

MORITO CO., LTD.
Financial Statement (Unaudited)
For the Fiscal Year ended November 30, 2015
(Translated from the Japanese original)

Corporate Information

Code : 9837 Listings : Second Section of the Tokyo Stock Exchange
(URL [http: www.morito.co.jp/english/index.html](http://www.morito.co.jp/english/index.html))
Representative : Takaki Ichitsubo Representative Director and President
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Scheduled date of annual general meeting of shareholders: February 25, 2016
Scheduled date of dividend payment: February 26, 2016
Scheduled date of filing of Security Report: February 26, 2016
Supplementary explanation material for financial results: Yes
Presentation meeting for financial results: Yes (for analyst and institution investors)

(Amounts rounded down)

1. Consolidated Financial Results for Fiscal Year 2015 (December 1, 2014 through November 30, 2015)**(1) Consolidated Financial Results**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2015	43,293	20.7	1,721	20.4	1,871	8.2	1,432	12.7
FY 2014	35,862	8.2	1,429	2.8	1,729	1.8	1,270	17.4

(Note) Comprehensive income: 2,152 million yen (Δ 9.0%) (FY 2015) 2,365 million yen (Δ 11.4%) (FY 2014)

	Net income	Fully diluted net	Return	Ratio of	Ratio of
	Per share	Income per share	on equity	ordinary income	operating income
	Yen	Yen	%	to total assets	to net sales
FY 2015	49.48	-	4.7	4.0	4.0
FY 2014	43.85	-	4.5	4.2	4.0

(Reference) Equity in earnings (losses) of affiliates: 23 million yen for FY 2015, 41 million yen for FY 2014

(Note) On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. Consequently, "net income per share" have been computed as if the stock split had been conducted at the beginning of the fiscal year ended November 30, 2013.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2015	47,331	31,113	65.7	1,081.23
FY 2014	45,593	29,488	64.7	1,017.79

(Reference) Equity capital : 29,488 million yen (FY 2014) 27,352 million yen (FY 2013)

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2015	2,034	977	Δ 1,113	8,858
FY 2014	1,123	Δ 5,865	4,981	6,847

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividends Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2014	-	12.00	-	6.50	-	367	28.5	1.2
FY 2015	-	7.00	-	7.50	14.50	426	29.3	1.4
FY 2016 (Forecast)	-	8.00	-	8.00	16.00		30.7	

(Note) On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. Consequently, Year-end dividends for

fiscal year ended November 30, 2014, are indicated at the amounts after the stock split. The dividends payout ratio for fiscal year ended November 30, 2014 is calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.

3. Consolidated Forecast for FY 2016 (December 1, 2015 through November 30, 2016)

(Percentages represent changes from corresponding period of previous year)

	Net Sales		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half	21,600	0.8	900	3.0	900	△12.4
Full year	45,000	3.9	2,000	16.2	2,100	12.2

	Net income		Net income per share
	Millions of yen	%	Yen
First half	550	6.5	19.11
Full year	1,500	4.7	52.13

*Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

Newly included: None

Extended company: None

(2) Changes in accounting policies and changes or restatement of accounting estimates

- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares, including treasury shares at end of period:

30,800,000 shares (as of November 30, 2015)

30,800,000 shares (as of November 30, 2014)

(ii) Number of shares of treasury stock at end of period:

2,023,820 shares (as of November 30, 2015)

1,826,516 shares (as of November 30, 2014)

(iii) Average outstanding number of shares during the period:

28,950,950 shares (FY 2015)

28,973,541 shares (FY 2014)

(Note) On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. Consequently, the number of end of the period treasury stock shares, and the average number of shares during the period are calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY 2015 (December 1, 2014 through November 30, 2015)

(1) Non-Consolidated Financial Results (Percentages represent changes from corresponding period of previous year)

	Net Sales		Operating income		Ordinary profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of Yen	%
FY 2015	26,124	△0.1	672	0.1	1,078	△11.2	1,256	22.0
FY 2014	26,138	2.9	671	△18.3	1,214	8.8	1,030	46.4

	Net income per share	Fully diluted net Income per share
	Yen	Yen
FY 2015	43.41	-
FY 2014	35.55	-

(Note) On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. Consequently, "net income per share"

have been computed as if the stock split had been conducted at the beginning of the fiscal year ended November 30, 2013.

(2)Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2015	39,847	28,623	67.3	932.13
FY 2014	39,451	26,214	66.4	904.79

(Note) (Reference) Equity capital : 26,823 million yen (FY 2015) 26,214 million yen (FY 2014)

***Update on the Execution Status of Audit Procedures**

As of the date on which this financial report was released, an audit of the financial statements, based on the Financial Instruments and Exchange Law, had not been completed.

***Disclosure and other special notes regarding performance forecasts**

The forecast above are based on information available to management as of the date on which these performance-related figures were disclosed, and various factors may cause actual results to differ from these forecasts. For issues to keep in mind when using the forecasts and criteria conditioned upon the forecasts, please refer to “1. Operating results, (1) Analysis of operating results” on page 3

We have also introduced “Stock Granting Trust (J-ESOP)” and “Board Incentive Plan (BIP)”. Consequently, the shares held by Trust and Custody Service Bank, Ltd. is included in the treasury shares.

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1. Operating Results

(1) Analysis of Operating Results

(i) General condition of FY 2015

In the fiscal year ended November 30th, 2015 (December 1, 2014 through November 30, 2015), the Japanese economy has shown signs of modest recovery by improvements in corporate earnings from the effects of monetary policy. However, the management environment still remains harsh and uncertain because of dull corporate capital investment, etc.

In the global economy, the situation is highly unpredictable, because Chinese, and other emerging countries' economy stalling, unstable financial market, crude oil weaker, even U.S.'s and developed countries' economy are recovering.

In such a situation, our group is moving forward a growth strategy by expansion of a global sales channel and production base, under the mid-long term plan 'Transforming ourselves into a company with global growth'.

As a result, in the current fiscal year performance reach net sales ¥43,293 million (increased by 20.7% from a year earlier), operating income ¥1,721 million (increased by 20.4% from a year earlier), ordinary income ¥1,871 million (increased by 8.2% from a year earlier), net income ¥1,432 million (increased by 12.7% from a year earlier).

The exchange rate used for the consolidated financial statement of the current fiscal year end as below:

¥119.97 to the U.S. dollar, ¥134.94 to the euro, ¥18.97 to the Chinese yuan, ¥15.48 to the Hong Kong dollar, ¥3.63 to the Taiwan dollar, ¥0.0053 to the Vietnamese dong, ¥3.30 to the Thai baht.

The exchange rate used for the consolidated financial statement of the year earlier fiscal year end as below:

¥109.45 to the U.S. dollar, ¥138.85 to the euro, ¥17.75 to the Chinese yuan, ¥14.10 to the Hong Kong dollar, ¥3.60 to the Taiwan dollar, ¥0.0052 to the Vietnamese dong, ¥3.38 to the Thai baht.

Segment information as below

[Japan]

As for the apparel division, sales of the accessories for major retailers and sports apparel manufacturer in Japan, EU and the U.S. are increased.

In the consumer product division, sales of stationary, school bag, OEM products for camera, finished shoes are increased.

As a result, net sales were ¥28,397 million (increased by 3.5% from a year earlier).

[Asia]

As for the apparel division, sales of the accessories for EU and U.S. infant's wear, outer and casual wear manufacturer are increased.

In the consumer product division, OEM products for Camera in Hong Kong and Thailand, and sales of the automobile interior component for Japanese auto makers in Shanghai, China are increased.

From the current fiscal year, the performance of GSG (SCOVILL) FASTENERS ASIA LIMITED and SCOVILL FASTENERS INDIA PVT. LTD which became consolidated subsidiaries of our group are reflected.

As a result, net sales were ¥8,138 million (increased by 37.5% from a year earlier).

[Europe and the U.S.]

As for the apparel division, sales of the accessories for medical industry and uniform increased

In the consumer product division, sales of automobile interior article for Japanese automobile manufacture in the U.S. Also, the component for camera in Europe increased.

From the current fiscal year, the performance of GSG FASTENERS, LLC and SCOVILL FASTENERS UK LIMITED which became consolidated subsidiaries of our group are reflected.

As a result, net sales were ¥6,758 million (increased by 168.7% from a year earlier).

(ii) Outlook for the next fiscal year

Our group set and promote 『Create Morito's existence value, Realize "New Morito Group"』 under 7th mid-term management plan "Make it happn, We develop our future ! ! !" (December 1, 2015 through November 30, 2019). In the first year of this mid-term management plan FY2016, Morito considers development of Japan made high valued items and global expansion as the core management plan, and Morito realizes to create Morito's value which era needs. At the same time, we accelerate our business in not only existing markets such as Asia, China, U.S. and EU, but also in untapped markets.

The forecast for consolidated results for the full year of fiscal 2016 is net sales ¥45,000 million yen, operating income ¥2,000 million, ordinary profit ¥2,100 million and net income ¥1,500 million.

(2) Analysis of Financial Position

(i) Assets, liability and net assets

Total assets stood at ¥44,331million, increased by ¥1,737million from a year earlier.

Total current assets reached ¥26,166 million, increased by ¥1,948 million from a year earlier. This change was primarily due to increase in cash ¥2,148 million.

Total fixed assets came to ¥21,164 million, decreased by ¥2,100 million from a year earlier. This change was mainly due to decrease in million and investments in securities ¥6,270 million.

Total current liabilities reached ¥12,298 million, increased by ¥4,150 million yen from a year earlier. This change was mainly due to increase in income tax payable ¥4,985 million.

Total fixed liabilities came to ¥3,918 million, decreased by ¥3,200 million from a year earlier. This change was mainly due to increase in long-term debt¥3,750 million.

Total net assets became ¥31,113 million, increased by ¥1,624 million from a year earlier. Share holders' equity ratio was 65.7%, decreased by 64.7% from a year earlier.

(ii) Cash Flows

The overall situation regarding cash flow during the fiscal year as follow:

[Cash flows from operating activities]

Net cash provided by operating activities was ¥12,034 million (¥1,123 million provided in the same period of the previous fiscal year). This change was mainly due to acquisition of net income before taxes.

[Cash flows from investing activities]

Net cash used in investing activities was ¥9,770 million (compared with ¥5,865 million used in the same period of the previous fiscal year). This change was principally due to tangible fixed assets.

[Cash flows from financing activities]

Net cash provided by financing activities was ¥1,113 million yen (compared with ¥4,981 million provided in the same period of the previous fiscal year). The change was mainly due to short-term debt.

As a result of above, cash and cash equivalent was ¥8,858 million, increased by ¥2,011 million from a year earlier.

The following table shows financial indicators associated with cash flows.

	FY 2013	FY 2014	FY 2015
Equity ratio	76.4%	64.7%	65.7%
Equity ratio (market value basis)	33.4%	52.0%	52.0%
Interest-bearing debt / cashflow ratio	51.2%	556.1%	288.7%
Interest coverage ratio	95.5	77.5	91.4

(Note)

Equity ratio = Equity capital / Total assets

Equity ratio (market value basis) = Market capitalization / Total Assets

Interest-bearing debt / cash flow ratio = Interest-bearing debt/net cash provided by operating activities

Interest coverage ratio = Operating cash flows / Interest paid

*Each indicator is calculated on a consolidated basis.

*Market capitalization is based on the year-end share price multiple by the number of shares issued and outstanding at year-end not including treasury stocks.

*Operating cash flows refers to net cash provided by operating activities in the consolidated statement of cash flows.

*Interest-bearing debt includes short-term loans payable on the consolidated balance sheet.

*The interest payments use the interest paid as recorded in the consolidated statement of cash flows.

(3) Basic policy on Payment of Dividends and Dividends for FY 2014 and FY 2015

The company's basic dividend policy is to return the profit to our shareholders by reinforced financial ground and improved profitability. In addition, we will use the internal reserve to invest for the long-term growth in the future.

Dividend was distributed in a manner that reflects the consolidated company result and financial standing.

- Continuous dividends payment
- Maintain DOE 1%
- Basic policy of dividend payout ratio by 30%

During this fiscal year, we scheduled to propose the general meeting of shareholders to payout ¥6.5 per share as dividend of year-ended. As a result, dividends for the subject fiscal year amount to ¥18.5 per share including the interim dividends of ¥12 per share.

On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. If calculated on pre-stock-split basis, the dividends of year-ended ¥13 per share. As a result, the annual dividends would be ¥25 per share (compared with ¥5 per share increased from a year earlier).

The annual dividend for next fiscal year is planned ¥14 per share, consisting of an interim dividend of ¥7 per share and a year-end dividend of ¥7 per share.

2. Organization of the group

Our group consists of the parent company, 23 subsidiaries and 1 affiliate company. The group's main business is sales and manufacture of materials for daily-life: including apparel materials, parts for automotive, life style goods, and rental and cleaning of kitchen appliances etc.

- ◎:Consolidated subsidiaries: 18 companies ○:Non-consolidated subsidiaries: 5 companies □:Affiliates: 1 company
- ◎ MORITO INDUSTRIAL CO., (H.K.) LTD. : Selling of apparel and consumer products
 - ◎ MORITO INDUSTRIAL CO., (SHENZHEN) LTD. : Subsidiaries of Morito Industrial Co., (H.K.) Ltd. (100% owned)
Manufacturing of component of apparel and consumer products
 - ◎ MORITO (SHENZHEN) CO., LTD. : Subsidiaries of Morito Industrial Co., (H.K.) Ltd.(100% owned)
Manufacturing of component of apparel and consumer products
 - ◎ TAIWAN MORITO CO., LTD. : Selling and manufacturing of component of apparel and consumer products.
 - ◎ KANE-M SHANGHAI CO., LTD. : Selling and manufacturing of component of apparel and consumer products.
 - ◎ KANE-M INC. : Selling of component of apparel and consumer products.
 - ◎ MORITO (EUROPE) B.V. : Selling of component of apparel and consumer products.
 - ◎ KANE-M DANANG CO., LTD : Selling and manufacturing of component of apparel and consumer products, operation of rental factories.
 - MORITO VIETNAM CO., LTD. : Subsidiaries of KANE-M DANANG CO., LTD (100% owned)
Manufacturing and assembling of component of apparel and consumer products.
 - ◎ KANE-M (THAILAND) CO., LTD. : Selling of component of electronic and automobile.
 - MORITO ISHIHARA AUTO PARTS (SHENZHEN) CO., LTD: Manufacturing and assembling of automotive equipment.
 - MATEX SHANGHAI : Subsidiaries of MATEX INC. (100%). Manufacturing and selling of apparel parts, design and copying to Chinese and overseas.
 - MATEX BANGKOK CO., LTD. : Subsidiaries of MATEX INC. (100%). Manufacturing and selling of apparel parts, design and copying to Thailand and overseas.
 - ◎ GSG FASTENERS, LLC. : Manufacturing and selling of component of apparel and consumer products.
 - ◎ GSG FASTENERS ASIA LIMITED : Subsidiaries of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products.
 - ◎ GSG FASTENERS UK LIMITED : Subsidiaries of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products
 - ◎ GSG FASTENERS INDIA LIMITED : Subsidiaries of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products
 - ◎ ACE INDUSTRIAL MACHINERY CO., LTD. : Rental service, selling and cleaning of kitchen appliance
 - IAKK SERVICE CO., LTD. : Subsidiaries of ACE SERVICE CO., LTD. (95%). Cleaning and construction of kitchen exhaust system.
 - ◎ COLOR FASTENER INDUSTRIAL CO., LTD. : Selling and manufacturing of consumer products.
 - ◎ THREE RUNNERS CO., LTD. : Selling and manufacturing of sports supporter.
 - TRINTO CO., LTD. : Manufacturing of consumer products.
 - ◎ ANNU ARE CO., LTD. : Selling and manufacturing of bag and accessories.
 - ◎ MATEX INC. : Manufacturing and designing apparel component, HP designing and producing and DTP printing.
 - Kuraray Fastening Co., Ltd. : Selling and manufacturing of hook and loop fastener.

(Note 1)

MORITO VIETNAM CO., LTD is in process.

(Note 2)

TORINTO CO., LTD was liquidated on July 23th, 2014.

(Note 3)

In the current consolidated fiscal year, we acquired all the outstanding shares of MATEX INC., made it a consolidated subsidiary.

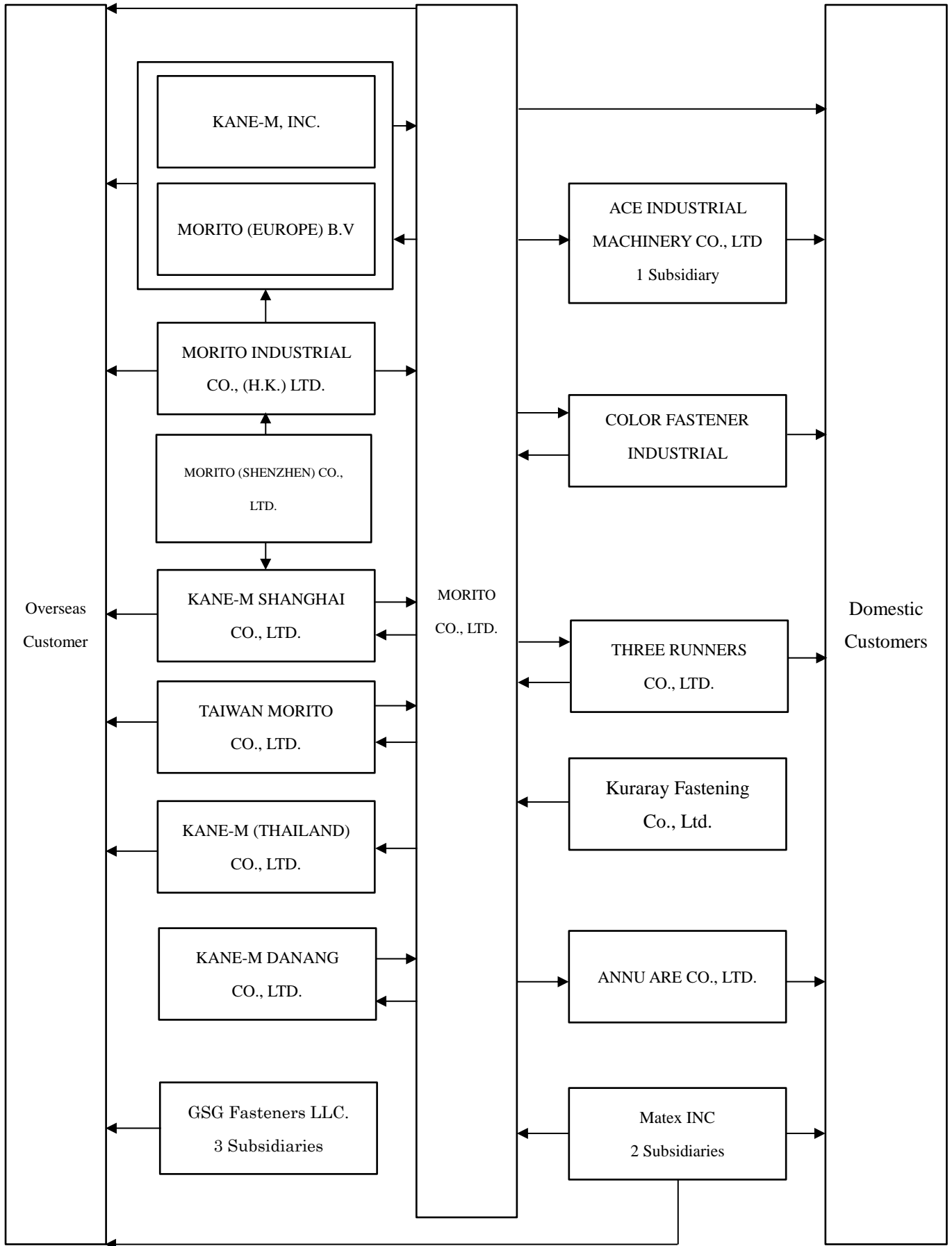
(Note 4)

In the current consolidated fiscal year, we acquired all the outstanding shares of GSG FASTENERS, LLC, made it and its 3 subsidiaries consolidated subsidiary.

(Note 5)

In January 1st, 2015, MORITO INDUSTRIAL CO., (SHENZHEN) LTD. merged with MORITO (SHENZHEN) CO., LTD.

Business Flow Chart



3. Management Policy

(1) Basic Management Policy

We manage business under the corporate principle of ‘DESIGN YOUR BRIGHT FUTURE WITH OUR VARIOUS PARTS’. To enhance the sense of unity and centripetal force, we define and infiltrate our values which are existing in Morito’s employers and employees as implicit knowledge as “MORITO Value”, to all of Morito’s staffs, and we realize new value creation which is not caught in habit.

(2) Target Indicator

Our targets to be achieved at the FY 2019 under the 7th mid-term management plan are as below:

Consolidated sales: 50 billion yen

Consolidated operating sales: 26 billion yen

(3) Medium and Long-Term Management Strategy

We promote expansion and strengthening our group revenue, establish capital policy, strengthening internal control, under the 7th middle of mid-term management plan from FY2016 to FY2019 『Create Morito’s existence value, Realize “New Morito Group”』 .

(4) Issues to be Addressed

We treat following subjects as our business challenges under the process of the 7th mid-term management plan to enhance our corporate values.

1, Expansion and strengthening our group revenue

Strengthening plan and development with domestic and global business partners, and establish global production, purchase, and stock based on sales strategy. And we actively invest to strength and expand of group revenue, enhance sales tool, capital investment, new base, M&A.

2, Establish capital policy

Formulation of proper raising fund, maintain proper stock price, return policy to shareholders.

3, Strengthening internal control

We correspond proper “corporate governance codes” under government’s policy. We promote activation of human resources, diversity of management, the effective use of SAP, global cash management.

(5) Other Material Matters

We keep adopting Japan standard financial report for easy comparison with other companies for certain moment. For IFRS, we will consider to adopt it with various world and economic situation.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	FY 2014 (As of November 30, 2014) Thousands of yen	FY 2015 (As of November 30, 201) Thousands of yen
Assets		
Current assets		
Cash and deposits	7,862,616	10,010,892
Notes and accounts receivable	10,388,944	10,755,928
Commercial goods and finished goods	3,873,752	3,835,339
Work in process	233,751	188,413
Raw materials and supplies	449,903	379,848
Deferred tax assets	318,275	272,235
Other current assets	1,126,885	762,878
Allowance for doubtful accounts	- 36,023	- 38,959
Total current assets	24,218,105	26,166,569
Fixed assets		
Tangible fixed assets		
Building and structures	5,825,508	6,160,984
Accumulated depreciation	- 3,450,041	- 3,481,294
Building and structures, net	2,375,467	2,679,689
Machinery and delivery equipment	1,905,336	1,736,143
Accumulated depreciation	- 1,322,130	- 1,145,856
Machinery and delivery equipment, net	583,205	590,286
Tools, furniture and fixtures	2,434,446	2,488,395
Accumulated depreciation	- 2,031,415	- 2,040,161
Tools, furniture and fixtures, net	403,031	448,233
Land	6,158,454	5,926,237
Lease assets	307,714	426,970
Accumulated depreciation	- 104,130	- 159,761
Lease assets, net	203,584	207,208
Construction-in-process-in-process	387,811	91,999
Total tangible fixed assets	10,111,554	10,003,656
Intangible fixed assets		
Goodwill	4,210,819	3,687,790
Lease assets	367,531	339,349
Other Intangible fixed assets	123,279	1,210,517
Total intangible fixed assets	4,701,630	5,237,657
Investments and other fixed assets		
Investment securities	5,262,788	4,634,984
Long-term loans	238,077	106,400
Deferred tax	262,026	60,538
Net defined benefit asset	238,158	400,076
Other fixed assets	690,792	801,628
Allowance for doubtful account	-129,635	- 80,393
Total investments and other fixed assets	6,562,209	5,923,234

Total fixed assets	21,375,394	21,164,548
Total assets	45,593,500	47,331,118
<i>Liabilities</i>		
Current liabilities		
Notes and accounts payable	4,558,697	4,502,734
Short-term loans payable	4,960,000	4,960,000
Current portion of long-term debt	375,396	375,396
Accrued tax payable	313,950	616,237
Reserve for bonuses	136,269	164,592
Reserve for director's bonuses	48,100	72,511
Other current liabilities	1,460,848	1,607,517
Total current liabilities	11,883,262	12,298,989
Fixed liabilities		
Long-term debt	911,873	536,477
Deferred tax	1,074,667	1,129,115
Deferred tax assets for revaluation	835,925	758,339
Provision for retirement benefits	—	9,804
Net defined benefit liability	752,563	54,758
Reserve for retirement allowance	4,626	20,640
Provision for director's retirement benefit	129,608	23,813
Provision for environmental measures	23,658	829,319
Other fixed liabilities	488,510	556,239
Total fixed liabilities	4,221,432	3,918,507
Total liabilities	16,104,695	16,217,496
<i>Net Assets</i>		
Shareholders' equity		
Capital	3,532,492	3,532,492
Capital surplus	3,395,115	3,498,724
Retained earnings	21,364,202	22,436,316
Treasury stock	-680,993	-956,696
Total shareholders' equity	27,610,816	28,510,835
Other comprehensive income		
Valuation difference on available-for-sale securities	1,812,097	1,625,548
Deferred gains or losses on hedges	-1,853	-1,069
Difference in revaluation of land	-586,591	-514,664
Foreign currency translation adjustment	545,742	1,403,231
Remeasurements of defined benefit plans	108,593	89,739
Total other comprehensive income	1,877,988	2,602,786
Minority interests	—	—
Total net assets	29,488,805	31,113,622
Total liabilities and net assets	45,593,500	47,331,118

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of income

	FY 2014 (December 1, 2012 through November 30, 2014) Thousands of yen	FY 2015 (December 1, 2013 through November 30, 2015) Thousands of yen
Net sales	35,862,360	43,293,935
Cost of sales	26,603,942	32,174,918
Gross profit	9,258,418	11,119,017
Selling, general and administrative expenses		
Salary	2,596,993	3,126,916
Bonus	564,266	556,773
Welfare expense	612,416	723,426
Retirement bonus for directors	21,318	21,060
Provision of retirement benefits	—	82,297
Provision of director's bonus	22,700	59,747
Provision for directors' retirement benefits	20,998	9,600
Provision for board incentive plan	—	20,640
Postage	141,893	140,170
Freightage and packing expense	1,117,404	1,174,406
Provision of allowance for doubtful account	5,947	—8,734
Commission paid	495,257	763,732
Rental expense	366,912	412,594
Depreciation	297,982	372,782
Other selling, general and administrative expense	1,498,304	1,942,595
Total selling, general and administrative expense	7,829,173	9,398,007
Operating Income	1,429,244	1,721,010
Non-operating income		
Interest received	27,978	27,387
Dividends received	109,438	87,482
Rent on real estate	72,662	76,118
Foreign exchange gains	159,502	48,264
Commission received	2,453	3,647
Equity in earnings of affiliates	41,182	23,010
Others	88,849	96,635
Total non-operating income	502,067	362,545
Non-operating expenses		
Interest paid	14,005	22,131
Cash discount on sales	97,296	91,926
Depreciation expense of assets lent	13,550	11,112
Others non-operating expense	76,711	86,933
Total non-operating expense	201,564	212,104
Ordinary Income	1,792,747	1,871,451
Extra ordinary income		
Gains on sales of fixed assets	278,064	337,128
Gains on sales of securities	174,365	699,121

Gain on negative goodwill	79,894	—
Total Extra Ordinary Income	532,323	1,036,249
Extra ordinary expenses		
Losses on retirement of fixed assets	133,110	11,704
Losses on sales of fixed assets	10,741	3,992
Impairment loss	95,262	—
Losses on sales of investments in securities	1,517	—
Losses on revaluation of investments in securities	52,737	21,022
Loss on liquidation of affiliates	56,124	458,658
Total extra ordinary loss	349,494	495,378
Net income before taxes and other adjustment	1,912,577	2,412,322
Corporate, inhabitant and business taxes	639,032	883,924
Adjustments to corporate and other taxes	3,118	95,995
Total income taxes	642,150	979,920
Income before minority interest	1,270,427	1,432,401
Minority interest	-	
Net income	1,270,427	1,432,401

Consolidated statement of comprehensive income

	FY 2014 (December 1, 2012 through November 30, 2014) Thousands of yen	FY 2015 (December 1, 2013 through November 30, 2015) Thousands of yen
Income before minority interests	1,270,427	1,432,401
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	561,443	-186,548
Deferred gains or losses on hedges	-1,853	784
Land Revaluation	-	67,545
Foreign currency translation adjustment	535,370	857,488
Adjustments to retirement benefit	-	-18,853
Total other comprehensive income	1,094,961	720,416
Comprehensive income	2,365,388	2,152,818
(Breakdown)		
Comprehensive income attribute to the parent	2,365,388	2,152,818
Comprehensive income attribute to the minority shareholders	-	

(3) Consolidated Statements of Changes in Shareholders' Equity

FY 2014 (December 1, 2013 through November 30, 2014)

(Thousands of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	3,532,492	3,386,004	20,559,086	- 671,920	26,805,757
Changes of items during the period					
Dividends from surplus			- 337,703		- 337,703
Net income			1,270,427		1,270,427
Purchase of treasury stock				- 153,132	- 153,132
Disposal of treasury stock		9,016		144,060	153,076
Reversal of revaluation reserve for land			- 127,607		- 127,607
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	9,016	805,116	- 9,072	805,059
Balance at the end of current period	3,532,492	3,395,115	21,364,202	- 680,993	27,610,816

	Accumulated other comprehensive income					Minority interest	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Difference in revaluation of land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,250,653	-	- 714,198	10,371	546,826	-	27,352,583
Changes of items during the period							
Dividends from surplus							- 337,703
Net income							1,270,427
Purchase of treasury stock							- 153,132
Disposal of treasury stock							153,076
Reversal of revaluation reserve for land							- 127,607
Net changes of items other than shareholders' equity	561,443	- 1,853	127,607	535,370	108,593	-	1,331,161
Total changes of items during the period	561,443	- 1,853	127,607	535,370	108,593	-	2,136,221
Balance at the end of current period	1,812,097	- 1,853	- 586,591	545,741	108,593	-	29,488,805

FY 2015 (December 1, 2014 through November 30, 2015)

(Thousands of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	3,532,492	3,395,115	21,364,202	-680,993	27,610,816
Changes of items during the period			41,752		41,752
Balance After Changes of items during the period	3,532,492	3,395,115	21,405,955	-680,993	27,610,816
Dividends from surplus			-397,659		-397,659
Net income			1,432,401		1,432,401
Purchase of treasury stock				-340,109	-340,109
Disposal of treasury stock		103,608		64,405	168,014
Reversal of revaluation reserve for land			-4,381		-4,381
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	103,608	1,030,361	-275,703	858,256
Balance at the end of current period	3,532,492	3,498,724	22,436,316	-956,696	28,510,835

	Accumulated other comprehensive income						Minority interest	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Difference in revaluation of land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,812,097	-1,853	-586,591	545,742	108,593	1,877,988	-	29,488,805
Changes of items during the period								41,752
Balance After Changes of items during the period	1,812,097	-1,853	-586,591	545,742	108,593	1,877,988	-	29,530,557
Dividends from surplus								-397,659
Net income								1,432,401
Purchase of treasury stock								-340,109
Disposal of treasury stock								168,014
Reversal of revaluation reserve for land								-4,381
Net changes of items other than shareholders' equity	-186,548	784	71,926	857,488	-18,853	724,797	-	724,797
Total changes of items during the	-186,548	784	71,926	857,488	-18,853	724,797	-	1,583,064

period								
Balance at the end of current period	1,625,548	−1,069	−514,664	1,403,231	89,739	2,602,786	—	31,113,622

(4) Consolidated of Cash Flows

	FY 2014 (December 1, 2012 through November 30, 2014) Thousands of yen	FY 2015 (December 1, 2013 through November 30, 2015) Thousands of yen
Cash flows from operating activities		
Income (loss) before income taxes	1,912,577	2,412,322
Depreciation of amortization	462,789	726,221
Depreciation of goodwill	39,008	237,208
Impairment loss	95,262	—
Change in provision for bonus	5,511	25,083
Change provision for retirement benefits	−753,817	—
Changes in net defined benefit asset	−238,158	−161,918
Changes net defined benefit liability	752,563	76,756
Change in reverse for retirement benefits for officers	−50,279	−74,850
Changes in reverse for employee stock ownership plan	4,626	5,178
Changes in board incentive plan	—	20,640
Change in allowance for doubtful accounts	40,442	−47,053
Interest income and dividends income	−137,416	−114,869
Interest paid	14,005	22,131
Equity in net income of affiliates	−41,182	−23,010
Gains from sale of fixed assets	−267,322	−333,135
Gains from sale of investment securities	−172,847	−699,121
Loss on retirement of noncurrent assets	133,110	11,704
Profit from revaluation of investment securities	52,737	21,022
Reversal of foreign currency translation adjustment for reducing the capital of controlled foreign subsidiaries	−23,769	458,658
Change in notes and accounts	187,070	−108,627
Change in inventory	−294,569	333,308
Change in account payable	−112,750	−276,601
Others	81,342	22,603
Subtotal	1,688,932	2,533,654
Proceed from interest and dividends income	133,464	119,604
Payment of interest	−14,494	−22,251
Payment of corporate tax	−684,561	−596,218
Net cash(used in)provided by operating activities	1,123,341	2,034,248
Cash flows from investing activities		
Decrease in time deposit	−591,150	−104,040
Increase in time deposit	142,627	—
Purchase of investment securities	−24,600	−27,604
Increase of sale for investment securities	413,578	865,498
Purchase of stocks of affiliates	−5,473,710	−261,500
Proceeds from liquidation of affiliates	39,704	—

Purchase of tangible fixed assets	—934,776	—549,070
Proceeds from sale for tangible fixed assets	569,926	1,049,020
Proceeds from loans receivable	42,804	45,026
Others	—49,625	—40,215
Net cash provided by (used in) investing activities	—5,865,186	977,114
Cash flows from financing activities		
Changes in short-term debt	4,510,000	—
Repayments of lease obligations	—138,372	—168,635
Proceeds from long-term loans payable	1,500,000	—
Repayment of long-term loans	—551,914	—375,396
Proceeds from sale from treasury stock	—	168,014
Payments to acquire treasury stock	—56	—340,109
Payments of dividends	—337,703	—397,659
Net cash used in financing activities	4,981,952	—1,113,784
Effects of exchange rate on cash and cash equivalents	241,195	113,651
Net increase (decrease) in cash and cash equivalents	481,303	2,011,229
Cash and cash equivalents at beginning of year	6,366,363	6,847,667
Cash and cash equivalents at fiscal year-end	6,847,667	8,858,896

(5) Notes regarding Consolidated Financial Statements

[Notes on assumption of going concern]

Not applicable.

[Changes in accounting principal]

(The adoption of the accounting standard concerning retirement benefit)

The company applied "Accounting standard concerning retirement benefit (ASBJ Statement No.26, May 17, 2013)" (hereinafter referred to as the "Accounting standard of retirement benefit") and "Guideline on accounting standards concerning retirement benefit (ASBJ Guideline No.25, May 17, 2013)" (hereinafter referred to as the "Guideline of retirement benefit") from fiscal year 2014. The company recorded unrecognized actuarial gains and losses and unrecognized past service liabilities as "Assets for retirement benefit" and "Liability for retirement benefit" with changing the method of record.(The liability for retirement is recorded for the difference between pension assets minus benefit obligation).

The adoption of the accounting standard of retirement benefit is based on the Accounting Standards for retirement benefit No.37. The impact of this change was adjusted for accumulated other comprehensive income.

As a result, assets for retirement benefit increased by ¥115,476 thousand yen, liability for retirement benefit increased by ¥50,643 thousand yen and other comprehensive income were increased by ¥41,752 thousand yen. The effect to operating income, ordinary income, net income before taxes and other adjustment of this financial year is minor.

[Additional Information]

(The transaction for employees through trust)

(1) The overview of the transaction

We have introduced "Stock Granting Trust(J-Esop)" to motivate employees for share price and revenue.

This is the system that employee get Morito's share based on certain requirement which determined by our stock benefit regulations.

It imparts points in accordance with the individual contributions, to benefit the stock corresponding to the granted point when acquiring the entitlement by certain conditions. For shares to be benefits to employees, including to get future than the amount which had been previously trust settings, and then shall be managed separately as trust property.

With the introduction of this system, in addition to interest in the motivation and stock of employees' increases, it is expected that contribute to secure excellent human resources.

(2) Treasury stock in the trust

The treasury shares in the trust, booked value in the trust, have been recorded as treasury shares in net assets.

The number of shares and booked value are 153,076 thousand yen, 392shares in FY2014, and 153,076 thousand yen, 392shares in FY2015.

(The Transaction for the Board Incentive Plan Trust)

The Board Incentive Plan Trust was approved by the general shareholders meeting held on February 26, 2015. The main objective of this scheme is to increase the board members' motivation to make contributions to improve business performance and increase enterprise value.

Trust transaction is accounted based on "Practical handling concerning the delivering of company outstanding shares to employee through the trust" (ASBJ PITF No.30 of March 26, 2015).

(1) Summary of the Transaction

This system is a performance-based stock compensation which delivers treasury stock to directors by level of achievement for sales and operating profit of each fiscal year. However, board member may receive the grant of the company shares at the time of retirement.

(2) Remaining treasury stock in the trust

Remaining treasury stock in the trust is recorded in net assets as treasury stock by book value of the trust.

The book value of the treasury stock at the end of the Third quarter of current fiscal year is ¥168,000 thousand.

The number of the treasury stock at the end of the second quarter of current fiscal year is 175 thousand.

[Notes to business combination, etc.]

1. The acquisition of GSG FASTENERS, LLC

Adjusted amount from former acquisition cost.

In FY2014, the distribution of acquisition cost has not been completed. The amount of goodwill is calculated on a tentative basis and the amortization method and period were currently under review, in this FY2015, distribution of acquisition cost has been completed, and changed goodwill cost is as followings.

Adjusted subjects	Adjusted amount	(unit : thousand yen)
Goodwill (before adjustment)	3,469,662	
Land	— 59,345	
Trademark	— 1,032,495	
Deffered tax liability	399,613	
Others	86,084	
Total of adjustment	— 606,141	
Goodwill (After adjustment)	2,863,520	

2. Goodwill

(1) Amount of goodwill 2,863,520 thousand yen

(2) Reason of goodwill

Acquisition cost was more than net asset.

(3) Amortization period

20years (equal installment)

3. Distribution to intangible fixed asset except goodwill

(1) Cost distributed to intangible fixed asset 1,032,495 thousand yen

(2) Breakdown

Trademark 1,032,495 thousand yen

(3) Amortization period

20years (equal installment)

[Segment Information]

1. Fiscal 2014(December 1, 2013 through November 30, 2014)

The information on net sales, income or loss, assets and other items by reportable segment

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1,3)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	27,427,690	5,919,575	2,515,094	35,862,360	-	35,862,360
Inter segment sales and transfer	2,439,867	2,451,331	4,782	4,895,981	— 4,895,981	-
Total	29,867,558	8,370,906	2,519,876	40,758,342	— 4,895,981	35,862,360
Segment income	1,194,706	373,283	186,890	1,754,880	— 325,635	1,429,244
Segment asset	32,006,183	6,651,721	6,810,092	45,467,997	125,503	45,593,500
Other						
Depreciation	295,775	147,294	19,719	462,789	—	462,789
Increase in tangible fixed assets	769,884	248,262	59,358	1,077,506	—	1,077,506

(Notes)

- Adjustment of — 325,635 thousand yen includes — 304,010 thousand yen corporate expenses that are not distributed to each reportable segment and other — 21,625 thousand yen.
- The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.
- The adjustment for segment asset includes elimination of intersegment transaction — 9,965,286 thousand yen and corporate asset 10,090,790 thousand yen that have not been distributed to reportable segment. Corporate assets consists mainly of assets not belonging to specific segment (cash and cash equivalent and investments in securities) and assets

related to administrative operations.

4. In this fiscal year, the allocation of acquisition cost is not completed because the acquisition costs are to be determined and the identifiable assets acquired, the liabilities assumed on combination date is under reviewing. The amount of goodwill is calculated on a tentative basis and recorded in the US.

Fiscal 2015(December 1, 2014 through November 30, 2015)

The information on net sales, income or loss, assets and other items by reportable segment

	Reportable Segment				Adjustment (Note 1,3)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	28,397,032	8,138,317	6,758,585	43,293,935	—	43,293,935
Inter segment sales and transfer	2,494,776	2,225,975	117,525	4,838,277	-4,838,277	—
Total	30,891,809	10,364,293	6,876,110	48,132,213	-4,838,277	43,293,935
Segment income	1,176,332	468,718	468,136	2,113,188	-392,178	1,721,010
Segment asset	31,399,836	7,011,055	7,743,139	46,154,030	1,177,087	47,331,118
Other						
Depreciation	375,775	181,462	168,983	726,221	—	726,221
Increase in tangible fixed assets	536,707	99,869	98,179	734,755	—	734,755

(Notes)

1. Adjustment of -392,178 thousand yen includes -326,820 thousand yen corporate expenses that are not distributed to each reportable segment and other -65,357 thousand yen.
2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.
3. The adjustment for segment asset includes elimination of intersegment transaction -9,867,282 thousand yen and corporate asset 11,044,370 thousand yen that have not been distributed to reportable segment. Corporate assets consists mainly of assets not belonging to specific segment (cash and cash equivalent and investments in securities) and assets related to administrative operations.

[Per share data]

Item	FY2014	FY2015
	(December 1, 2013 through November 30, 2014)	(December 1, 2014 through November 30, 2015)
Net assets per share	1,017.79 yen	1,081.23 yen
Net income per share	43.85 yen	49.48 yen
Diluted net income per share	—	—

(Notes)

1. No statement is made of the amount of current net profit per share after adjusting for residual stocks because there were no residual stocks that had a dilution effect.
2. The amount of treasury stock to calculate the net assets per share and the weighted-average number of common shares to calculate net income per share and net income per share after adjustment for dilutive securities included the company's shares owned by Trust & Custody Services Bank, Ltd..
3. On July 1, 2014, Morito conducted a two-for-one split on shares of common stock. Consequently, "net income per share" have been computed as if the stock split had been conducted at the beginning of the fiscal year ended November 30, 2013.
4. The company applied "Accounting standard concerning retirement benefit (ASBJ Statement No.26, May 17, 2013)" (hereinafter referred to as the "Accounting standard of retirement benefit") and "Guideline on accounting standards concerning retirement benefit (ASBJ Guideline No.25, May 17, 2013)" (hereinafter referred to as the "Guideline of retirement benefit") from fiscal year 2014. The company recorded unrecognized actuarial gains and losses and unrecognized past service

liabilities as “Assets for retirement benefit” and “Liability for retirement benefit” with changing the method of record.(The liability for retirement is recorded for the difference between pension assets minus benefit obligation).

The adoption of the accounting standard of retirement benefit is based on the Accounting Standards for retirement benefit No.37. The impact of this change was adjusted for accumulated other comprehensive income.

As a result, net income per share increased by 1.45yen, and the effect to net income per share is minor.

(Notes)The basis for calculating

1. Net assets per share

Item	FY2014	FY2015
	(December 1, 2013 through November 30, 2014)	(December 1, 2014 through November 30, 2015)
The total net assets in the consolidated balance sheet (Thousand of yen)	29,488,805	31,113,622
The net assets associated with common stock (Thousand of yen)	29,488,805	31,113,622
Major breakdown of differences (Thousand of yen)		
Minority interests	—	—
Number of issued stock (Thousand shares)	30,800	30,800
Number of treasury stock (Thousand shares)	1,826	2,023
Number of common stock for calculating the net assets per share	28,973	28,776

(Note)

The amount of treasury stock of common stock to calculate the net asset per share is included the stock of Trust & Custody Services Bank, Ltd. owned.

2. Net income per share and Diluted net income per share

Item	FY2014	FY2015
	(December 1, 2013 through November 30, 2014)	(December 1, 2014 through November 30, 2015)
Net income per share		
Net income(Thousand yen)	1,270,427	1,270,427
Share unallocated to common stock (Thousand shares)	—	—
Net income relating to common stock	1,270,427	1,270,427
Shares on the average during the fiscal year (Thousand share)	28,973	28,973

(Note)

The weighted-average number of common shares to calculate the net income per share is included the stock of Trust & Custody Services Bank, Ltd. owned.

[Significant subsequent events]

Not applicable.

5. Others

(1)Changes in Senior Managements

(i) Changes in President

Not applicable.

(ii)Changes in other officers (Limited scheduled on February 25th, 2016)

1. Newly appointed director candidate

Director Mayumi Ishihara

Unaffiliated Director Candidate which is set by Ordinance for Enforcement of the Companies Act 2.3.7.

2. Retiring auditor
Director Mitsuyuki Mouri
3. Newly appointed auditor
Not applicable
4. Retiring auditor
Not applicable