

Consolidated Financial Results for the Nine Months Ended December 31, 2017
(Prepared pursuant to Japanese GAAP)

February 7, 2018

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 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 Nine Months of the Fiscal Year Ending March 31, 2018
(April 1, 2017 – December 31, 2017)

(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	%
Nine months ended December 31, 2017	454,691	1.1	16,108	(0.5)	17,556	2.1	11,763	1.5
Nine months ended December 31, 2016	449,853	2.3	16,184	46.3	17,196	55.5	11,588	(18.4)

Note: Comprehensive income: Nine Months Ended December 31, 2017 : 12,938 million yen (1.4%)
 Nine Months Ended December 31, 2016 : 12,759 million yen (-12.3%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Nine months ended December 31, 2017	173.42	—
Nine months ended December 31, 2016	170.83	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
December 31, 2017	350,659	155,839	43.8	2,262.97
March 31, 2017	341,507	145,485	41.9	2,110.80

For reference:

Equity: December 31, 2017 : 153,470 million yen
 March 31, 2017 : 143,179 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, 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-on-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)

December 31, 2017	70,751,855 shares
March 31, 2017	70,751,855 shares

2) Treasury stock as of period-end

December 31, 2017	2,933,771 shares
March 31, 2017	2,919,856 shares

3) Average number of shares (during the respective nine-month period)

Nine months ended December 31, 2017	67,829,264 shares
Nine months ended December 31, 2016	67,835,428 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.

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1. Operating Results

(1) Overview of Operating Results

Business conditions in Japan gradually recovered in the nine months ended December 31, 2017, and economic recovery is expected to continue. However, there is concern about uncertainties in overseas economies and instability centered on financial markets.

Although consumer spending continues to gradually pick up amid improvement in the employment and personal income environment, 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 nine months ended December 31, 2017, consolidated net sales were ¥454,691 million (an increase of 1.1% over the same period of the previous fiscal year), operating profit was ¥16,108 million (down 0.5%), ordinary profit was ¥17,556 million (up 2.1%), and profit attributable to owners of parent was ¥11,763 million (up 1.5%).

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 nine months ended December 31, 2017, were as follows. Net sales and operating profit by segment are calculated based on 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 ¥180,553 million (an increase of 2.2% over the same period of the previous fiscal year), and operating profit was ¥9,320 million (down 1.6%).

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, sliced cheese, and other cheese products attributable to the impact of promotion activities in a growing market.

Operating profit decreased, due in part to increases in promotional expenses and energy 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 ¥212,341 million (a decrease of 0.5% from the same period of the previous fiscal year), and operating profit was ¥4,156 million (down 4.5%).

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 decreased as a result of factors including an increase in 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 ¥34,180 million (an increase of 4.3% from the same period of the previous fiscal year), and operating profit was ¥1,415 million (up 22.9%).

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

This segment comprises real estate rental, joint distribution center services, and other businesses.

Net sales in this segment were ¥27,616 million (an increase of 2.4% from the same period of the previous fiscal year), and operating profit was ¥1,149 million (up 2.0%).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of December 31, 2017, increased by ¥9,151 million from the previous fiscal year-end.

The change is mainly attributable to increases in notes and accounts receivable-trade and investment securities, which offset a decrease in cash and deposits.

Liabilities

Total liabilities as of December 31, 2017, decreased by ¥1,202 million from the previous fiscal year-end.

The change is mainly attributable to a decrease in long-term loans payable, which offset increases in notes and accounts payable-trade and short-term loans payable.

Net assets

Total net assets as of December 31, 2017, increased by ¥10,353 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 December 31, 2017, totaled ¥11,141 million.

The following is a summary of consolidated cash flows and factors affecting cash flows for the nine months ended December 31, 2017.

Cash flows from operating activities

Operating activities provided net cash of ¥16,085 million, a ¥3,571 million decrease in cash provided from the ¥19,656 million in cash provided in the nine months ended December 31, 2016.

The change is mainly attributable to increases in notes and accounts receivable-trade and inventories and a decrease in income taxes paid.

Cash flows from investing activities

Investing activities used net cash of ¥9,078 million, a ¥1,390 million decrease in cash used from the ¥10,468 million used in the nine months ended December 31, 2016.

The change is mainly attributable to a decrease in purchase of property, plant and equipment and intangible assets and a decrease in proceeds from sales of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥11,823 million, a ¥679 million increase in cash used from the ¥11,144 million used in the nine months ended December 31, 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 repayment of 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

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	16,657	11,735
Notes and accounts receivable-trade	65,063	75,302
Merchandise and finished goods	35,021	35,485
Work in process	905	1,683
Raw materials and supplies	12,524	12,710
Deferred tax assets	4,556	4,144
Other	4,472	5,630
Allowance for doubtful accounts	(535)	(433)
Total current assets	138,665	146,257
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,452	46,760
Machinery, equipment and vehicles, net	56,921	54,259
Land	50,057	50,386
Other, net	12,164	11,266
Total property, plant and equipment	164,596	162,673
Intangible assets	4,929	4,244
Investments and other assets		
Investment securities	26,015	29,300
Deferred tax assets	2,126	2,092
Other	5,933	6,796
Allowance for doubtful accounts	(759)	(705)
Total investments and other assets	33,316	37,483
Total Non-current assets	202,842	204,401
Total assets	341,507	350,659

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,886	65,791
Short-term loans payable	29,406	41,492
Income taxes payable	2,902	1,387
Provision for bonuses	5,285	3,106
Other	23,579	26,961
Total current liabilities	121,060	138,739
Non-current liabilities		
Long-term loans payable	47,304	28,282
Deferred tax liabilities	1,093	1,740
Deferred tax liabilities for land revaluation	3,982	3,982
Provision for director's retirement benefits	137	20
Provision for gift token exchange	203	193
Net defined benefit liabilities	8,229	8,621
Asset retirement obligations	2,284	2,034
Other	11,726	11,205
Total Non-current liabilities	74,961	56,080
Total liabilities	196,022	194,819
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,583	17,584
Retained earnings	97,336	106,560
Treasury stock	(4,571)	(4,617)
Total shareholders' equity	130,348	139,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,400	6,277
Deferred gains or losses on hedges	(199)	(146)
Revaluation reserve for land	8,954	8,954
Foreign currency translation adjustment	250	372
Remeasurements of defined benefit plans	(1,574)	(1,514)
Total accumulated other comprehensive income	12,831	13,943
Non-controlling interests	2,306	2,368
Total net assets	145,485	155,839
Total liabilities and net assets	341,507	350,659

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	449,853	454,691
Cost of sales	341,155	343,435
Gross profit	108,698	111,256
Selling, general and administrative expenses	92,514	95,148
Operating profit	16,184	16,108
Non-operating income		
Interest income	14	16
Dividend income	651	822
Equity in earnings of affiliates	466	611
Other	838	743
Total non-operating income	1,970	2,194
Non-operating expenses		
Interest expenses	529	411
Other	429	334
Total non-operating expenses	958	745
Ordinary profit	17,196	17,556
Extraordinary income		
Gain on sales of non-current assets	284	26
Gain on sales of investment securities	13	40
Other	51	1
Total extraordinary income	349	69
Extraordinary loss		
Loss on sales of non-current assets	37	107
Loss on retirement of non-current assets	778	727
Impairment loss	262	126
Other	88	103
Total extraordinary loss	1,166	1,064
Profit before income taxes	16,379	16,561
Income taxes	4,645	4,738
Profit	11,733	11,822
Profit attributable to non-controlling interests	145	59
Profit attributable to owners of parent	11,588	11,763

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	11,733	11,822
Other comprehensive income		
Valuation difference on available-for-sale securities	864	878
Deferred gains or losses on hedges	326	53
Foreign currency translation adjustment	(343)	121
Remeasurements of defined benefit plans	181	68
Share of other comprehensive income of entities accounted for using the equity method	(3)	(4)
Total other comprehensive income	1,025	1,116
Comprehensive income	12,759	12,938
Comprehensive income attributable to owners of parent	12,616	12,875
Comprehensive income attributable to non- controlling interests	142	63

(3) Quarterly Consolidated Statements of Cash flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities		
Profit before income taxes	16,379	16,561
Depreciation and amortization	11,081	11,289
Impairment loss	262	126
Equity in (earnings) losses of affiliates	(466)	(611)
Increase (decrease) in allowance for doubtful accounts	(51)	(155)
Increase (decrease) in provision for bonuses	(1,197)	(2,179)
Decrease (increase) in net defined benefit asset	—	(555)
Increase (decrease) in net defined benefit liability	(223)	491
Increase (decrease) in provision for gift token exchange	(8)	(10)
Increase (decrease) in provision for directors' retirement benefits	(125)	(117)
Loss (gain) on sales and retirement of non-current assets	530	807
Interest and dividend income received	(665)	(839)
Interest expenses	529	411
Decrease (increase) in notes and accounts receivable-trade	(9,155)	(10,191)
Decrease (increase) in inventories	5,010	(1,377)
Increase (decrease) in notes and accounts payable-trade	2,812	5,872
Other	4,034	1,157
Sub total	28,747	20,680
Interest and dividend income	713	909
Interest expenses paid	(525)	(380)
Income taxes paid	(9,279)	(5,124)
Net cash provided by (used in) operating activities	19,656	16,085

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from investing activities		
Payments into time deposits	(103)	(67)
Proceeds from withdrawal of time deposits	111	190
Payments of loans receivable	(180)	(263)
Collection of loans receivable	185	300
Purchase of property, plant and equipment and intangible assets	(11,609)	(9,394)
Proceeds from sales of property, plant and equipment and intangible assets	1,110	392
Purchase of investment securities	(15)	(14)
Proceeds from sales of investment securities	35	114
Other	(3)	(336)
Net cash provided by (used in) investing activities	(10,468)	(9,078)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,035	(3,786)
Proceeds from long-term loans payable	5,000	1,500
Repayment of long-term loans payable	(17,492)	(4,650)
Purchase of treasury stock	(12)	(46)
Cash dividends paid	(2,035)	(2,710)
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	—	(1,397)
Other	(637)	(731)
Net cash provided by (used in) financing activities	(11,144)	(11,823)
Effect of exchange rate on cash and cash equivalents	(112)	17
Net increase (decrease) in cash and cash equivalents	(2,069)	(4,799)
Cash and cash equivalents at beginning of period	14,797	15,940
Cash and cash equivalents at end of period	12,728	11,141

(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

Nine months ended December 31, 2016 (April 1 to December 31, 2016)

(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	176,618	213,503	32,762	422,884	26,969	449,853	—	449,853
Inter-segment sales and transfers	10,203	23	693	10,920	8,942	19,863	(19,863)	—
Total	186,821	213,527	33,455	433,805	35,911	469,716	(19,863)	449,853
Segment profit	9,472	4,351	1,152	14,975	1,127	16,102	81	16,184

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

2. The 81 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.

Nine months ended December 31, 2017 (April 1 to December 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	180,553	212,341	34,180	427,075	27,616	454,691	—	454,691
Inter-segment sales and transfers	10,521	27	661	11,211	9,129	20,340	(20,340)	—
Total	191,074	212,369	34,842	438,286	36,745	475,032	(20,340)	454,691
Segment profit	9,320	4,156	1,415	14,892	1,149	16,042	65	16,108

Note: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 65 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)

	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Net change	
	Result	Vs. Sales	Result	Vs. Sales	Amount	Year-on- year change (%)
Net sales	4,498	100.0	4,546	100.0	48	1.1
Cost of sales	3,411	75.8	3,434	75.5	22	0.7
Selling, general and administrative expenses	925	20.6	951	20.9	26	2.8
Operating profit	161	3.6	161	3.5	(0)	(0.5)
Non-operating income	19	0.4	21	0.5	2	11.4
Non-operating expenses	9	0.2	7	0.2	(2)	(22.2)
Ordinary profit	171	3.8	175	3.9	3	2.1
Extraordinary income	3	0.1	0	0.0	(2)	(80.2)
Extraordinary loss	11	0.3	10	0.2	(1)	(8.8)
Profit before income taxes	163	3.6	165	3.6	1	1.1
Income taxes	46	0.1	47	1.0	0	2.0
Profit (loss) attributable to non-controlling	1	0.0	0	0.0	(0)	(59.2)
Profit attributable to owners of parent	115	2.6	117	2.6	1	1.5

(ii) Quarterly Consolidated Statements of Comprehensive Income

(Unit: 100 million yen)

	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Net change	
	Result		Result		Amount	Year-on- year change (%)
Profit	117		118		0	0.8
Total other comprehensive income	10		11		0	8.9
Comprehensive income	127		129		1	1.4
(of which, comprehensive income attributable to non-controlling interests)	1		0		(0)	(55.4)

(iii) Results for each consolidated segment

(Unit: 100 million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Net change	
	Result	Result	Amount	Year-on- year change (%)
[Net sales]				
Dairy products	1,766	1,805	39	2.2
Beverage and dessert	2,135	2,123	(11)	(0.5)
Feed and seeds	327	341	14	4.3
Other	269	276	6	2.4
Total	4,498	4,546	48	1.1
[Operating profit]				
Dairy products	94	93	(1)	(1.6)
Beverage and dessert	43	41	(1)	(4.5)
Feed and seeds	11	14	2	22.9
Other	11	11	0	2.0
Total	161	161	(0)	(0.5)

(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)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Net change	
	Result	Result	Amount	Year-on- year change (%)
Butter	170	168	(1)	(1.1)
Oils & fats	100	97	(2)	(2.1)
Cheese	568	593	24	4.3
Other	243	246	2	1.0
Total on a non-consolidated basis	1,083	1,105	22	2.1
Subsidiaries and others	683	699	16	2.4
Total on a consolidated basis	1,766	1,805	39	2.2

(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)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Net change	
	Result	Result	Amount	Year-on- year change (%)
Functional food products	23	33	9	38.0
Infant formula and other	118	117	(1)	(1.1)
Total on a consolidated basis	142	150	7	5.4

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

Beverage and Dessert

(Unit: 100 million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Net change	
	Result	Result	Amount	Year-on- year change (%)
White drinks	636	639	3	0.5
Colored drinks	353	346	(7)	(2.0)
Yogurt	421	425	3	0.9
Desserts & fresh cream	186	184	(1)	(1.0)
Other	29	27	(2)	(7.5)
Total on a non-consolidated basis	1,627	1,622	(4)	(0.3)
Subsidiaries and others	507	500	(7)	(1.4)
Total on a consolidated basis	2,135	2,123	(11)	(0.5)

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

Feed and Seeds

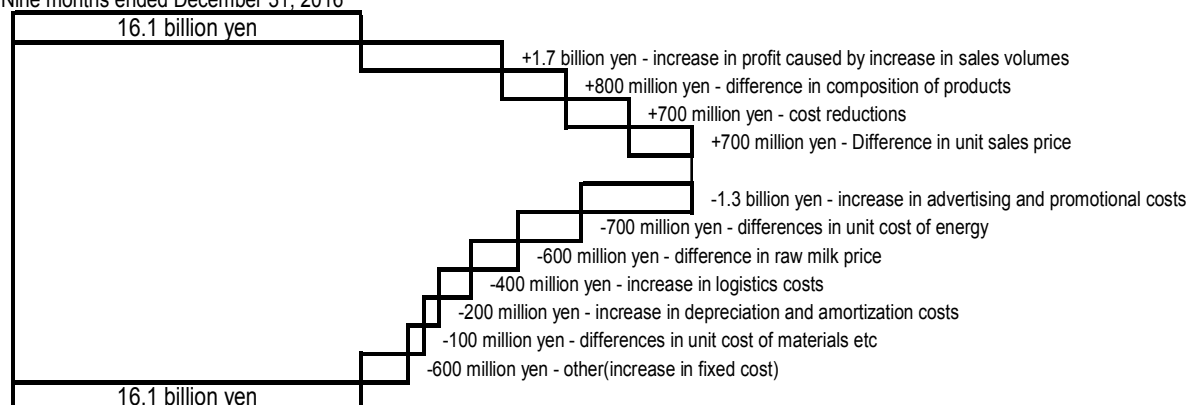
(Unit: 100 million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Net change	
	Result	Result	Amount	Year-on- year change (%)
Feedstuffs	254	259	5	2.1
Seed products	73	82	8	12.0
Total on a consolidated basis	327	341	14	4.3

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

(v) Causes of net changes in consolidated operating profit

Nine months ended December 31, 2016



Nine months ended December 31, 2017

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	17	14	(1)	2	2
	Difference in composition of products	8	1	7	0	0
	Cost reductions	7	7	0	0	0
	Difference in unit sales price	7	5	(1)	4	(1)
	Subtotal	39	27	6	6	0
Factors behind the decrease in profit	Increase in advertising and promotional costs	(13)	(19)	6	0	0
	Differences in unit cost of energy	(7)	(5)	(2)	0	0
	Difference in raw milk price	(6)	(5)	(1)	0	0
	Increase in logistics costs	(4)	(1)	(3)	0	0
	Increase in depreciation and amortization costs	(2)	0	0	0	(2)
	Differences in unit cost of materials etc	(1)	0	(1)	0	0
	Other (increase in fixed cost)	(6)	2	(6)	(4)	2
	Subtotal	(39)	(28)	(7)	(4)	0
	Total	(0)	(1)	(1)	2	0

* Amounts rounded down to the nearest 100 million yen

(vi) Quarterly Consolidated Balance Sheet

(Unit: 100 million yen)

	Year ended March 2017	Nine months ended December 31, 2017	Net change
(Current assets)	1,386	1,462	75
Cash and deposits	166	117	(49)
Receivables	650	753	102
Inventory assets	484	498	14
Deferred tax assets	45	41	(4)
Other	39	51	12
(Non-current assets)	2,028	2,044	15
Property, plant and equipment	1,645	1,626	(19)
Intangible assets	49	42	(6)
Investment securities	260	293	32
Deferred tax assets	21	20	(0)
Other	51	60	9
Total assets	3,415	3,506	91

	Year ended March 2017	Nine months ended December 31, 2017	Net change
(Current liabilities)	1,210	1,387	176
Payables	598	657	59
Short-term loans payable	294	414	120
Other	317	314	(3)
(Non-current liabilities)	749	560	(188)
Long-term loans payable	473	282	(190)
Net defined benefit liabilities	82	86	3
Other	194	191	(2)
Total liabilities	1,960	1,948	(12)
Shareholders' equity	1,431	1,534	102
Non-controlling interests	23	23	0
Total net assets	1,454	1,558	103
Total liabilities/net assets	3,415	3,506	91

(vii) Quarterly Consolidated Statement of Cash flows

(Unit: 100 million yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Amount of net change
	Result	Result	
I Cash flows from operating activities	196	160	(35)
II Cash flows from investing activities	(104)	(90)	13
III Cash flows from financing activities	(111)	(118)	(6)
IV Effect of exchange rate on cash and cash equivalents	(1)	0	1
V Amount of net change in cash and cash equivalents	(20)	(47)	(27)
VI Cash and cash equivalents at beginning of period	147	159	11
VII Cash and cash equivalents at end of period	127	111	(15)
(Ref.) Free cash flow (I + II)	91	70	(21)

(2) 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	2,375	2.2
Beverage and dessert	2,842	2.4
Feed and seeds	421	(2.1)
Other	362	3.2
Total	6,000	2.1
[Operating profit]		
Dairy products	112	(4.4)
Beverage and dessert	61	31.9
Feed and seeds	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.)

(3) Non-consolidated net sales by business segment

(Unit: 100 million yen)

	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Amount of net change
	Result	Year-on-year change (%)	Result	Year-on-year change (%)	
Dairy products	1,083	2.5	1,105	2.1	22
(of which, butter)	170	(0.7)	168	(1.1)	(1)
(of which, oils & fats)	100	(8.1)	97	(2.1)	(2)
(of which, cheese)	568	2.9	593	4.3	24
Beverage and dessert	1,627	1.6	1,622	(0.3)	(4)
(of which, white drinks)	636	0.2	639	0.5	3
(of which, colored drinks)	353	2.8	346	(2.0)	(7)
(of which, yogurt)	421	4.2	425	0.9	3
(of which, desserts & fresh cream)	186	0.3	184	(1.0)	(1)
Other	14	(1.6)	15	4.1	0
Total	2,725	1.9	2,744	0.7	18

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

Butter:	30.7%
Oils & fats:	34.5%
Cheese:	15.2%
Milk:	6.8%
Milk beverage:	20.2%
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)