

# Reference Data

## 1st Half - Fiscal Year 2006

(April 1, 2006 to September 30, 2006)

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## Consolidated Financial Data

(Yen Million)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Net Sales	134,320	271,407	54,584	121,971	249,000	264,000
(YOY%)	(-4.3%)	(-2.9%)	(-5.0%)	(-9.2%)	(-8.3%)	(-2.7%)
Self-Medication operations	86,918	174,831	33,155	77,744	158,200	173,400
Prescription Pharmaceutical operations	47,402	96,576	21,429	44,227	90,800	90,600
Gross profit	93,088	184,720	37,565	81,660	164,600	178,000
Selling, general and administrative expenses	67,503	138,325	31,784	66,942	137,600	137,500
Research and development expenses	11,635	23,072	6,004	12,361	27,500	23,500
(% Sales)	(8.7%)	(8.5%)	(11.0%)	(10.1%)	(11.0%)	(8.9%)
Advertising expenses	8,355	16,189	3,781	7,662	15,200	16,000
Sales promotion expenses	12,267	28,535	5,245	13,177	27,200	28,200
Personnel expenses	16,802	33,259	8,308	16,422	33,100	33,300
Operating income	25,585	46,395	5,781	14,717	27,000	40,500
(YOY%)	(-17.6%)	(-15.2%)	(-19.3%)	(-42.5%)	(-41.8%)	(-12.7%)
Recurring income	26,321	49,748	6,818	16,423	31,000	44,500
(YOY%)	(-22.8%)	(-14.3%)	(-16.4%)	(-37.6%)	(-37.7%)	(-10.5%)
Net income	15,559	35,884	4,052	12,329	20,500	29,000
(YOY%)	(-25.1%)	(1.1%)	(-4.6%)	(-20.8%)	(-42.9%)	(-19.2%)
EPS (yen)	50.47	116.18	13.15	40.01	66.53	93.86
Capital expenditure	6,434	13,397	2,254	4,733	9,800	10,800
Depreciation and amortization	6,216	12,809	3,023	6,050	12,200	12,700
Total assets	624,743	664,431	641,290	654,138	675,000	684,000
Shareholders' equity	535,987	567,364	558,635	566,825	580,000	587,000
Return on equity(%) (* 1)	-	6.6%	-	-	3.6%	5.0%
Return on assets(%) (* 1)	-	5.6%	-	-	3.1%	4.3%
Equity ratio(%)	85.8%	85.4%	86.8%	86.3%	85.9%	85.8%
Overseas sales ratio	3.8%	3.1%	3.2%	3.0%	-	-
Number of employees	5,220	5,191	-	5,275	-	-

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

## Consolidated Balance Sheets

(Yen million)

	End of September 2005		End of September 2006		change	End of March 06	
		% total		% total			% total
(Assets)							
Current assets:							
Cash and deposits	119,615		135,517		15,901	155,205	
Notes and accounts receivable-trade	78,580		82,020		3,440	76,718	
Marketable securities	5,290		3,135		-2,155	3,492	
Inventories	25,218		25,284		66	23,612	
Deferred tax assets	8,106		8,229		123	8,160	
Others	5,053		9,046		3,992	4,528	
Sub-total	241,865		263,234		21,368	271,717	
Allowance for doubtful accounts	-584		-459		124	-561	
<b>Total current assets</b>	<b>241,281</b>	<b>38.6%</b>	<b>262,774</b>	<b>40.2%</b>	<b>21,493</b>	<b>271,156</b>	<b>40.8%</b>
Fixed assets:							
(1) Tangible fixed assets:							
Buildings and structures	51,275		49,026		-2,248	50,638	
Machinery and equipment	10,401		9,962		-439	10,095	
Land	27,232		26,648		-584	27,233	
Construction in progress	3,295		8,404		5,109	5,853	
Others	5,333		4,763		-569	5,221	
Total tangible fixed assets	97,538	(15.6%)	98,805	(15.1%)	1,267	99,041	(14.9%)
(2) Intangible fixed assets:							
Goodwill	168		127		-41	171	
Trademarks	7,716		5,376		-2,339	6,546	
Software	3,805		3,358		-446	3,842	
Others	195		194		-1	198	
Total intangible fixed assets	11,885	(1.9%)	9,056	(1.4%)	-2,828	10,758	(1.6%)
(3) Investments and other assets:							
Investments in securities	265,356		277,140		11,783	276,614	
Long-term prepaid expenses	3,157		2,176		-981	2,615	
Deferred tax assets	2,208		796		-1,412	723	
Others	3,557		3,622		65	3,759	
Sub-total	274,280		283,736		9,455	283,713	
Allowance for doubtful receivables-long term	-241		-234		7	-239	
Total investments and other assets	274,039	(43.9%)	283,502	(43.3%)	9,462	283,474	(42.7%)
<b>Total fixed assets</b>	<b>383,462</b>	<b>61.4%</b>	<b>391,363</b>	<b>59.8%</b>	<b>7,901</b>	<b>393,274</b>	<b>59.2%</b>
<b>Total assets</b>	<b>624,743</b>	<b>100.0%</b>	<b>654,138</b>	<b>100.0%</b>	<b>29,394</b>	<b>664,431</b>	<b>100.0%</b>

## &lt; Major reasons for changes in selected items &gt;

Marketable securities down ¥2.2 billion

(Bond redemptions down ¥5.2 billion; reclassification from investments in securities up ¥3.0 billion)

Current asset; others up ¥4.0 billion

(Accounts receivable from sale of fixed assets of Mejiro Real Estate Co., Ltd. up ¥5.0 billion)

Construction in progress up ¥5.1 billion

(Increase of ¥6.4 billion at pharmaceutical manufacturing building no. 2 at the Omiya Factory)

Trademarks down ¥2.3 billion (Due to amortization)

Investments in securities up ¥11.8 billion

(Purchase of bonds up ¥25.3 billion; purchase of shares up ¥14.1 billion;

increase in revaluation gain up ¥8.1 billion; sale of bonds down ¥32.0 billion)

## Consolidated Balance Sheets

(Yen million)

	End of September 2005		End of September 2006		change	End of March 06	
		% total		% total			% total
<b>Current liabilities:</b>							
Notes and accounts payable-trade	23,057		22,406		-650	21,798	
Short-term loans	305		330		25	260	
Accounts payable	11,790		11,900		110	14,062	
Accrued corporate tax	10,777		8,508		-2,268	7,237	
Accrued expenses	5,611		6,770		1,159	7,875	
Adjustment allowance for returns	902		1,003		101	893	
Allowance for bonuses	3,994		3,992		-2	3,917	
Allowance for bonuses to directors	-		36		36	-	
Others	1,391		1,182		-208	1,680	
<b>Total current liabilities</b>	<b>57,829</b>	<b>9.3%</b>	<b>56,132</b>	<b>8.5%</b>	<b>-1,697</b>	<b>57,724</b>	<b>8.7%</b>
<b>Long-term liabilities:</b>	<b>0</b>						
Reserves for retirement benefits	19,601		17,551		-2,049	18,763	
Reserves for directors' retirement payments	1,539		1,599		59	1,589	
Deferred taxes liabilities	27		5,902		5,874	9,473	
Others	8,494		6,128		-2,366	7,338	
<b>Total long-term liabilities</b>	<b>29,663</b>	<b>4.7%</b>	<b>31,180</b>	<b>4.8%</b>	<b>1,516</b>	<b>37,165</b>	<b>5.6%</b>
<b>Total liabilities</b>	<b>87,493</b>	<b>14.0%</b>	<b>87,312</b>	<b>13.3%</b>	<b>-180</b>	<b>94,890</b>	<b>14.3%</b>
(Minority interest)							
Minority interest	1,262	0.2%	-	-	-	2,176	0.3%
(Shareholders' equity)							
Common stock	29,804	4.8%	-	-	-	29,804	4.5%
Additional paid-in capital	14,935	2.4%	-	-	-	14,935	2.3%
Retained earnings	494,681	79.2%	-	-	-	515,006	77.5%
Unrealized gain on securities	23,950	3.8%	-	-	-	34,065	5.1%
Foreign currency adjustment accounts	-4,215	-0.7%	-	-	-	-3,193	-0.5%
Treasury stock	-23,168	-3.7%	-	-	-	-23,253	-3.5%
<b>Total shareholders' equity</b>	<b>535,987</b>	<b>85.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>567,364</b>	<b>85.4%</b>
<b>Total liabilities, minority interest, and shareholders' equity</b>	<b>624,743</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>664,431</b>	<b>100.0%</b>
(Net assets)							
Shareholders' equity							
Common Stock	-	-	29,804	4.6%	-	-	-
Additional paid-in capital	-	-	14,935	2.3%	-	-	-
Retained earnings	-	-	518,075	79.2%	-	-	-
Treasury stock	-	-	-23,393	-3.6%	-	-	-
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>539,421</b>	<b>82.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation, translation, adjustments and others							
Unrealized gain on securities	-	-	28,615	4.4%	-	-	-
Deferred gain and loss from hedging	-	-	-24	-0.0%	-	-	-
Foreign currency adjustment accounts	-	-	-3,172	-0.5%	-	-	-
<b>Total valuation, translation, adjustments and others</b>	<b>-</b>	<b>-</b>	<b>25,418</b>	<b>3.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Minority interest	-	-	1,985	0.3%	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>566,825</b>	<b>86.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>-</b>	<b>-</b>	<b>654,138</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>

## &lt; Major reasons for changes in selected items &gt;

Reserves for retirement benefits down ¥2.0 billion

(Retirement benefit costs up ¥2.5 billion; contributions to defined benefit corporate pension plan down ¥4.2 billion)

Deferred taxes liabilities up ¥5.9 billion

(Unrealized gain of investments in securities up ¥3.3 billion)

Unrealized gain on securities up ¥4.7 billion (Unrealized gain of investments in securities)

Other long-term liabilities down ¥2.4 billion (Contributions to defined pension plan down ¥2.0 billion)

## Consolidated P/L Statement

(Yen Million)

	FY2005 1H (April-Sept.)		FY2006 1H (April-Sept.)		YOY Change
		% Sales		% Sales	
Net sales	134,320	100.0%	121,971	100.0%	-12,349
Cost of sales	40,945	30.5%	40,200	33.0%	-745
Gross profit on sales	93,375	69.5%	81,770	67.0%	-11,604
Reversal of provision for sales returns	615	0.5%	893	0.8%	278
Provision for sales returns	902	0.7%	1,003	0.8%	101
Gross profit	93,088	69.3%	81,660	67.0%	-11,428
Selling, general and administrative expenses	67,503	50.3%	66,942	54.9%	-560
Depreciation and amortization	3,104		3,080		
Research and development expenses	11,635		12,361		
Advertising expenses	8,355		7,662		
Sales promotion expenses	12,267		13,177		
Others	32,142		30,661		
Operating income	25,585	19.0%	14,717	12.1%	-10,867
Non-operating income	2,684	2.0%	2,787	2.3%	102
Interest income	1,895		2,025		
Dividend income	331		430		
Rent income on real estate	53		52		
Others	404		279		
Non-operating expenses	1,948	1.4%	1,081	0.9%	-867
Interest expenses	2		2		
Investment loss in affiliates using the equity accounting method	1,148		804		
Others	798		274		
Recurring income	26,321	19.6%	16,423	13.5%	-9,897
Extraordinary gains	760	0.6%	4,243	3.4%	3,482
Profit on sales of investment securities	-		-		
Profit on sales of fixed assets	1		4,155		
Gain on transfer to defined contribution pension plan	759		-		
Profit on sales of affiliate's stock	-		-		
Others	-		87		
Extraordinary losses	628	0.5%	52	0.0%	-576
Evaluation loss on investment securities	0		3		
Loss on disposal of fixed assets	419		49		
Loss on sales of investment securities	-		-		
Asset impairment loss	208		-		
Income before income taxes and minority interests	26,453	19.7%	20,614	16.9%	-5,839
Corporate and inhabitants' taxes	11,158	8.3%	8,584	7.0%	-2,574
Corporate tax adjustment	-183	-0.1%	-111	-0.1%	71
Minority interest gain (loss) of consolidated subsidiaries	-80	-0.1%	-187	-0.1%	-106
Net income	15,559	11.6%	12,329	10.1%	-3,229

## &lt; Fiscal year 2006/1H highlights &gt;

Cost of sales ratio increased from 30.5% to 33.0%

Due to lower sales of Lipovitan series and other mainstay brands of Self-Medication operations

Decrease in royalty income

Selling, general &amp; administrative expenses

Advertising expenses were ¥7.7 billion (down ¥0.7 billion) due to a review of the advertising budget

## Consolidated Sales Breakdown by Category

(Yen Million)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Self-Medication operations: (YOY%)	86,918 (-7.9%)	174,831 (-4.7%)	33,155 (-4.5%)	77,744 (-10.6%)	158,200 (-9.5%)	173,400 (-0.8%)
OTC products, etc.	82,090	163,866	30,432	72,084	147,100	161,400
Foods for Specified Health Use, etc.	3,565	8,140	2,051	4,107	8,600	9,100
Others	1,263	2,825	672	1,553	2,500	2,900
Prescription Pharmaceutical operations: (YOY%)	47,402 (3.0%)	96,576 (0.6%)	21,429 (-5.8%)	44,227 (-6.7%)	90,800 (-6.0%)	90,600 (-6.2%)
Ethical drugs	39,862	81,779	18,684	38,693	79,700	79,200
Others*	5,066	11,686	2,404	4,739	9,900	10,400
Royalty income	2,474	3,111	341	795	1,200	1,000
Total	134,320	271,407	54,584	121,971	249,000	264,000

\* Include Biopex

## Consolidated Operating Income by Category

(Yen Million)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Self-Medication operations (YOY%)	19,074 (-22.0%)	33,602 (-13.9%)	3,430 (-18.4%)	10,737 (-43.7%)	22,100 (-34.2%)	32,200 (-4.2%)
Prescription Pharmaceutical operations (YOY%)	6,510 (-1.3%)	12,793 (-18.4%)	2,350 (-20.6%)	3,980 (-38.9%)	4,900 (-61.7%)	8,300 (-35.1%)
Total	25,585	46,395	5,781	14,717	27,000	40,500

## Sales and income of Taisho Toyama Pharmaceutical (consolidated subsidiary)

(Yen Billion)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Taisho Toyama Pharmaceutical Sales	40.3	82.7	18.8	39.0	80.0	80.0
Taisho products	29.8	61.7	14.4	29.3	59.7	59.7
Toyama Chemical products	10.4	20.9	4.4	9.7	20.3	20.3
Recurring income	0.3	0.9	-0.1	-0.3	1.0	1.0
Net income	-0.3	-0.3	-0.2	-0.6	0.0	0.0

(Rounded to the nearest hundred-million)

## Consolidated Sales of Leading Products

(Yen Billion)

	March 06(FY2005)		March 07(FY2006)				
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	YOY change	Full year E (revised)	Full year E (July)
OTC products, etc.	82.1	163.9	30.4	72.1	-12.2%	147.1	161.4
Lipovitan series	51.3	91.4	18.2	43.3	-15.5%	78.0	88.3
Lipovitan D	39.4	68.2	13.6	32.5	-17.5%	56.3	65.2
Others	11.9	23.2	4.5	10.8	-8.9%	21.7	23.1
ZENA series	2.0	4.9	0.8	1.8	-7.9%	4.9	5.1
Cold remedies	9.2	26.1	3.4	9.2	-0.4%	26.3	26.3
RiUP series	6.0	12.0	1.7	4.4	-26.6%	9.0	11.7
Gastrointestinal treatments	2.1	4.9	1.0	2.0	-5.7%	4.7	5.0
Foods for Specified Health Use, etc.	3.6	8.1	2.1	4.1	15.3%	8.6	9.1
Livita series	1.0	2.4	0.6	1.1	8.0%	2.8	3.2
Overseas drinks	2.1	4.3	1.2	2.4	17.0%	4.6	4.9
Ethical drugs	39.9	81.8	18.7	38.7	-2.9%	79.7	79.2
Clarith	12.0	27.5	6.4	12.1	1.5%	27.0	27.3
Palux	6.3	12.0	2.7	5.8	-8.9%	11.0	11.2
PENTCILLIN	3.4	6.6	1.3	3.1	-8.3%	6.3	6.4
Lorcam	2.4	4.5	1.0	2.2	-8.9%	4.2	4.3
TOMIRON	2.0	4.2	0.8	1.7	-15.6%	3.8	3.8
OZEX	1.5	3.3	0.6	1.4	-6.3%	3.2	3.3
Metligine	1.1	2.1	0.5	1.1	-8.3%	2.0	2.1
LIMAS	1.2	2.4	0.6	1.2	-5.9%	2.3	2.3
SOLON	1.0	2.0	0.4	0.9	-14.0%	1.7	1.8
LUPRAC	1.0	1.9	0.5	1.0	5.6%	2.0	1.9
PASIL	0.6	1.2	0.3	0.6	-2.9%	1.2	1.4

(Rounded to the nearest hundred-million)

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

(Yen Billion)

	March 06(FY2005)		March 07(FY2006)		
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	YOY change
Drug-oriented channels	27.5	50.1	10.2	22.8	-17.0%
Food-oriented channels	26.6	47.5	9.1	23.0	-13.4%
Total	54.1	97.7	19.3	45.9	-15.2%

(Rounded to the nearest hundred-million)

## Lipovitan D: Sales Breakdown by Channel (parent basis)

(Yen Billion)

	March 06(FY2005)		March 07(FY2006)		
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	YOY change
Drug-oriented channels	18.4	30.8	6.8	13.6	-25.9%
Food-oriented channels	21.0	37.4	6.8	18.9	-10.1%
Total	39.4	68.2	13.6	32.5	-17.5%

(Rounded to the nearest hundred-million)

## Consolidated: Capital Expenditure (Breakdown by Area)

(Yen million)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Total capital expenditure	6,434	13,397	2,254	4,733	9,800	10,800
Omiya Factory	2,673	6,605	1,884	3,962	7,000	7,000
Hanyu Factory	21	195	8	19	100	100
Okayama Factory	1,414	1,860	-	19	200	200
Research Center	409	1,120	41	154	1,100	1,200
Others	1,917	3,617	321	579	1,400	2,300

## Consolidated: R&amp;D Expenses

(Yen million)

	March 06(FY2005)		March 07(FY2006)			
	1H (4-9)	Full year	1Q (4-6)	1H (4-9)	Full year E (revised)	Full year E (July)
Total R&D expenses	11,635	23,072	6,004	12,361	27,500	23,500
Self-Medication operations	3,159	6,709	2,270	4,397	7,700	7,500
Prescription Pharmaceutical operations	8,476	16,362	3,734	7,963	19,800	16,000

## 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 100,000	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	86.6
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 DM 600	SMG	100
Taisho Co.,Ltd. Shanghai	China	,000 US\$ 16,000	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
Yomeishu Seizo Co., Ltd.	Tokyo, Japan	,000 Yen 1,650,000	SMG	20
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 06(FY2005)		March 07(FY2006)	
	1H (4-9)	Full year	1H (4-9)	Full year E (revised)
Net Sales	110,759	223,034	98,509	201,500
(YOY%)	(-5.8%)	(-4.2%)	(-11.1%)	(-9.7%)
Self-Medication operations :	84,080	168,762	74,105	152,000
Prescription Pharmaceutical operations :	26,679	54,272	24,404	49,500
Gross profit	77,498	152,692	66,186	133,800
Selling, general and administrative expenses	52,476	107,927	51,812	108,700
Research and development expenses	11,646	23,093	12,373	27,500
(YOY%)	(10.5%)	(10.4%)	(12.6%)	(13.6%)
Advertising expenses	8,248	15,992	7,530	15,200
Sales promotion expenses	6,184	15,588	6,656	14,800
Personnel expenses	8,672	17,515	8,633	17,500
Operating income	25,021	44,764	14,374	25,500
(YOY%)	(-17.4%)	(-15.0%)	(-42.6%)	(-43.0%)
Recurring income	27,010	49,018	16,823	30,000
(YOY%)	(-17.1%)	(-13.4%)	(-37.7%)	(-38.8%)
Net income	17,072	36,057	10,700	18,500
(YOY%)	(-14.6%)	(0.8%)	(-37.3%)	(-48.7%)
EPS (yen)	55.38	116.74	34.72	60.04
Capital expenditure	6,285	12,773	4,590	9,500
Depreciation and amortization	6,057	12,475	5,877	11,800
Total assets	613,423	649,138	635,375	622,000
Shareholders' equity	543,102	572,015	568,066	552,000
Return on equity(%) (* 1)	-	6.6%	-	3.3%
Return on assets(%) (* 1)	-	5.8%	-	2.9%
Equity ratio(%)	88.5%	88.1%	89.4%	88.7%
Number of employees	3,379	3,315	3,370	-

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

## Non-consolidated Sales Breakdown by Category

(Yen Million)

	March 06(FY2005)		March 07(FY2006)	
	1H (4-9)	Full year	1H (4-9)	Full year E (revised)
Self-Medication operations :	84,080	168,762	74,105	152,000
(YOY%)	(-7.8%)	(-4.7%)	(-11.9%)	(-9.9%)
OTC products, etc.	81,947	163,697	71,909	146,800
Foods for Specified Health Use, etc.	1,547	3,801	1,686	4,100
Others	586	1,264	510	1,100
Prescription Pharmaceutical operations :	26,679	54,272	24,404	49,500
(YOY%)	(1.3%)	(-2.7%)	(-8.5%)	(-8.8%)
Ethical drugs	19,529	40,299	19,137	38,700
Others	4,676	10,862	4,472	9,600
Royalty income	2,474	3,111	795	1,200
Total	110,759	223,034	98,509	201,500

## Non-consolidated Sales Breakdown by Therapeutic Category

(Yen Million)

	March 06(FY2005)		March 07
	1H (4-9)	Full year	1H (4-9)
Nervous system and sensory organ drugs	14,666	36,748	14,404
Cardiovascular and digestive system drugs	12,973	27,608	12,784
Nutrient drugs	55,412	100,087	47,161
Dermatological preparations	10,623	21,678	8,900
Antibiotics and others	13,033	29,944	12,745
Foods for Specified Health Use, etc.	1,549	3,804	1,687
Royalty income	2,503	3,165	828
Total	110,759	223,034	98,509

## Capital Expenditure (Breakdown by Area)

(Yen Million)

	March 06(FY2005)		March 07(FY2006)	
	1H (4-9)	Full year	1H (4-9)	Full year E (revised)
Total capital expenditure	6,285	12,773	4,590	9,500
Omiya Factory	2,673	6,605	3,962	7,000
Hanyu Factory	21	195	19	100
Okayama Factory	1,414	1,860	19	200
Research Center	409	1,120	154	1,100
Others	1,768	2,993	436	1,100

## Shareholders Information (As of end of September 2006)

## Major Shareholders

(Thousands of Shares)

Shareholders	Number of shares	% of total
Uehara Memorial Foundation	43,000	13.42%
Shoji Uehara	36,615	11.43%
Northern Trust (AVFC) American	13,948	4.35%
Sumitomo Chemical	12,133	3.79%
Mellon Bank Treaty Cliants Omnibus	10,555	3.29%
The Bank of Tokyo-Mitsubishi UFJ	10,000	3.12%
Sumitomo Mitsui Banking Corporation	10,000	3.12%
Uehara Museum of Modern Art Foundation	10,000	3.12%
Akira Uehara	7,146	2.23%
Japan Trustee Services Bank (trust account)	5,713	1.78%

\* Not include treasury stock (3.85%)

## Distribution of Shareholders

Financial institutions	14.79%
Securities companies	0.31%
Other companies	34.09%
Foreign companies	17.69%
Individuals and others	33.12%
Total	100.00%

## New Drug Development

As of November 9, 2006

### (1) Development in Japan

#### Filed for application

##### 1) T-3811 (Oral)

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

##### 2) Clarith

- < Application > Macrolide antibiotic agent;  
*H. pylori* eradication in combination with rabeprazole and amoxicillin
- < Development > Co-development with Eisai, Abbott Japan, etc.
- < Remarks > Change of dosage and administration

#### 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 peri-arthritis, 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

## New Drug Development

As of November 9, 2006

### (1) Development in Japan

#### Phase 2

##### 4) NT-702

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

##### 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 > Atopic dermatitis
- < Development > In-house
- < Description > Prostaglandin derivative

##### 7) Palux

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

#### Phase 1

##### 1) TS-021

- < Application > Type 2 diabetes
- < Development > In-house
- < Description > Dipeptidyl peptidase IV (DPP-IV) inhibitor
- < Remarks > Overseas; Phase 1

## New Drug Development

As of November 9, 2006

### (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 > In Japan; Phase 2 (Intermittent claudication caused by arteriosclerosis obliterans, Intermittent claudication caused by spinal canal stenosis)

##### 2) TS-033

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

#### Phase 1

##### 1) TS-041

- < Application > Depression and anxiety
- < Development > Co-development with Janssen Pharmaceutica NV
- < Description > Corticotropin-releasing factor 1 (CRF1) receptor antagonist

##### 2) TS-011

- < Application > Acute stage of cerebral infarction
- < Development > In-house
- < Description > 20-hydroxyeicosatetraenoic acid (20-HETE) synthesizing enzyme inhibitor

##### 3) TS-021

- < Application > Type 2 diabetes
- < Development > In-house
- < Description > Dipeptidyl peptidase IV (DPP-IV) inhibitor
- < Remarks > In Japan; Phase 1

## Launch of New Products

As of November 9, 2006

### (1) Self-Medication Operation Group

#### 1) DENTWELL III [medicated] VC Cool Mint

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

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#### 2) DENTWELL III [medicated] VC Rose Hip

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

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#### 3) DENTWELL II Toothbrush C

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

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#### 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

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#### 5) Nourish BB Drink

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

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#### 6) Lipovitan D Maxio

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

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#### 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

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#### 8) Pabron Hand Jell 365

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

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#### 9) Pabron Throat Spray 365

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

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#### 10) Pabron Gauze Mask

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

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## 4 . Launch of New Products

As of November 9, 2006

### (1) Self-Medication Operation Group

#### 1 1) Single-use Pabron Mask

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

#### 1 2) VICKS Medicated Drops (Plum Flavor)

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

#### 1 3) Menfula Stick

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

#### 1 4) Lipovitan VC

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

#### 1 5) Lipovitan 11 NEW

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

#### 1 6) Livita Q10 Tablet

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

#### 1 7) Livita Q10 Cream

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

As of November 9, 2006

### (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