

ONWARD

2015 ANNUAL REPORT COMPACT



DONG-A SOCIO GROUP





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DONG-A SOCIO GROUP

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DONG-A SOCIO GROUP

Celebrating its 80th anniversary of the foundation in 2012, Dong-A had set the course for a sustainable and successful future. Over the past three years, continuous efforts have been made to successfully transform ourselves into a holding company structure in pursuit of **GROWTH IN UNISON** and **FOCUSED GROWTH**.

In 2015, Dong-A Socio Group took further steps to realize our goal toward a global healthcare group as we made good progress in R&D pipeline, significantly expanded global reach, and generated value for our stakeholders.



Letter to Shareholders

Dear customers and shareholders,

Dong-A Socio Group was able to continue our balanced growth in 2015, thanks to your support and encouragement. In particular, based on the stable holding company structure, we established the foundations of a global healthcare group by making full use of our core capabilities, such as strong corporate governance and a corporate culture that relishes challenge and change.

Dong-A Socio Holdings' biosimilars unit was spin off and made into a new company, DM Bio, in early 2015, in efforts to develop our expertise in biosimilars, and to strengthen the strategic alliance with Japan's Meiji Seika Pharma. At the end of 2015, Dong-A ST's Active Pharmaceutical Ingredient (API) business unit was transferred to ST Pharm, which will boost our specialty and efficiency in API business. By overhauling our organizational system, Dong-A Socio Group has further strengthened our Over-the-counter (OTC) drug, Ethical (ETC) drug, bio-pharmaceutical, and API businesses.



R&D is the future of Dong-A Socio Group, and we continued to make outstanding achievements in R&D. We particularly made meaningful progress in global R&D – Sivextro[®], an oxazolidinone class antibiotic developed by Dong-A ST, became the company's first in-house developed original drug to receive a New Drug Application (NDA) approval from the US Food and Drug Administration (FDA) in 2014, which was followed by launch in Europe and Asia in 2015, indicating the birth of new global drug. In addition, DA-9801, a diabetic neuropathy treatment, became the first new botanical drug in Korea to successfully complete a phase II clinical trial in the US. In Japan, we are carrying out clinical trials of a biosimilar of Herceptin[®] for breast cancer, and a biosimilar of Aranesp[®], an anemia treatment. In the domestic market, we have received an NDA approval from the Korean Ministry of Food and Drug Safety (MFDS) for Suganon[®] (DA-1229, Evogliptin), a diabetes treatment. By successfully launching our fifth in-house developed original drug, we were able to maintain our undisputed position as an R&D leader in Korea with the most in-house developed original drugs of any Korean pharmaceutical company, while proving our R&D capabilities once again.

In 2015, Bacchus[®] became the first single product in the Korean pharmaceutical industry to exceed KRW 200 billion in annual sales. There were also substantial increases in sales of the API for a hepatitis treatment of ST Pharm, a company that specializes in APIs. In addition, M.I.Tech, a medical equipment specialist, achieved a considerable increase in exports. As such, all major entities of the Group achieved stable growth.

Dong-A Socio Group aims to be a trusted and respected pharmaceutical company by creating social value, which is why we are committed to various social contribution activities in Korea and abroad. There was substantial stock market interest in the pharmaceutical industry in 2015, and so we were active across diverse channels in communicating with shareholders and investors to enhance our corporate value. We also continued to focus on making ethical management a fundamental of our corporate culture, and as a result, Dong-A ST achieved 'AA' rank, the highest rating in Korea, on CP Evaluation Program carried out by the Fair Trade Commission in December 2015.

2015 was a year in which Dong-A Socio Group's commitment to change and innovation truly began to bear fruit. However, we are not complacent, instead, based on our never-ending commitment to doing more, we have put cornerstones in place to take further steps forward. We will therefore pursue the following three strategic tasks in 2016:

First, we will strengthen the Group's global capabilities, based on the holding company structure.

By further strengthening the holding company structure, we will ensure that expertise and capabilities of each company within the Group meet global standards. This will generate considerable synergy between members of Dong-A Socio Group, and strengthen our global position.

After a highly successful year in 2015, we look forward to the future with optimism: a future in which much will change, in which we will be spurred on by that change and will set our own course to achieve stronger and sustainable growth.

Second, we will make effective R&D investments, in order to secure future growth drivers.

Dong-A Socio Group has continually invested in R&D for the future irrespective of the ups and downs of the market, and has witnessed many positive outcomes as a result. We will make R&D investments in innovative new drugs and bio-pharmaceuticals, so that we can develop drivers of new growth for the Group.

Lastly, we will continue with our corporate philosophy of respecting life and maximizing shareholder value.

Everyone at Dong-A Socio Group is fully committed to 'respect for life' being our key value. A strong sense of ethics and transparency will enable us to become a trusted and respected global corporate citizen.

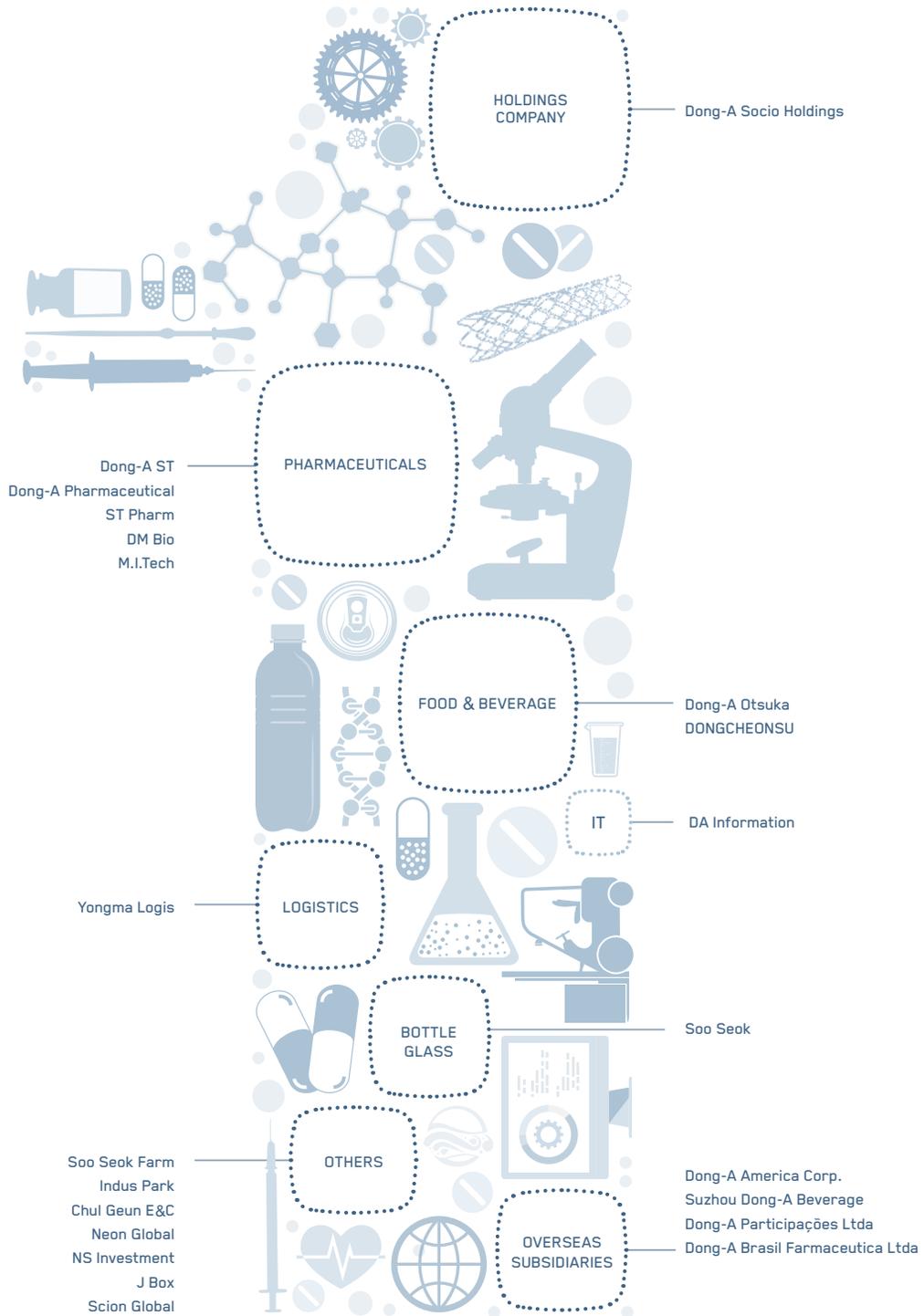
In 2013, Dong-A Socio Group stepped off the easy road we were on as Korea's number one pharmaceutical company, and chose to take the more challenging path of seeking to become a global healthcare group. 2015 was the year when the possibilities of this challenge became visible, and 2016 will mark a new milestone on the road to a truly global healthcare group. I look forward to your unwavering trust and support.

Thank you.

Shin-Ho Kang
Chairman, Dong-A Socio Group

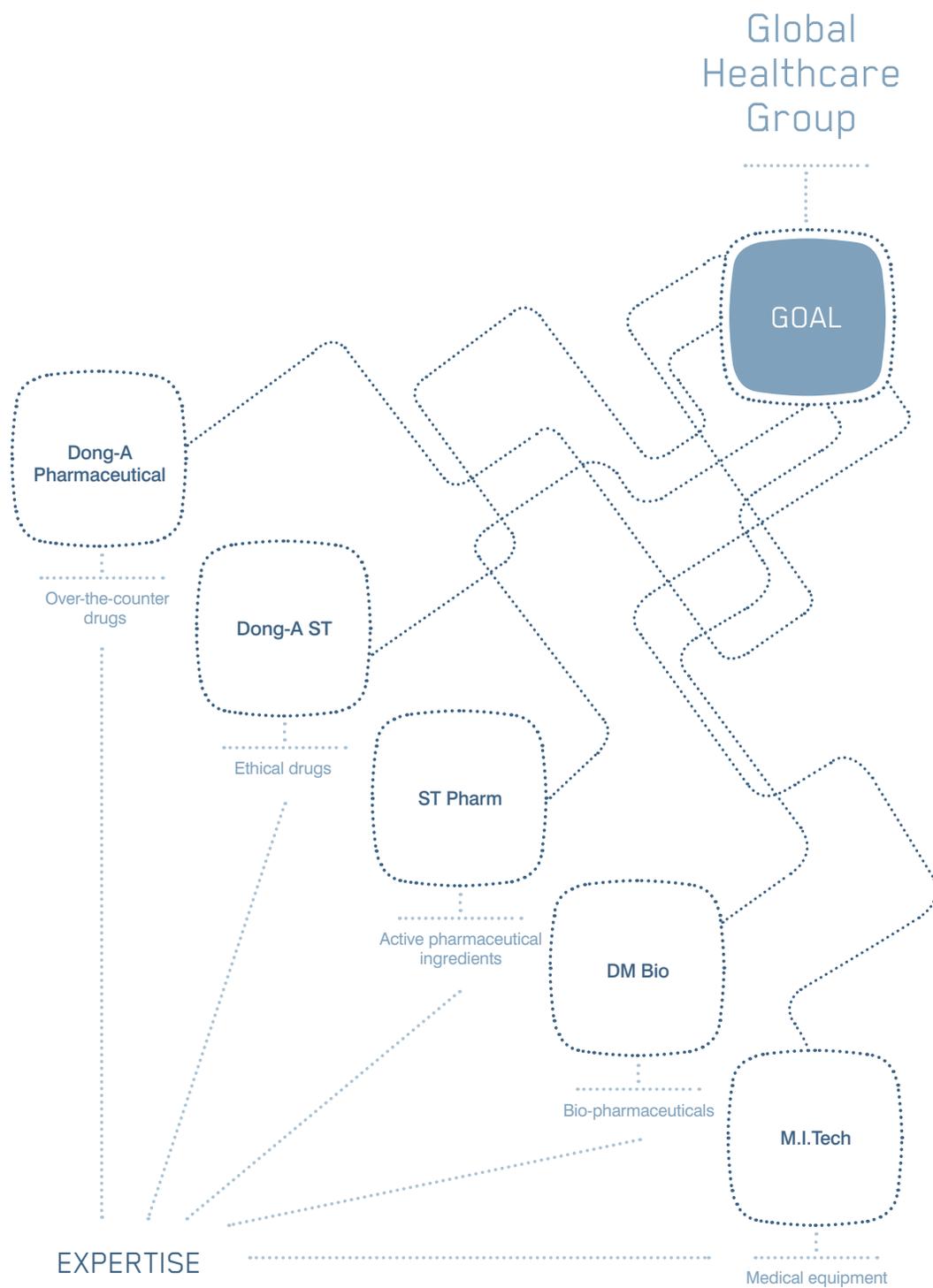
Dong-A Socio Group at a Glance

GROUP ORGANIZATION



* 22 entities as of December 31, 2015

EXPERTISE & GOAL



Key Figures

2015 Summarized Financial Statements

DONG-A SOCIO HOLDINGS	SEPARATE FIGURE	CONSOLIDATED FIGURE
(Unit: KRW billion)		
Statements of Financial Position		
Total assets	618.8	1,223.5
Total liabilities	215.5	620.9
Total shareholders' equity	403.3	602.6
Statements of Income		
Sales	48.9	704.7
Cost of goods sold	19.5	457.3
SG&A expenses	14.6	145.9
R&D expense	22.1	37.1
Operating profit	(7.3)	64.4
Profit before income tax	31.3	94.1
Net profit	26.4	66.6

DONG-A ST	SEPARATE FIGURE	CONSOLIDATED FIGURE
(Unit: KRW billion)		
Statements of Financial Position		
Total assets	1,059.0	1,063.5
Total liabilities	507.7	509.8
Total shareholders' equity	551.3	553.8
Statements of Income		
Sales	567.9	581.0
Cost of goods sold	273.8	279.1
SG&A expenses	182.4	187.6
R&D expense	57.4	58.9
Operating profit	54.3	55.4
Profit before income tax	63.0	63.9
Net profit	48.0	48.6

Summarized Financial Statements

(Unit: KRW billion)

	2013	2014	2015
Dong-A Socio Holdings			
Total assets	988.3	1,081.1	1,223.5
Total liabilities	473.7	546.6	620.9
Total shareholders' equity	514.6	534.5	602.6
Sales	570.9	630.6	704.7
Operating profit	33.6	20.8	64.4
Net profit	21.5	6.5	66.6
Dong-A ST			
Total assets	931.7	1,081.9	1,063.5
Total liabilities	492.4	593.5	509.8
Total shareholders' equity	439.4	488.3	553.8
Sales	501.0	578.6	581.0
Operating profit	39.8	49.4	55.4
Net profit	(65.7)	37.5	48.6

* Consolidated figures basis

Sales Structure

(Unit: KRW billion)

	Former Structure	New Structure		
		2013	2014	2015
	2012	(Full year pro-forma)		
ETC	439.7	383.7	352.6	330.4
Overseas	94.8	117.2	112.3	133.0
Medical Equipments & Diagnostics	73.7	65.0	65.7	66.8
OTC	140.0	152.3	159.3	159.5
Bacchus® (Domestic only)	170.9	179.2	186.5	201.0

Demerged on March 1st, 2013

DONG-A PHARMACEUTICAL (Former) | DONG-A ST | DONG-A PHARMACEUTICAL

Milestones

1932 ~ 1958

The Prelude of Dong-A

- 1932**
Choong-Hee Kang's Wholesaler, a pharmaceutical and hygiene material wholesaler, began operations in Joonghak-dong, Jongro-gu, Seoul, Korea
- 1947**
Pharmaceutical business began full operation
- 1949**
Changed name to Dong-A Pharmaceutical Corporation
- 1957**
Constructed modern facility, headquartered in Yongdu-dong, Dongdaemun-gu, Seoul, Korea
- Manufactured antibiotics, such as Penicillin®

1959 ~ 1974

Modernization of Pharmaceutical Business

- 1961**
Began manufacturing Bacchus®
- 1964**
Bacchus® ranked first in domestic tonic market
- 1967**
Ranked first in sales among domestic pharmaceutical companies
- 1970**
Initial Public Offering (IPO)

1975 ~ 1992

Establishment of Growth Foundation

- 1977**
Established a research center in Yongdu-dong, Dongdaemun-gu, Seoul, Korea
- 1979**
Developed the world's third antibiotics, Talampicillin®
- 1988**
Released AIDS DIA®, Korea's first ever first-generation AIDS diagnostic reagent
- Constructed the industry's first Korea Good Laboratory Practice (KGLP)-compliant research center in Sanggal, Gyeonggi, Korea
- 1991**
Received the IR52 Jang Young Shil Award for AIDS DIA®

1993 ~ 1999

Overcoming Obstacles by Working Together

- 1993**
Developed Growtropin®, a first-generation biomedicine and human growth hormone
- 1994**
Released Interferon-alfa™, a first-generation biomedicine and multiple myeloma treatment
- Developed the world's first simultaneous diagnostic reagent for AIDS and hepatitis C
- 1995**
Bacchus® became Korea's first single pharmaceutical product to achieve sales of KRW 100 billion
- 1997**
Became the first company in Korea to develop a tuberculosis treatment, Closerin®
- 1999**
Released Leucostim®, a first-generation biomedicine and neutropenia treatment, and Eporon®, a renal anemia treatment

Becoming an R&D-centered Pharmaceutical Company

2001

Received the Excellent Shareholder Focused Management Award

2002

Released Stillen[®], Dong-A's first in-house developed original drug and a phytomedicine for gastritis

2005

Released Zyderna[®], Dong-A's second in-house developed original drug and an erectile dysfunction treatment

2006

Released Gonadopin[®], a first-generation biomedicine and infertility treatment

Onward, Upward

2013

Dong-A Socio Holdings

Signed a comprehensive business alliance contract with MEIC of Mongolia

- Demerged into three new companies – Dong-A Socio Holdings (the renamed existing entity), Dong-A ST (a stock spinoff entity), and Dong-A Pharmaceutical (an asset split-off entity)

- Signed a joint R&D contract with the Joint Center for Biosciences (JCB) Research Institute of the US on the AB-204, Bone Morphogenetic Protein (BMP)

- Established a Korea's first dementia research center

Dong-A ST

Received an Investigational New Drug (IND) application approval for a phase II clinical trial of DA-9801, a treatment for diabetic neuropathy, from the US Food and Drug Administration (FDA)

Challenging to Become a Global Company

2010

Entered into a comprehensive business agreement with GlaxoSmithKline (GSK) of the UK

2011

Released Motilitone[®], Dong-A's third in-house developed original drug and a phytomedicine for functional dyspepsia

- Signed a comprehensive business alliance contract on biosimilars with Meiji Seika Pharma of Japan

2012

Began the construction of the DM Bio Plant in Songdo, Korea in conjunction with Meiji Seika Pharma

- 80th anniversary of the foundation of Dong-A

2014

Dong-A Socio Holdings

Completed the construction of the DM Bio Plant

- Signed an memorandum of understanding (MOU) with the University of Freiburg in Germany on joint research of dementia and anti-cancer treatments

- Received holding company approval from the Fair Trade Commission

Dong-A ST

Obtained US FDA approval and launched Sivextro[®] (DA-7218, Tedizolid), an oxazolidinone class antibiotic, in the US by Cubist

- Signed a strategic alliance contract with Combiphar of Indonesia

- Secured Korean Ministry of Food and Drug Safety (MFDS) approval for Dulastin[®], DA-3031 (PEG-G-CSF), a long-acting bio-pharmaceutical drug for neutropenia

2015

Dong-A Socio Holdings

Demerged the Biosimilar Business Department and established DM Bio

Dong-A ST

Obtained European Commission (EC) approval and launched Sivextro[®] in European countries

- Received Korean MFDS approval for Sivextro[®]

- Licensed out DA-1229 (Evogliptin) to Eurofarma Laboratórios of Brazil for 17 countries in Latin America

- Licensed out DA-1229 (Evogliptin) to GEROPHARM of Russia for the Russian, Ukrainian and Kazakhstan markets

- Completed the phase II clinical trial of DA-9801 in the US

- Received Korean MFDS approval for Suganon[®] (DA-1229, Evogliptin) and Sugamet[®] XR (Evogliptin in combination with metformin), in-house developed diabetes treatments

- Received Korean MFDS approval for Stillen[®] 2X, an IMD of Stillen[®]

2000 ~ 2007

2013 ~ 2015

2008 ~ 2012

CEOs of Major Entities of Dong-A Socio Group

DONG-A SOCIO HOLDINGS



Chan-Il Park
CEO & President



Dong-Hoon Lee
CEO & Executive Vice President

DONG-A ST



Soo-Hyoung Kang
CEO & President

DONG-A PHARMACEUTICAL



Won-Hee Lee
CEO & President

* As of March 2016

DONG-A SOCIO HOLDINGS

In recent years, Dong-A Socio Holdings has consistently implemented its strategy, with the ingenuity and determination. Step by step, we are putting together the individual components to form a coherent whole, so that we can become a truly global healthcare company. In 2015, Dong-A Socio Holdings made further strategic progress through innovation and by collaborating in excellence.

01

DONG-A SOCIO HOLDINGS
AT A GLANCE

01.1

Organization

As the holding company of Dong-A Socio Group, Dong-A Socio Holdings defines the overall vision and strategic goals at the Group level. After its demerger from the former Dong-A Pharmaceutical in March 2013, Dong-A Socio Holdings formally became a holding company pursuant to the Monopoly Regulation and Fair Trade Act on October 30th, 2014. At the General Shareholders' Meeting held in March 2015, a decision was made to operate a separate legal entity for biosimilars business. Dong-A Socio Holdings accordingly concentrates on subsidiary management and new business investments, while DM Bio is in charge of the biopharmaceutical business. Dong-A Socio Holdings has therefore established a governance system that enables quicker and more professional decision-making.

Dong-A Socio Holdings has nine entities subject to consolidation as of the end of 2015, operated in various business units such as pharmaceuticals, logistics, bottle glass, and others. Dong-A Socio Holdings creates the overall organizational structure and helps the subsidiaries to strengthen their business capabilities, in an effort to create synergy, based on which it identifies measures to achieve joint growth.

Dong-A
Socio Holdings

PHARMACEUTICALS

Dong-A Pharmaceutical (100.00%)
ST Pharm (19.99%)

LOGISTICS

Yong-Ma Logis (100.00%)

BOTTLE GLASS

Soo Seok (100.00%)

OTHERS

Soo Seok Nong San
DA Information
Induspark
Chul Geun E&C
DONGCHEONSU

* Based on companies subject to consolidation

(Unit: KRW billion)	BUSINESS AREAS	ESTABLISHMENT	SALES	OPERATING PROFIT MARGIN (%)	TOTAL ASSETS
Dong-A Socio Holdings ¹⁾	R&D of new innovative drug and new business investments	December 1932	704.7	9.1	1,223.5
Dong-A Pharmaceutical ²⁾	Manufacture of OTC (Over-the-counter) drugs, quasi-drugs including Bacchus [®] and consumer healthcare products	March 2013	363.6	12.0	176.1
ST Pharm ²⁾	Manufacture of APIs (Active Pharmaceutical Ingredients)	August 2008	138.1	25.0	232.4
DM Bio ^{2) 3)}	R&D and manufacture of biopharmaceuticals	April 2015	-	-	126.3
Yong-Ma Logis ²⁾	Logistics and storage	February 1979	149.2	4.5	128.0
Soo Seok ²⁾	Manufacture of bottle glass and PET	September 1969	79.7	6.2	137.0

¹⁾ Consolidated figures

²⁾ Separate figures

³⁾ DM Bio, a joint venture company formed by Dong-A Socio Holdings and Meiji Seika Pharma, was founded after the spin-off of biosimilars business from Dong-A Socio Holdings on April 1st, 2015.

* As of December 31, 2015

01.2

Company Overview

R&D INVESTMENT **

37.1

KRW billion

R&D INVESTMENT
PER SALES **

5.3

Percent

* As of December 31, 2015

** Consolidated figures basis

Business Performance

Based on consolidated financial statements, Dong-A Socio Holdings reported sales of KRW 704.7 billion and operating profits of KRW 64.4 billion in 2015. Following its transition into a holding company in 2013, its sales reached KRW 630.6 billion in 2014, up 10.5% over the previous year, followed by a year-on-year increase of 11.8% in 2015. Operating profits soared by 209.0%, up from KRW 20.8 billion in 2014. This also led to a substantial increase in the company's operating profit margin, up to 9.1%.

Despite a difficult market environment, subsidiaries including Dong-A Pharmaceutical and ST Pharm achieved strong growth and led remarkable performance improvements. Dong-A Pharmaceutical reported sales of KRW 363.6 billion and an operating profit of KRW 43.6 billion, mainly attributable to sales of more than KRW 200 billion of Bacchus[®], Dong-A Pharmaceutical's flagship product. ST Pharm's sales exceeded KRW 100 billion for the first time in its history, on the back of increasing sales of hepatitis API. Yong-Ma Logis, a logistics services specialist, and Soo Seok, a manufacturer of high-quality, eco-friendly packaging materials, generated sales of KRW 149.2 billion and KRW 79.7 billion, respectively, up 10.2% and 8.3% over the previous year.

Dong-A Socio Holdings is expected to maintain stable growth in 2016 as its subsidiaries will likely continue to grow. What is encouraging is that there has been balanced growth among all major subsidiaries, and they also have bright outlooks. Furthermore, their diversified business portfolio will help profitability to grow continuously.

Research & Development

The Research Center of Dong-A Socio Holdings focuses on global R&D for the development of first-in-class new medicines under the motto of 'The First'. It has selected specific major research areas, including cancer, dementia, and biosimilars, to enhance research efficiency and strengthen pipeline. These research centers, such as the Innovative Drug Discovery Research Laboratories, the Bio-pharmaceutical Research Laboratories, and the Dong-A Dementia Center, are backbone and future growth driver of Dong-A Socio Holdings.

The Innovative Drug Discovery Research Laboratories develops new mechanism-based cancer treatments. It identifies and conducts research on drug discovery, which can be licensed out to global pharmaceutical companies in the initial stage of development. In 2015, it developed a drug with a new anti-cancer target mechanism, and validated the effects in animal testing. It is now looking to form a strategic partnership with a major global pharmaceutical company through overseas conferences and other means. The Laboratories has also developed the underlying technologies for the discovery and verification of additional new drug targets, helped by active joint research with universities and research institutes in Korea and abroad via open innovation.

The Bio-pharmaceutical Research Laboratories concentrates on developing biosimilars and new antibody therapeutics that are unique, based on expertise and experiences it has accumulated in the process of developing first-generation bio-pharmaceuticals. In order to strengthen its presence in the global biosimilar market, Dong-A Socio Holdings initiated joint development of DMB-3111, a biosimilar of Herceptin[®] for breast cancer, with Japan's Meiji Seika Pharma in 2011, and a phase I clinical trial has been successfully completed in Japan. A pre-clinical study has also been completed for DMB-3113, a biosimilar of Humira[®] for rheumatoid arthritis, and it is waiting to enter a clinical trial in Japan. The Laboratories is also in the process of developing new antibody therapeutics development, including DA-3131, a new therapeutic biologics for age-related macular degeneration. DA-3131 has been chosen as a government supported project by the Ministry of Health and Welfare in 2015, in recognition of its distinctiveness.

Founded in 2013, the Dong-A Dementia Center is the first dementia-focused research center to be established by a Korean pharmaceutical company, and is acting as a hub to discover dementia treatments. Together with government-funded research institutes and university hospitals, the Center engages in the development of diverse dementia treatments, including new mechanism-based chemical drugs, stem cell treatments, and technology of related medical devices. In 2015, it participated in a government research project sponsored by the Ministry of Health and Welfare.

02

SUBSIDIARIES

Pharmaceuticals

02.1

Dong-A Pharmaceutical

Dong-A Pharmaceutical aims to become a respected healthcare specialist by improving its product quality and introducing unique marketing campaigns.

Dong-A Pharmaceutical is a company specializing in Over-the-counter (OTC) drugs, and a 100%-owned subsidiary of Dong-A Socio Holdings. Its main business areas are OTC products, which can be bought without a prescription, as well as health functional foods and quasi-drugs such as Bacchus®. It focuses its research capabilities on preventative medicine and new functional products to enhance quality of life, rather than on post-disease treatment. Dong-A Pharmaceutical has grown into Korea's top healthcare company by upholding the founding spirit of Dong-A Socio Group, to 'contribute to the health of the nation by creating medicines that will help people live better lives'. In order to achieve its goal to become a global healthcare company, Dong-A Pharmaceutical puts forth intensive efforts to develop medicines that can be trusted by people across the globe.

Business Performance

In 2015, Dong-A Pharmaceutical generated KRW 363.6 billion of sales, KRW 43.6 billion of operating profits, and 12.0% operating profit margin. This was the result of growth in Dong-A Pharmaceutical's flagship products, including Bacchus®, a tonic, Morning Care®, a hangover drink, and Garglin®, a mouthwash. Bacchus® accounts for 55% of the total sales, and has become the first individual product in the Korean pharmaceutical industry to reach annual sales of more than KRW 200 billion.

A new version of Garglin® was released in August 2015 – total of eight versions with different colored packaging were unveiled, and the overall packaging was designed to remind of a tooth. Dong-A Pharmaceutical introduced Morning Care® Turmeric

in November, on the tenth anniversary of the launch of the Morning Care®. This new product offers improved relief from hangovers, and, along with Dong-A Pharmaceutical's other new products, has been well received by consumers, contributing to the company's growth. Four contraceptive pills acquired by Dong-A Pharmaceutical in May 2015 from Bayer have also been a success – Myvlar®, Meliane®, Minivlar®, and Triquilar® have strengthened our OTC business, especially the product portfolio for women, building the foundations to enter a new market.

KEY FIGURES

(Unit: KRW billion)

TOTAL ASSETS

176.1

SALES

363.6

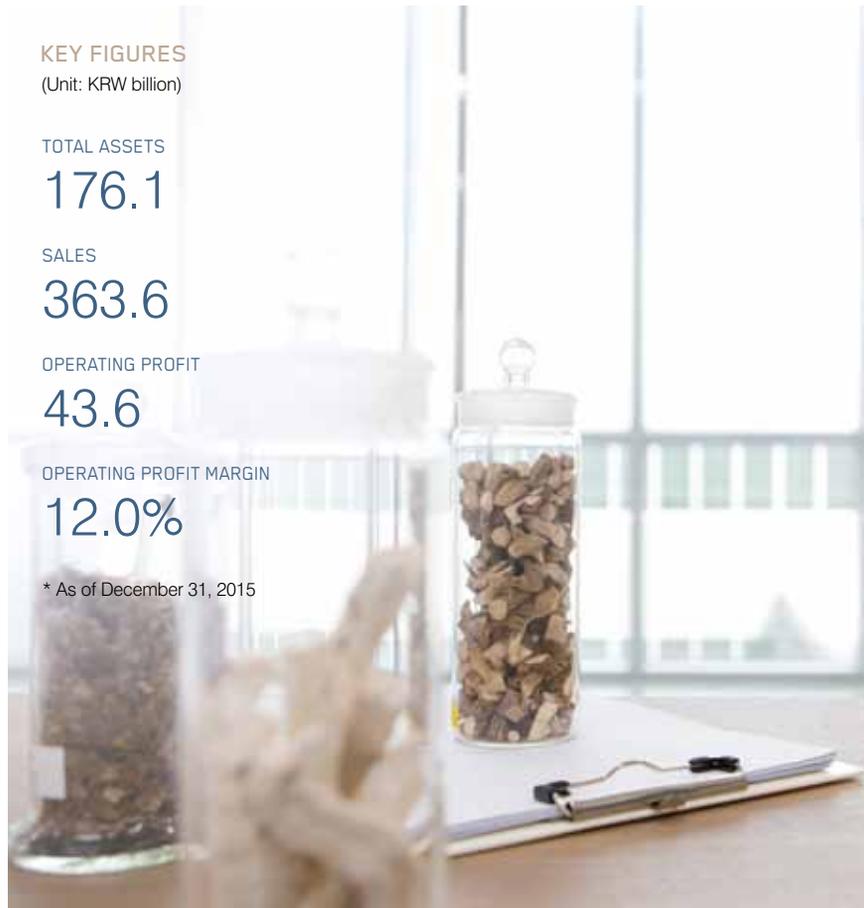
OPERATING PROFIT

43.6

OPERATING PROFIT MARGIN

12.0%

* As of December 31, 2015



Bacchus Unit

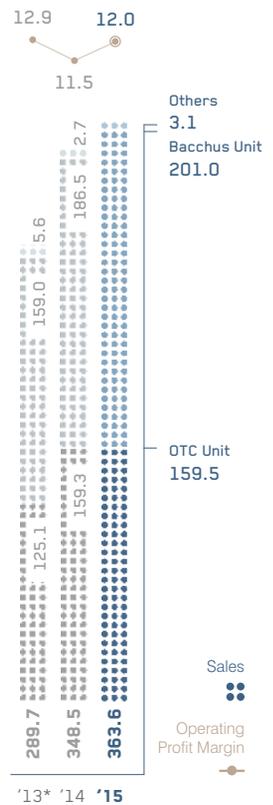
Bacchus[®] is the leading product in the domestic tonic drink market, and has enjoyed continued popularity since its launch in 1963. The Bacchus Unit is in charge of the distribution of Bacchus[®] in Korea, and consists of nine branches, two sales offices, and 22 teams. Dong-A Pharmaceutical has implemented a dual distribution strategy by providing Bacchus[®]-D for pharmacies and Bacchus[®]-F for general distribution channel, such as convenience stores and supermarkets. As a result of consistently implementing this strategy, market dominance of Bacchus[®] has been increased. Bacchus[®]-D

is supplied directly to around 20,000 pharmacies across the nation by 150 sales people, using 75 vehicles. This Route Sales System enables the timely supply of products, as well as thorough inventory control and cash flow management.

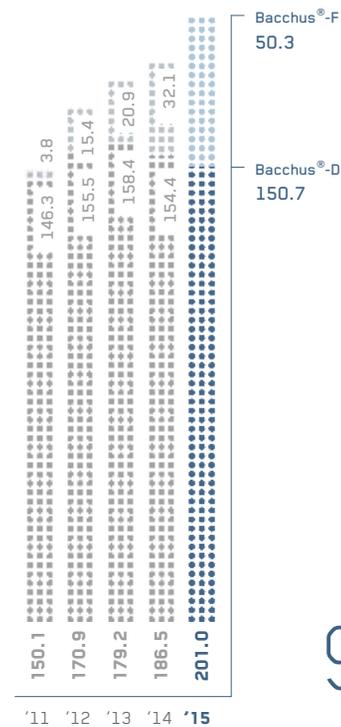
Dong-A Pharmaceutical will continue the growth of Bacchus[®] based on outstanding product competitiveness, efficient operational management, and distinctive marketing strategies. The success of Bacchus[®] has been contributing to the growth of Dong-A Pharmaceutical, and moreover, it will lead Dong-A Socio Group to become a global healthcare group.



SALES & OPERATING PROFIT MARGIN
(Unit: KRW billion, %)



BACCHUS[®] SALES
(Unit: KRW billion)



* Mar.-Dec.

SPECIAL FEATURE

Another New Record of Bacchus®
Annual sales exceed KRW 200 billion



As of the end of 2015, total Bacchus® sales recorded 19.2 billion bottles, enough to go around the Earth more than 57 times.

Bacchus® is truly an iconic brand of many firsts in the domestic tonic drink market, and it reached new record in 2015. Bacchus® sales in the domestic market rose by 7.7% from the previous year, to KRW 201 billion, the first time a single product sold by a pharmaceutical company in Korea has achieved annual sales of KRW 200 billion. This accomplishment was made 20 years after its sales exceeded KRW 100 billion in 1994.

This was mainly from the stabilized dual distribution system, which began to be implemented in 2011 when Bacchus® was reclassified from an OTC drug to a quasi-drug. By adding new revenues from Bacchus®-F to target general distribution channels to the already established, stable growth of Bacchus®-D for pharmacy sales only, Dong-A Pharmaceutical was able to achieve continued and robust growth in Bacchus®.

Dong-A Pharmaceutical's distinctive marketing is also contributing to the popularity of Bacchus®. Its marketing targets younger people, and reaches out to all customers through content such as TV ad campaigns that customers can truly identify with. Rather than simply delivering product information, ad campaigns for Bacchus® reflect trends and tell stories of daily life that relate to an individual's health. These campaigns have been well received by the market and customers – in 2015, Dong-A Pharmaceutical won the 'Special Jury Award' in the TV category at the 2015 Korea Advertising Awards. Moreover, the company hosts the Tour Korea for College Students every year, in an effort to communicate with young generations.

Bacchus® has been a consumers' favorite for more than half a century in Korea, and now Dong-A Pharmaceutical is aiming to make Bacchus® a favorite tonic drink around the world.

History of Bacchus®

					
<u>1961</u> First released in tablet form	<u>1962</u> Changed to ampoule form	<u>1963</u> Changed to drink form, and released as Bacchus®-D (Drink)	<u>1991</u> Renewed to Bacchus®-F (Forte)	<u>2005</u> Renewed to Bacchus®-D (Double), and launched Bacchus® Decafe with zero caffeine	<u>2011</u> Launched Bacchus®-F

OTC Unit

Dong-A Pharmaceutical supplies OTC products, health functional foods, and quasi-drugs to pharmacies and through general distribution channels. Its outstanding operations and field management enable around 130 salespeople to supply approximately 70 types of OTC products to roughly 20,000 pharmacies. They also supply quasi-drugs and health functional foods to large discount stores, convenience stores, and supermarkets across the country. The company has dedicated OTC marketers and branches for OTC products that can only be sold to pharmacies. These OTC products are supplied directly to pharmacies across the nation, and they are also supplied through around 90 wholesalers.

In 2015, Dong-A Pharmaceutical marketed Benachio[®], a phyto digestive medicine, through various channels, including TV advertising and SNS, to target the digestive medicine market. The company launched the 'Please Take Care of Digestion' campaign, a parody of a well-known Korean television entertainment program, and the campaign was a huge success. Dong-A Pharmaceutical was also active in digital marketing to publicize its new product, Morning Care[®] Turmeric, which led to 10 million views on online channels. In addition, the brand awareness of Mylar[®], an oral contraceptive pill, was raised by having a well-known celebrity as its model.



Thanks to an excellent sales organization, top quality products, and trend-leading marketing, the OTC Unit achieved sales of KRW 159.5 billion in 2015. Sales of Benachio[®], in particular, grew 50% over the previous year, to exceed KRW 4.7 billion.

Future Plans

The consumer healthcare market has become more challenging as the growth in the domestic OTC market is slowing down and customers are demanding better quality health functional foods. Growing number of one-person households and an aging population worldwide also influence pharmaceutical industry. Dong-A Pharmaceutical is aware of that these changing market environments and social trends will play a decisive role in shaping the future of healthcare market, and will strive to make challenging circumstances into opportunities.

Dong-A Pharmaceutical will make utmost efforts to earn customer trust by seeking OTC products with clinical effects that are equal to those of ETC drugs, and targeting both domestic and overseas markets throughout the entire process from product development to release. The company will also develop customized medicines for individuals, and diversify distribution channels so that it can continue to increase the number of consumer contact points. In addition to building the foundations for continued growth, it will concentrate on increasing profitability, while enhancing its expertise and efficiency to grow into a global healthcare company.

02.2

ST Pharm

.....
Pharmaceuticals

ST Pharm will expand its presence in the global market, based on high value-added products, technological excellence, accumulated expertise and in-depth client partnership.

Founded in 2008, ST Pharm became a member of Dong-A Socio Group in 2010. Specializing in Active Pharmaceutical Ingredients (APIs) and intermediates, its hepatitis B drug was designated as a world-leading product in 2011, and ST Pharm became the only API company to be recognized as an innovative pharmaceutical company by the Ministry of Health and Welfare in 2012. ST Pharm was also designated as an outstanding technology research center by the Korean Ministry of Trade, Industry & Energy in 2013, and it was re-certified as an innovative pharmaceutical company in 2015 for the first time among Korean API companies. Based on such government support and brand awareness of the company, ST Pharm has been achieving continued and stable growth.

Business Performance

ST Pharm generated sales of KRW 138.1 billion in 2015, a year-on-year increase of 43.0%, and the first time its sales had exceeded KRW 100 billion. While sales have risen by double digit percentages for the last three years, operating profits also rose by 254.3% from the previous year, to reach KRW 34.5 billion in 2015.

The remarkable growth that ST Pharm achieved in 2015 stems from its outstanding products and strong business partnerships. ST Pharm's major products are hepatitis and AIDS treatment APIs, and major customers include multinational pharmaceutical companies such as Bristol-Myers Squibb and Glaxo SmithKline. In 2015, sales were boosted by increased hepatitis treatment sales to major customers.

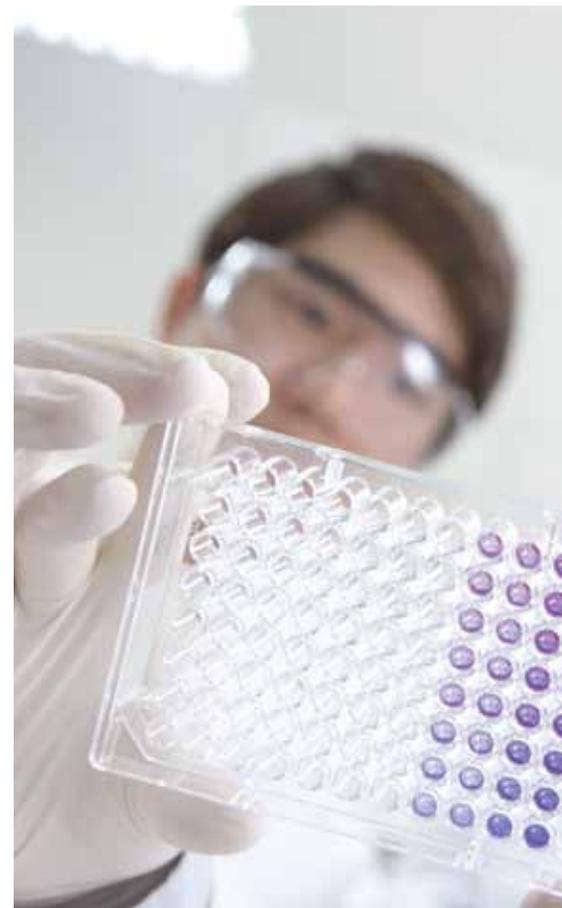
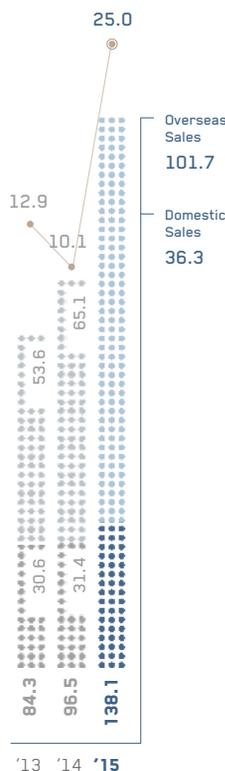
In November 2015, ST Pharm took over Dong-A ST's Banwol API Plant, in line with Dong-A Socio Group's decision to focus on the areas in which each member of the Group excels and has a proven track record of success, such as API business in which ST Pharm specializes. This business transfer is expected to help both companies improve effi-

ciency and generate synergy, thereby fueling growth at the Group level.

Due to such internal and external factors, ST Pharm's exports continued upwards, and as a result, the company was awarded the 'USD 70 Million Export Tower' at the 52nd Trade Day ceremony held by the Korea International Trade Association in December 2015. This was in recognition of the company's exports exceeding USD 70 million over the period from July 1st 2014 through June 30th 2015, and its exports grew more than 60% year-on-year.

ST Pharm will continue to grow in 2016 through the supply of top quality APIs, especially for hepatitis treatments. It will also play a central role in the future growth of Dong-A Socio Group by building on its expertise in API business.

SALES & OPERATING PROFIT MARGIN
(Unit: KRW billion, %)



Core Strengths

Since developing a synthesis technique for Zidovudine, an HIV treatment, ST Pharm has focused on developing APIs and intermediates for nucleoside antiviral drugs. The company has signed long-term supply contracts with major global pharmaceutical companies to supply them with APIs. It is also taking part in the initial stages of the new drug development processes of global pharmaceutical companies, which will in turn earn ST Pharm the right to supply the relevant APIs.

ST Pharm's production plants have officially received both domestic and overseas quality certifications. The Shihwa Plant operates an international quality system that has received current Good Manufacturing Practice (cGMP) certification from the US Food and Drug Administration (FDA), as well as certifi-

cations from relevant organizations in Korea and abroad, including the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, the Therapeutic Goods Administration (TGA) in Australia, and the World Health Organization (WHO). Construction of the Banwol Plant began in February 2014 and was completed in May 2015. With a site area of 8,800 m² and total floor area of 7,400 m², this plant has the capacity to produce 102,000 liters of APIs annually. The plant also received Bulk Goods Manufacturing Practice (BGMP) approval from the Ministry of Food and Drug Safety in September 2015. Backed by these outstanding production capacity and quality management system, ST Pharm is expected to double its sales in five years by producing quality APIs, including hepatitis and tuberculosis treatments, at the Banwol Plant.

ST Pharm's strategy is to investigate promising candidates for new drug substances in the development and clinical stages, aimed at building long-term partnerships with customers. The company actively participates in the early clinical phase by providing services such as process optimization and scale-up. Once a new drug is released, ST Pharm becomes the primary supplier of the materials necessary for commercialization, which leads the company to build a long-term mass supply system.

ST Pharm has also set up an RNA interference (RNAi) drugs business. RNAi is a promising, fast-growing area of new drug development, and was the subject of research that won the Nobel Prize for Medicine in 2006. In 2014, ST Pharm signed an agreement with the Korea Drug Development Fund to develop 'STP02-3725', an oral anti-coagulant drug that uses a new concept of bile acid derivatives. The company is now undertaking efficacy research, process development, and pharmacokinetic/pharmacodynamic evaluations in order to obtain the FDA's Investigational New Drug (IND) application and approval.

ST Pharm's R&D activities are focused on the development of generic API production technology, the scale-up of new drug candidate substances, and research on process improvements. Its R&D investment totaled KRW 10.3 billion in 2015, a year-on-year increase of 52.5%, and about 7.5% of the company's total sales.

KEY FIGURES

(Unit: KRW billion)

TOTAL ASSETS

232.4

SALES

138.1

OPERATING PROFIT

34.5

OPERATING PROFIT MARGIN

25.0%

* As of December 31, 2015



02.3

DM Bio

DM Bio has started a new journey in contributing to improving the lives of people with its innovative bio-pharmaceutical products, guided by the belief in respecting lives.

In 2011, Dong-A Socio Holdings signed a comprehensive business alliance contract with Meiji Seika Pharma of Japan to launch a biosimilars business. Accordingly, the two companies cooperate comprehensively, from R&D to manufacturing and sales. In particular, they have agreed on biosimilar product development and sales for Herceptin[®], a breast cancer treatment, Humira[®], a rheumatoid arthritis treatment, and Stelara[®], a psoriasis treatment, as well as discussing the potential of other treatments.

DM Bio is a joint venture company formed by Dong-A Socio Holdings and Meiji Seika Pharma, and is in charge of constructing and operating production facilities for bio-pharmaceuticals that are jointly developed by the two companies. DM Bio was officially launched as a bio-pharmaceutical company in April 2015, and began production in May. It received manufacturing business approval from the Korean Ministry of Food and Drug Safety (MFDS) in September, and full production will begin in 2016, along with Good Manufacturing Practice (GMP) certification from the Korean MFDS.

Core Strengths

Dong-A Socio Holdings and Meiji Seika Pharma have invested around KRW 100 billion in the construction of the cGMP bio-pharmaceutical plant, completed in May 2014. The plant was designed and built in accordance with global regulations, to produce world-class bio-pharmaceutical products. It will manufacture products jointly developed by Dong-A Socio Holdings and Meiji Seika Pharma, and will also carry out Contract Manufacturing Organization (CMO) for other companies, including product manufacturing and process development services.

The plant of DM Bio covers a site spanning around 144,430 m² in the Songdo District, part of the Incheon Free Economic Zone, with a total floor space of 21,752 m². It consists of the main three-

Pharmaceuticals

floor building, a waste-water treatment facility, a dangerous substances warehouse, and a security building. The plant has a total capacity of 8,000 liters, consisting of three independent 2,500 liter production lines on the second floor and a 500 liter production line on the first floor, so that several products can be produced simultaneously. DM Bio has also established a flexible and efficient production system by using a hybrid system that combines the advantages of single-use and multi-use systems for the efficient production of therapeutic biologics.

With the company aiming to export bio-pharmaceuticals to the global market, the production system was quality designed to earn certifications from major markets, including the US, Europe, and Japan. At present, the plant can produce APIs that go through mammalian cell culture and purification

KEY FIGURES

(Unit: KRW billion)

TOTAL ASSETS

126.3

* As of December 31, 2015



processes. Aseptic filling and packaging facilities are being added so that the plant will also be able to produce finished pharmaceutical products from the second half of 2016. In addition, a Process Development Lab is being built which will begin operations in 2016.

DM Bio benefits from the expertise, experience, and know-how of two leading pharmaceutical companies from Korea and Japan. Because of the substantial differences in each country's pharmaceutical approval regulations, customized clinical trials are essential for entry into overseas markets. Dong-A Socio Holdings and Meiji Seika Pharma will therefore first target the Korean and Japanese markets, where they have extensive market experience and presence, before targeting other markets such as Europe and the US.

Each company will obtain sales approval in its own country, and they will work in partnership in the global market. With their milestones of success, excellence in R&D and established businesses, from the research phase to development, production, and sales, the partnership of Dong-A Socio Holdings and Meiji Seika Pharma is expected to be strong in the global market.

Current Progress & Future Plans

Sales of HER-2, a benign breast cancer treatment, totaled around USD 5.1 billion in 2013 in the US, Japan, and five European countries (Germany, France, Italy, UK, and Spain), and demand is expected to reach USD 6.7 billion by 2020. The Herceptin® biosimilar market is forecast to be more than USD 1.4 billion, which is why DM Bio is developing DMB-3111, a biosimilar of Herceptin®. A phase I clinical trial conducted in Japan in 2014 indicated that DMB-3111 has extremely high equivalence with the original drug, and based on these results, a phase III global clinical trial is being prepared while looking at the opportunity of licensing it out globally.

Humira® is the world's leading rheumatoid arthritis treatment, with global sales of USD 12.9 billion in 2014. According to Evaluatepharma, a pharmaceutical industry analysis institution, Humira® will remain its leadership position in the global pharmaceutical industry, with sales of more than USD 13.9 billion by 2020. DMB-3113 is a biosimilar of Humira®; production of a clinical sample was completed in 2015, and preparations are now under way for a phase I clinical trial in Japan.

DM Bio is also researching biosimilars of Stelara®, a psoriasis treatment, as well as Opdivo® and Keytruda®, which are immune checkpoint inhibitors. The company plans to sign licensing-out agreements with global pharmaceutical companies for each phase of clinical development. In addition to manufacturing products jointly developed by Dong-A Socio Holdings and Meiji Seika Pharma, DM Bio will undertake CMO for other companies, with an aim to expand its business areas and advance into global markets, including Europe and the US, by leveraging the two companies' strong networks.



COMPETITIVENESS OF DM BIO

1. **STRATEGIC PARTNERSHIP** Synergy between the R&D and technique know-how of Dong-A Socio Holdings and Meiji Seika Pharma
2. **HYBRID SYSTEM** Maximizes capacities utilization which allows the simultaneous production of different products
3. **SEAMLESS TRANSFER** Rich experiences in eliminating gaps between R&D and manufacturing to realize the greatest value of products
4. **ONE STOP SHOP** A plant equipped with facilities of entire process from process development through production of APIs and finished products
5. **GLOBAL STANDARDS** Complies with global guidelines to produce high-quality bio-pharmaceuticals

02.4

Yong-Ma Logis

Yong-Ma Logis provides specialized logistics services across all stages of supply chain, to ensure the best in customer satisfaction.

Established in 1983, Yong-Ma Logis is a leading provider of specialized logistics for difficult-to-handle products. The company operates a Quality Assurance organization to offer quality services, and has earned Korean Good Supplying Practices and ISO 9001/14001 certification. With 34 directly-managed networks around the nation, it quickly responds to customer requirements. It became the first Korean logistics company to adopt the Warehouse Management System, and it also uses advanced logistics information systems, such as Transportation Management System and Delivery Management System which provide freight visibility. The company is strengthening its position in e-Logistics as well, backed by its continued integration of information systems and the use of new technologies.

Key Achievements

Sales in 2015 recorded KRW 149.2 billion, a year-on-year increase of 10.2%. This strong result was achieved by actively developing new businesses and attracting new customers. Sales in transport generated KRW 26.8 billion, down 12.4%; third party logistics went up 10.1% to KRW 43.9 billion, parcel delivery services recorded an increase of 7.3% to KRW 56.1 billion, and international logistics grew by 76.5%, to KRW 22.4 billion. This was mainly attributable to overall business improvements that benefited the company's consignors, the addition of new consignors in the electronics and automotive parts industries, and increased direct handling of dangerous article and refrigerated pharmaceutical containers, which are high value-added services.

Yong-Ma Logis is actively entering overseas markets for pharmaceutical and cosmetics logistics. In 2015, the company signed a Memorandum of Understanding (MOU) with Yamato Global Logistics Japan (YGL), resulting in sales of more than KRW 2 billion. Yong-Ma Logis is working with YGL Korea to attract large consignors, and has launched a courier business which handles 1,500 packages monthly. Plans were made to expand the overseas business



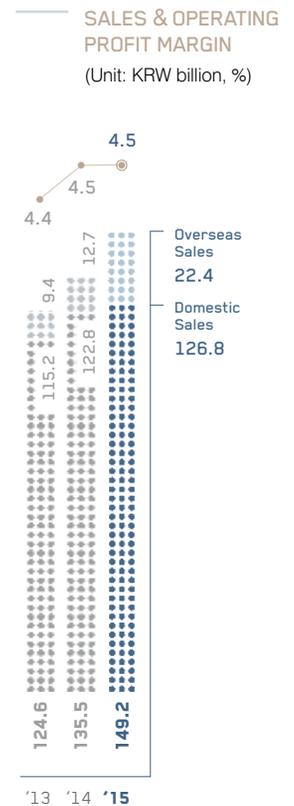
by diversifying routes based on the company's established expertise.

In 2015, Yong-Ma Logis completed the construction of its 16,376 m² Anseong Center 2. This Center goes beyond traditional warehousing functions, such as goods issuance, receipt, and storage – it reflects developing consignor needs and strengthens distribution processing functions, including labeling, packaging, and the creation of sets. The bonded zone has also been separated from the KGSP-only zone, to provide better logistics services.

In recognition of its outstanding performance achieved through continuous investments and business diversification, Yong-Ma Logis was designated as a leading company in the logistics category at the 2015 Korea Excellence Award and a customer service innovation leader at the Korea Management Awards. It has also obtained outstanding logistics warehouse company certification.

Future Plans

Yong-Ma Logis is targeting sales of KRW 157 billion in 2016, up 5.2%. Although fiercer competition and a weaker global economy are anticipated, Yong-Ma Logis will expand into new business areas and develop new logistics services, in order to increase sales and improve profit structure. Furthermore, the company will diversify its global business by launching an overseas shopping mall and establishing more overseas infrastructure. With traffic increasing every year, Yong-Ma Logis will increase the number of its logistics centers, and use its own warehouse to optimize delivery bases and maximize operational efficiency.



Bottle Glass

02.5

Soo Seok

Soo Seok will achieve sustainable growth by producing eco-friendly and high-quality products that exceed customer expectation.

Soo Seok is a comprehensive packaging container manufacturer that produces packaging containers, such as glass bottles, aluminum caps, PET bottles, and plastic caps. Established in 1969, the company became a member of Dong-A Socio Group in 1978, and aims to be a leader in comprehensive, eco-friendly, and high-quality packaging materials. Soo Seok has been diversifying its product line-up to include not only glass bottles but also various packaging containers. Accordingly, the company consists of the Glass Unit, which produces amber and colorless bottles, the Cap Unit, which produces a wide range of caps, including STD and PEM caps, and the PP Unit, which produces NR PET, Heat-Resistant (HR) PET, Pressure-Resistant (PR) PET, and plastic caps.

Key Achievements

In 2015, Soo Seok focused on improving stability and profitability of its established business areas, while expanding its position in new markets. After completing the construction of a plant to manufacture HR PET and PR PET bottles in 2014, Soo Seok sought to increase production and widen distribution of its HR PET and PR PET bottles in 2015. As a result, sales of HR PET and PR PET bottles rose significantly, leading to overall company sales reaching KRW 79.7 billion, a year-on-year increase of 8.3%. The company achieved an operating profit margin of 6.2%.

Soo Seok runs an industrial accident prevention campaign, based on total commitment to safety, rigorous safety policies, and the voluntary participation of its staff. The work environment is being improved by introducing automation systems in all production processes and removing accident risk factors. As a result, Soo Seok has remained accident-free from November 10th, 2006 through December 28th, 2015, a safety record that is nine times better than target. In recognition of this accomplishment, the company received a safety commendation from the Korea

Occupational Safety & Health Agency. As of the end of 2015, Soo Seok had been accident free for 3,338 days.

Future Plans

Soo Seok's sales target for 2016 is KRW 88 billion, a year-on-year increase of 10%. In order to achieve the goal and expand market dominance, the company will strengthen its existing business and increase production capacity. Smelting furnace repairs and an overhaul of the bottle-forming machine at the company's glass bottle plant, which begun at the end of November 2015, have been completed, resulting in lower fuel expenses and increased production efficiency, which will further improve the company's operating profit margin.

According to an MOU signed with Dong-A Pharmaceutical in October 2015, Soo Seok will shortly move to the Hapdeok Indus Park industrial complex, located in South Chungcheong Province. Under the MOU, the companies will replace old production facilities by making new investments, enabling them to reduce distribution costs by using the geographical advantages of Hapdeok-eup, which is a major transportation hub and has an excellent logistics infrastructure. In addition, having the production facilities of Soo Seok and Dong-A Pharmaceutical in one place will generate greater synergy. And these efforts will help Soo Seok get closer to its goal of becoming a leader in comprehensive, eco-friendly, and high-quality packaging materials.

SALES & OPERATING PROFIT MARGIN

(Unit: KRW billion, %)



KEY FIGURES

(Unit: KRW billion)

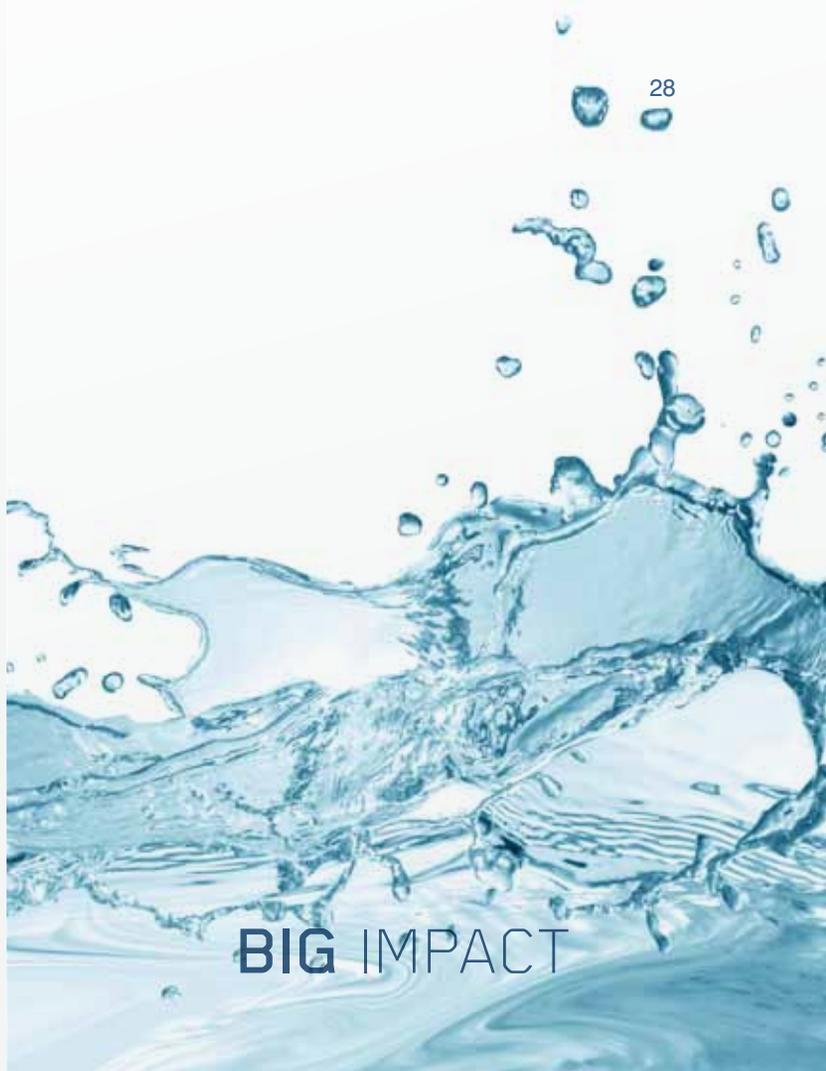
TOTAL ASSETS	137.0	OPERATING PROFIT	4.9
SALES	79.7	OPERATING PROFIT MARGIN	6.2%

* As of December 31, 2015





LITTLE PILL



BIG IMPACT



ROBUST RESEARCH



GLOBAL REACH

DONG-A ST

Dong-A ST has remained sound despite challenging market conditions, through continuous investment in new drug development, a growing global presence, and commitment to sustainable growth. Based on these achievements, Dong-A ST will take another step toward becoming a leading global company that can generate sustainable value for our stakeholders.

01

DONG-A ST
AT A GLANCE

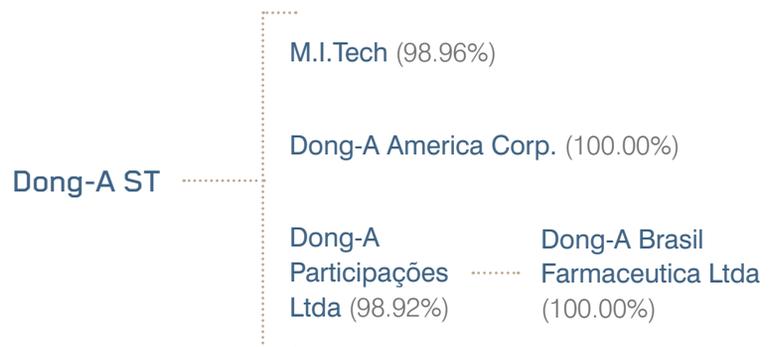
01.1

Organization

Dong-A ST is an Ethical (ETC) drug specialized company within Dong-A Socio Group. Its major business areas are ETC products, overseas business, as well as medical equipments and diagnostics.

Dong-A ST has four subsidiaries, M.I.Tech, Dong-A Participações Ltda, Dong-A America Corp. and Dong-A Brasil Farmaceutica Ltda as of the end of 2015. Established in 1991, M.I.Tech develops, manufactures and markets medical equipment; in particular, it exports gastrointestinal stents to around 50 countries worldwide. It became a member of Dong-A Socio Group in 2013 in line with the plan to widen the Group's business areas and to directly manufacture medical equipment. Dong-A Participações Ltda, a subsidiary in Brazil, was established in 2013 to target new markets by formulating local investment plans and developing new business. Together with Dong-A Brasil Farmaceutica Ltda, a subsidiary company that

handles regulatory approvals, marketing, and sales, Dong-A Participações Ltda acts as head office for Dong-A ST in Latin America. Dong-A America Corp. is Dong-A ST's US sales subsidiary, handling production and sales of Bacchus® in the US.



* Based on companies subject to consolidation

(Unit: KRW billion)	BUSINESS AREAS	ESTABLISHMENT	SALES	OPERATING PROFIT MARGIN (%)	TOTAL ASSETS
Dong-A ST ¹⁾	Manufacture of ETC drugs, overseas business, and medical equipment and diagnostics	March 2013	581.0	9.5	1,063.5
M.I.Tech ²⁾	Production and sales of non-vascular stents	January 1991	13.1	13.9	17.5
Dong-A Participações Ltda ²⁾	Investment and development of new business in Brazil	January 2013	-	-	0.8
Dong-A America Corp. ²⁾	Sales of Bacchus® in North America	March 1991	0.6	-	0.6
Dong-A Brasil Farmaceutica Ltda	Investment and development of new business in Brazil	January 2013	-	-	-

¹⁾ Consolidated figures

²⁾ Separate figures

*As of December 31, 2015

01.2

Company Overview

Dong-A ST has been expanding its presence in the global market and continuing investments into research & development, in order to become a global leader in developing highly innovative medicines.

Key Achievements

In 2015, Dong-A ST generated sales of KRW 567.9 billion and an operating income of KRW 54.3 billion, a year-on-year increase of 12.8%. The operating margin was 9.6%, a year-on-year improvement of 1.1%p. Sales of ETC Unit declined 6.3% from the previous year to KRW 330.4 billion, mainly attributable to the Middle East Respiratory Syndrome (MERS) crisis in the first half of the year, and a price cut in Stillen®, the company's main product, due to its patent expiration in the second half of the year. However, the introduction of Acelex® to the domestic osteoarthritis market and the release of Baracle®, a blockbuster generic for hepatitis B, both got off to good starts. The company also secured the Korean Ministry of Food and Drug Safety (MFDS) approval for Sivextro®, an oxazolidinone class antibiotic, Suganon®, a diabetes treatment, and for Stillen® 2X, an Incrementally Modified Drug (IMD) of Stillen®.

In exports, 2015 sales of anti-tuberculosis drugs exceeded 2014's figure by 58.1% while Bacchus® exports outpaced by 39.1%, helping exports to grow 18.5% over the previous year, to KRW 133 billion. In the medical equipments and diagnostics business, sales recorded KRW 66.8 billion, up 1.8% from the previous year.

Future Plans

Dong-A ST has established 'Global ST' as its vision for 2016. The pursuit of this goal means improving domestic performance and increasing overseas sales. In the domestic market, it will continue to grow sales of newly released products. Suganon® will be launched in 2016, and is expected to contribute significantly to regain the growth momentum. Acelex®, an osteoarthritis treatment, and Baracle®, a hepatitis B treatment, both of which were launched last year,

will increase their market shares, and Teribone®, an osteoporosis treatment will be released in 2016.

The Overseas Unit of the company plans to export its major products, including Bacchus®, bio-pharmaceuticals, and anti-tuberculosis drugs, to more countries, and will also develop next-generation products. Dong-A ST targets to generate KRW 1 trillion of sales by 2020, with 30% contribution from overseas business.

In R&D, each laboratory of the Dong-A ST Research Center has set different strategies. The Drug Discovery Research Laboratories carries out global R&D, while the Pharmaceutical Product Research Laboratories will concentrate on developing IMDs. R&D will pave the way to realize the company's vision of becoming a "respected and leading global company developing innovative new drugs", and 2016 will be the year to make a big step forward.

KEY FIGURES

(Unit: KRW billion)

TOTAL ASSETS

1,059.0

OPERATING PROFIT

54.3

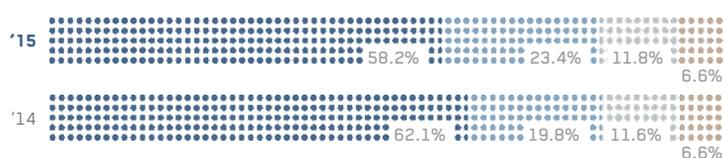
OPERATING PROFIT MARGIN

9.6%

* As of December 31, 2015;
Separate figures

SALES BY BUSINESS

(Unit: KRW billion)



	2014	2015
• ETC	352.6	330.4
• Overseas	112.3	133.0
• Medical Equipments & Diagnostics	65.7	66.8
• Others*	37.5	37.6
Total	568.1	567.9

* Others include milestone fees, royalty income and rental income

02

BUSINESS REVIEW

02.1

ETC Unit

Based on the well-established organizational structure of Dong-A Socio Group, Dong-A ST will leverage its global R&D capabilities and distinctive marketing activities, to further strengthen its reputation as a leader in the domestic ETC market.

Dong-A ST's ETC Unit supplies around 90 Ethical (ETC) drugs to approximately 1,000 hospitals and 10,000 clinics across the nation through a pharmaceutical sales system with higher efficiency and productivity than any other in the Korean pharmaceutical industry.

ETC products are categorized into in-house developed original drugs, licensed-in original drugs, biopharmaceuticals, and generic products. Having developed Stillen®, Zydena®, Motilitone®, Sivextro®, and Suganon®, Dong-A ST has maintained its leadership position in new drug development in Korea. About 500 ETC Medical Representatives (MRs) offer high-quality medical information through 12 branches and four offices around the nation, so that its products can be prescribed in the right place and at the right time.

In terms of sales strategies, Dong-A ST undertakes evidence-based marketing, leading a paradigm shift in the Korean pharmaceutical industry. As part of this effort, the company has been conducting clinical trials on generic products since 2011, in order to provide evidence on their efficacy and safety. Rather than just focusing on Post Marketing Surveillance (PMS), which relies only on reports of side effects, these trials establish non-inferior efficacy and safety in comparison with the original drugs, thus earns the trust of medical personnel.

In order to respond to changes in the pharmaceutical industry and the government's varying policies, Dong-A ST implements a strict Compliance Program (CP). Its CP Management Department is the

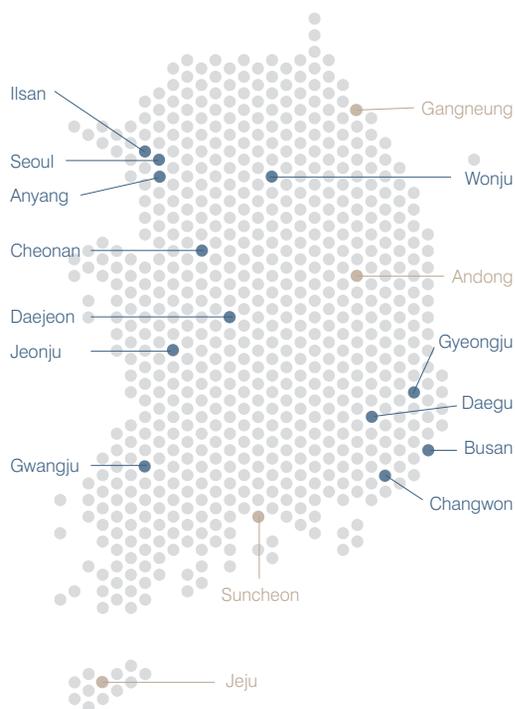
DOMESTIC NETWORK

LOCAL SALES ORGANIZATION

- Seoul Branch
- Anyang Branch
- Ilisan Branch
- Busan Branch
- Daegu Branch
- Changwon Branch
- Gyeongju Branch
- Daejeon Branch
- Cheonan Branch
- Gwangju Branch
- Jeonju Branch
- Wonju Branch

SALES OFFICE

- Jeju Sales Office
- Andong Sales Office
- Suncheon Sales Office
- Gangneung Sales Office



largest organization among Korean pharmaceutical companies, and the CEO serves as the Compliance Chief Officer. Moreover, corporate-wide efforts are made to ensure fair trading. As a result, Dong-A ST received an 'AA' rating, the best one among domestic pharmaceutical company, on the 2015 CP Evaluation Program carried out by the Fair Trade Commission.

Key Achievements

The Korean pharmaceutical market grew 5.1% year-on-year to reach around KRW 15,117.5 billion in 2015. The ETC drug market grew 5.4% over the previous year, despite the government's continued tightening of regulatory policies and changes in the business environment. The Korean pharma-



PRODUCTION FACILITIES AND CAPACITY

Plant	Size (m ²)	Produced Items	Major Products
Cheonan Plant	136,747	In-house developed original drugs and other capsules, tablets, injections	Zydena [®] , Stillen [®] , Motilitone [®]
Dalseong Plant	36,379	Bio-pharmaceuticals	Eporon [®] , Growtropin [®] , Leucostim [®] , Gonadopin [®]

ceutical industry is likely to grow continuously on a westernizing diet trend, an aging population, and greater wealth, all of which have increased demand for medical services and more active R&D from pharmaceutical companies to meet this demand.

In 2015, Dong-A ST licensed-in Acelex[®], an original drug for osteoarthritis that was developed by a Korean bio venture company called Crystal Genomics. The company also unveiled Baracle[®], a blockbuster generic hepatitis B treatment, Mainta[®], a generic lung cancer treatment, and Mainta[®] liquid preparation, an IMD of Mainta[®], all in an effort to strengthen the product portfolio. In addition, Dong-A ST received market release approval from the Korean MFDS for Sivextro[®], Suganon[®] and Stillen[®] 2X. Teribone[®], an osteoporosis treatment, of which

Dong-A ST signed a contract with Japan's Asahi Kasei Pharma for the domestic development and exclusive sales in 2014, also secured approval from the Korean MFDS, and will be launched in early 2016.

Despite these efforts, the ETC Unit generated sales of KRW 330.4 billion, a year-on-year fall of 6.3%, mainly owing to the MERS crisis in the first half of 2015 and the expiration of the patent on Stillen[®], Dong-A ST's key product.

Future Plans

In 2016, Dong-A ST plans to launch a number of in-house developed original drugs, including Stillen[®] 2X, Suganon[®], as well as tablet and injection forms of Sivextro[®]. Moreover, Teribone[®], a licensed-in original drug, and Sugamet[®], a combination drug comprised of Suganon[®] and Metformin, will also be released. The company has expanded away from its previous concentration on urinary and digestive system drugs and moved into next-generation areas such as diabetes, anti-cancer, and hepatitis, in order to build a market presence and strengthen product portfolio. Dong-A ST also plans to sign more strategic alliances with global pharmaceutical companies so that it can supply the market with additional competitive products.

The new holding company structure has enhanced Dong-A ST's expertise and competitiveness, especially as it allows the company to concentrate on the ETC business. With a stable business structure, it will focus on development and successful market entry of new products in the short term, and over the mid-to long term, it will strengthen its product portfolio by developing new drugs and expanding strategic alliances. This will improve its market position, especially in in-house developed original drugs, new products, and blockbuster items.



02.2

Overseas Unit

Dong-A ST is increasing its global presence by developing innovative medicines, building a global network, pioneering new markets, and fostering global talent who will take a lead in legalizing the vision of 'Global Dong-A'.

Dong-A ST's Overseas Unit is in charge of the company's overseas sales. As of the end of 2015, it exports in-house developed original drugs, including Stillen[®] and Zydene[®], and bio-pharmaceuticals, such as Growtropin[®], Eporon[®], and Leucostim[®], to more than 40 countries around the world, across Europe, Latin America, Asia, the Middle East, and Africa. It also exports the Active Pharmaceutical Ingredients (APIs), such as Cycloserine, Terizidone, and Atorvastatin, as well as various finished pharmaceutical products, including Closerin[®]. In addition, Bacchus[®], Dong-A's flagship brand, is exported through the Overseas Unit.

Based on its global strategy, Dong-A ST is aiming to increase the market shares of existing products, explore new markets, develop globally competitive products, build a global network of strategic relationship with overseas companies, and undertake clinical trials abroad. It also regularly hires outstanding talent with global abilities, and runs global internships and programs to foster global experts, in addition to offering training systems, such as the Training Road Map (TRM).

Key Achievements

Dong-A ST achieved export sales of KRW 133 billion in 2015. This increase of 18.5% over the KRW 112.3 billion recorded in 2014 was a significant accomplishment, considering the difficult business environment, with foreign exchange fluctuations in countries such as Brazil and Russia, sluggish global economic growth, and the 'G2 risk'.

Sales growth was led by Bacchus[®], which is exported to Southeast Asia, Latin America, and the Middle East, and by the anti-tuberculosis products that the company supplies to the World Health Organization (WHO), despite falling bio-products sales in Brazil and Turkey. The anti-tuberculosis sector reported

year-on-year growth of 58.1%, with Closerin[®] generating sales of KRW 24.1 billion, up 121.4% over the previous year. In an anti-tuberculosis tender held by the WHO in 2015, Dong-A ST ranked second in the Rest of World Tender and first in the India Tender. In addition to WHO, Closerin[®] was released in China from the first quarter of 2015.

Dong-A ST is expanding its global network by partnering with local companies, both in advanced markets, including the US and Europe, and in emerging markets, such as Asia and Latin America. Accordingly, the company opened an office in India in 2011, and established Dong-A Participações Ltda, a Brazilian subsidiary, in 2013, as well as its subsidiary, Dong-A Brasil Farmaceutica Ltda, to act as launchpads for Indian and Latin American markets. The company also runs an overseas subsidiary in the US, Dong-A America Corp.



To generate social values, Dong-A ST donated pharmaceuticals to Liberia, Tanzania, and other countries in Africa, and provided relief goods after the earthquake in Nepal, as part of its commitment to being a responsible global corporate citizen and creating social values.

Future Plans

In 2016, Dong-A ST will improve sales in areas where were sluggish in 2015, expand the markets for existing products, and strengthen its global network, with the target to reach KRW 300 billion in sales of the Overseas Unit by 2020.

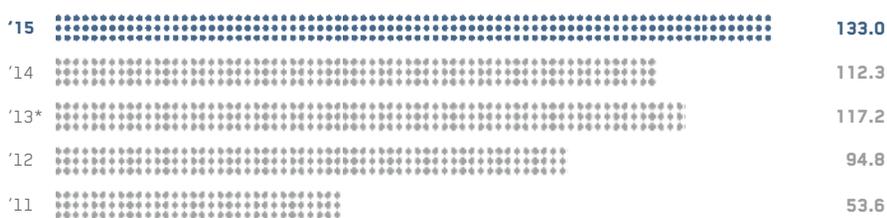
In the short term, Dong-A ST will strive to increase sales of Bacchus® and bio-products while tapping into new markets for anti-tuberculosis drugs. The mid- to long term plan is to market anti-cancer drugs

in advanced economies, including the US and Japan, and to advance into Indonesia and the Middle East by licensing out its products. The company is also in pursuit of additional export contracts and the development of globally aligned business model, in order to increase the number of its export destinations. As part of these efforts, Dong-A ST is expanding its branch network in major overseas markets, and establishing strategic alliances with overseas companies. In addition to focus on increasing sales of existing products, the company will adopt a dual price system and diversify sources of APIs, with an aim to proactively respond to the anti-tuberculosis drug market, and will develop next-generation products, as well. Furthermore, Dong-A ST will recruit and train global experts to underpin the drive for increased global sales.



OVERSEAS SALES TREND

(Unit: KRW billion)



* Full year pro-forma

MAJOR EXPORT PRODUCTS

(Unit: KRW billion)

Category	Product Name	Indication	Major Export Countries	Sales in 2014	Sales in 2015	Change (%)
Bio-pharmaceutical	Growtropin®	Human growth hormone	Brazil	32.1	26.8	(16.6)
	Eporon®	Renal anemia treatment	Turkey	4.8	4.5	(7.8)
APIs	Cycloserine	Tuberculosis treatment	Russia	7.4	5.0	(33.0)
	Terizidone	Tuberculosis treatment	South Africa	4.6	7.1	55.0
Finished products and others	Bacchus®	Tonic	Cambodia	37.2	51.7	39.1
	Closerin®	Tuberculosis treatment	Europe	10.9	24.1	121.4

02.3

Medical Equipments & Diagnostics Unit

Dong-A ST will build partnerships with world-renowned companies, in order to make its own products and expand its presence in global markets, thereby achieving solid growth of the company and contributing to a healthier society.

Dong-A ST's Medical Equipments Unit operates in four areas of expertise. In the orthopedics, it handles products of Biomet and Medipost, while dealing with cardiovascular stents of Abbott in the area of cardiology. There is a sales team dedicated to the Medtronic, Biomet and Kawasumi products, and a specialist team which handles a gait training rehabilitation robot from Hyundai Heavy Industries.

The Diagnostics Unit is in charge of selling diagnostics and testing equipment, as well as reagents. It distributes the products of Becton Dickinson, DiaSorin, Thermo Fisher, Dirui, and Energium, while striving to expand product portfolio to highspeed closed tube sorter, mobile phlebotomy classification & labeling system, and molecular diagnostic testing products.

Key Achievements

In 2015, the Medical Equipments Unit concentrated on increasing sales, and adopting and promoting new products. In orthopedics, the Unit adopted ScienceMedic's domestically-made electrically-powered equipment, in order to strengthen its competitiveness, and continued to promote Cartistem, a stem cell treatment from Medipost for the knee cartilage regeneration. In cardiology, it maintained the No. 1 position in drug-eluting stents, and expanded its product portfolio for cardiothoracic surgery. In medical equipment, it launched a non-invasive vascular screening device with price competitiveness, to expand its dominance in the mid-sized hospital market.

As a result of these efforts, the Medical Equipments Unit generated sales of around KRW 37.4 billion in 2015. Sales of Cartistem went up by KRW 12 billion to KRW 4.9 billion, and cardiothoracic surgery sales grew by KRW 3 billion to KRW 4.4 billion. OMRON equipment recorded sales of KRW 4.2 billion, up KRW 0.2 billion over the previous year.

The development of an orthopedic power tool from ScienceMedic represents part of its efforts to localize products, and the Unit plans to distribute the tool both domestically and overseas. It also leads a national project from the Ministry of Trade, Industry and Energy, using Morning Walk, a gait training rehabilitation robot from Hyundai Heavy Industries, which is scheduled to be launched in 2016.

In 2015, the Diagnostics Unit focused on top-end, high-priced products from Diasorin, and achieved stable growth in sales of Becton Dickinson's safety for blood collection & plastic blood culture media, which account for more than 70% of the domestic market. Sales of Diasorin's products grew by around 50% over the previous year. The Diagnostics Unit has built the base for a global business, including the development of a malaria control product, and is entering export markets for immuno diagnosis measuring system and rapid kit.

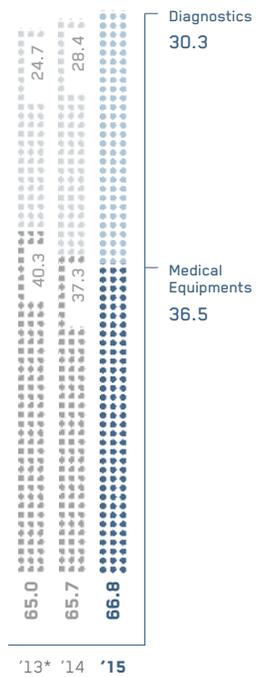
Future Plans

The Medical Equipments Unit is actively seeking to export ScienceMedic's orthopedic power tool by completing Food and Drug Administration (FDA) and Conformity European (CE) certification in 2016, and looking for a US partner in the field of orthopedics and veterinary medicine. The Medical Equipments Unit will also continue to strengthen its line-up by adopting new products, including Biomet's Vanguard XP, Abbott's bioresorbable vascular scaffold, Medtronic's valve for young children, and OMRON's height and weight scale and ophthalmoscope.

The Diagnostics Unit will make continuous efforts to increase sales of products from Becton Dickinson and Diasorin, and will expand its global business. Exports of hepatitis diagnosis equipment along with the relevant cartridges and HBV DNA viral load equipment with its relevant cartridges will begin in 2016, to countries all around the world.

MEDICAL EQUIPMENTS & DIAGNOSTICS UNIT SALES

(Unit: KRW billion)



* Full year pro-forma

02.4 Subsidiary

M.I.Tech

By maintaining strong growth of existing products and achieving new growth through the development of innovative products, M.I.Tech will make itself more competitive and improve people's quality of life.

M.I.Tech is a non-vascular stent manufacturer that was established in 1991, and became a subsidiary of Dong-A ST in 2013. As a leader in non-vascular stents at home and abroad, the company complies with strict global standards on quality management. Hanaro Stent[®] is a non-vascular stent developed by M.I.Tech, and has been recognized for its advanced technology by the US Food and Drug Administration (FDA) and Japan's Ministry of Health, Labor, and Welfare (MHLW).

M.I.Tech develops, manufactures and distributes non-vascular stents, and since becoming a member of Dong-A Socio Group, it has expanded its business to include Transcutaneous Electrical Nerve Stimulation (TENS), High Intensity Focused Ultrasound (HIFU), medical devices that use plasma, and digital x-ray equipment for whole-body scanning, thus building the foundations of a full-service medical equipment company.

Key Achievements

In 2015, M.I.Tech reported sales of KRW 13.1 billion, up 23.6% from the 2014's figure of KRW 10.6 billion. Around 40% of sales is from exports to Europe, sales in Korea account for about 20%, and the balance is from exports to the US, Southeast Asia, the Middle East, and Turkey.

M.I.Tech made further strides into the global market in 2015. It has established an exclusive supply alliance for non-vascular stents worth USD 15 million with the Japanese branch of Boston Scientific, the world's largest stent manufacturer. The first shipment under this partnership was in December 2015. M.I.Tech provides gastrointestinal stents that are customized for patients, and is now seeking to make rapid changes to product specification, to satisfy requests from doctors



in Japan. M.I.Tech also plans to localize Korean products in Japan. Following its entry into Japan, one of the world's largest and most advanced medical markets, the company is aiming to expand its market presence in the global market.

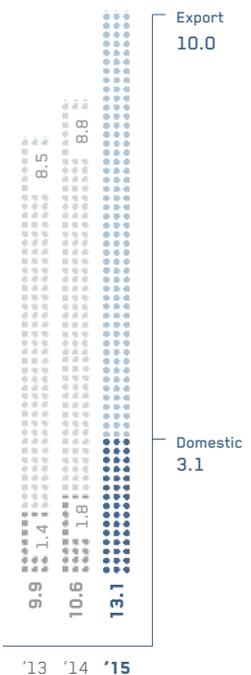
In the TENS sector, which will be an important part of future company growth, M.I.Tech has launched HANARO Care ReJu[®], a portable personal wireless TENS device. This external electronic medical device eases muscle pain, and helps prevent muscular atrophy through electrostimulation. It is designed to be used by people of all ages, including the elderly, fatigued office workers and young people involved in extreme sports. M.I.Tech plans to improve HANARO Care ReJu[®] by adding various convenient functions, including Bluetooth connectivity, and adding top-end models. M.I.Tech is also expanding its HIFU business, another new growth driver, by launching HIFU devices in order to proactively respond to the latest trends in the aesthetics market.

Future Plans

M.I.Tech will resolutely pursue its strategy of continuous investment in R&D to grow into a global medical equipment company. The company is building an extensive product line-up, in addition to its existing successful gastrointestinal stent business, in an effort to build new growth foundation. The sales target for 2016 is KRW 16 billion, and the target by 2020 is for sales to have increased by 300% from current levels.

M.I.TECH SALES

(Unit: KRW billion)



03

R&D REVIEW

03.1

Research & Development

Dong-A ST makes extensive investment and development activities, in order to become a truly global pharmaceutical company, based on its belief that 'development of innovative medicines is our social contributions'.

The Dong-A ST Research Center drives Dong-A ST's development into a global pharmaceutical company. Since establishing the research center in 1977, Dong-A ST has been making bold investments and focusing on research to develop new drugs. As a result, Dong-A ST has gained a reputation as Korea's best pharmaceutical company, with the greatest number of in-house developed original drugs. The company released Stillen[®], its first in-house developed original drug, in 2002, followed by the successful launch of Zydena[®], the first erectile dysfunction treatment in Korea, in 2005 and Motilitone[®], a functional dyspepsia treatment, in 2011. Sivextro[®] is an oxazolidinone class antibiotic that was licensed-out to the global market in 2007; it was launched in the US and Europe in 2014 and 2015, respectively, and received a New Drug Application (NDA) approval in Korea in 2015. Suganon[®], a diabetes treatment, received an NDA approval in 2015, to be successfully added to its list of in-house developed original drugs.

The Dong-A ST Research Center consists of the Drug Discovery Research Laboratories and the Pharmaceutical Product Research Laboratories, and concentrates on identifying new pipeline items in the fields of new chemical drugs, phytomedicines, and Incrementally Modified Drugs (IMDs). The company realigned the organization of the Research Planning & Management Department, in its search to improve efficiency in R&D activities and operations, thereby accelerating the development of innovative new drugs.

Key Achievements

To expand global R&D and bolster the competitiveness of its pipeline, in 2015 the Dong-A ST Research Center selected key areas of focus, including infectious disease, metabolic disease, and endocrine system disease, in order to maximize research efficiency.

There were several significant accomplishments in R&D in 2015, at home and abroad. Sivextro[®], an oxazolidinone class antibiotic, was launched in Europe and received an NDA approval in Korea following the launch in the US last year, which made Dong-A ST the second pharmaceutical company in Korea to obtain

R&D INVESTMENT

57.4
KRW billion

R&D INVESTMENT
PER SALES

10.1
Percent

* As of December 31, 2015

** Separate figures basis



US FDA approval. Our fifth in-house developed original drug, Suganon[®] (DA-1229, Evogliptin), is a Dipeptidyl Peptidase (DPP)-4 inhibitory mechanism diabetes treatment, and Suganon[®] and Sugamet[®] XR received an NDA approval in Korea in 2015. DA-1229 had already been licensed out to China, India, and Brazil, and, in 2015, it was also licensed out to Russia and 17 Latin American countries, with the goal of becoming a new global drug. In addition, Suganon[®] and Sugamet[®] XR, a combination drug comprised of Suganon[®] and Metformin, is scheduled to be launched in Korea in 2016.

The Dong-A ST Research Center pursues global R&D, performing a pivotal role in making Dong-A ST into a global R&D-focused company. The Center undertakes overseas clinical trials, such as a phase II clinical trial in the US for DA-9801, a new phytomedicine for diabetic neuropathy, which was



completed in 2015. The Dong-A ST Research Center plans to take the next step in clinical trials in 2016, and is now looking for an overseas partner for entry into global markets. The phase I clinical trial for DA-3880, a biosimilar of Aranesp[®], has been completed in Europe, and it is prepared to enter a phase III clinical trial in the US and Europe. In addition, a phase II clinical trial for Motilitone[®] in the US is progressing well.

Based on these successes, the Dong-A ST Research Center is undertaking additional global R&D activities. It is planning on conducting global clinical trials in the US and Europe for DA-8010, an overactive bladders treatment, that is currently undergoing pre-clinical research, DA-1241, a new mechanism-based diabetes treatment, and DA-9803 and DA-9805, which are new phytomedicines for neurodegenerative diseases.

Future Plans

The Dong-A ST Research Center is aiming to create a new global drug project that will lead to large-scale licensing agreements with global pharmaceutical companies. It is therefore analyzing global market requirements, to select a project with strong potential to be licensed out. The Center will speed the development of promising materials and new technologies through active networking, and will generate synergy at the Group level.

To underpin these activities, Dong-A ST will make an R&D investment of at least 10% of its sales in 2016. The focus will be on developing innovative new medicines, as well as recruiting and training of global talent.

03.2

R&D Pipeline

Key Pipeline Items

[DA-7218, Tedizolid; Sivextro®]

Tedizolid is a second generation oxazolidinone class antibiotic developed for both intravenous and oral administration to treat serious gram-positive infections, including those caused by Methicillin-Resistant Staphylococcus Aureus (MRSA). In 2007, Dong-A ST licensed-out Tedizolid to US-based Trius Therapeutics (acquired by Cubist, in turn acquired by MSD) for all territories except Korea. Since then, Trius has developed Tedizolid from phase I to phase III clinical trials for the indication of Acute Bacterial Skin and Skin Structure Infections (ABSSSI); these trials have demonstrated that Tedizolid, with shorter course of therapy, was statistically non-inferior to the same class market competitor in the primary and secondary efficacy endpoints. Tedizolid also showed a better safety profile than its competitor, and is expected to improve patient compliance, as it only has to be taken once daily. Cubist launched Tedizolid under the brand name Sivextro® following NDA approval from the US FDA in June 2014. In addition, marketing authorization for Sivextro® was granted by the European Medicines Agency (EMA) in the 1st half of 2015, so Sivextro® has now gone on sale in Europe, starting in the UK. There is also an on-going global phase III study for hospital-acquired/ventilator-associated bacterial pneumonia (HABP/VABP).

[DA-1229, Evogliptin; Suganon® / Sugamet® XR]

Evogliptin is an anti-diabetic compound of the Dipeptidyl Peptidase-4 (DPP-4) inhibitor class, with high selectivity for DPP-4. A phase I clinical trial of Evogliptin showed that a single administration of Evogliptin 5mg inhibited DPP-4 activity by more than 80%, and a repeated once daily dose of Evogliptin 5mg maintained the inhibition of DPP-4 for more than 24 hours. In the phase II clinical trial, it was confirmed that Evogliptin 5mg significantly decreased HbA1C levels compared to a placebo. In phase III studies, Evogliptin 5mg showed superiority over the placebo, and non-inferiority to Sitagliptin. In addition, Evogliptin does not need dose adjustment in patients with renal impairment and showed a renal protective effect in animal studies, which would be beneficial to diabetic patients with renal disease. Suganon® (Evogliptin monotablet) and Sugamet® XR (a fixed-dose combination tablet of Evogliptin and an extended release

	CODE NAME (Brand Name)	DESCRIPTION
New Chemical Entity	DA-7218 (Sivextro®)	Oxazolidinone class antibiotic
	DA-1229 (Suganon® / Sugamet XR®)	DPP(Dipeptidyl Peptidase)-4 inhibitor
	DA-6886	5-HT (Hydroxytryptamine)4 agonist
	DA-8010	M ₃ receptor antagonist
Phytomedicine (Botanical Drug)	DA-1241	GPR119 agonist
	DA-9701 (Motilitone®)	Herbal extract
	DA-9801	Herbal extract
	DA-9803	Herbal extract
Biopharmaceutical Products	DA-9805	Herbal extract
	DA-3801 (Gonadopin®)	Recombinant FSH (Follicle Stimulating Hormone)
	DA-3031 (Dulastin®)	PEG-G-CSF (Pegylated-Granulocyte- Colony Stimulating Factor)
	DMB-3111	Trastuzumab biosimilar
	DA-3880	Darbepoetin α biosimilar
	DMB-3113	Adalimumab biosimilar
	DA-3131	New anti-VEGF mAb

INDICATION	DEVELOPMENT STAGE			LICENSING AVAILABILITY	
	I	II	III		
Infection (ABSSSI, Acute Bacterial Skin and Skin Structure Infections)	██████████	██████████	██████████	Launched (USA, EU)	
Pneumonia (Hospital-Acquired/ Ventilator-Associated Bacterial Pneumonia)	██████████	██████████	███████	Ph III (Global)	
Type 2 diabetes	██████████	██████████	██████████	Approved (Korea)	Available for some territories
Irritable bowel syndrome-constipation	██████████	██████████	██████████	Ph I completed (Korea)	Available
Overactive bladder	██████████	██████████	██████████	Non-clinical completed (Korea)	Available
Type 2 diabetes	██████████	██████████	██████████	Non-clinical completed (Korea)	Available
Functional dyspepsia	██████████	██████████	██████████	Launched (Korea)	Available
	██████████	███████	██████████	Ph II (USA)	
Diabetic neuropathy	██████████	██████████	██████████	Ph II completed (USA)	Available
Alzheimer's disease	██████████	██████████	██████████	Non-clinical (Korea)	Available
Parkinson's disease	██████████	██████████	██████████	Non-clinical (Korea)	Available
COH (Controlled Ovarian Hyper-stimulation) in ART	██████████	██████████	██████████	Launched (Korea)	Available for some territories
Ovulation induction in anovulatory women	██████████	██████████	██████████	Launched (Korea)	
Neutropenia	██████████	██████████	██████████	Launched (Korea)	Available
Breast cancer	██████████	██████████	██████████	Ph I completed (Japan)	Available except Korea and Japan
Anemia	██████████	██████████	██████████	Ph I completed (EU)	Available except Korea and Japan
	███████	██████████	██████████	Ph I (Japan)	
Rheumatoid arthritis	██████████	██████████	██████████	Non-clinical completed (USA)	Available except Korea and Japan
Age-related macular degeneration	██████████	██████████	██████████	Non-clinical (Korea)	Available

form of Metformin) were approved by Korean Ministry of Food and Drug Safety (MFDS) in 2015, and will be launched in Korea in 2016.

For the global markets, with strong points of Evogliptin, Dong-A signed licensing-out agreements with Luye Pharma Group for China, Alkem Laboratories for India and Nepal, respectively, in 2012. Dong-A also made a license-out agreement with Eurofarma Laboratórios for the territory of Brazil in 2014 and signed an additional license-out agreement for 17 countries in Latin America in 2015. Also, Evogliptin was licensed to Geropharm for the Russian and other CIS markets (Ukraine, Kazakhstan) in 2015.

[DA-9801]

DA-9801 is a botanical drug, mixture of *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma* in tablet form for pain associated with diabetic neuropathy. Its main mechanism is considered to be the increase of NGF (Nerve Growth Factor) level to normal level which leads to nerve regeneration. DA-9801's efficacy on pain reduction and nerve regeneration was confirmed in various nonclinical animal disease models.

A 12-week phase II study in the US was successfully completed. DA-9801 300 mg and 600 mg groups showed a statistically significant reduction of more than 2 points in mean pain scores at week 12, in comparison with their respective baseline scores. Also, improvements of 50% or more were achieved in 46.9% of patients on 300 mg, 50% on 600 mg and 43.8% in 900mg, respectively.

As approved drugs for diabetic neuropathy are CNS drugs or anti-depressants, their side effects like dizziness and somnolence are demanding a new, safe treatment on the market. It is believed that DA-9801 will be a new treatment option for diabetic neuropathic pain with its comparable efficacy and favorable safety profile.

[DA-1241]

DA-1241 is a novel small molecule of GPR 119 agonist under development for type 2 diabetes. DA-1241 showed higher potency and efficacy than its competitors in in vitro and in vivo studies, and these improvements were sustained over 10 weeks in the

diabetic mice model. Pre-clinical efficacy and safety studies were successfully completed in October 2015, and no toxicology issues were reported. In addition, based on its PK profile in animals, DA-1241 has the feasibility for once-daily dosing in human.

[DA-3880]

DA-3880 is a biosimilar of darbepoetin-alfa which stimulates erythropoiesis (increases red blood cell levels), and is used to treat anemia associated with chronic renal failure and cancer chemotherapy. Darbepoetin alfa has a longer half-life than erythropoietin, resulting in less frequent administrations. Due to the complex glycosylation, development of a darbepoetin alfa biosimilar is known to be difficult. However, a high similarity of DA-3880 to the reference product was demonstrated through non-clinical and European phase I clinical studies. In January 2014, Dong-A ST signed a licensing agreement with Sanwa Kagaku Kenkyusho (SKK) of Japan for DA-3880, and the company is currently preparing a phase III clinical trial with global scope.

[DMB-3111]

DMB-3111 is a biosimilar of Trastuzumab, which is a monoclonal antibody that interferes with the HER2 receptor. Its main use is to treat for metastatic/early breast cancer and metastatic gastric cancer. DMB-3111 is one of the assets in co-development with Meiji Seika Pharma of Japan, and the results of the Japanese phase I clinical trial showed high similarity with the reference product. Based on these results, Dong-A ST is in active discussions with partnering candidates for the global and regional development and commercialization of DMB-3111.

[DMB-3113]

Dong-A and Meiji Seika Pharma are also cooperating on another monoclonal antibody biosimilar, DMB-3113, a biosimilar of Adalimumab. Adalimumab is a TNF inhibitor approved for the treatment of rheumatoid arthritis, chronic plaque psoriasis, Crohn's disease, ankylosing spondylitis, psoriatic arthritis, and polyarticular juvenile idiopathic arthritis. A non-clinical study of DMB-3113 has been completed, and the phase I clinical trial will take place in Japan in 2016.

HR Value



Dong-A Socio Group builds a culture in which all employees are respected, see opportunities, and are valued for their diverse perspectives, experiences and ideas.

Status of Experts

As of the end of 2015, there were 2,566 employees at major companies within Dong-A Socio Group – 263 at Dong-A Socio Holdings, 1,571 at Dong-A ST, 653 at Dong-A Pharmaceutical, and 79 at DM Bio. We focus on recruiting professionals such as pharmacists, lawyers, and patent agents. We currently employ 172 pharmacists, about 6.7% of total personnel. There are 348 R&D personnel at Dong-A Socio Holdings and Dong-A ST, accounting for 19% of total personnel. The number of R&D personnel continues to rise, up from 337 in 2013 and 341 in 2014.

Recruitment, Wage Structure, and Benefits

Dong-A Socio Group recruits outstanding people through both rolling recruitment and a formal semi-annual recruitment processes for college graduates. In 2015, we recruited 62 college graduates in the first half of the year and 75 in the second half through our formal recruitment processes. In addition, a global internship program was offered to 20 foreign undergraduates residing in Korea, with an aim to employ global experts, strengthen the global mindset of our employees, and to foster experts working for Dong-A Socio Group in their home countries over the long term.

In 2008, Dong-A Socio Group changed its salary system from a seniority-based to a performance-based system, to ensure fair compensation. We offer participation in the four major public insurance schemes, and provide comprehensive health support for employees and their families, as well as educational initiatives for their children and post-retirement support. These measures help our employees to achieve a balance between their work and personal lives in a more stable employment environment.

Human Resources Development Program

Dong-A Socio Group offered a total of 111 training courses in 2015 at the Group level, including courses on leadership, work duties, and basic job skills. We created the 'Decision Maker Course' for senior executives, to help them in efficient decision-making and develop leadership, and also set up 'Global Academy', 'Learning China', 'ASEAN Seminar' and 'Marketing Strategy' courses, in line with our imminent entry into overseas markets.

The Group ran the '1st Global Business Preparation Course' in 2014, to foster global experts, and offered an opportunity to learn in the field in Mongolia to staff who completed the course in 2015. The '2nd Global Business Preparation Course' is under way, and participants are receiving training to strengthen their language, business, and cross-cultural skills. Dong-A's unique Medical Representative (MR) Academy Course continued to be offered to improve the sales skills of our MRs, and children of our employees were benefited from programs, such as the Global Camp for College Students and the Phoenix Camp.

With the relocation of our HR Development Center to Sangju, North Gyeongsang Province in 2016, we will be able to offer more programs, and in a better environment.

Creating a Great Workplace

Dong-A Socio Group seeks an organizational culture of mutual cooperation and respect. Launched in 1975, our Labor-Management Council is a window for mutual understanding and cooperation between labor and management. Labor-management negotiations take place without strikes every year, and as a result, The Group was chosen as an outstanding example of labor-management partnership by the Korea Labor Foundation in 2015. A mentoring program has been offered to new employees since 2010, with a total 628 participants to date.

We want to create a work environment that is a healthy and enjoyable place for our staff. That is why we offer facilities like the 'stairs that you want to walk on' and a pleasant company café for rest and relaxation, in addition to an anti-smoking campaign and a 'Healthy Place to Work' program which involves checking the health of our employees on a monthly basis.

Recruiting Guideline



Nothing is of greater value than life.
Nothing delivers greater hope than life.
Life is the root and meaning of
everything in the world.

Dong-A Socio Group believes that a company is its talent. We, therefore, look to discover people who are right for a global healthcare company, and then offer them optimal opportunity for professional growth which will enable them to be the best experts in their fields.

Recruitment

Dong-A Socio Group's recruitment consists of semi-annual open recruitment of college graduates in the first half and second half of the year, in addition to an on-going rolling recruitment.

Open Recruitment of College Graduates (New and Experienced)

The open recruitment process takes place twice a year, in April and September. It covers all our business areas, including sales, research, development, production, overseas, and administration works.

Rolling Recruitment (New and Experienced)

When a particular role needs to be filled urgently, Dong-A Socio Group publishes a public notice concerning the job to recruit a small number of staff.

Requirements for Application

- People who graduated from a four-year college or higher (including prospective graduates).
- People who served in the military or were exempted from compulsory military service.
- All applicants must be able to travel freely overseas.
- People with a Master's degree or higher can apply for the research unit.
- Preference is given to applicants with a pharmacist's license and/or fluency in a foreign language.

Method for Selection



Inquiries

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Date of Establishment

Dong-A Socio Holdings December 1932

Dong-A ST March 2013

Dong-A Pharmaceutical March 2013

Securities Listing

Dong-A Socio Holdings

Korea Stock Exchange A000640

Dong-A ST

Korea Stock Exchange A170900

Annual General Meeting

March 18, 2016

Information Availability

Dong-A Socio Holdings



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Dong-A Pharmaceutical



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ST Pharm



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DM Bio



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