Consolidated Financial Results for the Year Ended March 31, 2018
(Prepared pursuant to Japanese GAAP)

May 10, 2018

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 27, 2018
Dividend payout:	June 7, 2018
Filing of fiscal year-end financial report:	June 27, 2018
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, 2018 (April 1, 2017 – March 31, 2018)

(1) Consolidated Operating Results (Percentages indicate year-on-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	%
Year ended March 31, 2018	596,158	1.4	19,363	3.3	20,996	3.6	13,386	3.1
Year ended March 31, 2017	587,935	1.7	18,753	33.9	20,269	42.5	12,988	(13.7)

Note: Comprehensive income: Year Ended March 31, 2018 : 14,516 million yen (-4.4%)
Year Ended March 31, 2017 : 15,180 million yen (24.0%)

	Profit per share – basic	Profit 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, 2018	197.36	–	9.0	6.0	3.2
Year ended March 31, 2017	191.48	–	9.5	5.9	3.2

For reference: Equity in earnings of affiliates: Year Ended March 31,2018: 837 million yen
Year Ended March 31,2017: 585 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
March 31, 2018	352,905	157,338	43.9	2,286.11
March 31, 2017	341,507	145,485	41.9	2,110.80

For reference:
Equity: March 31, 2018 : 155,021 million yen
March 31, 2017 : 143,179 million yen

(3) Consolidated Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalent at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended March 31, 2018	22,817	(11,799)	(12,904)	14,076
Year ended March 31, 2017	29,934	(14,408)	(14,376)	15,940

2. Dividends

	Cash dividends per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
Record date or period	End-Q1	End-Q2	End-Q3	End-Q4	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended March 31,2017	—	—	—	40.00	40.00	2,713	20.9	2.0
Year ended March 31,2018	—	—	—	40.00	40.00	2,712	20.3	1.8
Year ending March 31,2019 (forecast)	—	—	—	40.00	40.00		20.1	

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Second quarter-end(Cumulative)	308,000	1.5	9,700	(12.4)	10,000	(15.1)	7,100	(1.2)	104.70
Full Year	605,000	1.5	19,000	(1.9)	20,000	(4.7)	13,500	0.9	199.09

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.: None
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, 2018	70,751,855 shares
March 31, 2017	70,751,855 shares

2) Treasury stock as of period-end

March 31, 2018	2,941,743 shares
March 31, 2017	2,919,856 shares

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

Year ended March 31, 2018	67,825,318 shares
Year ended March 31, 2017	67,834,753 shares

***This summary of financial statements is not subject to audit by certified public accountant and auditing firm.**

***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 investor on Thursday, May 10, 2018, 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

Business conditions in Japan gradually recovered in the fiscal year ended March 31, 2018, and economic recovery is expected to continue. However, there is concern about uncertainties in overseas economies and instability centered on financial markets.

Consumer spending is picking up as the employment and personal income environment improves. In the food industry, although the trend for consumers to economize continues, wide-ranging demand is being created as consumer values diversify: for instance, consumers increasingly tend to seek products that have function as a benefit.

In this business environment, in accordance with 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, through product mix improvement accompanying sales growth from high-value-added products such as functional yogurt and from cheese and other mainstay products, and through expansion into new markets in the nutrition business sector.

As a result of these developments, in the fiscal year ended March 31, 2018, consolidated net sales were ¥596,158 million (an increase of 1.4% over the previous fiscal year), operating profit was ¥19,363 million (up 3.3%), ordinary profit was ¥20,996 million (up 3.6%), and profit attributable to owners of parent was ¥13,386 million (up 3.1%).

As of March 31, 2018, the MEGMILK SNOW BRAND Group comprised the Company, 33 subsidiaries, and 15 affiliates.
Because of its increased importance, SBS Fleck Co., Ltd. has been treated as an equity-method affiliate since the first quarter of the fiscal year ended March 31, 2018.
Operating results by business segment for the fiscal year ended March 31, 2018 were as follows. Net sales by segment are sales to outside customers.

1) Dairy Products

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 ¥239,746 million (an increase of 3.2% over the previous fiscal year), and operating profit was ¥12,132 million (up 3.6%).
Sales of margarine declined in a market that remains sluggish. The Company continued efforts to ensure a stable supply of butter. Overall segment sales increased as a result of strong performance from 6P Cheese, Sakeru Cheese, and other cheese products attributable to the impact of promotion activities in a growing market and, in the functional products category, growth from Mainichi Hone Care MBP, a food for specified health use, thanks to marketing investment.
Operating profit increased due higher sales of cheese, despite increases in promotional costs and raw material costs.

2) Beverage & Dessert

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

Net sales were ¥275,499 million (a decrease of 0.7% from the previous fiscal year), and operating profit was ¥4,761 million (up 3.0%).
Overall segment sales decreased 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 an increase in sales of functional yogurt, despite higher logistics costs.

3) Feed and Seeds

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

Net sales were ¥44,718 million (an increase of 4.0% from the previous fiscal year), and operating profit was ¥1,350 million (up 7.6%).
Sales and profit increased, mainly due to higher sales of pasture forage/crop seeds and an increase in selling prices of compound feeds.

4) Other

This segment comprises real estate rental, joint distribution center services, and other businesses.
Net sales in this segment were ¥36,194 million (an increase of 3.2% from the previous fiscal year), and operating profit was ¥1,139 million (up 3.4%)

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of March 31, 2018 increased by ¥11,397 million from the previous fiscal year-end. The change is mainly attributable to increases in inventory assets, investment securities, and notes and accounts receivable-trade.

Liabilities

Total liabilities as of March 31, 2018 decreased by ¥455 million from the previous fiscal year-end. The change is mainly attributable to decreases in loans payable and income taxes payable, which offset increases in notes and accounts payable-trade and accounts payable-other.

Net assets

Total net assets as of March 31, 2018 increased by ¥11,852 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 March 31, 2018 totaled ¥14,076 million. The following is a summary of consolidated cash flows by activity for the fiscal year ended March 31, 2018.

(Millions of yen)

Category	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Cash flows from operating activities	29,934	22,817	(7,117)
Cash flows from investing activities	(14,408)	(11,799)	2,608
Cash flows from financing activities	(14,376)	(12,904)	1,472
Currency translation adjustment relating to cash and cash equivalents	(6)	21	28
Increase(decrease)in cash and cash equivalents	1,143	(1,864)	(3,008)
Cash and cash equivalents at the beginning of the fiscal year	14,797	15,940	1,143
Cash and cash equivalents at the end of the fiscal year	15,940	14,076	(1,864)

Cash flows from operating activities

Operating activities provided net cash of ¥22,817 million, a ¥7,117 million decrease in cash provided from the ¥29,934 million provided in the fiscal year ended March 31, 2017.
The change is mainly attributable to factors including a decrease in income taxes paid and an increase in inventories.

Cash flows from investing activities

Investing activities used net cash of ¥11,799 million, a ¥2,608 million decrease in cash used from the ¥14,408 million used in the fiscal year ended March 31, 2017.
The change is mainly attributable to decreases in purchase of property, plant and equipment and intangible assets and in proceeds from sales of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥12,904 million, a ¥1,472 million decrease in cash used from the ¥14,376 million in net cash used in the fiscal year ended March 31, 2017.
The change is mainly attributable to a decrease in repayment of long-term loans payable, a net decrease in short-term loans payable, and a decrease in proceeds from long-term loans payable and increases in payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation and cash dividends paid.

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	2016	2017	2018
Equity ratio(%)	37.8	41.9	43.9
Equity ratio based on market value(%)	55.8	60.9	55.3
Ratio of interest-bearing debt to cash flow(years)	3.6	2.8	3.3
Interest coverage ratio(X)	28.7	42.8	42.2

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 consolidated basis.
2. Total market value of shares is calculated based on the number of shares outstanding at the end of the period(less treaury 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) Future Outlook

The outlook for the Japanese economy is expected to remain uncertain, despite expectations for continuing modest economic recovery fueled in part by the impact of government policies at a time of continued improvement in the employment and income environment. The Company faces an adverse business environment due the possibility of significant supply and demand fluctuations affecting domestic and overseas milk resources and substantial exchange rate fluctuations, raw material cost increases, and other factors. At the same time, the pick-up in consumer spending is expected to continue, and the trend for consumers to seek products with enhanced functions and efficacy is gaining impetus as consumer values become more diverse.

In this environment, in accordance with Group Medium-term Management Plan 2019, with the aim of achieving the consolidated operating profit target of ¥22.0 billion for the fiscal year ending March 31, 2019, the Company will continue to work to strengthen an earnings base for future growth through measures including continuation of marketing investment and active efforts to increase sales of high-value-added products and mainstay products. The Company will also implement price revisions to cope with higher raw material costs, operation costs, and fixed expenses.

In light of the above factors, in the fiscal ending March 31, 2019 the Company forecasts net sales of ¥605,000 million (an increase of 1.5% from the previous fiscal year), operating profit of ¥19,000 million (down 1.9%), ordinary profit of ¥20,000 million (down 4.7%), and profit attributable to owners of parent of ¥13,500 million (up 0.9%) on a consolidated basis.

By segment, the Company forecasts net sales of ¥244,000 million (up 1.8% from the fiscal year ended March 31, 2018) in the Dairy Products, ¥280,000 million (up 1.6%) in the Beverage & Dessert, ¥44,000 million (down 1.6%) in the Feed and Seeds, and ¥37,000 million (up 2.2%) in the Other. The above full-year outlook by segment is for sales to outside customers.

(4)Basic Policy on Profit Distribution and Cash Dividends for the Fiscal Year Ended March 31, 2018 and the Fiscal Year Ending March 31, 2019

The Company's basic policy on profit distribution is to establish financial soundness by generating profits, maintain capital efficiency by reinvesting in basic infrastructure that generates cash, and enhance shareholder returns.

The Company has set a consolidated dividend payout target of 20% or higher and will strive to continuously pay stable dividends, giving comprehensive consideration to factors such as consolidated business performance and the financial situation.

In accordance with the above dividend policy, the Company paid cash dividends of ¥40 per share for the fiscal year ended March 31, 2018, as originally planned.

The start date for cash dividend payment will be June 7, 2018

In accordance with the above dividend policy, the Company plans to pay cash dividends of ¥40 per share for the fiscal year ending March 31, 2019.

2. Basic Policy on the Selection of Accounting Standards

The Group's policy is to prepare consolidated financial statements in accordance with Japanese accounting standards for the time being, taking into consideration comparability of consolidated financial statements over time and comparability between companies.

With regard to application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately, taking into account circumstances in Japan and abroad.

3. Consolidated Financial Statements and Key Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	16,657	14,620
Notes and accounts receivable-trade	65,063	69,302
Merchandise and finished goods	35,021	39,632
Work in process	905	1,423
Raw materials and supplies	12,524	12,857
Deferred tax assets	4,556	4,384
Accounts receivable-other	2,224	2,506
Other	2,247	2,187
Allowance for doubtful accounts	(535)	(405)
Total current assets	138,665	146,510
Non-current assets		
Property, plant and equipment		
Buildings and structures	94,647	99,486
Accumulated depreciation	(48,686)	(50,799)
Accumulated impairment loss	(508)	(648)
Building and structures, net	45,452	48,039
Machinery, equipment and vehicles	177,199	182,238
Accumulated depreciation	(118,237)	(124,003)
Accumulated impairment loss	(2,039)	(2,138)
Machinery, equipment and vehicles, net	56,921	56,095
Tools, furniture and fixtures	16,683	17,394
Accumulated depreciation	(12,829)	(13,307)
Accumulated impairment loss	(62)	(66)
Tools, furniture and fixtures, net	3,791	4,020
Land	50,057	50,396
Lease assets	9,608	8,900
Accumulated depreciation	(3,463)	(3,255)
Accumulated impairment loss	(222)	(225)
Lease assets, net	5,921	5,419
Construction in progress	2,451	822
Total property, plant and equipment	164,596	164,794
Intangible assets		
Lease assets	42	22
Software	4,126	3,115
Right of using facilities	648	736
Other	111	46
Total intangible assets	4,929	3,921
Investments and other assets		
Investment securities	26,015	29,326
Long-term prepaid expenses	509	553
Net defined benefit asset	781	1,519
Deferred tax assets	2,126	2,139
Other	4,642	4,744
Allowance for doubtful accounts	(759)	(604)
Total investments and other assets	33,316	37,678
Total non-current assets	202,842	206,395
Total assets	341,507	352,905

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,313	60,475
Electronically recorded obligations-operating	3,572	4,021
Short-term loans payable	20,900	19,774
Current portion of long-term loans payable	8,506	22,052
Lease obligations	937	1,121
Accounts payable-other	9,661	13,467
Income taxes payable	2,902	2,259
Accrued expenses	7,742	7,900
Deposits received	632	385
Deferred tax liabilities	4	—
Provision for bonuses	5,285	5,208
Other	4,601	4,003
Total current liabilities	121,060	140,670
Non-current liabilities		
Long-term loans payable	47,304	27,089
Long-term deposits received	5,052	5,173
Lease obligations	5,940	5,013
Deferred tax liabilities	1,093	2,317
Deferred tax liabilities for land revaluation	3,982	3,981
Provision for director's retirement benefits	137	20
Provision for gift token exchange	203	190
Net defined benefit liabilities	8,229	8,667
Asset retirement obligations	2,284	1,699
Other	734	744
Total non-current liabilities	74,961	54,896
Total liabilities	196,022	195,566
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,583	17,585
Retained earnings	97,336	108,186
Treasury stock	(4,571)	(4,643)
Total shareholders' equity	130,348	141,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,400	6,322
Deferred gains or losses on hedges	(199)	(163)
Revaluation reserve for land	8,954	8,951
Foreign currency translation adjustment	250	382
Remeasurements of defined benefit plans	(1,574)	(1,600)
Total accumulated other comprehensive income	12,831	13,892
Non-controlling interests	2,306	2,317
Total net assets	145,485	157,338
Total liabilities and net assets	341,507	352,905

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

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Net sales	587,935	596,158
Cost of sales	446,164	452,218
Gross profit	141,770	143,940
Selling, general and administrative expenses		
Selling expenses	105,905	106,899
General and administrative expenses	17,112	17,677
Total selling, general and administrative expenses	123,017	124,577
Operating profit	18,753	19,363
Non-operating income		
Interest income	18	20
Dividend income	758	874
Equity in earnings of affiliates	585	837
Other	1,468	991
Total non-operating income	2,830	2,724
Non-operating expenses		
Interest expenses	672	538
Other	642	552
Total non-operating expenses	1,314	1,091
Ordinary profit	20,269	20,996
Extraordinary income		
Gain on sales of non-current assets	294	127
Gain on sales of investment securities	13	53
Other	73	14
Total extraordinary income	381	196
Extraordinary loss		
Loss on sales of non-current assets	55	110
Loss on retirement of non-current assets	1,127	1,221
Impairment loss	1,017	488
Other	583	305
Total extraordinary loss	2,784	2,126
Profit before income taxes	17,866	19,066
Income taxes		
Current	5,741	4,714
Deferred	(885)	955
Total income taxes	4,856	5,669
Profit	13,009	13,396
Profit attributable to non-controlling interests	21	10
Profit attributable to owners of parent	12,988	13,386

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Profit	13,009	13,396
Other comprehensive income		
Valuation difference on available-for-sale securities	938	916
Deferred gains or losses on hedges	290	35
Foreign currency translation adjustment	(73)	131
Remeasurements of defined benefit plans	1,024	(1)
Share of other comprehensive income of entities accounted for using the equity method	(9)	36
Total other comprehensive income	2,170	1,119
Comprehensive income	15,180	14,516
Comprehensive income attributable to owners of parent	15,162	14,504
Comprehensive income attributable to non-controlling interests	18	12

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at beginning of term	20,000	17,580	86,269	(4,554)	119,295
Changes during term					
Reversal of revaluation reserve for land			113		113
Cash dividends			(2,035)		(2,035)
Profit attributable to owners of parent			12,988		12,988
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		0		0	0
Change in equity attributable to parent arising from transactions with non-controlling shareholders		2			2
Change of scope of equity method					—
Net changes other than shareholders' equity					
Total changes during term	—	2	11,066	(16)	11,053
Balance at end of term	20,000	17,583	97,336	(4,571)	130,348

(Millions of yen)

	Accumulated other comprehensive income						Non-controlling 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	4,465	(489)	9,067	324	(2,597)	10,770	2,335	132,401
Changes during term								
Reversal of revaluation reserve for land								113
Cash dividends								(2,035)
Profit attributable to owners of parent								12,988
Purchase of treasury stock								(16)
Disposal of treasury stock								0
Change in equity attributable to parent arising from transactions with non-controlling shareholders								2
Change of scope of equity method								—
Net changes other than shareholders' equity	934	290	(113)	(73)	1,022	2,060	(29)	2,030
Total changes during term	934	290	(113)	(73)	1,022	2,060	(29)	13,083
Balance at end of term	5,400	(199)	8,954	250	(1,574)	12,831	2,306	145,485

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at beginning of term	20,000	17,583	97,336	(4,571)	130,348
Changes during term					
Reversal of revaluation reserve for land					—
Cash dividends			(2,713)		(2,713)
Profit attributable to owners of parent			13,386		13,386
Purchase of treasury stock				(73)	(73)
Disposal of treasury stock		2		2	4
Change in equity attributable to parent arising from transactions with non-controlling shareholders					—
Change of scope of equity method			177		177
Net changes other than shareholders' equity					
Total changes during term	—	2	10,849	(71)	10,780
Balance at end of term	20,000	17,585	108,186	(4,643)	141,128

(Millions of yen)

	Accumulated other comprehensive income						Non-controlling 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	5,400	(199)	8,954	250	(1,574)	12,831	2,306	145,485
Changes during term								
Reversal of revaluation reserve for land								–
Cash dividends								(2,713)
Profit attributable to owners of parent								13,386
Purchase of treasury stock								(73)
Disposal of treasury stock								4
Change in equity attributable to parent arising from transactions with non-controlling shareholders								–
Change of scope of equity method								177
Net changes other than shareholders' equity	922	35	(3)	131	(25)	1,061	11	1,072
Total changes during term	922	35	(3)	131	(25)	1,061	11	11,852
Balance at end of term	6,322	(163)	8,951	382	(1,600)	13,892	2,317	157,338

(4) Consolidated Statements of Cash flows

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	17,866	19,066
Depreciation and amortization	15,140	15,157
Impairment loss	1,017	488
Equity in (earnings) losses of affiliates	(585)	(837)
Increase (decrease) in allowance for doubtful accounts	(3)	(285)
Increase (decrease) in provision for bonuses	730	(78)
Decrease (increase) in net defined benefit asset	(781)	(740)
Increase (decrease) in net defined benefit liability	328	436
Increase (decrease) in provision for gift token exchange	(11)	(13)
Increase (decrease) in provision for directors' retirement benefits	(116)	(117)
Loss (gain) on sales and retirement of non-current assets	889	1,203
Interest and dividend income received	(777)	(895)
Interest expenses	672	538
Decrease (increase) in notes and accounts receivable-trade	275	(4,175)
Decrease (increase) in inventories	3,979	(5,402)
Increase (decrease) in notes and accounts payable-trade	(1,301)	4,566
Other	1,705	(1,501)
Sub total	39,028	27,409
Interest and dividend income	918	1,187
Interest expenses paid	(699)	(540)
Income taxes paid	(9,313)	(5,238)
Net cash provided by (used in) operating activities	29,934	22,817

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from investing activities		
Payments into time deposits	(126)	(90)
Proceeds from withdrawal of time deposits	112	262
Payments of loans receivable	(293)	(371)
Collection of loans receivable	225	410
Purchase of property, plant and equipment and intangible assets	(15,647)	(12,222)
Proceeds from sales of property, plant and equipment and intangible assets	1,312	435
Purchase of investment securities	(25)	(32)
Proceeds from sales of investment securities	37	156
Other	(3)	(347)
Net cash provided by (used in) investing activities	(14,408)	(11,799)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,970	(1,125)
Proceeds from long-term loans payable	6,150	2,500
Repayment of long-term loans payable	(21,414)	(9,169)
Purchase of treasury stock	(16)	(73)
Cash dividends paid	(2,036)	(2,712)
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	(42)	(1,410)
Other	(984)	(911)
Net cash provided by (used in) financing activities	(14,376)	(12,904)
Effect of exchange rate on cash and cash equivalents	(6)	21
Net increase (decrease) in cash and cash equivalents	1,143	(1,864)
Cash and cash equivalents at beginning of period	14,797	15,940
Cash and cash equivalents at end of period	15,940	14,076

(5) Notes to the Consolidated Financial Statements

(Notes on the assumption of a going-concern)

Not applicable.

(Change in presentation)

(Consolidated statements of income)

During the fiscal year ended March 31, 2017, "subsidy income" was separately presented under "non-operating income"; however, from the fiscal year ended March 31, 2018, it is included in "other" under "non-operating income" as the amount is no longer material. The consolidated financial statements for the fiscal year ended March 31, 2017 have been recast to reflect the change.

As a result, "subsidy income" of ￥502 million presented under "non-operating income" is included in other in the consolidated statements of income for the fiscal year ended March 31, 2017.

During the fiscal year ended March 31, 2017, "contribution" was separately presented under "non-operating expenses"; however, from the fiscal year ended March 31, 2018, it is included in "other" under "non-operating expenses" as the amount is no longer material. The consolidated financial statements for the fiscal year ended March 31, 2017 have been recast to reflect the change.

As a result, "contribution" of ￥168 million presented under "non-operating expenses" is included in "other" in the consolidated statements of income for the fiscal year ended March 31, 2017.

During the fiscal year ended March 31, 2017, "gain on sales of investment securities" was included in "other" under "extraordinary income"; however, from the fiscal year ended March 31, 2018, it is separately presented as the amount is considered to be material. The consolidated financial statements for the fiscal year ended March 31, 2017 have been recast to reflect the change.

As a result, "other" of ￥87 million in "extraordinary income" was recast to "gain on sales of investment securities" of ￥13 million and "other" of ￥73 million in the consolidated statements of income for the fiscal year ended March 31, 2017.

(Consolidated Statements of Cash flows)

During the fiscal year ended March 31, 2017, "subsidy income" and "proceeds from subsidies" were separately presented under "cash flows from operating activities"; however, from the fiscal year ended March 31, 2018, they are included in "other" under "cash flows from operating activities" as their amounts are no longer material. The consolidated financial statements for the fiscal year ended March 31, 2017 have been recast to reflect the change.

As a result, "subsidy income" of minus ￥502 million and "proceeds from subsidies" of ￥505 million presented under "cash flows from operating activities “are included in "other" under "cash flows from operating activities" in the consolidated statements of cash flows for the fiscal year ended March 31, 2017.

(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

Accounting methods applied in the reportable segments are in compliance with accounting policies applied for the preparation of consolidated financial statements.

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, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products	Beverage and dessert	Feed and seeds	Total				
Net sales								
Sales to outside customers	232,386	277,477	43,008	552,872	35,063	587,935	—	587,935
Inter-segment sales and transfers	13,568	30	946	14,545	12,190	26,736	(26,736)	—
Total	245,954	277,507	43,955	567,417	47,254	614,672	(26,736)	587,935
Segment profit	11,714	4,623	1,255	17,593	1,101	18,694	58	18,753
Segment assets	148,671	132,993	34,096	315,761	31,469	347,231	(5,723)	341,507
Other items								
Depreciation/amortization(note 4)	7,162	6,619	864	14,646	611	15,257	(116)	15,140
Impairment loss	602	—	—	602	9	612	405	1,017
Increase in PP&E and intangible assets(note5)	5,398	5,317	1,583	12,300	3,533	15,833	(46)	15,787

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products	Beverage and dessert	Feed and seeds	Total				
Net sales								
Sales to outside customers	239,746	275,499	44,718	559,964	36,194	596,158	—	596,158
Inter-segment sales and transfers	13,661	46	887	14,595	12,608	27,204	(27,204)	—
Total	253,408	275,545	45,605	574,560	48,802	623,363	(27,204)	596,158
Segment profit	12,132	4,761	1,350	18,244	1,139	19,383	(20)	19,363
Segment assets	155,388	138,019	35,967	329,375	32,737	362,112	(9,207)	352,905
Other items								
Depreciation/amortization(note 4)	7,145	6,248	906	14,300	968	15,269	(112)	15,157
Impairment loss	—	—	126	126	140	266	222	488
Increase in PP&E and intangible assets(note5)	6,089	8,571	1,051	15,711	1,372	17,084	(139)	16,944

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

2. Adjustment are as follows:

Net sales (Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Intersegment transactions elimination	(26,736)	(27,204)
Total	(26,736)	(27,204)

Segment profit (Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Intersegment transactions elimination	58	(20)
Total	58	(20)

Segment assets (Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Intersegment transactions elimination	(15,513)	(17,094)
Corporate assets*	9,789	7,886
Total	(5,723)	(9,207)

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

3. Segment profit adjustments are based on operating profit 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.

("Per share" data)

Item	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	2,110.80 yen	2,286.11 yen
Profit per share - basic	191.48 yen	197.36 yen
Profit per share after adjustment for dilutive stock	As there is no dilutive stock, we have not recorded anything for "Profit per share – basic; after adjustment for dilutive stock."	As there is no dilutive stock, we have not recorded anything for "Profit per share – basic; after adjustment for dilutive stock."

(Notes)

1. The fundamentals used to calculate "Net assets per share" are as follows:

Item		As of March 31, 2017	As of March 31, 2018
Total for Net assets per share	(million of yen)	145,485	157,338
Amounts deducted from the total for Net Assets	(million of yen)	2,306	2,317
(of which, Non-controlling interests)	(million of yen)	(2,306)	(2,317)
Net assets as of fiscal year-end pertaining to common stock	(million of yen)	143,179	155,021
Number of common stock as of fiscal year-end used to calculate net assets per share	(shares)	67,831,999	67,810,112

2. The fundamentals used to calculate "Profit per share – basic" are as follows:

Item		Year ended March 31, 2017	Year ended March 31, 2018
Net income attributable to owners of parent	(million of yen)	12,988	13,386
Amount not attributable to owners of common stock	(million of yen)	–	–
Net income attributable to owners of parent pertaining to common stock	(million of yen)	12,988	13,386
Average number of share during the year	(million of yen)	67,834,753	67,825,318

(Key subsequent events)
Not applicable.

4. Supplementary Information

(1) Year-on-Year Comparisons

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

	Year ended March 31, 2017		Year ended March 31, 2018		Net change	
	Result	Vs. Sales	Result	Vs. Sales	Amount	Year-on-year change (%)
Net sales	5,879	100.0	5,961	100.0	82	1.4
Cost of sales	4,461	75.9	4,522	75.9	60	1.4
Selling, general and administrative expenses	1,230	20.9	1,245	20.9	15	1.3
Operating profit	187	3.2	193	3.2	6	3.3
Non-operating income	28	0.5	27	0.5	(1)	(3.8)
Non-operating expenses	13	0.2	10	0.2	(2)	(17.0)
Ordinary profit	202	3.4	209	3.5	7	3.6
Extraordinary income	3	0.1	1	0.0	(1)	(48.6)
Extraordinary loss	27	0.5	21	0.4	(6)	(23.6)
Profit before income taxes	178	3.0	190	3.2	12	6.7
Income taxes	48	0.8	56	1.0	8	16.7
Profit (loss) attributable to non-controlling interests	0	0.0	0	0.0	(0)	(49.6)
Profit attributable to owners of parent	129	2.2	133	2.2	3	3.1

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

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Profit	130	133	3	3.0
Total other comprehensive income	21	11	(10)	(48.4)
Comprehensive income	151	145	(6)	(4.4)
(of which, comprehensive income attributable to non-controlling interests)	0	0	(0)	(33.0)

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

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
[Net sales]				
Dairy products	2,323	2,397	73	3.2
Beverage and dessert	2,774	2,754	(19)	(0.7)
Feed and seeds	430	447	17	4.0
Other	350	361	11	3.2
Total	5,879	5,961	82	1.4
[Operating profit]				
Dairy products	117	121	4	3.6
Beverage and dessert	46	47	1	3.0
Feed and seeds	12	13	0	7.6
Other	11	11	0	3.4
Total	187	193	6	3.3

(Notes) 1. Main types of goods traded by business segment
Dairy Products : Dairy products (cheese, butter, milk powder etc.); fats & oils; Nutrition business (functional food products, infant formula etc.) etc.
Beverage & Dessert : beverages (milk drinks, fruit juice beverages etc.); yogurts; desserts etc.
Feed and Seeds : 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)

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Butter	223	221	(1)	(0.6)
Oils & fats	132	129	(2)	(1.8)
Cheese	741	771	29	4.0
Other	327	332	4	1.5
Total on a non-consolidated basis	1,425	1,456	31	2.2
Subsidiaries and other	898	941	42	4.7
Total on a consolidated basis	2,323	2,397	73	3.2

(Note) Subsidiaries and other 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)

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Functional food products	33	43	9	28.2
Infant formula and other	152	151	(1)	(0.9)
Total on a consolidated basis	186	194	8	4.3

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

Beverage and Dessert (Unit: 100 million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
White drinks	835	836	1	0.1
Colored drinks	448	440	(7)	(1.7)
Yogurt	559	561	1	0.3
Desserts & fresh cream	247	244	(2)	(1.2)
Other	39	35	(3)	(9.8)
Total on a non-consolidated basis	2,129	2,118	(11)	(0.6)
Subsidiaries and other	644	636	(8)	(1.2)
Total on a consolidated basis	2,774	2,754	(19)	(0.7)

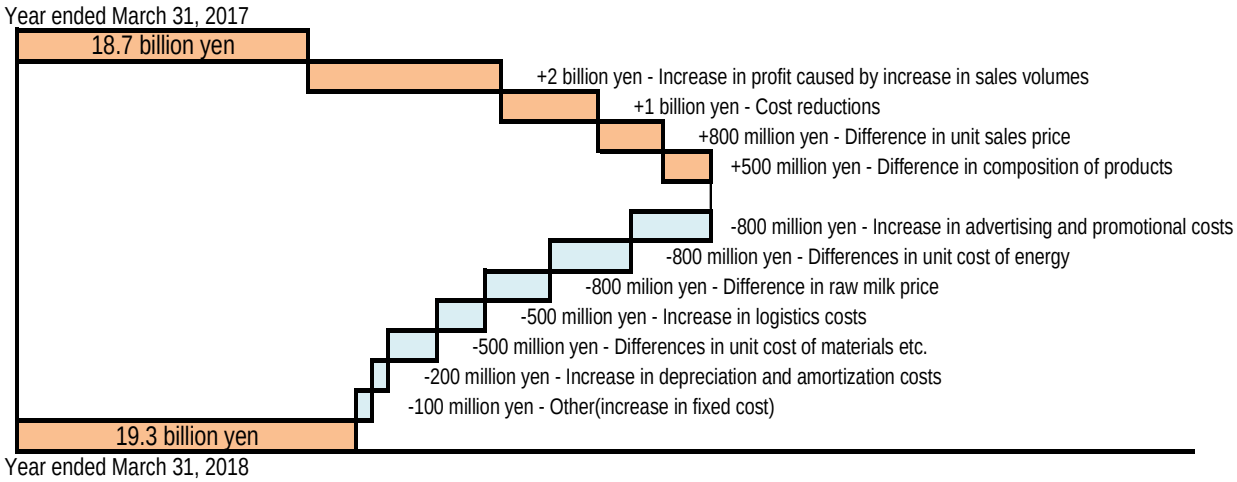
(Note) Subsidiaries and other includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany eliminations, etc.)

Feed and Seeds (Unit: 100 million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Net change	
	Result	Result	Amount	Year-on-year change (%)
Feedstuffs	337	344	6	2.1
Seed products	92	102	10	10.9
Total on a consolidated basis	430	447	17	4.0

(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	Beverage and dessert	Feed and seeds	Other
Factors behind increase in profit	Increase in profit caused by increase in sales volumes	20	18	(1)	1	2
	Cost reductions	10	10	0	0	0
	Difference in unit sales price	8	6	(1)	4	(1)
	Difference in composition of products	5	1	4	0	0
	Subtotal	43	35	2	5	1
Factors behind the decrease in profit	Increase in advertising and promotional costs	(8)	(17)	9	0	0
	Differences in unit cost of energy	(8)	(5)	(3)	0	0
	Difference in raw milk price	(8)	(6)	(2)	0	0
	Increase in logistics costs	(5)	(1)	(4)	0	0
	Differences in unit cost of materials etc.	(5)	(6)	1	0	0
	Increase in depreciation and amortization costs	(2)	0	0	0	(2)
	Other (increase in fixed cost)	(1)	4	(2)	(5)	1
	Subtotal	(37)	(31)	(1)	(5)	(1)
Total		6	4	1	0	0

* Amounts rounded down to the nearest 100 million yen

(vi) Consolidated Balance Sheet (Unit: 100 million yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Net change
(Current assets)	1,386	1,465	78
Cash and deposits	166	146	(20)
Receivables	650	693	42
Inventory assets	484	539	54
Deferred tax assets	45	43	(1)
Other	39	42	3
(Non-current assets)	2,028	2,063	35
Property, plant and equipment	1,645	1,647	1
Intangible assets	49	39	(10)
Investment securities	260	293	33
Deferred tax assets	21	21	0
Other	51	62	10
Total assets	3,415	3,529	113

	Year ended March 31, 2017	Year ended March 31, 2018	Net change
(Current liabilities)	1,210	1,406	196
Payables	598	644	46
Short-term loans payable	294	418	124
Other	317	343	25
(Non-current liabilities)	749	548	(200)
Long-term loans payable	473	270	(202)
Net defined benefit liabilities	82	86	4
Other	194	191	(2)
Total liabilities	1,960	1,955	(4)
Shareholders' equity	1,431	1,550	118
Non-controlling interests	23	23	0
Total net assets	1,454	1,573	118
Total liabilities/net assets	3,415	3,529	113

(vii) Consolidated Statement of Cash flows (Unit: 100 million yen)

	Year ended March 31, 2017 Result	Year ended March 31, 2018 Result	Amount of net change
Ⅰ Cash flows from operating activities	299	228	(71)
Ⅱ Cash flows from investing activities	(144)	(117)	26
Ⅲ Cash flows from financing activities	(143)	(129)	14
Ⅳ Effect of exchange rate on cash and cash equivalents	(0)	0	0
Ⅴ Amount of net change in cash and cash equivalents	11	(18)	(30)
Ⅵ Cash and cash equivalents at beginning of period	147	159	11
Ⅶ Cash and cash equivalents at end of period	159	140	(18)
(Ref.) Free cash flow (I + II)	155	110	(45)

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

(Unit: 100 million yen)

	Amount of capital investment	Depreciation and amortization *
Year ended March 31, 2017	147	151
Year ended March 31, 2018	159	151

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

(ix) Consolidated research & development costs

(Unit: 100 million yen)

Year ended March 31, 2017	39
Year ended March 31, 2018	43

(x) Number of consolidated employees

Year ended March 31, 2017	4,887
Year ended March 31, 2018	5,009

(Xi) Consolidated management indicators (Unit:%)

	Equity ratio	Ratio of operating profit to net sales	Consolidate ROA (vs. operating profit)	EBITDA Margin
Year ended March 31, 2017	41.9	3.2	5.5	5.8
Year ended March 31, 2018	43.9	3.2	5.5	5.8

(Unit: 100 million yen)

	Total assets	Equity	Interest-bearing debt*
Year ended March 31, 2017	3,415	1,431	835
Year ended March 31, 2018	3,529	1,550	750

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

(2) Comparisons with consolidated earnings forecast for fiscal year ended March 31, 2018
(forecast was announced on May 11, 2017)

(i) Consolidated earnings (Unit: 100 million yen)

	Year ended March 31, 2018				Net change	
	Forecast	Vs. Sales	Result	Vs. Sales	Amount	Forecast vs. Actual (%)
Net sales	6,000	100.0%	5,961	100.0%	(38)	(0.6%)
Operating profit	195	3.3%	193	3.2%	(1)	(0.7%)
Ordinary profit	205	3.4%	209	3.5%	4	2.4%
Profit attributable to owners of parent	130	2.2%	133	2.2%	3	3.0%

(ii) Consolidated earnings by segment (Unit: 100 million yen)

	Year ended March 31, 2018		Net change	
	Earning Forecast	Result	Amount	Forecast vs. Actual (%)
[Net sales]				
Dairy products	2,375	2,397	22	0.9%
Beverage and dessert	2,842	2,754	(87)	(3.1%)
Feed and seeds	421	447	26	6.2%
Other	362	361	(0)	(0.0%)
Total	6,000	5,961	(38)	(0.6%)
[Operating profit]				
Dairy products	112	121	9	8.3%
Beverage and dessert	61	47	(13)	(21.9%)
Feed and seeds	10	13	3	35.1%
Other	12	11	(0)	(5.1%)
Total	195	193	(1)	(0.7%)

(Notes) 1. Main types of goods traded by business segment
Dairy Products : Dairy products (cheese, butter, milk powder etc.); fats & oils;
Nutrition business (functional food products, infant formula etc.) etc.
Beverage & Dessert : beverages (milk drinks, fruit juice beverages etc.);
yogurts; desserts etc.
Feed and Seeds : 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.

(3) Consolidated earnings forecast for fiscal year ending March 31, 2019

(i) Consolidated earnings (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Net sales	3,080	1.5%	6,050	1.5%
Operating profit	97	(12.4%)	190	(1.9%)
Ordinary profit	100	(15.1%)	200	(4.7%)
Profit attributable to owners of parent	71	(1.2%)	135	0.9%

(ii) Consolidated earnings by segment (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
[Net sales]				
Dairy products	1,190	1.1%	2,440	1.8%
Beverage and dessert	1,470	2.1%	2,800	1.6%
Feed and seeds	235	(0.3%)	440	(1.6%)
Other	185	1.4%	370	2.2%
Total	3,080	1.5%	6,050	1.5%
[Operating profit]				
Dairy products	51	(9.8%)	119	(1.9%)
Beverage and dessert	28	(19.5%)	49	2.9%
Feed and seeds	11	(18.8%)	10	(26.0%)
Other	7	32.3%	12	5.3%
Total	97	(12.4%)	190	(1.9%)

(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 segment (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Butter	101	2.0%	222	0.3%
Oils & fats	63	(0.0%)	130	0.1%
Cheese	381	0.1%	781	1.3%
Other	151	(10.7%)	311	(6.3%)
Total on a non-consolidated basis	699	(2.2%)	1,445	(0.7%)
subsidiaries and other	490	6.1%	994	5.6%
Total on a consolidated basis	1,190	1.1%	2,440	1.8%

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

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

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Functional food products	25	19.0%	54	25.5%
Powdered milk and other	81	7.8%	166	9.7%
Total on a consolidated basis	106	10.3%	220	13.2%

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

Beverage and Dessert (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
White drinks	429	(0.4%)	825	(1.3%)
Colored drinks	232	(5.7%)	416	(5.4%)
Yogurt	318	10.8%	630	12.3%
Desserts & fresh cream	121	0.5%	250	2.7%
Other	17	5.0%	35	(0.6%)
Total on a non-consolidated basis	1,117	1.5%	2,159	1.9%
subsidiaries and other	352	4.0%	640	0.6%
Total on a consolidated basis	1,470	2.1%	2,800	1.6%

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

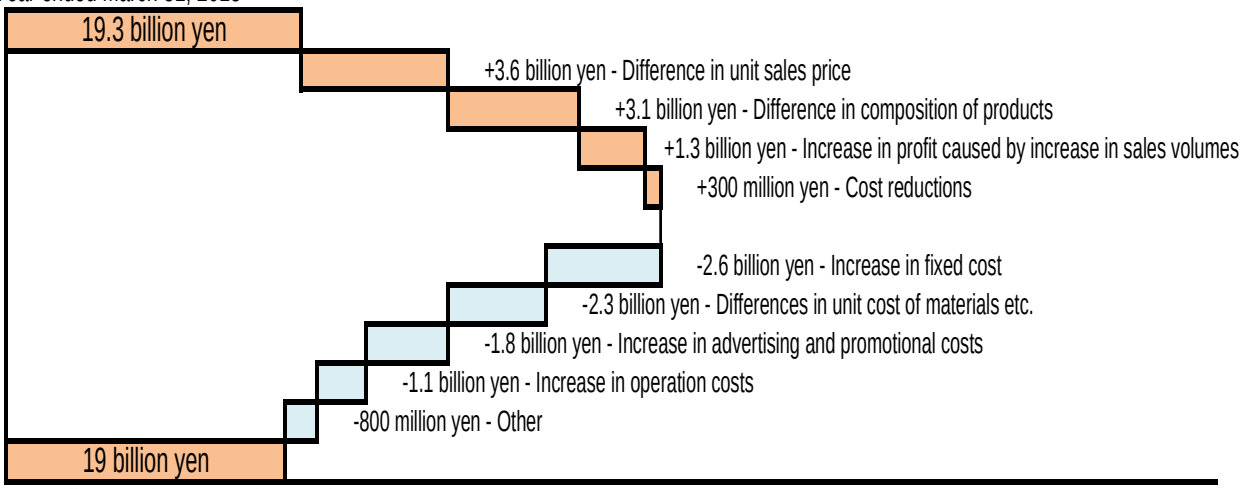
Feed and Seeds (Unit: 100 million yen)

	Year ending March 31, 2019			
	April 1, 2018 -September 30, 2018		April 1, 2018 -March 31, 2019	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Feedstuffs	167	(1.7%)	339	(1.4%)
Seed products	67	3.0%	100	(2.4%)
Total on a consolidated basis	235	(0.3%)	440	(1.6%)

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

(iv) Cause of net changes in consolidated operating profit

Year ended March 31, 2018



Year ending March 31, 2019 (forecast)

Details of consolidated operating profit by segment

(Unit: 100 million yen)

	Factors behind changes	Total	Dairy products	Beverage and dessert	Feed and seeds	Other
Factors behind increase in profit	Difference in unit sales price	36	35	0	0	1
	Difference in composition of products	31	7	24	0	0
	Increase in profit caused by increase in sales volumes	13	2	11	(1)	1
	Cost reductions	3	1	2	0	0
	Subtotal	83	45	37	(1)	2
Factors behind the decrease in profit	Increase in fixed cost	(26)	(8)	(16)	(1)	(1)
	Differences in unit cost of materials etc.	(23)	(18)	(5)	0	0
	Increase in advertising and promotional costs	(18)	(13)	(5)	0	0
	Increase in operation costs	(11)	(4)	(7)	0	0
	Other	(8)	(4)	(3)	(1)	(1)
	Subtotal	(86)	(47)	(36)	(2)	(2)
Total		(3)	(2)	1	(3)	0

* Amounts rounded down to the nearest 100 million yen

(v) Capital investment (property, plant and equipment) & depreciation and amortization

(Unit: 100 million yen)

	Amount of capital investment	Depreciation and amortization *
Year ending March 31, 2019	205	159

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

(4) Non-consolidated net sales by business segment

(Unit: 100 million yen)

	Year ended March 31, 2017		Year ended March 31, 2018		Amount of net change
	Result	Year-on-year change (%)	Result	Year-on-year change (%)	
Dairy products	1,425	2.1%	1,456	2.2%	31
(of which, butter)	223	(1.5%)	221	(0.6%)	(1)
(of which, oils & fats)	132	(7.0%)	129	(1.8%)	(2)
(of which, cheese)	741	3.3%	771	4.0%	29
Beverage and dessert	2,129	1.3%	2,118	(0.6%)	(11)
(of which, white drinks)	835	0.6%	836	0.1%	1
(of which, colored drinks)	448	2.0%	440	(1.7%)	(7)
(of which, yogurt)	559	3.0%	561	0.3%	1
(of which, desserts & fresh cream)	247	(0.2%)	244	(1.2%)	(2)
Other	20	1.9%	20	1.0%	0
Total	3,575	1.6%	3,594	0.5%	19

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

	(after)	(before)
Butter:	32.8%	30.6%
Oils & fats:	37.2%	34.4%
Cheese:	18.7%	15.1%
Milk:	7.2%	6.8%
Milk beverage:	20.9%	20.4%
Yogurt:	11.0%	11.3%

Source: SCI (up to 79 years old), in value terms

Note. Changes from the last report

- People ages 70 to 79 were added to the survey population of people ages 15 to 69.
- The unit of dairy products was changed from the volume to the value to make then aligned with beverage and dessert.