

This notice has been translated from the original Japanese text of the timely disclosure statement dated May 13, 2019 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 First Quarter of the Fiscal Year Ending December 31, 2019
(January 1, 2019 through March 31, 2019); Flash Report
[IFRS]**



May 13, 2019

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: **Hirotsu Shimada, Executive Officer, General Manager of Accounting Control and Finance Division**
 Telephone Number: **+81-3-3451-5111**
 Scheduled Date to Submit Quarterly Securities Report: **May 15, 2019**
 Scheduled Date to Commence Dividend Payments: **—**
 Preparation of Supplementary Material on Quarterly Financial Results: **Yes**
 Holding of Quarterly Financial Results Presentation Meeting: **Yes (Securities Analysts, Institutional Investors)**

(Amounts are rounded to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2019
(January 1, 2019 through March 31, 2019)**

(1) Consolidated financial results (Q1 cumulative)

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

	Net Sales		Core Operating Income		Profit Before Tax		Profit for the Period		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q1 of Fiscal Year Ending December 31, 2019	168,611	4.8	20,099	(18.7)	20,939	(4.1)	14,973	(7.2)	12,701	(10.4)	22,083	536.4
Q1 of Fiscal Year Ended December 31, 2018	160,936	10.0	24,731	31.6	21,824	21.3	16,138	24.7	14,178	22.3	3,470	(56.5)

(Note) Core operating income is calculated by deducting selling, general and administrative expenses from gross profit.

	Basic Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Q1 of Fiscal Year Ending December 31, 2019	21.30	21.13
Q1 of Fiscal Year Ended December 31, 2018	24.21	23.45

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2019

(2) Consolidated financial position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of March 31, 2019	814,721	512,364	447,309	54.9
As of December 31, 2018	795,483	503,670	441,456	55.5

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, 2018	—	12.00	—	12.00	24.00
Fiscal Year Ending December 31, 2019	—				
Fiscal Year Ending December 31, 2019 (forecast)		14.00	—	14.00	28.00

(Note) Changes in dividend forecasts recently disclosed: None

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019
(January 1, 2019 through December 31, 2019)**

(Figures in percentage represent increases or decreases from the previous fiscal year)

	Net Sales		Core Operating Income		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	730,000	6.1	100,000	5.1	96,500	5.4	63,500	3.5	106.70

(Note) Changes in results forecasts recently disclosed: None

*** Notes**

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

(2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required by IFRS: Yes
- (ii) Changes in accounting policies other than item (i) above: None
- (iii) Changes in accounting estimates: None

(Note) For the details, please refer to “2. Condensed Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the condensed consolidated financial statements, 2. Significant accounting policies” section on page 11.

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

- (i) Number of issued and outstanding shares as of end of period (including treasury shares):

As of March 31, 2019:	620,834,319 shares
As of December 31, 2018:	620,834,319 shares
- (ii) Number of treasury shares as of end of period:

As of March 31, 2019:	25,711,812 shares
As of December 31, 2018:	24,151,251 shares
- (iii) Average number of shares during the period (accumulated total):

Q1 of Fiscal Year Ending December 31, 2019:	596,292,838 shares
Q1 of Fiscal Year Ended December 31, 2018:	585,736,392 shares

* The quarterly financial results report is exempt from quarterly review by certified public accountants or an auditing firm.

* Explanation regarding proper use of the forecasts of financial results and other notes

- (1) While the core operating income disclosed by the Company is not an indicator defined in IFRS, the Company voluntarily discloses this as it is believed to be a valuable benchmark for measuring the Group’s recurring business performance.
- (2) Forecasts stated herein are based on the currently available information and the Company’s assumptions that were judged to be valid as of the announcement date hereof, and are not intended to be a promise by the Company to achieve these forecasts. Therefore, actual results may differ for various factors. Please refer to “1. Qualitative Information on Financial Results, (3) Explanation of future estimate information such as forecast of consolidated financial results” section on page 5 for more information concerning the assumptions used for forecasts of financial results and other notes on proper use.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2019

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1. Qualitative Information on Financial Results

(1) Explanation of operating results

In the first quarter of the fiscal year under review (January 1 to March 31, 2019), the operating environment of the Group was affected by a rise in imported raw material prices due to emerging market currency depreciation and a rebound in the oil market. For overseas, despite weakness in parts of China and Thailand, the economic situation in key target countries such as Indonesia, Vietnam, and India was generally stable. The Group proactively carried out sales activities for personal care products tailored to consumer needs and achieved sustainable growth.

In Japan, the economy continued to recover and there were signs of recovery in personal spending, despite concerns over declining consumer sentiment because of volatile stock markets. The Group continued to make proposals offering new value to stimulate demand for high value-added personal care products and worked to expand its markets.

In these environments 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 unique non-woven fabric processing and forming technology, and products that meet the needs of consumers while working to create a “Cohesive Society” in which people from all generations can live while not feeling burdened by one another and with mutual respect for each other as people.

As a result, the Company’s net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the first quarter of the fiscal year under review reached ¥168,611 million (up 4.8% year on year), ¥20,099 million (down 18.7% year on year), ¥20,939 million (down 4.1% year on year), ¥14,973 million (down 7.2% year on year), and ¥12,701 million (down 10.4% year on year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Baby Care Business

Overseas, the Company continued to strengthen its internet sales and worked to build name recognition for corporate brands and the *moony* series in China, where demand for high value-added imports from Japan, which meet the needs for safety and security, is high, as well as to promote pants-type disposable diapers. Having acquired the shares of DSG (Cayman) Limited, which owns the *BabyLove*, *Fitti* and *PetPet* brands, the Company continued to pursue synergies to drive dramatic growth in the Southeast Asia region. In India, where the use of disposable diapers is still low even among emerging countries, the Company expanded its sales area and market share while promoting pants-type disposable diapers. In Vietnam, the Company endeavored to expand its market share of the *Bobby* brand by extending the distribution in local areas.

In Japan, as well as strengthening relations in sub-category products such as the *Natural moony* series (the first disposable diaper in Japan* to use organic cotton for the top sheet), the *moony Air Fit* series, which fits comfortably on the baby’s skin while preventing leakage, the *Oyasumi Man* series exclusive for nighttime, the Company started free distribution of the “Toilet Training with *moony*” app incorporating an *Oyasumi Man* mode to help prevent bed-wetting. The app is useful when parents help their children start toilet training, a key period of development for children when they gain self-confidence and build trust with the people around them. The app helps children get into the habit of going to the toilet in the morning and evening. The Company continues in its efforts to give parents more enjoyment as they raise their babies, for instance, by launching a range of limited products, featuring a fun and colorful “party design” in the *Mamy Poko* series, which has a charming Disney character design and superior absorbency.

* Surface sheets of leading disposable baby diaper products in Japan (survey by Unicharm Corporation, in March 2016)

● Feminine Care Business

For 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 endeavoring to expand its sales area and further increase its market share for products tailored to customer needs in emerging countries such as Indonesia, Thailand, Vietnam and India.

In Japan, the Company has launched a limited edition “Exam pass lucky charm package” as part of its efforts to support students who are preparing for their exams. This is part of the *SOFY Center-in Happy*

Catch series in the *Center-in* series, familiar for its “IN the pouch, GO fashionable!” approach. The product has a charming “Oshaneko”^{*} design tailored to the lifestyle and tastes of middle school and high school girls. The *SOFY* brand, which encourages women to spread their wings, has released the new pantyliner, *Kiyora Luxury Absorption*, which absorbs both discharge and moisture. The Company has strived to offer high value-added products utilizing its proprietary non-woven technology and free women from their physical and emotional constraints, while examining the structures of women’s bodies and minds from a scientific perspective in the hopes that all women can lead healthier lives and express their individuality.

^{*} This made-up Japanese word suggests a chic and cute cat.

● Health Care Business

In the overseas markets, populations in Taiwan, Indonesia, Thailand, Vietnam and China are aging even faster than in Japan, which will boost the demand for adult excretion care products. The Company moved ahead with preparations to spread the care model established in Japan to Asian regions. In Thailand and Malaysia, where the Company acquired shares of DSG (Cayman) Limited., the manufacturer of the *Certainty* brand, in order to build a superior market position in the market for adult disposable diapers, the Company has conducted various initiatives aimed at accelerating the spread of such products.

In the domestic market, which continues to grow as Japan’s population of the elderly increases, 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 light incontinence care products line, the Company continued its efforts to remove resistance to using these products by conveying that everyone has light incontinence, with brands such as the *Charm Nap Absorbent Sarafi* series, which brings happiness to daily life with its absorbent care, or the *Lifree* brand of adult disposable diapers and incontinence care products. 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 to take the lead in the market for excretion care products. The Company offers “NAVI for Adult Diapers,” which uses artificial intelligence chatbot^{*1}—the first in the adult diaper industry—to answer questions about excretion care 24 hours a day, 365 days a year. The Company is also working to combat social problems associated with an aging population, such as home confinement and dementia, by holding regular *Lifree* “Social Walking”^{*2} events to support a healthy mentality and body.

In the *Cho-kaiteki* mask brand, which protects daily health and supports a safe and comfortable lifestyle, the Company strove to offer a range of masks suitable for comfortable year-round use by both children and adults, and to revitalize the market.

^{*1}: A program that engages in dialogue instead of a person (or a system that includes this function)

^{*2}: “Social walking” is a coined word that means “social participation and walking,” and it indicates a form of walking that helps preventing dementia in a manner that anyone can easily benefit from by walking while having a good time with other people (devised by the Company, under the supervision of Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology).

● Clean and Fresh Business

In the domestic market for clean and fresh products, the Company has developed products in line with changes in living environments and lifestyle targeted at the increasing number of customers who wish to keep their living spaces always spick and span by cleaning their homes easily within the limited time they spend at home. The *Silcot Wet Tissues* series, which is a box of wipes that enables users to clean quickly with just one hand. They come in a stylishly designed box, with improved airtight properties and are easy to pull out. For on the go, improved packaging with the firmly sticking “Pitato seal” ensures a continued wet feeling. As for the *Wave* brand with its cleaning proposal that a single sheet of this product can clean the entire house to make day-to-day living comfortable, the Company has made efforts to revitalize the market, such as launching a limited edition of *Wave Handy Wiper* in a stylish cat-shaped design that can be kept at hand and does not look out of place in the room, as well as an All-White version.

As an initiative to add enjoyment to skin care, the Company launched a limited release “Moomin design” for its *Silcot Cotton* series, which maintains the health of the skin as it changes on a daily basis and which makes everyday maintenance easier and more effective, and for *Silcot Sponge Touch Moisturizing Cotton*, which makes skin amazingly moist using 50% less lotion^{*1}. In addition to receiving the @cosme^{*2} Best Cosmetics Awards for three consecutive years and being a member of the Hall of Fame, the Company has also actively worked to capture demand from visitors to Japan.

^{*1}: Compared to the Company’s conventional products

*2: @cosme Best Cosmetics Awards: Best in Category–Beauty Goods 2016, Best in Category–Beauty Goods 2017, Hall of Fame 2018

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥148,468 million (up 5.1% year on year) and ¥18,125 million (down 20.7% year on year), respectively.

2) Pet Care Business

The Company has been working to develop products ranging from sanitary goods to food and create markets to support the lives of pets in an integrated manner in order to help create a “Cohesive Society” in which humans and pets can live together in comfort for a long time and in good health.

In the domestic pet toiletry business, the Company has made active efforts to revitalize the market and to create a comfortable space, with brands for dogs such as *Manner Wear* brand of diapers that seem more like clothing, enabling pet owners to go anywhere with their dogs whenever they want and *Deo Sheet* to help pet owners live comfortably on a daily basis in the living room, and brands for cats, such as *Deo Toilet* and *Deo Sand* with their amazing deodorizing effect, emitting no smell even in a closed room for one week^{*1}.

In the domestic pet food market, in the *Grand Deli* brand of dog food, which focuses on high-quality ingredients with well-balanced colors and a balance of flavor, taste, and nutrition, the Company has launched *Grand Deli Additive-free 100% Domestic Pouch* series, which retains the full flavor of the ingredients and is made with no additives and 100% domestic chicken meat, and a new non-colored snack, the *Grand Deli Luxury Ingredient* series, which uses low-fat chicken breast topped with ingredients such as cheese and pumpkin. The Company is committed to pursuing flavor and quality using natural ingredients.

For cats, in the *Silver Spoon Three-Star Gourmet Snack* series, bite-size snacks with specially selected, delicious ingredients that cats love and can enjoy freshly every day, the Company launched *Silver Spoon Three-Star Gourmet Snacks Rich Grain*, a snack for cats that enjoy a grainy texture of ingredients. In this way the Company is working to support a happy and healthy life for pets.

In the North American market, sales have remained steady in sheets for dogs with the use of Japanese technology and in wet-type snacks for cats, and preparations were made for future growth, including reinforcing internet sales, which have grown significantly in recent years, and making overtures to pet specialty stores and dollar stores, single-price store that is specific to US.

*1: When *Deo Toilet* brand products are used by one cat (up to 8 kg in weight) for one week

*2: No food dye, seasoning, or coloring agents used

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥18,676 million (up 3.5% year on year) and ¥1,983 million (up 4.1% year on 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 profit (core operating income) in other businesses for the fiscal period under review were ¥1,467 million (down 12.4% year on year) and a loss of ¥9 million (segment profit (core operating income) was a loss of ¥32 million in the first quarter of the previous fiscal year).

(2) Explanation of financial position

(Assets)

Total assets as of the end of the first quarter were ¥814,721 million (up 2.4% compared with the end of the previous fiscal year). The major increases were ¥49,818 million in property, plant and equipment and ¥6,931 million in other current financial assets mainly due to time deposits with deposit terms exceeding three months, and the main decreases were ¥26,360 million in cash and cash equivalents and ¥7,304 in other non-current assets mainly due to long-term prepaid expenses.

(Liabilities)

Liabilities as of the end of the first quarter were ¥302,358 million (up 3.6% compared with the end of the previous fiscal year). The major increase was ¥41,033 million in other current financial liabilities mainly due to lease liabilities, and the main decreases were ¥13,766 million in trade and other payables, ¥8,201 million in

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other current liabilities mainly due to accrued bonuses and ¥7,888 million in income tax payables.

(Equity)

Total equity as of the end of the first quarter was ¥512,364 million (up 1.7% compared with the end of the previous fiscal year). The major increases were ¥12,701 million in profit attributable to owners of parent and ¥5,615 million in other components of equity mainly due to exchange differences on translation in foreign operations, and the major decreases were ¥7,160 million in dividends paid to owners of parent and ¥5,662 million in increase in treasury shares.

(Ratio of equity attributable to owners of parent)

Ratio of equity attributable to owners of parent as of the end of the first quarter was 54.9%.

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

Regarding forecast of full-year financial results, there were no changes from the announcement made on February 14, 2019.

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2. Condensed Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2018 (as of December 31, 2018)	Q1 of Fiscal Year Ending December 31, 2019 (as of March 31, 2019)
Assets			
Current assets			
Cash and cash equivalents		135,065	108,705
Trade and other receivables		100,159	95,204
Inventories		71,939	72,354
Other current financial assets		53,520	66,767
Other current assets		23,758	23,722
Total current assets		384,441	366,752
Non-current assets			
Property, plant and equipment		240,628	290,446
Intangible assets		100,121	100,642
Deferred tax assets		9,418	9,618
Investments accounted for using equity method		778	786
Other non-current financial assets		49,991	43,675
Other non-current assets		10,106	2,802
Total non-current assets		411,042	447,970
Total assets		795,483	814,721

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(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2018 (as of December 31, 2018)	Q1 of Fiscal Year Ending December 31, 2019 (as of March 31, 2019)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		153,494	139,728
Bonds and borrowings		18,834	21,239
Income tax payables		13,579	5,690
Other current financial liabilities		633	4,957
Other current liabilities		44,959	36,758
Total current liabilities		231,498	208,371
Non-current liabilities			
Bonds and borrowings		21,428	16,903
Deferred tax liabilities		21,084	22,687
Retirement benefit liabilities		11,358	11,528
Other non-current financial liabilities		1,212	37,921
Other non-current liabilities		5,233	4,947
Total non-current liabilities		60,316	93,986
Total liabilities		291,813	302,358
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		13,058	13,086
Retained earnings		480,457	486,329
Treasury shares		(52,776)	(58,438)
Other components of equity		(15,276)	(9,661)
Total equity attributable to owners of parent		441,456	447,309
Non-controlling interests		62,214	65,055
Total equity		503,670	512,364
Total liabilities and equity		795,483	814,721

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2019

(2) Condensed consolidated statement of income

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2018 (January 1, 2018 – March 31, 2018)	Q1 of Fiscal Year Ending December 31, 2019 (January 1, 2019 – March 31, 2019)
Net sales	3	160,936	168,611
Cost of sales		(98,137)	(107,687)
Gross profit		62,799	60,924
Selling, general and administrative expenses	4	(38,068)	(40,826)
Other income		635	1,013
Other expenses		(48)	(299)
Financial income		818	1,270
Financial costs		(4,312)	(1,144)
Profit before tax		21,824	20,939
Income tax expenses		(5,686)	(5,966)
Profit for the period		16,138	14,973
Profit attributable to			
Owners of parent		14,178	12,701
Non-controlling interests		1,960	2,273
Profit for the period		16,138	14,973
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		24.21	21.30
Diluted earnings per share (Yen)		23.45	21.13

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	62,799	60,924
Selling, general and administrative expenses	(38,068)	(40,826)
Core operating income (*)	24,731	20,099

* Core operating income comprises gross profit less selling, general and administrative expenses. While it is not an indicator defined in IFRS, the Company voluntarily discloses this in the condensed consolidated statement of income and Note “3. Segment information” as the Company’s Board of Directors evaluates the performance of business segments based on core operating income, and it is believed to be a valuable benchmark for measuring the Group’s recurring business performance.

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(3) Condensed consolidated statement of comprehensive income

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2018 (January 1, 2018 – March 31, 2018)	Q1 of Fiscal Year Ending December 31, 2019 (January 1, 2019 – March 31, 2019)
Profit for the period		16,138	14,973
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net changes in equity instruments measured at fair value through other comprehensive income		533	824
Remeasurements related to net defined benefit liabilities (assets)		14	(7)
Subtotal		547	817
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges		15	(18)
Exchange differences on translation in foreign operations		(13,230)	6,311
Subtotal		(13,215)	6,293
Total other comprehensive income, net of tax		(12,668)	7,110
Total comprehensive income		3,470	22,083
Total comprehensive income attributable to			
Owners of parent		4,061	19,192
Non-controlling interests		(590)	2,891
Total comprehensive income		3,470	22,083

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(4) Condensed consolidated statement of changes in equity

First Quarter of the Fiscal Year Ended December 31, 2018 (January 1, 2018 – March 31, 2018)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2018		15,993	421	434,298	(67,652)	4,509	387,567	65,461	453,029
Profit for the period		–	–	14,178	–	–	14,178	1,960	16,138
Other comprehensive income		–	–	–	–	(10,118)	(10,118)	(2,551)	(12,668)
Total comprehensive income		–	–	14,178	–	(10,118)	4,061	(590)	3,470
Dividends		–	–	(6,443)	–	–	(6,443)	(390)	(6,833)
Equity transactions with non-controlling interests		–	2,388	–	–	–	2,388	2,358	4,746
Transfer from other components of equity to retained earnings		–	–	15	–	(15)	–	–	–
Total transactions with owners		–	2,388	(6,428)	–	(15)	(4,055)	1,968	(2,087)
Balance at March 31, 2018		15,993	2,808	442,048	(67,652)	(5,624)	387,572	66,839	454,412

First Quarter of the Fiscal Year Ending December 31, 2019 (January 1, 2019 – March 31, 2019)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2019		15,993	13,058	480,457	(52,776)	(15,276)	441,456	62,214	503,670
Cumulative effects of changes in accounting policies	2	–	–	(530)	–	–	(530)	(23)	(554)
Restated balance at January 1, 2019		15,993	13,058	479,927	(52,776)	(15,276)	440,926	62,190	503,116
Profit for the period		–	–	12,701	–	–	12,701	2,273	14,973
Other comprehensive income		–	–	–	–	6,491	6,491	619	7,110
Total comprehensive income		–	–	12,701	–	6,491	19,192	2,891	22,083
Purchase of treasury shares		–	–	–	(5,829)	–	(5,829)	–	(5,829)
Conversion of convertible bond-type bonds with share acquisition rights		–	28	–	167	(15)	181	–	181
Dividends		–	–	(7,160)	–	–	(7,160)	(280)	(7,440)
Equity transactions with non-controlling interests		–	–	–	–	–	–	253	253
Transfer from other components of equity to retained earnings		–	–	862	–	(862)	–	–	–
Total transactions with owners		–	28	(6,298)	(5,662)	(876)	(12,809)	(27)	(12,836)
Balance at March 31, 2019		15,993	13,086	486,329	(58,438)	(9,661)	447,309	65,055	512,364

(5) Notes to the condensed consolidated financial statements

1. Notes regarding going concern assumptions

None.

2. Significant accounting policies

Significant accounting policies adopted for these condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended December 31, 2018 with the exception of the changes in accounting policies described hereunder.

Quarterly income tax is calculated based on the estimated annual average effective tax rate.

The following are the accounting standards adopted by the Group from the reporting period.

Standard number	Standard title	Overview of new and revised standards
IFRS 16	Leases	Revisions of accounting procedures relating to lease transactions

The adoption of other new standards and interpretations has no material impact on the condensed consolidated financial statements.

In accordance with the transitional provisions of IFRS 16 “Leases” (hereafter “IFRS 16”), the Group has not restated the consolidated financial statements for the previous fiscal year.

Adoption of IFRS 16

The Group has changed its accounting policies relating to leases as follows.

At the lease commencement date, the right-of-use asset is recognized at acquisition cost and the lease liability is recognized as the present value of the lease payments not paid as of the lease commencement date.

Right-of-use assets are depreciated over the useful life of the right-of-use asset or the period of the lease, whichever is shorter, from the lease commencement date, and are included in property, plant and equipment or intangible assets in the consolidated statement of financial position.

Lease liabilities are measured at amortized cost using the effective interest method and are shown in other financial liabilities in the consolidated statement of financial position. Lease payments are allocated between financial costs and the amount of the lease liability remaining to be repaid, so that there is a fixed interest rate on the balance of the lease liability. Financial costs are shown separately from depreciation of right-of-use assets in the consolidated statement of income.

At the start of the contract, the Group identifies whether a contract meets the definition of a lease or includes a lease, based on the substance of the contract. If the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration, the contract is deemed to be a lease or to contain a lease.

In the case of short-term leases and leases of low value underlying assets with lease terms of less than twelve months, the Group does not recognize right-of-use assets and lease liabilities. The Group recognizes the total lease payments in profit or loss using the straight-line method over the lease term.

With the adoption of IFRS 16, the former distinction between traditional operating leases and finance leases no longer applies, and in principle all right-of-use assets and lease liabilities are recognized. The lease liability at the lease commencement date is measured as the present value of the lease payments not paid, which is discounted using the Group’s incremental borrowing rate as of January 1, 2019. The weighted average of the lessee’s incremental borrowing rates is 1.1%.

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The main impact on the condensed consolidated statement of financial position is as follows. The impact on the condensed consolidated statement of income is insignificant.

(Millions of Yen)

IAS 17 (as of December 31, 2018)		Changes in recognition, presentation and classification	IFRS 16 (as of January 1, 2019)	
Property, plant and equipment	240,628	47,865	288,493	Property, plant and equipment
Intangible assets	100,121	2	100,123	Intangible assets
Deferred tax assets	9,418	65	9,484	Deferred tax assets
Other non-current assets	10,106	(7,125)	2,981	Other non-current assets
Total assets	795,483	40,808	836,291	Total assets
Other current financial liabilities	633	4,749	5,382	Other current financial liabilities
Other current liabilities	44,959	(64)	44,895	Other current liabilities
Deferred tax liabilities	21,084	(189)	20,895	Deferred tax liabilities
Other non-current financial liabilities	1,212	37,001	38,214	Other non-current financial liabilities
Other non-current liabilities	5,233	(136)	5,097	Other non-current liabilities
Retained earnings	480,457	(530)	479,927	Retained earnings
Non-controlling interests	62,214	(23)	62,190	Non-controlling interests
Total liabilities and equity	795,483	40,808	836,291	Total liabilities and equity

3. Segment information

(1) Overview of reportable segments

The Group's reportable segments are part of its organizational units whose financial information is individually available, and are subject to regular review by its Board of Directors, the chief operating decision maker, for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Group 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 Group's reporting segments.

In the personal care business, the Group manufactures and sells baby care products, feminine care products, health care products, and clean and fresh products. In the pet care business, the Group manufactures and sells pet food products and pet toiletry products. In other businesses, the Group manufactures and sells business-use products, etc.

The accounting policies for the reportable segments are the same as for the condensed consolidated financial statements. The segment profit is the core operating income (comprising gross profit less selling, general and administrative expenses), which is the key performance indicator based on which the Board of Directors evaluates the performance of business segments.

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(2) Sales and results by reportable segment

Sales and results by reportable segment are as follows.

(Millions of Yen)

	Q1 of Fiscal Year Ended December 31, 2018 (January 1, 2018 – March 31, 2018)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	141,223	18,039	1,674	160,936	–	160,936
Sales across segments (Note)	–	–	6	6	(6)	–
Total segment sales	141,223	18,039	1,680	160,942	(6)	160,936
Segment profit (Core operating income)	22,856	1,906	(32)	24,731	–	24,731
Other income						635
Other expenses						(48)
Financial income						818
Financial costs						(4,312)
Profit before tax						21,824

(Millions of Yen)

	Q1 of Fiscal Year Ending December 31, 2019 (January 1, 2019 – March 31, 2019)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	148,468	18,676	1,467	168,611	–	168,611
Sales across segments (Note)	–	–	7	7	(7)	–
Total segment sales	148,468	18,676	1,473	168,618	(7)	168,611
Segment profit (Core operating income)	18,125	1,983	(9)	20,099	–	20,099
Other income						1,013
Other expenses						(299)
Financial income						1,270
Financial costs						(1,144)
Profit before tax						20,939

(Note) Sales across segments are based on prevailing market prices.

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4. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses is as follows.

(Millions of Yen)

	Q1 of Fiscal Year Ended December 31, 2018 (January 1, 2018 – March 31, 2018)	Q1 of Fiscal Year Ending December 31, 2019 (January 1, 2019 – March 31, 2019)
Freight-out expenses	10,610	11,751
Promotion expenses	4,683	5,144
Advertising expenses	4,590	4,393
Employee benefits expenses	8,560	9,261
Depreciation and amortization expenses	1,312	2,606
Research and development expenses	1,566	1,700
Others	6,748	5,972
Total	38,068	40,826