FY2012 Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 through March 31, 2012); Flash Report [Japanese Standards]

April 27, 2012

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: **Yasushi Akita, Executive Officer, General Manager of Accounting Dept.**
Telephone Number: **+81-3-3451-5111**
Planned Date of General Shareholders' Meeting: **June 26, 2012**
Planned Commencement Date of Dividend Payments: **June 6, 2012**
Planned Filing Date of Securities Report: **June 27, 2012**
Preparation of Any Additional Explanatory Documents for Full Year Financial Results: **None**
Holding of Any Briefing Session for Full Year Financial Results: **Yes (Securities Analysts, Institutional Investors)**

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for FY2012 (April 1, 2011 through March 31, 2012)

(1) Consolidated financial results

(Figures in percentage 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	%
FY2012	428,391	13.6	51,900	11.5	48,361	12.1	26,981	-19.6
FY2011	376,947	5.6	46,561	3.3	43,137	-5.9	33,560	37.2

(Note) Comprehensive income: FY2012: ¥29,846 million (-7.9 %)
FY2011: ¥32,420 million (-1.1 %)

	Net Income Per Share	Net Income Per Share Adjusted For Residual Shares	Net Income to Shareholder's Equity	Ordinary income to Assets	Operating income to Net sales
	Yen	Yen	%	%	%
FY2012	144.95	130.05	13.0	10.6	12.1
FY2011	178.11	168.42	17.4	11.5	12.4

(Reference) Equity method investment gain or loss: FY2012: ¥19 million
FY2011: ¥17 million

(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 March 31, 2012	472,497	243,207	45.1	1,156.46
As of March 31, 2011	444,015	219,632	45.5	1,083.21

(Reference) Equity: As of March 31, 2012: ¥213,074 million
As of March 31, 2011: ¥201,934 million

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at the end of fiscal year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year Ended March 31, 2012	59,570	(58,861)	(36,513)	75,926
Fiscal Year Ended March 31, 2011	(17,239)	(69,527)	116,972	113,007

2. Cash Dividends

	Annual Dividends					Total amount of cash dividends (annual)	Dividends payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	End 1st Q	End 2nd Q	End 3rd Q	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended March 31, 2011	—	42.00	—	14.00	56.00	5,252	31.4	2.8
Fiscal Year Ended March 31, 2012	—	16.00	—	16.00	32.00	5,930	22.1	2.9
Fiscal Year Ending March 31, 2013 (projection)	—	17.00	—	17.00	34.00		19.8	

(Notes)

1. Dividends at the end of the second quarter of the fiscal year ended March 31, 2011 do not account for the stock split and dividends in the fiscal year ended March 31, 2011 account for the stock split. The total dividend for the fiscal year ended March 31, 2011 is the sum of the interim dividend and the year-end dividend.
2. Dividends payout ratio (consolidated) and ratio of total amount of dividends to shareholders' equity (consolidated) are calculated based on the sum of the interim dividend and the year-end dividend described in "Total" of "Fiscal Year Ended March 31, 2011" (56.00 yen).
3. Year-end dividends per share, annual dividends per share, total amount of cash dividends (annual), dividends payout ratio (consolidated) and ratio of amount of dividends to shareholders' equity (consolidated) for Fiscal Year Ended March 31, 2011 are calculated based on planned amount as of April 27, 2012, the date of disclosure.

3. Projected Consolidated Financial Results for the Fiscal Year Ending March 2013 (April 1, 2012 through March 31, 2013)

(Figures in percentage 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
Interim	235,000	17.9	25,600	0.6	23,000	6.1	15,000	2.9	81.41
Full Year	490,000	14.4	56,500	8.9	51,000	5.5	32,000	18.6	171.91

*** Notes**

(1) Change in major subsidiaries during the period (or any change of specified subsidiaries accompanying a change in the scope of consolidation): Yes

Number of new consolidated subsidiaries: 2
Company name: Unicharm China Co., Ltd., The Hartz Mountain Corporation
Number of deconsolidated subsidiaries: ___ Company name:

(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: Yes
(iii) Change in accounting estimates: Yes
(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 end of FY2012: 206,944,773 shares
As of end of FY2011: 206,944,773 shares
(ii) Number of treasury shares as of end of period:
As of end of FY2012: 22,697,728 shares
As of end of FY2011: 20,521,968 shares
(iii) Average number of shares during the period:
Apr - Mar FY2012: 186,144,880 shares
Apr - Mar FY2011: 188,421,881 shares

(* Presentation regarding status of audit procedures)
This Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 is not subject to the audit procedures under the Financial Instruments and Exchange Law, and as of the date of disclosure hereof, the audit procedures for financial statements under the Financial Instruments and Exchange Law 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 ―"1. Operating Results" section on page 2 for further details.
The Company conducted a stock split in which three shares were issued per each outstanding common share on October 1, 2010 as the effective date thereof.

Contents of Exhibit

1. Operating Results

(1) Analysis of operating results

Comparison with actual results for the preceding fiscal year

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	376,947	428,391	51,443	13.6
Operating income	46,561	51,900	5,339	11.5
Ordinary income	43,137	48,361	5,223	12.1
Net income	33,560	26,981	(6,578)	-19.6

Comparison with projected results

	Projection for FY2012(Note) (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	421,000	428,391	7,391	1.8
Operating income	51,000	51,900	900	1.8
Ordinary income	46,000	48,361	2,361	5.1
Net income	22,400	26,981	4,581	20.5

(Note) The projected results for FY2012 are as described in “Notice regarding the revision of earnings projections” announced on December 15, 2011.

By region

	Net sales (Note)			Operating income		
	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)
Japan	219,064	229,083	10,018	25,367	29,319	3,951
China	44,740	56,345	11,604	8,158	9,290	1,131
Others	113,142	142,962	29,819	13,151	13,467	315

(Note) Net sales represent those to external customers.

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

In light of the economic environment surrounding the Company and its group companies during the fiscal year under review, with respect to the overseas market, mainly in target Asian countries, demand remained solid for personal care products. Meanwhile, in the domestic market, demand increased for highly value-added products in the personal care and pet care businesses.

In this management environment, the Company endeavored to expand its product lines mainly in Asia in order to increase its sales and improve profitability. Moreover, in Japan, it endeavored to revitalize the market and generate fresh demand through the promotion of adding value by product innovations.

As a result, the Company’s sales, operating income, ordinary income, and net income for the consolidated fiscal year under review reached JPY428.391 billion (up 13.6% YOY, or up 16.3% YOY in real terms excluding the influence of foreign exchange fluctuations), JPY 51.9 billion (up 11.5% YOY, or up 14.2% YOY in real terms excluding the influence of foreign exchange fluctuations), JPY 48.361 billion (up 12.1% YOY), and JPY 26.981 billion (down 19.6% YOY), respectively.

2. Overview of the operation by main business segment

Financial results by segment are as described below.

The reporting segment of Ac-eight Corporation—our former consolidated subsidiary—was transferred from the Other Businesses to the Personal Care Business, due to its absorption-type merger by Unicharm Kokko Nonwoven Co., Ltd.—our consolidated subsidiary effective on January 17, 2012. For the comparison with the previous period, it is classified in the new segment.

1) Personal Care Business

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	322,994	362,885	39,891	12.4
Operating income	40,130	48,214	8,084	20.1

(Note) Net sales represent those to external customers.

As a result, sales and operating income in personal care businesses for the fiscal year under review were JPY 362.885 billion and JPY 48.214 billion, respectively.

- Baby Care Products

In Japan, we newly released the *Mamy Poko Pants Hai-Hai-Yo* for crawling babies from the *Mamy Poko Pants* series which specializes in the basic functions of disposable diapers for babies—“anti-leakage and anti-sweaty,” featuring reasonable prices as well as cheerful “Disney Character” designs. From the *Moony Mizu-Asobi Pants* series, the Company endeavored to revitalize the market by releasing a renewed package design of *Moony Mizu-Asobi Pants*, colorful bathing pants—which look like swimming pants—with Disney character designs, in addition to the “no swelling, no falling down” function, even when wet with water.

In overseas, mainly in target Asian countries, the Company endeavored to increase sales by expanding its trading areas and by actively promoting sales.

- Feminine Care Products

In Japan, the Company has enhanced the lineup of *Sofy Hada Omoi Ultira Super Slim* series of the sanitary napkin with gentle feel for sensitive skin, by introducing *Sofy Hadaomoi Ultira Super Slim for Light Days*, a handy slim sanitary napkin that allows women to “spend their time comfortably with dry skin on light days at the end of their period.” In addition, we sold a limited amount of the seasonal nighttime sanitary napkin *Sofy Super Sound Sleep Guard Suzuhada* from the *Sofy Super Sound Sleep Guard* series, responding to the consumer need for sound sleep.

In target Asian countries, the Company expanded sales areas and aggressively engaged in sales promotion activities for highly value-added sanitary napkins, including nighttime and thin sanitary napkins that meet the needs of consumers in each country in order to increase sales and profitability.

- Health Care Products

The Company expanded the lineup of the *Lifree* toilet care products for adult series, by launching the *Lifree Oshirifuki Yaburenikui Type*, a pre-moist wipe for nursing care which is tough and can wipe surely as well as *Lifree 1 Night Ohada Anshin Urinary Pad*, a nighttime urine-absorbing pad which can keep the buttocks dry and free from a rash. In addition, we were also engaged in active sales promotions through TV commercials, our website, consultations at shops, and creating a shopping space to fit the bodily movements of daily life.

For hospitals and nursing care facilities, we have been supporting “self-excretion” by launching *Lifree Anshin Fit Shorts* and *Lifree Anshin Fit Pad*—toilet care products which fit well and eliminate the anxiety for urine leakage of elderly persons in facilities, as well as meet the needs for the facilities to reduce costs.

- Clean and Fresh Products

From the *Silcot* brand that is popular for being gentle on the skin, the Company launched *Silcot HOMME Asefuki Sheet* (for men) and *Silcot Sokai Shower Sheet* (for women) to serve a new custom of manners for business persons to wipe perspiration out of sight of other people. They are made of soft materials to be flushed away in the toilet. Moreover, we created new demand by launching *Silcot Ag Plus Asetori Pad* which has a new "deodorant function" of absorbing simultaneously both "perspiration" and "odor" of armpits in addition to the "no twisting nor shifting" function which utilizes the adhesive technology for sanitary napkins to stick to clothes.

2) Pet Care Business

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	47,767	59,557	11,790	24.7
Operating income	6,139	3,173	(2,965)	-48.3

(Note) Net sales represent those to external customers.

As a result, sales and operating income in pet care businesses for the fiscal year under review were JPY 59.557 billion and JPY 3.173 billion, respectively.

The Company has been committed to the development of products reflecting consumer needs and the creation of new markets, by adding product lineups to accommodate the five major trends among Japanese pet owners: "indoor pet keeping," "popularity of smaller dogs," "aging of pets," "pet obesity," and "pet health," and by sales promotion.

In the pet food business, the Company expanded its product lines by launching a new version of the *Aiken Genki Best Balance* series for specially caring for the health of Chihuahuas from 7 years and up, as well as the *Neko Genki Kabunyoro no Kenko Ijiyo for Health Care of F.L.U.T. from Around 10 Years Old, Neko Genki Sogo Eiyoshoku Pouch for 15 Years and Up - Fish Medley, Tuna/White Fish/Bonito with Horse Mackerel, Neko Genki Sogo Eiyoshoku Pouch for 13 Years and Up, Fish Medley, Tuna/White Fish/Bonito with Horse Mackerel, Silver Spoon Premium Three-Star Gourmet Pouch for 15 Years and Up, Bonito with Horse Mackerel*, which devote special attention to maintaining the health of elderly cats. In addition, we also launched the *Neko Genki Sogo Eiyoshoku Pouch Kenko ni Sodatsu Konekoyo, Fish Medley, Tuna/White Fish/Bonito with Horse Mackerel*," to take care of up-growth of kittens up to 12 months old.

In the pet toiletry business, the Company enhanced its lineup of pet waste care products through the launch of *Regular Deo Sheet for Puppies*, a durable sheet with absorbing power. It is ideal for puppies which are brought up mostly in the cage and those in toilet training.

3) Other Businesses

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	6,186	5,948	(237)	-3.8
Operating income	268	487	218	81.5

(Note) Net sales represent those to external customers.

As a result, sales and operating income in other businesses for the fiscal year under review were JPY 5.948 billion and JPY 487 million, respectively.

In the category of business-use products using its core non-woven fabric and absorbent, the Com pany's focus had been on the food wrapping business mainly targeted at supermarkets.

3. Projected results for FY2013

	Projected results for FY2013 (Millions of Yen)	Actual results for FY2012 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	490,000	428,391	61,609	14.4
Operating income	56,500	51,900	4,599	8.9
Ordinary income	51,000	48,361	2,639	5.5

Net income	32,000	26,981	5,018	18.6
Net income per share	171.91	144.95	26.96	18.6

Looking at the environment surrounding the Company and its group companies, markets in target Asian countries and areas are anticipated to grow at the same pace with the fiscal year under review. In Japan, stable demand for highly value-added products that meet consumer needs is likely to continue.

It is expected that the costs of raw materials will continue to increase due to the surging demand for raw materials in growing emerging economies.

In the baby care business, with respect to the *Moony* brand, the Company will offer products that are less irritating and gentle to the baby's skin by incorporating the "Air silky" sheet, a new material with fluffy woven fibers of a fine-texture like silk that is made possible by our original technology.

In the feminine care business, the Company will continue to offer products such as "skin care type" and "slim type" in response to women's needs.

In the health care business, the Company will strengthen the competitiveness of the adult toilet care products, *Liferee* brand, and play a leading role in revitalizing the market. The Company will also respond to the needs of consumers by providing marketing support at shops, through TV commercials, and on the website.

In the clean and fresh business, the Company will create new demand by enhancing the lineup of the *Silcot* brand that is popular for being gentle on the skin.

In the pet care business, the Company will respond to the increasing pet-related demand by working to develop products linked to the five major trends among Japanese pet owners: "indoor pet keeping," "popularity of smaller dogs," "aging of pets," "pet obesity," and "pet health," and also by working to create new markets.

As a result of the aforementioned efforts, net sales, operating income, ordinary income and net income for FY2013 are projected to be JPY 490 billion (up 14.4% YOY), JPY 56.5 billion (up 8.9% YOY), JPY 51 billion (up 5.5% YOY), JPY 32 billion (up 18.6% YOY), respectively, on a consolidated basis. Consequently, net income per share is forecasted to increase by JPY26.96 over the preceding fiscal year to JPY171.91.

In the meantime, the Company's assumptions on foreign exchange rates for the main currencies are JPY77.80 to the U.S. dollar and JPY107.00 to the Euro.

(2) Analysis of financial position

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)
Total assets	444,015	472,497	28,482
Net assets	219,632	243,207	23,575
Ratio of shareholders' equity (%)	45.5	45.1	—

	FY2011 (Millions of Yen)	FY2012 (Millions of Yen)	Difference (Millions of Yen)
Cash flows from operating activities	(17,239)	59,570	76,810
Cash flows from investing activities	(69,527)	(58,861)	10,665
Cash flows from financing activities	116,972	(36,513)	(153,485)
Outstanding balance of cash and cash equivalents at the end of the fiscal year	113,007	75,926	(37,081)

Total assets as of the end of the fiscal year under review were JPY472.497 billion, up by JPY28.482 billion

YOY—mainly due to increases in marketable securities by JPY19.206 billion, other intangible fixed assets by JPY16.336 billion, goodwill by JPY13.883 billion, and machinery, equipment vehicles (net) by JPY10.635 billion, and a decrease in cash and deposits by JPY51.612 billion. Liabilities were JPY229.290 billion, up by JPY4.906 billion YOY, mainly due to a decrease in long-term loans payable of JPY12.135 billion and an increase in notes and accounts payable of JPY7.787 billion. Net assets were JPY243.207 billion, up by JPY23.575 billion YOY, mainly due to increases with JPY26.981 billion of net income and JPY9.001 billion of acquisition of treasury stocks, etc.

Consequently, the ratio of shareholders' equity decreased from 45.5% as of the end of the preceding fiscal year to 45.1% as of the end of the fiscal year under review.

Net cash provided by operating activities amounted to JPY59.570 billion, mainly as the result of JPY45.573 billion in income before taxes and other adjustments, JPY7.322 billion in corporate taxes, etc. paid, JPY3.062 billion in refunds of corporate taxes, etc. received, and JPY13.257 billion in depreciation charges, etc.

Net cash used by investment activities amounted to JPY58.861 billion, primarily due to JPY28.344 billion in expenditures on purchase of affiliates' stocks and JPY26.137 billion in expenditures on the acquisition of tangible fixed assets.

Net cash used by financing activities amounted to JPY36.513 billion, primarily because of JPY6.822 billion of decrease in short-term loans payable, JPY13.830 billion in expenditure on repayment of long-term debt, and JPY9.001 billion in expenditure on acquisition of treasury stocks.

As a result, the outstanding balance of cash and cash equivalents as of the end of the fiscal year under review amounted to JPY75.926 billion, down by JPY37.081 billion from the end of the preceding year.

(Reference) Changes in cash flow-related financial indicators

	As of the end of FY2008	As of the end of FY2009	As of the end of FY2010	As of the end of FY2011	As of the end of FY2012
Ratio of shareholders' equity (%)	58.9	60.2	59.7	45.5	45.1
Ratio of shareholders' equity at market value (%)	168.7	137.2	184.6	127.0	170.4
Ratio of cash flows to interest-bearing debts (year)	0.2	0.3	0.2	—	2.1
Interest coverage ratio (times)	98.0	68.4	322.3	—	123.4

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 stocks.
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 which are included in the consolidated balance sheet.
Note 5: The ratio of cash flows to the interest-bearing debts and interest coverage ratio of FY2011 are not stated, as cash flows from operating activities are negative.

(3) Basic policy regarding profit distribution and dividends for FY2012 and FY2013

The Company recognizes that it is one of its most important management policies to return profits to shareholders, and it is striving to increase corporate value by generating cash flows to achieve it. In addition, the Company will maintain its policy of increasing dividend payments in a stable and continual manner while making efforts for aggressive expansion of business investment toward enhancement and growth of corporate structure to strengthen profitability.

The company has acquired treasury stocks of 2,175,000 shares (with a total acquisition cost of JPY8.999 billion) for the period commencing on February 1, 2012 and ending on March 23, 2012 by means of the "purchase on the market by the trust method at the Tokyo Stock Exchange," in line with the Company's policy of returning 50% of net income to shareholders by way of cash dividends and share buy-backs.

For the fiscal year under review, the Company will pay year-end dividends of JPY16 per share, as officially announced previously. As a result, the annual dividends will be JPY32 per share.

For FY2013, the Company's annual dividends per share will be JPY34 and interim dividends per share will be JPY17.

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 create new values all the time and promote corporate activities with the aim of bringing about the best value to its stakeholders, which specifically are 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 Unicharm Group is implementing the Eighth Medium-Term Management Plan whose content is described in the Annual Report 2011.

For the Annual Report, please refer to the following URL.
Website of the Company:
http://www.unicharm.co.jp/english/ir/library/annual/index.html

(4) Issues facing the Group

The Unicharm Group continued from the previous consolidated fiscal year to promote corporate reforms with the focus mainly on revitalizing the domestic market, and promoting overseas market growth and expanding overseas business, mainly in Asia, as the most important issue. As a result, we were able to steadily increase profits.

During the consolidated fiscal year under review, the Company was able to expand overseas business boosted by economic growth in emerging countries, mainly in Asia. In the meantime, we endeavored to increase sales as well as cut costs, as in Japan part of the personal care and pet care businesses saw their markets shrink, while demand for high value-added products emerged.

In order to further promote corporate reform in the future, we will put greater focus on increasing added value through continuous product innovation and to thoroughly pursue cost reduction and streamlining of expenses in all businesses.

In overseas business, centering on Asia, the Company will speedily promote aggressive development of business areas and expansion of product lineups to meet consumer needs in order to establish itself as a category leader in the growth market, with the goal of improving business performance.

3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

(Millions of Yen)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Assets		
Current assets		
Cash and deposits	118,569	66,956
Notes and accounts receivable	46,038	50,404
Marketable securities	701	19,908
Merchandise and finished goods	11,724	18,067
Raw materials and supplies	10,309	14,911
Work in progress	359	682
Deferred tax assets	11,453	12,750
Other current assets	5,597	7,042
Allowance for bad debts	(33)	(86)
Total current assets	204,719	190,637
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net)	31,161	32,334
Machinery, equipment and vehicles (net)	48,525	59,160
Land	11,685	11,905
Construction in progress	4,917	9,429
Other tangible fixed assets (net)	2,100	3,991
Total tangible fixed assets	*1 98,389	*1 116,821
Intangible fixed assets		
Goodwill	65,022	78,905
Other intangible fixed assets	2,467	18,804
Total intangible fixed assets	67,489	97,709
Investments and other assets		
Prepaid pension expenses	5,658	5,746
Investments in marketable securities	13,027	14,299
Deferred tax assets	53,107	45,146
Other investments	1,804	2,326
Allowance for bad debts	(182)	(190)
Total investments and other assets	73,416	67,329
Total fixed assets	239,295	281,859
Total assets	444,015	472,497

(Millions of Yen)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable	37,991	45,778
Short-term loans payable	8,371	8,267
Accrued amount payable	28,422	29,742
Accrued corporate taxes, etc.	1,953	4,348
Reserve for bonuses	3,833	4,003
Allowance for loss on disaster	639	—
Other current liabilities	8,930	14,222
Total current liabilities	90,143	106,361
Long-term liabilities		
Bonds with share warrants payable	80,642	80,585
Long-term loans payable	47,354	35,219
Deferred tax liabilities	688	1,365
Reserve for severance benefits	2,623	2,754
Other long-term liabilities	2,931	3,004
Total long-term liabilities	134,240	122,928
Total liabilities	224,383	229,290
Net assets		
Shareholders' equity		
Common stock	15,992	15,992
Additional paid-in capital	18,802	18,802
Retained earnings	217,111	238,568
Treasury shares	(43,924)	(52,925)
Total shareholders' equity	207,981	220,437
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	3,276	4,180
Gains (losses) on deferred hedges	(13)	(13)
Land revaluation differences	(89)	(157)
Foreign currency translation adjustments	(9,220)	(11,372)
Total accumulated other comprehensive income	(6,047)	(7,362)
Subscription rights to shares	288	958
Minority interests	17,408	29,174
Total net assets	219,632	243,207
Total liabilities and net assets	444,015	472,497

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Net sales	376,947	428,391
Cost of sales	203,394	233,936
Gross profits	173,553	194,455
Selling, general and administrative expenses	*1, *2 126,991	*1, *2 142,554
Operating income	46,561	51,900
Non-operating income		
Interest received	621	740
Dividends received	246	273
Other non-operating income	840	669
Total non-operating income	1,708	1,682
Non-operating expenses		
Interests paid	310	460
Sales discount	3,296	4,189
Foreign exchange losses	1,267	464
Other non-operating expenses	258	108
Total non-operating expenses	5,132	5,222
Ordinary income	43,137	48,361
Extraordinary income		
Gain on sale of fixed assets	1,011	8
Gain on sales of invested marketable securities	—	8
Gain on reversal of allowance for bad debts	905	—
Gain on sale of investments in affiliates	1,214	—
Others	—	0
Total extraordinary income	3,131	17
Extraordinary losses		
Losses on disposal of fixed assets	794	1,334
Loss on sales of invested marketable securities	312	—
Loss on evaluation of invested securities	355	107
Losses caused due to application of accounting standards for asset retirement obligations	71	—
Loss on disaster	1,083	553
Business structure improvement expenses	—	*3 616
Other extraordinary losses	354	192
Total extraordinary losses	2,973	2,805

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Income before taxes and other adjustments	43,295	45,573
Corporate tax, inhabitant tax and business tax	65,647	7,834
Refunds of corporate tax, etc.	(1,120)	(283)
Adjustments on corporate tax, etc.	(58,265)	7,323
Total corporate tax, etc.	6,261	14,875
Income before minority interests	37,034	30,697
Minority interests	3,473	3,716
Net income	33,560	26,981

Consolidated statement of comprehensive income

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Income before minority interests	37,034	30,697
Other comprehensive income		
Unrealized gains on available-for-sale securities	475	903
Gains (losses) on deferred hedges	(56)	(8)
Foreign currency translation adjustment	(5,032)	(1,747)
Total other comprehensive income	(4,613)	(851)
Comprehensive income	32,420	29,846
Of which:		
Comprehensive income attributable to owners of the parent	30,257	26,042
Comprehensive income attributable to minority interests	2,162	3,803

(3) Consolidated statement of changes in shareholders' equity

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Shareholders' Equity		
Capital Stocks		
Balance as of the end of the preceding consolidated fiscal year	15,992	15,992
Balance as of the end of the consolidated fiscal year	15,992	15,992
Additional paid-in capital		
Balance as of the end of preceding consolidated fiscal year	18,802	18,802
Balance as of the end of the consolidated fiscal year	18,802	18,802
Retained earnings		
Balance as of the end of the preceding consolidated fiscal year	188,696	217,111
Changes during the consolidated fiscal year		
Payment of dividends	(4,845)	(5,592)
Net income	33,560	26,981
Reversal of differences in land reappraisal value	(300)	67
Total changes during the consolidated fiscal year	28,414	21,456
Balance as of the end of the consolidated fiscal year	217,111	238,568
Treasury stocks		
Balance as of the end of the preceding consolidated fiscal year	(36,329)	(43,924)
Changes during the consolidated fiscal year		
Acquisition of treasury stocks	(7,594)	(9,001)
Total changes during the consolidated fiscal year	(7,594)	(9,001)
Balance as of the end of the consolidated fiscal year	(43,924)	(52,925)
Total shareholders' equity		
Balance as of the end of the preceding consolidated fiscal year	187,161	207,981
Changes during the consolidated fiscal year		
Payment of dividends	(4,845)	(5,592)
Net income	33,560	26,981
Acquisition of treasury stocks	(7,594)	(9,001)

Reversal of differences in land reappraisal value	(300)	67
Total changes during the consolidated fiscal year	20,819	12,455
Balance as of the end of the consolidated fiscal year	207,981	220,437
Unrealized gains (losses) on available-for-sale securities		
Balance as of the end of the preceding consolidated fiscal year	2,795	3,276
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	480	903
Total changes during the consolidated fiscal year	480	903
Balance as of the end of the consolidated fiscal year	3,276	4,180

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Gains (losses) on deferred hedges		
Balance as of the end of the preceding consolidated fiscal year	8	(13)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(22)	(0)
Total changes during the consolidated fiscal year	(22)	(0)
Balance as of the end of the consolidated fiscal year	(13)	(13)
Land revaluation difference		
Balance as of the end of the preceding consolidated fiscal year	(618)	(89)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	528	(67)
Total changes during the consolidated fiscal year	528	(67)
Balance as of the end of the consolidated fiscal year	(89)	(157)
Foreign currency translation adjustment		
Balance as of the end of the preceding consolidated fiscal year	(5,459)	(9,220)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(3,761)	(2,151)
Total changes during the consolidated fiscal year	(3,761)	(2,151)
Balance as of the end of the consolidated fiscal year	(9,220)	(11,372)
Total other comprehensive income		
Balance as of the end of the preceding consolidated fiscal year	(3,273)	(6,047)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(2,773)	(1,315)
Total changes during the consolidated fiscal year	(2,773)	(1,315)
Balance as of the end of the consolidated fiscal year	(6,047)	(7,362)
Subscription rights to shares		
Balance as of the end of the preceding consolidated fiscal year	—	288
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	288	669
Total changes during the consolidated fiscal year	288	669
Balance as of the end of the consolidated fiscal year	288	958

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Minority interests		
Balance as of the end of the preceding consolidated fiscal year	23,524	17,408
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(6,115)	11,765
Total changes during the consolidated fiscal year	(6,115)	11,765
Balance as of the end of the consolidated fiscal year	17,408	29,174
Total net assets		
Balance as of the end of the preceding consolidated fiscal year	207,413	219,632
Changes during the consolidated fiscal year		
Payment of dividends	(4,845)	(5,592)
Net income	33,560	26,981
Acquisition of treasury stocks	(7,594)	(9,001)
Reversal of differences in land reappraisal value	(300)	67
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(8,600)	11,119
Total changes during the consolidated fiscal year	12,218	23,575
Balance as of the end of the consolidated fiscal year	219,632	243,207

(4) Consolidated statement of cash flows

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Cash flows from operating activities		
Income before tax and other adjustments	43,295	45,573
Depreciation charges	14,620	13,257
Amortization of goodwill	2,760	3,899
Increase (decrease) in allowance for bad debts	(884)	13
Increase (decrease) in reserve for employee severance benefits	367	176
Receipt of interests and dividends	(868)	(1,013)
Payment of interests	310	460
Losses (gains) on sale of tangible fixed assets	(217)	1,326
Losses (gains) on sale and valuation of investment securities	668	98
Gain on sale of Investments in affiliates	(1,214)	—
Decrease (Increase) in trade receivables	(5,629)	(2,069)
Decrease (Increase) in inventories	(2,874)	(4,921)
Increase (decrease) in trade payables	4,649	3,988
Increase (decrease) in other current liabilities	761	1,658
Other	1,766	833
Sub-total	57,512	63,282
Interests and dividends received	826	1,030
Interests paid	(355)	(482)
Refunds of corporate taxes, etc. received	4,064	3,062
Corporate taxes, etc. paid	(79,288)	(7,322)
Cash flows from operating activities	(17,239)	59,570
Cash flows from investing activities		
Payments into time deposits	(6,900)	(6,300)
Proceeds from withdrawal of time deposits	16,841	4,312
Expenditure on acquisition of marketable securities	(7,600)	(12,299)
Income from sale and redemption of marketable securities	8,398	10,083
Expenditure on acquisition of tangible fixed assets	(27,439)	(26,137)
Income from sale of tangible fixed assets	1,701	866
Expenditure on acquisition of intangible fixed assets	(381)	(484)
Expenditure on acquisition of investment securities	(77)	(1,040)
Income from sale and redemption of investment securities	4,784	258
Proceeds from sales of investments in capital of affiliates	4,947	—
Expenditure on purchase of affiliates' stocks	(63,691)	(28,344)
Other	(109)	224
Cash flows from investing activities	(69,527)	(58,861)

(Millions of Yen)

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	1,489	(6,822)
Income from incurrence of long-term debt	70,000	—
Expenditure on repayment of long-term debt	(21,749)	(13,830)
Proceeds from issuance of bonds	80,672	—
Expenditure on acquisition of treasury stocks	(7,594)	(9,001)
Dividends paid	(4,844)	(5,584)
Dividends paid to minority shareholders	(1,181)	(1,148)
Income from payments by minority shareholders	262	—
Other	(81)	(126)
Cash flows from financing activities	116,972	(36,513)
Currency translation effect on cash and cash equivalents	(1,467)	(1,278)
Increase (decrease) in cash and cash equivalents	28,737	(37,081)
Amount of cash and cash equivalents outstanding at beginning of period	84,270	113,007
Amount of cash and cash equivalents outstanding at end of period	113,007	75,926

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

Not applicable

(6) Material accounting policies concerning the preparation of consolidated financial statements

1. Matters related to the scope of consolidation
   All subsidiaries of the Company are consolidated.
   Number of consolidated subsidiaries: 40

2. Matters related to accounting standards
   Methods of depreciation of material depreciable assets

   1) Tangible fixed assets (excluding lease assets)…Mainly by straight-line method

      Standard useful years are as follows:

      Buildings and other structures: 2 - 60 years

      Machinery, equipment and vehicles: 2 - 40 years.

(Change in accounting policies)

Change in methods of depreciation of tangible fixed assets

Depreciation of tangible fixed assets of the Company and its domestic consolidated subsidiaries had been computed by declining-balance method (straight-line method had been applied to buildings, excluding accessory equipment, acquired after April 1, 1998), but effective from this consolidated fiscal year, the straight-line method has been applied to all tangible fixed assets.

This change is aiming to unify the Group's accounting methods and adjust its profit and loss figures periodically. The change was triggered by developments in the Group's capital expenditure environment. In April 2011, the Group formulated its eighth medium-term management plan, "Blue Sky Plan," and under this plan, the Group expects to increase its overseas capital expenditures in its efforts to capitalize on the acceleration of global business development.

As a result, in order to carry out more appropriate cost allocation, the Company judged that the actual business conditions would be reflected more correctly by changing the depreciation method of tangible fixed assets to the straight-line method, as tangible fixed assets of the Company and its domestic consolidated subsidiaries have been stably operated within the useful life and stable profits are expected from the products of the Group.

Due to this change, operating income, ordinary income, and income before taxes and other adjustments increased during the consolidated fiscal year under review by ¥3,611 million from the amount that would have been under the previous accounting method.

The impact on each business segment is stated in the relevant sections of this document.

   2) Intangible fixed assets (excluding lease assets)...Straight-line method
      In case of software (for internal use), internally estimated useful life (5 years) is used as standard useful years.

   3) Lease assets…. The Company has depreciated lease assets for non-transferable financial leases by using the straight-line method where their useful life shall be equal to the lease period and their residual value shall be zero.

Material matters affecting the preparation of consolidated financial statements, except for "1. Matters related to the scope of consolidation" and "2. Matters related to accounting standards," are not stated as there was no significant change from those described in the most recent securities report (yukashoukenhoukokusho, filed on June 27, 2011).

(7) Change in accounting policies

(Application of Accounting Standard for Earnings Per Share Etc.)

Effective from the consolidated fiscal year under review, “Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, June 30, 2010) and “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, June 30, 2010) have been applied.

As a result, the method of calculating quarterly net income per share adjusted for residual shares has been changed. In the case of stock options that become vested after a certain period of service, the estimate of the amount that would be paid upon the exercise of the options, now includes that portion of the fair value of the options that relates to services that the Company will be provided in the future.

There is no impact on the figures for the previous consolidated fiscal year from this change.

<Additional Information>

(Application of Accounting Standard, etc. for Accounting Changes and Error Corrections)

Effective for accounting changes and past error corrections made in or after the beginning of the 1st quarter consolidated fiscal period, the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) have been applied.

(Effect of changes in corporate taxation rate)

The “Act to partially revise the Income Tax Act and others in order to construct a tax system corresponding to changes in the structure of economic system” (Act No. 114 of 2011) and the “Special measures act to secure the financial resources required to implement policy on restoration after the Great East Japan Earthquake” (Act No. 117 of 2011) were announced on December 2, 2011, and as a result, effective from consolidated fiscal years beginning on or after April 1, 2012, the standard corporate taxation rate will be reduced and a special corporate tax for reconstruction will be introduced. Until now, the normal effective statutory tax rate we have used to calculate deferred tax assets and deferred tax liabilities have been 40.7%. Due to the above, however, with temporary disparities expected to be resolved from the consolidated fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, the normal effective statutory tax rate will be 38.01%, while that applied to temporary disparities expected to be eliminated in or after the fiscal year beginning on April 1, 2015 will be 35.64%. As a result, the net value of deferred tax assets (i.e. deferred tax assets less deferred tax liabilities) will decline by ¥5,275 million, while adjustments on corporate tax etc. will increase by ¥5,546 million.

Under the new rule for the carry-over for losses, the maximum amount allowed to carry-over will be equivalent to 80% of the income before carry-over for the consolidated fiscal year starting on and after April 1, 2012. As a result, deferred tax assets decreased by JPY7.392 billion, while adjustments on corporate tax, etc. increased by JPY7.392 billion.

(Establishment of a subsidiary)

During the fourth quarter of the consolidated fiscal year under review, the Company established, through its consolidated subsidiary Unicharm China Co., Ltd., Unicharm Nonwoven (Tianjin) Co., Ltd. and Unicharm Packaging Material (Tianjin) Co., Ltd.. These companies are not included in the scope of consolidation in the consolidated fiscal year under review, as their closing date for the fiscal year is December 31, which is different from the consolidated closing dates of the Unicharm Group for the fiscal year and the quarterly period.

8) Notes to consolidated financial statements

(Consolidated balance sheet)

*1 Accumulated depreciation of fixed assets

FY2011 (as of March 31, 2011)		FY2012 (as of March 31, 2012)	
Accumulated depreciation of tangible fixed assets	146,211 mil.	Accumulated depreciation of tangible fixed assets	155,828 mil.

(Consolidated statement of income)

*1 Major items constituting selling, general and administrative expenses

FY2011 (April 1, 2010 – March 31, 2011)		FY2012 (April 1, 2011 – March 31, 2012)	
Advertisement costs	12,627 mil.	Advertisement costs	13,705 mil.
Salaries and bonuses to employees	12,128 mil.	Salaries and bonuses to employees	13,807 mil.
Allowance for bonuses transferred	1,588 mil.	Allowance for bonuses transferred	1,624 mil.
Employee retirement benefits	1,319 mil.	Employee retirement benefits	1,341 mil.
Depreciation charges	1,373 mil.	Depreciation charges	1,464 mil.
Sales promotion expense	49,778 mil.	Sales promotion expense	57,408 mil.
Sales-related transportation expense	19,710 mil.	Sales-related transportation expense	21,467 mil..

*2 Research and development expenses included in selling, general and administrative expenses and manufacturing costs incurred in the Preceding fiscal year were:

FY2011 (April 1, 2010 – March 31, 2011)		FY2012 (April 1, 2011 – March 31, 2012)	
General and administrative expenses	4,953 mil.	General and administrative expenses	4,733 mil.
Total	4,953 mil.	Total	4,733 mil.

*3 Business structure improvement expenses in FY2012 are expenses incurred in relation to the reorganization of the personal care business segment.

(Segment information, etc.)

[Segment Information]

1. Outline of 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.

   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 (*yukashoukenhoukokusho*, filed June 27, 2011).

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

For Preceding Consolidated Fiscal Year (April 1, 2010 – March 31, 2011)

(Millions of Yen)

	Reporting segment				Elimination or company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	322,994	47,767	6,186	376,947	—	376,947
Internal sales or transfers across segments	—	—	22	22	(22)	—
Total	322,994	47,767	6,208	376,969	(22)	376,947
Operating income	40,130	6,139	268	46,537	23	46,561
Assets	276,028	66,837	23,107	365,973	78,042	444,015
Others						
Depreciation charges	13,741	656	222	14,620	—	14,620
Amortization of goodwill	710	2,049	—	2,760	—	2,760
Increase of tangible and intangible fixed assets	26,487	56,083	84	82,655	—	82,655

For Consolidated Fiscal Year under Review (April 1, 2011 – March 31, 2012)

(Millions of Yen)

	Reporting segment				Elimination or Company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	362,885	59,557	5,948	428,391	—	428,391
Internal sales or transfers across segments	—	—	20	20	(20)	—
Total	362,885	59,557	5,969	428,411	(20)	428,391
Operating income	48,214	3,173	487	51,875	25	51,900
Assets	332,205	96,878	25,146	454,229	18,267	472,497
Others						
Depreciation charge	11,920	1,212	124	13,257	—	13,257
Amortization of goodwill	833	3,065	—	3,899	—	3,899
Increase in tangible and intangible fixed assets	42,588	26,785	125	69,498	—	69,498

(Notes)

1. As stated in “2. Matters related to accounting standards” in “(6) Material accounting policies concerning the preparation of consolidated financial statements,” depreciation of the tangible fixed assets of the Company and its domestic consolidated subsidiaries had been computed by the declining-balance method (the straight-line method had been applied to buildings, excluding accessory equipment, acquired after April 1, 1998), but effective from this consolidated fiscal year, the straight-line method has been applied to all tangible fixed assets. Consequently, operating income increased by ¥3,261 million in the personal care business, ¥286 million in the pet care business, and ¥63 million in other businesses from the amounts that would have been posted under the previous accounting method.

2. Unicharm Kokko Nonwoven Co., Ltd.–a consolidated subsidiary of the Company–implemented the absorption-type merger with Ac-eight Corporation–which was also a consolidated subsidiary of the Company–as of January 17, 2012. As a result, Ac-eight Corporation’s financial figures—for sales, income, assets, and others—which used to be included in the Other segment are in the Personal Care segment, starting from the consolidated fiscal year under review. Regarding the “Information concerning the amount of sales, profits/losses, assets, liabilities and other items by reporting segment” in the previous consolidated fiscal year, the figures have been revised to reflect the above change.

(Business combination, etc.)

For Preceding Consolidated Fiscal Year (April 1, 2010 – March 31, 2011)

Transactions under common control, etc.

(Merger of Unicharm PetCare Corporation, a subsidiary of the Company)

(1) Outline of business combination

The Company resolved to merge Unicharm PetCare Corporation into the Company (collectively, "Both Companies"), provided that the Company acquires the common stock of Unicharm PetCare through a tender offer (the "Tender Offer"), based on the Financial Instruments and Exchange Law, and completes the Tender Offer, and executed the merger agreement at a meeting of its Board of Directors held on April 30, 2010.

The Company successfully completed the Tender Offer for the period from May 6, 2010 to June 16, 2010.

In addition, the merger was approved in the 50th general shareholders meeting of Unicharm held on June 24, 2010.

Upon such approval, the Company, as the surviving company, completed the merger ("the Merger") of Unicharm PetCare, the dissolved company, effective September 1, 2010.

I. Purpose of the merger

The Company aimed to be more strongly positioned in the domestic market and enhance the prospective overseas business of the Both Companies by enhancing managerial flexibility, optimizing the managerial resources including human resources of the Both Companies, expanding the business through cooperative strategic investments, and achieving more rapid synergy effect. In order to achieve these goals, the Company reached to the conclusion that the Both Companies should operate their business as one entity.

II. Summary information of the merger

1) Schedule

Effective date of the merger	September 1, 2010
Payment date of the consideration for the merger	October 29, 2010

2) Scheme

The merger was executed by the absorption method, whereby the Company became the surviving company and Unicharm PetCare became the dissolved company. Unicharm PetCare was dissolved effective as of September 1, 2010.

3) Consideration

The Company paid in cash ¥3,825 per share (a total of ¥2,848 million for 744,651 shares) to the shareholders of Unicharm Pet Care registered or recorded in the final list of shareholders (excluding Both Companies) just before the merger is effective. Since the merger consideration consists of cash, the Company will neither issue new shares nor allocate treasury stock.

4) Description of the merged company (as of March 31, 2010)

i)	Name:	Unicharm PetCare Corporation
ii)	Location:	3-5-27, Mita, Minato-ku, Tokyo
iii)	Representative:	President & CEO Gumpei Futagami
iv)	Business:	Production and sales of pet food and pet toiletry products
v)	Common stock:	¥ 2,371 million
vi)	Founded:	October 6, 1979
vii)	Number of the shares issued:	29,360,000
viii)	Fiscal year end date:	March 31

(2) Accounting treatment

The merger recorded as the transaction under common control in accordance with ASBJ Statement No.21 "Accounting Standards for Business Combinations" on December 26, 2008 and ASBJ Guidance No.10

"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business divestitures" on December 26, 2008.

For Consolidated Fiscal Year under Review (April 1, 2011 – March 31, 2012)

Business combination through acquisition: Diana Joint Stock Company

(1) Outline of business combination

1) Name and operations of acquired company

Name of acquired company: Diana Joint Stock Company ("Diana")

Operations: Manufacturing and distribution of feminine care products, baby diapers, adult diapers, tissues, etc.

2) Main reason for business combination

To raise our presence in the Vietnamese market by fusing Diana's business base, i.e. its diverse experience in marketing activities and sales capabilities in Vietnam, with the Uni-Charm Group's technological strength, i.e. its manufacturing and development capabilities and lean production system.

3) Business combination date

September 26, 2011 (share acquisition date)

September 30, 2011 (deemed acquisition date)

4) Legal form of business combination

Acquisition of shares for cash

5) Name of company after business combination

Unchanged

6) Percentage of voting rights acquired

95.0%

7) Background to the decision on the business combination

The acquisition of shares for cash by our subsidiary Uni-Charm (Thailand) Co., Ltd.

(2) Business term of the acquired company included in the consolidated statement of income for the 3rd quarter consolidated fiscal period

The deemed acquisition date is October 1, 2011, and Diana's fiscal year ends on December 31. Because the Uni-Charm Group's consolidated closing date relating to the fiscal year and quarters differ, Diana's business results are not included in the consolidated statement of income for the 3rd quarter consolidated fiscal period under review.

(3) Acquisition cost for the acquired company and breakdown thereof

Price of acquisition	
fair value of ordinary shares in Diana acquired on the business combination date	¥14,563 million
Expenses directly incurred in the acquisition	
advisory expenses, etc.	¥329 million
Acquisition cost	¥14,893 million

(4) Amount of goodwill arising, reasons for it, and method and period of amortization

1) Amount of goodwill arising

¥13,377 million

2) Reasons for goodwill

The extra earning potential expected to be delivered through the future development of the business

3) Method and period of amortization

Straight-line amortization over 20 years

(5) Assets acquired and liabilities assumed on the day of business combination and their major breakdowns

Current assets	JPY 1.890 billion
Fixed assets	JPY 2.629 billion
Total assets	JPY 4.520 billion
Current liabilities	JPY 2.374 billion
Long-term liabilities	JPY 0.549 billion
Total liabilities	JPY 2.923 billion

Business combination through acquisition: The Hartz Mountain Corporation

(1) Outline of business combination

1) Name and operations of acquired company

Name of acquired company: The Hartz Mountain Corporation ("Hartz")

Operations: Manufacturing and sales of pet care products

2) Main reason for business combination

To quickly expand our pet care business in the U.S. by fusing Hartz's business foundation, i.e. its diverse experience in marketing activities and sales capabilities in the U.S., with the Uni-Charm Group's technological strength, product development capabilities, and lean production system in the pet care business.

3) Business combination date

October 1, 2011 (deemed acquisition date)

December 30, 2011 (share acquisition date)

4) Legal form of business combination

Acquisition of shares for cash

5) Name of company after business combination

Unchanged

6) Percentage of voting rights acquired

51.0%

7) Background to the decision on the business combination

The acquisition of shares for cash by the Company

(2) Business term of the acquired company included in the consolidated statement of income for the 3rd quarter consolidated fiscal period

October 1, 2011 to March 31, 2012

(3) Acquisition cost for the acquired company and breakdown thereof

Price of acquisition fair value of ordinary shares in Hartz acquired on the business combination date	¥13,176 million
Expenses directly incurred in the acquisition advisory expenses, etc.	¥97 million
Acquisition cost	¥13,273 million

(4) Amount of goodwill arising, reasons for it, and method and period of amortization

1) Amount of goodwill arising

¥3,878 million

2) Reasons for goodwill

The extra earning potential expected to be delivered through the future development of the business

3) Method and period of amortization

Straight-line amortization over 20 years

(5) Assets acquired and liabilities assumed on the day of business combination and their major breakdowns

Current assets	JPY 10.078 billion

Fixed assets	JPY 20.710 billion
Total assets	JPY 30.789 billion
Current liabilities	JPY 9.454 billion
Long-term liabilities	JPY 2.913 billion
Total liabilities	JPY 12.367 billion

In the allocation of acquisition costs, main items, other than goodwill, that have been allocated to intangible fixed assets are customer-related intangible assets of JPY8.124 billion and trademark of JPY7.128 billion. Amortization periods for these assets are individually set based on their useful lives.

(Per-share information)

(Yen)

FY2011 (April 1, 2010 – March 31, 2011)		FY2012 (April 1, 2011 – March 31, 2012)	
Net assets per share	1,083.21	Net assets per share	1,156.46
Net income per share	178.11	Net income per share	144.95
Net income per share-diluted	168.42	Net income per share-diluted	130.05

(Note 1) The calculation basis for net income per share and net income per share-diluted is as follows:

	FY2011 (April 1, 2010 – March 31, 2011)	FY2012 (April 1, 2011 – March 31, 2012)
Net income per share — basic:		
Net income reported in the consolidated income statement (Millions of Yen)	33,560	26,981
Amount not attributable to common stock holders (Millions of Yen)	—	—
Net income relevant to common stock (Millions of Yen)	33,560	26,981
Average number of common stocks during period (Thousands of shares)	188,421	186,144
Net income per share — diluted		
Adjustment for net income (Millions of Yen)	(17)	(57)
Of which interest on bonds	(17)	(57)
Increase in the number of common stock (Thousands of shares) Of which the number of stock options Of which the number of convertible bonds with share warrants	10,734 (10,734) —	20,883 (20,729) (154)
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	Stock options resolved at the ordinary general meeting of shareholders held on June 24, 2010 Stock options: 25,893 Common stock: 2,589,300	――――

(Note 2) Calculation basis for net assets per share is as follows:

	The End of Preceding Consolidated Fiscal Year (March 31, 2011)	The End of Consolidated Fiscal Year under Review (March 31, 2012)
Total of net assets reported in the consolidated balance sheet (Millions of Yen)	219,632	243,207
Main items of the difference (Millions of Yen)		
Subscription rights to shares (Millions of Yen)	(288)	(958)
Minority interests (Millions of Yen)	(17,408)	(29,174)
Net assets relevant to common stock (Millions of Yen)	201,934	213,074
Number of common stock used to calculate net asset per share (Thousands of shares)	186,422	184,247

(Changes in accounting policy)

Effective from the 1st quarter of the consolidated fiscal year under review, “Accounting Standard for Earnings Per Share (Accounting Standards Board of Japan (ASBJ) Statement No. 2, June 30, 2010)” and “Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4, June 30, 2010) have been applied.

As a result, the method of calculating quarterly net income per share adjusted for residual shares has been changed. In the case of stock options that become vested after a certain period of service, the estimate of the amount that would be paid upon the exercise of the options, now includes that portion of the fair value of the options that relates to services that the Company will be provided in the future.

There is no impact on the figures for the previous consolidated fiscal year from this change.

(Significant subsequent events)

For the preceding consolidated fiscal year (April 1, 2010 through March 31, 2011)

Not applicable

For the consolidated fiscal year under review (April 1, 2011 through March 31, 2012)

Not applicable