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For Immediate Release

Company: Taisho Pharmaceutical Co., Ltd.
Representative: Akira Uehara, President
(First Section of TSE: Code 4535)
Contact: Makoto Funahashi, General Manager
Public Relations Section
(Tel: +81-3-3985-1115)

Taisho Revises Earnings Forecasts for FY2006 First Half and Full Year

Taisho Pharmaceutical Co., Ltd. announced that, based on recent business trends, it has revised its earnings forecasts for the first half and full year of fiscal 2006. The previous forecasts were announced on July 31, 2006.

1. Consolidated Forecasts of Business Results

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	129,500	20,500	22,000	15,500
Revised Forecast (B)	121,500	14,500	16,000	12,000
Change (B-A)	△ 8,000	△ 6,000	△ 6,000	△ 3,500
Change (%)	△ 6.2%	△ 29.3%	△ 27.3%	△ 22.6%
First Half Fiscal 2005	134,320	25,585	26,321	15,559

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	264,000	40,500	44,500	29,000
Revised Forecast (B)	249,000	27,000	31,000	20,500
Change (B-A)	△ 15,000	△ 13,500	△ 13,500	△ 8,500
Change (%)	△ 5.7%	△ 33.3%	△ 30.3%	△ 29.3%
Full Year Fiscal 2005	271,407	46,395	49,748	35,884

2. Non-Consolidated Forecasts of Business Results

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	106,000	19,500	21,500	13,500
Revised Forecast (B)	98,500	14,500	16,500	10,500
Change (B-A)	△ 7,500	△ 5,000	△ 5,000	△ 3,000
Change (%)	△ 7.1%	△ 25.6%	△ 23.3%	△ 22.2%
First Half Fiscal 2005	110,759	25,021	27,010	17,072

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	216,000	38,500	43,000	26,500
Revised Forecast (B)	201,500	25,500	30,000	18,500
Change (B-A)	△ 14,500	△ 13,000	△ 13,000	△ 8,000
Change (%)	△ 6.7%	△ 33.8%	△ 30.2%	△ 30.2%
Full Year Fiscal 2005	223,034	44,764	49,018	36,057

3. Reasons for the Revision

Operating results for the first half of fiscal 2006

Among mainstay Self-Medication products, sales of the nutrient drink *Lipovitan D* were weak mainly due to a worsening business environment caused by a relatively short late-summer sales period and intensifying price competition, and to the time required to clear distributors' inventories, especially in food-oriented channels, despite strengthened sales promotion activities designed to compensate for the product's slow sales in the first quarter. At the same time, the *Pabron* series of cold remedies sold roughly as expected, partly due to the impact of summer colds. However, sales of the *RiUP* series of hair regrowth treatments for common baldness failed to reach forecasts due to the price competition, the contraction of the entire hair treatment market and the failure to make progress in developing entry users as planned.

In prescription pharmaceuticals, sales generally fulfilled targets but sales promotion expenses exceeded forecasts mainly because Taisho Toyama Pharmaceutical Co., Ltd. implemented its 15-year anniversary plan for *Clarith*.

Taisho has revised its first-half business forecasts to reflect these circumstances.

Operating results for the full year

Taisho has revised some sales forecasts for the full year to account for trends in the first half of the fiscal year, and to ensure that distributors can clear their inventories. To this end, Taisho will refocus sales policies on helping distributors sell all products supplied to them, and correct the year-end concentration of sales, which was the main reason for the accumulation of their inventories.

On the earnings side, full-year forecasts have been downwardly revised. The main reason is that Taisho reviewed expenses with the result that R&D expenses are expected to increase mainly because of the licensing-in of new candidate materials for pharmaceuticals that have reached an advanced development stage.

Full-year forecasts for Taisho Toyama Pharmaceutical Co., Ltd. have not been revised.

4. Dividend for fiscal 2006

The previously announced dividend for fiscal 2006 of ¥27 per share has not been revised at the present time.

(Note) The above forecasts were formulated based on information available as of the release date of this report. A number of subsequent factors may cause actual results to differ materially from these forecasts.