

April 27, 2006

Supplementary Information:

Financial Statements for the First Quarter ended March 31, 2006 (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.

1. Results of Operations for the First Quarter ended March 31, 2006 (Consolidated)

(Unit: ¥million)

	Q1 Fiscal 2006 (Jan-Mar 2006)	Q1 Fiscal 2005 (Jan-Mar 2005)	Change	YoY (%)
Net sales	65,498	65,561	(63)	99.9
Cost of sales	32,661	31,945	716	102.2
Gross profit	32,836	33,616	(779)	97.7
Selling, general and administrative expenses	37,852	36,480	1,371	103.8
Operating income	(5,015)	(2,864)	(2,151)	(175.1)
Non-operating income	662	706	(44)	93.7
Non-operating expenses	209	91	118	229.6
Ordinary income	(4,562)	(2,248)	(2,314)	(102.9)
Extraordinary gains	174	161	13	108.4
Extraordinary losses	91	98	(6)	93.0
Net income before income taxes	(4,479)	(2,186)	(2,293)	(104.9)
Income taxes	(1,705)	(936)	(769)	(82.2)
Minority interests in earnings of consolidated subsidiaries (subtraction)	(14)	120	(135)	-
Net income	(2,758)	(1,370)	(1,388)	-

2. Qualitative Information Concerning Consolidated Results for the First Quarter Ended March 31, 2006



1. Net Sales: ¥ 65,498 million (Declined 0.1% compared with Q1 2005)

In Home Products, Lion thoroughly promoted value-added sales methods in the domestic market. At the same time, the Company made full use of its proprietary technology to vigorously launch new products such as plant-based Top laundry detergent with high detergency. Despite these efforts to nurture core brands, net sales declined year on year due to severe ongoing competition in the shampoo, conditioner, body wash and dishwashing detergent markets, etc. Overseas, net sales in the Home Products Division rose significantly year on year, owing to double-digit growth in countries such as Thailand. As a result, overall sales in the Division improved compared with the corresponding period of the previous fiscal year.

In Pharmaceutical Products, Lion made every effort to respond to diversifying customer needs by increasing its product lineup and expanding marketing channels in its Varsan insecticide range, and introducing new inflammation and pain-relieving first-aid products. Regardless of these endeavors, the shrinking market impacted the Company's results in analgesics, semi-adhesive cooling pads and health tonic drinks. As a result, overall net sales were sluggish.

In Chemical products, Lion strove to nurture high-value-added products that meet customer demands. Overall net sales, however, fell year on year, reflecting fierce competition in the electro-conductive carbon and domestic surfactant markets.

2. Operating Loss: ¥5,015 million (Operating Loss of Q1 2005: ¥2,864 million)

Lion actively promoted reduction measures mainly in manufacturing costs. However, the Company experienced an operating loss, due to aggressive capital investment to nurture brands, and rising manufacturing costs associated with the persistent high level of crude oil prices.

3-1. Actual Results by Business Segment (Consolidated)

*Historically, expenses relating to general affairs, accounting and other management units were identified as unallocated operating expenses. From the first quarter of fiscal 2006, these expenses will be allocated to each business segment with the aim of more accurately disclosing segment operating income. Segment information disclosed under the historic method is on next page.

(unit: ¥million)

	Net sales				Operating income			
	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)
Home products	47,410	46,035	1,375	103.0	(4,635)	(1,148)	(3,487)	(403.6)
Pharmaceutical products	8,809	9,176	(366)	96.0	(137)	98	(236)	-
Chemical products	7,717	8,488	(770)	90.9	1	361	(360)	0.4
Other	1,560	1,860	(300)	83.8	(182)	64	(247)	-
Corporate and eliminations	[-]	[-]	-	-	[60]	[2,240]	2,180	[2.7]
Consolidated total	65,498	65,561	(63)	99.9	(5,015)	(2,864)	(2,151)	(175.1)

3-2. Actual Results by Business Segment (Consolidated)

Operating income disclosed under the historical method

(unit: ¥million)

	Net sales				Operating income			
	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)
Home products	47,410	46,035	1,375	103.0	(3,171)	(1,148)	(2,023)	(276.2)
Pharmaceutical products	8,809	9,176	(366)	96.0	153	98	55	156.1
Chemical products	7,717	8,488	(770)	90.9	188	361	(172)	52.2
Other	1,560	1,860	(300)	83.8	(151)	64	(216)	-
Corporate and eliminations	[-]	[-]	-	-	[2,035]	[2,240]	205	[90.8]
Consolidated total	65,498	65,561	(63)	99.9	(5,015)	(2,864)	(2,151)	(175.1)

4. Actual Results by Geographical Segment (Consolidated)

(Unit: ¥100 million)

	Net sales*				Operating income			
	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	YoY (%)
Japan	54,954	56,994	(2,039)	99.4	(4,890)	(3,177)	(1,713)	(153.9)
Asia	10,543	8,567	1,976	123.1	9	276	(267)	3.3
Total	65,498	65,561	(63)	99.9	(4,881)	(2,901)	(1,910)	(168.2)
Corporate and eliminations	-	-	-	-	[134]	36	(98)	-
Consolidated total	65,498	65,561	(63)	99.9	(5,015)	(2,864)	(2,151)	(175.1)

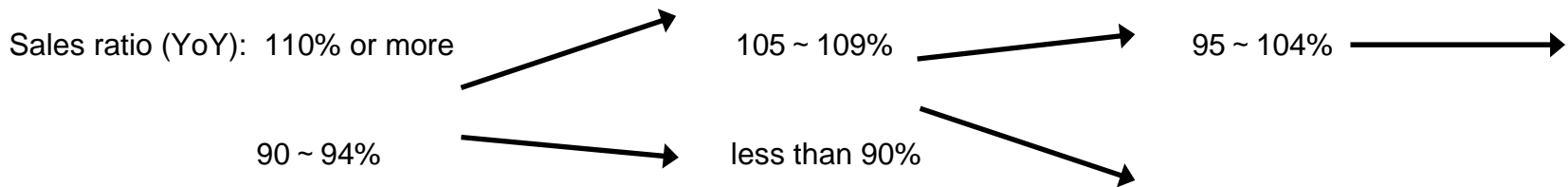
*Net sales is sales to outside customers

5. Core Business Divisions in Domestic Home Products

2006 Q1 year-on-year comparison

Surveyed by Lion Corp.

Business Divisions/Products		Market (%)			Lion
		Amount	Volume	Unit price	Average share for Q1 2006 year-on-year comparison
Oral Care Products	Toothpastes	100	99	102	↘
	Toothbrushes	103	102	101	→
Beauty Care Products	Liquid hand soaps	102	104	98	→
	Antiperspirants and deodorants	110	111	100	→
Household Products	Laundry detergents	103	106	98	→
	Fabric softeners	106	111	96	↗
	Dishwashing detergents	104	100	104	↘
46 markets entered by Lion		100	101	99	



6. Fiscal 2006 Financial Forecast (Consolidated)

(Unit: ¥million)

	Q1 Results			Interim Result and Forecast		
	Q1 Fiscal 2006	Q1 Fiscal 2005	Change	H1 2006 Forecast	H1 2005 Results	Change
Net sales % of year ago	65,498 99.9	65,561 104.0	(63)	165,000 103.2	159,882 105.9	5,117
Operating income % of sales	(5,015) -	(2,864) -	(2,151)	1,500 0.9	3,179 2.0	(1,679)
Ordinary income % of sales	(4,562) -	(2,248) -	(2,314)	2,500 1.5	4,432 2.8	(1,932)
Net income % of sales	(2,758) -	(1,370) -	(1,388)	1,500 0.9	2,659 1.7	(1,159)

from Good Morning to Good Night

More Dreams for Your Life

LION