

Consolidated Financial Results for the First Nine Months of Fiscal Year Ending December 31, 2013 (Nine Months Ended September 30, 2013)

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

Stock code: 3064

Representative: Masaya Suzuki, President & COO

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

Listing: Tokyo Stock Exchange, First Section

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

Telephone: +81-6-4869-7190

Scheduled date to file Quarterly Securities Report: November 8, 2013

Supplementary materials: Yes Investors meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2013

(January 1, 2013 – September 30, 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	%
Nine months ended Sep. 30, 2013	24,587	18.3	3,004	41.6	3,020	40.8	1,810	46.4
Nine months ended Sep. 30, 2012	20,782	30.3	2,122	32.7	2,145	31.6	1,237	34.4

Note: Comprehensive income: Nine months ended Sep. 30, 2013: 1,819 million yen (46.7 %)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2013	29.87	29.20
Nine months ended Sep. 30, 2012	20.69	20.08

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 Sep. 30, 2013	13,160	6,836	51.4
As of Dec. 31, 2012	11,265	5,588	48.7

Reference: Shareholders' equity Sep. 30, 2013: 6,768 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)	-	6.00	-		
Year ending Dec.31, 2013 (forecast)				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 dividend and the year-end dividend for the year ended December 31, 2012 would both have been equivalent to 4 yen and the total 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
Full year	34,104	18.7	3,768	28.8	3,789	28.9	2,253	33.4	37.15

Note: Revision of consolidated forecast during this quarter: Yes

Details about the revision of consolidated forecast during this quarter are in "Notice of Revision of Full-year Consolidated Financial Forecasts and Recording of Extraordinary Profit and Extraordinary Loss" released simultaneously with this statement.

4. Others

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

Sep. 30, 2013:	61,250,400 shares	Dec.31, 2012:	60,860,000 shares
----------------	-------------------	---------------	-------------------

2) Number of treasury stocks at the end of period

Sep. 30, 2013:	532,026 shares	Dec.31, 2012:	524,340 shares
----------------	----------------	---------------	----------------

3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2013:	60,635,069 shares	Nine months ended Sep. 30 2012:	59,784,660 shares
----------------------------------	-------------------	---------------------------------	-------------------

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 are 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 nine months of the fiscal year ending December 31, 2013 was moderately and steadily picked up as a whole and showed signs of economic recovery due to favorable business sentiment among export-related companies and an increase in public investments resulting from the recovery of demand and urgent economic measurements, led by the depreciation in the Japanese yen and higher corporate stock prices in line with the effects and expectations on economic and monetary policies pursued by the new government.

Meanwhile, the market situation for industrial MRO products, for which we serve as a supplier, experienced strong expectations of economic recovery in connection with economic stimulus policy. However, actual recovery in operations among domestic manufacturers, our main customers, was slow and seesawed though certain sectors starting to see growth in their production activities.

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 in last November, 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 5 million products in September 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 167,679 (*) newly registered accounts for the first nine months of the fiscal year and the number of registered accounts totaled 1,059,841 (*), achieving more than 1 million customers as of the end of the third 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 which started its business operations in April, 2013, was newly included in the scope of consolidation.

All of our efforts mentioned above resulted in net sales of 24,587 million yen, or an 18.3% increase from the same period of the previous fiscal year. In terms of profitability during the nine-month period ended September 30, 2013, operating income increased to 3,004 million yen, a 41.6% 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 3,020 million yen, a 40.8% increase from the same period of the previous fiscal year, and net income increased to 1,810 million yen, a corresponding 46.4% increase after the voluntary goods collection expenses were deducted as extraordinary losses and compensation from a supplier for that was added as extraordinary income.

(*): The numbers of registered accounts include only those on a non-consolidated basis.

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

1) Factory consumables

Net sales amounted to 9,965 million yen (a 14.5% increase from the same period of the previous fiscal year) due to an increase in sales of hand tools, sprays and gloves.

2) Factory replacement parts

Net sales amounted to 9,805 million yen (a 22.0% 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, control equipments and compressors.

3) Other supplies

Net sales amounted to 4,816 million yen (a 19.2% increase from the same period of the previous fiscal year) due to the sales increase in laboratory equipment and office supplies.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets at September 30, 2013 (the end of the first nine months of the fiscal year ending December 31, 2013) amounted to 13,160 million yen, an increase of 1,894 million yen from the end of the previous fiscal year. Current assets amounted to 11,451 million yen, an increase of 1,342 million yen. This was attributable to increases of 479 million yen, 322 million yen and 351 million yen in cash and deposits, accounts receivable and supplies, respectively. Non-current assets amounted to 1,708 million yen, an increase of 552 million yen. This was due to an increase in guarantee deposits of 295 million yen.

On the other hand, total liabilities at September 30, 2013 amounted to 6,324 million yen, an increase of 647 million yen from the end of the previous fiscal year. Current liabilities amounted to 5,985 million yen, an increase of 405 million yen. This was due mainly to increases of 218 million yen, 149 million yen in accounts payable-other and provision for voluntary goods collection expenses. Non-current liabilities amounted to 338 million yen, an increase of 241 million yen. This was due mainly to an increase in long-term loan payable of 179 million yen.

Total net assets amounted to 6,836 million yen, an increase of 1,247 million yen from the end of the previous fiscal year. This largely comprised net income of 1,810 million yen and dividend payments of 605 million yen for the first six months of the year ending December 31, 2013.

As a result, the equity ratio at September 30, 2013 was 51.4%, up 2.7 percentage points from the end of the previous fiscal year.

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

As a result of the review of our operating plans considering the financial results for the first nine months of the fiscal year ending December 31, 2012, the consolidated forecast for the fiscal year ending December 31, 2012 that was disclosed in “Financial Results for the Fiscal Year Ended December 31, 2012 (Consolidated)” on January 29, 2013 has been changed. The details of these plans are presented in “Notice of Revision of Full-year Consolidated Financial Forecasts and Recording of Extraordinary Profit and Extraordinary Loss” released simultaneously with this statement.

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 nine 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 Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

Accounts	(In thousands of yen)	
	As of Dec. 31, 2012	As of Sep. 30, 2013
Assets		
Current assets		
Cash and deposits	2,925,592	3,405,435
Accounts receivable-trade	2,868,409	3,191,189
Merchandise	2,892,239	2,964,206
Goods in transit	142,835	122,925
Supplies	112,872	463,987
Accounts receivable-other	1,021,414	1,063,627
Other	173,667	264,109
Allowance for doubtful accounts	(27,352)	(23,763)
Total current assets	10,109,678	11,451,717
Noncurrent assets		
Property, plant and equipment	171,324	277,631
Intangible assets	762,953	839,647
Investments and other assets		
Guarantee deposits	136,168	431,410
Other	101,908	176,136
Allowance for doubtful accounts	(16,298)	(16,035)
Total investments and other assets	221,778	591,511
Total noncurrent assets	1,156,055	1,708,789
Total assets	11,265,734	13,160,506
Liabilities		
Current liabilities		
Accounts payable-trade	2,178,842	2,253,767
Short-term loans payable	1,300,000	1,300,000
Current portion of long-term loans payable	-	88,901
Accounts payable-other	966,409	1,185,281
Income taxes payable	844,575	688,335
Provision for employees' bonuses	34,740	84,654
Provision for directors' bonuses	24,663	10,433
Provision for voluntary goods collection expenses	-	149,333
Other	230,807	224,969
Total current liabilities	5,580,039	5,985,676
Noncurrent liabilities		
Long-term loans payable	-	179,564
Provision for directors' retirement benefits	87,268	140,020
Provision for voluntary goods collection expenses	-	12,973
Other	9,598	6,255
Total noncurrent liabilities	96,866	338,814
Total liabilities	5,676,906	6,324,490
Net assets		
Shareholders' equity		
Capital stock	1,771,616	1,813,097
Capital surplus	576,154	617,634
Retained earnings	3,267,044	4,472,510
Treasury stock	(125,197)	(143,063)
Total shareholders' equity	5,489,617	6,760,178
Accumulated other comprehensive income		
Foreign currency translation adjustment	-	8,327
Total accumulated other comprehensive income	-	8,327
Subscription rights to shares	68,077	67,510
Minority interests	31,132	-
Total net assets	5,588,827	6,836,015
Total liabilities and net assets	11,265,734	13,160,506

(2) Consolidated quarterly statements of (comprehensive) income

Accounts	(In thousands of yen)	
	Nine months ended Sep. 30, 2012	Nine months ended Sep. 30, 2013
Net sales	20,782,163	24,587,823
Cost of sales	14,983,936	17,117,027
Gross profit	5,798,227	7,470,795
Selling, general and administrative expenses	3,675,764	4,465,990
Operating income	2,122,463	3,004,805
Non-operating income		
Interest income	62	504
Foreign exchange gains	19,037	8,360
Other	17,067	20,575
Total non-operating income	36,167	29,440
Non-operating expenses		
Interest expenses	9,413	8,774
Loss on disposal of inventories	2,707	3,149
Other	1,500	2,254
Total non-operating expenses	13,621	14,177
Ordinary income	2,145,009	3,020,068
Extraordinary income		
Gain on sales of subsidiaries' stocks	-	138,404
Compensation for voluntary goods collection	-	55,791
Total extraordinary income	-	194,195
Extraordinary loss		
Loss on disposal of fixed assets	42	6,573
Loss on voluntary goods collection	-	218,448
Total extraordinary losses	42	225,021
Income before income taxes and minority interests	2,144,967	2,989,242
Income taxes-current	934,840	1,328,761
-deferred	(29,727)	(150,493)
Total income taxes	905,113	1,178,267
Income before minority interests	1,239,854	1,810,974
Minority interests	2,799	-
Net income	1,237,054	1,810,974
Minority interests	2,799	-
Income before minority interests	1,239,854	1,810,974
Other comprehensive income		
Foreign currency translation adjustment	-	8,327
Total other comprehensive income	-	8,327
Comprehensive income	1,239,854	1,819,302
Comprehensive income attributable to:		
Owners of the parent	1,237,054	1,819,302
Minority interests	2,799	-