

Consolidated Financial Results for the Six Months Ended September 30, 2013
(Prepared pursuant to Japanese GAAP)

November 7, 2013

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 Six Months of the Fiscal Year Ending March 31, 2014
(April 1, 2013 – September 30, 2013)

(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, 2013 | 275,671 | 3.5 | 6,813 | (20.0) | 6,973 | (24.6) | 3,961 | (31.5) |
| Six months ended September 30, 2012 | 266,386 | 3.0 | 8,518 | 3.7 | 9,252 | 1.9 | 5,784 | 1.9 |

Note: Comprehensive income: Six Months Ended September 30, 2013: 4,067 million yen (-26.6%)
 Six Months Ended September 30, 2012: 5,545 million yen (9.8%)

| | Net income per share – basic | Net income per share – diluted |
|-------------------------------------|------------------------------|--------------------------------|
| | yen | yen |
| Six months ended September 30, 2013 | 58.39 | — |
| Six months ended September 30, 2012 | 85.24 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net asset per share |
|--------------------|-----------------|-----------------|--------------|---------------------|
| | millions of yen | millions of yen | % | yen |
| September 30, 2013 | 321,327 | 118,698 | 36.3 | 1,720.46 |
| March 31, 2013 | 313,569 | 116,684 | 36.6 | 1,690.13 |

For reference:

Equity: September 30, 2013: 116,733 million yen
 March 31, 2013: 114,679 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, 2013 | — | — | — | 30.00 | 30.00 |
| Year ending March 31, 2014 | — | — | | | |
| Year ending March 31, 2014 (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, 2013:
Ordinary dividend of 25.00 yen Special dividend of 5.00 yen
Forecast year-end dividend for the fiscal year ending March 31, 2014:
Ordinary dividend of 30.00 yen

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(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 | 540,000 | 3.3 | 12,500 | (16.7) | 12,500 | (23.7) | 7,000 | (27.1) | 103.17 |

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.: 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, 2013: 70,751,855 shares
 - March 31, 2013: 70,751,855 shares
 - 2) Treasury stock as of period-end:
 - September 30, 2013: 2,901,745 shares
 - March 31, 2013: 2,899,338 shares
 - 3) Average number of shares (during the respective six-month period):
 - Six months ended September 30, 2013: 67,851,523 shares
 - Six months ended September 30, 2012: 67,855,140 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, 2013 | As of September 30, 2013 |
|--|-------------------------|-----------------------------|
| | millions of yen | millions of yen |
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,696 | 9,012 |
| Notes and accounts receivable-trade | 64,592 | 68,614 |
| Merchandise and finished goods | 28,535 | 28,793 |
| Work in process | 1,537 | 2,498 |
| Raw materials and supplies | 10,463 | 9,632 |
| Deferred tax assets | 4,172 | 4,198 |
| Other | 4,460 | 5,032 |
| Allowance for doubtful accounts | (806) | (911) |
| Total current assets | 124,651 | 126,870 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 32,446 | 32,176 |
| Machinery, equipment and vehicles, net | 42,713 | 41,732 |
| Land | 59,197 | 59,679 |
| Other, net | 20,270 | 27,110 |
| Total property, plant and equipment | 154,628 | 160,698 |
| Intangible assets | | |
| Goodwill | 2,081 | 1,387 |
| Other | 3,424 | 3,392 |
| Total intangible assets | 5,505 | 4,780 |
| Investments and other assets | | |
| Investment securities | 20,312 | 20,446 |
| Deferred tax assets | 4,771 | 4,611 |
| Other | 4,696 | 4,905 |
| Allowance for doubtful accounts | (997) | (985) |
| Total investments and other assets | 28,783 | 28,977 |
| Total fixed assets | 188,917 | 194,456 |
| Total assets | 313,569 | 321,327 |

| Items | As of March 31, 2013 | As of September 30, 2013 |
|---|-------------------------|-----------------------------|
| | millions of yen | millions of yen |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 59,884 | 59,525 |
| Short-term loans payable | 30,883 | 35,474 |
| Income taxes payable | 2,684 | 2,424 |
| Provision for bonuses | 3,354 | 3,265 |
| Asset retirement obligations | 351 | 320 |
| Other | 35,772 | 28,650 |
| Total current liabilities | 132,932 | 129,661 |
| Long-term liabilities | | |
| Long-term loans payable | 37,234 | 46,886 |
| Deferred tax liabilities | 1,035 | 1,023 |
| Deferred tax liabilities for land revaluation | 6,863 | 6,863 |
| Provision for employees' retirement benefits | 7,700 | 7,850 |
| Provision for director's retirement benefits | 351 | 298 |
| Provision for gift token exchange | 256 | 248 |
| Asset retirement obligations | 378 | 382 |
| Negative goodwill | 37 | — |
| Other | 10,094 | 9,415 |
| Total long-term liabilities | 63,952 | 72,967 |
| Total liabilities | 196,884 | 202,629 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 20,000 | 20,000 |
| Capital surplus | 17,580 | 17,580 |
| Retained earnings | 66,751 | 68,677 |
| Treasury stock | (4,528) | (4,531) |
| Total shareholders' equity | 99,803 | 101,726 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,249 | 2,395 |
| Deferred gains or losses on hedges | 58 | (22) |
| Revaluation reserve for land | 12,308 | 12,308 |
| Foreign currency translation adjustment | 259 | 325 |
| Total accumulated other comprehensive income | 14,875 | 15,007 |
| Minority interests | 2,005 | 1,964 |
| Total net assets | 116,684 | 118,698 |
| Total liabilities and net assets | 313,569 | 321,327 |

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

Consolidated Statements of Income

| Items | Six months ended September 30, 2012 | Six months ended September 30, 2013 |
|---|--|--|
| | millions of yen | millions of yen |
| Net sales | 266,386 | 275,671 |
| Cost of sales | 197,892 | 208,522 |
| Gross profit | 68,494 | 67,149 |
| Selling, general and administrative expenses | 59,975 | 60,335 |
| Operating income | 8,518 | 6,813 |
| Non-operating income | | |
| Interest income | 13 | 16 |
| Dividend income | 228 | 197 |
| Amortization of negative goodwill | 504 | 37 |
| Equity in earnings of affiliates | 159 | 84 |
| Other | 485 | 488 |
| Total non-operating income | 1,391 | 824 |
| Non-operating expenses | | |
| Interest expenses | 432 | 444 |
| Other | 225 | 220 |
| Total non-operating expenses | 657 | 664 |
| Ordinary income | 9,252 | 6,973 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 13 | 16 |
| Compensation income | 428 | 71 |
| Other | 155 | 18 |
| Total extraordinary income | 596 | 106 |
| Extraordinary loss | | |
| Loss on sales of fixed assets | 0 | 1 |
| Loss on retirement of fixed assets | 371 | 333 |
| Impairment loss | 28 | 9 |
| Loss on plant reorganization | — | 131 |
| Other | 157 | 72 |
| Total extraordinary loss | 558 | 548 |
| Income before income taxes and minority interests | 9,290 | 6,531 |
| Income taxes | 3,390 | 2,607 |
| Income before minority interests | 5,899 | 3,924 |
| Minority interests in income (loss) | 115 | (36) |
| Net income | 5,784 | 3,961 |

Consolidated Statements of Comprehensive Income

| Items | Six months ended September 30,2012 | Six months ended September 30,2013 |
|---|---------------------------------------|---------------------------------------|
| | millions of yen | millions of yen |
| Income before minority interests | 5,899 | 3,924 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (300) | 148 |
| Deferred gains or losses on hedges | (57) | (81) |
| Foreign currency translation adjustment | 16 | 66 |
| Share of other comprehensive income of associates accounted for using the equity method | (13) | 9 |
| Total other comprehensive income | (354) | 143 |
| Comprehensive income | 5,545 | 4,067 |
| Comprehensive income attributable to owners of the parent | 5,430 | 4,093 |
| Comprehensive income attributable to minority interests | 114 | (25) |

(3) Consolidated Statements of Cash flows

| | Six months ended September 30,2012 | Six months ended September 30,2013 |
|---|---|---|
| | millions of yen | millions of yen |
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 9,290 | 6,531 |
| Depreciation and amortization | 6,149 | 6,557 |
| Impairment loss | 28 | 9 |
| Equity in (earnings) losses of affiliates | (159) | (84) |
| Amortization of goodwill | 693 | 693 |
| Amortization of negative goodwill | (504) | (37) |
| Increase (decrease) in allowance for doubtful accounts | (41) | 93 |
| Increase (decrease) in provision for bonuses | (47) | (89) |
| Increase (decrease) in provision for employees' retirement benefits | 104 | 149 |
| Increase (decrease) in provision for gift token exchange | (4) | (7) |
| Increase (decrease) in provision for directors' retirement benefits | 8 | (53) |
| Loss (gain) on sales and retirement of fixed assets | 359 | 318 |
| Interest and dividend income received | (241) | (213) |
| Interest expenses | 432 | 444 |
| Compensation income | (428) | (71) |
| Decrease (increase) in notes and accounts receivable-trade | (6,216) | (4,021) |
| Decrease (increase) in inventories | (543) | (387) |
| Increase (decrease) in notes and accounts payable-trade | 4,638 | (226) |
| Other-net | (327) | (641) |
| Sub total | 13,191 | 8,965 |
| Interest and dividend income | 348 | 300 |
| Interest expenses paid | (439) | (436) |
| Compensation income received | 428 | 143 |
| Income taxes paid | (1,124) | (2,585) |
| Net cash provided by (used in) operating activities | 12,403 | 6,386 |

| | Six months ended September 30,2012 | Six months ended September 30,2013 |
|---|---|---|
| | millions of yen | millions of yen |
| Cash flows from investing activities | | |
| Payments into time deposits | (39) | (39) |
| Proceeds from withdrawal of time deposits | 0 | 199 |
| Payments of loans receivable | (105) | (120) |
| Collection of loans receivable | 141 | 138 |
| Purchase of property, plant and equipment and intangible assets | (10,958) | (20,588) |
| Proceeds from sales of property, plant and equipment and intangible assets | 21 | 28 |
| Purchase of investment securities | (6) | (11) |
| Proceeds from sales of investment securities | 18 | 21 |
| Purchase of stocks of subsidiaries and affiliates | (410) | — |
| Proceeds from sales of stocks of subsidiaries and affiliates | 110 | — |
| Payments for investments in capital of subsidiaries and affiliates | — | (296) |
| Other | — | (32) |
| Net cash provided by (used in) investing activities | (11,226) | (20,700) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (328) | 8,430 |
| Proceeds from long-term loans payable | — | 15,500 |
| Repayment of long-term loans payable | (4,356) | (9,688) |
| Purchase of treasury stock | (1) | (3) |
| Cash dividends paid | (2,027) | (2,031) |
| Cash dividends paid to minority shareholders | (3) | (15) |
| Other | (315) | (418) |
| Net cash provided by (used in) financing activities | (7,032) | 11,773 |
| Effect of exchange rate on cash and cash equivalents | (8) | 14 |
| Net increase (decrease) in cash and cash equivalents | (5,863) | (2,526) |
| Cash and cash equivalents at beginning of period | 18,444 | 10,917 |
| Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries | 7 | — |
| Cash and cash equivalents at end of period | 12,589 | 8,390 |

5. Segment Information

Sales and income/loss by reportable segment

Six months ended September 30, 2012 (April 1 to September 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 | 92,564 | 136,334 | 23,582 | 252,482 | 13,904 | 266,386 | — | 266,386 |
| Inter-segment sales and transfers | 5,586 | 7 | 466 | 6,060 | 5,549 | 11,609 | (11,609) | — |
| Total | 98,151 | 136,342 | 24,048 | 258,542 | 19,453 | 277,996 | (11,609) | 266,386 |
| Segment income | 5,150 | 1,246 | 1,193 | 7,590 | 907 | 8,498 | 19 | 8,518 |

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

2. The 19 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, 2013 (April 1 to September 30, 2013)

(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 | 96,123 | 137,573 | 25,518 | 259,214 | 16,457 | 275,671 | — | 275,671 |
| Inter-segment sales and transfers | 6,599 | 11 | 537 | 7,149 | 5,856 | 13,005 | (13,005) | — |
| Total | 102,723 | 137,585 | 26,055 | 266,363 | 22,313 | 288,677 | (13,005) | 275,671 |
| Segment income | 4,872 | 223 | 907 | 6,003 | 890 | 6,894 | (80) | 6,813 |

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 80 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.