

August 3, 2011

**First Half of the Fiscal Year Ending December 31, 2011
Financial Results Announcement**

Management Reports

Lion Corporation
Sadayoshi Fujishige, President

The Lion Corporation would like to extend its deepest condolences to the victims of the Great East Japan Earthquake and tsunamis and its sincerest wish for the earliest possible recovery of all stricken areas and the wellbeing of everyone.

Business Results for the First Half of Fiscal 2011

FY2011 Consolidated Financial Forecast

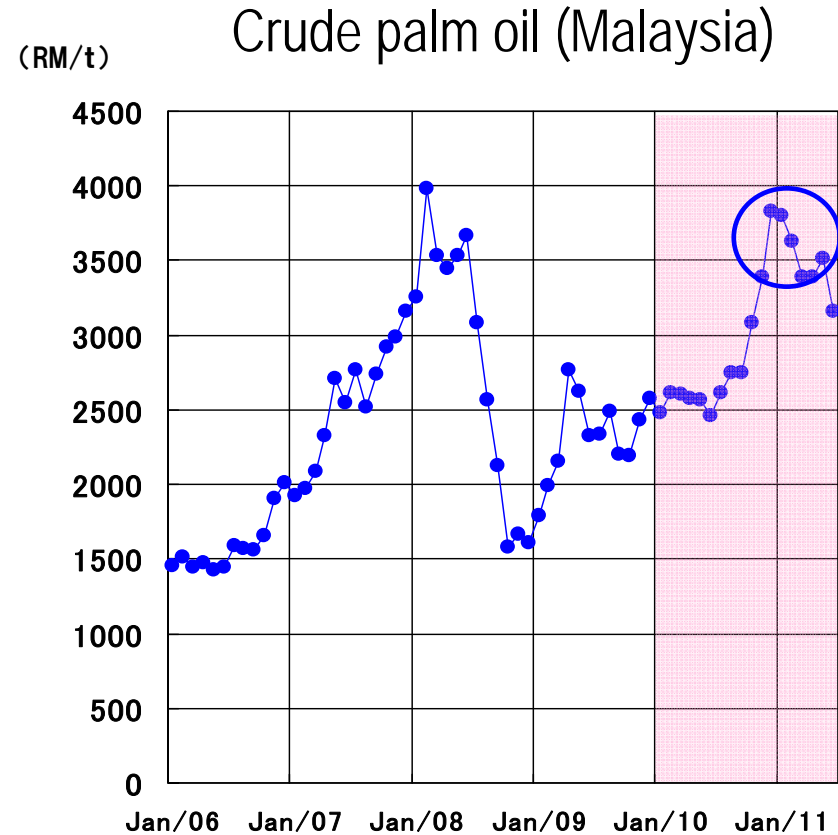
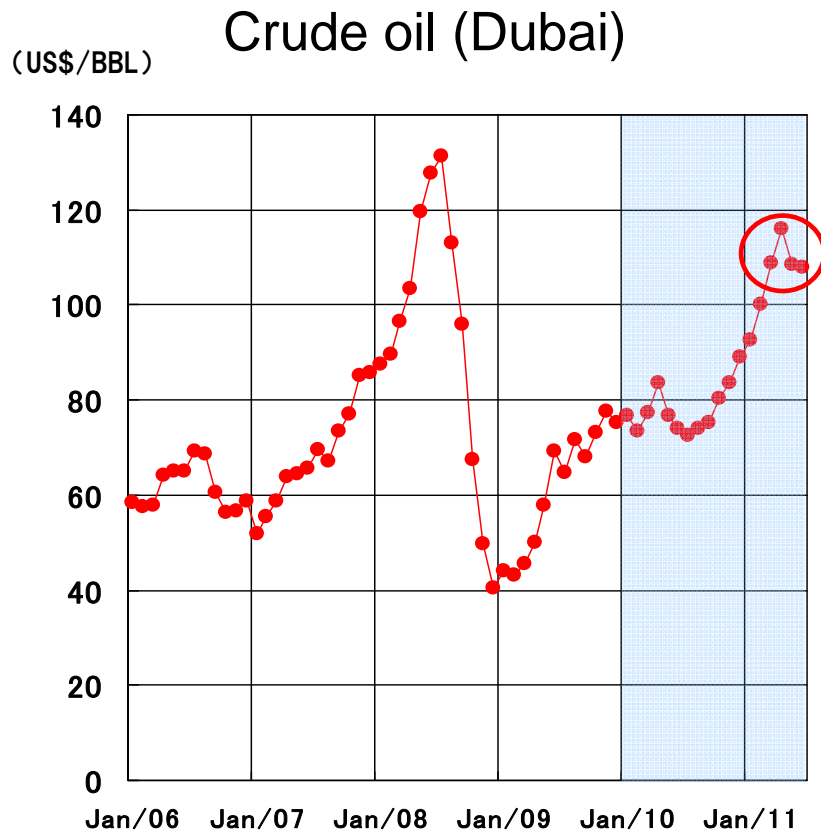


Forecast announced on February 10, 2011

(unit: ¥100 million)

	FY2010 Actual	FY2011 Forecast	Y-o-Y Change	Y-o-Y Change (%)	Jan. to Jun. FY2010	Jan. to Jun. FY2011 Forecast	Y-o-Y Change	Y-o-Y Change (%)
Net Sales	3,311.0	3,400.0	88.9	2.7	1,557.5	1,600.0	42.4	2.7
Operating Income % of Sales	105.0 3.2	110.0 3.2	4.9	4.8	27.5 1.8	30.0 1.9	2.4	8.9
Ordinary Income % of Sales	117.9 3.6	120.0 3.5	2.0	1.7	33.5 2.2	35.0 2.2	1.4	4.2
Net Income % of Sales	60.4 1.8	65.0 1.9	4.5	7.6	15.8 1.0	20.0 1.3	4.1	26.4

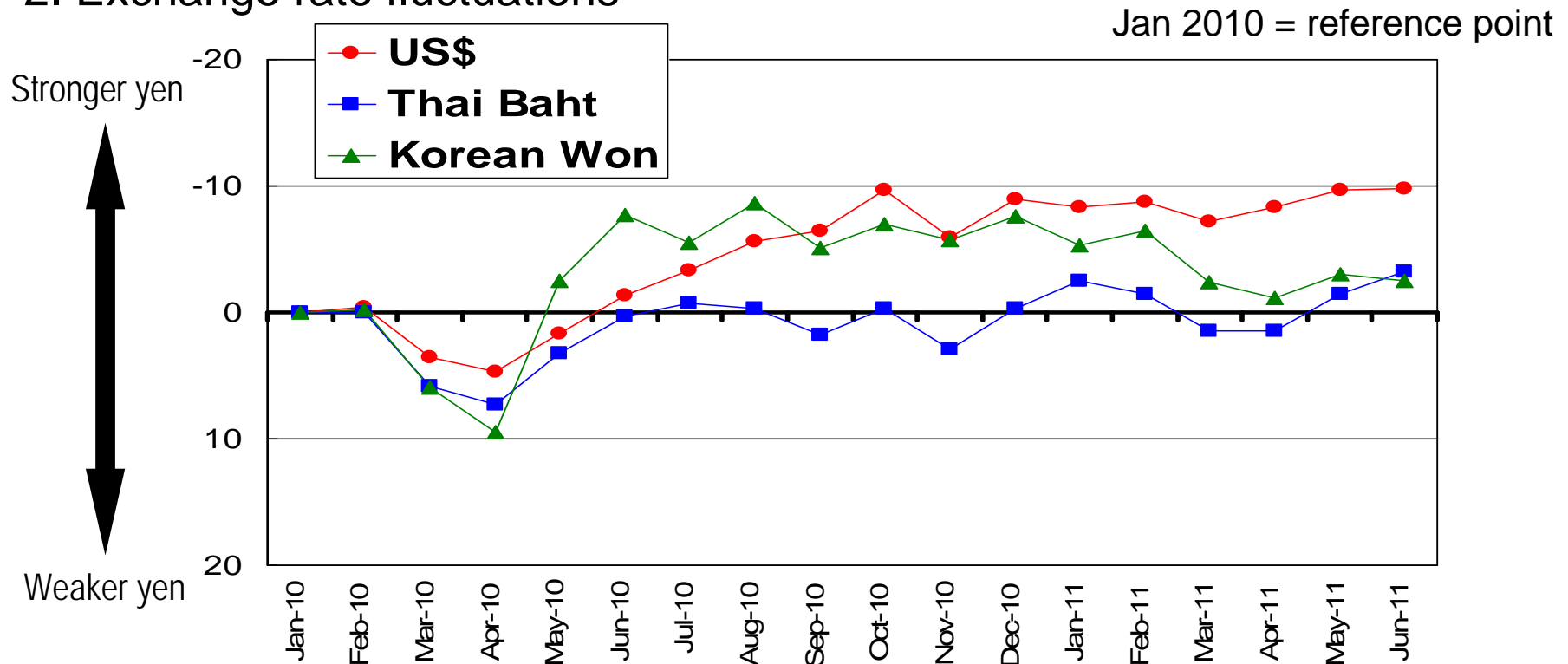
1. Trends in raw material prices



Raw material	Expected average annual price at the beginning of FY2011	Jan. to Jun. FY2011 (actual)	Jan. to Jun. FY2010 (actual)	Y-on-Y Change(%)
Crude oil	\$90/BBL	\$106/BBL	\$77/BBL	+37.1%
Crude palm oil	RM3,400/ton	RM3,480/ton	RM2,550/ton	+36.5%

High raw material prices led to a decrease in income of **¥2.1 billion**

2. Exchange rate fluctuations



Currency	Expected average annual rate at the beginning of FY2011	Jan. to Jun. FY2011 (actual)	Jan. to Jun. FY2010 (actual)	Y-on-Y Change(%)
US\$	85.0 yen/\$	81.9yen/\$	91.6yen/\$	10.0% (strong yen)
Thai Baht	2.76 yen/BT	2.68 yen/BT	2.79 yen/BT	3.9% (strong yen)
Korean Won	0.0736 yen/KRW	0.0749 yen/KRW	0.0795 yen/KRW	5.8% (strong yen)

Currency rate fluctuations caused a sales decrease

¥1.1 billion

Business Environment for First Half of 2011



3. Monthly Trends in Domestic Home Products Markets

Trends in the total of 42 home product markets in which Lion participates (percentage of previous year's results)

	FY2010	Jan.-11	Feb.-11	Mar.-11	Apr.-11	May.-11	Jun.-11	1st half - FY2011
Amount	102 ↗	102 ↗	102 ↗	102 ↗	99 ↘	99 ↘	102 ↗	101 ↗
No. of units	103 ↗	102 ↗	103 ↗	103 ↗	98 ↘	99 ↘	102 ↗	101 ↗
Unit price	99 ↘	100 →	99 ↘	99 ↘	101 ↗	100 →	99 ↘	100 →

*44 markets in FY2010

(Source: INTAGE Inc. SRI Survey)

4. Monthly Trends in Domestic OTC Drug Markets

Trends in the total of 8 OTC Drug markets in which Lion participates (percentage of previous year's results.)

	FY2010	Jan-11	Feb.-11	Mar.-11	Apr.-11	May.-11	Jun.-11	1st half - FY2011
Amount	96 ↘	99 ↘	102 ↗	104 ↗	99 ↘	95 ↘	96 ↘	99 ↘
No. of units	98 ↘	99 ↘	101 ↗	102 ↗	99 ↘	95 ↘	97 ↘	99 ↘
Unit price	98 ↘	100 →	100 →	103 ↗	100 →	100 →	100 →	101 ↗

(Source: INTAGE Inc. SDI Survey)

【Sales decrease】

¥8.0 billion

【Extraordinary loss】 (unit: ¥100 million)

■ Inventories	: 7.6
■ Facilities	: 7.1
■ Expenses	: 2.8
■ <u>Other</u>	: <u>10.4</u>
Total	: 28.0

Post-Disaster Restoration Status



Stopped
 Operating

		March	April	May
Production facilities	Lion Corporation's Chiba Plant (Ichihara City, Chiba Prefecture)		<i>4/11</i>	
	Lion Corporation's Odawara Plant (Odawara City, Kanagawa Prefecture)	<i>3/22</i>		
	Lion Packaging's Ichihara Plant (Ichihara City, Chiba Prefecture)	<i>3/15</i>		
	Lion Packaging's Fukushima Plant (Nishishirakawa District, Fukushima Prefecture)		<i>4/8</i>	
	Lion Chemical Co., Ltd.'s Fine Chemicals Office (Kamisu City, Ibaraki Prefecture)		<i>4/11</i>	
Distribution centers	Lion Corporation's Funabashi Distribution Center (Funabashi City, Chiba Prefecture)	<i>3/22</i>		
	Lion Corporation's Sendai Distribution Center (Sendai City, Miyagi Prefecture)		<i>4/27</i>	
Product supply		<i>3/18</i>		

Financial Highlights

Net Sales and Profits

(unit: ¥100 million)

	Jan.-Jun. FY2010	Jan.-Jun. FY2011 Actual	Y-on-Y Change	Y-on-Y Change (%)	Change from forecast announced on May,9, 2011	Change from forecast announced on May,9, 2011(%)
Net Sales	1,557.5	1,514.7	(42.7)	(2.7)	(85.2)	(5.3)
Operating Income	27.5	33.2	5.6	20.7	3.2	10.8
Ordinary Income	33.5	40.1	6.5	19.6	5.1	14.8
Net Income	15.8	0.4	(15.3)	(97.0)	(1.5)	(76.0)

Financial Highlights



Results by business segment

(unit: ¥ 100 million)

	Net sales				Segment income (operating income)			
	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y change	Y-on-Y change(%)	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y change	Y-on-Y change(%)
Consumer Products	1,246.4	1,192.7	(53.6)	(4.3)	17.3	20.5	3.2	18.5
Industrial Products	240.0	249.1	9.0	3.8	4.3	4.6	0.3	7.3
Overseas	255.9	266.8	10.8	4.3	2.4	3.2	0.7	31.5
Other	118.7	117.9	(0.7)	(0.7)	2.4	2.7	0.2	8.7
Subtotal	1,861.2	1,826.7	(34.4)	(1.9)	26.6	31.1	4.5	17.0
Adjustment	(303.6)	(311.9)	(8.2)	—	0.8	2.0	1.1	128.9
Consolidated total	1,557.5	1,514.7	(42.7)	(2.7)	27.5	33.2	5.6	20.7

Consumer Products: Net sales fell due to the disaster but earnings grew mainly because of the streamlining of promotional costs

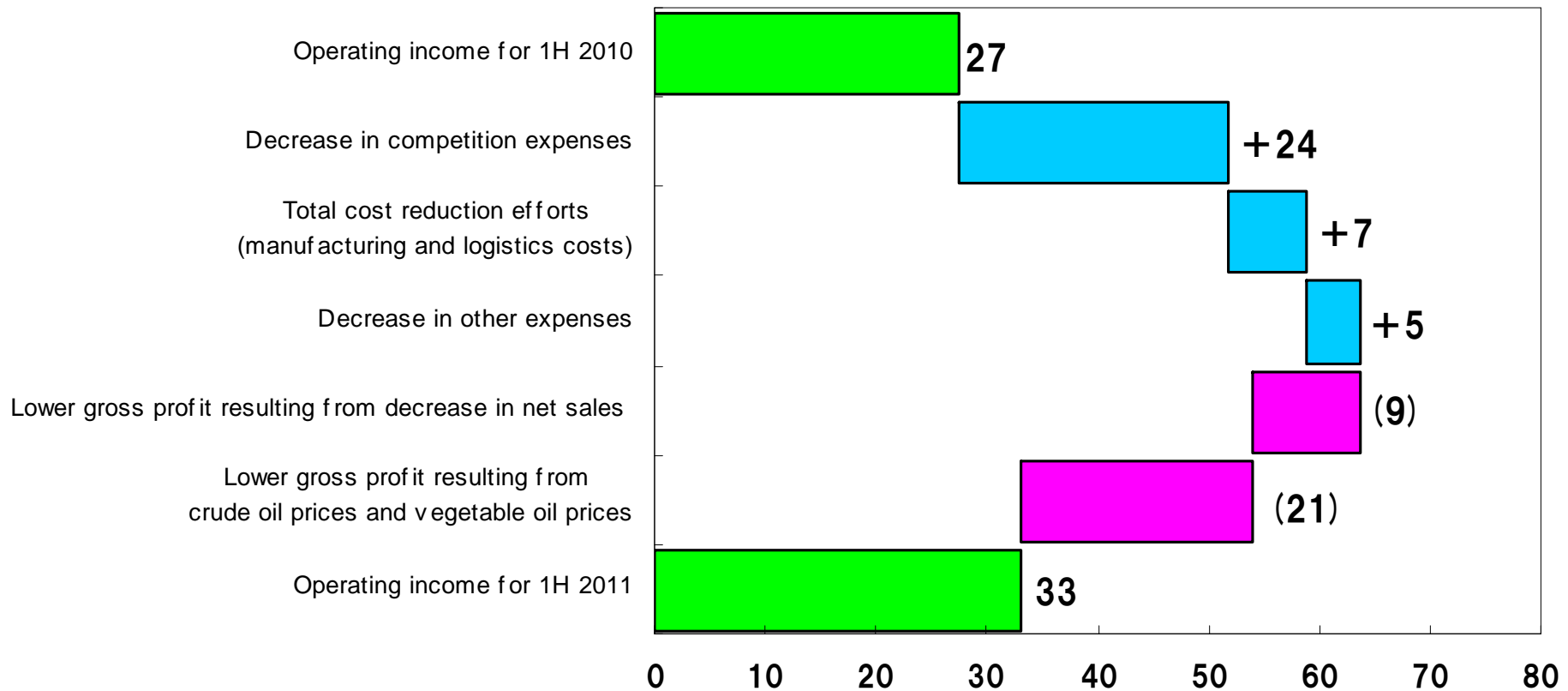
Industrial Products: Increase in sales of industrial cleaners

Overseas: Ongoing favorable sales (up 8.7% based on a local currency basis)

Financial Highlights

Y o Y Changes in Operating Income

(unit: ¥100 million)



Investing in Aggressive Marketing

Consolidated

(unit: ¥100 million)

	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Change
Advertising expenses	113.4	114.7	+1.3
Net sales ratio basis	7.3%	7.6%	+0.3%
Promotion expenses	345.3	320.9	(24.3)
Net sales ratio basis	22.2%	21.2%	(1.0%)

- Increased advertising expenses due to brand cultivation
- Decreased promotional costs by expanding sales of new and high-value-added products

Business Challenge in Fiscal 2011

1. Aim to become a leading company in the New Comfortable Lifestyle Support Industry

- Domestic: Introduce new products among mainstay brands in growth markets
- Overseas: Improve position in laundry detergent and oral care markets

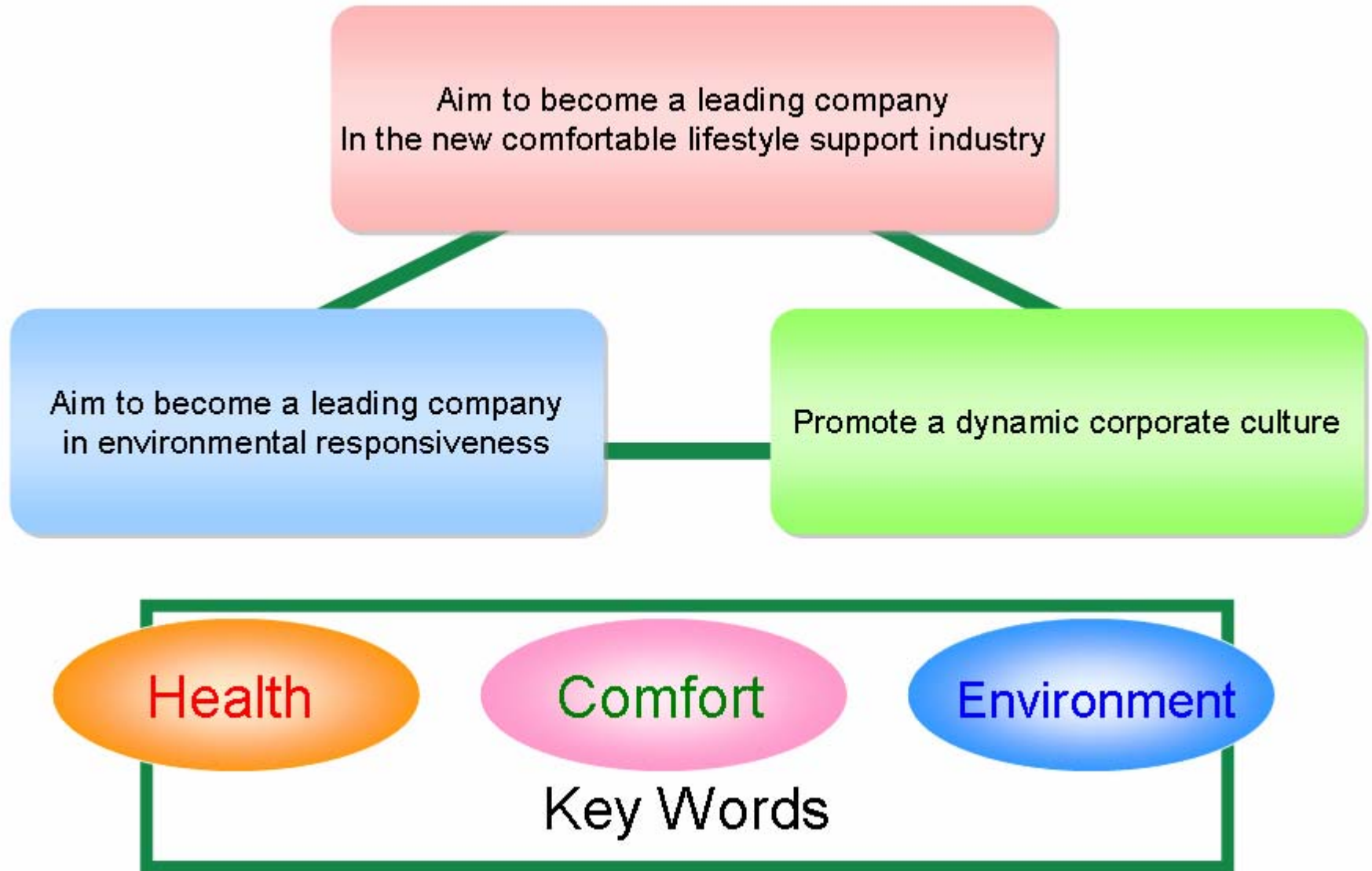
2. Aim to become a leading company in environmental responsiveness

- Utilize plant-based materials
- Protect the aquatic environment
- Expand the number of products that meet Lion Eco Standards
- Promote MES (plant-based detergent) business

3. Promote a dynamic corporate culture

- Three innovations
 - 1) Marketing innovation
 - 2) Sales innovation
 - 3) Corporate communication innovation

Lion's Three Visions



New Products Released in First Half of 2011

LION



- Ban (Released Feb.9, 2011)

Sales: Feb. to Jun. 2011
projection comparison 114%

The nano ion mechanism effectively controls noticeable odors and perspiration



- Dentor Systema Toothbrush (Released Mar.23, 2011)

“Dentor Systema Shikkari-Kegoshi (Core-Sheath Bristles) Type Toothbrush
“Dentor Systema Haguki Plus Toothbrush”

Sales: Mar. to Jun. 2011
projection comparison 100%

The super-tapered bristles and innovative bristle-placement pattern reach the periodontal pocket to prevent periodontal disease



•Heyaboshi (Hang-to-Dry Indoors) TOP

(Released Mar.23, 2011)

Sales:Mar. to Jun. 2011

projection comparison 107%

The blend of activated zinc ions
increases the deodorizing effect



•LOOK Mame-Pika Toilet Cleaner

(Released Mar.23, 2011)

Sales:Mar. to Jun. 2011

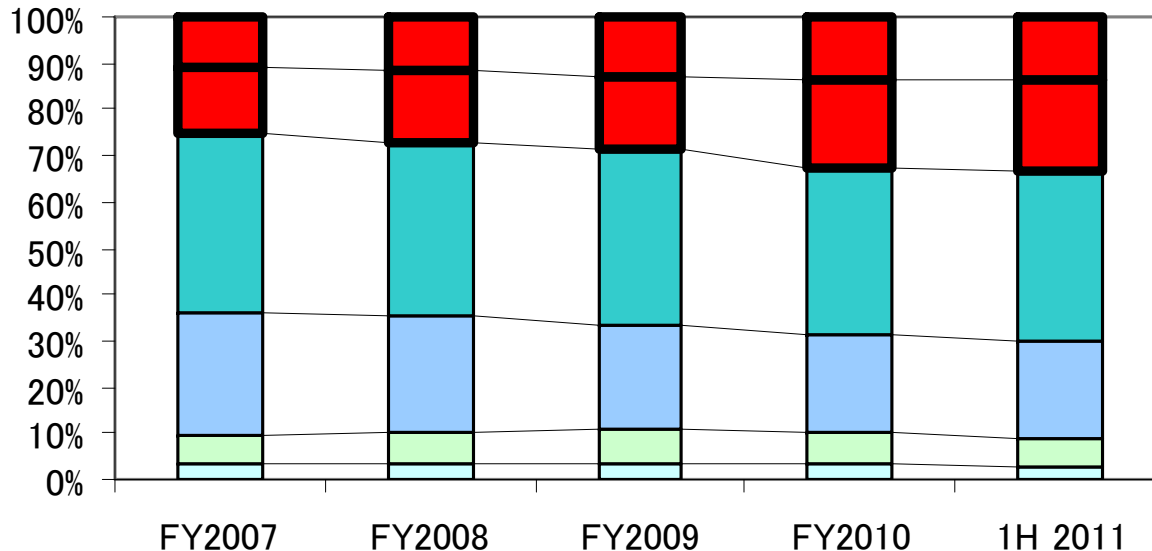
projection comparison 134%

Prevents toilet paper from
disintegrating when wiping

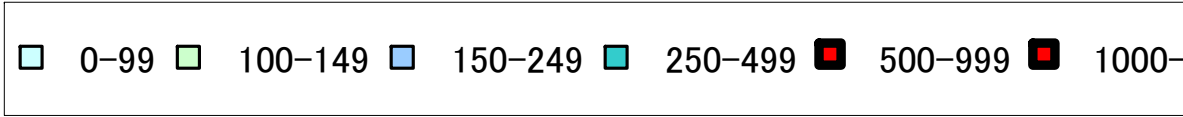


Status of New Products Released in FY2010

Composition Ratio by Toothpaste Price Range



Sales of Lion's three high-end toothpaste products rose 107% compared with the second quarter of FY2010 (Lion results)



Toothpaste market:

Increase composition ratio of products priced over ¥500

FY2007 25%

⇒ 1H FY2011 33%

(Source: INTAGE Inc. SRI Survey, based on monetary amounts)



■ Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Rich

(Released Oct. 6, 2010)

Sales: Jan. to Jun. 2011 projection comparison 112%

Composition ratio of deodorizing
and long-lasting fragrance types: **72%**

Market growth ratio of deodorizing
and long-lasting fragrance types: **107%**

Versus

Lion growth ratio: 126%

(Source: Lion)



■ TOP NANOX (Released Jan. 20, 2010)

First Half FY2011

Ratio of increase in retail sales: Approx. 15% UP (Compared with the first half of FY2010)

(Source: INTAGE Inc. SRI Survey based on monetary amounts)

Ratio of market composition of super-concentrated liquid laundry detergents increased from 11% in the first half of FY2010 to 16% in FY2011

Market growth rate of super-concentrated liquid laundry detergents: 148%

Versus

Lion growth rate: 167%
(Source: INTAGE Inc. SRI Survey)



LION Wellness Direct

Aiming for ¥5.0 billion in mail order business sales



Nicelim Essence Lactoferrin Released Apr. 2007

Sales: Jan. to Jun. 2011 Y-on-Y comparison 153%



Nicelim Essence Lactoferrin plus Labre Released Oct. 2009

Sales: Jan. to Jun. 2011 Y-on-Y comparison 180%



Tomato Su Seikatsu Released Oct. 2008

Sales: Jan. to Jun. 2011 Y-on-Y comparison 195%



Product type: functional food product (Vitamin B1)

Vitamin B1 produces energy from carbohydrates and is a nutrient that helps maintain healthy skin and mucous membranes

Blended with 180mg of panax notoginseng (per two tablets), which is processed into a powder

Released May 16, 2011

Sales: May to Jun. 2011 projection comparison 164%

Increase in net sales (+¥900 million Y-on-Y)

(Net sales include internal net sales within and among segments.)

- Esters used in food additives and surfactants
- Industrial cleaners and hand soap

Segment income (+¥30 million Y-on-Y)

- Rise in gross profits due to increased sales



Industrial Products Business' Overseas Growth Strategy **LION**

- Attain a 70% share of the tire adhesion prevention agent market in Japan for the Lion subsidiary Ipposha Oil Industries
- Establish a local subsidiary in Indonesia jointly financed by Lion and Ipposha Oil Industries

⇒ Aim to expand Asia businesses by strengthening sales capabilities



Aim to be No. 1 in Asia and worldwide in tire adhesion prevention agent sales

Overseas Business Expansion

LION

- Overseas sales in the 1st Half of FY2011
Y-on-Y change 104.3%(Real:108.7%)
Overseas sales ratio of the 1st Half of FY2010 15.5%
⇒ 1st Half of FY2011 16.7% (Sales to external customers)
- Promote strategies to strengthen its position in laundry detergent and oral care products markets in Asia



Increase capacity to strengthen its position in priority markets (laundry detergent/oral care products) in Asia

Malaysia

Laundry detergents



China

Oral care products



Thailand

Oral care products



Fiscal 2011 Consolidated Financial Forecast

Forecasts for raw material prices and currency

		Expected price at the beginning of FY2011 (for the year)	Jan.-Jun. FY2011 Actual	Jul.-Dec. FY2011 Forecast
Raw material	Crude oil (Dubai) (\$/BBL)	90.0	105.6	100.0
	Naphtha Indication (Yen/KL)	48,000	55,200	58,000
	Palm oil (MR/ton)	3,400	3,480	3,300
Currency	(Yen/\$)	85.0	81.9	82.0
	(Yen/BT)	2.80	2.70	2.70
	(Yen/Won)	0.0736	0.0742	0.0750

- Changing lifestyle needs due to the disaster
- Realizing the importance of cleanliness, hygiene and health

Five concepts for post-disaster product needs

Water/power conservation



Cleanliness/hygiene



Heat countermeasures



Pain relief



Energy/health maintenance



New Products to Be Released in Second Half of 2011 **LION**



PRO TEC Deodorant Soap



BATHTOLOGY Foam Body Care Wash, Care Bath Additive Aroma Rose



KireiKirei Medicated Gargle



TOP NANOX

Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Rich Juliette

CHARMY Awa no Chikara (Power of Suds)

REED Healthy-Cooking Paper

FY2011 Consolidated Financial Forecast



(unit: ¥100 million)

	FY2010	FY2011 Revised on Jul.29, 2011	Y-o-Y Change	Y-o-Y Change (%)
Net Sales	3,311.0	3,340.0	28.9	0.9
Operating Income % of Sales	105.0 3.2%	110.0 3.3%	4.9	4.8
Ordinary Income % of Sales	117.9 3.6%	120.0 3.6%	2.0	1.7
Net Income % of Sales	60.4 1.8%	47.0 1.4%	(13.4)	(22.2)

FY2011 Consolidated Financial Forecast



Net Sales By Business Segment

(unit: ¥100 million)

	FY2010	FY2011	Y-o-Y Change	Y-o-Y Change (%)
Consumer Products	2,435.4	2,420.0 2,480.0	(15.4) 44.5	(0.6) 1.8
Industrial Products	307.9	320.0	12.0	3.9
Overseas	505.0	540.0	34.9	6.9
Other	62.6	60.0	(2.6)	4.2
Total	3,311.0	3,340.0 3,400.0	29.0 88.9	0.9 2.7

*Upper figures show current change; lower figures represent initial forecasts

Factors Causing Changes in Results Forecasts (Japan, overseas)

- ❑ Post-disaster uncertainty in consumer trends
- ❑ Future uncertainty caused by high raw material prices and exchange rate fluctuations
- ❑ After temporarily subsiding, competition-related costs once again increased due to the disaster
- ❑ Intensifying competition among overseas businesses

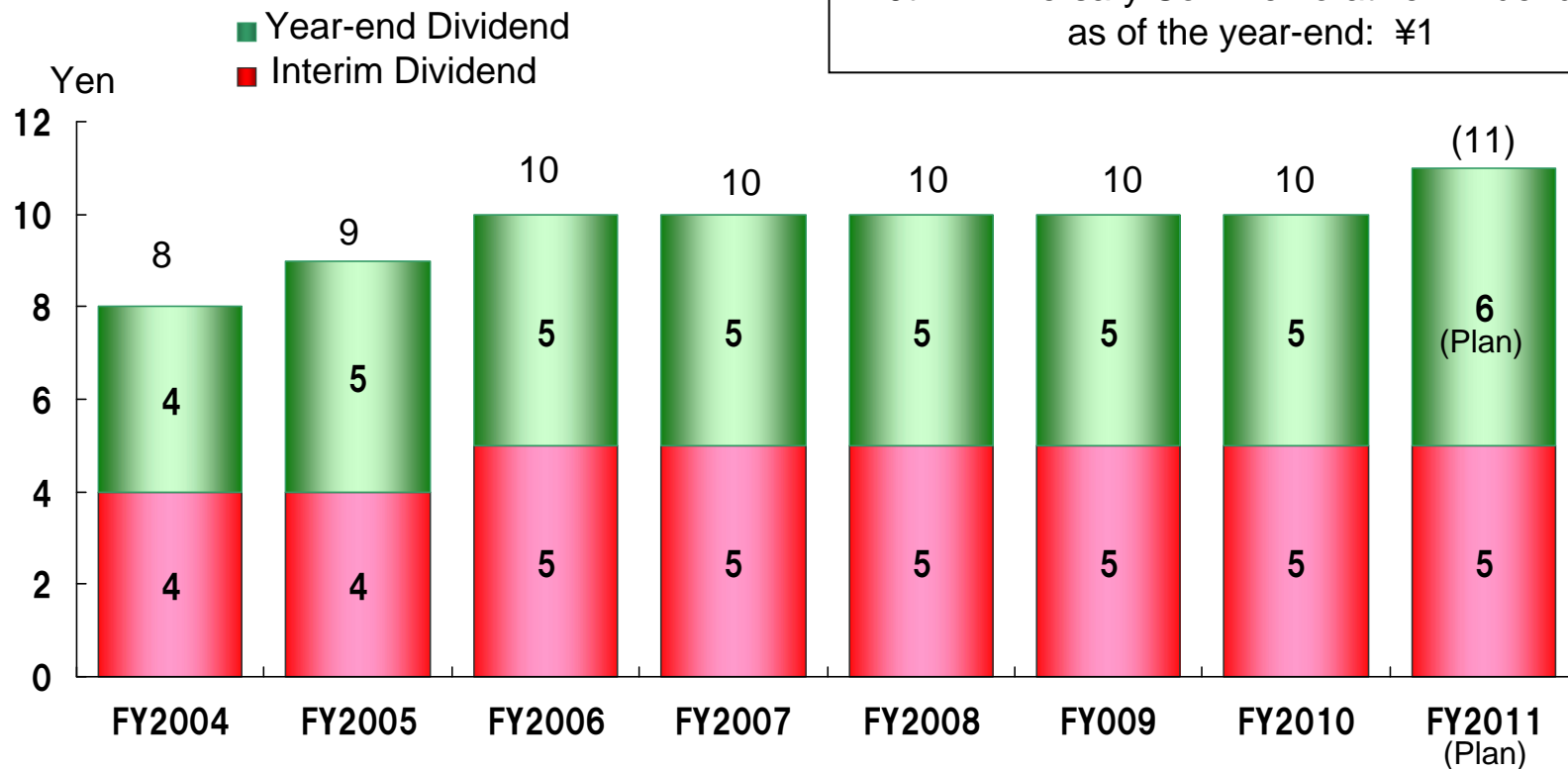
Competitive environment

Changes in mainstay market composition/emergence of major competitors

Cash Dividends Paid to Shareholders



Dividends per share (annual)



120th Anniversary Commemorative Dividend Paid as of the year-end: ¥1

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 (Plan)
Payout ratio (Non-consolidated)	—	54.7%	47.2%	53.2%	93.0%	65.4%	46.1%	

120

APPRECIATING YOUR SUPPORT

Reference Materials

Selling, General and Administrative Expenses (Consolidated) **LION**

		Jan.-Jun. FY2010		Jan.-Jun. FY2011		Change	
		¥100 million	% of sales	¥100 million	% of sales	¥100 million	% of sales
Selling, general and administrative expenses		869.0	55.8	837.2	55.3	(31.8)	(3.7)
	Sales commission	76.7	4.9	75.5	5.0	(1.2)	(1.6)
	Promotion expenses	345.3	22.2	320.9	21.2	(24.3)	(7.1)
	Transportation and warehousing expenses	71.6	4.6	69.0	4.6	(2.5)	(3.5)
	Advertising expenses	113.4	7.3	114.7	7.6	1.3	1.2
	Salaries and allowances	65.6	4.2	64.6	4.3	(1.0)	(1.5)
	Research and development expenses	42.7	2.7	42.9	2.8	0.1	0.4
	Other	153.5	9.9	149.3	9.9	(4.2)	(2.7)

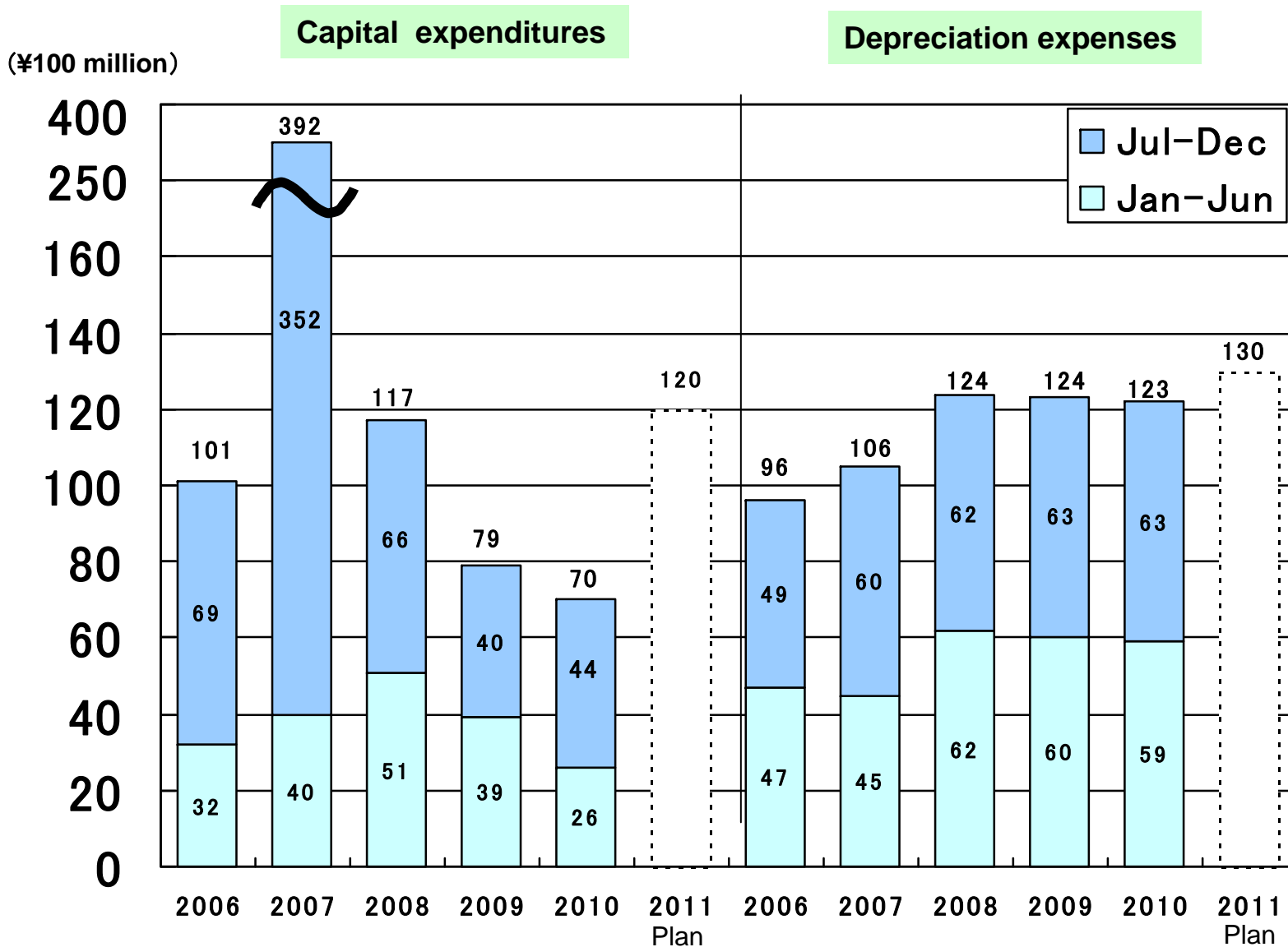
Significant Extraordinary Income or Loss (consolidated)



(unit: ¥100 million)

	Jan.-Jun. FY2010		Jan.-Jun. FY2011	
Extraordinary income	Reversal of allowance for doubtful accounts	0.6	Reversal of allowance for doubtful accounts	0.2
			Gain on disposal of noncurrent assets	0.2
	Total	0.6		0.4
Extraordinary loss	Loss on disposal of noncurrent assets	4.3	Loss on disaster	28.0
			Loss on disposal of noncurrent assets	0.3
	Impairment loss	0.5	Impairment loss	0.0
			Other	5.0
	Total	4.8	Total	33.3

Capital Expenditures and Depreciation Expenses (consolidated)



Note: Both capital expenditures and depreciation expenses include amounts for intangible assets.

Statements of Income (Consolidated)

(unit: ¥100 million)

	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y Change	Y-on-Y Change(%)
Net sales	1,557.5	1,514.7	(42.7)	(2.7)
Cost of sales	660.9	644.2	(16.6)	(2.5)
Gross profit	896.6	870.4	(26.1)	(2.9)
Selling, general and administrative expenses	869.0	837.2	(31.8)	(3.7)
Operating Income	27.5	33.2	5.6	20.7
Non-operating income	12.0	12.2	0.2	1.7
Non-operating expenses	6.0	5.3	(0.6)	(11.5)
Ordinary income	33.5	40.1	6.5	19.6
Extraordinary income	0.6	0.4	(0.1)	(23.3)
Extraordinary loss	4.8	33.3	28.5	586.2
Net income before income taxes	29.3	7.2	(22.0)	(75.3)
Income taxes	9.0	8.7	(0.3)	(3.5)
Adjustment of income taxes	2.0	(5.0)	(7.1)	—
Minority interests in earnings of consolidated subsidiaries	2.3	3.0	0.7	30.4
Net income	15.8	0.4	(15.3)	(97.0)

Consolidated Cash Flow (Consolidated)



(unit: ¥100 million)

	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Change
Net cash provided by (used in) operating activities	(1.7)	(98.6)	(96.8)
Net cash provided by (used in) investment activities	(34.6)	(53.1)	(18.5)
Net cash provided by (used in) financing activities	(37.7)	(48.0)	(10.3)
Effect of exchange rate change on cash and cash equivalents	(1.1)	(0.6)	0.4
Net increase (decrease) in cash and cash equivalents	(75.1)	(200.5)	(125.3)
Cash and cash equivalents at beginning of period	328.1	445.8	117.6
Cash and cash equivalents at end of period	252.9	245.3	(7.6)

Consolidated Balance Sheets (Selected) I

(unit: ¥100 million)

	FY2010 (Ended Dec 31, 2010)	1H FY2011 (Ended Jun 30, 2011)	Change
Current assets	1,314.2	1,113.2	(201.0)
Cash and time deposits	218.8	146.0	(66.7)
Notes and accounts receivable-trade	523.2	498.8	(24.3)
Short-term investments	235.1	101.4	(133.7)
Inventories	278.8	311.4	32.5
Noncurrent assets	1,295.1	1,279.1	(15.9)
Property, plant and equipment	606.6	595.8	(10.8)
Intangible assets	246.6	229.9	(16.7)
Investments and other assets	441.7	453.3	11.5
Total assets	2,609.3	2,392.3	(217.0)

Consolidated Balance Sheets (Selected) II

(unit: ¥100 million)

	FY2010 (Ended Dec. 31, 2010)	1H FY2011 (Ended Jun. 30, 2011)	Change
Current liabilities	1,026.9	845.5	(181.4)
Notes and accounts payable-trade	432.4	323.8	(108.6)
Short-term loans payable	77.7	78.1	0.3
Current portion of long-term loans payable	61.6	42.9	(18.7)
Accounts payable-other and accrued expenses	384.8	342.8	(41.9)
Noncurrent liabilities	524.8	510.1	(14.7)
Long-term loans payable	275.0	262.9	(12.0)
Provision for retirement benefits	196.1	192.5	(3.5)
Capital stock	344.3	344.3	—
Retained earnings	554.2	540.7	(13.5)
Treasury stock	(166.7)	(166.0)	(0.6)
Valuation difference on available-for-sale securities	9.1	0.2	(8.9)
Minority interests	29.8	30.0	0.2
Total liabilities and net assets	2,609.3	2,392.3	(217.0)

Results by business segment



Net sales and sales to external customers

(unit: ¥100 million)

	Net Sales			
	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y Change	Y-on-Y Change(%)
Consumer Products	1,246.4	1,192.7	(53.6)	(4.3)
	1,146.7	1,090.4	(56.2)	(4.9)
Industrial Products	240.0	249.1	9.0	3.8
	150.2	151.9	1.7	1.2
Overseas	255.9	266.8	10.8	4.3
	242.1	253.1	11.0	4.5
Other	118.7	117.9	(0.7)	(0.7)
	18.3	19.1	0.7	4.0
Net sales total	1,861.2	1,826.7	(34.4)	(1.9)
Sales to external customers total	1,557.5	1,514.7	(42.7)	(2.7)

Upper line: Net sales; Lower line: Sales to external customers

Net sales include internal net sales within and among segments.

Financial Highlights



Net Sales By Business Segment (Sales to external customers)

(unit: ¥100 million)

	Jan.-Jun. FY2011 Forecast	Jan.-Jun. FY2011 Actual	Change from announced forecast	Change from announced forecast (%)
Consumer Products	1,170.0	1,090.4	(79.5)	(6.8)
Industrial Products	152.0	151.9	(0.0)	(0.0)
Overseas	260.0	253.1	(6.8)	(2.6)
Other	18.0	19.1	1.1	6.2
Total	1,600.0	1,514.7	(85.2)	(5.3)

Financial Highlights

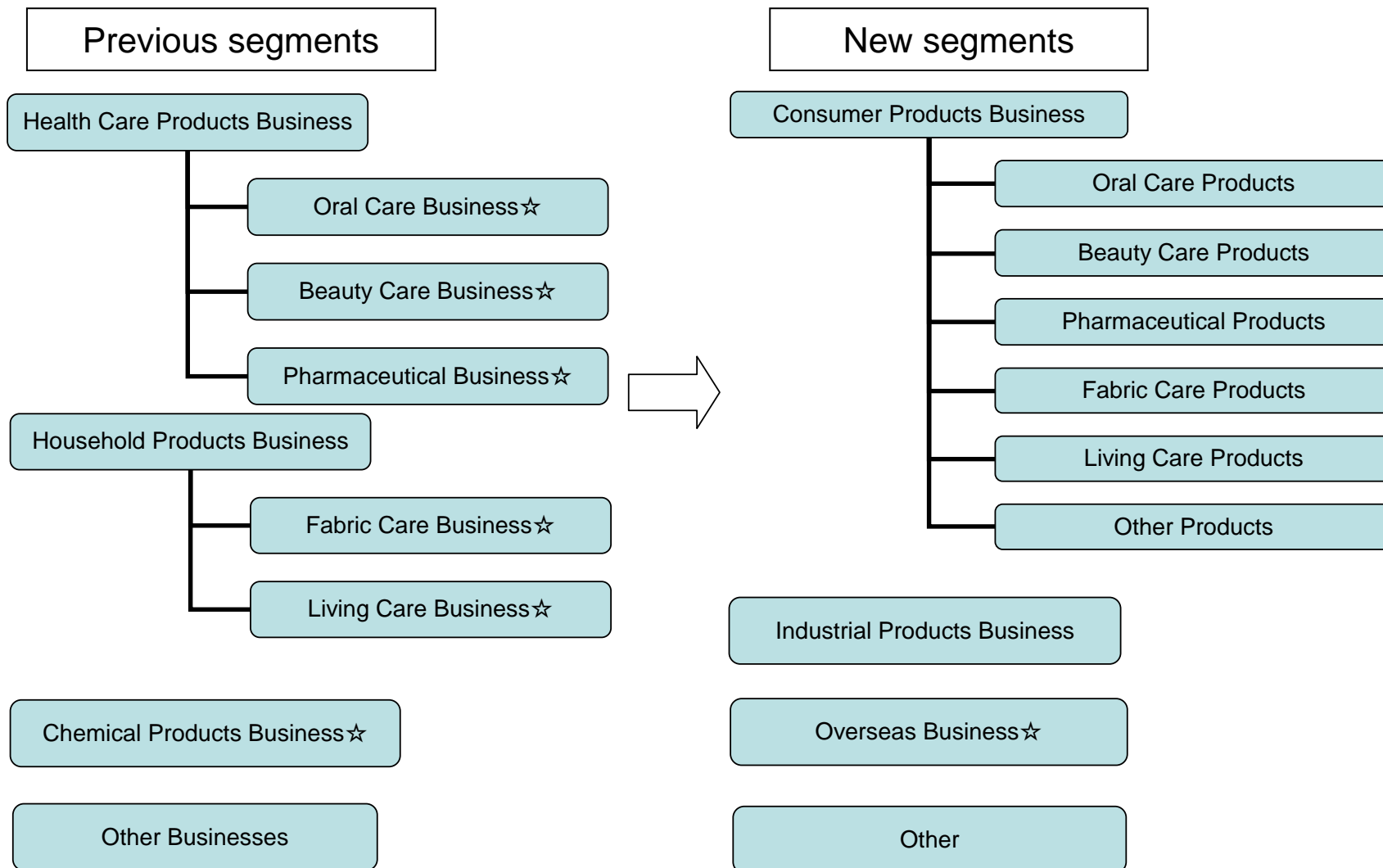


Results by geographical segment

(unit: ¥ 100 million)

	Net Sales				Operating Income			
	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y Change	Y-on-Y Change(%)	Jan.-Jun. FY2010	Jan.-Jun. FY2011	Y-on-Y Change	Y-on-Y Change(%)
Japan	1,315.3	1,261.5	(53.7)	(4.1)	23.5	26.7	3.2	13.8
Asia	242.1	253.1	11.0	4.5	2.3	4.1	1.7	73.5
Total	1,557.5	1,514.7	(42.7)	(2.7)	25.9	30.9	5.0	19.3
Eliminations and corporate	—	—	—	—	1.6	2.3	0.6	41.4
Consolidated Total	1,557.5	1,514.7	(42.7)	(2.7)	27.5	33.2	5.6	20.7

About Changes of Segments



☆ : Includes overseas businesses

☆ : Former overseas business segments have been consolidated into the Overseas Business segment.

from Good Morning to Good Night
More Dreams for Your Life

LION

The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

Note: Figures are rounded down to the digits that are displayed.