

Consolidated Financial Results for the Year Ended March 31, 2015
(Prepared pursuant to Japanese GAAP)

May 14, 2015

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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Scheduled dates:
 Annual general meeting of shareholders: June 25, 2015
 Dividend payout: June 26, 2015
 Filing of fiscal year-end financial report: June 26, 2015
 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, 2015
(April 1, 2014– March 31, 2015)

(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, 2015	549,816	0.9	9,381	(16.5)	10,444	7.0	3,931	53.0
Year ended March 31, 2014	544,907	4.2	11,241	(25.1)	9,758	(40.4)	2,569	(73.2)

Note: Comprehensive income: Year Ended March 31, 2015: 7,827 million yen (+120.7 %)
 Year Ended March 31, 2014: 3,546 million yen (-69.1 %)

	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, 2015	57.95	-	3.4	3.1	1.7
Year ended March 31, 2014	37.88	-	2.2	3.0	2.1

For reference: Equity in earnings of affiliates: Year Ended March 31, 2015: 131 million yen
 Year Ended March 31, 2014: (23) 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, 2015	345,597	122,209	34.7	1,767.71
March 31, 2014	334,775	116,453	34.1	1,684.89

For reference: Equity: March 31, 2015: 119,926 million yen
 March 31, 2014: 114,315 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, 2015	11,241	(27,617)	14,854	9,188
Year ended March 31, 2014	15,266	(35,724)	20,047	10,570

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, 2014	-	-	-	30.00	30.00	2,035	79.2	1.8
Year ended March 31, 2015	-	-	-	30.00	30.00	2,035	51.8	1.7
Year ending March 31, 2016 (forecast)	-	-	-	30.00	30.00		33.9	

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Six months ending September 30, 2015	285,000	3.0	5,000	(2.3)	4,500	(19.5)	2,500	8.8	36.85
Full Year	560,000	1.9	9,500	1.3	9,500	(9.0)	6,000	52.6	88.44

* 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.: Yes

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, 2015: 70,751,855 shares

March 31, 2014: 70,751,855 shares

2) Treasury stock as of period-end:

March 31, 2015: 2,908,870 shares

March 31, 2014: 2,904,299 shares

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

Year ended March 31, 2015: 67,845,334 shares

Year ended March 31, 2014: 67,850,203 shares

***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. 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.

The Company has scheduled an earnings presentation aimed at analysts and institutional investors for Thursday, May 14, 2015, and intends to publish the presentation handout materials on its website on the same date of the event.

4. Operating Results

(1) Analysis of Operating Results

In the fiscal year ended March 31, 2015, the gradual underlying recovery trend in the Japanese economy continued.

Consumer spending was weak, and although high value-added products are attracting attention in the food industry, low-price orientation continues.

In this business environment, in the fiscal year ended March 31, 2015, the Company undertook to respond to changes in the business environment and strengthen the business base in accordance with the MEGMILK SNOW BRAND Group Mid-term Management Plan (April 1, 2014 to March 31, 2017). The Company undertook sales expansion and brand reinforcement for yogurt drinks and other new products and product mix improvement as a business structure reform. In addition, the Company took every possible measure to counter further increases in procurement costs caused by shortages of milk raw material resulting from a decrease in raw milk production in Japan and abrupt yen depreciation, including a review of selling prices and changes in package capacity.

The Ami Plant, where strategic capital expenditures have been made, completed the transfer of production functions from the Atsugi Margarine Plant, Yokohama Cheese Plant, and Kansai Cheese Plant and began full-scale operation in November 2014.

As a result of these developments, in the fiscal year ended March 31, 2015, consolidated net sales were ¥549,816 million (an increase of 0.9% over the previous fiscal year), operating income was ¥9,381 million (down 16.5%), ordinary income was ¥10,444 million (up 7.0%), and net income was ¥3,931 million (up 53.0%). As of March 31, 2015, the MEGMILK SNOW BRAND Group comprised the Company, 32 subsidiaries, and 14 affiliates.

Operating results by business segment for the fiscal year ended March 31, 2015 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, and other products.

Although butter production fell as a result of a decrease in milk production, sales performance from mainstay 6P Cheese, Yukijirushi Hokkaido 100 Camembert Cheese, and other cheese products was strong. Other product categories also performed well, and sales increased.

As a result, net sales in the Dairy Products Business were ¥213,064 million (an increase of 6.3% 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.

In the yogurt category, the Company focused on strengthening the Megumi brand and increasing awareness of gasseri SP. Sales performance was strong, due in part to the contribution from small bottle type Megumi Gasseri SP Yogurt (Drink).

Sales of beverages decreased a result of the impact of bad weather and a stagnant market, among other factors.

As a result, net sales in the Beverage & Dessert Business were ¥255,486 million (down 2.9% from 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.

Sales volumes of compound feeds and simple feeds decreased, and net sales in the Feed and Seeds Business were ¥47,492 million (down 2.8% from 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 ¥33,772 million (up 4.4% on the previous fiscal year).

In the fiscal year ending March 31, 2016, although economic recovery in Japan is expected, the outlook is for continuation of adverse business conditions to result from factors such as raw materials and distribution cost increases and a tight supply and demand situation caused by lower raw milk production. In this environment, the Company will undertake to increase profitability through business structure reforms and sales volume expansion in accordance with the Mid-term Management Plan.

In light of the above factors, in the fiscal ending March 31, 2016, the Company forecasts net sales of ¥560,000 million (up 1.9% from the previous fiscal year), operating income of ¥9,500 million (up 1.3%), ordinary income of ¥9,500 million (down 9.0%), and net income attributable to owners of parent of ¥6,000 million (up 52.6%) on a consolidated basis.

By segment, the Company forecasts net sales of ¥217,000 million (up 1.8% from the fiscal year ended March 31, 2015) in the Dairy Products Business, ¥260,000 million (up 1.8%) in the Beverage & Dessert Business, ¥49,000 million (up 3.2%) in the Feed and Seeds Business, and ¥34,000 (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, 2015 increased by ¥10,821 million from the previous fiscal year-end. The change is mainly attributable to increases in inventories, software, and investment securities, which offset decreases in cash and deposits and deferred tax assets.

Liabilities

Total liabilities as of March 31, 2015 increased by ¥5,066 million from the previous fiscal year-end. The increase is mainly attributable to increases in the current portion of long-term loans payable and long-term loans payable, which offset decreases in accounts payable-other, including accounts payable-facilities, and income taxes payable.

Net assets

Total net assets as of March 31, 2015 increased by ¥5,755 million from the previous fiscal year-end. The change is mainly attributable to increases in retained earnings, valuation difference on available-for-sale securities and remeasurements of defined benefit plans.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of March 31, 2015 totaled ¥9,188 million. The following is a summary of consolidated cash flows by activity for the fiscal year ended March 31, 2015.

(Millions of yen)

Category	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Change
Cash flows from operating activities	15,266	11,241	(4,025)
Cash flows from investing activities	(35,724)	(27,617)	8,107
Cash flows from financing activities	20,047	14,854	(5,192)
Currency translation adjustment relating to cash and cash equivalents	38	134	95
Increase (decrease) in cash and cash equivalents	(372)	(1,387)	(1,015)
Cash and cash equivalents at the beginning of the fiscal year	10,917	10,570	(346)
Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	26	4	(21)
Cash and cash equivalents at the end of the fiscal year	10,570	9,188	(1,382)

Cash flows from operating activities

Operating activities provided net cash of ¥11,241 million, a ¥4,025 million decrease in cash provided from the ¥15,266 million provided in the fiscal year ended March 31, 2014. The change is mainly attributable to factors including increases in notes and accounts receivable-trade and inventories, which offset increases in income before income taxes and minority interests and notes and accounts payable-trade.

Cash flows from investing activities

Investing activities used net cash of ¥27,617 million, a ¥8,107 million decrease in cash used from the ¥35,724 million used in the fiscal year ended March 31, 2014. This is mainly attributable to a decrease in the purchase of property, plant and equipment and intangible assets and an increase proceeds from sales of property, plant and equipment and intangible assets, which offset the purchase of shares of subsidiaries and affiliates.

Cash flows from financing activities

Financing activities provided net cash of ¥14,854 million, a ¥5,192 million decrease in cash provided from the ¥20,047 million in net cash provided in the fiscal year ended March 31, 2014. The change is mainly attributable to decreases in short-term loans payable and proceeds from long-term loans payable.

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

For the fiscal years ended March 31	2013	2014	2015
Equity ratio (%)	36.6	34.1	34.7
Equity ratio based on market value (%)	32.4	27.3	28.4
Ratio of interest-bearing debt to cash flow (years)	3.1	6.3	10.1
Interest coverage ratio (x)	27.5	17.3	12.0

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 Year Ended March 31, 2015 and the Fiscal Year Ending March 31, 2016

The Company's policy is to enhance shareholder returns while also reinforcing the financial position in preparation for execution of the medium- to long-term growth and expansion strategy and to continuously pay stable dividends, giving comprehensive consideration to factors such as consolidated business performance and the financial situation.

The Company has set a consolidated dividend payout target of 20% or higher.

For the fiscal year ended March 31, 2015, the Company will pay a year-end dividend of ¥30 per share.

For the fiscal year ending March 31, 2016, the Company plans to pay a year-end dividend of ¥30 per share. Accordingly, the outlook is for a consolidated dividend payout of 33.9%.

5. Overview of the Group

As of March 31, 2015 the MEGMILK SNOW BRAND Group comprised the Company, 32 subsidiaries, and 14 affiliates.

6. Management Policies

(1) Basic Management Policy and Medium- to Long-Term Management Strategy

In accordance with the MEGMILK SNOW BRAND Group Mid-term Management Plan (April 1, 2014 to March 31, 2017), to pave the way for corporate value enhancement, the Company will execute its business strategy by focusing on the following four concepts, increase profitability and steadily proceed with solidification of the business base for the next phase of growth.

1) Business Structure Reforms

To secure earnings in an adverse business environment characterized by a weak yen and a tight supply and demand situation for milk resources, the Company will increase profitability by undertaking product mix improvement, optimization of the production and distribution system, cost reduction from improved business process efficiency, and the early realization of measures to absorb cost increases.

2) Maximum Leveraging of Strategic Capital Expenditure

The Company will secure stable earnings by increasing sales volumes and boosting plant capacity utilization to ensure maximum utilization of the Ebina Plant and Ami Plant, where investments have been made.

The new plants will proceed from a smooth transfer of production to stable operation and

realize high productivity, high quality, and advanced technical capabilities.

3) Business Expansion in Growth Sectors

To achieve continuous growth into the future, the Company will prioritize allocation of enterprise resources to growth sectors in which the Group's strengths can be leveraged: namely, yogurt, natural cheese, institutional cheese, the functional food products business, and overseas businesses.

At a time of continuous market expansion, the Company will increase its market share by introducing and nurturing new yogurt, natural cheese, and institutional cheese products.

In the functional food products business, the Company will capture demand in the growing health food products market by emphasizing the value of its functional ingredients.

In overseas businesses, the Company will focus mainly on increasing sales of powdered milk in Southeast Asia and actively work to increase sales of cheese in Indonesia and develop new businesses in the Southeast Asia region.

4) Functional Enhancement and Systems Development

In order to support business structure reforms and initiatives for business expansion in growth sectors, the Company will work to strengthen R&D capabilities, strengthen quality assurance, maintain and expand the dairy production base to secure domestic milk for manufacturing use, develop a procurement system for securing a stable supply of overseas milk resources, and develop the production and distribution system by means including alliances with other companies.

(2) Target Performance Indicators

The Company aims to achieve the following target performance indicators in the fiscal year ending March 31, 2017 by solidifying the business infrastructure to make possible the next phase of growth: consolidated operating income of from ¥13 billion to ¥15 billion and consolidated EBITDA (operating income + depreciation expenses) of from ¥31 billion to ¥33 billion.

(3) Issues to Be Addressed

The Company has decided its management policies for the fiscal year ending March 31, 2016 and will vigorously work to achieve the goals in the MEGMILK SNOW BRAND Group Mid-term Management Plan (April 1, 2014 to March 31, 2017).

(Overview of Management Policies for the Fiscal Year Ending March 31, 2016)

1) Basic concept

The Company will reform the business structure to make possible sustained growth even amid changes in the business environment and undertake to reinforce competitiveness and simultaneously develop a new value system for milk and dairy products.

2) Details of key activities

i. Work to create and expand demand by increasing sales of cheese and other current key products, continuing to develop yogurt drinks and other strategically important products, and opening up new markets, including overseas markets.

ii. Work to maximize the added value of milk through the effective utilization of milk resources, optimization of selling prices, and development of products that provide new value to customers.

iii. Realize low-cost operation and boost competitiveness through maximization of rationalization effects at the Ami Plant and other facilities and initiatives to improve productivity,

including business process efficiency.

iv. CSR is the foundation of MEGMILK SNOW BRAND Group, and the entire Group aims to enhance the level of CSR activities and be a business group trusted by society.

7. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Items	As of March 31, 2014	As of March 31, 2015
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	11,289	9,818
Notes and accounts receivable-trade	62,905	64,926
Marketable securities	-	299
Merchandise and finished goods	28,530	33,479
Work in process	995	758
Raw materials and supplies	12,785	14,712
Deferred tax assets	4,140	3,505
Accounts receivable-other	2,640	2,884
Other	2,655	2,498
Allowance for doubtful accounts	(1,002)	(529)
Total current assets	124,940	132,354
Fixed assets		
Property, plant and equipment		
Buildings and structures	95,854	98,093
Accumulated depreciation	(51,079)	(50,849)
Accumulated impairment loss	(837)	(769)
Buildings and structures, net	43,938	46,474
Machinery, equipment and vehicles	171,567	183,757
Accumulated depreciation	(123,267)	(123,744)
Accumulated impairment loss	(1,090)	(1,514)
Machinery, equipment and vehicles, net	47,209	58,498
Tools, furniture and fixtures	15,582	16,320
Accumulated depreciation	(12,219)	(12,593)
Accumulated impairment loss	(53)	(83)
Tools, furniture and fixtures, net	3,309	3,643
Land	59,350	58,382
Lease assets	6,667	7,264
Accumulated depreciation	(2,623)	(2,902)
Accumulated impairment loss	(207)	(210)
Lease property, net	3,836	4,150
Construction in progress	15,165	2,361
Total property, plant and equipment	172,810	173,510
Intangible assets		
Lease assets	182	116
Software	3,696	5,492
Right of using facilities	783	748
Other	175	146
Total intangible assets	4,838	6,503

Items	As of March 31, 2014	As of March 31, 2015
	millions of yen	millions of yen
Investments and other assets		
Investment securities	21,679	24,782
Long-term prepaid expenses	415	507
Deferred tax assets	6,154	4,158
Other	4,938	5,518
Allowance for doubtful accounts	(1,002)	(1,737)
Total investments and other assets	32,186	33,228
Total fixed assets	209,835	213,242
Total assets	334,775	345,597

Items	As of March 31, 2014	As of March 31, 2015
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,147	57,145
Short-term loans payable	19,628	21,464
Current portion of long-term loans payable	10,627	18,483
Lease obligations	1,072	991
Accounts payable-other	18,355	11,868
Income taxes payable	2,815	768
Accrued expenses	7,659	7,575
Deposits received	1,119	379
Deferred tax liabilities	-	4
Provision for bonuses	3,405	3,390
Other	7,996	6,249
Total current liabilities	128,827	128,320
Long-term liabilities		
Long-term loans payable	60,563	68,780
Long-term deposits received	5,189	5,173
Lease obligations	3,713	3,943
Deferred tax liabilities	1,007	967
Deferred tax liabilities for land revaluation	6,845	6,207
Provision for director's retirement benefits	327	311
Provision for gift token exchange	242	227
Net defined benefit liability	10,377	8,490
Asset retirement obligations	350	425
Other	875	540
Total long-term liabilities	89,494	95,067
Total liabilities	218,321	223,388
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	67,316	69,194
Treasury stock	(4,535)	(4,541)
Total shareholders' equity	100,362	102,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,094	4,590
Deferred gains or losses on hedges	(121)	(79)
Revaluation reserve for land	12,277	12,904
Foreign currency translation adjustment	428	567
Remeasurements of defined benefit plans	(1,726)	(290)
Total accumulated other comprehensive income	13,952	17,693
Minority interests	2,138	2,282
Total net assets	116,453	122,209
Total liabilities and net assets	334,775	345,597

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

Consolidated Statements of Income

Items	Year Ended March 31, 2014	Year Ended March 31, 2015
	millions of yen	millions of yen
Net sales	544,907	549,816
Cost of sales	414,568	425,449
Gross profit	130,338	124,367
Selling, general and administrative expenses		
Selling expenses	103,615	99,076
General and administrative expenses	15,481	15,908
Total selling, general and administrative expenses	119,096	114,985
Operating income	11,241	9,381
Non-operating income		
Interest income	41	58
Dividend income	750	855
Amortization of negative goodwill	37	-
Equity in earnings of affiliates	-	131
Foreign exchange gain	-	866
Other	890	921
Total non-operating income	1,720	2,833
Non-operating expenses		
Interest expenses	880	934
Foreign exchange losses	1,718	-
Contribution	108	268
Equity in losses of affiliates	23	-
Other	471	567
Total non-operating expenses	3,203	1,770
Ordinary income	9,758	10,444
Extraordinary income		
Gain on sales of fixed assets	64	126
Gain on sales of investment securities	15	212
Other	133	41
Total extraordinary income	214	380
Extraordinary loss		
Loss on sales of fixed assets	5	20
Loss on retirement of fixed assets	985	722
Impairment loss	1,601	1,517
Loss on plant reorganization	928	1,051
Other	145	137
Total extraordinary losses	3,666	3,449
Income before income taxes and minority interests	6,306	7,375
Income taxes		
Current	4,179	1,837
Deferred	(568)	1,472
Total income taxes	3,610	3,309
Income before minority interests	2,695	4,065
Minority interests in income	125	133
Net income	2,569	3,931

Consolidated Statements of Comprehensive Income

Items	Year Ended March 31, 2014	Year Ended March 31, 2015
	millions of yen	millions of yen
Income before minority interests	2,695	4,065
Other comprehensive income		
Valuation difference on available-for-sale securities	846	1,486
Deferred gains or losses on hedges	(179)	41
Revaluation reserve for land	-	634
Foreign currency translation adjustment	169	138
Remeasurements of defined benefit plans	-	1,440
Share of other comprehensive income of associates accounted for using the equity method	13	20
Total other comprehensive income	850	3,762
Comprehensive income	3,546	7,827
Comprehensive income attributable to owners of the parent	3,405	7,683
Comprehensive income attributable to minority interests	141	144

(3) Consolidated Statements of Changes in Net Assets
Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	20,000	17,580	66,751	(4,528)	99,803
Cumulative effects of changes in accounting policies					-
Restated balance	20,000	17,580	66,751	(4,528)	99,803
Changes during term					
Reversal of revaluation reserve for land			31		31
Cash dividends			(2,035)		(2,035)
Net income			2,569		2,569
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		(0)		0	0
Net changes other than shareholders' equity					
Total changes during term	-	(0)	565	(6)	558
Balance at end of term	20,000	17,580	67,316	(4,535)	100,362

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	2,249	58	12,308	259	-	14,875	2,005	116,684
Cumulative effects of changes in accounting policies								-
Restated balance	2,249	58	12,308	259	-	14,875	2,005	116,684
Changes during term								
Reversal of revaluation reserve for land								31
Cash dividends								(2,035)
Net income								2,569
Purchase of treasury stock								(7)
Disposal of treasury stock								0
Net changes other than shareholders' equity	845	(179)	(31)	169	(1,726)	(922)	133	(789)
Total changes during term	845	(179)	(31)	169	(1,726)	(922)	133	(230)
Balance at end of term	3,094	(121)	12,277	428	(1,726)	13,952	2,138	116,453

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	20,000	17,580	67,318	(4,535)	100,362
Cumulative effects of changes in accounting policies			(25)		(25)
Restated balance	20,000	17,580	67,291	(4,535)	100,336
Changes during term					
Reversal of revaluation reserve for land			6		6
Cash dividends			(2,035)		(2,035)
Net income			3,931		3,931
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		(0)		0	0
Net changes other than shareholders' equity					
Total changes during term	-	(0)	1,903	(6)	1,896
Balance at end of term	20,000	17,580	69,194	(4,541)	102,233

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	3,094	(121)	12,277	428	(1,726)	13,952	2,138	116,453
Cumulative effects of changes in accounting policies								(25)
Restated balance	3,094	(121)	12,277	428	(1,726)	13,952	2,138	116,428
Changes during term								
Reversal of revaluation reserve for land								6
Cash dividends								(2,035)
Net income								3,931
Purchase of treasury stock								(7)
Disposal of treasury stock								0
Net changes other than shareholders' equity	1,495	41	627	138	1,436	3,740	143	3,884
Total changes during term	1,495	41	627	138	1,436	3,740	143	5,781
Balance at end of term	4,590	(79)	12,904	567	(290)	17,693	2,282	122,209

(4) Consolidated Statements of Cash flows

	Year Ended March 31, 2014	Year Ended March 31, 2015
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	6,306	7,375
Depreciation and amortization	13,573	14,558
Impairment loss	1,601	1,517
Equity in (earnings) losses of affiliates	23	(131)
Amortization of negative goodwill	(37)	-
Increase (decrease) in allowance for doubtful accounts	200	263
Increase (decrease) in provision for bonuses	50	(14)
Increase (decrease) in net defined benefit liability	(16)	(346)
Increase (decrease) in provision for gift token exchange	(14)	(14)
Increase (decrease) in provision for directors' retirement benefits	(23)	(16)
Loss (gain) on sales and retirement of fixed assets	926	617
Interest and dividend income received	(791)	(913)
Interest expenses	880	934
Decrease (increase) in notes and accounts receivable-trade	1,688	(2,021)
Decrease (increase) in inventories	(1,774)	(6,639)
Increase (decrease) in notes and accounts payable-trade	(3,764)	619
Other, net	(33)	90
Sub total	18,795	15,877
Interest and dividend income	876	1,024
Interest expenses paid	(883)	(939)
Income taxes paid	(3,522)	(4,721)
Net cash provided by (used in) operating activities	15,266	11,241

	Year Ended March 31, 2014	Year Ended March 31, 2015
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(153)	(154)
Proceeds from withdrawal of time deposits	224	247
Purchase of investment securities	(645)	(21)
Proceeds from sales of investment securities	43	407
Proceeds from redemption of investment securities	300	-
Payments of loans receivable	(274)	(363)
Collection of loans receivable	220	163
Purchase of property, plant and equipment and intangible assets	(35,370)	(27,537)
Proceeds from sales of property, plant and equipment and intangible assets	359	1,059
Purchase of shares of subsidiaries and affiliates	(57)	(1,488)
Payments for investments in capital of subsidiaries and affiliates	(296)	-
Proceeds from government subsidies	-	123
Other	(75)	(53)
Net cash provided by (used in) investing activities	(35,724)	(27,617)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,096	1,835
Proceeds from long-term loans payable	35,000	28,000
Repayment of long-term loans payable	(15,403)	(11,927)
Purchase of treasury stock	(7)	(7)
Cash dividends paid	(2,035)	(2,036)
Cash dividends paid to minority shareholders	(15)	(2)
Other	(588)	(1,006)
Net cash provided by (used in) financing activities	20,047	14,854
Effect of exchange rate on cash and cash equivalents	38	134
Net increase (decrease) in cash and cash equivalents	(372)	(1,387)
Cash and cash equivalents at beginning of term	10,917	10,570
Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	26	4
Cash and cash equivalents at end of term	10,570	9,188

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, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (note2)	Amount recorded on consolidated financial statements (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	200,477	263,246	48,842	512,565	32,341	544,907	-	544,907
Inter-segment sales and transfers	12,908	37	1,049	13,995	13,452	27,447	(27,447)	-
Total	213,385	263,283	49,891	526,561	45,793	572,355	(27,447)	544,907
Segment income	11,322	(2,600)	1,031	9,753	1,653	11,406	(164)	11,241
Segment assets	155,240	131,287	34,159	320,687	25,012	345,700	(10,924)	334,775
Other items								
Depreciation/amo rtization (note 4)	5,629	6,534	1,112	13,275	432	13,707	(134)	13,573
Amortization of goodwill	-	1,387	-	1,387	-	1,387	-	1,387
Impairment loss	29	1,465	-	1,495	18	1,513	87	1,601
Increase in PP&E and intangible assets (note 5)	19,255	12,740	662	32,657	2,379	35,037	(354)	34,683

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segment				Other (note1)	Total	Adjustments (note2)	Amount recorded on consolidated financial statements (note3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	213,064	255,486	47,492	516,043	33,772	549,816	-	549,816
Inter-segment sales and transfers	14,100	43	1,080	15,224	11,927	27,151	(27,151)	-
Total	227,165	255,530	48,572	531,268	45,699	576,968	(27,151)	549,816
Segment income	9,302	(1,724)	1,098	8,676	606	9,283	98	9,381
Segment assets	154,652	133,929	33,859	322,441	25,137	347,579	(1,981)	345,597
Other items								
Depreciation/amo rtization (note 4)	6,376	6,919	840	14,135	567	14,703	(144)	14,558
Amortization of goodwill	-	-	-	-	0	0	-	0
Impairment loss	471	-	581	1,053	11	1,065	451	1,517
Increase in PP&E and intangible assets (note 5)	12,210	6,498	592	19,301	1,917	21,219	(114)	21,104

Notes: 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)	
	Year ended March 31, 2014	Year ended March 31, 2015		
Intersegment transactions elimination	(27,447)	(27,151)		
Total	(27,447)	(27,151)		

Segment income			(Millions of yen)	
	Year ended March 31, 2014	Year ended March 31, 2015		
Intersegment transactions elimination	(164)	98		
Total	(164)	98		

Segment assets			(Millions of yen)	
	Year ended March 31, 2014	Year ended March 31, 2015		
Intersegment transactions elimination	(14,309)	(14,333)		
Corporate assets*	3,385	12,352		
Total	(10,924)	(1,981)		

* Corporate assets comprise mainly of surplus working funds and idle assets held by the parent company.

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.

[Related information]

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

1. Information by product and service

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Total
Sales to outside customers	200,477	263,246	48,842	32,341	544,907

2. Information by geographic area

(1) Net sales

Information was omitted from disclosure because net sales to outside customers in Japan exceed 90% of total net sales in the consolidated statements of income.

(2) Property, plant and equipment

Information was omitted from disclosure because total property, plant and equipment owned in Japan exceed 90% of total property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segments
NIPPON ACCESS, INC	118,230	Dairy products business segment Beverage and dessert business segment
Seven-Eleven Japan Co., Ltd.	85,075	Dairy products business segment Beverage and dessert business segment

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Information by product and service

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other	Total
Sales to outside customers	213,064	255,486	47,492	33,772	549,816

2. Information by geographic area

(1) Net sales

Information was omitted from disclosure because net sales to outside customers in Japan exceed 90% of total net sales in the consolidated statements of income.

(2) Property, plant and equipment

Information was omitted from disclosure because total property, plant and equipment owned in Japan exceed 90% of total property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segments
NIPPON ACCESS, INC	119,295	Dairy products business segment Beverage and dessert business segment
Seven-Eleven Japan Co., Ltd.	95,809	Dairy products business segment Beverage and dessert business segment

[Impairment loss on fixed assets by reportable segments]

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other (Note)	Corporate / elimination	Total
Impairment loss	29	1,465	-	18	87	1,601

Note: The figure for "other" is the amount of impairment loss mainly associated with the joint distribution center and real estate rental services.

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Dairy products business	Beverage and dessert business	Feed and seeds business	Other (Note)	Corporate / elimination	Total
Impairment loss	471	-	581	11	451	1,517

Note: The figure for "other" is the amount of impairment loss mainly associated with the joint distribution center and real estate rental services.

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

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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, 2014	-	1,387	-	-	-	1,387
Balance as of March, 31, 2014	-	-	-	-	-	-

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, 2014	-	-	37	-	-	37
Balance as of March, 31, 2014	-	-	-	-	-	-

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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, 2015	-	-	-	0	-	0
Balance as of March, 31, 2015	-	-	-	-	-	-

Amortization for and unamortized balance of negative goodwill accrued from business combination completed before April 1, 2010 is as follows.

Not applicable.

[Gain on negative goodwill by reportable segment]

Not applicable.