

**Consolidated Financial Results for the Nine Months Ended December 31, 2011**  
(Prepared pursuant to Japanese GAAP)

February 9, 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 Three Quarters of the Fiscal Year Ending March 31, 2012**  
(April 1, 2011 – December 31, 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	%
Nine months ended December 31, 2011	390,344	(0.1)	13,832	(4.3)	15,081	(5.3)	9,798	22.3
Nine months ended December 31, 2010	390,548	45.6	14,456	26.9	15,925	20.2	8,008	(17.2)

Note: Comprehensive income: Nine months Ended December 31, 2011: 10,317 million yen (26.5%)  
 Nine months Ended December 31, 2010: 8,153 million yen ( —%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Nine months ended December 31, 2011	144.39	—
Nine months ended December 31, 2010	117.55	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
December 31, 2011	301,956	107,160	34.9
March 31, 2011	291,838	98,545	33.2

For reference:

Shareholders' equity: December 31, 2011: 105,356 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	510,000	1.1	15,700	0.3	18,000	3.8	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):

December 31, 2011: 70,751,855 shares

March 31, 2011: 70,751,855 shares

2) Treasury stock as of period-end:

December 31, 2011: 2,895,661 shares

March 31, 2011: 2,893,650 shares

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

Nine months ended December 31, 2011: 67,857,019 shares

Nine months ended December 31, 2010: 68,133,309 shares

(5) Qualitative Information Concerning Forecasts of Consolidated Financial Results

The figures of the forecasts released on November 4, 2011 regarding the consolidated financial results for the year ending March 31, 2012, were changed as follows, based on the performance up to the Third Quarter.

	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)	515,000	17,000	18,500	10,000	147.37
Current forecast (B)	510,000	15,700	18,000	10,000	147.37
Change (B – A)	(5,000)	(1,300)	(500)	–	–
Change (%)	(1.0)	(7.6)	(2.7)	–	–
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 December 31, 2011
	millions of yen	millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,825	15,293
Notes and accounts receivable-trade	54,692	67,886
Merchandise and finished goods	23,278	22,194
Work in process	866	1,397
Raw materials and supplies	9,242	9,073
Deferred tax assets	7,549	7,305
Other	7,652	7,586
Allowance for doubtful accounts	(719)	(741)
Total current assets	117,387	129,995
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	27,796	28,285
Machinery, equipment and vehicles, net	34,088	33,226
Land	67,548	67,643
Other, net	6,603	11,317
Total property, plant and equipment	136,037	140,473
Intangible assets		
Goodwill	4,856	3,816
Other	4,216	3,076
Total intangible assets	9,073	6,893
Investments and other assets		
Investment securities	17,265	17,203
Deferred tax assets	7,748	3,492
Other	5,598	4,998
Allowance for doubtful accounts	(1,271)	(1,100)
Total investments and other assets	29,340	24,594
Total fixed assets	174,451	171,960
<b>Total assets</b>	<b>291,838</b>	<b>301,956</b>

Items	As of March 31, 2011	As of December 31, 2011
	millions of yen	millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	50,772	60,051
Short-term loans payable	24,960	27,883
Income taxes payable	1,127	1,069
Provision for bonuses	3,916	1,967
Asset retirement obligations	262	288
Other	24,848	26,991
Total current liabilities	105,889	118,250
<b>Long-term liabilities</b>		
Long-term loans payable	52,610	44,612
Deferred tax liabilities	3,145	1,036
Deferred tax liabilities for land revaluation	10,005	8,882
Provision for retirement benefits	10,753	11,430
Provision for director's retirement benefits	337	345
Provision for gift token exchange	237	234
Asset retirement obligations	339	326
Negative goodwill	1,823	1,066
Other	8,151	8,610
Total long-term liabilities	87,404	76,546
Total liabilities	193,293	194,796
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	47,976	56,118
Treasury stock	(4,520)	(4,523)
Total shareholders' equity	81,037	89,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	864	542
Deferred gains or losses on hedges	63	(35)
Revaluation reserve for land	14,854	15,915
Foreign currency translation adjustment	4	(241)
Total accumulated other comprehensive income	15,787	16,180
<b>Minority interests</b>	1,720	1,803
<b>Total net assets</b>	98,545	107,160
<b>Total liabilities and net assets</b>	291,838	301,956

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

**Consolidated Statements of Income**

Items	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	millions of yen	millions of yen
<b>Net sales</b>	390,548	390,344
Cost of sales	284,246	287,731
Gross profit	106,302	102,612
Selling, general and administrative expenses	91,845	88,780
<b>Operating income</b>	14,456	13,832
Non-operating income		
Interest income	47	34
Dividends income	452	467
Amortization of negative goodwill	757	757
Equity in earnings of affiliates	493	438
Other	1,057	610
Total non-operating income	2,807	2,308
Non-operating expenses		
Interest expenses	961	733
Other	376	326
Total non-operating expenses	1,338	1,059
<b>Ordinary income</b>	15,925	15,081
Extraordinary income		
Gain on sales of fixed assets	11	131
Reversal of allowance for doubtful accounts	57	—
Reversal of provision for retirement benefits	27	—
Other	40	99
Total extraordinary income	136	231
Extraordinary loss		
Loss on sales of fixed assets	2	6
Loss on retirement of fixed assets	549	688
Impairment loss	44	1
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Loss on plant reorganization	3,076	—
Disaster-related losses	—	384
Other	361	437
Total extraordinary losses	4,452	1,519
Income before income taxes and minority interests	11,609	13,793
Income taxes	3,477	3,909
Income before minority interests	8,132	9,884
Minority interests in income (loss)	123	85
<b>Net income</b>	8,008	9,798

### Consolidated Statements of Comprehensive Income

Items	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	millions of yen	millions of yen
<b>Income before minority interests</b>	8,132	9,884
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	257	(320)
Deferred gains or losses on hedges	(148)	(99)
Foreign currency translation adjustment	(28)	(223)
Revaluation reserve for land	—	1,100
Share of other comprehensive income of associates accounted for using the equity method	(60)	(23)
Total other comprehensive income	20	433
<b>Comprehensive income</b>	8,153	10,317
Comprehensive income attributable to owners of the parent	8,031	10,231
Comprehensive income attributable to minority interests	122	86

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

	Nine months ended	Nine months ended
	December 31, 2010	December 31, 2011
	millions of yen	millions of yen
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	11,609	13,793
Depreciation and amortization	9,043	9,576
Impairment loss	44	1
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	—
Loss on plant reorganization	3,076	—
Disaster-related losses	—	384
Equity in (earnings) losses of affiliates	(493)	(438)
Amortization of goodwill	1,040	1,040
Amortization of negative goodwill	(757)	(757)
Increase (decrease) in allowance for doubtful accounts	(36)	(136)
Increase (decrease) in provision for bonuses	(1,611)	(1,949)
Increase (decrease) in provision for retirement benefits	612	677
Increase (decrease) in allowance for gift token exchange	(11)	(2)
Increase (decrease) in provision for directors' retirement benefits	40	8
Loss (gain) on sales and retirement of fixed assets	540	563
Interest and dividends income received	(499)	(501)
Interest expenses	961	733
Decrease (increase) in notes and accounts receivable-trade	(9,670)	(13,194)
Decrease (increase) in inventories	6,322	729
Increase (decrease) in notes and accounts payable-trade	6,784	9,819
Other- net	3,161	3,458
Sub total	30,576	23,804
Interest and dividends income	623	614
Interest expenses paid	(1,002)	(813)
Expenses incurred from disaster-related losses	—	(1,091)
Income taxes paid	(1,748)	(1,618)
Net cash provided by (used in) operating activities	28,448	20,896



	Nine months ended	Nine months ended
	December 31, 2010	December 31, 2011
	millions of yen	millions of yen
<b>Cash flows from investing activities</b>		
Payments into time deposits	(245)	(59)
Proceeds from withdrawal of time deposits	184	210
Proceeds from redemption of securities	300	—
Payments of loans receivable	(834)	(291)
Collection of loans receivable	1,177	348
Purchase of property, plant and equipment and intangible assets	(13,057)	(11,259)
Proceeds from sales of property, plant and equipment and intangible assets	35	257
Purchase of investment securities	(19)	(18)
Proceeds from sales of investment securities	13	25
Net cash provided by (used in) investing activities	(12,444)	(10,785)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(5,355)	(754)
Proceeds from long-term loans payable	15,000	—
Repayment of long-term loans payable	(16,994)	(5,829)
Purchase of treasury stock	(2,134)	(3)
Cash dividends paid	(1,732)	(1,679)
Cash dividends paid to minority shareholders	(2)	(3)
Other	(1,064)	(1,110)
Net cash provided by (used in) financing activities	(12,284)	(9,379)
Effect of exchange rate on cash and cash equivalents	(12)	(108)
Net increase (decrease) in cash and cash equivalents	3,707	622
Cash and cash equivalents at beginning of period	8,458	14,065
Cash and cash equivalents at end of period	12,165	14,687

## 6. Segment Information

Sales and income/loss by reportable segment

Nine months ended December 31, 2010 (April 1 to December 31, 2010)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustmen ts (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	137,560	197,953	32,701	368,215	22,333	390,548	—	390,548
Inter-segment sales and transfers	11,846	158	651	12,655	8,824	21,480	(21,480)	—
Total	149,406	198,111	33,352	380,871	31,157	412,029	(21,480)	390,548
Segment income (loss)	9,827	2,071	881	12,780	1,599	14,380	75	14,456

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 75 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.

Nine months ended December 31, 2011 (April 1 to December 31, 2011)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustmen ts (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	136,850	196,078	35,581	368,509	21,834	390,344	—	390,344
Inter-segment sales and transfers	9,794	17	730	10,542	7,669	18,211	(18,211)	—
Total	146,644	196,096	36,311	379,051	29,504	408,556	(18,211)	390,344
Segment income (loss)	10,685	604	965	12,255	1,575	13,831	0	13,832

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 0 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.