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CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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

FY2014 Consolidated Financial Results for the Fiscal Year Ended March 31, 2014
(April 1, 2013 through March 31, 2014); Flash Report
[J-GAAP]



April 30, 2014

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 Date of General Shareholders' Meeting: **June 25, 2014**
 Planned Commencement Date of Dividend Payments: **June 5, 2014**
 Planned Filing Date of Securities Report: **June 26, 2014**
 Preparation of Any Additional Explanatory Documents for Full Year Financial Results: **Yes**
 Holding of Any Briefing Session for Full Year Financial Results: **Yes**

(Securities Analysts, Institutional Investors)

(Amounts of less than one million yen have been truncated)

1. Consolidated Financial Results for FY2014 (April 1, 2013 through March 31, 2014)**(1) Consolidated financial results**

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2014	599,455	20.9	67,240	13.0	67,913	4.5	38,216	-11.4
FY2013	495,771	15.7	59,488	14.6	65,012	34.4	43,121	59.8

(Note) Comprehensive income: FY2014: ¥65,592 million (-8.9 %)
 FY2013: ¥71,982 million (143.7%)

	Net Income Per Share	Net Income Per Share-diluted	Net Income to Shareholders' Equity	Ordinary Income to Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2014	192.30	187.19	11.5	11.8	11.2
FY2013	233.75	209.56	17.2	12.9	12.0

(Reference) Equity method investment gain or loss: FY2014: ¥20 million
 FY2013: ¥20 million

(2) Consolidated financial position

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2014	620,419	432,152	60.3	1,858.41
As of March 31, 2013	535,055	329,201	54.2	1,521.78

(Reference) Equity: As of March 31, 2014: ¥374,136 million
As of March 31, 2013: ¥289,767 million

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2014	95,659	(58,220)	(12,505)	97,498
FY2013	68,758	(53,304)	(28,653)	68,211

2. Cash Dividends

	Annual Dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated)
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2013	—	17.00	—	17.00	34.00	6,369	14.5	2.5
FY2014	—	18.00	—	20.00	38.00	7,640	19.8	2.2
Fiscal year ending December 31, 2014 (projection)	—	19.00	—	19.00	38.00		24.1	

3. Projected Consolidated Financial Results for the Fiscal Year Ending December 31, 2014 (April 1, 2014 through December 31, 2014)

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

	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
Full Year	540,000	-	56,600	-	55,000	-	31,700	-	157.46

(Note) Assuming that a proposal, "partial amendments to the articles of incorporation," is approved at the 54th General Shareholders' Meeting to be held on June 25, 2014, the Company plans to change the last day of the fiscal year from March 31 to December 31. Accordingly, the fiscal year ending in December 31, 2014 will be a transitional period during which the fiscal year will last nine months (from April 1, 2014 to December 31, 2014) for consolidated companies whose fiscal year ended in March and will remain unchanged at twelve months (January 1, 2014 to December 31, 2014) for consolidated companies whose fiscal year ended in December. Forecasts are provided here for these consolidated periods.

Accordingly, rates of change over the previous fiscal year are not provided for the full fiscal year.

Moreover, we plan to set the first half of the fiscal year at six months (April 1 to September 30, 2014) for consolidated companies whose fiscal year had ended in March and nine months (January 1 to September 30, 2014) for consolidated companies whose fiscal year ends in December, but will only release consolidated earnings forecasts for the fiscal year as this year is an anomaly and earnings will be managed internally on a full-year basis.

*** Notes**

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

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

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

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

(i) Number of issued and outstanding shares (including treasury shares):

As of end 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 FY2014: 5,623,977 shares

As of end of FY2013: 16,531,662 shares

(iii) Average number of shares during the period:

Apr. – Mar. FY2014: 198,733,727 shares

Apr. – Mar. FY2013: 184,479,315 shares

(Notes)

1. The Company has acquired 2,115,900 shares of treasury stock pursuant to the provision of Article 459 Paragraph 1 Item 1 of the Companies Act.
2. The Company disposed 12,280,752 shares of treasury stock upon conversion of convertible bonds with share warrants into stocks and 743,400 shares of treasury stock upon the exercise of stock options.

(Reference) Outline of non-consolidated business results**1. Non-consolidated Financial Results for FY2014 (April 1, 2013 through March 31, 2014)****(1) Non-consolidated financial results**

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2014	265,658	10.1	25,263	11.0	33,342	-5.5	11,185	-58.7
FY2013	241,347	3.8	22,766	15.4	35,290	42.0	27,100	79.2

	Net Income Per Share	Net Income Per Share-diluted
	Yen	Yen
FY2014	56.28	54.78
FY2013	146.90	131.64

(2) Non-consolidated financial position

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2014	322,386	241,652	74.9	1,198.87
As of March 31, 2013	316,180	197,754	62.3	1,035.00

(Reference) Equity: As of March 31, 2014: ¥241,356 million

As of March 31, 2013: ¥197,077 million

2. Projected Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2014 (April 1, 2014 through December 31, 2014)

Projected non-consolidated financial results are not stated in this presentation due to lack of any significance in terms of investment information.

(* Presentation regarding status of audit procedures)

This Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 is not subject to the audit procedures under the Financial Instruments and Exchange Law, and as of the date of disclosure hereof, the audit procedures for financial statements under the Financial Instruments and Exchange Law are being carried out.

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

Projections stated herein are based on the currently available information and the Company's assumptions and beliefs that were judged to be valid as of the announcement date hereof. Therefore, actual results may differ for various factors. Please refer to the "1. Analysis of Operating Results and Financial Position" section on page 2 for further details.

Contents of Exhibit

1. Analysis of Operating Results and Financial Position	2
(1) Analysis of operating results	2
(2) Analysis of financial position	6
(3) Basic policy regarding profit distribution and dividends for FY2014 and fiscal year ending December 31, 2014.....	7
2. Management Policy	8
(1) Basic management policy of the Company	8
(2) Targeted business indicators	8
(3) Medium- and long-term management strategy of the Company	8
(4) Issues facing the Group	8
3. Consolidated Financial Statements, Etc.	9
(1) Consolidated balance sheet	9
(2) Consolidated statements of income and comprehensive income	11
(3) Consolidated statement of changes in shareholders' equity	13
(4) Consolidated statement of cash flows	15
(5) Notes to consolidated financial statements	16
(Note regarding the Company's position as a going concern)	16
(Material accounting policies concerning the preparation of consolidated financial statements)	16
(Change in accounting policies)	16
(Consolidated balance sheet)	16
(Consolidated statement of income)	17
(Segment information, etc.)	18
(Per-share information)	20
(Significant subsequent events)	22

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

Comparison with actual results for the preceding fiscal year

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	495,771	599,455	103,684	20.9
Operating income	59,488	67,240	7,751	13.0
Ordinary income	65,012	67,913	2,901	4.5
Net income	43,121	38,216	(4,905)	-11.4

Comparison with projected results

	Projection for FY2014 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	580,000	599,455	19,455	3.4
Operating income	70,000	67,240	(2,759)	-3.9
Ordinary income	65,000	67,913	2,913	4.5
Net income	35,000	38,216	3,216	9.2

By region

	Net sales (Note)			Operating income		
	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)
Japan	236,993	255,767	18,774	30,897	35,316	4,419
China	72,286	92,879	20,592	9,091	7,980	(1,110)
Others	186,490	250,808	64,317	19,523	24,157	4,633

(Note) Net sales represent those to external customers.

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

In light of the management environment surrounding the Company and its group companies during the fiscal year under review, currency depreciation in some emerging countries caused the price of imported raw materials in foreign currency to escalate, thus hurting profitability. However, economic growth in our target countries supported the Company, and a proactive strategy to expand sales with a strong emphasis on local needs succeeded. As a result, sales of personal care products remained strong. In Japan, last-minute demand before the implementation of the consumption tax hike and solid sales of high value-added personal care products attributable to ongoing value proposals resulted in continuing steady growth in the Group's earnings overall.

In this environment and under the banner "we constantly provide the world's No.1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression and satisfaction," the Company and its group companies continued to develop products to meet 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 consolidated fiscal year under review reached ¥599,455 million (up 20.9% YOY), ¥67,240 million (up 13.0% YOY), ¥67,913 million (up 4.5% YOY) and ¥38,216 million (down 11.4% YOY), respectively. These were the twelfth- and seventh-straight fiscal periods in which net sales and operating income reached respective record highs.

2. Overview of the operation by main business segment

Financial results by segment are as described below.

1) Personal Care Business

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	417,187	515,253	98,066	23.5
Operating income	55,478	65,732	10,254	18.5

(Note) Net sales represent those to external customers.

- Baby Care Products

Overseas, the Company continued to offer new value with products with functions that meet the distinct characteristics of each region in the markets of emerging countries such as Indonesia, Thailand and Vietnam. As a result, it was able to maintain a high level of growth in these regions. In India, which has a low rate of product penetration among these markets, the Company was able to expand market share through aggressive sales activities for inexpensive products.

In Japan, the Company aggressively promoted sales of its diaper series to enhance Unicharm's brand power. These products include *Moony Air Fit*, which makes use of its unique non-woven fabric technology and fits comfortably on the baby's skin while preventing leakage; *Moonyman Air Fit*, which offers similar functions in a pants style; and the *Mamy Poko* series, which features cute Disney character designs and high absorption. In addition, the Company endeavored to strengthen relationships and expand the product lineup with the addition of a sub-category such as pants for children with bed-wetting problems, thus broadening the lineup from diapers for infants to pants for children with bed-wetting problems.

- Feminine Care Products

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 held steady.

In Japan, the Company has worked on permeating the market with high value-added products employing its unique non-woven fabric technology. The Company adopted the industry's first absorbent layer that provides a dry fresh feel while absorbing heavy menstrual flow in the *Sofy Hada Omoi* series, which is gentle on sensitive skin during menses to make the product even more gentle on the skin. The Company also expanded the lineup of *Sofy Super Sound Sleep Ultra Fit Slim*, comfortable sanitary napkins for nighttime use. This is the first product in Japan to use a flexible hip guard, for which the Company acquired a patent. Although the market as a whole is shrinking, in this way we endeavored to offer new value with products that meet the diverse lifestyles of women and revitalize the market in the process.

- Health Care Products

In the ever-growing domestic market for health care products and in keeping with the pace of Japan's aging society, in the area of nursing-care products the Company launched a limited-edition version with a gender-neutral pattern of *Lifree Ultra-thin Pants*, a diaper that feels like regular underwear, in the *Lifree* series. The Company continues to drive growth in the market for incontinence care products for adults with its liner-type *Charm Nap* series and napkin-type *Lifree* series. In addition, the Company has been actively promoting our products through TV commercials, its website, consultations at shops, and by creating shelf space at retailers to match everyday activities. As a result, the Company has expanded its market share and has continued to improve its business performance.

- Clean and Fresh Products

In the domestic market for clean and fresh products, as living environments and lifestyles change, increasing numbers of customers want to clean their homes easily and within a limited time. The Company worked to expand sales and revitalize the market with a box-type wet tissue in the *Silicot Wet Tissues* series that enables users to clean quickly with just one hand, and the *Wave Handy Wiper* series, convenient wipes for cleaning the entire house. In the *Silicot Kesho Puff* series, the Company launched *Silicot Soft and Rich Finish*, a puff with moisturizing ingredients in the surface material that gives the skin a soft finish, in order to expand the lineup of value-added products in the puff category.

As a result, net sales and segment income (operating income) for the personal care business for the fiscal year under review were ¥515,253 million (up 23.5% YOY) and ¥65,732 million (up 18.5% YOY), respectively.

2) Pet Care Business

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	73,182	78,672	5,489	7.5
Operating income	3,618	1,130	(2,487)	-68.8

(Note) Net sales represent those to external customers.

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.

In the domestic pet food business, we actively developed products to meet the preferences of cats with the launch of the *Silver Spoon Happy Crunch* series, which is a new crunchy-type snack for cats, and the *Silver Spoon Three Stars Gelée Pouch* series that is both delicious and easy to eat. This also helped to create new markets. In the dog food market, the Company enhanced the lineup of foods for different breeds in light of the growing popularity of small dogs, as well as low-fat foods, and endeavored to rejuvenate the market.

In the pet toiletry business, which focuses on excretion care for dogs and cats as the core market, earnings were stable, thanks to the launch of new products such as a deodorizing litter box for kittens, based on the stable growth of existing products that meet pet owners' needs as well as the Company's innovative technologies.

In the North American market, there are now more large retailers selling Dog Pads that employ Unicharm technology. In addition, new cat litter products launched in August 2013 and cat snacks launched in January 2014 are beginning to be sold at large retailers, thus contributing to higher sales.

As a result, net sales and segment income (operating income) in the pet care business for the fiscal year under review were ¥78,672 million (up 7.5% YOY) and ¥1,130 million (down 68.8% YOY), respectively.

3) Other Businesses

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	5,401	5,530	128	2.4
Operating income	360	355	(5)	-1.5

(Note) Net sales represent those to external customers.

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 year under review were ¥5,530 million (up 2.4% YOY) and ¥355 million (down 1.5% YOY), respectively.

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Unicharm Corporation (8113) Consolidated Financial Results for FY2014

3. Projected results for the fiscal year ending December 31, 2014

	Projected results for fiscal year ending Dec. 31, 2014 (Millions of Yen)	Actual results for FY2014 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	540,000	599,455	—	—
Operating income	56,600	67,240	—	—
Ordinary income	55,000	67,913	—	—
Net income	31,700	38,216	—	—
Net income per share	157.46	192.30	—	—

(Note) As the fiscal year ending December 31, 2014 will be a transitional period, the Company has released forecasts for a nine-month fiscal period (from April 1, 2014 to December 31, 2014) for consolidated companies whose fiscal year ended in March and a twelve-month fiscal period (January 1, 2014 to December 31, 2014) for consolidated companies whose fiscal year ended in December. Accordingly, changes over the previous fiscal year are not provided.

Looking at the environment surrounding the Company and its group companies, markets in targeted Asian countries are anticipated to keep growing. In Japan, we anticipate an economic recovery on the back of economic stimulus measures, but we also expect conditions to remain uncertain as a result of the impact of weak consumer sentiment due to the difficult employment conditions and the consumption tax hike.

It is expected that the purchasing costs of raw materials will increase due to the surging demand for raw materials in growing emerging economies and the influence of exchange rates.

In this management environment, we constantly provide the world's No.1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression and satisfaction.

In Japan, we continue to offer high value-added products reflecting consumer needs and lead the revitalization of the domestic market in the personal care business area.

In the pet care business, the Company will respond to the increasing pet-related demand by working to develop products linked to the four major trends among Japanese pet owners: "indoor pet keeping," "popularity of small dogs," "aging of pets," and "pet obesity," and also by revitalizing the market.

Overseas, we intend to grow with a speed of exceeding the market and strive for vitalization through offering products that meet individual needs in the target countries and aggressive sales activities.

As a result of the aforementioned efforts, net sales, operating income, ordinary income and net income for the fiscal year ending December 31, 2014 are projected to be ¥540,000 million, ¥56,600 million, ¥55,000 million and ¥31,700 million respectively, on a consolidated basis. Net income per share will be ¥157.46.

In the meantime, the Company's assumptions on foreign exchange rates for the main currencies are JPY101.15 to the U.S. dollar and JPY16.82 to the Chinese yuan.

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Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(2) Analysis of financial position

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)
Total Assets	535,055	620,419	85,364
Net Assets	329,201	432,152	102,951
Ratio of shareholders' equity (%)	54.2	60.3	—

	FY2013 (Millions of Yen)	FY2014 (Millions of Yen)	Difference (Millions of Yen)
Cash flows from operating activities	68,758	95,659	26,901
Cash flows from investing activities	(53,304)	(58,220)	(4,915)
Cash flows from financing activities	(28,653)	(12,505)	16,147
Outstanding balance of cash and cash equivalents at the end of the fiscal year	68,211	97,498	29,286

Total assets as of the end of the fiscal year under review were ¥620,419 million, up ¥85,364 million year on year. This was mainly because of increases of ¥34,580 million in cash and deposits, of ¥19,452 million in machinery, equipment and vehicles (net), and of ¥14,808 million in buildings and other structures (net). Total liabilities were ¥188,267 million, down ¥17,586 million year on year. Mainly decreased by ¥53,333 million due to redemption of bonds with share warrants payable, while notes and accounts payable increased by ¥25,247 million. Net assets were ¥432,152 million, up ¥102,951 million year on year, mainly due to increases of ¥38,216 million in net income and ¥17,162 million in foreign currency translation adjustment.

Consequently, the ratio of shareholders' equity increased from 54.2% as of the end of the preceding fiscal year to 60.3% as of the end of the fiscal year under review.

Net cash provided by operating activities totaled ¥95,659 million, due to ¥67,902 million in income before taxes and other adjustments, ¥22,101 million in depreciation charges, ¥21,872 million in increase (decrease) in trade payables and ¥13,013 million in corporate taxes, etc. paid.

Net cash used in investing activities totaled ¥58,220 million as a result of ¥58,738 million in expenditures on acquisition of tangible fixed assets, ¥14,267 million in proceeds from withdrawal of time deposits and ¥11,182 million in payments into time deposits.

Net cash used in financing activities amounted to ¥12,505 million, due to ¥12,384 million in income from payments by minority shareholders, ¥12,002 million in expenditure on acquisition of treasury shares, ¥6,849 million in dividends paid and ¥5,630 million in redemption of convertible bonds.

As a result, the outstanding balance of cash and cash equivalents as of the end of the fiscal year under review amounted to ¥97,498 million, up ¥29,286 million over the end of the preceding year.

(Reference) Changes in cash flow-related financial indicators

	As of the end of FY2010	As of the end of FY2011	As of the end of FY2012	As of the end of FY2013	As of the end of FY2014
Ratio of shareholders' equity (%)	59.7	45.5	45.1	54.2	60.3
Ratio of shareholders' equity at market value (%)	184.6	127.0	170.4	198.2	178.9
Ratio of cash flows to interest-bearing debts (year)	0.2	—	2.1	1.2	0.3
Interest coverage ratio (times)	322.3	—	123.4	213.1	275.5

Ratio of shareholders' equity: Shareholders' equity / Total assets

Ratio of shareholders' equity at market value: Market capitalization / Total assets

Ratio of cash flows to interest-bearing debts: Interest-bearing debts / Cash flows

Interest coverage ratio: Cash flows / Payment of interest

Note 1: All the above indicators are calculated using consolidated financial figures.

Note 2: Market capitalization is calculated using the Company's total shares outstanding excluding treasury shares.

Note 3: Cash flows from operating activities are used for calculations.

Note 4: Interest-bearing debts cover all debts for which interest is paid among those that are included in the consolidated balance sheet.

Note 5: The ratio of cash flows to the interest-bearing debts and interest coverage ratio of FY2011 are not stated, as cash flows from operating activities are negative.

(3) Basic policy regarding profit distribution and dividends for FY2014 and fiscal year ending December 31, 2014

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

The company has acquired treasury shares of 2,115,000 shares (with a total acquisition cost of ¥11.999 billion) for the period commencing on February 3, 2014 and ending on March 11, 2014 by means of the "purchase on the market 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.

We plan to revise our fiscal year-end dividend payments for this fiscal year with a 2-yen increase, from ¥18 per share to ¥20. As a result, annual dividends would total ¥38 per share, with a dividend on equity rate (DOE) of 2.2%.

As regards our shareholder return policy for the fiscal year ending December 31, 2014, we will make stable and ongoing dividend payments based on medium- and long-term consolidated earnings growth, while prioritizing business investments to realize ongoing growth. We are targeting a total shareholder return of 50% by flexibly acquiring treasury shares as necessary. The Company is determined to strive to return profits to shareholders with the target of a 20% payout ratio or higher and a 15% ROE or higher.

Accordingly, although this fiscal year will be nine months in length, we plan to make annual dividend payments in the next fiscal year of ¥38 per share and interim dividend payments of ¥19 per share.

	Annual dividends (yen)		
	2nd Q-End	Year-end	Total
Previous forecast	18.00	18.00	36.00
Current revised forecast	—	20.00	38.00
Dividends in fiscal year ended March 2014	18.00	—	—
Dividends in fiscal year ended in March 2013	17.00	17.00	34.00

2. Management Policy

(1) Basic management policy of the Company

The Unicharm Group has established the management philosophy that “we contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers, both at home in Japan and abroad,” and it will strive to consistently create new value and promote corporate activities with the aim of ensuring the best value for its stakeholders, specifically its customers, shareholders, business partners, associates and society.

(2) Targeted business indicators

The Company aims to develop a management structure with high capital efficiency that enables it to survive the global competition through continuous growth in sales and profit, as well as increase in ROE.

(3) Medium- and long-term management strategy of the Company

The Company is pursuing its Ninth Medium-Term Management Plan, which is described in the “Fiscal Year 2014 Unicharm Presentation Materials for Investor Meeting”.

These materials can be accessed at the following URL.

Website of the Company:

<http://www.unicharm.co.jp/english/ir/library/investors/index.html>

(4) Issues facing the Group

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

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

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

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

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

(Millions of Yen)

	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Assets		
Current assets		
Cash and deposits	74,321	108,901
Notes and accounts receivable	60,349	67,687
Marketable securities	11,212	3,013
Merchandise and finished goods	26,254	27,700
Raw materials and supplies	17,669	23,007
Work in progress	861	920
Deferred tax assets	13,917	13,264
Other current assets	6,227	20,785
Allowance for bad debts	(85)	(90)
Total current assets	210,728	265,191
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net)	44,695	59,503
Machinery, equipment and vehicles (net)	79,177	98,629
Land	17,501	18,661
Construction in progress	15,011	20,834
Other tangible fixed assets (net)	6,743	6,788
Total tangible fixed assets	*1 163,129	*1 204,417
Intangible fixed assets		
Goodwill	76,686	73,463
Other intangible fixed assets	20,707	22,021
Total intangible fixed assets	97,394	95,485
Investments and other assets		
Prepaid pension expenses	5,615	-
Net defined benefit asset	-	860
Investments in marketable securities	19,664	22,105
Deferred tax assets	36,616	27,776
Other investments	2,070	4,683
Allowance for bad debts	(164)	(99)
Total investments and other assets	63,803	55,326
Total fixed assets	324,326	355,228
Total assets	535,055	620,419

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

	(Millions of Yen)	
	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable	53,185	78,433
Short-term loans payable	6,228	7,709
Accrued amount payable	37,207	35,532
Accrued corporate taxes, etc.	3,234	5,739
Reserve for bonuses	4,335	4,763
Other current liabilities	17,355	16,725
Total current liabilities	121,547	148,903
Long-term liabilities		
Bonds with share warrants payable	53,333	-
Long-term loans payable	23,000	21,000
Deferred tax liabilities	1,576	1,460
Reserve for severance benefits	2,925	-
Net defined benefit liability	-	4,995
Other long-term liabilities	3,472	11,907
Total long-term liabilities	84,306	39,364
Total liabilities	205,854	188,267
Net assets		
Shareholders' equity		
Capital stock	15,992	15,992
Additional paid-in capital	29,782	46,385
Retained earnings	275,609	306,974
Treasury shares	(43,030)	(21,110)
Total shareholders' equity	278,354	348,242
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	7,635	9,058
Gains (losses) on deferred hedges	(20)	2
Land revaluation difference	(157)	(157)
Foreign currency translation adjustment	3,955	21,118
Remeasurements of defined benefit plans	-	(4,128)
Total accumulated other comprehensive income	11,413	25,893
Subscription rights to shares	677	295
Minority interests	38,755	57,719
Total net assets	329,201	432,152
Total liabilities and net assets	535,055	620,419

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

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

(Millions of Yen)

	FY2013 (April 1, 2012 – March 31, 2013)	FY2014 (April 1, 2013 – March 31, 2014)
Net sales	495,771	599,455
Cost of sales	268,743	331,807
Gross profits	227,028	267,647
Selling, general and administrative expenses	*1, *2 167,539	*1, *2 200,407
Operating income	59,488	67,240
Non-operating income		
Interest received	923	1,325
Dividends received	287	339
Foreign exchange gains	7,630	2,129
Other non-operating income	853	850
Total non-operating income	9,695	4,644
Non-operating expenses		
Interests paid	284	358
Sales discount	3,727	2,909
Other non-operating expenses	159	703
Total non-operating expenses	4,171	3,971
Ordinary income	65,012	67,913
Extraordinary income		
Gain on sale of fixed assets	42	41
Gain on sales of invested marketable securities	-	788
Gain on change in equity	-	*3 4,745
Other extraordinary income	3	108
Total extraordinary income	45	5,684
Extraordinary losses		
Losses on disposal of fixed assets	616	867
Business structure improvement expenses	*4 95	-
Amortization of goodwill	-	*5 4,557
Other extraordinary losses	62	271
Total extraordinary losses	774	5,695
Income before taxes and other adjustments	64,283	67,902
Corporate tax, inhabitant tax and business tax	9,763	13,075
Adjustments on corporate tax, etc.	5,608	10,830
Total corporate tax, etc.	15,371	23,905
Income before minority interests	48,912	43,996
Minority interests	5,790	5,780
Net income	43,121	38,216

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

Consolidated statement of comprehensive income

(Millions of Yen)

	FY2013 (April 1, 2012 – March 31, 2013)	FY2014 (April 1, 2013 – March 31, 2014)
Income before minority interests	48,912	43,996
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	3,455	1,422
Gains (losses) on deferred hedges	11	30
Foreign currency translation adjustment	19,602	20,142
Total other comprehensive income	23,070	21,595
Comprehensive income	71,982	65,592
Of which:		
Comprehensive income attributable to owners of the parent	61,897	55,596
Comprehensive income attributable to minority interests	10,084	9,995

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(3) Consolidated statement of changes in shareholders' equity
FY2013 (April 1, 2012 – March 31, 2013)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of the end of the preceding consolidated fiscal year	15,992	18,802	238,568	(52,925)	220,437
Balance as of the end of the consolidated fiscal year					
Payment of dividends			(6,080)		(6,080)
Net income			43,121		43,121
Acquisition of treasury shares				(11,001)	(11,001)
Disposal of treasury shares		10,979		20,897	31,877
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year					
Total changes during the consolidated fiscal year	-	10,979	37,041	9,895	57,917
Balance as of the end of the consolidated fiscal year	15,992	29,782	275,609	(43,030)	278,354

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Gains (losses) on deferred hedges	Land revaluation difference	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the end of the preceding consolidated fiscal year	4,180	(13)	(157)	(11,372)	-	(7,362)	958	29,174	243,207
Balance as of the end of the consolidated fiscal year									
Payment of dividends									(6,080)
Net income									43,121
Acquisition of treasury shares									(11,001)
Disposal of treasury shares									31,877
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	3,455	(6)	-	15,327	-	18,776	(281)	9,581	28,076
Total changes during the consolidated fiscal year	3,455	(6)	-	15,327	-	18,776	(281)	9,581	85,993
Balance as of the end of the consolidated fiscal year	7,635	(20)	(157)	3,955	-	11,413	677	38,755	329,201

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

FY2014 (April 1, 2013 – March 31, 2014)

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Additional paid-in capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of the end of the preceding consolidated fiscal year	15,992	29,782	275,609	(43,030)	278,354
Balance as of the end of the consolidated fiscal year					
Payment of dividends			(6,851)		(6,851)
Net income			38,216		38,216
Acquisition of treasury shares				(12,002)	(12,002)
Disposal of treasury shares		16,603		33,922	50,525
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year					-
Total changes during the consolidated fiscal year	-	16,603	31,365	21,919	69,888
Balance as of the end of the consolidated fiscal year	15,992	46,385	306,974	(21,110)	348,242

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Gains (losses) on deferred hedges	Land revaluation difference	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of the end of the preceding consolidated fiscal year	7,635	(20)	(157)	3,955	-	11,413	677	38,755	329,201
Balance as of the end of the consolidated fiscal year									
Payment of dividends									(6,851)
Net income									38,216
Acquisition of treasury shares									(12,002)
Disposal of treasury shares									50,525
Changes (net amount) of items other than shareholders' equity during the consolidated fiscal year	1,422	23	-	17,162	(4,128)	14,480	(381)	18,963	33,062
Total changes during the consolidated fiscal year	1,422	23	-	17,162	(4,128)	14,480	(381)	18,963	102,951
Balance as of the end of the consolidated fiscal year	9,058	2	(157)	21,118	(4,128)	25,893	295	57,719	432,152

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(4) Consolidated statement of cash flows

(Millions of Yen)

	FY2013 (April 1, 2012 – March 31, 2013)	FY2014 (April 1, 2013 – March 31, 2014)
Cash flows from operating activities		
Income before taxes and other adjustments	64,283	67,902
Depreciation charges	16,814	22,101
Amortization of goodwill	4,239	9,203
Receipt of interests and dividends	(1,211)	(1,664)
Payment of interests	284	358
Foreign exchange losses (gains)	(6,117)	(1,422)
Losses (gains) on sale of tangible fixed assets	566	813
Losses (gains) on change in equity	-	(4,745)
Decrease (increase) in trade receivables	(4,436)	(3,542)
Decrease (increase) in inventories	(7,344)	(3,017)
Increase (decrease) in trade payables	5,690	21,872
Increase (decrease) in other current liabilities	3,151	(59)
Other	2,416	(2,188)
Sub-total	78,336	105,609
Interests and dividends received	1,222	1,635
Interests paid	(322)	(347)
Refunds of corporate taxes, etc. received	1,393	266
Corporate taxes, etc. paid	(11,871)	(13,013)
Proceeds from insurance income	-	100
Proceeds from compensation for removal	-	1,408
Cash flows from operating activities	68,758	95,659
Cash flows from investing activities		
Payments into time deposits	(20,543)	(11,182)
Proceeds from withdrawal of time deposits	12,360	14,267
Expenditure on acquisition of marketable securities	(6,798)	-
Income from sale and redemption of marketable securities	10,198	-
Expenditure on acquisition of tangible fixed assets	(47,875)	(58,738)
Income from sale of tangible fixed assets	170	44
Expenditure on acquisition of intangible fixed assets	(836)	(1,187)
Expenditure on acquisition of investment securities	(11)	(168)
Other	30	(1,255)
Cash flows from investing activities	(53,304)	(58,220)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(2,029)	805
Expenditure on repayment of long-term debt	(12,874)	(2,223)
Redemption of convertible bonds	-	(5,630)
Expenditure on acquisition of treasury shares	(11,001)	(12,002)
Dividends paid	(6,078)	(6,849)
Dividends paid to minority shareholders	(1,078)	(1,182)
Income from payments by minority shareholders	519	12,384
Proceeds from exercise of stock option	4,048	2,443
Other	(159)	(251)
Cash flows from financing activities	(28,653)	(12,505)
Currency translation effect on cash and cash equivalents	5,484	4,353
Increase (decrease) in cash and cash equivalents	(7,714)	29,286
Amount of cash and cash equivalents outstanding at beginning of period	75,926	68,211
Amount of cash and cash equivalents outstanding at end of period	68,211	97,498

- (5) Notes to consolidated financial statements
 (Note regarding the Company's position as a going concern)
 Not applicable

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

Matters related to the scope of consolidation

Number of consolidated subsidiaries: 47

(Change in accounting policies)

The Company adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan [ASBJ] Statement No. 26 of May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012; hereafter, "Guidance") as of the end of the current fiscal year (excluding the stipulations in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance).

Accordingly, the Company will now recognize net defined benefit liability as the difference between pension assets and retirement benefit obligations, and has recorded unrealized actuarial differences and unrealized prior service costs as net defined benefit liability.

As regards the adoption of the Accounting Standard for Retirement Benefits and other, in accordance with the transitional accounting as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in accounting policies is recognized with remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result, the Company posted ¥860 million in net defined benefit asset and ¥4,995 million in net defined benefit liability at the end of the current consolidated fiscal year. In addition, accumulated other comprehensive income decreased ¥4,128 million.

The effect of this change on per-share information is noted in the corresponding section.

(Consolidated balance sheet)

*1 Accumulated depreciation of tangible fixed assets

(Millions of Yen)

FY2013 (As of March 31, 2013)		FY2014 (As of March 31, 2014)	
Accumulated depreciation of tangible fixed assets	172,986	Accumulated depreciation of tangible fixed assets	195,221

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(Consolidated statement of income)

*1 Major items constituting selling, general and administrative expenses

(Millions of Yen)

FY2013 (April 1, 2012 – March 31, 2013)		FY2014 (April 1, 2013 – March 31, 2014)	
Advertisement costs	15,796	Advertisement costs	18,032
Salaries and bonuses to employees	16,535	Salaries and bonuses to employees	18,492
Allowance for bonuses transferred	1,656	Allowance for bonuses transferred	1,739
Employee retirement benefits	1,537	Employee retirement benefits	1,476
Depreciation charges	2,050	Depreciation charges	2,537
Sales promotion expense	70,137	Sales promotion expense	88,165
Sales-related transportation expense	24,336	Sales-related transportation expense	30,234

*2 Research and development expenses included in general and administrative expenses incurred in the preceding fiscal year were:

(Millions of Yen)

FY2013 (April 1, 2012 – March 31, 2013)		FY2014 (April 1, 2013 – March 31, 2014)	
General and administrative expenses	5,098	General and administrative expenses	5,265

*3 Gain on change in equity

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

*4 Business structure improvement expenses

Business structure improvement expenses in the previous consolidated fiscal year were expenses incurred in relation to the reorganization of the personal care business segment.

*5 Amortization of goodwill

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

(Segment information, etc.)

[Segment Information]

1. Outline of reporting segments

(1) How to decide reporting segments

The Company's reporting segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company is composed of three businesses, namely the personal care business, the pet care business and other businesses, as its basic units, and has been engaged in its business activities by comprehensively developing domestic and overseas strategies by business unit.

Therefore, the "personal care business," the "pet care business," and "other businesses" constitute the Company's reporting segments.

(2) Type of products and services for each reporting segment

The Company has manufactured and sold baby care products, feminine care products, health care products, and clean-and-fresh products in the "personal care business." In the "pet care business," the Company has manufactured and sold pet food products and pet toiletry products. In "other businesses," the Company has manufactured and sold business-use products, etc.

2. Methods of calculating the amount of sales, profits/losses, assets, liabilities, and other items by reporting segment

Accounting methods for reporting segments are nearly the same as those of "material matters affecting the preparation of consolidated financial statements" in the most recent securities report (Securities Report, filed June 27, 2013).

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

For Preceding Consolidated Fiscal Year under Review (April 1, 2012 – March 31, 2013)

(Millions of Yen)

	Reporting segment				Elimination or company-wide	Consolidation
	Personal care	Pet care	Other	Total		
Sales						
Sales to external customers	417,187	73,182	5,401	495,771	—	495,771
Internal sales or transfers across segments	—	—	23	23	(23)	—
Total	417,187	73,182	5,424	495,795	(23)	495,771
Segment income (Operating income)	55,478	3,618	360	59,457	31	59,488
Segment assets	417,923	83,708	23,818	525,449	9,605	535,055
Others						
Depreciation charges	14,453	2,182	178	16,814	—	16,814
Amortization of goodwill	1,369	2,870	—	4,239	—	4,239
Increase in tangible and intangible fixed assets	50,920	1,325	94	52,340	—	52,340

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

For Consolidated Fiscal Year under Review (April 1, 2013 – March 31, 2014)

(Millions of Yen)

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

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

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(Per-share information)

(Yen)

	FY2013 (April 1, 2012 – March 31, 2013)		FY2014 (April 1, 2013 – March 31, 2014)
Net assets per share	1,521.78	Net assets per share	1,858.41
Net income per share	233.75	Net income per share	192.30
Net income per share-diluted	209.56	Net income per share-diluted	187.19

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

	FY2013 (April 1, 2012 – March 31, 2013)	FY2014 (April 1, 2013 – March 31, 2014)
Net income per share — basic:		
Net income reported in the consolidated statement of income (Millions of Yen)	43,121	38,216
Amount not attributable to common shareholders (Millions of Yen)	—	—
Net income relevant to common shares (Millions of Yen)	43,121	38,216
Average number of common shares during period (Thousands of shares)	184,479	198,733
Net income per share — diluted		
Adjustment for net income (Millions of Yen)	(34)	(1)
Of which interest on bonds	(34)	(1)
Increase in the number of common shares (Thousands of shares)	21,127	5,420
Of which the number of convertible bonds with share warrants	20,470	5,039
Of which the number of subscription rights to shares	657	381
Outline of potential stock which, due to the absence of any dilutive effect, was not included in the computation of the amount of net income per share after adjustment for residual income	—	—

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

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

	The End of Preceding Consolidated Fiscal Year (March 31, 2013)	The End of Consolidated Fiscal Year under Review (March 31, 2014)
Total of net assets reported in the consolidated balance sheet (Millions of Yen)	329,201	432,152
Main items of the difference (Millions of Yen)		
Of which subscription rights to shares	677	295
Of which minority interests	38,755	57,719
Net assets relevant to common shares (Millions of Yen)	289,767	374,136
Number of common shares used to calculate net asset per share (Thousands of shares)	190,413	201,320

(Note 3) As noted above in “Change in accounting policies,” the Accounting Standard for Retirement Benefits and other has been adopted and transitional accounting as stipulated in Article 37 of the Accounting Standard for Retirement Benefits shall be applied.

As a result, net assets per share in the current consolidated fiscal year decreased ¥20.51.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for FY2014

(Significant subsequent events)

Not applicable