

## First Quarter (April 1 – June 30, 2005) Flash Report (unaudited)

Three months ended June 30, 2005

# ONO PHARMACEUTICAL CO., LTD.

August 4, 2005

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for three months ended June 30, 2005.

This First Quarter Flash Report 2006 (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\$<br>(Note 3)                             |
|                             | <b>1st Quarter<br/>3 months<br/>ended Jun 30<br/>2005</b>           | 1st Quarter<br>3 months<br>ended Jun 30<br>2004 | Annual<br>12 months<br>ended Mar 31<br>2005 | <b>1st Quarter<br/>3 months<br/>ended Jun 30<br/>2005</b> |
| Net sales                   | ¥ 39,759  | ¥ 36,724  | ¥ 145,302                                   | \$ 358,189  |
| Net income                  | 12,264  | 12,746  | 39,322                                      | 110,486   |
| Shareholders' equity        | 395,735   | 364,339   | 391,430                                     | 3,565,180   |
| Total assets                | 442,197   | 412,481   | 439,274                                     | 3,983,756   |
|                             |   | Yen   |   | US\$  |
| Net income per common share | ¥ 104.44  | ¥ 108.47  | ¥ 334.04                                    | \$ 0.94   |

## First Quarter (April 1 – June 30, 2005) Flash Report (unaudited)

Three months ended June 30, 2005

### 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\$<br>(Note 3)  |
|---|--------------------------------|--------------------------------|----------------------------|--------------------------------|
|   | 1st Quarter<br>June 30<br>2005 | 1st Quarter<br>June 30<br>2004 | Annual<br>March 31<br>2005 | 1st Quarter<br>June 30<br>2005 |
| <b>Current assets</b>                     |                                |                                |                            |                                |
| Cash and bank deposits                    | ¥ 19,214                       | ¥ 19,922                       | ¥ 15,296                   | \$ 173,099                     |
| Notes and accounts receivable             | 50,268                         | 46,991                         | 44,602                     | 452,864                        |
| Marketable securities                     | 85,410                         | 81,663                         | 96,304                     | 769,459                        |
| Inventories                               | 8,569                          | 9,781                          | 9,027                      | 77,198                         |
| Others                                    | 16,267                         | 15,624                         | 15,364                     | 146,549                        |
| Allowance for doubtful receivables        | (1,120)                        | (1,103)                        | (1,025)                    | (10,090)                       |
| <b>Total current assets</b>               | <b>178,610</b>                 | <b>172,879</b>                 | <b>179,570</b>             | <b>1,609,099</b>               |
| <b>Property, plant and equipment</b>      |                                |                                |                            |                                |
| Land                                      | 22,726                         | 22,726                         | 22,726                     | 204,738                        |
| Buildings and structures                  | 29,069                         | 31,067                         | 29,526                     | 261,882                        |
| Machinery and equipment                   | 6,113                          | 4,332                          | 6,440                      | 55,072                         |
| Construction in progress                  | 502                            | 3,093                          | 521                        | 4,522                          |
| <b>Net property, plant and equipment</b>  | <b>58,411</b>                  | <b>61,220</b>                  | <b>59,216</b>              | <b>526,225</b>                 |
| <b>Investments and other assets</b>       |                                |                                |                            |                                |
| Investment securities                     | 195,615                        | 168,370                        | 190,810                    | 1,762,297                      |
| Intangible assets                         | 1,286                          | 1,458                          | 1,297                      | 11,585                         |
| Others                                    | 8,273                          | 8,552                          | 8,380                      | 74,531                         |
| <b>Total investments and other assets</b> | <b>205,175</b>                 | <b>178,381</b>                 | <b>200,488</b>             | <b>1,848,423</b>               |
| <b>Total assets</b>                       | <b>¥ 442,197</b>               | <b>¥ 412,481</b>               | <b>¥ 439,274</b>           | <b>\$ 3,983,756</b>            |

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

| LIABILITIES AND<br>SHAREHOLDERS' EQUITY           | Millions of yen                |                                |                            | Thousands of US\$<br>(Note 3)  |
|---|--------------------------------|--------------------------------|----------------------------|--------------------------------|
|   | 1st Quarter<br>June 30<br>2005 | 1st Quarter<br>June 30<br>2004 | Annual<br>March 31<br>2005 | 1st Quarter<br>June 30<br>2005 |
| <b>Current liabilities</b>                        |                                |                                |                            |                                |
| Current portion of long-term debt                 | ¥ 5                            | ¥ 6                            | ¥ 5                        | \$ 45                          |
| Notes and accounts payable                        | 2,790                          | 2,658                          | 2,662                      | 25,135                         |
| Income taxes                                      | 8,152                          | 8,575                          | 11,722                     | 73,441                         |
| Others  | 15,815                         | 15,555                         | 13,014                     | 142,477                        |
| <b>Total current liabilities</b>                  | <b>26,763</b>                  | <b>26,796</b>                  | <b>27,404</b>              | <b>241,108</b>                 |
| <b>Long-term liabilities</b>                      |                                |                                |                            |                                |
| Long-term debt, less current portion              | 84                             | 101                            | 84                         | 756                            |
| Accrued retirement benefits                       | 14,292                         | 18,206                         | 15,103                     | 128,756                        |
| Others  | 3,094                          | 926                            | 3,084                      | 27,873                         |
| <b>Total long-term liabilities</b>                | <b>17,471</b>                  | <b>19,234</b>                  | <b>18,271</b>              | <b>157,396</b>                 |
| <b>Minority interests</b>                         | <b>2,227</b>                   | <b>2,111</b>                   | <b>2,167</b>               | <b>20,063</b>                  |
| <b>Shareholders' equity</b>                       |                                |                                |                            |                                |
| Common stock                                      | 17,358                         | 17,358                         | 17,358                     | 156,378                        |
| Additional paid-in capital                        | 17,002                         | 17,002                         | 17,002                     | 153,171                        |
| Retained earnings                                 | 368,544                        | 337,662                        | 364,238                    | 3,320,216                      |
| Revaluation surplus of land                       | (3,685)                        | (3,685)                        | (3,685)                    | (33,198)                       |
| Unrealized gain on securities (*)                 | 18,796                         | 18,240                         | 18,800                     | 169,333                        |
| Translation adjustments                           | (4)                            | (12)                           | (10)                       | (36)                           |
| Less, treasury stock                              | (22,277)                       | (22,227)                       | (22,273)                   | (200,693)                      |
| <b>Total shareholders' equity</b>                 | <b>395,735</b>                 | <b>364,339</b>                 | <b>391,430</b>             | <b>3,565,180</b>               |
| <b>Total liabilities and shareholders' equity</b> | <b>¥ 442,197</b>               | <b>¥ 412,481</b>               | <b>¥ 439,274</b>           | <b>\$ 3,983,756</b>            |

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

## First Quarter (April 1 – June 30, 2005) Flash Report (unaudited)

Three months ended June 30, 2005

### 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\$<br>(Note 3)                   |
|--|---|---|---|---|
|  | 1st Quarter<br>3 months<br>ended Jun 30<br>2005 | 1st Quarter<br>3 months<br>ended Jun 30<br>2004 | Annual<br>12 months<br>ended Mar 31<br>2005 | 1st Quarter<br>3 months<br>ended Jun 30<br>2005 |
| Net sales  | ¥ 39,759  | ¥ 36,724  | ¥ 145,302                                   | \$ 358,189                                      |
| Cost of sales  | 5,781   | 4,927   | 21,014                                      | 52,081  |
| Gross profit   | 33,977  | 31,796  | 124,287                                     | 306,099   |
| Selling, general and administrative expenses         | 14,731  | 14,326  | 64,243                                      | 132,711   |
| Operating income                                     | 19,246  | 17,469  | 60,043                                      | 173,387   |
| Other income (expenses)                              |   |   |   |   |
| Interest and dividend income                         | 792   | 658   | 1,474                                       | 7,135   |
| Interest expenses                                    | —   | (0)   | (3)   | —   |
| Other, net   | 370   | 3,316   | 4,279                                       | 3,333   |
|  | 1,162   | 3,975   | 5,751                                       | 10,468  |
| Income before income taxes and<br>minority interests | 20,409  | 21,445  | 65,794                                      | 183,864   |
| Income taxes   | 8,076   | 8,614   | 26,252                                      | 72,756  |
| Income before minority interests                     | 12,332  | 12,830  | 39,542                                      | 111,099   |
| Minority interests                                   | (68)  | (83)  | (219)                                       | (612)   |
| Net income   | ¥ 12,264  | ¥ 12,746  | ¥ 39,322                                    | \$ 110,486                                      |
|  |   |   |   |   |
| Amounts per common share                             |   |   |   |   |
| Net income   | ¥ 104.44  | ¥ 108.47  | ¥ 334.04                                    | \$ 0.94   |
| Cash dividends applicable to the period              | ¥ —   | ¥ —   | ¥ 65.00                                     | \$ —  |

## **First Quarter (April 1 – June 30, 2005) Flash Report (unaudited)**

Three months ended June 30, 2005

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

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

- Note 1 This First Quarter Flash Report 2006 (unaudited) is a summary information extracted from the financial statements announced by the Company on August 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 Quarter Flash Report 2006 (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 111 = US\$ 1, the approximate exchange rate prevailing on June 30, 2005.

## First Quarter (April 1 – June 30, 2005) Flash Report (unaudited)

Three months ended June 30, 2005

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 Quarter<br>3 months<br>ended Jun 30<br>2005 |            | 1st Quarter<br>3 months<br>ended Jun 30<br>2004 |     | Annual<br>12 months<br>ended Mar 31<br>2005 |       |
| <b>Opalmon</b>                | Circulatory system agent  | ¥   | <b>81</b>  | ¥   | 70  | ¥   | 283   |
| <b>Onon</b>                   | Agent for bronchial asthma and allergic rhinitis                        |   | <b>77</b>  |   | 63  |   | 252   |
| <b>Kinedak</b>                | Agent for diabetic peripheral neuropathy                                |   | <b>59</b>  |   | 61  |   | 229   |
| <b>Foipan</b>                 | Agent for chronic pancreatitis and postoperative reflux esophagitis     |   | <b>42</b>  |   | 44  |   | 163   |
| <b>Onon dry syrup</b>         | Agent for pediatric bronchial asthma                                    |   | <b>22</b>  |   | 20  |   | 83    |
| <b>Cataclot</b>               | Agent for (acute phase ) cerebral thrombosis and cerebrovascular spasms |   | <b>19</b>  |   | 21  |   | 79    |
| <b>Prostandin</b>             | Circulatory system agent  |   | <b>19</b>  |   | 21  |   | 77    |
| <b>Elaspol</b>                | Agent for acute lung injury associated with SIRS                        |   | <b>14</b>  |   | 11  |   | 48    |
| <b>FOY 500</b>                | Agent for DIC   |   | <b>14</b>  |   | 15  |   | 57    |
| <b>Prostandin 500</b>         | Agent for perioperative hypotension                                     |   | <b>6</b>   |   | 7   |   | 25    |
| <b>FOY</b>                    | Agent for pancreatitis and DIC  |   | <b>5</b>   |   | 6   |   | 22    |
| <b>Onoact</b>                 | Agent for tachyarrhythmia during operation                              |   | <b>1</b>   |   | 1   |   | 4     |
| Total                         |   | ¥   | <b>360</b> | ¥   | 340 | ¥   | 1,326 |
| Percentage to total net sales |   |   | <b>91%</b> |   | 93% |   | 91%   |

## First Quarter (April 1 - June 30, 2005) Flash Report (unaudited)

Three months ended June 30, 2005

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

### Supplemental Information

## Status of Development Pipeline

as of August 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)**  
Acute ischemic stroke (injection, Phase II/III) [neuroprotective effect (astrocyte modulator)]
- **ONO-5435/MK-0431**  
Diabetes mellitus (tablet, Phase II) [DP-IV inhibitor]
- **Emend<sup>®</sup> Capsules (ONO-7436/MK-0869)**  
Cancer chemotherapy-induced nausea and vomiting (capsules, Phase II) [NK<sub>1</sub> antagonist]
- **ONO-4819•CD**  
Vertebral fracture (injection, Phase II) [EP4 agonist]
- **Cereact<sup>®</sup> Capsules (ONO-2506PO)**  
Parkinson's disease (capsule, Phase II) [neuroprotective effect]
- **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<sub>4</sub> and LTD<sub>4</sub> antagonist]
- **Onon<sup>®</sup> Capsules**  
Pranlukast hydrate for chronic sinusitis (Phase II)  
Pranlukast hydrate for chronic obstructive pulmonary disease (Phase II) [LTC<sub>4</sub> and D<sub>4</sub> antagonist]

### Developments abroad

#### *Ongoing clinical studies:*

- **ONO-4128/873140 (out-licensed to GlaxoSmithKline)\*<sup>1</sup>**  
HIV/AIDS (oral, Phase III) [CCR5 receptor antagonist]
- **Proglia<sup>®</sup> for Injection (ONO-2506) (out-licensed to Merck & Co., Inc.)**  
Acute ischemic stroke (injection, Phase II) [neuroprotective effect (astrocyte modulator)]
- **ONO-6126\*<sup>2</sup>**  
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-5129**  
Diabetes mellitus (tablet, Phase II) [dual agonist of PPAR $\alpha$  and PPAR $\gamma$ ]
- **ONO-4127Na**  
Allergic rhinitis (tablet, Phase I) [DP antagonist]
- **ONO-2333Ms**  
Depression and anxiety disorder (tablet, Phase I) [CRF receptor antagonist]
- **ONO-2231**  
Acute stroke (injection, Phase I) [PARP inhibitor]

Changes from the Annual Flash Report for the fiscal year ending March, 2005 (announced on May 18, 2005).

\*: Development of ONO-8815Ly (EP2 agonist), an out-licensing candidate has been discontinued.

\*1: While Phase IIb clinical studies are ongoing in treatment-naïve HIV infected patients, GSK has just started Phase III clinical studies for treatment-experienced HIV patients.

\*2: Development of ONO-6126 for bronchial asthma has been discontinued because it did not show efficacy as expected.

Development for chronic obstructive pulmonary disease continues outside of Japan.

##### Additional formulation

“CATACLOT<sup>®</sup> Injection 20mg” and “CATACLOT<sup>®</sup> Injection 40mg”, injectable solutions of “CATACLOT<sup>®</sup> for injection 20mg” and “CATACLOT<sup>®</sup> for injection 40mg” for acute cerebral thrombosis were launched on August 4, 2005.

The original products are the lyophilized products while the newly launched products are filled with injectable solution available in plastic ampoules so that they are easier to handle at preparation and disposal of wastes.