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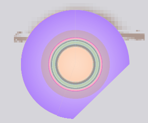
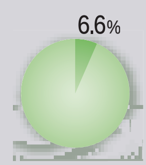
Meiji

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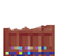

Meiji Seika will improve its corporate value by establishing a powerful corporate structure and increasing earnings capabilities.

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

"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.

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.

Naotada Sato
President

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.

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 7strengthen its presence in eacportsetwing health consc3healt093ch
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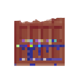
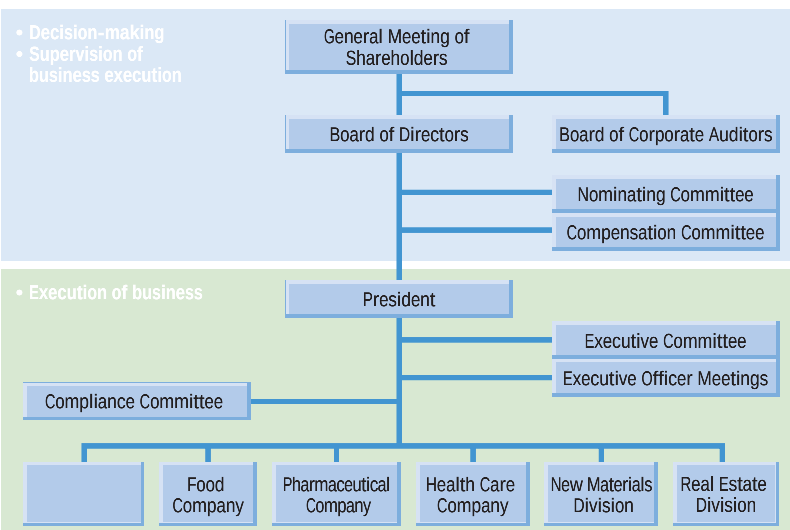



• Decision-making
• Supervision of business execution
General Meeting of Shareholders
Board of Directors
Board of Corporate Auditors
Nominating Committee
Compensation Committee
• Execution of business
President
Executive Committee
Executive Officer Meetings
Compliance Committee
Food Company
Pharmaceutical Company
Health Care Company
New Materials Division
Real Estate Division

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

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.

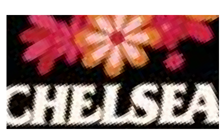
Sales of chocolate products remained solid, due to intensive marketing activities that included improvements to the quality of core product MILK CHOCOLATE. Chewing gum sales grew substantially, as a result of a renewal of the lineup of our main XYLISH brand, as well as vigorous marketing activities. Sales of cocoa products, centered on core product MILK Ce pET190.11um sale15&mg ic, as. InT*(prodadds. an

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.

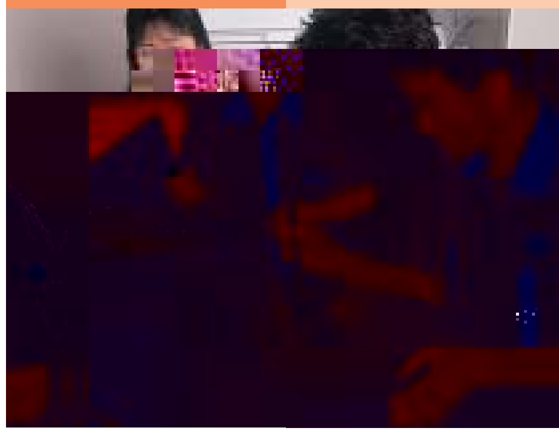
GINZA CURRY

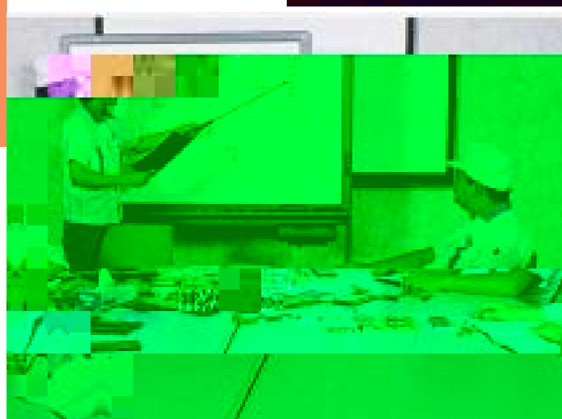
First marketed in 1994, this original retort-pouch curry was developed to differentiate itself from competitors.

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

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.





ALMOND CRUST

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

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

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

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

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.

CIPROXAN

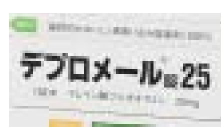
As the first injectable new-quinolone antibacterial agent, this drug provides a new option for treatment of infections.

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.



DEPROMEL

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

ORYZEMATE

The leading herbicide for protecting rice from blast

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

ASTOP

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 peocfnic fields.

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

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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.

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MEILAX

SWORD.

List of New Products Under Development

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

Tedec-Meiji Farma S.A. (Spain)

Manufactures and markets pharmaceuticals in Europe

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.

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

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.

Comercio e Industria Uniquimica Ltda

HEAD OFFICE

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

OFFICE BUILDING LEASING

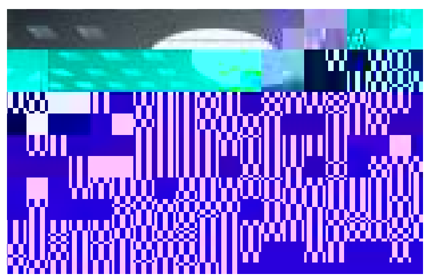
Constructed in 1995 on the former site of the Kawasaki Plant, the Solid Square intelligent building is a landmark office building in Kawasaki.

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**					

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 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.

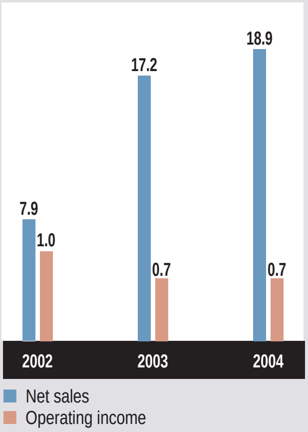
Ethical Drugs

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.

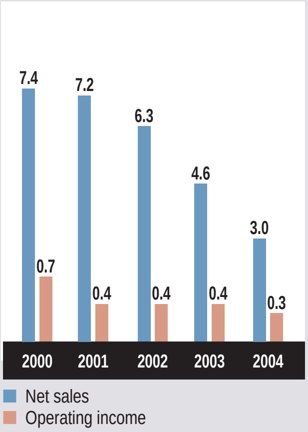
Health Care Company Net Sales and Operating Income*

(¥ Billions)



Office Building Leasing and Others Net Sales and Operating Income

(¥ Billions)



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, 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 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

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)	**202,269** 1 5 7 . 7 3 2 9 4 4 1 I N T E R E			

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**

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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**

Notes to Consolidated Financial Statements

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

(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

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)			

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								

Report of the Independent Public Accountants

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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

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Stock Price Range & Trading Volume