

Segment Information

1. Industry Segments

(Millions of yen)

	Fiscal 2006 (January 1 to December 31, 2006)						
	Home Products	Pharmaceutical Products	Chemical Products	Other Businesses	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to outside customers	235,020	47,981	32,334	15,044	330,380	—	330,380
b) Intersegment sales	10	—	8,019	6,590	14,620	[14,620]	—
Total	235,030	47,981	40,353	21,635	345,001	[14,620]	330,380
Operating expenses	235,366	47,038	40,640	21,606	344,652	[14,614]	330,037
Operating income	(335)	943	(286)	28	349	[5]	343
2. Assets, depreciation, impairment loss and capital expenditures							
Assets	126,765	38,631	41,846	4,164	211,408	34,918	246,327
Depreciation and amortization	7,291	1,263	797	123	9,475	158	9,634
Impairment loss	—	—	—	197	197	284	481
Capital expenditures	8,080	533	993	38	9,645	503	10,149

	Fiscal 2007 (January 1 to December 31, 2007)						
	Health Care Products	Household Products	Chemical Products	Other Businesses	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to outside customers	135,461	168,448	32,445	5,360	341,717	—	341,717
b) Intersegment sales	15	6	8,388	8,734	17,144	[17,144]	—
Total	135,476	168,455	40,834	14,094	358,861	[17,144]	341,717
Operating expenses	130,062	165,331	40,998	13,591	349,983	[17,171]	332,811
Operating income	5,414	3,123	(163)	503	8,878	26	8,905
2. Assets, depreciation, impairment loss and capital expenditures							
Assets	111,223	83,651	44,775	5,007	244,657	34,489	279,147
Depreciation and amortization	4,907	4,461	893	146	10,408	182	10,590
Impairment loss	7	66	—	—	74	—	74
Capital expenditures	32,994	4,523	1,404	76	38,998	284	39,282

Note:

Categorization of industry segments and principal products

Industry segments are categorized in accordance with the similarity of products and markets.

- Health Care Products: Toothpastes, toothbrushes, hand soaps, analgesics, eyedrop solutions, health tonic drinks, and insecticides
- Household Products: Laundry detergents, dishwashing detergents, fabric softeners, household cleaners, and bleaches
- Chemical Products: Surfactants and fatty acid nitrogen compounds
- Other Businesses: Plant construction, real estate management, and transportation and storage

< Changes in Business Segments >

During this fiscal year under review, Lion reorganized its business segments. Lion's previous business segments were Home Products, Pharmaceutical Products, Chemicals Products, and Other businesses; its new business segments are Health Care Products, Household Products, Chemical Products and Other businesses. The organization of Chemical Products and Other businesses has not been changed.

The rationale behind the reorganization is as follows. In the former Pharmaceutical Products segment, Lion primarily handled analgesics, eyedrop solutions, inflammation and pain-relieving first-aid products, ointments for the treatment of gingivitis and pyorrhea, denture semi-adhesive agents, Hiepita semi-adhesive cooling pads and Kyusoku Jikan semi-adhesive cooling pads for legs and feet. Lion also added new product categories including insecticides to its business portfolio at the end of 2004. All these Pharmaceutical Products excluding analgesics, eyedrop solutions and inflammation and pain-relieving first-aid products, which are functionally similar to Lion's Home Products, eventually grew into a significant component of Lion's entire business and profit structure. Lion also established the medical health care products category at the end of 2006 by integrating the Home Products and Pharmaceutical Products into the Home Products segment.

Recognizing the diminishing boundary between the former Home Products and Pharmaceutical Products segments, Lion positioned the three businesses of toiletries, over-the-counter (OTC) drugs and functional food products as its "new comfortable lifestyle support industry." Based on this concept, Lion created the new segments of Health Care Products and Household Products. The Health Care Products segment handles toiletry ingredients, personal hygiene kits and oral medicine that contribute to the improvement of consumers' physical health—more specifically, their oral, hair and skin conditions. The Household Products segment handles items that are used in the everyday living environment, including clothing, living space, fixtures and furniture. This new segmentation allows Lion to present its segmental management performance more accurately, reflecting actual conditions in each segment that comprise closely linked product categories. This structural reorganization also accompanies managerial and administrative reorganization.

Segment information disclosed under the historic method is as follows.

(Millions of yen)

	Fiscal 2007 (Historic method) (January 1 to December 31, 2007)						
	Home Products	Pharma- ceutical Products	Chem- ical Products	Other Businesses	Total	Corporate and eliminations	Consoli- dated total
1. Net sales							
a) Sales to outside customers	257,537	46,373	32,445	5,360	341,717	—	341,717
b) Intersegment sales or transfers	8	—	8,388	8,734	17,131	[17,131]	—
Total	257,545	46,373	40,834	14,094	358,848	[17,131]	341,717
Operating expenses	249,765	45,325	40,998	13,591	349,679	[16,868]	332,811
Operating income	7,779	1,048	(163)	503	9,168	[262]	8,905
2. Assets, depreciation, impairment loss and capital expenditures							
Assets	124,217	71,304	44,775	5,007	245,305	33,842	279,147
Depreciation and amortization	6,644	2,724	893	146	10,408	182	10,590
Impairment loss	74	—	—	—	74	—	74
Capital expenditures	6,720	30,797	1,404	76	38,998	284	39,282

2. Geographical Segments

(Millions of yen)

	Fiscal 2006 (January 1 to December 31, 2006)				
	Japan	Asia	Total	Corporate and elimina- tions	Consoli- dated total
1. Net sales					
a) Sales to outside customers	284,907	45,473	330,380	—	330,380
b) Intersegment sales	1,615	1,990	3,605	[3,605]	—
Total	286,522	47,463	333,986	[3,605]	330,380
Operating expenses	287,107	46,831	333,938	[3,900]	330,037
Operating income/loss	(584)	632	47	295	343
Assets	194,394	22,325	216,719	29,607	246,327

	FY 2007 (January 1 to December 31, 2007)				
	Japan	Asia	Total	Corporate and elimina- tions	Consoli- dated total
1. Net sales					
a) Sales to outside customers	286,759	54,957	341,717	—	341,717
b) Intersegment sales	921	1,523	2,444	[2,444]	—
Total	287,680	56,480	334,161	[2,444]	341,717
Operating expenses	280,309	55,327	335,636	[2,825]	332,811
Operating income	7,371	1,153	8,524	380	8,905
Assets	219,890	28,242	248,132	31,015	279,147

Notes:

- Countries and regions have been grouped according to geographic proximity.
- The key countries and regions grouped as countries other than Japan are as listed below.
Asia: China, South Korea, and Thailand

3. Foreign Sales

(Millions of yen)

	Fiscal 2006 (January 1 to December 31, 2006)		
	Asia	Other regions	Total
Foreign sales (millions of yen)	48,580	4,036	52,616
Consolidated net sales (millions of yen)	—	—	330,380
Percent of foreign sales in consolidated net sales (%)	14.7	1.2	15.9

	Fiscal 2007 (January 1 to December 31, 2007)		
	Asia	Other regions	Total
Foreign sales (millions of yen)	56,317	2,984	59,302
Consolidated net sales (millions of yen)	—	—	341,717
Percent of foreign sales in consolidated net sales (%)	16.5	0.9	17.4

Notes:

- Countries and regions have been grouped according to geographic proximity.
- The key countries and regions grouped as each segments are as listed below.
Asia: China, South Korea, and Thailand
Other regions: Europe, America and others
- Foreign sales include exports by Lion and its domestic consolidated subsidiaries as well as sales (other than exports to Japan) by overseas consolidated subsidiaries but exclude intercompany sales.