

## First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)

Nine months ended December 31, 2004

# ONO PHARMACEUTICAL CO., LTD.

February 4, 2005

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for nine months ended December 31, 2004.

This First-Third Quarter Flash Report 2005 (unaudited) is a summary information extracted from financial statements announced, and the financial statements contained herein are prepared for the reference only for the convenience of readers outside Japan with certain modifications and reclassifications made from the original financial statements presented in Japanese language.

## Financial Highlights

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

	(Note) All yen amounts are rounded down to the nearest million yen.			
	Millions of yen			Thousands of US\$ (Note 3)
	1st-3rd Quarter 9 months ended Dec 31 2004	1st-3rd Quarter 9 months ended Dec 31 2003	Annual 12 months ended Mar 31 2004	1st-3rd Quarter 9 months ended Dec 31 2004
Net sales	¥ 112,751	¥ 109,626	¥ 139,383	\$ 1,084,144
Net income	32,106	—	30,931	308,711
Shareholders' equity	381,407	—	357,418	3,667,375
Total assets	424,634	—	413,049	4,083,019
		Yen		US\$
Net income per common share	¥ 273.33	¥ —	¥ 261.84	\$ 2.63

## First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)

Nine months ended December 31, 2004

### Consolidated Balance Sheets

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

(Note) All amounts are rounded down to the nearest million yen.

ASSETS	Millions of yen			Thousands of US\$ (Note 3)
	1st-3rd Quarter December 31 2004	1st-3rd Quarter December 31 2003	Annual March 31 2004	1st-3rd Quarter December 31 2004
<b>Current assets</b>				
Cash and bank deposits	¥ 30,752	¥ —	¥ 14,867	\$ 295,692
Notes and accounts receivable	52,396	—	40,286	503,807
Marketable securities	84,699	—	100,383	814,413
Inventories	8,637	—	10,093	83,048
Others	14,877	—	14,293	143,048
Allowance for doubtful receivables	(1,204)	—	(964)	(11,576)
<b>Total current assets</b>	<b>190,159</b>	<b>—</b>	<b>178,960</b>	<b>1,828,451</b>
<b>Property, plant and equipment</b>				
Land	22,726	—	22,726	218,519
Buildings and structures	30,100	—	31,653	289,423
Machinery and equipment	6,836	—	4,623	65,730
Construction in progress	281	—	2,875	2,701
<b>Net property, plant and equipment</b>	<b>59,944</b>	<b>—</b>	<b>61,879</b>	<b>576,384</b>
<b>Investments and other assets</b>				
Investment securities	163,024	—	161,587	1,567,538
Intangible assets	1,442	—	1,462	13,865
Others	10,063	—	9,159	96,759
<b>Total investments and other assets</b>	<b>174,530</b>	<b>—</b>	<b>172,209</b>	<b>1,678,173</b>
<b>Total assets</b>	<b>¥ 424,634</b>	<b>¥ —</b>	<b>¥ 413,049</b>	<b>\$ 4,083,019</b>

(Note) All amounts are rounded down to the nearest million yen.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen			Thousands of US\$ (Note 3)
	1st-3rd Quarter December 31 2004	1st-3rd Quarter December 31 2003	Annual March 31 2004	1st-3rd Quarter December 31 2004
<b>Current liabilities</b>				
Current portion of long-term debt	¥ 6	¥ —	¥ 6	\$ 57
Notes and accounts payable	3,058	—	3,052	29,403
Income taxes	8,448	—	17,975	81,230
Others	11,858	—	13,864	114,019
<b>Total current liabilities</b>	<b>23,371</b>	<b>—</b>	<b>34,898</b>	<b>224,721</b>
<b>Long-term liabilities</b>				
Long-term debt, less current portion	93	—	101	894
Accrued retirement benefits	16,756	—	18,576	161,115
Others	884	—	3	8,500
<b>Total long-term liabilities</b>	<b>17,735</b>	<b>—</b>	<b>18,681</b>	<b>170,528</b>
<b>Minority interests</b>	<b>2,120</b>	<b>—</b>	<b>2,050</b>	<b>20,384</b>
<b>Shareholders' equity</b>				
Common stock	17,358	—	17,358	166,903
Additional paid-in capital	17,002	—	17,002	163,480
Retained earnings	357,022	—	330,298	3,432,903
Revaluation surplus of land	(3,685)	—	(3,685)	(35,432)
Unrealized gain on securities (*)	15,948	—	17,048	153,346
Translation adjustments	21	—	(13)	201
Less, treasury stock	(22,260)	—	(20,590)	(214,038)
<b>Total shareholders' equity</b>	<b>381,407</b>	<b>—</b>	<b>357,418</b>	<b>3,667,375</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 424,634</b>	<b>¥ —</b>	<b>¥ 413,049</b>	<b>\$ 4,083,019</b>

(\*) Unrealized gain on securities classified as available for sale, net of tax

**First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)**  
**Nine months ended December 31, 2004**

**Consolidated Statements of Income**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

(Note) All amounts are rounded down to the nearest million yen.

	Millions of yen			Thousands of US\$ (Note 3)
	1st-3rd Quarter 9 months ended Dec 31 2004	1st-3rd Quarter 9 months ended Dec 31 2003	Annual 12 months ended Mar 31 2004	1st-3rd Quarter 9 months ended Dec 31 2004
<b>Net sales</b>	¥ 112,751	¥ 109,626	¥ 139,383	\$ 1,084,144
<b>Cost of sales</b>	15,891	—	20,165	152,798
Gross profit	96,859	—	119,218	931,336
<b>Selling, general and administrative expenses</b>	47,524	—	64,706	456,961
Operating income	49,335	—	54,511	474,375
<b>Other income (expenses)</b>				
Interest and dividend income	1,266	—	1,360	12,173
Interest expenses	(1)	—	(5)	(9)
Other, net	3,958	—	(941)	38,057
	5,223	—	413	50,221
Income before income taxes and minority interests	54,559	—	54,925	524,605
<b>Income taxes</b>	22,264	—	23,765	214,076
Income before minority interests	32,295	—	31,159	310,528
<b>Minority interests</b>	(189)	—	(228)	(1,817)
<b>Net income</b>	¥ 32,106	¥ —	¥ 30,931	\$ 308,711
	Yen			US\$
<b>Amounts per common share</b>				
Net income	¥ 273.33	¥ —	¥ 261.84	\$ 2.63
Cash dividends applicable to the period	¥ 0.00	¥ —	¥ 45.00	\$ 0.00

## **First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)**

**Nine months ended December 31, 2004**

### **Notes to Consolidated Financial Statements**

**Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries**

- Note 1 This First-Third Quarter Flash Report 2005 (unaudited) is a summary information extracted from the financial statements announced by the Company on February 4, 2005. The financial statements announced have been prepared and stated in accordance with accounting principles generally accepted in Japan. The financial statements and figures contained in this First-Third Quarter Flash Report 2005 (unaudited) are prepared for reference only for the convenience of readers outside Japan with certain modifications and reclassifications made from the original financial statements presented in Japanese language.
- Note 2 All amounts expressed herein in millions of Japanese yen are rounded down to the nearest million yen, which are to follow the basis of presentation in the above original announcement.
- Note 3 U.S. Dollar amounts herein are given solely for the convenience of readers outside Japan and are stated, as a matter of arithmetical computation only, at the rate of Japanese yen 104 = US\$ 1, the approximate exchange rate prevailing on December 31, 2004.

## First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)

Nine months ended December 31, 2004

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

### Sales of Major Products

Supplemental Data

For information purpose only

(Note) All amounts are rounded down to the nearest hundred million yen.

		Hundred Millions of yen		
		1st-3rd Quarter 9 months ended Dec 31 2004	1st-3rd Quarter 9 months ended Dec 31 2003	Annual 12 months ended Mar 31 2004
<b>Opalmon</b>	Circulatory system agent	¥ 220	¥ 181	¥ 234
<b>Kinedak</b>	Agent for diabetic peripheral neuropathy	183	184	228
<b>Onon</b>	Agent for bronchial asthma and allergic rhinitis	181	178	231
<b>Foipan</b>	Agent for chronic pancreatitis and postoperative reflux esophagitis	129	131	164
<b>Cataclot</b>	Agent for (acute phase ) cerebral thrombosis and cerebrovascular spasms	66	77	93
<b>Onon dry syrup</b>	Agent for pediatric bronchial asthma	63	50	66
<b>Prostandin</b>	Circulatory system agent	62	67	84
<b>FOY 500</b>	Agent for DIC	45	49	61
<b>Elaspol</b>	Agent for acute lung injury associated with SIRS	35	26	35
<b>Prostandin 500</b>	Agent for perioperative hypotension	21	23	28
<b>FOY</b>	Agent for pancreatitis and DIC	18	20	24
<b>Onoact</b>	Agent for tachyarrhythmia during operation	3	2	3
Total		¥ 1,032	¥ 994	¥ 1,256
Percentage to total net sales		92%	91%	90%

# First-Third Quarter (April 1 – December 31, 2004) Flash Report (unaudited)

Nine months ended December 31, 2004

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

## Supplemental Information

# Status of Development Pipeline

as of February 4, 2005

## Developments in Japan

### *Awaiting manufacturing approval:*

- **Onoact<sup>®</sup> for Injection**  
Landiolol hydrochloride for postoperative tachyarrhythmias [short-acting  $\beta_1$  blocker]
- **Staybla<sup>®</sup> Tablets (ONO-8025)/ KRP-197**  
Overactive bladder (pollakiuria and urinary incontinence) [ $M_3$  muscarinic receptor blocker]

### *Ongoing clinical studies:*

#### New chemical entities:

- **Onobis<sup>®</sup> Tablets (ONO-5920)/ YM529**  
Osteoporosis (tablet, Phase III) [bone resorption inhibitor (bisphosphonate)]
- **Proglia<sup>®</sup> for Injection (ONO-2506)<sup>\*1\*2</sup>**  
Acute ischemic stroke (injection, Phase II) [neuroprotective effect (astrocyte modulator)]
- **ONO-5435/MK-0431<sup>\*2</sup>**  
Diabetes mellitus (tablet, Phase II) [DP-IV inhibitor]
- **ONO-4819•CD**  
Vertebral fracture (injection, Phase II) [EP4 agonist]
- **ONO-6126**  
Bronchial asthma (tablet, Phase II) [PDE4 inhibitor]
- **Cereact<sup>®</sup> Capsules (ONO-2506PO)**  
Parkinson's disease (capsule, Phase II) [neuroprotective effect]
- **ONO-7436/MK-0869<sup>\*2</sup>**  
Cancer chemotherapy-induced nausea and vomiting (capsules, Phase I) [ $NK_1$  antagonist]
- **ONO-8815Ly**  
Imminent premature labor (injection, Phase I) [EP2 agonist]
- **ONO-4817**  
Inflammatory bowel disease and osteoarthritis (tablet, Phase I) [MMP inhibitor]
- **ONO-5129**  
Diabetes mellitus (tablet, Phase I) [dual agonist of PPAR $\alpha$  and PPAR $\gamma$ ]

### *Ongoing clinical studies:*

#### Additional indications:

- **Onon<sup>®</sup> Dry Syrup**  
Pranlukast hydrate for pediatric allergic rhinitis (Phase II/III) [LTC $_4$  and LTD $_4$  antagonist]

- **Onon<sup>®</sup> Capsules**

Pranlukast hydrate for chronic sinusitis (Phase II)  
Pranlukast hydrate for chronic obstructive pulmonary disease (Phase II) [LTC $_4$  and D $_4$  antagonist]

## Developments abroad

### *Ongoing clinical studies:*

- **Proglia<sup>®</sup> for Injection (ONO-2506)**  
Acute ischemic stroke (injection, Phase II) [neuroprotective effect (astrocyte modulator)]
- **ONO-4128 (873140, out-licensed to GlaxoSmithKline)**  
HIV/AIDS (oral, Phase II) [CCR5 receptor antagonist]
- **ONO-6126**  
Bronchial asthma (tablet, Phase II)  
Chronic obstructive pulmonary disease (tablet, Phase II) [PDE4 inhibitor]
- **Cereact<sup>®</sup> Capsules (ONO-2506PO)**  
Amyotrophic lateral sclerosis (ALS) (capsule, Phase II)  
Alzheimer's disease (capsule, Phase II) [neuroprotective effect (astrocyte modulator)]
- **ONO-8815Ly**  
Imminent premature labor (injection, clinical pharmacology study) [EP2 agonist]
- **ONO-4817**  
Inflammatory bowel disease and osteoarthritis (tablet, Phase I) [MMP inhibitor]
- **ONO-4127Na**  
Allergic rhinitis (tablet, Phase I) [DP antagonist]
- **ONO-5129**  
Diabetes mellitus (tablet, Phase I) [dual agonist of PPAR $\alpha$  and PPAR $\gamma$ ]
- **ONO-2333Ms**  
Depression and anxiety disorder (tablet, Phase I) [CRF receptor antagonist]

\*: Changes from the Semi-annual Flash Report for the fiscal year ending March, 2005 (announced on November 9, 2004).

\*1: Analysis of the Phase II study was completed. The clinical development plan is currently being prepared.

\*2: Ono signed an agreement with Merck & Co., Inc. in November 2004 to out-license Proglia<sup>®</sup> for Injection (ONO-2506 injectable formulation). Under this arrangement, Ono granted Merck an exclusive license for development and marketing of ONO-2506 injectable formulation in countries around the world excluding Japan, South Korea and Taiwan. In connection with the license, Ono is granted from Merck co-development and co-marketing rights to ONO-5435/MK-0431 with Banyu Pharmaceutical Co., Ltd. in Japan and exclusive rights to develop and market ONO-7436/MK-0869 in Japan.