

Consolidated Financial Results for the Year Ended March 31, 2012
(Prepared pursuant to Japanese GAAP)

May 10, 2012

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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Scheduled dates:
 Annual general meeting of shareholders: June 27, 2012
 Dividend payout: June 28, 2012
 Filing of fiscal year-end financial report: June 28, 2012
 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, 2012
(April 1, 2011 – March 31, 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	%
Year ended March 31, 2012	509,413	1.0	15,758	0.7	17,876	3.1	9,301	(0.3)
Year ended March 31, 2011	504,223	28.2	15,649	23.1	17,347	16.4	9,331	0.8

Note: Comprehensive income: Year Ended March 31, 2012: 10,507 million yen (+7.7%)
 Year Ended March 31, 2011: 9,758 million yen (-7.6%)

	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, 2012	137.08	-	9.2	6.1	3.1
Year ended March 31, 2011	137.08	-	9.9	5.9	3.1

For reference: Equity in earnings of affiliates: Year Ended March 31, 2012: 215 million yen
 Year Ended March 31, 2011: 379 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, 2012	298,158	107,342	35.4	1,555.42
March 31, 2011	291,838	98,545	33.2	1,426.87

For reference: Shareholders' equity: March 31, 2012: 105,543 million yen
 March 31, 2011: 96,824 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, 2012	25,340	(10,528)	(10,383)	18,444
Year ended March 31, 2011	34,762	(15,594)	(13,561)	14,065

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, 2011	-	-	-	25.00	25.00	1,696	18.2	1.8
Year ended March 31, 2012	-	-	-	30.00	30.00	2,035	21.9	2.0
Year ending March 31, 2013 (forecast)	-	-	-	30.00	30.00		21.4	

Note: 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	%	
Six months ending September 30, 2012	268,500	3.9	9,000	9.6	9,500	4.6	5,000	(11.9)	73.69
Full Year	530,000	4.0	17,500	11.0	18,000	0.7	9,500	2.1	140.00

* 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.: None

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Common stock issued

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

March 31, 2012: 70,751,855 shares

March 31, 2011: 70,751,855 shares

2) Treasury stock as of period-end:

March 31, 2012: 2,896,172 shares

March 31, 2011: 2,893,650 shares

- 3) Average number of shares (during the respective period):
 Year ended March 31, 2012: 67,856,735 shares
 Year ended March 31, 2011: 68,069,864 shares

Reference: Overview of Non-consolidated Results
Non-consolidated Results for the Fiscal Year Ended March 31, 2012
(April 1, 2011 – March 31, 2012)

(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, 2012	340,231	-	12,713	415.2	13,945	454.6	10,545	405.7
Year ended March 31, 2011	8,085	87.3	2,467	(0.9)	2,514	0.7	2,085	(10.4)

	Net income per share - basic	Net income per share - diluted
	yen	yen
Year ended March 31, 2012	155.41	-
Year ended March 31, 2011	29.97	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
March. 31, 2012	245,027	79,353	32.4	1,169.45
March. 31, 2011	120,744	55,807	46.2	804.48

For reference: Shareholders' equity: March 31, 2012: 79,353 million yen
 March 31, 2011: 55,807 million yen

Note: Megmilk snow brand Co., Ltd. (the Company), which was a holding company until March 31, 2011, conducted an absorption-type merger with Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd. on April 1, 2011. As a result, the Company's non-consolidated operating results for the fiscal year ended March 31, 2012 showed a significant increase compared with the year-earlier period.

***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. Actual results 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 on Thursday May 10, 2012 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, 2012, the impact of the Great East Japan Earthquake and flooding in Thailand, concern over a downturn in the global economy triggered by the European debt crisis, record-high yen appreciation, soaring crude oil prices, and other factors resulted in an adverse business environment, and the outlook for the Japanese economy remains uncertain.

In the food products industry, although personal consumption is steady, the prolonged radiation problem has brought greater consumer awareness of food safety and heightened food quality and safety requirements. In the dairy industry, the business environment remains difficult due to the impact of a tight supply and demand situation for raw milk, soaring raw materials prices, and other inhibiting conditions.

Amid this environment, on April 1, 2011 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. and made a new start.

In the fiscal year ended March 31, 2012, the Company strove for a rapid recovery from the impact of the Great East Japan Earthquake to ensure a stable supply of products and undertook new product development, sales expansion, and product brand reinforcement to vigorously implement 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, 2014) in four product categories: milk beverages, desserts, yogurt, and natural cheese.

In the milk beverages category, the Company launched *FARM LATTE*, a line of beverages in cups that reflects our passion about milk. In addition, the introduction of *Yukijirushi Coffee Fukkokuban*, a product offered for a limited period in a reproduction of a package from 1970 to commemorate the 50th anniversary of the launch of *Yukijirushi Coffee*, was highly popular. In the desserts category, the Company sequentially introduced a wide variety of products, notably *Kasane Dolce*, a patented product. In the yogurt category, the Company sought to meet increasingly diverse customer needs and increase sales by sequentially introducing items containing *Lactobacillus gasseri* SP(SBT2055) and *Bifidobacterium longum* SP(SBT2928), our proprietary probiotic lactic acid bacterial strains, into the *Megumi* product line. In the natural cheese category, the Company boosted sales of *Sakeru Cheese*, a unique product, and individually-portioned cream cheese products.

With regard to strategic capital expenditure, taking the impact of the Great Earthquake into account, the Company postponed the schedule of construction of an integrated dairy products plant in Amimachi, Ibaraki Prefecture about one year. It was started in the second half of fiscal year ended March 31, 2012 and the plant’s launch is scheduled for the second half of the fiscal year ended March 31, 2015.

In addition, the Company has already begun structural enhancement at the Ebina Plant as a key plant, production capacity augmentation for *Nature Megumi*, and construction of a new building for *Sakeru Cheese* at the Taiki Plant and is proceeding with development of production infrastructure to strengthen the business.

Based on a desire to contribute to the dairy industry grounded in recognition of medium- to long-term issues, the Company began consideration of joint activities in the areas of production, logistics, and purchasing with Yotsuba Milk Products Group for the purpose of contributing to the strengthening of the foundation of Hokkaido's dairy farming industry, increasing its international competitiveness, and fostering strong dairy companies. In addition, having sought opportunities to launch new overseas businesses, mainly in Asia and Oceania, as a means of expanding into new business domains, the Company decided to establish a joint venture company in Indonesia to engage in the processed cheese business there.

As a result of these developments, in the fiscal year ended March 31, 2012 consolidated net sales were ¥509,413 million (an increase of 1% over the previous fiscal year), operating income was ¥15,758 million (up 0.7%), ordinary income was ¥17,876 million (up 3.1%), and net income was ¥9,301 million (down 0.3%). As of March 31, 2012, the Megmilk Snow Brand Group comprised the Company, 29 subsidiaries, and 12 affiliates.

The Company has reexamined the MEGMILK SNOW BRAND Group Mid-term Management Plan in response to considerable changes in the business environment, such as the Great East Japan Earthquake and the tight supply of dairy products of last year. Consequently, while maintaining the concept and tenets of the plan, the company will make adjustments to individual measures and policies, and supplement the plan with new activities. Moreover, there will be a change in the target year for achievement of consolidated operating income of ¥20billion from the fiscal year ending March 31, 2014, the final year of the plan, to the fiscal year ending March 31, 2015, and hereafter, the Company will engage in business under the revised MEGMILK SNOW BRAND Group Mid-term Management Plan (October 1, 2009 to March 31, 2015).

Operating results by business segment for the year ended March 31, 2012 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, etc.

In the butter category, sales fell due to the impact of a tight supply and demand situation for milk for manufacturing use. Sales also declined in the dairy fats and oils category, as the sales contribution from *Marude Butter noyouna Margarine*, a new product launched as a butter substitute, failed to compensate for a sales decline in the first half. In the cheese category, sales of natural cheese developed favorably due to factors including higher sales of *Sakeru Cheese*, for which production capacity is being augmented, and individually packaged *Yukijirushi Hokkaido 100 Cream Cheese (6 Pieces)*.

As a result, net sales in the Dairy Products Business were ¥180,327 million (an increase of 0.7% 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 were weak. Although sales of milk and milk beverages increased, sales of processed milk declined from the high level of the previous year. Sales in the yogurt category increased, driven by growth from *Nature Megumi*, a key product. Amid the impact of rolling power blackouts and intensification of market competition, the Company focused on strengthening the Megumi Brand by means including sequential introduction of four-packs of fruit yogurt.

As a result, net sales in the Beverage & Dessert Business were ¥254,775 million (up 0.5% 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.

Revenue increased on higher selling prices of compound feeds and higher sales volume of simple feeds, and net sales in the Feed and Seeds Business were ¥46,317 million (up 8.5% 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 ¥27,993 million (down 3.2% on the previous fiscal year).

In the fiscal year ending March 31, 2013, prolongation of the worldwide economic turmoil triggered by credit uncertainty in Europe and the economic slump in Japan are expected. The outlook is for a tight supply and demand situation for milk resources in Japan and heightened uncertainty in procurement due to factors including soaring resource prices worldwide.

In these circumstances, 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 into new business domains, and strengthening of marketing capabilities.

In light of the above factors, in the fiscal ending March 31, 2013 the Company forecasts net sales of ¥530,000 million (an increase of 4% over the previous fiscal year), operating income of ¥17,500 million (up 11%), ordinary income of ¥18,000 million (up 0.7%), and net income of ¥9,500 million (up 2.1%) on a consolidated basis.

By segment, the Company forecasts net sales of ¥187,800 million (an increase of 4.1% over the fiscal year ended March 31, 2012) in the Dairy Products Business, ¥269,000 million (up 5.6%) in the Beverage & Dessert Business, ¥45,000 million (down 2.8%) in the Feed and Seeds Business, and ¥28,200 (up 0.7%) 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, 2012 increased by ¥6,319 million from the previous fiscal year-end. The change is mainly attributable to increases in cash and deposits and trade notes and accounts receivable, classified under current assets, which offset decreases in property, plant and equipment, goodwill, and deferred tax assets, classified under fixed assets.

Liabilities

Total liabilities as of March 31, 2012 decreased by ¥2,477 million from the previous fiscal year-end. This was mainly attributable to decreases in long-term loans payable, deferred tax liabilities, and deferred tax liabilities for land revaluation, classified under long-term liabilities, which offset increases in trade notes and accounts payable, classified under current liabilities.

Net assets

Total net assets as of March 31, 2012 increased by ¥8,796 million from the previous fiscal year-end. This was mainly attributable to an increase in retained earnings.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of March 31, 2012 totaled ¥18,444 million.

The following is a summary of consolidated cash flows by activity for the fiscal year ended March 31, 2012.

(Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Cash flows from operating activities	34,762	25,340	(9,421)
Cash flows from investing activities	(15,594)	(10,528)	5,065
Cash flows from financing activities	(13,561)	(10,383)	3,177
Currency translation adjustment relating to cash and cash equivalents	0	(48)	(49)
Increase (decrease) in cash and cash equivalents	5,606	4,379	(1,227)
Cash and cash equivalents at the beginning of the fiscal year	8,458	14,065	5,606
Cash and cash equivalents at the end of the fiscal year	14,065	18,444	4,379

Cash flows from operating activities

Operating activities provided net cash of ¥25,340 million, a ¥9,421 million decrease from the ¥34,762 million provided in the fiscal year ended March 31, 2011. This was mainly attributable to factors including increases in trade notes and accounts receivable and inventories, which offset a ¥799 million increase in income before income taxes and minority interests.

Cash flows from investing activities

Investing activities used net cash of ¥10,528 million, a ¥5,065 million decrease from the ¥15,594 million used in the fiscal year ended March 31, 2011. This was mainly attributable to an increase in proceeds from sales of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥10,383 million, a ¥3,177 million decrease from the ¥13,561 million used in the fiscal year ended March 31, 2011. This was mainly attributable to a decrease in payments for purchase of treasury stocks.

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

For the years ended March 31	2010	2011	2012
Equity ratio (%)	31.2	33.2	35.4
Equity ratio based on market value (%)	34.5	29.6	35.1
Ratio of interest-bearing debt to cash flow (years)	4.4	2.3	2.9
Interest coverage ratio (x)	14.7	29.4	25.8

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 Years Ended March 31, 2012 and Ending March 31, 2013

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, 2012, the Company granted a commemorative dividend at year-end of ¥5 per share as an expression of gratitude for the tremendous support of the shareholders during the process from management integration to merger, in addition to an ordinary dividend of ¥25 per share, for a total dividend of ¥30.

For the fiscal year ending March 31, 2013, the Company plans to continue the commemorative dividend for another year as an expression of gratitude for the encouraging support of the shareholders since the first year following the merger, when business operation was substantially affected by the impact of the Great East Japan Earthquake. The Company plans to pay a

commemorative dividend of ¥5 per share in addition to an ordinary dividend of ¥25 per share, for a total dividend of ¥30.

2. Overview of the Group

On October 1, 2009, Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd. integrated their management and Megmilk Snow Brand Co., Ltd. was established as a joint holding company with both companies as subsidiaries. On April 1, 2011, the Company absorbed Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd. As of March 31, 2012, the Megmilk Snow Brand Group comprises the Company, 29 subsidiaries, and 12 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, 2013 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 Ended March 31, 2013

- 1) Expected business environment
 - i. Prolongation of the worldwide economic turmoil triggered by credit uncertainty in Europe and the economic slump in Japan
 - ii. Tight supply and demand situation for milk resources in Japan and heightened uncertainty in procurement due to factors including soaring resource prices worldwide
 - iii. Impact on the foundation of dairy farming over the medium to long term of the advancement of trade liberalization
 - iv. Heightened consumer awareness of food safety (especially the radiation issue)
- 2) Management concept
 - i. Discover business opportunities amid environmental change.
 - ii. Utilize milk resources to identify market needs and create demand.
 - iii. Continue implementing measures for execution of the Number-One-in-the-Category Strategy, construction of an efficient production and distribution system, expansion into new business domains, and strengthening of marketing capabilities in accordance with the Mid-term Management Plan.
 - iv. Supply safe products that provide peace of mind.
- 3) 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. Enhance quality assurance and rigorously ensure safety.
 - iv. Further boost the efficiency of business operations.
 - v. Develop and encourage people who embrace challenges.
 - vi. Further enhance CSR activities.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Items	As of March 31, 2011	As of March 31, 2012
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	14,825	19,072
Notes and accounts receivable-trade	54,692	63,497
Marketable securities	-	49
Merchandise and finished goods	23,278	24,992
Work in process	866	1,126
Raw materials and supplies	9,242	9,709
Deferred tax assets	7,549	6,221
Accounts receivable-other	2,654	2,658
Other	4,998	5,030
Allowance for doubtful accounts	(719)	(811)
Total current assets	117,387	131,547
Fixed assets		
Property, plant and equipment		
Buildings and structures	75,853	75,762
Accumulated depreciation	(47,487)	(47,709)
Accumulated impairment loss	(569)	(748)
Buildings and structures, net	27,796	27,304
Machinery, equipment and vehicles	144,322	146,824
Accumulated depreciation	(109,627)	(113,199)
Accumulated impairment loss	(606)	(522)
Machinery, equipment and vehicles, net	34,088	33,102
Tools, furniture and fixtures	13,898	13,816
Accumulated depreciation	(11,133)	(11,189)
Accumulated impairment loss	(40)	(35)
Tools, furniture and fixtures, net	2,723	2,592
Land	67,548	59,009
Lease assets	3,197	4,112
Accumulated depreciation	(775)	(1,380)
Lease property, net	2,422	2,731
Construction in progress	1,457	8,344
Total property, plant and equipment	136,037	133,085
Intangible assets		
Lease assets	127	196
Software	3,805	2,736
Right of using facilities	138	144
Goodwill	4,856	3,469
Other	146	204
Total intangible assets	9,073	6,751

Items	As of March 31, 2011	As of March 31, 2012
	millions of yen	millions of yen
Investments and other assets		
Investment securities	17,265	17,669
Long-term prepaid expenses	717	607
Deferred tax assets	7,748	5,366
Other	4,881	4,144
Allowance for doubtful accounts	(1,271)	(1,013)
Total investments and other assets	29,340	26,773
Total fixed assets	174,451	166,611
Total assets	291,838	298,158

Items	As of March 31, 2011	As of March 31, 2012
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,772	58,189
Short-term loans payable	18,416	17,805
Current portion of long-term loans payable	6,544	8,712
Lease obligations	1,317	716
Accounts payable-other	11,509	14,363
Income taxes payable	1,127	1,253
Accrued expenses	7,411	7,632
Deposits received	761	859
Provision for bonuses	3,916	3,752
Asset retirement obligations	262	285
Other	3,848	4,242
Total current liabilities	105,889	117,813
Long-term liabilities		
Long-term loans payable	52,610	43,763
Long-term deposits received	5,046	5,133
Lease obligations	2,137	2,362
Deferred tax liabilities	3,145	1,062
Deferred tax liabilities for land revaluation	10,005	6,895
Provision for retirement benefits	10,753	10,493
Provision for director's retirement benefits	337	307
Provision for gift token exchange	237	233
Negative goodwill	1,823	814
Asset retirement obligations	339	378
Other	966	1,558
Total long-term liabilities	87,404	73,002
Total liabilities	193,293	190,816
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	47,976	59,124
Treasury stock	(4,520)	(4,523)
Total shareholders' equity	81,037	92,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	864	1,108
Deferred gains or losses on hedges	63	29
Revaluation reserve for land	14,854	12,367
Foreign currency translation adjustment	4	(142)
Total accumulated other comprehensive income	15,787	13,362
Minority interests	1,720	1,798
Total net assets	98,545	107,342
Total liabilities and net assets	291,838	298,158

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

Consolidated Statements of Income

Items	Year Ended March 31, 2011	Year Ended March 31, 2012
	millions of yen	millions of yen
Net sales	504,223	509,413
Cost of sales	368,817	376,187
Gross profit	135,406	133,225
Selling, general and administrative expenses		
Selling expenses	101,203	100,472
General and administrative expenses	18,552	16,994
Total selling, general and administrative expenses	119,756	117,466
Operating income	15,649	15,758
Non-operating income		
Interest income	50	44
Dividends income	457	478
Real estate rent	643	133
Gain on bad debts recovered	-	700
Amortization of negative goodwill	1,009	1,009
Equity in earnings of affiliates	379	215
Other	807	857
Total non-operating income	3,347	3,439
Non-operating expenses		
Interest expenses	1,209	960
Other	439	361
Total non-operating expenses	1,649	1,321
Ordinary income	17,347	17,876
Extraordinary income		
Gain on sales of fixed assets	178	383
Reversal of allowance for doubtful accounts	87	-
Compensation income	123	191
Compensation income for expropriation	-	362
Other	124	73
Total extraordinary income	513	1,011
Extraordinary loss		
Loss on sales of fixed assets	11	62
Loss on retirement of fixed assets	954	1,391
Impairment loss	553	5,443
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	-
Loss on plant reorganization	3,312	-
Disaster-related losses	1,866	386
Other	1,154	1,216
Total extraordinary losses	8,272	8,500
Income before income taxes and minority interests	9,588	10,387
Income taxes		
Current	1,763	1,577
Deferred	(1,697)	(575)
Total income taxes	65	1,002
Income before minority interests	9,522	9,385
Minority interests in income (loss)	191	84
Net income	9,331	9,301

Consolidated Statements of Comprehensive Income

Items	Year Ended March 31, 2011	Year Ended March 31, 2012
	millions of yen	millions of yen
Income before minority interests	9,522	9,385
Other comprehensive income		
Valuation difference on available-for-sale securities	398	245
Deferred gains or losses on hedges	(89)	(34)
Revaluation reserve for land	-	1,054
Foreign currency translation adjustment	15	(116)
Share of other comprehensive income of associates accounted for using the equity method	(89)	(28)
Total other comprehensive income	235	1,121
Comprehensive income	9,758	10,507
Comprehensive income attributable to owners of the parent	9,589	10,419
Comprehensive income attributable to minority interests	168	87

(3) Consolidated Statements of Changes in Net Assets

	Year ended March 31, 2011	Year ended March 31, 2012
	millions of yen	millions of yen
Shareholders' equity		
Capital stock		
Balance at end of previous 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 end of previous 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 end of previous term	40,127	47,976
Changes during term		
Reversal of revaluation reserve for land	248	3,542
Cash dividends	(1,730)	(1,696)
Net income	9,331	9,301
Total changes during term	7,848	11,147
Balance at end of term	47,976	59,124
Treasury stock		
Balance at end of previous term	(2,385)	(4,520)
Changes during term		
Purchase of treasury stock	(2,135)	(3)
Disposal of treasury stock	0	0
Total changes during term	(2,135)	(3)
Balance at end of term	(4,520)	(4,523)
Total shareholders' equity		
Balance at end of previous term	75,323	81,037
Changes during term		
Reversal of revaluation reserve for land	248	3,542
Cash dividends	(1,730)	(1,696)
Net income	9,331	9,301
Purchase of treasury stock	(2,135)	(3)
Disposal of treasury stock	0	0
Total changes during term	5,713	11,144
Balance at end of term	81,037	92,181

	Year ended March 31, 2011	Year ended March 31, 2012
	millions of yen	millions of yen
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at end of previous term	444	864
Changes during term		
Net changes other than shareholder's equity	420	243
Total changes during term	420	243
Balance at end of term	864	1,108
Deferred gains or losses on hedges		
Balance at end of previous term	153	63
Changes during term		
Net changes other than shareholder's equity	(89)	(34)
Total changes during term	(89)	(34)
Balance at end of term	63	29
Revaluation reserve for land		
Balance at end of previous term	15,103	14,854
Changes during term		
Net changes other than shareholder's equity	(248)	(2,487)
Total changes during term	(248)	(2,487)
Balance at end of term	14,854	12,367
Foreign currency translation adjustment		
Balance at end of previous term	76	4
Changes during term		
Net changes other than shareholder's equity	(72)	(146)
Total changes during term	(72)	(146)
Balance at end of term	4	(142)
Total accumulated other comprehensive income		
Balance at end of previous term	15,777	15,787
Changes during term		
Net changes other than shareholder's equity	10	(2,424)
Total changes during term	10	(2,424)
Balance at end of term	15,787	13,362
Minority interests		
Balance at end of previous term	1,664	1,720
Changes during term		
Net changes other than shareholder's equity	56	77
Total changes during term	56	77
Balance at end of term	1,720	1,798
Total net assets		
Balance at end of previous term	92,765	98,545
Changes during term		
Reversal of revaluation reserve for land	248	3,542
Cash dividends	(1,730)	(1,696)
Net income	9,331	9,301
Purchase of treasury stock	(2,135)	(3)
Disposal of treasury stock	0	0
Net changes other than shareholder's equity	66	(2,347)
Total changes during term	5,779	8,796
Balance at end of term	98,545	107,342

(4) Consolidated Statements of Cash flows

	Year Ended March 31, 2011	Year Ended March 31, 2012
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	9,588	10,387
Depreciation and amortization	12,318	13,248
Impairment loss	553	5,443
Loss on adjustment for changes of accounting standards for asset retirement obligations	419	-
Loss on plant reorganization	3,312	-
Disaster-related losses	1,866	386
Compensation income for expropriation	-	(362)
Equity in (earnings) losses of affiliates	(379)	(215)
Amortization of goodwill	1,387	1,387
Amortization of negative goodwill	(1,009)	(1,009)
Increase (decrease) in allowance for doubtful accounts	(26)	(153)
Increase (decrease) in provision for bonuses	203	(164)
Increase (decrease) in provision for retirement benefits	878	(259)
Increase (decrease) in provision for gift token exchange	(20)	(4)
Increase (decrease) in provision for directors' retirement benefits	59	(30)
Loss (gain) on sales and retirement of fixed assets	788	1,069
Interest and dividends income received	(508)	(522)
Interest expenses	1,209	960
Decrease (increase) in notes and accounts receivable-trade	3,037	(8,805)
Decrease (increase) in inventories	3,669	(2,432)
Increase (decrease) in notes and accounts payable-trade	(1,359)	7,919
Other- net	1,132	1,211
Sub total	37,122	28,055
Interest and dividends income	640	643
Proceeds from compensation for expropriation	-	449
Interest expenses paid	(1,180)	(981)
Expenses incurred from disaster-related losses	(119)	(1,150)
Income taxes paid	(1,700)	(1,675)
Net cash provided by (used in) operating activities	34,762	25,340

	Year Ended March 31, 2011	Year Ended March 31, 2012
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(269)	(78)
Proceeds from withdrawal of time deposits	185	206
Proceeds from redemption of securities	349	-
Payments of loans receivable	(1,172)	(332)
Collection of loans receivable	1,736	1,079
Purchase of property, plant and equipment and intangible assets	(17,362)	(16,046)
Proceeds from sales of property, plant and equipment and intangible assets	238	4,600
Purchase of investment securities	(24)	(19)
Proceeds from sales of investment securities	13	62
Proceeds from state subsidy	710	-
Net cash provided by (used in) investing activities	(15,594)	(10,528)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,363)	(611)
Proceeds from long-term loans payable	15,000	-
Repayment of long-term loans payable	(17,843)	(6,679)
Purchase of treasury stock	(2,135)	(3)
Cash dividends paid	(1,733)	(1,680)
Cash dividends paid to minority shareholders	(2)	(3)
Other	(1,483)	(1,405)
Net cash provided by (used in) financing activities	(13,561)	(10,383)
Effect of exchange rate on cash and cash equivalents	0	(48)
Net increase (decrease) in cash and cash equivalents	5,606	4,379
Cash and cash equivalents at beginning of term	8,458	14,065
Cash and cash equivalents at end of term	14,065	18,444

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, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (note2)	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	179,030	253,590	42,682	475,303	28,919	504,223	-	504,223
Inter-segment sales and transfers	15,514	204	877	16,596	12,241	28,838	(28,838)	-
Total	194,545	253,794	43,560	491,900	41,161	533,062	(28,838)	504,223
Segment income (loss)	12,319	543	893	13,757	1,823	15,580	68	15,649
Segment assets	145,042	97,283	34,096	276,422	21,299	297,721	(5,883)	291,838
Other items								
Depreciation/amor- tization (note4)	4,820	5,750	1,207	11,778	637	12,416	(98)	12,318
Amortization of goodwill	-	1,387	-	1,387	-	1,387	-	1,387
Impairment loss	17	-	-	17	49	67	485	553
Increase in PP&E and intangible assets (note5)	8,202	9,541	2,169	19,913	313	20,227	(119)	20,108

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)
Intersegment transactions elimination		(28,838)
Total		(28,838)

Segment income		(Millions of yen)
Intersegment transactions elimination		68
Total		68

Segment assets		(Millions of yen)
Intersegment transactions elimination		(19,922)
Corporate assets*		14,039
Total		(5,883)

* Corporate assets comprise mainly of working funds and idle assets held by the parent company and primary operational companies, namely Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd.

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.

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

	Reportable segment				Other (note1)	Total	Adjustments (note2)	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	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 (loss)	13,018	161	788	13,968	1,821	15,790	(32)	15,758
Segment assets (note 4)	126,143	115,148	35,635	276,926	22,453	299,379	(1,221)	298,158
Other items								
Depreciation/amortization (note 5)	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 6)	8,780	8,797	1,862	19,439	885	20,324	(174)	20,150

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)
Intersegment transactions elimination		(24,694)
Total		(24,694)

Segment income		(Millions of yen)
Intersegment transactions elimination		(32)
Total		(32)

Segment assets		(Millions of yen)
Intersegment transactions elimination		(13,416)
Corporate assets*		12,194
Total		(1,221)

*Corporate assets comprise mainly of working funds and idle assets held by the Company.

3. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.
4. The assets amount for each segment has been changed in conjunction with reorganization and streamlining of branches carried out in the absorption-type merger of the Company, Nippon Milk Community Co., Ltd. and Snow Brand Milk Products Co., Ltd.
5. Depreciation/amortization includes amortization of long-term prepaid expenses.
6. 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, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)						
	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Corporate / elimination (note)	Total
Impairment loss	17	-	-	49	485	553

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

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.

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

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(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, 2011	-	1,387	-	-	-	1,387
Balance as of March, 31, 2011	-	4,856	-	-	-	4,856

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, 2011	-	-	1,009	-	-	1,009
Balance as of March, 31, 2011	-	-	1,823	-	-	1,823

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

[Gain on negative goodwill by reportable segment]

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

No gain on negative goodwill of material importance was recorded during the term.

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

No gain on negative goodwill of material importance was recorded during the term.