

Consolidated Financial Results for the Fiscal Year Ended December 31, 2013

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

Stock code: 3064

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Scheduled date of Annual General Shareholders' Meeting: March 26, 2014

Scheduled date to file Securities Report: March 26, 2014

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, 2013

(January 1, 2013 – December 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	%
Year ended Dec. 31, 2013	34,556	20.2	3,885	32.8	3,901	32.6	2,289	35.5
Year ended Dec. 31, 2012	28,742	29.2	2,925	45.6	2,941	43.8	1,689	47.0

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

Year ended Dec. 31, 2012: 1,692 million yen (47.5 %)

	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, 2013	37.71	36.92	35.9	30.3	11.2
Year ended Dec.31, 2012	28.20	27.38	34.9	29.0	10.2

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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2013	14,505	7,355	50.2	119.53
As of Dec. 31, 2012	11,265	5,588	48.7	90.98

Reference: Shareholders' equity Dec.31, 2013: 7,282 million yen Dec.31, 2012: 5,489 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, 2013	2,354	-972	-274	3,948
Year ended Dec.31, 2012	2,212	-520	-386	2,825

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, 2012	-	8.00	-	8.00	16.00	480	28.4	9.9
Year ended Dec. 31, 2013	-	6.00	-	6.00	12.00	729	31.8	11.4
Year ending Dec. 31, 2014 (forecast)	-	7.00	-	7.00	14.00		-	

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, 2014 (January 1, 2014 – December 31, 2014)

(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)	20,084	25.6	1,898	-7.9	1,893	-8.7	1,101	-17.6	18.08
Full year	42,647	23.4	4,210	8.4	4,197	7.6	2,444	6.8	40.13

4. Others

- (1) Changes in the number of material subsidiaries resulting from changes in scope of consolidation during the year ended December 31, 2013: None
- (2) 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)
Dec.31, 2013: 61,458,400 shares Dec.31, 2012: 60,860,000 shares
 - 2) Number of treasury stock at the end of period
Dec.31, 2013: 532,026 shares Dec.31, 2012: 524,340 shares
 - 3) Average number of shares outstanding during the period
Year ended Dec.31, 2013: 60,706,829 shares Year ended Dec.31, 2012: 59,896,543 shares

(Reference) Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2013

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2013

(January 1, 2013 – December 31, 2013)

(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, 2013	34,484	20.4	4,077	40.0	4,104	40.1	2,492	48.1
Year ended Dec.31, 2012	28,639	28.9	2,913	44.5	2,928	42.8	1,683	46.0

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec.31, 2013	41.05	40.19
Year ended Dec.31, 2012	28.10	27.28

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2013	14,643	7,530	50.9	122.39
As of Dec. 31, 2012	11,172	5,556	49.1	90.96

Reference: Shareholders' equity Dec.31, 2013: 7,456 million yen Dec.31, 2012: 5,488 million yen

2. Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

(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)	19,902	24.5	2,051	-4.1	2,047	-5.1	1,255	-10.6	20.78
Full year	42,140	22.2	4,538	11.3	4,528	10.3	2,776	11.4	45.97

* 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, 2013 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, 2013 picked up moderately and steadily picked up as a whole and showed signs of recovery due to favorable business sentiment among export-related companies and an increase in public investments resulting from the reconstruction demand and an improvement in the domestic financial situation, led by the depreciation in the Japanese yen and higher corporate stock prices in line with the effects and expectations for economic and monetary policies pursued by the new government.

Meanwhile, with respect to the market situation for industrial MRO products, for which we serve as a supplier, actual recovery in operations among domestic manufacturers, our main customers, was slow and uneven though certain sectors were starting to see growth in their production activities. In particular, mid-to-small manufacturers have continuously faced a severe situation where demand for their products had been weak until the end of the third quarter of the fiscal year while it showed a recovery in the fourth quarter.

In this economic environment, we have expanded product lines from approximately 2 million SKUs at the beginning of the fiscal year to approximately 5 million SKUs at the end of the year, strengthened the supply chain and operations to address a wide range of customer needs and enable us to reach new layers of customers. In addition, we have expanded the product lineup in stock from approximately 85 thousand SKUs to approximately 120 thousand SKUs during the year in order to enhance customer convenience. Furthermore, with respect to the sales of MRO through the alignment of the online system with large companies, we have successfully expanded such customers from approximately 80 to approximately 120 during the fiscal year and increased the sales by 78% compared to the previous fiscal year. Moreover, 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. Additionally, we newly published Red Book Catalog Vol. 9 for overall MRO, which listed 301,600 different goods. We also proactively focused on increasing the frequency of customer purchases by implementing daily discount programs and various campaigns for specific product categories. Consequently, we successfully obtained 230,129 (*) newly registered accounts for the fiscal year and the number of registered accounts totaled 1,122,291 (*) as of December 31, 2013, achieving more than 1 million customers.

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 34,556 million yen, or a 20.2% increase from the previous fiscal year. In terms of profitability during the fiscal year ended December 31, 2013, operating income increased to 3,885 million yen, a 32.8% 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 new customers increased. Ordinary income also increased to 3,901 million yen, a 32.6% increase from the previous fiscal year, and net income increased to 2,289 million yen, a corresponding 35.5% increase after voluntary goods collection expenses were deducted as extraordinary losses and related compensation from a supplier and realized gain through the sale of K-engine Corporation were 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 13,972 million yen (a 17.2% increase from the previous fiscal year) due to an increase in sales of hand tools, sprays and gloves.

2) Factory replacement parts

Net sales amounted to 13,881 million yen (a 24.1% 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, control equipments and compressors.

3) Other supplies

Net sales amounted to 6,702 million yen (a 18.9% increase from the previous fiscal year) due to the sales increase in laboratory equipment and office supplies.

(Forecast for the Fiscal Year Ending December 31, 2014)

Although the Japanese economy has entered a phase of recovery, it is expected that the severe economic environment will continue partially due to the increase of consumption tax rate in April. 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 42,647 million yen for the fiscal year ending December 31, 2014. In terms of profitability, operating income, ordinary income, and net income for the year are expected to be 4,210 million yen, 4,197 million yen, and 2,444 million yen, respectively. These profit projections reflect a strong increase in the sales of highly profitable private label products, while it considers the depreciation of yen, sales expansion of national brand products, increase of rent and depreciation expenses corresponding to the launch of the new distribution center, increase of sales promotion expenses for acquiring new customers and so forth.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets at December 31, 2013 amounted to 14,505 million yen, an increase of 3,239 million yen from the end of the previous fiscal year. Current assets amounted to 12,660 million yen, an increase of 2,550 million yen. This was mainly attributable to increases of 1,323 million yen and 892 million yen in cash and deposits and accounts receivables, respectively. Non-current assets amounted to 1,845 million yen, an increase of 689 million yen. This was due to an increase in guarantee deposits of 299 million yen and an increase of construction in progress of 121 million yen.

On the other hand, total liabilities at December 31, 2013 amounted to 7,149 million yen, an increase of 1,472 million yen from the end of the previous fiscal year. Current liabilities amounted to 6,787 million yen, an increase of 1,207 million yen. This was due mainly to increases of 488 million yen, 349 million yen and 200 million yen in accounts payable-trade, accounts payable-other and income tax payable. Non-current liabilities amounted to 361 million yen, an increase of 265 million yen. This was due mainly to an increase in long-term loans payable of 179 million yen.

Total net assets amounted to 7,355 million yen, an increase of 1,766 million yen from the end of the previous fiscal year. This largely comprised net income of 2,289 million yen offset by dividend payments of 605 million yen.

As a result, the equity ratio at December 31, 2013 was 50.2%, up 1.5 percentage points from the end of the previous fiscal year.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

Accounts	As of Dec. 31, 2012	(In thousands of yen) As of Dec. 31, 2013
Assets		
Current assets		
Cash and deposits	2,925,592	4,248,933
Accounts receivable-trade	2,868,409	3,760,722
Merchandise	2,892,239	3,023,337
Goods in transit	142,835	92,195
Supplies	112,872	126,538
Accounts receivable-other	1,021,414	1,186,340
Deferred tax assets	94,171	159,497
Other	79,496	90,958
Allowance for doubtful accounts	(27,352)	(28,206)
Total current assets	10,109,678	12,660,319
Noncurrent assets		
Property, plant and equipment		
Buildings, net	49,116	117,601
Structures, net	-	11,846
Machinery and equipment, net	39,525	32,344
Vehicles, net	6,862	2,845
Tools, furniture and fixtures, net	66,542	91,460
Lease assets, net	8,500	26,326
Construction in progress	777	122,076
Total property, plant and equipment	171,324	404,501
Intangible assets		
Software	749,148	804,715
Other	13,804	65,753
Total intangible assets	762,953	870,468
Investments and other assets		
Guarantee deposits	136,168	435,263
Deferred tax assets	85,264	134,672
Other	16,644	17,318
Allowance for doubtful accounts	(16,298)	(17,001)
Total investments and other assets	221,778	570,252
Total noncurrent assets	1,156,055	1,845,222
Total assets	11,265,734	14,505,541

Accounts	As of Dec. 31, 2012	(In thousands of yen) As of Dec. 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	2,178,842	2,667,310
Short-term loans payable	1,300,000	1,300,000
Long-term loans payable-current portion	-	88,901
Lease obligations	2,328	6,608
Accounts payable-other	966,409	1,316,045
Income taxes payable	844,575	1,045,432
Provision for bonuses	34,740	35,725
Provision for directors' bonuses	24,663	20,756
Provision for voluntary goods collection	-	64,277
Other	228,479	242,700
Total current liabilities	5,580,039	6,787,758
Noncurrent liabilities		
Long-term loans payable	-	179,564
Lease obligations	6,597	21,034
Provision for retirement benefits	-	1,467
Provision for directors' retirement benefits	87,268	116,680
Provision for voluntary goods collection	-	7,822
Other	3,000	35,408
Total noncurrent liabilities	96,866	361,977
Total liabilities	5,676,906	7,149,735
Net assets		
Shareholders' equity		
Capital stock	1,771,616	1,821,473
Capital surplus	576,154	626,010
Retained earnings	3,267,044	4,950,943
Treasury stock	(125,197)	(143,063)
Total shareholders' equity	5,489,617	7,255,363
Accumulated other comprehensive income		
Foreign currency translation adjustment	-	26,957
Total accumulated other comprehensive income	-	26,957
Subscription rights to shares	68,077	73,484
Minority interests	31,132	-
Total net assets	5,588,827	7,355,805
Total liabilities and net assets	11,265,734	14,505,541

(2) Consolidated statements of (comprehensive) income

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
Net sales	28,742,465	34,556,799
Cost of sales	20,508,200	24,146,116
Gross profit	8,234,264	10,410,683
Selling, general and administrative expenses	5,308,555	6,525,273
Operating income	2,925,709	3,885,409
Non-operating income		
Interest income	113	603
Foreign exchange gains	12,833	11,009
Commission fee	4,194	4,695
Compensation income	7,777	5,418
Sales promotion premium	2,506	5,896
Gain on sale of materials	4,347	4,506
Other	3,902	5,711
Total non-operating income	35,675	37,840
Non-operating expenses		
Interest expenses	12,583	12,149
Loss on disposal of inventories	4,042	4,739
Other	3,584	5,221
Total non-operating expenses	20,209	22,110
Ordinary income	2,941,174	3,901,139
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	520	6,578
Loss on voluntary goods collection	-	218,448
Settlement package	-	10,000
Total extraordinary losses	520	235,026
Income before income taxes and minority interests	2,940,654	3,860,308
Income taxes-current	1,283,849	1,684,825
Income taxes-deferred	(35,353)	(113,924)
Total income taxes	1,248,495	1,570,900
Income before minority interests	1,692,159	2,289,407
Minority interests in loss	2,966	-
Net income	1,689,192	2,289,407
Minority interests in loss	2,966	-
Income before minority interests	1,692,159	2,289,407
Other comprehensive income		
Foreign currency translation adjustment	-	26,957
Total other comprehensive income	-	26,957
Comprehensive income	1,692,159	2,316,365
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,689,192	2,316,365
Comprehensive income attributable to minority interests	2,966	-

(3) Consolidated statement of changes in net assets

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,724,618	1,771,616
Changes of items during the period		
Issuance of new shares	46,998	49,856
Total changes of items during the period	46,998	49,856
Balance at the end of current period	1,771,616	1,821,473
Capital surplus		
Balance at the end of previous period	529,155	576,154
Changes of items during the period		
Issuance of new shares	46,998	49,856
Total changes of items during the period	46,998	49,856
Balance at the end of current period	576,154	626,010
Retained earnings		
Balance at the end of previous period	2,025,669	3,267,044
Changes of items during the period		
Dividends from surplus	(447,817)	(605,508)
Net income	1,689,192	2,289,407
Total changes of items during the period	1,241,375	1,683,899
Balance at the end of current period	3,267,044	4,950,943
Treasury stock		
Balance at the end of previous period	(100,772)	(125,197)
Changes of items during the period		
Purchase of treasury stock	(24,425)	(17,866)
Total changes of items during the period	(24,425)	(17,866)
Balance at the end of current period	(125,197)	(143,063)
Total shareholders' equity		
Balance at the end of previous period	4,178,671	5,489,617
Changes of items during the period		
Issuance of new shares	93,996	99,713
Dividends from surplus	(447,817)	(605,508)
Net income	1,689,192	2,289,407
Purchase of treasury stock	(24,425)	(17,866)
Total changes of items during the period	1,310,946	1,765,745
Balance at the end of current period	5,489,617	7,255,363
Accumulated other comprehensive income		
Foreign currency translation adjustment		
Balance at the end of previous period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	26,957
Total changes of items during the period	-	26,957
Balance at the end of current period	-	26,957
Subscription rights to shares		
Balance at the end of previous period	49,032	68,077
Changes of items during the period		
Net changes of items other than shareholders' equity	19,044	5,407
Total changes of items during the period	19,044	5,407
Balance at the end of current period	68,077	73,484
Minority interests		
Balance at the end of previous period	28,166	31,132
Changes of items during the period		
Net changes of items other than shareholders' equity	2,966	(31,132)
Total changes of items during the period	2,966	(31,132)
Balance at the end of current period	31,132	-

Accounts	Year ended Dec. 31, 2012	(In thousands of yen) Year ended Dec. 31, 2013
Total net assets		
Balance at the end of previous period	4,255,870	5,588,827
Changes of items during the period		
Issuance of new shares	93,996	99,713
Dividends from surplus	(447,817)	(605,508)
Net income	1,689,192	2,289,407
Purchase of treasury stock	(24,425)	(17,866)
Net changes of items other than shareholders' equity	22,011	1,231
Total changes of items during the period	<u>1,332,957</u>	<u>1,766,977</u>
Balance at the end of current period	<u>5,588,827</u>	<u>7,355,805</u>

(4) Consolidated statement of cash flows

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,940,654	3,860,308
Depreciation and amortization	286,110	356,829
Increase (decrease) in allowance for doubtful accounts	(3,939)	1,556
Increase (decrease) in provision for bonuses	6,624	1,214
Increase (decrease) in provision for directors' bonuses	5,091	(3,907)
Increase (decrease) in provision for retirement benefits	-	1,311
Increase (decrease) in provision for directors' retirement benefits	54,949	29,266
Interest income	(113)	(603)
Interest expenses	12,583	12,149
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	(548,910)	(901,943)
Decrease (increase) in inventories	(216,396)	(119,908)
Decrease (increase) in accounts receivable-other	105,452	(161,111)
Increase (decrease) in notes and accounts payable-trade	242,184	510,530
Increase (decrease) in accounts payable-other	221,969	259,117
Other, net	185,524	53,114
Subtotal	<u>3,291,786</u>	<u>3,922,177</u>
Interest income received	38	630
Interest expenses paid	(13,615)	(12,039)
Income taxes paid	(1,065,229)	(1,485,374)
Compensation for voluntary goods collection received	-	55,791
Loss on voluntary goods collection paid	-	(126,256)
Net cash provided by (used in) operating activities	<u>2,212,979</u>	<u>2,354,929</u>
Net cash provided by (used in) investment activities		
Payments into time deposits	(100,000)	(200,000)
Purchase of property, plant and equipment	(38,539)	(160,766)
Purchase of intangible assets	(381,846)	(374,773)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	70,835
Payments for guarantee deposits	(148)	(308,047)
Other, net	160	196
Net cash provided by (used in) investment activities	<u>(520,375)</u>	<u>(972,555)</u>
Net cash provided by (used in) financing activities		
Increase (decrease) in long-term loans payable	-	268,466
Proceeds from exercise of stock options	87,792	83,375
Purchase of treasury stock	(24,425)	(17,866)
Cash dividends paid	(447,946)	(605,787)
Other, net	(2,328)	(2,685)
Net cash provided by (used in) financing activities	<u>(386,907)</u>	<u>(274,497)</u>
Effect of exchange rate change on cash and cash equivalents	-	15,464
Net increase (decrease) in cash and cash equivalents	<u>1,305,697</u>	<u>1,123,340</u>
Cash and cash equivalents at beginning of period	<u>1,519,895</u>	<u>2,825,592</u>
Cash and cash equivalents at end of period	<u>2,825,592</u>	<u>3,948,933</u>

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

Accounts	As of Dec. 31, 2012	(In thousands of yen) As of Dec. 31, 2013
Assets		
Current assets		
Cash and deposits	2,786,428	4,158,371
Accounts receivable-trade	2,855,539	3,757,122
Merchandise	2,892,239	2,994,783
Goods in transit	142,835	93,219
Supplies	100,057	123,484
Advance payments-trade	11,934	250
Prepaid expenses	59,324	59,866
Accounts receivable-other	1,022,114	1,186,340
Deferred tax assets	94,981	159,333
Other	8,238	18,031
Allowance for doubtful accounts	(27,352)	(28,206)
Total current assets	9,946,339	12,522,598
Noncurrent assets		
Property, plant and equipment		
Buildings, net	49,116	117,601
Structures, net	-	11,846
Machinery and equipment, net	39,525	32,344
Vehicles, net	6,862	2,845
Tools, furniture and fixtures, net	66,542	75,241
Lease assets, net	8,500	26,326
Construction in progress	777	122,076
Total property, plant and equipment	171,324	388,281
Intangible assets		
Trademark	8,647	7,630
Software	749,148	754,901
Telephone subscription right	35	35
Software in progress	5,122	58,088
Total intangible assets	762,953	820,654
Investments and other assets		
Stocks of subsidiaries and affiliates	70,000	351,734
Claims provable in bankruptcy, claims provable in rehabilitation and other	16,298	17,001
Long-term prepaid expenses	346	317
Guarantee deposits	136,168	426,793
Deferred tax assets	85,264	132,842
Allowance for doubtful accounts	(16,298)	(17,001)
Total investments and other assets	291,778	911,688
Total noncurrent assets	1,226,055	2,120,624
Total assets	11,172,395	14,643,223

Accounts	As of Dec. 31, 2012	(In thousands of yen) As of Dec. 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	2,153,804	2,666,209
Short-term loans payable	1,300,000	1,300,000
Long-term loans payable-current portion	-	88,901
Lease obligations	2,328	6,608
Accounts payable-other	934,082	1,290,809
Accrued expenses	70,525	80,665
Income taxes payable	841,585	1,045,432
Accrued consumption taxes	134,608	108,356
Advances received	1,553	4,114
Deposits received	21,535	42,065
Provision for bonuses	34,740	35,725
Provision for directors' bonuses	24,663	20,756
Provision for voluntary goods collection	-	64,277
Other	-	18
Total current liabilities	<u>5,519,429</u>	<u>6,753,941</u>
Noncurrent liabilities		
Long-term loans payable	-	179,564
Lease obligations	6,597	21,034
Provision for directors' retirement benefits	87,268	115,311
Provision for voluntary goods collection	-	7,822
Other	3,000	35,408
Total noncurrent liabilities	<u>96,866</u>	<u>359,140</u>
Total liabilities	<u>5,616,296</u>	<u>7,113,082</u>
Net assets		
Shareholders' equity		
Capital stock	1,771,616	1,821,473
Capital surplus		
Legal capital surplus	576,154	626,010
Total capital surpluses	576,154	626,010
Retained earnings		
Other retained earnings		
Retained earnings brought forward	3,265,448	5,152,237
Total retained earnings	3,265,448	5,152,237
Treasury stock	(125,197)	(143,063)
Total shareholders' equity	<u>5,488,021</u>	<u>7,456,657</u>
Subscription rights to shares	68,077	73,484
Total net assets	<u>5,556,099</u>	<u>7,530,141</u>
Total liabilities and net assets	<u>11,172,395</u>	<u>14,643,223</u>

(2) Non-consolidated statements of income

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
Net sales	28,639,093	34,484,559
Cost of sales		
Beginning goods	2,747,980	2,892,239
Cost of purchased goods	20,613,710	24,201,828
Total	23,361,691	27,094,068
Ending goods	2,892,239	2,994,783
Transfer to other accounts	-	18,076
Cost of sales	20,469,451	24,081,208
Gross profit	8,169,641	10,403,350
Selling, general and administrative expenses	5,256,287	6,325,552
Operating income	2,913,354	4,077,798
Non-operating income		
Interest income	113	429
Foreign exchange gains	12,833	16,299
Commission fee	4,194	4,695
Compensation income	7,777	5,380
Sales promotion premium	2,506	5,896
Gain on sale of materials	4,347	4,506
Income on customized development of software	-	6,461
Other	3,902	5,021
Total non-operating income	35,675	48,690
Non-operating expenses		
Interest expenses	12,583	12,149
Loss on disposal of inventories	4,042	4,715
Other	3,584	5,195
Total non-operating expenses	20,209	22,060
Ordinary income	2,928,819	4,104,427
Extraordinary income		
Gain on sales of subsidiaries' stocks	-	140,000
Compensation for voluntary goods collection	-	55,791
Total extraordinary income	-	195,791
Extraordinary loss		
Loss on disposal of fixed assets	520	6,578
Loss on voluntary goods collection	-	218,448
Settlement package	-	10,000
Total extraordinary losses	520	235,026
Income before income taxes	2,928,299	4,065,192
Income taxes-current	1,281,204	1,684,825
Income taxes-deferred	(36,163)	(111,930)
Total income taxes	1,245,040	1,572,895
Net income	1,683,259	2,492,297

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

Accounts	(In thousands of yen)	
	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,724,618	1,771,616
Changes of items during the period		
Issuance of new shares	46,998	49,856
Total changes of items during the period	46,998	49,856
Balance at the end of current period	1,771,616	1,821,473
Capital surplus		
Balance at the end of previous period	529,155	576,154
Changes of items during the period		
Issuance of new shares	46,998	49,856
Total changes of items during the period	46,998	49,856
Balance at the end of current period	576,154	626,010
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	2,030,007	3,265,448
Changes of items during the period		
Dividends from surplus	(447,817)	(605,508)
Net income	1,683,259	2,492,297
Total changes of items during the period	1,235,441	1,886,788
Balance at the end of current period	3,265,448	5,152,237
Total retained earnings		
Balance at the end of previous period	2,030,007	3,265,448
Changes of items during the period		
Dividends from surplus	(447,817)	(605,508)
Net income	1,683,259	2,492,297
Total changes of items during the period	1,235,441	1,886,788
Balance at the end of current period	3,265,448	5,152,237
Total retained earnings		
Balance at the end of previous period	(100,772)	(125,197)
Changes of items during the period		
Purchase of treasury stock	(24,425)	(17,866)
Total changes of items during the period	(24,425)	(17,866)
Balance at the end of current period	(125,197)	(143,063)
Total shareholders' equity		
Balance at the end of previous period	4,183,009	5,488,021
Changes of items during the period		
Issuance of new shares	93,996	99,713
Dividends from surplus	(447,817)	(605,508)
Net income	1,683,259	2,492,297
Purchase of treasury stock	(24,425)	(17,866)
Total changes of items during the period	1,305,012	1,968,635
Balance at the end of current period	5,488,021	7,456,657

Accounts	Year ended Dec. 31, 2012	Year ended Dec. 31, 2013
<u>Subscription rights to shares</u>		
Balance at the end of previous period	49,032	68,077
Changes of items during the period		
Net changes of items other than shareholders' equity	19,044	5,407
Total changes of items during the period	<u>19,044</u>	<u>5,407</u>
Balance at the end of current period	<u>68,077</u>	<u>73,484</u>
<u>Total net assets</u>		
Balance at the end of previous period	4,232,041	5,556,099
Changes of items during the period		
Issuance of new shares	93,996	99,713
Dividends from surplus	(447,817)	(605,508)
Net income	1,683,259	2,492,297
Purchase of treasury stock	(24,425)	(17,866)
Net changes of items other than shareholders' equity	19,044	5,407
Total changes of items during the period	<u>1,324,057</u>	<u>1,974,042</u>
Balance at the end of current period	<u>5,556,099</u>	<u>7,530,141</u>