

**Summary of Consolidated Financial Statements for the Nine Months  
Ended September 30, 2010  
[Japanese Standard]**

November 5, 2010

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 quarterly financial report (Shihanki Houkokusho): November 12, 2010  
Start date for payment of dividend: —  
Supplementary materials prepared for quarterly results: Yes  
Quarterly results information meeting held: No

Figures in the tables are rounded down to the nearest million.

**1. Consolidated Results for the Nine Months Ended September 30, 2010**

(January 1, 2010 – September 30, 2010)

(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 Sep. 30, 2010	234,728	2.8	3,798	19.8	4,743	18.4	1,455	(4.8)
Nine Months Ended Sep. 30, 2009	228,397	—	3,171	—	4,005	—	1,528	—

	EPS	Diluted EPS
	Yen	Yen
Nine Months Ended Sep. 30, 2010	5.39	5.38
Nine Months Ended Sep. 30, 2009	5.65	5.65

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine Months Ended Sep. 30, 2010	239,635	100,767	40.8	363.46
FY2009	256,220	103,624	39.2	371.50

Note: Shareholders' equity: September 30, 2010: ¥97,693 million  
December 31, 2009: ¥100,415 million

## 2. Dividend

Record Date	Cash dividend per share / Yen				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
FY2009	—	5.00	—	5.00	10.00
FY2010 actual	—	5.00	—		
FY2010 plan				5.00	10.00

Note: Revision to Cash dividend forecast during period under review: None

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2010 (January 1, 2010 – December 31, 2010)

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

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2010	330,000	2.5	10,000	(0.4)	10,500	(5.8)	5,500	0.6	20.39

Note: Revision to consolidated earnings forecast during period under review: None

## 4. Others (for details, see page 11, "2. Other Information")

- (1) Significant changes in scope of consolidation during the period: No
- (2) Simplified accounting methods or special accounting practices: Yes
- (3) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:
  - a. Changes associated with revision in accounting standards: Yes
  - b. Other changes: No
- (4) Number of outstanding shares (common stock)
  - a. Number of outstanding shares on balance sheet dates (including treasury stocks):
    - As of September 30, 2010: 299,115,346 shares
    - As of December 31, 2009: 299,115,346 shares
  - b. Number of treasury stocks on balance sheet date:
    - As of September 30, 2010: 30,326,590 shares
    - As of December 31, 2009: 28,817,278 shares
  - c. Average shares outstanding over period (cumulative; consolidated)
    - As of September 30, 2010: 269,992,666 shares
    - As of September 30, 2009: 270,299,111 shares

#### Presentation of quarterly review procedure implementation status

This summary is out of the scope of quarterly review procedure based upon the Financial Instruments and Exchange Act. The Company's quarterly consolidated financial statements are under the review procedure process at the time of disclosure of this report based upon the Financial Instruments and Exchange Act.

#### Appropriate use of business forecast; other special items

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 "(3) Qualitative Information Concerning the Forecast of Consolidated Financial Results" on page 10.

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**1. Qualitative Information Concerning the Consolidated Results of Operations**  
**(1) Performance Overview for the Consolidated Third Quarter of the Current Fiscal Year**  
**(January 1, 2010 – September 30, 2010)**

The recovery taking place in the Japanese economy during the consolidated third quarter (January 1, 2010 to September 30, 2010) of the 2010 fiscal year weakened despite improvements in corporate profits and signs of a recovery in personal consumption. This was the result of such factors as a gradual decline in consumer prices and stagnant exports on the back of the progressive strengthening of the yen.

At the same time, the domestic toiletries industry—the Lion Group's main business domain—was faced with intensifying competition in stores, causing operating conditions to remain severe.

In the wake of these harsh operating conditions, the Lion Group is taking steps to bolster its growth base through such measures as cultivating mainstay brands and developing new markets with the aim of improving corporate value. In addition, the Group is working to increase profitability by promoting cost-reduction measures in such areas as manufacturing and distribution. In Japan during the third quarter of the 2010 fiscal year, the Group released new, high-value-added products in the Fabric Care Products Division and Oral Care Products Division, while the Pharmaceutical Products Division made a full-scale entry into the combination cold medicine market. Overseas, the Group promoted common global brands and original local brands primarily for laundry detergents and in the oral care segment. Amid a recovery of industrial demand, Lion focused primarily on cultivating highly functional products in the Chemical Products Business.

As a result, consolidated results for the period under review are as follows: There was a 2.8% increase in net sales year on year to ¥234,728 million. Turning to profits, Lion recorded an operating income of ¥3,798 million (a 19.8% rise year on year) and an ordinary income of ¥4,743 million (an 18.4% improvement year on year) due to a rise in net sales and to cost-reduction measures focusing on manufacturing. In addition, net income stood at of ¥1,455 million, a 4.8% decrease compared to the same period of the previous fiscal year, because of a return of tax expenses.

**<Consolidated Results>**

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Ratio to net sales	Nine Months Ended Sep.30, 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	234,728		228,397		6,331	2.8%
Operating income	3,798	1.6%	3,171	1.4%	627	19.8%
Ordinary income	4,743	2.0%	4,005	1.8%	737	18.4%
Net income	1,455	0.6%	1,528	0.7%	(72)	(4.8%)

**<Consolidated Business Segment>**

(Millions of yen)

	Net sales				Operating income			
	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/decrease	Change	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/decrease	Change
Health Care Products	94,725	96,906	(2,181)	(2.3%)	2,677	3,320	(642)	(19.4%)
Household Products	116,979	113,464	3,515	3.1%	1,454	536	917	171.0%
Chemical Products	18,623	15,981	2,642	16.5%	(614)	(790)	176	—
Others	4,400	2,045	2,354	115.1%	239	(19)	258	—
Eliminations and corporate	—	—	—	—	40	123	(82)	(67.1%)
Total	234,728	228,397	6,331	2.8%	3,798	3,171	627	19.8%

**<Consolidated Geographical Segment>**

(Millions of yen)

	Net sales				Operating income			
	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/decrease	Change	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/decrease	Change
Japan	197,885	195,110	2,774	1.4%	3,138	1,535	1,602	104.3%
Asia	36,843	33,286	3,556	10.7%	405	1,394	(988)	(70.9%)
Eliminations and corporate	—	—	—	—	254	241	12	5.3%
Total	234,728	228,397	6,331	2.8%	3,798	3,171	627	19.8%

**<Health Care Products>**

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Ratio to net sales	Nine Months Ended Sep. 30, 2009	Ratio to net sales	Increase/decrease	Change
Net sales	94,725		96,906		(2,181)	(2.3%)
Operating income	2,677	2.8%	3,320	3.4%	(642)	(19.4%)

**<Net Sales of divisions>**

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/decrease	Change
Oral Care Products Division	40,400	37,888	2,512	6.6%
Beauty Care Products Division	25,162	29,354	(4,192)	(14.3%)
Pharmaceutical Products Division	29,162	29,664	(502)	(1.7%)

## Oral Care Products Division

In the Oral Care Products Division, Lion released the new toothpaste brand, *platus*, while making efforts to cultivate the mainstay brand series, *Dentor Systema*, *Clinica* and *Dent-Health*.

In toothpastes, Lion's mainstay brands *Dentor Systema*, *Dent Health*—a highly functional product that prevents periodontal disease—and *Hitect*—a product that prevents pyorrhea owing to the use of a herbal medicinal ingredient—experienced firm sales. In addition, the new, high-value-added medicated whitening toothpaste, *platus creamy up paste*, has garnered favorable customer reviews. As a result, overall sales were steady compared with the corresponding period of the previous fiscal year.

In toothbrushes, sales of Lion's mainstay product series, *Dentor Systema*, and *Clinica*, were good, while the children's product, *KODOMO toothbrush*, featuring a new character, experienced favorable sales. Consequently, overall sales rose compared with the same period of the previous fiscal year.

In mouthwashes, sales of *Dentor Systema EX Dental Rinse* brand were steady, while the new milky-type dental rinse, *Dentor Systema Haguki (the gums) Plus Dental Rinse*, enjoyed high customer ratings. As a result, overall sales increased significantly compared to the same period of the previous fiscal year.

In dental products marketed to dental clinics, sales of the mainstay *DENT.EX Interdental Brush* remained favorable, while *DENT.EX Systema Vibrato Care*—a new, sonic-type electric toothbrush used for treating periodontal disease—received favorable ratings from customers. Consequently, overall sales improved substantially compared with the corresponding period of the previous fiscal year.

Overseas, sales of *Systema*-brand toothpaste and toothbrushes in Thailand, South Korea and China remained robust, leading to a considerable jump in overall sales year on year.

As a result of the above, net sales for this division stood at ¥40,400 million, a 6.6% rise 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 *KireiKirei* series and *Ban* brand antiperspirants and deodorants, with *Ban* featuring an augmented product lineup.

In hand soaps, Lion released *portable size KireiKirei Medicated Foaming Hand Sanitizer*, a new product that is easy to use anytime, anywhere, even without water. However, overall sales decreased year on year because the spread of the new H1N1 strain of influenza subsided.

In antiperspirants and deodorants, although sales for *Ban Refresh Shower Sheets*, a product that wipes away perspiration, were favorable, the impact of intensifying competition on Lion's mainstay powder sprays caused overall sales to decline compared with the same period of the previous fiscal year.

Moreover, overall sales in the functional food product categories jumped substantially compared with the corresponding period of the previous fiscal year owing to strong sales of the

mail-order-sales-based product, *Nicelim Essence Lactoferrin*—a supplement that effectively delivers milk-derived lactoferrin to the intestines.

Overseas, sales of *Shokubutsu-Monogatari*-brand body soap in Thailand were favorable. Consequently, overall sales increased significantly compared with the same period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥25,162 million, a 14.3% decrease compared with the corresponding period of the previous fiscal year.

### **Pharmaceutical Products Division**

In the Pharmaceutical Products Division, amid market shrinkage in the OTC drug market, Lion cultivated such mainstay brands as *Smile* and *Varsan*, as it released combination cold medicines under the *BUFFERIN* brand.

In analgesics, despite favorable sales of *BUFFERIN PLUS S* and *BUFFERIN Luna*, *BUFFERIN A* experienced stagnant sales due to intensifying competition. Consequently, overall sales remained unchanged year on year. In addition, Lion released the new combination cold medicine, *BUFFERIN “Kaze (Cold)” EX*, in September under the *BUFFERIN* brand name, which boasts a 47-year history. This new product has been receiving favorable customer reviews.

In eyedrops, *Smile 40EX GOLD*—a new product that effectively relieves the discomfort of eye fatigue and blurred vision—has experienced favorable customer evaluations. However, overall sales remained unchanged compared with the same period of the previous fiscal year because of the impact of intensifying competition on sales of the *Smile Contact* series.

In tonics and nutrients, sales of the *Guronsan* health tonic drink brand were firm, but sales of *New Guromont* were sluggish due to the impact of intensifying competition. As a result, overall year-on-year sales declined.

In insecticides, Lion released *Mizu De Hajimeru (Starts with Water) Varsan Pro CPM*, the most effective fumigation-type product within the *Varsan* product series, to favorable customer ratings. Despite this, overall sales fell compared with the same period of the previous fiscal year due to the impact of shrinking markets.

As a result of the above, net sales for this division stood at ¥29,162 million, a decrease of 1.7% compared with the previous fiscal year.

### **Principal New Products**

*platus creamy up paste*

*Between Ultra Compact*

*KODOMO toothbrush*

*Smile 40EX GOLD*

*BUFFERIN “Kaze (Cold)” EX*

*Mizu De Hajimeru (Starts with Water) Varsan Pro CPM*

<Household Products>

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Ratio to net sales	Nine Months Ended Sep. 30, 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	116,979		113,464		3,515	3.1%
Operating income	1,454	1.2%	536	0.5%	917	171.0%

<Net Sales of division>

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/ decrease	Change
Fabric Care Products Division	85,238	80,379	4,858	6.0%
Living Care Products Division	31,741	33,084	(1,343)	(4.1%)

**Fabric Care Products Division**

In the Fabric Care Products Division, Lion made an effort to cultivate its mainstay brands primarily by releasing the new super-concentrated liquid laundry detergent, *TOP NANOX*, and *Sterilizing & Antibacterial Bright W*— a new, liquid oxygen-based laundry bleach that cleans away worrisome germs and noticeable odors from laundry washed in recycled bath water.

In laundry detergents, the new product, *TOP NANOX*, received favorable customer reviews amid an expansion of the liquid laundry detergent market. At the same time, favorable sales were recorded for *Kaori Tsuzuku (Long-Lasting Fragrance) TOP* and for improved *ACRON*, which gently cleans clothing that is worn frequently. Consequently, overall sales increased substantially compared with the same period of the previous fiscal year.

In fabric softeners, although sales of Lion's mainstay *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant)* were steady, overall sales fell year on year due to the impact of intensifying competition on sales of *Funwari SOFLAN*.

In bleaches, the new product, *Sterilizing & Antibacterial Bright W*, received good customer ratings, leading to a significant jump in overall sales compared with the corresponding period of the previous fiscal year.

Overseas, strong sales were recorded for laundry detergents in Thailand. Consequently, overall sales rose substantially year on year.

As a result of the above, net sales for this division stood at ¥85,238 million, an increase of 6.0% compared with the same period of the previous fiscal year.

**Living Care Products Division**

In the Living Care Products Division, Lion focused on cultivating *CHARMY* dishwashing detergents, *LOOK* household cleaners and *REED* cooking-aid products.

In dishwashing detergents, sales of the *CHARMY Awa no Chikara (Power of Suds)* series were firm, while sales of the dishwasher detergent series, *CHARMY Crysta*, were favorable. However,

due to the impact of intensifying competition on sales of *CHARMY V Quick*, overall sales remained unchanged compared with the same period of the previous fiscal year.

In household cleaners, despite favorable sales of *Toire no LOOK Deodorizing EX (toilet bowl cleaner)*, sales of *LOOK Noko (Strong & Effective) Pipeman* and the improved *Ofuro no LOOK (bath cleaner)* were impacted by intensifying competition. Consequently, overall sales declined year on year.

In cooking-aid products, the effect of market shrinkage on sales of *REED Healthy-Cooking Paper* caused overall sales to drop compared with the corresponding period of the previous fiscal year.

Overseas, sales of dishwashing detergents in South Korea were sluggish, leading to overall sales remaining flat compared with same period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥31,741 million, a decrease of 4.1% compared with the corresponding period of the previous fiscal year.

### Principal new products

*TOP NANOX*

*Sterilizing & Antibacterial Bright W*

*ACRON*

*Ofuro no LOOK (bath cleaner)*

### <Chemical Products>

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Ratio to net sales	Nine Months Ended Sep. 30, 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	18,623		15,981		2,642	16.5%
Operating income	(614)	—	(790)	—	176	—

In the Chemical Products Business, net sales totaled ¥18,623 million, an increase of 16.5% year on year. Turning to operating income, Lion recorded an operating loss of ¥614 million, compared with an operating loss of ¥790 million for the corresponding period of the previous fiscal year.

Amid a recovery of industrial demand, Lion focused on cultivating highly functional products and undertaking cost-reduction measures in order to improve the profitability of the Chemical Products Business.

In activators derived from oil and fats, overseas sales of fatty acid methyl esters were stagnant due to the impact of the strong yen. However, domestic sales of surfactants used in detergents, cosmetics, synthetic resins, and civil engineering and construction were favorable. As a result, overall sales in this category rose significantly compared with the corresponding period of the previous fiscal year.

Domestic and overseas sales of electro-conductive carbon for use in secondary batteries and electronic components were strong. Consequently, overall sales in this category jumped

significantly compared with the same period of the previous fiscal year.

**<Others>**

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Ratio to net sales	Nine Months Ended Sep. 30, 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	4,400		2,045		2,354	115.1%
Operating income	239	5.4%	(19)	—	258	—

In the Others Businesses, net sales jumped 115.1% year on year to ¥4,400 million due to favorable operations in the construction contractor business. In addition, Lion recorded an operating income totaling ¥239 million, compared with an operating loss of ¥19 million for the same period of the previous fiscal year.

## (2) Qualitative Information Concerning Consolidated Financial Status

### 1) Status of Assets, Liabilities and Net Assets

#### <Consolidated Financial Status >

	Nine Months Ended Sep. 30, 2010	Fiscal 2009 (Ended Dec. 31, 2009)	Increase/ decrease
Total assets (millions of yen)	239,635	256,220	(16,585)
Net assets (millions of yen)	100,767	103,624	(2,857)
Shareholders' equity to total assets <sup>*1</sup> (%)	40.8	39.2	1.6p
Net assets per share <sup>*2</sup> (yen)	363.46	371.50	(8.04)

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

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

Total assets fell ¥16,585 million compared with the previous consolidated fiscal year-end to ¥239,635 million. This is primarily attributable to a reduction in notes and accounts receivable-trade. Net assets decreased ¥2,857 million year on year to ¥100,767 million. Shareholders' equity to total assets stood at 40.8%.

### 2) Status of Cash Flows

#### <Consolidated Cash Flows>

(Millions of yen)

	Nine Months Ended Sep. 30, 2010	Nine Months Ended Sep. 30, 2009	Increase/ decrease
Net cash provided by (used in) operating activities	7,864	6,852	1,011
Net cash provided by (used in) investment activities	(4,457)	(12,083)	7,626
Net cash provided by (used in) financing activities	(6,401)	(5,637)	(764)
Effect of exchange rate change on cash and cash equivalents	(72)	(28)	(43)
Net increase (decrease) in cash and cash equivalents	(3,064)	(10,896)	7,832
Cash and cash equivalents at end of period	29,748	22,201	7,546

Net cash provided by operating activities totaled ¥7,864 million. Major components of this increase in cash flow were a decrease in notes and accounts receivable-trade.

Net cash used in investment activities totaled ¥4,457 million. Major components of this fall in cash flow were outflows for the purchases of property, plant and equipment.

Net cash used in financing activities totaled ¥641 million. Major components of this decline in cash flow were the repayment of loans payable and the cash dividends paid.

As a result of the above, cash and cash equivalents as of September 30, 2010 decreased ¥3,064 million to ¥29,748 million compared with the consolidated fiscal year ended December 31, 2009. However, cash and cash equivalents as of September 30, 2010 increased ¥7,546 million compared with the corresponding period of the previous fiscal year.

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

In line with the announcement made on February 10, 2010, there are no changes to consolidated financial results forecasts for the full fiscal year.

The Japanese economy is expected to remain uncertain, due to the impact of falling consumer prices and sluggish export levels on the back of the strong yen. It is recognized that competition will continue to intensify in the domestic toiletries industry, the Lion Group's main business domain.

Under these circumstances, the Group will continue promoting initiatives to strengthen its growth base and increase its corporate value. Such initiatives include cultivating mainstay brands and releasing new products in growth markets.

In the Health Care Products Business, although Lion will undertake the full-scale release of combination cold medicines and cultivate mainstay brands, sales are expected to fall year on year due mainly to the subsiding of the new H1N1 strain of influenza.

In the Household Products Business, sales are forecasted to rise year on year owing to the cultivation of laundry detergents, which are selling favorably in both Japan and overseas, and the ongoing release of new, high-value-added products in growing markets.

The Chemical Products Business is anticipated to experience higher year-on-year sales accompanying a recovery in industrial demand.

The Others Businesses is forecasted to enjoy sales higher than the previous fiscal year due to strong operations in Lion's construction contractor business.

(Preconditions for the Estimated Figures in Outlook for Fiscal 2010)

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

¥89 = US\$1.00

¥2.70 = 1.00 baht

## 2. Other information

(1) Changes in Important Subsidiaries during the Period: None

(2) Simplified Accounting Method and Special Accounting Practices:

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 Construction Contracts

Previously, earnings from construction contracts had been recognized under the completed-contract method. Effective from the first quarter of the consolidated fiscal year ending December 31, 2010, however, the Lion Group has applied the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan (ASBJ) Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). Accordingly, with regard to construction contracts commenced on or after January 1, 2010, the percentage-of-completion method is applied if the outcome of the construction activities can be accurately estimated as of September 30, 2010. Otherwise, the completed-contract method shall be applied. Under the percentage-of-completion method, the percentage of completion as of September 30, 2010 is estimated based on the percentage of the cost incurred to the estimated total cost. Consequently, the impact on income and loss for the consolidated third quarter of the current fiscal year has been minor.

2) Application of Accounting Standard for Business Combination

Effective from the period under review, the Company has applied "Accounting Standard for Business Combination" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Revision of Accounting Standard for R&D Expenses" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Separation" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method" (ASBJ Statement No. 16, announced December 26, 2008), and "Accounting Standard for Business Separation and Application Guideline for Accounting Standard for Business Separation" (ASBJ Guideline No. 10, December 26, 2008).

### 3. Consolidated Financial Reporting Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	Nine Months Ended September 30, 2010	Fiscal 2009 (Ended December 31, 2009)
<b>Assets</b>		
Current assets		
Cash and deposits	17,256	31,387
Notes and accounts receivable-trade	43,309	52,440
Short-term investments securities	12,710	1,667
Merchandise and finished goods	18,526	17,076
Work in process	3,107	2,234
Raw materials and supplies	6,301	5,856
Other	5,380	5,714
Allowance for doubtful accounts	(71)	(122)
Total current assets	106,522	116,254
Noncurrent assets		
Property, plant and equipment	61,086	62,846
Intangible assets		
Right of trademark	23,865	26,803
Other	1,597	1,555
Total intangible assets	25,463	28,359
Investments and other assets		
Investments and other assets	46,603	48,811
Allowance for doubtful accounts	(39)	(52)
Total Investments and other assets	46,563	48,758
Total noncurrent assets	133,113	139,965
Total assets	239,635	256,220

Lion Corporation (Code 4912): Summary of Consolidated Financial Statements  
for the Nine Months Ended September 30, 2010

(Millions of yen)

	Nine Months Ended September 30, 2010	Fiscal 2009 (Ended December 31, 2009)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	33,300	39,825
Short-term loans payable	7,582	6,151
Current portion of long-term loans payable	6,166	6,050
Accounts payable-other and accrued expenses	30,820	35,330
Income taxes payable	1,076	1,258
Provision for bonuses	2,476	1,829
Provision for sales returns	720	764
Provision for sales promotion expenses	493	285
Provision for directors' bonuses	110	209
Other	1,593	2,201
Total current liabilities	84,339	93,907
Noncurrent liabilities		
Long-term loans payable	29,408	33,000
Provision for retirement benefits	19,756	20,204
Provision for directors' retirement benefits	298	290
Other	5,065	5,193
Total noncurrent liabilities	54,528	58,688
Total liabilities	138,867	152,595
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	50,843	52,099
Treasury stock	(16,531)	(15,851)
Total shareholders' equity	100,245	102,181
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	183	747
Deferred gains or losses on hedges	(18)	1
Foreign currency translation adjustment	(2,716)	(2,514)
Total valuation and translation adjustments	(2,551)	(1,765)
Subscription rights to shares	157	138
Minority interests	2,916	3,070
Total net assets	100,767	103,624
Total liabilities and net assets	239,635	256,220

**(2) Consolidated Statements of Income**

(Millions of yen)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Net sales	228,397	234,728
Cost of sales	98,640	100,554
Gross profit	129,757	134,174
Selling, general and administrative expenses	126,586	130,375
Operating income	3,171	3,798
Non-operating income		
Interest and dividends income	253	-
Interest income	-	61
Dividends income	-	265
Equity in earnings of affiliates	874	884
Royalty income	151	176
Foreign exchange gains	23	-
Other	435	445
Total non-operating income	1,737	1,833
Non-operating expenses		
Interest expenses	791	690
Foreign exchange losses	-	22
Other	112	175
Total non-operating expenses	903	888
Ordinary income	4,005	4,743
Extraordinary income		
Reversal of allowance for doubtful accounts	48	61
Gain on sales of investment securities	12	263
Total extraordinary income	60	324
Extraordinary loss		
Loss on disposal of noncurrent assets	140	468
Impairment loss	662	173
Loss on valuation of investment securities	152	285
Other	33	-
Total extraordinary losses	989	927
Income before income taxes	3,076	4,140
Income taxes-current	1,228	1,657
Income taxes-deferred	(165)	653
Total income taxes	1,063	2,310
Minority interests in income	485	374
Net income	1,528	1,455

**(3) Consolidated Quarterly Statements of Cash Flows**

(Millions of yen)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	3,076	4,140
Depreciation and amortization	9,203	9,128
Impairment loss	662	173
Increase (decrease) in provision for retirement benefits	(102)	1,189
Interest and dividends income	(253)	(327)
Interest expenses	791	690
Loss (gain) on disposal of noncurrent assets	140	468
Loss (gain) on sales of investment securities	(12)	(263)
Loss (gain) on valuation of investment securities	152	285
Equity in (earnings) losses of affiliates	(874)	(884)
Decrease (increase) in notes and accounts receivable-trade	16,193	8,928
Decrease (increase) in inventories	(1,270)	(2,868)
Increase (decrease) in notes and accounts payable-trade	(16,393)	(6,464)
Increase (decrease) in accounts payable-other and accrued expenses	(5,321)	(4,447)
Increase (decrease) in other current liabilities	(588)	(495)
Decrease (increase) in other current assets	295	(79)
Other, net	2,774	358
Subtotal	8,474	9,532
Interest and dividends income received	857	733
Interest expenses paid	(953)	(783)
Income taxes paid	(1,525)	(1,618)
Net cash provided by (used in) operating activities	6,852	7,864
<b>Net cash provided by (used in) investment activities</b>		
Purchase of property, plant and equipment	(6,878)	(4,142)
Proceeds from sales of property, plant and equipment	70	18
Purchase of intangible assets	(34)	(196)
Purchase of investment securities	(5,284)	(747)
Proceeds from sales of investment securities	34	655
Purchase of investments in subsidiaries	(3)	(130)
Payments of loans receivable	(23)	(2)
Collection of loans receivable	53	106
Other, net	(18)	(19)
Net cash provided by (used in) investment activities	(12,083)	(4,457)

Lion Corporation (Code 4912): Summary of Consolidated Financial Statements  
for the Nine Months Ended September 30, 2010

(Millions of yen)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	4,777	8,870
Decrease in short-term loans payable	(5,082)	(7,990)
Proceeds from long-term loans payable	-	700
Repayment of long-term loans payable	(2,300)	(4,175)
Purchase of treasury stock	(30)	(718)
Proceeds from disposal of treasury stock	36	1
Cash dividends paid	(2,698)	(2,711)
Cash dividends paid to minority shareholders	(148)	(181)
Other, net	(190)	(196)
Net cash provided by (used in) financing activities	(5,637)	(6,401)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(28)	(72)
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,896)	(3,066)
<b>Cash and cash equivalents at beginning of period</b>	33,098	32,812
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	-	2
<b>Cash and cash equivalents at end of period</b>	22,201	29,748

#### (4) Notes Regarding Going-Concern Assumptions

None

#### (5) Segment Information

[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

(Millions of yen)

	Nine Months Ended September 2010 (January 1 to September 30, 2010)						
	Health Care Products	Household Products	Chemical Products	Others	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to outside customers	94,725	116,979	18,623	4,400	234,728	—	234,728
b) Intersegment sales	13	144	6,959	3,391	10,509	[10,509]	—
Total	94,738	117,124	25,582	7,792	245,238	[10,509]	234,728
Operating income(loss)	2,677	1,454	(614)	239	3,757	40	3,798

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

[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

(Millions of yen)

	Nine Months Ended September 2010 (January 1 to September 30, 2010)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	197,885	36,843	234,728	—	234,728
b) Intersegment sales	558	982	1,540	[1,540]	—
Total	198,443	37,825	236,269	[1,540]	234,728
Operating income	3,138	405	3,543	254	3,798

Notes:

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

[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

	Nine Months Ended September 2010 (January 1 to September 30, 2010)		
	Asia	Other regions	Total
Overseas sales (millions of yen)	37,879	796	38,675
Consolidated net sales (millions of yen)	—	—	234,728
Percent of overseas sales in consolidated net sales (%)	16.1	0.3	16.5

Notes:

- Countries and regions have been grouped in accordance with geographic proximity.
- 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
- 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