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A member of the Financial Accounting Standards Foundation

Summary of Consolidated Financial Results for First Half of Fiscal Year Ending May 2013 (Japanese GAAP)

December 14, 2012

Company name: ASKUL Corporation — Stock exchange listings: Tokyo
Securities code: 2678 — URL: http://ir.askul.co.jp/
Representative: Name: Shoichiro Iwata — Title: President and chief executive officer
Inquiries: Name: Shinichi Kajikawa — Title: Executive officer, Corporate Management Unit — Tel: (03) 4330-5130
Quarterly statement filing date (as planned): December 28, 2012
Dividend payable date (as planned): January 25, 2013
Supplemental material of quarterly results: Yes
Convening briefing of quarterly results: Yes

(Amounts less than 1 million yen are rounded down.)

1. Consolidated Financial Results for First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)

(1) Consolidated Quarterly Operating Results

(Percentage figures in parentheses indicate year-on-year changes.)

		First Half of Fiscal Year Ending May 2013		First Half of Fiscal Year Ended May 2012	
Net sales	million yen	109,736	(7.2%)	102,349	(7.3%)
Operating income	million yen	3,581	(18.9%)	3,011	(32.8%)
Ordinary income	million yen	3,563	(19.8%)	2,974	(33.7%)
Net income	million yen	1,866	(77.4%)	1,052	(173.1%)
Net income per share	yen	34.52		33.89	
Diluted net income per share	yen	—		—	

(Note) Comprehensive income
First half of fiscal year ending May 2013: 1,920 million yen (77.8%)
First half of fiscal year ended May 2012: 1,080 million yen (181.5%)

(2) Consolidated Financial Positions

		First Half of Fiscal Year Ending May 2013	Fiscal Year Ended May 2012
Total assets	million yen	106,920	109,011
Net assets	million yen	52,866	51,698
Capital adequacy ratio	%	48.7	46.7

(Reference) Owner's equity
First half of fiscal year ending May 2013: 52,034 million yen
Fiscal year ended May 2012: 50,953 million yen

2. Dividends

			Fiscal Year Ended May 2012	Fiscal Year Ending May 2013	Fiscal Year Ending May 2013 (forecast)
Dividend per share	First quarter	yen	—	—	
	Second quarter	yen	15.00	15.00	
	Third quarter	yen	—		—
	Fiscal year end	yen	15.00		15.00
	Total	yen	30.00		30.00

(Note) Correction of dividend forecast from the most recent dividend forecast: No

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3. Consolidated Forecasts for Fiscal Year Ending May 2013 (May 21, 2012 through May 20, 2013)

(Percentage figures in parentheses indicate year-on-year changes.)

		Fiscal Year Ending May 2013	
Net sales	million yen	239,000	(12.2%)
Operating income	million yen	7,300	(10.3%)
Ordinary income	million yen	7,200	(10.7%)
Net income	million yen	4,300	(86.8%)
Net income per share	yen	79.53	

(Note) Correction of financial forecast from the most recent financial forecast: No

* Others

(1) Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from changes in subsidiaries): No
Number of subsidiaries newly consolidated: ---- companies
(Name of subsidiaries newly consolidated:)
Number of subsidiaries excluded from consolidation: ---- companies
(Name of subsidiaries excluded from consolidation:)

(2) Applying of specific accounting of the consolidated quarterly financial statements: No

(3) Changes in accounting policies and accounting estimates, retrospective restatement
1) Changes in accounting policies based on revisions of accounting standard: Yes
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: Yes
4) Retrospective restatement: No

(4) Number of issued and outstanding shares (common stock)
1) Number of issued and outstanding shares at the period end (including treasury stock)
First half of fiscal year ending May 2013: 54,218,000 shares
Fiscal year ended May 2012: 54,218,000 shares
2) Number of treasury stock at the period end
First half of fiscal year ending May 2013: 150,359 shares
Fiscal year ended May 2012: 150,359 shares
3) Average number of shares (quarterly period—YTD)
First half of fiscal year ending May 2013: 54,067,641 shares
First half of fiscal year ended May 2012: 31,039,109 shares

* Expression of implementation status of quarterly review procedures

This Summary of Consolidated Financial Results is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements had not been completed at the time of the release of this Summary of Consolidated Financial Results.

* Notes for using forecasted information and others

Earnings forecasts and other forward looking statements contained in this document are based on information currently available to ASKUL and on certain assumptions that ASKUL considers to be reasonable. Actual results may differ materially from those projected herein as a result of various factors. Regarding assumptions underlying earnings forecasts and notes about the use of earnings forecasts, see "Qualitative Information on Consolidated Forecasts" on page 3 of this Summary of Consolidated Financial Results (Attached Materials).

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Table of Contents of Attached Materials

1. Qualitative Information on Consolidated Financial Results 2
(1) Qualitative Information on Consolidated Operating Results 2
(2) Qualitative Information on Consolidated Financial Position 2
(3) Qualitative Information on Consolidated Forecasts 3
2. Matters regarding Summary Information (Others) 3
(1) Material Changes in Subsidiaries during This Accumulated Quarter 3
(2) Applying of Specific Accounting of the Consolidated Quarterly Financial Statements 3
(3) Changes in Accounting Policies and Accounting Estimates, Retrospective Restatement 4
3. Material Events regarding Going Concern Assumption 4
4. Consolidated Financial Statements 5
(1) Consolidated Balance Sheets 5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 7
(Consolidated Statements of Income) 7
(Consolidated Statements of Comprehensive Income) 8
(3) Consolidated Statements of Cash Flows 9
(4) Notes on Going Concern Assumption 11
(5) Notes on Significant Changes in Shareholders' Equity 11
(6) Significant Subsequent Events 11
5. Supplementary Information 12
Details of Selling, General and Administrative Expenses (Consolidated) 12

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

During the period under review (May 21, 2012 through November 20, 2012), the Japanese economy was affected by sluggish exports amid the debt crisis in Europe and the economic slowdown in China. This, combined with weakening domestic demand due to electricity price rises and the planned consumption tax hike, resulted in continued uncertainty regarding the economic outlook.

In such an environment, the ASKUL Group substantially expanded its product range to broaden the customer base. With a particular focus on maintenance, repair, and operations (MRO) supplies used at factories, construction sites, laboratories, and other places of business, the number of products offered by the Group increased to approximately 360,000 items. Furthermore, on November 20, 2012, ASKUL officially launched LOHACO, a comprehensive Internet mail-order site for general consumers, in alliance with Yahoo Japan Corporation. The new site enables quick and easy purchase via smartphone and tablet with delivery as early as the same day, saving users time in shopping for heavy, bulky groceries during their busy daily lives.

ASKUL will transform itself into a full-fledged comprehensive e-commerce (electronic commerce) company by building this mail-order business for general consumers into a new growth driver, along with the office product mail-order business that has spurred the Company's growth to date. In doing so, the Company will make the fullest use of its structural advantages, which include the following: (1) unrivalled ability to attract visitors, underpinned partly by the link posted on the Yahoo! Japan top page; (2) high utilization of its distribution facilities around the clock throughout the year, made possible by serving two kinds of customers—corporate customers, to which deliveries are primarily made during weekday daytime, and general consumers, whose purchases are mostly delivered on weekday evenings and weekends; and (3) great value and competitive prices offered through direct transactions with some 800 manufacturers, the network developed in its office product sales business.

For the period under review, ASKUL achieved record first-half net sales of 109,736 million yen, an increase of 7.2% year-on-year. This was the result of the following factors: an expanded customer base brought about by the broader product range described above; an increased number of companies using SOLOEL ARENA, a purchasing system for medium- and large-sized corporations, thanks to the consistent marketing efforts of the Company's agents; strong sales of beverages in the summer and of detergents, toilet paper, tissue boxes, and the like used at offices; and enhanced sales of emergency supplies reflecting a heightened awareness of disaster preparedness among businesses and of packaging materials, adhesive tape, and other supplies used mainly at work sites.

Gross profit grew 6.6% year-on-year to 24,426 million yen. Although sales incentives paid to the Company's agents increased from a year earlier, persistent efforts to reduce the cost of sales as well as the expansion of own-brand products primarily contributed to gross product margin improvement, resulting in the gross profit margin of 22.3%, almost the same level as the preceding year. Owing to this and increased sales, the Company's gross profit was also a record high for a first half.

While selling, general and administrative expenses increased 4.8% year-on-year to 20,845 million yen, the ratio of those expenses to net sales registered a substantial improvement of 0.4 percentage points to 19.0%, driven largely by thorough implementation of low-cost operations. As a result of these developments, operating income surged 18.9% to 3,581 million yen and ordinary income jumped 19.8% to 3,563 million yen, both recording significant growth. Furthermore, whereas for the first half of the preceding fiscal year the Company had recognized an impairment loss for consolidated subsidiaries' noncurrent assets, for the period under review such a large extraordinary loss was not posted and total income taxes decreased as well. Accordingly, the Company achieved a 77.4% increase in net income to 1,866 million yen.

(2) Qualitative Information on Consolidated Financial Position

Consolidated total assets stood at 106,920 million yen at the end of the first half of the fiscal year ending May 2013, a decrease of 2,091 million yen from the end of the preceding fiscal year. The main reason was the decreases of 3,235 million yen in cash and deposits, 206 million yen in software, 302

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million yen in goodwill, and 535 million yen in noncurrent deferred tax assets, despite an increase of 1,952 million yen in "notes and accounts receivable—trade."

Consolidated liabilities came to 54,054 million yen, a decrease of 3,258 million yen from the end of the preceding fiscal year. This was largely attributable to the decreases of 432 million yen in "accounts payable—other" and 4,165 million yen in factoring payable, which more than offset an increase of 2,889 million yen in "notes and accounts payable—trade."

Net assets stood at 52,866 million yen, an increase of 1,167 million yen from the end of the preceding fiscal year. The increase was due chiefly to net income of 1,866 million yen, while the payment of dividends resulted in a decrease of 811 million yen.

Consequently, the capital adequacy ratio came to 48.7%, compared with 46.7% at the end of the preceding fiscal year.

(Cash flows)

Consolidated cash and cash equivalents (hereinafter "Funds") at the end of the first half of the fiscal year ending May 2013 were 46,827 million yen, a decrease of 3,235 million yen from the end of the preceding fiscal year.

The cash flows from each of operating, investing, and financing activities for the period under review and the underlying factors were as explained below.

(Cash flows from operating activities)

Net Funds used in operating activities were 1 million yen. The main factors contributing to an increase in Funds were income before income taxes of 3,523 million yen, depreciation and amortization of noncurrent assets and depreciation of software totaling 1,391 million yen, and a 2,852 million yen increase in "notes and accounts payable—trade." Meanwhile, the factors leading to a decrease in Funds included a 1,964 million yen increase in "notes and accounts receivable—trade," a 4,165 million yen decrease in factoring payable, and income taxes paid of 1,505 million yen.

(Cash flows from investing activities)

Net Funds used in investing activities were 1,289 million yen. The main items were 245 million yen paid for the purchase of property, plant and equipment and 872 million yen paid for the purchase of software.

(Cash flows from financing activities)

Net Funds used in financing activities were 1,946 million yen. The primary items were repayment of loans payable amounting to 1,077 million yen and cash dividends paid of 811 million yen.

(3) Qualitative Information on Consolidated Forecasts

No revision has been made to the consolidated forecasts announced on July 4, 2012.

2. Matters regarding Summary Information (Others)

(1) Material Changes in Subsidiaries during This Accumulated Quarter

Not applicable.

(2) Applying of Specific Accounting of the Consolidated Quarterly Financial Statements

Not applicable.

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(3) Changes in Accounting Policies and Accounting Estimates, Retrospective Restatement

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Pursuant to amendments to the Corporation Tax Act, ASKUL and its consolidated subsidiaries located in Japan have changed their depreciation method for certain assets since the first quarter of the fiscal year ending May 2013. Specifically, the items of property, plant and equipment acquired on or after May 21, 2012 that would have been subject to the declining-balance method have been depreciated using the method prescribed by the amended Corporation Tax Act. The impact of this change on profit and loss was insignificant.

3. Material Events regarding Going Concern Assumption

Not applicable.

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4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal Year Ended May 2012 (May 20, 2012)	First Half of Fiscal Year Ending May 2013 (November 20, 2012)
Assets		
Current assets		
Cash and deposits	50,062	46,827
Notes and accounts receivable—trade	25,382	27,334
Merchandise and finished goods	8,391	8,578
Raw materials and supplies	91	74
Other	4,389	4,397
Allowance for doubtful accounts	(60)	(71)
Total current assets	88,257	87,139
Noncurrent assets		
Property, plant and equipment	4,444	4,426
Intangible assets		
Software	5,291	5,084
Software in progress	87	113
Goodwill	4,086	3,783
Other	42	40
Total intangible assets	9,507	9,021
Investments and other assets		
Deferred tax assets	3,211	2,676
Other	3,690	3,795
Allowance for doubtful accounts	(99)	(138)
Total investments and other assets	6,802	6,333
Total noncurrent assets	20,754	19,781
Total assets	109,011	106,920
Liabilities		
Current liabilities		
Notes and accounts payable—trade	25,707	28,597
Short-term loans payable	695	276
Current portion of long-term loans payable	1,861	1,871
Accounts payable—other	3,588	3,155
Factoring payable	15,667	11,501
Income taxes payable	1,618	1,270
Provisions	763	710
Other	824	1,232
Total current liabilities	50,727	48,616
Noncurrent liabilities		
Long-term loans payable	2,807	2,114
Provision for retirement benefits	1,405	1,472
Asset retirement obligations	1,409	941
Other	963	909
Total noncurrent liabilities	6,585	5,437
Total liabilities	57,312	54,054

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(Unit: million yen)

	Fiscal Year Ended May 2012 (May 20, 2012)	First Half of Fiscal Year Ending May 2013 (November 20, 2012)
Net assets		
Shareholders' equity		
Capital stock	20,035	20,035
Capital surplus	22,515	22,515
Retained earnings	8,709	9,764
Treasury stock	(254)	(254)
Total shareholders' equity	51,006	52,061
Accumulated other comprehensive income		
Foreign currency translation adjustment	(53)	(26)
Total accumulated other comprehensive income	(53)	(26)
Subscription rights to shares	660	718
Minority interests	85	113
Total net assets	51,698	52,866
Total liabilities and net assets	109,011	106,920

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(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Unit: million yen)

	First Half of Fiscal Year Ended May 2012 (May 21, 2011 through November 20, 2011)	First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)
Net sales	102,349	109,736
Cost of sales	79,442	85,309
Gross profit	22,907	24,426
Selling, general and administrative expenses	19,896	20,845
Operating income	3,011	3,581
Non-operating income		
Interest income	14	49
Disaster relief money	4	—
Other	14	29
Total non-operating income	33	79
Non-operating expenses		
Interest expenses	30	22
Commission fee	1	31
Foreign exchange losses	26	30
Other	11	12
Total non-operating expenses	70	97
Ordinary income	2,974	3,563
Extraordinary income		
Gain on reversal of subscription rights to shares	220	4
Gain on reversal of loss on disaster	594	—
Other	6	—
Total extraordinary income	821	4
Extraordinary loss		
Impairment loss	784	32
Loss on retirement of noncurrent assets	61	10
Cancellation penalty	3	—
Other	1	1
Total extraordinary loss	851	43
Income before income taxes	2,944	3,523
Income taxes—current	1,135	1,185
Income taxes—deferred	748	442
Total income taxes	1,883	1,628
Income before minority interests	1,061	1,895
Minority interests in income	8	28
Net income	1,052	1,866

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(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	First Half of Fiscal Year Ended May 2012 (May 21, 2011 through November 20, 2011)	First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)
Income before minority interests	1,061	1,895
Other comprehensive income		
Foreign currency translation adjustment	19	25
Total other comprehensive income	19	25
Comprehensive income	1,080	1,920
Comprehensive income attributable to:		
Owners of the parent	1,071	1,892
Minority interests	8	28

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(3) Consolidated Statements of Cash Flows

(Unit: million yen)

	First Half of Fiscal Year Ended May 2012 (May 21, 2011 through November 20, 2011)	First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)
Cash flows from operating activities		
Income before income taxes	2,944	3,523
Depreciation and amortization	383	381
Depreciation of software	1,231	1,009
Amortization of long-term prepaid expenses	118	128
Impairment loss	784	32
Amortization of goodwill	304	302
Share-based compensation expenses	119	61
Gain on reversal of subscription rights to shares	(220)	(4)
Increase (decrease) in allowance for doubtful accounts	(121)	49
Increase (decrease) in provision for retirement benefits	70	67
Increase (decrease) in provisions	(5)	(12)
Increase (decrease) in provision for loss on disaster	(811)	(73)
Interest and dividends income	(14)	(49)
Interest expenses	30	22
Loss on retirement of noncurrent assets	61	9
Loss (gain) on sales of noncurrent assets	0	0
Decrease (increase) in notes and accounts receivable—trade	(2,279)	(1,964)
Decrease (increase) in inventories	554	(173)
Decrease (increase) in accounts receivable—other	58	32
Increase (decrease) in notes and accounts payable—trade	732	2,852
Increase (decrease) in accounts payable—other	113	(514)
Increase (decrease) in factoring payable	3,188	(4,165)
Increase (decrease) in accrued consumption taxes	(147)	(51)
Other, net	180	11
Subtotal	7,277	1,477
Interest and dividends income received	14	49
Interest expenses paid	(32)	(23)
Income taxes paid	(1,002)	(1,505)
Cash flows from operating activities	6,257	(1)
Cash flows from investing activities		
Purchase of property, plant and equipment	(522)	(245)
Purchase of software	(708)	(872)
Purchase of long-term prepaid expenses	(20)	(25)
Payments for guarantee deposits	(196)	(149)
Proceeds from collection of guarantee deposits	70	3
Payments for asset retirement obligations	(42)	—
Other, net	0	(0)
Cash flows from investing activities	(1,420)	(1,289)

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(Unit: million yen)

	First Half of Fiscal Year Ended May 2012 (May 21, 2011 through November 20, 2011)	First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)
Cash flows from financing activities		
Decrease in short-term loans payable	(1)	(144)
Proceeds from long-term loans payable	2,756	—
Repayment of long-term loans payable	(4,573)	(932)
Repayments of lease obligations	(29)	(58)
Cash dividends paid	(465)	(811)
Cash flows from financing activities	(2,314)	(1,946)
Effect of exchange rate change on cash and cash equivalents	12	2
Net increase (decrease) in cash and cash equivalents	2,535	(3,235)
Cash and cash equivalents at beginning of period	13,652	50,062
Cash and cash equivalents at end of period	16,187	46,827

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(4) Notes on Going Concern Assumption

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(6) Significant Subsequent Events

(Absorption-type merger with consolidated subsidiary)

ASKUL resolved at its board of directors meeting held on December 5, 2012 that the Company carry out an absorption-type merger with its wholly owned consolidated subsidiary, ASMARU Corporation (hereinafter "ASMARU"), with the effective date being February 21, 2013.

1. Purpose of the merger

The ASKUL Group, the leader in the office product mail-order business, is working toward transforming itself into the leader in the e-commerce field. For the B-to-B (corporate) business, ASKUL aims to increase net sales by expanding its offerings from office products to items used at workplaces of all kinds, focusing especially on the Web channel. The items it offers include merchandise for restaurants, medical supplies used exclusively at health care facilities, tools for use at construction sites and factories, and scientific supplies for laboratories. In addition, to further spur its growth, ASKUL has decided to enter the B-to-C (general consumer) market on a full scale. To that end, the Company concluded a business and capital alliance agreement with Yahoo Japan Corporation on April 27, 2012, and launched LOHACO, an Internet mail-order service for general consumers, on October 15, 2012. The Company's ultimate goal is to dramatically increase profitability by leveraging synergistic effects between B-to-B and B-to-C businesses, such as lower purchase prices and more cost-effective logistics operations. With an eye to this goal, ASKUL has decided to carry out an absorption-type merger with ASMARU, based on the belief that integrating ASMARU into LOHACO and putting ASMARU's expertise and knowledge to full use for LOHACO will facilitate the Group's accelerated growth.

2. Outline of the merger

(1) Merger schedule

Board of directors meeting deciding on the merger:	December 5, 2012
Conclusion of the merger agreement:	December 5, 2012
Effective date of the merger:	February 21, 2013 (tentative)

(Note) The planned merger will fall under the definition of a short-form merger, as stipulated in Article 796, paragraph 3 of the Companies Act in the case of ASKUL, and in Article 784, paragraph 1 of the said act in the case of ASMARU. Accordingly, neither ASKUL nor ASMARU will convene a general shareholders' meeting to seek approval of the merger agreement.

(2) Merger method

This will be an absorption-type merger, with ASKUL being the surviving company and ASMARU being the absorbed company.

(3) Allotment in association with the merger

ASKUL owns all the shares in ASMARU. As such, in association with this absorption-type merger, there will be no issuance of new shares, no increase in capital stock, and no monetary payment to the absorbed company's shareholders for fractional share adjustment and other purposes.

(4) Handling of the subscription rights to shares and bonds with subscription rights to shares issued by the absorbed company

Not applicable.

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3. Profile of the absorbed company (as of May 20, 2012)

Name:	ASMARU Corporation
Representative:	Miyoko Sakagawa, representative director
Head office:	2-3, Toyosu 3-chome, Koto-ku, Tokyo
Paid-in capital:	40 million yen
Net assets (deficiency):	(2,076) million yen
Total assets:	223 million yen
Nature of business:	Internet-based mail-order business for individuals

4. Post-merger status

This absorption-type merger will not cause ASKUL to change its trade name, domicile, representative's title and name, nature of business, paid-in capital, and fiscal year-end.

5. Outline of accounting treatment to be applied

ASKUL plans to apply the accounting treatment for transactions under joint control as provided for in the Accounting Standard for Business Combinations (ASBJ Statement No. 21: December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10: December 26, 2008).

5. Supplementary Information

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Half of Fiscal Year Ended May 2012 (May 21, 2011 through November 20, 2011)		First Half of Fiscal Year Ending May 2013 (May 21, 2012 through November 20, 2012)			(Reference) Fiscal Year Ended May 2012 (May 21, 2011 through May 20, 2012)	
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (million yen)	Ratio to Sales (%)
Personal expenses[*1]	4,866	4.8	5,696	5.2	117.0	10,471	4.9
Shipment expenses	3,673	3.6	3,909	3.6	106.4	7,100	3.3
Provision for sales promotion expenses	247	0.2	303	0.3	122.4	552	0.3
Subcontract expenses	1,667	1.6	1,625	1.5	97.5	3,387	1.6
Business consignment expenses[*1]	2,731	2.7	2,459	2.2	90.0	5,439	2.6
Rents	2,268	2.2	2,436	2.2	107.4	4,792	2.3
Provision of allowance for doubtful accounts	(38)	(0.0)	59	0.1	—	(23)	(0.0)
Depreciation	380	0.4	376	0.3	98.8	780	0.4
Amortization of software	1,229	1.2	1,008	0.9	82.1	2,262	1.1
Other expenses	2,869	2.7	2,970	2.7	103.5	6,110	2.7
Total	19,896	19.4	20,845	19.0	104.8	40,873	19.2

Note:

*1. For the period under review, personal expenses increased while business consignment expenses decreased, both on a year-on-year basis. These were mainly because of changes in an employment system for distribution center workers.