

**Consolidated Financial Results for the Three Months Ended June 30, 2011**  
(Prepared pursuant to Japanese GAAP)

August 3, 2011

Company name: MEGMILK SNOW BRAND Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange (First Section), Sapporo Securities Exchange  
 Stock code: 2270  
 URL: <http://www.meg-snow.com>  
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(Amounts rounded down to the nearest million yen)

**1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2012**  
(April 1, 2011 – June 30, 2011)

(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	%
Three months ended June 30, 2011	125,643	(1.3)	3,629	(12.5)	4,145	(11.2)	2,503	(9.7)
Three months ended June 30, 2010	127,352	—	4,146	—	4,669	—	2,773	—

Note: Comprehensive income: Three Months Ended June 30, 2011: 2,344 million yen (-1.3 %)  
 Three Months Ended June 30, 2010: 2,375 million yen ( —%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Three months ended June 30, 2011	36.90	—
Three months ended June 30, 2010	40.47	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
June 30, 2011	291,740	99,189	33.4
March 31, 2011	291,838	98,545	33.2

For reference:

Shareholders' equity: June 30, 2011: 97,502 million yen  
 March 31, 2011: 96,824 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, 2011	—	—	—	25.00	25.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (forecast)		—	—	30.00	30.00

Note: Revisions from the latest release of dividends forecasts: None  
Forecast year-end dividend for the fiscal year ending March 31, 2012:  
Ordinary dividend of 25.00 yen Special dividend of 5.00 yen

## 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(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
Six months ending September 30 2011	267,000	2.9	8,500	(2.5)	9,500	(1.3)	6,000	(0.2)	88.42
Full Year	525,000	4.1	17,000	8.6	18,500	6.6	10,000	7.2	147.37

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

## 4. Other

- (1) Material reclassifications of subsidiaries during the period: Yes  
(Changes in specified subsidiaries resulting in change in scope of consolidation)  
Additions: None Exclusions: Two companies: Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd.  
For details, see “(5) Changes affecting the status of material subsidiaries (scope of consolidation)”

(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.: None  
2) Changes other than noted in 1) above: None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None

(4) Common stock issued

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

June 30, 2011: 70,751,855 shares

March 31, 2011: 70,751,855 shares

2) Treasury stock as of period-end:

June 30, 2011: 2,894,259 shares

March 31, 2011: 2,893,650 shares

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

Three months ended June 30, 2011: 67,857,863 shares

Three months ended June 30, 2010: 68,542,165 shares

(5) Changes affecting the status of material subsidiaries (scope of consolidation)

Nippon Milk Community and Snow Brand Milk Products, which were consolidated subsidiaries in the previous fiscal period, merged with this company on April 1, 2011, and have thus been excluded from the scope of consolidation.

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

Items	As of March 31, 2011	As of June 30, 2011
	millions of yen	millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,825	9,210
Notes and accounts receivable-trade	54,692	61,056
Merchandise and finished goods	23,278	25,242
Work in process	866	930
Raw materials and supplies	9,242	8,736
Deferred tax assets	7,549	7,585
Other	7,652	7,520
Allowance for doubtful accounts	(719)	(716)
Total current assets	117,387	119,566
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	27,796	27,725
Machinery, equipment and vehicles, net	34,088	33,659
Land	67,548	67,646
Other, net	6,603	8,089
Total property, plant and equipment	136,037	137,120
Intangible assets		
Goodwill	4,856	4,509
Other	4,216	3,766
Total intangible assets	9,073	8,276
Investments and other assets		
Investment securities	17,265	17,363
Deferred tax assets	7,748	5,272
Other	5,598	5,343
Allowance for doubtful accounts	(1,271)	(1,200)
Total investments and other assets	29,340	26,778
Total fixed assets	174,451	172,174
<b>Total assets</b>	291,838	291,740

Items	As of March 31, 2011	As of June 30, 2011
	millions of yen	millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	50,772	55,925
Short-term loans payable	24,960	25,705
Income taxes payable	1,127	662
Provision for bonuses	3,916	2,082
Asset retirement obligations	262	285
Other	24,848	25,430
Total current liabilities	105,889	110,091
<b>Long-term liabilities</b>		
Long-term loans payable	52,610	48,968
Deferred tax liabilities	3,145	1,187
Deferred tax liabilities for land revaluation	10,005	10,180
Provision for retirement benefits	10,753	11,021
Provision for director's retirement benefits	337	319
Provision for gift token exchange	237	232
Asset retirement obligations	339	317
Negative goodwill	1,823	1,571
Other	8,151	8,659
Total long-term liabilities	87,404	82,459
Total liabilities	193,293	192,551
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	47,976	48,783
Treasury stock	(4,520)	(4,521)
Total shareholders' equity	81,037	81,843
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	864	864
Deferred gains or losses on hedges	63	(4)
Revaluation reserve for land	14,854	14,679
Foreign currency translation adjustment	4	119
Total accumulated other comprehensive income	15,787	15,659
<b>Minority interests</b>	1,720	1,686
<b>Total net assets</b>	98,545	99,189
<b>Total liabilities and net assets</b>	291,838	291,740

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

**Consolidated Statements of Income**

Items	Three months ended June 30, 2010	Three months ended June 30, 2011
	millions of yen	millions of yen
<b>Net sales</b>	127,352	125,643
Cost of sales	92,814	92,465
Gross profit	34,537	33,177
Selling, general and administrative expenses	30,390	29,548
<b>Operating income</b>	4,146	3,629
Non-operating income		
Interest income	10	11
Dividends income	273	157
Amortization of negative goodwill	252	252
Equity in earnings of affiliates	90	190
Other	366	243
Total non-operating income	993	855
Non-operating expenses		
Interest expenses	351	259
Other	120	79
Total non-operating expenses	471	339
<b>Ordinary income</b>	4,669	4,145
Extraordinary income		
Gain on sales of fixed assets	1	23
Reversal of allowance for doubtful accounts	21	—
Compensation income	13	—
Other	11	13
Total extraordinary income	47	37
Extraordinary loss		
Loss on sales of fixed assets	0	5
Loss on retirement of fixed assets	169	157
Impairment loss	7	0
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Disaster-related losses	—	176
Merger expenses	—	273
Other	31	51
Total extraordinary losses	628	664
Income before income taxes and minority interests	4,088	3,518
Income taxes	1,318	1,046
Income before minority interests	2,770	2,472
Minority interests in income (loss)	(3)	(31)
<b>Net income</b>	2,773	2,503

### Consolidated Statements of Comprehensive Income

Items	Three months ended June 30, 2010	Three months ended June 30, 2011
	millions of yen	millions of yen
<b>Income before minority interests</b>	2,770	2,472
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(344)	0
Deferred gains or losses on hedges	(102)	(68)
Foreign currency translation adjustment	76	78
Revaluation reserve for land	—	(175)
Share of other comprehensive income of associates accounted for using the equity method	(24)	36
Total other comprehensive income	(395)	(127)
<b>Comprehensive income</b>	2,375	2,344
Comprehensive income attributable to owners of the parent	2,381	2,375
Comprehensive income attributable to minority interests	(6)	(31)

**(3) Consolidated Statements of Cash flows**

	Three months ended June 30, 2010	Three months ended June 30, 2011
	millions of yen	millions of yen
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,088	3,518
Depreciation and amortization	2,916	3,102
Impairment loss	7	0
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Disaster-related losses	—	176
Equity in (earnings) losses of affiliates	(90)	(190)
Amortization of goodwill	346	346
Amortization of negative goodwill	(252)	(252)
Increase (decrease) in allowance for doubtful accounts	(54)	(73)
Increase (decrease) in provision for bonuses	(1,526)	(1,834)
Increase (decrease) in provision for retirement benefits	209	268
Increase (decrease) in allowance for gift token exchange	(3)	(5)
Increase (decrease) in provision for directors' retirement benefits	2	(18)
Loss (gain) on sales and retirement of fixed assets	168	138
Interest and dividends income received	(284)	(169)
Interest expenses	351	259
Decrease (increase) in notes and accounts receivable-trade	(3,932)	(6,364)
Decrease (increase) in inventories	1,210	(1,514)
Increase (decrease) in notes and accounts payable-trade	2,630	4,770
Other- net	437	1,276
Sub total	6,642	3,436
Interest and dividends income	412	277
Interest expenses paid	(347)	(319)
Expenses incurred from disaster-related losses	—	(619)
Income taxes paid	(929)	(926)
Net cash provided by (used in) operating activities	5,778	1,848

	Three months ended June 30, 2010	Three months ended June 30, 2011
	millions of yen	millions of yen
<b>Cash flows from investing activities</b>		
Payments into time deposits	(185)	(20)
Proceeds from withdrawal of time deposits	—	10
Proceeds from redemption of securities	100	—
Payments of loans receivable	(6)	(90)
Collection of loans receivable	126	176
Purchase of property, plant and equipment and intangible assets	(2,694)	(2,865)
Proceeds from sales of property, plant and equipment and intangible assets	2	27
Purchase of investment securities	(7)	(3)
Proceeds from sales of investment securities	1	17
Net cash provided by (used in) investing activities	(2,663)	(2,748)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,730	(104)
Repayment of long-term loans payable	(2,373)	(2,793)
Purchase of treasury stock	(2,128)	(0)
Cash dividends paid	(1,731)	(1,492)
Cash dividends paid to minority shareholders	(2)	(3)
Other	(398)	(365)
Net cash provided by (used in) financing activities	(3,904)	(4,759)
Effect of exchange rate on cash and cash equivalents	29	26
Net increase (decrease) in cash and cash equivalents	(760)	(5,633)
Cash and cash equivalents at beginning of period	8,458	14,065
Cash and cash equivalents at end of period	7,697	8,431

## 6. Segment Information

Sales and income/loss by reportable segment

Three months ended June 30, 2010 (April 1 to June 30, 2010)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjust ments (note 2)	Amount recorded on consolidated statements of income (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	44,638	63,898	11,829	120,366	6,985	127,352	—	127,352
Inter-segment sales and transfers	4,069	57	213	4,339	2,674	7,014	(7,014)	—
Total	48,708	63,955	12,042	124,706	9,660	134,367	(7,014)	127,352
Segment income (loss)	2,963	59	829	3,852	210	4,062	84	4,146

Note: 1. Dairy products: cheese, butter, powdered milk, margarine, infant formula, etc.

Beverage and dessert: Drinking milk, beverage, yogurt, dessert, etc.

Feed and seeds: Feed, seeds for grass, feed grain and vegetables, etc.

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

2. The 84 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.

Three months ended June 30, 2011 (April 1 to June 30, 2011)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjust ments (note 2)	Amount recorded on consolidated statements of income (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	43,462	62,540	12,497	118,500	7,142	125,643	—	125,643
Inter-segment sales and transfers	71	4	236	312	2,747	3,059	(3,059)	—
Total	43,534	62,544	12,734	118,813	9,889	128,703	(3,059)	125,643
Segment income (loss)	3,067	(372)	632	3,327	280	3,608	20	3,629

Note: 1. Dairy products: cheese, butter, powdered milk, margarine, infant formula, etc.

Beverage and dessert: drinking milk, beverage, yogurt, dessert, etc.

Feed and seeds: feed, seeds for grass, feed grain and vegetables, etc.

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

2. The 20 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.