

May 12, 2016

## Consolidated Financial Results for the Year Ended March 31, 2016 [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: Kenichi Nakamura, 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 29, 2016  
 Scheduled Date to Commence Dividends Payment: June 30, 2016  
 Scheduled Date to Submit the Securities Report: June 29, 2016  
 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 2015 (April 1, 2015 to March 31, 2016)

#### (1) Consolidated Results of Operations

(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 (%)
Fiscal 2015	109,730	16.9	35,146	70.4	35,365	73.4	21,143	74.4
Fiscal 2014	93,889	5.6	20,631	30.0	20,394	31.4	12,122	24.5

Note:

Comprehensive income:

Fiscal 2015: ¥ 18,444 million (11.1 %)

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

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(Yen)	(Yen)	Change (%)	Change (%)	Change (%)
Fiscal 2015	510.54	-	25.3	28.5	32.0
Fiscal 2014	290.90	-	16.7	18.4	22.0

Reference:

Equity in earnings (losses) of affiliates:

Fiscal 2015: ¥ - million

Fiscal 2014: ¥ - million

\* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. Basic earnings 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	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2015	132,991	89,875	67.6	2,170.60
Fiscal 2014	115,135	77,100	67.0	1,861.12

Reference:

Equity:

Fiscal 2015: ¥ 89,875 million

Fiscal 2014: ¥ 77,100 million

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

### (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 2015	27,067	(4,105)	(5,984)	41,744
Fiscal 2014	14,737	473	(7,900)	24,767

## 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 2014	-	27.00	-	32.00	59.00	4,889	40.6	6.8
Fiscal 2015	-	34.00	-	78.00	-	6,045	28.6	7.2
Fiscal 2016 (Forecast)	-	75.00	-	75.00	150.00		29.9	

\* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. The amount from before the reverse stock split is listed in the end of the second quarter, the year-end cash dividends per share for fiscal 2015 is the amount that factors in this reverse stock split, and total annual cash dividends are described as “-.”

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

## 3. Forecast of Consolidated Results for Fiscal 2016 (April 1, 2016 to March 31, 2017)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six-Month period	52,700	(4.1)	14,100	(23.6)	14,200	(23.5)	10,000	(19.9)	241.51
Full year	106,100	(3.3)	28,900	(17.8)	29,100	(17.7)	20,800	(1.6)	502.34

### \* 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	Fiscal 2015	48,439,730 shares	Fiscal 2014	48,439,730 shares
2) Number of treasury stock at the period end	Fiscal 2015	7,033,882 Shares	Fiscal 2014	7,012,940 shares
3) Average number of shares during the period	Fiscal 2015	41,413,973 shares	Fiscal 2014	41,673,403 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 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 2015

##### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	10,553	29,845
Notes and accounts receivable-trade	28,204	29,868
Securities	14,214	11,899
Merchandise and finished goods	7,323	7,399
Work in process	2,244	1,940
Raw materials and supplies	3,915	5,167
Deferred tax assets	1,342	1,678
Other	1,218	1,191
Total current assets	69,016	88,991
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	38,550	37,393
Accumulated depreciation	(22,324)	(21,952)
Buildings and structures, net	16,226	15,441
Machinery, equipment and vehicles	16,147	14,966
Accumulated depreciation	(13,874)	(12,231)
Machinery, equipment and vehicles, net	2,273	2,734
Tools, furniture and fixtures	6,819	6,819
Accumulated depreciation	(6,093)	(6,165)
Tools, furniture and fixtures, net	725	726
Land	4,313	4,313
Construction in progress	2,422	3,510
Total property, plant and equipment	25,961	26,726
Intangible assets	474	371
Investments and other assets		
Investment securities	15,357	14,400
Net defined benefit asset	-	40
Deferred tax assets	3,226	1,319
Other	1,097	1,141
Total investments and other assets	19,681	16,901
Total noncurrent assets	46,118	43,999
Total assets	115,135	132,991

(Unit: Millions of yen)

	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	12,295	12,256
Short-term loans payable	4,195	3,875
Accounts payable-other	4,790	3,333
Accrued expenses	542	741
Income taxes payable	3,807	8,628
Provision for bonuses	1,291	1,313
Provision for directors' bonuses	69	124
Provision for sales returns	12	524
Provision for sales rebates	383	406
Notes payable-facilities	1,377	1,132
Other	1,604	1,523
<b>Total current liabilities</b>	<b>30,369</b>	<b>33,861</b>
<b>Noncurrent liabilities</b>		
Deferred tax liabilities	121	-
Net defined benefit liability	7,162	8,898
Other	381	356
<b>Total noncurrent liabilities</b>	<b>7,665</b>	<b>9,255</b>
<b>Total liabilities</b>	<b>38,035</b>	<b>43,116</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,853	23,853
Capital surplus	11,406	11,407
Retained earnings	52,932	68,609
Treasury stock	(16,098)	(16,301)
<b>Total shareholders' equity</b>	<b>72,094</b>	<b>87,568</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,478	4,423
Remeasurements of defined benefit plans	(472)	(2,117)
<b>Total accumulated other comprehensive income</b>	<b>5,005</b>	<b>2,306</b>
<b>Total net assets</b>	<b>77,100</b>	<b>89,875</b>
<b>Total liabilities and net assets</b>	<b>115,135</b>	<b>132,991</b>

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

(Unit: Millions of yen)

	Fiscal 2014 (April 1, 2014 – March 31, 2015)	Fiscal 2015 (April 1, 2015 – March 31, 2016)
Net sales	93,889	109,730
Cost of sales	44,760	47,580
Gross profit	49,129	62,149
Reversal of provision for sales returns	6	-
Provision for sales returns	-	512
Gross profit-net	49,136	61,637
Selling, general and administrative expenses		
Salaries	7,580	7,434
Bonuses and provision for bonuses	1,963	2,021
Provision for directors' bonuses	69	124
Retirement benefit expenses	863	700
Research and development expenses	7,615	5,883
Depreciation	300	305
Other	10,112	10,019
Total selling, general and administrative expenses	28,504	26,490
Operating income	20,631	35,146
Non-operating income		
Interest income	8	14
Dividends income	210	217
Other	143	57
Total non-operating income	362	289
Non-operating expenses		
Interest expenses	28	27
Foreign exchange losses	-	32
Amortization of net retirement benefit obligation at transition	524	-
Other	45	10
Total non-operating expenses	599	70
Ordinary income	20,394	35,365
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	69	65
Amortization of long-term prepaid expenses	525	-
Loss on sales of golf club memberships	8	5
Other	0	3
Total extraordinary losses	1,790	73
Income before income taxes	18,611	35,292
Income taxes-current	6,611	11,332
Income taxes-deferred	(123)	2,815
Total income taxes	6,488	14,148
Net income	12,122	21,143
Net income attributable to owners of the parent	12,122	21,143

**(Consolidated statements of comprehensive income)**

(Unit: Millions of yen)

	Fiscal 2014 (April 1, 2014 – March 31, 2015)	Fiscal 2015 (April 1, 2015 – March 31, 2016)
Net income	12,122	21,143
Other comprehensive income		
Valuation difference on available-for-sale securities	3,079	(1,054)
Remeasurements of defined benefit plans	1,404	(1,644)
Total other comprehensive income	4,484	(2,699)
Comprehensive income	16,607	18,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	16,607	18,444

**(3) Consolidated statements of changes in net assets**  
**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 attributable to owners of the parent			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 attributable to owners of the parent				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



**Fiscal 2015 (April 1, 2015 – March 31, 2016)**

(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	11,406	52,932	(16,098)	72,094
Cumulative effects of changes in accounting policies					-
Restated balance	23,853	11,406	52,932	(16,098)	72,094
Changes of items during the period					
Dividends from surplus			(5,467)		(5,467)
Net income attributable to owners of the parent			21,143		21,143
Purchase of treasury stock				(203)	(203)
Disposal of treasury stock		0		0	1
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	15,676	(202)	15,474
Balance at the end of current period	23,853	11,407	68,609	(16,301)	87,568

	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	5,478	(472)	5,005	77,100
Cumulative effects of changes in accounting policies				-
Restated balance	5,478	(472)	5,005	77,100
Changes of items during the period				
Dividends from surplus				(5,467)
Net income attributable to owners of the parent				21,143
Purchase of treasury stock				(203)
Disposal of treasury stock				1
Net changes of items other than shareholders' equity	(1,054)	(1,644)	(2,699)	(2,699)
Total changes of items during the period	(1,054)	(1,644)	(2,699)	12,775
Balance at the end of current period	4,423	(2,117)	2,306	89,875

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

(Unit: Millions of yen)

	Fiscal 2014 (April 1, 2014 – March 31, 2015)	Fiscal 2015 (April 1, 2015 – March 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	18,611	35,292
Depreciation and amortization	2,400	2,242
Increase (decrease) in net defined benefit liability	348	(618)
Increase (decrease) in net defined benefit asset	-	(40)
Interest and dividends income	(219)	(232)
Interest expenses	28	27
Loss on retirement of property, plant and equipment	67	65
Loss (gain) on sales of property, plant and equipment	1,179	-
Decrease (increase) in notes and accounts receivable-trade	(2,841)	(1,664)
Decrease (increase) in inventories	(260)	(1,025)
Increase (decrease) in notes and accounts payable-trade	(1,418)	(38)
Other, net	3,093	(393)
Subtotal	20,990	33,615
Interest and dividends income received	219	232
Interest expenses paid	(28)	(27)
Income taxes (paid) refund	(6,443)	(6,752)
Net cash provided by (used in) operating activities	14,737	27,067
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,954)	(3,124)
Proceeds from sales of property, plant and equipment	1,941	-
Purchase of intangible assets	(74)	(93)
Purchase of investment securities	(3)	(753)
Other, net	565	(134)
Net cash provided by (used in) investing activities	473	(4,105)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(320)
Net decrease (increase) in treasury stock	(3,636)	(201)
Cash dividends paid	(4,263)	(5,463)
Net cash provided by (used in) financing activities	(7,900)	(5,984)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	7,310	16,976
Cash and cash equivalents at beginning of period	17,457	24,767
Cash and cash equivalents at end of period	24,767	41,744