

The 20th Fiscal Year

Financial Statements

From 1 January 2014
To 31 December 2014

Balance Sheet

Income Statement

Statement of Changes in Shareholder's Equity

Notes to Financial Statements

Unilever Japan Holdings K.K.



[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

March 10, 2015

The Board of Directors
Unilever Japan Holdings K.K.

KPMG AZSA LLC

Masafumi Tanabu (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hirotoishi Iwamoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Unilever Japan Holdings K.K. as at December 31, 2014 and for the year from January 1, 2014 to December 31, 2014 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Unilever Japan Holdings K.K. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Unilever Japan Holdings K.K.
Income Statement
(From 1 January 2014 to 31 December 2014)



(Unit: 1,000 yen)

Description	Amount	
Sales	2,591,688	
Dividend income	2,811,406	5,403,095
Gross profit from sales		5,403,095
Selling and general administrative expenses		2,394,643
Operating profit		3,008,452
Non-operating income		
Interest income	4,081	
Miscellaneous income	1,154	5,235
Non-operating expenses		
Interest expenses	409,173	
Foreign currency exchange loss	1,857	
Loan issuance cost	32,596	
Valuation loss on interest rate swaps	37,999	
Miscellaneous expenses	7	481,634
Ordinary profit		2,532,053
Extraordinary losses		
Restructuring expenses	64,929	64,929
Net income before income taxes		2,467,124
Income, inhabitant and enterprise taxes	140	140
Net income		2,466,984



Unilever Japan Holdings K.K.

Statement of Changes in Shareholder's Equity

(From 1 January 2014 to 31 December 2014)

(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		
			Retained earnings brought forward			
Balance at beginning of fiscal year	10,000	2,500	2,795,907	2,798,407	2,808,407	2,808,407
Changes during fiscal year						
Net income for the year	-	-	2,466,984	2,466,984	2,466,984	2,466,984
Total changes during fiscal year	-	-	2,466,984	2,466,984	2,466,984	2,466,984
Balance at end of fiscal year	10,000	2,500	5,262,891	5,265,391	5,275,391	5,275,391



Notes to Financial Statements

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/Amortization 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) Amortization 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) Provision for bonus

Provision 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 tax and local consumption tax 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.

2. Notes Related to Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: ¥283,792 thousand

(2) Receivables from and payables to affiliated companies

Short-term receivables: ¥6,318,877 thousand

Short-term payables: ¥ 439,496 thousand

3. Notes Related to Income Statement

(1) Transactions with affiliated companies

Sales: ¥2,591,688 thousand

Dividend income: ¥2,811,406 thousand

Service charges: ¥20,985 thousand

Interest income: ¥2,784 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 2014, their respective fair values and differences are summarized as follows:

(Unit: 1,000 yen)

	Amount recorded in balance sheet (*)	Fair value (*)	Difference
(1) Accounts receivable	271,923	271,923	-
(2) Other accounts receivable	37,360	37,360	-
(3) Withholding tax receivable	574,089	574,089	-
(4) Short term loan to affiliate	400,000	400,000	-
(5) Deposits to affiliate	5,612,417	5,612,417	-
(6) Accounts payable	249,593	249,593	-
(7) Consumption tax payable	33,629	33,629	-
(8) Deposits received	4,091	4,091	-
(9) Deposit from affiliate	400,000	400,000	-
(10) Long-term loans	76,200,000	76,200,000	-
(11) Derivative transactions	(272,864)	(272,864)	-

(*): 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) Accounts receivable (2) Other accounts receivable (3) Withholding tax receivable
(4) Short term loan to affiliate (5) Deposits to affiliate (6) Accounts payable
(7) Consumption tax payable (8) Deposits received and (9) Deposit from affiliate

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

- (10) Long-term loans

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

- (11) 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 principal 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:

(11-1) 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	39,500,000	(272,864)	(37,999)
Total		39,500,000	39,500,000	(272,864)	(37,999)

Calculation method for fair values: Valued at discounted present value

(Note 2): The planned repayment amount after annual closing day of the long-term loans.

(Unit: 1,000 yen)

	Within 1 year	Within 2 years, in excess of 1 year	Within 3 years, in excess of 2 years	Within 4 years, in excess of 3 years	Within 5 years, in excess of 4 years	In excess of 5 years
Long-term loans	-	36,700,000	39,500,000	-	-	-

(Note 3): 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 companies

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#4)	Account title	Amount outstanding at year-end (#4)
Parent company	Unilever N.V.	100% (Indirectly owned)	Loan guarantee	Loan guarantee (#1)	76,200,000	-	-
Parent company	Mavibel B.V.	100% (Directly owned)	Cash pooling agreement	Interest income on cash deposit (#2)	1,244	Deposits to affiliate	5,612,417

(2) Subsidiaries

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#4)	Account title	Amount outstanding at year end (#4)
Subsidiary	Unilever Japan K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#3)	327,560	Accounts receivable	36,297
Subsidiary	Unilever Japan Customer Marketing K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#3)	1,166,400	Accounts receivable	131,507
Subsidiary	Unilever Japan Service K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#3)	892,726	Accounts receivable	85,668

Subsidiary	Unilever Japan Beverage K.K.	100% (Directly owned)	Service fee agreement	Receipts of service fees (#3)	205,002	Accounts receivable	18,450
------------	---------------------------------------	-----------------------------	--------------------------	----------------------------------	---------	------------------------	--------

(3) Parent companies' affiliated companies

(Unit: 1,000 yen)

Relationship	Company name	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount (#4)	Account title	Amount outstanding at year end (#4)
Parent companies' affiliated company	Unilever Asia Pte Ltd	Nil	Service fee agreement	Payments of service fees (#3)	66,929	Accounts payable	5,803
Parent companies' affiliated company	Unilever Finance International AG	Nil	Interest rate swap contract	Interest rate swap (#2)	94,029	Interest rate swap liabilities	272,864

Trade terms and policies to determine trade terms

(Notes):

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

(4) Officers

There are no applicable matters.

8. Notes Related to Per-share Information





Net assets per share:	¥26,376,958.43
Net profit per share:	¥12,334,922.18

9. Notes Related to Retirement Benefits

(1) Summary of retirement benefit plans

The Company has a savings-type defined benefit retirement plan and a defined contribution retirement plan for its employees.

(2) Defined benefit retirement plan

(1) Reconciliation with opening and ending balance of Retirement benefit obligations

	(Unit: 1,000 yen)
Retirement benefit obligations (Opening)	345,450
Service cost	21,026
Interest cost	4,490
Actuarial gains and losses	88,412
Benefit payment	<u>(20,023)</u>
Retirement benefit obligations (Ending)	<u>439,357</u>

(2) Reconciliation with opening and ending balance of Pension Assets

	(Unit: 1,000 yen)
Pension Assets (Opening)	(410,978)
Expected return on pension assets	(11,301)
Actuarial gains and losses	(128,184)
Employer contribution	(39,308)
Benefit payment	<u>22,762</u>
Pension Assets (Ending)	<u>(567,010)</u>

(3) Reconciliation ending balance of Retirement benefit obligations and Pension



Assets with Prepaid pension cost in Balance sheet

	(Unit: 1,000 yen)
Savings-type retirement benefit obligations	439,357
Pension Assets	<u>(567,010)</u>
Surplus	(127,653)
Unrecognized actuarial gains and losses	<u>76,791</u>
Net balance in Balance sheet	<u>(50,862)</u>
Prepaid pension cost	<u>(50,862)</u>
Net balance in Balance sheet	<u>(50,862)</u>

(4) Breakdown of retirement benefit expenses

	(Unit: 1,000 yen)
Service cost	21,026
Interest cost	4,490
Expected return on pension assets	(11,301)
Amortization of actuarial gains and losses	<u>(2,613)</u>
Pension cost	<u>11,602</u>

(5) Matters related to Pension assets

(i) Pension assets portfolio

The ratio of the main categories in the total pension assets is as follows:

	(%)
Bonds	34
Equities	60
Cash and deposits in bank	0
Others	<u>6</u>
Total	<u>100</u>

(ii) Setting method of long-term expected rate of return on assets

In order to determine the long-term expected rate of return on assets, the present and expected asset allocation and long-term rate of return on assets from various pension assets are taken into account.

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

Discount rate	0.90%
Long-term expected rate of return on assets	2.25%

(3) Defined Contribution

Employer contribution is ¥12,994 thousand.



The 20th Fiscal Year

Supplementary Schedules

(Related to Financial Statements)

From 1 January 2014
To 31 December 2014

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 /amortization for current year	Ending book value	Accumulated depreciation
Buildings	727,910	-	7,976	60,722	659,211	266,070
Motor vehicles	10,344	-	340	4,126	5,877	3,687
Tools	8,801	-	-	2,256	6,545	14,035
Leased assets	142	-	2	140	-	-
Total	747,199	-	8,318	67,244	671,633	283,792
Software	768,470	-	7	111,906	656,556	
Total	768,470	-	7	111,906	656,556	
Long-term prepaid expenses	82,520	-	-	34,495	48,025	
Total	82,520	-	-	34,495	48,025	

2. Schedule of Provisions

(Unit: 1,000 yen)

	Opening balance	Increase	Decrease	End balance
Provision for bonus	68,109	56,683	68,109	56,683
Restructuring provision	21,381	64,516	44,686	41,211



3. Schedule of Selling and General Administrative Expenses

(Unit: 1,000 yen)

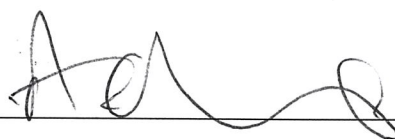
Description	Amount
Directors' remuneration	46,313
Salaries	357,939
Overtime salaries	46,698
Bonuses	130,650
Salaries for temporary workers	76,379
Social security cost	72,895
Commutation cost	11,736
Welfare cost	26,971
Retirement benefit cost	27,087
Additional retirement benefit cost	99
Travel and transportation cost	10,089
Insurance cost	44,332
Entertainment cost	2,835
Conference cost	1,292
Membership fees	7,277
Donations	8,459
Communication cost	49,496
Recruit cost	24,659
Education cost	5,654
Employee relocation cost	11,153
Computer cost	176,672
Publicity cost	4,861
Subscription expenses	1,115
Audit fees	22,538
Agent service fees	371,443
Other tax expenses	9,504
Bank charges	225
Utility cost	33,154
Rental cost	472,286
Depreciation expenses	67,244
Other supply cost	4,427
Cleaning cost	25,785
Other services charges	75,791
Software amortization	111,906
Loss on disposals of tangible fixed assets	8,319
Other operating expense	47,336
Total	2,394,643

(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 translate from Japanese into English the financials relating to Intonation job reference 1366-15, 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.



Andrew Walker, MA in Japanese Studies, MITI

Date: 23 March 2015

