

November 6, 2014

**Consolidated Financial Results for the Second Quarter of Fiscal 2014
(Six-Month Period Ended September 30, 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>)

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Scheduled Date to Submit the Quarterly Securities Report: November 13, 2014
Scheduled Date to Commence Dividends Payment: November 28, 2014
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 2014 (April 1, 2014 to September 30, 2014)

(1) Consolidated Results of Operations (cumulative)

(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 (%)
Six-Month period of fiscal 2014	44,232	1.2	8,806	19.7	8,677	20.3	5,639	22.6
Six-Month period of fiscal 2013	43,712	0.4	7,358	(3.2)	7,211	(2.5)	4,598	(0.4)

Note:

Comprehensive income:

Six-Month period of fiscal 2014: ¥ 6,603 million (40.4 %)

Six-Month period of fiscal 2013: ¥ 4,702 million (6.2 %)

	Basic net income per share	Diluted net income per share
	(Yen)	(Yen)
Six-Month period of fiscal 2014	67.28	-
Six-Month period of fiscal 2013	53.57	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2014	106,193	69,411	65.4
As of March 31, 2014	106,465	68,096	64.0

Reference:

Equity:

As of September 30, 2014: ¥ 69,411 million

As of March 31, 2014: ¥ 68,096 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 2013	-	24.00	-	24.00	48.00
Fiscal 2014	-	27.00			
Fiscal 2014 (Forecast)			-	27.00	54.00

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

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)
Full year	91,400	2.8	16,800	5.8	16,400	5.7	10,700	9.9	129.10

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

* Notes

- (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.: Yes
 - 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	As of September 30, 2014	96,879,461 shares	As of March 31, 2014	101,879,461 shares
2) Number of treasury stock at the period end	As of September 30, 2014	13,999,445 shares	As of March 31, 2014	17,380,750 shares
3) Average number of shares during the period	Six-Month period of fiscal 2014	83,820,341 shares	Six-Month period of fiscal 2013	85,843,793 shares

* Status of execution of the quarterly review procedures of financial results:

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:

(Caution regarding descriptions, etc. of future events)

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.

(Obtaining Method of the Supplementary Material for the Quarterly Financial Results)

The supplementary material for the quarterly financial results will be available together with the quarterly financial results on the Company's website.

4. Consolidated Financial Results for the Six-Month Period of Fiscal 2014

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Six-Month Period of Fiscal 2014 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	9,644	8,038
Notes and accounts receivable-trade	25,363	27,023
Securities	7,812	6,213
Merchandise and finished goods	6,855	7,347
Work in process	1,641	2,081
Raw materials and supplies	4,724	4,812
Other	2,460	2,510
Allowance for doubtful accounts	(2)	-
Total current assets	58,501	58,027
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,770	17,352
Other, net	11,746	11,219
Total property, plant and equipment	28,516	28,571
Intangible assets	598	533
Investments and other assets		
Investment securities	10,994	11,993
Other	7,854	7,067
Allowance for doubtful accounts	(0)	-
Total investments and other assets	18,848	19,060
Total noncurrent assets	47,964	48,166
Total assets	106,465	106,193

(Unit: Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Six-Month Period of Fiscal 2014 (As of September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,713	12,612
Short-term loans payable	4,195	4,195
Income taxes payable	3,628	3,150
Provision		
Provision for bonuses	1,277	1,247
Other provision	603	568
Other	4,637	5,826
Total current liabilities	28,056	27,598
Noncurrent liabilities		
Provision		
Other provision	3	-
Net defined benefit liability	9,493	8,663
Other	816	519
Total noncurrent liabilities	10,312	9,182
Total liabilities	38,368	36,781
Net assets		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,587	11,407
Retained earnings	49,789	48,686
Treasury stock	(17,656)	(16,021)
Total shareholders' equity	67,574	67,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,398	3,040
Remeasurements of defined benefit plans	(1,876)	(1,554)
Total accumulated other comprehensive income	521	1,485
Total net assets	68,096	69,411
Total liabilities and net assets	106,465	106,193

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Six-month period of fiscal 2013 and 2014)

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2013 (April 1, 2013 – September 30, 2013)	Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014)
Net sales	43,712	44,232
Cost of sales	22,419	21,535
Gross profit	21,293	22,696
Selling, general and administrative expenses		
Salaries	3,942	3,824
Bonuses and provision for bonuses	791	900
Retirement benefit expenses	444	446
Research and development expenses	3,478	3,374
Other	5,275	5,344
Total selling, general and administrative expenses	13,934	13,890
Operating income	7,358	8,806
Non-operating income		
Interest income	5	4
Dividends income	116	122
Other	32	35
Total non-operating income	154	161
Non-operating expenses		
Interest expenses	29	14
Amortization of net retirement benefit obligation at transition	262	262
Other	8	14
Total non-operating expenses	301	291
Ordinary income	7,211	8,677
Extraordinary income		
Gain on sales of noncurrent assets	-	7
Other	2	-
Total extraordinary income	2	7
Extraordinary loss		
Loss on retirement of noncurrent assets	11	18
Loss on sales of golf club memberships	-	8
Other	15	3
Total extraordinary losses	26	29
Income before income taxes and minority interests	7,187	8,654
Income taxes	2,589	3,015
Income before minority interests	4,598	5,639
Net income	4,598	5,639

(Consolidated statements of comprehensive income)
(Six-month period of fiscal 2013 and 2014)

(Unit: Millions of yen)

	Six-Month Period of Fiscal 2013 (April 1, 2013 – September 30, 2013)	Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014)
Income before minority interests	4,598	5,639
Other comprehensive income		
Valuation difference on available-for-sale securities	103	641
Remeasurements of defined benefit plans	-	322
Total other comprehensive income	103	964
Comprehensive income	4,702	6,603
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,702	6,603

(3) Consolidated statements of cash flows

	(Unit: Millions of yen)	
	Six-Month Period of Fiscal 2013 (April 1, 2013 – September 30, 2013)	Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,187	8,654
Depreciation and amortization	1,227	1,175
Increase (decrease) in provision for retirement benefits	213	-
Increase (decrease) in net defined benefit liability	-	135
Interest and dividends income	(121)	(126)
Interest expenses	29	14
Loss on retirement of property, plant and equipment	11	18
Decrease (increase) in notes and accounts receivable-trade	4,792	(1,660)
Decrease (increase) in inventories	(787)	(1,019)
Increase (decrease) in notes and accounts payable-trade	(2,862)	(1,101)
Other, net	(1,005)	511
Subtotal	8,685	6,603
Interest and dividends income received	121	126
Interest expenses paid	(30)	(14)
Income taxes (paid) refund	(2,524)	(3,539)
Net cash provided by (used in) operating activities	6,252	3,175
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,111)	(749)
Purchase of intangible assets	(29)	(47)
Purchase of investment securities	(1)	(1)
Other, net	(10)	2
Net cash provided by (used in) investing activities	(1,152)	(795)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(4,170)	-
Net decrease (increase) in treasury stock	(1,892)	(3,559)
Cash dividends paid	(1,896)	(2,026)
Net cash provided by (used in) financing activities	(7,958)	(5,586)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(2,858)	(3,205)
Cash and cash equivalents at beginning of period	16,920	17,457
Cash and cash equivalents at end of period	14,062	14,251