

January 12, 2018

MORITO CO., LTD.
Financial Statement (Unaudited)
For the Fiscal Year ended November 30, 2017
(Translated from the Japanese original)

Corporate Information

Code : 9837 Listings in First 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 23, 2018

Scheduled date of dividend payment:

February 26, 2018

Scheduled date of filling of Security Report:

February 26, 2018

Supplementary explanation material for quarterly financial results:

Yes

Presentation meeting for quarterly financial results:

Yes (for analyst and institution investors)

(Amounts rounded down)

1. Consolidated Financial Results for the Fiscal Year 2017(December 1, 2016 through November 30, 2017)**(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 2017	41,388	3.2	1,707	Δ3.4	1,703	3.4	3,305	179.7
FY 2016	40,086	Δ7.4	1,767	2.7	1,647	Δ12.0	1,181	Δ17.5

(Note) Comprehensive income : 4,882 million yen (−%) (FY 2017) Δ1,156 million yen (Δ153.7%)(FY 2016)

	Net income Per share	Fully diluted net Income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2017	119.29	119.14	10.7	4.0	4.1
FY 2016	41.48	—	3.9	3.7	4.4

(Reference) Equity in earnings (losses) of affiliates : 44 million yen (FY 2017) 38 million yen (FY 2016)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2017	43,473	32,615	74.9	1,184.79
FY 2016	40,853	29,260	71.6	1,027.96

(Reference) Equity capital : 32,581 million yen (FY 2017) 29,246 million yen (FY 2016)

(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 2017	1,802	2,939	Δ2,572	10,776
FY 2016	1,391	2,728	Δ4,301	8,322

2. Dividends

	Dividends per share					Total dividends (Annual) Millions of yen	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			
FY 2016	-	8.00	-	9.00	17.00	493	41.0	1.6
FY 2017	-	14.00	-	14.00	28.00	788	23.5	2.5
FY 2018 (Forecast)	-	12.50	-	12.50	25.00		52.9	

(Note) 1: Each 3 yen commemorative dividends are included in both of FY2017 Second quarter-end and FY2017 fiscal year end dividends.

(Note) 2: Dividends payout ratio (consolidated) 23.5% is mentioned. But it is more than 50% based on net income excluded extraordinary income.

(Note) 3: Each 0.50 yen commemorative dividends are included in both of FY2018 Second quarter-end and FY2018 fiscal year end dividends.

3. Consolidated Forecast for FY 2018 (December 1, 2017 through November 30, 2018)

(Percentages represent changes from corresponding period of previous year)

	Net Sales		Operating income		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	44,000	6.3	2,000	17.1	1,900	11.5	1,300	△60.7	47.27

***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 : None

(ii) Changes in accounting policies other than (i) : Yes

(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, 2017)

30,800,000 shares (as of November 30, 2016)

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

3,300,100 shares (as of November 30, 2017)

2,349,000 shares (as of November 30, 2016)

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

27,709,133 shares (FY 2017)

28,485,602 shares (FY 2016)

(Reference) Summary of Non-Consolidated Financial Results**1. Non-Consolidated Financial Results for FY 2017 (December 1, 2016 through November 30, 2017)****(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 2017	26,041	0.9	734	4.5	1,308	30.3	3,768	343.4
FY 2016	25,821	Δ1.2	702	4.5	1,003	Δ6.9	849	Δ32.4

	Net income per share	Fully diluted net Income per share
	Yen	Yen
FY 2017	136.00	135.83
FY 2016	29.84	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2017	37,404	29,168	77.9	1,059.46
FY 2016	35,442	26,694	75.3	937.75

(Reference) Equity capital: 29,134 million yen (FY 2017) 26,680 million yen (FY2016)

*This financial summary does not need to undergo an audit.

*Disclosure and other special notes regarding performance forecasts

The forecast in this statement is 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. Qualitative Information for the Period under Review (4) Outlook for the next fiscal year" on page 7.

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 stock.

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1. Qualitative Information for the Period under Review

(1) Overview of Business Performance

In the fiscal year ended November 30th, 2017 (From 1st December, 2016 to 30th November, 2017), the Japanese economy has shown signs of modest recovery by improving employment situation and capital investment because corporate performance has continued stable. However, some stagnation in personal consumption started to appear in the second half of fiscal year after price of some products started to increase.

In the global economy, the uncertain situation continued due to increase of political uncertainty in the US, concern against Brexit in EU economy, and increase of uncertain international circumstances in Asia

In such a situation, our group is accelerating a growth strategy by the development of value-added Japanese items, expansion of a global sales channel under the 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.

As a result, in the current quarterly performance reaches net sales ¥41,388 million (increased by 3.2% from a year earlier), operating income ¥1,707 million (decreased by 3.4% from a year earlier), ordinary income ¥1,703 million (increased by 3.4% from a year earlier), net income ¥3,305 million (increased by 179.7% from a year earlier).

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

	1Q Oct-Dec	2Q Jan-Mar	3Q Apr-Jun	4Q Jul-Sep
USD	109.43 (120.54)	113.61 (112.69)	111.10 (102.96)	110.95 (101.12)
EUR	117.86 (131.67)	121.04 (127.57)	122.26 (114.36)	130.43 (113.29)
RMB	15.99 (18.34)	16.56 (17.39)	16.21 (15.46)	16.63 (15.15)
HKD	14.11 (15.55)	14.64 (14.53)	14.27 (13.27)	14.20 (13.04)
TWD	3.45 (3.68)	3.66 (3.50)	3.67 (3.19)	3.67 (3.22)
VND	0.0048 (0.0053)	0.0050 (0.0050)	0.0048 (0.0046)	0.0048 (0.0045)
THB	3.09 (3.35)	3.24 (3.20)	3.24 (2.93)	3.33 (2.91)

*() is the exchange rate of FY2016.

*We have changed the method which is that Income and Expense in overseas subsidiaries has been converted by average number of exchange rate into Japanese yen is applied from the first quarter of this fiscal year. Please refer to "5. Consolidated Financial Statements, [Changes in accounting principal] on page 19.

Segment information as below

[Japan]

As for the apparel division, sales of the accessories for sports apparel manufacturer which was strong in same period a year earlier was decreased, however sales of the accessories for ladies wear, uniform/working wear and mass retailer were increased.

In the consumer product division, sales of the accessories for shoes and video equipment were decreased, but sales of accessories for health-related items, automobile interior components, rental and cleanup of kitchen supplies were increased.

As a result, net sales were ¥28,466 million (increased by 1.3% from a year earlier).

[Asia]

As for the apparel division, sales of the accessories for Japanese apparel manufacturers in Shanghai were decreased, however sales of the accessories for EU and the US apparel manufacturers in Hong Kong was increased.

In the consumer product division, sales of accessories for video equipment in Thailand was decreased, but sales of accessories for video equipment in Hong Kong and sales of the automobile interior component for Japanese auto makers in Shanghai were increased.

As a result, net sales were ¥7,205 million (increased by 10.5% from a year earlier) including effect of Japan yen depreciation.

[Europe and the U.S.]

As for the apparel division, sales of the accessories in EU and the US were increased.

In the consumer product division, sales of automobile interior article for Japanese auto maker in the US and sales of the accessories for video equipment were decreased, however sales of automobile interior component for Japanese auto makers in Europe was increased.

As a result, net sales were ¥5,716 million (increased by 4.4% from a year earlier) including effect of Japan yen depreciation.

(2) Overview of Financial Position

Total assets came to ¥43,473 million, increased by ¥2,619 million from a year earlier.

Total current assets came to ¥28,033 million, increased by ¥2,906 million from a year earlier. This change was mainly due to increase in cash and deposits ¥2,793 million.

Total fixed assets came to ¥15,425 million, decreased by ¥282 million from a year earlier. This change was mainly due to decrease in land ¥697 million.

Total current liabilities came to ¥6,951 million, decreased by ¥365 million from a year earlier. This change was mainly due to decrease in short-term loans ¥130 million.

Total fixed liabilities came to ¥3,906 million, decreased by ¥369 million from a year earlier. This change was mainly due to decrease in bond ¥400 million.

Total net assets came to ¥32,615 million, increased by ¥3,354 million from a year earlier. Share holders' equity ratio was 74.9%, increased by 3.3% from a year earlier.

(3) Overview of 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 ¥1,802 million (¥1,391 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 provided in investing activities was ¥2,939 million (¥2,728 million provided in the same period of the previous fiscal year). This change was mainly due to sales of tangible fixed assets.

[Cash flows from financing activities]

Net cash used by financing activities was ¥2,572 million (¥4,301 million used in the same period of the previous fiscal year). This change was mainly due to payments to acquire treasury stock and dividends payout.

As a result of above, cash and cash equivalent was ¥10,776 million, increased by ¥2,453 million from a year earlier.

The following table shows financial indicators associated with cash flows.

	FY2015	FY2016	FY2017
Equity ratio	65.7%	71.6%	74.9%
Equity ratio (market value basis)	52.0%	55.7%	66.4%
Interest-bearing debt / cash flow ratio	288.7%	180.8%	89.4%
Interest coverage ratio	91.4	78.3	336.7

(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 bonds and loans payable on the consolidated balance sheet.

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

(4) Outlook for the next fiscal year

Our group set and promote 『Create Morito's existence value, Realize "New Morito Group"』 under the 7th mid-term management plan "Make it happen, We develop our future ! ! !" (December 1, 2015 through November 30, 2018). In the last year of this mid-term management plan, 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 fiscal year of 2018 is net-sales ¥44,000 million yen, operating income ¥2,000 million, ordinary profit ¥1,900 million and net income ¥1,300 million (Exchange rate: US\$1.00 = ¥111).

(5) Basic policy on Payment of Dividends

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, and M&A 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 1.5%
- Basic policy of dividend payout ratio more than 50%

(However, payment dividend will be determined in consideration of the impact in the case of that profit(loss) attributable to owners of parent of the fiscal year fluctuates significantly due to extraordinary factors.)

The company will consider stock buy-back to enrich shareholder return promptly, based on the company's financial situation and share price.

During this fiscal year, we scheduled to propose the general meeting of shareholders to payout ¥14 (including ¥3 for commemorative dividends) per share as dividend of year-ended. As a result, dividends for the subject fiscal year amount to ¥28 (including ¥6 for commemorative dividends) per share including the interim dividends of ¥14 (including ¥3 for commemorative dividends) per share.

For next fiscal year, we plan each ¥12.5 (including ¥0.5 for commemorative dividends) for both of FY2018 Second quarter-end and FY2018 fiscal year end dividends. A total dividend is ¥25 (including ¥1 for commemorative dividends) per share.

2. Organization of the group

Our group consists of the parent company, 19 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.

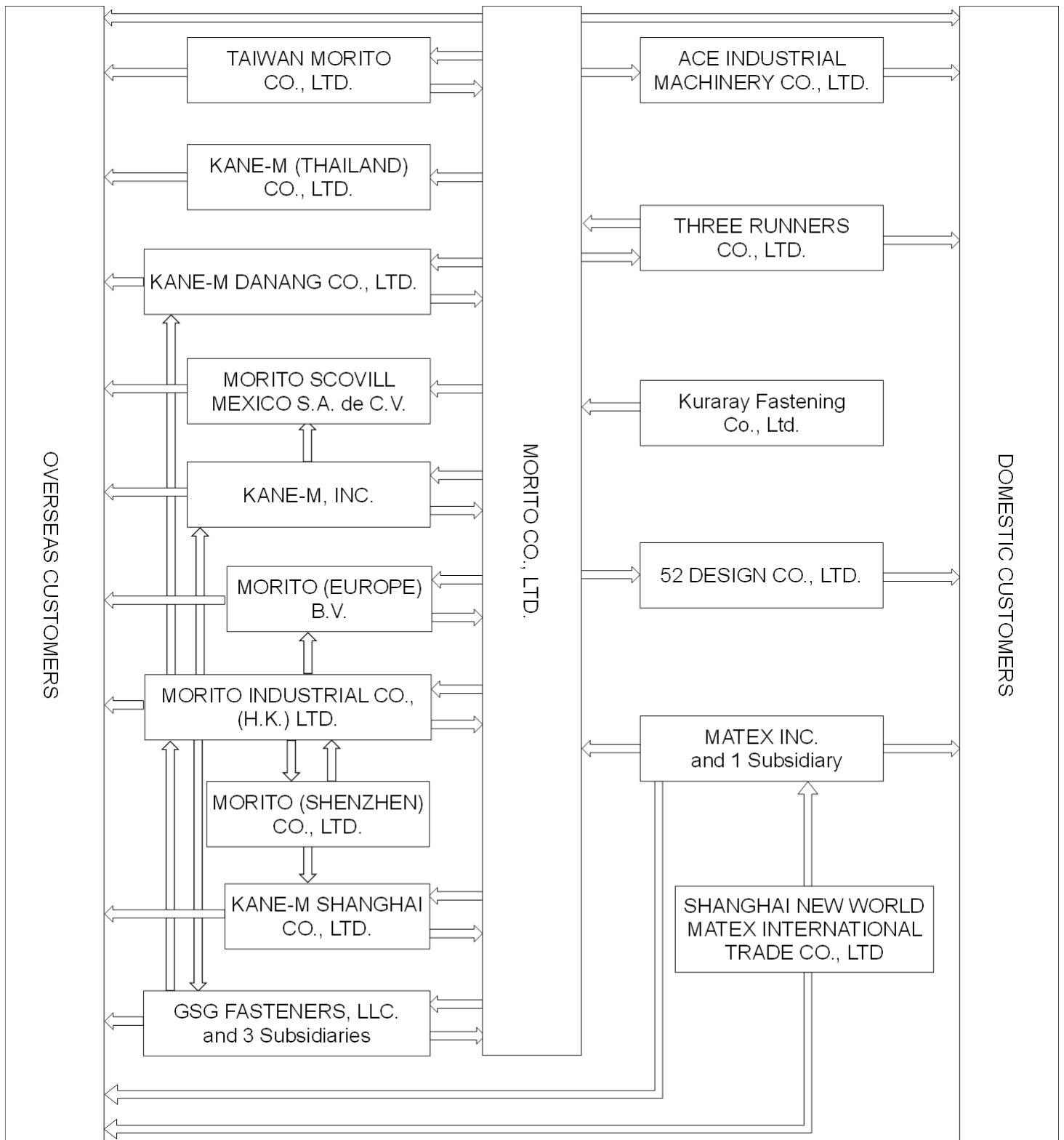
◎Consolidated subsidiaries: 16 companies ○:Non-consolidated subsidiaries: 3 companies □:Affiliates: 1 company

- ◎MORITO INDUSTRIAL CO., (H.K.) LTD.: Selling of component of apparel and consumer products
- ◎MORITO (SHENZHEN) CO., LTD.: A subsidiary of MORITO INDUSTRIAL CO., (H.K.) LTD. (100% owned)
Manufacturing of component of apparel and consumer products
- ◎TAIWAN MORITO CO., LTD.: Selling of component of apparel and consumer products.
- ◎KANE-M SHANGHAI CO., LTD.: Selling 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.
- ◎KANE-M (THAILAND) CO., LTD.: Selling of component of apparel and consumer products..
- ◎SHANGHAI NEW WORLD MATEX INTERNATIONAL TRADE CO., LTD.: A subsidiary of MATEX INC. (100%). Manufacturing and selling of apparel parts, design and copying to Chinese and overseas.
- MATEX BANGKOK CO., LTD.: A subsidiary 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 (SCOVILL) FASTENERS ASIA LIMITED: A subsidiary of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products.
- ◎GSG FASTENERS UK LIMITED: A subsidiary of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products
- ◎ GSG FASTENERS INDIA PVT. LIMITED: A subsidiary of GSG FASTENERS, LLC. (100%). Selling of component of apparel and consumer products
- MORITO SCOVILL MEXICO S.A. de C.V.: A subsidiary of KANE-M, INC. (99%) and GSG FASTENERS, LLC (1%). Selling of component of automobile and apparel.
- ◎ACE INDUSTRIAL MACHINERY CO., LTD.: Rental service, selling and cleaning of kitchen appliance
- ◎THREE RUNNERS CO., LTD.: Selling and manufacturing of sports supporter.
- ◎ MATEX INC.: Manufacturing and designing apparel component, HP designing and producing and DTP printing.
- 52DESIGN CO., LTD.: Manufacturing and selling of bags, accessories, clothes, and miscellaneous goods.
- Kuraray Fastening Co., Ltd.: Selling and manufacturing of hook and loop fastener.

(Note 1) MORITO SCOVILL MEXICO S.A. de C.V. is established in July 31, 2017.

(Note 2) 52DESIGN CO., LTD. is established in August 1, 2017.

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 2018 under the 7th mid-term management plan are as below:

Consolidated sales: 44 billion yen

Consolidated operating sales: 2 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 mid-term management plan from FY2016 to FY2018 『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 industry-academic collaboration. At the same time, establish global production, purchase, and stock based on sales strategy. At the beginning, strength domestic logistic to minimize logistic costs. And we actively invest to strength and expand of group revenue, enhance sales tool, capital investment, new base.

2. Establish capital policy

The company changed "Basic policy on Payment of Dividends" as mentioned in 1 (5). We will try to maintain proper share price based on PBR.

3. Strengthening internal control

We and corporate governance including strength business management control and compliance, and fulfill accountability to all of stakeholders through IR activity. We promote activation of diversity of management to correspond low birthrate and longevity, population decrease, and promote of female and foreign national employees. Furthermore, we speed up decision making of management and sales from timely catching of group information by the effective use of SAP.

(5) Other Material Matters

Nil

4. Basic concept concerning the selection of accounting standards

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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	FY 2016 (As of November 30, 2016) Thousands of yen	FY 2017 (As of November 30, 2017) Thousands of yen
Assets		
Current assets		
Cash and deposits	9,442,122	12,235,613
Notes and accounts receivable	10,583,460	10,797,872
Commercial goods and finished goods	3,574,856	3,714,499
Work in process	168,972	196,973
Raw materials and supplies	290,417	393,923
Deferred tax assets	216,002	151,765
Other current assets	881,175	578,315
Allowance for doubtful accounts	△29,950	△35,215
Total current assets	25,127,055	28,033,747
Fixed assets		
Tangible fixed assets		
Building and structures	4,551,503	4,783,454
Accumulated depreciation	△2,564,670	△2,610,342
Building and structures (net)	1,986,832	2,173,111
Machinery and delivery equipment	1,525,055	1,775,364
Accumulated depreciation	△1,045,873	△1,090,214
Machinery and delivery equipment (net)	479,182	685,149
Tools, furniture and fixtures	2,375,325	2,036,686
Accumulated depreciation	△1,989,123	△1,670,066
Tools, furniture and fixtures (net)	386,201	366,619
Land	3,224,579	2,526,981
Lease assets	355,106	273,841
Accumulated depreciation	△128,903	△153,817
Lease assets (net)	226,202	120,024
Construction-in-process-in-process	73,013	11,757
Total tangible fixed assets	6,376,011	5,883,643
Intangible fixed assets		
Goodwill	3,000,353	2,728,172
Lease assets	242,152	151,829
Other Intangible fixed assets	997,022	1,124,519
Total intangible fixed assets	4,239,528	4,004,521
Investments and other fixed assets		
Investment securities	4,055,364	4,551,840
Long-term loans	112,400	100,176
Deferred tax	40,723	44,297
Net defined benefit asset	221,830	289,728
Other fixed assets	737,505	621,231
Allowance for doubtful account	△74,988	△70,037
Total investments and other fixed assets	5,092,834	5,537,236
Total fixed assets	15,708,375	15,425,400
Deferred assets	18,205	14,004
Total assets	40,853,636	43,473,152

(Unaudited)

	FY 2016 (As of November 30, 2016) Thousands of yen	FY 2017 (As of November 30, 2017) Thousands of yen
Liabilities		
Current liabilities		
Notes and accounts payable	4,262,005	4,317,325
Short-term loans payable	180,000	50,000
Current portion of bonds	400,000	400,000
Current portion of long-term debt	375,396	161,081
Accrued tax payable	379,220	481,935
Reserve for bonuses	175,722	208,130
Reserve for director's bonuses	79,232	66,799
Other current liabilities	1,465,489	1,266,606
Total current liabilities	7,317,066	6,951,879
Fixed liabilities		
Bonds payable	1,400,000	1,000,000
Long-term debt	161,081	—
Deferred tax	1,001,179	1,224,545
Deferred tax assets for revaluation	351,211	351,211
Provision for retirement benefit by stock	17,375	24,761
Provision for director's retirement benefit	30,433	41,083
Provision for director's retirement benefit by stock	35,059	51,552
Provision for environmental measures	18,133	20,217
Net defined benefit liability	918,021	916,630
Other fixed liabilities	343,212	276,133
Total fixed liabilities	4,275,706	3,906,135
Total liabilities	11,592,772	10,858,014
Net Assets		
Shareholders' equity		
Capital	3,532,492	3,532,492
Capital surplus	3,498,724	3,498,724
Retained earnings	23,966,197	24,713,167
Treasury stock	△1,230,960	△2,122,115
Total shareholders' equity	29,766,453	29,622,267
Other comprehensive income		
Valuation difference on available-for-sale securities	1,336,046	1,577,017
Deferred gains or losses on hedges	861	△1,203
Difference in revaluation of land	△1,280,438	621,625
Foreign currency translation adjustment	△463,484	789,883
Remeasurement of defined benefit plans	△112,982	△28,110
Total other comprehensive income	△519,998	2,959,211
Subscription rights to shares	14,408	33,658
Minority interests	—	—
Total net assets	29,260,863	32,615,138
Total liabilities and net assets	40,853,636	43,473,152

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

Consolidated Statements of Income

	FY 2016 (December 1, 2015 through November 30, 2016) Thousands of yen	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen
Net sales	40,086,554	41,388,461
Cost of sales	29,285,355	30,245,702
Gross profit	10,801,198	11,142,759
Selling, general and administrative expenses		
Salary	2,987,662	3,097,032
Bonus	628,877	590,211
Welfare expense	683,552	781,530
Retirement benefit	89,833	185,361
Provision of director's bonus	72,886	67,137
Provision of directors' retirement benefits	5,558	10,650
Provision for board incentive plan	16,262	16,492
Postage	132,425	136,259
Freightage and packing expense	1,184,867	1,245,748
Provision of allowance for doubtful account	274	3,077
Commission paid	689,491	655,541
Rental expense	454,575	409,564
Depreciation	320,659	300,403
Other selling, general and administrative expense	1,766,384	1,936,062
Total selling, general and administrative expense	9,033,310	9,435,073
Operating Income	1,767,888	1,707,685
Non-operating income		
Interest received	24,831	27,562
Dividends received	80,425	72,397
Rent on real estate	76,559	47,303
Commission received	1,271	1,016
Equity in earnings of affiliates	38,703	44,202
Other non-operating income	32,496	51,577
Total non-operating income	254,287	244,060
Non-operating expenses		
Interest paid	16,448	5,675
Cash discount on sales	86,658	83,912
Depreciation expense of assets lent	8,297	9,709
Foreign Exchange Loss	155,748	4,211
Others non-operating expense	107,977	144,890
Total non-operating expense	375,130	248,398
Ordinary Income	1,647,045	1,703,347
Extra ordinary income		
Gains on sales of fixed assets	18,619	3,292,482
Gains on sales of investment securities	124,284	—
Gains on liquidation of affiliates	83,495	—
Total extra ordinary income	226,399	3,292,482
Extra ordinary loss		
Loss on sales of fixed assets	11,774	84,038
Loss on disposal of fixed assets	2,221	134,021
Impairment loss	—	405,338
Loss of business restructuring	—	98,897
Loss on golf membership rights	—	700
Total extra ordinary loss	13,996	722,996

(Unaudited)

	FY 2016 (December 1, 2015 through November 30, 2016) Thousands of yen	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen
Net income before taxes and other adjustment	1,859,448	4,272,832
Corporate, inhabitant and business taxes	798,953	833,633
Adjustments to corporate and other taxes	△121,096	133,862
Total income taxes	677,857	967,495
Income before minority interest	1,181,591	3,305,337
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	1,181,591	3,305,337

Consolidated Statements of Comprehensive Income

	FY 2016 (December 1, 2015 through November 30, 2016) Thousands of yen	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen
Income before income taxes	1,181,591	3,305,337
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	△289,501	240,971
Deferred gains or losses on hedges	1,930	△2,064
Land revaluation difference amount	19,269	—
Foreign currency translation adjustment	△1,866,716	1,253,368
Adjustments to retirement benefit	△202,722	84,871
Equity equivalent to equity method affiliate	—	△0
Total other comprehensive income	△2,337,740	1,577,146
Comprehensive income	△1,156,149	4,882,483
(Breakdown)		
Comprehensive income attribute to the parent	△1,156,149	4,882,483
Comprehensive income attribute to the minority shareholders	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2016 (December 1, 2015 through November 30, 2016)

(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	3,498,724	22,436,316	△956,696	28,510,835
Changes of items during the period					
Dividends from surplus			△452,184		△452,184
Profit (loss) attributable to owners of parent			1,181,591		1,181,591
Purchase of treasury stock				△276,965	△276,965
Disposal of treasury stock				2,702	2,702
Increase (decrease) in from change of scope of consolidation			15,431		15,431
Reversal of revaluation reserve for land			785,043		785,043
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,529,880	△274,263	1,255,617
Balance at the end of current period	3,532,492	3,498,724	23,966,197	△1,230,960	29,766,453

	Accumulated other comprehensive income						Stock option	Non-controlling shareholders' equity	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	1,625,548	△1,069	△514,664	1,403,231	89,739	2,602,786	—	—	31,113,622
Changes of items during the period									
Dividends from surplus									△452,184
Profit (loss) attributable to owners of parent									1,181,591
Purchase of treasury stock									△276,965
Disposal of treasury stock									2,702
Increase (decrease) in from change of scope of consolidation									15,431
Reversal of revaluation reserve for land									785,043
Net changes of items other than shareholders' equity	△289,501	1,930	△765,773	△1,866,716	△202,722	△3,122,784	14,408	—	△3,108,376
Total changes of items during the period	△289,501	1,930	△765,773	△1,866,716	△202,722	△3,122,784	14,408	—	△1,852,758
Balance at the end of current period	1,336,046	861	△1,280,438	△463,484	△112,982	△519,998	14,408	—	29,260,853

FY2017 (December 1, 2016 through November 30, 2017)

(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	3,498,724	23,966,197	△1,230,960	29,766,453
Changes of items during the period					
Dividends from surplus			△656,304		△656,304
Profit (loss) attributable to owners of parent			3,305,337		3,305,337
Purchase of treasury stock				△892,131	△892,131
Disposal of treasury stock				976	976
Increase (decrease) in from change of scope of consolidation					—
Reversal of revaluation reserve for land			△1,902,063		△1,902,063
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	746,969	△891,155	△144,185
Balance at the end of current period	3,532,492	3,498,724	24,713,167	△2,122,115	29,622,267

	Accumulated other comprehensive income						Stock option	Non-controlling shareholders' equity	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	1,336,046	861	△1,280,438	△463,484	△112,982	△519,998	14,408	—	29,260,863
Changes of items during the period									
Dividends from surplus									△656,304
Profit (loss) attributable to owners of parent									3,305,337
Purchase of treasury stock									△892,131
Disposal of treasury stock									976
Increase (decrease) in from change of scope of consolidation									—
Reversal of revaluation reserve for land									△1,902,063
Net changes of items other than shareholders' equity	240,971	△2,064	1,902,063	1,253,368	84,871	3,479,210	19,250		3,498,460
Total changes of items during the period	240,971	△2,064	1,902,063	1,253,368	84,871	3,479,210	19,250	—	3,354,274
Balance at the end of current period	1,577,017	△1,203	621,625	789,883	△28,110	2,959,211	33,658	—	32,615,138

(4) Consolidated Cash Flows

	FY 2016 (December 1, 2015 through November 30, 2016) Thousands of yen	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen
Cash flows from operating activities		
Income (loss) before income taxes	1,859,448	4,272,832
Depreciation of amortization	617,115	675,401
Impairment loss	—	405,338
Depreciation of goodwill	212,195	225,667
Change in provision for bonus	21,882	25,289
Changes in net defined benefit asset	178,246	15,706
Changes net defined benefit liability	88,701	37,414
Change in reverse for retirement benefits for officers	△24,325	10,650
Changes in reverse for employee stock ownership plan	7,570	7,386
Changes in board incentive plan	14,419	16,492
Change in allowance for doubtful accounts	△24,366	△2,734
Interest income and dividends income	△105,256	△99,960
Interest paid	16,448	5,675
Equity in net income of affiliates	△38,703	△44,202
Gains from sale of fixed assets	△6,845	△3,208,443
Gains from sale of investment securities	△124,284	—
Loss on retirement of noncurrent assets	2,221	134,021
Loss of restructuring	—	98,897
Reversal of foreign currency translation adjustment for reducing the capital of controlled foreign subsidiaries	△83,495	—
Change in notes and accounts	△353,153	98,663
Change in inventory	△13,196	△34,102
Change in account payable	32,344	△175,568
Others	45,067	△13,974
Subtotal	2,322,036	2,450,452
Proceed from interest and dividends income	103,852	111,196
Payment of interest	△17,781	△5,353
Payment of corporate tax	△1,016,211	△754,108
Net cash (used in) provided by operating activities	1,391,896	1,802,187
Cash flows from investing activities		
Decrease in time deposit	△224,457	△531,728
Increase in time deposit	242,899	251,723
Purchase of investment securities	△27,871	△65,769
Increase of sale for investment securities	209,288	117,473
Purchase of stocks of affiliates	—	△57,121
Proceeds from liquidation of affiliates	87,723	—
Purchase of tangible fixed assets	△386,153	△600,962
Proceeds from sale for tangible fixed assets	2,944,419	3,933,854
Purchase of intangible assets	△32,590	△124,290
Proceeds from loans receivable	52,469	56,838
Payments of loans receivable	△105,750	—
Others	△31,090	△40,645
Net cash provided by (used in) investing activities	2,728,887	2,939,372

(Unaudited)

	FY 2016 (December 1, 2015 through November 30, 2016) Thousands of yen	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen
Cash flows from financing activities		
Changes in short-term debt	△4,810,300	△130,000
Repayments of lease obligations	△168,756	△119,304
Repayment of long-term loans	△375,396	△375,396
Proceeds from issuance of bonds	1,978,993	—
Redemption of bonds	△200,000	△400,000
Proceeds from sale from treasury stock	2,702	976
Payments to acquire treasury stock	△276,965	△892,131
Payments of dividends	△452,184	△656,304
Net cash used in financing activities	△4,301,906	△2,572,159
Effects of exchange rate on cash and cash equivalents	△387,580	284,475
Net increase (decrease) in cash and cash equivalents	△568,702	2,453,875
Cash and cash equivalents at beginning of year	8,858,896	8,322,707
Increase in cash and cash equivalents from newly consolidated subsidiary	63,022	—
Decrease in cash and cash equivalents from newly consolidated subsidiary	△30,508	—
Cash and cash equivalents at fiscal year-end	8,322,707	10,776,583

(5) Notes regarding Consolidated Financial Statements

[Notes on assumption of going concern]

Not applicable.

[Changes in accounting principal]

(Changes in the method of foreign currency conversion for Income and Expense in overseas subsidiaries)

Income and Expense in overseas subsidiaries has been converted by an exchange rate as of accounting date into Japanese yen up to now. However, the method, which is that Income and Expense in overseas subsidiaries has been converted by average number of exchange rate into Japanese yen, is applied from the first quarter of this fiscal year. The purpose for this change was to take a financial result of overseas subsidiaries more appropriately in consolidated accounting, because it will be becoming more important for consolidated accounting.

As a result, retroactive application was not implemented since the effect on the previous consolidated fiscal year and the term to beginning of the current consolidated fiscal year caused by this change was minor.

[Additional Information]

(Application of Implementation Guidance on Recoverability of Deferred Tax Asset)

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Statement No.26 of March 28, 2016), have been applied from the first quarter of the fiscal year under review.

[Segment Information]

1. Fiscal Year 2016 (December 1, 2015 through November 30, 2016)

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	28,089,934	6,522,586	5,474,033	40,086,554	—	40,086,554
Inter segment sales and transfer	2,396,899	2,376,064	49,156	4,822,120	△4,822,120	—
Total	30,486,833	8,898,651	5,523,189	44,908,675	△4,822,120	40,086,554
Segment income	1,310,161	489,481	250,774	2,050,416	△282,528	1,767,888
Segment asset	28,056,904	6,149,224	6,534,711	40,740,840	112,796	40,853,636
Other						
Depreciation	336,824	149,928	130,362	617,115	—	617,115
Increase in tangible fixed assets	293,901	94,669	68,917	457,488	—	457,488

(Notes)

1. Adjustment of △282,528 thousand yen includes △343,105 thousand yen corporate expenses that are not distributed to each reportable segment and other 60,576 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 △9,855,011 thousand yen and corporate asset 9,967,807 thousand yen that have not been distributed to reportable segment. Corporate assets consist mainly of assets not belonging to specific segment (cash and cash equivalent and investments in securities) and assets related to administrative operations.

2. Fiscal Year 2017(December 1, 2016 through November 30, 2017)

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	28,466,578	7,205,020	5,716,863	41,388,461	—	41,388,461
Inter segment sales and transfer	2,343,603	2,474,860	58,698	4,877,162	△4,877,162	—
Total	30,810,181	9,679,880	5,775,562	46,265,624	△4,877,162	41,388,461
Segment income	1,314,413	538,441	164,260	2,017,114	△309,429	1,707,685
Segment asset	27,225,575	6,995,578	7,057,483	41,278,638	2,194,513	43,473,152
Other						
Depreciation	347,491	147,115	180,794	675,401	—	675,401
Increase in tangible fixed assets	626,539	112,881	111,908	851,329	—	851,329

(Notes)

1. Adjustment of △309,429 thousand yen includes △314,992 thousand yen corporate expenses that are not distributed to each reportable segment and other 5,562 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 △10,114,614 thousand yen and corporate asset 12,309,128 thousand yen that have not been distributed to reportable segment. Corporate assets consist 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	FY2016	FY2017
	(December 1, 2015 through November 30, 2016)	(December 1, 2016 through November 30, 2017)
Net assets per share	1,027.96yen	1,184.79 yen
Net income per share	41.48 yen	119.29 yen
Diluted net income per share	—	119.14 yen

(Notes)

- 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.
- 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 (for J-ESOP, FY2017 387 thousand shares, FY2016 389 thousand shares), and The Master Trust Bank Of Japan, LTD (for BIP, FY2017 173 thousand shares, FY2016 173 thousand shares).

(Notes)The basis for calculating

- Net assets per share

Item	FY2016	FY2017
	(As of November 30, 2016)	(As of November 30, 2017)
The total net assets in the consolidated balance sheet (Thousands of yen)	29,260,863	32,615,138
Deducted amount from total net asset (Thousands of yen)	14,408	33,658
(Stock Option (Thousands of yen))	(14,408)	(33,658)
(Non-controlling interests (Thousands of yen))	—	—
The net assets associated with common stock (Thousands of yen)	29,246,455	32,581,479
Number of issued stock (Thousand shares)	30,800	30,800
Number of treasury stock (Thousand shares)	2,349	3,300
Number of common stock for calculating the net assets per share (Thousand shares)	28,451	27,499

(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. and Master Trust Bank Of Japan, LTD owned.

- Net income per share and Diluted net income per share

Item	FY2016	FY2017
	(December 1, 2015 through November 30, 2016)	(December 1, 2016 through November 30, 2017)
Net income per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	1,181,591	3,305,337
Share unallocated to common stock (Thousand shares)	—	—
Profit (loss) attributable to owners of parent relating to common stock	1,181,591	3,305,337

(Unaudited)

Shares on the average during the fiscal year (Thousand share)	28,485	27,709
Diluted net income per share adjusted		
Net income adjustment attributable to parent company shareholder (Thousands of yen)	—	—
The number of increase of common stock (Thousand share)	—	33
(Stock Option (Thousands of yen))	—	33
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	Stock option of resolutions at the ordinary general meeting of shareholders and resolutions by the Board of Directors on February 25, 2016 Common Stock: 591,000 shares	—

(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. and Master Trust Bank Of Japan, LTD owned.

6. Others

(1) Changes in Senior Managements

(i) Changes in President

Not applicable.

(ii) Changes in other officers

Not applicable