

Consolidated Financial Results for the Year Ended March 31, 2013
(Prepared pursuant to Japanese GAAP)

May 9, 2013

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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Scheduled dates:
 Annual general meeting of shareholders: June 25, 2013
 Dividend payout: June 26, 2013
 Filing of fiscal year-end financial report: June 26, 2013
 Supplementary materials to fiscal year-end financial results available: Yes
 Fiscal year-end earnings presentation held: Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the Fiscal Year Ended March 31, 2013
(April 1, 2012 – March 31, 2013)

(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	%
Year ended March 31, 2013	522,987	2.7	15,009	(4.8)	16,384	(8.3)	9,600	3.2
Year ended March 31, 2012	509,413	1.0	15,758	0.7	17,876	3.1	9,301	(0.3)

Note: Comprehensive income: Year Ended March 31, 2013: 11,494 million yen (+9.4%)
 Year Ended March 31, 2012: 10,507 million yen (+7.7%)

	Net income per share – basic	Net income per share – diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 31, 2013	141.49	-	8.7	5.4	2.9
Year ended March 31, 2012	137.08	-	9.2	6.1	3.1

For reference: Equity in earnings of affiliates: Year Ended March 31, 2013: 182 million yen
 Year Ended March 31, 2012: 215 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
March 31, 2013	313,569	116,684	36.6	1,690.13
March 31, 2012	298,158	107,342	35.4	1,555.42

For reference: Equity: March 31, 2013: 114,679 million yen
 March 31, 2012: 105,543 million yen

(3) Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended March 31, 2013	23,761	(26,543)	(4,869)	10,917
Year ended March 31, 2012	25,340	(10,528)	(10,383)	18,444

2. Dividends

Record date or period	Cash dividends per share					Total dividends paid (full year)	Payout Ratio (consolidated)	Dividends to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	End-Q4	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended March 31, 2012	-	-	-	30.00	30.00	2,035	21.9	2.0
Year ended March 31, 2013	-	-	-	30.00	30.00	2,035	21.2	1.8
Year ending March 31, 2014 (forecast)	-	-	-	30.00	30.00		21.4	

Note: Year-end dividend for the fiscal year ended March 31, 2013:

Ordinary dividend of 25.00 yen Special dividend of 5.00 yen

Forecast year-end dividend for the fiscal year ending March 31, 2014:

Ordinary dividend of 30.00 yen

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(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	%	
Six months ending September 30, 2013	275,000	3.2	9,000	5.7	9,000	(2.7)	5,500	(4.9)	81.06
Full Year	540,000	3.3	17,000	13.3	16,500	0.7	9,500	(1.0)	140.01

* Notes

(1) Material reclassifications of subsidiaries during the period: None

(2) 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

(3) Common stock issued

1) Issued shares as of period-end (including treasury stock):

March 31, 2013: 70,751,855 shares

March 31, 2012: 70,751,855 shares

2) Treasury stock as of period-end:

March 31, 2013: 2,899,338 shares

March 31, 2012: 2,896,172 shares

3) Average number of shares (during the respective period):

Year ended March 31, 2013: 67,854,314 shares

Year ended March 31, 2012: 67,856,735 shares

Reference: Overview of Non-consolidated Results
Non-consolidated Results for the Fiscal Year Ended March 31, 2013
(April 1, 2012 – March 31, 2013)

(1) Non-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	%
Year ended March 31, 2013	342,515	0.7	11,102	(12.7)	12,067	(13.5)	6,932	(34.3)
Year ended March 31, 2012	340,231	-	12,713	415.2	13,945	454.6	10,545	405.7

	Net income per share - basic	Net income per share - diluted
	yen	yen
Year ended March 31, 2013	102.17	-
Year ended March 31, 2012	155.41	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
March. 31, 2013	257,309	85,387	33.2	1,258.43
March. 31, 2012	245,027	79,353	32.4	1,169.45

For reference: Equity: March 31, 2013: 85,387 million yen
March 31, 2012: 79,353 million yen

Note: Megmilk Snow Brand Co., Ltd. (the Company) conducted an absorption-type merger with Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd. on April 1, 2011. Consequently, in the fiscal year ended March 31, 2012, the Company recorded a ¥3,760 million gain on extinguishment of tie-in shares. As a result, non-consolidated net income for the fiscal year ended March 31, 2013 showed a significant decline compared with the previous fiscal year.

***Audit 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 the consolidated fiscal year-end financial statements in accordance with the Act was being conducted.

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

(Earnings Forecasts)

The above forecasts are based on the assumptions of management in the light of information available as of the release date 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.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

The Company has scheduled an earnings presentation aimed at analysts and institutional investors for Thursday, May 9, 2013, and intends to publish the presentation handout materials on its website on the same date of the event.

1. Operating Results

(1) Analysis of Operating Results

In the fiscal year ended March 31, 2013, the Japanese economy was affected by the global economic slowdown, and business conditions remained adverse as a result of continuation of the deflationary trend, a slump in consumer spending, and other factors. However, correction of the strong yen and an increase in stock prices following the change of government has led to heightened expectations for economic recovery. In the food products industry, the trend towards low-end consumer prices intensified, and difficult business conditions continued due to factors including soaring raw materials prices.

In this business environment, in the fiscal year ended March 31, 2013 the Company undertook new product sales expansion and product brand reinforcement to vigorously execute the Number-One-in-the-Category Strategy set forth in the MEGMILK SNOW BRAND Group Mid-term Management Plan (October 1, 2009 to March 31, 2015) in four product categories: milk beverages, yogurt, desserts, and natural cheese.

In the milk beverages category, the Company sought to reinforce product competitiveness by renewing the *Mainichi Honebuto* line of beverages that facilitate calcium intake. In the yogurt category, the Company renewed *Nature Megumi* and *Nature Megumi Shibou Zero*, a product that contains *Lactobacillus gasseri* SP (SBT2055) and *Bifidobacterium longum* SP (SBT2928), the Company's proprietary probiotic lactic acid bacterial strains, and strengthened the *Nature Megumi Fruit Yogurt Four-Packs* product line. In the desserts category, the Company sequentially introduced a wide variety of products, notably *Kasane Dolce*, a product with four delicious layers made using a patented production method. In the natural cheese category, the Company undertook reinforcement of the *Yukijirushi Hokkaido 100* brand by means including the launch of *Yukijirushi Hokkaido 100 Sakeru Cheese (Garlic)*.

With regard to strategic capital expenditure, the further development of production infrastructure to strengthen the business is proceeding. The Company has completed the first stage of production system development and production capacity augmentation for *Nature Megumi* at the Ebina Plant, the key plant in the Kanto region, and production capacity augmentation for *Yukijirushi Hokkaido 100 Sakeru Cheese* at the Taiki Plant. In addition, the Company has begun construction of an integrated dairy products plant in Ami-machi, Ibaraki Prefecture, where operation is scheduled to start in the second half of the fiscal year ending March 31, 2015.

In joint activities with the Yotsuba Milk Products Group in the areas of production, logistics, and purchasing, the Company is proceeding with consideration of development of a cooperative business structure to go beyond the existing framework. With regard to the operational alliance with the Kyodo Milk Industry Group, the Company examined the development of a cooperative structure for production, logistics, purchasing, and marketing, agreed to enter into a capital and operational alliance to further deepen the business relationship, and acquired approximately two million shares of common stock of Kyodo Milk Industry Co., Ltd., 20.15% of the common shares outstanding.

As a result of these developments, in the fiscal year ended March 31, 2013 consolidated net sales were ¥522,987 million (an increase of 2.7% over the previous fiscal year), operating income was ¥15,009 million (down 4.8%), ordinary income was ¥16,384 million (down 8.3%), and net income was ¥9,600 million (up 3.2%). As of March 31, 2013, the MEGMILK SNOW BRAND Group comprised the Company, 30 subsidiaries, and 11 affiliates.

Operating results by business segment for the fiscal year ended March 31, 2013 were as follows. Net sales by segment are sales to outside customers.

1) Dairy Products Business

This segment includes the manufacture and sale of cheese, butter, powdered milk, margarine, infant formula, and other products.

In the cheese category, sales increased thanks to the contribution from *Kongari Yakeru Torokeru Sliced cheese* and *Yukijirushi Hokkaido 100 Sakeru Cheese*.

As a result, net sales in the Dairy Products Business were ¥188,910 million (an increase of 4.8% over the previous fiscal year).

2) Beverage & Dessert Business

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Overall sales in the beverage category decreased on lower sales of soft drinks and natural fruit juice, despite favorable sales of *Mainichi Honebuto* and other milk-based soft drinks. In the yogurt category, the Company focused on strengthening the Megumi Brand and increasing awareness of gasseri SP. Sales increased, driven by favorable sales of key products: *Nature Megumi*, *Nature Megumi Shibou Zero*, *Megumi Nagaku Todomaru Gasseri SP*, and *Nature Megumi Fruit Yogurt Four-Packs*.

As a result, net sales in the Beverage & Dessert Business were ¥258,816 million (up 1.6% on the previous fiscal year).

3) Feed and Seeds Business

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, and other products.

Although sales volumes of compound feeds and simple feeds decreased, revenue increased on higher selling prices of compound feeds and higher sales volume of pasture forage/crop seeds. Net sales in the Feed and Seeds Business were ¥46,452 million (up 0.3% on the previous fiscal year).

4) Other Businesses

This segment comprises real estate rental, joint distribution center services, and other businesses. Net sales in this segment were ¥28,807 million (up 2.9% on the previous fiscal year).

In the fiscal year ending March 31, 2014, although economic recovery in Japan is expected, the outlook is for prolonged adverse business conditions due to continued trend toward low-end consumer prices, a surge in resource prices, and other factors.

Amid this environment, the Company will utilize milk resources to identify market needs and create demand. At the same time, in accordance with the Mid-term Management Plan, the Company will seek to enhance corporate value by continuing to implement measures pertaining to execution of the Number-One-in-the-Category Strategy, construction of an efficient production and distribution system, expansion of overseas business domains, and strengthening of marketing capabilities.

In light of the above factors, in the fiscal ending March 31, 2014, the Company forecasts net sales of ¥540,000 million (an increase of 3.3% over the previous fiscal year), operating income of ¥17,000 million (up 13.3%), ordinary income of ¥16,500 million (up 0.7%), and net income of ¥9,500 million (down 1.0%) on a consolidated basis.

By segment, the Company forecasts net sales of ¥195,200 million (an increase of 3.3% over the fiscal year ended March 31, 2013) in the Dairy Products Business, ¥265,500 million (up 2.6%) in the Beverage & Dessert Business, ¥47,600 million (up 2.5%) in the Feed and Seeds Business, and ¥31,700 million (up 10.0%) in Other Businesses. The above full-year outlook by segment is for sales to outside customers.

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of March 31, 2013 increased by ¥15,411 million from the previous fiscal year-end. The change is mainly attributable to increases in inventories and property, plant and equipment, which offset decreases in cash and deposits and deferred tax assets, classified under current assets.

Liabilities

Total liabilities as of March 31, 2013 increased by ¥6,068 million from the previous fiscal year-end. This is mainly attributable to increases in the current portion of long-term loans payable and other accounts payable, which offset decreases in the provision for employees' retirement benefits and long-term loans payable.

Net assets

Total net assets as of March 31, 2013 increased by ¥9,342 million from the previous fiscal year-end. This is mainly attributable to an increase in retained earnings.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of March 31, 2013 totaled ¥10,917 million. The following is a summary of consolidated cash flows by activity for the fiscal year ended March 31, 2013.

(Millions of yen)

Category	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Change
Cash flows from operating activities	25,340	23,761	(1,579)
Cash flows from investing activities	(10,528)	(26,543)	(16,014)
Cash flows from financing activities	(10,383)	(4,869)	5,514
Currency translation adjustment relating to cash and cash equivalents	(48)	116	164
Increase (decrease) in cash and cash equivalents	4,379	(7,535)	(11,914)
Cash and cash equivalents at the beginning of the fiscal year	14,065	18,444	4,379
Increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	-	7	7
Cash and cash equivalents at the end of the fiscal year	18,444	10,917	(7,527)

Cash flows from operating activities

Operating activities provided net cash of ¥23,761 million, a ¥1,579 million decrease from the ¥25,340 million provided in the fiscal year ended March 31, 2012. This is mainly attributable to factors including an increase in inventories and a reduction in the amount of increase in notes and accounts payable-trade, which offset an increase in income before income taxes and minority interests and a reduction in the amount of increase of notes and accounts receivable-trade.

Cash flows from investing activities

Investing activities used net cash of ¥26,543 million, a ¥16,014 million increase from the ¥10,528 million used in the fiscal year ended March 31, 2012. This is mainly attributable to an increase in the purchase of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥4,869 million, a ¥5,514 million decrease from the ¥10,383 million used in the fiscal year ended March 31, 2012. This is mainly attributable to an increase in proceeds from long-term loans payable.

The following is a summary of changes in the MEGMILK SNOW BRAND Group's cash flow-related indicators.

For the fiscal years ended March 31	2011	2012	2013
Equity ratio (%)	33.2	35.4	36.6
Equity ratio based on market value (%)	29.6	35.1	32.4
Ratio of interest-bearing debt to cash flow (years)	2.3	2.9	3.1
Interest coverage ratio (x)	29.4	25.8	27.5

Equity ratio: equity / total assets

Equity ratio based on market value: market capitalization / total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

Notes:

1. Each indicator is calculated using financial data on a consolidated basis.
2. Total market value of shares is calculated based on the number of shares outstanding at the end of the period (less treasury stock).
3. Cash flow is cash flow from operating activities in the Consolidated Statements of Cash Flows. Interest-bearing debt includes all liabilities listed on the Consolidated Balance Sheets that bear interest.

(3) Basic Policy on Profit Distribution and Cash Dividends for the Fiscal Year Ended March 31, 2013 and the Fiscal Year Ending March 31, 2014

The Company has set a consolidated dividend payout target of 20% in the MEGMILK SNOW BRAND Group Mid-term Management Plan (October 1, 2009 to March 31, 2015).

For the fiscal year ended March 31, 2013, the Company continued the commemorative dividend for one year as an expression of gratitude for the tremendous support of the shareholders during the first year following the merger, when business operation was substantially affected by the impact of the Great East Japan Earthquake, for a year-end dividend of ¥30 per share, consisting of an ordinary dividend of ¥25 and a commemorative dividend of ¥5.

For the fiscal year ending March 31, 2014, the Company plans to pay an ordinary dividend of ¥30 per share as a year-end dividend. Accordingly, the outlook is for a consolidated dividend payout of 21.4%.

2. Overview of the Group

As of March 31, 2013, the MEGMILK SNOW BRAND Group comprises the Company, 30 subsidiaries, and 11 affiliates.

3. Management Policies

(1) Basic Management Policy and Medium- to Long-Term Management Strategy

To enhance corporate value, in accordance with the MEGMILK SNOW BRAND Group Mid-term Management Plan (October 1, 2009 to March 31, 2015), the Company will implement its business strategy, taking the following three steps on the basis of continuation of the core vision of generating synergies and embracing the challenge of innovation to realize the growth strategy.

Step 1. Strengthening of the business infrastructure

- i. Business structure reform
- ii. Strengthening of R&D capabilities

Step 2. Increased utilization of enterprise resources

- i. Number-One-in-the-Category Strategy
- ii. Maximization of the value of milk

Step 3. Expansion into new business domains

- i. Overseas expansion
- ii. Strategic expansion of Group businesses

In addition, the MEGMILK SNOW BRAND Group has set forth the management vision of “Nurturing a milk community together with producers and consumers” and will actively engage in CSR management to realize this vision.

(2) Target Performance Indicators

The Company aims to achieve the following target performance indicators in the fiscal year ending March 31, 2015 by generating synergies and embracing the challenge of innovation to realize the growth strategy, while at the same time making strategic capital expenditures.

1) Consolidated net sales	¥550 billion
2) Consolidated operating income	¥20 billion
3) Consolidated ROA (operating income basis)	5.7 %
4) EBITDA (operating income + depreciation expenses)	¥37 billion

(3) Issues to Be Addressed

The Company has decided its management policies for the fiscal year ending March 31, 2014 and will vigorously work to achieve the goals in the MEGMILK SNOW BRAND Group Mid-term Management Plan (October 1, 2009 to March 31, 2015).

Overview of Management Policies for the Fiscal Year Ending March 31, 2014

1) Basic policies

- i. In an increasingly difficult business environment, the Company will mobilize the collective power of group companies to vigorously implement measures based on new ideas not constrained by existing frameworks to achieve the goals in the MEGMILK SNOW BRAND Group Mid-term Management Plan.
- ii. Supply and demand trends in dairy farming remain uncertain, and the Company will promote an optimal product mix of milk resources in Japan and overseas, taking into consideration new perspectives such as joint initiatives and operational alliances while also implementing group-wide initiatives with a view to the future dairy industry.

- iii. To secure an advantageous position in market competition and achieve sustainable growth, the Company will identify market needs and utilize milk resources to create demand and demonstrate its marketing capabilities in the execution of the Number-One-in-the-Category Strategy.
- iv. The production infrastructure will be reinforced as large production facilities (plants) sequentially start operation from the fiscal year ending March 31, 2014. As these facilities go into operation, the Group will provide strong collaboration to realize a smooth transition and achieve maximum results.
- v. CSR is the foundation of MEGMILK SNOW BRAND Group, and the entire Group aims to enhance the level of CSR activities and be a business group trusted by society.

2) Details of key activities

- i. Seek to maximize earnings through business structure reform while taking into account environmental change.
- ii. Undertake functional strengthening of milk resource management and enhancement of procurement and product development capabilities.
- iii. Continuously engage in activities to improve product quality.
- iv. Further boost the efficiency of business operations.
- v. Further enhance CSR activities.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Items	As of March 31, 2012	As of March 31, 2013
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	19,072	11,696
Notes and accounts receivable-trade	63,497	64,592
Marketable securities	49	-
Merchandise and finished goods	24,992	28,535
Work in process	1,126	1,537
Raw materials and supplies	9,709	10,463
Deferred tax assets	6,221	4,172
Accounts receivable-other	2,658	2,526
Other	5,030	1,934
Allowance for doubtful accounts	(811)	(806)
Total current assets	131,547	124,651
Fixed assets		
Property, plant and equipment		
Buildings and structures	75,762	82,188
Accumulated depreciation	(47,709)	(48,987)
Accumulated impairment loss	(748)	(753)
Buildings and structures, net	27,304	32,446
Machinery, equipment and vehicles	146,824	161,084
Accumulated depreciation	(113,199)	(117,814)
Accumulated impairment loss	(522)	(556)
Machinery, equipment and vehicles, net	33,102	42,713
Tools, furniture and fixtures	13,816	14,569
Accumulated depreciation	(11,189)	(11,616)
Accumulated impairment loss	(35)	(38)
Tools, furniture and fixtures, net	2,592	2,913
Land	59,009	59,197
Lease assets	4,112	6,242
Accumulated depreciation	(1,380)	(1,961)
Accumulated impairment loss	-	(207)
Lease property, net	2,731	4,073
Construction in progress	8,344	13,283
Total property, plant and equipment	133,085	154,628
Intangible assets		
Lease assets	196	215
Software	2,736	2,867
Right of using facilities	144	139
Goodwill	3,469	2,081
Other	204	201
Total intangible assets	6,751	5,505

Items	As of March 31, 2012	As of March 31, 2013
	millions of yen	millions of yen
Investments and other assets		
Investment securities	17,669	20,312
Long-term prepaid expenses	607	492
Deferred tax assets	5,366	4,771
Other	4,144	4,204
Allowance for doubtful accounts	(1,013)	(997)
Total investments and other assets	26,773	28,783
Total fixed assets	166,611	188,917
Total assets	298,158	313,569

Items	As of March 31, 2012	As of March 31, 2013
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	58,189	59,884
Short-term loans payable	17,805	16,532
Current portion of long-term loans payable	8,712	14,351
Lease obligations	716	890
Accounts payable-other	14,363	21,764
Income taxes payable	1,253	2,684
Accrued expenses	7,632	7,598
Deposits received	859	961
Provision for bonuses	3,752	3,354
Asset retirement obligations	285	351
Other	4,242	4,557
Total current liabilities	117,813	132,932
Long-term liabilities		
Long-term loans payable	43,763	37,234
Long-term deposits received	5,133	5,119
Lease obligations	2,362	3,843
Deferred tax liabilities	1,062	1,035
Deferred tax liabilities for land revaluation	6,895	6,863
Provision for employees' retirement benefits	10,493	7,700
Provision for director's retirement benefits	307	351
Provision for gift token exchange	233	256
Negative goodwill	814	37
Asset retirement obligations	378	378
Other	1,558	1,131
Total long-term liabilities	73,002	63,952
Total liabilities	190,816	196,884
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	59,124	66,751
Treasury stock	(4,523)	(4,528)
Total shareholders' equity	92,181	99,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,108	2,249
Deferred gains or losses on hedges	29	58
Revaluation reserve for land	12,367	12,308
Foreign currency translation adjustment	(142)	259
Total accumulated other comprehensive income	13,362	14,875
Minority interests	1,798	2,005
Total net assets	107,342	116,684
Total liabilities and net assets	298,158	313,569

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

Consolidated Statements of Income

Items	Year Ended March 31, 2012	Year Ended March 31, 2013
	millions of yen	millions of yen
Net sales	509,413	522,987
Cost of sales	376,187	389,867
Gross profit	133,225	133,119
Selling, general and administrative expenses		
Selling expenses	100,472	102,437
General and administrative expenses	16,994	15,671
Total selling, general and administrative expenses	117,466	118,109
Operating income	15,758	15,009
Non-operating income		
Interest income	44	25
Dividend income	478	596
Real estate rent	133	135
Gain on bad debts recovered	700	-
Amortization of negative goodwill	1,009	776
Equity in earnings of affiliates	215	182
Other	857	916
Total non-operating income	3,439	2,632
Non-operating expenses		
Interest expenses	960	835
Other	361	422
Total non-operating expenses	1,321	1,258
Ordinary income	17,876	16,384
Extraordinary income		
Gain on sales of fixed assets	383	77
Compensation income	191	970
Other	435	251
Total extraordinary income	1,011	1,299
Extraordinary loss		
Loss on sales of fixed assets	62	1
Loss on retirement of fixed assets	1,391	1,309
Impairment loss	5,443	595
Disaster-related losses	386	-
Other	1,216	505
Total extraordinary losses	8,500	2,412
Income before income taxes and minority interests	10,387	15,271
Income taxes		
Current	1,577	3,285
Deferred	(575)	2,007
Total income taxes	1,002	5,293
Income before minority interests	9,385	9,978
Minority interests in income	84	377
Net income	9,301	9,600

Consolidated Statements of Comprehensive Income

Items	Year Ended March 31, 2012	Year Ended March 31, 2013
	millions of yen	millions of yen
Income before minority interests	9,385	9,978
Other comprehensive income		
Valuation difference on available-for-sale securities	245	1,149
Deferred gains or losses on hedges	(34)	29
Revaluation reserve for land	1,054	-
Foreign currency translation adjustment	(116)	329
Share of other comprehensive income of associates accounted for using the equity method	(28)	8
Total other comprehensive income	1,121	1,516
Comprehensive income	10,507	11,494
Comprehensive income attributable to owners of the parent	10,419	11,111
Comprehensive income attributable to minority interests	87	383

(3) Consolidated Statements of Changes in Net Assets

	Year ended March 31, 2012	Year ended March 31, 2013
	millions of yen	millions of yen
Shareholders' equity		
Capital stock		
Balance at beginning of term	20,000	20,000
Changes during term		
Total changes during term	-	-
Balance at end of term	20,000	20,000
Capital surplus		
Balance at beginning of term	17,580	17,580
Changes during term		
Disposal of treasury stock	(0)	(0)
Total changes during term	(0)	(0)
Balance at end of term	17,580	17,580
Retained earnings		
Balance at beginning of term	47,976	59,124
Changes during term		
Reversal of revaluation reserve for land	3,542	58
Cash dividends	(1,696)	(2,035)
Net income	9,301	9,600
Increase from merger of consolidated and non-consolidated subsidiaries	-	26
Change of scope of equity method	-	(22)
Total changes during term	11,147	7,626
Balance at end of term	59,124	66,751
Treasury stock		
Balance at beginning of term	(4,520)	(4,523)
Changes during term		
Purchase of treasury stock	(3)	(4)
Disposal of treasury stock	0	0
Total changes during term	(3)	(4)
Balance at end of term	(4,523)	(4,528)
Total shareholders' equity		
Balance at beginning of term	81,037	92,181
Changes during term		
Reversal of revaluation reserve for land	3,542	58
Cash dividends	(1,696)	(2,035)
Net income	9,301	9,600
Purchase of treasury stock	(3)	(4)
Disposal of treasury stock	0	0
Increase from merger of consolidated and non-consolidated subsidiaries	-	26
Change of scope of equity method	-	(22)
Total changes during term	11,144	7,622
Balance at end of term	92,181	99,803

	Year ended March 31, 2012	Year ended March 31, 2013
	millions of yen	millions of yen
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of term	864	1,108
Changes during term		
Net changes other than shareholder's equity	243	1,141
Total changes during term	243	1,141
Balance at end of term	1,108	2,249
Deferred gains or losses on hedges		
Balance at beginning of term	63	29
Changes during term		
Net changes other than shareholder's equity	(34)	29
Total changes during term	(34)	29
Balance at end of term	29	58
Revaluation reserve for land		
Balance at beginning of term	14,854	12,367
Changes during term		
Net changes other than shareholder's equity	(2,487)	(58)
Total changes during term	(2,487)	(58)
Balance at end of term	12,367	12,308
Foreign currency translation adjustment		
Balance at beginning of term	4	(142)
Changes during term		
Net changes other than shareholder's equity	(146)	401
Total changes during term	(146)	401
Balance at end of term	(142)	259
Total accumulated other comprehensive income		
Balance at beginning of term	15,787	13,362
Changes during term		
Net changes other than shareholder's equity	(2,424)	1,513
Total changes during term	(2,424)	1,513
Balance at end of term	13,362	14,875
Minority interests		
Balance at beginning of term	1,720	1,798
Changes during term		
Net changes other than shareholder's equity	77	206
Total changes during term	77	206
Balance at end of term	1,798	2,005

	Year ended March 31, 2012	Year ended March 31, 2013
	millions of yen	millions of yen
Total net assets		
Balance at beginning of term	98,545	107,342
Changes during term		
Reversal of revaluation reserve for land	3,542	58
Cash dividends	(1,696)	(2,035)
Net income	9,301	9,600
Purchase of treasury stock	(3)	(4)
Disposal of treasury stock	0	0
Increase from merger of consolidated and non-consolidated subsidiaries	-	26
Change of scope of equity method	-	(22)
Net changes other than shareholder's equity	(2,347)	1,719
Total changes during term	8,796	9,342
Balance at end of term	107,342	116,684

(4) Consolidated Statements of Cash flows

	Year Ended March 31, 2012	Year Ended March 31, 2013
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	10,387	15,271
Depreciation and amortization	13,248	13,082
Impairment loss	5,443	595
Disaster-related losses	386	-
Equity in (earnings) losses of affiliates	(215)	(182)
Amortization of goodwill	1,387	1,387
Amortization of negative goodwill	(1,009)	(776)
Increase (decrease) in allowance for doubtful accounts	(153)	(21)
Increase (decrease) in provision for bonuses	(164)	(405)
Increase (decrease) in provision for employees' retirement benefits	(259)	69
Increase (decrease) in provision for gift token exchange	(4)	22
Increase (decrease) in provision for directors' retirement benefits	(30)	40
Loss (gain) on sales and retirement of fixed assets	1,069	1,233
Interest and dividend income received	(522)	(622)
Interest expenses	960	835
Compensation Income	(191)	(970)
Decrease (increase) in notes and accounts receivable-trade	(8,805)	(1,063)
Decrease (increase) in inventories	(2,432)	(4,708)
Increase (decrease) in notes and accounts payable-trade	7,919	1,745
Other, net	1,298	(684)
Sub total	28,313	24,850
Interest and dividend income	643	734
Interest expenses paid	(981)	(862)
Expenses incurred from disaster-related losses	(1,150)	-
Proceeds from compensation	191	898
Income taxes paid	(1,675)	(1,859)
Net cash provided by (used in) operating activities	25,340	23,761

	Year Ended March 31, 2012	Year Ended March 31, 2013
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(78)	(164)
Proceeds from withdrawal of time deposits	206	24
Proceeds from redemption of securities	-	50
Payments of loans receivable	(332)	(391)
Collection of loans receivable	1,079	227
Purchase of property, plant and equipment and intangible assets	(16,046)	(25,696)
Proceeds from sales of property, plant and equipment and intangible assets	4,600	280
Purchase of investment securities	(19)	(349)
Proceeds from sales of investment securities	62	94
Purchase of shares of subsidiaries and affiliates	-	(731)
Proceeds from sales of shares of subsidiaries and affiliates	-	113
Net cash provided by (used in) investing activities	(10,528)	(26,543)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(611)	(1,230)
Proceeds from long-term loans payable	-	8,000
Repayment of long-term loans payable	(6,679)	(8,889)
Purchase of treasury stock	(3)	(4)
Cash dividends paid	(1,680)	(2,031)
Cash dividends paid to minority shareholders	(3)	(3)
Other	(1,405)	(710)
Net cash provided by (used in) financing activities	(10,383)	(4,869)
Effect of exchange rate on cash and cash equivalents	(48)	116
Net increase (decrease) in cash and cash equivalents	4,379	(7,535)
Cash and cash equivalents at beginning of term	14,065	18,444
Increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	-	7
Cash and cash equivalents at end of term	18,444	10,917

Segment and Other Information

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the MEGMILK SNOW BRAND Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Group is engaged mainly in manufacturing and selling of products made from milk, etc., manufacturing and selling of cattle feed, pasture forage and crop seed, and other related products. Dairy products such as cheese and butter, and beverages and desserts such as milk and yogurt are mainly handled by the Company, while feed and seeds are mainly handled by Snow Brand Seed Co., Ltd. The Group's operations are therefore classified based on products into three reportable segments, namely, dairy products business, beverage and dessert business, and feed and seeds business.

2. Calculation method for net sales, income/loss, assets, liabilities and other amounts by reportable segment

Segment income represents operating income. Intersegment sales and transfers are based on market price.

3. Net sales, income/loss, assets, liabilities and other amounts by reportable segment

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (note2)	Amount recorded on consolidated Financial statements (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	180,327	254,775	46,317	481,420	27,993	509,413	-	509,413
Inter-segment sales and transfers	12,632	67	959	13,659	11,035	24,694	(24,694)	-
Total	192,959	254,843	47,276	495,079	39,028	534,107	(24,694)	509,413
Segment income	13,018	161	788	13,968	1,821	15,790	(32)	15,758
Segment assets	126,143	115,148	35,635	276,926	22,453	299,379	(1,221)	298,158
Other items								
Depreciation/amor- tization (note 4)	5,035	6,359	1,338	12,733	622	13,355	(107)	13,248
Amortization of goodwill	-	1,387	-	1,387	-	1,387	-	1,387
Impairment loss	4,742	499	-	5,242	11	5,253	190	5,443
Increase in PP&E and intangible assets (note 5)	8,780	8,797	1,862	19,439	885	20,324	(174)	20,150

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (note2)	Amount recorded on consolidated Financial statements (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	188,910	258,816	46,452	494,179	28,807	522,987	-	522,987
Inter-segment sales and transfers	11,439	15	988	12,444	11,499	23,943	(23,943)	-
Total	200,350	258,832	47,440	506,623	40,306	546,930	(23,943)	522,987
Segment income	12,417	166	890	13,474	1,612	15,086	(77)	15,009
Segment assets	136,572	128,606	36,165	301,344	22,686	324,031	(10,461)	313,569
Other items								
Depreciation/amor tization (note 4)	5,405	5,994	1,335	12,735	475	13,210	(128)	13,082
Amortization of goodwill	-	1,387	-	1,387	-	1,387	-	1,387
Impairment loss	38	-	-	38	463	502	92	595
Increase in PP&E and intangible assets (note 5)	17,479	18,020	752	36,251	421	36,672	(240)	36,432

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

2. Adjustments are as follows:

Net sales	(Millions of yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Intersegment transactions elimination	(24,694)	(23,943)
Total	(24,694)	(23,943)

Segment income	(Millions of yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Intersegment transactions elimination	(32)	(77)
Total	(32)	(77)

Segment assets	(Millions of yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
Intersegment transactions elimination	(13,416)	(13,657)
Corporate assets*	12,194	3,195
Total	(1,221)	(10,461)

* Corporate assets comprise mainly of surplus working funds and idle assets held by the parent company.

3. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.
4. Depreciation/amortization includes amortization of long-term prepaid expenses.
5. Increase in PP&E and intangible assets includes an increase in long-term prepaid expenses.

[Impairment loss on fixed assets by reportable segment]

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Dairy products business (note1)	Beverage and dessert business (note2)	Feed and seeds business	Other	Corporate / elimination (note3)	Total
Impairment loss	4,742	499	-	11	190	5,443

Note: 1. The figure for "dairy products business" is the amount of impairment loss associated with the plant about which the Company has a plan for disposal.

2. The figure for "beverage and dessert business" is the amount of impairment loss associated with the plant which the Company has decided to close.

3. The figure for "corporate / elimination" is the amount of impairment loss associated with idle assets classified as corporate assets.

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other (note)	Corporate / elimination	Total
Impairment loss	38	-	-	463	92	595

Note: The figure for "other" is the amount of impairment loss mainly associated with the joint distribution center and real estate rental services.

[Amortization for and unamortized balance of goodwill by reportable segment]

Year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Corporate / elimination	Total
Amortization charge for the year ended March 31, 2012	-	1,387	-	-	-	1,387
Balance as of March, 31, 2012	-	3,469	-	-	-	3,469

Amortization for and unamortized balance of negative goodwill accrued from business combination completed before April 1, 2010 is as follows.

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Corporate / elimination	Total
Amortization charge for the year ended March 31, 2012	-	-	1,009	-	-	1,009
Balance as of March, 31, 2012	-	-	814	-	-	814

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Corporate / elimination	Total
Amortization charge for the year ended March 31, 2013	-	1,387	-	-	-	1,387
Balance as of March, 31, 2013	-	2,081	-	-	-	2,081

Amortization for and unamortized balance of negative goodwill accrued from business combination completed before April 1, 2010 is as follows.

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Corporate / elimination	Total
Amortization charge for the year ended March 31, 2013	-	-	776	-	-	776
Balance as of March, 31, 2013	-	-	37	-	-	37

[Gain on negative goodwill by reportable segment]

Not applicable.