Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2014 [Japanese Standard]

May 8, 2014

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

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Scheduled date of filing of quarterly financial report (Shihanki Houkokusho): May 15, 2014
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 First Quarter Ended March 31, 2014

(January 1, 2014 – March 31, 2014)

(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 Quarter Ended Mar. 2014	89,596	25.1	3,616	－	3,894	－	2,347	－
First Quarter Ended Mar. 2013	71,618	6.0	(1,518)	－	(1,148)	－	(1,010)	－

Note: Comprehensive Income
March 31, 2014: ¥787 million [19.3%], March 31, 2013: ¥4,074 million [130.1%]

	EPS	Diluted EPS
	Yen	Yen
First Quarter Ended Mar. 2014	8.75	8.74
First Quarter Ended Mar. 2013	(3.76)	－

(2)Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First Quarter Ended March 2014	263,205	123,708	44.8
December 2013	282,098	124,232	42.0

Note: Shareholders' equity: March 31, 2014: ¥117,812 million, December 31, 2013: ¥118,448 million

2. Dividend

	Cash dividend per share / Yen				
Record Date	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
FY2013	—	5.00	—	5.00	10.00
FY2014 actual	—				
FY2014 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, 2014 (January 1, 2014 – December 31, 2014)

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
Interim 2014	171,000	3.0	3,000	4.4	3,500	(10.5)	1,600	(23.9)	5.96
Fiscal 2014	360,000	2.3	12,000	10.9	13,000	5.7	7,000	14.8	26.10

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

Notes

(1) Significant changes in scope of consolidation during the period: No
(2) Special accounting treatment for preparation of quarterly consolidated financial statements: No
(3) Changes in Accounting Policies and Changes in and Restatement of Accounting Estimates:
- a. Changes associated with revisions in accounting principles: No
- b. Other changes: Yes
- c. Changes in accounting estimates: No
- d. Restatement: No

(4)Number of outstanding shares (common stock)
- a. Number of outstanding shares on balance sheet dates (including treasury stocks):
  - As of March 31, 2014: 299,115,346 shares
  - As of December 31, 2013: 299,115,346 shares
- b. Number of treasury stocks on balance sheet date:
  - As of March 31, 2014: 30,888,922 shares
  - As of December 31, 2013: 30,882,704 shares
- c. Average shares outstanding over period (cumulative; consolidated)
  - As of March 31, 2014: 268,231,588 shares
  - As of March 31, 2013: 268,394,838 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 Quarter of the Current Fiscal Year

(1) Qualitative Information Concerning Consolidated Performance

During the first quarter of the 2014 fiscal year (January 1, 2014–March 31, 2014), gradual recovery in the Japanese economy continued as corporate profits improved alongside a pickup in personal consumption, due in part to a surge in demand ahead of the consumption tax rate increase in April 2014.

The Lion Group’s main business domain, the domestic toiletries industry, continued to see intense competition at the retail level, but the rise in last-minute demand before the tax hike led to an increase in sales volume.

In this harsh environment, the Lion Group is implementing its medium-term management plan, “Vision 2020 Part-1 (V-1 Plan),” centering on four strategies: (1) Qualitative Growth of Domestic Businesses; (2) Quantitative Expansion of Overseas Businesses; (3) Development of New Business Value; and (4) Enhancement of Organizational Learning Capabilities.

Domestically, Lion launched and worked to nurture new, high-value-added products in mainstay areas, including toothpaste, antiperspirants and deodorants and analgesics, while aggressively working to take full advantage of the surge in demand preceding the tax rate increase.

Overseas, the Group promoted the cultivation of brands in the key oral care and laundry detergent fields.

Consequently, consolidated results for the period under review are as follows:
Net sales amounted to ¥89,596 million, a year-on-year increase of 25.1% (or an increase of 23.9% in terms of real net sales, which exclude the influence of exchange rate conversions). The Company recorded operating income of ¥3,616 million, compared with an operating loss of ¥1,518 million in the same period of the previous fiscal year, and ordinary income of ¥3,894 million, compared with ordinary loss of ¥1,148 million in the same period of the previous fiscal year. Net income stood at ¥2,347 million, compared with a net loss of ¥1,010 million in the same period of the previous fiscal year.

<Consolidated Results> (Millions of yen)

	First Quarter Ended Mar. 2014	Ratio to net sales	First Quarter Ended Mar. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	89,596		71,618		17,977	25.1%
Operating income	3,616	4.0%	(1,518)	—	5,135	—
Ordinary income	3,894	4.3%	(1,148)	—	5,042	—
Net income	2,347	2.6%	(1,010)	—	3,357	—

< Results by Business Segment > (Millions of yen)

	Net sales				Segment income (Operating income)			
	First Quarter Ended Mar. 2014	First Quarter Ended Mar. 2013	Increase/ decrease	Change	First Quarter Ended Mar. 2014	First Quarter Ended Mar. 2013	Increase/ decrease	Change
Consumer Products	67,775	51,566	16,209	31.4%	2,394	(2,253)	4,648	—
Industrial Products	13,175	11,092	2,082	18.8%	553	50	502	994.1%
Overseas	19,911	18,578	1,333	7.2%	442	430	12	3.0%
Other	6,454	5,555	898	16.2%	55	108	(53)	(49.3%)
Subtotal	107,317	86,792	20,524	23.6%	3,445	(1,664)	5,109	—
Adjustment	(17,721)	(15,174)	(2,546)	—	171	145	25	17.5%
Total	89,596	71,618	17,977	25.1%	3,616	(1,518)	5,135	—

Results by Business Segments are as follows.

<Consumer Products Business>

The Consumer Products business segment is divided into the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales increased ¥16,209 million compared to the same period of the previous fiscal year. Segment income increased ¥4,648 million.

(Millions of yen)

	First Quarter Ended Mar. 2014	Ratio to net sales	First Quarter Ended Mar. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	67,775		51,566		16,209	31.4%
Segment income	2,394	3.5%	(2,253)	—	4,648	—

Note: Net sales include internal net sales within and among segments, which amounted to ¥6,159 million in the first quarter of fiscal 2014 and ¥5,158 million in the first quarter of fiscal 2013.

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

	First Quarter Ended Mar. 2014	First Quarter Ended Mar. 2013	Increase/ decrease	Change
Oral Care Products	13,562	9,489	4,073	42.9%
Beauty Care Products	5,769	4,329	1,439	33.2%
Fabric Care Products	21,902	15,984	5,918	37.0%
Living Care Products	4,979	3,790	1,188	31.4%
Pharmaceutical Products	7,627	5,821	1,805	31.0%
Other Products	13,935	12,150	1,784	14.7%

Oral Care Products
Lion completely revamped the mainstay *Clinica* brand as a series of products for self-care, as recommended by dental care specialists, under the theme of preventive dentistry.

In toothpaste, sales of *Clinica* series, featuring an improved proprietary high adhesion fluoride formula, were favorable, and overall sales were substantially higher than those of the same period of the previous fiscal year.

In toothbrushes, sales of mainstay *Dentor Systema* were strong and those of *Clinica Advantage toothbrushes* were firm. Accordingly, overall sales increased significantly year on year.

In mouthwashes, sales of *Clinica Advantage Dental Rinse*, a new product featuring a long-acting anti-bacterial formula that helps prevent cavities, received favorable consumer reviews. Overall sales increased substantially compared with the corresponding period of the previous fiscal year.

Furthermore, new *Clinica Advantage Y-type Dental Floss*, designed with durable fibers to easily reach the spaces between molars, received favorable consumer reviews.

Beauty Care Products
In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* were strong, and overall sales were up substantially year on year.

In antiperspirants and deodorants, new *Ban Anti-Perspirant Deodorant (Roll on type): Block "Sweat Gland,"* featuring nano ion sweat blocking to effectively control the underarm sweat that leads to sweat marks and odors, received favorable consumer reviews. Overall sales increased year on year.

Fabric Care Products
In laundry detergents, sales of new-and-improved powder detergent *TOP Platinum Clear,* liquid detergent *TOP Clear Liquid* and super-concentrated liquid detergent *TOP HYGIA* were all strong. Overall sales were significantly higher than in the corresponding period of the previous fiscal year.

In fabric softeners, the *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Natural* series, featuring long-lasting deodorizing and natural scents, enjoyed strong sales, and overall sales grew substantially year on year.

Furthermore, *TOP HYGIA Fabric Refresher antibacterial, antiviral deodorant*, a product released in the previous fiscal year that eliminates and prevents the growth of bacteria and viruses with just a quick spray, received favorable consumer reviews.

Living Care Products
In dishwashing detergents, sales of the mainstay *CHARMY Awa no Chikara (Power of Suds)* series and *CHARMY Crysta* series for dishwashers were favorable. Overall sales were up substantially year on year.

In household cleaners, sales of mainstay bath cleaner *Ofuro no LOOK* and bathroom fungicide *LOOK Bath Antimold Fogger* were favorable. Overall sales were significantly higher than those of the corresponding period of the previous fiscal year.

Pharmaceutical Products
In analgesics, *BUFFERIN PREMIUM,* a new product employing proprietary Lion technology for fast,

highly effective headache relief, received favorable consumer reviews and overall sales grew substantially year on year.

In eye drops, sales of *Smile 40 Premium* and *Smile 40EX GOLD Mild* were favorable. Overall sales increased significantly year on year.

In analgesic and anti-inflammatory poultices, the new *HALIX HOGRELA* series, which promotes blood flow to help relieve painful stiff shoulders, received favorable consumer reviews. Overall sales were substantially higher than those of the same period of the previous fiscal year.

Other Products

In direct-to-consumer sales products, while *Nice rim essence Lactoferrin,* the mainstay product in functional food products, recorded sluggish results, *Fleuria*, a hair care series for the mature woman, received favorable consumer reviews. Overall sales were level year on year.

In pet supplies, sales of oral care products and of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were strong, leading to overall sales that were substantially up year on year.

<Industrial Products Business>

The Industrial Products Business segment engages in the manufacture and sale of electro-conductive carbon, activators, detergents for industrial use and other products. Segment net sales increased 18.8% compared with the corresponding period of the previous fiscal year. Segment income increased 994.1% year on year due to sales growth of highly profitable products.

(Millions of yen)

	First Quarter Ended Mar. 2014	Ratio to net sales	First Quarter Ended Mar. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	13,175		11,092		2,082	18.8%
Segment income	553	4.2%	50	0.5%	502	994.1%

Note: Net sales include internal net sales within and among segments, which amounted to ¥5,018 million in the first quarter of fiscal 2014 and ¥4,253 million in the first quarter of fiscal 2013.

In electro-conductive carbon, sales of products used in lithium-ion batteries were firm, and overall sales increased considerably year on year.

In activators, sales of raw materials for detergents and shampoos were strong, and overall sales grew substantially year on year.

In detergents for institutional use, sales of hand soaps and alcohol sanitizers for kitchen use were strong, leading to overall sales that were considerably higher than those in the same period of the previous fiscal year.

<Overseas Business>

The Overseas Business segment comprises businesses operations primarily in Thailand, South Korea and China. Segment net sales increased 7.2% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 2.2%). Segment income increased 3.0% year on year due in part to increased efficiency in competition costs.

(Millions of yen)

	First Quarter Ended Mar. 2014	Ratio to net sales	First Quarter Ended Mar. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	19,911		18,578		1,333	7.2%
Segment income	442	2.2%	430	2.3%	12	3.0%

Note: Net sales include internal net sales within and among segments, which amounted to ¥1,039 million in the first quarter of fiscal 2014 and ¥929 million in the first quarter of fiscal 2013.

Conditions in Key Overseas Markets

In Thailand, sales of *Systema* toothbrushes were strong, but sales of *Lipon* dishwashing detergent were sluggish, and overall sales remained on par with those of the same period of the previous fiscal year. Overall sales after yen conversions were also flat year on year.

In South Korea, sales of *KireiKirei* hand soap were favorable, but sales of *Beat* laundry detergent were weak, resulting in a year-on-year drop in overall sales on a local currency basis. However, due to exchange rate fluctuations, overall sales after yen conversions increased year on year.

In China, sales of *Systema* toothbrushes were strong and overall sales increased substantially year on year. Overall sales after yen conversions also increased substantially.

Furthermore, in Hong Kong, sales of the super-concentrated liquid laundry detergent TOP NANOX were strong.

<Other>

(Millions of yen)

	First Quarter Ended Mar. 2014	Ratio to net sales	First Quarter Ended Mar. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	6,454		5,555		898	16.2%
Segment income	55	0.9%	108	2.0%	(53)	(49.3%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥5,503 million in the first quarter of fiscal 2014 and ¥4,833 million in the first quarter of fiscal 2013.

In Other, which includes the construction contracting business, overall sales came to ¥6,454 million, a year-on-year increase of 16.2%. Segment income came to ¥55 million, down 49.3% from the previous fiscal year.

(2) Qualitative Information Concerning Consolidated Financial Status

Status of Assets, Liabilities, Net Assets for the First Quarter of the Current Fiscal Year

<Consolidated Financial Status >

	First Quarter Ended March 31, 2014	Fiscal 2012 Ended Dec. 31, 2013	Increase/ decrease
Total assets (millions of yen)	263,205	282,098	(18,892)
Net assets (millions of yen)	123,708	124,232	(524)
Shareholders' equity to total assets *1 (%)	44.8	42.0	2.8

*1 Shareholders' equity to total assets = (Net assets – Subscription rights to shares and Minority interests) / Total assets

Total assets fell ¥18,892 million compared with the previous consolidated fiscal year-end to ¥263,205 million, due mainly to a decrease in notes and accounts receivable—trade. Net assets decreased ¥524 million year on year to ¥123,708 million. Shareholder's equity to total assets stood at 44.8%.

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

Consolidated financial results forecasts for the first half of fiscal 2014 and the full fiscal year remain unchanged since being announced on February 10, 2014.

In the Japanese economy, there is concern about a temporary drop in demand following the consumption tax rate increase and the end of the surge in demand that preceded it. The outlook for the global economy is expected to remain unclear due to such factors as trends in U.S. monetary policy and geopolitical risks.
Conditions are expected to grow more challenging in the domestic toiletries industry, the Lion Group's main business domain, due to anticipated recoil following the demand surge ahead of the consumption tax rate increase as well as intensifying competition at the retail level and increasing materials costs.

Under these circumstances, the Lion Group will continue to cultivate its key brands and take measures to reduce costs and make competition costs more efficient to improve profitability.

(Preconditions for the Estimated Figures in Outlook for Fiscal 2014)
Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures:
¥102 = US$1.00
¥3.1 = 1.00 baht

2. Summary Information and Note

(1) Changes in Important Subsidiaries during the Period

None

On March 19, 2014, Lion acquired Akzo Nobel N.V.'s equity stake in Lion Akzo Co., Ltd., a joint venture established between Lion and Akzo Nobel N.V. As a result, Lion Akzo Co., Ltd. was changed from equity method affiliate to consolidated subsidiary. This change does not affect the listing of the Company's specified subsidiaries.

(2) Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies and Changes in and Restatement of Accounting Estimates

(Change in property, plant and equipment depreciation method)

Until the fiscal year under review, the depreciation of property, plant and equipment (except for lease assets) has been calculated using the declining-balance method. From the fiscal year ending December 31, 2014, however, this will be changed to the straight-line method.

The Lion Group is implementing four strategies in line with its management vision, Vision 2020, announced in 2011: (1) Qualitative Growth of Domestic Businesses; (2) Quantitative Expansion of Overseas Businesses; (3) Development of New Business Value; and (4) Enhancement of Organizational Learning Capabilities. Accordingly, under the current medium-term management plan, Vision 2020 Part-1 (V-1 Plan), the Group is pursuing qualitative growth of domestic businesses through three basic strategies: (1) Develop mainstay brands to secure higher market positions in principal business fields; (2) Foster high-value-added product categories and improve efficiency to bolster the earnings base; and (3) Strengthen R&D and production technologies while stepping up consumer research. As part of these efforts, phase II construction of a new R&D center was completed in 2013, and the center began full operations in 2014. Lion has taken this occasion to reconsider the depreciation method employed in order to best reflect actual usage of property, plant and equipment. Accordingly, and with comprehensive consideration given to the changes in its domestic businesses as explained below, the Company has determined that it can more appropriately distribute costs throughout the period of use by changing the depreciation method employed to the straight-line method. This change has the added benefit of aligning the Company's domestic accounting methods with those used by overseas affiliates and is expected to contribute to the Group's overall performance and results management.

(1) In the fabric care market, demand for high-value-added liquid products, such as fabric softeners with long-lasting fragrance and liquid laundry detergents, is rising, and Lion is adjusting and streamlining its manufacturing facilities accordingly. The wear and tear on manufacturing facilities for these liquid products is more evenly distributed than that seen in facilities manufacturing conventional products, and these facilities are expected to be in regular steady use each period, reflecting stable consumer demand.

(2) As a result of strengthening R&D and production technologies and stepped up consumer research, the portion of property, plant and equipment accounted for by R&D-related facilities is increasing. These R&D facilities are expected to operate at a steady pace each period.

As a result of this change in depreciation method, compared with the previous method, operating income, ordinary income and income before income taxes for the fiscal year under review will each increase by ¥197 million.

3. Consolidated Quarterly Financial Reporting Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended December 31, 2013	First Quarter Ended March 31, 2014
Assets		
Current assets		
Cash and deposits	25,559	19,358
Notes and accounts receivable-trade	57,246	53,238
Short-term investments securities	25,429	17,711
Merchandise and finished goods	23,005	24,701
Work in process	3,278	3,928
Raw materials and supplies	8,802	8,831
Other	4,881	5,077
Allowance for doubtful accounts	(52)	(50)
Total current assets	148,150	132,795
Noncurrent assets		
Property, plant and equipment	68,989	69,909
Intangible assets		
Right of trademark	10,577	9,716
Other	2,029	2,326
Total intangible assets	12,606	12,043
Investments and other assets		
Investment securities	33,362	29,962
Other	19,026	18,527
Allowance for doubtful accounts	(37)	(31)
Total Investments and other assets	52,351	48,457
Total noncurrent assets	133,948	130,410
Total assets	282,098	263,205

(Millions of yen)

	Fiscal Year Ended December 31, 2013	First Quarter Ended March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,918	38,941
Short-term loans payable	9,611	10,093
Current portion of long-term loans payable	22,466	21,316
Accounts payable-other and accrued expenses	39,087	33,524
Income taxes payable	3,057	1,709
Provision for bonuses	2,176	1,878
Provision for sales returns	603	603
Provision for sales promotion expenses	744	905
Provision for directors' bonuses	231	64
Other	3,760	4,514
Total current liabilities	131,656	113,552
Noncurrent liabilities		
Long-term loans payable	204	175
Provision for retirement benefits	19,353	19,337
Provision for directors' retirement benefits	373	394
Asset retirement obligation	340	354
Other	5,936	5,681
Total noncurrent liabilities	26,208	25,944
Total liabilities	157,865	139,497
Net assets		
Shareholders’ equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	61,410	62,437
Treasury stock	(16,755)	(16,759)
Total shareholders' equity	110,588	111,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,921	5,659
Deferred gains or losses on hedges	24	0
Foreign currency translation adjustment	914	540
Total accumulated other comprehensive income	7,860	6,201
Subscription rights to shares	193	206
Minority interests	5,590	5,689
Total net assets	124,232	123,708
Total liabilities and net assets	282,098	263,205

(2) Consolidated Quarterly Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

(Millions of yen)

	First Quarter Ended March 31, 2013	Nine Months Ended March 31, 2014
Net sales	71,618	89,596
Cost of sales	31,956	39,114
Gross profit	39,661	50,481
Selling, general and administrative expenses	41,180	46,864
Operating income (loss)	(1,518)	3,616
Non-operating income		
Interest income	49	43
Dividends income	4	8
Equity in earnings of affiliates	244	249
Royalty income	58	61
Foreign exchange gains	123	7
Other	86	102
Total non-operating income	566	472
Non-operating expenses		
Interest expenses	167	183
Other	30	11
Total non-operating expenses	197	194
Ordinary income (loss)	(1,148)	3,894
Extraordinary income		
Gain on disposal of noncurrent assets	38	-
Gain on sales of investment securities	7	-
Gain on step acquisition	-	477
Total extraordinary income	46	477
Extraordinary loss		
Loss on disposal of noncurrent assets	26	21
Impairment loss	18	19
Total extraordinary losses	44	40
Income (loss) before income taxes	(1,146)	4,331
Income taxes-current	461	1,362
Income taxes-deferred	(805)	441
Total income taxes	(344)	1,804
Income (loss) before minority interests	(802)	2,527
Minority interests in income	207	179
Net income (loss)	(1,010)	2,347

Consolidated Statement of Comprehensive Income

(Millions of yen)

	First Quarter Ended March 31, 2013 (January 1 to March 31, 2013)	First Quarter Ended March 31, 2014 (January 1 to March 31, 2014)
Income (loss) before minority interests	(802)	2,527
Other comprehensive income		
Valuation difference on available-for-sale securities	2,863	(1,262)
Deferred gains or losses on hedges	(7)	(23)
Foreign currency translation adjustment	1,795	(499)
Share of other comprehensive income of associates accounted for using equity method	224	45
Total other comprehensive income	4,876	(1,739)
Comprehensive income	4,074	787
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	3,339	688
Comprehensive income attributable to minority interests	734	99

(3) Notes Regarding Going Concern Assumptions

None

(4) Segment Information

1. First Quarter Ended March 31, 2013 (January 1 to March 31, 2013)

1) Information Regarding Net Sales, Profits and Losses for Each Reportable Segment

(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	46,407	6,839	17,649	722	71,618	–	71,618
(2)Intersegment sales[*1]	5,158	4,253	929	4,833	15,174	(15,174)	–
Total	51,566	11,092	18,578	5,555	86,792	(15,174)	71,618
Segment income (loss)	(2,253)	50	430	108	(1,664)	145	(1,518)

Notes: 1. Internal transactions are included within reportable segments.
2. Segment income and losses adjustments totaling ¥145 million are composed mainly of internal transaction eliminations.
3. Segment income and losses are adjusted based on operating loss in consolidated quarterly income statements.

2. First Quarter Ended March 31, 2014 (January 1 to March 31, 2014)

1) Information Regarding Net Sales, Profits and Losses for Each Reportable Segment

(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	61,616	8,157	18,871	951	89,596	–	89,596
(2)Intersegment sales[*1]	6,159	5,018	1,039	5,503	17,721	(17,721)	–
Total	67,775	13,175	19,911	6,454	107,317	(17,721)	89,596
Segment income (loss)	2,394	50	430	55	3,445	171	3,616

Notes: 1. Internal transactions are included within reportable segments.
2. Segment income and losses adjustments totaling ¥171 million are composed mainly of internal transaction eliminations.
3. Segment income and losses are adjusted based on operating loss in consolidated quarterly income statements.

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

None

(6) Important Subsequent Events

Based on a decision made at the April 16, 2014 meeting of the Board of Directors, Lion has completed a first issuance of zero-coupon convertible bonds (bonds with stock acquisition rights and an inter-bond pari passu clause, hereinafter referred to as the "bonds," within which the subscription rights alone are referred to as the "subscription rights") via third party allotment. Payment for the bonds was completed May 2, 2014. Details are as follows.

(1)Total issue amount:¥15,000,000,000
(2)Issue price: Bonds: ¥100,000,000 per ¥100,000,000 bond face value
Subscription rights: No monetary fee
(3)Interest:No interest will be paid on these bonds.
(4)Redemption date:May 2, 2019
(5) Redemption method:The full redemption amount will be paid on the redemption date. However, the terms of issuance include a provision for premature redemption under certain circumstances.
(6)Items related to subscription rights:
I. Type of shares subject to subscription rights
Common stock
II. Total number of subscription rights
150
III. Conversion price
¥672 per share (initial value)
IV. Exercisable period
May 9, 2014 through April 25, 2019
(7) Collateral: None
(8) Use of proceeds: All proceeds from this issuance of bonds will be used to repay a portion of the ¥21.2 billion in long term debt due in July 2014.
(9) Parties allotted to: Deutsche Securities Inc.