

May 12, 2011

Consolidated Financial Results for the Year Ended March 31, 2011 [JGAAP]

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
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 Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 29, 2011
 Scheduled Date to Commence Dividends Payment: June 30, 2011
 Scheduled Date to Submit the Securities Report: June 29, 2011
 Availability of supplementary briefing material: Available
 Schedule of annual results briefing session: Scheduled (for institutional investors and analysts)

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(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 2010	86,428	1.7	14,179	20.3	13,713	21.3	8,213	22.0
Fiscal 2009	85,022	2.5	11,784	10.9	11,308	9.8	6,734	20.7

Note:

Comprehensive income:

Fiscal 2010: ¥ 7,992 million (10.6%)

Fiscal 2009: ¥ 7,227 million (- %)

	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 2010	87.87	-	13.7	14.2	16.4
Fiscal 2009	68.79	-	11.6	11.9	13.9

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2010: ¥ - million

Fiscal 2009: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2010	98,493	60,375	61.3	659.31
Fiscal 2009	95,096	59,575	62.6	619.66

Reference:

Equity:

Fiscal 2010: ¥ 60,375 million

Fiscal 2009: ¥ 59,575 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 2010	13,142	(6,302)	(7,309)	17,035
Fiscal 2009	11,049	(2,374)	(3,727)	17,504

2. Dividends

	Annual cash dividends					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 2009	-	15.00	-	15.00	30.00	2,914	43.6	5.0
Fiscal 2010	-	18.00	-	18.00	36.00	3,297	41.0	5.6
Fiscal 2011 (Forecast)	-	20.00	-	20.00	40.00		42.6	

3. Forecast of Consolidated Results for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(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	43,900	2.4	7,600	3.7	7,400	4.2	4,400	3.7	48.05
Full year	88,600	2.5	15,000	5.8	14,400	5.0	8,600	4.7	93.91

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.:

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 period end

Fiscal 2010	101,879,461 shares	Fiscal 2009	101,879,461 shares
Fiscal 2010	10,306,088 shares	Fiscal 2009	5,738,399 shares
Fiscal 2010	93,473,534 shares	Fiscal 2009	97,896,792 shares

2) Number of treasury stock at the period end

3) Average number of shares during the period

(Reference) Summary of Non-consolidated Financial Results

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

(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 2010	84,641	1.8	13,509	21.4	13,148	22.2	7,887	23.0
Fiscal 2009	83,172	2.6	11,125	11.6	10,759	10.3	6,414	21.8

	Basic net income per share	Diluted net income per share
	(Yen)	(Yen)
Fiscal 2010	84.38	-
Fiscal 2009	65.52	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2010	100,635	63,250	62.9	690.71
Fiscal 2009	97,599	62,776	64.3	652.96

Reference:

Equity:

Fiscal 2010: ¥ 63,250 million

Fiscal 2009: ¥ 62,776 million

2. Forecast of Non-consolidated Results for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(Percentage figures indicate changes from the previous year)

	Net sales		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six-Month period	43,000	2.6	7,100	4.3	4,200	3.2	45.86
Full year	86,800	2.6	13,800	5.0	8,300	5.2	90.64

* Status of execution of the audit procedures of financial results:

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

3. Consolidated Financial Results for Fiscal 2010
(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Fiscal 2009 (As of March 31, 2010)	Fiscal 2010 (As of March 31, 2011)
ASSETS		
Current assets		
Cash on hand and at bank	9,900	14,729
Notes and accounts receivable-trade	27,660	27,119
Marketable securities	7,603	2,305
Merchandise and finished goods	5,386	5,234
Work in process	1,854	1,840
Raw materials and supplies	1,752	3,225
Deferred tax assets	1,168	1,178
Other current assets	1,504	1,254
Allowance for doubtful receivables	(7)	(2)
Total current assets	56,824	56,885
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,957	37,710
Accumulated depreciation	(19,118)	(20,187)
Buildings and structures, net	17,838	17,522
Machinery, equipment and vehicle	13,111	13,862
Accumulated depreciation	(11,285)	(11,683)
Machinery, equipment and vehicle, net	1,826	2,178
Tools, furniture and fixtures	6,060	6,244
Accumulated depreciation	(5,214)	(5,472)
Tools, furniture and fixtures, net	846	772
Land	3,762	5,454
Construction in progress	969	2,220
Total property, plant and equipment	25,243	28,148
Intangible non-current assets	391	396
Investment and other assets		
Investment securities	5,445	6,079
Long-term prepaid expenses	127	197
Deferred tax assets	4,900	5,220
Other assets	2,169	1,564
Allowance for doubtful receivables	(6)	(0)
Total investment and other assets	12,636	13,062
Total non-current assets	38,272	41,607
TOTAL ASSETS	95,096	98,493

(Unit: Millions of yen)

	Fiscal 2009 (As of March 31, 2010)	Fiscal 2010 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,174	12,293
Short-term bank loans payable	8,510	8,390
Accounts payable-other	3,452	4,088
Accrued expenses	1,131	729
Accrued income taxes	2,061	3,625
Deferred tax liabilities	0	-
Accrued consumption taxes	496	168
Accrued bonuses	1,141	1,113
Reserve for bonuses to directors and corporate auditors	73	85
Accrued sales returns	16	11
Accrued sales rebates	451	562
Notes payable-facilities	130	177
Other current liabilities	218	220
Total current liabilities	28,858	31,466
Non-current liabilities		
Deferred tax liabilities	189	179
Accrued retirement benefits for employees	5,678	5,620
Accrued retirement benefits for directors and corporate auditors	395	455
Other non-current liabilities	398	395
Total non-current liabilities	6,662	6,651
TOTAL LIABILITIES	35,521	38,117
NET ASSETS		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	28,684	33,806
Treasury stock	(4,999)	(9,100)
Total shareholders' equity	59,124	60,145
Accumulated other comprehensive income		
Net unrealized gain on valuation of other securities, net of taxes	447	229
Deferred hedge gain (loss)	2	-
Total accumulated other comprehensive income	450	229
TOTAL NET ASSETS	59,575	60,375
TOTAL LIABILITIES AND NET ASSETS	95,096	98,493

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009 – March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
Net sales	85,022	86,428
Costs of sales	44,120	44,069
Gross profit	40,901	42,359
Reversal of accrued sales returns	4	5
Gross profit, net	40,905	42,364
Selling, general and administrative expenses		
Advertising expenses	603	606
Promotion expense	1,121	1,173
License fee	436	442
Provision of allowance for doubtful receivables	6	-
Salaries	7,690	7,688
Bonuses and provision for accrued bonuses	1,899	1,690
Provision for reserve for bonuses to directors and corporate auditors	73	85
Welfare expense	1,261	1,255
Retirement benefit expense	1,364	1,356
Provision for accrued retirement benefits for directors and corporate auditors	55	60
Rent expense	1,547	1,456
Traveling and transportation expenses	1,271	1,311
Research and development expenses	7,873	6,853
Depreciation	167	162
Other selling, general and administrative expenses	3,751	4,042
Total selling, general and administrative expenses	29,120	28,185
Operating income	11,784	14,179
Non-operating income		
Interest income	17	16
Dividend income	87	89
Insurance income	4	2
Comprehensive purchase rebates	21	-
Other non-operating income	64	83
Total non-operating income	195	191
Non-operating expense		
Interest expense	97	74
Amortization of net retirement benefit obligation at transition	524	524
Other non-operating expense	49	57
Total non-operating expense	671	657
Ordinary income	11,308	13,713

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009 – March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
Extraordinary income		
Gain on sales of investment securities	68	-
Gain on redemption of golf club membership	26	-
Reversal of allowance for doubtful receivables	-	5
Other extraordinary income	-	0
Total extraordinary income	95	5
Extraordinary losses		
Loss on disposal of non-current assets	248	137
Amortization of long-term prepaid expenses	180	-
Loss on devaluation of golf club membership	0	35
Other extraordinary losses	45	0
Total extraordinary losses	474	173
Income before income taxes	10,929	13,545
Income taxes-current	4,017	5,521
Income taxes-deferred	177	(189)
Total income taxes	4,194	5,332
Income before minority interests	-	8,213
Net income	6,734	8,213

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009 – March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
Income before minority interests	-	8,213
Other comprehensive income		
Net unrealized gain on valuation of other securities, net of taxes	-	(218)
Deferred hedge gain (loss)	-	(2)
Total other comprehensive income	-	(220)
Comprehensive income	-	7,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	7,992

(3) Consolidated Statements of Changes in Net Assets

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
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	11,587	11,587
Changes of items during the period		
Treasury stock disposition	(0)	0
Total changes of items during the period	(0)	0
Balance at the end of current period	11,587	11,587
Retained earnings		
Balance at the end of previous period	24,698	28,684
Changes of items during the period		
Distribution of surplus	(2,748)	(3,091)
Net income	6,734	8,213
Total changes of items during the period	3,985	5,122
Balance at the end of current period	28,684	33,806
Treasury stock		
Balance at the end of previous period	(3,417)	(4,999)
Changes of items during the period		
Purchase of treasury stock	(1,588)	(4,103)
Treasury stock disposition	6	2
Total changes of items during the period	(1,581)	(4,101)
Balance at the end of current period	(4,999)	(9,100)
Total shareholders' equity		
Balance at the end of previous period	56,722	59,124
Changes of items during the period		
Distribution of surplus	(2,748)	(3,091)
Net income	6,734	8,213
Purchase of treasury stock	(1,588)	(4,103)
Treasury stock disposition	5	2
Total changes of items during the period	2,402	1,021
Balance at the end of current period	59,124	60,145

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Net unrealized gain on valuation of other securities, net of taxes		
Balance at the end of previous period	(43)	447
Changes of items during the period		
Net changes of items other than shareholders' equity	490	(218)
Total changes of items during the period	490	(218)
Balance at the end of current period	447	229
Deferred hedge gain (loss)		
Balance at the end of previous period	-	2
Changes of items during the period		
Net changes of items other than shareholders' equity	2	(2)
Total changes of items during the period	2	(2)
Balance at the end of current period	2	-
Total accumulated other comprehensive income		
Balance at the end of previous period	(43)	450
Changes of items during the period		
Net changes of items other than shareholders' equity	493	(220)
Total changes of items during the period	493	(220)
Balance at the end of current period	450	229
Total net assets		
Balance at the end of previous period	56,679	59,575
Changes of items during the period		
Distribution of surplus	(2,748)	(3,091)
Net income	6,734	8,213
Purchase of treasury stock	(1,588)	(4,103)
Treasury stock disposition	5	2
Net changes of items other than shareholders' equity	493	(220)
Total changes of items during the period	2,895	800
Balance at the end of current period	59,575	60,375

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal 2009 (April 1, 2009 – March 31, 2010)	Fiscal 2010 (April 1, 2010 – March 31, 2011)
Cash flows from operating activities		
Income before income taxes	10,929	13,545
Depreciation	2,423	2,488
Amortization of long-term prepaid expenses	527	227
Increase (Decrease) in accrued retirement benefits for employees	564	426
Interest and dividend income	(105)	(105)
Interest expense	97	74
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	233	136
Decrease (Increase) in notes and accounts receivable-trade	686	541
Decrease (Increase) in inventories	1,953	(1,307)
Increase (Decrease) in notes and accounts payable-trade	(1,997)	1,118
Increase (Decrease) in accrued consumption taxes	180	(327)
Other, net	174	182
Subtotal	15,598	17,037
Interest and dividends received	106	105
Interest paid	(97)	(73)
Income taxes (paid) refunded	(4,558)	(3,926)
Net cash provided by operating activities	11,049	13,142
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,508)	(4,952)
Purchase of intangible non-current assets	(117)	(134)
Purchase of investment securities	(332)	(1,001)
Proceeds from sales of investment securities	325	-
Proceeds from redemption of investment securities	500	-
Payment of long-term prepaid expenses	(265)	(296)
Other, net	24	82
Net cash used in investing activities	(2,374)	(6,302)
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	(1,582)	(4,101)
Cash dividends paid	(2,745)	(3,088)
Net cash used in financing activities	(3,727)	(7,309)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	4,947	(469)
Cash and cash equivalents at beginning of fiscal year	12,556	17,504
Cash and cash equivalents at end of fiscal year	17,504	17,035