

## First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)

Three months ended June 30, 2006

# ONO PHARMACEUTICAL CO., LTD.

August 4, 2006

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for three months ended June 30, 2006.

This First Quarter Flash Report 2007 (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 off to the nearest million yen.			Thousands of US\$
	Millions of yen			(Note 3)
	<b>1st Quarter 3 months ended Jun 30 2006</b>	1st Quarter 3 months ended Jun 30 2005	Annual 12 months ended Mar 31 2006	<b>1st Quarter 3 months ended Jun 30 2006</b>
Net sales	¥ 36,577	¥ 39,760	¥ 148,672	\$ 318,061
Net income	10,743	12,265	36,147	93,417
Total Net assets	443,818	395,735	443,632	3,859,287
Total assets	498,740	442,198	504,447	4,336,870
		Yen		US\$
Net income per common share	¥ 91.48	¥ 104.44	¥ 307.32	\$ 0.80

(\*) Net assets for the first quarter ended June 30, 2005 and the year ended March 31, 2006 do not include minority interests.

**First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)**

Three months ended June 30, 2006

**Consolidated Forecast of Consolidated Results for the Six Months Ending  
September 30,2006 and the Year Ending March 31,2007**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

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

	Six months ending		Year ending	
	September 30,2006		March 31,2007	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Net sales	¥ 68,800	\$ 598,261	¥ 140,500	\$ 1,221,739
Ordinary income	27,200	236,522	53,000	460,870
Net income	16,900	146,957	33,100	287,826
	Yen	US\$	Yen	US\$
Net income per common share	—	—	281.9	2.45

(\*)The forecasts for the six months ending September 30,2006 and the year ending March 31,2007 are changed from May 15,2006. For more information regarding these changes,please refer to the separately released "Revision of the interim and Full Year Business Forecasts for FY2006".

(\*)The foregoing are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and are subject to risks and uncertainties.

Actual financial results may differ materially depending on a number of economic factors,including conditions and currency exchange rate fluctuations.

## First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)

Three months ended June 30, 2006

### Consolidated Balance Sheets

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

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

ASSETS	Millions of yen			Thousands of US\$ (Note 3)
	1st Quarter June 30 2006	1st Quarter June 30 2005	Annual March 31 2006	1st Quarter June 30 2006
<b>Current assets</b>				
Cash and bank deposits	¥ 16,238	¥ 19,214	¥ 14,904	\$ 141,200
Notes and accounts receivable	47,944	50,269	43,396	416,904
Marketable securities	91,053	85,410	101,024	791,765
Inventories	9,249	8,570	9,346	80,426
Others	15,709	16,268	14,711	136,600
Allowance for doubtful receivables	(1,397)	(1,121)	(1,276)	(12,147)
<b>Total current assets</b>	<b>178,796</b>	<b>178,610</b>	<b>182,105</b>	<b>1,554,748</b>
<b>Property, plant and equipment</b>				
Land	22,546	22,727	22,546	196,052
Buildings and structures	27,165	29,069	27,640	236,218
Machinery and equipment	5,133	6,114	5,351	44,635
Construction in progress	239	502	238	2,078
<b>Net property, plant and equipment</b>	<b>55,083</b>	<b>58,412</b>	<b>55,775</b>	<b>478,983</b>
<b>Investments and other assets</b>				
Investment securities	255,530	195,616	257,268	2,222,000
Intangible assets	1,132	1,287	1,170	9,843
Others	8,199	8,273	8,129	71,296
<b>Total investments and other assets</b>	<b>264,861</b>	<b>205,176</b>	<b>266,567</b>	<b>2,303,139</b>
<b>Total assets</b>	<b>¥ 498,740</b>	<b>¥ 442,198</b>	<b>¥ 504,447</b>	<b>\$ 4,336,870</b>

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen			Thousands of US\$ (Note 3)
	1st Quarter June 30 2006	1st Quarter June 30 2005	Annual March 31 2006	1st Quarter June 30 2006
<b>Current liabilities</b>				
Current portion of long-term debt	¥ 2	¥ 5	¥ 2	\$ 18
Notes and accounts payable	2,947	2,791	3,127	25,626
Income taxes	6,839	8,152	8,874	59,470
Others	16,411	15,815	13,870	142,704
<b>Total current liabilities</b>	<b>26,199</b>	<b>26,763</b>	<b>25,873</b>	<b>227,818</b>
<b>Long-term liabilities</b>				
Long-term debt, less current portion	20	84	20	174
Accrued retirement benefits	11,542	14,293	12,582	100,365
Others	17,161	3,095	19,867	149,226
<b>Total long-term liabilities</b>	<b>28,723</b>	<b>17,472</b>	<b>32,469</b>	<b>249,765</b>
<b>Minority interests</b>	<b>—</b>	<b>2,228</b>	<b>2,473</b>	<b>—</b>
<b>Shareholders' equity</b>				
Common stock	—	17,358	17,358	—
Additional paid-in capital	—	17,002	17,002	—
Retained earnings	—	368,545	392,291	—
Revaluation surplus of land	—	(3,685)	(3,549)	—
Unrealized gain on securities (*)	—	18,796	42,825	—
Translation adjustments	—	(4)	17	—
Less, treasury stock	—	(22,277)	(22,312)	—
<b>Total shareholders' equity</b>	<b>—</b>	<b>395,735</b>	<b>443,632</b>	<b>—</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ —</b>	<b>¥ 442,198</b>	<b>¥ 504,447</b>	<b>\$ —</b>
<b>Shareholders' equity</b>				
Common stock	17,358	—	—	150,939
Additional paid-in capital	17,002	—	—	147,843
Retained earnings	393,586	—	—	3,422,487
Less, treasury stock	(22,318)	—	—	(194,069)
<b>Total shareholders' equity</b>	<b>405,628</b>	<b>—</b>	<b>—</b>	<b>3,527,200</b>
<b>Other comprehensive income</b>				
Revaluation surplus of land	(3,549)	—	—	(30,861)
Unrealized gain on securities (*)	39,052	—	—	339,583
Translation adjustments	122	—	—	1,061
<b>Total other comprehensive income</b>	<b>35,625</b>	<b>—</b>	<b>—</b>	<b>309,783</b>
<b>Minority interests</b>	<b>2,565</b>	<b>—</b>	<b>—</b>	<b>22,304</b>
<b>Total net assets</b>	<b>443,818</b>	<b>—</b>	<b>—</b>	<b>3,859,287</b>
<b>Total liabilities and total net assets</b>	<b>¥ 498,740</b>	<b>¥ —</b>	<b>¥ —</b>	<b>\$ 4,336,870</b>

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

## First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)

Three months ended June 30, 2006

### Consolidated Statements of Income

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

	(Note) All amounts are rounded off to the nearest million yen.			
	Millions of yen			Thousands of US\$ (Note 3)
	1st Quarter 3 months ended Jun 30 2006	1st Quarter 3 months ended Jun 30 2005	Annual 12 months ended Mar 31 2006	1st Quarter 3 months ended Jun 30 2006
Net sales	¥ 36,577	¥ 39,760	¥ 148,672	\$ 318,061
Cost of sales	5,279	5,782	21,815	45,904
Gross profit	31,298	33,978	126,857	272,157
Selling, general and administrative expenses	14,924	14,732	69,920	129,774
Operating income	16,374	19,246	56,937	142,383
Other income (expenses)				
Interest and dividend income	1,034	793	2,035	8,991
Interest expenses	—	—	(2)	—
Other, net	595	370	779	5,174
	1,629	1,163	2,812	14,165
Income before income taxes and minority interests	18,003	20,409	59,749	156,548
Income taxes	7,172	8,076	23,314	62,365
Income before minority interests	10,831	12,333	36,435	94,183
Minority interests	(88)	(68)	(288)	(766)
Net income	¥ 10,743	¥ 12,265	¥ 36,147	\$ 93,417
Amounts per common share				
Net income	¥ 91.48	¥ 104.44	¥ 307.32	\$ 0.80
Cash dividends applicable to the period	¥ —	¥ —	¥ 80.00	\$ —

## **First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)**

Three months ended June 30, 2006

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

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

- Note 1 This First Quarter Flash Report 2007 (unaudited) is a summary information extracted from the financial statements announced by the Company on August 4, 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 Quarter Flash Report 2007 (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 off 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 115 = US\$ 1, the approximate exchange rate prevailing on June 30, 2006.

## First Quarter (April 1 – June 30, 2006) Flash Report (unaudited)

Three months ended June 30, 2006

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

### Sales of Major Products

Supplemental Data

For information purpose only

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

		Hundred Millions of yen					
		1st Quarter 3 months ended Jun 30 2006		1st Quarter 3 months ended Jun 30 2005		Annual 12 months ended Mar 31 2006	
<b>Opalmon</b>	Circulatory system agent	¥	<b>86</b>	¥	81	¥	326
<b>Onon</b>	Agent for bronchial asthma and allergic rhinitis		<b>68</b>		77		265
<b>Kinedak</b>	Agent for diabetic peripheral neuropathy		<b>47</b>		59		212
<b>Foipan</b>	Agent for chronic pancreatitis and postoperative reflux esophagitis		<b>38</b>		42		156
<b>Onon dry syrup</b>	Agent for pediatric bronchial asthma		<b>26</b>		22		94
<b>Cataclot</b>	Agent for (acute phase ) cerebral thrombosis and cerebrovascular spasms		<b>17</b>		19		73
<b>Prostandin</b>	Circulatory system agent		<b>17</b>		19		71
<b>Elaspol</b>	Agent for acute lung injury associated with SIRS		<b>14</b>		14		55
<b>FOY 500</b>	Agent for DIC		<b>12</b>		14		52
<b>Prostandin 500</b>	Agent for perioperative hypotension		<b>6</b>		6		23
<b>FOY</b>	Agent for pancreatitis and DIC		<b>4</b>		5		19
<b>Onoact</b>	Agent for tachyarrhythmia during operation		<b>1</b>		1		4
Total		¥	<b>337</b>	¥	360	¥	1,358
Percentage to total net sales			<b>92%</b>		91%		91%

## **Status of Development Pipeline (as of August 4, 2006)**

**- Changes from the Year End Financial Report for the Fiscal Year ended March 2006 announced on May 15, 2006 -**

(Japan)

- \*1: Ono and Astellas submitted an application for approval of Recalbon<sup>®</sup> Tablets, (formerly known as Onobis<sup>®</sup>) a drug for osteoporosis, jointly developed by the two companies, to the MHLW in July 2006.
- \*2: Banyu Pharmaceutical Co., Ltd. completed Phase II studies of ONO-5435 / MK0431 a medication for type II diabetes, licensed from Merck & Co., Inc. for joint development by Ono and Banyu for Phase III studies and afterwards, and Ono and Banyu have commenced Phase III studies in Japan in July 2006.
- \*3: Ono completed Phase II studies of Emend<sup>®</sup> Capsules, an antiemetic for chemotherapy-induced nausea and vomiting, licensed from Merck & Co., Inc. for exclusive development by Ono in Japan, and the results demonstrated that the Emend<sup>®</sup> capsule had the expected efficacy. Ono will make a decision on the development strategy in consultation with the Pharmaceuticals and Medical Devices Agency (PMDA) in order to obtain approval for this drug as soon as possible.

Meanwhile, an additional indication of “prevention of post-operative nausea and vomiting” was approved for this drug in the U.S. in July 2006.

- \*4: Ono completed Phase I studies of ONO-5129, a drug for type II diabetes, and commenced Phase II studies in May 2006.

(Outside of Japan)

- \*1: The U.S FDA approved an IND for ONO-4538 / MDX-1106, a fully human anti-PD-1 antibody, jointly discovered by collaborative research between Ono and Medarex, Inc. Medarex will commence Phase I studies in patients with cancer in the U.S.
- \*2: Merck & Co., Inc., our out-licensing partner for Arocyte<sup>®</sup> for Injection (formerly known as Proglia<sup>®</sup>), is planning a new Phase II study of the drug for acute ischemic stroke and will soon commence the study in North America.

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- \* Note: In accordance with a revision made in October 2005 to “A flowchart to avoid similarity in a newly approved pharmaceutical product’s name,” a system to analyze similarity in brand names of pharmaceutical products, from the standpoint of avoidance of medical accidents, the judgment criteria of similarity in brand names has changed. Thus, the following development products have changed their brand name candidates:

	New	Old
Treatment for osteoporosis	Recalbon <sup>®</sup> Tablets	Onobis <sup>®</sup> Tablets
Treatment for acute stroke	Arocyte <sup>®</sup> for Injection	Proglia <sup>®</sup> for Injection

# First Quarter (April 1 – June 30, 2006) Annual Flash Report (unaudited)

Three months ended June 30, 2006

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

## Supplemental Information

# Status of Development Pipeline

as of August 4, 2006

## Developments in Japan

### *NDA filed:*

#### New chemical entities:

- **Staybla® Tablets (ONO-8025)/ KRP-197 (co-development with Kyorin Pharmaceutical Co., Ltd.)**  
Overactive bladder (pollakiuria and urinary incontinence) [M<sub>3</sub> muscarinic receptor blocker]
- **Recalbon® Tablets (ONO-5920)/ YM529 (co-development with Astellas Pharma Inc.)**  
Osteoporosis [bone resorption inhibitor (bisphosphonate)]

#### Additional indications:

- **Onoact® for Injection**  
Postoperative tachyarrhythmias [short-acting β<sub>1</sub> blocker]

### *Ongoing clinical studies:*

#### New chemical entities:

- **ONO-5435/MK-0431 (tablet) (co-development with Banyu Pharmaceutical Co., Ltd.)**  
Type II diabetes (Phase III) [DPP-IV inhibitor]
  - **Arocyte® for Injection (ONO-2506)**  
Acute ischemic stroke (Phase II/III) [neuroprotective effect (astrocyte modulator)]
  - **Emend® Capsules (ONO-7436/MK-0869) (in-licensed from Merck & Co., Inc.)**  
Chemotherapy-induced nausea and vomiting (Phase II) [NK<sub>1</sub> antagonist]
  - **ONO-2540/ ENA713D (transdermal patch) (co-development with Novartis Pharma K.K.)**  
Alzheimer's disease (Phase II) [dual inhibitor of AChE and BuChE]
  - **Cereact® Capsules (ONO-2506PO)**  
Parkinson's disease (Phase II) [neuroprotective effect (astrocyte modulator)]
  - **ONO-5129 (tablet)**  
Type II diabetes (Phase II) [dual agonist of PPARα and PPARγ]
  - **ONO-2333Ms (tablet)**  
Depression and anxiety disorder (Phase I) [CRF receptor antagonist]
- #### Additional indications:
- **Onon® Dry Syrup**  
Pediatric allergic rhinitis (Phase II/III) [LTC<sub>4</sub> and LTD<sub>4</sub> antagonist]
  - **Onon® Capsules**  
Chronic sinusitis (Phase II) [LTC<sub>4</sub> and LTD<sub>4</sub> antagonist]

- **Opalmon® Tablets (co-development with Dainippon Sumitomo Pharma Co., Ltd.)**  
Cervical Spondylosis (Phase II) [increase of blood flow in nerve tissue]
- **Onoact® for Injection**  
Improvement of multislice CT coronary imaging ability (Phase II) [short-acting β<sub>1</sub> blocker]

## Developments abroad

### *Ongoing clinical studies:*

- **Arocyte® for Injection (ONO-2506) (out-licensed to Merck & Co., Inc.)**  
Acute ischemic stroke (Phase II) [neuroprotective effect (astrocyte modulator)]
- **Cereact® Capsules (ONO-2506PO)**  
Amyotrophic lateral sclerosis (ALS) (Phase II)  
Alzheimer's disease (Phase II)  
[neuroprotective effect (astrocyte modulator)]
- **ONO-5129 (tablet)**  
Type II diabetes (Phase II) [dual agonist of PPARα and PPARγ]
- **ONO-2333Ms (tablet)**  
Depression and anxiety disorder (Phase I) [CRF receptor antagonist]
- **ONO-2231 (injection)**  
Acute ischemic stroke (Phase I) [PARP inhibitor]
- **ONO-5334 (tablet)**  
Osteoporosis (Phase I) [cathepsin K inhibitor]
- **ONO-4538 / MDX-1106 (injection) (co-development with Medarex, Inc.)**  
Cancer (Phase I) [fully human anti-PD-1 antibody]