



May 14, 2015

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2015
<Japanese GAAP>

Listed company: Morinaga Milk Industry Co., Ltd.
 Listed stock exchange: Tokyo
 Securities code: 2264
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 Planned Date of General Shareholders' Meeting: June 26, 2015
 Planned Commencement Date of Dividend Payments: June 29, 2015
 Planned Filing Date of Securities Report: June 29, 2015
 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated operating results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
March 31, 2015	594,834	(0.7)	6,805	(43.2)	8,232	(33.6)	4,164	(14.0)
March 31, 2014	599,273	1.4	11,982	17.9	12,395	17.5	4,839	(3.5)

(Note) Comprehensive income: the fiscal year ended March 31, 2015: ¥7,416 million / 7.5%
 the fiscal year ended March 31, 2014: ¥6,899 million / 12.5%

	Net income per share	Net income per share-diluted	Net income to shareholders' equity	Ordinary income to assets	Operating income to net sales
For the fiscal year ended	Yen	Yen	%	%	%
March 31, 2015	16.86	16.81	3.4	2.2	1.1
March 31, 2014	19.60	19.54	4.1	3.4	2.0

(Reference) Equity method investment gain or loss: the fiscal year ended March 31, 2015: ¥125 million
 the fiscal year ended March 31, 2014: ¥122 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	383,357	125,286	32.4	502.36
As of March 31, 2014	360,578	120,959	33.3	486.84

(Reference) Shareholders' equity: As of March 31, 2015: ¥124,124 million
 As of March 31, 2014: ¥120,245 million

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
For the fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2015	8,543	(17,642)	12,887	11,105
March 31, 2014	21,946	(15,930)	(18,211)	7,080

2. Dividends

	Annual dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
For the fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2014	–	–	–	7.00	7.00	1,728	35.7	1.5
March 31, 2015	–	–	–	7.00	7.00	1,729	41.5	1.4
For the fiscal year ending March 31, 2016 (Forecast)	–	–	–	7.00	7.00		34.6	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	318,000	0.7	7,600	47.5	8,000	43.1	3,900	18.9	15.78
Full year	600,000	0.9	10,300	51.3	11,000	33.6	5,000	20.1	20.24

*** Notes**

(1) Change in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation): None

New: - (Company name:) Excluded: - (Company name:)

(2) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies in accordance with revision of accounting standards: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(Note) For details, refer to page 18 of the attached materials, "5. Consolidated Financial Statements (5) Note regarding the consolidated financial statements (Changes in accounting policies)."

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)

As of March 31, 2015	248,977,218 shares
As of March 31, 2014	253,977,218 shares

(ii) Number of treasury shares at end of period

As of March 31, 2015	1,895,573 shares
As of March 31, 2014	6,986,042 shares

(iii) Average number of shares during period

Fiscal year ended March 31, 2015	247,041,036 shares
Fiscal year ended March 31, 2014	246,967,165 shares

(Reference) Outline of non-consolidated business results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Non-consolidated financial results (% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
March 31, 2015	444,371	0.2	(267)	-	3,471	(50.8)	1,668	(49.9)
March 31, 2014	443,640	(0.6)	2,941	23.8	7,050	18.0	3,327	38.9

	Net income per share		Net income per share—diluted	
	Yen		Yen	
For the fiscal year ended				
March 31, 2015	6.75		6.73	
March 31, 2014	13.47		13.43	

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	319,950	83,270	26.0	336.22
As of March 31, 2014	304,633	83,787	27.4	338.44

(Reference) Shareholders' equity: As of March 31, 2015: ¥83,074 million

As of March 31, 2014: ¥83,590 million

* Presentation regarding status of audit procedures

At the time of disclosure of this earnings report, the audit procedures for consolidated financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions on market trends, etc. deemed to be reasonable, and are subject to uncertainties. Consequently, actual business and other results may differ substantially due to various factors. For details of the above forecasts of consolidated financial results, refer to page 3.

[Attached Materials]

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

Supplementary Data on Financial Results

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

i) Operating results for the fiscal year under review

In the first consolidated quarter, the Japanese economy began to show signs of improvement across the board in corporate results and the employment situation on the back of the government and Bank of Japan's (BOJ) economic and monetary policies, despite the effects of a backlash in rush demand from the consumption tax rate hike in the first quarter. However, in addition to a stagnant domestic consumption, concerns over the impact on the Japanese economy of a slowdown in overseas economies and other factors have continued to keep business conditions in a state of uncertainty.

In the food industry, conditions remained difficult even though there were glimpses of a tendency towards high high-value-added products in some sectors, as factors such as the continuing high prices of raw materials and unseasonal summer weather impacted on business, amidst the ongoing thriftiness of consumers.

In the dairy and milk industry, the skyrocketing prices of feed has led to the raw milk trading price being increased in the fiscal year under review as well, continuing on from the previous period.

In this business environment, the Morinaga Milk Group has continued to develop and improve its products to meet the needs of customers and strengthen its sales system, while also focusing on measures to absorb cost increases by optimizing raw material procurement and working on smarter combination of ingredients, as well as streamlining both production and distribution and ensuring more effective expenditure on sales promotion expenses.

As a result of these activities, consolidated net sales for the fiscal year under review were ¥594,834 million (down 0.7% year on year).

Meanwhile, the rising prices of raw materials substantially impacted profits, particularly up to the second quarter of the fiscal year under review. As a result, consolidated operating income fell to ¥6,805 million (down 43.2% year on year) and consolidated ordinary income also fell to ¥8,232 million (down 33.6% year on year). Consolidated net income fell to ¥4,164 million (down 14.0% year on year), due in part to an increase in gain on sales of non-current assets and a fall in costs for streamlining the production system.

Business conditions by segment (before the elimination of interdivisional transactions) are as follows.

Food industry (Commercial milk, dairy products, ice cream, drinks, etc.)

Net sales for the fiscal year under review were ¥574,886 million (down 0.3% year on year), while operating income fell to ¥14,057 million (down 22.7% year on year).

Other industries (feed, design and construction of plant equipment, etc.)

Net sales in other industries were ¥26,193 million (down 10.8% year on year), while operating income fell to ¥1,324 million (down 46.6% year on year).

Expenses relating to the administrative division of the Company and other group-wide expenses not allocated to business segments are ¥8,152 million.

ii) Overview of non-consolidated results of Morinaga Milk Industry

Overview

The Company's results saw an increase in net sales to ¥444,371 million (up 0.2% year on year). On the profit and loss front, the Company posted an operating loss of ¥267 million, while ordinary income fell to ¥3,471 million (down 50.8% year on year) and net income also decreased to ¥1,668 million (down 49.9% year on year).

Sales by products

Commercial milk

In raw milk products, although sales of the quality-governing milk *Makiba no Sora* were down from the previous year, sales of white milk drinks such as *Ajiwai Dayori* grew substantially over the previous year, and sales of *Morinaga Oishii Gyunyu Milk* were also slightly up over the same period. As a result, there was a marginal rise in net sales overall.

In milk-based drinks, sales of the *Mt.RAINIER CAFFÈ LATTE* series grew over the previous year. However, a decline in sales of the *Piknik* series and *Lipton Milk Tea* over the same period resulted in a decrease in net sales overall.

In yogurt products, although sales of *Thick Greek Yogurt PARTHENO* and *Lactoferrin Yogurt* rose substantially over the previous year's levels, a fall in sales of *Aloe Yogurt* and the *Bifidus Yogurt 4 Pot* series over the same period resulted in a fall in net sales overall.

As a result, net sales of commercial milk products decreased to ¥202,989 million (down 0.7% year on year).

Dairy products

In powdered milk, sales of the modified powdered milk products *Morinaga Dry Milk Hagukumi* and *Creap* (creaming powder) were down from the previous year's levels, resulting in a decrease in net sales overall.

In butter products, sales of butter for household use declined over the previous year's levels, while butter for commercial use rose over the same period, resulting in a marginal increase in net sales overall.

In cheese products, sales of the Kraft brand *6P Cheese*, *Kireteru Cheese*, and *Mozzarella Cheese* grew substantially over the previous year, resulting in an increase in net sales overall.

As a result, net sales of dairy products decreased to ¥93,572 million (up 1.8% year on year).

Ice Cream

In ice cream products, although sales of *Pino* and *PARM* grew over the previous year, a fall in sales of frozen sweets and *MOW* over the same period resulted in a decline in net sales overall.

As a result, net sales of ice cream products decreased to ¥50,392 million (down 1.3% year on year).

Other

The discontinuation of coffee cream for household use negatively impacted sales, and sales of jelly products were also down from the previous year's levels. However, sales of cream for commercial use and the slightly acidic electrolysed water generator *PURESTER* grew substantially over the previous year.

As a result, net sales of other products increased to ¥97,416 million (up 1.3% year on year).

iii) Projected results for the fiscal year ending March 31, 2016

The full-year consolidated earnings forecasts for the fiscal year ending March 31, 2016 are as follows: net sales of ¥600,000 million (up 0.9% year on year), operating income of ¥10,300 million (up 51.3% year on year), ordinary income of ¥11,000 million (up 33.6% year on year), and net income attributable to parent company shareholders of ¥5,000 million (up 20.1% year on year).

The Japanese economy in the next fiscal year is expected to continue on its gradual recovery as employment and income continue to improve. However, the outlook for economic conditions remains uncertain due to factors such as the effect of rising consumer prices on consumption, and concerns over the risk of a downturn in overseas economies.

In the food industry as well, the anticipated impact of revised product prices due to the continuing rise in raw material prices and other factors are expected to see business conditions remain challenging.

In the dairy and milk industry, along with the need to keep a close watch on demand and supply trends for milk raw materials and milk products amidst a decline in raw milk production, the issues to focus on now are strengthening the dairy production base and ensuring an adequate supply of milk products, centering on the Trans Pacific Strategic Economic Partnership Agreement (TPP) and other measures.

The forecast for the fiscal year ending March 31, 2016 is for an ongoing rise in the cost of raw materials. In order to absorb these costs, the Morinaga Group will focus on expanding profitable sales and promoting measures for dealing with rising costs, such as streamlining sales promotion expenses, as key issues.

(2) Analysis of financial position

i) Assets, liabilities, and net assets

For assets at the end of the consolidated fiscal year under review, the capital investment of overseas subsidiaries and associated funding resulted in an increase in cash and deposits in total property, plant and equipment. As a result, total

assets increased by ¥22,778 million year on year to ¥383,357 million.

Total liabilities rose by ¥18,451 million year on year to ¥258,070 million, due to an increase in the total amount of loans payable and bonds as a result of the aforementioned capital investment, among other factors.

Total net assets increased by ¥4,327 million year on year to ¥125,286 million. This was attributable to a rise in the valuation difference on available-for-sale securities and remeasurements of defined benefit plans, among other factors.

As a result, the shareholders' equity ratio fell from 33.3% of the previous year to 32.4%, and net assets per share rose from ¥486.84 of the previous year to ¥502.36.

ii) Cash flows

The status of each type of cash flow for the consolidated fiscal year under review is as follows.

Cash flow from operating activities fell by ¥13,403 million in inflows year on year to ¥8,543 million. In addition to a fall in income before income taxes and minority interests, this was mainly attributable to a substantial increase year on year in notes and accounts receivable-trade and inventories, and a large decrease in notes and accounts payable-trade.

Cash flow from investing activities rose by ¥1,711 million in outflows year on year to ¥17,642 million. This was attributable to various factors, including an increase in outflows from the purchase of non-current assets.

The total free cash flow of these activities fell by ¥15,115 million year on year to ¥9,099 million.

Cash flow from financing activities increased by ¥31,099 million in inflows year on year to ¥12,887 million. This was attributable to a year-on-year increase in inflows from loans payable and the issue of bonds, among other factors.

As a result of these activities, cash and cash equivalents at the end of the consolidated fiscal year under review rose by ¥4,025 million year on year to ¥11,105 million.

The trend of cash flow indicators is as follows.

	For the fiscal year ended March 31, 2011	For the fiscal year ended March 31, 2012	For the fiscal year ended March 31, 2013	For the fiscal year ended March 31, 2014	For the fiscal year ended March 31, 2015
Shareholders' equity ratio (%)	31.3	30.8	31.4	33.3	32.4
Shareholders' equity ratio at market value (%)	21.4	22.2	19.2	22.7	29.4
Ratio of cash flows to interest-bearing debts (times)	3.7	5.0	5.5	4.7	14.2
Interest coverage ratio (times)	16.1	13.4	12.8	14.6	7.7

Shareholders' equity ratio: (Total net assets - Subscription rights to shares - Minority interests) / Total assets

Shareholders' equity ratio at market value: Market capitalization / Total assets

Ratio of cash flows to interest-bearing debt: Interest-bearing debt / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Payment of interest

* All indicators are calculated on the basis of consolidated financial values.

* Market capitalization is calculated by multiplying the closing price of the Company's shares at the fiscal year-end by the number of shares outstanding at end of period.

* The term "cash flow from operating activities" refers to cash flow from operating activities used in the consolidated statements of cash flows. The term "interest-bearing debt" refers to those liabilities posted in the consolidated balance sheets on which interest is paid. Payment of interest equates with the interest paid recorded in the consolidated statements of cash flows.

(3) Basic policy regarding profit distribution and dividends for the fiscal year ended March 31, 2015 and the fiscal year ending March 31, 2016

Regarding profit distribution, Morinaga will earmark retained earnings for maintaining and enhancing its corporate structure, and will continue its policy of providing stable dividends while also placing due consideration on the Company's results and dividend payout ratio. Accordingly, the dividend to shareholders for the consolidated fiscal year under review will be ¥7 per share. The dividend for the next fiscal year will also be of the same level.

(4) Businesses and Other Risk Factors

Risks that could have a possible impact on the operating results and financial position of the Morinaga Milk Group are as follows. Forward-looking statements are current as of the date of the release of these financial results.

i) Dairy and milk industry

- The raw milk and dairy products produced by the Morinaga Milk Group are under a tariff system set in place to protect the domestic agricultural industry. However, in the event that there are significant changes to the tariff system depending on the results of WTO, TPP and FTA agricultural negotiations, there is the possibility of such changes having a substantial impact on the operating results and financial position of the Morinaga Milk Group.
- The producers of raw milk, which is the raw material in dairy products produced by the Morinaga Milk Group, are paid a subsidy based on the Act on Temporary Measures concerning Compensation Price for Producers of Milk for Manufacturing Use. However, in the event that this Act is substantially modified or abolished in the future and the level of subsidies changes, there is the possibility of such changes having an impact on the purchase price of raw materials for the Morinaga Milk Group.

ii) Safety of food products

The Morinaga Milk Group applies its own stringent quality control standards, which go beyond those required by law, in the manufacture of its food products, and takes every measure to ensure the safety and quality of these products. However, in the event that an unforeseen situation occurs that is linked to product liability compensation or a large-scale product recall, there is the possibility of such an event having a substantial impact on the operating results and financial position of the Morinaga Milk Group.

iii) Market price and exchange rate effects

The Morinaga Milk Group procures part of its raw materials and products from overseas, and thus the purchase price of these items is subject to the effect of market price and exchange rate fluctuations. A sharp rise in the market price and progression in a weaker yen are factors leading to a rise in costs, and there is the possibility of such factors having an impact on the operating results and financial position of the Morinaga Milk Group.

iv) Unseasonable weather

Net sales of the Ice Cream Division and Commercial Milk Division of the Morinaga Milk Group may be affected by the weather. In particular, in the event of a cool summer, the net sales of these divisions decline, and there is the possibility of such an event having an impact on the operating results and financial position of the Morinaga Milk Group.

v) Natural disasters

The effect of a large-scale natural disaster, such as an earthquake, may cause damage to production and distribution facilities, and subsequently halt production and result in the incurrence of costs to restore operations. As such, there is the possibility of such an event having an impact on the operating results and financial position of the Morinaga Milk Group.

vi) Information security

Each group company in the Morinaga Milk Group has formulated information security countermeasures for preventing unauthorized access to information systems and for protecting and managing stored personal information held by each company, and carries out these measures accordingly. However, in the event that an unforeseen situation occurs resulting in the leakage of information or other damage, there is the possibility of such an event having an impact on the operating results and financial position of the Morinaga Milk Group due to a fall in social credibility, etc.

2. Status of the Corporate Group

The Morinaga Milk Group, which comprises the Morinaga Milk Industry, 57 subsidiaries and 6 affiliate companies, engages primarily in the manufacture and sale of food products such as commercial milk, dairy products and ice cream, as well as the sale of feed, the design and construction of plant equipment and other business activities. The following diagram sets out the positioning and business of each company in the Group's principal business activities.

(1) Positioning of each company in the Group's principal business activities

i) Food industry (commercial milk, dairy products, ice cream, drinks, etc.)

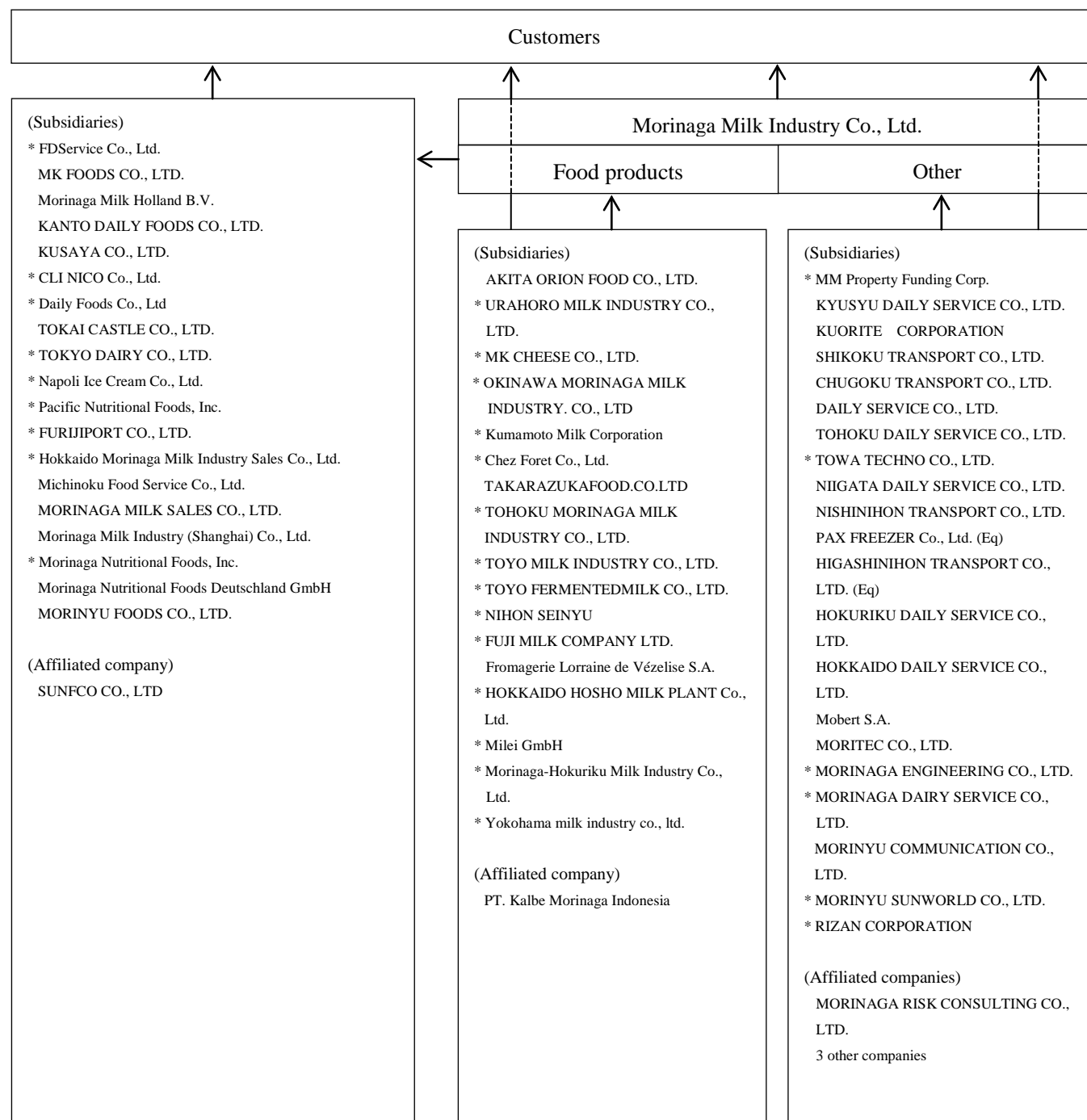
In addition to the manufacture and sale of food products of the Company, the Company commissions the manufacture of some products on the market to 14 companies in addition to MK Cheese Co., Ltd., Yokohama milk industry co., Ltd.,

Fuji Milk Company Ltd. and Tohoku Morinaga Milk Industry Co., Ltd. There are also 19 companies, in addition to Daily Foods Co., Ltd., which primarily stock products from the Company for sale to customers nationwide.

ii) Other businesses (feed, design and construction of plant equipment, etc.)

Morinaga Daily Service Co., Ltd. and Morinyu SUNWORLD Co., Ltd. engage in the purchase and sale of feed and pet foods, respectively. There are also 22 companies, in addition to Morinaga Engineering Co., Ltd., that engage in the design and construction of plant equipment, leasing of real estate, and the transport and warehousing business, etc.

(2) Diagram of businesses



- (Notes) 1. The non-consolidated subsidiary Tohoku Daily Service Co., Ltd. acquired the non-consolidated subsidiary Foodsnet Kitatouhoku Co., Ltd. on April 1, 2014.
2. Rizan Corporation acquired the equity-method non-consolidated subsidiary Kansai Ryutsu Co., Ltd. on September 1, 2014.
3. The consolidated subsidiary Shimizu Milk Industry Co., Ltd. was liquidated in December 2014.
4. Logi Service Co., Ltd., which was a non-consolidated subsidiary until the end of the previous consolidated fiscal year, has been liquidated.
5. Hanshin Daily Unyu Co., Ltd., which was a non-consolidated subsidiary until the end of the previous consolidated fiscal year, has been liquidated.
6. Hanshin Transport Co., Ltd., which was an affiliate company until the end of the previous consolidated fiscal year, has been excluded as an affiliate company due to the sale of shares held by Kansai Ryutsu Co., Ltd.
7. The → indicates the flow of manufactured goods and sales products.
8. Companies marked with an * are consolidated subsidiaries, and those marked with (Eq) are equity-method affiliate companies.

3. Management Policy

(1) Basic management policy

Under the corporate philosophy of “To create a new food culture based on the excellent power of milk, making a difference in people’s health and society in general,” the Morinaga Milk Group is committed to providing superior value and making a difference in society through initiatives to realize its four corporate visions of “Delivering products and services with value that offer customers a shared sense of satisfaction,” “Working hard for change, creating our own values,” “Fostering a vibrant corporate culture,” and “Being a company that society can trust.”

(2) Medium- and long-term management strategy of the Company and issues facing the Company

The issues of stagnant market growth due to a declining birth rate and aging society and a subsequent fall in the population, the diversification of customer needs, and rising food and energy prices associated with the economic development of emerging countries, are all expected to continue in the medium-to-long term.

To address these issues, the Morinaga Milk Group will review the Medium-Term Business Plan it has been working under, with the period ending March 2016 as the final fiscal year, and bring the Plan forward one year. The Group has formulated a new Medium-Term Business Plan to be implemented over five years from March 2016 to March 2020.

In addition to actively working on strengthening our brand in household products including chilled cup-type drinks, yogurt and cheese, we will bolster our functional and food ingredients business by applying our original technology and materials. At the same time, we will also actively invest these business resources in the global market to facilitate the expansion of our international business. Furthermore, we will proactively address issues such as the more efficient use of assets and facilitating the streamlining of business.

The Morinaga Milk Group will also continue to further strengthen its quality assurance system for providing customers with safe and reliable products, and enhance the Group’s internal governance for ensuring the appropriate conduct of business.

4. Basic Policy on the Selection of Accounting Standards

From the perspective of ensuring comparability with prior fiscal years, the Morinaga Milk Group has adopted the Japanese standards for its accounting standards.

As for the adoption of international accounting standards, the Group will apply the appropriate policy taking into consideration the situation both in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	7,383	11,409
Notes and accounts receivable-trade	51,813	52,357
Merchandise and finished goods	29,834	36,577
Work in process	910	982
Raw materials and supplies	11,647	13,457
Deferred tax assets	4,048	4,303
Other	9,685	10,194
Allowance for doubtful accounts	(600)	(503)
Total current assets	114,723	128,779
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	154,351	158,741
Accumulated depreciation	(85,857)	(89,281)
Buildings and structures, net	68,494	69,459
Machinery, equipment and vehicles	255,729	257,915
Accumulated depreciation	(197,080)	(200,220)
Machinery, equipment and vehicles, net	58,648	57,694
Land	72,987	72,485
Leased assets	7,589	7,991
Accumulated depreciation	(3,891)	(4,076)
Leased assets, net	3,697	3,914
Construction in progress	6,903	14,220
Other	15,727	14,237
Accumulated depreciation	(12,757)	(11,066)
Other, net	2,969	3,171
Total property, plant and equipment	213,701	220,946
Intangible assets		
Other	6,730	6,829
Total intangible assets	6,730	6,829
Investments and other assets		
Investment securities	16,024	17,136
Investments in capital	88	76
Long-term loans receivable	458	388
Net defined benefit asset	1,367	3,083
Deferred tax assets	1,989	1,049
Other	5,651	5,225
Allowance for doubtful accounts	(156)	(157)
Total investments and other assets	25,422	26,801
Total noncurrent assets	245,855	254,578
Total assets	360,578	383,357

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,068	54,317
Electronically recorded obligations-operating	4,868	5,063
Short-term loans payable	6,194	5,049
Current portion of long-term loans payable	5,189	5,056
Commercial papers	5,000	15,800
Current portion of bonds	15,040	10,000
Lease obligations	1,950	1,959
Income taxes payable	1,853	186
Accrued expenses	29,817	29,578
Deposits received	19,733	19,315
Other	9,972	16,636
Total current liabilities	158,687	162,962
Noncurrent liabilities		
Bonds payable	30,000	35,000
Long-term loans payable	29,109	36,425
Lease obligations	3,466	3,419
Net defined benefit liability	12,458	15,541
Asset retirement obligations	273	260
Other	5,622	4,462
Total noncurrent liabilities	80,931	95,108
Total liabilities	239,619	258,070
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,442	19,442
Retained earnings	77,377	76,442
Treasury stock	(2,285)	(621)
Total shareholders' equity	116,238	116,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,357	5,936
Deferred gains or losses on hedges	69	(8)
Foreign currency translation adjustment	469	767
Remeasurements of defined benefit plans	(889)	461
Total accumulated other comprehensive income	4,007	7,157
Subscription rights to shares	197	196
Minority interests	516	965
Total net assets	120,959	125,286
Total liabilities and net assets	360,578	383,357

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	For the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	For the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Net sales	599,273	594,834
Cost of sales	421,844	422,281
Gross profit	177,428	172,552
Selling, general and administrative expenses	165,446	165,746
Operating income	11,982	6,805
Non-operating income		
Interest income	65	49
Dividends income	512	1,087
House rent income	533	462
Amortization of negative goodwill	186	466
Equity in earnings of affiliates	122	125
Other	1,064	1,007
Total non-operating income	2,484	3,198
Non-operating expenses		
Interest expenses	1,366	1,108
Interest on commercial papers	3	5
Other	701	657
Total non-operating expenses	2,071	1,771
Ordinary income	12,395	8,232
Extraordinary income		
Gain on sales of noncurrent assets	195	987
Gain on sales of investment securities	1	131
Gain on bargain purchase	194	1
Compensation income	361	-
Gain on sales of investments in capital	83	-
Total extraordinary income	837	1,119
Extraordinary loss		
Loss on disposal of noncurrent assets	635	872
Contributions to the public interest incorporated foundation Hikari Kyokai	1,678	1,614
Impairment loss	984	257
Factory reorganization expenses	824	340
Other	448	171
Total extraordinary losses	4,572	3,256
Income before income taxes and minority interests	8,660	6,096
Income taxes - current	3,555	1,996
Income taxes - deferred	238	(165)
Total income taxes	3,793	1,831
Income before minority interests	4,867	4,265
Minority interests	27	100
Net income	4,839	4,164

(Consolidated statements of comprehensive income)

(Millions of yen)

	For the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	For the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Income before minority interests	4,867	4,265
Other comprehensive income		
Valuation difference on available-for-sale securities	1,267	1,581
Deferred gains or losses on hedges	70	(78)
Foreign currency translation adjustment	735	297
Remeasurements of defined benefit plans, net of tax	-	1,350
Share of other comprehensive income of associates accounted for using equity method	(40)	0
Total other comprehensive income	2,032	3,151
Comprehensive income	6,899	7,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,871	7,314
Comprehensive income attributable to minority interests	28	101

(3) Consolidated statement of changes in shareholders' equity
For the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,704	19,442	74,126	(2,298)	112,974
Cumulative impact of changes in the accounting policy					–
Balance at the beginning of the current year reflecting changes in the accounting policy	21,704	19,442	74,126	(2,298)	112,974
Changes of items during period					
Dividends of surplus			(1,728)		(1,728)
Net income			4,839		4,839
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		(0)		25	24
Cancellation of treasury stock					–
Transfer to capital surplus from retained earnings		0	(0)		–
Change in scope of consolidation			140		140
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,251	12	3,264
Balance at end of current period	21,704	19,442	77,377	(2,285)	116,238

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,091	(0)	(225)	–	2,865	196	713	116,750
Cumulative impact of changes in the accounting policy								–
Balance at the beginning of the current year reflecting changes in the accounting policy	3,091	(0)	(225)	–	2,865	196	713	116,750
Changes of items during period								
Dividends of surplus								(1,728)
Net income								4,839
Purchase of								(12)

treasury shares								
Disposal of treasury shares								24
Cancellation of treasury stock								-
Transfer to capital surplus from retained earnings								-
Change in scope of consolidation								140
Net changes of items other than shareholders' equity	1,266	69	694	(889)	1,141	0	(196)	945
Total changes of items during period	1,266	69	694	(889)	1,141	0	(196)	4,209
Balance at end of current period	4,357	69	469	(889)	4,007	197	516	120,959

For the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,704	19,442	77,377	(2,285)	116,238
Cumulative impact of changes in the accounting policy			(1,723)		(1,723)
Balance at the beginning of the current year reflecting changes in the accounting policy	21,704	19,442	75,654	(2,285)	114,515
Changes of items during period					
Dividends of surplus			(1,728)		(1,728)
Net income			4,164		4,164
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares		(10)		42	32
Cancellation of treasury stock		(1,636)		1,636	–
Transfer to capital surplus from retained earnings		1,646	(1,646)		–
Change in scope of consolidation					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	788	1,663	2,452
Balance at end of current period	21,704	19,442	76,442	(621)	116,967

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	4,357	69	469	(889)	4,007	197	516	120,959
Cumulative impact of changes in the accounting policy								(1,723)
Balance at the beginning of the current year reflecting changes in the accounting policy	4,357	69	469	(889)	4,007	197	516	119,235
Changes of items during period								
Dividends of surplus								(1,728)
Net income								4,164
Purchase of treasury shares								(15)

Disposal of treasury shares								32
Cancellation of treasury stock								-
Transfer to capital surplus from retained earnings								-
Change in scope of consolidation								-
Net changes of items other than shareholders' equity	1,579	(77)	297	1,350	3,149	(0)	449	3,598
Total changes of items during period	1,579	(77)	297	1,350	3,149	(0)	449	6,050
Balance at end of current period	5,936	(8)	767	461	7,157	196	965	125,286

(4) Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	For the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	8,660	6,096
Depreciation	15,631	16,810
Impairment loss	984	257
Amortization of goodwill	128	132
Amortization of negative goodwill	(186)	(466)
Gain on bargain purchase	(194)	(1)
Increase (decrease) in provision for retirement benefits	(11,555)	–
Increase (decrease) in net defined benefit liability	12,458	3,082
Increase (decrease) in allowance for doubtful accounts	(80)	(96)
Loss (gain) on valuation of investment securities	381	9
Interest and dividend income	(577)	(1,136)
Interest expenses	1,366	1,108
Foreign exchange losses (gains)	(53)	34
Share of (profit) loss of entities accounted for using equity method	(122)	(125)
Loss (gain) on sales of non-current assets	(195)	(987)
Loss (gain) on disposal of non-current assets	635	872
Loss (gain) on sales of investment securities	(1)	(131)
Decrease (increase) in notes and accounts receivable - trade	5,462	(487)
Decrease (increase) in inventories	(2,881)	(8,589)
Increase (decrease) in notes and accounts payable - trade	(1,448)	(4,581)
Increase (decrease) in accrued expenses	(103)	(256)
Increase (decrease) in deposits received	(2,859)	(418)
Other	(22)	1,094
Subtotal	25,429	12,220
Interest and dividend income received	608	1,188
Interest expenses paid	(1,502)	(1,109)
Income taxes paid	(2,588)	(3,757)
Cash flows from operating activities	21,946	8,543
Cash flows from investing activities		
Purchase of non-current assets	(16,346)	(20,221)
Proceeds from sales of non-current assets	590	2,419
Purchase of investment securities	(157)	(367)
Proceeds from sales of investment securities	20	407
Payments of loans receivable	(7,789)	(7,723)
Collection of loans receivable	7,743	7,845
Other	8	(3)
Cash flows from investing activities	(15,930)	(17,642)

(Millions of yen)

	For the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	For the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	762	(1,184)
Increase (decrease) in commercial papers	5,000	10,800
Proceeds from long-term loans payable	6,800	12,400
Repayments of long-term loans payable	(11,801)	(5,220)
Proceeds from issuance of bonds	–	15,000
Redemption of bonds	(15,100)	(15,040)
Proceeds from sales of treasury shares	0	–
Purchase of treasury shares	(12)	(15)
Cash dividends paid	(1,728)	(1,728)
Cash dividends paid to minority shareholders	(12)	(13)
Repayments of finance lease obligations	(2,119)	(2,109)
Net cash provided by (used in) financing activities	(18,211)	12,887
Effect of exchange rate change on cash and cash equivalents	181	207
Net increase (decrease) in cash and cash equivalents	(12,014)	3,995
Cash and cash equivalents at beginning of period	17,305	7,080
Increase in cash and cash equivalents from newly consolidated subsidiary	1,783	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6	30
Cash and cash equivalents at end of period	7,080	11,105

(5) Note regarding the consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Application of accounting standards for retirement benefits

From the end of the consolidated fiscal year under review, the Company has adopted the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter, “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter, “Retirement Benefits Guidance”) (excluding provisions set forth in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Retirement Benefits Guidance). Based on this, the Company has changed to the method of recording the amount after deducting pension assets from retirement benefit obligations as net defined benefit liability or net defined benefit assets. Unrecognized actuarial gains and losses and unrecognized prior service costs are recorded in net defined benefit liability.

Regarding the application of accounting standards for retirement benefits, the Company adheres to the transitional accounting stipulated in Clause 37 of the Retirement Benefits Accounting Standard, and in the consolidated fiscal year under review, it makes a corresponding adjustment for the effect of these changes to remeasurement of defined benefit plans of accumulated other comprehensive income.

As a result, at the beginning of the consolidated fiscal year under review, net defined benefit liability increases by ¥2,677 million and retained earnings decreases by ¥1,723 million. Operating income, ordinary income and income before income taxes and minority interests decrease by ¥14 million respectively.

Net assets per share, net income per share and net income per share diluted decrease by ¥7.02, ¥0.04 and ¥0.04 respectively.

(Changes in the reporting method)

(Consolidated statements of income)

Negative goodwill amortization, included in other in non-operating income in the previous consolidated fiscal year, will be reclassified and presented as a separate line item from the current fiscal year under review, as it now represents more than 10/100 of total non-operating income.

Gain on sale of investment securities, included in other in extraordinary income in the previous consolidated fiscal year, will also be reclassified and presented as a separate line item from the current fiscal year under review, as it now represents more than 10/100 of total extraordinary income. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in the reporting method.

As a result, the amount of ¥1,250 million, presented as other in non-operating income in the consolidated statements of income in the previous consolidated fiscal year, will be reclassified and presented as negative goodwill amortization of ¥186 million and other of ¥1,064 million.

The amount of ¥1 million, presented as other in extraordinary income, will also be reclassified and presented as gain on sale of investment securities of ¥1 million.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2015
Supplementary Data on Financial Results

(1) Consolidated Statements

(1) Results for the fiscal year under review (Unit: Millions of yen)

	Amount	YoY	YoY (%)
Net sales	599,834	(4,439)	99.3
Operating income	6,805	(5,176)	56.8
Ordinary income	8,232	(4,162)	66.4
Net income	4,164	(675)	86.0

(2) Forecast for the next fiscal year (Unit: Millions of yen)

	Full year		Cumulative second quarter	
	Amount	YoY (%)	Amount	YoY (%)
Net sales	600,000	100.9	318,000	100.7
Operating income	10,300	151.3	7,600	147.5
Ordinary income	11,000	133.6	8,000	143.1
Net income (Second-Q)*	5,000	120.1	3,900	118.9

Note: Net income means net income attributable to parent company shareholders

(3) Capital investment and depreciation expenses (trends and outlook) (Unit: Billions of yen)

	Capital investment	Depreciation
Results for the fiscal year ended March 31, 2012	18.7	16.9
Results for the fiscal year ended March 31, 2013	16.1	17.2
Results for the fiscal year ended March 31, 2014	16.7	15.1
Results for the fiscal year ended March 31, 2015	25.7	16.1
Projected results for the fiscal year ending March 31, 2016	26.1	16.8

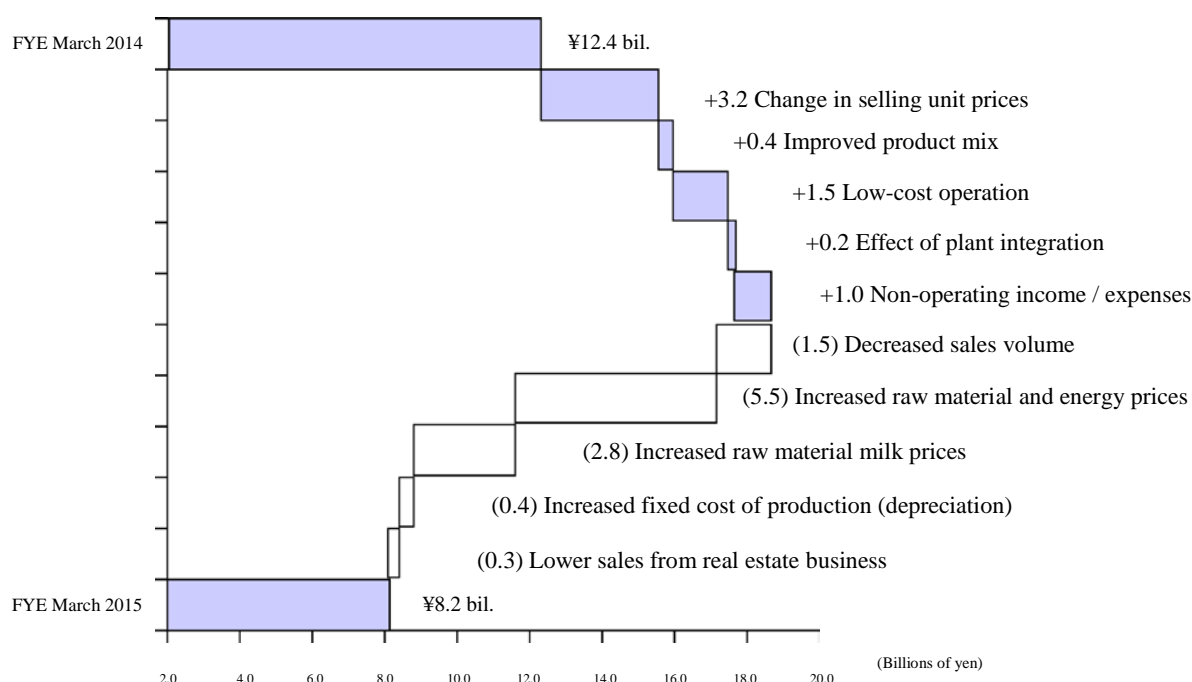
(4) Research and development expenses (trends) (Unit: Millions of yen)

	Amount
Results for the fiscal year ended March 31, 2012	4,839
Results for the fiscal year ended March 31, 2013	4,915
Results for the fiscal year ended March 31, 2014	4,991
Results for the fiscal year ended March 31, 2015	4,958

(5) Number of employees (trends)

	End of September	End of March
Results for the fiscal year ended March 31, 2012	5,722	5,639
Results for the fiscal year ended March 31, 2013	5,781	5,712
Results for the fiscal year ended March 31, 2014	5,795	5,664
Results for the fiscal year ended March 31, 2015	5,713	5,649

(6) Factors of changes in consolidated ordinary income



(2) Non-consolidated results

(1) Results for the fiscal year under review

(Unit: Millions of yen)

	Amount	YoY	YoY (%)
Net sales	444,371	730	100.2
Operating income	(267)	(3,208)	-
Ordinary income	3,471	(3,579)	49.2
Net income	1,668	(1,658)	50.1

(2) Sales Results

(Unit: Millions of yen)

Product Category			
	Amount	Change (YoY)	YoY (%)
Total commercial milk	202,989	(1,520)	99.3
Milk	73,336	214	100.3
Milk-based drinks	62,972	(920)	98.6
Yogurt	51,904	(673)	98.7
Pudding	14,776	(141)	99.1
Total dairy products	93,572	1,631	101.8
Condensed milk	4,097	(215)	95.0
Powdered milk	31,553	(409)	98.7
Butter	13,368	118	100.9
Cheese	44,552	2,137	105.0
Ice cream	50,392	(644)	98.7
Total other	97,416	1,264	101.3
Drinks	23,127	(282)	98.8
Other	74,288	1,547	102.1
Total	444,371	730	100.2

Notes) Other in Total other includes jelly, cream, liquid diet, etc.

(3) Net sales forecast by category for the next fiscal year

(Unit: Millions of yen)

	Full year		Cumulative second quarter	
	Amount	YoY (%)	Amount	YoY (%)
Total commercial milk	205,500	101.2	108,500	100.9
Milk	74,200	101.2	38,500	101.7
Milk-based drinks	63,000	100.0	34,500	98.1
Yogurt	53,500	103.1	27,800	103.7
Pudding	14,800	100.2	7,700	100.7
Total dairy products	94,800	100.5	45,300	100.3
Condensed milk	4,000	97.6	2,000	98.7
Powdered milk	31,000	98.2	14,700	98.1
Butter	13,300	99.5	6,300	99.8
Cheese	45,700	102.6	22,300	102.2
Ice cream	52,000	103.2	33,000	103.6
Total other	98,500	101.1	50,200	100.6
Drinks	23,000	99.5	13,100	100.0
Other	75,500	101.6	37,100	100.8
Total	450,000	101.3	237,000	101.1

(4) Capital investment and depreciation expenses (trends and outlook)

(Unit: Billions of yen)

	Capital investment	Depreciation
Results for the fiscal year ended March 31, 2012	14.1	12.0
Results for the fiscal year ended March 31, 2013	12.6	12.3
Results for the fiscal year ended March 31, 2014	10.1	10.5
Results for the fiscal year ended March 31, 2015	10.9	11.0
Projected results for the fiscal year ending March 31, 2016	10.9	11.6

(5) Number of employees (trends)

	End of September	End of March
Results for the fiscal year ended March 31, 2012	3,153	3,091
Results for the fiscal year ended March 31, 2013	3,198	3,122
Results for the fiscal year ended March 31, 2014	3,174	3,123
Results for the fiscal year ended March 31, 2015	3,127	3,078

(6) Collected milk volume (trends)

(Unit: Thousand tons)

	Collected milk volume		
	Total	Hokkaido	Other
Results for the fiscal year ended March 31, 2012	811	487	324
Results for the fiscal year ended March 31, 2013	825	498	327
Results for the fiscal year ended March 31, 2014	791	480	311
Results for the fiscal year ended March 31, 2015	767	468	299

(Disclaimer)

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The actual results may differ from the forecasts, due to various factors. This document is not prepared for the purpose of soliciting investment.