



MORITA GROUP

MORITA REPORT 2009 To Shareholders and Investors

Interim Business Report for the 77th Term

From April 1, 2009 to September 30, 2009



2009 Good Design Award Winner
Home Fire Extinguisher "Kitchen Eye"



GOOD
DESIGN
2009

MORITA

Securities Identification Code: 6455

Topics

■ Dedicated toll-free number is now available for collection of obsolete fire extinguishers

A fire extinguisher is designed to expel the contained extinguishing agent by applying very high pressure. If rusted or dented due to aged deterioration, it may burst being unable to withstand the internal pressure any longer. A fire extinguisher has a limited operational life, which is generally eight years from the year of manufacture. Over many years MORITA BOHSAI TECH CORPORATION has been engaged in collecting condemned or obsolete extinguishers. It collects about half a million extinguishers each year.

To intensify our collection efforts, we have established a “dedicated toll-free number for collection of obsolete fire extinguishers.”

Dedicated toll-free number: 0120-936-479

Attendance hours: 9:00-12:00 and 13:00-17:00 on weekdays

Collection points: Each establishment of MORITA BOHSAI TECH CORPORATION and Miyata Industry Co., Ltd. and their dealers.



Badly corroded fire extinguishers

Collected extinguishing agents will be reused as extinguishing agents in Eco Mark-accredited fire extinguishers “Eco Venus.” We have also developed a technology to produce fertilizer raw materials from fire extinguishing agents, which were permitted by the Ministry of Agriculture, Forestry and Fisheries to be registered as a byproduct compound fertilizer named “MORITA 1 GOU.” This is part of our environmental protection efforts.

■ Home fire extinguisher “Kitchen Eye” receives Good Design Award (cover page photo)

Home fire extinguisher “Kitchen Eye,” marketed by one of Morita Group companies, Miyata Industry Co., Ltd. received the 2009 Good Design Award. Having a refurbished image of a traditional fire extinguisher, a Kitchen Eye extinguisher is available in four-color variations and can fittingly be placed at any corner of your home as an interior item.

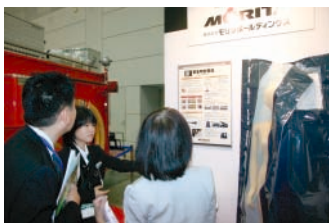
The agent contained in a Kitchen Eye extinguisher is made principally of vinegar and other safe food raw materials approved by the Ministry of Health, Labour and Welfare. It is safe and body-friendly. The agent is liquid, so you can eject it toward fire for certain extinguishment. It does not spatter like the agent of a powder fire extinguisher, so it does not soil things around and makes posterior cleaning easier.

■ Morita present at Eco-Technology Exhibition 2009

The Morita Group exhibited its products at the Eco-Technology Exhibition 2009 held at the West Japan General Exhibition Center (Kitakyushu City, Fukuoka Pref.) on October 21st-23rd of this year. The exhibition



being - the 14th and the 1st for Morita to participate in was held with the aim of presenting in one place all existing and available environmental protection and energy technologies that are suitable for the age of global



environment, promoting environmental consciousness and healthy development of environmental business among local industries. The Morita Group exhibited the following four products in demonstration of its group-wide efforts for "eco-oriented" product development:

- Miracle CAFS Car;
- Eco Venus;
- MORITA 1 GOU;
- Emergency Use Body Bag (designed to prevent bodies from decomposing in case of a large-scale disaster that causes numerous casualties).

Particularly eye-catching of the four was the Miracle CAFS Car. The CAFS (compressed air foam system) is a system designed to cool items in flames by efficient utilization of vaporization heat generated from a larger moisture surface area that is provided by replacing water by foam. The surface area of water is maximized in this manner and makes it possible to extinguish fire with a small amount of water.

To demonstrate the performance of the Miracle CAFS Car we performed a fire extinguishing experiment on a vehicle fire at our Ueno Factory in Iga City, Mie Prefecture. The experiment was conducted on two vehicles using water and the CAFS, and compared the time required to extinguish fire and the amount of water used. The experiment clearly showed the superiority of the CAFS in the time and water required.



The experiment was put on the NHK BS Hi-Vision TV program “Einstein's Eye” and attracted attention of fire service people across the country.

Message from Top Management

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

We are pleased to provide you below with the Interim Business Report for the 77th term including a business overview.

Business Overview

During the first half of the current fiscal year, the Japanese economy remained in an unfathomable recession. Despite partial signs of recovery, uncertainty over the future economy fueled by the recent sharp yen appreciation has drastically dampened companies' appetite for investment. It is likely that the current harsh economic conditions will continue for some time.

In such circumstances, we moved to a holding company structure on October 1st of last year, and have been working hard to bolster our group's profitability and enhance its corporate value.

For the first six months of the year ending March 31, 2010, we achieved sales of 20,449 million yen, an increase of 4,172 million yen, or 25.6%, from the first six months of the previous fiscal year, as the result of turning Miyata Industry Co., Ltd. into a consolidated company in the 3rd quarter of the previous fiscal year. With respect to earnings, we experienced an operating loss of 380 million yen and an ordinary loss of 352 million yen because of declines in demand for products of the fire extinguisher/equipment division as well as for the industrial machinery division. Net income for the first six months of the year ending March 31, 2010, decreased 404 million yen on a year-on-year basis to a net loss of 654 million yen due to unrealized losses on available-for-sale securities caused by the stock market's plunge.

By segment, the Disaster Prevention Business posted sales of 13,339 million yen, and an operating loss of 152 million yen. The Environmental Business recorded 5,487 million yen in sales and a 28 million yen operating loss. Other Businesses recorded sales of 1,622 million yen and an operating loss of 192 million yen.

Future Outlook

As shown above, our group suffered considerable earnings deterioration for the first half of the current fiscal year. For the future we should expect companies to continue holding back on capital investment and therefore the fire extinguisher/equipment division and the industrial machinery division to remain sluggish. On the other hand, however, we expect that the government's supplementary budget will increase demand for fire fighting vehicles far beyond our initial prospects; therefore, the fire pump division will likely achieve relatively healthy sales and profits. In view of the above circumstances, the Morita Group will strongly forge ahead with further cost reduction and productivity improvement to obtain better earnings.

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

November 2009

Masahiro Nakajima
President



Consolidated Summary

Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2008 First half	FY2009 First half	FY2008 Full Year
Assets			
Current assets	¥ 24,744	¥ 31,059	¥ 37,178
Property, plant and equipment	28,588	30,535	30,686
Intangible assets	329	409	451
Investments and other assets	6,106	6,640	5,993
Total assets	¥ 59,768	¥ 68,644	¥ 74,310
Liabilities			
Current liabilities	¥ 21,688	¥ 24,190	¥ 29,506
Long-term liabilities	10,057	15,501	15,453
Total liabilities	31,745	39,692	44,960
Net assets			
Shareholders' equity			
Common stock	4,746	4,746	4,746
Additional paid-in capital	4,364	3,743	4,362
Retained earnings	20,884	22,539	23,400
Treasury stock, at cost	(2,500)	(967)	(2,711)
Total shareholders' equity	27,495	30,062	29,798
Valuation and translation adjustments			
Unrealized gains (losses) on available-for-sale securities	453	181	(269)
Deferred gains (losses) on hedges	(5)	13	(4)
Unrealized gains (losses) on revaluation of land	(244)	(1,600)	(1,600)
Foreign currency translation adjustments	33	(26)	(61)
Total valuation and translation adjustments	236	(1,432)	(1,935)
Minority interests in consolidated subsidiaries	291	322	1,486
Total net assets	28,022	28,952	29,349
Total liabilities and net assets	¥ 59,768	¥ 68,644	¥ 74,310

● Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2008 First half	FY2009 First half	FY2008 Full Year
Net sales	¥ 16,277	¥ 20,449	¥ 56,704
Cost of sales	12,133	15,669	44,794
Gross profit	4,143	4,779	11,910
Selling, general and administrative expenses	4,295	5,160	9,526
Operating income	(152)	(380)	2,383
Other income	464	268	1,033
Other expenses	471	475	1,904
Income before income taxes	(159)	(587)	1,512
Income taxes			
Current	92	77	1,189
Deferred	—	—	(942)
	92	77	246
Minority interests in earnings of consolidated subsidiaries	(3)	(10)	147
Net income	(¥ 249)	(¥ 654)	¥ 1,119

● Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2008 First half	FY2009 First half	FY2008 Full Year
Cash flows from operating activities	(¥ 2,722)	(¥ 4,551)	¥ 2,269
Cash flows from investing activities	(886)	(561)	(3,509)
Cash flows from financing activities	2,674	(407)	6,494
Net increase (decrease) in cash and cash equivalents	(934)	(5,521)	(5,252)
Cash and cash equivalents at beginning of year	3,947	9,200	3,947
Cash and cash equivalents at end of period (year)	¥ 3,012	¥ 3,679	¥ 9,200

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 sales 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

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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

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
.....

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

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

SICHUAN MORITA FIRE SAFETY APPLIANCES CO., LTD

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

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.

Please visit our website
for the latest investor relations information.

<http://www.morita119.com>



Mail-order Website
for MORITA Original Goods
“MORITA NETSHOP”

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

Protecting Human Life
and Mother Earth

MORITA

MORITA HOLDINGS CORPORATION

Osaka Head Office

5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Tel. +81-6-6756-0100

Tokyo Head Office

3-25-31 Nishishinbashi, Minato-ku, Tokyo 105-0003, Tel. +81-3-5777-5777

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