

Consolidated Financial Results for the Three Months Ended June 30, 2012
(Prepared pursuant to Japanese GAAP)

August 3, 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 Quarter of the Fiscal Year Ending March 31, 2013
(April 1, 2012 – June 30, 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	%
Three months ended June 30, 2012	131,438	4.6	3,922	8.1	4,438	7.1	2,825	12.8
Three months ended June 30, 2011	125,643	(1.3)	3,629	(12.5)	4,145	(11.2)	2,503	(9.7)

Note: Comprehensive income: Three Months Ended June 30, 2012: 2,873 million yen (22.6%)
 Three Months Ended June 30, 2011: 2,344 million yen (-1.3 %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Three months ended June 30, 2012	41.64	—
Three months ended June 30, 2011	36.90	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
June 30, 2012	295,338	108,202	36.0	1,567.12
March 31, 2012	298,158	107,342	35.4	1,555.42

For reference:

Shareholders' equity: June 30, 2012: 106,337 million yen
 March 31, 2012: 105,543 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, 2012	—	—	—	30.00	30.00
Year ending March 31, 2013	—				
Year ending March 31, 2013 (forecast)		—	—	30.00	30.00

Note: Revisions from the latest release of dividend forecasts: None
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	%	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

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

Notes

- (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.: Yes
 - 2) Changes other than noted in 1) above: None
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatement: None
- (4) Common stock issued
 - 1) Issued shares as of period-end (including treasury stock):
 - June 30, 2012: 70,751,855 shares
 - March 31, 2012: 70,751,855 shares
 - 2) Treasury stock as of period-end:
 - June 30, 2012: 2,896,637 shares
 - March 31, 2012: 2,896,172 shares
 - 3) Average number of shares (during the respective three-month period):
 - Three months ended June 30, 2012: 67,855,507 shares
 - Three months ended June 30, 2011: 67,857,863 shares

***Quarterly Review 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 this quarter's consolidated financial statements in accordance with the Act was being conducted.

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

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release 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.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Items	As of March 31, 2012	As of June 30, 2012
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	19,072	12,700
Notes and accounts receivable-trade	63,497	67,749
Marketable securities	49	49
Merchandise and finished goods	24,992	25,990
Work in process	1,126	1,326
Raw materials and supplies	9,709	8,970
Deferred tax assets	6,221	5,804
Other	7,688	4,877
Allowance for doubtful accounts	(811)	(797)
Total current assets	131,547	126,671
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	27,304	27,158
Machinery, equipment and vehicles, net	33,102	33,167
Land	59,009	59,009
Other, net	13,668	16,485
Total property, plant and equipment	133,085	135,820
Intangible assets		
Goodwill	3,469	3,122
Other	3,282	3,031
Total intangible assets	6,751	6,153
Investments and other assets		
Investment securities	17,669	17,653
Deferred tax assets	5,366	5,373
Other	4,751	4,682
Allowance for doubtful accounts	(1,013)	(1,016)
Total investments and other assets	26,773	26,692
Total fixed assets	166,611	168,666
Total assets	298,158	295,338

Items	As of March 31, 2012	As of June 30, 2012
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	58,189	61,134
Short-term loans payable	26,518	25,932
Income taxes payable	1,253	1,318
Provision for bonuses	3,752	2,187
Asset retirement obligations	285	285
Other	27,814	29,992
Total current liabilities	117,813	120,850
Long-term liabilities		
Long-term loans payable	43,763	40,503
Deferred tax liabilities	1,062	1,044
Deferred tax liabilities for land revaluation	6,895	6,895
Provision for employees' retirement benefits	10,493	7,920
Provision for director's retirement benefits	307	326
Provision for gift token exchange	233	230
Asset retirement obligations	378	373
Negative goodwill	814	561
Other	9,054	8,428
Total long-term liabilities	73,002	66,285
Total liabilities	190,816	187,135
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	59,124	59,939
Treasury stock	(4,523)	(4,524)
Total shareholders' equity	92,181	92,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,108	916
Deferred gains or losses on hedges	29	(18)
Revaluation reserve for land	12,367	12,367
Foreign currency translation adjustment	(142)	76
Total accumulated other comprehensive income	13,362	13,340
Minority interests	1,798	1,865
Total net assets	107,342	108,202
Total liabilities and net assets	298,158	295,338

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

Consolidated Statements of Income

Items	Three months ended June 30,2011	Three months ended June 30, 2012
	millions of yen	millions of yen
Net sales	125,643	131,438
Cost of sales	92,465	97,282
Gross profit	33,177	34,156
Selling, general and administrative expenses	29,548	30,234
Operating income	3,629	3,922
Non-operating income		
Interest income	11	6
Dividends income	157	184
Amortization of negative goodwill	252	252
Equity in earnings of affiliates	190	96
Other	243	322
Total non-operating income	855	863
Non-operating expenses		
Interest expenses	259	219
Other	79	127
Total non-operating expenses	339	346
Ordinary income	4,145	4,438
Extraordinary income		
Gain on sales of fixed assets	23	5
Compensation income	—	287
Other	13	132
Total extraordinary income	37	425
Extraordinary loss		
Loss on sales of fixed assets	5	0
Loss on retirement of fixed assets	157	86
Impairment loss	0	—
Disaster-related losses	176	—
Merger expenses	273	—
Product recall losses	—	75
Other	51	6
Total extraordinary loss	664	168
Income before income taxes and minority interests	3,518	4,695
Income taxes	1,046	1,799
Income before minority interests	2,472	2,895
Minority interests in income (loss)	(31)	70
Net income	2,503	2,825

Consolidated Statements of Comprehensive Income

Items	Three months ended June 30, 2011	Three months ended June 30, 2012
	millions of yen	millions of yen
Income before minority interests	2,472	2,895
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(192)
Deferred gains or losses on hedges	(68)	(47)
Foreign currency translation adjustment	78	185
Revaluation reserve for land	(175)	—
Share of other comprehensive income of associates accounted for using the equity method	36	31
Total other comprehensive income	(127)	(22)
Comprehensive income	2,344	2,873
Comprehensive income attributable to owners of the parent	2,375	2,803
Comprehensive income attributable to minority interests	(31)	70

(3) Consolidated Statements of Cash flows

	Three months ended June 30, 2011	Three months ended June 30, 2012
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	3,518	4,695
Depreciation and amortization	3,102	2,941
Impairment loss	0	—
Disaster-related losses	176	—
Equity in (earnings) losses of affiliates	(190)	(96)
Amortization of goodwill	346	346
Amortization of negative goodwill	(252)	(252)
Increase (decrease) in allowance for doubtful accounts	(73)	(11)
Increase (decrease) in provision for bonuses	(1,834)	(1,573)
Increase (decrease) in provision for employees' retirement benefits	268	289
Increase (decrease) in provision for gift token exchange	(5)	(2)
Increase (decrease) in provision for directors' retirement benefits	(18)	15
Loss (gain) on sales and retirement of fixed assets	138	80
Interest and dividend income received	(169)	(191)
Interest expenses	259	219
Compensation income	—	(287)
Decrease (increase) in notes and accounts receivable-trade	(6,364)	(4,219)
Decrease (increase) in inventories	(1,514)	(458)
Increase (decrease) in notes and accounts payable-trade	4,770	2,040
Other- net	1,276	1,361
Sub total	3,436	4,897
Interest and dividend income	277	298
Interest expenses paid	(319)	(284)
Compensation income received	—	287
Expenses incurred from disaster-related losses	(619)	—
Income taxes paid	(926)	(1,067)
Net cash provided by (used in) operating activities	1,848	4,132

	Three months ended June 30, 2011	Three months ended June 30, 2012
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(20)	(19)
Proceeds from withdrawal of time deposits	10	0
Payments of loans receivable	(90)	(70)
Collection of loans receivable	176	91
Purchase of property, plant and equipment and intangible assets	(2,865)	(4,620)
Proceeds from sales of property, plant and equipment and intangible assets	27	9
Purchase of investment securities	(3)	(4)
Proceeds from sales of investment securities	17	30
Purchase of stocks of subsidiaries and affiliates	—	(204)
Net cash provided by (used in) investing activities	(2,748)	(4,786)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(104)	(338)
Repayment of long-term loans payable	(2,793)	(3,507)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,492)	(1,812)
Cash dividends paid to minority shareholders	(3)	(3)
Other	(365)	(165)
Net cash provided by (used in) financing activities	(4,759)	(5,827)
Effect of exchange rate on cash and cash equivalents	26	79
Net increase (decrease) in cash and cash equivalents	(5,633)	(6,402)
Cash and cash equivalents at beginning of period	14,065	18,444
Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	—	7
Cash and cash equivalents at end of period	8,431	12,049

5. Segment Information

Sales and income/loss by reportable segment

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

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	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. "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.

Three months ended June 30, 2012 (April 1 to June 30, 2012)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	46,555	66,130	12,250	124,935	6,503	131,438	—	131,438
Inter-segment sales and transfers	2,327	4	236	2,568	2,871	5,439	(5,439)	—
Total	48,883	66,134	12,486	127,504	9,374	136,878	(5,439)	131,438
Segment income (loss)	2,799	137	684	3,622	326	3,948	(26)	3,922

- Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The minus 26 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.