

MOS Report



40th Fiscal Term Interim Business Report

April 1, 2011 - September 30, 2011

MOS FOOD SERVICES, INC.

Top Message



Our wish is to reinvigorate Japan, bringing excitement and joy to the nation. To do this, we must first provide higher quality services with renewed energy and enthusiasm. Moving forward, we are guided by the timeless objective of “Making people happy through food.”

The Restaurant Industry Beset by Adverse Conditions during the First Half

Results for the first half of the fiscal year ending March 31, 2012, which began in the immediate aftermath of the Great East Japan Earthquake disaster, were down compared with the corresponding period of the previous fiscal year.

Net sales for the period under review amounted to ¥31,458 million. From a profit perspective, operating income, ordinary income and net income came to ¥1,024 million, ¥1,173 million and ¥749 million, respectively.

In addition to the earthquake disaster, the Japanese economy was impacted by a variety of factors including the financial crisis in Europe and the unprecedented appreciation in the value of the yen. As a result, domestic economic conditions were harsh throughout the first half of the fiscal year under review. Compared with certain sections of the retail sector, most notably convenience stores, where activity is brisk, the restaurant industry is faced with a customer base that is disinclined to eat out. Weak consumer sentiment seems to be impeding consumption.

Japan as a whole lacks energy and strength. It is times like these when the MOS FOOD chain must come together as one to bring “deliciousness,” the origin of delights and joy to our customers through higher quality products and services.

Further Enhancing the Quality of Our Services

It is imperative that we not be swayed by fluctuations in short-term results. Our focus must remain on implementing our management policy which entails expanding and upgrading our menu of products and services while further enhancing quality. To this end, we must maintain a keen eye on changes in people's lifestyles.

We are currently placing particular weight on "early morning society." This year, discussions have again focused on the introduction of "summer time." We have for some time witnessed a steady increase in the number of people going to work early. In an effort to meet the expectations of these customers, we plan to bring forward our store opening time, upgrade and expand our breakfast menu and increase the number of stores that offer new services.

In addition, we will continue and bolster our delivery service. Our wish is to bring the enjoyment of the MOS menu to the elderly, incapacitated and mother with young children who find it difficult to leave the home. The MOS store network providing delivery service reached 238 as of September 30, 2011. This network is partly comprised of stores that steadily generate sound earnings.

Invigorating Japan and then the World

During the first half of the fiscal year under review, we continued to release new products actively. In addition to the TOBIKIRI Hamburg Sandwich B.L.T., which boasts domestically grown produce including bacon, we launched area campaigns with a total of six *Gotochi* or "Local" Burgers. In the wake of the earthquake disaster, we took steps to prepare and provide meals as well as emergency supplies in support of devastated areas, and put in place comprehensive energy-saving measures in response to shortages in the electricity. Experiencing first-hand the hardships of local residents in earthquake stricken areas, we became acutely aware of the need to remain positive and vibrant.

Under the Group's current 10-year vision, MOS has identified unprecedented lofty management goals. In particular, we have set for ourselves the major task of increasing the number of overseas stores to 1,800 by the fiscal year ending March 31, 2020. With a strong commitment and we are currently working toward this goal. In sharp contrast to the traditional fast food chain, MOS is dedicated to bringing to the rest of the world the delicious taste of Japan, a sense of security and sincerity as well as vitality and joy. We have decided to newly enter the market in Korea during the second half of the fiscal year and will quickly follow through with new stores in the rest of Asia and Europe. With an unwavering spirit, we ask for your continued support and understanding as we spread our wings to further broaden our horizons.

Atsushi Sakurada
President & Representative Director

Responsible Officers Speaking on MOS's Overseas Strategy

Motivated by the desire to share
MOS's "spirit of outstanding service"
with the people of the world.

1

MOS's Overseas Strategy

MOS began pursuing an overseas strategy in earnest with the opening of its first store in Taiwan in 1991. Fulfilling the MOS Corporate Objective of "Making people happy through food" not only in Japan but also overseas, is a dream of the Company's founder and remains our unwavering aspiration. Driven by this overarching goal, we have worked diligently to expand our global network, which has blossomed to 265 stores across seven regions as of September 30, 2011.

Under our 10-year Group Visions, we plan to increase the number of overseas stores to 1,800 by March 31, 2020. If we look at the pace of new store openings to date, this is indeed an extremely lofty goal. Building on the experience gained in opening new stores throughout Asia and Oceania over more than 20 years, as well as the know-how and brand value nurtured over this lengthy period, we will significantly pick up the pace of new store openings overseas including in Asia and Europe.



2

The Difficulties and Challenges of Overseas Business Development

While language is a natural barrier to developing business opportunities overseas, it is important, we believe, to keep in step with the culture and the people of other countries and regions. For these reasons, we in principle establish joint ventures with local companies well versed in the culture and business customs of each region when opening and operating stores overseas.

We take great pleasure and pride in delivering our products and services to the local consumers of wide ranging countries and regions. Offering a touch of difference to existing hamburger chains, we work daily to bring to our customers plentiful HDC*.

* H (Hospitality): service from the heart; D (Delicious): safe, high-quality, tasty foods, and; C (Cleanliness): clean and refined store ambiance.

We are dedicated to the continuous practice of HDC activities based on a founding spirit that positions our stores at the heart of efforts to serve our customers.



Entering New Countries and Markets Preparing to Open Stores in Korea

We announced our decision to enter the Korea market in October 2011. In conjunction with this announcement, MOS FOOD SERVICES Inc. set up a joint venture with Media Will Holdings Co., Ltd., a company engaged in a broad spectrum of activities including printing, distribution and restaurant management in Korea. The joint-venture company, which is 30% owned by MOS FOOD SERVICES, plans to open its first South Korean outlet in Seoul in March 2012 and then increase the number outlets to around 30 in five years.

While the South Korean fast-food store market is extremely mature, our goal is to secure an indispensable presence through the strengths of our high-quality, unique products and service brimming with hospitality. Ultimately, we hope to boost our network to around 300 stores.

Defining Features of MOS Burger Overseas

What Kind of Presence and Image is MOS Projecting Overseas?

Maintaining a consistent high level of service throughout the world, while carefully assimilating the specific characteristics of each country and region.

1

Operating in Australia as a First Step to Europe and the U.S.!

Australia offers a treasure trove of foods and ingredients, nurtured in a fresh, clean environment. The Australian market is also recognized for its high food safety and inspection standards. Characterized as a multiethnic society with many of its residents boasting roots in Europe and the U.S., Australia serves as a promising market that provides us

with a strong foothold and launchpad for pursuing opportunities on the European Continent and Americas. With our Japanese-style of service attracting wide local acclaim, we are making significant inroads in forging a strong presence. Having opened a second store in October and a third in November, future business development in Australia is an opportunity to put our skills to the test.



WAGYU BEEF BURGER

A hearty 100g patty made from Australian wagyu beef

A hamburger with a Japanese taste accented with a sweet soy sauce flavor



2 Rice Burgers a Big Hit in Singapore!

Singapore is a major metropolis that attracts people from around the world including China, Southeast Asia and Europe. Rice is quite naturally a staple food for this multiethnic country and as such our Singapore menu offers the largest lineup of rice burgers. Successive limited period hit products include our scallop croquette and eel rice burgers. As a measure of the strength of the MOS brand and tradition, many locals believe that the MOS Burger chain originated in Singapore.



Eel Rice Burger

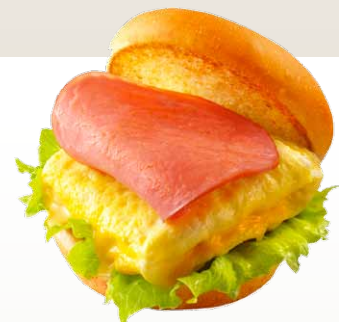
This rice burger is modeled on Japan's eel rice bowl. Eels are also considered a source of energy in Singapore.

* Not currently sold.



3 People in Taiwan Love to Eat Out!

Just as in Japan, we take great care to deliver products that provide comfort, safety and health. The people of Taiwan are extremely sensitive to the issue of comfort and safety. This is perhaps the secret behind MOS Burger's popularity nurtured over 20 years. Eating out is also very much a part of the food culture in Taiwan. It is not uncommon to have all three meals, breakfast, lunch and dinner away from the home. MOS is consistently expanding its breakfast menu to help bring a healthy day to its patrons.



Ham Omelet Burger

The most popular burger on our breakfast menu.

The fluffy omelet and roast ham sandwiched between two buns offer a soft and tender taste that is ideal for breakfast.



The *Gotochi* (Local) Burger Area Campaign

As a part of its “supporting Japan campaign,” MOS divided the nation into five areas and released six area-limited *Gotochi* (Local) Burger products based on the theme “MOS Burger a Source of Vitality for Japan.”



Nambu Chicken Zangi Burger



Sauce Cutlet Burger



Haccho Miso Chicken Burger



Nambu Chicken Burger



Chicken Namban Burger



Beef Cutlet Burger

We have offered area-limited products that showcase the food ingredients of a specific area as a part of our area campaign since 2008. Looking ahead, we will continue to take advantage of the locally produced ingredients of a particular area to develop new products. Our goal is to become a food chain that consistently contributes to Japan’s dietary needs while invigorating regional and local communities.

The TOBIKIRI Hamburg Sandwich Series

New products in the TOBIKIRI Hamburg Sandwich series for the autumn and winter seasons, “Baked Tomato & Cheese Demi Glace Sauce” and “Cheese Demi Glace Sauce” now on sale!

We have sold 56 million meals in the popular TOBIKIRI Hamburg Sandwich series since its launch in 2008 (as of September 30, 2011). This new product is distinguished by the use of tomatoes cooked on a grill. Taking the time and effort to cook each tomato draws out the sweet tomato flavor as well as an unmatched harmony with the demi glace sauce. Of course, the meat we use is 100% locally produced.



Baked Tomato and Cheese Demi Glace Sauce



Cheese Demi Glace Sauce



TOBIKIRI Cheese

A Succession of New Format Stores

At MOS FOOD SERVICES, we actively develop business opportunities outside our mainstay MOS Burger activities in an effort to match the ever-changing lifestyles and needs of customers.

We opened our first store in the new Mother Leaf Tea Style format in Tachikawa City in June 2011. For our customers, including both teenagers and business persons, we offer genuine Mother Leaf brand tea as well as a menu of sweets at a reasonable price. In addition to the self-service style, we also offer a takeout menu. We opened a second store in Sendai City in July and a third in Osaki, Shinagawa Ward in September. Our plans are to open 10 stores over the next two years.



Mother Leaf Tea Style



MOSCO

We opened our first MOSCO store in Itabashi Ward in July 2011. The MOSCO concept is based on self-service type coffee shops located within train stations and book stores. The focus is very much on convenience with drinks catering to specific tastes as well as hotdogs. The objective is to provide the busy person with an oasis to recharge his or her batteries during the hustle and bustle of each day.

A second store under the MOSDO brand, a collaborative effort between MOS and Mister Donuts, opened in Kyoto in September 2011.