

Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2015 [Japanese Standard]

May 8, 2015

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, 2015

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, 2015

(January 1, 2015 – March 31, 2015)

(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. 2015 | 82,925 | (7.4) | 2,137 | (40.9) | 2,273 | (41.6) | 1,136 | (51.6) |
| First Quarter Ended Mar. 2014 | 89,596 | 25.1 | 3,616 | — | 3,894 | — | 2,347 | — |

Note: Comprehensive income: March 31, 2015: ¥2,969 million (277.0%)
March 31, 2014: ¥787 million (-80.7%)

| | EPS | Diluted EPS |
|-------------------------------|------|-------------|
| | Yen | Yen |
| First Quarter Ended Mar. 2015 | 4.23 | 3.97 |
| First Quarter Ended Mar. 2014 | 8.75 | 8.74 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity to total assets |
|--------------------------------|-----------------|-----------------|--------------------------------------|
| | Millions of yen | Millions of yen | % |
| First Quarter Ended March 2015 | 264,589 | 124,385 | 44.3 |
| December 2014 | 283,352 | 127,434 | 42.6 |

Note: Shareholders' equity: March 31, 2015: ¥117,228 million, December 31, 2014: ¥120,635 million

2. Dividend

| Record Date | Cash dividend per share / Yen | | | | |
|---------------|-------------------------------|----------------|---------------|----------|--------|
| | First Quarter | Second Quarter | Third Quarter | Year-End | Annual |
| FY2014 | — | 5.00 | — | 5.00 | 10.00 |
| FY2015 actual | — | | | | |
| FY2015 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, 2015 (January 1, 2015 – December 31, 2015)

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 2015 | 178,000 | 0.8 | 4,200 | 6.1 | 4,800 | 6.5 | 2,500 | 1.4 | 9.32 |
| Fiscal 2015 | 375,000 | 2.1 | 13,500 | 8.8 | 15,000 | 6.7 | 7,500 | 1.8 | 27.97 |

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: Yes
 - b. Other changes: No
 - 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, 2015: 299,115,346 shares
 - As of December 31, 2014: 299,115,346 shares
 - b. Number of treasury stocks on balance sheet date:
 - As of March 31, 2015: 30,978,002 shares
 - As of December 31, 2014: 31,001,366 shares
 - c. Average shares outstanding over period (cumulative; consolidated)
 - As of March 31, 2015: 268,146,663 shares
 - As of March 31, 2014: 268,231,588 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) Forecast of Consolidated Results and Future Outlook” on page 6.

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

(1) Business Performance

During the first quarter of the current fiscal year, net sales amounted to ¥82,925 million, a year-on-year decrease of 7.4% (or a decrease of 10.6% in terms of real net sales, which exclude the influence of exchange rate conversions). Due in part to the substantial increase in sales volumes in the corresponding period of the previous fiscal year resulting from the last-minute surge in demand ahead of the consumption tax hike, revenue fell year on year. The Company recorded operating income of ¥2,137 million, down 40.9% from the corresponding period of the previous fiscal year, and ordinary income of ¥2,273 million, down 41.6%. Net income for the quarter stood at ¥1,136 million, a year-on-year decrease of 51.6%.

During the fiscal year under review, the Lion Group launched its medium-term management plan, the V-2 Plan (Vision2020 Part-2). The Lion Group is advancing initiatives based on the four basic strategies of this plan: (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 introduced new products under one of its mainstay dishwashing detergent brands and launched and worked to nurture such new, high-value-added products as toothbrushes and antiperspirants and deodorants.

Overseas, in such mainstay fields as oral care and laundry detergent, the Group engaged in aggressive marketing aimed at cultivating key brands.

<Consolidated Results>

(Millions of yen)

| | First Quarter Ended Mar. 2015 | Ratio to net sales | First Quarter Ended Mar. 2014 | Ratio to net sales | Increase/decrease | Change |
|------------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------|---------|
| Net sales | 82,925 | | 89,596 | | (6,670) | (7.4%) |
| Operating income | 2,137 | 2.6% | 3,616 | 4.0% | (1,478) | (40.9%) |
| Ordinary income | 2,273 | 2.7% | 3,894 | 4.3% | (1,620) | (41.6%) |
| Net income | 1,136 | 1.4% | 2,347 | 2.6% | (1,211) | (51.6%) |

< Results by Business Segment >

(Millions of yen)

| | Net sales | | | | Segment income (Operating income) | | | |
|---------------------|-------------------------------|-------------------------------|-------------------|---------|-----------------------------------|-------------------------------|-------------------|---------|
| | First Quarter Ended Mar. 2015 | First Quarter Ended Mar. 2014 | Increase/decrease | Change | First Quarter Ended Mar. 2015 | First Quarter Ended Mar. 2014 | Increase/decrease | Change |
| Consumer Products | 58,027 | 67,775 | (9,748) | (14.4%) | 330 | 2,394 | (2,064) | (86.2%) |
| Industrial Products | 14,327 | 13,175 | 1,152 | 8.7% | 392 | 553 | (160) | (29.1%) |
| Overseas | 23,520 | 19,911 | 3,608 | 18.1% | 983 | 442 | 540 | 122.0% |
| Other | 6,559 | 6,454 | 105 | 1.6% | 176 | 55 | 121 | 220.0% |
| Subtotal | 102,434 | 107,317 | (4,883) | (4.6%) | 1,881 | 3,445 | (1,563) | (45.4%) |
| Adjustment | (19,509) | (17,721) | (1,787) | — | 256 | 171 | 84 | 49.6% |
| Total | 82,925 | 89,596 | (6,670) | (7.4%) | 2,137 | 3,616 | (1,478) | (40.9%) |

Results by business segment 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 decreased 14.4% compared with the previous fiscal year, in which sales volumes rose substantially on the back of a last-minute surge in demand preceding the consumption tax hike. Segment income decreased 86.2%.

(Millions of yen)

| | First Quarter Ended Mar. 2015 | Ratio to net sales | First Quarter Ended Mar. 2014 | Ratio to net sales | Increase/decrease | Change |
|----------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------|---------|
| Net sales | 58,027 | | 67,775 | | (9,748) | (14.4%) |
| Segment income | 330 | 0.6% | 2,394 | 3.5% | (2,064) | (86.2%) |

Note: Net sales include internal net sales within and among segments, which amounted to ¥6,293 million in the first quarter of fiscal 2015 and ¥6,159 million in the first quarter of fiscal 2014.

[Net Sales by Products Segment]

(Millions of yen)

| | First Quarter Ended Mar. 2015 | First Quarter Ended Mar. 2014 | Increase/decrease | Change |
|-------------------------|-------------------------------|-------------------------------|-------------------|---------|
| Oral Care Products | 12,020 | 13,562 | (1,541) | (11.4%) |
| Beauty Care Products | 5,032 | 5,769 | (737) | (12.8%) |
| Fabric Care Products | 15,912 | 21,902 | (5,989) | (27.3%) |
| Living Care Products | 5,210 | 4,979 | 231 | 4.6% |
| Pharmaceutical Products | 7,298 | 7,627 | (328) | (4.3%) |
| Other Products | 12,553 | 13,935 | (1,382) | (9.9%) |

Oral Care Products

In toothpastes, Lion focused on cultivating the mainstay *CLINICA* and *SYSTEMA* brands and released new *CLINICA ADVANTAGE Dental Gel*, a product that, used before bed, ensures that fluoride remains in the mouth all night long, strengthening teeth as the user sleeps and helping to prevent dental caries. Nevertheless, overall sales were down compared with the corresponding period of the previous fiscal year.

In toothbrushes, sales of *CLINICA ADVANTAGE toothbrushes* were firm, and the new *SYSTEMA Arch Fit Toothbrush*, which features an arch-shaped brush to fit closely against teeth and scrub away grime from every nook and crevice, helping to clean the gingival sulcus, received favorable consumer reviews. Overall sales, however, were down year on year.

Beauty Care Products

In hand soaps, Lion released new *KireiKirei Medicated Foaming Hand Soap for the Kitchen*, a product that effectively removes even meat grease and fish odors that collect on hands during food preparation, but overall sales were below those of the corresponding period of the previous fiscal year.

In antiperspirants and deodorants, new *Ban Odor-Blocking Roll-On*, formulated with a nano ion antibacterial agent that stays on underarm skin longer for lasting odor blocking, received favorable consumer reviews, and overall sales rose significantly year on year.

Fabric Care Products

In laundry detergents, Lion focused on cultivating super-concentrated liquid laundry detergents *TOP NANOX* and *TOP HYGIA*, but overall sales were down year on year.

In fabric softeners, sales of the *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Aroma Rich* series, featuring deep fragrances that last all day, were favorable, but overall sales saw a year-on-year decline.

Living Care Products

In dishwashing detergents, new *CHARMY Magica*, featuring nano cleansing action that makes stubborn grease slide like water off dishes for faster cleanup, garnered favorable consumer reviews, and overall sales were up significantly year on year.

In household cleaners, Lion focused on nurturing the bathroom fungicide *LOOK Bath Antimold Fogger* and *LOOK Mame-Pika Toilet Cleaner*, but overall sales were below those of the same period of the previous fiscal year.

Pharmaceutical Products

In antipyretic analgesics, despite the release of new *Excedrin LOX*, formulated with the antipyretic analgesic ingredient loxoprofen sodium hydrate for the highly effective relief of back, shoulder and other pain, overall sales fell year on year.

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

Other Products

In direct-to-consumer sales products, sales of *Fleuria*, a hair care series for the mature woman, were favorable, but those of *Nice rim essence Lactoferrin* in the functional food products category were

sluggish. As a result, overall sales fell year on year.

In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were sluggish, and overall sales were lower than those of the same period of the previous fiscal year.

<Industrial Products Business>

The Industrial Products Business segment engages in the manufacture and sale of electro-conductive carbon, surfactants, detergents for institutional use and other products. Segment net sales increased 8.7% compared with the corresponding period of the previous fiscal year, reflecting the consolidation of certain affiliated companies in April 2014. Segment income decreased 29.1% year on year, due in part to recoil from the last-minute surge in demand ahead of the sales tax increase in the same period of the previous fiscal year.

(Millions of yen)

| | First Quarter Ended Mar. 2015 | Ratio to net sales | First Quarter Ended Mar. 2014 | Ratio to net sales | Increase/ decrease | Change |
|----------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|---------|
| Net sales | 14,327 | | 13,175 | | 1,152 | 8.7% |
| Segment income | 392 | 2.7% | 553 | 4.2% | (160) | (29.1%) |

Note: Net sales include internal net sales within and among segments, which amounted to ¥7,222 million in the first quarter of fiscal 2015 and ¥5,018 million in the first quarter of fiscal 2014.

In electro-conductive carbon, sales of *KETJENBLACK* for use in lithium-ion and other secondary batteries were steady, and overall sales increased substantially year on year.

In surfactants, sales of raw materials for detergents were sluggish, and overall sales fell year on year.

In detergents for institutional use, sales of alcohol sanitizers for kitchen use were firm, but those of hand soaps were sluggish. Overall sales saw a year-on-year decline.

<Overseas Business>

The Overseas Business segment comprises business operations primarily in Thailand, South Korea and China. Segment net sales increased 18.1% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 2.9%). Segment income increased 122.0% year on year.

(Millions of yen)

| | First Quarter Ended Mar. 2015 | Ratio to net sales | First Quarter Ended Mar. 2014 | Ratio to net sales | Increase/ decrease | Change |
|----------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|--------|
| Net sales | 23,520 | | 19,911 | | 3,608 | 18.1% |
| Segment income | 983 | 4.2% | 442 | 2.2% | 540 | 122.0% |

Note: Net sales include internal net sales within and among segments, which amounted to ¥1,192 million in the first quarter of fiscal 2015 and ¥1,039 million in the first quarter of fiscal 2014.

Conditions in Key Overseas Markets

In Thailand, sales of *Shokubutsu-Monogatari* body wash were steady, but those of *Pao* laundry detergent were sluggish. Overall sales edged up year on year. Overall sales after yen conversions increased substantially year on year.

In South Korea, sales of *KireiKirei* hand soap were favorable, but sales of *Chamgreen* dishwashing detergent were sluggish, resulting in sales that were flat year on year. However, due to exchange rate fluctuations, overall sales after yen conversions increased significantly year on year.

In China, sales of *Systema* toothbrushes were firm and sales of imported Japanese products increased. Overall sales rose substantially year on year. Overall sales after yen conversions also increased substantially.

<Other> (The Construction Contracting Business, Etc.)

(Millions of yen)

| | First Quarter Ended Mar. 2015 | Ratio to net sales | First Quarter Ended Mar. 2014 | Ratio to net sales | Increase/decrease | Change |
|----------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------|--------|
| Net sales | 6,559 | | 6,454 | | 105 | 1.6% |
| Segment income | 176 | 2.7% | 55 | 0.9% | 121 | 220.0% |

Note: Net sales include internal net sales within and among segments, which amounted to ¥4,800 million in the first quarter of fiscal 2015 and ¥5,503 million in the first quarter of fiscal 2014.

(2) 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, 2015 | Fiscal 2014 Ended Dec. 31, 2014 | Increase/decrease |
|---|------------------------------------|---------------------------------|-------------------|
| Total assets (millions of yen) | 264,589 | 283,352 | (18,762) |
| Net assets (millions of yen) | 124,385 | 127,434 | (3,049) |
| Shareholders' equity to total assets *1 (%) | 44.3 | 42.6 | 1.7 |

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

Total assets dropped ¥18,762 million compared with the previous consolidated fiscal year-end to ¥264,589 million, reflecting a decrease in notes and accounts receivable—trade. Net assets decreased ¥3,049 million year on year to ¥124,385 million. Shareholder's equity to total assets stood at 44.3%.

(3) Forecast of Consolidated Results and Future Outlook

Consolidated financial results forecasts for the first half of fiscal 2015 and the full fiscal year remain unchanged since being announced on February 10, 2015.

(Assumptions for the Fiscal 2015 Forecasts)

Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures:

¥118 = US\$1.00

¥3.5 = 1.00 baht

2. Summary Information and Note

(1) Changes in Important Subsidiaries during the Period

None

(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

Application of Accounting Standard for Retirement Benefits

The Group has adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ), Statement No. 26, issued on May 17, 2012; hereinafter, "Retirement Benefit Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter the "Guidance") including, from the consolidated quarterly fiscal accounting period under review, the provisions stipulated in the main clause of Article 35 of the Retirement Benefit Accounting Standard and in the main clause of Article 67 of the Guidance. Accordingly, the Group has revised its methods of calculating retirement benefit obligation and service cost and changed the method of attributing estimated retirement benefits to each period from a straight-line method to the benefit formula method. It has also changed its method of determining the discount rate from the previous method, which employed a discount rate based on employees' approximated average remaining years of service, to a single weighted average discount rate that reflects the expected periods and per-period amounts of benefit payments.

The effect of the adoption of the Retirement Benefit Accounting Standard and the Guidance due to the changes in the methods of calculating retirement benefit obligation and service cost was included in retained earnings as of January 1, 2015, in accordance with the transitional accounting treatment stipulated in Article 37 of the Retirement Benefit Accounting Standard.

As a result, net defined benefit asset decreased ¥4,106 million, net defined benefit liability increased by ¥3,161 million, and retained earnings decreased by ¥4,680 million as of January 1, 2015. The impact of this change on profit and loss for the consolidated quarterly fiscal accounting period under review is minor.

3. Consolidated Quarterly Financial Reporting Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

| | Fiscal Year Ended December 31, 2014 | First Quarter Ended March 31, 2015 |
|-------------------------------------|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,008 | 16,255 |
| Notes and accounts receivable-trade | 59,007 | 50,143 |
| Short-term investments securities | 24,448 | 14,354 |
| Merchandise and finished goods | 25,270 | 29,037 |
| Work in process | 4,605 | 4,872 |
| Raw materials and supplies | 9,489 | 9,368 |
| Other | 5,396 | 5,254 |
| Allowance for doubtful accounts | (51) | (49) |
| Total current assets | 146,175 | 129,236 |
| Noncurrent assets | | |
| Property, plant and equipment | 79,275 | 78,425 |
| Intangible assets | | |
| Right of trademark | 7,197 | 6,504 |
| Other | 1,909 | 1,784 |
| Total intangible assets | 9,106 | 8,288 |
| Investments and other assets | | |
| Investment securities | 34,438 | 36,545 |
| Other | 14,388 | 12,124 |
| Allowance for doubtful accounts | (31) | (31) |
| Total Investments and other assets | 48,794 | 48,638 |
| Total noncurrent assets | 137,176 | 135,353 |
| Total assets | 283,352 | 264,589 |

(Millions of yen)

| | Fiscal Year Ended December 31, 2014 | First Quarter Ended March 31, 2015 |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 46,590 | 41,897 |
| Short-term loans payable | 12,602 | 12,418 |
| Current portion of long-term loans payable | 116 | 116 |
| Accounts payable-other and accrued expenses | 45,123 | 34,207 |
| Income taxes payable | 3,336 | 1,250 |
| Provision for bonuses | 2,631 | 1,874 |
| Provision for sales returns | 525 | 522 |
| Provision for sales promotion expenses | 894 | 924 |
| Provision for directors' bonuses | 256 | 76 |
| Other | 3,459 | 3,038 |
| Total current liabilities | 115,537 | 96,327 |
| Noncurrent liabilities | | |
| Bonds with subscription rights to shares | 14,430 | 14,462 |
| Long-term loans payable | 2,448 | 2,395 |
| Provision for directors' retirement benefits | 448 | 475 |
| Net defined benefit liability | 18,526 | 22,002 |
| Asset retirement obligation | 344 | 340 |
| Other | 4,182 | 4,200 |
| Total noncurrent liabilities | 40,380 | 43,876 |
| Total liabilities | 155,918 | 140,204 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 34,433 | 34,433 |
| Capital surplus | 31,499 | 31,499 |
| Retained earnings | 66,095 | 61,206 |
| Treasury stock | (16,827) | (16,818) |
| Total shareholders' equity | 115,201 | 110,321 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,912 | 9,814 |
| Deferred gains or losses on hedges | (0) | - |
| Foreign currency translation adjustment | 3,339 | 2,963 |
| Remeasurements of defined benefit plans | (5,816) | (5,870) |
| Total accumulated other comprehensive income | 5,434 | 6,907 |
| Subscription rights to shares | 910 | 907 |
| Minority interests | 5,888 | 6,248 |
| Total net assets | 127,434 | 124,385 |
| Total liabilities and net assets | 283,352 | 264,589 |

(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, 2014 | First Quarter Ended March 31, 2015 |
|--|--|--|
| Net sales | 89,596 | 82,925 |
| Cost of sales | 39,114 | 36,654 |
| Gross profit | 50,481 | 46,270 |
| Selling, general and administrative expenses | 46,864 | 44,132 |
| Operating income (loss) | 3,616 | 2,137 |
| Non-operating income | | |
| Interest income | 43 | 31 |
| Dividends income | 8 | 5 |
| Equity in earnings of affiliates | 249 | 100 |
| Royalty income | 61 | 67 |
| Foreign exchange gains | 7 | 9 |
| Other | 102 | 83 |
| Total non-operating income | 472 | 299 |
| Non-operating expenses | | |
| Interest expenses | 183 | 111 |
| Interest on bonds | - | 32 |
| Other | 11 | 19 |
| Total non-operating expenses | 194 | 163 |
| Ordinary income (loss) | 3,894 | 2,273 |
| Extraordinary income | | |
| Gain on sales of investment securities | - | 110 |
| Gain on step acquisition | 477 | - |
| Total extraordinary income | 477 | 110 |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 21 | 20 |
| Impairment loss | 19 | - |
| Total extraordinary losses | 40 | 20 |
| Income (loss) before income taxes | 4,331 | 2,363 |
| Income taxes-current | 1,362 | 590 |
| Income taxes-deferred | 441 | 337 |
| Total income taxes | 1,804 | 927 |
| Income (loss) before minority interests | 2,527 | 1,436 |
| Minority interests in income | 179 | 299 |
| Net income (loss) | 2,347 | 1,136 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | First Quarter Ended March 31, 2014 | First Quarter Ended March 31, 2015 |
|---|--|--|
| Income (loss) before minority interests | 2,527 | 1,436 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,262) | 1,910 |
| Deferred gains or losses on hedges | (23) | 0 |
| Foreign currency translation adjustment | (499) | (148) |
| Remeasurements of defined benefit plans, net of tax | - | (53) |
| Share of other comprehensive income of associates accounted for using equity method | 45 | (175) |
| Total other comprehensive income | (1,739) | 1,533 |
| Comprehensive income | 787 | 2,969 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owner of the parent | 688 | 2,609 |
| Comprehensive income attributable to minority interests | 99 | 360 |

**(3) Notes Concerning Consolidated Quarterly Financial Statements
(Notes Regarding Going Concern Assumptions)**

None

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

None

(Segment Information)

1. 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 | 553 | 442 | 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.

2. First Quarter Ended March 31, 2015 (January 1 to March 31, 2015)

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 | 51,733 | 7,105 | 22,328 | 1,758 | 82,925 | — | 82,925 |
| (2) Intersegment sales ^{*1} | 6,293 | 7,222 | 1,192 | 4,800 | 19,509 | (19,509) | — |
| Total | 58,027 | 14,327 | 23,520 | 6,559 | 102,434 | (19,509) | 82,925 |
| Segment income (loss) | 330 | 392 | 983 | 176 | 1,881 | 256 | 2,137 |

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

2. Segment income and losses adjustments totaling ¥256 million are composed mainly of internal transaction eliminations.

3. Segment income and losses are adjusted based on operating loss in consolidated quarterly income statements.

(Important Subsequent Events)

Establishment of Subsidiary and Business Transfer between Subsidiaries

At a meeting held on April 30, 2015, Lion's Board of Directors passed a resolution to establish a new wholly owned subsidiary in Taiwan and to transfer the sales business of consolidated Lion subsidiary Lion Chemical Industry (Taiwan) Co., Ltd. (hereafter "Lion Chemical Industry") to said new subsidiary.

1. Purpose of the Establishment of New Subsidiary and Transfer of Business

Lion will transfer the sales and marketing functions of Lion Chemical Industry to the newly established wholly owned subsidiary in order to strengthen the sales and marketing capabilities and accelerate the decision making of the Lion Group in Taiwan.

2. Overview of New Subsidiary

Name: Lion Corporation (Taiwan) Co., Ltd. (planned)

Businesses: Sale of laundry detergents, dishwashing detergents, toothpastes, toothbrushes, chemicals, etc.

Date of establishment: September 1, 2015 (planned)

Capital: TWD 530 million (approx. JPY 2.04 billion)

Shareholding ratio: Lion Corporation 100%

3. Details of Transfer

a. Business to be transferred:

Sale of laundry detergents, dishwashing detergents, toothpastes, toothbrushes, chemicals, etc.
Production to remain at Lion Chemical Industry.

b. Fiscal 2014 business results of the business to be transferred:

Net sales: TWD 1,035 million (approx. JPY 3.98 billion)