

This notice has been translated from the original Japanese text of the timely disclosure statement dated October 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 Second Quarter Ended September 30, 2013**  
**(April 1, 2013 through September 30, 2013); Flash Report**  
**[J-GAAP]**



October 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: **November 14, 2013**  
 Planned Commencement Date of Dividend Payments: **December 2, 2013**  
 Preparation of Any Additional Explanatory Documents for Quarterly Financial Results: **Yes**  
 Holding of Any Briefing Session for Quarterly Financial Results: **Yes**

(Securities Analysts, Institutional Investors)

(Amounts less than one million yen have been truncated)

**1. Consolidated Financial Results for the Second Quarter of FY2014 (April 1, 2013 through September 30, 2013)****(1) Consolidated financial results (2Q: 6 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	%
2Q FY2014	286,618	22.0	32,045	15.5	30,976	35.0	17,337	8.4
2Q FY2013	234,859	17.8	27,735	8.9	22,948	5.9	15,993	9.7

(Note) Comprehensive income: 2Q FY2014: ¥32,430 million (105.9 %)  
 2Q FY2013: ¥15,749 million (36.1%)

	Net Income Per Share	Net Income Per Share Adjusted for Residual Shares
	Yen	Yen
2Q FY2014	88.99	86.73
2Q FY2013	86.81	81.75

**(2) Consolidated financial position**

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Millions of Yen	Millions of Yen	%
As of September 30, 2013	576,716	397,572	61.5
As of March 31, 2013	535,055	329,201	54.2

(Reference) Equity: As of September 30, 2013: ¥354,679 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	—	18.00			
FY2014 (projection)			—	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
Full Year	580,000	17.0	70,000	17.7	65,000	-0.0	35,000	-18.8	172.32

(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 2nd 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 2nd quarter of FY2014: 6,141,523 shares
  - As of end of FY2013: 16,531,662 shares
- (iii) Average number of shares during the period:
  - Apr. – Sep. FY2014: 194,818,542 shares
  - Apr. – Sep. FY2013: 184,247,707 shares

\* Presentation regarding status of quarterly review procedures

This FY2014 Consolidated Financial Results for the Second Quarter Ended September 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 "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 Second Quarter of FY2014

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

### (1) Operating results

In light of the overseas economic environment during the second quarter of the Group's consolidated fiscal year ending March 31, 2014 (April 1, 2013 through September 30, 2013), there was currency depreciation in emerging economies and political instability in some regions. However, 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 have continued to popularize products to meet consumers' needs and steadily expanded market share centering on the Asian region. Especially in the key countries of Indonesia and Thailand, the Company continued to record high growth in both net sales and income and also achieved substantial growth in India, where the market is expected to keep expanding. Meanwhile, in Japan, an easier credit policy after the change of government led to higher stock prices and depreciation of the yen, resulting in the economy showing signs of rallying and solid sales of high value-added personal care products.

As a result, the Company's net sales, operating income, ordinary income, and net income for the fiscal period under review reached ¥286,618 million (up 22.0% year on year; a record high level for 12 consecutive periods), ¥32,045 million (up 15.5% year on year; a record high level for 6 consecutive periods), ¥30,976 million (up 35.0% year on year) and ¥17,337 million (up 8.4% 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*<sup>1</sup>, the world's first diaper<sup>1</sup> to employ a curved shape to match an infant's round frame, and *Moonyman Air Fit*, which is a pants-type disposable diaper. Together with these next-generation disposable diapers that have revitalized the market and the popular and reasonably priced *Mamy Poko* series, which features cute designs of Disney characters, 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.

<sup>1</sup> 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.

##### ● 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* brand, the Company launched *Sofy Super Sound Sleep Ultra Fit Slim*, the comfortable sanitary napkins for nighttime, and introduced a new feature, an absorbent layer that provides a dry fresh feel while absorbing heavy flow, to the *Sofy Hada Omoi*<sup>2</sup> series, which is gentle on sensitive skin during menses. In this way, the Company has continued to offer products with new value that meet the diverse lifestyles of women. 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.

<sup>2</sup> Excluding *Sofy Hada Omoi* for nighttime and the 17.5cm length *Sofy Hada Omoi Ultra Super Slim*.

##### ● Health Care Products

In the ever-growing domestic market for health care products in keeping with the pace of Japan's aging society, for nursing care products, the Company improved the pants-type *Lifree* series making it easier to pull on the adult diaper. For incontinence care products, the Company has been leading the light incontinence and urine

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leakage care product market with its two brands, the liner-type *Charm Nap* series and the 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 *Silcot Wet Tissues* series, the Company promoted its value in TV commercials and at retailers that the wet tissues can easily be pulled out of the container with one hand in the living room. As a result, the Company has expanded its market share and significantly improved its business performance. Also, to the highly popular *Wave Handy Wiper* series that makes housecleaning pleasant, the Company has added the *Wave Handy Wiper with Green Fragrance* to the lineup, in response to changes in living environments and demand for agreeable fragrances for daily use at home. As a result of promoting a new style of cleaning using these *All-Purpose Handy Wipe for the Home* series, the Company has improved its business performance.

As a result, net sales and segment income (operating income) for the personal care business for the fiscal period under review were ¥245,855 million and ¥31,443 million, 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.

In the domestic pet food business, the Company has endeavored to vitalize the market by actively developing products for the cat food market to meet the diverse preferences of cats, and for the dog food market, by selling health-promoting choices for dogs and foods for different breeds, for greater penetration of the growing market.

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

In the North American market, there are now more large retailers selling *Dog Pads* that employ Unicharm technology, as well as new cat litter products launched in August.

As a result, net sales and segment income (operating income) in the pet care business for the fiscal period under review were ¥38,182 million and ¥415 million, 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 ¥2,580 million and ¥169 million, respectively.

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(2) Financial position

(Assets)

Total assets as of the end of the second quarter were ¥576,716 million (up 7.8% year on year). This was mainly because of increases of ¥14,036 million in cash and deposits, of ¥12,238 million in machinery, equipment and vehicles (net) and of ¥10,278 million in other current assets due to an increase in accrued receivables, etc.

(Liabilities)

Total liabilities as of the end of the second quarter were ¥179,144 million (down 13.0% year on year). This was mainly because other current liabilities increased by ¥7,445 million due to unearned revenue, etc., and notes and accounts payable increased by ¥5,106 million, while bonds with share warrants payable decreased by ¥38,993 million.

(Net Assets)

Net assets as of the end of the second quarter were ¥397,572 million (up 20.8% year on year). This was mainly because treasury shares decreased by ¥27,044 million, net income increased to ¥17,337 million, additional paid-in capital increased by ¥13,284 million and foreign currency translation adjustments increased by ¥8,586 million.

(Shareholder's Equity Ratio)

The shareholder's equity ratio as of the end of the second quarter was 61.5%.

(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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**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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3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

	(Millions of Yen)	
	FY2013 (as of March 31, 2013)	2Q of FY2014 (as of September 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	74,321	88,357
Notes and accounts receivable	60,349	60,623
Marketable securities	11,212	3,013
Merchandise and finished goods	26,254	25,126
Raw materials and supplies	17,669	21,300
Work in progress	861	1,099
Other current assets	20,145	30,423
Allowance for bad debts	(85)	(86)
Total current assets	210,728	229,858
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net)	44,695	48,089
Machinery, equipment and vehicles (net)	79,177	91,415
Other tangible fixed assets (net)	39,256	45,175
Total tangible fixed assets	163,129	184,680
Intangible fixed assets		
Goodwill	76,686	78,960
Other intangible fixed assets	20,707	21,057
Total intangible fixed assets	97,394	100,017
Investments and other assets		
Prepaid pension expenses	5,615	5,777
Investments in marketable securities	19,664	22,815
Deferred tax assets	36,616	31,635
Other investments	2,070	2,039
Allowance for bad debts	(164)	(106)
Total investments and other assets	63,803	62,160
Total fixed assets	324,326	346,858
Total assets	535,055	576,716

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(Millions of Yen)

	FY2013 (as of March 31, 2013)	2Q of FY2014 (as of September 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	53,185	58,292
Short-term loans payable	6,228	6,312
Accrued corporate taxes, etc.	3,234	3,695
Reserve for bonuses	4,335	4,549
Other current liabilities	54,562	62,008
Total current liabilities	121,547	134,858
Long-term liabilities		
Bonds with share warrants payable	53,333	14,340
Long-term loans payable	23,000	22,000
Reserve for severance benefits	2,925	3,115
Other long-term liabilities	5,048	4,830
Total long-term liabilities	84,306	44,286
<b>Total liabilities</b>	<b>205,854</b>	<b>179,144</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	15,992	15,992
Additional paid-in capital	29,782	43,067
Retained earnings	275,609	289,665
Treasury shares	(43,030)	(15,985)
Total shareholders' equity	278,354	332,739
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	7,635	9,689
Gains (losses) on deferred hedges	(20)	(133)
Land revaluation differences	(157)	(157)
Foreign currency translation adjustments	3,955	12,541
Total accumulated other comprehensive income	11,413	21,940
Subscription rights to shares	677	496
Minority interests	38,755	42,396
<b>Total net assets</b>	<b>329,201</b>	<b>397,572</b>
<b>Total liabilities and net assets</b>	<b>535,055</b>	<b>576,716</b>

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

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

For Second Quarter of FY2014 Cumulative Consolidated Fiscal Period

(Millions of Yen)

	2Q of FY2013 (April 1, 2012 – September 30, 2012)	2Q of FY2014 (April 1, 2013 – September 30, 2013)
Net sales	234,859	286,618
Cost of sales	127,774	158,094
Gross profits	107,085	128,523
Selling, general and administrative expenses	*1 79,350	*1 96,478
Operating income	27,735	32,045
Non-operating income		
Interest received	384	706
Dividends received	156	179
Gain on valuation of derivatives	3	428
Other non-operating income	301	756
Total non-operating income	846	2,069
Non-operating expenses		
Interests paid	191	163
Sales discount	2,424	1,415
Foreign exchange losses	2,967	1,442
Other non-operating expenses	49	118
Total non-operating expenses	5,633	3,138
Ordinary income	22,948	30,976
Extraordinary income		
Gain on sale of fixed assets	24	5
Other extraordinary income	6	0
Total extraordinary income	31	6
Extraordinary losses		
Losses on disposal of fixed assets	131	447
Business structure improvement expenses	*2 56	–
Loss on revision of retirement benefit plan	–	121
Other extraordinary losses	–	28
Total extraordinary losses	187	597
Income before taxes and other adjustments	22,792	30,384
Corporate tax, inhabitant tax and business tax	3,858	6,257
Adjustments on corporate tax, etc.	219	3,720
Total corporate tax, etc.	4,077	9,978
Income before minority interests	18,715	20,406
Minority interests	2,721	3,068
Net income	15,993	17,337

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

(Millions of Yen)

	2Q of FY2013 (April 1, 2012 – September 30, 2012)	2Q of FY2014 (April 1, 2013 – September 30, 2013)
Income before minority interests	18,715	20,406
Other comprehensive income		
Unrealized gains on available-for-sale securities	(9)	2,053
Gains (losses) on deferred hedges	(4)	(208)
Foreign currency translation adjustment	(2,951)	10,178
Total other comprehensive income	(2,965)	12,024
Comprehensive income	15,749	32,430
Of which:		
Comprehensive income attributable to owners of the parent	14,132	27,864
Comprehensive income attributable to minority interests	1,616	4,566

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(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)

2Q of FY2013 (April 1, 2012 – September 30, 2012)		2Q of FY2014 (April 1, 2013 – September 30, 2013)	
*1 Major items constituting selling, general and administrative expenses		*1 Major items constituting selling, general and administrative expenses	
Sales-related transportation expense	11,194	Sales-related transportation expense	14,241
Sales promotion expense	32,196	Sales promotion expense	41,434
Advertisement costs	7,862	Advertisement costs	8,657
Salaries and bonuses to employees	6,998	Salaries and bonuses to employees	8,458
Allowance for bonuses transferred	1,789	Allowance for bonuses transferred	1,827
Employee retirement benefits	765	Employee retirement benefits	701
Depreciation charges	1,099	Depreciation charges	1,157
*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 second quarter of the consolidated fiscal year, the Company disposed of its treasury shares and exercised its rights to convert the convertible bonds with share warrants.

As a result, treasury shares decreased by ¥26,128 million, while additional paid-in capital increased by ¥12,862 million.

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(Segment information, etc.)

[Segment Information]

Cumulative Results at end of the Second Quarter of FY2013 Consolidated Fiscal Period (April 1, 2012 through September 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	196,143	36,006	2,710	234,859	–	234,859
Internal sales or transfers across segments	–	–	8	8	(8)	–
Total	196,143	36,006	2,718	234,868	(8)	234,859
Segment income (Operating income)	25,309	2,279	134	27,723	12	27,735

Cumulative Results at end of the Second Quarter of FY2014 Consolidated Fiscal Period (April 1, 2013 through September 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	245,855	38,182	2,580	286,618	–	286,618
Internal sales or transfers across segments	–	–	19	19	(19)	–
Total	245,855	38,182	2,600	286,637	(19)	286,618
Segment income (Operating income)	31,443	415	169	32,028	16	32,045

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(Significant subsequent events)

(Advance redemption of convertible bonds with share warrants)

Regarding the Zero Coupon Convertible Bonds due 2015 that the Company issued on September 24, 2010 (the "Bonds"), it has decided to exercise the 120% call option stipulated in the Bonds Issuance Guideline on September 24, 2013, and to exercise an advance redemption of all outstanding Bonds on October 25, 2013.

¥8,710 million in Bonds (book value) was converted to shares by the last day for conversion requests, October 22, 2013, thereby disposing of 2,242,925 treasury shares.

As a result, ¥5,630 million in outstanding Bonds was redeemed as follows:

1. Bonds to be redeemed in advance  
Zero Coupon Convertible Bonds due 2015
2. Date of advance redemption  
October 25, 2013
3. Method of raising funds for redemption  
Self-financing
4. Reason for advance redemption  
Conditions were met to exercise the 120% call option provision stipulated in the Bonds Issuance Guideline.
5. Description of advance redemption
  - (1) Total outstanding face-value before redemption: ¥5,630 million
  - (2) Advance redemption price: ¥5,630 million
  - (3) Total outstanding face-value after redemption: ¥— million
6. Impact on business performance  
No impact on business performance