

May 13, 2013

ONO PHARMACEUTICAL CO., LTD.

Corporate Communications

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## Voluntary adoption of International Financial Reporting Standards (IFRS)

Ono Pharmaceutical Co., Ltd. (Chuo-ku, Osaka, President: Gyo Sagara) resolved at the meeting of Board of Directors held today that IFRS is to be adopted to its group's consolidated financial reports and consolidated calculation documents ending on March 31st, 2014. Its financial reports and documents used to be based on Japan Generally Accepted Accounting Principles (Japan GAAP).

Our group has been facilitating business development such as research and development and licensing activities globally in the U.S.A, Europe and Asian regions as well as in Japan. Additionally foreign investors account for about 30 % of the total shareholders as of March 31st, 2013, which has shown large proportion of foreign investors from the past. With these situations considered, we have decided to voluntarily adopt IFRS to disclose financial information based on international standards, improve comparability and enhance convenience of stakeholders including shareholders, investors and business partners.

Ref: <Schedule of disclosure of financial information in association with the change of accounting standards>

May 2013	Flash Report and consolidated calculation document ending on March 31st, 2013	Japan GAAP
June 2013	Annual Report ending on March 31st, 2013	Japan GAAP
	Financial information on 1Q to 3Q ending on March 31st, 2014	Japan GAAP
May 2014	Flash Report and consolidated calculation document ending on March 31st, 2014	IFRS
June 2014	Annual Report ending on March 31st, 2014	IFRS

## Consolidated Financial Forecast in Fiscal Year ended March 31, 2014 (FY2013) under IFRS

Table below shows trial IFRS calculation of the consolidated forecast for the fiscal year ending March 31, 2014, disclosed today.

(Billion JPY)

	IFRS (1)	J-GAAP (2)	Difference ((1) – (2))
Net sales	146.3	148.3	Δ 2.0
Cost of sales	34.6	36.3	Δ 1.7
R &D expenditures	46.1	48.9	Δ 2.8
Operating income	30.0	27.9	+ 2.1
Net income	22.8	20.4	+ 2.4

### < Major differences between IFRS and J-GAAP >

Items	Background for differences
Net sales and Cost of sales	Gross amount presentation (J-GAAP) / Net amount presentation (IFRS), in a part of transactions
Depreciation	Declining-balance method (J-GAAP) / Straight-line method (IFRS)
Upfront/milestone payments	Recognized as R&D expenditures when occurred (J-GAAP) / Capitalized as intangible asset when occurred and amortized as cost of sales from the launch of a product until the patent expiry (IFRS)
Laboratory equipments	Recognized as R&D expenditures when purchased (J-GAAP) / Capitalized as fixed asset when purchased, and depreciated as R&D expenditures over the period of endurance (IFRS)
Retirement benefit expenses (actuarial gain/loss)	Recognized in a lump sum as cost of sales or selling, general and administrative expenses during the next fiscal year when occurred (J-GAAP) / Recognized as other comprehensive income at once when occurred (IFRS)
Income/loss on sale of marketable securities Impairment loss on marketable securities	Recognized as special income/loss when occurred (J-GAAP) / Recognized as other comprehensive income when income/loss on sale of marketable securities or impairment loss on marketable securities is occurred (IFRS)

### < Reference > Financial Results of FY 2012 and Financial Forecasts of FY 2013 under IFRS and J-GAAP

(Billion JPY)

		FY 2012	FY 2013	Increase/ Decrease	(%)
IFRS	Net sales	* 142.8	146.3	+ 3.5	+ 2.5
	Cost of sales	* 31.6	34.6	+ 3.0	+ 9.4
	R &D expenditures	* 46.7	46.1	Δ 0.6	Δ 1.2
	Operating income	* 29.8	30.0	+ 0.2	+ 0.8
J-GAAP	Net sales	145.4	148.3	+ 2.9	+ 2.0
	Cost of sales	34.0	36.3	+ 2.3	+ 6.8
	R &D expenditures	45.4	48.9	+ 3.5	+ 7.6
	Operating income	31.9	27.9	Δ 4.0	Δ 12.6

\* Note: Financial Results of FY 2012 under IFRS are prepared as reference for understanding the differences between J-GAAP and IFRS. Such figures may be changed in connection with IFRS introduction and audit by an audit firm.