

Summary of Financial Statements for the Three Months Ended March 31, 2010

May 10, 2010

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

URL: <http://www.lion.co.jp/>

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Scheduled date of filing of the quarterly financial report (Shihanki Houkokusho): May 14, 2010

Start date for payment of dividend: —

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

1. Consolidated Results for the Three Months Ended March 31, 2010 (January 1, 2010 – March 31, 2010)

(1) Consolidated Results (cumulative total)

(Percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended March 2010	64,951	3.3	(2,912)	—	(2,625)	—	(1,750)	—
Three Months Ended March 2009	62,897	—	(3,311)	—	(3,135)	—	(1,985)	—

	EPS	Diluted EPS
	Yen	Yen
Three Months Ended March 2010	(6.47)	—
Three Months Ended March 2009	(7.35)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	236,517	102,013	41.7	364.67
December 31, 2009	256,220	103,624	39.2	371.50

Reference: Shareholders' equity: March 31, 2010: ¥98,581 million

December 31, 2009: ¥100,415 million

2. Dividend

Record Date	Cash dividend per share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
Fiscal 2009	—	5.00	—	5.00	10.00
Fiscal 2010 actual	—				
Fiscal 2010 plan		5.00	—	5.00	10.00

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

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

Note: 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
Interim 2010	156,000	2.4	2,000	(8.0)	2,200	(22.4)	700	(33.6)	2.59
Fiscal 2010	330,000	2.5	10,000	(0.4)	10,500	(5.8)	5,500	0.6	20.35

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

4. Others

(1) Significant Change in Scope of Consolidation during Period: None

(2) Simplified accounting treatment or special accounting treatment for preparation of quarterly Consolidated financial statements: Yes

Note: For more details, refer to “Qualitative Information Concerning the Consolidated Results of Operations, IV. Others” on page 12.

(3) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of quarterly consolidated financial statements (those to be described in the section of Significant Accounting Policies for the Preparation of Consolidated Financial Statements):

- a. Changes associated with revision in accounting standards: Yes
- b. Other changes: None

Note: For more details, refer to “Qualitative Information Concerning the Consolidated Results of Operations, IV. Others” on page 12.

(4) Number of outstanding shares (common stock)

- a. Number of outstanding shares on balance sheet dates (including treasury stocks):
 - As of March 31, 2010: 299,115,346 shares
 - As of December 31, 2009: 299,115,346 shares
- b. Number of treasury stocks on balance sheet date:
 - As of March 31, 2010: 28,786,245 shares
 - As of December 31, 2009: 28,817,278 shares
- c. Average shares outstanding over period (cumulative; consolidated)

As of March 31, 2010: 270,337,149 shares

As of March 31, 2009: 270,264,765 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 risks and uncertainties related to economic conditions, actions of competitors and exchange rate fluctuations. 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 "III. Qualitative Information Concerning the Forecast of Consolidated Financial Results" on page 12.

< Qualitative Information and Financial Statements >

I. Qualitative Information Concerning the Consolidated Results of Operations

1. Performance Overview for the Consolidated First Quarter of the Current Fiscal Year
(January 1, 2010 – March 31, 2010)

Regarding the Japanese economy during the first quarter of the 2010 fiscal year, there remained a lingering sense that conditions would remain uncertain despite improvements in corporate profits and signs of recovery in areas including personal consumption. This was the result of such factors as a gradual drop in consumer prices.

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

In the wake of these operating conditions, the Lion Group is taking steps to bolster its base for growth through such measures as cultivating mainstay brands and developing new markets with the aim of improving corporate value. In addition, the Group is working to increase profitability by promoting cost-reduction measures in the areas of manufacturing and distribution. In Japan during the first quarter of the 2010 fiscal year, the Group released new, high-value-added products in the Fabric Care Products Division and Oral Care Products Division, while expanding the product lineups of mainstay brands in the Beauty Care Products Division and Living Care Products Division. Overseas, the Group promoted common global brands and original local brands primarily for laundry detergents and in the oral care segment.

As a result, consolidated results for the period under review are as follows: There was a 3.3% increase in net sales year on year to ¥64,951 million. Turning to profit and loss, Lion recorded an operating loss of ¥2,912 million (compared with an operating loss of ¥3,311 million during the same period of the previous fiscal year), an ordinary loss of ¥2,625 million (compared with an ordinary loss of ¥3,135 million year on year) and a net loss of ¥1,750 million (compared with a net loss of ¥1,985 million year on year).

<Consolidated Results>

(Millions of yen)

	Three Months Ended March 2010	Ratio to net sales	Three Months Ended March 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	64,951		62,897		2,054	3.3%
Operating income	(2,912)	—	(3,311)	—	398	—
Ordinary income	(2,625)	—	(3,135)	—	509	—
Net income	(1,750)	—	(1,985)	—	235	—

<Consolidated Business Segment>

(Millions of yen)

	Net sales				Operating income			
	Three Months Ended March 2010	Three Months Ended March 2009	Increase/decrease	Change	Three Months Ended March 2010	Three Months Ended March 2009	Increase/decrease	Change
Health Care Products	24,564	25,694	(1,130)	(4.4%)	(1,936)	(1,188)	(748)	—
Household Products	33,685	32,031	1,654	5.2%	(1,028)	(1,757)	728	—
Chemical Products	5,936	4,450	1,485	33.4%	40	(372)	413	—
Others	765	721	44	6.1%	(3)	(6)	3	—
Eliminations and corporate	—	—	—	—	15	13	2	16.2%
Total	64,951	62,897	2,054	3.3%	(2,912)	(3,311)	398	—

<Consolidated Geographical Segment>

(Millions of yen)

	Net sales				Operating income			
	Three Months Ended March 2010	Three Months Ended March 2009	Increase/decrease	Change	Three Months Ended March 2010	Three Months Ended March 2009	Increase/decrease	Change
Japan	53,275	53,293	(18)	(0.0%)	(3,072)	(3,771)	698	—
Asia	11,676	9,604	2,072	21.6%	111	413	(302)	(73.0%)
Eliminations and corporate	—	—	—	—	48	46	2	5.3%
Total	64,951	62,897	2,054	3.3%	(2,912)	(3,311)	398	—

2. Segment Information

<Health Care Products>

(Millions of yen)

	Three Months Ended March 2010	Ratio to net sales	Three Months Ended March 2009	Ratio to net sales	Increase/decrease	Change
Net sales	24,564		25,694		(1,130)	(4.4%)
Operating income	(1,936)	—	(1,188)	—	(748)	—

<Net Sales of divisions>

(Millions of yen)

	Three Months Ended March 2010	Three Months Ended March 2009	Increase/decrease	Change
Oral Care Products Division	10,964	10,724	240	2.2%
Beauty Care Products Division	7,495	8,198	(703)	(8.6%)
Pharmaceutical Products Division	6,104	6,772	(667)	(9.9%)

Oral Care Products Division

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

In toothpastes, amidst robust sales for the *Dent Health* series—a highly functional product that prevents periodontal disease—Lion released the high-value-added medicated whitening toothpaste, *platus creamy up paste*, a product that helps restore the original beauty of teeth and has garnered favorable customer reviews. However, due to the impact of intensifying competition, overall sales fell compared with the corresponding period of the previous fiscal year.

In toothbrushes, in addition to strong sales of the children's product, *KODOMO toothbrush*, featuring a new character, sales of the *Clinica toothbrush* brand of products have been steady. However, sales of the *Dentor Systema toothbrush*, featuring super-tapered bristles, decreased year on year due to intensifying competition. As a result, overall sales were sluggish compared with the same period of the previous fiscal year.

In mouthwashes, Lion released a milky-type dental rinse, *Dentor Systema Haguki (the gums) Plus dental rinse*, leading to a rise in overall sales year on year.

In dental products marketed to dental clinics, sales of the mainstay *DENT.EX interdental brush* remained favorable, causing overall sales to increase substantially compared with the corresponding period of the previous fiscal year.

Overseas, sales of toothbrushes in South Korea doubled compared with the corresponding period of the previous fiscal year, while sales of toothpastes and toothbrushes in China and Thailand remained robust. Consequently, overall sales rose substantially year on year.

As a result of the above, net sales for this division stood at ¥10,964 million, a 2.2% rise compared with the corresponding period of the previous fiscal year.

Beauty Care Products Division

In the Beauty Care Products Division, Lion has focused on cultivating the *KireiKirei* series as well as augmenting the product lineup for *Ban* brand antiperspirants and deodorants by releasing new products in this series.

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

In antiperspirants and deodorants, the release of Lion's *high-density Ban medicated deodorant powder spray* coincided with the recording of strong sales for *Ban* deodorant body sheets. However, due to the impact of market shrinkage on Lion's mainstay powder spray brand, overall sales declined compared with the same period of the previous fiscal year.

Moreover, overall sales in the functional food product categories jumped substantially compared

with the corresponding period of the previous fiscal year owing to strong sales of the mail-order-sales-based product, *Nicelim Essence Lactoferrin*—a supplement that effectively delivers milk-derived lactoferrin to the intestines.

Overseas, sales of hand soap in Thailand were robust. Consequently, overall sales increased considerably compared with the same period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥7,495 million, a 8.6% decrease compared with the corresponding period of the previous fiscal year.

Pharmaceutical Products Division

In the Pharmaceutical Products Division, in addition to its mainstay *BUFFERIN* and *Smile* brands, Lion made efforts to cultivate the *Varsan* brand, which had its product lineup expanded during the previous fiscal year.

In analgesics, despite experiencing strong sales following the release of improved versions of *BUFFERIN PLUS S* and *BUFFERIN Luna* during the previous fiscal year, overall sales fell year on year due to the impact of intensifying competition on the sales of *BUFFERIN A*.

In eyedrops, owing to the release of *Smile 40EX GOLD*—a product that effectively relieves the discomfort of eye fatigue and blurred vision—under the *Smile 40EX* series, overall sales rose compared with the same period of the previous fiscal year.

In tonics and nutrients, due to the impact of a shrinking market for the *Guronsan* and *New Guromont* health tonic drink brands, overall year-on-year sales declined.

In insecticides, amid ongoing contraction of this market, Lion released *Mizu De Hajimeru (Starts with water) Varsan Pro CPM*, the most effective fumigation-type product within the *Varsan* product series. Despite this, overall sales remained flat compared with the same period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥6,104 million, a decrease of 9.9% compared with the previous fiscal year.

Principal New Products

platius creamy up paste

Smile 40EX GOLD

Mizu De Hajimeru (Starts with Water) Varsan Pro CPM

<Household Products>

(Millions of yen)

	Three Months Ended March 2010	Ratio to net sales	Three Months Ended March 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	33,685		32,031		1,654	5.2%
Operating income	(1,028)	—	(1,757)	—	728	—

<Net Sales of division>

(Millions of yen)

	Three Months Ended March 2010	Three Months Ended March 2009	Increase/ decrease	Change
Fabric Care Products Division	24,524	22,914	1,609	7.0%
Living Care Products Division	9,161	9,116	45	0.5%

Fabric Care Products Division

In the Fabric Care Products Division, Lion targeted the expanding market for liquid laundry detergents by cultivating its mainstay brands. This included releasing the super-concentrated liquid laundry detergent, *TOP NANOX*, a product that uses plant-based, high-detergency components to solubilize and remove sebum (a substance that causes odors) at the nano level.

In laundry detergents, sales of *Kaori Tsuzuku (Long-Lasting Fragrance) TOP* remained robust. At the same time, the new liquid laundry detergent, *TOP NANOX*, received favorable customer reviews. Consequently, overall sales increased substantially compared with the same period of the previous fiscal year.

In fabric softeners, despite releasing improved products in the *SOFLAN* series, sales remained sluggish as a result of intensifying competition. This, in turn, led to a drop in overall sales year on year.

Overseas, strong sales were recorded for laundry detergents in Thailand. Consequently, overall sales jumped significantly compared with the corresponding period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥24,524 million, an increase of 7.0% compared with the same period of the previous fiscal year.

Living Care Products Division

In the Living Care Products Division, Lion focused on cultivating mainstay brands by stepping up sales promotion activities for *CHARMY* dishwashing detergents and *LOOK* household cleaners.

In dishwashing detergents, sales of the *CHARMY Awa no Chikara (Power of Suds)* series—to which the “Fresh Lemon” fragrance was added during the previous fiscal year—were robust. As a result, overall sales remained solid.

In household cleaners, sales of *LOOK Noko (Strong & Effective) Pipeman* were sluggish due to the impact of intensifying competition. However, sales of *Toire no LOOK Deodorizing EX* toilet bowl cleaner and new and improved *Ofuro no LOOK* bath cleaner were substantially higher compared with the corresponding period of the previous fiscal year, resulting in firm overall sales.

In cooking-aid products, sales of *REED Healthy-Cooking Paper* remained flat due to the impact of intensifying competition. Consequently, overall sales dropped compared with the same period of the previous fiscal year.

Overseas, dishwashing detergents enjoyed strong sales in Thailand. As a result, overall sales increased considerably compared with same period of the previous fiscal year.

As a result of the above, net sales for this division stood at ¥9,161 million, an increase of 0.5% compared with the corresponding period of the previous fiscal year.

Principal New Products

TOP NANOX

Ofuro no LOOK

<Chemical Products>

(Millions of yen)

	Three Months Ended March 2010	Ratio to net sales	Three Months Ended March 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	5,936		4,450		1,485	33.4%
Operating income	40	0.7%	(372)	—	413	—

In the Chemical Products Business, net sales totaled ¥5,936 million, an increase of 33.4% year on year, and operating income came to ¥40 million, compared with an operating loss of ¥372 million recorded during the corresponding period of the previous fiscal year.

Amid a recovery of industrial demand, Lion focused on cultivating highly functional products and undertaking cost-reduction measures in order to bolster the profitability of the Chemical Products Business, an effort that began last year.

In activators derived from fats and oils, domestic sales of surfactants for detergents, cosmetics and synthetic resins as well as fatty acid methyl esters used in food additives were favorable, causing

overall sales in this category to rise compared with the corresponding period of the previous fiscal year.

Domestic and overseas sales of electro-conductive carbon for use in secondary batteries were strong. Consequently, overall sales in this category increased compared with the same period of the previous fiscal year.

<Others>

(Millions of yen)

	Three Months Ended March 2010	Ratio to net sales	Three Months Ended March 2009	Ratio to net sales	Increase/ decrease	Change
Net sales	765		721		44	6.1%
Operating income	(3)	—	(6)	—	3	—

In the Others Businesses, net sales rose 6.1% year on year to ¥765 million due to an expansion of its construction contractor business. In addition, Lion recorded an operating loss totaling ¥3 million, compared with an operating loss of ¥6 million for the same period of the previous fiscal year.

II. Qualitative Information Concerning Consolidated Financial Status

1. Status of Assets, Liabilities, Net Assets

<Consolidated Financial Status >

	Three Months Ended March 2010	FY 2009 year end	Increase/ decrease
Total assets (millions of yen)	236,517	256,220	(19,703)
Net assets (millions of yen)	102,013	103,624	(1,611)
Shareholders' equity to total assets ^{*1} (%)	41.7	39.2	2.5p
Net assets per share ^{*2} (yen)	364.67	371.50	(6.83)

*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 ¥19,703 million compared with the previous fiscal year-end to ¥236,517 million. This is primarily attributable to a reduction in cash and deposits and notes and accounts receivable-trade. Net assets decreased ¥1,611 million year on year to ¥102,013 million. Shareholders' equity to total assets stood at 41.7%.

2. Status of Cash Flows

<Consolidated Cash Flows>

(Millions of yen)

	Three Months Ended March 2010	Three Months Ended March 2009	Increase/ decrease
Net cash provided by (used in) operating activities	(8,734)	(11,592)	2,857
Net cash provided by (used in) investing activities	(2,267)	(3,818)	1,550
Net cash provided by (used in) financing activities	(1,992)	(2,256)	263
Effect of exchange rate change on cash and cash equivalents	113	72	40
Net increase (decrease) in cash and cash equivalents	(12,880)	(17,594)	4,713
Cash and cash equivalents at end of period	19,931	15,504	4,427

Net cash provided by operating activities totaled ¥8,734 million due to decreases in notes and accounts payable-trade and accounts payable-other and accrued expenses. This occurred despite a reduction in such areas as notes and accounts receivable-trade.

Net cash used in investing activities totaled ¥2,267 million. Major components of this were outflows for the purchases of property, plant and equipment.

Net cash used in financing activities totaled ¥1,992 million. Major components of this were the cash dividends paid and repayment of long-term loans payable.

As a result of the above, cash and cash equivalents as of March 31, 2010, decreased ¥12,880 million to ¥19,931 million compared with the fiscal 2009 year-end. However, cash and cash equivalents as of March 31, 2010 increased ¥4,427 million compared with the corresponding period of the previous fiscal year.

III. Qualitative Information Concerning the Forecast of Consolidated Financial Results

There are no changes to consolidated financial results forecasts for the interim period or fiscal 2010 announced on February 10, 2010.

IV. Others

1. Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation): None
2. Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements:

(1) Simplified Accounting Method

a. Measurement methods for inventories

Inventories at the end of the first quarter of the current fiscal year, omitting stocktaking, are calculated using a rational method based on inventories at the end of the previous fiscal year.

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

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

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

(2) Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: None

3. Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements:

Application of Accounting Standard for Construction Contracts

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

V. Consolidated Quarterly Financial Reporting Statements

1. Consolidated Quarterly Balance Sheets

(Millions of yen)

	Three Months Ended March 31, 2010	Fiscal 2009 (Ended December 31, 2009)
Assets		
Current assets		
Cash and deposits	17,110	31,387
Notes and accounts receivable-trade	40,703	52,440
Short-term investments securities	3,086	1,667
Merchandise and finished goods	20,614	17,076
Work in process	2,654	2,234
Raw materials and supplies	6,044	5,856
Other	7,722	5,714
Allowance for doubtful accounts	(116)	(122)
Total current assets	97,819	116,254
Noncurrent assets		
Property, plant and equipment	62,284	62,846
Intangible assets		
Right of trademark	25,824	26,803
Other	1,483	1,555
Total intangible assets	27,307	28,359
Investments and other assets		
Investments and other assets	49,151	48,811
Allowance for doubtful accounts	(45)	(52)
Total Investments and other assets	49,105	48,758
Total noncurrent assets	138,697	139,965
Total assets	236,517	256,220

(Millions of yen)

	Three Months Ended March 31, 2010	Fiscal 2009 (Ended December 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,657	39,825
Short-term loans payable	6,916	6,151
Current portion of long-term loans payable	6,050	6,050
Accounts payable-other and accrued expenses	28,905	35,330
Income taxes payable	740	1,258
Provision for bonuses	1,574	1,829
Provision for sales returns	762	764
Provision for sales promotion expenses	308	285
Provision for directors' bonuses	57	209
Other	2,286	2,201
Total current liabilities	77,259	93,907
Noncurrent liabilities		
Long-term loans payable	31,850	33,000
Provision for retirement benefits	19,933	20,204
Provision for directors' retirement benefits	297	290
Other	5,162	5,193
Total noncurrent liabilities	57,244	58,688
Total liabilities	134,503	152,595
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	48,991	52,099
Treasury stock	(15,832)	(15,851)
Total shareholders' equity	99,092	102,181
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,574	747
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	(2,086)	(2,514)
Total valuation and translation adjustments	(510)	(1,765)
Subscription rights to shares	132	138
Minority interests	3,298	3,070
Total net assets	102,013	103,624
Total liabilities and net assets	236,517	256,220

2. Consolidated Quarterly Statements of Income

(Millions of yen)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010
Net sales	62,897	64,951
Cost of sales	28,462	28,305
Gross profit	34,434	36,646
Selling, general and administrative expenses	37,745	39,558
Operating loss	(3,311)	(2,912)
Non-operating income		
Interest and dividends income	26	23
Equity in earnings of affiliates	132	361
Royalty income	54	55
Foreign exchange gains	30	35
Other	212	87
Total non-operating income	456	564
Non-operating expenses		
Interest expenses	266	231
Other	13	46
Total non-operating expenses	280	277
Ordinary loss	(3,135)	(2,625)
Extraordinary income		
Reversal of allowance for doubtful accounts	45	14
Total extraordinary income	45	14
Extraordinary loss		
Loss on disposal of noncurrent assets	24	20
Loss on valuation of investment securities	152	—
Impairment loss	12	—
Total extraordinary losses	189	20
Loss before income taxes	(3,278)	(2,632)
Income taxes-current	105	435
Income taxes-deferred	(1,527)	(1,428)
Total income taxes	(1,421)	(993)
Minority interests in income	128	111
Net loss	(1,985)	(1,750)

3. Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010
Net cash provided by (used in) operating activities		
Loss before income taxes	(3,278)	(2,632)
Depreciation	2,967	2,941
Impairment loss	12	—
Increase (decrease) in provision for retirement benefits	(459)	237
Interest and dividends income	(26)	(23)
Interest expenses	266	231
Loss (gain) on disposal of noncurrent assets	24	20
Loss (gain) on valuation of investment securities	152	—
Equity in (earnings) losses of affiliates	(132)	(361)
Decrease (increase) in notes and accounts receivable-trade	16,857	11,678
Decrease (increase) in inventories	(3,736)	(4,001)
Increase (decrease) in notes and accounts payable-trade	(16,734)	(10,411)
Increase (decrease) in accounts payable-other and accrued expenses	(7,049)	(5,105)
Increase (decrease) in other current liabilities	277	269
Decrease (increase) in other current assets	(784)	(350)
Other, net	885	(193)
Subtotal	(10,756)	(7,701)
Interest and dividends income received	383	225
Interest expenses paid	(421)	(376)
Income taxes paid	(797)	(881)
Net cash provided by (used in) operating activities	(11,592)	(8,734)
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(2,640)	(2,285)
Proceeds from sales of property, plant and equipment	45	5
Purchase of intangible assets	(1)	(10)
Purchase of investment securities	(1,275)	(38)
Proceeds from sales of investment securities	11	0
Purchase of investments in subsidiaries	(0)	—
Payments of loans receivable	(13)	(0)
Collection of loans receivable	28	96
Other, net	27	(34)
Net cash provided by (used in) investment activities	(3,818)	(2,267)

Lion Corporation (Code 4912): Summary of Financial Statements
for the Three Months Ended March 31, 2010

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,586	1,962
Decrease in short-term loans payable	(2,435)	(1,373)
Repayment of long-term loans payable	(1,150)	(1,150)
Purchase of treasury stock	(15)	(8)
Proceeds from disposal of treasury stock	5	0
Cash dividends paid	(1,186)	(1,356)
Other, net	(60)	(66)
Net cash provided by (used in) financing activities	(2,256)	(1,992)
Effect of exchange rate change on cash and cash equivalents	72	113
Net increase (decrease) in cash and cash equivalents	(17,594)	(12,880)
Cash and cash equivalents at beginning of period	33,098	32,812
Cash and cash equivalents at end of period	15,504	19,931

4. Notes Regarding Going-Concern Assumptions

None.

5. Segment Information

(1) Business Segments

(Millions of yen)

	Three Months Ended March 31, 2009 (January 1 to March 31, 2009)						
	Health Care Products	Household Products	Chemical Products	Other	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to outside customers	25,694	32,031	4,450	721	62,897	—	62,897
b) Intersegment sales	2	25	2,129	960	3,118	[3,118]	—
Total	25,697	32,057	6,580	1,681	66,016	[3,118]	62,897
Operating income(loss)	(1,188)	(1,757)	(372)	(6)	(3,324)	13	(3,311)

(Millions of yen)

	Three Months Ended March 31, 2010 (January 1 to March 31, 2010)						
	Health Care Products	Household Products	Chemical Products	Other	Total	Eliminations and corporate	Consolidated total
1. Net sales							
a) Sales to outside customers	24,564	33,685	5,936	765	64,951	—	64,951
b) Intersegment sales	1	29	1,962	631	2,625	[2,625]	—
Total	24,566	33,715	7,898	1,397	67,577	[2,625]	64,951
Operating income(loss)	(1,936)	(1,028)	40	(3)	(2,927)	15	(2,912)

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

(2) Geographical Segments

(Millions of yen)

	Three Months Ended March 31, 2009 (January 1 to March 31, 2009)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	53,293	9,604	62,897	—	62,897
b) Intersegment sales	173	290	463	[463]	—
Total	53,466	9,894	63,361	[463]	62,897
Operating income(loss)	(3,771)	413	(3,357)	46	(3,311)

(Millions of yen)

	Three Months Ended March 31, 2010 (January 1 to March 31, 2010)				
	Japan	Asia	Total	Eliminations and corporate	Consolidated total
1. Net sales					
a) Sales to external customers	53,275	11,676	64,951	—	64,951
b) Intersegment sales	160	302	463	[463]	—
Total	53,436	11,978	65,415	[463]	64,951
Operating income(loss)	(3,072)	111	(2,961)	48	(2,912)

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) Overseas sales

Three Months Ended March 2009(January 1 to March 31, 2009)

	Asia	Other regions	Total
Overseas sales (millions of yen)	9,843	267	10,111
Consolidated net sales (millions of yen)	—	—	62,897
Percent of overseas sales in consolidated net sales (%)	15.7	0.4	16.1

Three Months Ended March 2010(January 1 to March 31, 2010)

	Asia	Other regions	Total
Overseas sales (millions of yen)	12,012	249	12,262
Consolidated net sales (millions of yen)	—	—	64,951
Percent of overseas sales in consolidated net sales (%)	18.5	0.4	18.9

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.
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.

6. Notes in the event of major changes in shareholders' equity

None