

## First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)

Three months ended June 30, 2008

# ONO PHARMACEUTICAL CO., LTD.

August 5, 2008

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for three months ended June 30, 2008.

This First Quarter Flash Report 2009 (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			
	<b>1st Quarter 3 months ended Jun 30 2008</b>	1st Quarter 3 months ended Jun 30 2007	Annual 12 months ended Mar 31 2008	<b>1st Quarter 3 months ended Jun 30 2008</b>
Net sales	¥ 35,660	¥ 38,284	¥ 145,898	\$ 336,415
Net income	8,721	10,495	35,047	82,274
Total Net assets	416,675	453,378	430,263	3,930,896
Total assets	463,862	512,218	477,341	4,376,057
		Yen		US\$
Net income per common share	¥ 77.61	¥ 90.98	¥ 306.80	\$ 0.73

## First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)

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# Consolidated Forecast of Consolidated Results for the Six Months Ending September 30, 2008 and for the Year Ending March 31, 2009

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

	Six months ending		Year ending	
	September 30, 2008		March 31, 2009	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Net sales	¥ 65,800	\$ 620,755	¥ 134,400	\$ 1,267,925
Operating income	19,500	183,962	39,600	373,585
Ordinary income	21,200	200,000	42,600	401,887
Net income	14,200	133,962	28,400	267,925
	Yen	US\$	Yen	US\$
Net income per common share	127.18	1.20	255.37	2.41

(\*)The forecasts for the six months ending September 30, 2008 and the year ending March 31, 2009 are changed from May 14, 2008. For more information regarding these changes, please refer to the separately released "Revisions of First Half / Full Year Business Forecasts for FY2008".

(\*)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, 2008) Flash Report (unaudited)**  
**Three months ended June 30, 2008**

## 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 Quarter June 30 2008	1s Quarter June 30 2007	Annual March 31 2008	1st Quarter June 30 2008
<b>Current assets</b>				
Cash and bank deposits	¥ 30,340	¥ 85,464	¥ 14,256	\$ 286,226
Notes and accounts receivable	45,415	47,441	41,107	428,443
Marketable securities	83,272	55,009	130,599	785,585
Inventories	9,589	9,348	9,972	90,462
Others	16,920	14,743	16,133	159,624
Allowance for doubtful receivables	(9)	(15)	(10)	(85)
<b>Total current assets</b>	<b>185,527</b>	<b>211,990</b>	<b>212,057</b>	<b>1,750,255</b>
<b>Property, plant and equipment</b>				
Land	22,546	22,546	22,546	212,698
Buildings and structures	24,815	26,144	24,971	234,104
Machinery, equipment and others	3,252	4,204	3,449	30,679
Construction in progress	301	51	296	2,840
<b>Net property, plant and equipment</b>	<b>50,914</b>	<b>52,945</b>	<b>51,262</b>	<b>480,321</b>
<b>Investments and other assets</b>				
Investment securities	220,783	240,903	207,517	2,082,858
Intangible assets	1,018	1,062	1,042	9,604
Others	5,620	5,318	5,463	53,019
<b>Total investments and other assets</b>	<b>227,421</b>	<b>247,283</b>	<b>214,022</b>	<b>2,145,481</b>
<b>Total assets</b>	<b>¥ 463,862</b>	<b>¥ 512,218</b>	<b>¥ 477,341</b>	<b>\$ 4,376,057</b>

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

LIABILITIES AND EQUITY	Millions of yen			Thousands of US\$
	1st Quarter June 30 2008	1st Quarter June 30 2007	Annual March 31 2008	1st Quarter June 30 2008
<b>Current liabilities</b>				
Current portion of long-term debt	¥ 2	¥ 2	¥ 1	\$ 19
Notes and accounts payable	3,280	3,354	3,044	30,943
Income tax payable	5,307	6,786	13,837	50,066
Others	16,759	16,761	12,528	158,105
<b>Total current liabilities</b>	<b>25,348</b>	<b>26,903</b>	<b>29,410</b>	<b>239,133</b>
<b>Long-term liabilities</b>				
Long-term debt, less current portion	17	19	17	160
Liabilities for retirement benefits	9,560	8,364	8,668	90,189
Others	12,262	23,554	8,983	115,679
<b>Total long-term liabilities</b>	<b>21,839</b>	<b>31,937</b>	<b>17,668</b>	<b>206,028</b>
<b>Equity</b>				
Common stock	17,358	17,358	17,358	163,755
Capital surplus	17,080	17,015	17,080	161,132
Retained earnings	417,302	407,639	421,280	3,936,811
Treasury stock-at cost	(52,462)	(24,721)	(36,861)	(494,925)
<b>Total equity</b>	<b>399,278</b>	<b>417,291</b>	<b>418,857</b>	<b>3,766,773</b>
<b>Other comprehensive income</b>				
Unrealized gain on securities (*)	23,109	41,943	17,112	218,010
Land revaluation surplus	(8,919)	(8,919)	(8,919)	(84,142)
Foreign currency translation adjustments	(125)	211	(22)	(1,179)
<b>Total other comprehensive income</b>	<b>14,065</b>	<b>33,235</b>	<b>8,171</b>	<b>132,689</b>
<b>Minority interests</b>				
<b>Total net assets</b>	<b>416,675</b>	<b>453,378</b>	<b>430,263</b>	<b>3,930,896</b>
<b>Total liabilities and total net assets</b>	<b>¥ 463,862</b>	<b>¥ 512,218</b>	<b>¥ 477,341</b>	<b>\$ 4,376,057</b>

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

## First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)

Three months ended June 30, 2008

### 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 Quarter 3 months ended Jun 30 2008	1st Quarter 3 months ended Jun 30 2007	Annual 12 months ended Mar 31 2008	1st Quarter 3 months ended Jun 30 2008
Net sales	¥ 35,660	¥ 38,284	¥ 145,898	\$ 336,415
Cost of sales	5,830	5,415	20,861	55,000
Gross profit	29,830	32,869	125,037	281,415
Selling, general and administrative expenses	17,391	16,514	72,750	164,066
Operating income	12,439	16,355	52,287	117,349
Other income (expenses)				
Interest and dividend income	1,387	1,192	3,060	13,085
Interest expenses	—	(0)	(1)	—
Other, net	330	(171)	4,167	3,113
	1,717	1,021	7,226	16,198
Income before income taxes and minority interests	14,156	17,376	59,513	133,547
Income taxes	5,342	6,802	24,041	50,396
Income before minority interests	8,814	10,574	35,472	83,151
Minority interests	(93)	(79)	(425)	(877)
Net income	¥ 8,721	¥ 10,495	¥ 35,047	\$ 82,274
		Yen		US\$
Per share of common stock				
Basic net income	¥ 77.61	¥ 90.98	¥ 306.80	\$ 0.73
Cash dividends applicable to the period	¥ —	¥ —	¥ 202.00	\$ —

## First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)

Three months ended June 30, 2008

### 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\$
	1st Quarter 3 months ended Jun 30 2008	1st Quarter 3 months ended Jun 30 2007	Annual 12 months ended Mar 31 2008	1st Quarter 3 months ended Jun 30 2008
<b>Operating activities:</b>				
Income before income taxes and minority interests	¥ 14,156	¥ 17,376	¥ 59,513	\$ 133,547
Adjustments for:				
Depreciation and amortization	724	845	3,384	6,830
(Decrease) increase in allowance for doubtful receivables	(1)	2	(12)	(9)
Interest and dividend income	(1,387)	(1,192)	(3,060)	(13,085)
Gain on sales of investment securities	(443)	—	(5,393)	(4,179)
(Increase)decrease in notes and accounts receivable	(4,347)	(5,368)	925	(41,009)
Decrease (increase) in inventories	383	(47)	(595)	3,613
Increase (decrease) in notes and accounts payable	274	237	(26)	2,585
Others	2,814	3,144	1,474	26,547
Interest and dividend income received	1,426	1,234	3,302	13,453
Interest paid	—	(0)	(1)	—
Income taxes paid	(13,770)	(12,008)	(22,989)	(129,906)
<b>Net cash (used in) provided by operating activities</b>	<b>(171)</b>	<b>4,223</b>	<b>36,522</b>	<b>(1,613)</b>
<b>Investing activities:</b>				
Payments for purchases of marketable securities	(6,975)	(18,003)	(109,282)	(65,802)
Proceeds from sales of marketable securities	51,898	74,548	147,991	489,604
Payments for purchases of property, plant and equipment	(355)	(512)	(1,592)	(3,349)
Payments for purchases of investment securities	(11,613)	(2,437)	(42,441)	(109,557)
Proceeds from sales of investment securities	624	972	13,308	5,887
Other payments	(203)	(9)	(550)	(1,915)
<b>Net cash generated from provided by (used in) investment</b>	<b>33,376</b>	<b>54,559</b>	<b>7,434</b>	<b>314,868</b>
<b>Financing activities:</b>				
Repayment of current portion of long-term debt	—	—	(2)	—
Payments for obtaining treasury stock	(15,600)	(16)	(12,165)	(147,169)
Proceeds from sales of treasury stock	—	—	120	—
Cash dividends	(11,302)	(6,192)	(17,124)	(106,623)
<b>Net cash used in financing activities</b>	<b>(26,902)</b>	<b>(6,208)</b>	<b>(29,171)</b>	<b>(253,792)</b>
<b>Foreign currency translation adjustments</b>				
<b>on cash and cash equivalents</b>	<b>(66)</b>	<b>(6)</b>	<b>(21)</b>	<b>(623)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,237</b>	<b>52,568</b>	<b>14,764</b>	<b>58,840</b>
<b>Cash and cash equivalents, beginning</b>	<b>47,433</b>	<b>32,669</b>	<b>32,669</b>	<b>447,481</b>
<b>Cash and cash equivalents, ending</b>	<b>¥ 53,670</b>	<b>¥ 85,237</b>	<b>¥ 47,433</b>	<b>\$ 506,321</b>

**First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)**  
Three months ended June 30, 2008

## **Notes to Consolidated Financial Statements**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

- Note 1 This First Quarter Flash Report 2009 (unaudited) is a summary information extracted from the financial statements announced by the Company on August 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 Quarter Flash Report 2009 (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 106 = US\$ 1, the approximate exchange rate prevailing on June 30, 2008.

## First Quarter (April 1 – June 30, 2008) Flash Report (unaudited)

Three months ended June 30, 2008

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 2008		1st Quarter 3 months ended Jun 30 2007		Annual 12 months ended Mar 31 2008	
<b>Opalmon</b>	Circulatory system agent	¥	<b>98</b>	¥	95	¥	373
<b>Onon</b>	Agent for bronchial asthma and allergic rhinitis		<b>62</b>		72		271
<b>Kinedak</b>	Agent for diabetic peripheral neuropathy		<b>43</b>		47		174
<b>Onon dry syrup</b>	Agent for pediatric bronchial asthma		<b>22</b>		29		110
<b>Elaspol</b>	Agent for acute lung injury associated with SIRS		<b>13</b>		14		54
<b>Onoact</b>	Agent for tachyarrhythmia during operation		<b>6</b>		4		19
<b>Staybla</b>	Agent for overactive bladder (pollakiuria and urinary incontinence)		<b>3</b>		2		5

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

**- - Changes from the Annual Flash Report for the Fiscal Year ended March 2008 announced on May 14, 2008 - -**

- Ono had pursued development of ONO-2333Ms for the treatment of depression and anxiety disorder in Japan and the U.S., but discontinued it in July this year because the compound failed to demonstrate the expected efficacy in the phase II studies for the treatment of depression performed in the U.S.

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Ono Pharmaceutical Co., Ltd. and  
Consolidated Subsidiaries

## Supplemental Information

# Status of Development Pipeline

as of August 5, 2008

## Developments in Japan

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

- **Recalbon® Tablets (ONO-5920 / YM529)**  
(co-development with Astellas Pharma Inc.)  
Osteoporosis [bone resorption inhibitor (bisphosphonate)]
- **Emend® Capsules (ONO-7436 / MK-0869)**  
(in-licensed from Merck & Co., Inc.)  
Chemotherapy-induced nausea and vomiting  
[NK1 antagonist]
- **Glactiv® 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® for Injection (ONO-2506)**  
Acute ischemic stroke (Phase II / III)  
[neuroprotective effect (astrocyte modulator)]
- **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]
- **ONO-7847 / MK-0517 (injection)**  
(in-licensed from Merck & Co., Inc.)  
Chemotherapy-induced nausea and vomiting (Phase I)  
[NK1 antagonist]

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

- **Onoact® for Injection**  
Improvement of multislice CT coronary imaging ability  
(Phase II) [short-acting  $\beta_1$  blocker]
- **Elaspol® for Injection**  
Acute respiratory failure associated with community-acquired pneumonia (Phase II)  
[neutrophil elastase inhibitor]

### *Ongoing clinical studies (New Dosage Regimen):*

- **ONO-5920 / YM529 (tablet)**  
(co-development with Astellas Pharma Inc.)  
Osteoporosis (Phase I)  
[bone resorption inhibitor (bisphosphonate)]

## 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® Capsules (ONO-2506PO)**  
Amyotrophic lateral sclerosis (ALS) (Phase II)  
[neuroprotective effect (astrocyte modulator)]
- **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]