

This notice has been translated from the original Japanese text of the timely disclosure statement dated February 12, 2016 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

## CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, such as Unicharm Corporation's current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, economic circumstances in which Unicharm Corporation operates, competitive pressures, relevant regulations, changes in product development, and fluctuations in currency exchange rates.

**Consolidated Financial Results for the Fiscal Year Ended December 31, 2015  
(January 1, 2015 through December 31, 2015); Flash Report  
[J-GAAP]**



February 12, 2016

Listed Company Name: **Unicharm Corporation**  
 Listing: **First Section, Tokyo Stock Exchange**  
 Code Number: **8113**  
 URL: **http://www.unicharm.co.jp/**  
 Company Representative: **Takahisa Takahara, President and Chief Executive Officer**  
 Contact Person: **Shigeru Asada, Executive Officer, General Manager of Accounting Control and Finance Division**  
 Telephone Number: **+81-3-3451-5111**  
 Planned Date of Ordinary General Meeting of Shareholders: **March 30, 2016**  
 Planned Commencement Date of Dividend Payments: **March 9, 2016**  
 Planned Filing Date of Securities Report: **March 31, 2016**  
 Preparation of Any Additional Explanatory Documents for Full Year Financial Results: **Yes**  
 Holding of Any Briefing Session for Full Year Financial Results: **Yes**  
 (Securities Analysts, Institutional Investors)

(Amounts of less than one million yen have been truncated)

**1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2015  
(January 1, 2015 through December 31, 2015)**

**(1) Consolidated financial results**

(Figures in percentages represent increases or decreases from the same period last year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal Year Ended December 31, 2015	738,707	—	79,934	—	71,380	—	40,511	—
Fiscal Year Ended December 31, 2014	553,661	—	61,347	—	65,527	—	32,731	—

(Note) Comprehensive income: Fiscal Year Ended December 31, 2015: ¥32,710 million (—%)  
 Fiscal Year Ended December 31, 2014: ¥74,428 million (—%)

	Net Income Per Share	Net Income Per Share-diluted	Net Income to Shareholders' Equity	Ordinary Income to Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Fiscal Year Ended December 31, 2015	67.55	66.51	10.0	10.2	10.8
Fiscal Year Ended December 31, 2014	54.33	54.25	8.2	9.9	11.1

(Reference) Equity method investment gain or loss: Fiscal Year Ended December 31, 2015: ¥22 million  
 Fiscal Year Ended December 31, 2014: ¥12 million

TRANSLATION FOR REFERENCE PURPOSES ONLY

- (Notes) 1. At the 54th Ordinary General Meeting of Shareholders held on June 25, 2014, the proposal of a “partial amendments of the articles of incorporation” was approved. As a result, from the fiscal year ended December 31, 2014, the last day of the fiscal year changed from March 31 to December 31. Consolidated companies whose fiscal year ended in March also changed to December. Accordingly, as the fiscal year ended December 31, 2014 was a transitional period, the consolidated fiscal year for consolidated companies whose fiscal year ended in March was nine months from April 1, 2014 to December 31, 2014, and for consolidated companies whose fiscal year ends in December was twelve months from January 1, 2014 to December 31, 2014. As the reporting of accounts for this fiscal year is an anomaly, the rates of change over the previous fiscal year are omitted.
2. The Company carried out a stock split on October 1, 2014, at a ratio of three shares per one common share. Accordingly, the net income per share and net income per share-diluted have been calculated presuming that this stock split was carried out at the start of the previous consolidated fiscal year.

**(2) Consolidated financial position**

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2015	702,601	451,091	55.1	649.98
As of December 31, 2014	699,108	492,844	60.0	698.49

(Reference) Equity: As of December 31, 2015: ¥387,195 million  
As of December 31, 2014: ¥419,652 million

**(3) Consolidated cash flows**

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year Ended December 31, 2015	85,009	(68,166)	(36,835)	101,966
Fiscal Year Ended December 31, 2014	68,892	(36,741)	(12,054)	127,044

**2. Cash Dividends**

	Annual Dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated)
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended December 31, 2014	—	19.00	—	6.40	—	7,649	23.4	1.9
Fiscal Year Ended December 31, 2015	—	7.40	—	7.40	14.80	8,856	21.9	2.2
Fiscal year ending December 31, 2016 (projection)	—	8.00	—	8.00	16.00		20.3	

(Note) The Company carried out a stock split on October 1, 2014, at a ratio of three shares per one common share. Accordingly, the fiscal year-end dividend amount for the fiscal year ended December 31, 2014 reflects the result of this stock split.

**3. Projected Consolidated Financial Results for the Fiscal Year Ending December 31, 2016 (January 1, 2016 through December 31, 2016)**

(Figures in percentages represent increases or decreases from the preceding period)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First Half	365,000	1.7	37,000	6.6	33,000	0.1	17,500	10.1	29.38
Full Year	777,000	5.2	87,000	8.8	80,000	12.1	47,000	16.0	78.90

**\* Notes**

**(1) Change in major subsidiaries during the period (or any change of specified subsidiaries accompanying a change in the scope of consolidation): None**

**(2) Change in accounting policies or estimates and retrospective restatements**

(i) Change in accounting policies in accordance with revision of accounting standards: None

(ii) Change in accounting policies other than item (i) above: Yes

(iii) Change in accounting estimates: None

(iv) Retrospective restatements: None

**(3) Number of issued and outstanding shares (common shares)**

(i) Number of issued and outstanding shares (including treasury shares):

As of December 31, 2015: 620,834,319 shares

As of December 31, 2014: 620,834,319 shares

(ii) Number of treasury shares as of end of period:

As of December 31, 2015: 25,131,639 shares

As of December 31, 2014: 20,036,933 shares

(iii) Average number of shares during the period:

Fiscal Year Ended December 31, 2015: 599,691,440 shares

Fiscal Year Ended December 31, 2014: 602,509,277 shares

(Note) The Company carried out a stock split on October 1, 2014, at a ratio of three shares per one common share. Accordingly, the number of issued and outstanding shares (common shares) has been calculated presuming that this stock split was carried out at the start of the previous consolidated fiscal year.

**(Reference) Outline of non-consolidated business results****1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2015****(January 1, 2015 through December 31, 2015)****(1) Non-consolidated financial results**

(Figures in percentages represent increases or decreases from the preceding period)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal Year Ended December 31, 2015	307,704	—	30,768	—	36,928	—	17,318	—
Fiscal Year Ended December 31, 2014	206,248	—	20,114	—	32,043	—	19,254	—

	Net Income Per Share	Net Income Per Share-diluted
	Yen	Yen
Fiscal Year Ended December 31, 2015	28.88	28.23
Fiscal Year Ended December 31, 2014	31.96	31.91

(Notes) 1. At the 54th Ordinary General Meeting of Shareholders held on June 25, 2014, the proposal of a “partial amendments of the articles of incorporation” was approved. As a result, from the fiscal year under review, the last day of the fiscal year changed from March 31 to December 31. Accordingly, rates of change over the previous fiscal year are omitted.

2. The Company carried out a stock split on October 1, 2014, at a ratio of three shares per one common share. Accordingly, the net income per share and net income per share-diluted have been calculated presuming that this stock split was carried out at the start of the previous consolidated fiscal year.

**(2) Non-consolidated financial position**

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2015	384,018	246,226	64.0	412.87
As of December 31, 2014	329,618	249,834	75.7	415.44

(Reference) Equity: As of December 31, 2015: ¥245,949 million

As of December 31, 2014: ¥249,595 million

**2. Projected Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2016 (January 1, 2016 through December 31, 2016)**

Projected non-consolidated financial results are not stated in this presentation due to lack of any significance in terms of investment information.

**\* Presentation regarding status of audit procedures**

This Consolidated Financial Results for the Fiscal Year Ended December 31, 2015 is not subject to the audit procedures under the Financial Instruments and Exchange Act, and as of the date of disclosure hereof, the audit procedures for financial statements under the Financial Instruments and Exchange Act are being carried out.

**\* Explanation regarding proper use of the projected results and other notes**

Projections stated herein are based on the currently available information and the Company's assumptions and beliefs that were judged to be valid as of the announcement date hereof. Therefore, actual results may differ for various factors. Please refer to the “1. Analysis of Operating Results and Financial Position” section on page 2 for further details.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

Contents of Exhibit

1. Analysis of Operating Results and Financial Position .....	2
(1) Analysis of operating results .....	2
(2) Analysis of financial position .....	6
(3) Basic policy regarding profit distribution and dividends for the fiscal year ended December 31, 2015 and the fiscal year ending December 31, 2016 .....	7
2. Management Policy .....	8
(1) Basic management policy of the Company .....	8
(2) Targeted business indicators .....	8
(3) Medium- and long-term management strategy of the Company .....	8
(4) Issues facing the Group .....	8
3. Basic Stance on Selecting Accounting Standards.....	8
4. Consolidated Financial Statements, Etc. ....	9
(1) Consolidated balance sheet .....	9
(2) Consolidated statements of income and comprehensive income .....	11
(3) Consolidated statement of changes in shareholders' equity .....	13
(4) Consolidated statement of cash flows .....	15
(5) Notes to consolidated financial statements .....	16
(Note regarding the Company's position as a going concern).....	16
(Material accounting policies concerning the preparation of consolidated financial statements) .....	16
(Change in accounting policies) .....	16
(Changes in presentation methods) .....	16
(Additional information) .....	17
(Consolidated balance sheet) .....	18
(Consolidated statement of income) .....	18
(Business combinations, etc.) .....	19
(Segment information, etc.) .....	20
(Per-share information) .....	22
(Significant subsequent events) .....	23

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of operating results

#### Comparison with actual results for the previous fiscal year

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	553,661	738,707	—	—
Operating income	61,347	79,934	—	—
Ordinary income	65,527	71,380	—	—
Net income	32,731	40,511	—	—

#### Comparison with projected results

	Projection for Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	760,000	738,707	(21,292)	(2.8)
Operating income	86,000	79,934	(6,065)	(7.1)
Ordinary income	80,000	71,380	(8,619)	(10.8)
Net income	44,000	40,511	(3,488)	(7.9)

#### By region

	Net sales (Note)			Operating income		
	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)
Japan	198,745	287,135	—	27,151	44,499	—
China	116,821	132,160	—	14,018	13,939	—
Others	238,095	319,411	—	20,140	21,732	—

(Notes) 1. Net sales represent those to external customers.

2. The previous period (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. As a result, the amounts, rates of change and difference in results by region over the previous fiscal year are omitted.

#### 1. Overview of the overall earnings in the period under review

In light of the management environment surrounding the Company and its group companies during the fiscal year under review, as for overseas operations, a stagnant macro economy in China and ASEAN countries along with currency depreciation in emerging countries caused raw material prices to rise. However, despite this and other factors, sales of personal care products continued to grow, backed by the implementation of positive region-specific proposals.

Meanwhile in Japan, amid a moderate recovery in the economy despite signs of some lingering weakness, sales remained steady as a result of the continuing introduction of high value-added products and actively taking advantage of inbound demand from foreign tourists to Japan.

In this environment and under the banner “we constantly provide the world’s No.1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression and satisfaction,” the Company and its group companies have been working to expand sales and income in order to achieve the Ninth Medium-Term Management Plan for the three fiscal years from April 2014 to December 2016.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

As a result, the Company's net sales, operating income, ordinary income, and net income for the fiscal year under review reached ¥738,707 million, ¥79,934 million, ¥71,380 million and ¥40,511 million, respectively.

2. Overview of the operation by main business segment

Financial results by segment are as described below.

1) Personal Care Business

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	486,960	647,573	—	—
Operating income	58,262	76,254	—	—

(Notes) 1. Net sales represent those to external customers.

2. The previous period (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. As a result, the amounts and rates of change are omitted.

● Baby Care Products

Overseas, in China the Company has been strengthening its internet sales and promoting sales of products imported from Japan, in addition to actively promoting and expanding the use of its stylish disposable diapers and pants-type disposable diapers.

In Japan, the Company has continued to implement new proposals in the *Moony* series which fits comfortably on the baby's skin while preventing leakage, as well as actively taking advantage of demand from Japanese consumers and inbound demand from foreign tourists to Japan. In addition, the Company endeavored to expand its product line-up and strengthen relationships in the *Mamy Poko* series of highly absorbent diapers featuring cute designs of Disney characters, and in sub-category products such as pants for children with bed-wetting problems.

● Feminine Care Products

Overseas, in China the Company's high-quality products featuring charming designs remain highly popular with the younger generation there. In addition to this, the Company has been actively promoting sales in emerging countries as well, and is endeavoring to expand its market share.

In Japan, the Company has been working at improving its products, such as the *Sofy Hada Omoi* series of sanitary napkins that are gentle on sensitive skin during menses, and the popular *Center-in* series of sanitary napkins in a stylish and compact pouch with a cute design. In this way, the Company has been offering new value to meet the diversifying needs of women, and is working to revitalize the market.

● Health Care Products

In the continually growing domestic market for health care products and in line with the progression of Japan's aging society, the Company has been working to educate the public about products that enable elderly people to continue with their lifestyle as before. In the *Lifree* incontinence care product line, the Company has improved the absorbency of incontinence care products for men for the *Lifree Slim Comfortable Pads for Men* series, which is designed to prevent urine leakage and stains on trousers. Along with the *Charm Nap* series, the Company has continued its efforts to remove resistance to using these products by conveying that everyone has light incontinence. In nursing care products, along with the *Lifree* series, the Company has also actively promoted its products through TV commercials, on its website, during over-the-counter consultations at shops and by creating shelf space at retailers based on daily activities. In this way, the Company has been leading in the market for excretion care products.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

● Clean and Fresh Products

In the domestic market for clean and fresh products, as living environments and lifestyles change, an increasing numbers of customers want to clean their homes easily and within a limited time. The Company has been working to expand sales and revitalize the market with a box-type wet tissue in the *Silicot Wet Tissues* series that enables users to clean quickly with just one hand, as well as improving the *Wave Handy Wiper* series of convenient wipes for cleaning the entire house by strengthening the ability of the replacement sheets to pick up dirt and grime. In these ways, the Company has endeavored to revitalize the market by proposing new ways for cleaning homes.

As a result, net sales and segment income (operating income) for the personal care business for the fiscal year under review were ¥647,573 million and ¥76,254 million, respectively.

2) Pet Care Business

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	62,564	85,624	—	—
Operating income	2,810	3,329	—	—

(Notes) 1. Net sales represent those to external customers.

2. The previous period (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. As a result, the amounts and rates of change are omitted.

The Company has been working on introducing products focused on realizing a society where humans and pets can coexist comfortably and in good health at all times, amid the shift to dogs and cats living inside homes rather than outside, and also as family pets continue to age.

In the domestic pet toiletry business, for dogs, the Company has endeavored to revitalize the market by launching *Manner Wear for Female Dogs* following on from *Manner Wear for Male Dogs*, which are special clothes for dogs designed to meet the growing need for excretion care while taking pets outside, and also enhancing the scent of the *Deo Sheet Soft Scented Deodorizing Design Sheets*, which feature a stylish design. Meanwhile for cats, the Company has launched *Deo Toilet Funwari Scent Anti-bacterial Sand Eliminates Odor for One Week*, which eliminates the smell of a cat's excretion every time the cat covers it with sand, and has improved the system toilet by producing it in a shape that allows for easier excretion. In these and other ways, the Company has been pursuing ways to make the lives of pets and their owners more comfortable and convenient.

In the domestic pet food market, for dogs, in addition to enhancing its range of side treats to help keep dogs healthy, the Company has been working to eliminate the concerns of owners about food for smaller dogs by launching the world's first\* microwavable *Warm Kitchen* series, along with releasing products containing domestically produced chicken breast meat and other ingredients. Meanwhile, for cats, the Company has enhanced its range of products for aging pets, and has been working to create a high added-value market.

In the North American market, in addition to growth in sales of its flea and tick pesticides in line with demand seasons, sales have remained steady in sheets for dogs and lightweight-type cat litter products. The Company has also steadily expanded sales of wet-type snacks for cats, which is a first of its kind in America.

As a result, net sales and segment income (operating income) for the pet care business for the fiscal year under review were ¥ 85,624 million and ¥ 3,329 million, respectively.

\* Among major global brands, as a semi-perishable dog food containing fats and processed starch treated by etherification, to be heated in a microwave oven (as researched by Unicharm Corporation in March 2015).



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

3) Other Businesses

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	4,136	5,508	—	—
Operating income	253	330	—	—

(Notes) 1. Net sales represent those to external customers.

2. The previous period (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. As a result, the amounts and rates of change are omitted.

In the category of business-use products utilizing its core non-woven fabric and absorber processing and forming technology, the Company focused on promoting the sales of industrial materials.

As a result, net sales and segment income (operating income) in other businesses for the fiscal year under review were ¥5,508 million and ¥330 million, respectively.

3. Projected results for the fiscal year ending December 31, 2016

	Projected results for fiscal year ending Dec. 31, 2016 (Millions of Yen)	Actual results for fiscal year ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	777,000	738,707	38,292	5.2
Operating income	87,000	79,934	7,065	8.8
Ordinary income	80,000	71,380	8,619	12.1
Net income	47,000	40,511	6,488	16.0
Net income per share (Yen)	78.90	67.55	11.35	16.8

In light of the management environment surrounding the Company and its group companies, we anticipate further market growth to continue in Asian countries where business is being rolled out. Meanwhile in Japan, although the government's economic policies are expected to facilitate a pick-up in business, faltering consumer confidence following the consumption tax rate hike and other factors are still weighing on the economy; hence, business conditions are forecast to remain uncertain.

Overseas, we intend to grow with a speed exceeding that of the market and strive for vitalization through offering products that meet individual needs in the target countries and aggressive sales activities.

In Japan, we continue to offer high value-added products reflecting consumer needs and lead the revitalization of the domestic market in the personal care business area.

In the pet care business, the Company will respond to the increasing pet-related demand by working to develop products linked to the four major trends among Japanese pet owners: "indoor pet keeping," "popularity of small dogs," "aging of pets," and "pet obesity," and also by revitalizing the market.

As a result of the aforementioned efforts, net sales, operating income, ordinary income and net income for the fiscal year ending December 31, 2016 are projected to be ¥777,000 million, ¥87,000 million, ¥80,000 million and ¥47,000 million, respectively, on a consolidated basis. Net income per share will be ¥78.90.

In the meantime, the Company's assumptions on foreign exchange rates for the main currencies are JPY118.50 to the U.S. dollar and JPY17.90 to the Chinese yuan.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(2) Analysis of financial position

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)
Total assets	699,108	702,601	3,492
Net assets	492,844	451,091	(41,752)
Ratio of shareholders' equity (%)	60.0	55.1	—

	Fiscal Year Ended Dec. 31, 2014 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2015 (Millions of Yen)	Difference (Millions of Yen)
Cash flows from operating activities	68,892	85,009	—
Cash flows from investing activities	(36,741)	(68,166)	—
Cash flows from financing activities	(12,054)	(36,835)	—
Cash and cash equivalents at end of period	127,044	101,966	(25,078)

(Note) The previous period (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. As a result, increases or decreases in cash flow over the previous fiscal year are omitted.

Total assets as of the end of the fiscal year under review were ¥702,601 million, up ¥3,492 million year on year. This was mainly due to an increase of ¥7,019 million in machinery, equipment and vehicles (net), and an increase of ¥6,912 million in notes and accounts receivable - trade. Meanwhile, deferred tax assets decreased by ¥5,117 million, and goodwill also fell by ¥4,788 million.

Total liabilities were ¥251,509 million, up ¥45,244 million year on year. This was mainly due to an increase of ¥54,421 million in convertible bond-type bonds with subscription rights to shares, an increase of ¥6,077 million in deferred tax liabilities, and an increase of ¥5,337 million in long-term loans payable. Meanwhile, short-term loans payable decreased by ¥24,132 million.

Net assets were ¥451,091 million, down ¥41,752 million year on year. This was mainly due to a decrease of ¥39,499 million in capital surplus, among other factors.

Consequently, the ratio of shareholders' equity decreased from 60.0% as of the end of the preceding fiscal year to 55.1% as of the end of the fiscal year under review.

Net cash provided by operating activities totaled ¥85,009 million due to ¥77,340 million in income before income taxes and minority interests, ¥ 27,343 million in depreciation, ¥14,959 million in income taxes paid and a ¥12,315 million increase (decrease) in notes and accounts receivable - trade.

Net cash used in investing activities totaled ¥68,166 million as a result of ¥46,575 million in the purchase of property, plant and equipment and intangible assets, ¥36,035 million in payments into time deposits, ¥9,280 million in proceeds from withdrawal of time deposits, and ¥4,467 million in proceeds from sales of investment securities.

Net cash used in financing activities amounted to ¥36,835 million due to ¥54,750 million in proceeds from issuance of convertible bond-type bonds with subscription rights to shares, ¥50,742 million in payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation, ¥22,200 million in repayments of long-term loans payable, and ¥13,000 million in purchase of treasury shares, among other factors.

As a result, cash and cash equivalents at end of period amounted to ¥101,966 million, down ¥25,078 million over the end of the preceding fiscal year.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Reference) Changes in cash flow-related financial indicators

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of December 31, 2014	As of December 31, 2015
Ratio of shareholders' equity (%)	45.1	54.2	60.3	60.0	55.1
Ratio of shareholders' equity at market value (%)	170.4	198.2	178.9	250.3	210.0
Ratio of cash flows to interest-bearing debts (year)	2.1	1.2	0.3	0.5	0.2
Interest coverage ratio (times)	123.4	213.1	275.5	286.5	124.3

Ratio of shareholders' equity: Equity/Total assets

Ratio of shareholders' equity at market value: Market capitalization/Total assets

Ratio of cash flows to interest-bearing debts: Interest-bearing debts/Cash flows

Interest coverage ratio: Cash flows/Payment of interest

Note 1: All the above indicators are calculated using consolidated financial figures.

Note 2: Market capitalization is calculated using the Company's total shares outstanding excluding treasury shares.

Note 3: Cash flows from operating activities are used for calculations.

Note 4: Interest-bearing debts cover all debts for which interest is paid among those that are included in the consolidated balance sheet.

(3) Basic policy regarding profit distribution and dividends for the fiscal year ended December 31, 2015 and the fiscal year ending December 31, 2016

The Company recognizes that one of its most important management policies is to return profits to shareholders, and it is striving to increase corporate value by generating cash flows to achieve this goal. In addition, the Company will aim to achieve 15% or higher ROE (return on equity) and maintain its policy of increasing dividend payments in a stable and continuous manner in terms of both cash flow and profit, while making efforts to aggressively expand business investment for strengthening and growing corporate structure to improve profitability.

The annual dividend for the fiscal year under review will be ¥14.8, comprising a year-end dividend of ¥7.4 per share, in addition to a ¥7.4 per share dividend for the end of the second quarter. This will be the 14<sup>th</sup> consecutive period of an increase in dividends, with a dividend on equity rate (DOE) of 2.2%.

Also, based on the resolution for acquisition of the treasury shares passed at the Board of Directors' meeting held on September 8, 2015, from September 9 to November 17, 2015 (contracted base), 5,484,100 shares were acquired by the "purchase on the Tokyo Stock Exchange" for the total acquisition amount of ¥12,999 million.

In regard to our shareholder return policy for the next fiscal year and onwards, we will make stable and ongoing dividend payments based on medium- and long-term consolidated earnings growth, while prioritizing business investments to realize continual growth. We are targeting a total shareholder return of 50% for both shareholder dividends and the acquisition of treasury shares, by flexibly acquiring treasury shares as required.

Based on the abovementioned profit distribution policy, we plan to make an annual dividend payment in the next fiscal year of ¥16.0 per share, including a ¥8.0 per share dividend for the end of the second quarter.

## 2. Management Policy

### (1) Basic management policy of the Company

The Unicharm Group has established the management philosophy that “we contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers, both at home in Japan and abroad,” and it will strive to consistently create new value and promote corporate activities with the aim of ensuring the best value for its stakeholders, specifically its customers, shareholders, business partners, associates and society.

### (2) Targeted business indicators

The Company aims to develop a management structure with high capital efficiency that enables it to survive the global competition through continuous growth in sales and profit, as well as increase in ROE.

### (3) Medium- and long-term management strategy of the Company

The Company and its group companies are currently implementing the Ninth Medium-Term Management Plan for the three fiscal years from April 2014 to December 2016. The details of this Plan are described in the “Fiscal Year 2014 Unicharm Presentation Materials for Investor Meeting” released on April 30, 2014.

These materials can be accessed at the following URL.

Website of the Company:

<http://www.unicharm.co.jp/english/ir/library/investors/index.html>

### (4) Issues facing the Group

As for overseas operations, the global economy is showing signs of steady growth and high levels of economic growth are expected to continue primarily in emerging countries in Asia. However, economic, financial and social conditions are causing fluctuations in the exchange rates of some emerging countries where we are rolling out business; this is considerably impacting business in these countries and raising concerns over the risk of price fluctuations in imported raw materials and products. Meanwhile in Japan, in addition to a sense of uncertainty about the direction of the economy, the rising prices of imported raw materials resulting from a weaker yen are causing anxiety in the fiercely competitive sales environment. The personal care business is also forecast to see a decline going forward in the target population for baby care and feminine care products.

In the midst of such issues, in accordance with the management philosophy of the Company and its group companies, we will strive to consistently create new value and speedily promote the expansion of product line-ups to meet customer needs. As for overseas, we will enhance our risk management while aggressively developing business areas and establishing our position as a category leader in growth markets; and in Japan we will expand our business by revitalizing the market. In these ways, the Company is striving to improve its business performance.

In order to further promote corporate reform in the future, in all businesses we will place greater emphasis on increasing added value through continuous product innovation, and thoroughly pursue cost reduction and the efficient use of management resources.

## 3. Basic Stance on Selecting Accounting Standards

The consolidated financial statements of the Group are prepared in accordance with the accounting standards of Japan.

Henceforth, for the purpose of improving the international comparability of financial information, we will continue to consider preparing the consolidated financial statements of the Group in accordance with International Financial Reporting Standards (IFRS), including the timing of adopting IFRS.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

4. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

(Millions of Yen)

	Fiscal Year Ended December 31, 2014 (as of December 31, 2014)	Fiscal Year Ended December 31, 2015 (as of December 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	138,781	138,503
Notes and accounts receivable - trade	88,563	95,476
Merchandise and finished goods	30,654	30,169
Raw materials and supplies	29,972	32,499
Work in process	1,806	1,360
Deferred tax assets	17,165	17,024
Other	14,950	16,809
Allowance for doubtful accounts	(121)	(148)
<b>Total current assets</b>	<b>321,772</b>	<b>331,693</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	74,355	76,428
Machinery, equipment and vehicles, net	123,235	130,254
Land	19,697	18,549
Construction in progress	16,149	16,123
Other, net	6,644	6,452
<b>Total property, plant and equipment</b>	<b>* 240,082</b>	<b>* 247,808</b>
<b>Intangible assets</b>		
Goodwill	72,148	67,359
Other	24,030	22,468
<b>Total intangible assets</b>	<b>96,178</b>	<b>89,828</b>
<b>Investments and other assets</b>		
Investment securities	24,942	23,611
Deferred tax assets	7,313	2,195
Net defined benefit asset	3,828	2,160
Other	5,081	5,393
Allowance for doubtful accounts	(91)	(91)
<b>Total investments and other assets</b>	<b>41,074</b>	<b>33,270</b>
<b>Total non-current assets</b>	<b>377,336</b>	<b>370,907</b>
<b>Total assets</b>	<b>699,108</b>	<b>702,601</b>

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

	Fiscal Year Ended December 31, 2014 (as of December 31, 2014)	Fiscal Year Ended December 31, 2015 (as of December 31, 2015)
(Millions of Yen)		
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	91,586	93,799
Short-term loans payable	27,979	3,846
Accounts payable - other	41,583	40,683
Income taxes payable	5,428	7,667
Provision for bonuses	5,027	5,514
Other	18,578	17,117
Total current liabilities	190,183	168,630
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	—	54,421
Long-term loans payable	5,420	10,757
Deferred tax liabilities	2,082	8,160
Net defined benefit liability	4,348	5,295
Other	4,229	4,243
Total non-current liabilities	16,081	82,878
Total liabilities	206,264	251,509
Net assets		
Shareholders' equity		
Capital stock	15,992	15,992
Capital surplus	46,358	6,858
Retained earnings	334,558	366,777
Treasury shares	(28,667)	(41,101)
Total shareholders' equity	368,242	348,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,329	11,164
Deferred gains or losses on hedges	65	(6)
Revaluation reserve for land	(157)	(157)
Foreign currency translation adjustment	44,426	33,804
Remeasurements of defined benefit plans	(4,254)	(6,136)
Total accumulated other comprehensive income	51,410	38,667
Subscription rights to shares	238	276
Minority interests	72,952	63,619
Total net assets	492,844	451,091
Total liabilities and net assets	699,108	702,601

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of Yen)

	Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
Net sales	553,661	738,707
Cost of sales	308,421	406,521
Gross profit	245,240	332,185
Selling, general and administrative expenses	*1, *2 183,892	*1, *2 252,250
Operating income	61,347	79,934
Non-operating income		
Interest income	1,280	1,750
Dividend income	363	435
Foreign exchange gains	4,015	—
Subsidy income	373	765
Gain on sales of scraps	543	761
Gain on forfeiture of unclaimed dividends	8	1,052
Other	1,091	880
Total non-operating income	7,675	5,646
Non-operating expenses		
Interest expenses	287	588
Sales discounts	2,947	4,271
Foreign exchange losses	—	7,979
Other	261	1,362
Total non-operating expenses	3,496	14,201
Ordinary income	65,527	71,380
Extraordinary income		
Gain on sales of non-current assets	28	54
Gain on sales of investment securities	—	4,214
Subsidy income	—	2,249
Compensation for transfer	5,009	—
Total extraordinary income	5,037	6,518
Extraordinary losses		
Loss on disposal of non-current assets	536	557
Total extraordinary losses	536	557
Income before income taxes and minority interests	70,027	77,340
Income taxes - current	14,262	16,128
Income taxes - deferred	14,604	12,724
Total income taxes	28,867	28,852
Income before minority interests	41,160	48,488
Minority interests in income	8,428	7,976
Net income	32,731	40,511

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

Consolidated statement of comprehensive income

(Millions of Yen)

	Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
Income before minority interests	41,160	48,488
Other comprehensive income		
Valuation difference on available-for-sale securities	2,270	(164)
Deferred gains or losses on hedges	118	(146)
Foreign currency translation adjustment	30,944	(13,536)
Remeasurements of defined benefit plans, net of tax	(65)	(1,930)
Total other comprehensive income	33,267	(15,778)
Comprehensive income	74,428	32,710
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58,237	27,769
Comprehensive income attributable to minority interests	16,190	4,941



TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(3) Consolidated statement of changes in shareholders' equity

Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,992	46,385	306,974	(21,110)	348,242
Cumulative effects of changes in accounting policies			2,682		2,682
Restated balance	15,992	46,385	309,657	(21,110)	350,925
Changes of items during period					
Dividends of surplus			(7,830)		(7,830)
Net income			32,731		32,731
Purchase of treasury shares				(8,008)	(8,008)
Disposal of treasury shares		(27)		451	424
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(27)	24,901	(7,556)	17,317
Balance at end of current period	15,992	46,358	334,558	(28,667)	368,242

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	9,058	2	(157)	21,118	(4,128)	25,893	295	57,719	432,152
Cumulative effects of changes in accounting policies								9	2,692
Restated balance	9,058	2	(157)	21,118	(4,128)	25,893	295	57,729	434,844
Changes of items during period									
Dividends of surplus									(7,830)
Net income									32,731
Purchase of treasury shares									(8,008)
Disposal of treasury shares									424
Net changes of items other than shareholders' equity	2,270	63	—	23,308	(126)	25,516	(57)	15,223	40,681
Total changes of items during period	2,270	63	—	23,308	(126)	25,516	(57)	15,223	57,999
Balance at end of current period	11,329	65	(157)	44,426	(4,254)	51,410	238	72,952	492,844

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,992	46,358	334,558	(28,667)	368,242
Changes of items during period					
Dividends of surplus			(8,293)		(8,293)
Net income			40,511		40,511
Purchase of treasury shares				(13,000)	(13,000)
Disposal of treasury shares		(72)		566	493
Purchase of shares of consolidated subsidiaries		(39,426)			(39,426)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(39,499)	32,218	(12,434)	(19,715)
Balance at end of current period	15,992	6,858	366,777	(41,101)	348,527

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	11,329	65	(157)	44,426	(4,254)	51,410	238	72,952	492,844
Changes of items during period									
Dividends of surplus									(8,293)
Net income									40,511
Purchase of treasury shares									(13,000)
Disposal of treasury shares									493
Purchase of shares of consolidated subsidiaries									(39,426)
Net changes of items other than shareholders' equity	(164)	(72)	—	(10,622)	(1,882)	(12,742)	38	(9,332)	(22,036)
Total changes of items during period	(164)	(72)	—	(10,622)	(1,882)	(12,742)	38	(9,332)	(41,752)
Balance at end of current period	11,164	(6)	(157)	33,804	(6,136)	38,667	276	63,619	451,091

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(4) Consolidated statement of cash flows

(Millions of Yen)

	Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	70,027	77,340
Depreciation	20,393	27,343
Amortization of goodwill	3,769	4,640
Interest and dividend income	(1,643)	(2,186)
Interest expenses	287	588
Foreign exchange losses (gains)	(6,314)	7,203
Loss (gain) on sales and retirement of non-current assets	508	503
Loss (gain) on sales of investment securities	—	(4,214)
Compensation for removal	(5,009)	—
Decrease (increase) in notes and accounts receivable - trade	(13,584)	(12,315)
Decrease (increase) in inventories	(5,568)	(4,356)
Increase (decrease) in notes and accounts payable - trade	8,349	5,064
Increase (decrease) in other current liabilities	2,928	(336)
Other, net	(61)	(1,706)
Subtotal	74,083	97,569
Interest and dividend income received	1,656	2,019
Interest expenses paid	(240)	(683)
Proceeds from insurance income	1,154	—
Proceeds from compensation for removal	6,205	—
Income taxes refund	719	1,064
Income taxes paid	(14,685)	(14,959)
Net cash provided by (used in) operating activities	68,892	85,009
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,602)	(36,035)
Proceeds from withdrawal of time deposits	5,579	9,280
Purchase of property, plant and equipment and intangible assets	(42,664)	(46,575)
Proceeds from sales of property, plant and equipment and intangible assets	879	690
Purchase of investment securities	(2,722)	(15)
Proceeds from sales of investment securities	3,790	4,467
Other, net	(2)	20
Net cash provided by (used in) investing activities	(36,741)	(68,166)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	174	(1,678)
Proceeds from long-term loans payable	5,508	6,000
Repayments of long-term loans payable	(1,000)	(22,200)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	—	54,750
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(50,742)
Purchase of treasury shares	(8,008)	(13,000)
Cash dividends paid	(7,834)	(8,284)
Cash dividends paid to minority shareholders	(1,552)	(1,500)
Proceeds from share issuance to minority shareholders	525	117
Proceeds from exercise of share options	367	427
Other, net	(233)	(723)
Net cash provided by (used in) financing activities	(12,054)	(36,835)
Effect of exchange rate change on cash and cash equivalents	9,449	(5,085)
Net increase (decrease) in cash and cash equivalents	29,546	(25,078)
Cash and cash equivalents at beginning of period	97,498	127,044
Cash and cash equivalents at end of period	127,044	101,966

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

- (5) Notes to consolidated financial statements  
(Note regarding the Company's position as a going concern)  
Not applicable

(Material accounting policies concerning the preparation of consolidated financial statements)  
Matters related to the scope of consolidation

Number of consolidated subsidiaries: 46

(Change in accounting policies)

(Application of Accounting Standard for Business Combinations, etc.)

The Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; hereinafter, "Business Combinations Accounting Standard"), Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013; hereinafter, "Consolidated Financial Statements Accounting Standard"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter, "Business Divestitures Accounting Standard") and related standards are made applicable to the fiscal year under review starting April 1, 2014 and onwards.

These accounting standards (except the provisions of Paragraph 39 of Consolidated Financial Statements Accounting Standard) have now been applied early, effective from the fiscal year under review. Under this new application of these standards, differences caused by changes in the Company's equity in the subsidiaries and affiliates with controlling interests will be adjusted in capital surplus, and acquisition-related expenses shall be all reported as expenses accruing during the consolidated fiscal year in which said acquisition takes place.

As to business combinations to take place after April 1, 2015, i.e. the beginning of the first quarter of the fiscal year under review, appraisal of the purchase price allocation, pursuant to the final determination of provisional accounting treatments, will now be changed so that it is reflected in the consolidated financial statements where the date of the business combination falls.

The implementation of Business Combinations Accounting Standard and its related standards is subject to the transitional treatments stipulated in the provisions of Article 58-2 (4) of Accounting Standard for Business Combinations, Article 44-5 (4) of Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of Accounting Standard for Business Divestitures, and has been and will be underway since the beginning of the first quarter of the fiscal year under review and going forward.

The effect of this change is a decrease of ¥39,426 million in capital surplus at the end of the fiscal year under review. The effect of this change on per share information is listed in the relevant section.

In the consolidated statement of cash flows of the fiscal year under review, cash flows related to the purchase or sale of shares of subsidiaries not corresponding to changes in the scope of consolidation are recorded under "Cash flows from financing activities." Cash flows related to expenses accrued from the purchase of shares of subsidiaries corresponding to changes in the scope of consolidation, and expenses accrued from the purchase or sale of shares of subsidiaries not corresponding to changes in the scope of consolidation, are recorded under "Cash flows from operating activities."

(Changes in presentation methods)

(Consolidated statement of income)

In the consolidated previous fiscal year, "Subsidy income," "Gain on sales of scraps" and "Gain on forfeiture of unclaimed dividends," which were indicated in "Other" under "Non-operating income," are stated independently from the fiscal year under review, as they have become significant in terms of amount.

As a result of these changes in presentation methods, the consolidated financial statements of the previous fiscal year have been reclassified. Subsequently, in the consolidated statement of income for the previous fiscal year, the amount of ¥2,016 million, which was indicated in "Other" under "Non-operating income," has been reclassified as ¥373 million under "Subsidy income," ¥543 million under "Gain on sales of scraps," ¥8 million under "Gain on forfeiture of unclaimed dividends," and ¥1,091 million under "Other."

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Consolidated statement of cash flows)

In the consolidated previous fiscal year, “Loss (gain) on sales and retirement of property, plant and equipment” of the independently stated “Cash flows from operating activities” and “Loss (gain) on sales and retirement of intangible assets” was indicated in “Other.” Based on a review of the items for presentation from the perspective of clarity, starting from the fiscal year under review, these items will now be presented as “Loss (gain) on sales and retirement of non-current assets.”

As a result of these changes in presentation methods, the consolidated financial statements for the previous fiscal year have been reclassified. Subsequently, the amounts of ¥498 million under “Loss (gain) on sales and retirement of property, plant and equipment” under “Cash flows from operating activities,” and ¥10 million under “Loss (gain) on sales and retirement of intangible assets,” which was indicated in “Other” for the previous fiscal year, have been reclassified as ¥508 million under “Loss (gain) on sales and retirement of non-current assets.”

In the previous consolidated fiscal year, “Purchase of property, plant and equipment,” “Purchase of intangible assets” and “Proceeds from sales of property, plant and equipment” were indicated in the independently stated “Cash flows from investing activities.” Based on a review of the items for presentation from the perspective of clarity, starting from the fiscal year under review, these items will now be presented as “Purchase of property, plant and equipment and intangible assets” and “Proceeds from sales of property, plant and equipment and intangible assets.”

As a result of these changes in presentation methods, the consolidated financial statements of the previous fiscal year have been reclassified. Subsequently, the amounts of ¥(42,303) million under “Purchase of property, plant and equipment,” ¥(360) million under “Purchase of intangible assets” and ¥879 million under “Proceeds from the sale of property, plant and equipment,” which were indicated in “Cash flows from investing activities” for the previous fiscal year, have been reclassified as ¥(42,664) million under “Purchase of property, plant and equipment and intangible assets” and ¥879 million under “Proceeds from sales of property, plant and equipment and intangible assets.”

(Additional information)

(Revision of amounts of deferred tax assets and deferred tax liabilities due to changes in corporate tax rate, etc.)  
The Act for Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act for Partial Revision of Local Taxes, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015, and as a result, the corporate tax rate, etc. will be lowered beginning with the consolidated fiscal years beginning on or after April 1, 2015. Accordingly, the effective statutory tax rates used to measure deferred tax assets and deferred tax liabilities will be changed from 35.64% to 33.06% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2016. Additionally, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be changed to 32.26% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2017.

As a result of this change in the tax rate, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by ¥989 million, the amount of deferred income taxes increased by ¥1,235 million, valuation differences on available-for-sale securities increased by ¥542 million and remeasurements of defined benefit plans decreased by ¥296 million.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Consolidated balance sheet)

\* Accumulated depreciation of property, plant and equipment

(Millions of Yen)

Fiscal Year Ended December 31, 2014 (as of December 31, 2014)	Fiscal Year Ended December 31, 2015 (as of December 31, 2015)
Accumulated depreciation of property, plant and equipment                      208,900	Accumulated depreciation of property, plant and equipment                      221,646

(Consolidated statement of income)

\*1 The main expense items and amounts of selling, general and administrative expenses are as follows.

(Millions of Yen)

Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
Sales-related transportation expense                      27,502	38,646
Sales promotion expense                                      82,970	119,598
Advertisement costs    17,906	21,082
Salaries and bonuses to employees                      15,407	21,803
Allowance for bonuses transferred                      1,758	1,836
Employee retirement benefits                              1,121	1,978
Depreciation    2,331	3,231

\*2 Research and development expenses included in general and administrative expenses are as follows.

(Millions of Yen)

Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
4,248	5,993

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Business combinations, etc.)

Transactions under common control, etc.

Additional acquisition of shares in subsidiary

1. Summary of transactions

(1) Name and content of business of combined company

Name: Unicharm Gulf Hygienic Industries Ltd.

Business: Manufacture and sale of feminine care products and disposable diapers

(2) Date of combination: June 30, 2015

(3) Legal form of the business combination

Purchase of shares from a minority shareholder

(4) Company name after combination

No change

(5) Notes on summary of other transactions

The Company acquired additional shares in Unicharm Gulf Hygienic Industries Ltd. in order to strengthen ties within the Group and further raise the Group's overall corporate value and management efficiency.

2. Overview of accounting treatments

For accounting purposes, the Company treated the transaction as falling within the category of a transaction with minority shareholders under the classification of transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

3. Notes related to the acquisition of additional shares in subsidiary

Cost of the acquisition of the acquired company and the breakdown thereof  
¥50,694 million in cash and deposits

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Segment information, etc.)

[Segment Information]

1. Outline of reporting segments

(1) How to decide reporting segments

The Company's reporting segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company is composed of three businesses, namely the personal care business, the pet care business and other businesses, as its basic units, and has been engaged in its business activities by comprehensively developing domestic and overseas strategies by business unit.

Therefore, the "personal care business," the "pet care business," and "other businesses" constitute the Company's reporting segments.

(2) Type of products and services for each reporting segment

The Company has manufactured and sold baby care products, feminine care products, health care products, and clean-and-fresh products in the "personal care business." In the "pet care business," the Company has manufactured and sold pet food products and pet toiletry products. In "other businesses," the Company has manufactured and sold business-use products, etc.

2. Methods of calculating the amount of sales, profits/losses, assets, liabilities, and other items by reporting segment

Accounting methods for reporting segments are nearly the same as those of "material matters affecting the preparation of consolidated financial statements" in the most recent securities report (Securities Report, filed March 30, 2015).



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

3. Information concerning the amount of sales, profits/losses, assets, liabilities and other items by reporting segment

Fiscal year ended December 31, 2014 (April 1, 2014 – December 31, 2014)

(Millions of Yen)

	Reporting segment				Elimination or company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	486,960	62,564	4,136	553,661	—	553,661
Internal sales or transfers across segments	—	—	12	12	(12)	—
<b>Total</b>	<b>486,960</b>	<b>62,564</b>	<b>4,149</b>	<b>553,674</b>	<b>(12)</b>	<b>553,661</b>
Segment income (Operating income)	58,262	2,810	253	61,327	20	61,347
Segment assets	576,884	76,366	4,383	657,633	41,474	699,108
Others						
Depreciation	18,340	1,987	66	20,393	—	20,393
Amortization of goodwill	1,687	2,081	—	3,769	—	3,769
Increase in property, plant and equipment and intangible assets	40,109	1,544	102	41,756	—	41,756

Fiscal year ended December 31, 2015 (January 1, 2015 – December 31, 2015)

(Millions of Yen)

	Reporting segment				Elimination or company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	647,573	85,624	5,508	738,707	—	738,707
Internal sales or transfers across segments	—	—	23	23	(23)	—
<b>Total</b>	<b>647,573</b>	<b>85,624</b>	<b>5,531</b>	<b>738,730</b>	<b>(23)</b>	<b>738,707</b>
Segment income (Operating income)	76,254	3,329	330	79,914	20	79,934
Segment assets	586,249	68,739	4,637	659,625	42,975	702,601
Others						
Depreciation	24,279	2,972	92	27,343	—	27,343
Amortization of goodwill	1,864	2,775	—	4,640	—	4,640
Increase in property, plant and equipment and intangible assets	46,273	1,514	205	47,993	—	47,993

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Per-share information)

(Yen)

Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
Net assets per share 698.49	Net assets per share 649.98
Net income per share 54.33	Net income per share 67.55
Net income per share–diluted 54.25	Net income per share–diluted 66.51

(Note 1) Due to the stock split carried out on October 1, 2014 at a ratio of three shares per one common share, the net assets per share, net income per share and net income per share-diluted have been calculated presuming this stock split was carried out at the start of the previous consolidated fiscal year.

(Note 2) The calculation basis for net income per share and net income per share-diluted is as follows:

	Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014)	Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)
Net income per share–basic:		
Net income reported in the consolidated statement of income (Millions of Yen)	32,731	40,511
Amount not attributable to common shareholders (Millions of Yen)	—	—
Net income relevant to common shares (Millions of Yen)	32,731	40,511
Average number of common shares during period (Thousands of shares)	602,509	599,691
Net income per share–diluted		
Adjustment for net income (Millions of Yen)	—	(211)
(Of which interest on bonds is a substantial amount)	—	(211)
Increase in the number of common shares (Thousands of shares)	840	6,279
(Of which the number of convertible bond-type bonds with subscription rights to shares)	—	5,572
(Of which the number of subscription rights to shares)	840	706
Outline of potential stock which, due to the absence of any dilutive effect, was not included in the computation of the amount of net income per share after adjustment for residual income	—	Resolution on stock options passed at the Ordinary General Meeting of Shareholders on March 27, 2015. Subscription rights to shares: 32,025 Common shares: 3,202,500

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2015

(Note 3) Calculation basis for net assets per share is as follows:

	Fiscal year ended December 31, 2014 (as of December 31, 2014)	Fiscal year ended December 31, 2015 (as of December 31, 2015)
Total of net assets reported in the consolidated balance sheet (Millions of Yen)	492,844	451,091
Main items of the difference (Millions of Yen)		
Of which subscription rights to shares	238	276
Of which minority interests	72,952	63,619
Net assets relevant to common shares (Millions of Yen)	419,652	387,195
Number of common shares used to calculate net asset per share (Thousands of shares)	600,797	595,702

(Note 4) As stated in (Change in accounting policies), the Company will apply the Accounting Standards for Business Combinations and its related standards in accordance with the transitional treatments stipulated in the provisions of Article 58-2 (4) of Accounting Standard for Business Combinations, Article 44-5 (4) of Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of Accounting Standard for Business Divestiture.

The effect of this change is a decrease in net assets per share to ¥66.19 for the fiscal year under review.

(Significant subsequent events)

(Increase of capital in subsidiaries)

At the Board of Directors' meeting held on January 19, 2016, the Company passed a resolution to increase capital in its consolidated subsidiary UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA. The payment for the capital was finalized on January 28, 2016.

(1) Company name: UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA.

(2) Address: Rodovia SP 340, km133 Sul Bairro Roseira, na Cidade de Jaguariuna, Estado de Sao Paulo

(3) Payment for increase in capital: 95 million Brazil reals

(4) Capital stock after increase: 245 million Brazil reals

(5) Investment ratio: 99.9% for the Company