

MORITA REPORT 2015

To Shareholders and Investors

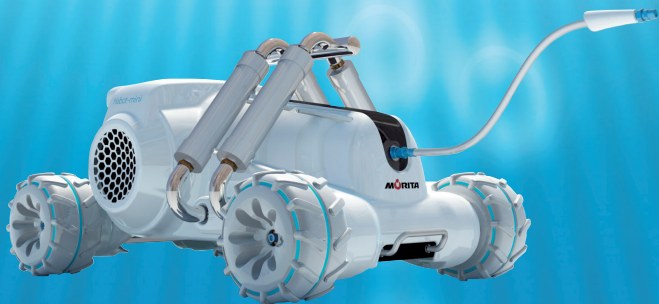
Business Report for the 82nd Term

From April 1, 2014 to March 31, 2015



MORITA GROUP

Protecting Human Life and Mother Earth



MORITA

Securities Identification Code: 6455

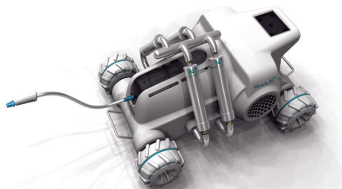
Morita Topics

■ Morita Group Exhibits at World's Largest International Trade Fair for Public Safety "INTERSCHUTZ 2015"

Morita Group ran a booth at "INTERSCHUTZ 2015," the world's largest international trade fair for public safety held once every five years, from June 8 (Mon) to 13 (Sat) this year. At the event, Morita introduced to the world a fire truck designed to extinguish fires without using water. Morita developed the "Miracle N7" fire truck that is capable of fighting fires by generating nitrogen enriched air (NEA), even if water for fire extinguishing may be difficult to find due to damage to water hydrants or other systems caused by earthquakes or other similar disasters.

The first model was delivered to Japan Nuclear Fuel Limited in September last year. A miniature model dubbed the "Habot-mini" was developed and exhibited at the event, to provide visitors with an image of fire trucks of the future based on the "Miracle N7". Features of the base model "Miracle N7" include operating as a backup fire truck in the event that existing fire extinguishing equipment is unavailable following major disasters, and preventing explosions (diluting the air) if flammable gases are present after a disaster.

The system can increase the concentration of nitrogen to prevent combustion and maintain an oxygen concentration that is almost harmless to the human body over short periods of time, allowing people to work in harmful area without this system. Demand for the system is expected at oil storage bases as well as other places where water damage needs to be avoided, such as museums, art galleries, valuable cultural properties and data centers.



"Habot-mini" fire truck for extinguishing fires without using water

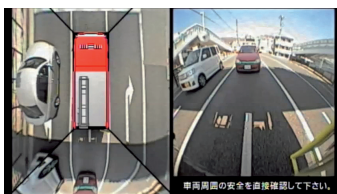


Miracle N7

The “Hobot-mini” that was on show exhibited the same functions as the “Miracle N7” and was equipped with a nitrogen separation membrane and compressor, and demonstrated fire extinguishing activities that simulated actual fire situations.

Another function to improve safety of fire trucks was the “Morita Advanced AM Series” 360° surround camera safety system that was jointly developed with Clarion Co., Ltd. Two models

equipped with this system, the ladder truck with 30m top articulated boom and the multi-purpose fire fighting vehicle with 13m aerial platform, were on show at the event. Four cameras mounted on the vehicle body provide video feeds, which are displayed as a high-precision composite image that is calibrated using proprietary image processing technology to provide the driver with vision around the vehicle to help alleviate concerns while driving. The system drastically increases safety when driving or around disaster sites, and was exhibited as an example of initiatives taken by Morita for its fire fighting efforts.



Monitor screen of the “Morita Advanced AM Series”

Four cameras mounted on the vehicle body provide video feeds, which are displayed as a high-precision composite image that is calibrated using proprietary image processing technology to provide the driver with vision around the vehicle to help alleviate concerns while driving. The system drastically increases safety when driving or around disaster sites, and was exhibited as an example of initiatives taken by Morita for its fire fighting efforts.

Morita will continue using new technologies as part of its efforts of “Protecting Human Life and Mother Earth.”



Ladder truck with 30m top articulated boom



Multi-purpose fire fighting vehicle with 13m aerial platform

■ Ideal Fire Extinguisher for People Vulnerable to Fires Jointly Developed with Chigasaki City, Kanagawa Prefecture

Morita Corporation has collaborated with Chigasaki City, Kanagawa Prefecture, where its head office is located, for the joint development of the special specification “SPRINEX mini” automatic residential fire extinguisher that is ideal for protecting the elderly and others who are vulnerable to fires.

According to the 2013 Annual Report compiled by the Fire Disaster Management Agency, approximately one in four deaths caused by fires are the elderly who are vulnerable to fires and more than 80 years old, who are likely to find it difficult to evacuate by themselves. The number of deaths is more than double during the night compared to during the day, with more than half of those caused by delays in evacuating. The key to protecting such vulnerable people is just how fast fires can be extinguished automatically. Installation of conventional fire extinguishers can be expensive, and the required electrical work makes it difficult to install such systems in existing buildings.

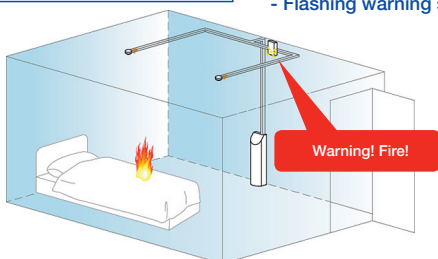
The special specification “SPRINEX mini” operates on batteries and can be installed easily, while fire warnings change from buzzer sounds to voice warnings to make users more aware of fires and a flashing light notifies people who are hard of hearing about the risk of fire. This special specification “SPRINEX mini” is part of the “Disaster Prevention Community Support Tool” that is in operation by the city, and the unit is being considered for installation in the residential homes of the elderly living in the city.



SPRINEX mini unit
(standard specification)

Separate voice warning and flashing warning systems

- Voice warning system
- Flashing warning system



Lumbar Support Innerwear for Women “calena” Just wearing it reduces strain on the lumbar area

From December 24 last year, Morita started sales of “calena” the lumbar support innerwear for women that was created through collaboration with Nobutoshi Yamazaki, Professor Emeritus and Doctor of Engineering at Keio University and GUNZE LIMITED. Since being announced in September last year, “calena” was exhibited at events such as the 41st International Home Care & Rehabilitation Exhibition, the 4th Agri World EXPO and HOSPEX Japan 2014 to showcase its wide range of applications throughout the care welfare, agriculture, hospitals and other industries to great acclaim.

“calena” provides support to back muscles with tensile forces generated by elastic fabric through body movement when bending forward or in a half-bent posture that causes immense lumbar stress. As innerwear for women, it feels loose and free of tension that is important, in addition to its support functions. “calena” is designed to provide daily support for women who find themselves bending forward or in a half-bent posture when doing tasks.

The product is marketed with the “rakunie” series of products that are mainly sold by Morita Miyata or Morita Econos of the Morita Group.



Lumbar support innerwear for women
“calena”

Lumbar support wear
“rakunie”

■ Announcement of New Model “Rotary Electric Extrusion Garbage Collector E-SVN”

Morita Ecosos has developed a new model “Rotary Electric Extrusion Garbage Collector E-SVN” that embodies the concept of “Safer and easier to use. Urban-friendly!” which will go on sale from September 1 this year.



Rotary Electric Extrusion Garbage Collector E-SVN

As a hybrid garbage collector, the E-SVN features the largest body capacity in its class and up to 50 continuous operating cycles to assist with improvements to work efficiency. The sound level with the electric motor has been reduced to 67.7 dB as part of a community-friendly design when operating at night. When operating in electric mode, there are zero exhaust gas emissions which make it ideal for work in areas not suited to exhaust gases, such as underground garbage collection areas. To reduce worker fatigue, the tailgate height and the overall vehicle height are designed to be the lowest in its class. With functionality to improve work efficiency and an aesthetically appealing design, as well as outstanding safety and operability to help contribute to local communities and their environment, the E-SVN has been engineered to excel in a vast range of situations as a rotary electric extrusion garbage collector that is a showcase of technology from Morita Ecosos.

Morita Ecosos will continue to apply customer feedback in its pursuit of “Safer and easier to use. Urban-friendly!”

Top Message

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

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

Business Overview

During this consolidated fiscal year under review, Japan's economy has seen improvement in corporate performance and the employment situation due to the economic policies and monetary easing implemented by the government and the Bank of Japan. The economy is showing signs of slow recovery, but with concerns about sluggish personal consumption in the wake of the increase in consumption tax and rising prices of imports due to a weaker yen, 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 as a way of improving company performance.

The fire fighting vehicles business in particular remained strong, with net sales of Morita Group for the consolidated fiscal year increasing by ¥277 million compared to the same period in the previous year to ¥71,943 million (+0.4%); operating income increased by ¥1,546 million compared to the same period in the previous year to ¥8,240 million (+23.1%); and income before income taxes increased by ¥1,392 million compared to the same period in the previous year to ¥8,375 million (+19.9%). Net income increased by ¥1,182 million compared to the same period in the previous year to ¥4,709 million (+33.5%) after an impairment loss of ¥568 million following sale of land that housed the former head office and factor was recorded as an extraordinary loss. These were the highest figures ever recorded for net sales, operating income, income before income taxes and net income over four consecutive years.

Performance by Segment

■ Fire Fighting Vehicles Business

The Fire Fighting Vehicles Business saw an increase in market share and increased sales related to supplementary budget, with net sales increasing by ¥2,421 million compared to the same period in the previous year to ¥38,328 million (+6.7%). Segment income increased by ¥1,319 million compared to the same period in the previous year to ¥5,710 million (+30%).

■ Fire Protection Equipment & Systems Business

The Fire Protection Equipment & Systems Business showed steady sales of “SPRINEX,” the packaged automatic fire extinguishing equipment designed chiefly for medical facilities, with net sales increasing by ¥980 million compared to the same period in the previous year to ¥18,425 million (+5.6%). Segment income increased by ¥100 million compared to the same period in the previous year to ¥1,531 million (+7.0%).

■ Recycling Machines Business

The Recycling Machines Business increased sales of new products and placed additional efforts made for parts and maintenance sales, however a reduction in demand for guillotine presses and other products saw net sales decrease by ¥500 million compared to the same period in the previous year to ¥5,490 million (-8.3%). Segment income decreased by ¥81 million compared to the same period in the previous year to ¥224 million (-26.5%).

■ Environmental Conservation Vehicles Business

The Environmental Conservation Vehicles Business had favorable figures for orders and sales of garbage collectors, however a slight reduction of demand in hygiene vehicles saw net sales decrease by ¥28 million compared to the same period in the previous year to ¥9,698 million (-0.3%). Segment income increased by ¥92 million compared to the same period in the previous year to ¥777 million (+13.4%).

Issues to Address

The Morita Group will focus on increasing business competitiveness as far as possible to maximize corporate value by optimizing the distribution of management resources. The management issues that the Morita Group faces and the solutions that have been proposed are as outlined below.

(1) Flexible response to changing markets

In order to respond to drastically changing market trends quickly and flexibly, the needs of customers will be identified accurately to develop business strategies before other companies.

The group is aware that in order to secure corporate income and maintain continued growth, the key issue is creating growth areas that differ to those in the past by developing highly competitive products that no other companies are able to imitate, as well as uncover and create related business.

(2) Implement structure reform

The group will focus on restructuring its businesses, carefully study unprofitable businesses, improve productivity including related departments, and optimize the assignment of personnel.

(3) Investments for continued growth

The group will distribute its management resources appropriately and make decisions regarding equipment investments, business partnerships and M&A at most ideal time, while also focus on securing and training personnel responsible for leading future generations.

(4) Better governance

As part of efforts to improve the governance structure throughout the entire group, a “Compliance Committee” will be established, training and education activities developed, and efforts made to ensure more thorough compliance with legal systems in order to improve the group’s compliance system. Efforts will also be made to ensure that all employees throughout the group are fully aware of the company’s compliance policies.

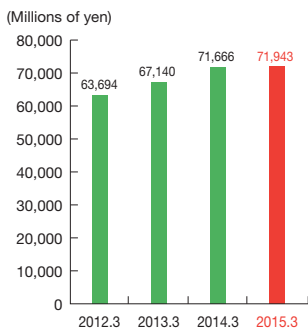
In conclusion, we would like to take this opportunity to ask our shareholders for continued support and encouragement.

June 2015

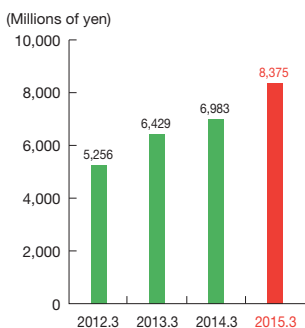
Kazumi Ogata
President

Financial Highlights (Consolidated)

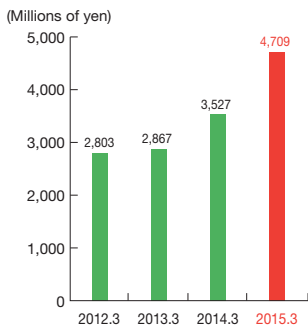
Net Sales



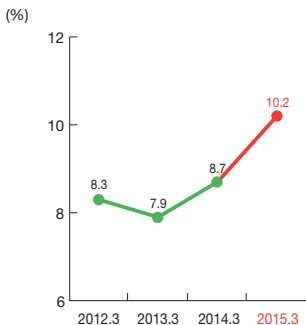
Ordinary Profit



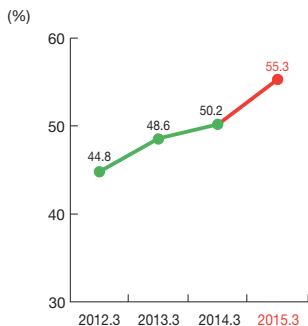
Net Income



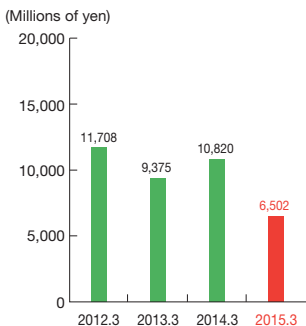
Return on Equity



Shareholders' Equity Ratio



Interest-Bearing Liabilities



Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries
As of March 31, 2014 and 2015

	Millions of yen	
	2014	2015
Assets		
Current assets	¥ 42,081	¥ 41,883
Property, plant and equipment	30,402	30,132
Intangible assets	1,571	521
Investments and other assets	11,499	16,001
Total assets	¥ 85,553	¥ 88,539
Liabilities		
Current liabilities	¥ 28,059	¥ 27,796
Long-term liabilities	13,382	11,169
Total liabilities	41,441	38,966
Net assets		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	4,331	4,331
Retained earnings	34,387	38,810
Treasury stock, at cost	(235)	(1,212)
Total shareholders' equity	43,229	46,675
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	1,816	3,868
Deferred gains on hedges	4	(1)
Unrealized gains (losses) on revaluation of land	(1,804)	(1,980)
Foreign currency translation adjustments	287	508
Remeasurements of defined benefit plans	(557)	(74)
Total accumulated other comprehensive income	(254)	2,319
Minority interests in consolidated subsidiaries	1,135	577
Total net assets	44,111	49,572
Total liabilities and net assets	¥ 85,553	¥ 88,539

(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, 2014 and 2015

	Millions of yen	
	2014	2015
Net sales	¥ 71,666	¥ 71,943
Cost of sales	53,368	53,128
Gross profit	18,297	18,814
Selling, general and administrative expenses	11,603	10,574
Operating income	6,694	8,240
Other income	716	693
Other expenses	1,683	1,209
Income before income taxes	5,726	7,723
Income taxes		
Current	2,781	3,475
Deferred	(463)	(425)
	2,318	3,049
Minority interests in losses of consolidated subsidiaries	(119)	(35)
Net income	¥ 3,527	¥ 4,709
	Yen	
	2014	2015

Per share of common stock

Basic net income	¥ 78.91	¥ 102.12
Diluted net income	—	—
Cash dividends applicable to the year	18.00	20.00

(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, 2014 and 2015

	Millions of yen	
	2014	2015
Cash flows from operating activities	¥ 4,310	¥ 4,501
Cash flows from investing activities	(5,565)	(3,101)
Cash flows from financing activities	1,939	(4,217)
Effect of exchange rate change on cash and cash equivalents	90	(27)
Net increase (decrease) in cash and cash equivalents	776	(2,845)
Cash and cash equivalents at beginning of year	8,748	9,525
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(254)
Cash and cash equivalents at end of year	¥ 9,525	¥ 6,424

(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, 2015

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of year	4,746	4,331	34,387	(235)	43,229
Cumulative effects on changes in accounting policies			285		285
Restated balance	4,746	4,331	34,673	(235)	43,515
Amount of change					
Cash dividends			(833)		(833)
Net income			4,709		4,709
Acquisition of treasury stock				(977)	(977)
Disposal of treasury stock		0		0	0
Reversal of reserve for land revaluation			260		260
Net changes other than shareholders' equity					
Total changes	—	0	4,137	(977)	3,159
Balance at end of year	4,746	4,331	38,810	(1,212)	46,675

	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	Total accumulated other comprehensive income		
Balance at beginning of year	1,816	4	(1,804)	287	(557)	(254)	1,135	44,111
Cumulative effects on changes in accounting policies								285
Restated balance	1,816	4	(1,804)	287	(557)	(254)	1,135	44,397
Amount of change								
Cash dividends								(833)
Net income								4,709
Acquisition of treasury stock								(977)
Disposal of treasury stock								0
Reversal of reserve for land revaluation								260
Net changes other than shareholders' equity	2,051	(5)	(175)	220	482	2,573	(558)	2,015
Total changes	2,051	(5)	(175)	220	482	2,573	(558)	5,175
Balance at end of year	3,868	(1)	(1,980)	508	(74)	2,319	577	49,572

(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	¥4,746 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 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
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	Level 12, 28 Hennessy Road, Wanchai, Hong Kong

Executives

Chairman

President

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

Kazumi Ogata

Yukihiko Maehata

Kazumi Kawaguchi

Toru Matsuo

Eiji Asada

Atsushi Sasaki

Yusuke Takano

Masaru Ota

Hiroko Urano

Naohisa Sakamoto

Shinichi Kanaoka

Shinya Murai

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

[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.

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>

