

May 11, 2010

Consolidated Financial Results for the Year Ended March 31, 2010

Listed company name: KAKEN PHARMACEUTICAL Co., Ltd. Listing: Tokyo Stock Exchange First Section
 Stock code number: 4521 (URL: <http://www.kaken.co.jp>)

Representative: Shiro Inui, President and Representative Director
 Contact: Takao Endo, Executive Director and General Manager of General Affairs Department
 Telephone: +81-3-5977-5002
 Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 29, 2010
 Scheduled Date to Commence Dividends Payment: June 30, 2010
 Scheduled Date to Submit the Securities Report: June 29, 2010

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

(1) Consolidated Results of Operations

(Percentage figures indicate changes from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) |
| Fiscal 2009 | 85,022 | 2.5 | 11,784 | 10.9 | 11,308 | 9.8 | 6,734 | 20.7 |
| Fiscal 2008 | 82,930 | 3.7 | 10,629 | 8.0 | 10,298 | 10.1 | 5,579 | 9.3 |

| | Basic net income per share | Diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|-------------|----------------------------|------------------------------|------------------|--|--|
| | (Yen) | (Yen) | Change (%) | Change (%) | Change (%) |
| Fiscal 2009 | 68.79 | - | 11.6 | 11.9 | 13.9 |
| Fiscal 2008 | 55.61 | - | 9.8 | 10.9 | 12.8 |

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2009: ¥ - million

Fiscal 2008: ¥ - million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------|-------------------|-------------------|--------------|----------------------|
| | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| Fiscal 2009 | 95,096 | 59,575 | 62.6 | 619.66 |
| Fiscal 2008 | 94,504 | 56,679 | 60.0 | 577.27 |

Reference:

Equity:

Fiscal 2009: ¥ 59,575 million

Fiscal 2008: ¥ 56,679 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of fiscal year |
|-------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| | (Millions of yen) | (Millions of yen) | (Millions of yen) | (Millions of yen) |
| Fiscal 2009 | 11,049 | (2,374) | (3,727) | 17,504 |
| Fiscal 2008 | 8,472 | (2,571) | (5,730) | 12,556 |

2. Dividends

| | Cash dividends per share | | | | | Total amount of cash dividends (Annual) (Millions of yen) | Payout ratio (Consolidated) (%) | Ratio of dividends to net assets (Consolidated) (%) |
|------------------------|--------------------------|-----------------------|----------------------|----------|-------|---|---------------------------------------|---|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Total | | | |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) | | | |
| Fiscal 2008 | - | 13.00 | - | 13.00 | 26.00 | 2,584 | 46.8 | 4.5 |
| Fiscal 2009 | - | 15.00 | - | 15.00 | 30.00 | 2,914 | 43.6 | 5.0 |
| Fiscal 2010 (Forecast) | - | 16.50 | - | 16.50 | 33.00 | | 43.5 | |

3. Forecast of Consolidated Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(Percentage figures indicate changes from 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) |
| Six-Month period | 42,500 | 0.4 | 6,200 | 2.2 | 6,000 | 3.3 | 3,600 | 2.4 | 37.44 |
| Full year | 86,500 | 1.7 | 12,600 | 6.9 | 12,000 | 6.1 | 7,300 | 8.4 | 75.93 |

4. Others

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

| | |
|-------------|--------------------|
| Fiscal 2009 | 101,879,461 shares |
| Fiscal 2008 | 101,879,461 shares |
 - 2) Number of treasury stock at the year end

| | |
|-------------|------------------|
| Fiscal 2009 | 5,738,399 shares |
| Fiscal 2008 | 3,695,041 shares |

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated Results of Operations

(Percentage figures indicate changes from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) |
| Fiscal 2009 | 83,172 | 2.6 | 11,125 | 11.6 | 10,759 | 10.3 | 6,414 | 21.8 |
| Fiscal 2008 | 81,070 | 3.7 | 9,971 | 8.1 | 9,756 | 10.2 | 5,267 | 9.4 |

| | Basic net income per share | Diluted net income per share |
|-------------|-------------------------------|---------------------------------|
| | (Yen) | (Yen) |
| Fiscal 2009 | 65.52 | - |
| Fiscal 2008 | 52.49 | - |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------|-------------------|-------------------|--------------|----------------------|
| | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| Fiscal 2009 | 97,599 | 62,776 | 64.3 | 652.96 |
| Fiscal 2008 | 97,279 | 60,200 | 61.9 | 613.13 |

Reference:

Equity:

Fiscal 2009: ¥ 62,776 million

Fiscal 2008: ¥ 60,200 million

2. Forecast of Non-consolidated Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(Percentage figures indicate changes from 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) |
| Six-Month period | 41,600 | 0.4 | 5,900 | 3.1 | 5,700 | 3.3 | 3,500 | 4.5 | 36.40 |
| Full year | 84,700 | 1.8 | 11,900 | 7.0 | 11,500 | 6.9 | 7,000 | 9.1 | 72.81 |

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

(Attention to descriptions, etc. of future events)

The performance forecasts and other descriptions on future events presented in this material are based on information that was available when this material was prepared and based on certain assumptions considered to be reasonable. The actual performance, etc. may differ from these forecasts.

4. Consolidated Financial Results for Fiscal 2009
(1) Consolidated Balance Sheets

(Unit: Millions of yen)

| | Fiscal 2008 (As of March 31, 2009) | Fiscal 2009 (As of March 31, 2010) |
|---------------------------------------|---------------------------------------|---------------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash on hand and at bank | 10,155 | 9,900 |
| Notes and accounts receivable-trade | 28,347 | 27,660 |
| Marketable securities | 2,401 | 7,603 |
| Merchandise and finished goods | 5,670 | 5,386 |
| Work in process | 1,676 | 1,854 |
| Raw materials and supplies | 3,599 | 1,752 |
| Deferred tax assets | 1,319 | 1,168 |
| Other current assets | 1,768 | 1,504 |
| Allowance for doubtful receivables | (7) | (7) |
| Total current assets | 54,931 | 56,824 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 36,485 | 36,957 |
| Accumulated depreciation | (18,324) | (19,118) |
| Buildings and structures, net | 18,161 | 17,838 |
| Machinery, equipment and vehicle | 13,565 | 13,111 |
| Accumulated depreciation | (11,458) | (11,285) |
| Machinery, equipment and vehicle, net | 2,106 | 1,826 |
| Tools, furniture and fixtures | 5,911 | 6,060 |
| Accumulated depreciation | (4,972) | (5,214) |
| Tools, furniture and fixtures, net | 939 | 846 |
| Land | 3,762 | 3,762 |
| Construction in progress | 925 | 969 |
| Total property, plant and equipment | 25,895 | 25,243 |
| Intangible non-current assets | 448 | 391 |
| Investment and other assets | | |
| Investment securities | 5,042 | 5,445 |
| Long-term loans receivable | 129 | - |
| Long-term prepaid expenses | 209 | 127 |
| Deferred tax assets | 5,276 | 4,900 |
| Other assets | 2,570 | 2,169 |
| Allowance for doubtful receivables | (0) | (6) |
| Total investment and other assets | 13,228 | 12,636 |
| Total non-current assets | 39,572 | 38,272 |
| TOTAL ASSETS | 94,504 | 95,096 |

(Unit: Millions of yen)

| | Fiscal 2008 (As of March 31, 2009) | Fiscal 2009 (As of March 31, 2010) |
|---|---------------------------------------|---------------------------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 13,172 | 11,174 |
| Short-term bank loans payable | 7,910 | 8,510 |
| Accounts payable-other | 4,242 | 3,452 |
| Accrued expenses | 648 | 1,131 |
| Accrued income taxes | 2,564 | 2,061 |
| Deferred tax liabilities | 0 | 0 |
| Accrued consumption taxes | 315 | 496 |
| Accrued bonuses | 1,162 | 1,141 |
| Reserve for bonuses to directors and corporate auditors | 60 | 73 |
| Accrued sales returns | 20 | 16 |
| Accrued sales rebates | 485 | 451 |
| Notes payable-facilities | 431 | 130 |
| Other current liabilities | 224 | 218 |
| Total current liabilities | 31,237 | 28,858 |
| Non-current liabilities | | |
| Deferred tax liabilities | 200 | 189 |
| Accrued retirement benefits for employees | 5,598 | 5,678 |
| Accrued retirement benefits for directors and corporate auditors | 357 | 395 |
| Other non-current liabilities | 431 | 398 |
| Total non-current liabilities | 6,588 | 6,662 |
| TOTAL LIABILITIES | 37,825 | 35,521 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 23,853 | 23,853 |
| Capital surplus | 11,587 | 11,587 |
| Retained earnings | 24,698 | 28,684 |
| Treasury stock | (3,417) | (4,999) |
| Total shareholders' equity | 56,722 | 59,124 |
| Valuation and translation adjustments | | |
| Net unrealized gain on valuation of other securities, net of taxes | (43) | 447 |
| Deferred hedge gain (loss) | - | 2 |
| Total valuation and translation adjustments | (43) | 450 |
| TOTAL NET ASSETS | 56,679 | 59,575 |
| TOTAL LIABILITIES AND NET ASSETS | 94,504 | 95,096 |

(2) Consolidated Statements of Income

(Unit: Millions of yen)

| | Fiscal 2008 (April 1, 2008 – March 31, 2009) | Fiscal 2009 (April 1, 2009 – March 31, 2010) |
|--|---|---|
| Net sales | 82,930 | 85,022 |
| Costs of sales | 43,140 | 44,120 |
| Gross profit | 39,789 | 40,901 |
| Reversal of accrued sales returns | - | 4 |
| Provision for accrued sales returns | 3 | - |
| Gross profit, net | 39,786 | 40,905 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 714 | 603 |
| Promotion expense | 1,421 | 1,121 |
| License fee | 431 | 436 |
| Provision of allowance for doubtful receivables | 0 | 6 |
| Salaries | 7,714 | 7,690 |
| Bonuses | 928 | - |
| Provision for accrued bonuses | 722 | - |
| Bonuses and provision for accrued bonuses | - | 1,899 |
| Provision for reserve for bonuses to directors and corporate auditors | 60 | 73 |
| Welfare expense | 1,228 | 1,261 |
| Retirement benefit expense | 1,032 | 1,364 |
| Provision for accrued retirement benefits for directors and corporate auditors | 54 | 55 |
| Rent expense | 1,651 | 1,547 |
| Traveling and transportation expenses | 1,438 | 1,271 |
| Research and development expenses | 7,696 | 7,873 |
| Depreciation | 193 | 167 |
| Other selling, general and administrative expenses | 3,867 | 3,751 |
| Total selling, general and administrative expenses | 29,156 | 29,120 |
| Operating income | 10,629 | 11,784 |
| Non-operating income | | |
| Interest income | 41 | 17 |
| Dividend income | 120 | 87 |
| Insurance income | 53 | 4 |
| Comprehensive purchase rebates | - | 21 |
| Distribution of residual property | 39 | - |
| Other non-operating income | 101 | 64 |
| Total non-operating income | 357 | 195 |
| Non-operating expense | | |
| Interest expense | 130 | 97 |
| Amortization of net retirement benefit obligation at transition | 524 | 524 |
| Other non-operating expense | 32 | 49 |
| Total non-operating expense | 687 | 671 |
| Ordinary income | 10,298 | 11,308 |

(Unit: Millions of yen)

| | Fiscal 2008 (April 1, 2008 – March 31, 2009) | Fiscal 2009 (April 1, 2009 – March 31, 2010) |
|--|---|---|
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | - |
| Gain on sales of investment securities | 32 | 68 |
| Gain on redemption of golf club membership | - | 26 |
| Total extraordinary income | 33 | 95 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 80 | 248 |
| Loss on sales of investment securities | 436 | - |
| Loss on devaluation of investment securities | 398 | - |
| Amortization of long-term prepaid expenses | - | 180 |
| Loss on devaluation of golf club membership | 56 | 0 |
| Other extraordinary losses | 5 | 45 |
| Total extraordinary losses | 977 | 474 |
| Income before income taxes | 9,354 | 10,929 |
| Income taxes-current | 4,221 | 4,017 |
| Income taxes-deferred | (446) | 177 |
| Total income taxes | 3,774 | 4,194 |
| Net income | 5,579 | 6,734 |

(3) Consolidated Statements of Changes in Net Assets

(Unit: Millions of yen)

| | Fiscal 2008 (April 1, 2008 – March 31, 2009) | Fiscal 2009 (April 1, 2009 – March 31, 2010) |
|--|---|---|
| Shareholders' equity | | |
| Common stock | | |
| Balance at the end of previous period | 23,853 | 23,853 |
| Balance at the end of current period | 23,853 | 23,853 |
| Capital surplus | | |
| Balance at the end of previous period | 22,727 | 11,587 |
| Changes of items during the period | | |
| Treasury stock disposition | 0 | (0) |
| Retirement of treasury stock | (11,141) | - |
| Total changes of items during the period | (11,140) | (0) |
| Balance at the end of current period | 11,587 | 11,587 |
| Retained earnings | | |
| Balance at the end of previous period | 21,440 | 24,698 |
| Changes of items during the period | | |
| Distribution of surplus | (2,321) | (2,748) |
| Net income | 5,579 | 6,734 |
| Total changes of items during the period | 3,258 | 3,985 |
| Balance at the end of current period | 24,698 | 28,684 |
| Treasury stock | | |
| Balance at the end of previous period | (11,618) | (3,417) |
| Changes of items during the period | | |
| Purchase of treasury stock | (2,966) | (1,588) |
| Treasury stock disposition | 26 | 6 |
| Retirement of treasury stock | 11,141 | - |
| Total changes of items during the period | 8,200 | (1,581) |
| Balance at the end of current period | (3,417) | (4,999) |
| Total shareholders' equity | | |
| Balance at the end of previous period | 56,403 | 56,722 |
| Changes of items during the period | | |
| Distribution of surplus | (2,321) | (2,748) |
| Net income | 5,579 | 6,734 |
| Purchase of treasury stock | (2,966) | (1,588) |
| Treasury stock disposition | 27 | 5 |
| Retirement of treasury stock | - | - |
| Total changes of items during the period | 319 | 2,402 |
| Balance at the end of current period | 56,722 | 59,124 |

(Unit: Millions of yen)

| | Fiscal 2008 (April 1, 2008 – March 31, 2009) | Fiscal 2009 (April 1, 2009 – March 31, 2010) |
|--|---|---|
| Valuation and translation adjustments | | |
| Net unrealized gain on valuation of other securities, net of taxes | | |
| Balance at the end of previous period | 1,045 | (43) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (1,088) | 490 |
| Total changes of items during the period | (1,088) | 490 |
| Balance at the end of current period | (43) | 447 |
| Deferred hedge gain (loss) | | |
| Balance at the end of previous period | (0) | - |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 0 | 2 |
| Total changes of items during the period | 0 | 2 |
| Balance at the end of current period | - | 2 |
| Total valuation and translation adjustments | | |
| Balance at the end of previous period | 1,044 | (43) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (1,087) | 493 |
| Total changes of items during the period | (1,087) | 493 |
| Balance at the end of current period | (43) | 450 |
| Total net assets | | |
| Balance at the end of previous period | 57,447 | 56,679 |
| Changes of items during the period | | |
| Distribution of surplus | (2,321) | (2,748) |
| Net income | 5,579 | 6,734 |
| Purchase of treasury stock | (2,966) | (1,588) |
| Treasury stock disposition | 27 | 5 |
| Net changes of items other than shareholders' equity | (1,087) | 493 |
| Total changes of items during the period | (768) | 2,895 |
| Balance at the end of current period | 56,679 | 59,575 |

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

| | Fiscal 2008 (April 1, 2008 – March 31, 2009) | Fiscal 2009 (April 1, 2009 – March 31, 2010) |
|--|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 9,354 | 10,929 |
| Depreciation | 2,407 | 2,423 |
| Amortization of long-term prepaid expenses | 135 | 527 |
| Increase (Decrease) in accrued retirement benefits for employees | 456 | 564 |
| Interest and dividend income | (161) | (105) |
| Interest expense | 130 | 97 |
| Loss on devaluation of golf club membership | 56 | 0 |
| Loss (Gain) on sales of investment securities | 403 | (68) |
| Loss (Gain) on devaluation of investment securities | 398 | - |
| Loss on disposal of property, plant and equipment | 80 | 233 |
| Loss (Gain) on sales of property, plant and equipment | (0) | - |
| Decrease (Increase) in notes and accounts receivable-trade | (304) | 686 |
| Decrease (Increase) in inventories | (1,008) | 1,953 |
| Increase (Decrease) in notes and accounts payable-trade | (208) | (1,997) |
| Increase (Decrease) in accrued consumption taxes | 152 | 180 |
| Other, net | 300 | 174 |
| Subtotal | 12,192 | 15,598 |
| Interest and dividends received | 162 | 106 |
| Interest paid | (126) | (97) |
| Income taxes (paid) refunded | (3,755) | (4,558) |
| Net cash provided by operating activities | 8,472 | 11,049 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,577) | (2,508) |
| Proceeds from sales of property, plant and equipment | 0 | - |
| Purchase of intangible non-current assets | (82) | (117) |
| Purchase of investment securities | (457) | (332) |
| Proceeds from sales of investment securities | 501 | 325 |
| Proceeds from redemption of investment securities | - | 500 |
| Payment of long-term prepaid expenses | (47) | (265) |
| Other, net | 89 | 24 |
| Net cash used in investing activities | (2,571) | (2,374) |
| Cash flows from financing activities | | |
| Proceeds from short-term bank loans payable | 2,530 | 600 |
| Repayment of long-term bank loans payable | (3,000) | - |
| Net decrease (increase) in treasury stock | (2,939) | (1,582) |
| Cash dividends paid | (2,320) | (2,745) |
| Net cash used in financing activities | (5,730) | (3,727) |
| Effect of exchange rate changes on cash and cash equivalents | - | - |
| Net increase (decrease) in cash and cash equivalents | 170 | 4,947 |
| Cash and cash equivalents at beginning of fiscal year | 12,386 | 12,556 |
| Cash and cash equivalents at end of fiscal year | 12,556 | 17,504 |