

Consolidated Financial Results for the Fiscal Year Ended December 31, 2012

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

Stock code: 3064

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Contact: Hidekazu Tanaka, Executive Officer, Director of Admin. Dept.

Scheduled date of Annual General Shareholders' Meeting: March 22, 2013

Scheduled date to file Annual Securities Report: March 22, 2013

Scheduled date of dividend payments: March 25, 2013

Supplementary materials: Yes Investors meeting: Yes

Listing: Tokyo Stock Exchange, First Section

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(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2012

(January 1, 2012 – December 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	%
Year ended Dec.31, 2012	28,742	29.2	2,925	45.6	2,941	43.8	1,689	47.0
Year ended Dec.31, 2011	22,239	-	2,009	-	2,045	-	1,148	-

Note: Comprehensive income Dec. 31, 2012 million yen (- %) Dec. 31, 2011 1,147 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, 2012	56.40	54.76	34.9	29.0	10.2
Year ended Dec.31, 2011	38.76	37.68	31.0	25.9	9.0

Reference: Gains or losses on investments accounted for using the equity method: Dec. 31, 2012 - million yen Dec. 31, 2011 - million yen

Note: Since the consolidated financial statements have been newly prepared from the fiscal year ended December 31, 2011, 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, 2012	11,265	5,588	48.7	181.97
As of Dec. 31, 2011	9,047	4,255	46.2	140.11

Reference: Shareholders' equity Dec.31, 2012: 5,489 million yen Dec.31, 2011: 4,178 million yen

(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, 2012	2,212	(520)	(386)	2,825
Year ended Dec.31, 2011	319	(372)	332	1,519

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended Dec. 31, 2011	-	9.00	-	7.00	16.00	341	29.7	9.2
Year ended Dec. 31, 2012	-	8.00	-	8.00	16.00	480	28.4	9.9
Year ending Dec. 31, 2013 (forecast)	-	12.00	-	12.00	24.00		-	

Note: 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 was implemented at the beginning of the previous fiscal year.

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2013 (January 1, 2013 – December 31, 2013)

(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)	16,330	19.4	1,913	34.4	1,912	32.9	1,184	43.0	39.26
Full year	35,333	22.9	4,046	38.3	4,046	37.6	2,407	42.5	79.79

4. Others

(1) Changes in the number of material subsidiaries resulting changes in scope of consolidation during the year ended December 31, 2012: None

(2) 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)

Dec.31, 2012: 30,430,000 shares Dec.31, 2011: 30,061,600 shares

2) Number of treasury stock at the end of period

Dec.31, 2012: 262,170 shares Dec.31, 2011: 237,370 shares

3) Average number of shares outstanding during the period

Year ended Dec.31, 2012: 29,948,272 shares Year ended Dec.31, 2011: 29,639,003 shares

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2012

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2012

(January 1, 2012 – December 31, 2012)

(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, 2012	28,639	28.9	2,913	44.5	2,928	42.8	1,683	46.0
Year ended Dec.31, 2011	22,220	25.6	2,015	54.2	2,051	54.7	1,153	53.3

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec.31, 2012	56.21	54.57
Year ended Dec.31, 2011	38.91	37.83

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2012	11,172	5,556	49.1	181.92
As of Dec. 31, 2011	8,999	4,232	46.5	140.26

Reference: Shareholders' equity Dec.31, 2012: 5,488 million yen Dec.31, 2011: 4,183 million yen

2. Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2013 (January 1, 2013 – December 31, 2013)

(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)	16,302	19.5	2,004	41.9	2,004	40.3	1,275	55.2	42.29
Full year	35,143	22.7	4,253	46.0	4,253	45.2	2,613	55.3	86.65

* 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 for the fiscal year ended December 31, 2012 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 fiscal year ended December 31, 2012 continued to be unpredictable. After peaking in the spring of 2012, Japan's economy entered a recessionary phase in the wake of a decline in the world economy that negatively impacted the country's export activity. Shrinking economic growth among developing countries, especially China, sparked concerns of a further fall off in the global economy, although some signs of improvement had been seen in domestic demand in line with recovery and reconstruction activities related to the Great East Japan Earthquake and the effect of government policy with regard to 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 a scaling back in connection with sluggish demand by sectors engaged in earthquake reconstruction activities and a recent slowdown in production activities of our customers.

In this economic environment, we continued to engage aggressively, 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, One-Day Shipping Catalog Vol.1 in July featuring selected 36,500 hot products in commemoration of exceeding 80,000 product items on hand and Red Book Catalog Vol.8 for overall MRO in October, which listed 257,200 different goods. We 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 successfully obtained 188,390 newly registered accounts for the fiscal year and the number of registered accounts totaled 892,162 as of the end of the fiscal year.

All of our efforts mentioned above resulted in net sales of 28,742 million yen, or a 29.2% increase from the previous fiscal year. In terms of profitability during the fiscal year ended December 31, 2012, operating income increased to 2,925 million yen, a 45.6% 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 2,941 million yen, a 43.8% increase from the previous fiscal year due partially to favorable foreign exchange rates. Consequently, net income increased to 1,689 million yen, a 47.0% increase from the previous fiscal year.

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

1) Factory consumables

Net sales amounted to 11,918 million yen (a 21.6% increase from 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 11,188 million yen (a 33.4% increase from 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 5,636 million yen (a 39.2% increase from the previous fiscal year) due to the sales increase in laboratory equipments, office supplies and construction materials.

Forecast for the Fiscal Year Ending December 31, 2013

The Japanese economy now faces a recession, and it is expected that severe economic environment will continue. Taking the trend in orders from our existing customers and the overall situation in the Japanese manufacturing sector into consideration, the situation may be challenging if we sell only to existing customers. This means that obtaining new customers is critical for us as a source of growth. Accordingly, we will continue aggressive promotional activities to gain new customers.

In addition, we plan to engage actively in sales promotion activities with a particular focus on expanding the range of goods we can sell, 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 current forecast estimate of net sales is 35,333 million yen for the fiscal year ending December 31, 2013. In terms of profitability, operating income, ordinary income, and net income for the year are expected to be 4,046 million yen, 4,046 million yen, and 2,407 million yen, respectively. These profit projections reflect an increase in the sales of highly profitable private label products that will 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 an increase in the number of employees, sales promotion expenses to acquire new customers and costs related to a new logistics center, which we will lease from October 2013.

Consolidated Financial Statements

(1) Consolidated balance sheets

Accounts	As of Dec. 31, 2011	(In thousands of yen) As of Dec. 31, 2012
Assets		
Current assets		
Cash and deposits	1,519,895	2,925,592
Accounts receivable-trade	2,319,498	2,868,409
Merchandise	2,747,980	2,892,239
Goods in transit	128,822	142,835
Supplies	54,747	112,872
Accounts receivable-other	1,126,792	1,021,414
Deferred tax assets	87,381	94,171
Other	89,189	79,496
Allowance for doubtful accounts	(30,255)	(27,352)
Total current assets	<u>8,044,052</u>	<u>10,109,678</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	55,367	49,116
Machinery and equipment, net	48,314	39,525
Vehicles, net	9,862	6,862
Tools, furniture and fixtures, net	81,994	66,542
Lease assets, net	10,718	8,500
Construction in progress	-	777
Total property, plant and equipment	<u>206,257</u>	<u>171,324</u>
Intangible assets		
Software	562,871	749,148
Other	30,591	13,804
Total intangible assets	<u>593,463</u>	<u>762,953</u>
Investments and other assets		
Guarantee deposits	146,223	136,168
Deferred tax assets	56,700	85,264
Other	17,761	16,644
Allowance for doubtful accounts	(17,335)	(16,298)
Total investments and other assets	<u>203,349</u>	<u>221,778</u>
Total noncurrent assets	<u>1,003,069</u>	<u>1,156,055</u>
Total assets	<u>9,047,122</u>	<u>11,265,734</u>

Accounts	As of Dec. 31, 2011	(In thousands of yen) As of Dec. 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	1,936,657	2,178,842
Short-term loans payable	1,300,000	1,300,000
Lease obligations	2,328	2,328
Accounts payable-other	743,765	966,409
Income taxes payable	622,508	844,575
Provision for bonuses	28,118	34,740
Provision for directors' bonuses	19,571	24,663
Other	97,055	228,479
Total current liabilities	<u>4,750,007</u>	<u>5,580,039</u>
Noncurrent liabilities		
Lease obligations	8,925	6,597
Provision for directors' retirement benefits	32,318	87,268
Other	-	3,000
Total noncurrent liabilities	<u>41,244</u>	<u>96,866</u>
Total liabilities	<u>4,791,251</u>	<u>5,676,906</u>
Net assets		
Shareholders' equity		
Capital stock	1,724,618	1,771,616
Capital surplus	529,155	576,154
Retained earnings	2,025,669	3,267,044
Treasury stock	(100,772)	(125,197)
Total shareholders' equity	<u>4,178,671</u>	<u>5,489,617</u>
Subscription rights to shares	49,032	68,077
Minority interests	28,166	31,132
Total net assets	<u>4,255,870</u>	<u>5,588,827</u>
Total liabilities and net assets	<u>9,047,122</u>	<u>11,265,734</u>

(2) Consolidated statements of (comprehensive) income

Accounts	Year ended Dec. 31, 2011	(In thousands of yen) Year ended Dec. 31, 2012
Net sales	22,239,091	28,742,465
Cost of sales	15,977,945	20,508,200
Gross profit	6,261,145	8,234,264
Selling, general and administrative expenses	4,251,543	5,308,555
Operating income	2,009,602	2,925,709
Non-operating income		
Interest income	32	113
Foreign exchange gains	31,527	12,833
Commission fee	3,610	4,194
Compensation income	4,391	7,777
Gain on sale of materials	3,315	4,347
Other	7,075	6,409
Total non-operating income	49,952	35,675
Non-operating expenses		
Interest expenses	10,339	12,583
Loss on disposal of inventories	2,796	4,042
Loss on retirement of receivables	-	2,027
Other	1,414	1,557
Total non-operating expenses	14,550	20,209
Ordinary income	2,045,004	2,941,174
Extraordinary income		
Difference in execution of assets retirement obligation	778	-
Total extraordinary income	778	-
Extraordinary loss		
Loss on retirement of noncurrent assets	2,308	520
Loss on adjustment for changes of accounting standard for asset retirement obligations	25,776	-
Total extraordinary losses	28,085	520
Income before income taxes and minority interests	2,017,696	2,940,654
Income taxes-current	906,431	1,283,849
Income taxes-deferred	(35,741)	(35,353)
Total income taxes	870,690	1,248,495
Income before minority interests	1,147,006	1,692,159
Minority interests in loss	(1,833)	2,966
Net income	1,148,839	1,689,192
Minority interests in loss	(1,833)	2,966
Income before minority interests	1,147,006	1,692,159
Total other comprehensive income	-	-
Comprehensive income	1,147,006	1,692,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,148,839	1,689,192
Comprehensive income attributable to minority interests	(1,833)	2,966

(3) Consolidated statement of changes in net assets

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2011	Year ended Dec. 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,692,844	1,724,618
Changes of items during the period		
Issuance of new shares	31,773	46,998
Total changes of items during the period	31,773	46,998
Balance at the end of current period	1,724,618	1,771,616
Capital surplus		
Balance at the end of previous period	497,381	529,155
Changes of items during the period		
Issuance of new shares	31,773	46,998
Total changes of items during the period	31,773	46,998
Balance at the end of current period	529,155	576,154
Retained earnings		
Balance at the end of previous period	1,120,457	2,025,669
Changes of items during the period		
Dividends from surplus	(243,627)	(447,817)
Net income	1,148,839	1,689,192
Total changes of items during the period	905,211	1,241,375
Balance at the end of current period	2,025,669	3,267,044
Treasury stock		
Balance at the end of previous period	(83,367)	(100,772)
Changes of items during the period		
Purchase of treasury stock	(17,404)	(24,425)
Total changes of items during the period	(17,404)	(24,425)
Balance at the end of current period	(100,772)	(125,197)
Total shareholders' equity		
Balance at the end of previous period	3,227,316	4,178,671
Changes of items during the period		
Issuance of new shares	63,547	93,996
Dividends from surplus	(243,627)	(447,817)
Net income	1,148,839	1,689,192
Purchase of treasury stock	(17,404)	(24,425)
Total changes of items during the period	951,354	1,310,946
Balance at the end of current period	4,178,671	5,489,617
Subscription rights to shares		
Balance at the end of previous period	29,370	49,032
Changes of items during the period		
Net changes of items other than shareholders' equity	19,662	19,044
Total changes of items during the period	19,662	19,044
Balance at the end of current period	49,032	68,077
Minority interests		
Balance at the end of previous period	-	28,166
Changes of items during the period		
Net changes of items other than shareholders' equity	28,166	2,966
Total changes of items during the period	28,166	2,966
Balance at the end of current period	28,166	31,132
Total net assets		
Balance at the end of previous period	3,256,687	4,255,870
Changes of items during the period		
Issuance of new shares	63,547	93,996
Dividends from surplus	(243,627)	(447,817)
Net income	1,148,839	1,689,192
Purchase of treasury stock	(17,404)	(24,425)
Net changes of items other than shareholders' equity	47,828	22,011
Total changes of items during the period	999,183	1,332,957
Balance at the end of current period	4,255,870	5,588,827

(4) Consolidated statement of cash flows

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2011	Year ended Dec. 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,017,696	2,940,654
Depreciation and amortization	248,413	286,110
Increase (decrease) in allowance for doubtful accounts	6,256	(3,939)
Increase (decrease) in provision for bonuses	4,666	6,624
Increase (decrease) in provision for directors' bonuses	6,915	5,091
Increase (decrease) in provision for directors' retirement benefits	4,961	54,949
Interest income	(32)	(113)
Interest expenses	10,339	12,583
Loss on adjustment for changes of accounting standard for asset retirement obligations	30,611	-
Decrease (increase) in notes and accounts receivable-trade	(89,367)	(548,910)
Decrease (increase) in inventories	(1,232,533)	(216,396)
Decrease (increase) in accounts receivable-other	(572,568)	105,452
Increase (decrease) in notes and accounts payable-trade	402,436	242,184
Increase (decrease) in accounts payable-other	180,709	221,969
Other, net	4,596	185,524
Subtotal	<u>1,023,101</u>	<u>3,291,786</u>
Interest income received	32	38
Interest expenses paid	(11,274)	(13,615)
Income taxes paid	(692,145)	(1,065,229)
Net cash provided by (used in) operating activities	<u>319,713</u>	<u>2,212,979</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	-	(100,000)
Purchase of property, plant and equipment	(105,465)	(38,539)
Purchase of intangible assets	(241,137)	(381,846)
Payments for guarantee deposits	(68,247)	(148)
Proceeds from collection of guarantee deposits	42,109	81
Other, net	(118)	79
Net cash provided by (used in) investment activities	<u>(372,858)</u>	<u>(520,375)</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	87,792
Purchase of treasury stock	(17,404)	(24,425)
Cash dividends paid	(243,547)	(447,946)
Proceeds from stock issuance to minority shareholders	30,000	-
Other, net	(388)	(2,328)
Net cash provided by (used in) financing activities	<u>332,207</u>	<u>(386,907)</u>
Net increase (decrease) in cash and cash equivalents	<u>279,062</u>	<u>1,305,697</u>
Cash and cash equivalents at beginning of period	<u>1,240,833</u>	<u>1,519,895</u>
Cash and cash equivalents at end of period	<u>1,519,895</u>	<u>2,825,592</u>

Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

Accounts	As of Dec. 31, 2011	(In thousands of yen) As of Dec. 31, 2012
Assets		
Current assets		
Cash and deposits	1,410,808	2,786,428
Accounts receivable-trade	2,310,448	2,855,539
Merchandise	2,747,980	2,892,239
Goods in transit	128,822	142,835
Supplies	54,747	100,057
Advance payments-trade	28,068	11,934
Prepaid expenses	54,530	59,324
Accounts receivable-other	1,127,492	1,022,114
Deferred tax assets	87,381	94,981
Other	6,590	8,238
Allowance for doubtful accounts	(30,255)	(27,352)
Total current assets	<u>7,926,614</u>	<u>9,946,339</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	55,367	49,116
Machinery and equipment, net	48,314	39,525
Vehicles, net	9,862	6,862
Tools, furniture and fixtures, net	81,994	66,542
Lease assets, net	10,718	8,500
Construction in progress	-	777
Total property, plant and equipment	<u>206,257</u>	<u>171,324</u>
Intangible assets		
Right of trademark	4,959	8,647
Software	562,871	749,148
Telephone subscription right	35	35
Software in progress	25,597	5,122
Total intangible assets	<u>593,463</u>	<u>762,953</u>
Investments and other assets		
Stocks of subsidiaries and affiliates	70,000	70,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	17,335	16,298
Long-term prepaid expenses	425	346
Guarantee deposits	146,223	136,168
Deferred tax assets	56,700	85,264
Allowance for doubtful accounts	(17,335)	(16,298)
Total investments and other assets	<u>273,349</u>	<u>291,778</u>
Total noncurrent assets	<u>1,073,069</u>	<u>1,226,055</u>
Total assets	<u>8,999,684</u>	<u>11,172,395</u>

Accounts	As of Dec. 31, 2011	As of Dec. 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	1,933,059	2,153,804
Short-term loans payable	1,300,000	1,300,000
Lease obligations	2,328	2,328
Accounts payable-other	723,919	934,082
Accrued expenses	54,594	70,525
Income taxes payable	622,448	841,585
Accrued consumption taxes	22,415	134,608
Advances received	2,313	1,553
Deposits received	17,627	21,535
Provision for bonuses	28,118	34,740
Provision for directors' bonuses	19,571	24,663
Total current liabilities	<u>4,726,398</u>	<u>5,519,429</u>
Noncurrent liabilities		
Lease obligations	8,925	6,597
Provision for directors' retirement benefits	32,318	87,268
		<u>3,000</u>
Total noncurrent liabilities	<u>41,244</u>	<u>96,866</u>
Total liabilities	<u>4,767,642</u>	<u>5,616,295</u>
Net assets		
Shareholders' equity		
Capital stock	1,724,618	1,771,616
Capital surplus		
Legal capital surplus	529,155	576,154
Total capital surpluses	529,155	576,154
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,030,007	3,265,448
Total retained earnings	2,030,007	3,265,448
Treasury stock	(100,772)	(125,197)
Total shareholders' equity	<u>4,183,009</u>	<u>5,488,021</u>
Subscription rights to shares	49,032	68,077
Total net assets	<u>4,232,041</u>	<u>5,556,099</u>
Total liabilities and net assets	<u>8,999,684</u>	<u>11,172,395</u>

(2) Non-consolidated statements of income

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2011	Year ended Dec. 31, 2012
Net sales	22,220,471	28,639,093
Cost of sales		
Beginning goods	1,601,291	2,747,980
Cost of purchased goods	17,121,207	20,613,710
Total	18,722,499	23,361,691
Ending goods	2,747,980	2,892,239
Cost of sales	15,974,518	20,469,451
Gross profit	6,245,952	8,169,641
Selling, general and administrative expenses	4,230,239	5,256,287
Operating income	2,015,713	2,913,354
Non-operating income		
Interest income	32	113
Foreign exchange gains	31,527	12,833
Commission fee	3,610	4,194
Compensation income	4,391	7,777
Gain on sale of materials	-	4,347
Other	10,390	6,409
Total non-operating income	49,952	35,675
Non-operating expenses		
Interest expenses	10,339	12,583
Loss on disposal of inventories	2,796	4,042
Loss on retirement of receivables	-	2,027
Other	1,414	1,557
Total non-operating expenses	14,550	20,209
Ordinary income	2,051,115	2,928,819
Extraordinary income		
Difference in execution of assets retirement obligation	778	-
Total extraordinary income	778	-
Extraordinary loss		
Loss on retirement of noncurrent assets	2,308	520
Loss on adjustment for changes of accounting standard for asset retirement obligations	25,776	-
Total extraordinary losses	28,085	520
Income before income taxes	2,023,808	2,928,299
Income taxes-current	906,371	1,281,204
Income taxes-deferred	(35,741)	(36,163)
Total income taxes	870,630	1,245,040
Net income	1,153,177	1,683,259

(3) Non-consolidated statements of changes in net assets

Accounts	Year ended Dec. 31, 2011	(In thousands of yen) Year ended Dec. 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,692,844	1,724,618
Changes of items during the period		
Issuance of new shares	31,773	46,998
Total changes of items during the period	31,773	46,998
Balance at the end of current period	1,724,618	1,771,616
Capital surplus		
Balance at the end of previous period	497,381	529,155
Changes of items during the period		
Issuance of new shares	31,773	46,998
Total changes of items during the period	31,773	46,998
Balance at the end of current period	529,155	576,154
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	1,120,457	2,030,007
Changes of items during the period		
Dividends from surplus	(243,627)	(447,817)
Net income	1,153,177	1,683,259
Total changes of items during the period	909,549	1,235,441
Balance at the end of current period	2,030,007	3,265,448
Total retained earnings		
Balance at the end of previous period	1,120,457	2,030,007
Changes of items during the period		
Dividends from surplus	(243,627)	(447,817)
Net income	1,153,177	1,683,259
Total changes of items during the period	909,549	1,235,441
Balance at the end of current period	2,030,007	3,265,448
Total retained earnings		
Balance at the end of previous period	(83,367)	(100,772)
Changes of items during the period		
Purchase of treasury stock	(17,404)	(24,425)
Total changes of items during the period	(17,404)	(24,425)
Balance at the end of current period	(100,772)	(125,197)
Total shareholders' equity		
Balance at the end of previous period	3,227,316	4,183,009
Changes of items during the period		
Issuance of new shares	63,547	93,996
Dividends from surplus	(243,627)	(447,817)
Net income	1,153,177	1,683,259
Purchase of treasury stock	(17,404)	(24,425)
Total changes of items during the period	955,692	1,305,012
Balance at the end of current period	4,183,009	5,488,021

Accounts	Year ended Dec. 31, 2011	Year ended Dec. 31, 2012
Subscription rights to shares		
Balance at the end of previous period	29,370	49,032
Changes of items during the period		
Net changes of items other than shareholders' equity	19,662	19,044
Total changes of items during the period	<u>19,662</u>	<u>19,044</u>
Balance at the end of current period	<u>49,032</u>	<u>68,077</u>
Total net assets		
Balance at the end of previous period	3,256,687	4,232,041
Changes of items during the period		
Issuance of new shares	63,547	93,996
Dividends from surplus	(243,627)	(447,817)
Net income	1,153,177	1,683,259
Purchase of treasury stock	(17,404)	(24,425)
Net changes of items other than shareholders' equity	<u>19,662</u>	<u>19,044</u>
Total changes of items during the period	<u>975,354</u>	<u>1,324,057</u>