

STERLING SUPPLEMENT TO THE UNILEVER FOURTH QUARTER AND ANNUAL RESULTS 2006

This document is a supplement to the Unilever fourth quarter and annual results 2006 and is prepared for reference purposes only, Unilever's reporting currency is the Euro. The income statement, statement of recognised income and expense, movements in equity and cash flow statement are translated at rates current in each period. These rates were €1 = £0.68 for 2006 and €1 = £0.68 for 2005. The balance sheet is translated at period-end rates of exchange. These were €1 = £0.67 at 31 December 2006 and €1 = £0.69 at 31 December 2005. Certain items in the income statement and statement of recognised income and expense, notably currency retranslation recognised on the disposal of businesses, will not reflect the result which would arise if the reporting currency were to be sterling.

INCOME STATEMENT

(unaudited)

Fourth Quarter				£ million	Full Year			
2006	2005	Increase/ (Decrease) Current Constant rates rates			2006	2005	Increase/ (Decrease) Current Constant rates rates	
Continuing operations:								
6 557	6 640	(1)%	3%	Turnover	27 028	26 255	3%	3%
713	688	4%	10%	Operating profit	3 687	3 469	6%	6%
(319)	(135)			After (charging)/crediting:				
31	(2)			Restructuring	(480)	(224)		
181	–			Business disposals and impairments	134	(170)		
				Gains on US healthcare and UK pensions	181	–		
(56)	(103)			Net finance costs	(491)	(419)		
18	4			Finance income	87	88		
(79)	(99)			Finance costs	(402)	(471)		
–	–			Preference shares provision	(204)	–		
5	(8)			Pensions and similar obligations	28	(36)		
18	10			Share in net profit/(loss) of joint ventures	53	32		
22	(13)			Share in net profit/(loss) of associates	25	(17)		
3	6			Other income from non-current investments	20	23		
700	588	19%	25%	Profit before taxation	3 294	3 088	7%	7%
(96)	(119)			Taxation	(782)	(807)		
604	469	29%	35%	Net profit from continuing operations	2 512	2 281	10%	10%
820	31			Net profit/(loss) from discontinued operations	907	437		
1 424	500	185%	195%	Net profit for the period	3 419	2 718	26%	26%
Attributable to:								
47	35			Minority interests	185	143		
1 377	465	197%	206%	Shareholders' equity	3 234	2 575	26%	26%
Combined earnings per share								
0.20	0.15	30%	35%	Continuing operations (Pounds)	0.81	0.73	10%	10%
0.18	0.14	29%	34%	Continuing operations – diluted (Pounds)	0.78	0.71	10%	10%
0.28	0.01			Discontinued operations (Pounds)	0.31	0.15		
0.28	0.02			Discontinued operations – diluted (Pounds)	0.31	0.15		
0.48	0.16	196%	206%	Total operations (Pounds)	1.12	0.88	27%	27%
0.46	0.17	196%	205%	Total operations – diluted (Pounds)	1.09	0.86	27%	27%

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(unaudited)

£ million

	Full Year	
	2006	2005
Fair value gains/(losses) on financial instruments net of tax	(517)	238
Actuarial gains/(losses) on pension schemes net of tax	582	(34)
Currency retranslation gains/(losses) net of tax	152	22
Net income/(expense) recognised directly in equity	217	226
Net profit for the period	3 419	2 718
Total recognised income and expense for the period	3 636	2 944
Attributable to:		
Minority interests	161	165
Shareholders' equity	3 475	2 779

MOVEMENTS IN EQUITY

(unaudited)

£ million

	Full Year	
	2006	2005
Equity at 1 January	6 016	4 605
Total recognised income and expense for the period	3 636	2 944
Dividends	(1 830)	(1 276)
Conversion of preference shares	–	636
Movements in treasury stock	81	(863)
Share-based payment credit	75	127
Dividends paid to minority shareholders	(126)	(149)
Currency retranslation gains/(losses) net of tax	(17)	(17)
Other movements in equity	(1)	9
Equity at the end of the period	7 834	6 016

BALANCE SHEET

(unaudited)

£ million	As at 31 December 2006	As at 31 December 2005
<u>Non-current assets</u>		
Goodwill and intangible assets	11 549	12 393
Property, plant and equipment	4 213	4 456
Pension asset for funded schemes in surplus	1 139	711
Deferred tax assets	849	1 169
Other non-current assets	755	735
Total non-current assets	18 505	19 464
<u>Current assets</u>		
Inventories	2 549	2 819
Trade and other current receivables	2 879	3 315
Current tax assets	84	85
Other financial assets	159	230
Cash and cash equivalents	697	1 050
Non-current assets held for sale	9	149
Total current assets	6 377	7 648
<u>Current liabilities</u>		
Borrowings due within one year	(2 928)	(4 079)
Trade payables and other current liabilities	(5 325)	(5 647)
Current tax liabilities	(388)	(380)
Provisions	(677)	(442)
Liabilities associated with non-current assets held for sale	–	(18)
Total current liabilities	(9 318)	(10 566)
Net current assets/(liabilities)	(2 941)	(2 918)
Total assets less current liabilities	15 564	16 546
<u>Non-current liabilities</u>		
Borrowings due after one year	2 845	4 432
Pensions and post-retirement healthcare benefits liabilities:		
Funded schemes in deficit	925	1 658
Unfunded schemes	2 281	2 884
Provisions	555	502
Deferred tax liabilities	673	641
Other non-current liabilities	451	413
Total non-current liabilities	7 730	10 530
<u>Equity</u>		
Shareholders' equity	7 537	5 739
Minority interests	297	277
Total equity	7 834	6 016
Total capital employed	15 564	16 546

CASH FLOW STATEMENT

(unaudited)

£ million

	Full Year	
	2006	2005
Operating activities		
Cash flow from operating activities	3 801	4 051
Income tax paid	(726)	(1 074)
Net cash flow from operating activities	3 075	2 977
Investing activities		
Interest received	86	89
Net capital expenditure	(637)	(556)
Acquisitions and disposals	1 211	536
Other investing activities	128	283
Net cash flow from/(used in) investing activities	788	352
Financing activities		
Dividends paid on ordinary share capital	(1 774)	(1 233)
Interest and preference dividends paid	(412)	(440)
Change in borrowings and finance leases	(2 238)	(602)
Movement on treasury stock	67	(873)
Other financing activities	(124)	(149)
Net cash flow from/(used in) financing activities	(4 481)	(3 297)
Net increase/(decrease) in cash and cash equivalents	(618)	32
Cash and cash equivalents at the beginning of the year	868	994
Effect of foreign exchange rate changes	227	(158)
Cash and cash equivalents at the end of period	477	868

RECONCILIATION OF NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

(unaudited)

£ million

	Full Year	
	2006	2005
Net profit	3 419	2 718
Taxation	908	890
Share of net profit of joint ventures/associates and other income from non-current investments	(99)	(38)
Net finance costs	494	423
Depreciation, amortisation and impairment	670	871
Changes in working capital	60	132
Pensions and similar provisions less payments	(708)	(364)
Restructuring and other provisions less payments	73	(157)
Elimination of (profits)/losses on disposals	(1 104)	(539)
Non-cash charge for share-based compensation	82	131
Other adjustments	6	(16)
Cash flow from operating activities	3 801	4 051

ANALYSIS OF NET DEBT

(unaudited)

	As at 31 December 2006	As at 31 December 2005
Total borrowings	(5 773)	(8 511)
Borrowings due within one year	(2 928)	(4 079)
Borrowings due after one year	(2 845)	(4 432)
Cash and cash equivalents as per balance sheet	697	1 050
Cash and cash equivalents as per cash flow statement	477	868
Add bank overdrafts deducted therein	220	183
Less cash and cash equivalents in assets/liabilities held for sale	–	(1)
Other financial assets	159	230
Derivatives and finance leases included in other receivables and other liabilities	(132)	23
Net debt	(5 049)	(7 208)

GEOGRAPHICAL ANALYSIS

(unaudited)

Continuing operations – Fourth Quarter

£ million	Europe	Americas	Asia Africa	Total
Turnover				
2005	2 462	2 396	1 782	6 640
2006	2 436	2 326	1 795	6 557
Change	(1.0)%	(3.0)%	0.8%	(1.2)%
Impact of:				
Exchange rates	(0.5)%	(6.3)%	(5.4)%	(3.9)%
Acquisitions	0.3%	0.1%	0.0%	0.1%
Disposals	(0.9)%	(0.8)%	(0.4)%	(0.7)%
Underlying sales growth	0.1%	4.3%	7.0%	3.4%
Price	0.1%	1.3%	2.4%	1.2%
Volume	0.0%	2.9%	4.5%	2.2%

Operating profit

2005	106	400	182	688
2006	126	388	199	713
Change current rates	18.6%	(2.9)%	10.0%	3.8%
Change constant rates	19.6%	3.0%	17.7%	9.6%

Operating margin

2005	4.3%	16.7%	10.2%	10.4%
2006	5.2%	16.7%	11.1%	10.9%

Includes restructuring, business disposals and impairments, and Q4 2006 gains on UK pensions and US healthcare plans

2005	(3.7)%	(1.6)%	(0.3)%	(2.0)%
2006	(4.0)%	0.8%	(1.6)%	(1.6)%

Continuing operations – Full Year

£ million	Europe	Americas	Asia Africa	Total
Turnover				
2005	10 215	9 010	7 030	26 255
2006	10 227	9 395	7 406	27 028
Change	0.1%	4.3%	5.4%	2.9%
Impact of:				
Exchange rates	(0.1)%	1.2%	(1.4)%	(0.2)%
Acquisitions	0.1%	0.1%	0.0%	0.1%
Disposals	(0.9)%	(0.7)%	(0.8)%	(0.8)%
Underlying sales growth	1.0%	3.7%	7.7%	3.8%
Price	(0.1)%	1.4%	1.8%	0.9%
Volume	1.1%	2.3%	5.8%	2.8%

Operating profit

2005	1 411	1 175	883	3 469
2006	1 298	1 484	905	3 687
Change current rates	(8.0)%	26.4%	2.5%	6.3%
Change constant rates	(7.9)%	25.0%	4.0%	6.3%

Operating margin

2005	13.8%	13.0%	12.6%	13.2%
2006	12.7%	15.8%	12.2%	13.6%

Includes restructuring, business disposals and impairments, and Q4 2006 gains on UK pensions and US healthcare plans

2005	(0.9)%	(3.4)%	0.0%	(1.5)%
2006	(1.4)%	0.0%	(0.3)%	(0.6)%

Operating profit of discontinued operations – Full Year

£ million	Europe	Americas	Asia Africa	Total
2005	156	14	–	170
2006	116	–	–	116

PRODUCT AREA ANALYSIS

(unaudited)

Continuing operations – Fourth Quarter

£ million	Savoury, dressings and spreads	Ice cream and beverages	Foods	Personal care	Home care and other	Home and Personal Care	Total
Turnover							
2005	2 541	993	3 534	1 873	1 233	3 106	6 640
2006	2 502	951	3 453	1 879	1 225	3 104	6 557
Change	(1.5)%	(4.2)%	(2.3)%	0.3%	(0.7)%	(0.1)%	(1.2)%
Impact of:							
Exchange rates	(3.0)%	(5.4)%	(3.7)%	(4.4)%	(3.8)%	(4.2)%	(3.9)%
Acquisitions	0.1%	0.2%	0.1%	0.2%	0.0%	0.2%	0.1%
Disposals	(0.7)%	(0.8)%	(0.7)%	(1.0)%	(0.5)%	(0.8)%	(0.7)%
Underlying sales growth	2.2%	1.9%	2.1%	5.8%	3.7%	4.9%	3.4%
Operating profit							
2005	297	13	310	304	74	378	688
2006	336	(27)	309	316	88	404	713
Change current rates	13.1%	(310.4)%	(0.3)%	4.2%	19.6%	7.2%	3.8%
Change constant rates	17.6%	(278.6)%	5.3%	9.4%	28.6%	13.1%	9.6%
Operating margin							
2005	11.7%	1.3%	8.8%	16.2%	6.0%	12.2%	10.4%
2006	13.4%	(2.8)%	8.9%	16.9%	7.2%	13.0%	10.9%

Continuing operations – Full Year

£ million	Savoury, dressings and spreads	Ice cream and beverages	Foods	Personal care	Home care and other	Home and Personal Care	Total
Turnover							
2005	9 269	5 013	14 282	7 169	4 804	11 973	26 255
2006	9 386	5 167	14 553	7 583	4 892	12 475	27 028
Change	1.3%	3.1%	1.9%	5.8%	1.8%	4.2%	2.9%
Impact of:							
Exchange rates	(0.1)%	(0.3)%	(0.1)%	0.3%	0.0%	0.1%	(0.2)%
Acquisitions	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%
Disposals	(1.2)%	(0.4)%	(0.9)%	(0.9)%	(0.5)%	(0.7)%	(0.8)%
Underlying sales growth	2.6%	3.7%	2.9%	6.3%	2.3%	4.7%	3.8%
Operating profit							
2005	1 385	416	1 801	1 226	442	1 668	3 469
2006	1 359	614	1 973	1 303	411	1 714	3 687
Change current rates	(1.9)%	47.5%	9.5%	6.4%	(7.0)%	2.8%	6.3%
Change constant rates	(1.5)%	48.5%	10.1%	5.6%	(7.4)%	2.2%	6.3%
Operating margin							
2005	14.9%	8.3%	12.6%	17.1%	9.2%	13.9%	13.2%
2006	14.5%	11.9%	13.6%	17.2%	8.4%	13.7%	13.6%

EARNINGS PER SHARE FOR TOTAL OPERATIONS IN STERLING FOR THE FULL YEAR

	2006	2005
Combined EPS		
Average number of combined share units	2 883 258	2 912 970
	£ million	
Net profit attributable to shareholders' equity	3 234	2 575
Combined EPS (Pounds)	1.12	0.88
Combined EPS – Diluted		
Adjusted average number of combined share units	2 972 468	3 006 909
	£ million	
Adjusted net profit attributable to shareholders' equity	3 234	2 577
Combined EPS - diluted (Pounds)	1.09	0.86