

STERLING SUPPLEMENT TO THE UNILEVER THIRD QUARTER AND NINE MONTHS RESULTS 2005

This document is a supplement to the Unilever third quarter and nine months results 2005 and is prepared for reference purposes only, Unilever's reporting currency is the Euro. The income statement, statement of recognised income and expense, movement in equity and cash flow statement are translated at rates current in each period. These rates were € 1 = £ 0.68 for the first nine months of 2005 and € 1 = £ 0.67 for the first nine months of 2004. The balance sheet is translated at period-end rates of exchange. These were €1 = £ 0.68 at 1 October 2005, € 1 = £ 0.71 at 31 December 2004 and € 1 = £ 0.68 at 25 September 2004. 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)

Third Quarter		£ million		Nine Months				
2005	2004	Increase/ (Decrease) Current Constant rates rates		2005	2004	Increase/ (Decrease) Current Constant rates rates		
Continuing operations:								
6 986	6 576	6%	2%	Turnover	20 264	19 404	4%	2%
1 089	1 118	(3)%	(6)%	Operating profit	2 910	3 050	(5)%	(6)%
(4)	–			After charging: Impairment of <i>Slim-Fast</i>	(246)	–		
(109)	(109)			Net finance costs	(319)	(332)		
35	26			Finance income	104	79		
(134)	(123)			Finance costs	(394)	(371)		
(10)	(12)			Pensions and similar obligations	(29)	(40)		
9	9			Share in net profit/(loss) of joint ventures	22	21		
1	–			Share in net profit/(loss) of associates	(4)	1		
3	1			Other income from non-current investments	17	23		
993	1 019	(3)%	(5)%	Profit before taxation	2 626	2 763	(5)%	(7)%
(292)	(245)			Taxation	(725)	(730)		
701	774	(9)%	(12)%	Net profit from continuing operations	1 901	2 033	(6)%	(8)%
308	15			Net profit from discontinued operations	317	18		
1 009	789	28%	25%	Net profit for the period	2 218	2 051	8%	7%
Attributable to:								
40	30			Minority interests	108	99		
969	759	28%	25%	Shareholders' equity	2 110	1 952	8%	6%
Combined earnings per share								
<u>From total operations</u>								
14.95	11.75	27%	24%	Per 1.4p ordinary PLC share (pence)	32.52	30.15	8%	6%
14.48	11.28	29%	26%	Per 1.4p ordinary PLC share – diluted (pence)	31.52	28.94	9%	7%
<u>From continuing operations</u>								
10.20	11.51	(11)%	(14)%	Per 1.4p ordinary PLC share (pence)	27.63	29.87	(8)%	(9)%
9.90	11.05	(10)%	(13)%	Per 1.4p ordinary PLC share – diluted (pence)	26.79	28.67	(7)%	(8)%

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(unaudited)

£ million

	Nine Months	
	2005	2004
Fair value gains/(losses) on financial instruments and cash flow hedges net of tax	14	n/a
Actuarial gains/(losses) on pension schemes net of tax	10	(67)
Currency retranslation gains/(losses) net of tax	244	(139)
Net income/(expense) recognised directly in equity	268	(206)
Net profit for the period	2 218	2 051
Total recognised income and expense for the period	2 486	1 845
Attributable to:		
Minority interests	132	90
Shareholders' equity	2 354	1 755

BALANCE SHEET

(unaudited)

£ million

	As at 1 October 2005	As at 31 December 2004	As at 25 September 2004
Non-current assets			
Goodwill and intangible assets	12 270	12 022	12 846
Property, plant and equipment	4 450	4 369	4 446
Pension asset for funded schemes in surplus	512	442	510
Deferred tax assets	1 038	1 054	891
Other non-current assets	824	752	751
Total non-current assets	19 094	18 639	19 444
Assets held for sale	91	n/a	n/a
Current assets			
Inventories	2 951	2 655	2 856
Trade and other receivables due within one year	3 472	2 920	3 291
Financial assets	243	716	686
Cash and cash equivalents	1 408	1 124	1 136
Total current assets	8 074	7 415	7 969
Current liabilities			
Borrowings due within one year	(4 168)	(3 644)	(3 878)
Trade payables and other current liabilities	(5 739)	(5 819)	(5 805)
Total current liabilities	(9 907)	(9 463)	(9 683)
Net current assets/(liabilities)	(1 833)	(2 048)	(1 714)
Total assets less current liabilities	17 352	16 591	17 730
Non-current liabilities			
Borrowings due after one year	4 662	4 873	5 937
Pension liability for funded schemes in deficit	1 599	1 620	1 563
Pension liability for unfunded schemes	2 766	2 677	2 479
Deferred tax liabilities	551	557	769
Restructuring and other provisions	932	964	556
Other non-current liabilities	532	507	545
Total non-current liabilities	11 042	11 198	11 849
Liabilities held for sale	9	n/a	n/a
Equity			
Shareholders' equity	6 021	5 135	5 626
Minority interests	280	258	255
Total equity	6 301	5 393	5 881
Total capital employed	17 352	16 591	17 730

MOVEMENTS IN EQUITY

(unaudited)

£ million

	Nine Months	
	2005	2004
Equity at 31 December 2004	5 393	n/a
IFRS transition adjustment for financial instruments (including preference shares)	(1 106)	n/a
Equity at 1 January	4 287	5 079
Total recognised income and expense for the period	2 486	1 845
Dividends	(842)	(768)
Conversion of preference shares	944	–
(Purchase)/sale of treasury stock	(547)	(237)
Share option credit	84	117
Dividends paid to minority shareholders	(113)	(122)
Currency retranslation gains/(losses) net of tax	2	(13)
Other movements in equity	–	(20)
Equity at the end of the period	6 301	5 881

CASH FLOW STATEMENT

(unaudited)

£ million

	Nine Months	
	2005	2004
<u>Operating activities</u>		
Cash flow from operating activities	2 745	3 026
Income tax paid	(825)	(745)
Net cash flow from operating activities	1 920	2 281
<u>Investing activities</u>		
Interest received	107	52
Net capital expenditure	(349)	(399)
Acquisitions and disposals	507	67
Other investing activities	243	88
Net cash flow from/(used in) investing activities	508	(192)
<u>Financing activities</u>		
Dividends paid on ordinary share capital	(842)	(754)
Interest and preference dividends paid	(323)	(318)
Change in borrowings and finance leases	(228)	(911)
Purchase of own shares	(548)	(227)
Other financing activities	(113)	(118)
Net cash flow from/(used in) financing activities	(2 054)	(2 328)
Net increase/(decrease) in cash and cash equivalents	374	(239)
Cash and cash equivalents at the beginning of the year	994	1 011
Effect of foreign exchange rate changes	(131)	226
Cash and cash equivalents at the end of period	1 237	998

ANALYSIS OF NET DEBT

(unaudited)

	As at	As at
	1 October 2005	1 January 2005
£ million		
Cash and cash equivalents as per cash flow statement	1 237	994
Add: bank overdrafts deducted therein	172	129
Less: cash and cash equivalents in assets/liabilities held for disposal	(1)	(6)
Cash and cash equivalents as per balance sheet	1 408	1 117
Financial assets	243	378
Borrowings due within one year	(4 168)	(4 558)
Borrowings due after one year	(4 662)	(5 105)
Derivatives and finance leases included in other receivables and other liabilities	61	261
Net debt at the end of the period	(7 118)	(7 907)

GEOGRAPHICAL ANALYSIS

(unaudited)

Continuing operations – Third Quarter

£ million	Europe	Americas	Asia/Africa	Total
Turnover				
2004	2 868	2 077	1 631	6 576
2005	2 797	2 330	1 859	6 986
Change	(2.5)%	12.2%	14.0%	6.2%
Impact of:				
Exchange rates	1.8%	7.3%	3.9%	4.1%
Acquisitions	0.1%	0.0%	0.0%	0.1%
Disposals	(2.4)%	(0.3)%	(1.3)%	(1.5)%
Underlying sales growth	(2.0)%	4.9%	11.2%	3.5%
Price	(1.4)%	0.0%	1.6%	(0.1)%
Volume	(0.6)%	4.9%	9.5%	3.6%
Operating profit/(loss)				
2004	559	326	233	1 118
2005	475	360	254	1 089
Change current rates	(15.0)%	10.3%	9.1%	(2.6)%
Change constant rates	(16.4)%	4.2%	5.3%	(5.9)%
Operating margin				
2004	19.5%	15.7%	14.3%	17.0%
2005	17.0%	15.4%	13.7%	15.6%

Continuing operations – Nine Months

£ million	Europe	Americas	Asia/Africa	Total
Turnover				
2004	8 431	6 152	4 821	19 404
2005	8 402	6 614	5 248	20 264
Change	(0.3)%	7.5%	8.9%	4.4%
Impact of:				
Exchange rates	2.0%	2.7%	1.0%	1.9%
Acquisitions	0.2%	0.0%	0.0%	0.1%
Disposals	(2.5)%	(0.8)%	(1.8)%	(1.8)%
Underlying sales growth	0.1%	5.5%	9.8%	4.2%
Price	(1.1)%	0.3%	1.2%	(0.1)%
Volume	1.2%	5.2%	8.6%	4.3%
Operating profit/(loss)				
2004	1 425	979	646	3 050
2005	1 434	775	701	2 910
Change current rates	0.7%	(20.8)%	8.6%	(4.6)%
Change constant rates	(1.1)%	(23.6)%	8.4%	(6.3)%
Operating margin				
2004	16.9%	15.9%	13.4%	15.7%
2005	17.1%	11.7%	13.4%	14.4%

Operating profit/(loss) of discontinued operations – Third Quarter

£ million	Europe	Americas	Asia/Africa	Total
2004	11	10	–	21
2005	(1)	1	–	–

Operating profit/(loss) of discontinued operations – Nine Months

£ million	Europe	Americas	Asia/Africa	Total
2004	2	26	1	29
2005	1	14	–	15

CATEGORY ANALYSIS

(unaudited)

Continuing operations – Third Quarter

£ million	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Foods	Personal care	Home care and other	Home and Personal Care	Total
Turnover									
2004	1 320	747	499	1 219	3 785	1 657	1 134	2 791	6 576
2005	1 401	738	522	1 229	3 890	1 887	1 209	3 096	6 986
Change	6.1%	(1.2)%	4.7%	0.8%	2.8%	13.9%	6.7%	10.9%	6.2%
Impact of:									
Exchange rates	4.2%	3.4%	4.3%	2.9%	3.7%	4.3%	5.3%	4.7%	4.1%
Acquisitions	0.0%	0.0%	0.1%	0.3%	0.1%	0.0%	0.0%	0.0%	0.1%
Disposals	(2.6)%	(3.8)%	(1.5)%	(0.9)%	(2.1)%	(0.3)%	(0.9)%	(0.6)%	(1.5)%
Underlying sales growth	4.5%	(0.7)%	1.8%	(1.4)%	1.2%	9.5%	2.3%	6.6%	3.5%
Operating profit/(loss)									
2004	215	132	65	245	657	332	129	461	1 118
2005	203	136	76	222	637	339	113	452	1 089
Change current rates	(5.8)%	4.0%	17.1%	(9.5)%	(3.0)%	2.0%	(12.5)%	(2.0)%	(2.6)%
Change constant rates	(9.6)%	2.1%	18.0%	(11.9)%	(5.4)%	(2.5)%	(17.3)%	(6.6)%	(5.9)%
Operating margin									
2004	16.3%	17.6%	13.1%	20.1%	17.4%	20.0%	11.4%	16.5%	17.0%
2005	14.5%	18.5%	14.6%	18.0%	16.4%	17.9%	9.3%	14.6%	15.6%

Continuing operations – Nine Months

£ million	Savoury and dressings	Spreads and cooking products	Beverages	Ice cream and frozen foods	Foods	Personal care	Home care and other	Home and Personal Care	Total
Turnover									
2004	3 986	2 192	1 515	3 413	11 106	4 862	3 436	8 298	19 404
2005	4 152	2 173	1 544	3 528	11 397	5 296	3 571	8 867	20 264
Change	4.1%	(0.9)%	1.9%	3.4%	2.6%	8.9%	3.9%	6.9%	4.4%
Impact of:									
Exchange rates	2.3%	2.3%	1.5%	1.6%	2.0%	1.4%	2.5%	2.0%	1.9%
Acquisitions	0.0%	0.0%	0.1%	0.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Disposals	(2.3)%	(5.3)%	(1.3)%	(1.3)%	(2.4)%	(0.5)%	(1.4)%	(0.9)%	(1.8)%
Underlying sales growth	4.2%	2.3%	1.6%	2.7%	3.0%	7.9%	2.8%	5.8%	4.2%
Operating profit/(loss)									
2004	675	367	200	519	1 761	867	422	1 289	3 050
2005	690	404	(30)	546	1 610	926	374	1 300	2 910
Change current rates	2.4%	10.2%	(115.0)%	5.1%	(8.5)%	6.9%	(11.4)%	0.9%	(4.6)%
Change constant rates	0.4%	8.8%	(117.5)%	3.3%	(10.4)%	5.6%	(13.5)%	(0.7)%	(6.3)%
Operating margin									
2004	16.9%	16.7%	13.2%	15.2%	15.9%	17.8%	12.3%	15.5%	15.7%
2005	16.6%	18.6%	(1.9)%	15.5%	14.1%	17.5%	10.5%	14.7%	14.4%

Discontinued operations

Operating profit of discontinued operations for the third quarter of 2005 was £0 million (2004: £21 million), and operating profit for the nine months was £15 million (2004: £29 million). These amounts relate wholly to the Personal Care category.

EARNINGS PER SHARE FOR TOTAL OPERATIONS IN STERLING FOR THE NINE MONTHS

	<u>2005</u>	<u>2004</u>
Combined EPS		
Average number of combined share units of 1.4p	Thousands of units 6 489 387	6 426 284
	£ million	
Net profit attributable to shareholders' equity	2 110	1 952
Less preference dividends	n/a	(14)
Net profit attributable to shareholders' equity for basic earnings per share calculation	2 110	1 938
Combined EPS per 1.4p (pence)	32.52	30.15
Combined EPS – Diluted		
Adjusted average number of combined share units of 1.4p	Thousands of units 6 700 687	6 733 365
	£ million	
Adjusted net profit attributable to shareholders' equity	2 112	1 949
Combined diluted EPS per 1.4p (pence)	31.52	28.94