

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

November 4, 2011

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 Second Quarter of the Fiscal Year Ending March 31, 2012**  
(April 1, 2011 – September 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	%
Six months ended September 30, 2011	258,538	(0.4)	8,213	(5.8)	9,080	(5.6)	5,676	(5.6)
Six months ended September 30, 2010	259,503	—	8,716	—	9,621	—	6,014	—

Note: Comprehensive income: Six Months Ended September 30, 2011: 5,050 million yen (0.7%)  
 Six Months Ended September 30, 2010: 5,014 million yen ( —%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Six months ended September 30, 2011	83.65	—
Six months ended September 30, 2010	88.12	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
September 30, 2011	293,635	101,893	34.2
March 31, 2011	291,838	98,545	33.2

For reference:

Shareholders' equity: September 30, 2011: 100,292 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
Full Year	515,000	2.1	17,000	8.6	18,500	6.6	10,000	7.2	147.37

Note: Revisions from the latest release of earnings forecasts: Yes

## 4. Other

(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.: 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):

September 30, 2011: 70,751,855 shares

March 31, 2011: 70,751,855 shares

2) Treasury stock as of period-end:

September 30, 2011: 2,895,215 shares

March 31, 2011: 2,893,650 shares

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

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

Six months ended September 30, 2010: 68,250,456 shares

(5) Qualitative Information Concerning Forecasts of Consolidated Financial Results

Of the figures of the forecasts released on May 12, 2011 regarding the consolidated financial results for the year ending March 31, 2012, net sales was changed as follows, based on the performance up to the Second Quarter.

Operating income, ordinary income and net income are unchanged in an attempt to fulfill the targeted profit level through efforts such as proactive sales expansion of our “Number-One-in-the-Category Strategy” products and further cost reduction, although the Group will have to endure a difficult environment from the second half of the year onward.

	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
Previous forecast (A)	525,000	17,000	18,500	10,000	147.37
Current forecast (B)	515,000	17,000	18,500	10,000	147.37
Change (B – A)	(10,000)	—	—	—	—
Change (%)	(1.9)	—	—	—	—
For reference: Results for the 12 months ended March 31, 2011	504,223	15,649	17,347	9,331	137.08

Note: Forecasts regarding future performance above are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time the forecasts were prepared. Actual results may differ significantly from the forecasts due to various factors.

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

Items	As of March 31, 2011	As of September 30, 2011
	millions of yen	millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,825	9,958
Notes and accounts receivable-trade	54,692	63,974
Merchandise and finished goods	23,278	24,561
Work in process	866	929
Raw materials and supplies	9,242	8,270
Deferred tax assets	7,549	7,582
Other	7,652	7,755
Allowance for doubtful accounts	(719)	(675)
Total current assets	117,387	122,356
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	27,796	28,007
Machinery, equipment and vehicles, net	34,088	33,518
Land	67,548	67,663
Other, net	6,603	8,783
Total property, plant and equipment	136,037	137,972
Intangible assets		
Goodwill	4,856	4,163
Other	4,216	3,425
Total intangible assets	9,073	7,588
Investments and other assets		
Investment securities	17,265	17,184
Deferred tax assets	7,748	4,638
Other	5,598	5,082
Allowance for doubtful accounts	(1,271)	(1,189)
Total investments and other assets	29,340	25,716
Total fixed assets	174,451	171,278
<b>Total assets</b>	<b>291,838</b>	<b>293,635</b>

Items	As of March 31, 2011	As of September 30, 2011
	millions of yen	millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	50,772	54,931
Short-term loans payable	24,960	26,421
Income taxes payable	1,127	1,350
Provision for bonuses	3,916	3,829
Asset retirement obligations	262	277
Other	24,848	23,447
Total current liabilities	105,889	110,257
<b>Long-term liabilities</b>		
Long-term loans payable	52,610	48,119
Deferred tax liabilities	3,145	1,222
Deferred tax liabilities for land revaluation	10,005	10,180
Provision for retirement benefits	10,753	11,143
Provision for director's retirement benefits	337	326
Provision for gift token exchange	237	229
Asset retirement obligations	339	277
Negative goodwill	1,823	1,318
Other	8,151	8,665
Total long-term liabilities	87,404	81,484
Total liabilities	193,293	191,741
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	47,976	51,956
Treasury stock	(4,520)	(4,522)
Total shareholders' equity	81,037	85,014
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	864	543
Deferred gains or losses on hedges	63	(63)
Revaluation reserve for land	14,854	14,679
Foreign currency translation adjustment	4	118
Total accumulated other comprehensive income	15,787	15,277
<b>Minority interests</b>	1,720	1,600
<b>Total net assets</b>	98,545	101,893
<b>Total liabilities and net assets</b>	291,838	293,635

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

**Consolidated Statements of Income**

Items	Six months ended September 30, 2010	Six months ended September 30, 2011
	millions of yen	millions of yen
<b>Net sales</b>	259,503	258,538
Cost of sales	189,758	190,908
Gross profit	69,744	67,630
Selling, general and administrative expenses	61,028	59,416
<b>Operating income</b>	8,716	8,213
Non-operating income		
Interest income	22	23
Dividends income	333	207
Amortization of negative goodwill	504	504
Equity in earnings of affiliates	225	318
Other	732	540
Total non-operating income	1,819	1,593
Non-operating expenses		
Interest expenses	687	495
Other	225	231
Total non-operating expenses	913	726
<b>Ordinary income</b>	9,621	9,080
Extraordinary income		
Gain on sales of fixed assets	3	78
Reversal of allowance for doubtful accounts	26	—
Compensation income	13	—
Other	21	62
Total extraordinary income	65	141
Extraordinary loss		
Loss on sales of fixed assets	1	6
Loss on retirement of fixed assets	329	521
Impairment loss	40	1
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Disaster-related losses	—	441
Merger expenses	—	296
Other	133	87
Total extraordinary losses	924	1,354
Income before income taxes and minority interests	8,762	7,867
Income taxes	2,736	2,308
Income before minority interests	6,026	5,558
Minority interests in income (loss)	12	(117)
<b>Net income</b>	6,014	5,676

### Consolidated Statements of Comprehensive Income

Items	Six months ended September 30, 2010	Six months ended September 30, 2011
	millions of yen	millions of yen
<b>Income before minority interests</b>	6,026	5,558
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(531)	(318)
Deferred gains or losses on hedges	(216)	(127)
Foreign currency translation adjustment	(179)	86
Revaluation reserve for land	—	(175)
Share of other comprehensive income of associates accounted for using the equity method	(84)	26
Total other comprehensive income	(1,012)	(508)
<b>Comprehensive income</b>	5,014	5,050
Comprehensive income attributable to owners of the parent	5,006	5,166
Comprehensive income attributable to minority interests	7	(116)

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

	Six months ended September 30, 2010	Six months ended September 30, 2011
	millions of yen	millions of yen
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	8,762	7,867
Depreciation and amortization	5,766	6,238
Impairment loss	40	1
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Disaster-related losses	—	441
Equity in (earnings) losses of affiliates	(225)	(318)
Amortization of goodwill	693	693
Amortization of negative goodwill	(504)	(504)
Increase (decrease) in allowance for doubtful accounts	(25)	(125)
Increase (decrease) in provision for bonuses	281	(87)
Increase (decrease) in provision for retirement benefits	360	389
Increase (decrease) in allowance for gift token exchange	(7)	(7)
Increase (decrease) in provision for directors' retirement benefits	21	(10)
Loss (gain) on sales and retirement of fixed assets	327	448
Interest and dividends income received	(355)	(230)
Interest expenses	687	495
Decrease (increase) in notes and accounts receivable-trade	(6,192)	(9,282)
Decrease (increase) in inventories	3,181	(376)
Increase (decrease) in notes and accounts payable-trade	2,384	4,290
Other- net	384	312
Sub total	15,997	10,236
Interest and dividends income	480	345
Interest expenses paid	(665)	(497)
Expenses incurred from disaster-related losses	—	(1,029)
Income taxes paid	(1,166)	(1,096)
Net cash provided by (used in) operating activities	14,645	7,957



	Six months ended September 30, 2010	Six months ended September 30, 2011
	millions of yen	millions of yen
<b>Cash flows from investing activities</b>		
Payments into time deposits	(204)	(39)
Proceeds from withdrawal of time deposits	—	19
Proceeds from redemption of securities	100	—
Payments of loans receivable	(826)	(138)
Collection of loans receivable	1,104	303
Purchase of property, plant and equipment and intangible assets	(7,477)	(7,747)
Proceeds from sales of property, plant and equipment and intangible assets	15	132
Purchase of investment securities	(13)	(5)
Proceeds from sales of investment securities	1	24
Net cash provided by (used in) investing activities	(7,300)	(7,450)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	5,912	612
Proceeds from long-term loans payable	5,000	—
Repayment of long-term loans payable	(14,720)	(3,642)
Purchase of treasury stock	(2,131)	(2)
Cash dividends paid	(1,732)	(1,676)
Cash dividends paid to minority shareholders	(2)	(3)
Other	(739)	(720)
Net cash provided by (used in) financing activities	(8,413)	(5,433)
Effect of exchange rate on cash and cash equivalents	(63)	28
Net increase (decrease) in cash and cash equivalents	(1,132)	(4,896)
Cash and cash equivalents at beginning of period	8,458	14,065
Cash and cash equivalents at end of period	7,326	9,168

## 6. Segment Information

Sales and income/loss by reportable segment

Six months ended September 30, 2010 (April 1 to September 30, 2010)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (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	88,549	133,257	22,560	244,367	15,135	259,503	—	259,503
Inter-segment sales and transfers	7,869	103	426	8,399	5,696	14,095	(14,095)	—
<b>Total</b>	<b>96,418</b>	<b>133,361</b>	<b>22,986</b>	<b>252,767</b>	<b>20,831</b>	<b>273,599</b>	<b>(14,095)</b>	<b>259,503</b>
<b>Segment income (loss)</b>	<b>4,979</b>	<b>1,496</b>	<b>1,089</b>	<b>7,565</b>	<b>1,036</b>	<b>8,602</b>	<b>113</b>	<b>8,716</b>

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 113 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, 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 (note3)
	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)	—
<b>Total</b>	<b>94,026</b>	<b>131,460</b>	<b>24,882</b>	<b>250,369</b>	<b>20,273</b>	<b>270,642</b>	<b>(12,103)</b>	<b>258,538</b>
<b>Segment income (loss)</b>	<b>5,513</b>	<b>701</b>	<b>1,030</b>	<b>7,245</b>	<b>912</b>	<b>8,158</b>	<b>55</b>	<b>8,213</b>

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 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.