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Ono Pharmaceutical Co., Ltd.

President and Representative Director: Toshiharu Korekane

Code No: 4528 at the first section of the Tokyo and Osaka Stock Exchange

INQUIRIES: Kinya Morimoto, Director, Public Relations (Phone: 06 6263 5670)

Revisions of the Interim and Full Year Business Forecasts for FY2006

Ono Pharmaceutical Co., Ltd. announced today that based on recent business trends it has revised its financial forecasts for the interim and full year of fiscal 2006. The previous forecasts were announced on May 15, 2006.

1. Consolidated Financial Forecasts

First Half of Fiscal 2006 (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	70,600	27,400	28,800	17,800
Revised Forecast (B)	68,800	25,800	27,200	16,900
Change (B – A)	▲ 1,800	▲ 1,600	▲ 1,600	▲ 900
Percentage Change	▲ 2.5%	▲ 5.8%	▲ 5.6%	▲ 5.1%
First Half of Fiscal 2005	73,948	31,553	33,093	20,269

Full Fiscal Year 2006 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	144,200	54,100	56,300	35,100
Revised Forecast (B)	140,500	50,800	53,000	33,100
Change (B – A)	▲ 3,700	▲ 3,300	▲ 3,300	▲ 2,000
Percentage Change	▲ 2.6%	▲ 6.1%	▲ 5.9%	▲ 5.7%
Full Fiscal Year 2005	148,671	56,936	59,245	36,146

2. Non-Consolidated Financial Forecasts

First Half of Fiscals 2006 (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	69,900	27,000	28,300	17,700
Revised Forecast (B)	68,100	25,400	26,700	16,800
Change (B – A)	▲ 1,800	▲ 1,600	▲ 1,600	▲ 900
Percentage Change	▲ 2.6%	▲ 5.9%	▲ 5.7%	▲ 5.1%
First Half of Fiscal 2005	73,225	31,207	32,589	20,102

Full Fiscal Year 2006 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	142,700	53,300	55,400	34,800
Revised Forecast (B)	139,000	50,000	52,100	32,800
Change (B – A)	▲ 3,700	▲ 3,300	▲ 3,300	▲ 2,000
Percentage Change	▲ 2.6%	▲ 6.2%	▲ 6.0%	▲ 5.7%
Full Fiscal Year 2005	147,126	56,180	58,364	35,829

3. Reasons for the revisions (consolidated forecasts)

Consolidated sales forecast for this full fiscal year 2006 was originally projected to be ¥144.2 billion, 3.0% down from the previous fiscal year. However sales for this first quarter declined by 8.0% from the corresponding period of the previous fiscal year to ¥36.5 billion due to the April 2006 NHI price revision (over 7% down at Ono), counterreaction to pandemic pollen allergy that was one of the causes of sales increase of the corresponding period of the last year and unexpectedly tough generic competition. Sales forecast for this fiscal year is therefore revised to ¥140.5 billion down by 5.5% from the previous fiscal year due to further pressures of various medical cost-containment measures by the government and possibility of increasingly fierce generic competition.

With respect to operating and ordinary income, the forecasted decrease from the previous fiscal year is revised to be greater by ¥1.6 billion for the first half of this fiscal year and by ¥3.3 billion for this full fiscal year than originally projected along with the sales decline. The forecasted net income decrease is also revised to be greater by ¥900 million for the first half of this fiscal year and by ¥2 billion for this full fiscal year than originally projected.

The followings are the background for the revision:

- The April 2006 NHI price revision had an impact on our business down by over 7% at Ono, corresponding to about ¥10 billion in sales, which was greater than the industry average of 6.7%.
- The full fiscal year forecasts was built based on the view that market growth of our strategic products such as Opalmon[®] Tablets, peripheral circulation improving agent, Onon[®] Dry Syrup indicated for the treatment of pediatric bronchial asthma and Elaspol[®] for Injection, a drug for treating acute lung injury associated with systemic inflammatory response syndrome, and development of potential market for Kinedak[®] Tablets for the treatment of diabetic peripheral neuropathy would make up the negative impact triggered by the NHI price revision.
- However use of generic drugs accelerated by the government measures to contain medical costs was expected to have an additional impact on annual sales that was originally estimated approximately ¥5 billion. In particular, accelerated use of generic drugs would affect sales of Kinedak[®] Tablets, whose generic version has been available on the market since July 2005, our injectable products for acute diseases along with further increase of medical institutions introducing Diagnosis Procedure Combination (DPC), and our oral drugs for chronic diseases due to changes in prescription form.

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- During the first quarter of this fiscal year, we were able to facilitate the market growth for Opalmon[®] Tablets, Onon[®] Dry Syrup and Elaspol[®] for Injection by energetic promotion and dissemination of scientific information resulting in sales increase by 7%, 20% and 2% respectively over the corresponding period of the previous fiscal year absorbing the negative impact of the NHI price revision. However sales of Kinedak[®] Tablets declined by 21% from the corresponding period of the previous fiscal year attributable to not only the NHI price cut of 12.5% but also the generic competition since July 2005 that was more serious than originally expected. In addition, sales of our injectable products, such as Cataclot[®] for Injection and Prostandin[®] for Injection, whose generic drugs have already been available on the market for some time, were seriously affected by generic competition more than expected.
- During the second quarter of this fiscal year and afterward, we will continue to make further efforts on sales increase based on the market growth leveraged by daily activities mainly on our strategic products and to make up the negative impact of the NHI price revision. However it is likely that expansion of generic competition would adversely affect the sales depending on magnitude of progress of the cost containment measures such as acceleration of generic drug use. We estimate that the negative impact on this full fiscal year sales in this regard would be ¥8 billion which is now increased from the originally estimated ¥5 billion, resulting in the revision of interim and full year financial forecasts.

- The first quarter sales declined by 8.0% from the corresponding period of the previous fiscal year, but the magnitude of the decrease is expected to be less in the sales of the second quarter of this fiscal year and afterward. This is because, among others, outcome of the daily activities for the strategic products is expected to be greater in the second half than that in the first half, and therefore sales forecast is allocated 49/100 versus 51/100 between the halves. It was also true that some of the causes of the sales increase in the corresponding period of the last year were pandemic pollen allergy and license fees from our overseas partner, but there were no such event during the first quarter of this fiscal year.

The financial forecasts and statements contained in this announcement are made based on information available as of the date the announcement is made. Those forecasts and statements involve risks and uncertainties, which may cause results to differ materially from those set forth in the announcements.