

May 14, 2012

Consolidated Financial Results for the Year Ended March 31, 2012 [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: Tetsuo Onuma, President and Representative Director
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Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 28, 2012
 Scheduled Date to Commence Dividends Payment: June 29, 2012
 Scheduled Date to Submit the Securities Report: June 28, 2012
 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 2011 (April 1, 2011 to March 31, 2012)

(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 2011	87,997	1.8	15,180	7.1	14,803	7.9	8,282	0.8
Fiscal 2010	86,428	1.7	14,179	20.3	13,713	21.3	8,213	22.0

Note:

Comprehensive income:

Fiscal 2011: ¥ 8,603 million (7.6 %)

Fiscal 2010: ¥ 7,992 million (10.6 %)

	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 2011	92.46	-	13.5	14.5	17.3
Fiscal 2010	87.87	-	13.7	14.2	16.4

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2011: ¥ - million

Fiscal 2010: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2011	105,108	62,071	59.1	702.31
Fiscal 2010	98,493	60,375	61.3	659.31

Reference:

Equity:

Fiscal 2011: ¥ 62,071 million

Fiscal 2010: ¥ 60,375 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2011	10,285	(2,563)	(6,904)	17,851
Fiscal 2010	13,142	(6,302)	(7,309)	17,035

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 2010	-	18.00	-	18.00	36.00	3,297	41.0	5.6
Fiscal 2011	-	20.00	-	20.00	40.00	3,535	43.3	5.9
Fiscal 2012 (Forecast)	-	22.00	-	22.00	44.00		41.8	

3. Forecast of Consolidated Results for Fiscal 2012 (April 1, 2012 to March 31, 2013)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six-Month period	43,800	0.2	7,800	(1.3)	7,600	(1.6)	4,700	2.0	53.18
Full year	88,900	1.0	15,400	1.4	14,900	0.7	9,300	12.3	105.23

* Notes

(1) Significant changes of subsidiaries during the year (Changes of specified subsidiaries followed by changes in the scope of consolidation): None

(2) 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

(3) Issued shares (Common stock)

1) Number of shares issued (including treasury stock) at the period end

2) Number of treasury stock at the period end

3) Average number of shares during the period

Fiscal 2011	101,879,461 shares	Fiscal 2010	101,879,461 shares
Fiscal 2011	13,498,376 shares	Fiscal 2010	10,306,088 shares
Fiscal 2011	89,577,298 shares	Fiscal 2010	93,473,534 shares

* 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.

4. Consolidated Financial Results for Fiscal 2011

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2010 (As of March 31, 2011)	Fiscal 2011 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	14,729	9,543
Notes and accounts receivable-trade	27,119	32,032
Short-term investment securities	2,305	8,308
Merchandise and finished goods	5,234	5,953
Work in process	1,840	1,573
Raw materials and supplies	3,225	3,398
Deferred tax assets	1,178	1,110
Other	1,254	1,296
Allowance for doubtful accounts	(2)	(3)
Total current assets	56,885	63,214
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	37,710	37,855
Accumulated depreciation	(20,187)	(21,131)
Buildings and structures, net	17,522	16,724
Machinery, equipment and vehicles	13,862	13,864
Accumulated depreciation	(11,683)	(12,094)
Machinery, equipment and vehicles, net	2,178	1,769
Tools, furniture and fixtures	6,244	6,334
Accumulated depreciation	(5,472)	(5,658)
Tools, furniture and fixtures, net	772	675
Land	5,454	5,455
Construction in progress	2,220	3,743
Total property, plant and equipment	28,148	28,368
Intangible assets	396	966
Investments and other assets		
Investment securities	6,079	6,422
Long-term prepaid expenses	197	148
Deferred tax assets	5,220	4,899
Other	1,564	1,087
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	13,062	12,558
Total noncurrent assets	41,607	41,893
Total assets	98,493	105,108

(Unit: Millions of yen)

	Fiscal 2010 (As of March 31, 2011)	Fiscal 2011 (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,293	16,331
Short-term loans payable	8,390	8,390
Accounts payable-other	4,088	5,010
Accrued expenses	729	726
Income taxes payable	3,625	3,420
Accrued consumption taxes	168	364
Provision for bonuses	1,113	1,088
Provision for directors' bonuses	85	80
Provision for sales returns	11	15
Provision for sales rebates	562	537
Notes payable-facilities	177	154
Other	220	234
Total current liabilities	31,466	36,354
Noncurrent liabilities		
Deferred tax liabilities	179	150
Provision for retirement benefits	5,620	5,753
Provision for directors' retirement benefits	455	390
Other	395	388
Total noncurrent liabilities	6,651	6,682
Total liabilities	38,117	43,036
Net assets		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	33,806	38,672
Treasury stock	(9,100)	(12,592)
Total shareholders' equity	60,145	61,520
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229	550
Total accumulated other comprehensive income	229	550
Total net assets	60,375	62,071
Total liabilities and net assets	98,493	105,108

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Net sales	86,428	87,997
Cost of sales	44,069	44,928
Gross profit	42,359	43,069
Reversal of provision for sales returns	5	-
Provision for sales returns	-	3
Gross profit-net	42,364	43,065
Selling, general and administrative expenses		
Advertising expenses	606	617
Promotion expenses	1,173	1,090
License fee	442	463
Salaries	7,688	7,755
Bonuses and provision for bonuses	1,690	1,693
Provision for directors' bonuses	85	80
Welfare expenses	1,255	1,256
Retirement benefit expenses	1,356	1,322
Provision for directors' retirement benefits	60	100
Rent expenses	1,456	1,436
Traveling and transportation expenses	1,311	1,390
Research and development expenses	6,853	6,592
Depreciation	162	183
Other	4,042	3,902
Total selling, general and administrative expenses	28,185	27,884
Operating income	14,179	15,180
Non-operating income		
Interest income	16	11
Dividends income	89	134
Insurance income	2	16
Other	83	79
Total non-operating income	191	241
Non-operating expenses		
Interest expenses	74	70
Amortization of net retirement benefit obligation at transition	524	524
Other	57	22
Total non-operating expenses	657	618
Ordinary income	13,713	14,803

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Extraordinary income		
Reversal of allowance for doubtful accounts	5	-
Other	0	0
Total extraordinary income	5	0
Extraordinary loss		
Loss on retirement of noncurrent assets	137	101
Loss on valuation of investment securities	-	128
Loss on valuation of golf club membership	35	5
Other	0	1
Total extraordinary losses	173	237
Income before income taxes and minority interests	13,545	14,566
Income taxes-current	5,521	6,071
Income taxes-deferred	(189)	212
Total income taxes	5,332	6,283
Income before minority interests	8,213	8,282
Net income	8,213	8,282

(Consolidated statements of comprehensive income)

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Income before minority interests	8,213	8,282
Other comprehensive income		
Valuation difference on available-for-sale securities	(218)	321
Deferred gains or losses on hedges	(2)	-
Total other comprehensive income	(220)	321
Comprehensive income	7,992	8,603
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,992	8,603

(3) Consolidated statements of changes in net assets

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	23,853	23,853
Balance at the end of current period	23,853	23,853
Capital surplus		
Balance at the beginning of current period	11,587	11,587
Changes of items during the period		
Disposal of treasury stock	0	-
Total changes of items during the period	0	-
Balance at the end of current period	11,587	11,587
Retained earnings		
Balance at the beginning of current period	28,684	33,806
Changes of items during the period		
Dividends from surplus	(3,091)	(3,416)
Net income	8,213	8,282
Total changes of items during the period	5,122	4,866
Balance at the end of current period	33,806	38,672
Treasury stock		
Balance at the beginning of current period	(4,999)	(9,100)
Changes of items during the period		
Purchase of treasury stock	(4,103)	(3,491)
Disposal of treasury stock	2	-
Total changes of items during the period	(4,101)	(3,491)
Balance at the end of current period	(9,100)	(12,592)
Total shareholders' equity		
Balance at the beginning of current period	59,124	60,145
Changes of items during the period		
Dividends from surplus	(3,091)	(3,416)
Net income	8,213	8,282
Purchase of treasury stock	(4,103)	(3,491)
Disposal of treasury stock	2	-
Total changes of items during the period	1,021	1,374
Balance at the end of current period	60,145	61,520

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	447	229
Changes of items during the period		
Net changes of items other than shareholders' equity	(218)	321
Total changes of items during the period	(218)	321
Balance at the end of current period	229	550
Deferred gains or losses on hedges		
Balance at the beginning of current period	2	-
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	-
Total changes of items during the period	(2)	-
Balance at the end of current period	-	-
Total accumulated other comprehensive income		
Balance at the beginning of current period	450	229
Changes of items during the period		
Net changes of items other than shareholders' equity	(220)	321
Total changes of items during the period	(220)	321
Balance at the end of current period	229	550
Total net assets		
Balance at the beginning of current period	59,575	60,375
Changes of items during the period		
Dividends from surplus	(3,091)	(3,416)
Net income	8,213	8,282
Purchase of treasury stock	(4,103)	(3,491)
Disposal of treasury stock	2	-
Net changes of items other than shareholders' equity	(220)	321
Total changes of items during the period	800	1,695
Balance at the end of current period	60,375	62,071

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,545	14,566
Depreciation and amortization	2,488	2,424
Amortization of long-term prepaid expenses	227	84
Increase (decrease) in provision for retirement benefits	426	615
Interest and dividends income	(105)	(146)
Interest expenses	74	70
Loss on valuation of golf club memberships	35	5
Loss (gain) on devaluation of investment securities	-	128
Loss on retirement of property, plant and equipment	136	101
Decrease (increase) in notes and accounts receivable-trade	541	(4,913)
Decrease (increase) in inventories	(1,307)	(625)
Increase (decrease) in notes and accounts payable-trade	1,118	4,038
Increase (decrease) in accrued consumption taxes	(327)	195
Other, net	182	(60)
Subtotal	17,037	16,485
Interest and dividends income received	105	146
Interest expenses paid	(73)	(70)
Income taxes (paid) refund	(3,926)	(6,275)
Net cash provided by (used in) operating activities	13,142	10,285
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,952)	(1,873)
Purchase of intangible assets	(134)	(656)
Purchase of investment securities	(1,001)	(3)
Purchase of long-term prepaid expenses	(296)	(35)
Other, net	82	5
Net cash provided by (used in) investing activities	(6,302)	(2,563)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(120)	-
Net decrease (increase) in treasury stock	(4,101)	(3,491)
Cash dividends paid	(3,088)	(3,413)
Net cash provided by (used in) financing activities	(7,309)	(6,904)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(469)	816
Cash and cash equivalents at beginning of period	17,504	17,035
Cash and cash equivalents at end of period	17,035	17,851