

February 1, 2019

**Consolidated Financial Results for the Third Quarter of Fiscal 2018
(Nine-Month Period Ended December 31, 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
 Contact: Masashi Suzudo, General Manager of General Affairs Department
 Telephone: +81-3-5977-5002
 Scheduled Date to Submit the Quarterly Securities Report: February 13, 2019
 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 2018 (April 1, 2018 to December 31, 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 (%)
Nine-Month period of Fiscal 2018	72,584	(5.6)	19,903	(16.0)	20,254	(15.8)	14,247	(15.5)
Nine-Month period of Fiscal 2017	76,891	(2.6)	23,706	(5.0)	24,062	(4.6)	16,859	(6.3)

Note:

Comprehensive income:

Nine-Month period of Fiscal 2018: ¥ 13,901 million [(24.8)%]

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

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Nine-Month period of Fiscal 2018	356.84	-
Nine-Month period of Fiscal 2017	416.06	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2018	151,483	118,252	78.1
As of March 31, 2018	152,417	113,874	74.7

Reference:

Equity:

As of December 31, 2018: ¥ 118,252 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)	412.91

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: 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 December 31, 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 December 31, 2018	8,721,312 shares	As of March 31, 2018	8,120,458 shares
3) Average number of shares during the period	Nine-Month period of Fiscal 2018	39,926,092 shares	Nine-Month period of Fiscal 2017	40,520,553 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 Nine-Month Period of Fiscal 2018

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Nine-Month Period of Fiscal 2018 (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	45,095	42,032
Notes and accounts receivable-trade	33,315	34,598
Marketable securities	7,599	9,599
Merchandise and finished goods	7,178	6,459
Work in process	3,986	3,211
Raw materials and supplies	5,487	5,382
Other	1,197	1,254
Allowance for doubtful accounts	-	(0)
Total current assets	103,859	102,537
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,274	17,584
Other, net	8,866	9,034
Total property, plant and equipment	26,141	26,618
Intangible assets	552	548
Investments and other assets		
Investment securities	18,488	17,707
Other	3,375	4,071
Total investments and other assets	21,863	21,778
Total non-current assets	48,557	48,946
Total assets	152,417	151,483

(Unit: Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	Nine-Month Period of Fiscal 2018 (As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,204	10,665
Electronically recorded obligations-operating	1,248	1,886
Short-term bank loans	3,875	3,875
Income taxes payable	5,097	1,997
Provision		
Provision for bonuses	1,242	592
Other provision	444	442
Other	7,289	6,880
Total current liabilities	31,401	26,339
Non-current liabilities		
Net defined benefit liability	6,787	6,270
Other	354	621
Total non-current liabilities	7,141	6,892
Total liabilities	38,543	33,231
Net assets		
Shareholders' equity		
Common stock	23,853	23,853
Capital surplus	11,408	11,408
Retained earnings	97,284	105,529
Treasury stock	(23,259)	(26,780)
Total shareholders' equity	109,287	114,010
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,510	4,967
Remeasurements of defined benefit plans	(923)	(726)
Total accumulated other comprehensive income	4,587	4,241
Total net assets	113,874	118,252
Total liabilities and net assets	152,417	151,483

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2017 (April 1, 2017 – December 31, 2017)	Nine-Month period of Fiscal 2018 (April 1, 2018 – December 31, 2018)
Net sales	76,891	72,584
Cost of sales	32,484	30,775
Gross profit	44,406	41,809
Selling, general and administrative expenses		
Salaries	5,379	5,156
Bonuses and provision for bonuses	1,255	1,240
Retirement benefit expenses	633	475
Research and development expenses	5,778	7,744
Other	7,651	7,287
Total selling, general and administrative expenses	20,700	21,905
Operating profit	23,706	19,903
Other income		
Interest income	3	4
Dividends income	301	343
Other	73	64
Total other income	378	412
Other expenses		
Interest expenses	12	13
Foreign exchange losses	0	26
Other	9	21
Total other expenses	22	61
Ordinary profit	24,062	20,254
Extraordinary income		
Other	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	39	27
Loss on sale of golf club membership	-	4
Other	11	-
Total extraordinary losses	51	32
Profit before income taxes	24,011	20,222
Income taxes	7,152	5,975
Profit	16,859	14,247
Profit attributable to owners of parent	16,859	14,247

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

(Unit: Millions of yen)

	Nine-Month period of Fiscal 2017 (April 1, 2017 – December 31, 2017)	Nine-Month period of Fiscal 2018 (April 1, 2018 – December 31, 2018)
Profit	16,859	14,247
Other comprehensive income		
Net unrealized holding gain on securities	1,288	(542)
Remeasurements of defined benefit plans	333	197
Total other comprehensive income	1,621	(345)
Comprehensive income	18,481	13,901
Total comprehensive income attributable to Owners of parent	18,481	13,901