



SEMI-ANNUAL REPORT 2012

For the Six-Month Period Ended 30th September, 2012

TO OUR SHAREHOLDERS

First of all, we would like to express our profound gratitude for the continued support of our shareholders. We hereby would like to announce the business results for the six-month period ended 30th September, 2012.

During the first six-month period ended 30th September, 2012, the Japanese economy was on a track of recovery, supported by demand associated with recovery and reconstruction in the aftermath of the Great East Japan Earthquake. However, the outlook for the Japanese economy remains uncertain in view of the persistently strong yen and the downside risk of the world economy due to the recessions in the European markets and the stagnation in the emerging markets.

The environment in which the Marudai Food Group's Processed Food Products business operates remained tough due to deflation, frugality among consumers in view of concerns about employment prospects, and growing price competition. The Meat Products business also faced challenges as prices of pork and chicken followed a downward trend, whereas there were indications of a modest recovery in prices of Japanese beef.

Under such circumstances, we strove to offer food products that satisfies the highest standards of safety and reliability by adhering to the Marudai Food Group's policies of putting the customer first, thorough compliance, and uncompromising commitment to safety and quality. In parallel, we implemented a diversification strategy and initiatives to reinforce Group management and strengthen product development capabilities.

As a result of the above factors, consolidated net sales for the first six-month period increased by 2.5% compared with the same period of the previous year to 103,080 million yen and operating income decreased by 44.1% to 1,853 million yen. Net income fell by 66.4% to 918 million yen because of the recording of expenses for the voluntary recall of products and write-down of investments in securities.

Processed Food Products

The Ham & Sausage Products operations conducted vigorous sales promotion campaigns, including the launch of an autumn campaign for the mainstay brand "*Kunseiya Jyukusei Vienna Sausage*", which won the Monde Selection Grand Gold Quality Award in the food products category for the fourth time. New products introduced included "*Jokyu Arabiki Grill Master*" and "*Kamen Rider Wizard Fish Sausage*". In terms of midsummer gift products, our proactive sales efforts focused on our mainstay series, namely "*Ouha*" and "*Kosai*". However, intensified competition resulted in a 2.1% decline in sales of the Ham & Sausage Products operations compared with the same period of the previous year.

In the Precooked & Processed Foods operations, sales of retort-pouch curry products decreased greatly from the figure for the same period of the previous year. However, the vigorous efforts in the introduction of new products, including the "*Kashmir Chicken Curry*" for easy preparation of a dish with an authentic flavour, "*SBL88 Karada ni Zeitaku Yogurt*" for which barley-derived lactobacillus is used, and the "*Sundubu*" series

of Korean-style soups, led to a 4.8% increase in sales of the Precooked & Processed Foods operations compared with the same period of the previous year.

As a result, sales of the Processed Food Products segment amounted to 75,121 million yen, up 0.7% compared with the same period of the previous year. Operating income decreased 42.3% to 1,802 million yen, owing to decreased sales of the mainstay Ham & Sausage operations.

Meat Products

With regard to Beef, price competition intensified, reflecting the consumer preoccupation with low prices. Despite the challenging environment, beef sales increased as a result of our efforts in expanding sales of U.S. beef. Meanwhile, the pork market remained unfavorable because of increased supply of pork. As a result, sales of the Meat Products segment increased 7.7% compared with the same period of the previous year to 27,762 million yen. However, the segment recorded an operating loss of 47 million yen because of diminishing profitability in light of the fall in the unit prices of meat.

Other

Sales of the Other business decreased 1.6% compared with the same period of the previous year to 197 million yen, but operating income increased 11.9% to 98 million yen.

Once again, we would like to express our gratitude to our shareholders and to ask for your continued support of our business in the future.

A handwritten signature in black ink, reading "T. Kudara", is written over a horizontal line. The signature is written in a cursive style.

Tokuo Kudara
President

MARUDAI FOOD CO., LTD.
CONSOLIDATED BALANCE SHEETS
30th September, 2012 and 2011
(Unaudited)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Current assets:			
Cash and time deposits	¥ 11,378	¥ 13,821	\$ 146,680
Receivables:			
Trade notes and accounts	26,458	21,221	341,085
Other	828	357	10,674
Allowance for doubtful accounts	(63)	(52)	(812)
Inventories	14,562	15,052	187,727
Deferred tax assets	1,601	2,263	20,639
Advances and other current assets	694	647	8,948
Total current assets	55,458	53,309	714,941
Investments and other assets:			
Investment securities			
Affiliates	107	131	1,379
Other	8,270	8,194	106,613
Deferred tax assets	257	67	3,313
Other	7,681	7,455	99,021
Allowance for doubtful accounts	(430)	(378)	(5,543)
Total investments and other assets	15,885	15,469	204,783
Property, plant and equipment, at cost:			
Land	18,950	18,716	244,295
Buildings and structures	47,234	45,315	608,921
Machinery and equipment	52,477	48,628	676,511
Construction in progress	686	521	8,844
Lease assets	7,290	8,237	93,980
	126,637	121,417	1,632,551
Less accumulated depreciation	(75,280)	(72,054)	(970,478)
Net property, plant and equipment	51,357	49,363	662,073
Intangible assets	1,755	701	22,625
Total assets	¥124,455	¥118,842	\$1,604,422

See accompanying the note.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Current liabilities:			
Short-term borrowings	¥10,910	¥ 6,402	\$140,647
Long-term debt due within one year	3,196	6,858	41,202
Trade notes and accounts payable	21,710	19,575	279,876
Short-term lease obligations	911	1,196	11,744
Accrued expenses	2,466	2,403	31,791
Accrued income taxes	346	510	4,460
Other current liabilities	7,144	6,264	92,098
Total current liabilities	46,683	43,208	601,818
Long-term liabilities:			
Long-term debt due after one year	4,348	3,275	56,053
Deferred tax liabilities	1,303	1,493	16,798
Long-term lease obligations	2,886	3,487	37,205
Employees' severance and retirement benefits	855	622	11,022
Other long-term liabilities	551	493	7,103
Total long-term liabilities	9,943	9,370	128,181

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
NET ASSETS			
Shareholders' equity:			
Common stock	6,716	6,716	86,580
Capital surplus	21,686	21,686	279,567
Retained earnings	36,920	35,972	475,957
Less treasury stock at cost	(698)	(697)	(8,998)
Total shareholders' equity	<u>64,624</u>	<u>63,677</u>	<u>833,106</u>
Accumulated other comprehensive income:			
Unrealised gains on securities	1,674	1,151	21,580
Deferred losses on hedges	(7)	(36)	(90)
Foreign currency translation adjustments	(91)	(84)	(1,173)
Total accumulated other comprehensive income	<u>1,576</u>	<u>1,031</u>	<u>20,317</u>
Minority interests	<u>1,629</u>	<u>1,556</u>	<u>21,000</u>
Total net assets	<u>67,829</u>	<u>66,264</u>	<u>874,423</u>
Total liabilities and net assets	<u>¥124,455</u>	<u>¥118,842</u>	<u>\$1,604,422</u>

MARUDAI FOOD CO., LTD.
CONSOLIDATED STATEMENTS OF INCOME
Six months ended 30th September, 2012 and 2011
(Unaudited)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Net sales	¥103,080	¥100,597	\$1,328,864
Cost of sales	77,593	74,495	1,000,297
Gross profit	25,487	26,102	328,567
Selling, general and administrative expenses	23,634	22,787	304,679
Operating income	1,853	3,315	23,888
Other income (expenses):			
Interest and dividend income	139	122	1,792
Interest expense	(173)	(211)	(2,230)
Gain on sale of securities, net	1	0	13
Loss on disposal of property, plant and equipment, net	(68)	(114)	(877)
Write-down of investment in securities	(535)	(1)	(6,897)
Loss on foreign exchange	(18)	(22)	(232)
Loss on impairment of assets	(107)	(75)	(1,379)
Other, net	(148)	196	(1,908)
	(909)	(105)	(11,718)
Income before income taxes and minority interests	944	3,210	12,170
Income taxes:			
Current	298	424	3,842
Deferred	(391)	(198)	(5,041)
Income before minority interests	1,037	2,984	13,369
Minority interests	(119)	(250)	(1,535)
Net income	¥ 918	¥ 2,734	\$ 11,834
		Yen	U.S. Dollars (Note)
Net income per share	¥7.07	¥21.05	\$0.09
Net income, diluted per share	—	—	—
Dividends per share	¥9.00	¥ 8.00	\$0.12

See accompanying the note.

MARUDAI FOOD CO., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Six months ended 30th September, 2012 and 2011
(Unaudited)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Income before minority interests	¥1,036	¥2,984	\$13,355
Other comprehensive income:			
Unrealised losses on securities	(327)	(355)	(4,216)
Deferred losses on hedges	(25)	(36)	(322)
Foreign currency translation adjustments	23	8	297
Share of other comprehensive income of associates accounted for using equity method	1	0	13
Total other comprehensive income	(328)	(383)	(4,228)
Comprehensive income	<u>¥ 708</u>	<u>¥2,601</u>	<u>\$ 9,127</u>
Comprehensive income attributable to:			
Owners of the parent	¥590	¥2,351	\$7,606
Minority interests	¥118	¥ 250	\$1,521

See accompanying the note.

MARUDAI FOOD CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Six months ended 30th September, 2012 and 2011
(Unaudited)

	Millions of yen								
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealised gains on securities	Deferred gains on hedges	Foreign currency translation adjustments	Minority interests
Balance at beginning of fiscal 2013	132,527,909	¥6,716	¥21,686	¥37,171	¥(698)	¥2,001	¥18	¥(115)	¥1,529
Net income	—	—	—	918	—	—	—	—	—
Cash dividends paid - ¥9 per share	—	—	—	(1,169)	—	—	—	—	—
Decrease in unrealised gains on securities	—	—	—	—	—	(327)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	—	24	100
Decrease in deferred gains on hedges	—	—	—	—	—	—	(25)	—	—
Purchase of treasury stock	—	—	—	—	(0)	—	—	—	—
Balance at end of period	132,527,909	¥6,716	¥21,686	¥36,920	¥(698)	¥1,674	¥(7)	¥(91)	¥1,629

	Millions of yen								
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealised gains on securities	Deferred gains on hedges	Foreign currency translation adjustments	Minority interests
Balance at beginning of fiscal 2012	132,527,909	¥6,716	¥21,686	¥34,277	¥(697)	¥1,506	¥ 1	¥(92)	¥1,314
Net income	—	—	—	2,734	—	—	—	—	—
Cash dividends paid - ¥8 per share	—	—	—	(1,039)	—	—	—	—	—
Decrease in unrealised gains on securities	—	—	—	—	—	(355)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	—	8	242
Decrease in deferred gains on hedges	—	—	—	—	—	—	(37)	—	—
Purchase of treasury stock	—	—	—	—	(0)	—	—	—	—
Balance at end of period	132,527,909	¥6,716	¥21,686	¥35,972	¥(697)	¥1,151	¥(36)	¥(84)	¥1,556

Thousands of U.S. dollars (Note)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealised gains on securities	Deferred gains on hedges	Foreign currency translation adjustments	Minority interests
Balance at beginning of fiscal 2013	\$86,580	\$279,567	\$479,193	\$(8,998)	\$25,796	\$232	\$(1,483)	\$19,711
Net income	—	—	11,834	—	—	—	—	—
Cash dividends paid - ¥9 per share	—	—	(15,070)	—	—	—	—	—
Decrease in unrealised gains on securities	—	—	—	—	(4,215)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	—	310	1,289
Decrease in deferred gains on hedges	—	—	—	—	—	(322)	—	—
Purchase of treasury stock	—	—	—	(0)	—	—	—	—
Balance at end of period	<u>\$86,580</u>	<u>\$279,567</u>	<u>\$475,957</u>	<u>\$(8,998)</u>	<u>\$21,581</u>	<u>\$ (90)</u>	<u>\$(1,173)</u>	<u>\$21,000</u>

MARUDAI FOOD CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six months ended 30th September, 2012 and 2011
(Unaudited)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 944	¥3,210	\$ 12,170
Depreciation and amortisation	2,826	2,888	36,432
Increase in allowance for doubtful accounts	6	14	77
Increase (decrease) in severance and retirement benefits	85	(424)	1,096
Interest and dividend income	(139)	(122)	(1,792)
Interest expense	173	211	2,230
Gain on sale of securities, net	(1)	0	(13)
Write-down of investment in securities	535	1	6,897
Loss on disposal of property, plant and equipment, net	68	114	877
Loss on impairment of assets	107	75	1,379
Increase in receivables	(1,219)	(1,305)	(15,715)
Increase in inventories	(508)	(455)	(6,549)
Increase in trade notes and accounts payable	1,893	1,397	24,404
Decrease in consumption tax payable	(103)	(62)	(1,328)
Other, net	(602)	455	(7,761)
Subtotal	4,065	5,997	52,404
Interest and dividends received	169	149	2,179
Interest paid	(172)	(210)	(2,217)
Income taxes paid	(278)	(715)	(3,584)
Net cash provided by operating activities	3,784	5,221	48,782
Cash flows from investing activities:			
Purchase of property, plant and equipment	(3,385)	(2,132)	(43,638)
Proceeds from sale of property, plant and equipment	149	124	1,921
Purchase of short-term investments and investment securities	(23)	(15)	(297)
Proceeds from sale of short-term investments and investment securities	20	0	258
Purchase of stocks of affiliates	0	(131)	0
Purchase of investments in subsidiaries resulting in change in scope of consolidation	15	16	193
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	0	5	0
Other, net	(80)	(65)	(1,031)
Net cash used in investing activities	(3,304)	(2,198)	(42,594)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Cash flows from financing activities:			
Net increase in short-term borrowings	2,460	1,864	31,713
Proceeds from long-term debt	225	500	2,901
Repayment of long-term debt	(2,547)	(3,471)	(32,835)
Cash dividends paid	(1,169)	(1,039)	(15,070)
Repayment of lease obligations	(533)	(670)	(6,871)
Other, net	(21)	(5)	(271)
Net cash used in financing activities	<u>(1,585)</u>	<u>(2,821)</u>	<u>(20,433)</u>
Effect of exchange rate changes on			
cash and cash equivalents	(0)	0	(0)
Net increase (decrease) in cash and cash equivalents	<u>(1,105)</u>	<u>202</u>	<u>(14,245)</u>
Cash and cash equivalents at beginning of year	<u>12,296</u>	<u>13,582</u>	<u>158,515</u>
Cash and cash equivalents at end of year	<u>¥11,191</u>	<u>¥13,784</u>	<u>\$144,270</u>

MARUDAI FOOD CO., LTD.
NOTE TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Basis of financial statements

Marudai Food Co., Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Company Law and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices. These financial statements should be read along with the Annual Report to Shareholders for the year ended 31st March 2012.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at 30th September, 2012, which was ¥77.57 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

DIRECTORS AND STATUTORY AUDITORS (As of 30th September, 2012)

President and Representative Director:	Tokuo Kudara	Directors:	Hiroshi Kubota Jiro Tsuge
Senior Executive and Managing Director:	Keiichi Kato Toshiharu Inoue	Statutory Auditors:	Yoshikazu Sawanaka Yasumi Shukuri Hiroshi Kitabayashi
Managing Directors:	Yasushi Sawada Masahiro Oshima		

OUTLINE OF THE COMPANY (As of 30th September, 2012)

Established:	10th June, 1958
Stated Capital:	¥6,716,252,022
Number of Employees:	2,374
Head Office:	21-3 Midori-cho, Takatsuki-shi, Osaka, Japan
Branch Office:	4-7-5 Tsukiji, Chuou-ku, Tokyo, Japan
Sales Offices:	The sales headquarters at the Company's head office in Osaka controls 13 distribution centers and 6 regional sales departments which service 52 local outlets.
Plants:	Hokkaido, Iwate, Niigata, Kanto, Ibaraki, Yokosuka, Shounan, Shizuoka, Matsusaka, Takatsuki, Hyogo, Okayama, Hiroshima, Karatsu
Overseas Office:	Chicago, U.S.A.

MARUDAI FOOD CO., LTD.