Review and Analysis of Fiscal 2015 Results

Overall Operating Results

Business Overview

During the consolidated fiscal year under review, the Japanese economy transitioned on a mild recovery trend thanks to improved corporate earnings. We also saw an improvement in the hiring and wage environment as well as an upward trend in consumer prices. On the other hand, growing concern about not only the state of world economies and currency markets but also about sentiment among domestic consumers has left us in an environment lacking clarity about the future.

Management Results

Amid such conditions, the Meiji Group entered the inaugural year of STEP UP 17, the Group's medium-term business plan for fiscal 2015–2017. Based on our core policy of accelerating growth and achieving further improvement in profitability, we launched the initiatives of our growth strategy aimed at increasing corporate value. These initiatives include strengthening priority businesses and taking on the challenge of future growth, improving profitability to withstand harsh economic environments, pursuing international expansion of business, and evolving our management system.

In the Food segment, we conducted selection and concentration to expand sales of mainstay products and review unprofitable businesses in order to further strengthen priority businesses. In response to rising raw material procurement costs, we worked to optimize production and to reduce costs. Also, we increased prices for mainstay products.

In the Pharmaceuticals segment, government policies to promote generic drug use are driving reductions in medical care spending. We responded by conducting marketing activities promoting our core domain, antibacterial drugs and CNS agents, and generic drugs. We identified cost competitiveness as a key issue and initiated production and procurement streamlining on a global level.

These factors resulted in net sales of ¥1,223,746 million (up 5.4% YoY), operating income of ¥77,781 million (up 50.9% YoY), ordinary income of ¥81,826 million (up 52.7% YoY), and profit attributable to owners of parent of ¥62,580 million (up 102.6% YoY) during the fiscal year ended March 31, 2016.

Beginning with the consolidated fiscal year under review, we applied the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), thereby changing "Net income" to "Profit attributable to owners of parent."

Segment Results

Food Segment

Overall, net sales increased year on year. Net sales of the fresh and fermented dairy business, the confectionery business, and the international business increased year on year. Net sales of the nutritionals business increased significantly year on year. On the other hand, net sales of the processed food business declined year on year.

Operating income increased significantly year on year. Increases in raw material procurement costs were compensated for with price hikes. In each business, such efforts as product mix improvements, production optimization, and other structural reforms were implemented along with ones to improve the efficiency of cost expenditures.

Pharmaceuticals Segment

Overall, net sales increased significantly year on year. In the domestic ethical pharmaceuticals business, net sales of brand-name drugs increased year on year and net sales of generic drugs increased significantly year on year. Net sales of the agricultural chemicals and veterinary drugs business increased significantly year on year due to a substantial rise in revenues from mainstay products. Net sales of the international business increased significantly year on year. Exports of mainstay products were favorable. Medreich, which became a

	Millions of yen			Yen
	Net Sales	Operating Income	Profit Attributable to Owners of Parent	Profit Per Share
Fiscal 2015	¥1,223,746	¥77,781	¥62,580	¥425.06*
Fiscal 2014	1,161,152	51,543	30,891	209.79*
Year-on-year change (%)	5.4%	50.9%	102.6%	102.6%

* The Company carried out a two-for-one stock split on October 1, 2015. The indicated per-share profit amounts for fiscal 2014 and fiscal 2015 reflect this stock split.

consolidated subsidiary in the fourth quarter of the previous fiscal year, contributed to sales.

Operating income increased year on year despite the adverse effect of one-time revenues from licensing agreements executed during the previous consolidated fiscal year. In addition to increased revenues, operating income also benefited from initiatives related to low-cost operations in domestic and foreign production sites.

Financial Position

Assets

Total assets as of the end of the consolidated fiscal year under review decreased ¥21,251 million year on year, to ¥856,115 million. Although cash and deposits increased ¥9,394 million, net defined benefit asset and other under investments and other fixed assets decreased ¥14,155 million and ¥14,568 million, respectively.

Liabilities

Total liabilities as of the end of the consolidated fiscal year under review decreased ¥60,102 million year on year, to ¥436,963 million. Although income taxes payable increased ¥10,677 million, short-term loans payable, commercial paper, and bonds decreased ¥19,759 million, ¥38,000 million, and ¥15,000 million, respectively.

Net Assets

Total net assets as of the end of the consolidated fiscal year under review increased ¥38,850 million year on year, to ¥419,152 million. Although foreign currency translation adjustments and remeasurements of defined benefit plans decreased ¥4,421 million and ¥10,623 million, respectively, retained earnings increased ¥54,702 million.

The equity ratio as of the end of the consolidated fiscal year under review increased from 42.2% to 47.8%, and net assets per share increased from ¥2,515.26 as of the end of the previous consolidated fiscal year to ¥2,777.28.

Cash Flows

Net cash provided by operating activities was ¥105,155 million, an increase of ¥18,668 million compared with the previous consolidated fiscal year. This was due to an increase in profit before income taxes and a decrease in inventories.

Net cash used in investing activities was ¥9,809 million, a decrease of ¥83,013 million compared with the previous consolidated fiscal year. This was due to income from the sale of investment real estate in the consolidated fiscal year under review and payments related to the acquisition of affiliate company stock in the previous consolidated fiscal year. As a result, positive free cash flow (total of cash flows from operating activities and cash flows from investing activities) of ¥95,346 million was recorded, an increase of ¥101,681 million compared with the previous consolidated fiscal year.

Net cash used in financing activities was ¥85,071 million, an increase of ¥91,917 million compared with net cash provided by financing activities in the previous consolidated fiscal year. This was the result of increased expenditures related to bond redemption and the reduction of commercial paper obligations.

As a result, cash and cash equivalents as of the end of the consolidated fiscal period were ¥31,516 million.

	Millions of yen		
	Food Segment	Pharmaceuticals Segment	**Total**
Net sales			
Fiscal 2015	¥1,061,398	¥164,542	**¥1,225,940**
Fiscal 2014	1,021,806	141,338	**1,163,145**
Year on year	39,592	23,204	**62,795**
Year-on-year change (%)	3.9%	16.4%	**5.4%**
Segment income			
Fiscal 2015	¥68,289	¥10,118	**¥78,408**
Fiscal 2014	41,664	10,076	**51,741**
Year on year	26,625	42	**26,667**
Year-on-year change (%)	63.9%	0.4%	**51.5%**

Note: Net sales and segment income are calculated based on figures before adjustments.

Review and Analysis of Fiscal 2015 Results

Dividends and Basic Policy Concerning Profit Dividends

We carried out a two-for-one stock split of common stock on October 1, 2015. The dividend as of the end of the second quarter was ¥55.00 per share (pre-split). The dividend as of the end of the fiscal period was ¥62.50 per share (post-split). The annual dividend for the fiscal year under review was ¥90.00 per share, if calculated on a post-stock split basis, and ¥180.00, if calculated on a pre-stock split basis. This results in a consolidated dividend payout ratio of 21.2%. We recorded extraordinary income during the fiscal year under review. As a result, the consolidated dividend payout ratio becomes 25.8% when the effect of the said nonrecurring special factor is excluded in accordance with the basic policy.

The Company's basic policy regarding return of profits to shareholders is as follows.

Meiji Holdings contributes to the lifelong health and food lifestyles of its customers. Securing the medium- and long-term stability of our operating platform is vital. It is important to ensure the internal retention necessary for future capital investments, investment and financing capital, R&D investments, etc., while enabling stable, sustainable profit returns for shareholders. Our basic policy concerning profit dividends shall be a consolidated dividend payout ratio of around 30%. If the extraordinary factors influence profit attributable to owners of parent significantly, that influence may be removed from the determination of the dividend amount.

Business Risks

Outlined below are the major risks identified by the Meiji Group that could have an impact on the Group's business results and financial position and which may materially influence investors' decisions. Forward-looking statements included in the outline below are the views held by the Group as of the submission date of securities report (June 29, 2016) and include uncertainties related to future developments.

1. Prices Increases of Raw Materials

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

2. Effect of Business Globalization

The Meiji Group purchases some of its raw materials and goods from overseas. It also operates businesses overseas. Therefore, unexpectedly dramatic foreign currency fluctuations or the impediment of business activities due to unforeseen events, such as war, terrorism, or political or social changes, could affect the Group's business results and financial position.

3. Weather

The Meiji Group's food business 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 the Business Environment Faced by the Dairy Products Industry

In the Meiji Group's food business, 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 have the potential to impact the Group's business results and financial position.

5. Food Product Safety

The Meiji Group takes various actions to ensure product safety and preventative measures against risks foreseen to occur throughout production. However, if there is a large-scale product recall, or even if there is not any direct problem with the Group's products, rumors in the food industry might affect the Group's products, which 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 pharmaceuticals 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 pharmaceuticals 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 pharmaceuticals business implements extended periods of product testing, which requires 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 that is required in business operations, including such personal information as that of customers, and important information concerning its management. For the management of this information, the Group takes appropriate actions, including system controls; it established the Information Management Committee and provides training to employees, etc. However, there is the risk that currently unforeseeable unauthorized access or computer virus infection will cause leaks, falsification, or the 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

In its facilities and production plants, the Meiji Group establishes and implements a risk management system to ensure that it can continue business activities when natural disasters occur. However, an unanticipatedly large earthquake and/or other disaster or large-scale destruction of social infrastructure or the widespread outbreak of an infectious disease could have a negative impact on the Group's business results or financial position due to such factors as disruptions in product supply, damage resulting from a loss of assets, the destruction of facilities, or delays in supply chains.

Further, the above list does not include all of the risks the Group faces.

Consolidated Balance Sheet

Meiji Holdings Co., Ltd. / As of March 31, 2016

Assets

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Current assets:			
Cash and deposits (Notes 11,19)	**¥ 31,883**	¥ 22,489	**$ 282,956**
Notes and accounts receivable	**188,276**	178,916	**1,670,895**
Inventories (Note 10)	**123,603**	130,050	**1,096,944**
Deferred tax assets (Note 12)	**9,387**	10,290	**83,310**
Other current assets	**10,191**	10,584	**90,445**
Allowance for doubtful accounts	**(423)**	(311)	**(3,754)**
Total current assets	**362,919**	352,018	**3,220,798**
Fixed assets:			
Property, plants and equipment:			
Buildings and structures (Note 11)	**292,439**	293,533	**2,595,312**
Machinery, equipment, vehicles and fixtures (Note 11)	**547,968**	534,436	**4,863,048**
Land (Note 11)	**72,837**	71,036	**646,408**
Lease assets	**4,833**	7,033	**42,898**
Construction in progress (Note 11)	**11,522**	12,248	**102,260**
Accumulated depreciation	**(580,287)**	(565,244)	**(5,149,870)**
Total property, plants and equipment (net)	**349,314**	353,044	**3,100,057**
Investments and other assets:			
Investment securities (Note 8)	**66,151**	72,614	**587,075**
Investment securities (unconsolidated subsidiaries and affiliates) (Note 14)	**14,083**	6,557	**124,984**
Intangible assets (Note 16)	**29,100**	31,711	**258,255**
Deferred tax assets (Note 12)	**6,614**	4,798	**58,698**
Net defined benefit asset (Note 13)	**18,588**	32,743	**164,965**
Other	**9,527**	24,095	**84,550**
Allowance for doubtful accounts	**(183)**	(215)	**(1,625)**
Total investments and other assets	**143,881**	172,304	**1,276,904**
Total fixed assets	**493,196**	525,349	**4,376,961**
Total assets	**¥ 856,115**	¥ 877,367	**$ 7,597,759**

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Current liabilities:			
Notes and accounts payable	**¥110,633**	¥111,105	**$ 981,836**
Short-term loans payable (including current portion of long-term loans payable) (Notes 9, 11)	**49,831**	87,590	**442,239**
Income taxes payable	**25,090**	14,413	**222,673**
Accrued expenses	**48,199**	43,572	**427,752**
Accrued bonuses for employees	**10,233**	9,789	**90,816**
Allowance for sales returns	**207**	208	**1,844**
Allowance for sales rebates	**1,892**	1,803	**16,795**
Other current liabilities	**30,608**	30,093	**271,639**
Total current liabilities	**276,696**	298,575	**2,455,598**
Long-term liabilities:			
Long-term loans payable, less current portion (Notes 9, 11)	**97,997**	133,889	**869,695**
Deferred tax liabilities (Note 12)	**9,746**	15,026	**86,496**
Net defined benefit liability (Note 13)	**49,029**	43,950	**435,125**
Reserve for directors' retirement benefits	**161**	215	**1,432**
Other long-term liabilities	**3,331**	5,406	**29,561**
Total long-term liabilities	**160,266**	198,489	**1,422,312**
Total liabilities	**436,963**	497,065	**3,877,911**
Contingent liabilities (Note 15)			
Net assets (Note 18)**:**			
Shareholders' equity:			
Common stock			
Authorized—280,000,000 shares, at March 31, 2015 560,000,000* shares, at March 31, 2016			
Issued —76,341,700 shares, at March 31, 2015 152,683,400* shares, at March 31, 2016	**30,000**	30,000	**266,240**
Capital surplus	**98,502**	98,853	**874,180**
Retained earnings	**277,869**	223,166	**2,466,008**
Treasury stock, at cost—2,722,700 shares, at March 31, 2015 5,462,200 shares, at March 31, 2016	**(9,727)**	(9,577)	**(86,325)**
Total shareholders' equity	**396,645**	342,442	**3,520,104**

* Please note that Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015.

	Millions of yen		Thousands of U.S. dollars
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	**26,417**	26,965	**234,447**
Deferred gains or losses on hedges	**8**	85	**71**
Foreign currency translation adjustments	**3,137**	7,558	**27,846**
Remeasurements of defined benefit plans (Note 13)	**(17,334)**	(6,711)	**(153,836)**
Non-controlling interests	**10,278**	9,961	**91,215**
Total net assets	**419,152**	380,302	**3,719,848**
Total liabilities and net assets	**¥856,115**	¥877,367	**$7,597,759**

Consolidated Statement of Income

Meiji Holdings Co., Ltd. / For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net sales	**¥1,223,746**	¥1,161,152	**$10,860,369**
Cost of sales (Note 21)	**778,184**	757,766	**6,906,146**
Gross profit	**445,561**	403,386	**3,954,222**
Selling, general and administrative expenses (Notes 20, 21)	**367,780**	351,842	**3,263,936**
Operating income	**77,781**	51,543	**690,286**
Other income (expenses):			
Interest and dividend income	**2,427**	1,106	**21,545**
Interest expenses	**(983)**	(1,116)	**(8,724)**
Equity in income of affiliates	**1,528**	376	**13,566**
Rent income on real estate	**269**	2,479	**2,395**
Rent cost of real estate	**(116)**	(1,885)	**(1,035)**
Other	**918**	1,077	**8,148**
Extraordinary gains (Note 22)	**20,454**	2,821	**181,523**
Extraordinary losses (Notes 22, 23)	**(7,069)**	(7,747)	**(62,737)**
Profit before income taxes	**95,210**	48,657	**844,967**
Income taxes—current (Note 12)	**35,311**	20,633	**313,375**
Income taxes—deferred (Note 12)	**(3,704)**	(3,448)	**(32,874)**
Profit	**63,604**	31,473	**564,466**
Profit attributable to non-controlling interests	**1,023**	582	**9,080**
Profit attributable to owners of parent	**¥ 62,580**	¥ 30,891	**$ 555,386**

	Yen		U.S. dollars
Amounts per share of common stock:			
Profit	**¥129.14**	¥ 56.47	**$1.146**
Cash dividends	**117.50**	100.00	**1.043**

Please note that Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Meiji Holdings Co., Ltd. / For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Profit	**¥ 63,604**	¥31,473	**$ 564,466**
Other comprehensive income:			
Net unrealized holding gains or losses on securities	**(553)**	11,398	**(4,914)**
Deferred gains or losses on hedges	**(77)**	142	**(689)**
Foreign currency translation adjustments	**(4,702)**	4,812	**(41,737)**
Remeasurements of defined benefit plans	**(10,626)**	8,676	**(94,305)**
Equity in affiliates accounted for by the equity method	**107**	254	**953**
Total other comprehensive income (Note 24)	**(15,853)**	25,284	**(140,693)**
Comprehensive income	**¥ 47,750**	¥56,757	**$ 423,772**
(Breakdown)			
Comprehensive income attributable to owners of parent	**¥ 46,911**	¥55,959	**$ 416,328**
Comprehensive income attributable to non-controlling interests	**838**	797	**7,444**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Meiji Holdings Co., Ltd. / For the year ended March 31, 2016

	Millions of yen												
		Shareholders' equity					Accumulated other comprehensive income						
	Numbers of shares of common stock (Thousands)	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2014	76,341	¥30,000	¥98,852	¥198,957	¥(9,451)	¥318,358	¥15,610	¥ (57)	¥ 1,922	¥(15,386)	¥ 2,089	¥ 7,674	¥328,121
Cumulative effects of changes in accounting policies				(791)		(791)							(791)
Restated balance	76,341	30,000	98,852	198,165	(9,451)	317,566	15,610	(57)	1,922	(15,386)	2,089	7,674	327,330
Changes during the fiscal period:													
Cash dividends				(5,890)		(5,890)							(5,890)
Profit attributable to owners of parent				30,891		30,891							30,891
Acquisition of treasury stock					(125)	(125)							(125)
Disposal of treasury stock			0		0	1							1
Net changes in items other than those in shareholders' equity							11,354	142	5,636	8,675	25,808	2,287	28,095
Total changes during the fiscal period			0	25,001	(125)	24,876	11,354	142	5,636	8,675	25,808	2,287	52,972
Balance at March 31, 2015	76,341	¥30,000	¥98,853	¥223,166	¥(9,577)	¥342,442	¥26,965	¥ 85	¥ 7,558	¥ (6,711)	¥ 27,898	¥ 9,961	¥380,302
Changes during the fiscal period:													
Cash dividends				**(8,465)**		**(8,465)**							**(8,465)**
Profit attributable to owners of parent				**62,580**		**62,580**							**62,580**
Acquisition of treasury stock					**(150)**	**(150)**							**(150)**
Disposal of treasury stock			**2**		**0**	**3**							**3**
Increase by corporate division				**5**		**5**							**5**
Change in treasury shares of parent arising from transactions with non-controlling shareholders			**(353)**			**(353)**							**(353)**
Change of scope of equity method				**582**		**582**							**582**
Net changes in items other than those in shareholders' equity							**(547)**	**(77)**	**(4,421)**	**(10,623)**	**(15,669)**	**316**	**(15,352)**
Total changes during the fiscal period			**(350)**	**54,702**	**(149)**	**54,202**	**(547)**	**(77)**	**(4,421)**	**(10,623)**	**(15,669)**	**316**	**38,850**
Balance at March 31, 2016	**152,683**	**¥30,000**	**¥98,502**	**¥277,869**	**¥(9,727)**	**¥396,645**	**¥26,417**	**¥ 8**	**¥ 3,137**	**¥(17,334)**	**¥ 12,229**	**¥10,278**	**¥419,152**

Please note that Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015.

	Thousands of U.S. dollars												
		Shareholders' equity					Accumulated other comprehensive income						
	Numbers of shares of common stock (Thousands)	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2015	76,341	$266,240	$877,292	$1,980,537	$(84,995)	$3,039,075	$239,307	$ 755	$ 67,081	$ (59,558)	$ 247,586	$88,403	$3,375,065
Changes during the fiscal period:													
Cash dividends				**(75,132)**		**(75,132)**							**(75,132)**
Profit attributable to owners of parent				**555,386**		**555,386**							**555,386**
Acquisition of treasury stock					**(1,335)**	**(1,335)**							**(1,335)**
Disposal of treasury stock			**21**		**5**	**26**							**26**
Increase by corporate division				**52**		**52**							**52**
Change in treasury shares of parent arising from transactions with non-controlling shareholders			**(3,133)**			**(3,133)**							**(3,133)**
Change of scope of equity method				**5,165**		**5,165**							**5,165**
Net changes in items other than those in shareholders' equity							**(4,860)**	**(683)**	**(39,235)**	**(94,278)**	**(139,057)**	**2,812**	**(136,245)**
Total changes during the fiscal period			**(3,112)**	**485,471**	**(1,330)**	**481,028**	**(4,860)**	**(683)**	**(39,235)**	**(94,278)**	**(139,057)**	**2,812**	**344,783**
Balance at March 31, 2016	**152,683**	**$266,240**	**$874,180**	**$2,466,008**	**$(86,325)**	**$3,520,104**	**$234,447**	**$ 71**	**$ 27,846**	**$(153,836)**	**$ 108,528**	**$91,215**	**$3,719,848**

Please note that Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Meiji Holdings Co., Ltd. / For the year ended March 31, 2016

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Cash flows from operating activities:			
Profit before income taxes	**¥ 95,210**	¥ 48,657	**$ 844,967**
Depreciation and amortization	**42,077**	41,885	**373,422**
Impairment loss	**1,859**	3,623	**16,502**
Amortization of goodwill	**1,777**	634	**15,777**
Loss (gain) on disposal of property, plants and equipment	**3,414**	3,199	**30,300**
Loss (gain) on valuation of investment securities	**905**	1	**8,034**
Increase (decrease) in allowance for doubtful accounts	**24**	(58)	**218**
Increase (decrease) in accrued bonuses for employees	**418**	238	**3,716**
Increase (decrease) in net defined benefit liability	**4,141**	8,300	**36,756**
Interest and dividend income	**(2,427)**	(1,106)	**(21,545)**
Interest expenses	**983**	1,116	**8,724**
Equity in loss (income) of affiliates	**(1,528)**	(376)	**(13,566)**
Loss (gain) on sales of property, plants and equipment	**(19,707)**	(1,699)	**(174,899)**
Loss (gain) on sales of investment securities	**(71)**	(695)	**(635)**
Decrease (increase) in trade receivables	**(8,988)**	(3,405)	**(79,767)**
Decrease (increase) in inventories	**5,329**	(3,117)	**47,294**
Increase (decrease) in notes and accounts payable	**(673)**	3,548	**(5,981)**
Other	**4,359**	3,835	**38,690**
Subtotal	**127,104**	104,580	**1,128,010**
Interest and dividends received	**2,824**	1,107	**25,064**
Interest paid	**(1,009)**	(1,135)	**(8,961)**
Income taxes paid	**(23,763)**	(18,065)	**(210,892)**
Net cash provided by operating activities	**105,155**	86,487	**933,220**
Cash flows from investing activities:			
Payments for purchases of property, plants and equipment	**(40,078)**	(62,152)	**(355,682)**
Payments for purchases of intangible fixed assets	**(2,276)**	(2,194)	**(20,201)**
Proceeds from sales of property, plants and equipment and intangible fixed assets	**2,352**	4,330	**20,878**
Payments for purchases of investments in real estate	**—**	(2)	**—**
Proceeds from sales of investments in real estate	**33,918**	—	**301,013**
Payments for purchases of investment securities	**(6,286)**	(2,563)	**(55,790)**
Proceeds from sales of investment securities	**3,619**	775	**32,119**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**1,273**	—	**11,300**
Payments for purchases of investments in subsidiaries resulting in change in scope of consolidation (Note 19)	**(446)**	(31,271)	**(3,959)**
Other	**(1,885)**	255	**(16,730)**
Net cash used in investing activities	**(9,809)**	(92,822)	**(87,051)**
Cash flows from financing activities:			
Increase (decrease) in short-term loans payable	**(19,084)**	(196)	**(169,372)**
Increase (decrease) in commercial paper	**(38,000)**	18,000	**(337,238)**
Proceeds from long-term loans payable	**2,501**	34,685	**22,204**
Repayment of long-term loans payable	**(4,550)**	(2,228)	**(40,385)**
Payments for redemption of bonds	**(15,373)**	(35,805)	**(136,434)**
Decrease (increase) in treasury stock	**(147)**	(124)	**(1,309)**
Cash dividends paid	**(8,441)**	(5,874)	**(74,916)**
Cash dividends paid to non-controlling shareholders	**(113)**	(97)	**(1,005)**
Other	**(1,862)**	(1,513)	**(16,527)**
Net cash provided by (used in) financing activities	**(85,071)**	6,846	**(754,985)**
Effect of exchange rate changes on cash and cash equivalents	**(669)**	668	**(5,939)**
Net increase (decrease) in cash and cash equivalents	**9,605**	1,179	**85,243**
Cash and cash equivalents at beginning of the year	**21,912**	19,238	**194,464**
Increase in cash and cash equivalents from newly consolidated subsidiaries	**—**	1,494	**—**
Decrease in cash and cash equivalents due to changes in scope of consolidation	**(1)**	—	**(11)**
Cash and cash equivalents at end of the year (Note 19)	**¥ 31,516**	¥ 21,912	**$ 279,696**

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 ¥112.68 to US$1 prevailing on March 31, 2016. This translation should not be construed as a representation that all amounts shown could be converted into U.S. dollars at such rate.

Amounts less than one million yen and one thousand U.S. dollars have been rounded down. The total Japanese yen and U.S. dollar amounts shown in the financial statements and notes do not necessarily agree with the sum of the individual amounts.

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

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 59 consolidated 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 six 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 value at the date of acquisition. The unallocated portion is recognized as goodwill and amortized over a period of 5–10 years on a straight-line basis.

b) Translation of Foreign Currency

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 foreign currency translation adjustments and non-controlling interests in the net assets section of the consolidated balance sheet.

c) Investment Securities

Investment securities are valued using the following standards and methods.

Held-to-maturity securities

By the amortized cost method (straight-line method).

Other securities

Securities that have market prices:

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

Unrealized holding gains or losses, 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 based on the average method (cost is written down to reflect the decline in their profitability).

f) Property, Plants and Equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries

In the Food segment and the Pharmaceuticals segment, the straight-line method is primarily used for depreciation (the declining balance method is used for the property, plants and equipment of headquarters (excluding the headquarters building), branches, research laboratories and confectionery plants and others). For the assets owned by the Company, the declining balance method is used for depreciation.

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

Overseas consolidated subsidiaries
The straight-line method is primarily used for 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 (excluding lease 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 the estimated useful lives of five years.

h) Lease Assets
Finance lease assets whose ownership does not transfer to the lessee
For the depreciation of lease assets, the straight-line method is applied based on the lease term as the useful life of the asset and the residual value of zero.

i) Investments in Real Estate
The straight-line method is primarily used for depreciation.

j) Allowance for Doubtful Accounts
To provide for losses on doubtful accounts such as notes and accounts receivable, the Company and its consolidated subsidiaries primarily record allowances based on actual loss experience for normal accounts, and an amount estimated to be unrecoverable for individual companies in financial difficulty.

k) Accrued Bonuses for Employees
To provide for payment of bonuses to employees existing on the consolidated balance sheet date, the amount expected to be paid for the subject period is recorded.

l) 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 ratio.

m) Allowance for Sales Rebates
At some of the Company's consolidated subsidiaries, in order to provide for sales discounts on goods and products sold, an allowance is recorded at the estimated amount in consideration of the discount ratio.

n) Reserve for Directors' Retirement Benefits
The Company and its consolidated subsidiaries provide for retirement benefits for directors and corporate auditors based on the amount required to be paid at the end of the fiscal year under the Company bylaws.

Further, based on internal regulations, certain consolidated subsidiaries used to recognize provisions for the payment of retirement benefits to directors and executive officers at fiscal year-ends.

However, new provisions have not been recognized because the retirement benefit plan for directors and executive officers has been abolished and a resolution has been made to pay those retirement benefits at the time of retirement commensurate with periods of service before the date of abolition.

Accordingly, the balance of such provision is commensurate with the periods of service of the current directors and executive officers before the said date of abolition.

o) Retirement and Severance Benefits
(1) Method used to attribute expected benefit payments to periods
In calculating retirement benefit obligation, the benefit formula basis method is used to attribute expected benefit payments to the period extending up to the end of the fiscal year.
(2) Method of amortizing actuarial gains or losses, prior service costs and net retirement benefit obligation at transition
Actuarial gains or losses are amortized from the consolidated fiscal year following the year in which the gain or loss is incurred by the straight-line method for a certain number of years (7–15 years) not longer than employees' average remaining years of service. Prior service costs are amortized from the time they accrue by the straight-line method for a certain number of years (principally 4 years) within employees' average remaining years of service. The net retirement benefit obligation at transition (¥10,939 million) is amortized mainly on a straight-line basis over a period of 15 years.
(3) Accounting treatment for unrecognized actuarial gains or losses, unrecognized prior service costs and unrecognized net retirement benefit obligation
Unrecognized actuarial gains or losses, unrecognized prior service costs, and unrecognized net retirement benefit obligation at transition are adjusted for tax effect and then recorded in remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets portion of the consolidated balance sheet.

Notes to Consolidated Financial Statements

p) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement 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.

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 and currency swaps, the integrated method (the shortcut method, the allocation method) is applied when the relevant criteria are met.

(2) Hedge instruments and hedged items

Hedge instruments:	Hedged items:
Forward foreign exchange contracts and other instruments	Trade payables and receivables denominated in foreign currencies and forecasted transactions denominated in foreign currencies
Interest rate and currency swap contracts	Interest on loans payable and 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 and currency swap transactions to reduce the interest rate and foreign exchange rate fluctuation 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 when the interest rate and currency swaps meet the integrated method (the shortcut method, the allocation method) with a high correlation between the hedged items and hedging instruments.

r) Other Important Matters for the Preparation and Presentation of Consolidated Financial Statements

Bond issuance cost is recognized in expenses as incurred.

Consumption taxes and local consumption taxes are accounted for using the tax exclusion method.

3. Changes in Accounting Policy

Application of Revised Accounting Standard for Business Combinations

Effective from April 1, 2015, the Company has adopted provisions of the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries when the Company retains control of the subsidiaries was changed to one in which the amount of difference is recorded as additional paid-in capital, and the method of recording acquisition-related costs was changed to one in which acquisition-related costs are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the current consolidated accounting period, the accounting method was changed to one in which the adjusted acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the consolidated financial statements of the period in which the date of business combination belongs. In addition, the presentation of "profit" and other related items was changed, and "minority interests" was changed to "non-controlling interests."

In the consolidated statement of cash flows for the current consolidated accounting period, cash flows related to the acquisition or sale of shares in subsidiaries not resulting in change in scope of consolidation have been included under "Cash flows from financing activities."

The application of the Revised Accounting Standard for Business Combinations is subject to transitional treatment as provided for in paragraph 58-2 (4) of the Revised Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Revised Accounting Standard for Business Divestitures. The Company is applying the said standard prospectively from the beginning of the current consolidated accounting period.

As a result, capital surplus at the end of the current consolidated accounting period decreased by ¥353 million.

The effect on net assets per share and profit per share in the current consolidated accounting period is immaterial.

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Change in method of depreciation of property, plants and equipment

Previously, the declining balance method was mainly used for the depreciation of property, plants and equipment owned by Meiji Seika Pharma Co., Ltd., which belongs to the Pharmaceuticals segment, and by the company's domestic subsidiaries. However, from the current consolidated accounting period the method was changed to the straight-line method.

Based on the "Specialty and Generic Pharmaceuticals Company" strategy and in accordance with STEP UP 17, the medium-term business plan that began in the current consolidated accounting period, the goal of the Meiji Seika Pharma Group is to expand and enhance its lineup of generic drugs and increase generic drugs as a percentage of net sales to further strengthen management foundations. Therefore, given the downward trend in the production of original drugs, the Meiji Seika Pharma Group plans to use the domestic production facilities, which were previously used mainly to produce original drugs resulting from in-house drug discovery, to produce major generic drugs.

Taking this opportunity, based on the results of a review of the operating status of domestic production facilities, it was determined that, because longer-term stable operations are expected, leveled depreciation using the straight-line method is the cost allocation method that appropriately reflects the operating status of assets.

As a result of this change, compared to calculations based on the previous method, operating income, and profit before income taxes for the current consolidated accounting period each increased by ¥894 million. Further, profit per share for the current consolidated accounting period increased by ¥6.07.

4. Accounting Standards Not Yet Adopted

"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016)

(1) Summary

The "Implementation Guidance on Recoverability of Deferred Tax Assets" implements necessary revisions to certain conditions for categorizing companies and certain treatments for recording deferred tax assets and contains guidances to be applied to the Accounting Standard for Tax Effects (Business Accounting Council) with regard to the recoverability of deferred tax assets. These revisions were implemented based on the framework of dividing companies into five categories and estimating amounts of deferred tax assets to be recorded by category that was instituted with regard to deferred tax asset recoverability guidances contained primarily in "Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets" (Report No. 66, the audit committee of the Japanese Institute of Certified Public Accountants (JICPA)) by the Accounting Standards Board of Japan (ASBJ) upon transfer of the tax effect accounting and auditing practical guidelines (portion related to accounting treatments) from JICPA.

(2) Planned date of adoption

Adoption shall be from the beginning of the fiscal year beginning on April 1, 2016.

(3) Effect of adoption of the accounting standard

The impact of adoption of the "Implementation Guidance on Recoverability of Deferred Tax Assets" is being evaluated at the time of preparation of these consolidated financial statements.

5. Change in Accounting Estimates

For the existing research laboratories and the Tokachi Obihiro Plant, which are scheduled for closure due to the construction of new research laboratories and a new wing of the Tokachi Plant for Meiji Co., Ltd., in the current consolidated accounting period, the Company reduced the useful lives of assets which are expected to be abandoned following the closure and has applied this change prospectively.

As a result of this change, compared to calculations based on the previous method, operating income, and profit before income taxes for the current consolidated accounting period each decreased by ¥482 million. Further, profit per share for the current consolidated accounting period decreased by ¥3.27.

6. Notes Regarding Lease Transactions

Finance lease transactions (lessee side)

Finance lease transactions whose ownership does not transfer

(1) Content of lease assets

Property, plants and equipment

Mainly sales equipment (equipment and fixtures), production facilities in manufacturing plants (machinery and vehicles) and testing and research equipment (machinery, equipment and fixtures).

(2) Method of depreciation of lease assets

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

Notes to Consolidated Financial Statements

7. Notes Regarding Financial Instruments

1) Overview of financial instruments

(1) Policy for financial instruments

The Meiji Group (the "Group") raises necessary funds (primarily through bank loans and bond issuance) based on its capital investment and working capital plans, mainly to engage in the business of manufacturing and selling dairy products, confectioneries, food 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 deals.

(2) Content and risks of financial instruments

Notes and accounts receivable that are trade receivables 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 held in relation to business with partner companies, capital alliances, etc.; these are exposed to fluctuation risk of market prices.

Notes and accounts payable that are trade payables are almost all 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, etc., to hedge such risk.

Loans, commercial paper and bonds are mainly used to raise funds for capital investment and working capital. Their redemption dates are at maximum 9 years and one month after the balance sheet date. Some of these have forward foreign exchange contracts and variable interest rates and currency, thus they are exposed to interest rate and currency fluctuation risk. However, the Group uses derivative transactions (interest rate and currency swap transactions) to hedge such risk.

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

Further, the Company uses interest rate and currency swap transactions to curb the interest rate and currency fluctuation risk related to interest payments on loans.

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. Variable 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, 2016 and 2015, are presented in the following table.

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, 2016	Millions of yen Carrying value	Fair value	Difference	Thousands of U.S. dollars Carrying value	Fair value	Difference
(1) Cash and deposits	¥ 31,883	¥ 31,883	¥ —	$ 282,956	$ 282,956	$ —
(2) Notes and accounts receivable	181,493	181,493	—	1,610,702	1,610,702	—
(3) Investment securities:						
Other securities	63,802	63,802	—	566,288	566,288	—
Total assets	277,180	277,180	—	2,459,887	2,459,887	—
(4) Notes and accounts payable	104,006	104,006	—	923,024	923,024	—
(5) Short-term loans payable	26,515	26,515	—	235,314	235,314	—
(6) Accrued expenses	48,199	48,199	—	427,752	427,752	—
(7) Bonds	50,000	50,151	151	443,734	445,074	1,340
(8) Long-term loans payable	71,313	71,101	(211)	632,886	631,007	(1,878)
Total liabilities	¥300,034	¥299,973	¥ (60)	$2,662,712	$2,662,173	$ (538)

(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 values as they are to be settled within a short period and their fair values are almost equal to the carrying values.
(3) Investment securities
Equity securities are valued at the price quoted in the stock exchange.
Debt securities are calculated based on the present value, which is the total of the principal and interest discounted by an interest rate that takes into account the credit risk.
(4) Notes and accounts payable, (5) Short-term loans payable and (6) Accrued expenses
These are valued at the carrying values as they are to be settled within a short period and their fair values are almost equal to the carrying values.
(7) Bonds
The fair value of bonds issued by the Group is calculated based on the market price.
(8) 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 with similar terms.

(Note 2) Unlisted stocks (carrying value on the consolidated balance sheet: ¥16,432 million ($145,831 thousand)) are not included in other securities under "(3) Investment securities" above as their market prices are not available and it is extremely difficult to determine the fair value.

As of March 31, 2015	Millions of yen Carrying value	Fair value	Difference
(1) Cash and deposits	¥ 22,489	¥ 22,489	¥ —
(2) Notes and accounts receivable	172,762	172,762	—
(3) Investment securities:			
Held-to-maturity securities	3,500	3,500	0
Other securities	65,517	65,517	—
Total assets	264,269	264,269	0
(4) Notes and accounts payable	104,279	104,279	—
(5) Short-term loans payable	46,366	46,366	—
(6) Commercial paper	38,000	38,000	—
(7) Accrued expenses	43,572	43,572	—
(8) Bonds	65,000	65,416	416
(9) Long-term loans payable	72,114	71,110	(1,004)
Total liabilities	¥369,331	¥368,744	¥ (587)

(Note) Unlisted stocks (carrying value on the consolidated balance sheet: ¥10,154 million) are not included in other securities under "(3) Investment securities" above as their market prices are not available and it is extremely difficult to determine the fair value.

Notes to Consolidated Financial Statements

8. Investment Securities

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

1) Held-to-maturity securities

As of March 31, 2016

None

As of March 31, 2015		Millions of yen: Carrying value	Fair value	Unrealized gain (loss)
Securities whose carrying value exceeds their fair value	Bonds	¥3,500	¥3,500	¥0

2) Other securities with market prices as of March 31, 2016 and 2015

As of March 31, 2016	Millions of yen: Carrying value	Acquisition cost	Unrealized gain (loss)	Thousands of U.S. dollars: Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	**¥62,679**	**¥24,696**	**¥37,983**	**$556,262**	**$219,172**	**$337,089**
Other						
Subtotal	**62,679**	**24,696**	**37,983**	**556,262**	**219,172**	**337,089**
Securities whose acquisition cost exceeds their carrying value:						
Stocks	**1,122**	**1,310**	**(187)**	**9,966**	**11,628**	**(1,662)**
Other						
Subtotal	**1,122**	**1,310**	**(187)**	**9,966**	**11,628**	**(1,662)**
Total	**¥63,802**	**¥26,006**	**¥37,796**	**$566,228**	**$230,800**	**$335,427**

(Note) Unlisted stocks (carrying value on the consolidated balance sheet: ¥2,349 million ($20,847 thousand)) are not included in the table above as their market prices are not available and it is extremely difficult to determine the fair value.

As of March 31, 2015	Millions of yen: Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥64,514	¥24,585	¥39,929
Other	—	—	—
Subtotal	64,514	24,585	39,929
Securities whose acquisition cost exceeds their carrying value:			
Stocks	1,003	1,222	(219)
Other	—	—	—
Subtotal	1,003	1,222	(219)
Total	¥65,517	¥25,807	¥39,709

(Note) Unlisted stocks (carrying value on the consolidated balance sheet: ¥3,597 million) are not included in the table above as their market prices are not available and it is extremely difficult to determine the fair value.

3) Other securities sold during the fiscal years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Sales amounts	¥119	¥775	$1,058
Total gains on sales	72	699	639
Total losses on sales	0	4	3

4) Securities that were subject to impairment in the fiscal years ended March 31, 2016 and 2015

Impairment loss recorded in the fiscal year ended March 31, 2016, was ¥905 million (other securities: ¥905 million ($8,034 thousand)).

Impairment loss recorded in the fiscal year ended March 31, 2015, was ¥1 million (other securities: ¥1 million).

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, 2016 and 2015, 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
		2016	2015	2016
Short-term loans payable	0.85%	¥26,515	¥46,366	$235,314
Commercial paper	—	—	38,000	—
Current portion of long-term loans payable	1.33%	3,316	3,224	29,431
Current portion of long-term loans payable (bonds)	0.49%	20,000	—	177,493
Total		¥49,831	¥87,590	$442,239

2) Long-term loans payable

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unsecured bonds due 2016, 0.49%	¥ 20,000	¥ 20,000	$ 177,493
Unsecured bonds due 2018, 0.76% (Note 15)	—	—	—
Unsecured bonds due 2017, 0.31%	10,000	10,000	88,746
Unsecured bonds due 2019, 0.51% (Note 15)	—	—	—
Unsecured bonds due 2017, 0.33%	20,000	20,000	177,493
Unsecured bonds due 2021, 0.52% (Note 15)	—	15,000	—
Loans from domestic banks, insurance companies, government agencies and others, due 2017 to 2025	71,313	72,114	632,886
Subtotal	121,313	137,114	1,076,620
Current portion of long-term loans payable	(3,316)	(3,224)	(29,431)
Current portion of long-term loans payable (bonds)	(20,000)	—	(177,493)
Total	¥ 97,997	¥133,889	$ 869,695

Notes to Consolidated Financial Statements

As of March 31, 2016, the aggregate annual maturities of long-term loans payable are as follows (other than bonds):

	Millions of yen	Thousands of U.S. dollars
	2016	**2016**
More than one year up to two years	**¥22,572**	**$200,325**
More than two years up to three years	**13,165**	**116,840**
More than three years up to four years	**3,371**	**29,918**
More than four years up to five years	**4,386**	**38,928**
More than five years	**24,501**	**217,442**
Total	**¥67,997**	**$603,454**

10. Inventories

Inventories as of March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Goods and products	**¥ 80,729**	¥ 82,799	**$ 716,448**
Work in progress	**3,365**	4,022	**29,865**
Raw materials and supplies	**39,509**	43,228	**350,630**
Total	**¥123,603**	¥130,050	**$1,096,944**

11. Collateral and Secured Liabilities

A summary of assets pledged as collateral for liabilities as of March 31, 2016 and 2015, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Cash and deposits	**¥ 146**	¥ —	**$ 1,301**
Buildings and structures	**3,369**	4,191	**29,899**
Machinery, equipment, vehicles and fixtures	**2,783**	3,719	**24,699**
Land	**2,607**	4,609	**23,143**
Construction in progress	**3,696**	—	**32,804**
Other	**—**	4,636	**—**
Total	**¥12,603**	¥17,157	**$111,848**

A summary of secured liability as of March 31, 2016 and 2015, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Short-term loans payable	**¥3,628**	¥ 3,859	**$32,205**
Long-term loans payable	**6,140**	7,822	**54,491**
Total	**¥9,769**	¥11,681	**$86,697**

12. Deferred Tax Assets and Liabilities

1) The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Deferred tax assets:			
Net defined benefit liability	**¥ 18,279**	¥ 16,641	**$ 162,224**
Accrued enterprise tax and others	**1,833**	1,150	**16,271**
Accrued expenses	**2,198**	2,923	**19,514**
Investment securities	**1,186**	975	**10,529**
Accrued bonuses for employees	**3,175**	3,261	**28,180**
Depreciation of fixed assets	**3,649**	2,733	**32,388**
Unrealized gain	**807**	933	**7,165**
Investment subsidiary basis differences	**876**	2,419	**7,775**
Losses carried forward	**917**	1,482	**8,145**
Other	**7,034**	8,363	**62,428**
Subtotal	**39,958**	40,883	**354,623**
Valuation allowance	**(5,672)**	(6,267)	**(50,338)**
Total deferred tax assets	**34,286**	34,616	**304,285**
Deferred tax liabilities:			
Advanced depreciation reserve for fixed assets	**(6,485)**	(10,931)	**(57,557)**
Unrealized holding gains or losses on securities	**(11,326)**	(12,517)	**(100,517)**
Net defined benefit asset	**(6,195)**	(10,199)	**(54,984)**
Valuation difference due to purchase of investments in subsidiaries	**(2,833)**	—	**(25,148)**
Other	**(1,289)**	(1,056)	**(11,446)**
Total deferred tax liabilities	**(28,130)**	(34,705)	**(249,653)**
Net deferred tax assets (liabilities)	**¥ 6,155**	¥ (88)	**$ 54,631**

2) An analysis of the significant differences between the statutory tax rate and the Company's effective tax rate for the fiscal years ended March 31, 2016 and 2015, is as follows:

	2016	2015
Statutory tax rate	**33.1%**	35.6%
Entertainment and other permanently non-deductible expenses	**1.0**	1.9
Dividend and other permanently non-taxable income	**(0.2)**	(0.2)
Per capital inhabitant's tax	**0.4**	0.9
Tax credit for experimentation and research expenses	**(1.9)**	(3.7)
Increase / Decrease in valuation allowance	**(0.2)**	1.6
Downward adjustment to deferred tax assets and liabilities at end of period accompanying change in tax rate	**0.6**	1.4
Other	**0.4**	(2.2)
Effective tax rate	**33.2%**	35.3%

Notes to Consolidated Financial Statements

3) Modifications to the amount of deferred tax assets and liabilities due to changes in corporate taxation rates

The Bill for Partial Amendment of the Income Tax Act (Law No. 15 of 2016) and the Bill for Partial Amendment of the Local Tax Act (Law No. 13 of 2016) were approved by Japan's National Diet on March 29, 2016.

These bills stipulated that corporate tax rates will be reduced for fiscal years starting on or after April 1, 2016. As a result, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities was changed from the previous 32.3% to 30.9% for temporary differences that are expected to be realized or settled in the fiscal years beginning on April 1, 2016 and 2017, and 30.6% for temporary differences that are expected to be realized or settled in fiscal years beginning on or after April 1, 2018.

As a result of these changes in tax rates, the amount of deferred tax assets (net of deferred tax liabilities) increased by ¥15 million, the amount of income taxes–deferred increased by ¥614 million, the amount of net unrealized holding gains or losses on securities increased by ¥629 million, and the amount of deferred gains or losses on hedges decreased by ¥0 million in the current consolidated accounting period.

13. Retirement and Severance Benefits

Outline of the retirement benefit plans adopted by the Group (As of March 31, 2016)

The Group adopts employees' retirement benefit plans, consisting of lump-sum severance payment plans based on retirement benefits rules, defined benefit plans, defined contribution pension plans, and employees' pension funds. There are also cases in which additional retirement benefits are paid when employees leave the Group before retirement age.

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

Defined benefit plans

1) Reconciliation of the beginning and ending balances of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Beginning balance of retirement benefit obligations	**¥127,140**	¥122,216	**$1,128,334**
Cumulative effects of changes in accounting policies	**—**	1,253	**—**
Restated balance	**127,140**	123,469	**1,128,334**
Service cost	**4,645**	4,279	**41,223**
Interest cost	**1,898**	2,019	**16,847**
Actuarial gains or losses	**13,026**	3,624	**115,606**
Retirement benefits paid	**(7,140)**	(6,663)	**(63,370)**
Other	**(31)**	410	**(281)**
Ending balance of retirement benefit obligations	**¥139,538**	¥127,140	**$1,238,358**

(Note) In regard to the multi-employer defined benefit pension plan, the amount of retirement benefit obligation has not been included in the aforementioned data because of the difficulty in reasonably calculating the amount of plan assets corresponding to the Group's contributions.

2) Reconciliation of the beginning and ending balances of plan assets

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Beginning balance of plan assets	**¥115,933**	¥107,053	**$1,028,878**
Expected return on plan assets	**2,627**	2,436	**23,314**
Actuarial gains or losses	**(5,827)**	9,731	**(51,719)**
Contributions from employer	**1,343**	1,529	**11,922**
Retirement benefits paid	**(4,970)**	(5,131)	**(44,115)**
Other	**(9)**	313	**(80)**
Ending balance of plan assets	**¥109,096**	¥115,933	**$ 968,198**

(Note) The multi-employer defined benefit pension plan is not included in plan assets.

3) Reconciliation of the ending balances of retirement benefit obligations and plan assets with the net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Retirement benefit obligations of funded plans	**¥ 134,453**	¥ 121,748	**$1,193,236**
Plan assets	**(109,096)**	(115,933)	**(968,198)**
	25,357	5,814	**225,037**
Retirement benefit obligations of non-funded plans	**5,084**	5,392	**45,122**
Net amount of liability and asset recorded on the consolidated balance sheet	**30,441**	11,206	**270,160**
Net defined benefit liability	**49,029**	43,950	**435,125**
Net defined benefit asset	**(18,588)**	(32,743)	**(164,965)**
Net amount of liability and asset recorded on the consolidated balance sheet	**¥ 30,441**	¥ 11,206	**$ 270,160**

4) Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Service cost	**¥ 4,645**	¥ 4,279	**$ 41,223**
Interest cost	**1,898**	2,019	**16,847**
Expected return on plan assets	**(2,627)**	(2,436)	**(23,314)**
Amortization of actuarial gains / losses	**3,670**	6,738	**32,578**
Amortization of prior service cost	**71**	76	**633**
Other	**17**	726	**155**
Retirement benefit cost related to defined benefit plans	**¥ 7,676**	¥11,404	**$ 68,123**

(Note) Includes cost calculated using the simplified method (excluding cost arising from the differences at transition of accounting standards) and excludes employees' contributions to the corporate pensions funds.

5) Remeasurements of defined benefit plans recorded in the consolidated statement of comprehensive income

The breakdown of items recorded in remeasurements of defined benefit plans in other comprehensive income (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Amortization of actuarial gains / losses	**¥(15,183)**	¥12,797	**$(134,750)**
Amortization of net retirement benefit obligation at transition	**1**	730	**10**
Amortization of prior service cost	**71**	148	**633**
Total	**¥(15,111)**	¥13,675	**$(134,107)**

6) Remeasurements of defined benefit plans recorded in the consolidated balance sheet

The breakdown of items recorded in remeasurements of defined benefit plans in accumulated other comprehensive income (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Unrecognized actuarial gains or losses	**¥24,948**	¥9,764	**$221,409**
Unrecognized differences at transition of accounting standards	**—**	1	**—**
Unrecognized prior service cost	**109**	181	**973**
Total	**¥25,058**	¥9,946	**$222,383**

Notes to Consolidated Financial Statements

7) Plan assets

(1) Major categories of plan assets as a percentage of total plan assets are as follows:

	2016	2015
Bonds	51%	46%
Equities	15	24
Alternative	23	12
Cash and deposits	3	11
Other	8	7
Total	100%	100%

(Note) The total amount of plan assets includes the retirement benefit trust for corporate pensions funds and the lump-sum severance payment plan representing 11% in the current consolidated accounting period and 12% in the previous consolidated accounting period.

(2) Method of determining long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, reference was made to the current and expected future allocations of plan assets and to the current and expected future long-term rate of returns on the various assets that make up the plan assets.

8) Actuarial assumptions

Actuarial assumptions are as follows:

	2016	2015
Discount rate	0.2–0.9%	0.9–1.7%
Expected future salary increase rate	Principally 1.4%	Principally 1.4%
Long-term expected rate of return on assets	Principally 2.5%	Principally 2.5%

Defined contribution plans

The amount of required contribution to defined contribution plans for the consolidated subsidiaries is ¥1,319 million ($11,713 thousand) in the current consolidated accounting period and ¥1,276 million in the previous consolidated accounting period.

14. Unconsolidated Subsidiaries and Affiliates

As of March 31, 2016 and 2015, investment in capital of unconsolidated subsidiaries and affiliates is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Other (investments in capital)	¥632	¥663	$5,613

15. Contingent Liabilities

As of March 31, 2016 and 2015, contingent liabilities are as follows:

1) Guaranteed obligations

The Group is contingently liable as guarantor of loans from financial institutions to the following unconsolidated subsidiaries and employees:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
P.T. Ceres Meiji Indotama	¥255	¥456	$2,265
Sendai Feed Co., Ltd.	291	334	2,587
Employees	164	204	1,457
Total	¥711	¥995	$6,310

The following bonds have been transferred in accordance to a bond trust-type debt assumption agreement concluded with a bank. As a result, the transfer obligations related to these bonds are counterbalanced through the payment amount associated with the agreement. However, the Company's bond redemption obligations to bond holders will remain until the bonds have been redeemed.

	Millions of yen	Thousands of U.S. dollars
	2016	**2016**
2nd Series of Unsecured Straight Bonds (Note 9)	**¥15,000**	**$133,120**
4th Series of Unsecured Straight Bonds (Note 9)	**20,000**	**177,493**
6th Series of Unsecured Straight Bonds (Note 9)	**15,000**	**133,120**
Total	**¥50,000**	**$443,734**

2) Notes receivables discounted and endorsed

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Notes receivables discounted	**¥178**	¥25	**$1,586**
Notes receivables endorsed	**115**	63	**1,029**

16. Goodwill

As of March 31, 2016 and 2015, goodwill is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Goodwill	**¥14,560**	¥23,323	**$129,223**

17. Commitment Line Agreements

The Company enters into commitment line agreements with seven 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, 2016 and 2015, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Maximum loan amount	**¥40,000**	¥40,000	**$354,987**
Used portion of the commitment line	**—**	—	**—**
Balance	**¥40,000**	¥40,000	**$354,987**

Notes to Consolidated Financial Statements

18. Net Assets

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

Type of shares	Number of shares as of March 31, 2015 (Thousands)	2016 Increase (Thousands)	2016 Decrease (Thousands)	2016 Number of shares as of March 31, 2016 (Thousands)
Outstanding shares:				
Common stock (Note 1)	76,341	**76,341**	**—**	**152,683**
Treasury stock:				
Common stock (Notes 2, 3)	2,722	**2,739**	**0**	**5,462**

(Note 1) Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015.
(Note 2) The increase in treasury common stock of 2,739,000 shares was attributable to an increase of 2,722,000 shares due to a stock split (assumed to have been executed at the beginning of the current consolidated accounting period) and an increase of 17,000 shares due to the purchase of shares that were less than one unit.
(Note 3) Treasury common stock decreased by 0 thousand shares due to the sale of shares that are less than one unit.

Type of shares	Number of shares as of March 31, 2014 (thousands)	2015 Increase (thousands)	2015 Decrease (thousands)	2015 Number of shares as of March 31, 2015 (thousands)
Outstanding shares:				
Common stock	76,341	—	—	76,341
Treasury stock:				
Common stock (Notes 1, 2)	2,708	14	0	2,722

(Note 1) Treasury common stock increased by 14,000 shares due to the purchase of shares that are less than one unit.
(Note 2) Treasury common stock decreased by 0 thousand shares due to the sales of shares that are less than one unit.

2) Matters related to dividends

(1) Cash dividends paid

		2016					
		Total amount of dividends		Dividends per share			
Resolution	Type of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Cut-off date	Effective date
Board of Directors' meeting held on May 12, 2015	Common stock	**¥4,417**	**$39,200**	**¥60.00**	**$0.53**	**March 31, 2015**	**June 5, 2015**
Board of Directors' meeting held on November 10, 2015	Common stock	**4,048**	**35,931**	**55.00**	**0.48**	**September 30, 2015**	**December 7, 2015**

		2015			
		Total amount of dividends	Dividends per share		
Resolution	Type of shares	Millions of yen	Yen	Cut-off date	Effective date
Board of Directors' meeting held on May 13, 2014	Common stock	¥2,945	¥40.00	March 31, 2014	June 6, 2014
Board of Directors' meeting held on November 11, 2014	Common stock	2,945	40.00	September 30, 2014	December 5, 2014

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2016, and with the effective date in the fiscal year ending March 31, 2017

		2016						
		Total amount of dividends			Dividends per share			
Resolution	Type of shares	Millions of yen	Thousands of U.S. dollars	Source of dividends	Yen	U.S. dollars	Cut-off date	Effective date
Board of Directors' meeting held on May 11, 2016	Common stock	**¥9,201**	**$81,658**	**Retained earnings**	**¥62.50**	**$0.55**	**March 31, 2016**	**June 7, 2016**

		2015				
		Total amount of dividends		Dividends per share		
Resolution	Type of shares	Millions of yen	Source of dividends	Yen	Cut-off date	Effective date
Board of Directors' meeting held on May 12, 2015	Common stock	¥4,417	Retained earnings	¥60.00	March 31, 2015	June 5, 2015

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.

19. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Cash and deposits	**¥31,883**	¥22,489	**$282,956**
Time deposits with maturities of more than three months	**(367)**	(576)	**(3,259)**
Cash and cash equivalents	**¥31,516**	¥21,912	**$279,696**

Amounts of assets and liabilities of newly consolidated subsidiaries in the previous consolidated accounting period:
The following are the amounts of assets and liabilities for Medreich Limited at the time of acquisition in the previous consolidated accounting period and the acquisition cost of this company's stocks and the amounts of cash and cash equivalents and of net expenditure for acquisition.

	Millions of yen
	2015
Current assets	¥ 11,937
Fixed assets	10,633
Goodwill	23,996
Current liabilities	(10,311)
Long-term liabilities	(2,815)
Non-controlling interests	(1,557)
Acquisition cost of shares	31,884
Cash and cash equivalents of acquired company	(612)
Net expenditure	¥ 31,271

Notes to Consolidated Financial Statements

20. Selling, General and Administrative Expenses

The major elements of selling, general and administrative expenses during the fiscal years ended March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Carriage and storage charges	**¥ 46,982**	¥ 42,115	**$ 416,958**
Sales promotion expenses	**118,370**	112,269	**1,050,502**
Labor cost	**71,946**	70,402	**638,504**
Provision for accrued bonuses for employees	**6,494**	6,194	**57,633**
Employees' retirement benefit cost	**6,514**	9,017	**57,814**
Allowance for sales rebates	**1,892**	1,803	**16,795**

21. Research and Development Costs

The research and development costs that were included in general and administrative expenses and manufacturing expenses during the fiscal years ended March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Research and development costs	**¥27,308**	¥26,105	**$242,355**

22. Extraordinary Gains and Losses

The major elements of extraordinary gains and losses during the fiscal years ended March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Extraordinary gains:			
Gain on sales of fixed assets	**¥19,761**	¥1,844	**$175,372**
Gain on sales of investment securities	**72**	699	**639**
Other	**620**	278	**5,510**
Total	**20,454**	2,821	**181,523**
Extraordinary losses:			
Loss on disposal of fixed assets	**3,427**	3,217	**30,413**
Impairment loss	**1,859**	3,623	**16,502**
Loss on valuation of investment securities	**905**	1	**8,034**
Other	**877**	904	**7,787**
Total	**¥ 7,069**	¥7,747	**$ 62,737**

(Note) It has been decided to include "Loss on valuation of investment securities," which was presented separately in the previous consolidated accounting period (ended March 31, 2015), in "Other" under "Extraordinary losses" in the current consolidated accounting period. In order to reflect this change in the presentation method, the consolidated financial statements of the previous consolidated accounting period have been reclassified.

Further, in the current consolidated accounting period, "Loss on sales of fixed assets," which was presented separately in the previous consolidated accounting period under "Extraordinary losses," has been included in "Other" from the current consolidated accounting period because the monetary value became insignificant.

As a result, in the consolidated statement of income of the previous consolidated accounting period, "Loss on valuation of investment securities" of ¥1 million and "Other" of ¥904 million have been reclassified as ¥144 million of "Loss on sales of fixed assets" and ¥761 million of "Other" under "Extraordinary losses."

23. Impairment Loss

Impairment losses for the fiscal year ended March 31, 2016, are as follows:

Application	Type	Location
Business assets	Machinery, equipment and buildings, etc.	Yokohama-shi, Kanagawa Prefecture
Business assets	Machinery, equipment and buildings, etc.	Aki-gun, Hiroshima Prefecture
Business assets	Buildings	Kitakyusyu-shi, Fukuoka Prefecture
Business assets	Machinery and equipment, etc.	Sakado-shi, Saitama Prefecture
Rental assets	Land	Kashiwa-shi, Chiba Prefecture
Business assets	Buildings and land, etc.	Togitsu-shi, Nagasaki Prefecture
Business assets	Structures	Fukuoka-shi, Fukuoka Prefecture
Business assets	Machinery and equipment, etc.	Fujieda-shi, Shizuoka Prefecture
Idle assets	Buildings	Chikugo-shi, Fukuoka Prefecture

The asset groupings in the Group are in principle based on the type of business. Rental assets and idle assets are grouped by individual asset.

In the current consolidated accounting period, because a subsidiary withdrew from certain businesses and the Company decided to sell rental assets, the carrying values of the said assets were reduced to recoverable amounts, and the reductions were recognized as impairment loss of ¥1,859 million ($16,502 thousand) under "Extraordinary losses."

Of this amount, regarding business assets, ¥1,164 million ($10,336 thousand) was buildings and structures; ¥573 million ($5,091 thousand) was machinery, equipment and vehicles; ¥4 million ($43 thousand) was tools, furniture and fixtures; ¥27 million ($243 thousand) was land; and ¥27 million ($246 thousand) was intangible fixed assets.

Further, regarding rental assets, ¥50 million ($451 thousand) was land. In addition, regarding idle assets, ¥9 million ($85 thousand) was buildings.

Also, the recoverable amounts of these assets have been measured based on net selling values and reduced to residual values or the expected sale amount.

Impairment losses for the fiscal year ended March 31, 2015, are as follows:

Application	Type	Location
Business assets	Machinery, equipment and buildings, etc.	Mishima-shi, Shizuoka Prefecture
Idle assets	Machinery, equipment and buildings, etc.	Isesaki-shi, Gunma Prefecture
Business assets	Machinery and equipment	Kyotanabe-shi, Kyoto Prefecture
Business assets	Machinery and equipment	Memuro-cho, Kasai-gun, Hokkaido Prefecture
Idle assets	Construction in progress	Odawara-shi, Kanagawa Prefecture
Business assets	Intangible fixed assets	Koto-ku, Tokyo
Business assets	Buildings	Nagano-shi, Nagano Prefecture
Rental assets	Buildings and land, etc.	Kawagoe-shi, Saitama Prefecture

The asset groupings in the Group are in principle based on the type of business. Rental assets and idle assets are grouped by individual asset.

For the fiscal year ended March 31, 2015, due to a decrease in the profitability of certain fixed assets of consolidated subsidiaries or consolidated subsidiaries' withdrawal from businesses, the carrying values of the said assets were written down to recoverable amounts, and those reductions were recorded in "Extraordinary losses" as impairment loss of ¥3,623 million.

Of this amount, regarding business assets, ¥740 million was buildings and structures; ¥1,852 million was machinery, equipment and vehicles; ¥22 million was tools, furniture and fixtures; ¥163 million was lease assets; and ¥124 million was intangible fixed assets.

Further, regarding idle assets, ¥306 million was buildings and structures; ¥126 million was machinery, equipment and vehicles; ¥35 million was land; and ¥178 million was construction in progress. In addition, regarding rental assets, ¥49 million was buildings and structures; ¥2 million was machinery and equipment; and ¥18 million was land.

Also, in relation to the recoverable amounts of these assets, business assets for which profitability decreased have been calculated by measuring value in use and discounting future cash flows by 5.10%. Idle assets, business assets and rental assets related to withdrawal from businesses have been measured based on net selling values and reduced to residual values.

Notes to Consolidated Financial Statements

24. Comprehensive Income

Reclassification adjustments and tax effects relating to other comprehensive income for the fiscal years ended March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Net unrealized holding gains or losses on securities:			
Amount arising during the year	**¥ (1,631)**	¥16,413	**$ (14,478)**
Reclassification adjustments for gains and losses included in profit	**(71)**	(691)	**(630)**
Amount before tax effect	**(1,702)**	15,721	**(15,108)**
Tax effect	**1,148**	(4,323)	**10,193**
Net unrealized holding gains or losses on securities	**(553)**	11,398	**(4,914)**
Deferred gains or losses on hedges:			
Amount arising during the year	**(36)**	4,004	**(323)**
Reclassification adjustments for gains and losses included in profit	**—**	—	**—**
Asset acquisition costs adjustments	**(80)**	(3,788)	**(711)**
Amount before tax effect	**(116)**	215	**(1,035)**
Tax effect	**38**	(73)	**345**
Deferred gains or losses on hedges	**(77)**	142	**(689)**
Foreign currency translation adjustments:			
Amount arising during the year	**(4,759)**	4,812	**(42,241)**
Reclassification adjustments for gains and losses included in profit	**56**	—	**503**
Foreign currency translation adjustments	**(4,702)**	4,812	**(41,737)**
Remeasurements of defined benefit plans:			
Amount arising during the year	**(18,854)**	6,129	**(167,329)**
Reclassification adjustments for gains and losses included in profit	**3,743**	7,545	**33,221**
Amount before tax effect	**(15,111)**	13,675	**(134,107)**
Tax effect	**4,484**	(4,999)	**39,802**
Remeasurements of defined benefit plans	**(10,626)**	8,676	**(94,305)**
Equity in affiliates accounted for by the equity method:			
Amount arising during the year	**107**	254	**953**
Total other comprehensive income	**¥(15,853)**	¥25,284	**$(140,693)**

25. Derivative Financial Instruments

Matters related to derivative transactions in the fiscal year ended March 31, 2016

1) Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2016				**2016**			
	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	**¥ 584**	**¥ —**	**¥ (33)**	**¥ (33)**	**$ 5,190**	**$ —**	**$ (298)**	**$ (298)**
Currency swap contracts								
Buy								
U.S. dollar	**3,042**	**2,636**	**234**	**234**	**27,000**	**23,400**	**2,080**	**2,080**
Total	**¥3,627**	**¥2,636**	**¥200**	**¥200**	**$32,190**	**$23,400**	**$1,781**	**$1,781**

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

(2) Interest rate-related transactions

None

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

		Millions of yen			Thousands of U.S. dollars		
		2016			2016		
Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value	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	¥6,047	¥—	¥ (129)	$53,667	$—	$ (957)
Euro	Accounts payable	102	—	(6)	907	—	(59)
Australian dollar	Accounts payable	5	—	0	44	—	1
Sell							
U.S. dollar	Accounts receivable	1,740	—	146	15,442	—	1,300
Hedge accounting method:							
Allocation method							
Forward foreign exchange contracts							
Buy							
U.S. dollar	Accounts payable	986	—	(Notes)	8,753	—	(Notes)
Euro	Accounts payable	9	—	(Notes)	87	—	(Notes)
Pound	Accounts payable	276	—	(Notes)	2,449	—	(Notes)
Australian dollar	Accounts payable	23	—	(Notes)	209	—	(Notes)
Sell							
U.S. dollar	Accounts receivable	207	—	(Notes)	1,841	—	(Notes)
Total		¥9,398	¥—	¥ 10	$83,404	$—	$ 185

(Notes) 1. Fair value is based on the statements received from the counterparty financial institutions.
2. For forward foreign exchange contracts, etc., subject to the allocation method, because they are treated together with the hedged accounts payable and accounts receivable, their fair values are included in the fair value information of the respective accounts payable and accounts receivable.

(2) Interest rate-related transactions

		Millions of yen			Thousands of U.S. dollars		
		2016			2016		
Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value	Contract amount, etc.	Portion with maturity over one year	Fair value
Method of hedge accounting:							
Integrated method							
(shortcut method, allocation method) of interest rate and currency swap							
Interest rate and currency swap contracts							
Fixed rate payments/ variable rate receipts	Long-term loans payable	¥19,890	¥18,843	(Note)	$176,519	$167,228	(Note)

(Note) Method for determining market value: Since the items above are handled together with long-term loans payable that are subject to hedging, the estimated fair value of these items is included in the fair value of the long-term loans payable.

Notes to Consolidated Financial Statements

Matters related to derivative transactions in the fiscal year ended March 31, 2015

1) Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen			
	2015			
	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	¥ 504	¥ —	¥ 18	¥ 18
Currency swap contracts				
Buy				
U.S. dollar	3,677	3,208	295	295
Total	¥4,181	¥3,208	¥313	¥313

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

(2) Interest rate-related transactions

None

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

		Millions of yen		
		2015		
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	¥4,739	¥ —	¥ 153
Euro	Accounts payable	174	—	(15)
Sell				
U.S. dollar	Accounts receivable	1,082	—	5
Currency swap contracts				
Buy				
Pound	Accounts payable	2,199	776	(15)
Hedge accounting method:				
Allocation method				
Forward foreign exchange contracts				
Buy				
U.S. dollar	Accounts payable	576	—	(Notes)
Pound	Accounts payable	43	—	(Notes)
Australian dollar	Accounts payable	86	—	(Notes)
Sell				
U.S. dollar	Accounts receivable	473	—	(Notes)
Currency swap contracts				
Buy				
Pound	Accounts payable	129	—	(Notes)
Total		¥9,504	¥776	¥ 127

(Notes) 1. Fair value is based on the statements received from the counterparty financial institutions.
2. For forward foreign exchange contracts, etc., subject to the allocation method, because they are treated together with the hedged accounts payable and accounts receivable, their fair values are included in the fair value information of the respective accounts payable and accounts receivable.

(2) Interest rate-related transactions

None

26. Business Combination

(Fiscal year ended March 31, 2016)

Revision details and amounts in the event of important revisions made to the initial allocation of acquisition costs

For stocks related to Medreich Limited and its nine subsidiaries, which the Company acquired in the previous consolidated accounting period, the allocation of acquisition costs was not completed in the previous consolidated accounting period. In the current consolidated accounting period, the allocation of acquisition costs was completed. Therefore, goodwill has been revised as follows.

Revised item	Millions of yen	Thousands of U.S. dollars
Goodwill (before revision)	**¥23,996**	**$212,957**
Land	**(1,908)**	**(16,932)**
Intangible fixed assets	**(7,474)**	**(66,329)**
Deferred tax liabilities	**3,189**	**28,301**
Revision total	**(6,193)**	**(54,960)**
Goodwill (after revision)	**¥17,803**	**$157,996**

27. Segment Information

Reporting segments of the Group are components of the Group by which separate financial information is available and 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. Operational subsidiaries develop their business activities by formulating comprehensive strategies for Japan and overseas with respect to their products and services.

Accordingly, the Group comprises segments based on operational subsidiaries and has two reporting segments: the Food segment and the Pharmaceuticals segment.

	Millions of yen				
	2016				
	Reporting segments				
	Food	Pharmaceuticals	Total	Adjustments	Amount presented in consolidated statement of income
Sales, operating income (loss) and assets					
Sales					
(1) Sales to third parties	**¥1,060,775**	**¥162,970**	**¥1,223,746**	**¥ —**	**¥1,223,746**
(2) Intersegment sales and transfers	**623**	**1,571**	**2,194**	**(2,194)**	**—**
Total	**¥1,061,398**	**¥164,542**	**¥1,225,940**	**¥ (2,194)**	**¥1,223,746**
Segment income (loss)	**¥ 68,289**	**¥ 10,118**	**¥ 78,408**	**¥ (626)**	**¥ 77,781**
Segment assets	**592,149**	**200,569**	**792,718**	**63,396**	**856,115**
Other items					
Depreciation	**¥ 36,513**	**¥ 5,311**	**¥ 41,825**	**¥ 251**	**¥ 42,077**
Equity in income of affiliates	**4,357**	**7,102**	**11,460**	**—**	**11,460**
Increase in property, plants and equipment / intangible fixed assets	**39,941**	**5,528**	**45,469**	**43**	**45,513**

Notes to Consolidated Financial Statements

	Thousands of U.S. dollars				
	2016				
	Reporting segments				Amount presented in consolidated statement of income
	Food	Pharmaceuticals	Total	Adjustments	
Sales, operating income (loss) and assets					
Sales					
(1) Sales to third parties	**$9,414,053**	**$1,446,315**	**$10,860,369**	**$ —**	**$10,860,369**
(2) Intersegment sales and transfers	**5,531**	**13,943**	**19,475**	**(19,475)**	**—**
Total	**$9,419,585**	**$1,460,259**	**$10,879,845**	**$ (19,475)**	**$10,860,369**
Segment income (loss)	**$ 606,051**	**$ 89,795**	**$ 695,847**	**$ (5,561)**	**$ 690,286**
Segment assets	**5,255,145**	**1,779,987**	**7,035,133**	**562,625**	**7,597,759**
Other items					
Depreciation	**$ 324,046**	**$ 47,142**	**$ 371,189**	**$ 2,233**	**$ 373,422**
Equity in income of affiliates	**38,669**	**63,034**	**101,704**	**—**	**101,704**
Increase in property, plants and equipment / intangible fixed assets	**354,467**	**49,064**	**403,531**	**384**	**403,915**

	Millions of yen				
	2015				
	Reporting segments				Amount presented in consolidated statement of income
	Food	Pharmaceuticals	Total	Adjustments	
Sales, operating income (loss) and assets					
Sales					
(1) Sales to third parties	¥1,021,284	¥139,867	¥1,161,152	¥ —	¥1,161,152
(2) Intersegment sales and transfers	521	1,471	1,992	(1,992)	—
Total	¥1,021,806	¥141,338	¥1,163,145	¥ (1,992)	¥1,161,152
Segment income (loss)	¥ 41,664	¥ 10,076	¥ 51,741	¥ (198)	¥ 51,543
Segment assets	601,965	205,412	807,377	69,989	877,367
Other items					
Depreciation	¥ 35,308	¥ 5,482	¥ 40,790	¥ 1,094	¥ 41,885
Equity in income of affiliates	3,999	—	3,999	—	3,999
Increase in property, plants and equipment / intangible fixed assets	55,458	42,869	98,328	23	98,351

28. Significant Subsequent Events

None

Independent Auditor's Report

EY
Building a better working world

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Tokyo 100-0011, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
Meiji Holdings Co., Ltd.

We have audited the accompanying consolidated financial statements of Meiji Holdings Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meiji Holdings Co., Ltd. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 29, 2016
Tokyo, Japan

Major Group Companies

Japan

Food Segment

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

Sales Headquarters
Kitanihon / Kanto / Chubu / Kansai / Nishinihon

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 / Kyoto Lactic Acid Bacteria / Kansai / Kansai Ice Cream / Kansai Nutritionals / Osaka / Okayama / Kyushu

Group Companies

■ Production and Procurement Function
Tokai Meiji Co., Ltd. / Kantou Seiraku Co., Ltd. / Pampy Foods Incorporation / Tochigi Meiji Milk Products Co., Ltd. / Meiji Oils and Fats Co., Ltd. / Chiba Meiji Milk Products Co., Ltd. / Donan Shokuhin Co., Ltd. / Zao Shokuhin Kaisha, Ltd. / Meiji Sangyo Co., Ltd. / Meiji Chewing Gum Co., Ltd. / Tokai Nuts Co., Ltd. / Okayamaken Shokuhin Co., Ltd. / Gunma Milk Joint Business Cooperatives

■ Sales and Logistics Function
Meiji Fresh Network Co., Ltd. / Shikoku Meiji Co., Ltd. / Meiji Logitech Co., Ltd.

■ Others
Meiji Nice Day Co., Ltd. / Nitto Co., Ltd. / Meiji Techno-Service Inc.

Independent Business Group
Okinawa Meiji Milk Products Co., Ltd. / Taiyo Shokuhin Co., Ltd. / Nihon Kanzume, Co., Ltd. / Meiji Shokuhin Kaisha, Ltd. / Asahi Broiler Co., Ltd. / Meiji Kenko Ham Co., Ltd. / Meiji Rice Delica Corporation / Meiji Food Materia Co., Ltd. / KCS Co., Ltd. / Fresh Logistic Co., Ltd. / Three S and L Co., Ltd. / Meiji Feed Co., Ltd.

Pharmaceuticals Segment

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
East / West

■ Veterinary Drugs
East / West

Group Companies
Kitasato Pharmaceutical Industry Co., Ltd. / OHKURA Pharmaceutical Co., Ltd.

Note: In addition to the above, Meiji Business Support Co., Ltd., is an indirect contractor for the various companies within the Meiji Group.

Worldwide Locations

Food Segment

Offices

1 Bangkok Office
2 Taiwan Branch

Group Companies

3 Meiji Dairies (Suzhou) Co., Ltd.
4 Guangzhou Meiji Confectionery Co., Ltd.
5 Meiji Ice Cream (Guang Zhou) Co., Ltd.
6 Meiji Seika Food Industry (Shanghai) Co., Ltd.
7 CP-Meiji Co., Ltd.
8 Meiji Seika (Singapore) Pte. Ltd.
9 Meiji India Private Limited
10 Thai Meiji Food Co., Ltd.
11 P.T. Ceres Meiji Indotama
12 Meiji America Inc.
13 D. F. Stauffer Biscuit Co., Inc.
14 Laguna Cookie Co., Inc.
15 Meiji Dairy Australasia Pty. Ltd.

Pharmaceuticals Segment

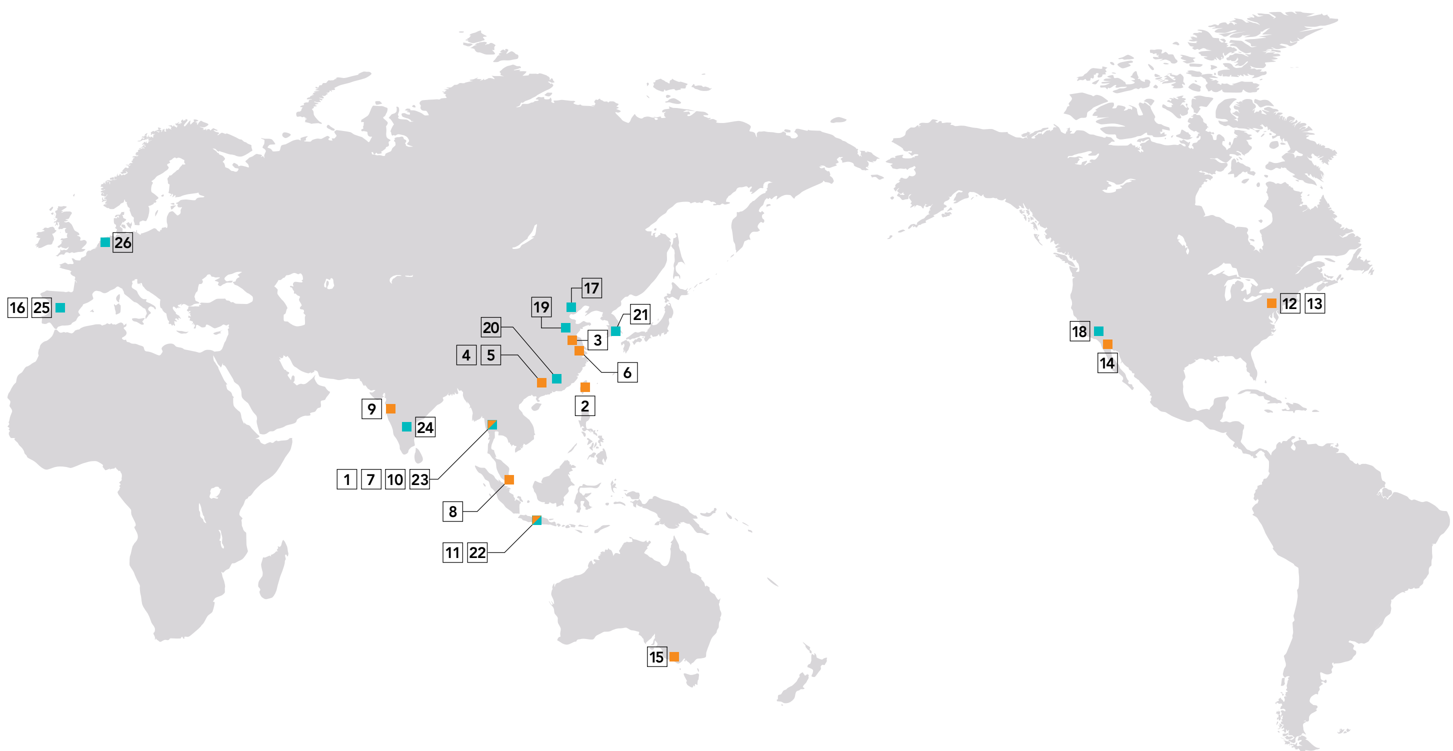
Offices

16 Madrid Office
17 Beijing Office
18 U.S. Office

Group Companies

19 Meiji Pharma (Shandong) Co., Ltd.
20 Shantou SEZ Meiji Pharmaceuticals Co., Ltd.
21 Meiji Pharma Korea Co., Ltd.
22 P.T. Meiji Indonesian Pharmaceutical Industries
23 Thai Meiji Pharmaceutical Co., Ltd.
24 Medreich Limited
25 Tedec-Meiji Farma, S.A.
26 Meiji Seika Europe B.V.

■ Overseas bases of Food segment
■ Overseas bases of Pharmaceuticals segment



Corporate Data / Stock Information (As of March 31, 2016)

Corporate Data

Company Name	Meiji Holdings Co., Ltd. (Securities code: 2269)
Head Office	2-4-16, Kyobashi, Chuo-ku, Tokyo 104-0031, Japan
Incorporated	April 1, 2009
Paid-in Capital	¥30 billion
Common Stock Issued	152,683,400*
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/global/) 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 Group Employees	16,456

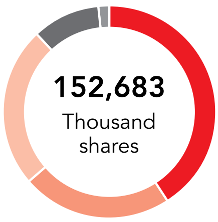
Stock Information*

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,516	6.23
Mizuho Bank, Ltd.	7,267	4.75
Japan Trustee Services Bank, Ltd. (Trust Account)	6,966	4.56
Nippon Life Insurance Company	3,348	2.19
Resona Bank, Limited	3,047	1.99
The Norinchukin Bank	2,892	1.89
Meiji Holdings Employee Shareholding Association	2,631	1.72
Meiji Holdings Trading-Partner Shareholding Association	2,623	1.71
Mitsubishi UFJ Trust and Banking Corporation	2,005	1.31
STATE STREET BANK WEST CLIENT - TREATY 505234	1,795	1.17
Total of Top 10 Shareholders	42,093	27.56

Note: In addition to the shares above, the Company owns 5,462,223 shares of treasury stock (a 3.57% shareholding).

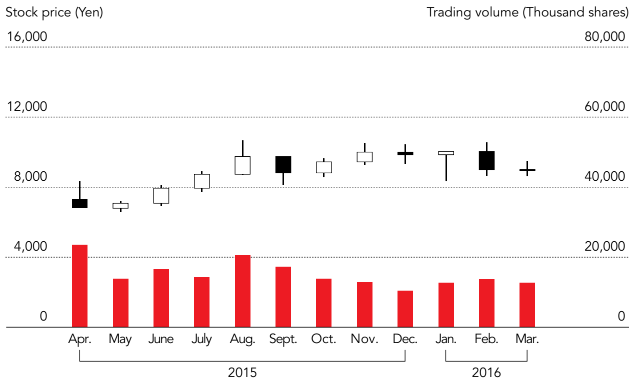
Shareholding by Type of Shareholder



Financial Institutions	40.87%
Individuals and Others	23.00%
Foreign Companies, etc.	24.25%
Other Companies	10.34%
Financial Instruments Dealers	1.54%
Government and Public Bodies	—

Note: "Individuals and Others" includes treasury stock.

Stock Price and Trading Volume



* Please note that Meiji Holdings carried out a two-for-one split of common stock on October 1, 2015. The above figures reflect this stock split.

Editorial Policy

The Meiji Group has issued this annual report to inform stakeholders about its business management strategies, priority measures, and CSR initiatives.

To provide further information, we have prepared our website.

■ http://www.meiji.com/global/

Content	Medium	Published report and its location on our website
CSR	Internet	**Sustainability** Provides details about the latest measures the Group has taken based on the CSR philosophy outlined in this annual report ■ Home > Sustainability

History

1900s~1940s

1916 Tokyo Confectionery Co., Ltd. (Tokyo Confectionery, the predecessor of Meiji Seika Kaisha, Ltd. (Meiji Seika)), is established.
1917 Tokyo Confectionery merges with Taisho Seika, a subsidiary of Meiji Sugar Co., Ltd. (Meiji Sugar).
Tokyo Confectionery starts manufacturing of caramels and biscuits at its Okubo Plant.
Kyokuto Condensed Milk Co., Ltd. (Kyokuto Condensed Milk, the predecessor of Meiji Dairies Corporation (Meiji Dairies)), is established.
Kyokuto Condensed Milk starts manufacturing of condensed milk and other products.
1920 Meiji Sugar establishes Meiji Shoten (later Meiji Shoji).
1924 Tokyo Confectionery changes its name to Meiji Seika Kaisha, Ltd.
1926 Meiji Seika launches *Meiji Milk Chocolate*.
Meiji Seika launches a cocoa powder drink mix.
1928 Meiji Seika launches *Meiji Milk*.
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*.
1968 Meiji Seika launches 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 *SAVAS*, a series of protein for athletes.
1983 Meiji Seika launches the OTC drug *ISODINE® UGAIGUSURI*.
1986 Meiji Dairies launches the enteral formula *YH-80*.
1989 Meiji Dairies establishes CP-Meiji Co., Ltd., in Thailand.
The antianxiety drug *MEILAX* is introduced.

1990s

1990 Meiji Dairies launches a soft margarine, *Meiji Corn 100*.
1992 Meiji Dairies launches *Meiji Hokkaido Tokachi Cheese*.
1994 Meiji Dairies launches *Meiji Essel Super Cup Ultra Vanilla*.
The antibacterial drug *MEIACT* is introduced.
1995 Meiji Dairies launches the sports nutrition drink *VAAM*.
Meiji Dairies launches the enteral formula *Meiji Mei Balance*.
1997 Meiji Seika launches *Xylish Gum*.
1998 Meiji Seika launches *Chocolate Kouka*.
A business unit for generic drugs is set up.
1999 The antidepressant drug *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 the cube-shaped infant formula *Meiji Hohoemi Raku Raku Cube*.
2008 Meiji Dairies launches a cream for professional use *Meiji Fresh Cream Ajiwai*.
2009 Meiji Seika and Meiji Dairies establish a joint holding company Meiji Holdings Co., Ltd., and integrate their management.
The antibacterial drug *ORAPENEM* is introduced.
The antidepressant drug *REFLEX* is introduced.
Meiji Dairies launches *Meiji Probio Yogurt R-1*.

2010s

2010 Prepared the "Meiji Group 2020 Vision" as a long-term business management strategy.
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, and begin operation.
2015 Meiji launches *Meiji Probio Yogurt PA-3*.
2016 The schizophrenia drug *SYCREST* is introduced.
The Meiji Group celebrates its 100th anniversary.

* *ISODINE®* is a registered trademark of Mundipharma K.K.

For further information, please contact:

Meiji Holdings Co., Ltd.
Tel: +81-3-3273-4001
(Business hours: 9:00–17:00 / except Saturdays, Sundays, and public holidays)

Meiji Holdings Co., Ltd., provides information on its website:
http://www.meiji.com/global/

make life lively

meiji

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