

**Summary of Financial Statements for the Interim Period
Ended June 30, 2009**

August 7, 2009

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

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

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Start date for payment of interim dividend: September 4, 2009

Figures in this and subsequent tables are rounded down to the nearest million.

**1. Consolidated Results for the Interim Period Ended June 30, 2009
(January 1, 2009 – June 30, 2009)**

(1) Consolidated Results (cumulative total)

(Percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim FY2009	152,404	—	2,173	—	2,835	—	1,053	—
Interim FY2008	161,548	1.2	2,526	3.9	2,960	(20.9)	1,536	(17.5)

	EPS(yen)	Diluted EPS(yen)
Interim FY2009	3.90	3.89
Interim FY2008	5.67	5.67

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Interim FY2009	245,145	101,188	40.0	362.94
FY2008	267,438	100,574	36.6	362.02

Note: Shareholders' equity: June 30, 2009: ¥98,110 million
December 31, 2008: ¥97,847 million

2. Dividend

Record Date	Cash dividend per share / Yen				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
FY2008	—	5.00	—	5.00	10.00
FY2009 actual	—	5.00			
FY2009 plan			—	5.00	10.00

Note: Revision to Cash dividend forecast during period under review: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2009 (January 1, 2009 – December 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2009	325,000	(3.9)	9,000	8.7	9,000	18.4	4,000	31.6	14.80

Notes: 1. Percent figures for net sales, operating income, ordinary income, and net income express percentage change over the year-ago period.

2. Revision to consolidated earnings forecast during period under review: No

4. Others

(1) Significant Change in Scope of Consolidation during Period: No

(2) Simplified accounting treatment or special accounting treatment for preparation of quarterly Consolidated financial statements: Yes

Note: For more details, refer to “Qualitative Information and Financial Statements, IV. Others” on page 12.

(3) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements (those to be described in the section of Significant Accounting Policies for the Preparation of Consolidated Financial Statements):

a. Changes associated with revision in accounting standards: Yes

b. Other changes: Yes

Note: For more details, refer to “Qualitative Information and Financial Statements, IV. Others” on pages 12-13.

(4) Number of outstanding shares (common stock)

a. Number of outstanding shares on balance sheet dates (including treasury stocks):

As of June 30, 2009: 299,115,346 shares As of December 31, 2008: 299,115,346 shares

b. Number of treasury stocks on balance sheet date:

As of June 30, 2009: 28,797,259 shares As of December 31, 2008: 28,835,005 shares

c. Average shares outstanding over period (cumulative; consolidated)

As of June 30, 2009: 270,292,584 shares As of June 30, 2008: 270,766,232 shares

Appropriate use of business forecast; other special items

1. 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. For more details, refer to “Qualitative Information and Financial Statements”, III.” Qualitative Information Concerning the Forecast of Consolidated Financial Results” on pages 11-12.

2. Application of Accounting Standard for Quarterly Financial Reporting Statements

Effective from the fiscal year ending December 31, 2009, the Lion Group has applied the Accounting Standard for Quarterly Financial Reporting, Statement No. 12, issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007, as well as Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14, issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting. The Lion Group has also applied revised regulations concerning quarterly consolidated financial reporting.

< Qualitative Information and Financial Statements >

I. Qualitative Information Concerning the Consolidated Results of Operations

Note: Comparisons with and financial totals from the first half of the previous fiscal year has been listed as references in the section titled, Qualitative Information Concerning the Consolidated Results of Operations.

1. Performance during the First Half of the 2009 Fiscal Year (January 1, 2009 – June 30, 2009)

Impacted by the global economic recession and high yen rates, the Japanese economy remained in a severe situation during the first half of the 2009 fiscal year. This is attributable to such factors as the substantial decline of corporate profits, which is causing the employment situation to deteriorate, and in turn is having a cooling affect on private consumption. The domestic toiletries industry—which is the Lion Group’s main business domain—was faced with intensifying competition at the point of sale, leading to severe operating conditions.

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 plan, Lion is taking steps to bolster its base for growth by further cultivating its key brands and tapping into new markets. In addition, Lion is undertaking firm initiatives to shore up its earnings base by further strengthening total cost-reduction measures related to manufacturing and distribution. During the first half of the current fiscal year in Japan, Lion focused on efforts to cultivate main brands in Fabric Care business growth markets as well as the Oral Care and Living Care businesses by introducing new, high-value-added products, while actively developing new markets by releasing highly distinctive new products in the Beauty Care business. Overseas, Lion took steps to cultivate common brands in each country and implemented cost-reduction measures that include decreasing manufacturing costs.

Despite efforts to implement the above measures, net sales during the first half of fiscal 2009 fell 5.7% compared to the corresponding period of the previous fiscal year to ¥152,404 million. This is attributable to the negative impact the global recession is having on the chemical products business and the decreasing value of yen conversions on net sales for overseas subsidiaries due to high yen exchange rates. In earnings, operating income fell 13.9% year on year to ¥2,173 million, ordinary income decreased 4.2% to ¥2,835 million and net income dropped 31.4% to ¥1,053 million. This was due to declining sales and occurred in spite of the fact that total cost-reduction measures related to such areas as manufacturing were implemented.

<Consolidated Results>

(Millions of yen)

	FY2009 1st half	Ratio to net sales	FY2008 1st half	Ratio to net sales	Increase/ decrease	Change
Net sales	152,404		161,548		(9,143)	(5.7%)
Operating income	2,173	1.4%	2,526	1.6%	(352)	(13.9%)
Ordinary income	2,835	1.9%	2,960	1.8%	(125)	(4.2%)
Net income	1,053	0.7%	1,536	1.0%	(482)	(31.4%)

<Consolidated Business Segment>

(Millions of yen)

	Net sales				Operating income			
	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change
Health Care Products	65,163	64,569	594	0.9%	2,697	3,071	(373)	(12.2%)
Household Products	75,419	77,336	(1,917)	(2.5%)	191	(526)	718	—
Chemical Products	10,263	15,900	(5,637)	(35.5%)	(734)	(61)	(673)	—
Others	1,558	3,742	(2,183)	(58.4%)	(33)	68	(102)	—
Eliminations and corporate	—	—	—	—	52	(25)	78	—
Total	152,404	161,548	(9,143)	(5.7%)	2,173	2,526	(352)	(13.9%)

<Consolidated Geographical Segment>

(Millions of yen)

	Net sales				Operating income			
	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change
Japan	131,231	136,646	(5,414)	(4.0%)	1,098	1,857	(759)	(40.9%)
Asia	21,172	24,901	(3,729)	(15.0%)	933	537	396	73.7%
Eliminations and corporate	—	—	—	—	142	131	10	8.3%
Total	152,404	161,548	(9,143)	(5.7%)	2,173	2,526	(352)	(13.9%)

2. Segment Information

<Health Care Products>

(Millions of yen)

	FY2009 1st half	Ratio to net sales	FY2008 1st half	Ratio to net sales	Increase/ decrease	Change
Net sales	65,163		64,569		594	0.9%
Operating income	2,697	4.1%	3,071	4.8%	(373)	(12.2%)

In the Health Care Business, net sales were ¥65,163 million (an increase of 0.9% year on year), while operating income stood at ¥2,697 million (a decrease of 12.2% year on year) due to declining sales in the pharmaceutical products business division.

<Net Sales of divisions>

(Millions of yen)

	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change
Oral Care Products Division	25,916	25,623	292	1.1%
Beauty Care Products Division	19,134	17,457	1,677	9.6%
Pharmaceutical Products Division	20,112	21,488	(1,375)	(6.4%)

Oral Care Products Division

In the Oral Care Products Division, Lion focused on fostering its Clinica Series, Dent-Health Series and Dentor Systema series, with the Dentor Systema series developing into a ¥10 billion brand during the previous fiscal year.

In toothpastes, along with a considerable rise in sales for the Company's mainstay brand, Clinica, compared with the same period of the previous fiscal year, favorable sales of Dent Health—a highly functional toothpaste for preventing periodontal disease—facilitated steady sales overall year on year.

In toothbrushes, overall sales increased considerably compared with the corresponding period of the previous fiscal year as a result of strong sales for Dentor Systema—which features ultra-fine bristles—and the release of the Dentor Systema “Sonic Assist” Brush, a lightweight product that features a low-noise design and uses sonic vibrations to completely remove grime deep within the periodontal pocket.

In mouthwash, owing to favorable sales for Dentor Systema EX Dental Rinse and firm sales increases for Clinica Dental Rinse, overall sales jumped considerably compared to the corresponding period of the previous fiscal year.

In dental products, although sales were sluggish for Lion's mainstay toothbrush series, DENT. EX Interdental Brush, sales of Brilliant More whitening toothpaste rose substantially compared with the same period of the previous fiscal year. This resulted in overall sales remaining steady.

Overseas, although toothpaste sales were weak in Thailand and South Korea, strong sales increases year on year were recorded for toothbrushes in China and other countries. However, while overall sales improved in the local currency, sales declined compared with the corresponding period of the previous fiscal year as a result of the impact of exchange rate fluctuations on yen conversions.

As a result of the above, net sales for this division stood at ¥ 25,916 million (a 1.1% increase compared with the corresponding period of the previous fiscal year).

Beauty Care Products Division

In the Beauty Care Products Division, in addition to cultivating its core KireiKirei brand series—a line of products that was augmented during the previous fiscal year—Lion actively developed new markets with the release of the new body care product, PRO TEC STYLE.

In hand soaps, sales of KireiKirei Medicated Foaming Hand Soap were strong amid a heightened awareness of the importance of hand washing due to the recent outbreak of the new H1N1 strain of influenza in Japan. This contributed to a substantial increase in overall sales over the first half of the previous fiscal year.

In antiperspirants and deodorants, owing to the release of the improved sheet-type product, Ban Refresh Shower Sheets, which continues to experience market expansion, and in conjunction with the launch of PRO TEC STYLE Deodorant Mist—a product that controls odors specific to men in their 30s—overall year-on-year sales remained steady.

Moreover, Lion continued to cultivate the functional food product category due to such factors as a two-fold increase in sales of the mail-order-sales-based product, Nicelim Essence Lactoferrin—a supplement that effectively delivers milk-derived lactoferrin to the intestines—compared with the first half of the previous fiscal year, thanks to the continuing patronage of customers.

Overseas, sales of hand soap in South Korea were robust. However, while overall sales increased in the local currency compared with the corresponding period of the previous fiscal year, sales declined year-on-year as a result of the impact of exchange rate fluctuations on yen conversions.

As a result of the above, net sales for this division stood at ¥19,134 million (a 9.6% increase compared with the corresponding period of the previous fiscal year).

Pharmaceutical Products Division

In the Pharmaceutical Products Division, in addition to such main brands as Bufferin and Smile, Lion made efforts to cultivate PAIR, which underwent improvements to its product lineup during the previous fiscal year.

In analgesics, despite actively undertaking measures to promote sales of Bufferin A, weak sales of this product stemming from intensifying competition led to a decline in overall sales compared with the same period of the previous fiscal year.

In eyedrops, although the sales of the Smile Contact Series remained robust, Lion's mainstay Smile 40EX was sluggish due to the impact of intensifying competition. Consequently, overall sales remained unchanged compared with the corresponding period of the previous fiscal year.

In tonics and nutrients, sales of the New Guromont brand of health tonic drinks remained steady. However, overall year-on-year sales remained flat as a result of sluggish sales of the Guronsan brand.

In insecticides, despite the release of the new fumigation-type product, Varsan CPM Jet, the impact of intensifying competition resulted in overall sales remaining sluggish.

In medicinal skin-care products, overall year-on-year sales doubled due to favorable customer reviews of PAIR A Tablets, an oral medicine for improving adult acne and rough skin.

As a result of the above, net sales for this division stood at ¥20,112 million (a 6.4% decrease compared with the corresponding period of the previous fiscal year).

Principal New Products

Dentor Systema "Sonic Assist" Brush
PRO TEC STYLE Deodorant Mist
Varsan CPM Jet

<Household Products>

(Millions of yen)

	FY2009 1st half	Ratio to net sales	FY2008 1st half	Ratio to net sales	Increase/ decrease	Change
Net sales	75,419		77,336		(1,917)	(2.5%)
Operating income	191	0.3%	(526)	—	718	—

In the Household Products Business, net sales were ¥75,419 million (a decrease of 2.5% year on year), and operating income stood at ¥191 million (an operating loss of ¥526 million was recorded for the same period of the previous fiscal year) due to a fall in manufacturing and distribution costs and decline in raw material prices.

<Net Sales of division>

(Millions of yen)

	FY2009 1st half	FY2008 1st half	Increase/ decrease	Change
Fabric Care Products Division	54,118	56,038	(1,920)	(3.4%)
Living Care Products Division	21,300	21,297	3	0.0%

Fabric Care Products Division

In the Fabric Care Products Division, Lion cultivated mainstay brands through such measures as releasing new products under the TOP brand to the expanding liquid laundry detergent market and by augmenting the product lineup for the fabric softener, SOFLAN.

In laundry detergents, overall year-on-year sales were steady due to the newly released TOP Clear Liquid—a liquid laundry detergent that completely removes invisible grime that causes odors and dullness—which has been receiving favorable reviews and to strong sales of Shoushu (Deodorizing) BLUE DIA.

In bleaches, although sales of Lion's mainstay Temanashi Bright remained steady, sales for Chokko Bright fell year on year as a result of intensifying competition. Consequently, overall sales were sluggish compared with the corresponding period of the previous fiscal year.

In fabric softeners, owing to Lion's augmentation of the Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) line of products—which features superior deodorizing effectiveness through a pleasant and long-lasting fragrance—overall sales rose considerably compared with the corresponding period of the previous fiscal year.

Overseas, robust sales were recorded for laundry detergents in Thailand and South Korea, and this led to a substantial rise year on year in overall sales. However, while overall sales increased substantially in the local currency compared with the corresponding period of the previous fiscal year, sales declined year-on-year as a result of the impact of exchange rate fluctuations on yen conversions.

As a result of the above, net sales for this division stood at ¥54,118 million (a 3.4 decline compared with the corresponding period of the previous fiscal year).

Living Care Products Division

In the Living Care Products Division, Lion released new high-value-added products under its main brand, CHARMY, and made efforts to cultivate the REED series of cooking-aid products to promote healthy and balanced eating habits.

In dishwashing detergents, sales of the CHARMY Awa no Chikara (Power of Suds) series—a product lineup that Lion strengthened during the previous year—rose substantially year on year. In addition, Lion released CHARMY Crysta Powder—a product which displays high detergency that completely washes away stubborn, greasy grime. As a result of these actions, overall sales jumped significantly compared with the corresponding period of the previous fiscal year.

In household cleaners, amid robust sales for the improved Ofuro no Look (bath cleaner) that entered the market last year, Lion released improved Look Noko (Strong & Effective) Pipeman. However, due to the impact of intensifying competition, overall sales remained flat.

In cooking-aid products, sales of improved REED Healthy-Cooking Paper, which was released during the previous year, were robust. This led to an increase in overall sales compared with the same period of the previous fiscal year.

Overseas, Lion dishwashing detergents enjoyed strong sales in Thailand and South Korea. However, while overall sales increased substantially in the local currency compared with the corresponding period of the previous fiscal year, sales declined year-on-year as a result of the impact of exchange rate fluctuations on yen conversions.

As a result of the above, net sales for this division stood at ¥21,300 million (a 0.0% rise compared with the corresponding period of the previous fiscal year).

Principal new products

TOP Clear Liquid

Kaori to Deodorant no SOFLAN (Soflan with Fragrance and Deodorant) – “Blue Rose Aroma” fragrance

CHARMY Crysta Powder

<Chemical Products>

(Millions of yen)

	FY2009 1st half	Ratio to net sales	FY2008 1st half	Ratio to net sales	Increase/ decrease	Change
Net sales	10,263		15,900		(5,637)	(35.5%)
Operating income	(734)	—	(61)	—	(673)	—

In the Chemical Products Business, net sales were ¥10,263 million (a decrease of 35.5% year on year), and an operating loss of ¥734 million (compared with the operating loss of ¥61 million in the same period of previous fiscal year).

In the Chemical Products Business, amid an ongoing harsh operating environment evidenced by the persistent extremely low level of production volume of domestic and foreign manufacturers, Lion

is implementing such measures as prioritizing the nurturing of highly functional products and revising its product mix in an effort to augment profitability.

In activators derived from fats and oils, due a decline in sales of surfactants for detergents and cosmetics and fatty acid methyl esters used in food additives in Japan, as well as fatty acid methyl esters for raw materials used in the production of alcohol overseas, overall sales remained sluggish compared with the first half of the previous fiscal year.

In electro-conductive carbon, sales for use in batteries in Japan and as a compound raw material overseas remained weak, resulting in a drop in overall sales compared with the first quarter of the previous fiscal year.

Note: Classification of product divisions changed during the current fiscal year.

<Others>

(Millions of yen)

	FY2009 1st half	Ratio to net sales	FY2008 1st half	Ratio to net sales	Increase/ decrease	Change
Net sales	1,558		3,742		(2,183)	(58.4%)
Operating income	(33)	—	68	1.8%	(102)	—

In the Others Businesses, net sales were ¥1,558million (a decrease of 58.4% year on year) due to a fall in the amount of works completions in its construction contractor business. An operating loss of ¥33 million was reported (operating income totaled ¥68 million for the same period of the previous fiscal year).

II. Qualitative Information Concerning Consolidated Financial Status

1. Status of Assets, Liabilities, Net Assets, and Cash Flows

<Consolidated Financial Status >

	FY 2009 1st half	FY 2008	Increase / Decrease
Total assets (millions of yen)	245,145	267,438	(22,293)
Net assets (millions of yen)	101,188	100,574	614
Shareholders' equity to total assets (%)	40.0	36.6	3.4p
Net assets per share * (yen)	362.94	362.02	0.92

* Minority interest and subscription rights were excluded from calculation of net assets per share.

Total assets fell ¥22,293 million compared with the corresponding period of the previous fiscal year, to ¥245,145 million. This is attributable to a reduction in cash and time deposits and trade notes and accounts receivables. Net assets rose ¥614 million year on year to ¥101,188 million. Shareholders' equity to total assets stood at 40.0%.

2. Status of Assets, Liabilities, Net Assets, and Cash Flows

<Consolidated Cash Flows>

	FY 2009 1st half	FY 2008 1st half	Increase / Decrease
Net cash provided by (used in) operating activities	(2,067)	(3,054)	987
Net cash provided by (used in) investing activities	(6,757)	(6,323)	(433)
Net cash provided by (used in) financing activities	(2,899)	(1,432)	(1,467)
Effect of exchange rate change on cash and cash equivalents	83	(346)	429
Net increase (decrease) in cash and cash equivalents	(11,641)	(11,156)	(484)
Cash and cash equivalents at end of period	21,457	22,062	(605)

Despite such major cash inflow increases as a decrease in notes and accounts receivable–trade and inventories, net cash used in operating activities declined to ¥2,067 million as a result of cash outflows, mainly comprising decreases in notes and accounts payable–trade.

Net cash used in investing activities decreased to ¥6,757 million. A major component of this was the purchase of property, plant and equipment and investment securities.

Net cash used in financing activities decreased to ¥2,899 million, due to the payment of dividends and repayment of long-term loans payable.

As a result, cash and cash equivalents as of June 30, 2009 declined ¥11,641 million compared with the end of the previous fiscal year to ¥21,457 million.

III. Qualitative Information Concerning the Forecast of Consolidated Financial Results

Initial performance forecasts (announced on February 6, 2009) for the full fiscal year have been changed in accordance with the announcement made on July 31, 2009.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	EPS (yen)
FY2009 forecast	325,000	9,000	9,000	4,000	14.80
FY2009 forecast(initial forecasts)	340,000	9,000	9,000	5,000	18.50
(Reference)FY2008 actual	338,236	8,277	7,603	3,040	11.23

Severely impacted by the global economic recession, the Japanese economy remained in a severe situation due to such factors as a substantial decline of corporate profits, which in turn had a deteriorating effect on the employment situation. The situation surrounding the domestic toiletries industry—which is the Lion Group’s main business domain—is expected to become increasingly severe as a result of uncertainty over raw material price trends and intensifying competition at the point of sale.

The Lion Group aims to maintain sustainable growth by taking steps to further strengthen its key brands through the introduction and cultivation of new, high-value-added products in growth markets and the enhancement of high-value added brands that are common to each country where the Group conducts business. In addition, the Group will undertake initiatives to bolster its earnings

base by further strengthening total cost-reduction measures in such as areas as manufacturing.

In the Health Care Business, Lion forecasts a rise in sales year on year due to efforts to augment its mainstay brands of toothpastes, toothbrushes, hand soaps and analgesics through the release and development of new products.

In the Household Products Business, despite efforts to cultivate main brands, including releasing new, high-value-added products in growing markets for laundry detergent and fabric softeners, Lion expects net sales to drop compared with the previous fiscal year. This is attributable to a reduction of overseas sales resulting from exchange rate fluctuations on currency conversions.

In the Chemical Products Business, Lion forecasts a fall in net sales stemming from a low level of demand that continues to persist.

In the Others Businesses, net sales for the others segment are expected to decrease year on year as a result of a fall in the amount of works completions completed in its construction contractor business.

As a result of the above, consolidated performance forecasts for the current fiscal year are as follows: A 3.9% decrease year on year in net sales to ¥325 billion; a 31.6% rise in net income compared with the previous fiscal year to ¥4 billion due to expected increases in income taxes—deferred following the sale of shares held in trust for retirement benefits; and an increase in operating income and ordinary income by 8.7% to ¥9 billion and 18.4% to ¥9 billion, respectively.

(Cash dividend)

Interim dividend payments for the current fiscal year will be ¥5 per share, with payments commencing on September 4, 2009. Year-end dividend payments are planned to be ¥5 per share, for a total of ¥10 per share in combination with the interim dividends.

(Preconditions for the Estimated Figures in Outlook for Fiscal 2009)

Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures:

¥95 = US\$1.00

¥2.75 = 1.00 baht

IV. Others

1. Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation):

None

2. Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements:

- (1) Simplified Accounting Method

- a. Methods for calculating corporate income tax, deferred income tax assets and deferred tax liabilities

Corporate tax payment calculation methods are limited to include significant additions/subtractions and tax deductions.

Methods that make use of performance forecasts and tax planning utilized during

the previous fiscal year are used to determine the collectability of deferred income tax assets, recognizing that no significant changes in the operating environment or temporary variances have occurred from the end of the previous fiscal year onward.

(2) Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements

None

3. Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements:

(1) Application of Accounting Standard for Quarterly Financial Reporting Statements

Effective from the fiscal year ending December 31, 2009, the Lion Group has applied the Accounting Standard for Quarterly Financial Reporting, Statement No. 12, issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007, as well as Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14, issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting. The Lion Group has also applied revised regulations concerning quarterly consolidated financial reporting.

(2) Application of Accounting Standard for the Measurement of Inventories

Effective from the first quarter of the fiscal year ending December 31, 2009, the Lion Group has adopted ASBJ Statement No. 9, issued on July 5, 2006, Accounting Standard for the Measurement of Inventories, with regard to inventory assets held for the purpose of carrying out regular retail activities. As a result, measurement standards have changed from stating inventories at cost to stating inventories at the lower of cost or net selling value (in relation to balance sheet values), which is defined as the selling price less the additional estimated manufacturing costs and direct selling expense. Consequently, the impact on income and loss for the consolidated first half of the current fiscal year has been minor.

(3) Application of Practical Solution on Unification of Accounting Standards Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the first quarter of the fiscal year ending December 31, 2009, the Lion Group has undertaken all essential adjustments following adoption of the Practical Issues Task Force No. 18 Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements, issued by the ASBJ on May 17, 2006. Therefore, retained earnings declined ¥308 million at beginning of period. Consequently, the impact on income and loss for the consolidated first half of the current fiscal year has been minor.

(4) Application of Accounting Standards for Lease Transactions

From the first quarter of the fiscal year ending December 31, 2009 onward, the Lion Group adopted the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 issued on June 17, 1993 by the First Subcommittee of the Business Accounting Council and last revised on March 30, 2007) and Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 issued on January 18, 1994 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants

and last revised on March 30, 2007), and can both be applied to quarterly consolidated financial statements for the fiscal year beginning from April 1, 2008 onward. Accordingly, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized under the former accounting standards, and all finance lease transactions shall be capitalized recognizing lease assets and lease obligations. Depreciation equivalent is computed on the straight-line method over the lease period without residual value. Consequently, the impact on income and loss for the consolidated first half of the current fiscal year has been minor.

V. Consolidated Quarterly Financial Reporting Statements

1. Consolidated Quarterly Balance Sheets

(Millions of yen)

	Interim FY2009 Ended June 30, 2009	Fiscal Year 2008 Ended December 31, 2008
Assets		
Current assets		
Cash and deposits	21,001	33,318
Notes and accounts receivable-trade	50,076	58,455
Short-term investments	675	—
Merchandise and finished goods	17,372	18,135
Work in process	2,141	2,377
Raw materials and supplies	5,296	5,810
Other	6,711	4,056
Allowance for doubtful accounts	(123)	(150)
Total current assets	103,152	122,003
Noncurrent assets		
Property, plant and equipment	63,988	63,473
Intangible assets		
Right of trademark	28,761	30,720
Other	1,783	1,977
Total intangible assets	30,545	32,697
Investments and other assets		
Investments and other assets	47,519	49,337
Allowance for doubtful accounts	(61)	(72)
Total investments and other assets	47,457	49,264
Total noncurrent assets	141,992	145,434
Total assets	245,145	267,438

(Millions of yen)

	Interim FY2009 Ended June 30, 2009	Fiscal Year 2008 Ended December 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,979	46,918
Short-term loans payable	6,225	6,213
Current portion of long-term loans payable	10,175	8,300
Accounts payable-other and accrued expenses	31,599	34,971
Income taxes payable	925	1,216
Provision for bonuses	580	—
Provision for sales returns	999	1,039
Provision for sales promotion expenses	388	216
Provision for directors' bonuses	102	118
Other	1,786	2,112
Total current liabilities	81,761	101,105
Noncurrent liabilities		
Long-term loans payable	36,025	39,050
Provision for retirement benefits	20,628	21,657
Provision for directors' retirement benefits	286	290
Other	5,255	4,760
Total noncurrent liabilities	62,195	65,758
Total liabilities	143,956	166,864
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	49,039	49,657
Treasury stock	(15,843)	(15,868)
Total shareholders' equity	99,130	99,723
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,446	1,060
Deferred gains or losses on hedges	(1)	(24)
Foreign currency translation adjustment	(2,464)	(2,912)
Total valuation and translation adjustments	(1,019)	(1,875)
Subscription rights to shares	110	109
Minority interests	2,967	2,617
Total net assets	101,188	100,574
Total liabilities and net assets	245,145	267,438

2. Consolidated Quarterly Statements of Income

(Millions of yen)

	Interim FY2009 Ended June 30, 2009
Net sales	152,404
Cost of sales	66,456
Gross profit	85,947
Selling, general and administrative expenses	83,774
Operating income	2,173
Non-operating income	
Interest and dividends income	226
Equity in earnings of affiliates	548
Royalty income	106
Foreign exchange gains	34
Other	341
Total non-operating income	1,257
Non-operating expenses	
Interest expenses	532
Other	63
Total non-operating expenses	596
Ordinary income	2,835
Extraordinary income	
Reversal of allowance for doubtful accounts	41
Total extraordinary income	41
Extraordinary loss	
Loss on disposal of noncurrent assets	91
Impairment loss	488
Loss on valuation of investment securities	152
Other	33
Total extraordinary losses	765
Income before income taxes and minority interests	2,111
Income taxes-current	607
Income taxes-deferred	135
Total income taxes	742
Minority interests in income	314
Net income	1,053

3. Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Interim FY2009 Ended June 30, 2009
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,111
Depreciation and amortization	6,059
Impairment loss	488
Increase (decrease) in provision for retirement benefits	(557)
Interest and dividends income	(226)
Interest expenses	532
Loss (gain) on disposal of noncurrent assets	91
Loss (gain) on valuation of investment securities	152
Equity in (earnings) losses of affiliates	(548)
Decrease (increase) in notes and accounts receivable-trade	8,866
Decrease (increase) in inventories	1,756
Increase (decrease) in notes and accounts payable-trade	(18,159)
Increase (decrease) in accounts payable-other and accrued expenses	(2,516)
Increase (decrease) in other current liabilities	11
Decrease (increase) in other current assets	150
Other, net	364
Subtotal	(1,424)
Interest and dividends income received	769
Interest expenses paid	(551)
Income taxes paid	(860)
Net cash provided by (used in) operating activities	(2,067)
Net cash provided by (used in) investment activities	
Purchases of property, plant and equipment	(5,438)
Proceeds from sales of property, plant and equipment	56
Purchase of intangible assets	(16)
Purchase of investment securities	(1,375)
Proceeds from sales of investment securities	11
Purchase of investments in subsidiaries	(3)
Payments of loans receivable	(21)
Collection of loans receivable	36
Other, net	(6)
Net cash provided by (used in) investment activities	(6,757)

(Millions of yen)	
	Interim FY2009 Ended June 30, 2009
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	4,247
Decrease in short-term loans payable	(4,390)
Repayment of long-term loans payable	(1,150)
Purchase of treasury stock	(24)
Proceeds from disposal of treasury stock	34
Cash dividends paid	(1,342)
Cash dividend to minority shareholders	(148)
Other, net	(125)
Net cash provided by (used in) financing activities	(2,899)
Effect of exchange rate change on cash and cash equivalents	83
Net increase (decrease) in cash and cash equivalents	(11,641)
Cash and cash equivalents at beginning of period	33,098
Cash and cash equivalents at end of period	21,457

Effective from the fiscal year ending December 31, 2009, the Lion Group has applied the Accounting Standard for Quarterly Financial Reporting, Statement No. 12, issued by the Accounting Standards Board of Japan (ASBJ) on March 14, 2007, as well as Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14, issued by the ASBJ on March 14, 2007. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting. The Lion Group has also applied revised regulations concerning quarterly consolidated financial reporting.

4. Notes Regarding Going-Concern Assumptions

None

5. Segment Information

(1) Business Segments

(Millions of yen)

	Interim FY2009 January 1 to June 30, 2009						
	Health Care Products	Household Products	Chemical Products	Others	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to outside customers	65,163	75,419	10,263	1,558	152,404	—	152,404
b) Intersegment sales	6	47	4,022	4,334	8,410	[8,410]	—
Total	65,169	75,466	14,285	5,892	160,814	[8,410]	152,404
Operating income(loss)	2,697	191	(734)	(33)	2,121	52	2,173

Notes:

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: Activators and electro-conductive carbon
- Other: Plant construction, real estate management, and transportation and storage

(2) Geographical Segments

(Millions of yen)

	Interim FY2009 January 1 to June 30, 2009				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	131,231	21,172	152,404	—	152,404
b) Intersegment sales	366	567	933	[933]	—
Total	131,598	21,740	153,338	[933]	152,404
Operating income	1,098	933	2,031	142	2,173

Notes:

1. Countries and regions have been grouped in accordance with geographic proximity.
2. The key countries and regions grouped as countries other than Japan are as listed below.
Asia: China, South Korea and Thailand

(3) Overseas sales

	Interim FY2009 January 1 to June 30, 2009		
	Asia	Other regions	Total
Overseas sales (millions of yen)	21,815	660	22,476
Consolidated net sales (millions of yen)	—	—	152,404
Percent of overseas sales in consolidated net sales (%)	14.3	0.4	14.7

Notes:

1. Countries and regions have been grouped in accordance with geographic proximity.
2. The key countries and regions grouped as each segments are as listed below.
 Asia: China, South Korea and Thailand
 Other regions: Europe, North America and others
3. Overseas sales include sales of Lion and its consolidated subsidiaries in countries and regions other than Japan.

6. Notes in the event of major changes in shareholders' equity

None

[Reference]

Consolidated Quarterly Financial Reporting Statements

1. Consolidated Statements of Income

	Interim FY2008 January 1 to June 30, 2008	
	Millions of yen	% of net sales
Net sales	161,548	100.0
Cost of sales	75,470	46.7
Gross profit	86,078	53.3
Selling, general and administrative expenses	83,551	51.7
Operating income	2,526	1.6
Non-operating income	1,240	0.7
Interest and dividends income	359	
Equity in earnings of affiliates	481	
Other	400	
Non-operating expenses	806	0.5
Interest expenses	561	
Other	245	
Ordinary income	2,960	1.8
Extraordinary income	91	0.0
Reversal of allowance for doubtful accounts	91	
Extraordinary loss	264	0.1
Loss on disposal of noncurrent assets	35	
Loss on valuation of investment securities	168	
Impairment loss	60	
Income before income taxes and minority interests	2,787	1.7
Income taxes-current	969	0.6
Income taxes-deferred	122	0.0
Minority interests in income	158	0.1
Net income	1,536	1.0

2. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Interim FY2008 (January 1 to June 30, 2008)
I. Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,787
Depreciation and amortization	6,154
Impairment loss	60
Increase (decrease) in provision for retirement benefits	(2,719)
Interest and dividends income	(359)
Interest expenses	561
Loss (gain) on disposal of noncurrent assets	35
Loss (gain) on valuation of investment securities	168
Equity in (earnings) losses of affiliates	(481)
Decrease (increase) in notes and accounts receivable-trade	7,173
Decrease (increase) in inventories	(940)
Increase (decrease) in notes and accounts payable-trade	(9,456)
Increase (decrease) in accounts payable-other and accrued expenses	(3,801)
Increase (decrease) in other current liabilities	(1,744)
Other, net	401
Subtotal	(2,159)
Interest and dividends income received	843
Interest expenses paid	(596)
Income taxes paid	(1,142)
Net cash provided by (used in) operating activities	(3,054)
II. Net cash provided by (used in) investment activities	
Decrease (increase) in time deposits	105
Purchase of property, plant and equipment	(5,585)
Proceeds from sales of property, plant and equipment	17
Purchase of intangible assets	(86)
Purchase of investment securities	(841)
Proceeds from sales of investment securities	2
Payments of loans receivable	(38)
Collection of loans receivable	43
Other, net	58
Net cash provided by (used in) investment activities	(6,323)
III. Net cash provided by (used in) financing activities	
Increase in short-term loans payable	3,681
Decrease in short-term loans payable	(3,622)
Repayment of long-term loans payable	(45)
Purchases of odd-lot shares, net	1
Proceeds from disposal of treasury stock	74
Cash dividends paid	(1,343)
Cash dividend to minority shareholders	(178)

Net cash provided by (used in) financing activities	(1,432)
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(Millions of yen)

	Interim FY2008 (January 1 to June 30, 2008)
IV. Effect of exchange rate change on cash and cash equivalents	(346)
V. Net increase (decrease) in cash and cash equivalents	(11,156)
VI. Cash and cash equivalents at beginning of period	33,219
VII. Cash and cash equivalents at end of period	22,062

3. Segment Information

(1) Business Segments

(Millions of yen)

	Interim FY2008 January 1 to June 30, 2008						
	Health Care Products	Household Products	Chemical products	Other	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to external customers	64,569	77,336	15,900	3,742	161,548	—	161,548
b) Intersegment sales	4	2	4,630	1,861	6,498	[6,498]	—
Total	64,574	77,338	20,531	5,603	168,047	[6,498]	161,548
Operating expenses	61,503	77,865	20,592	5,534	165,495	[6,473]	159,022
Operating income (loss)	3,071	(526)	(61)	68	2,551	[25]	2,526

(2) Geographical Segments

(Millions of yen)

	Interim FY2008 January 1 to June 30, 2008				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	136,646	24,901	161,548	—	161,548
b) Intersegment sales	437	746	1,183	[1,183]	—
Total	137,084	25,647	162,732	[1,183]	161,548
Operating expenses	135,226	25,110	160,337	[1,315]	159,022
Operating income	1,857	537	2,395	131	2,526

(3) Overseas sales

	Interim FY2008 January 1 to June 30, 2008		
	Asia	Other regions	Total
Overseas sales (millions of yen)	26,062	1,116	27,179
Consolidated net sales (millions of yen)	—	—	161,548
Percent of overseas sales in consolidated net sales (%)	16.1	0.7	16.8