



**MORITA GROUP**

# **MORITA REPORT 2010** **To Shareholders and Investors**

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

From April 1, 2010 to September 30, 2010



**MORITA**

Securities Identification Code: 6455

## Topics

### ■ "Morita to the World"

Morita successively exhibited at the '7th Fire & Safety Expo Korea 2010' held in Korea in August 2010, and at the '14th International Fire Protection Equipment, Technology Conference & Exhibition' held in Beijing, China in October 2010. Morita's MLK ladder fire truck and Forest Fire Fighting Concept Car were introduced at the exhibitions, to disseminate the technical capabilities and creativity of Morita to the world. Especially, Morita's Forest Fire Fighting Concept Car(cover) which was developed to command the fire fighting tactics on the front line of a forest fire was exhibited at these events, following INTERSCHUTZ 2010 the world's largest fire fighting and safety exhibition which was held in Germany in June 2010, and was introduced on TV, in newspapers and news web sites as well, and the attention was concentrated on the dynamic form and potential functions of the concept vehicle.



In August 2010, Morita delivered a total of 28 vehicles, 2 Ladder trucks, 24 Chemical Tender trucks and 2 Water Tender trucks to Armenia in West Asia. A magnificent delivery ceremony was held in Yerevan the capital city where all the vehicles were delivered, with the participation of the Vice-Prime Minister of Armenia, the Minister of Emergency Situations and the City Mayor, and was widely reported on by local television stations. Just after Morita's fire trucks were delivered, they participated in the large-scale forest fires in Russia which broke out at the end of July, and excellent fire fighting activities were achieved as an immediate fighting force.



## ■ Challenge of 'Zero' Fire Extinguisher Explosion Incidents

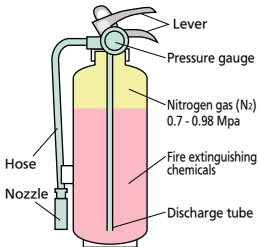
Last year, an incident occurred, where an old cartridge-operated fire extinguisher exploded at an outdoor parking lot in Osaka city, and a child was seriously injured which became a large social issue. Explosion incidents of cartridge-operated fire extinguishers mainly occur when a person tries to operate, or dispose of a fire extinguisher which has corroded over many years without sufficient maintenance.

The Morita Group has been producing very safe and anti-corrosive fire extinguishers for years, while at the same time promoting safe collection and recycling of old fire extinguishers. However, estimating the magnitude of human injury caused by the explosions of fire extinguishers, or severe installation environments and improper maintenance which leads to incidents, we believe that it is necessary to spread safe “stored pressure fire extinguishers” with less risk of explosion incidents more than we have until now. The feature of the stored pressure fire extinguishers is that the internal pressure does not increase even when the container has aged, and is structured to prevent leakage of the pressure out of the container. The Morita Group announced a reinforcement of the production facility of the stored pressure fire extinguishers, with the aim of eradicating fire extinguisher explosion incidents.



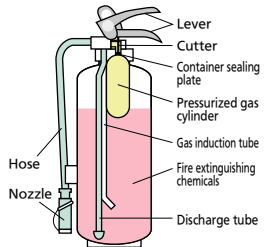
### Stored Pressure Fire Extinguisher

Fire extinguisher where the pressure is stored in the container



### Cartridge-Operated Fire Extinguisher

Fire extinguisher where the pressure is applied when used for the first time



## ■ Renewal of "Working Vehicles" in Cities "EP-2" Eco-Panel Vacuum Truck

Morita Ecosos developed the "EP-2" Eco-Panel Vacuum Truck which was designed with the idea of attractiveness. We will sell vehicles which harmonize with the communities where the exterior of the vacuum truck, such as the cylindrical tank and wound hose are completely covered with stylish panels, which also adheres to operability and maintainability. The Eco-panel outer covers can also be attached to vehicles currently being used, not only for newly produced vehicles.

Although the demand for sanitation vehicles (vacuum trucks) has tended to decline due to the increase in the use of flushing sewer systems along with the development of sewerage systems, the use of flushing sewer systems with septic tanks has been re-evaluated in recent years, according to the improvements in water treatment technology. The importance of vacuum trucks used for the periodic cleaning of sludge which is generated in septic tanks, is also being reconsidered.

Please look forward to the successful activities of a new "working vehicle", which was improved in both grade and image by the eco-panels.



## 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 interim business report for the 78th term and report on the state of our business.

### State of Business

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Due to business stimulation measures, there was a trend of a cyclical upturn observed in a portion of the economy in Japan in the half of the current fiscal year. However, uncertainty in the future could not be swept away because of anxiety over the strong yen, stock market plunge and etc., and the severe conditions still continue today.

Under such conditions, the Morita Group has been promoting cost reductions and development of new products, in addition to aggressive sales activities.

Regarding the business performance for the first six months of the year ending March 31, 2011, the order backlog from the end of the previous term, along with the supplementary budget of the government, contributed to sales in the fire fighting vehicles business. As a result, the net sales increased 1,477 million yen compared with the corresponding period of the previous year to 21,926 million yen (7.2% increase), the operating income was 209 million yen (380 million yen loss in the corresponding period of the previous year), and the ordinary income was 317 million yen (352 million yen loss in the corresponding period of the previous year). Due to the allocation of 462 million yen in losses from revaluation of investments in securities, the interim net loss was 31 million yen (654 million yen loss in the corresponding period of the previous year).

By segment of the Morita Group, the net sales of the fire fighting vehicles business were 9,434 million yen, with an operating income of 484 million yen. The net sales of the fire protection equipments & systems business were 5,923 million yen, with an operating loss of 39 million yen. The net sales of the recycling machines business were 1,229 million yen, with an operating loss of 117 million yen. The net sales of the environmental conservation vehicles business were 3,992 million yen, with an operating income of 99 million yen. The net sales of the bicycles business were 1,346 million yen, with an operating loss of 191 million yen.

## Future Outlook

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As mentioned above, the performance of the Morita Group in the first half of the fiscal year progressed steadily in the fire fighting vehicles business; however, the overall performance was severe in the other businesses. It seems that the economy of Japan continues to be unpredictable; however, in order to secure a profit, we will continue to promote cost reductions and increase production efficiency, while striving to perform aggressive sales activities.

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

November 2010

Masahiro Nakajima  
President



Morita's Forest Fire Fighting Concept Car

# Consolidated Summary

## Consolidated Balance Sheets

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2009 First half	FY2010 First half	FY2009 Full Year
<b>Assets</b>			
Current assets	¥ 31,059	¥ 31,325	¥ 36,269
Property, plant and equipment	30,535	29,099	29,778
Intangible assets	409	423	433
Investments and other assets	6,640	6,085	6,576
<b>Total assets</b>	<b>¥ 68,644</b>	<b>¥ 66,933</b>	<b>¥ 73,058</b>
<b>Liabilities</b>			
Current liabilities	¥ 24,190	¥ 16,736	¥ 25,495
Long-term liabilities	15,501	19,132	16,260
Total liabilities	39,692	35,869	41,756
<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	22,539	24,888	25,142
Treasury stock, at cost	(967)	(1,028)	(1,023)
Total shareholders' equity	30,062	32,349	32,608
Valuation and translation adjustments			
Unrealized gains (losses) on available-for-sale securities	181	105	150
Deferred gains (losses) on hedges	13	(37)	(15)
Unrealized gains (losses) on revaluation of land	(1,600)	(1,728)	(1,728)
Foreign currency translation adjustments	(26)	(76)	(50)
Total valuation and translation adjustments	(1,432)	(1,737)	(1,644)
Minority interests in consolidated subsidiaries	322	451	338
Total net assets	28,952	31,063	31,302
<b>Total liabilities and net assets</b>	<b>¥ 68,644</b>	<b>¥ 66,933</b>	<b>¥ 73,058</b>

## ● Consolidated Statements of Income

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2009 First half	FY2010 First half	FY2009 Full Year
<b>Net sales</b>	¥ 20,449	¥ 21,926	¥ 61,737
<b>Cost of sales</b>	15,669	16,650	47,300
Gross profit	4,779	5,276	14,437
<b>Selling, general and administrative expenses</b>	5,160	5,067	10,213
Operating income	(380)	209	4,223
<b>Other income</b>	268	350	697
<b>Other expenses</b>	475	667	926
<b>Income before income taxes</b>	(587)	(108)	3,993
<b>Income taxes</b>			
Current	77	(70)	1,935
Deferred	—	—	(364)
	77	(70)	1,935
Minority interests in earnings of consolidated subsidiaries	(10)	(6)	13
<b>Net income</b>	(¥ 654)	(¥ 31)	¥ 2,044

## ● Consolidated Statements of Cash Flows

Morita Holdings Corporation and Consolidated Subsidiaries

	Millions of yen		
	FY2009 First half	FY2010 First half	FY2009 Full Year
<b>Cash flows from operating activities</b>	(¥ 4,551)	¥ 1,010	¥ 764
<b>Cash flows from investing activities</b>	(561)	138	(950)
<b>Cash flows from financing activities</b>	(407)	(569)	(4,037)
<b>Net increase (decrease) in cash and cash equivalents</b>	(5,521)	579	(4,224)
<b>Cash and cash equivalents at beginning of year</b>	9,200	4,976	9,200
<b>Cash and cash equivalents at end of period (year)</b>	¥ 3,679	¥ 5,556	¥ 4,976



# 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. Sales of fire protection equipments focused on fire extinguishers.  
Design, construction and maintenance of fire protection facilities

### MORITA ENVIRONMENTAL TECH CORPORATION

1 530 Konoda-cho, Funabashi-shi, Chiba, 274-0081, Japan  
Design of waste recycling facilities and other waste disposal facilities.  
Development, manufacturing and sales of large hydraulic equipment

### MORITA ECONOS CORPORATION

1-48 Jinmu-cho, Yao-shi, Osaka, 581-0067, Japan  
Development, manufacturing and sales of environmental conservation vehicles such as sanitation vehicles (vacuum trucks), garbage trucks and sewage vacuum loader vehicles

### MORITA TECHNOS CORPORATION

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

**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 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

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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>



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Protecting Human Life  
and Mother Earth

**MORITA**

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