

Consolidated Financial Results
for the Second Quarter of FY 2011

(from June 1, 2010 to August 31, 2010)

Izumi Co., Ltd.

(Millions of yen)

	2009.2Q Three Months (Jun 1, 2009 – Aug 31, 2009)		2010.2Q Three Months (Jun 1, 2010 – Aug 31, 2010)	
		YOY		YOY
Revenues	121,404	-2.5%	124,960	2.9%
Operating Income	4,167	1.0%	5,327	27.8%
Ordinary Income	3,865	-7.0%	5,003	29.4%
Net Income	1,832	7.7%	2,804	53.0%
Net Income per Share	¥ 19.24		¥ 29.43	

	2009.2Q Six Months (Mar 1, 2009 – Aug 31, 2009)		2010.2Q Six Months (Mar 1, 2010 – Aug 31, 2010)	
		YOY		YOY
Revenues	242,545	-1.8%	246,340	1.6%
Operating Income	9,819	-4.5%	10,232	4.2%
Ordinary Income	9,400	-6.8%	9,669	2.9%
Net Income	4,621	-2.1%	4,815	4.2%
Net Income per Share	¥ 48.51		¥ 50.55	

	Feb 28, 2010 (End of FY2010)	Aug 31, 2010 (End of 2Q/FY2011)
Total Assets	388,277	375,301
Net Assets	123,745	127,923
Owners' Equity Ratio	30.1%	31.5%
Net Assets per Share	¥ 1,228.70	¥ 1,241.15

Dividends

	FY2010	FY2011 (forecast)
1Q	–	–
2Q	¥ 8.00	¥ 8.00
3Q	–	–
4Q	¥ 8.00	¥ 8.00
Annual	¥ 16.00	¥ 16.00

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	August 31, 2010	February 28, 2010
Assets		
Current assets		
Cash and deposits	11,445	15,490
Notes and accounts receivable-trade	18,161	17,531
Merchandise and finished goods	20,170	23,181
Work in process	33	69
Raw materials and supplies	280	288
Other	17,941	19,079
Allowance for doubtful accounts	△980	△930
Total current assets	67,053	74,711
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	138,743	143,237
Land	119,519	119,265
Other, net	11,087	10,938
Total property, plant and equipment	269,350	273,441
Intangible assets	7,382	7,654
Investments and other assets		
Other	32,306	33,293
Allowance for doubtful accounts	△792	△822
Total investments and other assets	31,514	32,470
Total noncurrent assets	308,247	313,565
Total assets	375,301	388,277
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,695	30,328
Short-term loans payable	32,880	21,080
Current portion of long-term loans payable	22,359	20,724
Income taxes payable	4,357	6,100
Provision for bonuses	1,999	1,588
Provision for directors' bonuses	17	12
Provision for point card certificates	1,132	1,067
Provision for loss on recollection of gift certificates	53	53
Other	13,842	23,616
Total current liabilities	99,336	104,572
Noncurrent liabilities		
Long-term loans payable	113,388	124,253
Provision for retirement benefits	5,659	5,487
Provision for directors' retirement benefits	808	1,163
Provision for loss on interest repayment	617	692
Other	27,567	28,363
Total noncurrent liabilities	148,040	159,959
Total liabilities	247,377	264,531
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,419
Retained earnings	92,380	107,288
Treasury stock	△16,262	△32,705
Total shareholders' equity	118,014	116,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	522	694
Foreign currency translation adjustment	△290	△251
Total valuation and translation adjustments	231	443
Minority interests	9,677	6,685
Total net assets	127,923	123,745
Total liabilities and net assets	375,301	388,277

CONSOLIDATED STATEMENTS OF INCOME : Three Months

	(Millions of yen)	
	2009.2Q	2010.2Q
	Three Months (June 1,2009 – August 31,2009)	Three Months (June 1,2010 – August 31,2010)
Net sales	115,641	119,139
Cost of sales	90,697	93,856
Gross profit	24,944	25,283
Operating revenue	5,763	5,821
Operating gross profit	30,707	31,104
Selling, general and administrative expenses	26,540	25,776
Operating income	4,167	5,327
Non-operating income		
Interest income	35	45
Dividends income	—	153
Purchase discounts	92	79
Other	515	159
Total non-operating income	643	438
Non-operating expenses		
Interest expenses	568	554
Other	376	207
Total non-operating expenses	945	762
Ordinary income	3,865	5,003
Extraordinary income		
Gain on sales of noncurrent assets	—	29
Compensation income	—	75
Other	0	60
Total extraordinary income	0	165
Extraordinary loss		
Loss on retirement of noncurrent assets	296	199
Impairment loss	240	—
Other	71	8
Total extraordinary losses	609	208
Income before income taxes and minority interests	3,256	4,960
Income taxes-current	1,562	1,940
Income taxes-deferred	△182	43
Total income taxes	FY2010	FY2011 (forecast)
Minority interests in income	44	172
Net income	1,832	2,804

CONSOLIDATED STATEMENTS OF INCOME : Six Months

	(Millions of yen)	
	2009.2Q	2010.2Q
	Six Months (March 1,2009 – August 31,2009)	Six Months (March 1,2010 – August 31,2010)
Net sales	230,870	234,705
Cost of sales	180,827	185,040
Gross profit	50,042	49,664
Operating revenue	11,675	11,635
Operating gross profit	61,717	61,299
Selling, general and administrative expenses	51,898	51,066
Operating income	9,819	10,232
Non-operating income		
Interest income	106	97
Purchase discounts	203	180
Other	958	720
Total non-operating income	1,269	998
Non-operating expenses		
Interest expenses	1,119	1,120
Other	569	441
Total non-operating expenses	1,688	1,561
Ordinary income	9,400	9,669
Extraordinary income		
Reversal of provision for directors' retirement benefits	127	103
Gain on sales of securities	—	2,546
Other	30	156
Total extraordinary income	157	2,806
Extraordinary loss		
Loss on retirement of noncurrent assets	384	207
Impairment loss	786	46
Other	80	87
Total extraordinary losses	1,251	341
Income before income taxes and minority interests	8,305	12,134
Income taxes—current	4,232	4,248
Income taxes—deferred	△721	154
Total income taxes	3,511	4,402
Minority interests in income	FY2010	FY2011 (forecast)
Net income	4,621	4,815

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	2009.2Q Six Months (March 1,2009 – August 31,2009)	2010.2Q Six Months (March 1,2010 – August 31,2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,305	12,134
Depreciation and amortization	7,234	7,145
Impairment loss	786	46
Increase (decrease) in allowance for doubtful accounts	△10	19
Interest and dividends income	△157	△278
Interest expenses	1,119	1,120
Loss (gain) on sales and valuation of investment securities	△154	—
Loss (gain) on valuation of investment securities	—	186
Loss (gain) on sales of securities	—	△2,546
Equity in (earnings) losses of affiliates	△68	△9
Loss (gain) on sales of property, plant and equipment	△0	—
Loss (gain) on sales of noncurrent assets	—	23
Loss on retirement of property, plant and equipment	384	—
Loss on retirement of noncurrent assets	—	207
Decrease (increase) in notes and accounts receivable-trade	△697	△629
Decrease (increase) in inventories	2,977	3,053
Increase (decrease) in notes and accounts payable-trade	△8,036	△7,633
Other, net	281	△4,530
Subtotal	11,963	8,309
Interest and dividends income received	252	273
Interest expenses paid	△1,205	△1,258
Income taxes (paid) refund	△794	△5,987
Net cash provided by (used in) operating activities	10,216	1,338
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△12,981	△8,645
Proceeds from sales of property, plant and equipment	13	242
Purchase of intangible assets	△259	△260
Purchase of investment securities	△9	△2
Proceeds from sales of investment securities	259	50
Decrease (increase) in short-term loans receivable	—	1,411
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	7	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	FY2010	FY2011 (forecast)
Other, net	161	176
Net cash provided by (used in) investing activities	△12,795	△7,027
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	9,316	11,800
Proceeds from long-term loans payable	21,550	—
Repayment of long-term loans payable	△6,346	△9,231
Redemption of convertible bonds	△19,070	—
Purchase of treasury stock	△0	△0
Cash dividends paid	△762	△762
Cash dividends paid to minority shareholders	△20	△20
Other, net	△125	△133
Net cash provided by (used in) financing activities	4,541	1,652
Effect of exchange rate change on cash and cash equivalents	△14	△8
Net increase (decrease) in cash and cash equivalents	1,948	△4,045
Cash and cash equivalents at beginning of period	9,751	15,490
Cash and cash equivalents at end of period	11,699	11,445