

Disclaimer

This PDF is a section of the Unilever Annual Report and Accounts 2004 provided to Unilever's shareholders. It does not contain sufficient information to allow a full understanding of the results of the Unilever Group and the state of affairs of Unilever N.V., Unilever PLC or the Unilever Group. For further information the Unilever Annual Report and Accounts 2004 should be consulted.

Certain sections of the Unilever Annual Report and Accounts 2004 have been audited. Sections that have been audited are set out on pages 96 to 148, 154 to 170 and 172 to 173. The auditable part of the Directors' Remuneration report as set out on page 89 has also been audited.

The maintenance and integrity of the Unilever website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website.

Legislation in the United Kingdom and the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclaimer Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

The Annual Report and Accounts does not constitute an invitation to invest in Unilever shares. Any decisions you make in reliance on this information are solely your responsibility.

The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified on page 3 of the Report.

Unilever accepts no responsibility for any information on other websites that may be accessed from this site by hyperlinks.

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Statement of Directors' responsibilities

Annual accounts

The Directors are required by Title 9, Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, NV and PLC as at the end of the financial year and of the profit or loss for that year.

The Directors consider that in preparing the accounts, the Group, NV and PLC have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all United Kingdom accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that NV and PLC keep accounting records which disclose with reasonable accuracy their financial position and which enable the Directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement, which should be read in conjunction with the Auditors' report, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

A copy of the financial statements of the Unilever Group is placed on our website at www.unilever.com. The maintenance and integrity of the website is the responsibility of the Directors, and the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website. Legislation in the United Kingdom and the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Directors continue to adopt the going concern basis in preparing the accounts. This is because the Directors, after making enquiries and following a review of the Group's budget for 2005 and 2006, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation for the foreseeable future.

Internal and disclosure controls and procedures

Unilever has a well-established control framework, which is well documented and regularly reviewed by the Boards. This incorporates risk management, internal control procedures and disclosure controls and procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded, the risks facing the business are being addressed and all information required to be disclosed is reported to the Group's senior management, including where appropriate the Chairmen and Financial Director, within the required timeframe.

Our procedures cover financial, operational, social and environmental risks and regulatory matters. The Boards of NV and PLC have also established a clear organisational structure, including delegation of appropriate authorities. The Group's control framework is supported through a Code of Business Principles, which sets standards of professionalism and integrity

for its operations worldwide, and through an Operational Controls Assessment process, which requires the senior management in each business unit to assess the effectiveness of financial controls annually and of all other operational controls over a three-year cycle.

The Boards have overall responsibility for establishing key procedures designed to achieve systems of internal control and disclosure control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these procedures and ongoing monitoring of risk and the effectiveness of controls rests with the Group's senior management at individual operating company and Business Group level. Business Groups, each of which has its own Risk Committee, review, on an ongoing basis, the risks faced by their group and the related internal control arrangements and provide written reports to the Corporate Risk Committee, the composition and function of which are set out on page 57.

Unilever's corporate internal audit function plays a key role in providing an objective view and continuous reassurance of the effectiveness of the risk management and related control systems throughout Unilever to both operating management and the Boards. The Group has an independent Audit Committee, entirely comprised of Independent Non-Executive Directors. This Committee meets regularly with the Chief Auditor and the external auditors.

Unilever has a comprehensive budgeting system with an annual budget approved by the Boards, which is regularly reviewed and updated. Performance is monitored against budget and the previous year through monthly and quarterly reporting routines. The Group reports to shareholders quarterly.

Unilever's system of risk management has been in place throughout 2004 and up to the date of this report, and complies with the recommendations of 'Internal Control – Guidance for Directors on the Combined Code', published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales in September 1999. The Boards have carried out an annual review of the effectiveness of the systems of risk management and internal control during 2004 in accordance with this guidance, and have ensured that the necessary actions have been or are being taken to address any weaknesses or deficiencies arising out of that review.

At the end of 2006, Unilever will be required by Section 404 of the Sarbanes-Oxley Act of 2002 to report on the effectiveness of internal control over financial reporting. The evaluation work necessary to meet this specific requirement is under way.

Based on an evaluation by the Boards, each Chairman and the Financial Director concluded that the design and operation of the Group's disclosure controls and procedures as at 31 December 2004 were reasonably effective and that subsequently there have been no significant changes in the Group's internal controls or in other factors that could significantly affect those controls.

It is Unilever's policy to bring acquired companies within the Group's governance procedures as soon as is practicable and, in any event, by the end of the first full year of operation.

Auditors' report

Netherlands

Audit report of the independent auditors to the shareholders of Unilever N.V.

We have audited the accounts of the Unilever Group and Unilever N.V., set out on pages 96 to 148 and 154 to 170.

Respective responsibilities of Directors and auditors

These accounts are the responsibility of the company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

Basis of audit opinion

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accounts give a true and fair view of the financial position of the Unilever Group and Unilever N.V. as at 31 December 2004 and of the result for the year then ended in accordance with United Kingdom accounting standards and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

PricewaterhouseCoopers Accountants N.V.
Rotterdam, The Netherlands

1 March 2005

Auditors' report

United Kingdom

Audit report of the independent auditors to the shareholders of Unilever PLC

We have audited the accounts of the Unilever Group and Unilever PLC which have been prepared under the historical cost convention, set out on pages 96 to 148, 154 to 168 and 172 to 173. We have also audited the auditable part of the Directors' Remuneration Report as set out on page 89.

Respective responsibilities of Directors and auditors

As described on page 92, the Directors are responsible for preparing the Annual Report and Accounts. This includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom accounting standards. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the accounts and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the shareholders of Unilever PLC, as a body in accordance with Section 235 of the United Kingdom Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you whether the auditable part of the Directors' Remuneration Report is properly prepared in accordance with the applicable requirements in the United Kingdom. We would also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if proper accounting records have not been kept, if we have not received all the information and explanations we require for our audit, or if information specified by United Kingdom law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and Accounts and consider the implications for our audit report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the corporate governance statement on page 64 reflects the Group's compliance with the nine provisions of the

2003 FRC Combined Code specified for our review by the Listing Rules of the United Kingdom's Financial Services Authority and we report if it does not. We are not required to consider whether the Directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the auditable part of the Directors' Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts and the auditable part of the Directors' Remuneration Report.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Unilever Group and Unilever PLC at 31 December 2004 and of the profit and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group and Unilever PLC have been properly prepared in accordance with the United Kingdom Companies Act 1985. In our opinion, the auditable part of the Directors' Remuneration Report has been properly prepared in accordance with the applicable requirements in the United Kingdom.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

1 March 2005

Auditors' report

United States

Report of the independent registered public accounting firms to the shareholders of Unilever N.V. and Unilever PLC

We have audited the accompanying consolidated balance sheets of the Unilever Group, Unilever N.V. and Unilever PLC as of 31 December 2004 and 2003, and the related consolidated profit and loss accounts, cash flow statements and statements of total recognised gains and losses for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended 31 December 2004, in conformity with applicable Netherlands and United Kingdom law and United Kingdom accounting standards.

Applicable Netherlands and United Kingdom law and United Kingdom accounting standards vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in the determination of net profit and capital and reserves as shown on pages 154 and 155.

PricewaterhouseCoopers Accountants N.V.
Rotterdam, The Netherlands
As auditors of Unilever N.V.

PricewaterhouseCoopers LLP
London, United Kingdom
As auditors of Unilever PLC

1 March 2005

Accounting information and policies

Unilever

The two parent companies, NV and PLC, together with their group companies, operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). NV and PLC have the same Directors and are linked by a series of agreements, including an Equalisation Agreement, which are designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 (€5.445) nominal of ordinary share capital of NV to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company. For additional information please refer to Corporate governance on page 52.

Basis of consolidation

Due to the operational and contractual arrangements referred to above ensuring unity of management of NV and PLC and the internal participating interests set out in note 22 on page 132, NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts. These accounts are supplemented in notes 23 and 24 on page 133 and note 32 on page 148 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The consolidated accounts of the Unilever Group also comply with accounting standards generally accepted in the United Kingdom, as allowed by Article 362.1 of Book 2 of the Civil Code in the Netherlands, unless such standards conflict with the Civil Code in the Netherlands which would in such case prevail. The company accounts, the notes to those accounts and the further statutory information given for each of NV and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under 'Group companies' below, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

Accounting standards

The accounts are prepared under the historical cost convention and comply in all material respects with legislation in the United Kingdom and the Netherlands and with United Kingdom Accounting Standards.

The accounting policies of the Unilever Group are set out on pages 96 to 98. Material variations from United States generally accepted accounting principles are set out on pages 154 to 159.

Recent changes in reporting requirements under US GAAP are discussed on page 159.

OECD Guidelines

In preparing its Annual Review and Annual Report and Accounts Unilever adheres to disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

Group companies

Group companies are those companies in whose share capital NV or PLC holds an interest directly or indirectly, and whose consolidation is required for the accounts to give a true and fair view.

In order that the consolidated accounts should present a true and fair view, it is necessary to differ from the presentational requirements of the United Kingdom Companies Act 1985 by including amounts attributable to both NV and PLC shareholders in the capital and reserves shown in the balance sheet. The Companies Act would require presentation of the capital and reserves attributable to NV and PLC shareholders as minority interests in the respective consolidated accounts of PLC and NV. This presentation would not give a true and fair view of the effect of the Equalisation Agreement, under which the position of all shareholders is as nearly as possible the same as if they held shares in a single company.

Net profit and result for the year retained are presented on a combined basis on page 99, with the net profit attributable to NV and PLC shown separately. Movements in profit retained are analysed between those attributable to NV and PLC in note 23 on page 133.

Foreign currencies

Exchange differences arising in the accounts of individual companies are dealt with in their respective profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are classified as interest.

In preparing the consolidated accounts, the profit and loss account, the cash flow statement and all other movements in assets and liabilities are translated at annual average rates of exchange. The balance sheet, other than the ordinary share capital of NV and PLC, is translated at year-end rates of exchange. In the case of hyper-inflationary economies, which are those in which inflation exceeds 100% cumulatively over a three-year period, the accounts are adjusted to reflect current price levels and remove the influences of inflation before being translated.

The ordinary share capital of NV and PLC is translated at the rate contained in the Equalisation Agreement of £1 = Fl. 12 (equivalent to €5.445). The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 24 on page 133).

Accounting information and policies (continued)

The effects of exchange rate changes during the year on net assets at the beginning of the year are recorded as a movement in profit retained, as is the difference between profit of the year retained at average rates of exchange and at year-end rates of exchange. For these purposes net assets include loans between group companies and related foreign exchange contracts, if any, for which settlement is neither planned nor likely to occur in the foreseeable future.

Goodwill and intangible assets

No value is attributed to internally generated intangible assets. Goodwill (being the difference between the fair value of consideration paid for new interests in group companies, joint ventures and associated companies and the fair value of the Group's share of their net assets at the date of acquisition) and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in the profit and loss account over the period of their expected useful lives, up to a maximum of 20 years. Periods in excess of five years are used only where the Directors are satisfied that the life of these assets will clearly exceed that period. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

On disposal of a business acquired prior to 1 January 1998, purchased goodwill written off on acquisition is reinstated in arriving at the profit or loss on disposal.

The treatment of goodwill and intangible assets under US GAAP is discussed on pages 155 to 157.

Goodwill and intangible assets are subject to review for impairment in accordance with United Kingdom Financial Reporting Standard 11 'Impairment of Fixed Assets and Goodwill' (FRS 11) and United States Statement of Financial Accounting Standards 142 'Goodwill and Other Intangible Assets' (SFAS 142). Any impairment is charged to the profit and loss account as it arises.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	40 years
Leasehold land	Life of lease
Leasehold buildings	40 years*
Plant and equipment	2–20 years
Motor vehicles	3–6 years
*or life of lease if less than 40 years	

Tangible fixed assets are subject to review for impairment in accordance with FRS 11 and United States SFAS 144 'Accounting for the Impairment or Disposal of Long-Lived Assets' (SFAS 144). Any impairment is charged to the profit and loss account as it arises.

Fixed investments

Joint ventures are undertakings in which the Group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Associated companies are undertakings in which the Group has a participating interest and exercises significant influence.

Interests in joint ventures and associated companies are stated in the consolidated balance sheet at the Group's share of their aggregate assets and liabilities.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent impairment. Any impairment is charged to the profit and loss account as it arises.

Current assets

Stocks are valued at the lower of cost and estimated net realisable value. Cost is mainly average cost, and comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors are stated after deducting adequate provision for doubtful debts.

Current investments are liquid funds temporarily invested and are stated at their realisable value. The difference between this and their original cost is taken to interest in the profit and loss account.

Retirement benefits

With effect from 1 January 2003, Unilever has accounted for pensions and similar benefits under the United Kingdom Financial Reporting Standard 17 'Retirement benefits' (FRS 17). The operating and financing costs of defined benefit plans are recognised separately in the profit and loss account; service costs are systematically spread over the service lives of employees, and financing costs are recognised in the periods in which they arise. Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of total recognised gains and losses. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the profit and loss account. The liabilities and, where applicable, the assets of defined benefit plans are recognised at fair value in the balance sheet. The charges to the profit and loss account for defined contribution plans are the company contributions payable and the assets of such plans are not included in the Group balance sheet.

Deferred taxation

Full provision is made for deferred taxation on all significant timing differences arising from the recognition of items for taxation purposes in different periods from those in which they are included in the Group accounts. Full provision is made at the rates of tax prevailing at the year end unless future rates have been enacted or substantively enacted. Deferred tax assets and liabilities have not been discounted.

Provision is made for taxation which will become payable if retained profits of group companies and joint ventures are distributed to the parent companies only to the extent that we are committed to such distributions.

Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reasonably estimated.

Accounting information and policies

(continued)

Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 16 on page 120, in the Financial review on page 22 and under Risk management on page 51. Hedge accounting, as described below, is applied.

Changes in the value of forward foreign exchange contracts are recognised in results in the same period as changes in the values of the assets and liabilities they are intended to hedge. Interest payments and receipts arising from interest rate derivatives such as swaps and forward rate agreements are matched to those arising from underlying debt and investment positions.

Payments made or received in respect of the early termination of derivative financial instruments are spread over the original life of the instrument so long as the underlying exposure continues to exist.

Research, development and market support costs

Expenditure on research and development and on market support costs such as advertising is charged against the profit of the year in which it is incurred.

Group turnover and Turnover

Group turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to joint ventures and associated companies but does not include sales by joint ventures and associated companies or sales between group companies. Turnover includes the Group share of the turnover of joint ventures, net of the Group share of any sales to the joint ventures already included in the Group figures, but does not include Unilever's share of the turnover of associates.

Discounts given by Unilever include rebates, price reductions and incentives given to customers in cash or company products. At each balance sheet date any such expenditure incurred but not yet invoiced is estimated and accrued.

Revenue is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer.

Exceptional items

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges in connection with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. United Kingdom FRS 3 would require profits and losses on disposal of most businesses to be excluded from operating profit. However, because business disposals in the period and the restructuring costs are part of a series of linked initiatives under the Path to Growth strategy, separate presentation would not give a true and fair view and therefore all exceptional items arising from these initiatives have been included on a single line in operating profit. Costs associated with restructuring, such as training, are recognised as they arise and are not treated as exceptional.

Transfer pricing

The preferred method for determining transfer prices for our own manufactured goods is to use the market price. Where there is no market price, the companies concerned follow established transfer pricing guidelines, where available, or else engage in arm's length negotiations.

Trademarks owned by the parent companies and used by operating companies are, where appropriate, licensed in return for royalties or a fee.

General services provided by central advisory departments, business groups, divisions and research laboratories are charged to operating companies on the basis of fees.

Leases

Lease payments are principally in respect of operating leases, which are charged to the profit and loss account on a straight-line basis over the lease term, or over the period between rent reviews where these exist. Assets held under finance leases are initially capitalised at their fair value and depreciated over the shorter of the lease term or their useful life. The net present value of the corresponding finance lease liability is included within creditors. The finance element is charged to interest as it accrues.

Share-based payments

Unilever reflects the economic cost of awarding shares and share options to employees by recording a charge in the profit and loss account equivalent to the fair value of the benefit awarded. The fair value is determined with reference to option pricing models, principally adjusted Black-Scholes models or the multinomial pricing model. The charge is recognised in the profit and loss account over the vesting period of the award. Share-based payments are described in more detail in note 30 on pages 138 to 147.

Shares held by employee share trusts

The assets and liabilities of certain PLC trusts, NV and group companies which purchase and hold NV and PLC shares to satisfy options granted are included in the Group accounts. The book value of shares held is deducted from other reserves, and trust borrowings are included in the Group's borrowings. The costs of the trusts are included in the results of the Group. These shares are excluded from the calculation of earnings per share.

Consolidated profit and loss account

Unilever Group for the year ended 31 December

	€ million 2004	€ million 2003	€ million 2002
Turnover 1	40 366	42 942	48 760
Less: Share of turnover of joint ventures 1	(197)	(249)	(490)
Group turnover 1	40 169	42 693	48 270
Cost of sales 2	(20 011)	(21 192)	(24 049)
Gross profit	20 158	21 501	24 221
Distribution, selling and administrative costs 2	(16 747)	(16 018)	(19 214)
Group operating profit 1	3 411	5 483	5 007
After charging:			
Exceptional items	(1 595)	(97)	(707)
Amortisation of goodwill and intangible assets 1	(1 086)	(1 139)	(1 245)
Add: Share of operating profit of joint ventures 1	44	46	84
Operating profit 1	3 455	5 529	5 091
After charging:			
Exceptional items 4	(1 597)	(100)	(702)
Amortisation of goodwill and intangible assets 1	(1 086)	(1 143)	(1 261)
Share of operating profit of associates 1	42	25	34
Other income from fixed investments 11	31	(3)	(7)
Interest 5	(628)	(847)	(1 173)
Other finance income/(cost) – pensions and similar obligations 18	(61)	(166)	108
Profit on ordinary activities before taxation	2 839	4 538	4 053
Taxation on profit on ordinary activities 6	(782)	(1 527)	(1 605)
Profit on ordinary activities after taxation	2 057	3 011	2 448
Minority interests	(181)	(249)	(312)
Net profit	1 876	2 762	2 136
Attributable to: NV 23	1 283	1 976	1 679
PLC 23	593	786	457
Dividends	(1 843)	(1 709)	(1 701)
Preference dividends	(28)	(27)	(42)
Dividends on ordinary capital 8	(1 815)	(1 682)	(1 659)
Result for the year retained	33	1 053	435
Combined earnings per share 7			
Basic earnings per share:			
Euros per €0.51 of ordinary capital	1.92	2.82	2.14
Euro cents per 1.4p of ordinary capital	28.78	42.33	32.16
On a diluted basis the figures would be:			
Euros per €0.51 of ordinary capital	1.85	2.74	2.08
Euro cents per 1.4p of ordinary capital	27.69	41.09	31.20

All amounts are related to continuing operations as defined by United Kingdom Financial Reporting Standard 3.

References in the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated cash flow statement and consolidated balance sheet relate to notes on pages 102 to 148, which form an integral part of the consolidated financial statements.

Accounting policies of the Unilever Group are set out on pages 96 to 98.

Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 154 to 159.

In accordance with Article 402 of Book 2 of the Civil Code in the Netherlands, the profit and loss account of the entity NV on page 169 shows only the income from fixed investments after taxation and other income and expenses as separate items.

Consolidated statement of total recognised gains and losses

Unilever Group for the year ended 31 December

	€ million 2004	€ million 2003	€ million 2002
Net profit	1 876	2 762	2 136
Unrealised gain on partial disposal of a group company	–	–	56
Pensions and similar obligations: 18			
Net actuarial gains/(losses) recognised	(691)	148	(4 152)
Deferred taxation thereon	237	(176)	1 341
Currency retranslation	83	159	(1 567)
Total recognised gains/(losses) for the year	1 505	2 893	(2 186)

Consolidated cash flow statement

Unilever Group for the year ended 31 December

	€ million 2004	€ million 2003	€ million 2002
Cash inflow from group operating activities 27	6 853	6 780	7 883
Dividends received from joint ventures	60	52	83
Returns on investments and servicing of finance 28	(807)	(1 180)	(1 386)
Taxation	(1 378)	(1 423)	(1 817)
Capital expenditure and financial investment 28	(1 044)	(1 024)	(1 706)
Acquisitions and disposals 28	316	622	1 755
Dividends paid on ordinary share capital	(1 720)	(1 715)	(1 580)
Cash inflow before management of liquid resources and financing	2 280	2 112	3 232
Management of liquid resources 28	(31)	(41)	(592)
Financing 28	(2 921)	(2 917)	(3 078)
Decrease in cash in the year	(672)	(846)	(438)

Reconciliation of cash flow to movement in net debt

	€ million 2004	€ million 2003	€ million 2002
Net debt at 1 January 29	(12 555)	(16 966)	(23 199)
Decrease in cash in the year	(672)	(846)	(438)
Cash flow from decrease in borrowings	3 042	2 909	3 087
Cash flow arising in connection with finance leases	(128)	–	–
Cash flow from increase in liquid resources	31	41	592
Change in net debt resulting from cash flows	2 273	2 104	3 241
Borrowings within group companies acquired	–	(25)	(77)
Borrowings within group companies sold	41	5	20
Liquid resources within group companies sold	(2)	(3)	(1)
Non-cash movements	(319)	690	1 467
Currency retranslation	899	1 640	1 583
Decrease in net debt in the year	2 892	4 411	6 233
Net debt at 31 December 29	(9 663)	(12 555)	(16 966)

Consolidated balance sheet

Unilever Group as at 31 December

	€ million 2004	€ million 2003
Fixed assets		
Goodwill and intangible assets 9	15 338	17 713
Tangible fixed assets 10	6 271	6 655
Fixed investments 11	202	199
Total fixed assets	21 811	24 567
Current assets		
Stocks 12	3 758	4 175
Debtors 13	5 703	5 881
Debtors due within one year 13	4 505	5 082
Debtors due after more than one year 13	1 198	799
Current investments 14	1 016	1 491
Cash at bank and in hand 14	1 587	1 854
Total current assets	12 064	13 401
Creditors due within one year	(14 570)	(17 074)
Borrowings 15	(5 155)	(7 434)
Trade and other creditors 17	(9 415)	(9 640)
Net current assets/(liabilities)	(2 506)	(3 673)
Total assets less current liabilities	19 305	20 894
Creditors due after more than one year	7 610	9 130
Borrowings 15	6 893	8 466
Trade and other creditors 17	717	664
Provisions for liabilities and charges (excluding pensions and similar obligations)	1 881	1 645
Deferred taxation 19	511	747
Restructuring and other provisions 20	1 348	871
Interest in associates 11	22	27
Net liabilities for pensions and similar obligations 18	3 918	3 759
Net pension asset for funded plans in surplus 18	(456)	(490)
Net pension liability for funded plans in deficit 18	1 633	1 629
Net pension liability for unfunded plans 18	2 741	2 620
Minority interests	362	440
Capital and reserves 21	5 534	5 920
Attributable to: NV: Called up share capital 22	420	420
Share premium account 21	1 397	1 397
Other reserves 24	(2 035)	(1 783)
Profit retained 23	7 278	6 835
	7 060	6 869
PLC: Called up share capital 22	222	222
Share premium account 21	133	133
Other reserves 24	(700)	(659)
Profit retained 23	(1 181)	(645)
	(1 526)	(949)
Total capital employed	19 305	20 894

Capital and reserves include €1 502 million relating to preference shares in NV which under United Kingdom Financial Reporting Standard 4 are classified as non-equity. Minority interests in group companies are substantially all equity interests.

Commitments and contingent liabilities are shown in note 25 on page 134.

Notes to the consolidated accounts

Unilever Group

1 Segmental information

Segmental information is provided below on the basis of product categories. These categories are:

Savoury and dressings – including sales of soups, bouillons, sauces, snacks, mayonnaise, salad dressings and olive oil.

Spreads and cooking products – including sales of branded margarines and spreads and cooking products such as liquid margarines.

Beverages – including sales of tea, weight management products, and nutritionally enhanced staples sold in developing markets. This product category was previously described as 'Health and wellness and beverages'.

Ice cream and frozen foods – including sales of ice cream and frozen food.

Home care – including sales of home care products, such as laundry powders and liquids and a wide range of cleaning products. In May 2002 we sold DiverseyLever, our professional cleaning business, the revenues of which were also included within this segment for part of the year ended 31 December 2002. Our share of the profit from our retained stake in this business, which is an associated company, continues to be reported in this segment.

Personal care – including sales of skin care and hair care products, deodorants and antiperspirants, oral care products, and a number of prestige fragrances.

Other operations – to support our consumer brands, we own tea plantations and palm oil plantations, the results of which are reported within this segment.

	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Total Foods	Home care	Personal care	Total Home and Personal care	Other operations	Total
Analysis by operation										
2004										
Turnover	8 397	4 644	3 206	6 463	22 710	6 782	10 636	17 418	238	40 366
Less: Share of turnover of joint ventures	(31)	(35)	(114)	–	(180)	(6)	(8)	(14)	(3)	(197)
Group turnover	8 366	4 609	3 092	6 463	22 530	6 776	10 628	17 404	235	40 169
Group operating profit/(loss)	396	608	(417)	680	1 267	599	1 555	2 154	(10)	3 411
After charging:										
Exceptional items	(290)	(84)	(671)	(101)	(1 146)	(163)	(294)	(457)	8	(1 595)
Amortisation of goodwill and intangible assets	(872)	(66)	(104)	(21)	(1 063)	(11)	(12)	(23)	–	(1 086)
Add: Share of operating profit of joint ventures	2	7	32	–	41	1	2	3	–	44
Operating profit/(loss)^{(a)(b)}	398	615	(385)	680	1 308	600	1 557	2 157	(10)	3 455
After charging:										
Exceptional items	(291)	(85)	(671)	(101)	(1 148)	(163)	(294)	(457)	8	(1 597)
Amortisation of goodwill and intangible assets	(872)	(66)	(104)	(21)	(1 063)	(11)	(12)	(23)	–	(1 086)
Share of operating profit/(loss) of associates	–	–	–	–	–	43	–	43	(1)	42
2003										
Turnover	8 609	5 028	3 569	6 994	24 200	7 230	11 153	18 383	359	42 942
Less: Share of turnover of joint ventures	(58)	(51)	(120)	–	(229)	(5)	(10)	(15)	(5)	(249)
Group turnover	8 551	4 977	3 449	6 994	23 971	7 225	11 143	18 368	354	42 693
Group operating profit	475	782	367	1 024	2 648	908	1 858	2 766	69	5 483
After charging:										
Exceptional items	(108)	(1)	(11)	32	(88)	8	(94)	(86)	77	(97)
Amortisation of goodwill and intangible assets	(906)	(73)	(112)	(20)	(1 111)	(14)	(12)	(26)	(2)	(1 139)
Add: Share of operating profit of joint ventures	3	7	36	–	46	–	–	–	–	46
Operating profit^{(a)(b)}	478	789	403	1 024	2 694	908	1 858	2 766	69	5 529
After charging:										
Exceptional items	(110)	(2)	(11)	32	(91)	8	(94)	(86)	77	(100)
Amortisation of goodwill and intangible assets	(908)	(74)	(113)	(20)	(1 115)	(14)	(12)	(26)	(2)	(1 143)
Share of operating profit of associates	–	–	–	–	–	25	–	25	–	25

(a) In 2004, the Group's share of amortisation of goodwill and intangible assets in joint ventures was €(nil) (2003: €(4) million; 2002: €(16) million), of which €(nil) (2003: €(2) million; 2002: €(13) million) arose in savoury and dressings, €(nil) million (2003: €(1) million; 2002: €(2) million) arose in spreads and cooking products and €(nil) (2003: €(1) million; 2002: €(1) million) arose in the beverages segment.

(b) In 2004, the Group's share of exceptional items in joint ventures was €(2) million (2003: €(3) million; 2002: €5 million), of which €(1) million (2003: €(2) million; 2002: €(1) million) arose in savoury and dressings and €(1) million (2003: €(1) million; 2002: €6 million) arose in the spreads and cooking products segment.

Notes to the consolidated accounts

Unilever Group

1 Segmental information (continued)

	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Total Foods	Home care	Personal care	Total Home and Personal Care	Other operations	Total
Analysis by operation										
2002										
Turnover	9 503	6 216	4 215	7 456	27 390	8 579	12 245	20 824	546	48 760
Less: Share of turnover of joint ventures	(231)	(71)	(151)	–	(453)	(14)	(9)	(23)	(14)	(490)
Group turnover	9 272	6 145	4 064	7 456	26 937	8 565	12 236	20 801	532	48 270
Group operating profit	399	768	347	569	2 083	837	2 045	2 882	42	5 007
After charging: Exceptional items	9	(167)	(99)	(237)	(494)	(64)	(149)	(213)	–	(707)
Amortisation of goodwill and intangible assets	(1 051)	(17)	(119)	(27)	(1 214)	(17)	(13)	(30)	(1)	(1 245)
Add: Share of operating profit of joint ventures	28	19	36	–	83	(1)	3	2	(1)	84
Operating profit^{(a)(b)}	427	787	383	569	2 166	836	2 048	2 884	41	5 091
After charging: Exceptional items	8	(161)	(99)	(237)	(489)	(64)	(149)	(213)	–	(702)
Amortisation of goodwill and intangible assets	(1 064)	(19)	(120)	(27)	(1 230)	(17)	(13)	(30)	(1)	(1 261)
Share of operating profit of associates	–	–	–	–	–	34	–	34	–	34
Net operating assets										
2004	14 058	1 462	1 588	1 906	19 014	736	1 032	1 768	129	20 911
2003	15 624	1 949	2 550	2 346	22 469	951	1 229	2 180	272	24 921

(a) Please refer to footnote on page 102.

(b) Please refer to footnote on page 102.

Additional segmental information as required for US reporting

Segmental information is provided on the following pages in accordance with SFAS 131 on the basis of the product categories described on page 102.

Unilever has reviewed the extent of its business with major customers. As a result, Unilever has concluded that it has no major customers that would require separate disclosure during the reporting periods covered by this filing.

For management reporting purposes, Unilever uses a number of measures of segment performance at constant average rates of exchange (that is, the same rates as in the preceding year). The internal management measure of profit which is most consistent with operating profit reported in the accounts is 'Trading Result'. This differs from operating profit, mainly because Trading Result includes a number of other adjustments, including the application of an inflation charge on working capital which is added back to arrive at operating profit, and certain other statistical items.

Notes to the consolidated accounts

Unilever Group

1 Segmental information (continued)

Additional segmental information as required for US reporting (continued)

	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Total Foods	Home care	Personal care	Total Home and Personal Care	Other operations	Total
Analysis by operation										
2004										
Turnover										
At constant 2003 exchange rates	8 713	4 759	3 376	6 632	23 480	7 023	11 262	18 285	258	42 023
Exchange rate adjustments	(316)	(115)	(170)	(169)	(770)	(241)	(626)	(867)	(20)	(1 657)
At current 2004 exchange rates	8 397	4 644	3 206	6 463	22 710	6 782	10 636	17 418	238	40 366
Trading result										
At constant 2003 exchange rates:										
Before exceptional items	1 616	817	484	850	3 767	812	2 001	2 813	(19)	6 561
Exceptional items	(267)	(70)	(73)	(89)	(499)	(90)	(208)	(298)	7	(790)
Exchange rate adjustments	1 349	747	411	761	3 268	722	1 793	2 515	(12)	5 771
	(55)	(17)	(24)	(22)	(118)	(17)	(106)	(123)	(1)	(242)
At current 2004 exchange rates	1 294	730	387	739	3 150	705	1 687	2 392	(13)	5 529
Amortisation of goodwill and intangible assets										(1 086)
Other adjustments ^(c)										(988)
Operating profit										3 455
2003										
Turnover										
At constant 2002 exchange rates	9 482	5 419	4 052	7 517	26 470	8 034	12 784	20 818	412	47 700
Exchange rate adjustments	(873)	(391)	(483)	(523)	(2 270)	(804)	(1 631)	(2 435)	(53)	(4 758)
At current 2003 exchange rates	8 609	5 028	3 569	6 994	24 200	7 230	11 153	18 383	359	42 942
Trading result										
At constant 2002 exchange rates:										
Before exceptional items	1 644	914	605	1 073	4 236	1 000	2 289	3 289	(4)	7 521
Exceptional items	(144)	(4)	(10)	32	(126)	(27)	(110)	(137)	99	(164)
Exchange rate adjustments	1 500	910	595	1 105	4 110	973	2 179	3 152	95	7 357
	(131)	(49)	(78)	(70)	(328)	(77)	(291)	(368)	(18)	(714)
At current 2003 exchange rates	1 369	861	517	1 035	3 782	896	1 888	2 784	77	6 643
Amortisation of goodwill and intangible assets										(1 143)
Other adjustments										29
Operating profit										5 529
2002										
Turnover										
At constant 2001 exchange rates	10 138	6 474	4 467	7 646	28 725	9 436	13 273	22 709	586	52 020
Exchange rate adjustments	(635)	(258)	(252)	(190)	(1 335)	(857)	(1 028)	(1 885)	(40)	(3 260)
At current 2002 exchange rates	9 503	6 216	4 215	7 456	27 390	8 579	12 245	20 824	546	48 760
Trading result										
At constant 2001 exchange rates:										
Before exceptional items	1 588	1 022	641	945	4 196	989	2 344	3 333	19	7 548
Exceptional items	(127)	(160)	(100)	(226)	(613)	(74)	(166)	(240)	14	(839)
Exchange rate adjustments	1 461	862	541	719	3 583	915	2 178	3 093	33	6 709
	(80)	(13)	(31)	(13)	(137)	(61)	(180)	(241)	(3)	(381)
At current 2002 exchange rates	1 381	849	510	706	3 446	854	1 998	2 852	30	6 328
Amortisation of goodwill and intangible assets										(1 261)
Other adjustments										24
Operating profit										5 091

(c) In 2004 includes €591 million relating to impairment of *Slim•Fast* goodwill and a €169 million provision against a potential tax liability in Brazil.

Notes to the consolidated accounts

Unilever Group

1 Segmental information (continued)

Additional segmental information as required for US reporting (continued)

	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Total Foods	Home care	Personal care	Total Home and Personal Care	Other operations	Total
Analysis by operation										
Depreciation, amortisation and impairment										
2004										
At constant 2003 exchange rates	1 245	178	926	270	2 619	150	215	365	26	3 010
Exchange rate adjustments	(42)	(8)	(78)	(7)	(135)	(5)	(10)	(15)	(1)	(151)
At current 2004 exchange rates	1 203	170	848	263	2 484	145	205	350	25	2 859
2003										
At constant 2002 exchange rates	1 243	194	206	267	1 910	149	203	352	24	2 286
Exchange rate adjustments	(124)	(22)	(33)	(20)	(199)	(17)	(25)	(42)	(7)	(248)
At current 2003 exchange rates	1 119	172	173	247	1 711	132	178	310	17	2 038
2002										
At constant 2001 exchange rates	1 370	187	227	298	2 082	442	242	684	19	2 785
Exchange rate adjustments	(105)	(9)	(18)	(11)	(143)	(40)	(20)	(60)	-	(203)
At current 2002 exchange rates	1 265	178	209	287	1 939	402	222	624	19	2 582
Capital expenditure										
2004										
At constant 2003 exchange rates	193	90	63	202	548	161	323	484	12	1 044
Exchange rate adjustments	(8)	(2)	(3)	(3)	(16)	(5)	(17)	(22)	(1)	(39)
At current 2004 exchange rates	185	88	60	199	532	156	306	462	11	1 005
2003										
At constant 2002 exchange rates	213	123	91	234	661	184	282	466	23	1 150
Exchange rate adjustments	(23)	(9)	(13)	(14)	(59)	(19)	(31)	(50)	(3)	(112)
At current 2003 exchange rates	190	114	78	220	602	165	251	416	20	1 038
2002										
At constant 2001 exchange rates	216	171	178	280	845	231	274	505	30	1 380
Exchange rate adjustments	(14)	(5)	(11)	(10)	(40)	(16)	(23)	(39)	(3)	(82)
At current 2002 exchange rates	202	166	167	270	805	215	251	466	27	1 298
Total assets										
2004										
Total assets by operation	16 332	2 517	2 325	3 383	24 557	2 738	3 693	6 431	217	31 205
Corporate										2 670
										33 875
2003										
Total assets by operation	18 050	2 806	3 044	3 573	27 473	2 904	3 771	6 675	431	34 579
Corporate										3 389
										37 968

Notes to the consolidated accounts

Unilever Group

1 Segmental information (continued)

	€ million	€ million	€ million	€ million	€ million	€ million
	Europe	North America	Africa, Middle East & Turkey	Asia & Pacific	Latin America	Total
Analysis by geographical area						
2004						
Turnover^(d)	17 409	8 992	3 274	6 474	4 217	40 366
Less: Share of turnover of joint ventures	(95)	(84)	(11)	(2)	(5)	(197)
Group turnover^(d)	17 314	8 908	3 263	6 472	4 212	40 169
Group operating profit	1 827	259	302	665	358	3 411
After charging:						
Exceptional items	(523)	(713)	(77)	(97)	(185)	(1 595)
Amortisation of goodwill and intangible assets	(499)	(383)	(18)	(40)	(146)	(1 086)
Add: Share of operating profit of joint ventures	13	27	2	–	2	44
Operating profit^{(e)(f)}	1 840	286	304	665	360	3 455
After charging:						
Exceptional items	(525)	(713)	(77)	(97)	(185)	(1 597)
Amortisation of goodwill and intangible assets	(499)	(383)	(18)	(40)	(146)	(1 086)
Share of operating profit of associates	19	11	3	6	3	42
2003						
Turnover^(d)	18 297	9 869	3 302	7 094	4 380	42 942
Less: Share of turnover of joint ventures	(89)	(95)	(26)	(31)	(8)	(249)
Group turnover^(d)	18 208	9 774	3 276	7 063	4 372	42 693
Group operating profit	2 563	1 071	419	1 072	358	5 483
After charging:						
Exceptional items	52	(139)	6	88	(104)	(97)
Amortisation of goodwill and intangible assets	(505)	(419)	(22)	(37)	(156)	(1 139)
Add: Share of operating profit of joint ventures	13	30	3	–	–	46
Operating profit^{(e)(f)}	2 576	1 101	422	1 072	358	5 529
After charging:						
Exceptional items	49	(139)	6	88	(104)	(100)
Amortisation of goodwill and intangible assets	(505)	(420)	(22)	(40)	(156)	(1 143)
Share of operating profit of associates	11	8	–	4	2	25
2002						
Turnover^(d)	19 657	12 568	3 225	7 865	5 445	48 760
Less: Share of turnover of joint ventures	(84)	(122)	(86)	(186)	(12)	(490)
Group turnover^(d)	19 573	12 446	3 139	7 679	5 433	48 270
Group operating profit	1 598	1 541	282	1 081	505	5 007
After charging:						
Exceptional items	(621)	(3)	(39)	14	(58)	(707)
Amortisation of goodwill and intangible assets	(511)	(494)	(16)	(17)	(207)	(1 245)
Add: Share of operating profit of joint ventures	22	32	9	21	–	84
Operating profit^{(e)(f)}	1 620	1 573	291	1 102	505	5 091
After charging:						
Exceptional items	(615)	(3)	(39)	13	(58)	(702)
Amortisation of goodwill and intangible assets	(511)	(494)	(19)	(30)	(207)	(1 261)
Share of operating profit of associates	12	14	1	5	2	34
Net operating assets						
2004	9 748	6 031	1 111	1 183	2 838	20 911
2003	11 306	7 750	1 236	1 346	3 283	24 921

(d) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between geographical areas and between product categories as on page 102 are not material.

(e) In 2004 the Group's share of amortisation of goodwill and intangible assets in joint ventures was € nil (2003: €(4) million; 2002: €(16) million), of which € nil (2003: €(1) million; 2002: € nil) arose in North America, € nil (2003: € nil; 2002: €(3) million) arose in Africa, Middle East and Turkey and € nil (2003: €(3) million; 2002: €(13) million) in Asia and Pacific.

(f) In 2004 the Group's share of exceptional items in joint ventures was €(2) million (2003: €(3) million; 2002: €5 million), of which €(2) million (2003: €(3) million; 2002: €6 million) arose in Europe and € nil (2003: € nil; 2002: €(1) million) arose in Asia and Pacific.

Notes to the consolidated accounts

Unilever Group

1 Segmental information (continued)

Additional segmental information as required for US reporting

	€ million United Kingdom & Netherlands	€ million United States	€ million Other	€ million Total
Analysis by geographical area^{(g)(h)}				
Turnover				
2004				
At constant 2003 exchange rates	4 574	8 950	28 499	42 023
Exchange rate adjustments	65	(810)	(912)	(1 657)
At current 2004 exchange rates	4 639	8 140	27 587	40 366
2003				
At constant 2002 exchange rates	5 229	10 733	31 738	47 700
Exchange rate adjustments	(361)	(1 772)	(2 625)	(4 758)
At current 2003 exchange rates	4 868	8 961	29 113	42 942
2002				
At constant 2001 exchange rates	5 444	12 120	34 456	52 020
Exchange rate adjustments	(38)	(578)	(2 644)	(3 260)
At current 2002 exchange rates	5 406	11 542	31 812	48 760
Tangible fixed assets				
2004				
	1 050	1 062	4 159	6 271
2003				
	1 145	1 260	4 250	6 655

(g) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between geographical areas and between product categories are not material.

(h) For the United Kingdom and the Netherlands, the combined operating profit was €622 million (2003: €918 million; 2002: €750 million).

Notes to the consolidated accounts

Unilever Group

2 Operating costs

	€ million 2004	€ million 2003	€ million 2002
Cost of sales	(20 011)	(21 192)	(24 049)
Distribution and selling costs	(9 534)	(10 096)	(12 185)
Administrative expenses ^(a)	(7 213)	(5 922)	(7 029)
Operating costs	(36 758)	(37 210)	(43 263)
Operating costs include:			
Staff costs 3	(5 975)	(6 225)	(7 042)
Raw materials and packaging	(15 143)	(15 874)	(18 086)
Amortisation of goodwill and intangible assets	(1 086)	(1 139)	(1 245)
Impairment of goodwill and intangible assets ^(b)	(777)	–	–
Depreciation of tangible fixed assets ^{(c)(d)}	(996)	(899)	(1 337)
Advertising and promotions	(5 704)	(6 069)	(6 839)
Research and development	(1 040)	(1 065)	(1 166)
Remuneration of auditors: ^(e)			
Statutory audit fees	(13)	(13)	(15)
Other audit services	(1)	(2)	(2)
Other payments to PricewaterhouseCoopers for non-audit services:			
Audit-related services	(4)	(1)	(10)
Tax ^(f)	(4)	(14)	(6)
General consulting	–	(2)	(16)
Other services	(2)	(1)	(1)
Operating lease rentals:			
Minimum lease payments	(421)	(413)	(503)
Contingent lease payments	(5)	(3)	(15)
	(426)	(416)	(518)
Less: Sub-lease income	9	8	8
	(417)	(408)	(510)
of which:			
Plant and machinery	(108)	(113)	(141)
Other	(309)	(295)	(369)

(a) Includes amortisation and impairment of goodwill and intangible assets.

(b) Includes exceptional amount of €(724) million in 2004.

(c) Includes exceptional amount of €(131) million in 2004, €(50) million in 2003 and €(256) million in 2002.

(d) Includes €(30) million in 2004 for tangible fixed assets under finance leases.

(e) A description of the services we allow our auditors to perform is given within the Corporate governance section on page 67.

(f) Includes €(10) million in 2003 for fees in respect of a prior year tax settlement.

3 Staff costs and employees

	€ million 2004	€ million 2003	€ million 2002
Remuneration of employees	(4 609)	(4 895)	(5 748)
Emoluments of Executive Directors	(12)	(11)	(17)
Pensions and other post-employment benefits 18	(445)	(430)	(351)
Social security costs	(691)	(681)	(741)
Share option costs 30	(218)	(208)	(185)
Total staff costs	(5 975)	(6 225)	(7 042)

Details of the remuneration of Directors are given in the auditable part of the Remuneration report as defined on page 89.

The average number of employees during the year was:

	'000 2004	'000 2003	'000 2002
Europe	53	57	65
North America	18	20	22
Africa, Middle East and Turkey	52	53	52
Asia and Pacific	74	79	84
Latin America	30	31	35
Total	227	240	258

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Unilever Group

4 Exceptional items

	€ million 2004	€ million 2003	€ million 2002
Included in operating profit			
Restructuring	(860)	(470)	(1 141)
Business disposals	156	385	363
Impairment of goodwill	(724)	(11)	(22)
Other	(169)	(4)	98
Total	(1 597)	(100)	(702)

These amounts, which include amounts relating to joint ventures, are mainly included in administrative expenses.

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges in connection with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. United Kingdom FRS 3 would require profits and losses on disposal of most businesses to be excluded from operating profit. However, because the business disposals above and the restructuring costs are part of a series of linked initiatives under the Path to Growth strategy, separate presentation would not give a true and fair view and therefore we have included all exceptional items arising from these initiatives on a single line in operating profit. Costs associated with restructuring, such as training, are recognised as they arise and are not treated as exceptional.

Restructuring charges and business disposals relate primarily to a series of linked initiatives (the 'Path to Growth'), announced on 22 February 2000 to align the organisation behind plans for accelerating growth and expanding margins and to restructuring arising from the integration of Bestfoods. The total net cost of these programmes has been €6.4 billion over five years, most of which has been exceptional restructuring costs (€5.4 billion).

In 2004, €0.9 billion of net costs were included in Path to Growth programmes, of which €0.8 billion is exceptional.

Goodwill impairment includes a charge of €591 million taken for the impairment of goodwill for *Slim•Fast*. Details of the impairment are included in Note 9 Goodwill and intangible assets on page 113. An additional goodwill impairment charge has been made for businesses in advance of planned disposals.

Other exceptional items in 2004 represent a charge of €169 million relating to the potential repayment of certain sales tax credits in Brazil.

In 2003, €0.3 billion of net costs were incurred under Path to Growth programmes, of which a net €0.1 billion was exceptional.

In 2002, exceptional items included €1.1 billion of Path to Growth net costs. Other exceptional items in 2002 included the release of provisions (€98 million) against environmental exposures when events showed that the provisions were no longer required. These provisions were originally recorded on the acquisition of the Bestfoods business.

Information relating to the cash flows arising from restructuring is given in note 20 on page 130. Information relating to business disposals is given in note 26 on page 135.

5 Interest

	€ million 2004	€ million 2003	€ million 2002
Total interest payable and similar charges	(768)	(1 173)	(1 446)
Group interest payable and similar charges:			
Bank loans and overdrafts	(109)	(158)	(186)
Bonds and other loans	(612)	(965)	(1 228)
Share of interest payable of joint ventures	(1)	(2)	(5)
Share of interest payable of associates	(46)	(48)	(27)
Group interest receivable and similar income ^(a)	145	320	247
Exchange differences	(5)	6	26
Total net interest	(628)	(847)	(1 173)

(a) Includes in 2003 one-off credits of €23 million in respect of profit on the sale of the JohnsonDiversey senior discount note and €13 million in respect of the early termination of an interest rate swap.

Other finance income/(cost) in respect of pensions and similar obligations is not included above but is analysed in note 18 on page 125.

6 Taxation on profit on ordinary activities

	€ million 2004	€ million 2003	€ million 2002
Parent and group companies	(777)	(1 529)	(1 582)
Joint ventures	(4)	(5)	(19)
Associates	(1)	7	(4)
Total	(782)	(1 527)	(1 605)
Of which adjustments to previous years:			
United Kingdom taxes	47	46	11
Other taxes	274	167	245
United Kingdom Corporation Tax at 30.0% less: double tax relief	(231) 132	(346) 191	(161) 66
United Kingdom taxes	(99)	(155)	(95)
Non-United Kingdom taxes	(678)	(1 374)	(1 487)
	(777)	(1 529)	(1 582)
Tax credit on exceptional items included above amounted to	521	94	180
Deferred taxation has been included on a full provision basis for:			
Accelerated depreciation	72	18	50
Amortisation and impairment of goodwill and intangibles	220	(41)	(42)
Pensions and similar obligations	(82)	42	(67)
Other	301	(239)	284
	511	(220)	225
Of which: United Kingdom deferred taxes	12	23	31
Non-United Kingdom deferred taxes	499	(243)	194

Europe is Unilever's domestic tax base. The reconciliation between the computed rate of income tax expense which is generally applicable to Unilever's European companies and the actual rate of taxation charged, expressed in percentages of the profit on ordinary activities before taxation, is as follows:

	% 2004	% 2003	% 2002
Computed rate of tax (see below)	32	32	34
Differences due to:			
Other rates applicable to non-European countries	(2)	1	3
Incentive tax credits	(6)	(2)	(3)
Withholding tax on dividends	2	1	2
Adjustments to previous years	(11)	(5)	(6)
Non-deductible goodwill amortisation	12	7	9
Other	1	–	1
Actual rate of tax (current and deferred)	28	34	40
Actual rate of deferred tax for:			
Accelerated depreciation	2	–	1
Other	16	(5)	4
Actual rate of current tax	46	29	45

In the above reconciliation, the computed rate of tax is the average of the standard rate of tax applicable in the European countries in which Unilever operates, weighted by the amount of profit on ordinary activities before taxation generated in each of those countries.

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6 Taxation on profit on ordinary activities (continued)

The total charge in future periods will be affected by any changes to the corporate tax rates in force in the countries in which the Group operates. The current tax charges will also be affected by changes in the excess of tax depreciation over book depreciation and the use of tax credits.

Analyses of European and non-European profit on ordinary activities before taxation, and of the actual taxation charge thereon, are as follows:

	€ million 2004	€ million 2003	€ million 2002
Profit on ordinary activities before taxation			
Europe:			
Parent and group companies	1 967	2 586	2 077
Joint ventures	10	11	19
Associates	17	11	12
	1 994	2 608	2 108
Outside Europe:			
Group companies	833	1 931	1 890
Joint ventures	33	33	60
Associates	(21)	(34)	(5)
	845	1 930	1 945
Total	2 839	4 538	4 053
Taxation on profit on ordinary activities			
Europe:			
Parent and group companies			
Taxes payable	(718)	(644)	(723)
Deferred taxation	185	(67)	65
of which:			
Accelerated depreciation	61	18	113
Other	124	(85)	(48)
Joint ventures	(3)	(4)	(6)
Associates	(3)	(3)	(5)
	(539)	(718)	(669)
Outside Europe:			
Group companies			
Taxes payable	(570)	(665)	(1 084)
Deferred taxation	326	(153)	160
of which:			
Accelerated depreciation	11	–	(63)
Other	315	(153)	223
Joint ventures	(1)	(1)	(13)
Associates	2	10	1
	(243)	(809)	(936)
Total	(782)	(1 527)	(1 605)

7 Combined earnings per share

	Per €0.51 share of NV ordinary capital			Per 1.4p share of PLC ordinary capital		
	€ 2004	€ 2003	€ 2002	€ cents 2004	€ cents 2003	€ cents 2002
Basic earnings per share	1.92	2.82	2.14	28.78	42.33	32.16
Diluted earnings per share	1.85	2.74	2.08	27.69	41.09	31.20
Basic earnings per share before exceptional items and amortisation of goodwill and intangible assets	4.09	4.02	3.95	61.37	60.31	59.27

Basis of calculation

The calculations of combined earnings per share are based on the net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of NV and PLC in issue during the year, after deducting shares held to meet Unilever employee share options which are not yet exercised. For the calculation of combined ordinary capital, the exchange rate of £1 = Fl.12 = €5.445 has been used, in accordance with the Equalisation Agreement.

Earnings per share before exceptional items and amortisation of goodwill and intangible assets is provided in this Annual Report and Accounts because the Directors believe it better explains the ongoing trends in the Group's performance during the duration of the Path to Growth programme. This measure is an important component of the targets on which Directors' annual performance bonuses are based. United Kingdom Financial Reporting Standard 14 requires the company to provide a reconciliation of earnings in the notes to the accounts in these circumstances. This is set out below.

The calculations of diluted earnings per share are based on (i) conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in Corporate governance on page 66, (ii) conversion of the €0.05 NV preference shares, details of which are set out in note 22 on page 132 and (iii) the exercise of share options, details of which are set out in note 30 on pages 138 to 147.

On 15 February 2005 we converted the €0.05 NV preference shares into ordinary €0.51 NV shares. The conversion was made using shares already held by the company for the purposes of hedging the Group's employee share option plans. NV will buy further ordinary shares in the market during 2005 to the extent required to restore the hedging position. In 2004, the €0.05 preference shares were potentially dilutive for the purposes of the calculation of fully diluted earnings per share, as shown below.

Calculation of average number of share units

	Millions of €0.51 share units			Millions of 1.4p share units		
	2004	2003	2002	2004	2003	2002
Average ordinary capital: NV	571.6	571.6	571.6	3 810.5	3 810.5	3 810.5
PLC	436.7	436.7	436.7	2 911.5	2 911.5	2 911.5
less: shares held by employee share trusts and companies	(44.9)	(39.4)	(31.6)	(299.3)	(262.6)	(210.4)
Combined average number of share units for all bases except diluted earnings per share	963.4	968.9	976.7	6 422.7	6 459.4	6 511.6
add: shares issuable in 2038	23.6	23.6	23.6	157.5	157.5	157.5
add: shares for conversion	18.9	–	–	125.9	–	–
add: shares under option	46.5	42.2	35.3	309.8	281.4	235.3
less: shares issuable at fair value	(39.9)	(36.6)	(29.0)	(265.6)	(244.0)	(193.6)
Adjusted combined average number of share units for diluted earnings per share basis	1 012.5	998.1	1 006.6	6 750.3	6 654.3	6 710.8

Calculation of earnings

	€ million 2004	€ million 2003	€ million 2002
Net profit	1 876	2 762	2 136
less: preference dividends	(28)	(27)	(42)
Net profit attributed to ordinary capital for basic earnings per share calculations	1 848	2 735	2 094
add: exceptional items net of tax	1 057	67	550
add: amortisation of goodwill and intangible assets net of tax	1 036	1 094	1 216
Net profit attributed to ordinary capital before exceptional items and amortisation	3 941	3 896	3 860
Adjusted net profit attributed to ordinary capital for the diluted earnings per share calculation ^(a)	1 869	2 735	2 094

(a) In accordance with FRS 14, in 2004 the net profit for diluted earnings per share has been adjusted for the preference dividend on shares for conversion, which in 2004 amounted to €21 million.

8 Dividends on ordinary capital

	€ million 2004	€ million 2003	€ million 2002
Dividends on ordinary capital			
Interim	(603)	(574)	(537)
Final	(1 212)	(1 108)	(1 122)
Total	(1 815)	(1 682)	(1 659)

	Per €0.51 share of NV ordinary capital			Per 1.4p share of PLC ordinary capital		
	€ 2004	€ 2003	€ 2002	pence 2004	pence 2003	pence 2002
Dividends per share						
Interim	0.63	0.59	0.55	6.33	6.16	5.21
Final	1.26	1.15	1.15	12.82	11.92	10.83
Total	1.89	1.74	1.70	19.15	18.08	16.04

Full details of dividends for the years 2000 to 2004 are given on page 181.

9 Goodwill and intangible assets

No value is attributed to internally generated intangible assets. Goodwill and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in operating profit over the period of their expected useful lives, up to a maximum of 20 years. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

Goodwill and intangible assets are subject to review for impairment in accordance with United Kingdom FRS 11 and United States SFAS 142. Any impairment is charged to the profit and loss account as it arises, and is reported in operating profit.

Intangible assets at 31 December 2004 as stated below include trademarks (€3 383 million), technologies (€435 million) and other intangible assets (€12 million).

	€ million 2004	€ million 2003
At cost less amortisation and impairment:		
Goodwill	11 508	13 457
Intangible assets	3 830	4 256
Total	15 338	17 713

	€ million Goodwill	€ million Intangible assets	€ million Total
Movements during 2004			
Cost			
1 January	16 083	5 119	21 202
Acquisitions of group companies	7	3	10
Disposals of group companies	(4)	(25)	(29)
Additions	–	2	2
Currency retranslation	(544)	(185)	(729)
31 December	15 542	4 914	20 456
Amortisation and impairment			
1 January	(2 626)	(863)	(3 489)
Disposals of group companies	1	5	6
Amortisation charged to profit and loss account	(813)	(273)	(1 086)
Impairment charged to profit and loss account ^(a)	(777)	–	(777)
Currency retranslation	181	47	228
31 December	(4 034)	(1 084)	(5 118)
Net book value 31 December	11 508	3 830	15 338

(a) Includes exceptional amounts of €724 million, of which €591 million relates to *Slim•Fast*.

We have reviewed the balances relating to the global *Slim•Fast* business in light of the significant decline in the weight management category in North America during the second half of 2004. Over the last few years, consumer tastes in this category have changed frequently, featuring low-calorie, low-carbohydrate, low-salt, low-sugar and other products. The business declined in 2004 but maintained leadership of the category by refreshing its product range and offering a broader diet plan. The impairment review determined the value in use using a discounted cash flow methodology for a period of 10 years. The projections covered 10 years as management considers that this period more fairly reflects the long-term value in this highly dynamic category. The discount rate used was based on a pre-tax weighted average cost of capital and was 11%. The result of the review indicated that a goodwill impairment charge of €591 million was necessary.

9 Goodwill and intangible assets (continued)

Other exceptional goodwill impairment charges recognised in the year include €133 million of write-downs in respect of planned business disposals that will complete during 2005. In each case the impairment recognised was based on the expected sales proceeds from disposal.

Other small impairments were recognised during the course of the year for tea plantations and a bakery business in India, and a home and personal care business in North Africa.

10 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	40 years
Leasehold land	Life of lease
Leasehold buildings	40 years*
Plant and equipment	2–20 years
Motor vehicles	3–6 years
*or life of lease if less than 40 years	

Tangible fixed assets are subject to review for impairment in accordance with United Kingdom FRS 11 and United States SFAS 144. Any impairment in the value of such fixed assets is charged to the profit and loss account as it arises, and is reported in operating profit.

	€ million 2004	€ million 2003
At cost less depreciation and impairment:		
Land and buildings ^(a)	2 082	2 278
Plant and machinery	4 189	4 377
Total	6 271	6 655
(a) includes: freehold land	248	238
leasehold land (mainly long-term leases)	54	58
Commitments for capital expenditure at 31 December	172	167

	€ million Land and buildings	€ million Plant and machinery	€ million Total
Movements during 2004			
Cost			
1 January	3 386	10 418	13 804
Currency retranslation	(80)	(212)	(292)
Capital expenditure	153	852	1 005
Disposals	(247)	(754)	(1 001)
Acquisitions of group companies	2	2	4
Disposals of group companies	(25)	(109)	(134)
Other adjustments	(16)	16	–
31 December	3 173	10 213	13 386
Depreciation and impairment			
1 January	(1 108)	(6 041)	(7 149)
Currency retranslation	27	130	157
Disposals	139	651	790
Disposals of group companies	13	70	83
Charged to profit and loss account ^(b)	(130)	(866)	(996)
Other adjustments	(32)	32	–
31 December	(1 091)	(6 024)	(7 115)
Net book value 31 December^(c)	2 082	4 189	6 271
Includes payments on account and assets in course of construction	51	435	486

(b) Including a charge of €239 million in respect of fixed assets written down to net realisable value in connection with restructuring projects, of which €131 million was exceptional.

(c) Includes €200 million in 2004 for tangible fixed assets under finance leases of which €161 million relates to plant and machinery. For depreciation of these assets see note 2 on page 108.

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11 Fixed investments

Joint ventures are undertakings in which the Group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Associated companies are undertakings in which the Group has a participating interest and exercises significant influence.

Interests in joint ventures and associated companies are stated in the consolidated balance sheet at the Group's share of their aggregate assets and liabilities.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent impairment. Any impairment is charged to the profit and loss account as it arises.

	€ million 2004	€ million 2003
Share of gross assets of joint ventures	108	79
Share of gross liabilities of joint ventures	(76)	(39)
Interest in net assets of joint ventures	32	40
Interest in net assets of associates	22	16
Total joint ventures and associates	54	56
Other fixed investments	148	143
Total fixed investments	202	199

The following tables show the movements during the year in connection with joint ventures, associates and other fixed investments:

Movements during 2004	€ million Goodwill	€ million Other	€ million Total
Joint ventures			
1 January	4	36	40
Acquisitions/disposals	–	2	2
Additions/reductions	–	11	11
Amortisation of goodwill	–	–	–
Share of profit retained	–	(19)	(19)
Currency retranslation	–	(2)	(2)
31 December	4	28	32
Associates^{(a)(b)}			
1 January	122	(133)	(11)
Acquisitions/disposals	–	14	14
Additions/reductions	–	–	–
Amortisation of goodwill	(7)	–	(7)
Share of profit retained	–	3	3
Currency retranslation	(9)	10	1
	106	(106)	–
Of which: Net liabilities of JohnsonDiversey reclassified to provisions for liabilities and charges (€22 million net)	(106)	128	22
31 December	–	22	22
Other fixed investments^(c)			
1 January			143
Additions/reductions			9
Currency retranslation			(4)
31 December			148

(a) Associated companies primarily comprise our investments in JohnsonDiversey Holdings Inc., and Langholm Capital. Other Unilever Ventures investments are included under 'Other fixed investments' below.

(b) Palmci, a plantations business in Cote d'Ivoire, was classified under other fixed investments in 2003. In 2004 it has been reported as an associate following an increase in the extent of Unilever's influence over this business. There was no change in the net carrying value arising from the reclassification.

(c) Other fixed investments consist mainly of equity investments in a number of companies and financial institutions in India, Europe and the US.

Notes to the consolidated accounts

Unilever Group

11 Fixed investments (continued)

	€ million 2004	€ million 2003
Analysis of listed and unlisted investments		
Investments listed on a recognised stock exchange	36	7
Unlisted investments	166	192
Total fixed investments	202	199
Market value of listed investments	49	10

	€ million 2004	€ million 2003	€ million 2002
Other income from fixed investments			
Income from other fixed investments	13	8	8
Impairment ^(d)	–	(26)	–
Profit/(loss) on disposal	18	15	(15)
	31	(3)	(7)

(d) Impairment in 2003 was all exceptional.

12 Stocks

	€ million 2004	€ million 2003
Raw materials and consumables	1 390	1 498
Finished goods and goods for resale	2 368	2 677
Total stocks	3 758	4 175

13 Debtors

	€ million 2004	€ million 2003
Due within one year		
Trade debtors	3 159	3 510
Prepayments and accrued income	328	551
Other debtors	1 018	1 021
	4 505	5 082
Due after more than one year		
Deferred taxation ¹⁹	973	637
Other debtors	225	162
	1 198	799
Total debtors	5 703	5 881

The following information is required by schedule 210.12-09 under Regulation S-X of the United States Securities and Exchange Commission:

	€ million 2004	€ million 2003	€ million 2002
Provision for doubtful debtors			
1 January	279	294	328
Charged to profit and loss account	31	38	155
Charged to other accounts ^(a)	(7)	(24)	(24)
Utilisations	(71)	(29)	(165)
31 December	232	279	294

(a) Includes currency retranslation of opening balances.

14 Cash and current investments

	€ million 2004	€ million 2003
Current investments		
Listed	111	91
Unlisted	905	1 400
	1 016	1 491
Cash at bank and in hand		
On call and in hand	1 004	1 304
Repayment notice required	583	550
	1 587	1 854
Total cash and current investments	2 603	3 345

Current investments include capital market instruments, government securities and A- or higher rated money market instruments. An amount of €24 million (2003: €20 million) is included in cash at bank with repayment notice required. This relates to cash collateral deposited as required by a forward purchase contract with a counterparty bank to buy 10 000 000 PLC shares at 559p per share in November 2006. Further details are given in note 16 on page 121.

The table set out below takes into account the various interest rate swaps and forward foreign currency contracts entered into by the Group, details of which are set out in note 16 on page 120.

The interest rate profiles of the Group's financial assets analysed by principal currency are set out in the table below.

Interest rate profile and currency analysis of financial assets

	€ million		€ million		€ million	
	Fixed rate	Fixed rate	Fixed rate	Floating rate	Floating rate	
		Weighted average interest rate	Weighted average fixing period		Interest rate for 2005	
					Total	
Assets – 2004						
Euro	180	9.1%(a)	0.4 years	4 925 ^(b)	2.3%	5 105
Sterling	–			81	4.9%	81
US dollar	–			140	3.1%	140
Indian rupee	–			413	6.6%	413
Other	–			916	5.3%	916
	180			6 475		6 655
Euro leg of currency derivatives relating to intra-group loans						(4 052)
Total						2 603
Assets – 2003						
Euro	1 703	5.3%(a)	0.9 years	5 082 ^(b)		6 785
Sterling	–			50		50
US dollar	–			108		108
Indian rupee	–			496		496
Other	–			990		990
	1 703			6 726		8 429
Euro leg of currency derivatives relating to intra-group loans						(5 084)
Total						3 345

(a) The fixed interest rate of 9.1% in 2004 includes one leg of a cross-currency interest rate swap of an intercompany loan of €146 million (2003: €478 million) with a fixed rate of 10.8% (2003: 12.1%). A corresponding interest charge is included in the US dollar fixed rate liabilities.

(b) Includes euro leg of the currency derivatives relating to our intra-group loans, amounting to €4 052 million for 2004 and €5 084 million for 2003.

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15 Borrowings

	€ million 2004	€ million 2003
Bank loans and overdrafts	1 583	1 834
Bonds and other loans	10 465	14 066
	12 048	15 900
The repayments fall due as follows:		
Within one year:		
Bank loans and overdrafts	823	1 629
Bonds and other loans	4 332	5 805
Total due within one year	5 155	7 434
After one year but within two years	1 917	1 881
After two years but within three years	1 891	1 719
After three years but within four years	177	1 806
After four years but within five years	351	163
After five years: By instalments	3	5
Not by instalments	2 554	2 892
Total due after more than one year	6 893	8 466
Total amount repayable by instalments any of which are payable after five years	4	8
Secured borrowings	136	177
Of which secured against tangible fixed assets	108	120

The tables set out below and on page 119 take into account the various interest rate swaps and forward foreign currency contracts entered into by the Group, details of which are set out in note 16 on pages 120 and 121.

The interest rate profiles of the Group's financial liabilities analysed by principal currency are set out in the table below.

Interest rate profile and currency analysis of financial liabilities

	€ million			€ million		€ million
	Fixed rate	Fixed rate	Fixed rate	Floating rate	Floating rate	Total
		Weighted average interest rate	Weighted average fixing period		Interest rate for 2005	
Liabilities – 2004						
Euro	214	4.4%	0.8 years	2 219 ^(a)	2.3%	2 433
Sterling	79	5.4%	1.9 years	130	4.9%	209
US dollar	5 690	6.6%	8.3 years	3 725	3.1%	9 415
Japanese yen	–			452	0.1%	452
Thai baht	153	3.2%	2.7 years	123	2.8%	276
Other	434	9.8%	1.6 years	3 099	3.8%	3 533
	6 570			9 748		16 318
Euro leg of currency derivatives relating to intra-group loans						(4 052)
Total						12 266^(b)
Liabilities – 2003						
Euro	121	4.8%	1.5 years	6 262 ^(a)		6 383
Sterling	79	5.4%	2.9 years	(58)		21
US dollar	8 240	6.6%	7.0 years	2 475		10 715
Thai baht	210	3.1%	3.3 years	153		363
Other	552	5.4%	7.7 years	2 950		3 502
	9 202			11 782		20 984
Euro leg of currency derivatives relating to intra-group loans						(5 084)
Total						15 900

(a) Excludes euro leg of the currency derivatives relating to our intra-group loans, amounting to €4 052 million for 2004 and €5 084 million for 2003.

(b) Includes finance lease creditors amounting to €218 million.

The average interest rate on short-term borrowings in 2004 was 3.1% (2003: 4.0%).

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Unilever Group

15 Borrowings (continued)

Details of specific bonds and other loans are given below.

	€ million 2004	€ million 2003
Unilever N.V.		
4.750% Bonds 2004 (€)	–	999
7.250% Bonds 2004 (US \$)	–	198
6.500% Bonds 2004 (€)	–	159
7.125% Bonds 2004 (€)	–	229
6.625% Notes 2005 (US \$)	146	159
3.375% Bonds 2005 (Swiss francs)	324	320
5.125% Bonds 2006 (€)	999	998
5.125% Notes 2006 (US \$)	365	395
4.250% Bonds 2007 (€)	997	997
5.000% Bonds 2007 (US \$)	474	514
Commercial paper (€)	961	1 733
Commercial paper (£)	329	629
Commercial paper (US \$)	307	950
Commercial paper (Swiss francs)	52	158
Other	38	164
Total Unilever N.V.	4 992	8 602
Unilever PLC		
Commercial paper (£)	70	–
Total Unilever PLC	70	–
Other group companies		
United States:		
6.875% Notes 2005 (US \$)	1 097	1 188
6.150% Bonds 2006 (US \$)	217	233
7.125% Bonds 2010 (US \$)	1 274	1 379
7.000% Bonds 2017 (US \$)	105	113
7.250% Bonds 2026 (US \$)	208	225
6.625% Bonds 2028 (US \$)	162	175
5.900% Bonds 2032 (US \$)	725	785
5.000% Bonds 2045 (Swiss francs) ^(c)	130	128
5.600% Bonds 2097 (US \$)	89	96
Commercial paper (US \$)	521	269
Other	4	7
India:		
9.000% Debenture loan 2005 (Indian rupee)	108	111
Japan:		
Floating rate note 2006 (Japanese yen)	150	–
Thailand:		
3.300% Bonds 2007 (Thai baht)	122	130
South Africa:		
10.200% Bonds 2008 (South African Rand)	130	120
Commercial paper (South African Rand)	156	144
Other	205	361
Total other group companies	5 403	5 464
Total bonds and other loans	10 465	14 066

(c) To be repaid early in 2005.

Unilever had the following undrawn committed facilities at 31 December 2004:

- revolving 364-day bilateral credit facilities totalling US \$3 603 million (2003: US \$3 403 million) with a 364-day term out;
- revolving 5-year bilateral credit facilities totalling US \$334 million (2003: US \$334 million);
- revolving 364-day notes commitments of US \$200 million (2003: US \$400 million) with the ability to issue notes with a maturity up to 364 days; and
- 364-day bilateral money market commitments totalling US \$2 080 million (2003: US \$2 080 million), under which the underwriting banks agree, subject to certain conditions, to subscribe for notes with maturities of up to three years.

The facilities which were due to mature in February 2005 were renewed in December 2004 and are now due to mature in December 2005.

Notes to the consolidated accounts

Unilever Group

16 Financial instruments

The Group has comprehensive policies in place, approved by the Directors, covering the use of derivative financial instruments. These instruments are used for hedging purposes. Established controls are in place covering all financial instruments. These include policies, guidelines, exposure limits, a system of authorities and independent reporting. Performance is closely monitored with independent reviews undertaken by internal audit. The accounting policies governing these instruments are in line with generally accepted practice in the UK and the Netherlands and follow hedge accounting principles described in the accounting policies on page 98. The use of leveraged instruments is not permitted. Details of the instruments used for interest rate and foreign exchange exposure management, together with information on related exposures, are given below.

Except for the description of Unilever's currency exposures as included on page 51 on treasury risks, all debtors and trade and other creditors (other than for finance lease creditors) and provisions have been excluded from the analysis below and from the interest rate and currency profiles in note 14 on page 117 and note 15 on page 118 either due to the exclusion of short-term items, as permitted by United Kingdom Financial Reporting Standard 13, or because the amounts are not material.

Unilever's interest rate management policy is described on page 51. The Group's financial position is mainly fixed by fixed rate long-term debt issues and straightforward derivative financial instruments, such as interest rate swaps. In general, cash is invested short-term at floating interest rates.

At the end of 2004, interest rates were fixed on approximately 54% of the projected net debt for 2005 and 36% of the projected net debt for 2006 (compared with 61% for 2004 and 62% for 2005 at the end of 2003).

Nominal values of interest rate derivative instruments are shown in the table below. These nominal values do not reflect the actual level of use of financial instruments when compared with the nominal value of the underlying debt. This is because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different time periods. Whilst the nominal amounts reflect the volume of activity, they are not indicative of the amount of credit risk to which the Group is exposed. For details of our policy for managing credit risk see page 51.

	€ million Nominal amounts at 31 Dec 2004	€ million 2003
Interest rate swaps	5 903	10 190

The following table shows the extent to which the Group had unrecognised gains and losses in respect of interest rate instruments at the beginning and end of the year. It shows the movement in the market value of these instruments during the year ended 31 December 2004.

	€ million Gains	€ million Losses	€ million Total net gains/ (losses)
Unrecognised gains and losses			
Balance at 1 January	189	(61)	128
Brought forward balance recognised in current year	89	(48)	41
Brought forward balance not recognised in current year	100	(13)	87
Current year items not recognised in current year	4	2	6
Balance at 31 December 2004	104	(11)	93
Expected to be dealt with next year	60	(8)	52
Expected to be dealt with later	44	(3)	41

The following table shows the extent to which the Group had recognised but deferred gains and losses in respect of interest rate instruments at the beginning and end of the year. It also shows the amount which has been included in the profit and loss account for the year and those gains and losses which will be reflected in the profit and loss account in 2005 or in subsequent years.

	€ million Gains	€ million Losses	€ million Total net gains/ (losses)
Deferred gains and losses			
Balance at 1 January	–	(20)	(20)
Brought forward balance recognised in current year	–	(8)	(8)
Brought forward balance not recognised in current year	–	(12)	(12)
Current year items not recognised in current year	–	1	1
Balance at 31 December 2004	–	(11)	(11)
To be recognised in the profit and loss account for next year	–	(5)	(5)
To be recognised in the profit and loss account later	–	(6)	(6)

Notes to the consolidated accounts

Unilever Group

16 Financial instruments (continued)

Under the Group's foreign exchange policy, operating and financing transaction exposures, which usually have a maturity of less than one year, are generally hedged; this is primarily achieved through the use of forward foreign exchange contracts. The market value of these instruments at the end of 2004 represented a recognised unrealised gain of €440 million (2003: gain of €793 million) which was largely offset by recognised unrealised losses on the underlying assets and liabilities.

	€ million Nominal amounts at 31 Dec 2004	€ million 2003
Foreign exchange contracts – buy	3 329	4 909
– sell	9 171	10 350
Total	12 500	15 259

Our policy for financing the net investments in our subsidiaries is discussed in the Financial Review on page 22. At the end of 2004, some 82% (2003: 90%) of Unilever's total capital and reserves were denominated in the currencies of the two parent companies, euros and sterling.

Our policy for the management of counterparty exposures is set out on page 51.

Master netting agreements are in place for the majority of interest rate derivative instruments. The risk in the event of default by a counterparty is determined by the extent to which market prices have moved since the contracts were made. The Group believes that the risk of incurring such losses is remote.

The following table summarises the fair values and carrying amounts of the various classes of financial instruments as at 31 December:

	€ million Fair value 2004	€ million Fair value 2003	€ million Carrying amount 2004	€ million Carrying amount 2003
Financial assets				
Other fixed investments	161	146	148	143
Current investments	1 016	1 491	1 016	1 491
Cash at bank and in hand	1 587	1 854	1 587	1 854
	2 764	3 491	2 751	3 488
Financial liabilities				
Bank loans and overdrafts	(1 583)	(1 834)	(1 583)	(1 834)
Bonds and other loans	(10 907)	(14 705)	(10 465)	(14 066)
Finance lease creditors	(218)	–	(218)	–
	(12 708)	(16 539)	(12 266)	(15 900)
Derivatives				
Interest rate swaps				
– assets	104	189	58	113
– liabilities	(11)	(61)	–	(1)
Foreign exchange contracts:				
– assets	551	984	551	984
– liabilities	(111)	(191)	(111)	(191)

The fair values of listed fixed investments are based on their market values. The fair values of unlisted fixed investments and finance leases are not materially different from their carrying amounts. The carrying amount of current investments is based on their market value. Cash, bank loans and overdrafts have fair values which approximate to their carrying amounts because of their short-term nature. The fair values of forward foreign exchange contracts represent the unrealised gain or loss on revaluation of the contracts to year-end exchange rates. The fair values of bonds and other loans, interest rate swaps and forward rate agreements are based on the net present value of the anticipated future cash flows associated with these instruments. Short-term debtors and creditors (other than finance lease creditors) and provisions have fair values which approximate to their carrying values and are therefore not included in the table.

In November 2001, NV entered into a forward purchase contract with a counterparty bank to buy 10 000 000 PLC shares at 559p per share in November 2006. If the PLC share price falls by more than 5% below 559p, cash collateral for the difference must be placed with the counterparty bank. At 31 December 2004 €24 million (2003: €20 million) was so deposited and reported under cash at bank with repayment notice required. At 31 December 2004 the market value of the forward purchase contract was €(14) million (2003: €(11) million). See note 14 on page 117.

Counterparties have deposited securities with a market value of €589 million (2003: €832 million) as collateral for their obligations in respect of derivative financial instruments. Such collateral is not regarded as an asset of Unilever and is excluded from the balance sheet.

Currency exposures

Unilever's foreign exchange policies are described on page 51. Compliance with the Group's policies means that the net amount of monetary assets and liabilities at 31 December 2004 that are exposed to currency fluctuations is not material.

Commodity contracts

Unilever purchases forward contracts to hedge future requirements for certain raw materials, almost always for physical delivery. Futures contracts may also be used to hedge future price movements, however the amounts are not material. For further details please refer to page 50.