



August 6, 2014

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2015
<Japanese GAAP>

Listed company: Morinaga Milk Industry Co., Ltd.
 Listed stock exchange: Tokyo
 Securities code: 2264
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Submission of quarterly report: August 8, 2014
 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, 2015
(April 1, 2014 to June 30, 2014)

(1) Consolidated operating results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2014	153,717	(0.0)	2,098	(52.5)	2,364	(49.7)	903	(68.9)
Three months ended June 30, 2013	153,773	2.0	4,414	23.6	4,700	22.7	2,901	56.6

(Note) Comprehensive income: Three months ended June 30, 2014: ¥1,487 million / (54.7 %)
 Three months ended June 30, 2013: ¥3,288 million / 101.8 %

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended June 30, 2014	3.66	3.65
Three months ended June 30, 2013	11.75	11.72

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	374,184	118,976	31.6
As of March 31, 2014	360,578	120,959	33.3

(Reference) Shareholders' equity:

As of June 30, 2014: ¥118,275 million

As of March 31, 2014: ¥120,245 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, 2014	–	–	–	7.00	7.00
Fiscal year ending March 31, 2015	–				
Fiscal year ending March 31, 2015 (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, 2015 (April 1, 2014 to March 31, 2015)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	320,000	(0.3)	9,500	(1.4)	10,000	(1.1)	5,000	4.1	20.24
Full year	605,000	1.0	12,600	5.2	13,000	4.9	6,000	24.0	24.29

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

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2014 (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, 2014	253,977,218 shares
As of March 31, 2014	253,977,218 shares

(ii) Number of treasury stock at end of period

As of June 30, 2014	6,994,993 shares
As of March 31, 2014	6,986,042 shares

(iii) Average number of shares during period

For the three months ended June 30, 2014	246,985,337 shares
For the three months ended June 30, 2013	246,951,798 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

During the three months ended June 30, 2014, the Japanese economy moved gradually toward a recovery partly due to the economic and monetary policies of the Japanese government and the Bank of Japan, despite the backlash from last-minute demand caused by the consumption tax rate hike in April. However, the outlook for business conditions continues to remain uncertain, in part due to concerns over the effect that a slowdown in overseas economies resulting from a volatile international situation could have on the Japanese economy.

In the food industry, although in some parts there were also signs of preference for high value-added products, consumers' tendency of conservative spending continued. Meanwhile, the effect of escalating prices of raw materials and energy also affected the ongoing tough business conditions.

In this business environment, the Morinaga Milk Group has continued to develop and improve its products to meet the needs of customers while sustaining effective expenditure on promotion expenses and pursuing low-cost operations by optimizing raw material procurement and streamlining both production and distribution.

As a result of these activities, non-consolidated net sales of the Company were ¥115,367 million (up 0.1% year on year), due mainly to a year-on-year increase in the sales of such products as cheese, ice cream, and milk, that surpassed a year-on-year decline in the sales of such products as yogurt, powdered milk, and milk-based drinks. Meanwhile, net sales for consolidated subsidiaries declined from the results of the same period in the previous fiscal year, resulting in slightly declined net sales for the Company of ¥153,717 million.

On a consolidated basis, operating income declined to ¥2,098 million (down 52.5% year on year) and ordinary income also declined to ¥2,364 million (down 49.7% year on year), while net income fell to ¥903 million (down 68.9% year on year). This was mainly attributable to the impact of rising prices of raw materials and energy as well as increases in promotion expenses due to intensifying competition.

(2) Explanation of consolidated financial position

Total assets at the end of the first quarter under review increased by ¥13,605 million to ¥374,184 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 ¥15,587 million to ¥255,207 million. This was mainly due to an increase in the total amount of loans and bonds payable as a result of the issuance of bonds, as well as an increase in operating debts such as notes and accounts payable-trade due primarily to seasonal factors.

Net assets decreased by ¥1,982 million to ¥118,976 million. This was attributable to a decrease in retained earnings due to such factors as the application of accounting standards for retirement benefits, despite an increase in valuation difference on available-for-sale securities associated with a rise in the market price of listed securities. As a result, the shareholders' equity ratio declined from 33.3% year on year to 31.6%.

(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, 2015 disclosed on May 14, 2014.

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, 2015 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, 2015 by said estimated effective tax rate.

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

Application of accounting standards for retirement benefits

The Company has adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter, "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter, "Retirement Benefits Guidance") and,

from the first quarter of the fiscal year under review, the provisions set forth in main body of the Clause 35 of the Retirement Benefits Accounting Standard and in main body of the Clause 67 of the Retirement Benefits Guidance. Based on this, the Company has revised the methods of calculating retirement benefit obligations and service costs; changed the method of attributing expected retirement benefits to periods from straight-line attribution and point-based attribution to straight-line attribution; and changed the method of determining the discount rate from one that uses a discount rate based on the number of years that approximates an employee's average remaining length of service to a method that uses a single weighted average discount rate reflecting the anticipated payment period for retirement benefits and the monetary amount for each anticipated payment period.

Regarding the application of accounting standards for retirement benefits, the Company adheres to the transitional accounting stipulated in Clause 37 of the Retirement Benefits Accounting Standard, and in the beginning of the first quarter under review makes a corresponding adjustment to retained earnings for the effect of changes in the methods of calculating retirement benefit obligations and service costs.

As a result, at the beginning of the first quarter under review, net defined benefit liability increased by ¥2,677 million and retained earnings decreased by ¥1,723 million. Additionally, operating income, ordinary income, and income before income taxes and minority interests each declined by ¥3 million during the first quarter under review.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	7,383	7,743
Notes and accounts receivable-trade	51,813	59,147
Merchandise and finished goods	29,834	32,464
Work in process	910	899
Raw materials and supplies	11,647	11,910
Other	13,734	16,341
Allowance for doubtful accounts	(600)	(553)
Total current assets	114,723	127,953
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,494	68,406
Machinery, equipment and vehicles, net	58,648	57,821
Land	72,987	73,017
Other, net	13,570	13,429
Total property, plant and equipment	213,701	212,675
Intangible assets	6,730	6,735
Investments and other assets		
Investment securities	16,024	17,449
Other	9,555	9,524
Allowance for doubtful accounts	(156)	(154)
Total investments and other assets	25,422	26,820
Total noncurrent assets	245,855	246,230
Total assets	360,578	374,184

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,068	61,972
Electronically recorded obligations-operating	4,868	5,856
Short-term loans payable	6,194	1,738
Current portion of bonds	15,040	15,040
Current portion of long-term loans payable	5,189	4,911
Commercial papers	5,000	-
Income taxes payable	1,853	186
Accrued expenses	29,817	32,130
Deposits received	19,733	23,695
Other	11,922	11,986
Total current liabilities	158,687	157,519
Noncurrent liabilities		
Bonds payable	30,000	45,000
Long-term loans payable	29,109	28,746
Net defined benefit liability	12,458	15,319
Other	9,363	8,622
Total noncurrent liabilities	80,931	97,688
Total liabilities	239,619	255,207
Net assets		
Shareholders' equity		
Capital stock	21,704	21,704
Capital surplus	19,442	19,442
Retained earnings	77,377	74,828
Treasury stock	(2,285)	(2,288)
Total shareholders' equity	116,238	113,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,357	5,039
Deferred gains or losses on hedges	69	23
Foreign currency translation adjustment	469	352
Remeasurements of defined benefit plans	(889)	(825)
Total accumulated other comprehensive income	4,007	4,588
Subscription rights to shares	197	197
Minority interests	516	504
Total net assets	120,959	118,976
Total liabilities and net assets	360,578	374,184

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

(Consolidated statements of income)

(April 1, 2014 – June 30, 2014)

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	153,773	153,717
Cost of sales	107,089	108,365
Gross profit	46,684	45,351
Selling, general and administrative expenses	42,269	43,252
Operating income	4,414	2,098
Non-operating income		
Interest income	15	13
Dividends income	242	232
House rent income	138	119
Equity in earnings of affiliates	71	79
Other	331	324
Total non-operating income	799	770
Non-operating expenses		
Interest expenses	353	312
Other	160	192
Total non-operating expenses	513	504
Ordinary income	4,700	2,364
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Gain on bargain purchase	140	1
Compensation income	359	-
Other	-	0
Total extraordinary income	501	2
Extraordinary losses		
Loss on disposal of noncurrent assets	67	243
Contributions to the public interest incorporated foundation Hikari Kyokai	490	450
Factory reorganization expenses	44	199
Other	5	1
Total extraordinary losses	608	894
Income before income taxes and minority interests	4,594	1,472
Income taxes	1,682	566
Income before minority interests	2,911	905
Minority interests in income	9	2
Net income	2,901	903

(Consolidated statements of comprehensive income)
(April 1, 2014 – June 30, 2014)

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	2,911	905
Other comprehensive income		
Valuation difference on available-for-sale securities	221	682
Deferred gains or losses on hedges	8	(46)
Foreign currency translation adjustment	146	(117)
Remeasurements of defined benefit plans	-	63
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	376	582
Comprehensive income	3,288	1,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,278	1,485
Comprehensive income attributable to minority interests	9	2

(3) Note regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

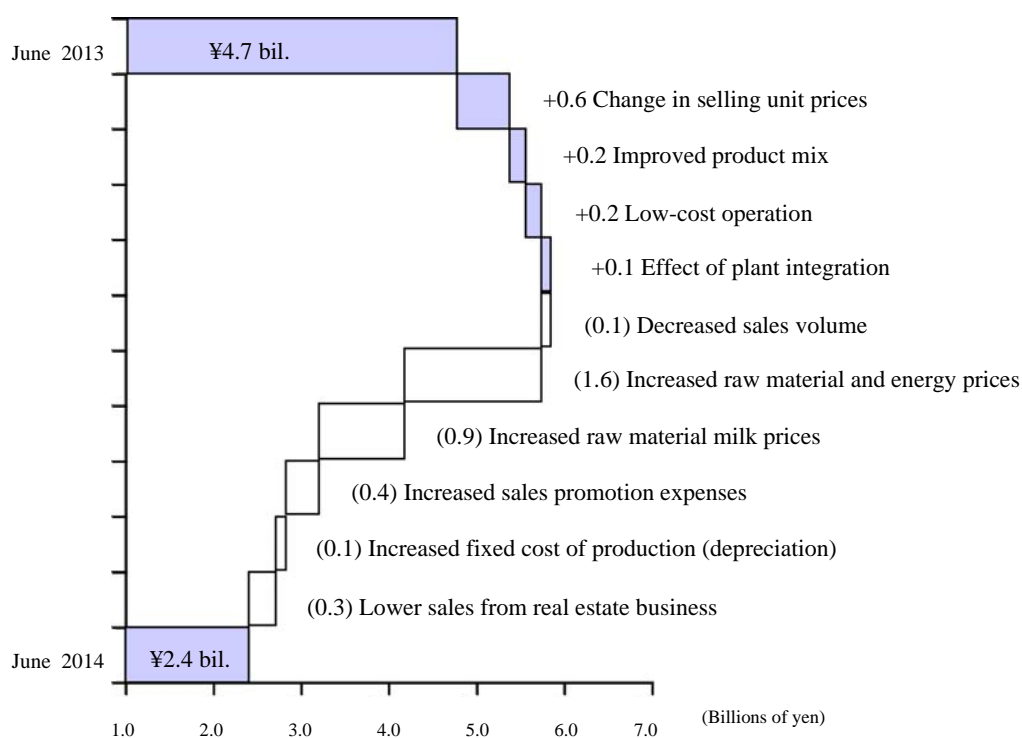
(Notes on significant changes in the amount of shareholders' equity)

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: Million yen)

Product Category	Amount	Change (YoY)	YoY (%)
	Total commercial milk	53,245	(1,001)
Milk	18,559	276	101.5
Milk-based drinks	17,070	(382)	97.8
Yogurt	13,671	(902)	93.8
Pudding	3,943	7	100.2
Total dairy products	22,854	308	101.4
Condensed milk	1,179	(10)	99.1
Powdered milk	7,416	(563)	92.9
Butter	3,157	70	102.3
Cheese	11,100	812	107.9
Ice cream	14,755	661	104.7
Total other	24,512	138	100.6
Drinks	6,352	191	103.1
Other	18,160	(53)	99.7
Total	115,367	106	100.1

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

* The above non-consolidated sales items are not subject to review in statutory disclosure.