

Consolidated Financial Results for the First Three Months of Fiscal Year Ending December 31, 2013 (Three Months Ended March 31, 2013)

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

Stock code: 3064

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Listing: Tokyo Stock Exchange, First Section

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Scheduled date to file Quarterly Securities Report: May 10, 2013

Scheduled date of dividend payments: -

Supplementary materials: Yes Investors meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2013

(January 1, 2013 – March 31, 2013)

(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, 2013	7,739	15.7	954	44.9	956	45.4	658	75.2
Three months ended Mar.31, 2012	6,686	-	658	-	657	-	375	-

Note: Comprehensive income: Three months ended Mar.31, 2013: 646 million yen (71.2 %)

Three months ended Mar.31, 2012: 377 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar.31, 2013	10.89	10.63
Three months ended Mar.31, 2012	6.30	6.13

The Company implemented a 2-for-1 share split on April 23, 2013. The net income per share and diluted net income per share were stated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar.31, 2013	10,942	6,018	54.5
As of Dec.31, 2012	11,265	5,588	48.7

Reference: Shareholders' equity Mar.31, 2013: 5,969 million yen Dec.31, 2012: 5,489 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, 2012	-	8.00	-	8.00	16.00
Year ending Dec.31, 2013 (actual)	-				
Year ending Dec.31, 2013 (forecast)		6.00	-	6.00	12.00

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

The Company implemented a 2-for-1 share split on April 23, 2013. The 2Q-end and year-end dividend for the year ended December 31, 2012 would have been equivalent to 4 yen and annual dividend for that year would have been equivalent to 8 yen 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year (Accumulated)	16,330	19.4	1,913	34.4	1,912	32.9	1,184	43.0	19.55
Full year	35,333	22.9	4,046	38.3	4,046	37.6	2,407	42.5	39.72

Note: Revision of consolidated forecast during this quarter: None

The Company implemented a 2-for-1 share split on April 23, 2013. The forecasts of net income per share were stated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

4. Others

(1) Changes in the number of material subsidiaries resulting changes in scope of consolidation during the three-month period ended March 31, 2013: Yes

Number of newly included subsidiaries: 1 company (Company name) NAVIMRO Co., Ltd.

Number of excluded subsidiaries: -

Although K-engine Corporation has been excluded from the scope of consolidation during the first quarter ended March 31, 2013 due to the transfer of the entire portion of its shares owned by the Company, this change was not included in the number of excluded subsidiaries because it was not a material subsidiary.

(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: None

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, 2013:	61,152,000 shares	Dec.31, 2012:	60,860,000 shares
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2) Number of treasury stock at the end of period

Mar.31, 2013:	524,340 shares	Dec.31, 2012:	524,340 shares
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3) Average number of shares outstanding during the period

Three months ended Mar.31, 2013:	60,516,193 shares	Three months ended Mar.31 2012:	59,688,327 shares
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The Company implemented a 2-for-1 share split on April 23, 2013. The number of shares outstanding and the number of treasury stock at the end of each period and the average number of shares outstanding during each period were stated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

*** 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 three months of the fiscal year ending December 31, 2013 was moderately picking up due to a rebound of exports and production activity, in line with a recovery of the world economy, showing signs of improvement in capital spending which has been restrained as a result of negative sentiment among manufacturers, consumer spending and housing investment in the wake of the depreciation in the Japanese yen and higher corporate stock prices assisted by political policies, so-called Abenomics, and monetary easing measures by the Bank of Japan.

Meanwhile, the market situation for industrial MRO products, for which we serve as a supplier, was also coming out of a slump due to a recovery of domestic production activities in several sectors that are showing strong expectations of economic recovery led by economic stimulus policy.

In this economic environment, we have continued to engage actively, with a particular focus on advertising on the Internet and, by utilizing data mining tools, efficiently distributing flyers through facsimile and direct mail. In addition, we newly published Screw Bolt Catalog Vol. 1 in March featuring 15,000 selected products, in commemoration of exceeding 350,000 screw and bolt related goods, achieving the highest level in terms of range of products in Japan. We have also aggressively engaged in improving customer efficiency and supporting purchases of MRO products seeking to be a one-stop purchase outlet for every customer by expanding our product line to more than 3 million products in order to meet a wide range of customer requirements. Moreover, we have focused on increasing the frequency of customer purchases by implementing daily discount programs and various campaigns on particular categories. Consequently, we have successfully obtained 54,269 newly registered accounts for the first three months of the fiscal year and the number of registered accounts totaled 946,431 as of the end of the first quarter of this fiscal year.

In terms of consolidation scope, K-engine Corporation was excluded from the scope of consolidation due to the transfer of all of its shares that had been owned by the Company. In addition, a wholly-owned subsidiary established in Korea whose business will launch in the second quarter of the fiscal year ending December 31, 2013, was newly included in the scope of consolidation.

All of our efforts mentioned above resulted in net sales of 7,739 million yen, or a 15.7% increase from the same period of the previous fiscal year. In terms of profitability during the three-month period ended March 31, 2013, operating income increased to 954 million yen, a 44.9% increase due to larger profit margins, though labor costs for the Logistics Center and variable costs in response to sales growth and promotion costs aimed at obtaining new customers increased. Ordinary income also increased to 956 million yen, a 45.4% increase from the same period of the previous fiscal year, and net income increased to 658 million yen, a corresponding 75.2% increase.

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

1) Factory consumables

Net sales amounted to 3,175 million yen (a 10.4% increase from the same period of the previous fiscal year) due to an increase in sales of hand tools, cleaning supplies and masks.

2) Factory replacement parts

Net sales amounted to 3,107 million yen (a 20.5% 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 plumbing supplies.

3) Other supplies

Net sales amounted to 1,456 million yen (a 18.3% 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 March 31, 2013 (the end of the first three months of the fiscal year ending December 31, 2013) amounted to 10,942 million yen, a decrease of 323 million yen from the end of the previous fiscal year. Current assets amounted to 9,720 million yen, a decrease of 389 million yen. This was attributable to decreases of 409 million yen and 144 million yen in cash and deposits and inventories, respectively, despite the increase of 161 million yen in accounts receivable. Non-current assets amounted to 1,222 million yen, an increase of 66 million yen.

On the other hand, total liabilities at March 31, 2013 amounted to 4,923 million yen, a decrease of 753 million yen from the end of the previous fiscal year. Current liabilities amounted to 4,775 million yen, a decrease of 804 million yen. This was due mainly to decreases of 383 million yen and 470 million yen in income taxes payable and accounts payable-other, respectively. Non-current liabilities amounted to 148 million yen, an increase of 51 million yen.

Total net assets amounted to 6,018 million yen, an increase of 429 million yen from the end of the previous fiscal year. This largely comprised net income of 658 million yen and dividend payments of 241 million yen for the first three months of the year ending December 31, 2013.

As a result, the equity ratio at March 31, 2013 was 54.5%, up 5.8 percentage points from the end of the previous fiscal year.

(3) Forecast for the Fiscal Year Ending December 31, 2013

There is still uncertainty over the strength of the Japanese economy because of concerns over a decline in the world economy and unstable foreign exchange rates, with employment rates in the United States lower than expected according to a February 2013 survey, despite the economy's moderate recovery since bottoming out after the prolonged yen appreciation, depressed stock prices and deflation.

In this environment, our financial results for the first three months of the fiscal year ending December 31, 2013 slightly exceeded our plan thanks to the aggressive promotion activities and implementation of the improvement in customer efficiency related to preventing any loss of existing customers and acquiring new customers, however, an optimistic forecast is not justified given the uncertainty about the future. As a result, the consolidated forecast for the first half of the fiscal year and fiscal year ending December 31, 2013, disclosed on January 29, 2013, has not been changed at this time.

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period:

NAVIMRO Co., Ltd., a newly established subsidiary, was included in the scope of consolidation in the first three months of the fiscal year ending December 31, 2013 while K-engine Corporation was excluded from the scope of consolidation due to the transfer of the entire portion of its shares that had been owned by the Company during the same period.

(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:

Not applicable

3. Significant Events Related to Going Concern Assumptions

Not applicable

4. Consolidated Quartely Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	(In thousands of yen)	
	As of Dec. 31, 2012	As of Mar. 31, 2013
Assets		
Current assets		
Cash and deposits	2,925,592	2,516,517
Accounts receivable-trade	2,868,409	3,030,386
Merchandise	2,892,239	2,845,005
Goods in transit	142,835	89,031
Supplies	112,872	69,365
Accounts receivable-other	1,021,414	1,014,325
Other	173,667	178,582
Allowance for doubtful accounts	(27,352)	(23,126)
Total current assets	10,109,678	9,720,088
Noncurrent assets		
Property, plant and equipment	171,324	186,961
Intangible assets	762,953	773,399
Investments and other assets		
Guarantee deposits	136,168	140,725
Other	101,908	138,452
Allowance for doubtful accounts	(16,298)	(17,016)
Total investments and other assets	221,778	262,161
Total noncurrent assets	1,156,055	1,222,522
Total assets	11,265,734	10,942,611
Liabilities		
Current liabilities		
Accounts payable-trade	2,178,842	2,207,400
Short-term loans payable	1,300,000	1,300,000
Accounts payable-other	966,409	495,885
Income taxes payable	844,575	460,885
Provision for employees' bonuses	34,740	87,845
Provision for directors' bonuses	24,663	10,750
Other	230,807	212,540
Total current liabilities	5,580,039	4,775,308
Noncurrent liabilities		
Provision for directors' retirement benefits	87,268	140,020
Other	9,353	8,220
Total noncurrent liabilities	96,866	148,490
Total liabilities	5,676,906	4,923,798
Net assets		
Shareholders' equity		
Capital stock	1,771,616	1,802,556
Capital surplus	576,154	607,094
Retained earnings	3,267,044	3,684,572
Treasury stock	(125,197)	(125,197)
Total shareholders' equity	5,489,617	5,969,026
Accumulated other comprehensive income		
Foreign currency translation adjustment	-	(12,351)
Total accumulated other comprehensive income	-	(12,351)
Subscription rights to shares	68,077	62,138
Minority interests	31,132	-
Total net assets	5,588,827	6,018,812
Total liabilities and net assets	11,265,734	10,942,611

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In thousands of yen)	
	Three months period ended Mar. 31, 2012	Three months period ended Mar. 31, 2013
Net sales	6,686,859	7,739,945
Cost of sales	4,819,792	5,354,130
Gross profit	1,867,067	2,385,814
Selling, general and administrative expenses	1,208,229	1,431,360
Operating income	658,837	954,454
Non-operating income		
Interest income	18	162
Foreign exchange gains	-	2,548
Other	4,558	5,174
Total non-operating income	4,577	7,885
Non-operating expenses		
Interest expenses	3,163	3,034
Foreign exchange losses	1,457	-
Subsidiary establishment cost	-	1,751
Other	1,137	1,129
Total non-operating expenses	5,757	5,915
Ordinary income	657,657	956,424
Extraordinary income		
Gain on sales of subsidiaries' stocks	-	138,404
Total extraordinary income	-	138,404
Extraordinary loss		
Loss on disposal of fixed assets	22	6,419
Total extraordinary losses	22	6,419
Income before income taxes and minority interests	657,634	1,088,408
Income taxes-current	284,879	457,002
-deferred	(4,932)	(27,465)
Total income taxes	279,946	429,537
Income before minority interests	377,688	658,870
Minority interests	1,689	-
Net income	375,998	658,870
Minority interests	1,689	-
Income before minority interests	377,688	658,870
Other comprehensive income		
Foreign currency translation adjustment	-	(12,351)
Total other comprehensive income	-	(12,351)
Comprehensive income	377,688	646,518
Comprehensive income attributable to:		
Owners of the parent	375,998	646,518
Minority interests	1,689	-