



August 9, 2017

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018 <Japanese GAAP>

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 Listed stock exchange: Tokyo
 Securities code: 2264
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Submission of quarterly report: August 10, 2017
 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, 2018 (April 1, 2017 to June 30, 2017)

(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, 2017	153,880	0.3	8,069	10.6	8,710	14.4	7,619	72.3
Three months ended June 30, 2016	153,491	(2.1)	7,296	64.1	7,614	56.7	4,422	48.1

(Note) Comprehensive income: Three months ended June 30, 2017: ¥8,234 million / 87.7%
 Three months ended June 30, 2016: ¥4,387 million / 84.5%

	Net income per share	Net income per share—diluted
	Yen	Yen
Three months ended June 30, 2017	30.80	30.73
Three months ended June 30, 2016	17.89	17.84

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	399,857	148,802	37.0
As of March 31, 2017	385,366	142,846	36.9

(Reference) Shareholders' equity: As of June 30, 2017: ¥148,002 million
 As of March 31, 2017: ¥142,035 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, 2017	–	–	–	9.00	9.00
Fiscal year ending March 31, 2018	–				
Fiscal year ending March 31, 2018 (Forecast)		–	–	50.00	50.00

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

Breakdown of dividend (forecast) for the fiscal year ending March 31, 2018: Ordinary dividend - 45.00 yen; 100th anniversary commemorative dividend - 5.00 yen

The per share amount of the year-end dividend for the fiscal year ending March 31, 2018 (forecast) will take into consideration the effect of a reverse stock split with a ratio of 1 share for every 5 shares of common stock, with an effective date of October 1, 2017. The amount not reflecting the reverse stock split will be a total year-end dividend of ¥10.00. For details of the reverse stock split, please refer to the “Proper use of earnings forecasts, and other special matters.”

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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)	318,000	0.7	16,000	2.4	16,400	2.1	11,600	15.3	46.89
Full year	600,000	1.2	21,500	1.9	22,300	1.5	14,000	6.0	282.97

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

The full-year net income per share will take into consideration the effect of a reverse stock split with a ratio of 1 share for every 5 shares of common stock, with an effective date of October 1, 2017. The amount not reflecting the reverse stock split will be ¥56.59. For details of the reverse stock split, please refer to the “Proper use of earnings forecasts, and other special matters.”

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2017 (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

For details, refer to page 7 of the attached materials, "2. Quarterly Consolidated Financial Statements and Notes (3) Note regarding the quarterly consolidated financial statements (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, 2017	248,977,218 shares
As of March 31, 2017	248,977,218 shares

(ii) Number of treasury stock at end of period

As of June 30, 2017	1,601,438 shares
As of March 31, 2017	1,596,880 shares

(iii) Average number of shares during period

For the three months ended June 30, 2017	247,376,718 shares
For the three months ended June 30, 2016	247,209,363 shares

* The consolidated financial results are not subject to auditing.

* Proper use of earnings forecasts, and other special matters

1. 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."

2. At the Company's 94th general shareholders' meeting held on June 29, 2017, a resolution was passed to conduct a reverse stock split with a ratio of 1 share for every 5 shares of common stock, with an effective date of October 1, 2017.

[Attached Materials]

Index

1. Qualitative Information on Quarterly Results	2
(1) Explanation of consolidated operating results	2
(2) Explanation of consolidated financial position.....	2
(3) Explanation of forward-looking information including consolidated earnings forecasts	2
2. Quarterly Consolidated Financial Statements and Notes.....	3
(1) Quarterly consolidated balance sheets	3
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	5
Consolidated statements of income	
April 1, 2017 – June 30, 2017.....	5
Consolidated statements of comprehensive income	
April 1, 2017 – June 30, 2017.....	6
(3) Note regarding the quarterly consolidated financial statements	7
(Notes on premise of going concern)	7
(Notes on significant changes in the amount of shareholders' equity)	7
(Application of special accounting for preparing quarterly consolidated financial statements)	7
3. Supplementary Information	8

1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

The Japanese economy in the first quarter continued to gradually recover, with a pick-up in consumer spending and capital investment. However, uncertainties in the political and economic situation overseas, along with the effect of fluctuations in the financial and capital markets and other factors, are sustaining the unclear outlook. In the food industry, the continually growing trend in health consciousness is driving growth in functional foods and this along with other factors is positively impacting some high added value products. Nevertheless, competition remains fierce amidst flattening consumer prices.

In this business climate, the Group has been working to address the management issues raised in the Medium Term Business Plan, which marks its third year this year, and also strengthen the management base. As we continue to develop and promote the value of products that meet the needs of customers, the Group has also been working to completely streamline and improve the efficiency of our business, such as by reviewing low-margin products to improve the product mix and facilitating low-cost operations.

As a result of these activities, consolidated net sales for the Group grew by 0.3% year on year to reach ¥153,880 million. This was attributable to strong sales of ice cream, cheese, and other products, despite a year-on-year fall in sales of milk-based drinks and yogurt.

Efforts to improve profitability have paid off, with consolidated operating income up by 10.6% year on year to ¥8,069 million and consolidated ordinary income also up by 14.4% over the same period to ¥8,710 million. Profit attributable to owners of parent increased as well to ¥7,619 million (up 72.3% year on year), partly due to posting the gain on sales of fixed assets.

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter under review increased year on year by ¥14,491 million to ¥399,857 million. This is mainly due to an increase in notes and accounts receivable—trade from seasonal factors.

Total liabilities increased by ¥8,534 million to ¥251,054 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 ¥5,956 million to ¥148,802 million, mainly attributable to an increase in retained earnings. As a result, the shareholders' equity ratio rose to 37.0%, compared with 36.9% at the end of the previous fiscal year.

(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, 2018 disclosed on May 12, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	7,378	10,683
Notes and accounts receivable–trade	53,721	60,682
Merchandise and finished goods	36,949	38,224
Work in process	839	873
Raw materials and supplies	13,716	14,283
Other	14,232	14,970
Allowance for doubtful accounts	(419)	(427)
Total current assets	126,418	139,291
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,634	70,092
Machinery, equipment and vehicles, net	56,709	55,755
Land	70,049	69,927
Other, net	28,313	29,070
Total property, plant and equipment	225,707	224,844
Intangible assets	6,105	5,986
Investments and other assets		
Investment securities	18,793	21,544
Other	8,457	8,299
Allowance for doubtful accounts	(115)	(108)
Total investments and other assets	27,135	29,735
Total noncurrent assets	258,947	260,566
Total assets	385,366	399,857

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable–trade	52,212	56,082
Electronically recorded obligations–operating	5,510	6,476
Short-term loans payable	4,132	4,707
Current portion of long-term loans payable	11,581	12,783
Current portion of bonds	10,000	10,000
Income taxes payable	4,433	3,347
Accrued expenses	35,161	33,488
Deposits received	18,655	22,095
Other	13,090	13,392
Total current liabilities	154,778	162,373
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	37,522	37,497
Net defined benefit liability	18,475	18,656
Other	6,743	7,526
Total noncurrent liabilities	87,741	88,680
Total liabilities	242,519	251,054
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,877	19,859
Retained earnings	96,736	102,129
Treasury stock	(543)	(548)
Total shareholders' equity	137,774	143,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,326	9,116
Deferred gains or losses on hedges	39	33
Foreign currency translation adjustment	(898)	(2,102)
Remeasurements of defined benefit plans	(2,205)	(2,190)
Total accumulated other comprehensive income	4,261	4,856
Subscription rights to shares	200	200
Non-controlling interests	610	600
Total net assets	142,846	148,802
Total liabilities and net assets	385,366	399,857

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

(Consolidated statements of income)

(April 1, 2017 – June 30, 2017)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	153,491	153,880
Cost of sales	103,192	103,115
Gross profit	50,298	50,765
Selling, general and administrative expenses	43,002	42,696
Operating income	7,296	8,069
Non-operating income		
Interest income	6	6
Dividends income	277	396
House rent income	111	104
Equity in earnings of affiliates	58	50
Other	270	403
Total non-operating income	723	960
Non-operating expenses		
Interest expenses	231	205
Other	174	114
Total non-operating expenses	405	319
Ordinary income	7,614	8,710
Extraordinary income		
Gain on sales of noncurrent assets	0	3,007
Gain on sales of investment securities	2	0
Disaster donations	2	-
Total extraordinary income	5	3,008
Extraordinary losses		
Loss on disposal of noncurrent assets	9	27
Contributions to the public interest incorporated foundation Hikari Kyokai	430	450
Loss on disaster	395	-
Other	0	44
Total extraordinary losses	834	521
Profit before income taxes	6,785	11,196
Income taxes	2,354	3,563
Profit	4,430	7,633
Profit attributable to non-controlling interests	7	14
Profit attributable to owners of parent	4,422	7,619

(Consolidated statements of comprehensive income)
(April 1, 2017 – June 30, 2017)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	4,430	7,633
Other comprehensive income		
Valuation difference on available-for-sale securities	(236)	1,795
Deferred gains or losses on hedges	(30)	(6)
Foreign currency translation adjustment	192	(1,203)
Remeasurements of defined benefit plans, net of tax	32	14
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(42)	600
Comprehensive income	4,387	8,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,376	8,214
Comprehensive income attributable to non-controlling interests	11	19

(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.

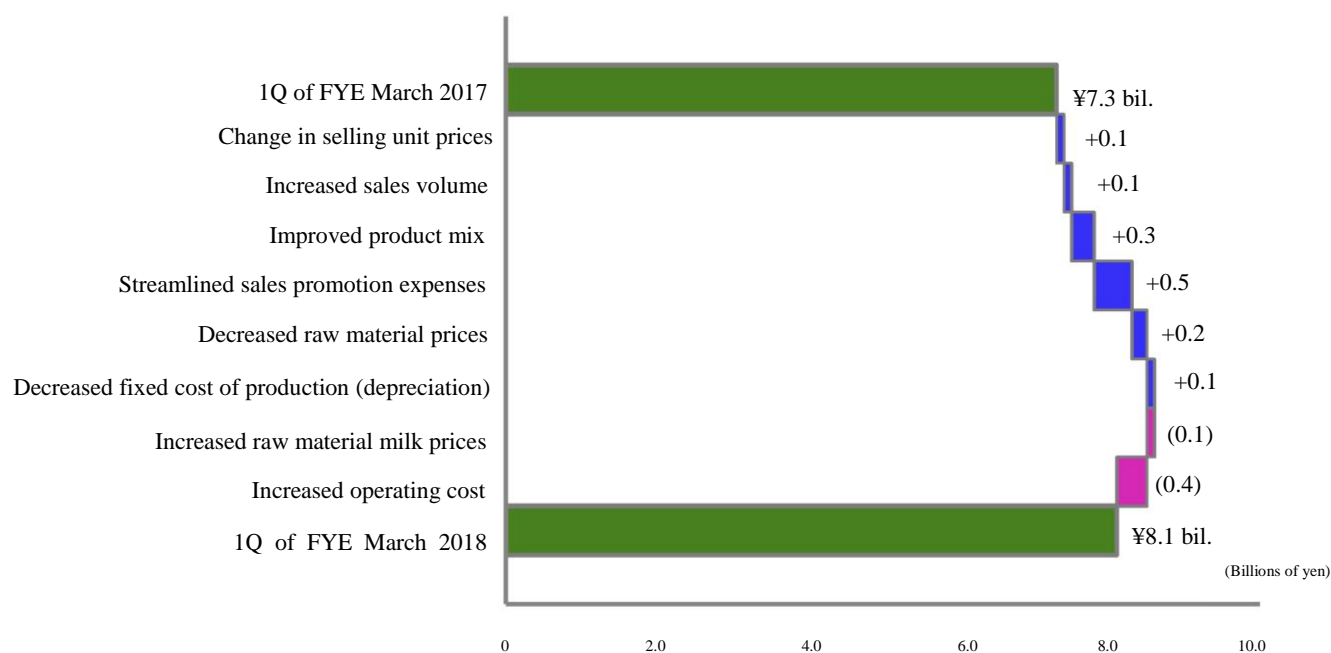
(Application of special accounting for preparing quarterly consolidated financial statements)

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, 2018, 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, 2018 by said estimated effective tax rate.

3. 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	Change (YoY)	
		Change (YoY)	YoY (%)
Total commercial milk	51,222	(1,750)	(3.3)
Milk	18,213	(218)	(1.2)
Milk-based drinks	15,259	(814)	(5.1)
Yogurt	14,671	(573)	(3.8)
Pudding	3,077	(143)	(4.5)
Total dairy products	23,918	(408)	(1.7)
Condensed milk	908	16	1.8
Powdered milk	7,893	(746)	(8.6)
Butter	3,162	84	2.7
Cheese	11,952	237	2.0
Ice cream	15,713	709	4.7
Total other	23,218	(414)	(1.8)
Drinks	4,403	(988)	(18.3)
Other	18,814	574	3.1
Total	114,072	(1,863)	(1.6)

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