

# Business Report 2013

March 1, 2012 - February 28, 2013



Izumi Co., Ltd.



I would like to offer my sincerest gratitude to all of our shareholders for their generous support and guidance.

The environment surrounding the retail sales sector for this financial term consisted, on the demand side, of massive decreases in summer and winter bonuses due to sluggish corporate results together with an increased interest in economizing on the part of the consumer. On the supply side, there were widespread actions to increase the amount of diverse stores that exceed the typical retail store framework and to strengthen value propositions.

In continuation of the previous financial term in which the Izumi Group celebrated the milestone of the 50th anniversary of our founding, we have made this year one of taking on challenges and introducing innovations in order to make further strides forwards during this term, and we have reviewed the products and services that we provide from the viewpoint of our customers. Particularly in our retail operations, which are the core operations of the Izumi Group, we have reviewed our product lineup and pricing, and are making efforts to reduce costs, all under our slogan of “The Good Life, Inexpensively!” We have also especially been implementing measures in our clothing division in order to satisfy the younger generation of customers by providing them with the latest fashions at reasonable prices.

Additionally, we have continued on from the previous term in making efforts to develop new direct-management businesses in every area, and have strived to improve added value of our stores by introducing other shops such as bookstores and bakeries. The tenant division has been replacing tenants with more prominent and popular ones, and implementing measures to improve the competitiveness of existing stores.

On the store front, we have been aggressively opening our small-market stores, and we have expanded the selection of non-food products, such as pharmaceutical products, to supplement our core traditional product lineup of food products, as a means to steadily improve customer-drawing power and profitability. We have also been pressing forward with measures to reduce operation costs.

In regards to cost, we have reduced total labor hours and have managed to reduce personnel expenses through the use of part-time and temporary employees. We have also reduced inventories held by stores and revised work methods. These measures have contributed to improving productivity and product freshness, and minimized the problem of losses from reduced prices, as well as reducing expenses as seen in the cost efficiency achieved for all overhead costs such as sales promotion costs.

In operations that are peripheral to retail, we have continued, from the previous year, to expand on promoting the use of credit cards when shopping and expanded the use of electronic money in the form of the “youmeke” card, resulting in a steady increase in revenue from handling commissions. In particular, for the electronic money “youmeke” card, there has been an increase in the number of stores accepting the card, and customer convenience has also been improved, resulting in a rapid increase in the number of cardholders (from 450,000 at the end of last term to 1.16 million this term) and a high point-of-sale utilization rate, coupled with improved customer-drawing power and cash register efficiency for the entire Izumi Group.

These results are seen in the increased revenue and profits in our business results for this term, and they have enabled us to achieve record-breaking profits.

As we must pass these positive results on to our shareholder, we are proud to announce an increase in paid dividends. Additionally, the company itself has acquired 6.024 million shares during this term by a resolution of the board of directors, with this move improving the return to stockholders and capital efficiency.

For the next term, the employment and income environments will remain difficult while personal spending is expected to become stagnated. The Izumi Group will scrutinize customer needs in order to provide for them in a detailed manner and will continue to make efforts to realize our ongoing slogan of “The Good Life, Inexpensively!” We are also planning to open eight more of our small-market stores (five in the Chugoku region and three in the Kyushu region) as a means to increase our local market share and achieve company growth.

I would like to sincerely thank all of our shareholders for their continued feedback and support.

## 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.

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



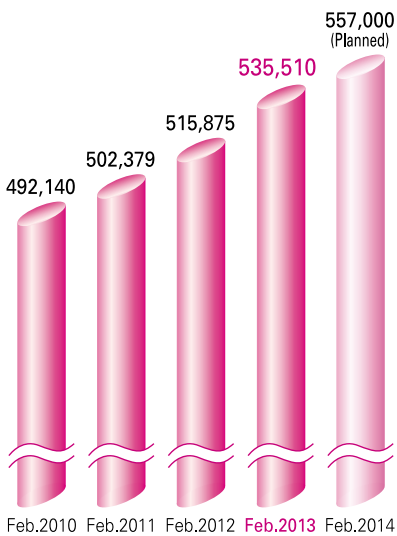
## Consolidated Financial Highlights

### Revenue

**¥535,510 million**

(Year-on-year comparison) **103.8%**

(Millions of yen)

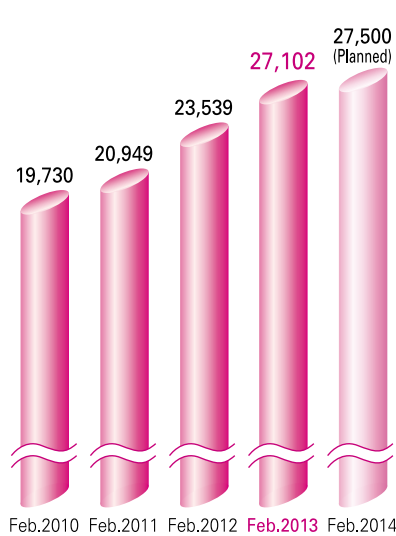


### Ordinary Income

**27,102 million**

(Year-on-year comparison) **115.1%**

(Millions of yen)

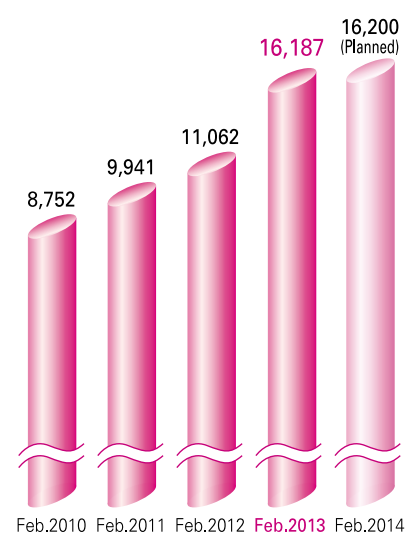


### Net Income for the Period

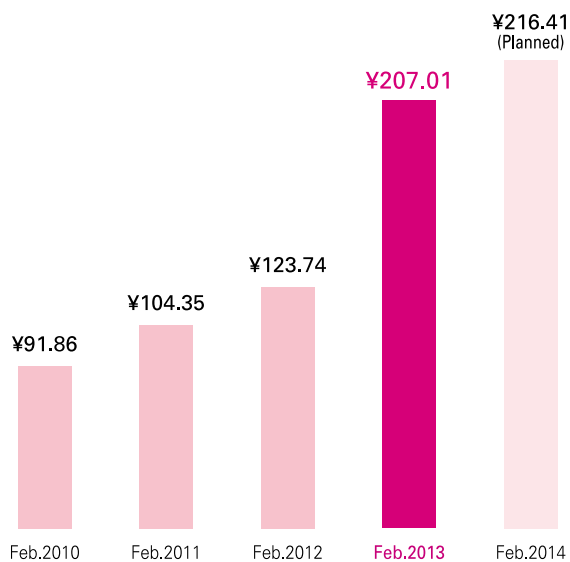
**16,187 million**

(Year-on-year comparison) **146.3%**

(Millions of yen)



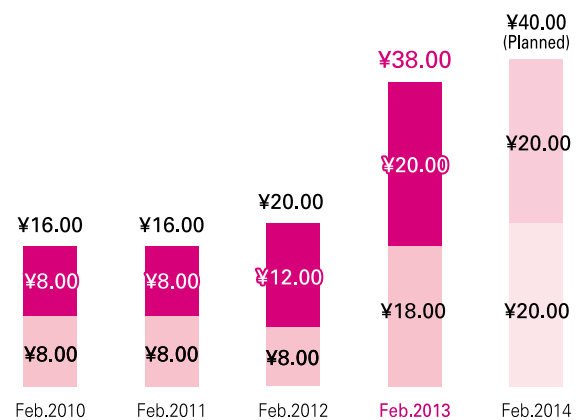
### Net Income per Share for the Period



### 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



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## Focus! New Head Office Project

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### Construction of our New Head Office at the Entryway to Hiroshima City will be Completed in Fall 2013!

From this Base, We Aim to Become a “One Trillion Yen Company” with a “youme (dream)”!

Currently, the national government, Hiroshima Prefecture, Hiroshima City, JR West Japan and other entities are collaborating in creating a large-scale urban development project in the “Futaba-no-Sato Area” located adjacent to the entryway of Hiroshima City, the JR Hiroshima Station.

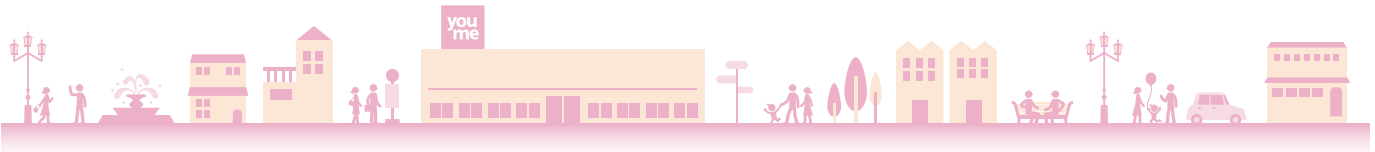
Izumi is one of the first companies to decide to build a new head office in the center of the “Futaba-no-Sato Area”, an area that is expected to become a base of operations for the wide range of businesses leading the Hiroshima economic zone and state-of-the-art medical services.

Started before other projects in the area, work continues apace and completion is expected for fall of this year.



The new head office will be a building with six aboveground floors and one underground floor, with a 150-car parking lot also located belowground, and will have a “youme Mart” on part of the first floor. The offices of the Izumi head office will be located on the second to sixth floors. The building concept is founded on the three pillars of “Communication”, “IT/Security” and “Low-Cost/Ecology”. The purpose of the building is not only to enrich communication with customers coming from all over Japan for business meetings as it has also been designed to include various innovations, such as rooftop greenery and natural ventilation, in order to provide comfort, safety and low energy consumption. As the Izumi Group pushes forward to a new phase in which we aim to become a “One Trillion Yen Company”, our new head office will be a base that serves as a command tower for achieving this goal. We will further increase our speed of growth by drafting on the tailwind of the growth power of the “Futaba-no-Sato Area” as it is expected to develop significantly in the future.





## Exciting New Store in Hatsukaichi Civic Core Area is the Largest in youme Town History!

“youme Town” stores, an essential core element of the Izumi growth strategy, also play an important role in supporting local revitalization through our community-based fundamental philosophy. We will open a new youme Town store during the next fiscal year in the central “Civic Core” area of Hatsukaichi City in Hiroshima Prefecture. By locating a youme Town in this area, which is expected to develop as a new commercial zone with the city office at its center, we believe that our store will act as the detonator for the revitalization of this commercial area.

Be sure to keep an eye on this new challenge for youme Town as we expand your dreams together with the local community.



Yasuaki Yamanishi,  
President and  
Representative Director

Shunji Kakuda,  
President of Hatsukaichi City  
Municipal Assembly

Katsuhiro Shinno,  
Mayor of  
Hatsukaichi City

## youme Town Hatsukaichi (Provisional Name)

Expected by the community to be the detonator for area prosperity!

**Scheduled to Open  
2014**

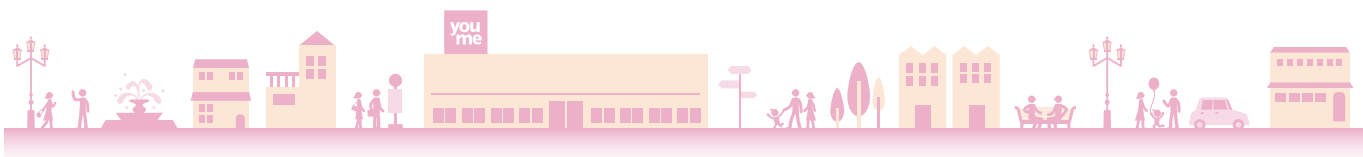
### Store Overview (Approximate figures)

Site area: 44,600 m<sup>2</sup> / Total floor area: 96,000 m<sup>2</sup> /  
Retail floor area: 22,400 m<sup>2</sup> / Parking capacity: 2,400 vehicles

## Creating a Surprising Store Filled with Dreams and Romance.



The “Civic Core” area where “youme Town Hatsukaichi” is to be located will be a bustling spot surrounded by water and is an area where Hatsukaichi City has implemented urban planning. It is expected to become a new type of commercial zone in the future among Hiroshima urban zones. Additionally, in order to meet the expectations of the local community, we have determined that not only do we need to utilize all the previous experience and results that Izumi has had with other “youme Towns” in the past but that we must also make this store even better than our other ones. We thought about not only making this a large-scale store but also one that is top class in turns of surprise and excitement, and we have created plans that are brimming with dreams and romance. Once completed, this store will help promote the revitalization of the Hatsukaichi City center, making it an attractive area drawing a great number of customers from Hiroshima and Iwakuni cities.



## Goal of Opening 30 Stores in Three Years until 2015 with Eight New youme Marts Planned for this Year!

Strategic stores for small-scale market areas that serve as an attempt to become more closely connected to the daily life of consumers. This is the role played by the newly born "youme Mart".

These stores have been designated as an important type of business in order for Izumi to move forward with our strategy of local domination, and we have planned to introduce a total of 30 of these stores into the market over the next three years.

In addition to the already operating "youme Mart Kokurahigashi", "youme Mart Shimonoseki Station" and "youme Mart Shingu", we are scheduled to open a total of eight other stores during this fiscal year.

We are thoroughly dedicated to implement planning that will ensure future sustained growth of our company.

### New Stores Scheduled to Open in FY 2013

Futaba-no-Sato (Hiroshima City, Hiroshima Pref.) / Nishisakae (Otake City, Hiroshima Pref.)

Aga (Kure City, Hiroshima Pref.) / Tamana (Tamana City, Kumamoto Pref.)

Tasaki (Kumamoto City, Kumamoto Pref.) / Mukuno (Shimonoseki City, Yamaguchi Pref.)



## youme Mart Shimonoseki Station

(First supermarket located inside a station in Yamaguchi Pref.)

March 27, 2013  
Open!

### Store Overview (Approximate figures)

Retail floor area: 1,270 m<sup>2</sup> /

Store hours: 7:00 to 21:00

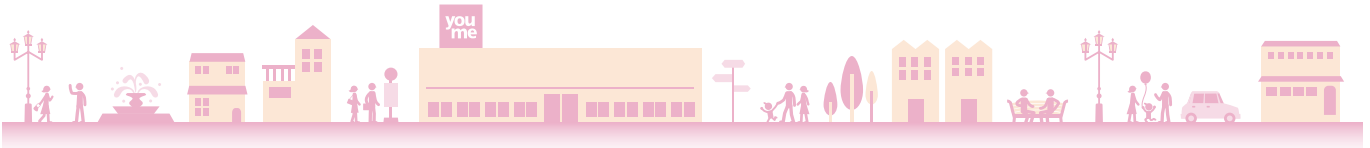
## Providing the Daily Needs of Train Commuters with Izumi's First "In-Station" Store!

The "youme Mart Shimonoseki" was constructed together with the renovation of the street of specialty stores at JR Shimonoseki Station and is a station-tenant type youme Mart.

With some 10,000 train commuters passing through JR Shimonoseki Station daily, we utilized the site characteristics, and, under the concepts of "small quantities", "instant food", "health", and "souvenirs", we created a product assortment with a strong awareness that the store would be used by persons coming home from work. Accordingly, we made sure that the store is fully stocked with daily use food products by placing bread and ready-made food corners, as well as placing products such as those sold in small quantities and with simple packaging, and "half-cooked" easy-to-prepare products.

Utilizing the characteristic of being directly connected to the station, we also added a self-serve café, making it the first time Izumi has attempted such a store. The café provides real coffee at 100 yen a cup.





## youme Mart Shingu

Birth of a new store adjacent to JR Shingu-Chuo Station in the suburbs of Fukuoka City!

April 11, 2013  
Open!

### Store Overview (Approximate figures)

Site area: 11,000 m<sup>2</sup> / Total floor area: 5,400 m<sup>2</sup> /  
Retail floor area: 3,400 m<sup>2</sup> / Parking capacity: 230 vehicles / Bicycle parking capacity: 220 bicycles

## First Appearance of Izumi Direct Management Fashion Center "youme Style"

The area around JR Shingu-Chuo Station, a new station that opened for operation in 2010, continues to enjoy significant growth with the ongoing development of new residential areas, and the numerous large-scale specialty stores that have opened in the area such as IKEA and Yamada Denki.

"youme Mart Shingu", located adjacent to the station, was conceived for use by commuter customers under keywords of "instant food" and "quick and convenient", and is accordingly replete with convenient products for use in daily life. As this area is full of members of the younger generations who are sensitive to trends, we have introduced the first Izumi direct-management fashion center "youme Style" in this location. The effect of this collaboration with the food supermarket has been to attract customers with new needs.



## youme Mart Nishisakae (Provisional Name)

Scheduled to  
Open  
Fall 2013

First youme Mart in Hiroshima Pref.!

### Store Overview (Approximate figures)

Site area: 8,800 m<sup>2</sup> / Total floor area: 2,600 m<sup>2</sup> /  
Retail floor area: 1,800 m<sup>2</sup> /  
Parking capacity: 98 vehicles /  
Bicycle parking capacity: 55 bicycles

## Located in a Residential Area near a JR Station and National Road for Excellent Access!

"youme Mart Nishisakae" is located on National Route 2 near the east side of the JR Otake Station in a residential area with nearby large-scale welfare facilities, parks and other amenities. The store is well stocked with convenient products for use on the daily lives of nearby residents, and we hope that it will be a store that is useful for creating community prosperity by drawing large crowds and promoting permanent residency in the area.



## youme Mart Tamana (Provisional Name)

Scheduled to  
Open  
Fall 2013

youme Mart Located in Heart of Tamana City is the First in Kumamoto Pref.!

### Store Overview (Approximate figures)

Site area: 19,800 m<sup>2</sup> / Total floor area: 9,900 m<sup>2</sup> /  
Retail floor area: 7,000 m<sup>2</sup> /  
Parking capacity: 460 vehicles /  
Bicycle parking capacity: 220 bicycles

## A Community-Based Lifestyle Center!

"youme Mart Tamana" is located in the center of Tamana City, Kumamoto Prefecture, where the city offices, JR Tamana Station and other important businesses are also located. We have designed this store to be convenient and stocked with all the products necessary for daily living. With the food supermarket at its center, the store also aims to provide convenience through the collaboration of 25 tenants in areas such as fashion, sundries, food/drink and beauty.





# CONSOLIDATED BALANCE SHEETS

	Millions of yen		Thousands of U.S.dollars
	2012	2013	2013
As of Feb 29,2012 and Feb 28,2013			
<b>(Assets)</b>			
<b>Current assets</b>			
Cash and deposits	¥ 6,260	¥ 6,862	\$ 74,181
Notes and accounts receivable-trade	20,323	22,134	239,262
Merchandise and finished goods	20,677	21,384	231,155
Work in process	17	16	180
Raw materials and supplies	267	286	3,091
Deferred tax assets	2,677	2,579	27,884
Other	11,647	11,771	127,242
Allowance for doubtful accounts	(830)	(661)	(7,150)
<b>Total current assets</b>	<b>61,040</b>	<b>64,372</b>	<b>695,848</b>
<b>Noncurrent assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	288,074	289,390	3,128,209
Accumulated depreciation	(148,645)	(157,528)	(1,702,825)
Buildings and structures, net	139,428	131,862	1,425,383
Machinery, equipment and vehicles	5,696	5,733	61,979
Accumulated depreciation	(4,321)	(4,473)	(48,356)
Machinery, equipment and vehicles, net	1,375	1,260	13,622
Land	121,051	131,876	1,425,533
Lease assets	556	904	9,781
Accumulated depreciation	(79)	(308)	(3,333)
Lease assets, net	476	596	6,447
Construction in progress	791	3,876	41,902
Other	29,739	29,775	321,862
Accumulated depreciation	(23,972)	(24,559)	(265,482)
Other, net	5,767	5,215	56,379
<b>Total property, plant and equipment</b>	<b>268,891</b>	<b>274,687</b>	<b>2,969,270</b>
<b>Intangible assets</b>			
Goodwill	—	545	5,901
Other	7,059	6,466	69,903
<b>Total intangible assets</b>	<b>7,059</b>	<b>7,012</b>	<b>75,805</b>
<b>Investments and other assets</b>			
Investment securities	3,874	4,810	51,996
Long-term loans receivable	1,929	1,520	16,438
Deferred tax assets	5,279	5,339	57,713
Lease and guarantee deposits	17,623	17,249	186,460
Other	5,465	5,253	56,784
Allowance for doubtful accounts	(786)	(421)	(4,556)
<b>Total investments and other assets</b>	<b>33,385</b>	<b>33,751</b>	<b>364,838</b>
<b>Total noncurrent assets</b>	<b>309,336</b>	<b>315,451</b>	<b>3,409,914</b>
<b>Total assets</b>	<b>370,377</b>	<b>379,824</b>	<b>4,105,762</b>

	Millions of yen		Thousands of U.S.dollars
	2012	2013	2013
<b>(Liabilities)</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	¥ 21,715	¥ 21,517	\$ 232,601
Short-term loans payable	32,025	41,625	449,951
Current portion of long-term loans payable	23,969	23,579	254,882
Accounts payable-other	9,403	7,121	76,979
Income taxes payable	6,179	6,541	70,710
Provision for bonuses	1,482	1,466	15,854
Provision for directors' bonuses	62	59	644
Provision for point card certificates	1,584	1,655	17,900
Provision for loss on recollection of gift certificates	53	58	632
Asset retirement obligations	—	740	8,005
Other	6,447	7,515	81,239
<b>Total current liabilities</b>	<b>102,924</b>	<b>111,881</b>	<b>1,209,401</b>
<b>Noncurrent liabilities</b>			
Long-term loans payable	101,605	101,625	1,098,539
Lease obligations	486	557	6,027
Long-term lease and guarantee deposited	24,066	23,467	253,676
Provision for retirement benefits	6,070	6,358	68,731
Provision for directors' retirement benefits	962	1,203	13,014
Provision for loss on interest repayment	482	403	4,364
Deferred tax liabilities	857	1,193	12,902
Asset retirement obligations	6,796	6,399	69,177
Other	734	592	6,399
<b>Total noncurrent liabilities</b>	<b>142,063</b>	<b>141,802</b>	<b>1,532,834</b>
<b>Total liabilities</b>	<b>244,987</b>	<b>253,684</b>	<b>2,742,236</b>
<b>(Net assets)</b>			
<b>Shareholders' equity</b>			
Capital stock	19,613	19,613	212,018
Capital surplus	22,282	22,282	240,860
Retained earnings	87,555	80,942	874,961
Treasury stock	(17,043)	(7,770)	(83,999)
<b>Total shareholders' equity</b>	<b>112,407</b>	<b>115,067</b>	<b>1,243,841</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	214	583	6,308
Foreign currency translation adjustment	(319)	(270)	(2,927)
<b>Total accumulated other comprehensive income</b>	<b>(105)</b>	<b>312</b>	<b>3,381</b>
<b>Minority interests</b>	<b>13,087</b>	<b>10,759</b>	<b>116,302</b>
<b>Total net assets</b>	<b>125,389</b>	<b>126,139</b>	<b>1,363,525</b>
<b>Total liabilities and net assets</b>	<b>370,377</b>	<b>379,824</b>	<b>4,105,762</b>

Notes : U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥92.51=U.S.\$1 as of February 28, 2013.

## CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
For the years ended Feb 29, 2012 and Feb 28, 2013			
<b>Net sales</b>	¥ 491,955	¥ 510,438	\$ 5,517,658
Cost of sales	385,769	401,857	4,343,939
<b>Gross profit</b>	<b>106,185</b>	<b>108,580</b>	<b>1,173,718</b>
Operating revenue	23,919	25,071	271,016
<b>Operating gross profit</b>	<b>130,105</b>	<b>133,652</b>	<b>1,444,735</b>
Selling, general and administrative expenses			
Advertising and promotion expenses	7,891	8,070	87,241
Distribution expenses	5,497	5,667	61,260
Provision of allowance for doubtful accounts	207	156	1,697
Employees' salaries and bonuses	36,434	35,906	388,140
Provision for bonuses	1,445	1,418	15,328
Welfare expenses	6,226	6,296	68,064
Retirement benefit expenses	815	745	8,059
Rent expenses	8,933	9,146	98,866
Utilities expenses	5,715	5,746	62,118
Depreciation	13,432	13,033	140,882
Provision for loss on interest repayment	66	40	437
Other	19,185	19,474	210,517
Total selling, general and administrative expenses	105,851	105,703	1,142,613
<b>Operating income</b>	<b>24,254</b>	<b>27,949</b>	<b>302,121</b>
<b>Non-operating income</b>			
Interest income	162	144	1,558
Dividends income	76	66	720
Purchase discounts	389	386	4,173
Gain on adjustment of account payable	111	94	1,026
Penalty income	223	84	911
Other	527	461	4,985
Total non-operating income	1,490	1,237	13,375
<b>Non-operating expenses</b>			
Interest expenses	1,918	1,836	19,847
Other	287	248	2,685
Total non-operating expenses	2,206	2,084	22,532
<b>Ordinary income</b>	<b>23,539</b>	<b>27,102</b>	<b>292,964</b>
<b>Extraordinary income</b>			
Gain on sales of noncurrent assets	11	32	356
Gain on sales of securities	2,518	—	0
Gain on sales of subsidiaries and affiliates' stocks	—	117	1,271
Reversal of allowance for doubtful accounts	62	400	4,332
Gain on negative goodwill	—	745	8,054
Other	259	56	610
Total extraordinary income	2,851	1,352	14,625
<b>Extraordinary loss</b>			
Loss on sales of noncurrent assets	3	151	1,636
Loss on retirement of noncurrent assets	736	568	6,149
Impairment loss	326	470	5,081
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,844	—	—
Other	224	142	1,538
Total extraordinary losses	3,134	1,332	14,406
<b>Income before income taxes and minority interests</b>	<b>23,256</b>	<b>27,122</b>	<b>293,183</b>
Income taxes-current	10,068	10,586	114,439
Income taxes-deferred	(1,016)	(80)	(871)
<b>Total income taxes</b>	<b>9,052</b>	<b>10,506</b>	<b>113,568</b>
Income before minority interests	14,204	16,616	179,615
Minority interests in income	3,141	429	4,638
<b>Net income</b>	¥ 11,062	¥ 16,187	\$ 174,976

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Millions of yen		Thousands of U.S.dollars
	2012	2013	2013
For the years ended Feb 29,2012 and Feb 28,2013			
<b>Income before minority interests</b>	<b>¥ 14,204</b>	<b>¥ 16,616</b>	<b>\$ 179,615</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(268)	491	5,312
Foreign currency translation adjustment	(6)	48	524
<b>Total other comprehensive income</b>	<b>(275)</b>	<b>539</b>	<b>5,836</b>
<b>Comprehensive income</b>	<b>13,928</b>	<b>17,156</b>	<b>185,452</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	10,797	16,605	179,495
Comprehensive income attributable to minority interests	3,131	551	5,956

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended Feb 29, 2012 and Feb 28, 2013	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes and minority interests	¥ 23,256	¥ 27,122	\$ 293,183
Depreciation and amortization	13,854	13,464	145,551
Impairment loss	326	470	5,081
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,844	—	—
Gain on negative goodwill	—	(745)	(8,054)
Increase (decrease) in allowance for doubtful accounts	(105)	(535)	(5,786)
Interest and dividends income	(238)	(210)	(2,278)
Loss (gain) on sales of securities	(2,518)	—	—
Interest expenses	1,918	1,836	19,847
Equity in (earnings) losses of affiliates	(17)	(15)	(166)
Loss (gain) on sales of noncurrent assets	(8)	118	1,280
Loss on retirement of noncurrent assets	736	568	6,149
Decrease (increase) in notes and accounts receivable-trade	(1,867)	(1,778)	(19,230)
Decrease (increase) in inventories	105	(638)	(6,905)
Increase (decrease) in notes and accounts payable-trade	942	(597)	(6,453)
Other, net	(1,928)	9	104
Subtotal	<b>36,301</b>	<b>39,069</b>	<b>422,323</b>
Interest and dividends income received	228	210	2,278
Interest expenses paid	(1,917)	(1,838)	(19,875)
Income taxes (paid) refund	(9,050)	(10,245)	(110,744)
Net cash provided by (used in) operating activities	<b>25,561</b>	<b>27,196</b>	<b>293,981</b>
<b>Net cash provided by (used in) investing activities</b>			
Purchase of property, plant and equipment	(12,058)	(20,066)	(216,913)
Proceeds from sales of property, plant and equipment	39	343	3,714
Purchase of intangible assets	(835)	(432)	(4,669)
Purchase of investment securities	(115)	(336)	(3,638)
Proceeds from sales of investment securities	887	124	1,346
Purchase of investments in subsidiaries	—	(413)	(4,464)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	218	2,363
Decrease (increase) in short-term loans receivable	1,878	(848)	(9,173)
Other, net	522	1,053	11,385
Net cash provided by (used in) investing activities	<b>(9,682)</b>	<b>(20,356)</b>	<b>(220,048)</b>
<b>Net cash provided by (used in) financing activities</b>			
Net increase (decrease) in short-term loans payable	(3,865)	9,600	103,772
Proceeds from long-term loans payable	23,000	18,300	197,816
Repayment of long-term loans payable	(22,278)	(18,669)	(201,814)
Purchase of treasury stock	(17,041)	(11,137)	(120,387)
Purchase of treasury stock of subsidiaries in consolidation	—	(1,701)	(18,387)
Cash dividends paid	(1,471)	(2,390)	(25,836)
Cash dividends paid to minority shareholders	(20)	(20)	(216)
Other, net	(257)	(254)	(2,747)
Net cash provided by (used in) financing activities	<b>(21,934)</b>	<b>(6,272)</b>	<b>(67,800)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(0)</b>	<b>34</b>	<b>376</b>
Net increase (decrease) in cash and cash equivalents	(6,055)	602	6,509
<b>Cash and cash equivalents at beginning of period</b>	<b>12,316</b>	<b>6,260</b>	<b>67,672</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,260</b>	<b>6,862</b>	<b>74,181</b>

**Corporate Profile** (As of Feb. 28, 2013)

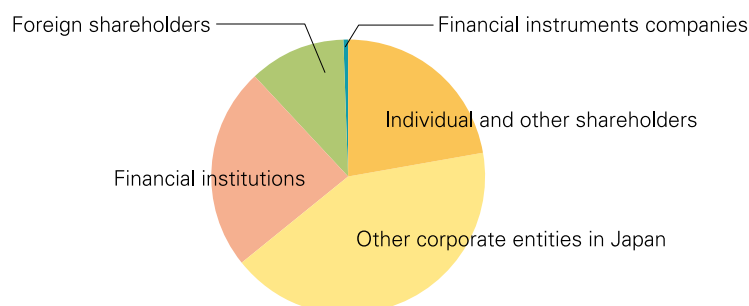
Date of establishment: **October 27, 1961**  
 Head office: **2-22 Kyobashi-cho, Minami-ku, Hiroshima, Japan**  
 Tel: **+81-82-264-3211**  
 Paid-in capital: **¥19,613,856,196**  
 Employees: **2,420 full-time, 4,568 part-time (8-hour shift equivalent)**  
 Number of malls/stores: **92**

Chugoku Region 55 stores		Kyushu Region 23 stores		Other Regions 14 stores	
Hiroshima pref.	29 stores	Fukuoka pref.	12 stores	Kagawa pref.	3 stores
Yamaguchi pref.	10 stores	Oita pref.	2 stores	Tokushima pref.	1 store
Okayama pref.	10 stores	Kumamoto pref.	5 stores	Hyogo pref.	4 stores
Shimane pref.	6 stores	Saga pref.	3 stores	Other	6 stores
		Nagasaki pref.	1 store		

**Stock Information** (As of Feb. 28, 2013)

Total number of shares issued by the Company: 195,243,000 shares  
 Total number of outstanding shares: 78,861,920 shares  
 Number of shareholders: 4,644  
 Share unit: 100 shares

**Share Unit Ownership**



Individual and other shareholders	22.3%
Other corporate entities in Japan	42.0%
Financial institutions	23.7%
Foreign shareholders	11.5%
Financial instruments companies	0.4%

**Major shareholders** (As of Feb. 28, 2013)

Shareholder Name	Shares Held (Unit: Thousands)	Percentage of Total Shares
Izumiya, Ltd.	11,501	15.4%
Yamanishi World, Ltd.	8,433	11.3%
Izumi Kousan Co., Ltd.	4,104	5.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,839	3.8%
Nippon Life Insurance Co.	2,614	3.5%
Izumi Hiroshima Kyoekai	2,521	3.4%
The Hiroshima Bank, Ltd.	2,362	3.2%
Japan Trustee Services Bank, Ltd. (Trust Account)	2,257	3.0%
Yasuaki Yamanishi	2,033	2.7%
Daiichi Life Insurance Co.	2,030	2.7%

Percentage of total shares is calculated by excluding the shares held the company (4 million shares).

**Izumi Co., Ltd.**

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