

This notice has been translated from the original Japanese text of the timely disclosure statement dated January 31, 2014 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 Third Quarter Ended December 31, 2013**  
**(April 1, 2013 through December 31, 2013); Flash Report**  
**[J-GAAP]**



January 31, 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 Filing Date of Quarterly Report: **February 14, 2014**  
 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 Third Quarter of FY2014 (April 1, 2013 through December 31, 2013)**  
**(1) Consolidated financial results (3Q: 9 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	%
3Q FY2014	438,978	20.4	49,195	8.1	50,730	10.7	29,350	-1.7
3Q FY2013	364,482	15.4	45,519	11.5	45,824	24.3	29,859	105.5

(Note) Comprehensive income: 3Q FY2014: ¥50,631 million (31.2%)  
 3Q FY2013: ¥38,601 million (289.5%)

	Net Income Per Share	Net Income Per Share Adjusted for Residual Shares
	Yen	Yen
3Q FY2014	148.61	144.68
3Q FY2013	162.06	148.79

**(2) Consolidated financial position**

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Millions of Yen	Millions of Yen	%
As of December 31, 2013	599,413	421,757	62.8
As of March 31, 2013	535,055	329,201	54.2

(Reference) Equity: As of December 31, 2013: ¥376,386 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 projections that have been disclosed lastly: None

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

(Figures in percentages 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	175.90

(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 3rd 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 3rd quarter of FY2014: 3,538,378 shares
  - As of end of FY2013: 16,531,662 shares
- (iii) Average number of shares during the period:
  - Apr. – Dec. FY2014: 197,497,618 shares
  - Apr. – Dec. FY2013: 184,248,206 shares

\* Presentation regarding status of quarterly review procedures

This FY2014 Consolidated Financial Results for the Third Quarter Ended December 31, 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.

TRANSLATION FOR REFERENCE PURPOSES ONLY

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

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

### (1) Operating results

In light of the overseas economic environment during the third quarter of the Group's consolidated fiscal year ending March 31, 2014 (April 1, 2013 through December 31, 2013), there was currency depreciation in some emerging economies, which caused raw material prices to escalate and subsequently impacted profitability. However, as a result of proactively increasing the number of cities where our products are sold, sales of personal care products have remained strong. In Japan, although the weak yen has affected raw material prices, the Company has continued to make a new value proposition, which has sustained steady sales of high value-added personal care products and maintained profitability.

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 fiscal period under review reached ¥438,978 million (up 20.4% year on year), ¥49,195 million (up 8.1% year on year), ¥50,730 million (up 10.7% year on year) and ¥29,350 million (down 1.7% year on year), respectively.

Financial results by segment are as described below.

#### 1) Personal Care Business

##### ● Baby Care Products

Overseas, the Company has actively sold products with functions that meet the particular features of each region in the markets of emerging economies 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 took aggressive steps to raise sales of our diaper series to enhance Unicharm brand power. These steps include *Moony Air Fit* that makes use of its unique non-woven fabric technology and fit comfortably on the baby's skin while preventing leakage, *Moonyman Air Fit* that are soft and snug-fitting while providing protection against side-leakage, and the *Mamy Poko* series that feature cute Disney character designs and high absorption.

##### ● 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, while the market as a whole is shrinking, the Company adopted the industry's first absorbent layer that provides a dry fresh feel while absorbing heavy 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 has also actively promoted sales of *Sofy Super Sound Sleep Ultra Fit Slim* that was launched in September. Through these initiatives, the Company has continued to offer products with new value that meet the diverse lifestyles of women, and facilitate the penetration of high value-added products that make use of its unique non-woven fabric technology.

##### ● Health Care Products

In the ever-growing domestic market for health care products and in keeping with the pace of Japan's aging society, the Company has introduced a structure to further decrease the urine leakage amount for the highly absorbent line of napkin-type incontinence care products *Lifree Comfortable Pads* and *Lifree Sono Shunkan mo Anshin*. It has also improved the absorbency of the pants-type nursing care products *Lifree Thin Anshin Pants* and added the sizes S and LL to the lineup. To reflect these additions, the product's name was changed to *Lifree Long Time Anshin Thin Pants*. In this way, the Company continues to lead the market in incontinence care products for adults. In addition, the Company has actively promoted the Lifree series together with the liner-type *Charm Nap* 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 and lifestyles change, increasing numbers of customers want to clean their homes easily and within a limited time while enjoying agreeable fragrances for daily use at home. From the *All-Purpose Handy Wipe for the Home* series, following the Green Fragrance, the Company offered a limited number of the fresh and clean-scented *Floral and Bergamot Fragrance Replacement Wipes for All Wave Handy Wipers* and endeavoured to revitalize the market.

As a result, the net sales and segment income (operating income) of the Personal Care Business for the fiscal period under review were ¥375,119 million and ¥47,707 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 revitalize the markets through various initiatives. For the cat food market, we actively developed products to meet the preferences of cats and accordingly launched 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. For the dog food market, the Company enhanced the lineup of foods for different breeds and low-fat foods, 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.

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 ¥59,713 million and ¥1,180 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 ¥4,146 million and ¥285 million, respectively.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(2) Financial position

(Assets)

Total assets as of the end of the third quarter were ¥599,413 million (up 12.0% year on year). This was mainly because of increases of ¥17,198 million in cash and deposits, of ¥14,081 million in machinery, equipment and vehicles (net), of ¥12,476 million in other current assets due to an increase in accrued receivables, etc., and of ¥10,765 million in buildings and other structures (net).

(Liabilities)

Total liabilities as of the end of the third quarter were ¥177,656 million (down 13.7% year on year). This was mainly because notes and accounts payable increased by ¥18,643 million, and other current liabilities increased by ¥6,566 million due to unearned revenue, etc., while bonds with share warrants payable decreased by ¥53,333 million.

(Net Assets)

Net assets as of the end of the third quarter were ¥421,757 million (up 28.1% year on year). This was mainly because treasury shares decreased by ¥33,819 million, net income increased to ¥29,350 million, additional paid-in capital increased by ¥16,587 million and foreign currency translation adjustments increased by ¥10,279 million.

(Shareholder's Equity Ratio)

The shareholder's equity ratio as of the end of the third quarter was 62.8%.

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

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

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

3. Consolidated Financial Statements, Etc.

(1) Consolidated balance sheet

	(Millions of Yen)	
	FY2013 (as of March 31, 2013)	3Q of FY2014 (as of December 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	74,321	91,519
Notes and accounts receivable	60,349	67,207
Marketable securities	11,212	3,013
Merchandise and finished goods	26,254	25,460
Raw materials and supplies	17,669	22,072
Work in progress	861	1,153
Other current assets	20,145	32,621
Allowance for bad debts	(85)	(90)
Total current assets	210,728	242,957
Fixed assets		
Tangible fixed assets		
Buildings and other structures (net)	44,695	55,461
Machinery, equipment and vehicles (net)	79,177	93,258
Other tangible fixed assets (net)	39,256	47,380
Total tangible fixed assets	163,129	196,100
Intangible fixed assets		
Goodwill	76,686	77,989
Other intangible fixed assets	20,707	22,189
Total intangible fixed assets	97,394	100,179
Investments and other assets		
Prepaid pension expenses	5,615	5,854
Investments in marketable securities	19,664	25,075
Deferred tax assets	36,616	27,318
Other investments	2,070	2,033
Allowance for bad debts	(164)	(106)
Total investments and other assets	63,803	60,176
Total fixed assets	324,326	356,456
Total assets	535,055	599,413

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

(Millions of Yen)

	FY2013 (as of March 31, 2013)	3Q of FY2014 (as of December 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	53,185	71,829
Short-term loans payable	6,228	7,293
Accrued corporate taxes, etc.	3,234	3,728
Reserve for bonuses	4,335	2,950
Other current liabilities	54,562	61,129
Total current liabilities	121,547	146,931
Long-term liabilities		
Bonds with share warrants payable	53,333	–
Long-term loans payable	23,000	22,000
Reserve for severance benefits	2,925	3,313
Other long-term liabilities	5,048	5,411
Total long-term liabilities	84,306	30,725
Total liabilities	205,854	177,656
<b>Net assets</b>		
Shareholders' equity		
Common stock	15,992	15,992
Additional paid-in capital	29,782	46,369
Retained earnings	275,609	298,109
Treasury shares	(43,030)	(9,210)
Total shareholders' equity	278,354	351,261
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	7,635	11,138
Gains (losses) on deferred hedges	(20)	(90)
Land revaluation differences	(157)	(157)
Foreign currency translation adjustments	3,955	14,235
Total accumulated other comprehensive income	11,413	25,124
Subscription rights to shares	677	311
Minority interests	38,755	45,059
Total net assets	329,201	421,757
Total liabilities and net assets	535,055	599,413

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

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

For Third Quarter of FY2014 Cumulative Consolidated Fiscal Period

(Millions of Yen)

	3Q of FY2013 (April 1, 2012 – December 31, 2012)	3Q of FY2014 (April 1, 2013 – December 31, 2013)
Net sales	364,482	438,978
Cost of sales	196,403	242,077
Gross profits	168,079	196,901
Selling, general and administrative expenses	*1 122,559	*1 147,705
Operating income	45,519	49,195
Non-operating income		
Interest received	635	1,045
Dividends received	257	306
Foreign exchange gains	2,330	2,949
Other non-operating income	491	739
Total non-operating income	3,714	5,041
Non-operating expenses		
Interests paid	249	221
Sales discount	3,035	2,150
Loss on valuation of derivatives	5	905
Other non-operating expenses	118	228
Total non-operating expenses	3,409	3,506
Ordinary income	45,824	50,730
Extraordinary income		
Gain on sale of fixed assets	28	40
Other extraordinary income	5	0
Total extraordinary income	33	41
Extraordinary losses		
Losses on disposal of fixed assets	419	626
Business structure improvement expenses	*2 81	–
Loss on revision of retirement benefit plan	–	122
Other extraordinary losses	16	28
Total extraordinary losses	517	776
Income before taxes and other adjustments	45,340	49,995
Corporate tax, inhabitant tax and business tax	7,024	9,137
Adjustments on corporate tax, etc.	4,462	7,256
Total corporate tax, etc.	11,486	16,394
Income before minority interests	33,854	33,601
Minority interests	3,994	4,250
Net income	29,859	29,350

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

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

(Millions of Yen)

	3Q of FY2013 (April 1, 2012 – December 31, 2012)	3Q of FY2014 (April 1, 2013 – December 31, 2013)
Income before minority interests	33,854	33,601
Other comprehensive income		
Unrealized gains on available-for-sale securities	1,180	3,502
Gains (losses) on deferred hedges	4	(136)
Foreign currency translation adjustment	3,562	13,664
Total other comprehensive income	4,747	17,030
Comprehensive income	38,601	50,631
Of which:		
Comprehensive income attributable to owners of the parent	33,569	43,062
Comprehensive income attributable to minority interests	5,032	7,568

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Unicharm Corporation (8113) Consolidated Financial Results for the Third 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)

3Q of FY2013 (April 1, 2012 – December 31, 2012)		3Q of FY2014 (April 1, 2013 – December 31, 2013)	
*1 Major items constituting selling, general and administrative expenses		*1 Major items constituting selling, general and administrative expenses	
Sales-related transportation expense	17,873	Sales-related transportation expense	21,934
Sales promotion expense	50,733	Sales promotion expense	64,664
Advertisement costs	11,868	Advertisement costs	13,162
Salaries and bonuses to employees	12,454	Salaries and bonuses to employees	14,418
Allowance for bonuses transferred	844	Allowance for bonuses transferred	876
Employee retirement benefits	1,146	Employee retirement benefits	1,064
Depreciation charges	1,523	Depreciation charges	1,793
*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 third 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 ¥31,966 million, while additional paid-in capital increased by ¥15,734 million.

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

(Segment information, etc.)

[Segment Information]

Cumulative Results at end of the Third Quarter of FY2013 Consolidated Fiscal Period (April 1, 2012 through December 31, 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	304,111	56,218	4,152	364,482	–	364,482
Internal sales or transfers across segments	–	–	13	13	(13)	–
Total	304,111	56,218	4,166	364,496	(13)	364,482
Segment income (Operating income)	41,195	4,017	286	45,499	20	45,519

Cumulative Results at end of the Third Quarter of FY2014 Consolidated Fiscal Period (April 1, 2013 through December 31, 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	375,119	59,713	4,146	438,978	–	438,978
Internal sales or transfers across segments	–	–	24	24	(24)	–
Total	375,119	59,713	4,170	439,003	(24)	438,978
Segment income (Operating income)	47,707	1,180	285	49,174	21	49,195