

May 12, 2014

Consolidated Financial Results for the Year Ended March 31, 2014 [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
 Contact: Fumihiko Watanabe, Corporate Officer and General Manager of General Affairs Department
 Telephone: +81-3-5977-5002
 Scheduled Date to Hold the Ordinary General Meeting of Shareholders: June 27, 2014
 Scheduled Date to Commence Dividends Payment: June 30, 2014
 Scheduled Date to Submit the Securities Report: June 27, 2014
 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 2013 (April 1, 2013 to March 31, 2014)

(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 2013	88,946	2.2	15,872	8.6	15,521	8.9	9,735	8.3
Fiscal 2012	87,054	(1.1)	14,611	(3.7)	14,250	(3.7)	8,991	8.6

Note:

Comprehensive income:

Fiscal 2013: ¥ 10,197 million ((1.7) %)

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

	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 2013	114.14	-	14.5	14.4	17.8
Fiscal 2012	103.30	-	14.0	13.3	16.8

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2013: ¥ - million

Fiscal 2012: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2013	106,465	68,096	64.0	805.89
Fiscal 2012	108,911	66,578	61.1	771.10

Reference:

Equity:

Fiscal 2013: ¥ 68,096 million

Fiscal 2012: ¥ 66,578 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 2013	13,663	(2,135)	(10,992)	17,457
Fiscal 2012	11,729	(6,792)	(5,867)	16,920

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 2012	-	22.00	-	22.00	44.00	3,799	42.6	6.0
Fiscal 2013	-	24.00	-	24.00	48.00	4,070	42.1	6.1
Fiscal 2014 (Forecast)	-	27.00	-	27.00	54.00		42.6	

3. Forecast of Consolidated Results for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(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	44,200	1.1	7,900	7.4	7,700	6.8	5,000	8.7	59.17
Full year	91,400	2.8	16,800	5.8	16,400	5.7	10,700	9.9	126.63

* 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: None
 - 4) Corrections of errors: None

(3) Issued shares (Common stock)

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

Fiscal 2013	101,879,461 shares	Fiscal 2012	101,879,461 shares
Fiscal 2013	17,380,750 shares	Fiscal 2012	15,537,710 shares
Fiscal 2013	85,295,341 shares	Fiscal 2012	87,042,910 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.

3. Consolidated Financial Results for Fiscal 2013

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	9,710	9,644
Notes and accounts receivable-trade	31,174	25,363
Securities	7,210	7,812
Merchandise and finished goods	6,018	6,855
Work in process	1,438	1,641
Raw materials and supplies	4,075	4,724
Deferred tax assets	1,117	1,127
Other	1,241	1,333
Allowance for doubtful accounts	(3)	(2)
Total current assets	61,983	58,501
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	39,846	40,014
Accumulated depreciation	(22,135)	(23,244)
Buildings and structures, net	17,710	16,770
Machinery, equipment and vehicles	15,247	15,628
Accumulated depreciation	(12,656)	(13,273)
Machinery, equipment and vehicles, net	2,591	2,355
Tools, furniture and fixtures	6,652	6,707
Accumulated depreciation	(5,843)	(5,994)
Tools, furniture and fixtures, net	809	712
Land	6,646	6,646
Construction in progress	1,380	2,031
Total property, plant and equipment	29,138	28,516
Intangible assets	732	598
Investments and other assets		
Investment securities	10,272	10,994
Deferred tax assets	4,448	5,588
Other	2,335	2,265
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	17,057	18,848
Total noncurrent assets	46,928	47,964
Total assets	108,911	106,465

(Unit: Millions of yen)

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,367	13,713
Short-term loans payable	8,390	4,195
Accounts payable-other	4,642	3,590
Accrued expenses	716	370
Income taxes payable	2,616	3,628
Provision for bonuses	1,129	1,277
Provision for directors' bonuses	84	78
Provision for sales returns	22	18
Provision for sales rebates	529	506
Notes payable-facilities	202	154
Other	531	521
Total current liabilities	35,232	28,056
Noncurrent liabilities		
Deferred tax liabilities	142	135
Provision for retirement benefits	6,112	-
Provision for directors' retirement benefits	5	3
Net defined benefit liability	-	9,493
Other	840	681
Total noncurrent liabilities	7,100	10,312
Total liabilities	42,333	38,368
Net assets		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,587	11,587
Retained earnings	43,997	49,789
Treasury stock	(14,796)	(17,656)
Total shareholders' equity	64,642	67,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,936	2,398
Remeasurements of defined benefit plans	-	(1,876)
Total accumulated other comprehensive income	1,936	521
Total net assets	66,578	68,096
Total liabilities and net assets	108,911	106,465

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

(Unit: Millions of yen)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Net sales	87,054	88,946
Cost of sales	44,961	45,169
Gross profit	42,092	43,776
Reversal of provision for sales returns	-	3
Provision for sales returns	7	-
Gross profit-net	42,085	43,780
Selling, general and administrative expenses		
Salaries	7,870	7,836
Bonuses and provision for bonuses	1,717	1,800
Provision for directors' bonuses	84	78
Retirement benefit expenses	1,177	887
Provision for directors' retirement benefits	17	1
Research and development expenses	6,302	7,045
Depreciation	297	271
Other	10,008	9,987
Total selling, general and administrative expenses	27,474	27,907
Operating income	14,611	15,872
Non-operating income		
Interest income	11	8
Dividends income	141	191
Other	99	66
Total non-operating income	252	266
Non-operating expenses		
Interest expenses	68	44
Amortization of net retirement benefit obligation at transition	524	524
Other	19	48
Total non-operating expenses	612	618
Ordinary income	14,250	15,521
Extraordinary income		
Gain on sales of investment securities	31	-
Other	3	-
Total extraordinary income	35	-
Extraordinary loss		
Loss on retirement of noncurrent assets	102	24
Other	4	0
Total extraordinary losses	107	25
Income before income taxes and minority interests	14,178	15,496
Income taxes-current	5,517	6,134
Income taxes-deferred	(331)	(373)
Total income taxes	5,186	5,761
Income before minority interests	8,991	9,735
Net income	8,991	9,735

(Consolidated statements of comprehensive income)

(Unit: Millions of yen)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Income before minority interests	8,991	9,735
Other comprehensive income		
Valuation difference on available-for-sale securities	1,385	462
Total other comprehensive income	1,385	462
Comprehensive income	10,377	10,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,377	10,197

(3) Consolidated statements of changes in net assets
Fiscal 2012 (April 1, 2012 – March 31, 2013)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	23,853	11,587	38,672	(12,592)	61,520
Changes of items during the period					
Dividends from surplus			(3,667)		(3,667)
Net income			8,991		8,991
Purchase of treasury stock				(2,204)	(2,204)
Disposal of treasury stock		0		1	1
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	5,324	(2,203)	3,121
Balance at the end of current period	23,853	11,587	43,997	(14,796)	64,642

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	550	-	550	62,071
Changes of items during the period				
Dividends from surplus				(3,667)
Net income				8,991
Purchase of treasury stock				(2,204)
Disposal of treasury stock				1
Net changes of items other than shareholders' equity	1,385	-	1,385	1,385
Total changes of items during the period	1,385	-	1,385	4,507
Balance at the end of current period	1,936	-	1,936	66,578

Fiscal 2013 (April 1, 2013 – March 31, 2014)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	23,853	11,587	43,997	(14,796)	64,642
Changes of items during the period					
Dividends from surplus			(3,942)		(3,942)
Net income			9,735		9,735
Purchase of treasury stock				(2,860)	(2,860)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	5,792	(2,860)	2,932
Balance at the end of current period	23,853	11,587	49,789	(17,656)	67,574

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	1,936	-	1,936	66,578
Changes of items during the period				
Dividends from surplus				(3,942)
Net income				9,735
Purchase of treasury stock				(2,860)
Net changes of items other than shareholders' equity	462	(1,876)	(1,414)	(1,414)
Total changes of items during the period	462	(1,876)	(1,414)	1,518
Balance at the end of current period	2,398	(1,876)	521	68,096

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	14,178	15,496
Depreciation and amortization	2,607	2,538
Increase (decrease) in provision for retirement benefits	512	-
Increase (decrease) in net defined benefit liability	-	464
Interest and dividends income	(152)	(200)
Interest expenses	68	44
Loss (gain) on sales of investment securities	(31)	-
Loss on retirement of property, plant and equipment	102	24
Decrease (increase) in notes and accounts receivable-trade	858	5,811
Decrease (increase) in inventories	(605)	(1,690)
Increase (decrease) in notes and accounts payable-trade	35	(2,653)
Other, net	389	(1,198)
Subtotal	17,961	18,637
Interest and dividends income received	152	200
Interest expenses paid	(65)	(45)
Income taxes (paid) refund	(6,318)	(5,128)
Net cash provided by (used in) operating activities	11,729	13,663
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,845)	(2,071)
Purchase of intangible assets	(69)	(55)
Purchase of investment securities	(1,813)	(3)
Proceeds from sales of investment securities	148	-
Other, net	(1,213)	(4)
Net cash provided by (used in) investing activities	(6,792)	(2,135)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(4,195)
Net decrease (increase) in treasury stock	(2,202)	(2,860)
Cash dividends paid	(3,664)	(3,936)
Net cash provided by (used in) financing activities	(5,867)	(10,992)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(930)	536
Cash and cash equivalents at beginning of period	17,851	16,920
Cash and cash equivalents at end of period	16,920	17,457