

Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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

Stock code: 3064

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Scheduled date of Annual General Shareholders' Meeting: March 26, 2015

Scheduled date to commence dividend payment: March 27, 2015

Scheduled date to file Securities Report: March 26, 2015

Supplementary materials: Yes Financial results briefing: Yes

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 Fiscal Year Ended December 31, 2014

(January 1, 2014 – December 31, 2014)
(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, 2014	44,937	30.0	4,323	11.3	4,351	11.6	2,544	11.1
Year ended Dec. 31, 2013	34,556	20.2	3,885	32.8	3,901	32.6	2,289	35.5

Note: Comprehensive income: Year ended Dec. 31, 2014: 2,588 million yen (11.8 %)

Year ended Dec. 31, 2013: 2,316 million yen (36.9 %)

	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, 2014	41.59	41.00	31.0	26.9	9.6
Year ended Dec.31, 2013	37.71	36.92	35.9	30.3	11.2

(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, 2014	17,868	9,216	51.2	148.98
As of Dec. 31, 2013	14,505	7,355	50.2	119.53

Reference: Shareholders' equity Dec.31, 2014: 9,145 million yen Dec.31, 2013: 7,282 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, 2014	1,868	-857	-1,107	3,884
Year ended Dec.31, 2013	2,354	-972	-274	3,948

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, 2013	-	6.00	-	6.00	12.00	729	31.8	11.4
Year ended Dec. 31, 2014	-	7.00	-	7.00	14.00	857	33.7	10.4
Year ending Dec. 31, 2015 (forecast)	-	10.00	-	10.00	20.00		-	

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2015 (January 1, 2015 – December 31, 2015)

(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)	26,097	22.5	2,724	22.8	2,723	21.4	1,673	25.1	27.27
Full year	55,617	23.8	6,003	38.8	5,999	37.9	3,706	45.7	60.38

4. Others

- (1) Changes in the number of material subsidiaries resulting from changes in scope of consolidation during the year ended December 31, 2014: 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
- (3) Number of shares outstanding (common shares)
- 1) Number of shares outstanding at the end of period (including treasury stock)

Dec.31, 2014:	61,926,000 shares	Dec.31, 2013:	61,458,400 shares
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 - 2) Number of treasury stock at the end of period

Dec.31, 2014:	538,926 shares	Dec.31, 2013:	532,026 shares
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 - 3) Average number of shares outstanding during the period

Year ended Dec.31, 2014:	61,169,616 shares	Year ended Dec.31, 2013:	60,706,829 shares
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(Reference) Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2014

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(January 1, 2014 – December 31, 2014)

(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, 2014	44,057	27.8	4,616	13.2	4,651	13.3	2,843	14.1
Year ended Dec.31, 2013	34,484	20.4	4,077	40.0	4,104	40.1	2,492	48.1

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec.31, 2014	46.49	45.83
Year ended Dec.31, 2013	41.05	40.19

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2014	18,128	9,645	52.8	155.97
As of Dec. 31, 2013	14,643	7,530	50.9	122.39

Reference: Shareholders' equity Dec.31, 2014: 9,574 million yen Dec.31, 2013: 7,456 million yen

2. Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2015 (January 1, 2015 – December 31, 2015)

(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)	25,046	19.0	2,920	24.4	2,921	23.1	1,871	27.5	30.49
Full year	53,104	20.5	6,382	38.3	6,382	37.2	4,089	43.8	66.62

* 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, 2014 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, 2014 moderately reflected an upturn in economic conditions due to the underlying support from economic and monetary policies while the negative effects related to the decline in demand after the consumption tax hike have almost settled though concerns about the rise in the price of raw materials caused by the lower yen still remain.

In addition, among mid-to-small manufacturers, the major customers of our industrial MRO products, the economic conditions slowly recovered spreading the positive effects of the recovery as a whole for the fiscal year ended December 31, 2014.

In this economic environment, we have concentrated on acquiring new customers aggressively mainly through internet advertisements (paid listings) and internet search engine optimization (SEO), which can improve our website's position on the search engines. We also conducted promotion activities including facsimile and direct mail using e-mail and mail flyers, daily special prices and the publication and distribution of catalogs. In terms of catalogs, in addition to Cost-Cutting Catalog Vol. 3 published in the middle of February 2014, featuring approximately 10,000 selected private brand product items, we newly published REDBOOK vol. 10 on the end of September, divided into 16 volumes with 370 thousand items, 8,300 pages and 2.1 million issues available in total, which included "Agriculture and Gardening" and "Kitchens" products launched as new categories in May. In addition, we broadcasted TV commercials in four geographic areas, which included the Kinki and Chukyo regions, and Nagano and Shizuoka prefectures from March 24 through April 6 and in five geographic areas, which included the Kanto, Kinki and Chukyo regions, and Nagano and Shizuoka prefectures from August 25 through September 7 to enhance our visibility. Furthermore, we launched regular order services for 11 products in the middle of March to help improve the purchasing operations of customers with a focus on high frequency consumable goods, which was broadened to 47 products at the end of July.

Also, we started the full-scale operation of a new distribution center in July with a total floor area of approximately 44 thousand square meters to increase the maximum daily shipping volume and secure a stock area with a capacity sufficient for corresponding to our sales growth, and our product lineup reached approximately 8 million with approximately 200 thousand product items in stock that are available for the same day shipment as of the end of the fiscal year ended December 31, 2014. Furthermore, we focused on enhancing the usability of our website through continuous testing so that customers can more easily find and order products as necessary among our product items and launched the "Search engine service for motorbike parts" to improve the search for 50 thousand items of motorbike parts. Consequently, we have successfully obtained 283,081 newly registered accounts for the fiscal year ended December 31, 2014 and the number of registered accounts totaled 1,405,372 as of the end of the fiscal year.

In addition, NAVIMRO, which is our Korean subsidiary, also aggressively engaged in acquiring new customers mainly through paid listings and focused on increasing both its product lineup and the number of products in stock in order to expand its customer base.

All of our efforts mentioned above resulted in net sales of 44,937 million yen (30.0% increase from the previous fiscal year), operating income of 4,323 million yen (11.3% increase from the previous fiscal year), ordinary income of 4,351 million yen (11.6% increase from the previous fiscal year), and net income of 2,544 million yen, a corresponding 11.1% increase.

(Forecast for the Fiscal Year Ending December 31, 2015)

During the fiscal year ending December 31, 2015, we will continue aggressive promotional activities to gain new customers mainly using internet advertisements (paid listings) and internet search engine optimization (SEO).

In addition, we plan to engage actively in sales promotion activities with existing customers with a focus on expanding our available product lineup in response to customer demand, conducting promotion activities based on highly precise data mining tools, improving web site design in order for customers to use it and place orders more easily and expanding the product lineup for the same day shipment including both goods in stock and drop shipment goods from suppliers.

In terms of profitability, while the aggressive promotion of highly profitable private label products is planned, the

depreciation of yen, the effects of the sales expansion of national brand products and the increase of sales promotion expenses for acquiring new customers should be considered.

Also, NAVIMRO will continuously engage in acquiring new customers mainly through paid listings and focus on increasing both its product lineup and the number of products in stock in order to expand its customer base.

In view of the implementation of the plan above, our current forecast estimates of net sales, operating income, ordinary income and net income for the fiscal year ending December 31, 2015 are 55,617 million yen, 6,003 million yen, 5,999 million yen and 3,706 million yen, respectively.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of December 31, 2014 (the end of the fiscal year ended December 31, 2014) amounted to 17,868 million yen, an increase of 3,363 million yen from the end of the previous fiscal year. Current assets amounted to 15,004 million yen, an increase of 2,344 million yen. This was attributable to increases of 1,134 million yen and 761 million yen in accounts receivable-trade and merchandise, respectively. Non-current assets amounted to 2,863 million yen, an increase of 1,018 million yen. This was due mainly to increases of 759 million yen and 238 million yen in leased assets and guarantee deposits, respectively.

On the other hand, total liabilities as of December 31, 2014 amounted to 8,652 million yen, an increase of 1,502 million yen from the end of the previous fiscal year. Current liabilities amounted to 7,590 million yen, an increase of 803 million yen. This was due mainly to increases of 1,034 million yen, 316 million yen and 225 million yen in accounts payable-trade, lease obligations and current portion of long-term loans payable, respectively, despite the decrease of 800 million yen in short-term loans payable. Non-current liabilities amounted to 1,061 million yen, an increase of 699 million yen. This was due to increases of 485 million yen and 298 million yen in long-term loans payable and lease obligations, respectively.

Total net assets amounted to 9,216 million yen, an increase of 1,860 million yen from the end of the previous fiscal year. This was largely due to net income of 2,544 million yen offset by dividend payments of 793 million yen for the fiscal year ended December 31, 2014.

As a result, the equity ratio as of December 31, 2014 was 51.2%, up 1.0 percentage point from the end of the previous fiscal year.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

Accounts	As of Dec. 31, 2013	(In thousands of yen) As of Dec. 31, 2014
Assets		
Current assets		
Cash and deposits	4,248,933	4,184,546
Accounts receivable-trade	3,760,722	4,895,427
Merchandise	3,023,337	3,785,060
Goods in transit	92,195	195,689
Supplies	126,538	112,412
Accounts receivable-other	1,186,340	1,602,522
Deferred tax assets	159,497	122,334
Other	90,958	133,566
Allowance for doubtful accounts	(28,206)	(30,607)
Total current assets	<u>12,660,319</u>	<u>15,004,953</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	117,601	195,405
Structures, net	11,846	9,477
Machinery and equipment, net	32,344	2,625
Vehicles, net	2,845	998
Tools, furniture and fixtures, net	91,460	104,963
Lease assets, net	26,326	785,496
Construction in progress	122,076	-
Total property, plant and equipment	<u>404,501</u>	<u>1,098,967</u>
Intangible assets		
Software	804,715	933,628
Other	65,753	24,799
Total intangible assets	<u>870,468</u>	<u>958,427</u>
Investments and other assets		
Guarantee deposits	435,263	673,740
Deferred tax assets	134,672	118,057
Other	17,318	31,730
Allowance for doubtful accounts	(17,001)	(17,162)
Total investments and other assets	<u>570,252</u>	<u>806,366</u>
Total noncurrent assets	<u>1,845,222</u>	<u>2,863,761</u>
Total assets	<u>14,505,541</u>	<u>17,868,714</u>

Accounts	As of Dec. 31, 2013	(In thousands of yen) As of Dec. 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	2,667,310	3,701,802
Short-term loans payable	1,300,000	500,000
Long-term loans payable-current portion	88,901	314,487
Lease obligations	6,608	322,961
Accounts payable-other	1,316,045	1,387,055
Income taxes payable	1,045,432	967,181
Provision for bonuses	35,725	45,335
Provision for directors' bonuses	20,756	15,212
Provision for voluntary goods collection	64,277	15,680
Other	242,700	321,241
Total current liabilities	6,787,758	7,590,958
Noncurrent liabilities		
Long-term loans payable	179,564	665,076
Lease obligations	21,034	319,667
Provision for retirement benefits	1,467	-
Provision for directors' retirement benefits	116,680	43,627
Net defined benefit liability	-	1,531
Provision for voluntary goods collection	7,822	-
Other	35,408	31,828
Total noncurrent liabilities	361,977	1,061,732
Total liabilities	7,149,735	8,652,691
Net assets		
Shareholders' equity		
Capital stock	1,821,473	1,865,398
Capital surplus	626,010	669,936
Retained earnings	4,950,943	6,701,646
Treasury stock	(143,063)	(163,034)
Total shareholders' equity	7,255,363	9,073,947
Accumulated other comprehensive income		
Foreign currency translation adjustment	26,957	71,409
Total accumulated other comprehensive income	26,957	71,409
Subscription rights to shares	73,484	70,666
Minority interests	-	-
Total net assets	7,355,805	9,216,023
Total liabilities and net assets	14,505,541	17,868,714

(2) Consolidated statements of (comprehensive) income

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
Net sales	34,556,799	44,937,786
Cost of sales	24,146,116	32,003,579
Gross profit	10,410,683	12,934,207
Selling, general and administrative expenses	6,525,273	8,610,512
Operating income	3,885,409	4,323,694
Non-operating income		
Interest income	603	585
Foreign exchange gains	11,009	17,360
Commission fee	4,695	5,815
Compensation income	5,418	5,751
Sales promotion premium	5,896	4,409
Gain on sale of materials	4,506	8,852
Other	5,711	11,261
Total non-operating income	37,840	54,035
Non-operating expenses		
Interest expenses	12,149	13,112
Loss on disposal of inventories	4,739	10,561
Other	5,221	2,173
Total non-operating expenses	22,110	25,847
Ordinary income	3,901,139	4,351,882
Extraordinary income		
Gain on sales of subsidiaries' stocks	138,404	-
Compensation for voluntary goods collection	55,791	-
Gain on sales of non-current assets	-	90
Total extraordinary income	194,195	90
Extraordinary loss		
Loss on disposal of fixed assets	6,578	38,806
Loss on voluntary goods collection	218,448	-
Settlement package	10,000	-
Total extraordinary losses	235,026	38,806
Income before income taxes and minority interests	3,860,308	4,313,167
Income taxes-current	1,684,825	1,715,259
Income taxes-deferred	(113,924)	53,777
Total income taxes	1,570,900	1,769,036
Income before minority interests	2,289,407	2,544,130
Minority interests in loss	-	-
Net income	2,289,407	2,544,130
Minority interests in loss	-	-
Income before minority interests	2,289,407	2,544,130
Other comprehensive income		
Foreign currency translation adjustment	26,957	44,451
Total other comprehensive income	26,957	44,451
Comprehensive income	2,316,365	2,588,581
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,316,365	2,588,581
Comprehensive income attributable to minority interests	-	-

(3) Consolidated statement of changes in net assets

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,771,616	1,821,473
Changes of items during the period		
Issuance of new shares	49,856	43,925
Total changes of items during the period	49,856	43,925
Balance at the end of current period	1,821,473	1,865,398
Capital surplus		
Balance at the beginning of current period	576,154	626,010
Changes of items during the period		
Issuance of new shares	49,856	43,925
Total changes of items during the period	49,856	43,925
Balance at the end of current period	626,010	669,936
Retained earnings		
Balance at the beginning of current period	3,267,044	4,950,943
Changes of items during the period		
Dividends from surplus	(605,508)	(793,427)
Net income	2,289,407	2,544,130
Total changes of items during the period	1,683,899	1,750,703
Balance at the end of current period	4,950,943	6,701,646
Treasury stock		
Balance at the beginning of current period	(125,197)	(143,063)
Changes of items during the period		
Purchase of treasury stock	(17,866)	(19,970)
Total changes of items during the period	(17,866)	(19,970)
Balance at the end of current period	(143,063)	(163,034)
Total shareholders' equity		
Balance at the beginning of current period	5,489,617	7,255,363
Changes of items during the period		
Issuance of new shares	99,713	87,851
Dividends from surplus	(605,508)	(793,427)
Net income	2,289,407	2,544,130
Purchase of treasury stock	(17,866)	(19,970)
Total changes of items during the period	1,765,745	1,818,583
Balance at the end of current period	7,255,363	9,073,947
Accumulated other comprehensive income		
Foreign currency translation adjustment		
Balance at the beginning of current period	-	26,957
Changes of items during the period		
Net changes of items other than shareholders' equity	26,957	44,451
Total changes of items during the period	26,957	44,451
Balance at the end of current period	26,957	71,409
Subscription rights to shares		
Balance at the beginning of current period	68,077	73,484
Changes of items during the period		
Net changes of items other than shareholders' equity	5,407	(2,817)
Total changes of items during the period	5,407	(2,817)
Balance at the end of current period	73,484	70,666
Minority interests		
Balance at the beginning of current period	31,132	-
Changes of items during the period		
Net changes of items other than shareholders' equity	(31,132)	-
Total changes of items during the period	(31,132)	-
Balance at the end of current period	-	-

Accounts	Year ended Dec. 31, 2013	(In thousands of yen) Year ended Dec. 31, 2014
Total net assets		
Balance at the beginning of current period	5,588,827	7,355,805
Changes of items during the period		
Issuance of new shares	99,713	87,851
Dividends from surplus	(605,508)	(793,427)
Net income	2,289,407	2,544,130
Purchase of treasury stock	(17,866)	(19,970)
Net changes of items other than shareholders' equity	1,231	41,634
Total changes of items during the period	<u>1,766,977</u>	<u>1,860,217</u>
Balance at the end of current period	<u>7,355,805</u>	<u>9,216,023</u>

(4) Consolidated statement of cash flows

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,860,308	4,313,167
Depreciation and amortization	356,829	478,343
Increase (decrease) in allowance for doubtful accounts	1,556	2,561
Increase (decrease) in provision for bonuses	1,214	6,859
Increase (decrease) in provision for directors' bonuses	(3,907)	(5,543)
Increase (decrease) in provision for retirement benefits	1,311	-
Increase (decrease) in provision for directors' retirement benefits	29,266	(73,062)
Increase (decrease) in net defined benefit liability	-	(72)
Interest income	(603)	(585)
Interest expenses	12,149	13,112
Gain on sales of subsidiaries' stocks	(138,404)	-
Compensation for voluntary goods collection	(55,791)	-
Loss on voluntary goods collection	218,448	-
Decrease (increase) in notes and accounts receivable-trade	(901,943)	(1,129,162)
Decrease (increase) in inventories	(119,908)	(834,802)
Decrease (increase) in accounts receivable-other	(161,111)	(416,004)
Increase (decrease) in notes and accounts payable-trade	510,530	1,021,349
Increase (decrease) in accounts payable-other	259,117	184,420
Other, net	53,114	174,393
Subtotal	<u>3,922,177</u>	<u>3,734,973</u>
Interest income received	630	585
Interest expenses paid	(12,039)	(12,584)
Income taxes paid	(1,485,374)	(1,796,054)
Compensation for voluntary goods collection received	55,791	-
Loss on voluntary goods collection paid	(126,256)	(58,094)
Net cash provided by (used in) operating activities	<u>2,354,929</u>	<u>1,868,826</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(200,000)	-
Purchase of property, plant and equipment	(160,766)	(147,106)
Purchase of intangible assets	(374,773)	(448,398)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	70,835	-
Payments for guarantee deposits	(308,047)	(277,527)
Other, net	196	15,636
Net cash provided by (used in) investment activities	<u>(972,555)</u>	<u>(857,395)</u>
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	-	(800,000)
Proceeds from long-term loans payable	268,466	800,000
Repayments of long-term loans payable	-	(88,901)
Proceeds from exercise of stock options	83,375	65,675
Purchase of treasury stock	(17,866)	(19,970)
Cash dividends paid	(605,787)	(792,132)
Repayments of lease obligations	(2,685)	(272,110)
Net cash provided by (used in) financing activities	<u>(274,497)</u>	<u>(1,107,439)</u>
Effect of exchange rate change on cash and cash equivalents	15,464	31,622
Net increase (decrease) in cash and cash equivalents	<u>1,123,340</u>	<u>(64,386)</u>
Cash and cash equivalents at beginning of period	<u>2,825,592</u>	<u>3,948,933</u>
Cash and cash equivalents at end of period	<u>3,948,933</u>	<u>3,884,546</u>

Non-Consolidated Financial Statements
(1) Non-consolidated balance sheets

Accounts	As of Dec. 31, 2013	(In thousands of yen) As of Dec. 31, 2014
Assets		
Current assets		
Cash and deposits	4,158,371	4,002,671
Accounts receivable-trade	3,757,122	4,866,706
Merchandise	2,994,783	3,603,011
Goods in transit	93,219	201,222
Supplies	123,484	112,412
Advance payments-trade	250	50
Prepaid expenses	59,866	103,133
Accounts receivable-other	1,186,340	1,602,172
Deferred tax assets	159,333	122,134
Other	18,031	19,958
Allowance for doubtful accounts	(28,206)	(30,607)
Total current assets	<u>12,522,598</u>	<u>14,602,865</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	117,601	195,405
Structures	11,846	9,477
Machinery and equipment	32,344	2,625
Vehicles	2,845	998
Tools, furniture and fixtures	75,241	91,923
Lease assets	26,326	785,496
Construction in progress	122,076	-
Total property, plant and equipment	<u>388,281</u>	<u>1,085,926</u>
Intangible assets		
Trademark	7,630	9,834
Software	754,901	887,780
Telephone subscription right	35	35
Software in progress	58,088	14,929
Total intangible assets	<u>820,654</u>	<u>912,579</u>
Investments and other assets		
Stocks of subsidiaries and affiliates	351,734	738,619
Claims provable in bankruptcy, claims provable in rehabilitation and other	17,001	17,162
Long-term prepaid expenses	317	14,568
Guarantee deposits	426,793	657,457
Deferred tax assets	132,842	116,641
Allowance for doubtful accounts	(17,001)	(17,162)
Total investments and other assets	<u>911,688</u>	<u>1,527,287</u>
Total noncurrent assets	<u>2,120,624</u>	<u>3,525,793</u>
Total assets	<u>14,643,223</u>	<u>18,128,659</u>

Accounts	As of Dec. 31, 2013	(In thousands of yen) As of Dec. 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	2,666,209	3,581,164
Short-term loans payable	1,300,000	500,000
Long-term loans payable-current portion	88,901	314,487
Lease obligations	6,608	322,961
Accounts payable-other	1,290,809	1,346,380
Accrued expenses	80,665	105,523
Income taxes payable	1,045,432	967,181
Accrued consumption taxes	108,356	177,466
Advances received	4,114	4,101
Deposits received	42,065	25,542
Provision for bonuses	35,725	45,335
Provision for directors' bonuses	20,756	15,212
Provision for voluntary goods collection	64,277	15,680
Other	18	1,972
Total current liabilities	6,753,941	7,423,012
Noncurrent liabilities		
Long-term loans payable	179,564	665,076
Lease obligations	21,034	319,667
Provision for directors' retirement benefits	115,311	43,627
Provision for voluntary goods collection	7,822	-
Other	35,408	31,828
Total noncurrent liabilities	359,140	1,060,200
Total liabilities	7,113,082	8,483,212
Net assets		
Shareholders' equity		
Capital stock	1,821,473	1,865,398
Capital surplus		
Legal capital surplus	626,010	669,936
Total capital surpluses	626,010	669,936
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,152,237	7,202,479
Total retained earnings	5,152,237	7,202,479
Treasury stock	(143,063)	(163,034)
Total shareholders' equity	7,456,657	9,574,779
Subscription rights to shares	73,484	70,666
Total net assets	7,530,141	9,645,446
Total liabilities and net assets	14,643,223	18,128,659

(2) Non-consolidated statements of income

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
Net sales	34,484,559	44,057,501
Cost of sales	24,081,208	31,268,632
Gross profit	10,403,350	12,788,868
Selling, general and administrative expenses	6,325,552	8,172,595
Operating income	4,077,798	4,616,273
Non-operating income		
Interest income	429	377
Foreign exchange gains	16,299	23,087
Commission fee	4,695	5,815
Compensation income	5,380	4,942
Sales promotion premium	5,896	4,409
Gain on sale of materials	4,506	8,852
Income on customized development of software	6,461	—
Other	5,021	12,159
Total non-operating income	48,690	59,644
Non-operating expenses		
Interest expenses	12,149	13,112
Loss on disposal of inventories	4,715	10,005
Other	5,195	1,756
Total non-operating expenses	22,060	24,875
Ordinary income	4,104,427	4,651,043
Extraordinary income		
Gain on sales of subsidiaries' stocks	140,000	90
Compensation for voluntary goods collection	55,791	—
Total extraordinary income	195,791	90
Extraordinary loss		
Loss on disposal of fixed assets	6,578	38,806
Loss on voluntary goods collection	218,448	—
Settlement package	10,000	—
Total extraordinary losses	235,026	38,806
Income before income taxes	4,065,192	4,612,327
Income taxes-current	1,684,825	1,715,259
Income taxes-deferred	(111,930)	53,398
Total income taxes	1,572,895	1,768,657
Net income	2,492,297	2,843,669

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

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	1,771,616	1,821,473
Changes of items during the period		
Issuance of new shares	49,856	43,925
Total changes of items during the period	49,856	43,925
Balance at the end of current period	1,821,473	1,865,398
Capital surplus		
Balance at the beginning of current period	576,154	626,010
Changes of items during the period		
Issuance of new shares	49,856	43,925
Total changes of items during the period	49,856	43,925
Balance at the end of current period	626,010	669,936
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	3,265,448	5,152,237
Changes of items during the period		
Dividends from surplus	(605,508)	(793,427)
Net income	2,492,297	2,843,669
Total changes of items during the period	1,886,788	2,050,242
Balance at the end of current period	5,152,237	7,202,479
Total retained earnings		
Balance at the beginning of current period	3,265,448	5,152,237
Changes of items during the period		
Dividends from surplus	(605,508)	(793,427)
Net income	2,492,297	2,843,669
Total changes of items during the period	1,886,788	2,050,242
Balance at the end of current period	5,152,237	7,202,479
Total retained earnings		
Balance at the beginning of current period	(125,197)	(143,063)
Changes of items during the period		
Purchase of treasury stock	(17,866)	(19,970)
Total changes of items during the period	(17,866)	(19,970)
Balance at the end of current period	(143,063)	(163,034)
Total shareholders' equity		
Balance at the beginning of current period	5,488,021	7,456,657
Changes of items during the period		
Issuance of new shares	99,713	87,851
Dividends from surplus	(605,508)	(793,427)
Net income	2,492,297	2,843,669
Purchase of treasury stock	(17,866)	(19,970)
Total changes of items during the period	1,968,635	2,118,122
Balance at the end of current period	7,456,657	9,574,779

Accounts	Year ended Dec. 31, 2013	Year ended Dec. 31, 2014
<hr/>		
Subscription rights to shares		
Balance at the beginning of current period	68,077	73,484
Changes of items during the period		
Net changes of items other than shareholders' equity	5,407	(2,817)
Total changes of items during the period	<u>5,407</u>	<u>(2,817)</u>
Balance at the end of current period	<u>73,484</u>	<u>70,666</u>
Total net assets		
Balance at the beginning of current period	5,556,099	7,530,141
Changes of items during the period		
Issuance of new shares	99,713	87,851
Dividends from surplus	(605,508)	(793,427)
Net income	2,492,297	2,843,669
Purchase of treasury stock	(17,866)	(19,970)
Net changes of items other than shareholders' equity	5,407	(2,817)
Total changes of items during the period	<u>1,974,042</u>	<u>2,115,305</u>
Balance at the end of current period	<u>7,530,141</u>	<u>9,645,446</u>