

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

November 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 Six Months of the Fiscal Year Ending March 31, 2016
(April 1, 2015 – September 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	%
Six months ended September 30, 2015	290,624	5.0	7,591	48.3	7,278	30.2	11,760	411.8
Six months ended September 30, 2014	276,831	0.4	5,120	(24.9)	5,589	(19.9)	2,297	(42.0)

Note: Comprehensive income: Six Months Ended September 30, 2015: 11,690 million yen (246.9%)
 Six Months Ended September 30, 2014: 3,369 million yen (-17.2%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Six months ended September 30, 2015	173.35	—
Six months ended September 30, 2014	33.87	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
September 30, 2015	357,582	131,856	36.2	1,909.68
March 31, 2015	345,597	122,209	34.7	1,767.71

For reference:

Equity: September 30, 2015: 129,552 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
Full Year	565,000	2.8	12,000	27.9	12,000	14.9	14,000	256.1	206.36

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):

September 30, 2015:	70,751,855 shares
March 31, 2015:	70,751,855 shares
 - 2) Treasury stock as of period-end:

September 30, 2015:	2,911,794 shares
March 31, 2015:	2,908,870 shares
 - 3) Average number of shares (during the respective six-month period):

Six months ended September 30, 2015:	67,841,655 shares
Six months ended September 30, 2014:	67,846,548 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.

(Supplementary materials and presentation handouts)

Supplementary materials are attached to this report.

The Company has scheduled an earnings presentation aimed at analysts and institutional investors on Friday, November 6, 2015, and intends to publish the presentation handout materials on its website on the same date of the event.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Items	As of March 31, 2015	As of September 30, 2015
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	9,818	20,773
Notes and accounts receivable-trade	64,926	75,463
Securities	299	299
Merchandise and finished goods	33,479	35,020
Work in process	758	1,204
Raw materials and supplies	14,712	12,936
Deferred tax assets	3,505	3,909
Other	5,383	4,320
Allowance for doubtful accounts	(529)	(510)
Total current assets	132,354	153,418
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	46,474	46,416
Machinery, equipment and vehicles, net	58,498	59,490
Land	58,382	50,304
Other, net	10,155	9,099
Total property, plant and equipment	173,510	165,310
Intangible assets	6,503	6,106
Investments and other assets		
Investment securities	24,782	24,363
Deferred tax assets	4,158	3,034
Other	6,025	6,175
Allowance for doubtful accounts	(1,737)	(827)
Total investments and other assets	33,228	32,746
Total fixed assets	213,242	204,163
Total assets	345,597	357,582

Items	As of March 31, 2015	As of September 30, 2015
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	57,145	59,903
Short-term loans payable	39,947	41,286
Income taxes payable	768	6,921
Provision for bonuses	3,390	4,323
Other	27,068	24,827
Total current liabilities	128,320	136,661
Long-term liabilities		
Long-term loans payable	68,780	62,799
Deferred tax liabilities	967	971
Deferred tax liabilities for land revaluation	6,207	4,277
Provision for director's retirement benefits	311	234
Provision for gift token exchange	227	221
Provision for loss on business of subsidiaries and associates	—	1,726
Net defined benefit liabilities	8,490	8,228
Asset retirement obligations	425	430
Other	9,657	10,175
Total long-term liabilities	95,067	89,064
Total liabilities	223,388	225,725
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,580	17,580
Retained earnings	69,194	82,965
Treasury stock	(4,541)	(4,546)
Total shareholders' equity	102,233	115,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,590	4,558
Deferred gains or losses on hedges	(79)	(188)
Revaluation reserve for land	12,904	8,858
Foreign currency translation adjustment	567	508
Remeasurements of defined benefit plans	(290)	(182)
Total accumulated other comprehensive income	17,693	13,553
Non-controlling interests	2,282	2,303
Total net assets	122,209	131,856
Total liabilities and net assets	345,597	357,582

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

Consolidated Statements of Income

Items	Six months ended September 30,2014	Six months ended September 30,2015
	millions of yen	millions of yen
Net sales	276,831	290,624
Cost of sales	214,392	222,420
Gross profit	62,439	68,204
Selling, general and administrative expenses	57,319	60,613
Operating income	5,120	7,591
Non-operating income		
Interest income	20	45
Dividend income	233	225
Equity in earnings of affiliates	5	87
Foreign exchange gain	726	—
Other	379	409
Total non-operating income	1,366	768
Non-operating expenses		
Interest expenses	458	476
Foreign exchange losses	—	295
Other	437	309
Total non-operating expenses	896	1,080
Ordinary income	5,589	7,278
Extraordinary income		
Gain on sales of fixed assets	36	11,621
Compensation income	14	—
Other	8	258
Total extraordinary income	59	11,880
Extraordinary loss		
Loss on sales of fixed assets	4	2
Loss on retirement of fixed assets	307	399
Impairment loss	139	242
Loss on plant reorganization	771	—
Loss on business of subsidiaries and associates	—	911
Other	104	387
Total extraordinary loss	1,328	1,942
Income before income taxes and non-controlling interests	4,320	17,215
Income taxes	1,963	5,435
Profit	2,356	11,779
Profit attributable to non-controlling interests	59	19
Profit attributable to owners of parent	2,297	11,760

Consolidated Statements of Comprehensive Income

Items	Six months ended September 30,2014	Six months ended September 30,2015
	millions of yen	millions of yen
Profit	2,356	11,779
Other comprehensive income		
Valuation difference on available-for-sale securities	688	(44)
Deferred gains or losses on hedges	46	(109)
Foreign currency translation adjustment	29	(59)
Remeasurements of defined benefit plans	232	108
Share of other comprehensive income of associates accounted for using the equity method	16	14
Total other comprehensive income	1,012	(89)
Comprehensive income	3,369	11,690
Comprehensive income attributable to owners of the parent	3,307	11,666
Comprehensive income attributable to non-controlling interests	62	23

(3) Consolidated Statements of Cash flows

	Six months ended September 30,2014	Six months ended September 30,2015
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and non-controlling interests	4,320	17,215
Depreciation and amortization	7,101	6,879
Impairment loss	139	242
Equity in (earnings) losses of affiliates	(5)	(87)
Increase (decrease) in allowance for doubtful accounts	183	(929)
Increase (decrease) in provision for bonuses	80	932
Increase (decrease) in net defined benefit liability	(73)	(261)
Increase (decrease) in provision for gift token exchange	(7)	(6)
Increase (decrease) in provision for directors' retirement benefits	(41)	(77)
Increase (decrease) in provision for loss on business of subsidiaries and associates	—	1,726
Loss (gain) on sales and retirement of fixed assets	275	(11,219)
Interest and dividend income received	(254)	(270)
Interest expenses	458	476
Decrease (increase) in notes and accounts receivable-trade	(5,969)	(10,536)
Decrease (increase) in inventories	787	(211)
Increase (decrease) in notes and accounts payable-trade	3,049	2,655
Other- net	(545)	(844)
Sub total	9,500	7,373
Interest and dividend income	346	357
Interest expenses paid	(453)	(482)
Income taxes (paid) refund	(2,970)	26
Net cash provided by (used in) operating activities	6,422	7,274

	Six months ended September 30,2014	Six months ended September 30,2015
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(39)	(39)
Proceeds from withdrawal of time deposits	99	51
Payments of loans receivable	(206)	(179)
Collection of loans receivable	95	184
Purchase of property, plant and equipment and intangible assets	(18,811)	(9,378)
Proceeds from sales of property, plant and equipment and intangible assets	909	19,556
Purchase of investment securities	(11)	(135)
Proceeds from sales of investment securities	0	719
Purchase of stocks of subsidiaries and affiliates	(13)	(1)
Other	(53)	(13)
Net cash provided by (used in) investing activities	(18,029)	10,763
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,133	(4,391)
Proceeds from long-term loans payable	13,000	6,000
Repayment of long-term loans payable	(5,657)	(6,250)
Purchase of treasury stock	(3)	(5)
Cash dividends paid	(2,033)	(2,033)
Cash dividends paid to non-controlling interests	(2)	(2)
Other	(562)	(382)
Net cash provided by (used in) financing activities	9,874	(7,065)
Effect of exchange rate on cash and cash equivalents	7	(1)
Net increase (decrease) in cash and cash equivalents	(1,725)	10,971
Cash and cash equivalents at beginning of period	10,570	9,188
Net increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	4	—
Cash and cash equivalents at end of period	8,849	20,159

5. Segment Information

Sales and income/loss by reportable segment

Six months ended September 30, 2014 (April 1 to September 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	101,092	133,767	24,855	259,716	17,115	276,831	—	276,831
Inter-segment sales and transfers	6,965	14	511	7,490	6,169	13,660	(13,660)	—
Total	108,057	133,782	25,367	267,207	23,284	290,492	(13,660)	276,831
Segment income (loss)	3,602	(79)	1,126	4,649	458	5,107	12	5,120

- Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 12 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.

Six months ended September 30, 2015 (April 1 to September 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	108,440	139,195	24,470	272,106	18,518	290,624	—	290,624
Inter-segment sales and transfers	7,073	16	502	7,592	6,057	13,650	(13,650)	—
Total	115,513	139,212	24,972	279,698	24,576	304,274	(13,650)	290,624
Segment income	4,454	1,163	1,043	6,661	868	7,529	61	7,591

- Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 61 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.