



February 4, 2016

Company name : Freund Corporation  
Representative : Iwao Fusejima, President & CEO  
(securities code : 6 3 1 2)  
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### **Announcement on the sales of subsidiary Company**

Our company has resolved at the meeting of Board of Directors held on February 4, 2016 that we would sell 100% of the issued shares in Freund Pharmatec Ltd. (FPL, hereafter), a consolidated subsidiary company to Sigmoid Pharma Ltd (Ireland, Sigmoid, hereafter)

#### **Notes**

##### **1. The reason for the sale of shares**

We, Freund Corporation established FPL in September, 2010. Since then, FPL has been engaged in research and development of new pharmaceutical dosage forms and formulations and yielded specific results in such new formulations and intellectual properties.

Sigmoid, on the other hand, is now reaching the advanced stages of clinical studies for its new pharmaceutical products based on the application of seamless mini-capsule technologies in the area of therapeutics for gastrointestinal diseases.

We have come to an agreement with Sigmoid to sell the FPL entity to Sigmoid where FPL will continue its research and development programs under Sigmoid management, while also enabling Sigmoid's clinical pathway in gastrointestinal diseases. Sigmoid will also explore opportunities to build on existing Freund Pharmatec customer research projects and related licensing businesses where applicable.

##### **2. Future business development in European markets**

We have been able to obtain specific valuations of our technologies from major European pharma companies through Research and Development activities of Freund Pharmatec Ltd. Going forward, we aim to expand our pharmaceutical manufacturing equipment businesses from our Milan Laboratories, a group operation established in November, 2014, with a scope of further strengthening Freund brand recognition in the markets.

### **3.Overview of Sigmoid Pharma Limited**

Sigmoid Pharma is a specialty pharmaceutical company developing targeted therapeutics for gastrointestinal diseases. The Company's Single-Multiple Pill (SmPill®) technology is a versatile delivery system for solubilizing active therapeutic agents and allowing targeted release at the site of disease. Sigmoid's lead program is CyCol, a colon-targeted cyclosporine for the topical, non-systemic treatment of ulcerative colitis (UC).

Commenting on the announcement, Dr. Ivan Coulter, CEO and Founder Sigmoid Pharma Limited, said "We are very pleased to complete the acquisition of the Freund Pharmatec entity. Building on a long relationship with Freund, the highly skilled team and related facility in Freund Pharmatec will enable Sigmoid to progress its ambitious clinical pathway in the area of gastrointestinal diseases".

#### 4. Overview Of Freund Pharmatec Ltd.

1.Name	Freund Pharmatec Ltd. (“FPL”)		
2.Address	Unit 1, IDA Business & Technology Park, Srah, Tullamore, Co. Offaly, Ireland.		
3.Name and title of representative	Takashi Gushiken, President		
4.Description of business	Research and development of new pharmaceutical dosage forms and its technical support for customers		
5.Stated capital	Euro 7million		
6.Date of incorporation	September,2010		
7.Major shareholders and their Shareholding ratios	Freund Corporation 100%		
8.Relationship between the listed company and FPL	Capital relationship	Freund corporation holds 100%of the interests in FPL. This company is significant subsidiaries of Freund corporation.	
	Personnel relationship	Three directors and one employee of Freund corporation serve as directors of FPL.	
	Transactional relationship	None	
9.Operating results and financial for the last 3 Years	Unit : Thousands of Euro		
Fiscal Year-end	December 2012	December 2013	December 2014
Net assets	4,675	6,010	4,880
Total assets	4,742	6,101	4,591
Sales	—	—	44
Operating income	(1,014)	(1,167)	(1,140)
Ordinary income	(1,001)	(1,165)	(1,129)
Current net income	(1,001)	(1,165)	(1,129)

5. Overview of the other party related to the share transfer

1.Name	Sigmoid Pharma Ltd.	
2.Address	Invent Centre, Dublin City University, Dublin9, Ireland	
3.Name and title of representative	Dr.Ivan Coulter ,CEO and Founder	
4.Nature of busines	Sigmoid Pharma is a specialty pharmaceutical company developing targeted therapeutics for gastrointestinal diseases	
5. Date of foundation	March,2003	
6 Arregate capital.	€ 25.0 millions	
7..Net assets as of end of 2014	€ 2.0 million	
8..Gross assets as of end of 2014	€ 8.4 million	
9..Major shareholders and their Shareholding ratios	Dr.Ivan Coulter	Controlling shareholder
10..Relationship between the listed company and this company	Capital relationship	None
	Personnel relationship	None
	Transactional relationship	The listed company and this company have a business relationship.
	Whether or not a “related person”	None

6. Number of shares to be transferred and number of shares held before and after the transfer

1.Number of shares held before transfer	7,000,000 shares
2.Number of shares to be transferred	7,000,000 shares
3.Number of shares held after transfer	0 shares (ownership ratio:0.0%)

※Amount of sale is not be disclosed due to the confidentiality agreement with this company and was agreed based not only on the value of the future business developmet but also the value from the balance sheet of FPL.

7. Schedule

1.Date of the board resolution	February 4, 2016
2.Execution of share transfer agreement	February 4, 2016
3.Completion date of share transfer	February 4, 2016

8. Future outlook

The impact to the forecast of consolidated financial statement at the end of February 2016 which was disclosed on April 8, 2015 is currently reviewed and we will immediately disclose its

result if revision should be necessary. In addition, if the consolidated financial statement at the end of February 2017 forecasts to be affected, we will incorporate the effect to the forecast which will be disclosed on April 5, 2016.

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