

October 31, 2007

Supplementary Information:

Financial Statements for the Third Quarter ended September 30, 2007 (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 down to the digits that are displayed.

1. Results of Operations for the Third Quarter ended September 30, 2007 (Consolidated)

(Unit: ¥million)

	Jan-Sep 2007	Jan-Sep 2006	Year on Year	
			Amount	%Change
Net sales	244,994	234,548	10,446	4.5
Cost of sales	115,599	117,825	(2,225)	(1.9)
Gross profit	129,394	116,723	12,671	10.9
Selling, general and administrative expenses	124,714	120,945	3,769	3.1
Operating income	4,679	(4,222)	8,902	—
Non-operating income	2,079	2,262	(182)	(8.1)
Non-operating expenses	859	581	277	47.7
Ordinary income	5,899	(2,542)	8,441	—
Extraordinary gains	1,368	6,721	(5,352)	(79.6)
Extraordinary losses	2,291	3,516	(1,224)	(34.8)
Net income before income taxes	4,976	663	4,313	650.3
Income taxes	1,214	1,410	(195)	(13.9)
Minority interests in earnings of consolidated subsidiaries (subtraction)	121	213	(92)	(43.1)
Net income	3,640	(960)	4,600	—

2. Qualitative Information Concerning Consolidated Results for the Third Quarter Ended September 30, 2007

1. Net Sales: ¥ 244,994 million (Increased 4.5% compared with Q3 2006)

The Lion group is working to increase market presence in main categories and also working to develop new businesses or growing categories, with the aim to increase growth potential which is one of visions outlined in the Value Innovation Plan Part II09(VIP II09), a medium-term management plan.

In the Japanese health care and household products businesses, Lion strived to foster the new products released in spring this year, while making aggressive efforts to cultivate new product categories with distinctive new products. As a result, overall domestic sales in these segments were firm. Overseas, sales of laundry detergents in Thailand and South Korea increased significantly, contributing sustainable high increase in sales.

Despite stagnant overseas sales of conductive carbon, overall sales of Chemical products remained robust, mainly due to the good sales of nonionic surfactant in Japan.

2. Operating Income: ¥4,679 million (Operating Loss of Q3 2006: ¥4,222 million)

Despite the impact of rising raw material costs most notably reflecting the sharp increase in prices of crude oil, vegetable oils and fats, operating income for the period under review improved dramatically, compared with an operating loss in the corresponding period of the previous fiscal year. This significant turnaround can be attributed to a number of factors including the increase in health care and household product sales as well as total cost reducing measures designed to cutback manufacturing and other costs.

3. Actual Results by Business Segment (Consolidated)

<New Segment>

(unit: ¥million)

	Net sales				Operating income			
	Jan-Sep 2007	Jan-Sep 2006	Year on Year		Jan-Sep 2007	Jan-Sep 2006	Year on Year	
			Amount	%Change			Amount	%Change
Health care Products	98,332	96,551	1,781	1.8	3,511	-	-	-
Household products	119,034	103,039	15,994	15.5	848	-	-	-
Chemical products	23,812	23,811	0	0.0	(155)	(276)	120	-
Other	3,814	11,145	(7,331)	(65.8)	246	(58)	305	-
Corporate and eliminations	-	-	-	-	227	55	172	309.0
Consolidated total	244,994	234,548	10,446	4.5	4,679	(4,222)	8,902	-

* Operating income by segment for the third quarter of the previous fiscal year is not provided.

4. Actual Results by Business Segment (Consolidated)

<Former Segment>

(unit: ¥million)

	Net sales				Operating income			
	Jan-Sep 2007	Jan-Sep 2006	Year on Year		Jan-Sep 2007	Jan-Sep 2006	Year on Year	
			Amount	%Change			Amount	%Change
Home products	183,305	164,292	19,013	11.6	4,373	(4,509)	8,883	–
Pharmaceutical products	34,062	35,298	(1,236)	(3.5)	200	567	(366)	(64.6)
Chemical products	23,812	23,811	0	0	(155)	(276)	120	–
Other	3,814	11,145	(7,331)	(65.8)	246	(58)	305	–
Corporate and eliminations	–	–	–	–	14	55	(41)	(74.8)
Consolidated total	244,994	234,548	10,446	4.5	4,679	(4,222)	8,902	–

5. Actual Results by Geographical Segment (Consolidated)

(Unit: ¥100 million)

	Net sales*				Operating income			
	Jan-Sep 2007	Jan-Sep 2006	Year on Year		Jan-Sep 2007	Jan-Sep 2006	Year on Year	
			Amount	%Change			Amount	%Change
Japan	204,232	200,283	3,949	2.0	3,171	(5,175)	8,346	—
Asia	40,761	34,264	6,497	19.0	1,228	736	491	66.8
Total	244,994	234,548	10,446	4.5	4,399	(4,438)	8,838	—
Corporate and eliminations	—	—	—	—	280	216	63	29.3
Consolidated total	244,994	234,548	10,446	4.5	4,679	(4,222)	8,902	—

*Net sales is sales to outside customers

6. Fiscal 2007 Financial Forecast (Consolidated)

(Unit: ¥100million)

	Reversed Forecast Announced on October 31	Previous Forecast Announced on June 29	Year on Year		FY 2006 Actual Result
			Amount	%Change	
Net Sales	340,000	340,000	0	0	330,380
Operating Income	8,000	8,000	0	0	343
Ordinary Income	10,000	10,000	0	0	2,427
Net Income	4,500	5,500	(1,000)	(18.2)	5,540

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