

February 6, 2017

**Consolidated Financial Results for the Third Quarter of Fiscal 2016
(Nine-Month Period Ended December 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>)

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Scheduled Date to Submit the Quarterly Securities Report: February 10, 2017
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 Nine-Month Period of Fiscal 2016 (April 1, 2016 to December 31, 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 (%)
Nine-Month period of fiscal 2016	78,965	(7.6)	24,953	(16.0)	25,232	(15.7)	17,983	(10.7)
Nine-Month period of fiscal 2015	85,431	20.1	29,689	78.7	29,919	81.6	20,134	109.6

Note:

Comprehensive income:

Nine-Month period of fiscal 2016: ¥ 18,782 million ((9.3) %)

Nine-Month period of fiscal 2015: ¥ 20,711 million (77.8 %)

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-Month period of fiscal 2016	437.85	-
Nine-Month period of fiscal 2015	486.14	-

* 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 December 31, 2016	137,108	98,854	72.1
As of March 31, 2016	132,991	89,875	67.6

Reference:

Equity:

As of December 31, 2016: ¥ 98,854 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	-	75.00	-		
Fiscal 2016 (Forecast)				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)
Full year	106,100	(3.3)	28,900	(17.8)	29,100	(17.7)	20,800	(1.6)	508.91

Note: Revision to the business 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	As of December 31, 2016	48,439,730 shares	As of March 31, 2016	48,439,730 shares
2) Number of treasury stock at the period end	As of December 31, 2016	7,567,884 Shares	As of March 31, 2016	7,033,882 shares
3) Average number of shares during the period	Nine-Month period of fiscal 2016	41,072,527 shares	Nine-Month period of fiscal 2015	41,416,610 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 Nine-Month Period of Fiscal 2016

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2015 (As of March 31, 2016)	Nine-Month Period of Fiscal 2016 (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	29,845	24,878
Notes and accounts receivable-trade	29,868	38,907
Securities	11,899	9,899
Merchandise and finished goods	7,399	7,464
Work in process	1,940	2,831
Raw materials and supplies	5,167	5,818
Other	2,870	2,831
Total current assets	88,991	92,632
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,441	17,474
Other, net	11,285	8,944
Total property, plant and equipment	26,726	26,418
Intangible assets	371	388
Investments and other assets		
Investment securities	14,400	15,598
Other	2,501	2,069
Total investments and other assets	16,901	17,668
Total noncurrent assets	43,999	44,476
Total assets	132,991	137,108

(Unit: Millions of yen)

	Fiscal 2015 (As of March 31, 2016)	Nine-Month Period of Fiscal 2016 (As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,256	14,425
Electronically recorded obligations - operating	-	2,124
Short-term loans payable	3,875	3,875
Income taxes payable	8,628	2,330
Provision		
Provision for bonuses	1,313	607
Other provision	1,055	521
Other	6,731	5,881
Total current liabilities	33,861	29,765
Noncurrent liabilities		
Net defined benefit liability	8,898	8,136
Other	356	352
Total noncurrent liabilities	9,255	8,489
Total liabilities	43,116	38,254
Net assets		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,407	11,407
Retained earnings	68,609	80,297
Treasury stock	(16,301)	(19,810)
Total shareholders' equity	87,568	95,748
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,423	4,893
Remeasurements of defined benefit plans	(2,117)	(1,787)
Total accumulated other comprehensive income	2,306	3,105
Total net assets	89,875	98,854
Total liabilities and net assets	132,991	137,108

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

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2015 (April 1, 2015 – December 31, 2015)	Nine-Month Period of Fiscal 2016 (April 1, 2016 – December 31, 2016)
Net sales	85,431	78,965
Cost of sales	36,222	33,911
Gross profit	49,209	45,053
Selling, general and administrative expenses		
Salaries	5,586	5,472
Bonuses and provision for bonuses	1,281	1,289
Retirement benefit expenses	525	629
Research and development expenses	4,392	4,985
Other	7,733	7,723
Total selling, general and administrative expenses	19,519	20,100
Operating income	29,689	24,953
Non-operating income		
Interest income	10	4
Dividends income	215	275
Other	41	39
Total non-operating income	267	318
Non-operating expenses		
Interest expenses	20	16
Foreign exchange losses	7	12
Other	8	10
Total non-operating expenses	36	39
Ordinary income	29,919	25,232
Extraordinary income		
Gain on sales of investment securities	-	252
Total extraordinary income	-	252
Extraordinary loss		
Loss on retirement of noncurrent assets	47	65
Loss on sales of golf club memberships	5	17
Other	3	-
Total extraordinary losses	55	82
Income before income taxes	29,864	25,402
Income taxes	9,729	7,419
Net income	20,134	17,983
Net income attributable to owners of the parent	20,134	17,983

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

(Unit: Millions of yen)

	Nine-Month Period of Fiscal 2015 (April 1, 2015 – December 31, 2015)	Nine-Month Period of Fiscal 2016 (April 1, 2016 – December 31, 2016)
Net income	20,134	17,983
Other comprehensive income		
Valuation difference on available-for-sale securities	405	469
Remeasurements of defined benefit plans	171	329
Total other comprehensive income	577	798
Comprehensive income	20,711	18,782
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,711	18,782