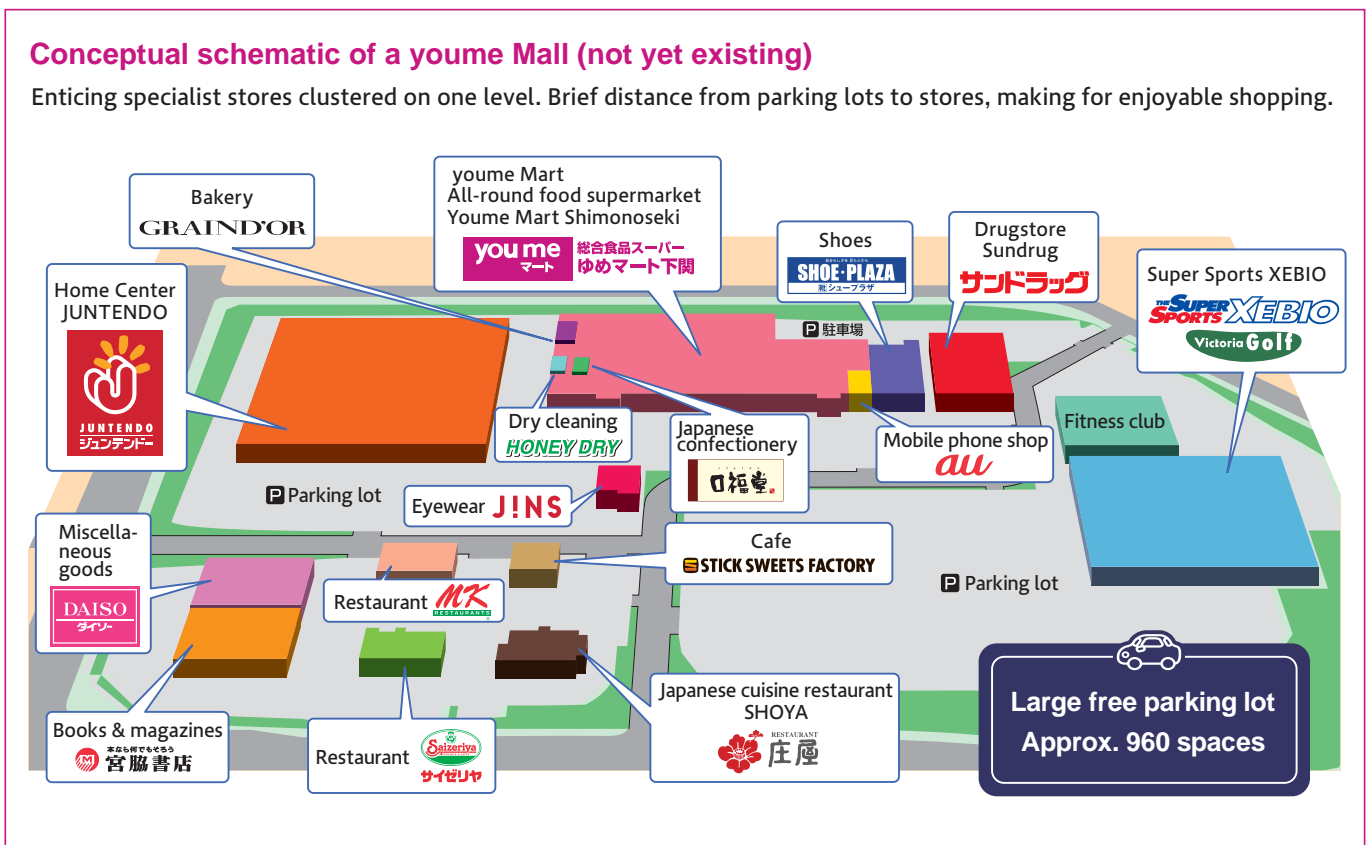
With these three store formats, we will be deploying an even finer-grained store-opening strategy from now on.

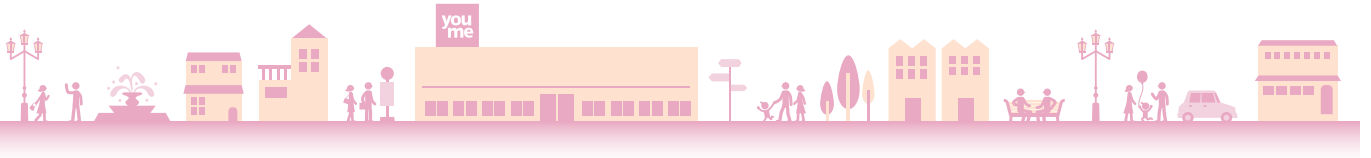
“youme Mall” – New business category that unites youme Marts with large daily-goods specialist stores

The “youme Mall” is a neighborhood-style shopping center that brings bookstores, drugstores, home centers and other large specialist daily-article stores together in one place, around a “youme Mart” food supermarket as the center.

With multiple shops sharing a parking lot in an expansive site, the youme Mall is a one-stop facility offering advantages of increased convenience for consumers, who can go around from shop to shop inside it to buy all their daily convenience articles.

A handy shopping center that people will want to use every day – that’s the new business category “youme Mall”





youme Mall Shimonoseki

Grand opening
on November 14, 2013!

11 large specialist store buildings with spacious parking

We have opened “youme Mall Shimonoseki” in a well-favored spot that is a transportational and distributional node-point – it neighbors Shinshimonoseki’s wholesaler district and is located at a juncture of interregional trunk roads including Chugoku Expressway Shimonoseki Interchange and National Route 2. This facility’s core is the “youme Mart Shimonoseki”, which offers products of value to enrich people’s eating lives at the lowest prices in the region, under the slogan of “The Good Life, Overwhelmingly Inexpensively”. Also gathered inside the site are 11 popular specialist stores including Super Sports XEBIO, JUNTENDO, JINS eyewear (debuting in Yamaguchi) and a Saizeriya restaurant, which together make up a formidable customer pulling power.



Store Overview (Approximate figures)

Site area: 71,500 m² / Total floor space: 19,000 m² /
Retail floor space: 13,500 m² / Parking capacity: 960 vehicles

youme Mall Yanagawa (provisional name)

Scheduled to open
in summer 2014!

First youme Mall-style store in the Kyushu area

Supporting vitality creation in the Nishitetsu Yanagawa Station Eastern Zone



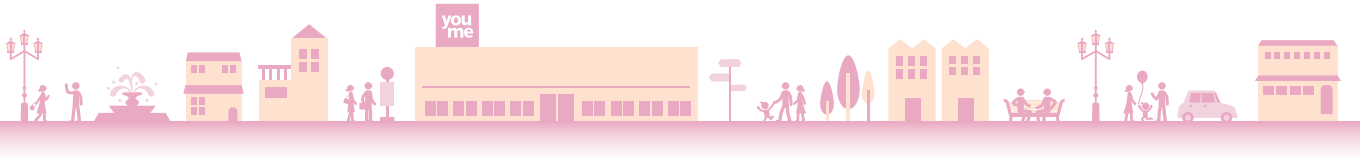
Store Overview (Approximate figures)

Site area: 48,400 m² / Total floor space: 17,000 m² /
Retail floor space: 12,000 m² /
Parking capacity: 800 vehicles

Following on from youme Mall Shimonoseki, we are pushing ahead with preparations to open Kyushu’s first youme Mall in Yanagawa City, Fukuoka Prefecture.

The City of Yanagawa is currently proceeding with development for vitalization of the Nishitetsu Yanagawa Station area, and “youme Mall Yanagawa” (provisional name) is positioned as a core facility for creation of an industrial zone in the area.

This mall will bring together a diversity of specialist stores and restaurants – for electrical appliances (K’s Denki), sports goods (Himaraya), shoes (ABC Mart), menswear (Aoki) and conveyor-belt sushi (Kappazushi) – centered around a youme Mart.



New stores opening one after another!

We're moving ahead with a store-opening strategy that has 3 pillars: youme Towns, youme Marts and youme Malls.

Over the future we plan to actively open further stores in the “youme” series.

youme Town Tamana

Opening
October 23, 2013!

23 specialist stores convenient for day-to-day living – all in one place!

“youme Town Tamana” has opened in a central district of Tamana City where large numbers of city residents move to and fro, near the City Office and JR Tamana Station.

Besides a food supermarket, the facility brings 23 specialist stores – including a drugstore (youme Drug) and a fashion center (youme Style) – compactly together inside it, offering one-stop services convenient for daily living.



Store Overview (Approximate figures)

Site area: 21,000 m² / Total floor space: 9,700 m² /
Retail floor space: 6,900 m² / Parking capacity: 454 vehicles

youme Mart Aga

Opening
November 21, 2013!

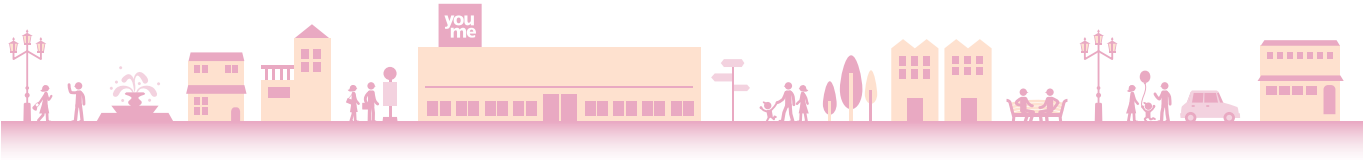
Supermarket nestled in its locale, with freshness a point of pride!



Located at National Route 185's intersection with the Higashihiroshima-Kure Road, this facility can be accessed from a wide area, besides also being convenient for visits by bicycle or on foot from the neighboring residential districts. The area has many single people and families with the parents in their 30s, and to all of them the facility offers products of value that put top priority on freshness and are packaged in convenient quantities, under the slogan of “The Good Life, Inexpensively”.

Store Overview (Approximate figures)

Site area: 6,600 m² / Total floor space: 3,200 m² /
Retail floor space: 2,200 m² / Parking capacity: 120 vehicles



youme Mart Tasaki

Opening
December 16, 2013!

More convenient, more awesome daily living

“youme Mart Tasaki” has now opened, in a location facing onto the major Prefectural Route 28, neighboring the Kumamoto District Wholesalers’ Market (commonly known as the “Tasaki Market”), which is a popular food shopping spot with Kumamoto City’s people.

It brings compactly together 12 specialist stores – a food supermarket directly managed by Izumi, along with others such as youme Drug and youme Style. A one-stop shopping center that insists on good prices, freshness and shopping convenience.



Store Overview (Approximate figures)

Site area: 14,250 m² / Total floor space: 6,300 m² /
Retail floor space: 4,400 m² / Parking capacity: 300 vehicles

youme Mart Matsubase

Opening
March 25, 2014!

Shopping center rooted in its locale



youme Mart Matsubase is a small-trading-area store that is closely tailored to its locale. Under the basic concept of “The Good Life, Inexpensively”, it brings 11 specialist stores compactly together in its interior. They are headed by a food supermarket and include a drugstore (youme Drug) and a fashion center (youme Style).

Store Overview (Approximate figures)

Site area: 13,000 m² / Total floor space: 6,700 m² /
Retail floor space: 4,900 m² / Parking capacity: 260 vehicles

CONSOLIDATED BALANCE SHEETS

As of Feb 28,2013 and Feb 28,2014	Millions of yen		Thousands of U.S.dollars
	2013	2014	2014
(Assets)			
Current assets			
Cash and deposits	¥ 6,862	¥ 6,800	\$ 66,706
Notes and accounts receivable - trade	22,134	25,482	249,971
Merchandise and finished goods	21,384	24,125	236,659
Work in process	16	84	824
Raw materials and supplies	286	319	3,129
Deferred tax assets	2,579	2,631	25,809
Other	11,771	12,086	118,560
Allowance for doubtful accounts	(661)	(635)	(6,229)
Total current assets	64,372	70,895	695,458
Non-current assets			
Property, plant and equipment			
Buildings and structures	289,390	296,867	2,912,174
Accumulated depreciation	(157,528)	(163,392)	(1,602,825)
Buildings and structures, net	131,862	133,474	1,309,339
Machinery, equipment and vehicles	5,733	6,055	59,398
Accumulated depreciation	(4,473)	(4,646)	(45,576)
Machinery, equipment and vehicles, net	1,260	1,409	13,822
Land	131,876	141,011	1,383,274
Leased assets	904	876	8,593
Accumulated depreciation	(308)	(363)	(3,561)
Leased assets, net	596	513	5,032
Construction in progress	3,876	1,477	14,489
Other	29,775	31,164	305,709
Accumulated depreciation	(24,559)	(25,017)	(245,409)
Other, net	5,215	6,147	60,300
Total property, plant and equipment	274,687	284,033	2,786,276
Intangible assets			
Goodwill	545	431	4,228
Other	6,466	6,987	68,540
Total intangible assets	7,012	7,418	72,768
Investments and other assets			
Investment securities	4,810	6,164	60,467
Long-term loans receivable	1,520	1,504	14,754
Deferred tax assets	5,339	5,468	53,639
Lease and guarantee deposits	17,249	16,965	166,421
Other	5,253	5,040	49,441
Allowance for doubtful accounts	(421)	(419)	(4,110)
Total investments and other assets	33,751	34,723	340,622
Total non-current assets	315,451	326,175	3,199,676
Total assets	379,824	397,071	3,895,144

	Millions of yen		Thousands of U.S.dollars
	2013	2014	2014
(Liabilities)			
Current liabilities			
Notes and accounts payable - trade	¥ 21,517	¥ 23,191	\$ 227,497
Short-term loans payable	41,625	46,726	458,368
Current portion of long-term loans payable	23,579	23,249	228,066
Accounts payable - other	7,121	12,389	121,532
Income taxes payable	6,541	5,287	51,864
Provision for bonuses	1,466	1,451	14,234
Provision for directors' bonuses	59	47	461
Provision for point card certificates	1,655	1,817	17,824
Provision for loss on recollection of gift certificates	58	53	520
Asset retirement obligations	740	335	3,286
Other	7,515	9,264	90,877
Total current liabilities	111,881	123,813	1,214,567
Non-current liabilities			
Long-term loans payable	101,625	103,471	1,015,019
Lease obligations	557	503	4,934
Long-term lease and guarantee deposited	23,467	22,966	225,289
Provision for retirement benefits	6,358	6,540	64,155
Provision for directors' retirement benefits	1,203	1,241	12,174
Provision for loss on interest repayment	403	329	3,227
Deferred tax liabilities	1,193	1,074	10,536
Asset retirement obligations	6,399	6,501	63,773
Other	592	449	4,405
Total non-current liabilities	141,802	143,079	1,403,561
Total liabilities	253,684	266,892	2,618,128
(Net assets)			
Shareholders' equity			
Capital stock	19,613	19,613	192,397
Capital surplus	22,282	22,282	218,580
Retained earnings	80,942	94,517	927,183
Treasury shares	(7,770)	(16,760)	(164,410)
Total shareholders' equity	115,067	119,652	1,173,749
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	583	822	8,064
Foreign currency translation adjustment	(270)	(264)	(2,590)
Total accumulated other comprehensive income	312	558	5,474
Minority interests	10,759	9,966	97,763
Total net assets	126,139	130,178	1,277,006
Total liabilities and net assets	379,824	397,071	3,895,144

Notes : U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥101.94=U.S.\$1 as of February 28, 2014.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended Feb 28,2013 and Feb 28,2014	Millions of yen		Thousands of U.S.dollars
	2013	2014	2014
Net sales	¥ 510,438	¥ 530,871	\$ 5,207,681
Cost of sales	401,857	418,677	4,107,092
Gross profit	108,580	112,193	1,100,579
Operating revenue	25,071	25,981	254,866
Operating gross profit	133,652	138,175	1,355,454
Selling, general and administrative expenses			
Advertising and promotion expenses	8,070	8,707	85,413
Distribution expenses	5,667	6,063	59,476
Provision of allowance for doubtful accounts	156	165	1,619
Employees' salaries and bonuses	35,906	37,135	364,283
Provision for bonuses	1,418	1,414	13,871
Welfare expenses	6,296	6,477	63,537
Retirement benefit expenses	745	669	6,563
Rent expenses	9,146	9,273	90,965
Utilities expenses	5,746	6,301	61,811
Depreciation	13,033	12,403	121,670
Provision for loss on interest repayment	40	36	353
Other	19,474	20,426	200,373
Total selling, general and administrative expenses	105,703	109,074	1,069,982
Operating income	27,949	29,100	285,462
Non-operating income			
Interest income	144	145	1,422
Dividend income	66	71	696
Purchase discounts	386	361	3,541
Gain on adjustment of account payable	94	97	952
Penalty income	84	107	1,050
Other	461	645	6,327
Total non-operating income	1,237	1,428	14,008
Non-operating expenses			
Interest expenses	1,836	1,716	16,833
Other	248	365	3,581
Total non-operating expenses	2,084	2,082	20,424
Ordinary income	27,102	28,446	279,046
Extraordinary income			
Gain on bad debts recovered	—	584	5,729
Gain on sales of non-current assets	32	1,528	14,989
Gain on sales of shares of subsidiaries and associates	117	—	—
Reversal of allowance for doubtful accounts	400	—	—
Gain on bargain purchase	745	—	—
Other	56	101	991
Total extraordinary income	1,352	2,213	21,709
Extraordinary losses			
Loss on sales of non-current assets	151	10	98
Loss on retirement of non-current assets	568	432	4,238
Impairment loss	470	2,054	20,149
Other	142	207	2,031
Total extraordinary losses	1,332	2,704	26,525
Income before income taxes and minority interests	27,122	27,955	274,230
Income taxes - current	10,586	10,367	101,697
Income taxes - deferred	(80)	25	245
Total income taxes	10,506	10,392	101,942
Income before minority interests	16,616	17,562	172,278
Minority interests in income	429	178	1,746
Net income	¥ 16,187	¥ 17,384	\$ 170,532

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended Feb 28,2013 and Feb 28,2014	Millions of yen		Thousands of U.S.dollars
	2013	2014	2014
Income before minority interests	¥ 16,616	¥ 17,562	\$ 172,278
Other comprehensive income			
Valuation difference on available-for-sale securities	491	288	2,825
Foreign currency translation adjustment	48	6	59
Total other comprehensive income	539	295	2,894
Comprehensive income	17,156	17,858	175,181
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	16,605	17,629	172,935
Comprehensive income attributable to minority interests	551	228	2,237

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended Feb 28,2013 and Feb 28,2014	Millions of yen		Thousands of U.S.dollars
	2013	2014	2014
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 27,122	¥ 27,955	\$ 274,230
Depreciation	13,464	12,827	125,829
Impairment loss	470	2,054	20,149
Gain on bargain purchase	(745)	—	—
Increase (decrease) in allowance for doubtful accounts	(535)	(28)	(275)
Interest and dividend income	(210)	(216)	(2,119)
Interest expenses	1,836	1,716	16,833
Share of (profit) loss of entities accounted for using equity method	(15)	(41)	(402)
Loss (gain) on sales of non-current assets	118	(1,518)	(14,891)
Loss on retirement of non-current assets	568	432	4,238
Decrease (increase) in notes and accounts receivable - trade	(1,778)	(3,397)	(33,324)
Decrease (increase) in inventories	(638)	(2,842)	(27,879)
Increase (decrease) in notes and accounts payable - trade	(597)	1,849	18,138
Other, net	9	(57)	(559)
Subtotal	39,069	38,734	379,969
Interest and dividend income received	210	216	2,119
Interest expenses paid	(1,838)	(1,693)	(16,608)
Income taxes (paid) refund	(10,245)	(11,574)	(113,537)
Net cash provided by (used in) operating activities	27,196	25,683	251,942
Cash flows from investing activities			
Purchase of property, plant and equipment	(20,066)	(25,381)	(248,980)
Proceeds from sales of property, plant and equipment	343	6,287	61,674
Purchase of intangible assets	(432)	(1,449)	(14,214)
Purchase of investment securities	(336)	(331)	(3,247)
Proceeds from sales of investment securities	124	314	3,080
Purchase of shares of subsidiaries	(413)	—	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	218	—	—
Decrease (increase) in short-term loans receivable	(848)	(73)	(716)
Other, net	1,053	686	6,729
Net cash provided by (used in) investing activities	(20,356)	(19,948)	(195,684)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	9,600	5,101	50,039
Proceeds from long-term loans payable	18,300	25,100	246,223
Repayments of long-term loans payable	(18,669)	(23,584)	(231,352)
Purchase of treasury shares	(11,137)	(8,989)	(88,179)
Purchase of treasury shares of subsidiaries	(1,701)	—	—
Cash dividends paid	(2,390)	(2,974)	(29,174)
Cash dividends paid to minority shareholders	(20)	(20)	(196)
Other, net	(254)	(133)	(1,305)
Net cash provided by (used in) financing activities	(6,272)	(5,501)	(53,963)
Effect of exchange rate change on cash and cash equivalents	34	8	78
Net increase (decrease) in cash and cash equivalents	602	242	2,374
Cash and cash equivalents at beginning of period	6,260	6,862	67,314
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(304)	(2,982)
Cash and cash equivalents at end of period	6,862	6,800	66,706

Corporate Profile (As of Feb. 28, 2014)

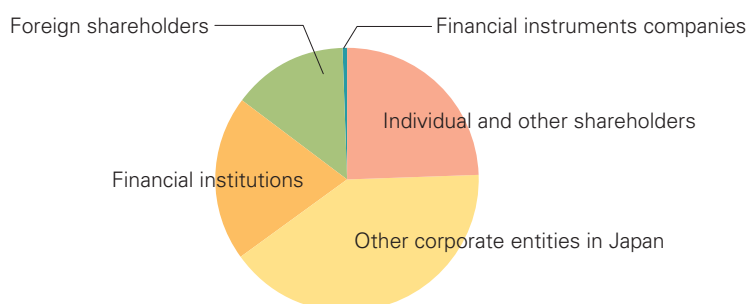
Date of establishment: **October 27, 1961**
 Head office: **3-3-1 Futabanosato, Higashi-ku, Hiroshima, Japan**
 Tel: **+81-82-264-3211**
 Paid-in capital: **¥19,613,856,196**
 Employees: **2,351 full-time, 4,631 part-time (8-hour shift equivalent)**
 Number of malls/stores: **102**

Chugoku Region	61 stores	Kyushu Region	26 stores	Other Regions	15 stores
Hiroshima pref.	33 stores	Fukuoka pref.	13 stores	Kagawa pref.	3 stores
Yamaguchi pref.	12 stores	Oita pref.	2 stores	Tokushima pref.	1 store
Okayama pref.	10 stores	Kumamoto pref.	7 stores	Hyogo pref.	5 stores
Shimane pref.	6 stores	Saga pref.	2 stores	Other	6 stores
		Nagasaki pref.	2 store		

Stock Information (As of Feb. 28, 2014)

Total number of shares issued by the Company: 195,243,000 shares
 Total number of outstanding shares: 78,861,920 shares
 Number of shareholders: 4,177
 Share unit: 100 shares

Share Unit Ownership



Individual and other shareholders	24.6%
Other corporate entities in Japan	40.6%
Financial institutions	20.1%
Foreign shareholders	14.4%
Financial instruments companies	0.3%

Major shareholders (As of Feb. 28, 2014)

Shareholder Name	Shares Held (Unit: Thousands)	Percentage of Total Shares
Izumiya, Ltd.	11,501	16.0%
Yamanishi World, Ltd.	8,433	11.7%
Izumi Kousan Co., Ltd.	4,104	5.7%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,498	3.5%
The Hiroshima Bank, Ltd.	2,362	3.3%
Nippon Life Insurance Co.	2,353	3.3%
Izumi Hiroshima Kyoaikai	2,209	3.1%
Yasuaki Yamanishi	2,035	2.8%
Daiichi Life Insurance Co.	2,030	2.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,559	2.2%

Percentage of total shares is calculated by excluding the shares held the company (7 million shares).

Izumi Co., Ltd.

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