

November 6, 2015

**Consolidated Financial Results for the Second Quarter of Fiscal 2015
(Six-Month Period Ended September 30, 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
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Scheduled Date to Submit the Quarterly Securities Report: November 12, 2015
Scheduled Date to Commence Dividends Payment: November 30, 2015
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 2015 (April 1, 2015 to September 30, 2015)

(1) Consolidated Results of Operations (cumulative)

(Percentage figures indicate changes from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|---------------------------------|-------------------|------------|-------------------|------------|-------------------|------------|---|------------|
| | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) | (Millions of yen) | Change (%) |
| Six-Month period of fiscal 2015 | 54,973 | 24.3 | 18,443 | 109.4 | 18,573 | 114.1 | 12,483 | 121.4 |
| Six-Month period of fiscal 2014 | 44,232 | 1.2 | 8,806 | 19.7 | 8,677 | 20.3 | 5,639 | 22.6 |

Note:

Comprehensive income:

Six-Month period of fiscal 2015: ¥ 11,308 million (71.2%)

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

| | Basic net income per share | Diluted net income per share |
|---------------------------------|----------------------------|------------------------------|
| | (Yen) | (Yen) |
| Six-Month period of fiscal 2015 | 301.39 | - |
| Six-Month period of fiscal 2014 | 134.56 | - |

* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. Basic net income per share has been calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-------------------|-------------------|--------------|
| | (Millions of yen) | (Millions of yen) | (%) |
| As of September 30, 2015 | 124,299 | 85,585 | 68.9 |
| As of March 31, 2015 | 115,135 | 77,100 | 67.0 |

Reference:

Equity:

As of September 30, 2015: ¥ 85,585 million

As of March 31, 2015: ¥ 77,100 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 2014 | - | 27.00 | - | 32.00 | 59.00 |
| Fiscal 2015 | - | 34.00 | | | |
| Fiscal 2015 (Forecast) | | | - | 78.00 | - |

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

* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. The above year-end cash dividends per share for fiscal 2015 (forecast) is the amount that factors in this reverse stock split, and total annual cash dividends are described as “-.” For more detail, please see “Explanation for the appropriate use of performance forecasts and other special notes.”

* Breakdown of the year-end cash dividends per share for fiscal 2015 (forecast): common dividends of 68.00 yen and commemorative dividends of 10.00 yen

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) |
| Full year | 107,900 | 14.9 | 32,200 | 56.1 | 32,400 | 58.9 | 19,200 | 58.4 | 463.66 |

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

* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. Accordingly, basic net income per share has been calculated factoring in this reverse stock split. For more detail, please see “Explanation for the appropriate use of performance forecasts and other special notes.”

* 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, 2015 | 48,439,730 shares | As of March 31, 2015 | 48,439,730 shares |
| 2) Number of treasury stock at the period end | As of September 30, 2015 | 7,030,368 shares | As of March 31, 2015 | 7,012,940 shares |
| 3) Average number of shares during the period | Six-Month period of fiscal 2015 | 41,420,932 shares | Six-Month period of fiscal 2014 | 41,910,170 shares |

* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. Number of shares issued at the period end, number of treasury stock at the period end and average number of shares during the period have been calculated assuming that the reverse stock split was conducted at the beginning of the previous consolidated fiscal year.

* 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 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.

(Dividend distribution and business forecast after reverse stock split)

The Company's proposal for a reverse stock split was passed and resolved at the 95th Ordinary General Meeting of Shareholders, held on June 26, 2015. The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. The amounts of year-end dividend and the basic net income per share in the forecast of consolidated results for fiscal 2015 contained herein are amounts that factor in this reverse stock split.

(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 financial results on the Company's website.

4. Consolidated Financial Results for Six-Month Period of Fiscal 2015

(1) Consolidated balance sheets

(Unit: Millions of yen)

| | Fiscal 2014 (As of March 31, 2015) | Six-Month Period of Fiscal 2015 (As of September 30, 2015) |
|-------------------------------------|---------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,553 | 10,827 |
| Notes and accounts receivable-trade | 28,204 | 31,892 |
| Securities | 14,214 | 19,915 |
| Merchandise and finished goods | 7,323 | 7,762 |
| Work in process | 2,244 | 2,484 |
| Raw materials and supplies | 3,915 | 3,460 |
| Other | 2,561 | 2,680 |
| Total current assets | 69,016 | 79,022 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 16,226 | 15,836 |
| Other, net | 9,735 | 10,644 |
| Total property, plant and equipment | 25,961 | 26,481 |
| Intangible assets | 474 | 405 |
| Investments and other assets | | |
| Investment securities | 15,357 | 13,455 |
| Other | 4,324 | 4,934 |
| Total investments and other assets | 19,681 | 18,389 |
| Total noncurrent assets | 46,118 | 45,277 |
| Total assets | 115,135 | 124,299 |

(Unit: Millions of yen)

| | Fiscal 2014 (As of March 31, 2015) | Six-Month Period of Fiscal 2015 (As of September 30, 2015) |
|---|---------------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 12,295 | 13,146 |
| Short-term loans payable | 4,195 | 4,195 |
| Income taxes payable | 3,807 | 6,354 |
| Provision | | |
| Provision for bonuses | 1,291 | 1,208 |
| Other provision | 465 | 419 |
| Other | 8,314 | 6,403 |
| Total current liabilities | 30,369 | 31,727 |
| Noncurrent liabilities | | |
| Net defined benefit liability | 7,162 | 6,545 |
| Other | 503 | 441 |
| Total noncurrent liabilities | 7,665 | 6,986 |
| Total liabilities | 38,035 | 38,714 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 23,853 | 23,853 |
| Capital surplus | 11,406 | 11,407 |
| Retained earnings | 52,932 | 62,765 |
| Treasury stock | (16,098) | (16,271) |
| Total shareholders' equity | 72,094 | 81,754 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,478 | 4,188 |
| Remeasurements of defined benefit plans | (472) | (357) |
| Total accumulated other comprehensive income | 5,005 | 3,830 |
| Total net assets | 77,100 | 85,585 |
| Total liabilities and net assets | 115,135 | 124,299 |

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Six-month period of fiscal 2014 and 2015)

(Unit: Millions of yen)

| | Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014) | Six-Month Period of Fiscal 2015 (April 1, 2015 – September 30, 2015) |
|--|---|---|
| Net sales | 44,232 | 54,973 |
| Cost of sales | 21,535 | 23,417 |
| Gross profit | 22,696 | 31,555 |
| Selling, general and administrative expenses | | |
| Salaries | 3,824 | 3,753 |
| Bonuses and provision for bonuses | 900 | 833 |
| Retirement benefit expenses | 446 | 350 |
| Research and development expenses | 3,374 | 2,965 |
| Other | 5,344 | 5,209 |
| Total selling, general and administrative expenses | 13,890 | 13,112 |
| Operating income | 8,806 | 18,443 |
| Non-operating income | | |
| Interest income | 4 | 6 |
| Dividends income | 122 | 120 |
| Other | 35 | 27 |
| Total non-operating income | 161 | 154 |
| Non-operating expenses | | |
| Interest expenses | 14 | 13 |
| Amortization of net retirement benefit obligation at transition | 262 | - |
| Other | 14 | 10 |
| Total non-operating expenses | 291 | 24 |
| Ordinary income | 8,677 | 18,573 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 7 | - |
| Total extraordinary income | 7 | - |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 18 | 41 |
| Loss on sales of golf club memberships | 8 | 5 |
| Other | 3 | 3 |
| Total extraordinary losses | 29 | 49 |
| Income before income taxes | 8,654 | 18,523 |
| Income taxes | 3,015 | 6,040 |
| Net income | 5,639 | 12,483 |
| Net income attributable to owners of the parent | 5,639 | 12,483 |

(Consolidated statements of comprehensive income)
(Six-month period of fiscal 2014 and 2015)

(Unit: Millions of yen)

| | Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014) | Six-Month Period of Fiscal 2015 (April 1, 2015 – September 30, 2015) |
|---|---|---|
| Net income | 5,639 | 12,483 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 641 | (1,289) |
| Remeasurements of defined benefit plans | 322 | 114 |
| Total other comprehensive income | 964 | (1,175) |
| Comprehensive income | 6,603 | 11,308 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 6,603 | 11,308 |

(3) Consolidated statements of cash flows

(Unit: Millions of yen)

| | Six-Month Period of Fiscal 2014 (April 1, 2014 – September 30, 2014) | Six-Month Period of Fiscal 2015 (April 1, 2015 – September 30, 2015) |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 8,654 | 18,523 |
| Depreciation and amortization | 1,175 | 1,039 |
| Increase (decrease) in net defined benefit liability | 135 | (445) |
| Interest and dividends income | (126) | (127) |
| Interest expenses | 14 | 13 |
| Loss on retirement of property, plant and equipment | 18 | 41 |
| Decrease (increase) in notes and accounts receivable-trade | (1,660) | (3,687) |
| Decrease (increase) in inventories | (1,019) | (223) |
| Increase (decrease) in notes and accounts payable-trade | (1,101) | 851 |
| Other, net | 511 | (1,856) |
| Subtotal | 6,603 | 14,128 |
| Interest and dividends income received | 126 | 127 |
| Interest expenses paid | (14) | (13) |
| Income taxes (paid) refund | (3,539) | (3,690) |
| Net cash provided by (used in) operating activities | 3,175 | 10,551 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (749) | (1,616) |
| Purchase of intangible assets | (47) | (33) |
| Purchase of investment securities | (1) | (1) |
| Other, net | 2 | (103) |
| Net cash provided by (used in) investing activities | (795) | (1,754) |
| Net cash provided by (used in) financing activities | | |
| Net decrease (increase) in treasury stock | (3,559) | (171) |
| Cash dividends paid | (2,026) | (2,649) |
| Net cash provided by (used in) financing activities | (5,586) | (2,821) |
| Effect of exchange rate change on cash and cash equivalents | - | - |
| Net increase (decrease) in cash and cash equivalents | (3,205) | 5,975 |
| Cash and cash equivalents at beginning of period | 17,457 | 24,767 |
| Cash and cash equivalents at end of period | 14,251 | 30,742 |