

Consolidated Financial Results for the Nine Months Ended December 31, 2012
(Prepared pursuant to Japanese GAAP)

February 7, 2013

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>
 Representative: Yoshiharu Nakano, Representative Director and President
 Contact: Noboru Kawaguchi, General Manager, Press & Publicity Department
 Phone: +81 3-3226-2124

(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the First Nine Months of the Fiscal Year Ending March 31, 2013
(April 1, 2012 – December 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	%
Nine months ended December 31, 2012	400,890	2.7	13,382	(3.3)	14,794	(1.9)	9,008	(8.1)
Nine months ended December 31, 2011	390,344	(0.1)	13,832	(4.3)	15,081	(5.3)	9,798	22.3

Note: Comprehensive income: Nine Months Ended December 31, 2012: 9,389 million yen (-9.0%)
 Nine Months Ended December 31, 2011: 10,317 million yen (26.5%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
Nine months ended December 31, 2012	132.77	—
Nine months ended December 31, 2011	144.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
December 31, 2012	308,569	114,594	36.5	1,659.59
March 31, 2012	298,158	107,342	35.4	1,555.42

For reference:

Equity: December 31, 2012: 112,609 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
Full Year	520,000	2.1	15,500	(1.6)	16,000	(10.5)	10,000	7.5	147.37

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

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):

December 31, 2012: 70,751,855 shares

March 31, 2012: 70,751,855 shares

2) Treasury stock as of period-end:

December 31, 2012: 2,898,261 shares

March 31, 2012: 2,896,172 shares

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

Nine months ended December 31, 2012: 67,854,764 shares

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

(5) Qualitative Information Concerning Forecasts of Consolidated Financial Results

The figures of the forecasts released on May 10, 2012 regarding the consolidated financial results for the year ending March 31, 2013, 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)	530,000	17,500	18,000	9,500	140.00
Current forecast (B)	520,000	15,500	16,000	10,000	147.37
Change (B – A)	(10,000)	(2,000)	(2,000)	500	7.37
Change (%)	(1.9)	(11.4)	(11.1)	5.3	5.3
For reference: Results for the 12 months ended March 31, 2012	509,413	15,758	17,876	9,301	137.08

***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 December 31, 2012
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	19,072	11,884
Notes and accounts receivable-trade	63,497	69,558
Marketable securities	49	49
Merchandise and finished goods	24,992	24,636
Work in process	1,126	1,718
Raw materials and supplies	9,709	9,585
Deferred tax assets	6,221	4,556
Other	7,688	4,916
Allowance for doubtful accounts	(811)	(741)
Total current assets	131,547	126,165
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	27,304	32,209
Machinery, equipment and vehicles, net	33,102	41,920
Land	59,009	59,069
Other, net	13,668	16,591
Total property, plant and equipment	133,085	149,791
Intangible assets		
Goodwill	3,469	2,428
Other	3,282	3,306
Total intangible assets	6,751	5,734
Investments and other assets		
Investment securities	17,669	18,135
Deferred tax assets	5,366	5,208
Other	4,751	4,538
Allowance for doubtful accounts	(1,013)	(1,003)
Total investments and other assets	26,773	26,878
Total fixed assets	166,611	182,404
Total assets	298,158	308,569

Items	As of March 31, 2012	As of December 31, 2012
	millions of yen	Millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	58,189	61,127
Short-term loans payable	26,518	31,281
Income taxes payable	1,253	2,409
Provision for bonuses	3,752	2,024
Asset retirement obligations	285	385
Other	27,814	38,597
Total current liabilities	117,813	135,825
Long-term liabilities		
Long-term loans payable	43,763	31,448
Deferred tax liabilities	1,062	1,048
Deferred tax liabilities for land revaluation	6,895	6,890
Provision for employees' retirement benefits	10,493	8,046
Provision for director's retirement benefits	307	335
Provision for gift token exchange	233	260
Asset retirement obligations	378	381
Negative goodwill	814	56
Other	9,054	9,680
Total long-term liabilities	73,002	58,149
Total liabilities	190,816	193,975
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	59,124	66,109
Treasury stock	(4,523)	(4,526)
Total shareholders' equity	92,181	99,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,108	1,021
Deferred gains or losses on hedges	29	80
Revaluation reserve for land	12,367	12,358
Foreign currency translation adjustment	(142)	(14)
Total accumulated other comprehensive income	13,362	13,445
Minority interests	1,798	1,985
Total net assets	107,342	114,594
Total liabilities and net assets	298,158	308,569

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

Consolidated Statements of Income

Items	Nine months ended December 31,2011	Nine months ended December 31,2012
	millions of yen	millions of yen
Net sales	390,344	400,890
Cost of sales	287,731	297,525
Gross profit	102,612	103,365
Selling, general and administrative expenses	88,780	89,983
Operating income	13,832	13,382
Non-operating income		
Interest income	34	21
Dividend income	467	592
Amortization of negative goodwill	757	757
Equity in earnings of affiliates	438	214
Other	610	782
Total non-operating income	2,308	2,367
Non-operating expenses		
Interest expenses	733	639
Other	326	316
Total non-operating expenses	1,059	955
Ordinary income	15,081	14,794
Extraordinary income		
Gain on sales of fixed assets	131	20
Compensation income	44	818
Other	55	174
Total extraordinary income	231	1,014
Extraordinary loss		
Loss on sales of fixed assets	6	1
Loss on retirement of fixed assets	688	1,045
Impairment loss	1	245
Disaster-related losses	384	—
Other	437	193
Total extraordinary loss	1,519	1,485
Income before income taxes and minority interests	13,793	14,322
Income taxes	3,909	4,964
Income before minority interests	9,884	9,358
Minority interests in income	85	350
Net income	9,798	9,008

Consolidated Statements of Comprehensive Income

Items	Nine months ended December 31,2011	Nine months ended December 31,2012
	millions of yen	millions of yen
Income before minority interests	9,884	9,358
Other comprehensive income		
Valuation difference on available-for-sale securities	(320)	(82)
Deferred gains or losses on hedges	(99)	50
Foreign currency translation adjustment	(223)	56
Revaluation reserve for land	1,100	—
Share of other comprehensive income of associates accounted for using the equity method	(23)	5
Total other comprehensive income	433	30
Comprehensive income	10,317	9,389
Comprehensive income attributable to owners of the parent	10,231	9,039
Comprehensive income attributable to minority interests	86	349

(3) Consolidated Statements of Cash flows

	Nine months ended December 31,2011	Nine months ended December 31,2012
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	13,793	14,322
Depreciation and amortization	9,576	9,477
Impairment loss	1	245
Disaster-related losses	384	—
Equity in (earnings) losses of affiliates	(438)	(214)
Amortization of goodwill	1,040	1,040
Amortization of negative goodwill	(757)	(757)
Increase (decrease) in allowance for doubtful accounts	(136)	(79)
Increase (decrease) in provision for bonuses	(1,949)	(1,735)
Increase (decrease) in provision for employees' retirement benefits	677	416
Increase (decrease) in provision for gift token exchange	(2)	27
Increase (decrease) in provision for directors' retirement benefits	8	25
Loss (gain) on sales and retirement of fixed assets	563	1,026
Interest and dividend income received	(501)	(613)
Interest expenses	733	639
Compensation income	(44)	(818)
Decrease (increase) in notes and accounts receivable-trade	(13,194)	(6,029)
Decrease (increase) in inventories	729	(112)
Increase (decrease) in notes and accounts payable-trade	9,819	2,271
Other- net	3,458	1,749
Sub total	23,760	20,879
Interest and dividend income	614	725
Interest expenses paid	(813)	(708)
Compensation income received	44	818
Expenses incurred from disaster-related losses	(1,091)	—
Income taxes paid	(1,618)	(1,821)
Net cash provided by (used in) operating activities	20,896	19,894

	Nine months ended December 31,2011	Nine months ended December 31,2012
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(59)	(144)
Proceeds from withdrawal of time deposits	210	24
Payments of loans receivable	(291)	(144)
Collection of loans receivable	348	184
Purchase of property, plant and equipment and intangible assets	(11,259)	(16,629)
Proceeds from sales of property, plant and equipment and intangible assets	257	36
Purchase of investment securities	(18)	(112)
Proceeds from sales of investment securities	25	18
Purchase of stocks of subsidiaries and affiliates	—	(527)
Proceeds from sales of stocks of subsidiaries and affiliates	—	110
Net cash provided by (used in) investing activities	(10,785)	(17,181)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(754)	489
Repayment of long-term loans payable	(5,829)	(8,040)
Purchase of treasury stock	(3)	(2)
Cash dividends paid	(1,679)	(2,030)
Cash dividends paid to minority shareholders	(3)	(3)
Other	(1,110)	(451)
Net cash provided by (used in) financing activities	(9,379)	(10,038)
Effect of exchange rate on cash and cash equivalents	(108)	10
Net increase (decrease) in cash and cash equivalents	622	(7,315)
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	14,687	11,136

5. Segment Information

Sales and income/loss by reportable segment

Nine months ended December 31, 2011 (April 1 to December 31, 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	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	10,685	604	965	12,255	1,575	13,831	0	13,832

Note: 1. "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.

Nine months ended December 31, 2012 (April 1 to December 31, 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	143,738	200,468	35,321	379,527	21,363	400,890	—	400,890
Inter-segment sales and transfers	8,469	14	733	9,216	9,148	18,365	(18,365)	—
Total	152,207	200,482	36,054	388,744	30,511	419,256	(18,365)	400,890
Segment income	9,836	922	1,193	11,952	1,558	13,510	(128)	13,382

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 128 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.