

MORITA REPORT 2012

To Shareholders and Investors

Business Report for the 79th Term

From April 1, 2011 to March 31, 2012



MORITA GROUP

Protecting Human Life and Mother Earth



MORITA

Securities identification code:6455

Morita Topics

- **Brilliant feat!! Our Wildfire Truck Concept received two international design awards, and was exhibited together with other new products of the Morita Group in Sapporo for the first time in Japan.**

The Wildfire Truck Concept is the “Concept Car” proposed by the Morita Group to the world. It is a fire fighting vehicle but also serves as “a mobile base for the transmission of information on forest fires” equipped with enhanced information and communication capability. The Wildfire Truck Concept was first presented at the world’s biggest fire show in Germany in June 2010, and subsequently on display at fire exhibitions in South Korea and Beijing. Let alone its functions, the innovative design of the truck was praised in various countries, as a result of which it won the highest possible awards: the 2011 IDEA Gold Award in the Commercial and Industrial Products category and red dot award: product design–best of the best 2011 in the category “Mobility” Both awards are referred to as the two of the world’s top three design awards. We presented the Wildfire Truck Concept for the first time in Japan at the Sapporo International Fire and Safety Exhibition in Sapporo in June 2012.



reddot design award
best of the best 2011

At the same exhibition, we also presented our major products in the Fire Protection Equipments & Systems Business, which made a great contribution to business performance of the Morita Group in fiscal 2011: package-type automatic fire extinguisher “SPRINEX” and the aluminum stored-pressure fire extinguisher “ALTESIMO.”

“SPRINEX” is a unique product of the Morita Group and has already been introduced by many customers as automatic fire extinguishing equipment

replacing sprinklers thanks to its features such as easy introduction with simple installation and maintenance work, fire extinguishing performance superior to water, freeze proofness, and use of safe fire-extinguishing chemicals. New fire extinguisher “ALTESIMO” is a safe and reassuring fire extinguisher for future generations, which was developed by gathering all manufacturing technologies for fire extinguishers at the Morita Group and launched to the market in September 2011. Having destroyed conventions of fire extinguishers with its great design appeal and visibility, use of a light-weight and easy-to-handle aluminum container, and environmental friendliness, this product grew up to a strong core product of use.



Package-type automatic fire extinguisher “SPRINEX”



New aluminum stored-pressure fire extinguisher “ALTESIMO”

■ Morita Group's Social Action Programs

Following the occurrence of the Great East Japan Earthquake, we considered what the Morita Group was able to do at the moment. Since quick restoration of fire fighting power was needed in the coastal area of the Tohoku region where many fire fighting vehicles had been swept away by the tsunami, the Morita Group joined the activities initiated by the Fire Chief's Association of Japan of donating second-hand fire fighting vehicles without any charge. We helped both in servicing vehicles and pumps and in paper work for emergency vehicle registration. In November 2011, we received a letter of thanks from the Fire and Disaster Management Agency that appreciated our activities.



In addition, our Fire Protection Equipments & Systems Business ran a campaign of raising 2 yen from the fee for collecting every old fire extinguisher. Out of the 2 yen, we donated 1 yen to “Green Fund” for supporting reconstruction in the region hit by the Great East Japan Earthquake through the National Land Afforestation Promotion Organization, a public interest incorporated association. As before, the other 1 yen was donated for tropical forest regeneration as “Eco-utan fund” to NPO Borneo Oranghutan Survival Foundation Japan.

■ Do you know “MIYATA Care”?



Miyata Cycle Co., Ltd. launched the “MIYATA Care” program as a secure after-sale service from customers’ viewpoint in June 2011, in which it has been working on activities such as “MIYATA CARE shop welcoming repair customers,” “3-year theft compensation,” and “3-year quality warranty.” In addition, by adding the “accident insurance service” program covering a just-in-case accident, and extending the warranty period from 5 to 6 years for frames and forks from purchase date. We provide customers with an after-sale service that ensures long and secure use.

Amid a growing number of people getting aware of health and environment and using bicycles for commuting, leisure, or other purposes, we will continue providing high value-added products and expanding services that meet the customers’ needs.



New product EX Cross T Green



New product Freedom Liquid Red

■ New emergency survival goods “Ai 119” was released

In the wake of the Great East Japan Earthquake, we thought over what emergency survival goods are for “protecting our precious lives by ourselves,” which gave birth to head protection cap & cushion



“Ai 119,” which can be used during evacuation and at evacuation centers. This product usually serves as a cushion, but turns into a head protection cap in an emergency. At an evacuation center, this helps protecting ourselves from cold coming from the floor, because it is used as a cushion for 2 persons when unfolded or for 1 person when folded into half. In addition, reflective cloths provided at the front and the both sides enable you to be identified even at night or in the dark. Its simple design allows the use even for sports watching and outdoor events. This is now being sold at emergency survival goods shops and through the online store for MORITA original goods “MORITA NETSHOP”.



Cover page

A drawing by Junya Wada, a third-grade student (at the time of application) in Setagaya, Tokyo, selected for the best award in the 7th Future Fire Truck Idea Contest for elementary school students throughout Japan

Message from Top Management

We would first like to extend our deep appreciation for your continued support for Morita.

We are pleased to provide you with the Business Report on the 79th term and report on the business overview.

Business Overview

In this consolidated fiscal year, the Japanese economy remained in uncertainty owing to global economic slowdown and prolonged yen appreciation, although signs of reconstruction from the Great East Japan Earthquake were beginning to be seen.

Under such situations, 2011 was the year when our ability to address restoring the fire-fighting power which was unprecedentedly damaged by the Great East Japan Earthquake and disposing of huge amount of debris generated at the affected area was tested.

Amid this, particularly as a result of a favorable sales trend in the Fire Protection Equipments & Systems Business, the sales amount of this consolidated fiscal year was 63,694 million yen, up 3,945 million yen or 6.6% from the previous term. In addition, the operating profit was also 5,073 million yen, up 734 million yen or 16.9% from the previous term because of a return to profitability of the Bicycles Business and the Recycling Machines Business, which had been in the red until the previous consolidated fiscal year as well as the strong sales in the Fire Protection Equipments & Systems Business. The ordinary profit was 5,256 million yen, up 641 million yen or 13.9%. Albeit impairment loss of 473 million yen, appraisal loss of stocks of affiliated companies of 102 million yen, and others were marked as extraordinary loss, the net income was 2,803 million yen, up 572 million yen or 25.7%. All the sales amount, operating profit, ordinary profit, and net income hit record highs.

Business Condition by Segment

■ Fire Fighting Vehicles Business

In the Fire Fighting Vehicles Business, the sales amount was 31,417 million yen, down by 170 million yen or 0.5% from the previous term owing to loss of special procurement allocated in the supplementary budget for fiscal 2009 despite the slightly increased demand as a consequence of the Great East Japan Earthquake. The segment profit decreased to 3,265 million yen by 475 million yen or 12.7% from the previous term.

■ Fire Protection Equipments & Systems Business

In the Fire Protection Equipments & Systems Business, the sales amount was 16,343 million yen, up 2,840 million or 21.0% from the previous term thanks to the increased demand in consequence of the revision of the law on fire extinguishers as well as strong sales of package-type automatic fire extinguisher “SPRINEX.” The segment profit increased to 1,159 million yen by 510 million yen or 78.5% from the previous term.

■ Recycling Machines Business

In the Recycling Machines Business, the sales amount was 4,332 million yen, up by 994 million yen or 29.8% from the previous term partly thanks to the increased demand associated with the disposal of debris related to the Great East Japan Earthquake. The profit and loss status of the segment improved by 291 million yen from the previous term to 136 million yen in profit. (In the previous consolidated fiscal year, we marked a loss of 155 million yen.)

■ Environmental Conservation Vehicles Businesses

In the Environmental Conservation Vehicles Business, the sales amount was 8,273 million yen, up by 296 million yen or 3.7% from the previous term as a result of focused efforts on part sales and maintenance. The segment profit increased to 300 million yen by 102 million yen or 52.1% from the previous term.

■ Bicycles Business

In the Bicycles Business, the sales amount was 3,327 million yen, down by 16 million yen or 0.5% from the previous term in consequence of reviewing the product range. The profit and loss status of the segment improved, by 281 million yen from the previous term, to 207 million yen as a result of focused efforts on the expansion of sales of high value-added products. (In the previous consolidated fiscal year, we marked a loss of 74 million yen.)

Issues We Need to Address

Our business environment is expected to get more challenging and change more rapidly. To deal with such a situation, we will strive to establish a strong brand with loyal clientele by revisiting our principles of “technological improvement” and “achievement of customer satisfaction.” Following are the specific issues we need to address:

- 1) Increasing the earning power of the existing businesses
- 2) Increasing the earning of the overseas business
- 3) Increase the market share through the launch of high value-added products
- 4) Human resource development

The Morita Group will strive further to improve its corporate value through speedier management and strengthened earning power.

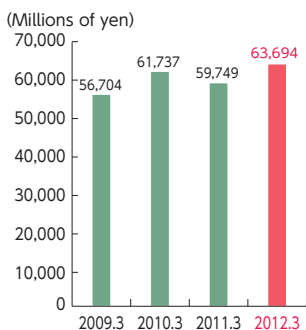
We would like to take this opportunity to ask our shareholders for their continuing support and encouragement.

June 2012

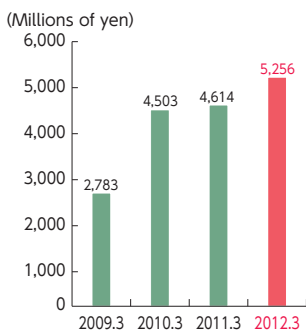
Masahiro Nakajima
President

FINANCIAL HIGHLIGHTS(Consolidated)

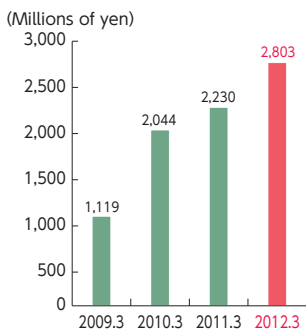
● Net Sales



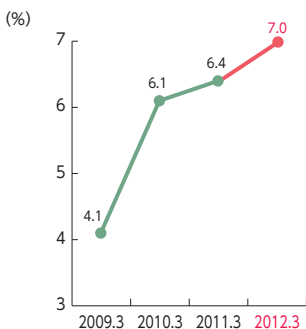
● Ordinary Profit



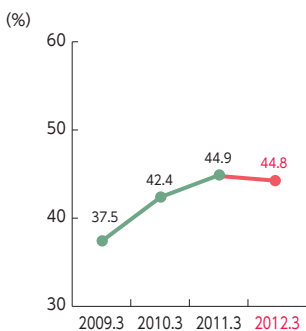
● Net Income



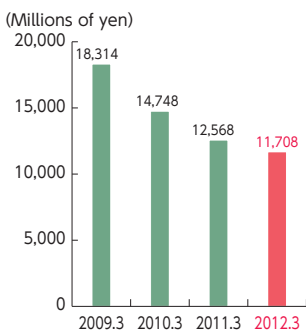
● Return on Assets (ROA)



● Shareholders' Equity Ratio



● Interest-Bearing Liabilities



Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries
As of March 31, 2011 and 2012

	Millions of yen	
	2011	2012
Assets		
Current assets	¥ 34,909	¥ 40,948
Property, plant and equipment	30,167	29,148
Intangible assets	1,046	1,613
Investments and other assets	5,640	6,341
Total assets	¥ 71,765	¥ 78,051
Liabilities		
Current liabilities	¥ 20,852	¥ 27,263
Long-term liabilities	17,483	14,571
Total liabilities	38,335	41,834
Net assets		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	3,743	3,742
Retained earnings	26,627	28,859
Treasury stock, at cost	(1,036)	(1,040)
Total shareholders' equity	34,080	36,307
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	(195)	67
Deferred gains (losses) on hedges	(100)	0
Unrealized gains (losses) on revaluation of land	(1,428)	(1,066)
Foreign currency translation adjustments	(121)	(351)
Total accumulated other comprehensive income	(1,845)	(1,350)
Minority interests in consolidated subsidiaries	1,194	1,258
Total net assets	33,429	36,216
Total liabilities and net assets	¥ 71,765	¥ 78,051

● Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2011 and 2012

	Millions of yen	
	2011	2012
Net sales	¥ 59,749	¥ 63,694
Cost of sales	45,309	47,911
Gross profit	14,439	15,783
Selling, general and administrative expenses	10,100	10,709
Operating income	4,339	5,073
Other income	1,092	561
Other expenses	1,340	1,020
Income before income taxes	4,090	4,614
Income taxes		
Current	1,829	2,222
Deferred	(13)	(480)
	1,815	1,741
Minority interests in earnings of consolidated subsidiaries	44	69
Net income	¥ 2,230	¥ 2,803
	Yen	
	2011	2012
Per share of common stock		
Basic net income	¥ 49.98	¥ 62.85
Diluted net income	—	—
Cash dividends applicable to the year	10.00	16.00

● Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2011 and 2012

	Millions of yen	
	2011	2012
Cash flows from operating activities	¥ 5,366	¥ 5,510
Cash flows from investing activities	(1,028)	(1,898)
Cash flows from financing activities	(2,940)	(1,314)
Net increase (decrease) in cash and cash equivalents	1,397	2,293
Cash and cash equivalents at beginning of year	4,976	6,373
Cash and cash equivalents at end of year	¥ 6,373	¥ 8,667

Consolidated Statement of Changes in Net Assets

(in millions of yen)

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

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of year	4,746	3,743	26,627	(1,036)	34,080
Amount of change					
Cash dividends			(446)		(446)
Net income			2,803		2,803
Acquisition of treasury stock				(5)	(5)
Disposal of treasury stock		(0)		1	1
Reversal of reserve for land revaluation			(125)		(125)
Net changes other than shareholders' equity					—
Total changes	—	(0)	2,232	(4)	2,227
Balance at end of year	4,746	3,742	28,859	(1,040)	36,307

	Accumulated other comprehensive income				Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains (losses) on hedges	Unrealized gains (losses) on revaluation of land	Foreign currency translation adjustments		
Balance at beginning of year	(195)	(100)	(1,428)	(121)	1,194	33,429
Amount of change						
Cash dividends						(446)
Net income						2,803
Acquisition of treasury stock						(5)
Disposal of treasury stock						1
Reversal of reserve for land revaluation						(125)
Net changes other than shareholders' equity	262	100	361	(229)	64	559
Total changes	262	100	361	(229)	64	2,786
Balance at end of year	67	0	(1,066)	(351)	1,258	36,216

Company Profile

Overview

Company name	MORITA HOLDINGS CORPORATION
Inauguration of business	April 23, 1907
Establishment	July 23, 1932
Capital	¥4,746mil
Osaka Head Office	5-5-20 Shoji-Higashi, Ikuno-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 undertaking of indirect management operations on a commission basis

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 fire trucks and specialty vehicles

MORITA BOHSAI TECH CORPORATION

Shiba256 Square Building 8F, 2-5-6 Shiba, Minato-ku, Tokyo, 105-0014, Japan
Sales of fire protection equipments focused on fire extinguishers. Design, construction and maintenance of fire protection facilities

MORITA ENVIRONMENTAL TECH CORPORATION

1530 Konoda-cho, Funabashi-shi, Chiba, 274-0081, Japan
Design of waste recycling facilities and other waste disposal facilities, and manufacturing and sales of large hydraulic equipment

MORITA ECONOS CORPORATION

1-48 Jinmu-cho, Yao-shi, Osaka, 581-0067, Japan
Manufacturing and sales of environment preservation vehicles such as sanitation vehicles and garbage trucks

MORITA TECHNOS CORPORATION

5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-0003, Japan
Aftercare service and maintenance of fire trucks, equipment and materials. Development, manufacturing and sales of electronic applied machinery and information processing machinery

MIYATA INDUSTRY CO.,LTD.

1-1-1 Shimomachiya, Chigasaki-shi, Kanagawa, 253-8588, Japan
Development, manufacturing and sales of fire extinguishers, fire fighting equipment, and fire protection-related equipment

MIYATA CYCLE CO.LTD.

3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan
Development and sales of bicycles

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MORITA SOGO SERVICE CORPORATION

5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Japan
.....

ALUVO CORPORATION

1479-1 Kamikanzo, Iwata-shi, Shizuoka, 438-0115, 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
.....

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 CO., LTD

No.8, Xinhua Avenue, Chengdu, Cross-Straits Technological, Industry Park, Wenjiang District, China, 611130
.....

MORITA HOLDRICH (HONG KONG) COMPANY LIMITED

Rm, 1911CC Wu Building, 302-8 Hennessy Rd., Wan Chai, Hong Kong
.....

 **Executives**

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

Shareholder's Memo

■ Introduction to the Share

Business Year	April 1 st to March 31 st
Annual General Meeting of Shareholders	June
Reference date	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
Notification Method	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 1-10 Nikko-cho, Fuchu-shi, Tokyo 183-8701
(Telephone Inquiries)	+81-120-176-417
(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 (special account) has been opened above Sumitomo Trust & banking Co., Ltd., the shareholder register administrator. For details regarding the special account, notification of address change, and so on, please inquire with the above contact.

[Notification of address change and inquiries]

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



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<http://www.morita119.com>

