

April 30, 2008

Supplementary Information:

**Financial Statements for the First Quarter  
ended March 31, 2008**



**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 First Quarter ended March 31, 2008 (Consolidated)

(Unit: ¥million)

	Q1 Fiscal 2008 (Jan-Mar 2008)	Q1 Fiscal 2007 (Jan-Mar 2007)	Change	YoY (%)
Net sales	<b>70,048</b>	68,398	1,650	2.4
Cost of sales	<b>32,743</b>	32,964	(221)	(0.7)
Gross profit	<b>37,305</b>	35,433	1,871	5.3
Selling, general and administrative expenses	<b>38,732</b>	37,082	1,650	4.5
Operating income	<b>(1,427)</b>	(1,648)	220	—
Other income	<b>408</b>	674	(265)	(39.4)
Other expenses	<b>436</b>	215	220	102.3
Ordinary income	<b>(1,454)</b>	(1,189)	(265)	—
Extraordinary gains	<b>16</b>	66	(50)	(75.5)
Extraordinary losses	<b>10</b>	89	(78)	(88.3)
Net income before income taxes	<b>(1,448)</b>	(1,211)	(237)	—
Income taxes, etc.	<b>(516)</b>	(646)	130	—
Minority interests in earnings of consolidated subsidiaries	<b>151</b>	(389)	540	—
Net income	<b>(1,083)</b>	(175)	(908)	—

## 2. Qualitative Information Concerning Consolidated Results for the First Quarter Ended March 31, 2008

### 1. Net Sales: ¥ 70,048 million (Increased 2.4% compared with Q1 2007)

The Lion Group continued with efforts to increase its corporate value guided by the Value Innovation Plan Part II 09 (VIP II 09), Lion's medium-term management plan. Accordingly, the Group is placing particular emphasis on strengthening mainstay businesses by developing and introducing advanced and innovative products while at the same time further boosting management efficiency.

In domestic Health Care and Household Products, Lion released new, high-value-added products in its core brands, paying particular attention to their ongoing development. Lion also released highly distinctive products in its efforts to establish new brands, working aggressively to cultivate new markets. As a results, domestic sales in those fields were steady. Overseas, sales grew substantially year on year. This was mainly attributable to strong sales of laundry detergents in Thailand.

Sales of Chemical products increased year on year. While sales of electro-conductive carbon were sluggish, sales of surfactants and fatty-acid nitrogen derivatives were strong.

### 2. Operating Loss: ¥1,427 million (Operating Loss of Q1 2007: ¥1,648 million )

Lion posts an operating loss in the first quarter of every year. This is due to the fact that the contribution of first-quarter sales to full-year results is low, and Lion also ramps up investment for new product development. There is the impact of the sharp rise in material costs, however, operating loss in this first quarter decreased, due to an increase in net sales and implementation of total cost reduction measures such as manufacturing cost reductions.

### 3. Actual Results by Business Segment (Consolidated)

(unit: ¥million)

	Net sales				Operating income			
	Q1 Fiscal 2008	Q1 Fiscal 2007	Change	YoY (%)	Q1 Fiscal 2008	Q1 Fiscal 2007	Change	YoY (%)
Health care products	<b>27,097</b>	26,569	528	2.0	<b>(71)</b>	(816)	745	—
Household products	<b>34,783</b>	34,123	659	1.9	<b>(1,259)</b>	(648)	(610)	—
Chemical products	<b>7,512</b>	7,270	241	3.3	<b>(74)</b>	(165)	90	—
Other	<b>655</b>	435	220	50.6	<b>(98)</b>	(89)	(8)	—
Eliminations/ Corporate	—	—	—	—	<b>76</b>	71	5	7.0
<b>Consolidated total</b>	<b>70,048</b>	68,398	1,650	2.4	<b>(1,427)</b>	(1,648)	220	—

## 4. Actual Results by Geographical Segment (Consolidated)

(Unit: ¥million)

	Net sales*				Operating income			
	Q1 Fiscal 2008	Q1 Fiscal 2007	Change	YoY (%)	Q1 Fiscal 2008	Q1 Fiscal 2007	Change	YoY (%)
Japan	<b>57,319</b>	56,003	1,315	2.3	<b>(1,825)</b>	(2,156)	331	—
Asia	<b>12,729</b>	12,395	334	2.7	<b>321</b>	437	(116)	(26.7)
Total	<b>70,048</b>	68,398	1,650	2.4	<b>(1,504)</b>	(1,718)	214	—
Eliminations/ Corporate	—	—	—	—	<b>77</b>	70	6	9.5
Consolidated total	<b>70,048</b>	68,398	1,650	2.4	<b>(1,427)</b>	(1,648)	220	—

\*Net sales is sales to outside customers

## 5. Fiscal 2008 Consolidated Financial Forecast

(unit: ¥100 million)

	Interim				Annual			
	FY 2008	FY 2007	Change	YoY (%)	FY 2008	FY 2007	Change	YoY (%)
<b>Net Sales</b>	<b>1,620.0</b>	1,596.1	23.8	1.5	<b>3,450.0</b>	3,417.1	32.8	1.0
<b>Operating Income</b>	<b>25.0</b>	24.3	0.6	2.8	<b>100.0</b>	89.0	10.9	12.3
<b>% of Sales</b>	<b>1.5</b>	1.5			<b>2.9</b>	2.6		
<b>Ordinary Income</b>	<b>25.0</b>	37.4	(12.4)	(33.2)	<b>105.0</b>	101.0	3.9	3.9
<b>% of Sales</b>	<b>1.5</b>	2.3			<b>3.0</b>	2.9		
<b>Net Income</b>	<b>13.0</b>	18.6	(5.6)	(30.2)	<b>57.0</b>	54.2	2.7	5.1
<b>% of Sales</b>	<b>0.8</b>	1.2			<b>1.7</b>	1.6		

There are no changes to the results forecasts for the interim and fiscal 2008, announced on February 7, 2008.

from Good Morning to Good Night

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**LION**