Profile
Mochida Pharmaceutical Co., Ltd. responds to the widespread requirements of medical care by putting into practice its motto of “Foresighted, innovative research.” With the advent in Japan of the aging society and a stronger emphasis on the quality of life (QOL) and a continued focus on health, expectations regarding medical care are growing daily.

We aim to do as much as one company can to contribute to the world of medical care. At Mochida Pharmaceutical, we embrace that objective as our mission, and we are proactively in the far-reaching areas that constitute medical care.

Corporate Philosophy
Throughout the Company’s history, it has stressed the importance of foresighted creativity to develop unique products and technologies for the medical and pharmaceutical world, thereby contributing to the improvement of human health.
**Mochida Pharmaceutical Co., Ltd. and Consolidated Subsidiaries**

**Years ended March 31**

### Consolidated Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td><strong>2015</strong></td>
<td><strong>2016</strong></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥ 92,272</td>
<td>$ 818,886</td>
</tr>
<tr>
<td>Operating income</td>
<td>12,154</td>
<td>107,871</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>12,097</td>
<td>107,361</td>
</tr>
<tr>
<td>Income taxes <em>1</em></td>
<td>3,946</td>
<td>35,027</td>
</tr>
<tr>
<td>Net income</td>
<td>8,150</td>
<td>72,334</td>
</tr>
<tr>
<td>Total assets</td>
<td>137,713</td>
<td>1,222,164</td>
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<tr>
<td>R&amp;D expenditures</td>
<td>¥ 13,454</td>
<td>$ 119,407</td>
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<tr>
<td>Capital expenditures</td>
<td>1,539</td>
<td>13,659</td>
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<tr>
<td>Net income per share</td>
<td>¥ 410.5</td>
<td>$ 3.64</td>
</tr>
<tr>
<td>Cash dividends per share</td>
<td>150.0</td>
<td>1.33</td>
</tr>
</tbody>
</table>

*1: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,345 million), income taxes-deferred (-¥398 million) is included.
*2: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥3,265 million), income taxes-deferred (+¥331 million) is included.

Note: Unless otherwise indicated, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥112.68=$1.00, the approximate exchange rate on March 31, 2016.
Working to continuously boost enterprise value by meeting medical and healthcare needs as a comprehensive healthcare corporate group.

The Mochida Pharmaceutical Group was founded in Tokyo in 1913. Ever since that time, we have provided original innovative drugs to the market and played an important role in the development of Japanese medical care. In addition to pharmaceuticals, the Company advanced into the medical devices and skin care products fields from early on. Through these efforts, the Company has contributed to improving patients’ health and QOL.

While never forgetting the spirit of our founding, we will continue meeting medical and healthcare needs as a comprehensive healthcare corporate group. While contributing in this way to people’s health and welfare, we will work at continuously boost enterprise value.

Review of FY2015
During fiscal year 2015 (ended March 31, 2016), while the Japanese economy continued on a gradual recovery tone, the outlook remained unclear with concerns about the influence from the deceleration of the Chinese economy and other instability in overseas economies.

In the Japanese pharmaceutical industry, the business environment remained harsh as the government continued to advance measures to reduce drug costs against the background of securing fiscal sources for social security expenses and competition among companies intensified.

Under this environment, the Mochida Pharmaceutical Group posted increases in both net sales and income for the fiscal year.

Basic Management Policy
In accordance with our corporate philosophy, “throughout the Company’s history, it has stressed the importance of foresighted creativity to develop unique products and technologies for the medical and pharmaceutical world, thereby contributing to the improvement of human health,” the Mochida Pharmaceutical Group aims at being a unique and distinctive comprehensive healthcare company with the pharmaceuticals business as its core, together with the skin care business and related new businesses.

To realize our corporate philosophy, the company pursues enhanced corporate governance and absolute compliance as key pillars of our management. Every group employee observes the Mochida Pharmaceutical Group Code of Conduct, and we are striving to boost enterprise value by responding to the trust and expectations of our stakeholders.

To also respond to changes in the business environment and maintain sustainable growth, the Mochida Pharmaceuticals Group continues to place priority on “establishing businesses and specialized fields, where Mochida has a competitive advantage” “placing a higher priority on partnerships,” and “thorough streamlining of resources” under the basic policy of emphasizing profit and continued investment for the future. We will strive to continually increase the corporate value by taking full advantage of the our agility and responsiveness of a mid-sized firm.
Medium-Term Management Plan Policies for Fiscal Years 2016 through 2018

The Medium-Term Management Plan (FY2016-2018) policies are as follows.

We will respond to medical and healthcare needs by drawing together the total power of the Mochida Pharmaceutical Group from research and development through to manufacturing and marketing, and restructure the earnings structure toward continuous growth by advancing selection and concentration.

The three years from FY2016 to FY2018 are forecast to be even more challenging, given the continuing government policy of drug cost reductions in the context of the need to secure stable fiscal sources for the social security system, the further promotion of generic drugs with the aim of raising the share of generic drug prescriptions to 80%, and movements in National Health Insurance (NHI) drug-price revisions.

The Mochida Pharmaceutical Group will intensively focus on the following three key points so the Group can deal with all types of changes in the environment:

1. Strategic redistribution of resources through selection and concentration
2. Focus on sales of new drugs by enhancing sales capabilities
3. Continuous investments to create next-generation leading products

We will boost productivity by proceeding with selection and concentration in company-wide organizational management, further promoting structural reform, and strengthening interdepartmental cooperation. We will also strategically maximize the use of the Group’s finite human, material, and financial resources, while actively seeking collaboration with external resources at the same time.

In our core pharmaceutical business, the Group will focus its resources on the targeted areas of cardiovascular medicine, obstetrics and gynecology, dermatology, emergency medicine and psychiatry, and work to further promote strategic alliances which stress the importance of lifecycle management and partnerships. With approval for the additional indication of social anxiety disorder, we aim to increase the sales of Lexapro®, an antidepressant to gain the largest share among antidepressants on the Japanese market. We are taking on the challenge of new medical fields such as the development of therapeutic drugs for the intractable diseases pulmonary arterial hypertension (PAH) and ulcerative colitis, advancing work on biosimilar products and value-added products, and further promoting the generic drug business with its high business potential and strategic significance.

Aiming, in the long term, at specialty pharmaceuticals that will be eventually be recognized for their value on a global scale, we are advancing investment in business activities that will lead to future competitiveness and create next-generation leading products.

In the past, the Group has announced management targets for the final fiscal year of the Medium-term Management Plan period. Due to the extreme difficulty in forecasting the impact of changes in the market environment including the government policy of promoting generic drugs and NHI drug price revisions, however, we have decided to defer the formulation and announcement of management target values for the final fiscal year.

To Our Shareholders and Investors

The Mochida Pharmaceutical Group fulfills its social mission as a pharmaceutical company by creating and supplying high-value-added products that meet customer needs based on its corporate philosophy “Throughout the Company’s history, it has stressed the importance of foresighted creativity to develop unique products and technologies for the medical and pharmaceutical world, thereby contributing to the improvement of human health” and we conduct our corporate activities with high ethical standards. We are working to become a specialty pharmaceutical company whose presence is recognized worldwide, and to boost corporate value over the long term.

We thank our shareholders and other stakeholders for your continuing support.

July 2016

Naoyuki Mochida
President
Overview of Performance

The Mochida Pharmaceutical Group (Mochida Pharmaceutical Co., Ltd. and its consolidated subsidiaries) has been directing its efforts toward business reforms across all areas of management. This entails improving the Group’s management system, achieving an appropriate level of staffing, and increasing productivity throughout the Company.

In the pharmaceutical business, the Group has focused its resources on the priority areas cardiovascular medicine, obstetrics and gynecology, dermatology, emergency medicine and psychiatry. With the aim of establishing itself as a specialty pharmaceutical company, the Group undertook an aggressive campaign to disseminate academic information concerning mainstay and other products.

In the skin care business, the Group conducted business activities as an expert in basic skin care products for sensitive skin, and worked to further cultivate the market by stepping up its marketing activities.

As a result of these efforts, in the fiscal year ended March 31, 2016 the Mochida Pharmaceutical Group realized consolidated net sales of ¥92,272 million, an increase of 5.8% from the previous year as the pharmaceutical business segment performed favorably overall, despite the impact from the restriction of drug expenditures, and the skin care business segment was also steady.

Individual Business Segments

In the pharmaceutical business segment, sales rose 5.8% year-on-year to ¥88,041 million.

Sales of the antidepressant Lexapro®, the oral progestin for the treatment of endometriosis Dinagest®, and the analgesic for chronic pain/pain after tooth extraction Tramcet®, all increased.

However, sales of the treatment agent for hyperlipidemia and arteriosclerosis obliterans Epadel and the long-acting calcium channel blocker Atelec® declined from the previous year.

Sales of generics including biosimilars increased.

In the skin care business segment, sales increased 5.1% year-on-year to ¥4,231 million despite sluggish market growth and intensified competition.
Profit and Loss
In profits, while research and development expenses increased from the previous fiscal year, SG&A expenses decreased and the gross profit margin improved from higher sales in the pharmaceuticals business. As a result, operating income rose 4.0% to ¥12,154 million, recurring income increased 4.1% to ¥12,392 million, and net income rose 8.0% to ¥8,150 million.

Research & Development
The Research Center continued to focus its efforts on two fields—CNS (Central Nervous System) disorders, and diabetes and obesity—as it pursued the discovery and development of new and original therapeutic drugs for the global market. The center works to improve research by conducting joint research with Japanese and foreign organizations. The center also actively worked toward the introduction of treatments for schizophrenia, therapeutic agent for the treatment of chronic pain (TRPV1 antagonists), and antidiabetic drugs.

In clinical development, we received the approval of an additional indication, social anxiety disorder, for Lexapro® in November 2015. An application for marketing approval was filed for MD-0901, an agent to treat ulcerative colitis. We applied for the approval of Dinagest® for the additional indication of adenomyosis. Phase II clinical trials are also underway for Dinagest® as a treatment of functional dysmenorrhea. Phase III clinical trials are now underway for AUG533, an agent to treat chronic constipation, for which Mochida concluded a contract with Ajinomoto Pharmaceuticals Co., Ltd. (now EA Pharma Co., Ltd.) concerning joint development and sales in March 2016.

Phase III clinical trials are also underway for the etanercept biosimilar LBEC0101 as a treatment for rheumatoid arthritis. In addition, Phase III clinical trials have begun for the adalimumab biosimilar LBAL for treatment of rheumatoid arthritis and for the teriparatide biosimilar RGB-10 for treatment of osteoporosis. Finally, an exploratory study (pilot study) is being conducted on dMD-001 as a treatment for articular cartilage lesions.

During the fiscal year under review, consolidated R&D expenditures totaled ¥13,454 million.
As the focus of attention turns increasingly toward QOL and the aging society, health-related issues have moved to center stage in many people's lives. As both a healthcare provider and conscientious corporate group, Mochida Pharmaceutical's mission is to make a lasting contribution to the world of medical care. Thus, the Group is taking the initiative in providing innovative medical care over a wide range of fields.

Through our activities as a key player in ethical drugs and in medical treatment and diagnostic reagents, the Mochida Pharmaceutical Group has been able to develop an extensive and varied product line. We endeavor to provide beneficial products that embody the Company's approach of "foresighted, innovative research" in our core pharmaceuticals business, and in the skin care business and new businesses.
• Pharmaceuticals

Mochida Pharmaceutical Co., Ltd.

Mochida Pharmaceutical Co., Ltd. has devoted unstinting effort to developing and marketing a broad spectrum of innovative new drugs. The Company's line of proprietary products began with the development of an agent for ophthalmologic disorders and grew to encompass hormones, enzymes, and immunological products. Major successes include development of Japan's first topical antiviral agent, Arasena-A; one of the world's first human-derived enzyme inhibitors, Miraclid; and natural interferon preparations in the field of biotechnology. In the area of diagnostic reagents, the Company developed Japan's first pregnancy test kit, Gonavis, and reagents based on monoclonal antibodies for use in the diagnosis of cancer. We are presently advancing research and development on high value added pharmaceuticals, including development of bio-pharmaceuticals and medicines for the treatment of intractable diseases.

One of the main objectives of the Company is to maximize the business performance of our drugs after they are developed and released, like the performance of Epadel in hyperlipidemia. Mochida Pharmaceutical now has unique products and a distinctive product line in our priority areas cardiovascular medicine, obstetrics and gynecology, dermatology, emergency medicine and psychiatry, and we are developing marketing strategies to maximize those products’ value.

We will continue responding to medical needs and customer needs in every area including research and development and marketing, toward sustainable growth.

Mochida Pharmaceutical Plant Co., Ltd.

Mochida Pharmaceutical Plant Co., Ltd. (MPP) is engaged in contracted manufacturing of pharmaceutical products. Our plant manufactures injectable, solid (oral), and topical medicines. Due to their complex nature, injectable solutions are manufactured using the latest technology under the PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme) GMP Guide.

• Skin Care Products

Mochida Healthcare Co., Ltd.

Mochida Healthcare Co., Ltd. (MHC) is able to draw on its extensive experience in the development of pharmaceuticals to create skin care products for the general public, and these are supplied through pharmacies, drugstores and mail-order sales.

The quality and reliability of the firm’s skin care products are widely recognized by physicians and pharmacists, as well as consumers. Our skin care products business is currently expanding product lines to meet growing demand for products in this field. Efforts are also focusing on increasing awareness of the Collage and Skina brands.

Strengthening Business Foundations through Partnerships

The companies of the Mochida Pharmaceutical Group are doing everything possible to achieve the Group’s aim of making significant contributions to the improvement of human health and welfare as a comprehensive healthcare corporate group. While working to strengthen the foundations for the sustainable growth of each business, we also emphasize the importance of partnerships with other companies to effectively complement and reinforce our businesses.
Mochida Pharmaceutical’s principal aim is to contribute to the health of the community by bringing innovative new drugs to market. The motivating force behind all Company endeavors begins with the initial quest for useful pharmaceuticals and continues through the often-lengthy R&D phase right up to the actual market launch of the product. Mochida Pharmaceutical maximizes the manifestation of foresight and originality in all processes based on our unique capabilities and diverse technological know-how cultivated over the years.

Developing Innovative New Medicines for Tomorrow

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Indications</th>
<th>Formulation</th>
<th>Stage</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>MD-0901</td>
<td>mesalazine</td>
<td>Ulcerative colitis</td>
<td>Oral</td>
<td>Filed</td>
<td>Licensed-in from Shire Pharmaceuticals Group[UK]</td>
</tr>
<tr>
<td>MJR-35</td>
<td>dienogest</td>
<td>Adenomyosis Functional dysmenorrhea</td>
<td>Oral</td>
<td>Filed</td>
<td>Licensed-in from Jenapharm (a subsidiary of Bayer Pharma AG)[Germany]</td>
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<tr>
<td>LBEC0101</td>
<td>etanercept</td>
<td>Rheumatoid arthritis</td>
<td>Injection</td>
<td>Phase III</td>
<td>Biosimilar Licensed-in from LG Life Sciences[Korea]</td>
</tr>
<tr>
<td>AJG533</td>
<td>Elobixibat</td>
<td>Chronic constipation</td>
<td>Oral</td>
<td>Phase III</td>
<td>Co-development with EA Pharma[Japan]</td>
</tr>
<tr>
<td>LBAL</td>
<td>Adalimumab</td>
<td>Rheumatoid arthritis</td>
<td>Injection</td>
<td>Phase III</td>
<td>Biosimilar Licensed-in from LG Life Sciences[Korea]</td>
</tr>
<tr>
<td>RGB-10</td>
<td>Teriparatide</td>
<td>Osteoporosis</td>
<td>Injection</td>
<td>Phase III</td>
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<td>[Medical device]</td>
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<tr>
<td>dMD-001</td>
<td>sodium alginate</td>
<td>Articular cartilage lesion</td>
<td>Therapeutic exploratory study (Pilot study)</td>
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Rapid Development of Innovative New Medicines

With its extensive technical resources and expertise, Mochida Pharmaceutical has established itself as a leader in developing pharmaceuticals utilizing natural bioactive substances, with successes in the development of Thrombin, Uronase, Miraclid, IFN Mochida, Epadel, and other products.

Mochida is introducing schizophrenia drug candidates, chronic pain drug candidates (oral TRPV1 antagonists), and antidiabetic drug candidates developed in our drug research and development activities.

We are introducing and utilizing new technologies to provide effective medicines for patients as quickly as we can. Mochida Pharmaceutical has achieved many tangible results through joint research frameworks with external research organizations. We emphasize links with external resources from the perspective of speeding up research and development, and the Company will continue actively pursuing such collaboration in the future.

Epadel: The Outcome of Foresighted, Innovative Research

A drug that epitomizes the unique and innovative strengths of Mochida Pharmaceutical’s R&D capabilities is Epadel, a drug for hyperlipidemia and arteriosclerosis obliterans. Epadel is the world’s first high-purity ethyl icosapentate (EPA-E). Working in cooperation with Nippon Suisan, Mochida Pharmaceutical made a historical breakthrough by turning purified EPA-E into a pharmaceutical. EPA is a biologically active substance present in fish oil. A global epidemiological study on the relationship between diet and disease has found that people who consume EPA as part of their diet are much less likely to suffer from such diseases as high blood pressure and arteriosclerosis-induced myocardial infarction than those who do not consume EPA.

GEMTAB®: Development of High Value-Added Products

Mochida is developing high value-added products in response to drug market needs. GEMTAB® is a formulation technology developed by Mochida which coats the surface of small tablets with a thickener that turns into a gel with saliva and water. Tablets with GEMTAB® technology are easy to swallow and easy to take since the coating masks any bitterness. GEMTAB® is being recognized in medical practice as a high value-added product from the patient’s point of view.
Unrivaled Commitment to Quality

A company operating in the pharmaceutical field must have advanced technological capabilities, not just in R&D but in manufacturing processes as well. While coordinating personnel, facilities, and technology of the highest level, Mochida Pharmaceutical Plant Co., Ltd. (MPP) ensures systematic control over manufacturing and quality, from individual processes to the overall procedures. This is intrinsic to a quality assurance system designed to ensure that only products of outstanding quality leave the company. MPP takes a proactive approach to achieving superior quality in all aspects of operations. It is an approach that demonstrates the company’s indomitable spirit of originality and research based on a strong vision of the future.
State-of-the-Art Manufacturing and Quality Control

In addition to efficacy and safety, high quality is essential to pharmaceutical products, which directly impact life and health. MPP ensures strict adherence to the quality standards on which marketing approval is based. It is by observing Good Manufacturing Practice (GMP) that the Company's pharmaceutical manufacturing unit has achieved high levels in both manufacturing and quality control. MPP's basic approach and a prerequisite for all manufacturing is to introduce products of superior quality to the market. While ensuring that each employee operates within the scope of these rules, MPP still maintains its own unique approach and continues to find new ways to achieve better quality.

Utilizing the Advances in “Hardware” and Technology

The Head Office Plant (Otawara) manufactures injectable, solid (oral), and topical medicines. Conforming to FDA and EMA quality control standards, all phases of production at the Injectable Medicines building, from receipt of raw materials to the shipping of final products, are managed with computer systems. MPP utilizes this exacting production system in the manufacture of enzyme, protein, and biological products and other injectable drugs, processes which require the highest levels of technology. MPP's flexible production system further enhances stability in production to cover the variable order sizes in contract manufacturing, including orders for oral and topical medicines. We are also actively working to improve packaging technology to prevent misuse of drugs and increase conformity with universal design.

Extensive Experience in the Development and Manufacturing of New Medicines

As a manufacturer working in the development and manufacturing of new medicines, MPP has vast experience in scaling up manufacturing and technology transfer of products developed in-house. MPP has arranged a system to advance efficient technology transfer for contract manufacturing.

Giving Careful Consideration to Environmental Protection

MPP's commitment to protecting natural resources, maintaining natural beauty, and preserving the environment around us is not only a fundamental aspect of the Company's corporate activities, it is based on the Company's wish to contribute responsibly in its dealings with the larger community. As part of this awareness, in all its production activities, MPP places great emphasis on careful selection of raw materials for products, reduction of the amount of packaging used, and safe and proper disposal of waste. In recognition of these efforts, the Head Office Plant (Otawara) was awarded ISO 14001 certification by the International Standards Organization for its environmental management system. This plant, which used heavy oil as fuel, switched to liquefied natural gas (LNG) and electricity in March 2009, in an effort to further reduce the amount of carbon dioxide emissions.
Mochida Pharmaceutical actively engages in alliances with external partners to ensure that we deliver new medications that improve patients’ lives. Our partnerships extend from research to marketing and sales promotion, and we value highly these alliances of excellence as we take on challenges together to satisfy unmet medical needs.
Collaboration with Other Companies

Mochida Pharmaceutical prioritize cardiovascular medicine, obstetrics and gynecology, dermatology, emergency medicine, and psychiatry in allocating sales resources for the core pharmaceutical business.

We are strengthening our product pipeline, maximizing product value, and advancing the development of high value-added products to meet unmet medical needs and customer needs through numerous domestic and international partnerships.

For example, the Company has developed and launched Beselna, a treatment for condyloma acuminatum and actinic keratosis, in Japan licensed by iNova Pharmaceuticals Pte Limited, Dinagest, an oral progestin for the treatment of endometriosis licensed by Jenapharm (now a member of the Bayer Pharma AG Group), and Treprost®, a treatment for pulmonary arterial hypertension originated by United Therapeutics Corporation.

We have also concluded a licensing contract with the Shire Pharmaceuticals Group and are working on development of the ulcerative colitis treatment MD-0901 as the next drug for intractable diseases following Treprost®.

In March 2016, we concluded a contract with Ajinomoto Pharmaceuticals Co., Ltd. (now EA Pharma Co., Ltd.) concerning the joint development and sales of Elobixibat, a therapeutic agent for treatment of chronic constipation.

In biopharmaceuticals, Mochida Pharmaceutical jointly developed the biosimilar G-CSF Filgrastim BS Syringe for Inj. MOCHIDA with Fuji Pharma and launched it in May 2013. We are now advancing development of teriparatide biosimilars from the Hungarian pharmaceutical company Gedeon Richter Plc under a business tie-up (long-term comprehensive collaboration for development and commercialization in Japan). We are also advancing development in Japan of etanercept biosimilars and adalimumab biosimilars from LG Life Sciences, Ltd. (Korea) in Japan under an alliance with that company.

In addition, the Company has entered a comprehensive collaboration with Hospira Japan Co., Ltd. in promotion and distribution of Hospira’s generic oncology injectables in Japan since October 2012. The Company will aim to establish a position in the biosimilars and generic oncology markets.

In August 2011, the Company began sales of Lexapro® (escitalopram), which was created by the Danish pharmaceutical company, H. Lundbeck A/S, and licensed and developed by the Company in Japan. The Company is co-marketing the drug together with Mitsubishi Tanabe Pharma Corporation, and co-promoting the drug together with Yoshitomiyakuhin Corporation.

In October 2013, the Company started co-marketing of Tramcet® (an analgesic for chronic pain/pain after tooth extraction) with Janssen Pharmaceutical K.K.

Through collaboration with our valuable partners, Mochida Pharmaceutical continues fulfilling our mission of providing pharmaceutical products to meet unmet medical needs.

Some Collaborations

Bayer HealthCare
EA Pharma
Fuji Pharma
Gedeon Richter
Hospira
iNova Pharmaceuticals
Janssen
KAINOS
LG Life Sciences
Lundbeck

Mitsubishi Tanabe Pharma
Nippon Suisan
Novo Nordisk
POLA PHARMA
Sanofi
Servier (Egis)
Shire
Taisho Pharmaceuticals
UCB
United Therapeutics
Pharmaceuticals That Contribute to the Communities in Which We Live

A pharmaceutical company’s work does not end when the product is successfully launched. Drugs must be used properly in order to be fully effective. This means that there must be a process for providing appropriate information on drugs to medical institutions, for collecting feedback from the institutions once the drugs are in use, and for informing the various institutions of the Company’s evaluations and responses on key issues. Mochida Pharmaceutical sees this type of information-disseminating activity as a way to further contribute to society.
Producing Products with Beneficial Effects Tailored to Specific Fields

• Cardiovascular medicine

Epadel is the first drug in the world containing EPA-E (ethyl icosapentate: one of the poly-unsaturated fatty acids contained in fish oil) which was successfully extracted from fish oil and purified to a high degree. This drug has opened up a new field in the treatment for arteriosclerosis obliterans and hyperlipidemia. Atelec®, cilnidipine, a calcium channel blocker that is presently considered the first choice for the treatment of high blood pressure, lowers blood pressure all day long with just a single daily dose. Atelec® is a dual L/N type calcium channel blocker unlike regular L type channel blockers.

Mochida launched Atedio®, a combination of valsartan and cilnidipine, in May 2014, and we are maintaining our position in the hypertension treatment market through sales of Atelec® and Atedio®.

• Obstetrics and Gynecology

Mochida Pharmaceutical has traditionally placed strong emphasis on the Ob/Gyn area, where it has built an impressive record with hormonal preparations and pregnancy test kits. Estrigel is widely recognized for the treatment of post menopausal disorders, vaginitis, and geriatric osteoporosis. The launch of Dinagest, a novel oral progestin, in January 2008 has expanded medication for patients suffering from endometriosis, in addition to Suprecur®, a GnRH analogue. The Company has applied for approval of Dinagest for treating adenomyosis as an additional indication, and is also conducting trials on Dinagest for treatment of functional dysmenorrhea.

Epadel (ethyl icosapentate)
Epadel is the world’s first ethical drug containing high-purity ethyl icosapentate extracted from fish oil. It is used for treating arteriosclerosis obliterans and hyperlipidemia. A capsule formulation, seamless capsule, was added in 1999.

Atelec® (cilnidipine) and Atedio® (valsartan/cilnidipine)
Atelec® is a dual L/N type calcium channel blocker with a long-acting hypotensive effect. Atedio®, the first combination drug of valsartan and cilnidipine in Japan, was launched in May 2014.

Fastic® (nateglinide)
Fastic® is a fast-acting postprandial antihyperglycemic agent for improving postprandial blood glucose levels in type-2 diabetes mellitus.

Dinagest (dienogest)
Dinagest is a novel and oral therapeutic agent for endometriosis that activates selectively progesterone receptors, and demonstrates its therapeutic effect by inhibiting ovarian function and proliferation of endometrial cells.

Suprecur® (busrelin)
Suprecur®, a GnRH analogue, is used for treating endometriosis, precocious puberty, and uterine myoma. Nasal spray and micro particle injection are available.

Divigel (estradiol)
Divigel is an estradiol gel preparation absorbed through the skin. A daily application eases the hot flashes and sweating associated with menopausal disorders and ovarian deficiency syndrome.
• Dermatology
Florid®, an antimycotic drug, is a leading product in this treatment area. The drug is provided in the form of a cream for dermatomycosis. Arasena-A is the first antiviral drug for the topical treatment of herpes zoster and herpes simplex to be developed in Japan. Beselna was launched in December 2007 as the first therapeutic agent for condyloma acuminatum (external genital and perianal warts) in Japan, which gives patients a new treatment option other than surgical therapies. Beselna was approved for the additional indication of actinic keratosis in November 2011.

• Emergency Medicine
Miraclid has demonstrated excellent clinical efficacy as a drug for treatment of acute circulatory failure caused by shock, and acute pancreatitis. This drug represents the first commercial application of ulinastatin, which inhibits various enzyme activities. It reflects Mochida Pharmaceutical’s advanced technological capabilities in the development of new biologically active agents. Thrombin, a hemostatic agent, and Novo-Heparin, an anticoagulant agent, are also indispensable drugs to emergency medical care.

• Psychiatry
The antidepressant Lexapro® (escitalopram), which went on sale in August 2011, is a selective serotonin reuptake inhibitor (SSRI). The drug is approved in over 97 countries worldwide, and has been highly evaluated overseas as an antidepressant that provides the best possible balance between efficacy and acceptability. Lexapro® has become a new treatment option in Japan as well. In November 2015, approval was gained for Lexapro® for the additional indication of social anxiety disorder. With the addition of Lexapro® to our tetracyclic antidepressant Tecipul and our autonomic dystomia drug Grandaxin, Mochida Pharmaceutical is committed to improving the QOL for psychiatric patients.
**Tramcet® (tramadol hydrochloride/acetaminophen)**

Tramcet®, an analgesic for chronic pain and pain after tooth extraction which the Company started co-marketing with Janssen Pharmaceutical K.K. from October 2013, is the first analgesic in Japan combining tramadol hydrochloride and acetaminophen.

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**Lexapro® (escitalopram)**

Lexapro® selectively inhibits the reuptake of serotonin and has an antidepressant effect. It provides the best possible balance between efficacy and acceptability as a first-line therapy in the treatment of depression. It has also been approved for the treatment of social anxiety disorder.

**Grandaxin (tolfisopam)**

Grandaxin relieves various symptoms caused by tension imbalances between the sympathetic and para-sympathetic nervous systems. It has proved effective in treating a variety of stress-induced ailments.

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**Drugs for Treatment of Intractable Diseases**

Mochida received approval for manufacturing and sales of Treprost® for injection, a treatment for pulmonary arterial hypertension, in March 2014 and began sales from September 2014. In October 2015, Mochida filed a new drug application for the treatment of ulcerative colitis. We are advancing development of these drugs for the treatment of intractable diseases, and will continue to embrace challenges in new medical fields.

**Biosimilars**

Filgrastim BS Syringe for Inj. MOCHIDA, a Granulocyte Colony Stimulating Factor (G-CSF) which is used to treat neutropenia in cancer chemotherapy, was launched in May 2013. This drug is a biosimilar co-developed with Fuji Pharma Co., Ltd., and the first G-CSF biosimilar approved for marketing in Japan.

The biosimilars market is expected to grow given the medical economics needs. Mochida is presently developing teriparatide biosimilars, adalimumab biosimilars and etanercept biosimilars. We will continue advancing the biosimilars business in the future.

**Diagnostic Reagents**

In the field of diagnostic reagents, Mochida Pharmaceutical pioneered immunological diagnostics in Japan, and developed Gonavis, the nation’s first pregnancy test kit. Since the launch of Gonavis, the Company has developed a number of products with its own technologies and through joint research and/or technology transfer with leading overseas companies. Our product lineup includes Gonastick W, a one-step, stick-type pregnancy test kit; and Cand-Tec, a candida antigen detection test.

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**The Prominence of EBM**

Mochida Pharmaceutical considers evidence-based medicine (EBM) to be important. The Company participated in a large-scale clinical trial, the Japan EPA Lipid Intervention Study (JELIS), investigating whether Epadel can prevent cardiovascular events in hyperlipidemic patients. The test results were presented at the American Heart Association’s (AHA’s) Scientific Sessions 2005; results showing Epadel significantly suppressed onset of major coronary events received much attention from experts in the field.

The high regard in which the efficacy of Epadel is held was confirmed, when the study results were presented in the eminent British medical journal, The Lancet (2007, Vol. 369, pp. 1090–1098). Epadel is also recommended as a pharmaceutical treatment in the various guidelines of The Japanese Circulation Society as primary prevention for high-risk cardiovascular cases, secondary prevention for myocardial infarction, and to prevent recurrence of cerebral apoplexy.

A stream of useful information has been being derived from JELIS. Utilizing these results, Mochida Pharmaceutical is providing beneficial and high-quality information to medical experts.
Providing Truly Useful Skin Care Products

High Performance Value Added Skin Care Products based on Dermatology

Under the motto “foresighted and original research,” as a member of the Mochida Pharmaceutical Group, Mochida Healthcare Co., Ltd. (MHC) focuses on developing high performance and value added skin care products based on dermatology that only a pharmaceutical company can make through communications with dermatologists, obstetrician-gynecologists and nurses.

These products include Skina Babe which is the first skin care product that babies experience, the Collage series which provides total skin care for sensitive skin, and the Skina series of easy hygiene products for the bedridden, as well as the Collage Furfur series developed from skin research which are the first personal care products in Japan that contain an antimycotic (antifungal) agent.

MHC never compromises in the production of its skin care products for the skins of customers of all ages, from babies to senior citizens. Mochida will continue developing innovative products using the capabilities we have fostered through the development of pharmaceuticals.
Development of Cosmetics with Foresight and Originality

MHC's foresight and originality are evident in the development of the Collage series, the nation’s first skin care products, containing natural soluble collagen (S-Collagen).

After many years of research based on dermatological science, in 2003, the Company launched the Collage S series using “trimethylglycine” to further improve the moisturizing activity of the original Collage series.

In 2005, the Company also responded to the needs of customers with particularly sensitive skin types who wish to use a whitening treatment. It developed the Collage Whitening series, Japan’s first low irritation whitening series for sensitive skin types. It also developed the anti-aging skin care products series Collage B.K. Age for the skin of customers in their 40s and 50s which tends to be sensitive and dry, and began sales from May 2013.

Then in 2014, we revised the Collage series, which combines two ceramides and collagen. This is a basic skin care product series for sensitive and dry skin which removes old keratin and then gives moisture to the skin, which supports the barrier function.

The Company is focusing on product development that responds to changing customer needs. For example, it has released a mild soap series, which provides a choice of products suited to a range of skin types and uses.

Medically Based Technology and Experience

MHC’s products based on dermatology – including the Collage soap series of non-irritating soap formulated for each specific skin type, the Collage D Medi Power series moisturizing products for dry skin, and Japan’s first shampoo containing an antifungal agent – enjoy a high reputation among consumers for their effectiveness. The Company provides Collage Furfur Next shampoo and rinse, which contain an antifungal agent, and we are developing this into an antifungal series including liquid soap. Through these products, MHC will continue to better the QOL for people with skin problems.

From Baby Care to Geriatric Care

In the field of baby care products, Skina Babe, having the biggest share in baby bath oil, has continued to protect infants’ skin since it was introduced over 40 years ago. From these early days, MHC has also been developing products for senior citizens, and these will become even more necessary in the future. The Company markets Skina Fukifuki and Skina Clen, skin cleansing and bed bath products, and Skina Dry Shampoo, a foam-type hair shampoo that eliminates the need for rinsing. These products contribute to the betterment of nursing care for the bedridden. The Company aims to continue developing products that will be beneficial to the skin care of every generation.
Highlights of Our Growth

1913  Mochida was established by Ryokichi Mochida, and started production and marketing of Luestin (anti- luetic) and Ogoko (ophthalmic ointment).
1918  The Company was renamed Mochida Pharmaceutical Company.
1930  Pelanin (first estrogen preparation developed in Japan)
1945  The Company was incorporated.
1951  Sprase (first hyaluronidase preparation developed in Japan)
1954  Began overseas marketing with exports to Taiwan.
1956  Thrombin Mochida (hemostatic enzyme)
1959  Transferred focus of sales strategy to obstetrics and gynecology.
1962  Established the Immunology Division.
1963  Listed on the Second Section of the Tokyo Stock Exchange (TSE).
1964  Nobuo Mochida was appointed president. Gonavis (Japan’s first immunological pregnancy test kit); Kimotab (anti-inflammatory)
1967  Completed the Research Laboratory in Oji.
1970  Established the Paramedical Division. Gonavislide (pregnancy test kit); Uronase (fibrinolytic); Skina Babe (baby bath oil)
1972  Established the Medical Electronics and Equipment Division. Completed the Shizuoka Plant.
1975  Listed on the First Section of the TSE.
1976  Completed the new headquarters office building in Yotsuya.
1978  Received a Noteworthy Invention Testimonial from the Science and Technology Agency for the Medilaser balance-type surgical laser head.
1979  Rocornal
1980  Developed monoclonal antibody technology for an immunodiagnostic test. Medilaser-S
1981  Signed an agreement with Hayashibara Biochemical Laboratory, Inc. for joint research of interferon.
1982  Completed the Fuji Central Research Laboratory.
1983  Established the Mochida Memorial Foundation for Medical and Pharmaceutical Research.
1984  Nobuo Mochida was awarded the Medal with Purple Ribbon for research on the first surgical laser unit developed in Japan. Arasena-A
1985  Ei Mochida was appointed president. Miraclid
1986  Florid®-F injection; Grandaxin
1987  Ei Mochida was awarded the Medal with Purple Ribbon for R&D activities on an immunochemical diagnostic reagent.
1988  Signed an agreement with Taisho Pharmaceutical Co., Ltd., allowing that company to market Dermarin, an OTC drug for treating dermatomycosis. Collage Soap series; Isoprinosine®; IFNα Mochida; IFNβ Mochida
1989  Finalized agreements with Upjohn Co. for developing and marketing its prostaglandin derivative. Tecipul
1990  Susumu Watanabe was appointed president. Concluded a marketing agreement with Matsushita Electric Industrial Co., Ltd. for the Medilaser-10S fiber-optic carbon dioxide surgical laser unit. Epadel Capsule 300
1991  Commenced operations at the Otawara Plant. Concluded agreement of an antimycotic agent with Imperial Chemical Industries, PLC. Mamnotec

1994 Additional indication for Epadel (for hyperlipidemia) was approved.

1995 Signed agreements with Smithkline Beecham Seiyaku K.K. for the co-marketing of Arasena-A.

1996 Signed agreements with Norian Corporation for the development and marketing in Japan of Norian SRS®; and with Dainippon Pharmaceutical Co., Ltd. for the co-marketing of Epadel in Japan. Commenced JELIS (EBM study for Epadel).

1997 Concluded distribution agreement with Ajinomoto Co., Inc. for Atelec®. Gonastick


1999 Naoyuki Mochida was appointed president. Concluded distribution agreement with Janssen Kyowa Co., Ltd. for Ortho® 777-28/M-21. Licensed a patent of Fas/Fasl (for gene therapy) to Novartis. Licensed a patent of Fas/Fasl (for screening) to Bristol Myers Squibb. Epadel S 300 and 600; Collage Furfur; Miotecter®

2000 Signed agreements with RIKEN for co-research in structural genomics.

2001 Signed agreements with 3M for the development and marketing of Aldara.

2002 Signed agreements with Aventis Pharma Ltd. for the distribution and co-promotion of Suprecur®; and with Lundbeck A/S for the co-development and co-marketing of escitalopram.

2003 Signed agreements with Novo Nordisk for the distribution of Novo-Heparin. Started operation of Mochida Medical Systems Co., Ltd. Thrombin Mochida Soft bottle; Novo-Heparin; Collage S series

2004 Started operation of Mochida Healthcare Co., Ltd. Started operation of Mochida Siemens Medical Systems Co., Ltd. Epadel S 900

2005 Started operation of Mochida Pharmaceutical Plant Co., Ltd.

2006 Collage Whitening series

2007 Signed agreements with JCR Pharmaceuticals Co., Ltd. for co-development and commercialization of a cellular-based drug (agreement terminated 2011); with Novartis Pharma K.K. for co-promotion of Diovan® (agreement terminated end of 2008); and with United Therapeutics Corporation for the distribution of Remodulin®. Beselna

2008 Signed a license agreement with Wyeth Pharmaceuticals Inc. for TRPV1 antagonists (agreement terminated 2010). Dinagest; Divigel®; Collage White Peel

2009 Signed a license agreement with Shire Pharmaceuticals Group plc (U.K.) for LIALDA®. Gonastick W; Collage Furtur Next

2010 Signed agreement with Fuji Pharma Co., Ltd. for co-development of G-CSF; and with Mitsubishi Tanabe Pharma Corporation for co-marketing of escitalopram.

2011 Signed a license agreement with Merck (MSD outside the United States and Canada) for the potential treatment for type-2 diabetes (agreement terminated 2015). Lexapro®

2012 Fastic®

2013 Co-marketed Janssen Pharmaceutical’s Tramce® Epadel switch-OTC drug; Collage B.K. Age series; Filgrastim BS Syringe for Inj. Mochida

2014 Atedio®; Collage series; Treprest®

2016 Signed agreement with Ajinomoto Pharmaceuticals Co., Ltd. for co-development of elobixibat
Basic Policy on Corporate Governance

The Mochida Pharmaceutical Group strives to increase its corporate value by placing the fulfillment of corporate governance and the reinforcement of compliance at the axis of its overall Group management, to better respond to its stakeholders’ trust and expectations.

As part of measures for fulfilling corporate governance, important management decisions are made at meetings of the Board of Executive Managing Directors and the Board of Group Management, which are held weekly respectively, based on, as necessary, the outcome of sufficient discussions at the Management Policy Meeting. We clearly separate the functions of the Board of Directors into management decision-making and the supervision of business operations. For the purpose of expediting management decision-making and business operations, the Group has introduced an Executive Director (Officer) system.

Governance Structure

Mochida Pharmaceutical put in place the Board of Directors (including Outside Directors) and the Audit & Supervisory Board (including Outside Audit & Supervisory Board members) as organizations under the Companies Act.

Corporate Governance Structure
As reasons for adopting this governance structure, considering the Company’s size and business nature, we judge that at this point in time, the most suitable governance structure (1) to ensure the appropriate function of checking the management and (2) to pursue management efficiency simultaneously requires: (1) management decision-making by the Board of Directors with a reasonable number of members, comprising Inside Directors with thorough knowledge of the Company and its business and Outside Directors with abundant knowledge and experience in specialized fields, and (2) the system for checking the management by Audit & Supervisory Board members including Outside Audit & Supervisory Board members.

Outside Directors and Outside Audit & Supervisory Board members supervise the management and perform auditing from an independent standpoint, because they have no business relationship or any other special interests or conflict of interests with the Mochida Pharmaceutical Group or its management, or conflict of interests with other shareholders in general.

Internal Control System, Risk Management System, Compliance System, and CSR
The Mochida Pharmaceutical Group constructs, maintains, and evaluates its internal control system based on resolutions by the Board of Directors under the Companies Act and on the Financial Instruments and Exchange Act. Specifically, we maintain a companywide risk management system based on the “Mochida Pharmaceutical Group Risk Management Rules” to manage major risks affecting our overall business, as part of our internal control system based on the Companies Act.

As measures for reinforcing compliance, we maintain our compliance system by (1) establishing the “Code of Conduct of Mochida Pharmaceutical Group”, (2) holding regular meetings of the Ethics Committee which includes outside experts, and (3) establishing the Corporate Ethics Promotion Department etc.; and we run regular training programs on compliance for our group employees. The Mochida Pharmaceutical Group will continue striving to ensure full compliance, and to respond promptly to various environmental changes, by receiving appropriate advice from our attorneys and Accounting Auditor as necessary.

While the concerned departments are earnestly addressing Corporate Social Responsibility (CSR), we have also established the CSR Promotion Committee as a basic body to promote CSR throughout the Mochida Pharmaceutical Group and to meet more precisely the social demands.

Audit Structure
Mochida Pharmaceutical has established the Internal Audit Department as an internal audit organization which (1) implements internal audits of the business operations of the Mochida Pharmaceutical Group in its entirety from the viewpoint of compliance and risk management, (2) reports the results of such audits and provides advice to the Board of Executive Managing Directors and the Board of Directors and (3) reports such results to the Audit & Supervisory Board Members.

To secure lawfulness and transparency of management decision-making and business operations, in accordance with fiscal year auditing policy and plans, each Audit & Supervisory Board member strives to (1) smoothly communicate with Board Directors, the Internal Audit Department etc., (2) collect the relevant information and improve the auditing environments, and each Audit & Supervisory Board member attends meetings of the Board of Directors and other important meetings, and investigates business operations and assets at the headquarters, main business offices and subsidiaries of Mochida Pharmaceutical, including supervision and verification of the status of the internal control system, the independence of the Accounting Auditor, and the appropriate execution of audits by the Accounting Auditor.

Mochida Pharmaceutical is also audited by our Accounting Auditor, Ernst & Young ShinNihon LLC, based on the provisions of the Companies Act and the Financial Instruments and Exchange Act. The Internal Audit Department, Audit & Supervisory Board members, and Accounting Auditor work closely to secure effectiveness of the audits.
Ethical Drugs

Cardiovascular Agents
- Epadel [ethylicosapentaen] (capsule) Arteriosclerosis obliterans, Hyperlipidemia
- Atelec® [cilnidipine] (tablet) Hypertension
- Ateodio® [valsartan/cilnidipine] (tablet) Hypertension
- Rocornal [trapidil] (tablet, fine granule) Angina pectoris
- Treprost® [treprostinil] (injection) Pulmonary arterial hypertension (PAH)

Analgesic Agent
- Tramcet® [tramadol hydrochloride/acetaminophen] (tablet) Chronic pain, Pain after tooth extraction

Antidiabetes Agent
- Fastic® [nateglinide] (tablet) Diabetes

Hormone Preparations
- Dinagest [dienogest] (tablet) Endometriosis
- Divigel® [estradiol] (gel) Menopausal symptoms such as hot flash and hidrosis
- Suprecur® [buserelin acetate] (nasal spray, micro particle injection) Endometriosis, Central precocious puberty, Uterine myoma
- Desopan® [trilostane] (tablet) Antiadrenal cortical hormone
- Estriel [estradiol] (tablet, vaginal tablet, depot injection) Hormone replacement therapy (HRT), Osteoporosis, Vaginitis
- HCG Mochida [human chorionic gonadotrophin] (injection) Infertility, Threatened miscarriage, Habitual abortion

Neurological Agents
- Lexapro® [escitalopram oxalate] (tablet) Depression and depressive symptoms, Social anxiety disorder
- Grandaxin [tolfisopam] (tablet, fine granule) Autonomic symptoms
- Tecipul [setiptiline maleate] (tablet) Depression

Anti-Infectives
- Florid® [miconazole (nitrate)] (injection, vaginal suppository, cream, oral gel) Mycosis
- Arasena-A [vidarabine] (injection, ointment, cream) Herpes zoster, Herpes simplex, Herpes simplex encephalitis
- Isoprinosine® [inosine pranobex] (tablet) Subacute sclerosing panencephalitis (SSPE)
- Francetin [fradiomycin sulfate] (powder) Antibiotic
- Beselina [miniquimod] (cream) Condyloma acuminatum, Actinic keratosis

Biological Preparations
- Miracid® [ulinastatin] (injection) Acute circulatory failure, Acute pancreatitis
- Thrombin [thrombin] (liquid, fine granule) Hemostatic
- Heparin Sodium Injection MOCHIDA [heparin sodium] (injection) Thrombosis
- Uronase [urokinase] (injection) Acute myocardial infarction

Biosimilar
- Filgrastim BS Syringe for Inj. MOCHIDA [G-CSF] (injection) Neutropenia

Diagnostic Reagents

Reagents for Fertility/Infertility
- Gonastick25 (hCG)
- Gonastick W (hCG)

Other Reagents
- Cand-Tec (Candida antigen)

Skin Care Products

Collage Series
- Face and Body Care
  - Collage Skin Care series (Moisture lotion, moisture milk, moisture cream, UV protection, cleansing, powder wash)
  - Collage Whitening series
  - Collage B.K.AGE series
  - Collage Soap series
  - Collage Hand Moisture
  - Collage D Medi Power series
  - Collage Furfur Soap series

Hair Care
- Collage Furfur Next series (Shampoo and conditioner for dandruff)
- Collage Furfur Scalp Shampoo
- Collage Furfur Hair Growth Lotion
- Collage Shampoo S
- Collage Rinse S

Skina Babe and Skina Series
- Skina Babe (Baby bath oil)
- Skina (Cleanser)
- Skina Clen (Gentle skin cleanser)
- Skina Fukufuki (Cleanser)
- Skina Dry Shampoo
26 Six-Year Summary
27 Consolidated Statement of Income
   Consolidated Statements of Comprehensive Income (Unaudited)
28 Consolidated Balance Sheets (Unaudited)
30 Consolidated Statements of Changes in Net Assets (Unaudited)
32 Consolidated Statements of Cash Flows (Unaudited)
## Six-Year Summary

Mochida Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

### Years ended March 31

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>For the Year:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥ 92,272</td>
<td>¥ 87,252</td>
<td>¥ 93,947</td>
<td>¥ 89,210</td>
<td>¥ 86,205</td>
<td>¥ 79,506</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>37,273</td>
<td>33,913</td>
<td>34,358</td>
<td>32,777</td>
<td>29,850</td>
<td>30,387</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>42,845</td>
<td>41,658</td>
<td>42,987</td>
<td>42,414</td>
<td>41,426</td>
<td>37,443</td>
</tr>
<tr>
<td>Operating Income</td>
<td>12,154</td>
<td>11,689</td>
<td>16,600</td>
<td>14,017</td>
<td>14,298</td>
<td>11,675</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>12,097</td>
<td>11,141</td>
<td>15,806</td>
<td>14,061</td>
<td>15,119</td>
<td>8,155</td>
</tr>
<tr>
<td>Income taxes</td>
<td>3,946*1</td>
<td>3,597*2</td>
<td>5,913*3</td>
<td>4,909*4</td>
<td>6,043*5</td>
<td>5,913*6</td>
</tr>
<tr>
<td>Net income</td>
<td>8,150</td>
<td>7,544</td>
<td>9,892</td>
<td>9,152</td>
<td>9,076</td>
<td>5,333</td>
</tr>
</tbody>
</table>

| **At Year-End:**     |       |       |       |       |       |       |
| Total current assets | ¥102,043 | ¥ 91,904 | ¥ 93,842 | ¥ 86,692 | ¥ 79,401 | ¥ 77,191 |
| Total current liabilities | 25,795 | 22,443 | 29,041 | 25,354 | 23,871 | 23,099 |
| Working capital      | 76,247 | 69,461 | 64,800 | 61,338 | 55,530 | 54,092 |
| Total property, plant and equipment | 15,799 | 16,622 | 17,484 | 16,677 | 17,108 | 17,630 |
| Total long-term liabilities | 6,988 | 6,443 | 7,939 | 6,932 | 6,810 | 7,348 |
| Total net assets     | 104,929 | 98,670 | 93,688 | 88,542 | 82,189 | 78,129 |
| Total assets         | 137,713 | 127,557 | 130,669 | 120,828 | 112,871 | 108,577 |

| **Other Statistics:** |       |       |       |       |       |       |
| Capital expenditures | 1,539 | 1,272 | 2,598 | 1,529 | 1,671 | 1,977 |

| **Per Share Data:**  |       |       |       |       |       |       |
| Net income*7          | ¥ 410.5 | ¥ 377.3 | ¥ 488.7 | ¥ 442.3 | ¥ 430.5 | ¥ 242.2 |
| Cash dividends*8       | 150.0 | 150.0 | – | 27.0 | 26.0 | 22.0 |
| Number of employees (people) | 1,726 | 1,746 | 1,726 | 1,753 | 1,730 | 1,721 |
| Number of shares outstanding at end of year (thousand) | 20,980 | 21,100 | 21,900 | 113,000 | 115,500 | 119,000 |

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*1: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,345 million), income taxes-deferred (-¥398 million) is included.
*2: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥3,265 million), income taxes-deferred (+¥331 million) is included.
*3: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥6,378 million), income taxes-deferred (-¥465 million) is included.
*4: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,610 million), income taxes-deferred (+¥298 million) is included.
*5: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,682 million), income taxes-deferred (+¥1,361 million) is included.
*6: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,284 million), income taxes-deferred (-¥1,462 million) is included.
*7: The Company implemented a reverse stock split of one share for every five shares of common stock on October 1, 2013. Net income per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of fiscal year 2011.
*8: The Company implemented a reverse stock split of one share for every five shares of common stock on October 1, 2013. The dividend per share for the period ending March 2013 shows the actual amount before the reverse stock split, and the total amount of dividends for the period ending March 2014 is listed as “—”. 
## Consolidated Statements of Income (Unaudited)

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥ 92,272</td>
<td>¥ 87,252</td>
<td>¥ 93,947</td>
<td>$818,886</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>37,271</td>
<td>33,913</td>
<td>34,358</td>
<td>330,772</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>55,000</td>
<td>53,339</td>
<td>59,588</td>
<td>488,114</td>
</tr>
<tr>
<td><strong>Selling, General and Administrative Expenses</strong></td>
<td>42,845</td>
<td>41,658</td>
<td>42,987</td>
<td>380,242</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>12,154</td>
<td>11,689</td>
<td>16,600</td>
<td>107,871</td>
</tr>
</tbody>
</table>

### Other Income (Expenses):

- **Interest and dividend income**: 209, 162, 149 $1,858
- **Interest and charge (commission) expense**: (113), (47), (49) $(1,009)
- **Real estate rent**: 64, 66, 92 576
- **Others**: 76, 38, 5 679

**Recurring income** = 12,392, 11,909, 16,799 109,976

### Extraordinary Gains (Losses):

- **Gain on sales of investment securities**: 156, –, 29 1,387
- **Gain on sales of fixed assets**: –, –, 0 –
- **Compensation income**: –, 54, – –
- **Loss on sales and disposal of fixed assets**: (53), (57), (10) $(473)
- **Loss on valuation of investment securities**: –, –, (1,012) –
- **Impairment loss**: (397), (765), – $(3,528)

**Income before income taxes and minority interests** = 12,097, 11,141, 15,806 107,361

**Income taxes**

1. **3,946**
2. **3,597**
3. **5,913** 35,027

**Net income**

= 8,150, 7,544, 9,892 72,334

**Profit attributable to owners of parent**

= ¥8,150, $72,334

## Consolidated Statements of Comprehensive Income (Unaudited)

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income before minority interests</strong></td>
<td>¥8,150</td>
<td>¥7,544</td>
<td>¥9,892</td>
<td>$72,334</td>
</tr>
</tbody>
</table>

**Other comprehensive income, net of tax**

- **Unrealized gain on available-for-sale securities**: 1,225, 1,350, 1,622 10,876
- **Remeasurements of defined benefit plans, net of tax**: (255), (34), – $(2,264)

**Total: Other comprehensive income, net of tax** = 970, 1,315, 1,622 8,612

**Total comprehensive income** = 9,121, 8,860, 11,514 80,946

**Total comprehensive income attributable to:**

- **Owners of parent** = 9,121, 8,860, 11,514 80,946
- **Minority interests** = –, –, – –

---

1: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥4,345 million), income taxes-deferred (-¥398 million) is included.

2: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥3,265 million), income taxes-deferred (+¥331 million) is included.

3: As a result of tax effect accounting, corporate tax, resident tax and business tax (total ¥6,378 million), income taxes-deferred (-¥465 million) is included.

Note: Unless otherwise indicated, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥112.68 = $1.00, the approximate exchange rate on March 31, 2016.
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
<td><img src="image3.png" alt="Image" /></td>
</tr>
<tr>
<td>Cash and time deposits</td>
<td>¥ 28,916</td>
<td>¥ 31,016</td>
<td>$ 256,625</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>25,938</td>
<td>26,002</td>
<td>230,197</td>
</tr>
<tr>
<td>Electronically recorded monetary claims-operating</td>
<td>261</td>
<td>–</td>
<td>2,317</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>24,184</td>
<td>11,339</td>
<td>214,634</td>
</tr>
<tr>
<td>Inventories</td>
<td>17,819</td>
<td>18,790</td>
<td>158,139</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,579</td>
<td>2,598</td>
<td>22,893</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,343</td>
<td>2,158</td>
<td>20,794</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>–</td>
<td>(0)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>102,043</td>
<td>91,904</td>
<td>905,602</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and other structures</td>
<td>6,367</td>
<td>6,695</td>
<td>56,511</td>
</tr>
<tr>
<td>Machinery and equipment and transportation equipment</td>
<td>2,547</td>
<td>2,444</td>
<td>22,610</td>
</tr>
<tr>
<td>Land</td>
<td>5,772</td>
<td>6,093</td>
<td>51,226</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>222</td>
<td>371</td>
<td>1,975</td>
</tr>
<tr>
<td>Others</td>
<td>888</td>
<td>1,016</td>
<td>7,889</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>478</td>
<td>509</td>
<td>4,246</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td>16,277</td>
<td>17,132</td>
<td>144,459</td>
</tr>
<tr>
<td><strong>Investments and Other Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>14,150</td>
<td>12,628</td>
<td>125,578</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>1,641</td>
<td>1,585</td>
<td>14,566</td>
</tr>
<tr>
<td>Others</td>
<td>3,600</td>
<td>4,306</td>
<td>31,957</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>19,392</td>
<td>18,520</td>
<td>172,102</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>¥ 137,713</td>
<td>¥ 127,557</td>
<td>$ 1,222,164</td>
</tr>
</tbody>
</table>

Note: Unless otherwise indicated, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥112.68=$1.00, the approximate exchange rate on March 31, 2016.
<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable</td>
<td>¥ 8,139</td>
<td>¥ 7,762</td>
</tr>
<tr>
<td>Electronically recorded obligations-operating</td>
<td>3,116</td>
<td>2,482</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>2,914</td>
<td>393</td>
</tr>
<tr>
<td>Provision</td>
<td>3,375</td>
<td>3,350</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>7,749</td>
<td>7,954</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>25,795</td>
<td>22,443</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>6,444</td>
<td>5,732</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>543</td>
<td>710</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>6,988</td>
<td>6,443</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>32,783</td>
<td>28,886</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>7,229</td>
<td>7,229</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>1,871</td>
<td>1,871</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>96,598</td>
<td>91,884</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(5,687)</td>
<td>(6,261)</td>
</tr>
<tr>
<td>Total Shareholders’ equity</td>
<td>100,012</td>
<td>94,723</td>
</tr>
<tr>
<td>Accumulated other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain on available-for-sale securities</td>
<td>5,912</td>
<td>4,687</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>(995)</td>
<td>(740)</td>
</tr>
<tr>
<td>Total accumulated other comprehensive income</td>
<td>4,917</td>
<td>3,947</td>
</tr>
<tr>
<td>Minority interests</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total net assets</td>
<td>104,929</td>
<td>98,670</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>¥ 137,713</td>
<td>¥ 127,557</td>
</tr>
</tbody>
</table>
### Shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginnig of year</strong></td>
<td>¥ 7,229</td>
<td>¥ 1,871</td>
<td>¥ 90,762</td>
</tr>
<tr>
<td><strong>Cumulative effect of changes in accounting policies</strong></td>
<td></td>
<td></td>
<td>979</td>
</tr>
<tr>
<td><strong>Restarted balance</strong></td>
<td>7,229</td>
<td>1,871</td>
<td>91,741</td>
</tr>
<tr>
<td><strong>Change in the fiscal year:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td>(3,363)</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td>7,544</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal of treasury stock</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Retirement of treasury stock</td>
<td></td>
<td></td>
<td>(0)</td>
</tr>
<tr>
<td>Net changes of items other than shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>142</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>7,229</td>
<td>1,871</td>
<td>91,884</td>
</tr>
</tbody>
</table>
### Valuation and translation adjustments

<table>
<thead>
<tr>
<th>Treasury stock</th>
<th>Total</th>
<th>Unrealized gain (loss) on available-for-sale securities</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (8,806)</td>
<td>¥ 91,057</td>
<td>¥ 3,337</td>
<td>¥ (705)</td>
<td>¥ 2,631</td>
<td>¥ 93,688</td>
</tr>
<tr>
<td>979</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8,806)</td>
<td>92,036</td>
<td>3,337</td>
<td>(705)</td>
<td>2,631</td>
<td>94,667</td>
</tr>
<tr>
<td>(3,363)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3,363)</td>
</tr>
<tr>
<td>7,544</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7,544</td>
</tr>
<tr>
<td>(1,495)</td>
<td>(1,495)</td>
<td></td>
<td></td>
<td></td>
<td>(1,495)</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>4,038</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>1,350</td>
<td>(34)</td>
<td>1,315</td>
<td></td>
<td>1,315</td>
<td>1,315</td>
</tr>
<tr>
<td>2,544</td>
<td>2,686</td>
<td>1,350</td>
<td>(34)</td>
<td>1,315</td>
<td>4,002</td>
</tr>
<tr>
<td>(6,261)</td>
<td>94,723</td>
<td>4,687</td>
<td>(740)</td>
<td>3,947</td>
<td>98,670</td>
</tr>
</tbody>
</table>

### Millions of yen

<table>
<thead>
<tr>
<th>Year ended March 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

### Thousands of U.S.Dollars

<table>
<thead>
<tr>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (55,570)</td>
</tr>
<tr>
<td>$ 41,597</td>
</tr>
<tr>
<td>$ 35,029</td>
</tr>
</tbody>
</table>

### Note:

Unless otherwise indicated, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥112.68=$1.00, the approximate exchange rate on March 31, 2016.
### Consolidated Statements of Cash Flows (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>¥ 12,097</td>
<td>¥ 11,141</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,764</td>
<td>3,006</td>
</tr>
<tr>
<td>Loss (gain) on sale and disposal of fixed assets</td>
<td>53</td>
<td>57</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>397</td>
<td>765</td>
</tr>
<tr>
<td>Loss (gain) on sales of investment securities</td>
<td>(156)</td>
<td>–</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful accounts</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>Increase (decrease) in provision for bonuses</td>
<td>132</td>
<td>(155)</td>
</tr>
<tr>
<td>Increase (decrease) in retirement benefits liability</td>
<td>370</td>
<td>181</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(209)</td>
<td>(162)</td>
</tr>
<tr>
<td>Interest and charge (commission) expense</td>
<td>113</td>
<td>47</td>
</tr>
<tr>
<td>Decrease (increase) in notes and accounts receivable-trade</td>
<td>(197)</td>
<td>1,980</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>970</td>
<td>(2,230)</td>
</tr>
<tr>
<td>Decrease (increase) in other current assets</td>
<td>(216)</td>
<td>(752)</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable-trade</td>
<td>1,011</td>
<td>(1,331)</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities</td>
<td>(65)</td>
<td>61</td>
</tr>
<tr>
<td>Other</td>
<td>(186)</td>
<td>(291)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>16,881</td>
<td>12,317</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>205</td>
<td>162</td>
</tr>
<tr>
<td>Interest and commission paid</td>
<td>(115)</td>
<td>(40)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(1,760)</td>
<td>(7,316)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>15,211</td>
<td>5,122</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

<table>
<thead>
<tr>
<th></th>
<th>Millionen of Yen</th>
<th>Thousands of U.S.Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Payments into time deposits</td>
<td>(9,800)</td>
<td>(10,020)</td>
</tr>
<tr>
<td>Proceeds from withdrawal of time deposits</td>
<td>9,270</td>
<td>10,020</td>
</tr>
<tr>
<td>Purchase of short-term investment securities</td>
<td>(18,000)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from sales of short-term investment securities</td>
<td>4,500</td>
<td>–</td>
</tr>
<tr>
<td>Payment for purchases of tangible and intangible fixed assets</td>
<td>(1,827)</td>
<td>(1,930)</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>284</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>(4)</td>
<td>(23)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(15,576)</td>
<td>(1,953)</td>
</tr>
</tbody>
</table>

### Cash flows from financing activities:

<table>
<thead>
<tr>
<th></th>
<th>Millions of Yen</th>
<th>Thousands of U.S.Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>–</td>
<td>(375)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(2,826)</td>
<td>(3,359)</td>
</tr>
<tr>
<td>Payment for acquisition of treasury stock</td>
<td>(33)</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Proceeds from disposal of treasury stock</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>(59)</td>
<td>(55)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(2,917)</td>
<td>(5,288)</td>
</tr>
</tbody>
</table>

#### Note:

- Unless otherwise indicated, all dollar figures herein refer to U.S. currency. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of ¥112.68=$1.00, the approximate exchange rate on March 31, 2016.
Mochida Pharmaceutical Co., Ltd. Corporate Data (As of June 29, 2016)

**Founded**
April 16, 1913

**Incorporated**
April 28, 1945

**Paid-in Capital**
¥7.2 billion

**Stock Exchange Listing**
Tokyo Stock Exchange, First Section

**Employees**
1,726 (Consolidated)

**Head Office**
7, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8515, Japan
Phone: +81-3-3358-7211
Facsimile: +81-3-3358-7887
Internet Home Page:
http://www.mochida.co.jp/

**Research Laboratories**
- Research Center
  (Gotemba, Shizuoka)
- Pharmaceutical Laboratory
  (Fujieda, Shizuoka)

**Subsidiaries**
Mochida Pharmaceutical Plant Co., Ltd.
431, Nakadawara, Otawara, Tochigi 324-0062, Japan

Mochida Healthcare Co., Ltd.
Paxxs Building,
2-12, Ichigaya-Honmura cho,
Shinjuku-ku, Tokyo 162-8451, Japan

TechnoNet Co., Ltd.
7, Yotsuya 1-chome,
Shinjuku-ku, Tokyo 160-8515, Japan

Technofine Co., Ltd.
342, Gensuke,
Fujieda, Shizuoka 426-8640, Japan

Mochida Pharmaceutical Sales Co., Ltd.
Paxxs Building,
2-12, Ichigaya-Honmura cho,
Shinjuku-ku, Tokyo 162-0845, Japan

**Affiliated Companies and Organizations**
- Mochida Memorial Foundation for Medical and Pharmaceutical Research

**Members of the Board**

**President**
Naoyuki Mochida

**Senior Executive Managing Directors**
Chu Sakata
Planning and Administration
Internal Audit
Corporate Ethics

Keiichi Sagisaka
Pharmaceutical Business

**Executive Managing Directors**
Yoichi Kono
Production
Skin Care Business

Akira Karasawa, Ph.D.
Research
Clinical Research and Development

Junichi Sakaki, Ph.D.
Business Development

**Executive Directors**
Hiroshi Nakamura
Quality Assurance

Kiyoshi Mizuguchi, Ph.D.
Clinical Research and Development

**Corporate Advisor**
Makoto Aoki

**Outside Directors**
Tomoo Kugisawa
Hirokuni Sogawa

**Audit&Supervisory Board Members**
Hiroshi Ogawa
Takashi Inagaki
Hiroshi Watanabe
Tetsuya Kobayashi
Kyosuke Wagai

**Executive Directors (Officers)**
Kazuhiro Miyaji
Internal Audit
Corporate Ethics

Ichiro Takahashi
Planning and Administration

Shoji Furuhashi, Ph.D.
Research

Takayuki Kato
Business Development

Kazunori Takada
Pharmaceutical Business

Kazumasa Fukuchi
Pharmaceutical Business

Yutaka Kawakami, Ph.D.
Clinical Research and Development

Shigeharu Suzuki
Pharmaceutical Laboratory

Masayoshi Takeda
Finance

Mochida Pharmaceutical Group 33
This sculpture is “Plaisir” (Joy), a work created by the well-known Japanese artist Taro Okamoto (1911–1996) for the Company’s 65th anniversary in 1978. “Plaisir” was named after our wish to be tied to people with joy, and our joy in contributing to human health and welfare, as a comprehensive healthcare company.