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Fiscal Year 2006

(April 1, 2006 to March 31, 2007)

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Consolidated Financial Data

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Net Sales	286,433	279,437	271,407	242,071	119,000	240,500
(YOY%)	(4.5%)	(-2.4%)	(-2.9%)	(-10.8%)	(-2.4%)	(-0.6%)
Self-Medication operations	188,062	183,416	174,831	149,486	75,200	149,400
Prescription Pharmaceutical operations	98,371	96,020	96,576	92,585	43,800	91,100
Gross profit	201,428	194,582	184,720	159,850	78,500	157,500
Selling, general and administrative expenses	143,727	139,883	138,325	137,493	66,000	134,500
Research and development expenses	24,171	23,221	23,072	28,519	12,100	26,200
(% Sales)	(8.4%)	(8.3%)	(8.5%)	(11.8%)	(10.2%)	(10.9%)
Advertising expenses	17,619	17,273	16,189	14,594	7,200	14,500
Sales promotion expenses	28,878	28,247	28,535	27,707	13,900	28,600
Personnel expenses	-	33,935	33,259	32,610	16,400	32,600
Operating income	57,700	54,698	46,395	22,357	12,500	23,000
(YOY%)	(6.1%)	(-5.2%)	(-15.2%)	(-51.8%)	(-15.1%)	(2.9%)
Recurring income	61,180	58,063	49,748	24,926	14,500	28,500
(YOY%)	(0.5%)	(-5.1%)	(-14.3%)	(-49.9%)	(-11.7%)	(14.3%)
Net income	40,910	35,489	35,884	15,420	9,000	17,500
(YOY%)	(15.6%)	(-13.3%)	(1.1%)	(-57.0%)	(-27.0%)	(13.5%)
EPS (yen)	127.87	114.15	116.18	50.54	30.22	58.77
Capital expenditure	8,829	7,074	13,397	8,066	2,500	9,000
Depreciation and amortization	15,343	13,501	12,809	12,134	6,100	12,500
Total assets	601,956	613,802	664,431	631,929	633,000	641,000
Shareholders' equity	500,761	517,634	567,364	547,486	548,000	557,000
Return on equity(%) (* 1)	8.3%	7.0%	6.6%	2.8%	-	3.2%
Return on assets(%) (* 1)	6.9%	5.8%	5.6%	2.4%	-	2.7%
Equity ratio(%)	83.2%	84.3%	85.4%	86.3%	86.6%	86.9%
Overseas sales ratio	3.7%	3.5%	3.1%	3.0%	-	-
Number of employees	5,477	5,339	5,191	5,191	-	-

(* 1) Average of the beginning and year-end balance of shareholders' equity / total assets

Consolidated Balance Sheets

(Yen million)

	End of FY2005		End of FY2006		change
	(March 31, 06)	% total	(March 31, 07)	% total	
(Assets)					
Current assets:					
Cash and deposits	155,205		131,263		-23,941
Notes and accounts receivable-trade	76,718		72,242		-4,475
Marketable securities	3,492		2,077		-1,415
Inventories	23,612		22,915		-697
Deferred tax assets	8,160		7,495		-664
Others	4,528		4,867		338
Sub-total	271,717		240,862		-30,855
Allowance for doubtful accounts	-561		-445		115
Total current assets	271,156	40.8%	240,416	38.0%	-30,739
Fixed assets:					
(1) Tangible fixed assets:					
Buildings and structures	50,638		47,641		-2,996
Machinery and equipment	10,095		9,213		-881
Land	27,233		27,389		156
Construction in progress	5,853		9,019		3,165
Others	5,221		4,530		-690
Total tangible fixed assets	99,041	(14.9%)	97,796	(15.5%)	-1,245
(2) Intangible fixed assets:					
Goodwill	171		133		-38
Trademarks	6,546		4,206		-2,339
Software	3,842		2,965		-877
Others	198		205		7
Total intangible fixed assets	10,758	(1.6%)	7,511	(1.2%)	-3,247
(3) Investments and other assets:					
Investments in securities	261,121		260,046		-1,075
Affiliates' stock	15,492		20,069		4,576
Long-term prepaid expenses	2,615		1,697		-917
Deferred tax assets	723		924		201
Others	3,759		3,690		-69
Sub-total	283,713		286,429		2,715
Allowance for doubtful receivables-long term	-239		-224		14
Total investments and other assets	283,474	(42.7%)	286,204	(45.3%)	2,730
Total fixed assets	393,274	59.2%	391,512	62.0%	-1,762
Total assets	664,431	100.0%	631,929	100.0%	-32,502

< Major reasons for changes in selected items >

Marketable securities down ¥1.4 billion

(Bond redemptions down ¥3.2 billion; reclassification from investments in securities up ¥2.0 billion)

Construction in progress up ¥3.1 billion

(Increase of ¥4.2 billion at pharmaceutical manufacturing building no. 2 at the Omiya Factory)

Trademarks down ¥2.3 billion (Due to amortization)

Investments in securities down ¥1.0 billion

(Purchase of bonds up ¥21.4 billion; purchase of shares up ¥5.2 billion;

reclassification to marketable securities down ¥2.0 billion; decrease in unrealized gain down ¥10.8 billion;

sale of bonds down ¥7.5 billion; reclassification to affiliates' stock down ¥7.8 billion)

Consolidated Balance Sheets

(Yen million)

	End of FY2005		End of FY2006		change
	(March 31, 06)	% total	(March 31, 07)	% total	
(Liabilities)					
Current liabilities:					
Notes and accounts payable-trade	21,798		20,380		-1,417
Short-term loans	260		225		-35
Accounts payable	14,062		13,698		-363
Accrued corporate tax	7,237		6,151		-1,085
Accrued expenses	7,875		7,463		-411
Adjustment allowance for returns	893		889		-3
Allowance for bonuses	3,917		3,963		46
Allowance for bonuses to directors	-		73		73
Others	1,680		1,063		-617
Total current liabilities	57,724	8.7%	53,909	8.5%	-3,814
Long-term liabilities:					
Reserves for retirement benefits	18,763		16,428		-2,335
Reserves for directors' retirement payments	1,589		1,646		56
Deferred taxes liabilities	9,473		6,436		-3,036
Others	7,338		6,021		-1,316
Total long-term liabilities	37,165	5.6%	30,533	4.9%	-6,632
Total liabilities	94,890	14.3%	84,443	13.4%	-10,447
(Minority interest)					
Minority interest	2,176	0.3%	-		-
(Shareholders' equity)					
Common stock	29,804	4.5%	-	-	-
Additional paid-in capital	14,935	2.3%	-	-	-
Retained earnings	515,006	77.5%	-	-	-
Unrealized gain on securities	34,065	5.1%	-	-	-
Foreign currency adjustment accounts	-3,193	-0.5%	-	-	-
Treasury stock	-23,253	-3.5%	-	-	-
Total shareholders' equity	567,364	85.4%	-	-	-
Total liabilities, minority interest, and shareholders' equity	664,431	100.0%	-	-	-
(Net assets)					
Shareholders' equity					
Common Stock	-	-	29,804	4.7%	-
Additional paid-in capital	-	-	14,935	2.4%	-
Retained earnings	-	-	521,167	82.5%	-
Treasury stock	-	-	-45,497	-7.2%	-
Total shareholders' equity	-	-	520,409	82.4%	-
Valuation, translation, adjustments and others	-	-	0	0.0%	-
Unrealized gain on securities	-	-	27,207	4.3%	-
Deferred gain and loss from hedging	-	-	-16	-0.0%	-
Foreign currency adjustment accounts	-	-	-1,978	-0.3%	-
Total valuation, translation, adjustments and others	-	-	25,212	4.0%	-
Minority interest	-	-	1,864	0.2%	-
Total net assets	-	-	547,486	86.6%	-
Total liabilities and net assets	-	-	631,929	100.0%	-

< Major reasons for changes in selected items >

Reserves for retirement benefits down ¥2.3 billion

(Retirement benefit costs up ¥2.2 billion; contributions to defined benefit corporate pension plan down ¥4.1billion)

Deferred taxes liabilities up ¥3.0 billion

(due to decrease of unrealized gain of investment in securities, down 4.3billion,

decrease of reserves for retirement benefit, up ¥0.8billion)

Unrealized gain on securities down ¥6.8 billion (decrease of unrealized gain of investments in securities)

Treasury stock down ¥22.2 billion (share buyback)

Consolidated P/L Statement

(Yen Million)

	March 2006 (FY2005)		March 2007 (FY2006)		YOY Change
		% Sales		% Sales	
Net sales	271,407	100.0%	242,071	100.0%	-29,336
Cost of sales	86,408	31.8%	82,224	34.0%	-4,184
Gross profit on sales	184,999	68.2%	159,847	66.0%	-25,152
Reversal of provision for sales returns	615	0.2%	893	0.4%	278
Provision for sales returns	893	0.3%	889	0.4%	-4
Gross profit	184,720	68.1%	159,850	66.0%	-24,869
Selling, general and administrative expenses	138,325	51.0%	137,493	56.8%	-831
Depreciation and amortization	6,335		6,035		-300
Research and development expenses	23,072		28,519		5,447
Advertising expenses	16,189		14,594		-1,595
Sales promotion expenses	28,535		27,707		-828
Others	64,191		60,636		-3,554
Operating income	46,395	17.1%	22,357	9.2%	-24,038
Non-operating income	5,178	1.9%	5,617	2.3%	439
Interest income	3,833		4,254		421
Dividend income	548		761		212
Rent income on real estate	108		105		-2
Others	688		496		-192
Non-operating expenses	1,825	0.7%	3,049	1.2%	1,223
Interest expenses	4		8		3
Investment loss in affiliates using the equity accounting method	637		2,414		1,776
Others	1,182		626		-556
Recurring income	49,748	18.3%	24,926	10.3%	-24,822
Extraordinary gains	9,348	3.5%	4,223	1.8%	-5,124
Profit on sales of investment securities	89		-		-89
Profit on sales of fixed assets	3		4,156		4,153
Profit on sales of shares of related companies	8,496		-		-8,496
Gain on transfer to defined contribution pension plan	759		-		-759
Gain on reversal of allowance for doubtful accounts	-		66		66
Others	-		0		0
Extraordinary losses	785	0.3%	152	0.1%	-632
Evaluation loss on investment securities	0		3		2
Loss on disposal of fixed assets	574		148		-425
Loss on sales of investment securities	1		-		-1
Asset impairment loss	208		-		-208
Others	-		0		0
Income before income taxes and minority interests	58,311	21.5%	28,996	12.0%	-29,315
Corporate and inhabitants' taxes	18,625	6.9%	11,857	4.9%	-6,767
Corporate tax adjustment	3,892	1.4%	1,938	0.8%	-1,953
Minority interest gain (loss) of consolidated subsidiaries	-89	-0.0%	-221	-0.1%	-131
Net income	35,884	13.2%	15,420	6.4%	-20,463

< Fiscal year 2006 highlights >

Cost of sales ratio increased from 31.8% to 34.0%

Change of sales mix

reimbursement price cut, lower capacity utilization, and so on

Selling, general & administrative expenses

Advertising expenses were ¥14.5 billion (down ¥1.5 billion) due to a review of the advertising budget

Research and development expenses were ¥28.5 billion (up ¥5.4 billion)

due to increase of in-licensing payment

Consolidated Sales Breakdown by Category

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Self-Medication operations :	188,062	183,416	174,831	149,486	75,200	149,400
(YOY%)	(-3.6%)	(-2.5%)	(-4.7%)	(-14.5%)	(-3.3%)	(-0.1%)
OTC products, etc.	178,233	172,404	163,866	137,728	69,300	136,700
Foods for Specified Health Use, etc.	7,876	7,840	8,140	8,658	4,500	9,300
Others	1,953	3,172	2,825	3,100	1,400	3,400
Prescription Pharmaceutical operations :	98,371	96,020	96,576	92,585	43,800	91,100
(YOY%)	(24.6%)	(-2.4%)	(0.6%)	(-4.1%)	(-1.0%)	(-1.6%)
Ethical drugs	82,129	81,688	81,779	79,700	38,000	79,000
Others*	10,631	9,391	11,686	11,473	5,300	11,100
Royalty income	5,611	4,941	3,111	1,412	500	1,000
Total	286,433	279,437	271,407	242,071	119,000	240,500

Consolidated Operating Income by Category

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Self-Medication operations	43,391	39,014	33,602	17,384	10,100	16,600
(YOY%)	(-13.9%)	(-10.1%)	(-13.9%)	(-48.3%)	(-5.9%)	(-4.5%)
Prescription Pharmaceutical operations	14,308	15,683	12,793	4,973	2,400	6,400
(YOY%)	(259.3%)	(9.6%)	(-18.4%)	(-61.1%)	(-39.7%)	(28.7%)
Total	57,700	54,698	46,395	22,357	12,500	23,000

Sales and income of Taisho Toyama Pharmaceutical (consolidated subsidiary)

(Yen Billion)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Taisho Toyama Pharmaceutical Sales	83.1	82.3	82.7	80.1	38.0	79.0
Taisho products	61.8	60.6	61.7	60.5	28.5	60.0
Toyama Chemical products	21.2	21.7	20.9	19.6	9.5	19.0
Recurring income	0.5	1.8	0.9	0.1	0.1	1.1
Net income	-0.7	0.6	-0.3	-0.7	-0.2	0.0

(Rounded to the nearest hundred-million)

Consolidated Sales of Leading Products

(Yen Billion)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	YOY Change	(Est.) March 08 (FY07)	
						1H	Full Year
OTC products, etc.	178.2	172.4	163.9	137.7	-16.0%	69.3	136.7
Lipovitan series	96.9	95.1	91.4	73.3	-19.7%	38.8	69.8
Lipovitan D	72.9	70.8	68.2	52.8	-22.6%	27.7	48.6
Others	24.0	24.3	23.2	20.6	-11.2%	11.1	21.2
ZENA series	4.6	5.0	4.9	4.0	-18.5%	2.1	4.3
Pabron series	28.1	27.3	26.1	22.8	-12.6%	9.7	23.7
RiUP series	15.3	13.5	12.0	8.8	-26.8%	5.0	10.3
Gastrointestinal treatments	5.4	4.9	4.9	4.6	-5.8%	2.1	4.7
Foods for Specified Health Use, etc.	7.9	7.8	8.1	8.7	6.4%	4.5	9.3
Livita series	1.1	2.1	2.4	2.3	-6.0%	1.2	2.6
Overseas drinks	4.2	4.3	4.3	5.0	14.9%	2.7	5.4
Ethical drugs	82.1	81.7	81.8	79.7	-2.5%	38.0	79.0
Clarith	27.6	27.4	27.5	27.3	-0.7%	11.8	26.7
Palux	13.2	12.0	12.0	11.2	-6.2%	5.6	10.8
PENTCILLIN	6.4	6.5	6.6	6.1	-7.6%	3.1	6.1
Lorcam	4.5	4.5	4.5	4.3	-5.5%	2.3	4.3
TOMIRON	4.9	4.8	4.2	3.5	-16.9%	1.5	3.4
OZEX	2.9	3.3	3.3	3.2	-1.9%	1.4	2.9
Metligine	2.2	2.2	2.1	2.0	-6.9%	1.0	1.9
LIMAS	2.3	2.3	2.4	2.2	-5.1%	1.1	2.2
SOLON	2.3	2.1	2.0	1.7	-12.3%	0.9	1.7
LUPRAC	1.6	1.8	1.9	2.0	3.1%	1.1	2.0
PASIL	0.9	1.2	1.2	1.2	-4.0%	0.6	1.2

(Rounded to the nearest hundred-million)

Tonics and Nutrient Drinks: Domestic Sales Breakdown by Channel (parent basis)

(Yen Billion)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	YOY Change
Drug-oriented channels	58.2	54.6	50.1	41.4	-17.5%
Food-oriented channels	45.2	47.6	47.5	37.2	-21.7%
Total	103.4	102.1	97.7	78.6	-19.5%

(Rounded to the nearest hundred-million)

Lipovitan D: Sales Breakdown by Channel (parent basis)

(Yen Billion)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	YOY Change
Drug-oriented channels	35.9	33.2	30.8	25.1	-18.8%
Food-oriented channels	37.0	37.6	37.4	27.7	-25.8%
Total	72.9	70.8	68.2	52.8	-22.6%

(Rounded to the nearest hundred-million)

Consolidated: Capital Expenditure (Breakdown by Area)

(Yen million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.) March 08 (FY07)	
					1H	Full Year
					Total capital expenditure	8,829
Omiya Factory	1,521	792	6,605	5,060	1,191	2,607
Hanyu Factory	136	144	195	114	29	119
Okayama Factory	175	46	1,860	93	179	312
Research Center	1,218	1,958	1,120	793	696	1,022
Others	5,779	4,134	3,617	2,006	405	4,940

Consolidated: R&D Expenses

(Yen million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.) March 08 (FY07)	
					1H	Full Year
					Total R&D expenses	24,171
Self-Medication operations	6,572	6,674	6,709	7,777	3,000	6,200
Prescription Pharmaceutical operations	17,598	16,547	16,362	20,741	9,100	20,000

Subsidiaries and Affiliates

Company	Address	Capital	Business	Ownership
(1) Consolidated subsidiaries				%
Taisho Kosei Service Co.,Ltd.	Tokyo, Japan	,000 Yen 10,000	SMG	100
Taisho Okinawa Co.,Ltd.	Okinawa, Japan	,000 Yen 50,000	SMG	100
Taisho M.T.C. Co.,Ltd.	Tokyo, Japan	,000 Yen 400,000	SMG	60
Taisho Pharmaceutical Logistics Co.,Ltd.	Saitama, Japan	,000 Yen 30,000	SMG	100
Taisho Business Research Institute Co.,Ltd.	Tokyo, Japan	,000 Yen 50,000	SMG PD	100
Taisho Toyama Pharmaceutical Co.,Ltd.	Tokyo, Japan	,000 Yen 2,000,000	PD	55
Medwell Taisho Co.,Ltd.	Saitama, Japan	,000 Yen 200,000	PD	100
Mejiro Real Estate Co.,Ltd.	Tokyo, Japan	,000 Yen 600,000	SMG	100
Shimoda Central Co.,Ltd.	Tokyo, Japan	,000 Yen 300,000	SMG	100 (100)
TAISHO ACTIVE HEALTH Co., Ltd.	Tokyo, Japan	,000 Yen 100,000	SMG	55
Taisho Pharmaceutical (Taiwan) Co.,Ltd.	Taiwan	,000 NT\$ 200,000	SMG	98.9
Taisho Pharmaceutical California Inc.	U.S.A.	,000 US\$ 41,050	SMG	100
Taisho Pharmaceutical (M) SDN. BHD.	Malaysia	,000 M\$ 24,380	SMG	100
Taisho Pharmaceuticals (Philippines), Inc.	Philippines	,000 Peso 18,900	SMG	100
PT. Taisho Indonesia	Indonesia	,000 rupiah 42,920,000	SMG	100
Taisho Foods Deutschland GmbH	Germany	,000 Euro 306	SMG	100
Taisho Co.,Ltd. Shanghai	China	,000 CNY 132,621	SMG	85
Taisho Pharmaceutical Asia (M) SDN. BHD.	Malaysia	,000 M\$ 26,500	SMG	100
Taisho Pharmaceutical (Europe) Ltd.	United Kingdom	,000 £ 20,000	SMG	100
Taisho Vietnam Co.,Ltd.	Vietnam	,000 VND 136,806,000	SMG	100
Taisho Pharmaceutical (H.K.) Ltd.	China	,000 HK\$ 163,000	SMG	100
Osotspa Taisho Co.,Ltd.	Thailand	,000 THB 15,000	SMG	49
Taisho Pharmaceutical R&D Inc.	U.S.A.	,000 US\$ 4,000	PD	100
(2) Equity Accounting Method				
Toyama Chemical Co.,Ltd.	Tokyo, Japan	,000 Yen 22,400,205	PD	22.2
Yomeishu Seizo Co., Ltd.	Tokyo, Japan	,000 Yen 1,650,000	SMG	20.9
Taisho Hizon Manufacturing Inc.	Philippines	,000 Peso 17,000	SMG	50 (50)

*SMG=Self-Medication operations PD=Prescription Pharmaceutical operations

Non-consolidated Financial Data

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Net Sales	240,562	232,858	223,034	194,356	96,500	194,000
(YOY%)	(-10.5%)	(-3.2%)	(-4.2%)	(-12.9%)	(-2.0%)	(-0.2%)
Self-Medication operations :	182,974	177,082	168,762	142,083	72,000	142,100
Prescription Pharmaceutical operations :	57,588	55,776	54,272	52,273	24,500	51,900
Gross profit	171,740	164,669	152,692	128,696	63,400	126,900
Selling, general and administrative expenses	114,447	111,984	107,927	107,188	51,400	105,500
Research and development expenses	24,191	23,246	23,093	28,539	12,100	26,200
(YOY%)	(10.1%)	(10.0%)	(10.4%)	(14.7%)	(12.5%)	(13.5%)
Advertising expenses	17,414	17,012	15,992	14,422	7,100	14,200
Sales promotion expenses	15,254	15,583	15,588	14,287	7,800	16,300
Persornnel expenses	-	20,214	17,515	17,237	8,600	17,200
Operating income	57,292	52,685	44,764	21,507	12,000	21,500
(YOY%)	(5.1%)	(-8.0%)	(-15.0%)	(-52.0%)	(-16.5%)	(-0.0%)
Recurring income	62,506	56,599	49,018	27,527	14,500	27,500
(YOY%)	(3.5%)	(-9.5%)	(-13.4%)	(-43.8%)	(-13.8%)	(-0.1%)
Net income	43,350	35,779	36,057	16,749	9,000	18,000
(YOY%)	(23.4%)	(-17.5%)	(0.8%)	(-53.5%)	(-15.9%)	(7.5%)
EPS (yen)	135.51	115.09	116.74	54.86	30.20	60.40
Capital expenditure	8,529	6,905	12,773	7,764	2,300	8,700
Depreciation and amortization	15,020	13,139	12,475	11,786	5,900	12,100
Total assets	589,673	601,807	649,138	614,943	615,000	624,000
Shareholders' equity	507,024	524,085	572,015	551,107	552,000	561,000
Return on equity(%) (* 1)	8.7%	6.9%	6.6%	3.0%	-	3.2%
Return on assets(%) (* 1)	7.4%	6.0%	5.8%	2.6%	-	2.9%
Equity ratio(%)	86.0%	87.1%	88.1%	89.6%	89.8%	89.9%
Number of employees	3,363	3,312	3,315	3,329	-	-

(* 1) Average of the beginning and year-end balance of shareholders' equity / total assets

Non-consolidated Sales Breakdown by Category

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08 (FY07)	
					1H	Full Year
Self-Medication operations :	182,974	177,082	168,762	142,083	72,000	142,100
(YOY%)	(-3.7%)	(-3.2%)	(-4.7%)	(-15.8%)	(-2.8%)	(0.0%)
OTC products, etc.	178,080	172,258	163,697	137,187	69,200	136,100
Foods for Specified Health Use, etc.	3,581	3,456	3,801	3,669	1,900	4,000
Others	1,313	1,368	1,264	1,227	900	2,000
Prescription Pharmaceutical operations :	57,588	55,776	54,272	52,273	24,500	51,900
(YOY%)	(-27.1%)	(-3.1%)	(-2.7%)	(-3.7%)	(0.4%)	(-0.7%)
Ethical drugs	42,166	41,942	40,299	39,673	18,700	39,800
Others	9,811	8,893	10,862	11,188	5,300	11,100
Royalty income	5,611	4,941	3,111	1,412	500	1,000
Total	240,562	232,858	223,034	194,356	96,500	194,000

Non-consolidated Sales Breakdown by Therapeutic Category

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)
Nervous system and sensory organ drugs	39,757	38,714	36,748	33,026
Cardiovascular and digestive system drugs	28,281	28,116	27,608	27,485
Nutrient drugs	106,075	104,828	100,087	81,069
Dermatological preparations	26,892	23,416	21,678	17,757
Antibiotics and others	30,303	29,331	29,944	29,876
Foods for Specified Health Use, etc.	3,585	3,459	3,804	3,672
Royalty income	5,669	4,994	3,165	1,472
Total	240,562	232,858	223,034	194,356

Capital Expenditure (Breakdown by Area)

(Yen Million)

	March 04 (FY03)	March 05 (FY04)	March 06 (FY05)	March 07 (FY06)	(Est.)	
					March 08	
					1H	Full Year
Total capital expenditure	8,529	6,905	12,773	7,764	2,300	8,700
Omiya Factory	1,521	792	6,605	5,060	1,200	2,600
Hanyu Factory	136	144	195	114	0	100
Okayama Factory	175	46	1,860	93	200	300
Research Center	1,218	1,958	1,120	793	700	1,000
Others	5,479	3,965	2,993	1,704	200	4,700

Shareholders Information (as of end of March 2007)

Major Shareholders

(Thousands of Shares)

Shareholders**	Number of shares	% of total*
Uehara Memorial Foundation	43,000	14.43%
Shoji Uehara	36,615	12.29%
Sumitomo Chemical	12,133	4.07%
Northern Trust (AVFC) American	11,232	3.77%
Mellon Bank Treaty Clients Omnibus	10,315	3.46%
Sumitomo Mitsui Banking Corp.	10,000	3.36%
The Bank of Tokyo-Mitsubishi UFJ	10,000	3.36%
Uehara Museum of Modern Art Foundation	10,000	3.36%
Akira Uehara	7,146	2.40%
Kajima Corporation	5,500	1.85%

* calculated excluding treasury stocks (22,476 thousand shares)

** excluding treasury stocks (22,476 thousand shares)

Distribution of Shareholders

Financial Institutions	14.21%
Securities Companies	0.39%
Other companies	34.21%
Foreign Companies	14.99%
Individuals and Others	29.21%
Treasury stocks	7.01%
Total	100.00%

New Drug Development

As of May 15, 2007

(1) Development in Japan -1

Filed for application

1) T-3811 (Oral)

- < Application > New-type quinolone antibacterial agent
- < Development > Co-development with Toyama Chemical
- < Remarks > Applied by Toyama Chemical

Phase 2/3

1) CT-064 (Injection)

- < Application > Osteoporosis
- < Development > Co-development with Chugai Pharmaceutical
- < Description > Antiresorptive bisphosphonate
- < Remarks > Chugai Pharmaceutical development code: R484

Phase 2

1) NT-702 (NM-702, overseas)

- < Application > Intermittent claudication caused by arteriosclerosis obliterans,
Intermittent claudication caused by spinal canal stenosis
- < Development > Co-development with Nissan Chemical
- < Description > Expressed extremely strong vasodilation as well as platelet aggregate inhibition
- < Remarks > Overseas; Phase 2
(Intermittent claudication caused by arteriosclerosis obliterans)

2) TT-063

- < Application > Osteoarthritis, scapulohumeral periarthritis, myalgia and other conditions
- < Development > Co-development with Tokuhon
- < Description > Anti-inflammatory analgesic patch formulation containing S-flurbiprofen

3) CT-064 (Oral)

- < Application > Osteoporosis
- < Development > Co-development with Chugai Pharmaceutical
- < Description > Antiresorptive bisphosphonate
- < Remarks > Chugai Pharmaceutical development code: R484

4) NT-702

- < Application > Asthma
- < Development > Co-development with Nissan Chemical
- < Description > Expressed bronchodilatation and inhibition of cellular infiltration

New Drug Development

As of May 15, 2007

(1) Development in Japan -2

Phase 2

5) TS-033

- < Application > Type 1 and 2 diabetes
- < Development > In-house
- < Description > Sodium-dependent glucose cotransporter (SGLT) inhibitor
- < Remarks > Overseas; Phase 2

6) TS-022

- < Application > Pruritus caused by Atopic dermatitis
- < Development > In-house
- < Description > Prostaglandin derivative

7) Palux

- < Application > Intermittent claudication caused by spinal canal stenosis
- < Development > In-house
- < Remarks > Additional indication

(2) Development in Overseas Countries

Phase 2

1) NM-702 (NT-702, in Japan)

- < Application > Intermittent claudication caused by arteriosclerosis obliterans
- < Development > Co-development with Nissan Chemical
- < Description > Expressed extremely strong vasodilation as well as platelet aggregate inhibition
- < Remarks > Nissan Chemical and Taisho granted Milford (U.S.) exclusive development and marketing rights worldwide, except in Japan, South Korea, China and Taiwan. (Announced on May 7, 2007)
In Japan; Phase 2

2) TS-033

- < Application > Type 1 and 2 diabetes
- < Development > In-house
- < Description > Sodium-dependent glucose cotransporter (SGLT) inhibitor
- < Remarks > In Japan; Phase 2

Launch of New Products

As of May 15, 2007

(1) Self-Medication Operation Group -1

1) DENTWELL III [medicated] VC Cool Mint

< Description > A cool mint flavor of medicated toothpaste containing 3% of vitamin C
< Launch > May 2006

2) DENTWELL III [medicated] VC Rose Hip

< Description > A rose hip flavor of medicated toothpaste containing 3% of vitamin C
< Launch > May 2006

3) DENTWELL II Toothbrush C

< Description > A compact head toothbrush designed by periodontist
< Launch > May 2006

4) Naron Ace Plus

< Description > An anti-pyretics and analgesics containing an ingredient to protect gastrointestinal mucosa in addition to 2 analgesic formulations of the existing *Naron Ace*
< Launch > May 2006

5) Nourish BB Drink

< Description > A quasi-drug nutrient mini-drink containing vitamin B2, B6 and iron (mail order only)
< Launch > June 2006

6) Lipovitan D Maxio

< Description > A quasi-drug nutrient drink containing 3,000mg of taurine
< Launch > July 2006

7) Karada Kankyo Aojiru (squeezed vegetable extract)

< Description > An exclusively mail order green juice containing 17 oriental ingredients added to young barley leaves
< Launch > September 2006

8) Pabron Hand Jell 365

< Description > A rub-on antiseptic hand jell for eradicating influenza viruses and germs
< Launch > September 2006

9) Pabron Throat Spray 365

< Description > A quasi-drug throat spray containing cetylpyridinium chloride
< Launch > September 2006

Launch of New Products

As of May 15, 2007

(1) Self-Medication Operation Group -2

10) Pabron Gauze Mask

< Description > A gauze mask containing an advanced function filter
< Launch > September 2006

11) Single-use Pabron Mask

< Description > A solid four-layer non-woven mask containing an advanced function filter
< Launch > September 2006

12) VICKS Medicated Drops (Plum Flavor)

< Description > An additional flavor of *VICKS Medicated Drops* especially developed for Japan
< Launch > September 2006

13) Menfula Stick

< Description > A topical anti-inflammatory analgesic stick containing piroxicam
< Launch > September 2006

14) Lipovitan VC

< Description > A quasi-drug nutrient drink, the first in the *Lipovitan* series to contain vitamin C
< Launch > September 2006

15) Lipovitan 11 NEW

< Description > A quasi-drug nutrient drink containing 13 active ingredients
< Launch > September 2006

16) Livita Q10 Tablet

< Description > A tablet supplement containing a 60mg daily dose of Coenzyme Q10
< Launch > October 2006

17) Livita Q10 Cream

< Description > A functional skin-care cream containing Coenzyme Q10 and other skin-moisterizing ingredients
< Launch > October 2006

18) NEW ZENA F-II

< Description > A nutrient mini-drink containing 14 herbal ingredients, including the herbal plant *muira puama*
< Launch > November 2006

Launch of New Products

As of May 15, 2007

(1) Self-Medication Operation Group -3

19) NEW ZENA F-III

- < Description > A proprietary nutrient mini-drink made by adding muira puama to an Asian herbal remedy used in Chinese natural medicine
< Launch > November 2006

20) DENTWELL Dental Rinse

- < Description > A medicated liquid mouthwash containing cetylpyridinium chloride and another sterilizing ingredient
< Launch > November 2006

21) DENTWELL Mouth Spray

- < Description > A spray-type mouth freshener effective for such uses as counteracting bad breath caused by periodontitis
< Launch > November 2006

22) Lipovitan Royal 11

- < Description > A quasi-drug mini-drink containing 11 active constituents, including three herbal ingredients
< Launch > November 2006

23) Pabron Rhinitis Capsule-Z

- < Description > A switch-OTC oral medicine for treating rhinitis containing the anti-allergic agent ketotifen fumarate
< Launch > December 2006

24) Gen-en Shukan Soy Sauce

- < Description > A special-purpose food for people with high blood pressure that has half the salt (sodium) content of normal soy sauce
< Launch > December 2006

25) Nourish <biboukassai> Cleansing Cream

- < Description > An exclusively mail-order cleansing cream containing the naturally derived ingredient flavangenol
< Launch > February 2007

26) IRIS PC

- < Description > Soothing eye drops that alleviate tiredness and blurriness of the eyes
< Launch > February 2007

Launch of New Products

As of May 15, 2007

(1) Self-Medication Operation Group -4

27) Naturalcare

- < Description > A blended tea categorized as a FOSHU (Foods for Specified Health Use) that contains sardine peptides suited for people with high blood pressure
< Launch > February 2007

28) Livita Young Green Barley Juice Powder

- < Description > A green health juice made from young leaves of barley cultivated by farmers under contract and supplemented by four health ingredients
< Launch > March 2007

29) Lipovitan DIIα

- < Description > A nutrient drink containing hagekiten, a herbal remedy tonic
< Launch > March 2007

30) Neoday

- < Description > A sleeping medication in the form of small tablets that are easy to take, containing diphenhydramine hydrochloride
< Launch > March 2007

31) Karada Kankyo Diet Series

- < Description > An exclusively mail-order series of diet-support products, centered on *Karada Kankyo Diet Balanced Foods*
< Launch > April 2007

As of May 15, 2007

(2) Prescription Pharmaceutical Operation Group

1) Clarith Dry Syrup for Pediatric

- < Description > Improved formulation of macrolide antibiotics *Clarith Dry Syrup for Pediatric*
< Launch > June 2006