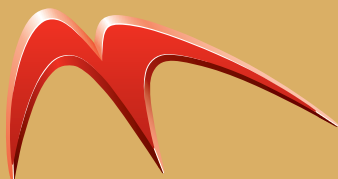


MORITA REPORT 2013

To Shareholders and Investors

Business Report for the 80<sup>th</sup> Term

From April 1, 2012 to March 31, 2013



**MORITA GROUP**

Protecting Human Life and Mother Earth



**MORITA**

Securities Identification Code: 6455

## Morita Topics

### ■ Osaka Head Office moved to Chuo Ward

We successfully relocated our Osaka Head Office in May 2013 to Dosho-machi, Chuo-ku, Osaka.

We had deep roots in the Ikuno Ward where our previous headquarters was established in 1944, and our previous location had also served as a manufacturing hub for mainly producing fire fighting vehicles. We relocated all of our production facilities to Sanda City, Hyogo prefecture in 2008, however, since the buildings had become old after nearly 70 years and since we needed to improve productivity. After relocating our production facilities, we also decided to move our Osaka Head Office.

Our new headquarters is near Osaka's business center of Midosuji, strategically located so that we can coordinate better with Sanda factory (which is our production facilities) and our Tokyo Head Office (which serves as our sales headquarters). We intend to leverage our new Osaka Head Office location to realize further strides in earnings growth.

Taking advantage of our new beginning, we as a company look to further dedicate ourselves to enhancing shareholder value and grow each of our businesses. We therefore ask for your continued support and guidance in these efforts.



## ■ Developed fire-extinguishing foam agent which also works with seawater

Morita this year developed Miracle Foam  $\alpha+$  (PLUS), a new foam agent that can be loaded onto our Miracle CAFS Car. Developed in 2007, our CAFS (Compressed Air Foam System) vehicle remains an innovative fire-fighting system in which a 1% concentration consisting of a special foaming agent and water is mixed with compressed air. This expands the water's surface area to create foam and extinguish fires efficiently. To date, we have sold about 700 Miracle CAFS Car to municipal governments.

The new foam agent's biggest characteristic is that it can be used with both fresh water and seawater.

Miracle Foam  $\alpha+$  (PLUS) was developed in response to feedback from firefighters who worked during the



unprecedented Great East Japan Earthquake. Firefighters battling fires in the earthquake's aftermath used seawater when operating their Miracle CAFS Cars since obtaining fresh water from fire hydrants and rivers was difficult. Unfortunately, however, they found that our previous foam agent did not produce enough foam when used with seawater. We thus worked to develop a foam agent that can create ample foam when also mixed with seawater. By adjusting the ratio of surfactants derived from natural ingredients and by engaging in proprietary pretreatment processes, we successfully created a fire-extinguishing foam agent which—whether mixed with fresh water or seawater—creates ample foam to fight Class A fires.

The new Miracle Foam  $\alpha+$  (PLUS) uses the same water-mix concentration of 1%, can travel the same distance from the hose as water and has exceptional capability in cooling burning items and preventing them from reigniting.



Miracle Foam  $\alpha+$  (PLUS)

Miracle Foam  $\alpha+$  (PLUS) newly comes loaded on our Miracle CAFS Car starting this year, and we have also begun selling the foam agent separately.

We see our mission as developing products which can respond to a variety of possible disasters, and intend to continue our product development efforts as Japan's top market share holder in fire fighting vehicles.

## ■ Waste to resource: introducing a sorter with multiple high-resolution sensors and a cable recycling system

Morita Environmental Tech exhibited its new “VARISORT” sorter at N-Expo 2013, which was held May 21-24, 2013 at Tokyo Big Sight. VARISORT is a sorter with multi-sensor technology and can combine up to three types of high-resolution sensors to sort waste products—thereby allowing various resources to be recovered. N-Expo in turn is one of Asia's largest exhibitions featuring environmental businesses.



The multi-sensor sorting system VARISORT

After being pulverized, most metal scrap is sorted into dust and valuable metals (e.g., iron, aluminum, copper, stainless steel, etc.). Valuable metals are then recycled while dust is disposed of as waste. Morita Environmental Tech recently entered into a technical alliance with Schönberg, Germany-based S+S Separation and Sorting Technology GmbH, and this has resulted in introducing the above sorter equipped with three different high-resolution sensors (color, near-infrared, and metal sensors).

VARISORT uses the power of each sensor to extract valuable metals from the dust, and the dust in turn can be recycled by processing it into refuse paper and plastic fuel (RPF). For consumer electronics products, we also think that recycling companies can use VARISORT to extract high-purity materials when recycling plastics.

Moreover, Morita Environmental Tech simultaneously exhibited a cable recycling systems at N-Expo, and this recycling machine has attracted attention as an efficient machine to extract copper from the various cables used in automobiles, consumer electronics products, electrical cords, and telecommunications cables. The company plans to continue its R&D as well as its solutions approach to marketing as it contributes to Japan's ongoing recycling efforts.



**Cable recycling systems**

## ■ Miyata Cycle introduced “SYUNSOKU”—a new kids’ bicycle

In June, Miyata Cycle introduced “SYUNSOKU,” to support children’s outdoor lifestyle. ITOCHU Corporation is the master licensee of the bicycle.

Having a diamond-shaped frame made of oval pipes, the model features both good design and sturdiness. By applying thicker tire suitable for bumpy roads, SYUNSOKU is a perfect mountain bike for active children. The pedals are larger and wider featuring more contact area with the shoes, slip-resistant peddles for easy peddling. Furthermore, a child can use adjusters to change the brake lever grip as he/she grows bigger. For children just learning to ride a bike, SYUNSOKU (which means “speedster” in Japanese) has a support grip at the rear of the saddle so that parents can help them. The bicycle comes with the option of a single or double stand.



**SYUNSOKU: kids 14**  
Size: 14 inches  
Color: blue/black



**SYUNSOKU: kids 16**  
Size: 16 inches  
Color: red/black

**Cover page**

A drawing by Satoya Ichikawa, a third-grade student (at the time of submission) from Okazaki, Aichi, who won the top prize in the 8th Future Fire Truck Idea Contest for elementary school students throughout Japan.

## Message from top management

We deeply appreciate your constant support and patronage, and are happy to report on our operations in releasing our 80th term earnings.

### Business overview

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During the consolidated accounting year spanning April 1, 2012-March 31, 2013, Japan's economy underwent many changes. Demand related to earthquake recovery shifted into full swing and the ruling political party changed hands—thereby resulting in a weaker yen and higher share prices on expectations of stimulus measures. As a result, signs of a gradual (albeit slow) recovery started to emerge. Still, uncertainties remain since European debt problems are dragging on and since the Chinese economy is slowing.

In this environment, our group engaged in aggressive sales operations while working to reduce our cost of goods and develop new products.

With the Fire Fighting Vehicles Business contributing especially strongly, consolidated sales grew ¥3,446 million year on year to ¥67,140 million (+5.4%). Operating profits increased ¥1,192 million to ¥6,266 million (+23.5%) and ordinary profits rose ¥1,173 million to ¥6,429 million (+22.3%). Although we recorded headquarters relocation expenses of ¥1,330 million and impairment losses of ¥276 million under extraordinary losses, net profits still grew ¥64 million to ¥2,867 million (+2.3%). Sales, operating profits, ordinary profits, and net profits thus hit record levels for the second consecutive term.

## Business Condition by Segment

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### ■ Fire Fighting Vehicles Business

In the Fire Fighting Vehicles Business, we looked to boost market share by increasing sales of high-end products. Sales thus expanded ¥2,042 million year on year to ¥33,460 million (+6.5%), while segment profits rose ¥675 million to ¥3,941 million (+20.7%).

### ■ Fire Protection Equipments & Systems Business

The Fire Protection Equipments & Systems Business selectively accepted sprinkler facility installation orders and demand expanded for fire extinguishers due to regulatory changes. Sales thus grew ¥134 million to ¥16,477 million (+0.8%) and segment profits expanded ¥297 million to ¥1,456 million (+25.6%).

### ■ Recycling Machines Business

Sales at the Recycling Machines Business rose ¥1,070 million to ¥5,402 million (+24.7%) due in part to the delivery of a large scrap shears machine for rolling stock. Segment profits expanded ¥50 million to ¥186 million (+37.2%).

### ■ Environmental Conservation Vehicles Business

At the Environmental Conservation Vehicles Business, sales increased ¥732 million to ¥9,005 million (+8.9%) due to diligent sales and marketing efforts. Segment profits grew ¥305 million to ¥605 million (+101.6%).



## ■ Bicycles Business

Sales at the Bicycles Business fell ¥533 million to ¥2,794 million (-16.0%) as the market experienced a backlash following robust earthquake-driven demand during the prior year. Segment profits thus declined ¥171 million to ¥36 million (-82.3%).

## Future Outlook

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The business environment is likely to become increasingly difficult, changing rapidly. While keeping up with the changes, we at the Morita Group are looking to return to the basics as a manufacturer, namely improving technology, winning customer satisfaction, and creating strong brands that our clients would want. In our view, specific challenges include the following:

- (1) Strengthening earnings at our existing businesses
- (2) Expanding our earnings overseas
- (3) Increasing market share by introducing high-end products, and
- (4) Training and educating our employees.

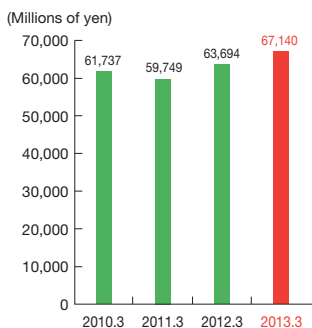
We look to increase our corporate value by increasing our ability to make faster business decisions and boosting earnings, and ask our shareholders for their further support and continued guidance as we strive to meet our business objectives.

June 2013

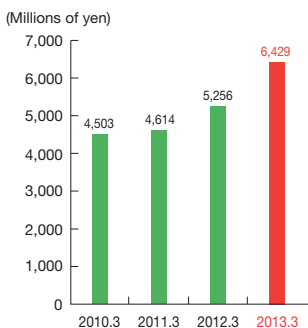
Masahiro Nakajima  
President

# Financial Highlights (Consolidated)

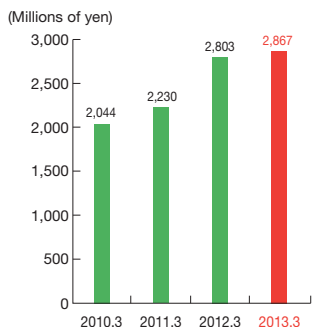
## Net Sales



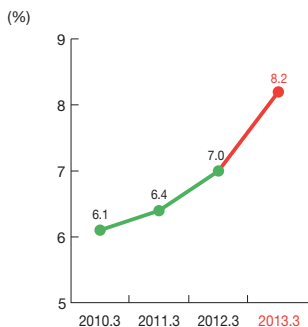
## Ordinary Profit



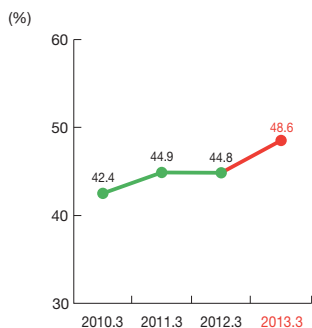
## Net Income



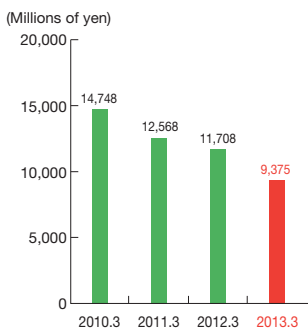
## Return on Assets



## Shareholders' Equity Ratio



## Interest-Bearing Liabilities



# Consolidated Summary

## Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries  
As of March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Assets</b>		
Current assets	¥ 40,948	¥ 40,404
Property, plant and equipment	29,148	28,538
Intangible assets	1,613	1,206
Investments and other assets	6,341	7,984
<b>Total assets</b>	<b>¥ 78,051</b>	<b>¥ 78,133</b>
<b>Liabilities</b>		
Current liabilities	¥ 27,263	¥ 26,908
Long-term liabilities	14,571	12,027
Total liabilities	41,834	38,935
<b>Net assets</b>		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	3,742	3,742
Retained earnings	28,859	31,557
Treasury stock, at cost	(1,040)	(1,056)
Total shareholders' equity	36,307	38,989
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	67	961
Deferred gains on hedges	0	9
Unrealized gains (losses) on revaluation of land	(1,066)	(1,774)
Foreign currency translation adjustments	(351)	(198)
Total accumulated other comprehensive income	(1,350)	(1,001)
Minority interests in consolidated subsidiaries	1,258	1,209
Total net assets	36,216	39,197
<b>Total liabilities and net assets</b>	<b>¥ 78,051</b>	<b>¥ 78,133</b>

(Note) Figures less than 1 million yen are rounded down to the nearest 1 million yen.

## ● Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries  
For the Years Ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Net sales</b>	¥ 63,694	¥ 67,140
<b>Cost of sales</b>	47,911	49,837
Gross profit	15,783	17,303
<b>Selling, general and administrative expenses</b>	10,709	11,037
Operating income	5,073	6,266
<b>Other income</b>	561	624
<b>Other expenses</b>	1,020	2,081
<b>Income before income taxes</b>	4,614	4,808
<b>Income taxes</b>		
Current	2,222	2,342
Deferred	(480)	(321)
	1,741	2,020
Minority interests in earnings (losses) of consolidated subsidiaries	69	(79)
<b>Net income</b>	¥ 2,803	¥ 2,867
	Yen	
	2012	2013

### Per share of common stock

Basic net income	¥ 62.85	¥ 64.31
Diluted net income	—	—
Cash dividends applicable to the year	16.00	16.00

(Note) Figures less than 1 million yen are rounded down to the nearest 1 million yen.

## ● Consolidated Statements of Cash Flows

Morita Corporation and Consolidated Subsidiaries  
For the Years Ended March 31, 2012 and 2013

	Millions of yen	
	2012	2013
<b>Cash flows from operating activities</b>	¥ 5,510	¥ 5,240
<b>Cash flows from investing activities</b>	(1,898)	(1,813)
<b>Cash flows from financing activities</b>	(1,314)	(3,410)
Effect of exchange rate change on cash and cash equivalents	(5)	64
Net increase (decrease) in cash and cash equivalents	2,293	81
Cash and cash equivalents at beginning of year	6,373	8,667
<b>Cash and cash equivalents at end of year</b>	¥ 8,667	¥ 8,748

(Note) Figures less than 1 million yen are rounded down to the nearest 1 million yen.

## ● Consolidated Statement of Changes in Net Assets (in Millions of yen)

Morita Holdings Corporation and Consolidated Subsidiaries  
For the Year Ended March 31, 2013

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of year	4,746	3,742	28,859	(1,040)	36,307
<b>Amount of change</b>					
Cash dividends			(847)		(847)
Net income			2,867		2,867
Acquisition of treasury stock				(17)	(17)
Disposal of treasury stock		0		0	0
Reversal of reserve for land revaluation			677		677
Net changes other than shareholders' equity					
<b>Total changes</b>	—	0	2,697	(16)	2,681
<b>Balance at end of year</b>	<b>4,746</b>	<b>3,742</b>	<b>31,557</b>	<b>(1,056)</b>	<b>38,989</b>

	Accumulated other comprehensive income				Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains on hedges	Unrealized gains (losses) on revaluation of land	Foreign currency translation adjustments		
Balance at beginning of year	67	0	(1,066)	(351)	1,258	36,216
<b>Amount of change</b>						
Cash dividends						(847)
Net income						2,867
Acquisition of treasury stock						(17)
Disposal of treasury stock						0
Reversal of reserve for land revaluation						677
Net changes other than shareholders' equity	894	8	(707)	152	(48)	299
<b>Total changes</b>	<b>894</b>	<b>8</b>	<b>(707)</b>	<b>152</b>	<b>(48)</b>	<b>2,981</b>
<b>Balance at end of year</b>	<b>961</b>	<b>9</b>	<b>(1,774)</b>	<b>(198)</b>	<b>1,209</b>	<b>39,197</b>

(Note) Figures less than 1 million yen are rounded down to the nearest 1 million yen.

# Company Profile

## Overview

Company Name	MORITA HOLDINGS CORPORATION
Inauguration of Business	April 23, 1907
Establishment	July 23, 1932
Capital	¥4,746mil
Osaka Head Office	3-6-1 Dosho-machi, Chuo-ku, Osaka-shi, Osaka
Tokyo Head Office	3-25-31 Nishishinbashi, Minato-ku, Tokyo
Type of Business	Control/management of business activities of group companies, and being entrusted with indirect management operations

## Group Companies

<b>MORITA CORPORATION</b>	1-5 Techno Park, Sanda-shi, Hyogo, 669-1339, Japan Development, manufacturing and sales of ladder trucks, fire trucks and other types of fire trucks and specialty vehicles
<b>MORITA BOHSAI TECH CORPORATION</b>	Shiba 256 Square Building 8F, 2-5-6 Shiba, Minato-ku, Tokyo, 105-0014, Japan Sales of fire protection equipment mainly fire extinguishers. Design, construction and maintenance of fire protection facilities
<b>MORITA ENVIRONMENTAL TECH CORPORATION</b>	1530 Konoda-cho, Funabashi-shi, Chiba, 274-0081, Japan Design of waste recycling facilities and other waste disposal facilities. Development, manufacturing and sales of large hydraulic equipment
<b>MORITA ECONOS CORPORATION</b>	1-48 Jinmu-cho, Yao-shi, Osaka, 581-0067, Japan Development, manufacturing and sales of environmental conservation vehicles such as sanitation vehicles and garbage trucks
<b>MORITA TECHNOS CORPORATION</b>	5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-0003, Japan Aftercare service and maintenance of fire trucks and of equipment and materials for lifesaving. Development, manufacturing and sales of electronic applied machinery and information processing machinery
<b>MIYATA INDUSTRY CO., LTD</b>	1-1-1 Shimomachiya, Chigasaki-shi, Kanagawa, 253-8588, Japan Development, manufacturing and sales of fire extinguishing-related equipment, mainly of fire extinguishers, firefighting equipment and other fire protection equipment
<b>MIYATA CYCLE CO. LTD.</b>	3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan Development, manufacturing and sales of bicycles

<b>MORITA SOGO SERVICE CORPORATION</b>	5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Japan
<b>ALUVO CORPORATION</b>	1479-1 Kamikanzo, Iwata-shi, Shizuoka, 438-0115, Japan
<b>MORITA U.G. CORPORATION</b>	Shiba 256 Square Building 8F, 2-5-6 Shiba, Minato-ku, Tokyo, 105-0014, Japan
<b>MORITA ENGINEERING CORPORATION</b>	1-48 Jinmu-cho, Yao-shi, Osaka 581-0067, Japan
<b>HOKKAIDO MORITA CORPORATION</b>	13-2-17 Naebo-cho, Higashi-ku, Sapporo-shi, Hokkaido, 065-0043, Japan
<b>KAGOSHIMA MORITA PUMP CORPORATION</b>	12-32, Matsubara-cho, Kagoshima-shi, Kagoshima, 892-0833, Japan
<b>MORITA TOYO CORPORATION</b>	1700-2 Konjinzuka, Sanagu-cho, Iga-shi, Mie, 518-0001, Japan
<b>SHANGHAI JINDUN SPECIAL VEHICLE EQUIPMENT CO., LTD.</b>	No.1515, Lizheng Road, Shuyuan Town, Pudong New Area, Shanghai, China, 201304
<b>NANJING CHENGUANG MORITA ENVIRONMENT PROTECTION SCIENCE &amp; TECHNOLOGY CO., LTD</b>	No.188 Tianyuanzhong Road, Jiangning Economic & Technical Development Zone, Nanjing, China, 211100
<b>SICHUAN MORITA FIRE SAFETY APPLIANCES LIMITED COMPANY</b>	No.8, Xinhua Avenue, Chengdu Cross-Straits Technological Industry Park, Wenjiang District, China, 611130
<b>MORITA HOLDRICH (HONG KONG) COMPANY LIMITED</b>	16/F., The Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong

## Executives

President	<b>Masahiro Nakajima</b>
Director	<b>Yukihiro Maehata</b>
Director	<b>Kenichi Kitamura</b>
Director	<b>Kazuhiro Tsuchiya</b>
Director	<b>Kazumi Kawaguchi</b>
Full-Time Corporate Auditor	<b>Eiji Asada</b>
Full-Time Corporate Auditor	<b>Atsushi Sasaki</b>
Full-Time Corporate Auditor	<b>Hisao Hayakawa</b>
Auditor	<b>Kazuyoshi Matsumura</b>
Corporate Executive Officer	<b>Hiroko Urano</b>
Corporate Executive Officer	<b>Naohisa Sakamoto</b>
Corporate Executive Officer	<b>Shinichi Kanaoka</b>
Corporate Executive Officer	<b>Shinya Murai</b>

# Shareholder's Memo

## Information about the Stock

**Business Year** April 1<sup>st</sup> to March 31<sup>st</sup>

**Annual General Meeting of Shareholders** June

**Reference Dates** Annual General Meeting of Shareholders - March 31<sup>st</sup>  
Year-end Dividend - March 31<sup>st</sup>  
Interim Dividend - September 30<sup>th</sup>  
Other dates published in advance as necessary

**Method of Public Notice** Posted on company website  
<http://www.morita119.com/kohkoku/index.html>

**Administrator of the Shareholders List** Sumitomo Mitsui Trust Bank, Limited  
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

**Place of Clerical Office for the above** Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited  
4-5-33, Kitahama, Chuo-ku, Osaka-shi

**(Postal Address)** Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited  
2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063

**(Telephone Inquiries)** +81-120-782-031

**(Internet Website URL)**  
<http://www.smtb.jp/personal/agency/index.html>

**Stock Listing** Tokyo Stock Exchange, Osaka Securities Exchange

### [Special Account]

For shareholders who did not use JASDEC (Japan Securities Depository Center, Inc.) before the share certificates were computerized, an account (a special account) has been opened with Sumitomo Mitsui Trust Bank, Limited, the shareholder registration administrator. For details regarding the special account, notification of address change, and so on, please inquire using the contact information listed above.

### [Notification of Address Change and Inquiries]

For shareholders who have an account at a securities firm, please contact the firm where your account was established for notification of address change and so on. For shareholders who do not have an account at a securities firm, please inquire using the contact information listed above.

Protecting Human Life  
and Mother Earth

**MORITA**  
MORITA HOLDINGS CORPORATION

Osaka Head Office 3-6-1 Doshomachi, Chuo-ku,  
Osaka-shi, Osaka, 541-0045,  
Tel. +81-6-6208-1907

Tokyo Head Office 3-25-31 Nishishinbashi,  
Minato-ku, Tokyo, 105-0003,  
Tel. +81-3-5777-5777

<http://www.morita119.com>

