

Consolidated Financial Results for the First Three Months of Fiscal Year Ending December 31, 2012 (Three Months Ended March 31, 2012)

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

Stock code: 3064

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Listing: Tokyo Stock Exchange, First Section

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Scheduled date of filing of Quarterly Securities Report: May 10, 2012

Scheduled date of dividend payment: Not applicable

Supplemental materials: Yes Investors meeting: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Three Months ended March 31, 2012

(January 1, 2012 – March 31, 2012)

(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	%
Three months ended Mar.31, 2012	6,686	-	658	-	657	-	375	-
Three months ended Mar.31, 2011	-	-	-	-	-	-	-	-

Note: Comprehensive income Mar. 31, 2012 377 million yen (- %) Mar. 31, 2011 - million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar.31, 2012	12.60	12.25
Three months ended Mar.31, 2011	-	-

Note: Since the quarterly consolidated financial statements have been newly prepared from the quarter ended September 30, 2011, figures for the three months ended Mar. 31, 2011 and the percentage changes from the same period of previous year were not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2012	8,858	4,419	48.9
As of Dec. 31, 2011	9,047	4,255	46.2

Reference: Shareholders' equity Mar.31, 2012: 4,333 million yen Dec.31, 2011: 4,178 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Dec.31, 2011	-	9.00	-	7.00	16.00
Year ending Dec.31, 2012 (actual)	-				
Year ending Dec.31, 2012 (forecast)		8.00	-	8.00	16.00

Note: Amendments to dividend forecast compared with the most recent disclosure: None

The Company implemented a 2-for-1 share split on August 16, 2011. The 2Q-end and annual dividend for the year ended December 31, 2011 would have been equivalent to 4.5 yen and 11.5 yen, respectively based on the assumption that the share split were implemented at the beginning of previous fiscal year.

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year (Accumulated)	12,891	-	1,292	-	1,291	-	736	-	24.66
Full year	27,011	21.5	2,643	31.5	2,640	29.1	1,504	31.0	50.40

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

4. Others

(1) Changes in the number of material subsidiaries resulting changes in scope of consolidation during the three-month period ended March 31, 2012: None

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and estimates, or retrospective restatements:

1) Changes in accounting principles caused by the revision of accounting standards: Yes

2) Changes in accounting principles other than mentioned in 1): None

3) Changes in estimates: None

4) Retrospective restatements: None

(4) Number of shares outstanding (common shares)

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

Mar.31, 2012:	30,114,400 shares	Dec.31, 2011:	30,061,600 shares
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2) Number of treasury stocks at the end of period

Mar.31, 2012:	260,270 shares	Dec.31, 2011:	237,370 shares
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3) Average number of shares outstanding during the period

Three months ended Mar.31, 2012:	29,844,163 shares	Three months ended Mar.31, 2011:	14,776,667 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 quarterly 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 on the quarterly 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 first three months of the fiscal year ending December 31, 2012 showed a sign of improvement with regard to the level of capital expenditure among manufacturers, which had been reduced during an extended period of yen strength, due to a correction in the value of the currency. While the production volume of manufacturers, especially automobile related industries, rebounded gradually, the Japanese economic situation went through a phase of slow recovery as a whole.

Meanwhile, the market for industrial MRO products, for which we serve as a supplier, had also been showing a recovery of demand by the sectors engaged in reconstruction activities from the Great East Japan Earthquake and a recovery of the domestic production activities centered around the automobile related industries.

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 newly published Cost-Cutting Measures Catalog Vol.2 in January featuring approximately 6,800 private label goods at reasonable prices. We have also proactively enhanced the usability of our website to meet a wide range of customer requirements and focused on increasing the frequency of customer purchases by implementing a daily discount program on particular categories. Consequently, we have successfully obtained 42,545 newly registered accounts for the first three months of the fiscal year and the number of registered accounts totaled 746,317 as of the end of the first quarter of this fiscal year.

All of our efforts mentioned above have resulted in net sales of 6,686 million yen, while operating income amounted to 658 million yen, ordinary income amounted to 657 million yen and net income amounted to 375 million yen during the three-month period ended March 31, 2012.

Since the quarterly consolidated financial statements have been newly prepared from the quarter ended September 30, 2011, the results for the first three months of the fiscal year ended March 31, 2012 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 2,875 million yen due to the increase in sales of all categories such as power and air compression tools, measurement equipments and hand tools.

(2) Factory replacement parts

Net sales amounted to 2,579 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, compressors and control equipments.

(3) Other supplies

Net sales amounted to 1,231 million yen due to the sales increase in construction materials, laboratory equipments and office supplies.

2. Forecast for the Fiscal Year Ending December 31, 2012

Although the Japanese economy seems to be gradually recovering from the downturn caused by the Great East Japan Earthquake, it is expected that an unclear and severe economic environment will continue to cloud the outlook for the future due to the concerns about the decline of the world economy in response to the financial crisis in Europe and unstable exchange rates.

In this environment, our financial results for the three months of the fiscal year ending December 31, 2012 slightly exceeded our plan; however, an optimistic forecast is not justified given uncertainty about the future. As a result, the consolidated forecast for the first half of the fiscal year and that for the fiscal year ending December 31, 2012 disclosed on February 1, 2012 have not been changed at this time.

Consolidated quarterly balance sheets

Accounts	(In thousands of yen)	
	As of Dec. 31, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	1,519,895	1,127,307
Accounts receivable-trade	2,319,498	2,652,384
Merchandise	2,747,980	2,648,526
Goods in transit	128,822	81,903
Supplies	54,747	39,166
Accounts receivable-other	1,126,792	1,135,202
Other	176,570	165,166
Allowance for doubtful accounts	(30,255)	(26,978)
Total current assets	8,044,052	7,822,678
Noncurrent assets		
Property, plant and equipment	206,257	198,042
Intangible assets	593,463	615,456
Investments and other assets		
Guarantee deposits	146,223	143,708
Other	74,461	95,773
Allowance for doubtful accounts	(17,335)	(16,835)
Total investments and other assets	203,349	222,645
Total noncurrent assets	1,003,069	1,036,144
Total assets	9,047,122	8,858,823
Liabilities		
Current liabilities		
Accounts payable-trade	1,936,657	2,045,118
Short-term loans payable	1,300,000	1,300,000
Accounts payable-other	743,765	462,885
Income taxes payable	622,508	289,907
Provision for bonuses	28,118	69,200
Provision for directors' bonuses	19,571	16,373
Other	99,384	156,452
Total current liabilities	4,750,007	4,339,937
Noncurrent liabilities		
Provision for directors' retirement benefits	32,318	87,268
Other	8,925	12,386
Total noncurrent liabilities	41,244	99,654
Total liabilities	4,791,251	4,439,592
Net assets		
Shareholders' equity		
Capital stock	1,724,618	1,729,476
Capital surplus	529,155	534,014
Retained earnings	2,025,669	2,192,898
Treasury stock	(100,772)	(122,663)
Total shareholders' equity	4,178,671	4,333,726
Subscription rights to shares	49,032	55,647
Minority interests	28,166	29,856
Total net assets	4,255,870	4,419,230
Total liabilities and net assets	9,047,122	8,858,823

Consolidated quarterly statement of (comprehensive) income

(In thousands of yen)

Accounts	Three months ended Mar. 31, 2012
Net sales	6,686,859
Cost of sales	4,819,792
Gross profit	1,867,067
Selling, general and administrative expenses	1,208,229
Operating income	658,837
Non-operating income	
Interest income	18
Commission fee	981
Compensation income	1,535
Gain on sales of packing materials	1,064
Other	977
Total non-operating income	4,577
Non-operating expenses	
Interest expenses	3,163
Foreign exchange losses	1,457
Other	1,137
Total non-operating expenses	5,757
Ordinary income	657,657
Extraordinary loss	
Loss on retirement of noncurrent assets	22
Total extraordinary losses	22
Income before income taxes and minority interests	657,634
Income taxes-current	284,879
Income taxes-deferred	(4,932)
Total income taxes	279,946
Income before minority interests	377,688
Minority interests in income	1,689
Net income	375,998
Minority interests in income	1,689
Income before minority interests	377,688
Total other comprehensive income	-
Comprehensive income	377,688
Comprehensive income attributable to:	
Owners of the parent	375,998
Minority interests	1,689

(For your reference)
Non-consolidated quarterly statement of income

Accounts	(In thousand of yen)
	Three months ended Mar. 31, 2011
Net sales	5,110,904
Cost of sales	3,670,587
Gross profit	1,440,317
Selling, general and administrative expenses	922,520
Operating income	517,797
Non-operating income	
Interest income	13
Foreign exchange gains	5,116
Other	3,510
Total non-operating income	8,641
Non-operating income	
Interest expenses	1,939
Loss on disposal of inventories	495
Other	5
Total non-operating expenses	2,441
Ordinary income	523,997
Extraordinary loss	
Loss on retirement of noncurrent assets	1,525
Loss on adjustment for changes of accounting standard for assets and retirement obligations	25,776
Total extraordinary losses	27,302
Income before income taxes	496,694
Income taxes-current	220,709
Income taxes-deferred	(10,076)
Total income taxes	210,633
Net income	286,061