

Consolidated Financial Results for the Three Months Ended June 30, 2015
(Prepared pursuant to Japanese GAAP)

August 6, 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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(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the First Three Months of the Fiscal Year Ending March 31, 2016
(April 1, 2015 – June 30, 2015)

(1) Consolidated Operating Results (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2015	143,494	5.5	3,731	41.4	3,686	27.2	2,471	139.7
Three months ended June 30, 2014	136,047	0.9	2,639	(17.5)	2,897	(10.5)	1,030	(33.6)

Note: Comprehensive income: Three Months Ended June 30, 2015: 2,669 million yen (102.6%)
 Three Months Ended June 30, 2014: 1,317 million yen (-37.2%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Three months ended June 30, 2015	36.43	—
Three months ended June 30, 2014	15.20	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
June 30, 2015	351,760	122,839	34.3	1,776.64
March 31, 2015	345,597	122,209	34.7	1,767.71

For reference:

Equity: June 30, 2015: 120,531 million yen
 March 31, 2015: 119,926 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, 2015	—	—	—	30.00	30.00
Year ending March 31, 2016	—				
Year ending March 31, 2016 (forecast)		—	—	30.00	30.00

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

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		Profit attributable to owners of parent		Profit per share – basic
	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

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: Yes
 - 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, 2015:	70,751,855 shares
March 31, 2015:	70,751,855 shares
 - 2) Treasury stock as of period-end:

June 30, 2015:	2,909,811 shares
March 31, 2015:	2,908,870 shares
 - 3) Average number of shares (during the respective three-month period):

Three months ended June 30, 2015:	67,842,461 shares
Three months ended June 30, 2014:	67,847,234 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, 2015	As of June 30, 2015
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	9,818	11,004
Notes and accounts receivable-trade	64,926	69,534
Merchandise and finished goods	33,479	34,658
Work in process	758	1,001
Raw materials and supplies	14,712	13,360
Deferred tax assets	3,505	3,527
Other	5,683	5,683
Allowance for doubtful accounts	(529)	(541)
Total current assets	132,354	138,229
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	46,474	46,808
Machinery, equipment and vehicles, net	58,498	58,283
Land	58,382	58,283
Other, net	10,155	10,419
Total property, plant and equipment	173,510	173,795
Intangible assets	6,503	6,376
Investments and other assets		
Investment securities	24,782	24,757
Deferred tax assets	4,158	3,983
Other	6,025	6,349
Allowance for doubtful accounts	(1,737)	(1,731)
Total investments and other assets	33,228	33,359
Total fixed assets	213,242	213,530
Total assets	345,597	351,760

Items	As of March 31, 2015	As of June 30, 2015
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	57,145	60,005
Short-term loans payable	39,947	45,102
Income taxes payable	768	1,315
Provision for bonuses	3,390	2,736
Other	27,068	26,210
Total current liabilities	128,320	135,369
Long-term liabilities		
Long-term loans payable	68,780	66,698
Deferred tax liabilities	967	969
Deferred tax liabilities for land revaluation	6,207	6,207
Provision for director's retirement benefits	311	232
Provision for gift token exchange	227	224
Net defined benefit liabilities	8,490	8,435
Asset retirement obligations	425	394
Other	9,657	10,389
Total long-term liabilities	95,067	93,551
Total liabilities	223,388	228,921
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	69,194	69,630
Treasury stock	(4,541)	(4,542)
Total shareholders' equity	102,233	102,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,590	4,817
Deferred gains or losses on hedges	(79)	(75)
Revaluation reserve for land	12,904	12,904
Foreign currency translation adjustment	567	450
Remeasurements of defined benefit plans	(290)	(234)
Total accumulated other comprehensive income	17,693	17,862
Non-controlling interests	2,282	2,308
Total net assets	122,209	122,839
Total liabilities and net assets	345,597	351,760

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

Consolidated Statements of Income

Items	Three months ended June 30,2014	Three months ended June 30,2015
	millions of yen	millions of yen
Net sales	136,047	143,494
Cost of sales	104,610	109,423
Gross profit	31,436	34,071
Selling, general and administrative expenses	28,797	30,339
Operating income	2,639	3,731
Non-operating income		
Interest income	13	23
Dividend income	186	136
Equity in earnings of affiliates	—	15
Foreign exchange gain	465	—
Other	220	229
Total non-operating income	886	404
Non-operating expenses		
Interest expenses	229	232
Equity in losses of affiliates	73	—
Other	325	216
Total non-operating expenses	627	449
Ordinary income	2,897	3,686
Extraordinary income		
Gain on sales of fixed assets	24	44
Gain on sales of investment securities	—	216
Other	4	13
Total extraordinary income	29	274
Extraordinary loss		
Loss on sales of fixed assets	0	13
Loss on retirement of fixed assets	184	202
Impairment loss	49	18
Loss on plant reorganization	432	—
Other	97	32
Total extraordinary loss	764	267
Income before income taxes and non-controlling interests	2,162	3,693
Income taxes	1,138	1,195
Profit	1,024	2,497
Profit (loss) attributable to non-controlling interests	(6)	26
Profit attributable to owners of parent	1,030	2,471

Consolidated Statements of Comprehensive Income

Items	Three months ended June 30,2014	Three months ended June 30,2015
	millions of yen	millions of yen
Profit	1,024	2,497
Other comprehensive income		
Valuation difference on available-for-sale securities	206	229
Deferred gains or losses on hedges	(56)	3
Foreign currency translation adjustment	27	(117)
Remeasurements of defined benefit plans	116	56
Share of other comprehensive income of associates accounted for using the equity method	0	(1)
Total other comprehensive income	293	171
Comprehensive income	1,317	2,669
Comprehensive income attributable to owners of the parent	1,321	2,640
Comprehensive income attributable to non-controlling interests	(3)	28

(3) Consolidated Statements of Cash flows

	Three months ended June 30,2014	Three months ended June 30,2015
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and non-controlling interests	2,162	3,693
Depreciation and amortization	3,491	3,399
Impairment loss	49	18
Equity in (earnings) losses of affiliates	73	(15)
Increase (decrease) in allowance for doubtful accounts	88	5
Increase (decrease) in provision for bonuses	(1,445)	(654)
Increase (decrease) in net defined benefit liability	138	(54)
Increase (decrease) in provision for gift token exchange	(4)	(3)
Increase (decrease) in provision for directors' retirement benefits	(56)	(78)
Loss (gain) on sales and retirement of fixed assets	160	172
Interest and dividend income received	(200)	(160)
Interest expenses	229	232
Decrease (increase) in notes and accounts receivable-trade	(4,090)	(4,607)
Decrease (increase) in inventories	574	(70)
Increase (decrease) in notes and accounts payable-trade	1,763	2,457
Other- net	(252)	756
Sub total	2,682	5,090
Interest and dividend income	293	246
Interest expenses paid	(242)	(230)
Income taxes paid	(2,778)	(609)
Net cash provided by (used in) operating activities	(45)	4,496

	Three months ended June 30,2014	Three months ended June 30,2015
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(19)	(19)
Proceeds from withdrawal of time deposits	99	—
Payments of loans receivable	(117)	(133)
Collection of loans receivable	55	133
Purchase of property, plant and equipment and intangible assets	(7,890)	(5,070)
Proceeds from sales of property, plant and equipment and intangible assets	890	298
Purchase of investment securities	(5)	(130)
Proceeds from sales of investment securities	—	594
Other	(47)	(13)
Net cash provided by (used in) investing activities	(7,035)	(4,341)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,007	5,572
Repayment of long-term loans payable	(3,193)	(2,499)
Purchase of treasury stock	(0)	(1)
Cash dividends paid	(1,827)	(1,884)
Cash dividends paid to non-controlling interests	(2)	(2)
Other	(260)	(145)
Net cash provided by (used in) financing activities	5,723	1,038
Effect of exchange rate on cash and cash equivalents	5	(22)
Net increase (decrease) in cash and cash equivalents	(1,351)	1,170
Cash and cash equivalents at beginning of period	10,570	9,188
Net increase in cash and cash equivalents due to merger of consolidated subsidiaries	4	—
Cash and cash equivalents at end of period	9,224	10,359

5. Segment Information

Sales and income/loss by reportable segment

Three months ended June 30, 2014 (April 1 to June 30, 2014)

(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	49,227	66,023	12,613	127,865	8,182	136,047	—	136,047
Inter-segment sales and transfers	3,522	6	251	3,781	3,066	6,848	(6,848)	—
Total	52,750	66,030	12,865	131,646	11,248	142,895	(6,848)	136,047
Segment income (loss)	1,877	(54)	607	2,430	144	2,575	64	2,639

- Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 64 million yen adjustment for segment income (loss) is for elimination of intercompany transactions.
3. Segment income(loss) adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

Three months ended June 30, 2015 (April 1 to June 30, 2015)

(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	53,790	68,010	12,776	134,577	8,917	143,494	—	143,494
Inter-segment sales and transfers	3,499	9	252	3,761	2,961	6,723	(6,723)	—
Total	57,290	68,020	13,029	138,339	11,878	150,218	(6,723)	143,494
Segment income	2,346	295	644	3,286	413	3,699	31	3,731

- Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 31 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.