Since its establishment in 1916, Meiji Seika Kaisha, Ltd. has contributed to emphasizing the taste experience and zest in life. Through our food and pharmaceutical operations, we have long played a part in helping people lead happier and more fulfilling lives.

Best known as Japan’s leading manufacturer of chocolate products, the Food & Healthcare Company is recognized as a source of dreams and good food and helps people lead healthy lifestyles. The Pharmaceutical Company concentrates on providing anti-infectives and central nervous system drugs for the treatment of diseases, and it has a growing line of generic drugs. By continuing to expand these two businesses, we are determined to use our wealth of technology to contribute to healthy living.

As an organization that is closely linked to the preservation of good health and life, Meiji Seika will continue to fulfill its social obligations and remain a source of products that help its customers lead fulfilling lives while adhering to the highest ethical standards. At the same time, under the current medium-term business plan, we will work to raise our corporate value and become an even more competitive and dynamic company.
To help people lead happier and more fulfilling lives by emphasizing the taste experience and zest in life.

Based on this philosophy, we provide products, services and information in the business domains of food and pharmaceuticals. We are active in the fields of confections, food, medical care, healthy living, agriculture and veterinary medicine and the environment.
As Japan’s market for confectionery products matures, Meiji Seika is taking various actions to establish leading positions for major products in their respective market categories. Our goal is to use this base to offer consumers new sense of good taste and fun. Vital to achieving these market-leading positions is a total marketing strategy that combines activities involving products, advertising and in-store activities.

To enhance our product lineup, we seek to identify needs that consumers themselves have not yet recognized. This stance allows us to develop products a half step ahead of these emerging needs.

Establishing and executing a total marketing strategy is a collective effort involving planning, manufacturing, marketing, sales and other departments at Meiji Seika. For each product category, we form a team that spans all these functions. This approach allows us to create effective strategies by drawing on the expertise of many departments.
Clearly communicating to customers each brand identity is a key role of advertising activities. We carefully select media that match the image of each product as well as current market trends. This makes it possible to tell the public about the features of our products along with our commitment to “good taste and fun, health and reliability.”

Attractive and highly appealing sales areas are essential to promoting our products in stores. To accomplish this, we make extensive use of “diamond sales.” Under this sales method, teams made up of Meiji Seika sales, marketing and product planning professionals come up with ideas for attractive sales areas and special events. The team then submits these ideas to retailers. We will continue to develop products that anticipate new consumer needs and take on the challenge of entering new business fields. All these activities will be guided by the core themes of making products for adults, contributing to good health, supplying high-quality products and supplying products that reflect the increasing need in Japan for products made for individual consumption. Through these initiatives, we are determined to add more value to the Meiji brand.

100% Chocolate Cafe

Japan’s first café featuring chocolate beverages opened its doors in December 2004 on the first floor of Meiji Seika’s head office in Tokyo’s Kyobashi district. We started this café with the goal of making more people aware of the good taste and fun that chocolate can provide. Serving as an antenna shop, 100% Chocolate Cafe provides information that we use for the development of new chocolate products.

The café sells six types of freshly made chocolate creme and other original chocolate beverages. Customers can also enjoy a “chocolate library” that has 56 varieties of chocolate made using cacao beans from 18 countries and many rare ingredients. This makes the café a source of new ideas for ways to enable more people to make chocolate a part of their lives.

Through these initiatives, we are determined to add more value to the Meiji brand.
Meiji Seika is taking advantage of its technologies and reputation for trust gained over the years through its core food and pharmaceutical businesses to develop healthcare into a new core business. In Japan, life styles are changing as the population ages and people become more interested in preserving their health. Our healthcare business concentrates on creating products that match these consumer needs. Our goal is to further strengthen this business by placing priority on the themes of beauty care and health, sports and health and good taste and health.

In the beauty care and health category, we renewed and enlarged the lineup of AMINO COLLAGEN products, which has become the leader in the collagen-based drink market. This makes it even easier for customers to enjoy the benefits of collagen. In the sports and health category, our protein supplement SAVAS is one of Japan’s most widely used nutrition supplements among top athletes. We take steps to heighten the appeal of this product and reinforce the SAVAS brand. Concerning good taste and health, we sell THEOBRO, a premium cocoa, and GINZA CURRY and other retort-pouch products.

In the OTC drug category, we sell a variety of products that help people stay healthy. Our lineup includes ISODINE, Japan’s leading brand of anti-bacterial and disinfectant products.

We began a full-scale e-commerce business for healthcare products in 2004. By developing products specifically for e-commerce and establishing a membership system, we plan to expand this business into a significant source of earnings in the future.

Meiji Seika’s operations in the healthcare domain are backed by many strengths that competitors cannot match. One is an R&D organization capable of creating high-quality products. Another valuable strength is knowledge involving nutrition and fitness that we have gained over many years of assisting top athletes. We intend to establish a new business model with good health at the nucleus by integrating and leveraging these and other strengths.
Conducting Extensive Development-Based Sales Activities

Institutional Foods Products

Meiji Seika supplies a diverse selection of foodservice products that include carefully chosen, quality items from around the world. Our lineup extends from basic ingredients to finished products in the confectionery and food categories. We draw on technologies based on 90 years of experience in research, development, and manufacturing activities. With these resources, we can conduct a foodservice business that utilizes a global network to function much like a trading company.

We conduct extensive development-based sales activities. One facet is the creation of new flavors that match changing consumer preferences. These activities also include combining ingredients that can be easily processed with new materials. In addition, we can offer fresh ideas for products that offer greater convenience for our customers. We sell foodservice products mainly to producers of confectionery and food products, wholesalers, restaurant operators, and retailers.

The diverse customer base and growing scale of foodservice operations are proof that Meiji has become an even more trusted brand in the foodservice market.
Our pharmaceutical business started in 1946 when we began producing penicillin, since then, we have been helping keep people healthy by supplying numerous outstanding drugs for the treatment of infectious diseases and disorders of the central nervous system.

We launched STREPTOMYCIN, a treatment for tuberculosis in 1950, KANAMYCIN, which became Japan’s first antibiotic used on a global scale in 1958, HABEKACIN, the first drug in Japan for methicillin-resistant Staphylococcus aureus (MRSA) infections in 1990, and MEIACT, an oral cephalosporin antibiotic that features superior efficacy in 1994. These and other accomplishments further solidified our position as a leading manufacturer and marketer of antibiotics.

We started selling the anti-anxiety drug MEILAX in 1989 and the anti-depressant DEPROMEL in 1999. These two drugs made a big contribution to treating the increasing number of individuals in Japan with mental problems as shifting social conditions create more stress. In 2005, DEPROMEL became the first drug approved for the treatment of social anxiety disorder in Japan.

Meiji Seika is currently concentrating on expanding the generic drug business ahead of its competitors by using knowledge gained from developing and selling new drugs. In 2005, we established an organization to build an operating base that can provide a consistent supply of
quality generic drugs. The organization includes all necessary functions: planning, R&D and sales. We will continue to work on expanding our pipeline by focusing primarily on our core business domains: infectious diseases and central nervous system disorders.

In agricultural chemicals, our core product ORYZEMATE, a fungicide that protects rice against blast, remains the best seller in the rice paddy category more than 30 years after its introduction. Agricultural chemicals play a key role in helping to ensure a safe and stable supply of food. In a move to further expand this business, we applied for approval of a new herbicide in November 2006. If approval is granted, this product will enable us to establish an even broader base of operations for agricultural chemicals.

For veterinary drugs, we are concentrating on drugs for companion animals with the goal of reinforcing our position as one of Japan’s leading suppliers of veterinary drugs.

### List of Products under Development (As of July 31, 2007)

<table>
<thead>
<tr>
<th>Development Code</th>
<th>Indication and Notes</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Antibacterial Agent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ME1211</td>
<td>● The world’s first oral carbapenem (treatment of respiratory tract infections) ● The double blind comparative study is in progress now</td>
<td>Phase III</td>
</tr>
<tr>
<td>ME1036</td>
<td>● Injectable carbapenem antibiotic (treatment for MRSA and other serious infections) ● Now in phase I trials in North America</td>
<td>Phase I (US)</td>
</tr>
<tr>
<td>HABEKACIN</td>
<td>● Aminoglycoside injectable antibiotic (treatment of serious infections) launched in 1990 ● Good prospects for outstanding efficacy and greater convenience in clinical use, developing changes indication and dosage (once a dose per day)</td>
<td>NDA Submission</td>
</tr>
<tr>
<td><strong>Anti-depressant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Org3770</td>
<td>● Japan’s first anti-depressant anti-anxiety with a new mechanism (NaSSA)</td>
<td>NDA Submission</td>
</tr>
<tr>
<td>SME3110</td>
<td>● Japan’s first anti-depressant classified to SSRI launched in 1999 ● The 75mg tablet (additional formulation)</td>
<td>NDA Submission</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ME3738</td>
<td>● Treatment for hepatitis C (indication for prevention of death of liver cells, indication for control of immune system) ● Now in Phase IIa trials using a preparation having improved oral absorption</td>
<td>Phase IIa</td>
</tr>
<tr>
<td>ME3301</td>
<td>Nose anti-allergic drug Considering a licensing partner</td>
<td>Phase IIa completed</td>
</tr>
</tbody>
</table>

DEPROMEL became Japan’s first drug for the treatment of social anxiety disorder (SAD) following the 2005 approval for this indication. As the co-developer of this drug, Meiji Seika conducts a number of activities to raise public awareness of SAD.

Individuals with SAD experience intense anxiety when interacting with other people that can even result in sweating and abdominal pain. This often interferes with jobs, marriage and other social activities, preventing individuals from leading a normal life. But until recently, this problem was frequently viewed as a personality problem rather than a medical disorder in Japan. Early detection and appropriate treatment of SAD is essential because, in some cases, it can lead to depression or alcoholism. We would like to make more people suffering from SAD aware that they have this disorder and help them receive treatment. For this purpose, we operate SAD-NET, a web site devoted exclusively to this disorder, and started a SAD call center for patients and potential patients. We are determined to use these activities to give the public a better understanding of SAD.
Food & Healthcare Company

This company is expanding its operations outside Japan by concentrating on three core activities: exports, overseas manufacturing and sales, and the sale in Japan of imported products bearing well-known brands.

Export operations continue to expand steadily. This business mainly involves sales of chocolate and other confectionery products and healthcare products like AMINO COLLAGEN throughout the world.

Import operations are also posting sales growth. Major imported products that we sell in Japan are the chocolate products of Kraft Foods Inc., which are made in Europe, pretzels made by Snyder’s of Hanover, Inc. in the United States and the luxury chocolates produced by Belgium-based Bruyerre that are imported exclusively for the Valentine’s Day season.

In the United States, our operations include wholly owned subsidiary D.F. Stauffer Biscuit Co., Inc. and its wholly owned subsidiary Laguna Cookie Co., Inc., which is well known for its animal crackers and other products.

In China, joint venture Guangzhou Meiji Confectionery Co., Ltd. has been manufacturing and selling confectionery products, chiefly the YAN YAN line of dip-stick snacks, since 1993. To increase sales in China, we established a wholly owned sales and marketing subsidiary called Meiji Seika (Shanghai) Co., Ltd. in 2004. This was followed by the August 2006 start of production activities at Meiji Seika Food Industry (Shanghai) Co., Ltd. These two companies give us an integrated production and sales infrastructure in China for our core chocolate products.

In Southeast Asia, wholly owned subsidiary Meiji Seika (Singapore) Pte. Ltd. is engaged mainly in the manufacture and sale of products bearing the YAN YAN, HELLO PANDA and PUCCA brands. This company exports its products to other Asian countries as well as to the United States, Oceania and other regions. Group companies in this region also include joint ventures Five Stars Dairy Ingredients Pte. Ltd. in Singapore, PT. Ceres Meiji Indotama in Indonesia and Thai Meiji Food Co., Ltd., all of which play a role in raising the profile of the Meiji brand in this region.

In Europe, we provide technical assistance to United Biscuits, of the United Kingdom, which sells products made using our know-how throughout Europe.
Overseas operations began in 1954 with the export of antibiotics. Today, Meiji brand drugs such as MEIACT and FOSMICIN are sold in more than 60 countries.

As the scale of overseas operations grew, we established P.T. Meiji Indonesian Pharmaceutical Industries in 1974 and Thai Meiji Pharmaceutical Co., Ltd. in 1979. Both companies produce and distribute human and veterinary drugs in their home countries and export some drugs to Japan and other countries. In China, we established Shantou Meiji Pharmaceuticals Co., Ltd. in 1989 to manufacture and distribute antibiotic products. In 2004, we established Meiji Lukang Pharmaceutical Co., Ltd. to support our growth in China and serve as a production base for fermented drugs. In Europe, Spain-based Tedec-Meiji Farma S.A., which was established in 1991, provides a base for our growth in Europe.

Pharmaceutical Company
Food & Healthcare Company

Production

We are currently extending the Meiji Production System (MPS) to all Group factories in order to respond more accurately to shifts in consumers’ preferences and in product distribution needs. MPS is structured to manufacture high quality products while holding down both production and distribution expenses. MPS accomplishes this through the fundamental policy of supplying products to customers while producing only what we need, when needed and in the required volume.

We are also dedicated to selling products that are as fresh as possible. This is why we are building a weekly production and sales system along with a highly efficient distribution network. In the past, our manufacturing operations played a passive role by merely filling orders. By using MPS, our factories are instead playing an active role in providing customers with fresh products while minimizing inventories. With this framework, we can respond to customers’ needs with much more flexibility.

Quality Control

Our mission is not limited to good taste, which is the primary objective of our confectionery and food products. We are equally committed to supplying products that are safe and reliable. The Meiji-Quality Management System (M-QMS), our exclusive quality control system, covers every step from the procurement of raw materials through the selection of packaging materials and product distribution methods. M-QMS conforms to Japan’s Food Sanitation Law, ISO and HACCP standards and requires us to meet further stringent regulations, too. Combining this demanding quality control system with our sophisticated production equipment and technologies creates an even more powerful base for the outstanding product safety and reliability that are synonymous with the Meiji brand.
Production

Carefully selected production machinery and an absolutely clean production environment are vital to the manufacture of drugs that can be used with confidence. This is why all our pharmaceutical factories use sophisticated computer management systems. These factories are the Kitakami and Gifu factories, which use synthesis and fermentation to make bulk drugs, and the Odawara factory, which produces finished drugs. With advanced manufacturing equipment and strict production supervision regulations, we can consistently supply drugs that have outstanding quality and safety.

A production building completed in May 2004 at our Odawara factory is one illustration of our commitment to using advanced facilities. This building incorporates a seismic isolation structure, a first at a pharmaceutical factory in Japan, to prevent interruptions to production activities following a major earthquake.

Quality Control

Since drugs are vital to the preservation of good health and life, their production requires an extremely high level of quality control and management activities for safety. To meet these uncompromising requirements, all Meiji Seika pharmaceutical factories adhere to the Good Manufacturing Practice (GMP) and other regulations. Furthermore, quality assurance departments that are independent of manufacturing divisions check manufacturing and quality control activities to verify compliance with all regulations. This monitoring process extends from the receipt of raw materials through final packaging and shipment.

In addition, quality assurance departments perform strict pre-shipment evaluations for finished products, as specified by 2005 amendments to Japan’s Pharmaceutical Affairs Law. Along with advanced facilities and a clean production environment, the Meiji Seika Group will reinforce its ability to supply pharmaceutical products that meet the most demanding regulations for quality, safety and reliability.
Food & Healthcare Company

Our Food and Health R&D Laboratory examines many themes in the pursuit of flavors that can excite customers and more health-related functions. Basic research focuses on materials, physical properties and other themes. We also study nutrition physiology, manufacturing processes and equipment, techniques to preserve flavors and many other themes. These activities result in new forms of value that make possible a variety of new products.

We will continue to conduct an integrated research program that extends from basic research to product development while monitoring the changing needs of our customers. Our goal is to contribute to society in the field of food and health through these activities.

Pharmaceutical Company

Meiji Seika performs pharmaceutical R&D activities at three research facilities.

The Pharmaceutical Research Center targets a broad range of healthcare requirements by performing R&D projects centered on antibiotics and other drugs for infectious diseases. These activities, which also involve other diseases and disorders, are aimed at creating innovative drugs that can contribute to the longevity of society.

The Microbiological Resource & Technology Laboratory is devoted to creating antibiotics and other drug substances. Activities at this laboratory include research concerning methods to use microbes effectively and the breeding of microbes, which includes the use of genetic modification technology. This laboratory also researches fermentation metabolism to create culture production technology. All research programs seek to identify new ways to utilize the enormous potential medical benefits of microbes.

The Agricultural & Veterinary Research Laboratory studies and develops compounds produced by fermentation; a variety of synthetic substances to create new products that protect crops from disease and insects; and anthelmintic and drugs to treat infectious diseases and other disorders in livestock, companion animals and fish. In addition, this laboratory develops animal feed enzymes and animal feed nutrition supplements as well as improvement of useful drug formulations.
The Meiji Seika Group manufactures and sells food, pharmaceutical and many other products that help people stay healthy and live longer. Due to these activities, ensuring safety and reliability is a central mission of the Group. This is why we are constantly working on preserving our reputation as a highly trustworthy organization. To reinforce our CSR programs, we established the CSR Promotion Office in 2004 and announced our commitment to six core activities: quality assurance, compliance, risk management, the environment, social contributions and the disclosure of information.

Manufacturing safe and reliable products is naturally at the heart of our CSR commitment. But we also look ahead to creating a sustainable society for future generations by doing business in an environmentally responsible manner. Our Corporate Charter of Conduct is a central aspect of CSR. We would like the executives and employees of the Group to perform their jobs in line with the highest ethical standards. We are determined to make fairness and integrity the foundation for all our activities.
Meiji Seika will continue to improve corporate value by strengthening its corporate governance systems. We are also implementing fast and reliable decision-making processes and preserving the transparency of management activities.

Executive officers are responsible for business execution activities. This system allows the Board of Directors to focus exclusively on making decisions on important management issues for the entire Group and supervising the execution of business activities. We have two outside directors, who have wide-ranging knowledge and experience, to provide objective and diverse viewpoints with regard to supervisory functions and decision-making. Advisory committees that include outside directors afford even greater management transparency and objectivity. The Nomination Committee submits to the Board of Directors recommendations for candidates for director and executive officer positions. The Compensation Committee evaluates the performance and submits compensation of directors and executive officers. Meiji Seika has adopted a corporate auditor system. The Board of Corporate Auditors has four members, including two outside members, to provide a powerful supervisory function.

We have also established the CSR Committee, which discusses and determines our fundamental policy and other items concerning CSR. The committee’s goal is to make our CSR philosophy an integral element of operations at all Meiji Seika Group companies. We will continue to take more actions to further improve our management and administrative systems in order to make our corporate governance systems even more effective.
The Meiji Seika Group manufactures and sells food and pharmaceutical products that are closely linked to the preservation of good health and life. The provision of products that excel in terms of safety and quality is therefore our most important mission and obligation to society.

As one way to fulfill this mission and obligation, we established the Compliance Committee in October 2002. This was followed in January 2003 with the announcement of the Meiji Seika Corporate Charter of Conduct, which defines guidelines for the behavior of all employees when conducting business activities. Compliance activities are undertaken at all Meiji Seika business sites, including those of Group companies, to reinforce employees’ awareness of the importance of compliance and ensure that all laws and regulations are followed.

### Corporate Charter of Conduct

1. We will endeavor to secure sound profits.
2. We will offer pleasure and reassurance to our customers.
3. We will conduct fair and transparent transactions.
4. We will proactively disclose information.
5. We will continue to operate with integrity.
6. We will properly handle confidential information and intellectual property.
7. We will proactively confront environmental issues.
8. We will respect each other’s individuality and manifest our motivation and skills to their utmost potential.
9. We will strive to be a good corporate citizen.
10. We will contribute to the development of each related country and region.

### Compliance Guidelines

- **Corporate Charter of Conduct**: Guidelines for conducting business activities
- **Compliance Rules**: A fundamental stance and framework for ensuring compliance
- **Corporate Charter of Conduct Handbook**: Explanation of behavioral guidelines based on specific tasks and other daily activities of employees

### Compliance Oversight and Execution

- **Board of Directors**
- **Compliance Committee** (Chairperson of Compliance Committee)
- **Compliance Officers at Business Sites** (Head office, branches, factories, R&D centers)
- **All Meiji Seika Group Employees** (Carry a compliance card at all times)
- **Compliance Hotline**

**Board of Directors**
- **Members of the Board**
  - Naotada Sato*
  - Akio Takahashi*
  - Masaki Nagasaki
  - Masahiko Matsu
  - Harunobu Tsukunishi
  - Masayuki Matsunaga
  - Hirobumi Mori
  - Yoshihiko Mizoguchi
  - Hidetoshi Yajima (outside) (Chairman of Shimadzu Corporation)
  - Tadashi Kudo (outside) (Former President & CEO, advisor of Mizuho Bank, Ltd.)
- **Executive Officers**
  - **President**: Naotada Sato
  - **Senior Executive Vice President**: Akio Takahashi
  - **Executive Vice Presidents**: Masaki Nagasaki, Masahiko Matsu
  - **Senior Vice Presidents**: Masayuki Matsunaga, Hirobumi Mori, Yoshihiko Mizoguchi, Osamu Makabe, Hideki Takahashi, Toyomi Sato
  - **Vice Presidents**: Eiichi Irie, Fumio Yokornichi, Yukio Nakamura, Sadaaki Komura, Ryoji Kono, Shinji Nakadori, Ikuo Aramori, Haruo Komatsu, Ryuzo Asada, Hidoshi Uchida, Yoshi Shimoda, Motoharu Kinoshita, Akio Kamisaka, Fumiyasu Furukawa

**Corporate Auditors**
- **Senior Corporate Auditor**: Riichi Fukui
- **Corporate Auditors**: Chikao Morishima, Masahide Kano (outside), Kenichi Yamaguchi (outside)

(As of June 27, 2007)
To Our Stakeholders

Sales hit all-time high

We want to make Meiji Seika a “more competitive and dynamic company” so that we can provide our customers with enjoyment and comfort through our food- and health-related businesses. Therefore, we made an aggressive medium-term business plan, called “DASH!08,” as a road map and have followed it from the fiscal year ended March 31, 2007.

In the fiscal year under review, we renewed our sales record with net sales of ¥393,853 million, a 3.0% increase from the previous year, by distinctive and superior new products and strategic marketing for brands in the focused four business areas of “Brand-new categories in confectionery,” “Healthcare business,” “Overseas operations” and “Generic drugs.” I am proud of this achievement, and I believe that we have earned high marks among customers and consumers.

Looking at the sales at our two companies, the Food & Healthcare Company posted record sales of ¥281,272 million, an increase of 6.4% from the previous year, and the Pharmaceutical Company made ¥109,668 million, a 5.0% decrease from the previous year.

Regarding profits, operating income was ¥12,584 million, a 23.6% decline from the previous year, and net income was ¥5,480 million, a drop of 36.9% year-on-year, due to the impact of a sharp increase in raw material costs, substantial price reductions under Japan’s National Health Insurance (NHI), which we expected and announced at the beginning of the fiscal year, and proactive and strategic marketing investment.

Naotada Sato
President
“DASH!08” is the medium-term business plan for the Meiji Seika Group to March 2009, and we are in its second year. In the current fiscal year ending March 31, 2008, we are aiming at consolidated net sales of ¥410 billion and operating income of ¥14 billion by achieving a good balance between aggressive and defensive activities, with the Food & Healthcare Company creating new demand and the Pharmaceutical Company establishing an operating base to maintain profitability.

The confectionery business in the Food & Healthcare Company will enlarge its market share especially in the chocolate and chewing gum categories. In the fiscal year ended March 31, 2007, the business contributed to increasing market share in chocolate categories that we created a “new market for adults” ahead of our competitors. In the current year also we continue to develop vigorously new products that will fetch overlooked consumer demand. We are planning to increase our share of the chocolate market to 30% as soon as possible from approximately 26% as of today by launching higher-end products like chocolate with high cacao content and “freshness abundant in the extreme cold storage” chocolate, as consumers care more about the origin of cacao beans and contents of cacao. Regarding chewing gum, we will increase our market share to 18% from the current 13% by improving marketing and selling tactics, for example, utilizing the Internet for consumer campaigns targeting the young. At our production sites, including our production subsidiaries, we have been steadily expanding the “Meiji Production System (MPS),” which enables us to achieve high-quality and cost saving at the same time. MPS is about to bring us large scale cost savings.

We take enhancing and enlarging the Healthcare business as an important task, too. We are going to keep developing distinctive products and expand business models utilizing the synergy between the food and pharmaceutical businesses under one roof in order to establish our solid position in the market. The supplement membership system at “SAVAS SPORTS CLUB DELTA (Osaka),” which we opened last autumn, is a business model unique to Meiji Seika that tries to fuse “nutrition and exercise.” We are going to spread this system to other sports clubs we have or are owned by other players.
Regarding overseas business, we are aiming at ¥50 billion sales, or 20% of total sales, as quickly as possible by expanding businesses in China, other Asian countries and the United States. We are going to increase sales of COPAN and KARL through a new joint venture for sales activities in Thailand, which will co-work with our existing subsidiaries in Singapore and Indonesia. In China, we are on the way to steadily building up our business infrastructure and the newly built factory for confectionery products in the Shanghai area has gone into full-scale operation.

We have just finished improving the IT system for our e-commerce business, and we are focusing on making this business profitable. We are expanding the lineup of GF2—a new sweetener that cannot be absorbed as sugar in blood—and its related products, in addition to our main product, “DIET & COLLAGEN.” Adding gift items of 100% Chocolate Café to the varieties of our own high-end chocolate shop will also help business expansion.

Meanwhile, the Pharmaceutical Company is in a tough market condition due to the government policy to curb total medical costs and fierce competition in R&D for new drugs. Under the circumstances, first of all, we are going to remodel our business structure to secure the profitability of our pharmaceutical business, including additional enhancement of our sales force. This solution will consist of three key points: revisiting our R&D structure, reducing sales promotion expenses to the appropriate level and cutting factory overheads. We will remodel the business to be efficient by pushing cost cuts as much as possible while securing high quality and focusing efforts on well-established infectious diseases and rapidly growing central nerve system disorders.

Second is to establish a business platform for the generic drug business. We will be a “Specialty and Generic Pharmaceutical Company” through devoting ourselves to constructing our business base by achieving ¥10 billion sales, which we committed to in “DASH!08,” expanding our lineup by adding distinctive products that fit users’ needs, promoting the products by all of our medical representatives (MRs) and co-working with our healthcare business in negotiations with pharmacy chains.

The third prescription is to make R&D projects move forward dramatically fast. Regarding the two drugs (Org3770: NDA Submission, ME1211: Phase III) that are in the late stage of development, we will ensure their development and approval process and will try to launch them as quickly as possible.

To the end, we will expand our veterinary and agricultural chemical business by the enhancement of sales activities for companion animal drugs, and our sales force will be ready for the launch of new herbicide “ZAXA.”
To establish a business model that utilizes our advantages

We want to become a “more competitive and dynamic company” under “DASH!08” by letting the image of Meiji as a symbol of “good taste and fun, health and reliability” penetrate and by establishing a unique business model where we can take advantage of the food and pharmaceutical businesses under the one roof. We will increase our brand value through active and strategic marketing investment while continuing to reduce costs.

Being a “more competitive and dynamic company” will bring a recurrence that motivates our employees in business and private life and that will lead to “trust and satisfaction” from our stakeholders. This recurrence will drive further growth. This recurrence could be endless, and we have to carry it forward step by step to increase our corporate value.

Cash dividends for the fiscal year ended March 31, 2007 were ¥7 per share. We set the basic policy that we shall keep stable dividend payments in the medium to long term. We are thinking of 30% as the target payout ratio to our shareholders, and we plan to buy-back our own stocks from the market and keep them as treasury stock as a way of raising shareholder returns. And we will increase our profitability and corporate value to meet our shareholders’ expectations.

It is a real challenge for us to achieve the figures we have committed to in “DASH!08” as our business surroundings change constantly. We believe we are on the right track as we have some leads for the future after completing the first year of the medium-term business plan. All of us will do our best to achieve the plan’s targets. We thank you for your understanding and support.

August 2007

Naotada Sato
President
### Corporate Data

<table>
<thead>
<tr>
<th>Number of Employees:</th>
<th>3,904</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Listing:</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Authorized Common Stock:</td>
<td>796,104,000</td>
</tr>
<tr>
<td>Shares Issued and Outstanding:</td>
<td>385,535,116</td>
</tr>
<tr>
<td>Number of Shareholders:</td>
<td>72,823</td>
</tr>
</tbody>
</table>

### Overseas Offices and Affiliates

#### [AMERICAS]

- **D.F. Stauffer Biscuit Co., Inc.**
  - Belmont and Sixth Avenue, York, PA 17403, U.S.A.
  - Telephone: 1-717-843-9016
  - Facsimile: 1-717-854-2387

- **Laguna Cookie Co., Inc.**
  - 4041 West Garry Ave., Santa Ana, CA 92704, U.S.A.
  - Telephone: 1-714-546-6855
  - Facsimile: 1-714-556-2491

- **Mecor, Inc.**
  - 600 Corporate Circle, Suite H, Golden, CO 80401, U.S.A.
  - Telephone: 1-303-216-2489
  - Facsimile: 1-303-216-2477

- **Comércio e Indústria Uniquimica Ltda.**
  - Av. Casa Grande, 574 Bairro Casa Grande, Diadema, CEP 09961-350, São Paulo, Brasil
  - Telephone: 55-11-4066-6277
  - Facsimile: 55-11-4066-6359

#### [EUROPE]

- **Meiji Seika Kaisha, Ltd., London Office**
  - Salisbury House, Finsbury Circus, London EC2M 5QX, England
  - Telephone: 44-20-7638-2283
  - Facsimile: 44-20-7638-0460

- **Béghin Meiji**
  - Rue du Petit Versailles BP 08 F 59239 Thunerlies, France
  - Telephone: 33-3-20-90-40-41
  - Facsimile: 33-3-20-90-40-49

- **Meiji Seika Europe B.V.**
  - Atrium, Strawinskylaan 3105, 1077 ZX Amsterdam, Netherlands
  - Telephone: 31-20-646-59-56
  - Facsimile: 31-20-642-76-75

#### [ASIA]

- **Meiji Seika (Singapore) Pte. Ltd.**
  - 36 Quality Road, Jurong Town, 618806, Singapore
  - Telephone: 65-6265-2411
  - Facsimile: 65-6265-2834

- **P.T. Meiji Indonesian Pharmaceutical Industries (Office)**
  - Jl. Tanah Abang II, No. 4 Jakarta 10160, P.O. Box 3611 Jakarta 10036, Indonesia
  - Telephone: 62-21-384-5584
  - Facsimile: 62-21-345-7650

- **P.T. Ceres Meiji Indotama**
  - Jl. Maligi III, Lot J-2B, KIIC Karawang 41361, Indonesia
  - Telephone: 62-21-891-09777
  - Facsimile: 62-21-891-9779

- **Cecilia Confectionery Pte. Ltd.**
  - 36 Quality Road, Jurong Town, 618806, Singapore
  - Telephone: 65-6265-2411
  - Facsimile: 65-6265-2834

- **Five Stars Dairy Ingredients Pte. Ltd.**
  - 34 Quality Road, Jurong Town, 618827, Singapore
  - Telephone: 65-6265-2411
  - Facsimile: 65-6265-2834

- **Thai Meiji Food Co., Ltd.**
  - 21/80 2nd Fl. Sol Soonvilai, Rama 9rd Bangkapi, Huaykwang, Bangkok 10320, Thailand
  - Telephone: 66-2-203-1778
  - Facsimile: 66-2-203-1780

- **Thai Meiji Pharmaceutical Co., Ltd.**
  - 8th Floor, Regent House, 183 Rajdamri Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand
  - Telephone: 66-2-251-1570
  - Facsimile: 66-2-651-9063

- **Meiji Four Seas Co., Ltd.**
  - Four Seas Group Building 1, Hong Ting Road, Sai Kung, Hong Kong
  - Telephone: 852-27992-632
  - Facsimile: 852-27992-632

- **Guangzhou Meiji Confectionery Co., Ltd.**
  - 1st Floor A-7 Building, Bei Wei Industrial One Zone, Guangzhou Economic & Technological Development Zone, Guangzhou, China
  - Telephone: 86-20-8221-4446
  - Facsimile: 86-20-8221-4445

- **Meiji Seika (Shanghai) Co., Ltd.**
  - Room No. 2501, Shanghai International Trade Center, 2201, Yan An West Road, Shanghai, China
  - Telephone: 86-21-6219-3360
  - Facsimile: 86-21-6219-9136

- **Meiji Seika Food Industry (Shanghai) Co., Ltd.**
  - No. 1111 Xin-Fei Road, Eastern, New Area, Song-Jiang Industrial Zone, Shanghai, 201611, China
  - Telephone: 86-21-6760-1212
  - Facsimile: 86-21-6760-1232

- **Meiji Seika Kaisha, Ltd., Beijing Office**
  - Room 303, Tower B, Winterless Center Property Management Office, No. 1 West Dawanglu Road, Chaoyang District, Beijing 100026, China
  - Telephone: 86-10-6538-8196
  - Facsimile: 86-10-6538-8199
# A History of Innovation and Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1916</td>
<td>Established Tokyo Confectionery Co., Ltd., the predecessor of Meiji Seika Kaisha, Ltd.</td>
</tr>
<tr>
<td>1917</td>
<td>Okubo factory started producing caramel and biscuits</td>
</tr>
<tr>
<td>1918</td>
<td>Sales of chocolate products began</td>
</tr>
<tr>
<td>1924</td>
<td>Changed name to Meiji Seika Kaisha, Ltd.</td>
</tr>
<tr>
<td>1926</td>
<td>Started selling MILK CHOCOLATE and cocoa; launched the food business</td>
</tr>
<tr>
<td>1946</td>
<td>Launched the pharmaceutical business by starting production of penicillin</td>
</tr>
<tr>
<td>1961</td>
<td>Completed the Central Research Laboratory (now the Pharmaceutical Research Center); Started sales of ISODINE, a topical antiseptic</td>
</tr>
<tr>
<td>1962</td>
<td>Started sales of ALMOND CHOCOLATE</td>
</tr>
<tr>
<td>1968</td>
<td>Started sales of KARL, Japan’s first snack confectionery product</td>
</tr>
<tr>
<td>1971</td>
<td>Started sales of CHELSEA, a new type of candy</td>
</tr>
<tr>
<td>1974</td>
<td>Established joint venture Meiji Seika (Singapore) Pte. Ltd.; Established joint venture PT. Meiji Indonesian Pharmaceutical Industries</td>
</tr>
<tr>
<td>1975</td>
<td>Started sales of the fungicide ORYZEMATE</td>
</tr>
<tr>
<td>1979</td>
<td>Established joint venture Thai Meiji Pharmaceutical Co., Ltd.</td>
</tr>
<tr>
<td>1980</td>
<td>Started sales of the SAVAS series of nutritional supplements for athletes</td>
</tr>
<tr>
<td>1983</td>
<td>Started sales of ISODINE GARGLE</td>
</tr>
<tr>
<td>1984</td>
<td>Started sales of MEIOLIGO, a syrup using the artificial sweetener fructooligosaccharide (FOS); Started sales of the herbicide HERBIACE</td>
</tr>
<tr>
<td>1985</td>
<td>Established U.S. joint venture Stauffer-Meiji</td>
</tr>
<tr>
<td>1988</td>
<td>Started sales of KAJU GUMI</td>
</tr>
<tr>
<td>1989</td>
<td>Established Huaming Pharmaceuticals Co., Ltd. of Shantou, S.E.Z. (currently Shantou Meiji Pharmaceuticals Co., Ltd.) in China; Established the Biological Sciences Laboratory and Food Development Laboratory (currently the Food and Health R&amp;D Laboratory); Started sales of the anti-anxiety drug MEILAX</td>
</tr>
<tr>
<td>1990</td>
<td>Started sales of the antibiotic HABEKACIN</td>
</tr>
<tr>
<td>1991</td>
<td>Invested Tedec Zambeletti, S.A. (currently Tedec-Meiji Farma S.A.)</td>
</tr>
<tr>
<td>1993</td>
<td>Established Guangzhou Meiji Confectionery Co., Ltd.</td>
</tr>
<tr>
<td>1994</td>
<td>Started sales of GINZA CURRY; Started sales of the antibiotic MEIACT</td>
</tr>
<tr>
<td>1995</td>
<td>Completed construction of the Solid Square office building in Kawasaki</td>
</tr>
<tr>
<td>1997</td>
<td>Started sales of XYLISH, a chewing gum with the sugar substitute xylitol</td>
</tr>
<tr>
<td>1998</td>
<td>Adopted the internal company system; Started sales of CHOCOLATE KOUKA</td>
</tr>
<tr>
<td>1999</td>
<td>Started sales of FRAN, an innovative chocolate snack; Started sales of the antidepressant DEPROMEL</td>
</tr>
<tr>
<td>2001</td>
<td>Adopted the executive officer system; Established the Healthcare Company</td>
</tr>
<tr>
<td>2002</td>
<td>Started sales of AMINO COLLAGEN; Started sales of the antibiotic OMEGACIN and the synthetic anti-infective SWORD</td>
</tr>
<tr>
<td>2003</td>
<td>Established Meiji Lukang Pharmaceutical Co., Ltd.; Started sales of the premium cocoa THEOBRON</td>
</tr>
<tr>
<td>2004</td>
<td>Completed new head office building at Kyobashi in Tokyo; Established Meiji Seika (Shanghai) Co., Ltd.; Opened 100% Chocolate Cafe at the Tokyo head office</td>
</tr>
<tr>
<td>2005</td>
<td>Established Meiji Seika Food Industry (Shanghai) Co., Ltd.; Established the Food &amp; Healthcare Company</td>
</tr>
<tr>
<td>2006</td>
<td>Started sales of GF2 POWDER, a new sweetener that cannot be absorbed as sugar in blood; Started sales of CHOCOLIFE, a premium chocolate product; Opened SAVAS SPORTS CLUB DELTA in Osaka</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>For the Year:</strong></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥393,853</td>
</tr>
<tr>
<td>Food &amp; Healthcare*1</td>
<td>281,272</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>109,668</td>
</tr>
<tr>
<td>Office building leasing</td>
<td>2,912</td>
</tr>
<tr>
<td>Others</td>
<td>—</td>
</tr>
<tr>
<td>Operating income</td>
<td>12,584</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>5,480</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>17,395</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>14,655</td>
</tr>
<tr>
<td>R&amp;D costs</td>
<td>15,926</td>
</tr>
</tbody>
</table>

**Per Share Data** (Yen and U.S. dollars):

- **Net income (loss)**: ¥14.39, ¥22.41, ¥(21.53), ¥0.79, ¥6.83, ¥15.20
- **Cash dividends**: ¥7.00, ¥10.00, ¥7.00, ¥7.00, ¥7.00
- **Net assets***:2 ¥419,62, ¥413,53, ¥377.78, ¥403.33, ¥395.31, ¥404.68

**At Year-End:**

- **Total assets**: ¥351,514, ¥348,281, ¥339,848, ¥330,059, ¥317,798, ¥336,932
- **Total net assets**: ¥162,763, ¥160,659, ¥147,445, ¥156,990, ¥154,708, ¥158,683

**Ratios (%):**

- **ROE**: 3.5, 5.7, —, 0.2, 1.7, 3.7
- **ROA**: 1.6, 2.5, —, 0.1, 0.8, 1.7
- **Equity ratio**: 45.3, 45.3, 42.6, 46.8, 47.9, 46.3

Notes: 1. The figures of Food & Healthcare from 2002/3 to 2005/3 are based on the combined results of the Food Company and Healthcare Company.
2. Net assets per share=(Total net assets–Minority interests) / (Number of shares issued–Number of treasury stock)
3. Equity ratio=(Total net assets–Minority interests) / Total assets
### At a Glance

#### Food & Healthcare Company

<table>
<thead>
<tr>
<th>Share of Fiscal 2006</th>
<th>Market Position</th>
<th>Target of Fiscal 2008</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 71.4%               | ● Japan’s number one chocolate brand  
● Strengths in confectionery, candy and chewing gum  
● Expanding cocoa, retort-pouch and other food categories  
● Comprehensive quality assurance system for safe, reliable products  
● ISODINE OTC throat gargle 55.9% market share  
● Ties with top athletes supported by Sports and Nutrition Laboratory | ● Supply more appealing products and increase market share  
● Establish new business model centered on healthy life  
● Net sales: ¥320 billion |  
**Confectionery**  
● Reinforce sales channel specific initiatives based on brand strategies  
● Extend business activities to chilled-and-serve, e-commerce and other new market sectors  
**Healthcare**  
● Strengthen and develop core health food brands  
● Use catalog sales and specialty sales routes to enlarge sales channels  
● Create health business that integrates food and sports  
**Overseas**  
● Strengthen overseas businesses  
● Establish production and sales networks in China  
● Establish presence in new markets in Asia |

#### Pharmaceutical Company

<table>
<thead>
<tr>
<th>Share of Fiscal 2006</th>
<th>Market Position</th>
<th>Target of Fiscal 2008</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| 27.9%               | ● Strong lineup of anti-infectives  
● Lineup of central nervous system drugs with high demand growth potential in Japan  
● Expanding range of high-quality, reasonably priced generic drugs  
● Strong market presence in agricultural chemicals and veterinary drugs | ● Establish “specialty and generic pharmaceutical” business  
● Net sales: ¥120 billion |  
**Ethical pharmaceuticals**  
● Increase sales by enhancing sales capabilities and bolstering LCM  
● Concentrate on high-priority R&D projects, control total costs and expedite project results  
**Generic drugs**  
● Expand product lineup  
● Conduct promotional activities using all MRs to grow business  
**Agricultural chemicals and veterinary drugs**  
● Establish a stronger presence in drugs and nutrition supplements  
**Overseas**  
● Enhance appeal of MEIACT and launch product sales in new markets  
● Set up production and sales networks for business expansion in China |

#### Office Building Leasing & Others

<table>
<thead>
<tr>
<th>Share of Fiscal 2006</th>
<th>Market Position</th>
<th>Target of Fiscal 2008</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7%</td>
<td>● Strong tenant support of Solid Square intelligent building</td>
<td>● Raise property asset value by increasing occupancy rate</td>
<td>● Focus on attracting new tenants</td>
</tr>
</tbody>
</table>

Note: Fiscal 2006; Year ended March 31, 2007  
Fiscal 2008; Year ending March 31, 2009