

Significant Post Balance Sheet Date Events

Purchase of a Trademark and Cancellation of a Joint-Venture Contract

Lion launched BUFFERIN® analgesics which Bristol-Myers Company (currently Bristol-Myers Squibb Company, "BMS") had in 1962 in Japan under a trademark and technical license agreement with BMS.

Lion is strengthening its OTC drugs business and is seeking to expand in Asia under its mid-term management plan, called Value Innovation Plan Part II 09 (VIP II 09). In accordance with this plan, Lion plans to become the leading player in the "New Comfortable Lifestyle Support Industry," which is comprised of toiletries, OTC drugs and functional food products.

On the other hand, BMS has been enhancing its strategy to focus on ethical drugs covering such disease areas as thrombosis and oncology.

Under respective strategies of both companies, Lion resolved at a Board of Directors' meeting held on June 29, 2007, to acquire trademark rights for the analgesics brand "BUFFERIN®" in Japan and other countries in the Asia and Oceania regions from BMS.

1. Purchase of a Trademark

Lion purchased a trademark from BMS on July 31, 2007 for a total of ¥30,400 million. Accordingly, Lion has cancelled the joint-venture contract signed with Bristol Myers K.K., the Japanese arm of BMS.

2. Impact on Lion's Performance

The trademark purchase will be amortized in fiscal 2007, the fiscal year ending December 31, 2007. The amount of such amortization will most likely be offset by increased income attributed to Lion's independent operations of relevant businesses that were previously conducted by the joint-venture company. Considering these factors, Lion expects no material impact of the trademark purchase on its performance.

3. Loans

Lion executed long-term debt financing, the proceeds from which were used for the purchase of the trademark and will be used as capital to enable Lion to independently operate relevant businesses.

(a) Borrowing Method

Syndicated term loan arranged by Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(b) Loan Amount and Conditions

Amount: ¥35,000 million

Interest rate: Variable rate based on Yen 6-month Tokyo Inter-Bank Offered Rate (Japanese Yen TIBOR). With the aim of hedging risks associated with variable rates, Lion has additionally signed an interest rate swap contract.

Repayment method: Combination of lump-sum repayment on maturity and repayment in installments

(c) Drawdown Date and Repayment Deadline

Drawdown date: July 30, 2007 (received in full amount)

Repayment deadline: July 2014

(d) Collateral Pledged and Guarantee

None

(e) Financial Covenant Requirements

Lion is required to meet certain financial covenant requirements included in the syndicated loan contract. In the event of failure to meet those requirements, Lion may lose the benefit of term relating to all of the debt based on the contract.

Extraordinary Loss associated with the Voluntary Product Recall

1. Reason for revision

Lion Corporation launched sales of its Varsan Hyosatsu Jet Spray for Flying Bugs and Varsan Hyosatsu Jet Spray for Creeping Bugs in March 2007, both of which are aerosol products employing a flammable gas. Despite Lion's inclusion of warning labels on the sprays advising against use in proximity to open flames or sparks, several cases of combustion have occurred during use of the products. Placing top priority on customer safety, Lion decided to implement a voluntary recall of the products to prevent further incidents. Lion announced the recall on August 27, 2007.

Accordingly, Lion has revised its consolidated interim financial statements for the six months ended June 30, 2007 to reflect estimated costs associated with the recall and the related loss on inventory valuation as of June 30, 2007.

2. Details of revision

In accordance with the reasons detailed above, Lion recorded a total of ¥1,023 million in estimated costs associated with the recall and the related loss on inventory valuation as of June 30, 2007. The estimated total was recorded under extraordinary losses as "Voluntary product recall expenses."

As a result, consolidated extraordinary losses for the interim period ended June 30, 2007 increased ¥1,023 million year on year to ¥1,319 million, while net income before income taxes as well as net

income declined by an equivalent amount, finishing at ¥2,690 million and ¥1,862 million respectively.

3. Impact on results for the fiscal year ending December 31, 2007

The expected effect of the product recall on the Company's full-year results will be announced when confirmed.

Non-consolidated financial statements are omitted from this English version report, because the importance of such information is deemed to be low.