

**Summary of Financial Statements**  
**for the Third Quarter Ended September 30, 2008**

October 31, 2008

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

URL: <http://www.lion.co.jp>

Representative: Sadayoshi Fujishige, Representative Director and President

Contact: Shinjiro Iwahori, Executive Officer, Director of Finance Department

Telephone: +81-3-3621-6211

**1. Results for the Third Quarter Ended September 30, 2008**  
**(January 1, 2008 – September 30, 2008)**

a) Consolidated Results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 2008	242,128	(1.2)	2,893	(38.2)	3,152	(46.6)	1,616	(55.6)
Nine months ended September 2007	244,994	4.5	4,679	—	5,899	—	3,640	—
Fiscal 2007	341,717	—	8,905	—	10,104	—	5,423	—

	EPS	Diluted EPS
	yen	yen
Nine months ended September 2008	5.97	5.96
Nine months ended September 2007	13.46	13.44
Fiscal 2007	20.06	20.02

Notes:

1. Figures in this and subsequent tables are rounded down to the nearest million.
2. Percent figures for net sales, operating income, ordinary income, and net income express percentage change over the year-ago period.

b) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2008	253,485	100,652	38.5	360.60
September 30, 2007	276,453	106,210	37.0	377.97
December 31, 2007	279,147	107,540	37.1	382.80

c) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Nine months ended September 2008	(1,363)	(8,697)	(2,335)	20,331
Nine months ended September 2007	7,680	(37,534)	29,846	26,796
Fiscal 2007	16,030	(39,500)	29,844	33,219

**2. Dividend**

Record Date	Cash dividend per share / Yen		
	Interim	Year-end	Annual
Fiscal 2007	5.00	5.00	10.00
Fiscal 2008 actual	5.00		10.00
Fiscal 2008 plan		5.00	

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2008  
(January 1, 2008 – December 31, 2008)**

Fiscal 2008	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	345,000	1.0	10,000	12.3	10,500	3.9	5,700	5.1	21.05

Note: Percent figures for net sales, operating income, ordinary income, and net income express percentage change over the year-ago period.

**4. Others**

- a) Significant Change in Scope of Consolidation during Period: No
- b) Adoption of simplified accounting method: Yes.
- c) Changes in accounting method from the most recent fiscal year: No.

Please refer to <Qualitative Information> 4. Others on page 9.

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. Please refer to Qualitative Information Concerning Forecast of Consolidated Financial Results on pages 9.

## <Qualitative Information>

### 1. Qualitative Information Concerning the Consolidated Results of Operations

#### a) Management Performance

During the third quarter of the current fiscal year, there are indications that the Japanese economy has entered into a recession due to a lack of growth in personal consumption, along with such factors as reduced private-sector capital expenditure in the wake of slumping corporate profit.

In the domestic toiletries industry, the Lion Group's core business domain, Lion was faced with a harsh operating environment stemming from the high prices of crude oil, vegetable oil and fats, as well as intensifying competition at the point-of-sale.

In the wake of these operating conditions, the Group continued to implement its medium-term management plan, Value Innovation Plan Part II 09 (VIP II 09), with the aim of securing increased corporate value. Based on this, Lion is taking steps to further improve its operational efficiency, as well as to bolster its core business and tap into new markets by developing and introducing new, high-value-added products. During the third quarter of the current fiscal year, new, high-value-added products in the health care and household businesses were introduced and cultivated in conjunction with releasing highly distinctive products. In this way, Lion continued to bolster principle brands and developed new markets. Overseas, the Group strove to nurture common brands for each country in the growing Asian region including Thailand.

In light of the above conditions, consolidated results for the third quarter of the current fiscal year are as follows. Impacted by such factors as exchange rate fluctuations and intensifying competition, net sales totaled ¥242,128 million, a decrease of 1.2% year-on-year. Although such measures as reducing total costs were promoted, beginning with reduced manufacturing costs, operating income decreased 38.2% year-on-year to ¥2,893 million resulting from substantial increases in material costs. Ordinary income declined 46.6% compared with the corresponding period of the previous fiscal year to ¥3,152 million due to such factors as reductions in equity in earnings of non-consolidated subsidiaries and affiliates, while quarterly net income dipped 55.6% to ¥1,616 million.

## b) Segment Information

### <Health Care Products>

(Millions of yen)

	FY 2008 3rd quarter	Ratio to net sales	FY 2007 3rd quarter	Ratio to net sales	Increase/ decrease	Change
Net sales	96,925		98,332		(1,407)	(1.4%)
Operating income	3,882	4.0%	3,511	3.6%	370	10.5%

In Health Care Products, net sales decreased 1.4% year on year to ¥96,925 million, and operating income increased 10.5% year on year to ¥3,882 million mainly due to manufacturing cost reduction.

### Oral Care Products Division

In the Oral Care Products Division, Lion focused on fostering its mainstay brand Dentor Systema and Dent-health, a brand developed to fight periodontal disease and bolsters its assortment of products in the expanding, highly functional toothpaste market. In conjunction with this, business expansion in the Oral Care Products Division was advanced by the chewing gum MEDISH, a product that supports oral health.

In toothpastes, amidst fierce competition, sales of Clinica slowed. However, sales totals increased substantially over the same period last year for Lion's improved Dentor Systema EX and its mainstay brand Dentor Clear MAX. This occurred in tandem with robust sales for Lion Dent Health, facilitating a slight rise year-on-year in overall sales.

In toothbrushes, despite increased sales year-on-year of Lion's core Dentor Systema, along with firm sales of the Between brand, declining sales of the travel toothbrush set L-PACK caused overall sales to remain basically unchanged.

Receiving favorable reviews for Lion's new product Dentor Systema EX Dental Rinse, sales for mouthwash increased considerably overall compared with the corresponding period of the previous fiscal year.

In dental products, despite steady sales of Lion's mainstay toothbrush brand, DENT.EX Systema, the growth of the EX Interdental brush came to a standstill, resulting overall in flat year-on-year sales.

Overseas, sales of Systema brand toothbrushes and mouthwash in Thailand remained strong. However, although overall sales increased substantially in the local currency compared with the corresponding period of the previous fiscal year, revenue remained flat year-on-year as a result of the impact of

exchange rate fluctuations on yen conversions.

### **Beauty Care Products Division**

In the Beauty Care Products Division, Lion's progress in developing new markets has been facilitated by efforts to cultivate new brands of skincare products such as BATHTOLOGY and the men's hair care series PRO TEC HEAD, as well as the favorable reviews received by Nicelim Essence Lactoferrin in the functional food product category.

In shampoo and conditioners, robust sales of PRO TEC HEAD gel shampoo occurred in conjunction with the release of the scalp moisturizing OCT serapie brand. Despite this, overall sales remained basically unchanged year-on-year in the wake of fierce competition.

In hand soap, sales of Kireikirei Medicated Foaming Hand Soap, which is easy for children to use, were strong, contributing to a substantial increase in overall sales over the previous fiscal year.

Body wash enjoyed firm sales overall owing to Lion's new product, BATHTOLOGY Foam Body Care Wash, which has garnered customer support.

In antiperspirants and deodorants, Lion endeavored to cultivate the Company's mainstay Ban Deodorant Powder Spray. However, because of intensifying competition, overall sales in this category fell below the corresponding period of the previous fiscal year.

Overseas, sales of Shokubutsu-Monogatari Shower Cream in Thailand and Kireikirei Hand Soap in South Korea were robust. However, overall sales decreased year-on-year due to sluggish sales of such products as shampoo and conditioners in South Korea.

### **Pharmaceutical Products Division**

In the Pharmaceutical Products Division, Lion introduced new products to its flagship Smile brand of eye drops and, Pair, which treats or prevents acne and rough skin, placing a priority on cultivating these brands.

In analgesics, despite efforts to further promote sales of Bufferin A, overall sales declined due to intensifying competition.

In Eye drops, Lion's mainstay brand, Smile 40EX, experienced firm sales, while the new product, Smile Contact Drytect, has been rated highly. Consequently, overall sales rose substantially compared with the corresponding period of the previous fiscal year.

As for analgesic and anti-inflammatory poultices, sales of the Halix 55EX series made substantial gains year-on-year, leading to strong sales overall.

In health tonic drinks, Lion's Guronsan and New Guromont brand made robust sales gains, boosting overall sales substantially compared with the corresponding period of the previous fiscal year.

Overall sales fell in insecticides stemming from the discontinuation of Varsan Hyosatsu Jet Spray, the impact of the shrinking market for fumigation-type products and other factors.

### <Household Products>

(Millions of yen)

	FY 2008 3rd quarter	Ratio to net sales	FY 2007 3rd quarter	Ratio to net sales	Increase/ decrease	Change
Net sales	116,183		119,034		(2,851)	(2.4%)
Operating income	(925)	—	848	0.7%	(1,774)	—

In Household Products, net sales decreased 2.4% year on year to ¥116,183 million, and operating loss stood at ¥925 million, compared with an operating income of ¥848 million in the corresponding period of the previous fiscal year. The Company's aggressive activities to reduce manufacturing cost and other measures proved insufficient to absorb soaring raw material prices.

### Fabric Care Products Division

In the Fabric Care Products Division, Lion endeavored to nurture its core brands of laundry detergents and fabric softeners, introducing new and improved products.

In laundry detergent, sales of Lion's core powder detergent, Top, remained steady, while the Company's new addition to the expanding liquid laundry detergent market, Kaori Tsuzuku (Long-Lasting Fragrance) Top, received favorable reviews. In addition, the improved neutral laundry detergent, Acron, experienced firm sales, facilitating considerable rises year-on-year in overall sales.

In bleaches, the improved Chokko Bright, which is easy to apply directly to stains and grime, was released and sales were strong. However, amidst increasingly fierce competition, sales of Lion's mainstay Temanashi Bright slackened, while overall sales remained flat compared with the corresponding period of the previous fiscal year.

In fabric softeners, Lion improved its core product, Kaori to Deodorant no Soflan (Soflan with Fragrance and Deodorant), with sales remaining firm since its release. However, due to the impact of such factors

as intensifying competition, overall sales remained flat compared with the corresponding period of the previous fiscal year.

Overseas, firm sales were recorded for laundry detergent in Thailand and South Korea. However, while overall sales increased in the local currency compared with the corresponding period of the previous fiscal year, revenue decreased year-on-year as result of the impact of exchange rate fluctuations on yen conversions.

### Living Care Products Division

In the Living Care Products Division, Lion advanced this line of products by improving Look, its mainstay household cleaner brand, as well as the cooking-aid product, Reed.

In dishwashing detergents, despite Lion's efforts to reinforce its core Charmy Awa no Chikara (Power of Suds) series and Charmy Crysta Gel Cleans Dishes and Dishwashers, the new detergent for dishwashers, fierce competition dampened overall sales.

In household cleaners, Lion released improved versions of Ofuro no Look (bath cleaner), featuring increased detergency, and Toire no Look Deodorizing EX (toilet bowl cleaner), with enhanced deodorizing capabilities, which enjoyed steady sales. Despite this, overall sales declined year-on-year due to contracting markets.

In cooking-aid products, Lion released improved versions of such products as Reed Healthy-Cooking Paper and Reed Healthy Cooking Sheet. However, in the wake of intensifying competition and other factors, overall sales have weakened.

Overseas, Lion dishwashing detergents enjoyed steady sales in South Korea. However, despite an increase in overall sales year-on-year in the local currency, revenue decreased compared with the corresponding period of the previous fiscal year due to exchange rate fluctuations on yen conversions.

### <Chemical Products>

(Millions of yen)

	FY 2008 3rd quarter	Ratio to net sales	FY 2007 3rd quarter	Ratio to net sales	Increase/ decrease	Change
Net sales	24,266		23,812		454	1.9%
Operating income	(204)	—	(155)	—	(48)	—

Sales in the Chemical Products Business increased 1.9% year on year to ¥24,266 million. Operating

loss stood at ¥204 million compared with the corresponding period of the previous fiscal year's operating loss of ¥155 million due to the spiraling prices for crude oil, vegetable oils and fats.

In the Chemical Products Business, amidst ongoing harsh operating environment due to price escalations for raw materials, Lion focused on such measures as nurturing highly functional products, improving product mix and revising product prices.

In fatty acid methyl ester, sales of this material for use in food products domestically and to make alcohol overseas remained firm, with overall sales making considerable gains compared with a year earlier.

In surfactants and fatty-acid nitrogen derivatives, overseas sales of these materials for use in producing detergents were firm. However, overall sales were flat year-on-year due to sluggish sales in Japan.

In electro-conductive carbon, sales were steady for the use of this material in such products as batteries in Japan, while overseas sales as a raw material for electro-conductive compound remained sluggish, resulting in a year-on-year decline in overall sales.

#### <Other>

(Millions of yen)

	FY 2008 3rd quarter	Ratio to net sales	FY 2007 3rd quarter	Ratio to net sales	Increase/ decrease	Change
Net sales	4,752		3,814		937	24.6%
Operating income	95	2.0%	246	6.5%	(151)	(61.3%)

In Other segment, net sales amounted to ¥4,752 million, a 24.6% increase year on year, owing to the increase in the number of works completions in the construction contracting business, and operating income was ¥95 million, a 61.3% decrease year on year, mainly due to harsh competition.

## 2. Qualitative Information Concerning Consolidated Financial Status

As of September 30, 2008, total assets were ¥253,485 million, a drop of ¥25,661 million from December 31, 2007. This was mainly attributed to decreases in cash and time deposits and trade notes and accounts receivable. Net assets declined ¥6,887 million to ¥100,652 million, mainly reflecting the decrease in valuation and translation adjustments. The shareholders' equity to total assets was 38.5%.

#### <Consolidated Cash Flows>

Net cash used in operating activities totaled ¥1,363 million. Despite cash inflows primarily from the decrease in trade notes and accounts receivable, this was attributable to cash outflows, mainly the

decrease in trade notes and accounts payable as well as the decrease in accrued expenses and other payables.

Net cash used in investing activities amounted to ¥8,697 million. A major component was the payment for purchase of property, plant and equipment.

Net cash used in financing activities was ¥2,335 million, owing primarily to the payment of cash dividends.

As a result, cash and cash equivalents as of September 30, 2008 totaled ¥20,331 million, declined ¥12,888 million compared with the previous fiscal year-end.

### **3. Qualitative Information Concerning the Forecast of Consolidated Financial Results**

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

*Note: 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.*

### **4. Others**

a) Significant Change in Scope of Consolidation during Period: No.

b) Adoption of simplified accounting method: Yes.

Simplified accounting is used partially with respect to the standards for the accounting of reserves.

c) Changes in accounting method from the most recent fiscal year: No.

## 5. Condensed Consolidated 3rd Quarter Financial Statements

### a) Condensed Consolidated 3rd Quarter Balance Sheets

	Q3 Fiscal 2007 (Ended September 30, 2007)	Q3 Fiscal 2008 (Ended September 30, 2008)	Increase / decrease		Fiscal 2007 (Ended December 31, 2007)
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
<b>Assets</b>					
Current assets	120,101	105,328	(14,772)	(12.3)	127,019
Cash and time deposits	25,341	20,553	(4,787)		32,647
Trade notes and accounts receivable	58,393	48,978	(9,414)		61,786
Short-term investments	1,673	—	(1,673)		923
Inventories	29,098	31,547	2,448		27,837
Other	5,594	4,249	(1,345)		3,825
Fixed assets	156,352	148,157	(8,194)	(5.2)	152,127
Property, plant and equipment	64,690	63,508	(1,181)		64,345
Intangible assets	38,067	33,845	(4,222)		37,193
Investments and other assets	53,594	50,803	(2,790)		50,589
<b>Total assets</b>	<b>276,453</b>	<b>253,485</b>	<b>(22,967)</b>	<b>(8.3)</b>	<b>279,147</b>

	Q3 Fiscal 2007 (Ended September 30, 2007)	Q3 Fiscal 2008 (Ended September 30, 2008)	Increase / Decrease		Fiscal 2007 (Ended December 31, 2007)
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
<b>Liabilities</b>					
Current liabilities	95,367	80,997	(14,370)	(15.1)	96,084
Trade notes and accounts payable	46,557	36,449	(10,107)		44,499
Short-term loans payable	5,243	6,632	1,388		5,463
Current portion of long-term debt	1,150	2,300	1,150		1,150
Accrued expenses and other payables	32,683	28,275	(4,407)		35,127
Other	9,732	7,339	(2,392)		9,843
Long-term liabilities	74,875	71,835	(3,039)	(4.1)	75,522
Long-term debt	47,398	45,050	(2,348)		47,397
Accrued employee retirement benefits	22,465	21,683	(782)		22,893
Other	5,011	5,102	91		5,230
Total liabilities	170,242	152,832	(17,409)	(10.2)	171,607
<b>Net assets</b>					
Shareholders' equity	97,741	98,410	669	0.7	99,556
Common stock	34,433	34,433	—	—	34,433
Capital surplus	31,506	31,499	(7)	(0.0)	31,505
Retained earnings	47,560	48,233	673	1.4	49,344
Treasury stock	(15,760)	(15,756)	3	—	(15,727)
Valuation and translation adjustments	4,499	(874)	(5,374)	—	4,014
Unrealized holding gain on other securities	4,023	811	(3,212)	(79.8)	3,524
Deferred gains on hedges	(38)	5	44	—	(10)
Foreign currency translation adjustments	513	(1,692)	(2,205)	—	500
Stock acquisition rights	48	92	43	88.5	74
Minority interest in consolidated subsidiaries	3,921	3,024	(896)	(22.9)	3,894
Total net assets	106,210	100,652	(5,557)	(5.2)	107,540
Total liabilities and net assets	276,453	253,485	(22,967)	(8.3)	279,147

**b) Condensed Consolidated 3rd Quarter Statements of Income**

	Q3 Fiscal 2007 (January to September 2007)	Q3 Fiscal 2008 (January to September 2008)	Increase / decrease		Fiscal 2007 (January to December 2007)
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Net sales	244,994	242,128	(2,866)	(1.2)	341,717
Cost of sales	115,599	113,578	(2,021)	(1.7)	159,200
Gross profit	129,394	128,549	(845)	(0.7)	182,517
Selling, general and administrative expenses	124,714	125,656	941	0.8	173,611
Operating income	4,679	2,893	(1,786)	(38.2)	8,905
Other income	2,079	1,485	(594)	(28.6)	2,492
Interest and dividend income	308	395	86		431
Equity in earnings of non-consolidated subsidiaries and affiliates	1,142	537	(604)		1,045
Other	628	552	(75)		1,016
Other expenses	859	1,226	366	42.6	1,293
Interest expenses	462	847	385		744
Other	397	378	(19)		548
Ordinary income	5,899	3,152	(2,747)	(46.6)	10,104
Extraordinary income	1,368	96	(1,272)	(92.9)	2,228
Gain on disposal of property, plant and equipment	1,081	—	(1,081)		1,082
Reversal of allowance for doubtful accounts	47	96	49		904
Gain on sales of subsidiary shares	231	—	(231)		231
Gain on sales of investment securities	8	—	(8)		8
Extraordinary loss	2,291	300	(1,991)	(86.9)	2,768
Loss on disposal of property, plant and equipment	242	70	(171)		273
Loss on devaluation of investment securities	—	168	168		372
Loss on impairment of fixed assets	67	60	(7)		74
Loss on voluntary recall	1,950	—	(1,950)		1,950
Loss on sales of investment securities	—	—	—		65
Other	31	—	(31)		32
Net income before income taxes	4,976	2,948	(2,027)	(40.7)	9,564
Income taxes, etc.	1,214	1,180	(34)	(2.9)	4,035
Minority interest in earnings of consolidated subsidiaries	121	152	30	25.2	105
Net income	3,640	1,616	(2,023)	(55.6)	5,423

**c) Condensed Consolidated 3rd Quarter Statements of Cash Flows**

	Q3 Fiscal 2007 (January to September 2007)	Q3 Fiscal 2008 (January to September 2008)	Fiscal 2007 (January to December 2007)
	Millions of yen	Millions of yen	Millions of yen
<b>I. Cash flows from operating activities</b>			
Income before income taxes	4,976	2,948	9,564
Depreciation and amortization	7,618	9,281	10,590
Impairment loss	67	60	74
Decrease in accrued retirement benefits	(4,456)	(4,135)	(5,067)
Interest and dividend income	(308)	(395)	(431)
Interest expense	462	847	744
Loss (gain) on disposal of property, plant and equipment	(839)	70	(809)
Loss on devaluation of investment securities	(8)	—	56
Gain on sale of investment securities	—	168	372
Equity in earnings of non-consolidated subsidiaries and affiliates	(1,142)	(537)	(1,045)
Decrease in trade notes and accounts receivable	5,940	11,015	2,731
Increase in inventories	(2,620)	(4,895)	(1,322)
Decrease in trade notes and accounts payable	(3,922)	(7,053)	(5,428)
(Decrease) increase in accrued expenses and other payables	(909)	(7,286)	1,890
(Decrease) increase in other current liabilities	820	(2,580)	3,384
(Increase) decrease in other current assets	502	(79)	1,904
Other, net	2,694	2,889	(702)
Subtotal	8,876	318	16,506
Interest and dividends received	1,761	1,088	2,634
Interest paid	(331)	(1,024)	(439)
Income taxes paid	(2,625)	(1,747)	(2,670)
Net cash provided by (used in) operating activities	7,680	(1,363)	16,030
<b>II. Cash flows from investing activities</b>			
Decrease (increase) in time deposits	(5)	103	(144)
Purchases of property, plant and equipment	(5,613)	(7,632)	(8,966)
Proceeds from sale of property, plant and equipment	1,675	24	1,695
Purchases of intangible assets	(30,516)	(94)	(30,638)
Purchases of investment securities	(1,941)	(1,156)	(2,127)
Proceeds from sale of investment securities	11	4	79
Additions to loans receivable	(57)	(52)	(74)
Proceeds from loans receivable	127	63	144
Other, net	(1,214)	44	530
Net cash used in investing activities	(37,534)	(8,697)	(39,500)
<b>III. Cash flows from financing activities</b>			
Increase in short-term loans payable	6,219	7,088	9,127
Repayment of short-term loans payable	(8,561)	(5,446)	(11,233)
Increase in long-term loans payable	35,000	—	35,000
Repayment of long-term loans payable	(52)	(1,196)	(53)
Repayment of commercial paper payable	(235)	—	(233)
Purchases of odd-lot shares, net	(73)	(173)	(73)
Proceeds from sales of treasury stock	234	74	266
Cash dividends	(2,502)	(2,504)	(2,694)

Cash dividends to minority shareholders	(180)	(178)	(259)
Net cash used in financing activities	29,846	(2,335)	29,844
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	21	(491)	62
<b>V. Net change in cash and cash equivalents</b>	13	(12,888)	6,437
<b>VI. Cash and cash equivalents at beginning of period</b>	26,782	33,219	26,782
<b>VII. Cash and cash equivalents at end of period</b>	26,796	20,331	33,219

## d) Segment Information

### 1. Business Segments

(Millions of yen)

	Q3 Fiscal 2007 (January 1 to September 30, 2007)						
	Health care products	Household products	Chemical products	Other	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to external customers	98,332	119,034	23,812	3,814	244,994	—	244,994
b) Intersegment sales	8	5	5,829	5,682	11,525	[11,525]	—
Total	98,341	119,040	29,641	9,496	256,520	[11,525]	244,994
Operating expenses	94,829	118,191	29,796	9,250	252,068	[11,753]	240,314
Operating income (loss)	3,511	848	(155)	246	4,451	227	4,679

	Q3 Fiscal 2008 (January 1 to September 30, 2008)						
	Health care products	Household products	Chemical products	Other	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to external customers	96,925	116,183	24,266	4,752	242,128	—	242,128
b) Intersegment sales	8	4	7,318	3,003	10,335	[10,335]	—
Total	96,933	116,188	31,585	7,755	252,463	[10,335]	242,128
Operating expenses	93,051	117,113	31,789	7,659	249,615	[10,380]	239,234
Operating income (loss)	3,882	(925)	(204)	95	2,848	44	2,893

	Fiscal 2007 (January 1 to December 31, 2007)						
	Health Care Products	Household Products	Chemical Products	Other	Total	Corporate and eliminations	Consolidated total
1. Net sales							
a) Sales to external customers	135,461	168,448	32,445	5,360	341,717	—	341,717
b) Intersegment sales	15	6	8,388	8,734	17,144	[17,144]	—
Total	135,476	168,455	40,834	14,094	358,861	[17,144]	341,717
Operating expenses	130,062	165,331	40,998	13,591	349,983	[17,171]	332,811
Operating income (loss)	5,414	3,123	(163)	503	8,878	26	8,905

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

## 2. Geographical Segments

(Millions of yen)

	Q3 Fiscal 2007 (January 1 to September 30, 2007)				
	Japan	Asia	Total	Corporate and eliminations	Consolidated total
1. Net sales					
a) Sales to external customers	204,232	40,761	244,994	—	244,994
b) Intersegment sales	719	1,173	1,893	[1,893]	—
Total	204,952	41,935	246,887	[1,893]	244,994
Operating expenses	201,781	40,706	242,487	[2,173]	240,314
Operating income	3,171	1,228	4,399	280	4,679

	Q3 Fiscal 2008 (January 1 to September 30, 2008)				
	Japan	Asia	Total	Corporate and eliminations	Consolidated total
1. Net sales					
a) Sales to external customers	205,151	36,976	242,128	—	242,128
b) Intersegment sales	639	1,100	1,740	[1,740]	—
Total	205,791	38,076	243,868	[1,740]	242,128
Operating expenses	203,790	37,398	241,189	[1,954]	239,234
Operating income	2,001	677	2,678	214	2,893

	FY 2007 (January 1 to December 31, 2007)				
	Japan	Asia	Total	Corporate and eliminations	Consolidated total
1. Net sales					
a) Sales to external customers	286,759	54,957	341,717	—	341,717
b) Intersegment sales	921	1,523	2,444	[2,444]	—
Total	287,680	56,480	344,161	[2,444]	341,717
Operating expenses	280,309	55,327	335,636	[2,825]	332,811
Operating income	7,371	1,153	8,524	380	8,905

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. Sales to Overseas Customers

	Q3 Fiscal 2007 (January 1 to September 30, 2007)		
	Asia	Other regions	Total
Sales to overseas customers (millions of yen)	42,602	2,170	44,772
Consolidated net sales (millions of yen)	—	—	244,994
Percent of sales to overseas customers in consolidated net sales (%)	17.4	0.9	18.3

	Q3 Fiscal 2008 (January 1 to September 30, 2008)		
	Asia	Other regions	Total
Sales to overseas customers (millions of yen)	38,750	2,170	40,921
Consolidated net sales (millions of yen)	—	—	242,128
Percent of sales to overseas customers in consolidated net sales (%)	16.0	0.9	16.9

	FY 2007 (January 1 to December 31, 2007)		
	Asia	Other regions	Total
Sales to overseas customers (millions of yen)	56,317	2,984	59,302
Consolidated net sales (millions of yen)	—	—	341,717
Percent of sales to overseas customers in consolidated net sales (%)	16.5	0.9	17.4

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
- Sales to overseas customers include sales of Lion and its consolidated subsidiaries in countries or regions other than Japan.