Profile

Dedicated to Man's Fight against Disease and Pain

Ever since being founded in 1717, Ono Pharmaceutical has for more than 290 years dedicated itself to man's fight against disease and pain, contributing to a healthier, happier life for people everywhere.

We have utilized our long years of experience and know-how to develop innovative therapeutic drugs. And, because all our major products are developed in-house, we have been able to maintain consistent profitability and have built up a reputation for quality and innovation within the Japanese pharmaceutical industry. We are well known for achieving the world's first successful development of prostaglandin-based drugs in 1973, and for our later development of various enzyme inhibitors. Ono Pharmaceutical's commitment to research and development continues today in such new fields as neuroscience, intracellular signaling, and genomic-based drugs.

Dedicated to serving humanity, Ono Pharmaceutical continues the relentless search for highly safe and effective new therapeutic drugs to meet the new and unmet medical needs of people throughout the world.

Contents

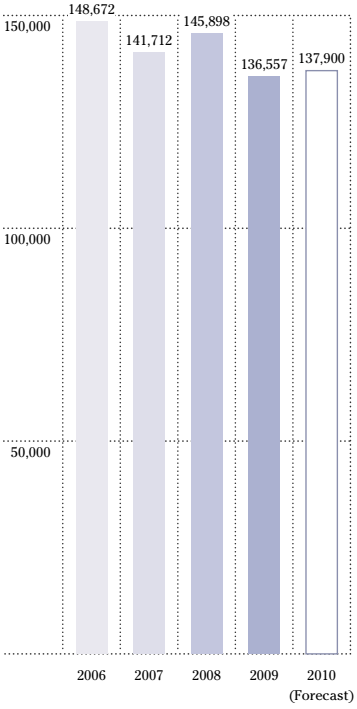
Financial Highlights

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

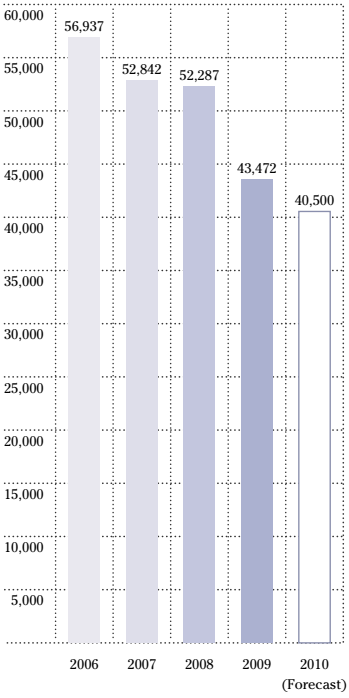
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Net sales	**¥ 136,557**	¥ 145,898	**$1,393,439**
R&D expenditures	**38,400**	38,987	**391,837**
Operating income	**43,472**	52,287	**443,592**
Net income	**23,767**	35,047	**242,520**
Working capital	**155,097**	182,647	**1,582,623**
Property, plant and equipment	**50,540**	51,262	**515,714**
Total assets	**421,280**	477,341	**4,298,776**
Total equity	**390,041**	430,263	**3,980,010**
Per common stock:	Yen		U.S. dollars
Net income	**¥ 216.07**	¥ 306.80	**$ 2.20**
Cash dividends applicable to the year	**180.00**	202.00	**1.84**

(U.S. dollar amounts are translated at a rate of U.S.$1 = ¥98. See Notes to consolidated financial statements.)

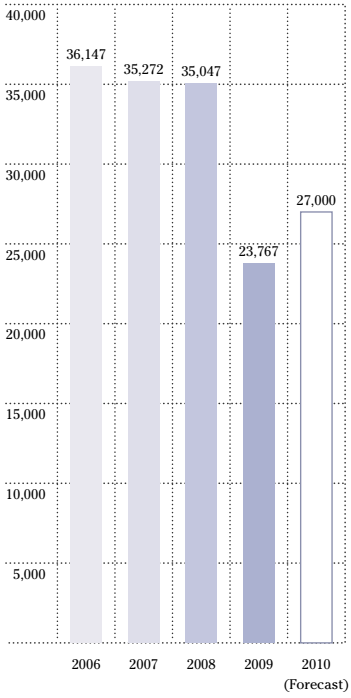
Net Sales (millions of yen)



Operating Income (millions of yen)



Net Income (millions of yen)



Message from the Management

Gyo Sagara
President, Representative Director and CEO

(1) Basic Management Philosophy

The Ono Pharmaceutical Group is "Dedicated to Man's Fight against Disease and Pain." Under this management philosophy, we are committed to fulfilling unmet medical needs. We aim to develop innovative new drugs that deliver true benefit to patients, and we strive to serve as an R&D-oriented, international pharmaceutical company specializing in defined areas.

We are highly aware of our responsibility as a pharmaceutical company dealing in medicinal drugs upon which human lives depend, and we are working to further strengthen our level of compliance to ensure that all our actions not only fully comply with all legal regulations but also are based on higher ethical standards.

In new drug research, our drug discovery activities focus on areas where we can fully benefit from the technologies and know-how we have accumulated and continue to exploit our strengths as well as on areas such as biotechnology based medicines where we can make effective use of genes we possess as our genetic assets. We are in active pursuit of the discovery and development of drugs that meet the unmet medical needs at the frontline of healthcare.

The Global Discovery Research Alliance Headquarters established in our US base, Ono Pharma USA, Inc. (OPUS) in May 2008 is a powerful vehicle for promoting drug discovery alliances with bio-pharmaceutical companies in the US and Europe - plus research collaborations with universities and research institutions. Thus breakthrough drug discovery seeds and leading-edge technologies can be at our disposal to propel Ono's drug discovery research.

We are expanding our development pipeline by directing strong efforts into licensing activities including acquiring commercialization rights to new drug candidate compounds.

Because European and American bio-pharmaceutical companies are the target for our licensing activities, we inaugurated within OPUS Global Business Development & Licensing in July 2009, relocating the center for our activities from Japan to the United States. Led by Global Business Development & Licensing, the corresponding units in Japan and of ONO

PHARMA UK LTD. (OPUK), our UK subsidiary, will work in coordination to promote even stronger partnering activities.

As for drug development, our first priority is in gaining licensing approval in Europe and the US to achieve new drug approval globally. Thus clinical development overseas is a key area of our endeavor. For the purpose of further strengthening our global competitive position in new drug development, the Global Development Headquarters at OPUS was newly established in May 2008. Led by this US center, our international clinical development framework is ever strengthening.
Meanwhile, drug development in Japan focuses on obtaining early approval for compounds in late-stage development. We are also working on further speeding up the development speed of projects in their early development stage, filing by leveraging multinational clinical trials and global data for globally leading development programs.

The marketing division is actively working to enhance the reputation of Ono's innovative pharmaceuticals through presenting its scientific data mainly at workshops and lecture meetings and through the dissemination of high-quality information that is always backed by the latest medical knowledge, aimed at fulfilling the diversifying needs of healthcare professionals.

We envision that the NHI price revision and implementation of various healthcare cost containment policies may significantly and adversely affect our business. However, we will strive to attain stable growth by launching new products and by enhancing sales of existing products.

With top priority given to the pursuit of quality assurance of our products, the manufacturing division is placing stronger emphasis on improving both its hardware, and software and on establishing an efficient production management system.

(2) Basic Policy Concerning Dividends

Distribution of profits to all our shareholders is one of our key management policies, and we place great importance on the maintenance of stable dividends based on business performance. With respect to the three year period from Fiscal 2007 to Fiscal 2009, the company has set a total payout ratio of 100% as its target figure on a free cash flow basis, aggregating dividends and acquisition of its own shares.

Gyo Sagara
President, Representative Director and CEO

Aiming at Developing Original New Drugs to Global Standards

Ono's research and development principle is to "Deliver our contributions to society by developing drugs that truly benefit patients". We put this into practice by tackling diseases that remain unconquered as yet and areas that are high in healthcare needs where patient satisfaction of treatment is still low.

This principle delineates the management policy of our R&D activities, which are:

1. Focus on areas where the technologies and know-how accumulated over our long history can be optimized
2. Tackle new areas (i.e. membrane transport controllers, biotechnology based medicines)
3. Utilize breakthrough drug discovery seeds and leading-edge technologies from the world over
4. Pursue quality and speed of research

Aiming at develop new drugs to global standards, our tireless effort continues.

With Outstanding Technology and Know-how, Producing Original New Drugs to Global Standards

To develop original new drugs to global standards, Ono is engaged in drug discovery research based on accumulated technologies and know-how – in areas where our strengths can be fully exploited (i.e. bioactive lipid agonists and enzyme inhibitors such as proteases and kinases), as well as in areas offering new challenges. The latter includes modulators of membrane transport system such as ion-channels and transporters as well as biotechnology based medicines. This is an area where our know-how from neuroscience research and our gene assets can be effectively deployed. Using the latest information acquired from global research institutions on drug discovery targets and the cutting-edge drug discovery technologies that bio-pharmaceutical companies have to offer, we will drive forward our R&D.

Drug Discovery to Fulfill the Unmet Medical Needs of Frontline Healthcare

The probability of a new substance discovered during basic research turning into an approved drug is 1 in 20,000. The discovered compound takes ten years or more to reach patients as a new drug. The cost of developing a new drug amounts to 50 billion yen or even 100 billion yen. Thus, the development of a new drug is the fruit of many years of labor and massive R&D expenditures.
However, no matter how much time and money are spent, the successful

development of a new drug is not a certainly by any means.
The reality is a worldwide decline in the success rate of development of new candidate compounds with innovative mechanisms. In this context, Ono is dedicating effort into the discovery of drugs that fulfill the unmet medical needs at the frontline of healthcare.

A Research Structure that Breeds Motivation and Fresh Ideas

The development of original new drugs is driven by the motivation of individual scientists and their ability to think along new paths. Ono sets out clear research targets to enhance such motivation and creative thinking of its researchers. Our research organization is based on project teams whose members have cutting-edge expertise in different areas.

Refining the Most Advanced Techniques and Data to Develop New Drugs

Research to develop new drugs is the lifeline of any pharmaceutical manufacturer. Ono has a distinguished record of creating many first-in-class drugs, and our ongoing basic and applied research programs serve the goal of continued development of original new drugs.

(Tsukuba)
Tsukuba Research Institute consists of Exploratory Research Laboratories and Pharmacokinetic Research Laboratories. The former utilizes the latest genome techniques to identify compounds with therapeutic potential and investigates the links between various compounds and diseases, and the latter conducts pharmacokinetic research for new compounds discovered by Ono.


Tsukuba Research Institute in Ibaraki

(Minase)
Medicinal Chemistry Research Laboratories is engaged in the discovery of new drug candidate compounds. Exploiting the know-how gained from research into prostaglandin, state-of-the-art synthesis technology and information on three-dimensional (3D) structure of proteins, the Laboratory utilizes computer aided theoretical drug designing technology to produce new compounds with potent pharmacological and physico-chemical properties as well as better safety profiles. Discovery Research Laboratories and Development Research Laboratories employ original screening methods and


Minase Research Institute in Osaka

disease models to identify compounds that act on unique targets, evaluating them for their effectiveness as pharmaceutical products, and strives to discover and develop new drugs that are highly innovative and original.
Pharmaceutical Development Laboratory conducts research into drug formulation of candidate drugs as well as their quality assurance as pharmaceutical products.

(Fukui)
Studies using state-of-the-art equipment at the Fukui Safety Research Laboratory cover the potential general toxicity, carcinogenicity, reproductive toxicity, and genotoxicity of compounds under evaluation for pharmaceutical use.
The Fukui Chemical Process Research Laboratory conducts research to enable large-scale synthesis of drug substances for mass production, actively developing synthesizing techniques required for mass production and reducing costs.

Fukui Research Institute in Fukui

Searching for Original and Innovative New Drugs, in Japan, Europe and the US

Patients suffering from disease are found in all corners of the globe. It is Ono's earnest desire to deliver to patients worldwide original and innovative new drugs that fulfill the needs found at the frontline of healthcare. This has led to the marketing of many prostaglandins and enzyme inhibitors.
In clinical development, we aim to achieve speedy confirmation of the efficacy and safety of original and innovative new drug candidate compounds. In our three bases in Japan, Europe and the US, we conduct development on drugs to treat many diseases. Our hope is to deliver a new drug as quickly as possible into the hands of patients who are suffering from the ravages of a disease that has yet to be conquered.
We endeavor to increase the likelihood of success by conducting clinical trials based on our knowledge of the properties of the compounds. Based on the mechanism of action of compounds under development, we conduct trials on patients for whom greater efficacy seems more promising.
Outside Japan, work is not restricted to development projects pursued by Ono alone. We promote clinical trials that are being conducted by our affiliated bio-pharmaceutical companies.

Global Clinical Development

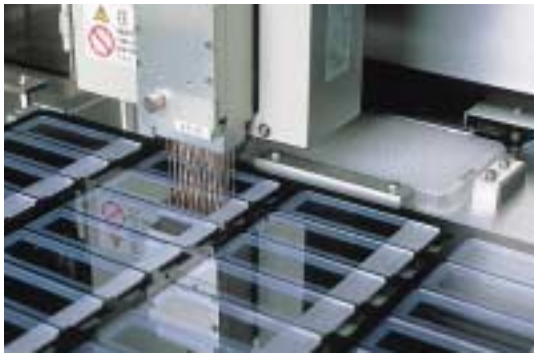
Faced with the challenge of emerging victorious in the ever intensifying global competition in drug development, Ono is placing topmost priority on gaining approval in Europe and the US. Thus Ono's policy is for clinical development to be led by European and US efforts.
In May 2008, Global Development Headquarters was established within Ono Pharma USA (OPUS), epitomizing the effort to strengthen our international clinical development centering on the United Sates. Global Development Headquarters coordinates with both the clinical development units in OPUS and in the UK subsidiary, Ono Pharma UK (OPUK),

making steady achievements in clinical development in Europe and the US. With the clinical development fully set up overseas, Ono is now taking part in multinational clinical trials, enabling us to actively conduct development in Japan taking advantage of the results from the multinational clinical trials and other international studies conducted ahead of Japan, thereby ensuring faster development speed.

Strategic Partnerships with Bio-pharmaceutical companies As Well As Academic and Research Institutions Worldwide

Global Discovery Research Alliance Headquarters set up in May 2008 in Ono Pharma USA, Inc (OPUS), our US subsidiary, actively promotes drug discovery collaboration with the US and European bio-pharmaceutical companies and research collaboration with academic institutions and research institutions. The resulting exploration of breakthrough drug discovery seeds and importing of leading-edge technologies will serve to strengthen Ono's drug discovery activities.
In discovery alliance with bio-pharmaceutical companies, we aim to form partnerships in areas where we can exploit the technologies and know-how we accumulated through our priority research hitherto and where we can show our strengths in future (namely, kinase, ion-channel, bioactive lipids, biotechnology based medicines).
In the kinase area, our drug discovery alliances are with the US companies, Array BioPharma Inc. and Locus Pharmaceuticals, Inc., and drug discovery efforts are underway based on kinase inhibitors, which are associated with various diseases.
The initial contract research period with Array BioPharma has expired. The success story here is in the discovery of several compounds with powerful kinase inhibiting properties, thanks to Array's expertise in protein X-ray crystallography.
In conjunction with Evotec AG of Germany, drug discovery effort is ongoing in the area of small molecule compounds that inhibit protease action which is associated with many diseases, offering the promise of fulfilling unmet medical needs. In ion-channel and bio-active lipids, alliance talks are underway with bio-pharmaceutical companies and universities.

3-D Molecular Modeling



Preparation of DNA Microarrays

Improving Development Pipeline through Strong In-Licensing Effort of New Drug Candidate Compounds

To reinforce the development pipeline, Ono is making strong efforts to in-license new drug candidate compounds from drug companies and bio-pharmaceutical companies in the US and Europe.
In 2006, Ono in-licensed a new drug candidate for cancer anorexia/cachexia from Sapphire Therapeutics, Inc. of the USA (now Helsinn Therapeutics (U.S.), Inc.).
In 2007, a short-active general anesthetic from CeNes Ltd of the UK (now PAION AG, Germany) was in-licensed and a therapeutic agent for thrombocytopenis was also in-licensed from Nissan Chemical Industries, Ltd.
In October 2008, Ono acquired from Progenics Pharmaceuticals, Inc. of the USA an exclusive right to develop and commercialize methylnaltrexone bromide in Japan, a drug for the treatment of intractable constipation induced by narcotic analgesic.
All these successes in licensing partnerships contribute to the steady strengthening of Ono's development pipeline.
Because European and American bio-pharmaceutical companies are the target for our licensing activities, Global Business Development & Licensing was established within OPUS on July 1, 2009. The fulcrum of activity has thus been shifted from Japan to the US. With Global Business Development & Licensing at the helm, coordinated effort will continue together with the business development units in Japan and in OPUK to actively in-license new candidate compounds not only in early development stages (pre-clinical or Phase I) but in late development stages as well.

Ono Pharma UK LTD (UK)

Head Office (Japan)

Ono Pharma USA, Inc. (USA)

New Drugs in Development (as of August 2009)

In our ongoing effort to create products that will promote the health of more people worldwide, Ono has many new drug formulations under development, including the following major drugs:

Emend® Capsules (ONO-7436 / MK-0869)
Emend® is the first neurokinin (NK) 1 receptor antagonist in the world. The drug is effective not only for acute phase of chemotherapy-induced nausea and vomiting, but also for delayed phase (24 hours or later after start of chemotherapy) for which there was no effective drug.
Japan: NDA filed / Chemotherapy-induced nausea and vomiting
Phase III / Chemotherapy-induced nausea and vomiting in children
Overseas: Marketed (Merck & Co., Inc.)

Glactiv® Tablets (ONO-5435 / MK-0431)
Glactiv®, a dipeptidyl-peptidase (DPP) IV inhibitor, is a new class of drug for type II diabetes and is expected to be useful for control of postprandial hyperglycemia with low risks of hypoglycemia and weight gain in type II diabetes patients.
Japan: NDA filed / Type II diabetes (co-development with Banyu Pharmaceutical Co., Ltd.)
Phase III / Type II diabetes (combination therapy with α-glucosidase inhibitor; co-development with Banyu Pharmaceutical Co., Ltd.)
Phase III / Type II diabetes (combination therapy with insulin; co-development with Banyu Pharmaceutical Co., Ltd.)
Overseas: Marketed (Merck & Co., Inc.)

Rivastach (ONO-2540 / ENA713D)
(transdermal patch)
Rivastach or rivastigmine patch is a drug for the treatment of Alzheimer's disease with an inhibitory action on both acetylcholinesterase (AChE) and butyrylcholinesterase (BuChE). The drug inhibits not only AChE which is known as an enzyme deeply involved in Alzheimer's disease, but also BuChE which reportedly increases as the disease progresses. Therefore, the drug is expected to have an effect in patients who do not respond to existing drugs. *Rivastach* is the first transdermal treatment developed for the disease and is expected to provide greater convenience, e.g. caregivers can easily confirm the administration of the drug.
Japan: Phase III / Alzheimer's disease (co-development with Novartis Pharma K.K.)
Overseas: Marketed (Novartis AG)

ONO-7847 / MK-0517 (injection)
ONO-7847 is a neurokinin (NK) 1 receptor antagonist being developed for the prevention of chemotherapy-induced nausea and vomiting. It is the prodrug of ONO-7436 / MK-0869 (*Emend® Capsule*) which makes it available in injectable form.
Japan: Phase III / Chemotherapy-induced nausea and vomiting
Overseas: Phase III / Chemotherapy-induced nausea and vomiting (Merck & Co. Inc.)

ONO-7643 / RC-1291 (tablet)
ONO-7643 is a small-molecule ghrelin mimetic being developed for cancer anorexia / cachexia. The drug has similar pharmacological actions to ghrelin, a circulating peptide hormone with multiple physiological actions, including appetite stimulation, muscle-building (anabolic) and modulation of gastrointestinal functions. The compound is therefore expected to be a breakthrough drug that improves quality of life (QOL) for patients impaired by a systemic wasting condition characterized by anorexia, lipolysis and muscle loss associated with the progression of cancer.
Japan: Phase I / Cancer anorexia / cachexia
US & Other Countries: Phase II / Cancer anorexia / cachexia (Helsinn Therapeutics (U.S.), Inc.)

ONO-5334 (tablet)
ONO-5334, a cathepsin K inhibitor, is being developed for osteoporosis with a novel mechanism of action. Unlike bisphosphonates, the drug only inhibits bone resorption without having impact on bone formation.
Japan: Phase I / Osteoporosis
Europe: Phase II / Osteoporosis

ONO-8539 (tablet)
ONO-8539 is a selective antagonist of EP1, one of subtype receptors of prostaglandin E_2, and overactive bladder is the first indication for its clinical development program. It is expected that the drug can be given to the patients who have complications with glaucoma, for which use of anticholinergics is limited due to its mechanism of actions, and with lower urinary tract obstruction including benign prostatic hypertrophy.
Japan: Phase I / Overactive bladder
Europe: Phase II / Overactive bladder

ONO-4641 (tablet)
ONO-4641 is a sphingosine-1-phosphate (S1P) receptor agonist, being developed for the treatment of multiple sclerosis. The drug is a low molecular weight substance that keeps lymphocytes in lymph nodes and reduces the lymphocyte count in the blood, as a result inhibiting the infiltration of lymphocytes into lesions. The compound is therefore expected to be an innovative drug for the treatment of auto-immune diseases such as multiple sclerosis, which is regarded as an intractable disease.
Japan: Phase I / Multiple sclerosis
US: Phase I / Multiple sclerosis

ONO-4538 / MDX-1106 (injection)
ONO-4538, a fully human anti-PD-1 antibody, is expected to be a potential treatment for cancer and other diseases. PD-1 is one of the receptors expressed on activated lymphocytes, and is involved in the negative regulatory system to suppress the activated lymphocytes. It has been reported that tumor cells utilize this system to escape from the host immune responses. It is anticipated that blockade of the negative regulatory signal mediated by PD-1 will promote the host's immune response, in which tumor cells are recognized as foreign and eliminated.
Japan: Phase I / Cancer
US: Phase I / Cancer (co-development with Medarex, Inc.)
US: Phase I / Hepatitis C (co-development with Medarex, Inc.)

ONO-3849 (injection)
ONO-3849 is a peripherally acting mu-opioid receptor antagonist, and is developed for intractable opioid induced constipation. Opioid pain medications are often used for the treatment of pain in cancer and other advanced illnesses, but cause constipation in many of these patients. ONO-3849 is expected to decrease the constipating effects of opioid analgesics in the gastrointestinal tract without affecting their ability to relieve pain.
Japan: Phase I / Opioid-induced constipation
Overseas: Marketed (Wyeth)

ONO-7746 (capsule) (In-licensed from Nissan Chemical Industries, LTD.)
ONO-7746 is an orally active low molecule compound which may increase platelet count by activating a receptor of thrombopoietin, which is a hematopoietic factor to accelerate platelet production. It is therefore expected to be developed as a new drug which may reduce the risk of bleeding in various diseases with thrombocytopenia and overcome risk of infection associated with platelet transfusion. Nissan Chemical is participated in co-development by process development and manufacturing of the drug substance.
US: Phase I / thrombocytopenia

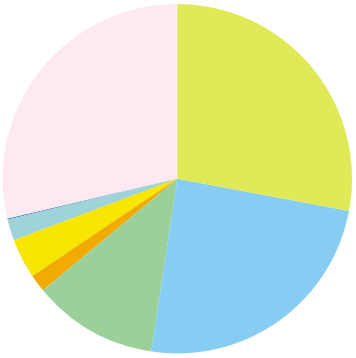
ONO-5920 / YM529 (tablet)
ONO-5920 is a biophosphonate for the treatment of osteoporosis. This is the line extension program of *Recalbon® Tablets* which was launched on April, 2009 and to offer the product in once monthly oral dosing.
Japan: Phase III / Osteoporosis (co-development with Astellas Pharma Inc.)

Onoact® for Injection
Japan: Phase III (additional indication) / Improvement of multislice CT coronary imaging ability

Elaspol® for Injection
Japan: Phase II (additional indication) / Acute respiratory failure associated with community-acquired pneumonia

Review of Products

Sales by product in this fiscal term



Opalmon® Tablets	¥ 38.1 billion
Onon® Capsules & Onon® Dry Syrup	¥ 33.3 billion
Kinedak® Tablets	¥ 15.8 billion
Staybla® Tablets	¥ 2.2 billion
Elaspol® for Injection	¥ 5.0 billion
Onoact® for Injection	¥ 2.7 billion
Diagnostic products	¥ 0.1 billion
Others	¥ 39.1 billion

Sales of Products in FY2008 (April 2008 - March 2009)

Sales for the fiscal year ended March 2009 totaled ¥136.5 billion, a 6.4% fall of ¥9.3 billion over the previous year.
A review of the performance of major products indicates that *Opalmon® Tablets*, peripheral circulation improving agent, expanded in use in lumber canal stenosis, bringing sales to ¥38.1 billion, increasing ¥0.7 billion (2.0%) year on year.
Onoact® for Injection, a drug for intraoperative and postoperative tachyarrhythmia, received greater appraisal for postoperative indications, resulting in sales of ¥2.7 billion, an increase of ¥0.8 billion (40.5%) over the previous year. *Staybla® Tablets*, a drug for overactive bladder, newly launched in June 2007, made steady market growth and achieved sales of ¥2.2 billion.
Onon® Capsules, a bronchial asthma and allergic rhinitis drug, together with *Onon® Dry Syrup* for the treatment of bronchial asthma, mainly used by pediatric patients, were affected by intensifying competition from competitor products, resulting in Capsules selling ¥24.4 billion, decreasing ¥2.6 billion (9.8%) year on year, and Dry Syrup selling ¥8.9 billion, decreasing ¥2 billion (19.0%) year on year. Despite continuing aggressive efforts to develop its potential market, *Kinedak® Tablets* for the treatment of diabetic peripheral neuropathy suffered from the impact of generic competition and fell in sales, down to ¥15.8 billion, a decrease of ¥1.6 billion (9.2%) over the previous year.

Corporate Governance

Corporate Value Enhanced by Highly Transparent Management and Strict Upholding of Corporate Ethics

To enhance corporate value, Ono believes that our important management tasks lie not only in achieving strict compliance with laws and regulations, but also in improving transparency in corporate management and in strengthening the functioning of management control.

To this end, the organizational framework of Ono's management includes the (Board of) Auditors. Bolstering corporate governance is a priority, focusing on functional reinforcement of the Board of Directors and the Board of Auditors.

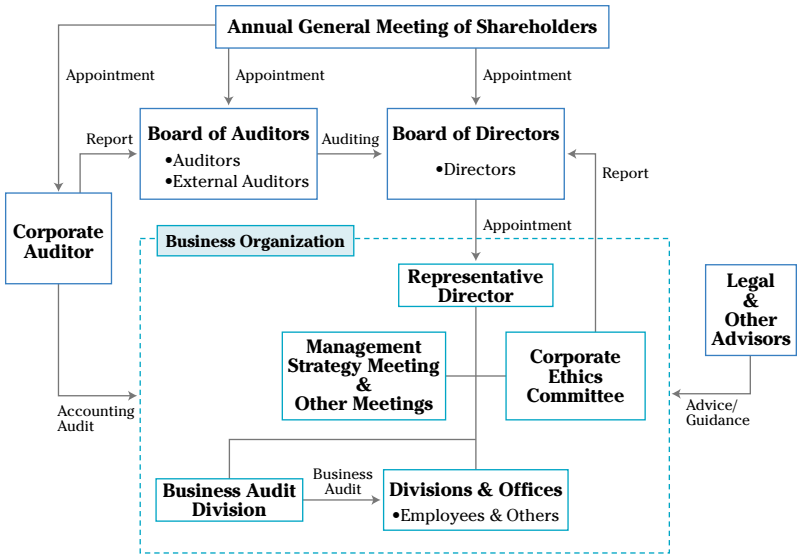
The Board of Directors meets at least once a month aiming at expediting decision-making by boosting corporate dynamic action. For that purpose we endeavor to ensure that the Board is comprised of the appropriate number of directors. In the process of decision-making by the Board, comments and advice from legal and other external experts are obtained as necessary so that appropriate consensus can be formed.

The Board of Auditors fulfils its role through its members attending the Board of Directors meeting and other key meetings, receiving reports from directors, and auditing the execution of duties by directors via interviews. As to external auditors, a lawyer and a certified public accountant are on the Board, providing audit from objective and expert perspectives.

Important operational management matters are discussed in meetings at different levels according to the significance and content of the business agenda, including the Management Strategy Meeting attended by the President and heads of headquarters, plus meetings organized by directors and heads of headquarters. Here again, appropriate operational management should take place, using mutual monitoring, in decision-making, and referral to the Board of Directors being made through careful deliberation.

With regard to our system of internal control, the Board of Directors meeting held on May 9, 2006 resolved that "a system for ensuring appropriateness of the company's operations" should be in place. To this end, such a system was created and is constantly under review, so as to strengthen and improve operational compliance as well as overall internal control. Furthermore, we adopt a firm stance against any antisocial force or organization that may threaten social order or security.

Corporate Governance Structure



Environment Management

Protecting the Environment

As awareness of environmental problems grows throughout the world, protection of the environment and limited natural resources has become not only the clear responsibility but also a social mission of every company doing business. As part of our company-wide efforts to make environmental protection a top priority, Ono established an Environmental Management Office in July 1998 and formulated an Environmental Self-regulating Action Plan, which delineates Ono's course of action in environmental protection. Certification of compliance with ISO 14001 environmental management standards has been obtained for both the Fujiyama Plant (November 2002) and the Joto Plant (February 2004). We remain committed to maintaining our environmental management system and engaging in environmental protection throughout our operations.

Medium- to Long-Term Vision on Environmental Protection

Because we do not conduct any synthesis of pharmaceutical substances at Ono, our discharge volumes of CO_2, wastes and chemical substances have remained lower than the industry average and are within ranges that do not cause concerns to society. We have never experienced any environment-related accidents or litigations, and have never received any complaints concerning noise, malodor or vibration. However, the Kyoto Protocol requires reduction by 2010 of the total volume of CO_2, waste and chemical substances down to below 1990 levels: the volumes discharged at Ono are higher than the 1990 levels. This is attributable to the company's growth resulting in the doubling of sales and tripling of R&D investment compared to those in 1990. Despite our continued efforts to reduce environmental impact during the period, increase of environmental impact associated with company growth has exceeded the volume that has been reduced. We recognize that future reduction of the environmental impact measured by total volume will continue to be an agenda for Ono to tackle. We will continue our efforts to consider all aspects of environmental action and achieve the targets in volume reduction before 2010.

Environmental Guidelines

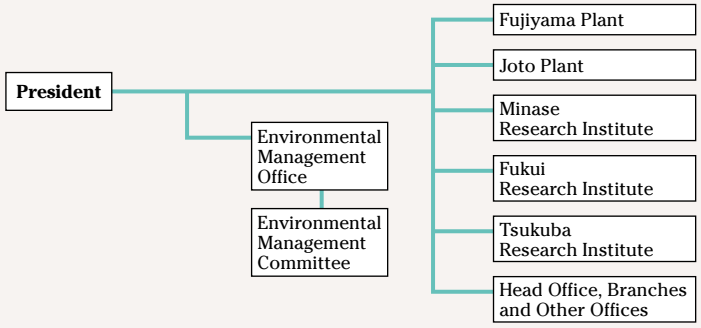
We recognize that our company has a social responsibility regarding the environment, and we will work to protect and preserve the global environment in all of our business operations.

- In addition to fully complying with all environment-related laws and regulations, we will establish targets and action plans in a continuous effort to protect and preserve the environment and natural resources.
- In all of our business operations we will implement environment-focused measures such as saving resource and energy, recycling, reducing waste and preventing pollution.
- We will endeavor to produce eco-friendly products and will cooperate with society.
- With the participation of every employee, we will strive to further understand environmental issues and to promote environment-related activities.

Environmental Management Organization

The Environmental Management Office is responsible for all environment-related issues at Ono. Meanwhile, the Environmental Management Committee consisting of members from sections across the company gages the current situation and promotes environmental management.

In addition, facilities that have greater environmental impact such as a research institute or a manufacturing plant has a subcommittee at each site working on environmental issues.



Environmental Self-regulating Action Plan

In compliance with the Environmental Guidelines, we have set specific action plans and targets in 6 areas and strive to achieve these targets.

Objectives	Targets
Measures to save energy and to counter global warming	Energy consumption in terms of CO_2 emission in 2010 will be reduced to a level lower than that in 1990.
Control of chemical substances	Discharge and displacement of first class PRTR chemicals is around 10 tons or less. However, we will not only strengthen compliance with laws and regulations but also tackle as much discharge reduction as possible.
Waste reduction measures	By 2010 final disposal of wastes will be reduced to 20% of the volume disposed in 1990.
Measures against air and water pollution	Emission standards will be thoroughly complied with and our efforts will continue so as to prevent any environmental accident or complaint from local communities.
Environmental accounting	Environmental accounting has been disclosed in accordance with the guidelines of the Ministry of the Environment.
Community relations	In local communities, we participate in cleanup activities. We endeavor to prevent any workplace accidents involving employee injury.

Financial Section

Contents

Financial Review

The following is a summary of the consolidated business results for this fiscal year ended March 31, 2009.

Area of Business

Ono Pharmaceutical Co., Ltd. and its subsidiaries are engaged primarily in pharmaceutical-related businesses.
(See Notes 2 and 17 of the Notes to Consolidated Financial Statements.)

Results for Fiscal Year Ended March 31, 2009

The credit crunch triggered by the US sub-prime mortgage crisis hit the world stock markets hard, plummeting share prices and dealing a hard blow to the workings of world economies. The Japanese economy being no exception has been impacted by the global economic recession which was compounded by the skyrocketing in the value of the yen. Corporate margins have dwindled dramatically. Employment has become more insecure, leading to the slowing down of personal spending. The economic outlook is increasingly uncertain.
Against this backdrop of deepening economic gloom, the climate surrounding the Japanese pharmaceutical industry in this fiscal year remained very challenging as with last year, due to the further pressures of various medical cost-containment measures by the government and intensified competition both in Japan and abroad. The Ono Pharmaceutical Group responded to this difficult business environment by focusing on our own unique approach to new drug development and enhancement of product value, strengthening R&D capabilities, energetically promoting dissemination of scientific information relating to our main strategic products, and working to improve operating efficiency throughout. However, negative factors affecting performance were the cutting of NHI drug price in April 2008 (mid-5% range for Ono), greater promotion of generic product use, and the posting of valuation losses of investment securities that arose from poor stock market performances.

A summary of the business results for the consolidated fiscal year ended March 2009 is given below:

	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 136,557	$ 1,393,439
Operating income	43,472	443,592
Net income	23,767	242,520

Sales

Looking at net sales for some key individual products, *Opalmon® Tablets* for peripheral circulation improving agent, which saw further increase in use in its area of approved indication pertaining to the treatment of lumber spinal canal stenosis, registered sales of ¥38,141 million (US$389,194 thousand), an increase of ¥746 million (US$7,612 thousand) or 2.0% compared to the previous fiscal year. *Onoact® for Injection* for the intraoperative and postoperative treatment of tachyarrhythmia received greater appraisal for use especially in postoperative indication: sales increased to ¥2,777 million (US$28,337 thousand), up by ¥801 million (US$8,173 thousand) or 40.5%. The product launched in June 2007, *Staybla® Tablets* for the treatment of overactive bladder, has been undergoing successful market development and sold ¥2,252 million (US$22,980 thousand).
Onon® Capsules, a bronchial asthma and allergic rhinitis drug, together with *Onon® Dry Syrup* for the treatment of bronchial asthma, mainly used by pediatric patients, were affected by intensifying competition from competitor products, resulting in Capsules selling ¥24,466 million (US$249,653 thousand), decreasing ¥2,657 million (US$27,112 thousand) or 9.8% year on year, and Dry Syrup selling ¥8,920 million (US$91,020 thousand), decreasing ¥2,086 million (US$21,286 thousand) or 19.0% year on year. Despite continuing aggressive efforts to develop its potential market, *Kinedak® Tablets* for the treatment of diabetic peripheral neuropathy suffered from the impact of generic competition and fell in sales, down to ¥15,822 million (US$161,449 thousand), a decrease of ¥1,596 million (US$16,286 thousand) or 9.2% over the previous fiscal year.

Operating Income

Sales for the fiscal year ended March 31, 2009 totaled ¥136,557 million (US$1,393,439 thousand), which was a year-on-year decrease of ¥9,341 million (US$95,316 thousand) or 6.4%. Cost of sales rose to ¥21,319 million (US$217,541 thousand), a year-on-year increase of ¥458 million (US$4,673 thousand), up by 2.2%.
Selling, general and administrative expenses were ¥71,766 million (US$732,306 thousand), a year-on-year decrease of ¥984 million (US$10,041 thousand) or 1.4%. Overall, these resulted in a decline of the operating income to ¥43,472 million (US$443,592 thousand), a year-on-year decrease of ¥8,815 million (US$89,949 thousand), down by 16.9%.
Among, SG&A expenses, R&D expenses fell to ¥38,383 million (US$391,663 thousand), a decrease of ¥591 million (US$6,031 thousand), down by 1.5% over the previous fiscal year. Other SG&A expenses also decreased, down to ¥33,383 million (US$340,643 thousand), a fall of ¥393 million (US$4,010 thousand) or 1.2% over the previous fiscal year.
(See Note 9 of the Notes to Consolidated Financial Statements.)

Net Income

Other income and expenses include: ¥3,319 million (US$33,867 thousand) in interests and dividends income and ¥1,327 million (US$13,541 thousand) of gain on sales of investment securities; a loss of ¥7,808 million (US$79,673 thousand) was incurred in valuation of investment securities resulting in a loss of ¥3,201 million (US$32,663 thousand), in contrast to a gain of ¥7,226 million (US$73,734 thousand) of the previous fiscal year. As a result net income for this fiscal year was, falling ¥11,280 million (US$115,102 thousand) or 32.2% down year on year to be ¥23,767 million (US$242,520 thousand).
(See Notes 8 and 12 of the Notes to Consolidated Financial Statements.)

R&D Policies

The Ono Pharmaceutical Group is “Dedicated to Man’s Fight against Disease and Pain.” Under this management philosophy, we are committed in our endeavor to become an R&D-oriented, international pharmaceutical company specializing in defined areas, and to develop innovative and world-class new drugs. In new drug research, we aim to focus the technologies and know-how we have nurtured into areas where our strengths can be fully exploited, namely in bioactive lipid agonists and enzyme inhibitors such as proteases

and kinases. We have also designated new areas of challenge, in promising areas where our know-how from neuroscience research and our assets in genomic research can be effectively deployed (i.e. modulators of membrane transport system and biotechnology based medicines). In these research areas, while harnessing cutting-edge drug discovery technologies that bio-pharmaceutical companies have to offer, we stand committed to the discovery of globally viable original breakthrough drugs. To this end, a new section named Product Planning and Discovery Research was set up within Research Headquarters in July 2008, with a view to discovery of pharmaceutical compounds with high added value, aimed at fulfilling the unmet medical needs at the frontline of healthcare. Thanks to such relentless pursuit of research and development, we are proud to see many new compounds in the final stages of research, to treat diseases involving respiratory, gastrointestinal, urological, ophthalmologic, immunological and oncological disorders.

Global Discovery Research Alliance Headquarters was set up in May 2008 in Ono Pharma USA, Inc. (OPUS) to expedite strategic drug discovery partnering. It is forging drug discovery alliance with European and the US bio-pharmaceutical companies and research alliances with academic and other research institutions, engaging in the import into our laboratories of breakthrough drug discovery seeds and cutting edge technologies. Drug discovery activities are thus being propelled in research areas where our strengths lie as well as in the newly designated areas of challenge.

In drug discovery targeting the enzyme called kinase, which is involved in various diseases, Ono has already signed partnership agreements with Array BioPharma Inc. and Locus Pharmaceuticals, Inc. of the US. In drug discovery targeting the enzyme called protease, Ono is in alliance with Evotec AG of Germany. The aim of these alliances is to discover drugs for the treatment of inflammatory, immunological, and cardiovascular diseases as well as cancer. Research effort is progressing successfully in all these areas. In addition, in March 2009, a partnership agreement was signed with Xention Ltd. of UK on research into modulators of membrane transport system (e.g. ion channel modulating drug). The ion channel is involved in cardiac disease, CNS disorders and pain, and our research aims to discover breakthrough drugs that modulate its functions.

Ono is keen to form alliances with research organizations for the exploration of drug discovery seeds: for this purpose, new links have been created with several European and American academic institutions.

On the development side, our first priority is in gaining marketing approval of a world-class new drug in Europe and the US. Thus overseas-driven clinical development is a key area of our endeavor. To back up our effort, Global Development Headquarters was set up within OPUS in May 2008, reinforcing the US-led clinical development infrastructure overseas.

Meanwhile in Japan, work is underway to obtain early approval of new drugs to follow *Recalbon® Tablets*, the osteoporosis drug launched in April 2009. These are *Emend® Capsules* (ONO-7436) for the treatment of chemotherapy-induced nausea and vomiting, *Glactiv® Tablets* (ONO-5435) for the treatment of Type II diabetes, and *Rivastach®* (ONO-2540) for the treatment of Alzheimer's Disease. Ono intends to expedite the development of drugs in the early stages of development by utilizing the results from the multinational clinical trials and other international studies conducted ahead of Japan.

In licensing activities, Ono strives to boost the development pipeline through in-licensing of new drug candidate compounds from drug companies and bio-pharmaceutical companies in Europe and the US.

So far in-licensed are: a new therapeutic drug for cancer anorexia / cachexia from Sapphire Therapeutics, Inc. of the US (now Helsinn Therapeutics (U.S.), Inc.); short-active general anesthetic from CeNeS Ltd. of the UK (now PAION AG, Germany); and a new therapeutic drug for thrombocytopenia from Nissan Chemical Industries Ltd. Ono's steady efforts are bearing fruit in such forms as the acquisition from Progenics Pharmaceuitcals, Inc. in October 2008 of the sole development and commercialization rights in Japan of methylnaltrexone bromide for the treatment of intractable opioid-induced constipation.

Because European and American bio-pharmaceutical companies are the target for our licensing activities, Global Business Development & Licensing was established within OPUS on July 1, 2009. The fulcrum of activity has thus been shifted from Japan to the US.

With Global Business Development & Licensing at the helm, coordinated effort will continue together with the business development units in Japan and in OPUK to actively in-license new candidate compounds not only in early development stages (pre-clinical or Phase I) but in late development stages as well.

The total expenditure on R&D was ¥38,400 million (US$391,837 thousand).

Consolidated Cash Flow

In the consolidated financial year ended March 31, 2009, the balance of cash and cash equivalents increased to a total of ¥53,461million (US$545,520 thousand) despite outgoings such as dividend payments and acquisition of the company's own shares, thanks to the positive balances of cash flow from operating activities of ¥24,525 million (US$250,255 thousand) and from investment activities of ¥30,727 million (US$313,541 thousand), which resulted in a year-on-year increase of ¥6,028 million (US$61,510 thousand) or 12.7% up from ¥47,433 million (US$484,010 thousand) of the previous fiscal year.

•Cash Flow from Operating Activities

Cash flow from operating activities for this fiscal year showed a decrease of ¥11,997 million (US$122,418 thousand) from the previous fiscal year, resulting in a positive cash flow balance of ¥24,525 million (US$250,255 thousand). This is due to downward factors such as our corporate tax obligations being ¥20,890 million (US$213,163 thousand) for this fiscal year while being ¥22,989 million (US$234,582 thousand) for the previous fiscal year on one hand but upward factors chiefly comprised pre-tax net profits of ¥40,271 million (US$410,929 thousand) in this year while being ¥59,513 million (US$607,276 thousand) in the previous fiscal year on the other hand.

•Cash Flow from Investing Activities

Cash flow from investing activities for this fiscal year ended in an increase over the previous fiscal year of ¥23,293 million (US$237,684 thousand), leaving a positive balance of ¥30,727 million (US$313,541 thousand). The reasons for this are that although there was expenditure on the purchase of marketable and investment securities, there was also income from their disposal and redemption, creating an income balance of ¥32,544 million (US$332,081 thousand), compared to the income of ¥9,576 million (US$97,714 thousand) in the previous fiscal year and that spending for the acquisition of tangible fixed assets amounted to ¥1,509 million (US$15,398 thousand), compared to ¥1,592 million (US$16,245 thousand) of the previous fiscal year.

•Cash Flow from Financing Activities

The cash flow from financing activities for this fiscal year showed an increase of ¥19,847 million (US$202,520 thousand) over the previous fiscal year, leaving a positive balance of ¥49,018 million (US$500,184 thousand). Dividend payments accounted for ¥22,449 million (US$229,072 thousand), compared to the previous fiscal year's ¥17,119 million (US$174,684 thousand), and the cost of acquisition of the company's own shares was ¥26,563 million (US$271,051 thousand) compared to the previous fiscal year's ¥12,165 million (US$124,133 thousand).

Investment in Plant and Equipment

Plant and equipment investment during this fiscal year totaled ¥2,297 million (US$23,439 thousand), including investment into the enhancement and maintenance of manufacturing facilities amounting to ¥1,250 million (US$12,755 thousand) and into manufacturing facilities of clinical trial drugs amounting to ¥680 million (US$6,939 thousand).

Outlook for the Coming Year

It is expected that Japanese government policies for containing healthcare costs, which have risen steadily over the years, will affect our operations more strongly during the coming year. At the same time, competition in the increasingly globalized pharmaceutical market continues to intensify, with the result that our business environment is likely to become even more challenging. The Ono Pharmaceutical Group is facing this challenge with stronger commitment to the research and development of world-class and innovative new pharmaceutical products, building an even more solid business base by actively forging alliances with research institutions and by enhancing the speed and efficiency of marketing and other business activities throughout the company to reap the rewards of improved business performance.

Consolidated Balance Sheets

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents (Note 2.b)	**¥ 53,461**	¥ 47,433	**$ 545,520**
Time deposits	**750**	820	**7,653**
Marketable securities (Note 3)	**62,800**	96,602	**640,816**
Trade notes and accounts receivable	**39,480**	41,107	**402,857**
Allowance for doubtful receivables	**(9)**	(10)	**(91)**
Inventories (Note 4)	**10,059**	9,972	**102,643**
Deferred tax assets (Note 8)	**13,061**	14,775	**133,276**
Prepaid expenses and other current assets	**955**	1,358	**9,745**
Total current assets	**180,557**	212,057	**1,842,419**
Property, plant and equipment:			
Land	**22,539**	22,546	**229,990**
Buildings and structures	**63,748**	63,005	**650,490**
Machinery, equipment and others	**24,796**	24,844	**253,020**
Construction in progress	**746**	296	**7,612**
Total	**111,829**	110,691	**1,141,112**
Accumulated depreciation	**(61,289)**	(59,429)	**(625,398)**
Net property, plant and equipment	**50,540**	51,262	**515,714**
Investments and other assets:			
Investment securities (Note 3)	**177,627**	206,810	**1,812,520**
Investments in affiliated companies	**707**	706	**7,214**
Long-term loans to employees	**18**	20	**184**
Intangible assets	**1,033**	1,042	**10,541**
Deferred tax assets (Note 8)	**5,147**	48	**52,520**
Other assets	**5,651**	5,396	**57,664**
Total investments and other assets	**190,183**	214,022	**1,940,643**
Total	**¥ 421,280**	¥ 477,341	**$ 4,298,776**

See accompanying notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Current portion of long-term debt (Note 5)	**¥ 2**	¥ 1	**$ 20**
Notes and accounts payable:			
Trade notes and accounts payable	**2,919**	2,857	**29,786**
Construction	**487**	152	**4,969**
Affiliated companies	**17**	36	**173**
Income taxes payable (Note 8)	**9,130**	13,837	**93,163**
Accrued expenses	**11,562**	10,676	**117,980**
Other current liabilities	**1,343**	1,851	**13,705**
Total current liabilities	**25,460**	29,410	**259,796**
Long-term liabilities:			
Long-term debt, less current portion (Note 5)	**16**	18	**163**
Long-term accounts payable	**553**	713	**5,643**
Liability for retirement benefits (Note 6)	**2,240**	8,668	**22,857**
Deferred tax liabilities (Note 8)	**2,961**	8,269	**30,215**
Other non-current liabilities	**9**	**–**	**92**
Total long-term liabilities	**5,779**	17,668	**58,970**
Commitments and contingent liabilities (Notes 10 & 14)			
Equity (Notes 7 & 16)			
Common stock, authorized, 300,000,000 shares; issued, 120,847,500 shares in 2009 and 2008	**17,358**	17,358	**177,122**
Capital surplus	**17,080**	17,080	**174,286**
Retained earnings	**422,565**	421,279	**4,311,888**
Unrealized gain on available-for-sale securities	**2,171**	17,112	**22,153**
Land revaluation difference (Note 13)	**(8,923)**	(8,919)	**(91,051)**
Foreign currency translation adjustments	**(204)**	(21)	**(2,082)**
Treasury stock-at cost 12,109,665 shares in 2009 and 7,474,235 shares in 2008	**(63,425)**	(36,861)	**(647,194)**
Total	**386,622**	427,028	**3,945,122**
Minority interests	**3,419**	3,235	**34,888**
Total equity	**390,041**	430,263	**3,980,010**
Total	**¥ 421,280**	¥ 477,341	**$ 4,298,776**

Consolidated Statements of Income

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥ 136,557**	¥ 145,898	**$ 1,393,439**
Cost of sales (Note 9)	**21,319**	20,861	**217,541**
Gross profit	**115,238**	125,037	**1,175,898**
Selling, general and administrative expenses (Note 9)	**71,766**	72,750	**732,306**
Operating income	**43,472**	52,287	**443,592**
Other income (expenses)			
Interest and dividend income	**3,319**	3,060	**33,867**
Interest expense	**(1)**	(1)	**(10)**
Loss on devaluation of investment securities	**(7,808)**	(1,625)	**(79,673)**
Other–net (Note 12)	**1,289**	5,792	**13,153**
Other income (expenses)–net	**(3,201)**	7,226	**(32,663)**
Income before income taxes and minority interests	**40,271**	59,513	**410,929**
Income taxes (Note 8)**:**			
Current	**16,217**	24,738	**165,480**
Deferred	**52**	(697)	**531**
Total income taxes	**16,269**	24,041	**166,011**
Income before minority interests	**24,002**	35,472	**244,918**
Minority interests in income	**(235)**	(425)	**(2,398)**
Net income	**¥ 23,767**	¥ 35,047	**$ 242,520**

Per share of common stock (Notes 2.o & 15)**:**	Yen		U.S. dollars (Note 1)
Basic net income	**¥ 216.07**	¥ 306.80	**$ 2.20**
Cash dividends applicable to the year	**180.00**	202.00	**1.84**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

	Thousands	Millions of yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	115,355	¥17,358	¥17,002	¥404,062	¥39,161	¥(8,919)	¥50	¥(24,709)	¥444,005	¥2,800	¥446,805
Net income				35,047					35,047		35,047
Cash dividends, ¥150 per share				(17,157)					(17,157)		(17,157)
Changes in the scope of equity method				(673)					(673)		(673)
Purchase of treasury stock	(2,008)							(12,167)	(12,167)		(12,167)
Disposal of treasury stock	26		78					15	93		93
Net change in the year					(22,049)		(71)		(22,120)	435	(21,685)
BALANCE, MARCH 31, 2008	**113,373**	**17,358**	**17,080**	**421,279**	**17,112**	**(8,919)**	**(21)**	**(36,861)**	**427,028**	**3,235**	**430,263**
Net income				**23,767**					**23,767**		**23,767**
Cash dividends, ¥202 per share				**(22,485)**					**(22,485)**		**(22,485)**
Purchase of treasury stock	**(4,635)**							**(26,564)**	**(26,564)**		**(26,564)**
Reversal of revaluation reserve for land				**4**					**4**		**4**
Net change in the year					**(14,941)**	**(4)**	**(183)**		**(15,128)**	**184**	**(14,944)**
BALANCE, MARCH 31, 2009	**108,738**	**¥17,358**	**¥17,080**	**¥422,565**	**¥2,171**	**¥(8,923)**	**¥(204)**	**¥(63,425)**	**¥386,622**	**¥3,419**	**¥390,041**

	Thousands of U.S. dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2008	**$177,122**	**$174,286**	**$4,298,766**	**$174,612**	**$(91,010)**	**$(214)**	**$(376,133)**	**$4,357,429**	**$33,010**	**$4,390,439**
Net income			**242,520**					**242,520**		**242,520**
Cash dividends, $2.06 per share			**(229,439)**					**(229,439)**		**(229,439)**
Purchase of treasury stock							**(271,061)**	**(271,061)**		**(271,061)**
Reversal of revaluation reserve for land			**41**					**41**		**41**
Net change in the year				**(152,459)**	**(41)**	**(1,868)**		**(154,368)**	**1,878**	**(152,490)**
BALANCE, MARCH 31, 2009	**$177,122**	**$174,286**	**$4,311,888**	**$22,153**	**$(91,051)**	**$(2,082)**	**$(647,194)**	**$3,945,122**	**$34,888**	**$3,980,010**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Operating activities:			
Income before income taxes and minority interests	**¥ 40,271**	¥ 59,513	**$ 410,929**
Adjustments for:			
Income taxes paid	**(20,890)**	(22,989)	**(213,163)**
Depreciation and amortization	**3,005**	3,384	**30,663**
Decrease in allowance for doubtful receivable	**(1)**	(12)	**(10)**
Decrease in liability for retirement benefits	**(6,428)**	(480)	**(65,592)**
Gain on sales of investment securities	**(1,327)**	(5,393)	**(13,541)**
Loss on devaluation of investment securities	**7,808**	1,625	**79,673**
Changes in assets and liabilities, net of effects			
Increase in interest and dividend receivable	**241**	242	**2,459**
Decrease in trade notes and accounts receivable	**1,649**	925	**16,827**
Increase in inventories	**(88)**	(595)	**(898)**
Increase (decrease) in trade notes and accounts payable	**44**	(26)	**449**
Others–net	**241**	328	**2,459**
Net cash provided by operating activities	**24,525**	36,522	**250,255**
Investing activities:			
Payments for purchases of marketable securities	**(93,655)**	(109,282)	**(955,663)**
Proceeds from sales of marketable securities	**158,963**	147,991	**1,622,071**
Payments for purchases of property, plant and equipment	**(1,509)**	(1,592)	**(15,398)**
Payments for purchases of investment securities	**(34,969)**	(42,441)	**(356,827)**
Proceeds from sales of investment securities	**2,205**	13,308	**22,500**
Others–net	**(308)**	(550)	**(3,142)**
Net cash provided by investment activities	**30,727**	7,434	**313,541**
Financing activities:			
Repayment of current portion of long-term debt	**(1)**	(2)	**(10)**
Payments for purchases of treasury stock	**(26,563)**	(12,165)	**(271,051)**
Proceeds from sales of treasury stock	**–**	120	**–**
Cash dividends	**(22,449)**	(17,119)	**(229,072)**
Cash dividends to minority shareholders	**(5)**	(5)	**(51)**
Net cash used in financing activities	**(49,018)**	(29,171)	**(500,184)**
Foreign currency translation adjustments on cash and cash equivalents	**(206)**	(21)	**(2,102)**
Net increase in cash and cash equivalents	**6,028**	14,764	**61,510**
Cash and cash equivalents, beginning of year	**47,433**	32,669	**484,010**
Cash and cash equivalents, end of year	**¥ 53,461**	¥ 47,433	**$ 545,520**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Ono Pharmaceutical Co., Ltd. and Subsidiaries
Years ended March 31, 2009 and 2008

Note 1
Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Ono Pharmaceutical Co., Ltd. (the "Company") and its subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note 2
Summary of Significant Accounting Policies

a. Consolidation and investments in affiliates

The consolidated financial statements include the accounts of the Company and its four subsidiaries, consisting of two companies in Japan and two foreign subsidiaries at March 31, 2009 (together, the "Group"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.
Investments in two affiliated companies are accounted for by the equity method.
All significant intercompany transactions and accounts and unrealized intercompany profits are eliminated in consolidation.
The difference between the cost and underlying net assets of investments in subsidiaries at the time of acquisition is charged to income because it is immaterial.
The Company's two foreign subsidiaries are consolidated using a fiscal year ending December 31. Any material effects occurring during January 1 to March 31 periods are adjusted in the consolidated financial statements.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.
Cash equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

d. Inventories

Inventories are stated principally at cost determined by the first-in, first-out method.

In July 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories", which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was not material.

e. Property, Plant and Equipment and Intangible assets

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is principally computed using the declining balance method at rates based on the estimated useful lives of the assets, which are principally as stated below.

Buildings and structures: 15 - 50 years
Machinery and equipment: 4 - 8 years

Those buildings, excluding structures, which were acquired on or after April 1, 1998, are depreciated using the straight-line method.

Maintenance and repairs including minor renewals and improvements are charged to income as incurred.

Intangible assets are amortized using the straight-line method.

f. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Retirement benefits and pension plans

The employees whose service with the Company and its domestic subsidiaries is terminated are, under most circumstances, entitled to a combination of lump-sum severance indemnities and pension payments, determined by reference to current basic rate of pay, length of service and conditions under which the termination occurs.

Certain subsidiaries provide a reserve for retirement allowances for directors, executive officers and corporate auditors in required amounts calculated based on the bylaw.

h. Research and development costs

Expenses and costs relating to research and development activities are charged to income as incurred.

i. Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007. Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

This change had no impact on profits.

All other leases are accounted for as operating leases.

j. Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

k. Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement basis and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

m. Foreign Currency Financial Statements

The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of foreign subsidiaries are translated into yen at the average exchange rate.

n. Derivatives and Hedging Activities

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange risks. The Company does not enter into derivatives for trading or speculative purposes.

If the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

o. Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

p. New Accounting Pronouncements

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Note 3

Marketable securities, Investment securities

Marketable and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Current:			
Government and corporate bonds	**¥ 62,800**	¥ 96,602	**$ 640,816**
Non-current:			
Marketable and other equity securities	**65,146**	93,706	**664,755**
Government and corporate bonds	**110,757**	110,049	**1,130,173**
Trust fund investments and other	**1,724**	3,055	**17,592**
Total	**¥ 177,627**	¥ 206,810	**$ 1,812,520**

The costs and aggregate fair values of marketable and investment securities at March 31, 2009 and 2008 were as follows:

	Millions of yen			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 59,389	¥ 7,109	¥ (2,226)	¥ 64,272
Debt securities	34,780	9	(212)	34,577
Trust fund investments and other	1,610	–	(132)	1,478
Held-to-maturity	138,980	1,317	(29)	140,268
March 31, 2008				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 64,895	¥ 29,220	¥ (1,233)	¥ 92,882
Debt securities	66,426	11	(238)	66,199
Trust fund investments and other	2,281	576	(63)	2,794
Held-to-maturity	140,452	957	(52)	141,357

	Thousands of U.S. dollars			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 606,010	$ 72,541	$ (22,714)	$ 655,837
Debt securities	354,898	92	(2,163)	352,827
Trust fund investments and other	16,429	–	(1,347)	15,082
Held-to-maturity	1,418,163	13,439	(296)	1,431,306

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Available-for-sale:			
Equity securities	**¥ 874**	¥ 824	**$ 8,918**
Trust fund investments and other	**246**	261	**2,511**
Total	**¥ 1,120**	¥ 1,085	**$ 11,429**

Proceeds from sales of available-for-sale securities and gross realized gains and losses on these sales, computed on the moving average cost basis for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Proceeds from sales	**¥ 14,191**	¥ 29,891	**$ 144,806**
Gross realized gains	**1,330**	5,397	**13,571**
Gross realized losses	**–**	0	**–**

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Available-for-Sale	Held-to-Maturity	Available-for-Sale	Held-to-Maturity
Due in one year or less	¥ 31,000	¥ 31,720	$ 316,327	$ 323,673
Due after one year through five years	682	106,720	6,959	1,088,980
Due after five years through ten years	3,000	–	30,612	–
Total	¥ 34,682	¥ 138,440	$ 353,898	$ 1,412,653

Note 4

Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise	**¥ 320**	¥ 286	**$ 3,265**
Finished products	**4,165**	4,489	**42,500**
Semi-finished products	**954**	788	**9,735**
Work in process	**1,195**	1,329	**12,194**
Raw materials and supplies	**3,425**	3,080	**34,949**
Total	**¥ 10,059**	¥ 9,972	**$ 102,643**

Note 5

Long-term debt

Long-term loans payable at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Unsecured loans for employees(*)	**¥ 18**	¥ 19	**$ 183**
Less, current portion	**(2)**	(1)	**(20)**
Long-term debt, less current portion	**¥ 16**	¥ 18	**$ 163**

(*)At March 31, 2009 and 2008: Interest rate ranging from 3.25% to 3.40% maturing serially to March, 2026

At March 31, 2009, the annual maturities of long-term debt were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 2	$ 20
2011	2	20
2012	2	20
2013	1	11
2014	2	20
2015 and thereafter	9	92
Total	¥ 18	$ 183

Note 6

Retirement benefits and pension

The liability for retirement benefits at March 31, 2009 and 2008 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ 37,711**	¥ 36,718	**$ 384,806**
Fair value of plan assets (including a pension trust)	**(32,294)**	(25,296)	**(329,531)**
Unrecognized actuarial gain	**(3,259)**	(2,828)	**(33,255)**
Net liability for retirement benefits, employees	**2,158**	8,594	**22,020**
Liability for retirement benefits, officers	**82**	74	**837**
Liability for retirement benefits, total	**¥ 2,240**	¥ 8,668	**$ 22,857**

In March 2009, the Company contributed ¥10,000 million ($102,041 thousand) by cash to the employee retirement benefit trust for the Company's contributory pension plans.

Net periodic benefit cost for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥ 1,552**	¥ 1,518	**$ 15,837**
Interest cost	**516**	502	**5,265**
Expected return on plan assets	**(505)**	(552)	**(5,153)**
Recognized actuarial gain or loss	**3,070**	(9)	**31,327**
Net periodic benefit cost	**4,633**	1,459	**47,276**
Others	**213**	204	**2,173**
Total	**¥ 4,846**	¥ 1,663	**$ 49,449**

Actuarial assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

1) Method of attribution of retirement benefits to the period: Straight-line method for the years of service
2) Discount rate: 1.4%
3) Expected rate of return on plan assets: 2.0%
4) Prior service cost is expensed in the year in which the cost is recognized.
5) Actuarial gain or loss is expensed in the year following the year in which the gain or loss is recognized.

Note 7
Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay semiannual interim dividends once a year in addition to the year-end dividend upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Note 8

Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Current assets:			
Prepaid R&D expenditures	**¥ 9,092**	¥ 10,303	**$ 92,776**
Accrued for bonuses	**1,560**	1,598	**15,918**
Accrued enterprise tax	**799**	1,142	**8,153**
Depreciation and amortization	**721**	744	**7,357**
Others	**889**	989	**9,072**
Non-current assets:			
Provision for retirement benefits	**4,930**	3,481	**50,306**
Loss on valuation of investment securities	**4,319**	2,422	**44,071**
Depreciation and amortization	**796**	1,016	**8,122**
Others	**2,230**	1,975	**22,755**
Less valuation allowance	**(4,572)**	(2,844)	**(46,653)**
Total	**20,764**	20,826	**211,877**
Deferred tax liabilities:			
Long-term liabilities			
Unrealized gain on available-for-sale securities	**(2,295)**	(11,047)	**(23,418)**
Revaluation on land	**(2,941)**	(2,944)	**(30,010)**
Others	**(281)**	(281)	**(2,868)**
Total	**(5,517)**	(14,272)	**(56,296)**
Net deferred tax assets	**¥ 15,247**	¥ 6,554	**$ 155,581**

For the years ended March 31, 2009 and 2008, because the differences between the normal effective statutory tax rates and the actual effective tax rates were not material, the tax reconciliations are not disclosed.

Note 9

R&D expenditures

Research and development expenditures for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Selling, general and administrative expenses	**¥ 38,383**	¥ 38,974	**$ 391,663**
Cost of sales	**17**	13	**174**
Total	**¥ 38,400**	¥ 38,987	**$ 391,837**

Note 10

Leases

The Group leases certain equipment, computers, office space and other assets.

As discussed in Note 2-i, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on a "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

1. Acquisition cost, accumulated depreciation and net leased property

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
	Machinery, equipment and others	Machinery, equipment and others	Machinery, equipment and others
Acquisition cost	**¥ 13**	¥ 18	**$ 133**
Accumulated depreciation	**10**	11	**102**
Net leased property	**¥ 3**	¥ 7	**$ 31**

2. Obligations under finance leases

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥ 2**	¥ 4	**$ 21**
Due after one year	**1**	3	**10**
Total	**¥ 3**	¥ 7	**$ 31**

3. Actual lease payments, depreciation expense of leased property

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Depreciation expense	**¥ 3**	¥ 4	**$ 31**
Actual lease payments	**3**	4	**31**

Depreciation expense for leased properties, which is not reflected in the accompanying statements of income, is computed using the straight-line method over the estimated useful lives of the leased properties.

The minimum rental commitments under noncancelable operating leases at March 31, 2009 were as follows:

(lessee)

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
Due within one year	**¥ 82**	**$ 837**
Due after one year	**212**	**2,163**
Total	**¥ 294**	**$ 3,000**

(lessor)

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
Due within one year	**¥ 16**	**$ 163**
Due after one year	**65**	**664**
Total	**¥ 81**	**$ 827**

Note 11

Derivatives

The Company enters into forward foreign exchange contracts to hedge against the risk of foreign exchange rate fluctuation for payables denominated in foreign currencies, but does not use derivative transactions for speculative purposes or for gaining quick profits from sales of financial instruments.

Because the counterparties to these derivatives are limited to major international financial institutions, the Company believes there is little credit risk in dealing with them.

The Company utilizes forward foreign exchange contracts within the normal transaction range established for these banks. These forward foreign exchange contracts are entered into by the Accounting Department and the results of settlement of the contracts are regularly monitored by the Board of Directors.

The Company did not have any open derivatives positions as of March 31, 2009 and 2008.

Note 12

Other income and expenses

'Other, net' of other income (expenses) for the years ended March 31, 2009 and 2008 in the consolidated statements of income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Gain on sales of investment securities	**¥ 1,327**	¥ 5,393	**$ 13,541**
Gain on exchange from business combination	**–**	642	**–**
Reversal of allowance for doubtful receivables	**0**	3	**0**
Others, net	**(38)**	(246)	**(388)**
Total	**¥ 1,289**	¥ 5,792	**$ 13,153**

Note 13

Land revaluation difference

In accordance with the Act concerning Revaluation of Land, land used for businesses owned by the Company was revalued. The unrealized gain or loss, net of deferred tax, was excluded from earnings and reported as "Land revaluation difference" in changes in equity, and the relevant deferred tax was included as "Deferred tax liabilities" in liabilities.
Related information is shown as follows:

Date of revaluation: March 31, 2002

	Millions of yen	Thousands of U.S. dollars
Difference between book value of land after revaluation and fair value at March 31, 2009	¥ (1,731)	$ (17,663)

Note 14

Commitments and contingent liabilities

There were no material commitments and contingent liabilities at March 31, 2009 and 2008.

Note 15

Net income per share

Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.

Information for the computation of net income per share ("EPS") is as follows:

	Millions of yen	Thousands of shares	Yen	Dollars
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	¥ 23,767	109,995	¥ 216.07	$ 2.20
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥ 35,047	114,235	¥ 306.80	

Note 16

Subsequent events

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the Company's shareholders meeting held on June 26, 2009:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥90 ($0.92) per share	¥ 9,786	$ 99,857

Note 17

Segment information

(1) Business segment information

Information relating to business segments is omitted, as the Group operated solely in the 'pharmaceutical related business' for the years ended March 31, 2009 and 2008.

(2) Geographic area information

Information relating to geographic area is omitted, as 'Japan' accounted for more than 90% of net sales and assets of the Group for the years ended March 31, 2009 and 2008.

(3) Overseas sales information

Overseas sales of the Group to unrelated entities, which consisted of export sales from Japan including license royalty revenue, classified by geographic area for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Percentage in total net sales		Thousands of U.S. dollars
	2009	2008	**2009**	2008	**2009**
Europe	**¥ 480**	¥ 450	**0.3%**	0.3%	**$ 4,898**
Asia	**2,416**	1,988	**1.8**	1.4	**24,653**
Other	**1,529**	1,838	**1.1**	1.2	**15,602**
Total	**¥ 4,425**	¥ 4,276	**3.2%**	2.9%	**$ 45,153**

Deloitte.

Deloitte Touche Tohmatsu
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka-shi, Osaka 541-0042
Japan

Tel: +81 6 4560 6000
Fax: +81 6 4560 6001
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ono Pharmaceutical Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Ono Pharmaceutical Co., Ltd. and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ono Pharmaceutical Co., Ltd. and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Corporate Information

BOARD OF DIRECTORS AND STATUTORY AUDITORS (as of June 26, 2009)

Directors

Gyo Sagara
President and Representative Director, Director of Marketing Headquarters

Kinya Morimoto
Managing Director, Director of Public Relations

Kazuhito Kawabata, Ph.D
Managing Director, Director of Research Headquarters

Hiroshi Awata
Managing Director, Director of Development Headquarters

Fumio Takahashi
Executive Director, Deputy Director of Marketing Headquarters, and Head of Marketing Promotion

Isao Ono
Executive Director, Director of Environment Management

Naonobu Endo
Executive Director, Director of Production & Distribution Headquarters

Hiroshi Ichikawa
Executive Director, Director of Marketing Strategy Planning

Shinji Fujiyoshi
Executive Director, Director of Fukuoka Branch

Daikichi Fukushima, Ph.D
Executive Director, Director of Global Research Strategy Planning

Shozo Matsuoka, Ph.D
Executive Director (part time)
Chairman and CEO, Ono Pharma USA, Inc., Director of Global Development Headquarters

Statutory Auditors

Shigeo Shimada (full time)

Kei Sano (full time)

Narihito Maishi

Yasuo Araki

Head Office

ONO PHARMACEUTICAL CO., LTD.

Founded	1717
Date of Incorporation	July 4, 1947
Paid-in Capital	¥17,358 million (March 31, 2009)
Number of Shareholders	10,681 (March 31, 2009)
Number of Employees	2,404 (March 31, 2009)

Head Office :
8-2, Kyutaromachi 1-chome, Chuo-ku, Osaka 541-8564, Japan
Tel : +81-6-6263-5670 Fax : +81-6-6263-2950

Registered Office :
1-5, Doshomachi 2-chome, Chuo-ku, Osaka, Japan

Branches in Japan :
Sapporo, Sendai, Tokyo I, Tokyo II, Kitakanto, Koshinetsu, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Takamatsu, Hiroshima, Fukuoka

Seoul Branch :
#1205, Sankoo Building, 70 Sogong-Dong, Chung-Ku, Seoul, 100-070, Korea
Tel : +82-2-928-8423 Fax : +82-2-925-2151

Research Institutes :
Minase Research Institute, Osaka, Japan
Fukui Research Institute, Fukui, Japan
Tsukuba Research Institute, Ibaraki, Japan

Manufacturing Plants :
Fujiyama Plant, Shizuoka, Japan
Joto Plant, Osaka, Japan

Subsidiaries & Affiliates

Ono Pharma USA, Inc.
2000 Lenox Drive, Lawrenceville, NJ 08648, USA
Tel : +1-609-219-1010 Fax : +1-609-219-9229

Ono Pharma UK Ltd
11th Floor, Marble Arch Tower
55 Bryanston Street, London W1H 7AA, England
Tel : +44-20-7258-5300 Fax : +44-20-7723-5812

Oriental Pharmaceutical & Synthetic Chemical Co., Ltd.

Bee Brand Medico Dental Co., Ltd.

Namicos Corporation

Tokai Capsule Co., Ltd.

http://www.ono.co.jp