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For Immediate Release

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Taisho Revises Earnings Forecasts for FY2006 Full Year

Taisho Pharmaceutical Co., Ltd. announced that, based on recent business trends, it has revised its earnings forecasts for the full year of fiscal 2006. The previous forecasts were announced on October 11, 2006.

1. Consolidated Forecasts of Business Results

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	249,000	27,000	31,000	20,500
Revised Forecast (B)	240,500	21,500	25,500	17,500
Change (B-A)	- 8,500	- 5,500	- 5,500	- 3,000
Change (%)	- 3.4%	- 20.4%	- 17.7%	- 14.6%
Full Year Fiscal 2005	271,407	46,395	49,748	35,884

2. Non-Consolidated Forecasts of Business Results

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

(Millions of yen, %)

	Sales	Operating Income	Recurring Income	Net Income
Previous Forecast (A)	201,500	25,500	30,000	18,500
Revised Forecast (B)	193,000	20,500	25,000	15,500
Change (B-A)	- 8,500	- 5,000	- 5,000	- 3,000
Change (%)	- 4.2%	- 19.6%	- 16.7%	- 16.2%
Full Year Fiscal 2005	223,034	44,764	49,018	36,057

3. Reasons for the Revision

Operating results for the full year

Taisho has revised its earnings forecasts in light of sales trends up to the third quarter and projections for the fourth quarter.

Self-Medication Operation Group

For the fourth quarter, Taisho has lowered its sales forecasts for this group due to the impact of the warm winter and Taisho's rigorous tackling of *Lipovitan D* distribution problems. As regards nutrient drinks, Taisho has already implemented steps to resolve distribution problems especially in food-oriented channels, Taisho aims to strengthen sales promotion activities that give priority to store penetration, and to normalize business transactions in the fourth quarter. Furthermore, Taisho will pursue a policy of maintaining store and distribution inventories at the lowest possible levels in view of the need to change product labeling. This is due to the enactment next fiscal year of three new risk classifications for drugs based on amendments to the Pharmaceutical Affairs Law. The sales forecast for the *Pabron* series of cold remedies was lowered due to the absence of widespread winter colds because of the warm winter and due to anticipated low levels of airborne pollen.

Prescription Pharmaceutical Operation Group

Taisho has not revised its sales forecasts for Taisho Toyama Pharmaceutical Co., Ltd. although the incidence of influenza and colds has remained at low levels.

On the earnings front, full-year earnings forecasts have been revised downwards in line with the lower projected sales. Although Taisho has taken steps to reduce advertising and other expenses, Taisho does not expect that these efforts will cover the decline in sales. This is because R&D expenses are expected to be approximately in line with estimates announced with fiscal 2006 first half results. Also, sales promotion expenses at Taisho Toyama Pharmaceutical for countermeasures to generic *Clarith* products are forecast to exceed earlier estimates.

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.