

November 6, 2017

**Consolidated Financial Results for the Second Quarter of Fiscal 2017**  
**(Six-Month Period Ended September 30, 2017 [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: November 13, 2017  
Scheduled Date to Commence Dividends Payment: November 30, 2017  
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 2017 (April 1, 2017 to September 30, 2017)**

**(1) Consolidated Results of Operations (cumulative)**

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)	(Millions of yen)	Change (%)
Six-Month period of Fiscal 2017	49,860	(4.4)	15,335	(4.9)	15,517	(4.4)	10,868	(5.1)
Six-Month period of Fiscal 2016	52,179	(5.1)	16,123	(12.6)	16,238	(12.6)	11,446	(8.3)

Note:

Comprehensive income:

Six-Month period of Fiscal 2017: ¥ 12,254 million [5.7%]

Six-Month period of Fiscal 2016: ¥ 11,597 million [2.6%]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2017	267.56	-
Six-Month period of Fiscal 2016	278.02	-

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2017	148,590	108,406	73.0
As of March 31, 2017	135,060	102,655	76.0

Reference:

Equity:

As of September 30, 2017: ¥ 108,406 million

As of March 31, 2017: ¥ 102,655 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 2016	-	75.00	-	75.00	150.00
Fiscal 2017	-	75.00			
Fiscal 2017 (Forecast)			-	75.00	150.00

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

## 3. Forecast of Consolidated Results for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	101,700	0.2	26,800	(12.7)	27,000	(12.9)	19,100	(13.2)	473.70

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: 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, 2017	48,439,730 shares	As of March 31, 2017	48,439,730 shares
2) Number of treasury stock at the period end	As of September 30, 2017	8,119,177 shares	As of March 31, 2017	7,568,472 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2017	40,621,213 shares	Six-Month period of fiscal 2016	41,173,279 shares

\* These quarterly financial results are outside the scope of quarterly review.

\* 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 Six-Month Period of Fiscal 2017

##### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2016 (As of March 31, 2017)	Six-Month Period of Fiscal 2017 (As of September 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	33,867	41,930
Notes and accounts receivable-trade	28,231	35,956
Marketable securities	9,899	5,599
Merchandise and finished goods	8,004	8,459
Work in process	2,341	3,425
Raw materials and supplies	6,150	5,177
Other	2,000	2,230
Total current assets	90,494	102,780
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,401	17,609
Other, net	8,869	8,811
Total property, plant and equipment	26,271	26,420
Intangible assets	372	419
Investments and other assets		
Investment securities	15,943	17,622
Other assets	1,978	1,347
Total investments and other assets	17,921	18,970
Total non-current assets	44,565	45,810
Total assets	135,060	148,590

(Unit: Millions of yen)

	Fiscal 2016 (As of March 31, 2017)	Six-Month Period of Fiscal 2017 (As of September 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,854	13,036
Electronically recorded obligations-operating	1,307	1,942
Short-term bank loans	3,875	3,875
Income taxes payable	3,049	4,813
Provision		
Provision for bonuses	1,271	1,190
Other provision	548	401
Other	4,113	6,865
<b>Total current liabilities</b>	<b>24,020</b>	<b>32,125</b>
Non-current liabilities		
Net defined benefit liability	8,029	7,706
Other	355	351
<b>Total non-current liabilities</b>	<b>8,384</b>	<b>8,058</b>
<b>Total liabilities</b>	<b>32,405</b>	<b>40,184</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,853	23,853
Capital surplus	11,407	11,407
Retained earnings	84,331	92,134
Treasury stock	(19,813)	(23,251)
<b>Total shareholders' equity</b>	<b>99,778</b>	<b>104,144</b>
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,611	5,775
Remeasurements of defined benefit plans	(1,734)	(1,512)
<b>Total accumulated other comprehensive income</b>	<b>2,876</b>	<b>4,262</b>
<b>Total net assets</b>	<b>102,655</b>	<b>108,406</b>
<b>Total liabilities and net assets</b>	<b>135,060</b>	<b>148,590</b>

**(2) Consolidated statements of income and comprehensive income****(Consolidated statements of income)****(Six-month period of fiscal 2016 and 2017)**

(Unit: Millions of yen)

	Six-Month period of Fiscal 2016 (April 1, 2016 – September 30, 2016)	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)
Net sales	52,179	49,860
Cost of sales	22,281	20,899
Gross profit	29,898	28,960
Selling, general and administrative expenses		
Salaries	3,668	3,592
Bonuses and provision for bonuses	853	838
Retirement benefit expenses	419	420
Research and development expenses	3,627	3,644
Other	5,205	5,129
Total selling, general and administrative expenses	13,774	13,625
Operating profit	16,123	15,335
Non-operating income		
Interest income	3	1
Dividends income	152	172
Other	27	28
Total non-operating income	182	202
Non-operating expenses		
Interest expenses	11	8
Foreign exchange losses	48	4
Other	8	7
Total non-operating expenses	68	20
Ordinary profit	16,238	15,517
Extraordinary loss		
Loss on retirement of non-current assets	47	35
Loss on sales of golf club memberships	17	-
Total extraordinary losses	64	35
Profit before income taxes	16,173	15,481
Income taxes	4,726	4,612
Profit	11,446	10,868
Profit attributable to owners of parent	11,446	10,868

**(Consolidated statements of comprehensive income)**  
**(Six-month period of fiscal 2016 and 2017)**

(Unit: Millions of yen)

	Six-Month period of Fiscal 2016 (April 1, 2016 – September 30, 2016)	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)
Profit	11,446	10,868
Other comprehensive income		
Net unrealized holding gain on securities	(68)	1,163
Remeasurements of defined benefit plans	219	222
Total other comprehensive income	150	1,385
Comprehensive income	11,597	12,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,597	12,254

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

(Unit: Millions of yen)

	Six-Month period of Fiscal 2016 (April 1, 2016 – September 30, 2016)	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)
Net cash provided by (used in) operating activities		
Profit before income taxes	16,173	15,481
Depreciation	903	1,043
Increase (decrease) in net defined benefit liability	(207)	(1)
Interest and dividends income	(155)	(174)
Interest expenses	11	8
Loss on retirement of non-current assets	47	35
Decrease (increase) in notes and accounts receivable-trade	(351)	(7,725)
Decrease (increase) in inventories	(896)	(566)
Increase (decrease) in notes and accounts payable-trade	159	3,817
Other, net	(1,882)	1,833
Subtotal	13,800	13,751
Interest and dividends income received	155	174
Interest paid	(11)	(8)
Income taxes paid, net	(8,245)	(2,831)
Net cash provided by (used in) operating activities	5,699	11,086
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,247)	(497)
Purchase of intangible assets	(40)	(108)
Purchase of investment securities	(751)	(1)
Other, net	(112)	(214)
Net cash provided by (used in) investing activities	(2,151)	(822)
Net cash provided by (used in) financing activities		
Net change in treasury stock	(3,506)	(3,437)
Cash dividends paid	(3,223)	(3,063)
Net cash provided by (used in) financing activities	(6,729)	(6,500)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(3,182)	3,763
Cash and cash equivalents at beginning of period	41,744	43,767
Cash and cash equivalents at end of period	38,562	47,530