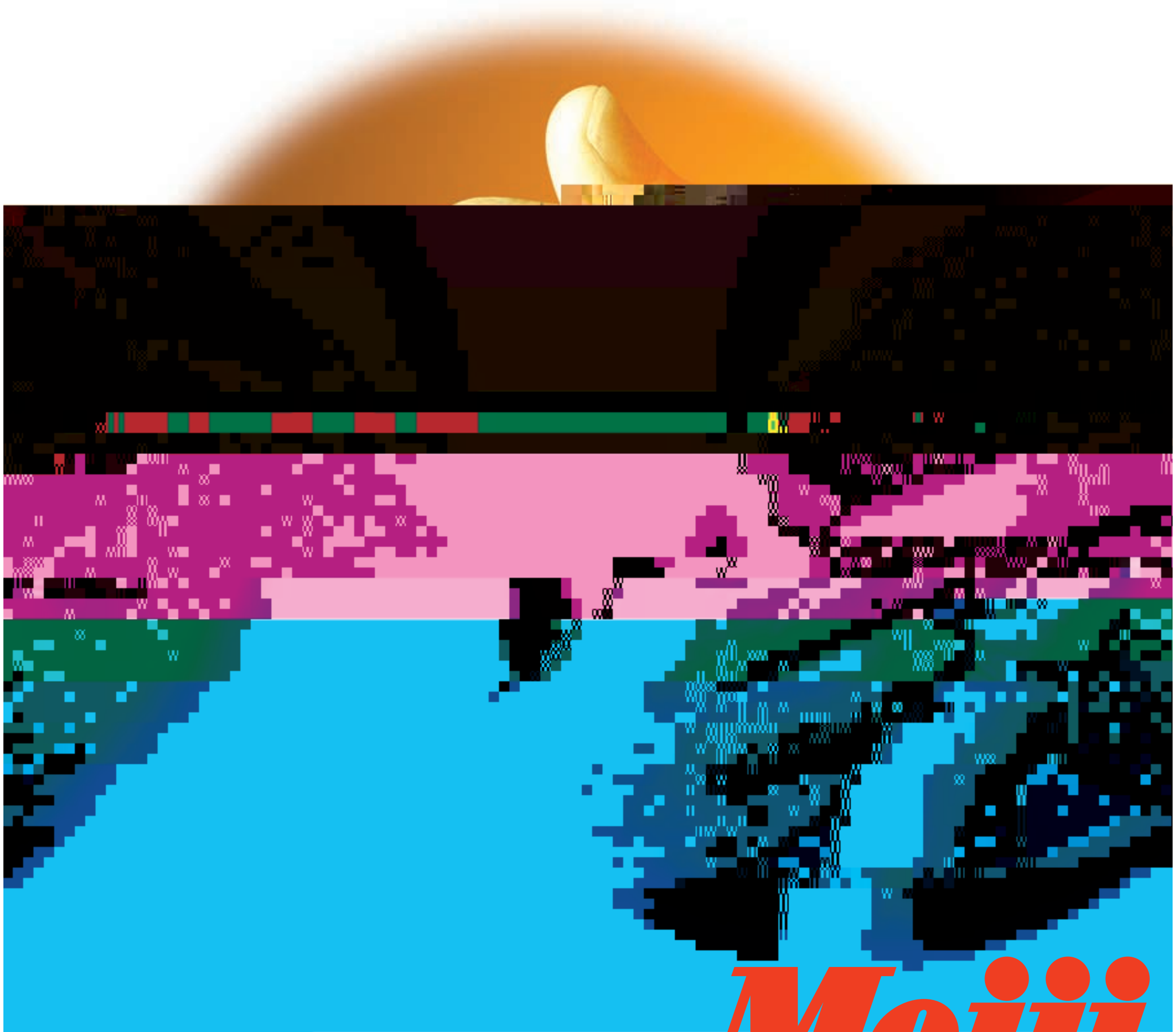
A

2003



Meiji

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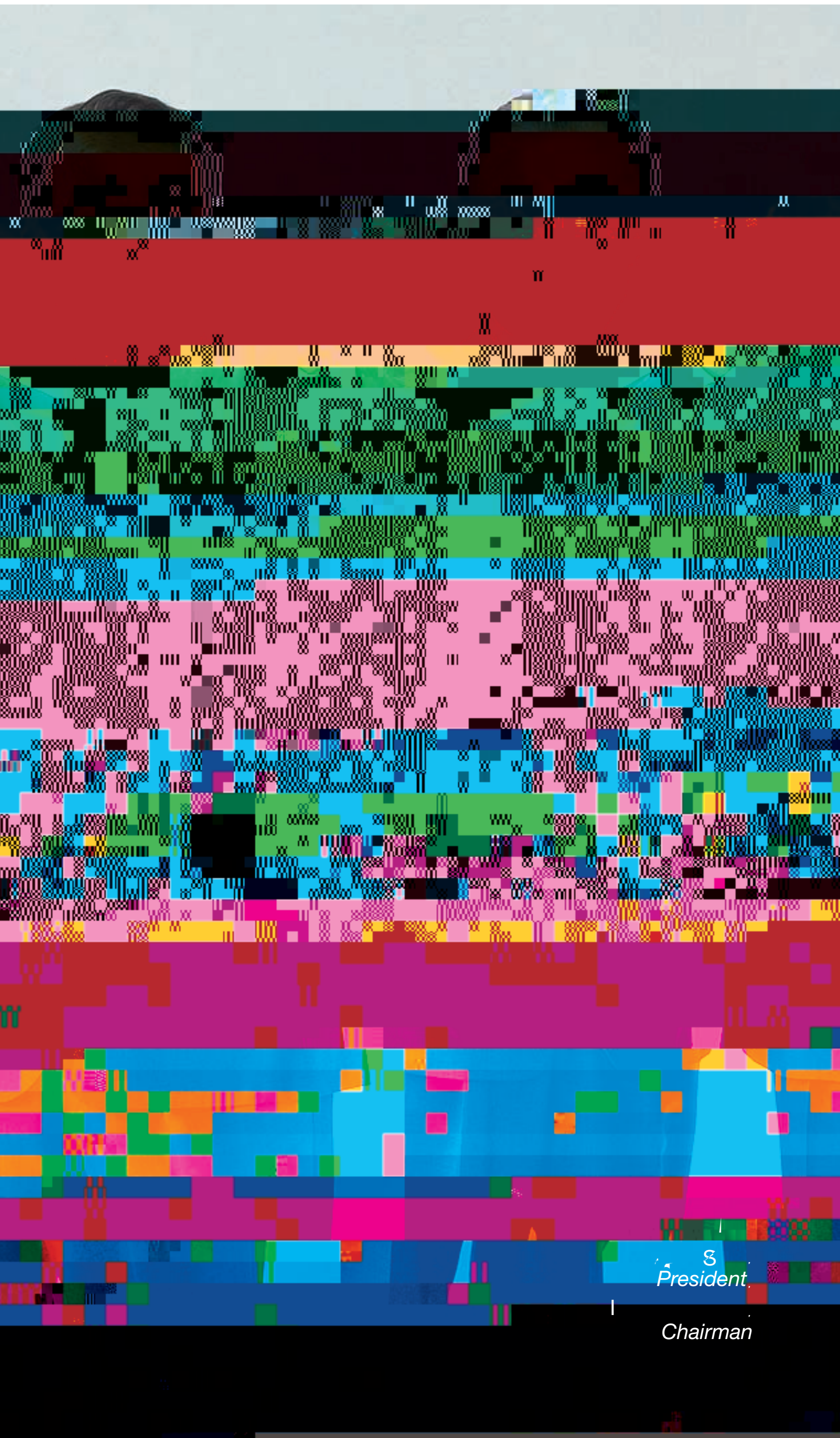
Healthy is wealthy.

food

pharmaceutical

taste and health.



President

Chairman

Medium-term Management Plan and Outlook

Corporate Governance

Topics

A

Pharmaceutical Company

Topics

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3

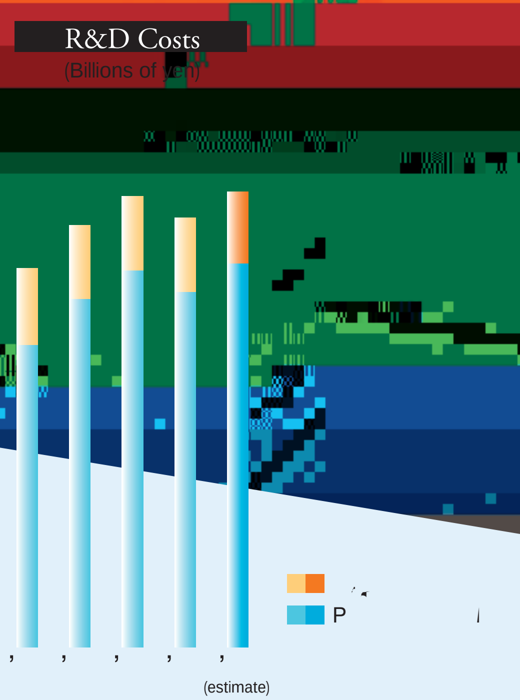
SWORD

ASTOP

of academic information
Seminars for dissemination

THE BASIC BUSINESS PRINCIPLE OF THE PHARMACEUTICAL COMPANY IS TO "FIGHT INFECTIOUS DISEASES."

USING DMP TO HELP OVERCOME THE HARSH BUSINESS CLIMATE



List of new products under development

stage	name	classification	notes
A			P
P II			(P I)
P II		)	
P II			

PURSUING SPECIALIZED R&D ACTIVITIES FOCUSED ON ANTI-INFECTIVES AND CNS DRUGS

Topics

1

2

3

OUR HEALTHCARE COMPANY—BORN OF SOCIAL NEEDS

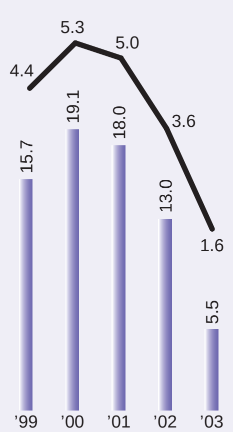
Office Building Leasing and Others

F Y a :						
Net sales	**353,453**	¥361,866	¥358,898	¥363,381	¥354,515	¥354,793
Food	**228,646**	236,991	233,827	238,423	241,164	244,356
Pharmaceutical	**103,037**	110,692	117,872	117,505	109,051	106,946
Healthcare	**17,192**	7,867	—	—	—	—
Office building leasing	**3,041**	3,080	3,035	2,876	2,561	1,610
Others	**1,535**	3,234	4,163	4,575	1,738	1,879
Operating income	**5,503**	13,042	17,990	19,100	15,671	11,189
Net income	**2,670**	5,887	6,880	4,467	3,751	4,934
Capital expenditures	**13,260**	17,731	14,472	13,493	20,211	13,060
Food	**9,155**	9,033	8,069	7,376	6,903	8,001
Pharmaceutical	**3,654**	6,934	5,802	5,670	12,402	4,924
Healthcare, Office building leasing and others	**451**	1,764	601	447	906	135
Depreciation and amortization	**15,086**	14,798	15,096	15,308	16,481	13,950
R & D costs	**17,738**	18,838	17,667	15,854	14,990	14,456
P S a Da a ( ):						
Net income	**6.83**	¥ 15.20	¥ 17.68	¥ 11.47	¥ 9.63	¥ 12.67
Shareholders’ equity	**395.31**	404.68	408.87	373.38	398.75	394.97
A Y a E :						
Total assets	**317,798**	¥336,932	¥341,350	¥321,103	¥318,527	¥315,912
Shareholders’ equity	**152,222**	155,990	158,407	145,403	155,285	153,813
Ra (%):						
ROE	**1.7**	3.7	4.5	3.0	2.4	3.2
ROA	**0.8**	1.7	2.0	1.4	1.2	1.6
Equity ratio	**47.9**	46.3	46.4	45.3	48.8	48.7

Management's Discussion and Analysis

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

(Billions of yen / %)



Operating Income
Operating Income to Net Sales

1
2003

healthcare market continued to expand during the fiscal year under review. On the other hand, there have been many new entrances by companies in to the market and competition is intensifying.

The Healthcare Company began operations in October 2001. During its first full fiscal year of operation, it took advantage of the accumulated know how of the Meiji Seika Group and the power of brand marketing to develop the business. As a result, consolidated sales of the Healthcare Company increased 118.5% from the previous fiscal year, to ¥17,192 million and operating income soared 1,096.6%, to ¥706 million.

INCOME STATEMENT ANALYSIS

For the fiscal year ended March 31, 2003, consolidated net sales decreased 2.3% from the previous fiscal year, to ¥353,453 million while cost of sales declined 1.0%, to ¥204,879 million. Because net sales dropped under the impact of lower prices caused by the revision in official prices and because of higher ingredient costs, cost of sales as a percentage of net sales edged up 0.8 percentage points.

Selling, general and administrative (SG&A) expenses edged up 0.8% from the previous fiscal year, to ¥143,070 million. This increase was mainly the result of additional employees' retirement benefits. SG&A as a percentage of net sales rose 1.2 percentage points to 40.4%.

As a result, consolidated operating income fell 57.8% from the previous fiscal year, to ¥5,503 million. Operating income as percentage of net sales decreased 2.0 percentage points, to 1.6%.

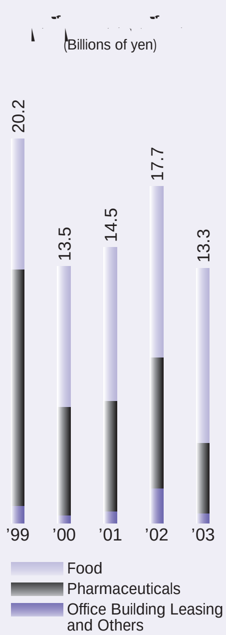
Income before income taxes amounted to ¥5,507 million, down 54.3% from the previous fiscal year. Despite there was deferred income taxes totaling ¥2,001, consolidated net income slid 54.6%, to ¥2,670 million. The net income to net sales ratio declined 0.8 percentage points, to 0.8%.

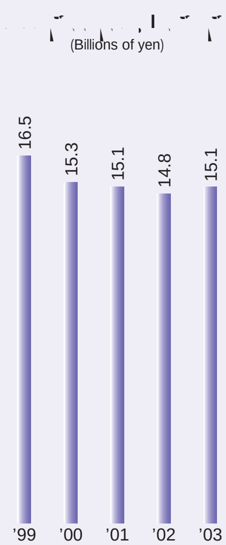
ANALYSIS OF FINANCIAL POSITION

At March 31, 2003, total assets amounted to ¥317,798 million, down 5.7% from the previous fiscal year.

Current assets decreased 6.3% from the previous fiscal year, to ¥147,364 million, as cash and time deposits and notes and accounts receivable declined in line with lower net sales.

Property, plant and equipment fell 3.2% from the previous fiscal year, to ¥138,869 million because of decreases in buildings and structures and in construction in progress. Investment and other non-current assets sunk 15.5%, to ¥27,656 million primarily due to a drop in investment securities. The decrease in investment securities came from revaluation resulting from the application of mark-to-market accounting. Consequently, total fixed assets declined 5.1%, to ¥170,433 million.





Consolidated Balance Sheets

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries
March 31, 2003, 2002 and 2001

	Millions of Japanese yen			Thousands of U.S. dollars
ASSETS	**2003**	2002	2001	**2003**
Current Assets:				
Cash and time deposits (Notes 5 and 9)	**15,632**	¥ 18,997	¥ 19,348	**$ 130,052**
Marketable securities (Note 3)	**40**	1,199	20	**333**
Receivables:				
Notes and accounts	**71,678**	76,028	77,534	**596,323**
Unconsolidated subsidiaries and affiliates	**326**	431	584	**2,716**
Inventories	**47,974**	46,775	44,432	**399,126**
Prepaid and other current assets	**6,872**	6,015	3,357	**57,179**
Other current assets in unconsolidated subsidiaries and affiliates	**578**	3,024	954	**4,814**
Deferred tax assets (current) (Note 6)	**4,331**	4,792	6,206	**36,032**
Allowance for doubtful receivables	**(69)**	(37)	(28)	**(578)**
Total current assets	**147,364**	157,228	152,409	**1,225,998**
Fixed Assets:				
Investments and Other Non-Current Assets:				
Investment securities (Notes 3 and 5)	**17,553**	22,320	33,321	**146,033**
Investments in and advances to unconsolidated subsidiaries and affiliates	**7,226**	6,969	6,608	**60,120**
Long-term loans	**242**	199	227	**2,014**
Other investments and advances	**3,753**	4,232	4,263	**31,225**
Allowance for doubtful accounts	**(1,118)**	(976)	(49)	**(9,306)**
Total investments and other non-current assets	**27,656**	32,744	44,371	**230,085**
Property, Plant and Equipment (Note 5):				
Land	**25,322**	25,527	25,570	**210,669**
Buildings and structures	**141,438**	141,367	136,449	**1,176,692**
Machinery and equipment	**173,814**	168,535	162,240	**1,446,043**
Construction in progress	**966**	2,554	2,812	**8,039**
Less accumulated depreciation	**(202,672)**	(194,457)	(185,935)	**(1,686,124)**
Total property, plant and equipment (net)	**138,869**	143,528	141,138	**1,155,319**
Intangible Fixed Assets	**3,600**	3,139	3,136	**29,955**
Deferred Tax Assets (Non-Current) (Note 6)	**307**	265	267	

Financial Section

Consolidated Statements of Income

Meiji Seika Kaisha, Ltd.and its Consolidated Subsidiaries
For the years ended March 31, 2003, 2002 and 2001

	Millions of Japanese yen			Thousands of U.S. dollars
	2003	2002	2001	2003
N Sa	353,453	¥361,866	¥358,898	$2,940,548
C Sa	204,879	206,863	203,824	1,704,489
Gross profit	148,574	155,003	155,073	1,236,058
S , G a a A a E (Note 10)	143,070	141,960	137,083	1,190,271
Operating income	5,503	13,042	17,990	45,787
O I c a E :				
Interest and dividend income	450	612	869	3,747
Other income	2,851	2,203	1,980	23,726
Interest expenses	(1,486)	(1,682)	(1,733)	(12,368)
Other expenses	(1,247)	(1,054)	(1,384)	(10,375)
E a a I c (Note 11)	4,235	2,558	14,866	35,233
E a a L (Note 11)	4,799	3,639	17,695	39,929
I c b I c Ta	5,507	12,041	14,893	45,822
I c Ta :				
Current	4,679	6,279	8,681	38,928
Deferred	(2,001)	(281)	(1,030)	(16,654)
	2,677	5,997	7,651	22,274
M I	(160)	(156)	(360)	(1,332)
N I c	2,670	5,887	6,880	22,215
P S a Da a (in yen and U.S. dollars):				
Net income	6.83	¥15.20	¥17.68	$0.06

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, 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, 2000	389,431	¥28,363	¥34,935	¥82,109			¥ (4)
Net income				6,880			
Increase in earnings from the addition of consolidated subsidiaries				200			
Cash dividends				(2,920)			
Directors' bonuses				(74)			
Retirement of treasury common stock	(2,000)			(1,271)			
Other					¥11,815	¥(1,629)	2
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	[illegible]	(206)

	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, 2002	$235,970	$290,643	$725,119	$ 52,648	$(6,340)	$ (283)
Net income			22,215			
Increase in earnings due to increase in the number of companies accounted for by the equity method			1,484			
Cash dividends			(22,445)			
Directors' bonuses			[illegible]			
Decrease in earnings due to changes in the number of consolidated subsidiaries and the method of accounting for companies by the equity method			(2,480)			
Other				(28,393)	60	(1,438)
Balance at March 31, 2003	$235,970	$290,643	$723,539	$ 24,255	$(6,280)	$(1,721)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Meiji Seika Kaisha, Ltd.and its Consolidated Subsidiaries
Year ended March 31, 2003, 2002 and 2001

	Millions of Japanese yen			Thousands of U.S. dollars
	2003	2002	2001	2003
O a Ac :				
Income before income taxes	5,507	¥ 12,041	¥ 14,893	$ 45,821
Depreciation and amortization	15,086	14,798	15,096	125,510
Amortization of consolidation adjustments	390	470	493	3,251
Loss on disposal of property, plant and equipment	1,399	982	999	11,646
Loss on valuation of marketable securities	440	1,062	830	3,665
Gains on entrusting securities for retirement allowances		—	(11,589)	
Cash entrusted for retirement allowances		—	15,196	
Change in allowance for doubtful accounts	173	936	(345)	1,446
Change in employee retirement allowance	244	1,114	323	2,032
Interest and dividends received	(450)	(612)	(869)	(3,746)
Interest expenses	1,486	1,682	1,733	12,367
Equity in (income) loss of equity-method affiliates	(132)	(56)	755	

Notes to Consolidated Financial Statements

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

1.

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Meiji Seika Kaisha, Ltd. (the “Company”) and its subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles generally accepted in Japan. U.S. dollar amounts in these financial statements are translated from yen at the rate of ¥120.2=US$1, the average exchange rate on the Tokyo Foreign Exchange Market on March 31, 2003.

2. I I

(a) P c c a

The Company had 21 consolidated subsidiaries as of March 31, 2003. The consolidated financial statements include the accounts of the Company, MEIJI TRADING CORP. (90% owned), DONAN SHOKUHIN CO., LTD. (100%), ZAO SHOKUHIN KAISHA, LTD. (100%), RONDE CORPORATION (100%), MEIJI SANGYO CO., LTD. (100%), MEIJI CHEWING GUM CO., LTD. (51%), OKAYAMAKEN SHOKUHIN CO., LTD. (100%), SHIKOKU MEIJI CO., LTD. (84.14%), TAIYO SHOKUHIN CO., LTD. (100%), FUJI-AMIDO CHEMICAL, CO., LTD. (90%), Kitasato Pharmaceutical Industry Co., Ltd. (60%), MEIJI KAIHATSU, Ltd. (100%), MEIJI SPORTS PLAZA, Ltd. (100%), D.F. Stauffer Biscuit Co., Inc. (92.23%), Laguna Cookie Co., Inc. (92.23%), Meiji Seika (Singapore) Pte. Ltd. (100%), Tedec-Meiji Farma S.A. (80%), Meiji Seika Europe B.V. (100%), P.T. Meiji Indonesian Pharmaceutical Industries (83.86%), Thai Meiji Pharmaceutical Co., Ltd. (94.61%) and Mabo Farma S.A. (80%).

The Company applies the equity method of accounting for Nikken Chemicals Co., Ltd. (24.53% owned) and Sanofi-Synthelabo-Meiji Pharmaceuticals Co., Ltd. (49%) in the term under review.

(b) Ma ab c

Marketable securities are valued at the following method.

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) I

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

( ) I c a

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.

( ) P , a a

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.

( ) I a b a

Intangible assets are carried at cost less accumulated amortization, which is calculated principally by the straight-line method. The consolidation adjustment accounts are amortized by the straight-line method over five years and 15 years.

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

( ) R a a c

2

2003

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

	Millions of Japanese yen	Thousands of U.S. dollars
Sale value	¥2,477	$20,615
Total gain on sales	2,161	17,983
Total loss on sales	(15)	(132)

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

	Millions of Japanese yen	Thousands of U.S. dollars
Other securities		
(1) Unlisted stocks (excluding OTC stocks)	¥1,118	$9,305
(2) Debt securities, corporate bonds	40	333
(3) Preferred securities	1,000	8,319

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

	Millions of Japanese yen		
	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

	Thousands of U.S. dollars		
	Within one year	From 1—5 years	Over 5 years
Other securities			
(1) Bonds and debentures	$333	$3,805	$4,166

A summary of assets pledged as collateral for liability at March 31, 2003 and 2002 is as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2003	2002	2003
Deposit	45	¥ 222	$ 377
Land	703	703	5,856
Buildings	30,849	32,531	256,655
Machinery and equipment	1,027	1,294	8,552
Investment securities	193	1,995	1,611
Total	32,820	¥36,747	$273,051

A summary of secured liability at March 31, 2003 and 2002 is as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2003	2002	2003
Long-term loans (Including current portions of long-term loans payable within one year)	9,010	¥11,989	$74,965

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2003 and 2002 are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets			
Amount in excess of limit for employee retirement allowances	6,507	¥ 5,099	$ 54,139
Selling expenses not deductible for tax purposes during the period	787	1,140	6,548
Valuation loss on investment and marketable securities	1,127	1,353	9,384
Amount in excess of limit for accrued bonuses to employees	2,202	2,086	18,323
Excess depreciation of fixed assets	1,296	1,433	10,783
Excess deferred asset depreciation for tax purposes	152	264	1,267
Accrued enterprise taxes	147	318	1,226
Other	3,292	2,677	27,395
Subtotal deferred tax assets	15,513	14,373	129,064
One-time difference for future reductions that are unscheduled	(1,467)	(1,599)	(12,205)
Total deferred tax assets	14,046	¥ 12,773	$ 116,859
Deferred tax liabilities			
Advanced depreciation reserve for fixed assets	(16,998)	¥(17,710)	$(141,415)
Valuation difference on other marketable securities	(2,112)	(4,570)	(17,573)
Other	(353)	(393)	(2,945)
Total deferred tax liabilities	(19,464)	¥(22,674)	$(161,933)
Net deferred tax liabilities	(5,417)	¥ (9,901)	$ (45,073)

The net deferred tax assets at March 31, 2003 and 2002, included in the consolidated balance sheets are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets (current)	4,331	¥ 4,792	$36,032
Deferred tax assets (non-current)	307	265	2,554
Deferred tax liabilities (non-current)	10,055	14,959	83,660

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

	Millions of Japanese yen	Thousands of U.S. dollars
Service cost	¥2,492	$20,735
Interest cost	2,137	17,786
Expected return on plan assets	(605)	(5,037)
Recognized actuarial loss	1,926	16,023
Amortization of transitional obligation	2,534	21,084
Net periodic benefit costs	¥8,485	$70,592

Assumptions used for the year ended March 31, 2003 are set forth as follows:

Discount rate	3.0%

13.

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

	Millions of Japanese yen	Thousands of U.S. dollars
Research and development costs	¥17,738	$147,572

1 .

(1) S I a b I

	Millions of Japanese yen							
	2003							
	Food	Pharmaceutical	Healthcare	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sa a O a I c								
Sales								
(1) Sales to outside customers	228,646	103,037	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
A , D ca a Ca a E								
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

	Thousands of U.S. dollars							
	2003							
	Food	Pharmaceutical	Healthcare	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sa a O a I c								
Sales								
(1) Sales to outside customers	$1,902,219	$ 857,213	$143,034	$ 25,307	$12,772	$2,940,547	$ -	$2,940,547
(2) Inter-segment sales and transfers	24,049	30,632	24,799	1,036	13	80,532	(80,532)	-
Total	1,926,269	887,846	167,834	26,344	12,786	3,021,079	(80,532)	2,940,547
Operating costs and expenses	1,896,720	869,001	161,959	22,398	13,058	2,963,138	(68,378)	2,894,760
Operating income	$ 29,548	$ 18,845	$ 5,874	$ 3,945	$ (272)	$ 57,941	$ (12,154)	$ 45,787
A , D ca a Ca a E								
Assets	$ 924,166	$1,055,361	$ 83,574	$264,041	$ 3,958	$2,331,102	$312,808	$2,643,910
Depreciation	60,370	49,620	165	14,741	366	125,264	245	125,510
Capital expenditures	76,167	30,407	439	116	64	107,194	3,124	110,318

	Millions of Japanese yen							
	2002							
	Food	Pharmaceutical	Healthcare	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sa a O a I c								
Sales								
(1) Sales to outside customers	¥236,991	¥110,692	¥7,867	¥ 3,080	¥3,234	¥361,866	¥ —	¥361,866
(2) Inter-segment sales and transfers	3,158	3,343	1,348	130	1	7,982	(7,982)	—
Total	240,149	114,035	9,216	3,211	3,236	369,849	(7,982)	361,866
Operating costs and expenses	233,802	107,753	9,157	2,816	3,201	356,731	(7,907)	348,824
Operating income	¥ 6,347	¥ 6,281	¥ 59	¥ 395	¥ 34	¥ 13,117	¥ (75)	¥ 13,042
A , D ca a Ca a E								
Assets	¥118,725	¥129,285	¥9,143	¥33,681	¥1,470	¥292,306	¥44,625	¥336,932
Depreciation	6,800	6,091	9	1,784	78	14,763	35	14,798
Capital expenditures	9,033	6,934	33	12	86	16,100	1,630	17,731

Note: In prior years the Company classified its businesses into four segments referred to as the food business, the pharmaceutical business, the office buildings leasing business and other businesses. Effective October 1, 2001, the Company transferred certain operations from the food business, pharmaceutical business and other businesses into an independent healthcare business, and now classifies its operations into five business categories.

The revised figures for Company operating results for the consolidated accounting fiscal year under review based upon the new business segment classifications following this change are as follows:

	Millions of Japanese yen							
	2002							
	Food	Pharmaceutical	Healthcare	Office building leasing	Others	Total	Eliminations or corporate	Consolidated
Sa a O a I c								
Sales								
(1) Sales to outside customers	¥234,980	¥105,928	¥15,345	¥ 3,080	¥2,531	¥361,866	¥ —	¥361,866
(2) Inter-segment sales and transfers	3,841	5,219	2,705	130	1	11,897	(11,897)	—
Total	238,822	111,147	18,050	3,211	2,533	373,764	(11,897)	361,866
Operating costs and expenses	232,704	105,512	17,060	2,816	2,553	360,646	(11,822)	348,824
Operating income	¥ 6,117	¥ 5,634	¥ 990	¥ 395	¥ (19)	¥ 13,117	¥ (75)	¥ 13,042
A , D ca a Ca a E								
Assets	¥118,616	¥129,078	¥ 9,459	¥33,681	¥1,470	¥292,306	¥ 44,625	¥336,932
Depreciation	6,800	6,091	17	1,784	69	14,763	35	14,798
Capital expenditures	9,033	6,934	50	12	70	16,100	1,630	17,731

(2) S I a b R

The Company has omitted segment information by region because domestic sales and assets exceeded 90% of all segments for the years ended March 31, 2003 and 2002.

(3) O a Sa

The Company has omitted information on overseas sales because such sales accounted for less than 10% of the total fiscal 2003 and 2002 consolidated net sales.

Report of the Independent Public Accountants

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

THE FUJI
ACCOUNTING OFFICE
Shin-Tokyo Bldg. 3-1-633, Marunouchi 3-chome,
Chiyodaku, Tokyo, Japan 100-0005

We have audited the accompanying consolidated balance sheets of Meiji Seika Kaisha, Ltd. and its subsidiaries as of March 31, 2003, 2002 and 2001, 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 generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test 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, 2003, 2002 and 2001, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles 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

Tokyo, Japan
June, 26, 2003

Corporate Data

(As of June 27, 2003)

Ichiro Kitasato

Fumiaki Ito

Naotada Sato

Akinobu Otsubo
Akio Takahashi
Kazuo Yamaguchi

Yasunobu Narihiro
Toshiyuki Kobayashi
Masahiko Matsuo
Harunobu Tsukanishi

Takeo Shiina

Masahisa Naito

Yoshiaki Iida

Takashi Hasunuma
Mitsuo Kanazawa
Kunisada Kume

Masaki Nagasaki
Masayuki Matsunaga

Hiromichi Kitahara
Hirobumi Mori
Iwao Hachiya
Tadao Shibasaki
Masaharu Akahane

Osamu Makabe
Hideki Takahashi
Yoshihiko Mizoguchi
Kazuyoshi Otsuka
Toyomi Sato
Eiichi Irie
Riichi Fukui
Fumio Yokomichi
Yukio Nakamura

(As of March 31, 2003)

Name (Principal subsidiaries)	Paid-in capital (Millions of yen)	Equity ownership (%)	Main business
MEIJI TRADING CORP.	300	90	Sales of sugar, glucose and other foods
DONAN SHOKUHIN CO., LTD.	40	100	Manufacturing and sale of confectionery and other foods
ZAO SHOKUHIN KAISHA, LTD.	10	100	Manufacturing and sale of confectionery and other foods
RONDE CORPORATION	50	100	Manufacturing and sale of confectionery and other foods
MEIJI SANGYO CO., LTD.	50	85*1	Manufacturing and sale of confectionery and other foods
MEIJI CHEWING GUM CO., LTD.	75	51	Manufacturing and sale of confectionery and other foods
OKAYAMAKEN SHOKUHIN CO., LTD.	50	94*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	Manufacturing and sale of foods
FUJI-AMIDE CHEMICAL, CO., LTD.	30	90	Manufacturing and sale of chemicals, medical products and pesticides
Kitasato Pharmaceutical Industry Co., Ltd.	30	60	Sale of vaccines
MEIJI KAIHATSU, CO., Ltd.	30	100	Management of sports and recreational facilities
MEIJI SPORTS PLAZA, Ltd.	90	100	Management of sports and recreational facilities
Meiji Seika (Singapore) Pte. Ltd. (Singapore)	S$15 million	100	Manufacturing and sale of confectionery and confectionery materials
D.F. Stauffer Biscuit Co., Inc. (U.S.A.)	US$33,005 thousand	92.23	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*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 22 thousand	100	Finance and investment operations

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

(As of March 31, 2003)

4,418

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo stock exchanges

796,104,000

385,535,116

76,156