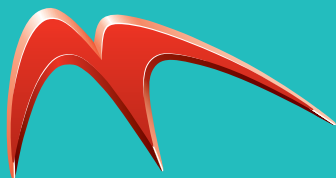


# MORITA REPORT 2011

## To Shareholders and Investors

Business Report for the 78<sup>th</sup> Term

From April 1, 2010 to March 31, 2011



# MORITA GROUP

Protecting Human Life and Mother Earth



# MORITA

We would like to express our heartfelt sympathy to everyone affected by the Great East Japan Earthquake.

Morita group is engaged in businesses with a corporate slogan "Protecting Human Life and Mother Earth." We would like to protect lives of the people in the disaster-affected area and their environment for living with all our might by making every effort to assist them in their recovery from the disaster and reconstruction.

## ~ Morita Group's Approaches for Assistance ~

### ● Overhaul of Used Fire Trucks

Since several tens of fire trucks and other emergency vehicles of fire stations in Aomori, Iwate, Miyagi, and Fukushima Prefectures were unusable, Fire Chiefs' Association of Japan decided to donate used vehicles to them. Morita group approved this approach and decided to



cooperate with the association by overhauling the collected fire trucks free of charge. The used fire trucks presented from all over Japan were once transported to Morita group's factory, and we checked and quickly overhauled them, giving priority to this work.

The collected fire trucks were made by various manufacturers at different times and in diversified conditions. We carefully overhauled them one by one and finally indicated the fire station names as in the case of such new vehicles. We are planning to deliver all of these fire trucks approximately by the end of June.



## ● Provision of Vacuum Trucks and Garbage Trucks

Morita Econos Corporation accompanied the support vehicle team sent to the disaster area by a trade association immediately after the earthquake and was engaged in the maintenance of environment and sanitation vehicles. Since environment and sanitation vehicles are insufficient in the earthquake-affected areas, the corporation submitted a list of vehicles that can be donated to the trade associations and the Ministry of the Environment and prepared for the provision of nine sanitation vehicles, 16 garbage trucks and two vacuum trucks free of charge. These vehicles will be assigned one by one to the organizations which made requests so as to support recovery of the environment for living as soon as possible.



## ● Fund-raising with a Part of Fire Extinguisher Collection Cost

Morita group is raising money for "Don't-give-up-Tohoku Fund" by contributing a part of collection cost of old fire extinguishers together with cooperating stores nationwide. We contribute one yen per collected fire extinguisher to "Midori-no-Bokin" (Fund exclusively used for projects on recovery from the Great East Japan Earthquake) by National Land Afforestation Promotion Organization. For recovery and reconstruction in the earthquake-affected areas, the fund will help maintenance of disaster-prevention woods or other forests carried out by local governments or the like, tree-planting in residential zones and around schools, and donation of partitions and shelves for shelters.

We also continue "Eco-utan Fund" that we started in April 2010. With this fund, we donate a part of the cost to collect old fire extinguishers to NPO Asian Green Forest Network.

## Morita Topics

### ■ Morita's Standard Design Fire Trucks (MFF Series)



It may be a common practice that every fire truck has its specialized specifications. However, we have completed MFF series fire trucks, which will innovate such common sense. We wanted to design a fire truck that is easily identifiable by everyone as Morita's product. With this concept, we researched and analyzed requests from customers in the past and created a standard design truck that will satisfy various requests for functions.

As the first product of MFF series, we made a fire truck equipped with a water tank called a water tank vehicle. With its standardized water tank shape, pump, body, and pipes, we achieved a more excellently designed fire truck. It is characterized by its stylish appearance with LED taillights. We shipped the first vehicle in December 2010 and have received orders for some units since then. We will develop other types of vehicles and will provide products that will satisfy the customers' needs.



## ■ Capital Participation to a Fire Truck Manufacturer in Shanghai, China

Morita took a stake in Shanghai Jindun Special Vehicle Equipment Co., Ltd. (Shanghai Jindun), a fire truck manufacturer in Shanghai, China, in March 2011. The demand for fire trucks in a year in China is said to be three to four folds of that in Japan. As the economy grows strongly, the demand is expected to further increase sharply. By investing 50% of the capital of Shanghai Jindun, which is located in Shanghai with a remarkable economic growth, Morita will have a base of manufacture and sale in China. Morita aims at securely understanding the needs of the growing market and enhancing the foundation of business profits.



### Summary of Shanghai Jindun Special Vehicle Equipment Co., Ltd.

Location : City of Shanghai, China

Capital: 50million yuan (about 0.7 billion yen)

Number of employees: 150 persons

Business contents: Manufacturing and sales of fire trucks.

## ■ Package-type Automatic Fire Extinguisher "SPRINEX MINI" for Small Social Welfare Facilities

Currently, fires at social welfare facilities often threaten to be fatal, and many victims have died of carbon monoxide poisoning caused by smoke. Considering such situations, Morita group has made our conventional "SPRINEX" more compact to "SPRINEX MINI" for rooms in small-scale facilities below 275 m<sup>2</sup>, to which the cabinet order for sprinkler installation is not applicable. When compared with sprinkler systems using water, it has excellent performance and characteristics that are as follows:

- Quicker sensing of fire and fire extinguishing
- Fire extinguishing performance is about four times that of water with suppressing recurrence of fire
- Safe fire extinguishing agent
- Better anti-seismic performance and endurance and free from concern about freezing
- Easy installation and maintenance

It is our mission to provide optimum fire extinguishing equipment suitable to lifestyles in the society.

## ■ Approaches to Stored Pressure Type Fire Extinguishers

In response to the burst accident caused by an old fire extinguisher in the year before last, Morita group declared to enhance the production facilities of stored pressure fire extinguishers, which are safer than old ones, and are



making efforts in developing new products. For the collection of old fire extinguishers, call the following toll-free number.

**【Special toll-free dial】 0 1 2 0 - 9 3 6 - 4 7 9**

### Cover page

A drawing by Nanami Imai, a fourth grade student in Ichinomiya, Aichi, selected for the best award in the 6th 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 78<sup>th</sup> term and report on the business overview.

### Business Overview

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In this consolidated fiscal year, the Japanese economy remained in uncertainty with severe employment environment and sluggish consumer spending, although earnings showed signs of recovery. In addition, the Great East Japan Earthquake on March 11, 2011, could possibly influence the Japanese future economy largely.

Under such situations, Morita Group has been striving to strengthen its earning capacity by cost reduction and efficient production in addition to promotion of active marketing activities.

As a result, though the Fire Fighting Vehicles Business and Fire Protection Equipments & Systems Business were relatively good, profits from Recycling Machines Business and Environmental Conservation Vehicles Business have been low. The sales amount of this consolidated fiscal year was 59,749 million yen (3.2% decrease) with a decrease of 1,988 million yen from the previous year. On the other hand, the operating profit has increased by 115 million yen from the previous year and amounted to 4,339 million yen (2.7% increase), and the ordinary profit has increased by 110 million yen from the previous year and marked a record high profit of 4,614 million yen (2.5% increase). The net income has increased by 186 million yen and amounted to 2,230 million yen (9.1% increase).

## Business Condition by Segment

---

### ■ Fire Fighting Vehicles Business

In the fire fighting vehicles business, the number of vehicles sold largely increased in the previous consolidated fiscal year thanks to the supplementary budget of local governments, which are our major customers. However, in this consolidated fiscal year, although the remaining orders received in the previous year contributed to the sales amount, the orders received were almost at the same level as that in ordinary years. As a result, the sales amount was 31,587 million yen (1.1% decrease) with a decrease of 345 million yen from the previous year. The segment profit was 3,740 million yen (4.0% decrease) with a decrease of 154 million yen from the previous year.

### ■ Fire Protection Equipments & Systems Business

In the fire protection equipments & systems business, orders and sales of sprinkler systems were dull in the equipment department. The sales amount decreased by 831 million yen from the previous year and resulted in 13,503 million yen (5.8% decrease). On the other hand, we concentrated our efforts to sales promotion of "SPRINEX," which is a package type automatic fire extinguisher to replace sprinkler facilities, mainly for group homes. As a result, the segment profit increased by 308 million yen from the previous year and amounted to 649 million yen (90.6% increase).

### ■ Recycling Machines Business

In the recycling machines business, as we have received only a few orders for "Guillotine Press" and other products, we concentrated our efforts to components and maintenance services. However, the sales decreased by 102 million yen from the previous year and resulted in 3,337 million yen (3.0% decrease). The profit and loss for the segment have been improved by 43 million yen from the previous year and we had a loss of 155 million yen.

### ■ Environmental Conservation Vehicles Business

In the environmental conservation vehicles business, the sales of refuse disposal cars and sanitation vehicles have been dull. The sales decreased by 389 million yen from the previous year and resulted in 7,976 million yen (4.7% decrease). The profit of the segment decreased by 92 million yen from the previous term and resulted in 197 million yen (31.9% decrease).



## ■ Bicycles Business

In the bicycles business, the sales decreased by 319 million yen from the previous year and resulted in 3,344 million yen (8.7% decrease). As the profit and loss for the segment, we had a loss of 74 million yen (loss of 97 million yen in the previous consolidated fiscal year) though we made efforts in reducing the sales and general administration expense.

## Issues We Need to Address

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

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

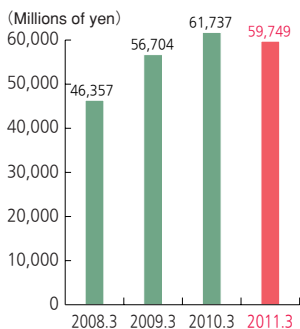
We would like to take this opportunity to ask our shareholders for their continued support and encouragement.

June 2011

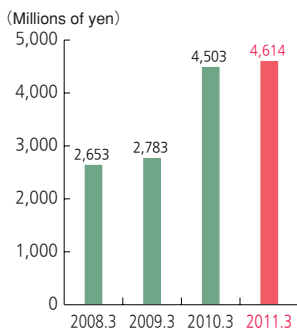
Masahiro Nakajima  
President

# FINANCIAL HIGHLIGHTS (Consolidated)

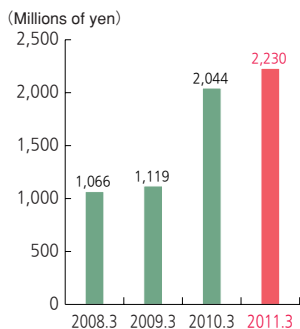
## Net Sales



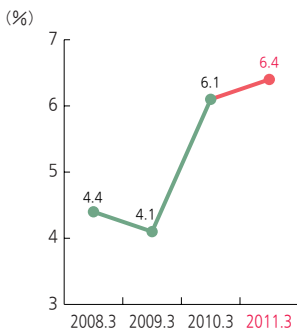
## Ordinary Profit



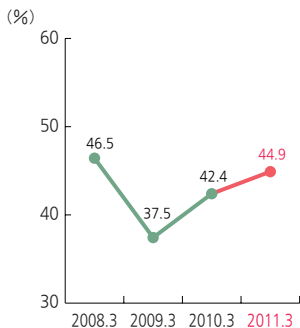
## Net Income



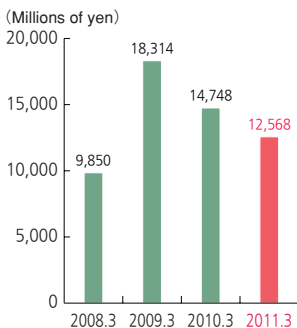
## Return on Assets (ROA)



## Shareholders' Equity Ratio



## Interest-Bearing Liabilities



# Consolidated Summary

## Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries  
As of March 31, 2010 and 2011

	Millions of yen	
	2010	2011
<b>Assets</b>		
Current assets	¥ 36,269	¥ 34,909
Property, plant and equipment	29,778	30,167
Intangible assets	433	1,046
Investments and other assets	6,576	5,640
<b>Total assets</b>	<b>¥ 73,058</b>	<b>¥ 71,765</b>
<b>Liabilities</b>		
Current liabilities	¥ 25,495	¥ 20,852
Long-term liabilities	16,260	17,483
Total liabilities	41,756	38,335
<b>Net assets</b>		
Shareholders' equity		
Common stock	4,746	4,746
Additional paid-in capital	3,743	3,743
Retained earnings	25,142	26,627
Treasury stock, at cost	(1,023)	(1,036)
Total shareholders' equity	32,608	34,080
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	150	(195)
Deferred gains (losses) on hedges	(15)	(100)
Unrealized gains (losses) on revaluation of land	(1,728)	(1,428)
Foreign currency translation adjustments	(50)	(121)
Total accumulated other comprehensive income	(1,644)	(1,845)
Minority interests in consolidated subsidiaries	338	1,194
Total net assets	31,302	33,429
<b>Total liabilities and net assets</b>	<b>¥ 73,058</b>	<b>¥ 71,765</b>

**Consolidated Statements of Income**  
 Morita Holdings Corporation and Consolidated Subsidiaries  
 For the Years Ended March 31, 2010 and 2011

	Millions of yen	
	2010	2011
<b>Net sales</b>	¥ 61,737	¥ 59,749
<b>Cost of sales</b>	47,300	45,309
Gross profit	14,437	14,439
<b>Selling, general and administrative expenses</b>	10,213	10,100
Operating income	4,223	4,339
<b>Other income</b>	697	1,092
<b>Other expenses</b>	927	1,340
<b>Income before income taxes</b>	3,993	4,090
<b>Income taxes</b>		
Current	2,299	1,829
Deferred	(364)	(13)
	1,935	1,815
Minority interests in earnings of consolidated subsidiaries	13	44
<b>Net income</b>	¥ 2,044	¥ 2,230

	Yen	
	2010	2011
<b>Per share of common stock</b>		
Basic net income	¥ 47.01	¥ 49.98
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, 2010 and 2011

	Millions of yen	
	2010	2011
<b>Cash flows from operating activities</b>	¥ 764	¥ 5,366
<b>Cash flows from investing activities</b>	(950)	(1,028)
<b>Cash flows from financing activities</b>	(4,037)	(2,940)
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,224)	1,397
<b>Cash and cash equivalents at beginning of year</b>	9,200	4,976
<b>Cash and cash equivalents at end of year</b>	¥ 4,976	¥ 6,373

## Consolidated Statement of Changes in Net Assets

(in millions of yen)

Morita Holdings Corporation and Consolidated Subsidiaries  
For the Year Ended March 31, 2011

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2010	4,746	3,743	25,142	(1,023)	32,608
Amount of change					
Cash dividends			(446)		(446)
Net income			2,230		2,230
Acquisition of treasury stock				(14)	(14)
Disposal of treasury stock		(0)		2	1
Reversal of reserve for land revaluation			(300)		(300)
Net changes other than shareholders' equity					—
Total changes	—	(0)	1,484	(12)	1,471
Balance at March 31, 2011	4,746	3,743	26,627	(1,036)	34,080

	Accumulated other comprehensive income				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, 2010	150	(15)	(1,728)	(50)	338	31,302
Amount of change						
Cash dividends						(446)
Net income						2,230
Acquisition of treasury stock						(14)
Disposal of treasury stock						1
Reversal of reserve for land revaluation						(300)
Net changes other than shareholders' equity	(345)	(84)	300	(70)	856	655
Total changes	(345)	(84)	300	(70)	856	2,126
Balance at March 31, 2011	(195)	(100)	(1,428)	(121)	1,194	33,429

# 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  
Development, manufacturing and sales of ladder trucks, fire trucks and other fire trucks and specialty vehicles.

### MORITA BOHSAI TECH CORPORATION

Shiba256 Square Building 8F, 2-5-6 Shiba, Minato-ku, Tokyo, 105-0014, Japan  
Sales of fire protection equipments focused on fire extinguishers. Design, construction and maintenance of fire protection 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, 544-0003, Japan  
Aftercare service and maintenance of fire trucks, equipment and materials. Development, manufacturing and sales of electronic applied machinery and information processing machinery.

### MIYATA INDUSTRY CO.,LTD.

1-1-1 Shimomachiya, Chigasaki-shi, Kanagawa, 253-8588, Japan  
Development, manufacturing and sales of fire extinguishers, fire fighting equipment, and fire protection-related equipment.

### MIYATA CYCLE CO.LTD.

3-25-31 Nishishinbashi, Minato-ku, Tokyo, 105-0003, Japan.  
Development and sales of bicycles.

.....  
**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  
.....

**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**

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**

President	Masahiro Nakajima
Director	Kouki Shirai
Director	Kenichi Kitamura
Director	Kazuhiro Tsuchiya
Director	Yukihiro Maehata
Director	Kazumi Kawaguchi
Full-Time Corporate Auditor	Eiji Asada
Full-time Corporate Auditor	Atsushi Sasaki
Full-time Corporate Auditor	Hisao Hayakawa
Auditor	Kazuyoshi Matsumura
Corporate Executive Officer	Toshihiko Iwamuro
Corporate Executive Officer	Hiroko Urano
Corporate Executive Officer	Naohisa Sakamoto
Corporate Executive Officer	Shinichi Kanaoka
Corporate Executive Officer	Shinya Murai

# Shareholder's Memo

## ■ Introduction to the Share

**Business Year** April 1<sup>st</sup> to March 31<sup>st</sup>

**Annual General Meeting of Shareholders** June

**Reference date** Annual General Meeting of Shareholders – March 31<sup>st</sup>  
Year-end Dividend – March 31<sup>st</sup>  
Interim Dividend – September 30<sup>th</sup>  
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

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

<http://www.morita119.com>

