Summary of Consolidated Financial Statements for First Half Ended June 30, 2011 [Japanese Standard]

August 3, 2011

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

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Scheduled date of filing of quarterly financial report (Shihanki Houkokusho): August 11, 2011
Start date for payment of dividend: September 6, 2011
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 First Half Ended June 30, 2011

(January 1, 2011 – June 30, 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	%
First Half FY2011	151,479	(2.7)	3,324	20.7	4,016	19.6	47	(97.0)
First Half FY2010	155,758	2.2	2,755	26.8	3,357	18.4	1,582	50.1

	EPS	Diluted EPS
	Yen	Yen
First Half FY2011	0.18	0.18
First Half FY2010	5.85	5.84

(2)Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1H FY2011	239,238	103,674	42.0	374.27
FY2010	260,939	105,760	39.3	382.18

Note: Shareholders' equity: June 30, 2011: ¥100,521 million
December 31, 2010: ¥102,601 million

2. Dividend

	Cash dividend per share / Yen				
Record Date	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
FY2010	—	5.00	—	5.00	10.00
FY2011 actual	—	5.00			
FY2011 plan			—	6.00	11.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2011 (January 1, 2011 – December 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2011	334,000	0.9	11,000	4.8	12,000	1.7	4,700	(22.2)	17.50

Note: Revision to consolidated performance forecast during period under review: None
Regarding consolidated performance forecast revisions, please refer to "Lion Revises Performance Forecasts" released on July 29, 2011.

4. Others (for details, see page 8,"2. Other Information")

(1)Significant changes in scope of consolidation during the period: No
(2) Simplified accounting methods or special accounting practices: Yes
(3) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:
a. Changes associated with revision in accounting standards: Yes
b. Other changes: No
(4)Number of outstanding shares (common stock)
a. Number of outstanding shares on balance sheet dates (including treasury stocks):
As of June 30, 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 June 30, 2011: 30,535,874 shares
As of December 31, 2010: 30,647,350 shares
c. Average shares outstanding over period (cumulative; consolidated)
As of June 30, 2011: 268,527,741 shares
As of June 30, 2010: 270,336,886 shares

Appropriate use of business forecast; other special items

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

For more details, refer to “(3) Qualitative Information Concerning the Forecast of Consolidated Financial Results” on page 7.

Contents

1. Qualitative Information Concerning the Results of Operations for the First Half of the Current Fiscal Year

(1) Qualitative Information Concerning Consolidated Performance

Despite indications of an initial economic recovery, the Japanese economy during the first half of the 2011 fiscal year (January 1, 2011 – June 30, 2011) was significantly affected by a slowdown in production activities and personal consumption following the Great East Japan Earthquake.

The Lion Group faced severe operating conditions in the domestic toiletries industry—the Group's main business domain—due to intensifying competition in stores, increasing raw materials prices and the impact of the natural disaster.
In this harsh environment, the Lion Group is cultivating mainstay brands with the objective of improving corporate value while promoting cost reduction measures in manufacturing and other areas in order to improve profitability.

In Japan during the period under review, the Group released new products under antiperspirant/deodorant and mainstay laundry detergent brands. At the same time, the Group introduced household cleaners that offer new lifestyle ideas while launching new functional food products. Overseas, the Group cultivated common global brands and original local brands centering on laundry detergents and oral care products. In the growing Chinese market, the Group established a new subsidiary in China to increase its production capacity. In addition, the natural disaster caused damage to the Group's production facilities, sales offices and distribution bases while disrupting raw material procurement for certain mainstay products and sales activities. Despite these difficulties, Lion returned to normal operations in June thanks to rapid restoration efforts aimed at ensuring the Company could fulfill its product supply obligations as a toiletries manufacturer.

Consequently, consolidated results for the period under review are as follows: Net sales decreased 2.7% compared with the corresponding fiscal period to ¥151,479 million. On the earnings front, operating income rose 20.7% of ¥3,324 million and ordinary income improved 19.6% to ¥4,016 million. Net income dropped 97.0% to ¥47 million due to a post-earthquake extraordinary loss primarily involving inventories and facilities.

<Consolidated Results> (Millions of yen)

	1st half FY2011	Ratio to net sales	1st half FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	151,479		155,758		(4,278)	(2.7%)
Operating income	3,324	2.2%	2,755	1.8%	569	20.7%
Ordinary income	4,016	2.7%	3,357	2.2%	658	19.6%
Net income	47	0.0%	1,582	1.0%	(1,534)	(97.0%)

< Results by Business Segment > (Millions of yen)

	Net sales				Segment income (Operating income)			
	1st half FY2011	1st half FY2010	Increase/ decrease	Change	1st half FY2011	1st half FY2010	Increase/ decrease	Change
Consumer Products	119,278	124,643	(5,364)	(4.3%)	2,057	1,735	321	18.5%
Industrial Products	24,914	24,008	905	3.8%	464	432	31	7.3%
Overseas	26,680	25,592	1,088	4.3%	325	247	78	31.5%
Other	11,799	11,878	(79)	(0.7%)	271	249	21	8.7%
Subtotal	182,672	186,122	(3,449)	(1.9%)	3,119	2,665	453	17.0%
Adjustment	(31,193)	(30,364)	(828)	—	205	89	115	128.9%
Total	151,479	155,758	(4,278)	(2.7%)	3,324	2,755	569	20.7%

Results by Business Segments are as follows.

<Consumer Products Business>

(Millions of yen)

	1st half FY2011	Ratio to net sales	1st half FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	119,278		124,643		(5,364)	(4.3%)
Segment income	2,057	1.7%	1,735	1.4%	321	18.5%

Note: Net sales include internal net sales within and among segments, which amounted to ¥10,230 million in the first half of fiscal 2011 and ¥9,966 million in the first half of fiscal 2010.

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

	1st half FY2011	1st half FY2010	Increase/ decrease	Change
Oral Care Products	21,104	22,797	(1,692)	(7.4%)
Beauty Care Products	11,842	11,654	188	1.6%
Pharmaceutical Products	18,943	18,769	174	0.9%
Fabric Care Products	35,055	38,959	(3,904)	(10.0%)
Living Care Products	10,589	10,766	(176)	(1.6%)
Other Products	21,742	21,695	46	0.2%

Oral Care Products

Sales were strong for the newly added mild-flavored toothpaste *Hitect*, while *Shikkari-Kegoshi*, a new addition to the *Dentor Systema* lineup of toothbrushes, experienced firm sales. However, overall sales declined compared with the corresponding period of the previous fiscal year due to the impact of the recent disaster.

Beauty Care Products

In shampoo, slack sales of *Soft in 1 Shampoo* conditioning shampoo caused overall sales to decline compared with the same period of the previous fiscal year.

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

In antiperspirants and deodorants, new products in the *Ban* series—which effectively control 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, owing to steady sales of Lion's mainstay *BUFFERIN A* along with favorable sales of *BUFFERIN PLUS S*—which displays superior effectiveness owing to its rapid-dissolving tablets—overall sales increased significantly year on year.

In eyedrops, favorable sales of the mainstay *Smile 40EX* series led to a substantial rise in overall sales compared with the corresponding period of the previous fiscal year.

In tonics and nutrients, despite firm sales of the *New Guromont* health tonic drink brand, overall year-on-year sales remained unchanged due to the negative impact of market shrinkage.

Fabric Care Products

In laundry detergents, Lion made an effort to cultivate such brands as *TOP NANOX* and *Super-Concentrated Kaori Tsuzuku (Long-Lasting Fragrance) TOP*, both of which were released in fiscal 2010. However, overall sales decreased compared with the same period of the previous fiscal year as a result of the recent disaster.

In fabric softeners, year-on-year overall sales grew owing to favorable customer ratings received for *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Rich*, a new product that was released during the previous fiscal year.

Living Care Products

In dishwashing detergents, despite strong sales of improved products in the *CHARMY Crysta* series of detergents for dishwashers, overall sales declined year on year because of sluggish sales of CHARMY V Quick.

In household cleaners, in addition to robust sales of *Toire no LOOK Deodorizing EX* (toilet bowl cleaner), favorable customer reviews were garnered for *LOOK Mame-Pika Toilet Cleaner*, a new product that allows the user to quickly and easily wipe the toilets clean with toilet paper. As a result, overall sales jumped substantially compared with the corresponding period of the previous fiscal year.

Other Products

In the Other Business, amid favorable sales of *Nicelim Essence Lactoferrin* and other functional food products, Lion released *Tou To Zyouzu Ni Tukiautameni Toushitu Shuukan*, a supplement recommended for middle-aged and older people concerned about their sugar intake. In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm. Nevertheless, overall year-on-year sales improved only slightly due to the impact of the recent disaster on sales of

novelty items, including promotional merchandise marketed to corporations.

<Industrial Products Business>

(Millions of yen)

	1st half FY2011	Ratio to net sales	1st half FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	24,914		24,008		905	3.8%
Segment income	464	1.9%	432	1.8%	31	7.3%

Note: Net sales include internal net sales within and among segments, which amounted to ¥9,714 million in the first half of fiscal 2011 and ¥8,985 million in the first half of fiscal 2010.

Activators derived from oil and fats saw favorable sales for use as food additives in Japan and cosmetics overseas. However, due to the impact of high yen conversion rates on the sale of raw materials used in detergents, overall sales in this category remained on par with the same period of the previous fiscal year.

In electro-conductive carbon, overall sales fell year on year because of the impact of market stagnation on sales of automotive and electronic components as well as the recent disaster.

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

<Overseas Business>

(Millions of yen)

	1st half FY2011	Ratio to net sales	1st half FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	26,680		25,592		1,088	4.3%
Segment income	325	1.2%	247	1.0%	78	31.5%

Note: Net sales include internal net sales within and among segments, which amounted to ¥1,360 million in the first half of fiscal 2011 and ¥1,372 million in the first half of fiscal 2010.

In Thailand, sales of laundry detergents were steady while sales of *Systema* and other toothbrush brands were favorable. Consequently, overall sales increased compared with the same period of the previous fiscal year.

In South Korea, although sales of *Beat* liquid laundry detergent were favorable, overall sales were flat year on year due to sluggish sales of *Systema* brand toothbrushes.

In China, despite strong sales of *Systema* brand toothbrushes, overall sales remained unchanged from the corresponding period of the previous fiscal year because of stagnant sales of *Zact* toothpaste.

<Other>

(Millions of yen)

	1st half FY2011	Ratio to net sales	1st half FY2010	Ratio to net sales	Increase/ decrease	Change
Net sales	11, 799		11,878		(79)	(0.7%)
Segment income	271	2.3%	249	2.1%	21	8.7%

Note: Net sales include internal net sales within and among segments, which amounted to ¥9,887 million in the first half of fiscal 2011 and ¥10,039 million in the first half of fiscal 2010.

In Other, net sales dipped 0.7% year on year to ¥11,799 million due to sluggish sales in the construction contractor business.

Reference Information: Performance by Location

<Consolidated Geographical Segment> (Millions of yen)

	Net sales				Operating income			
	1st half FY2011	1st half FY2010	Increase/ decrease	Change	1st half FY2011	1st half FY2010	Increase/ decrease	Change
Japan	126,159	131,538	(5,378)	(4.1%)	2,675	2,350	324	13.8%
Asia	25,319	24,219	1,100	4.5%	415	239	176	73.5%
Eliminations and corporate	—	—	—	—	234	165	68	41.4%
Total	151,479	155,758	(4,278)	(2.7%)	3,324	2,755	569	20.7%

(2) Qualitative Information Concerning Consolidated Financial Status

1) Status of Assets, Liabilities, Net Assets for the First Half of the Current Fiscal Year

<Consolidated Financial Status >

	First Half Ended June 30, 2011	Fiscal 2010 (Ended Dec. 31, 2010)	Increase/ decrease
Total assets (millions of yen)	239,238	260,939	(21,700)
Net assets (millions of yen)	103,674	105,760	(2,085)
Shareholders' equity to total assets *1 (%)	42.0	39.3	2.7
Net assets per share *2 (yen)	374.27	382.18	7.91

*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 ¥21,700 million compared with the previous consolidated fiscal year-end to ¥239,238 million. This is primarily attributable to a decrease in short-term investment securities and notes and accounts receivable—trade. Net assets declined ¥2,085 million year on year to ¥103,674 million. Shareholders' equity to total assets stood at 42.0%.

2) Status of Cash Flows for First Half Fiscal 2011

<Consolidated Cash Flows> (Millions of yen)

	1st half FY2011	1st half FY2010	Increase/ decrease
Net cash provided by (used in) operating activities	(9,861)	(175)	(9,686)
Net cash provided by (used in) investment activities	(5,317)	(3,461)	(1,855)
Net cash provided by (used in) financing activities	(4,807)	(3,772)	(1,035)
Effect of exchange rate change on cash and cash equivalents	(64)	(111)	46
Net increase (decrease) in cash and cash equivalents	(20,051)	(7,518)	(12,532)
Cash and cash equivalents at end of period	24,530	25,293	(762)

Net cash used in operating activities totaled ¥9,861 million. Major components of this decrease included a decrease in notes and accounts payable—trade.

Net cash used in investment activities totaled ¥5,317 million. Major components of this decline in cash flows included the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥4,807 million. Major components of this reduction in cash flows included repayments of loans payable and cash dividends paid.

As a result of the above, cash and cash equivalents as of June 30, 2011 decreased ¥20,051 million to ¥24,530 million compared with the consolidated fiscal year ended December 31, 2010 and declined ¥762 million compared with the corresponding period of the previous fiscal year.

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

In accordance with the announcement made on July 29, 2011, consolidated financial results forecasts for the full fiscal year have been revised since the release of forecasts on May 9, 2011.

The Japanese economy is expected to recover owing mainly to a rebound in full-scale production activities following the restoration of supply chains as well as demand related to post-disaster rebuilding. However, economic conditions are expected to remain uncertain for the foreseeable future due to nationwide concern regarding the impact of power shortages on corporate activities and severe employment conditions.

In the domestic toiletries industry—the Lion Group's main business domain—Lion forecasts ongoing harsh operating conditions as a result of such factors as high raw materials prices and intensifying competition.

Under these difficult circumstances, the Lion Group aims to increase brand value and profitability by promoting power conservation measures and upgrades to its procurement system to ensure a steady supply of products. At the same time, the Group will continue to cultivate mainstay brands and promote manufacturing cost reduction activities.

In the Consumer Products Business, the Group will release new products in both mainstay and growing fields while continuing to nurture new toothpaste, laundry detergent, functional food and other products introduced in fiscal 2010 and the first half of 2011.

In the Industrial Products Business, the Group aims to increase sales of activators derived from oil and fats, industrial cleaners and such highly functional products as electro-conductive carbon.

In the Overseas Business, the Group will strive to expand its businesses by promoting a brand strategy that cultivates both common global brands and original local brands. The Group will also steadily enhance production capacity to meet growing demand in the future.

(Preconditions for the Estimated Figures in Outlook for Fiscal 2011)
Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures:
¥82 = US$1.00
¥2.7 = 1.00 baht

2. Other information

(1) Changes in Important Subsidiaries during the Period

None

(2) Simplified Accounting Method and Special Accounting Practices

1) Simplified Accounting Method

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

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

Methods that make use of performance forecasts and tax planning utilized during the previous fiscal year are used to determine the collectability of deferred income tax assets, recognizing that no significant changes in the operating environment or temporary variances have occurred since the end of the previous fiscal year.

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

None

(3) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements

1) 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 first quarter of the consolidated fiscal year ending 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. Consequently, the impact on income and loss for the first half of the current fiscal year has been minor.

2) Adoption of “Accounting Standard for Asset Retirement Obligations”

From the first quarter of the consolidated fiscal year ending 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.

Consequently, operating income, ordinary income and income before income taxes and minority interests for the first half of the current fiscal year decreased ¥7 million, ¥7 million and ¥197 million, respectively. In addition, the amount of fluctuation in asset retirement obligations due to the application of this accounting standard has been minimal.

3) Change in Presentation

(Quarterly Consolidated Financial Statements)

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the Company applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009). As a result, “income before minority interests” is included in the consolidated financial statements for the first half of the current fiscal year ending December 31, 2011.

3. Consolidated Quarterly Financial Reporting Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	First Half Ended June 30, 2011	Fiscal 2010 Ended December 31, 2010
Assets		
Current assets		
Cash and deposits	14,609	21,286
Notes and accounts receivable-trade	49,888	52,324
Short-term investments securities	10,144	23,514
Merchandise and finished goods	21,566	18,085
Work in process	2,898	3,457
Raw materials and supplies	6,681	6,346
Other	5,589	6,487
Allowance for doubtful accounts	(54)	(77)
Total current assets	111,322	131,425
Noncurrent assets		
Property, plant and equipment	59,586	60,668
Intangible assets		
Right of trademark	20,927	22,886
Other	2,068	1,781
Total intangible assets	22,996	24,667
Investments and other assets		
Investments and other assets	45,373	44,217
Allowance for doubtful accounts	(39)	(39)
Total Investments and other assets	45,333	44,178
Total noncurrent assets	127,915	129,513
Total assets	239,238	260,939

(Millions of yen)

	First Half Ended June 30, 2011	Fiscal 2010 Ended December 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,382	43,249
Short-term loans payable	7,810	7,773
Current portion of long-term loans payable	4,291	6,166
Accounts payable-other and accrued expenses	34,281	38,480
Income taxes payable	1,094	1,693
Provision for bonuses	760	2,109
Provision for loss on disaster	398	-
Provision for sales returns	577	585
Provision for sales promotion expenses	651	488
Provision for directors' bonuses	76	164
Other	2,228	1,984
Total current liabilities	84,552	102,696
Noncurrent liabilities		
Long-term loans payable	26,295	27,504
Provision for retirement benefits	19,253	19,610
Provision for directors' retirement benefits	270	318
Asset retirement obligations	308	-
Other	4,882	5,049
Total noncurrent liabilities	51,011	52,483
Total liabilities	135,564	155,179
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	54,070	55,426
Treasury stock	(16,604)	(16,670)
Total shareholders' equity	103,399	104,689
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23	913
Deferred gains or losses on hedges	(40)	(56)
Foreign currency translation adjustment	(2,861)	(2,944)
Total valuation and translation adjustments	(2,878)	(2,087)
Subscription rights to shares	147	173
Minority interests	3,005	2,984
Total net assets	103,674	105,760
Total liabilities and net assets	239,238	260,939

(2) Consolidated Quarterly Statements of Income

(Millions of yen)

	First Half Ended June 30, 2010	First Half Ended June 30, 2011
Net sales	155,758	151,479
Cost of sales	66,095	64,429
Gross profit	89,662	87,049
Selling, general and administrative expenses	86,907	83,724
Operating income	2,755	3,324
Non-operating income		
Interest income	37	48
Dividends income	252	291
Equity in earnings of affiliates	595	575
Royalty income	116	114
Foreign exchange gains	-	18
Other	204	178
Total non-operating income	1,206	1,226
Non-operating expenses		
Interest expenses	462	442
Foreign exchange losses	7	-
Other	134	92
Total non-operating expenses	604	535
Ordinary income	3,357	4,016
Extraordinary income		
Gain on disposal of noncurrent assets	-	25
Reversal of allowance for doubtful accounts	62	22
Total extraordinary income	62	48
Extraordinary loss		
Loss on disaster	-	2,800
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	190
Loss on disposal of noncurrent assets	433	33
Impairment loss	52	3
Other	-	311
Total extraordinary losses	486	3,338
Income before income taxes	2,933	725
Income taxes-current	909	877
Income taxes-deferred	207	(506)
Total income taxes	1,116	371
Income before minority interests	-	353
Minority interests in income	234	305
Net income	1,582	47

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Half Ended June 30, 2010	First Half Ended June 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes	2,933	725
Depreciation	5,992	5,954
Impairment loss	52	3
Increase (decrease) in provision for retirement benefits	684	(631)
Interest and dividends income	(290)	(340)
Interest expenses	462	442
Loss (gain) on disposal of noncurrent assets	433	8
Equity in (earnings) losses of affiliates	(595)	(575)
Decrease (increase) in notes and accounts receivable-trade	2,076	2,367
Decrease (increase) in inventories	(606)	(3,235)
Increase (decrease) in notes and accounts payable-trade	(8,846)	(10,891)
Increase (decrease) in accounts payable-other and accrued expenses	(44)	(2,068)
Increase (decrease) in other current liabilities	(10)	780
Decrease (increase) in other current assets	(121)	(441)
Other, net	(1,588)	(1,034)
Subtotal	533	(8,934)
Interest and dividends income received	694	771
Interest expenses paid	(481)	(479)
Income taxes paid	(921)	(1,219)
Net cash provided by (used in) operating activities	(175)	(9,861)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	-	(3)
Purchase of property, plant and equipment	(3,147)	(4,720)
Proceeds from sales of property, plant and equipment	17	38
Purchase of intangible assets	(41)	(584)
Purchase of investment securities	(331)	(54)
Proceeds from sales of investment securities	1	0
Payments of loans receivable	(0)	(7)
Collection of loans receivable	100	6
Other, net	(59)	8
Net cash provided by (used in) investment activities	(3,461)	(5,317)

(Millions of yen)

	First Half Ended June 30, 2010	First Half Ended June 30, 2011
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	4,764	5,747
Decrease in short-term loans payable	(3,829)	(5,807)
Repayment of long-term loans payable	(3,025)	(3,083)
Purchase of treasury stock	(15)	(18)
Proceeds from disposal of treasury stock	0	2
Cash dividends paid	(1,356)	(1,344)
Cash dividends paid to minority shareholders	(179)	(167)
Other, net	(130)	(135)
Net cash provided by (used in) financing activities	(3,772)	(4,807)
Effect of exchange rate change on cash and cash equivalents	(111)	(64)
Net increase (decrease) in cash and cash equivalents	(7,520)	(20,051)
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	25,293	24,530

(4) Notes Regarding Going Concern Assumptions

None

(5) Notes Regarding Consolidated Quarterly Balance Sheets

(Provision for Loss Due to Disaster)

Losses totaling ¥398 million as of the end of the consolidated fist half of the current fiscal year under review are recorded under current liabilities as provision for loss on disaster. This amount has been allocated in order to prepare for such expenditures as the restoration of buildings and equipment and the disposal of inventories as a result of the Great East Japan Earthquake.

(6) Notes Regarding Consolidated Quarterly Income Statements

(Losses Caused by the Great East Japan Earthquake)

Regarding losses caused by the Great East Japan Earthquake, the Company recorded a total extraordinary loss on disaster of ¥2,800 million as of the end of the consolidated fist half of the current fiscal year under review. This amount includes ¥761 million for loss of inventories and disposal costs, and ¥713 million to restore buildings, equipment and other property.

(7) Segment Information

[Segment Information by Business Classification]

(Millions of yen)

	First Half Ended June 30, 2010 (January 1 to June 30, 2010)						
	Health Care Products	Household Products	Chemical Products	Other	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to external customers	63,685	77,660	12,436	1,976	155,758	—	155,758
b) Intersegment sales	3	102	4,418	2,541	7,066	[7,066]	—
Total	63,689	77,762	16,854	4,517	162,824	[7,066]	155,758
Operating income(loss)	2,267	652	(237)	54	2,737	18	2,755

Notes:

Categorization of industry segments and principal products

Industry segments are categorized in accordance with the similarity of products and markets.

•Health Care Products: Toothpastes, toothbrushes, hand soaps, analgesics, eyedrop solutions, health tonic drinks and insecticides

•Household Products: Laundry detergents, dishwashing detergents, fabric softeners, household cleaners and bleaches

•Chemical Products: Activators and electro-conductive carbon

•Other: Plant construction, real estate management, and transportation and storage

[Geographical Segments]

(Millions of yen)

	First Half Ended June 30, 2010 (January 1 to June 30, 2010)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	131,538	24,219	155,758	—	155,758
b) Intersegment sales	305	645	951	[951]	—
Total	131,844	24,865	156,709	[951]	155,758
Operating income	2,350	239	2,590	165	2,755

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

[Overseas sales]

First Half Ended June 2010(January 1 to June 30, 2010)

	Asia	Other regions	Total
Overseas sales (millions of yen)	24,974	485	25,460
Consolidated net sales (millions of yen)	—	—	155,758
Percent of overseas sales in consolidated net sales (%)	16.0	0.3	16.3

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

[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. Information Regarding Net Sales, Profits and Losses for Each Reportable Segment

First Half Ended June 30, 2011 (January 1 to June 30, 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	109,047	15,199	25,319	1,912	151,479	-	151,479
(2)Intersegment sales*1	10,230	9,714	1,360	9,887	31,193	(31,193)	-
Total	119,278	24,914	26,680	11,799	182,672	(31,193)	151,479
Segment income	2,057	464	325	271	3,119	205	3,324

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

2. Segment income adjustments totaling ¥205 million are composed mainly of internal transaction eliminations.
3. Segment income are adjusted based on operating income in consolidated quarterly income statements.

(Supplemental Information)

From the first quarter of 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).

(8) Notes in the Event of Significant Changes in Amount of Shareholders' Equity

None