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

March 14, 2013

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):		March 29, 2013	
Dividend payable date (as planned):		—	
Supplemental material of quarterly results:		Yes	
Convening briefing of quarterly results:		Yes (for institutional investors and analysts)	

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

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

(1) Consolidated Quarterly Operating Results

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

		First Nine Months of Fiscal Year Ending May 2013		First Nine Months of Fiscal Year Ended May 2012	
Net sales	million yen	165,614	(6.6%)	155,376	(7.0%)
Operating income	million yen	4,872	(-2.6%)	5,004	(22.5%)
Ordinary income	million yen	5,063	(1.6%)	4,983	(23.8%)
Net income	million yen	4,374	(148.3%)	1,762	(55.4%)
Net income per share	yen	80.91		56.77	
Diluted net income per share	yen	—		—	

(Note) Comprehensive income
First nine months of fiscal year ending May 2013: 4,303 million yen (140.8%)
First nine months of fiscal year ended May 2012: 1,787 million yen (57.1%)

(2) Consolidated Financial Positions

		First Nine Months of Fiscal Year Ending May 2013	Fiscal Year Ended May 2012
Total assets	million yen	107,222	109,011
Net assets	million yen	54,402	51,698
Capital adequacy ratio	%	50.0	46.7

(Reference) Owner's equity
First nine months of fiscal year ending May 2013: 53,599 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	227,000	(6.6%)
Operating income	million yen	6,650	(0.5%)
Ordinary income	million yen	6,650	(2.2%)
Net income	million yen	5,000	(117.2%)
Net income per share	yen	92.48	

(Note) Correction of financial forecast from the most recent financial forecast: Yes

* 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 nine months 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 nine months 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 nine months of fiscal year ending May 2013: 54,067,641 shares
First nine months of fiscal year ended May 2012: 31,039,097 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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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

During the period under review (May 21, 2012 through February 20, 2013), the Japanese economy started to show signs of recovery. The new administration's easy-money policy combined with other developments led to the continued depreciation of the yen and soaring stock prices. Recovery in domestic demand, though, was very slow, dragged down by electricity price rises and the planned consumption tax hike.

In such an environment, price and service competition in the mail-order market further intensified, as both retail and non-retail companies poured into this promising market with large growth potential.

The ASKUL Group devoted itself to broadening the customer base by continuously expanding its product range and ensuring speedy delivery of purchased items. The number of products offered by the Group increased to approximately 380,000 items, extending from office consumables and amenities to maintenance, repair, and operations (MRO) supplies used at factories, construction sites, laboratories, and other places of business. 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 works to transform itself into a full-fledged comprehensive e-commerce (electronic commerce) company by building the 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 makes 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.

ASKUL also endeavors to significantly increase the number of the products available for same or next day delivery at LOHACO and other channels. To that end, the Company is expanding its existing distribution centers in Tokyo and Osaka, while newly constructing a Saitama Distribution Center (provisional name) that is planned to be operational by July 2013.

For the period under review, ASKUL's consolidated net sales increased 6.6% year-on-year to 165,614 million yen, its highest ever for first nine months. 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; strong sales of beverages and of detergents, toilet paper, tissue boxes, and the like used at offices; and enhanced sales of sanitary items, such as surgical masks, and of packaging materials, adhesive tape, and other supplies used mainly at work sites.

Gross profit grew 6.2% year-on-year to 36,894 million yen. Persistent efforts to reduce the cost of sales and the broader lineup of own-brand products especially contributed to maintaining the gross product margin. As a result, the Company posted a record first-nine-month gross profit, securing the gross profit margin of 22.3%, the same level as the preceding fiscal year.

Selling, general and administrative expenses increased 7.7% year-on-year to 32,021 million yen. Continuing to rigorously pursue low-cost operations, ASKUL improved the profitability of the existing business. For launching LOHACO, however, the Company incurred some expenses upfront, as shown by rises in advertising expenses for increasing the site's visibility and in rents for expanding some of the existing distribution centers. This led to an increase of 0.2 percentage points in the ratio of selling, general and administrative expenses to net sales, to 19.3%. As a result of these developments, operating income declined 2.6% to 4,872 million yen, but ordinary income increased 1.6% to 5,063 million yen. Net income grew 148.3%, hitting a record high of 4,374 million yen, as total income taxes

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decreased following the restructuring of ASMARU Corporation and ASKUL (Shanghai) Trading Co., Ltd.

(2) Qualitative Information on Consolidated Financial Position

Consolidated total assets stood at 107,222 million yen at the end of the first nine months of the fiscal year ending May 2013, a decrease of 1,789 million yen from the end of the preceding fiscal year. The main reason was a decrease of 5,096 million yen in cash and deposits. This more than offset the following increases: 670 million yen in "notes and accounts receivable—trade"; 600 million yen in income taxes receivable resulting from the abovementioned decline in total income taxes; 806 million yen in property, plant and equipment due mainly to the construction of the Saitama Distribution Center (provisional name); and 581 million yen in noncurrent deferred tax assets.

Liabilities came to 52,819 million yen, a decrease of 4,493 million yen from the end of the preceding fiscal year. This was largely attributable to the decreases of 5,657 million yen in factoring payable, 1,594 million yen in the sum of short- and long-term loans payable, and 1,434 million yen in income taxes payable. Meanwhile, "notes and accounts payable—trade" increased by 3,212 million yen and "accounts payable—other" rose by 680 million yen.

Net assets stood at 54,402 million yen, an increase of 2,703 million yen from the end of the preceding fiscal year. The increase was due chiefly to net income of 4,374 million yen, while the payment of dividends resulted in a decrease of 1,622 million yen.

Consequently, the capital adequacy ratio came to 50.0%, compared with 46.7% at the end of the preceding fiscal year.

(3) Qualitative Information on Consolidated Forecasts

ASKUL resolved at its board of directors meeting held on March 14, 2013 that the Company make the following revisions to its consolidated forecasts for the fiscal year ending May 2013 (May 21, 2012 through May 20, 2013) announced on July 4, 2012.

Net sales, although still expected to reach a record high driven by existing business growth, are now forecast to be 227,000 million yen, increasing by 14,000 million yen from the preceding fiscal year. This is the result of the Company reviewing its plan in the light of LOHACO's initial results.

Operating income and ordinary income are both projected to be 6,650 million yen, almost the same level as the preceding fiscal year. While having improved the profitability of the existing business, the Company will continue to incur some expenses upfront, such as advertising expenses, to ensure LOHACO's successful start and growth.

Net income forecast, on the other hand, has been revised up by 700 million yen. Net income is expected to hit a record high of 5,000 million yen, increasing by 117.2% from the preceding fiscal year. The main contributing factor is a decline in total income taxes following the dissolution and liquidation of ASKUL (Shanghai) Trading Co., Ltd.

Revised Consolidated Forecasts for Fiscal Year Ending May 2013 (May 21, 2012–May 20, 2013)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	(million yen) 239,000	(million yen) 7,300	(million yen) 7,200	(million yen) 4,300	(yen) 79.53
Revised forecast (B)	227,000	6,650	6,650	5,000	92.48
Amount of change (B – A)	(12,000)	(650)	(550)	700	—
Rate of change (%)	(5.0)	(8.9)	(7.6)	16.3	—
(Reference) Results for fiscal year ended May 2012	212,932	6,617	6,504	2,301	74.01

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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.

(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 Nine Months of Fiscal Year Ending May 2013 (February 20, 2013)
Assets		
Current assets		
Cash and deposits	50,062	44,966
Notes and accounts receivable—trade	25,382	26,052
Merchandise and finished goods	8,391	8,728
Raw materials and supplies	91	72
Income taxes receivable	—	600
Other	4,389	5,043
Allowance for doubtful accounts	(60)	(34)
Total current assets	88,257	85,429
Noncurrent assets		
Property, plant and equipment	4,444	5,251
Intangible assets		
Software	5,291	5,107
Software in progress	87	114
Goodwill	4,086	3,682
Other	42	39
Total intangible assets	9,507	8,943
Investments and other assets		
Deferred tax assets	3,211	3,793
Other	3,690	3,951
Allowance for doubtful accounts	(99)	(147)
Total investments and other assets	6,802	7,597
Total noncurrent assets	20,754	21,793
Total assets	109,011	107,222
Liabilities		
Current liabilities		
Notes and accounts payable—trade	25,707	28,920
Short-term loans payable	695	—
Current portion of long-term loans payable	1,861	1,868
Accounts payable—other	3,588	4,269
Factoring payable	15,667	10,010
Income taxes payable	1,618	184
Provisions	763	1,007
Other	824	1,277
Total current liabilities	50,727	47,538
Noncurrent liabilities		
Long-term loans payable	2,807	1,901
Provision for retirement benefits	1,405	1,517
Provisions	32	5
Asset retirement obligations	1,409	943
Other	931	913
Total noncurrent liabilities	6,585	5,281
Total liabilities	57,312	52,819

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(Unit: million yen)

	Fiscal Year Ended May 2012 (May 20, 2012)	First Nine Months of Fiscal Year Ending May 2013 (February 20, 2013)
Net assets		
Shareholders' equity		
Capital stock	20,035	20,035
Capital surplus	22,515	22,515
Retained earnings	8,709	11,462
Treasury stock	(254)	(254)
Total shareholders' equity	51,006	53,759
Accumulated other comprehensive income		
Foreign currency translation adjustment	(53)	(159)
Total accumulated other comprehensive income	(53)	(159)
Subscription rights to shares	660	719
Minority interests	85	82
Total net assets	51,698	54,402
Total liabilities and net assets	109,011	107,222

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

(Consolidated Statements of Income)

(Unit: million yen)

	First Nine Months of Fiscal Year Ended May 2012 (May 21, 2011 through February 20, 2012)	First Nine Months of Fiscal Year Ending May 2013 (May 21, 2012 through February 20, 2013)
Net sales	155,376	165,614
Cost of sales	120,647	128,720
Gross profit	34,728	36,894
Selling, general and administrative expenses	29,724	32,021
Operating income	5,004	4,872
Non-operating income		
Interest income	22	73
Foreign exchange gains	—	172
Disaster relief money	4	—
Other	37	31
Total non-operating income	64	277
Non-operating expenses		
Interest expenses	43	31
Commission fee	3	32
Foreign exchange losses	17	—
Other	21	22
Total non-operating expenses	85	87
Ordinary income	4,983	5,063
Extraordinary income		
Gain on reversal of subscription rights to shares	236	4
Gain on reversal of loss on disaster	601	—
Other	6	0
Total extraordinary income	844	4
Extraordinary loss		
Impairment loss	786	32
Loss on retirement of noncurrent assets	81	22
Provision for loss on liquidation of subsidiaries and affiliates	—	279
Cancellation penalty	3	—
Other	1	8
Total extraordinary loss	872	342
Income before income taxes	4,955	4,724
Income taxes—current	1,949	854
Income taxes—deferred	1,230	(538)
Total income taxes	3,179	316
Income before minority interests	1,775	4,408
Minority interests in income	13	33
Net income	1,762	4,374

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(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	First Nine Months of Fiscal Year Ended May 2012 (May 21, 2011 through February 20, 2012)	First Nine Months of Fiscal Year Ending May 2013 (May 21, 2012 through February 20, 2013)
Income before minority interests	1,775	4,408
Other comprehensive income		
Foreign currency translation adjustment	11	(104)
Total other comprehensive income	11	(104)
Comprehensive income	1,787	4,303
Comprehensive income attributable to:		
Owners of the parent	1,773	4,268
Minority interests	13	34

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(3) Notes on Going Concern Assumption

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(5) 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. This absorption-type merger was implemented on 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. Furthermore, with the view to enter the B-to-C (general consumer) market on a full scale, on April 27, 2012 the Company concluded a business and capital alliance agreement with Yahoo Japan Corporation. On November 20, 2012, ASKUL officially launched LOHACO, an Internet mail-order service for general consumers, aiming to spur further growth. 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 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 date

February 21, 2013

(Note) This merger fell 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 convened a general shareholders' meeting to seek approval of the merger agreement.

(2) Merger method

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

(3) Allotment in association with the merger

ASKUL owned all the shares in ASMARU. As such, in association with this absorption-type merger, there was 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 has not caused 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 applied

This merger is accounted for as a transaction under joint control pursuant to 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 Nine Months of Fiscal Year Ended May 2012 (May 21, 2011 through February 20, 2012)		First Nine Months of Fiscal Year Ending May 2013 (May 21, 2012 through February 20, 2013)			(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	7,583	4.9	8,700	5.3	114.7	10,471	4.9
Shipment expenses	5,334	3.4	5,839	3.5	109.5	7,100	3.3
Provision for sales promotion expenses	422	0.3	427	0.3	101.2	552	0.3
Subcontract expenses	2,467	1.6	2,592	1.6	105.1	3,387	1.6
Business consignment expenses*1	3,962	2.6	3,723	2.2	94.0	5,439	2.6
Rents	3,477	2.2	3,775	2.3	108.6	4,792	2.3
Provision of allowance for doubtful accounts	(29)	(0.0)	35	0.0	—	(23)	(0.0)
Depreciation	574	0.4	577	0.3	100.6	780	0.4
Amortization of software	1,753	1.1	1,505	0.9	85.8	2,262	1.1
Other expenses*2	4,176	2.6	4,844	2.9	116.0	6,110	2.7
Total	29,724	19.1	32,021	19.3	107.7	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.

*2. Other expenses for the period under review rose from a year earlier. This was primarily due to higher advertising expenses and other costs for increasing the visibility of LOHACO.