meiji

ANNUAL REPORT 2009

For the year ended March 31

DAIRY PRODUCTS

CONFECTIONARY AND HEALTHCARE

PHARMACEUTICALS

Meiji Holdings Co., Ltd.

Group Philosophy •••

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

Management Attitude •••

Five Fundamentals

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

Action Guidelines •••

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

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

meiji

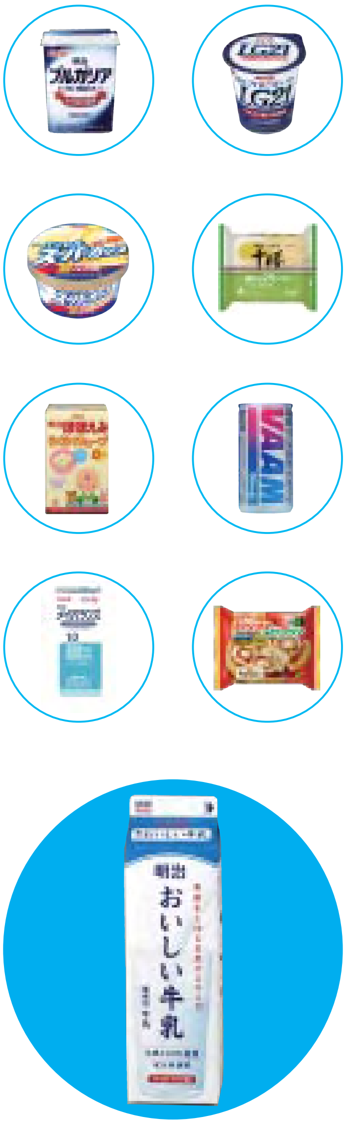
Meiji Brand Logo — a symbol of the Group Philosophy

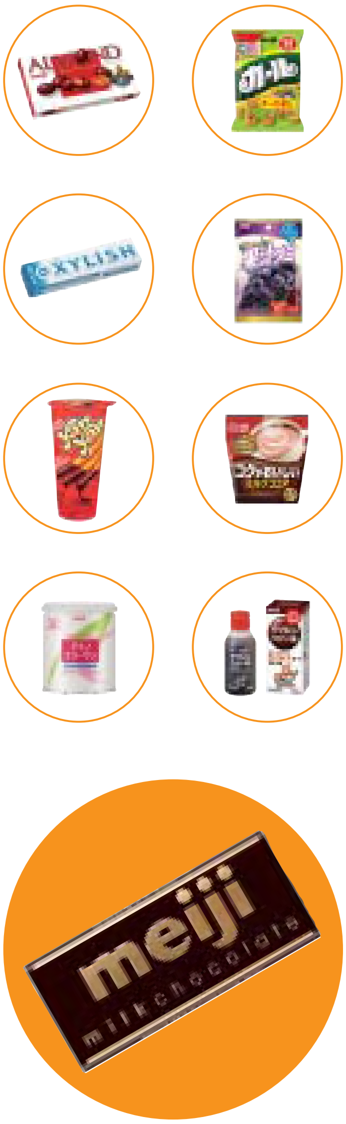
Meiji Brand Logo is proof of our promise to deliver value to our customers and stakeholders, and represents our efforts to put our Group Philosophy into practice.
The usage of soft, rounded lower-case lettering represents cheeriness befitting a corporate group in the "Food and Health" business, as well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

Contents

CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this annual report with respect to plans, strategies and future performance that are not historical facts are forward-looking statements.
Meiji Dairies Corporation cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.
Unless specifically stated otherwise, information in this annual report is as of October, 2009.





DAIRY PRODUCTS SEGMENT

Dairy products segment includes the manufacturing and distribution of the following: fresh dairy (drinking milk/yogurt, etc.), powdered milk (infant formula, etc.), condensed milk, butter, cheese, ice cream, beverages, nutraceuticals (enteral formula/VAAM, etc.), and livestock products, etc.

CONFECTIONARY AND HEALTHCARE SEGMENT

Confectionary and Healthcare segment includes the manufacturing and distribution of confectionary (chocolate, chewing gum, candy), etc., healthcare products (Amino Collagen, etc), over-the-counter (OTC) drugs (ISODINE® UGAIGUSURI, etc.), as well as management of sports clubs.

PHARMACEUTICALS SEGMENT

Pharmaceuticals segment includes the manufacturing and distribution of prescription drugs, agricultural chemicals and veterinary drugs.

SERVICES AND OTHER SEGMENT

Services and other segment includes the following: real estate, feed stuff, transportation, storage, mechanical engineering services, foodservice producers, insurance agencies, and leasing, etc.

Message from the Management

N. Sato

(left)

Naotada Sato

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

S. Asano

(right)

Shigetaro Asano

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

The new "Meiji Group" was formed in April 2009 when Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation established a joint holding company, Meiji Holdings Co., Ltd., to integrate the management of the two companies. We will redouble our efforts for maximizing the value of the Meiji brand and coming closer to the customers and society as a group of companies that combines both elements of "food and health."

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To Our Shareholders and Customers

Strategy for a New Era; the Combination of the Two Meiji Companies

Both Meiji Seika Kaisha, Ltd. (hereinafter, Meiji Seika) and Meiji Dairies Corporation (hereinafter, Meiji Dairies) originated from the former Meiji Sugar Co., Ltd. In over 90 years since their founding, the two companies have independently built up the Meiji brand in the confectionary, pharmaceutical, and dairy industries, and developed many major brand products that enjoy the trust and support of customers. In the recent tough economy, the two companies set their medium-term management plans and have strived to reform their revenue structures, and concentrated business resources to position the companies for future growth.

Japanese domestic markets are inevitably shrinking because of the declining population caused by the aging society and falling birth rates, and some food companies are actively developing operations in overseas markets. In addition, consumer needs are becoming increasingly diverse and sophisticated, making it critical for companies to come up with brand-new ideas and viewpoints.

In this environment, the two Meiji companies are combined to leverage the common asset of the Meiji brand and harness their respective business strengths to propel the Meiji brand into a new era. Together, Meiji Seika and Meiji Dairies will endeavor to expand the field of "Tastiness, Enjoyment, Health and Reassurance" by combining the advantages and potentials of both companies, and contribute to brighten customer's daily lives.

Evolving and Fortifying the Meiji Group in the "Food and Health" Sector

The new "Meiji Group" will evolve beyond the traditional boundaries of food companies and/or pharmaceutical companies into an innovative "food and health" company group. We will start off by fortifying each company's existing businesses by integrating each company's accumulated knowledge and technology in their respective food industry sectors with their advanced quality assurance systems. Specifically, we will focus on expanding product portfolios and aggressively developing products designed to generate demand across a wide range of age groups — from infants to the elderly. In addition, we plan to further strengthen and develop our pharmaceutical business that we have established under our inimitable strategies.

We will also fuse the two companies' business expertise in the food and pharmaceutical businesses to fortify our presence in the "health and nutrition" category, and establish a firm position for medium- and long-term growth. We believe that the increase in the aging population and health consciousness in Japan will lead to significant business opportunities in the domestic market.

While further establishing the Company as an industry leader in Japan, we also plan to accelerate business development overseas, with a focus on Southeast Asia, as a new Meiji Group. We will leverage the Meiji Group's "safe and reassuring" brand image and the abundant product portfolios that both companies have built up in Japan, to establish a strong presence in global markets.

To Our Shareholders

We believe that a solid business base for medium- and long-term growth is essential for the Meiji Group. This is because we need to maintain sufficient funds in order to meet the business results for each term and future capital demands such as capital investment, R&D investment, and other investments, as we run the "food and health" business which requires us to stay close to the consumers. Accordingly, our fundamental policy is to provide a steady and sustainable distribution of profit to our shareholders. Following this corporate policy, we plan on paying dividend rates of ¥80 per share for fiscal 2009. This rate is based on the consistent dividend payout that we have maintained for the shareholders of Meiji Seika and Meiji Dairies, and we ask for your further support.

* Please see the Business Overview on page 17 for the dividend distributions of each company in fiscal 2008. The dividend rate for fiscal 2009 was derived as follows. [actual increase] (former) Meiji Seika per share payment: ¥7 → ¥8 (former) Meiji Dairies shares: 1 share→ 1.17shares

The Meiji Group is uniting its strengths to emerge from the radically changing business environment and to flourish into a worldwide Meiji brand.

We look forward to your continued understanding and support.

October 2009

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

Feature 1 » Meiji Group Strategy

Long-term Vision for the Consolidation of the Meiji Group

The Meiji Group is evolving into a new form of business enterprise as a “food and health” corporate group. We are following a 2-pronged strategy of strengthening our existing business segments to improve our short-term performance results and concurrently developing new businesses to ensure medium- and long-term growth. By combining the 2 Meiji companies, we aim to expand our business and product portfolios; these broad portfolios will be used to aggressively develop our business in Southeast Asia and other regions.

The following is an introduction of our strategies to lead the Meiji Group through the changing business environment and position the Group for dynamic growth in the future.

1. Develop New Business in the Health & Nutrition Category

We aim to develop businesses in new categories where the specialized business expertise of the Group’s companies will enhance the overall medium- and long-term competitiveness of the Group’s businesses.

The aging population and the growing health consciousness have combined to increase consumers’ acceptance of “self medication.” Therefore, we believe that their demand for products that are both “nutritious” and “good for health,” which can be created by the combination of food and drugs, will increase in the future. In addition, although Japanese laws have clearly demarcated the rules for the sale of foods and drugs, the deregulation of over-the-counter (OTC) drugs in June 2009 has allowed food retailers to sell certain types of OTC drugs. In the light of this development, we expect that the distinction between foods and drugs will gradually diminish. For the Meiji Group, which possesses the business expertise of both food and drug industries, these developments provide an enormous business opportunity. We will continue to contribute to the improvement of the customer’s quality of life by creating demand in the “health and nutrition” category, which is placed between the food and drug businesses, and by providing new value to the market.

In addition to its core competency in manufacturing confectionaries, dairy products, and other food products as a food company, Meiji Group possesses a competitiveness that is almost unmatchable by the companies whose business is rooted strictly in the food industry. This competitiveness stems from the skills and advantages obtained while managing a pharmaceutical business, including clinical development capabilities, information provision capabilities, and an existing client network for such products. We will combine the diverse technologies used by the companies of the Meiji Group and develop highly innovative and useful products to satisfy the consumers’ “health and nutrition” needs. Then, we will employ the full force of the Group’s integrated marketing capabilities, business networks, and the power of Meiji brand to ensure successful market launches of these products.

2. Integrate Strengths to Fortify Existing Businesses

The Group’s strengths will be integrated and effectively harnessed to fortify the existing business and accelerate business growth.

(1) Expand Our Product Portfolio

Considering the availability of a wide variety of ingredients and technologies within the Group’s existing operations, we aim to employ new approaches for product development and improvement of our product portfolio. We will expand our presence in the chilled-food segment. For example, we will integrate our confectionary-production technologies and ingredients to develop brand-new types of ice cream. Further, we will also use our chilled-product technology in our confectionary-production processes to develop chilled chocolate products and new chilled and frozen desserts. We will consistently satisfy the consumers’ diversifying needs by adding more value to the existing products and by developing new products in the categories that are expected to yield high margins.

(2) Exploit all the Distribution Channels in the Group

To introduce new types of chilled foods, we will realize the

Integrate Strengths to Fortify Existing Businesses

Increased competitiveness in all phases

Product Branding	**Effective use of brand image including product branding, held by each business**
Marketing	**Effective advertisement through the use of know-how of each business and initiating cross-sectional campaigns** • Creating a strong profile through TV commercials, utilization of sophisticated know-how through data marketing
Sales	**Improved planning capabilities through the collaboration of inter-group sales departments and follow-up measures at store fronts**
Distribution	**Mutual augmentation and effective use of sales channels those are strengths of each business** • Utilization of drug store and home-delivery channels

Strategy

inherent potential of the distribution system of our dairy business, e.g., by using the existing nationwide chilled storage/delivery network and/or home-delivery system for milk. Concurrently, we will incorporate our existing products into the home-delivery system to broaden the availabilities for our consumers. We believe that the user-friendliness of the home-delivery business and the aging population in this country will ensure the expansion of this business; therefore, an established home-delivery system will be an asset for the Group. We will also fully utilize our existing sales channels for the pharmaceutical and healthcare businesses, e.g., pharmacies and drugstores, and the sales forces of industries, family restaurant chains, pastry shops, and bread manufacturers.

(3) Leverage Our Marketing Expertise in the Confectionary and Healthcare Businesses

The Meiji Group will use the marketing techniques that it has honed over the years —one of the Group's competitive advantages— to promote the existing products and add value to the marketing of newly developed products. For instance, we will try to develop and market a type of yogurt not only with the purpose of improved health but also with an element that makes it feel like a treat by applying "eye-catching" marketing technique for confectionaries.

The regional sales forces of Meiji Seika and Meiji Dairies have already started various tie-up promotions, and the entire Group will practice unified marketing activities. As a part of their joint activities, they will host joint Meiji product in-store promotions at major national and regional franchise chains. Furthermore, they will offer attractive in-store promotions to both processed food buyers and dairy food buyers. For example, one of their proposed activities includes providing lifestyle-based advice on a daily diet according to the dietary requirements at different times of the day.

Since we renewed and unified the Meiji logo design for the new Group, we are systematically updating the Meiji brand logo printed on our product packages. The package for Meiji Oishii Gyunyu (milk) was used as an advertising instrument for the new Meiji Milk Chocolate; this strategy is an example of the crossover PR activities for our new Meiji logo.

Medium-term Management Plan for Fiscal Years 2009-2011

1. Performance Targets

Billions of yen

	FY 2008 Results	FY 2011 Plan	Growth (Rate/Amount)
Sales	1,125.5	**1,260.0**	112%
Ordinary income	23.5	**45.0**	21.5
Ordinary margin	2.1%	**3.6%**	+1.5point

* Considering the 2-company synergy effect: net sales, ¥30.0 billion, ordinary income, ¥4.0 billion

We have set the following targets for fiscal 2011: net sales, ¥1,260 billion; ordinary income, ¥45 billion; and ordinary margin, 3.6%. These targets represent a 12%* growth in net sales and a ¥21.5 billion increase in ordinary income over the next 3 years. Both Meiji Seika and Meiji Dairies have steadily increased sales in accordance with their strategies. In recent years, we have worked to establish a highly efficient production system; however, the profit level has reduced due to the sharp increases in raw material costs. We will continue to expand the businesses and optimize the companies' performance to achieve the current targets.

* The percentages are calculated on the basis of the combined results for Meiji Seika and Meiji Dairies for fiscal 2008.

In the medium-term management plan for Fiscal 2009-2011, our first step will be to fortify and consolidate the existing business base to fit the framework of the Group; in the subsequent stages, we will improve profitability while developing new businesses to ensure medium- and long-term business growth. We will further develop the growing businesses that Meiji Seika and Meiji Dairies had intensively invested in; for these growing businesses, we will support strategic brands and develop new products with highly enhanced value. We will utilize the synergy of the integration by harnessing the product brands, marketing skills, and expertise in various sales channels, etc., within the Group. Then, we will increase the sales of products by harnessing the benefits of this synergy. We estimate that the net sales achieved through this synergy will be ¥30 billion, and the ordinary income will be ¥4 billion; these figures have been already included in our performance targets for fiscal 2011.

We will also streamline our overall operations to increase profitability and productivity. We are planning to reduce the cost of procurement, logistics, etc., and simultaneously reduce the cost by effectively using the synergistic benefits of combining of the 2 Meiji companies; for example, we are planning to replace the products sourced by contract manufacturing with the ones manufactured in the Group as much as possible. Furthermore, we aim to effectively manage assets, and we have set a return on equity (ROE) target of 8%.

We have budgeted approximately ¥130 billion for capital investment over the next 3 years (Meiji Seika, about ¥50 billion, and Meiji Dairies, about ¥80 billion); in the first phase of this investment, ¥63.8 billion will be utilized in capital investment in fiscal 2009 (approval basis, including leases). We will maintain our policy to invest according to our strengths and our strategies for future growth.

2. Business Targets by Segment

The Meiji Group will reorganize the businesses of Meiji Seika and Meiji Dairies. In this process, the Group's businesses will be recategorized into the following segments: Dairy, Confectionary and Healthcare, Pharmaceuticals, and others.

Dairy Products Segment

	FY 2008 Results	FY 2011 Plan	Growth (Rate/Amount)
	Billions of yen		
Sales	595.6	**650.0**	109%
Ordinary income	10.9	**15.5**	4.6
Ordinary margin	1.8%	**2.4%**	+0.6point

In the dairy products business, our strategy is focused on increasing the sales of highly value-added products that have been positioned as "core products," and thereby establishing top market share in the fresh dairy, yogurt, and other product categories.

The specific strategies include increasing the sales of Meiji Oishii Gyunyu, which is a branded milk, and strengthening the yogurt and probiotics businesses, including the sales of the feature product Meiji Probio Yogurt LG21. The cheese and enteral formula businesses are primed for growth after the production-capacity expansion completed under the previous medium-term management plan. The sales of cheese and enteral formula will be supported by developing a diverse range of products using our proprietary technology and by aggressively applying the Group's marketing techniques.

We plan to further expand the home-delivery service business by efficiently using our business channels and bolstering the lineup of small-volume bottled products, which are rapidly gaining demand with the aging of the Japanese society.

Our other strategies will focus on reestablishing sales of the products that were impacted by the price revisions in the previous year and on collaborating with other companies to increase product competitiveness and enhance our earning potential.

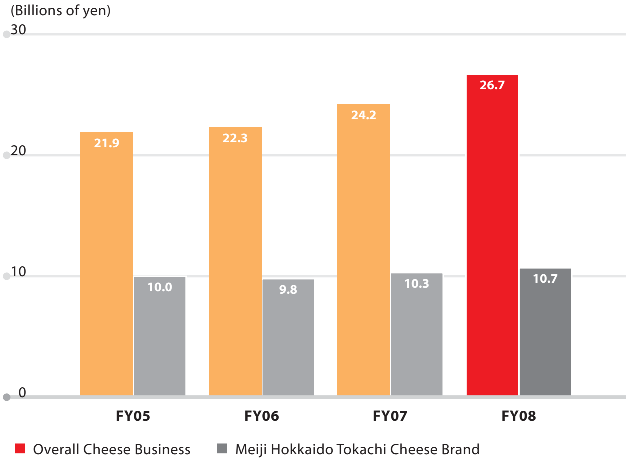
«Fortifying the Growth of Businesses with Future Potential under the Previous Medium-term Management Plan: Production-capacity Expansion»

(1) Construction of the Tokachi Cheese Factory — The Largest Production Capacity in Japan

The newly constructed Tokachi Cheese Factory in Memuro, Hokkaido, commenced full-fledged production of domestic-ingredient natural cheese in March 2008. Over the past decade, the ongoing westernization of the Japanese diet has been accompanied by a yearly growth of approximately 3% in cheese consumption. However, the per capita cheese consumption in Japan is still less than one-tenth of the consumption in the United States and European countries, thereby suggesting that there is ample scope for growth in the cheese-product market in Japan. The Tokachi Cheese Factory, which was constructed with an investment of ¥12.0 billion, has the largest production capacity in Japan, with the capacity to process 200,000 tons of raw milk every year and manufacture 20,000 tons of cheese every year.

Using the new Umami Lactobacillus Maturing technology, Meiji Dairies launched a new Meiji Hokkaido Tokachi Cheese product in September 2008 and subsequently introduced several new products in the series. These products helped increase the sales of the Meiji Hokkaido Tokachi Cheese brand by 5% year-on-year to ¥10.7 billion in fiscal 2008.

Change in Sales for Overall Cheese Business and Meiji Hokkaido Tokachi Cheese Brand

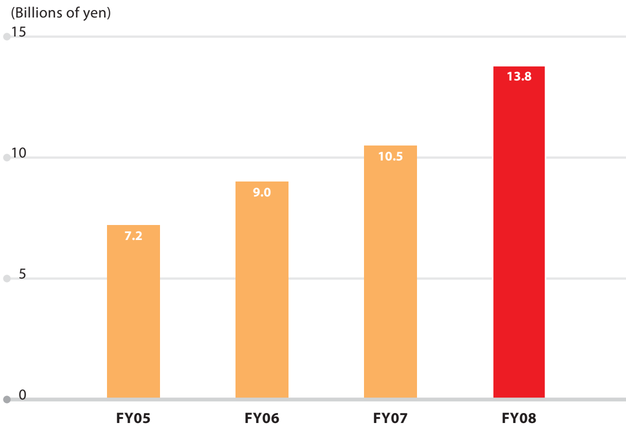


(2) Construction of the New Nutraceuticals Plant in Gunma

We believe Japan's aging society and the increasing emphasis on nutritional management as a part of medical treatment indicate an expanding market for enteral formula products. According to the Meiji Dairies data, the enteral formula market grew by more than 10% year-on-year in fiscal 2008 to approximately ¥55 billion. During the same period, the sales of the enteral formula products produced by Meiji Dairies far outpaced the market, growing by 32% year-on-year to ¥13.8 billion.

In preparation for the impending surge in the demand for the enteral formula, Meiji Dairies constructed a new nutraceuticals production plant on the Gunma factory grounds. The new plant, which commenced operations in July 2008, roughly triples the company's current annual nutraceutical production capacity to 40,000 kiloliters. In addition, the use of the Manufacturing Execution System (MES), Meiji Dairies' proprietary manufacturing management system, provides the factory excellent flexibility to produce a wide range of products as well as product packages and containers. The new factory is capable of producing approximately 40 different products, which is roughly 4 times the previously possible production capacity.

Change in Sales for Enteral Formula Business



The following is an overview of some of the key capital investments approved in fiscal 2009 to establish a strong foundation for future business growth.

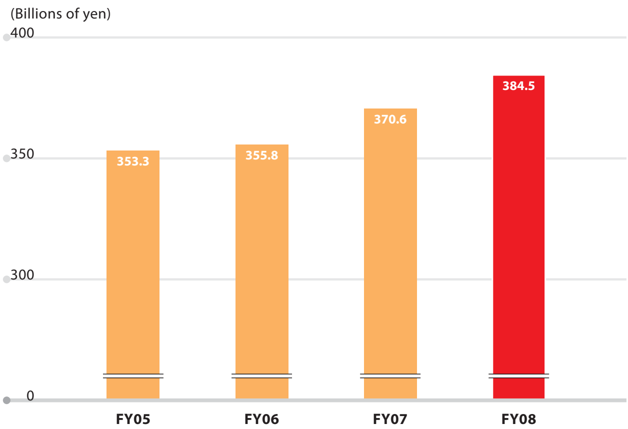
(1) Expansion of Ice Cream Production Capacity

Meiji Dairies will invest approximately ¥9.2 billion to construct a new ice cream production factory that will increase the ice cream production capacity by approximately 30%.

The domestic demand for ice cream began to increase steadily in fiscal 2004, and the Meiji Group is accordingly fortifying its ice cream production operations to keep pace with the increasing demand. Meiji Essel Super Cup, which is one of the core products, has been a mainstay product since its launch in 1994 and has been highly regarded since its inception in the market. We have steadily expanded the Meiji Essel Super Cup lineup by adding seasonal products, thereby increasing sales and consolidating the brand's position as Japan's top selling brand of cup ice cream. As consumers have become more careful about their expenditures, the attraction of ice cream as an inexpensive pleasure has grown. Encouraged by this trend, the sales of the popular Meiji Essel Super Cup series increased 19% year-on-year to a record-high of ¥16.5 billion in fiscal 2008. The new ice cream factory will focus on producing Meiji Essel Super Cup products to help increase demand and expand sales. Further, Meiji Dairies will apply its accumulated expertise and competitiveness in the operation of the new factory.

Concurrently, to continue creating products that will become enduring customer favorites, Meiji Dairies will use the Meiji Seika's product brand, confectionary-processing technology, and raw-material procurement capabilities to generate sophisticated synergistic effects.

Change in the Domestic Ice Cream Market



Statistical Data: Japan Ice Cream Association

(2) Enhance the Margarine-production System

A Meiji Dairies subsidiary will invest approximately ¥4.7 billion to construct a new factory that will enhance the production systems for margarine.

In 2007, the shrinking trend in the noncommercial margarine market reversed as more people started eating at home, and a shortage of butter led to an increasing demand for margarine as a butter substitute. Meiji Dairies and 2 other companies dominate the margarine market with more than 70% of the market share. Considering the market trends, we are taking steps to further enhance our competitiveness in the margarine market and establish Meiji Group as the clear market leader.

The new margarine factory will incorporate the Group's technology and expertise and will also improve productivity while enhancing our ability to produce high value-added products that can satisfy the diversifying needs of consumers.

Confectionary and Healthcare Segment

Billions of yen

	FY 2008 Results	FY 2011 Plan	Growth (Rate/Amount)
Sales	297.8	**360.0**	121%
Ordinary income	2.1	**18.0**	15.9
Ordinary margin	0.7%	**5.0%**	+4.3point

In the confectionary business, we will conduct aggressive marketing campaigns centered on the core product brands, i.e., Milk Chocolate, Kinoko no Yama, Takenoko no Sato, Xylish, etc., and offer ideas for attractive and eye-catching promotions and displays for confectionary items to the retailers. Concurrently, we will continue to develop products for new categories of the confectionary market.

In the healthcare business, we will focus on the Amino Collagen, Savas, Koku-ga-oishii Milk Cocoa, and ISODINE® UGAI-GUSURI product lines to enhance competitiveness; to achieve this objective, we will develop individual brand strategies and formulate marketing strategies catering to each sales channel.

In the overseas business, we will continue to improve our existing business operations in China, Southeast Asia, North America, etc. We will also direct business resources toward enhancing business development.

We aim to increase sales in the institutional food products business by aggressively introducing and promoting cocoa and other confectionary ingredients, agricultural products, and processed fruit products, and we also seek to develop new business.

We will also continue to improve the quality assurance system and the efficiency of our production system, and we aim to further improve our high standards for minimum inventory and fresh product supply by implementing the second stage of the Meiji Production System (MPS)*.

* MPS: Meiji Seika's proprietary production and distribution method that is low-cost but of high-quality. It produces necessary products when they are needed only for the exact amount.

«Growth Strategies for Expanding Core Businesses under the Previous Medium-term Management Plan»

(1) Confectionary Business: Fortify Core Products and Improve Production Efficiency

Under the previous management plan, the sales in the confectionary business were increased by focusing on the core product categories, i.e., chocolate, chewing gum, and candy, and by employing a comprehensive marketing strategy through products, advertisements, and storefront promotions to develop new markets and augment the sales of popular long-selling brands. Meiji Seika posted record-high chocolate sales in fiscal 2008. After intensive implementation of the first stage of MPS, we established a production system adaptable to the changes in the consumer and retailer demands. Furthermore, we strived to improve profitability by upgrading production efficiency and streamlining fixed-cost structure.

(2) Healthcare Business: Cultivate and Fortify Core Brands

In the healthcare business, we focused on the support and reinforcement of Savas, Amino Collagen, ISODINE® UGAIGUSURI, and other core brands. As a part of the strategic marketing operations, the product lineups were fortified, and sales channels for these brands were developed.

In August 2006, we launched an innovative new product, Savas Aqua, which is made using our proprietary manufacturing method. This product generated new demand for proteins and increased the acceptance of the Savas brand. The mail-order business, which was also launched in August 2006, is being fortified in the light of its potential to become a key sales channel for the healthcare business. The measures undertaken in this process of fortification include increasing the number of products available exclusively through mail orders. The new Amino Collagen EX, which was released in December 2007, achieved more than 20,000 customers in 2008.

(3) Overseas Business: Establish the Foundation for Business Expansion

Under the previous medium-term management plan, we have been aiming to secure a foothold to achieve over 20% in sales weight from overseas by improving operations and market penetrations mainly in the China, Asia, and North America regions. In China, we established Meiji Seika Food Industry (Shanghai) Co., Ltd., and in 2006, we constructed a confectionary factory where we started manufacturing Meltykiss and other chocolate products. While we were previously exporting most of our products to China, we have completed the set up for the initial manufacturing and distribution system, and we will establish the business infrastructure for the next stage of business expansion.

Meiji Seika Food Industry (Shanghai) Co., Ltd.

Pharmaceuticals Segment

	Billions of yen		
	FY 2008 Results	FY 2011 Plan	Growth (Rate/Amount)
Sales	123.2	**145.0**	118%
Ordinary income	8.0	**9.5**	1.5
Ordinary margin	6.5%	**6.6%**	+0.1point

To achieve our aim of becoming a top-tier domestic pharmaceutical company in the antibacterial, antidepressant, and generic drug segments, we will consolidate our position as a pioneer of the “specialty and generic” pharmaceutical segment not only by strengthening the foundation of our core business, i.e., sale of branded drugs for infectious disease and central nervous system (CNS) disorders, but also by fortifying our competitiveness in the generic drug business.

In Japan, we are aiming for rapid penetration of 2 recently launched products —ORAPENEM for pediatric infections and REFLEX for depression— by increasing the number of medical representatives (MRs) from 700 to 800, which will include doubling the number of MRs exclusively promoting CNS products from 100 to 200. With regard to the generic business, which we have been focusing on, we will continue to expand this business by manufacturing high-quality products, securing steady supply, and conducting information provision activities. In our overseas operations, we will increase the number of countries where we sell our products, with the primary focus on our top-selling antibiotics, MEIACT and ADANT for joint pain. In the case of MEIACT, we aim to expand its share in the pharmaceutical segments of the emerging markets, i.e., Russia, Eastern Europe, South America, etc., and enhance its sales by introducing new formulations and widening the scope of indications.

Regarding R&D, we will accelerate the development of the compounds formulated in-house, and we are adopting a focused approach for the EU and US markets. New drugs for the strategic therapeutic areas* will be actively developed and introduced, and we will fortify the development of the product pipeline for our future growth. We will also continue to provide contract manufacturing services that utilize the Group’s technologies for fermentation, manufacturing of dairy products, and formulations of oral jellies.

In the agricultural chemicals business, we will achieve rapid market penetration for ZAXA, a new liquid-formula herbicide. Further, we expect that our position as the foremost manufacturer in the blast fungicide segment will be maintained by our long-selling product, ORYZEMATE. In the veterinary drugs business, we will maintain our position as the foremost manufacturer in the livestock healthcare market while expanding sales in the companion animals’ drug market by mainly relying on anesthetic and analgesic drugs. We will also accelerate the development of our overseas operations for both agricultural chemicals and veterinary drugs. Especially, in the agricultural chemicals business, we will seek to increase the sales of our original products.

* We have targeted the following strategic therapeutic areas: internal medicine; pediatric, otorhinolaryngologic (ear, nose, and throat), psychiatric, and psychosomatic treatments; and treatments used at acute care hospitals and mental institutions.

New Products to be Launched (planned) During FY 2009–2011

Product name	Description	Launch period (planned)
ORAPENEM for pediatric (ethical pharmaceuticals)	Oral carbapenem antibiotic	2009.8
REFLEX pill-type (ethical pharmaceuticals)	Antidepressant	2009.9
ZAXA liquid-formula (agricultural chemicals)	Amino acid-based non-selective foliage-applied herbicide	—
MARBOCYL (veterinary drugs)	New quinolones	—

«Main Strategies in Fiscal 2006-2008 Management Plan»

(1) Develop Generic Drugs into a Core Business Category

We have capitalized on the market expansion potential created by the government policy to reduce spending on medical care and leveraged our strength as a manufacturer of branded drugs. Thus, we have strengthened our generic drug business to the level at which it can be considered as a core operation along with the production of antibiotics and CNS drugs. We will continue to promote the in-house development of generic drugs to create high-quality "useful generic" drugs with enhanced features for the users' convenience, such as new types of formulations, drugs with increased solubility, and drugs that can be easily administered, thereby clearly differentiating our products from the competition. All our 700 MRs are fully versed in branded and generic drugs and can promote both strategic therapeutic areas to provide our clients the widest possible range of medical treatment and cost options. In fiscal 2008, our generic drug sales exceeded the projections and recorded a 42.7% year-on-year growth to ¥10.7 billion. The sales for generic drugs received a strong boost from the demand for AMLODIPINE TABLETS MEIJI, which quickly became the top-selling generic AMLODIPINE drug after its release in July 2008.

(2) Fortifying the Overseas Pharmaceuticals Business

Meiji Seika's overseas operations in the pharmaceutical segment started in 1950, when we started exporting antibiotics, and the sales from overseas operations have already grown to more than 20% of the total segment sales. We are focusing on antibiotics for overseas business. Furthermore, MEIACT is now available in 20 countries in Europe, the United States, Middle East, and Asia, and we are aiming to expand our market share in these countries by promoting MEIACT through our local subsidiaries and distributors. We have also established bases for manufacturing and sales in Indonesia, Thailand, Spain, and China, and we are aiming to expand the market for Meiji brand products in these countries and their neighboring countries. In conjunction with these subsidiaries, we have also developed an international system of specialized manufacturing to improve competitiveness in manufacturing costs.

Services and Other Segments

	Billions of yen		
	FY 2008 Results	FY 2011 Plan	Growth (Rate/Amount)
Sales	108.9	**105.0**	96%
Ordinary income	2.5	**2.0**	(0.5)
Ordinary margin	2.3%	**1.9%**	(0.4)point

Fiscal 2009 Performance Targets

	Billions of yen
	FY 2009 Plan
Sales	**1,143.0**
Operating income	**25.0**
Ordinary income	**25.0**
Net income	**11.5**
Net income per share (yen)	**156.15**

Sales Targets by Segment

	Billions of yen	%
	FY 2009 Plan	Growth Rate
Dairy products segment	**597.6**	100.3
Confectionary and Healthcare segment	**312.0**	104.8
Pharmaceuticals segment	**124.9**	101.4
Services and other segment	**108.5**	99.7
Total	**1,143.0**	101.6

To achieve growth in both income and earnings in fiscal 2009, we are making every effort to apply the strategies formulated in the medium-term management plan. Our expectation for fiscal 2009 is that sales will increase by 1.6% year-on-year to ¥1,143.0 billion, operating income by 0.7% to ¥25.0 billion, ordinary income by 6.2% to ¥25.0 billion, and net income by 35.5% to ¥11.5 billion. We forecast income growth for the dairy, confectionary and healthcare, and pharmaceutical segments. We will fully dedicate ourselves to implementing the strategies set forth in the medium-term management plan.

Feature 2 » Meiji Group Strengths

The Meiji Group possesses the unique abilities required to effectively implement its strategies. These abilities are the invaluable assets that the 2 Meiji companies have developed as industry-leading companies for over 90 years.

The first is the shared strength of the Meiji brand, which has been carefully nurtured and cultivated by both companies. The other qualities are the distinctive strengths that the companies have developed while carrying out their business operations.

Joining the 2 Meiji companies and melding their strengths has created a corporate entity with immense competitive potential.

1. The Meiji Brand

The Meiji brand is a common asset that both Meiji companies have carefully preserved and cultivated for over 90 years. An enduring brand is the hallmark of the market's trust. We think a brand is an essential element in the development of product value and plays an influential part in the consumer's decisions. The 2 Meiji companies, both of which are firmly established as industry leaders in Japan, have cultivated the Meiji brand by building and preserving long-standing relations of trust with customers. These relationships have been built by offering products that have become familiar and indispensable parts of the everyday lives of generations of customers for nearly a century.

The 2 Meiji companies have now amalgamated to further consolidate the image of the Meiji brand as a constant and genial part in our everyday lives. The image of safety and assurance cultivated by the Meiji brand in Japan will be an enormous advantage when promoting the brand in global markets.

Combining the 2 companies' product lines, which already boast numerous segment-leading products, will enable us to provide products and services across a broad spectrum of the food and health fields to consumers ranging from infants to the elderly. The new "Meiji Group" is aiming to become a unique corporate enterprise and a world-class "food and health" corporate group, and to infuse a growing number of top-brand products into its business portfolio.

2. Distinctive Strengths Defining the Current Status

The 2 Meiji companies maintain distinctive and successful business strategies that have propelled each company to the forefront of their respective business fields — confectionary, pharmaceuticals, and dairy products business. The Meiji

Enhanced Product Line-up through the Combined Strengths of Two Companies

Strengths

Group will fully integrate these strengths to create effective strategies.

The following are a few elucidatory examples of the 2 companies' strengths.

<Meiji Seika>

Marketing Strategies Unique to Business Domains

One of Meiji Seika's core competencies is its ability to develop refined marketing strategies specifically tailored to its business fields and product features. For confectionaries, we are generating new demands by "marketing delightful and eye-catching products" and "proposing new eating scenarios." In the healthcare business, we are focusing on marketing strategies that can educate consumers and provide them with appropriate information for understanding the products. We have provided 2 examples of Meiji Seika's successful marketing techniques.

Creating a Long-selling Product while Maintaining the Freshness of the Brand

The product lifecycle in the confectionary category is relatively short, and the marketing strategies for best-selling products must respond to the current trends and consumer needs to maintain their top market share. Furthermore, setting up a platform for introducing new eating scenarios and topics for the market can maintain a sense of freshness for a brand and provide the elements necessary to achieve a long-selling product.

Milk Chocolate is a long-selling product that has enjoyed an enduring popularity since its inception in 1926, and its sales continue to expand, with the company posting a record high volume of shipments for the month of January 2009. This success was supported by our marketing activities to spread the occasion called "Tomo-Choco," which involves exchanging hand-made chocolate sweets with friends on Valentine's Day.

Several years ago, we started a "Tomo-Choco" marketing campaign targeted at middle- and high-school students, and we have succeeded in creating new demand for our solid chocolates*, including Milk Chocolate.

This campaign was started by collaborating with presenters of cooking classes to present in-store demonstrations on the method for preparing chocolate sweets, thereby stimulating demand for hand-made food items. In addition, people who purchased products were given invitations to the chocolate-making class. Next, the new eating scenarios that were introduced in the in-store demonstrations were publicized in TV commercials featuring hand-made chocolate sweets, advertisements in magazines catering to the middle- and high-school student demographic, and other advertising channels; this campaign aimed to disseminate images of the new eating scenarios and communicate how easy it is to make hand-made chocolate sweets. We also utilized web-based marketing techniques and included recipe videos on a dedicated web page. We succeeded in increasing the sales of Milk Chocolate by establishing a new chocolate-related occasion, "Tomo-Choco" among consumers, which was achieved by both in-store and media promotion.

In September 2009, Meiji Seika made the first major change in the brand image of Milk Chocolate in 38 years by incorporating the new Group logo. We have given a new image to Milk Chocolate and will keep adjusting the volume and price of the product in accordance with the consumer needs.

* Solid chocolate is a type of chocolate product made without any fillings.

Website for hand-made chocolate recipe

Integrated Information and Advertising Strategies

We employed a subtle marketing strategy by using a TV commercial with the jingle "Amicolla, Amicolla, No.1…" to make Amino Collagen a big successful brand.

Amino Collagen was launched in March 2002, when the beauty and fashion industry was promoting the concept of "inner beauty." At that time, consumers had a fixed view of collagen as something to be "applied," not for "consumption." Then, how did Meiji Seika turn Amino Collagen into a hit product?

Usually, to motivate consumers to buy nutraceuticals, they should be made to "understand" the features of the nutraceuticals. However, unlike other food items, product awareness alone was not enough to stimulate purchases of collagen. Rather, accurate information based on scientific evidence was required to gain the consumers' understanding. To supply information to professionals in the beauty industry, we issued press releases in beauty magazines describing the features of Amino Collagen. We also ensured word-of-mouth publicity by publishing pamphlets with detailed descriptions of collagen's features and intake methods and distributing them in stores along with sample packets.

As a result of these efforts, the consumer awareness for Amino Collagen rose steadily; finally, 4 years after the product was launched, the company aired the first TV ad campaign. The TV commercials instantly catalyzed the market, where the awareness of the product had already accumulated by buzz marketing, and the product sales soared. Since then, Amino Collagen grown into a core brand series for Meiji Seika's healthcare business.

Leaflet for Amino Collagen

Creating a Customer-oriented Specialty and Generic Pharmaceuticals Company

The strategic therapeutic areas for the Meiji Seika pharmaceuticals business are those in which our main products, i.e. antibiotics and CNS drugs, are frequently prescribed. Therefore, our marketing strategies focus on promoting both branded and generic products for these priority areas. Meiji Seika's pharmaceuticals business has established strong client relations with medical institutions, wholesalers, and pharmacies by virtue of its long history of contribution to the medical fraternity through branded drugs with proven excellent efficacy and safety, and the confectionary and healthcare businesses have created a firm trust in the Meiji brand. With this strong relationship of trust, the sales network of Meiji Seika has established its advantage over other manufacturers specializing solely in generic products. For instance, the treatment of infections requires doctors to select an antibiotic according to each patient's condition, the location of the infection, the bacterium causing the infection, the patient symptoms, the antimicrobial activity, internal migration of the causative bacteria, side effects, and other factors. Thus, in the cases of respiratory infections with accompanying pharyngitis, tonsillitis, and bronchitis, doctors can select the appropriate antibiotics from our broad line-up that includes the branded drugs, i.e., MEIACT, ORAPENEM, and SWORD, and the generic drugs, i.e., WIDECILLIN and CLARITHROMYCIN. Further, for serious cases of pneumonia that require hospitalization, we recommend the injection-type OMEGACIN (branded) and SULBACILLIN (generic), and for pneumonia caused by MRSA*, we recommend HABEKACIN (branded) and VANCOMYCIN MEEK (generic). Thus, Meiji Seika is promoting customer satisfaction for its products by providing a range of treatment options depending on the symptoms and features of drugs as well as the expenses of the treatment.

* Methicillin-resistant Staphylococcus aureus (MRSA) is a pathogen that infects open wounds and burns and causes respiratory infections and gastrointestinal infections. MRSA is a Staphylococcus aureus strain that has developed resistance to antibiotics.

<Meiji Dairies>

Technical Development Capability to Produce High Value-added Products

Meiji Dairies has leveraged the strengths of its proprietary technology and products to produce a steady stream of competitive and industry-leading products that have been backed up by its technological breakthroughs. This section introduces the technological development capabilities cultivated by Meiji Dairies in its quest to maximize the product potential of "milk" and other food materials and continually create new value for food products.

(1) The Natural Taste Manufacturing Process and Distinctly "Oishii (=delicious)" Milk

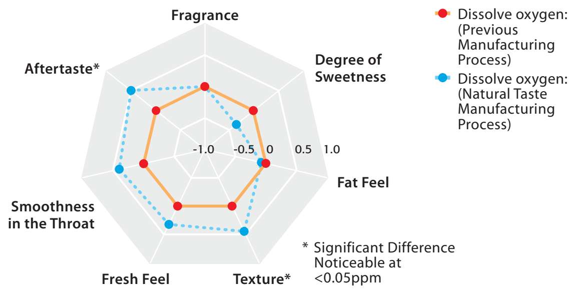
Meiji Oishii Gyunyu is a major bestselling product that has recorded increased sales every year since its release in 2002, with sales reaching ¥47.0 billion in fiscal 2008, despite being sold at a higher retail price than competitor products.

Preparation of milk for sale and consumption involves heat sterilizing the raw milk and then ensuring that the milk satisfies the ministerial ordinances of compositional standards for bacterial counts, sterilization, and storage. Under these conditions, taste differentiation among milk products cannot be easily created. To isolate the source of milk's "deliciousness," Meiji Dairies identified the key role that the oxygen (dissolved oxygen) in the milk played in creating a "good aftertaste, a clean aftertaste, and smooth texture." This discovery led to the creation of Meiji Dairies' patented Natural Taste Manufacturing Process.

Before undergoing heat sterilization, raw milk generally has a dissolved oxygen density of approximately 10 parts per million. The Natural Taste Manufacturing Process reduces the oxygen density before the milk is sterilized, thereby minimizing the degree of taste deterioration caused by the heat sterilization process. Reducing the dissolved oxygen eliminated a significant proportion of the sulfuric compound (dimethyl sulfide) and other elements that create the odor during heat sterilization. The sensory rating* for milk sterilized using this process was off the charts, in comparison to the ratings for standard milk products, and the milk had distinctly high scores for freshness, aftertaste, texture, and smoothness.

* Sensory ratings are used to evaluate product taste. The Meiji Dairies' expert panel of tasters use their exceptional taste sensitivity to evaluate and rate products. The panel's ratings are compiled in a Sensory Evaluation System and used as data for product testing and assessment.

The Relation of Dissolved Oxygen Density to Milk Flavor Characteristics



(2) Discovery of a Lactobacillus that Contributes to Stomach Health

Ever since Meiji Dairies introduced the first Plain Yogurt to the Japanese market, the company has continued to examine the functional qualities of lactobacilli to explore and develop new strains of probiotic lactobacilli. The company's discovery of the LG21 lactobacillus revolutionized the yogurt market and gave rise to a completely new category of lactobacillus products that could help preserve stomach health in humans.

The presence of Helicobacter pylori bacteria (hereinafter, H. pylori) in the stomach has been linked to stomach inflammation, gastric ulcers, and stomach cancer. Dr. Yasuhiro Koga of Tokai University found that the presence of lactobacillus in the stomachs of mice inhibited the colonization of H. pylori. In accordance with Dr. Koga's request, Meiji Dairies, which had been researching lactobacillus for over half a century, joined the collaborative research effort to determine the effect of lactobacilli on limiting the presence of H. pylori in the stomachs of humans. These lactobacilli can remain in the human stomach, where it contains such strong gastric acid. A lactobacillus density of 2,500 or more lactobacillus spores was found to be highly tolerant to gastric acids, showed good longevity, and strongly inhibited H. pylori. Meiji Dairies' search for a safe and good-tasting lactobacillus strain that could be used as an additive to yogurt led to the discovery of Lactobacillus gasseri OLL2716, commonly known as LG21.

Subsequently, the company obtained a patent for LG21 in 2000 and performed evaluation trials in humans. Patients with the H. pylori infection were instructed to consume regular yogurt for 8 weeks and then consume another yogurt with LG21 lactobacillus over an 8-week period; subsequently, we evaluated the H. pylori content and stomach inflammation in these patients. After consuming LG21-enhanced yogurt for 8 weeks, the H. pylori levels in the patients decreased and their stomach inflammation had ameliorated. Thus, the new probiotic LG21 lactobacillus was shown to have a positive effect on the stomachs of humans.

(3) Creation of the Cheese Umami and Texture Favored by Japanese

Meiji Dairies applied the results obtained from years of studies on lactobacilli to its cheese manufacturing technology and developed the Umami Lactobacillus Maturing Technology to harness the full umami (savoriness or deliciousness) of cheese. Umami Lactobacillus Maturing uses culturing, manufacturing, and aging processes with carefully selected and blended lactobacilli to maximize the umami in fermented foods.

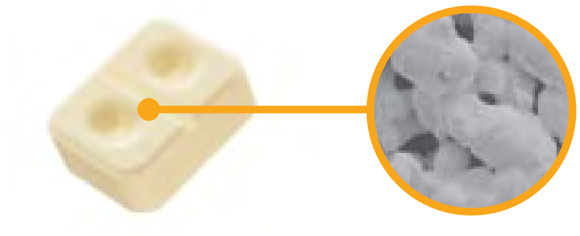
Pickled vegetables and miso, which have been staple items in the Japanese diet since antiquity, are fermented foods with remarkable umami. Due to the influence of soy sauce and kombu (dried kelp), Japanese people are sensitive to umami and have developed sophisticated preferences for bitter-tasting foods. Lactobacilli play an important role in producing the flavors of foods. These bacteria release an enzyme that breaks down food proteins and creates the umami of fermented foods. Meiji Dairies focused on this process and selected the lactobacilli that were best suited to cheese manufacturing from a collection of approximately 300 types of lactobacilli. The lactobacillus cultivation, blending, and aging technology were incorporated in cheese manufacturing processes to develop cheese with the umami favored by Japanese cheese consumers. Concurrently, Japan's rice-based food culture has produced a general preference for delicate and smooth-textured foods and foods that soften nicely when eaten. The manufacturing techniques employed by Meiji Dairies' produced a type of cheese that easily crumbles and is dissolvable, both of which are perfectly suited to the national preferences.

Thus, the advanced lactobacillus research conducted by Meiji Dairies for use in yogurt ultimately led to the creation of a new and unique element of deliciousness in cheese.

(4) Unique Molding Technology and the World's First Infant Formula Tablet

Meiji Dairies has earned the trust of customers and established Meiji as the leading brand in the infant formula market through more than 80 years of research on mother's milk and innumerable technical innovations. The company provides products that contribute to stress-free child rearing by enhancing the functions of its infant formula and developing techniques to improve the usability of this product. In October 2007, the company launched Meiji Hohoemi Raku Raku Cube, the world's first infant formula in tablet form. The company applied its proprietary molding technology to produce a groundbreaking tablet version of its existing Meiji Hohoemi granulated infant formula without adding any extra additives and with the same nutrient composition. To achieve this breakthrough, a compression molding process was applied to the powder to harden the outer surface, thereby enabling the mixture to retain its tablet shape.

The production technology realized optimal compression molding conditions for producing a tablet that does not crack or break down and dissolves as rapidly as powder in warm water. Powder solubility after the molding process is maintained by preserving the spaces between granules; simultaneously, to further increase strength, a firm bond is created between powder granules on the cube's outer surface. Meiji Dairies has patented both the solidified powder and the tablet production methods.



Meiji Hohoemi Raku Raku Cube
Another feature of the Meiji Hohoemi Raku Raku Cube to facilitate easy solubility is the indentations on the surface.

Close-up (300x) of the Cube's Surface
Increased strength via firm bond between powder granules while spaces between granules are preserved.

(5) Enteral Formula Business — Created from the Knowledge and Technology Garnered from "Milk"

While Meiji Dairies is primarily perceived as a milk-selling company, historically, its business has been closely intertwined with providing nutrition products. The company's enteral formula business, which aims to provide products that assist in nutrient intake, has been in operation for close to 60 years; this business began in the 1950s with research on enteral alimentation intake methods*. The enteral formula business is the culmination of nutritional and functional design technologies such as formulated trace ingredients, which were developed on the basis of the accumulated knowledge and research development conducted by the infant formula business and the knowledge and technology garnered from "milk."

In 1986 the development of the nutrition business reached full stride with the launch of YH-80, which was discontinued in 2002; YH-80 is an enteral formula comprising yogurt and honey, which are represented by the Y and H in the name. YH-80 had a dramatic beginning in 1978 when a university instructor approached the company saying that a young boy had been brought to him with severe burns, and he wanted to find a way to help him. The ensuing discussion led to the idea that yogurt could be used as a nutritional supplement. A researcher added honey to the yogurt and gave it to the boy; as a result, the boy gradually regained his strength, and his burns began to heal. The lactobacillus in yogurt breaks down protein and lactose and makes them easier to digest and absorb; concurrently, the lactobacilli also inhibit pathogens and stimulate the immune system. In addition, a patient with severe burns requires high amounts of energy to accelerate metabolism and skin regeneration, and honey was a sensible addition in the light of its ability to supply additional energy. In 1993, the original formula had been fortified with dietary fiber, docosahexaenoic acid (DHA), eicosapentaenoic acid (EPA), beta-carotene, and other additives. This formula underwent further compositional improvements on the basis of the latest scientific knowledge in nutrition to eventually create Fibren YH, which was released in 2004.

* Enteral alimentation intake is a nutrition intake method that utilizes the nutritional absorption functions of the colon by supplying a formula through a tube inserted into the nasal cavity, oral cavity, or abdomen instead of direct oral consumption. Another common nutrition intake method is parenteral nutrition, in which nutrition is provided intravenously.

Overall Business Situation

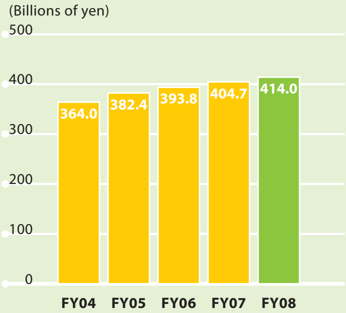
Meiji Seika Kaisha, Ltd. ≫ p.18

Meiji Dairies Corporation ≫ p.22

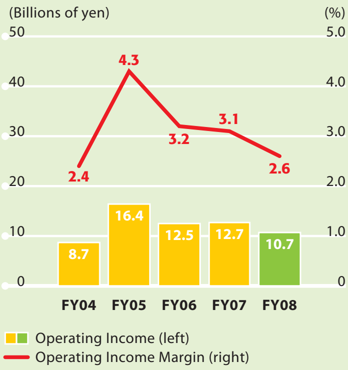
Reporting on the management strategies of both companies until the point of their integration and the summary for FY 2008 will be provided.

Meiji Seika Kaisha, Ltd.:
Financial Highlights (Consolidated)

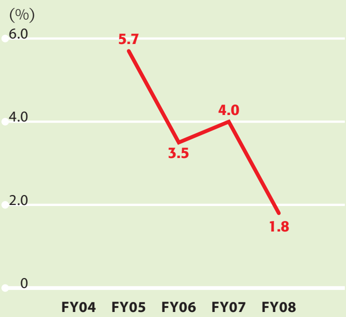
Net Sales



Operating Income and Operating Income Margin



ROE



Millions of yen
(Unless otherwise noted)

	FY1999	FY2000	FY2001	FY2002
For the fiscal year:				
Net sales	¥ 363,381	¥ 358,898	¥ 361,866	¥ 353,453
Cost of Sales	209,947	203,824	206,863	204,879
Selling, general and	134,319	137,085	141,987	143,090
administrative (SG&A) expenses	19,100	17,990	13,042	5,503
Operating income	18,732	17,721	13,122	6,072
Ordinary income (Note 2)	4,467	6,880	5,887	2,670
Net income (loss)				
At fiscal year-end:				
Total assets	¥ 321,103	¥ 341,350	¥ 336,932	¥ 317,798
Total net assets	148,245	160,906	158,683	154,708
Per share data (Yen, U.S. dollars):				
Net income (loss)	¥ 11.47	¥ 17.68	¥ 15.2	¥ 6.83
Net assets (Note 3)	373.38	408.87	404.68	395.31
Cash dividends	7.00	7.00	7.00	7.00
Ratios (%):				
ROE	3.0	4.5	3.7	1.7
ROA	1.4	2.0	1.7	0.8
Equity ratio (Note 4)	45.3	46.4	46.3	47.9
Other information				
Number of employees	7,430	7,352	7,287	7,017

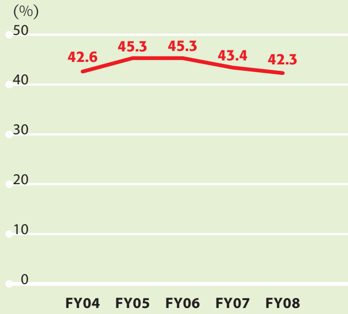
Notes: 1. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 = 98.23, the exchange rate prevailing on March 31, 2009.
2. Ordinary income = Operating income + Other income - Other expenses
3. Net assets per share = (Total net assets - Minority interests) / (Number of shares issued - Number of treasury stock)
4. Equity ratio = (Total net assets - Minority interests) / Total assets

Challenge 2005 :
(2003–2005)
Laying the foundation

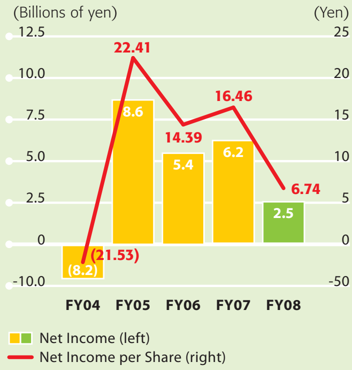
We positioned Challenge 2005 as a period for transformation in the management structure and worked on both structural change and business development in order to realize a V-shaped recovery. We thoroughly implemented streamlining measures by reorganizing production sites and enhancing the early retirement support system. In addition, with our position firmly set in the offensive strategy, we fortified our competitive edge by aggressively developing our business. As s result, we reported a substantial rise in sales and profit in FY 2005.

Millions of yen (Unless otherwise noted)						Thousands of U.S. dollars (Unless otherwise noted) (Note 1)
FY2003	FY2004	FY2005	FY2006	FY2007	**FY2008**	**FY2008**
¥ 368,865	¥ 364,018	¥ 382,429	¥ 393,853	¥ 404,711	**¥ 414,080**	**$ 4,215,412**
213,626	206,231	213,069	220,942	234,228	**246,110**	**2,505,446**
147,367	148,869	152,869	160,276	157,827	**157,261**	**1,600,946**
7,881	8,717	16,460	12,584	12,725	**10,798**	**109,925**
8,243	8,503	16,160	12,627	11,701	**9,608**	**97,811**
348	(8,240)	8,678	5,480	6,240	**2,556**	**26,020**
¥ 330,059	¥ 339,848	¥ 348,281	¥ 351,514	¥ 348,609	**¥ 330,878**	**$ 3,368,400**
156,990	147,445	160,659	162,763	155,111	**144,854**	**1,474,641**
¥ 0.79	¥ (21.53)	¥ 22.41	¥ 14.39	¥ 16.46	**¥ 6.74**	**$ 0.068**
403.33	377.78	413.53	419.62	399.01	**369.09**	**3.757**
7.00	7.00	10.00	7.00	7.00	**7.00**	**0.071**
0.2	—	5.7	3.5	4.0	**1.8**	—
0.1	—	2.5	1.6	1.8	**0.8**	—
46.8	42.6	45.3	45.3	43.4	**42.3**	—
6,546	6,299	6,303	6,275	6,481	**6,922**	—

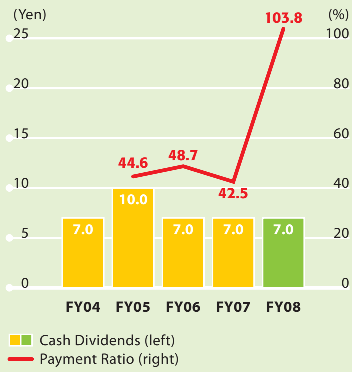
Equity Ratio



Net Income and Net Income per Share



Cash Dividends and Payment Ratio



DASH! 08 :
(2006–2008)

Sowing the seeds for growth/developing

Positioning the enhancement of growth strategy as our key policy, we are rapidly moving towards attaining our vision. Through our strategic marketing activities, we were able to expand sales in the core areas of confectionary business and fortified as well as developed our principle brands in healthcare business. Furthermore, we established a business foundation by strategically investing in the key growth area of overseas and generic products.

Meiji Seika Kaisha, Ltd.:
FY2008 Results

Fourth Consecutive Year of Sales Growth while Rising Materials Costs and Drug Price Revisions Reduced Income

The Meiji Seika Group raised consolidated net sales 2.3% year on year to ¥414.0 billion, a record high for the Group, on brisk sales in the confectionary and healthcare categories. Operating income declined 15.1% year on year to ¥10.7 billion as aggressive Group efforts to cut costs and improve production efficiency were unable to overcome the impacts from the soaring raw material prices, extensive price revisions to drugs covered by Japan's National Health Insurance (NHI), producing a roughly ¥5.5 billion impact, and the overall severe business conditions. Ordinary income declined 17.9% from the previous fiscal year to ¥9.6 billion, primarily due to foreign exchange loss associated with the strengthened yen.

Net income fell 59.0% year on year to ¥2.5 billion owing to other extraordinary losses arising from loss on valuation of investment securities and business combination expenses, and a number of subsidiaries posting earnings losses for the year.

The Company is committed to its policy of maintaining a consistent level of dividend payments and has declared fiscal 2008 dividend payments of ¥3.5 per share for the interim and an annual dividend of ¥7.0, which is equal to the previous fiscal year.

Breakdown of Fiscal 2008 Operating Income (Consolidated)

(Billions of yen)

Priority Expansion Fields Fortified Under the Medium-term Management Plan

The operating environment for the Group in fiscal 2008 included intensifying market competition in the food industry as incidents of fraudulent packaging raised consumer concern over food safety and security and the ongoing steep rises in raw material prices fueled calls to revise product prices. In the pharmaceutical industry, the government continued advancing its policy to lower medical costs with the NHI drug price revision having taken effect in April 2008 and the ongoing promotion of generic products.

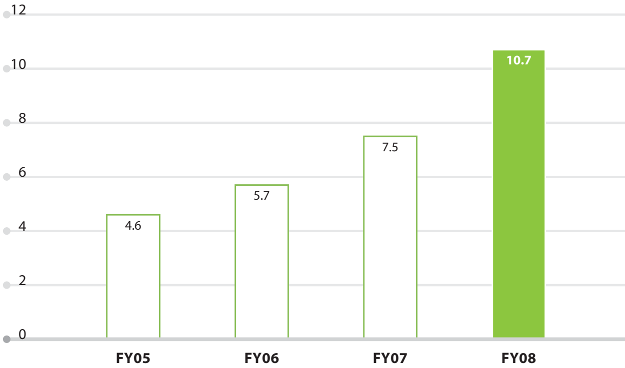
In these conditions, the Meiji Seika Group focused on achieving the performance targets for its DASH!08 medium-term management plan, which is in its final year, to develop new products and strategically market our top existing brands. The Group also aggressively invested in the priority fields for expansion-healthcare, generic drugs, and overseas business.

The Food & Healthcare Business posted a record high ¥297.7 billion in net sales, representing a 3.3% increase from the previous fiscal year. Confectionary Category sales included record high sales of chocolate. In the Healthcare Category, strategy based on selection and concentration reinforced the core brands and boosted sales. Global Category sales results were supported by strong sales of import products and expanded local sales and strong exports. Despite the strong sales performance, Food & Healthcare Business operating income declined 22.2% to ¥3.0 billion as product price revisions, cost cutting, and other measures were unable to offset the impact from the steep price rises of raw materials.

Net sales in the Pharmaceutical Business edged down 0.3% year on year to ¥112.9 billion. Fortified sales promotion efforts supported expanding sales of the generic drug AMLODIPINE TABLETS MEIJI, launched in July 2008, which greatly contributed to the sales growth of generic drugs business. Overseas sales included sharp growth in sales of MEIACT, particularly in Europe. Pharmaceutical Business operating income was held roughly even with the previous years, at ¥7.2 billion, through comprehensive cost cutting efforts, including a reduction in sales promotion expenses.

Sales of Generic Products

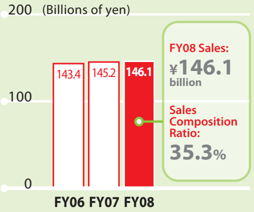
(Billions of yen)



Business Performance by Segment (Consolidated)

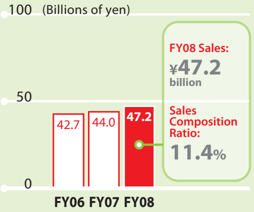
Food & Healthcare

Confectionery Category



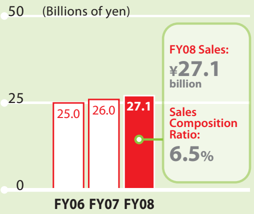
Confectionary Category net sales edged up 0.6% to ¥146.1 billion on steady sales by reinforcing core brands and new product launches. Sales of Milk Chocolate were brisk, with a strategy centering on hand-made, Valentine's Day chocolate that led to a record-high monthly shipment for chocolate products in January 2009. Successful marketing strategies for Kinoko No Yama and Takenoko No Sato and strong sales of the newly launched Galbo provided boosts to the chocolate sales too. Chewing gum sales declined year on year, including a sharp drop in sales of Xylish packaged in a recyclable container. Candy sales continued strong, including rising sales of Kaju Gummy backed by a promotion for its 20th anniversary since its release.

Healthcare Category



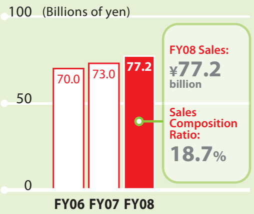
Healthcare Category sales rose 7.3% to ¥47.2 billion on steady sales of fortified main brand products. Health and beauty care product sales were brisk amid intensifying competition due to the new Amino Collagen products. Although Savas sales declined, sales of Perfect Plus rose sharply, successfully turning itself into one of the core brands. For food products, the recently released Koku-Ga-Oishi Milk Cocoa continued to steadily establish its market presence and as a result, cocoa products captured larger market share. Over-the-counter (OTC) drug sales rose sharply on strong sales of the newly launched products under the core ISODINE® UGAIGUSURI.

Global Category



Global Category sales rose 4.3% to ¥27.1 billion. The sharp appreciation of the Japanese yen led to a substantial drop in export product sales from the previous year. Conversely, import sales increased markedly from steady sales of the mainstay Snyder's products and the active introduction of new brands. Strong local sales and exports at Meiji Seika (Singapore) Private, Limited and growing gift product sales at FY2008 Meiji Seika (Shanghai) Co., Ltd. also contributed to the Global Category sales growth.

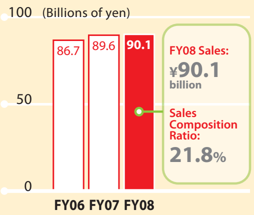
Institutional Food Products Category



Institutional Food Products Category sales increased 5.7% to ¥77.2 billion. Aggressive marketing produced increased sales of confectionary preparation ingredients (chocolate and cocoa related products) to restaurant chains, confectioners, and convenience stores. Sales of food materials declined overall while sales continued steady for agricultural products, canned products, and commercial-use curry. Sales also continued growing for domestic consolidated subsidiaries in the sugar and corn sweeteners businesses.

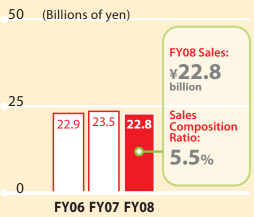
Pharmaceutical

Ethical Pharmaceuticals Category



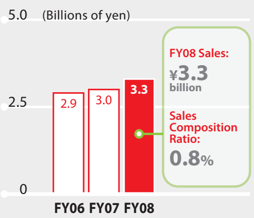
Ethical Pharmaceuticals Category sales edged up 0.5% to ¥90.1 billion as enhanced core product marketing and increased sales of generic drug products barely covered the impact from NHI drug price revisions. The mainstay anti-infective agent MEIACT and anti-depressant DEPROMEL were both subject to special directives for reduced prices in addition to the NHI's revisions, which resulted in falling sales for both products. Generic drug sales rose steeply on strong growth in existing product sales. This was due to effectively focusing on emerging trends in medical care and from steady sales of the newly launched calcium channel blocker, AMLODIPINE TABLETS MEIJI. Overseas sales continued to expand led by sales growth of MEIACT in Europe and other countries. PT. Meiji Indonesia Pharmaceutical Industries posted sales growth on brisk local sales.

Agricultural Chemicals and Veterinary Drugs Category



Agricultural Chemicals and Veterinary Drugs Category sales declined 3.2% to ¥22.8 billion, largely due to falling sales of the core ORYZEMATE rice blast preventative and other products owing to intensified market competition from competitor product introductions, and few incidents of crop damage due to blight or insects. Veterinary drugs sales declined overall with sales growing for nutritional supplements for feed makers and medicines for companion animal but income decreased due to sharp rises in feed ingredient prices.

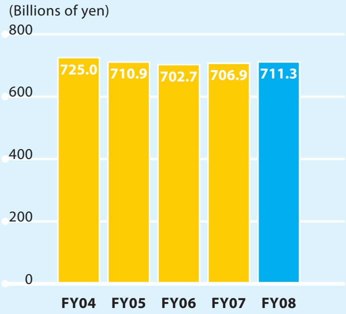
Office Building Leasing & Others



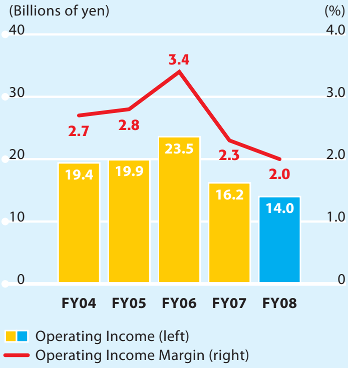
The occupancy rate remained high at the Solid Square intelligent building, and sales in the Office Building Leasing & Others Category rose 8.7% to ¥3.3 billion.

Meiji Dairies Corporation:
Financial Highlights (Consolidated)

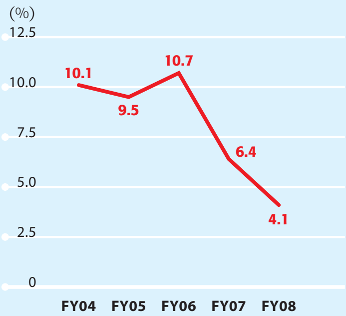
Net Sales



Operating Income and Operating Income Margin



ROE



Millions of yen
(Unless otherwise noted) (Note 1)

	FY1999	FY2000	FY2001	FY2002
For the fiscal year:				
Net sales	¥ 689,038	¥ 708,326	¥ 713,979	¥ 732,368
Cost of sales	490,278	505,113	519,587	528,996
Selling, general and administrative (SG&A) expenses	184,737	187,771	186,467	187,602
Operating income	14,022	15,441	7,924	15,769
Ordinary income (Note 3)	13,459	14,691	8,007	14,602
Net income	4,626	3,834	2,093	4,050
At fiscal year-end:				
Total assets	¥ 345,435	¥ 366,894	¥ 381,979	¥ 363,353
Net assets (Note 4)	76,985	80,802	80,435	82,241
Interest-bearing debt (Note 5)	141,724	135,369	153,040	150,316
Per share data (Yen, U.S. dollars):				
Net income	¥ 15.60	¥ 12.92	¥ 7.06	¥ 13.56
Net assets (Note 4)	259.52	272.38	271.18	277.55
Cash dividends	6.00	6.00	6.00	6.00
Ratios:				
Return on equity (ROE) (%) (Note 6)	6.1	4.7	2.6	5.0
Return on assets (ROA) (%) (Note 7)	1.3	1.0	0.5	1.1
Debt-equity ratio (times) (Note 8)	1.8	1.7	1.9	1.8
Other information:				
Number of employees	8,681	8,315	8,083	7,754

Notes: 1. Figures are shown with amounts under one million yen and under one thousand US dollars rounded off.
2. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 = 98.22, the exchange rate prevailing on March 31, 2009.
3. Ordinary income = Operating income + Net financial expenses + Amortization of goodwill arising from consolidation + Equity in income of affiliates + Other non-operating income and expenses
4. In accordance to the revised Japanese regulations concerning consolidated financial statements, beginning in fiscal year 2006 shareholders' equity includes equity capital held by minority shareholders.

2005
Medium-term Management Plan : (2003–2005)

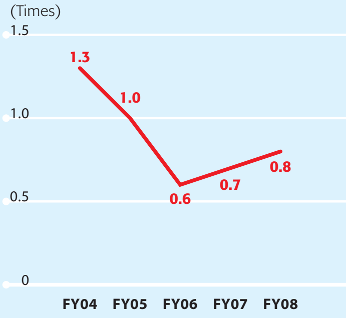
Strengthening business structure

We increased the composition ratio of sales by concentrating our business resources on high value-added products and products deemed to potential for growth which are positioned as our core products. Further, we were able to successfully transform our business structure into a highly profitable one as we strengthened our financial structure by substantially reducing interest-bearing debt, and promoted business efficiency by improving product mix and reducing SG&A costs.

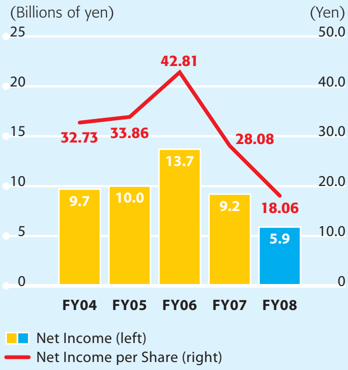
		Millions of yen (Unless otherwise noted) (Note 1)				Thousands of U.S. dollars (Unless otherwise noted) (Note 2)
FY2003	FY2004	FY2005	FY2006	FY2007	**FY2008**	**FY2008**
¥ 721,833	¥ 725,024	¥ 710,908	¥ 702,750	¥ 706,988	**¥ 711,394**	**$ 7,242,863**
524,253	522,970	515,712	502,635	516,325	**522,659**	**5,321,313**
181,899	182,637	175,205	176,517	174,400	**174,696**	**1,778,626**
15,680	19,415	19,989	23,597	16,262	**14,037**	**142,923**
15,747	19,081	20,179	23,421	16,065	**13,923**	**141,762**
7,949	9,722	10,055	13,708	9,226	**5,933**	**60,411**
¥ 364,957	¥ 357,592	¥ 361,134	¥ 383,560	¥ 390,192	**¥ 393,169**	**$ 4,002,950**
91,892	100,026	112,695	146,044	147,425	**147,303**	**1,499,734**
142,351	128,093	116,475	86,286	105,163	**116,619**	**1,187,325**
¥ 26.74	¥ 32.73	¥ 33.86	¥ 42.81	¥ 28.08	**¥ 18.06**	**$ 0.184**
310.23	337.86	380.85	437.45	441.73	**441.39**	**4.494**
6.00	6.00	7.00	10.00	8.00	**8.00**	**0.081**
9.1	10.1	9.5	10.7	6.4	**4.1**	—
2.2	2.7	2.8	3.6	2.3	**1.5**	—
1.5	1.3	1.0	0.6	0.7	**0.8**	—
7,482	7,370	7,185	7,054	7,134	**7,205**	—

5. Interest-bearing debt = Short-term loans payable + Long-term debt
6. ROE = Net income/Simple average of shareholders' equity at the beginning and end of the fiscal year
7. ROA = Net income/Simple average of total assets at the beginning and end of the fiscal year
8. Debt-equity ratio = Interest-bearing debt/Shareholders' equity

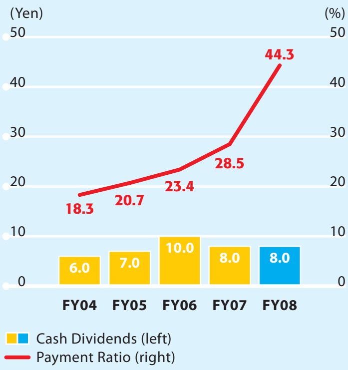
Debt-Equity Ratio



Net Income and Net Income per Share



Cash Dividends and Payment Ratio



2008
Medium-term Management Plan : (2006–2008)

Strengthening investment in growth business with future potential

We enhanced the production capacity by aggressively investing business resources in our core businesses of cheese, enteral formula, yogurt and other business areas and worked to strengthen the foundation for growth. Further, we thoroughly fortified Meiji brands and company-wide strategic brands, and made efforts to become a highly profitable company* by pursuing means to enhance Group management efficiency.

* Company-wide strategic brands: Meiji Oishi Gyunyu, Meiji Bulgaria Yogurt, Meiji Probio Yogurt LG 21, Meiji Hokkaido Tokachi cheese, Meiji Essel Super Cup, and VAAM.

Meiji Dairies Corporation:
FY2008 Results

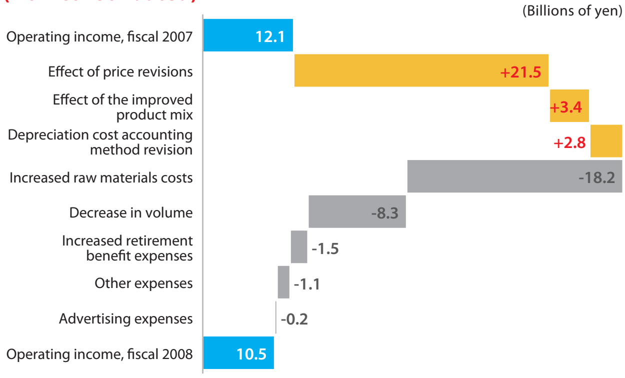
Net sales increased but high raw materials prices and reduced sales volume following price revisions produced an income decline

Meiji Dairies raised consolidated net sales by 0.6% from the previous fiscal year to ¥711.3 billion on increased sales of powdered milk, cheese and other processed milk products, and ice cream along with increased contributions to sales from the feed business belonging to other subsidiary operations.

Operating income declined 13.7% to ¥14.0 billion and ordinary income decreased 13.3% to ¥13.9 billion. The benefits from pricing revisions and the effect of the improved product mix were offset by increased costs for imported raw materials, rising prices for domestic raw milk, decreased sales volume due to the pricing revisions, and other factors. Net income fell 35.7% to ¥5.9 billion as a decrease in gain on the sale of fixed asset reduced extraordinary profit while business combination expenses increased extraordinary loss.

The Company is resolved to maintain a consistent level of dividend distribution and has set midterm and year-end dividend payments of ¥4 per share in fiscal 2008 for a total ¥8 per share dividend payment for the year.

Breakdown of Fiscal 2008 Operating Income (Non-consolidated)



Aggressively expanding our growth business with future potential and strengthening strategic brands

The Meiji Dairies Group implemented several initiatives to strengthen its operations and reduce costs in fiscal 2008. In the midst of severe business conditions (see page 20 for further discussion), the Group revised the pricing of its milk and processed milk products; enhanced the value of the Meiji brand; strengthened its yogurt, probiotics businesses; and expanded sales of growth businesses, which are the cheese business and enteral formula business. The Group was also able to lower costs by optimizing the Group's internal logistics.

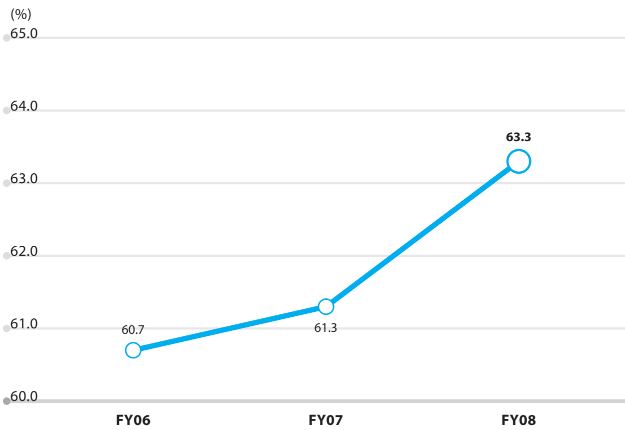
Fiscal 2008 marked the final year of the medium-term management plan focused on large-scale investment to establish the Group's growth business, enabling the new Gunma Nutraceuticals Plant to become operational in July 2008. The strengthened production capacity coupled with the growing market enabled the Group to post a 32% year-on-year growth to ¥13.8 billion for the sales of enteral formula in fiscal 2008.

The Group also fortified its earning power by strengthening its strategic brands and increasing the percentage of total sales of high value-added products. The Tokachi Cheese Factory, the largest cheese manufacturing facility in Japan, has boosted sales following the start of its operations in March 2008. The release of new products beginning in September will add strength to a range of products, contributing to the expansion of sales. Efforts to strengthen the Meiji Hokkaido Tokachi brand resulted in sales of Meiji Hokkaido Tokachi Cheese rising 5% to ¥10.7 billion. In fiscal 2008, core products generated ¥306.9 billion in sales, representing a 4.3% year-on-year increase and 63.3% of total sales (up 2.0 percentage points from the previous fiscal year).

Key Core Product Sales

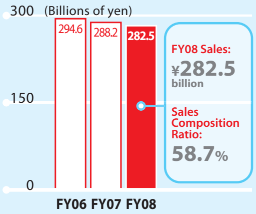
	Fiscal 2008 Results (Billions of yen)	YoY % Change
Meiji Oishii Gyunyu	47.0	±0
Meiji Bulgaria Yogurt	63.8	-2
Meiji Probio Yogurt LG21	30.5	+6
Home Delivery Services	44.1	+2
Meiji Hokkaido Tokachi Cheese	10.7	+5
Meiji Essel Super Cup	16.5	+19
VAAM	7.7	+8

Core Business Ratio of Sales



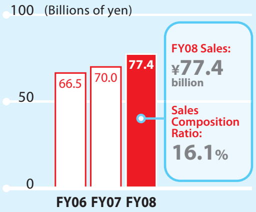
Business Performance by Segment (Non-consolidated)

Fresh Dairy



Fresh Dairy segment net sales declined 2.0% year on year to ¥282.5 billion in fiscal 2008. Net sales of milk products declined 3.6% to ¥114.5 billion with sales of Meiji Oishii Gyunyu holding steady at ¥47.0 billion while overall unit sales declined as a result of the trend of the shrinking market and from the impact of product pricing revisions. Yogurt net sales amounted to ¥102.1 billion essentially unchanged from the previous fiscal year, due to the rise in sales of the soft yogurt series, excepting the plain-type Meiji Bulgaria Yogurt, and of the Meiji Probio Yogurt LG21 which grew 6% year on year. Home delivery services net sales edged up 2% to ¥44.1 billion on steady demand for the new product Keikai Glucosamine and other small bottled products.

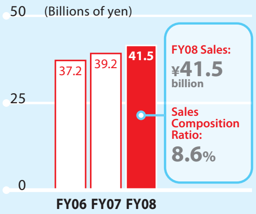
Processed Milk Products



The Processed Milk Products segment posted a sharp 10.5% year on year rise in net sales to ¥77.4 billion. Powdered milk sales surged 20.5%. Sales of powdered milk gained momentum in the second half of fiscal 2008 as persistent sales promotions produced a recovery in demand for infant formula and from a substantial contribution from Meiji Hohoemi Raku Raku Cube, the world's first infant formula tablet, which was launched by the Company in fiscal 2007. Sales of Meiji Hokkaido Tokachi Cheese brand rose 5% to ¥10.7 billion on boosts from a revamped brand image and fortified product lineup. The Meiji Hokkaido Tokachi Camembert Cheese brand received a Gold Monde Selection* Award in June 2009, marking the second consecutive year the product has received the prestigious award.

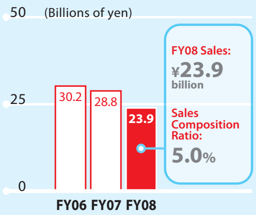
* Monde Selection is a joint European Union and Belgian government food product quality assessment institute founded in 1961 to promote high quality confectionary and foods. The Monde Selection Quality Label is one of the most universally recognized marks of excellence in the food industry.

Ice Cream



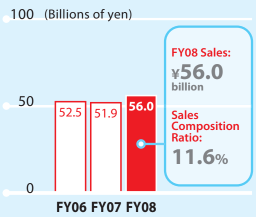
The Ice Cream segment net sales rose 5.9% year on year to ¥41.5 billion. Sales of the mainstay Meiji Essel Super Cup series increased 19% year on year to ¥16.5 billion. Factors leading to the increased sales were due to the fact that the revised pricings were firmly taking root in the market, and also because of the newly released, seasonally flavored products were showing strong sales.

Beverages



Beverage segment net sales declined 17.0% year on year to ¥23.9 billion. Despite the release of several new products, intensifying market competition strongly impacted sales of tea-based drinks and other beverages.

Other Products



Net sales in the Other Products segment increased 7.7% year on year to ¥56.0 billion. The consumer trend to make the economical choice of eating at home led to increased demand for margarine and related items. Sales of nutraceutical products were spurred by an expanded number and type of products following the start of operations at the new factory. The release of the new and refreshing, pineapple-flavored Super VAAM in a convenient-to-carry powder-type 14 packets also contributed to the segment's sales growth.

As a group that works in the field of food and health business, we fulfill our corporate social responsibility (CSR) by addressing social and environmental concerns through the activities of various committees in order to maintain the trust of the society and our customers. Under the newly established Group Philosophy, we aim for robust corporate development and growth, and will promote CSR activities in each business company centering on compliance, quality, the environment, information and risk management.

Compliance

We ensure that the value of high compliance is disseminated among our employees by promoting activities to build awareness and achieve compliance on a group level through the implementation of a corporate behavior charter, appointment of promoters of the compliance activities, and establishment of a compliance counseling desk for employees.

Quality

We examine quality strictly at every phase from development to design, production, distribution, and sales by constructing and operating independent quality assurance systems for the product categories of dairy, confectionary, and pharmaceuticals. In addition, we plan to implement the PDCA (Plan-Do-Check-Act) cycle, improve and further develop the cycle, and introduce a mechanism to enhance the reliability of our brand.

Meiji Seika

Meiji Seika was founded on the spirit of making products that we ourselves would buy and placing the highest priority on food safety and security such that the Meiji brand epitomizes those qualities. This is the basis for our Quality Policy, and we developed the Meiji-Quality Management System (M-QMS) to ensure we continue to fulfill the high standards in the confectionary and healthcare categories. Strict measures are implemented to ensure that the highest quality is maintained in all operations from the development of new products to labeling, ingredients, production, and distribution. PDCA cycles of *plan* (establish strict standards and regulations), *do* (procedures implemented by all staff), *check* (confirm results), and *action* (revise and improve as necessary) are exercised for ongoing improvement of the quality assurance operations.

In the pharmaceuticals category, Meiji Seika supplies high-quality products that can be used with a sense of safety by patients, healthcare practitioners, and producers. Full product information is provided and available both to prevent the occurrence of side effects and ensure proper usage to increase the treatment effectiveness for patients and to support the manufacturing companies. Meiji Seika constantly seeks to maintain and enhance the trust in its drug products by following Ministry of Health, Labour and Welfare guidelines and applying even stricter Meiji Seika standards through development, production, shipment, and the accumulation of information regarding side effects and proper usage information.

The Reliability Assurance Center acts as a centralized drug product quality assurance and safety management department and oversees organizational and functional compliance to the pharmaceutical regulations with the ultimate objective of maintaining and enhancing the trust in Meiji Seika pharmaceutical products.

In addition, we apply strict quality control at our the manufacturing sites through rigid adherence to the Good Manufacturing Practice (GMP) standards for manufacturing management and quality control and the Good Quality Practice (GQP) standards for quality assurance of pharmaceuticals and other products. In addition, our factories utilize high-performance manufacturing equipment and all employees diligently seek to improve product quality.

Comment

Ronde Corporation
Quality Assurance Division
Tomoko Oi

Creating the M-QMS at a Group Company

Ronde manufactures many Meiji Seika brand products, including chocolate, snack products, and baked confectionary. At Ronde, we utilize a quality assurance system based on the M-QMS principles that is equivalent to Meiji Seika's.

My job in the Quality Assurance Division is to conduct physical and chemical analysis and bacteriological examination to verify and ensure the safety and security of the ingredients and products.

Comment

Thai Meiji Pharmaceutical Co., Ltd.
Quality Assurance Department
Terumasa Shimazoe

Standardized Quality Control around the World

At the Lad Krabang Factory where I work, we manufacture high quality pharmaceuticals using highly reliable equipment and implement manufacturing and quality control systems based on the Meiji Seika quality assurance policy.

To firmly establish the quality assurance policy and ensure the same level of quality assurance as in Japan, all employees in Thailand apply the GMP standards and the 5Ss* organization methodology and keep up to date on the latest drug regulations and market demand trends by participating in education and training programs.

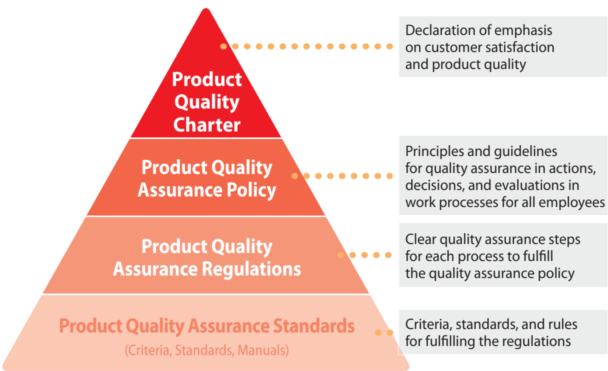
* The 5Ss derive from Japanese terms: Seiri(sorting), Seiton(setting in order), Seiso(systematic cleaning), Seiketsu (standardizing) and Shitsuke (sustaining the discipline).

Meiji Dairies

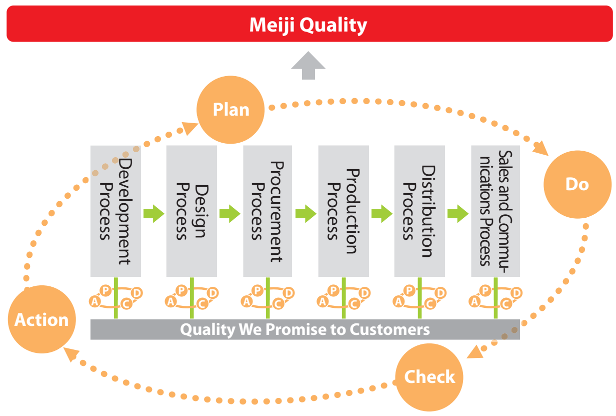
The Meiji Dairies Group utilizes the Meiji Quality Assurance System "Meiji Qualias," a unique in-house developed, Meiji Dairies Group-wide system initiated in 2007. Applied at every step from product development and engineering through production, distribution, marketing, and customer communications, the system is specifically designed to enable every employee in the Meiji Dairies Group to do their part to ensure continual fulfillment of "the promise to provide quality products to customers."

Meiji Qualias is based on four principles set forth in the Meiji Dairies Group's Product Quality Charter, Product Quality Assurance Policy, Product Quality Assurance Regulations, and Product Quality Assurance Standards. Fiscal 2007 was the permeation, preparation, and activation phase for Meiji Qualias, during which were held explanatory meetings across the country to introduce the system to all of group companies. Fiscal 2008 was the group-wide application phase during which each business office and division applied the PDCA cycle to identify and address any issues and fine-tune the system for use starting with the company's core products. This system has undergone continual revision and improvement with all issues that arose in any aspect and has been reported to top management and the Meiji Qualias Committee convening twice during the year to identify common problems and issues. In fiscal 2009, all Meiji Dairies Group companies are initiating Meiji Qualias into their operations.

Quality Assurance System



PDCA Cycle Quality Assurance Activities



The actions implemented for Meiji Hohoemi in order to achieve "quality we promise to customers."

Quality We Promise to Customers

Quality Reassurance —Safe infant formula manufactured based on full application of the quality control system

Mother's Milk Science —Infant formula fortified with nutrient composition levels that is close to the nutrient levels in mother's milk and support infant growth

Child Rearing Support —Infant formula that is easy to use in various ways and situations

Development and Engineering

Aiming for the Same Infant Growth as Mother's Milk Nutrients

Based on the information obtained from research on breast milk composition, we aim for a development that is similar to mother's milk for infants by bringing the amount of nutritional composition and its balance that is close to mothers' milk.

With each improvement, "the examinations of the growth status and health of children" were conducted to verify the validity of the product's design.

Procurement

Procuring Safe and Appropriate Materialss

Substances and ingredients contained in materials are strictly regulated and delivered under stringent specifications and verified for acceptability.

Manufacture

Comprehensive Quality Control

Manufacturing is conducted at ISO 9001 certified facilities and following Hazard Analysis and Critical Control Point (HACCP)* food safety management standards.

Product control includes full traceability from products to raw materials.

* HACCP is a hygiene control system that emphasizes risk prevention throughout the entire development process.

Distribution

Full Reliability to Safely to Customers

Full traceability is assured by managing data on the manufacturing factory and expiration dates by each palette (a loading platform used for the storage of products or for their transfer).

Sale and Communication

Promoting Purchases Made with Full Understanding and Reassurances

To ensure safe usage by our customers, in-house nutritionists provide nutrition counseling at maternity hospitals and in-store.

Furthermore, through the establishment of an infant counseling office, counselors who are certified nutritionists are ready to provide advice and support to mothers with infants and to those who are pregnant.

Environment

We aggressively promote environmental conservation activities such as the improvement of environmental management standards by introducing environmental management system and reduction of environmental impact, including the control of CO_2 emissions, zero emission, and energy conservation, at a group-wide level and led by a professional committee. Further, the business operations in each region also perform independent environmental conservation activities.

Meiji Seika

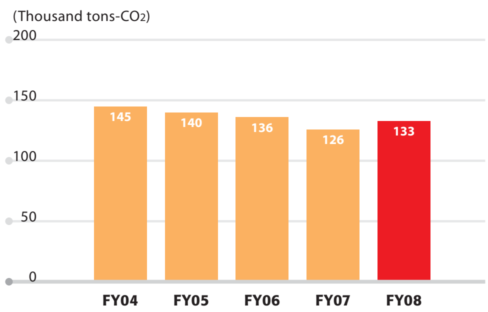
Meiji Seika has set specific medium-term targets for CO_2 reduction, industrial waste reduction, proper management of chemical substances and others. Operating sites that currently produce relatively high environmental burdens are acquiring ISO 14001*1 certification while steps are being taken to contribute to a recycle-based society, particularly in the aspect of 3Rs*2 —Reduce, Reuse, Recycle. We also believe that it is important for every employee to be conscientious of the environment and act responsibly. The Group provides a year-round schedule of education and training sessions.

Carbon dioxide emissions increased by 7,000 tons over the previous year, primarily due to an increased carbon emission coefficient per unit of electricity consumption at some regional operations. Fiscal 2008 CO_2 emissions remained 28.5% below the 1990 benchmark level.

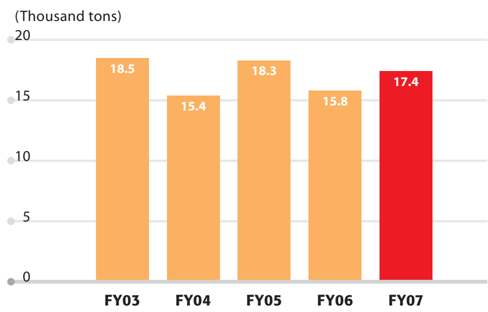
The volume of industrial waste output fell short of achieving our target of 8% below the fiscal 2005 level, largely due to equipment maintenance and repair at pharmaceutical manufacturing plants. The three confectionary and healthcare category factories are actively implementing recycling procedures and steadily progressing toward achieving zero emission status.

*1: ISO 14001 is a standard for environment management systems established by the International Organization for Standardization (ISO).
*2: Reduce, Reuse, Recycle —the 3Rs— is a processing cycle for reducing resource consumption and is implemented throughout the product lifecycle from product planning to manufacture, distribution, and disposal.

CO_2 Emission (Non-consolidated)



Waste Generation Volume



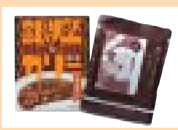
Environmental Packaging

Meiji Seika develops its products from the perspective of protecting both people and the environment, and integrates in its product packaging and package design features that are intended not to waste valuable resources and to reduce waste and CO_2 emissions.

Reduce

Product containers and packages are designed with lightweight materials and to be economical with natural resources.

Xylish Containers



Ginza Curry

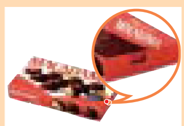
Reuse

Replaceable bags are sold for repeated usage of the container.

Amino Collagen

Recycle

Packages were developed for easy separation of paper, stickers, plastic, and other recyclable materials to promote recycling.



Macadamia

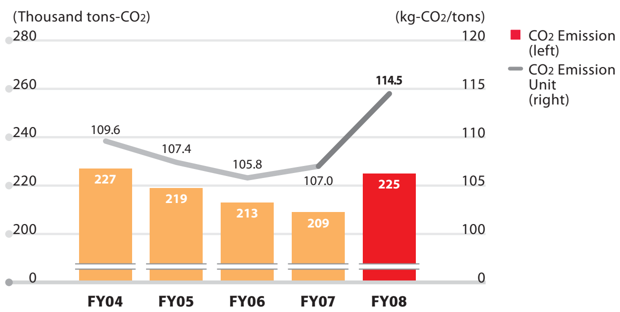
Xylish Containers / Lola

Meiji Dairies

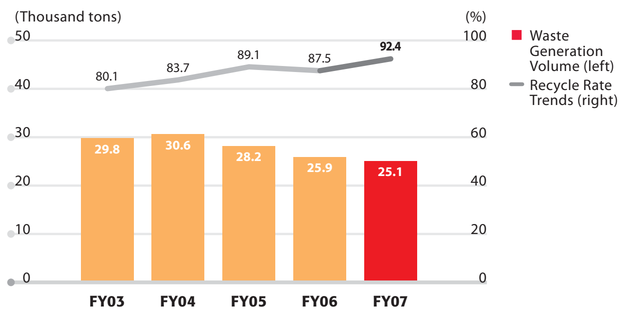
Meiji Dairies Group is fully aware that its business originates from the bounty of nature, and preserving the natural environment is one of the Group's highest management priorities. Following the principles set forth in the Meiji Dairies Environmental Charter, we use ISO 14001 certification as a starting point to advance various environmental initiatives, and the Central Environmental Management Committee serves as the central body to reduce CO_2 emissions, achieve zero industrial waste, promote environmental education and other measures.

Meiji Dairies' CO_2 emissions volume and per-unit discharge rates increased in fiscal 2008 owing to the increased power consumption arising from the addition of a new factory and expanded production of high value-added products. Excluding the data from the new factory, total emissions from existing ones in fiscal 2008 was 13% below the fiscal 2004 level. Meiji Dairies reduced the volume of industrial waste produced by 3.0% from the previous fiscal year.

CO_2 Emission / CO_2 Emission Unit



Waste Generation Volume / Recycle Rate Trends



Factory Designed for People and the Environment by achieving Safety and High Quality System

Meiji Dairies commenced operations at new enteral formula production facility at the Gunma Nutraceuticals Plant in July 2008. The facility is one of few factories in Japan dedicated solely to enteral formula production, manufactured under our thorough management, that is capable of all aspects of production from the receiving of raw materials to the shipment of finished products.

The facility, which received ISO 14001 certification in October 2008, was designed for low CO_2 emissions and as "an environmentally and people friendly factory." The facility was furnished with low energy consumption equipment, energy efficient lighting, and monitoring systems enabling integrated energy management and grasping the status of loss to ensure the highest level of its usage efficiency. A comprehensive quality assurance system based on HACCP management standards and an upgraded Manufacturing Execution System (MES)* for enteral formula are employed to ensure the production of safe and high-quality products.

* The Manufacturing Execution System (MES), developed by Meiji Dairies, utilizes a comprehensive database covering activities from the receiving of materials through product manufacture and facilitates integrated management to help prevent human error in the manufacturing process.

CIP (Clean-In-Place system) room:
A system that conserves energy and decreases work-load for personnel by reducing the amount of access to a room through the consolidation of heat-generating equipment into one room.

Security System:
Strictly control the coming and going into critical work-sites by adopting the latest, vein recognition system. Quality control and hygiene control are tightly enforced.

Preserving the Legacy of Abundant Nature for Future Generations

Meiji Dairies commemorated the 90th anniversary of its founding by establishing "the Nemuro Nature Conservation Area" on land owned by the company in Nemuro, Hokkaido. The company promotes environmental conservation and sustainability activities at the invaluable natural assets encompassed in the conservation area, which serves as a thriving symbol of the Meiji Dairies Group's environment-oriented management.

The company conducted employee volunteer programs at the Nemuro Nature Conservation Area from July to October 2008. Organized in cooperation with the Wild Bird Society of Japan, the programs provided employees with an opportunity to gain first-hand experience in environmental volunteer activities and raise awareness about environmental conservation. Meiji Dairies joined again with the Wild Bird Society of Japan to conduct joint research in the habitat range of the Japanese sacred crane, supported environment-themed camps for children, and proactively participated in various other activities centered on preserving the natural environment.

Employee volunteers at the Meiji Dairies Makinouchi Conservation Area

Lake Furen viewed from the Yarimukashi Conservation Area

CSR Activities

Information

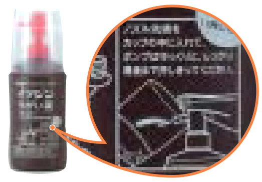
We have built a system to control access to personal data and classified information by establishing a professional committee. The objective of the committee is the promotion of information management and the disclosure of company information in a timely and appropriate manner to the stakeholders, including customers and investors, through various channels — a counseling section, the company website, and IR (Investor Relations) activities.

Meiji Seika

The Customer Support Center receives and responds to over 60,000 inquiries and comments regarding the taste, ingredients, method of use, questions from distributors, and numerous other topics regarding confectionary and healthcare products. This feedback is invaluable as it provides the opportunity for the relevant departments and Group companies to analyze current products and services from the customer's perspective and to use the feedback to develop improved new products and services.

Feedback on Amino Collagen Sawayaka Lemon Flavor, which the Company sold for a limited period summer in 2008, included many comments such as, "It tastes good. I hope you will sell it again." Encouraged by this positive feedback, the Company offered a new citrus-flavored product, O-yu de Attaka Oishii Hachimitsu Lemon Flavor, for a limited period during the winter season.

The Medicine Support Center responds promptly to inquiries from doctors, pharmacists, and other medical professionals as well as individual customers and also collects feedback to use for product improvement. The center also operates an information provision system to ensure that accurate information is available for the safe and proper use of medicinal products.



Customer feedback that "ISODINE squirts out when filling the cup" was the impetus for adding a graphic on the ISODINE® UGAI-GUSURI 500ml bottle showing how to avoid spilling liquid when using the pump.

Meiji Dairies

Meiji Dairies actively modifies products in response to feedback received at the Customers Support Center.

Meiji Dairies received the Japan Food Journal's 2008 New Technology and Food Development Award for Meiji Hohoemi Raku Raku Cube, which was developed specifically to be an easy-to-use infant formula.

Meiji Dairies is eager to receive and respond to feedback as it is a direct indication of the needs of society. The company switched from aluminum to paper containers for its enteral formula products in response to feedback from hospitals, nursing homes, and other medical facilities to help reduce the amount of waste produced, and revised the information provided on the Hokkaido Tokachi 6-Piece Cheese boxes and other products in response to comments to provide packaging material information to assist separation for recycling.

Risk Management

During the ordinary period, we conduct various activities in order to prevent risks. In addition, we strengthen our risk management system with the objective of the minimization of risks to customers, society, and operations by rapidly and appropriately addressing contingencies as and when they occur.

Meiji Seika CSR Report 2009

Meiji Dairies Environmental Statement 2009

Next year, fiscal 2010, the Meiji Seika CSR Report and the Meiji Dairies Environmental Statement will be combined into the Meiji Holdings CSR Report.

Corporate Governance, Internal Control

The Meiji Group Philosophy is the foundation of the Company's commitment to ensuring that its corporate management is highly transparent to shareholders and all stakeholders and to making prompt and effective management decisions and providing timely and appropriate information disclosure to realize ongoing growth in the Group's corporate value.

Corporate Governance

Organizational Structure and Operational Status/Administration

The Meiji Group maintains a Group organizational structure comprised of the holding company and business subsidiaries conducting and developing business operations. The Group operates on the organizational structure shown below. This structure clarifies the responsibility of management and business execution and incorporates an executive director system to ensure all functions are fully executed as part of efforts to construct a more effective corporate governance system.

The Board of Directors is comprised of 10 directors including two outside directors and, it is convened on a monthly basis. The Rules of the Board of Directors state that the board is responsible for making important decisions for the Group in the areas of management policy and strategy and for providing management guidance and supervision to the Group companies. To further fortify the board's ability to provide effective corporate governance, external directors serve on the board and the term of service for board members is limited to one year.

The Strategy Council meetings, which is an advisory body for the president comprised of company directors, are held to deliberate important issues concerning the execution of business. In principle, the Company holds two Strategy Council meetings per month.

The Board of Corporate Auditors is comprised of four auditors including two external auditors. With the aim of ensuring fair and objective audits, corporate auditors attend all important Company meetings, including meetings of the Board of Directors, and hold monthly liaison meetings with and share information with the Internal Auditing Department (Audit Office). The Audit Division's full-time staff also conducts internal audits. Auditing of the Company's accounting statements is assigned to The Fuji Accounting Office.

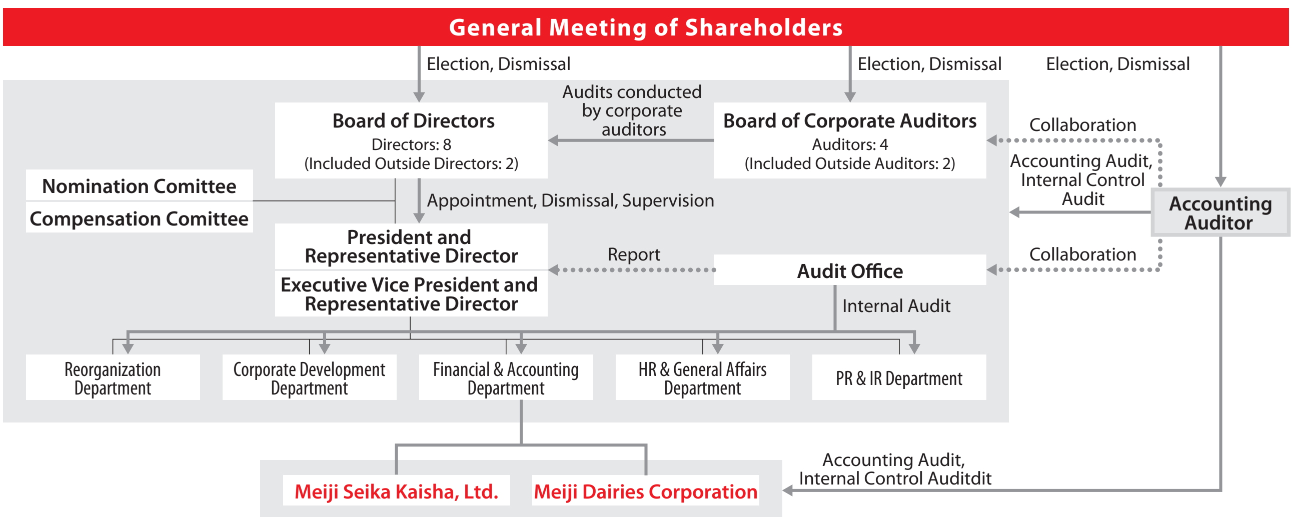
The Nomination Committee, which recommends candidates for the Board of Directors from among directors and executive directors, and the Compensation Committee, which conducts performance evaluations and examines remuneration amounts of directors and executive directors, are each comprised of four committee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

Internal Control System

Fundamental Policy

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

Corporate Governance System



CSR Activities / Corporate Governance, Internal Control

Corporate Behavior Charter

Being involved in the "Food and Health" business, Meiji Group is fully aware of our responsibilities, and will strive to continue to maintain our obligations to society by undertaking responsible activities as a company. Our executives and employees will all comply with the laws, regulations, international agreements, social codes, and rules of each Group company. All employees will act fairly and faithfully in accordance with high ethical standards.

1. We will win the trust and satisfaction of our customers by developing and providing safe, high-quality products and services.
2. We will conduct business appropriately and with fair, transparent, and free competition, and will build relationships of mutual trust in the market.
3. We will communicate proactively with all of society, particularly with our customers and shareholders. We will disclose corporate information in a timely and appropriate manner.
4. We will implement the strictest privacy control, especially in matters related to our customers' personal information. In addition, we understand the importance of intellectual property rights, and we will make efforts to protect and prevent the violation or exploitation of these rights.
5. We highly respect the diversity of our employees, their personalities, and uniqueness. We aim to be a creative, energetic organization, and provide a safe working environment to all our employees.
6. We will strive to deepen our social interaction with local communities as a good corporate citizen, and to provide broad contributions to society.
7. We will maintain regular, fair relationships in political and administrative fields. Furthermore, we take an emphatic stance against antisocial groups or individuals that threaten the order and/or safety of civil societies.
8. We will comply with the laws and regulations of each country and region involved in our international business activities. We will respect their culture and customs, and contribute to their local development.
9. We will thoroughly acknowledge that our company exists thanks to the abundance of nature. We will strive to maintain a harmonious coexistence with the environment and protect natural resources.
10. We understand the spirit of this Charter, and we will work to ensure that all of the Group's corporations are thoroughly familiar with it and implement it. In the event that a situation contradicting this Charter arises, any parties concerned should take the responsibility of investigating the cause, resolving the situation, and preventing it from reoccurring. Parties found to be in violation of the Charter are subject to strict punishment.

Current Status

We establish the internal control system in accordance with the following summary, and endeavor to construct a highly transparent and efficient structure of corporate governance.

1. Framework to ensure the exercise of duties by directors, corporate officers, and employees complies with laws and the Articles of Incorporation

The Company and Group aim to ensure full and comprehensive corporate governance by establishing a clear framework of authority-based responsibility based on a management control system for a company with internal auditors through the holding company entrusted with the Group's executive management and audit functions and through the business subsidiaries which conducts execution functions of business. The Company establishes "Compliance Regulations" and other relevant regulations based on the Corporate Philosophy and endeavors to construct and implement an effective compliance framework for the Company and Group based on these regulations.

2. Framework for the preservation and management of information related to the execution of duties of directors

The Company is establishing "Document Handling Regulations" and "Confidential Information Management Regulations" and constructing a preservation and management framework for the proper storage of important documents and records related to the executive management and the execution of business of the Company and Group.

3. Regulations and frameworks regarding risk of loss management

The Company is constructing an appropriate risk management framework based on defined risk management rules in order to organizationally and systematically avoid risk that could obstruct the smooth execution of business. Organizational risk management includes frameworks constructed to address specific risks to the Company and the Group and frameworks to minimize the potential for damage arising from emergency situations.

4. Framework to ensure effective execution of director duties

Execution of duties following the decisions of the Board of Directors is appropriately carried out following the terms of division of duties stipulated in the "Office Regulations," administrative authority, and related regulations. Important issues facing the Group is deliberated at the Strategy Council meetings to form unified resolutions regarding comprehensive adjustment of business activities and the execution of business of the Company and the Group.

5. Framework to ensure the appropriateness of the operations of the corporate group comprising the Company and its subsidiaries

Execution of duties following the decisions of the Board of Directors is appropriately carried out following the terms of division of duties stipulated in the "Group Companies Management Regulations" and related regulations. Important issues facing the Group is deliberated at the Strategy Council meetings to form unified resolutions regarding comprehensive adjustment of business activities and the execution of business of the Company and the Group.

6. Framework to ensure the reliability of financial reporting

To ensure the reliability of financial reporting, the Company and Group construct internal controls for financial reporting and create an appropriate framework for financial evaluation and reporting.

7. Framework for employees when corporate auditors request appointment of employees to assist in auditing duties and items related to the independence from directors of employees so appointed

The Company's corporate auditors may request employees be appointed to assist with the auditing duties, and representative directors appoint employees in consultation with the corporate auditors. Corporate auditors then have the authority to give instructions and assignments to the employees. While an employee is assisting the corporate auditors, the consent of the corporate auditors must be obtained for decisions concerning the employee's assignments, transfer, evaluation, or other personnel affairs.

8. Framework for directors, executive officers, and employees to report to the corporate auditors, and framework for other reports to the corporate auditors

The Company's directors, executive officers, and employees provide reports to the corporate auditors regarding management decisions and business execution conditions at the Board of Directors meetings, Strategy Council meetings, and important internal company meetings and also through periodic reporting, important documents, and other means. Prompt and accurate responses are provided to upon requests by the corporate auditors for reports concerning the Company's business and to inquiries during examinations of the Company's or Group Company's business reports or financial conditions.

9. Framework to ensure effective audits by the corporate auditors

Representative directors routinely exchange opinions with the corporate auditors. The directors and representative directors of the Company and Group fully appreciate the importance and value of audits conducted by corporate auditors and actively cooperate with the auditing activities of the corporate auditors.

10. Fundamental policy and preparatory framework for resisting antisocial forces

The Company and Group, in accordance with "Compliance Regulations," refuse any and all association with antisocial forces or organizations that pose a threat to the order and safety of society. The Company and Group has established framework for decisive action in close cooperation with the police and appropriate authorities as well as corporate lawyers to threats by or concern of incurring damage from antisocial forces or organizations.

Compliance and Risk Management Structure

Meiji Holdings maintains organic ties with the operating activities of the Meiji Seika Group and Meiji Dairies Group and seeks to enhance the compliance activities of the entire Group. The following summarization describes the organization of the compliance and risk management of the business subsidiaries of the Meiji Seika and Meiji Dairies groups.

[Meiji Seika]

Meiji Seika maintains a Compliance Committee, which is headed by the director of human resources and general affairs. Compliance Hotlines, which include reporting to external lawyers, have been established as internal reporting contact points. Similar frameworks has been constructed for all companies in the Meiji Seika Group.

Personnel acting as leaders of compliance activities present "5-minute CSR Lectures" to raise compliance awareness among employees. All employees have participated in "Compliance Awareness Surveys" since fiscal 2004 to verify the degree of compliance awareness and practice. The company has identified 10 types of critical risks, such as the risk of product contamination by foreign substances and the risk of quality deterioration, and has been constructing management systems focused on those risks. The company seeks to conduct comprehensive risk management and has established a Risk Management Improvement Team, based on procedural manual.

[Meiji Dairies]

Meiji Dairies maintains the Risk & Compliance Committee to formulate the risk management systems including preparatory and preventive compliance that may be necessary in emergency situations as well during standard operations. The company maintains the Risk & Compliance Committee office at the headquarters as well as risk and compliance offices and committees at its business sites and subsidiaries nationwide. Risk and compliance officers and executive officers oversee development of activities throughout the Meiji Dairies Group. Compliance consultation services are available at the company headquarters and its business sites and subsidiaries in Japan. Additional consultation services are available at law offices outside the company.

Since 2005, the company has designated each October as "Compliance Month" during which it collects compliance slogans and conducts compliance workshops at its business sites and group companies. The company also takes proactive risk-prevention measures, including steps to raise and spread risk awareness and forming risk management plans based on inventory-taking of risks related to business operations. Risk and compliance awareness is also nurtured and supported by the Risk and Compliance Communicaion materials issued on the first day of each month.

The Meiji Dairies Group maintains a Food Safety Committee, including two independent members from outside the company, to ensure the food product safety and establish precautionary measures for potential future risks to production operations.

*1: Please see the section on CSR Activities (page 26) for further discussion of food safety risk.
*2: Please see Review and Analysis of Fiscal 2008 Consolidated Results (page 40, 72) for further discussion of risk with the potential to impact the Meiji Seika and Meiji Dairies group business results and financial positions.

Research and Development

Strenuous research activities to continue creating new value is essential to providing a diverse spectrum of products to the "food and health" category and making more meaningful contributions to the improvement of people's quality of life. The Meiji Group's R&D structure is designed to fully and capably support the Group's business strategies. As part of the corporate restructuring, the Group is seeking to further enhance its R&D capabilities by constructing a more efficient organizational structure and combining the Group's wide range of R&D technologies.

Dairy Products Segment

Meiji Dairies actively conducts R&D to develop new products for the Processed Milk Products Category based on its comprehensive fundamental technologies and research in areas ranging from tastiness, nutrition, functionality, quality, safety, and manufacturing technology.

The Group's R&D division comprises the Research Planning Department and three research institutes —the Research & Development Center, the Food Functionality Science Institute, and the Technology Development Institute— working in tandem through collaboration and cooperation to maintain efficient and smooth operations for a swift progression from R&D to new product development. R&D focuses on planning and development of delicious tasting products centering on milk-based items, research in lactobacillus and probiotics, research on the nutrition and functionality of raw milk materials and foods, R&D of food production technology, and assessment studies of product quality and safety.

The Research & Development Center focuses on product development (except infant formula products) and on coming up with methods to accelerate development speed and increased operation versatility. Basic research in probiotics, nutrition, and other aspects of functional foods is concentrated at the Food Functionality Science Institute, which also seeks to deepen and increase the efficiency of basic research activities. The Technology Development Institute develops the manufacturing technology that provides the foundation of the Group's product development. In addition, the institute's Quality and Safety Assessment Center conducts quality analysis research related to product safety management. Furthermore, the Food Functionality Science Institute also conducts development of infant formula products due to the close association between infant formula products and basic research related to infant nutrition.

In recent years, research in complex basic technologies that cross the boundaries of product categories has become increasingly essential to the development of new food products, and the Group has been actively collaborating in joint research with external research institutes both in Japan and overseas. The Group continues to advance and augment the proprietary development of technologies and materials with the aim of continuing to introduce highly distinct new products to the market, and validating and adding new functions to existing leading products.

Confectionary and Healthcare Segment

In the Confectionary and Healthcare Category, the Group conducts a wide range of R&D activities, including developing of new products and manufacturing technologies, advancing research of cocoa, developing functional materials quality assurance technology, and developing and conducting evaluation testing.

The Food and Healthcare Research Institute is focused on advancing development of new technologies and creating products with new value by applying the results of basic research in materials, physical properties, and other food components as well as nutrient function, manufacturing methods and machinery, and technology to preserve tastiness.

The Company's independently developed chocolate impregnation process was utilized to develop the unique crunchy texture of Galbo Chips. The Company also completely reassessed the value chain for its cocoa products, including the cocoa bean growing regions, processing methods, and blending technology, resulting in the development of the unique double-roast and seared milk processes that give the rich taste to its Koku-ga-oishi Milk Cocoa products. The Company is also focusing research on polyphenol in cocoa and cassis, peptides, fructo-oligosaccharides, and other components, to offer not just improved flavor but health functions for products that are highly distinctive and competitive.

The Confectionary and Healthcare Category is also leveraging the strengths of the Pharmaceutical Business, including the know-how accumulated from the clinical development of drugs and health-related information received from medical institutions, as it seeks to fortify its development capabilities with input from outside its standard range of research. The comprehensive structure from the Company's basic research to product development promotes the steady progress of sophisticated taste research and ongoing development of basic technology with the objective of further enhancing the quality of its confectionary and food products.

Pharmaceuticals Segment

The Pharmaceuticals Research Center, under the direct control of the Pharmaceuticals Research and Development Head Office, conducts research and development in the ethical pharmaceuticals field with a focus on anti-infectives and central nervous system drugs, which are the strength areas of the Meiji Group's pharmaceutical development activities. The center seeks to identify, create and develop development candidate materials to fulfill treatment needs in Japan and overseas and with high potential for development for the global pharmaceutical market.

The Group also maintains the Antibody Pharmaceuticals Research Center, which concentrates on advancing new approaches for antibody pharmaceutical applications for the treatment of new and reemerging infectious diseases and of infectious diseases that are developing resistance to existing anti-bacterial agents. The Group has also partnered with Symphogen A/S of Denmark to advance research utilizing antibodies to treat bacterial infections.

The Generic Drug Development Department seeks to improve the price competitiveness and develop increasingly convenient formula preparations for our generic drug products. The department operates independently from the Pharmaceutical Research and Development Head Office to facilitate quick decision-making to ensure rapid and smooth developmental operations.

The activities of the Agricultural & Veterinary Research Laboratory of the Biological Industry Head Office include utilizing microbes created through fermentation and synthetic substances to develop pest control agents and herbicides for crop protection, and conducting exploratory research in anti-infective and anthelmintic drugs to treat and prevent infections and other disorders in livestock, companion animals, and fish. The laboratory also investigates formula efficacy and develops animal feed enzymes and nutrition supplements.

The Bioscience Laboratory, which operates under the Pharmaceuticals Industry Head Office, works to verify and improve the Group's fundamental technologies and its production and manufacturing technologies in the ethical pharmaceuticals, agricultural chemicals and veterinary drugs segment. The laboratory also seeks to identify new ways to utilize the enormous potential medical benefits of microbes. Activities include researching microbe breeding and fermentative metabolism, including genetic modification technology and improving the Group's microbe culture production technology, with the aim of establishing a firm foundation for the Group's biopharmaceutical production technology.

Core Products in the Pharmaceuticals Segment Development Pipeline (Ethical Pharmaceuticals Category)

	Development Stage	Type	Efficacy Classification	Notes
ME3738	Phase II clinical trial	Oral	Chronic hepatitis C treatment	Proprietary
ME3301	Phase II clinical trial	Oral	Rhinitis medication/enteral inflammation treatment	Out-licensed
ME1071	Phase I clinical trial	Injection	Metallo-ß-lactamase inhibito	Proprietary
ME2080	Preparatory development	Oral	Anti-epileptic drug	Licensed

The Group is taking steps to accelerate the development of in-house created drugs currently undergoing clinical trial, and to quickly advance in-house created drugs that are before the clinical trial stage to the proof-of-concept (POC)* trial stage. In addition, the Group is fortifying its international development capabilities with overseas partners with priority focused on development activities in North America, the largest market for ethical drugs, and seeking to increase licensing alliance. The Group is also seeking to strengthen its position in stable and sustainable markets by fortifying development capabilities for low-risk pharmaceutical products, including new drug products, drug administration methods, and drug formulations, as well as by expanding the number of drugs in the product pipeline and constructing a diversified-risk product portfolio.

* POC trial stage: A trial stage where an efficacy of a drug is verified on humans.

Basic pharmacological test results have verified that the Group's chronic hepatitis C treatment ME3738, currently in Phase II clinical trial, improves the inhibitive effect of interferon on the hepatitis C virus. POC trial is continuing in Japan to confirm its antiviral characteristics when used together with peg-interferon.

ME3301, which is also in Phase II clinical trial and was originally developed as an anti-allergy drug, was found to have development potential as a treatment for inflammatory bowel disease (IBD), and in June 2009 we entered a development and commercialization licensing agreement with Amalyte Pharmaceuticals LLC of the United States.

ME1071, a metallo-beta-lactamase inhibitor that is able to revert the enzymatic inactivation caused by beta-lactamase antibiotics, is currently undergoing Phase I clinical trial in Japan. Development of ME1071 is continuing as a co-administration drug with carbapenem antibiotics.

The Group is also aggressively expanding the number of drugs in the development pipeline for our core business field of treatments of central nervous system disorders. In October 2008, a licensing agreement was entered into with the French pharmaceutical developer Biocodex of France to develop ME2080 (generic name: Stiripentol), which has shown efficacy as an antiepileptic treatment for myoclonic encephalopathy of infants. Because there are currently no effective treatments for the disorder available in Japan, the Ministry of Health, Labour and Welfare's Investigational Committee for Usage of Unapproved Drugs officially supported its domestic development. The Group is currently working with Biocodex to develop ME2080 for use in Japan.

Board of Directors and Auditors

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

President and Representative Director

Naotada Sato

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

Executive Vice President and Representative Director

Shigetaro Asano

(Concurrent President and Representative Director of Meiji Dairies Corporation)

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

Akio Takahashi

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

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

Tsuyoshi Nagata

(Concurrent Senior Executive Officer of Meiji Dairies Corporation)

Member of the Board

Kaname Tanaka

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

Member of the Board

Masahiko Matsuo

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

Member of the Board

Harunobu Tsukanishi

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

Member of the Board

Shouichi Ihara

(Concurrent Senior Executive Officer of Meiji Dairies Corporation)

Member of the Board (outside)

Hidetoshi Yajima

Member of the Board (outside)

Youko Sanuki

Senior Standing Auditor

Kouichirou Kawashima

Standing Auditor

Chikao Morishima

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

Auditor (outside)

Shoji Miyamoto

(Concurrent Auditor (outside) of Meiji Dairies Corporation)

Auditor(outside)

Kenichi Yamaguchi

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

Executive Officer, HR & General Affairs Department

Hideki Takahashi

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

Executive Officer, Financial & Accounting Department

Takashi Hirahara

(Concurrent Executive Officer of Meiji Dairies Corporation)

Executive Officer, Reorganization Department

Takaaki Yanaka

(Concurrent Executive Officer of Meiji Dairies Corporation)

Executive Officer, Corporate Development Department

Michiro Saza

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

* Please check the website regarding the Board of Directors for Meiji Seika and Meiji Dairies.

Financial Section

Meiji Seika Kaisha, Ltd. ≫ p.38

Meiji Dairies Corporation ≫ p.66

Meiji Seika Kaisha, Ltd.:
Consolidated Financial Summary

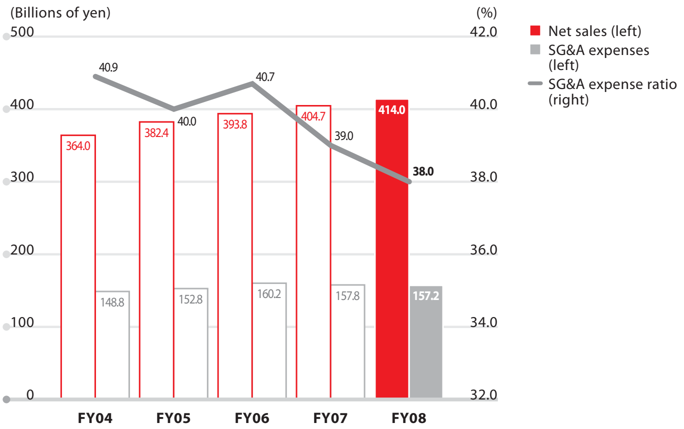
Millions of yen
(Unless otherwise noted)

	FY2004	FY2005	FY2006	FY2007
For the Year:				
Net sales	¥ 364,018	¥ 382,429	¥ 393,853	¥ 404,711
Cost of sales	206,231	213,069	220,942	234,228
Selling, general and administrative (SG&A) expenses	148,869	152,869	160,276	157,827
Operating income	8,717	16,460	12,584	12,725
Ordinary income (Note 2)	8,503	16,160	12,627	11,701
Net income (loss)	(8,240)	8,678	5,480	6,240
Capital expenditures	19,827	14,394	17,395	21,783
Depreciation and amortization	14,750	14,976	14,655	15,508
R&D cost	16,852	16,578	15,926	14,766
At Year-End:				
Total assets	¥ 339,848	¥ 348,281	¥ 351,514	¥ 348,609
Total net assets	147,445	160,659	162,763	155,111
Per Share Data:				
Net income (loss)	¥ (21.53)	¥ 22.41	¥ 14.39	¥ 16.46
Net assets (Note 3)	377.78	413.53	419.62	399.01
Cash dividends	7.00	10.00	7.00	7.00
Ratios (%):				
ROE	—	5.7	3.5	4.0
ROA	—	2.5	1.6	1.8
Equity ratio (Note 4)	42.6	45.3	45.3	43.4
Other information:				
Number of employees	6,299	6,303	6,275	6,481

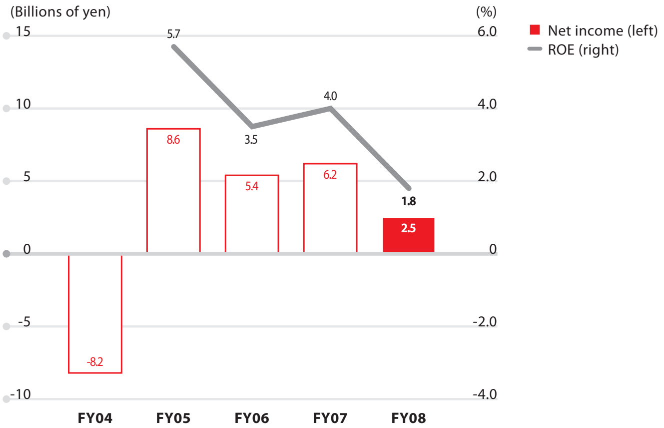
Notes: 1. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 = 98.23, the exchange rate prevailing on March 31, 2009.
2. Ordinary income = Operating income + Other income - Other expenses
3. Net assets per share = (Total net assets - Minority interests) / (Number of shares issued - Number of treasury stock)
4. Equity ratio = (Total net assets - Minority interests) / Total assets

	FY2008	FY2008
		Thousands of U.S. dollars (Unless otherwise noted) (Note 1)
	¥ 414,080	$ 4,215,412
	246,110	2,505,446
	157,261	1,600,946
	10,798	109,925
	9,608	97,811
	2,556	26,020
	18,482	188,150
	17,331	176,432
	14,592	148,549
	¥ 330,878	$ 3,368,400
	144,854	1,474,641
	¥ 6.74	$ 0.068
	369.09	3.757
	7.00	0.071
	1.8	—
	0.8	—
	42.3	—
	6,922	—

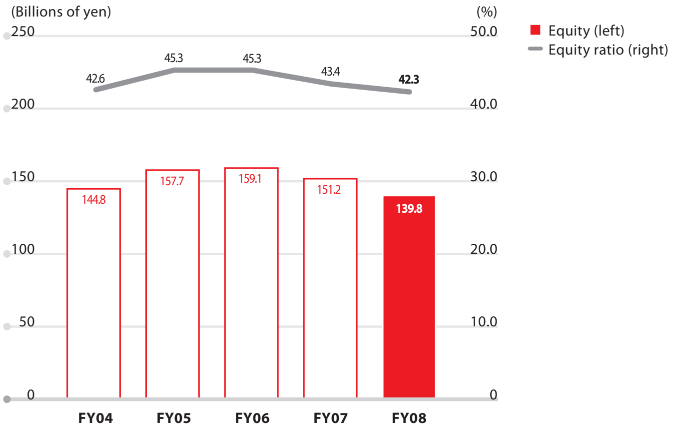
Net Sales, SG&A Expenses and SG&A Expense Ratio



Net Income, ROE



Equity and Equity Ratio



Meiji Seika Kaisha, Ltd.:
Review and Analysis of Fiscal 2008 Results

Macroeconomic Conditions and Market Environment

Economic conditions continued to be harsh in Japan in fiscal 2008. The global recession triggered by the financial crisis in the United States and the sharp rise in yen's value, low share prices, spikes in the prices of oil and other raw materials resulted in substantial declines in Japanese corporate earnings and a rapid deterioration in domestic employment conditions.

Competition remained intense in the food industry during the year amid growing consumer concern over food safety and security triggered by new cases of fraudulent packaging and other incidents. In addition, food manufacturers actively revised prices to reflect the steep increases in raw material costs.

In the pharmaceutical industry, the government maintained its policy to lower medical costs through Japan's national health insurance (NHI) drug price revisions in April 2008 while the number of generic products continued to grow.

Revenue and Earnings

The strong performance of the Food & Healthcare Company enabled the Meiji Seika Group to raise consolidated net sales by 2.3% year on year to ¥414,080 million, a record high for the Group. The cost of sales increased by ¥11,882 million to ¥246,110 million and the cost to sales ratio rose 1.5 percentage points as the Company's product price revisions were unable to keep pace with the sharp increase in raw material prices and the impact from the NHI price revisions. Selling, general and administrative expenses declined 0.4% to ¥157,261 million as aggressive measures to cut costs and raise production efficiency more than offset a rise in depreciation costs. The result was a 15.1% decline in operating income to ¥10,798 million.

Ordinary income declined by 17.9% to ¥9,608 million, largely due to foreign exchange loss arising from the strengthened yen.

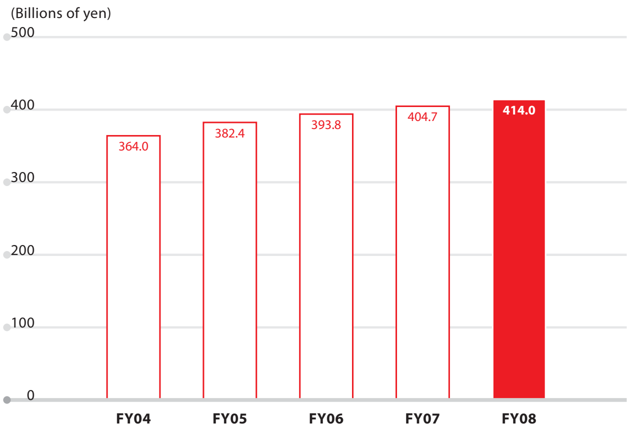
Extraordinary income decreased by ¥668 million, to ¥1,593 million, due mainly to a decline in sale of property, plant and equipment. Extraordinary loss increased by ¥1,323 million, to ¥3,199 million, due to the booking of business combination expenses and loss on valuation of investment securities. The result was a 59.0% decline in net income to ¥2,556 million. Net income per share decreased from ¥16.46 to ¥6.74.

Segment Results

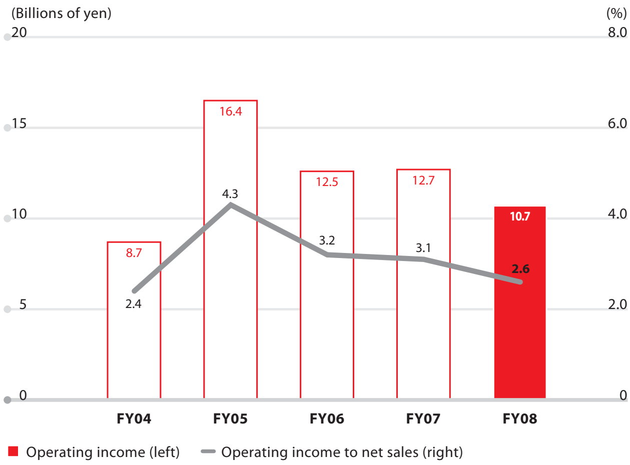
Food & Healthcare

The Food & Healthcare Company posted record high sales in fiscal 2008 on year-on-year sales growth in each of its business categories: confectionary, healthcare, global, and institutional food products. The sharp rise in raw material prices and the impact of the exchange rates from overseas subsidiaries put pressure on earnings. However, the company's pricing revisions, cost cutting, and other measures resulted in a 3.3% increase in consolidated net sales to ¥297,794 million while operating income declined by 22.2% to ¥3,012 million.

Net Sales



Operating Income and Operating Income to Net Sales



Pharmaceutical

The Pharmaceutical Company fortified its marketing capabilities while implementing extensive measures to lower costs, including reducing promotional spending, during the year to offset the impact from the NHI drug price revisions. These efforts enabled the company to match the impact from the drug price revisions; the decline in sales in the agricultural chemicals; and veterinary drugs category through increased sales of generic drugs. The result was net sales of ¥112,956 million, which was roughly even with the previous year, and operating income of ¥7,280 million, down 0.6%.

Office Building Leasing and Others

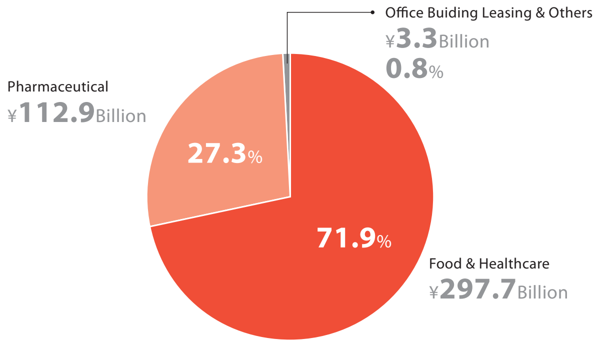
Office Building Leasing and Others net sales increased 8.6% to ¥3,329 million and operating income rose 22.0% to ¥781 million.

Financial Position

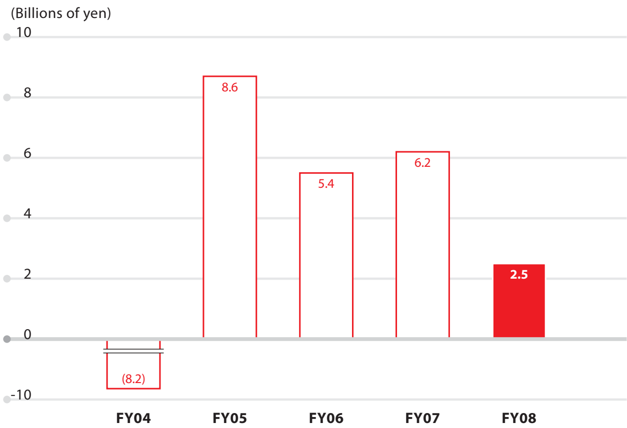
Total assets as of March 31, 2009, amounted to ¥330,878 million, which was ¥17,731 million less than at the end of the previous fiscal year. Current assets amounted to ¥147,174 million, a decrease of ¥2,376 million, as declines in cash and time deposits and notes and accounts receivable exceeded an increase in inventories.

Property, plant and equipment declined ¥118 million to ¥145,436 million. Investments and other non-current assets decreased ¥15,238 million to ¥38,266 million, primarily owing to a reduced valuation of investment securities. Current assets represented 44.5% of total assets.

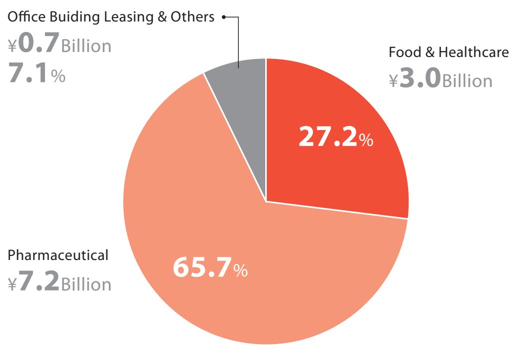
Net Sales by Segment



Net Income (Loss)



Operating Income by Segment



Total liabilities decreased ¥7,474 million to ¥186,024 million, largely due to a decline in interest-bearing debt and deferred tax liabilities.

Net assets decreased ¥10,257 million to ¥144,854 million. Net income amounted to ¥2,556 million. However, the decline was primarily due to dividend payments and declines in valuation and translation adjustments associated with the reduced valuation of investment securities.

The equity ratio decreased from 43.4% to 42.3%, and net assets per share declined from ¥399.01 to ¥369.09. The company retired 6,463,000 shares of treasury stock in fiscal 2008.

Cash Flows

Net cash provided by operating activities amounted to ¥22,424 million, an increase of ¥8,899 million from the previous fiscal year. Although income before income taxes declined, the increase was produced by a ¥4,028 million increase in the employee retirement allowance, mainly due to a lower special capital contribution to the pension asset account, and a ¥4,807 million increase in working capital.

Net cash used in investing activities amounted to ¥16,024 million, an increase of ¥12,915 million. The increase was mainly the result of decreased outlays to acquire fixed assets and investment securities.

The result was an inflow of ¥6,400 million to free cash flow, an increase of ¥21,814 million from the previous fiscal year.

Net cash used by financing activities amounted to ¥9,073 million, an increase of ¥21,178 million. This was primarily the result of the ¥15,000 million in proceeds from the issuance of bonds in the previous fiscal year and repayments of loans and commercial paper in the year under review.

Cash and cash equivalents were ¥9,747 million at the end of the fiscal year under review, a decline of ¥2,045 million from the previous fiscal year.

* Free cash flow = Net cash flow from operating activities + net cash flow from investing activities

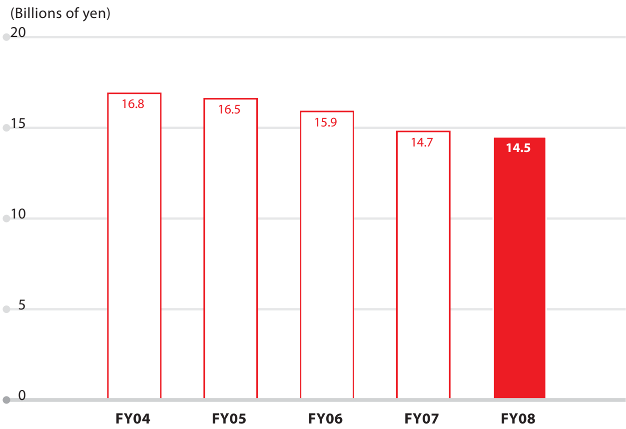
Capital Investment

Total capital investment amounted to ¥18,405 million in fiscal 2008, a 14.4% decrease from the previous fiscal year.

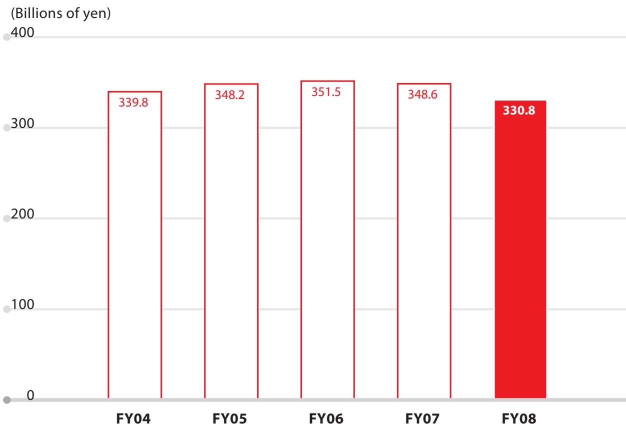
Capital investment in the Food & Healthcare Business amounted to ¥14,922 million, a 19.4% decline from the previous fiscal year. The primary investments during the year were for the Company's Kanto factories and gum manufacturing facilities and for the Meiji Dairies Corporation structures in Kanto and Kansai and distribution facilities in Kansai.

Capital investment in the Pharmaceutical Business amounted to ¥3,467 million, a 17.9% year-on-year increase. Investments were for the Company's bulk powder manufacturing facilities at the Kitakami Factory, the oral formulation facilities at the Odawara Factory, the agricultural chemicals manufacturing facilities at the Gifu Factory, the research facilities at the Yokohama Research Center and the Bioscience Laboratory, and for the manufacturing facilities at Thai Meiji Pharmaceutical Co., Ltd., in Thailand and Meiji Lukang Pharmaceutical Co., Ltd., in China.

R&D Costs



Total Assets



Capital investment in Office Building Leasing and Others was ¥15 million, down from ¥33 million in the previous fiscal year, and was limited to recurring investments.

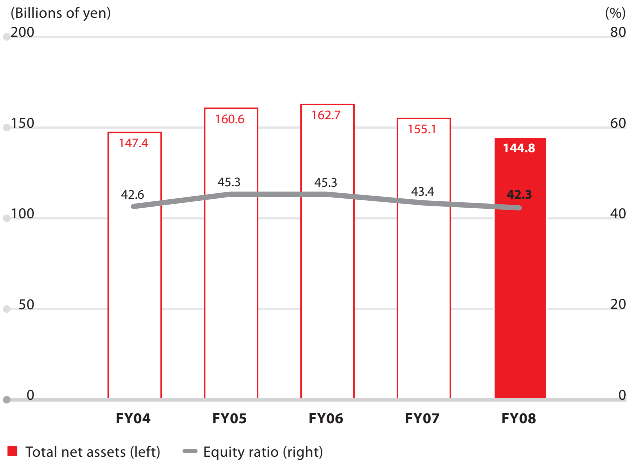
Research and Development Expenses

Research and development expenses amounted to ¥14,592 million in fiscal 2008, representing 1.2% year-on-year decrease.

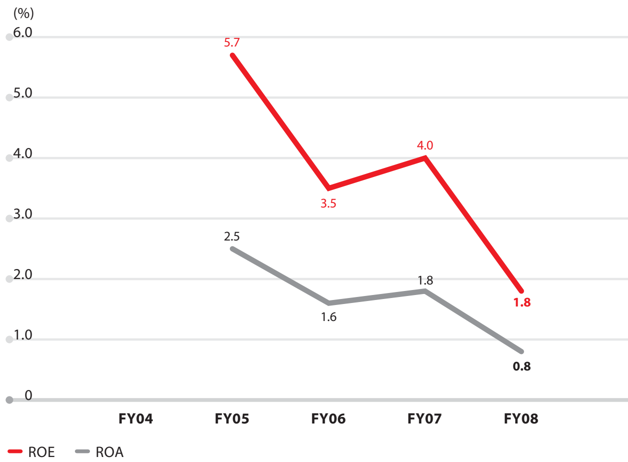
Food & Healthcare Business research and development expenses declined 4.0% to ¥3,185 million with spending focused on increasing personnel for the Research and Development to enhance the "deliciousness and enjoyment" "health," and "reliability" attributes of the Meiji brand. Research and development is currently advancing in a wide spectrum of areas, including development of new products and manufacturing technology, research in cacao, development of quality assurance technology, and development and evaluation testing of functional materials.

Pharmaceutical Business research and development expenses declined 0.4% to ¥11,406 million. The Company is aggressively researching and developing genetic drugs, agricultural chemicals, veterinary drugs, and other business areas of the Group with the objective of developing specialty pharmaceuticals for the treatment of infectious diseases and disorders of the central nervous system.

Total Net Assets and Equity Ratio



ROE and ROA



* ROE and ROA are not recorded for the fiscal year ended March 31, 2005 due to net loss.

Business Risk

The Meiji Seika Group believes the following risks could affect the Group's business circumstances and financial position, and have a material impact on the decision-making of investors. Forward-looking statements in the following section were determined by the Meiji Seika Group as of the end of the fiscal year under review.

(1) Procurement of Raw Materials

The Meiji Seika Group's Food & Healthcare Business procures virtually all raw materials and key ingredients (cacao beans, nuts, etc.) from foreign sources. In principle, the Group maintains a fixed level of domestic inventory and implements measures to disperse risk in producing regions. The Group's production activities could be hindered if a sufficient volume of materials could not be procured for an extended period of time due to political conditions in the exporting countries, worldwide demand conditions, or other factors. Such a situation would have the potential to impact the Group's business results and financial position.

Prices are no longer rising for many of the raw materials purchased by the Group; however, predicting future price trends is difficult. The Group is endeavoring to control raw material costs by developing new procurement channels and streamlining operations. Nevertheless, rising trends in raw materials prices have the potential to significantly impact manufacturing costs. The Group's pharmaceutical business relies on specific companies to supply certain products and raw ingredients and, if the need were to arise, the Group may not be able to find alternative suppliers for some items. A delay or a suspension in the Group's manufacturing or procurement activities caused by one or more of these suppliers has the potential to impact the Group's business results and financial position.

(2) Foreign Currency Exchange Fluctuation

The Meiji Seika Group uses forward foreign exchange contracts when procuring raw materials. Nevertheless, exchange rate fluctuations could increase procurement costs and potentially impact the Group's financial position. Items such as sales, expenses, and assets denominated in local currencies by overseas subsidiary and other overseas operations are translated into Japanese yen upon consolidation. Exchange rate fluctuations could affect the translation rates and potentially impact the Group's business results and financial position.

(3) Weather

High temperatures and changes in weather condition can easily affect consumer purchasing patterns and sales of chocolate and other confectionaries. Chocolate products account for a high percentage of the Meiji Seika Group's confectionary product sales. Unanticipated changes in weather conditions have the potential to impact the Group's business results and financial position.

(4) Legal Regulations

Meiji Seika Group operations are regulated by the Food Sanitation Law, Product Liability Law, Anti-Monopoly Act, Pharmaceutical Affairs Law, Agricultural Chemicals Regulation Law, and other laws and regulations associated with corporate, food, pharmaceutical, and agricultural chemical business operations.

In the Food & Healthcare Business and the Pharmaceuticals Business, the Meiji Seika Group strictly complies with relevant laws and regulations and endeavors to maintain and improve product quality and sanitary control and provide accurate product labeling. Revisions to relevant laws and regulations requiring the Group to suspend the sale of or recall products manufactured prior to the revisions, incidents unique to the Group (such as product defects), general social circumstances, and criminal or other antisocial acts have the potential to impact the Group's business results and financial position.

In the Pharmaceutical Business, government medical policy, including National Health Insurance drug price revisions, and the healthcare insurance system influence ethical drug prices. Changes in ethical drug prices have the potential to impact the Group's business results and financial position.

(5) Contamination by Foreign Substances

The Meiji Seika Group places the highest priority in the Food & Healthcare Business on using ingredients that are safe and reliable for consumers and takes various steps, such as shifting procurement to safer countries and implementing stricter inspections of suppliers, to ensure the provision of safe and reliable ingredients. In the Pharmaceutical Business, all product manufacturing, from bulk drugs to pharmaceutical preparations, is carried out following the Good Manufacturing Practice (GMP) standards for the manufacture and quality control of pharmaceutical of the Ministry of Health, Labor and Welfare. The Group applies constant and stringent production management and incorporates the latest technology to improve the configuration and equipment of production facilities and prevent against incidents of contamination. However, it is impossible to guarantee the complete elimination of the potential for contamination by foreign substances for all of the Group's products. Contamination by foreign substances would severely impact the Group's reputation, which could cause sales to decline and costs to rise, and therefore has the potential to impact the Group's business results and financial position.

(6) Occurrence of Side Effects

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

(7) Research and Development

New product development for the Meiji Seika Group's Pharmaceutical Business requires extended periods of product testing, which incurs 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 Seika 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 other-company products. Such cases have the potential to increase outlays for intellectual property rights and licensing.

(8) Intellectual Property

The Meiji Seika Group utilizes a broad range of intellectual property owned by the Company or legally licensed from third parties in its research and development and other business activities. The Group's business activities are conducted with a fundamental policy of fully respecting third-party rights to intellectual property. However, the outcome of litigation or other disputes concerning intellectual property rights have the potential to impact the Group's business results and financial position.

(9) Natural Disaster or Change in Social Conditions in Business Regions

The Meiji Seika Group conducts production and sales activities overseas, primarily in Europe, North America, and Asia. The occurrence of earthquakes or other large-scale disasters, inflation and other changes in economic conditions, and wars, political changes or other events that adversely affect political conditions in areas in which the Group operates have the potential to impact the Group's business results and financial position.

(10) Major Earthquake, Fire Disaster, or Outbreak of Infectious Disease

A large earthquake, fire, or other natural disaster that causes extensive damage to the Meiji Seika Group's manufacturing facilities and results in an extended shutdown of production operations has the potential to impact the Group's business results and financial position. A global outbreak of a new type of influenza or other infectious disease could cause an emergency situation from a large number of employee absences, restricted movement of people, products and raw materials, or other circumstances. A disruption or suspension of manufacturing and distribution activities caused by such an event would have the potential to impact the Group's business results and financial position.

(11) Information Systems

The Meiji Seika Group stores personal information concerning a large number of customers accumulated in the course of sales promotion campaigns, mail-order sales, and other activities. The Group conducts training programs for all employees and implements suitable security measures for information management, including the use of information systems, to prevent against the loss, misemployment, or alteration of this important data. Risk exists that a power outage, disaster, software or hardware defect, computer virus, unauthorized access, or other unanticipated incident could cause a shutdown or temporary confusion of the information system that could result in lost, leaked, or altered data, including customer information. Such an event could lead to the loss of public confidence in the Company, which would have the potential to impact the Group's business results and financial position.

(12) Outsourcing Activities

The Meiji Seika Group outsources a portion of its manufacturing activities to companies outside the Group. If, for any reason, a company were to shut down operations and be unable to provide the Group with the contracted products or services, such a situation would have the potential to impact the Group's business results and financial position.

The above is not a comprehensive list of the business risk associated with the operations of the Meiji Seika Group.

Meiji Seika Kaisha, Ltd.:
Consolidated Balance Sheets

Meiji Seika Kaisha, Ltd. and Consolidated Subsidiaries / March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars
ASSETS	**2009**	2008	2007	**2009**
Current assets:				
Cash and time deposits (Note 9)	**¥ 9,747**	¥ 11,802	¥ 14,773	**$ 99,226**
Notes and accounts receivable	**70,983**	78,630	83,452	**722,620**
Notes and accounts receivable				
for unconsolidated subsidiaries and affiliates	**531**	204	913	**5,405**
Inventories	**50,011**	47,667	43,180	**509,121**
Prepaid and other current assets	**3,218**	3,373	4,272	**32,759**
Other current assets				
for unconsolidated subsidiaries and affiliates	**786**	768	1,025	**8,001**
Deferred tax assets (current) (Note 6)	**8,956**	7,136	4,862	**91,173**
Allowance for doubtful receivables	**(61)**	(31)	(22)	**(620)**
Total current assets	**147,174**	149,550	152,457	**1,498,259**
Fixed assets:				
Property, plant and equipment (Note 5):				
Land	**23,577**	24,486	24,089	**240,018**
Buildings and structures	**160,528**	158,454	149,315	**1,634,205**
Machinery and equipment	**192,353**	188,045	181,155	**1,958,189**
Lease assets	**1,375**	—	—	**13,997**
Construction in progress	**2,517**	2,915	4,415	**25,623**
Less accumulated depreciation	**(234,916)**	(228,347)	(221,935)	**(2,391,489)**
Total property, plant and equipment (net)	**145,436**	145,554	137,041	**1,480,566**
Investments and other non-current assets:				
Investment securities (Notes 3, 5)	**21,910**	32,885	45,392	**223,047**
Investments in and advances to				
unconsolidated subsidiaries and affiliates	**9,038**	9,941	1,545	**92,008**
Deferred tax assets (non-current) (Note 6)	**462**	361	291	**4,703**
Other investments and advances	**4,100**	5,155	8,712	**41,738**
Intangible fixed assets	**3,683**	6,078	7,260	**37,493**
Allowance for doubtful accounts	**(928)**	(917)	(1,186)	**(9,447)**
Total investments and other non-current assets	**38,266**	53,505	62,015	**389,555**
Total fixed assets	**183,704**	199,059	199,057	**1,870,141**
Total assets	**¥ 330,878**	¥ 348,609	¥ 351,514	**$ 3,368,400**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2009	2008	2007	Thousands of U.S. dollars 2009
Current liabilities:				
Short-term bank loans (Note 4)	**¥ 11,525**	¥ 13,351	¥ 14,738	**$ 117,326**
Current portions of long-term debt payable within one year (Note 4)	**33,482**	2,218	26,558	**340,853**
Commercial paper	**3,000**	6,000	4,500	**30,540**
Notes and accounts payable	**29,227**	29,018	32,722	**297,536**
Notes and accounts payable for unconsolidated subsidiaries and affiliates	**2,402**	2,167	2,299	**24,452**
Accrued expenses	**16,589**	16,437	17,692	**168,879**
Accrued income taxes	**4,157**	2,982	1,834	**42,319**
Other current liabilities	**20,838**	18,517	15,152	**212,134**
Total current liabilities	**121,224**	90,692	115,498	**1,234,083**
Long-term liabilities:				
Long-term debt (Notes 4, 5)	**43,805**	76,377	37,130	**445,943**
Lease obligations	**637**	—	—	**6,484**
Employees' retirement benefits (Note 8)	**9,990**	11,205	16,504	**101,700**
Deferred tax liabilities (non-current) (Note 6)	**7,811**	11,422	15,810	**79,517**
Other long-term liabilities	**2,555**	3,799	3,805	**26,010**
Total long-term liabilities	**64,800**	102,805	73,251	**659,676**
Total liabilities	**186,024**	193,498	188,750	**1,893,759**
Contingent Liabilities (Note 12)				
Net assets				
Shareholders' equity:				
Common stock: Authorized — 796,104,000 shares in 2009, 2008 and 2007; Issued — 379,072,000 shares in 2009, 385,535,116 shares in 2008 and 2007	**28,363**	28,363	28,363	**288,740**
Capital surplus	**34,935**	34,947	34,949	**355,644**
Retained earnings	**80,280**	84,306	81,173	**817,265**
Treasury stock at cost — 66,748 shares in 2009, 6,448,955 shares in 2008, 6,364,967 shares in 2007	**(36)**	(3,530)	(3,485)	**(366)**
Valuation and translation adjustments				
Difference in valuation of other securities	**3,114**	8,631	17,245	**31,701**
Deferred gains or losses on hedges	**(3,781)**	(1,886)	816	**(38,491)**
Foreign currency translation adjustments	**(2,990)**	425	44	**(30,438)**
Minority interests	**4,968**	3,852	3,656	**50,575**
Total net assets	**144,854**	155,111	162,763	**1,474,641**
Total liabilities and net assets	**¥ 330,878**	¥ 348,609	¥ 351,514	**$ 3,368,400**

Meiji Seika Kaisha, Ltd.:
Consolidated Statements of Income

Meiji Seika Kaisha, Ltd. and Consolidated Subsidiaries / For the years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Net sales	¥ 414,080	¥ 404,711	¥ 393,853	$ 4,215,412
Cost of sales	246,020	234,158	220,992	2,504,530
Gross profit (Note 13)	168,060	170,553	172,860	1,710,882
Selling, general and administrative expenses (Notes 10, 13)	157,261	157,827	160,276	1,600,946
Operating income	10,798	12,725	12,584	109,925
Other income and expenses:				
Interest and dividend income	789	1,044	943	8,032
Other income	1,561	1,918	1,878	15,891
Interest expenses	(1,637)	(1,555)	(1,313)	(16,664)
Other expenses	(1,904)	(2,432)	(1,465)	(19,383)
Extraordinary income (Note 11)	1,593	2,261	1,290	16,217
Extraordinary losses (Note 11)	3,199	1,876	2,810	32,566
Income before income taxes	8,002	12,086	11,108	81,461
Income taxes:				
Current	5,041	4,383	2,324	51,318
Deferred	(7)	1,157	2,832	(71)
	5,033	5,540	5,157	51,236
Minority interests	(413)	(304)	(470)	(4,204)
Net income	2,556	6,240	5,480	26,020
Per Share Data (in yen and U.S. dollars):				
Net income	¥ 6.74	¥ 16.46	¥ 14.39	$ 0.068
Cash dividends	7.00	7.00	10.00	0.071

See accompanying notes to consolidated financial statements.

Meiji Seika Kaisha, Ltd.:

Consolidated Statements of Changes in Net Assets

Meiji Seika Kaisha, Ltd. and Consolidated Subsidiaries / For the years ended March 31, 2009, 2008 and 2007

	Numbers of shares of common stock (thousands)	Millions of yen								
		Common stock	Capital surplus	Retained earnings	Treasury stock	Difference in valuation of other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	385,535	¥ 28,363	¥ 34,948	¥ 79,595	¥ (2,233)	¥ 17,730	¥ —	¥ (642)	¥ 2,897	¥ 160,659
Net income				5,480						5,480
Increase in earnings from the addition of consolidated subsidiaries				1						1
Cash dividends				(3,812)						(3,812)
Directors' bonuses				(91)						(91)
Acquisition of treasury stock					(1,265)					(1,265)
Disposal of treasury stock			0		13					13
Other						(484)	816	687	759	1,778
Balance at March 31, 2007	385,535	28,363	34,949	81,173	(3,485)	17,245	816	44	3,656	162,763
Net income				6,240						6,240
Decrease in earnings from the addition of consolidated subsidiaries				(453)						(453)
Cash dividends				(2,653)						(2,653)
Acquisition of treasury stock					(58)					(58)
Disposal of treasury stock			(1)		13					12
Other						(8,613)	(2,702)	380	196	(10,739)
Balance at March 31, 2008	385,535	28,363	34,947	84,306	(3,530)	8,631	(1,886)	425	3,852	155,111
Net income				**2,556**						**2,556**
Decrease in earnings from the addition of consolidated subsidiaries				**301**						**301**
Cash dividends				**(2,653)**						**(2,653)**
Effect of change in accounting policies applied to foreign subsidiaries				**(710)**						**(710)**
Acquisition of treasury stock					**(70)**					**(70)**
Disposal of treasury stock			**(9)**		**41**					**31**
Retirement of treasury stock	**(6,463)**		**(2)**	**(3,519)**	**3,522**					**—**
Other						**(5,517)**	**(1,895)**	**(3,415)**	**1,116**	**(9,713)**
Balance at March 31, 2009	**379,072**	**¥28,363**	**¥34,935**	**¥80,280**	**¥ (36)**	**¥ 3,114**	**¥ (3,781)**	**¥(2,990)**	**¥4,968**	**¥144,854**

	Numbers of shares of common stock (thousands)	Thousands of U.S. dollars								
		Common stock	Capital surplus	Retained earnings	Treasury stock	Difference in valuation of other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	385,535	$ 288,740	$ 355,767	$ 858,251	$ (35,936)	$ 87,865	$ (19,199)	$ 4,326	$ 39,214	$ 1,579,059
Net income				**26,020**						**26,020**
Decrease in earnings from the addition of consolidated subsidiaries				**3,064**						**3,064**
Cash dividends				**(27,008)**						**(27,008)**
Effect of change in accounting policies applied to foreign subsidiaries				**(7,227)**						**(7,227)**
Acquisition of treasury stock					**(712)**					**(712)**
Disposal of treasury stock			**(91)**		**417**					**315**
Retirement of treasury stock	**(6,463)**		**(20)**	**(35,824)**	**35,854**					**—**
Other						**(56,164)**	**(19,291)**	**(34,765)**	**11,361**	**(98,880)**
Balance at March 31, 2009	**379,072**	**$288,740**	**$355,644**	**$817,265**	**$ (366)**	**$ 31,701**	**$(38,491)**	**$(30,438)**	**$50,575**	**$1,474,641**

See accompanying notes to consolidated financial statements.

Meiji Seika Kaisha, Ltd.:
Consolidated Statements of Cash Flows

Meiji Seika Kaisha, Ltd. and Consolidated Subsidiaries / For the years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Cash flows from operating activities:				
Income before income taxes	¥ 8,002	¥ 12,086	¥ 11,108	$ 81,461
Depreciation and amortization	17,331	15,508	14,655	176,432
Amortization of goodwill	639	560	528	6,505
Loss on disposal of property, plant and equipment	837	1,127	1,619	8,520
Loss on valuation of investment securities	815	13	466	8,296
Increase (decrease) in allowance for doubtful accounts	46	(2)	236	468
Increase (decrease) in employee retirement allowance	(1,255)	(5,283)	(8,273)	(12,776)
Interest and dividends received	(790)	(1,044)	(943)	(8,042)
Interest expenses	1,637	1,555	1,313	16,664
Equity in loss (income) of equity-method affiliates	304	(73)	(112)	3,094
Loss (gain) on sale of property, plant and equipment	(1,428)	(1,729)	(176)	(14,537)
Loss (gain) on sale of investment securities	0	(427)	(722)	0
Decrease (increase) in trade receivables	2,932	5,976	(5,461)	29,848
Decrease (increase) in inventories	(3,734)	(4,164)	956	(38,012)
Increase (decrease) in trade payables	1,727	(5,694)	8,248	17,581
Directors' bonuses paid	—	—	(93)	—
Other	616	(1,229)	(1,138)	6,270
Subtotal	27,681	17,177	22,210	281,797
Interest and dividends received	894	1,169	1,079	9,101
Interest paid	(1,637)	(1,495)	(1,339)	(16,664)
Income taxes paid	(4,514)	(3,325)	(4,632)	(45,953)
Net cash provided by operating activities	22,424	13,525	17,318	228,280
Cash flows from investing activities:				
Payments for time deposits	—	(827)	(982)	—
Proceeds from withdrawal of time deposits	10	1,083	962	101
Payments for purchases of investment securities	(43)	(11,372)	(2,804)	(437)
Proceeds from sales of investment securities	1,002	1,230	803	10,200
Payments for purchases of property, plant and equipment	(19,468)	(20,705)	(13,220)	(198,187)
Proceeds from sales of property, plant and equipment	2,652	1,910	885	26,997
Others	(176)	(259)	(4,031)	(1,791)
Net cash used in investing activities	(16,024)	(28,939)	(18,387)	(163,127)
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans	(2,151)	(689)	(1,065)	(21,897)
Increase (decrease) in commercial paper	(3,000)	1,500	4,500	(30,540)
Proceeds from long-term borrowings	550	5,766	6,170	5,599
Repayment of long-term borrowings	(1,552)	(6,641)	(7,849)	(15,799)
Proceeds from bond issuance	—	35,000	—	—
Redemption of bonds	—	(20,000)	—	—
Proceeds from capital contribution from minority shareholders	—	—	285	—
Dividends paid	(2,653)	(2,653)	(3,812)	(27,008)
Others	(267)	(175)	(1,366)	(2,718)
Net cash provided by (used in) financing activities	(9,073)	12,105	(3,138)	(92,364)
Translation Adjustment on Cash and Cash Equivalents	(289)	143	(37)	(2,942)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,962)	(3,164)	(4,244)	(30,153)
Cash and Cash Equivalents at Beginning of Year	11,792	14,513	18,755	120,044
Increase (Decrease) in Cash and Cash Equivalents due to the Change in the Number of Consolidated Subsidiaries	918	443	2	9,345
Cash and Cash Equivalents at End of Year (Note 9)	¥ 9,747	¥ 11,792	¥ 14,513	$ 99,226

See accompanying notes to consolidated financial statements.

Meiji Seika Kaisha, Ltd.: Notes to Consolidated Financial Statements

Meiji Seika Kaisha, Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Meiji Seika Kaisha, Ltd. (the "Company") and subsidiary companies have been prepared from the consolidated financial statements in Japanese filed with the Kanto Finance Bureau as required by the Financial Instruments and Exchange Law of Japan, which are in conformity with accounting principles and practices generally accepted in Japan. These are different in certain respects from 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 and 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 them in a form which is 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 arithmetically translating all Japanese yen amounts by using the exchange rate of ¥98.23 to $1 in effect at March 31, 2009. Amounts less than ¥1 million have been omitted. The total amounts in Japanese yen and translated U.S. dollars shown in the consolidated financial statements and notes do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

a) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (the "Companies"), over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates over which the Company has ability to exercise significant influences over operating and financial policies of the investees, are accounted for on the equity method. The consolidated financial statements consist of the Company and its 26 (24 in 2008) significant subsidiaries. All significant intercompany transactions and accounts have been eliminated. Accounts of subsidiaries whose business yearends differ by three months from March 31 have been included using financial information with appropriate adjustment. Investments in 3 (3 in 2008) affiliates are accounted for by the equity method. The difference between the cost and underlying net equity at acquisition of investments in consolidated subsidiaries and affiliates is allocated to identifiable assets based on fair market value at the date of acquisition. The unrecognized portion of the differences is amortized over 5 years and 15 years on a straight-line basis.

b) Marketable and Investment Securities

Marketable and investment securities are valued using the following methods.

Securities that have market prices:

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

Securities that have no market prices:

Cost method based on the moving-average method.

c) Inventories

Inventories are stated at cost determined mainly by the average method, which determines the amount of the inventories shown on the balance sheet by writing them down based on the decrease in their profitability.

d) Income Taxes

The Companies provide for income taxes applicable to all items included in the consolidated statements of income regardless of when such taxes are payable. Income taxes based on temporary differences between tax and financial reporting purposes are reflected as deferred income taxes in the consolidated financial statements using the asset and liability method.

e) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of the assets of the parent company and domestic subsidiaries is calculated primarily by the declining balance method. However, depreciation of buildings and structures used in the leasing business that were acquired on or after April 1, 1995 is calculated by the straight-line method. Furthermore, depreciation of buildings (excluding attached fixtures) acquired on or after April 1, 1998 is calculated by the straight-line method. Overseas consolidated subsidiaries mainly used the straight-line method to calculate depreciation.

f) Intangible Assets

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

g) Allowance for Doubtful Accounts

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

h) Reserve for Retirement Allowances

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

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

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

i) Leases

For finance lease assets that do not transfer ownership of the property to the lessee, the straight-line method is applied over the useful life of the asset being the lease term and the residual value being zero.

j) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits available for withdrawal on demand and highly liquid, short-term investments with a maturity of three months or less that can be readily converted into cash and which represent a minor risk of fluctuation in value.

k) Accounting Change

Inventories

The Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ No.9, July 5, 2006) from the current fiscal year.

Due to such change, gross profit and operating income decreased by ¥1,870 million and ¥1,168 million, respectively, and income before income taxes decreased by ¥38 million.

The effect of this change on segment information is shown in the relevant sections of each segment.

Property, plant and equipment

The Company and its domestic consolidated subsidiaries, following the completion of system support to accommodate changes in the depreciation method in accordance with the reform made to the Corporation Tax Law, changed the depreciation method for property, plant and equipment acquired on or after April 1, 2008, to the method based on the amended Corporate Tax Law.

Due to such change, operating income, and income before income taxes decreased by ¥320 million, respectively.

The effect of this change on segment information is shown in the relevant sections of each segment.

(Additional Information)

From the fiscal year under review, for property, plant and equipment acquired on or before March 31, 2008, the difference between the residual value and the amount equivalent to 5% of the acquisition cost will be depreciated equally over 5 years and will be posted as depreciation expense, from the following consolidated fiscal year of the fiscal year where 5% of the acquisition cost had been reached by applying the depreciation method based on the Corporation Tax Law before the reform.

In addition, in accordance with the revision to the estimation of useful lives of assets in the amendment to the Corporate Tax Law, the Company revised the utilization status of its property, plant and equipment in the consolidated fiscal year under review.

Due to such change, operating income decreased by ¥314 million and income before income taxes decreased by ¥325 million, respectively.

The effect of this change on segment information is shown in the relevant sections of each segment.

Leases

For finance lease transactions, except for leases that transfer ownership of the property to the lessee, the usual accounting method governing lease transactions is applicable. However, it was permitted that the, "Accounting Standards for Lease Transactions" (ASBJ Statement No.13, issued by the Business Accounting Deliberation Council, First Division, on June 17, 1993 and amended by the ASBJ on March 30, 2007) and "Application Guidelines for Lease Transaction Accounting Standards" (Application Guidelines for Corporate Accounting Standards No.16 issued by The Japanese Institute of Certified Public Accountants, Accounting System Committee, on January 18, 1994, and revised on March 30, 2007) be applied, and the usual accounting method governing sales transactions has been used.

Furthermore, the finance lease transactions, except for leases that transfer ownership of the property to the lessee that has started prior to March 31, 2008, which still use the usual accounting method governing lease transactions.

The effect of this change on the income for the period is insignificant.

Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Beginning the consolidated fiscal year under review, the Company is applying the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for

Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) to make modifications required for consolidated accounting.

Due to such change, operating income decreased by ¥107 million and income before income taxes decreased by ¥215 million, respectively.

The effect of this change on segment information is shown in the relevant sections of each segment.

l) Translation of Foreign Currency

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

The assets and liabilities of overseas subsidiaries are translated into yen at the exchange rate as of the balance sheet date. The income and expenses of overseas subsidiaries are translated into yen using the average exchange rate during the fiscal year. The translation adjustments are included in minority interests in consolidated subsidiaries and in the foreign currency translation adjustment account in the net assets portion of the consolidated balance sheet.

m) Per Share Data

Net income per share is computed based on the weighted average number of shares of common stock.

3. Investment Securities

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

1) Other securities with market prices as of March 31, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S.dollars		
As of March 31, 2009	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with market prices exceeding acquisition costs						
Stocks	**¥ 12,109**	**¥ 18,602**	**¥ 6,493**	**$ 123,271**	**$ 189,371**	**$ 66,099**
Subtotal	**¥ 12,109**	**¥ 18,602**	**¥ 6,493**	**$ 123,271**	**$ 189,371**	**$ 66,099**
Securities with market prices falling below acquisition costs						
Stock	**¥ 3,872**	**¥ 2,749**	**¥ (1,122)**	**$ 39,417**	**$ 27,985**	**$ (11,422)**
Others	**177**	**126**	**(51)**	**1,801**	**1,282**	**(519)**
Subtotal	**¥ 4,050**	**¥ 2,876**	**¥ (1,174)**	**$ 41,229**	**$ 29,278**	**$ (11,951)**
Total	**¥ 16,159**	**¥ 21,478**	**¥ 5,318**	**$ 164,501**	**$ 218,650**	**$ 54,138**

	Millions of yen		
As of March 31, 2008	Acquisition cost	Book value	Difference
Securities with market prices exceeding acquisition costs			
Stocks	¥ 12,889	¥ 28,411	¥ 15,522
Others	41	46	5
Subtotal	¥ 12,930	¥ 28,458	¥ 15,528
Securities with market prices falling below acquisition costs			
Stock	¥ 3,714	¥ 2,868	¥ (846)
Others	136	115	(21)
Subtotal	¥ 3,850	¥ 2,983	¥ (867)
Total	¥ 16,780	¥ 31,442	¥ 14,661

2) Other securities sold during fiscal 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Sales amounts	**¥ —**	¥ 1,230	**$ —**
Total gains on sales	**—**	462	**—**
Total losses on sales	**—**	36	**—**

3) Book value of major securities not marked to market as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Other securities			
(1) Unlisted stocks	¥ 431	¥ 444	$ 4,387
(2) Preferred securities	—	1,000	—

4) Expected redemption values of other securities with future maturity as of March 31, 2009 and 2008 are as follows:

	Millions of yen			Thousands of U.S.dollars		
As of March 31, 2009	Within one year	From 1-5 years	Over 5 years	Within one year	From 1-5 years	Over 5 years
Other securities						
Other	76	—	—	773	—	—
Total	¥ 76	¥ —	¥ —	$ 773	$ —	$ —

	Millions of yen		
As of March 31, 2008	Within one year	From 1-5 years	Over 5 years
Other securities			
Other	—	99	—
Total	—	¥ 99	—

4. Short-Term Loans Payable and Long-Term Debt

The average annual rates of interest on the outstanding balance of short-term loans payable as of March 31, 2009 and 2008 were 1.49% and 1.63%, respectively.

Long-term debt as of March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
0.83% unsecured bonds due 2009	¥ 20,000	¥ 20,000	$ 203,604
1.70% unsecured bonds due 2012	20,000	20,000	203,604
1.28% unsecured bonds due 2014	15,000	15,000	152,703
Loans from domestic banks, insurance companies, government agencies and others, due 2009 to 2014	—	23,596	—
Loans from domestic banks, insurance companies, government agencies and others, due 2010 to 2017	22,141	—	225,399
Lease obligations	783	—	7,972
	77,924	78,596	793,281
Less portion due within one year	(33,482)	(2,218)	(340,853)
Total long-term debt	¥ 44,442	¥ 76,377	$ 452,428

At March 31, 2009 the aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2011	¥ 1,931	$ 19,657
2012	944	9,610
2013	25,919	263,860
2014	15,449	157,273
Thereafter	199	2,025
Total	¥ 44,442	$ 452,428

5. Collateral and Secured Liability

A summary of assets pledged as collateral for liability at March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Land	¥ 5	¥ 5	$ 51
Buildings	21,213	22,823	215,952
Total	¥ 21,218	¥ 22,829	$ 216,003

A summary of secured liability at March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Long-term debt			
(Including current portions of long-term debt payable within one year)	¥ 2,838	¥ 3,466	$ 28,891

6. Deferred Tax Assets and Liabilities

The signifi cant components of the Company's deferred tax assets and liabilities as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Deferred tax assets			
Amount in excess of limit for employee retirement allowances	¥ 5,727	¥ 6,240	$ 58,302
Selling expenses not deductible for tax purposes during the period	992	858	10,099
Valuation loss on investment and marketable securities	1,684	1,563	17,143
Accrued bonuses to employees	1,621	1,619	16,502
Depreciation of fixed assets	852	1,035	8,674
Inventories	1,123	1,147	11,432
Accrued enterprise taxes	408	297	4,154
Deferred gains or losses on hedges	2,629	1,310	26,764
Other	5,312	4,915	54,077
Subtotal	20,353	18,987	207,197
Valuation allowance	(2,466)	(2,078)	(25,104)
Total deferred tax assets	¥ 17,887	¥ 16,909	$ 182,093
Deferred tax liabilities			
Advanced depreciation reserve for fixed assets	¥ (13,944)	¥ (14,405)	$ (141,953)
Difference in valuation of other securities	(2,180)	(6,010)	(22,193)
Other	(155)	(417)	(1,578)
Total deferred tax liabilities	¥ (16,279)	¥ (20,833)	$ (165,723)
Net deferred tax assets (liabilities)	¥ 1,607	¥ (3,924)	$ 16,360

The net deferred tax assets (liabilities) at March 31, 2009 and 2008, included in the consolidated balance sheets are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Deferred tax assets (current)	¥ 8,956	¥ 7,136	$ 91,173
Deferred tax assets (non-current)	462	361	4,703
Deferred tax liabilities (non-current)	(7,811)	(11,422)	(79,517)

An analysis of the significant differences between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2009 and 2008 are as follows:

	2009	2008
Statutory tax rate	**41.0%**	41.0%
Entertainment and other permanently non-deductible expenses	**11.7**	6.1
Dividend and other permanently non-taxable income	**(5.6)**	(4.0)
Unscheduled temporary differences for loss on investment securities	**1.6**	2.7
Per capita inhabitant's tax	**1.6**	1.1
Unrecognized tax effect due to elimination of investment and capital	**8.4**	3.9
Difference in tax rate of overseas consolidated subsidiaries	**7.8**	1.2
Tax credit for experimentation and research expenses	**(7.4)**	(4.4)
Valuation allowance	**4.8**	—
Other	**(1.0)**	(1.8)
Effective tax rates	**62.9%**	45.8%

7. Leases

For the year ended March 31, 2009, the lease information has been omitted because lease accounting standard has changed and such disclosure has become not material matters.

a) Finance leases

Amounts corresponding to lease property acquisition cost, accumulated depreciation, and the outstanding balance as of the end of the fiscal year

	Millions of yen
	2008
Acquisition cost	¥ 7,076
Accumulated depreciation	3,486
Net book value	¥ 3,590

The amounts corresponding to lease property acquisition cost are calculated by the interest payment inclusion method because the outstanding balance of future lease payments at the end of the fiscal year is a small percentage of the fiscal year-end balance of property, plant and equipment. The straight-line method is used for the calculation of asset depreciation.

Outstanding balances of future lease payments as of March 31, 2008 are as follows:

	Millions of yen
	2008
Due within one year	¥ 1,233
Due after one year	2,356
Total	¥ 3,590

The amounts corresponding to the outstanding balance of future lease payments at the end of the fiscal year are calculated by the interest payment inclusion method because the outstanding balance of future lease payments at the end of the fiscal year is a small percentage of the fiscal year-end balance of property, plant and equipment.

Paid lease fees and equivalent depreciation expense amount are as follows:

	Millions of yen
	2008
Paid lease fees	¥ 1,499
Equivalent depreciation expense amount	1,499

Note: Equivalent depreciation expense amount is calculated using the straight-line method, with the lease period as the useful life and zero (0) as the residual value.

b) Operating leases

Outstanding balances of future lease payments as of March 31, 2008 are as follows:

	Millions of yen
	2008
Due within one year	¥ 175
Due after one year	1,370
Total	¥ 1,546

8. Retirement Benefits

The liability for employees' retirement benefits as of March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ (42,552)**	¥ (42,301)	**$ (433,187)**
Fair value of plan assets	**18,478**	25,354	**188,110**
Unrecognized actuarial loss	**14,143**	6,720	**143,978**
Unrecognized prior service liability	**—**	(979)	**—**
Prepaid pension cost	**60**	—	**611**
Net liability for retirement benefits	**¥ (9,990)**	¥ (11,205)	**$ (101,700)**

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Service cost	**¥ 2,197**	¥ 2,156	**$ 22,366**
Interest cost	**1,034**	1,043	**10,526**
Expected return on plan assets	**(420)**	(399)	**(4,276)**
Recognized actuarial loss	**702**	(707)	**7,146**
Amortization of prior service liability	**(979)**	(979)	**(9,966)**
Net periodic benefit costs	**¥ 2,535**	¥ 1,113	**$ 25,807**

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**3.0%**	3.0%
Amortization period of prior service cost	**4 years**	4 years
Recognition period of actuarial gain/loss	**7 years**	7 years

9. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Cash and time deposits	**¥ 9,747**	¥ 11,802	**$ 99,226**
Time deposits with maturities of more than three months	**—**	(10)	**—**
Cash and cash equivalents	**¥ 9,747**	¥ 11,792	**$ 99,226**

10. Selling, General and Administrative Expenses

Major elements of selling, general and administrative expenses during fiscal 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Sales promotion expenses	¥ 57,890	¥ 57,079	$ 589,331
Salaries and wages	21,517	21,750	219,047

11. Extraordinary Income (Losses)

Major elements of extraordinary income (losses) during fiscal 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Extraordinary income			
Gain on sale of investment securities	¥ —	¥ 462	$ —
Gain on sale of property, plant and equipment	1,428	1,739	14,537
Extraordinary losses			
Loss on disposal of property, plant and equipment	1,016	1,326	10,343
Business combination expenses	854	—	8,694
Loss on valuation of investment securities	693	—	7,055
Loss on valuation of investments in affiliated companies	122	—	1,242
Loss on product collection	—	338	—

12. Contingent Liabilities

1) Guaranteed financial obligations

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

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
PT CERES MEIJI INDOTAMA	¥ 270	¥ 250	$ 2,749
Employees	699	848	7,116
Total	¥ 970	¥ 1,099	$ 9,875

2) Notes receivables discounted and endorsed

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Notes receivables discounted	¥ 152	¥ 99	$ 1,547
Notes receivables endorsed	¥ 115	¥ —	$ 1,171

13. Research and Development Costs

Research and development costs which were included in general and administrative expenses and manufacturing expenses during the fiscal years 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Research and development costs	¥ 14,592	¥ 14,766	$ 148,549

14. Derivatives

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

In using forward foreign exchange contracts and other derivatives, the Company and its consolidated subsidiaries consider the credit risk of nonperformance by the counterparties to these derivative positions to be minimal because they enter into derivative transactions only with domestic banks and other financial institutions that have high credit ratings. The Company and its consolidated subsidiaries enter into forward foreign exchange contracts, interest rate swaps and other derivative contracts in compliance with their internal policies.

The Company uses derivative transactions and undertakes hedge accounting. Hedge method and hedged items are as follows:

Hedge method

Forward foreign exchange contracts and other instruments

Interest rate swap contracts

Hedged items

Trade payables and receivables denominated in foreign currencies and expected trade payables and receivables denominated in foreign currencies Interest on loans payable

Items concerning market values, etc. of transactions

	Millions of yen				Thousands of U.S.dollars			
	2009				2009			
Type of transaction	Contractual Amount	Contractual Amount due after one year	Market value	Unrealized gain/loss	Contractual Amount	Contractual Amount due after one year	Market value	Unrealized gain/loss
Forward exchange contracts To buy U.S. dollars	¥ 547	¥ —	¥ 544	¥ (3)	$ 5,568	$ —	$ 5,538	$ (30)
Currency swap Receive U.S. dollars, pay Japanese yen	5,127	4,773	(238)	(238)	52,193	48,590	(2,422)	(2,422)
Option Put options, Written (U.S. dollars)	6,638 (621)	5,042 (497)	538	82	67,576 (6,321)	51,328 (5,059)	5,476	834
Option Call options, Purchased (U.S. dollars)	1,497 (50)	1,174 (35)	64	13	15,239 (509)	11,951 (356)	651	132
Total	¥ 13,809	¥ 10,989	¥ 908	¥ (145)	$ 140,578	$ 111,870	$ 9,243	$ (1,476)

Note: The figures in parentheses in "Contractual amount etc." column are option price of currency option transactions.

	Millions of yen			
	2008			
Type of transaction	Contractual Amount	Contractual Amount due after one year	Market value	Unrealized gain/loss
Forward exchange contracts To buy U.S. dollars	¥ —	¥ —	¥ —	¥ —
Currency swap Receive U.S. dollars, pay Japanese yen	5,410	5,229	(276)	(276)
Option Put options, Written (U.S. dollars)	—	—	—	—
Option Call options, Purchased (U.S. dollars)	—	—	—	—
Total	¥ 5,410	¥ 5,229	¥ (276)	¥ (276)

Note: The figures in parentheses in "Contractual amount etc." column are option price of currency option transactions.

15. Segment Information

1) Segment Information by Industry

Millions of yen						
	2009					
	Food & Healthcare	Pharmaceutical	Office Building Leasing & Others	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	¥ 297,794	¥ 112,956	¥ 3,329	¥ 414,080	¥ —	¥ 414,080
(2) Inter-segment sales and transfers	430	1,559	921	2,911	(2,911)	—
Total	298,225	114,515	4,250	416,992	(2,911)	414,080
Operating costs and expenses	295,212	107,235	3,469	405,918	(2,636)	403,281
Operating income	¥ 3,012	¥ 7,280	¥ 781	¥ 11,073	¥ (274)	¥ 10,798
Assets, depreciation and capital expenditures						
Assets	¥ 164,640	¥ 110,779	¥ 22,398	¥ 297,818	¥ 33,060	¥ 330,878
Depreciation	11,180	5,209	1,580	17,970	—	17,970
Capital expenditures	14,962	3,505	15	18,482	—	18,482

Thousands of U.S.dollars						
	2009					
	Food & Healthcare	Pharmaceutical	Office Building Leasing & Others	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	$ 3,031,599	$ 1,149,913	$ 33,890	$ 4,215,412	$ —	$ 4,215,412
(2) Inter-segment sales and transfers	4,377	15,871	9,376	29,635	(29,635)	—
Total	3,035,987	1,165,784	43,266	4,245,058	(29,635)	4,215,412
Operating costs and expenses	3,005,314	1,091,673	35,315	4,132,322	(26,835)	4,105,477
Operating income	$ 30,663	$ 74,112	$ 7,951	$ 112,725	$ (2,789)	$ 109,925
Assets, depreciation and capital expenditures						
Assets	$ 1,676,066	$ 1,127,751	$ 228,016	$ 3,031,844	$ 336,557	$ 3,368,400
Depreciation	113,815	53,029	16,085	182,938	—	182,938
Capital expenditures	152,316	35,682	153	188,150	—	188,150

Millions of yen						
	2008					
	Food & Healthcare	Pharmaceutical	Office Building Leasing & Others	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	¥ 288,386	¥ 113,260	¥ 3,064	¥ 404,711	¥ —	¥ 404,711
(2) Inter-segment sales and transfers	409	1,569	120	2,099	(2,099)	—
Total	288,795	114,829	3,185	406,811	(2,099)	404,711
Operating costs and expenses	284,926	107,509	2,545	394,980	(2,994)	391,986
Operating income	¥ 3,869	¥ 7,320	¥ 640	¥ 11,830	¥ 895	¥ 12,725
Assets, depreciation and capital expenditures						
Assets	¥ 166,672	¥ 118,119	¥ 26,817	¥ 311,609	¥ 36,999	¥ 348,609
Depreciation	9,756	4,751	1,561	16,068	—	16,068
Capital expenditures	18,649	3,100	33	21,783	—	21,783

Accounting Change

(The Adoption of the Accounting Standard for Measurement of Inventories)

As described in Note 2. k) inventories, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) has been adopted.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Food & Healthcare Business and Pharmaceutical Business decreased by ¥509 million and ¥659 million, respectively.

(Depreciation Change)

As described in Note 2. k) property, plant and equipment, the company has adopted the new depreciation method due to the revision of Japanese Corporation Tax Law.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Food & Healthcare Business and Pharmaceutical Business decreased by ¥250 million and ¥69 million, respectively.

(The Adoption of the Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements)

As described in Note 2. K) Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements, the company has adopted, "Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements."

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Food & Healthcare Business and Pharmaceutical Business decreased by ¥113 million and increased by ¥6 million.

Additional Information

As described in Note 2. K) Property, plant and equipment, the Company depreciates the difference between 5% of acquisition cost and nominal value over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to property, plan and equipment acquired on or before March 31, 2007.

In addition, in accordance with the revision to the estimation of the useful lives of assets in the amendment to the Corporation Tax Law, the Company revised the utilization status of its property, plant and equipment in the consolidated fiscal year under review.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Food & Healthcare Business increased by ¥135 million and for Pharmaceutical Business as well as for Office Building Leasing & Others Business decreased by ¥ 409 million and ¥39 million.

From the fiscal year under review, regarding the business segment of which the consolidated subsidiary, Meiji Seika Europe B.V., belonged to has been changed from Office Building Leasing & Others Business to Pharmaceutical Business. We implemented the aforementioned to further clarify the conditions of its business contents in the light of its position change within the business context of our Group. Furthermore, the abovementioned changes have had no impact on net sales and its effect on operating income has been minor.

2) Geographical Segment Information

	Millions of yen					
	2009					
	Japan	Asia	North America / Europe	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	**¥ 380,342**	**¥ 12,026**	**¥ 21,711**	**¥ 414,080**	**¥ —**	**¥ 414,080**
(2) Inter-segment sales and transfers	**4,549**	**11,531**	**773**	**16,854**	**(16,854)**	**—**
Total	**384,891**	**23,557**	**22,485**	**430,935**	**(16,854)**	**414,080**
Operating costs and expenses	**374,500**	**22,893**	**22,677**	**420,081**	**(16,789)**	**403,281**
Operating income (loss)	**¥ 10,391**	**¥ 664**	**¥ (191)**	**¥ 10,863**	**¥ (64)**	**¥ 10,798**
Assets	**¥ 295,046**	**¥ 16,385**	**¥ 10,508**	**¥ 321,940**	**¥ 8,937**	**¥ 330,878**

	Thousands of U.S.dollars					
	2009					
	Japan	Asia	North America / Europe	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	**$ 3,871,954**	**$ 122,427**	**$ 221,022**	**$ 4,215,412**	**$ —**	**$ 4,215,412**
(2) Inter-segment sales and transfers	**46,310**	**117,388**	**7,869**	**171,577**	**(171,577)**	**—**
Total	**3,918,263**	**239,815**	**228,902**	**4,387,000**	**(171,577)**	**4,215,412**
Operating costs and expenses	**3,812,481**	**233,055**	**230,856**	**4,276,504**	**(170,915)**	**4,105,477**
Operating income (loss)	**$ 105,782**	**$ 6,760**	**$ (1,944)**	**$ 110,587**	**$ (652)**	**$ 109,925**
Assets	**$ 3,003,624**	**$ 166,802**	**$ 106,973**	**$ 3,277,410**	**$ 90,980**	**$ 3,368,400**

	Millions of yen					
	2008					
	Japan	Asia	North America / Europe	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales						
(1) Sales to outside customers	¥ 372,743	¥ 8,770	¥ 23,197	¥ 404,711	¥ —	¥ 404,711
(2) Inter-segment sales and transfers	3,007	8,316	664	11,988	(11,988)	—
Total	375,750	17,087	23,861	416,700	(11,988)	404,711
Operating costs and expenses	364,637	16,700	23,748	405,086	(13,100)	391,986
Operating income (loss)	¥ 11,113	¥ 386	¥ 113	¥ 11,613	¥ 1,112	¥ 12,725
Assets	¥ 299,459	¥ 17,223	¥ 15,349	¥ 332,032	¥ 16,576	¥ 348,609

Accounting Change

(The Adoption of the Accounting Standard for Measurement of Inventories)

As described in Note 2. k) inventories, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) has been adopted.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Japan decreased by ¥1,168 million.

(Depreciation Change)

As described in Note 2. k) property, plant and equipment, the company has adopted the new depreciation method due to the revision of Japanese Corporation Tax Law.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Japan decreased by ¥320 million.

(The Adoption of the Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements)

As described in Note 2. K) Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements, the company has adopted, "Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements."

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for North America and Europe decreased by ¥113 million and Asia increased by ¥6 million.

Additional Information

As described in Note 2. K) Property, plant and equipment, the Company depreciates the difference between 5% of acquisition cost and nominal value over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to property, plant and equipment acquired on or before March 31, 2007.

In addition, in accordance with the revision to the estimation of the useful lives of assets in the amendment to the Corporation Tax Law, the Company revised the utilization status of its property, plant and equipment in the consolidated fiscal year under review.

Due to such changes, in comparison to those cases pursuant to ordinary methods, for the current fiscal year under review, operating income for Japan decreased by ¥314 million.

3) Overseas Sales:

	Millions of yen			Thousands of U.S.dollars		
	2009			**2009**		
	Asia	North America / Europe	Total	Asia	North America / Europe	Total
(1) Sales to outside customers	**¥ 13,120**	**¥ 26,219**	**¥ 39,340**	**$ 133,564**	**$ 266,914**	**$ 400,489**
(2) Consolidated sales			**414,080**			**4,215,412**
(3) Percentage of overseas sales among consolidated sales	**3.2**	**6.3**	**9.5**	**3.2**	**6.3**	**9.5**

	Millions of yen		
	2008		
	Asia	North America / Europe	Total
(1) Sales to outside customers	¥ 12,325	¥ 29,137	¥ 41,462
(2) Consolidated sales			404,711
(3) Percentage of overseas sales among consolidated sales	3.0	7.2	10.2

16. Subsequent Event

The Company and Meiji Dairies Corporation agreed to establish Meiji Holdings Co., Ltd., a parent company which holds 100% of the shares of the Company and Meiji Dairies Corporation through the Share Transfer, with the approval of the respective extraordinary general meetings of shareholders of both companies held on November 26, 2008.

As a result, the Company and Meiji Dairies Corporation established Meiji Holdings Co., Ltd. and became its wholly-owned subsidiaries on April 1, 2009.

Company name	Meiji Holdings Co., Ltd.
Address	4-16,Kyobashi 2-Chome, Chuo-ku, Tokyo
Representative Director	Naotada Sato, President and Representative Director
Paid in Capital	30,000 million yen
Main business	Business management of subsidiaries which engage in manufacturing and selling of confectionary, milk products and pharmaceuticals and others
Main Reason of Share Transfer	Aim to establish sustained growth strategies and differentiation strategies by maximizing business resources of both companies
Date of Share Transfer	April 1, 2009

THE FUJI ACCOUNTING OFFICE

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

Report of Independent Auditors

To the Board of Directors and Shareholders
Meiji Seika Kaisha, Ltd.

We have audited the accompanying consolidated balance sheets of Meiji Seika Kaisha, Ltd. and consolidated subsidiaries as of March 31, 2009, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meiji Seika Kaisha,Ltd. and consolidated subsidiaries as of March 31, 2009, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 16, Subsequent Event, the Company and Meiji Dairies Corporation established Meiji Holdings Co., Ltd. through the Share Transfer and became its wholly-owned subsidiaries on April 1,2009.

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

The Fuji Accounting Office
The Fuji Accounting Office

Tokyo, Japan
June 24, 2009

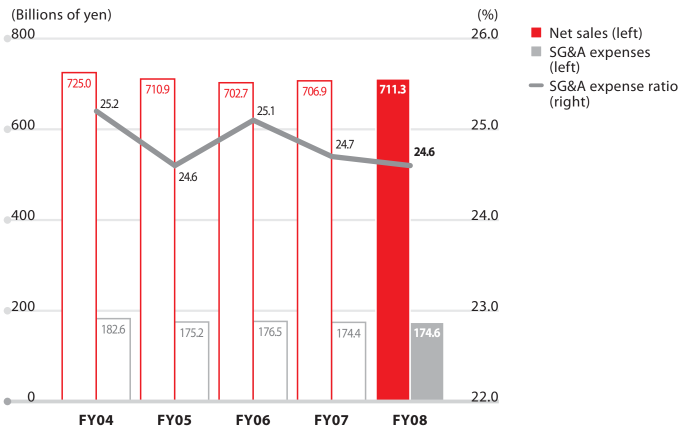
Meiji Dairies Corporation:
Consolidated Financial Summary

	FY2004	FY2005	FY2006	FY2007
				Millions of yen (Unless otherwise noted) (Note 1)
Operating Results (For the Fiscal Year):				
Net sales	¥ 725,024	¥ 710,908	¥ 702,750	¥ 706,988
Cost of sales	522,970	515,712	502,635	516,325
Selling, general and administrative (SG&A) expenses	182,637	175,205	176,517	174,400
Operating income	19,415	19,989	23,597	16,262
Ordinary income (Note 3)	19,081	20,179	23,421	16,065
Net income	9,722	10,055	13,708	9,226
Capital expenditure (Cash base)	20,527	20,147	20,798	41,498
Depreciation expenses (Tangible Fixed Assets)	19,734	19,664	18,915	20,927
Research and development (R&D) expenses	7,558	7,398	7,570	7,122
Financial Position (At Fiscal Year-End):				
Total assets	¥ 357,592	¥ 361,134	¥ 383,560	¥ 390,192
Net assets (Note 4)	100,026	112,695	146,044	147,425
Interest-bearing debt (Note 5)	128,093	116,475	86,286	105,163
Per share data (Yen, U.S. dollars):				
Net income	¥ 32.73	¥ 33.86	¥ 42.81	¥ 28.08
Net assets (Note 4)	337.86	380.85	437.45	441.73
Cash dividends	6.00	7.00	10.00	8.00
Ratios:				
Return on equity (ROE) (%) (Note 6)	10.1	9.5	10.7	6.4
Return on assets (ROA) (%) (Note 7)	2.7	2.8	3.6	2.3
Equity ratio (%)	28.0	31.2	37.5	37.2
Debt-equity ratio (times) (Note 8)	1.3	1.0	0.6	0.7
Other information:				
Number of employees	7,370	7,185	7,054	7,134

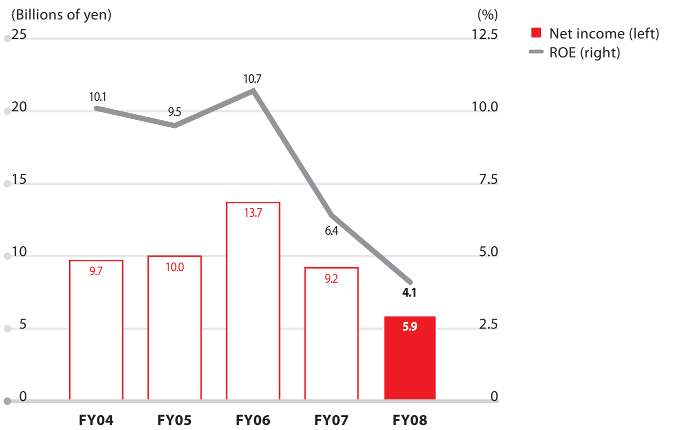
Notes: 1. Figures are shown with amounts under one million yen and under one thousand US dollars rounded off.
2. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 = 98.22, the exchange rate prevailing on March 31, 2009.
3. Ordinary income = Operating income + Net financial expenses + Amortization of goodwill arising from consolidation + Equity in income of affiliates + Other non-operating income and expenses
4. In accordance to the revised Japanese regulations concerning consolidated financial statements, beginning in fiscal year 2006 shareholders' equity includes equity capital held by minority shareholders.
5. Interest-bearing debt = Short-term loans payable + Long-term debt
6. ROE = Net income/Simple average of shareholders' equity at the beginning and end of the fiscal year
7. ROA = Net income/Simple average of total assets at the beginning and end of the fiscal year
8. Debt-equity ratio = Interest-bearing debt/Shareholders' equity

	Thousands of U.S. dollars (Unless otherwise noted) [Note 2]
FY2008	FY2008
¥ 711,394	$ 7,242,863
522,659	5,321,313
174,696	1,778,626
14,037	142,923
13,923	141,762
5,933	60,411
21,219	216,038
18,695	190,345
6,945	70,709
¥ 393,169	$ 4,002,950
147,303	1,499,734
116,619	1,187,325
¥ 18.06	$ 0.184
441.39	4.494
8.00	0.081
4.1	—
1.5	—
36.9	—
0.8	—
7,205	—

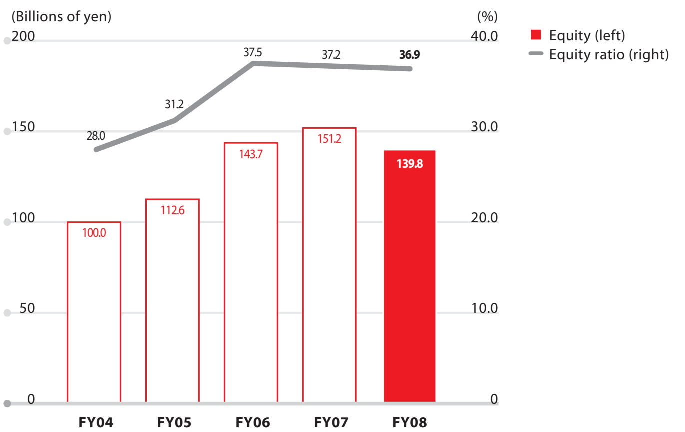
Net Sales, SG&A Expenses and SG&A Expense Ratio



Net Income, ROE



Equity and Equity Ratio



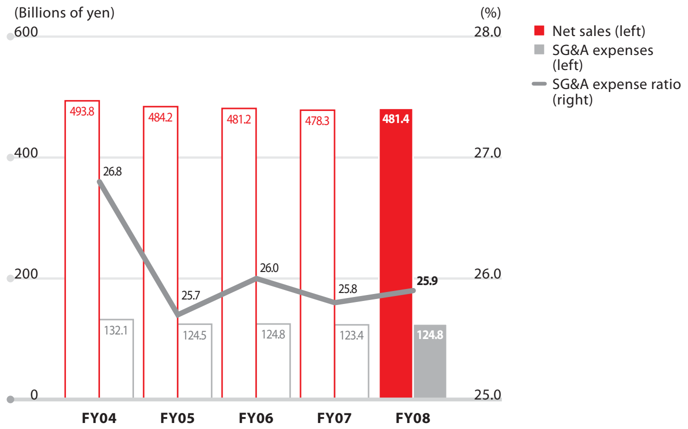
Meiji Dairies Corporation:
Non-Consolidated Financial Summary

	FY2004	FY2005	FY2006	FY2007
				Millions of yen (Unless otherwise noted) (Note 1)
Operating Results (For the Fiscal Year):				
Net sales	¥ 493,868	¥ 484,285	¥ 481,206	¥ 478,353
Cost of sales	347,158	344,458	338,037	342,703
Selling, general and administrative (SG&A) expenses	132,179	124,588	124,897	123,457
Operating income	14,530	15,239	18,271	12,191
Ordinary income (Note 3)	14,144	15,702	18,373	12,398
Net income	6,290	8,096	9,235	6,460
Capital expenditure (Cash base)	¥ 15,864	¥ 14,707	¥ 14,905	¥ 34,284
Depreciation expenses (Tangible Fixed Assets)	14,123	14,005	13,298	14,504
Research and development (R&D) expenses	7,164	6,969	7,093	6,731
Financial Position (At Fiscal Year-End):				
Total assets	¥ 275,013	¥ 282,554	¥ 322,137	¥ 332,270
Equity	89,382	99,847	126,168	125,047
Interest-bearing debt	89,763	85,713	75,828	96,974
Other information:				
Number of employees	4,457	4,352	4,339	4,481

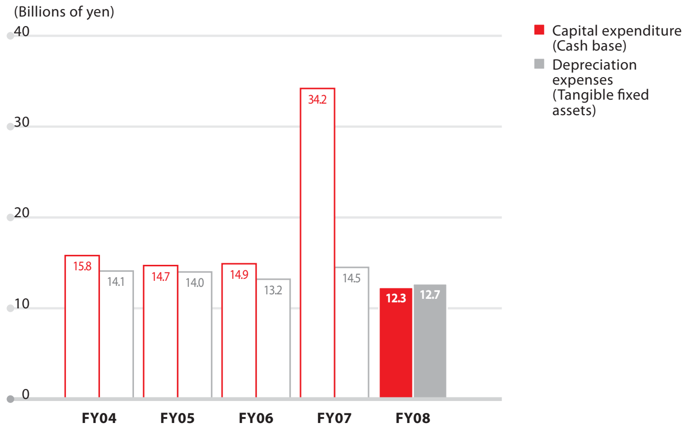
Notes: 1. Figures are shown with amounts under one million yen and under one thousand US dollars rounded off.
2. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 =98.22, the exchange rate prevailing on March 31, 2009.
3. Ordinary income = Operating income + Net financial expenses + Other non-operating income and expenses

	Millions of yen	Thousands of U.S. dollars (Unless otherwise noted) (Note 2)
	FY2008	FY2008
	¥ 481,455	$ 4,901,805
	346,054	3,523,258
	124,855	1,271,181
	10,545	107,364
	11,150	113,525
	3,998	40,708
	¥ 12,303	$ 125,260
	12,776	130,077
	6,600	67,200
	¥ 338,540	$ 3,446,761
	123,115	1,253,462
	109,345	1,113,271
	4,531	—

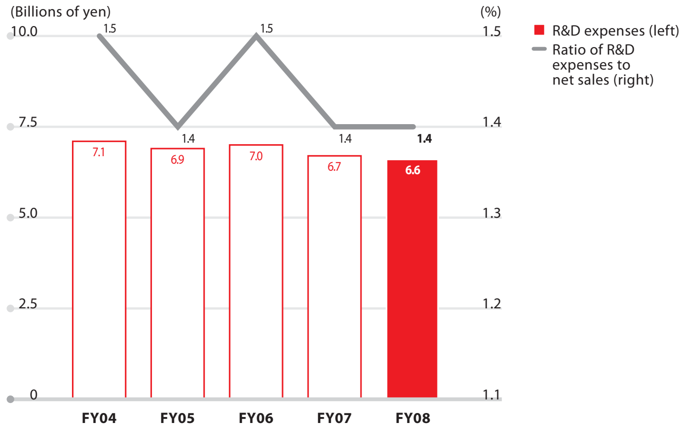
Net Sales, SG&A Expenses and SG&A Expense Ratio



Capital Expenditure and Depreciation Expenses



R&D Expenses and Its Ratio to Net Sales

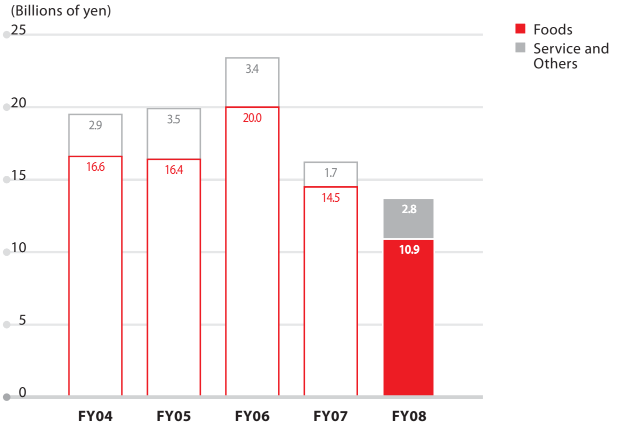


Meiji Dairies Corporation: Segment Information, Industry Statistics

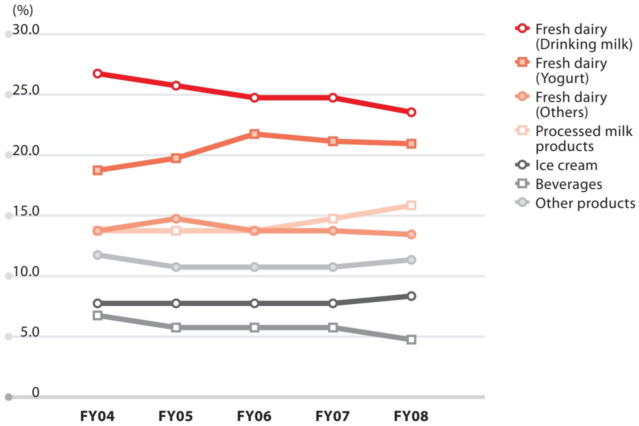
	FY2004	FY2005	FY2006	FY2007	FY2008	FY2008
	Millions of yen (Unless otherwise noted) (Note 1)					Thousands of U.S. dollars (Unless otherwise noted) (Note 2)
Consolidated Performance by Segment						
Net sales						
Foods	¥ 621,978	¥ 605,813	¥ 596,608	¥ 595,761	**¥ 597,475**	**$ 6,083,038**
Service and Others (Note 3)	148,370	149,243	151,193	157,545	**156,440**	**1,592,758**
Operating income						
Foods	16,633	16,469	20,022	14,558	**10,980**	**111,797**
Service and Others (Note 3)	2,923	3,517	3,460	1,769	**2,861**	**29,132**
Operating income margin						
Foods	2.7%	2.7%	3.4%	2.4%	**1.8%**	—
Service and Others (Note 3)	2.0%	2.4%	2.3%	1.1%	**1.8%**	—
Non-consolidated Net Sales by Division						
Fresh dairy	¥ 294,010	¥ 294,365	¥ 294,674	¥ 288,217	**¥ 282,531**	**$ 2,876,521**
Drinking milk	132,182	128,244	121,795	118,896	**114,581**	**1,166,580**
Yogurt	91,947	95,209	103,886	102,375	**102,115**	**1,039,662**
Others	69,880	70,910	68,992	66,946	**65,834**	**670,278**
Processed milk products	71,485	67,187	66,523	70,089	**77,460**	**788,638**
Powdered milk	33,236	29,552	28,089	28,144	**33,911**	**345,256**
Condensed milk	1,103	1,035	995	1,035	**965**	**9,831**
Butter	14,588	14,625	15,080	16,658	**15,788**	**160,743**
Cheese	22,557	21,974	22,358	24,250	**26,795**	**272,806**
Ice cream	38,045	36,636	37,287	39,228	**41,534**	**422,868**
Beverages	32,175	31,256	30,213	28,835	**23,928**	**243,618**
Others	58,151	54,839	52,506	51,981	**56,000**	**570,157**
Total	¥ 493,868	¥ 484,285	¥ 481,206	¥ 478,353	**¥ 481,455**	**$ 4,901,805**

Notes: 1. Figures are shown with amounts under one million yen and under one thousand US dollars rounded off.
2. U.S. dollar amounts are calculated, solely for the reader's convenience, at the rate of US$1 = 98.22, the exchange rate prevailing on March 31, 2009.
3. "Service and Others" segment covers the distribution business (including transportation and storage), the feed business, and other businesses, such as leasing.

Consolidated Operating Income by Segment



Percentage of Product Sales to Total Net Sales (Non-consolidated)



	FY2004	FY2005	FY2006	FY2007	FY2008	Change (%)
Production, Consumption,						
and Sales of Major Dairy Products						
Raw milk production (tons) *1	8,284,746	8,292,696	8,088,273	8,024,305	**7,944,237**	**-1.0%**
Drinking milk production (kl) *1	4,404,370	4,262,336	4,122,993	4,023,057	**3,917,905**	**-2.6%**
Milk production (kl) *1	3,926,680	3,792,626	3,679,537	3,578,649	**3,462,465**	**-3.2%**
Processed milk production (kl) *1	477,690	469,710	443,456	444,408	**455,440**	**2.5%**
Yogurt produced by						
dairy companies (kl) *1	782,036	801,837	849,752	839,324	**804,721**	**-4.1%**
Yogurt produced by non-dairy						
companies (kl) *2	124,872	113,794	120,155	111,575	**105,497**	**-5.4%**
Cheese consumption (tons) *3	265,720	261,832	270,086	279,189	**237,825**	**-14.8%**
Natural cheese consumption						
for direct consumption (tons) *3	150,745	143,592	152,746	163,262	**132,535**	**-18.8%**
Processed cheese						
consumption (tons) *3	114,975	118,240	117,340	115,927	**105,290**	**-9.2%**
Ice cream sales (thousand kl) *4	818	780	773	821	**79.9**	**-2.7%**

Sources: *1 Statistics on Milk and Dairy Products, Ministry of Agriculture, Forestry and Fisheries (MAFF)
*2 Food Market Research and Information Center (calendar-year base)
*3 MAFF Livestock Industry Department, Milk and Dairy Products Division
*4 Japan Ice Cream Association

	FY2004	FY2005	FY2006	FY2007	FY2008	Change (%)
Our Position in the Industry:						
Meiji Dairies' Share						
in Milk Collection	16.9%	16.9%	16.9%	17.2%	17.3%	0.1pt
Meiji Dairies' Market Share						
by Product (Estimated)						
Milk (Note)	18.7%	20.6%	21.1%	21.7%	20.8%	-0.9pt
Yogurt	36.2%	37.5%	39.4%	39.6%	40.4%	0.8pt
Ice cream	10.7%	10.4%	10.5%	10.6%	10.8%	0.2pt
Cheese	12.7%	12.4%	11.3%	11.9%	11.6%	-0.3pt

Note: [Nation-wide] Total of supermarkets plus convinience stores)

Meiji Dairies Corporation:
Review and Analysis of Fiscal 2008 Results

Macroeconomic Environment and Market Conditions

Economic conditions continued to be harsh in Japan in fiscal 2008. The global recession triggered by the financial crisis in the United States and the sharp rise in yen's value, low share prices, spikes in the prices of oil and other raw materials resulted in substantial declines in Japanese corporate earnings and a rapid deterioration in domestic employment conditions.

Competition remained intense in the food industry during the year amid growing consumer concern over food safety and security triggered by new cases of fraudulent packaging and other incidents. In addition, food manufacturers actively revised prices to reflect the steep increases in raw material costs. The dairy industry business environment was also severe with demand continuing to decline while rising dairy raw material prices worldwide and sharp rises in cattle feed prices led to higher raw milk production costs.

Revenue and Earnings

Consolidated net sales increased 0.6% from the previous fiscal year to ¥711,394 million. This was primarily due to the fact that Meiji Dairies reported an increase in sales of powdered milk, cheese and other processed milk products and ice cream compared to the previous year. Similarly, for our consolidated subsidiaries, an increase in sales of feed business compared to the previous year was also a contributing factor as well.

The cost of sales rose by ¥6,334 million from the previous year as the beneficial effect of an improved product mix (¥3.4 billion, on a non-consolidated basis) was offset by the sharp increase in raw material procurement costs. The cost to sales ratio likewise increased by 0.4 percentage points.

Selling, general and administrative (SG&A) expenses increased 0.2% to ¥174,696 million, largely due to increased retirement benefit costs and carriage and storage charges. The result was a 13.7% year-on-year decline in operating income to ¥14,037 million.

Other income and expenses did not change significantly from the previous year as extraordinary profit decreased by ¥1,339 million, owing to a decline in gain on sale of fixed assets, and extraordinary loss increased by ¥526 million, due mainly to business combination expenses.

The result of the above was a 35.7% year-on-year decline in net income to ¥5,933 million. Net income per share fell from ¥28.0 in the previous year to ¥18.0 in fiscal 2008.

Segment Results

Food

The food segment encompasses the manufacture and sale of milk, processed milk products, ice cream and other foods.

Net sales in the food segment increased 0.3% from the previous fiscal year to ¥597,475 million. The growth is attributable to increased Meiji Dairies sales of powdered milk, cheese and other processed milk products, ice cream, nutraceuticals, and margarine. Food segment operating income declined 24.6% year-on-year to ¥10,980 million, largely due to a substantial increase in raw material costs caused by the soaring prices for imported raw materials and higher raw milk transaction prices.

Service and Others

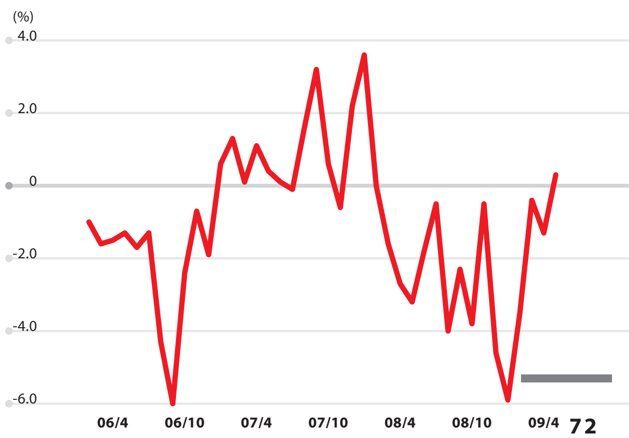
The Service and Others segment comprises the distribution business, feed business, and other businesses.

Service and Others segment sales declined 0.7% from the previous fiscal year to ¥156,440 million. Feed business sales rose year-on-year following revisions to the assorted feed prices. However, lower shipment volume and other factors led to a decline in distribution business sales. Segment operating income rose 61.7% to ¥2,861 million.

Performance of Major Subsidiaries

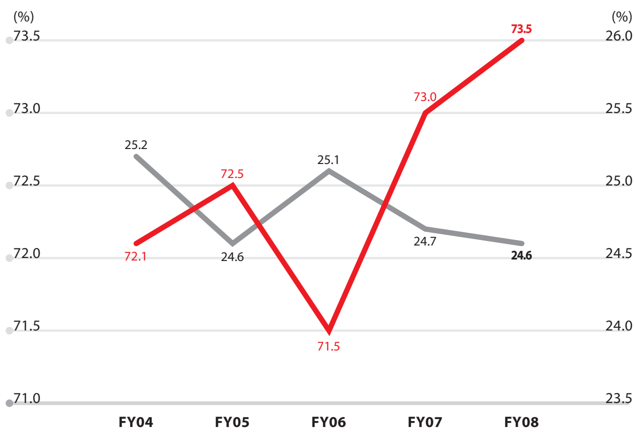
Fiscal 2008 net sales in the sales group declined by ¥2.7

Personal Consumption Expenditure / Year-on-Year Real Changes



Source: Ministry of internal affairs and communications

Cost of Sales Ratio and SG&A Expense Ratio



billion from the previous fiscal year to ¥150.1 billion and operating income declined by ¥0.2 billion last year which resulted in a ¥0.2 billion operating loss amid adverse market conditions, including sluggish results in the chilled and frozen products and distribution businesses.

Due to the effects of price revisions as a result of the sharp rise in raw material oils, the manufacturing group posted a ¥0.8 billion increase in net sales to ¥40.7 billion, primarily from the contribution of Meiji Oils and Fats Co., Ltd. However, higher raw material prices and an increase in miscellaneous expenses from an expanded production system resulted in a ¥0.1 billion decline in operating income to ¥0.7 billion.

Net sales of livestock and feed group rose by ¥4.2 billion to ¥75.1 billion on steady contributions from the retail sales division of Asahi Broiler Co., Ltd., and price revisions implemented by Meiji Feed Co., Ltd. However, a sharp rise in the group's costs, primarily due to steep price increases for imported raw materials and other items, limited operating income growth to just ¥0.1 billion, up from the previous fiscal year's slight operating loss.

Distribution group sales declined by ¥2.4 billion to ¥94.8 billion and operating income fell by ¥0.6 billion to ¥0.9 billion. Meiji Logitech Co., Ltd., posted a decline in freight revenue from the decreased shipment volume for Meiji Dairies while costs increased from the sharp rise in diesel fuel prices and other factors. Merger expenses and other costs also reduced earnings.

Other group segment sales declined by ¥3.8 billion to ¥12.9 billion and operating income edged up slightly although remained essentially flat at ¥0.9 billion.

Financial Position

At March 31, 2009, consolidated total assets were ¥393,169 million, up ¥2,977 million from the end of the previous year. Current assets were up ¥7,230 million to ¥148,793 million, primarily owing to an increase in inventories and cash. Tangible fixed assets, after deduction of accumulated depreciation, had decreased by ¥2,278 million to ¥189,185 million, mainly owing to a decline in construction in progress. Investments and other noncurrent assets were down ¥1,975 million from the previous year to ¥55,190 million, mainly due to reduced valuation of investment securities. Current assets represented 37.8% of total assets at the fiscal year end.

Total liabilities increased ¥3,099 million from the previous year to ¥245,865 million. Current liabilities increased by ¥16,227 million to ¥181,958 million, largely due to the inclusion of corporate bonds scheduled to be redeemed within a one-year period, which were transferred from the long-term liabilities' account. This was also a primary factor in the ¥13,128 million decline in long-term liabilities to ¥63,907 million.

Total shareholders' equity decreased by ¥121 million from a year earlier to ¥147,303 million as higher retained earnings were offset by an increase in net unrealized gains on investments in securities. At the fiscal year-end, the equity ratio had declined to 36.9% from 37.2% at the previous year's close, and shareholders' equity per share decreased to ¥441.39 from ¥441.73 a year ago.

Cash Flows

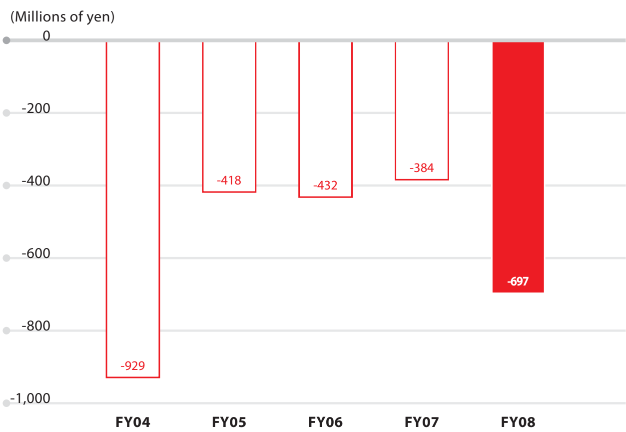
Net cash inflow provided by operating activities was ¥16,991 million, an increase of ¥1,550 million from the previous fiscal year largely due to declines in income before income taxes and minority interests, and depreciation and amortization.

Net cash used in investing activities totaled ¥23,882 million, an increase of ¥20,747 million from the previous year. This was due to a decrease in payments for purchases of property, plant and equipment.

The overall result was a ¥19,197 million increase in cash outflow over the previous fiscal year producing a net outflow in free cash flow* of ¥6,891 million.

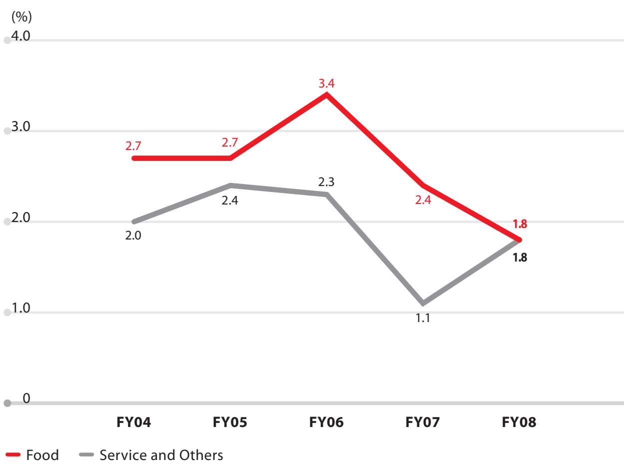
Net cash used in financing activities amounted to a ¥8,321

Net Financial Expense



* Net Financial Expense = Interest and dividend income - Interest expense

Operating Income Ratio by Segment



* Figures are before exclusion of intersegment transactions

million inflow, representing a decline of ¥7,134 million from the previous year. The decline was largely due to a decrease in commercial paper issues.

As a result of the above, cash and cash equivalents increased by ¥1,451 million to ¥4,682 million.

* Free cash flow = Net cash flow from operating activities + net cash flow from investing activities

Capital Investment

Capital investment in fiscal 2008 totaled ¥15,362 million, a decrease of 59.7% from the previous fiscal year. Food segment capital investment decreased 60.3% to ¥14,006 million. The most substantial investment was ¥11,950 million centered on construction of the new nutraceuticals plant in Gunma Prefecture. Capital investment in the Service and Others segment decreased 52.5% to ¥1,356 million and largely focused on distribution operations of consolidated subsidiaries.

Research and Development

Total research and development expenses declined 2.5% from the previous year to ¥6,945 million in fiscal 2008. Of this total, ¥4,668 million, a decrease of 1.5%, was allocated to the food segment to advance development of new products based on comprehensive fundamental technological R&D for flavor, nutrition, function, product quality, safety, and production technologies. Research funds allocated to the Service and Others segment decreased 4.5% to ¥2,276 million.

Business Risk and Other Risk

The following section discusses various risk factors that have the potential to impact the Group's business results and financial position and materially influence investor opinion of our company performance. The potential future risks presented herein are those that the Group has identified as of the date submitted the financial report.

1) Weather

Weather has the potential to affect our ice cream, fresh dairy and beverages segments. Cool summer weather, in particular, can cause sales in these segments to decline, which may negatively impact the Group's business results and financial position.

2) Dairy Products and Farming Industries

The milk and processed milk products produced by the Meiji Dairies Group are beneficiaries of a tariff system designed to protect the domestic dairy industry. However, the reduction of tariff rates as a result of negotiations by the World Trade Organization (WTO) and regarding the Free Trade Agreement (FTA) and Economic Partnership Agreement (EPA) could significantly impact Group earnings.

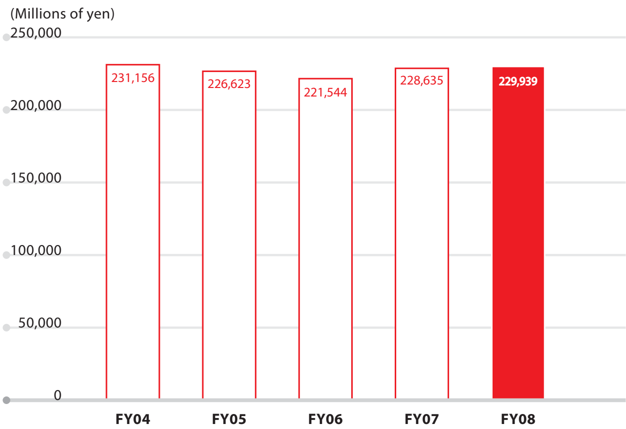
The Provisional Law on Subsidies for Producers of Milk for Manufacturing Use, which is a fundamental legislation concerning the milk manufacturing industry, sets clear guidelines for dairy operation policies, including transaction prices for raw milk. Changes to the law's guidelines for volume limitations, subsidy unit rate, or other elements would have the potential to impact aspects of our business operations, such as raw materials procurement costs.

3) Raw Material Price Conditions

Market prices of raw materials used to manufacture the Group's milk, milk fat, nonfat dry milk, cheese, and products as well as market prices of energy resources, such as petroleum products used in wrapping materials and heavy oils, fluctuate depending on the market condition.

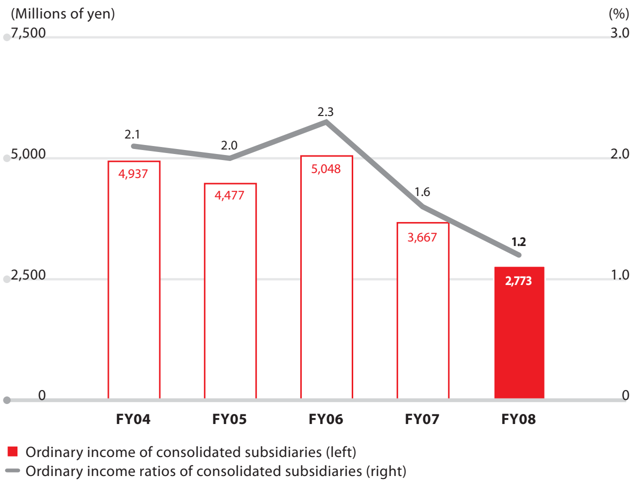
International market prices for raw milk materials are fluctuating widely due to such trends and developments as growing demand for processed milk products in BRICs and other nations undergoing economic development and reduced production volume of processed milk products in Australia because of unseasonable weather.

Net Sales of Consolidated Subsidiaries



* Net sales and ordinary income of consolidated subsidiaries are calculated as the difference between consolidated sales and non-consolidated sales of the Meiji Dairies Group.

Ordinary Income and Ordinary Income Ratios of Consolidated Subsidiaries



Raw material prices have been fluctuating with greater intensity and in response to a wider diversity of factors than ever before. The wide variation in the prices of oil, import grain and feed, and other materials directly impact production costs for domestic dairy farmers, who are highly reliant on imports for the assorted feed provided to livestock. At the same time, the worldwide recession triggered by the economic crisis in the United States has had a moderating effect on import prices of raw materials. Furthermore, there are more variables that contribute to the fluctuations in the prices of raw materials than previously noted.

Such trends could significantly impact Group earnings in the event the Group is unable to offset the sharp rises in raw material costs by cutting costs or other measures or if conditions in the domestic market preclude transferring higher costs to sales prices of our products.

4) Foreign Currency Exchange Fluctuation

The Meiji Dairies Group procures a portion of its raw materials and products from overseas, and foreign currency exchange rates affect the Group's earnings. Generally, a weak yen against foreign currencies has a negative impact and a strong yen against foreign currencies has a positive impact on earnings.

5) Food Safety

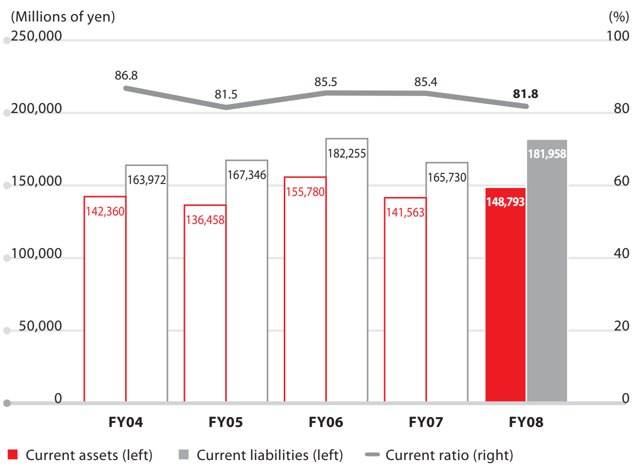
Food safety and quality control are strongly demanded of the food industry. The Group maintains a Food Safety Committee to take all possible measures to ensure the safety of the products developed by the Company and to establish preventive measures against any foreseeable risks in all of the Group's manufacturing processes. The Group's product and service quality control efforts are supported by the implementation of various measures under the Meiji Dairies Quality Assurance System (Meiji Qualias) to further enhance the Group's ability to provide safe and attractive products and services. The Group has also established a combined ¥20 billion in commitment-line contracts with seven financial institutions to ensure access to funds in the event of emergencies due to acts of food-related terrorism or product incidents. Despite these preparations, society-wide product quality issues exceeding the scope of the efforts described above, a necessity to recall the Group's products from the market, or unfavorable developments in the food industry that have either a direct or indirect relation to the Group's products could damage the image of the Group's products. Such developments could have a negative impact on Group earnings.

6) Information Security

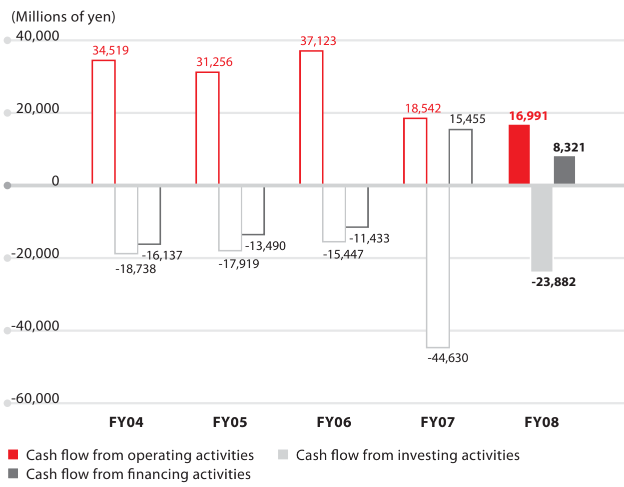
Information security incidents have occurred in recent years in Japan involving leaks of private individual information or unauthorized system access to information systems. As a corporate entity, the Company recognizes information security as an important issue in terms of the Company's social responsibility and from the perspective of the protection of the Company. The Company has responded by establishing the Information Security Committee, adopting a comprehensive information security policy, and implementing appropriate security measures into the Company's information management systems. Despite these efforts, an unanticipated information security incident in the future, such as unauthorized access or a computer virus, that damages the information system or a leak of internal company information or other data could compromise the Group's ability to conduct business, which could impact Group earnings.

Meiji Dairies maintains the Risk & Compliance Committee to formulate the risk management systems including preparatory and preventive compliance that may be necessary in emergency situations as well during standard operations. Each Group company also maintains a Risk & Compliance Committee creating an organic Group-wide system to add further strength to the Group's crisis management system.

Current Assets / Current Liabilities and Current Ratio



Cash Flow



Meiji Dairies Corporation:
Consolidated Balance Sheets

Meiji Dairies Corporation and Consolidated Subsidiaries / As of March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash (Note 12)	**¥ 4,683**	¥ 3,231	**$ 47,679**
Notes and accounts receivable:			
Trade	**80,200**	79,970	**816,541**
Unconsolidated subsidiaries and affiliates	**2,024**	1,805	**20,606**
Others	**4,266**	5,537	**43,443**
Allowance for doubtful accounts	**(288)**	(420)	**(2,937)**
Inventories (Note 4)	**49,127**	42,072	**500,181**
Deferred income taxes (Note 8)	**4,599**	6,262	**46,833**
Other current assets	**4,179**	3,104	**42,551**
Total current assets	**148,793**	141,563	**1,514,899**
Property, plant and equipment (Notes 5, 7)	**446,696**	437,648	**4,547,914**
Less-Accumulated depreciation	**(257,510)**	(246,184)	**(2,621,770)**
Net property, plant and equipment	**189,185**	191,463	**1,926,144**
Investments and other noncurrent assets:			
Investments securities:			
Unconsolidated subsidiaries and affiliates	**4,911**	4,993	**50,008**
Others (Notes 3, 7)	**17,884**	23,497	**182,090**
Long-term loans	**1,222**	1,231	**12,443**
Intangible assets	**7,703**	6,584	**78,428**
Deferred income taxes (Note 8)	**759**	1,027	**7,734**
Others	**23,035**	20,691	**234,526**
Allowance for doubtful accounts	**(326)**	(860)	**(3,325)**
Total investments and other noncurrent assets	**55,190**	57,165	**561,906**
Total assets	**¥ 393,169**	¥ 390,192	**$ 4,002,950**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2009	2008	Thousands of U.S. dollars 2009
Current liabilities:			
Short-term loans payable			
(including current portion of long-term debt) (Notes 6, 7)	**¥ 66,191**	¥ 42,498	**$ 673,909**
Notes and accounts payable:			
Trade	**63,932**	64,168	**650,908**
Unconsolidated subsidiaries and affiliates	**1,293**	1,235	**13,170**
Income taxes payable	**1,941**	1,749	**19,767**
Accrued liabilities	**30,494**	32,151	**310,471**
Other current liabilities	**18,105**	23,927	**184,332**
Total current liabilities	**181,958**	165,730	**1,852,560**
Long-term liabilities:			
Long-term debt, less current portion (Notes 6, 7)	**50,427**	62,665	**513,415**
Deferred income taxes (Note 8)	**7,427**	9,350	**75,617**
Employees' retirement benefits (Note 10)	**3,674**	3,762	**37,413**
Reserve for directors' retirement benefits	**633**	665	**6,452**
Other long-term liabilities	**1,743**	592	**17,755**
Total long-term liabilities	**63,907**	77,036	**650,655**
CONTINGENT LIABILITIES (Note 11)			
Net assets:			
Shareholders' equity			
Common stock:			
Authorized—800,000,000 shares			
Issued—328,500,000 shares, at March 31, 2009			
329,648,786 shares, at March 31, 2008	**33,646**	33,646	**342,559**
Additional paid-in capital	**31,977**	31,995	**325,568**
Retained earnings	**78,648**	76,019	**800,738**
Treasury stock, at cost 62,045 shares, at March 31, 2009			
1,130,509 shares, at March 31, 2008	**(34)**	(638)	**(353)**
Total shareholders' equity	**144,237**	141,022	**1,468,513**
Valuation and translation adjustments			
Net unrealized gains on investment securities	**732**	4,094	**7,458**
Minority interests	**2,333**	2,308	**23,761**
Total net assets	**147,303**	147,425	**1,499,734**
Total liabilities and net assets	**¥ 393,169**	¥ 390,192	**$ 4,002,950**

Meiji Dairies Corporation:
Consolidated Statements of Income

Meiji Dairies Corporation and Consolidated Subsidiaries / Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net sales	¥ 711,394	¥ 706,988	$ 7,242,863
Cost of sales (Note 14)	522,659	516,325	5,321,313
Gross profit	188,734	190,663	1,921,550
Selling, general and administrative expenses (Notes 13, 14)	174,696	174,400	1,778,626
Operating income	14,037	16,262	142,923
Other income (expenses):			
Interest and dividend income	481	480	4,907
Amortization of goodwill arising from consolidation	25	168	255
Equity in income of affiliates	97	135	989
Interest expenses	(1,178)	(864)	(12,000)
Other, net	(1,652)	(364)	(16,825)
Income before income taxes and minority interests	11,810	15,817	120,250
Income taxes			
Current	3,581	4,247	36,460
Deferred	2,256	2,300	22,978
Minority interests	39	42	400
Net income	¥ 5,933	¥ 9,226	$ 60,411

	Yen		U.S. dollars
	2009	2008	2009
Amounts per share of common stock:			
Net income	¥ 18.06	¥ 28.08	$ 0.184
Cash dividends	8.00	8.00	0.081

See accompanying notes to consolidated financial statements.

Meiji Dairies Corporation:
Consolidated Statements of Changes in Net Assets

Meiji Dairies Corporation and Consolidated Subsidiaries / Years ended March 31, 2009 and 2008

Millions of yen

	Numbers of shares of common stock (thousands)	Shareholders' equity: Common stock	Shareholders' equity: Additional paid-in capital	Shareholders' equity: Retained earnings	Shareholders' equity: Treasury stock	Shareholders' equity: Total shareholders' equity	Valuation and translation adjustments: Net unrealized gains on investments securities	Minority interests	Total net assets
Balance at March 31, 2007	329,648	¥ 33,646	¥ 31,993	¥ 70,407	¥ (566)	¥ 135,481	¥ 8,272	¥ 2,291	¥ 146,044
Changes during the fiscal period									
Cash dividends	—	—	—	(3,614)	—	(3,614)	—	—	(3,614)
Net income	—	—	—	9,226	—	9,226	—	—	9,226
Acquisition of treasury stocks	—	—	—	—	(86)	(86)	—	—	(86)
Disposal of treasury stocks	—	—	1	—	14	16	—	—	16
Others	—	—	—	—	—	—	(4,177)	16	(4,160)
Total changes during the fiscal period	—	—	1	5,612	(71)	5,541	(4,177)	16	1,381
Balance at March 31, 2008	329,648	33,646	31,995	76,019	(638)	141,022	4,094	2,308	147,425
Changes during the fiscal period									
Cash dividends	**—**	**—**	**—**	**(2,627)**	**—**	**(2,627)**	**—**	**—**	**(2,627)**
Net income	**—**	**—**	**—**	**5,933**	**—**	**5,933**	**—**	**—**	**5,933**
Increase (decrease) by fiscal year end change of consolidated subsidiary	**—**	**—**	**—**	**12**	**—**	**12**	**—**	**—**	**12**
Increase (decrease) by fiscal year end change of company accounted for under the equity method	**—**	**—**	**—**	**(59)**	**—**	**(59)**	**—**	**—**	**(59)**
Acquisition of treasury stocks	**—**	**—**	**—**	**—**	**(74)**	**(74)**	**—**	**—**	**(74)**
Disposal of treasury stocks	**—**	**—**	**(5)**	**—**	**35**	**30**	**—**	**—**	**30**
Retirement of treasury stock	**(1,148)**	**—**	**(12)**	**(629)**	**642**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**	**(3,362)**	**25**	**(3,336)**
Total changes during the fiscal period	**—**	**—**	**(17)**	**2,628**	**603**	**3,214**	**(3,362)**	**25**	**(121)**
Balance at March 31, 2009	**328,500**	**¥33,646**	**¥31,977**	**¥78,648**	**¥ (34)**	**¥144,237**	**¥ 732**	**¥2,333**	**¥147,303**

Thousands of U.S. dollars

	Numbers of shares of common stock (thousands)	Shareholders' equity: Common stock	Shareholders' equity: Additional paid-in capital	Shareholders' equity: Retained earnings	Shareholders' equity: Treasury stock	Shareholders' equity: Total shareholders' equity	Valuation and translation adjustments: Net unrealized gains on investments securities	Minority interests	Total net assets
Balance at March 31, 2008	329,648	$ 342,559	$ 325,748	$ 773,976	$ (6,497)	$ 1,435,786	$ 41,688	$ 23,501	$ 1,500,976
Changes during the fiscal period									
Cash dividends	**—**	**—**	**—**	**(26,755)**	**—**	**(26,755)**	**—**	**—**	**(26,755)**
Net income	**—**	**—**	**—**	**60,411**	**—**	**60,411**	**—**	**—**	**60,411**
Increase (decrease) by fiscal year end change of consolidated subsidiary	**—**	**—**	**—**	**124**	**—**	**124**	**—**	**—**	**124**
Increase (decrease) by fiscal year end change of company accounted for under the equity method	**—**	**—**	**—**	**(606)**	**—**	**(606)**	**—**	**—**	**(606)**
Acquisition of treasury stocks	**—**	**—**	**—**	**—**	**(755)**	**(755)**	**—**	**—**	**(755)**
Disposal of treasury stocks	**—**	**—**	**(54)**	**—**	**363**	**308**	**—**	**—**	**308**
Retirement of treasury stock	**(1,148)**	**—**	**(125)**	**(6,411)**	**6,536**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**	**(34,229)**	**260**	**(33,969)**
Total changes during the fiscal period	**—**	**—**	**(179)**	**26,762**	**6,144**	**32,727**	**(34,229)**	**260**	**(1,241)**
Balance at March 31, 2009	**328,500**	**$342,559**	**$325,568**	**$800,738**	**$ (353)**	**$1,468,513**	**$ 7,458**	**$23,761**	**$1,499,734**

See accompanying notes to consolidated financial statements.

Meiji Dairies Corporation:
Consolidated Statements of Cash Flows

Meiji Dairies Corporation and Consolidated Subsidiaries / Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash flows from operating activities:			
Income before income tax and minority interests	**¥ 11,810**	¥ 15,817	**$ 120,250**
Depreciation and amortization	**20,259**	22,247	**206,270**
Amortization of negative goodwill	**(25)**	(168)	**(255)**
Provision for retirement benefits	**(3,132)**	(4,847)	**(31,891)**
Interest and dividend income	**(481)**	(480)	**(4,907)**
Interest expenses	**1,178**	864	**12,000**
Gain (loss) on sale and disposal of fixed assets	**775**	(505)	**7,897**
Gain (loss) on sale and revaluation of securities	**184**	41	**1,875**
(Increase) decrease in notes and accounts receivable	**(350)**	10,142	**(3,567)**
(Increase) decrease in inventories	**(7,052)**	(7,381)	**(71,804)**
Increase (decrease) in notes and accounts payable	**(107)**	(7,882)	**(1,090)**
Increase (decrease) in accrued expense	**(1,647)**	(690)	**(16,774)**
Others	**(339)**	(2,069)	**(3,459)**
Sub-total	**21,072**	25,087	**214,543**
Cash received for interest and dividend	**486**	497	**4,955**
Cash paid for interest	**(1,178)**	(864)	**(12,000)**
Cash paid for income tax	**(3,388)**	(6,178)	**(34,499)**
Net cash provided by operating activities	**16,991**	18,542	**172,998**
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment	**(24,112)**	(41,498)	**(245,497)**
Proceeds from sale of property, plant and equipment	**362**	2,097	**3,694**
Payments for purchases of investment securities	**(168)**	(2,753)	**(1,713)**
Proceeds from sale of investment securities	**22**	1,381	**225**
Others	**13**	(3,856)	**133**
Net cash used in investing activities	**(23,882)**	(44,630)	**(243,157)**
Cash flows from financing activities:			
Proceeds from long-term debt	**9,900**	10,275	**100,794**
Repayment of long-term debt	**(7,143)**	(7,900)	**(72,727)**
Proceeds from issuance of bonds	**—**	20,000	**—**
Payment for redemption of bonds	**—**	(20,000)	**—**
Cash dividends paid	**(2,627)**	(3,614)	**(26,755)**
Net increase (decrease) in short-terms loans payable	**699**	(1,223)	**7,116**
Increase (decrease) in commercial paper	**8,000**	18,000	**81,449**
Others	**(506)**	(81)	**(5,155)**
Net cash provided by (used in) financing activities	**8,321**	15,455	**84,721**
Net increase (decrease) in cash and cash equivalents	**1,430**	(10,632)	**14,562**
Increase (decrease) by fiscal year end change of consolidated subsidiary in cash and cash equivalents	**20**	—	**211**
Cash and cash equivalents at beginning of year	**3,230**	13,863	**32,894**
Cash and cash equivalents at end of year (Note 12)	**¥ 4,682**	¥ 3,230	**$ 47,669**

See accompanying notes to consolidated financial statements.

Meiji Dairies Corporation:
Notes to Consolidated Financial Statements

Meiji Dairies Corporation and Consolidated Subsidiaries / Years ended March 31, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Meiji Dairies (the "Company") and subsidiary companies 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 ¥98.22 to $1 prevailing on March 31, 2009. Amounts less than one million yen and one thousand U.S. dollars have been rounded down. The total Japanese yen and U.S. dollars amounts shown in the financial statements and notes do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

a) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (the "Companies") over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates over which the Company has ability to exercise significant influences over operating and financial policies are accounted for using the equity method. The consolidated financial statements consist of the Company and its 23 significant subsidiaries in fiscal 2009 (24 significant subsidiaries in fiscal 2008). All significant intercompany transactions and accounts have been eliminated. Previously, accounts of subsidiary with business year-ends differing by three months from March 31 had been included using financial information with appropriate adjustment. However, the Company has changed the accounting date of the consolidated subsidiary to March 31 in the current consolidated fiscal year. As a result of this change, the current consolidated fiscal year is the 15-month period from January 1, 2008 to March 31, 2009. Investments in three (three in 2008) affiliates are accounted on using the equity method. The difference between the cost and underlying net equity at acquisition of investments in consolidated subsidiaries and companies accounted for by the equity method is amortized over 5 years on a straight-line basis.

b) Translation of Foreign Currency Accounts

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. Gains and losses resulting from the translation are recognized in the consolidated statements of income as incurred.

c) Securities

Securities other than equity investments in affiliates (investment securities) are measured at fair value. The difference between the fair value and the historical cost is recorded in the category of net assets, net of applicable taxes. The historical cost is determined by the moving average method. Securities with no market prices are stated at their historical cost.

d) Inventories

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

e) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost. Depreciation of Property, Plant and Equipment has been provided by the straight-line method. However, depreciation of buildings for leasing as well as Property, Plant and Equipment (except for the buildings acquired after April 1, 1998) in the head (except for the buildings of the Head), branches, and the laboratory acquired prior to March 31, 1985 has been provided based on the mainly declining-balance method over estimated useful lives as designated in the Japanese Tax Law. The estimated useful lives for the assets were as follows:

Buildings and structures	2-60 years
Machinery, equipment and vehicles	2-18 years
Tools and furniture	2-22 years

f) Intangible Assets

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

g) Lease Assets

Depreciation is based on the straight-line method that takes the lease period as the depreciable life and the residual value as zero. Regarding finance lease that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses.

h) Allowance for Doubtful Accounts

To provide for losses on doubtful accounts such as accounts receivable, the Company charges to income an amount based on actual loss experience for normal accounts, plus an amount for projected unrecoverable amounts based on assessments of individual designated accounts, such as credits from companies in danger of bankruptcy.

i) Retirement Benefit

The reserve for retirement benefits represents the estimated payment amount at the end of the consolidated fiscal year based on the projected sum of retirement benefits and pension payments at the end of the consolidated fiscal year. The cost differential (¥10,939 million) from adoption of revised accounting standards is amortized on a straight-line basis over a period of 15 years. The unrecognized actuarial loss is amortized on a straight-line basis over a fixed number of years (principally 14 years) within the estimated average remaining service years of employees. The unrecognized prior service cost is amortized on a straight-line basis over a fixed number of years (principally 7 years) within the estimated average remaining service years of employees.

j) Reserve for Retirement Benefits for Directors and Corporate Auditors

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

k) Cash and Cash Equivalents

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

l) Income Taxes

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

m) Derivative Financial Instruments

The Company and certain subsidiaries use derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange contracts and foreign currency options are utilized to reduce the risk from foreign exchange fluctuation. Interest rate swaps are utilized to reduce the risk from interest rate fluctuation risks. Such derivative financial instruments are recognized as either assets or liabilities in the consolidated balance sheets and measured at fair value and such gains and losses are recognized in the consolidated statements of income.

n) Net Income per Share

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

o) Accounting Standard for Lease Transaction

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, beginning in the consolidated fiscal year ended March 31, 2009, the Company and its consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, revised on March 30, 2007 (originally issued by the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994)) and are following accounting procedures for capital lease method.

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

This change had an immaterial impact on financial statements.

p) Change in Accounting Policies

1. New Accounting Standard for Inventories

Beginning in the consolidated fiscal year ended March 31, 2009, the Company and its consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No.9, issued by the ASBJ on July 5, 2006). As a result of this adoption, for the year ended March 31, 2009, operating income decreased ¥1,279 million ($13,031 thousand), income before income taxes decreased ¥29 million ($298 thousand), compared to amounts calculated by the previous method.

2. Change in Depreciation Method of Property, Plant and Equipment

Previously, the plants of the Company depreciated property, plant and equipment with the declining-balance method. However, from the year ended March 31, 2009, the plants of the Company adopted straight-line method. The Company had finished scrap-and-build in mainly milk, yogurt, and milk beverages segments, and newly forecast other business segments such as enteral formula business and cheese business, which increase rate of property, plant and equipment depreciated with the straight-line method. Because of this policy, the plants of the Company have applied the straight-line method in order to cost-account properly. The Company depreciates the property, plant and equipment with the straight-line method except below.

- Buildings and structures for leasing acquired prior to March 31, 1985.
- Property, plant and equipment in the head (except for the buildings of the Head), branches, and the laboratory acquired after April 1, 1998.

As a result of this change, depreciation expense decreased ¥2,715 million ($27,644 thousand), operating income, and income before income taxes increased the same, respectively, compared to amounts calculated by the previous method.

(Additional Information)

Beginning in the consolidated fiscal year ended March 31, 2009, the Company and its consolidated subsidiaries changed useful lives in mainly machinery due to the revision of Japan's Corporate Tax Law and its regulation. As a result of this change, depreciation expense decreased ¥1,173 million ($11,952 thousand), operating income, income before income taxes increased the same, respectively, compared to amounts calculated by the previous method.

3. Securities

Investment securities in the consolidated balance sheets for fiscal year 2009 is presented as a valuation loss of ¥154 million ($1,567 thousand). The impairment accounting method is used for all assets for which the estimated value is 50% or below than the acquisition value. The impairment accounting method is used for assets for which the estimated value is 30-50% below the acquisition value with consideration of the importance of the amount, the potential for recovery, and other factors.

Securities sold during the fiscal year under review and securities without a market price were considered insignificant and are not reported in the balance sheets.

	Millions of yen		
Consolidated fiscal year ending March 31, 2009	Acquisition cost	Book value	Difference
Securities with market prices exceeding acquisition costs:			
Equity securities	**¥ 5,747**	**¥ 8,911**	**¥ 3,163**
Sub-total	**5,747**	**8,911**	**3,163**
Securities with market prices falling below acquisition costs:			
Equity securities	**8,763**	**6,871**	**(1,891)**
Bonds	**42**	**42**	**—**
Sub-total	**8,806**	**6,914**	**(1,891)**
Total	**¥ 14,554**	**¥ 15,825**	**¥ 1,271**

	Millions of yen		
Consolidated fiscal year ending March 31, 2008	Acquisition cost	Book value	Difference
Securities with market prices exceeding acquisition costs:			
Equity securities	¥ 11,299	¥ 18,762	¥ 7,462
Sub-total	11,299	18,762	7,462
Securities with market prices falling below acquisition costs:			
Equity securities	3,237	2,696	(540)
Bonds	99	67	(32)
Sub-total	3,337	2,764	(573)
Total	¥ 14,636	¥ 21,526	¥ 6,889

	Thousands of U.S.dollars		
Consolidated fiscal year ending March 31, 2009	Acquisition cost	Book value	Difference
Securities with market prices exceeding acquisition costs:			
Equity securities	**$ 58,520**	**$ 90,726**	**$ 32,205**
Sub-total	**58,520**	**90,726**	**32,205**
Securities with market prices falling below acquisition costs:			
Equity securities	**89,227**	**69,964**	**(19,260)**
Bonds	**433**	**433**	**—**
Sub-total	**89,658**	**70,397**	**(19,260)**
Total	**$ 148,179**	**$ 161,124**	**$ 12,944**

4. Inventories

Inventories at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Finished goods and merchandise	**¥ 35,690**	¥ 29,115	**$ 363,375**
Raw materials and supplies, others	**13,437**	12,956	**136,806**
Total	**¥ 49,127**	¥ 42,072	**$ 500,181**

5. Property, Plant and Equipment

Fixed assets at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Land	¥ 43,651	¥ 43,824	$ 444,424
Buildings and structures	69,365	67,787	706,229
Machinery, equipment and vehicles	65,471	60,729	666,576
Tools and furniture	8,950	9,773	91,124
Lease assets	778	—	7,929
Construction in progress	968	9,347	9,861
Total	¥ 189,185	¥ 191,463	$ 1,926,144

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

1) Short-term Loans Payable

The weighted average interest rate of short-term bank loans were 1.25% and 1.08% for the year ended March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Short-term loans	¥ 15,191	¥ 14,498	$ 154,667
0.81% yen bonds due June 10, 2009	15,000	—	152,718
Commercial paper	36,000	28,000	366,524
Total	¥ 66,191	¥ 42,498	$ 673,909

2) Long-term Debt

Long-term debt at March 31, 2009 and 2008 were summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
0.81% yen bonds due June 10, 2009	¥ —	¥ 15,000	$ —
1.40% yen bonds due December 6, 2012	20,000	20,000	203,624
Loans from domestic banks, insurance companies, government agencies and others	37,065	34,383	377,368
Less portion due within one year	(6,637)	(6,718)	(67,577)
Total	¥ 50,427	¥ 62,665	$ 513,415

The aggregate annual maturities of long-term debt at March 31, 2009 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S.dollars
2011	¥ 4,012	$ 40,850
2012	9,553	97,268
2013	27,222	277,155
2014 and after	9,639	98,139
Total	¥ 50,427	$ 513,415

7. Collateral and Secured Liability

Assets pledged as collateral for liability at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Buildings and structures	¥ 7,267	¥ 7,714	$ 73,992
Machinery, equipment and vehicles	4,923	6,276	50,123
Tools and furniture	41	55	418
Land	6,450	6,450	65,672
Investment securities	2,868	3,138	29,199
Total	¥ 21,550	¥ 23,634	$ 219,406

Liability secured by the above assets at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Short-term loans	¥ 850	¥ 800	$ 8,654
Long-term loans (current portion)	2,038	2,042	20,755
Long-term loans	7,018	9,056	71,455
Employees' saving deposit	2,435	2,472	24,799
Total	¥ 12,342	¥ 14,371	$ 125,664

8. Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Deferred tax assets			
Retirement benefit	¥ 971	¥ 931	$ 9,890
Accrued bonus	2,790	2,727	28,407
Unrealized gain	1,246	1,233	12,691
Accrued expense	1,229	1,194	12,515
Depreciation	1,346	1,340	13,706
Accrued enterprise taxes	231	203	2,360
Loss carryforward	876	2,053	8,921
Other	431	1,682	4,396
Subtotal deferred tax assets	9,123	11,368	92,889
Valuation allowance	(1,977)	(2,015)	(20,133)
Total deferred tax assets	7,146	9,352	72,756
Deferred tax liabilities			
Tax deductible reserve	(3,190)	(3,297)	(32,481)
Net unrealized gains on investments securities	(514)	(2,783)	(5,238)
Prepaid pension cost	(4,925)	(3,756)	(50,152)
Other	(582)	(1,574)	(5,933)
Total deferred tax liabilities	(9,213)	(11,412)	(93,805)
Net deferred tax liabilities	¥ (2,067)	¥ (2,060)	$ (21,049)

An analysis of the significant differences between statutory tax rate and the company's effective tax rate for the year ended March 31, 2009 and 2008 were as follows:

	2009	2008
Statutory tax rate	40.4%	40.4%
Entertainment and other permanently non-deductible expenses	5.4	4.0
Dividend and other permanently non-taxable income	(2.2)	(1.3)
Amortization of goodwill	(0.2)	(1.1)
Valuation allowance	6.0	2.7
Per capita inhabitant's tax	1.9	1.4
Tax credit for experimentation and research expenses	(3.8)	(2.9)
Other	1.5	(2.2)
Effective tax rates	49.0%	41.0%

9. Lease Transaction

1) Finance leases (As a lessee)

The companies lease certain tools and furniture and other assets. Amounts of equivalent to acquisition costs, accumulated depreciation and net book value as of March 31, 2009 and 2008 concerning the finance lease assets which do not transfer ownership to lessees were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Acquisition costs	¥ 10,551	¥ 13,679	$ 107,432
Accumulated depreciation	7,609	8,267	77,474
Net book value	¥ 2,942	¥ 5,412	$ 29,957

The amounts of outstanding future lease payments at March 31, 2009 and 2008, excluding interest, were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Within one year	¥ 1,650	¥ 2,561	$ 16,801
Over one year	1,453	3,180	14,800
Total	¥ 3,104	¥ 5,742	$ 31,602

Lease expenses paid and amounts equivalent to depreciation expenses and interest expenses during the year 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Lease expenses paid	¥ 2,446	¥ 3,379	$ 24,910
Depreciation expenses	2,222	3,144	22,624
Interest expenses	90	137	926

Amounts equivalent to depreciation expenses are calculated by straight-line method over the period of finance lease. Amounts equivalent to interest expenses are calculated by the interest method based on an excess of the aggregate sum of lease payments over amounts equivalent to acquisition costs.

2) Operating Leases

The minimum rental commitments under noncancellable operating leases as of March 31, 2009 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Due within one year	¥ 120	¥ —	$ 1,222
Due after one year	264	—	2,693
Total	¥ 384	¥ —	$ 3,916

10. Retirement Benefits

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ (71,082)**	¥ (73,037)	**$ (723,703)**
Fair value of plan assets	**41,979**	50,396	**427,407**
Unrecognized transitional obligation	**4,317**	5,037	**43,962**
Unrecognized actuarial loss	**39,921**	30,871	**406,451**
Unrecognized prior service cost	**(2,010)**	(3,338)	**(20,471)**
Net liability	**13,126**	9,929	**133,645**
Prepaid pension cost	**16,801**	13,692	**171,059**
Employees' retirement benefits	**¥ (3,674)**	¥ (3,762)	**$ (37,413)**

The components of net periodic benefit costs were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Service cost	**¥ 1,473**	¥ 1,454	**$ 14,998**
Interest cost	**1,788**	1,841	**18,204**
Expected return on plan assets	**(1,555)**	(1,868)	**(15,834)**
Amortization of transitional obligation	**711**	711	**7,246**
Recognition of actuarial gain/loss	**3,187**	1,892	**32,456**
Additional retirement payments and others	**(1,084)**	(1,123)	**(11,044)**
Net periodic benefit costs	**¥ 4,521**	¥ 2,907	**$ 46,026**

Assumption used for the year ended March 31, 2009 and 2008 were set forth as follows:

	2009	2008
Periodic recognition of projected benefit obligation	**Straight-line method**	Straight-line method
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**Principally 3.5%**	Principally 3.5%
Recognition period of actuarial gain/loss	**Principally 14 years**	Principally 14 years
Amortization period of transitional obligation	**15 years**	15 years
Amortization period of prior service cost	**Principally 7 years**	Principally 7 years

11. Contingent Liabilities

Contingent liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Guaranteed financial obligations			
Sendai Feed Co., Ltd.	¥ 661	¥ 479	$ 6,733
Meiji Beverage Co., Ltd.	63	93	645
Tonyu Logistic Service Co., Ltd.	65	55	661

12. Cash and Cash Equivalents

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Cash	¥ 4,683	¥ 3,231	$ 47,679
Fixed term deposits over 3 months	(1)	(1)	(10)
Cash and cash equivalents	¥ 4,682	¥ 3,230	$ 47,669

13. Selling, General and Administrative Expenses

Principal Selling, general and administrative expenses for the fiscal years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Carriage and storage charges	¥ 27,786	¥ 26,484	$ 282,900
Sales promotion expenses	52,304	51,764	532,520
Labor cost	38,908	38,834	396,132
Employees retirement benefits cost	2,969	1,904	30,234

14. Research and Development Cost

Research and development cost which were included in manufacturing expense, selling, general and administrative expenses for the fiscal years ended March 31, 2009 and 2008 was as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Research and development cost	¥ 6,945	¥ 7,122	$ 70,709

15. Segment Information

Information about industry segments for the fiscal years ended March 31, 2009 and 2008 was as follows:

	Millions of yen				
Consolidated fiscal year ending March 31, 2009	Foods	Service / Other	Total	Elimination or Corporate	Consolidated
Sales and Operating Profit and Loss					
Sales					
(1) Sales to customers	¥ 595,638	¥ 115,755	¥ 711,394	¥ —	¥ 711,394
(2) Intersegment sales	1,837	40,685	42,522	(42,522)	—
Total	¥ 597,475	¥ 156,440	¥ 753,916	¥ (42,522)	¥ 711,394
Operating expenses	586,495	153,579	740,074	(42,718)	697,356
Operating income	10,980	2,861	13,842	195	14,037
Assets, depreciation, and capital expenditures					
Assets	340,605	61,496	402,102	(8,932)	393,169
Depreciation	14,574	5,685	20,259	—	20,259
Impairment loss	2	49	52	—	52
Capital expenditures	16,815	1,416	18,231	(33)	18,198

	Millions of yen				
Consolidated fiscal year ending March 31, 2008	Foods	Service / Other	Total	Elimination or Corporate	Consolidated
Sales and Operating Profit and Loss					
Sales					
(1) Sales to customers	¥ 594,097	¥ 112,890	¥ 706,988	¥ —	¥ 706,988
(2) Intersegment sales	1,663	44,654	46,317	(46,317)	—
Total	¥ 595,761	¥ 157,545	¥ 753,306	¥ (46,317)	¥ 706,988
Operating expenses	581,202	155,775	736,978	(46,252)	690,725
Operating income	14,558	1,769	16,327	(64)	16,262
Assets, depreciation, and capital expenditures					
Assets	330,520	65,950	396,470	(6,277)	390,192
Depreciation	16,338	5,908	22,247	—	22,247
Capital expenditures	35,535	6,430	41,966	(159)	41,807

	Thousands of U.S.dollars				
Consolidated fiscal year ending March 31, 2009	Foods	Service / Other	Total	Elimination or Corporate	Consolidated
Sales and Operating Profit and Loss					
Sales					
(1) Sales to customers	$ 6,064,331	$ 1,178,532	$ 7,242,863	$ —	$ 7,242,863
(2) Intersegment sales	18,706	414,225	432,932	(432,932)	—
Total	$ 6,083,038	$ 1,592,758	$ 7,675,796	$ (432,932)	$ 7,242,863
Operating expenses	5,971,240	1,563,626	7,534,866	(434,926)	7,099,940
Operating income	111,797	29,132	140,929	1,994	142,923
Assets, depreciation, and capital expenditures					
Assets	3,467,785	626,106	4,093,892	(90,942)	4,002,950
Depreciation	148,382	57,887	206,270	—	206,270
Impairment loss	26	504	531	—	531
Capital expenditures	171,201	14,422	185,623	(339)	185,284

16. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized at March 31, 2009 was as follows:

Use	Type of assets	Location
Idle Assets	Land	Isesaki (Gunma)
Idle Assets	Land	Yoshinogawa (Tokushima)
Idle Assets	Land	Shibata (Miyagi)

The Company and its consolidated subsidiaries have grouped their fixed assets based on their business segments. Carrying amounts of certain idle properties were devaluated to their recoverable amounts, owing to substantial decline in the fair market value. As a result, the Company and its consolidated subsidiaries recognized loss on impairment in the amount of ¥52 million ($531 thousand).

The recoverable amount of an asset was determined mainly based on sales value or net selling price based on the sales agreement for the assets related.

17. Subsequent Event

The Company and Meiji Seika Kaisha, Ltd. established MEIJI Holdings Co., Ltd., a parent company which holds 100% of the shares of the Company and Meiji Seika Kaisha, Ltd. through the Share Transfer, with the approval of the respective extraordinary general meetings of shareholders of both companies held on November 26, 2008.

As a result, the Company and Meiji Seika Kaisha, Ltd. became wholly-owned subsidiaries of MEIJI Holdings Co., Ltd. on April 1, 2009.

Company Name	MEIJI Holdings Co., Ltd.
Head Office	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo
Name of Director	Naotada Sato, President and Representative Director
Paid in Capital	30,000 million yen
Main Business	Business management of subsidiaries which engage in manufacturing and selling, etc. of confectionary milk products and pharmaceuticals, etc. and businesses ancillary or related to the foregoing.
Main Reason of Share Transfer	Aim to establish sustained growth strategies and differentiation strategies by maximizing business resources of both companies.
Date of Share Transfer	April 1, 2009

THE FUJI ACCOUNTING OFFICE

Shin-Tokyo Bldg.3-1-633,
Marunouchi 3-chome,Tokyo
Japan, 100-0005

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
Meiji Dairies Corporation

We have audited the accompanying consolidated balance sheets of Meiji Dairies Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meiji Dairies Corporation and consolidated subsidiaries as of March 31,2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

1. As described in note 2 p)2, at the year ended March 31, 2009, the Company changed the depreciation method for the tangible fixed assets to straight-line method from declining-balance method, except for the plants that had already adopted straight-line method.
2. As described in note 17, Subsequent Event, on April 1, 2009, the Company and Meiji Seika Kaisha, Ltd. established MEIJI Holdings Co., Ltd., a parent company which holds 100% of the shares of the company and Meiji Seika Kaisha, Ltd. through the Share Transfer.

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

The Fuji Accounting Office
The Fuji Accounting Office

Tokyo, Japan
June 26, 2009

Mejor Group Companies (As of April 1, 2009)

Domestic

Meiji Seika Kaisha, Ltd.

Offices:

Head Office

Branches

- Food & Healthcare

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

- Pharmaceuticals

[Pharmaceuticals] 11 branches and 76 operational offices
Sapporo / Sendai / Tokyo / Yokohama / Kanto / Nagoya / Kyoto / Osaka / Chugoku / Shikoku / Fukuoka
[Agricultural chemicals] 6 branches
Sapporo / Sendai / Tokyo / Nagoya / Osaka / Kumamoto
[Veterinary drugs] 4 branches
Northern Japan / Tokyo / Osaka / Kumamoto

Research Laboratory

- Food & Healthcare

Food and Healthcare Research Institute

- Pharmaceuticals

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

Factories

- Food & Healthcare

Kanto / Tokai / Osaka

- Pharmaceuticals

Kitakami / Odawara / Gifu

Group Companies:

Food & Healthcare

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

Pharmaceuticals

Kitasato Pharmaceutical Industry Co., Ltd. / Tamura-seiyaku Corporation / Meiji Sanofi Aventis K.K. / Miyako Yuso Transportation Co., Ltd.

Corporate

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

Meiji Dairies Corporation

Offices:

Head Office

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

Human Resources and Skills Development Center

Offices and Branches

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

Plants

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

Group Companies:

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

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

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

Nihon Kanzume, Co., Ltd. / Chiba Meiji Milk Products Co., Ltd. / Pampy Foods Incorporation / Tokai Meiji Co., Ltd. / Osaka Hosho Milk Products Co., Ltd. / Meiji Oil and Fats Co., Ltd. / Shikoku Meiji Dairy Products Co., Ltd. / Okinawa Meiji Milk Products Co., Ltd.

Livestock Business

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

Feed Business

Meiji Feed Co., Ltd.

Distribution Business

Meiji Logistics Co., Ltd. / K.C.S. Co., Ltd.

Others

Fresh Network Systems Co., Ltd. / Meiji Techno-Service Inc. / Nice Day Co., Ltd. / Okura Pharmaceutical Co., Ltd.

Overseas

Meiji Seika Kaisha, Ltd.

Offices:

- Station Offices
  - ① Madrid Office
  - ② Beijing Office

Group Companies:

- Food & Healthcare
  - ③ D. F. Stauffer Biscuit Co., Inc.
  - ④ Laguna Cookie Company Inc.
  - ⑤ PT Ceres Meiji Indotama
  - ⑥ Meiji Seika (Singapore) Private, Limited
  - ⑦ Cecilia Confectionary Pte. Ltd.
  - ⑧ Five Stars Dairy Ingredients Pte. Ltd.
  - ⑨ Meiji-Four Seas Co., Ltd.
  - ⑩ Guangzhou Meiji Confectionary Co., Ltd.
  - ⑪ Meiji Seika (Shanghai) Co., Ltd.
  - ⑫ Meiji Seika Food Industry (shanghai) Co., Ltd.
  - ⑬ Thai Meiji Food., Co Ltd.
  - ⑭ Beghin-Meiji
  - ⑮ Mecor. Inc.
- Pharmaceuticals
  - ⑯ PT. Meiji Indonesian Pharmaceutical Industries
  - ⑰ Thai Meiji Pharmaceuticals Co., Ltd.
  - ⑱ Tedec-Meiji Farma, S.A.
  - ⑲ Mabo Farma, S.A.
  - ⑳ Shantou Meiji SEZ Pharmaceuticals Co., Ltd.
  - ㉑ Meiji Lukang Pharmaceutical Co., Ltd.
  - ㉒ Meiji Seika Europe B.V.
  - ㉓ Uniquimica Ltda

Meiji Dairies Corporation

Offices:

- Station Offices
  - ㉔ Bangkok Representative Office
  - ㉕ Melbourne Representative Office
  - ㉖ Taipei Office
  - ㉗ Ho Chi Minh Office
  - ㉘ Shanghai Representative Office

Group Companies:

- Sales of Dairy Products
  - ㉙ Meiji Dairy Australasia Pty. Ltd.
- Manufacturing and Sales of Ice Cream
  - ㉚ Guangdong M&F-Yantang Dairy Products Co., Ltd.
- Investigation and Research of Supplement Food
  - ㉛ Shanghai Meiji Health Science and Technology Corp., Ltd.
- Manufacturing and Sales of Milk and Dairy Products
  - ㉜ CP-Meiji Co., Ltd.
- Import and Sales of Various Products Mainly Focusing on Infant Formula for Childcare
  - ㉝ Meiji-Dairy Trading Shanghai Co., Ltd.
  - ㉞ Guangzhou Branch, Meiji-Dairy Trading Shanghai Co., Ltd.

Corporate Data (As of April 1, 2009)

Head Office	4-16, Kyobashi 2-chome, Chuo-ku, Tokyo 104-0031, Japan
Incorporated	April 1, 2009
Paid-in Capital	¥30 billion
Common Stock	Issued 73,648,974
Stock Listing	Tokyo
Fiscal Year-end	March 31
General Meeting of Shareholders	Late in June
Transfer Agent of Common Stock	The Mitsubishi UFJ Trust and Banking Corporation
Public Notices	Public Notices are to be made electronically on Meiji Website (http://www.meiji.com/) In case electronic communications are unavailable due to accidents or compelling reasons. Public Notice will be made in the newspaper, Nihon Keizai Shimbun. Settlement of accounts public notice will not be made due to the regulations set forth by paragraph 4 of Article 440 of the Companies Act.
Number of Employees	14,127 (Consolidated number of employees of Meiji Seika and Meiji Dairies as of March 31, 2009.)

For further information, please contact:

Meiji Holdings Co., Ltd. Main telephone number

Tel: 03-3273-4001 (Business hours: 9:00-17:00 / excepting Saturdays, Sundays, and holidays)

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

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

History

	Meiji Seika	Meiji Dairies
1906 ···	Established former Meiji Sugar Co., Ltd. (origin of both companies)	
1916 ···	Established Tokyo Confectionary Co,. Ltd., the predecessor of Meiji Seika Kaisha, Ltd.	
1917 ···	Merged Taisho Seika (Parent company: Meiji Sugar Co., Ltd.)	Established Kyokuto Condensed Milk Co., Ltd. (Parent company: Meiji Sugar Co., Ltd.), the predecessor of Meiji Dairies Corporation
	Okubo Factory started producing caramel and biscuits	Started manufacturing condensed milk and others
1920 ···	Meiji Sugar Co., Ltd. established Meiji Shoten (later Meiji Shoji)	
1924 ···	Changed name to Meiji Seika Kaisha, Ltd.	
1926 ···	Started sales of “Milk Chocolate”	
	Started sales of cocoa and launched the food business	
1940 ···	Meiji Seika Kaisha, Ltd. commissioned Meiji Dairies Corporation to operate its dairy products division	Changed name to Meiji Dairy Corporation
1946 ···	Launched the pharmaceutical business by starting production of penicillin at Kawasaki Factory	Started trial productions of Penicillin at the Osaka Plant
1949 ···		Started sales of “Penicillin Meinyu”
1950 ···	Started sales of antibiotic “STREPTOMYCIN”	
1951 ···		Started sales of “Soft Curd Meiji Infant Formula”
1953 ···		Started sales of whipped cream “Meiji Fresh Cream”
1958 ···	Started sales of antibiotic “Kanamycin” that was first produced in Japan by Meiji Seika	
	Launch of the Yodogawa Factory after acquiring Meiji Dairies’ Osaka Plant (integration of the Penicillin business)	
1961 ···	Started sales of “Marble Chocolate”	
1968 ···	Started sales of a snack “Karl,” Japan’s first snack confectionary product	Started sales of “Meiji Baby Rice Gruel” and “Meiji Infant Kaju Orange Juice,” both weaning foods
1971 ···		Started sales of “Meiji Plain Yogurt”
1972 ···	Merged with Meiji Shoji	Meiji Shoji transferred its milk production division to Meiji Dairy
1973 ···		Started sales of “Meiji Bulgaria Yogurt”
1974 ···	Established Meiji Seika (Singapore) Private, Limited	
	Established PT. Meiji Indonesian Pharmaceutical Industries	
1975 ···	Started sales of “Kinoko no Yama”	
	Started sales of the agricultural chemicals “ORYZEMATE”	
1976 ···		Started sales of the frozen food “Pizza & Pizza”
1980 ···	Started sales of “SAVAS” series	
1983 ···	Started sales of “ISODINE® UGAIGUSURI” as an OTC drug	
1986 ···		Started sales of the enteral formula “YH-80”
1988 ···	Started sales of “Kaju Gummy”	
1989 ···	Started sales of the anti-anxiety drug “MEILAX”	
1990 ···		Started sales of super premium ice cream “Aya”
		Started sales of the soft margarine “Meiji Corn 100”
1991 ···	Started the fitness club “Sports Plaza Osaka”	
1992 ···		Started sales of “Meiji Hokkaido Tokachi Cheese”
1994 ···	Started sales of the anti-biotic “MEIACT”	Started sales of “Meiji Essel Super Cup Ultra Vanilla”
1995 ···		Started sales of the sports and fitness drink “VAAM”
		Started sales of the enteral formura “Mei Balance”
1997 ···	Started sales of “Xylish Gum”	
1999 ···	Started sales of the antidepressant “DEPROMEL”	
2000 ···		Started sales of “Meiji Probio Yogurt LG21”
2002 ···	Started sales of “Amino Collagen”	Commenced natinowide sales of “Meiji Oishii Gyunyu”
2007 ···		Started sales of the infant formula “Meiji Hohoemi Raku Raku Cube”
2008 ···	Established a business and capital alliance with Pokka Corporation	Started to sales of the sports and nutrition beverage “Super VAAM”
		Started to sales of “Meiji Fresh Cream Ajiwai”
2009 ···	**Established the joint holding company “Meiji Holdings Co., Ltd.” in April and integrated management**	

meiji

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