

November 6, 2018

**Consolidated Financial Results for the Second Quarter of Fiscal 2018  
(Six-Month Period Ended September 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>)  
 Representative: Tetsuo Onuma, President and Representative Director  
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 Scheduled Date to Submit the Quarterly Securities Report: November 12, 2018  
 Scheduled Date to Commence Dividends Payment: November 30, 2018  
 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 2018 (April 1, 2018 to September 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 (%)
Six-Month period of Fiscal 2018	47,521	(4.7)	12,356	(19.4)	12,536	(19.2)	8,840	(18.7)
Six-Month period of Fiscal 2017	49,860	(4.4)	15,335	(4.9)	15,517	(4.4)	10,868	(5.1)

Note:

Comprehensive income:

Six-Month period of Fiscal 2018: ¥ 9,848 million [(19.6) %]

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

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Six-Month period of Fiscal 2018	220.84	-
Six-Month period of Fiscal 2017	267.56	-

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2018	152,434	117,180	76.9
As of March 31, 2018	152,417	113,874	74.7

Reference:

Equity:

As of September 30, 2018: ¥ 117,180 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	-	75.00			
Fiscal 2018 (Forecast)			-	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)
Full year	94,800	(3.7)	22,500	(18.2)	22,800	(18.1)	16,400	(13.9)	412.90

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, 2018	48,439,730 shares	As of March 31, 2018	48,439,730 shares
2) Number of treasury stock at the period end	As of September 30, 2018	8,720,976 shares	As of March 31, 2018	8,120,458 shares
3) Average number of shares during the period	Six-Month period of Fiscal 2018	40,030,338 shares	Six-Month period of Fiscal 2017	40,621,213 shares

\* 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 Six-Month Period of Fiscal 2018

##### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Six-Month Period of Fiscal 2018 (As of September 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	45,095	44,376
Notes and accounts receivable-trade	33,315	32,748
Marketable securities	7,599	7,599
Merchandise and finished goods	7,178	6,712
Work in process	3,986	3,619
Raw materials and supplies	5,487	5,919
Other	1,197	1,123
Allowance for doubtful accounts	-	(0)
Total current assets	103,859	102,099
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,274	17,036
Other, net	8,866	9,457
Total property, plant and equipment	26,141	26,493
Intangible assets	552	533
Investments and other assets		
Investment securities	18,488	19,753
Other	3,375	3,553
Total investments and other assets	21,863	23,307
Total non-current assets	48,557	50,335
Total assets	152,417	152,434

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Six-Month Period of Fiscal 2018 (As of September 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,204	10,080
Electronically recorded obligations-operating	1,248	1,730
Short-term bank loans	3,875	3,875
Income taxes payable	5,097	4,145
Provision		
Provision for bonuses	1,242	1,171
Other provision	444	334
Other	7,289	6,789
Total current liabilities	31,401	28,128
Non-current liabilities		
Net defined benefit liability	6,787	6,455
Other	354	671
Total non-current liabilities	7,141	7,126
Total liabilities	38,543	35,254
<b>Net assets</b>		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,408	11,408
Retained earnings	97,284	103,101
Treasury stock	(23,259)	(26,778)
Total shareholders' equity	109,287	111,584
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,510	6,387
Remeasurements of defined benefit plans	(923)	(792)
Total accumulated other comprehensive income	4,587	5,595
Total net assets	113,874	117,180
Total liabilities and net assets	152,417	152,434

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

(Unit: Millions of yen)

	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)
Net sales	49,860	47,521
Cost of sales	20,899	19,977
Gross profit	28,960	27,543
Selling, general and administrative expenses		
Salaries	3,592	3,456
Bonuses and provision for bonuses	838	821
Retirement benefit expenses	420	317
Research and development expenses	3,644	5,708
Other	5,129	4,883
Total selling, general and administrative expenses	13,625	15,187
Operating profit	15,335	12,356
Other income		
Interest income	1	3
Dividends income	172	182
Other	28	31
Total other income	202	216
Other expenses		
Interest expenses	8	8
Foreign exchange losses	4	14
Other	7	13
Total other expenses	20	36
Ordinary profit	15,517	12,536
Extraordinary income		
Other	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	35	40
Loss on sales of golf club memberships	-	4
Total extraordinary losses	35	45
Profit before income taxes	15,481	12,491
Income taxes	4,612	3,651
Profit	10,868	8,840
Profit attributable to owners of parent	10,868	8,840

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

(Unit: Millions of yen)

	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)
Profit	10,868	8,840
Other comprehensive income		
Net unrealized holding gain on securities	1,163	876
Remeasurements of defined benefit plans	222	131
Total other comprehensive income	1,385	1,008
Comprehensive income	12,254	9,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,254	9,848

### (3) Consolidated statements of cash flows

(Unit: Millions of yen)

	Six-Month period of Fiscal 2017 (April 1, 2017 – September 30, 2017)	Six-Month period of Fiscal 2018 (April 1, 2018 – September 30, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	15,481	12,491
Depreciation	1,043	1,036
Increase (decrease) in net defined benefit liability	(1)	(142)
Interest and dividends income	(174)	(185)
Interest expenses	8	8
Loss on retirement of non-current assets	35	40
Decrease (increase) in notes and accounts receivable-trade	(7,725)	566
Decrease (increase) in inventories	(566)	400
Increase (decrease) in notes and accounts payable-trade	3,817	(1,641)
Other, net	1,833	(1,055)
Subtotal	13,751	11,518
Interest and dividends income received	174	185
Interest paid	(8)	(8)
Income taxes paid, net	(2,831)	(4,655)
Net cash provided by (used in) operating activities	11,086	7,040
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(497)	(613)
Purchase of intangible assets	(108)	(154)
Purchase of investment securities	(1)	(1)
Other, net	(214)	(448)
Net cash provided by (used in) investing activities	(822)	(1,217)
<b>Cash flows from financing activities</b>		
Net change in treasury stock	(3,437)	(3,519)
Cash dividends paid	(3,063)	(3,021)
Net cash provided by (used in) financing activities	(6,500)	(6,541)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	3,763	(718)
Cash and cash equivalents at beginning of period	43,767	52,694
Cash and cash equivalents at end of period	47,530	51,976