

February 4, 2011

**Consolidated Financial Results for the Third Quarter of Fiscal 2010
(Nine-Month Period Ended December 31, 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: February 10, 2011
 Scheduled Date to Commence Dividends Payment: -
 Availability of supplementary briefing material on quarterly results: Available
 Schedule of quarterly results briefing session: Not Scheduled

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Nine-Month Period of Fiscal 2010 (April 1, 2010 to December 31, 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 (%)
Nine-Month period of fiscal 2010	66,087	0.2	12,036	15.0	11,707	15.9
Nine-Month period of fiscal 2009	65,925	2.8	10,471	8.0	10,104	6.9

	Net income		Basic net income per share	Diluted net income per share
	(Millions of yen)	Change (%)	(Yen)	(Yen)
Nine-Month period of fiscal 2010	7,007	14.8	74.47	-
Nine-Month period of fiscal 2009	6,106	15.8	62.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2010	102,596	59,017	57.5	644.37
As of March 31, 2010	95,096	59,575	62.6	619.66

Reference:

Equity:

As of December 31, 2010: ¥ 59,017 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: None

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	85.16

Note: Revision to the forecast of consolidated financial results: None

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	Nine-Month period of fiscal 2010	101,879,461 shares	Fiscal 2009	101,879,461 shares
2) Number of treasury stock at the period end	Nine-Month period of fiscal 2010	10,289,712 shares	Fiscal 2009	5,738,399 shares
3) Average number of shares during the period	Nine-Month period of fiscal 2010	94,092,721 shares	Nine-Month period of fiscal 2009	98,176,637 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 Nine-Month Period of Fiscal 2010

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2010 (As of December 31, 2010)	Fiscal 2009 (As of March 31, 2010) (Summary)
ASSETS		
Current assets		
Cash on hand and at bank	7,170	9,900
Notes and accounts receivable-trade	35,421	27,660
Marketable securities	6,205	7,603
Merchandise and finished goods	5,865	5,386
Work in process	2,080	1,854
Raw materials and supplies	2,769	1,752
Other current assets	2,432	2,672
Allowance for doubtful receivables	(3)	(7)
Total current assets	61,941	56,824
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,747	17,838
Other property, plant and equipment, net	10,398	7,405
Total property, plant and equipment	28,146	25,243
Intangible non-current assets	335	391
Investment and other assets		
Investment securities	5,107	5,445
Other assets	7,065	7,197
Allowance for doubtful receivables	(0)	(6)
Total investment and other assets	12,173	12,636
Total non-current assets	40,655	38,272
TOTAL ASSETS	102,596	95,096

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2010 (As of December 31, 2010)	Fiscal 2009 (As of March 31, 2010) (Summary)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	17,643	11,174
Short-term bank loans payable	8,390	8,510
Accrued income taxes	2,620	2,061
Allowance		
Accrued bonuses	658	1,141
Other allowance	628	540
Other current liabilities	6,995	5,430
Total current liabilities	36,936	28,858
Non-current liabilities		
Allowance		
Accrued retirement benefits for employees	5,617	5,678
Other allowance	438	395
Other non-current liabilities	586	588
Total non-current liabilities	6,642	6,662
TOTAL LIABILITIES	43,578	35,521
NET ASSETS		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	32,600	28,684
Treasury stock	(9,084)	(4,999)
Total shareholders' equity	58,956	59,124
Valuation and translation adjustments		
Net unrealized gain on valuation of other securities, net of taxes	60	447
Deferred hedge gain (loss)	-	2
Total valuation and translation adjustments	60	450
TOTAL NET ASSETS	59,017	59,575
TOTAL LIABILITIES AND NET ASSETS	102,596	95,096

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

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2009 (April 1, 2009 – December 31, 2009)	Nine-Month Period of Fiscal 2010 (April 1, 2010 – December 31, 2010)
Net sales	65,925	66,087
Costs of sales	33,994	33,263
Gross profit	31,930	32,823
Selling, general and administrative expenses		
Promotion expense	891	942
Salaries	5,759	5,761
Bonuses and provision for accrued bonuses	1,166	1,186
Welfare expense	836	846
Retirement benefit expense	1,023	1,017
Rent expense	1,165	1,094
Traveling and transportation expenses	967	1,003
Research and development expenses	5,825	5,073
Other selling, general and administrative expenses	3,822	3,860
Total selling, general and administrative expenses	21,458	20,786
Operating income	10,471	12,036
Non-operating income		
Interest income	13	12
Dividend income	87	87
Other non-operating income	48	53
Total non-operating income	148	153
Non-operating expense		
Interest expense	75	57
Amortization of net retirement benefit obligation at transition	393	393
Other non-operating expense	45	31
Total non-operating expense	515	482
Ordinary income	10,104	11,707
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
Total extraordinary income	95	4
Extraordinary losses		
Loss on disposal of non-current assets	104	136
Loss on devaluation of golf club membership	0	35
Other extraordinary losses	-	0
Total extraordinary losses	104	172
Income before income taxes	10,095	11,540
Income taxes	3,988	4,532
Income before minority interests	-	7,007
Net income	6,106	7,007

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2009 (April 1, 2009 – December 31, 2009)	Nine-Month Period of Fiscal 2010 (April 1, 2010 – December 31, 2010)
Cash flows from operating activities		
Income before income taxes	10,095	11,540
Depreciation	1,791	1,803
Amortization of long-term prepaid expenses	91	55
Increase (Decrease) in accrued retirement benefits for employees	492	298
Interest and dividend income	(100)	(100)
Interest expense	75	57
Loss on devaluation of golf club membership	0	35
Loss (Gain) on sales of investment securities	(68)	-
Loss on disposal of property, plant and equipment	88	136
Decrease (Increase) in notes and accounts receivable-trade	(7,335)	(7,760)
Decrease (Increase) in inventories	603	(1,722)
Increase (Decrease) in notes and accounts payable-trade	3,932	6,469
Increase (Decrease) in accrued consumption taxes	253	(175)
Other, net	198	240
Subtotal	10,118	10,880
Interest and dividends received	102	100
Interest paid	(75)	(55)
Income taxes (paid) refunded	(4,556)	(3,927)
Net cash provided by operating activities	5,589	6,998
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,031)	(3,366)
Purchase of intangible non-current assets	(101)	(107)
Purchase of investment securities	(331)	(313)
Proceeds from sales of investment securities	325	-
Proceeds from redemption of investment securities	500	-
Payment of long-term prepaid expenses	(25)	(139)
Other, net	48	67
Net cash used in investing activities	(1,617)	(3,859)
Cash flows from financing activities		
Proceeds from short-term bank loans payable	600	-
Repayment of short-term bank loans payable	-	(120)
Net decrease (increase) in treasury stock	(714)	(4,084)
Cash dividends paid	(2,719)	(3,062)
Net cash used in financing activities	(2,833)	(7,267)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,137	(4,128)
Cash and cash equivalents at beginning of period	12,556	17,504
Cash and cash equivalents at end of period	13,694	13,375