

Consolidated Financial Results for the First Half of Fiscal Year Ending December 31, 2015 (Six Months Ended June 30, 2015)

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

Stock code: 3064

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Scheduled date to file Quarterly Securities Report: August 11, 2015

Scheduled date of interim dividend payments: September 11, 2015

Supplementary materials: Yes Investors meeting: 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 Six Months Ended June 30, 2015

(January 1, 2015 – June 30, 2015)

(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	%
Six months ended Jun. 30, 2015	27,356	28.4	3,433	54.8	3,445	53.5	2,178	62.8
Six months ended Jun. 30, 2014	21,305	33.2	2,218	7.6	2,243	8.1	1,338	0.1

Note: Comprehensive income: Six months ended Jun. 30, 2015: 2,177 million yen (61.4%)

Six months ended Jun. 30, 2014: 1,349 million yen (1.4 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2015	35.40	35.08
Six months ended Jun. 30, 2014	21.92	21.57

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2015	20,014	11,014	54.7
As of Dec. 31, 2014	17,868	9,216	51.2

Reference: Shareholders' equity Jun. 30, 2015: 10,947 million yen Dec. 31, 2014: 9,145 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, 2014	-	7.00	-	7.00	14.00
Year ending Dec. 31, 2015 (actual)	-	10.00			
Year ending Dec. 31, 2015 (forecast)			-	7.00	-

Note: Amendments to dividend forecast compared with the most recent disclosure: Yes

The Company will implement a 2-for-1 share split effective on October 1, 2015 in accordance with the decision at the board meeting held on July 29, 2015 and the year-end dividend for the year ending December 31, 2015 is stated taking into consideration the effects of this future share split. The details are presented in "Notice of share split, partial amendment of Articles of Incorporation and change in dividend forecast" released simultaneously with this statement. The year-end dividend and annual dividend for the year ending December 31, 2015 would be equivalent to 14 yen and 24 yen, respectively, based on the assumption that the share split is not implemented.

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
Full year	57,589	28.2	6,937	60.5	6,949	59.7	4,360	71.4	35.41

Note: Revision of consolidated forecast during this quarter: Yes

The Company will implement a 2-for-1 share split effective on October 1, 2015 in accordance with the decision at the board meeting held on July 29, 2015 and net income per share for the year ending December 31, 2015 is stated on the assumption that the share split was implemented at the beginning of this fiscal year.

The details on the revision of the consolidated forecasts are presented in "Notice of Revision of Full-year Consolidated Financial Forecasts" released simultaneously with this statement.

4. Others

- (1) Changes in the number of material subsidiaries resulting changes in scope of consolidation during the six-month period ended June 30, 2015: 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: 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)

Jun.30, 2015:	62,141,000 shares	Dec.31, 2014:	61,926,000 shares
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 - 2) Number of treasury stock at the end of period

Jun.30, 2015:	538,926 shares	Dec.31, 2014:	538,926 shares
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 - 3) Average number of shares outstanding during the period

Six months ended Jun.30, 2015:	61,538,774 shares	Six months ended Jun.30, 2014:	61,052,841 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 half of the fiscal year ending December 31, 2015 moderately reflected an upturn in economic conditions due to a mitigation of the corporate burden resulting from the low crude oil prices and the underlying support from government economic and fiscal policies although the economic situation in China, debt problem in Europe and increases in material prices caused by the lower yen make the outlook for the future economy unpredictable.

In addition, among mid-to-small manufacturers, the major customers of our industrial MRO products, the economic conditions slowly recovered due to the positive effect of the Japanese economic recovery.

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, we newly published REDBOOK vol. 11 in late February, divided into 8 volumes with 137 thousand items, 4,200 pages and 1.09 million issues available in total, featuring products that are mainly used through spring to summer seasons. In addition, we broadcasted TV commercials in seven geographic areas, which included the Kanto, Kinki and Chukyo regions, and Nagano, Shizuoka, Hiroshima and Okayama-Kagawa prefectures from February 22 through March 7, and in late June, we broadened the broadcast area covered throughout Japan other than Tottori, Shimane, Tokushima, Kochi, Saga and Okinawa Prefectures to enhance our visibility much further.

Furthermore, the total number of our product lineup reached approximately nine million items to meet the increase in demand corresponding to the expansion of our customer base as of the end of the first half of the fiscal year ending December 31, 2015 and we launched a new mall for medical and nursing care in our website (MonotaRO.com), which started operations in the middle of May.

Meanwhile, the "Amagasaki Distribution Center", which commenced full-scale operations in July 2014 in order to maximize daily shipping volume and secure a stock area with a capacity sufficient for corresponding to our sales growth with a total floor area of approximately 44 thousand square meters, has been working well, and our product lineup reached approximately 220 thousand product items in stock that are available for the same day shipment as of the end of the first half of the fiscal year ending December 31, 2015.

Consequently, we have successfully obtained 177,509 newly registered accounts for the first half of the fiscal year ending December 31, 2015 and the number of registered accounts totaled 1,582,881 as of the end of the second quarter.

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 27,356 million yen (28.4% increase from the same period of the previous fiscal year), operating income of 3,433 million yen (54.8% increase from the same period of the previous fiscal year), ordinary income of 3,445 million yen (53.5% increase from the same period of the previous fiscal year), and net income of 2,178 million yen, a corresponding 62.8% increase.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets as of June 30, 2015 (the end of the first half of the fiscal year ending December 31, 2015) amounted to 20,014 million yen, an increase of 2,145 million yen from the end of the previous fiscal year. Current assets amounted to 17,157 million yen, an increase of 2,152 million yen. This was attributable to increases of 801 million yen and 965 million yen in accounts receivable-trade and merchandise, respectively. Non-current assets amounted to 2,857 million yen, a decrease of 6 million yen.

On the other hand, total liabilities as of June 30, 2015 amounted to 9,000 million yen, an increase of 347 million yen from the end of the previous fiscal year. Current liabilities amounted to 8,253 million yen, an increase of 663 million yen. This was due mainly to increases of 498 million yen and 349 million yen in accounts payable-trade and income taxes payable,

respectively, despite the decrease of 219 million yen in accounts payable-other. Non-current liabilities amounted to 746 million yen, a decrease of 315 million yen. This was attributable to decreases of 112 million yen and 218 million yen in long-term loans payable and lease obligations, respectively.

Total net assets amounted to 11,014 million yen, an increase of 1,798 million yen from the end of the previous fiscal year. This was largely due to net income of 2,178 million yen offset by dividend payments of 429 million yen for the first half of the year ending December 31, 2015.

As a result, the equity ratio as of June 30, 2015 was 54.7%, up 3.5 percentage points from the end of the previous fiscal year.

(3) Consolidated Forecasts for the Fiscal Year Ending December 31, 2015

As a result of the review of our operating plans considering the financial results for the first half of the fiscal year ending December 31, 2015, the consolidated forecasts for the fiscal year ending December 31, 2015 disclosed in “Financial Results for the Fiscal Year Ended December 31, 2014 (Consolidated)” on January 29, 2015 have been changed. The details of these changes are presented in “Notice of Revision of Full-year Consolidated Financial Forecasts” released simultaneously with this statement.

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period: None

(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 Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	(In thousands of yen)	
	As of Dec. 31, 2014	As of Jun. 30, 2015
Assets		
Current assets		
Cash and deposits	4,184,546	4,308,958
Accounts receivable-trade	4,895,427	5,696,429
Merchandise	3,785,060	4,750,086
Goods in transit	195,689	266,762
Supplies	112,412	85,675
Accounts receivable-other	1,602,522	1,762,800
Other	259,901	317,273
Allowance for doubtful accounts	(30,607)	(30,726)
Total current assets	15,004,953	17,157,260
Noncurrent assets		
Property, plant and equipment	1,098,967	1,045,757
Intangible assets	958,427	989,165
Investments and other assets		
Guarantee deposits	673,740	688,622
Other	149,788	153,097
Allowance for doubtful accounts	(17,162)	(19,262)
Total investments and other assets	806,366	822,456
Total noncurrent assets	2,863,761	2,857,380
Total assets	17,868,714	20,014,640
Liabilities		
Current liabilities		
Accounts payable-trade	3,701,802	4,200,670
Short-term loans payable	500,000	500,000
Long-term loans payable-current portion	314,487	314,487
Lease obligations	322,961	303,677
Accounts payable-other	1,387,055	1,167,657
Income taxes payable	967,181	1,316,694
Provision for employees' bonuses	45,335	46,936
Provision for directors' bonuses	15,212	29,000
Provision for voluntary goods collection	15,680	6,853
Other	321,241	367,993
Total current liabilities	7,590,958	8,253,971
Noncurrent liabilities		
Long-term loans payable	665,076	552,576
Lease obligations	319,667	101,479
Provision for directors' retirement benefits	43,627	52,231
Provision for retirement benefits for employees	1,531	8,276
Other	31,828	31,974
Total noncurrent liabilities	1,061,732	746,539
Total liabilities	8,652,691	9,000,510
Net assets		
Shareholders' equity		
Capital stock	1,865,398	1,892,835
Capital surplus	669,936	697,373
Retained earnings	6,701,646	8,450,273
Treasury stock	(163,034)	(163,034)
Total shareholders' equity	9,073,947	10,877,447
Accumulated other comprehensive income		
Foreign currency translation adjustment	71,409	70,163
Total accumulated other comprehensive income	71,409	70,163
Subscription rights to shares	70,666	66,518
Total net assets	9,216,023	11,014,130
Total liabilities and net assets	17,868,714	20,014,640

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In thousands of yen)	
	Six months period ended Jun. 30, 2014	Six months period ended Jun. 30, 2015
Net sales	21,305,572	27,356,774
Cost of sales	15,175,214	19,156,657
Gross profit	6,130,358	8,200,116
Selling, general and administrative expenses	3,911,958	4,766,740
Operating income	2,218,399	3,433,376
Non-operating income		
Interest income	230	1,122
Foreign exchange gains	17,880	12,786
Other	19,823	15,054
Total non-operating income	37,934	28,962
Non-operating expenses		
Interest expenses	6,591	7,994
Loss on disposal of inventories	4,475	7,772
Other	1,374	1,285
Total non-operating expenses	12,441	17,053
Ordinary income	2,243,892	3,445,285
Extraordinary income		
Gain on sales of fixed assets	90	-
Total extraordinary income	90	-
Extraordinary loss		
Loss on disposal of fixed assets	145	1,081
Total extraordinary losses	145	1,081
Income before income taxes and minority interests	2,243,837	3,444,204
Income taxes-current	850,928	1,282,830
-deferred	54,877	(16,962)
Total income taxes	905,805	1,265,868
Income before minority interests	1,338,032	2,178,336
Net income	1,338,032	2,178,336
Income before minority interests	1,338,032	2,178,336
Other comprehensive income		
Foreign currency translation adjustment	11,222	(1,245)
Total other comprehensive income	11,222	(1,245)
Comprehensive income	1,349,254	2,177,090
Comprehensive income attributable to:		
Owners of the parent	1,349,254	2,177,090
Minority interests	-	-

(3) Consolidated quarterly statements of cash flows

Accounts	(In thousands of yen)	
	Six months ended Jun. 30, 2014	Six months ended Jun. 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,243,837	3,444,204
Depreciation and amortization	213,784	244,037
Increase (decrease) in allowance for doubtful accounts	(5,470)	2,219
Increase (decrease) in provision for bonuses	5,434	1,889
Increase (decrease) in provision for directors' bonuses	(5,543)	13,788
Increase (decrease) in provision for directors' retirement benefits	(70,950)	8,604
Increase (decrease) in provision for retirement benefits	3,856	6,762
Interest income	(230)	(1,122)
Interest expenses	6,591	7,994
Decrease (increase) in notes and accounts receivable-trade	(397,733)	(801,268)
Decrease (increase) in inventories	(777,709)	(1,010,107)
Decrease (increase) in accounts receivable-other	(137,657)	(160,288)
Increase (decrease) in notes and accounts payable-trade	16,131	499,501
Increase (decrease) in accounts payable-other	(526,354)	(230,178)
Other, net	(58,828)	29,958
Subtotal	509,202	2,055,994
Interest income received	157	1,124
Interest expenses paid	(6,582)	(7,914)
Income taxes paid	(1,017,819)	(937,649)
Loss on voluntary goods collection paid	(42,594)	(8,723)
Net cash provided by (used in) operating activities	(557,684)	1,102,832
Net cash provided by (used in) investment activities		
Payments into time deposits	-	-
Purchase of property, plant and equipment	(131,928)	(16,904)
Purchase of intangible assets	(255,467)	(181,459)
Payments for guarantee deposits	(38,015)	(41,205)
Proceeds from guarantee deposits receivable		20,816
Other, net	(893)	(1,977)
Net cash provided by (used in) investment activities	(426,305)	(220,730)
Net cash provided by (used in) financing activities		
Repayments of long-term loans		(112,500)
Proceeds from exercise of stock option	37,117	41,583
Cash dividends paid	(364,733)	(430,366)
Repayments of lease obligations	(56,574)	(255,682)
Purchase of treasury stock	-	-
Net cash provided by (used in) financing activities	(384,190)	(756,966)
Effect of exchange rate change on cash and cash equivalents	11,082	(724)
Net increase (decrease) in cash and cash equivalents	(1,357,098)	124,411
Cash and cash equivalents at beginning of period	3,948,933	3,884,546
Cash and cash equivalents at end of period	2,591,834	4,008,958