

August 1, 2008

**Consolidated Financial Results for the First Quarter of Fiscal 2008  
(Three Months Period Ended June 30, 2008)**

Listed company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section  
 Stock code number: 4521 (URL: <http://www.kaken.co.jp>)  
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 Scheduled Date to Submit the Quarterly Securities Report: August 14, 2008

(Figures less than one million yen have been omitted)

**1. Consolidated Financial Results for the Three-Month Period of Fiscal 2008 (April 1, 2008 to June 30, 2008)**

**(1) Consolidated Results of Operations (cumulative)** (Percentage figures indicate changes from the previous year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)
1st Three Months Period of Fiscal 2008	20,493	-	2,964	-	2,939	-
1st Three Months Period of Fiscal 2007	19,782	10.0	2,908	109.0	2,823	122.7

	Net income		Basic net income per share	Diluted net income per share
	(Millions of yen)	Change (%)	(Yen)	(Yen)
1st Three Months Period of Fiscal 2008	1,754	-	17.32	-
1st Three Months Period of Fiscal 2007	1,403	73.7	13.14	12.95

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2008	96,370	58,092	60.3	573.42
As of March 31, 2008	93,856	57,447	61.2	567.02

Reference:

Equity:

As of June 30, 2008: ¥ 58,092 million

As of March 31, 2008: ¥ 57,447 million

**2. Dividends**

(Record date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal 2007	-	10.00	-	10.00	20.00
Fiscal 2008	-	-	-	-	-
Fiscal 2008 (Forecast)	-	11.50	-	11.50	23.00

Note: Revision to the dividend forecast in the first quarter of Fiscal 2008: None

### 3. Forecast of Consolidated Financial Results for Fiscal 2008 (April 1, 2008 to March 31, 2009)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
2nd quarter	40,400	-	5,300	-	5,000	-	2,900	-	28.63
Full year	82,800	3.6	10,200	3.6	9,700	3.7	5,600	9.7	55.28

Note: Revision to the forecast of consolidated financial results in the first quarter of Fiscal 2008: None

### 4. Others

- (1) Significant changes of subsidiaries during the period (Changes of specified subsidiaries followed by changes in the scope of consolidation): None
- (2) Adoption of simplified accounting methods and special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in the accounting principles, accounting procedures, presentation, etc., related to the preparation of quarterly consolidated financial statements (to be described in the changes of significant matters that constitute the bases for the preparation of quarterly consolidated financial statements):
  - 1) Changes related to amendments of accounting standards, etc.: Yes
  - 2) Changes other than above 1): Yes
- (4) Issued shares (Common stock)
  - 1) Number of shares issued (including treasury stock) at the period end
 

Three Months Period Ended June 30, 2008	114,879,461 shares
Fiscal 2007	114,879,461 shares
  - 2) Number of treasury stock at the period end
 

Three Months Period Ended June 30, 2008	13,571,122 shares
Fiscal 2007	13,564,112 shares
  - 3) Average number of shares during the period
 

Three Months Period Ended June 30, 2008	101,313,814 shares
Three Months Period Ended June 30, 2007	106,792,207 shares

\* Explanation for the appropriate use of performance forecasts and other special notes:

1. The forecast figures shown above are based on information that was available at the time of preparation of this material and may contain certain uncertainties. Actual performance may differ from these forecasts due to changes in circumstances and other various factors.

2. Effective April 1, 2008, the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12) and the "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14) have been adopted. The quarterly consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

## 5. Consolidated Financial Results for the First Quarter of Fiscal 2008

### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	First Quarter of Fiscal 2008 (As of June 30, 2008)	Fiscal 2007 (As of March 31, 2008) (Summary)
<b>ASSETS</b>		
Current assets		
Cash on hand and at bank	9,632	8,288
Notes and accounts receivable-trade	28,245	28,043
Marketable securities	4,898	4,097
Merchandise and finished goods	4,567	4,599
Work in process	1,694	1,692
Raw materials and supplies	3,605	3,646
Other current assets	2,896	2,835
Total current assets	55,540	53,203
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,691	18,227
Other property, plant and equipment	6,895	6,924
Total property, plant and equipment	25,587	25,151
Intangible fixed assets	480	495
Investment and other assets		
Investment securities	7,457	7,733
Other assets	7,305	7,273
Total investment and other assets	14,762	15,007
Total non-current assets	40,830	40,653
<b>TOTAL ASSETS</b>	<b>96,370</b>	<b>93,856</b>

(Unit: Millions of yen)

	First Quarter of Fiscal 2008 (As of June 30, 2008)	Fiscal 2007 (As of March 31, 2008) (Summary)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	14,947	13,380
Short-term bank loans payable	5,380	5,380
Current portion of long-term bank loans payable	3,000	3,000
Accrued income taxes	1,259	2,092
Allowance		
Accrued bonuses	574	1,155
Other allowance	505	543
Other current liabilities	6,325	4,730
<b>Total current liabilities</b>	<b>31,992</b>	<b>30,282</b>
Non-current liabilities		
Allowance		
Accrued pension and severance costs	5,245	5,100
Other allowance	315	303
Other non-current liabilities	724	722
<b>Total non-current liabilities</b>	<b>6,285</b>	<b>6,125</b>
<b>TOTAL LIABILITIES</b>	<b>38,277</b>	<b>36,408</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	22,727	22,727
Retained earnings	22,181	21,440
Treasury stock	(11,624)	(11,618)
<b>Total shareholders' equity</b>	<b>57,138</b>	<b>56,403</b>
Valuation and translation adjustments		
Net unrealized gain on valuation of other securities, net of taxes	954	1,045
Deferred hedge gain (loss)	(0)	(0)
<b>Total valuation and translation adjustments</b>	<b>953</b>	<b>1,044</b>
<b>TOTAL NET ASSETS</b>	<b>58,092</b>	<b>57,447</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>96,370</b>	<b>93,856</b>

**(2) Consolidated Statement of Income  
(First Quarter)**

(Unit: Millions of yen)

	First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)
Net sales	20,493
Cost of sales	10,568
Gross profit	9,924
Selling, general and administrative expenses	
Promotion expenses	364
Salaries	1,895
Bonuses	4
Provision for accrued bonuses	365
Welfare expenses	249
Retirement benefit expenses	257
Rent expenses	431
Traveling and transportation expenses	376
Research and development expenses	1,623
Other selling, general and administrative expenses	1,391
Total selling, general and administrative expenses	6,960
Operating income	2,964
Non-operating income	
Interest income	12
Dividend income	66
Insurance income	32
Other non-operating income	40
Total non-operating income	151
Non-operating expenses	
Interest expense	34
Amortization of net retirement benefit obligation at transition	131
Other non-operating expenses	10
Total non-operating expenses	175
Ordinary income	2,939
Extraordinary income	
Gain on sales of investment securities	32
Total extraordinary income	32
Extraordinary losses	
Loss on disposals of non-current assets	21
Loss on devaluation of golf club membership	3
Other extraordinary losses	5
Total extraordinary losses	30
Income before income taxes	2,941
Income taxes	1,187
Net income	1,754

**(3) Consolidated Statement of Cash Flows**

(Unit: Millions of yen)

	First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)
Cash flows from operating activities	
Income before income taxes	2,941
Depreciation	540
Amortization of long-term prepaid expenses	37
Increase (Decrease) in accrued pension and severance costs	134
Interest and dividend income	(79)
Interest expense	34
Loss on devaluation of golf club membership	3
Loss (Gain) on sales of investment securities	(32)
Loss on disposals of property, plant and equipment	21
Decrease (Increase) in notes and accounts receivable -trade	(201)
Decrease (Increase) in inventories	70
Increase (Decrease) in notes and accounts payable -trade	1,566
Increase (Decrease) in accrued consumption taxes	162
Other, net	219
Subtotal	<u>5,418</u>
Interest and dividends received	77
Interest paid	(20)
Income taxes paid	<u>(1,894)</u>
Net cash provided by operating activities	<u>3,581</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(754)
Purchase of intangible fixed assets	(30)
Purchase of investment securities	(30)
Proceeds from sales of investment securities	185
Payment of long-term prepaid expenses	(12)
Other, net	10
Net cash used in investing activities	<u>(632)</u>
Cash flows from financing activities	
Net decrease (increase) in treasury stock	(5)
Cash dividends paid	<u>(798)</u>
Net cash used in financing activities	<u>(804)</u>
Effect of exchange rate changes on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	2,144
Cash and cash equivalents at beginning of period	<u>12,386</u>
Cash and cash equivalents at end of period	<u>14,531</u>