Meiji Holdings Co., Ltd.

2016

meiji

Annual Report

Year ended March 31, 2016

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Notes:

- The content of this annual report is predominantly based on results in fiscal 2015, ended March 31, 2016. However, the report also includes details about certain activities after fiscal 2015.
- Statements with respect to plans, strategies, and future business results that are not historical facts are forward-looking statements. Meiji Holdings Co., Ltd., therefore wishes to caution that various factors could cause actual results to differ materially from those presented in forward-looking statements. Further, unless specifically stated otherwise, information is as of August 2016.

Our responsibility as "Food and Health" professionals is to continue finding innovative ways to meet our customers' needs, today and tomorrow.

A Message to Our Stakeholders

The Meiji Group seeks to create new value in the Food and Health fields and boost the *meiji* brand value to sustain growth.

Masahiko Matsuo
President and
Representative Director

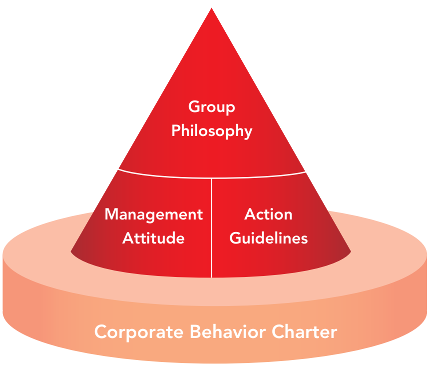
The Meiji Group's mission is to enrich the daily lives of customers of all ages. We provide customers, from infants to the elderly, with "Tastiness and Enjoyment" as well as products that contribute to their physical and emotional well-being. Founded in 1916, the Group celebrates its 100th anniversary this year. While responding to the changes in our customers' needs and the business environment, we have accumulated expertise and technology. We will continue providing customers with progressive value and advance even further as a global Food and Health corporate group in the next 100 years.

The Meiji Group is taking measures based on its medium-term business plan for fiscal 2015–2017, STEP UP 17. This plan is the second step of the long-term business management strategy "Meiji Group 2020 Vision." The plan's main focus is to *accelerate growth and achieve further improvement in profitability*. By flexibly adapting to the changing business environment, we will strengthen our competitive advantage and develop our management platform. In the plan's first fiscal year, we surpassed operating income and ROE targets significantly and reached the final-year targets ahead of schedule. Nonetheless, we will take measures steadily to address remaining management tasks.

The Meiji Group will continue creating new value in the Food and Health fields to boost the *meiji* brand value and sustain growth.

As we anticipate further growth, we ask our stakeholders for their continued support.

Meiji Group's System of Principles



Group Philosophy

Our mission is to widen the world of "Tastiness and Enjoyment" and meet all expectations regarding "Health and Reassurance."

Our wish is to be closely in tune with our customers' feelings and to always be there to brighten their daily lives.

Our responsibility as "Food and Health" professionals is to continue finding innovative ways to meet our customers' needs, today and tomorrow.

Management Attitude

Five Fundamentals

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

Action Guidelines

meiji way

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

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

Food and Pharmaceuticals Segments Created Our 100-Year History

The Meiji Group's mission is to enrich the daily lives of customers of all ages, from infants to the elderly, by providing them with "Tastiness and Enjoyment" as well as products that contribute to their physical and emotional well-being. Since its founding in 1916, the Group has grown by accumulating expertise and technology and by responding to the changes in its customers' needs and the business environment. In 2016, we are celebrating the Group's 100th anniversary. In the coming century, we will continue to earn the trust and fulfill the expectations of stakeholders through the *meiji* brand.

1916

Okubo Plant

Manufacture of candies, biscuits, and other products

1916

Confectionery

Confectionery imports from Europe decreased significantly in 1916 due to World War I. We established a confectionery-manufacturing company to meet domestic demand for Western confectioneries—marking the beginning of the Meiji Group.

Chocolate

Nut chocolate

1917

Dairy products and processed foods

We entered the dairy industry to cater to growing demand for dairy products as Western food became popular.

Yogurt

1923

Infant formula

We launched *Patrogen*, Japan's first infant formula to include vitamin B1.

1950

Enteral formula

In response to society's rapid aging, we began marketing enteral formula as a nutritional supplement for the elderly. Today, we have a dominant share of the enteral formula market.

1946

Entered the pharmaceuticals business

After World War II, epidemics made increasing penicillin production in Japan an urgent task. Not only pharmaceuticals companies but also many companies with fermentation technology participated in the production of penicillin.

1946

Antibacterial drugs

We began the production of penicillin, the first in a series of outstanding antibacterial drugs. Since then, we have been a leading company of antibacterial drugs.

1955

Veterinary drugs

We launched a veterinary antibiotic and entered the veterinary drugs business.

100 YEARS YOUNG

The logo shown on the left is our 100th anniversary logo. We will announce our anniversary worldwide and foster greater trust and recognition of the Meiji Group with this logo as well as the *meiji* brand logo during the centenary year.

This charming design with its birthday candle motif captures our wish to continue as a familiar and endearing company in people's lives.

"Years Young" expresses our mission to be of greater service to people's health in the next 100 years, and to grow with youthful zest.

2016

Chocolate snack

Gummy candy

Chocolate

Chewing gum

Chocolate snack

High cocoa-polyphenol chocolate

Premium chocolate

Cheese

Retort-pouch food

Ice cream

Chilled milk

Yogurt

Functional yogurt

1983
OTC drugs

For more than 50 years, we have been using our expertise and extensive sales network to develop and market the OTC drug *ISODINE® UGAIGUSURI*.

1995
Sports nutrition products

Meiji's two main brands in this category, *VAAM* and *SAVAS*, have built a solid reputation among a broad spectrum of customers, from top athletes through to people who exercise to maintain their health and appearance.

2002
Beauty supplement

We developed and market the leading brand in the market for ingestible collagen, *Amino Collagen*.

1961
Agricultural chemicals

ORYZEMATE, rice blast preventative, is an effective and safe agricultural product and is widely used in Japan.

1989
Drugs for CNS disorders

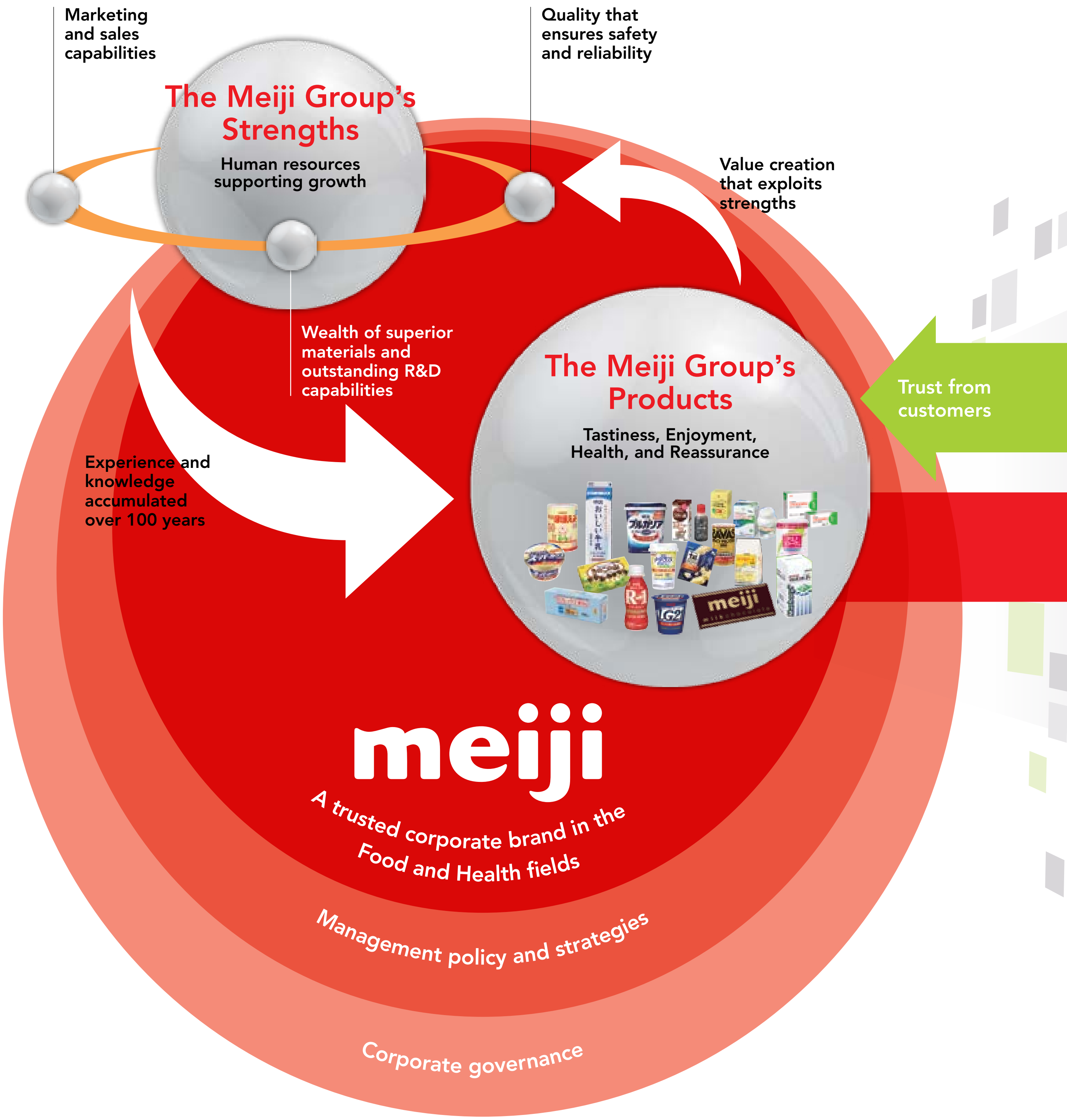
Amid growing concern about psychiatric disorders, we launched a drug for CNS disorders.

1998
Generic drugs

Extending our product lineup in our specialty field and anticipating the expansion of the generic drug market, we entered the generic drug business early as a brand-name drug manufacturer.

The Meiji Group's Value Creation

Since our foundation in 1916, as "Food and Health" professionals we have been innovating to meet our customers' needs by drawing on our extensive experience and accumulated knowledge and by taking advantage of unique strengths. Because we have followed this process for 100 years, we have been able to brighten customers' daily lives and earn widespread recognition and endorsement—from society and customers—for *meiji* as a trusted corporate brand. We will continue heightening customers' trust in us.



Contribution to the Food and Health fields

The Meiji Group's Strengths

Marketing and Sales Capabilities

The Meiji Group has established strong market positions by taking advantage of its strengths and providing unique value to its customers. Our products offer "Tastiness and Enjoyment" as well as nutrition and contribute to customers' physical and emotional well-being. We market dairy products, confectioneries, nutritional products, and pharmaceuticals that are indispensable for daily life to customers of all ages, from infants to the elderly.

Yogurt

Market Share 48.9% **No. 1 in Japan**

Source: INTAGE Inc., SRI* (yogurt market)
April 2015–March 2016 market share
(money amount)

Systemic Antibacterial Drugs

Market Share 12.8% **No. 2 in Japan**

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Market scope as defined by Meiji Seika Pharma

Drinking Milk

Market Share 23.9% **No. 1 in Japan**

Source: INTAGE Inc., SRI* (drinking milk market)
April 2015–March 2016 market share
(money amount)

Antidepressant Drugs

Market Share 18.3% **No. 2 in Japan**

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Market scope as defined by Meiji Seika Pharma

* SRI: Market value estimates based on point-of-sales data for food products and daily sundry goods that INTAGE Inc. collected from retail outlets nationwide.
** SDI: Market value estimates based on point-of-sales data for pharmaceuticals that INTAGE Inc. collected from retail outlets nationwide.

Chocolate

Market Share 23.9% No. 1 in Japan

Source: INTAGE Inc., SRI* (chocolate market)
April 2015–March 2016 market share
(money amount)

Manufacturer of Generic Drugs among Brand-Name Drug Companies

No.1 in Japan

Source: CRECON RESEARCH & CONSULTING, INC.,
fiscal 2015

Rice Blast Preventatives (agricultural chemicals)

Market Share 36.8% No. 1 in Japan

Source: Japan Crop Protection Association,
2015 agricultural chemical year
(October 2014–September 2015)

Ice Cream Cups

Market Share 36.2% No. 1 in Japan

Source: INTAGE Inc., SRI* (ice cream cups market)
April 2015–March 2016 market share
(money amount)

Industrial Veterinary Drugs

Market Share 8.1% No. 4 in Japan

Source: Fuji Keizai Co., Ltd., fiscal 2015

Food for the Elderly, Enteral Formula (consumer products)

Market Share 88.0% No. 1 in Japan

Source: INTAGE Inc., SDI** (food for the elderly,
enteral formula market)
April 2015–March 2016 market share
(money amount)

The Meiji Group's Strengths

Wealth of Superior Materials and Outstanding

A wealth of superior raw materials and outstanding R&D capabilities that maximize the benefits of these materials are indispensable in the Meiji Group's provision of new value in relation to *Tastiness, Enjoyment, Health, and Reassurance*.

Note: In April 2016, the Meiji Group and its suppliers established a procurement policy based on corporate social responsibility. For details, please see page 17.

Partnership with Dairy Farmers

The quality and quantity of raw milk largely depends on the health and rearing environment of dairy cattle. Raw milk is the basic ingredient of drinking milk and other products. Therefore, the Meiji Group collaborates with dairy farmers and agricultural cooperatives to ensure stable procurement of high-quality raw milk. Since 2009, we have been working with dairy farmers to enhance the value of raw milk. We support continuous and prosperous development of both dairy farmers and the dairy industry. Our key goal is to raise consumer awareness and appreciation of dairy farming's value. As part of these efforts, we have established a system that certifies and awards dairy farms producing "good quality milk." Our standards for certification include the maintenance of hygienic operations and operating environments as well as the beautification of raw milk processing rooms and cowsheds. As of March 2016, approximately 200 dairy farms had earned "good-quality-milk-producing farm" certificates.

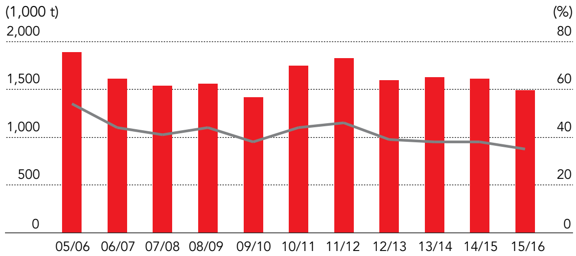
Support for Cocoa Farmers through Meiji Cocoa Support

For the Meiji Group, cocoa beans are an indispensable raw material. In recent years, demand for chocolate has been rising. The cocoa bean inventory rate continues to decrease, and stable procurement is an issue. We assist cocoa farmers through Meiji Cocoa Support. With local partners, we establish seedling-supply centers and hold seminars on agricultural technology that boosts harvests and controls plant diseases and insect damage. In addition, we are supporting cocoa farmers and their communities by, for example, building wells, donating school supplies, and supporting environment-friendly farming practices.

Every year, our research personnel and technical experts visit cocoa-producing countries to check supply chains from farms through to ports. We source high-quality cocoa beans by adopting our original fermentation method. Our assistance program also includes support for farmers through the World Cocoa Foundation since joining it in 2006.

■ For details, please see page 17.

Worldwide Cocoa Bean Inventory and Inventory Rate



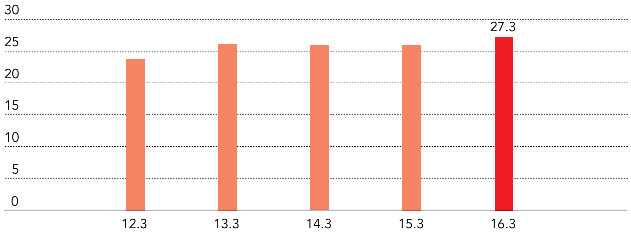
Cocoa bean inventory (Left scale) — Inventory rate (Right scale)

Source: Prepared by Meiji Holdings based on materials from the International Cocoa Organization (ICCO)

R&D Capabilities

The Meiji Group conducts R&D in the Food segment and the Pharmaceuticals segment. In fiscal 2015, total R&D expenses were ¥27.3 billion, up from ¥23.8 billion in fiscal 2011, when we established our present business management system.

Research and Development Costs



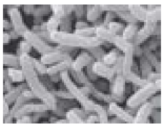
Food Segment's R&D System

In the Food segment, we conduct R&D at two bases: Tsurugashima in Saitama Prefecture and Odawara in Kanagawa Prefecture. The R&D Division comprises five laboratories—Confectionery R&D Labs., Research & Development Labs., Food Science Research Labs., Food Technology Research Labs., and Food Quality Research Labs.—and the Research Planning Department, which facilitates organic coordination among the laboratories. In 2018, we will integrate our R&D functions, and the construction of new laboratories is currently under way in Hachioji, Tokyo. We will consolidate in-house and external expertise and technology and establish superior, influential laboratories that lead innovation.

Pharmaceuticals Segment's R&D System

To create valuable products, we conduct in-house R&D at a research center and three laboratories—Pharmaceutical Research Center, CMC Laboratories, Bioscience Laboratories, and Agricultural & Veterinary Research Laboratories. We have recently begun collaborative research efforts with academic institutions in new fields of innovative pharmaceuticals, including autoimmune disease and cancer treatments and regenerative medicine.

Library Containing Roughly 5,000 *Lactobacilli*




In the Food Science Research Labs., we have a *lactobacillus* library that contains approximately 5,000 strains of *lactobacilli*. We have been collecting these *lactobacilli* from around the world over many decades. We combine basic research, product development, and production technology and develop value-added products, such as the functional yogurt *Meiji Probio Yogurt R-1*.

Cocoa Polyphenol Research


We launched our first chocolate product 90 years ago. Based on know-how accumulated since then, we have developed our original processing methods for cocoa beans. Also, we conduct research on the health benefits of the composition of cocoa beans, such as cocoa polyphenols and cocoa proteins.

Original Technology for Healthcare and Nutritional Support

For many years, we have been accumulating research results on drinking milk, yogurt, and infant formula. As a result, we have developed original nutrition engineering technology and an approach based on clinical nutrition. By using such expertise, we provide products for people requiring special nutritional support to live healthily.

Research Collaboration with Academic Institutions


We have entered new research fields, such as regenerative medicine and advanced medicine. We have begun joint research in regenerative medicine with RIKEN Center for Developmental Biology. Also, we are undertaking collaborative drug discovery research related to autoimmune diseases and cancer with the Foundation for Biomedical Research and Innovation.

The Meiji Group's Strengths

Quality That Ensures Safety and Reliability

Based on the Meiji Group's System of Principles, we bolster initiatives for quality constantly to meet customers' expectations with respect to safety and reliability.

Food Segment

In the Food segment, we have established an original quality management system: Meiji Quality Comm. The system includes the Quality Policy, Quality Assurance Regulations, and Quality Assurance Standards. Each functional division—development and design, procurement, manufacturing, logistics, and sales and communications—has established Quality Assurance Regulations and Quality Assurance Standards. Quality Assurance Regulations stipulate important items for maintaining quality and Quality Assurance Standards detail specific duties and assessment criteria. All functional divisions—from development and design through to sales and communications—implement management cycles to improve operations continuously and ensure customer trust and satisfaction. The senior management team reviews and evaluates these quality assurance activities.

Quality Audits

The Quality Department regularly audits plants' compliance with Quality Assurance Standards. In fiscal 2015, we conducted quality audits of Group companies and plants in Japan and overseas. At overseas plants, we conduct quality audits while taking into account each country's customs and culture. In Japan, we provide information on quality assurance.

Quality Policy

We intend to widen the world of "Tastiness and Enjoyment," meet all expectations regarding "Health and Reassurance," and provide all our customers with our "Promised Quality," thus producing shared value. As "Food and Health" professionals with a dedication to food quality and safety, we believe our responsibility is to meet all of our customers' expectations by following the principles below:

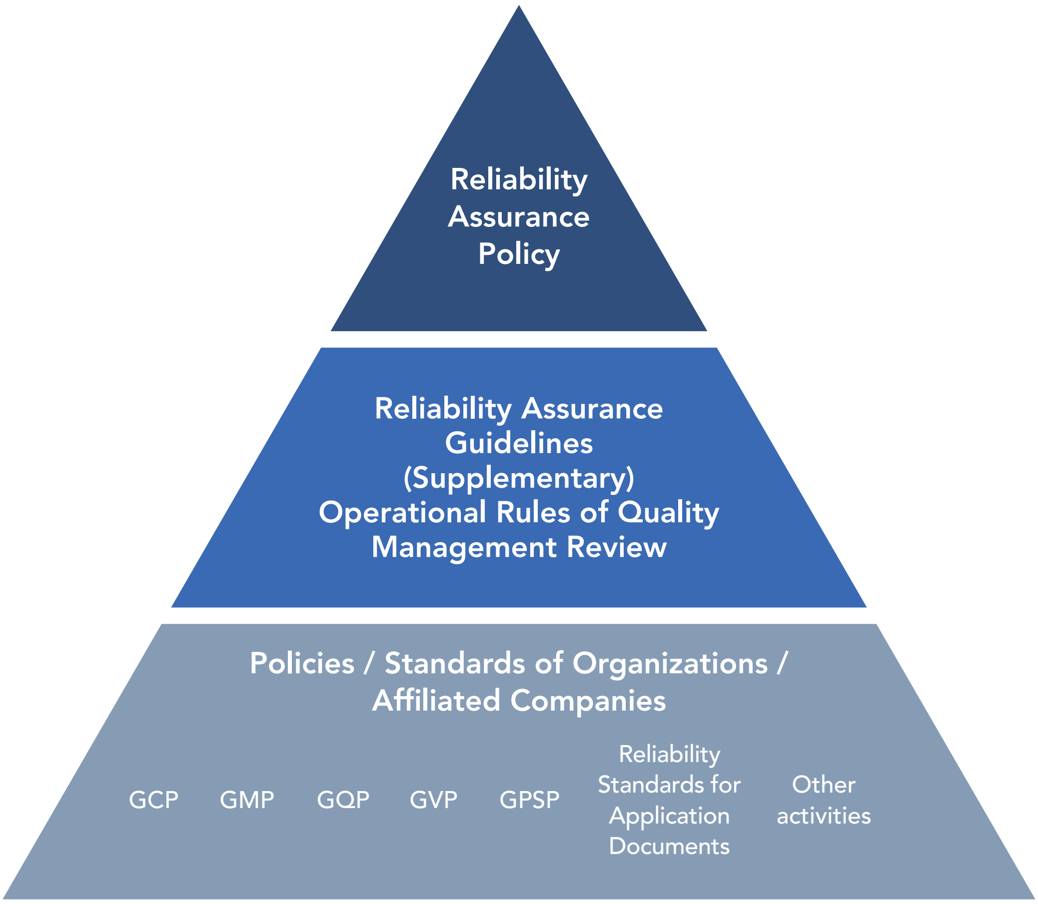
1. We promise to enforce strict quality assurance at every step of our food chain by implementing the best system possible in each department and for every product in order to ensure our "Promised Quality."
2. We promise to maintain a close relationship with our customers and immediately respond to customer inquiries, questions, or concerns. We also promise to maintain the trust of our customers by understanding their expectations and constantly striving to satisfy their needs and expectations.
3. We promise to comply with all applicable laws and regulations and provide high-quality, safe products and services.

Pharmaceuticals Segment

Accurate information is essential for the appropriate use of pharmaceuticals. We make available to users all information related to our products, which we obtain during product development, clinical studies, and post-marketing surveillance. We try our best to enhance the reliability of our products and activities in accordance with the Meiji Seika Pharma Reliability Assurance Policy.

Product Quality of Pharmaceuticals

Based on the Meiji Seika Pharma Reliability Assurance Policy, we have established the Quality Assurance Policy for products at all operating bases. Using the shared Quality Assurance Policy, we conduct global quality assurance activities at all stages of the supply chain, from material procurement through to manufacturing, distribution, and post-marketing safety management operations. These activities reduce risk at each stage of the supply chain and improve quality.



- GCP : Good Clinical Practice
- GMP : Good Manufacturing Practice
- GQP : Good Quality Practice
- GVP : Good Vigilance Practice
- GPSP : Good Post-marketing Study Practice

The Meiji Group's Sustainability Information

In 2015, the Tokyo Stock Exchange established Japan's Corporate Governance Code. The Meiji Group views social and environmental issues as important management themes. This section focuses on our main social and environmental initiatives for sustainable growth.

For other CSR activities, please see the Sustainability Section of the Group's website.
http://www.meiji.com/global/sustainability/

1 Nutrition

Basic Approach
The Meiji Group's mission is to enrich the daily lives of customers of all ages, from infants to the elderly, by providing them with "Tastiness and Enjoyment" as well as products that contribute to their physical and emotional well-being.

Research and Development
We will take on the challenge of creating new value that contributes to customers' healthy diets.

In the Food segment, we have been conducting extensive research to offer new health value to customers. Our functional yogurts were developed through research on *lactobacilli*. We also conduct research on cocoa polyphenols and cocoa proteins, and we have showed the health benefits of chocolate.

In the Pharmaceuticals segment, each employee is dedicated to meeting all expectations regarding "Health and Reassurance" in accordance with the Group Philosophy. As well as conducting research and development in the fields of infectious diseases and central nervous system (CNS) disorders, we develop generic drugs and conduct research and development of agricultural chemicals and veterinary drugs.

Development of Products for Health-Conscious Customers
We develop products catering to health-conscious customers. For example, we offer low-sugar / low-fat drinking milk, yogurt, and margarine. Through such products, we support healthy diets.

Food Safety
Our use of food additives complies with laws and regulations.

We have lowered the amount of trans-fatty acids in margarine so that customers can consume it without ingesting excessive amounts of trans-fatty acids. We disclose the amount of trans-fatty acids in our margarine* on our Japanese website.

* Our margarine products are only sold in Japan.

2 Supply Chain

Basic Approach

At the Meiji Group, we seek to provide our customers with high-quality, safe, and secure products. We are committed to fair and transparent transactions and maintain compliance with all laws and regulations. In cooperation with our partners, we work to ensure that all procurement activities fulfill our social responsibilities, including those related to human rights and the environment.

Policies

We established the Meiji Group Procurement Policy and the Meiji Group Policy on Human Rights in April 2016 and they are available on our website.

Quality Management Framework

In the Food segment, we conduct document-based inspections and on-site audits. When concluding contracts with new suppliers, we check whether they can supply raw materials conforming to specifications continuously. When extending contracts, we visit suppliers and audit safety and quality.

The Pharmaceuticals segment assures quality across the entire supply chain from raw material procurement through to manufacturing, distribution, and post-marketing safety management operations. In a timely and reliable manner, we provide patients with high-quality pharmaceuticals that are safe and reassuring.

Sustainable Procurement

We realize sustainable procurement.

To ensure the stable procurement of raw milk and enhance the value of drinking milk, we have built strong partnerships with dairy farmers throughout Japan. The health and rearing environment of dairy cattle affects the quality and quantity of raw milk significantly.

■ For details about our initiatives for the stable procurement of high-quality raw milk, please see page 12.

Worldwide demand for cocoa beans, the main ingredient of chocolate, is rising rapidly. We implement a program, Meiji Cocoa Support, to support farmers, secure multiple suppliers, and procure high-quality cocoa beans stably. We support sustainable cocoa farming to secure safe and reassuring cocoa beans.

■ For details, please see page 12.

Meiji Group Procurement Policy / Meiji Group Policy on Human Rights
http://www.meiji.com/global/sustainability/

Meiji Cocoa Support
http://www.meiji.com/global/sustainability/sustainable-cocoa-farming/

The Meiji Group's Sustainability Information

3 Quality

Basic Approach

The Meiji Group will win the trust and ensure the satisfaction of customers by providing safe, high-quality products and services and appropriate information.

Quality Control and Traceability

In the Food segment, we have established a traceability system that covers raw material and product purchasing through to logistics. We conduct various testing of products before shipment, including physical and chemical, microorganism, and sensory tests. Further, our hygiene control system is based on the Hazard Analysis and Critical Control Point system. Some of our production lines have received Global Food Safety Initiative and ISO 9001 third-party certification.

We have built a quality control system that reflects third-party opinions. The Director of the R&D Division chairs the Food Safety Committee, which evaluates risks associated with raw materials, packaging materials, production processes, distribution, and storage. A third-party expert attends meetings of the Food Safety Committee and provides information and opinions about risk when necessary. We incorporate the opinions and advice to improve quality.

In the Pharmaceuticals segment, all operating bases conduct advanced quality assurance activities based on the Meiji Seika Pharma Reliability Assurance Policy and the Quality Assurance Policy. Accordingly, we deliver high-quality pharmaceuticals to patients.

We advance global quality assurance activities throughout supply chains based on the Quality Assurance Policy. Only conforming products are shipped, after the quality assurance supervisor has verified all manufacturing records in accordance with the legal requirements.

Reliability and Quality Assurance System

To ensure reliability, in the Pharmaceuticals segment, the Reliability & Quality Assurance Division conducts internal audits as required of compliance with standards and policies based on the Meiji Seika Pharma Reliability Assurance Policy. We visit not only our plants but also those of manufacturing subcontractors and raw material suppliers in Japan and overseas to ensure the quality of our pharmaceuticals. The division is independent from R&D, production, and sales departments. We have established a system that ensures reliability through objective assessment.

Quality Improvement and Personnel Development

We foster employees' ability to improve operations proactively. We hold meetings to share and discuss the achievements of quality improvement activities. Through such opportunities, we develop personnel.

Customer Help Desks

We believe that listening to customer feedback and learning from customers is important. The Food segment operates the Customer Service Center and a counseling office for mothers with infants, while the Pharmaceuticals segment has a Medicine Support Center. We respond to feedback and inquiries from customers, patients, and healthcare professionals.

Response to Quality-Related Incidents

If a quality-related incident occurs, quality information is gathered from plants, affiliated companies, and respective departments in head office; summarized; and shared with senior management. We take necessary measures and preventive measures rapidly.

Development & Design

Set product development and packaging design quality with high safety levels and excellent usability

Procurement

Procure consistently high-quality materials from trustworthy suppliers

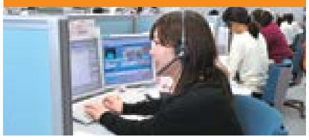
Production

Establish high-level manufacturing and inspection systems that meet international standards and our own system standards

Distribution

Pursue optimization of distribution quality in five key areas: product, quantity, freshness, time, and behavior

Sales & Communications



Provide support for enhancement of customer satisfaction and trust

meiji
ひとりひとりに伝わる品質づくり。
Meiji Quality Comm
明治 品質コミュニケーション

4 Compliance

Basic Approach

The Meiji Group is committed to fair and transparent transactions. We maintain compliance with all laws and regulations, working in cooperation with our partners to ensure that all procurement activities fulfill our social responsibilities, including those related to human rights and the environment. Further, we view compliance as having three layers: laws and regulations; industry standards and rules; and in-house rules.

Compliance Advancement Measures

Employees always carry our compliance card, which includes the Corporate Behavior Charter and the contact details of a compliance counseling desk. We respond appropriately to information received from whistle-blowers.

In addition, we take various measures based on the characteristics of individual businesses in the Food and Pharmaceuticals segments.

In the Food segment, we have established the Compliance & Risk Management Committee, which is chaired by a general manager of an operating base. This committee prepares and advances risk management action plans for operating bases. For example, we conduct a compliance questionnaire annually, analyze the results, and identify tasks. Also, we conduct in-house activities to raise compliance awareness, including in-house training and a Compliance Improvement Month.

The Pharmaceuticals segment has established the Meiji Seika Pharma Code of Practice, which applies to all offices and employees. We earn society's trust by ensuring employees behave in a highly ethical, transparent manner and ensuring accountability in our relationships with researchers, healthcare professionals, and patient groups.

Compliance card

The Meiji Group's Sustainability Information

In addition, based on our Transparency Guidelines for the Relation between Corporate Activities and Medical Institutions, we disclose the funding of research and development and academic research grants. Our aim is to show that we contribute to the progress of medicine, pharmacology, and other life sciences and conduct these activities in a highly ethical manner.

Advertising and Promotional Activities

In advertising and promotional activities, our basic approach is to respect laws, regulations, and corporate ethics and use fair content and expressions to avoid false or exaggerated claims.

Animal Welfare

We have set out a policy on animal welfare. We conduct animal experiments after receiving approval from a laboratory animal ethics committee. The experiments are based on the 3Rs principle of reduction: using fewer animals; replacement: seeking experiments that do not use animals; and refinement: mitigating animal suffering.

The Food segment receives accreditation from the Japanese Society for Laboratory Animal Resources. The Pharmaceuticals segment receives certification from the Japan Health Sciences Foundation.

5 Diversity

Basic Approach

The Meiji Group respects the diversity of employees and maximizes their capabilities to enhance corporate vitality.

Support for Female Employees

April 2016 saw the enactment of the Act to Advance Women's Success in their Working Life. The act calls for the establishment of working conditions that allow women to fully realize their potential and play important roles. Based on this act, we have prepared and are implementing an action plan.

Women accounted for 44% of our new recruits in fiscal 2016. Further, we are implementing various programs aimed at developing female candidates for managerial positions. Other initiatives for female employees include hosting roundtable meetings with senior female managers themed on combining work with major events in women's lives.

Our intranet site gives bimonthly insights into the active participation of our female employees. This information encourages them to envision long-term careers. Also, we include overviews of the systems in place for such life events as having and rearing a child as well as accounts of employees who have used the systems. In this way, we hope that female employees feel at ease with respect to life events.

Development of Personnel Capable of Working Globally

We are collaborating with overseas Group companies to foster personnel capable of working globally and helping non-Japanese employees play important roles in the Group.

Employment of People with Disabilities

We meet the statutory employment rate for people with disabilities. Moreover, we create workplaces that allow employees to fully realize their capabilities regardless of whether or not they have disabilities. Our numerous employees with disabilities work at more than 40 bases around Japan.

Employment Rate for People with Disabilities

Fiscal 2015	2.10%
Fiscal 2014	2.13%
Fiscal 2013	2.05%

Retiree Reemployment

After realizing the retirement age of 60, our employees have the option of continuing to work up to the age of 65.

Reemployed personnel guide and lead young employees and be a good example. All applicants have been reemployed since 2010.

Number of Employees Overseas

	United States	Spain	China	Indonesia	Singapore	Thailand	India	Total
Fiscal 2015	564	353	995	671	265	381	1,572	4,801
Fiscal 2014	583	331	914	725	270	359	1,549	4,731
Fiscal 2013	620	335	622	782	275	372	—	3,006

6 Occupational Health and Safety

Basic Approach

The Meiji Group establishes safe working conditions to eliminate occupational accidents. We are improving health and safety education and increasing employees' safety awareness based on the view that "safety takes priority over everything."

Policy and Management System

To create safe, employee-friendly workplace environments, our health and safety committee establishes policies and plans for the year. Based on these plans, we conduct safety education at and facility inspections of manufacturing and operating sites and offices and prevent occupational and traffic accidents.

We incorporate Occupational Safety and Health Management System (OSHMS) 18001 methods, ensure employees' health and safety, improve workplace efficiency, and enhance the Group's social trust.

Occupational Accident Countermeasures

We have set up the Health & Safety Committee. If an occupational accident occurs, we investigate the cause, share information, and take Groupwide measures to prevent recurrence. We conduct in-house monitoring, and outside parties monitor our operations when necessary.

The Meiji Group's Sustainability Information

7 The Environment

Basic Approach
The Meiji Group, in recognition of the fact that its business operations originate from the bounty of nature, will contribute to the creation of a sustainable society. To this end, we intend to harmonize our business activities with the global environment and manage the Group in a way that protects the environment.

Policy and Management System
Through the leadership of respective companies' environment-related departments and specialized committees, we have introduced an environmental management system. We reduce the environmental burden of business activities and ensure that they are in harmony with the natural environment.

Third-Party Certification
We promote environmental management. We have acquired certification under the ISO 14001 international standard and Eco-Action 21, a certification and registration system for small and medium-sized companies that Japan's Ministry of the Environment established.

Third-Party Certification

As of March 2016

ISO 14001	Multi-site certification
ISO 14001	9 operating bases other than above
Eco-Action 21	9 operating bases

Prevention of Global Warming
We are saving resources and energy by introducing energy-saving equipment, upgrading production equipment, and changing over to energy sources with lower CO_2 emission volumes.

Reduction of Environmental Load Substances
To protect a finite global environment, we are reducing waste and using resources effectively. We are managing chemical inventories appropriately and reducing emissions of chemical waste to minimize environmental impact.

8 Local Communities

Basic Approach
The Meiji Group will conduct business activities in compliance with the laws and regulations of each country and region and with respect for its culture and customs. We will strive to deepen our social interaction with local communities as a good corporate citizen and to provide broad contributions to society.

Food Education
We support food education by explaining the value and health benefits of food at various events. We conduct food seminars for people of all generations, from children through to seniors, and increase interest in healthy diets. In fiscal 2015, we held 2,233 food seminars in which more than 100,000 people participated.

Plant Tours
Visitors to our food plants enjoy observing and learning about production processes. In this way, we enhance their understanding of our commitment to food safety and reliability. Seven plants nationwide welcomed roughly 140,000 visitors in fiscal 2015.

Donation
We want our business activities to benefit society. Through The UN Refugee Agency (UNHCR), every year we donate a portion of our *Meiji Milk Chocolate* sales during January and February to a program that improves child refugees' nutrition. Between 2009 and 2016, we donated approximately ¥59.3 million.

Corporate Governance

Basic Approach

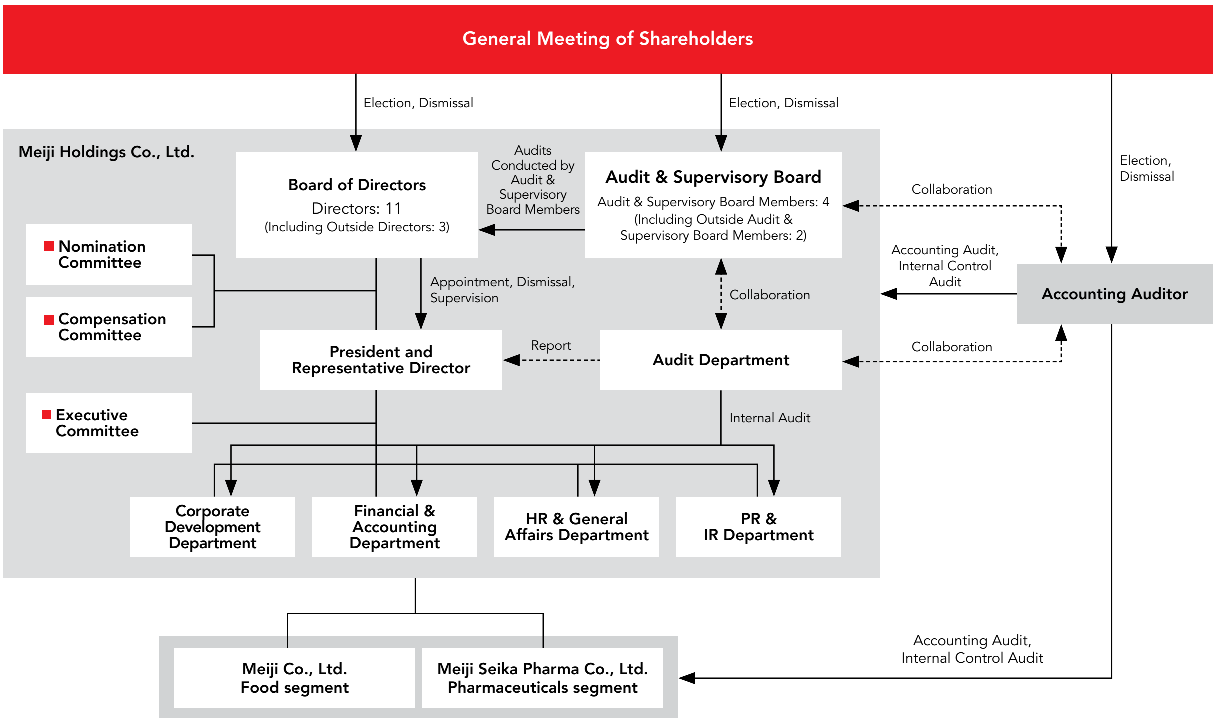
The Meiji Group's philosophy is to brighten customers' daily lives as a corporate group in the Food and Health fields. Our mission is to widen the world of "Tastiness and Enjoyment" and meet all expectations regarding "Health and Reassurance." We do this with the goal of continuing to find innovative ways to meet our customers' needs, today and tomorrow. In this way, we aim to grow continuously and enhance corporate value over the medium to long term.

The basic approach to management of the Group is for operating companies to manage businesses autonomously while collaborating with each other under the governance of the holding company.

The main role of Meiji Holdings Co., Ltd., is to advance Groupwide management strategies, establish optimal systems, and oversee the business management of operating companies. Responsibility for operational execution is delegated to operating companies appropriately. Within the Group, oversight and execution of business management are separated. Accordingly, the Group operates a corporate governance system that includes a board of directors. Meiji Holdings is a company with audit & supervisory board members. The Board of Directors' oversight and audit & supervisory board members' auditing heighten the objectivity and transparency of business management.

Further, the Meiji Group complies with all principles of Japan's Corporate Governance Code, formulated by the Tokyo Stock Exchange. In October 2015, the Group established the Corporate Governance Policy, which sets out the Group's basic policy on corporate governance. The policy is available at the Group's website (Japanese only).

Corporate Governance System



Functions and Roles of Respective Committees

■ **Nomination Committee**

Members: 3 outside directors, 1 internal director

Role: Recommending candidates for the position of director or executive officer to the Board of Directors

■ **Compensation Committee**

Members: 3 outside directors, 1 internal director

Role: Evaluating the performances and considering the compensation of directors and executive officers

■ **Executive Committee** (convenes twice a month in principle)

Members: Directors and executive officers

Role: Advisory body to the president and representative director

Function: Deliberating general important matters concerning operational implementation

Corporate Governance

Business Management System Features

We are strengthening our corporate governance structure through the following initiatives.

1. Added one outside director through a resolution of the General Meeting of Shareholders in June 2016 to give a total of five outside directors and outside audit & supervisory board members, all of whom are designated as independent directors
2. Limited the term of service for directors to one year
3. Introduced an executive officer system to separate business execution and audit functions, accelerate management decisions, and clarify management responsibility
4. Appointed one female director
5. Enhanced functions of the Board of Directors
   i) Evaluated the effectiveness of the Board with reference to members' replies to an annual questionnaire
   ii) Addressed issues identified

Attendance of Outside Directors and Outside Audit & Supervisory Board Members at Meetings of the Board of Directors and the Audit & Supervisory Board

Fiscal 2015

	Board of Directors	Audit & Supervisory Board
Outside directors	90%	—
Outside audit & supervisory board members	100%	100%

Criteria for the Assessment of Independence when Appointing Outside Directors and Outside Audit & Supervisory Board Members

The role of outside directors is to provide appropriate advice and decisions from objective, neutral viewpoints and in light of extensive knowledge and experience. The role of outside audit & supervisory board members is to provide appropriate indications and auditing with respect to the compliance and validity of our implementation of operations. They perform this role from objective, neutral viewpoints and in light of expertise and experience.

We have established criteria for assessing the independence of outside directors and outside audit & supervisory board members (Criteria for Independence).

■ For details, please see the Investors section of the Group's website.

http://www.meiji.com/global/investors/governance/corporate-governance/

Organizational structure
Company with Audit & Supervisory Board

Chairman of the Board of Directors
President and representative director

Directors
11
(including 3 outside directors)

Audit & supervisory board members
4
(including 2 outside audit & supervisory board members)

Appointment of independent directors
5
(outside directors and outside audit & supervisory board members)

Number of times the Board of Directors convened in fiscal 2015
15

Number of times the Audit & Supervisory Board convened in fiscal 2015
15

Reasons for Appointment of Outside Directors

Yoko Sanuki (Senior Independent Director)

The Company has appointed Ms. Sanuki because extensive experience as an attorney and a high degree of expertise in corporate law enable her to provide a wide range of advice on the Company's business management and appropriate oversight of operational implementation.

Attendance at meetings of the Board of Directors: 15 / 15 meetings

Tomochika Iwashita
(Newly Appointed Independent Director)

The Company has appointed Mr. Iwashita because a long career as a corporate manager and extensive knowledge enable him to provide a wide range of advice on the Company's business management and appropriate oversight of operational implementation. Mr. Iwashita served as Executive Vice President of Tokio Marine & Nichido Fire Insurance Co., Ltd., and as President of Tokio Marine & Nichido Life Insurance Co., Ltd.

Tohru Murayama
(Newly Appointed Independent Director)

The Company has appointed Mr. Murayama because he is able to provide advice on the Company's business management from a global perspective and appropriate oversight of operational implementation. Mr. Murayama served as Representative Director and President and Director and Chairman of Accenture Japan Ltd., a management consulting firm headquartered in the United States, and has contributed to the management strategies of various global companies.

Reasons for Appointment of Outside Audit & Supervisory Board Members

Kenichi Yamaguchi

The Company has appointed Mr. Yamaguchi because extensive experience and expertise accumulated during his career as an attorney enable him to audit impartially and objectively.

Attendance at meetings of the Board of Directors: 15 / 15 meetings
Attendance at meetings of the Audit & Supervisory Board: 15 / 15 meetings

Hajime Watanabe

The Company has appointed Mr. Watanabe because extensive experience and a high degree of expertise in corporate international transactions law accumulated during his career as an attorney enable him to audit impartially and objectively.

Attendance at meetings of the Board of Directors: 15 / 15 meetings
Attendance at meetings of the Audit & Supervisory Board: 15 / 15 meetings

Auditing Structure

Independent auditor	Ernst & Young ShinNihon LLC
Audit department (internal auditing)	Audit Department
Principal meetings auditors attend	Board of Directors, Executive Committee, Audit & Supervisory Board, Audit Department Liaison Meeting, and others

Compensation of Directors and Auditors

Method of Determination

Directors:
Internal directors: Basic compensation, performance-linked compensation, and stock compensation
Independent outside directors: Fixed compensation
Basic compensation is paid at a fixed rate based on position. Performance-linked compensation comprises Group-linked performance, which is evaluated based on sales and operating income, and individual performance, with the degree of linkage varying depending on position. Stock compensation is based on a system through which purchasing capital is paid based on the compensation amount prescribed for each position. The stock is then purchased monthly through the executive stock ownership program, and medium-to-long-term stock price fluctuations are linked to the compensation amount. The Compensation Committee, which comprises three outside directors and one internal director, is conferred with regarding the calculated compensation amount, after which a decision is reached by the Board of Directors.

Audit & supervisory board members:
Compensation is determined based on mutual consultation with audit & supervisory board members and maintained within the total amount approved by a resolution of the General Meeting of Shareholders.

Details of the Compensation of Directors and Audit & Supervisory Board Members

Fiscal 2015

Position	Number of persons provided with compensation	Compensation (¥ million)
Directors (excluding outside directors)	9	389
Audit & supervisory board members (excluding outside audit & supervisory board members)	2	58
Outside directors and audit & supervisory board members	4	55
Total	15	503

*1. Resolution of the General Meeting of Shareholders sets a limit of ¥1 billion on the compensation of directors for one year.
*2. Resolution of the General Meeting of Shareholders sets a limit of ¥300 million on the compensation of audit & supervisory board members for one year.

Corporate Governance

Dialogue with Shareholders and Other Investors

We emphasize active dialogue with shareholders and other investors. We provide timely, appropriate disclosures of business results and other financial information. We also disclose non-financial information about management strategies and tasks, risk, and governance. Furthermore, we reflect feedback from shareholders and investors in business management to enhance corporate value.

IR Activities for Institutional Investors and Analysts Fiscal 2015

Activity details	
Financial results briefing	2 (194 participants)
Roundtable meeting attended by president, institutional investors, and asset owners	2 (18 companies)
IR visit by president	5 companies
IR overseas roadshow: London, Edinburgh, Hong Kong, Singapore	26 companies
One-on-one meetings with institutional investors and analysts from Japan and overseas, including telephone interviews	345 (600 people)
Conference organized separately by securities company	3 (39 participants)
Facility tours: Aichi Plant, Osaka Plant, research laboratories	3 (44 participants)
Briefing on pharmaceuticals business	1 (74 participants)

Internal Control System

We provide products and services to a large number of customers through our food and pharmaceuticals business operations. In accordance with the Corporate Behavior Charter, we have established an internal control system befitting the Group and the Group companies. The system that is based on mutual collaboration and multifaceted checking functions to ensure directors, executive officers, and other employees comply with the Food Sanitation Act, the Pharmaceutical and Medical Device Act, and other statutory laws and regulations and the Articles of Incorporation. The Group's internal control system thereby ensures fair and sound business activities firmly rooted in compliance.

Compliance

Regarding "compliance as the cornerstone of its operations," we abide by statutory laws and regulations, international agreements, social norms, and the regulations of respective Group companies. We advance concerted initiatives aimed at inculcating and entrenching compliance awareness to ensure that employees carry out their duties equitably and honestly and based on a well-developed awareness of compliance and high ethical standards. Such efforts include improving and expanding educational and training programs, disseminating information through an in-house intranet, and making hot-lines available.

■ For details, please see page 19.

Risk Management System

We have established specific rules for risk management and constructed an appropriate risk management system. For the whole Group, we systemically conduct precise risk management. In addition, we have established systems to minimize damage in the event of an emergency.

In light of lessons learned from the Great East Japan Earthquake in March 2011, the Group has established basic policies for business continuity plans as stated below.

Basic Policies for Business Continuity Plans

To ensure the Meiji Group can provide customers with the products and services they require, even in disaster, we have set out business continuity plans based on the following policies.

1. Ensure the safety of the lives of persons involved in the Group and their families
2. Discharge our social responsibility
3. Minimize damage to businesses arising from the cessation of operations

Disclosure Policy

- Include basic principles of disclosure on the Investors section of the Group's website
  http://www.meiji.com/global/investors/disclosure-policy/
- Post disclosure information, other important information, and documents of financial results briefings, in principle, in both Japanese and English on the Investors section of the Group's website as quickly as possible

A Message from an Outside Director

Yoko Sanuki
Outside Director

I will contribute to the enhanced monitoring of the Board of Directors with a focus on ensuring management transparency and objectivity.

A year has passed since Japan's Corporate Governance Code was enacted in June 2015. Subsequently, Meiji conducted a first-ever review of its Board of Directors. Among the issues I addressed during that review, I would like to draw attention to the following four points.

First, I believe that the Company is committed to establishing a governance system for ensuring highly transparent, fair, swift, and bold decision making. As an outside director, I will contribute to the enhanced monitoring of the Board of Directors with a focus on ensuring management transparency and objectivity.

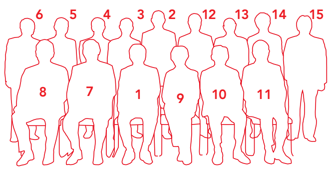
Second, now that the Company has successfully achieved the goals set for its medium-term business plan STEP UP 17 ahead of schedule, the Board of Directors must look beyond the long-term business management strategy "Meiji Group 2020 Vision." The board needs to discuss not only the performances of the food and pharmaceuticals businesses but also evaluate business management, issues, and strategies of each business. The Board of Directors should consider such matters thoroughly in order to avoid complacency due to past success. I will advise based on my own experience to contribute to the Company's sustainable growth and to improvement in medium- and long-term corporate value.

Third, the board should discuss succession plans for management personnel and outline selection criteria for suitable human resources. The board needs to enhance its training programs. In addition to compliance, training programs should include cross-industry exchange activities in order to cultivate broad perspectives. Decision-making capabilities should be fostered from the perspective of business management not just the execution of business activities. Also effective is participation in overseas IR activities. Direct exposure to overseas investors will be vital to developing the capabilities needed to explain and counter-argue and be receptive to their perspectives, requests, and approaches properly. The Nomination Committee should also discuss succession plans and provide candidate recommendations for the Board of Directors. From fiscal 2016, the Nomination Committee comprises three outside directors and one inside director, instead of the previous two outside directors and two inside directors. This structure ensures active and deliberate discussion with greater transparency and objectivity.

Fourth, we conducted a meeting attended solely by outside directors and outside audit & supervisory board members at the end of 2015. This meeting was an excellent opportunity for frank and meaningful discussion and information exchange. We intend to hold these meetings periodically. We would like to present effective and useful proposals to the Board of Directors. To be better equipped to do so, briefing sessions for outside directors would be appreciated. Briefing sessions would be valuable forums to help us better understand operational details. They would also provide opportunities to know employees working on the front lines and their perspective.

In closing, the number of outside directors was increased to three in the current fiscal year. The newly appointed members are experts in their respective fields, and we will work together to fulfill our duties as outside directors. I, with the consumers' perspective in mind, will make efforts to stimulate deliberations of the Board of Directors and contribute to the Company's management.

Directors and Audit & Supervisory Board Members (As of June 29, 2016)



1 President and Representative Director
Masahiko Matsuo

Apr. 1969 Joined Meiji Seika
Jun. 2001 Executive Officer, Meiji Seika
Jun. 2002 Director, Meiji Seika
Jun. 2003 Managing Executive Officer, Meiji Seika
Jun. 2007 Senior Managing Executive Officer, Meiji Seika
Apr. 2009 Member of the Board, Meiji Holdings
Apr. 2011 President and Representative Director, Meiji Seika Pharma
Jun. 2014 President and Representative Director, Meiji Holdings (incumbent)
Jun. 2014 Member of the Board, Meiji (incumbent)
Jun. 2014 Member of the Board, Meiji Seika Pharma (incumbent)

Significant concurrent positions
Member of the Board, Meiji
Member of the Board, Meiji Seika Pharma
Chairman, Japan Foods & Biotechnology Intellectual Property Rights Center

2 Member of the Board and Senior Managing Executive Officer
Takashi Hirahara

Apr. 1974 Joined Meiji Dairies
Jun. 2007 Director, Meiji Dairies
Apr. 2009 Executive Officer, Meiji Holdings
Apr. 2009 General Manager, Financial & Accounting Department, Meiji Holdings
Jun. 2009 Executive Officer, Meiji Dairies
Apr. 2011 Managing Executive Officer, Meiji Holdings
Jun. 2011 Member of the Board and Managing Executive Officer, Meiji Holdings
Jun. 2015 Member of the Board and Senior Managing Executive Officer, Meiji Holdings (incumbent)

3 Member of the Board and Managing Executive Officer
Michiro Saza

Jun. 1978 Joined Meiji Seika
Jun. 2008 Executive Officer, Meiji Seika
Apr. 2009 Executive Officer, Meiji Holdings
Apr. 2009 General Manager, Corporate Development Department, Meiji Holdings
Jun. 2012 Member of the Board and Executive Officer
Jun. 2013 Member of the Board and Managing Executive Officer (incumbent)
Jun. 2016 Member of the Board, Meiji Seika Pharma (incumbent)

Significant concurrent position
Member of the Board, Meiji Seika Pharma

4 Member of the Board and Executive Officer
Koichiro Shiozaki

Apr. 1978 Joined Meiji Dairies
Apr. 2011 Executive Officer, Meiji
Jun. 2015 Member of the Board and Executive Officer, Meiji Holdings (incumbent)
Jun. 2015 General Manager, Financial & Accounting Department, Meiji Holdings (incumbent)

5 Member of the Board and Executive Officer
Jun Furuta

Apr. 1981 Joined Meiji Seika
Jun. 2013 Executive Officer, Meiji
Jun. 2014 Member of the Board and Executive Officer, Meiji Holdings (incumbent)
Jun. 2014 General Manager, PR & IR Department, Meiji Holdings (incumbent)

6 Member of the Board and Executive Officer
Shuichi Iwashita

Apr. 1977 Joined Meiji Dairies
Jun. 2014 Member of the Board and Executive Officer, Meiji Holdings (incumbent)
Jun. 2014 General Manager, HR & General Affairs Department, Meiji Holdings (incumbent)

7 Member of the Board
Kazuo Kawamura

Apr. 1976 Joined Meiji Dairies
Jun. 2007 Director, Meiji Dairies
Jun. 2009 Executive Officer, Meiji Dairies
Jun. 2010 Director and Managing Executive Officer, Meiji Dairies
Apr. 2011 Member of the Board and Senior Managing Executive Officer, Meiji
Jun. 2012 President and Representative Director, Meiji (incumbent)
Jun. 2012 Member of the Board, Meiji Holdings (incumbent)

Significant concurrent positions

President and Representative Director, Meiji
Chairman, Japan Dairy Industry Association
Chairman, All Nippon Kashi Association

8 Member of the Board
Daikichiro Kobayashi

Apr. 1979 Joined Meiji Seika
Jun. 2010 Executive Officer, Meiji Seika
Apr. 2011 Executive Officer, Meiji Seika Pharma
Jun. 2013 Member of the Board and Managing Executive Officer, Meiji Seika Pharma
Jun. 2014 President and Representative Director, Meiji Seika Pharma (incumbent)
Jun. 2014 Member of the Board, Meiji Holdings (incumbent)

Significant concurrent position

President and Representative Director, Meiji Seika Pharma

9 Member of the Board (Outside)
Yoko Sanuki

Apr. 1981 Registered as Attorney at Law
Nov. 2001 Opened NS Law Office
Jun. 2007 Auditor, Meiji Dairies
Apr. 2009 Member of the Board, Meiji Holdings (incumbent)

Significant concurrent positions

Attorney at Law
Outside Director, Resona Holdings, Inc.

10 Member of the Board (Outside)
Tomochika Iwashita

Jul. 1969 Joined The Tokio Marine & Fire Insurance
Jun. 1998 Director, The Tokio Marine & Fire Insurance
Apr. 2000 Managing Director, The Tokio Marine & Fire Insurance
Sep. 2000 Senior Managing Executive Officer, The Nippon Credit Bank
Dec. 2000 Senior Managing Director, The Nippon Credit Bank
Jun. 2002 Managing Director, The Tokio Marine & Fire Insurance
Jun. 2003 Senior Managing Director, The Tokio Marine & Fire Insurance
Oct. 2004 Senior Managing Director, Tokio Marine & Nichido Fire Insurance
Jun. 2005 Executive Vice President, Tokio Marine & Nichido Fire Insurance
Jun. 2006 President, Tokio Marine & Nichido Life Insurance
Jun. 2011 Outside Corporate Auditor, Honda Motor
Jun. 2016 Member of the Board, Meiji Holdings (incumbent)

Significant concurrent position

Director (External), DCM Holdings

11 Member of the Board (Outside)
Tohru Murayama

Apr. 1980 Joined Andersen Consulting (currently Accenture Japan)
Apr. 2003 Representative Director and President, Accenture Japan
Apr. 2006 Director and Vice Chairman, Accenture Japan
Sep. 2007 Director and Chairman, Accenture Japan
Apr. 2015 Visiting Professor, Faculty of Science and Engineering, Waseda University (incumbent)
Jun. 2016 Member of the Board, Meiji Holdings (incumbent)

Significant concurrent position

External Director, FAST RETAILING

12 Audit & Supervisory Board Member
Hideaki Sato

Apr. 1976 Joined Meiji Dairies
Jun. 2009 Executive Officer, Meiji Dairies
Apr. 2011 Executive Officer, Meiji
Jun. 2013 Audit & Supervisory Board Member, Meiji Holdings (incumbent)

13 Audit & Supervisory Board Member
Hiroshi Tago

Apr. 1975 Joined Meiji Seika
Jun. 2009 Executive Officer, Meiji Seika
Apr. 2011 Executive Officer, Meiji
Jun. 2013 Audit & Supervisory Board Member, Meiji Holdings (incumbent)

14 Audit & Supervisory Board Member (Outside)
Kenichi Yamaguchi

Apr. 1982 Registered as Attorney at Law
Apr. 1991 Opened Yamaguchi Law Office
Jun. 2007 Audit & Supervisory Board Member, Meiji Seika
Apr. 2009 Audit & Supervisory Board Member, Meiji Holdings (incumbent)

Significant concurrent position

Attorney at Law

15 Audit & Supervisory Board Member (Outside)
Hajime Watanabe

Apr. 1987 Registered as Attorney at Law
Apr. 1987 Joined Mori Sogo Law Office
Sep. 1994 Became Registered Foreign Lawyer in Illinois, the United States
May 1995 Registered as Attorney at Law in New York, the United States
Apr. 2007 Opened Sueyoshi Sogo Law Office (current STW & PARTNERS Law Office)
Jun. 2010 Alternate Auditor, Meiji Holdings
Jun. 2013 Audit & Supervisory Board Member, Meiji Holdings (incumbent)

Significant concurrent positions

Attorney at Law
Outside Audit & Supervisory Board Member, SEIKO PMC CORPORATION
External Auditor, FURYU Corporation

The Meiji Group Now

Fiscal 2015 (Fiscal Year Ended March 31, 2016) Business Results

Net Sales

¥1,223.7 billion

year on year

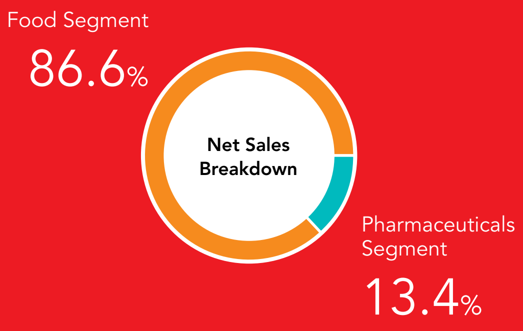
Up 5.4%

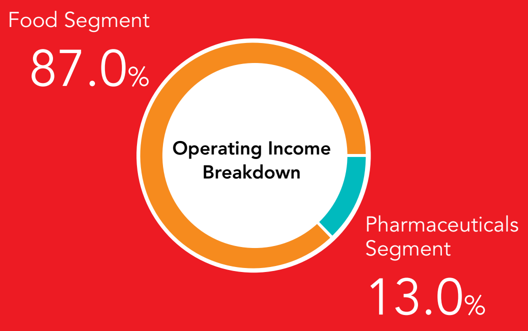
Operating Income

¥77.7 billion

year on year

Up 50.9%





Operating Income Margin

6.4%

year on year

Up 2.0 percentage points

Research and Development Costs

¥27.3 billion

year on year

Up 4.6%

Number of Group Employees

16,456

year on year

Down 103

ROE

16.1%

year on year

Up 7.2 percentage points

Dividend Payout Ratio

21.2%

year on year

Down 2.6 percentage points

Industrial Waste Volume

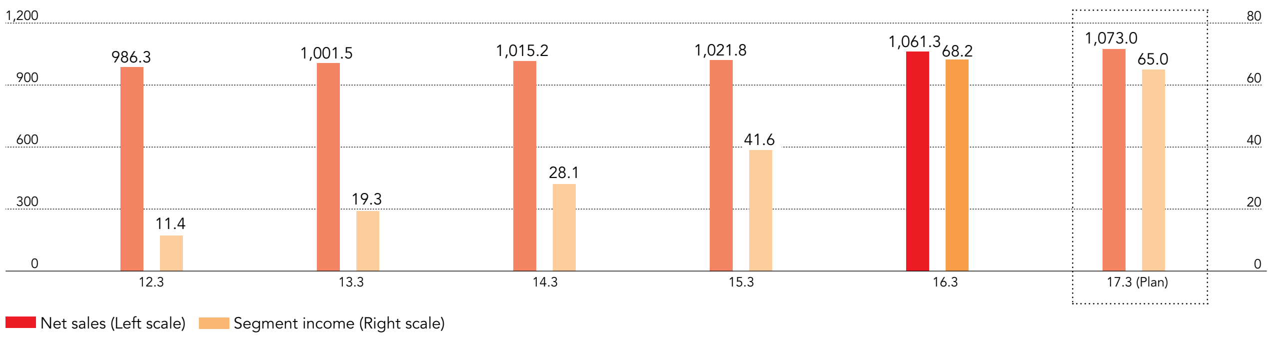
75 thousand tons

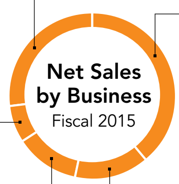
year on year

Up 2.7%

Food Segment

Business Results and Plans





Other Business 26.8%
Overseas, food stuffs, livestock products, sugar and corn sweeteners, transportation, etc.

Nutritionals Business 7.3%
Sports nutrition, infant formula, enteral formula, beauty supplement, OTC drugs, etc.

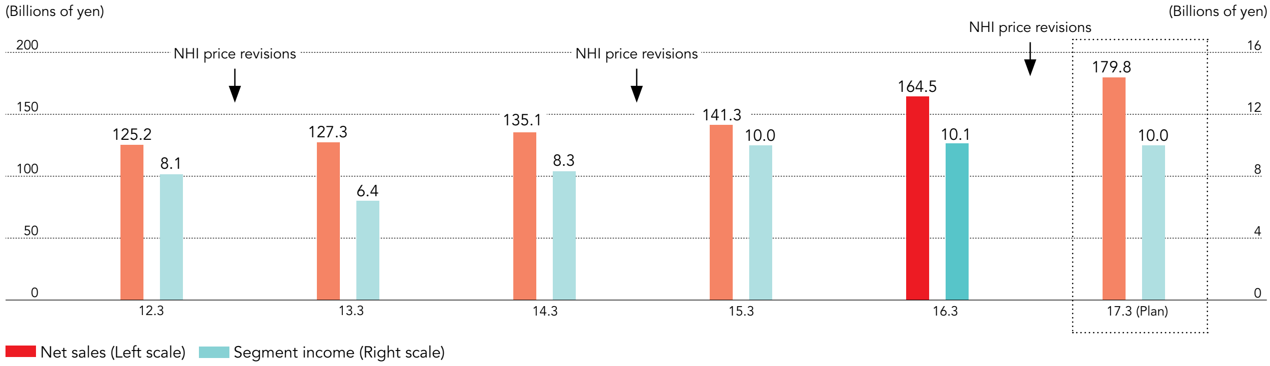
Confectionery Business 12.3%
Chocolate, gummy, chewing gum, etc.

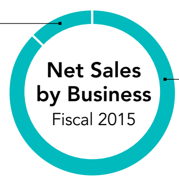
Fresh and Fermented Dairy Business 39.0%
Yogurt, drinking milk, beverages, etc.

Processed Food Business 14.6%
Cheese, butter and margarine, cream, ice cream, frozen food, etc.

Pharmaceuticals Segment

Business Results and Plans





Agricultural Chemicals and Veterinary Drugs Business 12.6%

Ethical Pharmaceuticals Business 87.4%

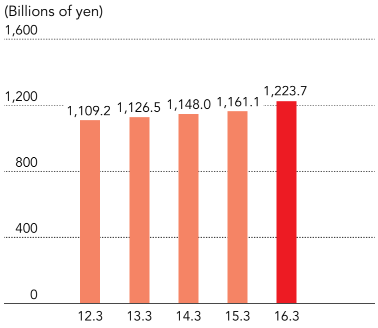
Financial and Non-Financial Highlights

(Fiscal years ended March 31)	Millions of yen 2012	2013	2014	2015	2016	Thousands of U.S. dollars*1 2016
For the fiscal year						
Net sales	¥1,109,275	¥1,126,520	¥1,148,076	¥1,161,152	**¥1,223,746**	**$10,860,369**
■ Food segment	986,319	1,001,551	1,015,265	1,021,806	**1,061,398**	**9,419,585**
■ Pharmaceuticals segment	125,274	127,361	135,105	141,338	**164,542**	**1,460,259**
Cost of sales	738,500	743,835	754,013	757,766	**778,184**	**6,906,146**
Selling, general and administrative (SG&A) expenses	350,584	356,825	357,565	351,842	**367,780**	**3,263,936**
Operating income	20,189	25,859	36,496	51,543	**77,781**	**690,286**
Ordinary income	21,882	29,131	39,089	53,582	**81,826**	**726,182**
Profit attributable to owners of parent	6,805	16,646	19,060	30,891	**62,580**	**555,386**
Capital expenditures*2	35,994	35,275	44,407	62,152	**40,078**	**355,682**
Research and development costs	23,823	26,199	26,067	26,105	**27,308**	**242,355**
Depreciation and amortization*3	40,871	40,821	40,972	41,885	**42,077**	**373,422**
Net cash provided by operating activities	30,597	50,622	63,847	86,487	**105,155**	**933,220**
At fiscal year-end						
Total assets	¥ 749,985	¥ 785,514	¥ 779,461	¥ 877,367	**¥ 856,115**	**$ 7,597,759**
Total net assets	298,491	320,609	328,121	380,302	**419,152**	**3,719,848**

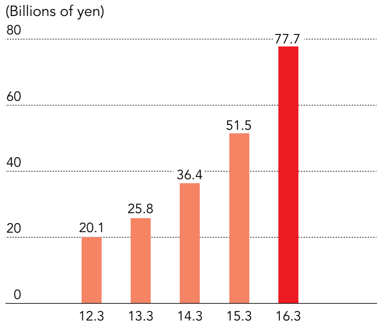
	Yen 2012	2013	2014	2015	2016	U.S. dollars*1 2016
Per share data*4						
Profit	¥ 46.19	¥ 112.99	¥ 129.40	¥ 209.79	**¥ 425.06**	**$ 3.77**
Net assets*5	1,979.12	2,127.28	2,175.98	2,515.26	**2,777.28**	**24.65**
Cash dividends	40	40	40	50	**90**	**0.80**
Ratios (%)						
ROE	2.3	5.5	6.0	8.9	**16.1**	
ROA	0.9	2.2	2.4	3.7	**7.2**	
Other data						
Energy consumption volume (Fuel oil conversion: 1,000 kl)*6, 7	259	258	256	253	**249**	
CO_2 emissions (1,000 t-CO_2)*6, 7	484	524	559	552	**537**	
Trends in industrial waste volume (t)*6	87,245	80,811	71,983	73,610	**75,583**	
Number of employees	15,338	14,819	15,033	16,559	**16,456**	
(Average number of part-time employees not included in above figures)	(10,379)	(10,919)	(9,366)	(10,295)	**(10,003)**	

*1. U.S. dollar amounts are provided solely for the convenience of readers based on an exchange rate of US$1 = ¥112.68, the exchange rate prevailing on March 31, 2016.
*2. Figures for capital expenditures only represent property, plants and equipment based on the consolidated statement of cash flows.
*3. Figures for depreciation and amortization represent property, plants and equipment and intangible fixed assets based on the consolidated statement of cash flows.
*4. Figures per share are calculated by retroactively applying the number of shares resulting from the two-for-one stock split carried out on October 1, 2015.
*5. Net assets per share = (Total net assets – Non-controlling interests) ÷ (Number of shares of common stock issued – Number of shares of treasury stock)
*6. Based on figures for the Meiji Group's main domestic subsidiaries.
*7. Re-calculated in accordance with the new standard method.

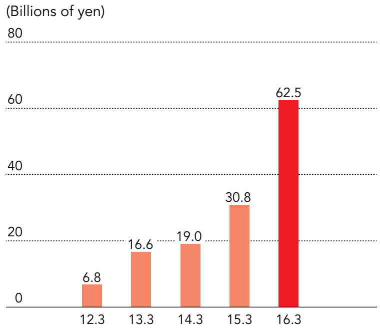
Net Sales



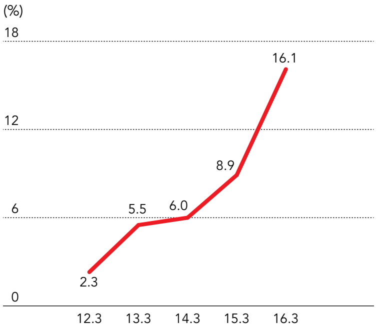
Operating Income



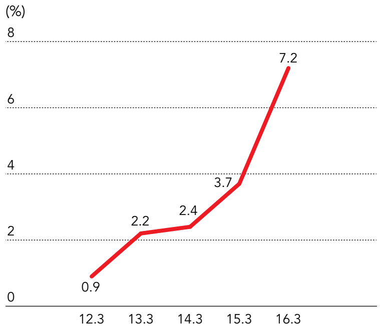
Profit Attributable to Owners of Parent



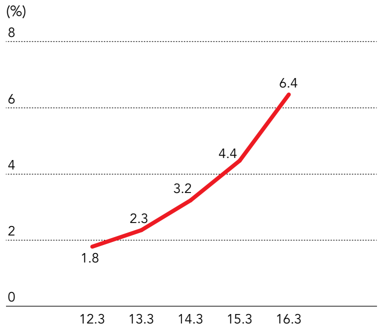
ROE



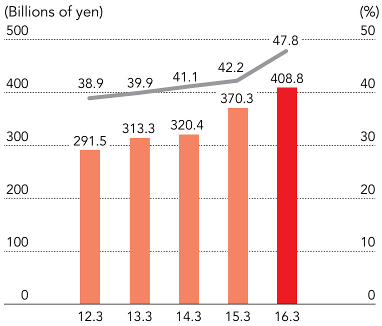
ROA



Operating Income Margin

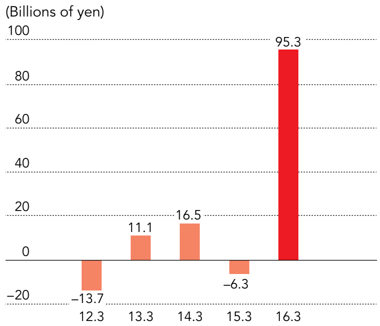


Shareholders' Equity* / Shareholders' Equity Ratio



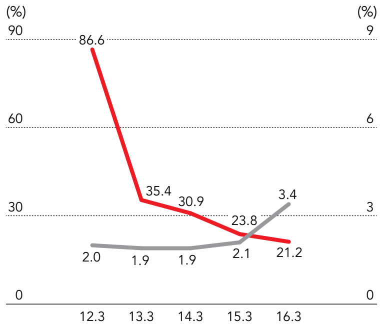
Shareholders' equity* (Left scale)
Shareholders' equity ratio (Right scale)
* Total net assets – Non-controlling interests

Free Cash Flow*



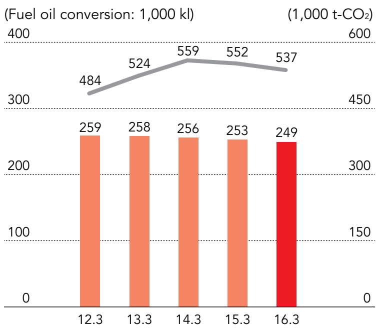
* Net cash provided by operating activities + Net cash used in investing activities

Dividend Payout Ratio / Dividends on Equity (DOE)



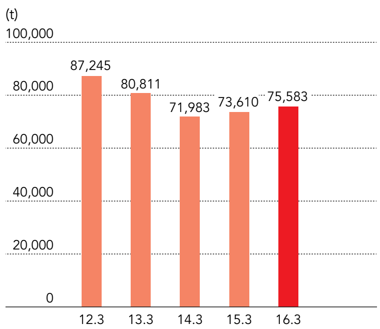
Dividend payout ratio (Left scale)
Dividends on equity (DOE) (Right scale)

Energy Consumption Volume / CO_2 Emissions

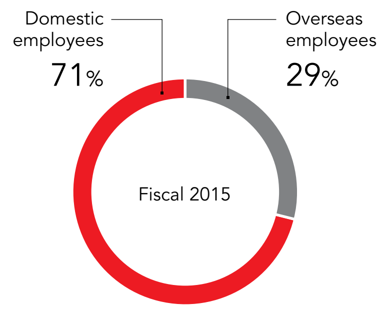


Energy consumption volume (Left scale)
CO_2 emissions (Right scale)

Trends in Industrial Waste Volume



Workforce Composition



Growth Trajectory

Launched in April 2015, medium-term business plan STEP UP 17 is the second step to realize the "Meiji Group 2020 Vision."

The main focus of STEP UP 17 is to *accelerate growth and achieve further improvement in profitability*. The Meiji Group celebrates its 100th anniversary this year. The Group will continue creating new value to boost the *meiji* brand value and sustain growth.

2009–2011
Medium-Term Business Plan
(Fiscal 2009–Fiscal 2011)

Enhancement of the *meiji* brand value

Growth of existing businesses

Pursuit of integration synergies

2012–2014
Medium-Term Business Plan
(Fiscal 2012–Fiscal 2014)

Higher profitability and strategic investments for future growth

TAKE OFF 14

- Strengthen and expand existing businesses (growth and priority businesses)
- Foster growth businesses (new and international businesses)
- Improve profitability

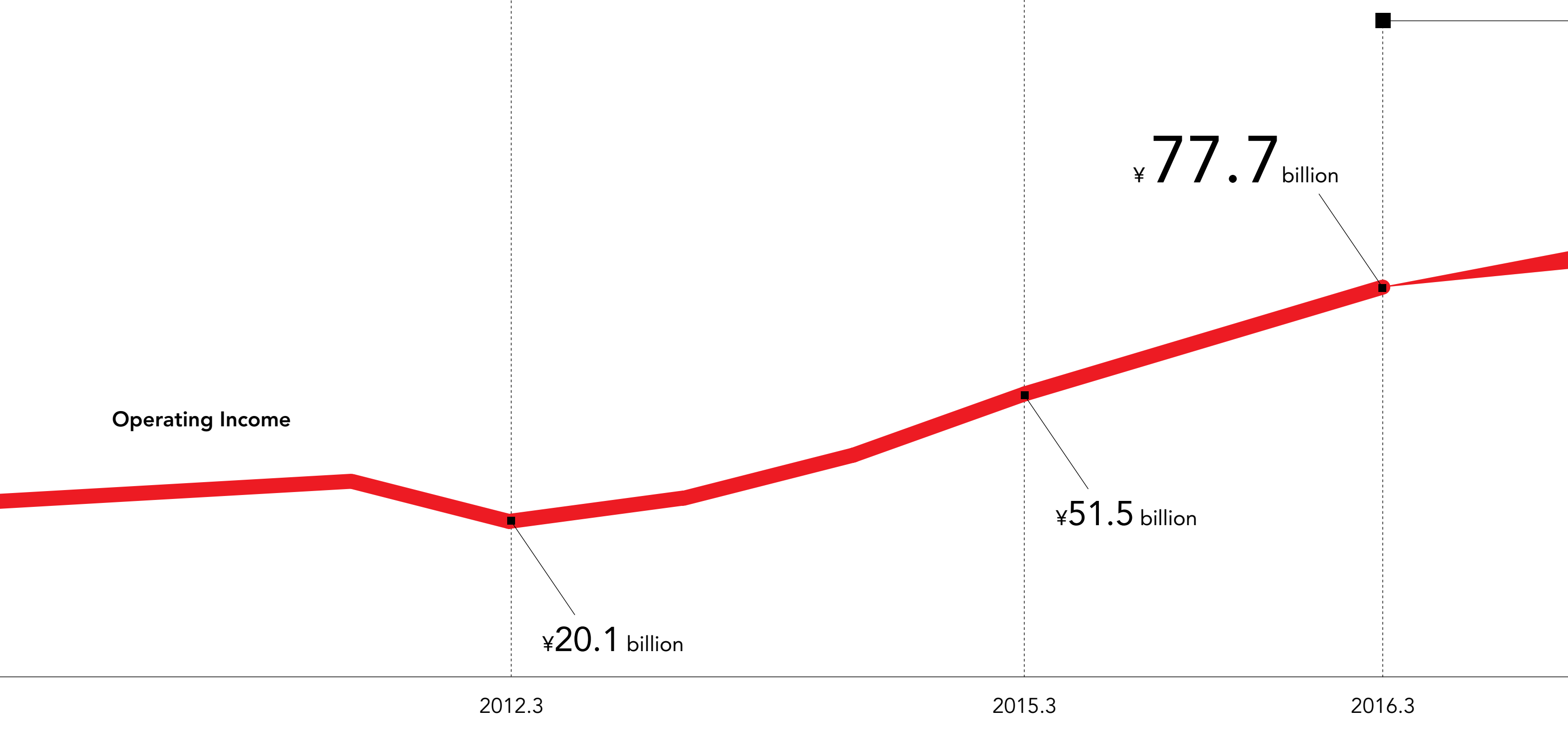
2015–2017
Medium-Term Business Plan
(Fiscal 2015–Fiscal 2017)

Accelerate growth and achieve further improvement in profitability

STEP UP 17

- Strengthen priority businesses and take on challenges for future growth
- Improve profitability to withstand harsh economic environment
- Expand international business
- Evolve the management system

Operating Income



Meiji Group
2020 Vision

2018–2020
Medium-Term Business Plan
(Fiscal 2018–Fiscal 2020)

Development into a global company

The Meiji Group aims to become:

A corporate group that brightens daily life by providing customers of all ages, from infants to the elderly, with foods that offer "Tastiness and Enjoyment" as well as products that contribute to customers' physical and emotional well-being.

Fiscal 2015 Business Results

Operating income
¥77.7 billion

Operating income margin
6.4%

ROE
16.1%

2018.3

2021.3

A Message from the President

Measures to *accelerate growth and achieve further improvement in profitability* are the main focus of the medium-term business plan STEP UP 17. In the plan's first fiscal year, we reached targets ahead of schedule. We aim to sustain growth and enhance corporate value over the medium to long term to meet shareholders' expectations.

Masahiko Matsuo
President and
Representative Director

1 Review of Fiscal 2015: Our Plan's First Fiscal Year

The medium-term business plan STEP UP 17 is the second step to realize the "Meiji Group 2020 Vision." The plan's fiscal 2017 numerical targets are net sales of ¥1,260.0 billion, operating income of ¥64.0 billion, and an operating income margin of more than 5.0%.

In fiscal 2015, the year ended March 31, 2016, and the plan's first fiscal year, we achieved net sales of ¥1,223.7 billion, operating income of ¥77.7 billion, an operating income margin of 6.4%, and ROE of 16.1%. Excluding gain on sale of real estate, ROE was 13.2%. Operating income surpassed the revised target announced in November 2015 as well as the plan's final year target. Moreover, we exceeded the 2020 Vision numerical targets, which are operating income of ¥75.0 billion, an operating income margin of more than 5%, and ROE of 10.0%. We achieved these results because we exploited strengths to create new value and cater to consumers' diverse needs. Also, favorable business conditions and consumption trends helped grow earnings.

Food Segment

In fiscal 2015, we increased pricing to reflect the portion of fiscal 2014's hike in raw material and energy costs that could not be offset by our internal efforts. Still, we believe our products provide excellent value for money. Further, sales of high-value-added core products grew, and we reduced overall costs steadily. Therefore, higher pricing resulted in a smaller-than-expected sales volume decrease. Consequently, we saw a steep rise in earnings. In particular, due to television programs that focused on the nutritional value of functional yogurts and chocolate in the fourth quarter, sales of and earnings from these products outperformed targets significantly.

Pharmaceuticals Segment

In Japan, antidepressant drug *REFLEX* and other mainstay products and generic drugs grew sales. Overseas, Medreich Limited and subsidiaries in Thailand and Indonesia helped increase revenues and earnings. We conducted R&D for future growth drivers and invested strategically. At the same time, we reduced variable and fixed costs steadily. On a recovery track, agricultural chemicals and veterinary drugs almost reached breakeven. As a result of the above factors, we more than compensated for a decline in revenues resulting from the absence of the previous fiscal year's one-time licensing revenues from OP0595.

Cash Flows

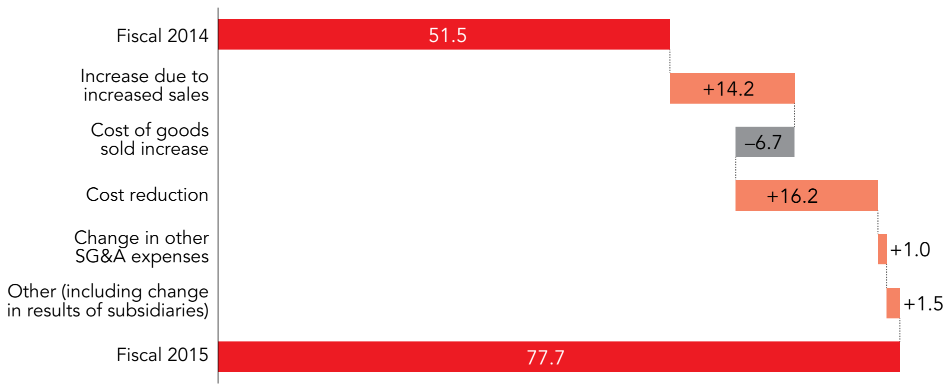
Free cash flow for the full fiscal year was ¥95.3 billion. As well as higher operating income, gain on sale of real estate contributed to free cash flow. We recorded capital expenditures of ¥42.3 billion, including investment to build a new plant in Aichi and to increase the production capacity for functional yogurts. We used cash to reduce interest-bearing debt and raise cash dividends. Based on the number of shares before the stock split*, cash dividends for the full fiscal year were ¥180.00, compared with ¥100.00 for the previous fiscal year. The dividend payout ratio was 21.2%, and ROE was 16.1%. Excluding gain on sale of real estate, the consolidated payout ratio was 25.8%, and ROE was 13.2%.

* We carried out a two-for-one stock split on October 1, 2015.

The Meiji Group's mission is to enrich the daily lives of customers of all ages by providing them with "Tastiness and Enjoyment" as well as products that contribute to their physical and emotional well-being. One of our strengths is our broad product lineup. We will focus on nutritional value and allocate our resources to advance selection and concentration in the product lineup. Also, we will implement structural reform. We aim to lower the number of new products and reduce the size of low margin product lineups and businesses. We will improve logistics efficiency further to increase productivity.

Analysis of Change in Operating Income

(Billions of yen)



A Message from the President

2 Fiscal 2016 Targets

In fiscal 2016, we expect higher revenues and a slight decrease in earnings. We are targeting net sales of ¥1,251.0 billion and operating income of ¥74.5 billion. At this point, we do not plan to increase pricing. We will keep earnings at approximately the same level year on year. On the other hand, major negative factors for earnings will be NHI drug price revisions, an increase in net periodic retirement benefit costs due to negative interest rates, and a slight decrease in profit due to the reduction of low margin product lineups. Also, the cost of cocoa beans, nuts, and other raw materials is likely to rise. Further, in the current fiscal year, domestic economic conditions may not be as favorable as in fiscal 2015. There is a growing sense of uncertainty as well as concern about the stagnation of consumer spending. Given such factors, we anticipate slightly lower earnings. However, we want to establish reliable earnings power. Therefore, we have positioned fiscal 2016 as a period for cementing the foundations of sustained growth and successfully building a leading position.

Earnings Changes by Segment

In the Food and Pharmaceuticals segments, we will steadily implement the concrete strategies originally set out for the second year of STEP UP 17. In both segments, we will select and concentrate on areas that promise growth and where we can exploit our advantages.

Food Segment

We will continue allocating management resources to core products to improve the product mix. The yogurt, chocolate, and nutritional product markets are expanding due to increasing health consciousness. Competition is expected to become even fiercer. However, our advantages are not only *lactobacillus* and cocoa bean research and nutrition engineering technology but also the marketing know-how to take advantage of accumulated competencies.

For functional yogurts, marketing will emphasize nutritional value, and we will increase production capacity to grow sales. As for chocolate, as well as long sellers, we will expand and improve our product lineup with *health* and *premium* as key words and grow sales. Demand for enteral formula (liquid diet) for consumers is expected to rise due to the government's promotion of nursing care at home. We will lead the expanding market for these products. In each product category, we will tackle tasks appropriately and outpace market growth.

We will also advance selection and concentration further to maximize the benefits of structural reform of manufacturing, logistics, and sales. We will continue to lower the number of products, reduce the size of low margin product lineups and businesses, and enhance productivity. Meanwhile, a decrease in the number of products will lower marginal profit. As a result, structural reform will be painful, but we feel it is a good time to act decisively to achieve further growth.

Growth Targets by Business Segment

		STEP UP 17 targets	Fiscal 2015 business results	Fiscal 2016 plan
Food segment	Net sales	¥1,080.0 billion	¥1,061.3 billion	¥1,073.0 billion
	Segment income	¥50.0 billion	¥68.2 billion	¥65.0 billion
Pharmaceuticals segment	Net sales	¥180.0 billion	¥164.5 billion	¥179.8 billion
	Segment income	¥14.0 billion	¥10.1 billion	¥10.0 billion

Production System

As well as investing to boost functional yogurt production capacity, we will ensure stable supplies of camembert cheese, chocolate, and other core products.

Improvement of Logistics Efficiency

In the Chubu area, we invested in fiscal 2015 to consolidate five logistics bases into one. The benefits of consolidation are apparent already. We plan to continue improving logistics efficiency further.

Improvement of Sales Efficiency

The merger and realignment of distributors is under way, and this change is affecting manufacturers. In response, in April 2016 we revised our sales organization to establish capabilities for major retailers. Consequently, we can respond to retailers in a detailed, efficient manner.

Pharmaceuticals Segment

The negative effect of NHI drug price revisions on earnings is expected to be significant. This is a challenge for us. Thus, it is important to develop a strategy to compensate for this negative effect and remain on a growth track.

Pharmaceuticals in Japan

We will concentrate our resources on the infectious diseases and CNS disorders fields as well as generic drugs. According to the latest information, our systemic antibacterial drugs and antidepressant drugs have the second largest shares of and are strengthening their presence in respective markets. In the CNS disorders field, we will expand our presence through mainstay antidepressant drug *REFLEX* and schizophrenia drug *SYCREST*, which was launched in May 2016. Further, we assumed the sales rights of chronic obstructive pulmonary disease (COPD) drug *ULTIBRO* in July 2016. As for generic drugs, we will reinforce our position as the leading manufacturer of generic drugs among brand-name drug companies. Our advantage in generic drugs is quality assurance, product supply reliability, and information provision on a par with that of brand-name drugs. We will reinforce this advantage and improve cost competitiveness. Also, we will bolster our lineup of generic drugs.

We have newly launched brand-name drugs and generic drugs in fields where we have advanced strengths. We will promote these new drugs with existing products to maximize sales in the first fiscal year after marketing.

Agricultural Chemicals and Veterinary Drugs

By narrowing down products and taking various reform measures to improve profitability, we are nearing breakeven. We are continuing structural reform to establish solid profitability.

STEP UP 17 Core Theme and Basic Policies

Accelerate growth and achieve further improvement in profitability
1. Strengthen priority businesses and take on challenges for future growth
2. Improve profitability to withstand harsh economic environment
3. Expand international business
4. Evolve the management system

	STEP UP 17 targets	Fiscal 2015 business results	Fiscal 2016 plan
Net sales	¥1,260.0 billion	¥1,223.7 billion	¥1,251.0 billion
Operating income	¥64.0 billion	¥77.7 billion	¥74.5 billion
Operating income margin	5%	6.4%	6.0%
ROE	more than 8%	16.1%	11%
Consolidated overseas sales	¥104.0 billion	¥80.2 billion	¥90.9 billion
Investment amounts	¥188.0 billion*	¥42.3 billion	—
R&D costs	¥81.7 billion*	¥27.3 billion	—

* Cumulative 3-year total

A Message from the President

3 International Business

The Meiji Group has businesses in many countries and regions, including China, India, Southeast Asia, the United States, and Europe. In fiscal 2015, overseas sales were ¥80.2 billion, which comprised ¥38.3 billion from the Food segment and ¥41.9 billion from the Pharmaceuticals segment and accounted for 6.5% of our total sales. During the three years of STEP UP 17, we will focus on emerging countries, which promise significant growth, and increase overseas sales to 8.0% of our total sales.

In both the Food and Pharmaceuticals segments, we launch products under the *meiji* brand. When each business establishes a strong presence in respective markets, the *meiji* brand will accumulate customer trust. Overseas, we hope customers recognize *meiji* as a trusted corporate brand in Food and Health in the same way that they do in Japan. As an intangible resource, the brand will strengthen product rollouts and accelerate overseas development.

In the Food segment, we concentrate on China and the United States. In China, we sell yogurt, chilled milk, chocolate, and ice cream, which are mainstay products in Japan. We would like to grow sales through these businesses in each country and improve brand recognition synergistically. We will achieve differentiation through high-value-added products, create new markets, and grow sales significantly. In the United States, *meiji* brand chocolate snacks are recording brisk sales. In the fourth quarter of fiscal 2015, we began manufacturing *Hello Panda* locally. Therefore, we will focus on increasing *Hello Panda* sales.

In the Pharmaceuticals segment, Medreich has contributed to the increase in overseas sales. We will capture growing outsourcing demand from major pharmaceuticals companies and expand contract manufacturing organization (CMO) and contract development and manufacturing organization (CDMO) businesses. Also, we will invest to establish capabilities for manufacturing products of sufficient quality for Japan's market. We will have the capacity to supply more than 3 billion tablets to Japan. We will start supplying products from fiscal 2017.

The ASEAN region could become a huge market. We have production bases in such countries as India, Indonesia, and Thailand that provide good access to the region. We will exploit these foundations to focus on priority products and markets and boost sales.

4 Governance

More than a year has passed since the adoption of Japan's Corporate Governance Code in June 2015. We have established a governance policy. Also, we are taking measures to invigorate the Board of Directors and increase the transparency of business management. In the current fiscal year, we appointed two outside directors, which increased the number of outside directors from two to three. In business management, we will reflect their viewpoints and opinions, which are based on their expertise and experience. Further, we introduced annual evaluations of the Board of Directors. Through a questionnaire, directors and corporate auditors provide self-evaluations of the effectiveness of the Board of Directors. We analyze these evaluations and use them to enhance the functions of the Board of Directors. We exchange information with outside directors and outside corporate auditors and share this information with internal directors.

The Meiji Group values dialogue with shareholders and other investors. We disclose appropriate, timely financial information about business results and non-financial information about management strategies and tasks, risk, and governance. We will intensify dialogue that is themed on medium-to-long-term prospects and focuses on the direction of business management. We actively seek dialogue with investors regarding non-financial information related to the environment, society, and governance. We appreciate requests, opinions, and comments on management issues from shareholders and other investors. We use this feedback in business management and to enhance corporate value.

Given our goal of growing and developing into a global Food and Health corporate group, we established the Meiji Group Procurement Policy and the Meiji Group Policy on Human Rights and included them in our website in April 2016. We will provide customers with safe and reassuring products.

As we grow, our corporate social responsibility will increase. Bearing the weight of this responsibility in mind, we will enhance communication with stakeholders and benefit society further.

5 Conclusion

Our earnest wish is to contribute to the health of customers in all regions and of all ages and become a corporate group that can compete globally. Under STEP UP 17, we will tackle and solve a range of issues, increase earnings power, and enhance corporate value.

We will improve profitability, which is still slightly low, and grow both the profit margin and earnings. In this way, we will keep ROE above 10%. As for the cash flows from higher earnings, we will invest in growth and measures to raise efficiency. In light of the medium-to-long-term business outlook, we will provide stable and sustainable distribution of profit to shareholders, using a dividend payout ratio of approximately 30% as a target. Other than cash for investment and cash dividends, we will decide on the allocation of cash based on the following: consideration of the strengthening of our financial base, future capital demand, optimal capital structure, and market trends.

The Meiji Group will create new value in Food and Health fields, boost the value of the *meiji* brand, and enrich the daily lives of customers in Japan and overseas. As a result, we will realize sustained growth, meet the expectations of shareholders and other investors, and earn their trust.

We would like to ask stakeholders for their continued understanding and support.

Masahiko Matsuo
President and
Representative Director

Progress under Medium-Term Business Plan STEP UP 17 and Priority Strategies in Its Second Year

In fiscal 2015, we began implementing the strategies based on STEP UP 17. The main focus of the medium-term business plan is to *accelerate growth and achieve further improvement in profitability*.
In this section, we report on the progress of efforts to *strengthen priority businesses and take on challenges for future growth* and *expand international business* and summarize priority strategies in the plan's second year.

Strengthen Priority Businesses and Take on Challenges for Future Growth

Food Segment

In the Food segment, we will position products that have strong competitive advantages and which contribute to healthy diets as core products and concentrate management resources on them.

For yogurt, chocolate, and enteral formula—which have particularly strong competitive advantages—respective businesses will take on the challenge of increasing market share.

Pharmaceuticals Segment

In the Pharmaceuticals segment, we will concentrate management resources on growth fields and markets.

In Japan's market, we will provide brand-name drugs and generic drugs in the fields of infectious diseases and central nervous system (CNS) disorders to develop as a "Specialty and Generic Pharmaceuticals Company."

In international markets, we will strengthen efforts in regions promising growth.

Food Segment

Yogurt

Pursue advantages to further strengthen overwhelmingly strong products

Market Environment

In fiscal 2015, Japan's yogurt market expanded significantly, growing 10.9% year on year, to ¥388.0 billion. Media coverage focused on yogurt as a food that improves gut flora, which affects health. This coverage raised awareness of yogurt's nutritional value among consumers.

Functional yogurts drove market expansion, and sales of plain yogurts rose markedly year on year. Sales of products labeled as functional foods also increased. Further, yogurt drinks in a convenient format grew sales.

Progress and Priority Strategies

Yogurt sales grew significantly, increasing 15.0% from the previous fiscal year's level. We maintained a strong market presence, with our share of the yogurt market edging up 5.9 percentage points year on year, to 48.9%*.

* Source: INTAGE Inc., SRI (yogurt market)
April 2015–March 2016 market share (money amount)

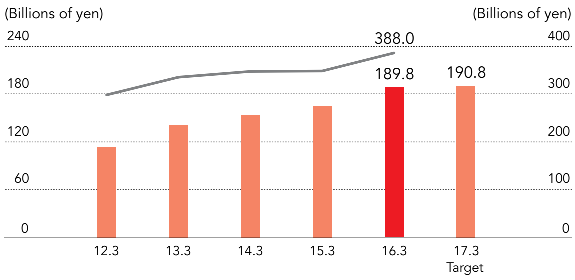
Functional yogurt sales were up significantly. Awareness of nutritional value increased, and functional yogurts penetrated further into the market. Sales of *Meiji Probio Yogurt R-1* continued to grow strongly. Launched in April 2015, *Meiji Probio Yogurt PA-3* surpassed initial sales targets and contributed to sales growth. Long-seller brand *Meiji Bulgaria Yogurt* grew sales year on year. An increase in the ways of eating yogurt spurred higher demand. Thanks to lineup expansion, yogurt drinks maintained strong growth.

In fiscal 2016, our strategy for functional yogurts is to continue boosting sales of three products: *Meiji Probio Yogurt R-1*, *Meiji Probio Yogurt LG21*, and *Meiji Probio Yogurt PA-3*. We will grow sales of *Meiji Probio Yogurt R-1* and *Meiji Probio Yogurt LG21* steadily and establish *Meiji Probio Yogurt PA-3* in the market. We will emphasize to consumers the nutritional value of our products.

We will continue growing sales of long-seller brand *Meiji Bulgaria Yogurt*, launched more than 40 years ago. We will highlight the tastiness and nutritional value of LB81 *lactobacilli* by offering new value and expanding the lineup of yogurt drinks. Through these efforts, we will realize sales under the *Meiji Bulgaria Yogurt* brand of ¥100.0 billion early.

For the yogurt business as a whole, we aim to achieve sales of ¥200.0 billion in fiscal 2020. We will raise market share to 50.0% and establish an overwhelming No. 1 position in the market.

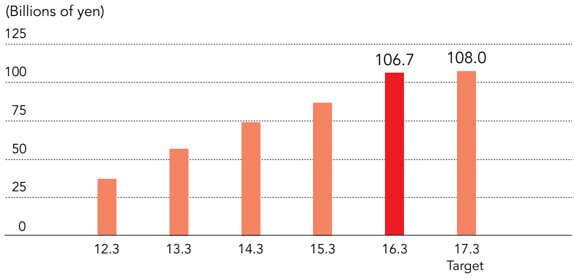
Japan's Yogurt Market Size* and the Meiji Group's Sales of Yogurt Products



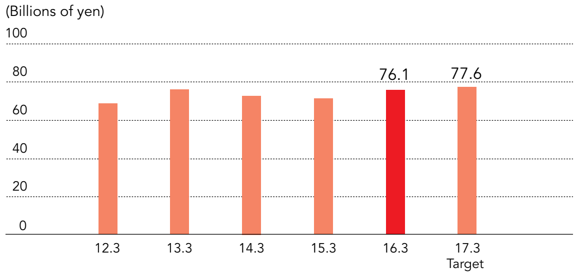
Yogurt products (Left scale) — Market size (Right scale)

* Market size based on Meiji Holdings' research

Sales of Functional Yogurts



Sales of *Meiji Bulgaria Yogurt*



Progress under Medium-Term Business Plan STEP UP 17 and Priority Strategies in Its Second Year

Chocolate

Increase market share focusing on *health* and *premium* value

Market Environment

In fiscal 2015, Japan's chocolate market grew 3.6% year on year, to ¥363.6 billion. Two types of demand are driving the growth of the chocolate market. First, there has been a surge in demand for functional chocolate, which has risen 2.5 times in the past three years. Coverage of the various health benefits of cocoa polyphenols has been widespread. Heightening health consciousness—particularly among senior citizens, who have purchasing power—has provided a tailwind. Second, demand for premium chocolate with differentiated quality has increased.

Progress and Priority Strategies

Chocolate sales grew steadily, rising 3.0% year on year. The Group claimed a 23.9%* share of the chocolate market and maintained its No.1 position.

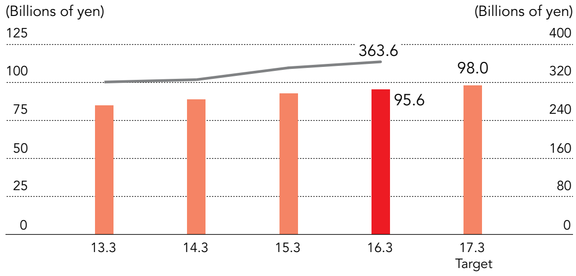
Interest in cocoa polyphenols and cocoa proteins heightened, and sales of products with high cocoa content increased. Sales of the *Chocolate Kouka* series surpassed those of the previous fiscal year significantly.

The chocolate snack *Galbo* saw a large rise in sales, partly due to a contribution from sales of a new product in the lineup.

In fiscal 2016, we will continue concentrating on high-value-added products and long-seller brands and improving the product mix to raise the operating income margin. We will also continue emphasizing information about the various benefits of cocoa polyphenols and cocoa proteins. We will increase the number of consumers who eat bitter chocolate—rich in cocoa polyphenols—and expand the chocolate market.

We procure cocoa beans, for which we have the in-house expertise and technology to ferment, roast, and grind to maximize their delicate flavors. This "bean-to-bar" business model integrates all stages from cocoa bean procurement through to chocolate manufacturing. We will further entrench our premium chocolate lineup's pricing in the market.

Japan's Chocolate Market Size and the Meiji Group's Sales of Chocolate Products



Chocolate products (Left scale) — Market size (Right scale)

Source (Market size): e-okashi net (organization jointly established by Japan Confectionery Wholesalers Association and All Nippon Kashi Association)

We will stimulate demand for chocolate by developing functional chocolate that is abundant in cocoa polyphenols and caters to growing health consciousness as well as premium chocolate featuring the rich flavor and aroma of cocoa beans. We aim to achieve sales of ¥100.0 billion and to raise market share to 30.0%.

* Source: INTAGE Inc., SRI (chocolate market) April 2015–March 2016 market share (money amount)

Chocolate Kouka

Meiji The Chocolate

Kinoko no Yama
Takenoko no Sato

Galbo

Nutritional Products

Apply nutrition engineering technology to enhance products' value

Market Environment

In the food for the elderly market, demand is rising due to increasing numbers of elderly people and nursing home residents. Enteral formula accounts for the largest portion of this market. Hospitals and nursing homes are the main sales channels for enteral formula. In fiscal 2015, nursing-care compensation was lowered, and nursing-care providers are seeking cost reductions. Due to this and other factors, price competition has become fiercer in recent years, and sales growth has softened. In fiscal 2015, the enteral formula market was worth ¥69.0 billion*, down 6.0% year on year. On the other hand, as the government encourages home care, demand for consumer products is expected to grow. Sales of enteral formula are rising at drugstores, and awareness of these products is increasing. The protein for sports use market accounted for revenues of ¥14.4 billion. As the 2020 Tokyo Summer Olympic and Paralympic Games approach, health consciousness is growing among consumers. The number of people who have just started consuming protein for sports is rising. Also, the number of junior athletes and joggers using these products is increasing.

* Market size based on Meiji Holdings' research

Progress and Priority Strategies

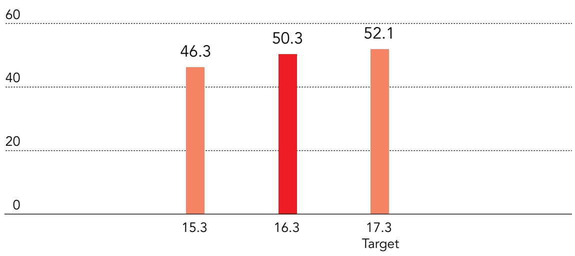
Sales of enteral formula were up significantly year on year. Sales of *Meiji Mei Balance Mini Cups* for the consumer product market recorded a steep rise. Awareness of nutrition for seniors is increasing, and product recognition is growing.

Sales of sports nutrition products saw a large year-on-year rise. A significant increase in *SAVAS* sales from the previous fiscal year's performance reflected greater demand from high-frequency users, efforts to popularize the product among high school students who participate in sports, and higher sales to people who are health conscious and have just started consuming protein for sports.

In fiscal 2016, our strategy for enteral formula is to strengthen sales capabilities and increase sales in the consumer product market. We will advance product recognition and encourage understanding of the importance of nutrition for seniors. We will also increase sales to nursing-care providers and step up promotion activities. We will apply our experience in nutrition engineering acquired through the development of infant formula. Moreover, we will leverage original containers that make products easy to hold and drink to attract seniors.

As for sports nutrition products, we will advance promotion activities. In addition to our existing target, athletes, we will capture demand from new users who want to become fit and healthy as well as women who are dieting. We will strengthen products and brands to suit such target groups.

Sales of Nutritional Products*



* Nutritional products: Infant formula, food for the elderly, enteral formula, etc.

Meiji Mei Balance series

SAVAS

Progress under Medium-Term Business Plan STEP UP 17 and Priority Strategies in Its Second Year

Pharmaceuticals Segment

Pursue advantages to further strengthen overwhelmingly strong products

Business conditions in Japan are changing significantly. As part of its policy of curbing medical costs, the government is undertaking biannual National Health Insurance (NHI) drug price revisions, reform of the drug pricing system, repricing for market expansion, and accelerated adoption of generic drugs. Meanwhile, the government is promoting the development of brand-name drugs through a priority review system and the additional allocation of funds to new drug discovery.

As a "Specialty and Generic Pharmaceuticals Company," the Pharmaceuticals segment will heighten the presence of its brand-name drugs and generic drugs in strategic fields. Further, we will use production bases in Japan and overseas to realize low-cost operations. We will cater to diverse medical needs and sustain growth.

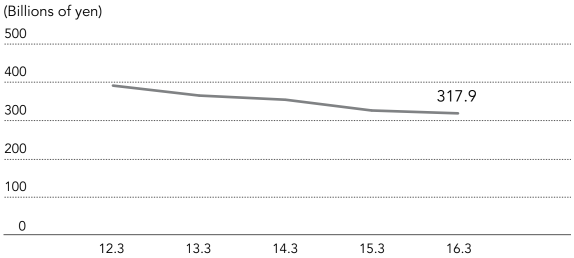
Market Environment

Drugs for infectious diseases:
The promotion of appropriate antibiotics use to control antibiotic resistance is curbing improper use of these drugs. Because R&D of antibacterial drugs has become much more difficult, generic drugs have begun to replace long-term listed drugs, and drug prices are being reduced constantly. Accordingly, Japan's market for systemic antibacterial drugs is shrinking.

Drugs for CNS disorders:
Revenues from some antidepressant drugs and schizophrenia drugs that were once market drivers have decreased due to their replacement by generic drugs and NHI drug price revisions. However, drugs with new pharmacological properties are being marketed, and the number of patients with CNS disorders is rising due to changes in social conditions and working environments. The market is expected to continue growing.

Generic drugs:
The government's medical costs containment policy accelerates the promotion of generic drugs. To fulfill the target volume, demand for generic drugs is increasing rapidly. On the other hand, the government has revised the rules for calculating generic drug pricing. Consequently, NHI drug price revisions will have a greater effect on generic drug prices. We must reduce costs and strengthen price competitiveness while maintaining quality and supply reliability.

Japan's Systemic Antibacterial Drug Market Size*



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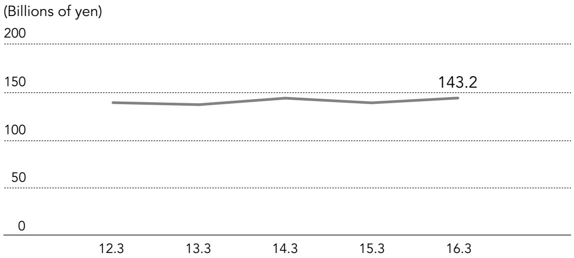
* Market scope as defined by Meiji Seika Pharma

Japan's Antidepressant Drug Market Size*



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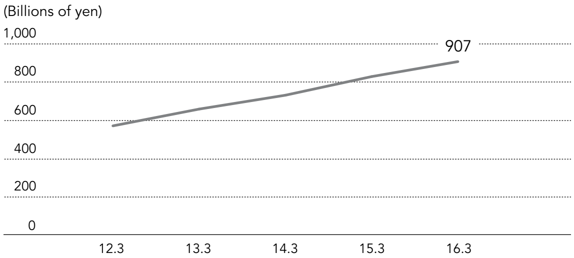
* Market scope as defined by Meiji Seika Pharma

Japan's Generic Drug Market Size*



* Market size based on Meiji Holdings' research

Drugs for Infectious Diseases

Progress and Priority Strategies

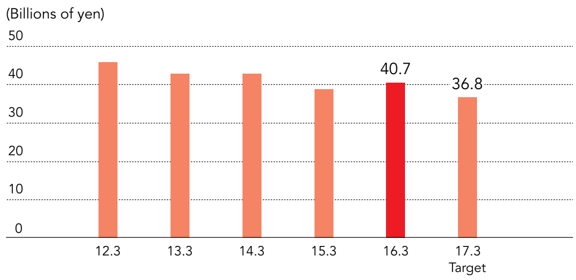
We increased our presence, and our share of Japan's market for systemic antibacterial drugs rose from fiscal 2014's No. 3 position to the No. 2 position in fiscal 2015.

Sales of *MEIACT* declined year on year due to generic erosion. Meanwhile, *ORAPENEM* sales significantly outperformed those of the previous fiscal year.

In fiscal 2016, we will maintain sales of *MEIACT* and increase those of *ORAPENEM* and antibacterial generic products.

In a related area, we assumed the sales rights of chronic obstructive pulmonary disease (COPD) drug *ULTIBRO* in July 2016. We will raise awareness of COPD and offer a variety of medication to meet the needs of patients with respiratory disease.

The Meiji Group's Sales of Drugs for Infectious Diseases



Drugs for CNS Disorders

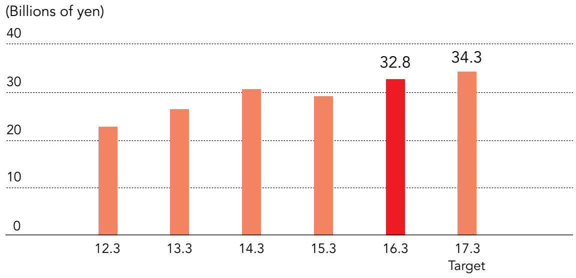
Progress and Priority Strategies

In fiscal 2015, our share of Japan's antidepressant drug market remained at No. 2 and our presence continued to increase. Sales of antidepressant drug *REFLEX* grew substantially year on year due to the promotional activities undertaken by medical representatives (MRs).

Regarding combined market share for antidepressant drugs and schizophrenia drugs, we aim to achieve the No. 3 position in fiscal 2016 and the No. 1 position thereafter.

In response to growing demand for antidepressant drugs, we will increase sales of *REFLEX*, which has a unique mechanism of action. In May 2016, we launched schizophrenia drug *SYCREST*. With rapid absorption and a good safety profile, this drug has the potential to become a new option for the treatment of acute-phase schizophrenia. We will strengthen promotional activities to foster *SYCREST* as a mainstay among our drugs for CNS disorders. In the CNS disorders field, patients have diverse symptoms, making it important to manage disorders by medication with different drug profiles. To increase therapeutic options, we will advance the development of schizophrenia drug Ziprasidone, currently in phase III clinical trials. Also, we will expand and improve the lineup of generic drugs.

The Meiji Group's Sales of Drugs for CNS Disorders



Progress under Medium-Term Business Plan STEP UP 17 and Priority Strategies in Its Second Year

Generic Drugs

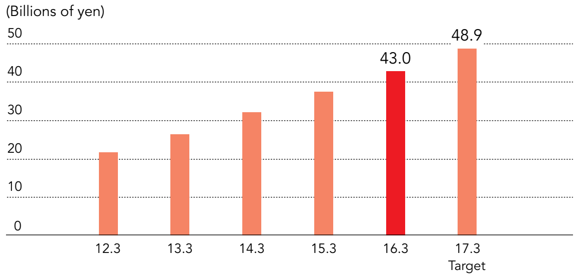
Progress and Priority Strategies

Generic drug sales rose sharply year on year, and we posted the highest sales of generic drugs among brand-name drug companies in Japan.

Mainstay calcium channel blocker *AMLODIPINE Tablets Meiji* and antibacterial drug *SULBACILLIN for Injection Meiji* performed favorably. Antibacterial drug *TAZOPIPE Combination for I.V. Infusion Meiji*, launched in December 2015, and antidepressant drug *SERTRALINE Tablets Meiji* both contributed to sales growth.

In fiscal 2016, we will maintain our No. 1 position in sales of generic drugs among brand-name drug companies in Japan. We will grow sales of existing products with a focus on *AMLODIPINE Tablets Meiji*, Alzheimer's therapy drug *DONEPEZIL Meiji*, and other generic blockbuster products. Also, we will enhance our development pipeline and increase sales. We will procure inexpensive bulk drugs and enhance productivity to heighten cost competitiveness and minimize the effect of NHI drug price revisions.

The Meiji Group's Sales of Generic Drugs



Our advantages in the generic drugs field are quality assurance, stable product supply, and information provision on a par with those of brand-name drugs. We will use these advantages to reinforce our leading position. Core hospitals are likely to increase in importance as a part of the regional healthcare system. Therefore, we will step up promotion activities targeting them to grow sales.

R&D Pipeline of Ethical Pharmaceuticals

Field	Project	Status (FY 2016.3 → 2017.3 → 2018.3)
Infectious diseases	**ME1111:** In-house / Antionychomycosis	Phase II (PoC*1)
Infectious diseases	**ME1100 (*ARBEKACIN*):** In-house / Hospital-acquired bacterial pneumonia, Ventilator-associated bacterial pneumonia	QIDP*2 Qualified → Phase I
Infectious diseases	**OP0595:** In-house / Out-licensed to F. Hoffmann-La Roche (Switzerland) / β-lactamase inhibitor	Out-licensed
CNS disorders	***SYCREST* (ME2136 Asenapine):** Merck Sharp & Dohme (Netherlands) / Schizophrenia drug	Approved → Launched
CNS disorders	***DEPROMEL* (SME3110 Fluvoxamine):** AbbVie (Co-development) / Pediatric OCD	Phase III → Applied
CNS disorders	**ME2112 (Ziprasidone):** RaQualia Pharma / Schizophrenia drug	Phase III (Including long-term administration trial)
CNS disorders	**ME2125 (Safinamide):** Newron Pharmaceuticals (Italy) / Anti-Parkinson's disease	Phase II / III (Including long-term administration trial)
CNS disorders	***REFLEX* (Expanded indication):** Merck & Co., Inc. (U.S.) / Fibromyalgia treatment	
New fields	***LASERPHYRIN* (Expanded indication):** Esophageal cancer treatment	Approved
New fields	**SP-02L (Darinaparsin):** Solasia Pharma K.K. / Relapsed and refractory peripheral T-cell lymphoma (PTCL)	Phase II
New fields	**DMB-3111 (Trastuzumab biosimilar):** Dong-A Socio Holdings (South Korea) / Breast cancer, Gastric cancer	Out-licensing

R&D Pipeline of Agricultural Chemicals

Project	Status (FY 2016.3 → 2017.3 → 2018.3)
ME5343 (afidopyromen)*3: BASF (Germany) (Co-development) / Insecticide	Applied
ANM-138: Nippon Kayaku (Co-development) / Insecticide	Applied → Approval from relevant countries in stages → Approve
Fungicide: Dow AgroSciences (U.S.) (Co-development)	Applied → Approve → Approve
ME5382: Insecticide	Apply

Japan / Overseas

*1. PoC: Proof of concept
*2. QIDP: Qualified Infectious Disease Product
*3. Discovered by Meiji with Kitasato Institute

Expand International Business

To realize sustainable growth, we must establish a significant presence in international markets. Under STEP UP 17, we will identify market needs and expand our international businesses in each region and increase earnings power.

Food Segment

Emphasize unique value in international markets and realize business growth

We will expand our businesses and improve profitability in China, Asia, and the United States, our priority areas.
In international markets, we will use experience and expertise developed and accumulated in Japan to roll out a lineup of products with unique added value. Through these high-value-added products, we will grow businesses and enhance earnings.

China

Progress and Priority Strategies

Overall, the performances of businesses in China improved significantly year on year.

The confectionery business grew sales of products for wedding gifts as well as boosted exports to Southeast Asia. Our chocolate is earning increasing support as a high-quality product. The milk and yogurt businesses introduced new products and expanded sales areas. Yogurt sales were brisk, and heightening health consciousness grew plain yogurt sales. The ice cream business began full-fledged production in January 2015.

Until now, we have focused on laying foundations. However, we aim to lift sales to ¥20.0 billion in fiscal 2017.

Chocolate

We will leverage a favorable brand image to extend sales beyond the Shanghai area in the strong market for wedding gifts. We will increase exports from Shanghai to Hong Kong and Southeast Asia.

Yogurt

The market for yogurt is expanding. Our product lineup includes plain yogurt, fruit yogurts, and yogurt in medium-sized cups and meets local needs. We will increase the number of stores carrying our products and grow sales further.

Progress under Medium-Term Business Plan STEP UP 17 and Priority Strategies in Its Second Year

Ice Cream

The market for mid-to-high-end products is growing. We will launch products that include typically Japanese ingredients, such as adzuki beans and condensed milk, to provide high-value-added "premium-quality ice cream from Japan." We will expand our sales areas from southern China to eastern and northern regions of the country and boost sales.

Asia

Progress and Priority Strategies

In the confectionery business, sales of mainstay *Yan Yan* chocolate snacks were favorable. We sell *Hello Panda* and *Yan Yan* chocolate snacks in more than 50 countries, and they are loved around the world. In the Middle East, sales of chocolate snacks rose.

Equity-method affiliate CP-Meiji Co., Ltd., a joint venture with Charoen Pokphand Foods PCL, of Thailand, manufactures and sells yogurt and milk. CP-Meiji has established a position as the leading brand, boasting an approximately 50% share* of the chilled milk market in Thailand. As for yogurt, in January 2016 we launched *Meiji Bulgaria Yogurt Drink*, which is selling well. Also, sales of fermented milk drinks in Thailand grew significantly.

The export business achieved significant year-on-year increases in sales of confectioneries and *Amino Collagen* to Thailand and Hong Kong. Exports of infant formula to Pakistan's growing market were much higher than in the previous fiscal year.

In fiscal 2016, we will continue growing sales of chocolate snacks. In the Middle East, we will expand the sales area for chocolate snacks. We will boost sales of yogurt and milk in Thailand and surrounding countries. Also, the export business will increase sales.

* Meiji Holdings' estimate

Meiji Bulgaria Yogurt sold by CP-Meiji

Hello Panda

Yan Yan

Drinking milk sold by CP-Meiji

United States

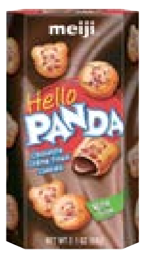
Progress and Priority Strategies

Under the *meiji* brand, *Hello Panda* and *Chocorooms*, which are chocolate snacks distributed by Meiji America Inc., sold briskly. Combining chocolate and biscuit, our chocolate snacks have gained popularity.

The mainstay product of D. F. Stauffer Biscuit Co., Inc., *Animal Crackers* is carried by major supermarkets and is popular throughout the United States.

In the fourth quarter of fiscal 2015, we began manufacturing *Hello Panda* in the United States. In fiscal 2016, we will acquire customers among regional chain stores and increase sales. We will grow sales of the above *meiji* brand products and earnings.

Animal Crackers



Hello Panda

Chocorooms

Pharmaceuticals Segment

Develop core international businesses to rival core domestic businesses

In the ASEAN region's pharmaceuticals market, demand is expected to increase as populations rise and the availability of health-care improves. The Meiji Group has production bases in Indonesia, Thailand, and India, which provide favorable access to the ASEAN region. Also, we have the generic drugs sales network of Medreich Limited. Through product lineups optimized for the needs of each country's market, we will increase sales in respective countries and their surrounding countries.

Aiming to reduce manufacturing costs, pharmaceuticals companies are making greater use of contract manufacturing worldwide. The global market for contract manufacturing organization (CMO) is projected to reach US$79.0 billion by 2019*. It is estimated that this market will expand until 2025. Catering to major global pharmaceuticals companies, Medreich has a strong track record in the CMO business, the contract development and manufacturing organization (CDMO) business, and the manufacture and sale of generic drugs.

* Market size based on Meiji Holdings' research

Progress and Priority Strategies

The export business grew sales of antibacterial drug *MEIACT* significantly year on year. As for overseas subsidiaries, businesses in Indonesia and Thailand performed favorably. Also, the inclusion of Medreich, of India, as a consolidated subsidiary contributed to business results.

We have bases in China, Indonesia, Thailand, and Spain, which are engaged in the manufacture and sale of pharmaceuticals. We also have businesses in Russia and Vietnam. In the ASEAN region, we will grow sales of our strategic in-house products *MEIACT*, an antibacterial drug, and *ADANT*, a hyaluronic acid injection for arthritis, as well as generic drugs. In emerging countries, there is strong demand for antibacterial drugs, one of our particular strengths. We will provide products with outstanding quality and safety and grow sales in emerging countries.

Grow CMO and CDMO Businesses

The strengths of Indian subsidiary Medreich are its CMO and CDMO businesses. The company will continue to grow these businesses as well as operations for the manufacture and sale of generic drugs.

Medreich will begin supplying generic drugs to Japan in fiscal 2017. In this initiative, we will invest ¥2.3 billion, secure the capacity to supply more than 3 billion tablets, and establish a system for stable product supply and quality assurance.

Medreich

Review and Analysis of Fiscal 2015 Results

Overall Operating Results

Business Overview

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

Management Results

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

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

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

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

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

Segment Results

Food Segment

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

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

Pharmaceuticals Segment

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

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

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

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

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

Financial Position

Assets

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

Liabilities

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

Net Assets

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

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

Cash Flows

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

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

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

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

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

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

Review and Analysis of Fiscal 2015 Results

Dividends and Basic Policy Concerning Profit Dividends

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

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

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

Business Risks

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

1. Prices Increases of Raw Materials

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

2. Effect of Business Globalization

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

3. Weather

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

4. Changes in the Business Environment Faced by the Dairy Products Industry

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

5. Food Product Safety

The Meiji Group takes various actions to ensure product safety and preventative measures against risks foreseen to occur throughout production. However, if there is a large-scale product recall, or even if there is not any direct problem with the Group's products, rumors in the food industry might affect the Group's products, which could result in a drop in sales, huge costs, etc. These have the potential to impact the Group's business results and financial position.

6. Side Effects in Pharmaceuticals

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

7. Government Trends in Medical Care

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

8. Research and Development in the Pharmaceuticals Business

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

9. Lawsuits

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

10. Information Leaks

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

11. Natural Disasters

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

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

Consolidated Balance Sheet

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

Assets

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

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets

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

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

	2016	2015	**2016**
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	**26,417**	26,965	**234,447**
Deferred gains or losses on hedges	**8**	85	**71**
Foreign currency translation adjustments	**3,137**	7,558	**27,846**
Remeasurements of defined benefit plans (Note 13)	**(17,334)**	(6,711)	**(153,836)**
Non-controlling interests	**10,278**	9,961	**91,215**
Total net assets	**419,152**	380,302	**3,719,848**
Total liabilities and net assets	**¥856,115**	¥877,367	**$7,597,759**

Consolidated Statement of Income

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

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

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

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

Consolidated Statement of Comprehensive Income

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

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

Millions of yen

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

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

Thousands of U.S. dollars

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

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

Consolidated Statement of Cash Flows

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

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Meiji Holdings Co., Ltd.

1. Basis of Presenting Consolidated Financial Statements

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

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to present the information in a form familiar to readers outside Japan. The accounts and the financial statements of the Company and its subsidiaries are maintained in Japanese yen. For the convenience of the reader, the accompanying consolidated financial statements are also presented in U.S. dollars by converting Japanese yen amounts at the exchange rate of ¥112.68 to US$1 prevailing on March 31, 2016. This translation should not be construed as a representation that all amounts shown could be converted into U.S. dollars at such rate.

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

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

2. Significant Accounting Policies

a) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees are accounted for by the equity method. The consolidated financial statements consist of the Company and its 59 consolidated subsidiaries. All significant intercompany transactions and accounts have been eliminated. Accounts of subsidiaries whose business year-ends are December 31 have been included using financial information at that date with appropriate adjustment where necessary. Investments in six affiliates are accounted for by the equity method. The difference between the cost and underlying net equity at acquisition of investments in consolidated subsidiaries and affiliates is allocated to identifiable assets based on fair value at the date of acquisition. The unallocated portion is recognized as goodwill and amortized over a period of 5–10 years on a straight-line basis.

b) Translation of Foreign Currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the consolidated balance sheet date. The difference arising from the translation is accounted for as a gain or loss.

The assets and liabilities of overseas subsidiaries are translated into Japanese yen at the year-end rate, whereas the income and expenses of overseas subsidiaries are translated into Japanese yen using the average exchange rate during the fiscal year. The translation adjustments are included in foreign currency translation adjustments and non-controlling interests in the net assets section of the consolidated balance sheet.

c) Investment Securities

Investment securities are valued using the following standards and methods.

Held-to-maturity securities

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

Other securities

Securities that have market prices:

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

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

Securities that have no market prices:

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

d) Derivatives

Derivatives are valued by the market value method.

e) Inventories

Inventories are stated at cost determined mainly based on the average method (cost is written down to reflect the decline in their profitability).

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

The Company and its domestic consolidated subsidiaries

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

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

Overseas consolidated subsidiaries
The straight-line method is primarily used for depreciation.

The estimated useful lives of the assets are as follows:

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

g) Intangible Fixed Assets (excluding lease assets)
Amortization of intangible fixed assets is calculated primarily by the straight-line method. Amortization of internal-use software is calculated by the straight-line method based on the estimated useful lives of five years.

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

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

p) Cash and Cash Equivalents

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

q) Derivative Financial Instruments

(1) Method of hedge accounting

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

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

(2) Hedge instruments and hedged items

Hedge instruments:	Hedged items:
Forward foreign exchange contracts and other instruments	Trade payables and receivables denominated in foreign currencies and forecasted transactions denominated in foreign currencies
Interest rate and currency swap contracts	Interest on loans payable and loans payable

(3) Hedge policy

Some of the Company's consolidated subsidiaries use forward foreign exchange contracts and other instruments to mitigate the currency exchange rate risk associated with import and export transactions conducted in the normal course of business. The Company uses interest rate and currency swap transactions to reduce the interest rate and foreign exchange rate fluctuation risk involved in procuring funds. The Company and its consolidated subsidiaries do not use derivatives for speculative purposes.

(4) Method of evaluating the effectiveness of the hedge

As forward foreign exchange contracts, etc., are used as a hedge against trade payables and receivables denominated in foreign currencies to fix the yen-denominated future cash flows, the allocation method is applied, and the requirements of assessing the effectiveness of the hedge on a periodic basis are satisfied. For forecasted transactions denominated in foreign currencies, suitability for hedging is investigated with consideration of whether the transaction is highly likely to be executed.

The assessment of the hedge effectiveness is omitted when the interest rate and currency swaps meet the integrated method (the shortcut method, the allocation method) with a high correlation between the hedged items and hedging instruments.

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

Bond issuance cost is recognized in expenses as incurred.

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

3. Changes in Accounting Policy

Application of Revised Accounting Standard for Business Combinations

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

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

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

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

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

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

Change in method of depreciation of property, plants and equipment

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

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

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

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

4. Accounting Standards Not Yet Adopted

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

(1) Summary

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

(2) Planned date of adoption

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

(3) Effect of adoption of the accounting standard

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

5. Change in Accounting Estimates

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

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

6. Notes Regarding Lease Transactions

Finance lease transactions (lessee side)

Finance lease transactions whose ownership does not transfer

(1) Content of lease assets

Property, plants and equipment

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

(2) Method of depreciation of lease assets

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

Notes to Consolidated Financial Statements

7. Notes Regarding Financial Instruments

1) Overview of financial instruments

(1) Policy for financial instruments

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

(2) Content and risks of financial instruments

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

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

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

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

(3) Risk management for financial instruments

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

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

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

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

For foreign currency-denominated trade receivables and payables, some consolidated subsidiaries use forward foreign exchange contracts, etc., to hedge the currency fluctuation risk identified by currency and by month.

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

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

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

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

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

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

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

The carrying value, fair value and their difference as of March 31, 2016 and 2015, are presented in the following table.

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

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

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

(1) Cash and deposits and (2) Notes and accounts receivable
These are valued at the carrying values as they are to be settled within a short period and their fair values are almost equal to the carrying values.

(3) Investment securities
Equity securities are valued at the price quoted in the stock exchange.
Debt securities are calculated based on the present value, which is the total of the principal and interest discounted by an interest rate that takes into account the credit risk.

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

(7) Bonds
The fair value of bonds issued by the Group is calculated based on the market price.

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

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

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

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

Notes to Consolidated Financial Statements

8. Investment Securities

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

1) Held-to-maturity securities

As of March 31, 2016

None

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2016 and 2015, short-term loans payable and long-term loans payable are as follows:

1) Short-term loans payable

	Weighted-average interest rate	Millions of yen		Thousands of U.S. dollars
		2016	2015	2016
Short-term loans payable	0.85%	¥26,515	¥46,366	$235,314
Commercial paper	—	—	38,000	—
Current portion of long-term loans payable	1.33%	3,316	3,224	29,431
Current portion of long-term loans payable (bonds)	0.49%	20,000	—	177,493
Total		¥49,831	¥87,590	$442,239

2) Long-term loans payable

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

Notes to Consolidated Financial Statements

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

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

10. Inventories

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

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

11. Collateral and Secured Liabilities

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

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

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

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

12. Deferred Tax Assets and Liabilities

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

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

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

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

Notes to Consolidated Financial Statements

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

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

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

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

13. Retirement and Severance Benefits

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

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

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

Defined benefit plans

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

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

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

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

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

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

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

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

4) Components of retirement benefit cost

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

7) Plan assets

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

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

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

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

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

8) Actuarial assumptions

Actuarial assumptions are as follows:

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

Defined contribution plans

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

14. Unconsolidated Subsidiaries and Affiliates

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

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

15. Contingent Liabilities

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

1) Guaranteed obligations

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

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

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

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

2) Notes receivables discounted and endorsed

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

16. Goodwill

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

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

17. Commitment Line Agreements

The Company enters into commitment line agreements with seven financial institutions for the purpose of securing a flexible measure for raising funds and improving capital efficiency.

The unused portion of the commitment line based on these agreements as of March 31, 2016 and 2015, is as follows:

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

Notes to Consolidated Financial Statements

18. Net Assets

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

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

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

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

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

2) Matters related to dividends

(1) Cash dividends paid

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

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

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

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

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

3) Shareholders' equity

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

19. Supplemental Cash Flow Information

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

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

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

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

Notes to Consolidated Financial Statements

20. Selling, General and Administrative Expenses

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

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

21. Research and Development Costs

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

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

22. Extraordinary Gains and Losses

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

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

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

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

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

23. Impairment Loss

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

24. Comprehensive Income

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

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

25. Derivative Financial Instruments

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

1) Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2016				**2016**			
	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain (loss)	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain (loss)
Transactions other than market transactions:								
Forward foreign exchange contracts								
Buy								
U.S. dollar	**¥ 584**	**¥ —**	**¥ (33)**	**¥ (33)**	**$ 5,190**	**$ —**	**$ (298)**	**$ (298)**
Currency swap contracts								
Buy								
U.S. dollar	**3,042**	**2,636**	**234**	**234**	**27,000**	**23,400**	**2,080**	**2,080**
Total	**¥3,627**	**¥2,636**	**¥200**	**¥200**	**$32,190**	**$23,400**	**$1,781**	**$1,781**

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

(2) Interest rate-related transactions

None

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

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

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

(2) Interest rate-related transactions

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

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

Notes to Consolidated Financial Statements

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

1) Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions

	Millions of yen			
	2015			
	Contract amount, etc.	Portion with maturity over one year	Fair value	Revaluation gain (loss)
Transactions other than market transactions:				
Forward foreign exchange contracts				
Buy				
U.S. dollar	¥ 504	¥ —	¥ 18	¥ 18
Currency swap contracts				
Buy				
U.S. dollar	3,677	3,208	295	295
Total	¥4,181	¥3,208	¥313	¥313

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

(2) Interest rate-related transactions

None

2) Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

		Millions of yen		
		2015		
Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Hedge accounting method:				
Principle method				
Forward foreign exchange contracts				
Buy				
U.S. dollar	Accounts payable	¥4,739	¥ —	¥ 153
Euro	Accounts payable	174	—	(15)
Sell				
U.S. dollar	Accounts receivable	1,082	—	5
Currency swap contracts				
Buy				
Pound	Accounts payable	2,199	776	(15)
Hedge accounting method:				
Allocation method				
Forward foreign exchange contracts				
Buy				
U.S. dollar	Accounts payable	576	—	(Notes)
Pound	Accounts payable	43	—	(Notes)
Australian dollar	Accounts payable	86	—	(Notes)
Sell				
U.S. dollar	Accounts receivable	473	—	(Notes)
Currency swap contracts				
Buy				
Pound	Accounts payable	129	—	(Notes)
Total		¥9,504	¥776	¥ 127

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

(2) Interest rate-related transactions

None

26. Business Combination

(Fiscal year ended March 31, 2016)

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

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

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

27. Segment Information

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

The Group has operational subsidiaries organized based on products / services. Operational subsidiaries develop their business activities by formulating comprehensive strategies for Japan and overseas with respect to their products and services.

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

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

Notes to Consolidated Financial Statements

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

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

28. Significant Subsequent Events

None

Independent Auditor's Report

EY
Building a better working world

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Independent Auditor's Report

The Board of Directors
Meiji Holdings Co., Ltd.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 29, 2016
Tokyo, Japan

Major Group Companies

Japan

Food Segment

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

Sales Headquarters
Kitanihon / Kanto / Chubu / Kansai / Nishinihon

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

Group Companies
■ Production and Procurement Function

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

■ Sales and Logistics Function

Meiji Fresh Network Co., Ltd. / Shikoku Meiji Co., Ltd. / Meiji Logitech Co., Ltd.

■ Others

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

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

Pharmaceuticals Segment

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

Plants
Kitakami / Odawara / Gifu

Branches
■ Pharmaceuticals

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

■ Agricultural Chemicals

East / West

■ Veterinary Drugs

East / West

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

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

Worldwide Locations

Food Segment

Offices
1 Bangkok Office
2 Taiwan Branch

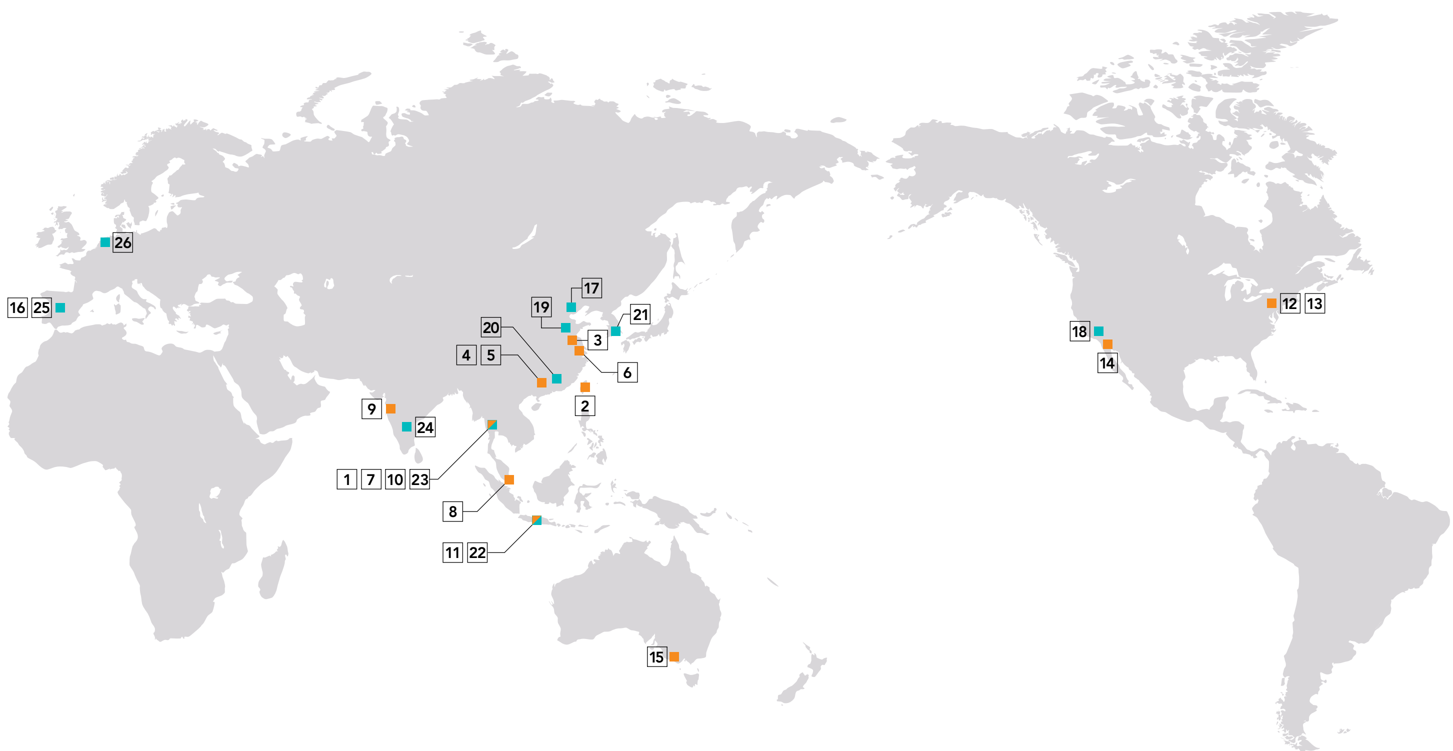
Group Companies
3 Meiji Dairies (Suzhou) Co., Ltd.
4 Guangzhou Meiji Confectionery Co., Ltd.
5 Meiji Ice Cream (Guang Zhou) Co., Ltd.
6 Meiji Seika Food Industry (Shanghai) Co., Ltd.
7 CP-Meiji Co., Ltd.
8 Meiji Seika (Singapore) Pte. Ltd.
9 Meiji India Private Limited
10 Thai Meiji Food Co., Ltd.
11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

Pharmaceuticals Segment

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

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

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



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

Corporate Data

Company Name	Meiji Holdings Co., Ltd. (Securities code: 2269)
Head Office	2-4-16, Kyobashi, Chuo-ku, Tokyo 104-0031, Japan
Incorporated	April 1, 2009
Paid-in Capital	¥30 billion
Common Stock Issued	152,683,400*
Stock Listing	Tokyo
Fiscal Year-End	March 31
Ordinary General Meeting of Shareholders	Late in June
Transfer Agent of Common Stock	Mitsubishi UFJ Trust and Banking Corporation
Public Notices	Public notices given by the Company are issued electronically. (URL: http://www.meiji.com/global/) However, in the event that public notices cannot be issued electronically due to an accident or some other unavoidable circumstances, public notices given by the Company shall be carried in the *Nihon Keizai Shimbun*. It should be noted that pursuant to Article 440, Paragraph 4 of the Companies Act, public notices of financial statements are not given.
Number of Group Employees	16,456

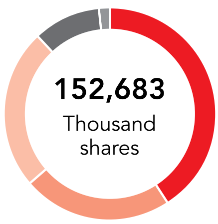
Stock Information*

Major Shareholders

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

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

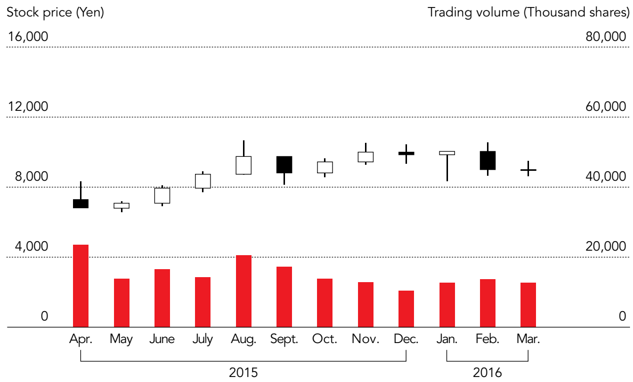
Shareholding by Type of Shareholder



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

Note: "Individuals and Others" includes treasury stock.

Stock Price and Trading Volume



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

Editorial Policy

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

To provide further information, we have prepared our website.

■ http://www.meiji.com/global/

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

History

1900s~1940s

1916 Tokyo Confectionery Co., Ltd. (Tokyo Confectionery, the predecessor of Meiji Seika Kaisha, Ltd. (Meiji Seika)), is established.

1917 Tokyo Confectionery merges with Taisho Seika, a subsidiary of Meiji Sugar Co., Ltd. (Meiji Sugar).
Tokyo Confectionery starts manufacturing of caramels and biscuits at its Okubo Plant.
Kyokuto Condensed Milk Co., Ltd. (Kyokuto Condensed Milk, the predecessor of Meiji Dairies Corporation (Meiji Dairies)), is established.
Kyokuto Condensed Milk starts manufacturing of condensed milk and other products.

1920 Meiji Sugar establishes Meiji Shoten (later Meiji Shoji).

1924 Tokyo Confectionery changes its name to Meiji Seika Kaisha, Ltd.

1926 Meiji Seika launches *Meiji Milk Chocolate*.
Meiji Seika launches a cocoa powder drink mix.

1928 Meiji Seika launches *Meiji Milk*.

1940 Kyokuto Condensed Milk changes its name to Meiji Dairies Corporation.

1946 The pharmaceuticals business is launched with the commencement of penicillin production.

1950s~1960s

1950 The antibacterial drug *STREPTOMYCIN* is introduced.

1951 Meiji Dairies launches *Soft Curd Meiji Infant Formula*.

1953 Meiji Dairies launches *Meiji Fresh Cream*.

1958 Japan's first world-class antibacterial drug, *KANAMYCIN*, is introduced.

1961 Meiji Seika launches *Marble Chocolate*.

1968 Meiji Seika launches Japan's first savory snack, *Karl*.
Meiji Dairies launches baby food products *Meiji Baby Rice Gruel* and *Meiji Infant Kaju Orange Juice*.

1970s

1971 Meiji Dairies launches *Meiji Plain Yogurt*.

1972 Meiji Shoji, Meiji Seika's sales arm, transfers its dairy products business to Meiji Dairies.
Meiji Seika merges with Meiji Shoji.

1973 Meiji Dairies launches *Meiji Bulgaria Yogurt*.

1974 Meiji Seika (Singapore) Pte. Ltd. is established.
The joint venture P.T. Meiji Indonesian Pharmaceutical Industries is established.

1975 Meiji Seika launches the chocolate snack *Kinoko no Yama*.
The agricultural chemical product *ORYZEMATE* is introduced.

1976 Meiji Dairies launches the frozen food *Pizza & Pizza*.

1980s

1980 Meiji Seika launches *SAVAS*, a series of protein for athletes.

1983 Meiji Seika launches the OTC drug *ISODINE® UGAIGUSURI*.

1986 Meiji Dairies launches the enteral formula *YH-80*.

1989 Meiji Dairies establishes CP-Meiji Co., Ltd., in Thailand.
The antianxiety drug *MEILAX* is introduced.

1990s

1990 Meiji Dairies launches a soft margarine, *Meiji Corn 100*.

1992 Meiji Dairies launches *Meiji Hokkaido Tokachi Cheese*.

1994 Meiji Dairies launches *Meiji Essel Super Cup Ultra Vanilla*.
The antibacterial drug *MEIACT* is introduced.

1995 Meiji Dairies launches the sports nutrition drink *VAAM*.
Meiji Dairies launches the enteral formula *Meiji Mei Balance*.

1997 Meiji Seika launches *Xylish Gum*.

1998 Meiji Seika launches *Chocolate Kouka*.
A business unit for generic drugs is set up.

1999 The antidepressant drug *DEPROMEL* is introduced.

2000s

2000 Meiji Dairies launches *Meiji Probio Yogurt LG21*.

2002 Meiji Dairies expands the distribution of *Meiji Oishii Gyunyu* nationwide.
Meiji Seika launches *Amino Collagen*.

2007 Meiji Dairies launches the cube-shaped infant formula *Meiji Hohoemi Raku Raku Cube*.

2008 Meiji Dairies launches a cream for professional use *Meiji Fresh Cream Ajiwai*.

2009 Meiji Seika and Meiji Dairies establish a joint holding company Meiji Holdings Co., Ltd., and integrate their management.
The antibacterial drug *ORAPENEM* is introduced.
The antidepressant drug *REFLEX* is introduced.
Meiji Dairies launches *Meiji Probio Yogurt R-1*.

2010s

2010 Prepared the "Meiji Group 2020 Vision" as a long-term business management strategy.

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

2015 Meiji launches *Meiji Probio Yogurt PA-3*.

2016 The schizophrenia drug *SYCREST* is introduced.
The Meiji Group celebrates its 100th anniversary.

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

For further information, please contact:

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

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

make life lively

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