

November 4, 2011

**Consolidated Financial Results for the Second Quarter of Fiscal 2011
(Six-Month Period Ended September 30, 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>)

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Scheduled Date to Submit the Quarterly Securities Report: November 11, 2011
Scheduled Date to Commence Dividends Payment: December 2, 2011
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 2011 (April 1, 2011 to September 30, 2011)

(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 2011	43,692	1.9	7,906	7.9	7,719	8.7
Six-Month period of fiscal 2010	42,872	1.3	7,328	20.8	7,103	22.3

Note:

Comprehensive income:

Six-Month period of fiscal 2011: ¥ 4,535 million (19.0%)

Six-Month period of fiscal 2010: ¥ 3,811 million (- %)

	Net income		Basic net income per share	Diluted net income per share
	(Millions of yen)	Change (%)	(Yen)	(Yen)
Six-Month period of fiscal 2011	4,607	8.6	50.77	-
Six-Month period of fiscal 2010	4,241	20.6	44.48	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2011	97,232	59,788	61.5
As of March 31, 2011	98,493	60,375	61.3

Reference:

Equity:

As of September 30, 2011: ¥ 59,788 million

As of March 31, 2011: ¥ 60,375 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 2010	-	18.00	-	18.00	36.00
Fiscal 2011	-	20.00			
Fiscal 2011 (Forecast)			-	20.00	40.00

Note: Revision to the dividend forecast from recently announced figures: None

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)
Full year	88,600	2.5	15,000	5.8	14,400	5.0	8,600	4.7	97.29

Note: Revision to the forecast of consolidated financial results from recently announced figures: 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 special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - 1) Changes in accounting policies related to amendments of accounting standards, etc.: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Corrections of errors: None

(4) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end	Six-Month period of fiscal 2011	101,879,461 shares	Fiscal 2010	101,879,461 shares
2) Number of treasury stock at the period end	Six-Month period of fiscal 2011	13,480,731 shares	Fiscal 2010	10,306,088 shares
3) Average number of shares during the period	Six-Month period of fiscal 2011	90,762,921 shares	Six-Month period of fiscal 2010	95,337,820 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 2011

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	Fiscal 2010 (As of March 31, 2011)	Six-Month Period of Fiscal 2011 (As of September 30, 2011)
ASSETS		
Current assets		
Cash on hand and at bank	14,729	8,881
Notes and accounts receivable-trade	27,119	27,799
Marketable securities	2,305	6,407
Merchandise and finished goods	5,234	5,763
Work in process	1,840	2,134
Raw materials and supplies	3,225	2,837
Other current assets	2,432	2,570
Allowance for doubtful receivables	(2)	(2)
Total current assets	56,885	56,391
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,522	17,132
Other property, plant and equipment, net	10,625	10,444
Total property, plant and equipment	28,148	27,577
Intangible non-current assets	396	544
Investment and other assets		
Investment securities	6,079	5,960
Other assets	6,982	6,759
Allowance for doubtful receivables	(0)	(0)
Total investment and other assets	13,062	12,719
Total non-current assets	41,607	40,841
TOTAL ASSETS	98,493	97,232

(Unit: Millions of yen)

	Fiscal 2010 (As of March 31, 2011)	Six-Month Period of Fiscal 2011 (As of September 30, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	12,293	13,282
Short-term bank loans payable	8,390	8,390
Accrued income taxes	3,625	3,212
Allowance		
Accrued bonuses	1,113	1,064
Other allowance	658	560
Other current liabilities	5,384	4,303
Total current liabilities	31,466	30,813
Non-current liabilities		
Allowance		
Accrued retirement benefits for employees	5,620	5,703
Other allowance	455	357
Other non-current liabilities	574	569
Total non-current liabilities	6,651	6,630
TOTAL LIABILITIES	38,117	37,444
NET ASSETS		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	33,806	36,765
Treasury stock	(9,100)	(12,575)
Total shareholders' equity	60,145	59,631
Accumulated other comprehensive income		
Net unrealized gain on valuation of other securities, net of taxes	229	157
Total accumulated other comprehensive income	229	157
TOTAL NET ASSETS	60,375	59,788
TOTAL LIABILITIES AND NET ASSETS	98,493	97,232

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(Six-Month Period of Fiscal 2010 and 2011)

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2010 (April 1, 2010 – September 30, 2010)	Six-Month Period of Fiscal 2011 (April 1, 2011 – September 30, 2011)
Net sales	42,872	43,692
Costs of sales	21,506	22,137
Gross profit	21,365	21,555
Selling, general and administrative expenses		
Promotion expense	581	581
Salaries	3,846	3,879
Bonuses and provision for accrued bonuses	723	729
Welfare expense	585	599
Retirement benefit expense	678	672
Rent expense	735	721
Traveling and transportation expenses	688	726
Research and development expenses	3,633	3,083
Other selling, general and administrative expenses	2,564	2,654
Total selling, general and administrative expenses	14,036	13,648
Operating income	7,328	7,906
Non-operating income		
Interest income	9	5
Dividend income	55	83
Insurance income	1	7
Other non-operating income	35	34
Total non-operating income	101	132
Non-operating expense		
Interest expense	38	34
Amortization of net retirement benefit obligation at transition	262	262
Other non-operating expense	26	22
Total non-operating expense	327	319
Ordinary income	7,103	7,719
Extraordinary income		
Reversal of allowance for doubtful receivables	4	–
Other extraordinary income	0	–
Total extraordinary income	4	–
Extraordinary losses		
Loss on disposal of non-current assets	102	22
Loss on devaluation of golf club membership	9	4
Other extraordinary losses	0	0
Total extraordinary losses	112	27
Income before income taxes	6,994	7,691
Income taxes	2,753	3,084
Income before minority interests	4,241	4,607
Net income	4,241	4,607

(Consolidated Statements of Comprehensive Income)
(Six-Month Period of Fiscal 2010 and 2011)

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2010 (April 1, 2010 – September 30, 2010)	Six-Month Period of Fiscal 2011 (April 1, 2011 – September 30, 2011)
Income before minority interests	4,241	4,607
Other comprehensive income		
Net unrealized gain on valuation of other securities, net of taxes	(426)	(71)
Deferred hedge gain (loss)	(2)	—
Total other comprehensive income	(429)	(71)
Comprehensive income	3,811	4,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,811	4,535

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2010 (April 1, 2010 – September 30, 2010)	Six-Month Period of Fiscal 2011 (April 1, 2011 – September 30, 2011)
Cash flows from operating activities		
Income before income taxes	6,994	7,691
Depreciation	1,134	1,184
Amortization of long-term prepaid expenses	35	41
Increase (Decrease) in accrued retirement benefits for employees	221	336
Interest and dividend income	(65)	(89)
Interest expense	38	34
Loss on devaluation of golf club membership	9	4
Loss on disposal of property, plant and equipment	102	22
Decrease (Increase) in notes and accounts receivable-trade	(905)	(680)
Decrease (Increase) in inventories	(845)	(434)
Increase (Decrease) in notes and accounts payable-trade	2,094	988
Increase (Decrease) in accrued consumption taxes	(310)	153
Other, net	(379)	(815)
Subtotal	8,125	8,438
Interest and dividends received	65	89
Interest paid	(35)	(32)
Income taxes (paid) refunded	(1,919)	(3,513)
Net cash provided by operating activities	6,235	4,981
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,478)	(1,297)
Purchase of intangible non-current assets	(89)	(288)
Purchase of investment securities	(1)	(1)
Payment of long-term prepaid expenses	(9)	(13)
Other, net	55	(5)
Net cash used in investing activities	(2,524)	(1,607)
Cash flows from financing activities		
Net decrease (increase) in treasury stock	(4,059)	(3,474)
Cash dividends paid	(1,438)	(1,646)
Net cash used in financing activities	(5,498)	(5,120)
Effect of exchange rate changes on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(1,786)	(1,746)
Cash and cash equivalents at beginning of period	17,504	17,035
Cash and cash equivalents at end of period	15,717	15,288