

August 3, 2016

**Consolidated Financial Results for the First Quarter of Fiscal 2016
(Three-Month Period Ended June 30, 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 Submit the Quarterly Securities Report: August 10, 2016
Scheduled Date to Commence Dividends Payment: -
Availability of supplementary briefing material on quarterly results: Available
Schedule of quarterly results briefing session: Not scheduled

(Figures less than one million yen have been omitted)

1. Consolidated Financial Results for the Three-Month Period of Fiscal 2016 (April 1, 2016 to June 30, 2016)

(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 (%)
Three-Month period of fiscal 2016	26,228	(5.1)	8,097	(12.3)	8,217	(12.2)	5,796	(8.0)
Three-Month period of fiscal 2015	27,633	28.7	9,234	126.0	9,362	130.9	6,300	139.5

Note:

Comprehensive income:

Three-Month period of fiscal 2016: ¥ 5,158 million ((20.2) %)

Three-Month period of fiscal 2015: ¥ 6,460 million (121.7 %)

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Three-Month period of fiscal 2016	140.05	-
Three-Month period of fiscal 2015	152.09	-

* 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
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2016	129,410	90,053	69.6
As of March 31, 2016	132,991	89,875	67.6

Reference:

Equity:

As of June 30, 2016: ¥ 90,053 million

As of March 31, 2016: ¥ 89,875 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 2015	-	34.00	-	78.00	-
Fiscal 2016	-				
Fiscal 2016 (Forecast)		75.00	-	75.00	150.00

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 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 “-.”

Additionally, a breakdown of the year-end cash dividends per share for fiscal 2015 is 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)	243.16
Full year	106,100	(3.3)	28,900	(17.8)	29,100	(17.7)	20,800	(1.6)	505.78

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.: None

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

4) Corrections of errors: None

(4) 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

As of June 30, 2016	48,439,730 shares	As of March 31, 2016	48,439,730 shares
As of June 30, 2016	7,315,162 Shares	As of March 31, 2016	7,033,882 Shares
Three-Month period of fiscal 2016	41,391,265 shares	Three-Month period of fiscal 2015	41,425,042 shares

* The Company conducted a reverse stock split to consolidate every two shares of common stock into one share on October 1, 2015. The 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 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 Quarterly 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 Three-Month Period of Fiscal 2016

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2015 (As of March 31, 2016)	Three-Month Period of Fiscal 2016 (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	29,845	23,836
Notes and accounts receivable-trade	29,868	31,279
Securities	11,899	12,899
Merchandise and finished goods	7,399	7,607
Work in process	1,940	1,938
Raw materials and supplies	5,167	4,976
Other	2,870	2,912
Total current assets	88,991	85,450
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,441	17,745
Other, net	11,285	9,080
Total property, plant and equipment	26,726	26,826
Intangible assets	371	343
Investments and other assets		
Investment securities	14,400	14,072
Other	2,501	2,718
Total investments and other assets	16,901	16,790
Total noncurrent assets	43,999	43,959
Total assets	132,991	129,410

(Unit: Millions of yen)

	Fiscal 2015 (As of March 31, 2016)	Three-Month Period of Fiscal 2016 (As of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,256	13,458
Electronically recorded obligations - operating	-	1,023
Short-term loans payable	3,875	3,875
Income taxes payable	8,628	2,710
Provision		
Provision for bonuses	1,313	606
Other provision	1,055	430
Other	6,731	8,229
Total current liabilities	33,861	30,333
Noncurrent liabilities		
Net defined benefit liability	8,898	8,672
Other	356	351
Total noncurrent liabilities	9,255	9,024
Total liabilities	43,116	39,357
Net assets		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,407	11,407
Retained earnings	68,609	71,176
Treasury stock	(16,301)	(18,052)
Total shareholders' equity	87,568	88,384
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,423	3,675
Remeasurements of defined benefit plans	(2,117)	(2,007)
Total accumulated other comprehensive income	2,306	1,668
Total net assets	89,875	90,053
Total liabilities and net assets	132,991	129,410

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Three-month period of fiscal 2015 and 2016)

(Unit: Millions of yen)

	Three-Month Period of Fiscal 2015 (April 1, 2015 – June 30, 2015)	Three-Month Period of Fiscal 2016 (April 1, 2016 – June 30, 2016)
Net sales	27,633	26,228
Cost of sales	11,841	11,192
Gross profit	15,792	15,036
Selling, general and administrative expenses		
Salaries	1,894	1,842
Bonuses and provision for bonuses	453	433
Retirement benefit expenses	175	209
Research and development expenses	1,408	1,899
Other	2,626	2,554
Total selling, general and administrative expenses	6,558	6,938
Operating income	9,234	8,097
Non-operating income		
Interest income	3	1
Dividends income	118	150
Other	16	6
Total non-operating income	138	159
Non-operating expenses		
Interest expenses	6	5
Foreign exchange losses	-	31
Other	2	2
Total non-operating expenses	9	39
Ordinary income	9,362	8,217
Extraordinary loss		
Loss on sales of noncurrent assets	13	12
Loss on sales of golf club memberships	-	17
Other	2	-
Total extraordinary losses	16	29
Income before income taxes	9,346	8,187
Income taxes	3,046	2,390
Net income	6,300	5,796
Net income attributable to owners of the parent	6,300	5,796

(Consolidated statements of comprehensive income)
(Three-month period of fiscal 2015 and 2016)

(Unit: Millions of yen)

	Fiscal 2015 (April 1, 2015 – June 30, 2015)	Fiscal 2016 (April 1, 2016 – June 30, 2016)
Net income	6,300	5,796
Other comprehensive income		
Valuation difference on available-for-sale securities	102	(748)
Remeasurements of defined benefit plans	57	109
Total other comprehensive income	160	(638)
Comprehensive income	6,460	5,158
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,460	5,158