

February 1, 2018

**Consolidated Financial Results for the Third Quarter of Fiscal 2017
(Nine-Month Period Ended December 31, 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: February 13, 2018
 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 2017 (April 1, 2017 to December 31, 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 (%)
Nine-Month period of Fiscal 2017	76,891	(2.6)	23,706	(5.0)	24,062	(4.6)	16,859	(6.3)
Nine-Month period of Fiscal 2016	78,965	(7.6)	24,953	(16.0)	25,232	(15.7)	17,983	(10.7)

Note:

Comprehensive income:

Nine-Month period of Fiscal 2017: ¥ 18,481 million [(1.6)%]

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

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-Month period of Fiscal 2017	416.06	-
Nine-Month period of Fiscal 2016	437.85	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2017	149,810	111,604	74.5
As of March 31, 2017	135,060	102,655	76.0

Reference:

Equity:

As of December 31, 2017: ¥ 111,604 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)	473.71

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
- 2) Number of treasury stock at the period end
- 3) Average number of shares during the period

As of December 31, 2017	48,439,730 shares	As of March 31, 2017	48,439,730 shares
As of December 31, 2017	8,120,108 shares	As of March 31, 2017	7,568,472 shares
Nine-Month period of Fiscal 2017	40,520,553 shares	Nine-Month period of Fiscal 2016	41,072,527 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 Nine-Month Period of Fiscal 2017

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2016 (As of March 31, 2017)	Nine-Month Period of Fiscal 2017 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	33,867	37,515
Notes and accounts receivable-trade	28,231	38,935
Marketable securities	9,899	6,599
Merchandise and finished goods	8,004	7,156
Work in process	2,341	4,066
Raw materials and supplies	6,150	6,308
Other	2,000	2,291
Total current assets	90,494	102,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,401	17,464
Other, net	8,869	8,716
Total property, plant and equipment	26,271	26,181
Intangible assets	372	427
Investments and other assets		
Investment securities	15,943	19,053
Other assets	1,978	1,275
Total investments and other assets	17,921	20,328
Total non-current assets	44,565	46,937
Total assets	135,060	149,810

(Unit: Millions of yen)

	Fiscal 2016 (As of March 31, 2017)	Nine-Month Period of Fiscal 2017 (As of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,854	13,785
Electronically recorded obligations-operating	1,307	1,949
Short-term bank loans	3,875	3,875
Income taxes payable	3,049	3,055
Provision		
Provision for bonuses	1,271	592
Other provision	548	530
Other	4,113	6,579
Total current liabilities	24,020	30,368
Non-current liabilities		
Net defined benefit liability	8,029	7,483
Other	355	354
Total non-current liabilities	8,384	7,838
Total liabilities	32,405	38,206
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,407	11,408
Retained earnings	84,331	95,100
Treasury stock	(19,813)	(23,257)
Total shareholders' equity	99,778	107,105
Accumulated other comprehensive income		
Net unrealized holding gain on securities	4,611	5,900
Remeasurements of defined benefit plans	(1,734)	(1,401)
Total accumulated other comprehensive income	2,876	4,498
Total net assets	102,655	111,604
Total liabilities and net assets	135,060	149,810

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2016 (April 1, 2016 – December 31, 2016)	Nine-Month period of Fiscal 2017 (April 1, 2017 – December 31, 2017)
Net sales	78,965	76,891
Cost of sales	33,911	32,484
Gross profit	45,053	44,406
Selling, general and administrative expenses		
Salaries	5,472	5,379
Bonuses and provision for bonuses	1,289	1,255
Retirement benefit expenses	629	633
Research and development expenses	4,985	5,778
Other	7,723	7,651
Total selling, general and administrative expenses	20,100	20,700
Operating profit	24,953	23,706
Other income		
Interest income	4	3
Dividends income	275	301
Other	39	73
Total other income	318	378
Other expenses		
Interest expenses	16	12
Other	22	10
Total other expenses	39	22
Ordinary profit	25,232	24,062
Extraordinary income		
Gain on sales of investment securities	252	-
Total extraordinary income	252	-
Extraordinary losses		
Loss on retirement of non-current assets	65	39
Loss on sales of golf club memberships	17	-
Other	-	11
Total extraordinary losses	82	51
Profit before income taxes	25,402	24,011
Income taxes	7,419	7,152
Profit	17,983	16,859
Profit attributable to owners of parent	17,983	16,859

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2016 (April 1, 2016 – December 31, 2016)	Nine-Month period of Fiscal 2017 (April 1, 2017 – December 31, 2017)
Profit	17,983	16,859
Other comprehensive income		
Net unrealized holding gain on securities	469	1,288
Remeasurements of defined benefit plans	329	333
Total other comprehensive income	798	1,621
Comprehensive income	18,782	18,481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,782	18,481