

First-Third Quarter (April 1 – December 31, 2010) Flash Report (unaudited)

Nine months ended December 31, 2010

ONO PHARMACEUTICAL CO., LTD.

February 2, 2011

Ono Pharmaceutical Co., Ltd. has announced its consolidated financial results for nine months ended December 31, 2010.

This First-Third Quarter Flash Report 2011 (unaudited) is summary information extracted from financial statements announced, and the financial statements contained herein 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.

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-3rd Quarter 9 months ended Dec 31 2010	1st-3rd Quarter 9 months ended Dec 31 2009	Annual 12 months ended Mar 31 2010	1st-3rd Quarter 9 months ended Dec 31 2010	
Net sales	¥ 101,609	¥ 106,325	¥ 135,986	\$ 1,254,432	
Net income	19,007	24,593	27,878	234,654	
Total Net assets	398,387	400,647	406,109	4,918,357	
Total assets	426,090	428,078	433,226	5,260,370	
	Yen			US\$	
Net income per common share	¥ 174.98	¥ 226.17	¥ 256.38	\$ 2.16	

Consolidated Financial Forecast for the Year Ending March 31,2011

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

	Year ending March 31,2011	
	Millions of yen	Thousands of US\$
Net sales	¥ 131,000	\$ 1,617,284
Operating income	29,900	369,136
Ordinary income	31,900	393,827
Net income	20,500	253,086
	Yen	US\$
Net income per common share	188.97	2.33

(*)The forecasts for the year ending March 31, 2011 are changed from November 4, 2010.

(*)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.

	Millions of yen			Thousands of US\$
	1st-3rd Quarter December 31 2010	1st-3rd Quarter December 31 2009	Annual March 31 2010	1st-3rd Quarter December 31 2010
ASSETS				
Current assets				
Cash and bank deposits	¥ 33,004	¥ 15,387	¥ 15,387	\$ 407,457
Notes and accounts receivable	40,943	41,129	31,625	505,469
Marketable securities	84,324	98,230	97,830	1,041,037
Inventories	12,917	13,986	14,626	159,469
Others	16,296	17,999	22,386	201,185
Allowance for doubtful receivables	(9)	(13)	(13)	(111)
Total current assets	187,475	186,718	181,841	2,314,506
Property, plant and equipment				
Land	22,554	22,539	22,539	278,444
Buildings and structures	22,611	23,862	23,631	279,148
Machinery, equipment and others	3,036	3,383	3,202	37,481
Construction in progress	742	845	638	9,161
Net property, plant and equipment	48,943	50,629	50,010	604,234
Investments and other assets				
Investment securities	174,360	180,856	190,628	2,152,593
Intangible assets	997	1,004	866	12,309
Others	14,315	8,871	9,881	176,728
Total investments and other assets	189,672	190,731	201,375	2,341,630
Total assets	¥ 426,090	¥ 428,078	¥ 433,226	\$ 5,260,370

(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 2010	1st-3rd Quarter December 31 2009	Annual March 31 2010	1st-3rd Quarter December 31 2010
Current liabilities				
Current portion of long-term debt	¥ 2	¥ 2	¥ 2	\$ 25
Notes and accounts payable	4,191	4,565	2,345	51,741
Income tax payable	5,305	3,740	8,421	65,494
Others	14,555	15,845	12,674	179,691
Total current liabilities	24,053	24,152	23,442	296,951
Long-term liabilities				
Long-term debt, less current portion	13	15	14	160
Liabilities for retirement benefits	514	201	599	6,346
Asset retirement obligations	52	—	—	642
Others	3,071	3,063	3,062	37,914
Total long-term liabilities	3,650	3,279	3,675	45,062
Equity				
Common stock	17,358	17,358	17,358	214,296
Capital surplus	17,080	17,080	17,080	210,864
Retained earnings	430,321	427,585	430,871	5,312,605
Treasury stock-at cost	(66,105)	(63,436)	(63,440)	(816,111)
Total equity	398,654	398,587	401,869	4,921,654
Other comprehensive income				
Unrealized gain on securities (*)	5,127	7,580	9,707	63,296
Land revaluation surplus	(8,938)	(8,923)	(8,923)	(110,346)
Foreign currency translation adjustments	(243)	(186)	(174)	(3,000)
Total other comprehensive income	(4,054)	(1,529)	610	(50,050)
Minority interests	3,787	3,589	3,630	46,753
Total net assets	398,387	400,647	406,109	4,918,357
Total liabilities and total net assets	¥ 426,090	¥ 428,078	¥ 433,226	\$ 5,260,370

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

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Nine months ended December 31, 2010

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 2010	1st-3rd Quarter 9 months ended Dec 31 2009	Annual 12 months ended Mar 31 2010	1st-3rd Quarter 9 months ended Dec 31 2010
Net sales	¥ 101,609	¥ 106,325	¥ 135,986	\$ 1,254,432
Cost of sales	17,931	16,555	20,838	221,370
Gross profit	83,678	89,770	115,148	1,033,062
Selling, general and administrative expenses	56,398	55,229	75,307	696,272
Operating income	27,280	34,541	39,841	336,790
Other income (expenses)				
Interest and dividend income	2,601	2,581	2,964	32,111
Interest expenses	(0)	(0)	(1)	(0)
Other, net	(199)	358	339	(2,457)
	2,402	2,939	3,302	29,654
Income before income taxes and minority interests	29,682	37,480	43,143	366,444
Income taxes	10,500	12,721	15,055	129,630
Income before minority interests	19,182	24,759	28,088	236,814
Minority interests	(175)	(166)	(210)	(2,160)
Net income	¥ 19,007	¥ 24,593	¥ 27,878	\$ 234,654
Yen				US\$
Per share of common stock				
Basic net income	¥ 174.98	¥ 226.17	¥ 256.38	\$ 2.16
Cash dividends applicable to the period	¥ 90.00	¥ 90.00	¥ 180.00	\$ 1.11

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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-3rd Quarter 9 months ended Dec 31 2010	1st-3rd Quarter 9 months ended Dec 31 2009	Annual 12 months ended Mar 31 2010	1st-3rd Quarter 9 months ended Dec 31 2010
Operating activities:				
Income before income taxes and minority interests	¥ 29,682	¥ 37,480	¥ 43,143	\$ 366,444
Adjustments for:				
Depreciation and amortization	2,249	2,189	3,012	27,765
Increase (decrease) in allowance for doubtful receivables	(4)	3	10	(49)
Interest and dividend income	(2,601)	(2,581)	(2,964)	(32,111)
Interest expenses	0	0	1	0
Contribution to retirement benefits trust	—	5,000	5,000	—
Gain on sales of investment securities	—	—	(85)	—
Decrease (increase) in trade notes and accounts receivable	(9,320)	(1,649)	7,856	(115,062)
Decrease (increase) in inventories	1,709	(3,927)	(4,567)	21,099
Increase (decrease) in trade notes and accounts payable	1,834	1,356	(600)	22,642
Others	4,590	(4,650)	(9,663)	56,667
Interest and dividend income received	2,814	2,798	3,244	34,741
Interest paid	(0)	(0)	(1)	(0)
Payments for contribution to retirement benefits trust	—	(5,000)	(5,000)	—
Income taxes paid	(13,654)	(18,078)	(18,084)	(168,568)
Net cash provided by provided by operating activities	17,299	12,941	21,302	213,568
Investing activities:				
Payments for purchases of marketable securities	(26,151)	(29,030)	(33,379)	(322,852)
Proceeds from sales of marketable securities	46,750	73,970	86,120	577,160
Payments for purchases of property, plant and equipment	(978)	(1,970)	(3,211)	(12,074)
Payments for purchases of investment securities	(14,821)	(18,518)	(32,348)	(182,975)
Proceeds from sales of investment securities	11	7	174	136
Other payments	(322)	(436)	(480)	(3,975)
Net cash provided by investment activities	4,489	24,023	16,876	55,420
Financing activities:				
Repayment of current portion of long-term debt	(1)	(1)	(2)	(12)
Payments for obtaining treasury stock	(2,664)	(10)	(13)	(32,889)
Cash dividends	(19,025)	(18,994)	(19,553)	(234,877)
Net cash used in financing activities	(21,690)	(19,005)	(19,568)	(267,778)
Foreign currency translation adjustments				
on cash and cash equivalents	(68)	16	26	(839)
Net decrease in cash and cash equivalents	30	17,975	18,636	371
Cash and cash equivalents, beginning	72,097	53,461	53,461	890,086
Cash and cash equivalents, ending	¥ 72,127	¥ 71,436	¥ 72,097	\$ 890,457

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Nine months ended December 31, 2010

Notes to Consolidated Financial Statements

Ono Pharmaceutical Co., Ltd. and Consolidated Subsidiaries

Note 1 This First-Third Quarter Flash Report 2011 (unaudited) is summary information extracted from the financial statements announced by the Company on February 2, 2011.

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 2011 (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 81 = US\$ 1, the approximate exchange rate prevailing on December 31, 2010.

First-Third Quarter (April 1 – December 31, 2010) Flash Report (unaudited)

Nine months ended December 31, 2010

Sales of Major Products

Supplemental Data

For information purpose only

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

		1st-3rd Quarter 9 months ended Dec 31 2010			
		Results	Increase/Decrease		
Opalmon	Circulatory system agent	¥ 314	▲ 39	▲ 11.1%	
Onon	Agent for bronchial asthma and allergic rhinitis	146	▲ 42	▲ 22.4%	
Kinedak	Agent for diabetic peripheral neuropathy	105	▲ 25	▲ 19.2%	
Foipan	Agent for chronic pancreatitis and postoperative reflux esophagitis	87	▲ 16	▲ 15.4%	
Onon dry syrup	Agent for pediatric bronchial asthma	65	▲ 5	▲ 7.4%	
Glactiv	Agent for type II diabetes	65	—	—	
Staybla	Agent for overactive bladder (pollakiuria and urinary incontinence)	43	+10	28.6%	
Elaspol	Agent for acute lung injury associated with SIRS	39	▲ 3	▲ 8.0%	
Emend	Agent for Chemotherapy-induced nausea and vomiting	35	—	—	
Onoact	Agent for tachyarrhythmia during and post operation	29	+3	10.7%	
Recalbon	Agent for osteoporosis	15	+8	114.8%	

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

Note: Glactiv and Emend were launched in December 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 February 2, 2011

Developments in Japan

NDA approved (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® Patch (ONO-2540 / ENA713D) (transdermal patch)** (co-development with Novartis Pharma K.K.)
Alzheimer's disease [dual inhibitor of AChE and BuChE]
- **Proemend® for Injection (ONO-7847 / MK-0517)**
(in-licensed from Merck & Co., Inc.)
Chemotherapy-induced nausea and vomiting
[NK1 receptor antagonist]

NDA filed (Additional Indications):

- **Prostandin® for Injection**
Use in diagnostic testing for erectile dysfunction
[alprostadil alfadex]
- **Glactiv® Tablets (ONO-5435 / MK-0431)**
(co-development with MSD K.K.)
Type II diabetes: combination therapy with an alpha-glucosidase inhibitor or an insulin product [DPP-4 inhibitor]
- **Corebeta® for Injection (ONO-1101)**
Improvement of image quality of coronary arteries for coronary CT angiography [short-acting beta-1 blocker]

NDA filed (New Dosage Regimen):

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

Ongoing clinical studies (New Chemical Entities):

- **ONO-4641 (tablet)**
Multiple sclerosis (Phase II) [S1P receptor agonist]
- **ONO-3849 (injection)**
(in-licensed from Progenics Pharmaceuticals, Inc.)
Opioid-induced constipation (Phase II)
[mu-opioid receptor antagonist]
- **ONO-7643 / RC-1291 (tablet)**
(in-licensed from Helsinn Therapeutics (U.S.), Inc.)
Cancer anorexia / cachexia (Phase II)
[ghrelin mimetic]
- **ONO-5334 (tablet)**
Osteoporosis (Phase I) [cathepsin K inhibitor]
- **ONO-4538 / BMS-936558 (MDX-1106) (injection)**
Cancer (Phase I)
[fully human anti-PD-1 antibody]
- **ONO-2745 / CNS 7056 (injection)**
(in-licensed from PAION AG)
Short-acting general anesthetic (Phase I)
[GABA_A receptor agonist]

- **ONO-3951 / Asimadoline (tablet)**
(in-licensed from Tioga Pharmaceuticals, Inc.)
Irritable bowel syndrome (Phase I)
[kappa-opioid receptor agonist]

- **ONO-6950 (tablet)**
Bronchial asthma (Phase I) [LT receptor antagonist]

Ongoing clinical studies (Additional Indications):

- **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]

Developments abroad

Ongoing clinical studies (New Chemical Entities):

- **ONO-5334 (tablet)**
Osteoporosis (Phase II) [cathepsin K inhibitor]
- **ONO-4641 (tablet)**
Multiple sclerosis (Phase II) [S1P receptor agonist]
- **ONO-4538 / BMS-936558 (MDX-1106) (injection)**
(co-development with Bristol-Myers Squibb Company)
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]
- **ONO-6950 (tablet)**
Bronchial asthma (Phase I) [LT receptor antagonist]

Changes from the Semi-annual Flash Report for the Fiscal Year ended March 2011 announced on November 4, 2010

- An NDA of Staybla® OD Tablets (ONO-8025OD / KRP-197OD) for the treatment of overactive bladder was approved by the Ministry of Health, Labour and Welfare of Japan on November 9, 2010.
- We commenced Phase II study of ONO-7643, a drug for cancer anorexia / cachexia in Japan.
- We commenced Phase I study of ONO-6950, a drug for bronchial asthma in and outside of Japan.