

October 31, 2005

Supplementary Information:

**Financial Statements for the Third Quarter  
ended September 30, 2005 (Consolidated)**



**Lion Corporation**

The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

Note: Figures are rounded to the digits that are displayed.

# Results of Operations for the Third Quarter ended September 30, 2005 (Consolidated)



(Unit: ¥million)

	Q3 Fiscal 2005 (Jan-Sep 2005)	Q3 Fiscal 2004 (Jan-Sep 2004)	Change	YoY (%)
<b>Net sales</b>	235,451	219,748	15,703	107.1
Cost of sales	115,238	106,256	8,982	108.5
<b>Gross profit</b>	120,212	113,492	6,720	105.9
Selling, general and administrative expenses	119,472	109,925	9,547	108.7
<b>Operating income</b>	740	3,566	(2,826)	20.7
Non-operating income	2,084	2,013	70	103.5
Non-operating expenses	416	460	(44)	90.4
<b>Ordinary income</b>	2,407	5,120	(2,712)	47.0
Extraordinary gains	429	312	116	137.3
Extraordinary losses	452	1,482	(1,030)	30.5
<b>Net income before income taxes</b>	2,385	3,950	(1,564)	60.4
Income taxes	961	1,427	(465)	67.4
Minority interests in earnings of consolidated subsidiaries (subtraction)	108	315	(206)	34.5
<b>Net income</b>	1,314	2,206	(892)	59.6

# Qualitative Information Concerning Consolidated Results for the Third Quarter Ended September 30, 2005



## 1. Net Sales: ¥ 235,451 million (increased 7.1% from Q3 2004)

In the Home Products business, Lion aggressively introduced new products in the existing domestic mainstay brands. Concerning the Korean household business acquired at the end of the previous fiscal year, we invested heavily in marketing and have constructed a firm foundation for an early success.

In the Pharmaceutical Products business, Lion introduced new products in the new OTC field and made efforts to nurture those products through aggressive advertising campaign.

In the Chemicals business, we made efforts to increase sales in Japan and overseas, centering on high-performance, environmentally friendly products.

## 2. Operating Income: ¥740 million (decrease 79.3% from Q3 2004)

Despite Lion worked to reduce manufacturing costs and rationalized expenditures on sales promotions of home products in Japan, it posted an operating loss. This was due to high oil prices, fierce price competition at the domestic retail level for household products resulting in a decline in sales, and vigorous advertising investment on continuous brand strengthening.

# Actual Results by Business Segment (Consolidated)

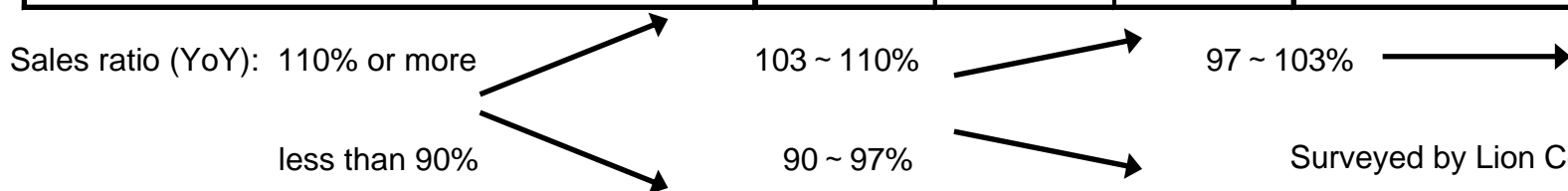
(unit: ¥million)

	Net sales				Operating income			
	Q3 Fiscal 2005	Q3 Fiscal 2004	Change	YoY (%)	Q3 Fiscal 2005	Q3 Fiscal 2004	Change	YoY (%)
Home products	166,699	163,808	2,891	101.8	2,866	7,438	(4,572)	38.5
Pharmaceutical products	36,005	21,665	14,340	166.2	1,938	968	970	200.2
Chemicals	25,207	24,276	930	103.8	876	1,501	(624)	58.4
Other	7,539	9,998	(2,458)	75.4	197	229	(32)	86.0
Corporate and eliminations	[ - ]	[ - ]	-	-	[5,139]	[6,570]	1,431	-
Consolidated total	235,451	219,748	15,703	107.1	740	3,566	(2,826)	20.7

# Core Business Divisions in Domestic Home Products

## 2005 Q3 year-on-year comparison

Business Divisions/Products		Market (%)			Lion
		Amount	Volume	Unit price	Average share for Jan – Sep
Oral Care Products	Toothpastes	103	102	101	
	Toothbrushes	101	103	98	
Beauty Care Products	Body washes	102	103	99	
	Liquid hand soaps	104	102	102	
Household Products	Laundry detergents	99	101	98	
	Fabric softeners	104	108	96	
	Dishwashing detergents	102	98	104	
49 markets entered by Lion		103	103	100	



# Fiscal 2005 Financial Forecast (Consolidated)



(Unit: ¥million)

	Fiscal 2005 Result and Forecast	
	Q3 Results	Full Year Forecast
<b>Net sales</b> % of year ago	<b>235,451</b> 107.1	<b>335,000</b> 108.2
<b>Operating income</b> % of sales	<b>740</b> 0.3	<b>7,000</b> 2.1
<b>Ordinary income</b> % of sales	<b>2,407</b> 1.0	<b>9,500</b> 2.8
<b>Net income</b> % of sales	<b>1,314</b> 0.6	<b>5,500</b> 1.6

Note: There are no changes to the results forecasts for the full term announced on August 1, 2005.

**from Good Morning to Good Night**

**More Dreams for Your Life**

**LION**