

MORITA REPORT 2008

To Shareholders and Investors

Interim Business Report for the 76th Term

April 1 to September 30, 2008



MORITA GROUP

Protecting Human Life and Mother Earth

MURITA

Securities identification number:6455

■ Morita Group Transformed into a New Structure



MORITA GROUP

On October 1 this year, the Morita Group adopted a holding-company system and transferred the businesses of each division to a newly established company through a spin-off. In addition, the

company name was changed to “MORITA HOLDINGS CORPORATION,” and 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” under the new structure.

The Morita Group is also introducing a “New Corporate Logo” for group companies in Japan and overseas. This “New Corporate Logo” expresses the passions and hopes of each employee of the new business companies and the group companies and takes the form of a “wing.” It has been designed to represent our attitude of having ambitious dreams in the future. We plan to utilize the existing resources in the field of marketing for the time being, and launch new global operations with products and services in or after April 2009.

The Morita Group has used the “Corporate Logo” in marketing and products. This policy will remain unchanged, and the “New Corporate Logo” will be added as a group mark to the corporate logo. Since our foundation in 1907, we have developed technologies in order to contribute to the development of fire-fighting technologies in Japan as the leading manufacturer of fire engines with the hope of “saving as many lives as possible,” and marked the 101st anniversary of our foundation this year.

The Morita Group will continue to make diligent efforts to focus on the development of new technologies under the slogan of “Protecting Human Life and Mother Earth” in order to live up to your expectations of our group.

■ Miyata Industry Becomes a Group Company



The tender offer we made on October 9 to purchase shares of Miyata Industry Co., Ltd. (listed on the 2nd section of TSE) was recently completed, and it was determined that Miyata Industry would become a consolidated subsidiary of our company.

Miyata Industry is Japan's first company to succeed in developing and manufacturing a dry chemical fire extinguisher, and has a high level of capability in both engineering and sales especially in the area of disaster prevention.

Since signing a capital and business alliance agreement with Miyata Industry in May 2001, we have commissioned Miyata Industry to produce the fire extinguishers that we sell, and enhanced our competitive edge in the field of disaster prevention. From now on, we will strive to increase earnings by implementing further cost reductions through sharing the business resources within the group.

Specifically, we will strengthen our sales activities through new product offerings by utilizing the technologies both of our company and those of Miyata Industry, under the “market-in” concept based on mutual utilization of sales channels and sales infrastructures, which are strengths of both companies.

With Miyata Industry becoming our consolidated subsidiary, we will strive to enhance the earning power of Miyata Industry, develop the subsidiary into a core company of the Morita Group and increase the corporate value of the whole group by generating substantial synergy effects within the group.

MORITA VIETNAM Completes its Factory

On July 22, a factory of our joint venture company MORITA VIETNAM (owned 50% by MORITA HOLDINGS) was completed and a completion ceremony was held.



Inviting the director of Ministry of

Public Security Fire Prevention and Protection Department of Vietnam, the general director of Ministry of Police Fire Rescue Service of Ho Chi Minh and the head of Fire Police Department of Hanoi Police, MORITA VIETNAM unveiled the new factory with a total land area 24,156m² (factory building accounts for 5,000m²) and a production capacity of approximately 200 vehicles per year.

Apart from MORITA VIETNAM, there has been only one other fire engine manufacturer in Vietnam, and the country has depended on imports for quality fire engines. However, since Vietnam will have a new production base for fire engines as a result of the building of this factory, the guests welcomed its completion.

MORITA VIETNAM has 65 employees. They are excellent human assets who have industrial knowledge, including engineers who have acquired CAD skills and technicians who are familiar with welding. In addition, until the factory was completed, Morita's employees stayed in Vietnam to give

these people technical instructions. As a result of such efforts, MORITA VIETNAM has already manufactured 27 vehicles for the Ministry of Public Security of Vietnam since the factory was completed.

MORITA VIETNAM has set a production target of at least 50 fire engines and 50 garbage trucks in the next fiscal year, and aims to further expand its sales network by strengthening not only sales in Vietnam but also sales activities in Bangladesh, Laos, Cambodia, Sri Lanka and the Middle East region.





Message from Top Management

We at Morita are pleased to provide you with this Interim Report on the 76th Term and a report on the state of our business.

State of Business

During this interim term, business confidence in Japan's economy deteriorated further due to such factors as the rapidly increasing prices of oil and raw materials amid the financial unrest stemming from the subprime loan problem in the United States. Our company has been transformed into a holding company through a spin-off implemented on October 1, 2008, and changed its name to "MORITA HOLDINGS CORPORATION." With this change, our company assumes such functions as the formulation of business strategies for the whole group, and the group subsidiaries will strive to strengthen the group's earning power and increase its corporate value by dynamically performing their respective operations.

As for business performance in this interim term, sales were 16,277 million yen, operating loss 152 million yen and ordinary profit 0 million yen. The interim net loss was 249 million yen as a result of recording special severance payments for early-retired employees as a special loss at the subsidiaries.

By segment, sales for the Disaster Prevention Business were 9,068 million yen with an operating loss of 240 million yen. Sales for the Environmental Business were 7,208 million yen with an operating income of 87 million yen.

Future Outlook

As described above, the business performance of our group in this interim term was very discouraging. However, we will strive to increase corporate value by thoroughly implementing more profit-focused management throughout the group and promoting human asset cultivation in order to raise product development capacity and to reduce expenses for sales and general administration within the group.

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

November 2008

Masahiro Nakajima
President





Consolidated Summary

Consolidated Balance Sheets

Morita Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2007 First half	FY2008 First half	FY2007 Full Year
Assets			
Current assets	¥ 23,453	¥ 24,744	¥ 25,408
Property, plant and equipment	27,848	28,588	29,170
Intangible assets	178	329	289
Investments and other assets	6,447	6,106	5,587
Total assets	¥ 57,928	¥ 59,768	¥ 60,456
Liabilities			
Current liabilities	¥ 17,114	¥ 21,688	¥ 21,922
Long-term liabilities	12,496	10,057	10,125
Total liabilities	29,610	31,745	32,048
Net assets			
Shareholders' equity			
Common stock	4,746	4,746	4,746
Additional paid-in capital	4,365	4,364	4,365
Retained earnings	20,255	20,884	21,345
Treasury stock, at cost	(2,488)	(2,500)	(2,496)
Total shareholders' equity	26,878	27,495	27,959
Valuation and translation adjustments			
Unrealized gains on available-for-sale securities	1,086	453	345
Deferred gains (losses) on hedges	0	(5)	(0)
Unrealized gains (losses) on revaluation of land	(4)	(244)	(244)
Foreign currency translation adjustments	73	33	49
Total valuation and translation adjustments	1,156	236	149
Minority interests in consolidated subsidiaries	282	291	298
Total net assets	28,318	28,022	28,408
Total liabilities and net assets	¥ 57,928	¥ 59,768	¥ 60,456

● Consolidated Statements of Income

Morita Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2007 First half	FY2008 First half	FY2007 Full Year
Net sales	¥ 15,500	¥ 16,277	¥ 46,357
Cost of sales	11,361	12,133	35,301
Gross profit	4,138	4,143	11,055
Selling, general and administrative expenses	4,094	4,295	8,731
Operating income	44	(152)	2,324
Other income	417	464	879
Other expenses	234	471	1,384
Income before income taxes	226	(159)	1,820
Income taxes			
Current	221	92	877
Deferred	—	—	(139)
	221	92	737
Minority interests in earnings of consolidated subsidiaries	0	(3)	16
Net income	¥ 5	(¥ 249)	¥ 1,066

● Consolidated Statements of Cash Flows

Morita Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2007 First half	FY2008 First half	FY2007 Full Year
Cash flows from operating activities	(¥ 1,940)	(¥ 2,722)	¥ 1,057
Cash flows from investing activities	(825)	(886)	(2,972)
Cash flows from financing activities	1,487	2,674	982
Net increase (decrease) in cash and cash equivalents	(1,278)	(934)	(932)
Cash and cash equivalents at beginning of year	4,856	3,947	4,856
Cash and cash equivalents of newly consolidated subsidiaries, net excluded subsidiaries from consolidation	23	—	23
Cash and cash equivalents at end of year	¥ 3,600	¥ 3,012	¥ 3,947



Company Overview

(current as of October 1, 2008)

Overview

Company Name	MORITA HOLDINGS CORPORATION
Founded	April 23, 1907
Established	July 23, 1932
Paid-in Capital	JPY4,746 mil
Osaka Head Office	5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Japan
Tokyo Head Office	3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan
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
MORITA BOHSAI TECH CORPORATION	3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan
MORITA ENVIRONMENTAL TECH CORPORATION	1530 Konoda-cho, Funabashi-shi, Chiba, 274-0081, Japan
MORITA ECONOS CORPORATION	1-48 Jinmu-cho, Yao-shi, Osaka, 581-0067, Japan
MORITA TECHNOS CORPORATION	5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-0003, Japan
MORITA SOGO SERVICE CORPORATION	5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Japan
UENO MORITA CORPORATION	1700-2 Konjinzuka, Sanagu-cho, Iga-shi, Mie, 518-0001, 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
ENTO CORPORATION	1479-1 Kamikanzo, Iwata-shi, Shizuoka, 438-0115, Japan
SICHUAN MORITA FIRE SAFETY APPLIANCES CO., LTD	Kexing Road, Chengdu Cross-Straits Technological Industry Development Zone, Nanjing, China, 211100
NANJING CHENGUANG MORITA ENVIRONMENT PROTECTION SCIENCE & TECHNOLOGY CO., LTD	No. 188 Tianyuanzhong Road, Jiangning Economic & Technical Development Zone, Nanjing, China, 211100
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, Hong 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 City

Place of clerical office for the above
Stock Transfer Agency Department, the Sumitomo Trust & Banking Co., Ltd.
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(Postal Address) Stock Transfer Agency Department, the Sumitomo Trust & Banking Co., Ltd.
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(Other enquiries) Tel. +81-120-176-417

(Internet Website URL) <http://www.sumitomotrust.co.jp/STA/retail/service/daiiko/index.html>

Agent All branches throughout Japan of the Sumitomo Trust & Banking Co., Ltd.

Stock Listing Tokyo Stock Exchange, Osaka Securities Exchange

[Place of notification and contact for enquiries on the share after computerization of share certificates]

On January 5, 2009, share certificates will be computerized. For notification and/or enquiries on address change or the like after the computerization, contact the securities firm where your account is established. For shareholders who did not use JASDEC (Japan Securities Depository Center, Inc.) before the share certificates are computerized, an account (special account) will be opened at the above Sumitomo Trust & Banking Co., Ltd., which is the shareholder register administrator. For enquiries on the special account and notification of address change or the like, consult the above contact for telephone enquiries.

[Handling of request for purchase of fractional shares and/or further purchase of shares before/after the computerization of share certificate]

<Request for purchase>

For shareholders using the special account, applications will be suspended from the date of implementation of share certificate computerization (January 5, 2009) to January 25, 2009. If you request a purchase between December 25 and 30, 2008, the payment will be made on/after January 26, 2009.

<Request for further purchase>

Applications will be suspended from December 12, 2008 to January 14, 2009. For the shareholders using the special account, applications will be suspended from the date of implementation of share certificate computerization (January 5, 2009) to January 25, 2009.

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/>

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and Mother Earth

MORITA

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