



November 5, 2015

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

Listed company: Morinaga Milk Industry Co., Ltd.
 Listed stock exchange: Tokyo
 Securities code: 2264
 URL: <http://www.morinagamilk.co.jp/>
 Representative: Michio Miyahara, President & Representative Director
 Contact: Hidekazu Takano, Executive Officer & General Manager, PR Dept.
 TEL: +81-3-3798-0126

Submission of quarterly report: November 6, 2015
 Dividend payment commencement date: –
 Preparation of explanatory materials for quarterly financial results: Yes
 Holding of a briefing on quarterly financial results: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

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

(1) Consolidated operating results (Cumulative) (% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	323,288	2.4	10,110	96.2	10,639	90.3	5,742	75.0
Six months ended September 30, 2014	315,762	(1.6)	5,154	(46.5)	5,591	(44.7)	3,280	(31.7)

(Note) Comprehensive income: Six months ended September 30, 2015: ¥4,867 million / 29.2%
 Six months ended September 30, 2014: ¥3,767 million / (39.3%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	23.24	23.17
Six months ended September 30, 2014	13.28	13.24

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	385,845	128,451	33.0
As of March 31, 2015	383,357	125,286	32.4

(Reference) Shareholders' equity:

As of September 30, 2015: ¥127,219 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		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	605,000	1.7	12,700	86.6	13,500	64.0	9,000	116.1	36.43

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

*** Notes**

(1) Changes in significant subsidiaries during the six months ended September 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 stocks)

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

(ii) Number of treasury stocks at end of period

As of September 30, 2015	1,902,256 shares
As of March 31, 2015	1,895,573 shares

(iii) Average number of shares during period

For the six months ended September 30, 2015	247,076,158 shares
For the six months ended September 30, 2014	246,996,464 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 on 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 second 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, the rally in consumer sentiment appears to have stalled and conditions remain unclear, while there is a risk that such factors as overseas economic slowdowns, particularly in developing countries in Asia, will have an effect on the Japanese economy.

In the food industry, conditions remained difficult even though there were increasing signs of a tendency toward 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 strive to develop and refine products to meet the needs of customers, while also revising prices and working to achieve better market penetration for selected products. On the other hand, the Group has also worked to reduce costs, such as by ensuring the efficient outlay of sales promotion expenses, generating new ideas for favorable procurement and distribution of materials, and rationalizing production and logistics.

As a result of these activities, non-consolidated net sales of the Company were ¥238,690 million (up 1.8% year on year), due mainly to a year-on-year increase in the sales of such products as milk, powdered milk yogurt and ice cream, which surpassed a year-on-year decline in the sales of such products as milk-based drinks. Meanwhile, net sales for consolidated subsidiaries also surpassed the results of the same period in the previous year, thus contributing to a 2.4% increase year on year in consolidated net sales for the Company to ¥323,288 million. On a consolidated basis, operating income increased to ¥10,110 million (up 96.2% year on year) and ordinary income also increased to ¥10,639 million (up 90.3% year on year), while profit attributable to owners of parent rose to ¥5,742 million (up 75.0% year on year).

(2) Explanation of consolidated financial position

Total assets at the end of the second quarter under review increased by ¥2,488 million to ¥385,845 million. This is due to an increase in notes and accounts receivable-trade, resulting primarily from seasonal factors. Total liabilities decreased by ¥676 million to ¥257,394 million. This was due to the redemption of commercial papers, which countered an increase in operating liabilities such as notes and accounts payable-trade, electronically recorded monetary claims, and accrued expenses, resulting primarily from seasonal factors.

Net assets increased by ¥3,164 million to ¥128,451 million. This was attributable to an increase in retained earnings, despite a decrease in foreign currency translation adjustment.

As a result, the shareholders' equity ratio rose from 32.4% year on year to 33.0%.

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

As announced on October 27, 2015, consolidated earnings forecasts for the fiscal year ending March 31, 2016 have been amended as follows.

Based on the results up to the second quarter, the following upward revisions have been made: net sales to ¥605,000 million, operating income to ¥12,700 million, ordinary income to ¥13,500 million, and profit attributable to owners of parent to ¥9,000 million.

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 second quarter of the fiscal year under review after accounting for the tax effects, and multiplies income before income taxes during the second 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 retirement benefits

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 “non-controlling interests.” The consolidated financial statements for the second 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 and other standards are 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 second quarter fell by 1 million yen, while the capital surplus at the end of the second 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 September 30, 2015
Assets		
Current assets		
Cash and deposits	11,409	7,586
Notes and accounts receivable–trade	52,357	58,238
Merchandise and finished goods	36,577	35,805
Work in process	982	1,098
Raw materials and supplies	13,457	14,805
Other	14,498	15,122
Allowance for doubtful accounts	(503)	(501)
Total current assets	128,779	132,154
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	69,459	68,975
Machinery, equipment and vehicles, net	57,694	57,524
Land	72,485	71,862
Other, net	21,306	22,215
Total property, plant and equipment	220,946	220,577
Intangible assets	6,829	6,625
Investments and other assets		
Investment securities	17,136	17,035
Other	9,823	9,613
Allowance for doubtful accounts	(157)	(160)
Total investments and other assets	26,801	26,487
Total noncurrent assets	254,578	253,690
Total assets	383,357	385,845

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable—trade	54,317	58,134
Electronically recorded obligations—operating	5,063	7,105
Short-term loans payable	5,049	4,740
Current portion of long-term loans payable	5,056	4,912
Commercial papers	15,800	3,000
Current portion of bonds	10,000	10,000
Income taxes payable	186	2,918
Accrued expenses	29,578	33,985
Deposits received	19,315	22,682
Other	18,595	13,100
Total current liabilities	162,962	160,580
Noncurrent liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	36,425	38,562
Net defined benefit liability	15,541	15,661
Other	8,141	7,589
Total noncurrent liabilities	95,108	96,813
Total liabilities	258,070	257,394
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,442	19,443
Retained earnings	76,442	80,455
Treasury stock	(621)	(626)
Total shareholders' equity	116,967	120,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,936	5,815
Deferred gains or losses on hedges	(8)	(3)
Foreign currency translation adjustment	767	(47)
Remeasurements of defined benefit plans	461	478
Total accumulated other comprehensive income	7,157	6,243
Subscription rights to shares	196	245
Minority interests	965	986
Total net assets	125,286	128,451
Total liabilities and net assets	383,357	385,845

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

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	315,762	323,288
Cost of sales	222,540	225,653
Gross profit	93,221	97,634
Selling, general and administrative expenses	88,067	87,524
Operating income	5,154	10,110
Non-operating income		
Interest income	26	27
Dividends income	363	364
House rent income	233	218
Equity in earnings of affiliates	119	111
Other	568	605
Total non-operating income	1,310	1,327
Non-operating expenses		
Interest expenses	596	500
Other	276	298
Total non-operating expenses	873	798
Ordinary income	5,591	10,639
Extraordinary income		
Gain on sales of noncurrent assets	968	11
Gain on sales of investment securities	0	241
Gain on bargain purchase	1	—
Total extraordinary income	969	253
Extraordinary losses		
Loss on disposal of noncurrent assets	539	143
Contributions to the public interest incorporated foundation Hikari Kyokai	870	820
Impairment loss	—	1,110
Other	473	8
Total extraordinary losses	1,882	2,082
Income before income taxes and minority interests	4,678	8,810
Income taxes	1,339	3,032
Net income	3,338	5,778
Profit attributable to non-controlling interests	57	35
Profit attributable to owners of parent	3,280	5,742

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	3,338	5,778
Other comprehensive income		
Valuation difference on available-for-sale securities	602	(121)
Deferred gains or losses on hedges	(40)	5
Foreign currency translation adjustment	(260)	(815)
Remeasurements of defined benefit plans	127	17
Share of other comprehensive income of entities accounted for using equity method	(0)	2
Total other comprehensive income	429	(910)
Comprehensive income	3,767	4,867
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,709	4,828
Comprehensive income attributable to non-controlling interests	58	38

(3) Notes 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.

Consolidated Financial Results for the First Half of the Fiscal Year Ended March 31, 2016 Supplementary Data on Financial Results

(Securities Code 2264, First Section of the Tokyo Stock Exchange)

(Note) The “second quarter” mentioned below is a cumulative period (April 1 – September 30).

(1) Consolidated Statements

(1) Results for the second quarter under review

(Unit: Millions of yen)

	Amount	YoY	YoY (%)
Net sales	323,288	7,525	102.4
Operating income	10,110	4,956	196.2
Ordinary income	10,639	5,048	190.3
Net income	5,742	2,461	175.0

Net income for the quarter under review is profit attributable to owners of parent

(2) Forecast for the full-year results

(Unit: Millions of yen)

	Amount	YoY (%)
Net sales	605,000	101.7
Operating income	12,700	186.6
Ordinary income	13,500	164.0
Net income	9,000	216.1

Net income for the year under review is profit attributable to owners of parent

(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
Results for the first half of the fiscal year ending March 31, 2016	10.0 (8.5)	8.3 (7.8)

Figures in parentheses show the results for the first half of the previous fiscal year

(4) Research and development expenses (trends)

(Unit: Millions of yen)

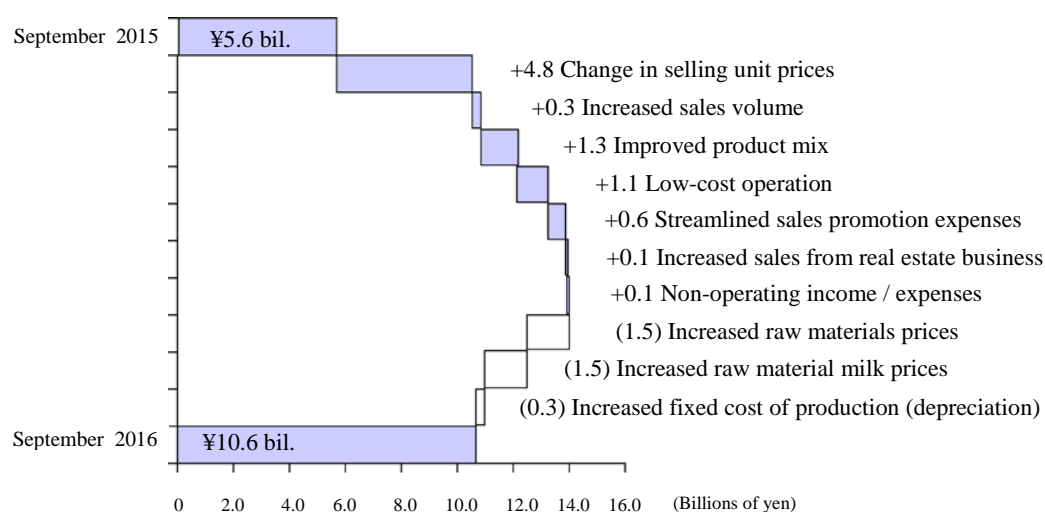
	Amount
Results for the fiscal year ended March 31, 2012	4,839
Results for the fiscal year ended March 31, 2013	4,915
Results for the fiscal year ended March 31, 2014	4,991
Results for the fiscal year ended March 31, 2015	4,958
Results for the first half of the fiscal year ending March 31, 2016	2,437(2,524)

Figures in parentheses show the results for the first half of the previous fiscal year

(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
Results for the fiscal year ending March 31, 2016	5,696	-

(6) Factors of changes in consolidated ordinary income (Second-quarter comparison)



(2) Non-consolidated results

(1) Sales results for the second quarter

(Unit: Millions of yen)

Product Category	Amount	Change (YoY)	
		Change (YoY)	YoY (%)
Total commercial milk	108,339	857	100.8
Milk	39,442	1,566	104.1
Milk-based drinks	33,586	(1,564)	95.5
Yogurt	27,862	1,058	103.9
Pudding	7,447	(202)	97.3
Total dairy products	47,771	2,620	105.8
Condensed milk	2,007	(19)	99.1
Powdered milk	16,460	1,469	109.8
Butter	6,826	512	108.1
Cheese	22,477	657	103.0
Ice cream	32,526	666	102.1
Total other	50,052	154	100.3
Drinks	12,539	(566)	95.7
Other	37,512	721	102.0
Total	238,690	4,299	101.8

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

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

(Unit: Millions of yen)

	Full year		Second half	
	Amount	YoY (%)	Amount	YoY (%)
Total commercial milk	205,050	101.0	96,711	101.3
Milk	75,100	102.4	35,658	100.6
Milk-based drinks	61,850	98.2	28,264	101.6
Yogurt	53,600	103.3	25,738	102.5
Pudding	14,500	98.1	7,053	99.0
Total dairy products	96,750	103.4	48,979	101.2
Condensed milk	4,000	97.6	1,993	96.2
Powdered milk	33,050	104.7	16,590	100.2
Butter	13,800	103.2	6,974	98.9
Cheese	45,900	103.0	23,423	103.0
Ice cream	51,500	102.2	18,974	102.4
Total other	98,300	100.9	48,248	101.5
Drinks	22,400	96.9	9,861	98.4
Other	75,900	102.2	38,388	102.4
Total	451,700	101.6	213,010	101.4

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

(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	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
Results for the first half of the fiscal year ending March 31, 2016	5.8 (3.8)	5.6 (5.4)

Figures in parentheses show the results for the first half of the previous fiscal year

(4) 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
Results for the fiscal year ending March 31, 2016	3,080	-

(5) 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
Results for the first half of the fiscal year ending March 31, 2016	387(384)	242(231)	145(153)

Figures in parentheses show the results for the first half of the previous fiscal year

(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 was not prepared for the purpose of soliciting investment.