

The 19th Fiscal Year
Financial Statements

From 1 January 2013
To 31 December 2013

Balance Sheet

Income Statement

Statement of Changes in Shareholder's Equity

Notes to Financial Statements

Unilever Japan Holdings K.K.



Unilever Japan Holdings K.K.

Balance Sheet

(As of 31 December 2013)

(Unit: 1,000 yen)

Description	Amount	Description	Amount
<u>Assets</u>		<u>Liabilities</u>	
Current assets	4,340,734	Current liabilities	1,085,933
Cash and deposits in bank	2,666	Lease obligations	131
Accounts receivable	342,343	Accounts payable	337,940
Prepaid expenses	82,356	Accrued expenses	19,781
Other accounts receivable	52,041	Deposits	3,725
Withholding tax receivable	486,762	Deposit from affiliate	400,000
Consumption tax receivable	1,191	Allowance for bonus	68,109
Short term loan to affiliate	300,000	Restructuring provision	21,381
Deposits to affiliate	3,019,822	Interest rate swap liabilities	234,864
Other current assets	17,549		
Fixed assets	78,133,744		
Tangible fixed assets	747,199	Noncurrent assets	78,544,137
Buildings	727,910	Long-term loans	76,200,000
Motor vehicles	10,344	Deferred tax liability	2,080,000
Tools	8,801	Asset retirement obligations	264,137
Leased assets	142		
		Total liabilities	79,630,071
Intangible fixed assets	768,470	<u>Net assets</u>	
Software	768,470	Shareholder's equity	2,808,407
		Paid in capital	10,000
Investments and other assets	76,618,974	Retained earnings	2,798,407
Investment in securities of subsidiaries	76,048,567	Legal reserve on earnings	2,500
Long-term prepaid expenses	82,520	Other retained earnings	2,795,907
Security deposits	461,090	Net earned surplus forward	2,795,907
Prepaid pension cost	25,896		
		Total net assets	2,808,407
Total assets	82,438,478	Total liabilities and net assets	82,438,478

Unilever Japan Holdings K.K.
Income Statement
(From 1 January 2013 to 31 December 2013)

(Unit: 1,000 yen)

Description	Amount	
Sales	2,952,466	
Dividend income	2,383,751	5,336,218
Gross profit from sales		5,336,218
Selling and general administrative expenses		2,831,359
Operating profit		2,504,858
Non-operating income		
Interest income	4,206	
Foreign currency exchange gains	6,938	
Miscellaneous income	1,781	12,926
Non-operating expenses		
Interest expenses	393,139	
Loan issuance cost	31,166	
Valuation loss on interest rate swaps	234,864	659,170
Ordinary profit		1,858,614
Extraordinary losses		
Restructuring expenses	21,381	21,381
Net income before income taxes		1,837,232
Income, inhabitant and enterprise taxes	175	
Deferred taxes	2,080,000	2,080,175
Net loss		242,942



Unilever Japan Holdings K.K.
Statement of Changes in Shareholder's Equity
(From 1 January 2013 to 31 December 2013)

(Unit: 1,000 yen)

	Shareholder's equity					Total net assets
	Paid in capital	Retained earnings			Total shareholder's equity	
		Legal reserve on earnings	Other retained earnings	Total retained earnings		
			Net earned surplus forward			
Balance at beginning of fiscal year	10,000	2,500	3,038,849	3,041,349	3,051,349	3,051,349
Changes during fiscal year						
Dividends from earned surplus	-	-	-	-	-	-
Net loss for the year	-	-	(242,942)	(242,942)	(242,942)	(242,942)
Changes in items other than shareholder's equity (net) during fiscal year	-	-	-	-	-	-
Total changes during fiscal year	-	-	(242,942)	(242,942)	(242,942)	(242,942)
Balance at end of fiscal year	10,000	2,500	2,795,907	2,798,407	2,808,407	2,808,407



Notes to Financial Statement



1. Notes Related to Significant Accounting Policies

(1) Valuation basis and method used for assets

Investment in securities

of subsidiaries: Cost method with cost being determined on a moving average basis.

(2) Valuation basis and method used for derivatives

Derivatives: Valued at fair value

(3) Depreciation method used for fixed assets

1) Tangible fixed assets

Buildings: Straight-line method

Other tangible fixed assets: Declining balance method

2) Intangible fixed assets

Software Straight-line method

3) Leased assets

Assets under finance leases whose ownership does not transfer to the lessee are amortized using the straight-line method over lease terms with no residual value.

4) Depreciation method used for long-term prepaid expenses

Long-term prepaid expenses are amortized over the term of repayment of loans on a straight line basis.

(4) Accounting for provisions

1) Allowance for bonus

Allowance is recorded for the portion of estimated bonus payable to employees that relates to the current year.

2) Restructuring provision

Provision is recorded for the portion of estimated amounts payable for restructuring matters that relates to the current year.

3) Accrued retirement benefit cost (Prepaid pension cost)

Retirement benefit cost is accrued for based on the retirement benefit obligations

and the plan assets at the current year-end. Actuarial gains and losses are recognized as expenses through amortization using the straight-line method over 12 years which are within the average remaining service period commencing in the following year. As the balance of the plan assets has exceeded the amount of the retirement benefit obligations adjusted for actuarial gains and losses at the current year-end, the excess amount is presented as “prepaid pension cost” under investments and other assets on the balance sheet.

(5) Other significant basis for preparation of financial statements

1) Accounting for consumption taxes

Consumption taxes are not included in the amounts of sales, gross profit, selling and general administrative expenses, and other line items in the income statement.

2) Amounts shown have been rounded down to the nearest thousand yen.

(6) Changes in accounting estimates

(Useful lives of intangible fixed assets)

Since July of the current year, useful lives used for amortization of SAP related software have changed from 5 years previously applied to periods through 31 December 2020 which reflects their estimated future uses. As a result, the amount of depreciation expenses included in “Selling and general administrative expenses” for the current and future years decreased ¥180 million yen as compared to the amount calculated using the useful life before the change.

2. Notes Related to Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: ¥334,534 thousand

(2) Receivables from and payables to affiliated companies

Short-term receivables: ¥3,714,207 thousand

Short-term payables: ¥ 471,542 thousand



3. Notes Related to Income Statement

(1) Transactions with affiliated companies

Sales:	¥2,952,466 thousand
Dividend income:	¥2,383,751 thousand
Service charges:	¥91,613 thousand
Interest income:	¥2,661 thousand
Interest expenses:	¥46,254 thousand

4. Notes Related to Statement of Changes in Shareholder's Equity

(1) Matters related to number of shares issued

Class and total number of shares issued and outstanding at the current fiscal year-end: Ordinary shares: 200

(2) Matters related to distribution of surpluses

There is no dividend payment in the year.

5. Notes Related to Deferred Tax Accounting

A majority of deferred tax assets relates to net operating loss carried forward. As a full valuation allowance has been provided for against the entire deferred tax assets, no deferred tax assets were recorded in the balance sheet. The deferred tax liability relates to the investment in a subsidiary for a dividend out of the capital reserve received from the subsidiary.



6. Notes Related to Financial Instruments

(1) Matters related to financial instruments

With regard to the Company's fund management, it solely uses saving accounts and deposits to affiliate, and finances through borrowings from banks and other financial institutions. The Company engages in risk management in accordance with terms and conditions of contracts, and most of its trade and other accounts receivables are due within one year. Most of its accounts payable are due within one year. It does not enter derivative transactions in speculative trading activities, restricting its use of derivatives to forward exchange contracts to avoid the risk of fluctuation in exchange rates on receivables and payables denominated in foreign currencies, and to interest rate swaps to mitigate the risk of fluctuation in interest rates on loans.

(2) Matters related to fair value of financial instruments

Amounts of financial instruments recorded in the balance sheet as of 31 December 2013, their respective fair values and differences are summarized as follows:

(Unit: 1,000 yen)

	Amount recorded in balance sheet (*)	Fair value (*)	Difference
(1) Deposits to affiliate	3,019,822	3,019,822	-
(2) Withholding tax receivable	486,762	486,762	-
(3) Deposit from affiliate	(400,000)	(400,000)	-
(4) Long-term loans	(76,200,000)	(76,200,000)	-
(5) Derivative transactions	(234,718)	(234,718)	-

(*): Receivables and payables arisen as a result of derivative transactions are presented in net and items with the total balance being a net liability position are shown in brackets.



(Note 1): Calculation methods for fair values of financial instruments, and matters related to security investments and derivatives

(1) Deposits to affiliate, (2) Withholding tax receivable and (3) Deposit from affiliate

These are settled within a brief space of time, meaning that the market price is almost the same as the book value. The corresponding book value is therefore employed.

(4) Long-term borrowings

These are based on floating interest rates and in the short term reflect market interest rates. Since the market price is likely to be similar to the book value, the corresponding book value is employed.

(5) Derivative transactions

- 1) Transactions to which hedge accounting is applied: There are no applicable transactions.
- 2) Transactions to which hedge accounting is not applied: Contractual amounts or nominal amounts under contract, their respective fair values, valuation gain or loss and calculation method for fair values by class of transaction for which derivatives are entered as of the balance sheet date are summarized as follows:

(5-1) Currency related transactions

(Unit: 1,000 yen)

Classification	Class of transaction	Contractual amount	Amount with settlement in excess of 1 year	Fair value	Valuation gain or loss
Transactions other than market transactions	Forward exchange contracts (buying transactions)				
	USD	15,475	-	104	104
	GBP	7,150		42	42
Total		22,626	-	146	146

Calculation method for fair values: Valued at rates based upon forward exchange market



(5-2) Interest related transactions

(Unit: 1,000 yen)

Classification	Class of transaction	Contractual amount	Amount with settlement in excess of 1 year	Fair value	Valuation gain or loss
Transactions other than market transactions	Interest rate swaps Receive floating interest rate / Pay fixed interest rate swap	39,500,000	-	(234,864)	(234,864)
Total		39,500,000	-	(234,864)	(234,864)

Calculation method for fair values: Valued at discounted present value

(Note 2): Since the shares in subsidiaries (¥76,048,567 thousand recorded in the balance sheet) are unlisted and their quoted market prices are not available, and dividends are unstable, it is extremely difficult to determine their fair values. As such, they are not subject to the fair value presentation.

7. Notes Related to Related Party Transactions

(1) Parent company

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#2)	Account title	Amount outstanding at year-end
Parent company	Mavibel B.V.	100% (Directly owned)	Cash pooling agreement	Interest income on cash deposit (#3)	220	Deposits to affiliate	3,019,822



(2) Subsidiaries

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#2)	Account title	Amount outstanding at year end
Subsidiary	Unilever Japan K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#1)	421,211	Accounts receivable	47,620
Subsidiary	Unilever Japan Customer Marketing K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#1)	1,227,551	Accounts receivable	140,838
			Loan agreement	Loan of funds (#3)	669	Deposit from affiliate	400,000
Subsidiary	Unilever Japan Service K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#1)	1,098,701	Accounts receivable	135,947
Subsidiary	Unilever Japan Beverage K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#1)	205,001	Accounts receivable	17,937

(2) Affiliated companies

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#2)	Account title	Amount outstanding at year end
Foreign affiliated company	Unilever Finance International AG	Nil	Interest rate swap contract	Interest rate swap (#3)	45,585	Accrued interest	1,984



Trade terms and policies to determine trade terms

(Notes):

- 1) Amounts determined based on actual expenses in accordance with agreement.
- 2) Consumption taxes are not included in the amounts of transactions but are included in the amount outstanding at year-end.
- 3) Amounts determined based on market interest rate in accordance with agreement.

(3) Officers

There are no applicable matters.

8. Notes Related to Per-share Information

Net assets per share:	¥14,042,036.24
Net loss per share:	¥(1,214,711.07)

9. Notes Related to Significant Subsequent Events

There are no applicable matters.

10. Notes Related to Retirement Benefits

(1) Summary of retirement benefit plans

The Company has a defined contribution retirement plan and a defined benefit retirement plan (cash balance plan) for its employees.



(2) Matters related to retirement benefit obligations

	(Unit: 1,000 yen)
Retirement benefit obligations	(345,450)
Plan assets	<u>410,978</u>
Fund status	65,527
Unrecognized actuarial gains and loss	<u>(39,631)</u>
Prepaid pension cost	<u>25,896</u>

(3) Matters related to retirement benefit expenses

	(Unit: 1,000 yen)
Service cost	22,366
Interest expenses	6,037
Expected return on assets	(11,274)
Amortization of actuarial gains and losses	<u>2,546</u>
Retirement benefit cost	<u>19,675</u>

(4) Matters related to assumptions used in valuation of retirement benefits obligations

Benefit payment attribution method Straight-line method (benefit formula method is used for individuals who were aged more than 50 years at the transition to the current scheme)

Discount rate	1.30%
Expected return on assets	3.00%
Amortization period for actuarial gains and losses	12 years (*1)

(*1): Actuarial gains and losses are recognized as expenses through amortization on a straight-line basis over the fixed period within the average remaining service life of employees. The amortization commences in the following year.



The 19th Fiscal Year

Supplementary Schedules

(Related to Financial Statements)

From 1 January 2013

To 31 December 2013

1. Schedule of Tangible Fixed Assets and Intangible Fixed Assets
(Including depreciable items recorded in Investments and Other Assets)
2. Schedule of Provisions
3. Schedule of Selling and Ordinary Administrative Expenses

Unilever Japan Holdings K.K.



1. Schedule of Tangible Fixed Assets and Intangible Fixed Assets (Including Depreciable Items Recorded in Investments and Other Assets)

(Unit: 1,000 yen)

Categories of assets	Opening book value	Increase for current year	Decrease for current year	Depreciation for current year	Ending book value	Accumulated depreciation	Accumulated depreciation rate
Buildings	738,011	69,809	16,838	63,072	727,910	231,826	24.2%
Motor vehicles	3,575	9,564	-	2,796	10,344	9,437	47.7%
Tools	11,165	759	417	2,706	8,801	11,778	57.2%
Leased assets	1,214	-	-	1,071	142	81,491	99.8%
Total	753,966	80,134	17,255	69,646	747,199	334,534	
Software	1,047,449	20,135	2,904	296,209	768,470		
Total	1,047,449	20,135	2,904	296,209	768,470		
Long-term prepaid expenses	117,015	-	-	34,495	82,520		
Total	117,015	-	-	34,495	82,520		

Details of increases for the current year are mainly as follows:

Buildings	Naka-Meguro headquarter	¥69,809 thousand
Software	ERP system	¥20,135 thousand

Details of decreases for the current year are mainly as follows:

Buildings	Naka-Meguro headquarter	¥12,698 thousand
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2. Schedule of Provisions

(Unit: 1,000 yen)

Description	Opening balance	Increase for current year	Decrease for current year		Ending balance
			Payment	Others	
Allowance for bonus	106,111	68,109	60,332	45,779	68,109
Restructuring provision	14,824	21,381	14,824	-	21,381

(Note) The amount of Others under Decrease for current year of allowance for bonus relates to the amount released from the provision recorded in the previous period.



3. Schedule of Selling and General Administrative Expenses

(Unit: 1,000 yen)

Description	Amount
Directors' remuneration	46,239
Salaries	381,202
Overtime salaries	48,029
Bonuses	121,961
Salaries for temporary workers	87,512
Social security cost	77,466
Commutation cost	7,722
Welfare cost	26,110
Retirement benefit cost	52,942
Travel and transportation cost	15,532
Insurance cost	42,210
Entertainment cost	2,739
Conference cost	5,524
Membership fees	7,704
Donations	10,228
Communication cost	72,440
Recruit cost	29,624
Education cost	9,288
Employee relocation cost	4,181
Computer cost	284,439
Publicity cost	10,913
Subscription expenses	991
Audit fees	10,714
Agent service fees	343,793
Other tax expenses	10,068
Bank charges	239
Utility cost	43,831
Rental cost	516,533
Depreciation expenses	69,646
Other supply cost	5,977
Cleaning cost	26,707
Other services charges	106,812
Software depreciation	296,209
Loss on disposals of tangible fixed assets	17,255
Loss on disposals of intangible fixed assets	2,904
Other operating expense	35,660
Total	2,831,359

(Amounts in the supplementary schedules are shown rounded down while ratios are shown rounded up or down.)





CERTIFICATE

I, Andrew Walker, MA in Japanese Studies, MITI, professional translator to Intonation Ltd of 21-23 East Street, Fareham, Hants, PO16 0BZ, being competent to proof read a set of financial statements, relating to the 19th Fiscal Year, from "1 January 2013 to 31 December 2013" translated from Japanese into English, relating to Intonation job reference 0636-14, hereby CERTIFY that the annexed translation in the English language, executed by me, is, to the best of my professional knowledge and skill, a true and accurate version of the Japanese document likewise hereunto annexed.

Date:

27/3/2014

Andrew Walker, MA in Japanese Studies, MITI

