

Summary of Consolidated Financial Statements for the First Half Ended June 30, 2016 [Japanese Standard]

August 3, 2016

Company name: Lion Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 4912
 URL: <http://www.lion.co.jp/>

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Scheduled date of filing of quarterly financial report (Shihanki Houkokusho): August 10, 2016
 Scheduled date of commencement of dividend payment: September 6, 2016
 Supplementary documents for quarterly financial results: Yes
 Quarterly financial results briefing: Yes (for institutional investors and analysts, etc.)

Figures in this and subsequent tables are rounded down to the nearest millions of yen.

1. Consolidated Results for the First Half Ended Jun. 30, 2016

(January 1, 2016 – June 30, 2016)

(1) Consolidated Results (cumulative total)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2016 First Half	188,248	4.4	10,430	83.0	11,338	70.6	7,161	83.7
2015 First Half	180,283	2.1	5,698	44.0	6,647	47.4	3,898	58.1

Note: Comprehensive Income

June 30, 2016: ¥3,378 million [-56.1%], June 30, 2015: ¥7,694 million [584.4%]

	EPS	Diluted EPS
	Yen	Yen
2016 First Half	24.86	24.83
2015 First Half	14.53	13.53

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
2016 First Half	264,804	146,452	52.6
2015 Year ended	282,434	142,730	47.6

Note: Shareholders' equity: June 30, 2016: ¥139,314 million
 December 31, 2015: ¥134,453 million

2. Dividend

Record Date	Cash dividend per share / Yen				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
2015	—	5.00	—	5.00	10.00
2016 actual	—	5.00			
2016 (forecasts)			—	6.00	11.00

Note: Revision to Cash dividend forecast during period under review: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2016 (January 1, 2016 – December 31, 2016)

Notes: Percent figures for net sales, operating income, ordinary income, and profit attributable to owners of parent express percentage change over the year-ago period.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2016	385,000	1.7	21,000	28.2	22,000	21.6	13,000	21.7	44.73

Note: Revision to consolidated performance forecast during period under review: No

Notes

- (1) Changes of specific subsidiaries in accordance with changes in the scope of consolidation: 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 in accounting policies caused by revisions of accounting standards: Yes
 - b. Other changes: Yes
 - c. Changes in accounting estimates: No
 - d. Restatement: No
- (4) Number of shares outstanding (common shares)
 - a. Number of shares outstanding on balance sheet dates (including treasury stocks):
 - As of June 30, 2016: 299,115,346 shares
 - As of December 31, 2015: 299,115,346 shares
 - b. Number of treasury shares on balance sheet date:
 - As of June 30, 2016: 8,468,206 shares
 - As of December 31, 2015: 12,469,748 shares
 - c. Average number of shares outstanding during the term (cumulative; consolidated)
 - As of June 30, 2016: 288,025,979 shares
 - As of June 30, 2015: 268,137,115 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 the current fiscal year (January 1, 2016–June 30, 2016), net sales amounted to ¥188,248 million, a year-on-year increase of 4.4% (or an increase of 7.9% in terms of real net sales, which exclude the influence of exchange rate conversions). The Company recorded operating income of ¥10,430 million, up 83.0% from the corresponding period of the previous fiscal year, and ordinary income of ¥11,338 million, up 70.6%. Profit attributable to owners of parent for the first half of the current fiscal year amounted to ¥7,161 million, a year-on-year increase of 83.7%.

During the fiscal period under review, the Lion Group implemented its medium-term management plan, called the V-2 Plan (Vision2020 Part-2). The Lion Group is advancing initiatives based on the four 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.

In the domestic operations, Lion introduced new toothpastes, antiperspirants and deodorants, laundry detergents and other products under its mainstay brands and worked to cultivate markets for these products using aggressive marketing activities, focusing mainly on high-value-added products.

In the overseas operations, the Group sought to cultivate markets for its key brands as part of efforts to expand its business focusing mainly on the personal care field, including oral care and beauty care products.

<Consolidated Results>

(Millions of yen)

	1st Half Ended Jun. 2016	Ratio to net sales	1st Half Ended Jun. 2015	Ratio to net sales	Increase/decrease	Change
Net sales	188,248		180,283		7,964	4.4%
Operating income	10,430	5.5%	5,698	3.2%	4,731	83.0%
Ordinary income	11,338	6.0%	6,647	3.7%	4,690	70.6%
Profit attributable to owners of parent	7,161	3.8%	3,898	2.2%	3,262	83.7%

< Results by Business Segment >

(Millions of yen)

	Net sales				Segment income (Operating income)			
	1st Half Ended Jun. 2016	1st Half Ended Jun. 2015	Increase/decrease	Change	1st Half Ended Jun. 2016	1st Half Ended Jun. 2015	Increase/decrease	Change
Consumer Products	135,714	129,293	6,421	5.0%	6,155	2,527	3,628	143.5%
Industrial Products	26,614	29,015	(2,400)	(8.3%)	1,249	691	558	80.7%
Overseas	55,142	48,749	6,393	13.1%	2,468	1,612	856	53.1%
Other	12,143	14,320	(2,176)	(15.2%)	333	494	(161)	(32.6%)
Subtotal	229,615	221,378	8,237	3.7%	10,207	5,326	4,881	91.7%
Adjustment	(41,367)	(41,094)	(272)	—	222	372	(149)	(40.2%)
Total	188,248	180,283	7,964	4.4%	10,430	5,698	4,731	83.0%

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 5.0% compared with the same period of the previous fiscal year. Segment income increased 143.5% due to the increase in sales as well as a decrease in the sales cost ratio and other factors.

(Millions of yen)

	1st Half Ended Jun. 2016	Ratio to net sales	1st Half Ended Jun. 2015	Ratio to net sales	Increase/ decrease	Change
Net sales	135,714		129,293		6,421	5.0%
Segment income	6,155	4.5%	2,527	2.0%	3,628	143.5%

Note: Net sales include internal net sales within and among segments, which amounted to ¥13,116 million in the first half of 2016 and ¥12,746 million in the first half of 2015.

[Net Sales by Products Segment]

(Millions of yen)

	1st Half Ended Jun. 2016	1st Half Ended Jun. 2015	Increase/ decrease	Change
Oral Care Products	29,240	26,795	2,445	9.1%
Beauty Care Products	11,174	10,909	265	2.4%
Fabric Care Products	37,453	36,690	763	2.1%
Living Care Products	9,913	9,987	(74)	(0.7%)
Pharmaceutical Products	19,085	17,831	1,254	7.0%
Other Products	28,846	27,079	1,767	6.5%

Oral Care Products

In toothpastes, Lion released new and improved *CLINICA ADVANTAGE Toothpaste*, which combines the three preventive dentistry essentials of removing plaque, helping fluoride remain on teeth and reducing bacterial growth. Sales of the *SYSTEMA Haguki (the Gums) Plus* series grew to three times the level recorded in the same period of the previous fiscal year, and overall sales were up year on year.

In toothbrushes, sales of the *CLINICA ADVANTAGE Toothbrush* and *SYSTEMA Haguki (the Gums) Plus Toothbrush* were favorable. Overall sales were up year on year.

In mouthwashes, Lion released new and improved *CLINICA ADVANTAGE Dental Rinse*, which features a new antibacterial coating function to fight bacteria and suppress the growth of problem-causing germs, helping to prevent cavities, inflamed gums and bad breath. Overall sales were substantially higher than in the same period of the previous fiscal year.

In addition, sales of dental care products, including *CLINICA ADVANTAGE Dental Floss Y-Type*, were up substantially year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap*, featuring a new antimicrobial pump head to suppress bacterial growth, were favorable, and overall sales increased significantly year on year.

In antiperspirants and deodorants, new *Ban Sweat-Blocking Roll-On Premium Label*, formulated with a new ingredient that creates a waterproof film and featuring a nano ion blocking effect that blocks

underarm sweat glands, thereby stopping sweat before it emerges, received favorable consumer reviews. However, sales of *Ban Deodorant Powder Spray* were sluggish, and overall sales fell year on year.

Fabric Care Products

In laundry detergents, new *TOP SUPER NANOX*, a super-concentrated liquid laundry detergent that thoroughly cleans grime off every fiber with super-nano washing for excellent detergency, received favorable consumer reviews. Sales of *ACRON* laundry detergent for fashionable clothing, including new varieties featuring mild scents, were firm. Overall sales were up year on year.

In fabric softeners, sales of the *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant)* and *SOFLAN Aroma Rich* were steady, and overall sales were up year on year.

Living Care Products

In dishwashing detergents, Lion added new antibacterial and unscented varieties to the *CHARMY Magica* series released to favorable consumer reviews in fiscal 2015, and worked to develop the product's market. Overall sales, however, were flat year on year.

In household cleaners, sales of bathroom fungicide *LOOK Bath Antimold Fogger* and *LOOK Mame-Pika Toilet Cleaner* were favorable, and overall sales were up from the same period of the previous fiscal year.

Pharmaceutical Products

In antipyretic analgesics, sales of *BUFFERIN A* and *BUFFERIN PREMIUM* were favorable, overall sales were up significantly year on year.

In eye drops, sales of *Smile40 Premium* and *Smile40 EX GOLD* were favorable. Overall sales increased year on year.

Other Products

In direct-to-consumer sales products, sales of *Nice rim essence Lactoferrin* were favorable, and new *Gussuaroma Linen Spray* and *Gussuaroma Bath Additive Set* products, which help create a comfortable, relaxing atmosphere, received favorable consumer reviews. Overall sales were significantly higher compared with same period of the previous fiscal year.

In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were steady, and overall sales rose year on year.

<Industrial Products Business>

The Industrial Products Business segment includes the Electrical and Electronics, Lifestyle-Related Industry and Detergents for Institutional Use businesses. These businesses handle products including electro-conductive carbon, surfactants, and detergents for institutional and kitchen use, respectively. Segment net sales decreased 8.3% compared with same period of the previous fiscal year. Segment income increased 80.7%, reflecting changes in the product mix.

(Millions of yen)

	1st Half Ended Jun. 2016	Ratio to net sales	1st Half Ended Jun. 2015	Ratio to net sales	Increase/ decrease	Change
Net sales	26,614		29,015		(2,400)	(8.3%)
Segment income	1,249	4.7%	691	2.4%	558	80.7%

Note: Net sales include internal net sales within and among segments, which amounted to ¥11,412 million in the first half of 2016 and ¥14,121 million in the first half of 2015.

In the Electrical and Electronics category, sales of adhesives for smartphones and other mobile devices were sluggish, and overall sales fell year on year.

In the Lifestyle-Related Industry category, sales of raw materials for hair care products and fabric softeners were strong, and overall sales were higher than in the same period of the previous fiscal year.

In the Detergents for Institutional Use category, sales of alcohol sanitizers for kitchens were favorable, while those of hand soaps were steady, and overall sales increased year on year.

<Overseas Business>

The Overseas Business segment comprises mainly consumer products business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Due in part to Southern Lion Sdn. Bhd. of Malaysia becoming a consolidated subsidiary at the end of the third quarter of fiscal 2015, segment net sales increased 13.1% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 27.8%). Segment income increased 53.1% year on year.

(Millions of yen)

	1st Half Ended Jun. 2016	Ratio to net sales	1st Half Ended Jun. 2015	Ratio to net sales	Increase/ decrease	Change
Net sales	55,142		48,749		6,393	13.1%
Segment income	2,468	4.5%	1,612	3.3%	856	53.1%

Note: Net sales include internal net sales within and among segments, which amounted to ¥5,959 million in the first half of 2016 and ¥3,225 million in the first half of 2015.

[Sales by Region]

(Millions of yen)

	1st Half Ended Jun. 2016	1st Half Ended Jun. 2015	Increase/ decrease	Change
Southeast Asia	37,811	31,922	5,888	18.4%
Northeast Asia	17,331	16,826	504	3.0%

(Sales by Region)

In Southeast Asia, overall sales were up 18.4% year on year.

In Thailand, sales of the *KODOMO* brand oral care series and *Shokubutsu-Monogatari* body wash were favorable, but, due to exchange rate fluctuations, overall sales after yen conversions were down year on year.

In Northeast Asia, overall sales were up 3.0% year on year.

In South Korea, sales of *KireiKirei* hand soap were firm, and those of liquid *Beat* laundry detergent were strong. However, due to exchange rate fluctuations, overall sales after yen conversions were down year on year.

In China, sales of *Systema* toothpaste were favorable and sales of imported Japanese products increased. However, due to exchange rate fluctuations, overall sales after yen conversions were flat year on year.

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

(Millions of yen)

	1st Half Ended Jun. 2016	Ratio to net sales	1st Half Ended Jun. 2015	Ratio to net sales	Increase/ decrease	Change
Net sales	12,143		14,320		(2,176)	(15.2%)
Segment income	333	2.7%	494	3.5%	(161)	(32.6%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥10,878 million in the first half of 2016 and ¥11,000 million in the first half of 2015.

(2) Financial Status

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

<Consolidated Financial Status >

	1st Half Ended June 30, 2016	Fiscal 2015 Ended Dec. 31, 2015	Increase/ Decrease
Total assets (millions of yen)	264,804	282,434	(17,630)
Net assets (millions of yen)	146,452	142,730	3,721
Equity ratio * (%)	52.6	47.6	5.0

* Ratio of shareholders' equity to total assets

= (Net assets – Subscription rights to shares and Non-controlling interests) / Total assets

Total assets decreased ¥17,630 million compared with the previous consolidated fiscal year-end to ¥264,804 million due in part to a decrease in notes and accounts receivable—trade. Net assets increased ¥3,721 million to ¥146,452 million. Ratio of shareholders' equity to total assets stood at 52.6%.

2) Status of Cash Flows for First Half Fiscal 2016

<Consolidated Cash Flows>

(Millions of yen)

	1st Half Ended Jun. 2016	1st Half Ended Jun. 2015	Increase/ Decrease
Net cash provided by (used in) operating activities	4,520	4,697	(177)
Net cash provided by (used in) investing activities	(5,317)	(2,775)	(2,542)
Net cash provided by (used in) financing activities	(5,061)	(1,966)	(3,095)
Effect of exchange rate change on cash and cash equivalents	(1,776)	(28)	(1,748)
Net increase (decrease) in cash and cash equivalents	(7,636)	(72)	(7,564)
Cash and cash equivalents at end of period	53,642	38,077	15,564

Net cash provided by operating activities amounted to ¥4,520 million, due in part to a decrease in notes and accounts receivable—trade.

Net cash used in investing activities amounted to ¥5,317 million, due in part to purchases of property, plant and equipment.

Net cash used in financing activities amounted to ¥5,061 million, due in part to the payment of cash dividends.

As a result of the above, cash and cash equivalents as of June 30, 2016 were down ¥7,636 million compared with the end of the previous fiscal year to ¥53,642 million, and up ¥15,564 million

compared with the end of the corresponding period of the previous fiscal year.

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

As announced on July 29, 2016, consolidated financial results forecasts for the first half of the fiscal year under review and for the full fiscal year have been revised since the release of previous forecasts on May 9, 2016.

For details, please refer to the July 29, 2016 press release, "Lion Revises Performance Forecasts."

(Assumptions for the Fiscal 2016 Forecasts)

Lion adopted the following foreign exchange rates in the calculation of the aforementioned estimated figures for the third quarter of the current fiscal year and onward:

¥105 = US\$1.00

¥3.00 = 1.00 baht

2. Summary (Other) 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 Standards for Business Combinations, etc.)

The Group has adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013) from the first consolidated quarterly fiscal accounting period of the fiscal year ending December 31, 2016.

Accordingly, the Group now records differences arising from changes in its equity in subsidiaries under its ongoing control as capital surplus while posting business acquisition costs as expenses for the fiscal year in which such acquisition was executed. In addition, with regard to business combinations that come into effect at the commencement of the first quarter of the fiscal year ending December 31, 2016 or later, after the allocation of acquisition costs under provisional accounting treatment is finalized, said allocation shall be retrospectively reflected in the consolidated quarterly financial statements for the fiscal period in which such business combinations take effect. Moreover, the adoption of the aforementioned accounting standards led to a change in methods for presenting net income in addition to the relabeling of minority interests as non-controlling interests. To reflect these changes, certain items presented in the consolidated financial statements regarding the first half and full-year operating results for the previous fiscal year have been reclassified.

In the consolidated statements of cash flows for the first half of the fiscal year ending December 31, 2017, cash flows related to acquisitions or sales of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under cash flows from financing activities, while cash flows related to expenses incurred in relation to the acquisition of shares of subsidiaries resulting in a change in the scope of consolidation and expenses incurred in relation to acquisitions or sales of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under cash flows from operating activities.

These standards are applied prospectively from the beginning of the first consolidated quarterly fiscal accounting period of the fiscal year ending December 31, 2016, subject to the transitional treatment stipulated by Item 4, Paragraph 2, Article 58 of the Accounting Standard for Business Combinations; Item 4, Paragraph 5, Article 44 of the Accounting Standard for Consolidated Financial Statements; and Item 4, Paragraph 4, Article 57 of the Accounting Standard for Business Divestitures.

The aforementioned changes in accounting methods had no impact on the Company's consolidated quarterly financial statements for the first half of the fiscal year ending December 31, 2016.

(Change in Valuation Method for Inventories)

Previously, the valuation method for inventories of merchandise and finished products used by the Lion Group has mainly been to state inventories at cost using the first in, first out method. However, in September 2015, Southern Lion Sdn. Bhd. was made a consolidated subsidiary based on one of the basic strategies of the Vision2020 management vision,

“Quantitative Expansion of Overseas Businesses.” As a result of this and other factors, the share of said inventories accounted for by overseas subsidiaries on the consolidated financial statements is rising. In light of this, the Group has reconsidered its valuation method for inventories and determined that it would be best to align the Group’s accounting policy with that used at its overseas subsidiaries. Accordingly, from the quarterly fiscal period under review, Lion Corporation and some domestic consolidated subsidiaries now state inventories at cost using the moving-average method.

The impact of this change is minor, and it has not been applied retroactively.

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

(Millions of yen)

	Fiscal Year Ended Dec. 31, 2015	1st Half Ended Jun. 30, 2016
Assets		
Current assets		
Cash and deposits	18,584	19,132
Notes and accounts receivable-trade	58,655	50,597
Short-term investments securities	45,919	37,889
Merchandise and finished goods	24,233	27,652
Work in process	3,169	2,885
Raw materials and supplies	10,151	9,886
Other	6,214	5,803
Allowance for doubtful accounts	(98)	(90)
Total current assets	166,830	153,756
Non-current assets		
Property, plant and equipment	75,060	72,338
Intangible assets		
Trademark right	4,428	3,043
Other	1,492	1,269
Total intangible assets	5,921	4,312
Investments and other assets		
Investment securities	21,116	20,373
Other	13,721	14,230
Allowance for doubtful accounts	(215)	(207)
Total Investments and other assets	34,622	34,396
Total non-current assets	115,603	111,047
Total assets	282,434	264,804

(Millions of yen)

	Fiscal Year Ended Dec. 31, 2015	1st Half Ended Jun. 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,620	41,716
Short-term loans payable	9,772	6,091
Current portion of long-term loans payable	226	269
Accounts payable-other and accrued expenses	47,521	43,164
Income taxes payable	4,614	3,257
Provision for bonuses	2,992	1,808
Provision for sales returns	447	429
Provision for sales promotion expenses	2,491	2,672
Provision for directors' bonuses	336	178
Other	3,224	3,004
Total current liabilities	121,247	102,593
Non-current liabilities		
Bonds with subscription rights to shares	2,426	-
Long-term loans payable	2,082	1,685
Provision for directors' retirement benefits	414	304
Net defined benefit liability	8,751	9,028
Asset retirement obligation	346	347
Other	4,434	4,392
Total non-current liabilities	18,455	15,759
Total liabilities	139,703	118,352
Net assets		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	34,029	34,507
Retained earnings	69,414	75,142
Treasury stock	(6,800)	(4,642)
Total shareholders' equity	131,077	139,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,983	5,377
Deferred gains or losses on hedges	(0)	(38)
Foreign currency translation adjustment	1,748	(1,476)
Remeasurements of defined benefit plans	(4,356)	(3,989)
Total accumulated other comprehensive income	3,375	(127)
Subscription rights to shares	403	185
Non-controlling interests	7,873	6,951
Total net assets	142,730	146,452
Total liabilities and net assets	282,434	264,804

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

Consolidated Quarterly Statements of Income (cumulative)

(Millions of yen)

	1st Half Ended Jun. 2015 (Jan. 1 to Jun. 30)	1st Half Ended Jun. 2016 (Jan. 1 to Jun. 30)
Net sales	180,283	188,248
Cost of sales	78,846	77,460
Gross profit	101,437	110,787
Selling, general and administrative expenses	95,738	100,357
Operating income	5,698	10,430
Non-operating income		
Interest income	66	79
Dividends income	414	257
Share of profit of entities accounted for using equity method	430	451
Royalty income	151	117
Foreign exchange gains	77	44
Other	198	229
Total non-operating income	1,338	1,180
Non-operating expenses		
Interest expenses	222	176
Interest on bonds	64	9
Other	102	87
Total non-operating expenses	390	273
Ordinary income	6,647	11,338
Extraordinary income		
Gain on sales of investment securities	139	-
Gain on disposal of non-current assets	615	-
Total extraordinary income	755	-
Extraordinary loss		
Loss on disposal of non-current assets	781	436
Impairment loss	173	59
Loss on liquidation of subsidiaries and associates	-	235
Total extraordinary losses	955	731
Profit before income taxes	6,447	10,607
Income taxes-current	1,300	2,989
Income taxes-deferred	613	(125)
Total income taxes	1,913	2,863
Profit	4,533	7,743
Profit attributable to non-controlling interests	635	582
Profit attributable to owners of parent	3,898	7,161

Consolidated Statement of Comprehensive Income (cumulative)

(Millions of yen)

	1st Half Ended Jun. 2015 (Jan. 1 to Jun. 30)	1st Half Ended Jun. 2016 (Jan. 1 to Jun. 30)
Profit	4,533	7,743
Other comprehensive income		
Valuation difference on available-for-sale securities	3,325	(617)
Deferred gains or losses on hedges	0	(38)
Foreign currency translation adjustment	(184)	(3,942)
Remeasurements of defined benefit plans, net of tax	190	366
Share of other comprehensive income of associates accounted for using equity method	(170)	(132)
Total other comprehensive income	3,160	(4,365)
Comprehensive income	7,694	3,378
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	7,090	3,657
Comprehensive income attributable to non-controlling interests	603	(279)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	1st Half Ended Jun. 2015 (Jan. 1 to Jun. 30)	1st Half Ended Jun. 2016 (Jan. 1 to Jun. 30)
Net cash provided by (used in) operating activities		
Income before income taxes	6,447	10,607
Depreciation	5,406	5,108
Impairment loss	173	59
Increase (decrease) in net defined benefit liability	1,210	835
Interest and dividends income	(481)	(336)
Interest expenses	222	176
Interest on bonds	64	9
Loss (gain) on disposal of non-current assets	166	436
Loss (gain) on sales of investment securities	(139)	-
Equity in (earnings) losses of affiliates	(430)	(451)
Decrease (increase) in notes and accounts receivable-trade	5,530	5,781
Decrease (increase) in inventories	(2,588)	(4,060)
Increase (decrease) in notes and accounts payable-trade	(4,454)	(6,785)
Increase (decrease) in accounts payable-other and accrued expenses	(3,665)	(2,437)
Increase (decrease) in other current liabilities	450	618
Decrease (increase) in other current assets	(277)	(185)
Other, net	(880)	(782)
Subtotal	6,755	8,591
Interest and dividends income received	726	454
Interest expenses paid	(117)	(138)
Income taxes paid	(2,666)	(4,386)
Net cash provided by (used in) operating activities	4,697	4,520
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	800	(20)
Purchases of property, plant and equipment	(4,608)	(5,130)
Proceeds from sales of property, plant and equipment	781	21
Purchase of intangible assets	(28)	(64)
Purchase of investment securities	(69)	(91)
Proceeds from sales of investment securities	238	-
Payments of loans receivable	(13)	(1)
Other, net	125	(31)
Net cash provided by (used in) investing activities	(2,775)	(5,317)

Lion Corporation (Code 4912): Consolidated Financial Statements for the
First Half Ended June 30, 2016

(Millions of yen)

	1st Half Ended Jun. 2015 (Jan. 1 to Jun. 30)	1st Half Ended Jun. 2016 (Jan. 1 to Jun. 30)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	5,226	950
Decrease in short-term loans payable	(5,350)	(3,938)
Repayment of long-term loans payable	(58)	(58)
Purchase of treasury stock	(28)	(54)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(1,321)	(1,431)
Dividends paid to non-controlling interests	(397)	(490)
Other, net	(37)	(38)
Net cash provided by (used in) financing activities	(1,966)	(5,061)
Effect of exchange rate change on cash and cash equivalents	(28)	(1,776)
Net increase (decrease) in cash and cash equivalents	(72)	(7,636)
Cash and cash equivalents at beginning of period	38,150	61,278
Cash and cash equivalents at end of period	38,077	53,642

**(4) Consolidated Quarterly Financial Reporting Statements
(Notes Regarding Going Concern Assumptions)**

None

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

None

(Segment Information)

1. First Half Ended Jun. 30, 2015 (January 1 to June 30, 2015)

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustment ²	Amount stated on quarterly consolidated statements of income ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
1. Net sales							
(1) Sales to external customers	116,546	14,893	45,524	3,319	180,283	—	180,283
(2) Intersegment sales ¹	12,746	14,121	3,225	11,000	41,094	(41,094)	—
Total	129,293	29,015	48,749	14,320	221,378	(41,094)	180,283
Segment income (loss)	2,527	691	1,612	494	5,326	372	5,698

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

2. Segment income adjustments totaling ¥372 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, 2016 (January 1 to June 30, 2016)

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustment ²	Amount stated on quarterly consolidated statements of income ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
1. Net sales							
(1) Sales to external customers	122,597	15,202	49,182	1,265	188,248	—	188,248
(2) Intersegment sales ¹	13,116	11,412	5,959	10,878	41,367	(41,367)	—
Total	135,714	26,614	55,142	12,143	229,615	(41,367)	188,248
Segment income (loss)	6,155	1,249	2,468	333	10,207	222	10,430

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

2. Segment income adjustments totaling ¥222 million are composed mainly of internal transaction eliminations.

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