

Business Report 2009

March 1, 2008 – February 28, 2009



Innovation, Excitement and Surprise

youme



Izumi Co., Ltd.



"youme," evolving and expanding

Committed to being a vital part of the community, and the number one store in the region.

**A whole new community within a community,
built for freedom and fluidity of movement.**

To revolutionize people's lifestyles, making them more enjoyable and active—this is the aim of Izumi, a company that works to build both communities and dreams. We develop shopping malls, which are large-scale, multi-purpose commercial complexes that offer easy access to and work synergistically with pre-existing shopping districts, and act as a driving force behind regional revitalization. These shopping malls blend harmoniously with surrounding natural and urban environments and community facilities, and feature an array of restaurants, amusements, cultural and community offerings and other facilities. They are entire new communities built for user-friendliness, comfort and a feeling of liberation, where people can enjoy shopping and leisure and make their dreams come true. We work to build commercial facilities and human environments that fit in closely with communities, meet the local needs, and make community residents glad that they chose to live there.

Creating a Community Full of Fun

We provide spaces for relaxation and enjoyment. There's something to make everyone's life a little richer, no matter what their age may be.

More than just collections of stores, our facilities provide experiences that add something extra to the value of the stores themselves.

Supplying as much satisfaction, security and enjoyment as possible to people of all ages. This is the idea behind Izumi's "One-Stop Service." This idea is given shape in facilities that act as a new kind of town square, providing everything from fashion to furniture, interior goods, sporting goods, pet supplies, and a restaurant zone offering a wide variety of tempting fare. Not only in the quality of the products and services, but also in terms of sheer scale, Izumi's selection of specialty shops is one of the best nationwide, offering customers a higher standard of living and a more colorful lifestyle.



Satisfying your appetite for amusement

You Me Town boasts music stores with a stunning selection of CDs and DVDs, as well as video arcades, kids' areas, and much more to appeal to the playful spirit in all of us. Our goal is to provide places and opportunities for dreams to come true.

New ways for the whole family to have fun

Cinema complexes with cutting-edge sound systems, gourmet restaurants and cafes that are sure to satisfy, and center courts where you can relax and feel at ease. You Me Town shopping malls offer customers of any age new ways to enjoy their free time.

Communities full of comfort and convenience

Everything customers want, all under one roof. The happiness and satisfaction we bring customers makes them want to come back time and again.

We provide the ease and user-friendliness that only multi-purpose complexes can offer.

The latest merchandise and new ways to spend leisure time are all here under one roof. The convenience of getting everything done in one trip, without needing to change locations, frees up people's time and makes their lives easier. We at Izumi never stop thinking of ways to provide You Me Town shoppers with greater convenience and satisfaction. With this goal in mind, we continue listening to people's suggestions even after our facilities have been established, and act on this feedback to improve customer service and boost customer satisfaction.



Always trying to make customers' dreams come true

We offer a whole range of hobbies, culture and education to satisfy our customers' intellectual curiosity. For example, You Me Town shopping malls offer attractions such as large bookstores, "culture schools" providing lessons in skills like personal computing, photography studios, and more.

Everything from public facilities and financial services to health care

A You Me Town shopping mall features everything that is necessary for daily life, including financial services (in-store branches and ATMs) and medical facilities (clinics and full-service pharmacies). In addition, You Me Town shopping malls are designed to offer easy access to public services and facilities such as aquariums, playing the role community centers providing total support to those living in the region.

To our stockholders

you
me

The Izumi Group seeks to be an ever more competitive force in the marketplace by placing top priority on a community-based approach and total customer satisfaction.

It is with great pleasure that I extend my warmest greetings to our stockholders and investors.

In the fiscal year under review, the Japanese economy faced unprecedented setbacks, with surging oil prices and raw materials prices in the first half, and a drastically stronger yen and weak stock market (owing to the global financial instability originating in the United States) starting in early autumn. The retail industry suffered severely as a result, as consumers became much more cautious.

The Izumi Group is facing this situation head-on, rapidly implementing innovations in management and operations to better fulfill our goal of “placing top priority on a community-based approach and total customer satisfaction.” While we thoroughly re-evaluated and updated our stores, products and services to make them of greater value to the customer, this fiscal year saw profits drop despite an increase in revenue, due to consumers’ seeking of low-cost products and the initial investments required to open new stores and enlarge existing ones.

In the retail segment of our business, demand for fashion products and other non-essential products declined amidst a defensive consumer mindset, but sales of home-related items, foodstuffs and other essential products remained strong thanks to an expanded inventory of everyday products that are always in demand, affordable prices and discount campaigns such as our “Lifestyle Support Promise,” development of original and high-value-added product offerings, and store layouts that successfully encourage customers to make purchases.

In terms of new store openings, June 2008 saw the opening in Izumo, Shimane Prefecture of You Me Town Izumo, one of the largest such shopping malls in the San’in region, and November and December saw the opening of You Me Town Mitoyo in western Kagawa Prefecture and You Me Town Marugame in the same prefecture, helping to secure the company’s business base in Kagawa.

In addition, pre-existing malls in Takeo, Minami-Iwakuni, Yukuhashi, and the Omuta annex were expanded, boosting their appeal to customers and cementing their status as the number one stores in their regions. Meanwhile, operation of the Hikoshima and City Park Kure malls was transferred to other companies, and the Tsuyama mall was closed.

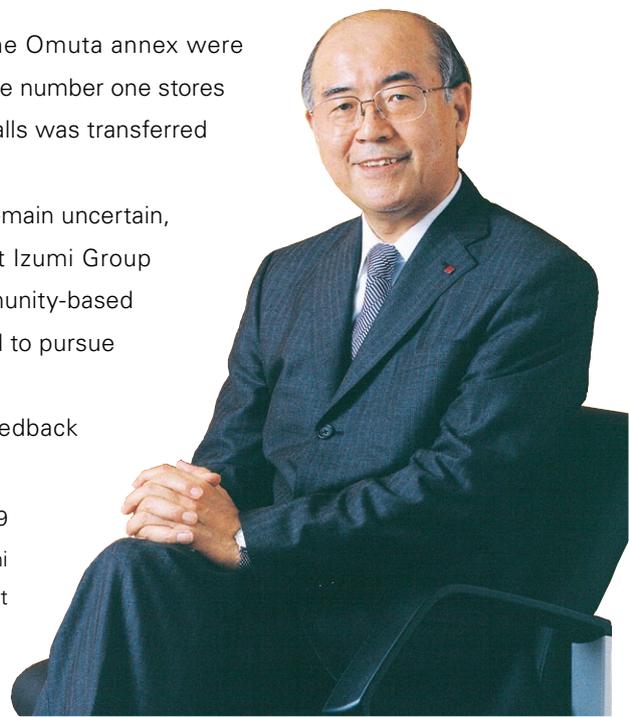
In the coming financial year, the global business environment is expected to remain uncertain, and consumer behavior is likely to be gravely affected. Nonetheless, we at Izumi Group believe it is in just such times as these that the strategies of adopting a community-based approach and maintaining customer satisfaction are most vital, and we intend to pursue the further expansion of our business together with people and communities.

In closing, I would like to thank all of our stockholders for their continued feedback and support.

May 2009

Yasuaki Yamanishi

President



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.
2008	You Me Town Hiroshima is opened. You Me Town Izumo is opened. You Me Town Mitoyo is opened. You Me Town Marugame is opened.

"youme," evolving and expanding

Committed to being a vital part of the community, and the number one store in the region.



Consolidated Financial Highlights

Revenue

¥500,293 million

(Year-to-year comparison) **106.3%**

(Millions of yen)

Operating income

¥19,638 million

(Year-to-year comparison) **79.3%**

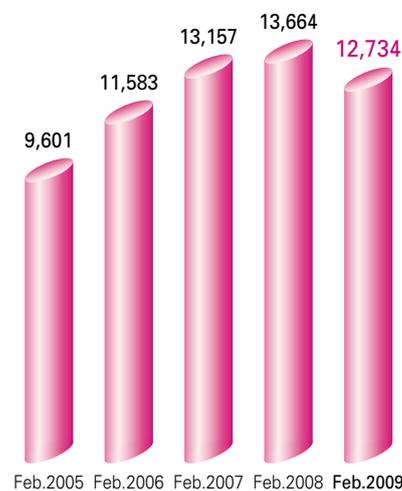
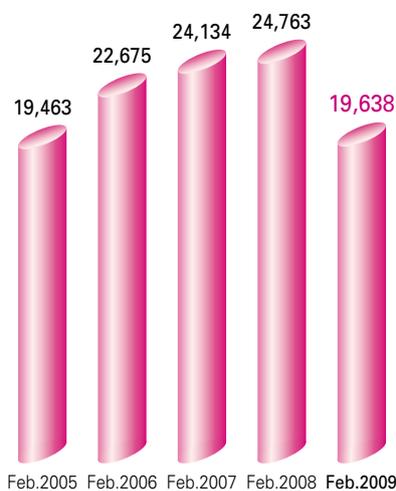
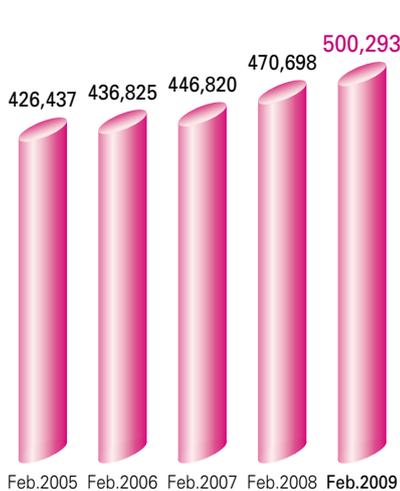
(Millions of yen)

Net income for the period

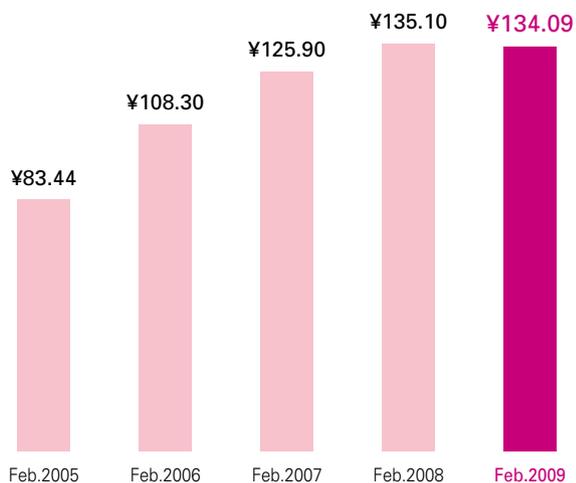
¥12,734 million

(Year-to-year comparison) **93.2%**

(Millions of yen)



Net income per share for the period



Cash dividend per share

Cash dividends are set at ¥8 per share (for an annual dividend of ¥16 including the midterm dividend). In the future, we intend to maintain a strong business structure to ensure stable and substantial returns to our shareholders.



This graph reflects the stock split put into effect on March 1, 2007, with the figures shown having been retroactively adjusted.

Two new malls are now open in Kagawa Prefecture! You Me Town is a community for everyone—now more convenient than ever.

New excitement, new surprises from You Me Town.

You Me Town, a chain of multi-purposes commercial complexes operated by Izumi, is loved by people of all generations, and has won wide acclaim for its business model offering an abundance of satisfaction, security and fun under one roof.

Two new shopping malls were recently opened in Kagawa Prefecture, in Mitoyo in November 2008 and in Marugame in December 2008. They are a part of the Company's ongoing efforts to create and realize dreams together with people and communities.

You Me Town Mitoyo

A laid-back You Me Town that is easy to get and can be enjoyed by everyone

Newly opened on
November 11, 2008

Meeting the needs of the community,
and contributing to the vitality of the newly formed city of Mitoyo!



In the new city of Mitoyo, formed in 2006 through a municipal merger, the You Me Town Mitoyo mall opened in November 2008, becoming the second You Me Town in Kagawa Prefecture after the Takamatsu mall. This new shopping mall is located conveniently near the expressway interchange on National Route 11, the main artery of Mitoyo. It is guaranteed to become a hub of regional activity, featuring not only a lineup of high-quality products unlike anything offered by competitors, but also a casual ambience that all kinds of customers can feel at home with.

Based on the three concepts of (1) appealing to all generations of customers, (2) safety and security, and (3) health, You Me Town Mitoyo is composed of a hypermarket directly managed by Izumi and 80 specialty stores, as well as consumer electronics retailer Deodeo and home improvement center Daiki on the same premises. Annual customer traffic is expected to total about six million people. With a product lineup tailored to the needs of the community and an overall layout carefully designed to be universally accessible, You Me Town Mitoyo is sure to achieve its goal of appealing to and welcoming people of all ages.

Overview of facility

Site area: approx. 62,000 m²
Total floor area: approx. 61,000 m²
Retail floor area: approx. 24,000 m²
Parking capacity: approx. 1,850 vehicles

You Me Town Yukuhashi

Re-opened after expansion on November 21, 2008

An unbeatable lineup of stylish fashion and dining options!



Overview of expansion

Retail floor area: Approx. 18,600 m²
→ Approx. 29,500 m²
Parking capacity: Approx. 1,025 vehicles
→ Approx. 1,860 vehicles
Specialty stores: 73 stores
→ 120 stores (47 new)

A 1.5x larger facility with 1.5x the appeal!

You Me Town Yukuhashi, in the city of Yukuhashi, Fukuoka Prefecture (first opened in October 1997), re-opened after renovation and expansion on November 21, 2008.

In addition to meeting customer demand for a wide range of dining options and specialty shops providing latest in stylish fashions, the new mall provides accessible toilets and other such facilities. You Me Town Yukuhashi now provides an abundance of strong product lines and tenants, and is now even more user-friendly, putting it in a position to attract customers from across a broader area.

You Me Town Marugame

Three Kagawa Prefecture shopping malls make more efficient sales and distribution possible

Newly opened on December 9, 2008



Overview of facility

Site area: approx. 47,800 m² / Total floor area: approx. 82,000 m² / Retail floor area: approx. 24,400 m² / Parking capacity: approx. 1,660 vehicles

A You Me Town that's both casual and stylish!

You Me Town Marugame opened its doors last year in Marugame, Kagawa Prefecture. The third mall in Kagawa Prefecture following those in Takamatsu and Mitoyo, it is expected to assist in boosting sales and distribution efficiency. You Me Town Marugame is in a highly favorable location within the city limits of Marugame, the largest city in the central Chusan area of Kagawa, and close to the national highway and expressway interchange as well as a sports center and other large public facilities.

This shopping mall is a veritable community unto itself, with 24,400 m² of retail floor space, including highly popular stores such as Kinokuniya Books and imported apparel retailer X-sell, for a total of 105 specialty shops (9 of which are making their first appearance in the Shikoku region) and a hypermarket directly managed by Izumi, all bringing excitement and surprises into the everyday lives of customers.



Promoting the high-quality local products of Kagawa Prefecture

You Me Town Marugame places a strong emphasis on building a relationship with the community and offering products from local producers, with special sections designated for foodstuffs and ladies' clothing manufactured in Kagawa Prefecture, giving customers a chance to experience the superior quality of local merchandise and contributing to regional vitalization.

You Me Town Miyuki

A new mall in a rapidly developing area of Hiroshima City!

New mall
scheduled for opening
autumn 2009



Overview of facility

Site area: approx. 22,000 m² / Total floor area: approx. 50,500 m² /
Retail floor area: approx. 17,250 m² / Parking capacity: approx. 1,000 vehicles

A prime location in Ujina, an area of burgeoning growth that's geared toward parents and their children.

Ujina is a residential district of the city of Hiroshima that has seen astounding growth in recent years. Development shows no signs of stopping, with construction of large-scale apartment complexes and a wide range of retail facilities continuing unabated, and further population growth is expected in the future. The ongoing extension of Hiroshima Expressway 3 makes it possible for customers to reach the new You Me Town shopping mall by car, and with proximity to a number of municipal train and bus routes,

it is also easily accessible for those using public transportation. In accordance with the demographics of the region, You Me Town Miyuki is designed to provide a safe and enjoyable shopping experience for families with young children, with a variety of zones including boutiques offering the latest fashions, amusement facilities suitable for children, and restaurants for the whole family to enjoy.

You Me Town Shin-Shimonoseki (tentative name)

Promoting community development and helping to make Shimonoseki a more exciting city!

New mall
scheduled for opening
autumn 2009



Overview of facility

Site area: approx. 57,000 m² / Total floor area: approx. 88,700 m² /
Retail floor area: approx. 30,500 m² / Parking capacity: approx. 2,200 vehicles

The largest and most luxurious shopping mall in Yamaguchi Prefecture, and part of major ongoing commercial development in a retail market of 400,000 people

In the city of Shimonoseki, large-scale land readjustment and development is taking place, with the goal of turning the area west of JR Shin-Shimonoseki Station into a major zone of economic activity linking central Shimonoseki with the San'in area. You Me Town Shin-Shimonoseki is expected to play a major role in bringing people, activity and excitement to this new economic zone. In the past, You Me Town shopping malls such as those in Hikari no Mori (Kumamoto) and Saga have earned accolades for their contributions

to community development, and the experience and know-how Izumi has built up with this community-based approach will be used to make this new Shin-Shimonoseki mall a driving force behind the vitalization of the region.

With a separate annex housing a consumer electronics superstore, You Me Town Shin-Shimonoseki is on track to become the number one retailer in this region of 400,000 potential consumers.

Everyday necessities with added value at lower prices,
for a company that's more competitive in the marketplace!



At 2,500 items, this is the biggest-ever lineup of discounted products with the "Lifestyle Support Promise"



Izumi and You Me Town's ongoing "Lifestyle Support Promise" is a popular campaign in which products of superior value are carefully selected from among the daily items in the inventory and offered at discount prices.

Consumer behavior is currently in the midst of a transition, with the global economic slowdown contributing to deepening consumer uncertainty. At the same time, household consumption is being stimulated by growing concerns over safety, security, health and comfort.

Izumi and You Me Town have been quick to incorporate these trends into sales strategies, drastically expanding the scope of products discounted as part of the "Lifestyle Support Promise" campaign as of February 5, 2009. The number of items covered, which previously stood at 1,000, has been expanded to 2,500 items on sale at recession-proof prices.

"Lifestyle Support Promise" provides customers with savings that help them lead a better lifestyle, while staying responsive to changes in consumer needs. In the future, Izumi will continue adhering to a sales strategy based on looking at things from the consumer's perspective.



CONSOLIDATED BALANCE SHEETS

Izumi Co., Ltd. and its subsidiaries As of Feb 28, 2009 and Feb 29, 2008	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
(Assets)			
Current assets	¥ 69,940	¥ 67,213	\$ 715,141
Cash and deposits	9,751	9,429	99,704
Notes and accounts receivable-trade	15,365	12,245	157,116
Inventories	25,425	26,218	259,979
Deferred tax assets	2,045	2,124	20,914
Other	18,335	18,940	187,482
Allowance for doubtful accounts	(983)	(1,744)	(10,056)
Noncurrent assets	315,218	288,374	3,223,096
Property, plant and equipment	271,740	245,763	2,778,533
Buildings and structures	260,612	237,813	2,664,752
Less-accumulated depreciation	(120,023)	(113,447)	(1,227,229)
Buildings and structures, net	140,589	124,366	1,437,523
Machinery, equipment, vehicle and other	5,635	5,504	57,619
Less-accumulated depreciation	(3,968)	(3,905)	(40,581)
Machinery, equipment, vehicle and other, net	1,666	1,599	17,038
Land	119,659	106,766	1,223,513
Construction in progress	828	4,072	8,473
Other	30,030	33,552	307,059
Less-accumulated depreciation	(21,034)	(24,593)	(215,073)
Other, net	8,996	8,959	91,985
Intangible assets	8,125	5,785	83,080
Investments and other assets	35,352	36,824	361,482
Investment securities	6,229	7,251	63,697
Long-term loans receivable	1,956	2,026	20,003
Deferred tax assets	5,933	5,187	60,666
Lease and guarantee deposits	18,322	19,037	187,350
Other	4,139	4,074	42,321
Allowance for doubtful accounts	(1,228)	(752)	(12,557)
Total assets	385,159	355,588	3,938,237

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
(Liabilities)			
Current liabilities	¥ 112,818	¥ 105,669	\$ 1,153,564
Notes and accounts payable-trade	29,778	19,858	304,483
Short-term loans payable	22,543	41,410	230,507
Current portion of convertible bonds	19,075	—	195,040
Current portion of long-term loans payable	12,012	15,261	122,825
Accounts payable-other	19,440	15,120	198,775
Income taxes payable	781	5,006	7,994
Deferred tax liabilities	22	—	231
Provision for bonuses	1,540	1,492	15,748
Provision for directors' bonuses	10	12	112
Provision for point card certificates	953	699	9,744
Provision for loss on recollection of gift certificates	56	—	581
Provision for loss on demolition buildings	518	—	5,296
Provision for loss on interest repayment	—	42	—
Other	6,085	6,765	62,223
Noncurrent liabilities	155,673	144,272	1,591,751
Convertible bonds	—	19,077	—
Long-term loans payable	119,024	88,724	1,217,014
Deferred tax liabilities	997	1,010	10,196
Provision for retirement benefits	5,259	4,934	53,782
Provision for directors' retirement benefits	1,262	809	12,910
Provision for loss on guarantees	1,100	1,100	11,247
Lease and guarantee deposits received	25,794	25,362	263,745
Provision for loss on interest repayment	342	—	3,503
Other	1,892	3,253	19,350
Total liabilities	268,491	249,941	2,745,315
(Net assets)			
Shareholders' equity	109,343	97,123	1,118,026
Capital stock	19,613	19,613	200,550
Capital surplus	22,377	22,077	228,803
Retained earnings	100,061	88,841	1,023,119
Treasury stock	(32,708)	(33,409)	(334,447)
Valuation and translation adjustments	665	1,112	6,802
Valuation difference on available-for-sale securities	791	1,246	8,090
Deferred gains or losses on hedges	—	(51)	—
Foreign currency translation adjustment	(126)	(83)	(1,288)
Minority interests	6,659	7,411	68,093
Total net assets	116,667	105,646	1,192,922
Total liabilities and net assets	385,159	355,588	3,938,237

Note: U.S.dollar amounts are translated from yen, for convenience only, at the rate of ¥97.80=U.S.\$1 as of February 28, 2009.

CONSOLIDATED STATEMENTS OF INCOME

Izumi Co., Ltd. and its subsidiaries For the years ended Feb 28, 2009 and Feb 29, 2008	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Operating revenue	¥ 500,293	¥ 470,698	\$ 5,115,478
Net sales	477,159	449,214	4,878,926
Cost of sales	372,259	348,774	3,806,331
Gross profit	104,899	100,439	1,072,595
Operating income	23,134	21,484	236,551
Operating gross profit	128,034	121,924	1,309,147
Selling, general and administrative expenses	107,621	97,125	1,100,428
Advertising expenses	7,037	6,094	71,960
Distribution expenses	5,790	4,702	59,203
Provision of allowance for doubtful accounts	784	864	8,025
Employees' salaries and bonuses	34,583	33,886	353,618
Provision for bonuses	1,652	1,501	16,896
Welfare expenses	6,097	5,612	62,350
Retirement benefit expenses	651	554	6,658
Rent expenses	9,922	9,030	101,452
Utilities expenses	6,897	5,803	70,526
Depreciation	13,780	10,927	140,904
Other	20,423	18,147	208,832
Operating income	20,412	24,798	208,719
Non-operating income	2,088	2,183	21,355
Interest income	157	142	1,614
Dividends income	146	329	1,495
Purchase discounts	539	467	5,521
Gain on adjustment of account payable	141	131	1,442
Foreign exchange gains	—	114	—
Penalty income	258	—	2,642
Other	845	998	8,640
Non-operating expenses	2,863	2,218	29,274
Interest expenses	2,015	1,611	20,609
Other	847	607	8,665
Ordinary income	19,638	24,763	200,800
Extraordinary income	520	1,503	5,324
Gain on sales of noncurrent assets	88	980	904
Gain on sales of investment securities	83	3	855
Reversal of allowance for doubtful accounts	184	100	1,885
Gain on forgiveness of debts	104	254	1,072
Other	59	164	606
Extraordinary loss	3,991	2,857	40,817
Loss on sales of noncurrent assets	6	77	63
Loss on retirement of noncurrent assets	1,532	392	15,672
Impairment loss	343	1,134	3,515
Provision of allowance for doubtful accounts	—	410	—
Provision for directors' retirement benefits	276	—	2,830
Provision for loss on recollection of gift certificates	57	—	584
Provision for loss on demolition buildings	518	—	5,296
Provision for loss on interest repayment	342	—	3,503
Loss on cancelation of store building	115	313	1,182
Other	798	529	8,168
Income before income taxes	16,167	23,409	165,307
Income taxes	3,439	10,191	35,173
Income taxes-current	3,823	9,874	39,099
Income taxes-deferred	(383)	316	(3,925)
Minority interests in income	(7)	(446)	(77)
Net income	¥ 12,734	¥ 13,664	\$ 130,211

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

Thousands of
U.S.dollars

Izumi Co., Ltd. and its subsidiaries For the years ended Feb 28, 2009 and Feb 29, 2008	2009	2008	2009
Net cash provided by (used in) operating activities			
Income before income taxes	¥ 16,167	¥ 23,409	\$ 165,307
Depreciation and amortization	14,094	11,845	144,116
Impairment loss	343	1,134	3,515
Amortization of goodwill	169	(130)	1,737
Increase (decrease) in allowance for doubtful accounts	(285)	352	(2,918)
Interest and dividends income	(304)	(472)	(3,109)
Loss (gain) on sales and valuation of investment securities	42	(3)	432
Interest expenses	2,015	1,611	20,609
Equity in (earnings) losses of affiliates	(187)	(147)	(1,917)
Gain on sales and retirement of property, plant and equipment	(82)	(980)	(841)
Loss on sales and retirement of property, plant and equipment	6	77	63
Loss on retirement of property, plant and equipment	1,530	392	15,653
Decrease (increase) in notes and accounts receivable-trade	(3,099)	(1,933)	(31,691)
Decrease (increase) in inventories	856	(709)	8,757
Increase (decrease) in notes and accounts payable-trade	9,885	2,536	101,081
Other, net	4,473	(188)	45,738
Subtotal	45,627	36,792	466,534
Interest and dividends income received	353	468	3,614
Interest expenses paid	(1,798)	(1,603)	(18,392)
Income taxes paid	(8,081)	(10,410)	(82,628)
Net cash provided by (used in) operating activities	36,100	25,247	369,127
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(39,885)	(21,320)	(407,827)
Proceeds from sales of property, plant and equipment	1,907	1,033	19,505
Purchase of intangible assets	(3,125)	(893)	(31,956)
Purchase of investment securities	(50)	(392)	(520)
Proceeds from sales of investment securities	270	5	2,768
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(29)	275	(298)
Other, net	1,461	(6,125)	14,938
Net cash provided by (used in) investing activities	(39,451)	(27,416)	(403,389)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(19,176)	(2,474)	(196,076)
Proceeds from long-term loans payable	44,600	42,460	456,032
Repayment of long-term loans payable	(17,976)	(22,975)	(183,803)
Purchase of treasury stock	(7)	(8,789)	(73)
Cash dividends paid	(1,514)	(1,717)	(15,488)
Cash dividends paid to minority shareholders	(20)	(20)	(205)
Other, net	(2,222)	(6,440)	(22,721)
Net cash provided by (used in) financing activities	3,683	42	37,662
Effect of exchange rate change on cash and cash equivalents	(11)	(58)	(113)
Net increase (decrease) in cash and cash equivalents	321	(2,184)	3,288
Cash and cash equivalents at beginning of year	9,429	11,614	96,416
Cash and cash equivalents at end of year	9,751	9,429	99,704

Izumi Corporate Profile

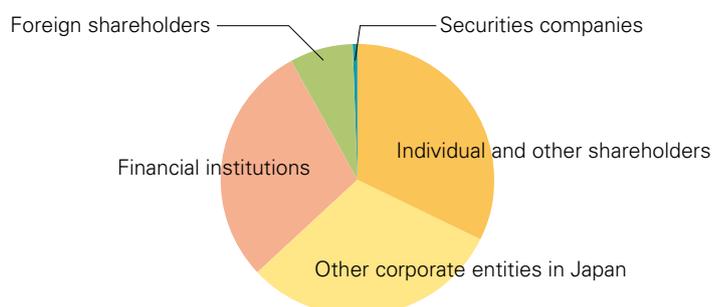
Date of establishment: **October 27, 1961**
 Head office: **2-22, Kyobashi-cho, Minami-ku, Hiroshima 732-0828, Japan**
 Tel: **+81-82-264-3211**
 Paid-in capital: **¥19,613 million**
 Employees: **2,572 full-time, 4,765 part-time (working eight-hour shifts)**
 Number of malls/stores: **83**

Chugoku Region		Kyushu Region		Other Regions	
Hiroshima Pref.	29	Fukuoka Pref.	9	Kagawa Pref.	3
Okayama Pref.	10	Saga Pref.	3	Hyogo Pref.	3
Yamaguchi Pref.	8	Oita Pref.	2	Others	4
Shimane Pref.	6	Nagasaki Pref.	1		
		Kumamoto Pref.	5		

Stock information

Total number of shares issued by the Company **195,243,000 shares**
 Total number of outstanding shares **123,117,420 shares**
 Number of shareholders **4,997**
 Lot size **100 shares**

Distribution of stock



Individual and other shareholders	32.3%
Other corporate entities in Japan	30.9%
Financial institutions	29.0%
Foreign shareholders	7.5%
Financial instruments companies	0.3%

Major shareholders

Shareholder name	Number of shares held (unit: thousands)	Percentage of total shares
Izumiya, Ltd.	11,501	9.34%
Yamanishi World, Ltd.	8,433	6.85%
Nippon Life Insurance Co.	5,214	4.24%
The Hiroshima Bank, Ltd.	4,724	3.84%
Izumi Kousan Co., Ltd.	4,104	3.33%
Daiichi Life Insurance Co.	4,030	3.27%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,947	3.21%
Japan Trustee Services Bank, Ltd. (Trust Account)	3,724	3.03%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	3,016	2.45%
Izumi Hiroshima Kyo-eikai	2,849	2.31%
Total	51,546	41.87%

Note: Shares held by the Company itself are not included

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<http://www.izumi.co.jp>

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