meiji

2011

ANNUAL REPORT
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 September, 2011.

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.

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

MEIJI GROUP 2020 VISION CONCEPT

The Meiji Group 2020 Vision has been developed based on the Group Philosophy, taking into account possible changes in the business environment, and shows the direction the Group should take in the next 10 years.

Meiji Group of the Future

The Meiji Group aims to become a corporate group that brightens customers' daily lives by providing customers of all ages, from infants to the elderly, with foods that offer tastiness and enjoyment, as well as products that contribute to customers' physical and emotional well-being.
This way of providing value is unique to the Meiji Group, and is what clearly distinguishes it from its competitors.

Our Product Portfolio to Brighten Customers' Daily Lives

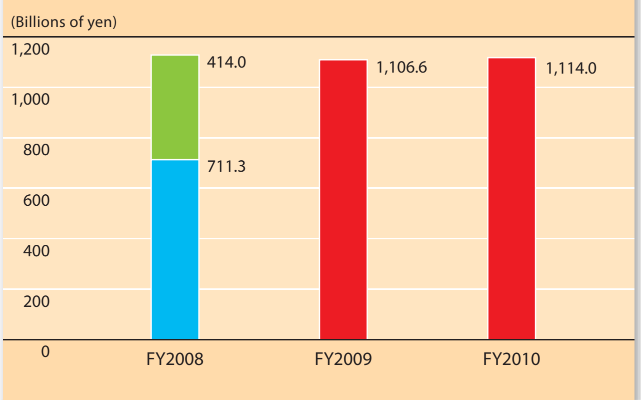
The Meiji Group will continue working to widen the world of "Tastiness, Enjoyment, Health, and Reassurance" and work relentlessly to help improve the lifestyles of customers across all generations.

FINANCIAL HIGHLIGHTS (Consolidated)

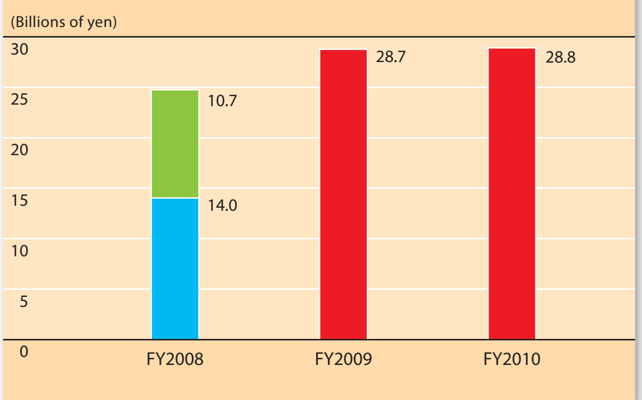
	Millions of yen (Unless otherwise noted)								Thousands of U.S. dollars (Unless otherwise noted) (Note 1)		
	FY2008		FY2009			FY2010			FY2010		
	Former Meiji Seika	Former Meiji Dairies	Former Meiji Seika	Former Meiji Dairies	Meiji Holdings	Former Meiji Seika	Former Meiji Dairies	Meiji Holdings	Former Meiji Seika	Former Meiji Dairies	Meiji Holdings
For the fiscal year											
Net sales	¥ 414,080	¥ 711,394	¥ 411,035	¥ 704,499	¥1,106,645	¥418,179	¥708,142	¥1,114,095	$5,029,217	$8,516,443	$13,398,621
Cost of sales	246,110	522,659	238,480	504,994	734,665	248,476	499,540	732,860	2,952,215	6,007,702	8,813,718
Selling, general and administrative (SG&A) expenses	157,261	174,696	161,720	181,930	343,194	161,459	191,160	352,361	1,941,789	2,298,981	4,237,657
Operating income	10,798	14,037	10,835	17,575	28,786	11,243	17,441	28,873	135,214	209,760	347,245
Ordinary income	9,608	13,923	11,058	17,281	28,316	13,393	17,456	30,451	161,074	209,944	366,226
Net income	2,556	5,933	4,790	8,382	13,088	5,024	6,034	9,552	60,432	72,570	114,877
Capital expenditures	18,482	21,219	19,231	12,489	30,546	19,483	20,721	38,550	232,688	249,211	463,629
Depreciation	17,331	18,695	18,200	19,492	39,087	19,160	19,881	41,345	230,435	239,104	497,240
Net cash provided by operating activities	22,424	16,991	15,865	34,220	47,707	25,440	30,948	57,995	305,954	372,206	697,485
At fiscal year-end											
Total assets	¥ 330,878	¥ 393,169	¥ 347,311	¥ 390,807	¥ 730,044	¥331,673	¥385,644	¥ 716,368	$3,988,862	$4,637,934	$ 8,615,377
Net assets	144,854	147,303	145,730	149,263	297,771	145,927	153,510	293,530	1,754,988	1,846,189	3,530,133
Per share data (Yen, U.S. dollars)											
Net income	¥ 6.74	¥ 18.06	¥ 12.64	¥ 25.52	¥ 177.73	¥ 13.26	¥ 18.37	¥ 129.63	$ 0.159	$ 0.226	$ 1.559
Net assets (Note 2)	369.09	441.39	369.85	447.20	3,933.05	372.74	463.90	3,906.36	4.483	5.710	46.979
Cash dividends (Note 3)	7.00	8.00	—	—	80.0	—	—	80.0	—	—	0.962
Ratios (%)											
ROE	1.8	4.1	3.4	5.7	4.6	3.6	4.0	3.3			
ROA	0.8	1.5	1.4	2.1	1.8	1.5	1.6	1.3			
Other information											
Number of employees	6,922	7,205	6,937	7,196	14,168	7,494	7,332	14,861			

Notes: 1. U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥83.15, the exchange rate prevailing on March 31, 2011.
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.

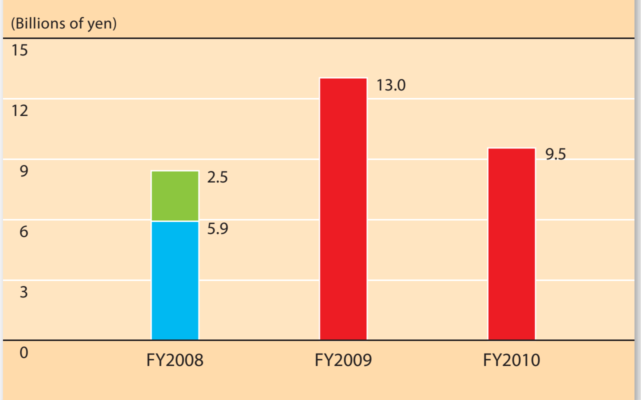
Net Sales



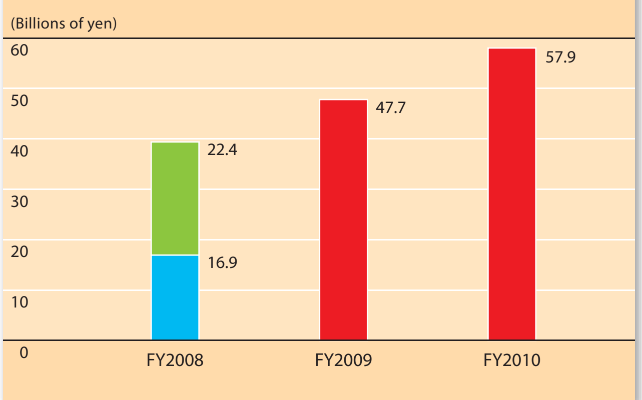
Operating Income



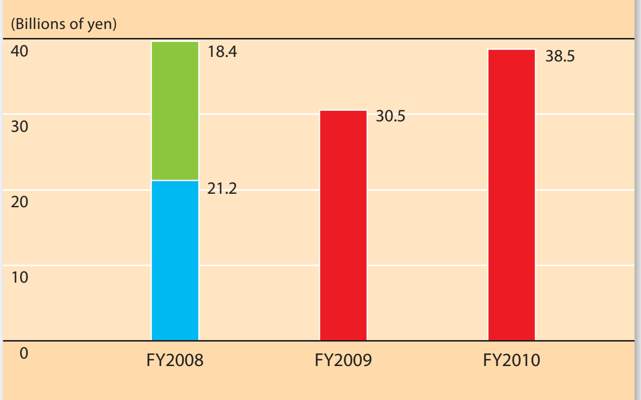
Net Income



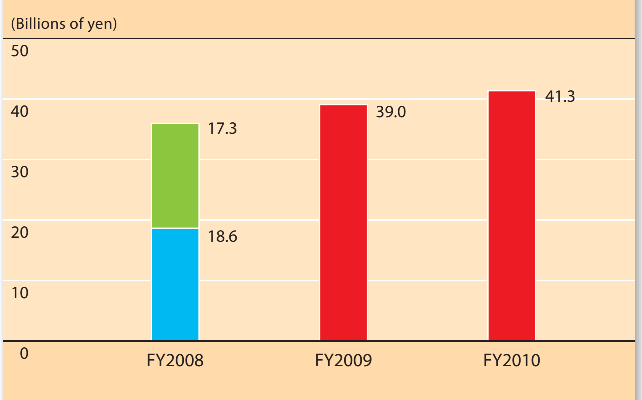
Net Cash Provided by Operating Activities



Capital Expenditures



Depreciation



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

Former Meiji Seika · Former Meiji Dairies · Meiji Holdings

TO OUR SHAREHOLDERS AND CUSTOMERS

In order to achieve the Meiji Group 2020 Vision (the "2020 Vision"), we have completed a Group reorganization, undertaken to maximize the benefits of the management integration between the former Meiji Seika and Meiji Dairies. This is our first step toward becoming a "Food and Health" corporate group that is renowned worldwide.

REVIEW OF FISCAL 2010

First, we would like to convey our deepest sympathies to all those who have been affected by the Great East Japan Earthquake of March 11, 2011. We extend our sincere wishes for the swift recovery and restoration of the communities in the area.

Eight of our operating sites in the Tohoku and Kanto regions were also severely damaged in the earthquake. Thanks to successive reconstruction efforts, however, all facilities were restored to pre-earthquake condition by the end of August.

In fiscal 2010, the Japanese economy showed some signs of a turnaround, but consumer spending failed to realize a full-scale recovery as the employment situation remained difficult. Moreover, the aforementioned earthquake added to the uncertainty of the economy.

Faced with such circumstances, the Meiji Group pursued various initiatives under its "FY2009-2011 Medium-Term Business Plan." These included strengthening the competitiveness of core businesses, creating new demand, and improving our earnings structure. We also actively prepared for the reorganization that was implemented in April 2011.

With respect to results, our three core businesses had been showing a steady business performance, with the Dairy Products segment continuing the firm performance trend that began in the previous year, the Pharmaceuticals segment maintaining a steady performance after absorbing the impact of pharmaceutical price modifications, and the Confectionery and Healthcare segment achieving a turnaround in the autumn of 2010 despite dampened market conditions. The earthquake, however, seriously affected our production and distribution capabilities in each business segment. This, together with the profound impact of subsequent rolling power outages, had a sudden braking effect on our business.

As a result, consolidated net sales for the year amounted to ¥1,114.0 billion, up 0.7% from the previous fiscal year. Operating income edged up 0.3%, to ¥28.8 billion, and ordinary income rose 7.5%, to ¥30.4 billion. Due to a loss related to the earthquake, however, net income declined 27.0%, to ¥9.5 billion.

OUTLOOK FOR FISCAL 2011

In fiscal 2011, we have prepared conservative forecasts. We are targeting net sales of ¥1,093.0 billion (down 1.9% from fiscal 2010), operating income of ¥21.0 billion (down 27.3%), ordinary income of ¥22.0 billion (down 27.8%), and net income of ¥10.0 billion (up 4.7%). These forecasts take into account the ongoing impact of the earthquake on the dairy business since April, especially in the first half of the year.

DISTRIBUTION TO SHAREHOLDERS

Our priority is the stable and continuous payment of dividends. Therefore, in fiscal 2010, we made a dividend payment of ¥80.00 per share for the year, which includes a ¥40.00 interim dividend. Regarding the dividend for fiscal 2011, we plan to maintain annual dividends at ¥80.00 per share despite our forecast of a significant earnings decline.

MEIJI GROUP 2020 VISION AND GROUP REORGANIZATION

In September 2010, we announced the Meiji Group 2020 Vision, which is a long-term business roadmap. It outlines the intended direction of the Group and sets out clear consolidated financial targets (numerical targets): net sales of ¥1,500 billion and an operating income ratio of 5% or higher. In fiscal 2011, meanwhile, we reorganized the operations of two Group companies—Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation—to form two new companies: Meiji Co., Ltd. (a food company) and Meiji Seika Pharma Co., Ltd. (a pharmaceutical company). The launch of this new management structure equates to "The Second Founding of the Meiji Group."

In the "Food and Healthcare" domains, the Meiji Group will work relentlessly to help improve the lifestyles of customers across all generations, while targeting growth and advancement as a world-renowned corporate group.

We appreciate your understanding and unflagging support.

September 2011

N. Sato

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

Q **Recently, you announced the Meiji Group 2020 Vision (the "2020 Vision"), a long-term business roadmap for the Group, and you undertook a Group reorganization. Can you provide the background regarding these developments?**

A **Under the new "meiji" brand, which is shared by all Meiji Group members, we seek to bring together our diversified management resources and grow into a corporate group capable of achieving competitiveness both in Japan and overseas. To this end, we must clarify the intended direction of the Meiji Group. Not only must we strengthen existing businesses, but we also need a business operational structure that is able to deliver new levels of value swiftly and dynamically.**

In September 2008, we announced that a management integration would be undertaken in April 2009 and that we would also reorganize Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation within two years after the integration. Our 2020 Vision and the recent reorganization of Group companies are in line with that original plan.

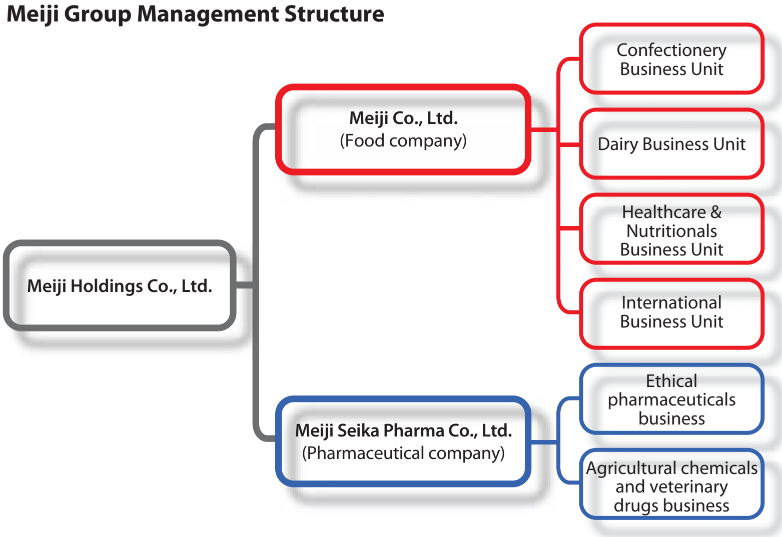
Immediately after the management integration, we introduced various initiatives to entrench our new "meiji" brand swiftly, while actively launching collaborative products to increase the "meiji" brand value, strengthen existing businesses, and generate synergies from the integration. This was against a backdrop of ongoing dramatic changes in the business environment, both in Japan and overseas.

To achieve sustained growth and advancement under these conditions, we must clarify the Group's intended direction, both in the Japanese and overseas markets, and leverage our strengths to further solidify existing businesses. At the same time, we must steadily and resolutely allocate resources to growth areas. That's why we formulated the 2020 Vision. Over the next 10 years, we will strive to realize our vision of the Meiji Group as a "corporate group that brightens customers' daily lives by providing customers of all ages, from infants to the elderly, with foods that offer tastiness and enjoyment, as well as products that contribute to customers' physical and emotional well-being."

Taking into account the competitive environment, business cycles, various regulations, and others considerations, we undertook restructuring by reorganizing the former Meiji Seika and Meiji Dairies into two new companies: Meiji Co., Ltd., a food company, and Meiji Seika Pharma Co., Ltd., a pharmaceutical company.

The corporate reorganization has signaled the rebirth of Meiji Co., Ltd. as a company that integrates R&D and a host of other functions, embraces the challenge of creating new value, while leveraging the uniqueness of the confectionery, dairy, healthcare and nutritionals, and international businesses, and has a structure that better facilitates the generation of synergies. At Meiji Seika Pharma Co., Ltd., meanwhile, we will expedite decision making to create more flexible business operations, and further entrench the "Speciality and Generic Pharmaceuticals Company" concept.

Meiji Group Management Structure



Q What is your basic stance on Group-wide growth strategies aimed at realizing the 2020 Vision?

A We will seek to maximize the benefits of the Group reorganization, namely the generation of new demand through the integration of management resources and the achievement of sustainable growth through the allocation of management resources to growth businesses.

The Group reorganization led to the establishment of Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. Those companies have clearer business identities and represent a business operating structure that better enables them to elucidate the spirit behind the Meiji Group Philosophy. Thanks also to speedy and flexible decision making—a feature of each Group business—the integration of management resources has made it easier to pursue initiatives for new value creation and to respond to the changing business environment. By exploiting these advantages to the maximum extent, both companies will fully demonstrate their originality and versatility, providing the motive force to implement growth strategies aimed at realizing the Meiji Group Philosophy and the 2020 Vision.

In addition, the management integration has solidified our know-how in such areas as R&D, manufacturing, quality control, marketing, distribution, and international advancement. By bringing together these management resources, we hope to generate new demand across broad customer segments and business fields. This is our fundamental growth strategy.

Since the Meiji Group is now a ¥1-trillion entity in terms of annual revenue, it ranks alongside large overseas companies in terms of creditworthiness and has the necessary fund-raising capabilities to invest in growth. The healthcare and nutritionals business and international business are two areas with especially large growth potential. By actively advancing these businesses through the focused injection of management resources, we will raise their contribution to the sustained growth of the Group.

The desired image of the Group is embodied in the 2020 Vision. Under the vision, we will deploy our new management structure to attain the following targets: annual net sales of ¥1,300 billion or higher for Meiji Co., Ltd. and ¥200 billion or higher for Meiji Seika Pharma Co., Ltd., for a Group total of at least ¥1,500 billion. We will also target an operating income ratio of 5% or higher.

On the path toward realizing the 2020 Vision, we will implement three consecutive Medium-Term Business Plans. In those plans, we will specify and implement various strategies in our business operations.

Q **The Great East Japan Earthquake had a major impact in terms of factory shutdowns and supply chain interruptions. What do you foresee to be the impact on the Group's performance in fiscal 2011 and beyond?**

A **In the dairy business, a mainstay Group business, delayed recovery in the fresh dairy market will cause revenue and earnings to decline in the first half of the year. However, we expect the situation to return to normal in the second half.**

The earthquake, which occurred around three weeks before the close of fiscal 2010, resulted in a ¥10.0-billion decline in net sales for the year, and a ¥4.0-billion decrease in operating income. The disaster has continued to influence our performance in the first half of fiscal 2011. For the year, we expect net sales to be ¥37.8 billion lower than our pre-earthquake forecast, and operating income to be ¥10.8 billion lower.

The main cause is severely restricted product supply in the fresh dairy category of the dairy business, resulting from damage to production and distribution facilities and rolling power outages. Three of the Group's fresh dairy plants sustained physical damage, and five plants were affected by the rolling power outages.

Our yogurt business, one of our mainstay businesses, holds a 40% share of the market in Japan. Given that yogurt requires time for fermentation, the power outages had a particularly severe impact, causing us to miss major sales opportunities.

Accordingly, in fiscal 2011, we have devised a roadmap for restoring operations, especially the fresh dairy category, from the effects of the earthquake. Specifically, the first quarter has been positioned as the "recovery phase for lost market share," aimed at overcoming problems associated with the supply chain interruptions. The second quarter has been designated the "solidification phase," designed to stimulate demand and achieve recovery of sales at the store level. Our plan is to overcome the effects of the quake in the first half of the year and return to normal in the second half. By demonstrating our fundamental strengths, we hope to post results on a par with the previous year.

So far, this plan has shown generally good progress. Except for the Tohoku Plant, all plants that had suspended operations resumed production by the end of May. In June, our raw materials and packaging materials procurement functions had largely stabilized, and the milk and yogurt supply chain had gradually returned to normal. In August, our Tohoku Plant was completely restored. Accordingly, we now have a fully functional supply system, and we will take the offensive in the second half of the year on the sales side aimed at recovering our market share.

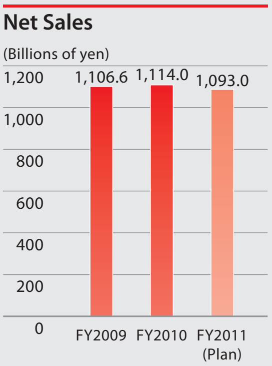
Our confectionery, healthcare and nutritionals, and pharmaceuticals businesses were also impacted by the earthquake, but they recovered relatively quickly. Therefore, the disaster is expected to have a minimal effect on fiscal 2011 results, and we will work to steadily achieve our initial forecasts.

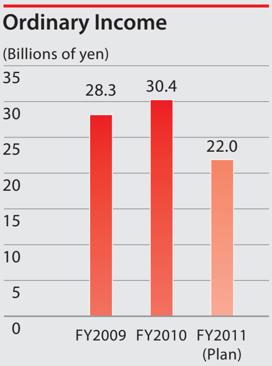
All of the Meiji Group's products are related to "Food and Health" and are indispensable for customers' daily lives. Therefore, we will strive to create a system for ensuring stable product supply even amid predictions of unstable electric power supply in the future.

Q Can you describe initiatives that you will focus on in fiscal 2011?

A **Our new management structure was launched in the current fiscal year, and we will work quickly to get this running smoothly. Our top priority is to make steady progress toward achieving the objectives of the 2020 Vision.**

Meiji Holdings
Changes in net sales and ordinary income





Meiji Co., Ltd.

In our dairy business, which was the one most affected by the earthquake, we will work to overcome the impact of the disaster in the first half of the year. In the second half, we will direct our entire efforts toward recovering and expanding the market share of mainstay brand products, including "Meiji Oishii Gyunyu," "Meiji Bulgaria Yogurt," and "Meiji Probio Yogurt LG21."

In the confectionery business, we will further expand market share to attain the overwhelming No. 1 position in chocolate, our leading product.

With regard to the dessert business, which consists of the sweets operations and the ice cream business, which was added as part of the reorganization, we will bring together the technologies and know-how that symbolize each business and deliver new levels of value in the areas of frozen dessert and chilled dessert products.

In the healthcare and nutritionals business, which has significant potential for growth, we will expand category-leading brands, such as "Amino Collagen," "Meiji Hohoemi Raku Raku Cube," and "ISODINE® UGAIGUSURI," as well as the enteral formula business. At the same time, we will establish a footing in the sports nutrition category and work to create new markets, including food for infants and food for active seniors.

In the international business, we announced earlier in the year our entry into the fresh dairy market in China. During the year, we will steadily expand our business, including by upgrading the production capacity of our fresh dairy affiliate in Thailand. By harnessing the overseas sales routes and know-how of each business under one roof, we will reinforce the "meiji" brand overseas, centering on China, Southeast Asia, and the United States.

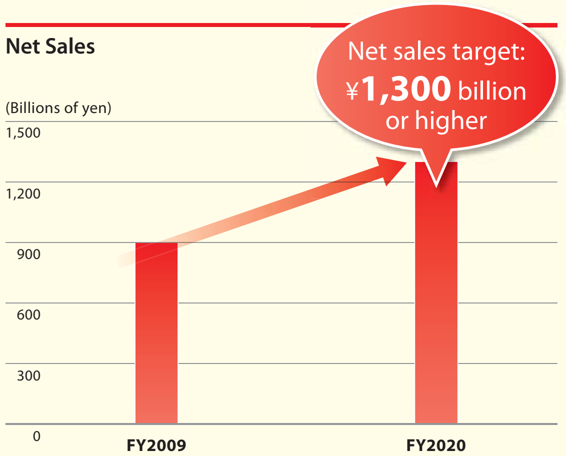
Meiji Seika Pharma Co., Ltd.

In the ethical pharmaceuticals business, we will boost efforts to increase sales of products launched in fiscal 2009—an antidepressant drug "REFLEX®" and an antibacterial drug "ORAPENEM®"—as well as generic drugs. At the same time, we will move swiftly to advance our business in emerging markets for pharmaceuticals (namely Vietnam, Russia, China, and South Korea). In addition, we will form alliances aimed at strengthening our business foundation, in order to expand our business both in Japan and overseas.

In the agricultural chemicals and veterinary drugs business, we will focus on quickly expanding sales of "ZAXA," a new herbicide.

Although we predicted year-on-year declines in revenue and earnings due to the residual impact of the Great East Japan Earthquake in the first half of fiscal 2011, we will steadily implement the future-oriented growth strategies outlined above.

Meiji Co., Ltd.



Meiji Co., Ltd.
President and Representative Director
Shigetaro Asano

GOALS

Meiji Co., Ltd. is a food company that was established through the management integration of Meiji Dairies Corporation and the Food & Healthcare business of Meiji Seika Kaisha, Ltd. We will strive to build an overwhelming presence by providing a broad range of products and services—including confectioneries, dairy products, and child rearing and healthcare products—to customers of all ages, from infants to the elderly.

Amid growing concerns about food safety and rising health consciousness, the topic of "Food and Health" has become critical to customers seeking to lead healthy, enjoyable, and satisfying daily lives. As "Food and Health" professionals, we will contribute to brightening customers' daily lives by fully leveraging the uniquenesses and strengths of the confectionery, dairy, healthcare and nutritionals, and international businesses and integrating the knowledge acquired from the research, development, and marketing operations of these businesses.

Furthermore, as a food company, we are able to deliver through virtually all distribution channels and have a logistics system that covers nearly the entire range of temperatures and can provide customers of all ages with a broad range of products through the "meiji" brand. Utilizing these strengths and our R&D capabilities that make this possible, we will cultivate new markets in addition to increasing our share in existing markets.

STRATEGIES BY BUSINESS

In the confectionery business, we will work to develop new products that are one step ahead of emerging needs, and will make efforts to explore new areas to provide products that exceed customer expectations for "tastiness and enjoyment." We will strive to increase our market share to become the overwhelming category leader in chocolate, and further strengthen and expand our confectionery business by accelerating the integration of our technologies and expertise by reorganizing our businesses. Through this corporate reorganization, we will leverage our confectionery technology and the product brand in the ice cream category and utilize chilled technology for sweets and other desserts.

We are targeting strong growth in our dairy business, which is our largest business. We will establish a solid position in the yogurt category, in which we have an overwhelming market share in the Japanese market. To achieve this, we intend to enhance our product lineup by offering a large variety of products, for example, by focusing on functionality and proposing products that are more "enjoyable" than ever before.

We will develop our healthcare and nutritionals business into a core business through the concentration of management resources. Although we have created top-sellers in many product categories of this business, we will contribute to the health and nutrition of customers of all age groups by combining our knowledge and technologies.

Our new themes are to expand the sports nutrition cat-

Meiji Co., Ltd.

egory using "SAVAS" and "VAAM," create food for active seniors, and develop enteral formula by clinical condition, an area in which demand is projected to increase.

We have positioned the international business as the driver of our future growth. In the past, Meiji Seika Kaisha and Meiji Dairies developed their own separate sales channels. Now that these two companies have been integrated into a single food company, we take this opportunity to designate China, Southeast Asia, and the United States as our three main geographic areas, and will undertake business development, tailoring our activities to the specific needs of these markets. We will work to raise the profile of the "meiji" brand as a trusted brand in overseas markets by conducting business activities, examining possibilities for alliances, including M&As, as well as proposing products that meet the "Food and Health" needs of customers in each region.

Net Sales of Our Main Businesses

	FY2009*	FY2020
Confectionery and dairy	¥700 billion	¥800 billion
Healthcare and nutritionals	¥120 billion	¥200 billion
International	¥50 billion	¥150 billion

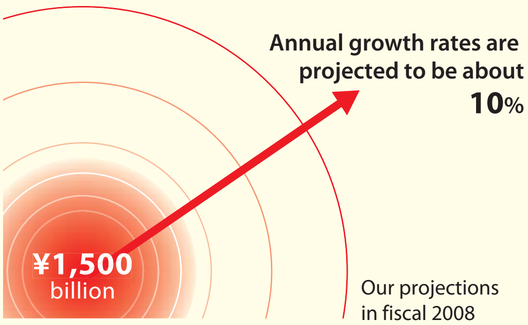
* These estimated figures for FY2009 were used in the formulation of the targets announced in the "2020 Vision."

Initiatives in Growth Fields

Entering China's milk and yogurt markets

Meiji Co., Ltd. established a wholly owned subsidiary, "Meiji Dairies (Suzhou) Co., Ltd.," in Suzhou, Jiangsu Province in China, which has a large market and high growth potential. The company (paid-in capital: $32 million) is scheduled to commence production and sales of chilled milk, yogurt, and other dairy products sometime around January 2013. The event marked the first time that a Japanese company has entered the Chinese market through a wholly owned subsidiary to undertake full-scale production and sales of chilled milk and yogurt, which require temperature control. By introducing advanced manufacturing technologies and quality management systems amassed in Japan, we will provide high-quality, safe, and tasty milk and yogurt products to Chinese customers.

Growth of the Chinese Milk and Yogurt Markets



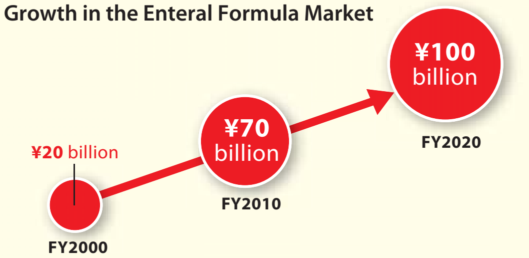
Strengthening the enteral formula market in Japan

The enteral formula market in Japan is continuing to show rapid growth owing to the increase in the elderly population and the expansion of the Diagnosis Procedure Combination-based payment system*. The market size has risen by approximately ¥50 billion over the last decade to about ¥70 billion in fiscal 2010. Furthermore, it is expected to reach ¥100 billion in fiscal 2020 (company estimates).

Under these conditions, we are actively selling our enteral formula products not only to our existing customers, namely hospitals and nursing homes, but also to pharmacies and drug stores, which are expected to gain importance as new sales channels amid the steadily increasing demand for home-based nursing care.

* **Diagnosis Procedure Combination-based payment system**
A medical care payment program in which a flat fee is paid for medical treatment, with the amount determined by the disease in question and its severity. This is in contrast to the fee-for-service program, in which medical charges are determined by the total cost of services or treatments that are provided.

Growth in the Enteral Formula Market



meiji

Meiji Co., Ltd.

THREE STRENGTHS THAT SUPPORT OUR OVERALL STRATEGIES

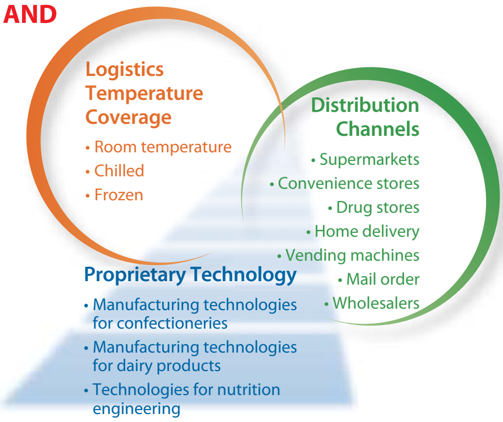
The basis of our overall strategies is to maximize our three strengths and deliver our various products on a daily basis to customers of all ages for a wide variety of eating occasions.

1 AN EXTENSIVE PRODUCT LINEUP FOR CUSTOMERS OF ALL AGES

We have a vast product lineup that enables us to provide products to customers of all ages. It includes products ranging from infant formula to nutritionally and functionally superior milk, dairy products, tasty and enjoyable confectioneries, foods beneficial for health, beauty and sports performance, as well as enteral formula and nursing care foods for the elderly.

2 COVERAGE OF ALL TEMPERATURE RANGES AND DIVERSIFIED DISTRIBUTION CHANNELS

We have a logistics system that covers practically all temperature ranges, from room temperature to chilled and frozen temperatures. In addition, we deliver our products through a wide range of distribution channels, including supermarkets, convenience stores, drug stores, wholesalers and other business partners as well as home delivery, mail order services, and vending machines.

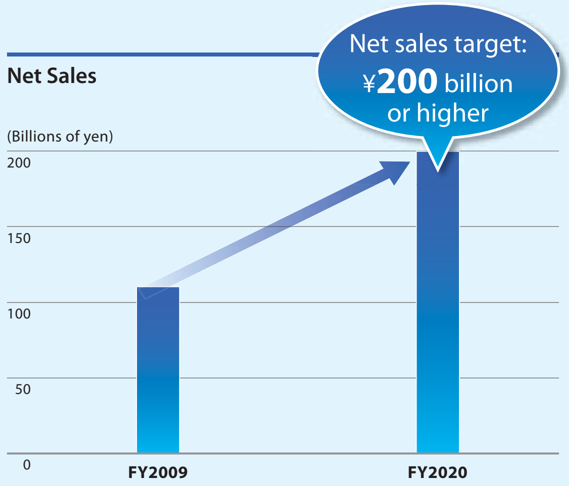


3 INTEGRATING R&D FUNCTIONS CREATES NEW POSSIBILITIES

The integration into a single company of various technologies, knowledge, and ideas accumulated in our confectionery, dairy, and healthcare and nutritionals businesses over a period of more than 90 years opens the door to many possibilities for the creation of our unique value that benefits our customers.

Meiji Seika Pharma Co., Ltd.

Meiji Seika Pharma Co., Ltd.
President and Representative Director
Masahiko Matsuo



GOALS AND GROWTH STRATEGIES

In April 2011, Meiji Seika Pharma Co., Ltd., which was originally the Pharmaceutical segment of Meiji Seika Kaisha, Ltd., was established following the corporate reorganization of Meiji Holdings Co., Ltd. In all aspects of our operations—including R&D, manufacturing, quality control, logistics, sales and marketing, along with the provision of information—we practice the Meiji Group Philosophy by striving to "meet all expectations regarding Health and Reassurance." We have thus taken a new step forward as a pharmaceutical company dedicated to helping people enjoy healthier lives.

In order to protect people's health and lives, we will focus on the three main fields of anti-infective drugs, drugs for central nervous system (CNS) disorders, and generic drugs, aiming to become one of Japan's leading companies in these fields. Also, we will contribute to society as a "Speciality and Generic Pharmaceuticals Company" that has the ability to expand business internationally.

In addition, through the agricultural chemicals and veterinary drugs business, Meiji Seika Pharma will contribute to the stable supply of safe and reliable agricultural, livestock, and marine products that can support people's lives worldwide and also improve productivity in these industries.

To achieve our goals, we will work to enhance our product lineups for our targeted domestic customers (internal medicine, psychosomatic medicine, pediatrics, otorhinolaryngology, psychiatry, acute care hospitals, and psychiatric hospitals) in the ethical pharmaceuticals business and fortify our domestic marketing capabilities in the fields in which we specialize (infectious diseases, CNS disorders, and generic drugs). Furthermore, in order to increase our overseas sales, we will work to expand sales of "MEIACT," "ADANT," and generic drugs in overseas markets. We will also devise overseas strategies to cultivate new markets and prepare the groundwork required for their implementation. Regarding our income and expenditure structure, we will strive to improve our earnings by establishing optimal production sites, including overseas production centers; strengthening our cost competitiveness through the in-house manufacturing of mainstay products; properly managing sales costs, factory overhead costs, and R&D expenses; and raising our business productivity. Moreover, Meiji Seika Pharma is taking a short-, medium-, and long-term perspective as it builds its product pipeline through the promotion of development projects by consolidating its R&D resources, the further development of lifecycle management (LCM) and generic drugs, fulfillment of its development pipeline, and promotion of in-licensing and marketing alliances.

As for our agricultural chemicals and veterinary drugs business, we will firmly maintain our position as a leading Japanese company in the rice blast preventative and insecticide field, as well as the livestock and fishery fields. We will also generate new profits from the global launch of products based on our in-house R&D portfolio.

Meiji Seika Pharma Co., Ltd.

BASIC POLICY (GROWTH STRATEGIES)

1 BUSINESS EXPANSION THROUGH AGGRESSIVE R&D INVESTMENT

We will actively invest in R&D in the field of infectious diseases and central nervous system (CNS) disorders, as well as new business fields where there are unmet medical needs (diseases in which there are no satisfactory treatments or drugs) and cancer and other diseases that are difficult to treat.

In particular, we will continue to create new in-house developed pharmaceutical and agricultural chemical products using our original microorganism fermentation technology*. We will attempt to build a foundation for drug discovery and the manufacturing of antibody drugs that are believed to be effective treatments with few side effects.

Furthermore, with an eye toward the global development of our in-house drug discovery products, we are taking steps to fortify our overseas development capabilities primarily in Europe, the United States, and Asia, such as by setting up representative offices in the United States. Through such measures, we intend to strengthen our overseas development structure and cultivate opportunities for finding partners for product launches in overseas markets.

* **Microorganism fermentation technology**
A technique using microorganisms that creates candidate materials for antibiotics and other pharmaceutical products as well as produces useful substances more efficiently through the breeding of such microorganisms

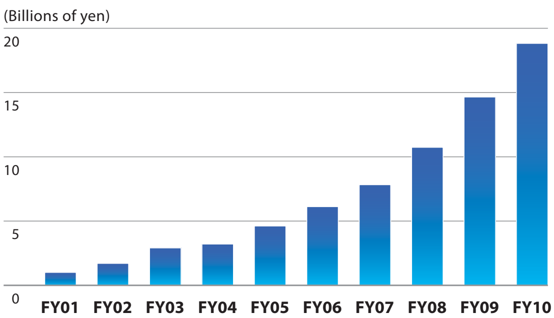
2 FURTHER EXPANSION OF THE GENERIC DRUG BUSINESS

Our generic drugs are well regarded even by medical institutions due to our provision of stable supplies of high-quality, highly convenient products, which are manufactured using drug formation technology, supported by the high reliability of the "meiji" brand. We will increase our product lineup for lifestyle-related diseases, as well as anti-infective drugs and drugs for CNS disorders, in which we specialize, and fully enter the anticancer drug field. Moreover, we will lay the groundwork to newly enter the biosimilars market, as we look ahead toward "the 2015 problem*."

We will continue to strengthen our domestic marketing system through such measures as the construction of an appropriate information provision system (to deploy full-time generic drug staff at all branches and conduct relevant promotional activities by all our medical representatives (MRs)).

* **2015 problem**
The patents of a number of major biomedicines are due to expire around 2015.

Net Sales of Generic Drugs



Meiji Seika Pharma Co., Ltd.

3 ACCELERATING OUR INTERNATIONAL BUSINESS, MAINLY IN ASIA AND EMERGING COUNTRIES

Enlarging overseas businesses rapidly and efficiently through strategic alliances

By enhancing the presence of overseas group companies (in China, Thailand, Indonesia, and Spain) and building and strengthening relationships with local partners, we will work to widely publicize and establish the "meiji" brand globally, and expand our business.

At the same time, by forming strategic alliances (sales tie-ups, joint development of derivatives, collaborative research, and out-licensing) including M&As, we will work to conduct our business activities more rapidly and efficiently. Meanwhile, accompanying overseas business expansion, we face the pressing issues of securing and training local staff at our local group companies and developing global human resources who can lead overseas activities. We will devise and enforce our human resource strategy, which we will treat as an important management issue.

Focusing on business development in the low-priced pharmaceutical market

We will focus on the development of business in the market for low-priced pharmaceuticals, primarily in Asia and emerging countries, and actively introduce mainly antibacterial drugs, generic drugs, and agricultural chemical products. Specifically, we will increase the number of emerging countries in which we sell our products (including Russia and Vietnam), with a focus on "MEIACT," an antibiotic, and "ADANT," a treatment for reducing arthritic pain in the joints.

Optimizing our production system with an eye toward contract manufacturing

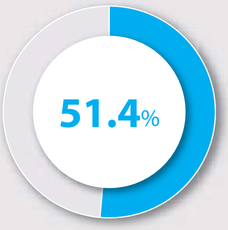
Regarding our overseas production system, we are enhancing the manufacturing facilities at P.T. Meiji Indonesian Pharmaceutical Industries and are working to establish the company as a production base for drug formulas using penicillin, which requires Good Manufacturing Practice (GMP) standards for manufacturing and quality control to be produced on separate production lines from other pharmaceuticals. In addition, we are enhancing the production capabilities for generic drugs at Thai Meiji Pharmaceutical Co., Ltd. and bulk drugs for such generic drugs at Meiji Pharma (Shandong) Co., Ltd. in China.

Furthermore, we will strive to establish coherent value chains ranging from the manufacturing of bulk drugs to the building of an in-house sales network, primarily in Asia. We also aim to expand our businesses through the establishment of a structure for high-quality products, stable supply, and low-cost operations in those three plants in Japan and five plants overseas, and are considering the possibility of undertaking contract manufacturing of products for other companies.

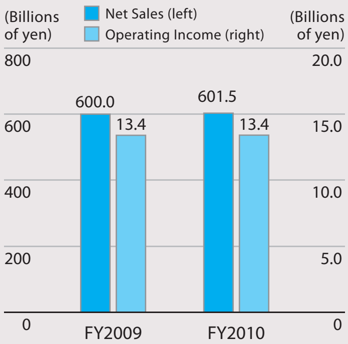
Overall Business Situation:
AT A GLANCE

DAIRY PRODUCTS

Percentage of Sales



Net Sales / Operating Income*



Business Overview

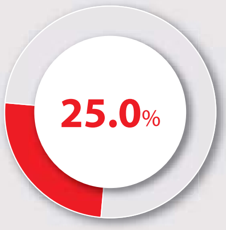
Manufacturing and sale of fresh dairy (drinking milk/yogurt, etc.), powdered milk (infant formula, etc.), condensed milk, butter, cheese, ice cream, beverages, nutritional products (enteral formula/"VAAM," etc.), livestock products, etc.

Major Group Companies

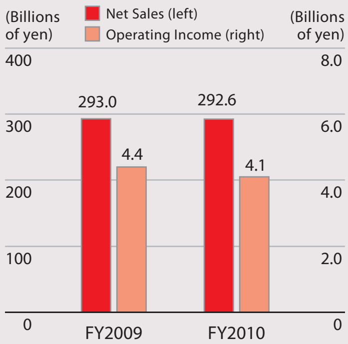
- Shikoku Meiji Dairy Products Co., Ltd.
- Tokai Meiji Co., Ltd.
- Meiji Oils and Fats Co., Ltd.
- Nihon Kanzume, Co., Ltd.
- Tokyo Meihan Co., Ltd.
- Hokkaido Meihan Co., Ltd.
- Tohoku Meihan Co., Ltd.
- Tokyo Meiji Foods Co., Ltd.
- Chubu Meihan Co., Ltd.
- Kanazawa Meihan Co., Ltd.
- Kinki Meihan Co., Ltd.
- Chugoku Meihan Co., Ltd.
- Kyushu Meinyu Hanbai Co., Ltd.
- Meiji Kenko Ham Co., Ltd.
- Asahi Broiler Co., Ltd.

CONFECTIONERY AND HEALTHCARE

Percentage of Sales



Net Sales / Operating Income*



Business Overview

Manufacturing and sale of confectioneries (chocolate, chewing gum, candy), sugar, corn sweeteners, functional healthcare products ("Amino Collagen," etc.), and OTC drugs ("ISODINE® UGAIGUSURI," etc.), management of fitness clubs

Major Group Companies

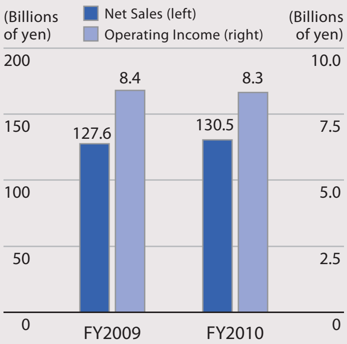
- Meiji Food Materia Co., Ltd.
- Donan Shokuhin Co., Ltd.
- Zao Shokuhin Kaisha, Ltd.
- Ronde Corporation
- Meiji Sangyo Co., Ltd.
- Meiji Chewing Gum Co., Ltd.
- Okayama Shokuhin Co., Ltd.
- Shikoku Meiji Co., Ltd.
- Taiyo Shokuhin Co., Ltd.
- Meiji Sports Plaza, Ltd.
- Tokai Nuts Co., Ltd.
- D.F. Stauffer 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.

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

PHARMACEUTICALS

Percentage of Sales

Net Sales / Operating Income*



Business Overview

Manufacturing and sale of ethical pharmaceuticals, agricultural chemicals and veterinary drugs

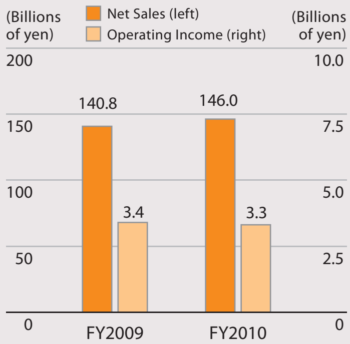
Major Group Companies

- Kitasato Pharmaceutical Industry Co., Ltd.
- Ohkura Pharmaceutical Co., Ltd.
- P.T. Meiji Indonesian Pharmaceutical Industries
- Thai Meiji Pharmaceutical Co., Ltd.
- Meiji Pharma (Shandong) Co., Ltd.
- Tedec-Meiji Farma, S.A.
- Mabo Farma, S.A.
- Meiji Seika Europe B.V.

OTHER

Percentage of Sales

Net Sales / Operating Income*



Business Overview

Real estate, feed stuff, transportation, storage, mechanical engineering services, food service producers, insurance agencies, leasing, etc.

Major Group Companies

- 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.

Overall Business Situation:
DAIRY PRODUCTS

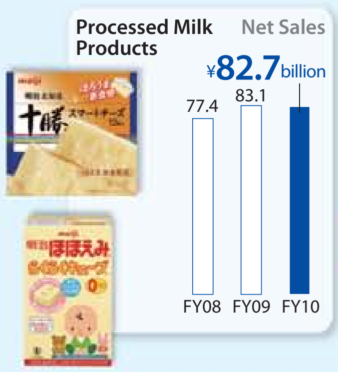
BUSINESS PERFORMANCE AND RESULTS FOR FISCAL 2010

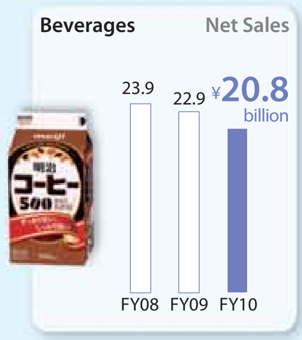
In the dairy industry, the operating environment was difficult, owing to low consumption of drinking milk, while the shift of consumer demand to low-priced products in the milk and yogurt markets led to continued intensifying sales competition and a rise in sales promotion expenses.

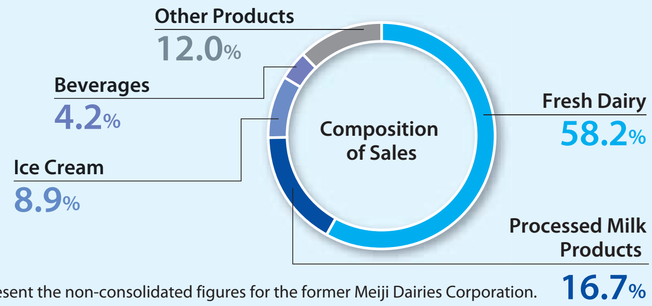
In this operating environment, the Dairy Products segment recorded net sales of ¥601,567 million (up 0.2% year on year) and operating income of ¥13,458 million (up 0.3% year on year).

Sluggish sales for powdered milk, beverages, and certain drinking milk products offset growth in ice cream sales during the hot summer and brisk sales of cheese and enteral formula. In particular, there were brisk sales of the “Meiji Essel Super Cup,” “Meiji Fresh Cream Ajiwai,” a product for professional use; “Meiji Hokkaido Tokachi Smart Cheese”; and “Meiji Oishii Gyunyu,” for which continued brand-enhancement measures produced results. The “Meiji Bulgaria Yogurt” series competed well in the second half, with the expansion of the product lineup in September 2010. After the earthquake, however, operations suffered severe limitations due to an interruption in the supply chain. Drinking milk was similarly affected and our fresh dairy business as a whole finished the year almost flat. Consequently, net sales for the segment increased slightly year on year.

Operating income rose slightly year on year. We achieved solid results by reducing raw material costs and advertising costs, offsetting rising sales promotion expenses amid intensifying competition in our operating environment. However, challenges posed by the earthquake have negatively affected our product mix.







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

Overall Business Situation:
CONFECTIONERY AND HEALTHCARE

BUSINESS PERFORMANCE AND RESULTS FOR FISCAL 2010

The confectionery industry, which suffered from prolonged weak consumption and the strong impact of the hot summer in the first half, showed signs of a recovery to the level of the previous year from the third quarter onward. However, ongoing instability in raw material prices has continued to strongly affect profits.

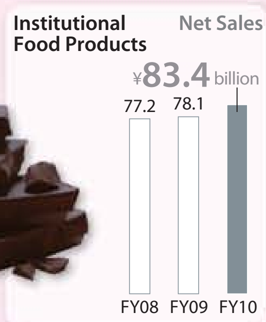
In this operating environment, the Confectionery and Healthcare segment recorded net sales of ¥292,681 million (down 0.1% year on year) and operating income of ¥4,141 million (down 6.0% year on year).

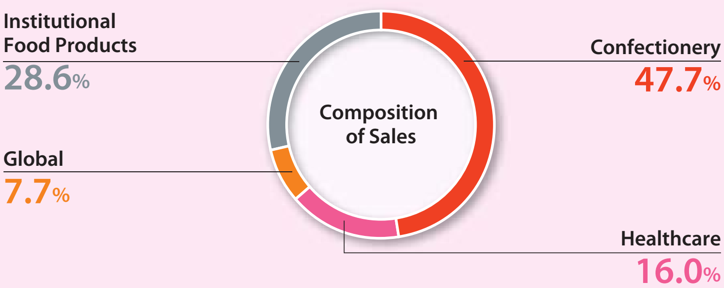
In the confectionery business, sales of chocolate products, the mainstay products of the segment, were significantly impacted by the hot summer. However, our leading product "Milk Chocolate" showed a solid performance, and there were increases in sales of our winter-only product "Meltykiss" with an expanded product lineup. These contributed to a solid recovery from autumn onward, focused on our areas of strength. However, the earthquake led to cutbacks or suspension of production and shipments, resulting in much lower March sales year on year. Thus, net sales for the full year for the business were lower than the previous fiscal year.

In the healthcare business, sales of "SAVAS" and "Perfect Plus" were firm, but there was a large drop in sales in the "ISODINE® UGAIGUSURI" series due to the non-repetition of demand triggered by the swine flu pandemic in the year before last. On the other hand, growth in sales of institutional food products increased the net sales of the segment as a whole, to nearly the previous fiscal year's level.

Operating income declined year on year. Progress made in the implementation of revenue and expense-related structural improvements, which include more efficient production and lower sales costs, were more than offset by lower revenues and higher raw material prices and the impacts of the earthquake.







Overall Business Situation:
PHARMACEUTICALS

BUSINESS PERFORMANCE AND RESULTS FOR FISCAL 2010

In the pharmaceuticals industry, the business environment has continued to be difficult. In the ethical pharmaceuticals business, a new drug pricing system was introduced and measures to curb medical-care costs were promoted. In the agricultural chemicals and veterinary drugs businesses, the government tightened regulations and guidance. For instance, stricter standards have been adopted for application and screening for registration.

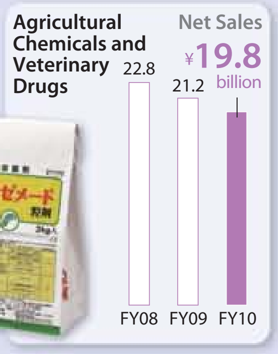
In this operating environment, the Pharmaceuticals segment recorded net sales of ¥130,532 million (up 2.3% year on year) and operating income of ¥8,312 million (down 2.0% year on year).

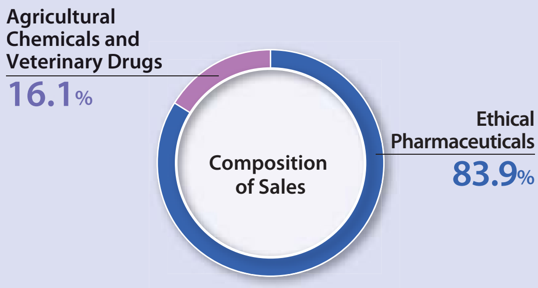
In the ethical pharmaceuticals business, sales of the antibacterial drug “MEIACT” grew solidly due to our aggressive promotion in the scientific and academic fields, and sales of two drugs launched in 2009 (an antibacterial drug “ORAPENEM®” and an antidepressant drug “REFLEX®”) also grew steadily. As for generic drugs, there was significant growth in sales of our calcium channel blocker “AMLODIPINE TABLETS MEIJI,” and “RABEPRAZOLE MEIJI,” a drug for peptic ulcers launched in autumn 2010, also contributed to the segment’s net sales.

In the agricultural chemicals and veterinary drugs businesses, an outbreak of foot-and-mouth disease led to sales growth for the disinfectant agent “Crente,” but the earthquake caused a sharp drop in sales of our mainstay product “ORYZEMATE,” a rice blast preventive, resulting in a year-on-year decline in sales for these businesses.

The earthquake damaged some plants, but in the ethical pharmaceuticals business, product supply was uninterrupted thanks to a certain amount of inventory in our distribution warehouse and at those of wholesalers. Thus, the earthquake had little effect on the results of the business. Consequently, the net sales of the Pharmaceuticals segment rose year on year, despite being greatly affected by drug price revisions.

Operating income was slightly below the previous year, but the effects of very severe drug price revisions and increased R&D expenses were mostly offset by a rise in marginal profit resulting from increased sales and an improved product mix. This resulted in achieving a performance nearly on par with the previous fiscal year.





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

AGGRESSIVE PROMOTION OF ALLIANCES

Antipsychotic drug licensing agreement with RaQualia Pharma Inc.

In March 2011, Meiji Seika Pharma (formerly Meiji Seika Kaisha, Ltd.) entered into a licensing agreement with RaQualia Pharma Inc. ("RaQualia Pharma") for its antipsychotic drug "Ziprasidone." RaQualia Pharma received the rights to commercialize "Ziprasidone" in Japan from Pfizer Inc., of the United States.

Schizophrenia is a mental disorder that commonly manifests itself via auditory hallucinations, paranoia, and various other symptoms. It has an estimated prevalence rate of approximately 1%. "Ziprasidone" is a drug that demonstrates a therapeutic effect by selectively blocking the serotonin 5-HT_{2A} receptor and the dopamine D_2 receptor in the brain. Developed by Pfizer Inc., "Ziprasidone" is currently marketed in 76 countries and regions, with worldwide sales totaling over US$1 billion in 2010. Because it has the same efficacy as currently available antipsychotic drugs but produces fewer side effects, it is listed as a first-choice drug in its class, according to guidelines for the treatment of schizophrenia in the United States.

Meiji Seika Pharma will apply its global clinical test data and advance development in cooperation with RaQualia Pharma, with the aim to launch "Ziprasidone" in Japan at the earliest possible date.

RaQualia Pharma Inc.

RaQualia Pharma was established in 2008. Following the closure of Pfizer Nagoya Laboratories, RaQualia Pharma inherited its employees and physical assets as well as its R&D portfolio.

Generic anticancer drug partnership with Fresenius Kabi Japan K.K.

In January 2011, Meiji Seika Pharma (formerly Meiji Seika Kaisha, Ltd.) reached an agreement with Fresenius Kabi Japan ("Fresenius Kabi") on a long-term, strategic collaborative partnership in the generic anticancer drugs business (excluding biosimilars) in Japan.

The partnership encompasses a number of drugs selected in agreement by both parties from Fresenius Kabi's abundant generic anticancer drug pipeline. Fresenius Kabi will develop and obtain marketing authorization for the new drugs. Meiji Seika Pharma will market exclusively in Japan those drugs developed and manufactured by Fresenius Kabi, following their approval.

This partnership enables Meiji Seika Pharma to make a full-scale entrance into the anticancer drug field and further broadens the Company's generic drugs business.

Fresenius Kabi Japan K.K.

Fresenius Kabi Japan was established in 2007, as the Japan entity of Fresenius Kabi AG (Headquarters: Germany), a leading company in Europe in liquid infusion therapies and clinical nutrition treatments.

"ME5343" agricultural insecticide licensing agreement with BASF

In May 2010, Meiji Seika Pharma (formerly Meiji Seika Kaisha, Ltd.) entered into a licensing agreement with BASF SE, of Germany, for the "ME5343" agricultural insecticide that Meiji Seika Pharma has been developing. Meiji Seika Pharma granted BASF the exclusive rights to develop and commercialize this insecticide worldwide (excluding Japan and parts of Asia).

"ME5343" shows significant efficacy for the control of aphids and other pests and has potentially broad applications for direct spraying on vegetables, fruit, legumes, and grain crops as well as applications as a seed coating. The insecticide is highly safe for animals and has very limited impact on the environmental habitats of bees and the targeted destructive insects. "ME5343" also features a rapid decomposition rate, leaving minimal residue on plants or in the soil.

As a next-generation insecticide, "ME5343" has the potential to play a major role in the market for its high degree of safety and minimal environmental impact, as well as for its ability to meet the increasingly strict pesticide registration standards, particularly in Europe, its leading market. Under these circumstances, Meiji Seika Pharma and BASF are eager to introduce this insecticide to the global market as quickly as possible.

BASF

BASF, headquartered in Germany, is the world's leading chemical company. The company's expansive portfolio encompasses plastics, synthetic fibers, chemicals, and petroleum products. BASF is the world's third largest producer of agricultural chemicals.

Overall Business Situation:
OTHER

BUSINESS PERFORMANCE AND RESULTS FOR FISCAL 2010

Net sales rose 3.7% year on year to ¥146,080 million, due to the inclusion of newly consolidated subsidiaries as well as a steady performance by our distribution subsidiaries mainly in summer.

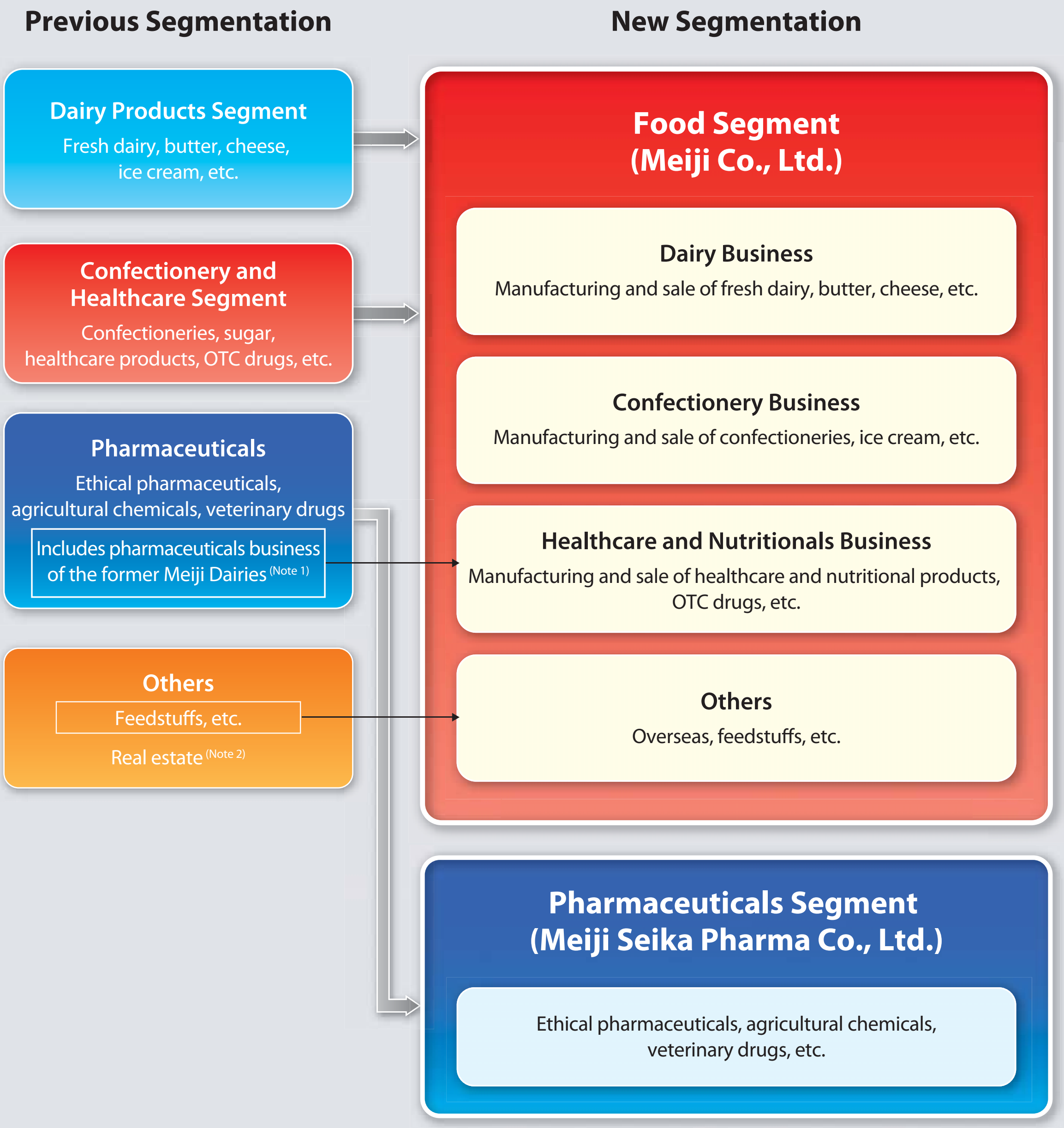
Operating income declined 0.3% year on year to ¥3,396 million. Although operating income benefited from increased revenues at logistics subsidiaries and higher income resulting from the inclusion of newly consolidated subsidiaries, this growth was offset by lower sales prices in our feedstuff subsidiary and lower revenues in our real estate business, which led to a decline in income.

Solid Square in Kawasaki

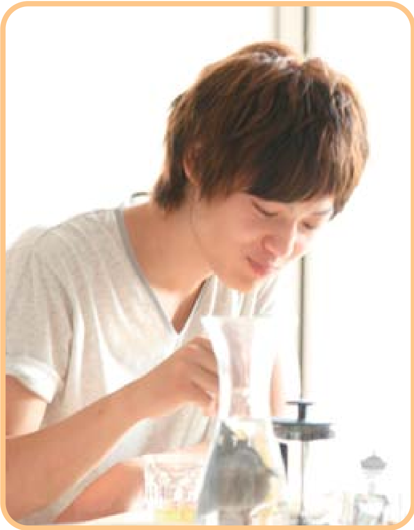
A delivery truck of Meiji Logitech Co., Ltd.

CHANGES IN SEGMENTATION DUE TO CORPORATE REORGANIZATION

On April 1, 2011, the Meiji Group undertook a corporate reorganization and introduced a new management structure. The segments were changed accordingly.

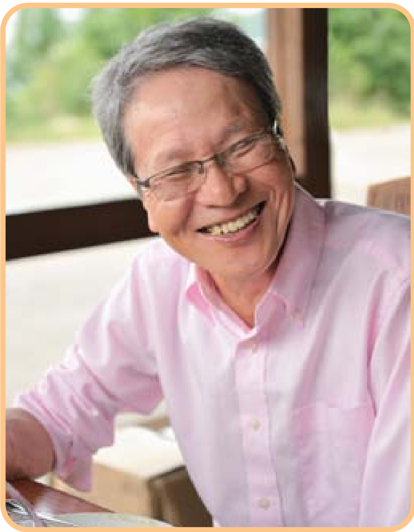


Notes:
1. The former Meiji Dairies' pharmaceuticals business, which had been included in the "Pharmaceuticals Segment" before the reorganization, is now included in the Healthcare and Nutritionals Business of Meiji Co., Ltd.
2. The former Meiji Seika real estate business is not included in segment information due to changes in accounting arrangements.









TO KNOW US BETTER

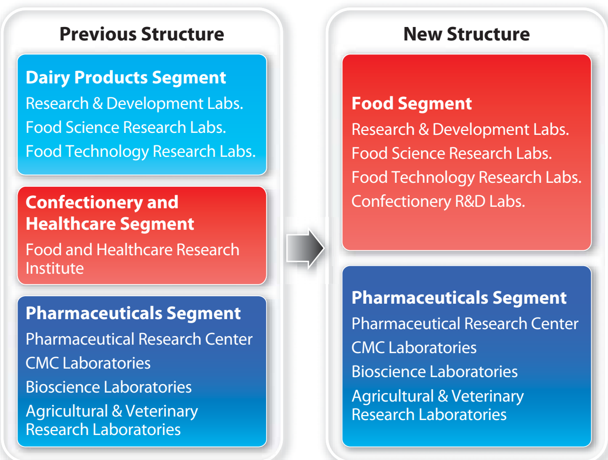
RESEARCH AND DEVELOPMENT

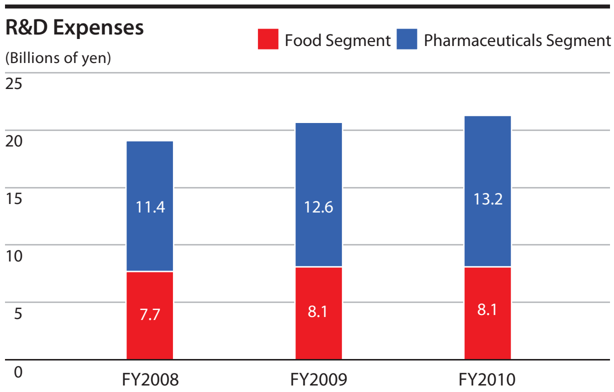
Our R&D capabilities drive our aim to remain one step ahead in "Tastiness, Enjoyment, Health, and Reassurance," through the sharing of all technologies and know-how associated with all aspects of "Food and Health," including fundamental technologies, product development capabilities, drug development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

CORPORATE REORGANIZATION NECESSITATES A NEW R&D STRUCTURE

The Meiji Group implemented a new framework for its R&D structure as part of the corporate reorganization of the Meiji Group effected on April 1, 2011.

All research activities in the Food segment have been concentrated in the food company Meiji Co., Ltd. This structure facilitates the creation of new value by enabling integrated research activities and the sharing of our expertise accumulated over many years in the confectionery, dairy, and healthcare and nutritionals businesses.





Meiji Co., Ltd.

The R&D structure of the dairy and healthcare and nutritionals businesses centers on three research facilities—the Research & Development Labs., the Food Science Research Labs., and the Food Technology Research Labs.—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." We also undertake the research and development of nutritional and sports nutrition products for general consumption, with the objective of contributing food products to support healthy lifestyles.

The R&D structure of the confectionery business centers on the Confectionery R&D Labs., which conduct a wide range of R&D activities, including the development of new products and manufacturing technologies, the advancement of research on cocoa, the development of quality assurance technologies, and the development and testing of functional materials. We identify customers' 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 2010, we recorded R&D expenses of ¥8.1 billion (the same as the combined total for the Dairy Products, Confectionery and Healthcare segments in the previous fiscal year), used to actively carry out new product development drawing on our extensive fundamental technology research and to bolster the staff of the R&D division to further enhance the "Tastiness, Enjoyment, Health, and Reassurance" attributes of the "meiji" brand.

Meiji Seika Pharma Co., Ltd.

At Meiji Seika Pharma, the R&D structure of the Pharmaceuticals segment is composed of the Pharmaceutical Research Center, the CMC Laboratories, the Bioscience Laboratories, and the Agricultural & Veterinary Research Laboratories. These laboratories conduct a wide range of R&D activities with the objective of developing speciality pharmaceuticals in the field of infectious diseases and central nervous system (CNS) disorders, as well as focusing on generic drugs, agricultural chemicals, and veterinary drugs.

In fiscal 2010, the Pharmaceuticals segment recorded R&D expenses of ¥13.2 billion, an increase of 4.2% from the previous fiscal year.

Status of Development in the Ethical Pharmaceuticals Field

A Phase III clinical trial commenced in Japan for "ME2080" (Stiripentol), 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 CNS 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 that 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. A 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.

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 antibacterial drugs. Development of "ME1071" is continuing as a co-administration drug with carbapenem antibacterial drugs.

* 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, Meiji Seika Pharma has acquired pesticide registration for the new "ZAXA" liquid formula herbicide. Meiji Seika Pharma is also continuing efforts to acquire pesticide registration for the new "TRY" paddy fungicide, which is currently under review by the Food Safety Commission. Consignment testing of the new insecticides "ME5343" and "ANM-138" is also under way in preparation for applying for pesticide registration. In May 2010, we entered into a licensing agreement with BASF SE, of Germany, for the development of "ME5343" agricultural insecticide, and we are engaging in collaborative development in Japan and overseas. In the veterinary drug business, we obtained marketing authorization of the "ARRANGER" anti-fever oral solution for veterinary medicine in March 2011. Meiji Seika Pharma is also seeking to obtain marketing authorization for "ME4603J" and "ME4617" companion animal drugs.

List of New Products Under Development (as of August 2011)

Stage	Name	Type	Efficacy Classification	Notes
Phase III Clinical Trial	ME2080 (Stiripentol)	Oral	Antiepileptic drug (severe myoclonic epilepsy in infancy)	In-license: Biocodex (France)
	MEIACT MS® FINE GRANULES 10% (Cefditoren pivoxil)	Oral	Antibacterial drug	In-house (new dosage)
Phase II Clinical Trial	REFLEX® (Mirtazapine)	Oral	Fibromyalgia treatment (additional indication)	In-license: MSD K.K. (formerly Nippon Organon K.K.)
	ME3738	Oral	Chronic hepatitis C treatment	In-house
Phase I Clinical Trial	ME1071	Injection	Metallo-beta-lactamase inhibitor (Concomitant use of antibacterial drug)	In-house

MEIJI GROUP OVERSEAS NETWORK

GLOBAL STRATEGY

Meiji Co., Ltd. has designated China, Southeast Asia, and the United States as the three main geographic areas for its confectionery, dairy, and healthcare and nutritionals businesses. The company is working to raise the profile of the "meiji" brand in those countries and establish it as a trusted brand, while expanding business and improving and strengthening its earning capability.

Meiji Seika Pharma Co., Ltd. is concentrating on the development of business in the market for low-priced pharmaceuticals, primarily in Asia and emerging countries, and is actively introducing antibacterial drugs, generic drugs, and agricultural chemical products. The company is also aiming to establish a global, high-quality and stable production structure and to enhance its cost competitiveness.

FOOD SEGMENT

Confectionery

Operations in Asia commenced with the establishment of Meiji Seika (Singapore) Pte. Ltd. in 1974. It produces 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.

In China, our joint venture Guangzhou Meiji Confectionary Co., Ltd. began manufacturing and sales operations, primarily for "Yan Yan" biscuit sticks, in 1993.

The joint venture Guangdong M&F-Yantang Dairy Products Co., Ltd. was established in 1994 to manufacture and sell ice cream. Meiji Seika (Shanghai) Co., Ltd. was established as a marketing and sales subsidiary in 2004 with the aim of expanding sales nationwide. In 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 the United States, we are developing business operations nationwide. We started in 1985, with the creation of a joint venture with D.F. Stauffer Biscuit Co., Inc., which undertakes manufacturing and sales operations for Stauffer's top-selling animal crackers. These operations were expanded through capital participation in 1990, and led to the construction of a new manufacturing facility in 2001.

Moreover, "meiji" brand products are exported from our bases in Japan and overseas to over 40 countries worldwide, and are earning the trust and satisfaction of customers abroad and are establishing the reliability of the "meiji" brand. The export business is supplying confectioneries, 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.

Dairy

The former 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 milk and yogurt. The chilled milk has captured a leading market share in Thailand, and "meiji" is widely recognized as a maker of milk products. Efforts are currently focused on expanding sales of cream and other institutional foodstuffs.

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

In March 2011, Meiji established Meiji Dairies (Suzhou) Co., Ltd., becoming the first Japanese company to establish a milk and yogurt manufacturing company in China. The new company is scheduled to commence manufacturing and sales operations in January 2013.

Healthcare and Nutritionals

The healthcare business began exporting its basic beauty food "Amino Collagen" in 2004, and the sales regions for this business currently encompass Hong Kong, Singapore, South Korea, Taiwan, and Thailand.

In the nutritionals business, our high-quality infant formula created using our leading-edge technology has been earning the trust and supporting the healthy growth of infants in China, Taiwan, Vietnam, Pakistan, and throughout Asia for over 40 years. Meiji-Dairy Trading Shanghai Co., Ltd. was established as a local sales company in China in 2006, and has earned high acclaim since commencing infant formula sales operations in Shanghai and Guangzhou in 2007.

PHARMACEUTICALS SEGMENT

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

Accompanying business expansion, we began expanding operations with the founding of P.T. Meiji Indonesian Pharmaceutical Industries in 1974, followed by Thai Meiji Pharmaceuticals Co., Ltd. in 1979. These companies manufacture and sell pharmaceuticals and veterinary drugs in their respective countries, thereby contributing to the local medical care and serving 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 antibacterial drugs, anticancer drugs, and other products. Business operations in the Chinese market were boosted in 2004 with the addition of Meiji Lukang Pharmaceutical Co., Ltd. (currently Meiji Pharma (Shangdong) Co., Ltd.) to support business expansion and to serve as a production base for fermented bulk drugs.

In Europe, Tedec-Meiji Farma, S.A. was established in Spain in 1991, and is developing business in the EU market.

MEIJI GROUP'S APPROACH TO CSR

Regarding the social mission, roles, responsibilities and actions that the Meiji Group should undertake, we have established policies for compliance, quality, the environment, information, risk management, and other various items in the "Meiji Group's System of Principles" (Philosophy, Management Attitude, Action Guidelines and Corporate Behavior Charter). We believe that conducting all our daily operations in accordance with this Meiji System of Principles is precisely the way to fulfill our corporate social responsibility and that this forms the basic thinking, the basic stance, and the basis for actions that make up the "Meiji Group's Approach to CSR."

COMPLIANCE | QUALITY | ENVIRONMENT | INFORMATION | RISK MANAGEMENT

COMPLIANCE

The Meiji Group considers compliance the cornerstone of its operations. Our executives and employees will all strictly comply with the laws, regulations, international agreements, social codes and rules of each Group company. They will carry out their duties with a high-level of compliance awareness, fairly and faithfully in accordance with high ethical standards. The entire Group as a whole promotes such activities, including the enhancement of educational and training programs, the dissemination of information through the company intranet and the establishment of hotlines that instill and firmly anchor compliance awareness.

Employees regularly take part in risk assessment and compliance training programs

QUALITY

We strictly examine the quality of our products at every stage, encompassing development and design, procurement, production, distribution, and sales by constructing and operating in-house developed quality assurance systems by product category for dairy, confectionery, and pharmaceutical products. In addition, we always implement the PDCA (Plan-Do-Check-Act) cycle, and expand and upgrade our quality assurance system, making efforts to enhance the "meiji" brand's reliability.

ENVIRONMENT

Environmental conservation is an urgent global matter. The Meiji Group aggressively promotes group-wide activities, such as the improvement of environmental management standards through the introduction of environmental management systems and the reduction of environmental impact, including the control of CO_2 emissions, maintenance of zero emissions status and energy conservation under the guidance of a special committee. In addition, each regional office independently conducts environmental conservation activities.

Our activities in the Nemuro Nature Conservation Area

INFORMATION

We are improving information security among our group companies by establishing in-house rules and policies to prevent our sole reliance on customs and unwritten rules, and implementing thorough measures, which include the widespread adoption of information management rules, the provision of in-house educational programs and the maintenance of a commitment to technology management. These efforts are intended to support the achievement of the Group Philosophy in terms of information security. In addition, the Meiji Group has established a special committee solely dedicated to information management and maintains systems to ensure appropriate handling of personal and confidential information. Furthermore, we disclose information to our customers, investors and other stakeholders in an appropriate and timely manner, through various channels, including various counseling desks, the Company website, and investor relations (IR) activities.

RISK MANAGEMENT

Based on the belief that nothing is of greater importance than preventing risks from occurring, the Meiji Group as a whole promotes risk management activities. In normal times, we focus on efforts for the early detection and prevention of latent risks at worksites and offices through the implementation of a "risk inventory" and various countermeasures to forestall such risks. In addition, we are enhancing our risk management system with the aim of minimizing the impact of risks on our customers, society and our operations by responding quickly and appropriately in the event of an emergency situation.

CSR Activities

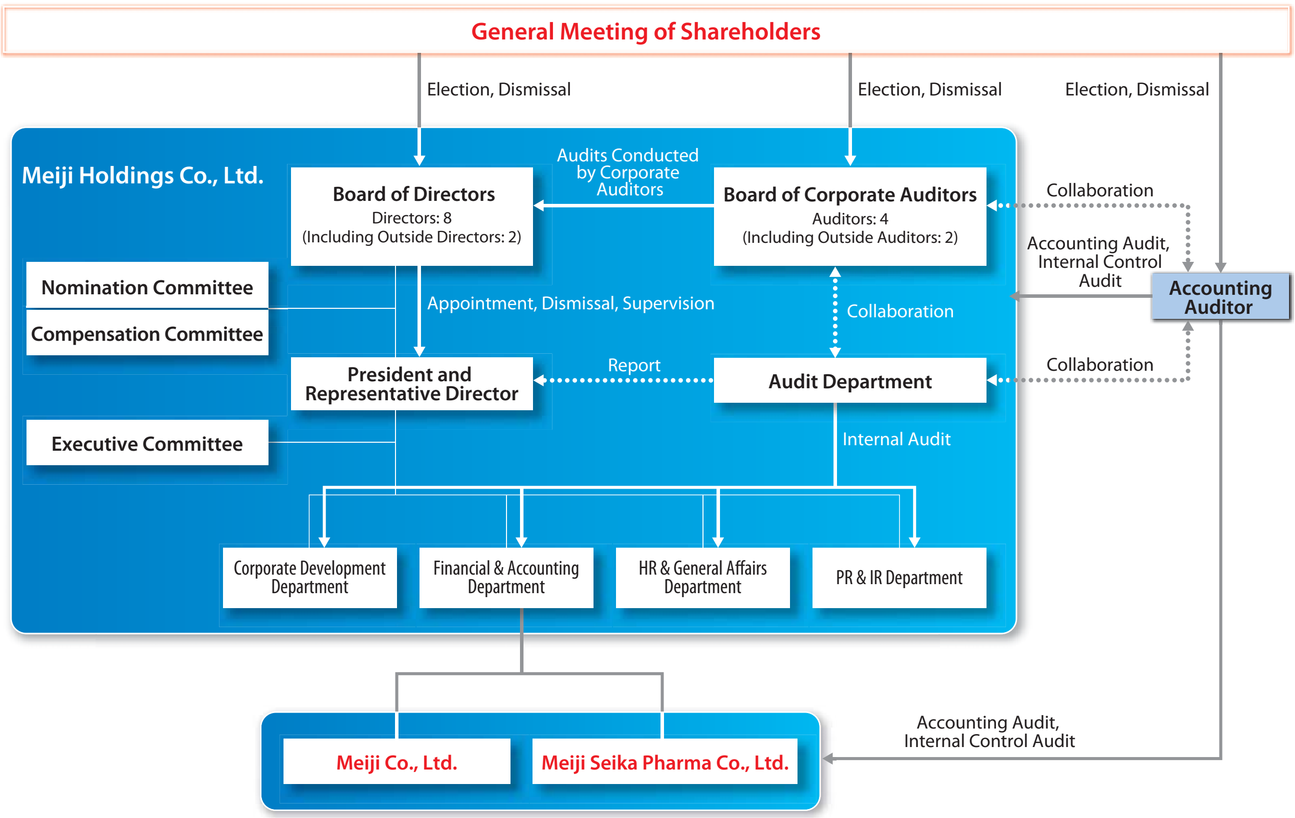
Further information about the Meiji Group's CSR activities is available at the website of Meiji Holdings Co., Ltd.

http://www.meiji.com/english/csr/index.html

CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 eight 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 Executive Committee, an advisory body to the president comprised of internal directors and executive officers, 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 Department) 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 Department conduct internal audits.

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 are maintained within the total budget determined by resolution of the General Meeting of Shareholders and 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.

Remuneration amounts for the Company's corporate auditors are maintained within the total budget determined by resolution of the General Meeting of Shareholders and decided based on mutual consultation with the corporate auditors.

• 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)	185	185	8
Corporate auditors (excluding outside auditors)	28	28	2
Outside directors and auditors	29	29	4
Total	243	243	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 CORPORATE AUDITORS

Representative Directors of the Meiji Group Companies

President and Representative Director of Meiji Holdings Co., Ltd.

Naotada Sato

President and Representative Director of Meiji Co., Ltd.

Shigetaro Asano

President and Representative Director of Meiji Seika Pharma Co., Ltd.

Masahiko Matsuo

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

President and Representative Director

Naotada Sato

Representative Director

Shigetaro Asano

Member of the Board and Senior Managing Executive Officer, Chief Financial & Accounting, HR & General Affairs, and PR & IR Officer

Tsuyoshi Nagata

Member of the Board and Managing Executive Officer, HR & General Affairs Department

Hideki Takahashi

Member of the Board and Managing Executive Officer, Financial & Accounting Department

Takashi Hirahara

Member of the Board

Masahiko Matsuo

Member of the Board (outside)

Hidetoshi Yajima

Member of the Board (outside)

Youko Sanuki

Standing Auditor

Kouichirou Kawashima

Standing Auditor

Chikao Morishima

Auditor (outside)

Shoji Miyamoto

Auditor (outside)

Kenichi Yamaguchi

Executive Officer, Corporate Development Department

Michiro Saza

FINANCIAL SECTION

CONSOLIDATED FINANCIAL SUMMARY

	Millions of yen (Unless otherwise noted)		
	FY2003	FY2004	FY2005
	Former Meiji Seika + Former Meiji Dairies	Former Meiji Seika + Former Meiji Dairies	Former Meiji Seika + Former Meiji Dairies
For the fiscal year			
Net sales	¥ 1,085,698	¥ 1,089,042	¥ 1,093,337
Cost of sales	737,879	729,201	728,781
Selling, general and administrative (SG&A) expenses	329,266	331,506	328,074
Operating income	23,561	28,132	36,449
Ordinary income	23,990	27,584	36,339
Net income	8,297	1,482	18,733
Capital expenditures	41,083	40,354	34,541
Depreciation	34,216	34,484	34,640
Net cash provided by operating activities	32,451	51,250	50,769
At fiscal year-end			
Total assets	¥ 695,016	¥ 697,440	¥ 709,415
Net assets	248,882	247,471	273,354
Per Share Data (Yen, U.S. dollars)			
Net income			
Net assets (Note 3)			
Cash dividends (Note 4)			
Ratios (%)			
ROE			
ROA			
Other information			
Number of employees			

Notes: 1. The numerical values for the fiscal years 2003 through 2008 are the simple composite figures of formerly Meiji Seika Kaisha, Ltd., and formerly Meiji Dairies Corporation.
2. U.S. dollar amounts are calculated solely for the reader's convenience, at the rate of US$1 = ¥83.15, the exchange rate prevailing on March 31, 2011.
3. Net assets per share = (Total net assets - Minority interests) / (Number of shares issued - Number of treasury stock)
4. 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 2)
FY2006	FY2007	FY2008	FY2009	**FY2010**	**FY2010**
Former Meiji Seika + Former Meiji Dairies	Former Meiji Seika + Former Meiji Dairies	Former Meiji Seika + Former Meiji Dairies	Meiji Holdings	Meiji Holdings	Meiji Holdings
¥ 1,096,603	¥ 1,111,699	¥ 1,125,474	¥ 1,106,645	**¥ 1,114,095**	**$ 13,398,621**
723,577	750,553	768,769	734,665	**732,860**	**8,813,718**
336,793	332,227	331,957	343,194	**352,361**	**4,237,657**
36,181	28,987	24,835	28,786	**28,873**	**347,245**
36,048	27,766	23,531	28,316	**30,451**	**366,226**
19,188	15,466	8,489	13,088	**9,552**	**114,877**
38,193	63,281	39,701	30,546	**38,550**	**463,629**
33,570	36,435	36,026	39,087	**41,345**	**497,240**
54,441	32,067	39,415	47,707	**57,995**	**697,485**
¥ 735,074	¥ 738,801	¥ 724,047	¥ 730,044	**¥ 716,368**	**$ 8,615,377**
308,807	302,536	292,157	297,771	**293,530**	**3,530,133**
			¥ 177.73	**¥ 129.63**	**$ 1.559**
			3,933.05	**3,906.36**	**46.979**
			80.0	**80.0**	**0.962**
			4.6	**3.3**	
			1.8	**1.3**	
			14,168	**14,861**	

REVIEW AND ANALYSIS OF FISCAL 2010 RESULTS

Overall Operating Results

Business Overview

In fiscal 2010, ended March 31, 2011, the Japanese economy showed signs of a partial recovery, attributable to the rise in corporate earnings resulting from the recovery in overseas economies. However, against a backdrop of persistent difficult employment conditions, consumer spending failed to achieve a full-scale recovery. Meanwhile, the Great East Japan Earthquake on March 11, 2011, had a significant impact on corporate earnings.

Revenue and Earnings

The Meiji Group has been implementing various measures as part of medium- to long-term initiatives aimed at enhancing the competitiveness of its core businesses, creating new demand, and strengthening its operational base in line with its "FY2009-2011 Medium-Term Business Plan." The Meiji Group has also been preparing for its transition to a new management structure, executed on April 1, 2011.

Looking at the financial results, until the earthquake the Meiji Group as a whole had shown a solid business performance because the Dairy Products segment had successfully continued the firm performance trend that began in the previous fiscal year, the Pharmaceuticals segment had shown a strong earnings performance for the entire fiscal year, and business conditions improved in autumn for the Confectionery and Healthcare segment. However, some plants and distribution centers in the Tohoku and Kanto regions were damaged by the earthquake. Halts in the supply of raw materials and the rolling blackouts caused production to be cut back or suspended. These and other factors, which resulted in interruptions to the supply chain, had a significant impact on the Meiji Group's financial results.

As a result, in fiscal 2010, the Company reported net sales of ¥1,114,095 million (up 0.7% year on year), operating income of ¥28,873 million (up 0.3% year on year), and ordinary income of ¥30,451 million (up 7.5% year on year), marking a slight improvement over the previous year. Moreover, due to the impact of the earthquake and the recording of an extraordinary loss as a result of an impairment loss incurred by a consolidated subsidiary, net income came to ¥9,552 million (down 27.0% year on year).

	Millions of yen			
	Net sales	Operating income	Ordinary income	Net income
FY2010	**¥ 1,114,095**	**¥ 28,873**	**¥ 30,451**	**¥ 9,552**
FY2009	1,106,645	28,786	28,316	13,088
Year on year change (%)	0.7	0.3	7.5	-27.0

Segment Results

	Millions of yen			
	Dairy Products	Confectionery and Healthcare	Pharmaceuticals	Other
Net sales				
FY2010	**¥ 601,567**	**¥ 292,681**	**¥ 130,532**	**¥ 146,080**
FY2009	600,078	293,086	127,628	140,872
Year on year change (%)	0.2	-0.1	2.3	3.7
Operating income				
FY2010	**13,458**	**4,141**	**8,312**	**3,396**
FY2009	13,418	4,407	8,480	3,405
Year on year change (%)	0.3	-6.0	-2.0	-0.3

Dairy Products Segment

In the dairy industry, the operating environment was difficult, owing to low consumption of drinking milk, while the shift of consumer demand to low-priced products in the milk and yogurt markets led to continued intensifying sales competition and a rise in sales promotion expenses.

In this operating environment, the Dairy Products segment recorded net sales of ¥601,567 million (up 0.2% year on year) and operating income of ¥13,458 million (up 0.3% year on year).

Sluggish sales for powdered milk, beverages and certain drinking milk products offset growth in ice cream sales during the hot summer and brisk sales of cheese and enteral formula. In particular, there were brisk sales of the "Meiji Essel Super Cup," "Meiji Fresh Cream Ajiwai," a product for professional use, "Meiji Hokkaido Tokachi Smart Cheese" and "Meiji Oishii Gyunyu," for which continued brand-enhancement measures produced results. The "Meiji Bulgaria Yogurt" series competed well in the second half, with the expansion of the product lineup in September 2010. After the earthquake, however, operations suffered severe limitations due to an interruption in the supply chain. Drinking milk was similarly affected and our fresh dairy business as a whole finished the year almost flat. Consequently, net sales for the segment increased slightly year on year.

Operating income rose slightly year on year. We achieved solid results by reducing raw material costs and advertising costs, offsetting rising sales promotion expenses amid intensifying competition in our operating environment. However, challenges posed by the earthquake have negatively affected our product mix.

Confectionery and Healthcare Segment

The confectionery industry, which suffered from prolonged weak consumption and the strong impact of the hot summer in the first half, showed signs of a recovery to the level of the previous year from the third quarter onward. However, ongoing instability in raw material prices has continued to strongly affect profits.

In this operating environment, the Confectionery and Healthcare segment recorded net sales of ¥292,681 million (down 0.1% year on year) and operating income of ¥4,141 million (down 6.0% year on year).

In the confectionery business, sales of chocolate products, the mainstay products of the segment, were significantly impacted by the hot summer. However, our leading product "Milk Chocolate" showed a solid performance, and there were increases in sales of our winter-only product "Meltykiss" with an expanded product lineup. These contributed to a solid recovery from autumn onward, focused on our areas of strength. However, the earthquake led to cutbacks or suspension of production and shipments, resulting in much lower March sales year on year. Thus, net sales for the full year for the business were lower than the previous fiscal year.

In the healthcare business, sales of "SAVAS" and "Perfect Plus" were firm, but there was a large drop in sales in the "ISODINE® UGAIGUSURI" series due to the non-repetition of demand triggered by the swine flu pandemic in the year before last. On the other hand, growth in sales of institutional food products increased the net sales of the segment as a whole, to nearly the previous fiscal year's level.

Operating income declined year on year. Progress made in the implementation of revenue and expense-related structural improvements, which include more efficient production and lower sales costs, were more than offset by lower revenues and higher raw material prices and the impacts of the earthquake.

Pharmaceuticals Segment

In the pharmaceuticals industry, the business environment has continued to be difficult. In the ethical pharmaceuticals business, a new drug pricing system was introduced and measures to curb medical-care costs were promoted. In the agricultural chemicals and veterinary drugs businesses, the government tightened regulations and guidance. For instance, stricter standards have been adopted for application and screening for registration.

In this operating environment, the Pharmaceuticals segment recorded net sales of ¥130,532 million (up 2.3% year on year) and operating income of ¥8,312 million (down 2.0% year on year).

Sales of the antibacterial drug "MEIACT" grew solidly due to our aggressive promotion in the scientific and academic fields, and sales of two drugs launched in 2009 (an antibacterial drug "ORAPENEM®" and an antidepressant drug "REFLEX®") also grew steadily. As for generic drugs, there was significant growth in sales of our calcium channel blocker "AMLODIPINE TABLETS MEIJI," and "RABEPRAZOLE MEIJI," a drug for peptic ulcers launched in autumn 2010, also contributed to the segment's net sales.

The earthquake damaged some plants, but in the ethical pharmaceuticals business, product supply was uninterrupted thanks to a certain amount of inventory in our distribution warehouse and at wholesalers'. Thus, the earthquake had little effect on the results of the business. Consequently, the net sales of the segment rose year on year, despite being greatly affected by drug price revisions.

Operating income was slightly below the previous year, but the effects of very severe drug price revisions and increased R&D expenses were mostly offset by a rise in marginal profit resulting from increased sales and an improved product mix. This resulted in achieving a performance nearly on par with the previous fiscal year.

Other

Net sales rose 3.7% year on year to ¥146,080 million, due to the inclusion of newly consolidated subsidiaries as well as a steady performance by our distribution subsidiaries mainly in summer.

Operating income declined 0.3% year on year to ¥3,396 million. Although operating income benefited from increased revenues at distribution subsidiaries and higher income resulting from the inclusion of newly consolidated subsidiaries, this growth was offset by lower sales prices in our feedstuff subsidiary and lower revenues in our real estate business, which led to a decline in income.

Financial Position

Assets

Total assets at the end of the consolidated fiscal year under review decreased by ¥13,675 million compared to the end of the previous fiscal year, to ¥716,368 million. This is mainly because construction in progress increased by ¥14,953 million, while notes and accounts receivable decreased by ¥8,212 million, machinery, equipment and vehicles declined by ¥9,159 million, and investment securities decreased by ¥13,268 million.

Liabilities

Total liabilities at the end of the consolidated fiscal year under review decreased by ¥9,434 million compared to the end of the previous fiscal year, to ¥422,838 million. This is mainly because notes and accounts payable decreased by ¥3,007 million, commercial paper decreased by ¥7,000 million, and long-term loans payable decreased by ¥10,809 million, which more than offset an ¥11,220 million increase in short-term loans payable.

Net Assets

Total net assets at the end of the consolidated fiscal year under review decreased by ¥4,241 million compared to the end of the previous fiscal year, to ¥293,530 million. This is mainly because net unrealized holding gains on securities decreased by ¥2,779 million, foreign currency translation adjustments decreased by ¥1,667 million, and minority interests decreased by ¥2,137 million, which more than offset a ¥2,509 million increase in retained earnings. The equity ratio was 40.2%, with net assets per share of ¥3,906.36.

Cash Flows

Net cash flow provided by operating activities increased by ¥10,288 million from the previous consolidated fiscal year to ¥57,995 million, due primarily to increased cash flow from decreases in trade receivables and inventories, which more than offset a decrease in income before income taxes and minority interests.

Net cash flow used in investing activities decreased by ¥1,200 million from the previous consolidated fiscal year to ¥32,440 million, due primarily to an increase in proceeds from sales of investment securities, which more than offset an increase in payments for purchases of property, plants and equipment.

Free cash flow (cash flow from operating activities minus cash flow used in investing activities) increased by ¥11,488 million from the previous consolidated fiscal year, to ¥25,555 million.

Net cash flow used in financing activities increased by ¥6,896 million from the previous consolidated fiscal year to ¥19,570 million, due primarily to an increase in cash dividends paid.

These resulted in ¥21,741 million of cash and cash equivalents at the end of the consolidated fiscal year under review.

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 2010, we paid interim and year-end dividends of ¥40.00 per share, resulting in dividend payments amounting to ¥80.00 per share during the year.

Business Risks

Outlined below are the major risks identified by Meiji Group that could have an impact on the Group's business results and financial position, and which may materially influence investors' decisions. Therefore, please note that the items outlined below are not an exhaustive list of all the risks.

Forward-looking statements included in the outline below are the views held by the Group as of the submission date of the securities report (June 29, 2011) and include uncertainties related to future developments.

(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 confectionery and healthcare 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 confectionery 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 liabilities, including product liability. However, there is no guarantee that insurance will be sufficient to cover all damages associated with such liabilities. 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 companies. 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 is the risk that currently unforeseeable unauthorized access or computer virus infection will cause leaks, falsification or loss of confidential information, or that 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.

(11) Natural Disasters

The Meiji Group maintains a proper risk management system to prevent human injury and damages to facilities (including production plants) resulting from natural disasters like earthquakes. However, in the event of a large earthquake (or other disaster) that exceeds expectations or large-scale destruction of social infrastructure, this could have a negative impact on our business results because of a loss of assets, the destruction of facilities, and disruptions in product supply.

CONSOLIDATED BALANCE SHEETS

Meiji Holdings Co., Ltd. / As of March 31, 2011 and 2010

ASSETS	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Current assets:			
Cash and deposits (Note 18)	¥ 21,759	¥ 16,682	$ 261,693
Notes and accounts receivable	153,697	162,383	1,848,440
Inventories (Note 10)	105,151	111,298	1,264,599
Deferred tax assets (Note 12)	15,138	13,564	182,064
Other current assets	6,262	5,916	75,313
Allowance for doubtful accounts	(333)	(260)	(4,014)
Total current assets	301,676	309,585	3,628,096
Fixed assets:			
Property, plants and equipment (Note 11)			
Land	66,451	67,291	799,177
Buildings and structures	306,664	303,470	3,688,082
Machinery, equipment, vehicles and fixtures	470,587	465,818	5,659,498
Lease assets	5,796	4,004	69,712
Construction in progress	18,950	3,996	227,906
Accumulated depreciation	(533,580)	(511,707)	(6,417,089)
Total property, plants and equipment (net)	334,869	332,875	4,027,288
Investments and other fixed assets:			
Investment securities (Notes 8, 11)	29,301	35,735	352,388
Investment securities (Unconsolidated subsidiaries and affiliates)	5,625	12,460	67,657
Long-term loans receivables	763	1,010	9,177
Intangible fixed assets (Note 15)	9,726	10,476	116,981
Deferred tax assets (Note 12)	1,182	905	14,220
Other	33,994	28,198	408,832
Allowance for doubtful accounts	(770)	(1,202)	(9,264)
Total investments and other fixed assets	79,823	87,583	959,992
Total fixed assets	414,692	420,458	4,987,280
Total assets	¥ 716,368	¥ 730,044	$ 8,615,377

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Current liabilities:			
Short-term loans payable (including current portion of long-term loans payable) (Notes 9, 11)	**¥ 108,989**	¥ 104,768	**$ 1,310,752**
Notes and accounts payable	**92,157**	95,164	**1,108,325**
Income taxes payable	**3,902**	9,271	**46,927**
Accrued expenses	**40,421**	40,142	**486,132**
Accrued bonuses for employees	**9,585**	11,046	**115,277**
Allowance for sales returns	**241**	265	**2,898**
Allowance for sales rebates	**6,092**	5,309	**73,271**
Other current liabilities (Note 11)	**39,944**	34,772	**480,387**
Total current liabilities	**301,333**	300,741	**3,623,972**
Long-term liabilities:			
Long-term loans payable, less current portion (Notes 9, 11)	**83,821**	94,631	**1,008,080**
Deferred tax liabilities (Note 12)	**13,661**	15,273	**164,302**
Accrued employees' retirement benefits (Note 13)	**17,125**	15,711	**205,960**
Reserve for directors' retirement benefits	**390**	676	**4,693**
Other long-term liabilities	**6,505**	5,238	**78,233**
Total long-term liabilities	**121,504**	131,531	**1,461,270**
Total liabilities	**422,838**	432,272	**5,085,243**
Contingent Liabilities (Note 14)			
Net assets (Note 17)**:**			
Shareholders' equity			
Common stock			
Authorized — 280,000,000 shares, at March 31, 2010 and 2011			
Issued — 76,341,700 shares, at March 31, 2010 and 2011	**30,000**	30,000	**360,793**
Capital surplus	**98,852**	98,852	**1,188,845**
Retained earnings	**172,128**	169,618	**2,070,091**
Treasury stock, at cost — 2,636,540 shares, at March 31, 2010			
2,671,400 shares, at March 31, 2011	**(9,255)**	(9,125)	**(111,313)**
Total shareholders' equity	**291,724**	289,345	**3,508,418**
Accumulated other comprehensive income			
Net unrealized holding gains or losses on securities	**3,072**	5,851	**36,948**
Deferred gains or losses on hedges	**(2,899)**	(2,862)	**(34,869)**
Foreign currency translation adjustments	**(4,115)**	(2,448)	**(49,498)**
Minority interests	**5,748**	7,885	**69,134**
Total net assets	**293,530**	297,771	**3,530,133**
Total liabilities and net assets	**¥ 716,368**	¥ 730,044	**$ 8,615,377**

CONSOLIDATED STATEMENTS OF INCOME

Meiji Holdings Co., Ltd. / For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net sales	**¥ 1,114,095**	¥ 1,106,645	**$ 13,398,621**
Cost of sales (Note 20)	**732,860**	734,665	**8,813,718**
Gross profit	**381,234**	371,980	**4,584,902**
Selling, general and administrative expenses (Notes 19, 20)	**352,361**	343,194	**4,237,657**
Operating income	**28,873**	28,786	**347,245**
Other income (expenses)			
Interest and dividend income	**895**	915	**10,765**
Interest expenses	**(2,209)**	(1,952)	**(26,571)**
Equity in income of affiliates	**251**	—	**3,024**
Equity in losses of affiliates	**—**	(236)	**—**
Other	**2,641**	803	**31,762**
Extraordinary income (Note 21)	**1,799**	605	**21,636**
Extraordinary losses (Notes 21, 22)	**(14,325)**	(4,821)	**(172,279)**
Income before income taxes and minority interests	**17,925**	24,100	**215,583**
Income taxes-current (Note 12)	**9,727**	12,132	**116,989**
Income taxes-deferred (Note 12)	**(1,388)**	(1,553)	**(16,695)**
Net income before minority interests	**9,586**	—	**115,289**
Minority interests	**34**	433	**412**
Net income	**¥ 9,552**	¥ 13,088	**$ 114,877**

	Yen		U.S. dollars
Amounts per share of common stock:			
Net income	**¥ 129.63**	¥ 177.73	**$ 1.558**
Cash dividends	**80.00**	80.00	**0.962**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Meiji Holdings Co., Ltd. / For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Net income before minority interests (Note 23)	**¥ 9,586**	¥ —	**$ 115,289**
Other comprehensive income			
Net unrealized holding gains or losses on securities	**(2,765)**	—	**(33,260)**
Deferred gains or losses on hedges	**(37)**	—	**(446)**
Foreign currency translation adjustments	**(2,073)**	—	**(24,939)**
Equity in affiliates accounted for by equity method	**118**	—	**1,425**
Total other comprehensive income	**(4,757)**	—	**(57,220)**
Comprehensive income	**4,828**	—	**58,068**
(Breakdown)			
Comprehensive income attributable to shareholders of parent company	**5,068**	—	**60,953**
Comprehensive income attributable to minority shareholders	**¥ (239)**	¥ —	**$ (2,884)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Meiji Holdings Co., Ltd. / For the years ended March 31, 2011 and 2010

	Numbers of shares of common stock (thousands)	Millions of yen										
		Shareholders' equity					Accumulated other comprehensive income					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	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
Net changes in items other than those in shareholders' equity							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
Changes during the fiscal period												
Cash dividends				**(8,844)**		**(8,844)**						**(8,844)**
Net income				**9,552**		**9,552**						**9,552**
Acquisition of treasury stock					**(139)**	**(139)**						**(139)**
Disposal of treasury stock			**0**		**9**	**9**						**9**
Change of scope of consolidation				**1,801**		**1,801**						**1,801**
Net changes in items other than those in shareholders' equity							**(2,779)**	**(37)**	**(1,667)**	**(4,483)**	**(2,137)**	**(6,620)**
Total changes during the fiscal period			**0**	**2,509**	**(130)**	**2,379**	**(2,779)**	**(37)**	**(1,667)**	**(4,483)**	**(2,137)**	**(4,241)**
Balance at March 31, 2011	**76,341**	**¥ 30,000**	**¥ 98,852**	**¥ 172,128**	**¥ (9,255)**	**¥ 291,724**	**¥ 3,072**	**¥ (2,899)**	**¥ (4,115)**	**¥ (3,942)**	**¥ 5,748**	**¥ 293,530**

	Numbers of shares of common stock (thousands)	Thousands of U.S. dollars										
		Shareholders' equity					Accumulated other comprehensive income					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2010	76,341	$ 360,793	$ 1,188,844	$ 2,039,906	$ (109,746)	$ 3,479,798	$ 70,370	$ (34,423)	$ (29,441)	$ 6,505	$ 94,835	$ 3,581,139
Changes during the fiscal period												
Cash dividends				**(106,362)**		**(106,362)**						**(106,362)**
Net income				**114,877**		**114,877**						**114,877**
Acquisition of treasury stock					**(1,682)**	**(1,682)**						**(1,682)**
Disposal of treasury stock			**1**		**115**	**117**						**117**
Change of scope of consolidation				**21,670**		**21,670**						**21,670**
Net changes in items other than those in shareholders' equity							**(33,421)**	**(446)**	**(20,056)**	**(53,924)**	**(25,700)**	**(79,625)**
Total changes during the fiscal period			**1**	**30,185**	**(1,567)**	**28,619**	**(33,421)**	**(446)**	**(20,056)**	**(53,924)**	**(25,700)**	**(51,005)**
Balance at March 31, 2011	**76,341**	**$360,793**	**$1,188,845**	**$2,070,091**	**$(111,313)**	**$3,508,418**	**$ 36,948**	**$ (34,869)**	**$ (49,498)**	**$ (47,419)**	**$ 69,134**	**$3,530,133**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Meiji Holdings Co., Ltd. / For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 17,925**	¥ 24,100	**$ 215,583**
Depreciation and amortization	**41,345**	39,087	**497,240**
Impairment loss	**1,992**	119	**23,964**
Amortization of goodwill	**337**	404	**4,058**
Gain on negative goodwill	**(530)**	—	**(6,375)**
Loss on disposal of property, plants and equipment	**1,836**	2,052	**22,084**
Loss (gain) on valuation of investment securities	**709**	21	**8,529**
Increase (decrease) in allowance for doubtful accounts	**(733)**	(140)	**(8,816)**
Increase (decrease) in accrued bonuses for employees	**(1,531)**	7,091	**(18,414)**
Increase (decrease) in accrued employees' retirement benefits	**(4,830)**	187	**(58,093)**
Interest and dividends received	**(895)**	(915)	**(10,765)**
Interest expenses	**2,209**	2,572	**26,571**
Equity in loss (income) of affiliates	**(251)**	236	**(3,024)**
Loss (gain) on sale of property, plants and equipment	**(668)**	(293)	**(8,043)**
Loss (gain) on sale of investment securities	**807**	(16)	**9,715**
Decrease (increase) in trade receivables	**8,898**	280	**107,022**
Decrease (increase) in inventories	**5,699**	(11,752)	**68,542**
Increase (decrease) in trade payables	**(3,097)**	(805)	**(37,255)**
Other	**4,541**	(1,850)	**54,615**
Subtotal	**73,765**	60,380	**887,140**
Interest and dividends received	**989**	1,027	**11,899**
Interest paid	**(2,416)**	(2,444)	**(29,064)**
Income taxes paid	**(14,342)**	(11,255)	**(172,489)**
Net cash provided by operating activities	**57,995**	47,707	**697,485**
Cash flows from investing activities			
Payments for purchases of property, plants and equipment	**(38,550)**	(30,546)	**(463,629)**
Payments for purchases of intangible fixed assets	**(1,999)**	(2,525)	**(24,050)**
Proceeds from sales of property, plants and equipment and intangible fixed assets	**1,833**	586	**22,051**
Payments for purchases of investment securities	**(359)**	(1,125)	**(4,329)**
Proceeds from sales of investment securities	**7,478**	170	**89,944**
Other	**(842)**	(201)	**(10,133)**
Net cash used in investing activities	**(32,440)**	(33,641)	**(390,146)**
Cash flows from financing activities			
Increase (decrease) in short-term loans payable	**8,072**	48,115	**97,084**
Increase (decrease) in commercial paper	**(7,000)**	(11,000)	**(84,185)**
Proceeds from long-term loans payable	**899**	9,237	**10,811**
Repayment of long-term loans payable	**(10,974)**	(20,598)	**(131,979)**
Redemption of bonds	**—**	(35,000)	**—**
Proceeds from stock issuance to minority shareholders	**65**	65	**788**
Expenditure for purchase of shares from minority shareholders	**(425)**	—	**(5,112)**
Decrease (increase) in treasury stock	**(130)**	212	**(1,565)**
Cash dividends paid	**(8,774)**	(2,547)	**(105,520)**
Cash dividends paid to minority shareholders	**(136)**	(155)	**(1,639)**
Other	**(1,168)**	(1,003)	**(14,050)**
Net cash used in financing activities	**(19,570)**	(12,674)	**(235,368)**
Effect of exchange rate changes on cash and cash equivalents	**(325)**	12	**(3,914)**
Net increase (decrease) in cash and cash equivalents	**5,658**	1,403	**68,056**
Cash and cash equivalents at beginning of the year	**16,061**	14,429	**193,165**
Increase in cash and cash equivalents from newly consolidated subsidiary	**21**	228	**255**
Cash and cash equivalents at end of the year (Note 18)	**¥ 21,741**	¥ 16,061	**$ 261,476**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Meiji Holdings Co., Ltd.

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 ¥83.15 to $1 prevailing on March 31, 2011.

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.

2. Significant Accounting Policies

a) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries, 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 influence 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 52 significant subsidiaries. All significant intercompany transactions and accounts have been eliminated. Accounts of subsidiaries whose business year-ends are December 31 have been included using financial information at that date with appropriate adjustment where necessary. Investments in five 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 unallocated portion is treated as goodwill and amortized over a period of 5 years to 15 years on a straight-line basis. Amortization of negative goodwill which occurred on or before March 31, 2010 is on a straight-line basis over 5 years.

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 difference arising from the translation 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 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 adjustments account in the net assets section of the consolidated balance sheets.

c) Investment Securities

Investment securities are valued using the following methods.

Securities that have market prices:

By the market value method based on market prices at the fiscal year-end.

Unrealized holding gains or losses and net of the applicable income taxes are included directly in net assets, and cost of security sold is calculated using the moving-average method.

Securities that have no market prices:

Primarily by the cost method based on the moving-average method.

d) Derivatives

Derivatives are valued by the market value method.

e) Inventories

Inventories are stated at cost determined mainly by the average method or the moving-average method (cost is written down based on their decrease of profitability).

f) Property, Plants and Equipment

As for Meiji Seika Kaisha, Ltd. and its consolidated subsidiaries, depreciation 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 is calculated primarily by the straight-line method. (Depreciation of buildings and structures for leasing as well as property, plants and equipment in the

Headquarters (except for the buildings of the Headquarters), branches, and the research institutes acquired on or before March 31, 1985 is calculated 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 use the straight-line method to calculate depreciation.

The estimated useful lives of the assets are as follows:

Buildings and structures	2-60 years
Machinery, equipment and vehicles	2-18 years
Tools, furniture and fixtures	2-20 years

g) Intangible Fixed Assets

Amortization of intangible fixed assets is calculated primarily by the straight-line method. Amortization of internal-use software is calculated by the straight-line method based on their estimated useful lives of five years.

h) Lease Assets

<Finance lease assets whose ownership do not transfer to the lessee>

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

For those transactions that commenced on or before March 31, 2008, the lease payments are charged to income as incurred.

i) Allowance for Doubtful Accounts

To provide for losses on doubtful accounts such as accounts receivable, the Company and a number of its consolidated subsidiaries record an allowance based on actual loss experience for normal accounts, and an amount estimated to be unrecoverable based on assessments of the individual companies in financial difficulty.

j) Accrued Bonuses for Employees

To provide for payment of bonuses to employees existing on the consolidated balance sheet dates, the amount expected to be paid for the subject period is recorded.

k) Allowance for Sales Returns

At some of the Company's consolidated subsidiaries, in order to provide for losses due to returns of goods and products sold, an allowance is recorded by multiplying the accounts receivable balance, the actual return ratio and gross margin.

l) Allowance for Sales Rebates

At some of the Company's consolidated subsidiaries, in order to provide for sales discounts on goods and products sold, the estimated amount is recorded with consideration of the discount ratio.

m) Accrued Employees' Retirement Benefits

Some of the Company's consolidated subsidiaries provide for employees' retirement benefits by accruing the amount based upon the projected amounts of the retirement benefit obligation and pension plan assets at the end of the consolidated balance sheet dates.

The unrecognized net retirement benefit obligation at transition (¥10,939 million) is amortized mainly on a straight-line basis over a period of 15 years.

Prior service costs 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 service of the employees at the time the liability arose.

The actuarial gain or loss is charged to income beginning in the following fiscal year, using the straight-line method over a specified number of years (7-15 years) that is less than the average remaining period of service of the employees at the time the gain or loss arose.

n) Reserve for Directors' Retirement Benefits

Some of the Company's consolidated subsidiaries provide for retirement benefits for directors and corporate auditors based on the amount required to be paid at the end of the current fiscal year under the company bylaws.

o) Cash and Cash Equivalents

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, which have minor risk of fluctuations in value.

p) 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.

q) Derivative Financial Instruments

(1) Method of hedge accounting

The deferral hedge accounting method is applied under which the unrealized gain or loss is deferred as a component of net assets when certain criteria are met.

For forward foreign exchange contracts, etc., the allocation method is applied when the relevant criteria are met. For interest rate swaps, the shortcut method is applied when the relevant criteria are met.

(2) Hedge instruments and hedged items

Hedge instruments:

Forward foreign exchange contracts and other instruments

Interest rate swap contracts

Hedged items:

Trade payables and receivables denominated in foreign currencies and forecasted transactions denominated in foreign currencies

Interest on loans payable

(3) Hedge policy

Some of the Company's consolidated subsidiaries use forward foreign exchange contracts and other instruments to mitigate the currency exchange rate risk associated with import and export transactions conducted in the normal course of business. The Company uses interest rate swaps to mitigate the interest rate risk involved in procuring funds. The Company and its consolidated subsidiaries 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 allocation method is applied, and the requirements of assessing the effectiveness of the hedge on a periodic basis are satisfied. For forecasted transactions denominated in foreign currencies, suitability for hedging is investigated with consideration of whether the transaction is highly likely to be executed.

The assessment of the hedge effectiveness is omitted for interest rate swaps that are accounted for under the shortcut method.

r) Net Income per Share

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

3. Accounting Changes

a) Application of Accounting Standards for Asset Retirement Obligations

Beginning from the fiscal year ended March 31, 2011, the following are applied: "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

b) Application of Financial Accounting Standards for Business Combinations

Beginning from the fiscal year ended March 31, 2011, the following are applied: "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

4. Changes in Presentation Methods

(Consolidated Statements of Income)

Beginning from the fiscal year ended March 31, 2011, based on "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements" (March 24, 2009, Cabinet Office Ordinance No. 5) is applied, and the terminology "Net income before minority interests" is used in the consolidated statement of income.

5. Additional Information

Beginning from the fiscal year ended March 31, 2011, "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) is applied. However, previous fiscal year amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" are presented using amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments."

6. Notes Regarding Lease Transactions

1) Finance lease transactions (lessee side)

Finance lease transactions whose ownership do not transfer

(1) Content of lease assets

Property, plants and equipment

Mainly sales equipment (tools, equipment and fixtures) in the dairy products business, production equipment (machinery, equipment and vehicles) and testing and research equipment (machinery, equipment and fixtures) in the confectionery, healthcare and pharmaceutical manufacturing plants.

(2) Method of depreciation of lease assets

As described in "2. Significant Accounting Policies, h) Lease Assets."

7. Notes Regarding Financial Instruments

1) Overview of financial instruments

(1) Policy for financial instruments

The Group raises necessary funds (primarily through bank loans and bond issuance) based on its capital investment and operating fund plans, mainly to engage in the business of manufacturing and selling dairy products, confectioneries, healthcare products and pharmaceuticals. The Company manages temporary surplus funds through highly secured financial instruments and raises short-term operating funds by issuing commercial paper, etc. Derivatives are used to mitigate the risks described below. Consequently, the Company does not enter into any speculative dealings.

(2) Content and risks of financial instruments

Notes and account receivables are trade receivables; these are exposed to the credit risk of customers. Also, foreign currency denominated trade receivables arise from operating businesses globally; these are exposed to currency fluctuation risk, but some consolidated subsidiaries hedge such risk using forward foreign exchange contracts, etc. Investment securities are mainly shares related to business with partner companies, capital alliances, etc.; these are exposed to fluctuation risk of market prices.

Notes and account payables are trade payables; almost all of these are payable within one year. Also, some of these are foreign currency denominated, resulting from the import of raw materials; these are exposed to currency fluctuation risk, but some consolidated subsidiaries use forward foreign exchange contracts to hedge such currency fluctuation risk.

Loans, commercial paper and bonds are mainly used to raise funds for capital investment and working capital. Their redemption dates are at maximum nine years after the consolidated balance sheet date. Some of these have variable interest rates, thus they are exposed to interest rate fluctuation risk. However, the Group uses derivative transactions (interest rate swap transactions) to hedge such interest rate fluctuation risk.

Derivative transactions are transactions such as forward foreign exchange contracts used to hedge currency fluctuation risk related to foreign currency denominated trade receivables and payables, and interest rate swap transactions used to hedge interest rate fluctuation risk related to variable interest rate payments for loans payable.

(3) Risk management for financial instruments

[1] Management of credit risk (risk such as default of contract by customers)

In accordance with receivables management rules, etc., each management department in each business unit of the Group periodically monitors the trade receivables status of major customers, and due dates and balances are managed for each customer. The Group makes efforts for early detection and reduction of collection concerns due to deterioration in financial status, etc. of customers.

Derivative transactions are only executed with highly rated financial institutions, to reduce counterparty risk.

[2] Management of market risk (the risk of fluctuation in exchange rates, interest rates, etc.)

For foreign currency denominated trade receivables and payables, some consolidated subsidiaries use forward foreign exchange contracts, etc., to hedge the currency fluctuation risk identified by currency and by month. Also, the Company uses interest rate swap transactions to reduce the risk of interest rate fluctuations on the variable interest payments for loans.

For investment securities, the Group monitors fair value, the financial conditions of issuers (business partners) and other factors on a periodic basis, and continually reviews its portfolio, taking into account relations with those business partners.

At some consolidated subsidiaries, each related department engages in derivative transactions based on derivative transaction management rules which establish the transaction authority and amount limitations.

[3] Management of liquidity risk regarding fund procurement (the risk of becoming unable to make payment on the payment date)

Based on reports from each business unit, the Group creates and updates cash flow plans in a timely manner, and manages liquidity risk.

(4) Supplemental explanation of matters related to the fair value, etc., of financial instruments

Fair value of financial instruments includes prices based on market prices, and prices rationally calculated in cases where there are no market prices. Fluctuating factors are incorporated into the calculation of such prices, therefore, different assumptions could result in different prices.

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

The carrying value, fair value and their difference as of March 31, 2011 (last day of the fiscal period) are presented below.

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

As of March 31, 2011	Millions of yen Carrying value	Fair value	Difference	Thousands of U.S. dollars Carrying value	Fair value	Difference
(1) Cash and deposits	**¥ 21,759**	**¥ 21,759**	**¥ —**	**$ 261,693**	**$ 261,693**	**$ —**
(2) Notes and accounts receivable	**146,377**	**146,377**	**—**	**1,760,406**	**1,760,406**	**—**
(3) Investment securities						
Other securities	**26,797**	**26,797**	**—**	**322,273**	**322,273**	**—**
Total assets	**194,934**	**194,934**	**—**	**2,344,373**	**2,344,373**	**—**
(4) Notes and accounts payable	**92,157**	**92,157**	**—**	**1,108,325**	**1,108,325**	**—**
(5) Short-term loans payable	**76,790**	**76,790**	**—**	**923,519**	**923,519**	**—**
(6) Commercial paper	**21,000**	**21,000**	**—**	**252,555**	**252,555**	**—**
(7) Accrued expenses	**40,421**	**40,421**	**—**	**486,132**	**486,132**	**—**
(8) Bonds	**55,000**	**56,016**	**1,016**	**661,455**	**673,680**	**12,224**
(9) Long-term loans payable	**40,020**	**40,336**	**315**	**481,303**	**485,101**	**3,798**
Total liabilities	**¥ 325,390**	**¥ 326,722**	**¥ 1,332**	**$ 3,913,291**	**$ 3,929,314**	**$ 16,022**

(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 carrying value as they are to be settled within a short period and their fair values are almost equal to the carrying values.

(3) Investment securities
Investment securities are valued at a price quoted in the stock exchange.

(4) Notes and accounts payable, (5) Short-term loans payable, (6) Commercial paper, and (7) Accrued expenses
These are valued at the carrying value as they are to be settled within a short period and their fair values are almost equal to the carrying values.

(8) Bonds
The fair value of bonds issued by the Company's subsidiaries is calculated based on the market price.

(9) Long-term loans payable
The fair value of long-term loans payable is calculated based on the total of the principal and interest discounted by the interest rate that is assumed if new borrowings were made on similar terms. Current portion of long-term loans payable is included in long-term loans payable.

(Note 2) Unlisted stocks (carrying value on the consolidated balance sheet: ¥8,129 million ($97,771 thousand)) are not included in Other securities under "(3) Investment securities" as their market prices are not available and it is extremely difficult to determine the fair value.

As of March 31, 2010	Millions of yen Carrying value	Fair value	Difference
(1) Cash and deposits	¥ 16,682	¥ 16,682	¥ —
(2) Notes and accounts receivable	154,589	154,589	—
(3) Investment securities			
Other securities	32,056	32,056	—
Total assets	203,329	203,329	—
(4) Notes and accounts payable	95,164	95,164	—
(5) Short-term loans payable	76,768	76,768	—
(6) Commercial paper	28,000	28,000	—
(7) Bonds	55,000	56,133	1,133
(8) Long-term loans payable	39,631	40,214	582
Total liabilities	¥ 294,565	¥ 296,281	¥ 1,716

8. Investment Securities

Information regarding securities held by the Company and its consolidated subsidiaries are as follows:

1) Other securities with market prices as of March 31, 2011 and 2010, are as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2011	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities with market prices exceeding acquisition costs						
Stocks	**¥ 19,622**	**¥ 11,790**	**¥ 7,832**	**$ 235,993**	**$ 141,801**	**$ 94,191**
Other	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**19,622**	**11,790**	**7,832**	**235,993**	**141,801**	**94,191**
Securities with market prices falling below acquisition costs						
Stocks	**7,174**	**9,849**	**(2,674)**	**86,280**	**118,449**	**(32,168)**
Other	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**7,174**	**9,849**	**(2,674)**	**86,280**	**118,449**	**(32,168)**
Total	**¥ 26,797**	**¥ 21,639**	**¥ 5,157**	**$ 322,273**	**$ 260,250**	**$ 62,022**

(Note) Unlisted stocks (carrying value on the consolidated balance sheet: ¥2,504 million ($30,114 thousand)) are not included in "Other securities" in the table above as their market prices are not available and it is extremely difficult to determine the fair value.

	Millions of yen		
As of March 31, 2010	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities with market prices exceeding acquisition costs			
Stocks	¥ 26,899	¥ 15,388	¥ 11,510
Other	14	11	2
Subtotal	26,913	15,400	11,513
Securities with market prices falling below acquisition costs			
Stocks	5,012	6,577	(1,565)
Other	129	166	(36)
Subtotal	5,142	6,744	(1,601)
Total	¥ 32,056	¥ 22,145	¥ 9,911

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

2) Other securities sold during the fiscal years ended March 31, 2011 and 2010.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Sales amounts	**¥ 366**	¥ 169	**$ 4,407**
Total gains on sales	**74**	29	**890**
Total losses on sales	**429**	12	**5,161**

3) Securities that were subject to impairment in the fiscal year ended March 31, 2011

Impairment loss recorded in the fiscal year ended March 31, 2011 was ¥709 million (other securities ¥709 million) ($8,529 thousand).

Impairment is taken for all securities when the year-end market value has declined by 50% or more below the acquisition cost. For securities with the year-end market value that has declined by 30-50% below the acquisition cost, impairment is taken at an amount necessary in consideration of the potential for recovery and other factors.

9. Short-term Loans Payable and Long-term Loans Payable

As of March 31, 2011 and 2010, short-term loans payable and long-term loans payable are as follows:

1) Short-term loans payable

	Weighted-average interest rate	Millions of yen		Thousands of U.S. dollars
		2011	2010	2011
Short-term loans payable	0.58%	¥ 76,790	¥ 68,388	$ 923,519
Commercial paper	0.15%	21,000	28,000	252,555
Current portion of long-term loans payable	1.58%	11,198	8,380	134,678
Total		¥ 108,989	¥ 104,768	$ 1,310,752

2) Long-term loans payable

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unsecured bonds due 2012 1.70%	¥ 20,000	¥ 20,000	$ 240,529
Unsecured bonds due 2014 1.28%	15,000	15,000	180,396
Unsecured bonds due 2012 1.40%	20,000	20,000	240,529
Loans from domestic banks, insurance companies, government agencies and others, due 2011 to 2020	40,020	48,012	481,303
Subtotal	95,020	103,012	1,142,758
Current portion of long-term loans payable	(11,198)	(8,380)	(134,678)
Total	¥ 83,821	¥ 94,631	$ 1,008,080

As of March 31, 2011 and 2010, the aggregate annual maturities of long-term loans payable are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ending March 31	2011	2010	2011
More than one year and less than two years	¥ 23,077	¥ 11,737	$ 277,539
More than two years and less than three years	2,497	21,740	30,035
More than three years and less than four years	1,645	2,750	19,790
More than four years and less than five years	460	1,586	5,537
More than five years	1,140	1,816	13,721
Total	¥ 28,821	¥ 39,631	$ 346,625

10. Inventories

Inventories as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Products	¥ 72,654	¥ 70,424	$ 873,774
Raw materials, stored goods and others	32,497	40,874	390,824
Total	¥ 105,151	¥ 111,298	$ 1,264,599

(Note) Semi-processed products are included in products from the fiscal year ended March 31, 2011.

11. Collateral and Secured Liabilities

A summary of assets pledged as collateral for liabilities as of March 31, 2011 and 2010, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Buildings and structures	**¥ 23,683**	¥ 26,717	**$ 284,832**
Machinery, equipment, vehicles and fixtures	**2,209**	3,587	**26,575**
Land	**5,909**	6,510	**71,068**
Investment securities	**2,888**	3,772	**34,733**
Total	**¥ 34,690**	¥ 40,588	**$ 417,209**

A summary of secured liability as of March 31, 2011 and 2010, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Short-term loans payable	**¥ 1,409**	¥ 300	**$ 16,951**
Long-term loans payable	**4,611**	8,796	**55,457**
Other current liabilities (employees' saving deposits)	**2,500**	2,499	**30,071**
Total	**¥ 8,521**	¥ 11,595	**$ 102,480**

12. Deferred Tax Assets and Liabilities

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax assets			
Accrued employees' retirement benefits	**¥ 8,110**	¥ 7,636	**$ 97,540**
Accrued expenses	**6,296**	3,858	**75,728**
Investment securities	**1,489**	1,681	**17,915**
Accrued bonuses for employees	**3,903**	4,469	**46,949**
Depreciation of fixed assets	**3,625**	3,323	**43,596**
Deferred gains or losses on hedges	**2,015**	1,989	**24,234**
Unrealized gain	**719**	1,630	**8,652**
Other	**8,304**	6,576	**99,873**
Subtotal	**34,465**	31,165	**414,492**
Valuation allowance	**(6,315)**	(4,582)	**(75,952)**
Total deferred tax assets	**¥ 28,149**	¥ 26,583	**$ 338,539**
Deferred tax liabilities			
Advanced depreciation reserve for fixed assets	**¥ (15,402)**	¥ (16,301)	**$ 185,241**
Unrealized holding gains or losses on securities	**(2,048)**	(4,226)	**24,636**
Prepaid pension cost	**(7,682)**	(5,642)	**92,394**
Other	**(358)**	(1,215)	**4,307**
Total deferred tax liabilities	**(25,492)**	(27,386)	**306,580**
Net deferred tax assets (liabilities)	**¥ 2,657**	¥ (802)	**$ 31,959**

An analysis of the significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2011 and 2010, is as follows:

	2011	2010
Statutory tax rate	**40.7%**	40.7%
(Reconciliation)		
Entertainment and other permanently non-deductible expenses	**8.5**	6.5
Dividend and other permanently non-taxable income	**(7.6)**	(3.2)
Per capita inhabitant's tax	**2.1**	1.4
Tax credit for experimentation and research expenses	**(7.9)**	(6.3)
Increase/Decrease in valuation allowance	**4.6**	—
Other	**6.1**	4.8
Effective tax rates	**46.5%**	43.9%

13. Accrued Employees' Retirement Benefits

Liability for employees' retirement benefits (as of March 31, 2011 and 2010)

The Group adopts employees' retirement benefits plans, a lump-sum severance payment plan based on retirement benefits rules, a market interest linked type (cash balance type) of defined benefit plans, an employees' pension fund, and a tax-qualified retirement pension plan.

There are also cases in which additional retirement benefits are paid when employees leave the company before retirement age.

Some consolidated subsidiaries have established a defined contribution plan, and some domestic consolidated subsidiaries have joined the Smaller Enterprise Retirement Allowance Mutual Aid system. Some consolidated subsidiaries have established a retirement benefit trust.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Retirement benefit obligation	**¥ (113,985)**	¥ (113,965)	**$ (1,370,846)**
Fair value of pension plan assets	**74,623**	69,418	**897,452**
Unfunded retirement benefit obligation	**(39,362)**	(44,547)	**(473,394)**
Unrecognized transitional retirement benefit obligation	**2,878**	3,598	**34,618**
Unrecognized actuarial loss	**44,135**	44,579	**530,797**
Unrecognized prior service cost	**(83)**	(764)	**(1,001)**
Net book value on the consolidated balance sheets	**7,568**	2,865	**91,019**
Prepaid pension cost	**24,693**	18,576	**296,979**
Accrued employees' retirement benefits	**¥ (17,125)**	¥ (15,711)	**$ (205,960)**

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost	**¥ 3,965**	¥ 3,867	**$ 47,692**
Interest cost	**2,792**	2,783	**33,578**
Expected return on plan assets	**(1,775)**	(1,521)	**(21,358)**
Amortization of transitional retirement benefit obligation	**711**	711	**8,559**
Amortization of actuarial loss	**5,617**	5,933	**67,552**
Amortization of prior service cost	**(680)**	(1,168)	**(8,189)**
Contribution to welfare pension fund	**219**	212	**2,634**
Additional retirement benefits paid on a temporary basis	**46**	40	**556**
Net periodic retirement benefit costs	**¥ 10,894**	¥10,857	**$ 131,026**

Assumptions used in accounting for the above plans for the years ended March 31, 2011 and 2010, are set forth as follows:

	2011	2010
Periodic recognition of retirement benefit obligation	**Principally straight-line method**	Principally straight-line method
Discount rate	**Principally 2.5%**	2.5%
Expected rate of return on plan assets	**3.0%**	3.0%
Amortization period of actuarial gain/loss	**7 to 15 years**	7 to 15 years
Amortization period of transitional retirement benefit obligation	**Principally 15 years**	Principally 15 years
Amortization period of prior service cost	**Principally 7 years**	Principally 7 years

14. Contingent Liabilities

As of March 31, 2011 and 2010, contingent liabilities are as follows:

1) Guaranteed obligations

Some subsidiaries are contingently liable as guarantor of loans from financial institutions to the following non-consolidated subsidiaries and employees:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
P.T. Ceres Meiji Indotama	**¥ 203**	¥ 227	**$ 2,450**
Sendai Feed Co., Ltd.	**589**	653	**7,093**
Employees	**506**	594	**6,096**
Other	**—**	255	**—**
Total	**¥ 1,300**	¥ 1,731	**$ 15,640**

2) Notes receivables discounted and endorsed

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Notes receivables discounted	**¥ 267**	¥ 289	**$ 3,222**
Notes receivables endorsed	**¥ 126**	¥ 81	**$ 1,518**

15. Goodwill and Negative Goodwill

The Company presents the net amount after offsetting goodwill against negative goodwill included in other long-term liabilities. The amounts before offset as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Goodwill	**¥ 1,584**	¥ 921	**$ 19,053**
Negative goodwill	**1**	21	**23**
Net amount	**¥ 1,582**	¥ 899	**$ 19,029**

16. Commitment Line Agreements

The Company enters into commitment line agreements with eight 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 these agreements as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Maximum loan amount	**¥40,000**	¥ 55,000	**$ 481,058**
Used portion of the commitment line	**—**	15,000	**—**
Balance	**¥40,000**	¥ 40,000	**$ 481,058**

17. Related to the Consolidated Statements of Changes in Net Assets

1) Matters related to types and total numbers of outstanding shares and treasury stock

Type of shares	**2011**			
	Number of shares as of March 31, 2010	Increase (thousands)	Decrease (thousands)	Number of shares as of March 31, 2011 (thousands)
Outstanding shares				
Common stock	**76,341**	**—**	**—**	**76,341**
Treasury stock				
Common stock (Notes 1, 2)	**2,636**	**37**	**2**	**2,671**

(Note 1) Treasury common stock increased by 37,000 shares. 22,000 of these were due to the purchase of shares that are less than one unit, and 15,000 were treasury stock acquired based on a Board of Directors resolution.

(Note 2) Treasury common stock decreased by 2,000 shares. These were due to the sale of 2,000 shares that are less than one unit.

Type of shares	2010			
	Number of shares as of April 1, 2009	Increase (thousands)	Decrease (thousands)	Number of shares as of March 31, 2010 (thousands)
Outstanding shares				
Common stock (Note 1)	76,341	—	—	76,341
Treasury stock				
Common stock (Notes 2, 3, 4)	2,692	84	141	2,636

(Note 1) The number of shares as of April 1, 2009 was the number of shares when the holding company was established by the transfer of shares.

(Note 2) The number of shares as of April 1, 2009 was the number of treasury stock (shares in the Company) held by consolidated subsidiaries when the holding company was established by the transfer of shares.

(Note 3) Treasury common stock increased by 84,000 shares. This increase was due to the purchase of shares that are less than one unit.

(Note 4) Treasury common stock decreased by 141,000 shares; 137,000 of these were due to sale of treasury stock (shares in the Company) held by consolidated subsidiaries; 3,000 of this decrease were due to sale of shares that are less than one unit.

2) Matters related to dividends

(1) Cash dividends paid

Resolution	Type of shares	2011 Total amount of dividends Millions of yen	2011 Total amount of dividends Thousands of U.S. dollars	2011 Dividends per share Yen	2011 Dividends per share U.S. dollars	Record date	Date of effect
Board of Directors' Meeting held on May 13, 2010	Common stock	**6,100**	**73,371**	**80.00**	**0.96**	**March 31, 2010**	**June 9, 2010**
Board of Directors' Meeting held on November 11, 2010	Common stock	**3,049**	**36,679**	**40.00**	**0.48**	**September 30, 2010**	**December 9, 2010**

Resolution	Type of shares	2010 Total amount of dividends Millions of yen	2010 Dividends per share Yen	Record date	Date of effect
Board of Directors' Meeting held on May 13, 2009	Meiji Seika Kaisha, Ltd. Common stock	1,326	3.50	March 31, 2009	June 29, 2009
Annual shareholders' Meeting held on June 26, 2009	Meiji Dairies Corporation Common stock	1,313	4.00	March 31, 2009	June 29, 2009

(2) Dividends with a record date which pertains to the fiscal year ended March 31, 2011, and with the date of effect in the fiscal year ending March 31, 2012

Resolution	Type of shares	2011 Total amount of dividends Millions of yen	2011 Total amount of dividends Thousands of U.S. dollars	Source of dividends	2011 Dividends per share Yen	2011 Dividends per share U.S. dollars	Record date	Date of effect
Board of Directors' Meeting held on May 12, 2011	Common stock	**2,946**	**35,439**	**Retained earnings**	**40.00**	**0.48**	**March 31, 2011**	**June 9, 2011**

Dividends with a record date which pertains to the fiscal year ended March 31, 2010, and with the date of effect in the fiscal year ended March 31, 2011

Resolution	Type of shares	2010 Total amount of dividends Millions of yen	Source of dividends	2010 Dividends per share Yen	Record date	Date of effect
Board of Directors' Meeting held on May 13, 2010	Common stock	6,100	Retained earnings	80.00	March 31, 2010	June 9, 2010

3) Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

18. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash and deposits	**¥ 21,759**	¥ 16,682	**$ 261,693**
Time deposits with maturities of more than three months	**18**	621	**216**
Cash and cash equivalents	**¥ 21,741**	¥ 16,061	**$ 261,476**

19. Selling, General and Administrative Expenses

The major elements of selling, general and administrative expenses during the fiscal years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Carriage and storage charges	**¥ 45,129**	¥ 41,681	**$ 542,753**
Sales promotion expenses	**115,180**	113,184	**1,385,210**
Labor cost	**63,944**	62,845	**769,019**
Employees' retirement benefits cost	**7,430**	7,531	**89,366**

20. Research and Development Costs

The R&D costs that were included in general and administrative expenses and manufacturing expenses during the fiscal years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Research and development costs	**¥ 23,418**	¥ 22,693	**$ 281,643**

21. Extraordinary Income (Losses)

The major elements of extraordinary income (losses) during the fiscal years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Extraordinary income			
Gain on sale of fixed assets	**¥ 719**	¥ 296	**$ 8,654**
Gain on negative goodwill	**530**	—	**6,375**
Gain on revision of retirement benefit plan	**—**	70	**—**
Extraordinary losses			
Loss on disposal of fixed assets	**1,782**	3,254	**21,441**
Loss from disasters	**4,980**	—	**59,897**
Impairment loss	**1,992**	119	**23,964**
Costs related to management integration	**—**	603	**—**

22. Impairment Losses

Impairment losses for the fiscal year ended March 31, 2011 are as follows:

Application	Type	Location
Sales offices, etc.	Land, etc.	Kawagoe-shi, Saitama Prefecture, etc.
Idle assets	Land	Mito-shi, Ibaraki Prefecture
Idle assets	Land	Sano-shi, Tochigi Prefecture

The asset groupings in the Group are in principle based on the type of business. Rental assets and idle assets are grouped by each asset. With respect to asset groups incurring continual losses from operating activities and idle assets, their carrying values were reduced to recoverable amounts, and those reductions were recorded in extraordinary losses as impairment loss (¥1,992 million ($23,964 thousand)). Of the total amount, ¥1,912 million ($23,004 thousand) was land, and ¥79 million ($960 thousand) was other.

These recoverable amounts were measured based on the net selling values, and land was evaluated based on the valuation by a real estate appraiser, etc.

Impairment losses for the 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 Group 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 carrying values were reduced to recoverable amounts, and those reductions were recorded in extraordinary losses as impairment loss (¥119 million). The recoverable amounts were measured based on the net selling values which are obtained by rational calculations primarily using the expected sale amount or inheritance tax assessment value.

23. Comprehensive Income

	Millions of yen
Comprehensive income for the year ended March 31, 2010	
Comprehensive income attributable to shareholders of parent company	¥ 16,555
Comprehensive income attributable to minority shareholders	527
Total	17,082
Other comprehensive income for the year ended March 31, 2010	
Net unrealized holding gains or losses on securities	¥ 1,971
Deferred gains or losses on hedges	919
Foreign currency translation adjustments	639
Equity in affiliates accounted for by equity method	30
Total	¥ 3,560

24. Derivative Financial Instruments

Matters related to derivative transactions in the fiscal year ended March 31, 2011

1) Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	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								
Buy								
U.S. dollar	¥ 1,860	¥ —	¥ (113)	¥ (113)	$ 22,378	$ —	$ (1,368)	$ (1,368)
Euro	114	—	4	4	1,372	—	49	49
Currency swap contracts								
Buy								
U.S. dollar	3,741	3,442	(780)	(780)	45,000	41,400	(9,382)	(9,382)
Option contracts								
Sell								
Put option								
U.S. dollar	2,250	1,439	(182)	(182)	27,070	17,313	(2,189)	(2,189)
Option contracts								
Buy								
Call option								
U.S. dollar	385	366	(1)	(1)	4,633	4,405	(16)	(16)
Total	¥ 8,352	¥ 5,248	¥ (1,073)	¥ (1,073)	$ 100,454	$ 63,119	$ (12,908)	$ (12,908)

(Note) Fair value is based on the statements received from the counterparty financial institutions.

(2) Interest rate-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	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	¥ 3,950	¥ 3,150	¥ (81)	¥ (81)	$ 47,504	$ 37,883	$ (981)	$ (981)
Total	¥ 3,950	¥ 3,150	¥ (81)	¥ (81)	$ 47,504	$ 37,883	$ (981)	$ (981)

(Note) Fair value is based on the statements received from the counterparty financial institutions.

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

Type of transactions	Primary hedged items	Millions of yen 2011 Contract amount, etc.	Portion with maturity over one year	Fair value	Thousands of U.S. dollars 2011 Contract amount, etc.	Portion with maturity over one year	Fair value
Hedge accounting method: Principle method							
Forward foreign exchange contracts							
Buy							
U.S. dollar	Accounts payable	¥ 8,783	¥ 3,399	¥ (820)	$ 105,629	$ 40,878	$ (9,867)
Euro	Accounts payable	334	—	33	4,025	—	402
Pound	Accounts payable	1,058	303	(23)	12,731	3,651	(280)
Australian dollar	Accounts payable	453	101	201	5,453	1,223	2,424
Sell							
U.S. dollar	Accounts receivable	291	—	(1)	3,499	—	(16)
Euro	Accounts receivable	284	—	(4)	3,416	—	(49)
Currency swap contracts							
Buy							
U.S. dollar	Accounts payable	3,593	3,180	(596)	43,215	38,251	(7,172)
Pound	Accounts payable	12,440	11,063	(3,531)	149,612	133,056	(42,472)
Australian dollar	Accounts payable	2,516	2,264	(172)	30,263	27,237	(2,078)
Hedge accounting method: Allocation method							
Forward foreign exchange contracts							
Buy							
U.S. dollar	Accounts payable	433	—	(Note 2)	5,214	—	(Note 2)
Euro	Accounts payable	31	—	(Note 2)	382	—	(Note 2)
Pound	Accounts payable	151	—	(Note 2)	1,819	—	(Note 2)
Australian dollar	Accounts payable	8	—	(Note 2)	97	—	(Note 2)
Currency swap contracts							
Buy							
U.S. dollar	Accounts payable	51	—	(Note 2)	620	—	(Note 2)
Pound	Accounts payable	172	—	(Note 2)	2,069	—	(Note 2)
Total		¥ 30,603	¥ 20,313	¥ (4,914)	$ 368,051	$ 244,299	$ (59,108)

(Note 1) Fair value is based on the statements received from the counterparty financial institutions.

(Note 2) For forward foreign exchange contracts, etc., subject to the allocation method, because they are treated together with accounts payable, which are the hedged items, their fair values are included in those of accounts payable.

(2) Interest rate-related transactions

Type of transactions	Primary hedged items	Millions of yen 2011 Contract amount, etc.	Portion with maturity over one year	Fair value	Thousands of U.S. dollars 2011 Contract amount, etc.	Portion with maturity over one year	Fair value
Hedge accounting method: Shortcut method							
Interest rate swap contracts							
Fixed rate payments/							
Variable rate receipts	Long-term loans payable	**¥ 6,470**	**¥ 6,470**	(Note)	**$ 77,811**	**$ 77,811**	(Note)
Total		**¥ 6,470**	**¥ 6,470**	(Note)	**$ 77,811**	**$ 77,811**	(Note)

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

Matters related to derivative transactions in the fiscal year ended March 31, 2010

1) Derivative transactions for which the hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen 2010 Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain (loss)
Transactions other than market transactions				
Forward foreign exchange contracts				
Buy				
U.S. dollar	¥ 1,295	¥ —	¥ (30)	¥ (30)
Currency swap contracts				
Buy				
U.S. dollar	4,521	4,186	(516)	(516)
Option contracts				
Sell				
Put option				
U.S. dollar	5,308	3,484	(49)	(49)
Option contracts				
Buy				
Call option				
U.S. dollar	1,307	870	(16)	(16)
Total	¥ 12,432	¥ 8,541	¥ (612)	¥ (612)

(Note) Fair value is based on the statements received from the counterparty financial institutions.

(2) Interest rate-related transactions

	Millions of yen 2010 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)
Total	¥ 4,500	¥ 3,950	¥ (129)	¥ (129)

(Note) Fair value is based on the statements received from the counterparty financial institutions.

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

		Millions of yen		
		2010		
Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Hedge accounting method: Principle method				
Forward foreign exchange contracts				
Buy				
U.S. dollar	Accounts payable	¥ 8,821	¥ 5,266	¥ (559)
Euro	Accounts payable	442	179	42
Pound	Accounts payable	1,087	303	(62)
Australian dollar	Accounts payable	725	515	279
Sell				
U.S. dollar	Accounts receivable	300	—	(6)
Euro	Accounts receivable	279	—	22
Currency swap contracts				
Buy				
U.S. dollar	Accounts payable	5,066	3,645	(588)
Pound	Accounts payable	15,249	12,612	(3,687)
Australian dollar	Accounts payable	3,019	2,516	(292)
Hedge accounting method: Allocation method				
Forward foreign exchange contracts				
Buy				
U.S. dollar	Accounts payable	250	—	(Note 2)
Euro	Accounts payable	44	—	(Note 2)
Pound	Accounts payable	142	—	(Note 2)
Australian dollar	Accounts payable	41	—	(Note 2)
Sell				
U.S. dollar	Accounts receivable	4	—	(Note 2)
Currency swap contracts				
Buy				
U.S. dollar	Accounts payable	222	—	(Note 2)
Pound	Accounts payable	77	—	(Note 2)
Total		¥ 35,777	¥ 25,038	¥ (4,852)

(Note 1) Fair value is based on the statements received from the counterparty financial institutions.

(Note 2) For forward foreign exchange contracts, etc., subject to the allocation method, because they are treated together with accounts receivable and accounts payable, which are the hedged items, their fair values are included in those of accounts receivable and accounts payable.

(2) Interest rate-related transactions

		Millions of yen		
		2010		
Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Hedge accounting method: Shortcut method				
Interest rate swap contracts				
Fixed rate payments/ Variable rate receipts	Long-term loans payable	¥ 12,470	¥ 6,470	(Note)
Total		¥ 12,470	¥ 6,470	(Note)

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

25. Matters Related to Business Combination, etc.

(Fiscal year ended March 31, 2011)

Omitted as there were no significant business combinations.

(Fiscal year ended March 31, 2010)

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 confectioneries, 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 the business combination is to establish sustainable 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, both companies 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 the judgment as to whether acquisition or integration of interest is appropriate for the business combination, consideration was made with regard to requirements for considerations, voting right ratio and other evidence of control, 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 these considerations, the conclusion was reached that the integration of interest was appropriate and the pooling of interest method was applied.

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

(*) The above figures are taken from the consolidated balance sheets.

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

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

26. Segment Information

Reporting segments of the Group are components of the Group by which separate financial information is available and is evaluated regularly by the Board of Directors in deciding how to allocate resources and assessing performance.

The Group has operational subsidiaries organized based on products/services, and some operational subsidiaries adopt the in-house company system. Operational subsidiaries develop their business activities by formulating comprehensive strategies for Japan and overseas with respect to their products and services.

Millions of yen

	2011							
	Reporting segments				Other	Total	Adjustments	Amount presented in consolidated statements of income
	Dairy Products	Confectionery and Healthcare	Pharmaceuticals	Subtotal				
Sales, operating income (loss) and assets								
Sales								
(1) Sales to third parties	¥ 596,574	¥ 283,552	¥ 129,310	¥ 1,009,436	¥ 104,658	¥ 1,114,095	¥ —	¥ 1,114,095
(2) Inter-segment sales and transfers	4,992	9,129	1,222	15,344	41,421	56,766	(56,766)	—
Total	601,567	292,681	130,532	1,024,781	146,080	1,170,861	(56,766)	1,114,095
Segment income (loss)	13,458	4,141	8,312	25,913	3,396	29,310	(436)	28,873
Segment assets	¥ 336,801	¥ 165,409	¥ 129,128	¥ 631,339	¥ 75,399	¥ 706,738	¥ 9,629	¥ 716,368
Other items								
Depreciation	¥ 18,089	¥ 11,785	¥ 5,915	¥ 35,790	¥ 5,538	¥ 41,329	¥ 8	¥ 41,337
Equity in income of affiliates	1,704	74	23	1,802	1	1,804	—	1,804
Increase in property, plants and equipment/ intangible fixed assets	23,019	13,713	5,944	42,677	2,224	44,902	(4)	44,897

	Thousands of U.S. dollars							
	2011							
	Reporting segments				Other	Total	Adjustments	Amount presented in consolidated statements of income
	Dairy Products	Confectionery and Healthcare	Pharmaceuticals	Subtotal				
Sales, operating income (loss) and assets								
Sales								
(1) Sales to third parties	**$ 7,174,680**	**$ 3,410,127**	**$ 1,555,143**	**$12,139,951**	**$ 1,258,669**	**$13,398,621**	**$ —**	**$13,398,621**
(2) Inter-segment sales and transfers	**60,046**	**109,791**	**14,698**	**184,537**	**498,158**	**682,696**	**(682,696)**	**—**
Total	**7,234,726**	**3,519,919**	**1,569,842**	**12,324,488**	**1,756,828**	**14,081,317**	**(682,696)**	**13,398,621**
Segment income (loss)	**161,863**	**49,809**	**99,969**	**311,643**	**40,853**	**352,496**	**(5,251)**	**347,245**
Segment assets	**$ 4,050,552**	**$ 1,989,291**	**$ 1,552,954**	**$ 7,592,778**	**$ 906,786**	**$ 8,499,565**	**$ 115,812**	**$ 8,615,377**
Other items								
Depreciation	**$ 217,556**	**$ 141,736**	**$ 71,139**	**$ 430,432**	**$ 66,611**	**$ 497,044**	**$ 96**	**$ 497,140**
Equity in income of affiliates	**20,498**	**899**	**283**	**21,681**	**21**	**21,703**	**—**	**21,703**
Increase in property, plants and equipment/ intangible fixed assets	**276,840**	**164,926**	**71,489**	**513,256**	**26,756**	**540,013**	**(51)**	**539,961**

	Millions of yen						
	2010						
	Dairy Products	Confectionery and Healthcare	Pharmaceuticals	Services and Other	Total	Eliminations or corporate	Consolidated
Sales and operating income (loss)							
Sales							
(1) Sales to third parties	¥ 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 (loss)	¥ 13,418	¥ 4,407	¥ 8,480	¥ 3,405	¥ 29,711	¥ (925)	¥ 28,786
Assets, depreciation, impairment loss 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

REPORT OF INDEPENDENT AUDITORS

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Report of Independent Auditors

The Board of Directors
MEIJI Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheet of MEIJI Holdings Co., Ltd. and consolidated subsidiaries as of March 31, 2011, and the related consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of MEIJI Holdings Co., Ltd. and consolidated subsidiaries at March 31, 2011, 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 financial statements of MEIJI Holdings Co., Ltd. and its consolidated subsidiaries for the year ended March 31, 2010, were audited by other auditors whose report dated June 29, 2010, expressed an unqualified opinion on those statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion; such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 29, 2011

MAJOR GROUP COMPANIES (As of April 1, 2011)

DOMESTIC

Meiji Co., Ltd.

Head Office

Research Laboratories

Research & Development Labs. / Food Science Research Labs. / Food Technology Research Labs. / Confectionery R&D Labs.

Plants

Sapporo / Asahikawa / Wakkanai / Nishi Shunbetsu / Nemuro / Tokachi / Tokachi Obihiro / Honbetsu / Tohoku / Ibaraki / Moriya / Gunma / Gunma Nutritionals / Gunma Pharmaceuticals / Saitama / Toda / Sakado / Kanagawa / Hokuriku / Karuizawa / Tokai / Aichi / Kyoto / Kansai / Kansai Ice Cream / Osaka / Okayama / Hiroshima / Kyushu

Sales Headquarters

Hokkaido / Tohoku / Kanto / Chubu / Kansai / Chugoku & Shikoku / Kyushu

Group Companies

Confectionery Business Unit

Donan Shokuhin Co., Ltd. / Zao Shokuhin Kaisha, Ltd. / Ronde Corporation / Français Co., Ltd. / Meiji Sangyo Co., Ltd. / Shikoku Meiji Co., Ltd. / Meiji Chewing Gum Co., Ltd. / Tokai Nuts Co., Ltd. / Meiji Food Materia Co., Ltd. / Multifood International Ltd.

Dairy Business Unit

Tokai Meiji Co., Ltd. / Meiji Oils and Fats Co., Ltd. / Chiba Meiji Milk Products Co., Ltd. / Pampy Foods Incorporation / Kantou Seiraku Co., Ltd. / Tochigi Meiji Milk Products Co., Ltd. / Fresh Network Systems Co., Ltd. / Hokkaido Meihan Co., Ltd. / Tohoku Meihan 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. / Tokyo Meiji Foods Co., Ltd. / Meiji Logitech Co., Ltd. / Shikoku Meiji Dairy Products Co., Ltd. / Okinawa Meiji Milk Products Co., Ltd.

Healthcare and Nutritionals Business Unit

Okayamaken Shokuhin Co., Ltd. / Taiyo Shokuhin Co., Ltd. / Nihon Kanzume, Co., Ltd. / Meiji Shokuhin Kaisha, Ltd. / Meiji Sports Plaza, Ltd.

Others

Meiji Feed Co., Ltd / Asahi Broiler Co., Ltd. / KCS Co., Ltd. / Fresh Logistic Co., Ltd. / Meiji Kenko Ham Co., Ltd. / Meiji Rice Delica Corporation / Meito Warehouse Co., Ltd. / Meiji Techno-Service Inc. / Nice Day Co., Ltd. / Meiji Business Support Co., Ltd. / Nitto Co., Ltd. / Publicity Co., Ltd.

Meiji Seika Pharma Co., Ltd.

Head Office

Research Laboratories

Pharmaceutical Research Center / CMC Laboratories / Bioscience Laboratories / Agricultural & Veterinary Research Laboratories

Plants

Kitakami / Odawara / Gifu

Branches

Pharmaceuticals

Sapporo / Sendai / Tokyo / Chiba & Saitama / Yokohama / Kanto / Nagoya / Kyoto / Osaka / Chugoku / Shikoku / Fukuoka

Agricultural Chemicals

Sapporo / Sendai / Tokyo / Nagoya / Osaka / Kumamoto

Veterinary drugs

North Japan / Tokyo / Osaka / Kumamoto

Group Companies

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

OVERSEAS

Meiji Co., Ltd.

Offices

① Bangkok Office
② Melbourne Office
③ Taipei Office
④ Ho Chi Minh Office
⑤ Shanghai Office

Group Companies

⑥ Meiji Seika (Shanghai) Co., Ltd.
⑦ Meiji Seika Food Industry (Shanghai) Co., Ltd.
⑧ Meiji-Dairy Trading Shanghai Co., Ltd.
⑨ Guangzhou Branch, Meiji-Dairy Trading Shanghai Co., Ltd.
⑩ Guangdong M&F-Yantang Dairy Products Co., Ltd.
⑪ Guangzhou Meiji Confectionary Co., Ltd.
⑫ Meiji-Four Seas Co., Ltd.
⑬ Shanghai Meiji Health Science and Technology Corp., Ltd.
⑭ Meiji Seika (Singapore) Pte. Ltd.
⑮ Five Stars Dairy Ingredients Pte. Ltd.
⑯ Meiji Dairy Australasia Pty. Ltd.
⑰ P.T. Ceres Meiji Indotama
⑱ CP-Meiji Co., Ltd.
⑲ Thai Meiji Food Co., Ltd.
⑳ D. F. Stauffer Biscuit Co., Inc.
㉑ Laguna Cookie Co., Inc.
㉒ Mecor, Inc.
㉓ Beghin Meiji

Meiji Seika Pharma Co., Ltd.

Offices

㉔ Madrid Office
㉕ Beijing Office
㉖ U.S. Office

Group Companies

㉗ Meiji Pharma (Shandong) Co., Ltd.
㉘ Shantou Meiji Pharmaceuticals Co., Ltd.
㉙ P.T. Meiji Indonesian Pharmaceutical Industries
㉚ Thai Meiji Pharmaceuticals Co., Ltd.
㉛ Tedec-Meiji Farma, S.A. / Mabo Farma, S.A.
㉜ Meiji Seika Europe B.V.
㉝ Comercio e Industria Uniquimica Ltda.

CORPORATE DATA / STOCK INFORMATION (As of March 31, 2011)

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	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	14,861

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)

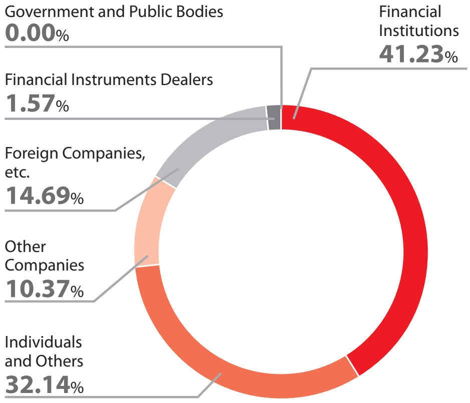
Meiji Holdings Co., Ltd. provides information on its Website:

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

Major Shareholders

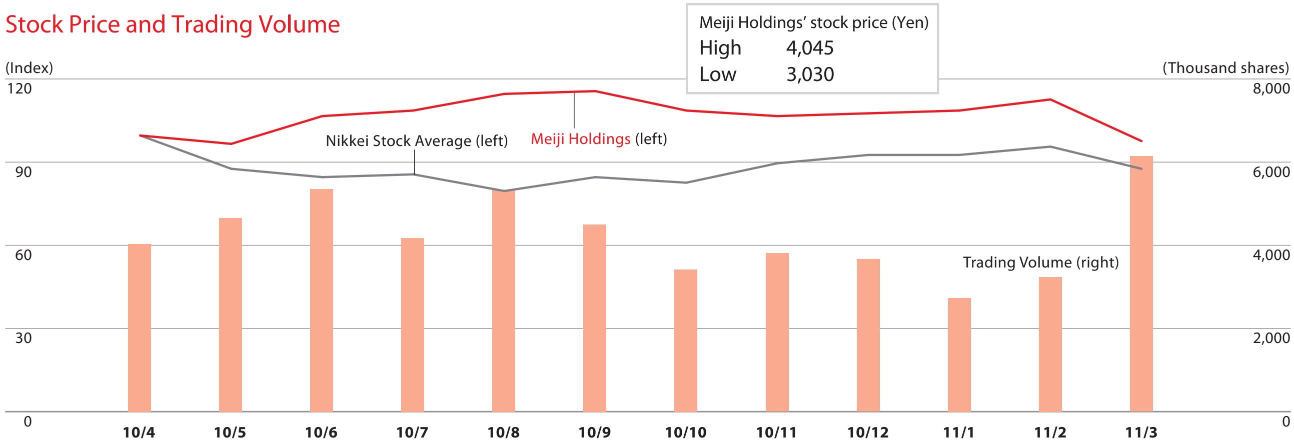
Name	Number of shares held (Thousands)	Percentage of total shares in issued (%)
Mizuho Bank, Ltd. (Standing Proxy, Trust & Custody Services Bank, Ltd.)	3,582	4.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,421	4.48
Japan Trustee Services Bank, Ltd. (Trust Account)	2,921	3.83
Nippon Life Insurance Company	2,642	3.46
Meiji Holdings Employee Shareholding Association	1,622	2.13
The Dai-ichi Life Insurance Company, Limited (Standing Proxy, Trust & Custody Services Bank, Ltd.)	1,616	2.12
Resona Bank, Limited.	1,523	2.00
The Norinchukin Bank	1,446	1.89
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,184	1.55
Mitsubishi UFJ Trust and Banking Corporation (Standing Proxy, The Master Trust Bank of Japan, Ltd.)	1,002	1.31
Total of Top 10 Shareholders	20,962	27.46

Shareholding by Type of Shareholders



Note: "Individuals and 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, 2010 = 100.

HISTORY

1900s–1940s

1906	The former Meiji Sugar Co., Ltd. (hereinafter "Meiji Sugar," the forerunner of both Meiji Seika Kaisha Ltd. (hereinafter "Meiji Seika") and Meiji Dairies Corporation (hereinafter "Meiji Dairies") is established.
1916	Tokyo Confectionery Co., Ltd. (hereinafter "Tokyo Confectionery," the predecessor of Meiji Seika), is established.
1917	Tokyo Confectionery merges with Taisho Seika, a subsidiary of Meiji Sugar.
	Tokyo Confectionery starts manufacturing caramels and biscuits at its Okubo Plant.
	Kyokuto Condensed Milk Co., Ltd. (hereinafter "Kyokuto Condensed Milk"), the predecessor of Meiji Dairies, is established by Meiji Sugar.
	Kyokuto Condensed Milk starts manufacturing condensed milk and other products.
1920	Meiji Suger establishes Meiji Shoten (later Meiji Shoji).
1924	Tokyo Confectionery changes its name to Meiji Seika Kaisha, Ltd.
1926	Meiji Seika launches "Milk Chocolate."
	Meiji Seika launches cocoa powder for drink.
1928	"Meiji Milk" is introduced.
1940	Kyokuto Condensed Milk changes its name to Meiji Dairies Corporation.
1946	The pharmaceuticals business is launched with the commencement of penicillin production.

1950s–1960s

1950	The antibacterial drug "STREPTOMYCIN" is introduced.
1951	Meiji Dairies launches "Soft Curd Meiji Infant Formula."
1953	Meiji Dairies launches "Meiji Fresh Cream."
1958	Japan's first world-class antibacterial drug "KANAMYCIN" is introduced.
1961	Meiji Seika launches "Marble Chocolate."
	The topical antiseptic "ISODINE UGAIGUSURI" is introduced.
1968	Meiji Seika launches the Japan's first savory snack, "Karl."
	Meiji Dairies launches baby food products, "Meiji Baby Rice Gruel" and "Meiji Infant Kaju Orange Juice."

1970s

1971	Meiji Dairies launches "Meiji Plain Yogurt."
1972	Meiji Shoji, Meiji Seika's sales arm, transfers its dairy products business to Meiji Dairies.
	Meiji Seika merges with Meiji Shoji.
1973	Meiji Dairies launches "Meiji Bulgaria Yogurt."
1974	Meiji Seika (Singapore) Pte., Ltd. is established.
	The joint venture P.T. Meiji Indonesian Pharmaceutical Industries is established.
1975	Meiji Seika launches the chocolate-snack "Kinoko no Yama."
	The agricultural chemical product "ORYZEMATE" is introduced.
1976	Meiji Dairies launches the frozen food "Pizza & Pizza."

1980s

1980	Meiji Seika launches the "SAVAS" series of protein foods for athletes.
1983	Meiji Seika launches an OTC drug, "ISODINE UGAIGUSURI."
1986	Meiji Dairies launches enteral formula "YH-80."
1988	Meiji Seika launches "Kaju Gummy."
1989	Meiji Dairies establishes CP-Meiji Co., Ltd., in Thailand.
	The antianxiety drug "MEILAX" is introduced.

1990s

1990	Meiji Dairies launches the "Aya" series of super premium ice cream.
	Meiji Dairies launches a soft margarine, "Meiji Corn 100."
1991	Meiji Seika opens a fitness club, "Sports Plaza Osaka."
1992	Meiji dairies launches "Meiji Hokkaido Tokachi Cheese."
1993	Meiji Seika launches "Meltykiss."
1994	Meiji Dairies launches "Meiji Essel Super Cup Ultra Vanilla."
	The antibacterial drug "MEIACT" is introduced.
1995	Meiji Dairies launches the sports nutrition beverage "VAAM."
	Meiji Dairies launches the enteral formula "Mei Balance."
1997	Meiji Seika launches "Xylish Gum."
1999	Meiji Seika launches a chocolate-snack "Fran."
	The antidepressant "DEPROMEL" is introduced.

2000s

2000	Meiji Dairies launches "Meiji Probio Yogurt LG21."
2002	Meiji Dairies expands the distribution of "Meiji Oishii Gyunyu" nationwide.
	Meiji Seika launches "Amino Collagen."
2007	Meiji Dairies launches an infant formula, "Meiji Hohoemi Raku Raku Cube."
2008	Meiji Dairies launches "Meiji Fresh Cream Ajiwai."
2009	Meiji Seika and Meiji Dairies establish a joint holding company "Meiji Holdings Co., Ltd." and integrate the management.
	The antibacterial drug "ORAPENEM" is introduced.
	The antidepressant drug "REFLEX" is introduced.

2010s

2011	In April, Meiji Holdings reorganizes Meiji Seika and Meiji Dairies; Meiji Co., Ltd., a food company, and Meiji Seika Pharma Co., Ltd., a pharmaceuticals company, begin operation.

meiji
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