

(Unaudited)

April 14, 2016

MORITO CO., LTD.
Financial Statement (Unaudited)
For the First Quarter of the Fiscal Year ended November 30, 2016
(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))
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Scheduled date of filing of Quarterly Report April 14, 2016
Scheduled date of dividend payment: —
Supplementary explanation material for quarterly financial results: None
Presentation meeting for quarterly financial results: None

(Amounts rounded down)

1. Consolidated Financial Results for the First Quarter of Fiscal Year 2016(December 1, 2015 through February 29, 2016)**(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	%
1Q of FY 2016	10,019	△2.6	322	△10.5	248	△42.3	114	△67.4
1Q of FY 2015	10,287	23.3	360	45.7	430	50.3	350	30.6

(Note) Comprehensive income: △482million yen (△129.1%) (1Q of FY 2016) 1,655million yen (160.7%) (1Q of FY 2015)

	Net income Per share	Fully diluted net Income per share
	Yen	Yen
1Q of FY 2016	3.99	-
1Q of FY 2015	12.09	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1Q of FY 2016	45,290	30,168	66.6
FY 2015	47,331	31,113	65.7

(Reference) Equity capital: 30,168million yen (1Q of FY 2016) 31,113 million yen (FY 2015)

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total (Annual)
	Yen	Yen	Yen	Yen	Yen
FY 2015	-	7.00	-	7.50	14.50-
FY 2016	-				
FY 2016 (Forecast)		8.00	-	8.00	16.00

(Note) Revision of consolidated earnings forecast to the latest announcement: None

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	%
Half year	21,600	0.8	900	3.0	550	△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
Half year	550	6.5	19.11
Full year	1,500	4.7	52.13

(Note) Revision of consolidated earnings forecast to the latest announcement: None

***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) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: None

(3) 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

(Note) For details, please refer to 'Matters Concerning Summary Information (Note) (3) Changes in accounting policy, Changes in accounting estimates and Revision restated' on page 3 of the Attachment.

(4) Number of outstanding shares (common shares)

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

30,800,000 shares (as of February 29, 2016)

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

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

2,322,644 shares (as of February 29, 2015)

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

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

28,590,305 shares (the First quarter of FY 2016)

28,973,484 shares (the First quarter of FY 2014)

***Status of execution of the quarterly review of financial statement**

At the time of publication of this quarterly financial results release, the review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Law were 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 "Qualitative Information for the Period under Review(1) Business Performance" on page 4

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. and The Master Trust Bank of Japan, Ltd. are included in the treasury shares.

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1. Qualitative Information for the Period under Review

(1) Business Performance

In the First quarterly (From 1st December, 2015 to 29th February, 2016) of the fiscal year ended November 30th, 2016, the Japanese economy has shown signs of modest recovery by weakening yen, additional money easing. However, from the beginning of 2016, the economy situation got uncertain because of the concern for the world economy situation and the slowdown in Chinese economy which made yen appreciation and stock market down.

In the global economy, the economic recovery of the U.S. economy is maintaining firm, but it is still uncertain because of Asian emerging countries' economy, significant exchange rate fluctuation, significant decline of oil prices.

In such a situation, our group is moving forward a growth strategy by the development of high valued Japan made items, expansion of a global sales channel under 7th mid-term management plan, and will promote the realization of value creation which the era seeks, expand our business in not only existing market such ASEAN, china, western, but also in untapped market to contribute our business.

As a result, in the current quarterly performance reach net sales ¥10,019million (decreased by 2.6% from a year earlier), operating income ¥322 million (decreased by 10.5% from a year earlier), ordinary income ¥248 million (decreased by 42.3% from a year earlier), net income ¥114 million (decreased by 67.4% from a year earlier).

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

¥120.54 to the U.S. dollar, ¥131.67 to the euro, ¥18.34 to the Chinese yuan, ¥15.55 to the Hong Kong dollar, ¥3.68 to the Taiwan dollar, ¥0.0053 to the Vietnamese dong, ¥3.35 to the Thai baht.

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

¥120.53 to the U.S. dollar, ¥146.54 to the euro, ¥19.34 to the Chinese yuan, ¥15.54 to the Hong Kong dollar, ¥3.79 to the Taiwan dollar, ¥0.0056 to the Vietnamese dong, ¥3.65 to the Thai baht.

Segment information as below

[Japan]

As for the apparel division, sales of the accessories for and sports and outdoor apparel manufacturer in Japan are increased.

In the consumer product division, sales of accessories for camera, health-related items, magi tape®, automobiles are decreased.

As a result, net sales were ¥6,485 million (decreased by 3.4% from a year earlier).

[Asia]

As for the apparel division, sales of the accessories for EU and U.S. infant's wear in H.K., for Japanese apparel manufacture in Thailand are increased.

In the consumer product division, sales of the automobile interior component for Japanese auto makers in Shanghai is decreased.

As a result, net sales were ¥199 million (increased by 1.1% from a year earlier).

[Europe and the U.S.]

As for the apparel division, sales of the accessories for medical industry and uniform in U.S. is increased, but it is decreased in EU.

In the consumer product division, sales of automobile interior article for Japanese automobile manufacture in the U.S. is increased, but it is decreased in EU. Sales of accessories for camera in EU is decreased, neither.

As a result, net sales were ¥1,543 million (decreased by 3.8% from a year earlier).

(2) Forecast of Consolidated Business Results and Other Forward-looking Information

Currently, there has been no change in the consolidated forecast of FY2016.

2. Matters Concerning Summary Information

(1) Changes in Important Subsidiaries during the period under Review

Not applicable

(2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statement

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Revision Restated

Changes in Accounting Policies

Standards such as the Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013) have been applied from the first quarter of the fiscal year under review. The purpose for applying these standards was to change the method for recording the difference from changes in the Company's equity in its subsidiaries that remain controlled by the Company as capital surplus and as an expense in the consolidated fiscal year in which expenses related to acquisition are incurred. For business combinations implemented after the beginning of the first quarter of the fiscal year under review, the method will be changed to one that reflects the revision of distributed amounts of acquisition costs by determining provisional accounting treatment in the quarterly consolidated financial statements for the quarterly consolidated accounting period to which the date of business combination belongs. In addition, the Company has changed the presentation of quarterly net profit and other items and the presentation of minority interests to non-controlling interests. To reflect this change, the quarterly consolidated financial statements and consolidated financial statements for the nine-month period ended December 31, 2014 and fiscal year ended March 31, 2015 have been replaced.

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4 (4) of the Accounting Standard for Business Divestiture. The application of these standards has been under way since the beginning of the first quarter of the fiscal year under review, and will continue to be applied going forward.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	FY 2015 (As of November 30, 2015) Thousands of yen	FY 2016 (As of February 29, 2016) Thousands of yen
Assets		
Current assets		
Cash and deposits	10,010,892	9,132,236
Notes and accounts receivable	10,755,928	10,098,662
Inventory	4,403,602	4,842,070
Other current assets	1,035,105	869,759
Allowance for doubtful accounts	△38,959	△39,735
Total current assets	26,166,569	24,902,993
Fixed assets		
Tangible fixed assets		
Land	5,926,237	5,998,197
Other tangible fixed assets	4,077,419	3,937,275
Total tangible fixed assets	10,003,656	9,935,472
Intangible fixed assets		
Goodwill	3,687,790	3,642,670
Other Intangible fixed assets	1,549,867	1,515,649
Total intangible fixed assets	5,237,657	5,158,319
Investments and other fixed assets		
Investment securities	4,634,984	3,861,862
Net defined benefit asset	400,076	400,293
Other fixed assets	968,566	1,166,189
Allowance for doubtful account	△80,393	△134,723
Total investments and other fixed assets	5,923,234	5,293,622
Total fixed assets	21,164,548	20,387,414
Total assets	47,331,118	45,290,408
Liabilities		
Current liabilities		
Notes and accounts payable	4,502,734	4,628,059
Short-term loans payable	4,960,000	4,960,000
Current portion of long-term debt	375,396	375,396
Accrued tax payable	616,237	151,552
Reserve for bonuses	164,592	158,461
Reserve for director's bonuses	72,511	45,992
Other current liabilities	1,607,517	1,284,827
Total current liabilities	12,298,989	11,604,291
Fixed liabilities		
Long-term debt	536,477	442,628
Provision for director's retirement benefit	9,804	9,297
Reserve for benefit allowance	54,758	56,133
Provision for environmental measures	20,640	22,123

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Net defined benefit liability	829,319	834,437
Other fixed liabilities	2,443,694	2,130,547
Total fixed liabilities	3,918,507	3,517,759
Total liabilities	16,217,496	15,122,050
<i>Net Assets</i>		
Shareholders' equity		
Capital	3,532,492	3,532,492
Capital surplus	3,498,724	3,498,724
Retained earnings	22,436,316	22,340,184
Treasury stock	Δ956,696	Δ1,209,219
Total shareholders' equity	28,510,835	28,162,181
Other comprehensive income		
Valuation difference on available-for-sale securities	1,625,548	1,060,853
Deferred gains or losses on hedges	Δ1,069	Δ6,298
Difference in revaluation of land	Δ514,664	Δ514,664
Foreign currency translation adjustment	1,403,231	1,385,083
Remeasurement of defined benefit plans	89,739	81,202
Total other comprehensive income	2,602,786	2,006,176
Minority interests	-	-
Total net assets	31,113,622	30,168,357
Total liabilities and net assets	47,331,118	45,290,408

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Quarterly Consolidated statements of income****The Third Quarter accounting period**

	FY 2015 (December 1, 2014 through February 29, 2015) Thousands of yen	FY 2016 (December 1, 2015 through February 29, 2016) Thousands of yen
Net sales	10,287,921	10,019,651
Cost of sales	7,642,093	7,417,945
Gross profit	2,645,828	2,601,706
Total selling, general and administrative expense	2,285,761	2,279,618
Operating Income	360,066	322,088
Non-operating income		
Interest received	5,629	5,882
Dividends received	20,623	10,894
Rent on real estate	19,594	19,025
Foreign exchange gains	27,514	-
Equity in earnings of affiliates	5,880	13,968
Other non-operating income	33,483	5,690
Total non-operating income	112,725	55,461
Non-operating expenses		
Interest paid	5,600	4,706
Cash discount on sales	21,638	21,611
Exchange Loss	-	76,067
Others non-operating expense	15,171	26,729
Total non-operating expense	42,411	129,114
Ordinary Income	430,380	248,435
Extra ordinary income		
Gains on sales of fixed assets	158,245	1,682
Gains on sales of securities	24,869	-
Gain on liquidation of subsidiaries and affiliates	183,115	1,682
Total extra ordinary income	158,245	1,682
Extra ordinary loss		
Loss on disposal of fixed assets	4,136	953
Loss on sales of fixed assets	-	9,892
Total extra ordinary loss	4,136	10,846
Net income before taxes and other adjustment	609,359	239,272
Corporate, inhabitant and business taxes	251,070	89,254
Adjustments to corporate and other taxes	7,904	35,802
Total income taxes	258,974	125,056
Net income	350,384	114,215
Other comprehensive income		
Other gain(loss) on available-for-sale securities	257,434	△564,695
Deferred gains or losses on hedges	△1,353	△5,229

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Foreign currency translation adjustment	1,058,469	△18,147
Remeasurements of defined benefit plans	△9,090	△8,537
Total other comprehensive income	1,305,461	△596,610
Comprehensive income	1,655,846	△482,394
(Breakdown)		
Comprehensive income attribute to the parent	1,655,846	△482,394
Comprehensive income attribute to the minority shareholders		

(3) Notes regarding Quarterly Consolidated Financial Statements

[Notes on assumption of going concern]

Not applicable.

[Notes on a Significant Change in Shareholders' Equity]

Not applicable

[Segment Information]

1. The First quarter of FY 2015 (December 1, 2014 through February 28, 2015)

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

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	6,713,283	1,969,144	1,605,493	10,287,921	—	10,287,921
Inter segment sales and transfer	666,946	733,748	14,210	1,414,905	△1,414,905	—
Total	7,380,229	2,702,892	1,619,704	11,702,827	△1,414,905	10,287,921
Segment income	304,735	114,897	58,453	478,085	△118,019	360,066

(Notes)

- Adjustment of △¥118,019 thousand includes △¥86,997 thousand -corporate expenses that are not distributed to each reportable segment and other △¥31,021 thousand.
- The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the quarterly consolidated profit and loss statement.

2. The Third Quarter of FY 2016 (December 1, 2015 through February 29, 2016)

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

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	6,485,661	1,990,191	1,543,799	10,019,651	—	10,019,651
Inter segment sales and transfer	558,878	481,654	25,303	1,065,837	△1,065,837	—
Total	7,044,539	2,471,845	1,569,103	11,085,489	△1,065,837	10,019,651
Segment income	227,398	117,332	63,483	408,213	△86,125	322,088

(Notes)

- Adjustment of △¥86,125 thousand includes △¥78,816 thousand -corporate expenses that are not distributed to each reportable segment and other △¥7,308 thousand.
- 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.