Annual Report 2004

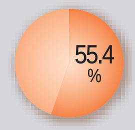
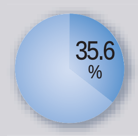
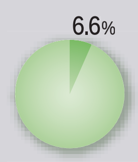
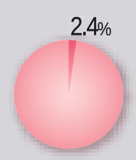
CREATING VALUE FROM TASTE & HEALTH

Open!

Meiji

Meiji Seika At a Glance

Meiji Seika's corporate philosophy is "to help people lead happier and more fulfilling lives by emphasizing the taste experience and zest in life." We seek to create "taste and health" as a global group of companies that provide customers with products, services and information that offer value.

Business	Market Position	Core Products	Performance*
Food Company 	• Japan's number one chocolate brand • Strength in confectionery, candy, and chewing gum • Expanding in cocoa, retort-pouch and other food categories • Comprehensive quality assurance system for safe, reliable products	**Chocolate:** MILK CHOCOLATE, CHOCOLATE KOKA, ALMOND CHOCOLATE, FRAN (Chocolate Snack), KINOKO NO YAMA, MARBLE CHOCOLATE **Snacks:** KARL, HOKKAIDO POTATO **Biscuits:** McVITIE'S, KOPAN **Candy:** CHELSEA, KAJU GUMMY **Chewing gum:** XYLISH	Operating Income ¥5,966 million  (Share of Fiscal 2003 Operating Income)
Pharmaceutical Company 	• Strong lineup of anti-infectives • Growing lineup of central nervous system drugs • Building a presence in agricultural chemicals and veterinary drugs • Solid overseas operating base and division of labor through proactive efforts to internationalize production	**Ethical drugs:** Anti-infectives: MEIACT, FOSMICIN, HABEKACIN, OMEGACIN, SWORD, CIPROXAN Central nervous system drugs: MEILAX, DEPROMEL, EBASTEL **Agricultural chemicals and veterinary drugs:** Agricultural chemicals: ORYZEMATE, HERBIE, AGREPT Veterinary drugs: MEIRICH, MEIPOLE, ASTOP Animal feed supplements: COLISTIN, CELLULAZE	Operating Income ¥3,838 million  (Share of Fiscal 2003 Operating Income)
Health Care Company 	• Synergy with Food and Pharmaceutical companies • ISODINE OTC throat gargle line has a 70 percent market share • Strong relationships with health care professionals support acquisition of Food for Specified Health Use approval • Ties with top athletes supported by Sports and Nutrition Laboratory	**Healthfood products:** SAVAS, KARADANAVI, LOLA, Amino Collagen, PERFECT PLUS, PROTEIN DIET **Over-the-counter drugs:** ISODINE, BAYER ASPIRIN	Operating Income ¥712 million  (Share of Fiscal 2003 Operating Income)
Office Building Leasing & Others 	• Solid Square intelligent building has strong tenant support • Developing food ingredients such as fructo-oligosaccharide • Polyglutamic acid products gaining attention for use in products such as cosmetics	**Building leasing business:** Solid Square, sports facilities **Others:** fructo-oligosaccharide, food ingredients	Operating Income ¥258 million  (Share of Fiscal 2003 Operating Income)

* Operating income and share data include unallocatable eliminations or corporate totaling ¥2,894 million. See Note 14, page 33 for segment information excluding eliminations or corporate.

On the Cover

We have been using "Open! Meiji" as our corporate slogan since 2003. It expresses the concept of delivering the great taste and pleasure our customers dream of.

Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future that are based on management's estimates, assumptions and projections at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the domestic and international economic circumstances surrounding the Company's businesses, competitive activity, related laws and regulations, product development programs and changes in exchange rates.

Financial Highlights

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
Years ended March 31

	Millions of Japanese yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
FOR THE YEAR:				
Net sales	**¥368,865**	¥353,453	¥361,866	**$3,490,073**
Operating income	**7,881**	5,503	13,042	**74,573**
Income before income taxes	**3,705**	5,507	12,041	**35,064**
Net income	**348**	2,670	5,887	**3,297**
PER SHARE DATA (in yen and U.S. dollars):				
Net income	**¥ 0.79**	¥ 6.83	¥ 15.20	**$ 0.01**
Shareholders' equity	**403.33**	395.31	404.68	**3.82**
AT YEAR-END:				
Total assets	**¥330,059**	¥317,798	¥336,932	**$3,122,904**
Shareholders' equity	**154,549**	152,222	155,990	**1,462,289**

Note: As a convenience to the reader, U.S. dollar amounts are translated at the rate of ¥105.69=$1, the prevailing exchange rate on March 31, 2004.

Contents

To Our Stakeholders

Meiji Seika will improve its corporate value by establishing a powerful corporate structure and increasing earnings capabilities.

Naotada Sato
President

Performance during the Fiscal Year

During the fiscal year ended March 31, 2004, exports and private capital investment supported a continuing moderate recovery in the Japanese economy. However, personal consumption showed no sign of improvement amid persistent deflation and an unfavorable employment situation. Consequently, the operating environment remained challenging.

Positive trends in the U.S. economy established a basis for recovery while the economies of Asia expanded, led by China. As a result, the outlook for the global economy began to brighten.

Under these conditions, Meiji Seika worked throughout the Company to increase its earnings capabilities during the first year of its medium-term management plan, Challenge 2005. The objectives of this plan are to create profits in existing businesses, strengthen the ability of internal systems to respond to change and generate growth by developing new business areas. As a result, for the fiscal year ended March 31, 2004 net sales increased 4.4 percent year-on-year to ¥368.9 billion, and operating income increased 43.2 percent year-on-year to ¥7.9 billion. Net income decreased 87.0 percent year-on-year to ¥0.3 billion. Factors included costs to restructure production bases as part of our management structure reforms and expansion of our outplacement support program. Cash dividends per share totaled ¥7.0, unchanged from the previous fiscal year.

Challenge 2005 Successes and Progress

"Becoming a More Competitive and Dynamic Company" is the key theme for the Meiji Seika Group under the Challenge 2005 medium-term management plan. Our objective is to achieve record earnings in fiscal 2005, the year ending March 31, 2006. We are increasing our earnings capabilities by expanding net sales and by transforming our corporate structure through structural reform.

Challenge 2005 Objectives (For the year ending March 2006)
Consolidated net sales: ¥400 billion
Consolidated ordinary income: ¥16 billion
Consolidated net income: ¥7 billion

During the past fiscal year, the first year of Challenge 2005, we promoted business development by enhancing synergy among our three core businesses, the Food Company, the Pharmaceutical Company and the Health Care Company, under the key theme of "Health." Each of these three businesses also implemented management policies to establish a stronger corporate structure and increase earnings capabilities.

In the Food Company's confectionery business, we changed the ingredients and production process for main product MILK CHOCOLATE for the first time in 77 years. This renewal generated substantial growth. In the food business, we worked to expand sales of cocoa, and sales increased strongly centered on main product MILK COCOA. We also fortified our product lineup with the launch of the THEOBRO brand, based on the themes of "health and authenticity." Moreover, a domestic consolidated subsidiary acquired the premium confectionery business of the Maxim's de Paris brand, and began marketing it in April 2003.

In the Pharmaceutical Company, aggressive sales activities and steady dissemination of scientific information concerning Meiji Seika's full lineup of anti-infectives resulted in firm sales growth of OMEGACIN and SWORD despite a challenging environment. Exports increased substantially, led by exports of the strategic international product MEIACT to the United States, China and Korea. Overseas subsidiary Tedec-Meiji Farma S.A. in Spain implemented initiatives such as adding to its lineup of products. As a result, despite increasingly intense price competition, sales increased substantially and contributed to Meiji Seika's overall results.

In the Health Care Company's healthfood business, sales increased substantially as a result of an increase in loyal customers due to growing health consciousness and the clear benefits of these brands. In addition, the KARADANAVI series of dietary supplements we launched in September 2003 offers full support for better health, and steady efforts to popularize it contributed to sales. In the over-the-counter (OTC) drug segment, sales of each of the formulations of the main brand ISODINE increased substantially, supported by effective advertising and sales promotion campaigns.

Key Tasks for the Current Fiscal Year

During the year to March 2005, the second year of Challenge 2005, Meiji Seika will focus on four primary management tasks.

In expanding businesses by strengthening market competitiveness, Meiji Seika will make maximum use of the powerful Meiji brand. The Food Company will work to strengthen its presence in each category, including chocolate, candy, gum and cocoa, while aggressively working to expand its business by differentiating Meiji Seika brands in each product area on the basis of high added value. In particular, we will work to achieve consistent expansion to acquire a 30 percent share of the chocolate category in Japan. The Pharmaceutical Company will specialize in anti-infectives and central nervous system (CNS) drugs to strengthen its operating foundation. In doing so, we will fortify our sales capabilities by narrowing our focus on the products we sell and target customers. Moreover, we will assign medical representatives to the CNS drug domain, add new indications for existing products and accelerate research and development. Overseas, we will strengthen efforts to develop our presence in the rapidly growing markets of China and Asia. The Health Care Company will focus on the three brands of ISODINE, SAVAS and KARADANAVI, and use the strengths of the food and pharmaceutical businesses to promote development.

In reducing costs and implementing structural reform to strengthen earnings capabilities, Meiji Seika will restructure its production system and implement drastic changes in its personnel compensation and benefits system. We will also implement measures such as reducing inventories, reviewing our retirement benefits and pension systems, and consolidating indirect operations to raise their efficiency. Thus we will work to reduce overall costs and achieve low-cost operations.

In setting and achieving objectives more rapidly, each employee will participate in setting challenging operating goals linked to our sales strategies and setting clear schedules. Once they have done so, they will be able to implement these initiatives with a determination to achieve our goals.

We believe fortifying systems for quality assurance and compliance are essential elements of effective corporate management. As described on pages 4 and 5 of this report, we are strengthening and enhancing our systems for corporate governance and compliance to achieve swift, decisive and transparent management. Moreover, as a food company, we must constantly pay meticulous attention to providing safe, reliable products and services, and we are therefore strengthening our system of quality assurance.

Increasing Corporate Value

Corporate social responsibility has become an important issue, and Meiji Seika is steadily enhancing its internal systems for meeting its obligations sincerely. The Meiji Seika Group's most important priority is delighting its customers, and we are increasing corporate value by respecting each employee as an individual while aiming for dynamic growth based on a sound earnings structure. This is closely related to shareholder returns and the fulfillment of our corporate social responsibilities.

Looking forward, Meiji Seika will delight its customers by providing safe, high-quality products. We will also work to enhance the Meiji brand and corporate value through fair, transparent management, with the intention of achieving growth as a corporation that contributes to the enrichment of the world's people.

I would like to request the continued support of our stakeholders.

June 2004

N. Sato

Naotada Sato
President

Corporate Governance

Meiji Seika is working to enhance corporate governance to ensure quality decision-making and management transparency.

Enhancing Decision-Making Quality and Management Transparency

Meiji Seika has established systems to realize swift, high-quality decision-making. The Board of Directors consists of 12 members, including two directors from outside the company. Four corporate auditors, two of whom are from outside the company, also attend board meetings, allowing them to monitor the directors and important management decisions.

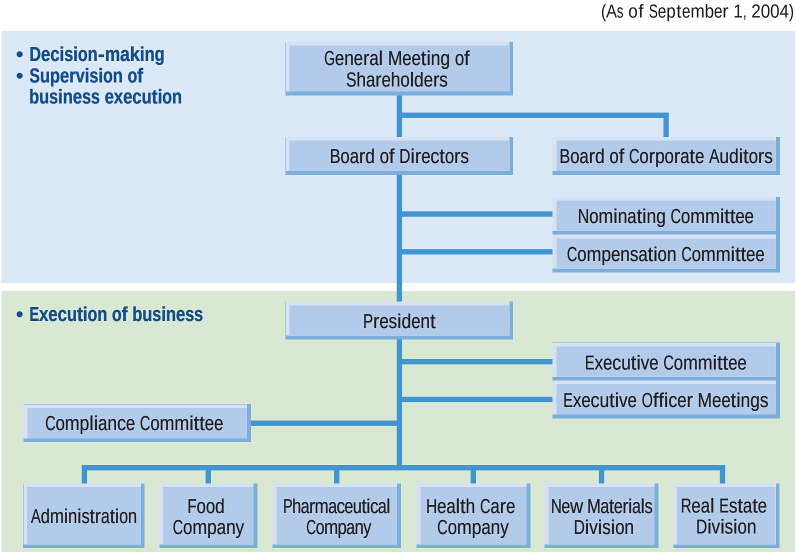
In addition, Meiji Seika has established the Nominating Committee, which selects candidates for the positions of director and corporate officer, and the Compensation Committee, which reviews the performance of directors and corporate officers and their compensation. The Chairman, the President and two outside directors sit on these committees to increase management transparency and objectivity.

Meiji Seika's continuing efforts to create an optimal management structure include implementation of a corporate officer system to separate management and execution of business operations.

Thorough Compliance Management

Meiji Seika assiduously promotes compliance to remain a company that earns the trust of society by establishing and maintaining a high level of corporate ethics. We formulated the Company's Business Practices Charter, and work to ensure thorough adherence to it among officers and employees at the parent company and all Group companies. We have also established the Compliance Committee, which is led by the Compliance Officer. Other efforts to promote a clear awareness of compliance within the Company include a Compliance Hotline and the Compliance Guide that we published and distributed to all employees.

(As of September 1, 2004)



BOARD OF DIRECTORS (As of June 25, 2004)

Chairman of the Board
Ichiro Kitasato

Vice Chairman of the Board
Fumiaki Ito

Members of the Board
Naotada Sato
Akinobu Otsubo
Akio Takahashi
Kazuo Yamaguchi
Yasunobu Narihiro
Toshiyuki Kobayashi
Masahiko Matsuo
Harunobu Tsukanishi
Takeo Shiina
(Senior Advisor of IBM Japan Ltd.)
Masahisa Naito
(Chairman & CEO of The Institute of Energy Economics, Japan)

CORPORATE AUDITORS

Senior Corporate Auditor
Yoshiaki Iida

Corporate Auditors
Takashi Hasunuma
Mitsuo Kanazawa
Masahide Kano

CORPORATE OFFICERS

President
Naotada Sato

Executive Vice Presidents
Akinobu Otsubo
Akio Takahashi
Kazuo Yamaguchi

Senior Vice Presidents
Yasunobu Narihiro
Toshiyuki Kobayashi
Masahiko Matsuo
Harunobo Tsukanishi
Masaki Nagasaki
Masayuki Matsunaga
Hiromichi Kitahara
Hirobumi Mori
Tadao Shibasaki

Vice Presidents
Iwao Hachiya
Osamu Makabe
Hideki Takahashi
Yoshihiko Mizoguchi
Kazuyoshi Otsuka
Toyomi Sato
Eiichi Irie
Riichi Fukui
Fumio Yokomichi
Yukio Nakamura
Masataka Kitamura
Sadaaki Komura
Ryoji Kono

Corporate Social Responsibility

Meiji Seika's corporate philosophy is "to help people lead happier and more fulfilling lives by emphasizing the taste experience and zest in life." Based on this philosophy, we undertake a wide range of activities to earn the trust and appreciation of our stakeholders.

Implementation of the Company's Business Practices Charter

Meiji Seika implemented the Company's Business Practices Charter in January 2003 with the objective of remaining a company that earns the trust of society. Officers and employees are working together to adhere to its statutes to conduct business activities for sustainable development.

Overview of the Company's Business Practices Charter

As a company involved with food and pharmaceuticals that are intimately connected with health and life, we realize the great importance of our obligations to society. We will comply with all laws and regulations, and will carry out our activities with a social conscience rooted in high ethical standards.

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

Officers recognize that they themselves are responsible for realizing the spirit of the Company's Business Practices Charter. Therefore, they lead by example as they work to foster a detailed understanding of the Charter throughout the Meiji Seika Group. Moreover, they work to incorporate opinions from inside and outside the Company into corporate structures. Should an incident contrary to the Company's Business Practices Charter occur, officers take the initiative in resolving the incident by working to resolve the underlying cause and prevent recurrence, taking strict measures from which they are not exempt.

Meiji Seika and the Environment

Meiji Seika implemented its Environmental Principles and Policies in 1994 and works throughout the Company to preserve the environment. In reducing its environmental load, Meiji Seika works to reduce energy consumption and waste and properly controls chemical substances at all of its facilities. Three plants, including the Kanto Plant, have achieved zero emissions of waste. Efforts to reduce energy consumption and greenhouse gas emissions include a goal of reducing CO_2 emissions to below their 1990 level by 2010. Meiji Seika has implemented a variety of measures at places other than plants. We have established Chemical Substance Control Committees at each of our facilities, and have established standards for handling chemicals with due forethought to issues including safety and environmental impact while controlling chemical purchases and inventory.

Meiji Seika's products incorporate consideration of reducing environmental load from product development and manufacturing to distribution and disposal. The Food Company implemented a project to reduce packaging, and succeeded in reducing the volume of packaging used by a cumulative total of 2,200 tons from 1999 to March 2003.

We also introduced environmental accounting in 2001. We determine precise environmental costs and benefits with the goal of improving environmental preservation activities, and vigorously disclose information by publishing an Environmental Report.

Meiji Seika and Its Customers

As a company involved with food and pharmaceuticals, which are intimately connected with health and life, Meiji Seika works to provide safe and reliable products to its customers. We are strengthening our quality assurance systems using rigorous techniques based on the ISO and HACCP standards. In addition, to conduct customer service activities on a company-wide level, we created the Corporate Communications Department in April 2004, which integrates the customer consultation functions formerly maintained separately in the Food Company and the Pharmaceutical Company, as part of our efforts to responsively take the perspective of customers.

Meiji Seika and the Community

Meiji Seika believes that its operations are supported by each and every member of society, and aims to maintain good relationships with the community by energetically serving its interests. We support a wide range of activities to promote enjoyable interaction with customers. These include the Annual Children's Christmas party, which we have supported for nearly half a century since 1958, and the All Japan High School Soccer Tournament. Other initiatives rooted in local communities include regular clean-up activities in rivers and areas surrounding Company plants.

©You Kobayashi

Meiji Seika's wide range of support for sports includes sponsorship of the All Japan High School Soccer Tournament.

Volunteer activities include periodically cleaning up the Itonuki river near the Gifu Plant.

Improving earnings by developing products with a focus on nurturing strong, distinctive brands

MEIJI MILK CHOCOLATE: ONE OF JAPAN'S MOST POWERFUL BRANDS

Meiji Seika is the leader in Japan's chocolate market, with a 26 percent share. Launched in 1926, MILK CHOCOLATE is a long-selling brand that has made Meiji Seika synonymous with chocolate in Japan.

Achievements in the Year Ended March 2004

In the fiscal year ended March 31, 2004, the Food Company worked to recovery or expand sales by conducting comprehensive marketing for each individual major brand and by developing original products. As a result, consolidated sales increased 4.3 percent year-on-year to ¥238,414 million, and operating income increased 68.0 percent to ¥5,966 million.

Sales of chocolate products remained solid, due to intensive marketing activities that included improvements to the quality of core product MILK CHOCOLATE. Chewing gum sales grew substantially, as a result of a renewal of the lineup of our main XYLISH brand, as well as vigorous marketing activities. Sales of cocoa products, centered on core product MILK COCOA, increased dramatically. In addition, the launch of the new THEOBRO brand, which features high polyphenol content, broadened the product lineup.

In July 2003, we began selling PRINGLES molded potato chips through an alliance with The Procter & Gamble Company, and in September 2003, we began sales of the medicated film-type Listerine Pocket Pack breath fresheners through an alliance with Pfizer, Inc. We worked to expand sales of both products.

Initiatives for the Year Ending March 2005

The current fiscal year will be a period of laying the groundwork to achieve the objectives of our Challenge 2005 plan. With an accurate grasp of changes and an awareness of the direction we must take to make the most of our strengths, we will create strategies for continued growth in line with the themes of "health and authenticity," and carry out R&D efforts based on these strategies to enhance market competitiveness and establish our areas of specialization.

In the confectionery business, we will focus on growth in chocolate, candy and chewing gum. For chocolate, we will reinforce our brands and lineups to achieve our medium-term targets of ¥90 billion in sales and a 30 percent market share. For candy, we will focus on developing and marketing "functional" products with higher added value. For chewing gum, we will reinforce the product lineup, particularly the XYLISH series, and conduct aggressive marketing.

In the food business, our focus will be on areas where we can best deploy our strengths, including THEOBRO cocoa and the PERFECT PLUS healthfood brand.

ALMOND CHOCOLATE

Crunchy roasted California almonds of the highest quality certified by the U.S. Department of Agriculture, covered with delicious milk chocolate.

FRAN

Since its launch, this innovative brand has set a new standard for chocolate snacks.

CHELSEA

The long-selling CHELSEA brand created a new segment in the candy market since its launch in 1971.

KARL

Introduced in 1968, the KARL brand helped to open up the snack market in Japan.

GINZA CURRY

First marketed in 1994, this original retort-pouch curry was developed to differentiate itself from competitors.

To support the diet of today's busy and active people, the PERFECT PLUS brand offers an efficient way to obtain essential nutrients in a balanced combination to complement daily meals.

PERFECT PLUS

Research & Development
From an early stage, Meiji Seika has been interested in polyphenol, one of the components of the cacao bean. We have been studying its health benefits and developing new products applying those benefits.

THEOBRO

The THEOBRO brand has double the cacao polyphenol content of conventional milk cocoas, making it popular for the health-conscious and those who seek authentic cocoa taste.

CREATING VALUE FROM TASTE & HEALTH

Product Development
Our superior core technologies in chocolate, cooking, extrusion and other areas form the basis for development of original products.

ALMOND CRUST

Select almonds are wrapped with thin layers of crispy crust, then coated with milk chocolate to create ALMOND CRUST.

The use of xylitol, hydroxyapatite and dextranase in this brand improves its functions. We continue to improve the XYLISH brand to meet people's expectations for clean, healthy teeth.

XYLISH

Market size, share and rank for each Food Company product category

(As of March 31, 2004) (Billions of yen)

	Confectionery	Chocolate	Snacks	Biscuits	Candy	Chewing gum
Market size (sales)	1,070.7	303.8	265.7	194.2	186.3	120.7
Our share (%)	11.6%	24.9%	3.8%	2.7%	8.4%	7.6%
Our rank	2nd	1st	4th	8th	2nd	3rd

Review of Operations: Pharmaceutical Company

Improving earnings by concentrating management resources on the fields of anti-infectives and central nervous system drugs.

A Pioneer in Antibiotics

Meiji Seika began producing and selling penicillin in 1946 and bolstered its position in the field of anti-infectives with the 1958 launch of KANAMYCIN, the first world-class antibiotic produced in Japan. The launches of OMEGACIN and SWORD during the term ended March 2003 complete a full lineup of anti-infective drugs.

Achievements in the Year Ended March 2004

In the fiscal year ended March 2004, the Pharmaceutical Company steadily distributed scientific information on and aggressively marketed its main product lines. As a result, consolidated sales increased 5.3 percent year-on-year to ¥108,504 million and operating income rose 69.4 percent to ¥3,838 million.

In the ethical drugs business, major anti-infectives MEIACT, OMEGACIN and SWORD performed well, but FOSMICIN sales declined due to intensifying competition. Among our central nervous system (CNS) drugs, the antidepressant DEPROMEL fared favorably, and the anti-anxiety drug MEILAX was steady in a shrinking market. Increased sales of the ORYZEMATE herbicide for protecting rice against blast supported growth in agricultural chemicals, while acquisition of the veterinary drug businesses of Eisai Co., Ltd. and Daiichi Pharmaceutical Co., Ltd. extended our lineup of veterinary drugs.

Initiatives for the Year Ending March 2005

The business environment of the pharmaceutical industry remains severe, as the ongoing reform of the health care system in Japan applies downward pressure on drug expenditures. We intend to increase our recognition and presence as a drug manufacturer specializing in the field of anti-infectives by providing a full lineup of anti-infectious drugs from preventive to therapeutic medicines. Meanwhile, we will concentrate managerial resources on our main product lines — MEIACT, DEPROMEL, HABEKACIN and OMEGACIN — and focus marketing on major customers. In the generic drug business, we aim to expand sales by reinforcing the medical representative staff and achieving product differentiation by adding improvements to originator drugs. By reorganizing drug factories and improving production technologies, we will also reduce production costs to boost competitiveness. In the agricultural chemicals and veterinary drug businesses, we will increase sales by expanding the product lineup through acquisitions and increase income by developing new products.

Antibacterial Agents

CIPROXAN

As the first injectable new-quinolone antibacterial agent, this drug provides a new option for treatment of infections.

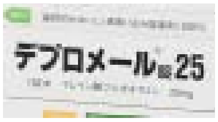
HABEKACIN

This product has attracted growing attention as Japan's first treatment for methicillin-resistant *Staphylococcus aureus* (MRSA) infections.

MEIACT

In addition to strong domestic sales, exports of MEIACT are expanding to the U.S., China, South Korea and Thailand. Moreover, production approval for MEIACT as a new drug was granted in Spain in March, 2004.

Central Nervous System (CNS) Drugs



DEPROMEL

Meiji Seika is working to add to the indications for this antidepressant for social anxiety disorders.

Agricultural Chemicals

ORYZEMATE

The leading herbicide for protecting rice from blast

SWORD

An oral new-quinolone anti-infective that is effective for treating respiratory tract infection.

Marketing
We intend to further increase the sales of our core product lines by enhancing the size and capabilities of our marketing staff, optimizing our medical information website (e-detailing) and introducing medical representatives who specialize in specific fields.

The outbreak of avian influenza resulted in a rapid surge in sales of this disinfectant for livestock.

ASTOP

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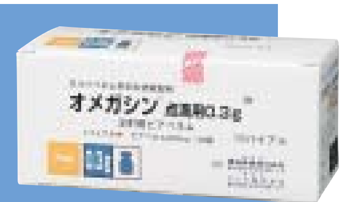
Research & Development
We intend to develop one or two major new drug candidates within four years by narrowing development themes and allocating resources according to priorities to shorten the development period.



OMEGACIN

This injectable carbapenem anti-infective has shown excellent clinical results in treating severe infectious diseases caused by bacteria that are resistant to other antibiotics.

MEILAX

A once-daily anti-anxiety drug that controls anxiety and depression, and improves sleep disorders.

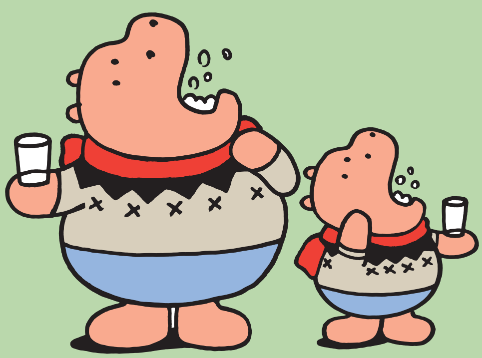
List of New Products Under Development

(As of May 18, 2004)

Stage	Development Code/Scheduled Name (Generic Name)	Formulation	Indications	Notes
NDA filed	DEPROMEL (maleic acid fluvoxamine)	Oral	Depression (Additional indication for social anxiety disorder)	Origin: Solvay Pharmaceuticals, Inc. Joint development: Solvay Seiyaku K.K.
Phase II	ME1211 (tebipenem pivoxil)	Oral	Carbapenem antibiotic	Origin: Wyeth Lederle Japan, Ltd.
Phase II	ME3738	Oral	Chronic hepatitis C	Developed in-house
Phase II	ME3301	Oral	Anti-allergy, anti-asthma	Developed in-house
Pre-clinical trials	ME1036	Injectable	Carbapenem antibiotic	Developed in-house

Research fields: Infectious diseases, central nervous system, respiratory system/allergies

Building strong brands by pursuing synergies under the theme of “good taste and health



ISODINE: THE LEADING THROAT GARGLE BRAND IN JAPAN

Launched in 1983 as an OTC drug, ISODINE has grown to be Japan’s leading gargle brand, with a market share of 70 percent. The ISODINE brand continues to grow, with the addition of line extensions ISODINE NODO FRESH F and ISODINE WASH.

Achievements in the Year Ended March 2004

In the fiscal year ended March 2004, consolidated sales increased 9.9 percent year-on-year to ¥18,901 million, and operating income rose 0.8 percent to ¥712 million, as a result of aggressive marketing to increase brand recognition and target customers.

In the over-the-counter (OTC) drug business, sales of the ISODINE throat gargle line grew substantially. In the healthfood business, core brands SAVAS, LOLA and Amino Collagen, performed well. To expand our target markets, we actively publicized the new KARADANAVI brand, which is targeted at senior citizens.

Initiatives for the Year Ending March 2005

The Health Care Company has the advantage of being able to use the management resources of the Food and Pharmaceutical Companies, which pursue “good taste and health.” In addition, the credibility of the Meiji brand gained through the activities of the Food and Pharmaceutical Companies greatly helps acquire trust from consumers and government agencies.

Development of new products in the current fiscal year will focus on reinforcing the lineup of year-round products in the fields of sterilization and infectious diseases for the OTC drug business. Development in the healthfood business will concentrate on differentiating products through methods such as obtaining Food for Specified Health Use designation from the Ministry of Health, Labour and Welfare.

In response to the increasing diversity of distribution channels, we intend to begin sales of healthfood products through convenience stores and other food-related channels.

SAVAS

A sports supplement that has received the support of many top athletes.

KARADANAVI

This innovative general health care brand was launched in September 2003.

LOLA

A line of chewable supplements that focuses on delicious taste.

Amino Collagen

With its delicious taste and high quality, this supplement has gained considerable acceptance in the growing market for nutritional foods.

MEIOLIGO

The first oligosaccharide food product to be certified a Food for Specified Health Use.

CREATING VALUE FROM TASTE & HEALTH

Marketing
The Health Care Company's Sports and Nutrition (SN) Laboratory provides its products to Olympic contestants and other top athletes, together with guidance on optimum diet and nutritional management. These efforts strengthen marketing while enhancing the Company's image.

ISODINE

The well-known ISODINE brand is promoted as a series of year-round products that work on an extensive range of pathogenic microbes, including fungi, bacteria and viruses, and the lineup keeps growing.

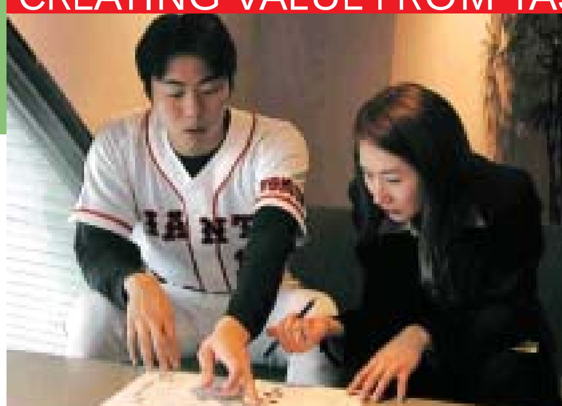
Brand-building efforts for the LOLA brand include product development that applies materials in Meiji Seika's field of expertise, such as collagen and protein.

LOLA

KARADANAVI

Detailed, one-on-one marketing for this product, which targets senior citizens, includes advice on nutrition and health via the Internet.

Product Development
To acquire designation as a Food for Specified Health Use from the Ministry of Health, Labour and Welfare, collaboration is essential with the medical field during product development, and Meiji Seika's powerful internal network represents a considerable advantage.



SAVAS

Aggressive brand marketing to promote recognition of the SAVAS brand includes television commercials featuring professional baseball players and other top athletes.

Market size, share and rank for each Health Care Company product category

(As of March 31, 2004) (Billions of yen)

	OTC products		Healthfood products
	Mouth wash	Oral treatments	Sports nutrition supplements
Market size (sales)	10,691	12,561	16,500
Our share (%)	64.7%	5.8%	22.7%
Our rank	1st	4th	2nd

Expanding in the global market by providing foods and drugs that contribute to the health of people worldwide

Food Company

The Food Company has production bases in the United States, China, Singapore and Indonesia that supply local regions as well as the Japanese market. The Food Company's three overseas consolidated subsidiaries are D.F. Stauffer Biscuit Co., Ltd. and Laguna Cookie Co., Inc. in the United States, and Meiji Seika (Singapore) Pte. Ltd. in Singapore. During the year to March 2004, Meiji Seika Singapore performed well due to successful marketing activities, whereas the sales of Stauffer Biscuit declined due to intensifying competition.

Beginning in fall 2004, Guangzhou Meiji is scheduled to quadruple its production capacity by adding a factory to meet the considerable demand increase in China. This will represent the start of full-scale operations in the Chinese market. We also intend to improve the earnings of Stauffer Biscuit in the increasingly competitive U.S. market. In addition, we will continue to work to expand our global businesses and increase revenue-generating bases.

Pharmaceutical Company

The Pharmaceutical Company started exporting antibiotics in 1954 and now supplies Meiji brand drugs to more than 60 countries. During the year ended March 2004, sales rose considerably, partly due to increased exports of MEIACT to the United States, China and South Korea. The Pharmaceutical Company's four overseas consolidated subsidiaries are P.T. Meiji Indonesian Pharmaceutical Industries in Indonesia, Thai Meiji Pharmaceutical Co., Ltd. in Thailand, and Tedec-Meiji Farma S.A. and Mabo Farma S.A. in Spain, all of which recorded higher sales and exports in their respective markets.

The Challenge 2005 medium-term management plan has set targets of ¥9 billion in exports from Japan and ¥11 billion in sales of consolidated subsidiaries by the final year (the year to March 2006). To achieve these targets, we will accelerate our efforts for global distribution of the MEIACT brand and step up our business operations to prepare for the growing Chinese market. In particular, we plan to establish Meiji Lukang Pharmaceutical Co., Ltd., in Shandong, and start production of anti-infectives and veterinary drugs in 2005.

Tedec-Meiji Farma S.A. (Spain)

Manufactures and markets pharmaceuticals in Europe

Mecor, Inc.

D.F. Stauffer Biscuit Co., Inc.

A leading manufacturer of cookies, including animal cookies, and crackers

Laguna Cookie Co., Inc.

A wholly owned subsidiary of D.F. Stauffer Biscuit Co., Inc. that manufactures and markets biscuits

Comercio e Industria Uniquimica Ltda

- HEAD OFFICE
- FOOD COMPANY
- PHARMACEUTICAL COMPANY
- OFFICE
- OTHERS

Guangzhou Meiji Confectionery Co., Ltd.

Produces and markets chocolate biscuits for the domestic Chinese market

Meiji Seika Kaisha, Ltd., London Office

Meiji Seika Kaisha, Ltd., Beijing Office

Meiji Seika Kaisha, Ltd., Head Office

Meiji Lukang Pharmaceutical Co., Ltd.

Shantou Meiji Pharmaceuticals, Co., Ltd.

Meiji Seika (Singapore) Pte. Ltd.

Produces and markets confectioneries including Yan Yan for various markets worldwide

Thai Meiji Pharmaceutical Co., Ltd.

Produces and markets pharmaceuticals and animal health products in Southeast Asia

P.T. Ceres Meiji Indotama

Produces and markets chocolate biscuits

P.T. Meiji Indonesian Pharmaceutical Industries

Produces and markets pharmaceuticals in Southeast Asia

Office Building Leasing & Others

Seeking new revenue sources based on our accumulated expertise in the food and pharmaceutical businesses

Office Building Leasing

Constructed in 1995 on the former site of the Kawasaki Plant, the Solid Square intelligent building is a landmark office building in Kawasaki.

Achievements in the Year Ended March 2004

In addition to our core Food, Pharmaceutical and Health Care businesses, we operate an Office Building Leasing business and sports facilities. In the fiscal year ended March 2004, revenue from the leasing business decreased 11.0 percent year-on-year to ¥2,706 million, and operating income decreased 47.7 percent to ¥248 million, affected by the oversupply of large office buildings in the capital sphere and shrinkage of tenants' businesses. Revenue from the management of sports facilities decreased 78.0 percent to ¥338 million, resulting in an operating loss of ¥32 million.

Solid Square

This office building has a strong reputation for its convenience of access and futuristic image.

SAVAS Sports Club Kawasaki

Collaboration with the Health Care Company enables total proposals to enhance physical fitness that combine diet and exercise.

SIX-YEAR SUMMARY

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
Years ended March 31

	Millions of Japanese yen					
	2004	2003	2002	2001	2000	1999
For the Year:						
Net sales	**¥368,865**	¥353,453	¥361,866	¥358,898	¥363,381	¥354,515
Food	**238,414**	228,646	236,991	233,827	238,423	241,164
Pharmaceutical	**108,504**	103,037	110,692	117,872	117,505	109,051
Health care	**18,901**	17,192	7,867	—	—	—
Office building leasing	**2,706**	3,041	3,080	3,035	2,876	2,561
Others	**338**	1,535	3,234	4,163	4,575	1,738
Operating income	**7,881**	5,503	13,042	17,990	19,100	15,671
Net income	**348**	2,670	5,887	6,880	4,467	3,751
Capital expenditures	**16,537**	13,260	17,731	14,472	13,493	20,211
Food	**6,809**	9,155	9,033	8,069	7,376	6,903
Pharmaceutical	**8,139**	3,654	6,934	5,802	5,670	12,402
Health care, Office building leasing and Others	**1,589**	451	1,764	601	447	906
Depreciation and amortization	**13,892**	15,086	14,798	15,096	15,308	16,481
R&D costs	**16,688**	17,738	18,838	17,667	15,854	14,990
Per Share Data (in yen):						
Net income	**¥ 0.79**	¥ 6.83	¥ 15.20	¥ 17.68	¥ 11.47	¥ 9.63
Cash dividends	**7.00**	7.00	7.00	7.00	7.00	7.00
Shareholders' equity	**403.33**	395.31	404.68	408.87	373.38	398.75
At Year-End:						
Total assets	**¥330,059**	¥317,798	¥336,932	¥341,350	¥321,103	¥318,527
Shareholders' equity	**154,549**	152,222	155,990	158,407	145,403	155,285
Ratios (%):						
ROE	**0.2**	1.7	3.7	4.5	3.0	2.4
ROA	**0.1**	0.8	1.7	2.0	1.4	1.2
Equity ratio	**46.8**	47.9	46.3	46.4	45.3	48.8

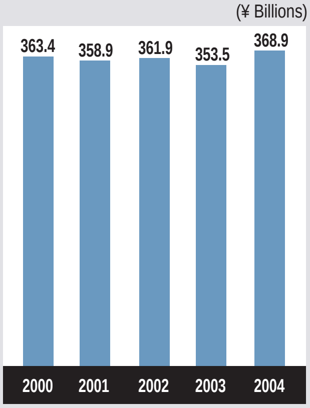
Contents

Management's Discussion and Analysis

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

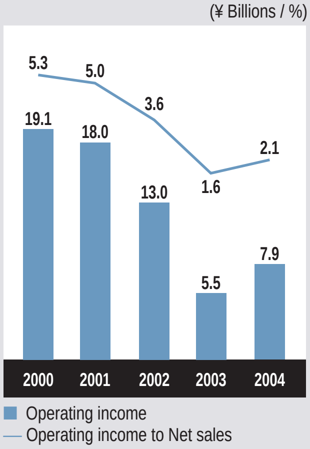
Net Sales

(¥ Billions)



Operating Income and Operating Income to Net Sales

(¥ Billions / %)



FINANCIAL STRATEGY

The Meiji Seika Group's fundamental policy regarding distribution of profits is to take a long-term perspective in enhancing internal capital resources, expanding businesses and strengthening the Group's financial structure while providing reasonable, stable shareholder returns.

The Meiji Seika Group is implementing structural reforms that include reducing inventory assets and divesting assets that do not generate sufficient returns. During the fiscal year ending March 31, 2005, the Meiji Seika Group plans to raise additional capital externally to fund increased expenditures for property, plant and equipment in connection with new construction and expansion of production facilities.

CONSOLIDATED SUBSIDIARIES

The Meiji Seika Group encompassed Meiji Seika Kaisha, Ltd. (Meiji Seika), 22 consolidated subsidiaries and one affiliate accounted for using the equity method as of March 31, 2004. The 14 domestic subsidiaries include 10 companies in the food business, 2 companies in the pharmaceutical business, 1 company in the health care business and 1 company in other businesses. The 8 overseas subsidiaries include 3 companies in the food business, 4 companies in the pharmaceutical business and 1 company in other businesses. Meiji Seika added formerly unconsolidated subsidiary AZTECA Co., Ltd. to the scope of consolidation during the past fiscal year due to this company's increasing materiality.

OVERVIEW

During the year ended March 31, 2004, a moderate recovery continued in the Japanese economy, supported by exports and private capital expenditures. However, amid persistent deflationary conditions and uncertain employment conditions, no signs of improvement in personal consumption were apparent. As a result, the operating environment remained challenging.

In the global economy, prospects began to improve. The U.S. economy firmed on a foundation for recovery, while the economies of China and other Asian countries expanded.

In this environment, the Meiji Seika Group embraced three management objectives: create profits in existing businesses; strengthen the ability of internal systems to respond to change; and generate growth by developing new business areas. In each business sector, the Meiji Seika Group worked to establish a powerful corporate structure and increase profitability. As a result, consolidated net sales increased 4.4 percent year-on-year to ¥368,865 million, and operating income increased 43.2 percent year-on-year to ¥7,881 million. Net income decreased 87.0 percent year-on-year to ¥348 million due to costs to restructure production bases as part of our management structure reforms and expansion of our outplacement support program.

REVIEW OF OPERATIONS BY SEGMENT

Food Company

Net sales for the Food Company increased 4.3 percent year-on-year to ¥238,414 million, and operating income increased 68.0 percent year-on-year to ¥5,966 million.

Confectioneries

During the past fiscal year, the operating environment in the confectioneries market remained challenging due to factors including continued weakness in personal consumption and a sharp rise in prices of imported raw materials. The Meiji Seika Group implemented total marketing measures for each of its core brands and developed clearly differentiated new products. As a result, sales recovered and expanded.

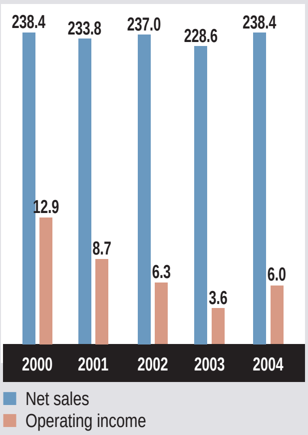
For chocolates, the Meiji Seika Group worked to expand sales by conducting aggressive sales promotions for main products. However, weaker sales of the seasonal product MORE FRAN due to the mild winter and other factors resulted in flat chocolate sales year-on-year. Sales of core product MILK CHOCOLATE were solid, supported by quality improvements in November 2003 and a new television commercial. Sales of ALMOND CHOCOLATE were also firm, supported by television commercials that continued to feature popular soccer player David Beckham. New product ALMOND CRUST, introduced in February 2004, contributed to sales as well. For the core XYLISH gum lineup, the Meiji Seika Group launched product renewals and also conducted sales campaigns and other energetic marketing activities. The launch of this product in bottle-type packaging increased exposure in retail outlets, and sales increased substantially. Among other products, biscuits and KAJU GUMMY performed well, although sales of snacks and candy decreased.

Food

In the food market during the past fiscal year, consumer preference for low prices became

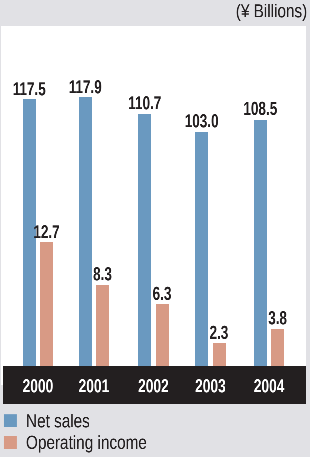
Food Company Net Sales and Operating Income

(¥ Billions)



Pharmaceutical Company Net Sales and Operating Income

(¥ Billions)



firmly entrenched, and stricter regulations related to bovine spongiform encephalopathy (BSE) and other issues made conditions challenging. The Meiji Seika Group developed high-value-added products and undertook aggressive marketing.

Rising consumer awareness of the health benefits of cocoa have expanded the market. The Meiji Seika Group's focus on increasing sales of core product MILK COCOA generated strong results, and the launch of THEOBRO, a new product with high polyphenol content, strengthened the cocoa product lineup. Sales promotions to strengthen the GINZA CURRY brand of retort-pouch curry products resulted in increased sales.

Sales of healthfoods and products for the commercial market also expanded.

Results among subsidiaries were generally firm, with sales of sugar, the core domestic product, remaining at the same level as in the previous fiscal year.

Overseas, performance at Meiji Seika (Singapore) Pte. Ltd. was solid, although sales of U.S. subsidiary D.F. Stauffer Biscuit Co., Inc. were down due to intensifying competition.

Pharmaceutical Company

For the year ended March 31, 2004, sales of the Pharmaceutical Company increased 5.3 percent year-on-year to ¥108,504 million, and operating income increased 69.4 percent year-on-year to ¥3,838 million.

Various reforms of the health care system such as the increase in co-payments for individuals under the National Health Insurance system implemented in April 2003 led to continued measures to further restrain drug costs, making the industry environment increasingly harsh. The markets for agricultural chemicals and veterinary drugs contracted, and price reductions among producers became more pervasive. Competition among companies increased as a result, creating a highly challenging business environment.

Ethical Drugs

Among anti-infectives, the Meiji Seika Group's main ethical drugs, OMEGACIN, an injectable carbapenem anti-infective, and SWORD, an oral new-quinolone anti-infective, both performed strongly. Sales of core products MEIACT and HABEKACIN maintained about the same level as in the previous fiscal year, while sales of FOSMICIN decreased year-on-year due to increasing competition resulting from contraction in the anti-infective market.

For central nervous system (CNS) drugs, sales of antidepressant DEPROMEL remained firm, supported by steady activities to build awareness of it among the scientific community. Despite contraction in the anti-anxiety market, sales of MEILAX were about the same as in the previous fiscal year.

Among other ethical drugs, sales of ISODINE for external use as a disinfectant decreased year-on-year due to intensifying competition.

Agricultural Chemicals and Veterinary Drugs

Sales of agricultural chemicals increased firmly despite a difficult environment resulting from measures to counter the decrease in land under rice cultivation as steady sales promotions supported sales of core herbicides ORYZEMATE for rice blast and HERBIE.

Sales of veterinary drugs increased substantially. Sales of existing products were solid, and the acquisition of the veterinary drug business of Eisai Co., Ltd. in February 2003 also contributed significantly to sales.

Overseas operations generated strong sales growth. Exports of strategic international product MEIACT to the United States, China and Korea expanded.

Performance of Domestic Subsidiaries

Kitasato Pharmaceutical Industry Co., Ltd. manufactures and sells vaccines. Increased demand for influenza vaccine resulted in strong growth in sales. Sales of chemical products manufactured by FUJI-AMIDE CHEMICAL, CO., LTD. were nearly the same as in the previous fiscal year despite reduced domestic and overseas demand resulting from increased competition from overseas products.

Health Care Company

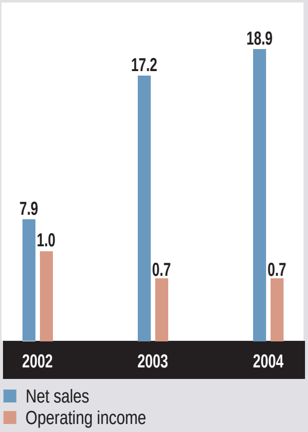
For the year ended March 31, 2004, sales of the Health Care Company increased 9.9 percent year-on-year to ¥18,901 million. Operating income increased 0.8 percent year-on-year to ¥712 million.

Healthfoods

The healthfood market continued to expand, due to growing consumer awareness of self-medication and rising interest in beauty and dieting. However, numerous companies are

Health Care Company Net Sales and Operating Income*

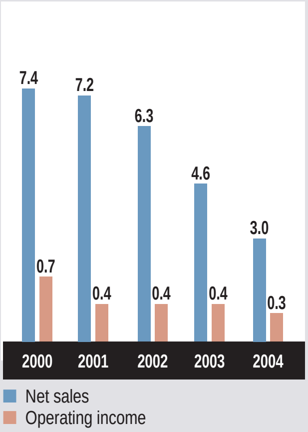
(¥ Billions)



* Effective October 1, 2001, the Company transferred certain operations from the food business, pharmaceutical business and other businesses into an independent health care business.

Office Building Leasing and Others Net Sales and Operating Income

(¥ Billions)



Sales of Pharmaceutical Products

(Billions of yen)

	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2004
MEIACT	18.3	**20.8**
(Export sales)	(1.1)	**(3.5)**
FOSMICIN	8.9	**8.1**
HABEKACIN	6.3	**6.1**
OMEGACIN	2.0	**2.5**
SWORD	1.3	**2.0**
ISODINE	9.1	**7.9**
DEPROMEL	6.5	**7.1**
EBASTEL	4.4	**3.3**
MEILAX	4.0	**4.0**

entering the market and competition in developing and marketing products is intensifying.

Core product SAVAS meets the need to build body strength and prevent illness. Sales were strong during the past fiscal year as a result of aggressive marketing support activities, including providing nutritional support to top athletes and building awareness of the brand among sports fans. In addition, sales of LOLA and Amino Collagen increased substantially because their clear utility has supported expansion in the customer base. The KARADANAVI series, launched in September 2003, is based on a close examination of the actions of the body. This brand offers full support for better health, and steady efforts to popularize it contributed to sales.

Over-the-Counter (OTC) Drugs

In the OTC sector, reduced personal consumption and falling prices have restricted the scale of the market, and competition for market share has intensified. Price competition has increased for each of the products in the core ISODINE lineup, but advertising and sales promotions resulted in substantial sales growth. Sales of mini-drink Katsujin 28 also increased strongly.

Domestic consolidated subsidiary MEIJI SPORTS PLAZA, Ltd. operates sports club facilities. Competition with other sports clubs has intensified, but efforts to attract customers supported firm sales.

Office Building Leasing

Revenue from Office Building Leasing decreased 11.0 percent year-on-year to ¥2,706 million. Operating income decreased 47.7 percent year-on-year to ¥248 million in an extremely challenging environment. The opening of large-scale buildings has created an oversupply in the greater Tokyo area, and rents have fallen. In addition, due in part to contraction of the business of some tenant companies, the occupancy rate of the Meiji Seika Group’s core property, the Solid Square intelligent building, has decreased.

Other Businesses

Sales of Other businesses decreased 78.0 percent year-on-year to ¥338 million. Operating income totaled ¥10 million, compared to an operating loss of ¥32 million for the previous fiscal year.

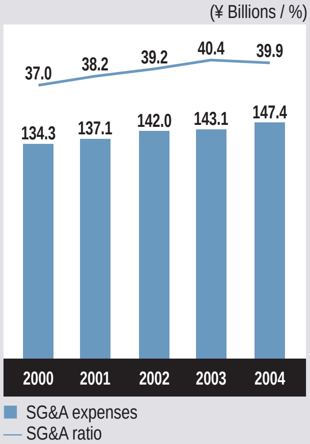
The consolidated subsidiary that operates leisure and sports facilities worked to enhance its ability to attract customers. However, weak consumer spending, falling customer fees and intensifying competition resulted in the decrease in sales.

INCOME STATEMENT ANALYSIS

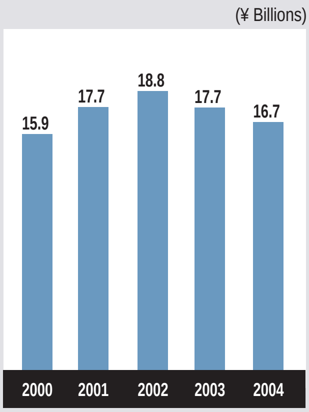
For the year ended March 31, 2004, net sales increased 4.4 percent year-on-year to ¥368,865 million. Cost of sales increased 4.3 percent year-on-year to ¥213,626 million, and the ratio of cost of sales to net sales improved marginally to 57.9 percent. As a result, gross profit increased 4.5 percent year-on-year to ¥155,239 million.

Selling, general and administrative (SG&A) expenses increased 3.0 percent year-on-year to ¥147,357 million. The ratio of SG&A expenses to net sales decreased 0.5 percentage points to 39.9 percent. Research and development expenses, which are included in selling,

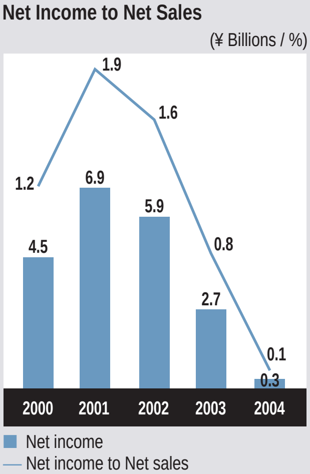
SG&A Expenses and SG&A Ratio



R&D Costs



Net Income and Net Income to Net Sales



general and administrative expenses and manufacturing expenses, decreased 5.9 percent year-on-year to ¥16,688 million.

As a result, operating income increased 43.2 percent year-on-year to ¥7,881 million. The ratio of operating income to net sales increased 0.5 percentage points to 2.1 percent.

Other income, net decreased 36.3 percent year-on-year to ¥362 million. A primary factor was a ¥201 million decrease in other income. Interest and dividend income decreased 8.2 percent to ¥413 million. Interest expenses decreased 11.3 percent to ¥1,318 million.

Extraordinary losses, net totaled ¥4,538 million, compared to ¥564 million for the previous fiscal year. Extraordinary income totaled ¥1,768 million, compared to ¥4,235 million for the previous fiscal year. This year-on-year change resulted because gain on sale of marketable securities was lower and the Meiji Seika Group reduced sales of property, plant and equipment. Extraordinary losses totaled ¥6,306 million, compared to ¥4,799 million for the previous fiscal year. Loss on disposal of property, plant and equipment totaled ¥806 million, compared to ¥1,746 million for the previous fiscal year. Expenses incurred due to revision of workforce and organization of parent company totaled ¥4,824 million, compared to ¥2,143 million for the previous fiscal year, as the Meiji Seika Group aggressively restructured operations to support future growth.

As a result of the above, income before income taxes decreased 32.7 percent year-on-year to ¥3,705 million, and net income decreased 87.0 percent to ¥348 million. The ratio of net income to net sales decreased 0.7 percentage points to 0.1 percent. Net income per share totaled ¥0.79, compared to ¥6.83 for the previous fiscal year.

DIVIDEND POLICY

The Meiji Seika Group's fundamental policy regarding distribution of profits is to take a long-term perspective in enhancing internal capital resources, expanding businesses and strengthening the Group's financial structure while providing reasonable, stable shareholder returns.

Accordingly, cash dividends per share for the year ended March 31, 2004 totaled ¥7.00, the same as in the previous fiscal year.

ANALYSIS OF FINANCIAL POSITION

As of March 31, 2004, total assets increased 3.9 percent from a year earlier to ¥330,059 million. Return on average total assets (ROA) was 0.1 percent, compared to 0.8 percent a year earlier.

Current assets increased 4.9 percent, or ¥7,246 million, from a year earlier to ¥154,610 million. Cash and time deposits decreased 27.9 percent, or ¥4,361 million from a year earlier to ¥11,271 million. Receivables increased 2.8 percent, or ¥2,029 million, from a year earlier. Inventories increased 6.8 percent, or ¥3,257 million, from a year earlier. Prepaid and other current assets increased 61.5 percent, or ¥4,223 million, to ¥11,095 million.

Total fixed assets increased 2.9 percent, or ¥5,015 million, to ¥175,448 million.

Total liabilities increased 6.1 percent, or ¥9,979 million, from a year earlier to ¥173,068 million.

Current liabilities increased 16.5 percent, or ¥13,461 million, from a year earlier to ¥95,052 million. The Meiji Seika Group reduced commercial paper by ¥1,000 million.

Long-term liabilities decreased 4.3 percent, or ¥3,483 million, from a year earlier to ¥78,015 million. Non-current deferred tax liabilities increased 30.3 percent, or ¥3,050 million, from a year earlier to ¥13,105 million. Long-term debt, however, decreased 8.9 percent, or ¥4,146 million, to ¥42,542 million.

Shareholders' equity increased 1.5 percent, or ¥2,327 million, from a year earlier to ¥154,549 million. Retained earnings decreased ¥2,394 million.

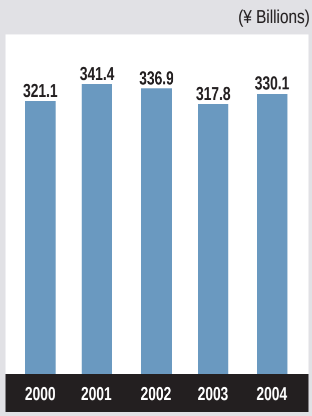
As a result, the ratio of shareholders' equity to total assets decreased 1.1 percentage points from a year earlier to 46.8 percent. Shareholders' equity per share increased ¥8.02 to ¥403.33. Return on average total shareholders' equity was 0.2 percent, compared to 1.7 percent a year earlier.

CASH FLOW ANALYSIS

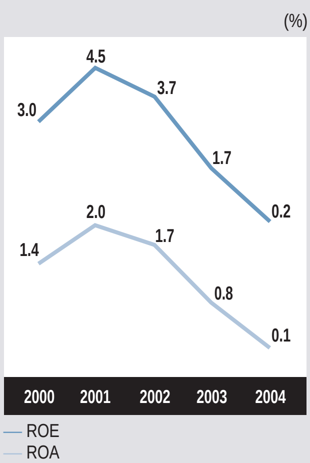
Net cash provided by operating activities decreased 30.7 percent compared to the previous fiscal year to ¥6,663 million.

Net cash used in investing activities decreased 60.7 percent compared to the previous fiscal year to ¥5,424 million. Net proceeds from sale of marketable securities totaled ¥6,840 million, compared to net purchases totaling ¥134 million in the previous fiscal year. The Meiji Seika Group also decreased purchases of property, plant and equipment by ¥4,984

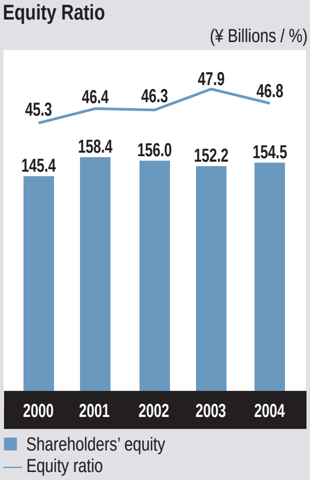
Total Assets



ROE and ROA



Shareholders' Equity and Equity Ratio



million compared to the previous fiscal year to ¥11,995 million.

Net cash used in financing activities increased to ¥6,028 million from ¥212 million in the previous fiscal year.

As a result of these factors, cash and cash equivalents as of March 31, 2004 decreased 30.1 percent, or ¥4,602 million, from a year earlier to ¥10,688 million.

BUSINESS RISKS AND OTHER RISKS

The following factors concerning the Meiji Seika Group's businesses and financial position described in its financial report (*yuka shoken hokokusho*) have the potential to exert a significant influence on investors' decisions. Statements in the text concerning the future are based on the judgment of the Meiji Seika Group's management as of March 31, 2004, the end of the fiscal year under review.

(1) Extraordinary Changes in Financial Position and Business Results

For the fiscal year ended March 31, 2004, consolidated net sales were ¥368,865 million, a year-on-year increase of 4.4 percent, and operating income was ¥7,881 million, a year-on-year increase of 43.2 percent. However, reorganization of production bases and expansion of the outplacement support program as part of the Company's management structure reforms resulted in net income of ¥348 million, a year-on-year decrease of 87.0 percent.

(2) Extraordinary Changes in Cash Flow

For the fiscal year ended March 31, 2004, net cash provided by operating activities was ¥6,663 million, a decrease of ¥2,949 million compared with the previous fiscal year. The main reason for the decline was an increase in the employee retirement allowance associated with the expansion of the outplacement support program.

(3) Legal Regulations

The Meiji Seika Group's food business is subject to various laws and regulations such as the Food Sanitation Law. In addition, the Group's pharmaceutical business is subject to pharmaceutical-related laws, including the Pharmaceutical Affairs Law, and agricultural chemical-related laws, including the Agricultural Chemicals Regulation Law.

The Meiji Seika Group complies with the laws in its food, pharmaceutical and health care businesses, and works to maintain and strengthen its sanitary management system and to produce appropriate labeling. However, product defects and other problems inherent to the Group's businesses, general problems existing in society, and the occurrence of criminal acts have the potential to impact the Group's business results.

(4) Procurement of Raw Ingredients

In the Meiji Seika Group's food business, nearly all raw ingredients and major ingredients (cacao beans, nuts, etc.) are imported. In principle, the Group maintains a fixed level of domestic stock, and takes measures to disperse risks in producing regions. However, in the event that the Group is unable to secure a sufficient volume of ingredients for an extended period of time due to political conditions in exporting countries, global demand conditions or other factors, the Group's production activities would be hindered, which could impact the Group's business results.

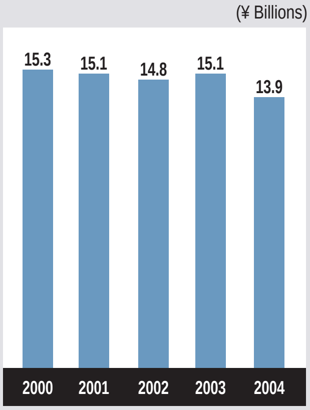
In addition, prices are currently trending higher for nearly all raw ingredients, and the Group is working to control costs by developing new procurement routes and promoting streamlining. However, acceleration in this upward trend in prices in the future could affect production costs.

(5) Contamination by Foreign Substances

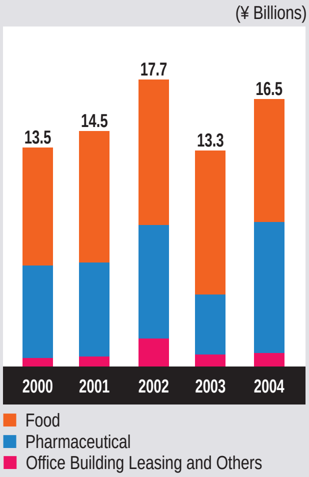
Today, greater safety and security in food ingredients is required, as symbolized by the issues of bovine spongiform encephalopathy (BSE) and the use of unapproved additives. The Meiji Seika Group is working to ensure safe, secure ingredients in its food business through measures such as shifting procurement to safer countries and strengthening inspection of suppliers.

In the pharmaceutical business, the Meiji Seika Group manufactures products ranging from bulk pharmaceuticals to drug preparations under management that follows Good Manufacturing Practice (GMP) guidelines stipulated by the Ministry of Health, Labour and Welfare. To prevent contamination incidents, the Group routinely conducts stringent production management and has incorporated the latest technology in an effort to improve the structures and equipment of production facilities. However, there is no guarantee against the possibility of contamination by foreign substances in any of the Group's products. Contamination by foreign substances would have a serious impact on the

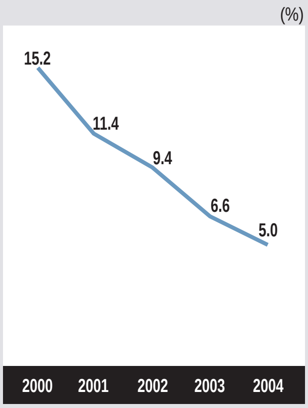
Depreciation and Amortization



Capital Expenditures



Interest Coverage Ratio



reputation of the Meiji Seika Group, which could cause sales to decline and costs to rise, and thus has the potential to impact the Group's business results.

(6) Revision of Drug Price Standard

For the pharmaceutical products the Meiji Seika Group sells, drug prices are set as the basis for calculating drug costs in reimbursement of medical institutions for medical consultations, according to the National Health Insurance (NHI) drug price standard stipulated by the Minister of Health, Labour and Welfare. An NHI price listing in this drug price standard is necessary to sell prescription pharmaceuticals.

As part of its policy for containing health care costs, the Ministry of Health, Labour and Welfare makes periodic revisions of the drug price standard based on drug price surveys, for the purpose of reflecting actual delivery prices of prescription drugs to medical institutions in the drug price standard. With these revisions, the drug prices of most prescription pharmaceuticals are lowered, and market prices tend to decline proportionally. Years in which the drug price standard is lowered have a corresponding impact on the results of the pharmaceutical business.

Since 1998, the NHI drug price standard has been reduced by an industry average of 9.7 percent in 1998, 7.0 percent in 2000, 6.3 percent in 2002, and 4.2 percent in 2004.

(7) Pharmaceutical Research and Development

For new drug development in the Meiji Seika Group's pharmaceutical business, rigorous inspections are performed by the Central Pharmaceutical Affairs Council based on testing data, after an accumulation of various tests from basic research through manufacturing approval. Consequently, the process from creation of a new substance to acquisition of manufacturing approval and market launch as a new drug typically requires ten to twenty years. If research and development does not proceed as planned during this period, the launch of the product may be delayed. In addition, if the expected results are not obtained or if safety problems occur, development may be suspended or terminated. Such cases have the potential to impact the Group's business results.

(8) Increase in Pharmaceutical License Fees and Royalty Payments

While using limited research and development expenditures to advance research and development of multiple compounds, the Meiji Seika Group also aims to acquire manufacturing and marketing approval for new drugs through rigorous inspections by the Ministry of Health, Labour and Welfare. However, in development of ethical drugs, the cumulative success rate from new compound to acquisition of manufacturing approval is 1 in 6,000. In these conditions, there are inevitably instances in which the launch of originally developed drugs becomes difficult for a period, and the Group must rely on products licensed from other companies. This causes an increase in license fees and royalty payments, which has the potential to impact the Group's business results.

OUTLOOK FOR THE YEAR ENDING MARCH 31, 2005

The Meiji Seika Group's operating environment is expected to remain challenging during the year ending March 31, 2005, which will be the second year of the Challenge 2005 medium-term management plan. During the period, the Meiji Seika Group will continue to move forward with structural reforms, assiduously reduce costs and shift to a more powerful business structure with the aim of improving results.

As a result, for the year ending March 31, 2005, the Meiji Seika Group projects net sales of ¥380,000 million, a year-on-year increase of 3.0 percent; operating income of ¥9,500 million, a year-on-year increase of 20.5 percent; and a net loss of ¥8,500 million, a year-on-year negative change of ¥8,848 million.

Consolidated Balance Sheets

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
March 31, 2004, 2003 and 2002

	Millions of Japanese yen			Thousands of U.S. dollars
ASSETS	**2004**	2003	2002	**2004**
Current Assets:				
Cash and time deposits (Notes 5 and 9)	**¥ 11,271**	¥ 15,632	¥ 18,997	**$ 106,647**
Marketable securities (Note 3)	**—**	40	1,199	**—**
Receivables:				
Notes and accounts	**73,790**	71,678	76,028	**698,183**
Unconsolidated subsidiaries and affiliates	**243**	326	431	**2,302**
Inventories	**51,231**	47,974	46,775	**484,738**
Prepaid and other current assets	**11,095**	6,872	6,015	**104,978**
Other current assets in unconsolidated subsidiaries and affiliates	**1,866**	578	3,024	**17,659**
Deferred tax assets (current) (Note 6)	**5,172**	4,331	4,792	**48,939**
Allowance for doubtful receivables	**(60)**	(69)	(37)	**(574)**
Total current assets	**154,610**	147,364	157,228	**1,462,872**
Fixed Assets:				
Investments and Other Non-Current Assets:				
Investment securities (Notes 3 and 5)	**27,295**	17,553	22,320	**258,264**
Investments in and advances to unconsolidated subsidiaries and affiliates	**1,653**	7,226	6,969	**15,641**
Long-term loans	**203**	242	199	**1,928**
Other investments and advances	**4,758**	3,753	4,232	**45,024**
Allowance for doubtful accounts	**(984)**	(1,118)	(976)	**(9,316)**
Total investments and other non-current assets	**32,926**	27,656	32,744	**311,541**
Property, Plant and Equipment (Note 5):				
Land	**25,106**	25,322	25,527	**237,546**
Buildings and structures	**140,032**	141,438	141,367	**1,324,935**
Machinery and equipment	**173,186**	173,814	168,535	**1,638,628**
Construction in progress	**8,152**	966	2,554	**77,137**
Less accumulated depreciation	**(207,656)**	(202,672)	(194,457)	**(1,964,770)**
Total property, plant and equipment (net)	**138,821**	138,869	143,528	**1,313,476**
Intangible Fixed Assets	**3,457**	3,600	3,139	**32,717**
Deferred Tax Assets (Non-Current) (Note 6)	**242**	307	265	**2,298**
Total fixed assets	**175,448**	170,433	179,678	**1,660,032**
Deferred Assets	**—**	—	25	**—**
Total assets	**¥ 330,059**	¥ 317,798	¥ 336,932	**$ 3,122,904**

See notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Japanese yen 2004	2003	2002	Thousands of U.S. dollars 2004
Current Liabilities:				
Bank loans (Notes 4 and 5)	**¥ 20,110**	¥ 17,293	¥ 30,387	**$ 190,277**
Commercial paper	**4,000**	5,000	13,000	**37,847**
Payables:				
Notes and accounts	**25,332**	23,646	28,107	**239,690**
Unconsolidated subsidiaries and affiliates	**2,668**	2,513	2,815	**25,249**
Accrued expenses	**17,257**	17,621	20,934	**163,283**
Accrued income taxes	**4,305**	1,758	3,431	**40,742**
Other current liabilities	**21,377**	13,758	15,940	**202,269**
Total current liabilities	**95,052**	81,591	114,617	**899,356**
Long-Term Liabilities:				
Long-term debt (Notes 4 and 5)	**42,542**	46,688	23,706	**402,517**
Employees' retirement benefits (Note 8)	**17,959**	20,194	19,959	**169,923**
Deferred tax liabilities (non-current) (Note 6)	**13,105**	10,055	14,959	**124,000**
Other long-term liabilities	**4,409**	4,559	5,005	**41,717**
Total long-term liabilities	**78,015**	81,498	63,630	**738,157**
Total liabilities	**173,068**	163,089	178,248	**1,637,513**
Minority Interests	**2,441**	2,486	2,693	**23,102**
Contingent Liabilities (Note 12)				
Shareholders' Equity:				
Common stock				
Authorized — 796,104,000 shares				
Issued 2004 — 385,535,116 shares	**28,363**			**268,366**
Issued 2003 — 385,535,116 shares		28,363		
Issued 2002 — 385,535,116 shares			28,363	
Capital surplus	**34,935**	34,935	34,935	**330,545**
Retained earnings	**84,575**	86,969	87,159	**800,225**
Difference in valuation of other securities	**9,133**	2,915	6,328	**86,421**
Foreign currency translation adjustments	**(1,355)**	(754)	(762)	**(12,824)**
Treasury stock	**(1,103)**	(206)	(34)	**(10,444)**
Total shareholders' equity	**154,549**	152,222	155,990	**1,462,289**
Total liabilities, minority interests and shareholders' equity	**¥330,059**	¥317,798	¥336,932	**$3,122,904**

Consolidated Statements of Income

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2004, 2003 and 2002

	Millions of Japanese yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
Net Sales	**¥368,865**	¥353,453	¥361,866	**$3,490,073**
Cost of Sales	**213,626**	204,879	206,863	**2,021,253**
Gross profit	**155,239**	148,574	155,003	**1,468,820**
Selling, General and Administrative Expenses (Note 10)	**147,357**	143,070	141,960	**1,394,247**
Operating income	**7,881**	5,503	13,042	**74,573**
Other Income and Expenses:				
Interest and dividend income	**413**	450	612	**3,915**
Other income	**2,650**	2,851	2,203	**25,073**
Interest expenses	**(1,318)**	(1,486)	(1,682)	**(12,472)**
Other expenses	**(1,383)**	(1,247)	(1,054)	**(13,092)**
Extraordinary Income (Note 11)	**1,768**	4,235	2,558	**16,738**
Extraordinary Losses (Note 11)	**6,306**	4,799	3,639	**59,672**
Income before Income Taxes	**3,705**	5,507	12,041	**35,064**
Income Taxes:				
Current	**4,963**	4,679	6,279	**46,963**
Deferred	**(1,930)**	(2,001)	(281)	**(18,266)**
	3,032	2,677	5,997	**28,697**
Minority Interests	**(324)**	(160)	(156)	**(3,069)**
Net Income	**348**	2,670	5,887	**3,297**
Per Share Data (in yen and U.S. dollars):				
Net income	**¥0.79**	¥6.83	¥15.20	**$0.01**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2004, 2003 and 2002

	Number of shares of common stock (thousands)	Millions of Japanese yen					
		Common stock	Capital surplus	Retained earnings	Difference in valuation of other securities	Foreign currency translation adjustments	Treasury common stock
Balance at March 31, 2001	387,431	¥28,363	¥34,935	¥84,925	¥11,815	¥(1,629)	¥ (1)
Net income				5,887			
Increase in earnings from the addition of consolidated subsidiaries				36			
Cash dividends				(2,712)			
Directors' bonuses				(77)			
Retirement of treasury common stock	(1,896)			(899)			
Other					(5,487)	867	(32)
Balance at March 31, 2002	385,535	28,363	34,935	87,159	6,328	(762)	(34)
Net income				2,670			
Increase in earnings due to increase in the number of companies accounted for by the equity method				178			
Cash dividends				(2,697)			
Directors' bonuses				(42)			
Decrease in earnings due to changes in the number of consolidated subsidiaries and the method of accounting for companies by the equity method				(298)			
Other					(3,412)	7	(172)
Balance at March 31, 2003	385,535	28,363	34,935	86,969	2,915	(754)	(206)
Net income				**348**			
Decrease in earnings due to increase in the number of companies accounted for by the equity method				**(7)**			
Cash dividends				**(2,695)**			
Directors' bonuses				**(39)**			
Other					**6,218**	**(600)**	**(896)**
Balance at March 31, 2004	**385,535**	**¥28,363**	**¥34,935**	**¥84,575**	**¥ 9,133**	**¥(1,355)**	**¥(1,103)**

	Thousands of U.S. dollars					
	Common stock	Capital surplus	Retained earnings	Difference in valuation of other securities	Foreign currency translation adjustments	Treasury common stock
Balance at March 31, 2003	$268,366	$330,545	$822,872	$27,585	$ (7,141)	$ (1,956)
Net income			**3,297**			
Decrease in earnings due to increase in the number of companies accounted for by the equity method			**(70)**			
Cash dividends			**(25,502)**			
Directors' bonuses			**(371)**			
Other				**58,835**	**(5,682)**	**(8,487)**
Balance at March 31, 2004	**$268,366**	**$330,545**	**$800,225**	**$86,421**	**$(12,824)**	**$(10,444)**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
Year ended March 31, 2004, 2003 and 2002

	Millions of Japanese yen			Thousands of U.S. dollars
	2004	2003	2002	**2004**
Operating Activities:				
Income before income taxes	**¥ 3,705**	¥ 5,507	¥ 12,041	**$ 35,064**
Depreciation and amortization	**13,892**	15,086	14,798	**131,442**
Amortization of consolidation adjustments	**101**	390	470	**961**
Loss on disposal of property, plant and equipment	**1,204**	1,399	982	**11,398**
Loss on valuation of marketable securities	**213**	440	1,062	**2,018**
Change in allowance for doubtful accounts	**(142)**	173	936	**(1,351)**
Change in employee retirement allowance	**(2,235)**	244	1,114	**(21,148)**
Interest and dividends received	**(413)**	(450)	(612)	**(3,915)**
Interest expenses	**1,318**	1,486	1,682	**12,471**
Equity in (income) loss of equity-method affiliates	**(83)**	(132)	(56)	**(788)**
Gain on sale of property, plant and equipment	**(339)**	(1,950)	(2,331)	**(3,213)**
(Gain) loss on sale of investment securities	**(1,153)**	(2,184)	243	**(10,915)**
Change in trade receivables	**(2,025)**	4,418	2,120	**(19,162)**
Change in inventories	**(3,254)**	(1,228)	(2,300)	**(30,792)**
Change in trade payables	**1,222**	(6,640)	(1,474)	**11,566**
Change in other assets and liabilities	**(2,089)**	284	(3,206)	**(19,769)**
Directors' bonuses paid	**(41)**	(44)	(79)	**(391)**
Subtotal	**9,879**	16,801	25,393	**93,473**
Interest and dividends received	**564**	648	612	**5,338**
Interest paid	**(1,337)**	(1,462)	(1,648)	**(12,650)**
Income taxes paid	**(2,443)**	(6,375)	(8,915)	**(23,116)**
Net cash provided by operating activities	**6,663**	9,612	15,441	**63,045**
Investing Activities:				
Payments for time deposits	**(325)**	(327)	(65)	**(3,083)**
Proceeds from withdrawal of time deposits	**84**	355	32	**799**
Purchases of marketable securities	**(841)**	(3,607)	(558)	**(7,959)**
Proceeds from sale of marketable securities	**7,681**	3,473	541	**72,678**
Purchases of property, plant and equipment	**(11,995)**	(16,979)	(14,319)	**(113,501)**
Proceeds from sale of property, plant and equipment	**1,172**	3,912	1,158	**11,092**
Sale of stock of associated companies in accordance with the change in the scope of consolidation	**—**	(68)	—	**—**
Change in other investment	**(1,199)**	(573)	(73)	**(11,350)**
Net cash used in investing activities	**(5,424)**	(13,814)	(13,284)	**(51,324)**
Financing Activities:				
Change in short-term borrowings	**(350)**	(1,733)	(9,284)	**(3,313)**
Change in commercial paper	**(1,000)**	(8,000)	8,000	**(9,461)**
Proceeds from long-term borrowings	**2,720**	7,541	5,250	**25,735**
Repayment of long-term borrowings	**(3,690)**	(15,126)	(2,038)	**(34,920)**
Proceeds from issuance of corporate bonds	**—**	20,000	—	**—**
Purchases of treasury stocks to offset retained earnings	**—**	—	(899)	**—**
Dividends paid	**(2,695)**	(2,697)	(2,712)	**(25,502)**
Other	**(1,012)**	(195)	(129)	**(9,578)**
Net cash used in financing activities	**(6,028)**	(212)	(1,813)	**(57,041)**
Translation Adjustment on Cash and Cash Equivalents	**84**	(99)	459	**801**
Net Increase (Decrease) in Cash and Cash Equivalents	**(4,705)**	(4,513)	803	**(44,519)**
Cash and Cash Equivalents at Beginning of Year	**15,290**	19,808	18,992	**144,677**
Increase (Decrease) in Cash and Cash Equivalents due to the Change in the Number of Consolidated Subsidiaries	**103**	(3)	—	**975**
Cash and Cash Equivalents at End of Year	**¥ 10,688**	¥ 15,290	¥ 19,808	**$ 101,133**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Meiji Seika Kaisha, Ltd. (the "Company") and subsidiary companies have been prepared from the consolidated financial statements in Japanese filed with the Kanto Finance Bureau as required by the Securities and Exchange Law of Japan, which are in conformity with accounting principles and practices generally accepted in Japan. These are different in certain respects from the application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to present them in a form which is familiar to readers outside Japan. The accounts and the financial statements of the Company and its subsidiaries are maintained in Japanese yen. For the convenience of the reader, the accompanying consolidated financial statements are also presented in U.S. dollars by arithmetically translating all Japanese yen amounts by using the exchange rate of ¥105.69 to $1 in effect at March 31, 2004.

2. Summary of Significant Accounting Policies

(a) Consolidation policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (the "Companies"), over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates over which the Company has ability to exercise significant influences over operating and financial policies of the investees, are accounted for on the equity method. The consolidated financial statements consist of the Company and its 22 (21 in 2003) significant subsidiaries. All significant intercompany transactions and accounts have been eliminated. Accounts of subsidiaries whose business year-ends differ by three months form March 31 have been included using financial information with appropriate adjustment. Investments in one (two in 2003) affiliate are accounted for on the equity method. The difference between the cost and underlying net equity at acquisition of investments in consolidated subsidiaries and affiliates is allocated to identifiable assets based on fair market value at the date of acquisition. The unallocated portion of the differences is amortized over 5 years and 15 years on a straight-line basis.

(b) Marketable securities

Marketable securities are valued using the following methods.

Securities that have market prices:	Market valuation based on market prices at fiscal year-end. Differences in appraisals are accounted for by incorporation of direct capital, and sales cost is calculated using the moving-average method.
Securities that have no market prices:	Cost method based on the moving-average method.

(c) Inventories

Inventories, including finished and semifinished products as well as work in progress, are valued at cost, which is determined mainly by the average cost method, except supplies and raw materials, which are stated at the lower of cost or market.

(d) Income taxes

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

(e) Property, plant and equipment

Property, plant and equipment are stated at cost. Deprecation of the assets of the parent company and domestic subsidiaries is calculated primarily by the declining balance method. However, depreciation of buildings and structures used in the leasing business that were acquired on or after April 1, 1996 is calculated by the straight-line method. Furthermore, depreciation of buildings (excluding attached fixtures) acquired on or after April 1, 1998 is calculated by the straight-line method. Overseas consolidated subsidiaries mainly used the straight-line method to calculate depreciation.

(f) Intangible assets

Intangible assets are carried at cost less accumulated amortization, which is calculated principally by the straight-line method.

Commencing with the fiscal year under review, the Company's U.S. subsidiaries have adopted the U.S. Financial Accounting Standard Board's Statement No. 142, Goodwill and Other Intangible Assets. Accordingly, impairment studies will be conducted annually or when incidents that could possibly impair goodwill or other intangible assets occur to determine whether impairment has occurred.

Following this standard, the U.S. subsidiaries have conducted impairment studies and determined that the fair value of their goodwill and other intangible assets lie above carrying value. Therefore, starting with the fiscal year under review, no amortization charges will be made to the consolidation adjustment account.

(g) Allowance for doubtful accounts

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

(h) Reserve for retirement allowances

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

The difference at the time of accounting standard alteration (¥17,740 million) is being charged to income on a pro rata basis over seven years.

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

(i) Leases

For finance lease transactions, except for leases that transfer ownership of the property to the lessee, the usual accounting method governing lease transactions is applicable.

(j) Cash and cash equivalents

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

(k) Translation of foreign currency

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

The assets, liabilities, revenues and expenses of overseas subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet date of each overseas subsidiary. The translation adjustments are included in minority interests in consolidated subsidiaries and in the foreign currency translation adjustment account in the shareholders' equity portion of the consolidated balance sheet.

(l) Per share data

Net income per share is computed based on the weighted average number of shares of common stock and common stock equivalents adjusted for free share distributions.

3. Marketable Securities

Book value, fair value of securities held by the Company and its consolidated subsidiaries are as follows:

1. Other securities with market prices as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		
As of March 31, 2004	Book value	Fair value	Difference
Securities with market prices exceeding acquisition costs			
Stocks	**¥8,881**	**¥24,434**	**¥15,553**
Bonds and debentures	**500**	**500**	**0**
Others	**46**	**52**	**6**
Subtotal	**¥9,427**	**¥24,987**	**¥15,559**
Securities with market prices falling below acquisition costs			
Stock	**¥ 197**	**¥ 168**	**¥ (29)**
Others	**129**	**107**	**(21)**
Subtotal	**¥ 327**	**¥ 276**	**¥ (51)**
Total	**¥9,754**	**¥25,263**	**¥15,508**

	Thousands of U.S. dollars		
As of March 31, 2004	Book value	Fair value	Difference
Securities with market prices exceeding acquisition costs			
Stocks	**$84,035**	**$231,193**	**$147,157**
Bonds and debentures	**4,730**	**4,730**	**0**
Others	**437**	**496**	**59**
Subtotal	**$89,203**	**$236,420**	**$147,216**
Securities with market prices falling below acquisition costs			
Stocks	**$ 1,870**	**$ 1,589**	**$ (280)**
Others	**1,223**	**1,021**	**(202)**
Subtotal	**$ 3,094**	**$ 2,611**	**$ (482)**
Total	**$92,298**	**$239,032**	**$146,733**

As of March 31, 2003	Millions of Japanese yen Book value	Fair value	Difference
Securities with market prices exceeding acquisition costs			
Stocks	¥ 5,932	¥11,756	¥5,823
Bonds and debentures	500	500	0
Others	44	44	0
Subtotal	¥ 6,477	¥12,301	¥5,824
Securities with market prices falling below acquisition costs			
Stocks	¥ 3,299	¥ 2,589	¥ (710)
Bonds and debentures	500	457	(42)
Others	129	86	(42)
Subtotal	¥ 3,928	¥ 3,133	¥ (795)
Total	¥10,406	¥15,434	¥5,028

2. Other securities sold during fiscal 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Sale value	**¥1,473**	¥2,477	**$13,944**
Total gain on sales	**1,039**	2,161	**9,833**
Total loss on sales	**—**	(15)	**—**

3. Book value of major securities not marked to market as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Other securities			
(1) Unlisted stocks	**¥1,032**	¥1,118	**$9,770**
(2) Preferred securities	**1,000**	1,000	**9,461**
(3) Debt securities, corporate bonds	**—**	40	**—**

4. Expected redemption values of other securities with future maturity as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen			Thousands of U.S. dollars		
As of March 31, 2004	Within one year	From 1—5 years	Over 5 years	Within one year	From 1—5 years	Over 5 years
Other securities						
(1) Bonds and debentures	**¥—**	**¥500**	**¥—**	**$—**	**$4,730**	**$ —**
(2) Other	**—**	**—**	**98**	**—**	**—**	**935**
Total	**¥—**	**¥500**	**¥98**	**$—**	**$4,730**	**$935**

	Millions of Japanese yen		
As of March 31, 2003	Within one year	From 1—5 years	Over 5 years
Other securities			
(1) Bonds and debentures	¥40	¥457	¥500
(2) Other	—	—	80
Total	¥40	¥457	¥581

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

The average annual rates of interest on the outstanding balance of short-term loans payable as of March 31, 2004 and March 31, 2003 were 1.1% and 1.4%, respectively.

Long-term debt as of March 31, 2004 and 2003 is summarized as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
0.7% unsecured bonds due 2007	**¥20,000**	¥20,000	**$189,232**
Loans from domestic banks, insurance companies, government agencies and others, due 2004 to 2022	**29,209**	30,312	**276,373**
	49,209	50,312	**465,606**
Less portion due within one year	**(6,667)**	(3,623)	**(63,089)**
Total long-term debt	**¥42,542**	¥46,688	**$402,517**

At March 31, 2004 the aggregate annual maturities of long-term debt are as follows:

Year ending March 31	Millions of Japanese yen	Thousands of U.S. dollars
2006	¥ 4,933	$ 46,681
2007	7,629	72,191
2008	26,187	247,776
2009	822	7,785
Thereafter	2,968	28,082
Total	¥42,542	$402,517

5. Collateral and Secured Liability

A summary of assets pledged as collateral for liability at March 31, 2004 and 2003 is as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Deposit	**¥ —**	¥ 45	**$ —**
Land	**703**	703	**6,652**
Buildings	**29,265**	30,849	**276,900**
Machinery and equipment	**—**	1,027	**—**
Investment securities	**896**	193	**8,477**
Total	**¥30,864**	¥32,820	**$292,030**

A summary of secured liability at March 31, 2004 and 2003 is as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Long-term loans			
(Including current portions of long-term loans payable within one year)	**¥7,172**	¥9,010	**$67,866**

6. Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Deferred tax assets			
Amount in excess of limit for employee retirement allowances	**¥ 6,986**	¥ 6,507	**$ 66,099**
Selling expenses not deductible for tax purposes during the period	**595**	787	**5,636**
Valuation loss on investment and marketable securities	**1,101**	1,127	**10,423**
Amount in excess of limit for accrued bonuses to employees	**2,073**	2,202	**19,617**
Excess depreciation of fixed assets	**1,223**	1,296	**11,579**
Excess deferred asset depreciation for tax purposes	**61**	152	**577**
Accrued enterprise taxes	**437**	147	**4,139**
Other	**3,960**	3,292	**37,474**
Subtotal	**16,439**	15,513	**155,548**
One-time difference for future reductions that are unscheduled	**(1,397)**	(1,467)	**(13,220)**
Total deferred tax assets	**¥ 15,042**	¥ 14,046	**$ 142,328**
Deferred tax liabilities			
Advanced depreciation reserve for fixed assets	**¥(16,176)**	¥(16,998)	**$(153,057)**
Valuation difference on other marketable securities	**(6,356)**	(2,112)	**(60,143)**
Other	**(199)**	(353)	**(1,890)**
Total deferred tax liabilities	**¥(22,733)**	¥(19,464)	**$(215,091)**
Net deferred tax liabilities	**¥ (7,690)**	¥ (5,417)	**$ (72,763)**

The net deferred tax assets at March 31, 2004 and 2003, included in the consolidated balance sheets are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Deferred tax assets (current)	**¥ 5,172**	¥ 4,331	**$ 48,939**
Deferred tax assets (non-current)	**242**	307	**2,297**
Deferred tax liabilities (non-current)	**13,105**	10,055	**123,999**

A breakdown of the significant differences between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2004 and 2003 is as follows:

	2004	2003
Statutory tax rate	**42.0%**	42.0%
Entertainment and other permanently non-deductible expenses	**23.4**	13.5
Dividend and other permanently non-taxable income	**(6.4)**	(1.0)
Difference due to sale of affiliate accounted for by the equity method	**25.7**	—
Evaluation loss on investment securities outside the scope of tax effect	**(2.7)**	(3.9)
Per capita inhabitant's tax	**3.6**	2.6
Unrecognized tax effect due to elimination of investment and capital	**9.1**	5.8
Difference in tax rate of overseas consolidated subsidiaries	**(2.4)**	(3.3)
Tax credit for experimentation and research expenses	**(13.8)**	(2.6)
Change in deferred tax assets and liabilities at end of year due to change in statutory tax rate	**3.5**	(3.3)
Other	**(0.2)**	(1.2)
Effective tax rates	**81.8**	48.6

7. Leases

a) Finance leases

Amounts corresponding to lease property acquisition cost, accumulated depreciation, net leased property of machinery, equipment and other assets during the fiscal years 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Acquisition cost	**¥8,087**	¥10,034	**$76,521**
Accumulated depreciation	**4,457**	5,496	**42,173**
Net leased property of machinery, equipment and other assets	**¥3,630**	¥ 4,538	**$34,347**

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

Outstanding balances of future lease payments as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥1,390**	¥1,667	**$13,154**
Due after one year	**2,239**	2,870	**21,192**
	¥3,630	¥4,538	**$34,347**

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

b) Operating leases

Outstanding balances of future lease payments as of March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥ 152**	¥ 157	**$ 1,442**
Due after one year	**1,922**	2,322	**18,188**
	¥2,074	¥2,479	**$19,631**

8. Retirement Benefits

The liability for employees' retirement benefits at March 31, 2004 and 2003 is as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Projected benefit obligation	**¥ 67,360**	¥ 69,533	**$ 637,342**
Fair value of plan assets	**(31,881)**	(21,397)	**(301,649)**
Unrecognized actuarial loss	**(9,933)**	(17,826)	**(93,989)**
Unrecognized transitional obligation	**(7,586)**	(10,115)	**(71,780)**
Net liability for retirement benefits	**¥ 17,959**	¥ 20,194	**$ 169,923**

The components of net periodic benefit costs for the years ended March 31, 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Service cost	**¥2,380**	¥2,492	**$22,520**
Interest cost	**2,056**	2,137	**19,460**
Expected return on plan assets	**(569)**	(605)	**(5,385)**
Recognized actuarial loss	**2,937**	1,926	**27,794**
Amortization of transitional obligation	**2,528**	2,534	**23,926**
Net periodic benefit costs	**¥9,334**	¥8,485	**$88,316**

Assumptions used for the years ended March 31, 2004 and 2003 are set forth as follows:	**2004**	2003
Discount rate	**2.5%**	3.0%
Expected rate of return on plan assets	**3.5%**	3.5%
Recognition period of actuarial gain/loss	**7 years**	7 years
Amortization period of transitional obligation	**7 years**	7 years

9. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2004 and 2003:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Cash and time deposits	**¥11,271**	¥15,632	**$106,647**
Time deposits with maturities of more than three months	**(582)**	(341)	**(5,513)**
Cash and cash equivalents	**¥10,688**	¥15,290	**$101,133**

10. Selling, General and Administrative Expenses

Selling, general and administrative expenses during fiscal 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Sales promotion expenses	**¥51,211**	¥50,766	**$484,544**
Salaries and wages	**20,098**	18,048	**190,169**
Employees' retirement benefits	**—**	5,284	**—**

11. Extraordinary Income (Losses)

Extraordinary income (losses) during fiscal 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Extraordinary income			
Gain on sale of marketable securities	**¥1,039**	¥2,161	**$ 9,833**
Gain on sale of property, plant and equipment	**473**	1,972	**4,484**
Extraordinary losses			
Expenses incurred due to revision of workforce and organization of parent company	**4,824**	2,143	**45,649**
Loss on disposal of property, plant and equipment	**806**	1,746	**7,626**

12. Contingent Liabilities

1) Guaranteed Financial Obligations

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

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
MEIKA KOUSAN CO., LTD.	**¥1,006**	¥ 931	**$ 9,520**
Other affiliated companies (2 companies)	**704**	862	**6,663**
Employees	**1,486**	2,233	**14,068**
Total	**¥3,197**	¥4,027	**$30,252**

2) Notes receivables discounted

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Notes receivables discounted	**¥18**	¥104	**$175**

13. Research and Development Costs

Research and development costs which were included in general and administrative expenses and manufacturing expenses during the fiscal years 2004 and 2003 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2004	2003	**2004**
Research and development costs	**¥16,688**	¥17,738	**$157,902**

14. Segment Information

(1) Segment Information by Industry

	Millions of Japanese yen							
	2004							
	Food	Pharmaceutical	Health care	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sales and Operating Income								
Sales								
(1) Sales to outside customers	¥238,414	¥108,504	¥18,901	¥ 2,706	¥338	¥368,865	¥ —	¥368,865
(2) Inter-segment sales and transfers	2,745	7,080	1,809	115	0	11,751	(11,751)	—
Total	241,159	115,584	20,711	2,821	339	380,617	(11,751)	368,865
Operating costs and expenses	235,193	111,746	19,999	2,573	328	369,840	(8,856)	360,984
Operating income	¥ 5,966	¥ 3,838	¥ 712	¥ 248	¥ 10	¥ 10,776	¥ (2,894)	¥ 7,881
Assets, Depreciation and Capital Expenditures								
Assets	¥118,808	¥130,476	¥10,081	¥29,715	¥549	¥289,631	¥ 40,428	¥330,059
Depreciation	6,649	5,511	14	1,682	7	13,865	26	13,892
Capital expenditures	6,809	8,139	63	20	0	15,033	1,504	16,537

	Thousands of U.S. dollars							
	2004							
	Food	Pharmaceutical	Health care	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sales and Operating Income								
Sales								
(1) Sales to outside customers	$2,255,789	$1,026,631	$178,843	$25,606	$3,201	$3,490,072	$ —	$3,490,072
(2) Inter-segment sales and transfers	25,974	66,989	17,123	1,091	7	111,187	(111,187)	—
Total	2,281,763	1,093,621	195,967	26,698	3,209	3,601,259	(111,187)	3,490,072
Operating costs and expenses	2,225,310	1,057,302	189,226	24,350	3,108	3,499,298	(83,799)	3,415,499
Operating income	$ 56,452	$ 36,319	$ 6,740	$ 2,348	$ 100	$ 101,961	$ (27,388)	$ 74,573
Assets, Depreciation and Capital Expenditures								
Assets	$1,124,118	$1,234,521	$ 95,390	$281,159	$5,197	$2,740,387	$ 382,516	$3,122,904
Depreciation	62,919	52,150	134	15,915	73	131,193	249	131,442
Capital expenditures	64,432	77,012	604	191	1	142,242	14,230	156,473

	Millions of Japanese yen							
	2003							
	Food	Pharmaceutical	Health care	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sales and Operating Income								
Sales								
(1) Sales to outside customers	¥228,646	¥103,03 7	¥17,192	¥ 3,041	¥1,535	¥353,453	¥ —	¥353,453
(2) Inter-segment sales and transfers	2,890	3,682	2,980	124	1	9,679	(9,679)	—
Total	231,537	106,719	20,173	3,166	1,536	363,133	(9,679)	353,453
Operating costs and expenses	227,985	104,453	19,467	2,692	1,569	356,169	(8,219)	347,950
Operating income	¥ 3,551	¥ 2,265	¥ 706	¥ 474	¥ (32)	¥ 6,964	¥ (1,460)	¥ 5,503
Assets, Depreciation and Capital Expenditures								
Assets	¥111,084	¥126,854	¥10,045	¥31,737	¥ 475	¥280,198	¥37,599	¥317,798
Depreciation	7,256	5,964	19	1,771	44	15,056	29	15,086
Capital expenditures	9,155	3,654	52	13	7	12,884	375	13,260

(2) Segment Information by Region

The Company has omitted segment information by region because domestic sales and assets exceeded 90% of all segments for the years ended March 31, 2004 and 2003.

(3) Overseas Sales

The Company has omitted information on overseas sales because such sales accounted for less than 10% of the total fiscal 2004 and 2003 consolidated net sales.

REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS

THE FUJI ACCOUNTING OFFICE

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

We have audited the accompanying consolidated balance sheets of Meiji Seika Kaisha, Ltd. and its subsidiaries as of March 31, 2004, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Meiji Seika Kaisha, Ltd. and its subsidiaries as of March 31, 2004, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

The Fuji Accounting Office
Certified Public Accountants

The Fuji Accounting Office

Tokyo, Japan
June 25, 2004

Corporate Data

(As of March 31, 2004)

Number of Employees
3,948

Stock Listing
Tokyo

Authorized Common Stock
796,104,000

Shares Issued and Outstanding
385,535,116

Number of Shareholders
74,231

Consolidated Subsidiaries

Name (Principal subsidiaries)	Paid-in capital (Millions of yen)	Equity ownership (%)	Main business
MEIJI TRADING CORP.	300	90.00	Sale of sugar, glucose and other foods
DONAN SHOKUHIN CO., LTD.	40	100.00	Manufacturing and sale of confectionery and other foods
ZAO SHOKUHIN KAISHA, LTD.	10	100.00	Manufacturing and sale of confectionery and other foods
RONDE CORPORATION	50	100.00	Manufacturing and sale of confectionery and other foods
MEIJI SANGYO CO., LTD.	50	85.00*1	Manufacturing and sale of confectionery and other foods
MEIJI CHEWING GUM CO., LTD.	75	51.00	Manufacturing and sale of confectionery and other foods
OKAYAMAKEN SHOKUHIN CO., LTD.	50	94.00*1	Manufacturing and sale of confectionery and other foods
SHIKOKU MEIJI CO., LTD.	91	84.14	Manufacturing and sale of confectionery and other foods
TAIYO SHOKUHIN CO., LTD.	80	100.00	Manufacturing and sale of foods
AZTECA Co., Ltd.	10	100.00	Sale of premium western-style confectionery
FUJI-AMIDE CHEMICAL, CO., LTD.	30	90.00	Manufacturing and sale of chemicals, medical products and pesticides
Kitasato Pharmaceutical Industry Co., Ltd.	30	60.00	Sale of vaccines
MEIJI KAIHATSU, CO., Ltd.	30	100.00	Management of sports and recreational facilities
MEIJI SPORTS PLAZA, Ltd.	90	100.00	Management of sports and recreational facilities
Meiji Seika (Singapore) Pte. Ltd. (Singapore)	S$15 million	100.00	Manufacturing and sale of confectionery and confectionery materials
D.F. Stauffer Biscuit Co., Inc. (U.S.A.)	US$38,005 thousand	100.00	Manufacturing and sale of confectionery and other foods
Laguna Cookie Co., Inc. (U.S.A.)	US$20,729 thousand	—*1	Manufacturing and sale of confectionery and other foods
P.T. Meiji Indonesian Pharmaceutical Industries (Indonesia)	Rp9,628 million	83.86	Manufacturing and sale of medical products
Thai Meiji Pharmaceutical Co., Ltd. (Thailand)	Bt297 million	93.53*2	Manufacturing and sale of medical products
Tedec-Meiji Farma S.A. (Spain)	Euro 2,028 thousand	20.00*3	Manufacturing and sale of medical products
Mabo Farma S.A. (Spain)	Euro 300 thousand	—*1	Sale of medical products
Meiji Seika Europe B.V. (Netherlands)	Euro 25 thousand	100.00	Finance and investment operations

Notes: *1. Fully owned including indirect shareholdings
*2. 94.61% owned including indirect shareholdings
*3. 80% owned including indirect shareholdings

Principal Shareholders

Name	Number of shares (Thousands)	Percentage of shares held
Mizuho Bank, Ltd.	19,023	4.93%
The Dai-ichi Mutual Life Insurance Company	16,163	4.19
The Master Trust Bank of Japan, Ltd. (Trust account)	15,709	4.07
Nippon Life Insurance Company	14,942	3.88
Japan Trustee Services Bank, Ltd. (Trust account)	13,480	3.50
Fukoku Mutual Life Insurance Company	10,001	2.59
The Norinchukin Bank	7,000	1.82
The Bank of Tokyo-Mitsubishi, Ltd.	6,804	1.77
The Tokio Marine and Fire Insurance Company, Limited	6,512	1.69
Asahi Mutual Life Insurance Company	6,386	1.66
Total	116,023	30.1%

Overseas Offices and Affiliates

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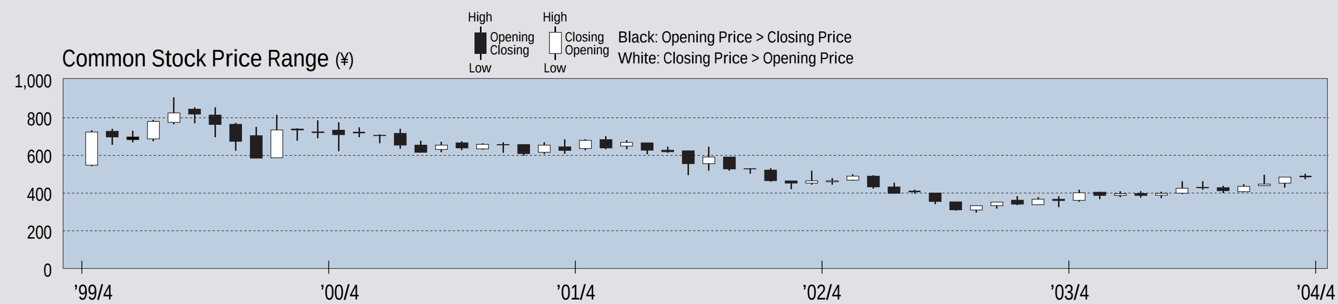
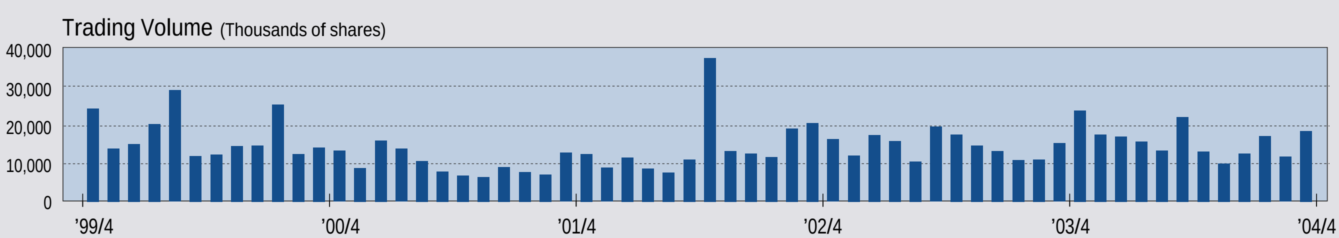
Facsimile: 86-10-6505-0684

Stock Price Range & Trading Volume





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