

May 12, 2015

## Consolidated Financial Results for the Year Ended March 31, 2015 [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: Fumihito 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 26, 2015  
 Scheduled Date to Commence Dividends Payment: June 29, 2015  
 Scheduled Date to Submit the Securities Report: June 26, 2015  
 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 the Fiscal 2014 (April 1, 2014 to March 31, 2015)

#### (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 2014	93,889	5.6	20,631	30.0	20,394	31.4	12,122	24.5
Fiscal 2013	88,946	2.2	15,872	8.6	15,521	8.9	9,735	8.3

Note:

Comprehensive income:

Fiscal 2014: ¥ 16,607 million (62.9 %)

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

	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 2014	145.45	-	16.7	18.4	22.0
Fiscal 2013	114.14	-	14.5	14.4	17.8

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2014: ¥ - million

Fiscal 2013: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2014	115,135	77,100	67.0	930.56
Fiscal 2013	106,465	68,096	64.0	805.89

Reference:

Equity:

Fiscal 2014: ¥ 77,100 million

Fiscal 2013: ¥ 68,096 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 2014	14,737	473	(7,900)	24,767
Fiscal 2013	13,663	(2,135)	(10,992)	17,457

### 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 2013	-	24.00	-	24.00	48.00	4,070	42.1	6.1
Fiscal 2014	-	27.00	-	32.00	59.00	4,889	40.6	6.8
Fiscal 2015 (Forecast)	-	34.00	-	34.00	68.00		40.2	

### 3. Forecast of Consolidated Results for Fiscal 2015 (April 1, 2015 to March 31, 2016)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six-Month period	48,800	10.3	10,500	19.2	10,600	22.2	7,100	25.9	85.69
Full year	98,500	4.9	21,000	1.8	21,100	3.5	14,000	15.5	168.97

#### \* Notes

(1) Significant changes of subsidiaries during the period (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

2) Number of treasury stock at the period end

3) Average number of shares during the period

Fiscal 2014	96,879,461 shares	Fiscal 2013	101,879,461 shares
Fiscal 2014	14,025,880 shares	Fiscal 2013	17,380,750 shares
Fiscal 2014	83,346,807 shares	Fiscal 2013	85,295,341 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:

(Caution regarding forward-looking statements)

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 Financial Results)

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

#### 4. Consolidated Financial Results for Fiscal 2014

##### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	9,644	10,553
Notes and accounts receivable-trade	25,363	28,204
Securities	7,812	14,214
Merchandise and finished goods	6,855	7,323
Work in process	1,641	2,244
Raw materials and supplies	4,724	3,915
Deferred tax assets	1,127	1,342
Other	1,333	1,218
Allowance for doubtful accounts	(2)	-
Total current assets	58,501	69,016
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,014	38,550
Accumulated depreciation	(23,244)	(22,324)
Buildings and structures, net	16,770	16,226
Machinery, equipment and vehicles	15,628	16,147
Accumulated depreciation	(13,273)	(13,874)
Machinery, equipment and vehicles, net	2,355	2,273
Tools, furniture and fixtures	6,707	6,819
Accumulated depreciation	(5,994)	(6,093)
Tools, furniture and fixtures, net	712	725
Land	6,646	4,313
Construction in progress	2,031	2,422
Total property, plant and equipment	28,516	25,961
Intangible assets	598	474
Investments and other assets		
Investment securities	10,994	15,357
Deferred tax assets	5,588	3,226
Other	2,265	1,097
Allowance for doubtful accounts	(0)	-
Total investments and other assets	18,848	19,681
Total noncurrent assets	47,964	46,118
Total assets	106,465	115,135

(Unit: Millions of yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	13,713	12,295
Short-term loans payable	4,195	4,195
Accounts payable-other	3,590	4,790
Accrued expenses	370	542
Income taxes payable	3,628	3,807
Provision for bonuses	1,277	1,291
Provision for directors' bonuses	78	69
Provision for sales returns	18	12
Provision for sales rebates	506	383
Notes payable-facilities	154	1,377
Other	521	1,604
<b>Total current liabilities</b>	<b>28,056</b>	<b>30,369</b>
<b>Noncurrent liabilities</b>		
Deferred tax liabilities	135	121
Provision for directors' retirement benefits	3	-
Net defined benefit liability	9,493	7,162
Other	681	381
<b>Total noncurrent liabilities</b>	<b>10,312</b>	<b>7,665</b>
<b>Total liabilities</b>	<b>38,368</b>	<b>38,035</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,853	23,853
Capital surplus	11,587	11,406
Retained earnings	49,789	52,932
Treasury stock	(17,656)	(16,098)
<b>Total shareholders' equity</b>	<b>67,574</b>	<b>72,094</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,398	5,478
Remeasurements of defined benefit plans	(1,876)	(472)
<b>Total accumulated other comprehensive income</b>	<b>521</b>	<b>5,005</b>
<b>Total net assets</b>	<b>68,096</b>	<b>77,100</b>
<b>Total liabilities and net assets</b>	<b>106,465</b>	<b>115,135</b>

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

(Unit: Millions of yen)

	Fiscal 2013 (April 1, 2013 – March 31, 2014)	Fiscal 2014 (April 1, 2014 – March 31, 2015)
Net sales	88,946	93,889
Cost of sales	45,169	44,760
Gross profit	43,776	49,129
Reversal of provision for sales returns	3	6
Gross profit-net	43,780	49,136
Selling, general and administrative expenses		
Salaries	7,836	7,580
Bonuses and provision for bonuses	1,800	1,963
Provision for directors' bonuses	78	69
Retirement benefit expenses	887	863
Provision for directors' retirement benefits	1	-
Research and development expenses	7,045	7,615
Depreciation	271	300
Other	9,987	10,112
Total selling, general and administrative expenses	27,907	28,504
Operating income	15,872	20,631
Non-operating income		
Interest income	8	8
Dividends income	191	210
Other	66	143
Total non-operating income	266	362
Non-operating expenses		
Interest expenses	44	28
Amortization of net retirement benefit obligation at transition	524	524
Other	48	45
Total non-operating expenses	618	599
Ordinary income	15,521	20,394
Extraordinary income		
Gain on sales of noncurrent assets	-	7
Total extraordinary income	-	7
Extraordinary loss		
Loss on sales of noncurrent assets	-	1,187
Loss on retirement of noncurrent assets	24	69
Amortization of long-term prepaid expenses	-	525
Loss on sales of golf club memberships	0	8
Other	0	0
Total extraordinary losses	25	1,790
Income before income taxes and minority interests	15,496	18,611
Income taxes-current	6,134	6,611
Income taxes-deferred	(373)	(123)
Total income taxes	5,761	6,488
Income before minority interests	9,735	12,122
Net income	9,735	12,122

**(Consolidated statements of comprehensive income)**

(Unit: Millions of yen)

	Fiscal 2013 (April 1, 2013 – March 31, 2014)	Fiscal 2014 (April 1, 2014 – March 31, 2015)
Income before minority interests	9,735	12,122
Other comprehensive income		
Valuation difference on available-for-sale securities	462	3,079
Remeasurements of defined benefit plans	-	1,404
Total other comprehensive income	462	4,484
Comprehensive income	10,197	16,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,197	16,607

**(3) Consolidated statements of changes in net assets**  
**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
Cumulative effects of changes in accounting policies					-
Restated balance	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
Cumulative effects of changes in accounting policies				-
Restated balance	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



**Fiscal 2014 (April 1, 2014 – March 31, 2015)**

(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	49,789	(17,656)	67,574
Cumulative effects of changes in accounting policies			299		299
Restated balance	23,853	11,587	50,089	(17,656)	67,874
Changes of items during the period					
Dividends from surplus			(4,265)		(4,265)
Net income			12,122		12,122
Purchase of treasury stock				(3,637)	(3,637)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(181)	(5,013)	5,195	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(181)	2,843	1,557	4,220
Balance at the end of current period	23,853	11,406	52,932	(16,098)	72,094

	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	2,398	(1,876)	521	68,096
Cumulative effects of changes in accounting policies				299
Restated balance	2,398	(1,876)	521	68,395
Changes of items during the period				
Dividends from surplus				(4,265)
Net income				12,122
Purchase of treasury stock				(3,637)
Disposal of treasury stock				0
Retirement of treasury stock				-
Net changes of items other than shareholders' equity	3,079	1,404	4,484	4,484
Total changes of items during the period	3,079	1,404	4,484	8,704
Balance at the end of current period	5,478	(472)	5,005	77,100

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

(Unit: Millions of yen)

	Fiscal 2013 (April 1, 2013 – March 31, 2014)	Fiscal 2014 (April 1, 2014 – March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,496	18,611
Depreciation and amortization	2,538	2,400
Increase (decrease) in net defined benefit liability	464	348
Interest and dividends income	(200)	(219)
Interest expenses	44	28
Loss on retirement of property, plant and equipment	24	67
Loss (gain) on sales of property, plant and equipment	-	1,179
Decrease (increase) in notes and accounts receivable-trade	5,811	(2,841)
Decrease (increase) in inventories	(1,690)	(260)
Increase (decrease) in notes and accounts payable-trade	(2,653)	(1,418)
Other, net	(1,198)	3,093
Subtotal	18,637	20,990
Interest and dividends income received	200	219
Interest expenses paid	(45)	(28)
Income taxes (paid) refund	(5,128)	(6,443)
Net cash provided by (used in) operating activities	13,663	14,737
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,071)	(1,954)
Proceeds from sales of property, plant and equipment	0	1,941
Purchase of intangible assets	(55)	(74)
Purchase of investment securities	(3)	(3)
Other, net	(4)	565
Net cash provided by (used in) investing activities	(2,135)	473
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(4,195)	-
Net decrease (increase) in treasury stock	(2,860)	(3,636)
Cash dividends paid	(3,936)	(4,263)
Net cash provided by (used in) financing activities	(10,992)	(7,900)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	536	7,310
Cash and cash equivalents at beginning of period	16,920	17,457
Cash and cash equivalents at end of period	17,457	24,767