



MORITA GROUP

# MORITA REPORT 2011

## To Shareholders and Investors

Interim Business Report for the 79<sup>th</sup> Term

From April 1, 2011 to September 30, 2011



**MORITA**

Securities Identification Code: 6455

## Morita Topics

### ■ Launch of “ALTESIMO”, a new type of fire extinguisher

The Morita Group has completed development of a new type of fire extinguisher called “ALTESIMO” as part of efforts to increase the uptake of the safer stored-pressure fire extinguisher following reports of explosions involving aging pressurized fire extinguishers. As the product name suggests, the body of the fire extinguisher has been constructed with aluminum material using a weld-free method that prevents nitrogen gas from leaking outside. Other major improvements include plastic “PP Foot Rings” around the bottom of the fire extinguisher to help prevent corrosion. Its overall weight is 20% to 27% lighter than a similarly shaped steel fire extinguisher which makes it easier to handle, while a universal design makes reading labels on the front easier. This new product has been designed for outstanding safety and reliability under “Safer&Prettier” concept. ALTESIMO will actively be marketed as the Morita Group’s leading product aimed at increasing the uptake of stored-pressure fire extinguishers.

※ The product name ALTESIMO was derived from a combination of the words “aluminum”, which refers to the material used for construction, and “fortissimo”, which is a direction used in musical scores meaning “strongest”.



## ■ Morita's Wildfire Truck Concept wins American IDEA Award

The "Wildfire Truck Concept" has been awarded a 2011 IDEA Gold Award—the highest possible award—in the Commercial and Industrial Products category, one of the three



most prestigious design awards in the world. The "Wildfire Truck Concept" that was selected for the award is a futuristic fire truck developed by pooling the resources of the technical development and design teams at the Morita Group together with the aim of resolving various issues that firefighters around the world face when battling large wildfires. The IDEA Awards praised the concept car, stating "Climb into it, drive it, use it, analyze relevant data in it or enjoy looking at it. The Wildfire truck illustrates the power of a bold, refined prototype to test innovative thinking by richly probing a market space with a visceral, hands-on experience of the features and brand."

The Morita Group will continue developing fire trucks with outstanding functionality and designs. Development of concept cars of the future will include greater use of ergonomics.



## ■ Miyata Cycle Announces 2012 MERIDA models

Miyata Cycle announced on October 1 the new 2012 model lineup of the “MERIDA” international sports bike brand. The highlights of the new model lineup include the “MERIDA JULIET” sports bike series and “BIG.NINE” series, which have been designed and developed for female riders, and Japanese road conditions.

With the recent boom in health-conscious activities, bikes have become an essential part of the lifestyle of students and other members of society, leading to an increased demand for unique designs. The “MERIDA JULIET” series has been designed to suit the figure of Japanese women, and is available in a range of special colors selected by female designers. “BIG.NINE” is a mountain bike with 29er that has become popular within the international bike racing scene.

Also released is the Miyata Branded “EX Cross Street”, “EX Cross Lady” and “TART” models, which are perfect for commuting to school or work.

The market for health-conscious models for people who want to commute to school or work in a sporty fashion will continue to be examined, with bikes designed to suit any new upcoming needs.



BIG.NINE CORBON TEAM-D



MERIDA JULIET series CROSSWAY BREEZE TFS 200MD

## Message from the Top Management

It gives me pleasure to take this opportunity to wish all our shareholders good health and prosperity and express our heartfelt thanks for their usual valuable guidance.

Given below is an overview of our business results as complementary information to our 79th term half-year financial statements.

### Business Overview

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In the first half of the fiscal year, we have seen the Japanese economy gradually recover in terms of the production activities that had been in a slump following the Great East Japan Earthquake. However, our economy still suffers from uncertainties about the future caused by the rising yen and falling stock prices due to fiscal concerns prevailing in the United States and Europe.

In such circumstances, Morita Group has aggressively forged ahead with business activities, cost reduction efforts, and new product development.

As a result, for the first half of the fiscal year, Morita Group posted sales of 20,362 million, which represent a decrease of 1,564 million yen, or 7.1%, compared with the corresponding period in the previous year. On the other hand, the group's operating profit increased by 338 million yen to 547 million yen (up 161.8%), ordinary profit by 304 million yen to 621 million yen (up 96.0%), and net income to 262 million yen (against a net loss of 31 million yen recorded a year ago). The improvement in income is attributable to healthy earnings posted in the Fire Protection Equipments & Systems Business and the Bicycles Business.

Morita Group's earnings per segment are as follows (percentages in parentheses indicate year-on- year change): The Fire Fighting Vehicles Business posted sales of 6,697 million yen (down 29.0%) and segment income of 104 million yen (down 78.5%). The decrease is due to the fact that in the first half of last year, we had sales generated by the fiscal 2009 supplementary budget of the national government. The Fire Protection Equipments & Systems Business booked sales of 7,120 million yen (up 20.2%) and segment income of 408 million yen (against a loss of 39 million yen recorded a year ago). The good performance is attributable to the healthy sales of the package-type automatic fire extinguisher "SPRINEX" and

increased demand for fire extinguishers under the revised applicable law. The Recycling Machines Business posted sales of 1,780 million yen (up 44.7%) and segment loss of 24 million yen (against a loss of 117 million yen). The favorable performance is attributable to the increased demand derived from the disposal of debris generated by the Great East Japan Earthquake. The Environmental Conservation Vehicles Business recorded sales of 3,295 million yen (down 17.5%) and segment loss of 12 million yen (against income of 99 million yen). The poor performance is attributable in part to the adverse impact on vehicle production caused by the delayed delivery of chassis from car manufacturers as the result of the earthquake. The Bicycle Business worked hard for expanding sales of high-value added products and booked sales of 1,469 million yen (up 9.1%) and segment income of 71 million yen (against a loss of 191 million yen).

## Future Outlook

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As described above, for the first half of the fiscal year Morita Group has generally achieved good sales and profit thanks to the contribution by the Fire Protection Equipments & Systems Business and the Bicycles Business. On a full-year basis, we expect the group to achieve its initially projected results. The Japanese economy will continue to be in a difficult situation not allowing any optimism, and Morita Group will dedicate itself to aggressive business activities, cost-cutting efforts, and improvement of production efficiency, thereby earning good revenue and profit.

In closing, I would like to ask all our shareholders for continued support and encouragement.

November 2011

Masahiro Nakajima  
President

# Consolidated Summary

## Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries

|  | Millions of yen      |                      |                     |
|--|----------------------|----------------------|---------------------|
|  | FY2010<br>First half | FY2011<br>First half | FY2010<br>Full Year |
| <b>Assets</b>  |                      |                      |                     |
| Current assets   | ¥ 31,325             | ¥ 31,086             | ¥ 34,909            |
| Property, plant and equipment                              | 29,099               | 29,368               | 30,167              |
| Intangible assets  | 423                  | 1,705                | 1,046               |
| Investments and other assets                               | 6,085                | 5,903                | 5,640               |
| <b>Total assets</b>  | <b>¥ 66,933</b>      | <b>¥ 68,063</b>      | <b>¥ 71,765</b>     |
| <b>Liabilities</b>   |                      |                      |                     |
| Current liabilities  | ¥ 16,736             | ¥ 17,245             | ¥ 20,852            |
| Long-term liabilities                                      | 19,132               | 17,527               | 17,483              |
| Total liabilities  | 35,869               | 34,773               | 38,335              |
| <b>Net assets</b>  |                      |                      |                     |
| Shareholders' equity                                       |                      |                      |                     |
| Common stock   | 4,746                | 4,746                | 4,746               |
| Additional paid-in capital                                 | 3,743                | 3,743                | 3,743               |
| Retained earnings  | 24,888               | 26,666               | 26,627              |
| Treasury stock, at cost                                    | (1,028)              | (1,038)              | (1,036)             |
| Total shareholders' equity                                 | 32,349               | 34,116               | 34,080              |
| Accumulated other comprehensive income                     |                      |                      |                     |
| Unrealized gains (losses) on available-for-sale securities | 105                  | (253)                | (195)               |
| Deferred gains (losses) on hedges                          | (37)                 | (19)                 | (100)               |
| Unrealized gains (losses) on revaluation of land           | (1,728)              | (1,428)              | (1,428)             |
| Foreign currency translation adjustments                   | (76)                 | (328)                | (121)               |
| Total accumulated other comprehensive income               | (1,737)              | (2,029)              | (1,845)             |
| Minority interests in consolidated subsidiaries            | 451                  | 1,202                | 1,194               |
| Total net assets   | 31,063               | 33,289               | 33,429              |
| <b>Total liabilities and net assets</b>                    | <b>¥ 66,933</b>      | <b>¥ 68,063</b>      | <b>¥ 71,765</b>     |

## Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries

|   | Millions of yen      |                      |                     |
|---|----------------------|----------------------|---------------------|
|   | FY2010<br>First half | FY2011<br>First half | FY2010<br>Full Year |
| <b>Net sales</b>  | ¥ 21,926             | ¥ 20,362             | ¥ 59,749            |
| <b>Cost of sales</b>  | 16,650               | 14,717               | 45,309              |
| Gross profit  | 5,276                | 5,645                | 14,439              |
| <b>Selling, general and administrative expenses</b>         | 5,067                | 5,097                | 10,100              |
| Operating income  | 209                  | 547                  | 4,339               |
| <b>Other income</b>   | 350                  | 233                  | 1,092               |
| <b>Other expenses</b>                                       | 667                  | 174                  | 1,340               |
| <b>Income before income taxes</b>                           | (108)                | 606                  | 4,090               |
| <b>Income taxes</b>   |                      |                      |                     |
| Current   | (70)                 | 335                  | 1,829               |
| Deferred  | —                    | —                    | (13)                |
|   | (70)                 | 335                  | 1,815               |
| Minority interests in earnings of consolidated subsidiaries | (6)                  | 8                    | 44                  |
| <b>Net income</b>   | (¥ 31)               | ¥ 262                | ¥ 2,230             |

## Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries

|   | Millions of yen      |                      |                     |
|---|----------------------|----------------------|---------------------|
|   | FY2010<br>First half | FY2011<br>First half | FY2010<br>Full Year |
| <b>Cash flows from operating activities</b>                 | ¥ 1,010              | (¥ 440)              | ¥ 5,366             |
| <b>Cash flows from investing activities</b>                 | 138                  | (1,082)              | (1,028)             |
| <b>Cash flows from financing activities</b>                 | (569)                | (79)                 | (2,940)             |
| <b>Net increase (decrease) in cash and cash equivalents</b> | 579                  | (1,601)              | 1,397               |
| <b>Cash and cash equivalents at beginning of year</b>       | 4,976                | 6,373                | 4,976               |
| <b>Cash and cash equivalents at end of period (year)</b>    | ¥ 5,556              | ¥ 4,771              | ¥ 6,373             |



# 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

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**MORITA SOGO SERVICE CORPORATION**

5-5-20 Shoji-Higashi, Ikuno-ku, Osaka-shi, Osaka, 544-8585, Japan  
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**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 CO., LTD**

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

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

Rm.1911CC Wu Building, 302-8 Hennessy Rd., Wan Chai, Hong Kong  
.....

**MORITA VIETNAM COMPANY LTD.**

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

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Please visit our website  
for the latest investor relations information.

<http://www.morita119.com>



Online Store  
for MORITA Original Goods  
“MORITA NETSHOP”

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



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