

## Summary of Financial Statements for the Nine Months Ended September 30, 2009

November 4, 2009

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

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

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Scheduled date of filing of the quarterly financial report (Shihanki Houkokusho): November 13, 2009

Start date for payment of dividend: —

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

### 1. Consolidated Results for the Nine Months Ended September 30, 2009 (January 1, 2009 – September 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	%
Nine Months Ended September 2009	228,397	—	3,171	—	4,005	—	1,528	—
Nine Months Ended September 2008	242,128	(1.2)	2,893	(38.2)	3,152	(46.6)	1,616	(55.6)

	EPS(yen)	Diluted EPS(yen)
Nine Months Ended September 2009	5.65	5.65
Nine Months Ended September 2008	5.97	5.96

#### (2) 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, 2009	242,574	99,816	39.8	357.58
FY2008	267,438	100,574	36.6	362.02

Note: Shareholders' equity: September 30, 2009: ¥96,656 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 pages 11-12.

(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 11-13.

(4) Number of outstanding shares (common stock)

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

As of September 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 September 30, 2009: 28,807,154 shares As of December 31, 2008: 28,835,005 shares

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

As of September 30, 2009: 270,299,111 shares As of September 30, 2008: 270,744,190 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 page 11.

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 third quarter of the previous fiscal year have been listed as references in the section titled, Qualitative Information Concerning the Consolidated Results of Operations.

1. Performance Overview for the Consolidated Third Quarter of the Current Fiscal Year  
(January 1, 2009 – September 30, 2009)

Despite signs of a recovery in private consumption, the Japanese economy during the third quarter of the current fiscal year remained in a severe situation due to such factors as a substantial drop in corporate profits and the worsening employment situation. The domestic toiletries industry—the Lion Group’s main business domain—was faced with intensifying competition at the point of sale, causing operating conditions to remain severe.

In the wake of this situation, 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. Domestically, in addition to launching new high-value-added products in the Oral Care Products Division, Lion expanded the range of its product in the Fabric Care Products Division’s growth markets, and in the Beauty Care and the Living Care Products Divisions. Through these initiatives, Lion endeavored to enhance the growth of main brands. Furthermore, overseas, Lion took steps to cultivate common brands in each country and implemented cost-reduction measures that include decreasing manufacturing costs.

Lion made progress with these measures but net sales for the third quarter decreased 5.7% compared with the corresponding period of the previous fiscal year to ¥228,397 million. This was 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 at overseas subsidiaries due to high yen exchange rates. Operating income increased 9.6% to ¥3,171 million as a result of implementing total cost reduction measures such as lowering manufacturing costs. Ordinary income increased 27.1% to ¥4,005 million, and net income for the quarter dropped 5.4% to ¥1,528 million owing to such factors as the recording of an impairment loss.

<Consolidated Results>

(Millions of yen)

	Nine Months Ended September 2009	Ratio to net sales	Nine Months Ended September 2008	Ratio to net sales	Increase/ decrease	Change
Net sales	228,397		242,128		(13,730)	(5.7%)
Operating income	3,171	1.4%	2,893	1.2%	278	9.6%
Ordinary income	4,005	1.8%	3,152	1.3%	853	27.1%
Net income	1,528	0.7%	1,616	0.7%	(88)	(5.4%)

<Consolidated Business Segment>

(Millions of yen)

	Net sales				Operating income			
	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/decrease	Change	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/decrease	Change
Health Care Products	96,906	96,925	(18)	(0.0%)	3,320	3,882	(561)	(14.5%)
Household Products	113,464	116,183	(2,719)	(2.3%)	536	(925)	1,462	—
Chemical Products	15,981	24,266	(8,285)	(34.1%)	(790)	(204)	(586)	—
Others	2,045	4,752	(2,706)	(57.0%)	(19)	95	(114)	—
Eliminations and corporate	—	—	—	—	123	44	78	175.6%
Total	228,397	242,128	(13,730)	(5.7%)	3,171	2,893	278	9.6%

<Consolidated Geographical Segment>

(Millions of yen)

	Net sales				Operating income			
	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/decrease	Change	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/decrease	Change
Japan	195,110	205,151	(10,040)	(4.9%)	1,535	2,001	(465)	(23.3%)
Asia	33,286	36,976	(3,689)	(10.0%)	1,394	677	716	105.7%
Eliminations and corporate	—	—	—	—	241	214	27	12.7%
Total	228,397	242,128	(13,730)	(5.7%)	3,171	2,893	278	9.6%

2. Segment Information

<Health Care Products>

(Millions of yen)

	Nine Months Ended September 2009	Ratio to net sales	Nine Months Ended September 2008	Ratio to net sales	Increase/decrease	Change
Net sales	96,906		96,925		(18)	(0.0%)
Operating income	3,320	3.4%	3,882	4.0%	(561)	(14.5%)

In the Health Care Products Business, net sales were ¥96,906 million (a decrease of 0.0% year on year), while operating income stood at ¥3,320 million (a decrease of 14.5% year on year) due to declining sales in the pharmaceutical products division.

<Net Sales of divisions>

(Millions of yen)

	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/decrease	Change
Oral Care Products Division	37,888	38,248	(360)	(0.9%)
Beauty Care Products Division	29,354	26,109	3,245	12.4%
Pharmaceutical Products Division	29,664	32,567	(2,903)	(8.9%)

## **Oral Care Products Division**

In the Oral Care Products Division, Lion released new products in the mainstay Clinica series and focused on fostering the 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, amidst strong sales for Dent Health—a highly functional product that prevents periodontal disease—Lion released Clinica Advantage, a product that improves tooth structure to prevent cavities and uses Vitamin E to maintain healthy gums. However, due to the impact of intensifying competition, overall sales remained flat compared with the corresponding period of the previous fiscal year.

In toothbrushes, in addition to firm year-on-year sales of Lion's Dentor Systema series featuring super-tapered bristles and favorable customer reviews for 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, overall sales increased compared with the same period of the previous fiscal year.

In mouthwashes, owing to strong sales of Dentor Systema EX Dental Rinse and Clinica Dental Rinse, overall sales jumped substantially compared with 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 remained strong sales, resulting in an increase in overall sales year on year.

Overseas, toothbrush sales in Thailand and toothpaste sales in China and other markets performed favorably. Despite pushing up overall sales compared with the corresponding period of the previous fiscal year, the effect of exchange rate fluctuations on yen conversions brought about a dip in net sales.

As a result of the above, net sales for this division stood at ¥ 37,888 million, a 0.9% decrease compared with the corresponding period of the previous fiscal year.

## **Beauty Care Products Division**

In the Beauty Care Products Division, Lion has focused on cultivating the KireiKire series, which features a strengthened lineup of products, and has actively promoted the development of new markets through the release of such new products as PRO TEC HEAD.

In hand soaps, Lion released the new muscat grape-scented KireiKirei Medicated Foaming Hand Soap, amid a heightened awareness of the importance of hand washing due to the spread of the new H1N1 strain of influenza in Japan. This awareness contributed to a significant increase in overall sales compared with the same period of the previous fiscal year.

In antiperspirants and deodorants, sales of Lion's mainstay brand, Ban deodorant powder sprays, were sluggish due to the impact of market shrinkage. However, owing to the substantial year-on-year expansion in sales of deodorant body sheets that wipe away perspiration as well as favorable reviews for PRO TEC STYLE Deodorant Mist—a product that controls odors specific to

men in their 30s—overall sales rose slightly.

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 third quarter of the previous fiscal year, thanks to the continuing patronage of customers.

Overseas, sales of hand soap in South Korea were strong. 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 ¥29,354 million, a 12.4% 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, intensifying competition caused overall sales to remain sluggish.

In eyedrops, although the sales of the Smile Contact series remained steady, sales of Lion's mainstay Smile 40EX were weak due to the impact of intensifying competition. Consequently, overall sales decreased compared with the corresponding period of the previous fiscal year.

In tonics and nutrients, due to the impact of market shrinkage for the Guronsan and New Guromont brand of health tonic drinks, overall year-on-year sales remained weak.

In insecticides, despite favorable customer reviews for the new fumigation-type product, Varsan CPM Jet, the impact of intensifying competition resulted in a decline in sales compared with the corresponding period of the previous fiscal year.

Moreover, overall year-on-year sales for rose substantially owing to favorable 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 ¥29,664 million, an 8.9% decrease compared with the corresponding period of the previous fiscal year.

### **Principal New Products**

Clinica Advantage

Dentor Systema "Sonic Assist" Brush

PRO TEC STYLE Deodorant Mist

KireiKirei Medicated Foaming Hand Soap featuring a muscat grape scent

Varsan CPM Jet

<Household Products>

(Millions of yen)

	Nine Months Ended September 2009	Ratio to net sales	Nine Months Ended September 2008	Ratio to net sales	Increase/ decrease	Change
Net sales	113,464		116,183		(2,719)	(2.3%)
Operating income	536	0.5%	(925)	—	1,462	—

In the Household Products Business, net sales totaled ¥113,464 million, a decrease of 2.3% year on year. Following the operating loss of ¥925 million recorded in the same period of the previous fiscal year, operating income stood at ¥536 million due to a fall in manufacturing and distribution costs and a decline in raw material prices.

<Net Sales of division>

(Millions of yen)

	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/ decrease	Change
Fabric Care Products Division	80,379	83,055	(2,675)	(3.2%)
Living Care Products Division	33,084	33,128	(43)	(0.1%)

**Fabric Care Products Division**

In the Fabric Care Products Division, Lion cultivated new products under the mainstay TOP brand for the expanding liquid laundry detergent market, while cultivating the fabric softener, SOFLAN, which features an augmented lineup of products.

In laundry detergents, year-on-year sales for liquid laundry detergents rose significantly compared with the same period of the previous fiscal year owing to favorable reviews for TOP Clear Liquid, a new product that completely removes the invisible grime that causes odors and dullness. However, while BLUE DIA experienced strong sales in powdered laundry detergents, sales of mainstay TOP decreased year on year. As a result, and also owing to intensifying competition, overall laundry detergent sales remained sluggish.

In bleaches, although sales of Lion's mainstay Temanashi Bright remained firm, sales for Chokko Bright were weak as a result of intensifying competition. Consequently, overall year-on-year sales remained flat.

In fabric softeners, owing to favorable sales for Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant)—featuring 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, strong sales were recorded for laundry detergents in Thailand and South Korea, these leading to a substantial year-on-year rise 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 ¥80,379 million, a 3.2% decline compared with the corresponding period of the previous fiscal year.

### Living Care Products Division

In the Living Care Products Division, Lion strengthened the product lineup of its mainstay brand, CHARMY, while making an effort to cultivate the REED series of cooking-aid products to promote healthy and balanced eating habits.

In dishwashing detergents, year-on-year sales of the CHARMY Awa no Chikara (Power of Suds) series—which features a product lineup that includes the new fragrance, “Fresh Lemon”—increased substantially. In addition, the dishwasher detergent, CHARMY Crysta, experienced strong sales. Consequently, overall sales jumped considerably compared with the same period of the previous fiscal year.

In household cleaners, amid firm sales for Ofuro no Look (bath cleaner), Lion released improved Look Kirei no Mist. However, overall sales remained sluggish due to the impact of intensifying competition.

In cooking-aid products, sales of REED Healthy-Cooking Paper increased substantially compared with the previous fiscal year, with overall sales remaining solid.

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 ¥33,084 million, edging down 0.1% 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”

CHARMY Crysta Powder

CHARMY Awa no Chikara (Power of Suds)– “Fresh Lemon fragrances”

### <Chemical Products>

(Millions of yen)

	Nine Months Ended September 2009	Ratio to net sales	Nine Months Ended September 2008	Ratio to net sales	Increase/ decrease	Change
Net sales	15,981		24,266		(8,285)	(34.1%)
Operating income	(790)	—	(204)	—	(586)	—

In the Chemical Products Business, net sales totaled ¥15,981 million, a decrease of 34.1% year on year, and operating loss ¥790 million, compared with the operating loss of ¥204 million recorded in the same period of previous fiscal year.

The Chemical Products Business continued to face a severe operating environment. The volume of production by domestic and overseas chemical product manufacturers has persistently trended in a lower range. Under these conditions, Lion focused on nurturing highly functional products and worked to optimize its product portfolio. Through these and other initiatives, Lion strove to enhance profitability.

In activators derived from fats and oils, sales of surfactants for detergents and cosmetics and fatty acid methyl esters used in food additives in Japan as well as of fatty acid methyl esters used in the production of alcohol overseas all declined year on year. As a result, overall sales in this category were stagnant compared with the corresponding period of the previous fiscal year.

In electro-conductive carbon, sales for domestic use in secondary battery and as a compound raw material remained weak, resulting in a drop in overall sales in this category compared with the corresponding period of the previous fiscal year.

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

#### <Others>

(Millions of yen)

	Nine Months Ended September 2009	Ratio to net sales	Nine Months Ended September 2008	Ratio to net sales	Increase/ decrease	Change
Net sales	2,045		4,752		(2,706)	(57.0%)
Operating income	(19)	—	95	2.0%	(114)	—

In the Others Businesses, net sales decreased 57.0% year on year to ¥2,045 million due to a fall in the amount of works completions in its construction contractor business. An operating loss of ¥19 million was reported, operating income of ¥95 million having been recorded for the same period of the previous fiscal year.

## II. Qualitative Information Concerning Consolidated Financial Status

### 1. Status of Assets, Liabilities, Net Assets

#### <Consolidated Financial Status >

	Nine Months Ended September 2009	FY 2008	Increase/ decrease
Total assets (millions of yen)	242,574	267,438	(24,863)
Net assets (millions of yen)	99,816	100,574	(758)
Shareholders' equity to total assets <sup>*1</sup> (%)	39.8	36.6	3.2p
Net assets per share <sup>*2</sup> (yen)	357.58	362.02	(4.44)

\*1 Shareholders' equity to total assets = (Net assets – Subscription rights to shares – Minority interests) / Total assets

\*2 Subscription rights and minority interests were excluded from calculation of net assets per share.

Total assets fell ¥24,863 million compared with the corresponding period of the previous fiscal year,

to ¥242,574 million. This was attributable to a reduction in cash and time deposits and notes and accounts-trade receivable. Net assets declined ¥758 million year on year to ¥99,816 million. Shareholders' equity to total assets stood at 39.8%.

## 2. Status of Cash Flows

### <Consolidated Cash Flows>

(Millions of yen)

	Nine Months Ended September 2009	Nine Months Ended September 2008	Increase/ decrease
Net cash provided by (used in) operating activities	6,852	(1,363)	8,216
Net cash provided by (used in) investment activities	(12,083)	(8,697)	(3,386)
Net cash provided by (used in) financing activities	(5,637)	(2,335)	(3,301)
Effect of exchange rate change on cash and cash equivalents	(28)	(491)	463
Net increase (decrease) in cash and cash equivalents	(10,896)	(12,888)	1,991
Cash and cash equivalents at end of period	22,201	20,331	1,870

Net cash provided by operating activities, where there was a decrease in notes and accounts payable-trade, increased ¥6,852 million owing to reductions in notes and accounts receivable-trade.

Net cash used in investing activities decreased to ¥12,083 million. Major components of this were outflows for purchases of property, plant and equipment and investment securities.

Net cash used in financing activities decreased to ¥5,637 million, due to the payment of cash dividends and repayment of long-term loans payable.

As a result of the above, cash and cash equivalents as of September 30, 2009, decreased ¥10,896 million to ¥22,201 million compared with the end of the previous fiscal year.

## III. Qualitative Information Concerning the Forecast of Consolidated Financial Results

In the Chemical Products Business, Lion forecasts that business conditions will remain severe due to a delay in the recovery of demand. Recent movements in currency exchange rates have shown the yen to be stronger than the rate Lion used for making the previously announced forecasts. However, Lion expects no change in consolidated performance forecasts for the full fiscal year (announced on July 31, 2009). This is due to such factors as the release of new products and the cultivation of mainstay brands in the Health Care and Household Products businesses, both in Japan and overseas, as well as the promotion of cost-reductions measures.

## 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. Measurement methods for inventories

Inventories at the end of the third quarter of the current fiscal year, omitting stocktaking, are calculated using a rational method based on ending inventories at the end of the interim of the current fiscal year.

b. 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 third quarter 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 third quarter 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. There was no material impact of the application of this new accounting standard on Lion's performance for the first nine-month period under review.

## V. Consolidated Quarterly Financial Reporting Statements

### 1. Consolidated Quarterly Balance Sheets

(Millions of yen)

	Nine Months Ended September 30, 2009	Fiscal year Ended December 31, 2008
<b>Assets</b>		
Current assets		
Cash and deposits	18,053	33,318
Notes and accounts receivable-trade	42,469	58,455
Short-term investments	4,369	—
Merchandise and finished goods	19,493	18,135
Work in process	2,501	2,377
Raw materials and supplies	5,727	5,810
Other	6,665	4,056
Allowance for doubtful accounts	(129)	(150)
Total current assets	99,148	122,003
Noncurrent assets		
Property, plant and equipment	63,150	63,473
Intangible assets		
Right of trademark	27,781	30,720
Other	1,649	1,977
Total intangible assets	29,431	32,697
Investments and other assets		
Investments and other assets	50,889	49,337
Allowance for doubtful accounts	(46)	(72)
Total investments and other assets	50,843	49,264
Total noncurrent assets	143,425	145,434
Total assets	242,574	267,438

(Millions of yen)

	Nine Months Ended September 30, 2009	Fiscal year Ended December 31, 2008
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	30,642	46,918
Short-term loans payable	5,937	6,213
Current portion of long-term loans payable	10,175	8,300
Accounts payable-other and accrued expenses	28,259	34,971
Income taxes payable	826	1,216
Provision for bonuses	2,462	—
Provision for sales returns	980	1,039
Provision for sales promotion expenses	458	216
Provision for directors' bonuses	147	118
Other	2,000	2,112
Total current liabilities	81,891	101,105
Noncurrent liabilities		
Long-term loans payable	34,875	39,050
Provision for retirement benefits	20,479	21,657
Provision for directors' retirement benefits	290	290
Other	5,222	4,760
Total noncurrent liabilities	60,866	65,758
Total liabilities	142,758	166,864
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	48,162	49,657
Treasury stock	(15,847)	(15,868)
Total shareholders' equity	98,248	99,723
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,221	1,060
Deferred gains or losses on hedges	(14)	(24)
Foreign currency translation adjustment	(2,798)	(2,912)
Total valuation and translation adjustments	(1,591)	(1,875)
Subscription rights to shares	124	109
Minority interests	3,034	2,617
Total net assets	99,816	100,574
Total liabilities and net assets	242,574	267,438

## 2. Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine Months Ended September 30, 2009
Net sales	228,397
Cost of sales	98,640
Gross profit	129,757
Selling, general and administrative expenses	126,586
Operating income	3,171
Non-operating income	
Interest and dividends income	253
Equity in earnings of affiliates	874
Royalty income	151
Foreign exchange gains	23
Other	435
Total non-operating income	1,737
Non-operating expenses	
Interest expenses	791
Other	112
Total non-operating expenses	903
Ordinary income	4,005
Extraordinary income	
Reversal of allowance for doubtful accounts	48
Gain on sales of investment securities	12
Total extraordinary income	60
Extraordinary loss	
Loss on disposal of noncurrent assets	140
Impairment loss	662
Loss on valuation of investment securities	152
Other	33
Total extraordinary losses	989
Income before income taxes and minority interests	3,076
Income taxes-current	1,228
Income taxes-deferred	(165)
Total income taxes	1,063
Minority interests in income	485
Net income	1,528

### 3. Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Nine Months Ended September 30, 2009
<b>Net cash provided by (used in) operating activities</b>	
Income before income taxes and minority interests	3,076
Depreciation and amortization	9,203
Impairment loss	662
Increase (decrease) in provision for retirement benefits	(102)
Interest and dividends income	(253)
Interest expenses	791
Loss (gain) on disposal of noncurrent assets	140
Loss (gain) on sales of investment securities	(12)
Loss (gain) on valuation of investment securities	152
Equity in (earnings) losses of affiliates	(874)
Decrease (increase) in notes and accounts receivable-trade	16,193
Decrease (increase) in inventories	(1,270)
Increase (decrease) in notes and accounts payable-trade	(16,393)
Increase (decrease) in accounts payable-other and accrued expenses	(5,321)
Increase (decrease) in other current liabilities	(588)
Decrease (increase) in other current assets	295
Other, net	2,774
Subtotal	8,474
Interest and dividends income received	857
Interest expenses paid	(953)
Income taxes paid	(1,525)
Net cash provided by (used in) operating activities	6,852
<b>Net cash provided by (used in) investment activities</b>	
Purchases of property, plant and equipment	(6,878)
Proceeds from sales of property, plant and equipment	70
Purchase of intangible assets	(34)
Purchase of investment securities	(5,284)
Proceeds from sales of investment securities	34
Purchase of investments in subsidiaries	(3)
Payments of loans receivable	(23)
Collection of loans receivable	53
Other, net	(18)
Net cash provided by (used in) investment activities	(12,083)

(Millions of yen)

	Nine Months Ended September 30, 2009
<b>Net cash provided by (used in) financing activities</b>	
Increase in short-term loans payable	4,777
Decrease in short-term loans payable	(5,082)
Repayment of long-term loans payable	(2,300)
Purchase of treasury stock	(30)
Proceeds from disposal of treasury stock	36
Cash dividends paid	(2,698)
Cash dividend to minority shareholders	(148)
Other, net	(190)
Net cash provided by (used in) financing activities	(5,637)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(28)
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,896)
<b>Cash and cash equivalents at beginning of period</b>	33,098
<b>Cash and cash equivalents at end of period</b>	22,201

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)

	Nine Months Ended September 2009 (January 1 to September 30, 2009)						
	Health Care Products	Household Products	Chemical Products	Others	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to outside customers	96,906	113,464	15,981	2,045	228,397	—	228,397
b) Intersegment sales	8	80	5,763	5,659	11,511	[11,511]	—
Total	96,915	113,544	21,744	7,705	239,909	[11,511]	228,397
Operating income(loss)	3,320	536	(790)	(19)	3,047	123	3,171

Notes:

Categorization of business segments and principal products

Business 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)

	Nine Months Ended September 2009 (January 1 to September 30, 2009)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	195,110	33,286	228,397	—	228,397
b) Intersegment sales	654	808	1,462	[1,462]	—
Total	195,765	34,095	229,860	[1,462]	228,397
Operating income	1,535	1,394	2,929	241	3,171

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

	Nine Months Ended September 2009 (January 1 to September 30, 2009)		
	Asia	Other regions	Total
Overseas sales (millions of yen)	34,240	920	35,161
Consolidated net sales (millions of yen)	—	—	228,397
Percent of overseas sales in consolidated net sales (%)	15.0	0.4	15.4

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  
Nine Months Ended September, 2008**

**1. Consolidated Statements of Income**

	Nine Months Ended September, 2008 (Jan to Sep, 2008)
	Millions of yen
Net sales	242,128
Cost of sales	113,578
Gross profit	128,549
Selling, general and administrative expenses	125,656
Operating income	2,893
Non-operating income	1,485
Interest and dividends income	395
Equity in earnings of affiliates	537
Other	552
Non-operating expenses	1,226
Interest expenses	847
Other	378
Ordinary income	3,152
Extraordinary income	96
Reversal of allowance for doubtful accounts	96
Extraordinary loss	300
Loss on disposal of noncurrent assets	70
Loss on valuation of investment securities	168
Impairment loss	60
Income before income taxes and minority interests	2,948
Total income taxes	1,180
Minority interests in income	152
Net income	1,616

## 2. Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2008 (January 1 to September 30, 2008)
	Millions of yen
<b>I. Net cash provided by (used in) operating activities</b>	
Income before income taxes and minority interests	2,948
Depreciation and amortization	9,281
Impairment loss	60
Increase (decrease) in provision for retirement benefits	(4,135)
Interest and dividends income	(395)
Interest expenses	847
Loss (gain) on disposal of noncurrent assets	70
Loss (gain) on valuation of investment securities	168
Equity in (earnings) losses of affiliates	(537)
Decrease (increase) in notes and accounts receivable-trade	11,015
Decrease (increase) in inventories	(4,895)
Increase (decrease) in notes and accounts payable-trade	(7,053)
Increase (decrease) in accounts payable-other and accrued expenses	(7,286)
Increase (decrease) in other current liabilities	(2,580)
Decrease (increase) in other current assets	(79)
Other, net	2,889
Subtotal	318
Interest and dividends income received	1,088
Interest expenses paid	(1,024)
Income taxes paid	(1,747)
Net cash provided by (used in) operating activities	(1,363)
<b>II. Net cash provided by (used in) investment activities</b>	
Decrease (increase) in time deposits	103
Purchase of property, plant and equipment	(7,632)
Proceeds from sales of property, plant and equipment	24
Purchase of intangible assets	(94)
Purchase of investment securities	(1,156)
Proceeds from sales of investment securities	4
Payments of loans receivable	(52)
Collection of loans receivable	63
Other, net	44
Net cash provided by (used in) investment activities	(8,697)
<b>III. Net cash provided by (used in) financing activities</b>	
Increase in short-term loans payable	7,088
Decrease in short-term loans payable	(5,446)
Repayment of long-term loans payable	(1,196)
Purchases of odd-lot shares, net	(173)
Proceeds from sales of treasury stock	74
Cash dividends paid	(2,504)
Cash dividend to minority shareholders	(178)
Net cash provided by (used in) financing activities	(2,335)

	Nine Months Ended September 30, 2008 (January 1 to September 30, 2008)
	Millions of yen
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	(491)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(12,888)
<b>VI. Cash and cash equivalents at beginning of period</b>	33,219
<b>VII. Cash and cash equivalents at end of period</b>	20,331

### 3. Segment Information

#### (1) Business Segments

(Millions of yen)

	Nine Months Ended September 30, 2008 (January 1 to September 30, 2008)						
	Health Care Products	Household Products	Chemical products	Other	Total	Eliminations and corporate	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

#### (2) Geographical Segments

(Millions of yen)

	Nine Months Ended September 30, 2008 (January 1 to September 30, 2008)				
	Japan	Asia	Total	Eliminations and corporate	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

#### (3) Overseas sales

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