

October 31, 2006

Supplementary Information:

**Financial Statements for the Third Quarter
ended September 30, 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 Third Quarter ended September 30, 2006 (Consolidated)



(Unit: ¥million)

	Q3 Fiscal 2006 (Jan-Sep 2006)	Q3 Fiscal 2005 (Jan-Sep 2005)	Increase/decrease	
			Amount	(%)
Net sales	234,548	235,451	(903)	(0.4)
Cost of sales	117,825	115,238	2,586	2.2
Gross profit	116,723	120,212	(3,489)	(2.9)
Selling, general and administrative expenses	120,945	119,472	1,472	1.2
Operating income	(4,222)	740	(4,962)	-
Non-operating income	2,262	2,084	178	8.5
Non-operating expenses	581	416	165	39.9
Ordinary income	(2,542)	2,407	(4,950)	-
Extraordinary gains	6,721	429	6,292	1,465.3
Extraordinary losses	3,516	452	3,064	677.9
Net income before income taxes	663	2,385	(1,722)	(72.2)
Income taxes	1,410	961	448	46.6
Minority interests in earnings of consolidated subsidiaries (subtraction)	213	108	104	96.1
Net income	(960)	1,314	(2,275)	-

2. Qualitative Information Concerning Consolidated Results for the Third Quarter Ended September 30, 2006



1. Net Sales: ¥ 234,548 million (Declined 0.4% compared with Q3 2005)

Lion Group implemented a number of initiatives aimed at further expanding business growth and improving profitability. Lion worked to nurture its major brands by actively introducing new products and conducting sales promotions, strengthened overseas businesses, and pioneered new categories with strong future growth potential. In domestic, we concentrated efforts on introducing and cultivating new high-value-added products. However, sales declined slightly owing to the intensifying competition condition of home products business and the impact of constriction of OTC drug market. On the other hand, Lion aggressively promoted its core brands in Thailand while introducing new products in South Korea, resulting in a strong sales growth overseas. Amidst changes in distribution structures, Lion worked to reduce wholesale inventories in an effort to improve cost efficiency. As a result of these initiatives, net sales were decreased compared with the same period of the previous fiscal year.

2. Operating Loss: ¥4,222 million (Operating Income of Q3 2005: ¥740 million)

In addition to total cost-reduction measures centered on reducing manufacturing costs, Lion also strove to hold down other expenses. However, earnings were impacted by aggressive investment to nurture brands and rising materials costs. As a result, Lion recorded an operating loss.

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

*From this fiscal year, these expenses will be allocated to each business segment with the aim of more accurately disclosing segment operating income.

(unit: ¥million)

	Net sales				Operating income			
	Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/decrease		Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/decrease	
			Amount	(%)			Amount	(%)
Home products	164,292	166,699	(2,406)	(1.4)	(4,509)	2,866	(7,376)	-
Pharmaceutical products	35,298	36,005	(706)	(2.0)	567	1,938	(1,371)	(70.7)
Chemical products	23,811	25,207	(1,395)	(5.5)	(276)	876	(1,153)	-
Other	11,145	7,539	3,606	47.8	(58)	197	(255)	-
Corporate and eliminations	[-]	[-]	-	-	55	(5,139)	5,195	-
Consolidated total	234,548	235,451	(903)	(0.4)	(4,222)	740	(4,962)	-

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

Operating income disclosed under the historical method

(unit: ¥million)

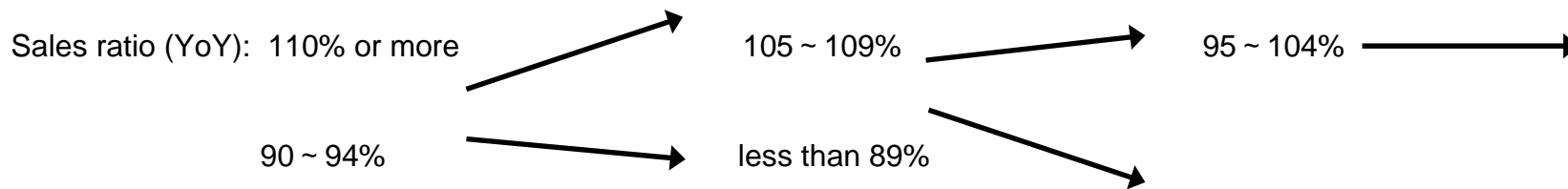
	Net sales				Operating income			
	Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/ decrease		Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/ decrease	
			Amount	(%)			Amount	(%)
Home products	164,292	166,699	(2,406)	(1.4)	(199)	2,866	(3,066)	-
Pharmaceutical products	35,298	36,005	(706)	(2.0)	1,660	1,938	(277)	(14.3)
Chemical products	23,811	25,207	(1,395)	(5.5)	230	876	(646)	(73.7)
Other	11,145	7,539	3,606	47.8	(23)	197	(220)	-
Corporate and eliminations	[-]	[-]	-	-	[5,890]	[5,139]	(751)	-
Consolidated total	234,548	235,451	(903)	(0.4)	(4,222)	740	(4,962)	-

5. Core Business Divisions in Domestic Home Products

2006 Q3 (Jan to Sep) year-on-year comparison

Surveyed by Lion Corp.

Business Divisions/Products		Market (%)			Lion
		Amount	Volume	Unit price	Average share for Q3 2006 year-on-year comparison
Oral Care Products	Toothpastes	101	100	102	↘
	Toothbrushes	105	104	101	→
Beauty Care Products	Liquid hand soaps	104	105	100	→
	Antiperspirants and deodorants	102	103	99	↘
Household Products	Laundry detergents	103	105	99	→
	Fabric softeners	107	110	97	↘
	Dishwashing detergents	102	99	103	↘
48 markets entered by Lion		101	102	100	



3. Actual Results by Geographical Segment (Consolidated)

(Unit: ¥100 million)

	Net sales*				Operating income			
	Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/ decrease		Q3 Fiscal 2006	Q3 Fiscal 2005	Increase/ decrease	
			Amount	(%)			Amount	(%)
Japan	200,283	207,313	(7,029)	(3.4)	(5,175)	277	(5,453)	-
Asia	34,264	28,137	6,126	21.8	736	326	409	125.4
Total	234,548	235,451	(903)	(0.4)	(4,438)	604	(5,043)	-
Corporate and eliminations	-	-	-	-	216	135	81	59.7
Consolidated total	234,548	235,451	(903)	(0.4)	(4,222)	740	(4,962)	-

*Net sales is sales to outside customers

6. Fiscal 2006 Financial Forecast (Consolidated)

Forecasts announced on August 1, 2006 for the fiscal year ending December 31, 2006 have been changed as indicated below, in line with the announcement in today's press release.

(Unit: ¥million)

	FY 2006 Revised Forecast	FY 2005 Results	Change	
			Amount	(%)
Net sales % change over year ago	330,000 (0.5)	331,798 7.2	(1,798)	(0.5)
Ordinary income % of sales	2,500 0.8	8,514 2.6	(6,014)	(70.6)
Net income % of sales	500 0.2	5,473 1.7	(4,973)	(90.9)

from Good Morning to Good Night

More Dreams for Your Life

LION