

MORITA REPORT 2009

To Shareholders and Investors

Business Report for the 76th Term

From April 1, 2008 to March 31, 2009



MORITA GROUP

Protecting Human Life and Mother Earth



Securities identification code:6455

Morita Topics

■ Morita's Challenge



MORITA GROUP

The Morita Group has been manufacturing products designed to help create a safe society that provides a sense of ease to all, always reflecting the latest technologies in our products. Our products range from fire trucks used at disaster sites and fire extinguishers and other disaster prevention products to contain fire to recycling plants and equipment for preserving the limited resources and the global environment. On October 1 last year, the Morita Group adopted a holding company system and transferred the businesses of each of its divisions to a newly established company through a spin-off. The company name was changed to MORITA HOLDINGS CORPORATION and, under the new structure, the Pump Division was transferred to MORITA CORPORATION; the Disaster Prevention Division, to MORITA BOHSAI TECH CORPORATION; and the Environmental Business Division, to MORITA ENVIRONMENTAL TECH CORPORATION. Additionally, we incorporated Miyata Industry into our group last November, which is Japan's first company to succeed in developing and manufacturing a dry chemical fire extinguisher. This new business alliance is expected to create synergies within our group, further strengthening Miyata Industry's earning power, developing it into the core company of the Morita Group and finally improving the group's overall corporate value.

■ Miyata Industry Becomes a Wholly-owned Company

The Morita Group places the highest priority on developing its disaster prevention business, which includes fire extinguishers and disaster prevention equipment, as the second pillar of our business, in addition to further reinforcing its core pump business, in order to achieve high earning power and become a high-growth business group. For this reason, we have decided to wholly own Miyata Industry through share

exchange from August 1st this year, advancing a step further from the relationship with the company as a consolidated subsidiary that was implemented last November, with an aim to integrate our governance systems and achieve a speedier decision-making process for faster and focused business management. We hope this new system will allow us to ride through the tough business environment by further consolidating the management resources of both the Morita Group and Miyata Industry, integrating the production function of disaster prevention products and improving the efficiency of our production system.

■ Technologies for Rescue Operations

MSC-25, Morita's aerial platform truck with telescopic/refractive boom has been widely appreciated for its contribution in rescue operations. Its smaller body allows it to turn in a smaller radius, and the one-side outrigger mode function allows it to stand on narrow streets.



Further, the telescopic/refractive boom capable of lowering itself below the ground level helps better avoid electric poles and other high-altitude obstacles that can often hinder rescue operations, as well as lifesaving operations at river and sea. Morita will continue to present technologies that are useful and effective in rescue operations.

■ Development of Large-scale Scrap Cutting Machine Guillotine Press 1250HAK



MORITA ENVIRONMENTAL TECH CORPORATION developed a new cutting machine for large-sized scraps and started selling it in fiscal 2008. By incorporating oil pressure system, the cutting speed capacity was dramatically improved to four times a minute (no load). Development with a focus on the environment has also helped us achieve a decrease of 40% in power consumption. The new high performance guillotine is an addition to the Guillotine Press Series that has already established itself as a popular scrap machine capable of handling various types of scraps including construction waste, heavy scrap, and lengthy waste.

MORITA ENVIRONMENTAL TECH CORPORATION has also developed the Remote Maintenance System, an Internet-based maintenance and inspection system designed to monitor the operating situations of machineries, designed to offer repair services in a speedy manner and take proactive measures to prevent mechanical failures, which we hope will contribute to a higher stability of machinery operations and achievement of higher customer satisfaction.

■ Kitchen eye — Morita Fire Extinguisher (Original Design)

MORITA BOHSAI TECH CORPORATION has launched “Kitchen eye,” a household fire extinguisher (original design), which combines a fire extinguishing agent, vinegar, and food ingredients.



Manufactured using safe food ingredients approved by the Ministry of Health, Labour and Welfare, Kitchen eye is both environment and user friendly, capable of

extinguishing fire caused by tempura oil, heater, and electric failure. It contains a neutral reinforced solution, which makes it easy to clean after use. Kitchen eye comes in four sparkling colors with the original and stylish Morita design.

Sanda Factory Receives Sanda City Regional Corporate Award!!

In May 2009, Morita was awarded by the Mayor of Sanda City (Hyogo Pref.) in honor of its social action program.

Sanda Factory accepts around 1,200 third-grade students in Sanda City each year for field trips and over 100 plant tours, offering visitors opportunities to see how its products are manufactured, how the employees go about their work, and help them become more aware of the importance of disaster prevention by showing them fire trucks and help them understand how Morita is committed to environmental preservation through greening its factories. Having also obtained ISO14001 at West Factory, Morita is working hard to reduce CO₂ emission from its operations with consideration for the environment. We treat water used in discharge tests with our own unique treatment method and ensure that no foam water runs into the public sewage system. We have also planted around 200 cherry trees on the property of Sanda Factory, which has been in operation since last April, and have been regularly cleaning the roads around the factory on a day designated as Techno Clean Day each month. These activities aimed for the preservation of local environments have led Morita to this award.

Cover page

A drawing by Masashi Mizushima (third grade student, Sanda City, Hyogo), selected for the best award in the 4th 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 76th term and report on the state of our business.

State of Business

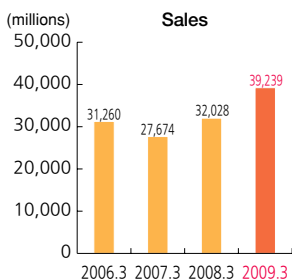
The Japanese economy in the current consolidated fiscal year has experienced rapid deterioration in terms of falling share prices and a number of bankruptcies due to the global financial confusion triggered by the US subprime housing loan issue.

Under such circumstances, we have made the transition to being a holding company and are striving to strengthen the group-wide earning power and improve our corporate value. In particular, we are placing the highest priority on reinforcing earnings from our mainstay Pump Division and developing the Disaster Prevention Division as the second pillar of our business. Last November, we acquired common shares of Miyata Industry through a tender offer, making it a consolidated subsidiary of Morita Holdings. We hope that Miyata Industry will bring about synergies to the group and develop into one of the core companies of the Morita Group, making significant contribution to further improving our corporate value.

Our group sales increased by 10,347 million yen, or 22.3%, from the previous term to 56,704 million yen. The operating income was 2,383 million yen, an increase of 59 million yen, or 2.5%, from the previous term. The ordinary profit marked 2,783 million yen, an increase of 129 million yen, or 4.9%, from the previous term. Our net income for this term was 1,119 million yen, an increase of 52 million yen, or 5.0%, from the previous term.

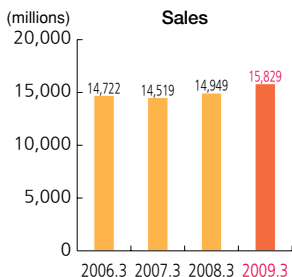
Business Condition by Segment

Disaster Prevention Business



Sales of the Disaster Prevention Business increased by 7,210 million yen, or 22.5%, from the previous term to 39,239 million yen, due to addition of sales achieved by Miyata Industry, which has become a consolidated subsidiary of the Morita Group, and sales of high-capacity foam discharge system achieved in the Pump Division. The operating income was 1,836 million yen, a decrease of 34 million yen, or 1.8%, from the previous term due to an increase in depreciation costs associated with relocation to the new Sanda Factory.

Environmental Business



With regard to the Environmental Business, the industrial machinery segment showed a steady growth in this term through the sales of Guillotine Press and Scrap Baling Press, marking 15,829 million yen in sales, an increase of 879 million yen, or 5.9%, from the previous term. The operating income was 487 million yen, an increase of 34 million yen, or 7.6%, from the previous term.

■ Other Businesses

The Bicycle Division of Miyata Industry, a consolidated subsidiary of the Morita Group, has marked 2,281 million yen in sales and 57 million yen in operating income.

Issues we need to address

Our business environment is expected to rapidly change and get more challenging. To deal with such situations, 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) Increase the earning power of the existing businesses
- 2) Increase the earning power of the overseas businesses
- 3) Increase the market share through the launch of high value-added products
- 4) Human resource development

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

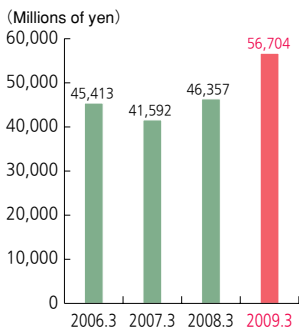
We would like to take this opportunity to ask our shareholders for their continued support and encouragement.

June 2009

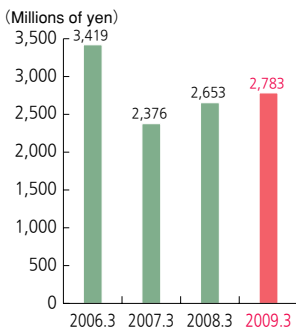
Masahiro Nakajima
President

FINANCIAL HIGHLIGHTS (Consolidated)

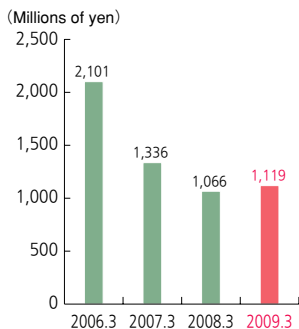
Net Sales



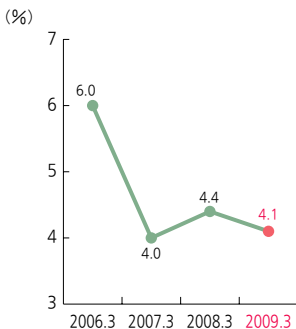
Ordinary Profit



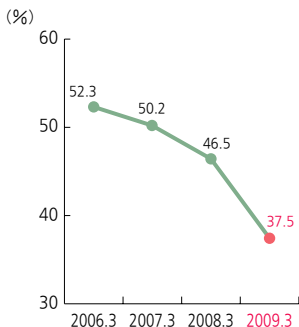
Net Income



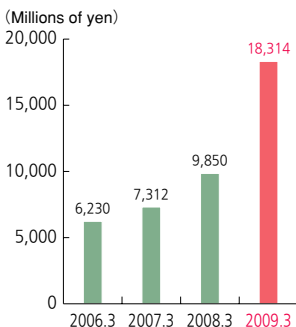
Return on Assets (ROA)



Shareholders' Equity Ratio



Interest-Bearing Liabilities



Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries
As of March 31, 2008 and 2009

	Millions of yen	
	2008	2009
Assets		
Current assets	¥ 25,408	¥ 37,178
Property, plant and equipment	29,170	30,686
Intangible assets	289	451
Investments and other assets	5,587	5,993
Total assets	¥ 60,456	¥ 74,310
Liabilities		
Current liabilities	¥ 21,922	¥ 29,506
Long-term liabilities	10,125	15,453
Total liabilities	32,048	44,960
Net assets		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	4,365	4,362
Retained earnings	21,345	23,400
Treasury stock, at cost	(2,496)	(2,711)
Total shareholders' equity	27,959	29,798
Valuation and translation adjustments		
Unrealized gains (losses) on available-for-sale securities	345	(269)
Deferred gains (losses) on hedges	(0)	(4)
Unrealized gains (losses) on revaluation of land	(244)	(1,600)
Foreign currency translation adjustments	49	(61)
Total valuation and translation adjustments	149	(1,935)
Minority interests in consolidated subsidiaries	298	1,486
Total net assets	28,408	29,349
Total liabilities and net assets	¥ 60,456	¥ 74,310

Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2008 and 2009

	Millions of yen	
	2008	2009
Net sales	¥ 46,357	¥ 56,704
Cost of sales	35,301	44,794
Gross profit	11,055	11,910
Selling, general and administrative expenses	8,731	9,526
Operating income	2,324	2,383
Other income	879	1,033
Other expenses	1,384	1,904
Income before income taxes	1,820	1,512
Income taxes		
Current	877	1,189
Deferred	(139)	(942)
	737	246
Minority interests in earnings of consolidated subsidiaries	16	147
Net income	¥ 1,066	¥ 1,119

	Yen	
	2008	2009
Per share of common stock		
Basic net income	¥ 25.11	¥ 26.63
Diluted net income	—	—
Cash dividends applicable to the year	10.00	10.00

Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2008 and 2009

	Millions of yen	
	2008	2009
Cash flows from operating activities	¥ 1,057	¥ 2,269
Cash flows from investing activities	(2,972)	(3,509)
Cash flows from financing activities	982	6,492
Net increase (decrease) in cash and cash equivalents	(932)	5,252
Cash and cash equivalents at beginning of year	4,856	3,947
Cash and cash equivalents of newly consolidated subsidiaries	23	—
Cash and cash equivalents at end of year	¥ 3,947	¥ 9,200

● Consolidated Statement of Changes in Net Assets

(in millions of yen)

Morita Holdings Corporation and Consolidated Subsidiaries
For the Year Ended March 31, 2009

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2008	4,746	4,365	21,345	(2,496)	27,959
Amount of change					
Cash dividends			(419)		(419)
Net income			1,119		1,119
Acquisition of treasury stock				(10)	(10)
Disposal of treasury stock		(2)		5	3
Increase of treasury stock resulted from change of consolidated subsidiary				(210)	(210)
Reversal of reserve for land revaluation			1,355		1,355
Net changes other than shareholders' equity					—
Total changes	—	(2)	2,055	(215)	1,838
Balance at March 31, 2009	4,746	4,362	23,400	(2,711)	29,798

	Valuation and translation adjustments				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 March 31, 2008	345	(0)	(244)	49	298	28,408
Amount of change						
Cash dividends						(419)
Net income						1,119
Acquisition of treasury stock						(10)
Disposal of treasury stock						3
Increase of treasury stock resulted from change of consolidated subsidiary						(210)
Reversal of reserve for land revaluation						1,355
Net changes other than shareholders' equity	(1,388)	4	(240)	9	11	(896)
Total changes	(1,388)	4	(240)	9	11	941
Balance at March 31, 2009	1,043	4	(484)	58	309	29,349

Nonconsolidated Summary

Nonconsolidated Balance Sheets

As of March 31, 2008 and 2009

	Millions of yen	
	2008	2009
Assets		
Current assets	¥ 18,057	¥ 13,291
Property, plant and equipment	27,562	22,755
Intangible assets	171	174
Investments and other assets	7,350	11,386
Total assets	¥ 53,141	¥ 47,607
Liabilities		
Current liabilities	¥ 17,400	¥ 10,838
Long-term liabilities	9,384	11,508
Total liabilities	26,785	22,346
Net assets		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	4,365	4,362
Retained earnings	19,657	20,425
Treasury stock, at cost	(2,496)	(2,501)
Total shareholders' equity	26,272	27,033
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	330	(172)
Deferred gains (losses) on hedges	(1)	—
Unrealized gains (losses) on revaluation of land	(244)	(1,600)
Total valuation and translation adjustments	84	1,772
Total net assets	26,356	25,260
Total liabilities and net assets	¥ 53,141	¥ 47,607

Nonconsolidated Statements of Income

For the Years Ended March 31, 2008 and 2009

	Millions of yen	
	2008	2009
Operating revenue	¥ 30,511	¥ 10,223
Operating expenses	29,439	10,674
Operating income	1,072	(451)
Other income	1,444	1,518
Other expenses	1,465	1,641
Income before income taxes	1,051	(574)
Income taxes		
Current	400	105
Deferred	(105)	(526)
Net income	¥ 756	(¥ 153)

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
Manufacturing and sale of ladder trucks, pumpers, and other fire trucks and specialty vehicles

MORITA BOHSAI TECH CORPORATION

3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan
Manufacturing and sales of disaster prevention equipment including dry chemical fire extinguishers, and design, conservation and inspection of disaster prevention 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, 544-8585, Japan
after-service and maintenance of equipment and materials for fire trucks and rescue activities, and manufacturing and sales of electronic applied machinery/equipment and information processing machinery/equipment

MIYATA INDUSTRY CO.,LTD.

1-1-1 Shimomachiya, Chigasaki-shi, Kanagawa, 253-8588, Japan
Manufacturing and sales of fire extinguishers, fire fighting equipment, disaster prevention-related equipment and bicycles

.....
MORITA SOGO SERVICE CORPORATION

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

.....
MORITA U.G. CORPORATION

2-3-5 Kandasuda-cho, Chiyoda-ku, Tokyo, 101-0041, 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

.....
ALUVO CORPORATION

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

.....
SICHUAN MORITA FIRE SAFETY APPLIANCES CO., LTD

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

.....
NANJING CHENGUANG MORITA ENVIRONMENT PROTECTION SCIENCE & TECHNOLOGY CO., LTD

No.188 Tianyuanzhong Road, Jiangning Economic & Technical Development Zone, Nanjing, 211100, China

.....
MORITA HOLDRICH (HONG KONG) COMPANY LIMITED

FLAT/RM, 1909, 19/F, Hutchison HSE., 10 Harcourt RD., Central, Hong Kong

.....
MORITA VIETNAM COMPANY LTD.

Minh Duc Commune, My Hao District, Hung Yen Province, Vietnam

 **Executives**

Chairman & CEO	Toshio Shinmura
President	Masahiro Nakajima
Director	Kouki Shirai
Director	Kenichi Kitamura
Director	Kazuhiro Tsuchiya
Director	Kazumi Kawaguchi
Full-Time Corporate Auditor	Kyo Hirose
Full-Time Corporate Auditor	Eiji Asada
Full-time Corporate Auditor	Atsushi Sasaki
Auditor	Kazuyoshi Matsumura
Corporate Executive Officer	Toshihiko Iwamuro
Corporate Executive Officer	Hiroko Urano

Shareholder's Memo

Introduction to the Share

Business Year April 1st to March 31st

Annual General Meeting of Shareholders June

Reference date Annual General Meeting of Shareholders – March 31st
Year-end Dividend – March 31st
Interim Dividend – September 30th
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

The Sumitomo Trust & Banking Co., Ltd.
4-5-33, Kitahama, Chuo-ku, Osaka-shi

Place of clerical office for the above

Stock Transfer Agency Department, The Sumitomo Trust & Banking Co., Ltd.
4-5-33, Kitahama, Chuo-ku, Osaka-shi

(Postal Address) Stock Transfer Agency Department, The Sumitomo Trust & Banking Co., Ltd.
1-10 Nikko-cho, Fuchu-shi, Tokyo 183-8701

(Telephone Inquiries) +81-120-176-417

(Internet Website URL) <http://www.sumitomotrust.co.jp/STA/retail/service/daiko/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.

Protecting Human Life
and Mother Earth

MORITA

MORITA HOLDINGS CORPORATION

Osaka Head Office

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<http://www.morita119.com>



Printed using environmentally friendly soy ink.



This leaflet is written in universal design font so that even the weak-sighted and elderly can easily gather information from it.