

May 13, 2013

## Consolidated Financial Results for the Year Ended March 31, 2013 [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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 Telephone: +81-3-5977-5002  
 Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 27, 2013  
 Scheduled Date to Commence Dividends Payment: June 28, 2013  
 Scheduled Date to Submit the Securities Report: June 27, 2013  
 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 2012 (April 1, 2012 to March 31, 2013)

#### (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 2012	87,054	(1.1)	14,611	(3.7)	14,250	(3.7)	8,991	8.6
Fiscal 2011	87,997	1.8	15,180	7.1	14,803	7.9	8,282	0.8

Note:

Comprehensive income:

Fiscal 2012: ¥ 10,377 million (20.6 %)

Fiscal 2011: ¥ 8,603 million (7.6 %)

	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 2012	103.30	-	14.0	13.3	16.8
Fiscal 2011	92.46	-	13.5	14.5	17.3

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2012: ¥ - million

Fiscal 2011: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2012	108,911	66,578	61.1	771.10
Fiscal 2011	105,108	62,071	59.1	702.31

Reference:

Equity:

Fiscal 2012: ¥ 66,578 million

Fiscal 2011: ¥ 62,071 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 2012	11,729	(6,792)	(5,867)	16,920
Fiscal 2011	10,285	(2,563)	(6,904)	17,851

### 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 2011	-	20.00	-	20.00	40.00	3,535	43.3	5.9
Fiscal 2012	-	22.00	-	22.00	44.00	3,799	42.6	6.0
Fiscal 2013 (Forecast)	-	24.00	-	24.00	48.00		44.6	

### 3. Forecast of Consolidated Results for Fiscal 2013 (April 1, 2013 to March 31, 2014)

(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	44,300	1.8	7,600	(0.0)	7,400	0.1	4,700	1.8	54.43
Full year	90,200	3.6	15,000	2.7	14,600	2.5	9,300	3.4	107.71

#### \* 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.: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: Yes
  - 4) Corrections of errors: None

Note:

The depreciation method has been changed from the consolidated fiscal year under review and the change falls under the “case where changes in accounting policies are difficult to distinguish from changes in accounting estimates.”

(3) Issued shares (Common stock)

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

Fiscal 2012	101,879,461 shares	Fiscal 2011	101,879,461 shares
Fiscal 2012	15,537,710 shares	Fiscal 2011	13,498,376 shares
Fiscal 2012	87,042,910 shares	Fiscal 2011	89,577,298 shares

2) Number of treasury stock at the period end

3) Average number of shares during the period

\* 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 2012

##### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	9,543	9,710
Notes and accounts receivable-trade	32,032	31,174
Securities	8,308	7,210
Merchandise and finished goods	5,953	6,018
Work in process	1,573	1,438
Raw materials and supplies	3,398	4,075
Deferred tax assets	1,110	1,117
Other	1,296	1,241
Allowance for doubtful accounts	(3)	(3)
Total current assets	63,214	61,983
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	37,855	39,846
Accumulated depreciation	(21,131)	(22,135)
Buildings and structures, net	16,724	17,710
Machinery, equipment and vehicles	13,864	15,247
Accumulated depreciation	(12,094)	(12,656)
Machinery, equipment and vehicles, net	1,769	2,591
Tools, furniture and fixtures	6,334	6,652
Accumulated depreciation	(5,658)	(5,843)
Tools, furniture and fixtures, net	675	809
Land	5,455	6,646
Construction in progress	3,743	1,380
Total property, plant and equipment	28,368	29,138
Intangible assets	966	732
Investments and other assets		
Investment securities	6,422	10,272
Long-term prepaid expenses	148	1,396
Deferred tax assets	4,899	4,448
Other	1,087	939
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	12,558	17,057
Total noncurrent assets	41,893	46,928
Total assets	105,108	108,911

(Unit: Millions of yen)

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,331	16,367
Short-term loans payable	8,390	8,390
Accounts payable-other	5,010	4,642
Accrued expenses	726	716
Income taxes payable	3,420	2,616
Accrued consumption taxes	364	234
Provision for bonuses	1,088	1,129
Provision for directors' bonuses	80	84
Provision for sales returns	15	22
Provision for sales rebates	537	529
Notes payable-facilities	154	202
Other	234	297
Total current liabilities	36,354	35,232
Noncurrent liabilities		
Deferred tax liabilities	150	142
Provision for retirement benefits	5,753	6,112
Provision for directors' retirement benefits	390	5
Other	388	840
Total noncurrent liabilities	6,682	7,100
Total liabilities	43,036	42,333
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	38,672	43,997
Treasury stock	(12,592)	(14,796)
Total shareholders' equity	61,520	64,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	550	1,936
Total accumulated other comprehensive income	550	1,936
Total net assets	62,071	66,578
Total liabilities and net assets	105,108	108,911

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

(Unit: Millions of yen)

	Fiscal 2011 (April 1, 2011 - March 31, 2012)	Fiscal 2012 (April 1, 2012 - March 31, 2013)
Net sales	87,997	87,054
Cost of sales	44,928	44,961
Gross profit	43,069	42,092
Provision for sales returns	3	7
Gross profit-net	43,065	42,085
Selling, general and administrative expenses		
Advertising expenses	617	557
Promotion expenses	1,090	912
License fee	463	400
Salaries	7,755	7,870
Bonuses and provision for bonuses	1,693	1,717
Provision for directors' bonuses	80	84
Welfare expenses	1,256	1,275
Retirement benefit expenses	1,322	1,177
Provision for directors' retirement benefits	100	17
Rent expenses	1,436	1,451
Traveling and transportation expenses	1,390	1,270
Research and development expenses	6,592	6,302
Depreciation	183	297
Other	3,902	4,140
Total selling, general and administrative expenses	27,884	27,474
Operating income	15,180	14,611
Non-operating income		
Interest income	11	11
Dividends income	134	141
Insurance income	16	4
Other	79	94
Total non-operating income	241	252
Non-operating expenses		
Interest expenses	70	68
Amortization of net retirement benefit obligation at transition	524	524
Other	22	19
Total non-operating expenses	618	612
Ordinary income	14,803	14,250

(Unit: Millions of yen)

Fiscal 2011  
(April 1, 2011 - March 31, 2012)

Fiscal 2012  
(April 1, 2012 - March 31, 2013)

Extraordinary income		
Gain on sales of investment securities	–	31
Other	0	3
Total extraordinary income	0	35
Extraordinary loss		
Loss on retirement of noncurrent assets	101	102
Loss on valuation of investment securities	128	–
Loss on valuation of golf club membership	5	4
Other	1	–
Total extraordinary losses	237	107
Income before income taxes and minority interests	14,566	14,178
Income taxes-current	6,071	5,517
Income taxes-deferred	212	(331)
Total income taxes	6,283	5,186
Income before minority interests	8,282	8,991
Net income	8,282	8,991

**(Consolidated statements of comprehensive income)**

(Unit: Millions of yen)

	Fiscal 2011 (April 1, 2011 - March 31, 2012)	Fiscal 2012 (April 1, 2012 - March 31, 2013)
Income before minority interests	8,282	8,991
Other comprehensive income		
Valuation difference on available-for-sale securities	321	1,385
Total other comprehensive income	321	1,385
Comprehensive income	8,603	10,377
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,603	10,377



**(3) Consolidated statements of changes in net assets**

(Unit: Millions of yen)

	Fiscal 2011 (April 1, 2011 - March 31, 2012)	Fiscal 2012 (April 1, 2012 - March 31, 2013)
<b>Shareholders' equity</b>		
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	33,806	38,672
Changes of items during the period		
Dividends from surplus	(3,416)	(3,667)
Net income	8,282	8,991
Total changes of items during the period	4,866	5,324
Balance at the end of current period	38,672	43,997
Treasury stock		
Balance at the beginning of current period	(9,100)	(12,592)
Changes of items during the period		
Purchase of treasury stock	(3,491)	(2,204)
Disposal of treasury stock	–	1
Total changes of items during the period	(3,491)	(2,203)
Balance at the end of current period	(12,592)	(14,796)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	60,145	61,520
Changes of items during the period		
Dividends from surplus	(3,416)	(3,667)
Net income	8,282	8,991
Purchase of treasury stock	(3,491)	(2,204)
Disposal of treasury stock	–	1
Total changes of items during the period	1,374	3,121
Balance at the end of current period	61,520	64,642

(Unit: Millions of yen)

Fiscal 2011  
(April 1, 2011 - March 31, 2012)

Fiscal 2012  
(April 1, 2012 - March 31, 2013)

	Fiscal 2011 (April 1, 2011 - March 31, 2012)	Fiscal 2012 (April 1, 2012 - March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	229	550
Changes of items during the period		
Net changes of items other than shareholders' equity	321	1,385
Total changes of items during the period	321	1,385
Balance at the end of current period	550	1,936
Total accumulated other comprehensive income		
Balance at the beginning of current period	229	550
Changes of items during the period		
Net changes of items other than shareholders' equity	321	1,385
Total changes of items during the period	321	1,385
Balance at the end of current period	550	1,936
Total net assets		
Balance at the beginning of current period	60,375	62,071
Changes of items during the period		
Dividends from surplus	(3,416)	(3,667)
Net income	8,282	8,991
Purchase of treasury stock	(3,491)	(2,204)
Disposal of treasury stock	–	1
Net changes of items other than shareholders' equity	321	1,385
Total changes of items during the period	1,695	4,507
Balance at the end of current period	62,071	66,578

**(4) Consolidated statements of cash flows**

(Unit: Millions of yen)

	Fiscal 2011 (April 1, 2011 - March 31, 2012)	Fiscal 2012 (April 1, 2012 - March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	14,566	14,178
Depreciation and amortization	2,424	2,607
Amortization of long-term prepaid expenses	84	72
Increase (decrease) in provision for retirement benefits	615	512
Interest and dividends income	(146)	(152)
Interest expenses	70	68
Loss on valuation of golf club memberships	5	4
Loss (gain) on sales of investment securities	–	(31)
Loss (gain) on valuation of investment securities	128	–
Loss on retirement of property, plant and equipment	101	102
Decrease (increase) in notes and accounts receivable-trade	(4,913)	858
Decrease (increase) in inventories	(625)	(605)
Increase (decrease) in notes and accounts payable-trade	4,038	35
Increase (decrease) in accrued consumption taxes	195	(189)
Other, net	(60)	501
Subtotal	16,485	17,961
Interest and dividends income received	146	152
Interest expenses paid	(70)	(65)
Income taxes (paid) refund	(6,275)	(6,318)
Net cash provided by (used in) operating activities	10,285	11,729
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,873)	(3,845)
Purchase of intangible assets	(656)	(69)
Purchase of investment securities	(3)	(1,813)
Proceeds from sales of investment securities	–	148
Purchase of long-term prepaid expenses	(35)	(1,260)
Other, net	5	46
Net cash provided by (used in) investing activities	(2,563)	(6,792)
Net cash provided by (used in) financing activities		
Net decrease (increase) in treasury stock	(3,491)	(2,202)
Cash dividends paid	(3,413)	(3,664)
Net cash provided by (used in) financing activities	(6,904)	(5,867)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	816	(930)
Cash and cash equivalents at beginning of period	17,035	17,851
Cash and cash equivalents at end of period	17,851	16,920