

Notes to Lease Transactions

Finance leases excluding leases where ownership is transferred to the lessee:

(Millions of yen)

	Interim 2006 (January to June 2006)	Interim 2007 (January to June 2007)	FY 2006 (January to December 2006)
1. Equivalent acquisition cost, equivalent accumulated depreciation, and equivalent balance at end of period			
Equivalent acquisition cost			
Machinery and equipment	73	95	90
Other property, plant and equipment	1,671	1,493	1,595
<u>Intangible assets</u>	<u>247</u>	<u>159</u>	<u>228</u>
Total	1,991	1,748	1,914
Equivalent accumulated depreciation			
Machinery and equipment	20	36	30
Other property, plant and equipment	875	874	921
<u>Intangible assets</u>	<u>155</u>	<u>112</u>	<u>161</u>
Total	1,051	1,023	1,113
Equivalent balance at end of period			
Machinery and equipment	52	59	59
Other property, plant and equipment	795	618	673
<u>Intangible assets</u>	<u>91</u>	<u>47</u>	<u>67</u>
Total	939	725	800
2. Equivalent lease commitments at end of period			
Due within one year	383	294	336
<u>Due after one year</u>	<u>556</u>	<u>430</u>	<u>464</u>
Total	939	725	800
3. Lease payments (Equivalent depreciation)	205	193	408
4. Equivalent depreciation is calculated according to the straight-line method.			
5. The interest inclusive method is used above since equivalent lease commitments at end of period account for only a small proportion of the balance of property, plant and equipment at end of period.			

Securities

1. Consolidated Interim 2006 (at June 30, 2006)

a) Other marketable securities with market prices

(Millions of yen)

	Acquisition cost	Book value for interim period	Difference
Stocks	15,847	30,120	14,272
Total	15,847	30,120	14,272

b) Securities without market prices

(Millions of yen)

	Book value for interim period
Other marketable securities Unlisted stocks	1,375

2. Consolidated Interim 2007 (at June 30, 2007)

a) Other marketable securities with market prices

(Millions of yen)

	Acquisition cost	Book value for interim period	Difference
Stocks	12,097	19,814	7,716
Total	12,097	19,814	7,716

b) Securities without market prices

(Millions of yen)

	Book value for interim period
Other marketable securities Unlisted stocks	1,417

3. Consolidated Fiscal 2006 (at December 31, 2006)

a) Other marketable securities with market prices

(Millions of yen)

	Acquisition cost	Book value for fiscal year	Difference
1. Stocks	10,840	18,889	8,048
Total	10,840	18,889	8,048

b) Securities without market prices

(Millions of yen)

	Book value for fiscal year
Other marketable securities	
Unlisted stocks	1,391

Derivatives Position, Market Value, and Valuation Gain or Loss

There is no derivatives position to disclose.

Stock Options

Consolidated Interim 2007 (January 1, 2007 to June 30, 2007)

1. Amount Equivalent to Stock Options and Relevant Line Items

Selling, general and administrative expenses: ¥24 million

2. Details of Stock Options Offered during the Interim Period under Review

	Stock options (subscription rights) as part of a stock-linked compensation plan decided on March 29, 2007
Number of persons to which subscription rights shall be allotted	Directors (except external directors): 9 Executive officers: 10
Type and number of shares to be issued (Note 1)	149,619 shares of common stock
Date of subscription right offer allotment	April 16, 2007
Vesting conditions	Note 2
Conditions related to employment period	None
Exercise period for subscription rights	Lion's Board of Directors shall determine an exercise period that falls between April 16, 2007 and April 15, 2037.
Exercise Price (Yen)	1
Fair unit price as of the date granted (Yen) (Note 3)	654

Note:

1. Stock options are converted into shares of common stock.
2. Lion's directors (excluding external directors) shall exercise their subscription rights within a 10-day period from the day following their leave from office after at least one year of service in the said position. This condition does not apply to directors in the event of death. Lion's executive officers shall exercise their subscription rights within a 10-day period from the next day following (1) their leave from office, or (2) their retirement date, whichever date comes later after at least one year of service in the said position. This condition does not apply to executive officers in the event of death.
3. The aforementioned amounts were calculated using the Black-Scholes model on April 16, 2007.

Matters Related to Business Combinations

None

Per Share Information

	Interim 2006 (January 1 to June 30, 2006)	Interim 2007 (January 1 to June 30, 2007)	FY 2006 (January 1 to December 31, 2006)
Net assets per share	388.05 Yen	<u>380.46</u> Yen	376.76 Yen
EPS	6.24 Yen	<u>6.89</u> Yen	19.60 Yen
Diluted EPS	6.22 Yen	<u>6.88</u> Yen	19.52 Yen

Note: Net income per share (EPS) and diluted net income per share (diluted EPS)

	Interim 2006 (January 1 to June 30, 2006)	Interim 2007 (January 1 to June 30, 2007)	FY 2006 (January 1 to December 31, 2006)
EPS			
Net income (millions of Yen)	1,770	<u>1,862</u>	5,540
Amount not belong to common stockholders (millions of Yen)	—	—	—
Net Income concerning common stock (millions of Yen)	1,770	<u>1,862</u>	5,540
Average number of outstanding shares during the period (thousands of shares)	283,727	270,282	282,721
Diluted EPS			
Net income adjustment (millions of Yen)	—	—	—
Increase in number of common stocks (thousands of shares)	929	436	1,101
Of which, stock options (thousands of shares)	[929]	[436]	[1,101]
Summary of residual shares not included in diluted EPS due to lack of dilution effect.	Stock options resolved by the Ordinary Annual General Meeting of Shareholders held on March 30, 2006 (Subscription Rights) 950,000 shares of common stocks	Stock options resolved by the Ordinary Annual General Meeting of Shareholders held on March 30, 2006 (Subscription Rights) 950,000 shares of common stocks	Stock options resolved by the Ordinary Annual General Meeting of Shareholders held on March 30, 2006 (Subscription Rights) 950,000 shares of common stocks