

First Quarter (April 1 – June 30, 2010) Flash Report (unaudited)

Three months ended June 30, 2010

ONO PHARMACEUTICAL CO., LTD.

August 6, 2010

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for three months ended June 30, 2010.

This First Quarter Flash Report 2011 (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.			
	Millions of yen			Thousands of US\$
	1st Quarter 3 months ended Jun 30 2010	1st Quarter 3 months ended Jun 30 2009	Annual 12 months ended Mar 31 2010	1st Quarter 3 months ended Jun 30 2010
Net sales	¥ 33,830	¥ 36,449	¥ 135,986	\$ 384,432
Net income	8,322	11,174	27,878	94,568
Total Net assets	399,512	399,107	406,109	4,539,909
Total assets	427,282	430,803	433,226	4,855,477
		Yen		US\$
Net income per common share	¥ 76.54	¥ 102.76	¥ 256.38	\$ 0.87

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**Consolidated Forecast of Consolidated Results for the Six Months
Ending September 30, 2010 and for the Year Ending March 31, 2011**

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

	Six months ending		Year ending	
	September 30, 2010		March 31, 2011	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Net sales	¥ 62,000	\$ 704,545	¥ 129,000	\$ 1,465,909
Operating income	16,900	192,045	32,000	363,636
Ordinary income	18,200	206,818	34,000	386,364
Net income	11,800	134,091	22,100	251,136
	Yen	US\$	Yen	US\$
Net income per common share	108.52	1.23	203.25	2.31

(*)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.

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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 2010	1st Quarter June 30 2009	Annual March 31 2010	1st Quarter June 30 2010
Current assets				
Cash and bank deposits	¥ 14,831	¥ 14,791	¥ 15,387	\$ 168,534
Notes and accounts receivable	37,163	41,531	31,625	422,307
Marketable securities	99,574	100,080	97,830	1,131,523
Inventories	13,855	9,865	14,626	157,443
Others	22,989	14,800	22,386	261,238
Allowance for doubtful receivables	(11)	(9)	(13)	(125)
Total current assets	188,401	181,058	181,841	2,140,920
Property, plant and equipment				
Land	22,514	22,539	22,539	255,841
Buildings and structures	23,232	23,924	23,631	264,000
Machinery, equipment and others	2,975	2,788	3,202	33,807
Construction in progress	674	1,014	638	7,659
Net property, plant and equipment	49,395	50,265	50,010	561,307
Investments and other assets				
Investment securities	176,583	190,223	190,628	2,006,625
Intangible assets	873	1,116	866	9,920
Others	12,030	8,141	9,881	136,705
Total investments and other assets	189,486	199,480	201,375	2,153,250
Total assets	¥ 427,282	¥ 430,803	¥ 433,226	\$ 4,855,477

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

LIABILITIES AND EQUITY	Millions of yen			Thousands of US\$
	1st Quarter June 30 2010	1st Quarter June 30 2009	Annual March 31 2010	1st Quarter June 30 2010
Current liabilities				
Current portion of long-term debt	¥ 2	¥ 2	¥ 2	\$ 23
Notes and accounts payable	3,395	3,406	2,345	38,580
Income tax payable	4,443	5,776	8,421	50,489
Others	16,380	16,221	12,674	186,135
Total current liabilities	24,220	25,405	23,442	275,227
Long-term liabilities				
Long-term debt, less current portion	14	16	14	159
Liabilities for retirement benefits	404	3,217	599	4,591
Asset retirement obligations	51	—	—	580
Others	3,081	3,058	3,062	35,011
Total long-term liabilities	3,550	6,291	3,675	40,341
Equity				
Common stock	17,358	17,358	17,358	197,250
Capital surplus	17,080	17,080	17,080	194,091
Retained earnings	429,421	423,953	430,871	4,879,784
Treasury stock-at cost	(63,443)	(63,429)	(63,440)	(720,943)
Total equity	400,416	394,962	401,869	4,550,182
Other comprehensive income				
Unrealized gain on securities (*)	4,543	9,730	9,707	51,624
Land revaluation surplus	(8,938)	(8,923)	(8,923)	(101,568)
Foreign currency translation adjustments	(180)	(156)	(174)	(2,045)
Total other comprehensive income	(4,575)	651	610	(51,989)
Minority interests	3,671	3,494	3,630	41,716
Total net assets	399,512	399,107	406,109	4,539,909
Total liabilities and total net assets	¥ 427,282	¥ 430,803	¥ 433,226	\$ 4,855,477

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

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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 2010	1st Quarter 3 months ended Jun 30 2009	Annual 12 months ended Mar 31 2010	1st Quarter 3 months ended Jun 30 2010
Net sales	¥ 33,830	¥ 36,449	¥ 135,986	\$ 384,432
Cost of sales	5,935	5,483	20,838	67,443
Gross profit	27,895	30,966	115,148	316,989
Selling, general and administrative expenses	16,155	15,140	75,307	183,580
Operating income	11,740	15,826	39,841	133,409
Other income (expenses)				
Interest and dividend income	1,252	1,235	2,964	14,227
Interest expenses	—	—	(1)	—
Other, net	(222)	(98)	339	(2,522)
	1,030	1,137	3,302	11,705
Income before income taxes and minority interests	12,770	16,963	43,143	145,114
Income taxes	4,399	5,714	15,055	49,989
Income before minority interests	8,371	11,249	28,088	95,125
Minority interests	(49)	(75)	(210)	(557)
Net income	¥ 8,322	¥ 11,174	¥ 27,878	\$ 94,568
Per share of common stock				
Basic net income	¥ 76.54	¥ 102.76	¥ 256.38	\$ 0.87
Cash dividends applicable to the period	¥ —	¥ —	¥ 180.00	\$ —

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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 2010	1st Quarter 3 months ended Jun 30 2009	Annual 12 months ended Mar 31 2010	1st Quarter 3 months ended Jun 30 2010
Operating activities:				
Income before income taxes and minority interests	¥ 12,770	¥ 16,963	¥ 43,143	\$ 145,114
Adjustments for:				
Depreciation and amortization	717	685	3,012	8,148
(Decrease) increase in allowance for doubtful receivables	(2)	(1)	10	(23)
Increase (decrease) in provision for retirement benefits, net	(195)	978	(1,647)	(2,216)
Contribution to retirement benefits trust	—	—	5,000	—
Interest and dividend income	(1,252)	(1,235)	(2,964)	(14,227)
Interest expenses	—	—	1	—
Gain on sales of investment securities	—	—	(85)	—
(Increase) decrease in notes and accounts receivable	(5,539)	(2,050)	7,856	(62,943)
(Increase) decrease in inventories	771	194	(4,567)	8,761
Increase (decrease) in trade notes and accounts payable	1,057	92	(600)	12,011
Others	1,619	1,370	(8,016)	18,398
Interest and dividend income received	1,330	1,294	3,244	15,113
Interest paid	—	—	(1)	—
Payments for contribution to retirement benefits trust	—	—	(5,000)	—
Income taxes paid	(8,339)	(9,012)	(18,084)	(94,761)
Net cash (used in) provided by operating activities	2,937	9,278	21,302	33,375
Investing activities:				
Payments for purchases of marketable securities	(2,357)	(9,344)	(33,379)	(26,784)
Proceeds from sales of marketable securities	12,050	31,850	86,120	136,932
Payments for purchases of property, plant and equipment	(284)	(827)	(3,211)	(3,227)
Payments for purchases of investment securities	(2,021)	(8,379)	(32,348)	(22,966)
Proceeds from sales of investment securities	6	2	174	68
Other payments	63	(123)	(480)	716
Net cash generated from provided by (used in) investment	7,457	13,179	16,876	84,739
Financing activities:				
Repayment of current portion of long-term debt	—	—	(2)	—
Payments for obtaining treasury stock	(3)	(4)	(13)	(34)
Cash dividends	(8,830)	(8,794)	(19,553)	(100,341)
Net cash used in financing activities	(8,833)	(8,798)	(19,568)	(100,375)
Foreign currency translation adjustments				
on cash and cash equivalents	(5)	42	26	(57)
Net decrease in cash and cash equivalents	1,556	13,701	18,636	17,682
Cash and cash equivalents, beginning	72,097	53,461	53,461	819,284
Cash and cash equivalents, ending	¥ 73,653	¥ 67,162	¥ 72,097	\$ 836,966

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Notes to Consolidated Financial Statements

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

- Note 1 This First Quarter Flash Report 2011 (unaudited) is a summary information extracted from the financial statements announced by the Company on August 6, 2010. 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 2011 (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 88 = US\$ 1, the approximate exchange rate prevailing on June 30, 2010.

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Sales of Major Products

Supplemental Data

For information purpose only

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

		1st Quarter 3 months ended Jun 30 2010			
		Results	Increase/Decrease		
Opalmon	Circulatory system agent	¥ 105	¥ ▲ 11	▲ 9.8%	
Onon	Agent for bronchial asthma and allergic rhinitis	52	▲ 19	▲ 26.5%	
Kinedak	Agent for diabetic peripheral neuropathy	37	▲ 7	▲ 16.6%	
Foipan	Agent for chronic pancreatitis and postoperative reflux esophagitis	30	▲ 5	▲ 13.9%	
Onon dry syrup	Agent for pediatric bronchial asthma	21	▲ 2	▲ 6.5%	
Staybla	Agent for overactive bladder (pollakiuria and urinary incontinence)	15	+4	34.4%	
Elaspol	Agent for acute lung injury associated with SIRS	13	▲ 1	▲ 8.6%	
Onoact	Agent for tachyarrhythmia during and post operation	9	+1	13.9%	
Glactiv	Agent for type II diabetes	15	—	—	
Emend	Agent for Chemotherapy-induced nausea and vomiting	9	—	—	
Recalbon	Agent for osteoporosis	5	—	—	

Note: Sales of products are shown in a gross sales basis.

Note: Glactiv, Emend and Recalbon were launched in Fiscal 2009, and year-on-year changes in value and percentage are therefore not available.

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Supplemental Information

Status of Development Pipeline

as of August 6, 2010

Developments in Japan

NDA filed (New Formulations):

- **Staybla[®] OD Tablets (ONO-8025OD / KRP-197OD)**
(co-development with Kyorin Pharmaceutical Co., Ltd.)
Overactive bladder (pollakiuria and urinary incontinence)
[M₃ muscarinic receptor blocker]

NDA filed (New Chemical Entities)

- **Rivastach[®] Tape (ONO-2540 / ENA713D) (transdermal patch)** (co-development with Novartis Pharma K.K.)
Alzheimer's disease [dual inhibitor of AChE and BuChE]

NDA filed (Additional Indications):

- **Prostandin[®] for Injection**
Use in various vascular diagnostic testing for erectile dysfunction [alprostadil alfadex]
- **Glactiv[®] Tablets (ONO-5435 / MK-0431)**
(co-development with Banyu Pharmaceutical Co., Ltd.)
Type II diabetes: combination therapy with alpha-glucosidase inhibitor [DPP-4 inhibitor]
- **Corebeta[®] for Injection**
Improvement of image quality of coronary arteries for coronary CT angiography [short-acting beta-1 blocker]

Ongoing clinical studies (New Chemical Entities):

- **ONO-7847 / MK-0517 (injection)**
(in-licensed from Merck & Co., Inc.)
Chemotherapy-induced nausea and vomiting (Phase III)
[NK1 receptor antagonist]
- **ONO-4641 (tablet)**
Multiple sclerosis (Phase II) [S1P receptor agonist]
- **ONO-7643 / RC-1291 (tablet)**
(in-licensed from Helsinn Therapeutics (U.S.), 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 receptor antagonist]
- **ONO-4538 / BMS-936558 (MDX-1106) (injection)**
Cancer (Phase I)
[fully human anti-PD-1 antibody]
- **ONO-3849 (injection)**
(in-licensed from Progenics Pharmaceuticals, Inc.)
Opioid-induced constipation (Phase I)
[mu-opioid receptor antagonist]
- **ONO-2745 / CNS 7056 (injection)**
(in-licensed from PAION AG)
Short-acting general anesthetic (Phase I)
[GABAA receptor agonist]
- **ONO-3951 (tablet)**
(in-licensed from Tioga Pharmaceuticals, Inc.)
Irritable Bowel Syndrome (Phase I)
[kappa-opioid receptor agonist]

Ongoing clinical studies (Additional Indications):

- **Glactiv[®] Tablets (ONO-5435 / MK-0431)**
(co-development with Banyu Pharmaceutical Co., Ltd.)

Type II diabetes: combination therapy with insulin (Phase III)
[DPP-4 inhibitor]

- **Emend[®] Capsules (ONO-7436 / MK-0869)**
(in-licensed from Merck & Co., Inc.)
Chemotherapy-induced nausea and vomiting in pediatric patients (Phase III) [NK1 receptor antagonist]

Ongoing clinical studies (New Dosage Regimen):

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

Developments abroad

Ongoing clinical studies (New Chemical Entities):

- **ONO-5334 (tablet)**
Osteoporosis (Phase II) [cathepsin K inhibitor]
- **ONO-8539 (tablet)**
Overactive bladder (Phase II) [EP 1 receptor antagonist]
- **ONO-4641 (tablet)**
Multiple sclerosis (Phase II) [S1P receptor agonist]
- **ONO-4538 / BMS-936558 (MDX-1106) (injection)**
(co-development with Bristol-Myers Squibb)
Cancer (Phase I)
Hepatitis C (Phase I)
[fully human anti-PD-1 antibody]
- **ONO-7746 (capsule)**
(in-licensed from Nissan Chemical Industries, Ltd.)
Thrombocytopenia (Phase I) [TPO receptor agonist]

Changes from the Annual Flash Report for the Fiscal Year ended March 2010 announced on May 13, 2010

- J-NDA of additional indication for Prostandin[®] for Injection for use in various vascular diagnostic testing for erectile dysfunction was filed to the Ministry of Health, Labour and Welfare of Japan.
- J-NDA of additional indication for combination therapy of Glactiv[®] Tablets (ONO-5435 / MK-0431) with alpha-glucosidase inhibitors for the treatment of Type II diabetes was filed to the Ministry of Health, Labour and Welfare of Japan.
- J-NDA of additional indication for Onoact[®] Injection for improvement of image quality of coronary arteries for coronary CT angiography was filed to the Ministry of Health, Labour and Welfare of Japan on July 29, 2010. As the dosage formulation for this new indication substantially differs from the existing product (50mg vial), the new trade name candidate (Corebata[®] Injection) will be used for the new formulation product (12.5mg vial).
- We commenced Phase I study of ONO-3951 for the treatment of irritable bowel syndrome in Japan.