

## First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)

Nine months ended December 31, 2007

# ONO PHARMACEUTICAL CO., LTD.

February 5, 2008

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for nine months ended December 31, 2007.

This First-Third Quarter Flash Report 2008 (unaudited) is 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			
	1st-3rd Quarter 9 months ended Dec 31 2007	1st-3rd Quarter 9 months ended Dec 31 2006	Annual 12 months ended Mar 31 2007	1st-3rd Quarter 9 months ended Dec 31 2007
Net sales	¥ 112,952	¥ 109,787	¥ 141,712	\$ 990,807
Net income	28,517	29,680	35,272	250,149
Total Net assets	434,670	447,081	446,805	3,812,895
Total assets	482,849	498,076	504,815	4,235,518
		Yen		US\$
Net income per common share	¥ 249.08	¥ 253.90	¥ 302.73	\$ 2.18

**First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)**  
Nine months ended December 31, 2007

**Consolidated Forecast of Consolidated Results for the Year  
Ending March 31,2008**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

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	Year ending March 31,2008	
	Millions of yen	Thousands of US\$
Net sales	¥ 146,000	\$ 1,280,702
Operating income	51,700	453,509
Ordinary income	54,500	478,070
Net income	35,500	311,404
	Yen	US\$
Net income per common share	310.76	2.73

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(\*)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-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)**  
 Nine months ended December 31, 2007

## 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\$
	1st-3rd Quarter December 31 2007	1st-3rd Quarter December 31 2006	Annual March 31 2007	1st-3rd Quarter December 31 2007
<b>Current assets</b>				
Cash and bank deposits	¥ 16,719	¥ 23,919	¥ 14,942	\$ 146,658
Notes and accounts receivable	50,287	50,222	42,073	441,114
Marketable securities	102,672	83,961	119,621	900,632
Inventories	9,155	8,938	9,300	80,307
Others	14,237	13,532	14,510	124,885
Allowance for doubtful receivables	(12)	(1,061)	(15)	(105)
<b>Total current assets</b>	<b>193,058</b>	<b>179,511</b>	<b>200,431</b>	<b>1,693,491</b>
<b>Property, plant and equipment</b>				
Land	22,546	22,546	22,546	197,772
Buildings and structures	25,384	26,449	26,285	222,667
Machinery, equipment and others	3,717	4,636	4,347	32,605
Construction in progress	159	93	38	1,395
<b>Net property, plant and equipment</b>	<b>51,806</b>	<b>53,724</b>	<b>53,216</b>	<b>454,439</b>
<b>Investments and other assets</b>				
Investment securities	231,404	255,380	244,771	2,029,860
Intangible assets	1,087	1,125	1,092	9,535
Others	5,494	8,336	5,305	48,193
<b>Total investments and other assets</b>	<b>237,985</b>	<b>264,841</b>	<b>251,168</b>	<b>2,087,588</b>
<b>Total assets</b>	<b>¥ 482,849</b>	<b>¥ 498,076</b>	<b>¥ 504,815</b>	<b>\$ 4,235,518</b>

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

LIABILITIES AND EQUITY	Millions of yen			Thousands of US\$
	1st-3rd Quarter December 31 2007	1st-3rd Quarter December 31 2006	Annual March 31 2007	1st-3rd Quarter December 31 2007
<b>Current liabilities</b>				
Current portion of long-term debt	¥ 2	¥ 2	¥ 1	\$ 18
Notes and accounts payable	3,160	2,688	2,970	27,719
Income tax payable	7,433	7,571	12,019	65,202
Others	14,108	13,044	12,869	123,754
<b>Total current liabilities</b>	<b>24,703</b>	<b>23,305</b>	<b>27,859</b>	<b>216,693</b>
<b>Long-term liabilities</b>				
Long-term debt, less current portion	18	19	19	158
Liabilities for retirement benefits	8,572	10,191	9,148	75,193
Others	14,886	17,480	20,984	130,579
<b>Total long-term liabilities</b>	<b>23,476</b>	<b>27,690</b>	<b>30,151</b>	<b>205,930</b>
<b>Equity</b>				
Common stock	17,358	17,358	17,358	152,263
Capital surplus	17,064	17,002	17,002	149,684
Retained earnings	414,749	407,831	404,062	3,638,150
Treasury stock-at cost	(36,860)	(34,048)	(24,709)	(323,333)
<b>Total equity</b>	<b>412,311</b>	<b>408,143</b>	<b>413,713</b>	<b>3,616,764</b>
<b>Other comprehensive income</b>				
Unrealized gain on securities (*)	28,038	39,670	39,161	245,947
Land revaluation surplus	(8,919)	(3,549)	(8,919)	(78,237)
Foreign currency translation adjustments	101	82	50	886
<b>Total other comprehensive income</b>	<b>19,220</b>	<b>36,203</b>	<b>30,292</b>	<b>168,596</b>
<b>Minority interests</b>				
<b>Total net assets</b>	<b>3,139</b>	<b>2,735</b>	<b>2,800</b>	<b>27,535</b>
<b>Total liabilities and total net assets</b>	<b>¥ 482,849</b>	<b>¥ 498,076</b>	<b>¥ 504,815</b>	<b>\$ 4,235,518</b>

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

## First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)

Nine months ended December 31, 2007

### 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\$
	1st-3rd Quarter 9 months ended Dec 31 2007	1st-3rd Quarter 9 months ended Dec 31 2006	Annual 12 months ended Mar 31 2007	1st-3rd Quarter 9 months ended Dec 31 2007
<b>Net sales</b>	¥ 112,952	¥ 109,787	¥ 141,712	\$ 990,807
<b>Cost of sales</b>	16,142	16,105	21,085	141,596
Gross profit	96,810	93,682	120,627	849,211
<b>Selling, general and administrative expenses</b>	52,703	48,632	67,785	462,307
Operating income	44,107	45,050	52,842	386,904
<b>Other income (expenses)</b>				
Interest and dividend income	2,626	2,203	2,582	23,035
Interest expenses	(1)	(0)	(1)	(9)
Other, net	955	2,112	6,173	8,377
	3,580	4,315	8,754	31,403
Income before income taxes and minority interests	47,687	49,365	61,596	418,307
<b>Income taxes</b>	18,826	19,439	26,012	165,140
Income before minority interests	28,861	29,926	35,584	253,167
<b>Minority interests</b>	(344)	(246)	(312)	(3,018)
<b>Net income</b>	¥ 28,517	¥ 29,680	¥ 35,272	\$ 250,149
	Yen			US\$
<b>Per share of common stock</b>				
Basic net income	¥ 249.08	¥ 253.90	¥ 302.73	\$ 2.18
Cash dividends applicable to the period	¥ —	¥ —	¥ 100.00	\$ —

## First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)

Nine months ended December 31, 2007

### Consolidated Statements of Cash Flows

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

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

	Millions of yen			Thousands of US\$
	Ist-3rd Quarter 9 months ended Dec 31 2007	Ist-3rd Quarter 9 months ended Dec 31 2006	Annual 12 months ended Mar 31 2007	Ist-3rd Quarter 9 months ended Dec 31 2007
<b>Operating activities:</b>				
Income before income taxes and minority interests	¥ 47,687	¥ 49,365	¥ 61,596	\$ 418,307
Adjustments for:				
Depreciation and amortization	2,510	2,620	3,521	22,018
Decrease in allowance for doubtful receivables	(1)	(211)	(1,252)	(9)
Increase (decrease) in provision for retirement benefits, net	92	(3,112)	(4,175)	807
Interest and dividend income	(2,626)	(2,203)	(2,582)	(23,035)
Decrease (increase) in notes and accounts receivable	(8,214)	(6,834)	1,323	(72,053)
Decrease in inventories	219	408	99	1,921
Increase (decrease) in notes and accounts payable	94	(403)	(147)	825
Others	(416)	(1,245)	(4,195)	(3,648)
Interest and dividend income received	2,796	2,592	3,153	24,526
Interest paid	(0)	(0)	(1)	(0)
Income taxes paid	(22,955)	(18,568)	(18,661)	(201,360)
<b>Net cash provided by operating activities</b>	<b>19,186</b>	<b>22,409</b>	<b>38,679</b>	<b>168,299</b>
<b>Investing activities:</b>				
Payments for purchases of marketable securities	(72,455)	(59,090)	(109,843)	(635,570)
Proceeds from sales of marketable securities	121,082	98,820	127,480	1,062,123
Payments for purchases of property, plant and equipment	(1,194)	(854)	(1,131)	(10,474)
Payments for purchases of investment securities	(32,445)	(26,646)	(28,035)	(284,605)
Proceeds from sales of investment securities	2,192	874	5,079	19,228
Other payments	(418)	(605)	(76)	(3,667)
<b>Net cash generated from (used in) investment activities</b>	<b>16,762</b>	<b>12,499</b>	<b>(6,526)</b>	<b>147,035</b>
<b>Financing activities:</b>				
Repayment of current portion of long-term debt	(1)	(1)	(2)	(9)
Payments for obtaining treasury stock	(12,162)	(11,739)	(11,771)	(106,684)
Proceeds from sales of treasury stock	92	—	—	807
Cash dividends	(16,501)	(13,765)	(14,066)	(144,746)
<b>Net cash used in financing activities</b>	<b>(28,572)</b>	<b>(25,505)</b>	<b>(25,839)</b>	<b>(250,632)</b>
<b>Foreign currency translation adjustments</b>				
<b>on cash and cash equivalents</b>	<b>(13)</b>	<b>15</b>	<b>34</b>	<b>(114)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>7,363</b>	<b>9,418</b>	<b>6,348</b>	<b>64,588</b>
<b>Cash and cash equivalents, beginning</b>	<b>32,669</b>	<b>26,321</b>	<b>26,321</b>	<b>286,570</b>
<b>Cash and cash equivalents, ending</b>	<b>¥ 40,032</b>	<b>¥ 35,739</b>	<b>¥ 32,669</b>	<b>\$ 351,158</b>

**First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)**  
Nine months ended December 31, 2007

## **Notes to Consolidated Financial Statements**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

Note 1 This First-Third Quarter Flash Report 2008 (unaudited) is a summary information extracted from the financial statements announced by the Company on February 5, 2008.

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 2008 (unaudited) 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.

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 114 = US\$ 1, the approximate exchange rate prevailing on December 31, 2007.

## First-Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)

Nine months ended December 31, 2007

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-3rd Quarter 9 months ended Dec 31 2007		1st-3rd Quarter 9 months ended Dec 31 2006		Annual 12 months ended Mar 31 2007	
<b>Opalmon</b>	Circulatory system agent	¥	<b>293</b>	¥	265	¥	338
<b>Onon</b>	Agent for bronchial asthma and allergic rhinitis		<b>199</b>		196		268
<b>Kinedak</b>	Agent for diabetic peripheral neuropathy		<b>139</b>		138		173
<b>Foipan</b>	Agent for chronic pancreatitis and postoperative reflux esophagitis		<b>108</b>		112		140
<b>Onon dry syrup</b>	Agent for pediatric bronchial asthma		<b>87</b>		88		114
<b>Elaspol</b>	Agent for acute lung injury associated with SIRS		<b>44</b>		43		53
<b>Onoact</b>	Agent for tachyarrhythmia during operation		<b>16</b>		6		9
<b>Staybla</b>	Agent for overactive bladder (pollakiuria and urinary incontinence)		<b>3</b>		—		—
<b>Combined sales of 5 injection products(*)</b>			<b>144</b>		160		196

(\*) Breakdown of five injectable products:Cataclot, Prostandin, Prostandin 500, FOY, FOY 500

## **Status of Development Pipeline (as of February 5, 2008)**

### **- Changes from the Semi-annual Flash Report for the Fiscal Year ended March 2008 announced on November 8, 2007 -**

(Japan)

- An NDA of Glactiv<sup>®</sup> Tablets (ONO-5435/MK-0431) for the treatment of type II diabetes was submitted with the Ministry of Health, Labour and Welfare of Japan in December 2007. We licensed-in this compound from Merck & Co., and have jointly developed it in Japan with Banyu Pharmaceutical Co., Ltd.
- Phase I study of ONO-5334, a drug for the treatment of osteoporosis, commenced in December 2007. Phase II study is underway with the compound in Europe at present.
- Phase I study of ONO-8539, a drug for the treatment of overactive bladder, commenced in December 2007. In Europe, Phase I study of the compound has been ongoing since November 2006.

## Third Quarter (April 1 – December 31, 2007) Flash Report (unaudited)

Nine months ended December 31, 2007

Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

### Supplemental Information

## Status of Development Pipeline

as of February 5, 2008

### Developments in Japan

#### *NDA filed (New chemical entities):*

- **Recalbon<sup>®</sup> Tablets (ONO-5920 / YM529)**  
(co-development with Astellas Pharma Inc.)  
Osteoporosis [bone resorption inhibitor (bisphosphonate)]
- **Emend<sup>®</sup> Capsules (ONO-7436 / MK-0869)**  
(in-licensed from Merck & Co., Inc.)  
Chemotherapy-induced nausea and vomiting  
[NK1 antagonist]
- **Glactiv<sup>®</sup> Tablets (ONO-5435 / MK-0431)**  
(co-development with Banyu Pharmaceutical Co., Ltd.)  
Type II diabetes [DPP-IV inhibitor]

#### *Ongoing clinical studies (New chemical entities):*

- **ONO-2540 / ENA713D (transdermal patch)**  
(co-development with Novartis Pharma K.K.)  
Alzheimer's disease (Phase III)  
[dual inhibitor of AChE and BuChE]
- **Arocyte<sup>®</sup> for Injection (ONO-2506)**  
Acute ischemic stroke (Phase II / III)  
[neuroprotective effect (astrocyte modulator)]
- **ONO-2333Ms (tablet)**  
Depression and anxiety disorder (Phase I)  
[CRF receptor antagonist]
- **ONO-7643 / RC-1291 (tablet)**  
(in-licensed from Sapphire Therapeutics, Inc.)  
Cancer anorexia / cachexia (Phase I)  
[ghrelin mimetic]
- **ONO-5334 (tablet)**  
Osteoporosis (Phase I) [cathepsin K inhibitor]
- **ONO-8539 (tablet)**  
Overactive bladder (Phase I) [EP 1 antagonist]

#### *Ongoing clinical studies (Additional indications):*

- **Onon<sup>®</sup> Capsules**  
Chronic sinusitis (Phase III) [LT C4 and D4 antagonist]
- **Opalmon<sup>®</sup> Tablets (co-development with Dainippon Sumitomo Pharma Co., Ltd.)**  
Cervical Spondylosis (Phase II)  
[increase of blood flow in nerve tissue]
- **Onoact<sup>®</sup> for Injection**  
Improvement of multislice CT coronary imaging ability  
(Phase II) [short-acting β1 blocker]
- **Elaspol<sup>®</sup> for Injection**  
Acute respiratory failure associated with community-acquired pneumonia (Phase II)  
[neutrophil elastase inhibitor]

### Developments abroad

#### *Ongoing clinical studies (New chemical entities):*

- **MK-0724 / ONO-2506 (injection)**  
(out-licensed to Merck & Co., Inc.)  
Acute ischemic stroke (Phase II)  
[neuroprotective effect (astrocyte modulator)]
- **Cereact<sup>®</sup> Capsules (ONO-2506PO)**  
Amyotrophic lateral sclerosis (ALS) (Phase II)  
[neuroprotective effect (astrocyte modulator)]
- **ONO-2333Ms (tablet)**  
Depression and anxiety disorder (Phase II)  
[CRF receptor antagonist]
- **ONO-5334 (tablet)**  
Osteoporosis (Phase II) [cathepsin K inhibitor]
- **ONO-4538 / MDX-1106 (injection)**  
(co-development with Medarex, Inc.)  
Cancer (Phase I)  
Hepatitis C (Phase I)  
[fully human anti-PD-1 antibody]
- **ONO-8539 (tablet)**  
Overactive bladder (Phase I) [EP 1 antagonist]
- **ONO-4641 (tablet)**  
Multiple sclerosis (Phase I) [S1P receptor agonist]