

Financial Results for the Fiscal Year Ended December 31, 2011 (Consolidated)

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

Stock code: 3064

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Scheduled date of Annual General Shareholder's Meeting: March 22, 2012

Scheduled date of filing of Annual Securities Report: March 22, 2012

Scheduled date of dividend payment: March 23, 2012

Presence or absence of supplemental material: Yes Presence or absence of investors meeting: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the year ended December 31, 2011

(January 1, 2011 – December 31, 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	%
Year ended Dec.31, 2011	22,239	-	2,009	-	2,045	-	1,148	-
Year ended Dec.31, 2010	-	-	-	-	-	-	-	-

Note: Comprehensive income Dec. 31, 2011 1,147 million yen (- %) Dec. 31, 2010 - million yen (- %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Year ended Dec.31, 2011	38.76	37.68	31.0	25.9	9.0
Year ended Dec.31, 2010	-	-	-	-	-

Reference: Gains or losses accounted for using equity method: Dec. 31, 2011 - million yen Dec. 31, 2010 - million yen

Note: Since the consolidated financial statements have been newly prepared from the fiscal year ended December 31, 2011, figures for the year ended Dec. 31, 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 Dec. 31, 2011	9,047	4,255	46.2	140.11
As of Dec. 31, 2010	-	-	-	-

Reference: Shareholders' equity Dec.31, 2011: 4,178 million yen Dec.31, 2010: - million yen

Note: Since the consolidated financial statements have been newly prepared from the fiscal year ended December 31, 2011, figures as of Dec. 31, 2010 were not stated.

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended Dec. 31, 2011	319	(372)	332	1,519
Year ended Dec. 31, 2010	-	-	-	-

Note: Since the consolidated financial statements have been newly prepared from the fiscal year ended December 31, 2011, figures for the year ended Dec. 31, 2010 were not stated.

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Year ended Dec. 31, 2010	Yen -	Yen 15.00	Yen -	Yen 7.50	Yen 22.50	Millions of yen 221	% -	% -
Year ended Dec. 31, 2011	-	9.00	-	7.00	16.00	341	29.7	9.2
Year ending Dec. 31, 2012 (forecast)	-	8.00	-	8.00	16.00		-	

The Company implemented a 2-for-1 share split on August 25, 2010 and on August 16, 2011. If the dividends were calculated based on the current number of outstanding shares, total annual dividends per share for the years ended December 31, 2010 and 2011 would have been equivalent to 7.5 yen and 11.5 yen, respectively. In addition, the dividend payout ratio and the dividend on equity for the fiscal year ended December 31, 2010 were 29.4% and 7.3%, respectively.

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2012 (January 1, 2012 – December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share Yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Half year (Accumulated)	12,891	-	1,292	-	1,291	-	736	-	24.69
Full year	27,011	21.5	2,643	31.5	2,640	29.1	1,504	31.0	50.45

Note: Since there was no subsidiary until after the second quarter of 2011, the percentage changes for the first half of the previous year were not stated.

4. Others

(1) Changes in material subsidiaries during the year ended December 31, 2011: None

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

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

2) Changes other than mentioned in 1): None

(3) Number of shares outstanding (common shares)

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

Dec.31, 2011: 30,061,600 shares Dec.31, 2010: 14,864,400 shares

2) Number of treasury stocks at the end of period

Dec.31, 2011: 237,370 shares Dec.31, 2010: 100,118 shares

3) Average number of shares outstanding during the period

Year ended Dec.31, 2011: 29,639,003 shares Year ended Dec.31, 2010: 14,754,800 shares

Note: The Company implemented a 2-for-1 share split on August 16, 2011.

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2011

1. Non-consolidated Financial Results for the year ended December 31, 2011

(January 1, 2011 – December 31, 2011)

(1) 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	%
Year ended Dec.31, 2011	22,220	25.6	2,015	54.2	2,051	54.7	1,153	53.3
Year ended Dec.31, 2010	17,685	24.5	1,307	43.6	1,325	50.9	752	51.8

	Net income per share Yen	Diluted net income per share Yen
Year ended Dec.31, 2011	38.91	37.83
Year ended Dec.31, 2010	50.98	50.08

Note: The Company implemented a 2-for-1 share split on August 16, 2011.

(2) Financial position

	Total assets Millions of yen	Net assets Millions of yen	Equity ratio %	Net assets per share Yen
As of Dec. 31, 2011	8,999	4,232	46.5	140.26
As of Dec. 31, 2010	6,723	3,256	48.0	215.59

Reference: Shareholders' equity Dec.31, 2011: 4,183 million yen Dec.31, 2010: 3,227 million yen

Note: The Company implemented a 2-for-1 share split on August 16, 2011.

2. Forecasts for the Fiscal Year Ending December 31, 2012 (January 1, 2012 – December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share Yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Half year (Accumulated)	12,891	22.6	1,292	19.0	1,291	16.8	736	18.5	24.69
Full year	27,011	21.6	2,643	31.1	2,640	28.8	1,504	30.5	50.45

* Statements with respect to audit procedures

This report of financial results is out of scope from audit procedures by independent auditors in accordance with the Financial Instruments and Exchange Act. As of the date of the disclosure of this report, audit procedures on the financial statements in accordance with the Financial Instruments and Exchange Act have not yet been 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 fiscal year ended December 31, 2011 showed a modest recovery trend that had been largely 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 the power supply. However, the economic downturn in Europe and the United States stemming from the debt crisis in Greece resulted in weakening exports, and accordingly, the Japanese economic situation remained 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 was marked by uncertainty 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 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 who had never been targeted previously. We have also proactively enhanced 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 respond 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 131,640 newly registered accounts for the fiscal year and the number of registered accounts totaled 703,772 as of the end of the fiscal year.

All of our efforts mentioned above have resulted in net sales of 22,239 million yen, while operating income amounted to 2,009 million yen, ordinary income amounted to 2,045 million yen and net income amounted to 1,148 million yen during the fiscal year ended December 31, 2011.

Since the consolidated financial statements have been newly prepared from the fiscal year ended December 31, 2011 due to the establishment of K-engine Corporation, the results for the fiscal year ended December 31, 2011 are not comparable with those of the previous fiscal year.

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

(1) Factory consumables

Net sales amounted to 9,803 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 8,386 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 4,049 million yen due to the sales increase in construction materials, laboratory equipment, office supplies, work wear and other items.

Forecast for the fiscal year ending December 31, 2012

Although the Japanese economy seems to be recovering gradually, it is expected that an unclear and severe economic environment will continue to cloud the outlook for the future due to the effect of the financial crisis in Europe and other factors. Considering the trend in orders from our existing customers and the overall situation in the Japanese manufacturing sector, the situation may be challenging if we sell only to existing customers. This means that obtaining new customers is becoming much more critical to us as a source of growth. Accordingly, we will continue aggressive promotional activities and gain more new customers.

In addition, we plan to engage actively in sales promotion activities with a particular focus on expanding the range of goods in specific newly entered sectors, improving customers' purchase frequency with highly precise data mining tools and developing the business for large companies.

In view of the implementation of the plan above, our forecast of net sales estimated at 27,011 million yen for the fiscal year ending December 31, 2012. In terms of profitability, operating income, ordinary income, and net income for the year are expected to be 2,643 million yen, 2,640 million yen, and 1,504 million yen, respectively. These profit projections reflect an increase in the sales of private label products with high profitability that cover an expected decline in profit margins because of price competition. Profit projections also reflect an increase in fixed costs, such as labor and other expenses due to increase of employees and sales promotion expenses to acquire new customers.

In addition, the forecast of consolidated net income for the fiscal year ending December 31, 2012 have not included the performance of K-engine Corporation since it has been still under the feasibility study including a development of business model and its performance would have an immaterial impact on the consolidated financial statements.

Consolidated balance sheet

(In thousands of yen)

Items	As of Dec. 31, 2011
Assets	
Current assets	
Cash and deposits	1,519,895
Accounts receivable-trade	2,319,498
Merchandise	2,747,980
Goods in transit	128,822
Supplies	54,747
Accounts receivable-other	1,126,792
Deferred tax assets	87,381
Other	89,189
Allowance for doubtful accounts	(30,255)
Total current assets	<u>8,044,052</u>
Noncurrent assets	
Property, plant and equipment	
Buildings, net	55,367
Machinery and equipment, net	48,314
Vehicles, net	9,862
Tools, furniture and fixtures, net	81,994
Lease assets, net	10,718
Total property, plant and equipment	<u>206,257</u>
Intangible assets	
Software	562,871
Other	30,591
Total intangible assets	<u>593,463</u>
Investments and other assets	
Guarantee deposits	146,223
Deferred tax assets	56,700
Other	17,761
Allowance for doubtful accounts	(17,335)
Total investments and other assets	<u>203,349</u>
Total noncurrent assets	<u>1,003,069</u>
Total assets	<u>9,047,122</u>
Liabilities	
Current liabilities	
Accounts payable-trade	1,936,657
Short-term loans payable	1,300,000
Lease obligations	2,328
Accounts payable-other	743,765
Income taxes payable	622,508
Provision for bonuses	28,118
Provision for directors' bonuses	19,571
Other	97,055
Total current liabilities	<u>4,750,007</u>
Noncurrent liabilities	
Lease obligations	8,925
Provision for directors' retirement benefits	32,318
Total noncurrent liabilities	<u>41,244</u>
Total liabilities	<u>4,791,251</u>
Net assets	
Shareholders' equity	
Capital stock	1,724,618
Capital surplus	529,155
Retained earnings	2,025,669
Treasury stock	(100,772)
Total shareholders' equity	<u>4,178,671</u>
Subscription rights to shares	49,032
Minority interests	28,166
Total net assets	<u>4,255,870</u>
Total liabilities and net assets	<u>9,047,122</u>

Consolidated statement of (comprehensive) income

(In thousands of yen)

Items	Year ended Dec. 31, 2011
Net sales	22,239,091
Cost of sales	15,977,945
Gross profit	<u>6,261,145</u>
Selling, general and administrative expenses	<u>4,251,543</u>
Operating income	<u>2,009,602</u>
Non-operating income	
Interest income	32
Foreign exchange gains	31,527
Commission fee	3,610
Compensation income	4,391
Other	<u>10,390</u>
Total non-operating income	<u>49,952</u>
Non-operating expenses	
Interest expenses	10,339
Loss on disposal of inventories	2,796
Other	<u>1,414</u>
Total non-operating expenses	<u>14,550</u>
Ordinary income	<u>2,045,004</u>
Extraordinary income	
Difference in execution of assets retirement obligation	<u>778</u>
Total extraordinary income	<u>778</u>
Extraordinary loss	
Loss on retirement of noncurrent assets	2,308
Loss on adjustment for changes of accounting standard for asset retirement obligations	<u>25,776</u>
Total extraordinary losses	<u>28,085</u>
Income before income taxes and minority interests	<u>2,017,696</u>
Income taxes-current	906,431
Income taxes-deferred	<u>(35,741)</u>
Total income taxes	<u>870,690</u>
Income before minority interests	<u>1,147,006</u>
Minority interests in loss	<u>(1,833)</u>
Net income	<u>1,148,839</u>
Minority interests in loss	<u>(1,833)</u>
Income before minority interests	<u>1,147,006</u>
Total other comprehensive income	<u>-</u>
Comprehensive income	<u>1,147,006</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of the parent	1,148,839
Comprehensive income attributable to minority interests	(1,833)

Consolidated statement of changes in net assets

(In thousands of yen)

Items	Year ended Dec. 31, 2011
Shareholders' equity	
Capital stock	
Balance at the end of previous period	1,692,844
Changes of items during the period	
Issuance of new shares	31,773
Total changes of items during the period	<u>31,773</u>
Balance at the end of current period	<u>1,724,618</u>
Capital surplus	
Balance at the end of previous period	497,381
Changes of items during the period	
Issuance of new shares	31,773
Total changes of items during the period	<u>31,773</u>
Balance at the end of current period	<u>529,155</u>
Retained earnings	
Balance at the end of previous period	1,120,457
Changes of items during the period	
Dividends from surplus	(243,627)
Net income	1,148,839
Total changes of items during the period	<u>905,211</u>
Balance at the end of current period	<u>2,025,669</u>
Treasury stock	
Balance at the end of previous period	(83,367)
Changes of items during the period	
Purchase of treasury stock	(17,404)
Total changes of items during the period	<u>(17,404)</u>
Balance at the end of current period	<u>(100,772)</u>
Total shareholders' equity	
Balance at the end of previous period	3,227,316
Changes of items during the period	
Issuance of new shares	63,547
Dividends from surplus	(243,627)
Net income	1,148,839
Purchase of treasury stock	(17,404)
Total changes of items during the period	<u>951,354</u>
Balance at the end of current period	<u>4,178,671</u>
Subscription rights to shares	
Balance at the end of previous period	29,370
Changes of items during the period	
Net changes of items other than shareholders' equity	19,662
Total changes of items during the period	<u>19,662</u>
Balance at the end of current period	<u>49,032</u>
Minority interests	
Balance at the end of previous period	-
Changes of items during the period	
Net changes of items other than shareholders' equity	28,166
Total changes of items during the period	<u>28,166</u>
Balance at the end of current period	<u>28,166</u>
Total net assets	
Balance at the end of previous period	3,256,687
Changes of items during the period	
Issuance of new shares	63,547
Dividends from surplus	(243,627)
Net income	1,148,839
Purchase of treasury stock	(17,404)
Net changes of items other than shareholders' equity	47,828
Total changes of items during the period	<u>999,183</u>
Balance at the end of current period	<u>4,255,870</u>

Consolidated statement of cash flows

(In thousands of yen)

Year ended

Dec. 31, 2011

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Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,017,696
Depreciation and amortization	248,413
Increase (decrease) in allowance for doubtful accounts	6,256
Increase (decrease) in provision for bonuses	4,666
Increase (decrease) in provision for directors' bonuses	6,915
Increase (decrease) in provision for directors' retirement benefits	4,961
Interest income	(32)
Interest expenses	10,339
Loss on adjustment for changes of accounting standard for assets retirement obligations	30,611
Decrease (increase) in notes and accounts receivable-trade	(89,367)
Decrease (increase) in inventories	(1,232,533)
Decrease (increase) in accounts receivable-other	(572,568)
Increase (decrease) in notes and accounts payable-trade	402,436
Increase (decrease) in accounts payable-other	180,709
Other, net	4,596
Subtotal	<u>1,023,101</u>
Interest income received	32
Interest expenses paid	(11,274)
Income taxes paid	(692,145)
Net cash provided by (used in) operating activities	<u>319,713</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(105,465)
Purchase of intangible assets	(241,137)
Payments for guarantee deposits	(68,247)
Proceeds from collection of guarantee deposits	42,109
Other, net	(118)
Net cash provided by (used in) investment activities	<u>(372,858)</u>
Net cash provided by (used in) financing activities	
Increase (decrease) in short-term loans payable	500,000
Proceeds from exercise of stock option	63,547
Purchase of treasury stock	(17,404)
Cash dividends paid	(243,547)
Proceeds from stock issuance to minority shareholders	30,000
Other, net	(388)
Net cash provided by (used in) financing activities	<u>332,207</u>
Net increase (decrease) in cash and cash equivalents	<u>279,062</u>
Cash and cash equivalents at beginning of period	<u>1,240,833</u>
Cash and cash equivalents at end of period	<u>1,519,895</u>

Non-consolidated balance sheets

Items	(In thousands of yen)	
	As of Dec. 31, 2010	As of Dec. 31, 2011
Assets		
Current assets		
Cash and deposits	1,240,833	1,410,808
Notes receivable-trade	911	-
Accounts receivable-trade	2,229,219	2,310,448
Merchandise	1,601,291	2,747,980
Goods in transit	45,861	128,822
Supplies	51,864	54,747
Advance payments-trade	17,473	28,068
Prepaid expenses	44,753	54,530
Accounts receivable-other	554,223	1,127,492
Deferred tax assets	70,013	87,381
Other	8,378	6,590
Allowance for doubtful accounts	(23,646)	(30,255)
Total current assets	<u>5,841,178</u>	<u>7,926,614</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	49,007	55,367
Machinery and equipment, net	48,944	48,314
Vehicles, net	9,212	9,862
Tools, furniture and fixtures, net	55,458	81,994
Lease assets, net	-	10,718
Total property, plant and equipment	<u>162,623</u>	<u>206,257</u>
Intangible assets		
Right of trademark	1,269	4,959
Software	527,004	562,871
Telephone subscription right	35	35
Software in progress	2,381	25,597
Total intangible assets	<u>530,690</u>	<u>593,463</u>
Investments and other assets		
Stocks of subsidiaries and affiliates	-	70,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	17,688	17,335
Long-term prepaid expenses	307	425
Guarantee deposits	150,696	146,223
Deferred tax assets	38,327	56,700
Allowance for doubtful accounts	(17,688)	(17,335)
Total investments and other assets	<u>189,331</u>	<u>273,349</u>
Total noncurrent assets	<u>882,645</u>	<u>1,073,069</u>
Total assets	<u>6,723,823</u>	<u>8,999,684</u>

Items	As of Dec. 31, 2010	As of Dec. 31, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	1,534,220	1,933,059
Short-term loans payable	800,000	1,300,000
Lease obligations	—	2,328
Accounts payable-other	564,934	723,919
Accrued expenses	42,882	54,594
Income taxes payable	405,693	622,448
Accrued consumption taxes	45,805	22,415
Advances received	741	2,313
Deposits received	10,787	17,627
Provision for bonuses	22,056	28,118
Provision for directors' bonuses	12,656	19,571
Total current liabilities	<u>3,439,779</u>	<u>4,726,398</u>
Noncurrent liabilities		
Lease obligations	-	8,925
Provision for directors' retirement benefits	27,357	32,318
Total noncurrent liabilities	<u>27,357</u>	<u>41,244</u>
Total liabilities	<u>3,467,136</u>	<u>4,767,642</u>
Net assets		
Shareholders' equity		
Capital stock	1,692,844	1,724,618
Capital surplus		
Legal capital surplus	497,381	529,155
Total capital surpluses	497,381	529,155
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,120,457	2,030,007
Total retained earnings	1,120,457	2,030,007
Treasury stock	(83,367)	(100,772)
Total shareholders' equity	<u>3,227,316</u>	<u>4,183,009</u>
Subscription rights to shares	29,370	49,032
Total net assets	<u>3,256,687</u>	<u>4,232,041</u>
Total liabilities and net assets	<u>6,723,823</u>	<u>8,999,684</u>

Non-consolidated statements of income

	Year ended Dec. 31, 2010	(In thousands of yen) Year ended Dec. 31, 2011
Net sales	17,685,553	22,220,471
Cost of sales		
Beginning goods	1,205,713	1,601,291
Cost of purchased goods	13,212,275	17,121,207
Total	<u>14,417,988</u>	<u>18,722,499</u>
Goods transfer to other account	236	—
Ending goods	1,601,291	2,747,980
Cost of sales	<u>12,816,461</u>	<u>15,974,518</u>
Gross profit	<u>4,869,092</u>	<u>6,245,952</u>
Selling, general and administrative expenses	<u>3,561,647</u>	<u>4,230,239</u>
Operating income	<u>1,307,444</u>	<u>2,015,713</u>
Non-operating income		
Interest income	58	32
Foreign exchange gains	18,171	31,527
Commission fee	3,324	3,610
Compensation income	3,171	4,391
Other	5,271	10,390
Total non-operating income	<u>29,997</u>	<u>49,952</u>
Non-operating expenses		
Interest expenses	8,374	10,339
Loss on disposal of inventories	1,751	2,796
Other	1,393	1,414
Total non-operating expenses	<u>11,519</u>	<u>14,550</u>
Ordinary income	<u>1,325,922</u>	<u>2,051,115</u>
Extraordinary income		
Difference in execution of assets retirement obligation	-	778
Total extraordinary income	<u>-</u>	<u>778</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	252	2,308
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	25,776
Total extraordinary losses	<u>252</u>	<u>28,085</u>
Income before income taxes	<u>1,325,670</u>	<u>2,023,808</u>
Income taxes-current	605,084	906,371
Income taxes-deferred	(31,573)	(35,741)
Total income taxes	<u>573,511</u>	<u>870,630</u>
Net income	<u>752,158</u>	<u>1,153,177</u>

Non-consolidated statements of changes in net assets

(In thousands of yen)

Items	Year ended Dec. 31, 2010	Year ended Dec. 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,681,806	1,692,844
Changes of items during the period		
Issuance of new shares	11,037	31,773
Total changes of items during the period	11,037	31,773
Balance at the end of current period	1,692,844	1,724,618
Capital surplus		
Balance at the end of previous period	486,344	497,381
Changes of items during the period		
Issuance of new shares	11,037	31,773
Total changes of items during the period	11,037	31,773
Balance at the end of current period	497,381	529,155
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	23,005	-
Changes of items during the period		
Reversal of legal retained earnings	(23,005)	-
Total changes of items during the period	(23,005)	-
Balance at the end of current period	-	-
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	677,552	1,120,457
Changes of items during the period		
Reversal of legal retained earnings	23,005	-
Dividends from surplus	(332,258)	(243,627)
Net income	752,158	1,153,177
Total changes of items during the period	442,905	909,549
Balance at the end of current period	1,120,457	2,030,007
Total retained earnings		
Balance at the end of previous period	700,557	1,120,457
Changes of items during the period		
Dividends from surplus	(332,258)	(243,627)
Net income	752,158	1,153,177
Total changes of items during the period	419,900	909,549
Balance at the end of current period	1,120,457	2,030,007
Total retained earnings		
Balance at the end of previous period	(119)	(83,367)
Changes of items during the period		
Purchase of treasury stock	(83,247)	(17,404)
Total changes of items during the period	(83,247)	(17,404)
Balance at the end of current period	(83,367)	(100,772)
Total shareholders' equity		
Balance at the end of previous period	2,868,589	3,227,316
Changes of items during the period		
Issuance of new shares	22,075	63,547
Dividends from surplus	(332,258)	(243,627)
Net income	752,158	1,153,177
Purchase of treasury stock	(83,247)	(17,404)
Total changes of items during the period	358,727	955,692
Balance at the end of current period	3,227,316	4,183,009

Items	Year ended Dec. 31, 2010	Year ended Dec. 31, 2011
<u>Subscription rights to shares</u>		
Balance at the end of previous period	9,786	29,370
Changes of items during the period		
Net changes of items other than shareholders' equity	19,583	19,662
Total changes of items during the period	<u>19,583</u>	<u>19,662</u>
Balance at the end of current period	<u>29,370</u>	<u>49,032</u>
<u>Total net assets</u>		
Balance at the end of previous period	2,878,375	3,256,687
Changes of items during the period		
Issuance of new shares	22,075	63,547
Dividends from surplus	(332,258)	(243,627)
Net income	752,158	1,153,177
Purchase of treasury stock	(83,247)	(17,404)
Net changes of items other than shareholders' equity	19,583	19,662
Total changes of items during the period	<u>378,311</u>	<u>975,354</u>
Balance at the end of current period	<u>3,256,687</u>	<u>4,232,041</u>

Non-consolidated statement of cash flows

	Year ended Dec. 31, 2010
Net cash provided by (used in) operating activities	
Income before income taxes	1,325,670
Depreciation and amortization	194,958
Increase (decrease) in allowance for doubtful accounts	5,548
Increase (decrease) in provision for bonuses	5,967
Increase (decrease) in provision for directors' bonuses	3,656
Increase (decrease) in provision for directors' retirement benefits	27,357
Interest and dividends income	(58)
Interest expenses	8,374
Foreign exchange losses (gains)	(18,171)
Loss on retirement of property, plant and equipment	252
Decrease (increase) in notes and accounts receivable-trade	(545,156)
Decrease (increase) in inventories	(376,935)
Decrease (increase) in accounts receivable-other	(92,149)
Increase (decrease) in notes and accounts payable-trade	84,657
Increase (decrease) in accounts payable-other	249,249
Other, net	50,540
Subtotal	<u>923,762</u>
Interest and dividends income received	58
Interest expenses paid	(8,317)
Income taxes paid	(574,845)
Net cash provided by (used in) operating activities	<u>340,657</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(42,595)
Purchase of intangible assets	(200,061)
Payments for guarantee deposits	(13)
Proceeds from collection of guarantee deposits	670
Other, net	875
Net cash provided by (used in) investment activities	<u>(241,125)</u>
Net cash provided by (used in) financing activities	
Proceeds from exercise of stock option	22,075
Purchase of treasury stock	(83,247)
Cash dividends paid	(330,099)
Net cash provided by (used in) financing activities	<u>(391,272)</u>
Net increase (decrease) in cash and cash equivalents	<u>(291,740)</u>
Cash and cash equivalents at beginning of period	<u>1,532,574</u>
Cash and cash equivalents at end of period	<u>1,240,833</u>