

Summary of Consolidated Financial Statements for the First Half Ended June 30, 2014 [Japanese Standard]

August 5, 2014

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

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Scheduled date of filing of quarterly financial report (Shihanki Houkokusho): August 13, 2013
Start date for payment of dividend: September 5, 2014
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: Yes (for institutional investors and analysts, etc.)

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

1. Consolidated Results for the First Half Ended Jun. 30, 2014

(January 1, 2014 – Jun. 30, 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 Half FY2014	176,633	6.4	3,958	37.8	4,508	15.3	2,466	17.3
First Half FY2013	166,041	3.9	2,872	27.7	3,911	38.1	2,102	81.1

Note: Comprehensive Income

Jun. 30, 2014: ¥1,124 million [-84.0%], Jun. 30, 2013: ¥7,005 million [93.3%]

	EPS	Diluted EPS
	Yen	Yen
First Half FY2014	9.19	8.97
First Half FY2013	7.83	7.82

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First Half FY2014	282,557	123,742	41.8
FY 2013	282,098	124,232	42.0

Note: Shareholders' equity: Jun. 30, 2014: ¥118,089 million, FY 2013: ¥118,448 million

2. Dividend

Record Date	Cash dividend per share / Yen				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
FY 2013	—	5.00	—	5.00	10.00
FY 2014 actual	—	5.00			
FY 2014 plan			—	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
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 Jun. 30, 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 Jun. 30, 2014: 30,901,151 shares
 - As of December 31, 2013: 30,882,704 shares
 - c. Average shares outstanding over period (cumulative; consolidated)
 - As of Jun. 30, 2014: 268,224,153 shares
 - As of Jun. 30, 2013: 268,384,913 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.

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

(1) Qualitative Information Concerning Consolidated Performance

During the first half of fiscal 2014 (January 1, 2014–June 30, 2014), the Japanese economy gradually recovered as corporate profits and employment conditions continued to improve amid the effects of the consumption tax rate hike in April 2014.

In the Lion Group's main business domain, the domestic toiletries industry, there was a surge in last-minute demand ahead of the consumption tax hike as well recoil afterward, while competition at the retail level remained intense.

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 worked to take full advantage of the surge in demand preceding the tax rate increase and launched and worked to nurture new, high-value-added products, including toothpastes, antiperspirants and deodorants and analgesics.

Overseas, the Group engaged in aggressive marketing, thus cultivating of key brands in the mainstay oral care and laundry detergent fields.

Consequently, consolidated results for the period under review are as follows:

Net sales amounted to ¥176,633 million, a year-on-year increase of 6.4% (or an increase of 5.9% in terms of real net sales, which exclude the influence of exchange rate conversions). The Company recorded operating income of ¥3,958 million, an increase of 37.8% year on year, and ordinary income of ¥4,508 million, up 15.3% year on year. Net income stood at ¥2,466 million, a year-on-year increase of 17.3%.

<Consolidated Results>

(Millions of yen)

	1st Half Ended Jun. 2014	Ratio to net sales	1st Half Ended Jun. 2013	Ratio to net sales	Increase/decrease	Change
Net sales	176,633		166,041		10,592	6.4%
Operating income	3,958	2.2%	2,872	1.7%	1,085	37.8%
Ordinary income	4,508	2.6%	3,911	2.4%	597	15.3%
Net income	2,466	1.4%	2,102	1.3%	363	17.3%

< Results by Business Segment >

(Millions of yen)

	Net sales				Segment income (Operating income)			
	1st Half Ended Jun. 2014	1st Half Ended Jun. 2013	Increase/ decrease	Change	1st Half Ended Jun. 2014	1st Half Ended Jun. 2013	Increase/ decrease	Change
Consumer Products	133,056	124,277	8,779	7.1%	2,274	1,323	950	71.8%
Industrial Products	28,849	24,058	4,791	19.9%	1,028	256	772	301.5%
Overseas	40,333	37,747	2,585	6.9%	387	836	(449)	(53.8%)
Other	13,364	12,896	467	3.6%	219	327	(107)	(32.9%)
Subtotal	215,603	198,978	16,624	8.4%	3,909	2,743	1,165	42.5%
Adjustment	(38,969)	(32,937)	(6,032)	—	48	129	(80)	(62.1%)
Total	176,633	166,041	10,592	6.4%	3,958	2,872	1,085	37.8%

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 7.1% compared with the previous fiscal year. Segment income increased 71.8%.

(Millions of yen)

	1st Half Ended Jun. 2014	Ratio to net sales	1st Half Ended Jun. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	133,056		124,277		8,779	7.1%
Segment income	2,274	1.7%	1,323	1.1%	950	71.8%

Note: Net sales include internal net sales within and among segments, which amounted to ¥12,440 million in the first Half of fiscal 2014 and ¥10,659 million in the first Half of fiscal 2013.

[Net Sales by Products Segment]

(Millions of yen)

	1st Half FY2014	1st Half FY2013	Increase/ decrease	Change
Oral Care Products	25,682	23,736	1,945	8.2%
Beauty Care Products	11,410	9,939	1,471	14.8%
Fabric Care Products	40,558	37,475	3,082	8.2%
Living Care Products	9,750	9,943	(193)	(2.0%)
Pharmaceutical Products	17,554	16,885	668	4.0%
Other Products	28,100	26,295	1,805	6.9%

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 Advantage* featuring an improved proprietary high adhesion fluoride formula, were favorable, and overall sales were considerably higher than those of the same period of the previous fiscal year.

In toothbrushes, sales of mainstay *Dentor Systema* were firm and those of *Clinica Advantage toothbrushes* were favorable. 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 significantly year on year.

Fabric Care Products

In laundry detergents, sales of new-and-improved super-concentrated liquid laundry detergent *TOP HYGIA* and liquid laundry detergent *TOP Clear Liquid* were favorable, and overall sales were higher than those of 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 *CHARMY Crysta* series for dishwashers were favorable, but sales of *CHARMY Mild* were sluggish. Overall sales were down year on year.

In household cleaners, sales of bathroom fungicide *LOOK Bath Antimold Fogger* were strong. Overall sales were slightly higher than those of the corresponding period of the previous fiscal year.

In cooking-aid products, new *REED Healthy-Cooking Paper: Smart Type*, which dispenses easily for the convenient low-waste cooking of small amounts, received favorable consumer reviews, and overall sales were greater than those in the corresponding period of the previous fiscal year.

Pharmaceutical Products

In analgesics, *BUFFERIN PREMIUM*, a new product employing proprietary Lion technology for fast headache relief while being easy on the stomach, received favorable consumer reviews and overall sales grew considerably year on year.

In eye drops, sales of *Smile 40 Premium* and *Smile 40EX GOLD Mild* were favorable. As a result, overall sales edged up compared with the same period of the previous fiscal 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, in functional food products, sales of *Nice rim essence Lactoferrin + Labre* were favorable, but sales of mainstay *Nice rim essence Lactoferrin* were weak, and overall sales dropped year on year. Lion also released new *Gussumin Koubo No Chikara*, formulated with sake yeast to promote high-quality rest and relaxation.

In pet supplies, sales of oral care products were favorable, and those of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm, leading to overall sales that were 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 19.9% compared with the corresponding period of the previous fiscal year. Segment income increased 301.5% year on year due to sales growth of highly profitable products.

(Millions of yen)

	1st Half FY2014	Ratio to net sales	1st Half FY2013	Ratio to net sales	Increase/ decrease	Change
Net sales	28,849		24,058		4,791	19.9%
Segment income	1,028	3.6%	256	1.1%	772	301.5%

Note: Net sales include internal net sales within and among segments, which amounted to ¥13,134 million in the first Half of fiscal 2014 and ¥9,211 million in the first Half of fiscal 2013.

In electro-conductive carbon, sales of *Ketjenblack* for lithium-ion and other secondary batteries were firm, and overall sales increased year on year.

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

In construction and civil engineering products, sales of ground stabilization products were strong, and overall sales increased significantly year on year.

In detergents for institutional use, sales of hand soaps and alcohol sanitizers for kitchen use were favorable, leading to overall sales that were substantially 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 6.9% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 4.5%). Segment income decreased 53.8% year on year due in part to an increase in investment in marketing aimed at brand cultivation.

(Millions of yen)

	1st Half FY2014	Ratio to net sales	1st Half FY2013	Ratio to net sales	Increase/ decrease	Change
Net sales	40,333		37,747		2,585	6.9%
Segment income	387	1.0%	836	2.2%	(449)	(53.8%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥2,064 million in the first Half of fiscal 2014 and ¥1,906 million in the first Half of fiscal 2013.

Conditions in Key Overseas Markets

In Thailand, sales of *Systema* toothbrushes and *Shokubutsu-Monogatari (Plant Story)* body wash were favorable, but sales of *Lipon* dishwashing detergent were sluggish. Overall sales edged up compared with the same period of the previous fiscal year. Overall sales after yen conversions were flat year on year.

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

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

Furthermore, sales of super-concentrated liquid laundry detergent *TOP NANOX* were favorable in Hong Kong, and Lion launched the product in Taiwan.

<Other>

(Millions of yen)

	1st Half FY 2014	Ratio to net sales	1st Half FY 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	13,364		12,896		467	3.6%
Segment income	219	1.6%	327	2.5%	(107)	(32.9%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥11,329 million in the first Half of fiscal 2014 and ¥11,159 million in the first Half of fiscal 2013.

In Other, which includes the construction contracting business, overall sales came to ¥13,364 million, a year-on-year increase of 3.6%. Segment income came to ¥219 million, down 32.9% from the previous fiscal year.

(2) Qualitative Information Concerning Consolidated Financial Status

1) Status of Assets, Liabilities, Net Assets for the First Half of the Current Fiscal Year

<Consolidated Financial Status >

	First Half Ended June 30, 2014	FY 2013 Year-end	Increase/ Decrease
Total assets (millions of yen)	282,557	282,098	459
Net assets (millions of yen)	123,742	124,232	(490)
Shareholders' equity to total assets * (%)	41.8	42.0	(0.2)

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

Total assets rose ¥459 million compared with the previous consolidated fiscal year-end to ¥282,557 million, due partly to purchase of property, plant and equipment, despite a decrease in notes and accounts receivable—trade. Net assets decreased ¥490 million to ¥123,742 million. Shareholder's equity to total assets stood at 41.8%.

2) Status of Cash Flows for First Half Fiscal 2014

<Consolidated Cash Flows>

(Millions of yen)

	First Half FY2014	First Half FY2013	Increase/ Decrease
Net cash provided by (used in) operating activities	981	10,226	(9,244)
Net cash provided by (used in) investing activities	(10,745)	(9,884)	(860)
Net cash provided by (used in) financing activities	15,596	(1,424)	17,020
Effect of exchange rate change on cash and cash equivalents	(195)	463	(658)
Net increase (decrease) in cash and cash equivalents	5,637	(618)	6,255
Cash and cash equivalents at end of period	54,578	40,295	14,283

Net cash provided by operating activities totaled ¥981 million, due mainly to a decrease in notes and accounts receivable—trade.

Net cash used in investing activities totaled ¥10,745 million, due in part to the purchase of property, plant and equipment.

Net cash provided by financing activities totaled ¥15,596 million, due largely to the purchase of bonds and loans payable.

As a result of the above, cash and cash equivalents as of June 30, 2014 increased ¥5,637 million to ¥54,578 million compared with the end of the previous fiscal year, and increased ¥14,283 million compared with the end of the corresponding period of the previous fiscal year.

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

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

The Japanese economy is expected to continue to gradually recover. The outlook for the global economy, however, remains unclear due to such factors as trends in U.S. monetary policy and geopolitical risks.

Conditions are anticipated to grow more challenging in the domestic toiletries industry, the Lion Group's main business domain, due to recoil following the demand surge ahead of the consumption tax rate increase 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.

As of April 1, 2014, the company's name was changed to Lion Specialty Chemicals Co., Ltd.

(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 period under review each increased ¥455 million.

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

(Millions of yen)

	Fiscal Year Ended Dec. 31, 2013	First Half Ended Jun. 30, 2014
Assets		
Current assets		
Cash and deposits	25,559	27,334
Notes and accounts receivable-trade	57,246	47,961
Short-term investments securities	25,429	28,244
Merchandise and finished goods	23,005	27,482
Work in process	3,278	3,595
Raw materials and supplies	8,802	8,616
Other	4,881	5,038
Allowance for doubtful accounts	(52)	(45)
Total current assets	148,150	148,228
Noncurrent assets		
Property, plant and equipment	68,989	74,471
Intangible assets		
Right of trademark	10,577	8,865
Other	2,029	2,140
Total intangible assets	12,606	11,005
Investments and other assets		
Investment securities	33,362	30,583
Other	19,026	18,300
Allowance for doubtful accounts	(37)	(31)
Total Investments and other assets	52,351	48,852
Total noncurrent assets	133,948	134,329
Total assets	282,098	282,557

(Millions of yen)

	Fiscal Year Ended Dec. 31, 2013	First Half Ended Jun. 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,918	39,599
Short-term loans payable	9,611	10,899
Current portion of long-term loans payable	22,466	21,316
Accounts payable-other and accrued expenses	39,087	37,549
Income taxes payable	3,057	1,682
Provision for bonuses	2,176	966
Provision for sales returns	603	598
Provision for sales promotion expenses	744	615
Provision for directors' bonuses	231	110
Other	3,760	2,883
Total current liabilities	131,656	116,222
Noncurrent liabilities		
Bonds with subscription rights to shares	-	14,365
Long-term loans payable	204	2,300
Provision for retirement benefits	19,353	19,522
Provision for directors' retirement benefits	373	393
Asset retirement obligation	340	356
Other	5,936	5,654
Total noncurrent liabilities	26,208	42,592
Total liabilities	157,865	158,814
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	61,410	62,533
Treasury stock	(16,755)	(16,766)
Total shareholders' equity	110,588	111,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,921	6,003
Deferred gains or losses on hedges	24	(2)
Foreign currency translation adjustment	914	387
Total accumulated other comprehensive income	7,860	6,389
Subscription rights to shares	193	878
Minority interests	5,590	4,775
Total net assets	124,232	123,742
Total liabilities and net assets	282,098	282,557

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

Consolidated Quarterly Statements of Income (cumulative)

(Millions of yen)

	First Half Ended Jun. 2013 (Jan. 1 to Jun. 30)	First Half Ended Jun. 2014 (Jan. 1 to Jun. 30)
Net sales	166,041	176,633
Cost of sales	72,670	77,229
Gross profit	93,371	99,404
Selling, general and administrative expenses	90,498	95,445
Operating income	2,872	3,958
Non-operating income		
Interest income	107	84
Dividends income	371	369
Equity in earnings of affiliates	452	297
Royalty income	126	127
Foreign exchange gains	151	28
Other	253	199
Total non-operating income	1,463	1,106
Non-operating expenses		
Interest expenses	342	370
Interest on bonds	-	21
Other	82	164
Total non-operating expenses	425	556
Ordinary income	3,911	4,508
Extraordinary income		
Gain on step acquisitions	-	477
Gain on negative goodwill	-	97
Gain on sales of investment securities	451	-
Gain on disposal of noncurrent assets	40	-
Other	-	34
Total extraordinary income	492	609
Extraordinary loss		
Loss on disposal of noncurrent assets	224	147
Impairment loss	53	90
Total extraordinary losses	277	237
Income before income taxes	4,125	4,880
Income taxes-current	942	1,242
Income taxes-deferred	680	911
Total income taxes	1,622	2,154
Income before minority interests	2,503	2,726
Minority interests in income	400	259
Net income	2,102	2,466

Consolidated Statement of Comprehensive Income (cumulative)

(Millions of yen)

	First Half Ended Jun. 2013 (Jan. 1 to Jun. 30)	First Half Ended Jun. 2014 (Jan. 1 to Jun. 30)
Income (loss) before minority interests	2,503	2,726
Other comprehensive income		
Valuation difference on available-for-sale securities	2,243	(918)
Deferred gains or losses on hedges	(19)	(26)
Foreign currency translation adjustment	2,003	(632)
Share of other comprehensive income of associates accounted for using equity method	274	(24)
Total other comprehensive income	4,501	(1601)
Comprehensive income	7,005	1,124
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	6,144	995
Comprehensive income attributable to minority interests	861	129

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First Half Ended Jun. 2013 (Jan. 1 to Jun. 30)	First Half Ended Jun. 2014 (Jan. 1 to Jun. 30)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,125	4,880
Depreciation and amortization	5,414	4,996
Impairment loss	53	90
Increase (decrease) in provision for retirement benefits	(633)	959
Interest and dividends income	(479)	(454)
Interest expenses	342	370
Interest on bonds	-	21
Loss (gain) on disposal of noncurrent assets	183	147
Loss (gain) on sales of investment securities	(451)	-
Equity in (earnings) losses of affiliates	(452)	(297)
Gain on negative goodwill	-	(97)
Loss (gain) on step acquisitions	-	(477)
Decrease (increase) in notes and accounts receivable-trade	1,818	8,963
Decrease (increase) in inventories	619	(3,892)
Increase (decrease) in notes and accounts payable-trade	3,061	(11,180)
Increase (decrease) in accounts payable-other and accrued expenses	(1,460)	(680)
Increase (decrease) in other current liabilities	258	232
Decrease (increase) in other current assets	(736)	(629)
Other, net	(883)	15
Subtotal	10,781	2,967
Interest and dividends income received	716	929
Interest expenses paid	(293)	(277)
Income taxes paid	(977)	(2,637)
Net cash provided by (used in) operating activities	10,226	981
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(188)	947
Purchases of property, plant and equipment	(9,186)	(10,187)
Proceeds from sales of property, plant and equipment	41	11
Purchase of intangible assets	(71)	(42)
Purchase of investment securities	(795)	(330)
Proceeds from sales of investment securities	515	28
Proceeds from redemption of investment securities	-	500
Payments of loans receivable	(163)	(0)
Collection of loans receivable	1	0
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(1,418)
Purchase of investments in subsidiaries	-	(386)
Other, net	(37)	130
Net cash provided by (used in) investment activities	(9,884)	(10,745)

(Millions of yen)

	First Half Ended Jun. 2013 (Jan. 1 to Jun. 30)	First Half Ended Jun. 2014 (Jan. 1 to Jun. 30)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	10,038	8,498
Decrease in short-term loans payable	(8,515)	(7,074)
Proceeds from long-term loans payable	-	2,107
Repayment of long-term loans payable	(1,208)	(1,208)
Proceeds from issuance of bonds	-	14,983
Purchase of treasury stock	(17)	(19)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(1,347)	(1,345)
Cash dividend to minority shareholders	(322)	(332)
Other, net	(52)	(13)
Net cash provided by (used in) financing activities	(1,424)	15,596
Effect of exchange rate change on cash and cash equivalents	463	(195)
Net increase (decrease) in cash and cash equivalents	(618)	5,637
Cash and cash equivalents at beginning of period	40,913	48,941
Cash and cash equivalents at end of period	40,295	54,578

(4) Notes Regarding Going Concern Assumptions

None

(5) Segment Information

1. First Half Ended Jun. 30, 2013 (January 1 to June 30, 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	113,617	14,846	35,841	1,736	166,041	—	166,041
(2) Intersegment sales ¹	10,659	9,211	1,906	11,159	32,937	(32,937)	—
Total	124,277	24,058	37,747	12,896	198,978	(32,937)	166,041
Segment income	1,323	256	836	327	2,743	129	2,872

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

2. Segment income adjustments totaling ¥129 million are composed mainly of internal transaction eliminations.

3. Segment income is adjusted based on operating income in consolidated quarterly income statements.

2. First Half Ended Jun. 30, 2014 (January 1 to June 30, 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	120,615	15,714	38,268	2,034	176,633	—	176,633
(2) Intersegment sales ¹	12,440	13,134	2,064	11,329	38,969	(38,969)	—
Total	133,056	28,849	40,333	13,364	215,603	(38,969)	176,633
Segment income (loss)	2,274	1,028	387	219	3,909	48	3,958

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

2. Segment income adjustments totaling ¥48 million are composed mainly of internal transaction eliminations.

3. Segment income is adjusted based on operating income in consolidated quarterly income statements.

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

None