

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)

Nine months ended December 31, 2005

ONO PHARMACEUTICAL CO., LTD.

February 6, 2006

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for nine months ended December 31, 2005.

This First-Third 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\$ (Note 3) |
| | 1st-3rd Quarter 9 months ended Dec 31 2005 | 1st-3rd Quarter 9 months ended Dec 31 2004 | Annual 12 months ended Mar 31 2005 | 1st-3rd Quarter 9 months ended Dec 31 2005 |
| Net sales | ¥ 116,849 | ¥ 112,751 | ¥ 145,302 | \$ 990,245 |
| Net income | 31,876 | 32,106 | 39,322 | 270,135 |
| Shareholders' equity | 432,717 | 381,407 | 391,430 | 3,667,093 |
| Total assets | 486,436 | 424,634 | 439,274 | 4,122,338 |
| | | Yen | | US\$ |
| Net income per common share | ¥ 271.43 | ¥ 273.33 | ¥ 334.04 | \$ 2.30 |

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)

Nine months ended December 31, 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\$ (Note 3) |
|---|--|--|----------------------------|--|
| | 1st-3rd Quarter December 31 2005 | 1st-3rd Quarter December 31 2004 | Annual March 31 2005 | 1st-3rd Quarter December 31 2005 |
| Current assets | | | | |
| Cash and bank deposits | ¥ 28,984 | ¥ 30,752 | ¥ 15,296 | \$ 245,627 |
| Notes and accounts receivable | 53,784 | 52,396 | 44,602 | 455,796 |
| Marketable securities | 76,547 | 84,699 | 96,304 | 648,703 |
| Inventories | 8,701 | 8,637 | 9,027 | 73,737 |
| Others | 14,781 | 14,877 | 15,364 | 125,262 |
| Allowance for doubtful receivables | (1,552) | (1,204) | (1,025) | (13,152) |
| Total current assets | 181,247 | 190,159 | 179,570 | 1,535,991 |
| Property, plant and equipment | | | | |
| Land | 22,545 | 22,726 | 22,726 | 191,059 |
| Buildings and structures | 28,005 | 30,100 | 29,526 | 237,330 |
| Machinery and equipment | 5,500 | 6,836 | 6,440 | 46,610 |
| Construction in progress | 1,155 | 281 | 521 | 9,788 |
| Net property, plant and equipment | 57,207 | 59,944 | 59,216 | 484,805 |
| Investments and other assets | | | | |
| Investment securities | 238,506 | 163,024 | 190,810 | 2,021,237 |
| Intangible assets | 1,275 | 1,442 | 1,297 | 10,805 |
| Others | 8,199 | 10,063 | 8,380 | 69,483 |
| Total investments and other assets | 247,981 | 174,530 | 200,488 | 2,101,533 |
| Total assets | ¥ 486,436 | ¥ 424,634 | ¥ 439,274 | \$ 4,122,338 |

(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 2005 | 1st-3rd Quarter December 31 2004 | Annual March 31 2005 | 1st-3rd Quarter December 31 2005 |
| Current liabilities | | | | |
| Current portion of long-term debt | ¥ 1 | ¥ 6 | ¥ 5 | \$ 8 |
| Notes and accounts payable | 3,336 | 3,058 | 2,662 | 28,271 |
| Income taxes | 6,921 | 8,448 | 11,722 | 58,652 |
| Others | 12,716 | 11,858 | 13,014 | 107,762 |
| Total current liabilities | 22,975 | 23,371 | 27,404 | 194,703 |
| Long-term liabilities | | | | |
| Long-term debt, less current portion | 21 | 93 | 84 | 177 |
| Accrued retirement benefits | 13,825 | 16,756 | 15,871 | 117,161 |
| Others | 14,498 | 884 | 2,316 | 122,864 |
| Total long-term liabilities | 28,346 | 17,735 | 18,271 | 240,220 |
| Minority interests | 2,398 | 2,120 | 2,167 | 20,322 |
| Shareholders' equity | | | | |
| Common stock | 17,358 | 17,358 | 17,358 | 147,101 |
| Additional paid-in capital | 17,002 | 17,002 | 17,002 | 144,084 |
| Retained earnings | 388,019 | 357,022 | 364,238 | 3,288,296 |
| Revaluation surplus of land | (3,549) | (3,685) | (3,685) | (30,076) |
| Unrealized gain on securities (*) | 36,096 | 15,948 | 18,800 | 305,898 |
| Translation adjustments | 92 | 21 | (10) | 779 |
| Less, treasury stock | (22,302) | (22,260) | (22,273) | (189,000) |
| Total shareholders' equity | 432,717 | 381,407 | 391,430 | 3,667,093 |
| Total liabilities and shareholders' equity | ¥ 486,436 | ¥ 424,634 | ¥ 439,274 | \$ 4,122,338 |

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

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)
 Nine months ended December 31, 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\$ (Note 3) |
|--|---|---|---|---|
| | 1st-3rd Quarter 9 months ended Dec 31 2005 | 1st-3rd Quarter 9 months ended Dec 31 2004 | Annual 12 months ended Mar 31 2005 | 1st-3rd Quarter 9 months ended Dec 31 2005 |
| Net sales | ¥ 116,849 | ¥ 112,751 | ¥ 145,302 | \$ 990,245 |
| Cost of sales | 16,684 | 15,891 | 21,014 | 141,389 |
| Gross profit | 100,165 | 96,859 | 124,287 | 848,855 |
| Selling, general and administrative expenses | 49,152 | 47,524 | 64,243 | 416,542 |
| Operating income | 51,012 | 49,335 | 60,043 | 432,305 |
| Other income (expenses) | | | | |
| Interest and dividend income | 1,759 | 1,266 | 1,474 | 14,906 |
| Interest expenses | (1) | (1) | (3) | (8) |
| Other, net | 752 | 3,958 | 4,279 | 6,372 |
| | 2,510 | 5,223 | 5,751 | 21,271 |
| Income before income taxes and minority interests | 53,523 | 54,559 | 65,794 | 453,584 |
| Income taxes | 21,422 | 22,264 | 26,252 | 181,542 |
| Income before minority interests | 32,100 | 32,295 | 39,542 | 272,033 |
| Minority interests | (224) | (189) | (219) | (1,898) |
| Net income | ¥ 31,876 | ¥ 32,106 | ¥ 39,322 | \$ 270,135 |
| | | Yen | | US\$ |
| Amounts per common share | | | | |
| Net income | ¥ 271.43 | ¥ 273.33 | ¥ 334.04 | \$ 2.30 |
| Cash dividends applicable to the period | ¥ 0.00 | ¥ 0.00 | ¥ 65.00 | \$ 0.00 |

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)

Nine months ended December 31, 2005

Notes to Consolidated Financial Statements

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

- Note 1 This First-Third Quarter Flash Report 2006 (unaudited) is a summary information extracted from the financial statements announced by the Company on February 6, 2006. 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 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 118 = US\$ 1, the approximate exchange rate prevailing on December 31, 2005.

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)

Nine months ended December 31, 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-3rd Quarter 9 months ended Dec 31 2005 | | 1st-3rd Quarter 9 months ended Dec 31 2004 | | Annual 12 months ended Mar 31 2005 | |
| Opalmon | Circulatory system agent | ¥ | 254 | ¥ | 220 | ¥ | 283 |
| Onon | Agent for bronchial asthma and allergic rhinitis | | 201 | | 181 | | 252 |
| Kinedak | Agent for diabetic peripheral neuropathy | | 174 | | 183 | | 229 |
| Foipan | Agent for chronic pancreatitis and postoperative reflux esophagitis | | 125 | | 129 | | 163 |
| Onon dry syrup | Agent for pediatric bronchial asthma | | 73 | | 63 | | 83 |
| Cataclot | Agent for (acute phase) cerebral thrombosis and cerebrovascular spasms | | 60 | | 64 | | 79 |
| Prostandin | Circulatory system agent | | 57 | | 62 | | 77 |
| Elaspol | Agent for acute lung injury associated with SIRS | | 43 | | 35 | | 48 |
| FOY 500 | Agent for DIC | | 42 | | 45 | | 57 |
| Prostandin 500 | Agent for perioperative hypotension | | 19 | | 21 | | 25 |
| FOY | Agent for pancreatitis and DIC | | 16 | | 18 | | 22 |
| Onoact | Agent for tachyarrhythmia during operation | | 3 | | 3 | | 4 |
| Total | | ¥ | 1,073 | ¥ | 1,029 | ¥ | 1,326 |
| Percentage to total net sales | | | 92% | | 91% | | 91% |

First-Third Quarter (April 1 – December 31, 2005) Flash Report (unaudited)

Nine months ended December 31, 2005

Ono Pharmaceutical Co., Ltd. and
Consolidated Subsidiaries

Supplemental Information

Status of Development Pipeline

as of February 6, 2006

Developments in Japan

Awaiting manufacturing approval:

- **Onoact[®] for Injection**
Landiolol hydrochloride for postoperative tachyarrhythmias [short-acting β_1 blocker]
- **Staybla[®] Tablets (ONO-8025)/ KRP-197 (co-development with Kyorin Pharmaceutical Co., Ltd.)**
Overactive bladder (pollakiuria and urinary incontinence) [M₃ muscarinic receptor blocker]

Ongoing clinical studies:

New chemical entities:

- **Onobis[®] Tablets (ONO-5920)/ YM529 (co-development with Astellas Pharma Inc.)**
Osteoporosis (tablet, Phase III) [bone resorption inhibitor (bisphosphonate)]
- **Proglia[®] for Injection (ONO-2506)**
Acute ischemic stroke (injection, Phase II/III) [neuroprotective effect (astrocyte modulator)]
- **ONO-5435/MK-0431 (co-development with Banyu Pharmaceutical Co., Ltd.)**
Diabetes mellitus (tablet, Phase II) [DP-IV inhibitor]
- **Emend[®] Capsules (ONO-7436/MK-0869) (in-licensed from Merck & Co., Inc.)**
Cancer chemotherapy-induced nausea and vomiting (capsules, Phase II) [NK₁ antagonist]
- **ONO-2540/ ENA713D^{*1} (co-development with Novartis Pharma K.K.)**
Alzheimer's disease (transdermal patch, Phase II) [acetylcholinesterase inhibitor]
- **ONO-4819•CD**
Vertebral fracture (injection, Phase II) [EP4 agonist]
- **Cereact[®] Capsules (ONO-2506PO)**
Parkinson's disease (capsule, Phase II) [neuroprotective effect]
- **ONO-5129**
Diabetes mellitus (tablet, Phase I) [dual agonist of PPAR α and PPAR γ]
- **ONO-2333Ms^{*2}**
Depression and anxiety disorder (tablet, Phase I) [CRF receptor antagonist]

Ongoing clinical studies:

Additional indications:

- **Onon[®] Dry Syrup**
Pranlukast hydrate for pediatric allergic rhinitis (Phase II/III) [LTC₄ and LTD₄ antagonist]

- **Onon[®] Capsules**
Pranlukast hydrate for chronic sinusitis (Phase II)
Pranlukast hydrate for chronic obstructive pulmonary disease (Phase II) [LTC₄ and D₄ antagonist]
- **Opalmon[®] Tablets (OP-1206• α -CD)^{*3} (co-development with Dainippon Sumitomo Pharma Co., Ltd.)**
Cervical Spondylosis (Phase II) [increase of blood flow in nerve tissue]

Developments abroad

Ongoing clinical studies:

- **Proglia[®] for Injection (ONO-2506) (out-licensed to Merck & Co., Inc.)**
Acute ischemic stroke (injection, Phase II) [neuroprotective effect (astrocyte modulator)]
- **ONO-6126**
Chronic obstructive pulmonary disease (tablet, Phase II) [PDE4 inhibitor]
- **Cereact[®] 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 α and PPAR γ]
- **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]
- **ONO-5334^{*4}**
Osteoporosis (tablet, Phase I) [Cathepsin K inhibitor]

Changes from the Semi-annual Flash Report for the fiscal year ending March, 2006 (announced on November 9, 2005).

*1: In December 2005, Novartis Pharma K.K. and Ono have agreed on the joint clinical development and marketing of rivastigmine transdermal patch. Novartis Pharma K.K. is currently conducting the Phase II study.

*2: In November 2005, the Phase I study of ONO-2333Ms commenced in Japan.

*3: In January 2006, the Phase II study of Opalmon commenced for the treatment of cervical spondylosis (additional indication).

*4: In December 2005, the Phase I study of ONO-5334 commenced in Europe.

*: Ono and GSK decided to discontinue the development of ONO-4128/873140. GlaxoSmithKline ("GSK") had terminated the phase IIb and phase III studies of this compound conducted outside of Japan due to reports of elevated liver function test values.