TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice has been translated from the original Japanese text of the Consolidated Financial Results of FY2010 ended March 31, 2010, and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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

Financial Results
for the Fiscal Year Ended March 31, 2010

April 30, 2010

Listed Company Name: Unicharm

Listing: Tokyo Stock Exchange in Japan

Code Number: 8113 URL: http://www.unicharm.co.jp

Company Representative: Takahisa Takahara, President and Chief Executive Officer

Contact Person: Yasushi Akita, Executive Officer and General Manager of Accounting and Finance Division

Telephone Number: (03) 3451-5111

Scheduled date of general shareholders' meeting: June 24, 2010

Scheduled commencement date of dividend distribution: June 7, 2010

Scheduled filing date of securities report: June 25, 2010

(Figures are rounded down to the nearest 1 million yen)

1. Consolidated Results for FY2010 (April 1, 2009 through March 31, 2010).

(1) Consolidated financial results.

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2010	356,825	2.6	45,066	29.2	45,855	45.1	24,463	42.8
FY2009	347,849	3.3	34,883	3.4	31,607	(2.2)	17,127	2.7

	Net income Per share-basic	Net income Per share-diluted	Net income to Shareholder' equity	Ordinary income to Assets	Operating income to Net sales
	Yen	Yen	%	%	%
FY2010	385.69	385.66	13.9	15.9	12.6
FY2009	268.32	268.21	10.4	11.4	10.0

(Reference) Equity method investment gain or loss: FY2010: 17 million yen
FY2009: 12 million yen

(2) Consolidated financial position

	Total assets	Net assets	Ratio of shareholder' equity	Net assets per share
	Million yen	Million yen	%	Yen
FY2010	307,773	207,413	59.7	2,922.16
FY2009	278,313	185,590	60.2	2,634.12

(Reference) Shareholders ' equity: FY2010: 183,888 million yen
FY 2009: 167,667 million yen

(3) Consolidated cash flows.

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at the end of fiscal year
	Million yen	Million yen	Million yen	Million yen
FY2010	55,032	(22,239)	(9,455)	84,270
FY2009	21,978	(44,316)	(3,197)	60,421

2. Dividends.

	Cash dividends per share					Total amount of cash dividends (annual)	Dividends payout Ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
(Record Date)	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2009	—	27.00	—	27.00	54.00	3,455	20.1	2.1
FY2010	—	35.00	—	35.00	70.00	4,430	18.1	2.5
FY2011 (Forecast)	—	42.00	—	42.00	84.00		20.6	

Note: With respect to the cash dividend forecast for FY2011, the amount does not take into account the impact of the contemplated stock-split. Please refer to "(Reference) Post-stock-split forecast of business result and dividend" on page 3 below for further details.

3. Forecast of consolidated results for FY2011 (April 1, 2010 through March 31, 2011).

(Figures in percentage represent increases or decreases from the same period of preceding fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	186,000	7.8	21,600	0.7	21,000	(4.5)	12,000	(6.8)	190.69
Full Year	393,000	10.1	48,000	6.5	46,500	1.4	25,500	4.2	405.22

Note: With respect to the consolidated results for FY2011 above, the amount does not take into account the impact of the contemplated stock-split. Please refer to "(Reference) Post-stock-split forecast of business result and dividend" on page 3 below for further details.

４.Others.

(1) Any change of major subsidiaries during the fiscal year under review (or any change of specified subsidiaries accompanying a change in the scope of consolidation: None
Newly consolidated subsidiary(ies): -
Subsidiary(ies) excluded from the scope of consolidation: -

(2) Any change to accounting principles, procedures, presentation methods, etc. for consolidation financial statements (which is noted as a change in important matters affecting the preparation of consolidated financial statements).
(i) Change(s) arising from revision of accounting standards, etc.: Yes
(ii) Change(s) arising from revision of other factors: None
Note: For details, please refer to "Changes in important matters affecting the preparation of consolidated financial statements" on page 28.

(3) Number of shares issued and outstanding (common stock).
(i) Number of shares issued and outstanding (including treasury shares).
FY2010: 68,981,591 shares
FY2009: 68,981,591 shares
(ii) Number of treasury shares.
FY2010: 6,052,515 shares
FY2009: 5,329,376 shares
Note: For the number of shares used as a calculation basis for (consolidated) net income per share, please refer to "Per-Share Information" on page 38.

(Reference) Overview of the Non-Consolidated Results.

1. Non-consolidated results for FY2010 (April 1, 2009 through March 31, 2010).
 (1) Non-consolidated financial results.

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2010	176,155	0.0	11,403	63.9	20,584	43.6	13,893	54.3
FY2009	174,156	1.1	6,959	(41.1)	14,330	(17.1)	9,005	(20.9)

	Net Income Per share-basic	Net Income Per share-diluted
	Yen	Yen
FY2010	219.03	219.02
FY2009	141.07	141.02

 (2) Non-consolidated financial position.

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	Million yen	Million yen	%	Yen
FY2010	164,715	128,939	78.3	2,048.96
FY2009	159,596	124,509	78.0	1,956.09

(Reference) Shareholders' equity: FY2010: ¥128,939 million
FY2009: ¥124,509 million

2. Projected non-consolidated business results for FY2011 (April 1, 2010 through March 31, 2011).
The description of projected non-consolidated business results is omitted herein as we have deemed it immaterial as investment information.

(Reference) Post-stock-split forecasts of business results and dividends.
At the board meeting held on April 30, 2010, the Company resolved to effect a stock split and revise its Articles of Incorporation related thereto; as a result, the Company is scheduled to carry out a 3-for-1 stock split with respect to its common stock, effective October 1, 2010. On the assumption the contemplated stock-split is completed, the projected business results and dividends for FY2011 are as follows:

1. Projected consolidated results for FY2011 (net income per share).

Interim	63.06 yen
Full Year	134.01 yen

2. Projected dividends for FY2011 (cash dividends per share).
 Base date: Fiscal year ended March 2010 (projection)

End of 2Q	End of 4Q	Annual
14.00 yen	14.00 yen	28.00 yen

* Explanation on the appropriate use of projected business results and other special remarks.

(Remarks with respect to reference to future events, etc.)

Whereas the Company is scheduled to effect a merger on September 1, 2010, where the Company will be the surviving company and Unicharm PetCare Corporation will be the extinct company, pursuant to a merger agreement, under which the failure of the tender offer to acquire all issued and outstanding shares of Unicharm PetCare Corporation is a condition subsequent, projections/forecasts contained herein do not take into account any impact resulting from such planned merger.
Actual results may differ significantly due to risks and uncertainties associated with factors such as market competition and foreign exchange rates.
Please refer to "1. Operating Results" from pages 4 to 10 for more details with respect to the projected business results.

1. Operating Results.

(1) Analysis of operating results.

Comparison with actual results for the preceding fiscal year.

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales	347,849	356,825	8,976	2.6
Operating income	34,883	45,066	10,182	29.2
Ordinary income	31,607	45,855	14,247	45.1
Net income	17,127	24,463	7,336	42.8

Comparison with projected results.

	Projections for FY2010 (note) (Million yen)	FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales	370,000	356,825	(13,174)	(3.6)
Operating income	42,700	45,066	2,366	5.5
Ordinary income	42,000	45,855	3,855	9.2
Net income	22,000	24,463	2,463	11.2

Note: The projected results for FY2010 are as described in “Notice regarding the revision of earnings projections” announced on October 22, 2009.

By region.

	Net sales (note)			Operating income		
	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)
Japan	222,471	220,673	(1,797)	23,376	29,313	5,937
Asia	79,939	96,041	16,102	9,918	13,486	3,567
Europe/Middle East	45,439	40,110	(5,328)	1,448	2,382	934

Note: Net sales represent those to external customers.

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

In respect of the economic environment surrounding the Company and its group companies during the fiscal year under review, the recovery of Asian economies became clear, while corporate performance of Japanese economy began to show signs of improvement; however, there are still concerns among the Japanese public over prolonged deflation, mainly due to weak consumer spending.

Amid such business environment, the Company has created new demands in the domestic personal care business by introducing highly value-added products and making aggressive investments into marketing activities. Overseas, the Company developed new sales areas and expanded product lineups, particularly in Asia, the Middle East and North Africa.

As a result, the Company's sales and operating income for the fiscal year under review reached the highest ever recorded at ¥356.825 billion (up 2.6% YOY) and ¥45.066 billion (up 29.2% YOY), respectively.

2. Overview of operation by main business segment.

Operating results by business segment are as described below:

(i) Personal care business.

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales (note)	291,714	299,334	7,619	2.6
Operating income	27,507	35,459	7,952	28.9

Note: Net sales represent those to external customers.

Net sales and operating income of the personal care business segment for the fiscal year under review were ¥299.334 billion (up 2.6% YOY) and ¥35.459 billion (up 28.9% YOY), respectively.

- Baby Care Business.

Domestically, the Company strived to differentiate its products by rolling out improved *Moony Okki Jitate*, a baby paper diaper product that more comfortably fits the waist by adopting a newly developed "stretching and fitting" function, in medium and large sizes. The Company also launched the Carbon Offset Campaign for the *Moony* brand to promote reduction of environmental burdens. And, as part of our sales promotion efforts, the Company organized the "Let's Select! The Diaper Design Campaign" popularity contest for *Mamy Poko* and *Mamy Poko Pants* and adopted the most popularly ranked Disney character "Chip 'n Dale" for their product packages and designs.

In China, the Company expanded sales and improved profitability by entering new local markets. Further, the Company made its efforts to boost sales and profitability in Indonesia, the Middle East, North Africa, South Korea and Taiwan.

As a result, sales in the baby care business for the fiscal year under review were up by ¥1.741 billion to ¥145.541 billion on a year on year basis.

- Feminine Care Business.

In Japan, new sizes were added to *Sofy Hada Omoi* sensitive skin sanitary napkin products while improvements were made for other existing products, in order to increase sales. Further, the Company endeavored to gain sales and profitability in the highly value-added category by releasing improved *Sofy Super-Sound Sleep Guard* sanitary napkin with an anti-overflow function called the "upright airbag" as well as *Center-In Compact* sanitary napkin with reinforced absorbency in a renewed package.

In China, sales growth was achieved by expanding lineups of sanitary napkin products and developing new sales areas. In other target Asia countries, the Company was actively engaged in sales promotion activities for highly value-added sanitary napkins, including night and thin sanitary napkins, with the aim of increasing sales and profitability.

As a result, sales in the feminine care business for the fiscal year under review were up by ¥1.362 billion to ¥71.615 billion on a year on year basis.

- Health Care Business.

The Company strived to accommodate consumer needs by adding small and extra-large sizes to the *Lifree with Leak Stopper Tape* adult incontinence care brand of tape-type, for the purpose of expanding its size lineups. Also, as part of the *Lifree Comfortable Pad* light incontinence pad series, *Lifree Comfortable Pad Slim* was released as a product that ensure additional comfort in daily lives by reducing the thickness on the front and rear parts of the pad while maintaining the same level of absorbency, while the improved *Cham Nap* light incontinence pad with deodorant polymers was introduced to eliminate worries over odor, for the purpose of expanding the market. Furthermore, the Company enhanced promotion of the *Unicharm 3D Mask* brand, which meets growing self-care needs, to cater to new demands.

- Clean & Fresh Business.

In response to the growing consciousness for cleanliness, the Company rolled out *Wave Fuwa Mimi Dust Absorber Handy* that can absorb more dusts in all directions with 2 stick-type cleaners under the *Wave* sheet cleaner brand to boost sales.

(ii) Pet Care Business.

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales (note)	44,582	46,780	2,197	4.9
Operating income	6,581	8,476	1,895	28.8

Note: Net sales represent those to external customers.

Net sales and operating income of the pet care business division for the fiscal year under review were ¥46.78 billion (up 4.9% YOY) and ¥8.476 billion (up 28.8% YOY), respectively.

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

As such four major trends have gained momentum, the Company focused its efforts in the pet food section on the development and sales promotion of differentiated product categories with increasing needs, particularly the *Aiken Genki for Healthy Puppies* series and the *Silver Spoon for Healthy Kitties* series as

products with optimal nutritious balance for development of puppies and kitties as well as the *Aiken Genki for 13-Year or Older Dogs* series and the *Neko Genki for 13-Year or Older Cats* series as products that create a new age-oriented segment, namely pet foods for 13-year or older, as dogs and cats are enjoying greater longevity.
In the pet toiletry category, the Company aggressively carried out sale promotion activities by renewing *Deo Sheet* and other products for disposing of dog excrement, in order to satisfy three needs for such products at a higher level: “leak-proof,” “wet-feet prevention” and “deodorant.”

(iii) Other Businesses.

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales (note)	11,552	10,710	(841)	(7.3)
Operating income	714	1,085	371	52.0

Note: Net sales represent those to external customers.

Net sales and operating income in other businesses for the fiscal year under review were ¥10.710 billion (down 7.3% YOY) and ¥1.085 billion (up 52.0%), respectively.

In the category of business-use products adopting its non-woven fabric and absorbent technology, the Company improved its earnings with focus on the food wrapping business mainly targeted at supermarkets.

3. Projected results for FY2011.

	Projected results for FY2011 (Million yen)	Actual results for FY2010 (Million yen)	Difference (Million yen)	Rate of difference (%)
Net sales	393,000	356,825	36,174	10.1
Operating income	48,000	45,066	2,933	6.5
Ordinary income	46,500	45,855	644	1.4
Net income	25,500	24,463	1,036	4.2
Net income per share	¥405.22	¥385.69	¥19.53	5.1

Looking at the business environment surrounding the Company and its group companies, markets in target Asian countries are anticipated to grow. In Japan, stable demands for highly value-added products that meet consumer needs are likely to continue. However, surging demands for raw materials in emerging economies could push up raw material costs.

In the baby care business, the Company plans to domestically roll out remodeled *Moony Pants* made with newly developed “softretch” fabric that ensures nice and comfortable fit without tightening sensitive baby skin with rubber and to change the color of the *Mamy Poko* brand for the first time in approximately ten years to boost sales. Overseas, the Company is determined to launch sales and promotion campaign and improve production capabilities, with the goal of strengthening the *Mamy Poko* brand and increasing the brand’s market.

In the feminine care business, a forty-centimeter-long sanitary napkin for night is scheduled to be added to the *Sofy Hada Omoi* sensitive skin series for the purpose of expanding product lineups and stimulating new demands. Also, as a top maker in Japan, the Company is committed to further improving its product capabilities and assortments while taking initiative in market revitalization.

In the health care business, the Company contemplates to add a deodorant function to the *Lifree Comfortable Pad* light incontinence pad series to reinforce product performance in this growing segment and to carrying out marketing and support activities for such brand, including in-store campaigns and TV commercials, in order to accommodate consumer needs. Moreover, the Company aims to play a leading role in this market segment by upgrading functions of incontinence care products sold under the *Lifree* brand.

In the pet care business, the Company intends to expand highly value-added product lineups that satisfy consumer needs and to aggressively launch marketing activities to respond to growing pet-related demands.

As a result of aforementioned efforts, net sales, operating income, ordinary income and net income for FY2011 are projected to be ¥393 billion (up 10.1% YOY), ¥48 billion (6.5% YOY), ¥46.5 billion (up 1.4% YOY) and ¥25.5 billion (up 4.2% YOY), respectively, on a consolidated basis, meaning that net sales and income could reach record highs. Consequently, net income per share is forecasted to increase by ¥19.53 from the preceding fiscal year to ¥405.22.

In the meantime, the Company’s assumptions on foreign exchange rates for the main currencies are ¥90 to the U.S. dollar and ¥131.40 to the euro.

* Whereas the Company is scheduled to effect a merger on September 1, 2010, where the Company will be the surviving company and Unicharm PetCare Corporation will be the extinct company, pursuant to a merger agreement, under which the failure of the tender offer to acquire all issued and outstanding shares of Unicharm PetCare Corporation is a condition subsequent, projected business results contained herein do not take into account any impact resulting from such planned merger. Actual amounts of such impact will be disclosed as soon as such actual amounts are determined.

(2) Analysis of Financial Conditions.

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)
Total assets	278,313	307,773	29,459
Net assets	185,590	207,413	21,822

Ratio of shareholders' equity (%)	60.2	59.7	(0.5)

	FY2009 (Million yen)	FY2010 (Million yen)	Difference (Million yen)
Cash flows from operating activities	21,978	55,032	33,054
Cash flows from investing activities	(44,316)	(22,239)	22,076
Cash flows from financing activities	(3,197)	(9,455)	(6,258)
Outstanding balance of cash and cash equivalents at the end of the fiscal year	60,421	84,270	23,848

Total assets as of the end of the fiscal year under review were ¥307.773 billion, up by ¥29.459 billion YOY, mainly due to increases in cash and cash equivalents by ¥25.25 billion, machinery, equipment and vehicles by ¥4.178 billion, and construction in progress by ¥2.742 billion and a decrease in marketable securities by ¥4.034 billion. Net assets were ¥207.413 billion, up by ¥21.822 billion YOY, largely because of ¥24.463 billion in net income and ¥6.5 billion in acquisition of treasury stocks.

Consequently, the ratio of shareholders' equity decreased from 60.2% as of the end of the preceding fiscal year to 59.7% as of the end of the fiscal year under review.

Cash flows from operating activities were ¥55.032 million, mainly as results of ¥43.948 billion in income before taxes and other adjustments, ¥16.393 billion in depreciation charges, ¥10.694 billion in corporate taxes, etc. paid, and ¥3.845 billion in refunds of corporate taxes, etc. received.

Cash flows from investing activities decreased by ¥22.239 billion, primarily due to ¥24.168 billion in expenditure on acquisition of tangible fixed assets. Cash flows from financing activities decreased by ¥9.455 billion, primarily because of ¥6.5 billion in expenditure on acquisition of treasury stocks, and ¥3.941 billion in dividends paid.

As a result, the outstanding balance of cash and cash equivalents as of the end of the fiscal year under review amounted to ¥84.27 billion, up by ¥23.848 billion from the end of the preceding fiscal year.

(Reference) Changes in cash flow-related financial indicators.

	As of the end of FY2006	As of the end of FY2007	As of the end of FY2008	As of the end of FY2009	As of the end of FY2010
Ratio of shareholders' equity (%)	60.4	60.0	58.9	60.2	59.7
Ratio of shareholders' equity at market value (%)	150.9	178.8	168.7	137.2	184.6
Ratio of cash flows to interest-bearing debts (year)	0.2	0.4	0.2	0.3	0.2
Interest coverage ratio (times)	73.2	69.1	98.0	68.4	322.3

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.

(3) Basic policy regarding profit distribution and dividends for FY2010 and FY2011.

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 acquired treasury stocks of 722,000 shares (with a total acquisition cost of ¥6.49 billion) for the period commencing on December 1, 2009 and ending on December 22, 2009 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 ¥35 per share, up by ¥8 per share from the end of preceding fiscal year, as announced in the second quarter of the fiscal year under review. As a result, the annual dividends will be ¥70 per share, up by ¥16 per share from the preceding fiscal year.

For FY2011, the Company plans to increase annual dividends per share by ¥14 to ¥84 per share and interim dividends per share by ¥7 to ¥42.

2. Status of the Corporate Group.

The Unicharm Group consists of Unicharm Corporation (the Company) and 29 consolidated subsidiaries and 2 affiliates, and mainly manufactures and sells personal care products and pet care products, while providing services associated with them.

The positioning of the Company's corporate group relative to these businesses and its relationships to segments by business type are as follows:

Business segment	Sales segment		Main companies
Personal Care Business	Baby and child care products Feminine care products Health care products Cosmetic puff, etc. Household products, etc.	Domestic	Unicharm Corporation Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Other 4 Companies
		Overseas	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. LG Unicharm Co., Ltd. PT Uni-Charm Indonesia Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Ltd. Uni-Charm Corporation Sdn. Bhd. Unicharm India Private Ltd. Unicharm Australasia Pty Ltd. Other 10 Companies
Pet Care Business	Pet foods Pet toiletry products	Domestic	Unicharm PetCare Corporation Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation
		Overseas	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd.
Other Businesses	Food wrapping products Business-use materials Financial services, etc. Others	Domestic	Unicharm Corporation Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd Other 4 Companies

Principal businesses of consolidated subsidiaries and affiliated companies and the ownership percentage of the Company are as follows:

Consolidated subsidiaries.

Name of Company	Address	Description of principal business	Ratio of voting rights held by the Company
Unicharm Products Co., Ltd.	Shikoku Chuo-city, Ehime	Production of baby care, feminine care and other products	100.0%
Unicharm Kokko Nonwoven Co., Ltd.	Shikoku Chuo-city, Ehime	Production, processing and sales of paper, nonwoven and other materials	100.0%
Cosmotec Corporation	Zentsuji-city, Kagawa	Printing out, processing and sales of gravure pictures	100.0%
Unicharm PetCare Corporation	Minato-ku, Tokyo	Production and sales of pet foods and pet toiletry products	38.7%
Unicharm Mölnlycke K.K.	Minato-ku, Tokyo	Sales of adult incontinence care products	51.0%
United Charm Co., Ltd.	Taiwan	Production and sales of baby care, feminine care products and other products	52.6%
Uni-Charm (Thailand) Co., Ltd.	Thailand	Production and sales of baby care, feminine care products and other products	94.2%
Uni-Charm Consumer Products (China) Co., Ltd	China	Production and sales of baby care, feminine care products and other products	98.0%
LG Unicharm Co., Ltd.	South Korea	Production and sales of baby care, feminine care products and other products	51.0%
PT Uni-Charm Indonesia	Indonesia	Production and sales of baby care, feminine care products and other products	74.0%
Uni.Charm Mölnlycke B.V.	Netherland	Production control on baby care products and adult incontinence care products	60.0%
Unicharm Gulf Hygienic Industries Ltd.	Saudi Arabia	Production and sales of baby care, feminine care products and other products	51.0%
Uni-Charm Corporation Sdn. Bhd.	Malaysia	Sales of baby care, feminine care and other products	100.0%
Unicharm India Private Ltd.	India	Sales of baby care products	100.0%
Unicharm Australasia Pty Ltd.	Australia	Production and sales of baby care products, adult incontinence care products, and others.	100.0%
Other 14 Companies			

* Please note that Unicharm Material Co., Ltd. and Kokko Paper Mfg. Co., Ltd. merged effective April 1, 2009 and became Unicharm Kokko Nonwoven Co., Ltd.

Affiliated companies.

Name of Company	Address	Description of principal business	Investment ratio
The Fun Co., Ltd.	Sakai City, Osaka	Data storage and processing services	25.0%
One other company			

3. Management Policy.

(1) Basic management policy of the Company.

The Unicharm Group has established the management philosophy that "the Group will consistently create first-rate products and services and provide them broadly in the markets and to customers in Japan, as well as overseas markets, to contribute to the realization of affluent lives of people everywhere", and it is striving to create new values all the time and promoting corporate activities with the aim of bringing about the best values to its stakeholders, which specifically are customers, shareholders, business partners, employees and society through the following commitment:

i) The Unicharm Group will strive to provide high-quality and high-value-added products that meet the needs of customers and create new markets through continuous innovation of core technologies based on non-woven and absorbent materials.

ii) The Unicharm Group will enhance its ability to generate cash flows through optimal management resource allocation and strengthening the growth potential and earnings capability of each business, and maximize its corporate value, which also means maximizing the shareholder value.

iii) The Unicharm Group will aim at maximizing customer satisfaction as the common target with its business partners, and it will develop optimal value chains in cooperation with such business partners to achieve mutual and sound growth.

iv) Each employee will always strive to improve his or her own ability without being satisfied with the present situation and combine and fuse ideas of all employees in a concentrated manner to generate new innovations.

v) The Unicharm Group will promote fair corporate management that unifies pursuit of corporate social responsibilities and growth and development through business activities.

(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.

As its medium- and long-term management target, the Company will strive to strengthen the growth potential of the personal care business, with Asian countries as its core markets, to create a life support industry with the largest corporate value in Asia by providing seven billion people in the world including three billion people living in Asia with the world's first and best products and services that will provide such people with comfort, happiness and joy. In the meantime, the Company, since April 2008, has been implementing "Global 10 Plan", which is the seventh round of a medium-term management plan that aims at increasing the global share to 10% in the absorbent market, and it will create epoch-making products that can achieve both standardization and differentiation of products to establish a strong presence in the global market.

Unicharm will aggressively implement various measures for concentrating and selecting management resources to execute the above-mentioned strategy. At the same time, it will develop a new business model that accommodates environmental changes and strengthen relationships with customers further to pursue enhancement of brand values.

(4) Issues Facing the Group.

Unicharm promoted corporate reforms with the focus mainly on revitalizing the domestic market and expanding the overseas business, mainly in Asia, as the most important issue. As a result, it was able to steadily get back on a recovery track. In addition, we worked on expanding sales and reducing costs in the face of increasingly fierce competition amid rising raw material prices and a slowdown in domestic consumption. In order to further promote corporate reform in the future, we will put greater focus on increasing added values through continuous product innovation and thoroughly pursue cost reduction and streamlining of expenses in all businesses.

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

4. Consolidated Financial Statements.

(1) Consolidated Balance Sheet.

(Millions of Yen)

	Preceding Consolidated Fiscal Year (as of March 31, 2009)		Consolidated Fiscal Year Under Review (as of March 31, 2010)	
(Assets)				
Current assets				
Cash and deposits		74,625		99,875
Notes and accounts receivable		40,929		41,643
Marketable securities		5,534		1,499
Merchandise and finished goods		12,903		11,607
Work in process		342		273
Raw materials and stores		9,445		8,205
Deferred tax assets		3,782		5,485
Other current assets		6,812		3,736
Allowance for bad debts		(84)		(75)
Total current assets		154,290		172,251
Fixed assets				
Tangible fixed assets				
Buildings and other structures, net		23,898		26,507
Machinery, equipment and vehicles, net		40,804		44,983
Land	*2	10,253	*2	12,021
Construction in progress		7,574		10,316
Other tangible fixed assets, net		1,715		1,527
Total tangible fixed assets	*1	84,247	*1	95,356
Intangible fixed assets				
Goodwill		12,734		12,029
Other intangible fixed assets		3,493		2,582
Total intangible fixed assets		16,228		14,612
Investments and other assets				
Investment securities	*4	15,609	*4	18,052
Deferred tax assets		785		1,103
Other investments		7,315		7,421
Allowance for bad debts		(164)		(1,025)
Total investments and other assets		23,546		25,552
Total fixed assets		124,022		135,521
Total Assets		278,313		307,773

(Millions of Yen)

	Preceding Consolidated Fiscal Year (as of March 31, 2009)	Consolidated Fiscal Year Under Review (as of March 31, 2010)
(Liabilities)		
Current liabilities		
Notes and accounts payable	37,676	36,135
Short-term debt	4,666	6,305
Accrued amount payable	24,627	28,109
Accrued corporate income taxes, etc.	4,332	10,390
Reserve for bonus payment	3,299	3,858
Other current liabilities	5,919	7,525
Total current liabilities	80,521	92,324
Long-term liabilities		
Long-term debt	1,206	943
Deferred tax liabilities	1,556	1,378
Reserve for severance benefits	6,160	2,325
Other long-term liabilities	3,277	3,387
Total long-term liabilities	12,200	8,035
Total liabilities	92,722	100,359
(Net Assets)		
Shareholders' equity		
Capital stocks	15,992	15,992
Additional paid-in capital	18,802	18,802
Retained earnings	168,283	188,696
Treasury stocks	(29,829)	(36,329)
Total shareholders' equity	173,248	187,161
Valuation and translation adjustments, etc.		
Unrealized gains (losses) on available-for-sale securities	1,745	2,795
Gains (losses) on deferred hedges	(28)	(8)
Land revaluation difference	*2 (546)	*2 (618)
Foreign currency translation adjustment	(6,751)	(5,459)
Total valuation and translation adjustments, etc.	(5,580)	(3,273)
Minority interests	17,923	23,524
Total net assets	185,590	207,413
Total liabilities and net assets	278,313	307,773

(2) Consolidated Statement of Income.

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)		Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)	
Sales		347,849		356,825
Cost of sales	*2	206,209	*2	193,012
Gross profit		141,640		163,813
Selling, general and administrative expenses	*1, *2	106,756	*1, *2	118,747
Operating income		34,883		45,066
Non-operating income				
Interests received		720		502
Dividends received		246		250
Foreign exchange gains		—		2,235
Subsidies received		412		—
Other non-operating income		464		658
Total non-operating income		1,843		3,647
Non-operating expenses				
Interests paid		310		154
Sales discount		1,886		2,527
Foreign currency gain or loss		2,667		—
Other non-operating expenses		254		176
Total non-operating expenses		5,119		2,859
Ordinary income		31,607		45,855
Extraordinary profit				
Gain on sale of fixed assets	*3	12	*3	81
Gain on reversal of allowance for bad debts		14		—
Total extraordinary profits		26		81
Extraordinary loss				
Loss on disposal of fixed assets	*4	720	*4	730
Loss on evaluation of investment securities		3,455		8
Transferred from allowance for uncollectable receivables		—		824
Loss on change in equity		3		—
Other extraordinary loss		—		423
Losses on changes in equity of consolidated subsidiary		4,178		1,988
Income before taxes and other adjustments		27,456		43,948
Corporate income tax, inhabitant tax and business tax		7,882		16,640
Adjustments on corporate income tax, etc		(1,076)		(2,728)
Total corporate tax, etc.		6,806		13,911
Minority interests in net income		3,521		5,572
Net income		17,127		24,463

(3) Consolidated Statement of Changes in Shareholders' Equity.

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Consolidated Statement of Changes in Shareholders' Equity		
Shareholders' equity		
Capital Stocks	15,992	15,992
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		
Additional paid-in capital	18,590	18,802
Balance as of the end of preceding consolidated fiscal year		
Changes during the consolidated fiscal year	211	—
Disposal of treasury stocks	211	—
Total changes during the consolidated fiscal year	18,802	18,802
Balance as of the end of the consolidated fiscal year		
Retained earnings	154,331	168,283
Balance as of the end of the preceding consolidated fiscal year	26	—
Effect of changes in accounting policies applied to foreign subsidiaries		
Changes during the consolidated fiscal year	(3,202)	(3,946)
Payment of dividends	17,127	24,463
Reversal of differences in land reappraisal value	—	71
Change of the scope of consolidation	—	(175)
Net income	13,925	20,413
Total changes during the consolidated fiscal year	168,283	188,696
Balance as of the end of the consolidated fiscal year		
Treasury stocks	(28,129)	(29,829)
Balance as of the end of the preceding consolidated fiscal year		
Changes during the consolidated fiscal year	(5,014)	(6,500)
Acquisition of treasury stocks	3,314	—
Disposal of treasury stocks	(1,700)	(6,500)
Total changes during the consolidated fiscal year	(29,829)	(36,329)
Balance as of the end of the consolidated fiscal year		
Total shareholders' equity	160,785	173,248
Balance as of the end of the preceding consolidated fiscal year	26	—
Effect of changes in accounting policies applied to foreign subsidiaries		
Changes during the consolidated fiscal year	(3,202)	(3,946)

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Payment of dividends	17,127	24,463
Net income	(5,014)	(6,500)
Acquisition of treasury stocks	3,525	—
Reversal of differences in land reappraisal value	—	71
Change of the scope of consolidation	—	(175)
Disposal of treasury stocks	12,435	13,913
Total changes during the consolidated fiscal year	173,248	187,161

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Valuation and translation adjustments		
Unrealized gains (losses) on available-for-sale securities		
Balance as of the end of the preceding consolidated fiscal year	1,910	1,745
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(164)	1,050
Total changes during the consolidated fiscal year	(164)	1,050
Balance as of the end of the consolidated fiscal year	1,745	2,795
Gains (losses) on deferred hedges		
Balance as of the end of the preceding consolidated fiscal year	(45)	(28)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	16	37
Total changes during the consolidated fiscal year	16	37
Balance as of the end of the consolidated fiscal year	(28)	8
Land revaluation difference		
Balance as of the end of the preceding consolidated fiscal year	(324)	(546)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(222)	(71)
Total changes during the consolidated fiscal year	(222)	(71)
Balance as of the end of the consolidated fiscal year	(546)	(618)
Foreign currency translation adjustment		
Balance as of the end of the preceding consolidated fiscal year	(75)	(6,751)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(6,676)	1,291
Total changes during the consolidated fiscal year	(6,676)	1,291
Balance as of the end of the consolidated fiscal year	(6,751)	(5,459)
Total valuation and translation adjustments		
Balance as of the end of the preceding consolidated fiscal year	1,465	(5,580)
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(7,046)	2,307

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Total changes during the consolidated fiscal year	(7,046)	2,307
Balance as of the end of the consolidated fiscal year	(5,580)	(3,273)
Minority interests		
Balance as of the end of the preceding consolidated fiscal year	16,919	17,923
Changes during the consolidated fiscal year		
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	1,003	5,601
Total changes during the consolidated fiscal year	1,003	5,601
Balance as of the end of the consolidated fiscal year	17,923	23,524

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Total net assets		
Balance as of the end of the preceding consolidated fiscal year	179,170	185,590
Effect of changes in accounting policies applied to foreign subsidiaries	26	—
Changes during the consolidated fiscal year		
Payment of dividends	(3,202)	(3,946)
Net income	17,127	24,463
Acquisition of treasury stocks	(5,014)	(6,500)
Disposal of treasury stocks	3,525	—
Reversal of differences in land reappraisal value	—	71
Change of the scope of consolidation	—	(175)
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	(6,042)	(7,909)
Total changes during the consolidated fiscal year	6,393	21,822
Balance as of the end of the consolidated fiscal year	185,590	207,413

(4) Consolidated Statement of Cash Flows.

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Cash flows from operating activities		
Income before tax and other adjustments	27,456	43,948
Depreciation charges	17,101	16,393
Increase (decrease) in allowance for bad debts	(24)	(852)
Increase (decrease) in reserve for employee severance benefits	(502)	*2 (3,852)
Receipt of interests and dividends	(966)	(753)
Payment of interests	310	154
Losses (gains) on sale of tangible fixed assets	708	649
Losses (gains) on sale and valuation of investment securities	3,455	2
Decrease (Increase) in trade receivables	(5,525)	573
Decrease (Increase) in inventories	(3,828)	3,044
Increase (decrease) in trade payables	680	(2,583)
Increase (decrease) in other current liabilities	(5,716)	4,400
Other	1,979	(1,474)
Sub-total	35,128	61,356
Interests and dividends received	972	696
Interests paid	(321)	(170)
Corporate taxes, etc. paid	(13,801)	(10,694)
Refunds of corporate taxes, etc. received	—	3,845
Cash flows from operating activities	21,978	55,032
Cash flows from investing activities		
Payments into time deposits	(25,156)	(18,297)
Proceeds from withdrawal of time deposits	11,705	17,022
Expenditure on acquisition of marketable securities	(65,705)	(42,325)
Income from sale and redemption of marketable securities	66,065	46,057
Expenditure on acquisition of tangible fixed assets	(14,367)	(24,168)
Income from sale of tangible fixed assets	78	247
Expenditure on acquisition of intangible fixed assets	(423)	(269)
Expenditure on acquisition of investment securities	(207)	(2,839)
Income from sale and redemption of investment securities	1,000	2,452
Expenditure on purchase of subsidiaries' stock accompanying changes in the scope of consolidation	(15,650)	—
Expenditure on purchase of subsidiaries' stocks	(1,681)	—
Other	28	(119)
Cash flows from investing activities	(44,316)	(22,239)

(Millions of Yen)

	Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	1,878	1,532
Income from incurrence of long-term debt	241	183
Expenditure on repayment of long-term debt	(273)	(344)
Expenditure on acquisition of treasury stocks	(5,014)	(6,500)
Proceeds from disposal of treasury stocks	3,525	—
Dividends paid	(3,199)	(3,941)
Dividends paid to minority shareholders	(933)	(1,036)
Income from payments by minority shareholders	—	744
Other	579	(92)
Cash flows from financing activities	(3,197)	(9,455)
Currency translation effect on cash and cash equivalents	(1,361)	511
Increase (decrease) in cash and cash equivalents	(26,896)	23,848
Amount of cash and cash equivalents outstanding at beginning of period	87,317	60,421
Amount of cash and cash equivalents outstanding at end of period	*1 60,421	*1 84,270

Note Regarding the Company's Position as a Going Concern: Not applicable.

Material Matters Affecting 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: 29.

Name of major subsidiaries: Unicharm Products Co., Ltd.; Unicharm PetCare Corporation; LG Unicharm Co., Ltd.; United Charm Co., Ltd.; Uni-Charm (Thailand) Co., Ltd.; Unicharm Consumer Products (China) Co., Ltd.; Uni.Charm Mölnlycke B.V.

Please note that Unicharm Material Co., Ltd. and Kokko Paper Mfg. Co., Ltd., which were consolidated subsidiaries, merged effective April 1, 2009 and became Unicharm Kokko Nonwoven Co., Ltd.

Uni-Charm (Singapore) Pte. Ltd., a former consolidated subsidiary, is excluded from the scope of consolidation as it has completed the liquidation proceedings as of January 22, 2009.

2. Application of equity methods.

Number of affiliates to which the equity method was applied: 2

Name of the affiliates: The Fun Co., Ltd. and one other company.

3. Matters related to fiscal year of consolidated subsidiaries, etc.

Fiscal closing dates for consolidated subsidiaries and equity method affiliates are the same as the consolidated fiscal closing date, except for the foreign subsidiaries (13 companies) and domestic subsidiary (1 company) which have the fiscal closing date of December 31. In preparing the consolidated financial statements, financial statements as of the said closing date were used, and necessary adjustments for consolidation purposes were made with respect to any important transactions taking place between the said closing date and the consolidated fiscal closing date.

4. Matters related to accounting standards.

(1) Standard and method of valuation of important assets.

1) Securities.

Held-to-maturity bonds ....Amortized cost method (straight-line method).

Other marketable securities.

Marketable securities with fair market value…Stated at market value based on fair market value, etc. as of the consolidated fiscal closing date. (Any valuation gain or loss to be reported in a designated component of shareholders' equity; cost of sale to be computed by the moving-average method.)

Marketable securities without fair market value…To be stated at cost based on the moving-average method.

2) Inventories.

Merchandise and products . Stated at cost based on the periodic average method (where the book value shall be devaluated in case of the decline in profitability).

Raw materials .... Stated at cost based on the moving-average method (where the book value shall be devaluated in case of the decline in profitability).

Supplies .... Stated at cost based on the periodic average method (where the book value shall be devaluated in case of the decline in profitability).

Work in process .... Stated at cost based on the periodic average method (where the book value shall be devaluated in case of the decline in profitability).

3) Derivative transactions…Market Value Method.

(2) Methods of depreciation of material depreciable assets.

1) Tangible fixed assets (excluding lease assets)…Mainly by declining-balance method, but straight-line method applicable to buildings (excluding accessory equipment) acquired on or after April 1, 1998.

Standards useful years are as follows:

Buildings and other structures: 2 - 60 years.

Machinery, equipment and vehicles: 2 - 20 years.

2) Intangible fixed assets (excluding lease assets)…By straight-line method.

Standard useful years are internally estimated useful life (5 years) for software (for internal use).

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.

(3) Appropriation standards applicable to important provisions.

1) Allowance for bad debts.

In order to provide for losses from bad debts, the Company and its consolidated subsidiaries in Japan appropriate estimated amounts based on actual bad debts with respect to their general claims and estimated uncollectable amounts based on individual examinations of collectability of their specified claims including claims with default possibility. The overseas consolidated subsidiaries appropriate estimated uncollectable amounts mainly with respect to their specified claims.

2) Provision for employees' bonuses.

An amount corresponding to the consolidated fiscal year under review is appropriated for the next payment of employees' bonus.

3) Reserve for employees' severance benefits.

Out of the estimated amount of pension obligations and annuity assets as of the end of the fiscal year under review, the amount that is assumed to have accrued as of the end of the fiscal year under review is appropriated.

Past-work liability is expensed on the pro-rata fixed installment basis over a certain specific number of years (5 years) within the length of the remaining period of service of the employees at the time of accrual of the said difference.

Any arithmetic difference is expensed on the pro-rata fixed installment basis over a certain specific number of years (10 years) within the length of the remaining period of service of the employees, from the consolidated fiscal year following the accrual of such a difference.

(4) Criteria for converting important assets and liabilities in foreign currencies into Japanese Yen.

Claims and debts in foreign currencies are converted into Japanese Yen at the spot foreign exchange rate prevailing on the consolidated fiscal closing date, and any conversion differences are treated as gain or loss. The assets and liabilities of overseas subsidiaries, etc. are converted into Japanese Yen at the spot foreign exchange rate prevailing on the consolidated fiscal closing date; their earnings and expenses are converted into Japanese Yen at an average foreign exchange rate for the relevant period, and the conversion difference is included in the accounts of minority interests and foreign exchange translation adjustments within net assets.

(5) Material methods of hedge accounting.

1) Methods of hedge accounting.

Deferred hedging is used. Designation of hedges is applied to claims and debts in foreign currencies carrying exchange contracts, etc.

2) Methods and subject of hedging.

Methods of hedging. Exchange contracts.

Subject of hedging. Scheduled transactions and monetary claim, etc. in foreign currencies.

3) Hedging policy.

Foreign exchange fluctuation risks are hedged in accordance with “Risk Management Policy on Derivative Transactions,” an in-house hedging regulation of the Company.

4) Methods of assessing effectiveness of hedging

Judgment as to the effectiveness of hedging is omitted, as it is assumed that the principal amount of the hedging method and the important terms concerning the hedge are identical, and foreign exchange or cash flow fluctuations will be fully offset at the time of commencement of hedging and continuously thereafter.

(6) Other material matters affecting the preparation of consolidated financial statements.

Accounting treatment of Consumption Taxes, etc.

For accounting purposes, amounts on the consolidated financial statements are reported net of Consumption Tax and Local Consumption Tax.

5 Matters related to valuation of assets and liabilities of consolidated subsidiaries.

Assets and liabilities of consolidated subsidiaries are evaluated in accordance with mark-to-market method.

6 Matters related to the amortization of goodwill and negative goodwill.

For important items in the goodwill and the negative goodwill, the Company estimates the periods over which investment effects are realized on an individual basis and amortizes them evenly within 20 years of the date of their occurrence. Other items are amortized on the date of their occurrence.

7 Scope of funds in the interim consolidated statement of cash flows.

The funds consist of cash on hand, demand deposits and highly liquid short-term investments with maturities of three months or less, readily convertible into cash, and carry extremely low price-fluctuation risks.

Any change to material matters affecting the preparation of consolidated financial statements.

(Application of the partially revised accounting standards for severance benefits (No. 3))

Effective from the fiscal year under review, the partially revised accounting standards for severance benefits (No. 3) (Corporate Accounting Standard No. 19 of July 31, 2008) shall apply to the consolidated financial statements of the Company.

Such change has had a minor effect on the Company's profits or losses.

Any change to methods of presentation.

(Consolidated statement of income)

In the consolidated statement of income for the preceding fiscal year, "subsidies received" were recognized as non-operating income. However, the amount of "subsidies received" for the fiscal year under review accounts for less than ten percent (10%) of the total amount of non-operating income, "subsidies received" shall be booked as "others" in the consolidated statement of income for the fiscal year under review.

Notes.

(Consolidated Balance Sheet)

Preceding Consolidated Fiscal Year (as of March 31, 2009)	Consolidated Fiscal Year under Review (as of March 31, 2010)
*1 Accumulated depreciation of fixed assets Accumulated depreciation of tangible fixed assets: ¥134,775 mil.	*1 Accumulated depreciation of fixed assets Accumulated depreciation of tangible fixed assets: ¥145,438 mil.
*2 The Company revaluated its business-use land in accordance with the "Law Concerning Revaluation of Land (Law No. 34 published on March 31, 1998)" and the "Law Concerning Partial Amendment to the Law Concerning Revaluation of Land (amended as of March 31, 2001)". Method of revaluation Revaluation is based on the appraisal value as specified in Clause 5, Article 2 of the "Ordinance Concerning Enforcement of the Law Concerning Revaluation of Land amended as of March 31, 2001" (Ordinance No. 119 published on March 31, 1998). Date of revaluation: March 31, 2001 Difference between the market value of the revalued business-use land at the end of the fiscal year under review and its book value after revaluation: ¥(567) mil.	*2 The Company revaluated its business-use land in accordance with the "Law Concerning Revaluation of Land (Law No. 34 published on March 31, 1998)" and the "Law Concerning Partial Amendment to the Law Concerning Revaluation of Land (amended as of March 31, 2001)". Method of revaluation Revaluation is based on the appraisal value as specified in Clause 5, Article 2 of the "Ordinance Concerning Enforcement of the Law Concerning Revaluation of Land amended as of March 31, 2001" (Ordinance No. 119 published on March 31, 1998). Date of revaluation: March 31, 2001 Difference between the market value of the revalued business-use land at the end of the fiscal year under review and its book value after revaluation: ¥(644) mil.
*3 Guarantee obligations The Company's guarantee obligations with respect to borrowings of non-consolidated companies from financial institutions are as follows: Clean Plaza Co-op: ¥54 mil.	*3 Guarantee obligations The Company's guarantee obligations with respect to borrowings of non-consolidated companies from financial institutions are as follows: Clean Plaza Co-op: ¥27 mil.
*4 Pledged assets relating to affiliates are as follows: Investment securities (stocks): ¥112 mil.	*4 Pledged assets relating to affiliates are as follows: Investment securities (stocks): ¥125 mil.

(Consolidated Statement of Income)

Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010)
*1 Breakdown of main items in selling, general and administrative expenses Advertising expense ¥9,789 mil. Employees' salaries and bonus ¥11,293 mil. Amount newly categorized as provision for employees' bonus ¥1,364 mil. Severance benefits ¥1,056 mil. Depreciation expense ¥2,253 mil. Sales promotion expense ¥36,062 mil. Sales-related transportation expense ¥18,329 mil.	*1 Breakdown of main items in selling, general and administrative expenses Advertising expense ¥13,211 mil. Employees' salaries and bonus ¥11,826 mil. Amount newly categorized as provision for employees' bonus ¥1,590 mil. Severance benefits ¥1,372 mil. Depreciation expense ¥1,890 mil. Sales promotion expense ¥42,873 mil. Sales-related transportation expense ¥18,304 mil.
*2 Research and development expenses included in selling, general and administrative expenses and manufacturing costs incurred in the fiscal year under review were ¥4,459 mil.	*2 Research and development expenses included in selling, general and administrative expenses and manufacturing costs incurred in the fiscal year under review were ¥4,558 mil.
*3 Breakdown of gain on sale of fixed assets Machinery, equipment and vehicles ¥11 mil.	*3 Breakdown of gain on sale of fixed assets Machinery, equipment and vehicles ¥66 mil. Land ¥14 mil.
*4 Breakdown of main items in loss on disposal of fixed assets Loss on disposal of fixed assets Buildings and other structures ¥44 mil. Machinery, equipment and vehicles ¥643 mil. Removal expense ¥8 mil. Other ¥21 mil.	*4 Breakdown of main items in loss on disposal of fixed assets Loss on disposal of fixed assets Buildings and other structures ¥86 mil. Machinery, equipment and vehicles ¥439 mil. Removal expense ¥56 mil. Other ¥19 mil. Loss on sales for fixed assets Building and other structures ¥11 mil. Machinery, equipment and vehicles ¥114 mil. Removal expense ¥2 mil.

(Items related to the Consolidated Statements of Shareholders' Equity)
Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009).
Items related to outstanding shares and treasury stocks.

	Balance at the End of the Preceding Consolidated Fiscal Year	Increase	Decrease	Balance at the End of the Consolidated Fiscal Year under Review
Outstanding shares				
Common stocks	68,981,591	—	—	68,981,591
Treasury stocks				
Common stocks	5,248,303	699,373	618,300	5,329,376

(Outline of reasons for the change)

Main items of the increase are as follows:
1. Increase from acquisition of odd-lot shares: 2,073 shares.
2. Increase from purchase of treasury stocks through public offerings: 697,300 shares.

Main items of the decrease are as follows:
Decrease from exercise of stock options: 618,300 shares.

Items related to dividend.
Dividends paid.

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board Meeting held on May 26, 2008	Common stock	1,465	23	March 31, 2008	June 9, 2008
Board Meeting held on October 31, 2008	Common stock	1,736	27	September 30, 2008	December 8, 2008

Dividends for which record date falls in the consolidated fiscal year under review but for which effective date comes after the consolidated fiscal year.

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Financial resource of dividends	Dividend per share (Yen)	Record date	Effective date
Board Meeting held on May 27, 2009	Common stock	1,718	Retained earnings	27	March 31, 2009	June 8, 2009

Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010).
Items related to outstanding shares and treasury stocks.

	Balance at the End of the Preceding Consolidated Fiscal Year	Increase	Decrease	Balance at the End of the Consolidated Fiscal Year under Review
Outstanding				

	Balance at the End of the Preceding Consolidated Fiscal Year	Increase	Decrease	Balance at the End of the Consolidated Fiscal Year under Review
shares				
Common stocks	68,981,591	—	—	68,981,591
Treasury stocks				
Common stocks	5,329,376	723,139	—	6,052,515

(Outline of reasons for the change)

Main items of the increase are as follows:

1. Increase from acquisition of odd-lot shares: 1,139 shares.
2. Increase from purchase of treasury stocks through market: 722,000 shares.

Items related to dividend.

Dividends paid.

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board Meeting held on May 27, 2009	Common stock	1,718	27	March 31, 2009	June 8, 2009
Board Meeting held on October 30, 2009	Common stock	2,227	35	September 30, 2009	December 7, 2009

Dividends for which the record date falls in the consolidated fiscal year under review but for which the effective date comes after the consolidated fiscal year.

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Fiscal resource of dividends	Dividend per share (Yen)	Record date	Effective date
Board Meeting held on May 31, 2010	Common stock	2,202	Retained earnings	35	March 31, 2010	June 7, 2010

(Consolidated Statement of Cash Flows)

Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010)
Relationship between the amount of cash and cash equivalents outstanding as of the end of the period and consolidated balance sheet items: (As of March 31, 2009) (Millions of Yen) Cash and deposits 74,625	Relationship between the amount of cash and cash equivalents outstanding as of the end of the period and consolidated balance sheet items: (As of March 31, 2010) (Millions of Yen) Cash and deposits 99,875

Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009)		Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010)	
Marketable securities	5,534	Marketable securities	1,499
Subtotal	80,159	Subtotal	101,375
Term deposits with terms exceeding three months	14,203	Term deposits with terms exceeding three months	15,605
Stocks and beneficiary certificates of securities investment trust	5,534	Stocks and beneficiary certificates of securities investment trust	1,499
Cash and cash equivalents	60,421	Cash and cash equivalents	84,270
		*2 Changes in reserve for severance benefits As of September 30, 2009, the Company (i.e. Unicharm Corporation) created a trust over part of the provisions reserved under the Severance Benefit Plan in the amount of ¥4 billion for the purpose of ensuring sound financial conditions for the payment of severance benefits.	

(Segment Information)

[Segment Information by Business Type]

For Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009).

(Millions of Yen)

	Personal care	Pet care	Others	Total	Elimination or Company-wide	Consolidation
I Sales and operating profits/losses						
Sales						
(1) Sales to external customers	291,714	44,582	11,552	347,849	—	347,849
(2) Internal sales or transfers across segments	2	—	3	6	(6)	—
Total	291,716	44,582	11,555	347,855	(6)	347,849
Operating expenses	264,209	38,001	10,841	313,052	(86)	312,965
Operating income	27,507	6,581	714	34,803	80	34,883
II Assets, allowance for depreciation, impairment loss and capital expenditure						
Assets	195,234	27,394	27,612	250,241	28,071	278,313
Allowance for depreciation	16,170	559	371	17,101	—	17,101
Capital expenditure	13,961	441	169	14,573	—	14,573

For Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010).

(Millions of Yen)

	Personal care	Pet care	Others	Total	Elimination or Company-wide	Consolidation
I Sales and operating profits/losses						
Sales						
(1) Sales to external customers	299,334	46,780	10,710	356,825	—	356,825
(2) Internal sales or transfers across segments	0	—	3	4	(4)	—
Total	299,335	46,780	10,714	356,830	(4)	356,825
Operating expenses	263,875	38,303	9,629	311,808	(49)	311,759
Operating income	35,459	8,476	1,085	45,021	44	45,066
II Assets, allowance for depreciation, impairment loss and capital expenditure						
Assets	205,151	31,840	25,622	262,614	45,159	307,773
Allowance for depreciation	15,628	449	265	16,393	—	16,393

	Personal care	Pet care	Others	Total	Elimination or Company-wide	Consolidation
Capital expenditure	23,078	1,266	405	24,750	—	24,750

(Notes) 1. Method of segmenting businesses.
Businesses are segmented based on the sales volume classification of the Company, taking similarities in product, sales market, etc. into account.
2. Main products by business segment.
(1) Personal care ....Baby care products, feminine care products, health care products, etc.
(2) Pet care ....Pet foods and pet toiletries.
(3) Others ....Food-wrapping materials, industrial materials, financing operations, etc.

3. Of the assets at the end of the consolidated fiscal year under review, the main items included in "Elimination or Company-wide" were cash and deposits, marketable securities and investment securities of the parent company and the amount of these items were as follows:
At the end of the preceding consolidated fiscal year: ¥57,729 million.
At the end of the consolidated fiscal year under review: ¥67,671 million.

[Segment Information by Region]

For Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009).

(Millions of Yen)

	Japan	Asia	Europe/ Middle East	Total	Elimination or Company-wide	Consolidation
I Sales and operating profits/losses						
Sales						
(1) Sales to external customers	222,471	79,939	45,439	347,849	—	347,849
(2) Internal sales or transfers across segments	11,313	2,657	—	13,971	(13,971)	—
Total	233,785	82,596	45,439	361,821	(13,971)	347,849
Operating expenses	210,408	72,678	43,990	327,077	(14,111)	312,965
Operating income	23,376	9,918	1,448	34,743	139	34,883
II Assets	170,538	75,664	29,668	275,872	2,441	278,313

For Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010).

(Millions of Yen)

	Japan	Asia	Europe/ Middle East	Total	Elimination or Company-wide	Consolidation
I Sales and operating profits/losses						
Sales						
(1) Sales to external customers	220,673	96,041	40,110	356,825	—	356,825
(2) Internal sales or transfers across segments	14,362	2,073	—	16,435	(16,435)	—
Total	235,035	98,114	40,110	373,261	(16,435)	356,825
Operating expenses	205,721	84,628	37,728	328,078	(16,318)	311,759

	Japan	Asia	Europe/ Middle East	Total	Elimination or Company-wide	Consolidation
Operating income	29,313	13,486	2,382	45,183	(116)	45,066
II Assets	170,763	95,690	33,505	299,959	7,813	307,773

(Notes) 1. Classification of country or region is based on geographical proximity.
2. Main countries or areas classified into regions other than Japan:
(1) Asia .... Taiwan, China, South Korea, Thailand, and Australia, etc.
(2) Europe, Middle East The Netherlands and Saudi Arabia.

3. Of the assets at the end of the consolidated fiscal year under review, the main items included in "Elimination or Company-wide" were cash and deposits, marketable securities and investment securities of the parent company and the amount of these items were as follows:

At the end of the preceding consolidated fiscal year: ¥57,729 million

At the end of the consolidated fiscal year under review: ¥67,671 million

[Overseas Sales]

Preceding Consolidated Fiscal Year (April 1, 2008 – March 31, 2009).

	Asia	Europe	Middle East, North Africa, North America	Total
I. Overseas sales (Millions of Yen)	79,946	32,165	16,911	129,023
II. Consolidated sales (Millions of Yen)	—	—	—	347,849
III. Overseas sales as a percentage of consolidated sales (%)	23.0	9.2	4.9	37.1

Consolidated Fiscal Year under Review (April 1, 2009 – March 31, 2010).

	Asia	Europe	Middle East, North Africa, North America	Total
I. Overseas sales (Millions of Yen)	96,049	23,272	18,184	137,505
II. Consolidated sales (Millions of Yen)	—	—	—	356,825
III. Overseas sales as a percentage of consolidated sales (%)	26.9	6.5	5.1	38.5

(Notes) 1. Classification of country or region is based on geographical proximity.
2. Major countries/regions belonging to each category.
(1) Asia ....Taiwan, China, South Korea, Thailand, Australia, etc.
(2) Others ....The Netherlands, etc.
(3) Middle East, North Africa and North America …… Saudi Arabia, Egypt, the United States, etc.

(Omitted disclosures)

Lease transactions, transaction with related parties, tax effect accounting, derivative transactions, retirement benefit, leased real properties, etc.

Disclosure of the aforementioned items is omitted since we have deemed there to be no great need to disclose them in our financial statements.

(Per-Share Information)

(Yen)

Preceding Consolidated Fiscal Year (from April 1, 2008 – March 31, 2009)		Consolidated Fiscal Year under Review (from April 1, 2009 - March 31, 2010)	
Net assets per share	2,634.12	Net assets per share	2,922.16
Net income per share	268.32	Net income per share	385.69
Net income per share-diluted	268.21	Net income per share-diluted	385.66

Note 1: Calculation basis for net assets per share is as follows:

	The End of Preceding Consolidated Fiscal Year (March 31, 2009)	The End of Consolidated Fiscal Year under Review (March 31, 2010)
Total of net assets reported in the consolidated balance sheet (Millions of Yen)	185,590	207,413
Main items of the difference (Millions of Yen)		
Minority interests (Millions of Yen)	17,923	23,524
Net assets relevant to common stocks (Millions of Yen)	167,667	183,888
Number of outstanding common stocks (Thousands of shares)	68,981	68,981
Number of treasury common stocks (Thousands of shares)	5,329	6,052
Number of common stocks used to calculate net asset per share (Thousands of shares)	63,652	62,929

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

	Preceding Consolidated Fiscal Year (from April 1, 2008 – March 31, 2009)	Consolidated Fiscal Year under Review (from April 1, 2009 - March 31, 2010)
Net income per share		
Net income reported in the consolidated income statement (Millions of Yen)	17,127	24,463
Amount not attributable to common stock holders (Millions of Yen)	—	—
Net income relevant to common stocks (Millions of Yen)	17,127	24,463
Average number of common stocks during period (Thousands of shares)	63,832	63,429
Net income per share-diluted		
Increase in the number of common stocks (Thousands of shares)	26	4
(Of which the number of stock options) (Thousands of shares)	(26)	(4)
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 ordinary general meeting of shareholders held on June 27, 2003 Stock options: 5,264 Common stocks: 526,400	

5. Non-Consolidated Financial Statements.

1) Balance Sheet.

(Millions of Yen)

	Preceding Fiscal Year (as of March 31, 2009)		Fiscal Year Under Review (as of March 31, 2010)	
(Assets)				
Current assets				
Cash and deposits		38,650		48,579
Notes receivable		181		183
Accounts receivable	*2	23,206	*2	21,401
Marketable securities		3,491		1,499
Product and merchandise		30		39
Stored goods		2,466		1,551
Prepaid expenses		238		547
Deferred tax assets		1,709		2,693
Short-term loans for subsidiaries		10,101		7,300
Accrued revenue	*2	2,095	*2	1,593
Corporate taxes receivable		3,611		—
Other current assets		931		1,004
Allowance for bad debts		(10)		(10)
Total current assets		86,704		86,385
Fixed assets				
Tangible fixed assets				
Buildings, net		1,802		1,652
Other structures, net		64		55
Machinery and equipment, net		1,369		914
Vehicle and delivery equipment, net		11		7
Tools, furniture and fixtures, net		700		559
Land	*3	2,605	*3	2,513
Lease assets, net		77		90
Construction in progress		383		623
Total tangible fixed assets	*1	7,016	*1	6,417
Intangible fixed assets				
Goodwill		31		15
Patent right		15		11
Trademark		5		6
Software		986		822
Telephone right		0		0
Other intangible fixed assets		2		1
Total intangible fixed assets		1,042		857
Investments and other assets				
Investment securities		15,449		17,874
Stock of affiliated company		29,637		32,880
Investment in capital		20		11
Investment in affiliated company		13,580		13,580

(Millions of Yen)

	Preceding Fiscal Year (as of March 31, 2009)	Fiscal Year Under Review (as of March 31, 2010)
Long term loan of affiliated company	2,369	4,111
Long term prepaid expense	101	78
Prepaid pension expense	3,818	3,853
Deferred income tax asset	30	—
Guarantee money paid	910	929
Others	230	232
Allowance for bad debts	(122)	(987)
Provision for valuation loss on investments in subsidiaries and affiliates	(1,191)	(1,509)
Total investments and other assets	64,833	71,056
Total fixed assets	72,892	78,330
Total Assets	159,596	164,715
(Liabilities)		
Current liabilities		
Notes payable	128	119
Accounts payable	*2 13,154	*2 9,939
Lease obligations	53	40
Other accounts payable	*2 12,583	*2 14,435
Accrued amount payable	817	867
Accrued corporate income taxes, etc.	—	4,564
Accrued consumption taxes, etc.	—	318
Deposit	101	89
Reserve for bonus payment	1,337	1,430
Other current liabilities	2	364
Total current liabilities	28,178	32,168
Long-term liabilities		
Lease obligations	24	50
Reserve for severance benefits	4,483	676
Deferred tax liabilities	—	396
Long-term accounts payable	1,080	1,075
Other long-term liabilities	1,320	1,408
Total long-term liabilities	6,908	3,607
Total liabilities	35,086	35,776

(Millions of Yen)

	Preceding Fiscal Year (as of March 31, 2009)	Fiscal Year Under Review (as of March 31, 2010)
(Net Assets)		
Shareholders' equity		
Capital Stocks	15,992	15,992
Additional paid-in capital		
Capital reserve	18,590	18,590
Other capital surplus	211	211
Total additional paid-in capital	18,802	18,802
Retained earnings		
Earned reserve	1,991	1,991
Other retained earnings		
Reserve for dividend payment	400	400
Reserve for reduction entry	39	36
General reserve	95,550	102,550
Unappropriated retained earnings	20,300	23,320
Total retained earnings	118,280	128,299
Treasury stocks	(29,829)	(36,329)
Total shareholders' equity	123,246	126,764
Valuation and translation adjustments, etc.		
Unrealized gains (losses) on available-for-sale securities	1,810	2,793
Land revaluation difference	*3 (546)	*3 (618)
Total valuation and translation adjustments, etc.	1,263	2,175
Total net assets	124,509	128,939
Total liabilities and net assets	159,596	164,715

2) Statement of Income.

(Millions of Yen)

		Preceding Fiscal Year (April 1, 2008 – March 31, 2009)		Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Sales				
Product sales		176,156		176,155
Total sales		176,156		176,155
Cost of Sales				
Opening inventory		17		30
Purchases of merchandise for the term		117,241		108,350
Total		117,258		108,381
Ending inventory		30		39
Transfer to other accounts		537		414
Cost of sales		116,690		107,927
Gross profit		59,465		68,227
Selling, general and administrative expenses	*1, *2	52,506	*1, *2	56,824
Operating income		6,959		11,403
Non-operating income				
Interests received		584		454
Interests from securities		186		159
Dividends received	*3	8,507	*3	7,130
Miscellaneous income		319		1,556
Total non-operating income		9,597		9,301
Non-operating expenses				
Interests paid		54		50
Sales discount		27		28
Foreign exchange loss		2,121		—
Miscellaneous loss		22		41
Total non-operating expenses		2,225		120
Ordinary income		14,330		20,584
Extraordinary profit				
Gain on sale of fixed assets		0	*4	20
Gain on sale of investment securities		0		6
Income from reversal of allowance for valuation loss on investments in subsidiaries and affiliates		986		—
Gain on sale of stock of affiliates		—		44
Total extraordinary profit		986		71
Extraordinary loss				
Loss on sale of fixed asset		0	*5	8
Loss on retirement of fixed asset	*4	124	*6	135
Loss on sale of invested marketable securities		—		111
Loss on sale of investment securities		3,455		8
Provision for valuation loss on investments in subsidiaries and affiliates		—		318
Loss on revaluation of stocks of affiliates		5		—
Transferred from allowance for bad debts		—		837
Other extraordinary loss		127		86
Total extraordinary losses		3,712		1,506
Income before tax		11,603		19,148

(Millions of Yen)

	Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Corporate income tax, inhabitant tax and business tax	136	6,487
Adjustments on corporate income tax, etc.	2,462	(1,231)
Total corporate tax, etc.	2,598	5,255
Net income	9,005	13,893

(3) Statements of Shareholders' Equity.

(Millions of Yen)

	Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Shareholders' equity		
Capital Stocks		
Balance as of the end of the preceding fiscal year	15,992	15,992
Balance as of the end of the fiscal year	15,992	15,992
Additional paid-in capital		
Capital reserve		
Balance as of the end of the preceding fiscal year	18,590	18,590
Balance as of the end of the fiscal year	18,590	18,590
Other additional paid-in capital		
Changes during the fiscal year	—	211
Disposal of treasury stocks	211	—
Total changes during the fiscal year	211	—
Balance as of the end of the fiscal year	211	211
Total additional paid-in capital		
Balance as of the end of the preceding fiscal year	18,590	18,802
Changes during the fiscal year		
Disposal of treasury stocks	211	—
Total changes during the fiscal year	211	—
Balance as of the end of the fiscal year	18,802	18,802
Retained earnings		
Earned reserve		
Balance as of the end of the preceding fiscal year	1,991	1,991
Balance as of the end of the fiscal year	1,991	1,991
Other retained earnings		
Reserve for dividend payment		
Balance as of the end of the preceding fiscal year	400	400
Balance as of the end of the fiscal year	400	400
Reserve for reduction entry		
Balance as of the end of the preceding fiscal year	42	39
Changes during the fiscal year		
Reversal of reserve for advanced depreciation of fixed assets	(3)	(2)
Total changes during the fiscal year	(3)	(2)
Balance as of the end of the fiscal year	39	36
General reserve		
Balance as of the end of the preceding fiscal year	88,550	95,550
Changes during the fiscal year		
Provision of general reserve	7,000	7,000
Total changes during the fiscal year	7,000	7,000
Balance as of the end of the fiscal year	95,550	102,550

(Millions of Yen)

	Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Unappropriated retained earnings		
Balance as of the end of the preceding fiscal year	21,494	20,300
Changes during the fiscal year		
Payment of dividends	(3,202)	(3,946)
Net income	9,005	13,893
Reversal of reserve for reduction entry	3	2
Provision of general reserve	(7,000)	(7,000)
Reversal of differences in land reappraisal value	—	71
Total changes during the fiscal year	(1,194)	(3,020)
Balance as of the end of the fiscal year	20,300	23,320
Total retained earnings		
Balance as of the end of the preceding fiscal year	112,478	118,280
Changes during the fiscal year		
Payment of dividends	(3,202)	(3,946)
Net income	9,005	13,893
Reversal of allowance for advanced depreciation	—	—
Other reserves	—	—
Reversal of differences in land reappraisal value	—	71
Total changes during the fiscal year	5,802	10,018
Balance as of the end of the fiscal year	118,280	128,299
Treasury stocks		
Balance as of the end of the preceding fiscal year	(28,129)	(29,829)
Changes during the fiscal year		
Acquisition of treasury stocks	(5,014)	(6,500)
Disposal of treasury stocks	3,314	—
Total changes during the fiscal year	(1,700)	(6,500)
Balance as of the end of the fiscal year	(29,829)	(36,329)
Total shareholders' equity		
Balance as of the end of the preceding fiscal year	118,932	123,246
Changes during the fiscal year		
Payment of dividends	(3,202)	(3,946)
Net income	9,005	13,893
Acquisition of treasury stocks	(5,014)	(6,500)
Disposal of treasury stocks	3,525	—
Reversal of differences in land reappraisal value	—	71
Total changes during the fiscal year	4,313	3,517
Balance as of the end of the fiscal year	123,246	126,764

(Millions of Yen)

	Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Valuation and translation adjustments, etc.		
Unrealized gains (losses) on available-for-sale securities		
Balance as of the end of the preceding fiscal year	1,912	1,810
Changes during the fiscal year		
Changes (net amount) of items other than shareholders' equity during the fiscal year	(101)	983
Total changes during the fiscal year	(101)	983
Balance as of the end of the fiscal year	1,810	2,793
Land revaluation difference		
Balance as of the end of the preceding fiscal year	(324)	(546)
Changes during the fiscal year		
Reversal of differences in land reappraisal value	—	(71)
Changes (net amount) of items other than shareholders' equity during the fiscal year	(222)	—
Total changes during the fiscal year	(222)	(71)
Balance as of the end of the fiscal year	(546)	(618)
Total valuation and translation adjustments		
Balance as of the end of the preceding fiscal year	1,587	1,263
Changes during the fiscal year		
Reversal of differences in land reappraisal value	—	(71)
Changes (net amount) of items other than shareholders' equity during the fiscal year	(324)	(983)
Total changes during the fiscal year	(324)	911
Balance as of the end of the fiscal year	1,263	2,175
Total net assets		
Balance as of the end of preceding fiscal year	120,520	124,509
Changes during the fiscal year		
Payment of dividends	(3,202)	(3,946)
Net income	9,005	13,893
Acquisition of treasury stocks	(5,014)	(6,500)
Disposal of treasury stocks	3,525	—
Changes (net amount) of items other than shareholders' equity during the fiscal year	(324)	(983)
Total changes during the fiscal year	3,989	4,429
Balance as of the end of the fiscal year	124,509	128,939

Material Matters affecting the Preparation of Financial Statements.

1. Standard and method of valuation of marketable securities.

Securities.

Held-to-maturity bonds.

Amortized cost method (straight-line method).

Shares in subsidiaries and associated concerns.

To be stated at cost based on the moving-average method.

Other marketable securities.

Marketable securities with fair market value...Stated at market value based on fair market value, etc. as of fiscal closing date. (Any valuation gain or loss to be reported in a designated component of net assets; cost of sale to be computed by the moving-average method.).

Marketable securities without fair market value.

To be stated at cost based on the moving-average method.

2. Standards and methods of valuation of inventories.

Merchandise and finished goods:.. Stated at cost based on the periodic average method (where the book value shall be devaluated in case of the decline in profitability).

Stores: .... Stated at cost based on the periodic average method (where the book value shall be devaluated in case of the decline in profitability).

3. Standards and methods of valuation of derivative transactions.

Market value method.

4. Methods of depreciation of fixed assets.

Tangible fixed assets (excluding lease assets) By declining-balance method.

Mainly by declining-balance method, but straight-line method applicable to buildings (excluding accessory equipment) acquired on or after April 1, 1998.

Standards useful years are as follows:

Buildings: 3 - 50 years.

Intangible fixed assets (excluding lease assets) By straight-line method.

5 years for goodwill; internally estimated usable term (5 years) for software (for internal use).

Long-term prepaid expenses By straight-line method.

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.

5. Criteria for translation of assets and liabilities in foreign currencies into Japanese Yen.

Claims and debts in foreign currencies are translated into Japanese Yen at the spot foreign exchange rate prevailing on the fiscal closing date, and any conversion differences are treated as gain or loss.

6. Appropriation standards applicable to provisions.

1) Allowance for bad debts.

In order to provide for losses from bad debts, the Company appropriates an estimated amount based on actual bad debts with respect to its general claims, and estimated uncollectable amounts based on individual examinations of collectability with respect to its specified claims including claims with default possibility.

2) Provision for valuation loss on investments in subsidiaries and affiliates.

In order to provide against a decline in the value of its investments in subsidiaries and affiliates, the

Company appropriates an amount corresponding to the reduction of net assets.

3) Provision for employees' bonuses.

An amount corresponding to the fiscal year under review is appropriated for the next payment of employees' bonus.

4) Reserve for employees' severance benefits.

Out of the estimated amount of pension obligations and annuity assets at the fiscal year under review, the amount that is assumed to have accrued as of the end of the fiscal year under review is appropriated.

Past-work liability is expensed on a pro-rata fixed installment basis over a certain specific number of years (5 years) within the length of the remaining period of service of the employees at the time of accrual of the said difference.

Any arithmetic difference is expensed on a pro-rata fixed installment basis over a certain specific number of years (10 years) within the length of the remaining period of service of the employees, from the fiscal year following the accrual of such a difference.

7. Methods of hedge accounting.

1) Methods of hedge accounting.

Deferred hedging is used. Designation of hedges is applied to claims and debts in foreign currencies carrying exchange contracts, etc.

2) Methods and subject of hedging.

Method of hedging........Exchange contracts.

Subject of hedging ....Scheduled transactions in foreign currencies.

3) Hedging policy.

Foreign exchange fluctuation risks are hedged in accordance with "Risk Management Policy on Derivative Transactions," an in-house hedging regulation of the Company.

4) Method of assessing effectiveness of hedging.

Judgment as to the effectiveness of hedging is omitted, as it is assumed that the principal amount of the hedging method and the important terms concerning the hedge are identical and foreign exchange or cash flow fluctuations will be fully offset at the time of commencement of hedging and continuously thereafter.

8. Other material matters affecting the preparation of financial statements.

Accounting treatment of Consumption Taxes, etc.

For accounting purposes, amounts on the financial statements are reported net of Consumption Tax, etc.

Any change to accounting policies.

(Application of the partially revised accounting standards for severance benefits (No. 3))

Effective from the fiscal year under review, the partially revised accounting standards for severance benefits (No. 3) (Corporate Accounting Standard No. 19 of July 31, 2008) shall apply to the consolidated financial statements of the Company.

Such change has had a minor effect on the Company's profits or losses.

Notes.

(Balance Sheet) (Millions of Yen)

Preceding Fiscal Year (As of March 31, 2009)	Fiscal Year Under Review (As of March 31, 2010)
*1 Accumulated depreciation of fixed assets Accumulated depreciation of tangible fixed assets ¥7,792 mil.	*1 Accumulated depreciation of fixed assets Accumulated depreciation of tangible fixed assets ¥8,457 mil.
*2 Accounts receivable includes the following items for affiliates: Accounts receivable ¥6,979 mil. Accrued revenue ¥1,932 mil. Accounts payable ¥13,145 mil. Accrued liability ¥3,931 mil.	*2 Accounts receivable includes the following items for affiliates: Accounts receivable ¥8,804 mil. Accrued revenue ¥1,306 mil. Accounts payable ¥9,935 mil. Accrued liability ¥3,328 mil.
*3 The Company revaluated its business-use land in accordance with the “Law Concerning Revaluation of Land (Law No. 34 published on March 31, 1998)” and the “Law Concerning Partial Amendment to the Law Concerning Revaluation of Land (amended as of March 31, 2001)”. Method of revaluation Revaluation is based on the appraisal value as specified in Clause 5, Article 2 of the “Ordinance Concerning Enforcement of the Law Concerning Revaluation of Land amended as of March 31, 2001” (Ordinance No. 119 published on March 31, 1998). Date of revaluation: March 31, 2001 The difference between the market value of the revaluated business-use land at the year-end and its book value after revaluation: (¥567 mil.)	*3 The Company revaluated its business-use land in accordance with the “Law Concerning Revaluation of Land (Law No. 34 published on March 31, 1998)” and the “Law Concerning Partial Amendment to the Law Concerning Revaluation of Land (amended as of March 31, 2001)”. Method of revaluation Revaluation is based on the appraisal value as specified in Clause 5, Article 2 of the “Ordinance Concerning Enforcement of the Law Concerning Revaluation of Land amended as of March 31, 2001” (Ordinance No. 119 published on March 31, 1998). Date of revaluation: March 31, 2001 The difference between the market value of the revaluated business-use land at the year-end and its book value after revaluation: (¥644 mil.)
4. Contingent liabilities (1) Guarantee obligation Guarantee obligation for loans borrowed by subsidiaries from financial institutions Unicharm Gulf Hygienic Industries Ltd. ¥1,842 mil.	4. Contingent liabilities (1) Guarantee obligation Guarantee obligation for loans borrowed by subsidiaries from financial institutions Unicharm Gulf Hygienic Industries Ltd. ¥373 mil.

(Statement of Income)

Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (As of March 31, 2010)
*1 Breakdowns of the main items and their respective amounts in sales expenses and general and administrative expenses are as follows: Advertising expense ¥4,106 mil. Employees' salaries and bonus ¥5,320 mil. Amount newly categorized as provision for employees' bonus ¥1,087 mil. Amount newly categorized as reserve for severance benefits ¥791 mil. Depreciation expense ¥1,815 mil. Sale promotion expense ¥19,058 mil. Sales-related transportation expense ¥5,234 mil. Other fees ¥2,977 mil. *2 Research and development expenses included in sales expenses and administrative expense are as follows: ¥3,956 mil. *3 Includes the following items with regard to transactions with affiliates Purchase of merchandise ¥110,148 mil. Dividend received ¥8,256 mil. *4 Breakdown of loss on disposal of fixed assets Machinery and equipment ¥110 mil. Other ¥13 mil.	*1 Breakdowns of the main items and their respective amounts in sales expenses and general and administrative expenses are as follows: Advertising expense ¥6,532 mil. Employees' salaries and bonus ¥5,093 mil. Amount newly categorized as provision for employees' bonus ¥1,176 mil. Amount newly categorized as reserve for severance benefits ¥1,056 mil. Depreciation expense ¥1,424 mil. Sale promotion expense ¥21,587 mil. Sales-related transportation expense ¥4,944 mil. Other fees ¥3,097 mil. *2 Research and development expenses included in sales expenses and administrative expense are as follows: ¥3,940 mil. *3 Includes the following items with regard to transactions with affiliates Purchase of merchandise ¥100,096 mil. Dividend received ¥6,877 mil. *4 Breakdown of loss on disposal of fixed assets Machinery and equipment ¥12 mil. Land ¥14 mil. *5 Loss on sales of fixed assets Building ¥8 mil. *6 Breakdown of loss on disposal of fixed assets Machinery and equipment ¥108 mil. Other ¥26 mil.

(Items related to the Statements of Shareholders' Equity)

Preceding consolidated fiscal year (April 1, 2008 – March 31, 2009).

Items related to treasury stocks.

	Balance at the End of the Preceding Fiscal Year	Increase	Decrease	Balance at the End of the fiscal year under review
Common stocks	5,248,303	699,373	618,300	5,329,376

(Outline of reasons for the change)

Main items of the increase are as follows:

1. Increase from acquisition of odd-lot shares: 2,073 shares
2. Increase from purchase of treasury stocks through market 697,300 shares

Main item of decrease is as follows:

1. Decrease from exercise of stock options 618,300 shares

Consolidated fiscal year under review (April 1, 2009 – March 31, 2010).

Items related to treasury stocks.

	Balance at the End of the Preceding Fiscal Year	Increase	Decrease	Balance at the End of the fiscal year under review
Common stocks	5,329,376	723,139	—	6,052,515

(Outline of reasons for the change)

Main items of the increase are as follows:

1. Increase from acquisition of odd-lot shares: 1,139 shares.
2. Increase from purchase of treasury stocks through public offerings: 722,000 shares.

(Per-Share Information) (Yen)

Preceding Fiscal Year (April 1, 2008 – March 31, 2009)		Fiscal Year Under Review (from April 1, 2009 – March 31, 2010)	
Net assets per share	1,956.09	Net assets per share	2,048.96
Net income per share	141.07	Net income per share	219.03
Net income per share-diluted	141.02	Net income per share-diluted	219.02

Note 1: Calculation bases for net assets per share are as follows:

	Preceding Fiscal Year (March 31, 2009)	Fiscal Year Under Review (March 31, 2010)
Total of net assets on the consolidated balance sheet (Millions of Yen)	124,509	128,939
Net assets relevant to common stocks at the end of fiscal year (Millions of Yen)	124,509	128,939
Number of shares outstanding (common stocks) at the end of fiscal year (Thousands of shares)	68,981	68,981
Number of treasury common stocks (Thousands of shares)	5,329	6,052
Number of common stocks used to calculate net asset per share (Thousands of shares)	63,652	62,929

Note 2: The calculation basis for net income per share and net income per share after adjustment for dilutive stock is as follows:

	Preceding Fiscal Year (April 1, 2008 – March 31, 2009)	Fiscal Year Under Review (April 1, 2009 – March 31, 2010)
Net income per share		
Income as reported (Millions of Yen)	9,005	13,893
Amount not attributable to common stock holders (Millions of Yen)	—	—
Net income relevant to common stocks (Millions of Yen)	9,005	13,893
Average number of common stocks during period (Thousands of shares)	63,832	63,429
Net income per share after adjustment of residual equity		
Increase in the number of common stocks (Thousands of shares)	26	4
Of which the number of stock options (Thousands of shares)	(26)	(4)
Outline of potential stock which, due to the absence of its diluting effect, was not included in the computation of the amount of net income per share after adjustment for residual income	Stock options resolved at ordinary general meeting of shareholders on June 27, 2003. Stock options 5,264 Common shares526,400 shares	

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6. Others.

(1) Change of Officers (effective June 24, 2010).

i) Candidate for a New Director.

Gumpei Futagami (presently, the President and CEO of Unicharm PetCare Corporation)

ii) Candidate for a New Director.

Yoshiro Ando (presently, the Director and Senior Managing Executive Officer of Unicharm PetCare Corporation)

(2) Tender offer and merger.

The Company (as a filing company for quarterly consolidated financial statements) was authorized to integrate with Unicharm PetCare Corporation by resolution at the meeting of its Board of Directors held on April 30, 2010, and executed the Merger Agreement, subject to the conditions that (x) the Company shall acquire shares of common stock in Unicharm PetCare Corporation through tender offer under the Financial Instruments and Exchange Law and that (y) such tender offer shall be successfully completed.

Accordingly, a tender offer shall be conducted for the period commencing on May 6, 2010 and ending on June 16, 2010. If such tender offer succeeds, Unicharm PetCare Corporation shall be merged with the Company. Incidentally, such tender offer has already been approved by the Board of Directors of Unicharm PetCare Corporation.

[Purposes of the tender offer.]

To further build up the business bases of the merging company and the merged company and to expand the business scope, by complementally and effectively utilizing operational resources currently held by the merging company and the merged company.

[Purchase price.]

(i) Number of shares of common stock to be purchased: 17,187,375 shares (equity ratio: 58.5%).

(ii) Purchase price: 65.741 billion yen in total (3,825 yen per share).

[Profile of Unicharm PetCare Corporation.]

(i) Businesses: Manufacturing and sale of pet food products and pet toiletry products.

(ii) Number of employees: 230 employees (as of December 31, 2009).

(iii) Sales: 44.731 billion yen (for FY ended March 2009).

For more details, please refer to the “Notification with Respect to Commencement of Tender Offer for Shares of Unicharm PetCare Corporation” and “Notice of Entering into a Merger Agreement between Unicharm Corporation and Unicharm PetCare Corporation with the Failure of a Tender Offer as a Condition Subsequent” published as of the date hereof on the websites of Tokyo Stock Exchange, Incorporated and the Company.

Please be advised that pursuant to Article 167, Paragraph 3 of the [Financial Instruments and Exchange] Law of Japan and Article 30 of the [Enforcement] Ordinance [for the Financial Instruments and Exchange Law], any person who has received information concerning the tender offer through this press release may

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be restricted from purchasing or otherwise trading the shares and other securities in the target as a first-hand recipient of information under the regulations on insider trading, for 12 hours from the publication of this press release. Also please note that the Company shall not take any responsibility for any criminal, civil or administrative charge brought against any person for any of his/her/its purchase or trade.