

Segment Information

1. Industry Segments

(Millions of yen)

	Interim 2006 (January 1 to June 30, 2006)						
	Home products	Pharmaceutical products	Chemical products	Other businesses	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to outside customers	114,282	23,636	16,074	9,301	163,295	—	163,295
b) Intersegment sales	4	—	3,960	2,660	6,625	[6,625]	—
Total	114,287	23,636	20,034	11,961	169,920	[6,625]	163,295
Operating expenses	114,346	22,083	20,158	12,045	168,633	[6,681]	161,952
Operating income	(58)	1,553	(123)	(83)	1,286	56	1,343

	Interim 2007 (January 1 to June 30, 2007)						
	Health care products	Household products	Chemical products	Other businesses	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to outside customers	65,014	76,525	15,728	2,349	159,617	—	159,617
b) Intersegment sales	5	4	3,831	4,736	8,576	[8,576]	—
Total	65,020	76,529	19,559	7,085	168,194	[8,576]	159,617
Operating expenses	62,297	76,973	19,714	6,952	165,938	[8,751]	157,186
Operating income	2,722	(443)	(155)	133	2,256	174	2,431

	FY 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

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
- Chemicals: Surfactants and fatty acid nitrogen compounds
- Other businesses: Plant construction, real estate management, and transportation and storage

< Changes in Business Segments >

During the interim period 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)

	Interim 2007 (Historic method) (January 1 to June 30, 2007)						
	Home products	Pharmaceutical products	Chemical products	Other businesses	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to outside customers	119,096	22,443	15,728	2,349	159,617	—	159,617
b) Intersegment sales or transfers	4	—	3,831	4,736	8,571	[8,571]	—
Total	119,101	22,443	19,559	7,085	168,189	[8,571]	159,617
Operating expenses	117,214	21,890	19,714	6,952	165,772	[8,585]	157,186
Operating income	1,886	552	(155)	133	2,416	14	2,431

2. Geographical Segments

	Interim 2006 (January 1 to June 30, 2006)				
	Japan	Asia	Total	Corporate and eliminations	Consolidated total
1. Net sales					
a) Sales to outside customers	141,905	21,390	163,295	—	163,295
b) Intersegment sales	900	1,082	1,982	[1,982]	—
Total	142,805	22,472	165,277	[1,982]	163,295
Operating expenses	141,701	22,376	164,077	[2,125]	161,952
Operating income	1,104	95	1,200	143	1,343

	Interim 2007 (January 1 to June 30, 2007)				
	Japan	Asia	Total	Corporate and eliminations	Consolidated total
1. Net sales					
a) Sales to outside customers	133,831	25,786	159,617	—	159,617
b) Intersegment sales	475	789	1,265	[1,265]	—
Total	134,306	26,575	160,882	[1,265]	159,617
Operating expenses	132,789	25,852	158,641	[1,454]	157,186
Operating income	1,517	723	2,241	189	2,431

	FY 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	(584)	632	47	295	343

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

	Interim 2006 (January 1 to June 30, 2006)		
	Asia	Other regions	Total
Foreign sales (millions of yen)	22,971	1,973	24,944
Consolidated net sales (millions of yen)	—	—	163,295
Percent of foreign sales in consolidated net sales (%)	14.1	1.2	15.3

	Interim 2007 (January 1 to June 30, 2007)		
	Asia	Other regions	Total
Foreign sales (millions of yen)	27,093	1,314	28,407
Consolidated net sales (millions of yen)	—	—	159,617
Percent of foreign sales in consolidated net sales (%)	17.0	0.8	17.8

	FY 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

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.