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Certain sections of the Unilever Annual Report and Accounts 2009 have been audited. These are on pages 79 to 128, 131 to 132 and those parts noted as audited within the Directors' Remuneration Report on pages 71 to 73.

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Financial overview

In 2009 our growth momentum was strong despite a challenging environment. Our market share is improving and our brands are stronger. Our leading positions in developing and emerging markets were strengthened and we made encouraging progress in re-establishing volume growth in Western Europe. We are faster and more agile and focused on serving over 2 billion consumers every day.

Consolidated income statement

(highlights) for the year ended 31 December

€ million	2009	2008
Turnover	39,823	40,523
Operating profit	5,020	7,167
Operating profit before RDIs [†]	5,888	5,898
Profit before taxation	4,916	7,129
Taxation	(1,257)	(1,844)
Net profit	3,659	5,285
Combined earnings per share	€1.21	€1.79
Combined earnings per share before RDIs [†]	€1.33	€1.43

Consolidated balance sheet

as at 31 December

€ million	2009	2008
Non-current assets	26,205	24,967
Current assets	10,811	11,175
Current liabilities	(11,599)	(13,800)
Total assets less current liabilities	25,417	22,342
Non-current liabilities	12,881	11,970
Shareholders' equity	12,065	9,948
Minority interests	471	424
Total capital employed	25,417	22,342

Consolidated cash flow statement

for the year ended 31 December

€ million	2009	2008
Net cash flow from operating activities	5,774	3,871
Net cash flow from/(used in) investing activities	(1,263)	1,415
Net cash flow from/(used in) financing activities	(4,301)	(3,130)
Net increase/(decrease) in cash and cash equivalents	210	2,156
Cash and cash equivalents at 1 January	2,360	901
Effect of foreign exchange rate changes	(173)	(697)
Cash and cash equivalents at 31 December	2,397	2,360

Underlying sales growth for the year was 3.5%. Underlying volume growth at 2.3% accelerated through the year, reaching 5.0% in the fourth quarter. The increase in volume growth was widespread across most of our key categories and countries and translated into improving market share performance in all regions as the year progressed.

Operating margin before restructuring, disposals and other one-off items rose to 14.8%. Advertising and promotional expenditure increased by around €250 million. The margin development was underpinned by volume efficiencies and savings of €1.4 billion from lower supply chain costs and a leaner organisational structure.

Cash flow from operating activities increased by €1.4 billion in comparison with 2008, driven by a significant improvement in working capital, and after a €0.5 billion increase in cash contributions to pension funds.

Despite some of the most difficult trading conditions in recent memory, all regions delivered an improving trend in volumes and market share, driven by stronger innovation and advertising and promotional support. Discipline in execution is also improving. We have improved customer service levels and are starting to see progress in on-shelf availability. We have taken decisive action to ensure that our prices stay competitive and, where appropriate, we have adjusted prices to reflect easing commodity costs, just as we took necessary increases in 2008. Cost saving programmes continued to deliver significant benefits across the business.

	AAC			The Americas			Western Europe		
at current rates of exchange	2009	2008	change	2009	2008	change	2009	2008	change
Turnover (€m)	14,897	14,471	2.9%	12,850	13,199	(2.6)%	12,076	12,853	(6.0)%
Operating profit (€m)	1,927	1,701	13.3%	1,843	2,945	(37.4)%	1,250	2,521	(50.4)%
Operating profit before RDIs [†] (€m)	2,074	1,695	22.4%	2,074	2,038	1.8%	1,740	2,165	(19.6)%
Operating margin	12.9%	11.8%		14.3%	22.3%		10.4%	19.6%	
Operating margin before RDIs [†]	13.9%	11.7%		16.1%	15.4%		14.4%	16.8%	
at constant rates of exchange									
Turnover			7.3%			(1.0)%			(3.6)%
Underlying sales growth			7.7%			4.2%			(1.9)%
Operating profit			16.1%			(36.6)%			(49.9)%
Operating profit before RDIs [†]			25.6%			2.8%			(18.8)%

[†] RDIs: restructuring, business disposals and other one-off items. Operating profit before RDIs and operating margin before RDIs may also be referred to elsewhere in this document as 'underlying operating profit' or 'underlying operating margin'. For further information, see also page 46.

Perception can be deceptive
 Hellmann's mayonnaise is opening consumers' eyes in Latin America to the fact that a spoonful contains only 40 calories – inspiring confidence to use more and increasing brand loyalty.



In a very challenging and volatile environment the Asia, Africa and Central & Eastern Europe (AAC) region posted strong growth and margin improvement. We continue to invest aggressively behind the fast-growing emerging markets including China and Russia. The operating margin before RDIs was up from 11.7% to 13.9% in the year as a result of lower commodity costs and operational leverage.

The Americas region recorded a competitive performance with continuing momentum across the business. Volume growth continued to accelerate with all major units contributing. The operating margin before RDIs was up from 15.4% to 16.1% in the year despite the impact of dilution from business disposals.

In the Western Europe region there were encouraging performances in the year in a number of major markets, with an improving trend in quarterly volume growth. The challenging conditions in southern Europe continue. The operating margin

before RDIs was down from 16.8% to 14.4% in the year, largely due to a substantial increase in marketing investment and the negative impact of a weaker sterling on our UK business.

We continued to support the growth of global brands through the rapid roll-out of bigger and better innovations to an increasing number of countries. In addition we substantially increased brand support levels at the same time as media rates were lower. We continue to see the impact of the tough economic conditions on consumers in many key markets as we are focused on providing products which meet their needs, increasingly at value prices.



Case study: Surf

A growth sensation

For a laundry brand to be successful it must clean well and smell nice, while being sold at a good price. And it has to be marketed effectively. It sounds straightforward, but in such an intensely competitive market there is no margin for error.



Doing these basics brilliantly is behind the phenomenal success of Surf (also called Sunlight and Rinso), one of the best known laundry brands in the world. In the last few years, we have launched the brand successfully in new markets, and taken innovations into existing markets. In 2009 we created a premium range, Twilight Sensations, which is already delivering results. Understanding the local market and positioning the brand effectively has been key to Surf's 12.5% growth in 2009, underscoring our decision in 2008 to sell our North American laundry business to focus on stronger investment opportunities elsewhere.

and more @ www.unilever.com/surf

Making a difference in society

Our brands touch the lives of many millions every day. Through our products and the power of our marketing, we can help make a difference to health and well-being around the world.

Nutrition – helping make the healthy choice

Increasingly it is recognised that healthy diets along with regular physical activity play a major role in maintaining good health.

More and more, consumers are concerned about what they eat and how it affects their health and well-being. By developing brands that help them to enjoy a healthy diet, we can meet their expectations and grow our business.

Our approach is based around four elements:

- improving the nutritional quality of all our products;
- focusing research and development on healthy offerings;
- expanding consumer choice;
- providing clear information for consumers.

Making progress

The starting point is to improve the nutritional quality of our existing brand portfolio without compromising on taste. Since 2005 our Nutrition Enhancement Programme has reviewed our entire portfolio of products. By the end of 2009, this showed that 44% are in line with internationally accepted guidelines for saturated and trans fat, sugar and salt.

It is estimated that reducing salt by as little 1 g per day can reduce strokes by 5% and heart attacks by 3%. The World Health Organization recommends a daily intake of 5 g. In 2009 we set product benchmarks to achieve a dietary intake of 6 g of salt per day by the end of 2010, with the ambition to reduce further to 5 g per day by the end of 2015.

Innovation is bringing products that offer specific health and nutritional benefits. For example, our Hellmann's Light and Extra Light mayonnaise use patented citrus fibre technology to give a smooth and creamy taste, but with 60-90% less oil than the full fat variant.

To increase consumer choice, we provide variants of many brands, with full and low fat, sweetened and unsweetened options, and different portion sizes.

Nutritional labelling provides consumers with essential information such as levels of key nutrients.

The health claims we make are based on rigorous scientific evidence and are externally checked. During 2009 the European Union formally approved Unilever's claim that the active ingredient in our Flora/Becel pro.activ products is proven to lower cholesterol. Lowering blood cholesterol may reduce the risk of coronary heart disease.

Extending our impact

The Food and Agriculture Organization estimates that more than 1 billion people are undernourished worldwide. Some of our brands can play a role in tackling under-nutrition, particularly micronutrient deficiencies, through food fortification. For example, our Rama/Blue Band spreads contain vitamins A and D. Annapurna iodised salt helps to prevent diseases related to iodine deficiency.

We play an active role in public debate and work in partnership with international organisations to extend the impact of our initiatives. One example is the World Food Programme (WFP), where we support efforts to improve the health and nutrition of school children in developing countries. In 2009, nearly 17 million meals for 80,000 children were provided by WFP, thanks to Unilever employee and brand initiatives. In addition, 50,000 school children in Indonesia, Kenya and Colombia were enrolled in nutrition and hygiene behavioural change campaigns, jointly developed and implemented by WFP and Unilever.

Case study: Toothpaste

Signal and Pepsodent encourage day and night brushing

Our oral care brands, Signal, Pepsodent and Close Up, launched a 'Brush day and night' campaign in 2009 together with the FDI World Dental Federation. This continues our partnership work with the FDI which has supported 40 projects in 37 countries to date.

▶ The 'day and night' message focuses on the single biggest change in behaviour that will improve oral health. The campaign is built around the insight that parents can find it difficult to get children to brush their teeth twice a day. By sharing brushing moments together, this key oral hygiene habit can be passed on more easily, benefiting the whole family.

and more @ www.unilever.com/signal

Case study: Lifebuoy

Lifebuoy demonstrates its effectiveness

Lifebuoy is one of Unilever's fastest growing brands in the personal care category. During 2009 the brand was relaunched, starting in India, with a campaign that promotes good hygiene practices, especially to mothers and children. The products were reformulated with new active ingredients, improved fragrances and a distinctive new shape.



To demonstrate its genuine health benefits, Lifebuoy conducted the biggest clinical trial in Unilever's home and personal care history, involving 2,000 families in Mumbai. Half the families were supplied with soap along with regular education about the importance of washing hands with soap on key occasions during the day. The other half continued with their normal hygiene practice, acting as a control group. At the end of the trial, the five-year-old children in the intervention group had 25% fewer episodes of diarrhoea and significantly fewer days off school than children in the control group. The study confirms the potential to change consumer behaviour, improve basic health through hygiene and grow our brands' market share.

and more @ www.lifebuoy.com

Within our own workforce too, we can make a difference to health and well-being. Our Lamplighter programme enables Unilever employees to assess, track and improve important aspects of their health such as blood pressure, fitness, mental resilience and diet. This in turn improves the health of Unilever as a business, with fitter, more engaged employees.

Hygiene – changing habits, helping save lives

Poor sanitation and a lack of personal hygiene remain the root causes of many life-threatening diseases around the world. Helping people to incorporate simple hygiene habits into their everyday routines can achieve dramatic improvements. Our competitive strength and long heritage of involvement, particularly in developing and emerging markets, offer particular opportunities to grow our brands and make a difference to diseases caused by poor hygiene.

Our Lifebuoy brand helps to promote health and hygiene, and in particular encourages people to wash their hands with soap. In India, its Swasthya Chetna programme ('Health Awakening') has run since 2002, raising awareness of the importance of handwashing with soap to prevent disease. Similar hygiene promotion activities run in Bangladesh, Sri Lanka, Pakistan, Indonesia, Vietnam and South Africa. The brand's hygiene education has reached more than 133 million people in these countries since 2002. In 2009 Lifebuoy was voted one of India's most trusted brands in a national consumer poll.

We work with a wide range of partners to help promote the importance of handwashing. Launched in 2008, Global Handwashing Day is an annual event backed by the Public-Private Partnership for Handwashing with Soap, of which Unilever is a founding partner. In 2009 more than 80 countries took part in Global Handwashing Day, touching 120 million people worldwide. Lifebuoy teams in 23 countries coordinated efforts with over 50 organisations, including governments and NGOs. Activities included encouraging school children to take handwashing pledges and the Lifebuoy Germ Fighter Drawing Contest.

Around the world, over 1 billion people do not brush their teeth with a fluoride toothpaste. We estimate that more than 3 billion people do not brush twice a day. Research results from a two-year study show that brushing twice a day with a fluoride toothpaste reduces tooth decay in children by up to 50% compared with only brushing once. Recognising this opportunity to improve oral health and expand our sales, our toothpaste brands have launched their 'Brush day and night' campaign.

Making good quality products such as soap and toothpaste affordable and widely available is a crucial starting point. But this is not enough if people do not change their everyday habits too.

That is why Unilever's health and hygiene programmes harness the power of our marketing to change behaviour. The 'social mission' of brands means such action is integrated into brand strategies, not simply a philanthropic add-on.



Do you know your heart age?

In 2009 Unilever and the World Heart Federation launched Heart Age, a powerful new online tool that uses diet and lifestyle facts such as weight, cholesterol, blood pressure and smoking to estimate cardiovascular risk factors, with the offer of a free diet and lifestyle plan.

and more @ www.florahearts.co.uk

Growing sustainably

Our goal is to double the size of the business whilst at the same time reducing our environmental footprint. We define this footprint broadly. It extends well beyond our own operations to encompass the whole value chain – our activities from the sourcing of raw materials through to consumer use and disposal of our products.

This is a challenging objective, but we start from a strong base. For more than a decade we have been reducing the environmental impact of our own factories and supporting our agricultural suppliers to improve their sustainability practices.

During 2009 we also carried out a major piece of work to measure more accurately Unilever's impacts on the world around us. A new set of metrics was piloted to assess our global brands against four indicators – greenhouse gas emissions, water, waste and agricultural sourcing.

The analysis highlighted again that our direct impact from factories, offices, lorries, business travel and so forth was small in comparison with other parts of our value chain. How people use our washing powders, for example, has a much bigger impact than where or how we make them.

Our own operations

Although emissions and waste from factories represent only a small part of our footprint, we are committed to reducing them.

Since 1995 we have achieved a 41%* reduction in CO₂ from energy per tonne of production. In 2009 we achieved a reduction of 3%* compared to 2008.

Since 1995 we have reduced by 65%* the amount of water we use to make a tonne of product. During 2009 we achieved a 5.6%* reduction in water use compared to 2008.

Total waste sent from our factories for disposal has been cut by 73%* per tonne of production since 1995.

One example of action is our detergent factory in Hefei, China. Straw waste previously burned by local farmers is now collected and used to generate power. This improves air quality, reduces CO₂ emissions and provides farmers with extra income.

At our Gloucester factory in the UK, where we make Wall's and Magnum ice cream, we will reduce CO₂ from energy by more than 3,000 tonnes a year through the installation of a combined heat and power (CHP) plant. The 2.4 megawatt plant is primarily fuelled by natural gas, with heat in the form of hot water and steam produced as a by-product. This heat is re-used in the manufacturing process.

Sourcing sustainably

Around 50% of the raw materials that we use for our products come from agriculture and forestry. We buy approximately 12% of the world's black tea, 6% of its tomatoes and 3% of its palm oil.

Our goal is to source all our key agricultural raw materials sustainably. Through our Sustainable Agriculture Programme, we have developed detailed guidelines on what sustainable agriculture means for our key crops. Our guidelines cover criteria such as reducing fertiliser and pesticide use, conserving water, promoting biodiversity and using less energy.

Palm oil is used in both food and home and personal care products. We have committed to have all our palm oil purchases externally certified as sustainable by 2015. Working with Greenpeace, we have built a global coalition of some 40 companies and NGOs



Case study: Lipton

A thirst for sustainability

Lipton and PG tips are working with the Rainforest Alliance to promote sustainable farming practices and improved livelihoods for tea growers. We have made a commitment that all the tea for Lipton and PG tips tea bags will be sourced from Rainforest Alliance Certified™ farms by 2015.



In 2009 80% of Lipton Yellow Label and PG tips tea bags sold in Western Europe were sourced from certified farms. Rainforest Alliance Certified™ tea also became available in the US; Japan; and Australia, where sales grew by 12% following the launch. Rainforest Alliance's certification standard is based on ten principles, including water conservation, wildlife protection, fair and safe treatment of workers and good community relations. By the end of 2009, 69 tea estates and factories had been certified, along with 38,000 smallholder farms in Kenya.

and more @ www.liptonforthefuture.com



Cleaner Planet Plan



Case study: Laundry

A cleaner planet for our consumers

Our laundry brands, Persil, Omo and Surf, have launched a Cleaner Planet Plan to reduce the impact of laundry on the environment and motivate changes in consumer behaviour. It is based on efficient products that enable 'better laundry habits'.

The Plan builds on our long-standing work to introduce products that have lower environmental impacts. We have been at the forefront of the development of concentrated liquid detergents and compacted powders. Concentration saves energy and packaging, and reduces greenhouse gas emissions by 5-20% per wash, depending on the product. The Cleaner Planet Plan also educates consumers to wash at lower temperatures, use a full load and use the right dosage of detergent.

and more @ www.cleanerplanetplan.com

to combat deforestation in Asia, much of which is caused by unsustainable agricultural practices in growing oil palms. Around two thirds of the coalition's company members have now set public targets for purchasing certified sustainable supplies.

In 2009 Unilever purchased GreenPalm certificates covering 185,000 tonnes of palm oil, accounting for around 15% of our total needs. GreenPalm certificates support the production of sustainable palm oil certified to the standards of the Roundtable on Sustainable Palm Oil. We also took action to suspend a major supplier in Indonesia following evidence of involvement in destructive practices.

In 2009 WWF published the 2009 Palm Oil Buyers' Scorecard – an assessment of the palm oil purchasing practices of major European companies. Unilever was rated among the top five and was commended for showing real progress on commitments to buy and use sustainable palm oil.

Reducing impacts from consumer use

The biggest part of Unilever's emissions of both CO₂ and water occur during consumer use. Many of our products require energy to heat water for cooking, showering or washing clothes. Through the design and formulation of these products, we can mitigate their impacts. For example, Persil Small & Mighty laundry detergent not only uses fewer chemicals and less packaging but also allows the consumer to wash clothes at low temperatures and on shorter cycles.

During 2009 we contributed to a study conducted by Tesco and Manchester University's Sustainable Consumption Institute. This showed that in the UK three quarters of emissions are directly or indirectly influenced by consumers.

In a joint report produced with Coca-Cola we shared our experiences in mapping impacts across the value chain (ie from sourcing raw materials through to consumer use and disposal of products), and in empowering consumers to change behaviour.

In Mexico, Unilever is collaborating with Walmart on a project called Grupo Transforma to raise awareness among consumers about environmental protection. Activities include waste collection sites at stores to encourage recycling and a travelling environmental exhibition 'La Neta del Planeta' ('The Truth of the Planet').

Investor recognition

Unilever's work has been recognised by investor rating agencies. The Dow Jones Sustainability World Indexes cite us as food industry leader, for the 11th year running. We have been included in the FTSE4Good Index Series since its inception in 2001.

In 2009 Unilever was the only company recognised as 'best practice' by the Natural Value Initiative's Ecosystem Services Benchmark, a tool developed with six institutional investors to help asset managers identify companies that are actively managing the risks and opportunities related to biodiversity and ecosystems.



Hazeline wins with customers and consumers
Our Hazeline shampoo refill pouch in China won Walmart's Gold Award for Sustainable Packaging. With only a third of the waste of a normal pump bottle, consumers re-use their shampoo bottles and make cost savings too.

* Measured by tonne of production. 2009 data is preliminary. It will be independently assured and reported in our online Sustainable Development Report 2009 at www.unilever.com/sustainability