

**Consolidated Financial Results for the Six Months Ended September 30, 2012**  
(Prepared pursuant to Japanese GAAP)

November 13, 2012

Company name: MEGMILK SNOW BRAND Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (First Section), Sapporo Securities Exchange  
 Stock code: 2270  
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(Amounts rounded down to the nearest million yen)

**1. Consolidated Results for the First Six Months of the Fiscal Year Ending March 31, 2013**  
(April 1, 2012 – September 30, 2012)

(1) Consolidated Operating Results (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2012	266,386	3.0	8,518	3.7	9,252	1.9	5,784	1.9
Six months ended September 30, 2011	258,538	(0.4)	8,213	(5.8)	9,080	(5.6)	5,676	(5.6)

Note: Comprehensive income: Six Months Ended September 30, 2012: 5,545 million yen (9.8%)  
 Six Months Ended September 30, 2011: 5,050 million yen (0.7%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Six months ended September 30, 2012	85.24	—
Six months ended September 30, 2011	83.65	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
September 30, 2012	303,737	110,895	35.9	1,606.35
March 31, 2012	298,158	107,342	35.4	1,555.42

For reference:

Equity: September 30, 2012: 108,997 million yen  
 March 31, 2012: 105,543 million yen.

## 2. Dividends

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2012	—	—	—	30.00	30.00
Year ending March 31, 2013	—	—			
Year ending March 31, 2013 (forecast)			—	30.00	30.00

Note: Revisions from the latest release of dividend forecasts: None

Year-end dividend for the fiscal year ended March 31, 2012:

Ordinary dividend of 25.00 yen Special dividend of 5.00 yen

Forecast year-end dividend for the fiscal year ending March 31, 2013:

Ordinary dividend of 25.00 yen Special dividend of 5.00 yen

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	530,000	4.0	17,500	11.0	18,000	0.7	9,500	2.1	140.00

Note: Revisions from the latest release of earnings forecasts: None

### Notes

- (1) Material reclassifications of subsidiaries during the period: None
- (2) Accounting methods specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: Yes
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: Yes
  - 4) Retrospective restatement: None
- (4) Common stock issued
  - 1) Issued shares as of period-end (including treasury stock):
 

September 30, 2012:	70,751,855 shares
March 31, 2012:	70,751,855 shares
  - 2) Treasury stock as of period-end:
 

September 30, 2012:	2,897,451 shares
March 31, 2012:	2,896,172 shares
  - 3) Average number of shares (during the respective six-month period):
 

Six months ended September 30, 2012:	67,855,140 shares
Six months ended September 30, 2011:	67,857,334 shares

**\*Quarterly Review Status**

This report is not subject to the review requirements of Japan's Financial Instruments and Exchange Act. As of the release date of this report, a review of this quarter's consolidated financial statements in accordance with the Act was being conducted.

**\*Appropriate Use of Earnings Forecasts and Other Important Information**

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

**4. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

Items	As of March 31, 2012	As of September 30, 2012
	millions of yen	millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,072	13,255
Notes and accounts receivable-trade	63,497	69,745
Marketable securities	49	49
Merchandise and finished goods	24,992	25,430
Work in process	1,126	2,090
Raw materials and supplies	9,709	8,851
Deferred tax assets	6,221	5,500
Other	7,688	4,993
Allowance for doubtful accounts	(811)	(762)
Total current assets	131,547	129,154
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	27,304	32,661
Machinery, equipment and vehicles, net	33,102	37,468
Land	59,009	59,088
Other, net	13,668	12,940
Total property, plant and equipment	133,085	142,158
Intangible assets		
Goodwill	3,469	2,775
Other	3,282	3,076
Total intangible assets	6,751	5,851
Investments and other assets		
Investment securities	17,669	17,688
Deferred tax assets	5,366	5,312
Other	4,751	4,592
Allowance for doubtful accounts	(1,013)	(1,021)
Total investments and other assets	26,773	26,572
Total fixed assets	166,611	174,582
<b>Total assets</b>	298,158	303,737

Items	As of March 31, 2012	As of September 30, 2012
	millions of yen	millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	58,189	62,725
Short-term loans payable	26,518	30,722
Income taxes payable	1,253	2,579
Provision for bonuses	3,752	3,712
Asset retirement obligations	285	285
Other	27,814	31,709
Total current liabilities	117,813	131,734
<b>Long-term liabilities</b>		
Long-term loans payable	43,763	34,874
Deferred tax liabilities	1,062	1,048
Deferred tax liabilities for land revaluation	6,895	6,895
Provision for employees' retirement benefits	10,493	7,735
Provision for director's retirement benefits	307	318
Provision for gift token exchange	233	229
Asset retirement obligations	378	375
Negative goodwill	814	309
Other	9,054	9,320
Total long-term liabilities	73,002	61,107
Total liabilities	190,816	192,842
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	59,124	62,934
Treasury stock	(4,523)	(4,525)
Total shareholders' equity	92,181	95,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,108	803
Deferred gains or losses on hedges	29	(28)
Revaluation reserve for land	12,367	12,367
Foreign currency translation adjustment	(142)	(133)
Total accumulated other comprehensive income	13,362	13,008
<b>Minority interests</b>	1,798	1,897
<b>Total net assets</b>	107,342	110,895
<b>Total liabilities and net assets</b>	298,158	303,737

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

**Consolidated Statements of Income**

Items	Six months ended September 30,2011	Six months ended September 30,2012
	millions of yen	millions of yen
<b>Net sales</b>	258,538	266,386
Cost of sales	190,908	197,892
Gross profit	67,630	68,494
Selling, general and administrative expenses	59,416	59,975
<b>Operating income</b>	8,213	8,518
Non-operating income		
Interest income	23	13
Dividend income	207	228
Amortization of negative goodwill	504	504
Equity in earnings of affiliates	318	159
Other	540	485
Total non-operating income	1,593	1,391
Non-operating expenses		
Interest expenses	495	432
Other	231	225
Total non-operating expenses	726	657
<b>Ordinary income</b>	9,080	9,252
Extraordinary income		
Gain on sales of fixed assets	78	13
Compensation income	—	428
Other	62	155
Total extraordinary income	141	596
Extraordinary loss		
Loss on sales of fixed assets	6	0
Loss on retirement of fixed assets	521	371
Impairment loss	1	28
Disaster-related losses	441	—
Merger expenses	296	—
Product recall losses	—	129
Other	87	27
Total extraordinary loss	1,354	558
Income before income taxes and minority interests	7,867	9,290
Income taxes	2,308	3,390
Income before minority interests	5,558	5,899
Minority interests in income (loss)	(117)	115
<b>Net income</b>	5,676	5,784

**Consolidated Statements of Comprehensive Income**

Items	Six months ended September 30,2011	Six months ended September 30,2012
	millions of yen	millions of yen
<b>Income before minority interests</b>	5,558	5,899
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(318)	(300)
Deferred gains or losses on hedges	(127)	(57)
Foreign currency translation adjustment	86	16
Revaluation reserve for land	(175)	—
Share of other comprehensive income of associates accounted for using the equity method	26	(13)
Total other comprehensive income	(508)	(354)
<b>Comprehensive income</b>	5,050	5,545
Comprehensive income attributable to owners of the parent	5,166	5,430
Comprehensive income attributable to minority interests	(116)	114

### (3) Consolidated Statements of Cash flows

	Six months ended September 30,2011	Six months ended September 30,2012
	millions of yen	millions of yen
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	7,867	9,290
Depreciation and amortization	6,238	6,149
Impairment loss	1	28
Disaster-related losses	441	—
Equity in (earnings) losses of affiliates	(318)	(159)
Amortization of goodwill	693	693
Amortization of negative goodwill	(504)	(504)
Increase (decrease) in allowance for doubtful accounts	(125)	(41)
Increase (decrease) in provision for bonuses	(87)	(47)
Increase (decrease) in provision for employees' retirement benefits	389	104
Increase (decrease) in provision for gift token exchange	(7)	(4)
Increase (decrease) in provision for directors' retirement benefits	(10)	8
Loss (gain) on sales and retirement of fixed assets	448	359
Interest and dividend income received	(230)	(241)
Interest expenses	495	432
Compensation income	—	(428)
Decrease (increase) in notes and accounts receivable-trade	(9,282)	(6,216)
Decrease (increase) in inventories	(376)	(543)
Increase (decrease) in notes and accounts payable-trade	4,290	4,638
Other- net	312	(327)
Sub total	10,236	13,191
Interest and dividend income	345	348
Interest expenses paid	(497)	(439)
Expenses incurred from disaster-related losses	(1,029)	—
Compensation income received	—	428
Income taxes paid	(1,096)	(1,124)
Net cash provided by (used in) operating activities	7,957	12,403



	Six months ended September 30,2011	Six months ended September 30,2012
	millions of yen	millions of yen
<b>Cash flows from investing activities</b>		
Payments into time deposits	(39)	(39)
Proceeds from withdrawal of time deposits	19	0
Payments of loans receivable	(138)	(105)
Collection of loans receivable	303	141
Purchase of property, plant and equipment and intangible assets	(7,747)	(10,958)
Proceeds from sales of property, plant and equipment and intangible assets	132	21
Purchase of investment securities	(5)	(6)
Proceeds from sales of investment securities	24	18
Purchase of stocks of subsidiaries and affiliates	—	(410)
Proceeds from sales of stocks of subsidiaries and affiliates	—	110
Net cash provided by (used in) investing activities	(7,450)	(11,226)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	612	(328)
Repayment of long-term loans payable	(3,642)	(4,356)
Purchase of treasury stock	(2)	(1)
Cash dividends paid	(1,676)	(2,027)
Cash dividends paid to minority shareholders	(3)	(3)
Other	(720)	(315)
Net cash provided by (used in) financing activities	(5,433)	(7,032)
Effect of exchange rate on cash and cash equivalents	28	(8)
Net increase (decrease) in cash and cash equivalents	(4,896)	(5,863)
Cash and cash equivalents at beginning of period	14,065	18,444
Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	—	7
Cash and cash equivalents at end of period	9,168	12,589

## 5. Segment Information

### Sales and income/loss by reportable segment

Six months ended September 30, 2011 (April 1 to September 30, 2011)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	87,574	131,448	24,401	243,425	15,113	258,538	—	258,538
Inter-segment sales and transfers	6,451	11	480	6,943	5,159	12,103	(12,103)	—
Total	94,026	131,460	24,882	250,369	20,273	270,642	(12,103)	258,538
Segment income (loss)	5,513	701	1,030	7,245	912	8,158	55	8,213

Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.

2. The 55 million yen adjustment for segment income is for elimination of intercompany transactions.

3. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

Six months ended September 30, 2012 (April 1 to September 30, 2012)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	92,564	136,334	23,582	252,482	13,904	266,386	—	266,386
Inter-segment sales and transfers	5,586	7	466	6,060	5,549	11,609	(11,609)	—
Total	98,151	136,342	24,048	258,542	19,453	277,996	(11,609)	266,386
Segment income (loss)	5,150	1,246	1,193	7,590	907	8,498	19	8,518

Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.

2. The 19 million yen adjustment for segment income is for elimination of intercompany transactions.

3. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.