

May 8, 2014

**Summary of Business Results for the First Quarter
Ended March 31, 2014 (Consolidated)**
- Supplementary Information -



Lion Corporation

1. Financial Highlights for the First Quarter Ended March 2014

Consolidated Results

(Unit: Million yen)

	Jan-Mar 2014	Jan-Mar 2013	Y-o-Y Change	Y-o-Y Change(%)
Net sales	89,596	71,618	17,977	25.1
Operating income (loss)	3,616	(1,518)	5,135	—
% of Sales	4.0	—		
Ordinary income (loss)	3,894	(1,148)	5,042	—
% of Sales	4.3	—		
Net income (loss)	2,347	(1,010)	3,357	—
% of Sales	2.6	—		
EPS (Yen)	8.75	(3.76)	12.51	—

2. Financial Highlights for the First Quarter Ended March 2014

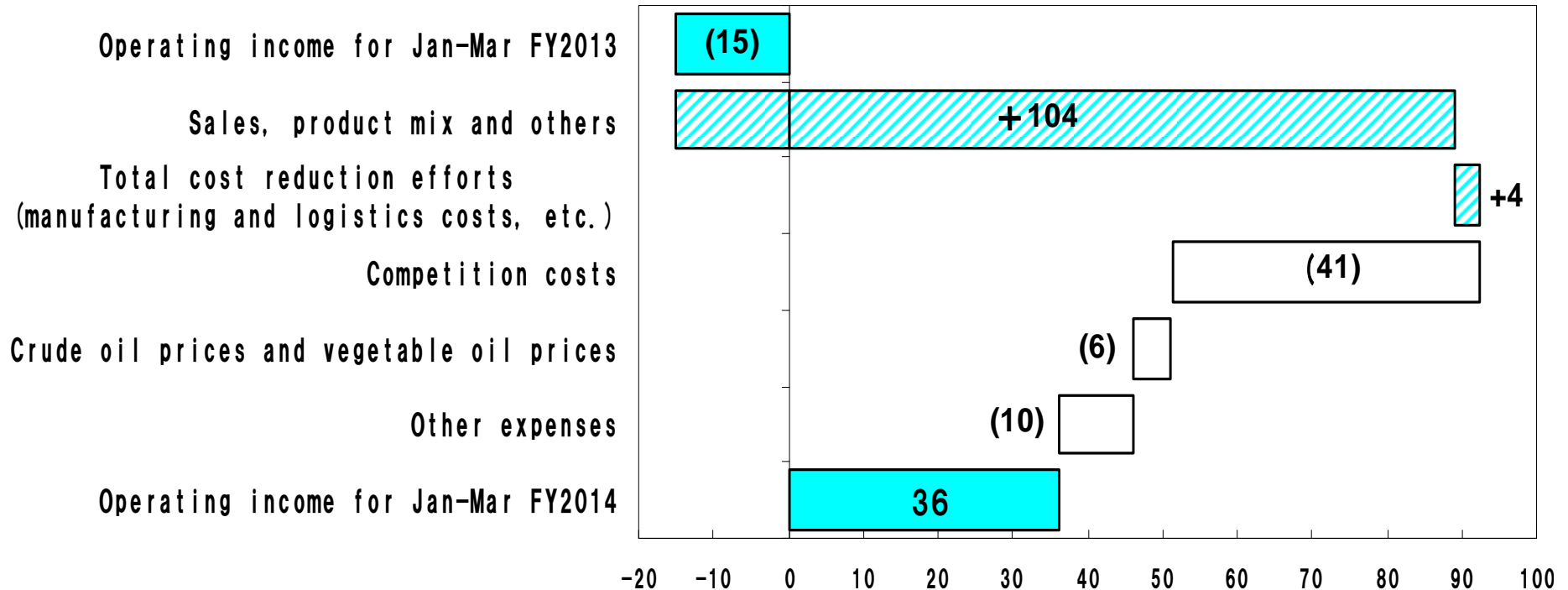
Summary of consolidated results

- 1) Net sales: ¥89.59 billion (up ¥17.97 billion, or 25.1% year on year)
Domestic sales were up substantially year on year due to favorable sales of new products, including *Clinica* and *Bufferin* products, and the surge in demand ahead of the April 2014 consumption tax rate increase, which surpassed expectations. Overseas sales rose 7% year on year, due to strong sales in China and Hong Kong, despite sluggish sales Thailand.
- 2) Operating income: ¥3.61 billion (up ¥5.13 billion year on year)
Operating income increased significantly year on year. This was due to an increase in gross profit alongside increased sales as well as the effects of changes in segment composition and the streamlining of sales promotion expenses.
- 3) Ordinary income: ¥3.89 billion (up ¥5.04 billion year on year)
Ordinary income increased substantially year on year due to the increase in operating income.
- 4) Net income: ¥2.34 billion (up ¥3.35 billion year on year)
Net income for the period under review improved significantly year on year due to the improvement in operating income.

3. Financial Highlights for the First Quarter Ended March 2014 **LION**

Year-on-year changes in consolidated operating income

(Unit: Billion yen)



Operating income increased significantly year on year due to increased sales and the effects of changes in segment composition.

◇ Effects of increased sales and composition changes:

Gross profit rose significantly due to substantially higher net sales, reflecting the surge in domestic demand ahead of the consumption tax increase, and an increase in the portion of sales accounted for by the Consumer Products Business segment.

◇ Increase in competition costs:

Although competition costs went up hand in hand with sales expansion, efforts to streamline domestic competition costs (consisting of advertising expenses, sales promotion expenses and sales commission) led to a decrease in the ratio of competition costs to sales.

4. Financial Highlights for the First Quarter Ended March 2014

Results by business segment

(Unit: Million yen)

	Net sales				Segment income (operating income)			
	Jan-Mar, 2014	Jan-Mar, 2013	Y-o-Y change	Y-o-Y change(%)	Jan-Mar, 2014	Jan-Mar, 2013	Y-o-Y change	Y-o-Y 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
Consolidated total	89,596	71,618	17,977	25.1	3,616	(1,518)	5,135	—

- ◇ Sales increased substantially year on year in the Consumer Products Business segment due to strong sales of new products, including the improved *Clinica* series and *BUFFERIN PREMIUM*, and the sizable impact of the last-minute surge in demand ahead of the April 2014 consumption tax increase, which exceeded expectations. Segment income improved significantly year on year, rising ¥4.6 billion due to increased sales and the streamlining of competition costs.
- ◇ Sales in the Industrial Products Business segment increased, reflecting last-minute surge in demand for detergent for industrial-use and raw materials for detergents and shampoos. Sales of such highly profitable products as carbon were also strong, leading to year-on-year increases in both sales and income.
- ◇ Sales in the Overseas Business segment increased 7.2% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 2.2%). The rise was due to sales expansion in China and Hong Kong, although sales in Thailand were sluggish due to weak consumption and intensifying competition. Segment income increased year on year, reflecting increased sales and streamlined competition costs in Thailand.
- ◇ In Other, although sales in the construction contracting business increased, segment income was down year on year due to an increase in building costs 5

5. Financial Highlights for the First Quarter Ended March 2014

Net sales and sales to external customers

(Unit: Million yen)

	Net Sales			
	Jan-Mar 2014	Jan-Mar 2013	Y-o-Y Change	Y-o-Y Change(%)
Consumer Products	67,775	51,566	16,209	31.4
	61,616	46,407	15,208	32.8
Industrial Products	13,175	11,092	2,082	18.8
	8,157	6,839	1,318	19.3
Overseas	19,911	18,578	1,333	7.2
	18,871	17,649	1,222	6.9
Other	6,454	5,555	898	16.2
	951	722	229	31.7
Net sales total	107,317	86,792	20,524	23.7
Sales to external customers total	89,596	71,618	17,977	25.1

Upper line: Net sales; Lower line: Sales to external customers

Net sales include internal net sales within and among segments.

6. Fiscal 2014 Consolidated Financial Forecast



(Unit: Million yen)

	FY2014	FY2013	Y-o-Y Change	Y-o-Y Change (%)	H1 FY2014	H1 FY2013	Y-o-Y Change	Y-o-Y Change (%)
Net Sales	360,000	352,005	7,995	2.3	171,000	166,041	4,959	3.0
Operating Income	12,000	10,819	1,181	10.9	3,000	2,872	128	4.4
% of Sales	3.3	3.1			1.8	1.7		
Ordinary Income	13,000	12,300	700	5.7	3,500	3,911	(411)	(10.5)
% of Sales	3.6	3.5			2.0	2.4		
Net Income	7,000	6,097	903	14.8	1,600	2,102	(502)	(23.9)
% of Sales	1.9	1.7			0.9	1.3		

There are no changes to consolidated financial results forecasts for the interim period or fiscal 2014 announced on February 10, 2014.

7. Factors Affecting Consolidated Performance

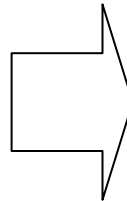
Taking into account the following factors that could affect its performance, the Group has decided not to amend the consolidated results forecasts.

First quarter

Second quarter onward

Domestic:

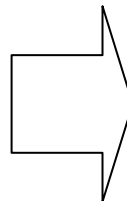
Higher than expected last-minute surge in demand



Possibility of extended recoil

Overseas:

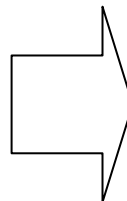
Political unrest in Thailand



Unclear outlook in Asian markets

Raw materials:

Rising domestic naphtha and palm oil prices



Materials costs expected to increase

Changes by Year and in Q1 2014 in the Home Products and OTC Drug Markets

Environment of Home Products Market

Market trend of the total of 40 home product markets in which Lion participates. (percentage change over the year-ago period.)

	FY2009	FY2010	FY2011	FY2012	FY2013	Jan-Mar 2014
Sales value	102	102	101	101	102	118
Unit sales	103	103	101	102	102	117
Average unit price	99	99	99	99	100	101

Source: INTAGE Inc. SRI Survey (Year-on-year data for FY2010 and prior years is for the 44 home product markets in which Lion operates. Data for FY2011-2012 is for 42 such markets.)

Environment of OTC Drug Market

Market trend of the total of 8 OTC drug markets in which Lion participates. (percentage change over the year-ago period.)

	FY2009	FY2010	FY2011	FY2012	FY2013	Jan-Mar 2014
Sales value	101	96	98	98	99	106
Unit sales	101	98	98	99	99	103
Average unit price	100	98	100	99	100	104

Changes in Home Products Markets by Month: Jan-Mar 2014

Environment of Home Products Market

Market trend of the total of 40 home product markets in which Lion participates. (percentage change over the year-ago period.)

	FY2013	FY2014 Jan	FY2014 Feb	FY2014 Mar	Jan-Mar 2014
Sales value	102	104	104	144	118
Unit sales	102	102	103	142	117
Average unit price	100	101	101	101	101

Source: INTAGE Inc. SRI Survey

Changes in 40 home product markets

The last-minute surge in demand ahead of the April 2014 consumption tax increase appears to have begun in the third week of February. Although unit prices from January through March averaged 101% those during the same period of 2013, the sales volume began to climb in February, rising to more than 140% of the level recorded in March of the previous year.

The sales volume continued to increase each week through March, peaking in the final week at 165% of that of the same period of the previous year.

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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.

Note: Figures are rounded down to the digits that are displayed.