

November 4, 2010

**Consolidated Financial Results for the Second Quarter of Fiscal 2010
(Six-Month Period Ended September 30, 2010) [JGAAP]**

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: November 11, 2010
 Scheduled Date to Commence Dividends Payment: December 2, 2010
 Availability of supplementary briefing material on quarterly results: Available
 Schedule of quarterly results briefing session: Scheduled (for institutional investors and analysts)

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Six-Month Period of Fiscal 2010 (April 1, 2010 to September 30, 2010)

(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 (%)
Six-Month period of fiscal 2010	42,872	1.3	7,328	20.8	7,103	22.3
Six-Month period of fiscal 2009	42,342	3.0	6,064	2.1	5,806	0.2

	Net income		Basic net income per share	Diluted net income per share
	(Millions of yen)	Change (%)	(Yen)	(Yen)
Six-Month period of fiscal 2010	4,241	20.6	44.48	-
Six-Month period of fiscal 2009	3,516	3.1	35.82	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2010	96,438	57,885	60.0	631.82
As of March 31, 2010	95,096	59,575	62.6	619.66

Reference:

Equity:

As of September 30, 2010: ¥ 57,885 million

As of March 31, 2010: ¥ 59,575 million

2. Dividends

	Annual cash dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal 2009	-	15.00	-	15.00	30.00
Fiscal 2010	-	18.00			
Fiscal 2010 (Forecast)			-	18.00	36.00

Note: Revision to the dividend forecast: Yes

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)
Full year	86,600	1.9	13,500	14.6	13,000	15.0	7,800	15.8	85.14

Note: Revision to the forecast of consolidated financial results: Yes

4. Others

(1) Significant changes of subsidiaries during the period: None

Note: This refers to whether or not there were changes of specified subsidiaries followed by changes in the scope of consolidation during the period.

(2) Adoption of simplified accounting methods and special accounting treatment: Yes

Note: This refers to whether or not simplified accounting methods and special accounting treatment for preparing quarterly consolidated financial statements are adopted.

(3) Changes in the accounting principles, accounting procedures, presentation, etc.:

1) Changes related to amendments of accounting standards, etc.: Yes

2) Changes other than above 1): None

Note: This refers to whether or not there were changes in the accounting principles, accounting procedures, presentation, etc., related to the preparation of quarterly consolidated financial statements that are to be described in “the changes of significant matters that constitute the bases for the preparation of quarterly consolidated financial statements.”

(4) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end	Six-Month period of fiscal 2010	101,879,461 shares	Fiscal 2009	101,879,461 shares
2) Number of treasury stock at the period end	Six-Month period of fiscal 2010	10,262,596 shares	Fiscal 2009	5,738,399 shares
3) Average number of shares during the period	Six-Month period of fiscal 2010	95,337,820 shares	Six-Month period of fiscal 2009	98,179,371 shares

* Presentation regarding the implementation status of the quarterly review:

These quarterly financial results are prepared outside the quarterly review required under the Financial Instruments and Exchange Act. As such, the quarterly review required under the Financial Instruments and Exchange Act has not been completed at the time of the disclosure of these quarterly financial results.

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

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.

5. Consolidated Financial Results for the Six-Month Period of Fiscal 2010

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2010 (As of September 30, 2010)	Fiscal 2009 (As of March 31, 2010) (Summary)
ASSETS		
Current assets		
Cash on hand and at bank	8,412	9,900
Notes and accounts receivable-trade	28,566	27,660
Marketable securities	7,304	7,603
Merchandise and finished goods	5,781	5,386
Work in process	1,938	1,854
Raw materials and supplies	2,118	1,752
Other current assets	2,582	2,672
Allowance for doubtful receivables	(2)	(7)
Total current assets	56,702	56,824
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,462	17,838
Other property, plant and equipment, net	10,041	7,405
Total property, plant and equipment	27,504	25,243
Intangible non-current assets	363	391
Investment and other assets		
Investment securities	4,728	5,445
Other assets	7,147	7,197
Allowance for doubtful receivables	(6)	(6)
Total investment and other assets	11,868	12,636
Total non-current assets	39,736	38,272
TOTAL ASSETS	96,438	95,096

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2010 (As of September 30, 2010)	Fiscal 2009 (As of March 31, 2010) (Summary)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	13,269	11,174
Short-term bank loans payable	8,510	8,510
Accrued income taxes	2,875	2,061
Allowance		
Accrued bonuses	1,077	1,141
Other allowance	525	540
Other current liabilities	5,624	5,430
Total current liabilities	31,881	28,858
Non-current liabilities		
Allowance		
Accrued retirement benefits for employees	5,660	5,678
Other allowance	424	395
Other non-current liabilities	586	588
Total non-current liabilities	6,670	6,662
TOTAL LIABILITIES	38,552	35,521
NET ASSETS		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	31,483	28,684
Treasury stock	(9,058)	(4,999)
Total shareholders' equity	57,864	59,124
Valuation and translation adjustments		
Net unrealized gain on valuation of other securities, net of taxes	20	447
Deferred hedge gain (loss)	-	2
Total valuation and translation adjustments	20	450
TOTAL NET ASSETS	57,885	59,575
TOTAL LIABILITIES AND NET ASSETS	96,438	95,096

(2) Consolidated Statements of Income
(Six-Month Period of Fiscal 2009 and 2010)

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2009 (April 1, 2009 – September 30, 2009)	Six-Month Period of Fiscal 2010 (April 1, 2010 – September 30, 2010)
Net sales	42,342	42,872
Costs of sales	21,897	21,506
Gross profit	20,444	21,365
Selling, general and administrative expenses		
Promotion expense	563	581
Salaries	3,840	3,846
Bonuses	8	-
Provision for accrued bonuses	695	-
Bonuses and provision for accrued bonuses	-	723
Welfare expense	580	585
Retirement benefit expense	682	678
Rent expense	784	735
Traveling and transportation expenses	670	688
Research and development expenses	3,994	3,633
Other selling, general and administrative expenses	2,558	2,564
Total selling, general and administrative expenses	14,379	14,036
Operating income	6,064	7,328
Non-operating income		
Interest income	9	9
Dividend income	57	55
Insurance income	1	1
Other non-operating income	28	35
Total non-operating income	96	101
Non-operating expense		
Interest expense	51	38
Amortization of net retirement benefit obligation at transition	262	262
Other non-operating expense	40	26
Total non-operating expense	354	327
Ordinary income	5,806	7,103
Extraordinary income		
Gain on sales of investment securities	68	-
Gain on redemption of golf club membership	26	-
Reversal of allowance for doubtful receivables	-	4
Other extraordinary income	0	0
Total extraordinary income	95	4
Extraordinary losses		
Loss on disposal of non-current assets	72	102
Loss on devaluation of golf club membership	0	9
Other extraordinary losses	-	0
Total extraordinary losses	72	112
Income before income taxes	5,829	6,994
Income taxes	2,313	2,753
Income before minority interests	-	4,241
Net income	3,516	4,241

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2009 (April 1, 2009 – September 30, 2009)	Six-Month Period of Fiscal 2010 (April 1, 2010 – September 30, 2010)
Cash flows from operating activities		
Income before income taxes	5,829	6,994
Depreciation	1,175	1,134
Amortization of long-term prepaid expenses	63	35
Increase (Decrease) in accrued retirement benefits for employees	233	221
Interest and dividend income	(66)	(65)
Interest expense	51	38
Loss on devaluation of golf club membership	0	9
Loss (Gain) on sales of investment securities	(68)	-
Loss on disposal of property, plant and equipment	72	102
Decrease (Increase) in notes and accounts receivable-trade	(587)	(905)
Decrease (Increase) in inventories	195	(845)
Increase (Decrease) in notes and accounts payable-trade	(366)	2,094
Increase (Decrease) in accrued consumption taxes	9	(310)
Other, net	(80)	(379)
Subtotal	6,460	8,125
Interest and dividends received	67	65
Interest paid	(51)	(35)
Income taxes (paid) refunded	(2,453)	(1,919)
Net cash provided by operating activities	4,023	6,235
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,541)	(2,478)
Purchase of intangible non-current assets	(74)	(89)
Purchase of investment securities	(232)	(1)
Proceeds from sales of investment securities	325	-
Payment of long-term prepaid expenses	(12)	(9)
Other, net	52	55
Net cash used in investing activities	(1,483)	(2,524)
Cash flows from financing activities		
Proceeds from short-term bank loans payable	600	-
Net decrease (increase) in treasury stock	(9)	(4,059)
Cash dividends paid	(1,274)	(1,438)
Net cash used in financing activities	(684)	(5,498)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,855	(1,786)
Cash and cash equivalents at beginning of period	12,556	17,504
Cash and cash equivalents at end of period	14,412	15,717