

## Summary of Consolidated Financial Statements for the First Half Ended June 30, 2017 [Japanese Standard]

August 3, 2017

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

Representative: Itsuo Hama, Representative Director, President Executive Officer  
 Contact: Yoshiaki Kamao, Director of Finance Department  
 Telephone: +81-3-3621-6211

Scheduled date of filing of quarterly financial report (Shihanki Houkokusho): August 10, 2017  
 Scheduled date of commencement of dividend payment: September 5, 2017  
 Supplementary materials for quarterly financial results: Yes  
 Quarterly financial results information meeting: 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 June 30, 2017

(January 1, 2017 – June 30, 2017)

#### (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	%
First Half Ended Jun. 2017	194,567	3.4	11,792	13.1	12,861	13.4	8,272	15.5
First Half Ended Jun. 2016	188,248	4.4	10,430	83.0	11,338	70.6	7,161	83.7

Note: Comprehensive Income First Half Ended June 30, 2017: ¥10,917 million [223.5%]  
 First Half Ended June 30, 2016: ¥3,378 million [-56.1%]

	EPS	Diluted EPS
	Yen	Yen
First Half Ended Jun. 2017	28.47	28.43
First Half Ended Jun. 2016	24.86	24.83

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First Half Ended Jun. 2017	286,172	165,776	54.9
Dec. 2016	298,510	157,879	50.0

Note: Shareholders' equity: As of June 30, 2017: ¥157,121 million  
 As of December 31, 2016: ¥149,282 million

## 2. Dividend

Record Date	Cash dividend per share / Yen				
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual
2016	—	5.00	—	8.00	13.00
2017 actual	—	7.00			
2017 (forecasts)			—	8.00	15.00

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

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2017 (January 1, 2017 – December 31, 2017)

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
2017	405,000	2.4	27,000	10.2	28,000	6.5	17,000	6.6	58.50

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: No
  - b. Other changes: No
  - 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, 2017: 299,115,346 shares
    - As of December 31, 2016: 299,115,346 shares
  - b. Number of treasury shares on balance sheet date:
    - As of June 30, 2017: 8,529,975 shares
    - As of December 31, 2016: 8,551,212 shares
  - c. Average number of shares outstanding during the term (cumulative; consolidated)
    - As of June 30, 2017: 290,579,535 shares
    - As of June 30, 2016: 288,025,979 shares

Appropriate use of business forecast; other special items

The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors. For more details, refer to “(3) Forecast of Consolidated Financial Results” on page 7.

## Contents

1. Qualitative Information Concerning the Results of Operations for the First Half of the Current Fiscal Year -----	2
(1) Consolidated Performance -----	2
(2) Consolidated Financial Status -----	6
(3) Forecast of Consolidated Financial Results -----	7
2. Summary (Other) Information and Note-----	7
(1) Changes in Important Subsidiaries during the Period-----	7
(2) Special Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements -----	7
(3) Changes in Accounting Policies and Changes in and Restatement of Accounting Estimates -----	7
(4) Additional Information-----	7
3. Consolidated Quarterly Financial Reporting Statements-----	8
(1) Consolidated Quarterly Balance Sheets-----	8
(2) Consolidated Quarterly Statements of Income and Consolidated Statements of Comprehensive Income -----	10
(3) Consolidated Statements of Cash Flows-----	12
(4) Notes Concerning Consolidated Quarterly Financial Statements-----	14
(Notes Regarding Going Concern Assumptions)-----	14
(Notes in the Event of Significant Changes in Amount of Shareholders' Equity -----	14
(Segment Information)-----	14

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

### (1) Consolidated Performance

During the first half of fiscal 2017 (January 1, 2017–June 30, 2017), net sales amounted to ¥194,567 million, a year-on-year increase of 3.4% (or an increase of 3.1% in terms of real net sales, which exclude the influence of exchange rate conversions). The Company recorded operating income of ¥11,792 million, up 13.1% from the corresponding period of the previous fiscal year, and ordinary income of ¥12,861 million, up 13.4%. Profit attributable to owners of parent for the first half of the current fiscal year amounted to ¥8,272 million, a year-on-year increase of 15.5%.

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.

Domestically, Lion introduced such new products as toothbrushes, antiperspirants and deodorants, and fabric softeners and worked to cultivate markets for its products through aggressive marketing, focusing mainly on high-value-added products.

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

#### <Consolidated Results>

(Millions of yen)

	First Half Ended Jun. 2017	Ratio to net sales	First Half Ended Jun. 2016	Ratio to net sales	Increase/decrease	Change
Net sales	194,567		188,248		6,318	3.4%
Operating income	11,792	6.1%	10,430	5.5%	1,362	13.1%
Ordinary income	12,861	6.6%	11,338	6.0%	1,523	13.4%
Profit attributable to owners of parent	8,272	4.3%	7,161	3.8%	1,110	15.5%

#### < Results by Business Segment >

(Millions of yen)

	Net sales				Segment income (Operating income)			
	First Half Ended Jun. 2017	First Half Ended Jun. 2016	Increase/decrease	Change	First Half Ended Jun. 2017	First Half Ended Jun. 2016	Increase/decrease	Change
Consumer Products	138,799	135,714	3,084	2.3%	7,507	6,155	1,351	22.0%
Industrial Products	26,270	26,614	(344)	(1.3%)	987	1,249	(262)	(21.0%)
Overseas	58,216	55,142	3,073	5.6%	2,551	2,468	83	3.4%
Other	14,241	12,143	2,097	17.3%	597	333	264	79.2%
Subtotal	237,527	229,615	7,911	3.4%	11,644	10,207	1,436	14.1%
Adjustment	(42,960)	(41,367)	(1,593)	—	148	222	(74)	(33.5%)
Total	194,567	188,248	6,318	3.4%	11,792	10,430	1,362	13.1%

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 2.3% compared with the same period of the previous fiscal year. Segment income increased 22.0% year on year due in part to growth in sales of high-value-added products, despite rising raw material prices.

(Millions of yen)

	First Half Ended Jun. 2017	Ratio to net sales	First Half Ended Jun. 2016	Ratio to net sales	Increase/decrease	Change
Net sales	138,799		135,714		3,084	2.3%
Segment income	7,507	5.4%	6,155	4.5%	1,351	22.0%

Note: Net sales include internal net sales within and among segments, which amounted to ¥13,680 million in the first half of 2017 and ¥13,116 million in the first half of 2016.

### [Net Sales by Products Segment]

(Millions of yen)

	First Half Ended Jun. 2017	First Half Ended Jun. 2016	Increase/decrease	Change
Oral Care Products	30,837	29,240	1,597	5.5%
Beauty Care Products	12,711	11,174	1,536	13.8%
Fabric Care Products	38,394	37,453	941	2.5%
Living Care Products	9,587	9,913	(326)	(3.3%)
Pharmaceutical Products	18,163	19,085	(922)	(4.8%)
Other Products	29,104	28,846	258	0.9%

### Oral Care Products

In toothpastes, Lion introduced new a flavor of *CLINICA Kid's Gel Toothpaste*, which is marketed as a way to implement preventive dentistry starting from age zero. Sales of this toothpaste were steady. Sales of the *SYSTEMA Haguki (the Gums) Plus* series were strong, and overall sales were up year on year.

In toothbrushes, a new compact version was added to the lineup of *Between Zeitaku Care Toothbrushes*, and sales of this line were favorable. *CLINICA Kid's Toothbrushes*, designed to meet children's needs at each growth stage in order to help with everything from establishing good brushing habits to properly caring for permanent teeth, saw sales grow to three times the level recorded in the same period of the previous fiscal year. Overall sales increased year on year.

In mouthwashes, sales of *SYSTEMA Haguki (the Gums) Plus Dental Rinse* were firm, and overall sales grew year on year.

### Beauty Care Products

In the *hadakara Body Soap* line, first released in 2016, a new product that moisturizes while leaving the skin feeling smooth and clean was introduced to favorable consumer reviews.

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* were steady, and overall sales increased year on year.

In antiperspirants and deodorants, new *Ban Sweat-Blocking Stick Premium Label*, which goes on smooth and dry and effectively controls underarm sweat, received favorable consumer reviews.

However, overall sales decreased slightly year on year.

### **Fabric Care Products**

In fabric softeners, *Kaori to Deodorant no SOFLAN (SOFLAN with Fragrance and Deodorant) Premium Deodorizer Plus*, which effectively eliminates sweat and body odor from clothing, received favorable consumer reviews. Sales of *SOFLAN Aroma Rich* were steady, and overall sales were up substantially from the same period of the previous fiscal year.

In laundry detergents, sales of *TOP HYGIA*, a super-concentrated liquid laundry detergent featuring a newly developed and even more effective “premium antibacterial formula,” were strong. However, sales of powder detergents fell year on year, reflecting continued market contraction, and overall sales were down year on year.

### **Living Care Products**

In dishwashing detergents, sales of *CHARMY Crysta* detergents for dishwashers were favorable, but sales of *CHARMY Magica* fell year on year, and overall sales were down year on year.

In household cleaners, sales of the bathroom fungicide *LOOK Bath Antimold Fogger* were favorable. However, sales of bath cleaners decreased year on year, and overall sales edged down year on year.

### **Pharmaceutical Products**

In antipyretic analgesics, sales *BUFFERIN PREMIUM* were strong, and overall sales rose year on year.

In eyedrops, the overall market shrank, and sales of *Smile 40* products decreased year on year. As a result, overall sales fell year on year.

In addition, Lion newly released *Method W.O. Cream*, a medicated skin cream that offers effective relief from itchiness and eczema due to irritation from undergarments and other clothing, stress or other factors, as well as *Method Sheet* medicated wipes. These products received favorable consumer reviews.

### **Other Products**

In direct-to-consumer sales products, sales of *Nice rim essence Lactoferrin* were firm, and sales of *Gussumin Yeast NO CHIKARA* were favorable. Overall sales were higher than in the same period of the previous fiscal year

In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm, and those of oral care products were strong. Overall sales were higher than in the previous fiscal year.

### **<Industrial Products Business>**

The Industrial Products Business segment includes the Automotive, Electrical and Electronics, and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales decreased 1.3% compared with the corresponding period of the previous fiscal year, in part due to decreased inter-segment sales within the Group. Segment income fell 21.0% year on year.

(Millions of yen)

	First Half Ended Jun. 2017	Ratio to net sales	First Half Ended Jun. 2016	Ratio to net sales	Increase/decrease	Change
Net sales	26,270		26,614		(344)	(1.3%)
Segment income	987	3.8%	1,249	4.7%	(262)	(21.0%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥10,544 million in the first half of 2017 and ¥11,412 million in the first half of 2016.

In Automotive, sales of anti-sticking agents for tires were strong, and overall sales grew year on year.

In Electrical and Electronics, sales of electro-conductive compounds for semiconductor carrier materials were favorable, and overall sales increased year on year.

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

#### <Overseas Business>

The Overseas Business segment comprises business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Segment net sales increased 5.6% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 4.7%). Segment income increased 3.4% year on year.

(Millions of yen)

	First Half Ended Jun. 2017	Ratio to net sales	First Half Ended Jun. 2016	Ratio to net sales	Increase/decrease	Change
Net sales	58,216		55,142		3,073	5.6%
Segment income	2,551	4.4%	2,468	4.5%	83	3.4%

Note: Net sales include internal net sales within and among segments, which amounted to ¥5,899 million in the first half of 2017 and ¥5,959 million in the first half of 2016.

#### [Sales by Region]

(Millions of yen)

	First Half Ended Jun. 2017	First Half Ended Jun. 2016	Increase/decrease	Change
Southeast Asia	39,963	37,811	2,152	5.7%
Northeast Asia	18,252	17,331	921	5.3%

#### (Sales by Region)

In Southeast Asia, overall sales were up 5.7% year on year.

In Thailand, sales of *SYSTEMA toothpaste* and *Shokubutsu-Monogatari body wash* were favorable. Overall sales after yen conversions were up substantially year on year.

In Northeast Asia, overall sales were up 5.3% year on year.

In South Korea, sales of *KireiKirei hand soap* and liquid *Beat laundry detergent* were strong. Sales after yen conversions grew substantially year on year.

In China, sales of *SYSTEMA toothbrushes* were firm, and overall sales after yen conversions were up significantly year on year.

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

(Millions of yen)

	First Half Ended Jun. 2017	Ratio to net sales	First Half Ended Jun. 2016	Ratio to net sales	Increase/decrease	Change
Net sales	14,241		12,143		2,097	17.3%
Segment income	597	4.2%	333	2.7%	264	79.2%

Note: Net sales include internal net sales within and among segments, which amounted to ¥12,835 million in the first half of 2017 and ¥10,878 million in the first half of 2016.

**(2) Consolidated Financial Status**

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

**<Consolidated Financial Status >**

	First Half of 2017 (As of Jun. 30, 2017)	Fiscal 2016 (As of Dec. 31, 2016)	Increase/Decrease
Total assets (millions of yen)	286,172	298,510	(12,337)
Net assets (millions of yen)	165,776	157,879	7,896
Shareholders' equity to total assets * (%)	54.9	50.0	4.9

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

Total assets decreased ¥12,337 million compared with the previous consolidated fiscal year-end to ¥286,172 million due in part to a decrease in notes and accounts receivable-trade. Net assets increased ¥7,896 million to ¥165,776 million. Shareholder's equity to total assets stood at 54.9%.

**2) Status of Cash Flows for First Half Fiscal 2016**

**<Consolidated Cash Flows>**

(Millions of yen)

	First Half Ended Jun. 2017	First Half Ended Jun. 2016	Increase/Decrease
Net cash provided by (used in) operating activities	(3,627)	4,520	(8,147)
Net cash provided by (used in) investing activities	(5,252)	(5,317)	65
Net cash provided by (used in) financing activities	(3,020)	(5,061)	2,040
Effect of exchange rate change on cash and cash equivalents	55	(1,776)	1,832
Net increase (decrease) in cash and cash equivalents	(11,845)	(7,636)	(4,208)
Cash and cash equivalents at end of period	65,894	53,642	12,252

Net cash used in operating activities totaled ¥3,627 million, due mainly to a decrease in accounts payable-other.

Net cash used in investing activities totaled ¥5,252 million, due in part to the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥3,020 million, due in part to cash dividends paid.

As a result of the above, cash and cash equivalents as of June 30, 2017 were down ¥11,845 million compared with the end of the previous fiscal year to ¥65,894 million, and up ¥12,252 million compared with the end of the corresponding period of the previous fiscal year.



### **(3) Forecast of Consolidated Financial Results**

Lion has made no revisions to the consolidated financial results forecasts released on February 10, 2017 for the full fiscal year.

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

¥112 = US\$1.00

¥3.2 = 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**

None

### **(4) Additional Information**

#### **Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets**

Lion has adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan Guidance No. 26, issued on March 28, 2016) from the first quarter of the fiscal year under review.

#### **Performance-Linked Stock-Based Compensation System**

Lion conducts transactions involving the issuance of its shares to directors (excluding external directors) and executive officers (collectively “directors and executive officers”) through a trust.

##### **(1) Overview of the transactions**

Lion has adopted a performance-linked stock-based compensation system (“the System”) for directors and executive officers with the aim of motivating directors and executive officers to contribute to the Company’s performance and increase corporate value over the medium- to long-term.

The System employs a compensation structure referred to as a board incentive plan trust (“BIP trust”). A BIP trust is an executive incentive plan based on performance share plans and restricted stock plans used in the United States. This BIP trust grants shares of the Company it has acquired and cash in the amount of the converted value of such shares to directors and executive officers after their retirement according to their degree of achievement of performance targets and other factors.

To ensure neutrality toward corporate management, no voting rights may be exercised for the Company’s shares held in the trust during the trust period.

##### **(2) Company shares remaining in the trust**

Company shares remaining in the trust were recorded as treasury stock under net assets based on their carrying amount in the BIP trust (less ancillary expenses). The carrying amount and the number of shares of said treasury stock at the end of the second quarter of the fiscal 2017 were ¥1,069 million and 502,000 shares, respectively.

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

(Millions of yen)

	Fiscal Year 2016 (As of Dec. 31, 2016)	Fiscal Year 2017 First Half (As of Jun. 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	17,879	19,285
Notes and accounts receivable-trade	60,293	55,276
Short-term investments securities	61,007	48,167
Merchandise and finished goods	26,120	29,293
Work in process	2,863	3,614
Raw materials and supplies	10,742	10,814
Other	6,626	5,896
Allowance for doubtful accounts	(64)	(64)
Total current assets	185,469	172,283
Non-current assets		
Property, plant and equipment	74,402	74,586
Intangible assets		
Trademark right	1,658	274
Other	1,164	1,209
Total intangible assets	2,822	1,484
Investments and other assets		
Investment securities	24,025	26,435
Other	11,874	11,469
Allowance for doubtful accounts	(84)	(86)
Total Investments and other assets	35,815	37,817
Total non-current assets	113,040	113,888
Total assets	298,510	286,172

(Millions of yen)

	Fiscal Year 2016 (As of Dec. 31, 2016)	Fiscal Year 2017 First Half (As of Jun. 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	34,680	28,521
Electronically recorded obligations - operating	16,266	14,599
Short-term loans payable	4,244	4,639
Current portion of long-term loans payable	260	263
Accounts payable-other and accrued expenses	51,979	41,295
Income taxes payable	4,677	2,622
Provision for bonuses	3,792	1,908
Provision for sales returns	382	376
Provision for sales promotion expenses	2,974	3,305
Provision for directors' bonuses	387	139
Other	3,793	4,911
Total current liabilities	123,440	102,585
Non-current liabilities		
Long-term loans payable	1,690	1,581
Provision for directors' retirement benefits	287	262
Provision for stocks payment	-	38
Net defined benefit liability	10,446	11,023
Asset retirement obligation	337	339
Other	4,428	4,565
Total non-current liabilities	17,190	17,810
Total liabilities	140,630	120,396
<b>Net assets</b>		
Shareholders' equity		
Capital stock	34,433	34,433
Capital surplus	34,508	35,291
Retained earnings	82,479	88,427
Treasury stock	(4,778)	(5,581)
Total shareholders' equity	146,642	152,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,429	9,043
Deferred gains or losses on hedges	12	(1)
Foreign currency translation adjustment	445	493
Remeasurements of defined benefit plans	(5,246)	(4,985)
Total accumulated other comprehensive income	2,640	4,549
Subscription rights to shares	218	210
Non-controlling interests	8,377	8,443
Total net assets	157,879	165,776
Total liabilities and net assets	298,510	286,172

**(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. 30, 2016 (Jan. 1 to Jun. 30)	First Half Ended Jun. 30, 2017 (Jan. 1 to Jun. 30)
Net sales	188,248	194,567
Cost of sales	77,460	80,568
Gross profit	110,787	113,999
Selling, general and administrative expenses	100,357	102,206
Operating income	10,430	11,792
Non-operating income		
Interest income	79	74
Dividends income	257	319
Share of profit of entities accounted for using equity method	451	424
Royalty income	117	122
Foreign exchange gains	44	25
Other	229	342
Total non-operating income	1,180	1,308
Non-operating expenses		
Interest expenses	176	97
Interest on bonds	9	-
Loss on disposal of inventories	17	67
Other	70	74
Total non-operating expenses	273	238
Ordinary income	11,338	12,861
Extraordinary income		
Gain on sales of investment securities	-	87
Total extraordinary income	-	87
Extraordinary loss		
Loss on disposal of non-current assets	436	89
Impairment loss	59	342
Loss on liquidation of subsidiaries and associates	235	-
Total extraordinary losses	731	432
Profit before income taxes	10,607	12,517
Income taxes-current	2,989	2,458
Income taxes-deferred	(125)	991
Total income taxes	2,863	3,449
Profit	7,743	9,067
Profit attributable to non-controlling interests	582	795
Profit attributable to owners of parent	7,161	8,272

**Consolidated Statement of Comprehensive Income (cumulative)**

(Millions of yen)

	First Half Ended Jun. 30, 2016 (Jan. 1 to Jun. 30)	First Half Ended Jun. 30, 2017 (Jan. 1 to Jun. 30)
Profit	7,743	9,067
Other comprehensive income		
Valuation difference on available-for-sale securities	(617)	1,659
Deferred gains or losses on hedges	(38)	(14)
Foreign currency translation adjustment	(3,942)	23
Remeasurements of defined benefit plans, net of tax	366	260
Share of other comprehensive income of associates accounted for using equity method	(132)	(79)
Total other comprehensive income	(4,365)	1,849
Comprehensive income	3,378	10,917
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,657	10,181
Comprehensive income attributable to non-controlling interests	(279)	735

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	First Half Ended Jun. 30, 2016 (Jan. 1 to Jun. 30)	First Half Ended Jun. 30, 2017 (Jan. 1 to Jun. 30)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	10,607	12,517
Depreciation	5,108	5,202
Impairment loss	59	342
Increase (decrease) in net defined benefit liability	835	531
Interest and dividends income	(336)	(393)
Interest expenses	176	97
Interest on bonds	9	-
Loss (gain) on disposal of non-current assets	436	89
Loss (gain) on sales of investment securities	-	(87)
Equity in (earnings) losses of affiliates	(451)	(424)
Decrease (increase) in notes and accounts receivable-trade	5,781	5,166
Decrease (increase) in inventories	(4,060)	(3,927)
Increase (decrease) in notes and accounts payable-trade	(6,785)	(7,902)
Increase (decrease) in accounts payable-other and accrued expenses	(2,437)	(9,867)
Increase (decrease) in other current liabilities	618	1,315
Decrease (increase) in other current assets	(185)	(113)
Other, net	(782)	(2,076)
Subtotal	8,591	469
Interest and dividends income received	454	539
Interest expenses paid	(138)	(87)
Income taxes paid	(4,386)	(4,549)
Net cash provided by (used in) operating activities	4,520	(3,627)
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	(20)	(390)
Purchases of property, plant and equipment	(5,130)	(4,610)
Proceeds from sales of property, plant and equipment	21	30
Purchase of intangible assets	(64)	(211)
Purchase of investment securities	(91)	(155)
Proceeds from sales of investment securities	-	382
Payments of loans receivable	(1)	(0)
Other, net	(31)	(296)
Net cash provided by (used in) investing activities	(5,317)	(5,252)

Lion Corporation (Code 4912): Consolidated Financial Statements for the  
First Half Ended June 30, 2017

(Millions of yen)

	First Half Ended Jun. 2016 (Jan. 1 to Jun. 30)	First Half Ended Jun. 2017 (Jan. 1 to Jun. 30)
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	950	3,715
Decrease in short-term loans payable	(3,938)	(3,337)
Repayment of long-term loans payable	(58)	(132)
Purchase of treasury stock	(54)	(1,106)
Proceeds from disposal of treasury stock	0	1,070
Cash dividends paid	(1,431)	(2,321)
Dividends paid to non-controlling interests	(490)	(878)
Other, net	(38)	(28)
Net cash provided by (used in) financing activities	(5,061)	(3,020)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(1,776)	55
<b>Net increase (decrease) in cash and cash equivalents</b>	(7,636)	(11,845)
<b>Cash and cash equivalents at beginning of period</b>	61,278	77,739
<b>Cash and cash equivalents at end of period</b>	53,642	65,894

**(4) Note 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, 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 <sup>2</sup>	Amount recorded in Consolidated Quarterly Statements of Income <sup>3</sup>
	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 and transfers *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	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.

2. First Half Ended Jun. 30, 2017 (January 1 to June 30, 2017)

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

(Millions of yen)

	Reportable segments			Other	Total	Adjustment <sup>2</sup>	Amount recorded in Consolidated Quarterly Statements of Income <sup>3</sup>
	Consumer Products Business	Industrial Products Business	Overseas Business				
1. Net sales							
(1) Sales to external customers	125,118	15,726	52,316	1,405	194,567	—	194,567
(2) Intersegment sales and transfers *1	13,680	10,544	5,899	12,835	42,960	(42,960)	—
Total	138,799	26,270	58,216	14,241	237,527	(42,960)	194,567
Segment income	7,507	987	2,551	597	11,644	148	11,792

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

2. Segment income adjustments totaling ¥148 million are composed mainly of internal transaction eliminations.

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