



August 5, 2016

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 <Japanese GAAP>

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 Listed stock exchange: Tokyo
 Securities code: 2264
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Submission of quarterly report: August 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 Cumulative First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)

(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	%
Three months ended June 30, 2016	153,491	(2.1)	7,296	64.1	7,614	56.7	4,422	48.1
Three months ended June 30, 2015	156,804	2.0	4,447	111.9	4,860	105.6	2,985	230.5

(Note) Comprehensive income: Three months ended June 30, 2016: ¥4,387 million / 84.5%
 Three months ended June 30, 2015: ¥2,378 million / 59.9%

	Net income per share	Net income per share–diluted
	Yen	Yen
Three months ended June 30, 2016	17.89	17.84
Three months ended June 30, 2015	12.08	12.05

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	382,874	132,010	34.2
As of March 31, 2016	378,852	129,370	33.8

(Reference) Shareholders' equity: As of June 30, 2016: ¥130,850 million
 As of March 31, 2016: ¥128,205 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, 2016	–	–	–	7.00	7.00
Fiscal year ending March 31, 2017	–				
Fiscal year ending March 31, 2017 (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, 2017 (April 1, 2016 to March 31, 2017)

(% 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
Second quarter-end (Cumulative)	312,000	(3.5)	11,500	13.7	12,000	12.8	6,500	13.2	26.29
Full year	590,000	(1.9)	16,400	14.5	17,000	13.6	8,200	(22.5)	33.17

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

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2016 (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: None

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

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

As of June 30, 2016	248,977,218 shares
As of March 31, 2016	248,977,218 shares

(ii) Number of treasury stock at end of period

As of June 30, 2016	1,763,863 shares
As of March 31, 2016	1,767,207 shares

(iii) Average number of shares during period

For the three months ended June 30, 2016	247,209,363 shares
For the three months ended June 30, 2015	247,076,980 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 first quarter, the Japanese economy continued to recover gradually, but the recovery in consumer spending and corporate earnings stalled. In addition, the yen strengthened and the Japanese stock market weakened in response to the UK's vote in favor of leaving the EU in late June, leaving the outlook uncertain.

In the food industry, the competitive environment remained harsh as the rise in consumer prices slowed. In this business environment, the Group has continued to strive to develop and improve its products to meet the needs of customers. At the same time, the Group ensured the efficient outlay of sales promotion expenses and procured raw materials advantageously. In addition, we overhauled businesses with low profitability and concentrated management resources on core businesses, and endeavored to improve profitability by raising the added value of products.

As a result of these efforts, non-consolidated net sales of the Company for the first quarter were ¥115,936 million (down 1.8% year on year) as net sales of yogurt and cheese products were up over the previous year, but milk products and drinks were down over the previous year. Net sales for consolidated subsidiaries were down over the previous year due to the impact of the transfer of the household frozen wholesale business in the previous fiscal year. As a result, consolidated net sales for the Group fell 2.1% over the previous year to ¥153,491 million.

On a consolidated basis, operating income increased to ¥7,296 million (up 64.1% year on year) and ordinary income also increased to ¥7,614 million (up 56.7% year on year), while profit attributable to owners of parent rose to ¥4,422 million (up 48.1% year on year).

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter under review increased year on year by ¥4,022 million to ¥382,874 million. This is mainly due to an increase in notes and accounts receivable–trade from seasonal factors.

Total liabilities increased by ¥1,382 million to ¥250,864 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 ¥2,640 million to ¥132,010 million. This was attributable to an increase in retained earnings.

As a result, the shareholders' equity ratio declined from 33.8% year on year to 34.2%.

(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, 2017 disclosed on May 16, 2016.

2. Summary Information (notes)

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

Assessment of tax expenses

The Company and its consolidated subsidiaries apply the method that reasonably estimates an effective tax rate to be assessed on profit before income taxes for the fiscal year ending March 31, 2017, including this first quarter of the fiscal year under review after accounting for the tax effects and multiplies profit before income taxes during the first quarter of the fiscal year ending March 31, 2017 by said estimated effective tax rate.

(2) Additional information

Application of the "Implementation Guidance on Recoverability of Deferred Tax Assets"

The Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) from the first quarter of the fiscal year under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	6,506	5,496
Notes and accounts receivable–trade	53,511	58,560
Merchandise and finished goods	37,218	37,566
Work in process	572	638
Raw materials and supplies	14,559	14,186
Other	12,926	14,053
Allowance for doubtful accounts	(467)	(455)
Total current assets	124,828	130,046
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,339	70,831
Machinery, equipment and vehicles, net	57,600	57,486
Land	70,478	70,470
Other, net	25,709	24,502
Total property, plant and equipment	224,127	223,291
Intangible assets	6,719	6,659
Investments and other assets		
Investment securities	15,468	15,193
Other	7,832	7,807
Allowance for doubtful accounts	(124)	(122)
Total investments and other assets	23,176	22,878
Total noncurrent assets	254,023	252,828
Total assets	378,852	382,874

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	52,852	56,121
Electronically recorded obligations–operating	4,516	6,535
Short-term loans payable	6,433	1,133
Current portion of long-term loans payable	4,810	5,148
Commercial papers	2,000	4,000
Current portion of bonds	10,000	10,000
Income taxes payable	3,082	2,145
Accrued expenses	31,736	31,131
Deposits received	18,468	21,749
Other	13,903	11,882
Total current liabilities	147,804	149,849
Noncurrent liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	42,142	41,336
Net defined benefit liability	18,011	18,195
Other	6,523	6,482
Total noncurrent liabilities	101,677	101,014
Total liabilities	249,481	250,864
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,518	19,518
Retained earnings	85,280	87,972
Treasury stock	(585)	(585)
Total shareholders' equity	125,918	128,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,127	4,886
Deferred gains or losses on hedges	(43)	(73)
Foreign currency translation adjustment	(321)	(128)
Remeasurements of defined benefit plans	(2,475)	(2,443)
Total accumulated other comprehensive income	2,287	2,241
Subscription rights to shares	204	202
Non-controlling interests	959	957
Total net assets	129,370	132,010
Total liabilities and net assets	378,852	382,874

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

(Consolidated statements of income)

(April 1, 2016 – June 30, 2016)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	156,804	153,491
Cost of sales	109,624	103,192
Gross profit	47,180	50,298
Selling, general and administrative expenses	42,733	43,002
Operating income	4,447	7,296
Non-operating income		
Interest income	9	6
Dividends income	354	277
House rent income	108	111
Equity in earnings of affiliates	47	58
Other	321	270
Total non-operating income	842	723
Non-operating expenses		
Interest expenses	245	231
Other	183	174
Total non-operating expenses	429	405
Ordinary income	4,860	7,614
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	-	2
Disaster donations	-	2
Total extraordinary income	0	5
Extraordinary losses		
Loss on disposal of noncurrent assets	46	9
Contributions to the public interest incorporated foundation Hikari Kyokai	430	430
Loss on disaster	-	395
Other	0	0
Total extraordinary losses	477	834
Profit before income taxes	4,383	6,785
Income taxes	1,390	2,354
Profit	2,992	4,430
Profit attributable to non-controlling interests	6	7
Profit attributable to owners of parent	2,985	4,422

(Consolidated statements of comprehensive income)
(April 1, 2016 – June 30, 2016)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	2,992	4,430
Other comprehensive income		
Valuation difference on available-for-sale securities	725	(236)
Deferred gains or losses on hedges	23	(30)
Foreign currency translation adjustment	(1,374)	192
Remeasurements of defined benefit plans, net of tax	11	32
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total other comprehensive income	(613)	(42)
Comprehensive income	2,378	4,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,368	4,376
Comprehensive income attributable to non-controlling interests	10	11

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

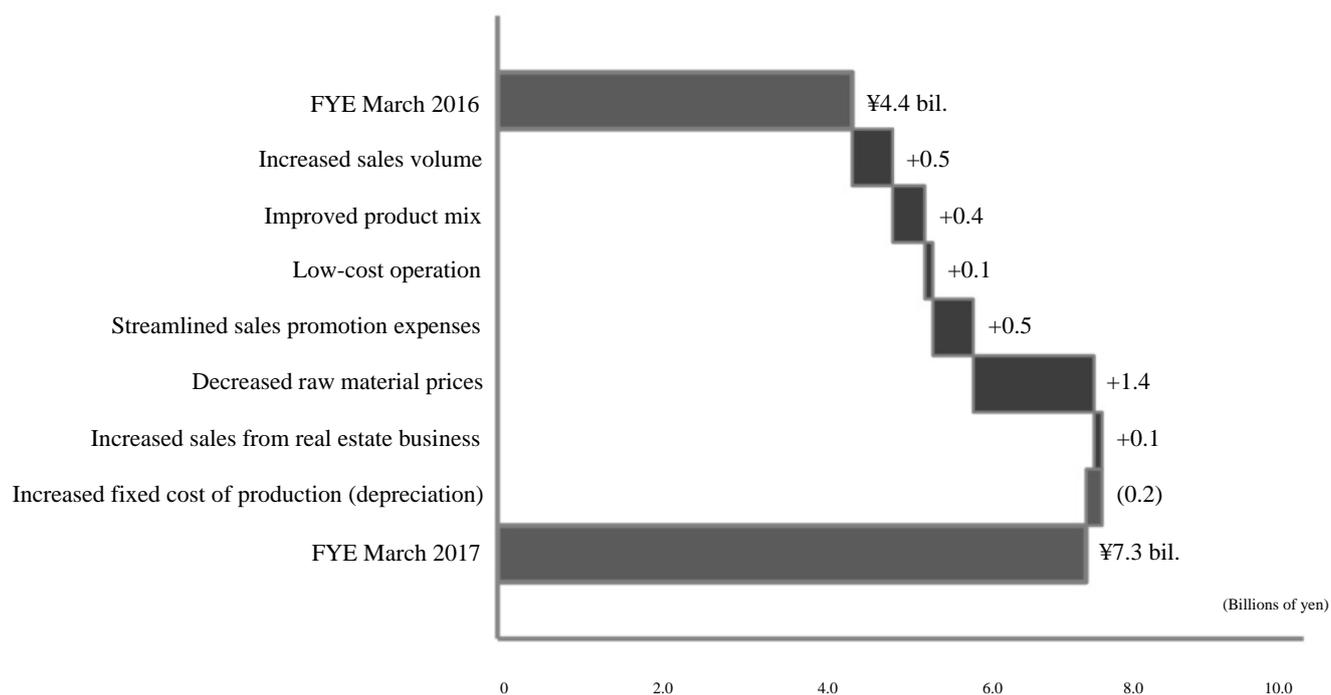
No items to report.

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

No items to report.

4. Supplementary Information

(1) Factors of changes in consolidated operating income (First quarter comparison)



(2) Sales Results (non-consolidated)

Sales results for the first quarter

(Unit: Millions of yen)

Product Category	Amount			(Reference) Comparison after previous year's adjustments*	
		Change (YoY)	YoY (%)	Change (YoY)	YoY (%)
Total commercial milk	52,972	(989)	(1.8)	(194)	(0.4)
Milk	18,432	(1,086)	(5.6)	(815)	(4.2)
Milk-based drinks	16,073	25	0.2	353	2.2
Yogurt	15,245	673	4.6	829	5.8
Pudding	3,221	(602)	(15.8)	(561)	(14.8)
Total dairy products	24,327	(171)	(0.7)	267	1.1
Condensed milk	892	(255)	(22.3)	(231)	(20.6)
Powdered milk	8,640	199	2.4	367	4.4
Butter	3,078	(623)	(16.8)	(589)	(16.1)
Cheese	11,715	508	4.5	720	6.6
Ice cream	15,004	286	1.9	664	4.6
Total other	23,632	(1,201)	(4.8)	(909)	(3.7)
Drinks	5,391	(788)	(12.8)	(691)	(11.4)
Other	18,240	(412)	(2.2)	(217)	(1.2)
Total	115,936	(2,076)	(1.8)	(171)	(0.1)

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

*Sales in the Kyushu region were transferred to a subsidiary beginning in the fiscal year under review.

Year-on-year comparison after adjusting the sales unit price gap