Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2014 [Japanese Standard]

November 6, 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): November 13, 2014
Start date for payment of dividend: －
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: None

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

1. Consolidated Results for the Nine Months Ended September 30, 2014

(January 1, 2014 – September 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	%
Nine Months FY2014	265,305	5.2	7,343	30.1	8,202	22.1	4,895	45.0
Nine Months FY2013	252,222	5.8	5,643	394.1	6,717	244.6	3,377	－

Note: Comprehensive Income
September 30, 2014: ¥6,007 million [-26.3%], September 30, 2013: ¥8,148 million [109.8%]

	EPS	Diluted EPS
	Yen	Yen
Nine Months FY2014	18.25	17.52
Nine Months FY2013	12.58	12.56

(2)Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
Nine Months FY2014	268,614	127,265	45.1
FY2013	282,098	124,232	42.0

Note: Shareholders' equity: September 30, 2014: ¥121,037 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	—	5.00	—		
FY2014 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: 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:
  a. Changes associated with revisions in accounting principles: None
  b. Other changes: Yes
  c. Changes in accounting estimates: None
  d. Restatement: None
(4)Number of outstanding shares (common stock)
  a. Number of outstanding shares on balance sheet dates (including treasury stocks):
    As of September 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 September 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 September 30, 2014: 268,212,713 shares
    As of September 30, 2013: 268,369,909 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 Conditions and Consolidated Financial Results” on page 7.

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

(1) Operating Performance

During the first nine months of fiscal 2014 (January 1, 2014–September 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, analgesics and liquid laundry detergents.

Overseas, the Group engaged in aggressive marketing, thus cultivating 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 ¥265,305 million, a year-on-year increase of 5.2% (or an increase of 4.2% in terms of real net sales, which exclude the influence of exchange rate conversions). The Company recorded operating income of ¥7,343 million, up 30.1% compared with the same period of the previous fiscal year, and ordinary income of ¥8,202 million, up 22.1% year on year. Net income stood at ¥4,895 million, up 45.0% compared with the same period of the previous fiscal year

<Consolidated Results> (Millions of yen)

	Nine Months Ended Sep. 2014	Ratio to net sales	Nine Months Ended Sep. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	265,305		252,222		13,082	5.2%
Operating income	7,343	2.8%	5,643	2.2%	1,700	30.1%
Ordinary income	8,202	3.1%	6,717	2.7%	1,484	22.1%
Net income	4,895	1.8%	3,377	1.3%	1,518	45.0%

< Results by Business Segment > (Millions of yen)

	Net sales				Segment income (Operating income)			
	Nine Months Ended Sep. 2014	Nine Months Ended Sep. 2013	Increase/ decrease	Change	Nine Months Ended Sep. 2014	Nine Months Ended Sep. 2013	Increase/ decrease	Change
Consumer Products	198,259	188,302	9,957	5.3%	4,477	3,195	1,282	40.1%
Industrial Products	43,938	37,366	6,571	17.6%	1,526	613	913	148.9%
Overseas	62,593	56,909	5,684	10.0%	833	1,187	(353)	(29.8%)
Other	20,943	20,724	218	1.1%	371	594	(223)	(37.6%)
Subtotal	325,734	303,302	22,432	7.4%	7,209	5,590	1,618	29.0%
Adjustment	(60,429)	(51,080)	(9,349)	—	133	52	81	156.3%
Total	265,305	252,222	13,082	5.2%	7,343	5,643	1,700	30.1%

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 5.3% compared with the previous fiscal year. Segment income increased 40.1%.

(Millions of yen)

	Nine Months Ended Sep. 2014	Ratio to net sales	Nine Months Ended Sep. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	198,259		188,302		9,957	5.3%
Segment income	4,477	2.3%	3,195	1.7%	1,282	40.1%

Note: Net sales include internal net sales within and among segments, which amounted to ¥18,849 million in the nine months of fiscal 2014 and ¥16,557 million in the nine months of fiscal 2013.

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

	Nine Months Ended Sep. 2014	Nine Months Ended Sep. 2013	Increase/ decrease	Change
Oral Care Products	38,926	35,349	3,577	10.1%
Beauty Care Products	15,903	14,338	1,564	10.9%
Fabric Care Products	59,773	57,519	2,254	3.9%
Living Care Products	14,537	15,136	(598)	(4.0%)
Pharmaceutical Products	27,381	26,071	1,309	5.0%
Other Products	41,737	39,887	1,850	4.6%

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 Lion launched the new *SYSTEMA Haguki (the gums) Plus*, a toothpaste that revitalizes weakened gum cells to help prevent gum disease. As a result, overall sales were considerably higher than those of the same period of the previous fiscal year.

In toothbrushes, sales of the mainstay *Dentor Systema* series and *CLINICA ADVANTAGE toothbrushes* were favorable, leading to a significant year-on-year increase in overall sales.

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, while the market was impacted by inclement summer weather, Lion's 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 liquid laundry detergent *TOP Clear Liquid* and of new-and-improved *ACRON* for fashionable clothing were favorable, while sales of super-concentrated liquid laundry detergent *TOP HYGIA* were firm. Accordingly, 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.

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 firm, but sales of *LOOK Mame-Pika Toilet Cleaner* were sluggish. Overall sales were level with those of the same 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 substantially year on year.

In eye drops, sales of *Smile 40 Premium* and *Smile 40EX GOLD Mild* were favorable. As a result, overall sales increased considerably 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, within functional food products, Lion released new *Gussumin Koubo No Chikara*, formulated with sake yeast to promote high-quality rest and relaxation, which received favorable consumer reviews, but sales of mainstay *Nice rim essence Lactoferrin* were weak, and overall sales dropped year on year.

In pet supplies, sales of oral care products and *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm, leading to a year-on-year rise in overall sales.

<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 17.6% compared with the corresponding period of the previous fiscal year. Segment income increased 148.9% year on year due to sales growth of highly profitable products.

(Millions of yen)

	Nine Months Ended Sep. 2014	Ratio to net sales	Nine Months Ended Sep. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	43,938		37,366		6,571	17.6%
Segment income	1,526	3.5%	613	1.6%	913	148.9%

Note: Net sales include internal net sales within and among segments, which amounted to ¥20,668 million in the Nine Months of fiscal 2014 and ¥14,652 million in the Nine Months 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, due to revisions to the product mix aimed at improving profitability, overall sales fell 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 were firm, while those of alcohol sanitizers for kitchen use were strong, 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 10.0% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 5.6%). Segment income decreased 29.8% year on year due in part to an increase in investment in marketing aimed at brand cultivation.

(Millions of yen)

	Nine Months Ended Sep. 2014	Ratio to net sales	Nine Months Ended Sep. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	62,593		56,909		5,684	10.0%
Segment income	833	1.3%	1,187	2.1%	(353)	(29.8%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥3,205 million in the Nine Months of fiscal 2014 and ¥2,951 million in the Nine Months of fiscal 2013.

Conditions in Key Overseas Markets

In Thailand, sales of *Systema toothbrushes* and *Shokubutsu-Monogatari (Plant Story) body wash* were favorable. Overall sales increased compared with the same period of the previous fiscal year. Overall sales after yen conversions also increased 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 down year on year. However, due to exchange rate fluctuations, overall sales after yen conversions increased considerably 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 in Hong Kong of super-concentrated liquid laundry detergent *TOP NANOX* were favorable. The product was also launched in Taiwan, where it received favorable consumer reviews.

<Other>

(Millions of yen)

	Nine Months Ended Sep. 2014	Ratio to net sales	Nine Months Ended Sep. 2013	Ratio to net sales	Increase/ decrease	Change
Net sales	20,943		20,724		218	1.1%
Segment income	371	1.8%	594	2.9%	(223)	(37.6%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥17,706 million in the Nine Months of fiscal 2014 and ¥16,919 million in the Nine Months of fiscal 2013.

In Other, which includes the construction contracting business, overall sales came to ¥20,943 million, a year-on-year increase of 1.1%. Segment income came to ¥371 million, down 37.6% from the previous fiscal year.

(2) Financial Status

1) Status of Assets, Liabilities, Net Assets for the Nine Months Ended September 30, 2014

<Consolidated Financial Status >

	Nine Months Ended September 30, 2014	FY 2013 Year-end	Increase/ Decrease
Total assets (millions of yen)	268,614	282,098	(13,484)
Net assets (millions of yen)	127,265	124,232	3,032
Shareholders' equity to total assets *1 (%)	45.1	42.0	3.1

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

Total assets decreased ¥13,484 million compared with the previous consolidated fiscal year-end to ¥268,614 million, due partly to a decrease in notes and accounts receivable—trade. Net assets increased ¥3,032 million to ¥127,265 million. Shareholder's equity to total assets stood at 45.1%.

(3) Forecast of Conditions and Consolidated Financial Results

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

The outlook for the Japanese economy is expected to grow more unclear, reflecting the impact of the consumption tax hike as well as international financial conditions and geopolitical risks.
Conditions are anticipated to grow more challenging in the domestic toiletries industry, the Lion Group's main business domain, due to the impact on consumption of the consumption tax rate increase and fierce competition at the retail level.

Under these circumstances, the Lion Group will continue to cultivate its key brands and take measures to reduce costs and make competition-related expenses 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 (Other) 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 ¥798 million.

3. Consolidated Quarterly Financial Reporting Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal year Ended December 31, 2013	Nine Months Ended September 30, 2014
Assets		
Current assets		
Cash and deposits	25,559	21,733
Notes and accounts receivable-trade	57,246	47,164
Short-term investments securities	25,429	13,152
Merchandise and finished goods	23,005	28,010
Work in process	3,278	4,851
Raw materials and supplies	8,802	9,119
Other	4,881	6,183
Allowance for doubtful accounts	(52)	(36)
Total current assets	148,150	130,178
Noncurrent assets		
Property, plant and equipment	68,989	77,943
Intangible assets		
Right of trademark	10,577	8,002
Other	2,029	2,015
Total intangible assets	12,606	10,018
Investments and other assets		
Investment securities	33,362	31,762
Other	19,026	18,743
Allowance for doubtful accounts	(37)	(32)
Total Investments and other assets	52,351	50,473
Total noncurrent assets	133,948	138,435
Total assets	282,098	268,614

(Millions of yen)

	Fiscal year Ended December 31, 2013	Nine Months Ended September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,918	40,468
Short-term loans payable	9,611	11,540
Current portion of long-term loans payable	22,466	116
Accounts payable-other and accrued expenses	39,087	34,894
Income taxes payable	3,057	2,388
Provision for bonuses	2,176	2,869
Provision for sales returns	603	579
Provision for sales promotion expenses	744	982
Provision for directors' bonuses	231	176
Other	3,760	4,142
Total current liabilities	131,656	98,158
Noncurrent liabilities		
Bonds with subscription rights to shares	-	14,398
Long-term loans payable	204	2,348
Provision for retirement benefits	19,353	19,552
Provision for directors' retirement benefits	373	420
Asset retirement obligation	340	358
Other	5,936	6,111
Total noncurrent liabilities	26,208	43,189
Total liabilities	157,865	141,348
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	31,499	31,499
Retained earnings	61,410	63,621
Treasury stock	(16,755)	(16,802)
Total shareholders' equity	110,588	112,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,921	6,508
Deferred gains or losses on hedges	24	9
Foreign currency translation adjustment	914	1,767
Total accumulated other comprehensive income	7,860	8,285
Subscription rights to shares	193	894
Minority interests	5,590	5,333
Total net assets	124,232	127,265
Total liabilities and net assets	282,098	268,614

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

Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Net sales	252,222	265,305
Cost of sales	111,045	116,092
Gross profit	141,177	149,212
Selling, general and administrative expenses	135,533	141,869
Operating income	5,643	7,343
Non-operating income		
Interest income	156	124
Dividends income	386	405
Equity in earnings of affiliates	477	462
Royalty income	189	200
Foreign exchange gains	126	106
Other	351	320
Total non-operating income	1,688	1,619
Non-operating expenses		
Interest expenses	528	511
Interest on bonds	-	53
Other	85	195
Total non-operating expenses	614	760
Ordinary income	6,717	8,202
Extraordinary income		
Gain on step acquisitions	-	477
Gain on negative goodwill	-	97
Gain on sales of investment securities	1,297	-
Gain on disposal of noncurrent assets	39	-
Other	-	34
Total extraordinary income	1,337	609
Extraordinary loss		
Loss on disposal of noncurrent assets	261	205
Impairment loss	803	90
Total extraordinary losses	1,064	296
Income before income taxes	6,989	8,515
Income taxes-current	2,041	3,189
Income taxes-deferred	980	(4)
Total income taxes	3,022	3,184
Income before minority interests	3,967	5,330
Minority interests in income	590	435
Net Income	3,377	4,895

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Income before minority interests	3,967	5,330
Other comprehensive income		
Valuation difference on available-for-sale securities	2,281	(417)
Deferred gains or losses on hedges	(16)	(14)
Foreign currency translation adjustment	1,865	975
Share of other comprehensive income of associates accounted for using equity method	50	134
Total other comprehensive income	4,180	677
Comprehensive income	8,148	6,007
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	7,136	5,319
Comprehensive income attributable to minority interests	1,011	688

(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. Nine Months Ended September 30, 2013 (January 1 to September 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	171,745	22,713	53,957	3,805	252,222	—	252,222
(2)Intersegment sales*1	16,557	14,652	2,951	16,919	51,080	(51,080)	—
Total	188,302	37,366	56,909	20,742	303,302	(51,080)	252,222
Segment income	3,195	613	1,187	594	5,590	52	5,643

Notes: 1. Internal transactions are included within reportable segments.
2. Segment income adjustments totaling ¥52 million are composed mainly of internal transaction eliminations.
3. Segment income is adjusted based on operating income in consolidated quarterly income statements.

2. Nine Months Ended September 30, 2014 (January 1 to September 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	179,410	23,269	59,388	3,237	265,305	-	265,305
(2)Intersegment sales*1	18,849	20,668	3,205	17,706	60,429	(60,429)	-
Total	198,259	43,938	62,593	20,943	325,734	(60,429)	265,305
Segment income	4,477	1,526	833	371	7,209	133	7,343

Notes: 1. Internal transactions are included within reportable segments.
2. Segment income adjustments totaling ¥133 million are composed mainly of internal transaction eliminations.
3. Segment income is adjusted based on operating income in consolidated quarterly income statements.

(Important Subsequent Events)

Lion Corporation reached a decision at the October 31, 2014 Board of Directors meeting to focus the fatty acid methyl ester (hereafter methyl ester) business of the Oleo Chemical Division of consolidated subsidiary Lion Chemical Co., Ltd. solely on the processing and sale of externally procured methyl ester. As a result, an extraordinary loss of ¥810 million has been recorded for the consolidated fiscal quarter under review, comprising the carrying value of assets to be disposed of and costs related to their disposal.

1. Reason for Changes in Business Content
   The Oleo Chemical Division of Lion Chemical Co., Ltd. has been engaged in the manufacture, processing and sale of natural fat-derived methyl ester that is used as a raw material for surfactants employed in Lion's detergents and fabric softeners.
   Based on a review of this business, the Board has determined that discontinuing the production of methyl ester and focusing operations on the processing and sale of externally procured methyl ester will enable Groupwide cost reductions.
   Based on a review of this business, the Board has determined that discontinuing the production of methyl ester and focusing operations on the processing and sale of externally procured methyl ester will enable Groupwide cost reductions.

2. Outline of Changes in Business Content
   Operations that will continue and operations that will be discontinued as a result of this change are as follows.
   Continuing operations: Methyl ester processing (hydrogenation, etc.)
   Discontinued operations: Methyl ester production (esterification and fractional distillation)

3. Schedule (Tentative)
   December 2014: Discontinue production of methyl ester
   February 2015 onward: Changeover to externally procured methyl ester
   2015 to 2016: Dispose of facilities for discontinued processes