

This notice has been translated from the original Japanese text of the timely disclosure statement dated August 5, 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 Second Quarter of the Fiscal Year Ending December 31, 2016
(January 1, 2016 through June 30, 2016); Flash Report
[J-GAAP]**



MEMBERSHIP

August 5, 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 Filing Date of Quarterly Securities Report: **August 9, 2016**
 Planned Commencement Date of Dividend Payments: **September 5, 2016**
 Preparation of Any Additional Explanatory Documents for Quarterly Financial Results: **Yes**
 Holding of Any Briefing Session for Quarterly Financial Results: **Yes**

(Amounts less than one million yen have been truncated)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2016
(January 1, 2016 through June 30, 2016)**

(1) Consolidated financial results (2Q cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2Q of Fiscal Year Ending December 31, 2016	350,479	(2.3)	35,773	3.1	26,032	(21.0)	17,555	10.5
2Q of Fiscal Year Ended December 31, 2015	358,809	—	34,700	—	32,952	—	15,891	—

(Note) Comprehensive income: 2Q of Fiscal Year Ending December 31, 2016: ¥(26,684) million (–%)
 2Q of Fiscal Year Ended December 31, 2015: ¥28,468 million (–%)

	Earnings Per Share	Earnings Per Share-diluted
	Yen	Yen
2Q of Fiscal Year Ending December 31, 2016	29.47	27.92
2Q of Fiscal Year Ended December 31, 2015	26.44	26.43

(Note) At the 54th Ordinary General Meeting of Shareholders held on June 25, 2014, a proposal for “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 was changed from March 31 to December 31. As a result, the second quarter of the fiscal year ended in December 2015 differs from the second quarter of the fiscal year ended in December 2014, the period subject to year-on-year comparison, and the rates of change over the previous year are accordingly omitted for the second quarter of the fiscal year ended in December 2015.

(2) Consolidated financial position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Millions of Yen	Millions of Yen	%
As of June 30, 2016	652,608	417,220	55.4
As of December 31, 2015	702,601	451,091	55.1

(Reference) Equity: As of June 30, 2016: ¥361,852 million
 As of December 31, 2015: ¥387,195 million

2. Cash Dividends

	Annual Dividends				
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended December 31, 2015	–	7.40	–	7.40	14.80
Fiscal Year Ending December 31, 2016	–	8.00			
Fiscal Year Ending December 31, 2016 (projection)			–	8.00	16.00

(Note) Recent revisions of dividend projections that have been disclosed: None

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

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	720,000	(2.5)	83,000	3.8	70,000	(1.9)	42,000	3.7	70.48

(Note) Recent revisions of projected results that have been disclosed: Yes

*** Notes**

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

(2) Application of special accounting to the creation of quarterly consolidated financial statements: None

(3) 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: None
- (iii) Change in accounting estimates: None
- (iv) Retrospective restatements: None

(4) Number of issued and outstanding shares (common shares)

- (i) Number of issued and outstanding shares (including treasury shares):
 - As of June 30, 2016: 620,834,319 shares
 - As of December 31, 2015: 620,834,319 shares
- (ii) Number of treasury shares as of end of period:
 - As of June 30, 2016: 24,951,039 shares
 - As of December 31, 2015: 25,131,639 shares
- (iii) Average number of shares during the period (quarterly accumulated total):
 - Jan. – Jun. 30, 2016: 595,784,366 shares
 - Jan. – Jun. 30, 2015: 600,959,210 shares

(*Presentation regarding status of quarterly review procedures)

This Quarterly Consolidated Financial Results is not subject to the quarterly review procedures under the Financial Instruments and Exchange Act, and as of the date of disclosure hereof, the quarterly review 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. The projections do not refer to a promise by the Company to fulfill thereof. Furthermore, actual results may differ for various factors.

Please refer to the "Explanation of future estimate information such as consolidated financial results projections" section on page 4 of the exhibit for further details on the conditions that form the basis for financial results projections and their use.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2016

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

In the second quarter of the fiscal year under review (January 1 to June 30, 2016), the economic recovery in some emerging economies in Asia stalled, but the Group proactively worked to popularize personal care products tailored to consumer needs.

In Japan, inbound consumption was weak due to the impact of yen appreciation fueled by uncertainty over the outlook for the Japanese and overseas economies. However, the Company continued to make proposals offering new value that succeeded in stimulating demand for high value-added personal care-related products, which resulted in stable growth.

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 continued to develop products to meet the needs of consumers, using unique non-woven fabric processing and forming technology while endeavoring to revitalize the markets.

As a result, the Company’s net sales, operating income, ordinary income, and profit attributable to owners of parent for the fiscal period under review reached ¥350,479 million (down 2.3% over the previous year), ¥35,773 million (up 3.1% over the previous year), ¥26,032 million (down 21.0% over the previous year), and ¥17,555 million (up 10.5% over the previous year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Baby Care Products

Overseas, the Company continued to strengthen its internet sales and worked to build name recognition for the *Moony* series in China, where demand for imports from Japan is heightening, as well as to promote pants-type disposable diapers. In India, where the use of disposable diapers is still quite low even among emerging countries, the Company expanded its sales area and market shares while promoting pants-type disposable diapers.

In Japan, the Company updated the package for the *Moony Air Fit* diapers for newborns, which fit comfortably on the baby’s skin while preventing leakage, so that the package more clearly displays the appropriate weight for each size. In addition, we adopted the “fully dry absorber” for use in the large and extra-large sizes of the *Mamy Poko Pants* series of highly absorbent diapers featuring cute designs of Disney characters. The Company also made improvements so that older babies with more urine output would be comfortable, and endeavored to strengthen relationships and expand the lineup of products from those for newborns to 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. In addition, the Company has been actively expanding its sales area for products tailored to customer needs in emerging countries such as Indonesia and Thailand, further endeavoring to expand its market share.

In Japan, the Company launched the slim napkin *Sofy Air Fit Slim*, which is the world’s first^{*1} napkin to use the latest absorbent technology and also released an improved^{*2} version of the *Sofy Ultra Sound Sleep Fit*. These two products are both part of the *Sofy* brand, which enables women to move about freely and in comfort as usual, even during menses. The Company endeavored to free women from physical and emotional constraints while examining the structures of women’s bodies and hearts from a scientific perspective.

*1. In this structure, thermoplastic resin fibers that are more than 30 mm in length are built into the absorbent material, and are connected to the surface and the underside of that material. The survey covers major global napkin brands (survey by Unicharm Corporation, in September 2015).

*2. This does not include *Sofy Ultra Sound Sleep Fit 340*.

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● Health Care Products

In the domestic market for healthcare products, which continues to grow as Japan's population of the elderly grows, the Company has been working to educate the public about products that enable elderly people to continue with their current lifestyle as before. In the *Lifree Comfortable Pads* series, which are incontinence care products for men designed to prevent urine leakage and stains on trousers, the Company added products to the lineup that are suitable for light incontinence so that customers can choose the right products for their situation. 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.

● Clean and Fresh Products

In the domestic market for clean and fresh products, in the *Silcot* cotton series, which has been extremely popular as a cosmetic cotton with no nap that does not leave fibers behind, the Company launched the *Silcot Wiping Cotton Silky Cut*, made from Japan's first^{*1} superfine filament, which easily removes even microscopic dirt. This has revitalized the diversifying cosmetic cotton market by making skin care easier, more comfortable and effective.

*1. The sheet covering the cotton has a double-layered structure. The outer layer touching the skin consists of extremely fine fibers that are less than 10 μm in size. The inner part is made up of coarse cellulose fibers. The survey covers cosmetic cotton from major brands in Japan was covered (survey by Unicharm Corporation in October 2015).

As a result, net sales and segment income (operating income) for the personal care business for the fiscal period under review were ¥306,851 million (down 2.9% over the previous year) and ¥34,076 million (down 0.2% over the previous year), respectively.

2) Pet Care Business

The Company has been working on the two issues regarding the evolution of segmentation and the creation of a society in which humans and pets can live together in comfort for a long time and in good health. Under these two themes, the Company worked to develop products that meet these needs and to create markets in order to vitalize sales.

In the domestic pet toiletry business, the Company introduced absorbing sheets^{*1} to the *Deo Sheet* brand, and released the *Deo Sheet No-fail Super-Absorbent Deodorizing Type* with significant improvements in the speed of excretion absorption and reversal. We also brought *Deo Sheet Soft Scented Deodorizing Fragrance*, a reliable deodorizer with a gentle scent, to the market. In addition, the Company updated the *Manner Wear for Male Dogs* with a more sophisticated design, and added a sign indicating that the dog has urinated^{*2} to *Diapers for Pets* and *Diapers for Male Dogs* to better respond to growing needs for cleanliness and deodorizing functions.

In the domestic pet food market, given the longer lives of cats and a growing trend toward owning more than one cat, we launched the *Silver Spoon Special Marine Ingredients with Two Flavors*, which is a cat food providing two flavors in a single bag. We also released the *Silver Spoon Fuwafuwa Topping*, bonito and white fish prepared as light and thin shavings. Such products ensure that cats enjoy every last bite.

In addition, we released the *Silver Spoon Three-Star Gourmet Fish Recipe with Special Ingredients in Four Flavors*, a super gourmet food that comes in four flavors per box and uses carefully selected luxury ingredients; and *Silver Spoon Three-Star Gourmet Pouches: Domestically Produced Premium*, a product developed jointly together with Hagaromo Foods Corporation that uses the flakes of 100% natural tuna fished in Japan and high-quality ingredients, as part of our efforts to create a high value-added market.

In the North American market, sales have remained steady in sheets for dogs and lightweight-type cat litter products. Also, the Company has steadily expanded sales of wet-type snacks for cats, which are a first of this kind in America.

*1 Absorbing sheets fit both the regular and wide models.

*2 Only the package design was changed for *Diapers for Pets LL Size*; this product does not have the sign indicating that the dog has urinated.

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As a result, net sales and segment income (operating income) for the pet care business for the fiscal period under review were ¥40,644 million (up 0.9% over the previous year) and ¥1,497 million (up 239.8% over the previous year), respectively.

3) Other Businesses

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 period under review were ¥2,983 million (up 15.8% over the previous year) and ¥199 million (up 52.8% over the previous year), respectively.

(2) Explanation of financial position

(Assets)

Total assets as of the end of the second quarter were ¥652,608 million (down 7.1% over the previous consolidated fiscal year). The main decreases were a ¥18,201 million decrease in notes and accounts receivable – trade, an ¥8,844 million decrease in buildings and structures, net, a ¥7,498 million decrease in raw materials and supplies, and a ¥5,104 million decrease in machinery, equipment and vehicles, net.

(Liabilities)

Liabilities as of the end of the second quarter were ¥235,387 million (down 6.4% over the previous consolidated fiscal year). The major decreases were a ¥7,292 million drop in notes and accounts payable – trade and a ¥5,231 million decline in other current liabilities mainly due to a drop in accounts payable - other and a ¥2,637 million decrease in other non-current liabilities due to a reduction in deferred tax liabilities and others.

(Net Assets)

Net assets as of the end of the second quarter were ¥417,220 million (down 7.5% over the previous consolidated fiscal year). The increase was ¥17,555 in profit attributable to owners of parent, while the primary decreases were ¥33,988 million in foreign currency translation adjustment, ¥4,211 million in valuation difference on available-for-sale securities, and ¥4,408 in dividends of surplus.

(Shareholders' Equity Ratio)

The shareholders' equity ratio as of the end of the second quarter was 55.4%.

(3) Explanation of future estimate information such as consolidated financial results projections

Regarding full-year financial results projections for the fiscal year ending December 31, 2016, the yen strengthened much more than forecast in the exchange rates projected in the previous release (February 12, 2016), and as a result the Company has updated its forecast rates to take into account actual rates and reconverted the financial statements of overseas subsidiaries, revised downward as shown below.

(Consolidated Financial Results Projections)

Full-year (January 1, 2016 – December 31, 2016)

(Millions of Yen)

	Previous Forecast (A)	Revised Forecast (B)	Difference (B-A)	Results for FY2015 (C)	Percentage Change (%) (B-C)/C
Net Sales	777,000	720,000	(57,000)	738,707	(2.5)
Operating Income	87,000	83,000	(4,000)	79,934	3.8
Ordinary Income	80,000	70,000	(10,000)	71,380	(1.9)
Profit Attributable to Owners of Parent	47,000	42,000	(5,000)	40,511	3.7

[Note of Caution on Financial Results Projections]

The above forecast is based on currently available information. Actual financial results may differ from the forecast figures due to various future contingencies.

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2. Matters Related to Summary Information (Notes)

(1) Change in major subsidiaries during the quarterly consolidated term

Not applicable items.

(2) Application of special accounting to the creation of quarterly consolidated financial statements

Not applicable items.

(3) Change in accounting policies or estimates and retrospective restatements

Not applicable items.

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Unicharm Corporation (8113) Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2016

3. Quarterly Consolidated Financial Statements, etc.

(1) Quarterly consolidated balance sheet

(Millions of Yen)

	Fiscal Year Ended December 31, 2015 (as of December 31, 2015)	2Q of Fiscal Year Ending December 31, 2016 (as of June 30, 2016)
Assets		
Current assets		
Cash and deposits	138,503	144,817
Notes and accounts receivable - trade	95,476	77,274
Merchandise and finished goods	30,169	29,631
Raw materials and supplies	32,499	25,000
Work in process	1,360	993
Other	33,833	29,308
Allowance for doubtful accounts	(148)	(158)
Total current assets	331,693	306,867
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	76,428	67,584
Machinery, equipment and vehicles, net	130,254	125,149
Other, net	41,125	38,489
Total property, plant and equipment	247,808	231,223
Intangible assets		
Goodwill	67,359	62,452
Other	22,468	18,875
Total intangible assets	89,828	81,327
Investments and other assets		
Investment securities	23,611	23,119
Deferred tax assets	2,195	2,366
Net defined benefit asset	2,160	2,844
Other	5,393	4,951
Allowance for doubtful accounts	(91)	(93)
Total investments and other assets	33,270	33,189
Total non-current assets	370,907	345,740
Total assets	702,601	652,608

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Unicharm Corporation (8113) Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2016

(Millions of Yen)

	Fiscal Year Ended December 31, 2015 (as of December 31, 2015)	2Q of Fiscal Year Ending December 31, 2016 (as of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,799	86,507
Short-term loans payable	3,846	5,661
Income taxes payable	7,667	6,039
Provision for bonuses	5,514	5,421
Other	57,801	52,570
Total current liabilities	168,630	156,200
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	54,421	53,931
Long-term loans payable	10,757	10,178
Net defined benefit liability	5,295	5,310
Other	12,403	9,765
Total non-current liabilities	82,878	79,186
Total liabilities	251,509	235,387
Net assets		
Shareholders' equity		
Capital stock	15,992	15,992
Capital surplus	6,858	5,871
Retained earnings	366,777	379,924
Treasury shares	(41,101)	(40,805)
Total shareholders' equity	348,527	360,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,164	6,952
Deferred gains or losses on hedges	(6)	(80)
Revaluation reserve for land	(157)	(157)
Foreign currency translation adjustment	33,804	(183)
Remeasurements of defined benefit plans	(6,136)	(5,661)
Total accumulated other comprehensive income	38,667	869
Subscription rights to shares	276	334
Non-controlling interests	63,619	55,034
Total net assets	451,091	417,220
Total liabilities and net assets	702,601	652,608

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Unicharm Corporation (8113) Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2016

(2) Quarterly consolidated statements of income and comprehensive income

(Quarterly consolidated statements of income)

(For the Second Quarter of the Fiscal Year Ending December 31, 2016 Cumulative Consolidated Fiscal Period)

(Millions of Yen)

	2Q of Fiscal Year Ended December 31, 2015 (January 1, 2015 – June 30, 2015)	2Q of Fiscal Year Ending December 31, 2016 (January 1, 2016 – June 30, 2016)
Net sales	358,809	350,479
Cost of sales	199,904	187,761
Gross profit	158,905	162,718
Selling, general and administrative expenses	*124,204	*126,944
Operating income	34,700	35,773
Non-operating income		
Interest income	926	1,456
Dividend income	178	147
Subsidy income	713	503
Gain on forfeiture of unclaimed dividends	1,038	4
Other	657	303
Total non-operating income	3,514	2,416
Non-operating expenses		
Interests expenses	308	327
Sales discounts	1,919	868
Foreign exchange losses	2,914	9,169
Other	120	1,792
Total non-operating expenses	5,262	12,158
Ordinary income	32,952	26,032
Extraordinary income		
Gain on sales of non-current assets	32	26
Gain on sales of investment securities	–	3,659
Total extraordinary income	32	3,686
Extraordinary losses		
Loss on disposal of non-current assets	196	302
Total extraordinary losses	196	302
Profit before income taxes	32,788	29,415
Income taxes - current	7,153	7,715
Income taxes - deferred	4,701	1,774
Total income taxes	11,854	9,490
Profit	20,933	19,925
Profit attributable to non-controlling interests	5,042	2,370
Profit attributable to owners of parent	15,891	17,555

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(Quarterly consolidated statements of comprehensive income)

(For the Second Quarter of the Fiscal Year Ending December 31, 2016 Cumulative Consolidated Fiscal Period)

(Millions of Yen)

	2Q of Fiscal Year Ended December 31, 2015 (January 1, 2015 – June 30, 2015)	2Q of Fiscal Year Ending December 31, 2016 (January 1, 2016 – June 30, 2016)
Profit	20,933	19,925
Other comprehensive income		
Valuation difference on available-for-sale securities	4,196	(4,211)
Deferred gains or losses on hedges	(40)	(144)
Foreign currency translation adjustment	3,226	(42,750)
Remeasurements of defined benefit plans, net of tax	153	496
Total other comprehensive income	7,535	(46,610)
Comprehensive income	28,468	(26,684)
Of which:		
Comprehensive income attributable to owners of parent	22,803	(20,243)
Comprehensive income attributable to non-controlling interests	5,665	(6,441)

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(3) Notes to consolidated financial statements

(Note regarding the Company's position as a going concern)

Not applicable.

(Consolidated statement of income)

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

(Millions of Yen)		
	2Q of Fiscal Year Ended December 31, 2015 (January 1, 2015 – June 30, 2015)	2Q of Fiscal Year Ending December 31, 2016 (January 1, 2016 – June 30, 2016)
Freight-out expenses	18,444	18,317
Promotion expenses	58,941	61,795
Advertising expenses	10,307	10,240
Employees' salaries and bonuses	9,701	9,793
Provision for bonuses	1,915	2,031
Retirement benefit expenses	1,010	1,223
Depreciation	1,854	1,623

(Notes in the event of changes in shareholders' equity)

Not applicable.

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(Segment information, etc.)

[Segment Information]

Second quarter consolidated calculation period (January 1, 2015 – June 30, 2015)

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

(Millions of Yen)

	Reporting segment				Elimination or Company-wide	Amount of quarterly consolidated comprehensive income statement
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	315,956	40,277	2,576	358,809	–	358,809
Internal sales or transfers across segments	–	–	10	10	(10)	–
Total	315,956	40,277	2,586	358,820	(10)	358,809
Segment income (Operating income)	34,129	440	130	34,700	–	34,700

Second quarter consolidated calculation period (January 1, 2016 – June 30, 2016)

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

(Millions of Yen)

	Reporting segment				Elimination or Company-wide	Amount of quarterly consolidated comprehensive income statement
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	306,851	40,644	2,983	350,479	–	350,479
Internal sales or transfers across segments	–	–	18	18	(18)	–
Total	306,851	40,644	3,002	350,498	(18)	350,479
Segment income (Operating income)	34,076	1,497	199	35,773	–	35,773