Summary of Consolidated Financial Statements for the Year Ended December 31, 2011 [Japanese Standard]

February 10, 2012

Company name: Lion Corporation
Listed stock exchanges: Tokyo Stock Exchange
Code: 4912
URL: http://www.lion.co.jp/

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Annual meeting of shareholders: March 29, 2012 (plan)
Start date for payment of year end dividend: March 5, 2012 (plan)
Scheduled date of filing of financial report: March 30, 2012 (plan)
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: Yes (for investors and analysts, etc.)

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

1. Consolidated Results for the Year Ended December 31, 2011 (January 1, 2011 – December 31, 2011)

(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	%
Fiscal 2011	327,500	(1.1)	11,169	6.4	12,183	3.3	4,077	(32.5)
Fiscal 2010	331,100	2.8	10,500	4.6	11,795	5.8	6,041	10.5

Note: Comprehensive income: December 31, 2011: ¥2,564 million (-58.3%)
December 31, 2010: ¥6,144 million (—%)

	EPS	Diluted EPS	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2011	15.18	15.16	4.0	4.8	3.4
Fiscal 2010	22.41	22.37	6.0	4.0	3.2

Note: Equity in earnings of non-consolidated subsidiaries and affiliates: ¥943 million in FY 2011 and ¥1,186 million in FY 2010.

(2)Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2011	249,272	105,252	40.9	380.11
Fiscal 2010	260,939	105,760	39.3	382.18

Note: Shareholders' equity: December 31, 2011: ¥102,049 million
December 31, 2010: ¥102,601 million

(3)Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2011	11,134	(8,051)	(11,897)	35,640
Fiscal 2010	25,518	(5,310)	(8,293)	44,582

2. Dividend

	Cash dividends per share / Yen					Total dividend paid (annual)	Payout ratio (consolidated)	Dividend/ Net assets (consolidated)
Record Date	First Quarter	Second Quarter	Third Quarter	Year-End	Annual	Millions of yen	%	%
Fiscal 2010	—	5.00	—	5.00	10.00	2,694	44.6	2.7
Fiscal 2011	—	5.00	—	6.00	11.00	2,953	72.4	2.9
Fiscal 2012 (plan)	—	5.00	—	5.00	10.00		38.4	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2012 (January 1, 2012 – December 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim 2012	155,000	2.3	2,500	(24.8)	3,000	(25.3)	1,500	—	5.59
Fiscal 2012	335,000	2.3	12,000	7.4	13,000	6.7	7,000	71.7	26.07

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

4. Others

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

(2)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

Note: For more details, refer to “Qualitative Information and Financial Statements, Accounting Changes” on page 27.

(3)Number of outstanding shares (common stock)

a. Number of outstanding shares on balance sheet dates (including treasury stocks):
As of December 31, 2011: 299,115,346 shares
As of December 31, 2010: 299,115,346 shares

b. Number of treasury stocks on balance sheet date:
As of December 31, 2011: 30,645,932 shares
As of December 31, 2010: 30,647,350 shares

c. Average shares outstanding over period (cumulative; consolidated)
As of As of December 31, 2011: 268,526,633 shares
As of December 31, 2010: 269,622,476 shares

Note: Please see “Per-Share Information” on page 33 regarding the number of shares used in calculating full-term consolidated net income per share.

*Note on Audit Process

This earnings report is out of the scope of the external auditor’s review procedure, which is required by the “Financial Instruments and Exchange Act.” The auditing of the Company’s consolidated financial statements has not been completed as of the disclosure of this earnings report.

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 “I. Overview of Results of Operations” on page 2-11.

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< Qualitative Information and Financial Statements >

I. Overview of Results of Operations

1. Qualitative Information Concerning the Consolidated Results of Operations

(1) Performance Overview for the Consolidated Fiscal Year (January 1, 2011 – December 31, 2011)

1) Overall Performance

During the 2011 fiscal year, the Japanese economy showed signs of recovery in personal consumption and production activities amid a gradual fall in consumer prices. However, economic conditions remained uncertain primarily due to a decline in corporate earnings caused by the Great East Japan Earthquake, the strong yen and a slowing of overseas economies.

The Lion Group faced severe operating conditions in the domestic toiletries industry—the Group's main business domain—due to intensifying competition in stores and increasing raw materials prices.

In this harsh environment, the Lion Group is striving to improve its corporate value by bolstering its growth base and promoting initiatives to achieve the aim of being a leading company in environmental friendliness.

In an effort to bolster its growth base, the Lion Group focused on cultivating mainstay brands in both domestic and overseas markets. In Japan, the Group released new products, particularly in mainstay toothbrush, antiperspirant and deodorant and fabric softener brands. At the same time, the Group introduced household cleaners that offer new lifestyle ideas. Overseas, the Group took steps to increase sales by promoting the strategic cultivation of common global brands in combination with original local brands centering on oral care products and laundry detergents. In the growing Chinese market, the Group established a new subsidiary to expand its production capacity in China and has decided to enter into the Philippine market for the first time. In addition, the Group worked to increase profitability by undertaking ongoing, Groupwide cost-reduction measures in areas that include manufacturing.

Regarding initiatives aimed at helping it achieve the aim of being a leading company in environmental friendliness, the Group promoted Eco Lion activities, which are initiatives intended to protect the environment. Eco Lion activities include participating in the Challenge 25 Campaign, a national movement for the prevention of global warming promoted by Japan's Ministry of the Environment, and efforts to protect aquatic environments.

Despite sustaining damage to production facilities, sales offices and distribution bases during last year's natural disaster (which affected certain mainstay products), the Group made concerted efforts to rapidly restore production and procurement systems in order to fulfill its product supply obligations as a manufacturer of daily commodities. In addition, the Group undertook initiatives that included the provision of monetary and material aid to offer support to disaster victims.

Consequently, consolidated results for the period under review are as follows: Net sales

dipped 1.1% compared with the previous fiscal year to ¥327,500 million. Despite this, operating income increased 6.4% to ¥11,169 million and ordinary income rose 3.3% to ¥12,183 million primarily because of increased sales of high-value-added products, the streamlining of costs for market competition and other factors that offset higher raw resource prices. In addition, net income fell 32.5% year on year to ¥4,077 million due to the recording of a post-disaster extraordinary loss of ¥2,971 million.

<Consolidated Results> (Millions of yen)

	FY 2011	Ratio to net sales	FY 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	327,500		331,100		(3,599)	(1.1%)
Operating income	11,169	3.4%	10,500	3.2%	669	6.4%
Ordinary income	12,183	3.7%	11,795	3.6%	387	3.3%
Net income	4,077	1.2%	6,041	1.8%	(1,963)	(32.5%)

2) Results by Business Segment

<Consolidated Business Segment> (Millions of yen)

	Net sales				Segment income (Operating income)			
	FY2011	FY2010	Increase/ decrease	Change	FY2011	FY2010	Increase/ decrease	Change
Consumer Products	262,381	264,172	(1,791)	(0.7%)	8,760	8,019	740	9.2%
Industrial Products	52,410	50,392	2,017	4.0%	429	700	(270)	(38.7%)
Overseas	53,757	52,975	781	1.5%	790	616	173	28.2%
Other	26,384	28,388	(2,004)	(7.1%)	771	955	(184)	(19.3%)
Subtotal	394,934	395,929	(995)	(0.3%)	10,750	10,291	459	4.5%
Adjustment	(67,433)	(64,828)	(2,604)	—	418	208	210	100.8%
Total	327,500	331,100	(3,599)	(1.1%)	11,169	10,500	669	6.4%

3) Overview by Business Segment

<Consumer Products Business>

The Consumer Products business segment is divided into the Oral Care Products, Beauty Care Products, Pharmaceutical Products, Fabric Care Products, Living Care Products and Other Products businesses. Segment net sales decreased 0.7% year on year. Segment income increased 9.2% year on year despite the impact of higher raw material prices. This increase was attributable to the Group's efforts to cultivate high-value-added products while streamlining costs for market competition.

(Millions of yen)

	FY2011	Ratio to net sales	FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	262,381		264,172		(1,791)	(0.7%)
Segment income	8,760	3.3%	8,019	3.0%	740	9.2%

Note: Net sales include internal net sales within and among segments, which amounted to ¥21,147 million in FY 2011 and ¥20,336 million in FY2010.

[Net Sales by Products Segment] (Millions of yen)

	FY2011	FY2010	Increase/ decrease	Change
Oral Care Products	50,836	49,081	1,755	3.6%
Beauty Care Products	22,804	22,467	337	1.5%
Pharmaceutical Products	38,444	40,004	(1,560)	(3.9%)
Fabric Care Products	79,579	83,479	(3,899)	(4.7%)
Living Care Products	23,198	23,287	(89)	(0.4%)
Other Products	47,518	45,852	1,665	3.6%

Oral Care Products
In toothpaste, although overall sales remained unchanged compared with the previous fiscal year due to the impact of last year's disaster, sales for the new-and-improved mainstay brand *Dentor Systema EX* were firm while the newly added mild-flavored *Hitect* brand toothpaste experienced strong sales.

In toothbrushes, sales were robust for the *Dentor Systema* product series−featuring the new *Shikkari-Kegoshi*−and the children's product line *LION KODOMO Toothbrush*, to which Lion recently added a toothbrush featuring characters from *INAZUMA ELEVEN GO*, a Japanese animated series popular with elementary school students. Consequently, overall sales rose compared with the previous fiscal year.

Beauty Care Products
In shampoo and conditioners, slack sales of *Soft in 1 Shampoo* conditioning shampoo caused overall sales to decline compared with the previous fiscal year.

In hand soaps, *KireiKirei Medicated Foaming Hand Soap* enjoyed favorable sales. Accordingly, overall sales improved substantially compared with the previous fiscal year.

In antiperspirants and deodorants, new products in the *Ban* series—which effectively controls perspiration and odors thanks to nano ions—have garnered favorable customer reviews. As a result, overall sales jumped considerably year on year.

Pharmaceutical Products
In analgesics, overall sales increased slightly year on year, owing to steady sales of Lion's mainstay *BUFFERIN A*.

In combination cold medicines, overall sales fell compared with the previous fiscal year due to the impact of market shrinkage and intensifying competition on sales of *BUFFERIN "Kaze (Cold)" EX*.

In eye drops, favorable sales of the mainstay *Smile 40EX* series—which includes the new product *Smile 40EX COOL*—led to a significant rise in overall sales compared with the previous fiscal year.

In insecticides, Lion released the new-and-improved *Varsan Machibuse Spray*. However, overall year-on-year sales declined due to the impact of intensifying competition.

Fabric Care Products

In laundry detergents, Lion released in the expanding liquid laundry detergent market new-and-improved *TOP NANOX* (which breaks down and removes sebum, the cause of yellowing and odors, at the nano level). In addition, sales of *Top Clear Liquid* were strong. However, overall sales decreased compared with the previous fiscal year as a result of last year's disaster.

In bleaches, although sales of *Sterilizing & Antibacterial Bright W* were favorable, overall sales declined year on year due to sluggish sales of *Temanashi Bright*.

In fabric softeners, overall sales grew significantly year on year owing to favorable customer ratings received for *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Rich*, which includes the new sweet floral aroma *"Juliette."*

Living Care Products
In dishwashing detergents, despite robust sales of the new-and-improved *CHARMY Crysta* series of dishwasher detergents, overall sales remained unchanged year on year due to sluggish sales of the *CHARMY Awa no Chikara (Power of Suds)* series.

In household cleaners, *Ofuro no LOOK* bath cleaner experienced steady sales while favorable customer reviews were garnered for *LOOK Mame-Pika Toilet Cleaner*, a new product that allows the user to quickly and easily wipe the toilet clean with toilet paper. As a result, overall sales jumped substantially compared with the previous fiscal year.

Other Products
In functional food products, amid favorable sales of *Nice rim essence Lactoferrin*, *Tou To Zyouzu Ni Tukiautameni Toushitu Shuukan*—a new product recommended for middle-aged and older people concerned about their sugar intake—garnered favorable customer reviews. Consequently, overall sales jumped significantly year on year.

In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were strong. As a result, overall sales increased considerably compared with the previous fiscal year.

<Industrial Products Business>
The Industrial Products Business segment engages in the manufacture and sale of surfactants, electro-conductive carbon, industrial products and other products. Segment net sales increased 4.0% year on year. Segment income fell 38.7% year on year largely due to increases in raw material prices.

(Millions of yen)

	FY2011	Ratio to net sales	FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	52,410		50,392		2,017	4.0%
Segment income	429	0.8%	700	1.4%	(270)	(38.7%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥21,394 million in FY2011 and ¥19,599 million in FY2010.

Activators derived from oil and fats and used as raw materials for detergents and food additives domestically recorded strong sales. However, overall sales in this category remained flat year on year due to the impact of high yen conversion rates on overseas sales of raw materials used in detergents.

In electro-conductive carbon, overall sales fell year on year because of stagnant demand for automotive and electronic components in the aftermath of last year's disaster and flooding in

Thailand.

In industrial cleaners, steady sales of hand soap along with strong sales of new-and-improved alcohol hand sanitizers led to a substantial rise in overall sales compared with the previous fiscal year.

<Overseas Business>

The Overseas Business segment comprises businesses operations primarily in Thailand, South Korea and China. Segment net sales increased 1.5% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 6.8%). Segment income increased 28.2% year on year despite the impact of higher raw material prices. This result was attributable to the Group's efforts to reduce expenses and streamline costs for market competition.

(Millions of yen)

	FY2011	Ratio to net sales	FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	53,757		52,975		781	1.5%
Segment income	790	1.5%	616	1.2%	173	28.2%

Note: Net sales include internal net sales within and among segments, which amounted to ¥2,738 million in FY2011 and ¥2,765 million in FY2010.

In Thailand, overall sales increased considerably year on year thanks to firm sales of laundry detergents and favorable sales of *Systema* brand toothbrushes. Despite this rise, the effect of exchange rate fluctuations on yen conversions caused net sales to remain flat.

In South Korea, favorable sales of *Beat* liquid laundry detergent led to an improvement in overall year-on-year sales. However, the effect of exchange rate fluctuations on yen conversions caused net sales to remain unchanged.

In China, overall sales increased compared with the previous fiscal year, and net sales remained firm despite the impact of yen conversions. This was attributable to strong sales of *Systema* brand toothbrushes and steady sales of *Zact* toothpaste.

<Other>

(Millions of yen)

	FY2011	Ratio to net sales	FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	26,384		28,388		(2,004)	(7.1%)
Segment income	771	2.9%	955	3.4%	(184)	(19.3%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥22,152 million FY2011 and ¥22,126million in FY2010.

In Other, segment net sales decreased 7.1% year on year to ¥26,384 million due to lower sales in the construction contractor business. Segment income declined 19.3% year on year to ¥771 million.

Reference Information: Performance by Location

<Consolidated Geographical Segment> (Millions of yen)

	Net sales				Operating income			
	FY2011	FY2010	Increase/ decrease	Change	FY2011	FY2010	Increase/ decrease	Change
Japan	276,482	280,890	(4,408)	(1.6%)	9,840	9,511	329	3.5%
Asia	51,018	50,210	808	1.6%	874	633	240	38.0%
Eliminations and corporate	—	—	—	—	454	355	99	28.0%
Total	327,500	331,100	(3,599)	(1.1%)	11,169	10,500	669	6.4%

(2) Qualitative Information Concerning the Forecast of Consolidated Financial Results

<Consolidated> (Millions of yen)

	FY 2012 forecast	FY 2011	Increase/decrease	Change
Net sales	335,000	327,500	7,499	2.3%
Operating income	12,000	11,169	830	7.4%
Ordinary income	13,000	12,183	816	6.7%
Net income	7,000	4,077	2,922	71.7%
EPS (yen)	26.07	15.18	10.88	71.7%

During fiscal 2012, the Japanese economy is forecasted to recover as reconstruction-related demand picks up. However, it is recognized that conditions will remain uncertain for the foreseeable future in light of the unprecedented strength of the yen and concerns over a global recession.

In the domestic toiletries and OTC drug industries—the Lion Group's main business domains—Lion forecasts ongoing harsh operating conditions principally due to stagnant consumer consumption and intensifying competition in stores.

Under these circumstances, the Lion Group commenced and will steadily promote strategies related to "Vision 2020 Part-1 (V-1 Plan)" with the aim of increasing its corporate value.

In the Consumer Products Business, the Health Care and Household businesses will be reorganized as a single entity. Under this new organizational structure, the Group will release new products, concentrating primarily on its mainstay toothpaste, antiperspirant and deodorant and laundry detergent brands. At the same time, the Group will further bolster its brand cultivation efforts by focusing on its business operations and advertising activities. In addition, Lion is aiming toward further growth in the continually expanding mail-order services primarily by strengthening its product development system. Reflecting the aforementioned initiatives, the Lion Group expects overall sales to increase in this business segment.

In the Industrial Products Business, the Lion Group will work to expand its businesses. To this end, the Group will strengthen the cultivation of highly functional products made from electro-conductive carbon and activators derived from oils and fats. At the same time, the Group will develop highly differentiated products and bolster its distribution networks in the area of industrial cleaners. Based on the above measures, the Group anticipates overall sales in this business segment to improve.

In the Overseas Business, the Lion Group will strive to expand its operations by bolstering its marketing activities, primarily in the areas of oral care products and laundry detergents. In addition, the Group aims to rapidly establish business operations in the Philippines. Based on the aforementioned efforts, the Group expects overall sales in this business segment to rise.

As a result of the above, consolidated results forecasts for fiscal 2012 are as follows: net sales of ¥335,000 million (up 2.3% year on year), operating income of ¥12,000 million (up 7.4% year on year), ordinary income of ¥13,000 million (up 6.7% year on year) and net income of ¥7,000 million (up 71.7% year on year).

(Preconditions for the Estimated Figures in Outlook for Fiscal 2012)
Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures:
¥78 = US$1.00
¥2.5 = 1.00 baht

2. Qualitative Information Concerning Consolidated Financial Status

(1) Status of Assets, Liabilities, Net Assets

<Consolidated Financial Status >

	FY 2011	FY 2010	Increase/ decrease
Total assets (millions of yen)	249,272	260,939	(11,666)
Net assets (millions of yen)	105,252	105,760	(507)
Shareholders' equity to total assets *1 (%)	40.9	39.3	1.6
Net assets per share *2 (yen)	380.11	382.18	(2.06)

*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 ¥11,666 million compared with the previous consolidated fiscal year-end to ¥249,272 million. This is primarily attributable to a decrease in short-term investment securities. Net assets decreased ¥507 million to ¥105,252 million. Shareholders' equity to total assets stood at 40.9%.

(2) Status of Cash Flows

<Consolidated Cash Flows> (Millions of yen)

	FY 2011	FY 2010	Increase/ decrease
Net cash provided by (used in) operating activities	11,134	25,518	(14,384)
Net cash provided by (used in) investment activities	(8,051)	(5,310)	(2,741)
Net cash provided by (used in) financing activities	(11,897)	(8,293)	(3,603)
Effect of exchange rate change on cash and cash equivalents	(127)	(146)	19
Net increase (decrease) in cash and cash equivalents	(8,942)	11,769	(20,711)
Cash and cash equivalents at end of period	35,640	44,582	(8,942)

Net cash provided by operating activities totaled ¥11,134 million. Major components of this increase included the recording of income before income taxes and depreciation and amortization that offset a decrease in funds mainly caused by rises in notes and accounts payable—trade and inventories.

Net cash used in investment activities totaled ¥8,051 million. Major components of this decline in cash flows included the purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities totaled ¥11,897 million. Major components of this reduction in cash flows included cash dividends paid and repayments of long-term loans payable.

As a result of the above, cash and cash equivalents as of December 31, 2011 decreased ¥8,942 million to ¥35,640 million compared with the consolidated fiscal year ended December 31, 2010.

(3) Forecast of Fiscal 2012 Consolidated Cash Flows

In cash flows from operating activities, Lion projects income before income taxes of approximately ¥11,000 million. Lion estimates depreciation and amortization changes of about ¥12,000 million.

In cash flows from investment activities, Lion plans to undertake capital expenditures of around ¥12,000 million during fiscal 2012.

The cash flows from financing activities are expected to decrease to about ¥6,000 million mainly due to cash dividends paid and the repayment of loans payable.

Based on these projections, Lion estimates that cash and cash equivalents at the end of fiscal 2012 will increase approximately ¥5,000 million year on year.

(4) Changes in cash flow indicators

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Shareholders' equity to total assets (%)	37.1	36.6	39.2	39.3	40.9
Shareholders' equity to total assets on a market value basis (%)	51.8	49.0	47.8	45.6	49.0
Debt redemption (years)	3.6	3.8	1.9	1.8	3.2
Interest coverage ratio	36.4	13.3	23.2	30.0	12.5

(Notes)
Shareholders' equity to total assets: Net assets / Total assets
Shareholders' equity to total assets on a market value basis: Value of shares / Total assets
Debt redemption (years): Interest-bearing liabilities / Cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities / Interest payment

* All the indicators are based on consolidated financial data.
* "Value of shares" is calculated on the basis of the "closing stock price as of the end of the term" multiplied by "the number of outstanding stocks as of the end of the term" (after the deduction of treasury stocks).
* "Cash flows from operating activities" are those in the consolidated cash flow data.
"Interest-bearing liabilities" means all liabilities that are bearing interest among the liabilities in the consolidated balance sheet. For the amount of interest paid, figures in the consolidated cash flow data are used.

3. Basic Policy on the Distribution of Earnings and Cash Dividends

Lion considers its most important management issue to be the return of profits to shareholders on a permanent and stable basis. To this end, the Company strives to consistently lift consolidated earnings capacity in an effort to ensure the payment of continuous and stable cash dividends. Taking into consideration the appropriate level of internal reserves required to secure medium- and long-term growth, Lion also undertakes the acquisition of treasury stock. Working to reinforce the Company's growth potential and to develop a sustainable business foundation, Lion allocates internal reserves to research and development, capital investment in production facilities and the acquisition of external resources.

Taking into consideration the Company's cash dividend payment record, as well as its dividend payout ratio target, Lion's Board of Directors resolved to pay an interim dividend of ¥5 per share (payment date: September 6, 2011) and an additional dividend payment of ¥1 per share to commemorate the 120th anniversary of the Company's founding (payment date: March 5, 2012). Consequently, the total year-end dividend will be ¥6 per share.

With regard to dividends to be paid in fiscal 2012, Lion plans to maintain both the interim and year-end dividend at ¥5 per share each, reflecting its basic policy on the distribution of earnings and cash dividends. As a result, the total annual dividend is expected to be ¥10 per share.

4. Business Risks

The Lion Group's management performance and financial status may be adversely affected by various risks as business activities are pursued in the future. Of these risks, the following items, in particular, may have a material impact on the decisions of investors.

Forward-looking statements are based on decisions made by the Lion Group as of February 10, 2012.

Business risks are not limited to the items listed below.

(1) Product quality and value
The Lion Group plans, develops, produces, and sells products under management based on international quality standards while strictly following related laws and regulations, such as the Pharmaceutical Affairs Law, to provide worry-free, safe, convenient, and environmentally conscious products to consumers. In addition, we use consumers' opinions received through our Consumer Service Office to improve our products and packaging as well as respective displays and text.

In the event of an unforeseen and serious problem with product quality, however, the affected product and all products made by the Lion Group may lose their perceived value. This may adversely affect the Lion Group's management performance and financial status.

(2) Changes in raw material prices
The Lion Group's products use petrochemical and vegetable oils and fats as basic materials. Since these materials are easily affected by international market prices, we have measures in place to reduce costs and diversify the range of materials used. However, an increase in raw material prices may adversely affect the Lion Group's management performance and financial status.

(3) Exchange rate fluctuations
The Lion Group translates into yen the financial statements of overseas subsidiaries when preparing consolidated financial statements. For items denominated in foreign currency, their yen values may be affected by prevailing foreign exchange rates when translated into yen. The Lion Group has taken steps to minimize the risk of an increase in raw material costs by hedging against exchange rate fluctuations. However, short-, medium-, and long-term changes in foreign exchange rates may adversely affect the Lion Group's management performance and financial status.

(4) Major lawsuits
As of December 31, 2011, Lion is not involved in any lawsuits that may have significant impact on its business. However, if the Lion Group were to be successfully sued for significant damages, these could adversely affect the Lion Group's management performance and financial status.

(5) Earthquakes and other natural disasters
In the product manufacturing process, the Lion Group has put in place safety measures against earthquakes and other natural disasters. In the event of a major disaster, however, our production equipment may be damaged, or a suspension of raw materials procurement or distribution activities may cause business activities to cease, adversely affecting the Lion Group's management performance and financial status.

II. Corporate Group

The Lion Group consists of Lion Corporation, 26 subsidiaries (including 23 consolidated subsidiaries and two non-consolidated equity-method subsidiaries), and 12 affiliates (including seven equity-method affiliates). Principal business activities consist of the manufacture and sale of consumer products, industrial products and overseas. Other business activities involve distribution related to the above business activities and other services.
The relationship between group business activities and business segments is shown below, which is based on the categorization used for business segments.

Business segment	Main activities	Main companies	
Consumer Products Business	Manufacture and sale of domestic commodities, OTC drugs and functional food products in Japan	Domestic affiliates	Lion Corporation Lion Dental Products Co., Ltd. Lion Trading Co., Ltd. Lion Packaging Co., Ltd. Lion Field Marketing Co., Ltd. issua Co. Ltd.
Industrial Products Business	Manufacture and sale of chemical raw materials, industrial products and other items in Japan and overseas	Domestic affiliates	Lion Corporation Lion Chemical Co., Ltd. Lion Hygiene Co., Ltd. Ipposha Oil Industries Co., Ltd. Lion Akzo Co., Ltd. Lion Idemitsu Composites Co., Ltd.
Overseas Business	Manufacture and sale of commodities and chemical raw materials overseas	Overseas affiliates	Lion Corporation (Hong Kong) Ltd. Lion Corporation (Singapore) Pte. Ltd. Lion Advertising Ltd. Lion Eco Chemicals Sdn. Bhd. Lion Daily Necessities Chemicals (Qingdao) Co., Ltd. Lion (China) Home Products & Technology Co., Ltd. PT. IPPOSHA INDONESIA CJ Lion Corporation Lion Chemical Industry (Taiwan) Co., Ltd. Lion Corporation (Thailand) Ltd. Lion Service Co., Ltd. Southern Lion Sdn. Bhd. P.T. Lion Wings
Other	Transport and storage of merchandise and finished products; design, construction, and maintenance of storage facilities; real estate management; Human resources services, etc.	Domestic affiliates	Lion Engineering Co., Ltd. Lion Cordial Support Co., Ltd. Lion Business Service Co., Ltd. Lion Logistics Service Company, Ltd. Planet Logistics Co., Ltd. Planet, Inc.

Subsidiaries and Affiliates

Consolidated Subsidiaries

Name	Location	Capitalization	Business	Voting shares held by Lion	Nature of business relationship				
					Shared positions		Financial support	Business dealings	Lease of facilities, etc.
					Lion officers	Lion employees			
Lion Engineering Co., Ltd.	Sumida-ku, Tokyo	Millions of yen 100	Other	% 100.0	2	8	None	Design, construction, and maintenance of facilities	Lease of part of office space
*1 Lion Chemical Co., Ltd.	Sumida-ku, Tokyo	7,800	Industrial products	100.0	3	10	Loans	Purchase of raw materials and merchandises	Rental of part of office space and land
Lion Cordial Support Co., Ltd.	Sumida-ku, Tokyo	20	Other	100.0	—	5	None	Human resources services	Lease of office space
Lion Dental Products Co., Ltd.	Sumida-ku, Tokyo	10	Consumer products	100.0	1	8	None	Sale of merchandises and finished products	Lease of office space
Lion Trading Co., Ltd.	Sumida-ku, Tokyo	240	Consumer products	100.0	1	6	None	—	Lease of part of office space
Lion Hygiene Co., Ltd.	Sumida-ku, Tokyo	300	Industrial products	100.0	1	6	None	Sales and purchase of merchandises	Lease of part of office and warehouse space
Lion Packaging Co., Ltd.	Ichihara -shi, Chiba	180	Consumer products	100.0	1	7	None	Purchase of materials and merchandises	Rental of part of office space and lease of part of land
Lion Business Service Co., Ltd.	Sumida-ku, Tokyo	490	Other	100.0	1	4	None	Rental, dealing, and brokerage of real estate, and insuring	Rental of part of office space and land
Lion Field Marketing Co., Ltd.	Sumida-ku, Tokyo	50	Consumer products	100.0	2	7	None	Sales promotion activities	Lease of part of office space
Lion Logistics Service Company, Ltd.	Sumida-ku, Tokyo	40	Other	100.0	2	7	None	Transport and storage of merchandises and finished products	Lease of part of office space
issua Company, Ltd.	Minato-ku, Tokyo	20	Consumer products	100.0	—	6	Loans	Sale of merchandises and finished products	Lease of part of office space

Name	Location	Capitalization	Business	Voting shares held by Lion	Nature of business relationship				
					Shared positions		Financial support	Business dealings	Lease of facilities, etc.
					Lion officers	Lion employees			
Ipposha Oil Industries Co., Ltd.	Ono-shi, Hyogo	Millions of yen 200	Industrial products	100.0	2	6	Loans	Sale of merchandises and finished products and purchase of raw materials and merchandises	—
Lion Corporation (Hong Kong) Ltd.	China （Hong Kong）	Thousands of HK$ 12,000	Overseas business	100.0	—	4	None	Sale of merchandises and finished products	—
Lion Corporation (Singapore) Pte. Ltd.	Singapore	Thousands of S$ 9,000	Overseas business	100.0	—	3	None	Sale of merchandises and finished products	—
Lion Advertising Ltd.	China （Hong Kong）	Thousands of HK$ 100	Overseas business	*2 100.0 (100.0)	—	3	None	—	—
*1 Lion Eco Chemicals Sdn. Bhd.	Malaysia	Thousands of M$ 177,000	Overseas business	100.0	—	5	None	Sales and purchase of merchandises	—
Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.	China	Millions of yen 723	Overseas business	100.0	—	6	None	Sale of merchandises and finished products and purchase of merchandises	—
Lion (China) Home Products & Technology Co., Ltd.	China	Thousands of US$ 17,755	Overseas business	100.0	—	6	None	—	—
PT. IPPOSHA INDONESIA	Indonesia	Thousands of US$ 750	Overseas business	*3 100.0 (90.0)	—	—	None	—	—
CJ Lion Corporation	South Korea	Thousands of won 5,000,000	Overseas business	81.0	—	5	None	Sale of merchandises and finished products and purchase of merchandises	—
Lion Chemical Industry (Taiwan) Co., Ltd.	Taiwan	Thousands of NT$ 218,150	Overseas business	53.8	—	5	None	Sale of merchandises and finished products	—
Lion Corporation (Thailand) Ltd.	Thailand	Thousands of baht 300,000	Overseas business	51.0	3	6	None	Sale of merchandises and finished products and purchase of merchandises	—
Lion Service Co., Ltd.	Thailand	Thousands of baht 7,000	Other businesses	*3 49.0 (49.0)	—	—	None	—	—

Equity-method affiliates

Name	Location	Capitalization	Business	Voting shares held by Lion	Nature of business relationship				
					Shared positions		Financial support	Business dealings	Lease of facilities, etc.
					Lion officers	Lion employees			
Lion Akzo Co., Ltd.	Yokkaichi-shi, Mie	Millions of yen 1,000	Industrial products	% 50.0	3	3	None	Purchase of fatty acid nitrogen derivatives	Lease of part of office space
Lion Idemitsu Composites Co., Ltd.	Taito-ku, Tokyo	100	Industrial products	50.0	2	3	None	Purchase of special synthetic resin com-pounds	—
Planet Logistics Co., Ltd.	Sumida-ku, Tokyo	240	Other	20.8	1	1	None	Transport and storage of merchandises and finished products	—
Planet, Inc.	Minato-ku, Tokyo	436	Other	16.1	1	—	None	Utilization of VANs	—
Southern Lion Sdn. Bhd.	Malaysia	Thousands of M$ 22,000	Overseas business	50.0	—	3	None	Sale of merchandises and finished products and purchase of merchandises	—
P.T. Lion Wings	Indonesia	Millions of rupiah 64,062	Overseas business	48.0	—	4	None	Sale of merchandises and finished products and purchase of merchandises	—

*1. Lion Chemical Co., Ltd. and Lion Eco Chemicals Sdn. Bhd. are specified subsidiary.
*2. The voting shares of Lion Advertising Ltd. are held by Lion Corporation (Hong Kong) Ltd.
*3. 90% of PT. IPPOSHA INDONESIA's voting shares are held by Ipposha Oil Industries Co., Ltd.
*4. The voting shares of Lion Service Co., Ltd. are held by Lion Corporation (Thailand) Ltd.
5. The figure in parentheses in the "Voting shares held by Lion" column is the percentage of total voting shares held indirectly by Lion Corporation.
6. In addition to the companies listed above, there are two small-scale, non-consolidated equity-method companies and one small-scale equity-method affiliate.

III. Management Policies

1. Basic Management Policies

The Lion Group positions “Fulfilling a Spirit of Love” as fundamental to its management, and thus contributes to the enrichment of the happiness and lives of people. Based on this motto, the Lion Group provides customers with superior products and services that are useful in securing the healthy, clean and comfortable lifestyles of people. The Group fully recognizes its mission to make an active contribution to society through such efforts.

The Lion Group takes continual steps to further improve its corporate value. To this end, the Group provides products and services that place the utmost priority on customer satisfaction based on an accurate understanding of the changes taking place in peoples’ values and the social role companies are required to play. At the same time, Lion promotes environmental preservation activities and enhances its corporate governance systems in order to remain a highly trustworthy company that meets the expectations of stakeholders, including shareholders, customers, business partners, local communities/society and employees.

2. Performance Targets

Through the thorough selection and concentration of investment in management initiatives, efforts to reform its business structure and reinforce its earnings structure, and aggressive acquisitions and the development of new businesses, Lion is striving to increase its corporate value with the goal of reaching a consolidated ROE of 10%.

3. Medium and Long-term Management Strategies

To mark the 120th anniversary of its founding and in full recognition of ongoing social change, the Lion Group has formulated a new management vision, “Vision 2020,” which comprises basic strategies to achieve the ideal Lion Group in fiscal 2020. In addition, the Group established “Vision 2020 Part-1 (V-1 Plan),” the first in a series of three-year, medium-term management plans aimed at achieving this management vision. The “V-1 Plan” will be in implemented between 2012 and 2014.

“Vision 2020”

Management Vision: The Ideal Lion Corporation in Fiscal 2020 (Three Defining Characteristics)

1. Be a company that creates value for lifestyle and spiritual fulfillment
2. Be a company that is advanced in the area of environmental responsiveness
3. Be a company that continues to take on challenges, create and learn

【Four Strategies: Framework to Achieve “Vision 2020” 】

1. Qualitative Growth of Domestic Businesses
2. Quantitative Expansion of Overseas Businesses
3. Development of New Business Value
4. Enhancement of Organizational Learning Capabilities

“V-1 Plan”

Under the theme “launching initiatives aimed at achieving the management vision,” the Group will implement and accelerate specific initiatives in line with the four “Vision 2020” strategies. At the same time, Lion will work to strengthen its earning platform in order to improve its profitability and facilitate medium- and long-term growth. Based on these initiatives, Lion aims to achieve the following consolidated 2014 performance targets: net sales of ¥365.0 billion, operating income of ¥20.0 billion

(5.5% of net sales) and 10% ROE.

4. Management Issues

As it steadily implements the four strategies of the V-1 Plan with the aim of realizing “Vision 2020,” the Lion Group recognizes the existence of certain management issues that have a direct impact on the achievement of its objectives.

(1) Qualitative Growth of Domestic Businesses

In the Consumer Products Business in Japan, Lion will integrate and reorganize the Health Care and Household businesses to undertake thorough strategies to boost its brand recognition while streamlining costs for market competition. Simultaneously, the Company will strive to create technological seeds through reinforced collaboration with external R&D institutions and to establish a stable and efficient supply chain.

(2) Quantitative Expansion of Overseas Businesses

Mainly in burgeoning Asian markets, Lion will place further emphasis on marketing activities and steadily expand production capacities, primarily for oral care products and laundry detergents, with the aim of enhancing its market presence. In addition, Lion will focus on the smooth commencement of business in the Philippines and the cultivation of new business areas to expand its overseas businesses.

(3) Development of New Business Value

In pursuit of the further expansion of sales in the area of mail-order services, Lion will strengthen its initiatives in new product development and commercialization while actively launching new businesses that utilize its existing management resources and seeking new business opportunities.

(4) Enhancement of Organizational Learning Capabilities

In line with the new corporate message, Lion will aim to transform itself to a company that offers employees encouragement both by providing an environment in which diverse personnel can utilize their full capacities and by reinforcing human resource development. Lion will also concentrate on its ECO LION activities to further reinforce and facilitate its environmental approach in order to help protect the environment.

Under the V-1 Plan, the Lion Group aims to enhance its corporate value by increasing profitability and strengthening its business foundation as it makes broad-ranging contributions to the realization of a sustainable, recycling-oriented society.

IV. Consolidated Financial Reporting Statements

1. Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2010 (Ended December 31, 2010)	Fiscal 2011 (Ended December 31, 2011)
Assets		
Current assets		
Cash and deposits	21,286	25,478
Notes and accounts receivable-trade	52,324	55,193
Short-term investments securities	23,514	10,439
Merchandise and finished goods	18,085	20,277
Work in process	3,457	2,776
Raw materials and supplies	6,346	7,198
Deferred tax assets	5,043	4,206
Other	1,444	1,707
Allowance for doubtful accounts	(77)	(53)
Total current assets	131,425	127,224
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	64,335	64,394
Accumulated depreciation	(43,004)	(44,508)
Buildings and structures, net	21,331	19,886
Machinery, equipment and vehicles	118,188	119,105
Accumulated depreciation	(101,493)	(103,443)
Machinery, equipment and vehicles, net	16,695	15,662
Land	18,918	18,808
Lease assets	871	676
Accumulated depreciation	(437)	(424)
Lease assets, net	434	251
Construction in progress	475	1,152
Other	18,977	19,640
Accumulated depreciation	(16,164)	(16,898)
Other, net	2,812	2,741
Total property, plant and equipment	60,668	58,503
Intangible assets		
Goodwill	513	384
Right of trademark	22,886	18,968
Other	1,267	2,136
Total intangible assets	24,667	21,489
Investments and other assets		
Investment securities	24,737	22,386
Long-term loans receivable	27	17
Prepaid pension cost	14,357	15,107
Deferred tax assets	3,959	3,477
Other	1,136	1,105
Allowance for doubtful accounts	(39)	(39)
Total Investments and other assets	44,178	42,055
Total noncurrent assets	129,513	122,048
Total assets	260,939	249,272

(Millions of yen)

	Fiscal 2010 (Ended December 31, 2010)	Fiscal 2011 (Ended December 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	43,249	42,078
Short-term loans payable	7,773	5,140
Current portion of long-term loans payable	6,166	2,416
Accounts payable-other and accrued expenses	38,480	37,885
Income taxes payable	1,693	1,349
Provision for bonuses	2,109	2,091
Provision for sales returns	585	569
Provision for sales promotion expenses	488	450
Provision for directors' bonuses	164	147
Asset retirement obligation	-	2
Other	1,984	2,472
Total current liabilities	102,696	94,603
Noncurrent liabilities		
Long-term loans payable	27,504	25,087
Provision for retirement benefits	19,610	19,153
Provision for directors' retirement benefits	318	267
Asset retirement obligation	-	323
Other	5,049	4,584
Total noncurrent liabilities	52,483	49,417
Total liabilities	155,179	144,020
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	55,426	56,755
Treasury stock	(16,670)	(16,653)
Total shareholders' equity	104,689	106,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	913	(351)
Deferred gains or losses on hedges	(56)	(6)
Foreign currency translation adjustment	(2,944)	(3,628)
Total accumulated other comprehensive income	(2,087)	(3,986)
Subscription rights to shares	173	180
Minority interests	2,984	3,023
Total net assets	105,760	105,252
Total liabilities and net assets	260,939	249,272

2. Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Net sales	331,100	327,500
Cost of sales	140,400	139,646
Gross profit	190,700	187,854
Selling, general and administrative expenses	180,200	176,684
Operating income	10,500	11,169
Non-operating income		
Interest income	85	110
Dividends income	403	468
Equity in earnings of affiliates	1,186	943
Royalty income	235	217
Other	583	363
Total non-operating income	2,493	2,104
Non-operating expenses		
Interest expenses	920	871
Foreign exchange losses	36	20
Loss on disposal of inventories	-	143
Other	241	54
Total non-operating expenses	1,198	1,090
Ordinary income	11,795	12,183
Extraordinary income		
Gain on sales of investment securities	263	49
Gain on disposal of noncurrent assets	-	35
Reversal of allowance for doubtful accounts	54	20
Total extraordinary income	317	106
Extraordinary loss		
Loss on disaster	-	2,971
Loss on valuation of investment securities	494	596
Loss on disposal of noncurrent assets	501	388
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	190
Impairment loss	191	39
Other	-	323
Total extraordinary losses	1,188	4,509
Income before income taxes	10,925	7,780
Income taxes-current	2,235	1,857
Income taxes-deferred	2,173	1,287
Total income taxes	4,408	3,145
Income before minority interests	-	4,635
Minority interests in income	474	557
Net income	6,041	4,077

Consolidated Statement of Comprehensive Income (Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Income before minority interests	-	4,635
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(1,192)
Deferred gains or losses on hedges	-	49
Foreign currency translation adjustment	-	(765)
Share of other comprehensive income of associates accounted for using equity method	-	(161)
Total other comprehensive income	-	(2,070)
Comprehensive income	-	2,564
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	-	2,178
Comprehensive income attributable to minority interests	-	386

3. Consolidated Statement of Changes in Shareholders' Equity

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Shareholders' equity		
Capital stock		
Capital stock	34,433	34,433
Changes of items during the period		
Total changes of items during the period	—	—
Capital stock	34,433	34,433
Capital surplus		
Capital surplus	31,499	31,499
Changes of items during the period		
Total changes of items during the period	—	—
Capital surplus	31,499	31,499
Retained earnings		
Retained earnings	52,099	55,426
Effect of changes in accounting policies applied to affiliates accounted for by equity method	—	(39)
Changes of items during the period		
Dividends from surplus	(2,703)	(2,685)
Net income	6,041	4,077
Disposal of treasury stock	(11)	(23)
Total changes of items during the period	3,326	1,369
Retained earnings	55,426	56,755
Treasury stock		
Treasury stock	(15,851)	(16,670)
Changes of items during the period		
Purchase of treasury stock	(875)	(79)
Disposal of treasury stock	56	96
Total changes of items during the period	(818)	16
Treasury stock	(16,670)	(16,653)
Total shareholders' equity		
Shareholders' equity	102,181	104,689
Effect of changes in accounting policies applied to affiliates accounted for by equity method	—	(39)
Changes of items during the period		
Dividends from surplus	(2,703)	(2,685)
Net income	6,041	4,077
Purchase of treasury stock	(875)	(79)
Disposal of treasury stock	44	73
Total changes of items during the period	2,507	1,386
Shareholders' equity	104,689	106,035

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Valuation difference on available-for-sale securities	747	913
Changes of items during the period		
Net changes of items other than shareholders' equity	166	(1,265)
Total changes of items during the period	166	(1,265)
Valuation difference on available-for-sale securities	913	(351)
Deferred gains or losses on hedges		
Deferred gains or losses on hedges	1	(56)
Changes of items during the period		
Net changes of items other than shareholders' equity	(57)	49
Total changes of items during the period	(57)	49
Deferred gains or losses on hedges	(56)	(6)
Foreign currency translation adjustment		
Foreign currency translation adjustment	(2,514)	(2,944)
Changes of items during the period		
Net changes of items other than shareholders' equity	(430)	(683)
Total changes of items during the period	(430)	(683)
Foreign currency translation adjustment	(2,944)	(3,628)
Accumulated other comprehensive income		
Accumulated other comprehensive income	(1,765)	(2,087)
Changes of items during the period		
Net changes of items other than shareholders' equity	(321)	(1,899)
Total changes of items during the period	(321)	(1,899)
Accumulated other comprehensive income	(2,087)	(3,986)
Subscription rights to shares		
Subscription rights to shares	138	173
Changes of items during the period		
Net changes of items other than shareholders' equity	35	6
Total changes of items during the period	35	6
Subscription rights to shares	173	180
Minority interests		
Minority interests	3,070	2,984
Changes of items during the period		
Net changes of items other than shareholders' equity	(86)	39
Total changes of items during the period	(86)	39
Minority interests	2,984	3,023

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Net assets		
Net assets	103,624	105,760
Effect of change in accounting policies applied to affiliates accounted for by equity method	-	(39)
Changes of items during the period		
Dividends from surplus	(2,703)	(2,685)
Net income	6,041	4,077
Purchase of treasury stock	(875)	(79)
Disposal of treasury stock	44	73
Net changes of items other than shareholders' equity	(372)	(1,853)
Total changes of items during the period	2,135	(467)
Net assets	105,760	105,252

4. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,925	7,780
Depreciation and amortization	12,349	12,009
Impairment loss	191	39
Increase (decrease) in provision for bonuses	289	11
Increase (decrease) in provision for retirement benefits	1,610	(1,171)
Interest and dividends income	(488)	(579)
Interest expenses	920	871
Loss (gain) on disposal of noncurrent assets	501	353
Loss (gain) on sales of investment securities	-	(49)
Loss (gain) on valuation of investment securities	494	596
Equity in (earnings) losses of affiliates	(1,186)	(943)
Decrease (increase) in notes and accounts receivable-trade	(164)	(3,611)
Decrease (increase) in inventories	(2,923)	(2,690)
Increase (decrease) in notes and accounts payable-trade	3,278	(858)
Increase (decrease) in accounts payable-other and accrued expenses	1,968	908
Increase (decrease) in other current liabilities	(570)	64
Decrease (increase) in other current assets	(17)	(157)
Other, net	(101)	264
Subtotal	27,078	12,838
Interest and dividends income received	1,013	1,486
Interest expenses paid	(849)	(893)
Income taxes paid	(1,723)	(2,297)
Net cash provided by (used in) operating activities	25,518	11,134
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	23	(64)
Purchases of property, plant and equipment	(4,831)	(7,097)
Proceeds from sales of property, plant and equipment	18	42
Purchase of intangible assets	(344)	(1,017)
Purchase of investment securities	(748)	(59)
Proceeds from sales of investment securities	654	159
Purchase of investments in subsidiaries	(130)	-
Payments of loans receivable	(17)	(7)
Collection of loans receivable	109	15
Other, net	(44)	(23)
Net cash provided by (used in) investment activities	(5,310)	(8,051)

(Millions of yen)

	Fiscal year Ended December 31, 2010	Fiscal year Ended December 31, 2011
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	11,975	10,171
Decrease in short-term loans payable	(10,795)	(12,598)
Proceeds from long-term loans payable	700	-
Repayment of long-term loans payable	(6,079)	(6,166)
Purchase of treasury stock	(875)	(79)
Proceeds from disposal of treasury stock	15	12
Cash dividends paid	(2,721)	(2,688)
Cash dividend to minority shareholders	(247)	(295)
Other, net	(264)	(252)
Net cash provided by (used in) financing activities	(8,293)	(11,897)
Effect of exchange rate change on cash and cash equivalents	(146)	(127)
Net increase (decrease) in cash and cash equivalents	11,767	(8,942)
Cash and cash equivalents at beginning of period	32,812	44,582
Increase in cash and cash equivalents from newly consolidated subsidiary	2	-
Cash and cash equivalents at end of period	44,582	35,640

5. Accounting Changes

Adoption of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the consolidated fiscal year ended December 31, 2011, the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24, March 10, 2008) were adopted. Consequently, necessary revisions have been made to consolidated earnings results.
These adoptions had only a minimal effect on consolidated financial statements.

Adoption of “Accounting Standard for Asset Retirement Obligations”
From the consolidated fiscal year ended December 31, 2011, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) were adopted.

6. Segment Information

(1) Business Segments

Consolidated Results for the Year Ended December 31, 2010 (January 1, 2010 – December 31, 2010)

(Millions of yen)

	Fiscal 2010 (January 1 to December 31, 2010)						
	Health Care Products	Household Products	Chemical Products	Others	Total	Eliminations and corporate	Consolidated total
1. Net sales and operating income/loss							
Net sales							
a) Sales to external customers	133,660	165,699	25,065	6,676	331,100	—	331,100
b) Intersegment sales	29	195	10,014	6,090	16,329	[16,329]	—
Total	133,689	165,894	35,079	12,766	347,430	[16,329]	331,100
Operating expenses	127,226	161,407	36,067	12,192	336,894	[16,293]	320,600
Operating income(loss)	6,462	4,487	(988)	574	10,536	[36]	10,500
2. Assets, depreciation and amortization, impairment loss, and capital participations							
Assets	103,389	87,755	39,733	5,982	236,860	24,078	260,939
Depreciation and amortization	6,992	3,973	942	97	12,005	344	12,349
Loss on impairment of fixed assets	25	29	2	12	70	121	191
Capital expenditures2	2,089	3,490	616	46	6,243	837	7,081

Notes:

1. 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. Assets, which include eliminations and corporate, totaled ¥35,409 million. This is principally made up of assets and deferred tax assets related to administrative operations.

(2)Geographical Segments

Consolidated Results for the Year Ended December 31, 2010 (January 1, 2010 – December 31, 2010)

(Millions of yen)

	Fiscal 2010 (January 1 to December 31, 2010)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales and operating income/loss					
Net sales					
a) Sales to external customers	280,890	50,210	331,100	—	331,100
b) Intersegment sales	802	1,336	2,139	[2,139]	—
Total	281,693	51,547	333,240	[2,139]	331,100
Operating expenses	272,182	50,913	323,095	[2,494]	320,600
Operating income	9,511	633	10,144	355	10,500
2. Total assets	206,395	27,877	234,272	26,666	260,939

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. Assets, which include eliminations and corporate, totaled ¥35,409 million. This is principally made up of assets and deferred tax assets related to administrative operations.

(3) Overseas sales

Consolidated Results for the Year Ended December 31, 2010 (January 1, 2010 – December 31, 2010)

	Asia	Other regions	Total
Overseas sales (millions of yen)	51,491	1,027	52,519
Consolidated net sales (millions of yen)	—	—	331,100
Percent of overseas sales in consolidated net sales (%)	15.6	0.3	15.9

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.
1) Asia: China, South Korea and Thailand
2) 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.

[Segment Information]

1. Overview of Reportable Segments

The reportable segments of Lion Corporation comprise those entities for which obtaining separate financial reports is possible and that are subject to regular review by the Board of Directors, which decides upon the distribution of management resources to said segments. Lion Corporation positions segments distinguished by their products within each business division. Each segment proposes comprehensive product strategies while pursuing business expansion. Affiliated companies in Japan undertake business activities that are in line with the characteristics of their respective products and services.

Affiliated companies located overseas are independent management units that conduct business activities that conform to the characteristics of the regions in which they operate.

The three reportable segments (distinguished by products, services and regions) that therefore comprise Lion Corporation's operations are: Consumer Products Business, Industrial Products Business and Overseas Business.

The Company's Reportable Segments are as follows.

1) Consumer Products Business
The Consumer Products Business engages in the manufacture and sale of commodities, OTC drugs and functional food products primarily in Japan.
Main products: toothpaste, toothbrushes, hand soaps, analgesics, eyedrop solutions, health tonic drinks, insecticides, laundry detergents, dishwashing detergents, fabric softeners, household cleaners, bleaches and pet supplies

2) Industrial Products Business
The Industrial Products Business engages primarily in the manufacture and sale of chemical raw materials, industrial products and other items in Japan and overseas.
Main products: activators, electro-conductive carbon and industrial cleaners

3) Overseas Business
The Overseas Business engages mainly in the manufacture and sale of commodities by affiliated overseas businesses.

4) Other Business
Lion subsidiaries located in Japan primarily undertake operations of each Lion Group business.
Main products and services: construction contractor business, real estate management, distribution/storage and temporary staffing services.

2. Methods for Calculating Net Sales, Profits, Losses, Assets, Liabilities and Other Monetary Items for Each Reportable Segment
Profit figures for each reportable segment are based on operating income.
Intersegment transaction and transfer prices are, in principle, established based on negotiations reflecting market prices, total supplier costs and the Company's asking price.

3. Information Regarding Net Sales, Profits, Losses, Assets, Liabilities and Other Monetary Items for Each Reportable Segment

Consolidated Results for the Year Ended December 31, 2010 (January 1 to December 31, 2010)

(Millions of yen)

	Reportable segments			other	Total	Adjustment*2	Consolidated total*3
	Consumer Products Business	Industrial Products Business	Overseas Business				
1. Net sales							
(1) Sales to external customers	243,836	30,792	50,210	6,261	331,100	-	331,100
(2)Intersegment sales*1	20,336	19,599	2,765	22,126	64,828	(64,828)	-
Total	264,172	50,392	52,975	28,388	395,929	(64,828)	331,100
Segment income	8,019	700	616	955	10,291	208	10,500
Segment assets	116,211	39,099	27,985	21,304	204,601	56,337	260,939
Other monetary items							
Depreciation and amortization	9,224	1,548	942	288	12,004	345	12,349
Investment in equity method affiliates	2,762	831	222	1,614	5,431	(124)	5,306
Increases in property, plant and equipment and intangible assets	4,092	1,085	955	1,500	7,633	(551)	7,081

Notes: 1. Internal transactions are included within reportable segments.

2. (1) Segment income adjustments totaling ¥208 million are composed mainly of internal transaction eliminations.

(2) Segment asset adjustments include internal transaction eliminations of ¥56,103 million and Company assets not allocated to reportable segments of ¥112,441 million.
Company assets are composed mainly of financial assets (including cash and deposits, short-term investment securities and investment securities) and administration assets, both of which are not attributable to reportable segments.

(3) Depreciation and amortization adjustments are composed of those involving Company assets and internal transaction eliminations.

3. Segment income is adjusted based on operating income in consolidated income statements.

Consolidated Results for the Year Ended December 31, 2011 (January 1 to December 31, 2011)

(Millions of yen)

	Reportable segments			other	Total	Adjustment*2	Consolidated total*3
	Consumer Products Business	Industrial Products Business	Overseas Business				
1. Net sales							
(1) Sales to external customers	241,234	31,016	51,018	4,231	327,500	-	327,500
(2)Intersegment sales*1	21,147	21,394	2,738	22,152	67,433	(67,433)	-
Total	262,381	52,410	53,757	26,384	394,934	(67,433)	327,500
Segment income	8,760	429	790	771	10,750	418	11,169
Segment assets	119,040	39,743	28,824	19,828	207,436	41,836	249,272
Other monetary items							
Depreciation and amortization	9,134	1,519	872	268	11,794	214	12,009
Investment in equity method affiliates	2,645	640	231	1,706	5,223	(88)	5,135
Increases in property, plant and equipment and intangible assets	4,479	910	1,850	127	7,367	1,001	8,368

Notes: 1. Internal transactions are included within reportable segments.

2. (1) Segment income adjustments totaling ¥418 million are composed mainly of internal transaction eliminations.

(2) Segment asset adjustments include internal transaction eliminations of ¥62,935 million and Company assets not allocated to reportable segments of ¥104,771 million.
Company assets are composed mainly of financial assets (including cash and deposits, short-term investment securities and investment securities) and administration assets, both of which are not attributable to reportable segments.

(3) Depreciation and amortization adjustments are composed of those involving Company assets and internal transaction eliminations.3. Segment income is adjusted based on operating income in consolidated income statements.

(Supplemental Information)

From the consolidated fiscal year ending December 31, 2011, Lion Corporation has applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

7. Per Share Information

	FY 2010 (January 1 to December 31, 2010)	FY 2011 (January 1 to December 31, 2011)
Net assets per share	382.18 Yen	380.11 Yen
EPS	22.41 Yen	15.18 Yen
Diluted EPS	22.37 Yen	15.16 Yen

Basis for Calculations

1. Amount of Net Assets Per Share

Item	FY 2010 (January 1 to December 31, 2010)	FY 2011 (January 1 to December 31, 2011)
Total amount of net assets in Consolidated Financial Reporting Statements (Millions of yen)	105,760	105,252
Amount of net assets related to common stock (Millions of yen)	102,601	102,049
Principal breakdown of balances (Millions of yen)		
Subscription rights	173	180
Minority interest	2,984	3,023
Number of outstanding shares of common stock (Thousands of shares)	299,115	299,115
Numbers of shares of treasury stock as common stock (Thousands of shares)	30,647	30,645
Number of shares of common stock that are calculated based on the amount of net assets per share (Thousands of shares)	268,467	268,469

2. Net income per share (EPS) and diluted net income per share (diluted EPS)

	FY 2010 (January 1 to December 31, 2010)	FY 2011 (January 1 to December 31, 2011)
EPS		
Net income (millions of Yen)	6,041	4,077
Amount not belong to common stockholders (millions of Yen)	—	—
Net Income concerning common stock (millions of Yen)	6,041	4,077
Average number of outstanding shares during the period (thousands of shares)	269,622	268,526
Diluted EPS		
Net income adjustment (millions of Yen)	—	—
Increase in number of common stocks (thousands of shares)	440	500
Of which, stock options (thousands of shares)	(440)	(500)
Summary of residual shares not included in diluted EPS due to lack of dilution effect.	—	—

8. Important Subsequent Events

Fiscal Year Ended March 2011 (January 1, 2011–December 31, 2011)

None

V. Other information

Personnel Changes

1. Change of Representative

There is no change.

2. Change of Other Personnel

(1) Directors

1) Newly Appointed Directors (positions will be appointed at the Ordinary Annual General Meeting of Shareholders scheduled on March 29, 2012)

Name	Current Title and Position
Masazumi Kikukawa	Executive Officer Executive General Manager of Health and Home Care Products Division
Kenjiro Kobayashi	Executive Officer Executive General Manager of International Division
Yasuo Shimizu	Executive Officer Executive General Manager of Health and Home Care Products Sales Division
Toshio Kakui	Executive Officer Executive General Manager of Research and Development Headquarters

2) Retiring Directors (March 29, 2012)

Name	Current Title	Current Position
Kazuo Obayashi	Representative Director and Senior Executive Director Executive Officer	Responsible for General Overseas Matters and International Division
Keikichi Sugiyama	Executive Director Executive Officer	Responsible for Research and Development Headquarters and Intellectual Property
Shuichi Ohta	Director Executive Officer	Assistant to President, President of Lion Business Service Co., Ltd.
Kiyotaka Abe	Director Executive Officer	Responsible for Chemicals Division, President of Ipposha Oil Industries Co., Ltd.

New management structure after March 29, 2012 is as follows:

(1) Director

Name	Position
Sadayoshi Fujishige	Representative Director and Chairman of the Board, Chief Executive Officer
Itsuo Hama	Representative Director and President Executive Officer, Chief Operating Officer Responsible for Risk Management
Takayasu Kasamatsu	Director, Executive Officer Responsible for Corporate Ethics, Secretary, Finance, Personnel, General Affairs, Corporate Communication Center, Consumer Service Center , Legal and Pharmaceutical Affairs
Yuji Watari	Director, Executive Officer Responsible for Production Headquarters, Purchasing Headquarters, System, Quality Assurance Department, Logistics Planning and Development and Business Coordination
Masazumi Kikukawa	Director, Executive Officer Responsible for Health and Home Care Products Division, Gift and Channel-Specific Products Division, Executive General Manager of Health and Home Care Products Division Responsible for Advertising, Distribution Policy Department and Behavioral Science Research
Kenjiro Kobayashi	Director, Executive Officer Responsible for General Overseas Matters and Executive General Manager of International Division
Yasuo Shimizu	Director, Executive Officer Executive General Manager of Health and Home Care Products Sales Division
Toshio Kakui	Director, Executive Officer Responsible for Chemicals Division Executive General Manager of Research and Development Headquarters Responsible for Intellectual Property
Mitsuaki Shimaguchi	External Director Professor of Hosei University Graduate Schools
Hideo Yamada	External Director Attorney at Law

The notification of the nomination of Mr. Mitsuaki Shimaguchi and Mr. Hideo Yamada as external directors has been sent to the Tokyo Stock Exchange.

(2)Corporate Auditor

Name	Position
Shinjiro Iwahori	Standing Corporate Auditor
Shozo Hanada	Standing Corporate Auditor
Hideo Doi	External Corporate Auditor (Certified Public Accountant)
Sumiaki Nomura	External Corporate Auditor (Certified Tax Accountant)

The notification of the nomination of Mr. Hideo Doi and Mr. Sumiaki Nomura as external auditors has been sent to the Tokyo Stock Exchange.

(3) Substitute Corporate Auditor

Name	Position
Fumio Takahashi	Substitute Corporate Auditor (Certified Public Accountant)

(4) Executive Officer (Excluding interlocking directors)

Name	Position
Takeo Sakakibara	Executive Officer President of Lion Trading Co., Ltd.
Sadao Hamada	Executive Officer Executive General Manager of Gift and Channel-Specific Products Division and Director of Gift and Channel-Specific Sales Department
Hideyuki Imai	Executive Officer Director of Behavioral Science Research Institute
Takashi Nakajima	Executive Officer Executive General Manager of Purchasing Headquarters
Atsushi Seki	Executive Officer Executive General Manager of Chemicals Division
Fumihiro Mikuchi	Executive Officer Executive General Manager of Production Headquarters