

August 1, 2018

**Consolidated Financial Results for the First Quarter of Fiscal 2018
(Three-Month Period Ended June 30, 2018) [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: August 10, 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 Three-Month Period of Fiscal 2018 (April 1, 2018 to June 30, 2018)

(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 (%)
Three-Month period of Fiscal 2018	24,135	(3.3)	5,647	(26.2)	5,817	(25.6)	4,035	(26.1)
Three-Month period of Fiscal 2017	24,967	(4.8)	7,649	(5.5)	7,813	(4.9)	5,463	(5.7)

Note:

Comprehensive income:

Three-Month period of Fiscal 2018: ¥ 4,232 million [(32.8) %]

Three-Month period of Fiscal 2017: ¥ 6,300 million [22.1 %]

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Three-Month period of Fiscal 2018	100.16	-
Three-Month period of Fiscal 2017	133.81	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2018	148,763	112,514	75.6
As of March 31, 2018	152,417	113,874	74.7

Reference:

Equity:

As of June 30, 2018: ¥ 112,514 million

As of March 31, 2018: ¥ 113,874 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 2017	-	75.00	-	75.00	150.00
Fiscal 2018	-				
Fiscal 2018 (Forecast)		75.00	-	75.00	150.00

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

3. Forecast of Consolidated Results for Fiscal 2018 (April 1, 2018 to March 31, 2019)

(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)
Six-Month period	47,800	(4.1)	11,700	(23.7)	11,900	(23.3)	8,300	(23.6)	208.10
Full year	94,800	(3.7)	22,500	(18.2)	22,800	(18.1)	16,400	(13.9)	411.18

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 June 30, 2018	48,439,730 shares	As of March 31, 2018	48,439,730 shares
As of June 30, 2018	8,554,945 shares	As of March 31, 2018	8,120,458 shares
Three-Month period of Fiscal 2018	40,288,627 shares	Three-Month period of Fiscal 2017	40,831,327 shares

2) Number of treasury stock at the period end

3) Average number of shares during the period

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

* 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 2018

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Three-Month Period of Fiscal 2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	45,095	40,555
Notes and accounts receivable-trade	33,315	33,545
Marketable securities	7,599	7,599
Merchandise and finished goods	7,178	7,350
Work in process	3,986	3,848
Raw materials and supplies	5,487	5,526
Other	1,197	1,010
Allowance for doubtful accounts	-	(0)
Total current assets	103,859	99,437
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,274	17,173
Other, net	8,866	9,281
Total property, plant and equipment	26,141	26,454
Intangible assets	552	531
Investments and other assets		
Investment securities	18,488	18,678
Other	3,375	3,661
Total investments and other assets	21,863	22,339
Total non-current assets	48,557	49,326
Total assets	152,417	148,763

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Three-Month Period of Fiscal 2018 (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,204	11,225
Electronically recorded obligations-operating	1,248	2,162
Short-term bank loans	3,875	3,875
Income taxes payable	5,097	2,069
Provision		
Provision for bonuses	1,242	594
Other Provision	444	370
Other	7,289	8,636
Total current liabilities	31,401	28,933
Non-current liabilities		
Net defined benefit liability	6,787	6,612
Other	354	702
Total non-current liabilities	7,141	7,315
Total liabilities	38,543	36,249
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,408	11,408
Retained earnings	97,284	98,296
Treasury stock	(23,259)	(25,828)
Total shareholders' equity	109,287	107,729
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,510	5,642
Remeasurements of defined benefit plans	(923)	(857)
Total accumulated other comprehensive income	4,587	4,784
Total net assets	113,874	112,514
Total liabilities and net assets	152,417	148,763

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)
(Three-month period of fiscal 2017 and 2018)

(Unit: Millions of yen)

	Three-Month period of Fiscal 2017 (April 1, 2017 – June 30, 2017)	Three-Month period of Fiscal 2018 (April 1, 2018 – June 30, 2018)
Net sales	24,967	24,135
Cost of sales	10,520	10,167
Gross profit	14,447	13,967
Selling, general and administrative expenses		
Salaries	1,805	1,741
Bonuses and provision for bonuses	419	417
Retirement benefit expenses	210	158
Research and development expenses	1,836	3,579
Other	2,526	2,422
Total selling, general and administrative expenses	6,798	8,319
Operating profit	7,649	5,647
Other income		
Interest income	0	1
Dividends income	170	179
Other	8	5
Total other income	179	186
Other expenses		
Interest expenses	4	4
Foreign exchange losses	6	8
Other	4	3
Total other expenses	15	16
Ordinary profit	7,813	5,817
Extraordinary losses		
Loss on retirement of non-current assets	33	29
Loss on sales of golf club memberships	-	4
Total extraordinary losses	33	34
Profit before income taxes	7,780	5,782
Income taxes	2,317	1,747
Profit	5,463	4,035
Profit attributable to owners of parent	5,463	4,035

(Consolidated statements of comprehensive income)
(Three-month period of fiscal 2017 and 2018)

(Unit: Millions of yen)

	Three-Month period of Fiscal 2017 (April 1, 2017 – June 30, 2017)	Three-Month period of Fiscal 2018 (April 1, 2018 – June 30, 2018)
Profit	5,463	4,035
Other comprehensive income		
Net unrealized holding gain on securities	725	131
Remeasurements of defined benefit plans	111	65
Total other comprehensive income	836	197
Comprehensive income	6,300	4,232
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,300	4,232