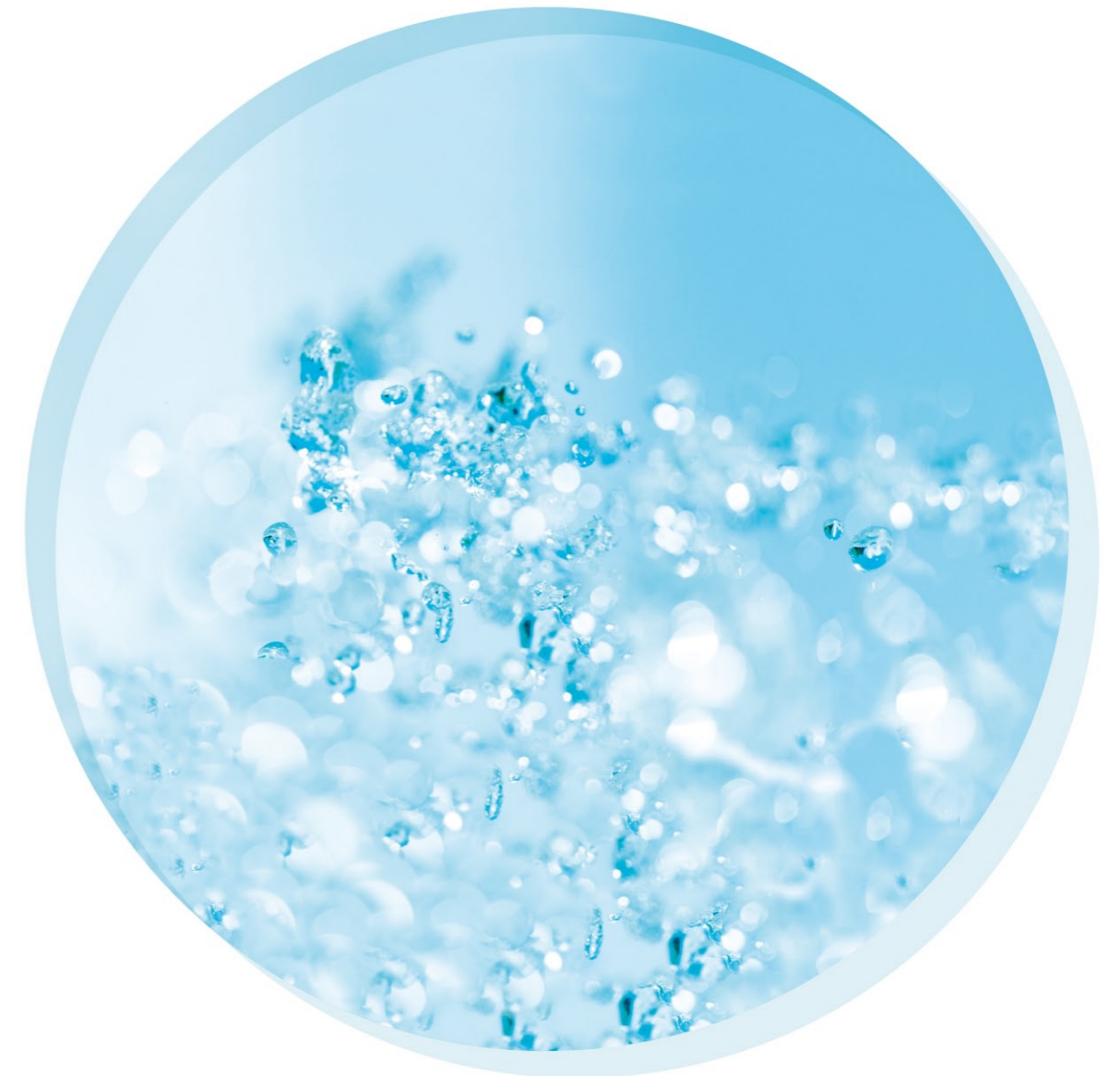


Menicon Annual Report 2016



The Will to Forge its Own Path and Be a Pioneer Is in Menicon's DNA.

1950 to 1969 »

Starting from Zero to Take on New Challenges

Menicon began when founder Kyoichi Tanaka developed Japan's first corneal contact lens in 1951. Tanaka, who was working at an optical shop, happened to hear about contact lenses from the wife of a U.S. Army officer. However, she did not show any actual contact lenses to him. Tanaka resolved to create a practical contact lens, and after much study and research, he succeeded. In 1957 he established Nippon Contact Lens Co., Ltd., the predecessor to Menicon.



Kyoichi Tanaka when he worked at an optical shop and the wife of a U.S. Army officer. The MT contact lens (first successful product)

1970 to 1989 »

Realizing More Originality

Based on its experience of finally arriving at and achieving practical application of a rigid contact lens with almost the same shape as today's rigid contacts entirely on its own, one thing Menicon values is avoiding imitation. By continuing to do all its own original research — designing methods of combining and polymerizing materials, designing products and manufacturing methods and assembling its own manufacturing facilities — Menicon developed Japan's first oxygen permeable rigid contact lens and established a new automated production factory, among other achievements.



Some notes on research activities. Menicon Seki Factory

1990 to 1999 »

Toward the Highest Quality

In 1995, Menicon founded the R&D Center as a base for conducting its research and development. To come up with the next generation of contact lenses and lens care products, specialists in various fields conducted research. In the entire process from material development to design development, manufacturing, distribution, sales and end-user sales, Menicon strengthened its insistence on its own original concept of safety, always worked to improve its technology and worked to better its quality assurance system.



Menicon R&D Center. Menicon Z

2000 to 2009 »

Bringing Innovation to the World

In 2001, Menicon introduced MELS Plan, the industry's first fixed-charge membership plan, to provide full support to our customers so that they can use our contact lenses worry-free. To bring high-quality, safe contact lenses to the people of the world, the company established outposts in various countries and is manufacturing and selling contact lenses rooted in ophthalmological medical care everywhere.



Office building of NKL Contactlinsen B.V. (Netherlands). Menicon Singapore Pte. Ltd.

2010 to 2014 »

Vow to Become a Global Company

As a pioneer in contact lenses and lens care products, Menicon is always leading the industry. While working for the continual growth of its business, the company put to work the technologies and people it had fostered through contact lenses to roll out veterinary ophthalmology, environmental-biotechnology and life sciences businesses. With the wish to "To be a global enterprise that is friendly to people, animals and the environment" Menicon began working to create new value.



Physical examinations for assistance dogs. "Aguri Kakumei"

From 2015 on

To the Soaring Future

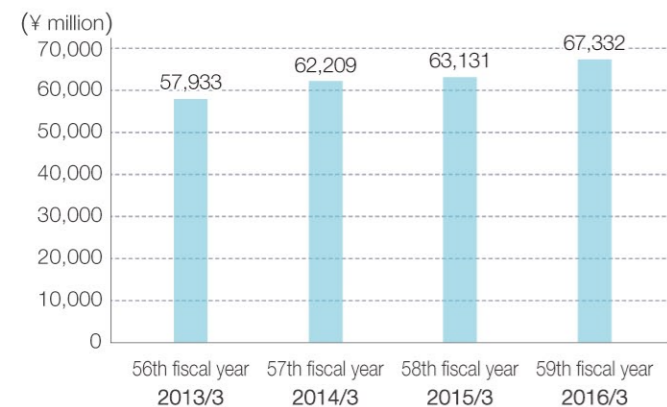
On June 25, 2015, Menicon was newly listed in the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange. With the money raised with its listings, it is investing in the construction of a new factory to produce daily disposable contact lenses. Menicon aims to continue providing the world with products useful to society and to be a company respected and loved by everyone.



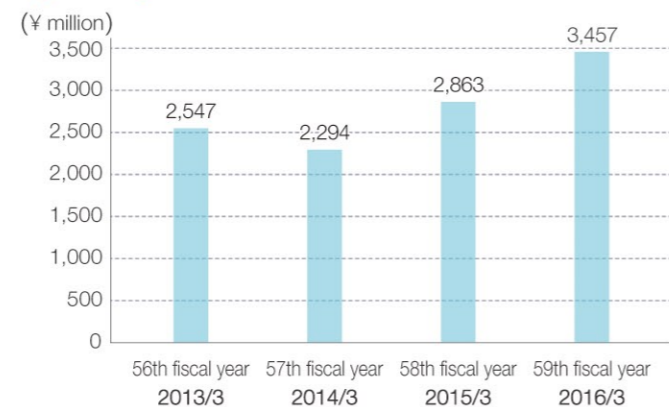
June 25, 2015 — Tokyo Stock Exchange. Menicon Kakamigahara Factory

Financial Highlights (Consolidated Basis)

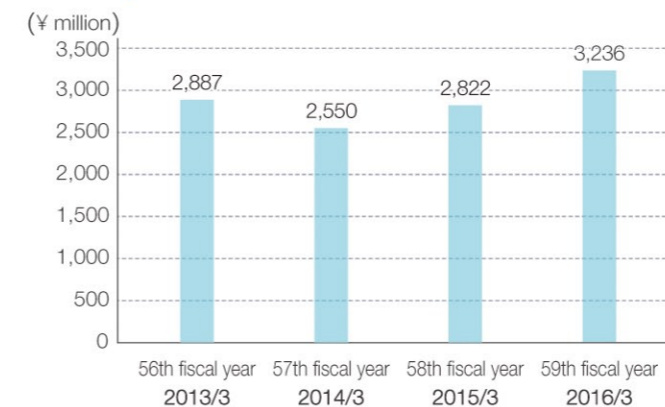
Net Sales



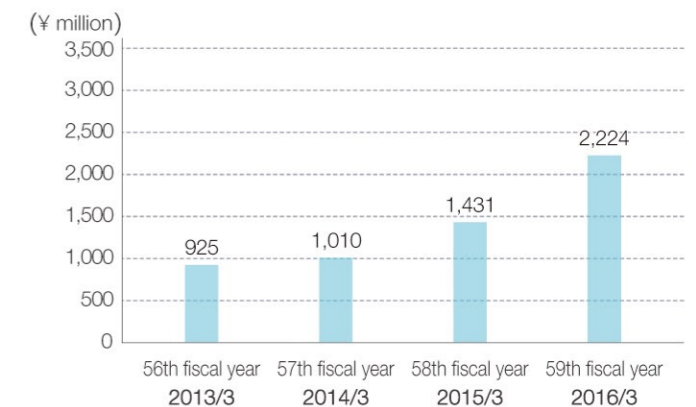
Operating Income



Ordinary Income



Profit Attributable to Owners of Parent





We will continue to protect the all-important health of our customers' eyes throughout their lives.

Hidenari Tanaka

President and CEO

~Premium Safety~
Setting the Standard in Safety for the Industry

Menicon manufactures advanced medical devices, so our top priority always has been the safety of our customers' eyes, and it always will be.

We set our own safety standards beyond the conventional wisdom of the times, and continually strive to make them even better.

By committing ourselves to ever-higher levels of safety,

we share with our customers the thrill and satisfaction of discovery.

Menicon pursues safety consistently in all of its corporate activities—from production to distribution and sales—never holding back in the effort to evolve.

We firmly believe this is the social responsibility of any company involved in medical care, and especially those involved with eyes.

But the Menicon promise goes further: our employees maintain the ambition and pride of safety advocates,

boldly and persistently facing new challenges, and creating new dimensions in safety.

Thank you to everyone reading this for your ongoing support. Last year was a turning point for us as a company. We were newly listed on both the Tokyo and Nagoya stock exchanges. And this year, Menicon marked its 65th anniversary. This would not have been possible without everyone's support. We sincerely appreciate it.

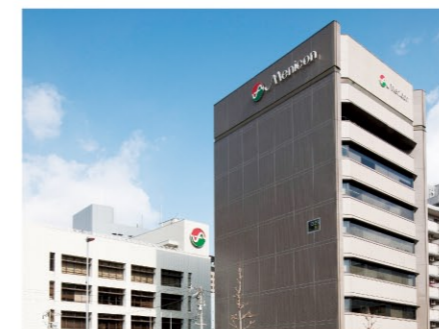
We carry out our activities based on our corporate slogan: "Contributing to society by providing superior visual correction." We aim to offer high quality products and services to fulfill our mission of protecting the all-important health of our customers' eyes throughout their lives. In addition to products and services, we would like to bring everyone who uses our contact lenses suitable vision correction and convenience. We have embodied this idea in our various products and services, including MELS Plan.

Performance during the year ended March 31, 2016

Regarding our performance, for the year ended March 31, 2016, we had record consolidated net sales of 67.332 billion yen, and our operating income was 3.457 billion yen. During this period, the main reasons for our steady performance were as follows: The first was that the number of members in MELS Plan, Menicon's original fixed-charge membership plan, increased, leading to an increase in income from membership fees compared to the same period the previous year. The number increased by 60,000 compared to the end of March 2015 and had exceeded 1.16 million people as of the end of March 2016. The second was that contact lens sales exceeded the previous year, mainly within Japan. Sales of disposable contact lenses and circle contact lenses were particularly good. Moreover, in October 2015 we acquired Kanto region retail contact lens chain FujiContact Co., Ltd, making it a subsidiary, a move that strengthened our sales structure in the Kanto region.

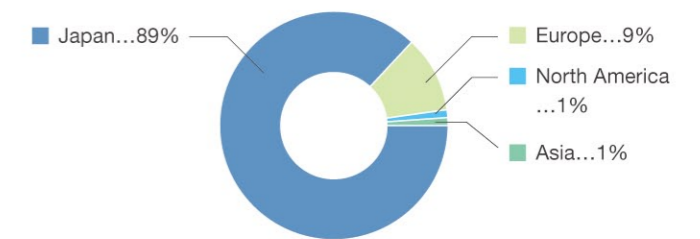
On the other hand, we were able to keep down selling expenses and general management expenses through the efficient use of funds between the first quarter and the third quarter, and for the high-demand fourth quarter, we spent intensively on such items as advertising and sales promotion to attract new members for MELS Plan.

Broken down by segment, the sales of our contact lens-related ventures was 66.1 billion yen and our sales for other ventures was 1.2 billion yen. Broken down by region, sales were 59.7 billion yen within Japan and 7.6 billion yen overseas, meaning overseas sales represented 11 percent of the total.

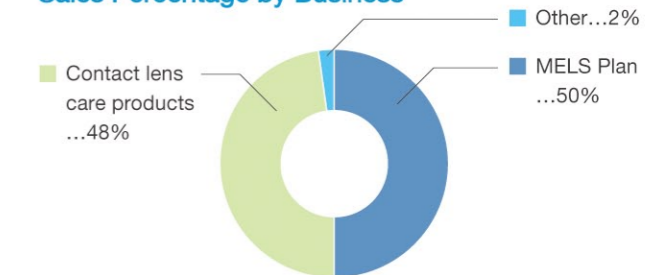


Menicon headquarters

Sales Percentage by Region



Sales Percentage by Business



Performance during the year ending March 31, 2017

To help us achieve our earnings forecast for the year ending March 31, 2017, we plan to launch a new daily disposable contact lens product. This will help us achieve our consolidated sales target. Daily disposable contact lenses in particular are expanding their market share, and we are working to expand our share of that market.

And to help grow the number of members in MELS Plan, we are strengthening our sales promotion activities, including by updating our brand in directly operated stores. We are planning to increase the number of members of MELS Plan from 1.16 million as of the end of March to 1.22 million.

In overseas markets, we will continue to engage in sales promotions in Europe, North America and Asia, with a focus on daily disposable contact lenses.

With regard to other businesses, we are aiming for expansion in our environmental-biotechnology business, our life sciences business, and our veterinary ophthalmology business represented by our subsidiary Meni-One Co., Ltd. On the other hand, we anticipate a rise in our cost percentage, because of such factors as depreciation of manufacturing plants, because we introduced the new product of daily disposal contact lenses to the market. The reason consolidated operating profit will grow at a slower rate than consolidated sales is that we anticipate increased expenses for advertising and sales promotions to strengthen our brand and increase its recognition in advance of new product launches. With regard to our overseas businesses, in North America and the U.S. in particular, and in Europe, we expect our labor costs to increase as we strengthen our sales structures in order to expand our sales of disposable contact lenses.

We want to protect the all-important health of our customers' eyes throughout their lives. In order to always be able to provide better products and services to them to fulfill that goal, we will make long-term investments in our business and work to further improve our corporate value through continuous growth.

Corporate Slogan

Contributing to society by providing superior visual correction.

Vision2020

What Our Corporate Group Should Look Like in 2020

By building and maintaining a superior system and structure that includes everything from product development to customer service, we will provide products and services around the world in a way that others will be unable to match. We will win absolute trust and support from our customers.

With a flexible stance toward cooperation and competition with other people and companies in the same industry, we will protect the health of the end user by establishing a healthy global market and keeping it orderly.

Using technologies we fostered for contact lenses along with creative and original techniques, we will enter new businesses outside the field of ophthalmology and offer new products and services for life and the environment.

Achievement of Our Long-term Plan Vision 2020

Toward Achievement of Sales of 100 billion yen and an Operating Profit Margin of 10 percent



Menicon Product Lineup



Understanding MELS Plan

Menicon Eye Life Support Plan

MELS Plan is an entirely new service system that allows customers to continuously use Menicon's high-quality contact lenses in their best condition. It gives top priority to the health of the user's eyes. MELS Plan is a service in which rather than purchasing Menicon contact lenses, you use them for a fixed monthly fee. We started this service with our wish to protect the all-important health of our customers' eyes.

So that customers can always use our contact lenses worry free, we also provide complete support. If trouble should ever occur, replacement products are available so that customers can always use our contact lenses in good condition.

If a contact no longer matches a customer's needs because of changes in vision or lifestyle, he can change the refraction or type at any time. This allows customers to choose the contact lens that best suits them without worrying about price.

The plan has the advantage that because customers are committed, stores selling Menicon products can specialize in customer service.

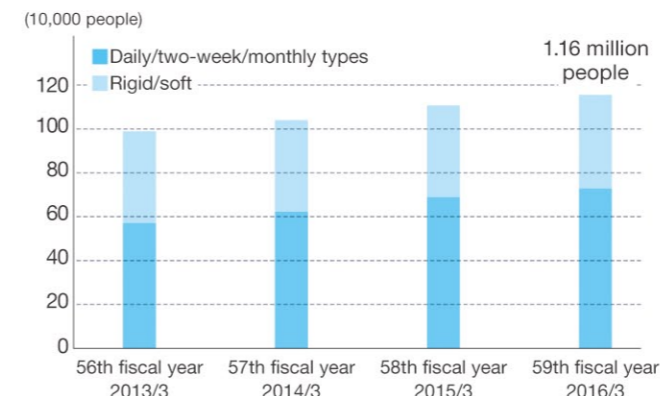
Customers and Menicon enter into a direct contract, customers pay Menicon a monthly fee and they receive their products. Stores provide service to customers and receive a sales commission from Menicon.

The plan is supported by many customers, and the number of members and sales are increasing year by year. As of the end of March 2016, 1.16 million customers had joined.

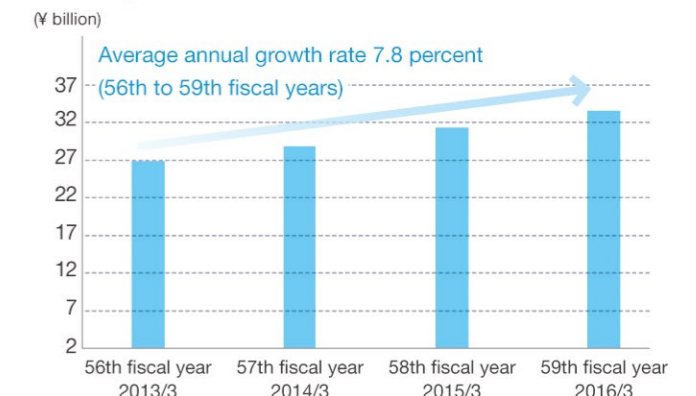
MELS Plan Virtuous Circle



Changes in the Total Number of Members in MELS Plan



Changes in MELS Plan Sales



Overseas Business Growth Strategy

Securing sales bases and expanding territory

- Strengthening sales structure in North America, which has a large population of contact lens wearers. Improving sales bases in Europe and Asia as well
- We will acquire permission to sell in South America and Asia, where market growth is anticipated

Brands for overseas

- Sales promotion of the overseas-oriented brand "Miru," starting with a North American emphasis, and also targeting Europe and Asia
- The shift toward disposable contact lenses, including daily and two-week, is expected to become dominant, just as has happened in Japan.

- 20 consolidated subsidiaries ■ 4 unconsolidated subsidiaries
- 1 affiliated company accounted for by the equity method

[JAPAN]

Menicon Co., Ltd.
W.I.System Co., Ltd.
Fuji Contact Co., Ltd.
Alpha Corporation
Menicon Nect Co., Ltd.
Menicon Business Assist Co., Ltd.
Meni-one Co., Ltd.

[ASIA]

Menicon Singapore Pte. Ltd.
Menicon Singapore Sales Pte. Ltd.
Wenzhou FocuSee Vision Care Technologies co., Ltd.
First Glory Holdings Ltd.
Menicon Korea Co., Ltd.
Menicon Australia Pty Ltd

[EUROPE]

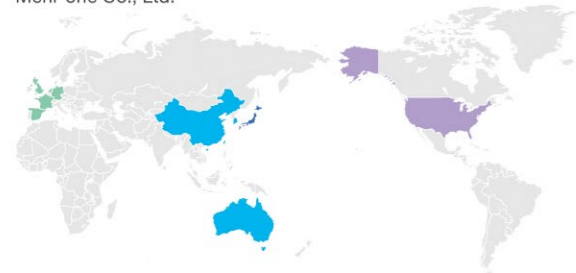
Menicon Holdings B.V.
NKL Contactlenzen B.V.
Menicon SAS
Menicon Pharma SAS
Menicon GmbH
Menicon Ltd.

[NORTH AMERICA]

Menicon Espana S.L.
Menicon America, Inc.
The Lagado Corporation



"Miru," a brand for overseas



New Businesses

We are taking on three new sectors as new businesses. They are derived from our research and development on contact lenses and lens care products. These businesses are the Veterinary Medicine Business, which handles intraocular lenses for animals, the Environment and Bioscience Business, which uses enzymes to break down plant fiber, and the Life Sciences Business, which supports assisted reproductive technologies.

Veterinary Medicine Business

- Intraocular lenses for dogs
- Therapeutic use contact lenses
- Veterinary medical equipment
- Supplements

Environment and Bioscience Business

- Animal husbandry
- Agriculture
- Animal feed
- Coffee grounds feed

Life Sciences Business

- Equipment for fertility treatment
- Supplements for the field of gynecology



Basic Philosophy on Corporate Governance

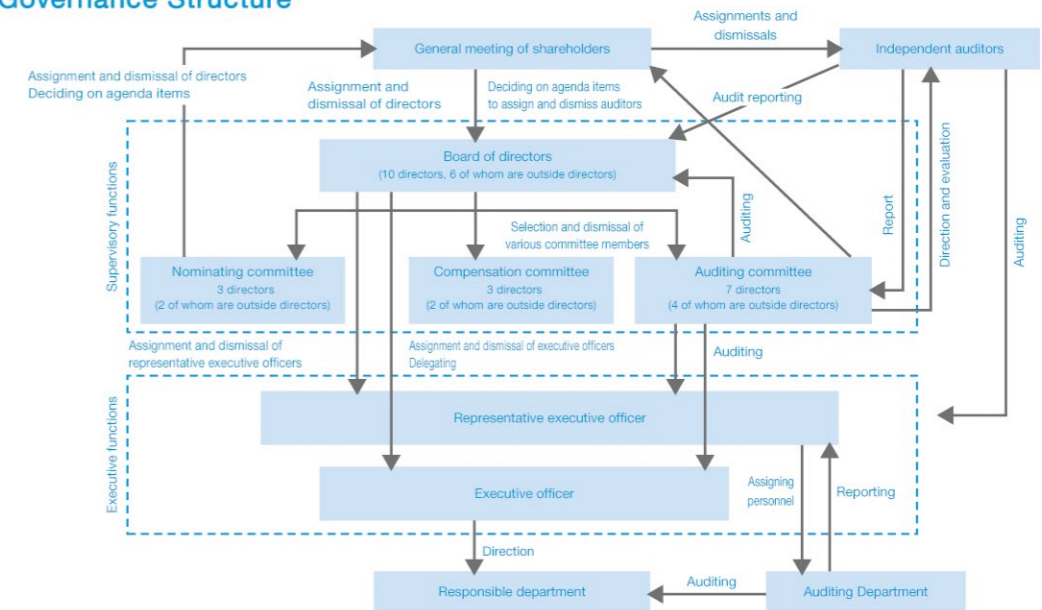
One of our basic policies is to carry out our corporate activities with the aim of being a company that is respected and loved by all stakeholders, including shareholders, investors, customers and employees. To achieve that, we have positioned earning the trust of stakeholders and sound corporate management as important issues and we are working to realize good corporate governance.

Outline of Corporate Governance Structure

Menicon has a nominating committee, as required by corporate law, and the company's governance structure is made up of 10 directors (among whom six are outside directors) and 11 executive officers (including one who is also a director). Outside directors provide advice, to accompany the management and supervision performed by executive officers, from an objective, big-picture point of view that aims at increasing the value of the company. As a mechanism for the administration of business matters and the monitoring of management, the board of directors — composed of directors appointed at a general meeting of shareholders — makes important corporate decisions and supervises the executive officers. The board of directors also names executive officers. Through the authority of these executive officers that is strengthened with each matter placed under their charge, swift, effective execution of business is achieved.

The majority of directors on committees (the nominating committee, the compensation committee and the auditing committee) are outside directors. As for the roles of each committee, the nominating committee decides the director candidates to submit at the next general meeting of shareholders, the auditing committee inspects the compliance and suitability of the performance of their duties of the directors and executive officers and determines a plan for appointing independent auditors, and the compensation committee is responsible for deciding compensation plans and amounts for directors and executive officers. Regarding matters important to the administration of business matters (excluding matters decided by the board of directors), the performance review council and the executive committee — made up of all executive officers — deliberate and decide.

Corporate Governance Structure



Reasons for Adopting Our Corporate Governance Structure

In consideration of the need to realize rapid management decision making and strengthen administrative functions, Menicon designed its institutions to include a nominating committee and other committees, with a majority of the directors on each committee being outside directors. Moreover, the auditing committee works with auditors to audit the

administration of business matters by executive officers. Based on this philosophy, in order to realize the best possible corporate governance possible at Menicon, we have created and officially announced a "Basic Corporate Governance Policy," which has increased the practical effectiveness of our corporate governance.

Contributing to Society by Providing Superior Visual Correction

Creating New Products that Contribute to the Region and Environment

Established Kakamigahara Factory and Began Producing Silicone Hydrogel Daily Disposable Contact Lenses

We established a manufacturing plant in Kakamigahara, Gifu prefecture. At the Kakamigahara Factory, we produce the first silicone hydrogel daily disposable contact lenses made in Japan.

Silicone hydrogel is a material that allows a lot of oxygen, which is important to eye health, to pass through. We developed this product to allow customers to use our contact lenses more comfortably. To prevent contamination and mixing, we designed a compact, unbroken line of movement inside the factory encompassing everything from receipt of raw materials to processing and product shipping. As a facility manufacturing specially controlled medical devices, it has a manufacturing system built to a high standard of quality. In consideration of the environment it limits greenhouse gas emissions and conserves energy. In so doing, it also helps cut manufacturing costs.

Daily disposable contact lenses are trending toward a larger market share not only in Japan, but around the world. We are working to build Menicon's lineup of daily disposable contact lens products and to increase its market share.



Stores that Communicate Closely with Customers

“Miru+,” Menicon's New Contact Lens Shop Brand, Gets its Start

“Making choosing contact lenses more fun. Bringing joy to customers' daily lives.” Based on these concepts, we started the new shop brand “Miru+.”

“Miru+” is a contact lens shop that emphasizes communication in order to be able to support each individual customer in choosing a contact lens that suits her. With “Miru+,” we propose an optimal way of using contact lenses by introducing contact lenses customers can use comfortably and advising customers on vision in ways that match their lifestyles.

Moreover, in recent years eye injuries have resulted from the incorrect use of contact lenses, so as a contact lens manufacturer, we are using our knowledge and experience to increase awareness of the correct way to handle contact lenses.

We would like to continue protecting the health of our customers' eyes so they can experience the joy of seeing with better vision and enjoy exciting everyday lives.

The “Miru+” website — <http://miru-plus.jp> (Japanese version only)



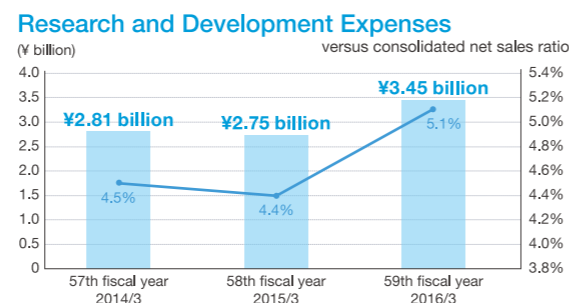
Carrying out Research and Development Based on Our Original Safety Philosophy

Menicon's Integrated Research and Development Structure Consists of Three Bases - a Research Institute, a Clinical Laboratory and a Technical Laboratory

Based on the Menicon Group's original safety philosophy, we are conducting our corporate activities through a research & development, manufacturing and sales structure that puts the safety of our customers' eyes first.

Menicon has three main research & development bases in Japan. They are the R&D Center, which does R&D on materials for contact lenses, a clinical R&D Center, which clinically evaluates ophthalmic safety and product effectiveness, and Techno Station, which does R&D on manufacturing technologies for mass production of high-quality products.

Our corporate group is distinguished by an R&D structure that integrates everything from material development to safety evaluation and the development of manufacturing technologies in house, while closely and organically linking these functions.



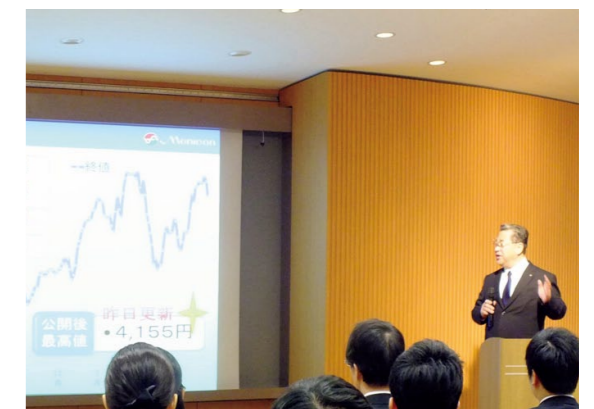
An Opportunity to Build Trust among Shareholders and Investors

Holding Briefings for Individual Investors to Gain Their Long-term Support

Menicon holds informational meetings to deepen investors' and shareholders' understanding of our business through dialogue with them. Menicon held informational meetings for individual investors in Tokyo, Nagoya and Osaka during the fiscal year ended March 2016.

At these informational meetings, we explained to shareholders the current state and future potential of the contact lens industry, Menicon's vision and our growth strategy.

We will continue to hold informational meetings and proactively create opportunities for dialogue. We aim to disclose the details of our business with a high degree of transparency to win the long-term support of our shareholders.



CSR Information (Japanese version only)

【 Social contribution and CSR website 】 <http://www.menicon.co.jp/company/csr/> 【 CSR report 】 <http://www.menicon.co.jp/company/csr/report/>

Consolidated Balance Sheets

Menicon Co., Ltd. and Subsidiaries

	(¥ thousand)	
	March 31, 2015	March 31, 2016
Assets		
Current assets		
Cash and deposits	8,827,161	12,463,184
Notes and accounts receivable – trade	7,180,972	7,670,656
Securities	110,501	141,672
Merchandise and finished goods	6,582,729	6,863,734
Work in progress	485,885	445,955
Raw materials and supplies	1,348,087	1,402,840
Deferred tax assets	833,842	910,469
Other	1,584,323	1,553,678
Allowance for doubtful accounts	(99,981)	(107,154)
Total current assets	26,853,522	31,345,036
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,430,288	18,454,013
Accumulated depreciation	(8,396,505)	(8,925,318)
Buildings and structures, net	10,033,782	9,528,695
Machinery, equipment and vehicles	19,443,913	21,349,773
Accumulated depreciation	(11,825,761)	(12,753,359)
Machinery, equipment and vehicles, net	7,618,152	8,596,414
Tools, furniture and fixtures	5,653,826	5,973,405
Accumulated depreciation	(4,691,063)	(4,917,716)
Tools, furniture and fixtures, net	962,763	1,055,688
Land	6,188,500	5,980,779
Leased assets	1,285,528	1,299,544
Accumulated depreciation	(780,303)	(962,846)
Leased assets, net	505,225	336,698
Construction in progress	2,619,842	1,157,996
Tangible fixed assets total	27,928,266	26,656,273
Intangible assets		
Goodwill	5,594,969	4,579,150
Patent right	2,253,019	1,997,831
Other	1,375,107	1,482,983
Total intangible assets	9,223,096	8,059,964
Investments and other assets		
Investment securities	1,602,925	798,710
Long-term loans receivable	205,149	196,258
Deferred tax assets	223,840	119,627
Other	1,582,215	1,735,593
Allowance for doubtful accounts	(9,019)	(9,662)
Total investment and other assets	3,605,111	2,840,527
Total non-current assets	40,756,473	37,556,765
Total assets	67,609,995	68,901,802

	(¥ thousand)	
	March 31, 2015	March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable – trade	2,663,427	3,576,132
Short-term loans payable	690,000	570,000
Current portion of bonds	1,725,560	1,840,560
Current portion of long-term loans payable	1,707,982	2,117,406
Lease obligations	191,738	189,127
Accounts payable – other	3,084,573	3,200,224
Income taxes payable	739,863	1,028,290
Provision for bonuses	1,032,431	1,506,867
Provision for point card certificates	91,669	59,558
Other	3,900,497	2,120,879
Total current liabilities	15,827,741	16,209,047
Non-current liabilities		
Bonds payable	7,962,120	6,121,560
Long-term loans payable	7,364,411	5,628,789
Lease obligations	342,207	167,548
Long-term accounts payable – other	1,799,200	1,829,211
Net defined benefit liability	209,656	273,775
Deferred tax liabilities	41,952	38,816
Asset retirement obligations	22,006	23,346
Other	167,858	169,779
Total non-current liabilities	17,909,414	14,252,827
Total liabilities	33,737,156	30,461,874
Net assets		
Shareholders' equity		
Capital stock	1,769,340	3,329,445
Capital surplus	943,114	2,503,219
Retained earnings	31,476,622	33,210,680
Total shareholders' equity	34,189,076	39,043,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91,319	11,830
Deferred gains or losses on hedges	1,944	–
Foreign currency translation adjustment	(480,583)	(615,246)
Accumulated other comprehensive income total	(387,319)	(603,415)
Non-controlling interests	71,083	–
Total net assets	33,872,839	38,439,928
Total liabilities and net assets	67,609,995	68,901,802

Consolidated Statements of Income

Menicon Co., Ltd. and Subsidiaries

(¥ thousand)

	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	63,131,105	67,332,437
Cost of sales	28,073,178	30,012,368
Gross profit	35,057,926	37,320,069
Selling, general and administrative expenses	32,194,224	33,862,229
Operating income	2,863,701	3,457,840
Non-operating income		
Interest income	50,389	30,263
Dividend income	7,155	7,343
Changes in fair value relating to conditional acquisition price	398,892	—
Foreign exchange gains	—	51,242
Rent income	245,014	251,289
Other	298,966	214,740
Total non-operating income	1,000,417	554,879
Non-operating expenses		
Interest expenses	313,475	262,744
Bond issuance cost	35,474	—
Share of loss of entities accounted for using equity method	1,348	3,787
Changes in fair value relating to conditional acquisition price	—	127,315
Foreign exchange losses	351,457	—
Cost of lease revenue	99,378	89,275
Bad debts expenses	325	111,060
Other	240,569	181,669
Total non-operating expenses	1,042,027	775,852
Ordinary income	2,822,091	3,236,867
Extraordinary income		
Gain on sales of non-current assets	3,046	78,535
Subsidy income	—	581,623
Gain on sales of shares of subsidiaries	43,354	23,640
Total extraordinary income	46,400	683,799
Extraordinary losses		
Loss on sales of non-current assets	13,286	22,252
Loss on retirement of non-current assets	50,103	79,537
Loss on valuation of investment securities	—	5,476
Impairment loss	23,693	—
Total extraordinary losses	87,083	107,266
Net income before taxes and other adjustments	2,781,409	3,813,400
Income taxes – current	1,323,081	1,570,960
Income taxes – deferred	67,796	79,333
Total income taxes	1,390,878	1,650,293
Profit	1,390,530	2,163,106
Loss attributable to non-controlling interests	(40,903)	(61,271)
Profit attributable to owners of parent	1,431,434	2,224,377

Consolidated Statements of Comprehensive Income

Menicon Co., Ltd. and Subsidiaries

(¥ thousand)

	Year ended March 31, 2015	Year ended March 31, 2016
Profit	1,390,530	2,163,106
Other comprehensive income		
Valuation difference on available-for-sale securities	40,394	(79,489)
Deferred gains or losses on hedges	1,944	(1,944)
Foreign currency translation adjustment	(229,189)	(129,934)
Share of other comprehensive income of entities accounted for using equity method	3,710	(2,024)
Total other comprehensive income	(183,139)	(213,392)
Comprehensive income	1,207,391	1,949,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,241,174	2,011,962
Comprehensive income attributable to non-controlling interests	(33,783)	(62,248)

Consolidated Statements of Changes in Equity

Menicon Co., Ltd. and Subsidiaries

Year ended March 31, 2016

(¥ thousand)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	1,769,340	943,114	31,476,622	34,189,076
Changes of items during period				
Issuance of new shares	1,560,105	1,560,105		3,120,210
Dividends of surplus			(490,320)	(490,320)
Profit attributable to owners of parent			2,224,377	2,224,377
Net changes of items other than shareholders' equity				
Total changes of items during period	1,560,105	1,560,105	1,734,057	4,854,267
Balance at the end of current period	3,329,445	2,503,219	33,210,680	39,043,344
	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balance at the beginning of current period	91,319	1,944	(480,583)	(387,319)
Changes of items during period				
Issuance of new shares				
Dividends of surplus				
Profit attributable to owners of parent				
Net changes of items other than shareholders' equity	(79,489)	(1,944)	(134,662)	(216,096)
Total changes of items during period	(79,489)	(1,944)	(134,662)	(216,096)
Balance at the end of current period	11,830	—	(615,246)	(603,415)
	Non-controlling interests		Total net assets	
Balance at the beginning of current period		71,083		33,872,839
Changes of items during period				
Issuance of new shares				3,120,210
Dividends of surplus				(490,320)
Profit attributable to owners of parent				2,224,377
Net changes of items other than shareholders' equity			(71,083)	(287,179)
Total changes of items during period			(71,083)	4,567,088
Balance at the end of current period		—		38,439,928

Consolidated Statement of Cash Flows

Menicon Co., Ltd. and Subsidiaries

	Year ended March 31, 2015	Year ended March 31, 2016
		(¥ thousand)
Cash flows from operating activities		
Net income before taxes and other adjustments	2,781,409	3,813,400
Depreciation	3,186,040	3,349,000
Impairment loss	23,693	—
Amortization of goodwill	1,012,228	1,015,678
Loss on retirement of non-current assets	50,103	79,537
Subsidy income	—	(581,623)
Interest income and dividend income	(57,544)	(37,607)
Interest expenses	313,475	262,744
Foreign exchange losses (gains)	303,663	(54,402)
Decrease (increase) in notes and accounts receivable - trade	136,140	(461,424)
Decrease (increase) in inventories	(200,965)	(215,442)
Increase (decrease) in notes and accounts payable - trade	(277,171)	746,395
Increase (decrease) in provision for bonuses	(129,243)	454,533
Other	(1,464,440)	319,694
Subtotal	5,677,388	8,690,483
Interest and dividend income received	55,652	44,181
Interest expenses paid	(185,465)	(153,371)
Income taxes paid	(1,313,897)	(1,303,691)
Proceeds from subsidy income	—	581,623
Net cash provided by (used in) operating activities	4,233,677	7,859,226
Cash flows from investing activities		
Collection of loans receivable	48,111	34,061
Purchase of securities	(88,496)	(324,461)
Proceeds from sales of securities	100,000	1,110,000
Purchase of intangible assets	(368,228)	(560,107)
Purchase of property, plant and equipment	(3,198,907)	(3,679,163)
Proceeds from sales of property, plant and equipment	15,208	331,585
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(132,923)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	32,327	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(33,235)
Other	(65,816)	(38,865)
Net cash provided by (used in) investing activities	(3,525,800)	(3,293,109)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	389,943	(140,000)
Proceeds from long-term loans payable	1,700,181	400,000
Repayments of long-term loans payable	(1,790,265)	(1,786,651)
Proceeds from issuance of bonds	1,764,525	—
Redemption of bonds	(1,775,560)	(1,725,560)
Proceeds from issuance of common shares	—	3,104,078
Repayments of finance lease obligations	(220,513)	(193,937)
Cash dividends paid	(490,320)	(490,320)
Other	—	(18,782)
Net cash provided by (used in) financing activities	(422,008)	(851,173)
Effect of exchange rate change on cash and cash equivalents	(82,635)	(44,863)
Net increase (decrease) in cash and cash equivalents	203,232	3,670,079
Cash and cash equivalents at beginning of period	8,184,099	8,387,331
Cash and cash equivalents at end of period	8,387,331	12,057,411

Notes to Consolidated Financial Statements

Menicon Co., Ltd. and Subsidiaries

Going concern note: None

Change in Accounting Policies

"Accounting standard related to business combinations" (corporate accounting standard No. 21, Sept. 13, 2013. Hereafter "business combination accounting standard."), "Accounting standard related to consolidated statements" (corporate accounting standard No. 22, Sept. 13, 2013. Hereafter "consolidated statement accounting standard.") and "Accounting standard related to divestitures" (corporate accounting standard No. 7, Sept. 13, 2013. Hereafter "divestiture accounting standard.") will be applied with the current accounting period of consolidation. We will change our methods as follows: Balances due to changes in Menicon's interest in subsidiaries that continue to be controlled will be included as capital reserves, and they will be included as expenses for the accounting period of consolidation in which acquisition-related expenses arose. Moreover, regarding business combinations carried out after the beginning of the current consolidated fiscal year, we will change to a method of reflecting in the consolidated statement for the accounting period of consolidation to which the day of business combination belongs revisions in distribution amounts for acquisition costs due to the fixing of provisional accounting treatment.

In addition, we have changed the way we express net profit for the current period and we have changed from expressing minority shareholders' interest to expressing noncontrolling shareholders' interest.

To reflect these changes in expression, we are converting to a consolidated statement for the accounting period of consolidation.

Regarding the application of business combination accounting standards and the like, we are handling them progressively based on Business Combination Accounting Standard No. 58-2 (4), Consolidated Accounting Standard No. 44-5 (4) and Divestiture Accounting Standard No. 57-4 (4). We will apply these standards from the beginning of the current consolidated fiscal year and into the future.

In the consolidated cash flow statement for the current accounting period of consolidation, cash flow involving the acquisition or sale of stock of subsidiaries that does not accompany changes in the range of consolidation is recorded in the "cash flow due to financial activity" classification. Cash flow involving expenses related to the acquisition of the stock of subsidiaries that accompanies changes in the range of consolidation or expenses arising in relation to the acquisition or sale of stock in subsidiaries that does not accompany changes in the range of consolidation is recorded in the "cash flow due to business activity" classification.

Impact on the consolidated financial statements and the information per share for the current accounting period of consolidation is immaterial.

Directors



Hidenari Tanaka

1987 Joined the company.
1994 Became a director.
1999 Became an executive vice-president.
2000 Became president and representative director.
2010 Became president & CEO.



Yasuyuki Ishida

1977 Joined the company.
2005 Became a company executive, director of the care product business.
2006 Became a company executive, care product marketing executive officer.
2007 Became a company executive, lens care marketing executive officer.
2009 Became general manager of the auditing department.
2012 Became a director.



Mamoru Fukimbara

1977 Joined the company.
2003 Became a company executive, production executive officer.
2006 Became management executive officer.
2010 Became director of the office of business management.
2013 Became overseas corporation general headquarters executive officer.
2015 Became adviser to the corporate strategy division. Became a director.



Shizuya Yoneda

1976 Joined the company.
2009 Became a company executive, production executive officer.
2010 Became production and physical distribution executive officer.
2011 Became director of the global production and physical distribution strategy office.
2015 Became executive officer for production and physical distribution.
2016 Became adviser to management headquarters. Became a director.



Mondo Katayama

1968 Certified as an attorney.
1999 Became an auditor at Menicon.
2010 Became a director.
Important concurrent posts
Director, Nagoya Small and Medium Business Investment & Consultation Co., Ltd.
Chief director, Takaoka Academy



Tetsutaro Asano

1963 Became a certified public accountant.
2006 Became an auditor at Menicon.
2010 Became a director.
Important concurrent posts
Independent director, Valor
President and representative director, Centrec Co., Ltd.



Hiroshi Okada

1968 Began working at Brother Industries, Ltd.
2003 Became a professor, Nagoya City University Graduate School of Economics.
2005 Became a visiting professor, Jiangnan University, China.
2007 Became a professor, Department of Modern Management, Sugiyama Jogakuen University.
2009 Became principal of Ohzan Japanese Language School, Weifang, Shandong province, China.
2010 Became a director at Menicon.
Important concurrent posts
Professor, Tokyo University Graduate School of Social Welfare



Kazuhiro Takagi

1972 Joined the Kan Ito CPA Office.
1975 Became a certified tax accountant.
1977 Became a certified public accountant.
1979 Certified as a real estate appraiser. Established Takagi CPA Office.
1991 Became a representative partner, Century Auditing Corporation (currently Ernst & Young ShinNihon LLC).
2006 Retired from the position of representative partner, Ernst & Young ShinNihon LLC.
2010 Became a director at Menicon.



Yoshimi Horinishi

2000 Certified as an attorney. Joined the Nagoya Bar Association.
2004 Joined the Asahikawa Bar Association.
2007 Rejoined the Nagoya Bar Association (Currently the Aichi Prefecture Bar Association).
2014 Became a member of the Nagoya Architectural Dispute Resolution Committee.
Became a Nagoya Summary Court civil mediation officer.
2016 Became a director at Menicon.



Yutaka Yasuda

1977 Joined the Kan Ito CPA Office.
1981 Became a certified public accountant.
1991 Became an employee at the Ota Showa Auditing Corporation (currently Ernst & Young ShinNihon LLC).
1999 Became a representative partner, Ota Showa Auditing Corporation (currently Ernst & Young ShinNihon LLC).
2007 Became head of the Nagoya office, Ernst & Young ShinNihon LLC.
2015 Retired from the position of head of the Nagoya office, Ernst & Young ShinNihon LLC.
2016 Became a director at Menicon.

Executive Officers



From back left: Akihiro Sugiyama, Hisashi Moriyama, Hiroki Shinoda, Hideki Koga, Koji Kawaura and Hiroshi Murakami

From front left: Toshiyuki Ooguchi, Akinori Oota, Yoshiyuki Takino and Wataru Ito

Company name	Menicon Co., Ltd.
Representative's name	Hidenari Tanaka, president & CEO
Headquarters	3 Chome-21-19, Aoi, Naka-ku, Nagoya-shi, Aichi-ken, 460-0006, Japan
Phone	(+81)-52-935-1515
Initiation	February 1951
Established	July 1957
Capital	3.329445 billion yen
Employees	1,153
Description of business	Contact lenses, lens care products, etc.
Number of offices	15 business offices, 45 stores, 4 laboratories and factories, 1 customer center and 4 distribution centers

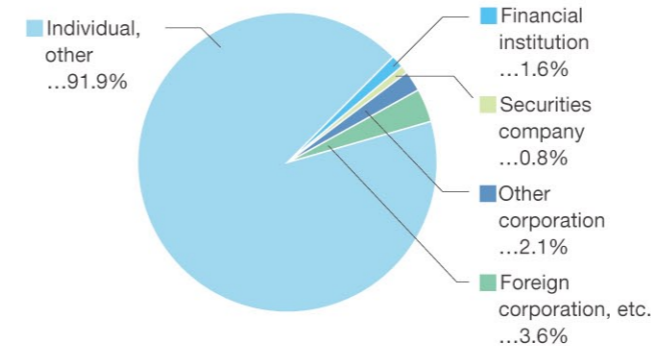
Number of affiliated companies	5 in Japan, 15 overseas (in 10 countries)
Customers	Hospitals, ophthalmological clinics, contact lens vendors, optical shops and pharmaceutical wholesalers throughout Japan. Overseas agents (exporting to more than 80 countries around the world, in the U.S., Europe, Oceania and Asia).
Banking partners	The Bank of Tokyo-Mitsubishi UFJ, Mizuho Bank, Resona Bank, the Shizuoka Bank and others
Website	www.menicon.co.jp / www.menicon.com
Shareholder registry administrator	1 Chome-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Stock Exchange Listings	Tokyo, Nagoya
Stock Code	7780

Major Shareholders

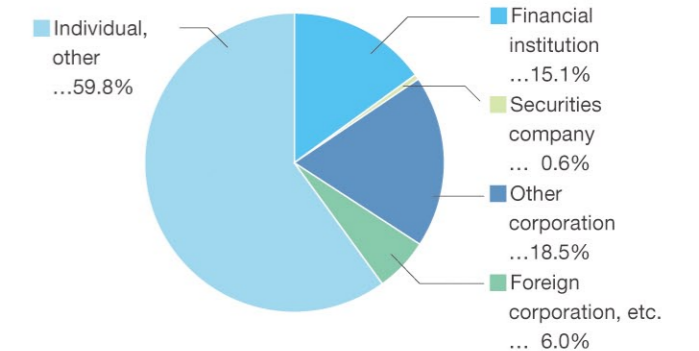
Shareholder name	No. of shares held
Menicon Employee Shareholder Association	1,482,761
Mami Co., Ltd.	1,417,000
Hidenari Tanaka	1,050,800
Toyotomi Co., Ltd.	991,000
Kazuko Tsukamoto	707,000

Shareholder name	No. of shares held
Japan Trustee Services Bank, Ltd.	459,100
The Master Trust Bank of Japan, Ltd.	405,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	400,000
Yasunori Tanaka	341,000
Junko Tanaka	329,000

Shareholder Type Percentage Breakdown by Number of People



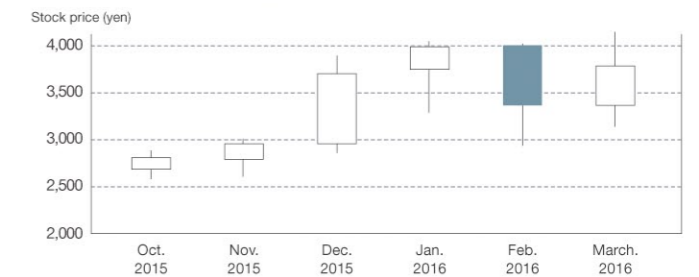
Shareholder Type Percentage Breakdown by Number of Shares



Shareholder Circumstances

Total number of authorized shares	62,184,000
Total number of outstanding shares	18,319,000
Number of shareholders	2,445
Total number of voting rights	183,171

Stock Price Range



Note: Menicon was newly stock listed on June 25, 2015.