

MOS Report



37th Fiscal Term Business Report

April 1, 2008 - March 31, 2009

MOS FOOD SERVICES, INC.

Top Message



President
Atsushi Sakurada

Towards full-fledged recovery of earning power

In the fiscal year under review, we have implemented various measures by concentrating management resources to the core business of our Group, MOS Burger business with focused efforts on “activation of existing stores” and “restructuring of unprofitable stores”, positioning recovery of business performance as the most important issue. As a result, we have managed to secure profit in contrast to the original plan of net loss, yielding net sales of ¥60,641 million (down 2.7% from the previous year), operating income of ¥1,747 million (up 132.2% from the previous year), ordinary income of ¥1,802 million (up 41.0% from the previous year) and net income of ¥552 million.

To cite points of favorable turn of the business performance, first there were sales of “Hot Chicken Burger,” the first product from “MOSDO!” the joint project with Mister Donuts in the first half of the year. Helped by prior expectations as well, this campaign has received support from many customers. In the second half of the year we also sold area-limited “local menu dishes” which had been well received in the first half of the year in different areas, having undertaken detailed sales promotion activity, according to each area. It contributed to the increase in the numbers of customers visiting our stores. And more than anything else, there were sales of the new staple product which sticks with domestic ingredients like domestic meat, “TOBIKIRI Hamburg Sandwich”, which started from last year-end, December 27. This product became a huge hit far beyond the original plan, having

contributed greatly to the net sales. Other developments were introduction of a variety of new products such as “Fish Mariné Burger” and “Tortilla of MOS”, and a substantial renewal of the mobile site of which members have increased to in excess of 1.7 million. In addition to the TV commercials, emission of information through mobile mail exerted a big impact.

In overseas development, following Taiwan, Singapore, Hong Kong and Thailand where we were already present, we advanced to Jakarta, capital city of Indonesia in December, 2008, and furthermore, we opened the second store in May, 2009. As of the end of March, 2009, we came to have 186 stores in total (plus 24 stores from the end of the previous year) which are, 147 stores in Taiwan, 23 stores in Singapore, 9 stores in Hong Kong, 6 stores in Thailand and a store in Indonesia. In either of the countries, the business has developed smoothly both in terms of the number of stores and business performance.

Our commitment in future

For significant leap forward of the Group, we will continue to concentrate the management resources on our core business, MOS Burger business aiming at increases both in sales and profit and net increase of MOS Burger stores.

We will foster the growth of the “TOBIKIRI Hamburg Sandwich” which was launched to be a new pillar of strong staple product, to make it a major product which will be loved by customers throughout a year taking advantage of seasonal ingredients. We also launched hearty “W Patties” series with 2 patties sandwiched as a staple dish, as one of the product line of new price zone focusing on the volume, and thus, we will continue to provide good values for the price. With respect to the sales promotion activity, we aim at creation of stores which give even more amiable impression to customers, posting a slogan “Familiarity. Excitement. Smiling face”.

In our overseas development, we have conducted feasibility studies of advancement to other countries such as Malaysia, Korea and China as well, along with expansion of stores in countries/areas where we already have opened stores including Taiwan, and we envisage advancement to 2 more countries in the fiscal year 2009. We will commit full-fledged development in Asia, thus consolidating ground towards MOS of the world.

We will continue to aim at further enhancement of the brand value and recovery in the business performance to be indispensable stores for our customers. Continuous generous understanding and support of our shareholders would be greatly appreciated.

MOS × MISDO

MOSDO!

First Products



Hot Chicken Burger



Hot Chicken Pie
(Mister Donuts Product)

We carried out a time-limited sales of the first collaboration product “Hot chicken” as a common theme of product development, between MOS Burger of main dishes and Mister Donuts of snack and coffee shops, during July 18, 2008 and August 25, 2008 in MOS Burger stores in Japan (except for some stores).

MOSDO!

Second Products



Donut Burger MOS
(Wasabi Sauce)



Donut Burger Teriyaki
(Wasabi Sauce)



Donut Burger
(Mister Donuts Product)



Potedo

The common theme of the second collaboration products is “Donut Burger”. We will engage in a time-limited sales of the burger during May 12 and early July, 2009 in MOS Burger stores in Japan (except for some stores).

Mutual use of the shareholder complimentary tickets

(Available for the complimentary tickets with “validity date on or after September 30, 2009”)



Mutual use of shareholder complimentary tickets of MOS FOOD SERVICE, INC. and DUSKIN CO., LTD. is made possible at each MOS Burger Group store and Mister Donuts store. Except for some stores.

*Except for some stores.

MOS's Products

NEW STAPLE DISH

TOBIKIRI HAMBURG SANDWICH

First
Products



CRISPY!
CRISPY!
DOMESTIC
CABBAGE



TOBIKIRI Hamburg
Sandwich

¥390

TOBIKIRI Cheese
Hamburg Sandwich

¥420



**Domestic meat hamburger + Seasonal domestic fresh vegetables
= Superbly seasonal hamburger sandwich!**

Second
Products



SUPERB
GROUND BEEF
AND PORK
HAMBURG!

TOBIKIRI Hamburg
Sandwich
Tomato & Lettuce

¥420



TOBIKIRI Hamburg
Sandwich
Lettuce

¥390

“TOBIKIRI Hamburg Sandwich” is a product which pursued comfort, safety and deliciousness with a concept of 1) domestic, 2) seasonal fresh vegetables, and 3) good values for the price. It is featured by 100% domestic meat hamburger, and the first product with crispy cabbage and special demiglace sauce was sold by a time-limited sales during December 27, 2008 and March 23, 2009. The second product was launched on March 24, 2009, which stick to domestic products with pure soy based grape vinegar sauce using domestic tomatoes and lettuce which are seasonal in spring and summer.

MOS Burger has engaged in active use of domestic foodstuff in a positive manner as a hamburger specialty stores born in Japan. We will continue to develop products with the concept aiming at creation of store chains which is able to contribute to the dietary life in Japan.

Vegetables which show identity of the farmers

In order to support Japanese farmers who engage in creation of tasty and safe vegetables as well as the Japanese agriculture, all fresh vegetables used by MOS Burger are made in Japan. As an attempt to give comfort to customers when eating, we promote provision of “vegetables which show identity of the farmers”, and we create vegetables with a method least dependent on pesticides and chemical fertilizer in joint efforts with farmers.

~ From a lettuce farmers of the second product “TOBIKIRI Hamburg Sandwich” ~
 Mr. Takahiro Suzuki, Representative, Suzunari Co., Ltd. (Shizuoka City, Shizuoka Prefecture)

I was told a generous offer by a person from MOS FOOD SERVICE, INC. that “Let’s make best efforts together in order to provide customers with vegetables of comfort and safe with you farmers!”, and thus, we started as a production center of winter lettuce. The second product “TOBIKIRI Hamburg Sandwich” is a product which makes best use of seasonal and tasty lettuce. Since lettuce is often used just for decoration, I am very happy as a producer. We sincerely wish that you will taste the lettuce which we produced wholeheartedly.



NEW PRODUCTS IN THE CURRENT TERM



Fish Mariné Burger
 ¥320



Fish Mariné Cheese Burger
 ¥350



Tortilla of MOS Curry Chorizo
 ¥360

Staples



Tokachi Croquette Burger
 ¥250



Scallop Croquette Burger
 ¥320



Tortilla of MOS Tacos
 ¥360

MOSDO!



Hot Chicken Burger
¥300



Soup Rice
Mushroom Cheese Chowder
¥590

**W PATTIES
SERIES**



W MOS Burger
¥440



W MOS Cheese Burger
¥470



W Hamburger
¥340



W Cheese Burger
¥370



W Thousand
Vegetable Burger
¥440



W Teriyaki Burger
¥440



Unpolished Rice Flake Shake
· Mango Apricot Kernel
· Black Sesame Adzuki
¥290



Frozen Cake Bar
· Rare Cheese
· Strawberry Short Cake
¥180



Bino
Pea Snack with
Teriyaki Taste
¥100



Ice of MOS
· Mango Milk
· Ujikintoki Milk
¥330



Sweet Red-bean Soup with
Chestnut and Unpolished
Rice Cake (Unground Bean Paste)
¥330



Aomori Apple Shake
¥210

RENEWAL PRODUCTS



Shrimp Cutlet Burger
¥350



Chili Dog
¥320



Spicy Chili Dog
¥350



**MOS Rice Burger
Kimpira**
¥280



Frozen Cake Bar
· Rare Cheese
· Tiramisu
¥190



Morning dish of MOS



Tuna Tomato Roll
¥280



Boronia Sausage Egg Roll
¥280



**MOS Rice Burger
Egg Kimpira**
¥280

MOS's Products

Area-limited menus in Japan

We sold "local burger" by area taking advantage of food ingredients of the area, which was well received by customers (Implemented September ~November 2008).

Mushroom Burger
(4 Variations)
East Japan area
October 21~Late November



Miyazaki Pref. Produce Kirishima Black Pig Minched Pork Cutlet
Hokkaido/
Tohoku/North-Kanto
September 12~Mid October



• **Octopus Cutlet Burger**
• **Octopus Cutlet-Rice Burger**
Kansai/Chukyo/Hokuriku
October 21~Late November



Iwate Pref. Produce Nambu Chicken Burger
South-Kanto/
Koshin/Shizuoka
September 12~Mid October



Mushroom Burger
(4 Variations)
West Japan area
September 12~Mid October



Chicken Namban Burger
Chugoku/Shikoku/
Kyushu/Okinawa
October 21~Late November



MOS's Stores



MOS Burger Factory
Cainz Home Takatsuki Store

FOOD COURT STORE
MOS Burger Factory



"Food Wagon Coming!" We stage-managed live feeling and excitement as if popular MOS Burger has just arrived by moving stall. We tried to express a wagon coach which looks like a real one by colorful and amusing illustration. In conformity with the location as Food Court Store, we arranged an amusing world where many people regardless of age tend to be attracted smiling unconsciously.

MOS's Overseas Strategy

Limited menu of each country of the world

Aiming at
"MOS Burger of the world"
MOS Burger of overseas covered 5 countries and regions with the opening of a store in Jakarta, Indonesia in December 2008. We will continue to develop our overseas market.

Indonesia
We opened our first store in Jakarta in December 2008. Since 80% of the population are Muslim, we eliminated pork menu, and we use exclusively beef for patties.

Pizza Dog

Octopus Cutlet Rice Burger

Thailand
We opened our first store in a busy shopping area in Bangkok in March 2007, and now we operate 6 stores. We mainly use locally produced foodstuff.

Crispy 3 Shrimps Burger

Hong Kong
We opened our first store in Kwun Tong district in the suburb of Hong Kong in October 2006, which increased to 9 stores now. We aim at being "stores to be chosen by customers".

Shrimp Rice Burger

Eel Rice Burger

Singapore
We opened our first store in Singapore in May 1993, and now we operate 23 stores. Limited products such as "Eel Rice Burger" are very popular. We have acquired ISO14001 certification for the first time as a company in Singapore restaurant Industry.

Konnyaku Rice Burger

Pudding

Taiwan
Since we opened our first overseas store in Taipei in February 1991, we have grown both in terms of sales and the number of stores to operate 147 stores. We also have a rich assortment of dessert menu, which are very popular.

Number of stores in each country*: Taiwan 147 stores, Singapore 23 stores, Hong Kong 9 stores, Thailand 6 stores and Indonesia 1 store.
*As of the end of March 2009

Introduction of the MOS Group

In order to have our customers enjoy more through food

MOS is engaged in business development of various areas of food service with the concept “to have our customers enjoy more”. We will continue to develop new businesses taking advantage of experience and expertise of MOS Burger.

Life-time commitment support store limited to individual owners

Tsuke-men noodle specialty store

“Tsukemenya BakuTei”

In December 2008, we opened our first store “Tsukemenya BakuTei” in Itabashi-ku, Tokyo as a new business model of TOMOS, Inc. which operates “Chirimen-Tei”. This store is featured by various elaboration to enable store management by middle-aged and older couples, with a limited amount of investment and a small scale operation, which provide an operating system to allow maximum use of discretion of the owner.

This is a business model addressed to those who would like to continue to work for the entire life-time or those who would like to work after retirement appreciating his private time as well.

It is operated with a carefully selected limited menu of 5 items of noodles such as “Tsukemen” with double soup, a combined seafood based soup and chicken pork white soup, and “Hot Tsukemen” with kochujyang flavor, and 3 items of side menu such as dumpling and rice bowl dishes.



Tsukemen Full Set

Chinese noodle specialty store popular with light soy sauce based taste

“Chirimen-Tei”



“Chirimen-Tei” is a chain of Chinese noodle specialty stores. Since opening of our first store, “Chirimen-Tei Shin-Koenji Store” in 1986, the chain has grown smoothly both in terms of sales and the number of stores, with 62 stores nationwide as of the end of March 2009.

The menu provides rich lineup of “Chinese noodle” which inherits traditional light flavored Tokyo ramen, “Choice Arabiki Black Sesame Tsukemen” and “Arabiki Black Sesame Tantan-men” which was launched in April, 2009, thus we strive to offer products which satisfy taste of Japanese customers.

Stores have simple and sedate atmosphere, mainly consisting of counters. They are relaxed stores where a female customer may visit alone at ease.



Arabiki Black Sesame Tantan-men



chef's V

Restaurants managed by chef's V, Inc. With the concept, "Fish and meat dishes, making the best use of vegetables", we operate 3 stores.*



Mother Leaf

Stores where original sweets and cakes can be enjoyed, in addition to Sri Lanka tea and American waffles. We operate 26 stores.*



Stefan GRILL

Casual stores where they offer house made hamburger steak er and fluffy omelet rice promptly with reasonable prices. We operate 8 stores.*



AEN

Restaurants of seasonal vegetable cuisine being managed by Shikina, Inc. Seasonal cuisines of four seasons centering on vegetables are popular. We operate 10 stores.*

*As of the end of March 2009

MOS's Social and Environmental Activities

In order to deliver happiness to our customers and local communities

Under our management philosophy of “human contribution/social contribution”, MOS has promoted unique social and environmental activities.

We aim for creation of a chain which can contribute to the society, appreciating association with people.

Dietary education program of MOS

MOS Burger has engaged in dietary education as a social mission of a company committed to foods under our management philosophy of “human contribution/social contribution”. This engagement is not limited to activities of the head office, but each one of the stores which owes obligations to people in the community acts voluntarily, and staff of stores visit schools to give classes of dietary education. We would like to make a modest contribution to the people in the community by helping children to develop healthy mind and body, fostering rich humanity.



Fiscal Year 2008 Activity report on “MOS Box of Love”

“MOS Box of Love” is a movement to place donation box in each MOS Burger store, and contribute to major organizations in separate. Total amount of collected fund became ¥8,924,245 in FY 2008. So far, 27 guide dogs have been trained by our contribution to the Eyemate Organization. We have also contributed to the Children's Charter Foundation and Japan Food Service Association (JF).



Concluded “Arrangement concerning support of people who are troubled returning home in time of disaster”

In case of occurrence of major disasters, we provide drinking water and toilets as well as information of areas for refuge and others.

As of March 2009, we have concluded “Arrangement concerning support of people who are troubled returning home in time of disaster” with 25 local governments.

*Registered at 705 stores throughout the nation.



Results of measurement of environmental load at the time of foodstuff transportation of fresh vegetables

Achievement of reduction of environmental load at the time of foodstuff transportation of fresh vegetables in FY2007 (Period of measurement: April 1, 2007 – March 31, 2008) was 23.1% or 1,101.3 MJ for energy consumption per 1 ton of foodstuff transportation, and 23.5% or 81.1kg for warming load compared with 2005. One of the reasons for the reduced environmental load was introduction of reusable containers which can be used repeatedly in all our stores.

Environmental load item (Per 1 ton of foodstuff delivery to stores)	FY2005	FY2007	Reduced amount
Energy consumption (MJ)	4,762.3	3,661.0	1,101.3
Warming load (kg: CO ₂ conversion)	344.9	263.8	81.1
Acidification load (kg: SO ₂ conversion)	0.5	0.4	0.1

Environmental conscious by shifting to "non-petroleum materials" for containers/packaging

MOS Burger has engaged in various efforts towards reduction of environmental load. We try to use environmental conscious materials for containers and packaging indispensable for take-home service.



MOS communication report

We state and report contents regarding "Comfort", "Safety", "Health" and "Social/ Environmental Activities" and involvement with each stakeholder which MOS Burger chain engages.



MOS original environment mark