Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2011 [Japanese Standard]

November 4, 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): November 11, 2011
Start date for payment of dividend: －
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: No

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

1. Consolidated Results for the Nine Months Ended September 30, 2011

(January 1, 2011 – September 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	%
Nine Months Ended Sep. 2011	233,229	(0.6)	5,013	32.0	5,749	21.2	891	(38.7)
Nine Months Ended Sep. 2010	234,728	2.8	3,798	19.8	4,743	18.4	1,455	(4.8)

	EPS	Diluted EPS
	Yen	Yen
Nine Months Ended Sep. 2011	3.32	3.32
Nine Months Ended Sep. 2010	5.39	5.38

(2)Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine Months Ended September 2011	235,032	101,728	42.0	367.59
December 2010	260,939	105,760	39.3	382.18

Note: Shareholders' equity: September 30, 2011: ¥98,723 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

4. Others (for details, see page 9,"2. Other Information")

(1)Significant changes in scope of consolidation during the period: No
(2) Simplified accounting methods or special accounting practices: Yes
(3) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:
a. Changes associated with revision in accounting standards: Yes
b. Other changes: No
(4)Number of outstanding shares (common stock)
a. Number of outstanding shares on balance sheet dates (including treasury stocks):
As of September 30, 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 September 30, 2011: 30,543,951 shares
As of December 31, 2010: 30,647,350 shares
c. Average shares outstanding over period (cumulative; consolidated)
As of September 30, 2011: 268,542,623 shares
As of September 30, 2010: 269,992,666 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 Third Quarter of the Current Fiscal Year

(1) Qualitative Information Concerning Consolidated Performance

In light of the ongoing impact of the recent disaster, the Japanese economy during the consolidated third quarter of the 2011 fiscal year (January 1, 2011 – September 30, 2011) remained uncertain primarily due to a slowdown in exports and decline in corporate earnings. This occurred despite indications of a recovery in production activities and personal consumption.

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 increasing sales of high-value-added products, making efficient use of marketing costs and promoting cost reduction measures in order to improve profitability.

In Japan during the period under review, the Group released new products under mainstay laundry detergent and fabric softener brands. At the same time, the Group introduced household cleaners that offer new lifestyle ideas. The Group also established a department dedicated to communicating useful lifestyle information in order to strengthen its communication-related functions. Overseas, the Group cultivated brands centering on laundry detergents and oral care products. In the growing Chinese market, the Group established a new subsidiary to expand production capacity in China.

Consequently, consolidated results for the period under review are as follows: net sales dipped 0.6% compared with the corresponding fiscal period to ¥233,229 million (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 0.1%), while, on the earnings front, operating income increased 32.0% to ¥5,013 million and ordinary income rose 21.2% to ¥5,749 million. However, net income fell 38.7% to ¥891 million due to a post-earthquake extraordinary loss primarily involving inventories and facilities.

<Consolidated Results> (Millions of yen)

	Nine Months Ended Sep. 2011	Ratio to net sales	Nine Months Ended Sep. 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	233,229		234,728		(1,499)	(0.6%)
Operating income	5,013	2.1%	3,798	1.6%	1,215	32.0%
Ordinary income	5,749	2.5%	4,743	2.0%	1,005	21.2%
Net income	891	0.4%	1,455	0.6%	(563)	(38.7%)

< Results by Business Segment > (Millions of yen)

	Net sales				Segment income (Operating income)			
	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease	Change	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease	Change
Consumer Products	184,569	186,350	(1,780)	(1.0%)	3,275	2,060	1,214	58.9%
Industrial Products	38,726	36,529	2,196	6.0%	429	652	(222)	(34.2%)
Overseas	40,029	38,912	1,116	2.9%	356	411	(55)	(13.4%)
Other	18,652	19,806	(1,153)	(5.8%)	538	558	(19)	(3.5%)
Subtotal	281,977	281,599	378	(0.1%)	4,600	3,682	917	24.9%
Adjustment	(48,747)	(46,870)	(1,877)	—	413	115	298	258.5%
Total	233,229	234,728	(1,499)	(0.6%)	5,013	3,798	1,215	32.0%

Results by Business Segments are as follows.

<Consumer Products Business>

(Millions of yen)

	Nine Months Ended Sep. 2011	Ratio to net sales	Nine Months Ended Sep. 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	184,569		186,350		(1,780)	(1.0%)
Segment income	3,275	1.8%	2,060	1.1%	1,214	58.9%

Note: Net sales include internal net sales within and among segments, which amounted to ¥15,740 million in the consolidated third quarter of fiscal 2011 and ¥15,284 million in the consolidated third quarter of fiscal 2010.

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

	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease	Change
Oral Care Products	33,734	33,077	657	2.0%
Beauty Care Products	17,079	16,661	417	2.5%
Pharmaceutical Products	27,892	28,858	(966)	(3.3%)
Fabric Care Products	55,719	58,740	(3,021)	(5.1%)
Living Care Products	16,381	15,928	452	2.8%
Other Products	33,762	33,082	679	2.1%

Oral Care Products

In toothpaste, sales were strong for the newly added mild-flavored toothpaste Hitect, while the mainstay brand Dentor Systema EX 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.

In toothbrushes, sales were favorable for the Dentor Systema product series—which features the new addition, Shikkari-Kegoshi—and the children's product, KODOMO toothbrush. Consequently, overall sales rose compared with the same period of the previous fiscal year.

Overall net sales for the business segment increased year on year due to a significant rebound in sales during the summer onward.

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, overall sales increased year on year, owing to steady sales of Lion's mainstay BUFFERIN A.

In eyedrops, 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 corresponding period of the previous fiscal year.

In insecticides, Lion released 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 made an effort to cultivate such brands as new-and-improved TOP NANOX (which breaks down and removes sebum, the cause of yellowing and odors, at the nano level) and Super-Concentrated Kaori Tsuzuku (Long-Lasting Fragrance) TOP (which contains fabric softener). Despite these initiatives, 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 significantly 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, overall sales increased year on year thanks to strong sales of the mainstay CHARMY Awa no Chikara (Power of Suds) series, which features improved versions blended with natural aroma oils.

In household cleaners, 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 functional food products, amid favorable sales of Nicelim Essence Lactoferrin, Lion released Tou To Zyouzu Ni Tukiautameni Toushitu Shuukan, a new product recommended for middle-aged and older people concerned about their sugar intake. This new product 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 favorable. As a result, overall year-on-year sales increased compared with the corresponding period of the previous fiscal year.

<Industrial Products Business>

(Millions of yen)

	Nine Months Ended Sep. 2011	Ratio to net sales	Nine Months Ended Sep. 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	38,726		36,529		2,196	6.0%
Segment income	429	1.1%	652	1.8%	(222)	(34.2%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥15,506 million in the consolidated third quarter of fiscal 2011 and ¥13,833 million in the consolidated third quarter of fiscal 2010.

Activators derived from oil and fats saw favorable sales for use as surfactant raw materials in Japan. Consequently, despite the impact of high yen conversion rates on the sale of raw materials used in detergents overseas, overall sales in this category rose slightly compared with the same period of the previous fiscal year.

In electro-conductive carbon, overall sales fell year on year because of stagnant demand for automotive and electronic components.

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)

	Nine Months Ended Sep. 2011	Ratio to net sales	Nine Months Ended Sep. 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	40,029		38,912		1,116	2.9%
Segment income	356	0.9%	411	1.1%	(55)	(13.4%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥2,041 million in the consolidated third quarter of fiscal 2011 and ¥2,069 million in the consolidated third quarter of fiscal 2010.

In Thailand, sales of laundry detergents were firm while sales of Systema and other toothbrush brands were favorable. However, due to sluggish fabric softener sales, overall sales increased slightly compared with the same period of the previous fiscal year.

In South Korea, although sales of Beat liquid laundry detergent were favorable, overall sales rose marginally year on year due to sluggish toothpaste and toothbrush sales.

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

Overall net sales for this business segment grew 2.9% compared with the corresponding fiscal period (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 7.4%).

<Other>

(Millions of yen)

	Nine Months Ended Sep. 2011	Ratio to net sales	Nine Months Ended Sep. 2010	Ratio to net sales	Increase/ decrease	Change
Net sales	18,652		19,806		(1,153)	(5.8%)
Segment income	538	2.9%	558	2.8%	(19)	(3.5%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥15,459 million in the consolidated third quarter of fiscal 2011 and ¥15,682 million in the consolidated third quarter of fiscal 2010.

In Other, net sales decreased 5.8% year on year to ¥18,652 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			
	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease	Change	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease	Change
Japan	195,242	197,885	(2,643)	(1.3%)	4,224	3,138	1,086	34.6%
Asia	37,987	36,843	1,144	3.1%	453	405	47	11.6%
Eliminations and corporate	—	—	—	—	336	254	82	32.4%
Total	233,229	234,728	(1,499)	(0.6%)	5,013	3,798	1,215	32.0%

(2) Qualitative Information Concerning Consolidated Financial Status

1) Status of Assets, Liabilities, Net Assets for the Third Quarter of the Current Fiscal Year

<Consolidated Financial Status >

	Nine Months Ended September 30, 2011	Fiscal 2010 (Ended Dec. 31, 2010)	Increase/ decrease
Total assets (millions of yen)	235,032	260,939	(25,906)
Net assets (millions of yen)	101,728	105,760	(4,031)
Shareholders' equity to total assets *1 (%)	42.0	39.3	2.7
Net assets per share *2 (yen)	367.59	382.18	(14.59)

*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 ¥25,906 million compared with the previous consolidated fiscal year-end to ¥235,032 million. This is primarily attributable to a decrease in short-term investment securities and notes and accounts receivable—trade. Net assets declined ¥4,031 million year on year to ¥101,728 million. Shareholders' equity to total assets stood at 42.0%.

2) Status of Cash Flows for the Third Quarter of the Current Fiscal Year

<Consolidated Cash Flows> (Millions of yen)

	Nine Months Ended Sep. 2011	Nine Months Ended Sep. 2010	Increase/ decrease
Net cash provided by (used in) operating activities	(1,707)	7,864	(9,571)
Net cash provided by (used in) investment activities	(7,441)	(4,457)	(2,984)
Net cash provided by (used in) financing activities	(7,632)	(6,401)	(1,230)
Effect of exchange rate change on cash and cash equivalents	(263)	(72)	(191)
Net increase (decrease) in cash and cash equivalents	(17,045)	(3,064)	(13,980)
Cash and cash equivalents at end of period	27,537	29,748	(2,210)

Net cash used in operating activities totaled ¥1,707 million. Major components of this decrease included a decrease in notes and accounts payable—trade.

Net cash used in investment activities totaled ¥7,441 million. Major components of this decline in cash flows included the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥7,632 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 September 30, 2011 decreased ¥17,045 million to ¥27,537 million compared with the consolidated fiscal year ended December 31, 2010 and declined ¥2,210 million compared with the corresponding period of the previous fiscal year.

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

In line with the announcement made on July 29, 2011, there are no changes to consolidated financial results forecasts for the full fiscal year.

The Japanese economy is expected to recover, owing mainly to a rebound in 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 the strong yen 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 circumstances, the Lion Group aims to increase brand value and profitability by continuing to cultivate mainstay brands, make efficient use of marketing costs and promote manufacturing-centered cost reduction activities.

In the Consumer Products Business, the Group will continue to undertake brand cultivation activities, focusing on toothpaste, laundry detergent, fabric softener and other products released during the third quarter of the current fiscal year.

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. Measurement methods for inventories

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

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

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

Methods that make use of performance forecasts and tax planning utilized during the previous fiscal year are used to determine the collectability of deferred income tax assets, recognizing that no significant changes in the operating environment or temporary variances have occurred 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 loss for the consolidated third quarter 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 third quarter of the current fiscal year decreased ¥11 million, ¥11 million and ¥201 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 third quarter of the current fiscal year ending December 31, 2011.

3. Consolidated Quarterly Financial Reporting Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Nine Months Ended September 30, 2011	Fiscal 2010 Ended December 31, 2010
Assets		
Current assets		
Cash and deposits	18,422	21,286
Notes and accounts receivable-trade	44,168	52,324
Short-term investments securities	9,590	23,514
Merchandise and finished goods	21,903	18,085
Work in process	2,915	3,457
Raw materials and supplies	7,206	6,346
Other	6,486	6,487
Allowance for doubtful accounts	(49)	(77)
Total current assets	110,644	131,425
Noncurrent assets		
Property, plant and equipment	58,453	60,668
Intangible assets		
Right of trademark	19,947	22,886
Other	2,334	1,781
Total intangible assets	22,282	24,667
Investments and other assets		
Investments and other assets	43,691	44,217
Allowance for doubtful accounts	(39)	(39)
Total Investments and other assets	43,652	44,178
Total noncurrent assets	124,388	129,513
Total assets	235,032	260,939

(Millions of yen)

	Nine Months Ended September 30, 2011	Fiscal 2010 Ended December 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,129	43,249
Short-term loans payable	7,144	7,773
Current portion of long-term loans payable	4,291	6,166
Accounts payable-other and accrued expenses	30,785	38,480
Income taxes payable	937	1,693
Provision for bonuses	2,525	2,109
Provision for sales promotion expenses	608	488
Provision for sales returns	569	585
Provision for loss on disaster	367	-
Provision for directors' bonuses	115	164
Other	2,120	1,984
Total current liabilities	83,596	102,696
Noncurrent liabilities		
Long-term loans payable	25,116	27,504
Provision for retirement benefits	19,164	19,610
Provision for directors' retirement benefits	264	318
Asset retirement obligations	312	-
Other	4,849	5,049
Total noncurrent liabilities	49,707	52,483
Total liabilities	133,303	155,179
Net assets		
Shareholders’ equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	53,571	55,426
Treasury stock	(16,608)	(16,670)
Total shareholders' equity	102,897	104,689
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(486)	913
Deferred gains or losses on hedges	(33)	(56)
Foreign currency translation adjustment	(3,653)	(2,944)
Total valuation and translation adjustments	(4,173)	(2,087)
Subscription rights to shares	164	173
Minority interests	2,840	2,984
Total net assets	101,728	105,760
Total liabilities and net assets	235,032	260,939

(2) Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Net sales	234,728	233,229
Cost of sales	100,554	100,188
Gross profit	134,174	133,040
Selling, general and administrative expenses	130,375	128,026
Operating income	3,798	5,013
Non-operating income		
Interest income	61	75
Dividends income	265	299
Equity in earnings of affiliates	884	762
Royalty income	176	165
Other	445	242
Total non-operating income	1,833	1,545
Non-operating expenses		
Interest expenses	690	659
Foreign exchange losses	22	46
Other	175	104
Total non-operating expenses	888	810
Ordinary income	4,743	5,749
Extraordinary income		
Gain on disposal of noncurrent assets	-	34
Reversal of allowance for doubtful accounts	61	23
Gain on sales of investment securities	263	-
Total extraordinary income	324	57
Extraordinary loss		
Loss on disaster	-	2,893
Loss on disposal of noncurrent assets	468	287
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	190
Impairment loss	173	10
Loss on valuation of investment securities	285	-
Other	-	313
Total extraordinary losses	927	3,694
Income before income taxes	4,140	2,112
Income taxes-current	1,657	1,481
Income taxes-deferred	653	(656)
Total income taxes	2,310	824
Loss before minority interests	-	1,287
Minority interests in income	374	395
Net income	1,455	891

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes	4,140	2,112
Depreciation	9,128	9,002
Impairment loss	173	10
Increase (decrease) in provision for retirement benefits	1,189	(911)
Interest and dividends income	(327)	(375)
Interest expenses	690	659
Loss (gain) on disposal of noncurrent assets	468	253
Loss (gain) on sales of investment securities	(263)	-
Loss (gain) on valuation of investment securities	285	-
Equity in (earnings) losses of affiliates	(884)	(762)
Decrease (increase) in notes and accounts receivable-trade	8,928	7,402
Decrease (increase) in inventories	(2,868)	(4,527)
Increase (decrease) in notes and accounts payable-trade	(6,464)	(8,754)
Increase (decrease) in accounts payable-other and accrued expenses	(4,447)	(5,083)
Increase (decrease) in other current liabilities	(495)	363
Decrease (increase) in other current assets	(79)	(385)
Other, net	358	793
Subtotal	9,532	(202)
Interest and dividends income received	733	1,186
Interest expenses paid	(783)	(787)
Income taxes paid	(1,618)	(1,902)
Net cash provided by (used in) operating activities	7,864	(1,707)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	-	(264)
Purchase of property, plant and equipment	(4,142)	(6,342)
Proceeds from sales of property, plant and equipment	18	46
Purchase of intangible assets	(196)	(844)
Purchase of investment securities	(747)	(57)
Proceeds from sales of investment securities	655	0
Purchase of investments in subsidiaries	(130)	-
Payments of loans receivable	(2)	(7)
Collection of loans receivable	106	9
Other, net	(19)	18
Net cash provided by (used in) investment activities	(4,457)	(7,441)

(Millions of yen)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2011
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	8,870	7,846
Decrease in short-term loans payable	(7,990)	(8,014)
Proceeds from long-term loans payable	700	-
Repayment of long-term loans payable	(4,175)	(4,262)
Purchase of treasury stock	(718)	(23)
Proceeds from disposal of treasury stock	1	3
Cash dividends paid	(2,711)	(2,691)
Cash dividends paid to minority shareholders	(181)	(295)
Other, net	(196)	(195)
Net cash provided by (used in) financing activities	(6,401)	(7,632)
Effect of exchange rate change on cash and cash equivalents	(72)	(263)
Net increase (decrease) in cash and cash equivalents	(3,066)	(17,045)
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	29,748	27,537

(4) Notes Regarding Going Concern Assumptions

None

(5) Notes Regarding Consolidated Quarterly Balance Sheets

(Provision for Loss Due to Disaster)

Losses totaling ¥367 million as of the end of the consolidated third quarter 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 ¥2,893 million as of the end of the consolidated fist half of the current fiscal year under review. This amount includes ¥751 million for loss of inventories and disposal costs, and ¥710 million to restore buildings, equipment and other property.

(7) Segment Information

[Segment Information by Business Classification]

(Millions of yen)

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

Notes:

Categorization of industry segments and principal products

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

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

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

•Chemical Products: Activators and electro-conductive carbon

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

[Geographical Segments]

(Millions of yen)

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

Notes:
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]

Nine Months Ended September 2010(January 1 to September 30, 2010)

	Asia	Other regions	Total
Overseas sales (millions of yen)	37,879	796	38,675
Consolidated net sales (millions of yen)	—	—	234,728
Percent of overseas sales in consolidated net sales (%)	16.1	0.3	16.5

Notes:
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

Nine Months Ended September 30, 2011 (January 1 to September 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	168,829	23,219	37,987	3,193	233,229	-	233,229
(2)Intersegment sales*1	15,740	15,506	2,041	15,459	48,747	(48,747)	-
Total	184,569	38,726	40,029	18,652	281,977	(48,747)	233,229
Segment income	3,275	429	356	538	4,600	413	5,013

Notes: 1. Internal transactions are included within reportable segments.
2. Segment income adjustments totaling ¥413 million are composed mainly of internal transaction eliminations.
3. Segment income is 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

(9) Important Subsequent Events
At a meeting held on October 28, 2011, Lion Corporation's Board of Directors passed a resolution regarding the establishment of a subsidiary. Brief details are as follows.

1. Objectives of Subsidiary's Establishment
Lion Corporation's overseas business is centered on Asia. To achieve the further expansion of its Asian operations, the Company has explored opportunities to make inroads into the Philippine market, which demonstrates high potential for additional growth. By establishing a joint venture with PEERLESS PRODUCTS MANUFACTURING CORPORATION (hereinafter, "PEERLESS"), which boasts expertise in the local manufacture and sale of detergents and surfactants as well as an extensive local retailer network, the Company will enter the promising Philippine market.

2. Overview of Subsidiary
1) Company name:PEERLESS LION CORPORATION
2) Locations:Headquarters:Makati City (in Metro Manila)
Plant:Province of Laguna
3) Business:Manufacture and sale of toothpastes, toothbrushes, shampoos, etc.
4) Establishment:February 2012 (scheduled)
5) Capital:600 million pesos
6) Ownership:Lion Corporation:51.0%
PEERLESS:49.0%
7) Commencement of operations:July 2012 (scheduled)