

**Financial Results for the First Nine Months of Fiscal Year Ending December 31, 2011**  
**(Consolidated)**  
**(Nine Months Ended September 30, 2011)**

 Company name: **MonotaRO Co., Ltd.**

Listing: Tokyo Stock Exchange, First Section

Stock code: 3064

 URL: <http://www.monotaro.com>

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Scheduled date of filing of Quarterly Report: November 11, 2011

*(Figures are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the Nine Months ended September 30, 2011**
**(January 1, 2011 – September 30, 2011)**

(1) Consolidated results of operations

*(Percentages show the change from the same period of previous fiscal year)*

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Sep.30, 2011	15,947	-	1,599	-	1,630	-	920	-
Nine months ended Sep.30, 2010	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep.30, 2011	31.10	30.23
Nine months ended Sep.30, 2010	-	-

Note: Since the consolidated financial statements have been prepared from the period ended September 30, 2011, figures for the nine months ended Sep. 30, 2010 and the percentage changes from the same period of the previous year were not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2011	8,160	4,009	48.2	132.38
As of Dec. 31, 2010	-	-	-	-

Reference: Shareholders' equity Sep.30, 2011: 3,936 million yen Dec.31, 2010: - million yen

Note: Since the consolidated financial statements have been prepared from the period ended September 30, 2011, figures as of Dec. 31, 2010 were not stated.

**2. Dividends**

Record date	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec.31, 2010	-	15.00	-	7.50	22.50
Year ending Dec.31, 2011 (actual)	-	9.00	-		
Year ending Dec.31, 2011 (forecast)				7.00	16.00

Note: Revision of dividend forecast during the period: Yes

The Company revised the forecast of year-end dividends and increased expected dividends per share by 2.5 yen, from 4.5 yen to 7 yen.

The Company implemented a 2-for-1 share split on August 25, 2010. If the share split had been implemented at the beginning of 2010, total annual dividends per share for the year ended December 31, 2010 would have been equivalent to 15 yen. The Company also implemented a 2-for-1 share split on August 16, 2011. If this share split were not implemented, the year-end and total annual dividends per share (forecast) for the year ending December 31, 2011 would be equivalent to 14 yen and 23 yen, respectively.

**3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2011 (January 1, 2011 – December 31, 2011)**

*(Percentages show the change from the same period of previous fiscal year)*

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	21,861	-	1,962	-	1,981	-	1,105	-	37.33

Note: Revision of consolidated forecast during this quarter: Yes

Note: Since the consolidated financial statements have been prepared from the period ended September 30, 2011, the percentage changes from the same period of the previous year were not stated.

#### 4. Others

(1) Changes in material subsidiaries during the nine-month period ended September 30, 2011: None

(2) Application of simplified accounting methods and special accounting methods for the preparation of quarterly financial statements: Yes

(3) Changes in accounting principles, procedures and presentation methods for the preparation of quarterly financial statements:

1) Changes caused by the revision of accounting standards, etc.: Yes

2) Changes other than mentioned in 1): None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock)

Sep.30, 2011:	29,975,200 shares	Dec.31, 2010:	14,864,400 shares
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2) Number of treasury stocks at the end of period

Sep.30, 2011:	237,370 shares	Dec.31, 2010:	100,118 shares
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3) Average number of shares outstanding during the period

Nine months ended Sep.30, 2011:	29,586,860 shares	Nine months ended Sep.30, 2010:	14,756,706 shares
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Note: The Company implemented a 2-for-1 share split on August 16, 2011.

#### **\* Statements with respect to quarterly review procedures**

This interim report of financial results is out of scope from quarterly review procedures by independent auditors in accordance with the Financial Instruments and Exchange Act. As of the date of the disclosure of this report, quarterly review procedures to interim financial statements in accordance with Financial Instruments and Exchange Act have not yet completed.

#### **\* Cautionary statement with respect to forward-looking statements**

The forecasts above are based on the judgments made in accordance with information currently available. Forecasts therefore include risks and uncertainties. Actual figures may differ from these forecasts due to subsequent changes in the circumstances.

## Qualitative Information on the Financial Statements

### 1. Qualitative Information Regarding Results of Operations

The Japanese economy during the first nine months of the fiscal year ending December 31, 2011 showed a modest recovery trend that had been driven by the increase of demand in developing countries, especially in Asian countries, despite a temporary decline due to the Great East Japan Earthquake and subsequent restrictions of power supply. However, the economic downturn in Europe and the United States stemming from the debt crisis in Greece resulted in weakening exports, accordingly, the Japanese economic situation is still in unpredictable.

Meanwhile, the market for industrial MRO products, for which we serve as a supplier, had also been showing a temporary decrease of demand due to worsening consumer spending, damaged factories, an electricity shortage and a fall in production in connection with the Great East Japan Earthquake. Though demand has slowly been increasing with a recovery in the Japanese economy, the situation is unclear due to the economic downturn in Europe and the United States.

In this economic environment, we have continued to engage actively, with a particular focus on preventing a loss of any existing customers and gaining new customers. Promotional activities included advertising on the Internet and, by utilizing data mining tools, efficiently distributing flyers through facsimile and direct mail. In addition, we published a new office supplies catalog for the purpose of gaining new customers never targeted previously. We have also proactively updated the usability of our website to meet a wide range of customer requirements, introduced a search system enabling users to search for goods more quickly, and focused on increasing the frequency of customer purchases by implementing a daily discount program on particular categories. Moreover, we newly opened Sendai Logistics Center in Tagajo-city, Miyagi pref. in May in order to correspond to demand for reconstruction after the earthquake. In addition, K-engine Corporation, which is our consolidated subsidiary, was established in August for the purpose of distributing high-quality building materials at a reasonable price not only for the Tohoku district for reconstruction of houses but also to building contractors throughout Japan. Consequently, we have successfully obtained 96,124 newly registered accounts for the first nine months of the fiscal year and the number of registered accounts totaled 668,256 as of the end of the third quarter.

All of our efforts mentioned above have resulted in net sales of 15,947 million yen, while operating income amounted to 1,599 million yen, ordinary income amounted to 1,630 million yen and net income amounted to 920 million yen during the nine-month period ended September 30, 2011.

Since the consolidated financial statements have been prepared from the period ended September 30, 2011 in connection with the establishment of K-engine Corporation, the results for the first nine months of the fiscal year ending December 31, 2011 are not comparable with those of the same period of the previous fiscal year.

In addition, the forecast of consolidated results is consistent with that of MonotaRO disclosed on July 19, 2011, since its performance would have an immaterial impact on the consolidated financial statements for the fiscal year ending December 31, 2011.

The following is a summary of operating results by product segment.

#### (1) Factory consumables

Net sales amounted to 7,123 million yen due to the increase in sales of all categories such as cleaning goods, power and air compression tools, gloves and sprays.

#### (2) Factory replacement parts

Net sales amounted to 5,983 million yen due largely to the substantial increase in sales of automobile maintenance and truck related products for the automobile aftermarket and the strong sales of logistics or packing products, electrical materials and compressors.

#### (3) Other supplies

Net sales amounted to 2,841 million yen due to the sales increase in construction materials, laboratory equipment, office supplies, lighting equipment and other items.

**Forecast for the remainder of FY2011**

While the Japanese economy finally got out of its slump related to the Great East Japan Earthquake and showed a gradual recovery, it is expected that a unpredictable and severe economic environment will continue to cloud the outlook for the future of the Japanese economy for a while since concerns remain over the economic downturn in Europe and the United States.

In this environment, our financial results for the first nine months were generally in line with our plan. Though an optimistic forecast is not justified given uncertainty about the future, we have succeeded in gaining new customers as expected so far, which is one of our principal strategies for sales growth. As a result, the forecast of consolidated results is consistent with that of MonotaRO disclosed on July 19, 2011 and we have not changed the forecast.

Furthermore, we have not included any sales and expenses of K-engine Corporation in our forecast for the fiscal year ending December 31, 2011 since its performance would have an immaterial impact on the consolidated financial statements.

## Consolidated quarterly balance sheets

(In thousand of yen)

Items	As of Sep. 30, 2011
<b>Assets</b>	
Current assets	
Cash and deposits	1,215,049
Notes and accounts receivable-trade	2,447,219
Merchandise	2,433,382
Goods in transit	128,056
Supplies	263,237
Accounts receivable-other	521,709
Other	175,731
Allowance for doubtful accounts	(25,694)
Total current assets	<u>7,158,690</u>
Noncurrent assets	
Property, plant and equipment	210,265
Intangible assets	581,861
Investments and other assets	
Guarantee deposits	148,733
Other	77,588
Allowance for doubtful accounts	(16,913)
Total investments and other assets	<u>209,408</u>
Total noncurrent assets	<u>1,001,535</u>
Total assets	<u>8,160,226</u>
<b>Liabilities</b>	
Current liabilities	
Notes and accounts payable-trade	1,631,162
Short-term loans payable	1,300,000
Accounts payable-other	581,521
Income taxes payable	432,627
Provision for bonuses	71,617
Provision for directors' bonuses	11,805
Other	89,953
Total current liabilities	<u>4,118,687</u>
Noncurrent liabilities	
Provision for directors' retirement benefits	32,318
Total noncurrent liabilities	<u>32,318</u>
Total liabilities	<u>4,151,006</u>
<b>Net assets</b>	
Shareholders' equity	
Capital stock	1,717,976
Capital surplus	522,513
Retained earnings	1,797,024
Treasury stock	(100,772)
Total shareholders' equity	<u>3,936,742</u>
Subscription rights to shares	<u>42,796</u>
Noncontrolling interests	<u>29,681</u>
Total net assets	<u>4,009,219</u>
Total liabilities and net assets	<u>8,160,226</u>

## Consolidated quarterly statements of income

(In thousand of yen)

Nine months ended  
Sep. 30, 2011

Net sales	15,947,696
Cost of sales	11,443,138
Gross profit	4,504,558
Selling, general and administrative expenses	2,904,616
Operating income	1,599,941
Non-operating income	
Interest income	30
Foreign exchange gains	27,320
Other	13,281
Total non-operating income	40,631
Non-operating expenses	
Interest expenses	7,131
Other	3,222
Total non-operating expenses	10,354
Ordinary income	1,630,219
Extraordinary income	
Difference in execution of assets retirement obligation	778
Total extraordinary income	778
Extraordinary loss	
Loss on retirement of noncurrent assets	1,757
Loss on adjustment for changes of accounting standard for asset retirement obligations	25,776
Total extraordinary losses	27,534
Income before income taxes	1,603,463
Income taxes-current	721,846
Income taxes-deferred	(38,258)
Total income taxes	683,587
Income before noncontrolling interests	919,875
Noncontrolling interests in income	(318)
Net income	920,194

## Consolidated quarterly statements of cash flows

(In thousand of yen)

Nine months ended  
Sep. 30, 2011

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Net cash provided by (used in) operating activities	
Income before income taxes and noncontrolling interests	1,603,463
Depreciation and amortization	178,777
Increase (decrease) in allowance for doubtful accounts	1,273
Increase (decrease) in provision for bonuses	40,733
Increase (decrease) in provision for directors' bonuses	(851)
Increase (decrease) in provision for directors' retirement benefit	4,961
Interest and dividends income	(30)
Interest expenses	7,131
Loss on adjustment for changes of accounting standard for asset retirement obligations	28,096
Decrease (increase) in notes and accounts receivable-trade	(217,088)
Decrease (increase) in inventories	(1,125,658)
Decrease (increase) in accounts receivable-other	32,514
Increase (decrease) in notes and accounts payable-trade	96,941
Increase (decrease) in accounts payable-other	21,446
Other, net	(14,837)
Subtotal	<u>656,875</u>
Interest and dividends income received	30
Interest expenses paid	(8,104)
Income taxes paid	(692,145)
Net cash provided by (used in) operating activities	<u>(43,345)</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(104,546)
Purchase of intangible assets	(172,589)
Payments for guarantee deposits	(68,243)
Proceeds from collection of guarantee deposits	42,109
Other, net	(156)
Net cash provided by (used in) investment activities	<u>(303,425)</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	500,000
Proceeds from exercise of stock option	50,263
Purchase of treasury stock	(17,404)
Cash dividends paid	(241,872)
Proceeds from stock issuance to minority shareholders associated with establishment of new subsidiary	30,000
Net cash provided by (used in) financing activities	<u>320,986</u>
Net increase (decrease) in cash and cash equivalents	<u>(25,784)</u>
Cash and cash equivalents at beginning of period	<u>1,240,833</u>
Cash and cash equivalents at end of period	<u>1,215,049</u>

(For your reference)  
**Non-consolidated quarterly balance sheets**

(In thousand of yen)

Items	As of Dec. 31, 2010
<b>Assets</b>	
Current assets	
Cash and deposits	1,240,833
Notes and accounts receivable-trade	2,230,131
Merchandise	1,601,291
Goods in transit	45,861
Supplies	51,864
Accounts receivable-other	554,223
Other	140,618
Allowance for doubtful accounts	(23,646)
Total current assets	5,841,178
Noncurrent assets	
Property, plant and equipment	162,623
Intangible assets	530,690
Investments and other assets	
Guarantee deposits	150,696
Other	56,322
Allowance for doubtful accounts	(17,688)
Total investments and other assets	189,331
Total noncurrent assets	882,645
Total assets	6,723,823
<b>Liabilities</b>	
Current liabilities	
Notes and accounts payable-trade	1,534,220
Short-term loans payable	800,000
Accounts payable-other	564,934
Income taxes payable	405,693
Provision for bonuses	22,056
Provision for directors' bonuses	12,656
Other	100,217
Total current liabilities	3,439,779
Noncurrent liabilities	
Provision for directors' retirement benefits	27,357
Total noncurrent liabilities	27,357
Total liabilities	3,467,136
<b>Net assets</b>	
Shareholders' equity	
Capital stock	1,692,844
Capital surplus	497,381
Retained earnings	1,120,457
Treasury stock	(83,367)
Total shareholders' equity	3,227,316
Subscription rights to shares	29,370
Total net assets	3,256,687
Total liabilities and net assets	6,723,823



## Non-consolidated quarterly statements of income

(In thousand of yen)

Nine months ended

Sep. 30, 2010

Net sales	12,677,482
Cost of sales	9,175,878
Gross profit	3,501,603
Selling, general and administrative expenses	2,522,280
Operating income	979,323
Non-operating income	
Interest income	56
Foreign exchange gains	16,425
Other	8,395
Total non-operating income	24,877
Non-operating expenses	
Interest expenses	6,356
Other	2,633
Total non-operating expenses	8,990
Ordinary income	995,211
Extraordinary loss	
Loss on retirement of noncurrent assets	151
Total extraordinary losses	151
Income before income taxes	995,059
Income taxes-current	452,090
Income taxes-deferred	(21,664)
Total income taxes	430,425
Net income	564,633

## Non-consolidated quarterly statements of cash flows

(In thousand of yen)

Nine months ended

Sep. 30, 2010

Net cash provided by (used in) operating activities	
Income before income taxes and noncontrolling interests	995,059
Depreciation and amortization	139,962
Increase (decrease) in allowance for doubtful accounts	2,772
Increase (decrease) in provision for bonuses	28,427
Increase (decrease) in provision for directors' bonuses	(1,316)
Increase (decrease) in provision for directors' retirement benefit	20,517
Interest and dividends income	(56)
Interest expenses	6,356
Foreign exchange losses (gains)	(16,425)
Decrease (increase) in notes and accounts receivable-trade	(261,017)
Decrease (increase) in inventories	(540,022)
Decrease (increase) in accounts receivable-other	6,541
Increase (decrease) in notes and accounts payable-trade	(78,444)
Increase (decrease) in accounts payable-other	135,061
Other, net	25,205
Subtotal	462,621
Interest and dividends income received	56
Interest expenses paid	(6,343)
Income taxes paid	(572,477)
Net cash provided by (used in) operating activities	(116,142)
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(33,862)
Purchase of intangible assets	(134,220)
Other, net	1,497
Net cash provided by (used in) investment activities	(166,585)
Net cash provided by (used in) financing activities	
Proceeds from exercise of stock option	8,760
Purchase of treasury stock	(83,226)
Cash dividends paid	(327,762)
Net cash provided by (used in) financing activities	(402,229)
Net increase (decrease) in cash and cash equivalents	(684,957)
Cash and cash equivalents at beginning of period	1,532,574
Cash and cash equivalents at end of period	847,616