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Consolidated Financial Results for the Third 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: February 8, 2016
 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 Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to December 31, 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	%
Nine months ended December 31, 2015	470,455	1.5	14,291	105.3	14,873	87.9	11,690	157.5
Nine months ended December 31, 2014	463,363	(0.6)	6,962	(40.4)	7,916	(35.8)	4,540	(19.2)

(Note) Comprehensive income: Nine months ended December 31, 2015: ¥11,389 million / 116.2%

Nine months ended December 31, 2014: ¥5,269 million / (36.2%)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)
	Yen	Yen
Nine months ended December 31, 2015	47.31	47.17
Nine months ended December 31, 2014	18.38	18.32

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	411,410	134,968	32.5
As of March 31, 2015	383,357	125,286	32.4

(Reference) Shareholders' equity:

As of December 31, 2015: ¥133,789 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)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent 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 nine months ended December 31, 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 December 31, 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 December 31, 2015	1,870,868 shares
As of March 31, 2015	1,895,573 shares

(iii) Average number of shares during period

For the nine months ended December 31, 2015	247,087,602 shares
For the nine months ended December 31, 2014	247,026,465 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 third 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, there are also concerns that a slowdown in overseas economies, such as those of China and other emerging Asian nations, will have an effect on the Japanese economy, and as such conditions remain unclear.

In the food industry, there were signs of underlying stability in consumption buoyed by high-value-added products in some sectors, amid price revisions in a wide range of fields due to skyrocketing raw material prices that are impacted by the weakening yen and other factors, and a moderate rise in consumer prices.

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 improve and streamline asset efficiency as raised in the Medium Term Business Plan, such as by ensuring the efficient outlay of sales promotion expenses and continuing to sell off fixed assets.

As a result of these activities, consolidated net sales of the Group were ¥470,455 million (up 1.5% year on year), due mainly to a year-on-year increase in the sales of products such as milk, yogurt, powdered milk, and ice cream, which surpassed a year-on-year decline in the sales of products such as milk-based drinks.

On a profit basis, operating income increased to ¥14,291 million (up 105.3% year on year) and ordinary income also increased to ¥14,873 million (up 87.9% year on year), while quarterly net profit attributable to owners of the parent rose to ¥11,690 million (up 157.5% year on year), partly due to posting a ¥5,217 million gain on sales of non-current assets.

(2) Explanation of consolidated financial position

Total assets at the end of the third quarter under review increased year on year by ¥28,053 million to ¥411,410 million. This is due to an increase in notes and accounts receivable—trade, resulting from the last day of the quarter being a financial institution holiday, and other factors such as an increase in cash and deposits due to bringing forward the issue of corporate bonds in preparation for their redemption in February 2016.

Total liabilities increased by ¥18,372 million to ¥276,442 million. This was due to various factors including an increase in operating liabilities such as deposits, notes and accounts payable—trade, and electronically recorded obligations—operating, which resulted from the last day of the quarter being a financial institution holiday, as per for assets.

Net assets increased by ¥9,681 million to ¥134,968 million. This was attributable to an increase in retained earnings, resulting from posting a quarterly net profit attributable to owners of the parent.

As a result, the shareholders' equity ratio rose from 32.4% year on year to 32.5%.

(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 October 27, 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 third quarter of the fiscal year under review after accounting for the tax effects, and multiplies income before income taxes during the third 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 third 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 Income before income taxes in the consolidated cumulative third quarter fell by ¥75 million, while the capital surplus at the end of the third quarter of the consolidated accounting period rose by ¥75 million.

(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 December 31, 2015
Assets		
Current assets		
Cash and deposits	11,409	19,010
Notes and accounts receivable–trade	52,357	70,005
Merchandise and finished goods	36,577	34,987
Work in process	982	1,199
Raw materials and supplies	13,457	14,589
Other	14,498	15,328
Allowance for doubtful accounts	(503)	(511)
Total current assets	128,779	154,609
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	69,459	70,215
Machinery, equipment and vehicles, net	57,694	56,590
Land	72,485	70,971
Other, net	21,306	24,839
Total property, plant and equipment	220,946	222,617
Intangible assets	6,829	6,577
Investments and other assets		
Investment securities	17,136	17,595
Other	9,823	10,154
Allowance for doubtful accounts	(157)	(142)
Total investments and other assets	26,801	27,607
Total noncurrent assets	254,578	256,801
Total assets	383,357	411,410

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable–trade	54,317	58,278
Electronically recorded obligations–operating	5,063	7,077
Short-term loans payable	5,049	3,781
Current portion of long-term loans payable	5,056	5,044
Commercial papers	15,800	–
Current portion of bonds	10,000	20,000
Income taxes payable	186	4,527
Accrued expenses	29,578	30,219
Deposits received	19,315	31,764
Other	18,595	14,068
Total current liabilities	162,962	174,762
Noncurrent liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	36,425	42,977
Net defined benefit liability	15,541	15,854
Other	8,141	7,848
Total noncurrent liabilities	95,108	101,680
Total liabilities	258,070	276,442
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,442	19,518
Retained earnings	76,442	86,400
Treasury stock	(621)	(618)
Total shareholders' equity	116,967	127,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,936	6,484
Deferred gains or losses on hedges	(8)	4
Foreign currency translation adjustment	767	(189)
Remeasurements of defined benefit plans	461	486
Total accumulated other comprehensive income	7,157	6,785
Subscription rights to shares	196	235
Non-controlling interests	965	943
Total net assets	125,286	134,968
Total liabilities and net assets	383,357	411,410

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

(Consolidated statements of income)

(April 1, 2015 – December 31, 2015)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	463,363	470,455
Cost of sales	327,438	327,745
Gross profit	135,925	142,709
Selling, general and administrative expenses	128,963	128,417
Operating income	6,962	14,291
Non-operating income		
Interest income	40	34
Dividends income	487	497
House rent income	352	325
Amortization of negative goodwill	430	106
Equity in earnings of affiliates	148	132
Other	693	710
Total non-operating income	2,152	1,805
Non-operating expenses		
Interest expenses	838	752
Other	360	470
Total non-operating expenses	1,199	1,223
Ordinary income	7,916	14,873
Extraordinary income		
Gain on sales of non-current assets	971	5,217
Gain on sales of investment securities	115	243
Gain on bargain purchase	1	—
Total extraordinary income	1,088	5,460
Extraordinary losses		
Loss on disposal of noncurrent assets	650	526
Contributions to the public interest incorporated foundation Hikari Kyokai	1,330	1,353
Impairment loss	231	1,110
Other	502	31
Total extraordinary losses	2,715	3,021
Income before income taxes	6,289	17,312
Income taxes	1,669	5,556
Profit	4,619	11,756
Profit attributable to non-controlling interests	78	65
Profit attributable to owners of parent	4,540	11,690

(Consolidated statements of comprehensive income)
(April 1, 2015 – December 31, 2015)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	4,619	11,756
Other comprehensive income		
Valuation difference on available-for-sale securities	710	550
Deferred gains or losses on hedges	(46)	13
Foreign currency translation adjustment	(204)	(957)
Remeasurements of defined benefit plans	190	25
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	649	(366)
Comprehensive income	5,269	11,389
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,188	11,319
Comprehensive income attributable to non-controlling interests	80	70

(3) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

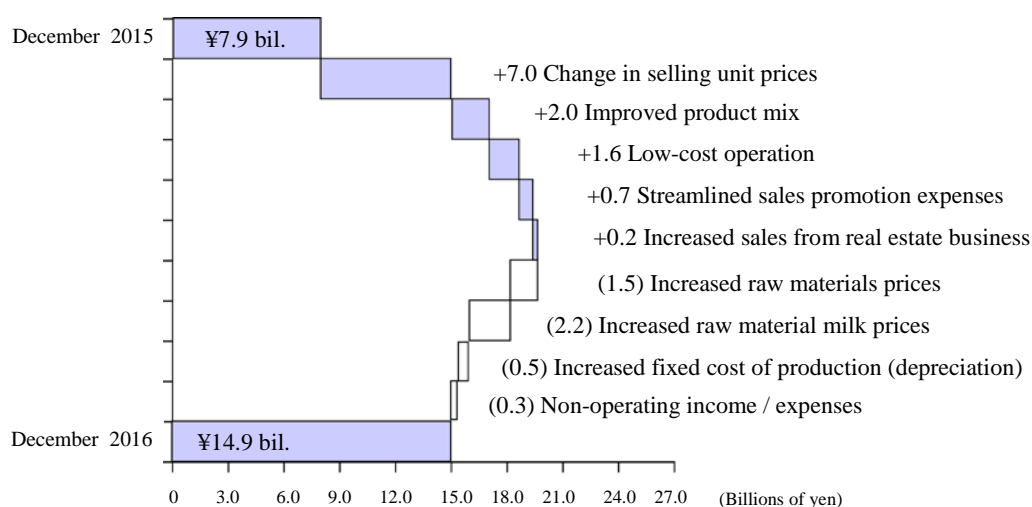
(Notes on significant changes in the amount of shareholders' equity)

No items to report.

4. Supplementary Information

(1) Factors of changes in consolidated ordinary income

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



(2) Sales Results (non-consolidated)

Sales results for the third quarter

(Unit: Millions of yen)

Product Category	Amount		
		Change (YoY)	YoY (%)
Total commercial milk	159,155	2,135	101.4
Milk	58,517	2,417	104.3
Milk-based drinks	48,350	(1,982)	96.1
Yogurt	41,321	2,009	105.1
Pudding	10,966	(307)	97.3
Total dairy products	73,797	2,989	104.2
Condensed milk	2,955	(30)	99.0
Powdered milk	25,369	1,590	106.7
Butter	10,816	665	106.6
Cheese	34,655	762	102.3
Ice cream	43,266	1,369	103.3
Total other	75,526	72	100.1
Drinks	17,609	(754)	95.9
Other	57,916	826	101.4
Total	351,745	6,566	101.9

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

(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.