

## Consolidated Financial Results for the First Nine Months of Fiscal Year Ending December 31, 2012 (Nine Months Ended September 30, 2012)

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

Stock code: 3064

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Scheduled date to file Quarterly Securities Report: November 8, 2012

Scheduled date to commence dividend payments: -

Preparation of supplementary materials: Yes    Holding of investors meeting: None

Listing: Tokyo Stock Exchange, First Section

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

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

### 1. Consolidated Financial Results for the Nine Months Ended September 30, 2012

**(January 1, 2012 – September 30, 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	%
Nine months ended Sep.30, 2012	20,782	30.3	2,122	32.7	2,145	31.6	1,237	34.4
Nine months ended Sep.30, 2011	15,947	-	1,599	-	1,630	-	920	-

Note: Comprehensive income: Nine months ended Sep.30, 2012: 1,239 million yen (34.8 %)

Nine months ended Sep.30, 2011: 919 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep.30, 2012	41.38	40.16
Nine months ended Sep.30, 2011	31.10	30.31

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep.30, 2012	10,155	5,093	49.2
As of Dec.31, 2011	9,047	4,255	46.2

Reference: Shareholders' equity    Sep.30, 2012: 5,000 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)	-	8.00	-		
Year ending Dec.31, 2012 (forecast)				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
Full year	28,500	28.2	2,838	41.3	2,854	39.6	1,634	42.2	54.62

Note: Revision of consolidated forecast during this quarter: None

#### 4. Others

- (1) Changes in the number of material subsidiaries resulting changes in scope of consolidation during the nine-month period ended September 30, 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)

Sep.30, 2012:	30,262,800 shares	Dec.31, 2011:	30,061,600 shares
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  - 2) Number of treasury stock at the end of period

Sep.30, 2012:	262,170 shares	Dec.31, 2011:	237,370 shares
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  - 3) Average number of shares outstanding during the period

Nine months ended Sep.30, 2012:	29,892,330 shares	Nine months ended Sep.30, 2011:	29,586,860 shares
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#### **\* 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.

## **1. Qualitative Information on the Consolidated Financial Statements**

### **(1) Qualitative Information Regarding Consolidated Results of Operations**

The Japanese economy during the first nine months of the fiscal year ending December 31, 2012 was unpredictable due to the continuing yen appreciation, financial concerns over Europe, the risk of a decline in the world economy with shrinking economic growth among developing countries, especially China, and the termination of subsidies for eco-friendly cars in Japan, although signs of improvement had been seen in domestic demand due to an increase in recovery and reconstruction activities after the Great East Japan Earthquake and the effect of political policy with regard to the subsidies for eco-friendly cars.

Meanwhile, the market situation for industrial MRO products, for which we serve as a supplier, was also unclear against the backdrop of concerns over an economic downturn in connection with sluggish demand by sectors engaged in reconstruction activities from the earthquake and a slowdown in the production activities conducted by our customers.

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 and One-Day Shipping Catalog Vol.1 in July featuring selected 36,500 hot products in commemoration of exceeding 80,000 product items on hand. We have also proactively added new private label products to meet a wide range of customer requirements and focused on increasing the frequency of customer purchases by implementing daily discount programs and various campaigns on particular categories. Consequently, we have successfully obtained 138,181 newly registered accounts for the first nine months of the fiscal year and the number of registered accounts totaled 841,953 as of the end of the third quarter of this fiscal year.

All of our efforts mentioned above have resulted in net sales of 20,782 million yen, or a 30.3% increase from the same period of the previous fiscal year. In terms of profitability during the nine-month period ended September 30, 2012, operating income increased to 2,122 million yen, a 32.7% increase due to larger profit margins, though labor costs for the Logistics Center and variable costs in response to the sales growth and promotion costs aimed at obtaining potential new customers increased. Ordinary income also increased to 2,145 million yen, a 31.6% increase from the same period of the previous fiscal year due partially to favorable foreign exchange rates. Consequently, net income increased to 1,237 million yen, a 34.4% increase from the same period of the previous fiscal year.

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

#### 1) Factory consumables

Net sales amounted to 8,700 million yen (a 22.1% increase from the same period of the previous fiscal year) due to an increase in sales of measurement equipments, power and air compression tools and hand tools.

#### 2) Factory replacement parts

Net sales amounted to 8,039 million yen (a 34.4% increase from the same period of the previous fiscal year) 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 supplies and compressors.

#### 3) Other supplies

Net sales amounted to 4,041 million yen (a 42.3% increase from the same period of the previous fiscal year) due to the sales increase in laboratory equipments, office supplies and construction materials.

### **(2) Qualitative Information Regarding Consolidated Financial Position**

Total assets at September 30, 2012 (the end of the first nine months of the fiscal year ending December 31, 2012) amounted to 10,155 million yen, an increase of 1,107 million yen from the end of the previous fiscal year. Current assets amounted to 8,994 million yen, an increase of 950 million yen. This increase was attributable to the 500 million yen and 400 million yen increases in cash and deposits and accounts receivable, respectively. Non-current assets amounted to 1,160 million yen, an

increase of 157 million yen.

On the other hand, total liabilities at September 30, 2012 amounted to 5,061 million yen, an increase of 270 million yen from the end of the previous fiscal year. Current liabilities amounted to 4,963 million yen, an increase of 213 million yen. This was due mainly to increases of 106 million yen and 95 million yen in accounts payable-other and accounts payable, respectively. Non-current liabilities amounted to 98 million yen, an increase of 56 million yen.

Total net assets amounted to 5,093 million yen, an increase of 837 million yen from the end of the previous fiscal year. This largely comprised net income of 1,237 million yen and dividend payments of 447 million yen.

As a result, the equity ratio at September 30, 2012 was 49.2%, up 3.0 percentage points from the end of the previous fiscal year.

### **(3) Forecast for the Fiscal Year Ending December 31, 2012**

There is increasingly deepening uncertainty over the strength of the Japanese economy because of concerns over a decline in the world economy with the continuing European debt problem and shrinking economic growth among developing countries centered around China though public investments for reconstruction from the Great East Japan Earthquake lead the Japanese economy.

In this environment, our financial results for the first nine months of the fiscal year ending December 31, 2012 slightly exceeded our plan and customer acquisitions were strong; however, an optimistic forecast is not justified given that uncertainty about the future since the situation for domestic manufacturers, our main customers, is increasingly severe. As a result, the consolidated forecast for the fiscal year ending December 31, 2012 disclosed on July 27, 2012 has not been changed at this time.

## **2. Summary Information (Notes)**

(1) Changes in Significant Subsidiaries during the Period: Not applicable

(2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements:  
Not applicable

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements:

### Application of the Accounting Standard for Earnings per Share

Effective January 1, 2012, the Company and its consolidated subsidiary (the "Group") adopted the "Accounting Standard for Earnings per Share" (Accounting Standards Board of Japan ("ASBJ") Statement No.2, revised on June 30, 2010) and the "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4, revised on June 30, 2010). In determining diluted net income per share, for stock options that will vest after a specified service period, the Group has changed to a calculation method in which the portion of the fair value of the stock options corresponding to the future service of eligible persons expected to be provided to the Group is included in the proceeds expected to be received by the exercise of the options. Under the previous accounting standard, diluted net income per share for the first nine months of the fiscal year ended December 31, 2011 was 30.23 yen.

(4) Additional Information

### Application of Accounting Standard for Accounting Changes and Error Corrections

Effective January 1, 2012, the Group adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 2009).

## **3. Significant Events Related to Going Concern Assumptions**

Not applicable

#### 4. Consolidated Quarterly Financial Statements

##### (1) Consolidated quarterly balance sheets

Accounts	As of Dec. 31, 2011	(In thousands of yen) As of Sep. 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	1,519,895	2,020,221
Accounts receivable-trade	2,319,498	2,720,072
Merchandise	2,747,980	2,849,454
Goods in transit	128,822	105,587
Supplies	54,747	270,317
Accounts receivable-other	1,126,792	885,535
Other	176,570	167,834
Allowance for doubtful accounts	(30,255)	(24,438)
Total current assets	<u>8,044,052</u>	<u>8,994,584</u>
Noncurrent assets		
Property, plant and equipment	206,257	177,922
Intangible assets	593,463	760,152
Investments and other assets		
Guarantee deposits	146,223	138,698
Other	74,461	100,667
Allowance for doubtful accounts	(17,335)	(16,965)
Total investments and other assets	<u>203,349</u>	<u>222,401</u>
Total noncurrent assets	<u>1,003,069</u>	<u>1,160,476</u>
Total assets	<u>9,047,122</u>	<u>10,155,060</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,936,657	2,031,801
Short-term loans payable	1,300,000	1,300,000
Accounts payable-other	743,765	850,710
Income taxes payable	622,508	487,671
Provision for employees' bonuses	28,118	79,064
Provision for directors' bonuses	19,571	11,798
Other	99,384	202,506
Total current liabilities	<u>4,750,007</u>	<u>4,963,551</u>
Noncurrent liabilities		
Provision for directors' retirement benefits	32,318	87,268
Other	8,925	10,735
Total noncurrent liabilities	<u>41,244</u>	<u>98,003</u>
Total liabilities	<u>4,791,251</u>	<u>5,061,555</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,724,618	1,753,161
Capital surplus	529,155	557,698
Retained earnings	2,025,669	2,814,906
Treasury stock	(100,772)	(125,197)
Total shareholders' equity	<u>4,178,671</u>	<u>5,000,569</u>
Subscription rights to shares	49,032	61,969
Minority interests	28,166	30,966
Total net assets	<u>4,255,870</u>	<u>5,093,504</u>
Total liabilities and net assets	<u>9,047,122</u>	<u>10,155,060</u>

## (2) Consolidated quarterly statements of (comprehensive) income

Accounts	Nine months period ended Sep. 30, 2011	(In thousands of yen) Nine months period ended Sep. 30, 2012
Net sales	15,947,696	20,782,163
Cost of sales	11,443,138	14,983,936
Gross profit	4,504,558	5,798,227
Selling, general and administrative expenses	2,904,616	3,675,764
Operating income	1,599,941	2,122,463
Non-operating income		
Interest income	30	62
Foreign exchange gains	27,320	19,037
Other	13,281	17,067
Total non-operating income	40,631	36,167
Non-operating expenses		
Interest expenses	7,131	9,413
Other	3,222	4,207
Total non-operating expenses	10,354	13,621
Ordinary income	1,630,219	2,145,009
Extraordinary income		
Difference in execution of assets retirement obligation	778	-
Total extraordinary income	778	-
Extraordinary loss		
Loss on disposal of fixed assets	1,757	42
Loss on adjustment for changes of accounting standard for asset retirement obligations	25,776	-
Total extraordinary losses	27,534	42
Income before income taxes and minority interests	1,603,463	2,144,967
Income taxes-current	721,846	934,840
-deferred	(38,258)	(29,727)
Total income taxes	683,587	905,113
Income before minority interests	919,875	1,239,854
Minority interests	(318)	2,799
Net income	920,194	1,237,054
Minority interests	(318)	2,799
Income before minority interests	919,875	1,239,854
Comprehensive income	919,875	1,239,854
Comprehensive income attributable to:		
Owners of the parent	920,194	1,237,054
Minority interests	(318)	2,799

(3) Notes to Going Concern Assumptions

None

(4) Notes to Substantial Changes in Shareholders' Equity

None

(5) Subsequent Events

None