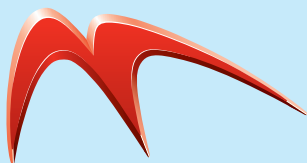


MORITA REPORT 2014

To Shareholders and Investors

Business Report for the 81st Term

From April 1, 2013 to March 31, 2014



MORITA GROUP

Protecting Human Life and Mother Earth



MORITA

Securities Identification Code: 6455

Morita Topics

■ Birth of a new star, “MORITA MIYATA CORPORATION” Taking the Fire Protection Equipments & Systems Business to a new era

Morita Bohsai Tech Corporation and Miyata Industry Co., Ltd. will join forces in operation from July 1 this year to form “Morita Miyata Corporation” to cover the manufacture, sale and installation of fire extinguishers and fire fighting equipment as part of Morita’s Fire Protection Equipments & Systems Business. Miyata Industry became a consolidated subsidiary in November 2008, and the Morita Group had been involved in the fire protection business with two brands, however efforts to reduce redundant operations and improve business efficiency across the entire group have been hastened. There was also the need to bring about greater effects of group collaboration, as well as drastically increase competitive capabilities within rapidly changing markets into the future.

The Altesimo range of accumulator dry chemical fire extinguishers that use aluminum containers for a light-weight and better safety are now available in a commercial lineup to help improve sales. Improvements have also been made to the SPRINEX

新ラインナップ追加! 2014年1月より販売開始

アルミ製蓄圧式粉末消火器

ALTESIMO
アルテシモ

ME4AL (住宅用) ME5AL (住宅用) **NEW** ME4AG (業務用) **NEW** ME6AG (業務用) ME10AL (業務用) **NEW** ME10AD (業務用)

新しい時代のアルミ製蓄圧式粉末消火器
“アルテシモ”5つのキーワード

安全性 信頼性 環境性 軽さ 美しさ

適応火災: 普通火災, 油火災, 電気火災

【ALTESIMO アルテシモ】とは新素材の「アルミ」と音楽の強弱記号で、「最も強く」という意味での「フォルテシモ」を掛け合わせた造語です。

**補助金
対象製品**

スプリンクラー設備と同等以上の性能をもつ消火設備 ※当社比

パッケージ型自動消火設備

スプリネックス
SPRINEX

series of packaged automatic fire extinguishing equipment designed for fire protection in nursing homes and medical clinics where there has been spate of accidents caused by fire in recent years. These all form part of development, manufacturing and sales of products that play key roles in the industry as the leading manufacturer of fire protection equipment.

Morita also entered into a business tie-up with AIR WATER INC. in February this year. Efforts are being made to increase the available product lineup and number of distribution outlets, including high value-added products from both company groups sold through each other's sales channels. Building a collaborative framework that allows joint development with effective utilization of each company's management resources, as well as supplementing joint purchasing and other areas will lead to further development and growth of the fire protection equipment business of both companies.

■ Construction of new Morita Technos Factory in Hokusetsu Sanda Techno Park

Morita constructed a new factory in Hokusetsu Sanda Techno Park located in Sanda City, Hyogo Prefecture, with group company Morita Technos beginning operations there from May this year. With a total floor area of 12,408 m², the new factory is capable of all operations related to fire engines, from receiving inspections to removal of equipment and devices,



disassembly and cleaning, repair and replacement of degraded or worn components, painting and completion inspections. The factory

is equipped to ensure safety and security into the future, as it is able to restore the function and performance of fire engines in service around the country. Sufficient work space within the building means ladder trucks are able to extend their ladders even during poor weather outside, and is evidence of the company's swift response and highest level of technology employed at the factory.

The company's control equipment division that was located in Yao City in Osaka Prefecture has also been relocated to the new factory. Technology ensuring optimum operability and safety that was acquired through Morita's fire truck control equipment has been modified for use in general industry as part of efforts to uncover new markets.



■ Bringing safer and easier-to-use designs to life

Morita Econos Corporation, which covers environmental conservation vehicles, has developed three new models and already started marketing them: Pack Master, a rotary extrusion garbage collector; Powerful Master, a high-performance suction truck; and Hi-Pre Cleaner, a high-pressure cleaning vehicle.

Since being established in 1948, Morita Econos Corporation has been involved in the development, manufacture and sales of various types of products such as sanitation vehicles, garbage collection vehicles, high-pressure cleaning vehicles, high-

performance suction trucks, sewage water recycling trucks, mud suction trucks and home-visit bathing service cars, and provided aftersales service for these products. These vehicles have been active at sites around the entire country where they are essential for day-to-day living. The underlying theme of recent development is the desire for safer and easier-to-use designs raised by customer using the vehicles on site.

The body capacity of the Pack Master rotary extrusion garbage collector is the largest in its class at 5.2 m³, yet is designed with one of the lowest profiles in its class at just 2,200 mm high.

The Powerful Master high-performance suction truck is designed to draw up and transport mud from sewers or street gutters, as well as sand from construction sites. With a body designed for driving with ease down narrow streets, and a large 3.0 m³ capacity tank, it is easy to use. Controls are also located in a single area to improve work efficiency and safety.

The Hi-Pre Cleaner high-pressure cleaning vehicle is designed for cleaning out sewer pipes that are suffering from a drop in drainage flow, or cleaning the inside of residential drainage pipes, and has a large 2.9 m³ capacity tank with a rotating hose reel that can swivel about 180°. The hose position can be adjusted to suit almost any situation, allowing hoses to be extended between the vehicle and work site over the shortest distance possible.

Morita ran a booth at “N-EXPO 2014 (New Environment Exposition 2014)”



Pack Master rotary extrusion garbage collector



Powerful Master high-performance suction truck

that was held at Tokyo Big Sight in May, and the outdoor exhibits of these vehicles drew much acclaim from industry experts.



Hi-Pre Cleaner high-pressure cleaning vehicle

■ Taking a fire-fighting role” Commissioner of the Fire and Disaster Management Agency Award

Releasing the coupling joints between hoses while fighting a fire can cause the hoses to swing around wildly and threaten the safety of the fire fighters. Mobility has been improved with increases in fire protection technology in recent years, however the issue of damage to hoses and coupling joints coming loose remains. To combat this, Morita has developed a new release mechanism, as the safety of the fire crew is paramount. The new mechanism can be used with existing coupling joints meaning there is no need for any new equipment, a feature that will certainly increase its uptake. This development earned Morita the 2013 Commissioner of the Fire and Disaster Management Agency Award “Excellence Award.” As one of the leading companies in the fire protection industry, Morita will continue to contribute to increased fire-fighting capabilities from a range of different perspectives.



Message from Top Management

We would first like to extend our deep appreciation for your continued support for the Morita Group. We are happy to report on our operations through the release of our 81st earnings report.

Business Overview

During the consolidated fiscal year under review, the Japanese economy showed signs of moderate recovery, in which there was an improvement in corporate earnings and personal consumption due to a weak yen and high stock prices as a result of the government's and the BOJ's monetary and fiscal policies. Still, however, uncertainties remained due to concerns about the future of the economy including the impacts of the slowdown in emerging countries' economies, an increase in raw material prices and the consumption tax increase.

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

Due to steady performance in most of the segments, including the Fire Fighting Vehicles Business, the Group's net sales, operating income, ordinary profit, and net income for the consolidated fiscal year under review marked a record high for the third consecutive fiscal year as follows: net sales increased ¥4,525 million, on a year-over-year basis, respectively, to ¥71,666 million (+6.7%); operating income increased ¥427 million to ¥6,694 million (+6.8%); ordinary profit increased ¥553 million to ¥6,983 million (+8.6%); and net income increased ¥659 million to ¥3,527 million (+23.0%) due to an increase in ordinary profit, despite a subsidiary's moving expenses (¥1,110 million) being posted as an extraordinary loss.

Business Condition by Segment

■ Fire Fighting Vehicles Business

Net sales in the Fire Fighting Vehicles Business increased ¥2,446 million year on year to ¥35,906 million (+7.3%) due to the expansion of market share through our success in dealing with demand. Segment profit increased ¥450 million year on year to ¥4,391 million (+11.4%).

■ Fire Protection Equipments & Systems Business

Net sales in the Fire Protection Equipments & Systems Business increased ¥967 million year on year to ¥17,445 million (+5.9%) due to the expansion of sales of fire extinguishers resulting from the advance in demand under the revision of laws and ordinances, as well as the steady sales performance of packaged automatic fire extinguishing equipment. However, segment profit decreased ¥25 million year on year to ¥1,431 million (-1.8%).

■ Recycling Machines Business

Net sales in the Recycling Machines Business increased ¥588 million year on year to ¥5,991 million (+10.9%) due to the steady flow of orders and sales of products. Segment profit increased ¥119 million year on year to ¥306 million (+63.8%).

■ Environmental Conservation Vehicles Business

Net sales in the Environmental Conservation Vehicles Business increased ¥721 million year on year to ¥9,726 million (+8.0%) due to the steady flow of orders and sales of leading products including sanitary vehicles and garbage collectors. Segment profit increased ¥80 million year on year to ¥685 million (+13.3%).

■ Bicycles Business

Net sales in the Bicycle Business decreased ¥197 million year on year to ¥2,596 million (-7.1%) due to the downturn in the light roadster market despite growing sales of sports bicycles. Segment loss was ¥128 million (a profit of ¥36 million was marked in the previous consolidated fiscal year).

Future Outlook

The Morita Group will strive to maximize company value by boosting business competitiveness through optimal allocation of management resources.

The following are business challenges and policies we need to address:

(1) Flexible response to market changes

We will strive to plan competitive strategies by accurately understanding customer needs in order to quickly and flexibly respond to the market situation, which is undergoing rapid change.

We recognize that our most important challenge is to create new growth areas by developing products with a competitive advantage, which are unrivalled by any other companies, as well as by developing and creating accompanying business while ensuring company earnings continuously grow.

(2) Promotion of structural reform

We will promote the following: reorganization of overlapping businesses; close examination of underperforming businesses; and productivity improvement and personnel optimization including back-office sections.

(3) Investment for sustainable growth

We will make timely decisions on capital investment, business collaboration and M&A through appropriate allocation of the Group's management resources, and, in addition, will put our efforts into acquiring and developing human resources who will lead the next generation.

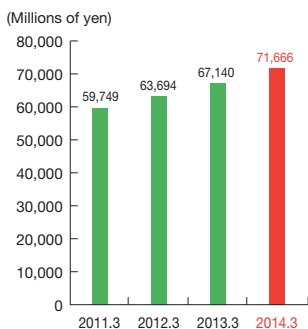
In conclusion, we would like to take this opportunity to ask our shareholders for continued support and encouragement.

June 2014

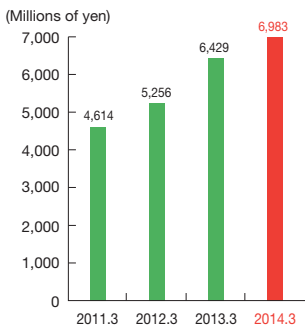
Masahiro Nakajima
President

Financial Highlights (Consolidated)

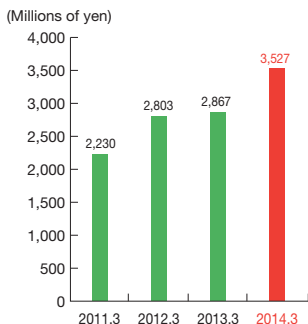
Net Sales



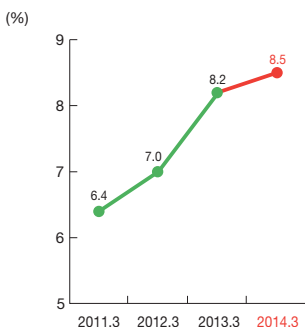
Ordinary Profit



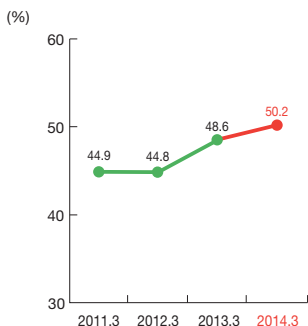
Net Income



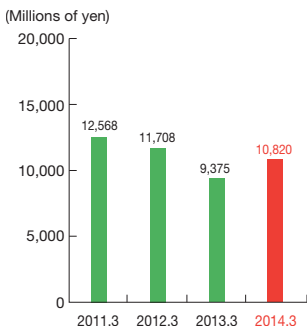
Return on Assets



Shareholders' Equity Ratio



Interest-Bearing Liabilities



Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries
As of March 31, 2013 and 2014

	Millions of yen	
	2013	2014
Assets		
Current assets	¥ 40,404	¥ 42,081
Property, plant and equipment	28,538	30,402
Intangible assets	1,206	1,571
Investments and other assets	7,984	11,499
Total assets	¥ 78,133	¥ 85,553
Liabilities		
Current liabilities	¥ 26,908	¥ 28,059
Long-term liabilities	12,027	13,382
Total liabilities	38,935	41,441
Net assets		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	3,742	4,331
Retained earnings	31,557	34,387
Treasury stock, at cost	(1,056)	(235)
Total shareholders' equity	38,989	43,229
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	961	1,816
Deferred gains on hedges	9	4
Unrealized gains (losses) on revaluation of land	(1,774)	(1,804)
Foreign currency translation adjustments	(198)	287
Remeasurements of defined benefit plans	—	(557)
Total accumulated other comprehensive income	(1,001)	(254)
Minority interests in consolidated subsidiaries	1,209	1,135
Total net assets	39,197	44,111
Total liabilities and net assets	¥ 78,133	¥ 85,553

(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, 2013 and 2014

	Millions of yen	
	2013	2014
Net sales	¥ 67,140	¥ 71,666
Cost of sales	49,837	53,368
Gross profit	17,303	18,297
Selling, general and administrative expenses	11,037	11,603
Operating income	6,266	6,694
Other income	624	716
Other expenses	2,081	1,683
Income before income taxes	4,808	5,726
Income taxes		
Current	2,342	2,781
Deferred	(321)	(463)
	2,020	2,318
Minority interests in losses of consolidated subsidiaries	(79)	(119)
Net income	¥ 2,867	¥ 3,527
	Yen	
	2013	2014

Per share of common stock

Basic net income	¥ 64.31	¥ 78.91
Diluted net income	—	—
Cash dividends applicable to the year	16.00	18.00

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

● Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2014

	Millions of yen	
	2013	2014
Cash flows from operating activities	¥ 5,240	¥ 4,310
Cash flows from investing activities	(1,813)	(5,565)
Cash flows from financing activities	(3,410)	1,939
Effect of exchange rate change on cash and cash equivalents	64	90
Net increase (decrease) in cash and cash equivalents	81	776
Cash and cash equivalents at beginning of year	8,667	8,748
Cash and cash equivalents at end of year	¥ 8,748	¥ 9,525

(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, 2014

	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	31,557	(1,056)	38,989
Amount of change					
Cash dividends			(757)		(757)
Net income			3,527		3,527
Acquisition of treasury stock				(16)	(16)
Disposal of treasury stock		588		838	1,426
Reversal of reserve for land revaluation			60		60
Net changes other than shareholders' equity					
Total changes	—	588	2,830	821	4,240
Balance at end of year	4,746	4,331	34,387	(235)	43,229

	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	Remeasurements of defined benefit plans		
Balance at beginning of year	961	9	(1,774)	(198)	—	1,209	39,197
Amount of change							
Cash dividends							(757)
Net income							3,527
Acquisition of treasury stock							(16)
Disposal of treasury stock							1,426
Reversal of reserve for land revaluation							60
Net changes other than shareholders' equity	854	(4)	(30)	486	(557)	(74)	673
Total changes	854	(4)	(30)	486	(557)	(74)	4,913
Balance at end of year	1,816	4	(1,804)	287	(557)	1,135	44,111

(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

MORITA CORPORATION	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
MORITA MIYATA CORPORATION	1-1-1 Shimomachiya, Chigasaki-shi, Kanagawa, 253-8588, Japan Development, manufacturing and sales of fire extinguishing-related equipment, mainly of fire extinguishers, fire fighting equipment and other fire protection equipment * MORITA BOHSAI TECH CORPORATION and MIYATA INDUSTRY CO., LTD. have merged as of July 1, 2014.
MORITA ENVIRONMENTAL TECH CORPORATION	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
MORITA ECONOS CORPORATION	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
MORITA TECHNOS CORPORATION	32 Techno Park, Sanda-shi, Hyogo, 669-1339, 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

ALUVO CORPORATION	1479-1 Kamikanzo, Iwata-shi, Shizuoka, 438-0115, Japan
KANSAI BODY WORKS CORPORATION	2-3 Techno Park, Sanda-shi, Hyogo, 669-1339, Japan
MORITA U.G. CORPORATION	Shiba 256 Square Building 8F, 2-5-6 Shiba, Minato-ku, Tokyo, 105-0014, Japan
MORITA ENGINEERING CORPORATION	1-48 Jinmu-cho, Yao-shi, Osaka 581-0067, Japan
HOKKAIDO MORITA CORPORATION	13-2-17 Naebo-cho, Higashi-ku, Sapporo-shi, Hokkaido, 065-0043, Japan
KAGOSHIMA MORITA PUMP CORPORATION	12-32, Matsubara-cho, Kagoshima-shi, Kagoshima, 892-0833, Japan
MORITA TOYO CORPORATION	1700-2 Konjinzuka, Sanagu-cho, Iga-shi, Mie, 518-0001, Japan
MIYATA CYCLE CO. LTD.	3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan Development, manufacturing and sales of bicycles
SHANGHAI JINDUN SPECIAL VEHICLE EQUIPMENT CO., LTD.	No.1515, Lizheng Road, Shuyuan Town, Pudong New Area, Shanghai, China, 201304
NANJING CHENGUANG MORITA ENVIRONMENT PROTECTION SCIENCE & TECHNOLOGY CO., LTD	No.188 Tianyuanzhong Road, Jiangning Economic & Technical Development Zone, Nanjing, China, 211100
SICHUAN MORITA FIRE SAFETY APPLIANCES LIMITED COMPANY	No.8, Xinhua Avenue, Chengdu Cross-Straits Technological Industry Park, Wenjiang District, China, 611130
MORITA HOLDRICH (HONG KONG) COMPANY LIMITED	16/F., The Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong

Executives

President

Director

Director

Director

Director

Full-Time Corporate Auditor

Full-Time Corporate Auditor

Full-Time Corporate Auditor

Auditor

Corporate Executive Officer

Corporate Executive Officer

Corporate Executive Officer

Corporate Executive Officer

Masahiro Nakajima

Yukihiro Maehata

Kenichi Kitamura

Kazuhiro Tsuchiya

Kazumi Kawaguchi

Eiji Asada

Atsushi Sasaki

Yusuke Takano

Kazuyoshi Matsumura

Hiroko Urano

Naohisa Sakamoto

Shinichi Kanaoka

Shinya Murai

Shareholder's Memo

Information about the Stock

Business Year	April 1 st to March 31 st
Annual General Meeting of Shareholders	June
Reference Dates	Annual General Meeting of Shareholders - March 31 st Year-end Dividend - March 31 st Interim Dividend - September 30 th 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

[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 contact the telephone inquiry number listed above.

Protecting Human Life
and Mother Earth

MORITA
MORITA HOLDINGS CORPORATION

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