

This notice has been translated from the original Japanese text of the timely disclosure statement dated July 31, 2013 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.

FY2014 Consolidated Financial Results for the First Quarter Ended June 30, 2013
(April 1, 2013 through June 30, 2013); Flash Report
[J-GAAP]



July 31, 2013

Listed Company Name: **Unicharm Corporation**
 Listing: **First Section, Tokyo Stock Exchange**
 Code Number: **8113**
 URL: **http://www.unicharm.co.jp/**
 Company Representative: **Takahisa Takahara, President and Chief Executive Officer**
 Contact Person: **Shigeru Asada, Executive Officer, General Manager of Accounting Dept.**
 Telephone Number: **+81-3-3451-5111**
 Planned Filing Date of Quarterly Report: **August 9, 2013**
 Planned Commencement Date of Dividend Payments: **—**
 Preparation of Any Additional Explanatory Documents for Quarterly Financial Results: **Yes**
 Holding of Any Briefing Session for Quarterly Financial Results: **None**

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the First Quarter of FY2014 (April 1, 2013 through June 30, 2013)**(1) Consolidated financial results (1Q: 3 months cumulative)**

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1Q FY2014	143,761	19.7	17,652	14.6	19,047	59.0	10,949	36.3
1Q FY2013	120,112	19.2	15,399	13.6	11,981	-4.8	8,032	-12.7

(Note) Comprehensive income: 1Q FY2014: ¥23,617 million (134.8 %)
 1Q FY2013: ¥10,058 million (2.2%)

	Net Income Per Share	Net Income Per Share Adjusted for Residual Shares
	Yen	Yen
1Q FY2014	56.51	55.70
1Q FY2013	43.59	42.20

(2) Consolidated financial position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Millions of Yen	Millions of Yen	%
As of June 30, 2013	564,838	368,833	57.7
As of March 31, 2013	535,055	329,201	54.2

(Reference) Equity: As of June 30, 2013: ¥325,896 million
 As of March 31, 2013: ¥289,767 million

2. Cash Dividends

	Annual Dividends				
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2013	—	17.00	—	17.00	34.00
FY2014	—				
FY2014 (projection)		18.00	—	18.00	36.00

(Note) Revision of dividend projection that have been disclosed lastly: None

3. Projected Consolidated Financial Results for FY2014 (April 1, 2013 through March 31, 2014)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First Half	271,000	15.4	29,800	7.4	26,800	16.8	13,700	-14.3	70.40
Full Year	580,000	17.0	70,000	17.7	65,000	-0.0	35,000	-18.8	179.87

(Note) Revision of projected results that have been disclosed lastly: None

*** Notes**

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

(2) Application of any special accounting method for the preparation of quarterly consolidated financial statements: None

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

- (i) Change in accounting policies in accordance with revision of accounting standards: None
- (ii) Change in accounting policies other than item (i) above: None
- (iii) Change in accounting estimates: None
- (iv) Retrospective restatements: None

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

- (i) Number of issued and outstanding shares (including treasury shares):
 - As of end of 1st quarter of FY2014: 206,944,773 shares
 - As of end of FY2013: 206,944,773 shares
- (ii) Number of treasury shares as of end of period:
 - As of end of 1st quarter of FY2014: 11,459,063 shares
 - As of end of FY2013: 16,531,662 shares
- (iii) Average number of shares during the period:
 - Apr. – Jun. FY2014: 193,756,145 shares
 - Apr. – Jun. FY2013: 184,247,022 shares

* Presentation regarding status of quarterly review procedures

This FY2014 Consolidated Financial Results for the First Quarter Ended June 30, 2013 is not subject to the quarterly review procedures under the Financial Instruments and Exchange Law, and as of the date of disclosure hereof, the quarterly review procedures for financial statements under the Financial Instruments and Exchange Law are being carried out.

* Explanation regarding proper use of the projected results and other notes

Projections stated herein are based on the currently available information and the Company's assumptions and beliefs that were deemed valid as of the date of publication, and do not represent the Company's obligation or certainty that they will be achieved. In addition, actual results may differ materially for various reasons. Please refer to the "Explanation regarding information on future outlooks including projected consolidated financial results, etc." section on page 4 of Exhibit attached hereto for conditions that are prerequisite for the projected results and points to note and other precautions when using the projections.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

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1. Qualitative Information Regarding Consolidated Financial Results at End of First Quarter

(1) Operating results

In light of the overseas economic environment during the first quarter of the Group's consolidated fiscal year ending March 31, 2014 (April 1, 2013 through June 30, 2013), there was continuing economic growth in ASEAN countries, especially Indonesia, and a leveling off of growth in China. However, due to efforts to improve profitability and to proactively increase the number of cities where our products are sold, demand for personal care products remained solid. In Japan, an easier credit policy after the accession of the new Governor of the Bank of Japan led to higher stock prices and a depreciation of the yen, resulting in the economy showing signs of rallying. However, improvements in deflation lagged, and the economic outlook continued to be uncertain.

In this environment and under the banner “we will continue to offer the world’s top cutting-edge products and services that provide people around the world with comfort, happiness and joy,” the Company and its group companies continued to develop products to meet consumers’ needs, using unique non-woven fabric technology while endeavoring to revitalize the market.

As a result, the Company’s net sales, operating income, ordinary income, and net income for the fiscal period under review reached ¥143,761 million (up 19.7% year on year, or up 7.9% year on year if no foreign exchange effect is factored in), ¥17,652 million (up 14.6% year on year, or up 1.3% year on year if no foreign exchange effect is factored in), ¥19,047 million (up 59.0% year on year) and ¥10,949 million (up 36.3% year on year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Baby Care Products

In Japan, the Company has been working to develop products that make use of its unique non-woven fabric technology. From the *Moony* series, the Company launched *Moony Air fit*, the world’s first diaper¹ to employ a curved shape to match an infant’s round frame and offered innovative new value. Together with the *Mamy Poko* series, which features *Nihon Saitaka Anshin Guard*² a gathering at the crotch to prevent leakage, the Company took aggressive steps to raise sales and enhance Unicharm brand power.

Overseas, the Company made efforts to promote products that meet local needs; for example, *Mamy Poko Pants Standar*, disposable diapers for the middle class in Indonesia, and *Mamy Poko Happy Pants*, daytime disposable diapers in Thailand. As a result, the Company has expanded its market share and continued to improve business performance. In China, an important market, while new market entries from competitors have intensified competition, we have steadily expanded our distribution area, leading to stable business performance.

¹ A structure that gives paper diapers a 3-dimensional structure with flexible sheets at the waist and in the crotch area and notches in the absorbent part. It is the first of its kind among global brands of tape infant diapers, researched by Unicharm Corporation in September 2012.

² Largest gathers among the highest selling domestic brands of disposable diapers, researched by Unicharm Corporation in August 2012.

● Feminine Care Products

In Japan, while the market as a whole is shrinking, the Company has worked on permeating the market with high value-added products employing its unique non-woven fabric technology. In the *Sofy Super Sound Sleep Guard Suzuhada* series, we launched a product that is more breathable than conventional products.¹ In addition, the Company released another *Center-In Compact Slim* series with a brand-new cheerful design with bright neon colors on the packaging and on individual wrapping. As a result of these efforts, business performance has held steady.

Overseas, the Chinese younger generation, who are the target market for the Company, favors the charming design and high quality of our products, and business performance has improved noticeably.

¹ Compared to existing *Sofy Super Sound Sleep Guards*

● Health Care Products

In the ever-growing domestic market for health care products in keeping with the pace of Japan’s aging society,

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the Company has been leading the light incontinence and urine leakage care product market with its two brands, the liner-type *Charm Nap* series and the napkin-type *Lifree Comfortable Pads* series. In addition, the Company has actively promoted the nursing care *Lifree* series through TV commercials, its website, consultations at shops, and by creating shelf space at retailers according to everyday activities. As a result, the Company has expanded its market share and has continued to improve its business performance.

● Clean and Fresh Products

As living environments change, increasing numbers of customers want fragrances for daily use at home. In order to make housecleaning simple and pleasurable, the Company added the *Wave Handy Wiper with Green Fragrance* to the *Wave Handy Wiper* series, to revitalize the market, which led to improved business performance.

As a result, net sales and segment income (operating income) for the personal care business for the fiscal period under review were ¥123,582 million (up 23.0% year on year) and ¥17,312 million (up 23.4% year on year), respectively.

2) Pet Care Business

The Company has worked to develop products to meet the needs of consumers and create new markets, and endeavored to revitalize the market and promote sales through the segmentation of the products based on the five major trends among Japanese pet owners: “indoor pet keeping,” “popularity of smaller dogs,” “aging of pets,” “pet obesity,” and “pet health.”

In the domestic pet food business, the Company launched products in response to preferences and concerns over cats’ health. In addition, the Company endeavored to revitalize the market with pet foods by dog type, for which the market is growing.

In the pet toiletry business, the Company has made use of its unique non-woven fabric technology to promote sales of products that meet pet owners’ needs, which has led to stable business performance.

The Hartz Mountain Corporation in the United States has endeavored to promote *Dog Pads* that employ Unicharm technology.

As a result, net sales and segment income (operating income) in the pet care business for the fiscal period under review were ¥18,852 million (up 4.1% year on year) and ¥217 million (down 82.9% year on year), respectively.

3) Other Businesses

In the category of business-use products utilizing its core non-woven fabric and absorbent, the Company intensively promoted the sales of industrial materials.

As a result, net sales and segment income (operating income) in other businesses for the fiscal period under review were ¥1,326 million (down 11.3% year on year) and ¥115 million (up 29.7% year on year), respectively.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

(2) Financial position

(Assets)

Total assets as of the end of the first quarter were ¥564,838 million (up 5.6% year on year). This was mainly because cash and deposits and machinery, equipment and vehicles (net) increased by ¥12,923 million, ¥7,540 million respectively, while marketable securities decreased by ¥8,099 million.

(Liabilities)

Total liabilities as of the end of the first quarter were ¥196,004 million (down 4.8% year on year). This was mainly because other current liabilities increased by ¥4,816 million due to accrued expenses, etc., and notes and accounts payable increased by ¥4,235 million, while bonds with share warrants payable decreased by ¥18,543 million.

(Net Assets)

Net assets as of the end of the first quarter were ¥368,833 million (up 12.0% year on year). This was mainly because treasury shares decreased by ¥13,203 million, net income increased to ¥10,949 million and foreign currency translation adjustments increased by ¥7,418 million.

(Shareholder's Equity Ratio)

The shareholder's equity ratio as of the end of the first quarter was 57.7%.

(3) Information on future outlooks including projected consolidated financial results, etc.

The Company's projected consolidated financial results for the fiscal year ending March 31, 2014 are the same as those announced on April 30, 2013.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

2. Summary Information (Notes)

(1) Change in major subsidiaries during the period

Not applicable

(2) Application of any special accounting method for the preparation of quarterly consolidated financial statements

Not applicable

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

Not applicable

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

	(Millions of Yen)	
	FY2013 (as of March 31, 2013)	1Q of FY2014 (as of June 30, 2013)
Assets		
Current assets		
Cash and deposits	74,321	87,244
Notes and accounts receivable	60,349	62,485
Marketable securities	11,212	3,112
Merchandise and finished goods	26,254	27,624
Raw materials and supplies	17,669	20,450
Work in progress	861	986
Other current assets	20,145	22,123
Allowance for bad debts	(85)	(85)
Total current assets	210,728	223,942
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net)	44,695	46,586
Machinery, equipment and vehicles (net)	79,177	86,717
Other tangible fixed assets (net)	39,256	43,875
Total tangible fixed assets	163,129	177,179
Intangible fixed assets		
Goodwill	76,686	79,118
Other intangible fixed assets	20,707	21,384
Total intangible fixed assets	97,394	100,502
Investments and other assets		
Prepaid pension expenses	5,615	5,695
Investments in marketable securities	19,664	21,686
Deferred tax assets	36,616	33,897
Other investments	2,070	2,021
Allowance for bad debts	(164)	(87)
Total investments and other assets	63,803	63,213
Total fixed assets	324,326	340,896
Total assets	535,055	564,838

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

(Millions of Yen)

	FY2013 (as of March 31, 2013)	1Q of FY2014 (as of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	53,185	57,421
Short-term loans payable	6,228	6,055
Accrued corporate taxes, etc.	3,234	4,758
Reserve for bonuses	4,335	2,388
Other current liabilities	54,562	59,378
Total current liabilities	121,547	130,002
Long-term liabilities		
Bonds with share warrants payable	53,333	34,790
Long-term loans payable	23,000	23,000
Reserve for severance benefits	2,925	3,251
Other long-term liabilities	5,048	4,960
Total long-term liabilities	84,306	66,002
Total liabilities	205,854	196,004
Net assets		
Shareholders' equity		
Common stock	15,992	15,992
Additional paid-in capital	29,782	36,262
Retained earnings	275,609	283,322
Treasury shares	(43,030)	(29,826)
Total shareholders' equity	278,354	305,751
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	7,635	8,961
Gains (losses) on deferred hedges	(20)	(32)
Land revaluation differences	(157)	(157)
Foreign currency translation adjustments	3,955	11,373
Total accumulated other comprehensive income	11,413	20,144
Subscription rights to shares	677	522
Minority interests	38,755	42,414
Total net assets	329,201	368,833
Total liabilities and net assets	535,055	564,838

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

For First Quarter of FY2014 Cumulative Consolidated Fiscal Period

(Millions of Yen)

	1Q of FY2013 (April 1, 2012 – June 30, 2012)	1Q of FY2014 (April 1, 2013 – June 30, 2013)
Net sales	120,112	143,761
Cost of sales	65,536	78,440
Gross profits	54,575	65,320
Selling, general and administrative expenses	*1 39,176	*1 47,667
Operating income	15,399	17,652
Non-operating income		
Interest received	184	346
Dividends received	132	138
Foreign exchange gain	–	1,398
Other non-operating income	111	412
Total non-operating income	429	2,297
Non-operating expenses		
Interests paid	102	87
Sales discount	1,300	760
Foreign exchange losses	2,389	–
Other non-operating expenses	54	54
Total non-operating expenses	3,847	902
Ordinary income	11,981	19,047
Extraordinary income		
Gain on sale of fixed assets	21	3
Other extraordinary income	5	–
Total extraordinary income	27	3
Extraordinary losses		
Losses on disposal of fixed assets	32	169
Business structure improvement expenses	*2 28	–
Other extraordinary losses	1	30
Total extraordinary losses	62	199
Income before taxes and other adjustments	11,946	18,851
Corporate tax, inhabitant tax and business tax	2,249	4,136
Adjustments on corporate tax, etc.	16	1,742
Total corporate tax, etc.	2,266	5,878
Income before minority interests	9,680	12,973
Minority interests	1,647	2,024
Net income	8,032	10,949

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

Consolidated statement of comprehensive income
For First Quarter of FY2014 Cumulative Consolidated Fiscal Period

(Millions of Yen)

	1Q of FY2013 (April 1, 2012 – June 30, 2012)	1Q of FY2014 (April 1, 2013 – June 30, 2013)
Income before minority interests	9,680	12,973
Other comprehensive income		
Unrealized gains on available-for-sale securities	(339)	1,325
Gains (losses) on deferred hedges	8	(12)
Foreign currency translation adjustment	710	9,331
Total other comprehensive income	378	10,643
Comprehensive income	10,058	23,617
Of which:		
Comprehensive income attributable to owners of the parent	8,644	19,680
Comprehensive income attributable to minority interests	1,413	3,936

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

(3) Notes to consolidated financial statements

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

Not applicable

(Consolidated statement of income)

(Millions of Yen)

1Q of FY2013 (April 1, 2012 – June 30, 2012)	1Q of FY2014 (April 1, 2013 – June 30, 2013)
*1 Major items constituting selling, general and administrative expenses	*1 Major items constituting selling, general and administrative expenses
Sales-related transportation expense 5,633	Sales-related transportation expense 7,055
Sales promotion expense 15,975	Sales promotion expense 20,480
Advertisement costs 3,528	Advertisement costs 4,076
Salaries and bonuses to employees 3,525	Salaries and bonuses to employees 4,225
Allowance for bonuses transferred 912	Allowance for bonuses transferred 909
Employee retirement benefits 380	Employee retirement benefits 341
Depreciation charges 485	Depreciation charges 585
*2 Business structure improvement expenses Business structure improvement expenses are expenses incurred in relation to the reorganization of the personal care business segment.	—————

(Note regarding material changes in shareholders' equity)

During the first quarter of the consolidated fiscal year, the Company undertook a stock conversion by exercising its rights to convert to bonds with equity-purchase warrants.

As a result, treasury shares decreased by ¥12,420 million, while additional paid-in capital increased by ¥6,120 million.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of FY2014

(Segment information, etc.)

[Segment Information]

Cumulative Results at end of the First Quarter of FY2013 Consolidated Fiscal Period (April 1, 2012 through June 30, 2012)

1. Information regarding net sales and income or loss by reporting segment

(Millions of Yen)

	Reporting segment				Elimination or Company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	100,509	18,106	1,496	120,112	-	120,112
Internal sales or transfers across segments	-	-	3	3	(3)	-
Total	100,509	18,106	1,499	120,115	(3)	120,112
Segment income (Operating income)	14,029	1,274	89	15,393	5	15,399

Cumulative Results at end of the First Quarter of FY2014 Consolidated Fiscal Period (April 1, 2013 through June 30, 2013)

1. Information regarding net sales and income or loss by reporting segment

(Millions of Yen)

	Reporting segment				Elimination or Company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	123,582	18,852	1,326	143,761	-	143,761
Internal sales or transfers across segments	-	-	9	9	(9)	-
Total	123,582	18,852	1,336	143,771	(9)	143,761
Segment income (Operating income)	17,312	217	115	17,646	6	17,652