Consolidated Financial Results for the Six Months Ended September 30, 2017
(Prepared pursuant to Japanese GAAP)

November 9, 2017

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, 2018 (April 1, 2017 – September 30, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2017	303,569	1.4	11,072	1.7	11,781	6.0	7,183	(2.9)
Six months ended September 30, 2016	299,319	3.0	10,884	43.4	11,117	52.7	7,400	(37.1)

Note: Comprehensive income: Six Months Ended September 30, 2017: 7,614 million yen (4.1%)
Six Months Ended September 30, 2016: 7,317 million yen (-37.4%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Six months ended September 30, 2017	105.91	—
Six months ended September 30, 2016	109.10	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
September 30, 2017	350,064	150,552	42.4	2,185.92
March 31, 2017	341,507	145,485	41.9	2,110.80

For reference:
Equity: September 30, 2017: 148,269 million yen
March 31, 2017: 143,179 million yen

2. Dividends

	Cash dividends per share				
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31,2017	—	—	—	40.00	40.00
Year ending March 31,2018	—	—			
Year ending March 31,2018 (forecast)			—	40.00	40.00

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

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages indicate year-over-year changes)

	Net sales		Operating profit		Ordinary profit		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	600,000	2.1	19,500	4.0	20,500	1.1	13,000	0.1	191.66

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.: 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, 2017: 70,751,855 shares
March 31, 2017: 70,751,855 shares
2) Treasury stock as of period-end:
September 30, 2017: 2,922,333 shares
March 31, 2017: 2,919,856 shares
3) Average number of shares (during the respective six-month period):
Six months ended September 30, 2017: 67,830,930 shares
Six months ended September 30, 2016: 67,836,073 shares

*This report is not subject to quarterly review.

*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 Thursday, November 9, 2017, and intends to publish the presentation handout materials on its website on the same date of the event.

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1. Operating Results

(1) Overview of Operating Results

In the six months ended September 30, 2017, the gradual underlying recovery trend in the Japanese economy continued. However, the economic outlook remains uncertain because of uncertainties in overseas economies and concern about instability centered on financial markets.

Although consumer spending continues to gradually pick up, the trend for consumers to seek value commensurate with price is gaining impetus. In the food industry, as consumer orientation diversifies along the lines of low-price products and high-value-added products, the demand picture is patchy. There is movement to pass on cost increases to prices in some sectors, and products that emphasize new value are being introduced.

In this business environment, in accordance with the newly instituted Group Medium-term Management Plan 2019, the MEGMILK SNOW BRAND Group endeavored to strengthen the earnings base in preparation for future growth through efforts to create multiple earnings bases and maximize cash flow, strategic sales expansion of high-value-added products such as functional yogurt, market share expansion for cheese and other mainstay products, and expansion into new markets in the nutrition business sector.

As a result of these developments, in the six months ended September 30, 2017 consolidated net sales were ¥303,569 million (an increase of 1.4% over the same period of the previous fiscal year), operating profit was ¥11,072 million (up 1.7%), ordinary profit was ¥11,781 million (up 6.0%), and profit attributable to owners of parent was ¥7,183 million (down 2.9%).

Because of its increased importance, SBS Flec Co., Ltd. has been treated as an equity-method affiliate since the first quarter of the fiscal year ending March 31, 2018.

Operating results by business segment for the six months ended September 30, 2017 were as follows. Net sales and operating profit by segment are calculated based on sales to outside customers.

1) Dairy Products Business

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥117,760 million (an increase of 2.9% over the same period of the previous fiscal year), and operating profit was ¥5,653 million (up 0.3%).

Although sales of margarine declined in a market that remains sluggish, overall segment sales increased due to continued efforts to ensure a stable supply of butter and strong performance from 6P Cheese, Sakeru Cheese, and other cheese products attributable to the impact of promotion activities in a growing market.

Operating profit increased slightly, due in part to active investment in promotional expenses.

2) Beverage & Dessert Business

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Net sales were ¥143,982 million (an increase of 0.1% from the same period of the previous fiscal year), and operating profit was ¥3,476 million (up 6.8%).

Overall segment sales increased slightly as a result of factors including strong sales of yogurt due to continued promotion of the functions of lactobacillus gasseri SP, the Company's own lactobacillus, despite a decrease in beverage sales due to the impact of market sluggishness.

Operating profit increased as a result of factors including sales growth from functional yogurt.

3) Feed and Seeds Business

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, and other products.

Net sales were ¥23,581 million (an increase of 4.3% from the same period of the previous fiscal year), and operating profit was ¥1,355 million (up 16.9%).

Both sales and profit increased due to the impact of higher sales of pasture forage and crop seed and an increase in selling prices of compound feeds, among other factors.

4) Other Businesses

This segment comprises real estate rental, joint distribution center services, and other businesses. Net sales in this segment were ¥18,244 million (a decrease of 0.8% from the same period of the previous fiscal year), and operating profit was ¥528 million (down 30.4%).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of September 30, 2017 increased by ¥8,556 million from the previous fiscal year-end. The change is mainly attributable to increases in notes and accounts receivable-trade, merchandise and finished goods, and work in process, which offset a decrease in cash and deposits.

Liabilities

Total liabilities as of September 30, 2017 increased by ¥3,490 million from the previous fiscal year-end. The change is mainly attributable to increases in notes and accounts payable-trade and income taxes payable, which offset a decrease in short-term loans payable.

Net assets

Total net assets as of September 30, 2017 increased by ¥5,066 million from the previous fiscal year-end. The change is mainly attributable to increases in retained earnings and valuation difference on available-for-sale securities.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of September 30, 2017 totaled ¥10,972 million. The following is a summary of consolidated cash flows and factors affecting cash flows for the six months ended September 30, 2017.

Cash flows from operating activities

Operating activities provided net cash of ¥10,884 million, a \4,096 million increase in cash provided from the \6,788 million in cash provided in the six months ended September 30, 2016. The change is mainly attributable to an increase in profit before income taxes and a decrease in income taxes paid.

Cash flows from investing activities

Investing activities used net cash of ¥5,841 million, a ¥562 million decrease in cash used from the ¥6,403 million used in the six months ended September 30, 2016. The change is mainly attributable to a decrease in purchase of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥10,041 million, a ¥6,182 million increase in cash used from the ¥3,858 million used in the six months ended September 30, 2016. The change is mainly attributable to increases in payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation and cash dividends paid and a decrease in proceeds from long-term loans payable.

(3) Explanation of Forward-Looking Statements, Including the Forecast of Consolidated Results

There is no revision to the forecast of consolidated results disclosed in the Summary of Financial Results of May 11, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

Items	As of March 31, 2017	As of September 30, 2017
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	16,657	11,542
Notes and accounts receivable-trade	65,063	76,487
Merchandise and finished goods	35,021	36,001
Work in process	905	1,746
Raw materials and supplies	12,524	12,062
Deferred tax assets	4,556	4,531
Other	4,472	5,168
Allowance for doubtful accounts	(535)	(712)
Total current assets	138,665	146,828
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,452	47,180
Machinery, equipment and vehicles, net	56,921	55,109
Land	50,057	50,376
Other, net	12,164	10,862
Total property, plant and equipment	164,596	163,529
Intangible assets	4,929	4,521
Investments and other assets		
Investment securities	26,015	27,713
Deferred tax assets	2,126	2,088
Other	5,933	6,092
Allowance for doubtful accounts	(759)	(708)
Total investments and other assets	33,316	35,185
Total Non-current assets	202,842	203,236
Total assets	341,507	350,064

Items	As of March 31, 2017	As of September 30, 2017
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,886	66,370
Short-term loans payable	29,406	25,852
Income taxes payable	2,902	3,650
Provision for bonuses	5,285	4,996
Other	23,579	24,842
Total current liabilities	121,060	125,713
Non-current liabilities		
Long-term loans payable	47,304	45,515
Deferred tax liabilities	1,093	1,809
Deferred tax liabilities for land revaluation	3,982	3,982
Provision for director's retirement benefits	137	20
Provision for gift token exchange	203	195
Net defined benefit liabilities	8,229	8,423
Asset retirement obligations	2,284	2,050
Other	11,726	11,801
Total Non-current liabilities	74,961	73,799
Total liabilities	196,022	199,512
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,583	17,583
Retained earnings	97,336	101,981
Treasury stock	(4,571)	(4,579)
Total shareholders' equity	130,348	134,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,400	5,698
Deferred gains or losses on hedges	(199)	(155)
Revaluation reserve for land	8,954	8,954
Foreign currency translation adjustment	250	317
Remeasurements of defined benefit plans	(1,574)	(1,530)
Total accumulated other comprehensive income	12,831	13,284
Non-controlling interests	2,306	2,282
Total net assets	145,485	150,552
Total liabilities and net assets	341,507	350,064

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

Quarterly Consolidated Statements of Income

Items	Six months ended September 30,2016	Six months ended September 30,2017
	millions of yen	millions of yen
Net sales	299,319	303,569
Cost of sales	227,873	229,196
Gross profit	71,446	74,372
Selling, general and administrative expenses	60,562	63,300
Operating profit	10,884	11,072
Non-operating income		
Interest income	8	10
Dividend income	243	250
Equity in earnings of affiliates	258	400
Other	620	641
Total non-operating income	1,131	1,302
Non-operating expenses		
Interest expenses	368	280
Foreign exchange losses	222	—
Other	307	313
Total non-operating expenses	898	593
Ordinary profit	11,117	11,781
Extraordinary income		
Gain on sales of non-current assets	271	18
Gain on sales of investment securities	0	7
Other	13	1
Total extraordinary income	285	27
Extraordinary loss		
Loss on sales of non-current assets	6	93
Loss on retirement of non-current assets	457	437
Impairment loss	169	102
Other	51	39
Total extraordinary loss	684	673
Profit before income taxes	10,717	11,135
Income taxes	3,202	3,974
Profit	7,514	7,160
Profit (loss) attributable to non-controlling interests	113	(23)
Profit attributable to owners of parent	7,400	7,183

Quarterly Consolidated Statements of Comprehensive Income

Items	Six months ended September 30,2016	Six months ended September 30,2017
	millions of yen	millions of yen
Profit	7,514	7,160
Other comprehensive income		
Valuation difference on available-for-sale securities	24	295
Deferred gains or losses on hedges	20	44
Foreign currency translation adjustment	(359)	66
Remeasurements of defined benefit plans	120	45
Share of other comprehensive income of entities accounted for using the equity method	(4)	1
Total other comprehensive income	(197)	454
Comprehensive income	7,317	7,614
Comprehensive income attributable to owners of parent	7,202	7,637
Comprehensive income attributable to non-controlling interests	114	(22)

(3) Quarterly Consolidated Statements of Cash flows

	Six months ended September 30, 2016	Six months ended September 30, 2017
	millions of yen	millions of yen
Cash flows from operating activities		
Profit before income taxes	10,717	11,135
Depreciation and amortization	7,345	7,408
Impairment loss	169	102
Equity in (earnings) losses of affiliates	(258)	(400)
Increase (decrease) in allowance for doubtful accounts	(90)	126
Increase (decrease) in provision for bonuses	(88)	(288)
Decrease (increase) in net defined benefit asset	—	(366)
Increase (decrease) in net defined benefit liability	(42)	193
Increase (decrease) in provision for gift token exchange	(6)	(7)
Increase (decrease) in provision for directors' retirement benefits	(133)	(117)
Loss (gain) on sales and retirement of non-current assets	192	512
Interest and dividend income received	(252)	(261)
Interest expenses	368	280
Decrease (increase) in notes and accounts receivable-trade	(6,169)	(11,423)
Decrease (increase) in inventories	1,989	(1,359)
Increase (decrease) in notes and accounts payable-trade	(822)	6,484
Other	(24)	1,278
Sub total	12,895	13,299
Interest and dividend income	301	333
Interest expenses paid	(380)	(273)
Income taxes paid	(6,027)	(2,474)
Net cash provided by (used in) operating activities	6,788	10,884

	Six months ended September 30, 2016	Six months ended September 30, 2017
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(45)	(45)
Proceeds from withdrawal of time deposits	76	190
Payments of loans receivable	(152)	(233)
Collection of loans receivable	159	235
Purchase of property, plant and equipment and intangible assets	(7,251)	(6,573)
Proceeds from sales of property, plant and equipment and intangible assets	825	375
Purchase of investment securities	(10)	(9)
Proceeds from sales of investment securities	0	11
Other	(5)	206
Net cash provided by (used in) investing activities	(6,403)	(5,841)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,046	(2,535)
Proceeds from long-term loans payable	5,000	1,500
Repayment of long-term loans payable	(11,410)	(4,307)
Purchase of treasury stock	(8)	(7)
Cash dividends paid	(2,033)	(2,708)
Cash dividends paid to non-controlling interests	(2)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,424)
Other	(449)	(555)
Net cash provided by (used in) financing activities	(3,858)	(10,041)
Effect of exchange rate on cash and cash equivalents	(136)	28
Net increase (decrease) in cash and cash equivalents	(3,609)	(4,968)
Cash and cash equivalents at beginning of period	14,797	15,940
Cash and cash equivalents at end of period	11,188	10,972

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on the assumption of a going-concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Segment and Other Information)

[Segment Information]

Sales and income/loss by reportable segment

Six months ended September 30, 2016 (April 1 to September 30, 2016)

(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	114,421	143,885	22,616	280,923	18,396	299,319	—	299,319
Inter-segment sales and transfers	6,677	15	465	7,159	5,888	13,048	(13,048)	—
Total	121,098	143,901	23,082	288,082	24,285	312,368	(13,048)	299,319
Segment profit	5,638	3,255	1,159	10,053	759	10,813	71	10,884

Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 71 million yen adjustment for segment profit is for elimination of intersegment transactions.
3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

Six months ended September 30, 2017 (April 1 to September 30, 2017)

(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	117,760	143,982	23,581	285,325	18,244	303,569	—	303,569
Inter-segment sales and transfers	7,085	18	443	7,547	6,137	13,684	(13,684)	—
Total	124,845	144,001	24,025	292,872	24,381	317,254	(13,684)	303,569
Segment profit	5,653	3,476	1,355	10,485	528	11,014	57	11,072

Note: 1. “Other” comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 57 million yen adjustment for segment profit is for elimination of intersegment transactions.
3. Segment profit adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

3. Supplementary Information

(1) Year-on-Year Comparisons

(i) Quarterly Consolidated Statement of Income (Unit: 100 million yen)

	Six months ended September 30, 2016		Six months ended September 30, 2017		Net change	
	Result	Vs. Sales	Result	Vs. Sales	Amount	Year-on-year change (%)
Net sales	2,993	100.0%	3,035	100.0%	42	1.4%
Cost of sales	2,278	76.1%	2,291	75.5%	13	0.6%
Selling, general and administrative expenses	605	20.2%	633	20.9%	27	4.5%
Operating profit	108	3.6%	110	3.6%	1	1.7%
Non-operating income	11	0.4%	13	0.4%	1	15.1%
Non-operating expenses	8	0.3%	5	0.2%	-3	-33.9%
Ordinary profit	111	3.7%	117	3.9%	6	6.0%
Extraordinary income	2	0.1%	0	0.0%	-2	-90.3%
Extraordinary loss	6	0.2%	6	0.2%	-0	-1.7%
Profit before income taxes	107	3.6%	111	3.7%	4	3.9%
Income taxes	32	1.1%	39	1.3%	7	24.1%
Profit (loss) attributable to non-controlling	1	0.0%	-0	0.0%	-1	—
Profit attributable to owners of parent	74	2.5%	71	2.4%	-2	-2.9%

(ii) Quarterly Consolidated Statements of Comprehensive Income (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Profit	75	71	-3	-4.7%
Total other comprehensive income	-1	4	6	—
Comprehensive income	73	76	2	4.1%
(of which, comprehensive income attributable to non-controlling interests	1	-0	-1	—

(iii) Results for each consolidated segment (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
[Net sales]				
Dairy products business	1,144	1,177	33	2.9%
Beverage and dessert business	1,438	1,439	0	0.1%
Feed and seeds business	226	235	9	4.3%
Other	183	182	-1	-0.8%
Total	2,993	3,035	42	1.4%
[Operating profit]				
Dairy products business	56	56	0	0.3%
Beverage and dessert business	32	34	2	6.8%
Feed and seeds business	11	13	1	16.9%
Other	7	5	-2	-30.4%
Total	108	110	1	1.7%

(Notes) 1. Main types of goods traded by business segment

Dairy Products Business: Dairy products (cheese, butter, milk powder etc.); fats & oils; Nutrition business (functional food products, infant formula etc.) etc.

Beverage & Dessert Business: beverages (milk drinks, fruit juice beverages etc.); yogurts; desserts etc.

Feed and Seeds Business: Cattle feed; Pasture forage and crop seed; vegetable seeds etc.

Other: Real estate leasing; joint distribution center services etc.

2. The net sales for each segment list the figures for external customers.
Note that figures for external customers are also used in the year-on-year comparisons.

(iv) Consolidated sales by product of each segment

Dairy Products (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Butter	101	99	-1	-1.5%
Oils & fats	64	63	-0	-1.5%
Cheese	361	381	20	5.6%
Other	164	169	5	3.3%
Total on a non-consolidated basis	691	714	23	3.3%
Subsidiaries and others	452	462	10	2.3%
Total on a consolidated basis	1,144	1,177	33	2.9%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.)

Nutrition business of Dairy Products (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Functional food products	15	21	5	36.1%
Infant formula and other	76	76	-0	-0.7%
Total on a consolidated basis	92	97	5	5.4%

(Note) These figures are on a consolidated basis (after intercompany eliminations, etc.)

Beverage and Dessert (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
White drinks	427	430	3	0.8%
Colored drinks	247	246	-1	-0.7%
Yogurt	278	287	8	3.1%
Desserts & fresh cream	120	120	-0	-0.1%
Other	19	16	-2	-15.0%
Total on a non-consolidated basis	1,093	1,101	7	0.7%
Subsidiaries and others	344	338	-6	-1.8%
Total on a consolidated basis	1,438	1,439	0	0.1%

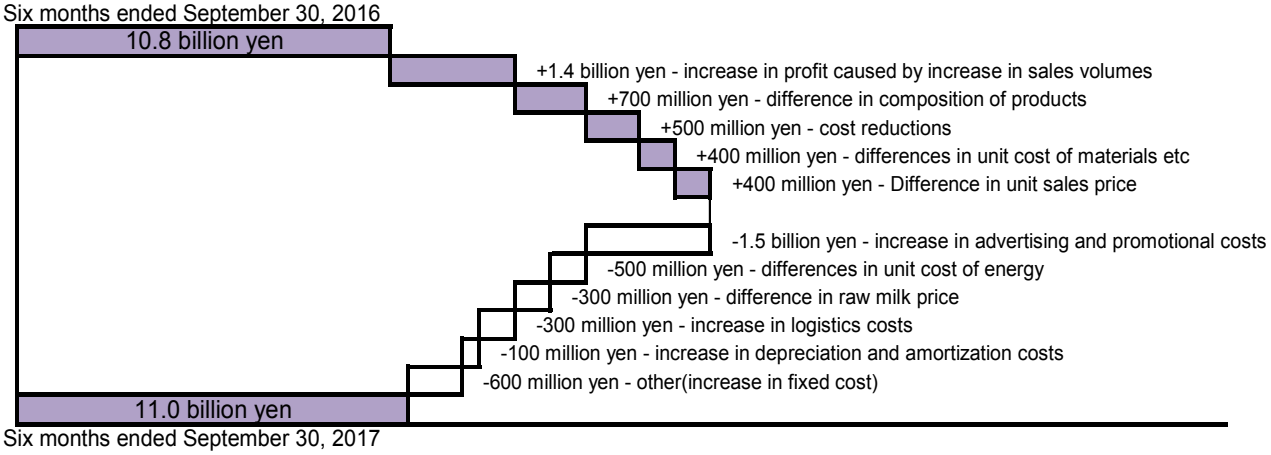
(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany eliminations, etc.)

Feed and Seeds (Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Feedstuffs	166	169	3	1.9%
Seed products	59	65	6	11.0%
Total on a consolidated basis	226	235	9	4.3%

(Note) These figures are on a consolidated basis (after intercompany elimination etc.)

(v) Causes of net changes in consolidated operating profit



Details of consolidated operating profit by segment

(Unit: 100 million yen)

	Factors behind changes	Total	Dairy products business	Beverage and dessert business	Feed and seeds business	Other
Factors behind increase in profit	Increase in profit caused by increase in sales volumes	14	9	2	1	2
	Difference in composition of products	7	0	7	0	0
	Cost reductions	5	4	0	0	0
	Differences in unit cost of materials etc	4	4	0	0	0
	Difference in unit sales price	4	2	0	4	-2
	Subtotal	34	19	10	5	0
Factors behind the decrease in profit	Increase in advertising and promotional costs	-15	-15	0	0	0
	Differences in unit cost of energy	-5	-3	-2	0	0
	Difference in raw milk price	-3	-3	0	0	0
	Increase in logistics costs	-3	-1	-2	0	0
	Increase in depreciation and amortization costs	-1	0	0	0	-1
	Other (increase in fixed cost)	-6	2	-4	-4	-1
		-33	-19	-8	-4	-2
Total		1	0	2	1	-2

* Amounts rounded down to the nearest 100 million yen

(vi) Quarterly Consolidated Balance Sheet

(Unit: 100 million yen)

	Year ended March 2017	Six months ended September 30 2017	Net change
(Current assets)	1,386	1,468	81
Cash and deposits	166	115	-51
Receivables	650	764	114
Inventory assets	484	498	13
Deferred tax assets	45	45	-0
Other	39	44	5
(Non-current assets)	2,028	2,032	3
Property, plant and equipment	1,645	1,635	-10
Intangible assets	49	45	-4
Investment securities	260	277	16
Deferred tax assets	21	20	-0
Other	51	53	2
Total assets	3,415	3,500	85

	Year ended March 2017	Six months ended September 30 2017	Net change
(Current liabilities)	1,210	1,257	46
Payables	598	663	64
Short-term loans payable	294	258	-35
Other	317	334	17
(Non-current liabilities)	749	737	-11
Long-term loans payable	473	455	-17
Net defined benefit liabilities	82	84	1
Other	194	198	4
Total liabilities	1,960	1,995	34
Shareholders' equity	1,431	1,482	50
Non-controlling interests	23	22	-0
Total net assets	1,454	1,505	50
Total liabilities/net assets	3,415	3,500	85

(vii) Quarterly Consolidated Statement of Cash flows

(Unit: 100 million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Amount of net change
	Result	Result	
Ⅰ Cash flows from operating activities	67	108	40
Ⅱ Cash flows from investing activities	-64	-58	5
Ⅲ Cash flows from financing activities	-38	-100	-61
Ⅳ Effect of exchange rate on cash and cash equivalents	-1	0	1
Ⅴ Amount of net change in cash and cash equivalents	-36	-49	-13
Ⅵ Cash and cash equivalents at beginning of period	147	159	11
Ⅶ Cash and cash equivalents at end of period	111	109	-2
(Ref.) Free cash flow (I + II)	3	50	46

(viii) Consolidated capital investment (property,plant and equipment) & depreciation and amortization

(Unit: 100 million yen)

	Amount of capital investment	Depreciation and amortization*
Six months ended September 30, 2016	63	73
Six months ended September 30, 2017	67	74

*Depreciation and amortization costs are the sum of the depreciation of property, plant and equipment, the amortization of intangible assets (excluding "Goodwill") and long-term prepaid expenses.

(ix) Consolidated research & development costs

(Unit: 100 million yen)

Six months ended September 30, 2016	19
Six months ended September 30, 2017	21

(x) Number of consolidated employees

Six months ended September 30, 2016	4,900
Six months ended September 30, 2017	5,013

(xi)Consolidated management indicators

(Unit: %)

	Equity ratio	Consolidated net sales Operating margin	Consolidated ROA (VS. operating profit)	EBITDA Margin
Six months ended September 30, 2016	39.4	3.6	3.1	6.1
Six months ended September 30, 2017	42.4	3.6	3.2	6.1

(Unit: 100 million yen)

	Total assets	Equity	Interest-bearing debt*
Six months ended September 30, 2016	3,429	1,352	939
Six months ended September 30, 2017	3,500	1,482	778

*The balance for interest-bearing dept is the sum of outstanding borrowings plus outstanding lease obligations.

(2) Consolidated earnings forecast for fiscal year ending March 2018

(i) Consolidated earnings

(Unit: 100 million yen)

	April 1, 2017 - September 30, 2017				Amount of net change	
	Forecast	Vs. Sales	Result	Vs. Sales	Net change	Forecast VS.Actual (%)
Net sales	3,035	100.0%	3,035	100.0%	0	0.0%
Operating profit	100	3.3%	110	3.6%	10	10.7%
Ordinary profit	105	3.5%	117	3.9%	12	12.2%
Profit attributable to owners of parent	68	2.2%	71	2.4%	3	5.6%

(Notes) The forecast was issued on May 11, 2017.

(ii) Results for Each consolidated segment

(Unit: 100 million yen)

	April 1, 2017 - September 30, 2017		Amount of net change	
	Earnings Forecast	Result	Net change	Forecast VS.Actual (%)
[Net sales]				
Dairy products business	1,156	1,177	21	1.9%
Beverage and dessert business	1,474	1,439	-34	-2.3%
Feed and seeds business	222	235	13	6.2%
Other	183	182	-0	-0.3%
Total	3,035	3,035	0	0.0%
[Operating profit]				
Dairy products business	50	56	6	13.1%
Beverage and dessert business	34	34	0	2.3%
Feed and seeds business	10	13	3	35.6%
Other	6	5	-0	-11.8%
Total	100	110	10	10.7%

(Notes) 1. Main types of goods traded by business segment

Dairy Products Business: Dairy products (cheese, butter, milk powder etc.); fats & oils; Nutrition business (functional food products, infant formula etc.) etc.

Beverage & Dessert Business: beverages (milk drinks, fruit juice beverages etc.); yogurts; desserts etc.

Feed and Seeds Business: Cattle feed; Pasture forage and crop seed; vegetable seeds etc.

Other: Real estate leasing; joint distribution center services etc.

2. The net sales for each segment list the figures for external customers.

Note that figures for external customers are also used in the year-on-year comparisons.

(3)Consolidated earnings forecast for fiscal year ending March 2018

(There is no revision from the forecast disclosed in the Summary of Financial Results announced on May 11, 2017.)

(i) Consolidated earnings

(Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
Net sales	6,000	2.1%
Operating profit	195	4.0%
Ordinary profit	205	1.1%
Profit attributable to owners of parent	130	0.1%

(ii) Each consolidated segment

(Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
[Net sales]		
Dairy products business	2,375	2.2%
Beverage and dessert business	2,842	2.4%
Feed and seeds business	421	-2.1%
Other	362	3.2%
Total	6,000	2.1%
[Operating profit]		
Dairy products business	112	-4.4%
Beverage and dessert business	61	31.9%
Feed and seeds business	10	-20.3%
Other	12	8.9%
Total	195	4.0%

(Note) The net sales for each segment list the figures for external customers.
Note that figures for external customers are also used in the year-on-year comparisons.

(iii) Consolidated sales by product of each segment

Dairy Products (Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
Butter	224	0.8%
Oils & fats	133	0.7%
Cheese	768	3.6%
Other	301	-8.0%
Total on a non-consolidated basis	1,428	0.2%
Subsidiaries and others	946	5.3%
Total on a consolidated basis	2,375	2.2%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.).
Butter made from excessive milk under a contract for processing included in the results for the previous fiscal year (¥1,700 million) is included in Other.

Nutrition business of Dairy Products (Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
Functional food products	53	58.0%
Infant formula and other	163	4.2%
Total on a consolidated basis	216	13.7%

(Note) These figures are on a consolidated basis (after intercompany eliminations etc.)

Beverage and Dessert (Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
White drinks	806	-3.5%
Colored drinks	453	1.1%
Yogurt	617	10.2%
Desserts & fresh cream	249	0.9%
Other	40	2.0%
Total on a non-consolidated basis	2,165	1.7%
Subsidiaries and others	676	4.8%
Total on a consolidated basis	2,842	2.4%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany eliminations etc.).

Feed and Seeds (Unit: 100 million yen)

	April 1, 2017 - March 31,2018	
	Forecast	Year-on-year change (%)
Feedstuffs	328	-2.6%
Seed products	92	-0.2%
Total on a consolidated basis	421	-2.1%

(Note) These figures are on a consolidated basis (after intercompany elimination etc.)

(4) Non-consolidated net sales by business segment

(Unit: 100 million yen)

	Six months ended September 30, 2016		Six months ended September 30, 2017		Amount of net change
	Result	Year-on-year change (%)	Result	Year-on-year change (%)	
Dairy products business	691	3.2%	714	3.3%	23
(of which, butter)	101	0.1%	99	-1.5%	-1
(of which, oils & fats)	64	-8.5%	63	-1.5%	-0
(of which, cheese)	361	4.9%	381	5.6%	20
Beverage and dessert business	1,093	1.5%	1,101	0.7%	7
(of which, white drinks)	427	-0.7%	430	0.8%	3
(of which, colored drinks)	247	3.4%	246	-0.7%	-1
(of which, yogurt)	278	4.2%	287	3.1%	8
(of which, desserts & fresh cream)	120	0.7%	120	-0.1%	-0
Other	9	-5.2%	10	2.4%	0
Total	1,795	2.1%	1,826	1.7%	30

(For reference) Market share (of household consumption) of the Second Quarter of the Fiscal Year Ending March 31, 2018

Butter:	31.3%
Oils & fats:	34.7%
Cheese:	15.2%
Milk:	6.8%
Milk beverage:	20.0%
Yogurt:	11.4%

(Based on the Company's research for dairy products conducted on the basis of volume; and for beverages & desserts on the basis of monetary value)