



August 6, 2015

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2016 <Japanese GAAP>

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 Listed stock exchange: Tokyo
 Securities code: 2264
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Submission of quarterly report: August 7, 2015
 Dividend payment commencement date: –
 Preparation of explanatory materials for quarterly financial results: None
 Holding of a briefing on quarterly financial results: None

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	156,804	2.0	4,447	111.9	4,860	105.6	2,985	230.5
Three months ended June 30, 2014	153,717	(0.0)	2,098	(52.5)	2,364	(49.7)	903	(68.9)

(Note) Comprehensive income: Three months ended June 30, 2015: ¥2,378 million / 59.9 %
 Three months ended June 30, 2014: ¥1,487 million / (54.7 %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended June 30, 2015	12.08	12.05
Three months ended June 30, 2014	3.66	3.65

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	388,383	125,916	32.1
As of March 31, 2015	383,357	125,286	32.4

(Reference) Shareholders' equity:

As of June 30, 2015: ¥124,762 million

As of March 31, 2015: ¥124,124 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	–	–	–	7.00	7.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecast)		–	–	7.00	7.00

(Note) Amendment to forecasts of dividends recently announced: None

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

(Note) Amendment to forecasts of consolidated financial results recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2015 (changes in specified subsidiaries affecting the scope of consolidation): None

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

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

(Note) For details, refer to page 2 of the attached materials, "2. Summary Information (notes) (1) Application of special accounting for preparing quarterly consolidated financial statements."

(3) 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 2 of the attached materials, "2. Summary Information (notes) (2) Changes in accounting policies and estimates, and retrospective restatements."

(4) Number of shares issued (common stock)

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

As of June 30, 2015	248,977,218 shares
As of March 31, 2015	248,977,218 shares

(ii) Number of treasury stock at end of period

As of June 30, 2015	1,902,153 shares
As of March 31, 2015	1,895,573 shares

(iii) Average number of shares during period

For the three months ended June 30, 2015	247,076,980 shares
For the three months ended June 30, 2014	246,985,337 shares

*** Indication regarding execution of quarterly review procedures**

At the time of disclosure of this quarterly earnings report, the review procedures for quarterly 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 2 of the attached materials, "1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information including consolidated earnings forecasts."

[Attached Materials]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In the consolidated cumulative first quarter, the Japanese economy on the whole continued on its gradual path to recovery, with ongoing signs of improvement in corporate results and the employment situation, partly also due to the government and Bank of Japan's (BOJ) emergency economic and monetary policies. However, in addition to sluggish domestic consumption, there were concerns over a slowdown in overseas economies arising from uncertainty in the international situation and the impact of this on Japan's economy. As a result, business conditions remained unclear.

In the food industry, conditions remained difficult even though there were increasing signs of a tendency towards high-value-added products in some sectors, as factors such as price revisions in a wide range of fields due to skyrocketing raw material prices and the growing thriftiness of consumers continued to impact business conditions.

In this business environment, the Group has continued to develop and improve its products to meet the needs of customers, while also revising the price of some products in order to absorb the substantial rise in raw material prices and making efforts to gain the customers understanding regarding that. We are also working on measures for dealing with rising costs, such as ensuring that sales promotion expenses are effectively used, devising creative ways for profitably procuring raw materials and achieving their correct combination in products, and rationalizing production and distribution activities.

As a result of these activities, non-consolidated net sales of the Company were ¥118,012 million (up 2.3% year on year), due mainly to a year-on-year increase in the sales of such products as powdered milk, milk and yogurt, that surpassed a year-on-year decline in the sales of such products as milk-based drinks.

Meanwhile, net sales for consolidated subsidiaries increased from the results of the same period in the previous fiscal year, resulting in a 2.0% increase of net sales for the Company of ¥156,804 million.

On a consolidated basis, operating income increased to ¥4,447 million (up 111.9% year on year) and ordinary income also increased to ¥4,860 million (up 105.6% year on year), while net income attributable to parent company shareholders rose to ¥2,985 million (up 230.5% year on year).

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter under review increased by ¥5,026 million to ¥388,383 million. This is mainly due to an increase in notes and accounts receivable–trade as well as merchandise and finished goods from seasonal factors.

Total liabilities increased by ¥4,397 million to ¥262,467 million. This was mainly due to an increase in operating debts such as notes and accounts payable–trade due primarily to seasonal factors.

Net assets increased by ¥629 million to ¥125,916 million. This was attributable to an increase in retained earnings and valuation difference on available-for-sale securities, despite a decrease in foreign currency translation adjustment.

As a result, the shareholders' equity ratio declined from 32.4% year on year to 32.1%.

(3) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts for the fiscal year ending March 31, 2016 disclosed on May 14, 2015.

2. Summary Information (notes)

(1) Application of special accounting for preparing quarterly consolidated financial statements

Assessment of tax expenses

The Company applies the method that reasonably estimates an effective tax rate to be assessed on income before income taxes for the fiscal year ending March 31, 2016 including this first quarter of the fiscal year under review after accounting for the tax effects and multiplies income before income taxes during the first quarter of the fiscal year ending March 31, 2016 by said estimated effective tax rate.

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

Application of accounting standards for business combinations

Effective from the first quarter of the current fiscal year, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other accounting standards. As a result, the method of recording differences caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which such amounts are recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which such amounts are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the current fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the fiscal quarter in which the business combination occurs. In addition, changes have also been made in the presentation of quarterly net income, etc. and also in nomenclature from “minority interests” to “noncontrolling interests.” The consolidated financial statements for the first quarter of the previous fiscal year and those for the entire previous fiscal year have been reclassified to reflect these changes in presentation.

The Accounting Standard for Business Combinations, etc. is applied in accordance with the transitional treatment set forth in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and will be applied from the beginning of the first quarter of the current fiscal year and on into the future.

As a result, quarterly net income before taxes and other adjustments in the consolidated cumulative first quarter fell by 1 million yen, while the capital surplus at the end of the first quarter of the consolidated accounting period rose by 1 million yen.

(3) Additional information

Application of the consolidated taxation system

The Company and some of its consolidated subsidiaries have adopted the consolidated taxation system as of the first quarter of the consolidated accounting period.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	11,409	6,918
Notes and accounts receivable–trade	52,357	59,635
Merchandise and finished goods	36,577	38,027
Work in process	982	1,386
Raw materials and supplies	13,457	14,533
Other	14,498	15,027
Allowance for doubtful accounts	(503)	(539)
Total current assets	128,779	134,990
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	69,459	69,409
Machinery, equipment and vehicles, net	57,694	57,786
Land	72,485	72,457
Other, net	21,306	19,245
Total property, plant and equipment	220,946	218,899
Intangible assets	6,829	6,720
Investments and other assets		
Investment securities	17,136	18,235
Other	9,823	9,693
Allowance for doubtful accounts	(157)	(155)
Total investments and other assets	26,801	27,773
Total noncurrent assets	254,578	253,393
Total assets	383,357	388,383

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable–trade	54,317	60,500
Electronically recorded obligations–operating	5,063	7,162
Short-term loans payable	5,049	3,907
Current portion of long-term loans payable	5,056	4,937
Commercial papers	15,800	15,000
Current portion of bonds	10,000	10,000
Income taxes payable	186	389
Accrued expenses	29,578	30,310
Deposits received	19,315	23,616
Other	18,595	11,767
Total current liabilities	162,962	167,591
Noncurrent liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	36,425	36,149
Net defined benefit liability	15,541	15,699
Other	8,141	8,027
Total noncurrent liabilities	95,108	94,875
Total liabilities	258,070	262,467
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,442	19,443
Retained earnings	76,442	77,699
Treasury stock	(621)	(624)
Total shareholders' equity	116,967	118,222
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,936	6,661
Deferred gains or losses on hedges	(8)	13
Foreign currency translation adjustment	767	(607)
Remeasurements of defined benefit plans	461	472
Total accumulated other comprehensive income	7,157	6,539
Subscription rights to shares	196	196
Noncontrolling interests	965	958
Total net assets	125,286	125,916
Total liabilities and net assets	383,357	388,383

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

(Consolidated statements of income)

(April 1, 2015 – June 30, 2015)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	153,717	156,804
Cost of sales	108,365	109,624
Gross profit	45,351	47,180
Selling, general and administrative expenses	43,252	42,733
Operating income	2,098	4,447
Non-operating income		
Interest income	13	9
Dividends income	232	354
House rent income	119	108
Equity in earnings of affiliates	79	47
Other	324	321
Total non-operating income	770	842
Non-operating expenses		
Interest expenses	312	245
Other	192	183
Total non-operating expenses	504	429
Ordinary income	2,364	4,860
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on bargain purchase	1	-
Other	0	-
Total extraordinary income	2	0
Extraordinary losses		
Loss on disposal of noncurrent assets	243	46
Contributions to the public interest incorporated foundation Hikari Kyokai	450	430
Factory reorganization expenses	199	-
Other	1	0
Total extraordinary losses	894	477
Net income before taxes and other adjustments	1,472	4,383
Income taxes	566	1,390
Net income	905	2,992
Net income attributable to noncontrolling interests	2	6
Net income attributable to parent company shareholders	903	2,985

(Consolidated statements of comprehensive income)
 (April 1, 2015 – June 30, 2015)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net income	905	2,992
Other comprehensive income		
Valuation difference on available-for-sale securities	682	725
Deferred gains or losses on hedges	(46)	23
Foreign currency translation adjustment	(117)	(1,374)
Remeasurements of defined benefit plans	63	11
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	582	(613)
Comprehensive income	1,487	2,378
Comprehensive income attributable to		
Comprehensive income attributable to parent company shareholders	1,485	2,368
Comprehensive income attributable to noncontrolling interests	2	10

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

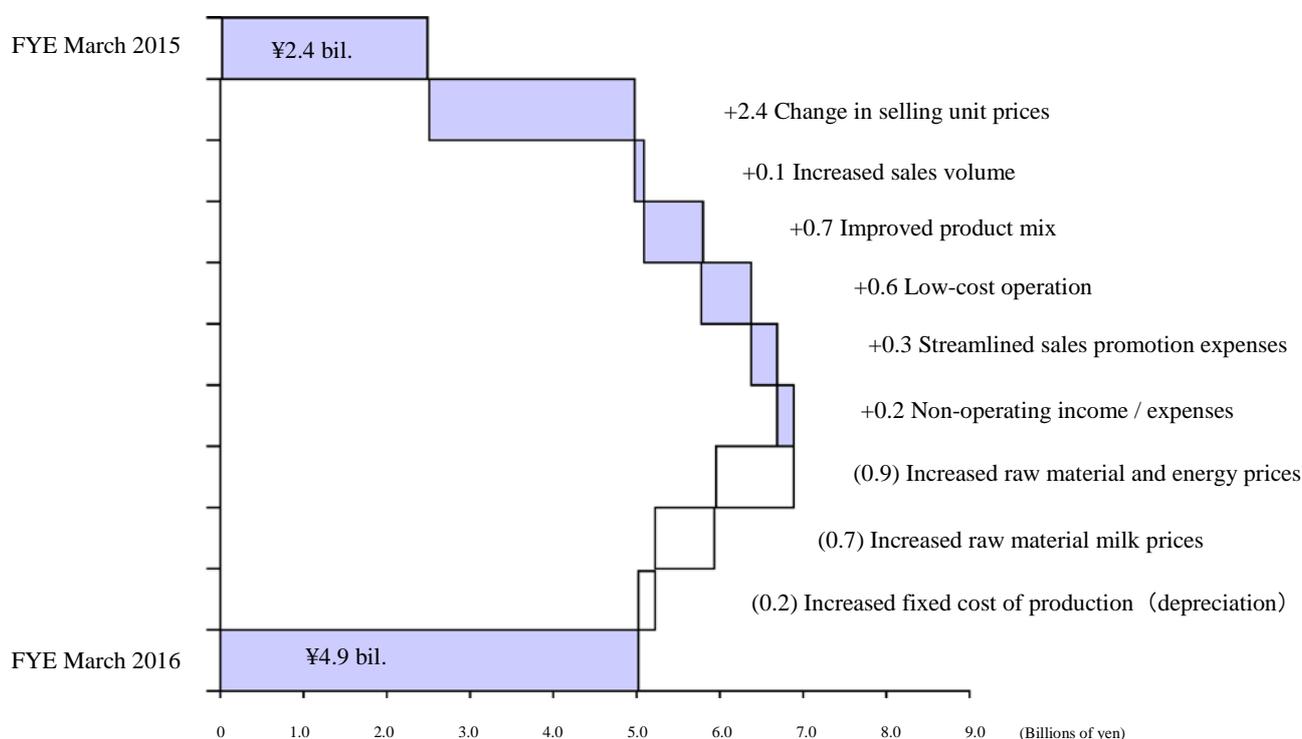
(Notes on significant changes in the amount of shareholders' equity)

No items to report.

4. Supplementary Information

(1) Factors of changes in consolidated ordinary income

Factors of changes in consolidated ordinary income (First quarter comparison)



(2) Sales Results (non-consolidated)

Sales results for the first quarter

(Unit: Millions of yen)

Product Category	Amount	Change (YoY)	YoY (%)
	Total commercial milk	53,962	717
Milk	19,518	959	105.2
Milk-based drinks	16,048	(1,021)	94.0
Yogurt	14,571	900	106.6
Pudding	3,823	(120)	97.0
Total dairy products	24,498	1,644	107.2
Condensed milk	1,148	(30)	97.4
Powdered milk	8,441	1,024	113.8
Butter	3,701	543	117.2
Cheese	11,207	106	101.0
Ice cream	14,717	(37)	99.7
Total other	24,833	320	101.3
Drinks	6,180	(171)	97.3
Other	18,653	492	102.7
Total	118,012	2,644	102.3

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