



5th August, 2004

FY 3/2005 First Quarter Consolidated Financial Results

Company name : **ONO PHARMACEUTICAL CO., LTD**
(URL <http://www.ono.co.jp>)

Stock exchanges on which the shares are listed : Section 1 of Tokyo and Osaka

Code number : 4528

Representative : Kimiichiro Matsumoto, President and Representative Director

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1. Matter concerning the preparation for quarterly financial statements

(1) Application of abbreviated accounting methods : Yes

Taxes ... Provision for income taxes are calculated by multiplication of income before income taxes and minority interests, and tax rate envisaged for the half year of 3/2005.

Inventories ... Periodic inventory check has not been exercised. (Continuous inventory method is applied.)

(2) Recent changes in accounting methods : None

(3) Changes in scope of consolidation and equity method : None

2. Results of FY 3/2005 First Quarter (1st April, 2004 through 30th June, 2004)

(1) Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 3/2005 First Quarter	36,724	1.1	17,469	-	18,228	-	12,746	-
FY 3/2004 First Quarter	36,334	-	-	-	-	-	-	-
FY 3/2004	139,383		54,511		56,023		30,931	

	Net income per share ; basic	Net income per share ; diluted
	Yen	Yen
FY 3/2005 First Quarter	108.47	-
FY 3/2004 First Quarter	-	-
FY 3/2004	261.84	-

Note:

* Regarding net sales, the figures shown by % mean percentage of changes from the corresponding period of the previous year.

* Only net sales were disclosed as for FY 3/2004 First Quarter, accordingly, other financial results are not announced on this statement.

[Summary of Consolidated Financial Results of FY 3/2005 First Quarter]

(a) Net sales

Net sales of this First Quarter grew 1.1% over the previous period to 36,724 million yen by energetically conducting marketing activities and organizing academic conferences or symposia in relation to our main products.

{Sales of main products}

•Sales of Opalmon® tablets, which obtained an additional indication in April 2001 for subjective symptoms (pain and numbness of the lower legs) and intermittent claudication associated with lumbar spinal canal stenosis, increased 1,400 million yen (24%) over the previous period to 7,000 million yen. Sales of Onon® dry syrup (for pediatric bronchial asthma) also showed steady growth and grew 600 million yen (39%) over the previous period to 2,000 million yen.

•Sales of Elaspol® for injection, launched last year firstly in the world for the treatment of acute lung injury associated with SIRS, increased 300 million yen (33%) over the previous period to 1,100 million yen by constantly creating unprecedented new market.

•Sales performance of Onon® capsules for asthma and allergic rhinitis, and Kinedak® tablets for diabetic neuropathy lived up to our expectations.

•On the other hand, sales of Cataclot® for injection (for the treatment of dyskinesia associated with acute cerebral thrombosis) decreased 500 million yen (17%) to 2,100 million yen due to fierce competition with generics.

(b) Profits

•Cost of sales, and selling, general and administrative expenses were, as originally estimated, 4,927 million yen and 14,326 million yen respectively. Consequently, operating income marked 17,469 million yen.

•R&D expenses increased 2% over the previous period by aggressively conducting clinical trials in and outside Japan, however, booked merely 6,157 million yen (19.5% of the estimation for the fiscal year) due to return of a portion of co-development costs made by a partner during this First Quarter. It should be noted that our R&D activities are progressing in line with our original plan, however, major expenditures such as outsourcing fees for clinical trials to be conducted in and outside Japan will be booked after the Second Quarter as being so done every year. Accordingly, it shall be sensible to state that R&D expenses for this First Quarter show a reasonable figure .

•Ordinary income was 18,228 million yen with allocation of 658 million yen as other income which includes but not limited to interest and dividend income.

•Extraordinary income was recognized since 3,589 million yen was booked for proceeds from sale of investment securities, while extraordinary expenses of 372 million yen for unrecognized actuarial loss on pension plans and retirement benefit cost were allocated, which brought about the balance of 3,217 million yen.

•As a result, net income of this First Quarter marked 12,746 million yen.

(c) Progression rate of operating results for the fiscal year are as follows;

Net sales:26.1% , Operating income:32.0% , Ordinary income:32.7% , Net income:37.2%

(2)Consolidated financial position

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

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 3/2005 First Quarter	412,481	364,339	88.3	3,102.12
FY 3/2004 First Quarter	-	-	-	-
FY 3/2004	413,049	357,418	86.5	3,033.27

Note:

* No quarterly financial position has been disclosed so far, accordingly, the position of the previous period is not announced on this statement.

[Summary of Consolidated Financial position of FY 3/2005 First Quarter]

- Total assets decreased 567 million yen over the previous year to 412,481 million yen.
- Current assets decreased 6,080 million yen over the previous year to 172,879 million yen since marketable securities decreased 18,720 million yen due to such as reimbursements, while cash and bank deposits, and notes and accounts receivable increased 5,054 million yen and 6,705 million yen respectively.
- Fixed assets increased 5,512 million yen over the previous year to 239,602 million yen since the value of investment securities increased 6,783 million yen due to upturn in the stock markets and purchases of new securities.
- Liabilities decreased 7,549 million yen over the previous year to 46,030 million yen due to payments of taxes (i.e. corporate tax).
- Shareholders' equity increased 6,920 million yen over the previous year to 364,339 million yen since net income of 12,746 million yen and 1,192 million yen of net unrealized gain on securities were booked for this First Quarter, while dividend payments (5,298 million yen) and purchases of treasury stock (1,636 million yen) were made.

○Appendices :

(Summary) Quarterly consolidated balance sheets , (Summary) Quarterly consolidated statements of income , Sales of main products, Status of Development Pipeline

(Reference.1) FY 3/2005 First Quarter Unconsolidated Financial Results

(1)Unconsolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 3/2005 First Quarter	36,447	1.0	17,283	-	17,941	-	12,677	-
FY 3/2004 First Quarter	36,077	-	-	-	-	-	-	-
FY 3/2004	138,099		53,851		55,327		30,645	

	Net income per share ; basic		Net income per share ; diluted	
	Yen		Yen	
FY 3/2005 First Quarter	107.85		-	
FY 3/2004 First Quarter	-		-	
FY 3/2004	259.33		-	

Note:

* Regarding net sales, the figures shown by % mean percentage of changes from the corresponding period of the previous year.

* Only net sales were disclosed as for FY 3/2004 First Quarter, accordingly, other financial results are not announced on this statement.

(2)Unconsolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 3/2005 First Quarter	407,035	362,008	88.9	3,081.27
FY 3/2004 First Quarter	-	-	-	-
FY 3/2004	407,594	355,174	87.1	3,013.25

Note:

*No quarterly financial position has been disclosed so far, accordingly, the position of the previous period is not announced on this statement.

(Reference.2) Forecast of FY 3/2005 consolidated financial results

No amendment has been made for both consolidated and unconsolidated financial results of FY 3/2005.

{Consolidated}

	Net sales		Ordinary income	Net income
	Million yen		Million yen	Million yen
Half year	70,500		27,300	18,100
Full year	140,800		55,700	34,300

Note:

*Net income per share for the full year : 292.04 yen (Net income per share is calculated based on the number of common stock outstanding at the end of June 2004.)

{Unconsolidated}

	Net sales	Ordinary income	Net income	Dividends per share		
				Interim	year-end	
	Million yen	Million yen	Million yen	yen	yen	yen
Half year	69,800	27,000	18,000	-	-	-
Full year	139,500	55,000	34,000	-	45.00	45.00

Note:

*Net income per share for the full year : 289.39 yen (Net income per share is calculated based on the number of common stock outstanding at the end of June 2004.)

* This forecast was made on the day of the disclosure of this quarterly statement, based on every available information, and uncertain factors which may cause unfavourable effects on the future operation. Accordingly, the actual results may as well be largely different from this forecast.

<Appendix>

1. (Summary) Quarterly Consolidated Balance Sheets

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

	FY 3/2005 First Quarter (June 30, 2004)		FY 3/2004 (March 31, 2004)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
Current Assets:					
Cash and bank deposits	19,922		14,867		5,054
Notes and accounts receivable	46,991		40,286		6,705
Marketable securities	81,663		100,383		(18,720)
Inventories	9,781		10,093		(312)
Others	15,624		14,293		1,331
Allowance for doubtful receivables	(1,103)		(964)		(139)
Total	172,879	41.9	178,960	43.3	(6,080)
Property, plant and equipment:					
Building and structures	31,067		31,653		(585)
Machinery and equipment	2,799		2,996		(197)
Land	22,726		22,726		-
Construction in progress	3,093		2,875		217
Others	1,533		1,627		(93)
Total	61,220		61,879		(658)
Intangible fixed assets:	1,458		1,462		(4)
Investment and other assets:					
Investment securities	168,370		161,587		6,783
Others	8,564		9,172		(607)
Allowance for doubtful receivables	(12)		(12)		0
Total investments and other assets	176,923		170,747		6,175
Total	239,602	58.1	234,089	56.7	5,512
Total assets	412,481	100.0	413,049	100.0	(567)

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

	FY 3/2005 First Quarter (June 30, 2004)		FY 3/2004 (March 31, 2004)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
Current liabilities:					
Notes and accounts payable	2,658		3,052		(393)
Income tax payable	8,575		17,975		(9,399)
Others	15,561		13,870		1,691
Total	26,796	6.5	34,898	8.4	(8,102)
Long-term liabilities:					
Accrued retirement benefits	18,206		17,863		343
Others	1,027		817		210
Total	19,234	4.7	18,681	4.5	553
Total liabilities	46,030	11.2	53,580	13.0	(7,549)
Minority interests	2,111	0.5	2,050	0.5	61
(Shareholders' equity)					
Common stock	17,358	4.2	17,358	4.2	-
Additional paid-in capital	17,002	4.1	17,002	4.1	-
Retained earnings	337,662	81.9	330,298	80.0	7,363
Revaluation surplus of land	(3,685)	(0.9)	(3,685)	(0.9)	-
Unrealized gain on securities	18,240	4.4	17,048	4.1	1,192
Translation adjustments	(12)	(0.0)	(13)	(0.0)	1
Treasury stock	(22,227)	(5.4)	(20,590)	(5.0)	(1,637)
Total shareholders' equity	364,339	88.3	357,418	86.5	6,920
Total liabilities, minority interests and shareholders' equity	412,481	100.0	413,049	100.0	(567)

2. (Summary) Quarterly Consolidated Statements of Income

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

	FY 3/2005 First Quarter (April 1 - June 30, 2004)		FY 3/2004 (April 1, 2003 - March 31, 2004)	
	Amount	Ratio	Amount	Ratio
Net sales	36,724	100.0	139,383	100.0
Cost of sales	4,927	13.4	20,165	14.5
Gross profit	31,796	86.6	119,218	85.5
Selling, general and administrative expenses	14,326	39.0	64,706	46.4
R&D expenses	6,157	16.8	30,876	22.2
Others	8,168	22.2	33,830	24.3
Operating income	17,469	47.6	54,511	39.1
Non-operating income	856	2.3	2,054	1.5
Non-operating expenses	98	0.3	542	0.4
Ordinary income	18,228	49.6	56,023	40.2
Extraordinary profit	3,589	9.8	988	0.7
Gain on sales of investment securities	3,589		540	
Others	-		447	
Extraordinary loss	372	1.0	2,086	1.5
Unrecognized actuarial loss on pension plans and retirement benefit cost	372		2,086	
Income before income taxes and minority interests	21,445	58.4	54,925	39.4
Provision for income taxes	8,614	23.5	23,765	17.1
Minority interest in consolidated subsidiaries	83	0.2	228	0.2
Net income	12,746	34.7	30,931	22.2

<Appendix>

Sales of major products

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

	FY 3/2004 First Quarter (Results)	FY 3/2005 (Forecast)	FY 3/2005 First Quarter		
			(Results)	Growth rate	Progression rate
OPALMON	56	264	70	24%	26%
ONON	62	232	63	1%	27%
KINEDAK	60	229	61	1%	27%
FOIPAN	44	154	44	1%	28%
CATACLOT *	26	88	21	-17%	24%
PROSTANDIN *	23	77	21	-6%	27%
ONON Dry Syrup	14	80	20	39%	25%
FOY 500 *	16	51	15	-3%	30%
ELASPOL *	8	46	11	33%	23%
PROSTANDIN 500 *	8	26	7	-9%	26%
FOY *	7	21	6	-11%	28%
ONOACT *	1	4	1	25%	21%
TOTAL	324	1,275	340	5%	27%

* Injections

(Reference)

	FY 3/2002 (Results)	FY 3/2003 (Results)	FY 3/2004 (Results)
OPALMON	131	184	234
ONON	235	234	231
KINEDAK	249	238	228
FOIPAN	179	172	164
CATACLOT *	116	103	93
PROSTANDIN *	101	89	84
ONON Dry Syrup	31	47	66
FOY 500 *	76	70	61
ELASPOL *	-	23	35
PROSTANDIN 500 *	34	30	28
FOY *	32	27	24
ONOACT *	-	1	3
TOTAL	1,188	1,225	1,256

* Injections

Status of Development Pipeline

1. Developments in Japan

1) Awaiting manufacturing approval

Brand name	Classification	Indication [Product category]	Formulation	Remarks
Onoact [®] 50 for Injection	New indication	Post-operative tachyarrhythmia [Short-acting β_1 blocker]	Injection	In-house

2) Ongoing clinical studies

Brand name, Development code	Classification	Indication [Product category]	Stage	Formulation	Remarks
Staybla [®] Tablets (ONO-8025)/KRP-197	New chemical entity	Overactive bladder (pollakiuria and urinary incontinence) [M ₃ muscarinic receptor blocker]	Phase III	Tablet	Co-development with Kyorin Pharmaceutical Co., Ltd.
Onobis [®] Tablets (ONO-5920)/YM529	New chemical entity	Osteoporosis [bone resorption inhibitor (bisphosphonate)]	Phase III	Tablet	Co-development with Yamanouchi Pharmaceutical Co., Ltd.
Onon [®] Dry Syrup	New indication	Pediatric allergic rhinitis [LTC ₄ and LTD ₄ antagonist]	Phase II/III	Dry syrup	In-house
Proglia [®] for Injection (ONO-2506)	New chemical entity	Acute ischemic stroke [neuroprotective effect]	Phase II	Injection	In-house
ONO-4819•CD	New chemical entity	Vertebral fracture [EP4 agonist]	Phase II	Injection	In-house
ONO-6126	New chemical entity	Bronchial asthma [PDE4 inhibitor]	Phase II	Tablet	In-house
Onon [®] Capsules	New indication	Chronic sinusitis [LTC ₄ and LTD ₄ antagonist]	Phase II	Capsule	In-house
Onon [®] Capsules	New indication	Chronic obstructive pulmonary disease [LTC ₄ and LTD ₄ antagonist]	Phase II	Capsule	In-house
Cereact [®] Capsules (ONO-2506PO)	New chemical entity	Parkinson's disease [neuroprotective effect]	Phase II	Capsule	In-house
ONO-8815Ly	New chemical entity	Imminent premature labor [EP2 agonist]	Phase I completed	Injection	Seeking licensees
ONO-4817	New chemical entity	Inflammatory bowel disease and osteoarthritis [MMP inhibitor]	Phase I	Tablet	In-house
ONO-5129	New chemical entity	Diabetes mellitus [dual agonist of PPAR α and PPAR γ]	Phase I	Tablet	In-house

Change from the previous announcement (May 18, 2004)

* Development of ONO-8130 for overactive bladder (a phase I study under preparation) was discontinued due to a narrow margin of safety based on results from nonclinical studies.

2. Developments abroad

1) Ongoing clinical studies

Brand name/ Development code	Classification	Indication [Product category]	Stage	Formulation	Remarks
Proglia [®] for Injection (ONO- 2506)	New chemical entity	Acute ischemic stroke [neuroprotective effect]	Phase II	Injection	In-house
ONO-6126	New chemical entity	Bronchial asthma [PDE4 inhibitor]	Phase II	Tablet	In-house
ONO-6126	New chemical entity	Chronic obstructive pulmonary disease [PDE4 inhibitor]	Phase II	Tablet	In-house
Cereact [®] Capsules (ONO-2506PO)	New chemical entity	Amyotrophic lateral sclerosis [neuroprotective effect]	Phase II	Capsule	In-house
Cereact [®] Capsules (ONO-2506PO)	New chemical entity	Alzheimer's disease [neuroprotective effect]	Phase II	Capsule	In-house
ONO-4128 (873140)	New chemical entity	HIV/AIDS [CCR5 receptor antagonist]	Phase II	Oral	Out-licensed to GlaxoSmithKline
ONO-8815Ly	New chemical entity	Imminent premature labor [EP2 agonist]	Clinical pharma- cology study completed	Injection	Seeking licensees
ONO-4817	New chemical entity	Inflammatory bowel disease and osteoarthritis [MMP inhibitor]	Phase I completed	Tablet	In-house
ONO-4127Na	New chemical entity	Allergic rhinitis [DP antagonist]	Phase I completed	Tablet	In-house
ONO-5129	New chemical entity	Diabetes mellitus [dual agonist of PPAR α and PPAR γ]	Phase I	Tablet	In-house

Change from the previous announcement (May 18, 2004)

- * Development of ONO-8130 for overactive bladder (a phase I study under preparation) was discontinued due to a narrow margin of safety based on results from nonclinical studies.
- * The phase I study of ONO-4127Na has been completed in the United Kingdom