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ANNUAL REPORT 2010
For the year ended March 31

Meiji Holdings Co., Ltd.

Contents

CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this annual report with respect to plans, strategies and future performance that are not historical facts are forward-looking statements. Meiji Holdings Co., Ltd. cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Unless specifically stated otherwise, information in this annual report is as of August, 2010.

Profile

Aiming to continue finding innovative ways to meet our customers' needs, today and tomorrow, as "Food and Health" professionals

Meiji Seika Kaisha, Ltd., and Meiji Dairies Corporation established the joint holding company Meiji Holdings Co., Ltd. in April 2009, marking a new departure as the new Meiji Group.

Through its broad range of businesses, including the dairy products, confectionary and healthcare, and pharmaceuticals businesses, the Meiji Group will continue working to widen the world of "tastiness, enjoyment, health and reassurance" for customers of all ages, from infants to the elderly, to brighten their daily lives.

History of the Meiji Group

Okubo Plant starts manufacturing caramels and biscuits.

"Meiji Milk Chocolate" is introduced.

Commences sales of cocoa and launches the food business.

Food business started.

Meiji Seika

1917 Confectionary business started.

1926

We have been delivering "safe and reassuring

Meiji Dairies

1917 Dairy products business started.

"Soft Curd Meiji Infant Formula" (Japan's first soft curd infant formula) is introduced.

The whipped cream "Meiji Fresh Cream" is introduced (1953). "Meiji Baby Rice Gruel" and "Meiji Infant Kaju Orange Juice," both weaning foods, are introduced (1968).

Pharmaceutical business started.

1946

The pharmaceutical business is launched with the commencement of penicillin production.

1950

The antibiotic "Streptomycin Meiji" is introduced.

1958

Japan's first antibiotic "Kanamycin" is introduced.

1961

"Marble Chocolate" is introduced.

1968

"Karl," Japan's first snack confectionary product, is introduced.

The agricultural chemical product "ORYZEMATE" is introduced.

1975

"Kinoko no Yama" is introduced. Starts a new trend of chocolate snacks.

1980

"SAVAS" series is introduced.

1983

"ISODINE® UGAIGUSURI" is introduced as an OTC drug.

products" to people of all ages for more than 90 years.

1951

1953, 1968

1971, 1973

"Meiji Bulgaria Yogurt" is introduced (1973).

"Meiji Plain Yogurt" (Japan's first sugar-free yogurt) is introduced (1971).

1976

The frozen food "Pizza & Pizza" is introduced.

1986

The enteral formula "YH-80" is introduced, marking a re-entry into the enteral food business.

1990

Super premium ice cream "Aya" is introduced.

1988 “Kaju Gummy” is introduced. The unique chewiness of gummy candies draws attention to the product.

1989 The antianxiety drug “MEILAX” is introduced.

1994 The antibiotic “MEIACT” is introduced.

1997 “Xylish Gum,” a xylitol gum, is introduced.

1999 The antidepressant “DEPROMEL” is introduced.

2002 “Amino Collagen” is introduced.

2009 The antidepressant drug “REFLEX®” is introduced.

Our well-loved products will continue to brighten our customers’ daily lives.

1992 “Meiji Hokkaido Tokachi Cheese” is introduced.

1994 “Meiji Essel Super Cup Ultra Vanilla” is introduced.

1995 The enteral formula “Mei Balance” is introduced.

The sports nutrition beverage “VAAM” is introduced.

2000 “Meiji Probio Yogurt LG21” is introduced.

2002 “Meiji Oishii Gyunyu” is introduced.

2007 The world’s first* cube-type infant formula “Meiji Hohoemi Raku Raku Cube” is introduced.

* Company data

2010 “meiji Yoplait,” a new brand of yogurt, is introduced.

Meiji Brand Logo — a symbol of the Group Philosophy

Meiji Brand Logo is proof of our promise to deliver value to our customers and stakeholders, and represents our efforts to put our Group Philosophy into practice.
The usage of soft, rounded lower-case lettering represents cheeriness befitting a corporate group in the "Food and Health" business, as well as the warm connection we have with each customer.
In particular, the shape of the letters "iji" can be seen to represent the outline of a group of people supporting one another.
Red, our brand color, is an uplifting color, evoking the joy of living.
Red is also the first color humans learn after birth, creating a direct link to our desire to be a constant, beloved presence in the lives of people of all ages, from babies to the elderly.

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Meiji Group's System of Principles

Group Philosophy

Our mission is to widen the world of "Tastiness and Enjoyment" and meet all expectations regarding "Health and Reassurance."
Our wish is to be closely in tune with our customers' feelings and to always be there to brighten their daily lives.
Our responsibility as "Food and Health" professionals is to continue finding innovative ways to meet our customers' needs, today and tomorrow.

Management Attitude

Five Fundamentals
1. Commit ourselves to customer-based ideas and behaviors
2. Provide safe and reassuring high-quality products
3. Strive to always produce new value
4. Foster the development of the synergies and capabilities of the organization and each individual
5. Be a transparent, wholesome company trusted by the society

Action Guidelines

meiji way
In order to be an essential part of our customers, partners, and colleagues' daily lives, we must:

1. Listen to and learn from our customers
2. Find ways to identify tomorrow's trends and be prepared to lead the way
3. Make our work exciting, and create exciting work
4. Have the strength and courage to confront any issues, rather than to avoid them
5. Always believe in our team's potential, and make the most of its abilities

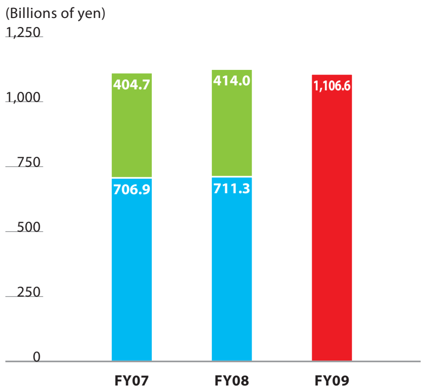
Financial Highlights (Consolidated)

Highlights of financial results for the first year of integration.

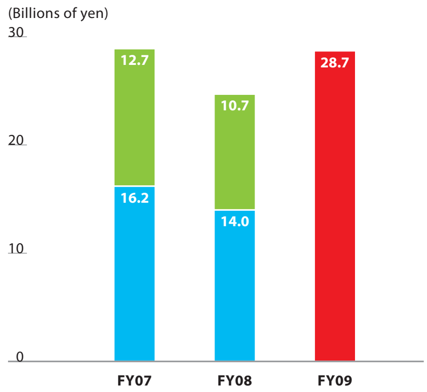
	Millions of yen (Unless otherwise noted)							Thousands of U.S. dollars (Unless otherwise noted) (Note 1)		
	FY2007		FY2008		FY2009			FY2009		
	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Holdings	Meiji Seika	Meiji Dairies	Meiji Holdings
For the fiscal year										
Net sales	¥404,711	¥706,988	¥414,080	¥711,394	¥411,035	¥704,499	¥1,106,645	$4,417,835	$7,572,010	$11,894,302
Cost of Sales	234,228	516,325	246,110	522,659	238,480	504,994	734,665	2,563,199	5,427,716	7,896,230
Selling, general and administrative (SG&A) expenses	157,827	174,400	157,261	174,696	161,720	181,930	343,194	1,738,180	1,955,395	3,688,676
Operating income	12,725	16,262	10,798	14,037	10,835	17,575	28,786	116,455	188,898	309,395
Ordinary income	11,701	16,065	9,608	13,923	11,058	17,281	28,316	118,853	185,740	304,344
Net income	6,240	9,226	2,556	5,933	4,790	8,382	13,088	51,485	90,090	140,676
Capital expenditures	21,783	41,498	18,482	21,219	19,231	12,489	30,546	206,699	134,232	328,320
Depreciation	15,508	20,927	17,331	18,695	18,200	19,492	39,087	195,622	209,503	420,118
Net cash provided by operating activities	13,525	18,542	22,424	16,991	15,865	34,220	47,707	170,526	367,799	512,766
At fiscal year-end										
Total assets	¥348,609	¥390,192	¥330,878	¥393,169	¥347,311	¥390,807	¥ 730,044	$3,732,931	$4,200,424	$ 7,846,563
Net assets	155,111	147,425	144,854	147,303	145,730	149,263	297,771	1,566,318	1,604,293	3,200,469
Per share data										
(Yen, U.S. dollars)										
Net income	¥ 16.46	¥ 28.08	¥ 6.74	¥ 18.06	¥ 12.64	¥ 25.52	¥ 177.73	$ 0.136	$ 0.274	$ 1.910
Net assets (Note 2)	399.01	441.73	369.09	441.39	369.85	447.20	3,933.05	3.975	4.807	42.273
Cash dividends (Note 3)	7.00	8.00	7.00	8.00	—	—	80.0	—	—	0.860
Ratios (%)										
ROE	4.0	6.4	1.8	4.1	3.4	5.7	4.6			
ROA	1.8	2.3	0.8	1.5	1.4	2.1	1.8			
Other information										
Number of employees	6,481	7,134	6,922	7,205	—	—	14,168	—	—	—

Notes: 1. U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥93.04, the exchange rate prevailing on March 31, 2010.
2. Net assets per share = (Total net assets - Minority interests) / (Number of shares issued - Number of treasury stock)
3. In establishing Meiji Holdings Co., Ltd. on April 1, 2009, the Company issued 0.1 share of Meiji Holdings common stock to Meiji Seika Kaisha, Ltd. for each share of Meiji Seika common stock and 0.117 share to Meiji Dairies Corporation for each share of Meiji Dairies common stock.

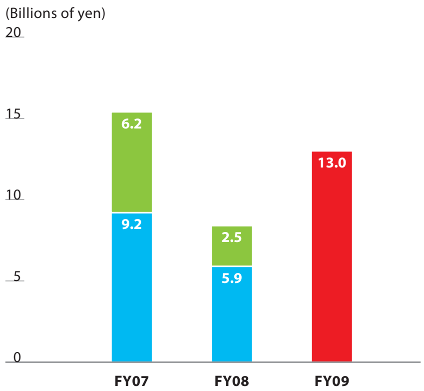
Net Sales



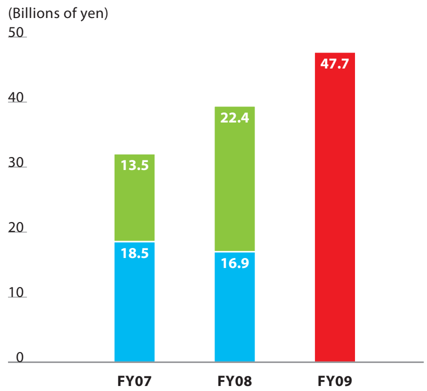
Operating Income



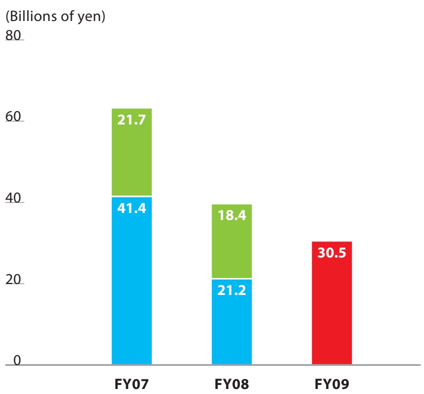
Net Income



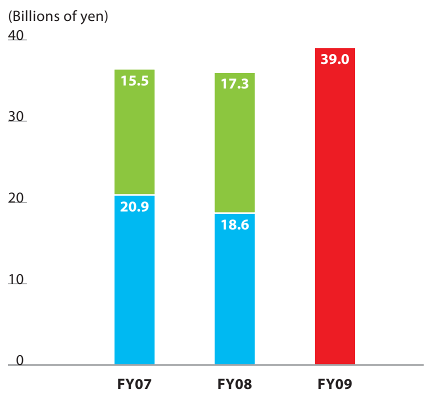
Net Cash Provided by Operating Activities



Capital Expenditures



Depreciation



Note: For the fiscal years 2007 and 2008, the respective figures of Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation are presented.

Meiji Seika   Meiji Dairies   Meiji Holdings

We are proud that the Meiji brand has been loved by customers for many years. We are going to enhance Meiji's brand value by strengthening and expanding the existing businesses and by increasing new business growth opportunities leveraging our competitive edge.

(left)

Naotada Sato

President and Representative Director (Concurrent President and Representative Director of Meiji Seika Kaisha, Ltd.)

(right)

Shigetaro Asano

Executive Vice President and Representative Director (Concurrent President and Representative Director of Meiji Dairies Corporation)

Review of Fiscal 2009

In April 2009, Meiji Holdings Co., Ltd. was established through the management integration of Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation, and the new Meiji Group, with total sales of more than ¥1 trillion, was formed. The integration aims at offering our customers a wider world of "tastiness, enjoyment, health, and reassurance" by leveraging the competitive edge of both Meiji Seika and Meiji Dairies in their enlarged business portfolio.

The Meiji Group started off its first year of integration (the fiscal year ended March 2009) in an extremely severe business environment in Japan, with languishing personal consumption and ongoing deflation, despite signs of a turnaround in the global economy. Under these circumstances, we proactively promoted various initiatives to "strengthen and expand existing businesses" and "increase new business growth opportunities" in accordance with our Medium-Term Business Plan for fiscal years 2009-2011, while we selected "meiji" as our new unified brand logo and increased customer recognition of this new logo.

In our food segments (specifically, our dairy, confectionary and healthcare businesses), Meiji Seika and Meiji Dairies have developed and launched new products in collaboration, transferring the product brands from the one company and utilizing the ingredients manufactured by the other company. Our new products appeal to customers and have succeeded in stimulating this category. In the pharmaceutical business, the launch of two new branded products and brisk sales expansion of generic drugs contributed to the Meiji Group's performance. Also, we executed the investments on schedule, including the construction of a new ice cream plant in line with our Medium-Term Business Plan.

As a result of these efforts, the Meiji Group posted consolidated net sales of ¥1,106.6 billion, slightly below the forecast (an achievement rate of 98.5%), in the year under review. Meanwhile, we reported strong earnings compared with forecasts, thanks to increased sales of high-value-added products, cost-cutting efforts, and lower imported raw material costs. Specifically, operating income amounted to ¥28.7 billion (10.7% higher than forecast), ordinary income totaled ¥28.3 billion (8.9% higher), and net income was ¥13.0 billion (9.1% higher).

Outlook for Fiscal 2010

In the year ending March 2011, competition is expected to further intensify amid an ongoing delay in the recovery of domestic consumption. Unstable prices of raw materials are another cause for concern. In this severe business environment, however, we will steadily push ahead with the measures described in our Medium-Term Business Plan. For the year, we forecast net sales of ¥1,131.0 billion, up 2.2% from the year ended March 2010. Meanwhile, we will undertake cost reductions in order to reinforce the Meiji Group's operational base. With respect to earnings, we forecast operating income of ¥29.0 billion (up 0.7% year on year), ordinary income of ¥29.0 billion (up 2.4%), and net income of ¥15.0 billion (up 14.6%).

Distribution to Shareholders

With respect to dividends, our basic policy is to pay stable, continuous dividends while retaining sufficient earnings to prepare for future growth. Under this policy, we declared a year-end dividend of ¥80.00 per share for fiscal year 2009. In the year ending March 2011, we plan to pay an interim dividend of ¥40.00 and a year-end dividend of ¥40.00, bringing total annual dividends to ¥80.00 per share.

The Meiji Group will take bold steps to successfully ride out these turbulent times, while growing "meiji" into a world-class brand. We appreciate your understanding and unflagging support.

September 2010

N. Sato

Naotada Sato
Meiji Holdings Co., Ltd. President and Representative Directo

A Review of the First Year of Integration

—Progress in the First Year of the Medium-Term Business Plan—

MEIJI GROUP'S VISION

We aim to be a unique corporate group that contributes to customers' vibrant and wholesome lifestyles through our broad business portfolio, which includes foods such as confectionaries and dairy products, and pharmaceuticals.

Offering real value to customers, and creating new value

The Strengths of the Meiji Group

meiji

- Customers' trust and brand power
- Strong presence in the core businesses as a leading company
- Product development capabilities underpinned by a high level of R&D and technological competence
- Advanced quality assurance system
- Sincere and highly motivated personnel

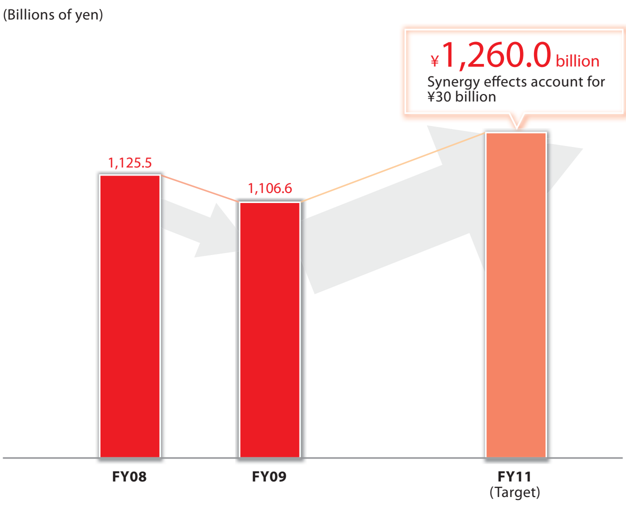
Meiji Seika Kaisha, Ltd.

- Product development and marketing with fun and eye-catching elements
- Broad sales networks for foods and pharmaceuticals in Japan and overseas
- Clinical development know-how amassed through the pharmaceuticals business

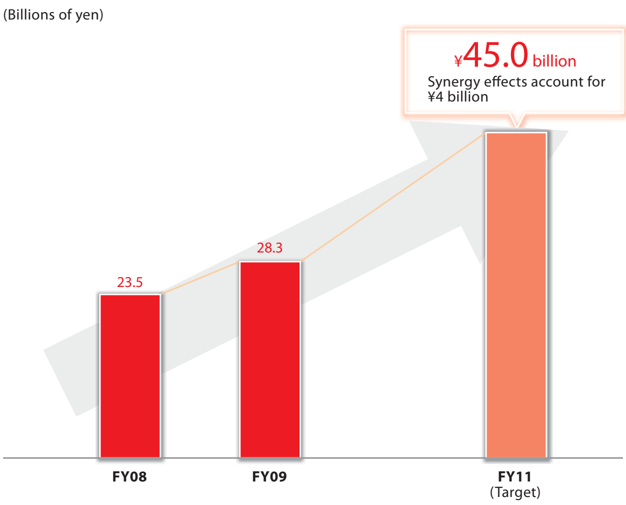
Meiji Dairies Corporation

- Proprietary knowledge and technology related to milk
- Provision of dairy products made of high-grade domestic milk
- Nation-wide distribution network for chilled foods

Growth of Net Sales



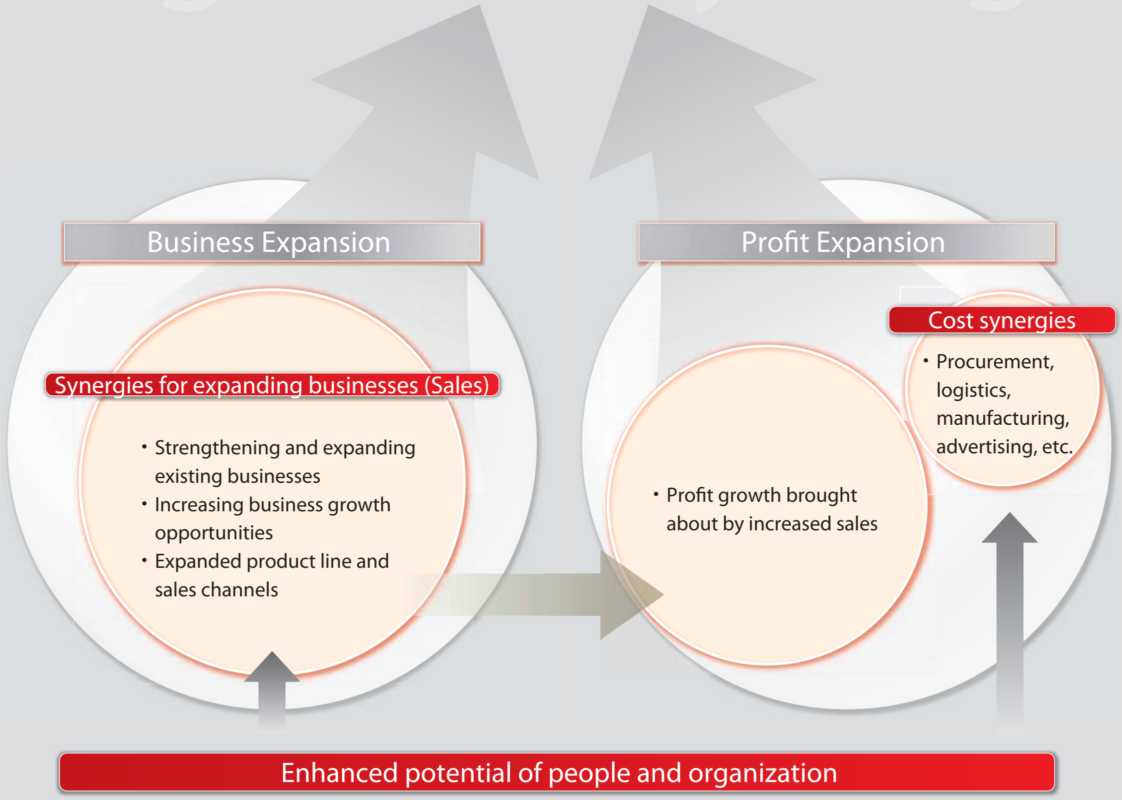
Growth of Ordinary Income



Note: Net sales and ordinary income for fiscal year 2008 are calculated simply by combining the figures of Meiji Seika and Meiji Dairies.

INTEGRATION SYNERGIES

Leveraging the power of the Meiji brand, we will maximize synergies in various activities to "strengthen and expand existing businesses," "increase business growth opportunities by creating new demand," and "enhance cost efficiencies in procurement and logistics."



The Group Business Foundation Strengthened through the Integration

The Meiji Group was formed through the management integration of Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation, two companies that boast many major brand products in different specialized fields. The integration created an innovative "food and health" corporate group that extends beyond the traditional boundaries of foods and pharmaceuticals.

The integration has brought us various benefits for the future, including better credit for fund-raising, an enhanced market presence in Japan and overseas, and greater capabilities for strategic alliances. With the improvement of our business foundation through the integration, we are now on the starting line to build a strong presence in overseas markets like the presence we have achieved in Japan.

Aiming to Expedite Top-Line Synergies

Under our Medium-Term Business Plan for fiscal years 2009-2011, we are focusing on realizing top-line synergies by strengthening and expanding existing businesses and increasing business growth opportunities, while simultaneously promoting various initiatives to increase profit-related synergies through cost improvements in procurement and logistics.

The plan also sets out performance targets to be reached in fiscal 2011, ending March 2012, the last year of the Medium-Term Business Plan: net sales of ¥1,260 billion (up 12% from fiscal 2008, ended March 2009) and ordinary income of ¥45 billion (up ¥21.5 billion). These figures include the synergistic effects of the integration, estimated to be worth ¥30.0 billion annually in net sales and ¥4.0 billion in ordinary income.

First Year Initiatives Implemented Under Our Medium-Term Business Plan

Enhancement of the Value of the Meiji Brand

- Redesigned product packaging featuring the new unified brand logo, and adopted an integrated marketing approach
  - Designed a new wrapper for "Meiji Milk Chocolate"
  - Actively used various media including TV commercials and outdoor advertisements
- Introduced a number of new products that symbolize the "Tastiness, Enjoyment, Health and Reassurance" of the Meiji Brand
  - Launched the new concept yogurt "meiji Yoplait"
  - Launched the new concept snack "Chip!Chop" (crispy wheat chips with a chocolate filling)

Strengthening and Expanding of Existing Businesses

- Undertook investment to strengthen and expand existing businesses
  - (Dairy Products) Construction of a new ice cream plant and another one for margarine
  - (Confectionary and Healthcare) Renewal of No.1 Building of the Osaka Plant (one of our main confectionary plants)
  - (Pharmaceuticals) Expansion of the production facilities of P.T. Meiji Indonesian Pharmaceutical Industries

Early Realization of Integration Synergies

- Realized mutual sharing of product brands and raw materials
- Jointly conducted "Meiji Fairs"

Integration Strategy Advances Smoothly

Brand Value Enhanced through Our Unified "meiji" Brand Logo

We established a new unified brand logo after the integration, and Meiji Seika and Meiji Dairies have started using it. Our products encompass a wide variety, including dairy products, confectionaries, and healthcare and nutritional products, and have already achieved an ubiquitous presence in our customers' lives, so they are naturally aware of our new logo. The unified logo also has enabled us to improve the effectiveness and efficiency of our marketing activities, such as TV commercials.

The largest synergetic achievements in the first year of integration have been the heightening of customer awareness of the new Meiji Group, and the deepening penetration of the "meiji" brand, which will lead to the great advantage of enhancing brand value in the future.

Very Prominent "meiji" Logo on "Meiji Milk Chocolate"

Following the creation of the unified brand logo, in September 2009, we renewed the design of the "Meiji Milk Chocolate" wrapper for the first time in 38 years.

The wrapper carries the new logo, which evokes warmth and familiarity, and we have conducted an intensive campaign for "Meiji Milk Chocolate" using various media because it is a symbolic product of the integration. The campaign itself was successful, and Meiji Milk Chocolate, whose wrapper features a big "meiji" logo on the front, is now a very prominent product and serves as an effective advertising tool for the new logo.

Mutually Utilizing Product Brands and Raw Materials

In line with our strategy of strengthening and expanding existing businesses, we have developed a variety of products that capitalize on the technologies, materials, and

The Yamanote Line* of East Japan Railway Company has also become a "Meiji Milk Chocolate" color.
* The Yamanote Line is Tokyo's busiest commuter rail line running as a loop line.

Increased exposure for the new brand logo

"Meiji Milk Chocolate"

Mutual sharing of raw materials

"Hokkaido Cheese Chocolat"

"Meiji Extra Milk"

"Porte Creamy Whip"

"Meiji White Choco Au Lait"

"Meiji MACADAMIA Chocolate Ice Bar"

"Meiji Rich Strawberry Chocolate Ice Bar"

Mutual sharing of product brands

brands of both Meiji Seika and Meiji Dairies. For example, we have launched a new chocolate product named "Meiji Extra Milk," which emphasizes a good milk taste and is flavored with powdered milk processed by Meiji Dairies. Another new product, an ice cream product named "Meiji Macadamia Chocolate Ice Bar," makes use of one of the well-established confectionary brands of Meiji Seika.

We are also jointly conducting aggressive sales campaigns, such as "Meiji Fairs," in stores nationwide.

Production Capacity Increased for Business Expansion

We are undertaking investment to increase production capacities for upcoming expansion in our existing business segments.

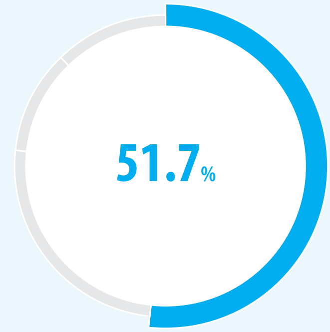
The Dairy Products segment began construction of a new ice cream plant in December 2009 on the premises of Meiji Dairies' Kansai Plant at a cost of ¥9.2 billion. The ice cream business is expected to generate high synergistic effects by leveraging the manufacturing technologies, ideas, ingredients and product development capabilities of the two companies. By combining the know-how of the two companies in the new ice cream plant, the Meiji Group aims to expand its ice cream business, using the plant as its base.

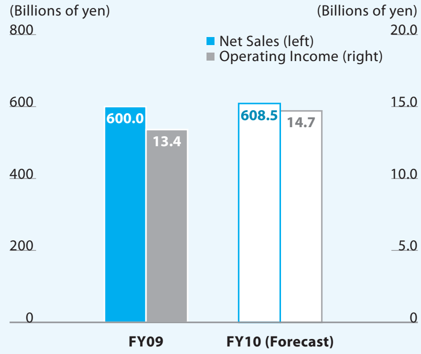
The Confectionary and Healthcare segment initiated a ¥5.0 billion investment to renew the No.1 building of Meiji Seika's Osaka Plant in March 2010, with the aim of improving its production capabilities, while the Pharmaceuticals segment initiated an investment of approximately ¥4.0 billion to upgrade the facilities of P.T. Meiji Indonesian Pharmaceuticals Industries in September 2009 to increase production capacities for penicillin and ensure the continued manufacturing of high-quality products.

Overall Business Situation: At a Glance

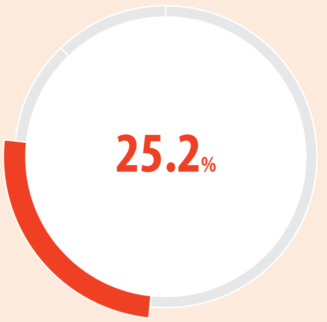
Business Segment	Percentage of Sales	Net Sales / Operating Income

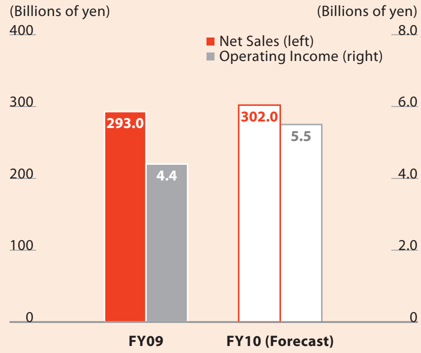
Dairy Products



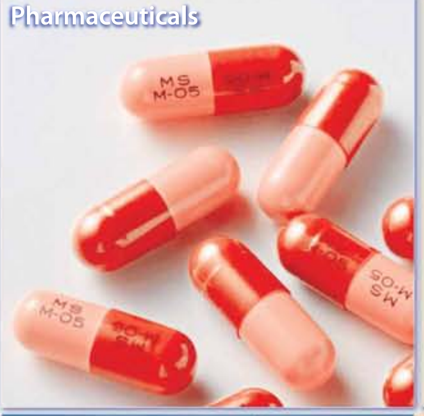


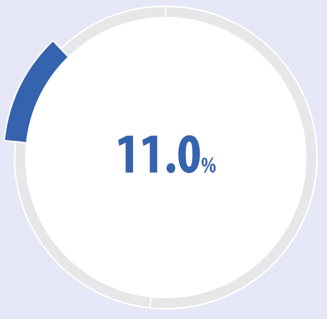
Confectionary and Healthcare

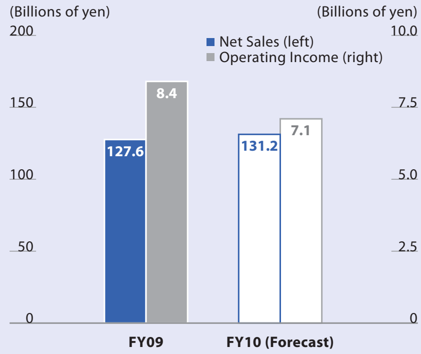




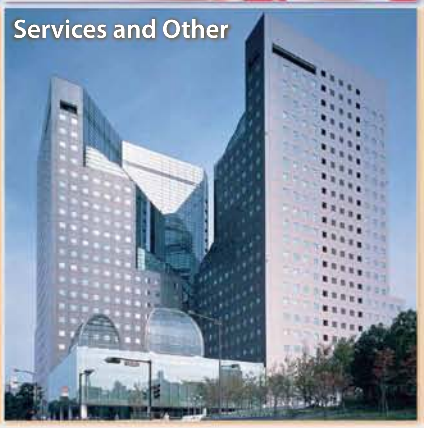
Pharmaceuticals

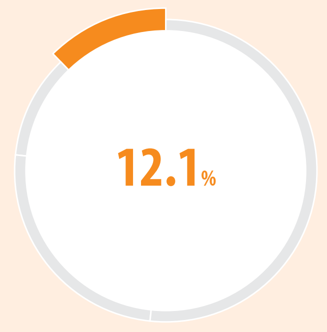


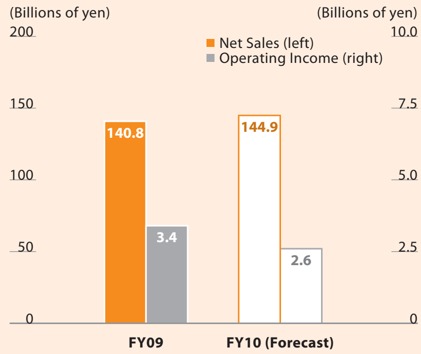




Services and Other







* Net sales and operating income of each segment include inter-segment transactions.

Business Overview	Major Group Companies
The Dairy Products segment conducts the manufacturing and sale of fresh dairy (drinking milk/yogurt, etc.), powdered milk (infant formula, etc.), condensed milk, butter, cheese, ice cream, beverages, nutritional products (enteral formula/VAAM, etc.), livestock products, etc.	• Shikoku Meiji Dairy Products Co., Ltd. • Tokai Meiji Co., Ltd. • Meiji Oils and Fats Co., Ltd. • Nihon Kanzume, Co., Ltd. • Tokyo Meihan Co., Ltd. • Hokkaido Meihan Co., Ltd. • Tohoku Meihan Co., Ltd. • Tokyo Meiji Foods Co., Ltd. • Chubu Meihan Co., Ltd. • Kanazawa Meihan Co., Ltd. • Kinki Meihan Co., Ltd. • Chugoku Meihan Co., Ltd. • Kyushu Meinyu Hanbai Co., Ltd. • Meiji Kenko Ham Co., Ltd. • Asahi Broiler Co., Ltd.
The Confectionary and Healthcare segment conducts the manufacturing and sale of confectionaries (chocolate, chewing gum, candy), sugar, corn sweeteners, functional healthcare products (Amino Collagen, etc.), and OTC drugs (ISODINE® UGAIGUSURI, etc.), as well as the management of fitness clubs.	• Meiji Food Materia Co., Ltd. • Donan Shokuhin Co., Ltd. • Zao Shokuhin Kaisha, Ltd. • Ronde Corporation • Meiji Sangyo Co., Ltd. • Meiji Chewing Gum Co., Ltd. • Okayama Shokuhin Co., Ltd. • Shikoku Meiji Co., Ltd. • Taiyo Shokuhin Co., Ltd. • Meiji Sports Plaza, Ltd. • Tokai Nuts Co., Ltd. • D.F. Stauffer Biscuit Co., Inc. • Laguna Cookie Co., Inc. • Meiji Seika (Singapore) Pte. Ltd. • Five Stars Dairy Ingredients Pte. Ltd. • Meiji Seika (Shanghai) Co., Ltd. • Meiji Seika Food Industry (Shanghai) Co., Ltd.
The Pharmaceuticals segment conducts the manufacturing and sale of prescription drugs, agricultural chemicals and veterinary drugs.	• Kitasato Pharmaceutical Industry Co., Ltd. • Ohkura Pharmaceutical Co., Ltd. • P.T. Meiji Indonesian Pharmaceutical Industries • Thai Meiji Pharmaceutical Co., Ltd. • Meiji Lukang Pharmaceutical Co., Ltd. • Tedec-Meiji Farma, S.A. • Mabo Farma, S.A. • Meiji Seika Europe B.V.
The Services and Other segment conducts the following businesses: real estate, feed stuff, transportation, storage, mechanical engineering services, food service producers, insurance agencies, leasing, etc.	• Meiji Feed Co., Ltd. • Meiji Logitech Co., Ltd. • KCS Co., Ltd. • Meiji Business Support Co., Ltd. • Fresh Network Systems Co., Ltd. • Meiji Techno-Service Inc. • Nice Day Co., Ltd.

Dairy Products

The Dairy Products segment aims to "establish and strengthen a competitive advantage for the new comprehensive dairy business" by promoting its core products and products with growth potential and by stimulating the market with new high-value-added products.

Business Performance and Results for Fiscal 2009

The Dairy Products segment recorded net sales of ¥600.0 billion and operating income of ¥13.4 billion in fiscal 2009.

An unseasonably cool summer impacted the sales of ice cream and beverages during the year, but sales were brisk throughout the year for new products introduced to meet market needs and attractively priced yogurt products. Sales also expanded for powdered milk, cheese, nutritional products, and margarine. As a result, total sales in the Dairy Products segment were very close to our target level for the year.

By product, sales were strong for "Meiji Bulgaria Yogurt" and "Meiji Hokkaido Tokachi Smart Cheese," which were supported by proactive sales promotion activities at retail stores, as well as for "Meiji Hohoemi Raku Raku Cube," the world's first cube-type infant formula.

Earnings were boosted by effective price revisions for drinking milk and the impact of increased sales of yogurt and powdered milk, which more than offset a rise in dairy raw material costs. Earnings improved as a result of reduced expenses for imported raw materials and revisions in product serving sizes and prices to cope with higher raw milk prices. As a result of these efforts, the segment posted operating income that was 21% higher than our forecast.

Construction of the New Ice Cream and Margarine Plants

Construction commenced during the year of a new ice cream plant on the grounds of the Kansai Plant. The new plant, which is being constructed at an estimated investment of approximately ¥9.2 billion and is scheduled to commence operating in the first half of 2011, will have an efficient production line for expanded production capacity for the mainstay "Meiji Essel Super Cup" brand products. Meiji Seika's product brand, processing technology, and raw

Note: Net sales and the composition of sales represent the non-consolidated figures for Meiji Dairies Corporation.

material procurement capabilities will also be integrated with the aim of developing new ice cream and frozen dessert products.

Construction of a new margarine plant also began during the year, with an estimated investment of approximately ¥4.8 billion and operation scheduled to start in January 2012. The plant is being constructed to meet the rising demand for margarine related to the growing trend for eating at home and increasing demand for specialty products to meet diversifying consumer demand, such as for rich-type and low calorie healthy-type margarine for cooking and other uses.

Outlook and Priority Themes for Fiscal 2010

Fiscal 2010 Earnings Forecast

In fiscal 2010, the Dairy Products segment's net sales are forecast to rise 1.4% year on year, to ¥608.5 billion, and operating income is forecast to grow by 9.6%, to ¥14.7 billion.

Establishing "A New Comprehensive Dairy Business"

The Dairy Products segment's current main theme extends beyond expanding the scope of its business and broadening its product lineup. The segment aims to establish leading positions in each business category and to link together the strengths of its various businesses to generate synergies for the creation of a new comprehensive dairy business that will further enhance its significant overall power.

Comprehensive Strategy for Deflationary Conditions

Growth strategies are being implemented in each business area, with primary focus on expanding sales of the three core yogurt products ("Meiji Bulgaria Yogurt," "Meiji Probio Yogurt LG21," and "meiji Yoplait"), broadening market penetration of the high-value-added "Raku Raku Cube" products, and increasing the sales of enteral formula products for Japan's aging population.

Cost Structure Revisions

The Dairy Products segment's profitability is influenced by the operating rates of its fresh dairy plants. Accordingly, it endeavors to limit manufacturing losses and raise capacity utilization rates to improve productivity and thereby reduce costs. The segment is also focusing on the chilled-food logistics and distribution operations of its sales subsidiaries as a potential area for boosting earnings. The segment is also revising all aspects of its cost structures, including raw material procurement, product development, and sales costs, and is basically starting from scratch.

International Business Development

The Meiji Group is making a concerted effort to advance its international business development. Dairy product business overseas is concentrating on expanding sales of fresh milk, yogurt, enteral formula, powdered milk, processed cheese, and ice cream in Asian markets, with a particular focus on China and Thailand.

TOPICS

The Third Pillar of the Yogurt Business—"meiji Yoplait"

Product Concept: "Joy & Fun!! Food is Fun"

Meiji Dairies Corporation formed a business alliance with the Yoplait Group, the world's second-largest company in the yogurt market, to create the new "meiji Yoplait" brand, which the company is promoting with a "Joy & Fun!! Food is Fun" theme. The company began releasing a steady stream of new products beginning in March 2010 starting with the "guruto!" fruit-flavored yogurt provided in an innovative tube packaging enabling spoon-free consumption and "Zokkon Yogurt," combining abundant servings of two fruit flavors in a perfect balance of sweet and sour.

Meiji Dairies has been continuously creating new demand in the yogurt business field. The company's brands include "Meiji Bulgaria Yogurt," which has earned a fine reputation as "a mainstream yogurt," and "Meiji Probio Yogurt LG21," which has attracted public attention to the functionality of yogurt.

Meiji Dairies is the leader of the domestic yogurt market with annual sales surpassing ¥100 billion in a market with total sales of approximately ¥280 billion. With the launch of "meiji Yoplait" in the rapidly growing stirred yogurt category, the company is seeking to invigorate its yogurt business by offering products that offer new value to the Japanese market, thereby creating new demand. Meiji Dairies intends to grow this brand into the third pillar of the yogurt business.

Confectionary and Healthcare

The Confectionary and Healthcare segment is concentrating on increasing market share for its chocolate products, augmenting its mainstay products and developing new products, as well as reinforcing its earnings structure.

Business Performance and Results for Fiscal 2009

The Confectionary and Healthcare segment recorded net sales of ¥293.0 billion and operating income of ¥4.4 billion in fiscal 2009.

In the confectionary business, sales of chocolate products, the mainstay products of the segment, marked a record-high as a result of strengthening marketing and sales activities on such occasions as the revision of the brand logo of "Meiji Milk Chocolate" and the launch of new products, including "Chip!Chop." In the healthcare business, sales of "Amino Collagen" and "Savas" were steady, and sales of "ISODINE® UGAIGUSURI," an iodine gargle, increased significantly due to the impact of a new type of influenza.

However, the environment surrounding the confectionary industry has been severe as the market significantly worsened from autumn of last year due to such factors as further stagnation of consumer spending and progressive deflation. While chocolate sales held strong, sales were generally down for gum, candies, and other confectionaries, and as a result, the Confectionary and Healthcare segment's total sales fell 6.1% short of the target.

Improvements in the financial structure of the confectionary business and reduced costs from a reconfigured product mix raised operating income over the previous fiscal year's level. However, because of sluggish sales, increased sales promotion expenses and other factors, operating income was 11.9% below our forecast.

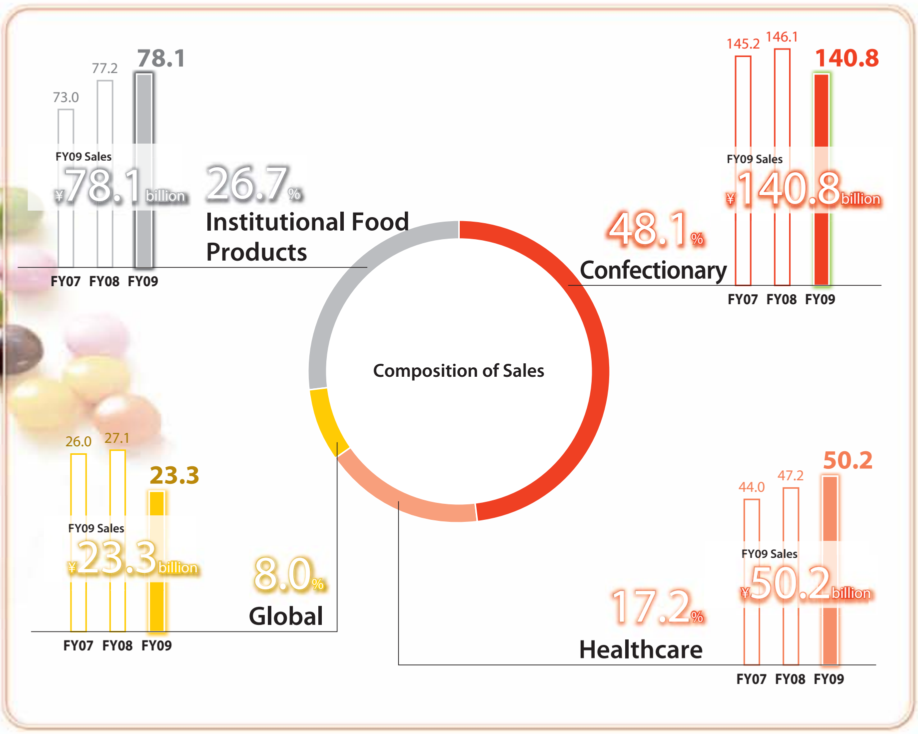
Osaka Plant Capacity Expansion

The segment has initiated an approximately ¥5.0 billion investment to replace the Osaka Plant's No.1 Building, which was constructed in 1955, with a new high-productivity factory as part of its strategy to "strengthen and expand existing businesses."

Outlook and Priority Themes for Fiscal 2010

Fiscal 2010 Earnings Forecast

In fiscal 2010, the Confectionary and



Healthcare segment is forecast to raise net sales by 3.0% year on year, to ¥302.0 billion, and operating income by 24.8%, to ¥5.5 billion.

Product Development and Sales Strategies Tailored to Market Conditions

The segment plans to maintain the strong momentum of the chocolate products business by stepping up its drive to raise sales of the mainstay product, "Meiji Milk Chocolate," and promoting new large-scale main brands, such as "Chip!Chop." Meanwhile, the chewing gum business aims to increase its market share by emphasizing its promising new "MINTZ" line and other products.

The healthcare business strategy is to further expand sales of "Amino Collagen," "Savas," and "ISODINE® UGAIGUSURI," which are the top sellers in their respective product categories, and to expand sales of "Perfect Plus" and "Ginza Curry" as promising growth brands.

Comprehensive Cost Review

A comprehensive review of costs will be undertaken that will include streamlining production processes, reducing losses from returned goods, and improving the efficiency of advertising expenses to overcome the negative impacts from high raw materials costs and deflationary conditions.

Utilize the Overseas Network to Fortify Our Base for International Business

The Meiji Group plans to achieve market penetration of the "meiji brand" in the U.S. market by offering the Japan long-sellers "Kinoko no Yama" and "Takenoko no Sato" and other types of chocolate snack confectionaries currently unavailable in the United States through its local subsidiary D. F. Stauffer Biscuit Co., Inc.

Overseas business strategies will also focus on the rapidly expanding markets in China and other parts of Asia. The market for chocolate in China is presently in a stage of gradual expansion. The segment plans to encourage collaboration between its chocolate products and dairy products business, and utilize its local business bases to promote market development.

In addition to its chocolate products, the segment is also aiming to expand its international business for confectionary and healthcare products by establishing a sales structure that fully reflects market needs.

Expand Institutional Food Business and Develop the Sweets Business

The shrinking restaurant industry market has created severe conditions for the institutional food business. The Meiji Group is responding by emphasizing its proprietary technology strengths to present new business proposals to its main clients and to develop new clients. The segment has also created a new "Gourmet Confectionary Development Department" that is leading the initiative to create new business categories for new chilled, semi-chilled, and frozen products.

TOPICS

Invigorating the Market with a New Texture for Chocolate Wheat Chips

Sales Launch of the "Addictive" Chocolate and Lightly Salted "Chip!Chop"

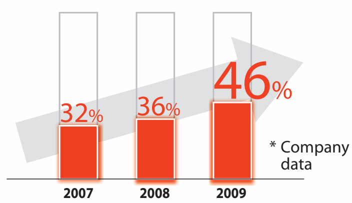
In August 2009, the Meiji Group introduced "Chip!Chop," a new concept chocolate product with an innovative coupling of crispy thin wheat chips with a chocolate filling. The triangular bite-sized snacks are crunchy, and the chocolate does not stick to your hands. The product provides an exquisite balance of the light saltiness of wheat chips and the sweetness of the chocolate filling that leaves an enticing aftertaste which was carefully created to appeal to consumers of both chocolate and snacks.

Top Selling New Product for Autumn 2009

"Chip!Chop" became an instant best seller and was the top-selling new confectionary product for the 2009 autumn season. According to the Company's research, the product's popularity helped Meiji Seika raise its share of the new confectionary market from 36% in the autumn of 2008 to 46% in 2009. To further boost the ongoing popularity "Chip!Chop," in May 2010, the Meiji Group refined the chocolate and salt balance to enhance the chocolate's taste.

"Chip!Chop" chocolate snack

Meiji Seika's Share of the "New Product" Market for the Autumn Season



Pharmaceuticals

The Pharmaceuticals segment is fortifying its business foundation in such fields as infectious diseases and central nervous system (CNS) disorders and expanding its generic drug business to contribute to society as a "Specialty and Generic Pharmaceuticals business" with international development capabilities.

Business Performance and Results for Fiscal 2009

The Pharmaceuticals segment recorded net sales of ¥127.6 billion and operating income of ¥8.4 billion in fiscal 2009.

The environment surrounding the pharmaceutical industry was severe against a backdrop of measures to curb medical-care costs, stricter application and registration criteria for agricultural chemicals and veterinary drugs, and a tightening of other regulations and guidance implemented by the government during the year. However, sales were strong for two newly launched drug products, the antibacterial drug "ORAPENEM," and the antidepressant drug "REFLEX." Sales were also strong for generic drug products, which include the antibacterial "VANCOMYCIN MEEK" and the calcium channel blocker "AMLODIPINE MEIJI." Sales of influenza-related products also increased during the year. These sales results compensated for the negative impact of declines in sales of agricultural chemicals and veterinary drugs and an unfavorable foreign exchange rate, enabling the Pharmaceuticals segment to post sales 0.7% above our target.

The improved product mix achieved through new product launches and an expanded generic drug business along with the effective curbing of selling expenses outpaced rising promotional costs and increased R&D spending for new drugs, resulting in the segment recording operating income 1.5% above our forecast.

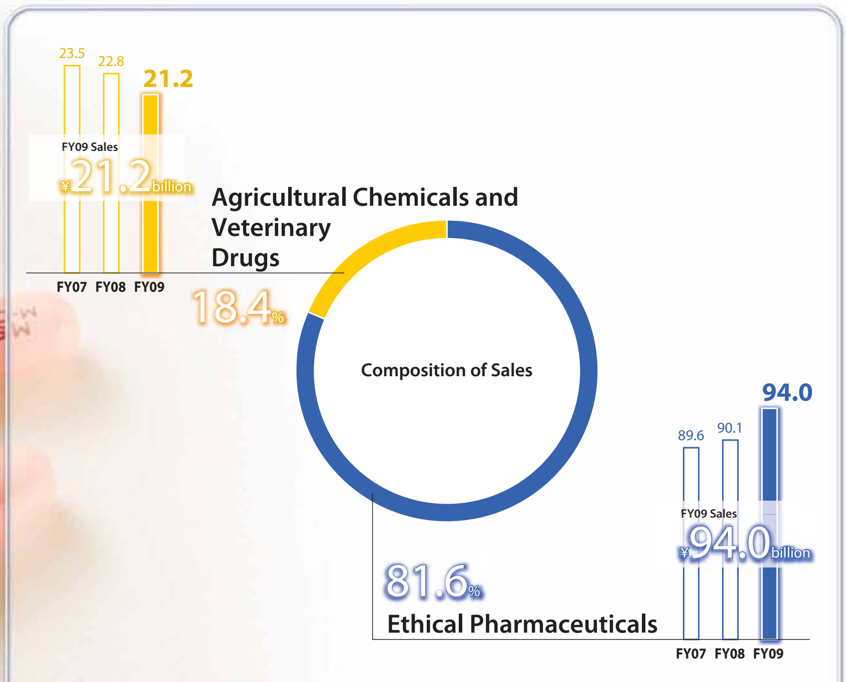
Outlook and Priority Themes for Fiscal 2010

Fiscal 2010 Earnings Forecast

In fiscal 2010, the Pharmaceuticals segment's net sales are forecast to rise by 2.8% year on year, to ¥131.2 billion, minimizing the impact of drug price revisions (an adverse factor accounting for a ¥6.0 billion decline in sales). Operating income is forecast to decline 16.3% year on year, to ¥7.1 billion.

Increasing New and Generic Products

The Pharmaceuticals segment is increasing the number of medical representatives (MRs) specialized in central nervous system (CNS) disorders with the objective of raising the sales of "REFLEX," which was introduced in fiscal 2009, to ¥9.0 billion. The patents of a number of major drugs are due to expire in the near future, and the segment will apply its



Note: Net sales and the composition of sales represent the consolidated figures for Meiji Seika Kaisha, Ltd.

strengths in producing convenience (drug formulation technologies), quality, steady production, and information provision capabilities to expand its share of the generic drug market. Efforts will also concentrate on fortifying our product lineups of new and generic drugs for key customers and raising customer satisfaction.

Fortifying the R&D Structure to Strengthen the Operating Base

Increasing the number of future products in the product pipeline is a key strategy for strengthening the operating base. Regarding research and development of ethical pharmaceuticals, the Pharmaceuticals segment is taking a short-, medium-, and long-term perspective as it constructs an R&D portfolio with diversified risk that includes in-house drug discovery research and encompasses product lifecycle management (including development of broader indications, new uses, administration methods, and drug formulations) and the development of derivative pharmaceuticals. In its core strength area of drugs for infectious diseases and disorders, the segment is adopting a long-term view in its research of antibody pharmaceuticals to devise a new approach to infectious diseases that are developing resistance to existing anti-bacterial agents.

To realize these objectives, the Pharmaceuticals segment has established an organizational system that centrally promotes the R&D portfolio, resource management, and alliances (sales tie-ups, joint development of derivatives, collaborative research, and out-licensing) and has implemented organizational restructuring to fortify its drug discovery research and lifecycle management development.

The segment is also aiming to realize sustained growth as a "Specialty and Generic Pharmaceuticals business." Furthermore, with an eye toward the global development of its in-house drug discovery products, the segment is taking steps such as setting up representative offices in the United States to create an overseas development structure and cultivate opportunities for finding partners for product launches in overseas markets.

Promoting Overseas Market Development

The Pharmaceuticals segment plans to fortify the local sales capabilities of its overseas group companies to promote sales of its drugs, with a focus on "MEIACT," an antibiotic, and "ADANT," a treatment for reducing arthritic pain in the joints. Russia, Vietnam, China, and Korea will be focus areas for developing overseas markets.

Comprehensive Cost Reductions

The Pharmaceuticals segment plans to implement wide-ranging measures to lower its cost base by establishing an optimal production system through the consolidation of penicillin production operations into an Indonesian subsidiary company, full utilization of subsidiary companies in Thailand and China for the production of generic drugs, use of low-cost manufacturing methods, in-house manufacturing of mainstay products and the procurement of low-priced raw materials.

Swift Recovery in Profitability for Agricultural Chemicals and Veterinary Drugs

The segment is implementing various measures to fortify the earnings base of the agricultural chemicals and veterinary drugs category, including seeking to lower costs associated with its mainstay product "ORYZEMATE," a rice blast preventative, and accelerating the market entry and promoting the market penetration of new products, such as the new liquid formula "ZAXA" herbicide and new livestock antimicrobial agents.

TOPICS

Launching Highly Anticipated New Drugs

"ORAPENEM"

—Effective on Intractable Pediatric Infections—

An increasing number of antibiotic drug-resistant strains of bacteria have been appearing in recent years. "ORAPENEM" is effective against bacterial strains of Streptococcus pneumoniae and Haemophilus influenzae, which have developed strong resistance to other antibiotics, and has been granted manufacturing and marketing approval for indications related to the three common afflictions: inflammation of the middle ear, sinus infections, and pneumonia, which are characterized by the high detection frequency of drug-resistant strains of bacteria and the difficulty of treatment.

The antibiotic "ORAPENEM® Fine Granules 10% for Pediatric"

"REFLEX"

—Major New Drug for Central Nervous System (CNS) Disorders—

"REFLEX" is the first antidepressant available in Japan with a unique mechanism of action known as a "Noradrenergic and specific serotonergic antidepressant" (NaSSA). Requiring only a single dose daily before sleep, NaSSa produces the early onset of antidepressant action with excellent efficacy at various levels of depression.

The antidepressant "REFLEX® Tablet-Type 15mg"

The Services and Other segment aims to maintain and expand sales and to improve the bottom line.

Results for Fiscal 2009

The Services and Other segment recorded net sales of ¥140.8 billion and operating income of ¥3.4 billion in fiscal 2009. Sales of the segment as a whole exceeded the forecast by 0.6%. This is despite the negative factors, which were within expectations, including a decline in assorted feed prices and reduced rental rates on some office building leases, which impacted the feed business and the building leasing business, respectively.

Operating income benefited from the decline in fuel prices as well as stable feed grain prices, and ultimately surpassed our target by 20.6%.

Outlook for Fiscal 2010

In fiscal 2010, the Services and Other segment is expecting contributions from newly consolidated subsidiaries to raise net sales by 2.9% year on year to ¥144.9 billion. However, operating income is forecast to decline 23.7% year on year to ¥2.6 billion owing to the uncertain outlook for the feed business. The Service and Other segment will work to maintain and increase sales and improve the bottom line in each business.

Solid Square in Kawasaki

A delivery truck of Meiji Logitech Co., Ltd.

To Know Us Better

To Know Us Better

Our R&D capabilities drive our aim to remain one step ahead in "Tastiness, Enjoyment, Health, and Reassurance," through the sharing of all technologies and know-how associated with all aspects of "food and health," including fundamental technologies, product development capabilities, drug development capabilities, manufacturing technologies, quality analysis, intellectual property, and information that have been accumulated over many years in each business segment.

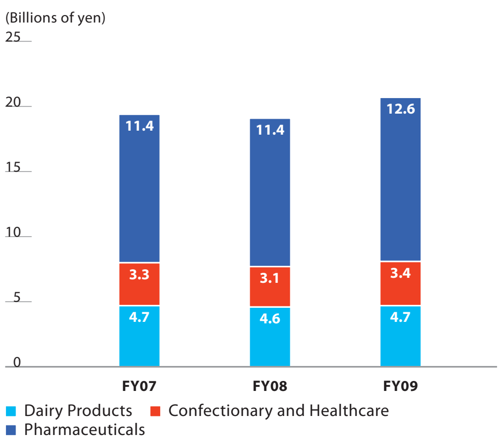
Dairy Products Segment

The R&D structure of the Dairy Products segment comprises the Research Planning Department and three research facilities—the Research & Development Center, the Food Science Institute, and the Food Technology Research Institute—developing new products through extensive research in areas spanning tastiness, nutrition, functionality, quality, safety, and manufacturing technology.

While further advancing the development of applications for our core fermentation, probiotics, nutrition engineering, and emulsification technologies and actively participating in R&D cooperation and collaboration with domestic and overseas research institutions, our R&D operations aim to create new value for "food" as is represented by our flagship product "Meiji Oishii Gyunyu."

In fiscal 2009, the Dairy Products segment recorded R&D expenses of ¥4.7 billion, used to actively carry out new product development drawing on our extensive fundamental technology research to advance efforts to create new value in food and reinforce customer confidence in the safety of our products.

R&D Expenses



Confectionary and Healthcare Segment

The R&D structure of the Confectionary and Healthcare segment centers on the Food and Healthcare Research Institute, which conducts a wide range of R&D activities, including development of new products and manufacturing technologies, advancement of research on cocoa, the development of quality assurance technologies, and the development and testing of functional materials.

Following the spirit of "making products that we ourselves would buy," which has guided us since the Company's founding, we listen to customers, identify their wants and needs, then propose the seeds for new products. R&D simultaneously focuses on basic research in materials, physical properties, and other food components as well as research on nutrient function, manufacturing methods and machinery, and technology to preserve tastiness.

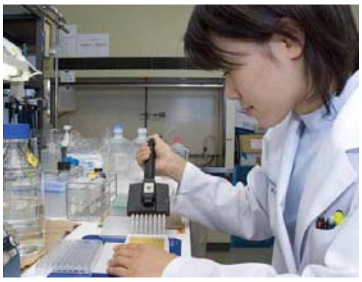
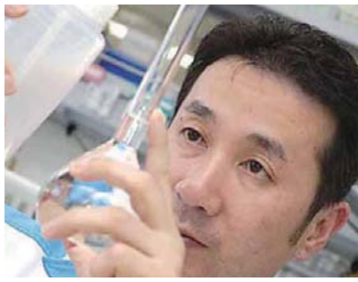
In fiscal 2009, the Confectionary and Healthcare segment recorded R&D expenses of ¥3.4 billion, much of which was utilized to bolster the staff of the R&D division to further enhance the "tastiness and enjoyment," "health," and "reassurance" attributes of the Meiji brand.

Pharmaceuticals Segment

The R&D structure of the Pharmaceuticals segment is composed of the Pharmaceuticals Research Center, the CMC Research Laboratory, the Bioscience Laboratory, and the Agricultural & Veterinary Research Laboratory. These laboratories conduct a wide range of R&D activities with the objective of developing specialty pharmaceuticals for the treatment of infectious diseases and central nervous system (CNS) disorders, as well as focusing mainly on generic drugs, agricultural chemicals, and veterinary drugs.

In fiscal 2009, the Pharmaceuticals segment recorded R&D expenses of ¥12.6 billion.



Status of Development in the Ethical Pharmaceuticals Field

A Phase III clinical trial commenced in Japan for "ME2080," which has shown efficacy in the EU as an antiepileptic treatment for severe myoclonic epilepsy in infancy. This drug was licensed from the French pharmaceutical developer Biocodex in October 2008 as part of efforts to expand the number of drugs in the development pipeline for the treatment of central nervous system disorders, the segment's core business category. Because there are currently no effective treatments for the disorder available in Japan, "ME2080" has been listed as a drug which qualifies for a governmental program aimed at accelerating the clinical development of drugs to resolve the "Drug Lag" problem in this country. Clinical trials for this drug are ongoing in Japan through close collaboration with Biocodex.

Basic pharmacological test results verified that the Meiji Group's chronic hepatitis C treatment "ME3738" improves the inhibitory effect of interferon on the hepatitis C virus. Proof of Concept (POC) clinical trial* began in Japan in January 2008 to confirm its antiviral characteristics when used together with PEG-interferon.

The antidepressant drug "REFLEX" is being examined for an expanded indication, and an early Phase II clinical trial (exploratory trial) has commenced for efficacy and safety testing as a treatment for fibromyalgia, characterized by widespread pain, the cause of which is unknown. No fundamental treatment for fibromyalgia currently exists, and no drugs have been approved for use as a treatment in Japan. "REFLEX" is expected to show its analgesic effects and its ability to improve the sleep disturbance and depression that fibromyalgia patients often experience.

A Phase I clinical trial (single-dose) has been completed for "ME1071," a metallo-beta-lactamase inhibitor that is able to block the enzymatic inactivation of beta-lactam antibiotics. Development of "ME1071" is continuing as a co-administration drug with carbapenem antibiotics.

* A Proof of Concept (POC) clinical trial is clinical testing to determine if medicinal benefits hypothesized at the research stage would have efficacy for humans.

Status of Development in the Agricultural Chemical and Veterinary Drug Fields

In the agricultural chemicals business, the Meiji Group has submitted applications to acquire pesticide registration for "ZAXA" liquid formula herbicide and "TRY" paddy fungicide.

Consignment testing of the new insecticide "ME5343" and "ANM-138" is also underway in preparation for submitting pesticide registration applications. In May 2010, Meiji Seika entered into a licensing agreement with BASF SE, of Germany, for the development of "ME5343" agricultural insecticide. "ME5343" is a next-generation insecticide that is expected to be highly safe with a low environmental impact, and the Meiji Group is eager to introduce it to the global market.

In the veterinary drug business, the Meiji Group is seeking to obtain manufacturing authorization for "ME4603J" and "ME4617" companion animal drugs, "ME4129" livestock antimicrobial agent, and "ME4613" new livestock oral agent.

Development Pipeline of Core Products (Ethical Pharmaceuticals) in the Pharmaceuticals Segment (As of June 2010)

Development Code	Development Stage (Phase I → Phase II → Phase III → Filed → Authorized)	Type	Efficacy Classification	Notes
ME2080	Phase III clinical trial	Oral	Antiepileptic drug	Licensed
ME3738	Phase II clinical trial	Oral	Chronic hepatitis C treatment	Proprietary
REFLEX	Phase II clinical trial	Oral	Fibromyalgia treatment (expanded indication)	Licensed
ME1071	Phase I clinical trial	Injection	Metallo-beta-lactamase inhibitor	Proprietary

The Meiji Group delivers the Meiji brand to customers in the promising growth markets of Asia and various countries around the world.

Dairy Products Segment

Meiji Dairies set up its first overseas operations in 1989 with the establishment of the joint venture CP-Meiji Co., Ltd. in Thailand to manufacture and sell Meiji brand milk, yogurt, and other products. Meiji brand chilled milk is contributing to the health of a vast number of people in Thailand, where it has captured a leading market share.

The Meiji Group expanded operations into China in 1994 with the founding in Guangzhou city of the joint venture Guangdong M&F-Yantang Dairy Products Co., Ltd., to manufacture and sell ice cream. It was followed in 1997 with the creation of a supplement food study and research company in Shanghai. In 2007, we further expanded our presence in the ever-growing Chinese market with the highly successful launch of infant formula sales operations in Shanghai and Guangzhou. We are considering further business development in China.

Affiliate Meiji Dairy Australasia Pty. Ltd. was established in Australia in 1994 to procure dairy ingredients and is an increasingly important supply base.

Meiji infant formula sold overseas

Meiji milk products in a store in Thailand

An ice cream stand at an open-air market in China

Confectionary and Healthcare Segment

Meiji Seika is aggressively developing its international business in the three areas of exports, local manufacturing and sales in overseas markets, and the import and sale of leading foreign brands.

The export business is achieving steady earnings growth by supplying confectionaries, mainly chocolate, along with healthcare and nutritional products to Asian and other markets.

Import business sales are expanding, led by sales of Kraft Foods chocolate from Europe, Snyder's of Hanover pretzels from the United States, and limited-edition Valentine's Day high-quality Bruyerre chocolate from Belgium.

In the United States, 100% subsidiary D. F. Stauffer Biscuit Co., Inc. and its subsidiary Laguna Cookie Co., Inc. undertake manufacturing and sales operations mainly for Stauffer's top-selling animal crackers.

In China, our joint venture Guangzhou Meiji Confectionary Co., Ltd. began manufacturing and sales operations, primarily for "Yan Yan" biscuit sticks, in 1993. Meiji Seika (Shanghai) Co., Ltd. was established as a 100% marketing and sales subsidiary in 2004 with the aim of expanding sales nationwide. In August 2006, manufacturing operations commenced at Meiji Seika Food Industry (Shanghai) Co., Ltd., providing an integrated system for local manufacturing and sales mostly for chocolate products.

In Southeast Asia, 100% subsidiary Meiji Seika (Singapore) Pte. Ltd. manufactures and sells "Yan Yan" and "Hello Panda" biscuit snacks, which it now exports throughout Southeast Asia and to the United States and Oceania. The "meiji" brand is also making inroads in the region through the efforts of our joint ventures P.T. Ceres Meiji Indotama in Indonesia, and Thai Meiji Food Co., Ltd. in Thailand.

"Yan Yan" biscuit sticks

Meiji Seika (Singapore) Pte. Ltd.

Meiji gift products sold in Shanghai

Animal crackers

Pharmaceuticals Segment

Meiji Seika began exporting antibiotics in 1954, and currently ships "meiji" brand pharmaceuticals, including "MEIACT" and "HOSUMISIN," to over 60 countries.

Accompanying advances in this business field, the Pharmaceuticals segment expanded operations, beginning in Indonesia with the founding of P.T. Meiji Indonesian Pharmaceutical Industries in 1974, followed by Thai Meiji Pharmaceuticals Co., Ltd. in Thailand in 1979, which manufacture and sell pharmaceuticals and veterinary drugs in their respective countries and serve as pharmaceutical and veterinary drug production bases for Japan and other countries.

Shantou Meiji Pharmaceuticals Co., Ltd. was established in China in 1989 to manufacture and sell antibiotics, anticancer drugs, and other products. Business operations in the Chinese market were boosted in 2004 with the addition of Meiji Lukang Pharmaceutical Co., Ltd., to support business expansion and to serve as a production base for fermented bulk drugs.

Meiji Seika established a business development base for growth in the European market in 1991 with the founding of Tedec-Meiji Farma, S.A. in Spain, and is expanding its business in Europe.

In recent years, we have put particular effort into enhancing the manufacturing facilities at P.T. Meiji Indonesian Pharmaceutical Industries and focused on establishing the company as a production base for drug formulas using penicillin, which Good Manufacturing Practice (GMP) standards for manufacturing and quality control require to be produced on separate production lines from other pharmaceuticals. By establishing a high-quality and reliable production system for penicillin and enhancing cost competitiveness, this subsidiary will be able to undertake contract manufacturing of penicillin for other companies. In addition, Meiji Seika is responding to the growing popularity of generic drugs by enhancing production capabilities for generic drugs at Thai Meiji Pharmaceutical Co., Ltd. in Thailand and bulk drugs for generic drugs at Meiji Lukang Pharmaceutical Co., Ltd. in China.

Meiji Lukang Pharmaceutical Co., Ltd.

P.T. Meiji Indonesian Pharmaceutical Industries

"MEIACT"

The Meiji Group, as a group involved in the "Food and Health" business, conducts corporate management fulfilling its corporate social responsibility (CSR) by addressing social and environmental concerns in order to maintain the trust of society and its customers.

Quality

The Meiji Group maintains quality assurance systems tailored to the specific characteristics of each business operation.

Dairy Products Segment

The Dairy Products segment conducts quality control in the handling of sensitive dairy materials by focusing on the fundamental question of how to provide customers with "safe, reassuring, and tasty" food products. The Group makes every effort to fully comply with all laws and to ensure product safety. In 2007, we instituted our in-house developed "Meiji Qualias" quality assurance system to enhance our ability to fulfill customer expectations for reassuring and satisfying products from Meiji Dairies. Application of the Meiji Qualias system throughout the Meiji Dairies Group allows us to provide the "quality we promise to customers."

Measures implemented at every stage to ensure the "Quality We Promise to Customers" in Meiji's milk product, "Meiji Oishii Gyunyu"

PROMISE 1 — **The natural and fresh scent** of raw milk

PROMISE 2 — **The delicate sweetness** of raw milk

PROMISE 3 — **A refreshing taste, with the mild rich flavor** of raw milk

Development and Design

We regularly collect samples of raw milk to be used as the basic ingredient for our products, and conduct taste analysis and assessment using testing equipment and gustatory and olfactory researchers.

Procurement

When it arrives at the plant, the raw milk to be used as the basic ingredient is retested for taste, and only the raw milk that fulfills the requirements is used. Steps are then taken to preserve and refine the quality of the raw milk.

Production

The raw milk is processed using Meiji Dairy's unique Natural Taste Manufacturing Process. The Natural Taste Manufacturing Process keeps the raw milk's original taste virtually intact by minimizing the taste deterioration that occurs during heat treatment.

Distribution

Our efforts include the introduction of delivery trucks equipped with temperature recorders and special suspension systems to protect against temperature changes and unnecessary shaking that can compromise the quality of the milk during transport.

Sales and Communication

We suggest presentation methods to retailers, such as supermarkets and mass retailers, to ensure eye-catching product displays that make it easy for customers to distinguish and select Meiji products.

Confectionary and Healthcare Segment

The Confectionary and Healthcare segment of Meiji Seika has maintained the spirit of “making products that we ourselves would like to buy” as the quality control policy from its start-up, and it has worked to improve the lives of its customers in terms of “food culture” and “nutrition and health,” and support a “happy family life.” We provide “safe, reassuring, and tasty” food products to contribute to the improvement of customers’ lives through the in-house developed Meiji-Quality Management System (M-QMS), based on the Food Sanitation Act and the guidelines of the International Organization for Standardization (ISO).

Comprehensive quality control at all production sites, including our own plants, group companies, and contractors

Quality Inspection on the Production Line

A combination of devices and visual inspections is used to check the quality at various points on the production line before and after packaging. The quality assurance devices used include X-ray foreign material detectors, metal detectors, weight checkers, and image checker for printed expiration dates.


X-ray foreign material detector


Metal detector


Weight checker


Visual inspection


Image checker for printed expiration dates

Quality Assurance Office

The Quality Assurance Office serves as the central organization for involving all plant staff in quality assurance activities. It designs and controls sanitary and quality control systems, conducts shipping inspections and analysis of ingredients and products, handles authorization of expiration dates and preserves day-to-day product samples.

Quality Patrols

Quality Patrols regularly inspect the quality assurance systems of each production site of Meiji Seika, its group companies and contractors. The Patrols immediately take corrective action when issues are identified. The Quality Patrols apply the PDCA cycle for continual improvement of plant operation and are an essential part of the M-QMS.

Pharmaceuticals Segment

With regard to pharmaceutical products, the Ministry of Health, Labour and Welfare sets strict rules on R&D, manufacturing, shipment, accumulation of side-effect information, provision of product information, and so on. The Pharmaceutical segment, following consistent policies and Action Guidelines that place top priority on the customer, considers its primary purpose to be “for the patient” and endeavors to provide pharmaceutical products that healthcare practitioners and patients can use with complete confidence in the product’s safety. The segment also produces high-quality agricultural chemicals and veterinary drugs that users and healthcare practitioners can use with complete confidence.

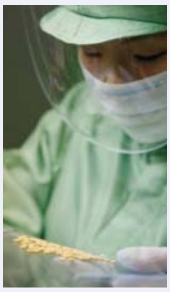
Supply pharmaceutical products and other drugs that can be used with complete confidence

Clean Manufacturing Environment

Pharmaceutical products are manufactured in an ultra-clean environment using advanced equipment.

Careful and Thorough Inspections

Strict inspections are conducted to ensure the highest-quality products. Our well-trained inspection staff check products that have been cleared by a series of state-of-the-art inspection devices. They sometimes find minute defects that the devices are unable to detect.



Strict Quality Specifications

Highly sophisticated analytical instruments are utilized for quality inspections of our pharmaceutical products. Only products that meet Meiji’s strict quality specifications are authorized for shipment.

Environment

All members of the Meiji Group carry out activities for reducing resource and energy consumption, and the Group is actively investing in energy-efficient equipment, upgrading manufacturing facilities, and switching to energy sources that produce less CO_2 emissions.

Meiji Seika

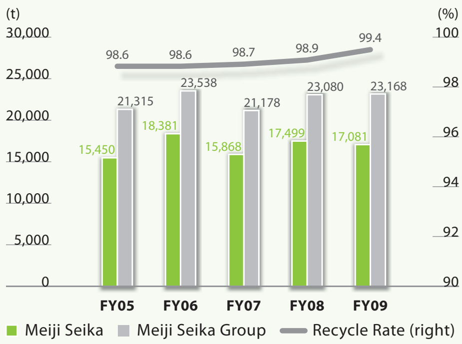
Reducing Industrial Waste

At Meiji Seika (excluding its subsidiaries), industrial waste volume slightly increased, but the recycle rate also increased, which led to a decrease in the final disposal volume in fiscal 2009 compared with the previous fiscal year. Its three confectionary plants are recycling all waste materials and maintaining zero emissions status for final waste disposal. Meiji Seika and its subsidiaries produced approximately the same volume of industrial waste as in the previous fiscal year.

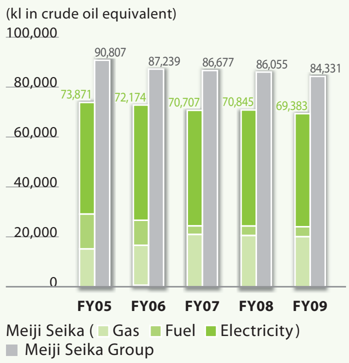
Conserving Energy and Reducing CO_2 Emissions

Meiji Seika and its subsidiaries continue to install energy-efficient equipment and improve the efficiency of its facility operations as part of its comprehensive energy conservation measures. In fiscal 2009, Meiji Seika reduced its own energy consumption by 4.7%, while Meiji Seika and its subsidiaries lowered their energy consumption by 2.0% year on year. Meiji Seika also reduced its own CO_2 emissions volume by 3.3% year on year and 30.8% below the 1990 level. Total CO_2 emissions of Meiji Seika and its subsidiaries were reduced by 2.9% year on year.

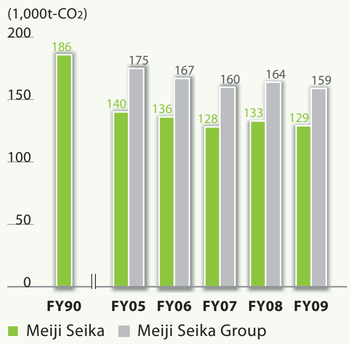
Trends in Waste Generation Volumes / Recycle Rates



Trends in Energy Consumption Volumes



Trends in CO_2 Emissions



Meiji Dairies

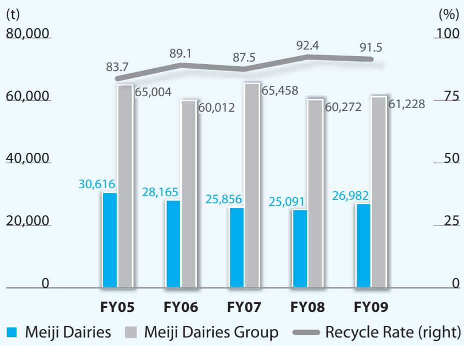
Reducing Industrial Waste

Meiji Dairies generated approximately 1,890 tons more industrial waste in fiscal 2009 compared with the previous fiscal year, and its recycle rate declined by 0.9% year on year. The increased waste generation was caused by the start-up of a new plant and the renewal of glass bottles for milk.

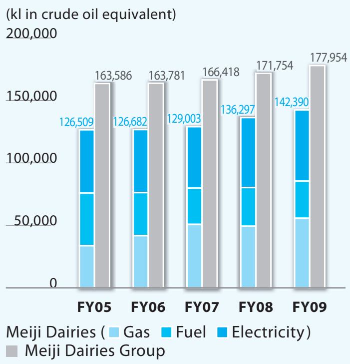
Conserving Energy and Reducing CO_2 Emissions (Plants)

Meiji Dairies and its subsidiaries undertake a wide range of energy conservation efforts, such as switching from the use of heavy fuel oil to LNG. Nevertheless, energy consumption volume increased by 3.6% year on year in fiscal 2009. The company likewise recorded a 2.3% year-on-year increase in CO_2 emissions volume, although this was largely due to expanded production volumes for processed dairy products, products designed for elderly consumers, and infant formula for export. The company will continue implementing measures to reduce energy consumption and CO_2 emissions, and to diligently respond to societal needs.

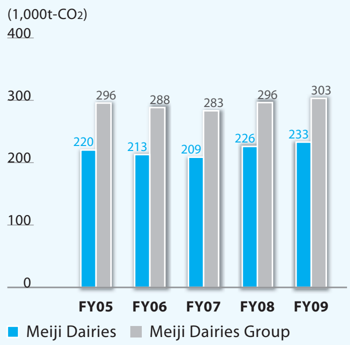
Trends in Waste Generation Volumes / Recycle Rates



Trends in Energy Consumption Volumes



Trends in CO_2 Emissions



Note: The Meiji Dairies Group is using 2007 as its base year for measuring reductions in CO_2 emissions.

Information

The Meiji Group maintains systems to ensure appropriate handling of personal and confidential information through an expert committee for information management.

The Information Management Committee in Meiji Seika

Meiji Seika regards information management as an important field of CSR. Its Information Management Committee supervises information management, including information security, personal information protection, and information disclosure activities, and promotes the enhancement of its system.

The Information Security Committee in Meiji Dairies

Meiji Dairies' Information Security Committee maintains and fortifies information security throughout the company, through the creation of information security systems, establishment of controls, verification of circumstances when information-related incidents occur, and examination of measures to prevent recurrence.

Personal Information Protection Measures

Protecting the personal information of our customers is an utmost priority. The Meiji Group complies with all laws and standards relevant to personal information protection as well as the Meiji Seika Personal Information Protection Rules*1 and the Meiji Dairies Personal Information Protection Policy*2.

For further information, please visit the following websites.

*1 URL: http://www.meiji.co.jp/privacy/protection.html
*2 URL: http://www.meinyu.co.jp/privacy/index.html

Compliance

The Meiji Group fosters and deepens compliance awareness among employees through the Corporate Behavior Charter, the appointment of compliance promotion officers, and the provision of a compliance counseling desk for employees, so that employees carry out their duties with a high-level of compliance awareness.

Risk Management

Actions are taken regularly to prevent risk incidents from arising and to ensure a swift and appropriate reaction in emergency situations. Risk management systems are continually checked and improved to minimize the impact on customers, society, and our businesses in the event that risks appear.

Meiji Seika maintains ordinary risk management and emergency response systems prepared for 10 specific risk categories, covering risks relating to products, the environment, compliance, information, and disasters to ensure a unified organizational response to various risk situations throughout the company.

Meiji Seika maintains emergency response systems for ensuring appropriate and timely actions, such as cause ascertainment, secondary damage prevention, and information disclosure to the public through "Emergency Response Centers" and/or "Group Crisis Control Meetings," to be set up according to internal standards.

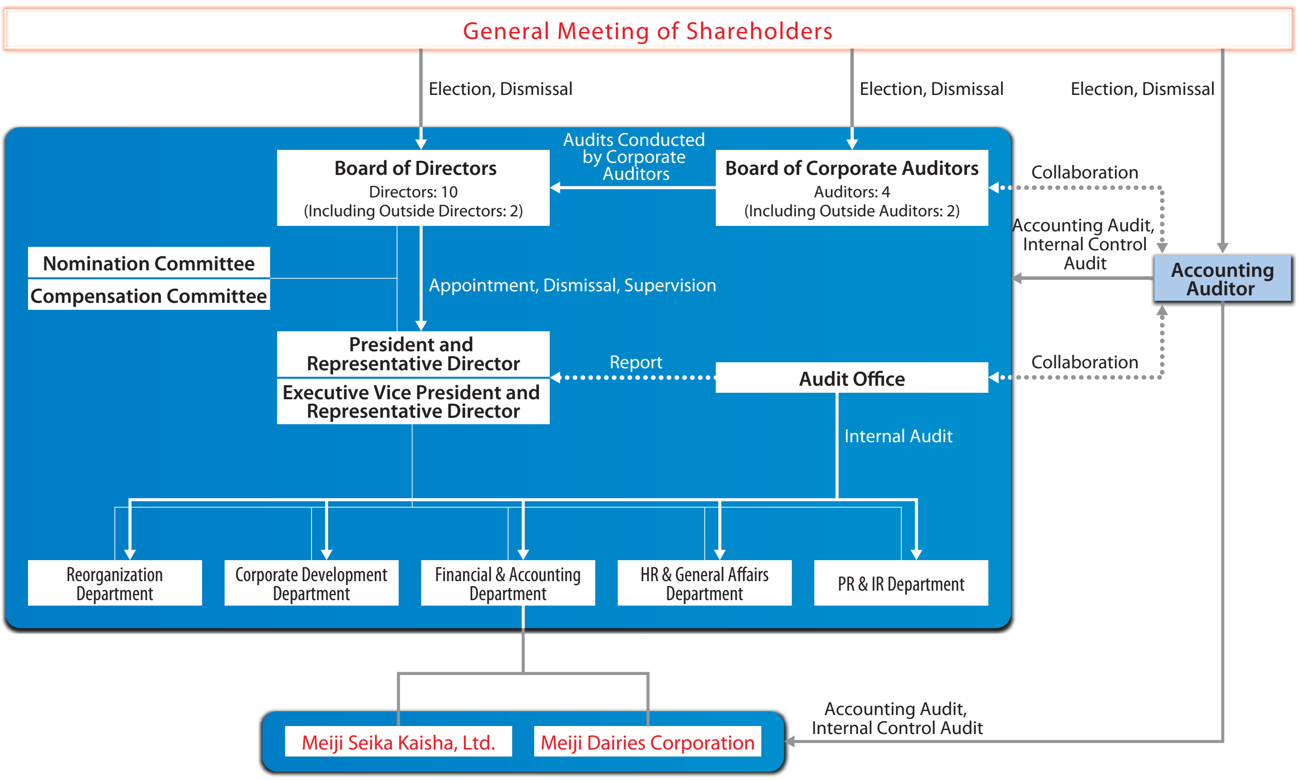
Meiji Dairies integrates risk management and compliance activities, and it has established a Risk & Compliance Committee to develop company-wide systems for fostering compliance awareness and promoting risk management activities. In addition to achieving a swift and effective response to emergency situations, Meiji Dairies focuses on proactive measures to prevent risk incidents that may cause serious impact. To detect latent risks earlier, all employees are required to identify all risks at the worksite every year and prepare a "risk inventory." Then each department designs and implements the countermeasures against such risks in the workplace.

Meiji Group CSR Report 2010

Further information about the Meiji Group CSR is described in our "Meiji Group CSR Report 2010," published in July 2010.

Under the Meiji Group's System of Principles, we are working to ensure highly transparent management for our shareholders and all other stakeholders through prompt and effective decision making and the timely and appropriate disclosure of corporate information to realize ongoing growth in the Group's corporate value.

Corporate Governance System



Corporate Governance

Organizational Structure and Operational Status

Meiji Holdings Co., Ltd. controls two operating companies that carry out business operations (see the organizational structure on the opposite page). We have realized effective corporate governance through the establishment of an executive officer system, which clarifies the responsibilities of management and those related to business execution, and makes sure that both are fully functioning.

The Board of Directors is comprised of 10 members, including two outside directors. Meetings of the Board of Directors are held on a monthly basis, in principle. Based on the Rules of the Board of Directors, the board makes decisions on the Group's management policy and strategy, and is responsible for providing guidance and supervision with regard to the Group companies' important decisions. To further strengthen corporate governance, outside directors serve on the board, and the term of service for board members is limited to one year.

The Strategy Council, an advisory body to the president comprised of internal directors, convenes twice monthly in principle to deliberate important issues concerning the execution of business operations.

The Board of Corporate Auditors is comprised of four members, including two outside auditors. With the aim of ensuring fair and objective audits, corporate auditors attend important meetings, including meetings of the Board of Directors, and hold liaison meetings with the internal auditing department (the Audit Office) on a monthly basis, in principle, to share information and establish a close relationship with that department.

Moreover, the full-time staff of the Audit Office conduct internal audits. Auditing of the Company's accounting statements was assigned to the Fuji Accounting Office for the consolidated fiscal year ended March 31, 2010. With the expiration of the term of service of the assigned accounting auditor at the closing of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the Company newly appointed Ernst & Young ShinNihon LLC as its accounting auditor at the shareholders' meeting.

The Nomination Committee, which recommends directors and executive officers as candidates for the Board of Directors, and the Compensation Committee, which conducts performance evaluations and examines remuneration amounts of directors and executive officers, are each comprised of four committee members, of which two are outside directors and two are internal directors.

Remuneration for Directors and Corporate Auditors

Remuneration amounts for the Company's directors and corporate auditors are decided based on the Company's business results and evaluations of individual performance, taking into consideration the peer compensation levels at other companies, as shown by external survey data. Remuneration amounts are presented to the Compensation Committee and are subject to approval by the Board of Directors.

• Total Remuneration by Position, Total Remuneration by Category, and the Number of Directors and Corporate Auditors

Position	Total Remuneration (Millions of yen)	Total Remuneration by Category (Millions of yen)	Number of Directors and Corporate Auditors
		Base Compensation	
Directors (excluding outside directors)	173	173	8
Corporate auditors (excluding outside auditors)	28	28	2
Outside directors and auditors	28	28	4
Total	230	230	14

Notes: 1. The Supplementary Provisions of the Company's Articles of Incorporation set a maximum amount of ¥1,000 million for director remuneration for a one-year term.
2. The Supplementary Provisions of the Company's Articles of Incorporation set a maximum amount of ¥300 million for corporate auditor remuneration for a one-year term.

Internal Control System

Fundamental Policy

The Meiji Group provides products and services to a large number of customers through its food and pharmaceutical business operations. In accordance with the Meiji Group's "Corporate Behavior Charter" adopted in April 2009, the Group has established an internal control system to ensure fair and sound business activities firmly rooted in compliance.

Board of Directors and Auditors

Board of Directors and Auditors of Meiji Holdings Co., Ltd.

President and Representative Director

Naotada Sato

(Concurrent President and Representative Director of Meiji Seika Kaisha, Ltd.)

Executive Vice President and Representative Director

Shigetaro Asano

(Concurrent President and Representative Director of Meiji Dairies Corporation)

Member of the Board and Executive Officer,
Chief Corporate Development and Financial Officer

Akio Takahashi

(Concurrent Executive Vice President and Representative Director of Meiji Seika Kaisha, Ltd.)

Member of the Board and Executive Officer,
Chief HR, General Affairs and Communication Officer

Tsuyoshi Nagata

(Concurrent Senior Executive Officer of Meiji Dairies Corporation)

Member of the Board

Kaname Tanaka

(Concurrent Executive Vice President and Representative Director of Meiji Dairies Corporation)

Member of the Board

Masahiko Matsuo

(Concurrent Senior Executive Officer of Meiji Seika Kaisha, Ltd.)

Member of the Board

Harunobu Tsukanishi

(Concurrent Senior Executive Officer of Meiji Seika Kaisha, Ltd.)

Member of the Board

Shouichi Ihara

(Concurrent Senior Executive Officer of Meiji Dairies Corporation)

Member of the Board (outside)

Hidetoshi Yajima

Member of the Board (outside)

Youko Sanuki

Senior Standing Auditor

Kouichirou Kawashima

Standing Auditor

Chikao Morishima

(Concurrent Standing Auditor of Meiji Seika Kaisha, Ltd.)

Auditor (outside)

Shoji Miyamoto

(Concurrent Auditor (outside) of Meiji Dairies Corporation)

Auditor (outside)

Kenichi Yamaguchi

(Concurrent Auditor (outside) of Meiji Seika Kaisha, Ltd.)

Executive Officer, HR & General Affairs Department

Hideki Takahashi

(Concurrent Senior Executive Officer of Meiji Seika Kaisha, Ltd.)

Executive Officer, Financial & Accounting Department

Takashi Hirahara

(Concurrent Executive Officer of Meiji Dairies Corporation)

Executive Officer, Reorganization Department

Takaaki Yanaka

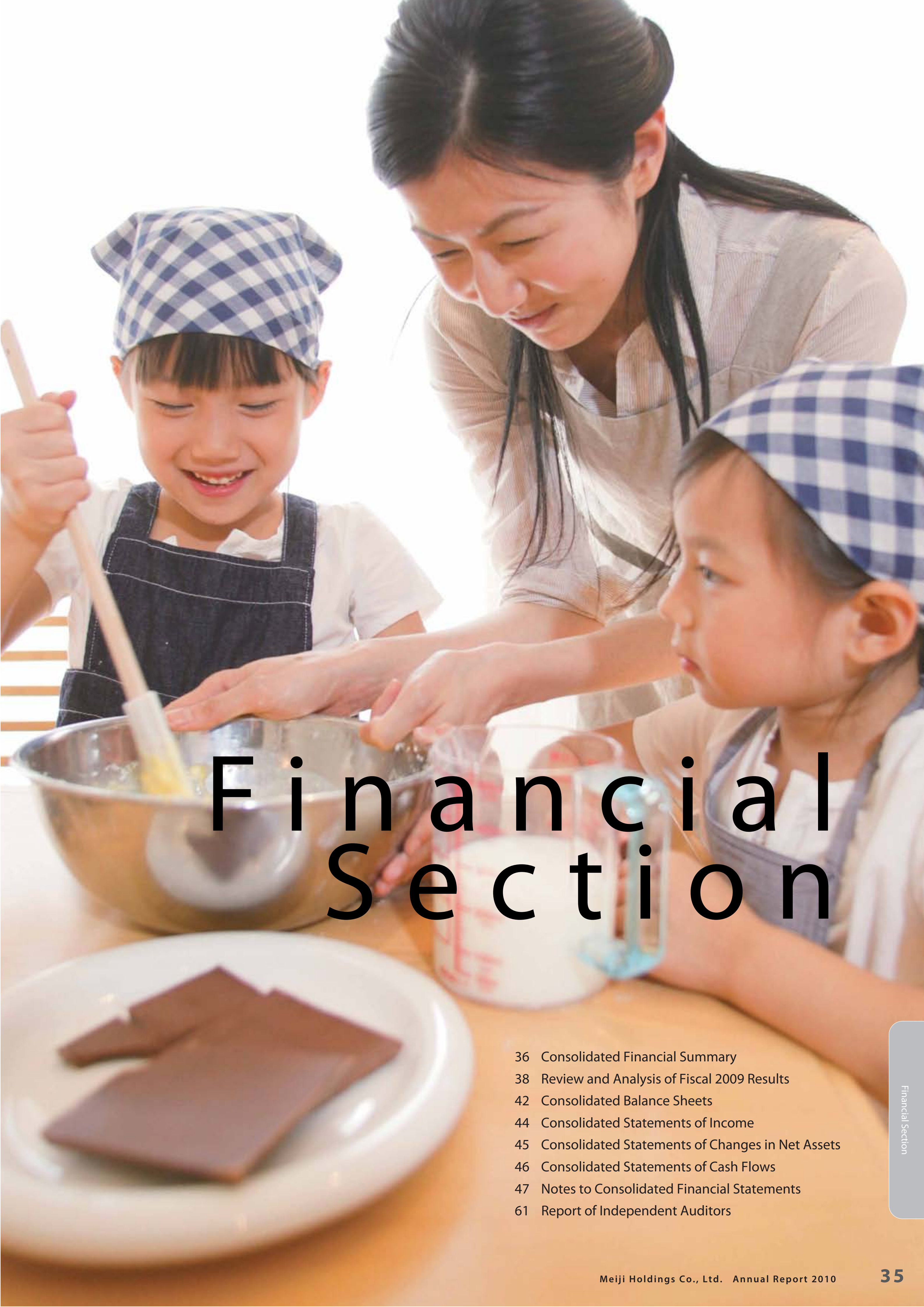
(Concurrent Executive Officer of Meiji Dairies Corporation)

Executive Officer, Corporate Development Department

Michiro Saza

(Concurrent Executive Officer of Meiji Seika Kaisha, Ltd.)

* For the Board of Directors of Meiji Seika and Meiji Dairies, please check the respective companies' websites.



Financial Section

Consolidated Financial Summary

	Millions of yen (Unless otherwise noted)							
	FY2003		FY2004		FY2005		FY2006	
	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies
For the fiscal year								
Net sales	¥ 368,865	¥ 721,833	¥ 364,018	¥ 725,024	¥ 382,429	¥ 710,908	¥ 393,853	¥ 702,750
Cost of sales	213,626	524,253	206,231	522,970	213,069	515,712	220,942	502,635
Selling, general and administrative (SG&A) expenses	147,367	181,899	148,869	182,637	152,869	175,205	160,276	176,517
Operating income	7,881	15,680	8,717	19,415	16,460	19,989	12,584	23,597
Ordinary income	8,243	15,747	8,503	19,081	16,160	20,179	12,627	23,421
Net income (loss)	348	7,949	(8,240)	9,722	8,678	10,055	5,480	13,708
Capital expenditures	16,537	24,546	19,827	20,527	14,394	20,147	17,395	20,798
Depreciation	13,892	20,324	14,750	19,734	14,976	19,664	14,655	18,915
Net cash provided by operating activities	6,663	25,788	16,731	34,519	19,513	31,256	17,318	37,123
At fiscal year-end								
Total assets	¥ 330,059	¥ 364,957	¥ 339,848	¥ 357,592	¥ 348,281	¥ 361,134	¥ 351,514	¥ 383,560
Net assets	156,990	91,892	147,445	100,026	160,659	112,695	162,763	146,044
Per Share Data (Yen, U.S. dollars)								
Net income (loss)	¥ 0.79	¥ 26.74	¥ (21.53)	¥ 32.73	¥ 22.41	¥ 33.86	¥ 14.39	¥ 42.81
Net assets (Note 2)	403.33	310.23	377.78	337.86	413.53	380.85	419.62	437.45
Cash dividends (Note 3)	7.00	6.00	7.00	6.00	10.00	7.00	7.00	10.00
Ratios (%)								
ROE	0.2	9.1	—	10.1	5.7	9.5	3.5	10.7
ROA	0.1	2.2	—	2.7	2.5	2.8	1.6	3.6
Other information								
Number of employees	6,546	7,482	6,299	7,370	6,303	7,185	6,275	7,054

Notes: 1. U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥93.04, the exchange rate prevailing on March 31, 2010.
2. Net assets per share = (Total net assets - Minority interests) / (Number of shares issued - Number of treasury stock)
3. In establishing Meiji Holdings Co., Ltd. on April 1, 2009, the Company issued 0.1 share of Meiji Holdings common stock to Meiji Seika Kaisha, Ltd. for each share of Meiji Seika common stock and 0.117 share to Meiji Dairies Corporation for each share of Meiji Dairies common stock.

Millions of yen (Unless otherwise noted)							Thousands of U.S. dollars (Unless otherwise noted) (Note 1)		
FY2007		FY2008		FY2009			FY2009		
Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Seika	Meiji Dairies	Meiji Holdings	Meiji Seika	Meiji Dairies	Meiji Holdings
¥ 404,711	¥ 706,988	¥ 414,080	¥ 711,394	**¥ 411,035**	**¥ 704,499**	**¥ 1,106,645**	**$ 4,417,835**	**$ 7,572,010**	**$ 11,894,302**
234,228	516,325	246,110	522,659	**238,480**	**504,994**	**734,665**	**2,563,199**	**5,427,716**	**7,896,230**
157,827	174,400	157,261	174,696	**161,720**	**181,930**	**343,194**	**1,738,180**	**1,955,395**	**3,688,676**
12,725	16,262	10,798	14,037	**10,835**	**17,575**	**28,786**	**116,455**	**188,898**	**309,395**
11,701	16,065	9,608	13,923	**11,058**	**17,281**	**28,316**	**118,853**	**185,740**	**304,344**
6,240	9,226	2,556	5,933	**4,790**	**8,382**	**13,088**	**51,485**	**90,090**	**140,676**
21,783	41,498	18,482	21,219	**19,231**	**12,489**	**30,546**	**206,699**	**134,232**	**328,320**
15,508	20,927	17,331	18,695	**18,200**	**19,492**	**39,087**	**195,622**	**209,503**	**420,118**
13,525	18,542	22,424	16,991	**15,865**	**34,220**	**47,707**	**170,526**	**367,799**	**512,766**
¥ 348,609	¥ 390,192	¥ 330,878	¥ 393,169	**¥ 347,311**	**¥ 390,807**	**¥ 730,044**	**$ 3,732,931**	**$ 4,200,424**	**$ 7,846,563**
155,111	147,425	144,854	147,303	**145,730**	**149,263**	**297,771**	**1,566,318**	**1,604,293**	**3,200,469**
¥ 16.46	¥ 28.08	¥ 6.74	¥ 18.06	**¥ 12.64**	**¥ 25.52**	**¥ 177.73**	**$ 0.136**	**$ 0.274**	**$ 1.910**
399.01	441.73	369.09	441.39	**369.85**	**447.20**	**3,933.05**	**3.975**	**4.807**	**42.273**
7.00	8.00	7.00	8.00	**—**	**—**	**80.0**	**—**	**—**	**0.860**
4.0	6.4	1.8	4.1	**3.4**	**5.7**	**4.6**			
1.8	2.3	0.8	1.5	**1.4**	**2.1**	**1.8**			
6,481	7,134	6,922	7,205	**—**	**—**	**14,168**	**—**	**—**	**—**

Financial Section

Overall Operating Results

Business Environment

In the consolidated fiscal year under review, although signs of picking up are seen due primarily to moderate recovery in the global economy, the employment and income environment has not improved and the situation surrounding the Japanese economy has remained severe, marked by continued sluggish consumer spending, etc.

Revenue and Earnings

In fiscal 2009, the first year of the "Medium-Term Business Plan for Fiscal Years 2009-2011," the Meiji Group vigorously promoted efforts to achieve its main targets, which are to "strengthen and expand its existing businesses" and to "expedite integrated synergies." Specifically, the Group strove to raise the profile of new brands and make them well-established in the market by launching products with a unified new brand logo and new items with mutually-utilized product brands, while focusing on investment in growth businesses and cost reductions to strengthen the Group's competitiveness.

As a result, in fiscal 2009, the Company recorded net sales of ¥1,106,645 million, operating income of ¥28,786 million, ordinary income of ¥28,316 million and net income of ¥13,088 million. With regard to the achievement rate against forecasts of financial results for the full fiscal year, although achievement rate for net sales was 98.5%, the rates for operating income (110.7%), ordinary income (108.9%) and net income (109.1%) exceeded our targets. Net income per share was ¥177.73.

* Meiji Holdings Co., Ltd. was established as a joint holding company through the management integration on April 1, 2009 of Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation, making the two companies its wholly owned subsidiary companies. Since the current consolidated fiscal year is the first term for the Company, no figures are available with regard to the Company's financial results for the previous fiscal year.

	Millions of yen				Yen
	Net sales	Operating income	Ordinary income	Net income	Net income per share
FY2009 results	**¥ 1,106,645**	**¥ 28,786**	**¥ 28,316**	**¥ 13,088**	**¥ 177.73**
Achievement rate (%)	**98.5**	**110.7**	**108.9**	**109.1**	

Segment Results

	Millions of yen						
	2010						
	Dairy products	Confectionary and Healthcare	Pharmaceuticals	Services and other	Total	Eliminations or incorporations	Consolidated
Net sales							
Fiscal 2009 results	**¥ 600,078**	**¥ 293,086**	**¥ 127,628**	**¥ 140,872**	**¥ 1,161,665**	**¥ (55,019)**	**¥ 1,106,645**
Achievement rate (%)	**100.3**	**93.9**	**100.7**	**100.6**	**—**	**—**	**98.5**
Operating income							
Fiscal 2009 results	**13,418**	**4,407**	**8,480**	**3,405**	**29,711**	**(925)**	**28,786**
Achievement rate (%)	**121.2**	**88.1**	**101.5**	**120.6**	**—**	**—**	**110.7**

Dairy Products

In the dairy industry, consumption of drinking milk has remained weak. However, there was a trend toward market revitalization including the launch of a series of low-fat products and products focusing on consumers' affordability. Meanwhile, consumer demand has shifted to low-priced products, leading to intensifying sales competition.

Under such circumstances, sales of the Dairy Products segment exceeded our initial forecasts due to increased sales of such products as yogurt, powdered milk, cheese, nutraceuticals and margarine, which compensated for unfavorable sales of ice cream and beverages due to the unseasonably cool summer.

In particular, the sales of the main products of segments, such as "Meiji Probio Yogurt LG21" and "Meiji Hokkaido Tokachi Cheese," were brisk, owing to the implementation of continuous customer communication activities at retail stores and proactive sales promotion activities.

Operating income exceeded our initial forecast due to expanded sales of high-value-added products such as "Meiji Probio Yogurt LG21" and cost reductions in imported raw materials caused by a decline in their prices in overseas markets.

Confectionary and Healthcare

The environment surrounding the confectionary industry has been severe as the market significantly worsened from autumn of last year due to such factors as further stagnation of consumer spending and progressive deflation. Moreover, the unstable movements in raw material prices have continued to have a major impact on profits.

Under such circumstances, sales of the Confectionary and Healthcare segment fell short of our initial forecast due to the fact that sales of confectionaries other than chocolate did not fare so favorably amid the deteriorating market environment. This is despite the brisk sales of healthcare products.

In the confectionary business, sluggish sales of such products as chewing gum and candy led to the failure to achieve our targets. However, sales of chocolate products, the mainstay products of the segment, marked a record-high as a result of strengthened marketing and sales activities on such occasions as the revision of the brand logo of "Meiji Milk Chocolate" and the launch of new products, including "Chip!Chop," a new texture chocolate snack.

In the healthcare business, sales of "Amino Collagen" and "Savas" were steady and sales of "ISODINE® UGAIGUSURI," an iodine gargle, contributed to business performance due to the impact of a new type of influenza.

Although sluggish sales were the cause of our failure to achieve the segment's operating income target, it remained in the black and exceeded the previous year's level due to an improved profit structure for confectionaries and cost reductions resulting from changes in variety composition.

Pharmaceuticals

In the pharmaceuticals industry, the business environment has continued to be very tough. In the ethical pharmaceuticals business, measures to curb medical-care costs were promoted. In the agricultural chemicals and veterinary drugs businesses, the government tightened its regulations and guidance. For instance, stricter standards have been adopted for application and screening for registration.

Under such circumstances, sales of the pharmaceuticals segment achieved the target. Sales of two newly-launched drug products, generic drugs and influenza-related products contributed to the steady business performance of the segment, compensating for unfavorable sales of agricultural chemicals and veterinary drugs and sluggish overseas business affected by foreign exchange rates.

As for new drug products, sales of an antibacterial drug "ORAPENEM®" and an antidepressant drug "REFLEX®" were brisk. As for generic drugs, sales of an antibacterial drug "VANCOMYCIN MEEK" and a calcium channel blocker "AMLODIPINE TABLETS MEIJI" were steady.

Operating income exceeded our initial forecast due to the effect of the launch of new drugs, efficiency improvements in sales expenses, and improvement in variety composition caused by expanded sales of generic drugs.

Services and Other

Sales of the Services and Other segment as a whole were firm because the feed business went as planned despite a business environment marked by the lowering of assorted feed prices.

Operating income exceeded our plan due to such factors as stable feed grain rates and a reduction in fuel costs.

Financial Position

Assets

As of March 31, 2010, total assets were ¥730,044 million. Of these, current assets were ¥309,585 million, and fixed assets were ¥420,458 million.

The main components of current assets were ¥154,589 million in notes and accounts receivable, and ¥79,818 million in goods and products.

Fixed assets were comprised of ¥332,875 million in tangible fixed assets, ¥10,476 million in intangible fixed assets, and ¥77,106 million in investments and other noncurrent assets.

Liabilities

As of March 31, 2010, total liabilities were ¥432,272 million. Of these, current liabilities were ¥300,741 million, and fixed liabilities were ¥131,531 million.

The main components of current liabilities were ¥95,164 million in notes and accounts payable, ¥76,768 million in short-term bank loans, and ¥28,000 million in commercial paper.

The main components of long-term liabilities were ¥55,000 million in corporate bonds, and ¥39,631 million in long-term borrowings.

Net Assets

As of March 31, 2010, total net assets were ¥297,771 million. The equity ratio was 39.7%, with net assets per share of ¥3,933.05.

Cash Flows

Net cash provided by operating activities was ¥47,707 million, due to income before income taxes, depreciation and amortization, etc.

Net cash used in investing activities was ¥33,641 million, due to expenditures to purchase tangible fixed assets, etc.

Free cash flow (cash flow from operating activities minus cash flow used in investing activities) was an inflow of ¥14,066 million.

Net cash used in financing activities was ¥12,674 million, due to a decrease in financial debt, etc.

These resulted in ¥16,061 million in cash and cash equivalents as of March 31, 2010.

Financial Indices

Equity ratio (%)	**39.7**
Equity ratio on market price basis (%)	**36.6**
Debt repayment period (year)	**4.2**
Interest coverage ratio	**19.5**

Note: How each index was calculated.

Equity ratio: (Net assets – Equity capital held by minority shareholders) / Total assets

Equity ratio on market price basis: Total market value of shares (Closing share price at end of period x Total number of shares issued) / Total assets

Debt repayment period: Interest-bearing debt (bonds, borrowings, commercial paper) / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payments (amount of interest payments)

Basic Policy on Appropriation of Profit, and Dividends Paid

As a company with close ties to the daily lives of its customers through its mainstay businesses in food, health and pharmaceuticals, Meiji believes it is essential to secure a solid business base in the medium and long terms.

Our basic policy is to provide steady and sustainable distribution of profit to shareholders, while securing ample internal reserves to provide the funds required for sustaining business performance each term, as well as for future capital demands, including capital expenditures, investment and credit, R&D spending, and other investments.

For fiscal 2009, we paid a year-end dividend of ¥80.00 per share as the annual dividend. For fiscal 2010 and beyond, we intend to also pay an interim dividend with the interim-end as a record date.

Business Risks

The Meiji Group believes the following risks in execution of its business could have a material impact on the decision-making of investors. Forward-looking statements in the following section were determined by the Meiji Group as of the fiscal 2009 year-end.

(1) High Prices for Raw Materials

Prices of the Meiji Group's key raw materials (milk, dairy products, cacao beans, nuts, etc.) and energy commodities may be affected by supply/demand conditions, speculative influences, etc. in Japan and abroad. Such high prices have the potential to greatly impact procurement and production costs.

(2) Foreign Currency Exchange Fluctuation

The Meiji Group purchases some of its raw materials and goods from overseas. It also operates businesses overseas. Therefore, sudden foreign currency fluctuations beyond the forecasted range have the potential to impact the Group's business results and financial position.

(3) Weather

The Meiji Group's dairy products business and confectionary and health businesses may be affected by the weather. For example, a cool summer can decrease sales of ice cream and dairy products. Extreme heat can decrease sales of chocolate and other confectionary goods. These have the potential to impact the Group's business results and financial position.

(4) Changes in Business Environment Faced by the Dairy Products Industry

In the Meiji Group's dairy products business, if there are sudden changes in the international trade system such as customs duties, in the dairy farming system such as the "Act on Temporary Measures concerning Compensation Price for Producers of Milk for Manufacturing Use," or in practices, there are potential impacts on the Group's business results and financial position.

(5) Food Product Safety

The Meiji Group takes various actions to ensure product safety and preventive measures against risks foreseen to occur throughout production. However, if there is a large-scale product recall, or even if there is no direct problem with the Group's products, rumors in the food industry might affect the Group's products, and this could result in a drop in sales, huge costs, etc. These have the potential to impact the Group's business results and financial position.

(6) Side Effects in Pharmaceuticals

The Meiji Group conducts product development, manufacturing, and marketing for the pharmaceutical business in compliance with various laws and standards enforced by regulatory authorities. Nevertheless, unforeseen side effects have the potential to occur during development and after product release. The Group prepares for such incidents by carrying appropriate insurance coverage for various types of liability, including product liability. However, there is no guarantee that insurance will be sufficient to cover all damages associated with such liability. Unforeseen side effects therefore have the potential to impact the Group's business results and financial position.

(7) Government Trends in Medical Care

In the Meiji Group's pharmaceutical business, prices of medical care pharmaceuticals are affected by government medical policies, including drug price revisions and the healthcare insurance system. These have the potential to impact the Group's business results and financial position.

(8) Research and Development in the Pharmaceuticals Business

New product development for the Meiji Group's pharmaceutical business implements extended periods of product testing, which require significant expenses. Instances occur in which safety or efficacy issues compel the Group to extend, suspend or discontinue research and development projects. The progress status of research and development has the potential to impact the Meiji Group's business results and financial position. Moreover, launches of products developed by the Group may be delayed if research and development does not proceed as planned, which could require the Group to utilize products of other company. Such cases have the potential to increase outlays for intellectual property rights and licensing.

(9) Lawsuits

In research and development and other business activities, the Meiji Group takes care to avoid infringing on intellectual property rights of third parties. However, the outcomes of unexpected litigation by third parties who claim infringement on their intellectual property rights have the potential to impact the Group's business results and financial position.

(10) Information Leaks

The Meiji Group has large amounts of confidential information required in business operations, such as personal information including that of customers, and important information concerning its management. For management of this information, the Group takes suitable actions including system controls: it established an Information Management Committee, provides training to employees, etc. However, there could be risks that currently unforeseeable unauthorized access or computer virus infection will cause leaks, falsification or loss of confidential information, the computer system could become temporarily unusable, etc. If such a situation occurs, it has the potential to impact the Group's business results and financial position.

Consolidated Balance Sheets

Meiji Holdings Co., Ltd. / For the year ended March 31, 2010

ASSETS	Millions of yen 2010	Thousands of U.S. dollars 2010
Current assets:		
Cash and deposits (Note 13)	¥ 16,682	$ 179,308
Notes and accounts receivable	162,383	1,745,309
Inventories (Note 6)	111,298	1,196,247
Deferred tax assets (Note 8)	13,564	145,796
Other current assets	5,916	63,588
Allowance for doubtful accounts	(260)	(2,804)
Total current assets	309,585	3,327,446
Fixed assets:		
Property, plants and equipment (Note 7)		
Land	67,291	723,256
Buildings and structures	303,470	3,261,715
Machinery, equipment and vehicles	465,818	5,006,651
Lease assets	4,004	43,039
Construction in progress	3,996	42,958
Less accumulated depreciation	(511,707)	(5,499,860)
Total property, plants and equipment (net)	332,875	3,577,762
Investments and other noncurrent assets:		
Investment securities (Notes 4, 7)	35,735	384,085
Investment securities (Unconsolidated subsidiaries and affiliates)	12,460	133,923
Long-term loans	1,010	10,860
Intangible assets	10,476	112,606
Deferred tax assets (Note 8)	905	9,730
Others	28,198	303,077
Allowance for doubtful accounts	(1,202)	(12,929)
Total investments and other noncurrent assets	87,583	941,354
Total fixed assets	420,458	4,519,117
Total assets	¥ 730,044	$ 7,846,563

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2010	Thousands of U.S. dollars 2010
Current liabilities:		
Short-term loans payable (including current portion of long-term debt) (Notes 5, 7)	¥ 104,768	$ 1,126,062
Notes and accounts payable	95,164	1,022,832
Income taxes payable	9,271	99,648
Accrued expenses	40,142	431,449
Other current liabilities (Note 7)	51,395	552,396
Total current liabilities	300,741	3,232,390
Long-term liabilities:		
Long-term debt, less current portion (Notes 5, 7)	94,631	1,017,108
Deferred tax liabilities (Note 8)	15,273	164,157
Employees' retirement benefits (Note 9)	15,711	168,863
Reserve for directors' retirement benefits	676	7,273
Other long-term liabilities	5,238	56,301
Total long-term liabilities	131,531	1,413,703
Total liabilities	432,272	4,646,094
Contingent Liabilities (Note 10)		
Net assets:		
Shareholders' equity		
Common stock		
Authorized — 280,000,000 shares		
Issued — 76,341,700 shares	30,000	322,441
Capital surplus	98,852	1,062,472
Retained earnings	169,618	1,823,068
Treasury stock, at cost — 2,636,540 shares	(9,125)	(98,080)
Total shareholders' equity	289,345	3,109,901
Valuation and translation adjustments		
Net unrealized holding gains on securities	5,851	62,890
Deferred gains or losses on hedges	(2,862)	(30,764)
Foreign currency translation adjustments	(2,448)	(26,312)
Minority interests	7,885	84,754
Total net assets	297,771	3,200,469
Total liabilities and net assets	¥ 730,044	$ 7,846,563

Consolidated Statements of Income

Meiji Holdings Co., Ltd. / For the year ended March 31, 2010

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Net sales	¥ 1,106,645	$ 11,894,302
Cost of sales (Note 15)	734,665	7,896,230
Gross profit	371,980	3,998,071
Selling, general and administrative expenses (Notes 14, 15)	343,194	3,688,676
Operating income	28,786	309,395
Other income (expenses)		
Interest and dividend income	915	9,841
Other income	3,005	32,307
Interest expenses	(2,572)	(27,650)
Equity in losses of affiliates	(236)	(2,542)
Other expenses	(1,582)	(17,006)
Extraordinary income (Note 16)	605	6,510
Extraordinary losses (Note 16)	(4,821)	(51,826)
Income before income taxes	24,100	259,028
Income taxes-current	12,132	130,396
Income taxes-deferred	(1,553)	(16,702)
Minority interests	433	4,658
Net income	¥ 13,088	$ 140,676

	Yen	U.S. dollars
Amounts per share of common stock:		
Net income	¥ 177.73	$ 1.910
Cash dividends	80.00	0.859

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Meiji Holdings Co., Ltd. / For the year ended March 31, 2010

		Millions of yen										
	Numbers of shares of common stock (thousands)	Shareholders' equity					Valuation and translation adjustments					
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	76,341	¥ 30,000	¥ 98,900	¥ 158,913	¥ (9,419)	¥ 278,393	¥ 3,846	¥ (3,781)	¥ (2,990)	¥ (2,925)	¥ 7,302	¥ 282,770
Changes during the fiscal period												
Cash dividends				(2,547)		(2,547)						(2,547)
Net income				13,088		13,088						13,088
Acquisition of treasury stock					(300)	(300)						(300)
Disposal of treasury stock			(47)		594	547						547
Change of scope of consolidation				164		164						164
Others							2,004	919	542	3,466	582	4,049
Total changes during the fiscal period			(47)	10,705	294	10,951	2,004	919	542	3,466	582	15,001
Balance at March 31, 2010	76,341	¥30,000	¥98,852	¥169,618	¥(9,125)	¥289,345	¥5,851	¥(2,862)	¥(2,448)	¥ 540	¥7,885	¥297,771

		Thousands of U.S. dollars										
	Numbers of shares of common stock (thousands)	Shareholders' equity					Valuation and translation adjustments					
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on investment securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2009	76,341	$ 322,441	$ 1,062,983	$ 1,708,008	$(101,242)	$ 2,992,191	$ 41,344	$ (40,645)	$ (32,144)	$ (31,445)	$ 78,491	$ 3,039,237
Changes during the fiscal period												
Cash dividends				(27,383)		(27,383)						(27,383)
Net income				140,676		140,676						140,676
Acquisition of treasury stock					(3,229)	(3,229)						(3,229)
Disposal of treasury stock			(511)		6,391	5,879						5,879
Change of scope of consolidation				1,767		1,767						1,767
Others							21,545	9,881	5,832	37,258	6,262	43,521
Total changes during the fiscal period			(511)	115,060	3,162	117,710	21,545	9,881	5,832	37,258	6,262	161,232
Balance at March 31, 2010	76,341	$322,441	$1,062,472	$1,823,068	$ (98,080)	$3,109,901	$62,890	$(30,764)	$(26,312)	$ 5,813	$ 84,754	$3,200,469

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Meiji Holdings Co., Ltd. / For the year ended March 31, 2010

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Cash flows from operating activities		
Income before income tax	¥ 24,100	$ 259,028
Depreciation and amortization	39,087	420,118
Impairment loss	119	1,286
Amortization of goodwill	404	4,351
Loss on disposal of property, plants or equipment	2,052	22,065
Loss (gain) on valuation of investment securities	21	228
Increase (decrease) in allowance for doubtful accounts	(140)	(1,514)
Increase (decrease) in accrued bonuses to employees	7,091	76,224
Increase (decrease) in employee retirement allowance	187	2,011
Interest and dividends received	(915)	(9,841)
Interest expenses	2,572	27,650
Equity in loss (income) of equity-method affiliates	236	2,542
Loss (gain) on sale of property, plants or equipment	(293)	(3,155)
Loss (gain) on sale of investment securities	(16)	(175)
Decrease (increase) in trade receivables	280	3,018
Decrease (increase) in inventories	(11,752)	(126,317)
Increase (decrease) in trade payables	(805)	(8,661)
Others	(1,850)	(19,888)
Subtotal	60,380	648,971
Interest and dividends received	1,027	11,040
Interest expenses paid	(2,444)	(26,270)
Income taxes paid	(11,255)	(120,974)
Net cash provided by operating activities	47,707	512,766
Cash flows from investing activities		
Payments for purchases of property, plants or equipment	(30,546)	(328,320)
Payments for purchases of intangible fixed assets	(2,525)	(27,145)
Proceeds from sales of property, plants or equipment and intangible fixed assets	586	6,308
Payments for purchases of investment securities	(1,125)	(12,092)
Proceeds from sales of investment securities	170	1,836
Others	(201)	(2,166)
Net cash used in investing activities	(33,641)	(361,580)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans	48,115	517,144
Increase (decrease) in commercial paper	(11,000)	(118,228)
Proceeds from long-term loans payable	9,237	99,284
Repayment of long-term loans payable	(20,598)	(221,391)
Redemption of bonds	(35,000)	(376,182)
Proceeds from stock issuance to minority shareholders	65	704
Decrease (increase) in treasury stock	212	2,278
Cash dividends paid	(2,547)	(27,383)
Cash dividends paid to minority shareholders	(155)	(1,674)
Others	(1,003)	(10,781)
Net cash provided by (used in) financing activities	(12,674)	(136,230)
Translation adjustment on cash and cash equivalents	12	130
Net increase (decrease) in cash and cash equivalents	1,403	15,087
Cash and cash equivalents at beginning of year	14,429	155,092
Increase in cash and cash equivalents from newly consolidated subsidiary	228	2,452
Cash and cash equivalents at end of year (Note 13)	¥ 16,061	$ 172,632

See accompanying notes to consolidated financial statements.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Meiji Holdings Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared from the consolidated financial statements in Japanese filed with the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law. The statements conform to generally accepted accounting principles and practices in Japan, which are different in certain respects regarding the application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations or cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to present the information in a form familiar to readers outside Japan. The accounts and the financial statements of the Company and its subsidiaries are maintained in Japanese yen.

For the convenience of the reader, the accompanying consolidated financial statements are also presented in U.S. dollars by converting Japanese yen amounts at the exchange rate of ¥93.04 to $1 prevailing on March 31, 2010.

Amounts less than one million yen and one thousand U.S. dollars have been rounded down. The total Japanese yen and U.S. dollars amounts shown in the financial statements and notes do not necessarily agree with the sum of the individual amounts. There are no financial statements for the previous fiscal year, as the current fiscal year is the first year of the Company since its establishment.

2. Significant Accounting Policies

a) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (the "Companies"), over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates over which the Company has the ability to exercise significant influences over operating and financial policies of the investees, are accounted for by the equity method. The consolidated financial statements consist of the Company and its 51 significant subsidiaries. All significant intercompany transactions and accounts have been eliminated. Accounts of subsidiaries whose business year-ends differ by three months from March 31 have been included using financial information with appropriate adjustment. Investments in 6 affiliates are accounted for by the equity method. The difference between the cost and underlying net equity at acquisition of investments in consolidated subsidiaries and affiliates is allocated to identifiable assets based on fair market value at the date of acquisition. The unrecognized portion of the differences is amortized over 5 years and 15 years on a straight-line basis.

b) Translation of Foreign Currency

Short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the consolidated balance sheet date. The foreign currency translation adjustment is accounted for as a gain or loss.

The assets and liabilities of overseas subsidiaries are translated into Japanese yen at the year-end rate, whereas shareholders' equity of such subsidiaries are translated into Japanese yen at the historical rate that prevailed on the day of their acquisitions. The income and expenses of overseas subsidiaries are translated into Japanese yen using the average exchange rate during the fiscal year. The translation adjustments are included in minority interests in consolidated subsidiaries and in the foreign currency translation adjustment account in the net assets portion of the consolidated balance sheet.

c) Marketable and Investment Securities

Marketable and investment securities are valued using the following methods.

Securities that have market prices:

Market valuation based on market prices at fiscal year-end. Differences in appraisals are accounted for by incorporation of direct net assets, and sales cost is calculated using the moving-average method.

Securities that have no market prices:

Primarily cost method based on the moving-average method.

d) Inventories

Inventories are stated at cost determined mainly by the average method or the moving-average method (for the book value of inventories on the balance sheets, by writing inventories down based on their decrease in profitability of assets).

e) Property, Plant and Equipment

As for Meiji Seika Kaisha, Ltd. and its consolidated subsidiaries, depreciation of the assets is calculated primarily by the declining balance method. (Depreciation of buildings and structures used in the leasing business that were acquired by Meiji Seika Kaisha, Ltd. on or after April 1, 1995 is calculated by the straight-line method.)

As for Meiji Dairies Corporation and its consolidated subsidiaries, depreciation of the assets is calculated primarily by the straight-line method. (Depreciation of buildings for leasing as well as Property, Plant and Equipment in the Headquarters (except for the buildings of the Headquarters), branches, and the laboratory acquired prior to March 31, 1985 has been provided based on the declining-balance method.)

Depreciation of buildings (excluding attached fixtures) acquired on or after April 1, 1998 is calculated by the straight-line method.

Overseas consolidated subsidiaries mainly used the straight-line method to calculate depreciation.

The estimated useful lives for the assets were as follows:

Buildings and structures 2-60 years

Machinery, equipment and vehicles 2-18 years

Tools and furniture 2-20 years

f) Intangible Assets

Depreciation of intangible assets is calculated using the straight-line method. Self-use software is calculated by the straight-line method based on the estimated useful lives of five years.

g) Lease Assets

Finance lease assets that do not transfer ownership of the property to the lessee

The straight-line method is applied over the useful life of the asset being the lease term and the residual value being zero.

Regarding finance leases that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses.

h) Allowance for Doubtful Accounts

To provide for losses on doubtful accounts such as accounts receivable, the Company and a number of its consolidated subsidiaries charge to income an amount based on actual loss experience for normal accounts, plus an amount for projected unrecoverable amounts based on assessments of individual designated accounts, such as credits from companies' financial condition etc.

i) Reserve for Retirement Allowances

Some of the Company's consolidated subsidiaries provide for employees' accrued retirement benefits by charging to income the amount recognized as having been incurred based upon the projected amounts of the liability for accrued retirement benefits and pension assets at the end of the consolidated fiscal year.

The cost differential (¥10,939 million) from adoption of revised accounting standards is amortized on a straight-line basis over a period of 15 years in principle.

Prior service liabilities are amortized on the straight-line method over a specified number of years (4-15 years) that is less than the average remaining period of employment for employees from the time the liability arose.

The difference based on an actuarial calculation is charged to income beginning in the following consolidated fiscal year, using the pro rata amounts based on a specified number of years (7-15 years) that is less than the average remaining period of employment for employees at the time the difference arose.

(Additional information)

Application of "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)"

Beginning in the consolidated fiscal year ended March 31, 2010, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ [Accounting Standards Board of Japan] Statement No.19, July 31, 2008) is applied.

This change does not affect operating income, ordinary income, income before income taxes.

j) Reserve for Retirement Benefits for Directors and Corporate Auditors

Some of the Company's consolidated subsidiaries maintain a reserve for director retirement benefits of directors and corporate auditors based on the projected obligation at the end of the current fiscal year under the company bylaws.

k) Cash and Cash Equivalents

Funds (cash and cash equivalents) in the consolidated statements of cash flows are composed of cash on hand, bank deposits available for withdrawal on demand and short-term investments with original maturity of three months or less and which represent a minor risk of fluctuations in value.

l) Income Taxes

The tax effect of temporary differences between the financial statements and income tax basis of assets and liabilities is recognized as deferred income taxes, using enacted tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is provided for any portion of the deferred tax assets where they would not be realized.

m) Derivative Financial Instruments

(1) Method of hedge accounting

The deferred hedge accounting method is applied.

For forward foreign exchange contracts, etc., the designation method is applied when the relevant requirements are satisfied. For interest rate swaps, the exception method is applied when the relevant requirements are satisfied.

(2) Hedge method and hedged items

Hedge method:

Forward foreign exchange contracts and other instruments

Interest rate swap contracts

Hedged items:

Trade payables and receivables denominated in foreign currencies and expected trade payables and receivables denominated in foreign currencies

Loans payable

(3) Hedge policy

Some of the Company's consolidated subsidiaries use forward foreign exchange contracts and other instruments to mitigate the exchange risk associated with import and export transactions conducted in the normal course of business, and also use interest rate swaps to mitigate the interest rate risk involved in procuring funds. They do not use derivatives for speculative purposes.

(4) Method of evaluating the effectiveness of the hedge

As forward foreign exchange contracts, etc., are used as a hedge against trade payables and receivables denominated in foreign currencies to fix the yen-denominated future cash flows, the shortcut method, the designation method is applied, and the requirements of assessing the effectiveness of hedging instruments on a periodic basis are satisfied. In addition, at the time of concluding the forward foreign exchange contracts, etc., confirmation is made with regard to compliance with the risk management policies of the consolidated subsidiaries.

The assessment is omitted for interest rate swaps that are accounted for under the exception method.

n) Net Income per Share

Net income per share is computed on the average number of shares of common stock outstanding during the fiscal year.

3. Notes Regarding Financial Instruments

(1) Matters related to the state of financial instruments

The Group raises necessary funds (primarily through bank loans and bond issuances) based on its capital investment and operating fund plans, which are to mainly engage in the business of manufacturing and selling dairy products, confectionaries, food products and pharmaceuticals.

For trade notes and accounts receivable, the Company strives to reduce risks associated with the credit standing of customers in accordance with credit management rules, etc.

For investment securities, the Company checks fair value, the financial conditions of issuers (business partners) and other factors on a periodic basis, and continually reviews its possession situation, taking into account relations with business partners.

In addition, the Company manages temporary surplus funds through highly secured financial instruments and raises short-term operating funds by issuing commercial paper, etc.

For derivative transactions, the Company conducts such transactions as forward foreign exchange contracts to hedge risks associated with currency exchange fluctuation in trade receivables and payables denominated in foreign currencies, as well as interest rate swaps to hedge risks associated with the fluctuation of interest rates for loans. Consequently, the Company follows a policy of avoiding any speculative dealings.

(2) Matters related to the fair value, etc., of financial instruments

The book value, fair value and their difference as of March 31, 2010 (last day of the fiscal period) are presented below.

The table does not include financial instruments for which it was extremely difficult to calculate the fair value (see Note 2).

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 16,682	¥ 16,682	¥ —	$ 179,308	$ 179,308	$ —
(2) Notes and accounts receivable	154,589	154,589	—	1,661,543	1,661,543	—
(3) Investment securities						
Other securities	32,056	32,056	—	344,547	344,547	—
Total assets	203,329	203,329	—	2,185,399	2,185,399	—
(4) Notes and accounts payable	95,164	95,164	—	1,022,832	1,022,832	—
(5) Short-term bank loans	76,768	76,768	—	825,116	825,116	—
(6) Commercial paper	28,000	28,000	—	300,945	300,945	—
(7) Bonds	55,000	56,133	1,133	591,143	603,326	12,182
(8) Long-term debt	39,631	40,214	582	425,965	432,228	6,262
Total liabilities	¥ 294,565	¥ 296,281	¥ 1,716	$ 3,166,003	$ 3,184,449	$ 18,445

(Note 1) Method of calculating the fair value of financial instruments and matters related to securities

(1) Cash and deposits and (2) Notes and accounts receivable

These are valued at the book value as they are to be settled within a short period and their fair values are almost equal to the book values.

(3) Investment securities

Investment securities are valued at a price determined at the exchange.

(4) Notes and accounts payable, (5) Short-term bank loans, and (6) Commercial paper

These are valued at the book value as they are to be settled within a short period and their fair values are almost equal to the book values.

(7) Bonds

The fair value of bonds issued by the Company's subsidiaries is calculated at the market price.

(8) Long-term debt

To calculate the fair value of long-term debt, the Company uses the method of calculating the total of the principal and interest using the discount rate that is assumed in the case of new borrowings on similar terms.

(Note 2) Unlisted stocks (book value on the consolidated balance sheet: ¥16,138 million ($173,461 thousand)) are not included in Other securities under "(3) Investment securities" as their market prices are not available and it is extremely difficult to calculate the fair value due to the difficulty in estimating future cash flows.

4. Investment Securities

Acquisition cost of securities held by the Company and its consolidated subsidiaries are as follows:

1) Other securities with market prices as of March 31, 2010, are as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2010	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with market prices exceeding acquisition costs						
Stocks	¥ 26,899	¥ 15,388	¥11,510	$ 289,119	$ 165,401	$123,718
Others	14	11	2	151	125	26
Subtotal	¥ 26,913	¥ 15,400	¥11,513	$ 289,271	$ 165,526	$123,745
Securities with market prices falling below acquisition costs						
Stocks	¥ 5,012	¥ 6,577	¥ (1,565)	$ 53,878	$ 70,700	$ (16,821)
Others	129	166	(36)	1,397	1,789	(392)
Subtotal	¥ 5,142	¥ 6,744	¥ (1,601)	$ 55,275	$ 72,490	$ (17,214)
Total	¥ 32,056	¥ 22,145	¥ 9,911	$ 344,547	$ 238,016	$106,530

(Note) Unlisted stocks (book value on the consolidated balance sheet: ¥2,518 million ($27,066 thousand)) are not included in "Other securities" in the table above as their market prices are not available and it is extremely difficult to calculate the fair value.

2) Other securities sold during the consolidated fiscal year ended March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Sales amounts	¥ 169	$ 1,817
Total gains on sales	29	315
Total losses on sales	12	139

3) Securities that were subject to impairment loss in the consolidated fiscal year ended March 31, 2010

Securities that were subject to impairment loss in fiscal year 2010 amount to ¥21 million (other securities ¥21 million) ($228 thousand).

The impairment accounting method is used for all assets for which the estimated year-end value is 50% or below the acquisition value. The impairment accounting method is used for assets for which the estimated value is 30-50% below the acquisition value, in consideration of the potential for recovery and other factors.

5. Short-term Loans Payable and Long-term Debt

1) Short-term Loans Payable

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Short-term Loans Payable 0.95%	¥ 68,388	$ 735,042
Commercial Paper 0.16%	28,000	300,945
Current portion of long-term debt	8,380	90,073
Total	¥ 104,768	$ 1,126,062

2) Long-term Debt

		Millions of yen	Thousands of U.S. dollars
		2010	2010
Unsecured bonds due 2012	1.70%	¥ 20,000	$ 214,961
Unsecured bonds due 2014	1.28%	15,000	161,220
Unsecured bonds due 2012	1.40%	20,000	214,961
Loans from domestic banks, insurance companies, government agencies and others, due 2011 to 2020		48,012	516,038
Subtotal		103,012	1,107,182
Current portion of long-term debt		(8,380)	(90,073)
Total		¥ 94,631	$ 1,017,108

As of March 31, 2010, the aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 11,737	$ 126,150
2013	21,740	233,673
2014	2,750	29,560
2015	1,586	17,052
Thereafter	1,816	19,528
Total	¥ 39,631	$ 425,965

6. Inventories

Inventories as of March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Products	¥ 70,424	$ 756,923
Raw materials, stored goods and others	40,874	439,323
Total	¥ 111,298	$ 1,196,247

7. Collateral and Secured Liabilities

A summary of assets pledged as collateral for liabilities as of March 31, 2010, is as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Buildings and structures	¥ 26,717	$ 287,159
Machinery, equipment and vehicles	3,587	38,559
Land	6,510	69,979
Investment securities	3,772	40,549
Total	¥ 40,588	$ 436,248

A summary of secured liability as of March 31, 2010, is as follows:

	Millions of yen 2010	Thousands of U.S. dollars 2010
Short-term loans	¥ 300	$ 3,224
Long-term loans	8,796	94,541
Other current liabilities (Employees' saving deposits)	2,499	26,862
Total	¥ 11,595	$ 124,628

8. Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2010, are as follows:

	Millions of yen 2010	Thousands of U.S. dollars 2010
Deferred tax assets		
Retirement benefit	¥ 7,636	$ 82,078
Accrued expense	3,858	41,467
Investment securities	1,681	18,069
Accrued bonuses to employees	4,469	48,033
Depreciation of fixed assets	3,323	35,720
Deferred gains or losses on hedges	1,989	21,383
Unrealized gain	1,630	17,528
Other	6,576	70,688
Subtotal	31,165	334,969
Valuation allowance	(4,582)	(49,250)
Total deferred tax assets	¥ 26,583	$ 285,718
Deferred tax liabilities		
Advanced depreciation reserve for fixed assets	¥ (16,301)	$ (175,212)
Difference in valuation of other securities	(4,226)	(45,430)
Prepaid pension cost	(5,642)	(60,643)
Other	(1,215)	(13,063)
Total deferred tax liabilities	¥ (27,386)	$ (294,349)
Net deferred tax assets (liabilities)	¥ (802)	$ (8,630)

An analysis of the significant differences between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2010, is as follows:

	2010
Statutory tax rate	40.7%
Entertainment and other permanently non-deductible expenses	6.5
Dividend and other permanently non-taxable income	(3.2)
Per capita inhabitant's tax	1.4
Tax credit for experimentation and research expenses	(6.3)
Other	4.8
Effective tax rates	43.9%

9. Retirement Benefits

The liability for employees' retirement benefits as of March 31, 2010, is as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Projected benefit obligation	¥ (113,965)	$ (1,224,912)
Fair value of plan assets	69,418	746,111
Unfunded benefit obligation	(44,547)	(478,800)
Unrecognized transitional obligation	3,598	38,673
Unrecognized actuarial loss	44,579	479,143
Unrecognized prior service cost	(764)	(8,214)
Net book value on the consolidated balance sheet	2,865	30,802
Prepaid pension cost	18,576	199,665
Employees' retirement benefits	¥ (15,711)	$ (168,863)

The components of net periodic benefit costs for the year ended March 31, 2010, are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Service cost	¥ 3,867	$ 41,568
Interest cost	2,783	29,913
Expected return on plan assets	(1,521)	(16,350)
Amortization of transitional obligation	711	7,649
Recognized actuarial loss	5,933	63,769
Amortization of prior service liability	(1,168)	(12,563)
Contribution to welfare pension fund	212	2,280
Additional retirement payments paid on a temporary basis	40	434
Net periodic benefit costs	¥ 10,857	$ 116,701

Assumptions used for the year ended March 31, 2010, are set forth as follows:

	2010
Periodic recognition of projected benefit obligation	Principally straight-line method
Discount rate	2.5%
Expected rate of return on plan assets	3.0%
Recognition period of actuarial gain/loss	7 to 15 years
Amortization period of transitional obligation	Principally 15 years
Amortization period of prior service cost	Principally 7 years

Financial Section

10. Contingent Liabilities

1) Guaranteed obligations

The Company is contingently liable as guarantor of loans from financial institutions to the following non-consolidated subsidiary and employees:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
PT CERES MEIJI INDOTAMA	¥ 227	$ 2,450
Sendai Feed Co., Ltd.	653	7,020
Employees	594	6,393
Other	255	2,749
Total	¥ 1,731	$ 18,613

2) Notes receivables discounted and endorsed

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Notes receivables discounted	¥ 289	$ 3,108
Notes receivables endorsed	¥ 81	$ 879

11. Presentation of Goodwill and Negative Goodwill

The Company presents a net amount after offsetting goodwill against negative goodwill included in long-term liabilities and others.

The respective amounts of goodwill and negative goodwill before offsetting are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Goodwill	¥ 921	$ 9,905
Negative goodwill	21	232
Net amount	¥ 899	$ 9,672

12. Commitment Line Agreement

Some of the Company's consolidated subsidiaries concluded Commitment Line agreement with 8 financial institutions for the purpose of securing a flexible measure for raising funds and improving capital efficiency. The unused portion of the commitment line based on this agreement as of March 31, 2010 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Maximum loan amount	¥ 55,000	$ 591,143
Used portion of the commitment line	15,000	161,220
Balance	¥ 40,000	$ 429,922

13. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2010:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Cash and time deposits	¥ 16,682	$ 179,308
Time deposits with maturities of more than three months	621	6,676
Cash and cash equivalents	¥ 16,061	$ 172,632

14. Selling, General and Administrative Expenses

The major elements of selling, general, and administrative expenses during the consolidated fiscal year ended March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Carriage and storage charges	¥ 41,681	$ 447,990
Sales promotion expenses	113,184	1,216,512
Labor cost	62,845	675,470
Employees retirement benefits cost	7,531	80,950

15. Research and Development Cost

The R&D costs that were included in general and administrative expenses and manufacturing expenses during the consolidated fiscal year ended March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Research and development costs	¥ 22,693	$ 243,906

16. Extraordinary Income (Losses)

The major elements of extraordinary income (losses) during the consolidated fiscal year ended March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Extraordinary income		
Gain on sale of property, plant and equipment	¥ 296	$ 3,183
Gain on revision of retirement benefit plan	70	754
Extraordinary losses		
Loss on disposal of property, plant and equipment	3,254	34,976
Impairment loss	119	1,286
Costs related to management integration	603	6,491

17. Impairment Loss

Impairment losses for the consolidated fiscal year ended March 31, 2010 are as follows:

Application	Type	Location
Idle assets	Land	Mobara-shi, Chiba Prefecture
Idle assets	Land	Kumamoto-shi, Kumamoto Prefecture
Idle assets	Land	Shibata-gun, Miyagi Prefecture

The asset groupings in the Company are based on the segments categorized by the type of business. Because the above assets are in idle condition, with no prospects for future use, their book value amounts were reduced to recoverable amounts, and those reductions were posted in extraordinary losses as impairment loss (¥119 million ($1,286 thousand)). The recoverable amounts were measured based on the net sale values which are obtained by rational calculation primarily using the expected sale value or inheritance tax assessment value.

18. Derivative Financial Instruments

Matters related to the fair values, etc., in derivative transactions in the consolidated fiscal year ended March 31, 2010

1) Derivative transactions to which the hedge accounting method is not applied

(1) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain/loss	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain/loss
Transactions other than market transactions								
Forward foreign exchange contracts								
Bought in U.S. dollars	¥ 1,295	¥ —	¥ (30)	¥ (30)	$ 13,923	$ —	$ (329)	$ (329)
Currency swap contracts								
Bought in U.S. dollars	4,521	4,186	(516)	(516)	48,600	45,000	(5,550)	(5,550)
Option contracts								
Put option in U.S. dollars	5,308	3,484	(49)	(49)	57,057	37,455	(534)	(534)
Option contracts								
Call option in U.S. dollars	1,307	870	(16)	(16)	14,048	9,351	(174)	(174)
Total	¥ 12,432	¥ 8,541	¥ (612)	¥ (612)	$ 133,629	$ 91,806	$ (6,587)	$ (6,587)

(2) Interest rate-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2010				2010			
	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain/loss	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain/loss
Transactions other than market transactions								
Interest rate swap contracts								
Fixed rate payments/ Variable rate receipts	¥ 4,500	¥ 3,950	¥ (129)	¥ (129)	$ 48,366	$ 42,454	$ (1,387)	$ (1,387)
Total	¥ 4,500	¥ 3,950	¥ (129)	¥ (129)	$ 48,366	$ 42,454	$ (1,387)	$ (1,387)

2) Derivative transactions to which the hedge accounting method is applied

(1) Currency-related transactions

Type of transactions	Primary hedged items	Millions of yen 2010 Contract amount, etc.	Millions of yen 2010 Portion with maturity over one year	Millions of yen 2010 Fair value	Thousands of U.S. dollars 2010 Contract amount, etc.	Thousands of U.S. dollars 2010 Portion with maturity over one year	Thousands of U.S. dollars 2010 Fair value
Hedge accounting method: Principle method							
Forward foreign exchange contracts							
Pay							
U.S. dollar	Accounts payable	¥ 8,821	¥ 5,266	¥ (559)	$ 94,815	$ 56,607	$ (6,015)
Euro	Accounts payable	442	179	42	4,760	1,924	454
Pound	Accounts payable	1,087	303	(62)	11,685	3,263	(672)
Australian dollar	Accounts payable	725	515	279	7,799	5,539	3,004
Sell							
U.S. dollar	Accounts receivable	300	—	(6)	3,233	—	(73)
Euro	Accounts receivable	279	—	22	3,008	—	245
Currency swap contracts							
Pay							
U.S. dollar	Accounts payable	5,066	3,645	(588)	54,458	39,176	(6,325)
Pound	Accounts payable	15,249	12,612	(3,687)	163,906	135,558	(39,629)
Australian dollar	Accounts payable	3,019	2,516	(292)	32,455	27,046	(3,143)
Hedge accounting method:							
Designation method for forward foreign exchange contracts, etc.							
Forward foreign exchange contracts							
Pay							
U.S. dollar	Accounts payable	250	—	(Note)	2,688	—	(Note)
Euro	Accounts payable	44	—	(Note)	477	—	(Note)
Pound	Accounts payable	142	—	(Note)	1,536	—	(Note)
Australian dollar	Accounts payable	41	—	(Note)	448	—	(Note)
Sell							
U.S. dollars	Accounts receivable	4	—	(Note)	49	—	(Note)
Currency swap contracts							
Pay							
U.S. dollars	Accounts payable	222	—	(Note)	2,390	—	(Note)
Pound	Accounts payable	77	—	(Note)	829	—	(Note)
Total		¥ 35,777	¥ 25,038	¥ (4,852)	$ 384,543	$ 269,116	$ (52,155)

(Note) For forward foreign exchange contracts, etc., subject to the designation method, because they are recognized together with accounts receivable and accounts payable, which are hedged items, their fair values are included in those of accounts receivable and accounts payable.

(2) Interest rate-related transactions

Type of transactions	Primary hedged items	Millions of yen 2010 Contract amount, etc.	Millions of yen 2010 Portion with maturity over one year	Millions of yen 2010 Fair value	Thousands of U.S. dollars 2010 Contract amount, etc.	Thousands of U.S. dollars 2010 Portion with maturity over one year	Thousands of U.S. dollars 2010 Fair value
Hedge accounting method:							
Exception method for interest rate swap contracts							
Interest rate swap contracts							
Fixed rate payments/Variable rate receipts	Long-term debt	¥ 12,470	¥ 6,470	(Note)	$ 134,028	$ 69,539	(Note)
Total		¥ 12,470	¥ 6,470	(Note)	$ 134,028	$ 69,539	(Note)

(Note) For interest rate swap contracts subject to the exception method, as they are recognized together with loans payable, their fair values are included in that of loans payable.

19. Matters Related to Business Combination, etc.

Application of the pooling of interest method

1. Names and principal businesses of combined companies, purpose of business combination, business combination date, legal form of business combination, and name of the company established by the combination

(1) Names and principal businesses of combined companies

Meiji Seika Kaisha, Ltd.

Manufacturing, selling and other related activities of confectionaries, food products, pharmaceuticals and others

Meiji Dairies Corporation

Manufacturing, selling and other related activities of food products derived from milk, processed milk products and others

(2) Purpose of business combination

The purpose of business combination is to establish sustained growth strategies and differentiation strategies by maximizing management resources of both companies through management integration.

(3) Business combination date

April 1, 2009

(4) Legal form of business combination

Share transfer

(5) Name of the company established by the combination

Meiji Holdings Co., Ltd.

2. Share transfer ratio for shares with voting rights and calculation method thereof, number of shares delivered, voting right ratio after the business combination and grounds for the judgment that the integration of interest is appropriate for the business combination

(1) Share transfer ratio, number of shares delivered, and voting right ratio after the business combination

Company name	Meiji Seika Kaisha, Ltd.	Meiji Dairies Corporation
Share transfer ratio	1	1.17
Number of shares delivered	37,907,200 shares	38,434,500 shares
Voting right ratio after the business combination	49.73%	50.27%

(2) Method of calculating share transfer ratio

Background of calculation

Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation requested Ernst & Young Transaction Advisory Services Co., Ltd. and PwC Advisory Co., Ltd., respectively, to conduct a calculation of the share transfer ratio, and with reference to the results of such third party appraisers' calculations, comprehensively considered such factors as the financial and asset conditions of each company and their future forecasts.

As a result of numerous and thorough discussions with respect to the share transfer ratio between the two companies, they reached the conclusion that the share transfer ratio set forth above is appropriate.

(3) Grounds for the judgment that the integration of interest is appropriate for the business combination

For a judgment as to whether acquisition or integration of interest is appropriate for the business combination, consideration was made with regard to requirements for consideration and the voting right ratio and other control requirements, in accordance with the Accounting Standards for Business Combinations and based on the confirmation that the case does not fall within the category of the formation of companies under common control or transactions under common control.

As a result of this consideration, the conclusion was reached that the integration of interest was appropriate and the interest pooling method was applied as an accounting method.

3. Fiscal period of combined companies that is included in the consolidated financial statements

From April 1, 2009, to March 31, 2010

4. Details of assets, liabilities and net assets derived from the combined companies

Millions of yen

Meiji Seika Kaisha, Ltd.	Current assets	¥147,174 million	Current liabilities	¥121,224 million
	Fixed assets	¥183,704 million	Long-term liabilities	¥64,800 million
	Total assets	¥330,878 million	Total liabilities	¥186,024 million
			Shareholders' equity	¥143,543 million
			Others	¥1,310 million
			Total net assets	¥144,854 million
Meiji Dairies Corporation	Current assets	¥148,793 million	Current liabilities	¥181,958 million
	Fixed assets	¥244,376 million	Long-term liabilities	¥63,907 million
	Total assets	¥393,169 million	Total liabilities	¥245,865 million
			Shareholders' equity	¥144,237 million
			Others	¥3,066 million
			Total net assets	¥147,303 million

Thousands of U.S. dollars

Meiji Seika Kaisha, Ltd.	Current assets	$1,581,843 thousand	Current liabilities	$1,302,929 thousand
	Fixed assets	$1,974,462 thousand	Long-term liabilities	$696,474 thousand
	Total assets	$3,556,306 thousand	Total liabilities	$1,999,403 thousand
			Shareholders' equity	$1,542,814 thousand
			Others	$14,088 thousand
			Total net assets	$1,556,902 thousand
Meiji Dairies Corporation	Current assets	$1,599,241 thousand	Current liabilities	$1,955,701 thousand
	Fixed assets	$2,626,572 thousand	Long-term liabilities	$686,880 thousand
	Total assets	$4,225,814 thousand	Total liabilities	$2,642,582 thousand
			Shareholders' equity	$1,550,273 thousand
			Others	$32,958 thousand
			Total net assets	$1,583,231 thousand

(*) The above figures are presented in figures on the consolidated balance sheet.

5. Unification of accounting policies, details of the elimination of transactions, etc., before the business combination, and the amount paid for the business combination and the account title thereof
   (1) Unification of accounting policies
   Not applicable
   (2) Details of the elimination of transactions, etc., before the business combination
   Not applicable
   (3) Amount paid for the business combination during the current fiscal year and the account title thereof
   Organization expenses, ¥129 million
   (Organization expenses, $1,394 thousand)

6. Principal business that was decided to be discontinued as a result of business combination
   Not applicable

20. Segment Information

1) Segment Information by Industry

	Millions of yen						
	2010						
	Dairy products	Confectionary and Healthcare	Pharmaceuticals	Services and other	Total	Eliminations or incorporations	Consolidated
Sales and operating income							
Sales							
(1) Sales to outside customers	¥ 596,374	¥ 285,715	¥ 124,984	¥ 99,571	¥ 1,106,645	¥ —	¥ 1,106,645
(2) Inter-segment sales and transfers	3,704	7,370	2,644	41,300	55,019	(55,019)	—
Total	600,078	293,086	127,628	140,872	1,161,665	(55,019)	1,106,645
Operating costs and expenses	586,660	288,679	119,147	137,466	1,131,953	(54,093)	1,077,859
Operating income	¥ 13,418	¥ 4,407	¥ 8,480	¥ 3,405	¥ 29,711	¥ (925)	¥ 28,786
Assets, depreciation and capital expenditures							
Assets	¥ 342,423	¥ 166,269	¥ 131,300	¥ 79,740	¥ 719,733	¥ 10,310	¥ 730,044
Depreciation	15,746	11,912	5,620	6,205	39,485	7	39,492
Impairment loss	27	—	—	91	119	—	119
Capital expenditures	15,649	13,743	6,367	727	36,488	22	36,510

	Thousands of U.S. dollars						
	2010						
	Dairy products	Confectionary and Healthcare	Pharmaceuticals	Services and other	Total	Eliminations or incorporations	Consolidated
Sales and operating income							
Sales							
(1) Sales to outside customers	$ 6,409,868	$ 3,070,891	$ 1,343,337	$ 1,070,205	$11,894,302	$ —	$11,894,302
(2) Inter-segment sales and transfers	39,811	79,219	28,420	443,901	591,353	(591,353)	—
Total	6,449,680	3,150,110	1,371,757	1,514,107	12,485,655	(591,353)	11,894,302
Operating costs and expenses	6,305,461	3,102,742	1,280,650	1,477,501	12,166,311	(581,404)	11,584,906
Operating income	$ 144,218	$ 47,368	$ 91,152	$ 36,605	$ 319,344	$ (9,949)	$ 309,395
Assets, depreciation and capital expenditures							
Assets	$ 3,680,391	$ 1,787,073	$ 1,411,223	$ 857,057	$ 7,735,746	$ 110,817	$ 7,846,563
Depreciation	169,247	128,038	60,409	66,692	424,387	81	424,469
Impairment loss	299	—	—	987	1,286	—	1,286
Capital expenditures	168,206	147,715	68,442	7,815	392,180	241	392,422

THE FUJI ACCOUNTING OFFICE

Shin-Tokyo Bldg. 3-1-633,
Marunouchi 3-chome, Chiyoda-ku
Tokyo, 100-0005 JAPAN

Report of Independent Auditors

To the Board of Directors and Shareholders
MEIJI Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of MEIJI Holdings Co., Ltd. and consolidated subsidiaries as of March 31, 2010 and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MEIJI Holdings Co.,Ltd. and its subsidiaries as of March 31, 2010 and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S.dollars, which are provided solely for the convenience of the readers, have been translated on the basis set forth in Note 1.

The Fuji Accounting Office
The Fuji Accounting Office

Tokyo, Japan
June 29, 2010

Financial Section

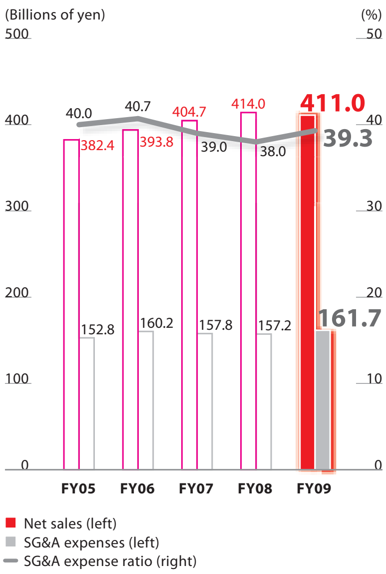
Operating Companies' Financial Data:

Meiji Seika

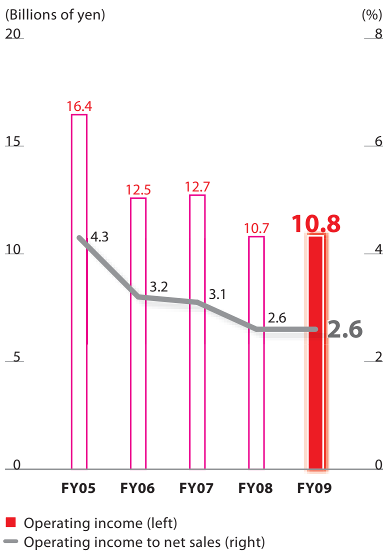
	Millions of yen					Thousands of U.S. dollars (Note)
	FY2005	FY2006	FY2007	FY2008	**FY2009**	**FY2009**
For the fiscal year						
Net sales	¥ 382,429	¥ 393,853	¥ 404,711	¥ 414,080	**¥ 411,035**	**$ 4,417,835**
Cost of sales	213,069	220,942	234,228	246,110	**238,480**	**2,563,199**
Selling, general and administrative (SG&A) expenses	152,869	160,276	157,827	157,261	**161,720**	**1,738,180**
Operating income	16,460	12,584	12,725	10,798	**10,835**	**116,455**
Ordinary income	16,160	12,627	11,701	9,608	**11,058**	**118,853**
Net income	8,678	5,480	6,240	2,556	**4,790**	**51,485**

Note: U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥93.04, the exchange rate prevailing on March 31, 2010.

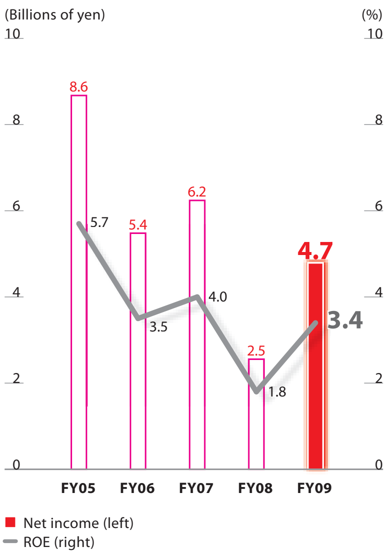
Net Sales, SG&A Expenses and SG&A Expense Ratio



Operating Income and Operating Income to Net Sales



Net Income and ROE

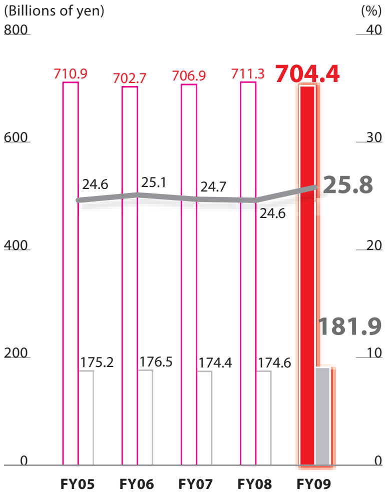


Operating Companies' Financial Data:
Meiji Dairies

	Millions of yen					Thousands of U.S. dollars (Note)
	FY2005	FY2006	FY2007	FY2008	**FY2009**	**FY2009**
For the fiscal year						
Net sales	¥ 710,908	¥ 702,750	¥ 706,988	¥ 711,394	**¥ 704,499**	**$ 7,572,010**
Cost of sales	515,712	502,635	516,325	522,659	**504,994**	**5,427,716**
Selling, general and administrative (SG&A) expenses	175,205	176,517	174,400	174,696	**181,930**	**1,955,395**
Operating income	19,989	23,597	16,262	14,037	**17,575**	**188,898**
Ordinary income	20,179	23,421	16,065	13,923	**17,281**	**185,740**
Net income	10,055	13,708	9,226	5,933	**8,382**	**90,090**

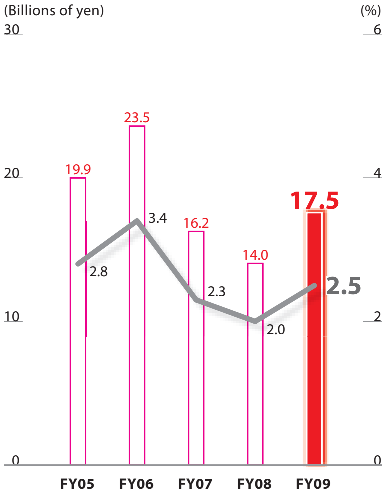
Note: U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥93.04, the exchange rate prevailing on March 31, 2010.

Net Sales, SG&A Expenses and SG&A Expense Ratio



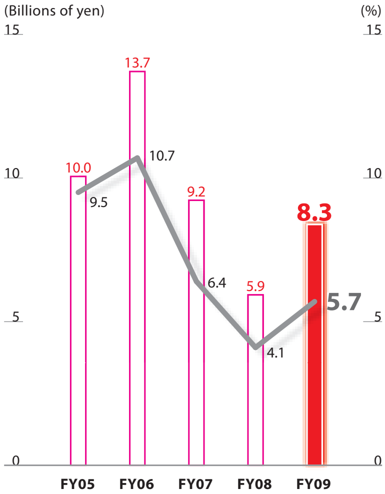
■ Net sales (left)
■ SG&A expenses (left)
— SG&A expense ratio (right)

Operating Income and Operating Income to Net Sales



■ Operating income (left)
— Operating income to net sales (right)

Net Income and ROE



■ Net income (left)
— ROE (right)

Major Group Companies (As of April 1, 2010)

Domestic

Meiji Seika Group

Offices:

Head Office

Branches

- Food & Healthcare

[Confectionary] 8 supervising branches and 43 branches
Hokkaido / Tohoku / Metropolitan Tokyo area / Northern Kanto / Central area / Kansai / Chugoku and Shikoku / Kyushu

[Healthcare] 8 branches and 8 operational offices
Hokkaido / Tohoku / Metropolitan Tokyo area / Northern Kanto / Central area / Kansai / Chugoku and Shikoku / Kyushu

- Pharmaceuticals

[Pharmaceuticals] 11 branches and 76 operational offices
Sapporo / Sendai / Tokyo / Yokohama / Kanto / Nagoya / Kyoto / Osaka / Chugoku / Shikoku / Fukuoka

[Agricultural chemicals] 6 branches
Sapporo / Sendai / Tokyo / Nagoya / Osaka / Kumamoto

[Veterinary drugs] 4 branches
Northern Japan / Tokyo / Osaka / Kumamoto

Research Laboratories

- Food & Healthcare

Food and Healthcare Research Institute

- Pharmaceuticals

Pharmaceuticals Research Center / CMC Laboratory / Bioscience Laboratory / Agricultural & Veterinary Research Laboratory

Plants

- Food & Healthcare

Kanto / Tokai / Osaka

- Pharmaceuticals

Kitakami / Odawara / Gifu

Group Companies:

Food & Healthcare

Meiji Sangyo Co., Ltd. / Meiji Chewing Gum Co., Ltd. / Ronde Corporation / Donan Shokuhin Co., Ltd. / Zao Shokuhin Kaisha, Ltd. / Shikoku Meiji Co., Ltd. / Okayama Shokuhin Co., Ltd. / Taiyo Shokuhin Co., Ltd. / Meiji Shokuhin Kaisha, Ltd. / Azteca Co., Ltd. / Multifood International Ltd. / Meiji Sports Plaza, Ltd. / Meiji Food Materia Co., Ltd. / Tokai Nuts Co., Ltd. / Nitto Co., Ltd. / Pokka Corporation

Pharmaceuticals

Kitasato Pharmaceutical Industry Co., Ltd. / Ohkura Pharmaceutical Co., Ltd. / Tamura Seiyaku K.K. / Sanofi-Aventis-Meiji Pharmaceuticals Co., Ltd. / Miyako Yuso Transportation Co., Ltd.

Corporate

Meiji Business Support Co., Ltd. / Meito warehouse Co., Ltd.

Meiji Dairies Group

Offices:

Head Office

Research Headquarters
(Food Development Research Institute, Food Functional Science Research Institute, and Technology Development Institute)

Human Resources and Skills Development Center

Offices and Branches

3 offices
Tokyo / Tokai / Kansai

14 branches
Hokkaido / Tohoku / Tokyo / Northern Kanto / Eastern Kanto / Kanagawa / Tokai / Shizuoka / Hokuriku / Kansai / Kyoto / Hyogo / Chugoku / Kyushu

Plants

Sapporo / Asahikawa / Wakkanai / Nishi Shunbetsu / Nemuro / Tokachi / Tokachi • Obihiro / Honbetsu / Tohoku / Saitama / Karuizawa / Gunma / Gunma Eiyoushoku / Ibaraki / Kanto / Moriya / Kanagawa / Aichi / Shizuoka / Hokuriku / Kansai / Kyoto / Okayama / Hiroshima / Kyushu

Group Companies:

Sales of Milk, Dairy Products, Ice Cream, and Other Foods

Hokkaido Meihan Co., Ltd. / Tohoku Meihan Co., Ltd. / Tokyo Meiji Foods Co., Ltd. / Tokyo Meihan Co., Ltd. / Chubu Meihan Co., Ltd. / Kanazawa Meihan Co., Ltd. / Kinki Meihan Co., Ltd. / Chugoku Meihan Co., Ltd. / Kyushu Meinyu Hanbai Co., Ltd.

Manufacturing and Sales of Milk, Dairy Products, Ice Cream, and Other Foods

Nihon Kanzume, Co., Ltd. / Tochigi Meiji Milk Products Co., Ltd. / Kantou Seiraku Co., Ltd. / Chiba Meiji Milk Products Co., Ltd. / Pampy Foods Incorporation / Tokai Meiji Co., Ltd. / Meiji Oils and Fats Co., Ltd. / Shikoku Meiji Dairy Products Co., Ltd. / Okinawa Meiji Milk Products Co., Ltd.

Livestock Business

Asahi Broiler Co., Ltd. / Meiji Kenko Ham Co., Ltd.

Feed Business

Meiji Feed Co., Ltd.

Distribution Business

Meiji Logitech Co., Ltd. / KCS Co., Ltd. / Fresh Logistic Co., Ltd.

Others

Fresh Network Systems Co., Ltd. / Meiji Techno-Service Inc. / Nice Day Co., Ltd. / Meiji Rice Delica Corporation / Publicity Co., Ltd. / Meiji Marine Delica Co., Ltd.

Overseas

Meiji Seika Group

Offices:

- Station Offices

① Madrid Office
② Beijing Office
③ U.S. Office

Group Companies:

- Food & Healthcare

④ D. F. Stauffer Biscuit Co., Inc.
⑤ Laguna Cookie Co., Inc.
⑥ P.T. Ceres Meiji Indotama
⑦ Meiji Seika (Singapore) Pte. Ltd.
⑧ Five Stars Dairy Ingredients Pte. Ltd.
⑨ Meiji-Four Seas Co., Ltd.
⑩ Guangzhou Meiji Confectionary Co., Ltd.
⑪ Meiji Seika (Shanghai) Co., Ltd.
⑫ Meiji Seika Food Industry (Shanghai) Co., Ltd.
⑬ Thai Meiji Food Co., Ltd.
⑭ Beghin Meiji
⑮ Mecor, Inc.

- Pharmaceuticals

⑯ P.T. Meiji Indonesian Pharmaceutical Industries
⑰ Thai Meiji Pharmaceuticals Co., Ltd.
⑱ Tedec-Meiji Farma, S.A.
⑲ Mabo Farma, S.A.
⑳ Shantou Meiji Pharmaceuticals Co., Ltd.
㉑ Meiji Lukang Pharmaceutical Co., Ltd.
㉒ Meiji Seika Europe B.V.
㉓ Comercio e Industria Uniquimica Ltda.

Meiji Dairies Group

Offices:

- Station Offices

㉔ Bangkok Office
㉕ Melbourne Office
㉖ Taipei Office
㉗ Ho Chi Minh Office
㉘ Shanghai Office

Group Companies:

- Purchasing and Procurement of Raw Milk

㉙ Meiji Dairy Australasia Pty. Ltd.

- Manufacturing and Sales of Ice Cream

㉚ Guangdong M&F-Yantang Dairy Products Co., Ltd.

- Investigation and Research of Supplement Food

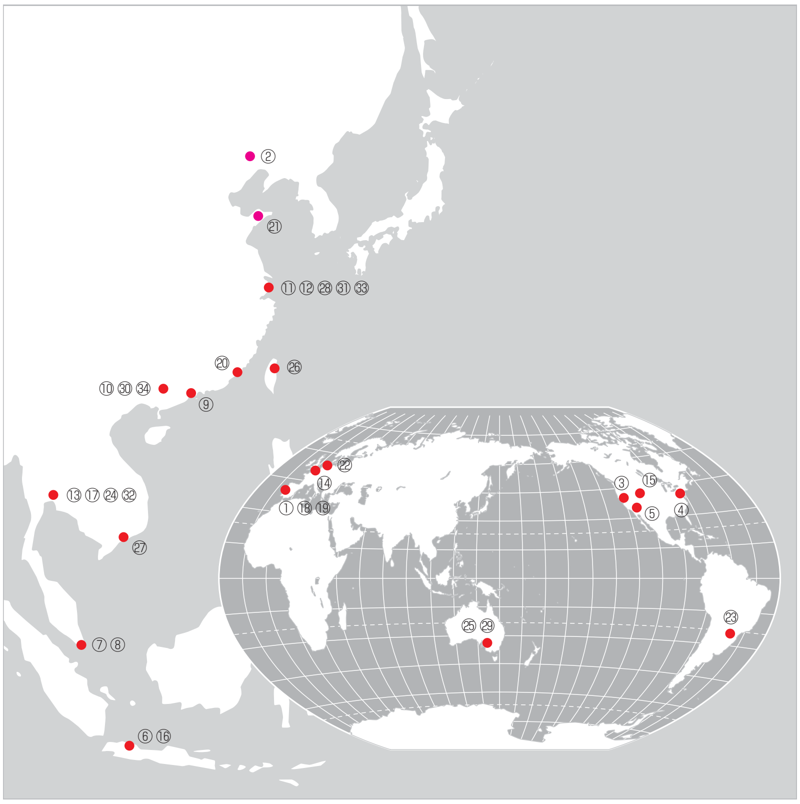
㉛ Shanghai Meiji Health Science and Technology Corp., Ltd.

- Manufacturing and Sales of Milk and Dairy Products

㉜ CP-Meiji Co., Ltd.

- Import and Sales of Various Products Mainly Focusing on Infant Formula for Childcare

㉝ Meiji-Dairy Trading Shanghai Co., Ltd.
㉞ Guangzhou Branch, Meiji-Dairy Trading Shanghai Co., Ltd.



Corporate Data / Stock Information (As of March 31, 2010)

Head Office	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo 104-0031, Japan
Incorporated	April 1, 2009
Paid-in Capital	¥30 billion
Common Stock	Issued 76,341,700
Stock Listing	Tokyo
Fiscal Year-end	March 31
Ordinary General Meeting of Shareholders	Late in June
Transfer Agent of Common Stock	The Mitsubishi UFJ Trust and Banking Corporation
Public Notices	Public notices given by the Company are issued electronically. (URL: http://www.meiji.com/) However, in the event that public notices cannot be issued electronically due to an accident or some other unavoidable circumstances, public notices given by the Company shall be carried in the Nihon Keizai Shimbun. It should be noted that pursuant to Article 440, Paragraph 4 of the Companies Act, public notices of financial statements are not given.
Number of Employees	14,168

For further information, please contact:

Meiji Holdings Co., Ltd.

Tel: +81-3-3273-4001
(Business hours: 9:00-17:00 / excepting Saturdays, Sundays, and holidays)

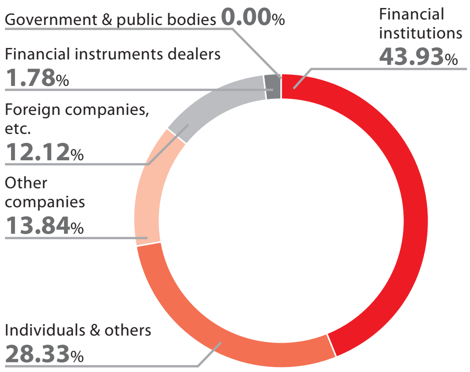
Meiji Holdings Co., Ltd. provides information on its Website:

URL: http://www.meiji.com/english/

Major Shareholders

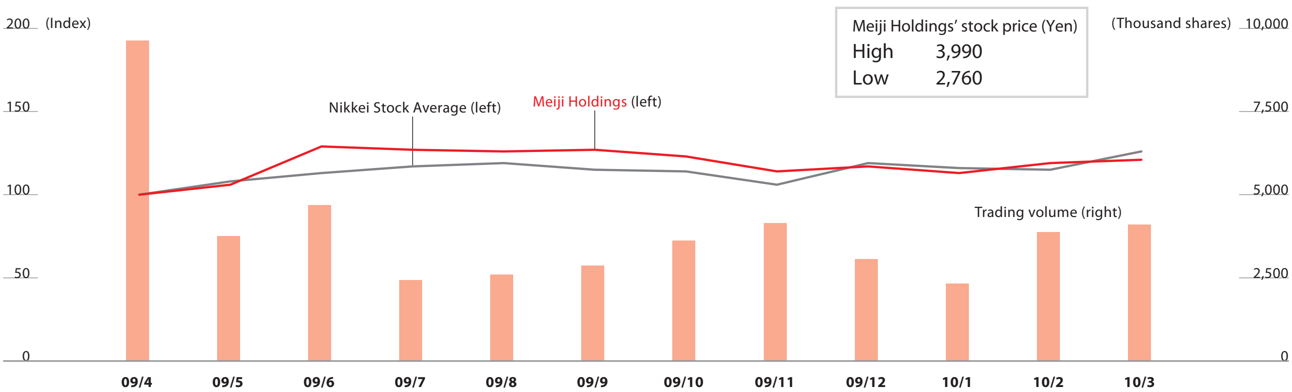
Name	Number of shares held (Thousands)	Percentage of total shares in issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,888	5.09
Mizuho Bank, Ltd.	3,582	4.69
Japan Trustee Services Bank, Ltd. (Trust Account)	3,132	4.10
Nippon Life Insurance Company	2,642	3.46
The Dai-ichi Mutual Life Insurance Company	1,616	2.12
Resona Bank, Limited.	1,523	2.00
The Norinchukin Bank	1,446	1.89
Meiji Holdings Employee Shareholding Association	1,397	1.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,184	1.55
Fukoku Mutual Life Insurance Company	1,070	1.40
Total of Top 10 Shareholders	21,483	28.14

Shareholding by Type of Shareholders



Note: "Individuals & others" includes treasury stock.

Stock Price and Trading Volume



Note: Meiji Holdings' stock price (month-end closing price) and the Nikkei Stock Average are indexed as closing prices on April 30, 2009 = 100.

History

	Meiji Seika	Meiji Dairies
1906	The former Meiji Sugar Co., Ltd. (the predecessor of both companies) is established.	
1916	Tokyo Confectionary Co., Ltd., the predecessor of Meiji Seika is established.	
1917	Absorbs Taisho Seika (parent company: Meiji Sugar Co., Ltd.).	Kyokuto Condensed Milk Co., Ltd., the predecessor of Meiji Dairies, is established (parent company: Meiji Sugar Co., Ltd.).
	Okubo Plant starts manufacturing caramels and biscuits.	The manufacturing of condensed milk and other products is commenced.
1920	Meiji Sugar Co., Ltd. establishes Meiji Shoten (later Meiji Shoji).	
1924	Changes name to Meiji Seika Kaisha, Ltd.	
1926	"Meiji Milk Chocolate" is introduced.	
	Meiji Seika commences sales of cocoa and launches the food business.	
1940	Commissions the dairy products business to Meiji Dairies.	Changes name to Meiji Dairies Corporation.
1946	The pharmaceutical business is launched with the commencement of penicillin production.	Trial production of penicillin is commenced at the Osaka Plant.
1949		"Penicillin Meinyu" is introduced.
1950	The antibiotic "Streptomycin" is introduced.	
1951		"Soft Curd Meiji Infant Formula" is introduced.
1953		The whipped cream "Meiji Fresh Cream" is introduced.
1958	Meiji Seika introduces Japan's first antibiotic "Kanamycin."	
	Operation of the Yodogawa plant is commenced after acquiring Meiji Dairies' Osaka Plant (integrating the penicillin business).	
1961	"Marble Chocolate" is introduced.	
1968	"Karl," Japan's first snack confectionary product, is introduced.	"Meiji Baby Rice Gruel" and "Meiji Infant Kaju Orange Juice," both weaning foods, are introduced.
1971		"Meiji Plain Yogurt" is introduced.
1972	Absorbs Meiji Shoji.	Meiji Shoji transfers its dairy products business to Meiji Dairies.
1973		"Meiji Bulgaria Yogurt" is introduced.
1974	Meiji Seika (Singapore) Private, Limited is established.	
	PT. Meiji Indonesian Pharmaceutical Industries is established.	
1975	"Kinoko no Yama" is introduced.	
	The agricultural chemical product "ORYZEMATE" is introduced.	
1976		The frozen food "Pizza & Pizza" is introduced.
1980	"SAVAS" series is introduced.	
1983	"ISODINE UGAIGUSURI" is introduced as an OTC drug.	
1986		The enteral formula "YH-80" is introduced.
1988	"Kaju Gummy" is introduced.	
1989	The antianxiety drug "MEILAX" is introduced.	
1990		Super premium ice cream "Aya" is introduced.
		The soft margarine "Meiji Corn 100" is introduced.
1991	The fitness club "Sports Plaza Osaka" is opened.	
1992		"Meiji Hokkaido Tokachi Cheese" is introduced.
1994	The antibiotic "MEIACT" is introduced.	"Meiji Essel Super Cup Ultra Vanilla" is introduced.
1995		The sports nutrition beverage "VAAM" is introduced.
		The enteral formula "Mei Balance" is introduced.
1997	"Xylish Gum" is introduced.	
1999	The antidepressant "DEPROMEL" is introduced.	
2000		"Meiji Probio Yogurt LG21" is introduced.
2002	"Amino Collagen" is introduced.	Nationwide sales of "Meiji Oishii Gyunyu" is commenced.
2007		The infant formula "Meiji Hohoemi Raku Raku Cube" is introduced.
2008	Establishes a business and capital alliance with Pokka Corporation.	"Meiji Hokkaido Tokachi Smart Cheese" is introduced.
		"Meiji Fresh Cream Ajiwai" is introduced.
2009	**The joint holding company "Meiji Holdings Co., Ltd." is established in April and management integration is undertaken.** (The Meiji Group's System of Principles, Brand Logo and Slogan are established.)	
2009	The antibiotic "ORAPENEM," the antidepressant drug "REFLEX," and "Meiji Yogurt R-1" are introduced.	
2010	"meiji Yoplait," a new brand of yogurt, is introduced.	

meiji

Meiji Holdings Co., Ltd.

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http://www.meiji.com/

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