



MORITA GROUP

MORITA REPORT 2014

To Shareholders and Investors

Interim Business Report for the 82nd Term

From April 1, 2014 to September 30, 2014



MORITA

Securities Identification Code: 6455

Morita Topics

■ Development of the New Fire Fighting Vehicle, “Miracle N7”

Since the Great East Japan Earthquake, we at Morita have felt that there is a need for fire fighting equipment with the capability to respond to large-scale earthquakes. At Morita, a company engaged in fire fighting vehicle manufacturing and sales, we came up with a solution to this problem by developing

the “Nitrogen Enriched Air (NEA) System.” This fire fighting equipment utilizes separation membranes to remove oxygen from air and create a gas with a higher concentration of nitrogen, which is then discharged as a fire-extinguishing agent. We have shipped the first “Miracle N7,” a fire fighting vehicle equipped with this system, to Japan Nuclear Fuel Limited.

The NEA System takes air (78% nitrogen, 21% oxygen, 1% other gases) and removes oxygen, continuously discharging the resulting gas with a higher nitrogen concentration. This maintains an environment with a low oxygen concentration at disaster sites, exhibiting effectiveness for fire extinguishing, prevention of fire spread, and prevention of fire outbreak. Additionally, by controlling the concentration of nitrogen-enriched air, the system can maintain an environment which has almost harmless on the human body in short exposure times and an oxygen concentration that makes combustion impossible (12.5%). This system can be utilized to create non-flammable spaces not just in nuclear power facilities, but also in oil storage bases and places where it is desirable to avoid water damage, such as museums, art galleries, valuable cultural properties and data centers. In the future, we plan on providing the system to a wide variety of locations.



Miracle N7

■ Receiving Good Design Awards (2014) for Our Fire Fighting Vehicle and Garbage Collector

In 2014, the “MVF Multi-Purpose Fire Fighting Vehicle with 13m Aerial Platform” and the “PackMaster 7-Series Rotary Extrusion Garbage Collector” designed by the Morita Group both received Good Design Awards, which are organized by the Japan Institute of Design Promotion.

The “MVF Multi-Purpose Fire Fighting Vehicle with 13m Aerial Platform” is a medium-sized fire truck suited for rescue activities in multi-residence buildings and crowded cities. It was praised for being the first truck of its size in Japan to be equipped with a boom with a basket and a pump with a water tank and CAFS.



MVF Multi-Purpose Fire Fighting Vehicle with 13m Aerial Platform

The truck also received praise for its design that takes into account the conditions of fires in Japanese cities and the requests of fire stations to enable maximum functionality while being as compact as possible. The design of this truck makes use of our development mentality of wanting to save as many lives as possible. Through this design, we were able to create a compact fire truck that allows for fire fighting and rescue activities that are both swift and safe.

The “Pack Master 7-Series Rotary Extrusion Garbage Collector” is a garbage collector that features a maximized carrying capacity while still remaining compact. It received praise for being a cutting-edge working vehicle at the current



Pack Master 7-Series Rotary Extrusion Garbage Collector

stage that responds to the numerous issues of worksites encountered up to this point. While raising the level of practicality and safety - two requirements of a work vehicle - to their limits, we created an exterior design of uncompromising power, cleanliness, and trustworthiness fitting of a work vehicle - something that vehicles up until now had not accomplished adequately.

In the future, we shall continue to value the principles of the Good Design Awards - which indicate the next standard - and continue our creative endeavors, progressing one step at a time surely and steadily while adding daily improvements.

■ Development of “calena,” Lumbar Support Innerwear for Women: Just wearing it reduces strain on the lumbar area

Our company has now commenced sales of “calena,” the lumbar support innerwear for women that just wearing it reduces strain on the lumbar area. This product was jointly developed through three-party cooperation with Nobutoshi Yamazaki, Professor Emertius and Doctor of Engineering at Keio University and GUNZE LIMITED.

Our company has offered “rakunie,” the lumbar support wear, since October 2012. In this product, we had created lumbar support functionality that required no power, utilizing the elastic force of the product’s materials instead. Using this concept as a base, we developed a new product that matched the needs of women wanting to perform daily work more comfortably.

Working women, including caregivers and nurses, are faced daily with numerous scenarios in which they must utilize a bending forward or in a half-bent posture. Even if one isn’t carrying a heavy load, such postures create strain on the lumbar. When one is in such strain-inducing bending forward or in a half-bent posture, “calena” uses body transitions to bring out the powerful stretching force of its elastic fabric, supporting the muscles of the lumbar. Furthermore, as women’s innerwear, this product doesn’t just offer support function, but also fits comfortably and makes the wearer’s figure look nice; it is support wear that reduces strain on your lumbar while being worn in the place of standard innerwear.



This design, too, is an endeavor based on our corporate philosophy of creating “a secure, comfortable and prosperous society”

Top Message

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

For our 82nd term midterm report, we would like to provide you with a business overview report.

Business Overview

During the first half of FY2014, Japan's economy has seen improvement in corporate performance and the employment situation due to government economic policies and the Bank of Japan's financial policies. The economy is showing signs of slow recovery, but with concerns about the effects of the increase in consumption tax and rising material prices, it still remains in a state of future uncertainty.

In such an environment, the Morita Group has endeavored to implement proactive business development and further cost reduction while also developing new products.

With regards to the first half of FY2014, performance, net sales fell by ¥572 million compared to the same period in the previous year to ¥23,400 million (-2.4%); operating income decreased by ¥21 million compared to the same period in the previous year to ¥1,006 million (-2.1%); ordinary profit increased by ¥96 million compared to the same period in the previous year to ¥1,180 million (+8.9%); and net income increased by ¥273 million compared to the same period in the previous year to ¥792 million (+52.6%).

Morita Group performance by segment is as follows. The Fire Fighting Vehicles Business showed favorable sales thanks to proactive operating activities, with net sales of ¥8,813 million (+1.9% over the same period in the previous year). Our Fire Protection Equipment & Systems Business showed steady sales of "SPRINEX," the packaged automatic fire extinguishing equipment, with net sales of ¥7,735 million (+5.7% over the same period in the previous year). The Recycling Machines Business had product, parts, and maintenance sales that progressed largely as expected, with net sales of ¥2,428 million (+8.8% over the same period in the previous year). The Environmental Conservation Vehicles Business had favorable figures for orders, but an overemphasis of product shipments in the third quarter and later led to net

sales of ¥4,423 million (-3.8% compared to the same period in the previous year). This concludes the business overview.

Future Outlook

As reported above, the Morita Group's first half of FY2014 performance progressed steadily, thanks to each business segment proceeding largely as planned. It seems likely that the Japanese economy will continue to be unpredictable, but our group will continue its proactive operating activities while also promoting cost reductions and increased productivity to secure profits.

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

November 2014

Masahiro Nakajima
President

Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2013 First half	FY2014 First half	FY2013 Full Year
Assets			
Current assets	¥ 36,349	¥ 35,359	¥ 42,081
Property, plant and equipment	29,997	30,916	30,402
Intangible assets	1,407	320	1,571
Investments and other assets	9,879	13,685	11,499
Total assets	¥ 77,632	¥ 80,281	¥ 85,553
Liabilities			
Current liabilities	¥ 25,467	¥ 24,281	¥ 28,059
Long-term liabilities	12,181	10,687	13,382
Total liabilities	37,648	34,968	41,441
Net assets			
Shareholders' equity			
Common stock	4,746	4,746	4,746
Additional paid-in capital	3,743	4,331	4,331
Retained earnings	31,719	35,048	34,387
Treasury stock, at cost	(1,063)	(242)	(235)
Total shareholders' equity	39,145	43,883	43,229
Accumulated other comprehensive income			
Unrealized gains on available-for-sale securities	1,210	2,986	1,816
Deferred gains (losses) on hedges	2	(8)	4
Unrealized gains (losses) on revaluation of land	(1,774)	(1,804)	(1,804)
Foreign currency translation adjustments	130	172	287
Remeasurements of defined benefit plans	—	(429)	(557)
Total accumulated other comprehensive income	(430)	915	(254)
Minority interests in consolidated subsidiaries	1,268	512	1,135
Total net assets	39,983	45,312	44,111
Total liabilities and net assets	¥ 77,632	¥ 80,281	¥ 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

	Millions of yen		
	FY2013 First half	FY2014 First half	FY2013 Full Year
Net sales	¥ 23,972	¥ 23,400	¥ 71,666
Cost of sales	17,441	17,088	53,368
Gross profit	6,531	6,311	18,297
Selling, general and administrative expenses	5,503	5,305	11,603
Operating income	1,028	1,006	6,694
Other income	239	318	716
Other expenses	342	171	1,683
Income before income taxes	925	1,153	5,726
Income taxes			
Current	485	547	2,781
Deferred	—	(83)	(463)
	485	464	2,318
Minority interests in earnings of consolidated subsidiaries	(79)	(102)	(119)
Net income	¥ 519	¥ 792	¥ 3,527

(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

	Millions of yen		
	FY2013 First half	FY2014 First half	FY2013 Full Year
Cash flows from operating activities	(¥ 2,394)	(¥ 2,472)	¥ 4,310
Cash flows from investing activities	(3,878)	(2,340)	(5,565)
Cash flows from financing activities	3,029	(201)	1,939
Effect of exchange rate change on cash and cash equivalents	69	(27)	90
Net increase (decrease) in cash and cash equivalents	(3,174)	(5,042)	776
Cash and cash equivalents at beginning of year	8,748	9,525	8,748
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(254)	—
Cash and cash equivalents at end of period (year)	¥ 5,574	¥ 4,227	¥ 9,525

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

Company Profile

(As of September, 30, 2014)

Overview

Company Name	MORITA HOLDINGS CORPORATION
Inauguration of Business	April 23, 1907
Establishment	July 23, 1932
Capital	¥4,746 mil.
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, firefighting 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 and construction 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.	Sumitomo Life Insurance Kawasaki Building 8F, 11-27 Higashida-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa, 210-0005, Japan
NANJING CHENGUANG MORITA ENVIRONMENT PROTECTION SCIENCE & TECHNOLOGY CO., LTD	No.188 Tianyuanzhong Road, Jiangning Economic & Technical Development Zone, Nanjing, China, 211100
SHANGHAI JINDUN SPECIAL VEHICLE EQUIPMENT CO., LTD.	No.1515, Lizheng Road, Shuyuan Town, Pudong New Area, Shanghai, China, 201304
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	Level 12, 28 Hennessy Road, Wanchai, Hong Kong

Shareholder's Memo

Information about the Stock

Business Year April 1st to March 31st

Annual General Meeting of Shareholders June

Reference Dates Annual General Meeting of Shareholders - March 31st
Year-end Dividend - March 31st
Interim Dividend - September 30th
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, Osaka

(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

Number of Share Unit 100 shares

[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 administrator of the shareholders list. For details regarding the special account, notification of address change, and so on, please contact the telephone inquiry number 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.

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for the latest investor relations information.

<http://www.morita119.com>



Online Store
for MORITA Original Goods
“MORITA NETSHOP”

<http://morita119-netshop.com/>

Protecting Human Life
and Mother Earth

MORITA

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