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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, 2014
(April 1, 2014 through December 31, 2014); Flash Report
[J-GAAP]



February 12, 2015

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 27, 2015**
 Planned Commencement Date of Dividend Payments: **March 9, 2015**
 Planned Filing Date of Securities Report: **March 30, 2015**
 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, 2014
(April 1, 2014 through December 31, 2014)

(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 Dec. 31, 2014 | 553,661 | — | 61,347 | — | 65,527 | — | 32,731 | — |
| Fiscal Year Ended Mar. 31, 2014 | 599,455 | 20.9 | 67,240 | 13.0 | 67,913 | 4.5 | 38,216 | -11.4 |

(Note) Comprehensive income: Fiscal Year Ended Dec. 31, 2014: ¥74,428 million (—%)
 Fiscal Year Ended Mar. 31, 2014: ¥65,592 million (-8.9%)

| | 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 Dec. 31, 2014 | 54.33 | 54.25 | 8.2 | 9.9 | 11.1 |
| Fiscal Year Ended Mar. 31, 2014 | 64.10 | 62.40 | 11.5 | 11.8 | 11.2 |

(Reference) Equity method investment gain or loss: Fiscal Year Ended Dec. 31, 2014: ¥12 million
 Fiscal Year Ended Mar. 31, 2014: ¥20 million

(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

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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 under review is a transitional period, the consolidated fiscal year for consolidated companies whose fiscal year ended in March is nine months from April 1, 2014 to December 31, 2014, and for consolidated companies whose fiscal year ends in December it is 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 has 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, 2014 | 699,108 | 492,844 | 60.0 | 698.49 |
| As of March 31, 2014 | 620,419 | 432,152 | 60.3 | 619.47 |

(Reference) Equity: As of December 31, 2014: ¥419,652 million
As of March 31, 2014: ¥374,136 million

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

(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 Dec. 31, 2014 | 68,892 | (36,741) | (12,054) | 127,044 |
| Fiscal Year Ended Mar. 31, 2014 | 95,659 | (58,220) | (12,505) | 97,498 |

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 Mar. 31, 2014 | — | 18.00 | — | 20.00 | 38.00 | 7,640 | 19.8 | 2.2 |
| Fiscal Year Ended Dec. 31, 2014 | — | 19.00 | — | 6.40 | — | 7,649 | 23.4 | 1.9 |
| Fiscal year ending December 31, 2015 (projection) | — | 7.40 | — | 7.40 | 14.80 | | 20.2 | |

(Note) The Company has 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, 2015 (January 1, 2015 through December 31, 2015)

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

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income Per Share |
|------------|-----------------|---|------------------|---|-----------------|---|-----------------|---|----------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| First Half | 350,000 | — | 36,500 | — | 34,500 | — | 17,000 | — | 28.30 |
| Full Year | 760,000 | — | 86,000 | — | 80,000 | — | 44,000 | — | 73.24 |

(Note) The consolidated fiscal year under review (fiscal year ended December 31, 2014) is an irregular settlement of accounts due to changes in the accounting period. Accordingly, rates of change over the previous fiscal year are omitted.

*** 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: Yes

(ii) Change in accounting policies other than item (i) above: None

(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, 2014: 620,834,319 shares

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

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

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

As of March 31, 2014: 16,871,931 shares

(iii) Average number of shares during the period:

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

Fiscal Year Ended March 31, 2014: 596,201,180 shares

(Note) The Company has 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, 2014****(April 1, 2014 through December 31, 2014)****(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 Dec. 31, 2014 | 206,248 | — | 20,114 | — | 32,043 | — | 19,254 | — |
| Fiscal Year Ended Mar. 31, 2014 | 265,658 | 10.1 | 25,263 | 11.0 | 33,342 | -5.5 | 11,185 | -58.7 |

| | Net Income Per Share | Net Income Per Share-diluted |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Fiscal Year Ended Dec. 31, 2014 | 31.96 | 31.91 |
| Fiscal Year Ended Mar. 31, 2014 | 18.76 | 18.26 |

(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 has 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, 2014 | 329,618 | 249,834 | 75.7 | 415.44 |
| As of March 31, 2014 | 322,386 | 241,652 | 74.9 | 399.62 |

(Reference) Equity: As of December 31, 2014: ¥249,595 million

As of March 31, 2014: ¥241,356 million

2. Projected Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2015 (January 1, 2015 through December 31, 2015)

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, 2014 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.

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Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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 Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|------------------|---|---|---------------------------------|---------------------------|
| Net sales | 599,455 | 553,661 | — | — |
| Operating income | 67,240 | 61,347 | — | — |
| Ordinary income | 67,913 | 65,527 | — | — |
| Net income | 38,216 | 32,731 | — | — |

Comparison with projected results

| | Projection for Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|------------------|---|---|---------------------------------|---------------------------|
| Net sales | 540,000 | 553,661 | 13,661 | 2.5 |
| Operating income | 56,600 | 61,347 | 4,747 | 8.4 |
| Ordinary income | 55,000 | 65,527 | 10,527 | 19.1 |
| Net income | 31,700 | 32,731 | 1,031 | 3.3 |

By region

| | Net sales (Note) | | | Operating income | | |
|--------|--|--|---------------------------------|--|--|---------------------------------|
| | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) |
| Japan | 255,767 | 198,745 | — | 35,316 | 27,151 | — |
| China | 92,879 | 116,821 | — | 7,980 | 14,018 | — |
| Others | 250,808 | 238,095 | — | 24,157 | 20,140 | — |

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

2. The consolidated fiscal year under review (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 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, political unrest in Thailand and some Middle East countries along with currency depreciation in emerging countries caused raw material prices to rise. However, despite this and other factors, sales remained steady backed by economic growth in Asia and the ever-increasing popularity of personal care products primarily in emerging countries.

Meanwhile in Japan, amid some lingering weakness in the economy despite it showing signs of recovery from the government's monetary easing measures, continuing proposals of high value-added personal care products were successful in keeping sales steady.

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 technology while endeavoring to expand the total assets in the industry.

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As a result, the Company's net sales, operating income, ordinary income, and net income for the fiscal year under review reached ¥553,661 million, ¥61,347 million, ¥65,527 million and ¥32,731 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 Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|------------------|---|---|---------------------------------|---------------------------|
| Net sales (Note) | 515,253 | 486,960 | — | — |
| Operating income | 65,732 | 58,262 | — | — |

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

2. The consolidated fiscal year under review (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 over the previous fiscal year are omitted.

● Baby Care Products

Overseas, the Company actively promoted sales in the main countries it is breaking into for products with functions that meet the distinct characteristics of each region. Accordingly, it has been working on expanding sales and market share in these regions. The trend of consumers in China, which is a key market for the Company, seeking high-quality products to ensure safety and peace of mind for their babies prompted the launch of a new premium-type series in the *Mamy Poko* series. We created the launch of this new series along with Internet sales and stronger efforts to boost sales at baby care specialty shops. Also in India, where further popularization is anticipated, the Company has been actively promoting sales of low-priced products, and working on expanding its sales areas and product usage.

In Japan, for low-birth-weight infants that are accounting for an increasing ratio of births, from the *Moony Air Fit* series, which makes use of its unique non-woven fabric and absorbency processing as well as forming technology, the Company newly launched the *Moony Air Fit for Newborns small-size (3S), 4S, 5S* based on the concept of a product that fits comfortably on the particular posture and delicate skin of such infants. With this new product, the *Mamy Poko* series and sub-category products such as pants for children with bed-wetting problems, the Company endeavored to expand its product line up and strengthen relationships.

● Feminine Care Products

Overseas, the Company's high-quality products featuring charming designs remain highly popular with the Chinese younger generation that is a key market. In addition to this, sales are expanding in emerging countries as well, and business performance has remained steady.

In Japan, the Company has been actively promoting its *Sofy Hada Omoi* series of menses napkins that are gentle on sensitive skin during menses, the *Sofy Super Sound Sleep Ultra Fit Slim* series night time napkin designed for ultimate fit and comfort, and the familiar *Center-in* series of napkins in a stylish pouch for fashionable women. In this way, the Company has been proposing new value to meet the diversifying lifestyles 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 actively promoting its incontinence care product for men *Lifree Comfortable Pads for Men* and the *Charm Nap Funwari Hada* incontinence care product for women that feels less heavy on the skin, and has continued its efforts to remove resistance to using these products by conveying that everyone has light incontinence. In nursing care products, the Company revamped its *Thin and Light Pants* from the *Lifree* series and launched the *Lifree Easy Wear Thin and Light Pants* for providing even more support to the elderly in independently excreting as needed. Also, in response to growing requests for comfort

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and a good tape fit regarding tape-type diapers used often by people who are confined to their bed, the Company launched the *Lifree Stretch Fit Thin and Light Tape Type* nursing care product. In this way, the Company has been leading the market growth for light incontinence and urine leakage care products and actively promoting its products through TV commercials, its website, over-the-counter consultations at shops, and by creating shelf space at retailers based on daily activities.

● 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 worked 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, and the *Wave Handy Wiper* series, convenient wipes for cleaning the entire house.

As a result, net sales and segment income (operating income) for the personal care business for the fiscal year under review were ¥486,960 million and ¥58,262 million, respectively.

2) Pet Care Business

| | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|------------------|---|---|---------------------------------|---------------------------|
| Net sales (Note) | 78,672 | 62,564 | — | — |
| Operating income | 1,130 | 2,810 | — | — |

- (Notes) 1. Net sales represent those to external customers.
 2. The consolidated fiscal year under review (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 over the previous fiscal year are omitted.

In striving towards realizing a society where humans and pets can coexist productively, based on the two major themes of promoting the health and long life of both pets and their owners and facilitating segmentation, the Company has been working on developing products focused on consumer needs and cultivating new markets, and has made efforts to revitalize the market and promote sales.

In the domestic pet food market, the Company has prepared a comprehensive line-up of products to meet the physical changes of pets as they age, with a focus on promoting their long life. In the dog food market, which is seeing the progressive aging of small dogs, the Company has enhanced the range of products to meet the needs of aging dogs in the *Best Balance* series for each dog type and the *Dog Selection* series, and has also added food for dogs aged 13 years and over to the *Aiken Genki Grand Deli* series and the *Silver Plate* series as well. Through this, the Company is striving to meet the increasingly specific needs and preferences of aging dogs. In the cat food market, as the wet-type food market continues to enjoy strong growth, the Company has also added food for cats aged 13 and 15 years and over to the *Silver Spoon* series, and has also newly launched the *Neko Genki Easy-to-Eat Food for Cats aged 15 years and over* in the *Neko Genki* series as well. In this way, the Company has been meeting the needs of aging pets.

In the domestic pet toiletry business, which has its core market as excretion care products to help create a clean and comfortable shared living environment for owners and their pets, the Company has achieved stable growth through its routine efforts to enhance the appeal of existing products. In excretion care for dogs, the Company has newly launched the *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 is creating a new market in this way. At the same time, the Company is striving to address the needs of pet owners by enhancing its non-scented deodorizing sheet products in the *Deo Sheet* series. It has also expanded the line-up of excretion care products for cats by adding the *Soft Scented Deodorizing and Antibacterial Deo Toilet Replacement Sheets Eliminates Odor for One Week* to the *Deo Toilet* series.

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In the North American market, the Company has stepped up sales promotions for its flea and tick pesticides, while the ongoing expansion of market share of scented sheets for dogs featuring Unicharm's own technology and additions to the scented cat litter product line-up have contributed to stable growth.

As a result, net sales and segment income (operating income) for the pet care business for the fiscal year under review were ¥62,564 million and ¥2,810 million, respectively.

3) Other Businesses

| | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|------------------|---|---|---------------------------------|---------------------------|
| Net sales (Note) | 5,530 | 4,136 | — | — |
| Operating income | 355 | 253 | — | — |

- (Notes) 1. Net sales represent those to external customers.
2. The consolidated fiscal year under review (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 over the previous fiscal year 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 ¥4,136 million and ¥253 million, respectively.

3. Projected results for the fiscal year ending December 31, 2015

| | Projected results for fiscal year ending Dec. 31, 2015 (Millions of Yen) | Actual results for fiscal year ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) | Rate of difference (%) |
|----------------------------|---|---|---------------------------------|---------------------------|
| Net sales | 760,000 | 553,661 | — | — |
| Operating income | 86,000 | 61,347 | — | — |
| Ordinary income | 80,000 | 65,527 | — | — |
| Net income | 44,000 | 32,731 | — | — |
| Net income per share (Yen) | 73.24 | 54.33 | — | — |

(Note) The consolidated fiscal year under review (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 over the previous fiscal year are omitted.

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.

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As a result of the aforementioned efforts, net sales, operating income, ordinary income and net income for the fiscal year ending December 31, 2015 are projected to be ¥760,000 million, ¥86,000 million, ¥80,000 million and ¥44,000 million, respectively, on a consolidated basis. Net income per share will be ¥73.24.

In the meantime, the Company's assumptions on foreign exchange rates for the main currencies are JPY115.00 to the U.S. dollar and JPY18.50 to the Chinese yuan.

(2) Analysis of financial position

| | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) |
|-----------------------------------|---|---|---------------------------------|
| Total assets | 620,419 | 699,108 | 78,689 |
| Net assets | 432,152 | 492,844 | 60,691 |
| Ratio of shareholders' equity (%) | 60.3 | 60.0 | — |

| | Fiscal Year Ended Mar. 31, 2014 (Millions of Yen) | Fiscal Year Ended Dec. 31, 2014 (Millions of Yen) | Difference (Millions of Yen) |
|--|---|---|---------------------------------|
| Cash flows from operating activities | 95,659 | 68,892 | — |
| Cash flows from investing activities | (58,220) | (36,741) | — |
| Cash flows from financing activities | (12,505) | (12,054) | — |
| Cash and cash equivalents at end of period | 97,498 | 127,044 | 29,546 |

(Note) The consolidated fiscal year under review (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 ¥699,108 million, up ¥78,689 million year on year. This was mainly due to increases of ¥29,879 million in cash and deposits, of ¥24,606 million in machinery, equipment and vehicles (net), and of ¥20,876 million in notes and accounts receivable - trade. Total liabilities were ¥206,264 million, up ¥17,997 million year on year, mainly increased by ¥20,270 million in short-term loans payable and ¥13,153 million in notes and accounts payable - trade, while long-term loans payable decreased by ¥15,579 million. Net assets were ¥492,844 million, up ¥60,691 million year on year, mainly due to increases of ¥32,731 million in net income and ¥23,308 million in foreign currency translation adjustments.

Consequently, the ratio of shareholders' equity decreased from 60.3% as of the end of the preceding fiscal year to 60.0% as of the end of the fiscal year under review.

Net cash provided by operating activities totaled ¥68,892 million, due to ¥70,027 million in income before income taxes and minority interests, ¥20,393 million in depreciation, ¥14,685 million in income taxes paid and a ¥13,584 million decrease (increase) in notes and accounts receivable - trade.

Net cash used in investing activities totaled ¥36,741 million as a result of ¥42,303 million in purchase of property, plant and equipment, ¥5,579 million in proceeds from withdrawal of time deposits and ¥3,790 million in proceeds from sales of investment securities.

Net cash used in financing activities amounted to ¥12,054 million, due to ¥8,008 million in purchase of treasury shares, ¥7,834 million in cash dividends paid and ¥5,508 million in proceeds from long-term loans payable.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

As a result, cash and cash equivalents at end of period amounted to ¥127,044 million, up ¥29,546 million over the end of the preceding fiscal year.

(Reference) Changes in cash flow-related financial indicators

| | As of March 31, 2011 | As of March 31, 2012 | As of March 31, 2013 | As of March 31, 2014 | As of December 31, 2014 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|
| Ratio of shareholders' equity (%) | 45.5 | 45.1 | 54.2 | 60.3 | 60.0 |
| Ratio of shareholders' equity at market value (%) | 127.0 | 170.4 | 198.2 | 178.9 | 250.3 |
| Ratio of cash flows to interest-bearing debts (year) | — | 2.1 | 1.2 | 0.3 | 0.5 |
| Interest coverage ratio (times) | — | 123.4 | 213.1 | 275.5 | 286.5 |

Ratio of shareholders' equity: Shareholders' 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.

Note 5: The ratio of cash flows to the interest-bearing debts and interest coverage ratio of as of March 31, 2011 are not stated, as cash flows from operating activities are negative.

(3) Basic policy regarding profit distribution and dividends for the fiscal year ended December 31, 2014 and the fiscal year ending December 31, 2015

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 Company carried out a stock split on October 1, 2014 at a ratio of three shares per one common share. Accordingly, taking into account that this is an irregular accounting period of nine months, the annual dividend for the fiscal year under review will be a pre-stock split converted value of ¥38.2 per share, consisting of ¥6.4 per share after the year-end dividend stock split (pre-stock split converted value of ¥19.2 per share) added to ¥19 per share (pre-stock split) for the end of the second quarter. This will be the 13th consecutive period of an increase in dividends, with a dividend on equity rate (DOE) of 1.9%.

Also, based on the resolution for acquisition of the Company's common shares passed at the Board of Directors' meeting held on August 8, 2014, from August 11 to September 18, 2014 (contracted base), 1,165,500 shares (pre-stock split) were acquired by the "purchase on the Tokyo Stock Exchange" for the total acquisition amount of ¥7,999 million.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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 ¥14.8 per share, including a ¥7.4 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.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

(Millions of Yen)

| | Fiscal Year Ended March 31, 2014 (as of March 31, 2014) | Fiscal Year Ended December 31, 2014 (as of December 31, 2014) |
|--|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 108,901 | 138,781 |
| Notes and accounts receivable - trade | 67,687 | 88,563 |
| Securities | 3,013 | - |
| Merchandise and finished goods | 27,700 | 30,654 |
| Raw materials and supplies | 23,007 | 29,972 |
| Work in process | 920 | 1,806 |
| Deferred tax assets | 13,264 | 17,165 |
| Other | 20,785 | 14,950 |
| Allowance for doubtful accounts | (90) | (121) |
| Total current assets | 265,191 | 321,772 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 59,503 | 74,355 |
| Machinery, equipment and vehicles, net | 98,629 | 123,235 |
| Land | 18,661 | 19,697 |
| Construction in progress | 20,834 | 16,149 |
| Other, net | 6,788 | 6,644 |
| Total property, plant and equipment | *1 204,417 | *1 240,082 |
| Intangible assets | | |
| Goodwill | 73,463 | 72,148 |
| Other | 22,021 | 24,030 |
| Total intangible assets | 95,485 | 96,178 |
| Investments and other assets | | |
| Investment securities | 22,105 | 24,942 |
| Deferred tax assets | 27,776 | 7,313 |
| Net defined benefit asset | 860 | 3,828 |
| Other | 4,683 | 5,081 |
| Allowance for doubtful accounts | (99) | (91) |
| Total investments and other assets | 55,326 | 41,074 |
| Total non-current assets | 355,228 | 377,336 |
| Total assets | 620,419 | 699,108 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

| | (Millions of Yen) | |
|---|---|---|
| | Fiscal Year Ended March 31, 2014 (as of March 31, 2014) | Fiscal Year Ended December 31, 2014 (as of December 31, 2014) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 78,433 | 91,586 |
| Short-term loans payable | 7,709 | 27,979 |
| Accounts payable - other | 35,532 | 41,583 |
| Income taxes payable | 5,739 | 5,428 |
| Provision for bonuses | 4,763 | 5,027 |
| Other | 16,725 | 18,578 |
| Total current liabilities | 148,903 | 190,183 |
| Non-current liabilities | | |
| Long-term loans payable | 21,000 | 5,420 |
| Deferred tax liabilities | 1,460 | 2,082 |
| Net defined benefit liability | 4,995 | 4,348 |
| Other | 11,907 | 4,229 |
| Total non-current liabilities | 39,364 | 16,081 |
| Total liabilities | 188,267 | 206,264 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 15,992 | 15,992 |
| Capital surplus | 46,385 | 46,358 |
| Retained earnings | 306,974 | 334,558 |
| Treasury shares | (21,110) | (28,667) |
| Total shareholders' equity | 348,242 | 368,242 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,058 | 11,329 |
| Deferred gains or losses on hedges | 2 | 65 |
| Revaluation reserve for land | (157) | (157) |
| Foreign currency translation adjustment | 21,118 | 44,426 |
| Remeasurements of defined benefit plans | (4,128) | (4,254) |
| Total accumulated other comprehensive income | 25,893 | 51,410 |
| Subscription rights to shares | 295 | 238 |
| Minority interests | 57,719 | 72,952 |
| Total net assets | 432,152 | 492,844 |
| Total liabilities and net assets | 620,419 | 699,108 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(2) Consolidated statements of income and comprehensive income
Consolidated statement of income

(Millions of Yen)

| | Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
|---|--|--|
| Net sales | 599,455 | 553,661 |
| Cost of sales | 331,807 | 308,421 |
| Gross profit | 267,647 | 245,240 |
| Selling, general and administrative expenses | *1, *2 200,407 | *1, *2 183,892 |
| Operating income | 67,240 | 61,347 |
| Non-operating income | | |
| Interest income | 1,325 | 1,280 |
| Dividend income | 339 | 363 |
| Foreign exchange gains | 2,129 | 4,015 |
| Other | 850 | 2,016 |
| Total non-operating income | 4,644 | 7,675 |
| Non-operating expenses | | |
| Interest expenses | 358 | 287 |
| Sales discounts | 2,909 | 2,947 |
| Other | 703 | 261 |
| Total non-operating expenses | 3,971 | 3,496 |
| Ordinary income | 67,913 | 65,527 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 41 | 28 |
| Gain on sales of investment securities | 788 | - |
| Gain on change in equity | *3 4,745 | - |
| Compensation for transfer | - | 5,009 |
| Other | 108 | - |
| Total extraordinary income | 5,684 | 5,037 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 867 | 536 |
| Amortization of goodwill | *4 4,557 | - |
| Other | 271 | - |
| Total extraordinary losses | 5,695 | 536 |
| Income before income taxes and minority interests | 67,902 | 70,027 |
| Income taxes - current | 13,075 | 14,262 |
| Income taxes - deferred | 10,830 | 14,604 |
| Total income taxes | 23,905 | 28,867 |
| Income before minority interests | 43,996 | 41,160 |
| Minority interests in income | 5,780 | 8,428 |
| Net income | 38,216 | 32,731 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

Consolidated statement of comprehensive income

(Millions of Yen)

| | Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
|--|--|--|
| Income before minority interests | 43,996 | 41,160 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,422 | 2,270 |
| Deferred gains or losses on hedges | 30 | 118 |
| Foreign currency translation adjustment | 20,142 | 30,944 |
| Remeasurements of defined benefit plans, net of tax | - | (65) |
| Total other comprehensive income | 21,595 | 33,267 |
| Comprehensive income | 65,592 | 74,428 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 55,596 | 58,237 |
| Comprehensive income attributable to minority interests | 9,995 | 16,190 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(3) Consolidated statement of changes in shareholders' equity
Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 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 | 29,782 | 275,609 | (43,030) | 278,354 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (6,851) | | (6,851) |
| Net income | | | 38,216 | | 38,216 |
| Purchase of treasury shares | | | | (12,002) | (12,002) |
| Disposal of treasury shares | | 16,603 | | 33,922 | 50,525 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | 16,603 | 31,365 | 21,919 | 69,888 |
| Balance at end of current period | 15,992 | 46,385 | 306,974 | (21,110) | 348,242 |

| | 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 | 7,635 | (20) | (157) | 3,955 | - | 11,413 | 677 | 38,755 | 329,201 |
| Changes of items during period | | | | | | | | | |
| Dividends of surplus | | | | | | | | | (6,851) |
| Net income | | | | | | | | | 38,216 |
| Purchase of treasury shares | | | | | | | | | (12,002) |
| Disposal of treasury shares | | | | | | | | | 50,525 |
| Net changes of items other than shareholders' equity | 1,422 | 23 | - | 17,162 | (4,128) | 14,480 | (381) | 18,963 | 33,062 |
| Total changes of items during period | 1,422 | 23 | - | 17,162 | (4,128) | 14,480 | (381) | 18,963 | 102,951 |
| Balance at end of current period | 9,058 | 2 | (157) | 21,118 | (4,128) | 25,893 | 295 | 57,719 | 432,152 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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, 2014

(4) Consolidated statement of cash flows

(Millions of Yen)

| | Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
|--|--|--|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 67,902 | 70,027 |
| Depreciation | 22,101 | 20,393 |
| Amortization of goodwill | 9,203 | 3,769 |
| Interest and dividend income | (1,664) | (1,643) |
| Interest expenses | 358 | 287 |
| Foreign exchange losses (gains) | (1,422) | (6,314) |
| Loss (gain) on sales and retirement of property, plant and equipment | 813 | 498 |
| Loss (gain) on change in equity | (4,745) | - |
| Compensation for removal | - | (5,009) |
| Decrease (increase) in notes and accounts receivable - trade | (3,542) | (13,584) |
| Decrease (increase) in inventories | (3,017) | (5,568) |
| Increase (decrease) in notes and accounts payable - trade | 21,872 | 8,349 |
| Increase (decrease) in other current liabilities | (59) | 2,928 |
| Other, net | (2,188) | (51) |
| Subtotal | 105,609 | 74,083 |
| Interest and dividend income received | 1,635 | 1,656 |
| Interest expenses paid | (347) | (240) |
| Proceeds from insurance income | 100 | 1,154 |
| Proceeds from compensation for removal | 1,408 | 6,205 |
| Income taxes refund | 266 | 719 |
| Income taxes paid | (13,013) | (14,685) |
| Net cash provided by (used in) operating activities | 95,659 | 68,892 |
| Cash flows from investing activities | | |
| Payments into time deposits | (11,182) | (1,602) |
| Proceeds from withdrawal of time deposits | 14,267 | 5,579 |
| Purchase of property, plant and equipment | (58,738) | (42,303) |
| Proceeds from sales of property, plant and equipment | 44 | 879 |
| Purchase of intangible assets | (1,187) | (360) |
| Purchase of investment securities | (168) | (2,722) |
| Proceeds from sales of investment securities | 1,006 | 3,790 |
| Other, net | (2,261) | (2) |
| Net cash provided by (used in) investing activities | (58,220) | (36,741) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 805 | 174 |
| Proceeds from long-term loans payable | - | 5,508 |
| Repayments of long-term loans payable | (2,223) | (1,000) |
| Redemption of convertible bonds | (5,630) | - |
| Purchase of treasury shares | (12,002) | (8,008) |
| Cash dividends paid | (6,849) | (7,834) |
| Cash dividends paid to minority shareholders | (1,182) | (1,552) |
| Proceeds from share issuance to minority shareholders | 12,384 | 525 |
| Proceeds from exercise of share options | 2,443 | 367 |
| Other, net | (251) | (233) |
| Net cash provided by (used in) financing activities | (12,505) | (12,054) |
| Effect of exchange rate change on cash and cash equivalents | 4,353 | 9,449 |
| Net increase (decrease) in cash and cash equivalents | 29,286 | 29,546 |
| Cash and cash equivalents at beginning of period | 68,211 | 97,498 |
| Cash and cash equivalents at end of period | 97,498 | 127,044 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(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: 47

(Change in accounting policies)

The Company has adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter, "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter, "Retirement Benefits Guidance") and, from the consolidated fiscal year under review, the provisions set forth in Article 35 of the Retirement Benefits Accounting Standard and Article 67 of the Retirement Benefits Guidance. Based on this, the Company has revised the methods of calculating retirement benefit obligations and service costs and changed the method of attributing expected retirement benefits to periods from straight-line attribution to the payment calculation method. It has also changed the method of determining the discount rate from a method based on the average remaining length of service to a method that uses a single weighted average discount rate.

Regarding the application of Retirement Benefits Accounting Standard and others, the Company adheres to the transitional accounting stipulated in Article 37 of the Retirement Benefits Accounting Standard, and in the beginning of the consolidated fiscal year under review, it makes a corresponding adjustment to retained earnings for the effect of changes in the methods of calculating retirement benefit obligations and service costs.

As a result, at the beginning of the consolidated fiscal year under review, net defined benefit asset increased by ¥2,988 million while net defined benefit liability decreased by ¥1,194 million, and retained earnings increased by ¥2,682 million. The impact of this change on profit and loss for the consolidated fiscal year under review is marginal.

(Changes in presentation methods)

(Consolidated statement of cash flows)

In the previous fiscal year, "Proceeds from sales of investment securities," which was indicated in "Other, net" of "Cash flows from investing activities," is stated independently from the fiscal year under review, as it has become significant in terms of amount.

As a result, in the consolidated statement of cash flows of the previous fiscal year, losses of ¥1,255 million that was indicated in "Other, net" is reclassified as ¥1,006 million under "Proceeds from sales of investment securities" and losses of ¥2,261 million under "Other, net."

(Consolidated balance sheet)

*1 Accumulated depreciation of property, plant and equipment

(Millions of Yen)

| Fiscal Year Ended March 31, 2014 (as of March 31, 2014) | | Fiscal Year Ended December 31, 2014 (as of December 31, 2014) | |
|--|---------|--|---------|
| Accumulated depreciation of property, plant and equipment | 195,221 | Accumulated depreciation of property, plant and equipment | 208,900 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(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 March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
| Sales-related transportation expense | 30,234 | 27,502 |
| Sales promotion expense | 88,165 | 82,970 |
| Advertisement costs | 18,032 | 17,906 |
| Salaries and bonuses to employees | 18,492 | 15,407 |
| Allowance for bonuses transferred | 1,739 | 1,758 |
| Employee retirement benefits | 1,476 | 1,121 |
| Depreciation | 2,537 | 2,331 |

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

| | (Millions of Yen) | |
|--|---|---|
| | Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
| | 5,265 | 4,248 |

*3 Gain on change in equity

The gains on change in equity in the previous consolidated fiscal year are attributable to proceeds from a consolidated subsidiary's capital increase through third-party allotment.

*4 Amortization of goodwill

The Company fully amortized goodwill resulting from recognition of impairment losses on stock in subsidiaries, in accordance with paragraph 32 of JICPA Accounting Committee Report No. 7 "Practical Guidance for Consolidation Procedures Related to Equity Accounts in Consolidated Financial Statements" for the amortization of goodwill in the previous fiscal year.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(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 June 26, 2014).

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

Fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(Millions of Yen)

| | Reporting segment | | | | Elimination or company-wide | Consolidation |
|---|-------------------|---------------|--------------|----------------|-----------------------------|----------------|
| | Personal care | Pet care | Other | Total | | |
| Sales | | | | | | |
| Sales to external customers | 515,253 | 78,672 | 5,530 | 599,455 | — | 599,455 |
| Internal sales or transfers across segments | — | — | 28 | 28 | (28) | — |
| Total | 515,253 | 78,672 | 5,558 | 599,484 | (28) | 599,455 |
| Segment income (Operating income) | 65,732 | 1,130 | 355 | 67,217 | 22 | 67,240 |
| Segment assets | 498,319 | 75,395 | 6,279 | 579,994 | 40,425 | 620,419 |
| Others | | | | | | |
| Depreciation | 19,387 | 2,631 | 83 | 22,101 | — | 22,101 |
| Amortization of goodwill | 1,616 | 7,586 | — | 9,203 | — | 9,203 |
| Increase in property, plant and equipment and intangible assets | 49,788 | 2,009 | 110 | 51,908 | — | 51,908 |

(Note) Amortization of goodwill includes "amortization of goodwill" for extraordinary losses.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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) | — |
| Total | 486,960 | 62,564 | 4,149 | 553,674 | (12) | 553,661 |
| 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 |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(Per-share information)

(Yen)

| Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
|---|---|
| Net assets per share 619.47 | Net assets per share 698.49 |
| Net income per share 64.10 | Net income per share 54.33 |
| Net income per share–diluted 62.40 | Net income per share–diluted 54.25 |

(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 March 31, 2014 (April 1, 2013 – March 31, 2014) | Fiscal Year Ended December 31, 2014 (April 1, 2014 – December 31, 2014) |
|---|--|--|
| Net income per share–basic: | | |
| Net income reported in the consolidated statement of income (Millions of Yen) | 38,216 | 32,731 |
| Amount not attributable to common shareholders (Millions of Yen) | — | — |
| Net income relevant to common shares (Millions of Yen) | 38,216 | 32,731 |
| Average number of common shares during period (Thousands of shares) | 596,201 | 602,509 |
| Net income per share–diluted | | |
| Adjustment for net income (Millions of Yen) | (1) | — |
| Of which interest on bonds | (1) | — |
| Increase in the number of common shares (Thousands of shares) | 16,262 | 840 |
| Of which the number of convertible bonds with share warrants | 15,118 | — |
| Of which the number of subscription rights to shares | 1,143 | 840 |
| 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 | — | — |

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

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

| | Fiscal year ended March 31, 2014 (as of March 31, 2014) | Fiscal year ended December 31, 2014 (as of December 31, 2014) |
|---|---|---|
| Total of net assets reported in the consolidated balance sheet (Millions of Yen) | 432,152 | 492,844 |
| Main items of the difference (Millions of Yen) | | |
| Of which subscription rights to shares | 295 | 238 |
| Of which minority interests | 57,719 | 72,952 |
| Net assets relevant to common shares (Millions of Yen) | 374,136 | 419,652 |
| Number of common shares used to calculate net asset per share (Thousands of shares) | 603,962 | 600,797 |

(Significant subsequent events)

Not applicable