

Unilever

Restatement of financial information for the year ended 31 December 2004 under International Financial Reporting Standards (IFRS).

This document was revised on 2 November 2005 to reflect a reclassification between deferred tax assets and deferred tax liabilities in the restated balance sheets for all periods. This is a result of a more detailed allocation of net asset and liability positions to reflect actual country tax groupings. There is no effect on the restated income statements or net assets. In addition, recognition of the final 2003 dividend is now reflected in the second rather than the first quarter of 2004 and the interim 2004 dividend is now reflected in the fourth rather than the third quarter of 2004. This change has no impact on the restated income statements.

Summary

The adoption of IFRS has been a major change project affecting the measurement and classification of a number of items in our income statement and balance sheet. For Unilever the impact of the transition to IFRS is less significant than for many other European companies because:

- Unilever was an early adopter (in 2003) of FRS 17, the UK accounting standard for pensions. FRS 17 has many similarities with IAS 19, the IFRS accounting standard for pensions. Therefore the impact on the restated balance sheet and income statement is limited.
- The introduction of IFRS 2 'Share Based Payments' will not have a significant impact on Unilever's results because from 2003 we began recognising a charge in respect of the fair value of all unvested share options (calculated on a basis consistent with IFRS 2).
- Under IFRS, goodwill and most of Unilever's acquired intangible assets are not amortised. Unilever's headline performance measures have, since 2000, been expressed on a 'before amortisation' basis (BEIA).

The most significant impacts of the transition to IFRS on Unilever's restated consolidated financial statements are a matter of the timing of the recognition of income and expenses in the income statement. Reported net assets are impacted as a result of these timing changes, but there is no impact on the underlying cash generation of the business.

The impact of these and other changes in Unilever's reporting is summarised in a set of 'questions and answers' also available on the Unilever website at www.unilever.com/ourcompany/investorcentre/faq/.

Summary of IFRS restatement

(unaudited)

	As reported in 2004 € million	Restated under IFRS € million
Turnover	40 366	39 108
Operating profit – BEIA*	6 138	6 138 **
Amortisation of goodwill and intangible assets	(1 086)	(67)
Exceptional items	(1 597)	(1 758) **
Operating profit	3 455	4 313
Net profit – BEIA*	3 969	3 986 **
Amortisation of goodwill and intangible assets net of tax	(1 036)	(58)
Exceptional items net of tax	(1 057)	(1 173) **
Net profit	1 876	2 755
Minority interests	181	186
Profit for the year	2 057	2 941
Earnings per share NV – BEIA* (Euros)	4.09	4.11 **
Earnings per share PLC – BEIA* (Euro cents)	61.37	61.63 **
Earnings per share NV (Euros)	1.92	2.83
Earnings per share PLC (Euro cents)	28.78	42.46

* Before exceptional items and amortisation of goodwill and intangible assets.

** For future reporting the 'BEIA' measure will no longer be used and most ongoing business restructuring will be treated as non-exceptional. For further information see 'IFRS and accounting and reporting changes FAQs' at www.unilever.com/ourcompany/investorcentre/faq/.

Introduction

Unilever has adopted International Financial Reporting Standards (IFRS) with effect from 1 January 2005. Our transition date is 1 January 2004 as this is the start date of the earliest period for which we will present full comparative information under IFRS in our 2005 Annual Report and Accounts.

We have completed our assessment of the impact of the change to IFRS on our reported equity and on reported profit. We have also completed the modification of accounting and reporting systems to facilitate these changes and we have designed and run IFRS training programmes for those employees most affected by the changes.

The purpose of this document is to provide information on the expected impact of the adoption of IFRS. The financial information represents our current best estimates and may be affected by business or other changes or by changes to IFRS standards or the interpretation thereof. As such, it should be treated with appropriate caution. The information is based on IFRS expected to be effective at 31 December 2005. Certain of these standards are still subject to endorsement by the European Union.

This document presents the unaudited consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement for the year ended 31 December 2004 and consolidated balance sheets as at 1 January 2004, 31 December 2004 and 1 January 2005 under IFRS. These consolidated financial statements are converted from accounting policies based on United Kingdom Generally Accepted Accounting Principles and Netherlands and United Kingdom law (together 'old GAAP') to IFRS. Also included are the unaudited consolidated income statements, balance sheets and cash flow statements for each individual quarter of 2004.

The income statements and cash flow statements included in this document, including the reconciliations from old GAAP to IFRS, have been translated using average exchange rates current in each period. Balance sheets have been translated at period-end exchange rates.

To explain how the consolidated financial statements of Unilever are affected by the adoption of IFRS, information previously published under accounting policies based on old GAAP is converted to IFRS and presented in the attached appendices as follows:

- Appendix 1: Accounting information and policies under IFRS
- Appendix 2: Consolidated financial statements under IFRS
- Appendix 3: Reconciliation of equity at the transition date of 1 January 2004
- Appendix 4: Reconciliation of profit and equity for the year and each quarter of 2004
- Appendix 5: Reconciliation of equity at 1 January 2005
- Appendix 6: Segmental analysis by operation
- Appendix 7: Segmental analysis by geography

Basis of preparation

This document has been prepared in accordance with the accounting policies described in more detail in Appendix 1; these comply in all material respects with IFRS and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) and Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The financial information in this document has been prepared under the historical cost convention as modified by the revaluation of biological assets, financial assets classified as 'available-for-sale investments' and 'at fair value through profit or loss' and derivatives.

IFRS 1, the standard setting out how to adopt IFRS for the first time, mandates that most IFRS are to be applied fully retrospectively. This means that the transition balance sheet as at 1 January 2004 needs to be restated assuming that the IFRS accounting policies had always been applied. There are certain limited exemptions from this requirement. There are also limited exceptions from applying certain aspects of IFRS in restating the comparative information for 2004. Appendix 1 sets out Unilever's accounting policies under IFRS.

Cash flow

The transition from old GAAP to IFRS has no effect upon the cash flows generated by Unilever. The IFRS cash flow statement is presented in a different format from that required by old GAAP with cash flows split into three categories of activities – operating activities, investing activities and financing activities. The reconciling items between the old GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

In preparing the cash flow statement under IFRS, cash and cash equivalents include cash at bank and in hand, highly liquid interest bearing securities with original maturities of three months or less, and bank overdrafts. Under old GAAP highly liquid interest bearing securities were not classified as cash equivalents.

Turnover definition

The accounting treatment of trade promotion costs is not specifically prescribed by IFRS. These costs tend to be treated differently by European companies in the FMCG sector with some deducting these costs from turnover and others treating them as a component of advertising and promotions expenditure. Under old GAAP Unilever adopted the former approach for most trade promotions and the latter approach for promotional couponing and trade communication cost. There is, however, a prescribed accounting treatment for these costs under United States Generally Accepted Accounting Principles (US GAAP) with the value-related elements of consumer promotions being deducted from turnover.

It is expected that IFRS and US GAAP treatment of such costs will align in the future. In anticipation of this change, Unilever has elected to change its treatment of promotional couponing and trade communications. Until 31 December 2004 the promotional couponing and trade communication costs were included in 'advertising and promotions'. From 1 January 2005 these costs will be deducted from turnover and treated as part of 'price' in the variance analysis of sales growth, together with other trade promotion costs which are already deducted from turnover. Comparatives will be restated to reflect this change. This change in accounting treatment is not required by the transition to IFRS.

The effect of this change in accounting policy is a reclassification from an 'advertising and promotions' expenditure to a deduction from turnover for the year ended 31 December 2004 amounting to € 1 061 million. This is in line with the decrease in turnover reported previously in the reconciliation to US GAAP. This change in accounting policy does not have any impact on operating profit or net profit.

IFRS transitional arrangements

The IASB issued IFRS 1 'First-time Adoption of International Financial Reporting Standards' to establish requirements for the first time adoption of IFRS. In general a company is required to select accounting policies that comply with IFRS and apply these accounting policies retrospectively to all of the periods presented in the first IFRS financial statements. The opening IFRS balance sheet is to be prepared at the date of transition to IFRS based upon the selected accounting policies under IFRS. The transition date is the beginning of the earliest period for which full comparative information is presented in accordance with IFRS. Unilever's transition date is 1 January 2004.

IFRS 1 allows a number of exemptions to be taken in preparing the opening balance sheet as at 1 January 2004 and in preparing the comparative financial information for the year ended 31 December 2004. Unilever has elected to take the following key exemptions as permitted under IFRS 1:

Business combinations

IFRS 1 allows a first-time adopter not to apply IFRS 3 'Business Combinations' to past acquisitions and allows the closing net book value of goodwill under old GAAP to be the deemed cost under IFRS at the transition date. IFRS 1 also provides that acquisitions occurring before the transition date do not need to be revisited in order to re-measure or assign values to certain intangible assets and contingent liabilities acquired as part of these acquisitions.

Cumulative translation differences

IAS 21 'The Effects of Changes in Foreign Exchange Rates' requires companies to record and accumulate translation differences arising on the translation and consolidation of results of foreign operations and balance sheets denominated in foreign currencies. Cumulative translation differences are maintained as a separate element of equity. On disposal of a foreign operation, IAS 21 requires the transfer to the income statement of the cumulative translation differences relating to the business disposed as part of the gain or loss on disposal.

IFRS 1 allows that all cumulative translation differences are deemed to be zero at the transition date. Subsequent disposals will include only translation differences arising on the translation and consolidation of foreign operations after that date.

Derivative and other financial instruments

IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' introduce significant changes to our accounting policies for derivative and other financial instruments. IFRS 1 allows that, for the year ended 31 December 2004, derivatives and other financial instruments can continue to be accounted for under old GAAP. Unilever is taking advantage of this exemption and therefore on 1 January 2005 there is an adjustment to the balance sheet to reflect the movement from old GAAP to IFRS as a result of implementing IAS 32 and IAS 39 from that date.

Non-current assets held for sale

IFRS 5 changes the basis of presenting and measuring assets and groups of assets held for sale. IFRS 1 allows that IFRS 5 may be implemented from 1 January 2005 onwards. Although Unilever is taking advantage of this exemption, no significant measurement differences arise on 1 January 2005 from this change in accounting policy.

Changes in accounting policies

The key changes in Unilever's accounting policies are described below. These changes will also affect the 2004 comparative information presented in the 2005 consolidated financial statements and, unless otherwise stated, have been applied retrospectively in arriving at the opening balance sheet under IFRS as at 1 January 2004.

Goodwill and indefinite lived intangible assets

IFRS 3 – 'Business Combinations'

Under old GAAP Unilever capitalised and amortised goodwill and intangible assets purchased after 1 January 1998 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. On subsequent disposal of a business or brand acquired prior to 1 January 1998, purchased goodwill previously written off on acquisition was reinstated in arriving at the profit or loss on disposal.

Under IFRS, from 1 January 2004 onwards, Unilever will no longer apply systematic amortisation to goodwill and intangible assets with an indefinite life, but will instead test these assets for impairment on at least an annual basis. The amortisation charge under old GAAP for all goodwill and indefinite lived intangible assets in 2004 was € 1 040 million. On disposal, goodwill acquired and written off on acquisition prior to 1 January 1998 will no longer be reinstated as part of the profit or loss on disposal.

We have applied the exemption in IFRS 1 relating to business combinations and therefore the carrying value under old GAAP as at 31 December 2003 of € 13 457 million for goodwill is its deemed cost at the date of transition to IFRS. Under IFRS, the deemed cost of indefinite lived intangibles at the date of transition to IFRS is the original cost at which these assets were initially recognised on the balance sheet, which amounted to € 4 516 million. The write-back of accumulated amortisation on these assets results in a deemed cost which is € 749 million higher than their carrying value as at 31 December 2003. These changes have resulted in an additional impairment charge for *Slim-Fast* amounting to € 200 million.

Software

IAS 38 – 'Intangible Assets'

Under old GAAP Unilever expensed all costs incurred in purchasing and developing software.

Under IFRS Unilever will capitalise the costs of purchased and internally developed software that meet the criteria for capitalisation established by IAS 38. This software will be amortised over its useful life, which we expect will typically be a period of five years. The net book value of purchased and internally developed software as at 1 January 2004 and at 31 December 2004 amounted to € 103 million and € 166 million respectively; the amortisation charge for the year ended 31 December 2004 amounted to € 21 million.

Development costs

IAS 38 – 'Intangible Assets'

The IFRS standard on intangible assets, IAS 38, requires development costs to be capitalised where certain specific criteria are met. For Unilever the costs which meet these criteria are currently insignificant. This is because costs may only be capitalised once the flow of economic benefits is assured. For Unilever this is evident only shortly before a product is launched into the market and the level of costs incurred after these criteria have been met is currently insignificant.

Biological assets

IAS 41 – 'Agriculture'

Unilever has investments in tea plantations in India and Africa and palm oil plantations in Africa. Under old GAAP, plantation assets were measured at historical cost less accumulated depreciation where appropriate.

Under IFRS Unilever will recognise its biological assets, being tea bushes and oil palm trees, at fair value less estimated point-of-sale costs. Any changes in the fair value of such biological assets are recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of tea bushes and oil palm trees as at 1 January 2004 and 31 December 2004 was € 29 million and € 33 million respectively. The net effect on the income statement for the year ended 31 December 2004 was an additional credit of € 5 million.

Pensions and similar obligations

IAS 19 – ‘Employee Benefits’

Under old GAAP, with effect from 1 January 2003, Unilever adopted the UK pension accounting standard FRS 17 ‘Retirement Benefits’. Under FRS 17 the assets and liabilities of defined benefit pension plans were recognised at fair value in the balance sheet and the operating and financing costs of defined benefit pension plans were recognised in the income statement as operating costs and interest costs respectively. Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions were recognised immediately in the Statement of Total Recognised Gains and Losses (STRGL). The costs of individual events such as past service benefit enhancements, settlements and curtailments were recognised immediately in the income statement.

Under IFRS Unilever’s accounting policy for pensions will be substantially the same since we will apply the option allowed under IAS 19 to take actuarial gains and losses directly to equity through the Statement of Recognised Income and Expense (SORIE). This treatment is similar to that prescribed by FRS 17 using the STRGL under old GAAP. There are however a number of technical differences under IAS 19 that give rise to small variations in the figures previously reported under FRS 17. The most significant of these changes are the use of the government bond rate as the discount rate for calculating pension liabilities in countries where no AA corporate bond rate exists and the required use of bid value to measure plan assets rather than mid-market value.

In addition, deferred tax balances arising in respect of pension assets and liabilities are no longer netted off against those pension balances, but under IFRS are classified together with other deferred tax balances. The deferred tax balance relating to pensions under old GAAP amounted to assets of € 1 445 million and liabilities of € 252 million as at 1 January 2004 and assets of € 1 519 million and liabilities of € 208 million as at 31 December 2004.

The impact of the change in the re-measurement of plan assets to a bid value basis is a decrease of € 34 million as at 1 January 2004 and a decrease of € 36 million as at 31 December 2004. Pension liabilities did not increase at 1 January 2004 and have increased by € 15 million as at 31 December 2004. The impact on the income statement for the year ended 31 December 2004 was an additional credit of € 1 million.

Deferred tax

IAS 12 – ‘Income Taxes’

Under old GAAP Unilever recognised deferred tax only on timing differences that arose from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

Under IFRS deferred tax is recognised in respect of all taxable temporary differences arising between the tax base and the accounting base of balance sheet items. This means that deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under old GAAP.

The additional deferred tax included in the balance sheet under IFRS amounted to a net movement excluding reclassifications of € 1 095 million as at 1 January 2004 and € 1 068 million as at 31 December 2004. Included in these amounts is a deferred tax liability relating to intangible assets (trademarks and unpatented technologies) which were recognised at the time of the Bestfoods acquisition. As the Bestfoods acquisition was a share-based transaction these intangible assets have a zero tax base. Therefore IAS 12 requires that a deferred tax liability amounting to € 1 144 million as at 1 January 2004 and € 1 071 million as at 31 December 2004 is recognised in respect of these intangible assets. Normally, recognition of this deferred tax liability would lead to a corresponding increase in goodwill, but under the exemption applied under IFRS 1 relating to business combinations Unilever is precluded from adjusting the carrying value of goodwill in respect of acquisitions prior to the transition date. Recognition of this new deferred tax liability under IFRS therefore results in an equivalent reduction in equity at the transition date.

IFRS also requires separate disclosure of deferred tax assets and liabilities on the face of the balance sheet. The deferred tax assets previously included within current assets under old GAAP amounted to € 637 million as at the transition date and € 973 million as at 31 December 2004. Deferred tax balances arising in respect of pension assets and liabilities are no longer netted off against pension balances. This has led to the overall reclassification of deferred tax balances within the balance sheet. The deferred tax assets in respect of pension liabilities under old GAAP were € 1 445 million as at the transition date and € 1 519 million as at 31 December 2004. Deferred tax liabilities under old GAAP in respect of pension liabilities were € 252 million as at the transition date and € 208 million as at 31 December 2004.

Joint ventures and associates

IAS 28 – ‘Investments in Associates’
IAS 31 – ‘Interests in Joint Ventures’

Under old GAAP Unilever’s share of joint venture turnover and operating profit was included in the income statement together with turnover and operating profit from subsidiaries. Associates were accounted for using the equity method, but with Unilever’s share of associate operating profit presented separately in the income statement. Interest and tax of joint ventures and associates were included within the headings of interest and tax in the income statement.

Under IFRS Unilever will continue to account for joint ventures and associates under the equity method. The presentation of the results of joint ventures and associates will change however as IAS 1 requires that the share of profit or loss after tax from joint ventures and associates is presented as a separate item on the face of the income statement as part of profit before tax but below operating profit. There is no impact on net profit as a result of this change. The Unilever share of joint venture turnover in 2004 amounted to € 197 million and operating profit from joint ventures amounted to € 44 million. Under IFRS Unilever’s turnover will exclude the share of turnover of joint ventures.

Dividends

IAS 10 – ‘Events After the Balance Sheet Date’

Under old GAAP Unilever accounted for proposed dividends relating to a given accounting period in that period, even if the approval of that dividend took place after the balance sheet date. Under IFRS proposed dividends do not meet the definition of a liability until such time as they have been approved by shareholders at the Annual General Meeting. Therefore Unilever will no longer recognise a liability in any period for dividends that have been proposed but will not be approved until after the balance sheet date. The proposed final dividends for 2004 amounted to € 1.26 per € 0.51 ordinary NV share and 12.82p per 1.4p ordinary PLC share, a total amount of € 1 215 million. As at 1 January 2004 the proposed final dividends for 2003 amounted to € 1 120 million. These amounts are reclassified from current liabilities to retained profit.

Other

Foreign currency translation differences

IAS 21 – ‘The Effects of Changes in Foreign Exchange Rates’

Under IFRS cumulative foreign currency translation differences arising on the translation and consolidation of foreign operations’ income statements and balance sheets denominated in foreign currencies must be recorded as a separate component of equity.

Applying the exemption under IFRS 1, Unilever will measure and record all cumulative foreign currency translation differences arising after the transition date of 1 January 2004. These differences will be classified as a separate component of equity. On disposal of a foreign operation the cumulative translation differences will be transferred to the income statement as part of the gain or loss on disposal.

Leasehold land

IAS 17 – ‘Leases’

Under IFRS leases relating to land are generally classified as operating leases because land has an indefinite life. Leasehold land usually requires a premium to be paid in advance and under old GAAP Unilever capitalised this payment within fixed assets (as property, plant and equipment) and depreciated it over the length of the lease. Under IFRS this premium is classified as a prepayment within trade and other receivables due after more than one year. As at 1 January 2004 the capitalised amount relating to leasehold land amounted to € 58 million.

All of the above changes have been implemented from 1 January 2004. From 1 January 2005 Unilever has implemented the following additional changes in accounting policies. These changes will be applied prospectively from 1 January 2005 and will therefore not affect the 2004 comparative information in the Annual Report and Accounts 2005.

Financial instruments (including preference shares)

IAS 32 – ‘Financial Instruments: Disclosure and Presentation’
IAS 39 – ‘Financial Instruments: Recognition and Measurement’

From 1 January 2005 Unilever will apply IAS 32 and IAS 39. These standards are applied prospectively, and therefore no restatements are made to the income statement for the year ended 31 December 2004 and the balance sheets as at 1 January 2004 and 31 December 2004. These standards have many detailed consequences, however the key areas of impact for Unilever are described below:

Classification of preference shares

Under old GAAP, the NV preference share capital was classified as non-equity within Unilever’s capital and reserves. Under IAS 32, from 1 January 2005 onwards, Unilever must present the NV preference share capital as a liability rather than as part of capital and reserves. The holders of the 7%, 6% and 4% preference shares are entitled to fixed dividends at the rates indicated. The € 0.05 preference shares of NV are entitled to a variable dividend based on 65% of the six months Euribor interest rate. Also from 1 January 2005 onwards, all of the dividends paid on these preference shares are recognised in the income statement as part of interest expense. The carrying value of these preference shares as at 1 January 2005 was € 1 502 million. As IAS 32 is to be applied prospectively, no restatements are made to the income statement for the year ended 2004 and the balance sheets as at 1 January 2004 and 31 December 2004. Unilever converted its € 0.05 preference shares into ordinary Unilever N.V. shares on 15 February 2005.

Non-derivative financial assets and liabilities

Under old GAAP Unilever held most non-derivative financial assets on the balance sheet at fair value, with movements recognised in the income statement. Most non-derivative financial liabilities were held at cost. IAS 39 requires certain non-derivative financial assets (those classified as ‘available-for-sale’) to be held at fair value with unrealised movements in fair value recognised directly within equity. Non-derivative financial liabilities will continue to be measured at amortised cost, unless they form part of a fair value hedge accounting relationship when they are measured at amortised cost plus the fair value of the hedged risk.

Derivative financial instruments

Unilever uses certain derivative financial instruments for the purposes of hedging foreign exchange and interest rate risk. Under old GAAP a form of hedge accounting was applied to these derivative financial instruments meaning that some derivatives were held off balance sheet for at least part of their lives. IAS 39 requires recognition of all derivative financial instruments on the balance sheet and that they are measured at fair value. The standard also places significant restrictions on the use of hedge accounting and changes the hedge accounting methodology. As a result, from 1 January 2005, Unilever will recognise all derivative financial instruments on balance sheet at fair value and will apply the new hedge accounting methodology to all significant qualifying hedging relationships.

Non-current assets and asset groups held for disposal

IFRS 5 – ‘Non-current Assets Held for Sale and Discontinued Operations’

Unilever will apply the provisions of IFRS 5 prospectively from 1 January 2005. Application of this standard will result in reclassifications of non-current assets and asset groups held for disposal in the balance sheet as at 1 January 2005, but will not significantly affect the asset values themselves.

SAFE HARBOUR STATEMENT: This document may contain forward-looking statements, including ‘forward-looking statements’ within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as ‘expects’, ‘anticipates’, ‘intends’ or the negative of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including, among others, competitive pricing and activities, consumption levels, costs, the ability to maintain and manage key customer relationships and supply chain sources, currency values, interest rates, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risks, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory developments, political, economic and social conditions in the geographic markets where the Group operates and new or changed priorities of the Boards. Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report and Accounts on Form 20-F. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Appendix 1: Accounting information and policies under IFRS

Following the implementation of IFRS, Unilever's accounting policies from 1 January 2005 will be as follows:

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 the 'Corporate governance' section in the Annual Report and Accounts.

Basis of consolidation

Because of the operational and contractual arrangements referred to above, NV and PLC form a single reporting entity for the purposes of presenting consolidated accounts under International Financial Reporting Standards (IFRS). Accordingly, the accounts of Unilever will be presented by both NV and PLC as their respective consolidated accounts. These accounts will be supplemented in the Annual Report and Accounts by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective legal ownership.

Companies legislation and accounting standards

The accounts will comply in all material respects with IFRS and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) and Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985.

The accounts will be prepared under the historical cost convention as modified by the revaluation of biological assets, financial assets classified as 'available-for-sale investments' and 'at fair value through profit or loss' and derivatives.

Group companies

Group companies are those companies controlled by NV or PLC and whose consolidation is required for the accounts to show a true and fair view.

Foreign currencies

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which each entity operates (its functional currency). The consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency.

Exchange differences arising in the accounts of individual companies are dealt with in their respective income statements. Those arising on trading transactions are taken to operating profit; those arising on cash, financial assets and borrowings are classified as finance income or cost.

In preparing the consolidated financial statements, the income statement, 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 in most cases 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.

The effects of exchange rate changes during the year on net assets at the beginning of the year are recorded as a movement in shareholders' equity, 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.

Borrowing costs

No borrowing costs are capitalised.

Goodwill

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 identifiable assets and contingent liabilities at the date of acquisition) is capitalised. Goodwill is not amortised, but is subject to an annual review for impairment (or more frequently if necessary). Any impairment is charged to the income statement as it arises.

Intangible assets

On acquisition of group companies, Unilever recognises any separately identifiable intangible assets separately from goodwill, initially measuring the intangible assets at fair value. Separately purchased intangible assets are initially measured at cost. Finite lived intangible assets including software are amortised in the income statement over the period of their expected useful lives. 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. Indefinite lived intangible assets are not amortised, but are subject to review for impairment as described above for goodwill.

IFRS also requires that internally generated intangible assets be capitalised where certain specific criteria are met. Unilever capitalises internally generated software where it is clear that the software development is technically feasible and will be completed and that the software will generate economic benefits in the future. Unilever also monitors the level of development cost which may only be capitalised once the flow of economic benefits is assured. For Unilever this is evident only shortly before a product is launched into the market. The level of costs incurred after these criteria have been met is currently insignificant.

Property, plant and equipment

Property, plant and equipment is 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 buildings	40 years*
Plant and equipment	2–20 years
Motor vehicles	3–6 years
*or life of lease if less than 40 years	

Property, plant and equipment is subject to review for impairment. Any impairment is charged to the income statement as it arises.

Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs. Any changes in the fair value of such biological assets are recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Joint ventures and associates

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 can exercise 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. The Group's share of the profit or loss after tax of joint ventures and associated companies is included in the Group's consolidated profit before taxation.

Financial assets

Purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Any impairment of a financial asset is charged to the income statement as it arises.

Financial assets are classified according to the purpose for which the investments were acquired. This gives rise to the following categories: held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. Unilever determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Unilever has the positive intention and ability to hold to maturity. They are included in other non-current investments at amortised cost using the effective interest method, less any amounts written off to reflect impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are included in trade and other receivables in the balance sheet at amortised cost using the effective interest method, less any amounts written off to reflect impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in other non-current investments unless it is intended to dispose of the investment within 12 months of the balance sheet date. Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. Realised gains and losses arising from changes in fair value are included in the income statement.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated. Derivatives are also classified in this category unless they are designated as hedges. Assets in this category are classified as current assets if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date. Realised and unrealised gains and losses arising from changes in fair value are included in the income statement.

The fair values of quoted investments are based on current bid prices. For unlisted and for listed securities where the market for a financial asset is not active the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed through the income statement.

Inventories

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

Trade and other receivables

Trade and other receivables are stated after deducting adequate provision for doubtful debts.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents includes cash at bank and in hand, highly liquid interest bearing securities with original maturities of three months or less, and bank overdrafts.

Retirement benefits

The operating and financing costs of defined benefit plans are recognised separately in the income statement. Service costs are systematically spread over the service lives of employees, and financing costs are recognised in the periods in which they arise. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the income statement. Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of recognised income and expense. The assets and liabilities of defined benefit plans are recognised at fair value in the balance sheet. The charges to the income statement for defined contribution plans are the company contributions payable, and the assets of such plans are not included in the balance sheet of the Group.

Deferred taxation

Deferred taxation is recognised on all taxable temporary differences between the tax base and the accounting base of balance sheet items included in the balance sheet of the Group. Deferred tax is recognised at the rates of tax prevailing at the year end unless future rates have been enacted or substantively enacted.

Provision is made for taxation which will become payable if retained profits of group companies are distributed to the parent companies only to the extent that such distributions are considered probable.

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.

Derivative financial instruments

The Group accounts for financial instruments under IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'.

The activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts, interest rate swap contracts and forward rate agreements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

Changes in the fair value of derivative financial instruments that are designated, and effective, as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction subsequently results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Research and market support costs

Expenditure on research and market support costs such as advertising is charged to the income statement of the year in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of commencement of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Lease payments relating to operating leases are charged to the income statement on a straight-line basis over the lease term, or over the period between rent reviews where these exist.

Turnover

Turnover comprises sales of goods and services after deduction of discounts and sales taxes. It does not include sales between group companies. Discounts given by Unilever include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs. At each balance sheet date any expenditure incurred but not yet invoiced is estimated and accrued.

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

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.

Share-based payments

The economic cost of awarding shares and share options to employees is reflected by recording a charge in the income statement 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 income statement over the vesting period of the award.

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 consolidated 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.

Non-current assets held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately a sale is concluded, the assets are being actively marketed and a sale is expected to be concluded within 12 months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at the lower of book value or fair value less disposal costs. Assets held for disposal are not depreciated.

Appendix 2: Consolidated financial statements under IFRS

Consolidated income statements

(unaudited)

	27 March 2004 € million	26 June 2004 € million	25 September 2004 € million	For the quarter ended 31 December 2004 € million	For the year ended 31 December 2004 € million
Turnover	9 061	10 184	9 938	9 925	39 108
Operating costs	(7 745)	(8 622)	(8 245)	(10 183)	(34 795)
Operating profit/(loss)	1 316	1 562	1 693	(258)	4 313
After charging:					
Impairment of <i>Slim-Fast</i>	–	–	–	(791)	(791)
Provision for Brazilian sales tax	–	–	–	(169)	(169)
Finance costs	(139)	(150)	(145)	(137)	(571)
Other finance income/(cost) – pensions and similar obligations	(19)	(23)	(17)	(1)	(60)
Share of net profit of joint ventures	9	9	13	8	39
Share of net profit of associates	1	1	–	–	2
Income from other non-current investments	13	19	3	19	54
Profit/(loss) before taxation	1 181	1 418	1 547	(369)	3 777
Taxation	(379)	(348)	(373)	264	(836)
Profit/(loss) for the period	802	1 070	1 174	(105)	2 941
Attributable to:					
Minority interests	49	53	45	39	186
Shareholders' equity	753	1 017	1 129	(144)	2 755
Combined earnings per share					
Per € 0.51 ordinary NV share (Euros)	0.77	1.05	1.17	(0.16)	2.83
Per 1.4p ordinary PLC share (Euro cents)	11.58	15.72	17.49	(2.33)	42.46
Per € 0.51 ordinary NV share (Euros) – diluted	0.74	1.01	1.12	(0.15)	2.72
Per 1.4p ordinary PLC share (Euro cents) – diluted	11.13	15.07	16.78	(2.20)	40.78

Consolidated statements of recognised income and expense

(unaudited)

	27 March 2004 € million	26 June 2004 € million	25 September 2004 € million	For the quarter ended 31 December 2004 € million	For the year ended 31 December 2004 € million
Actuarial gains/(losses) on pension schemes net of tax	32	(85)	(46)	(381)	(480)
Net currency retranslation adjustments net of tax	74	(166)	126	9	43
Net income/(expense) recognised directly in equity	106	(251)	80	(372)	(437)
Profit/(loss) for the period	802	1 070	1 174	(105)	2 941
Total recognised income and expense for the period	908	819	1 254	(477)	2 504
Attributable to:					
Minority interests	67	37	43	20	167
Shareholders' equity	841	782	1 211	(497)	2 337

Consolidated balance sheets
(unaudited)

	At 1 January 2004 € million	At 27 March 2004 € million	At 26 June 2004 € million	At 25 September 2004 € million	At 31 December 2004 € million	At 1 January 2005 € million
Non-current assets						
Goodwill	13 461	13 765	13 727	13 628	12 108	11 975
Intangible assets	5 108	5 213	5 225	5 178	4 899	4 839
Property, plant and equipment	6 557	6 653	6 581	6 508	6 181	6 051
Biological assets	29	27	31	35	33	33
Joint ventures and associates	56	61	69	77	54	54
Other non-current investments	703	724	741	724	698	697
Pension asset for funded schemes in surplus	693	830	788	747	625	625
Trade and other receivables due after more than one year	220	211	255	262	279	747
Deferred tax assets	1 155	1 181	1 329	1 305	1 491	1 491
Total non-current assets	27 982	28 665	28 746	28 464	26 368	26 512
Assets held for sale	n/a	n/a	n/a	n/a	n/a	375
Current assets						
Inventories	4 174	4 504	4 319	4 180	3 756	3 740
Trade and other receivables due within one year	4 707	5 313	5 227	4 818	4 131	4 235
Financial assets	1 597	1 338	1 188	1 005	1 013	533
Cash and cash equivalents	1 748	2 239	2 297	1 662	1 590	1 582
Total current assets	12 226	13 394	13 031	11 665	10 490	10 090
Current liabilities						
Creditors due within one year	(15 228)	(15 634)	(15 486)	(13 315)	(12 669)	(14 019)
Borrowings	(7 434)	(7 485)	(7 317)	(5 677)	(5 155)	(6 448)
Trade and other payables	(7 794)	(8 149)	(8 169)	(7 638)	(7 514)	(7 571)
Current tax liabilities	(728)	(873)	(960)	(859)	(718)	(718)
Net current assets/(liabilities)	(3 730)	(3 113)	(3 415)	(2 509)	(2 897)	(4 647)
Total assets less current liabilities	24 252	25 552	25 331	25 955	23 471	22 240
Non-current liabilities						
Creditors due after more than one year	9 130	9 418	9 845	9 489	7 610	7 933
Borrowings	8 466	8 659	9 042	8 692	6 893	7 221
Trade and other payables	664	759	803	797	717	712
Provisions for liabilities and charges (excluding pensions and similar obligations)	898	850	794	814	1 364	1 362
Restructuring and other provisions	871	824	770	794	1 348	1 346
Interest in associate	27	26	24	20	16	16
Liabilities for pensions and similar obligations	5 860	6 145	6 153	5 917	6 079	6 076
Pension liability for funded schemes in deficit	2 307	2 462	2 460	2 287	2 291	2 291
Pension liability for unfunded schemes	3 553	3 683	3 693	3 630	3 788	3 785
Deferred tax liabilities	1 189	1 198	1 198	1 125	789	785
Total non-current liabilities	17 077	17 611	17 990	17 345	15 842	16 156
Liabilities held for sale	n/a	n/a	n/a	n/a	n/a	19
Shareholders' equity						
Called up share capital	642	642	642	642	642	512
Share premium account	1 530	1 537	1 538	1 534	1 530	158
Other reserves	(2 442)	(2 613)	(2 846)	(2 815)	(2 735)	(2 754)
Retained profit	7 006	7 897	7 618	8 875	7 827	7 784
Total shareholders' equity	6 736	7 463	6 952	8 236	7 264	5 700
Minority interests	439	478	389	374	365	365
Total equity	7 175	7 941	7 341	8 610	7 629	6 065
Total capital employed	24 252	25 552	25 331	25 955	23 471	22 240

Consolidated cash flow statements
(unaudited)

	27 March 2004 € million	26 June 2004 € million	25 September 2004 € million	For the period ended 31 December 2004 € million
Operating activities				
Cash flow from operating activities	961	2 557	4 493	6 925
Income tax paid	(241)	(576)	(1 106)	(1 378)
Net cash flow from operating activities	720	1 981	3 387	5 547
Investing activities				
Dividends from joint ventures, associates and other non-current investments	12	21	41	92
Interest received	11	36	77	168
Purchase of intangible assets	(16)	(35)	(47)	(89)
Purchase of property, plant and equipment	(180)	(387)	(607)	(978)
Disposal of property, plant and equipment	26	49	63	198
Acquisition of group companies, associates and joint ventures	(14)	(16)	(37)	(40)
Acquisition of other non-current investments	(6)	(7)	(14)	(25)
Consideration paid in respect of acquisitions made in previous years	(154)	(160)	(160)	(158)
Disposal of group companies, associates and joint ventures	80	170	297	413
Disposal of other non-current investments	8	40	67	68
Payments in advance for future disposals	–	–	–	101
(Purchase)/sale of financial assets	(93)	(187)	35	130
Net cash flow from/(used in) investing activities	(326)	(476)	(285)	(120)
Financing activities				
Dividends paid on ordinary share capital	–	(962)	(1 120)	(1 720)
Preference dividends paid	(1)	(12)	(12)	(28)
Dividends and other payments to minority shareholders and joint ventures	(15)	(63)	(180)	(217)
Interest paid	(106)	(326)	(461)	(759)
Purchase of own shares	(120)	(343)	(337)	(332)
Issue/(purchase) of shares by group companies to/(from) minority shareholders	–	–	5	8
Additional borrowings and change in short-term borrowings	3 850	5 939	4 433	2 966
Repayment of borrowings	(3 761)	(5 661)	(5 920)	(6 008)
Sale and leaseback transactions resulting in finance leases	186	186	189	211
Capital element of finance lease rental payments	(46)	(50)	(54)	(59)
Net cash flow from/(used in) financing activities	(13)	(1 292)	(3 457)	(5 938)
Net increase/(decrease) in cash and cash equivalents	381	213	(355)	(511)
Cash and cash equivalents at the beginning of the year	1 428	1 428	1 428	1 428
Effect of foreign exchange rate changes	131	381	388	489
Cash and cash equivalents at the end of the period	1 940	2 022	1 461	1 406

Appendix 3: Reconciliation of equity at the transition date of 1 January 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Restated under IFRS € million
Non-current assets												
Goodwill	13 457	4	–	–	–	–	–	–	–	–	4	13 461
Intangible assets	4 256	749	103	–	–	–	–	–	–	–	852	5 108
Property, plant and equipment	6 655	–	–	(40)	–	–	–	–	–	(58)	(98)	6 557
Biological assets	–	–	–	29	–	–	–	–	–	–	29	29
Joint ventures and associates	56	–	–	–	–	–	–	–	–	–	–	56
Other non-current investments	143	–	–	–	182	–	–	–	–	378	560	703
Pension asset for funded schemes in surplus	490	–	–	–	(49)	–	252	–	–	–	203	693
Trade and other receivables due after more than one year	799	–	–	–	–	–	(637)	–	–	58	(579)	220
Deferred tax assets	–	–	–	–	–	–	1 155	–	–	–	1 155	1 155
Total non-current assets	25 856	753	103	(11)	133	–	770	–	–	378	2 126	27 982
Current assets												
Inventories	4 175	–	–	–	–	–	–	–	–	(1)	(1)	4 174
Trade and other receivables due within one year	5 082	–	–	–	–	–	–	–	–	(375)	(375)	4 707
Financial assets	1 491	–	–	–	–	–	–	–	–	106	106	1 597
Cash and cash equivalents	1 854	–	–	–	–	–	–	–	–	(106)	(106)	1 748
Total current assets	12 602	–	–	–	–	–	–	–	–	(376)	(376)	12 226
Current liabilities												
Creditors due within one year	(17 074)	–	–	–	–	–	728	–	1 120	(2)	1 846	(15 228)
Borrowings	(7 434)	–	–	–	–	–	–	–	–	–	–	(7 434)
Trade and other payables	(9 640)	–	–	–	–	–	728	–	1 120	(2)	1 846	(7 794)
Current tax liabilities	–	–	–	–	–	–	(728)	–	–	–	(728)	(728)
Net current assets/(liabilities)	(4 472)	–	–	–	–	–	–	–	1 120	(378)	742	(3 730)
Total assets less current liabilities	21 384	753	103	(11)	133	–	770	–	1 120	–	2 868	24 252
Non-current liabilities												
Creditors due after more than one year	9 130	–	–	–	–	–	–	–	–	–	–	9 130
Borrowings	8 466	–	–	–	–	–	–	–	–	–	–	8 466
Trade and other payables	664	–	–	–	–	–	–	–	–	–	–	664
Provisions for liabilities and charges (excluding pensions and similar obligations)	898	–	–	–	–	–	–	–	–	–	–	898
Restructuring and other provisions	871	–	–	–	–	–	–	–	–	–	–	871
Interest in associates	27	–	–	–	–	–	–	–	–	–	–	27
Liabilities for pensions and similar obligations	4 249	–	–	–	167	–	1 444	–	–	–	1 611	5 860
Pension liability for funded schemes in deficit	1 629	–	–	–	14	–	664	–	–	–	678	2 307
Pension liability for unfunded schemes	2 620	–	–	–	153	–	780	–	–	–	933	3 553
Deferred tax liabilities	747	–	33	(1)	(11)	1 095	(674)	–	–	–	442	1 189
Total non-current liabilities	15 024	–	33	(1)	156	1 095	770	–	–	–	2 053	17 077
Shareholders' equity												
Called up share capital	642	–	–	–	–	–	–	–	–	–	–	642
Share premium account	1 530	–	–	–	–	–	–	–	–	–	–	1 530
Other reserves	(2 442)	–	–	–	–	–	–	–	–	–	–	(2 442)
Retained profit	6 190	753	69	(8)	(23)	(1 095)	–	–	1 120	–	816	7 006
Total shareholders' equity	5 920	753	69	(8)	(23)	(1 095)	–	–	1 120	–	816	6 736
Minority interests	440	–	1	(2)	–	–	–	–	–	–	(1)	439
Total equity	6 360	753	70	(10)	(23)	(1 095)	–	–	1 120	–	815	7 175
Total capital employed	21 384	753	103	(11)	133	–	770	–	1 120	–	2 868	24 252

Appendix 4: Reconciliations of profit and equity for the year and each quarter of 2004

Reconciliation of profit for the year ended 31 December 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	40 366	–	–	–	–	–	–	(197)	–	–	(197)	(1 061)	39 108
Turnover of joint ventures	(197)	–	–	–	–	–	–	197	–	–	197	–	–
Operating costs	(36 758)	815	66	7	–	–	–	–	–	14	902	1 061	(34 795)
Share of operating profit of joint ventures	44	–	–	–	–	–	–	(44)	–	–	(44)	–	–
Operating profit/(loss)	3 455	815	66	7	–	–	–	(44)	–	14	858	–	4 313
After charging:													
Impairment of <i>Slim-Fast</i>	(591)	(200)	–	–	–	–	–	–	–	–	(200)	–	(791)
Provision for Brazilian sales tax	(169)	–	–	–	–	–	–	–	–	–	–	–	(169)
Share of operating profit of associates	42	7	–	–	–	–	–	(49)	–	–	(42)	–	–
Finance costs	(628)	–	–	–	–	–	–	47	–	10	57	–	(571)
Other finance income/(cost) – pensions and similar obligations	(61)	–	–	–	1	–	–	–	–	–	1	–	(60)
Share of net profit of joint ventures	–	–	–	–	–	–	–	39	–	–	39	–	39
Share of net profit of associates	–	–	–	–	–	–	–	2	–	–	2	–	2
Income from other non-current investments	31	–	–	–	23	–	–	–	–	–	23	–	54
Profit/(loss) before taxation	2 839	822	66	7	24	–	–	(5)	–	24	938	–	3 777
Taxation	(782)	17	(17)	(2)	(8)	(16)	–	5	–	(33)	(54)	–	(836)
Profit/(loss) for the period	2 057	839	49	5	16	(16)	–	–	–	(9)	884	–	2 941
Attributable to:													
Minority interests	181	2	1	2	–	–	–	–	–	–	5	–	186
Shareholders' equity	1 876	837	48	3	16	(16)	–	–	–	(9)	879	–	2 755

Reconciliation of profit for the fourth quarter 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	10 233	–	–	–	–	–	–	(50)	–	–	(50)	(258)	9 925
Turnover of joint ventures	(50)	–	–	–	–	–	–	50	–	–	50	–	–
Operating costs	(10 520)	30	35	–	–	–	–	–	–	14	79	258	(10 183)
Share of operating profit of joint ventures	9	–	–	–	–	–	–	(9)	–	–	(9)	–	–
Operating profit/(loss)	(328)	30	35	–	–	–	–	(9)	–	14	70	–	(258)
After charging:													
Impairment of <i>Slim-Fast</i>	(591)	(200)	–	–	–	–	–	–	–	–	(200)	–	(791)
Provision for Brazilian sales tax	(169)	–	–	–	–	–	–	–	–	–	–	–	(169)
Share of operating profit of associates	8	2	–	–	–	–	–	(10)	–	–	(8)	–	–
Finance costs	(159)	–	–	–	–	–	–	12	–	10	22	–	(137)
Other finance income/(cost) – pensions and similar obligations	–	–	–	–	(1)	–	–	–	–	–	(1)	–	(1)
Share of net profit of joint ventures	–	–	–	–	–	–	–	8	–	–	8	–	8
Share of net profit of associates	–	–	–	–	–	–	–	–	–	–	–	–	–
Income from other non-current investments	5	–	–	–	14	–	–	–	–	–	14	–	19
Profit/(loss) before taxation	(474)	32	35	–	13	–	–	1	–	24	105	–	(369)
Taxation	258	52	(9)	–	(5)	2	–	(1)	–	(33)	6	–	264
Profit/(loss) for the period	(216)	84	26	–	8	2	–	–	–	(9)	111	–	(105)
Attributable to:													
Minority interests	39	–	–	–	–	–	–	–	–	–	–	–	39
Shareholders' equity	(255)	84	26	–	8	2	–	–	–	(9)	111	–	(144)

Reconciliation of equity at 31 December 2004

(unaudited)

	Previously reported under old GAAP	Goodwill and indefinite lived									Restated under IFRS	
	€ million	intangible assets	Software	Biological assets	Pensions and similar obligations	Deferred tax restatement effect	Tax reclassifying effect	Joint ventures and associates	Dividends	Other	Total effect of transition to IFRS	€ million
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Non-current assets												
Goodwill	11 508	600	–	–	–	–	–	–	–	–	600	12 108
Intangible assets	3 830	903	166	–	–	–	–	–	–	–	1 069	4 899
Property, plant and equipment	6 271	–	–	(36)	–	–	–	–	–	(54)	(90)	6 181
Biological assets	–	–	–	33	–	–	–	–	–	–	33	33
Joint ventures and associates	54	–	–	–	–	–	–	–	–	–	–	54
Other non-current investments	148	–	–	–	174	–	–	–	–	376	550	698
Pension asset for funded schemes in surplus	456	–	–	–	(39)	–	208	–	–	–	169	625
Trade and other receivables due after more than one year	1 198	–	–	–	–	–	(973)	–	–	54	(919)	279
Deferred tax assets	–	–	–	–	–	–	1 491	–	–	–	1 491	1 491
Total non-current assets	23 465	1 503	166	(3)	135	–	726	–	–	376	2 903	26 368
Current assets												
Inventories	3 758	–	–	–	–	–	–	–	–	(2)	(2)	3 756
Trade and other receivables due within one year	4 505	–	–	–	–	–	–	–	–	(374)	(374)	4 131
Financial assets	1 016	–	–	–	–	–	–	–	–	(3)	(3)	1 013
Cash and cash equivalents	1 587	–	–	–	–	–	–	–	–	3	3	1 590
Total current assets	10 866	–	–	–	–	–	–	–	–	(376)	(376)	10 490
Current liabilities												
Creditors due within one year	(14 570)	–	–	–	–	–	686	–	1 215	–	1 901	(12 669)
Borrowings	(5 155)	–	–	–	–	–	–	–	–	–	–	(5 155)
Trade and other payables	(9 415)	–	–	–	–	–	686	–	1 215	–	1 901	(7 514)
Current tax liabilities	–	–	–	–	–	–	(686)	–	–	(32)	(718)	(718)
Net current assets/(liabilities)	(3 704)	–	–	–	–	–	–	–	1 215	(408)	807	(2 897)
Total assets less current liabilities	19 761	1 503	166	(3)	135	–	726	–	1 215	(32)	3 710	23 471
Non-current liabilities												
Creditors due after more than one year	7 610	–	–	–	–	–	–	–	–	–	–	7 610
Borrowings	6 893	–	–	–	–	–	–	–	–	–	–	6 893
Trade and other payables	717	–	–	–	–	–	–	–	–	–	–	717
Provisions for liabilities and charges (excluding pensions and similar obligations)	1 370	(6)	–	–	–	–	–	–	–	–	(6)	1 364
Restructuring and other provisions	1 348	–	–	–	–	–	–	–	–	–	–	1 348
Interest in associates	22	(6)	–	–	–	–	–	–	–	–	(6)	16
Liabilities for pensions and similar obligations	4 374	–	–	–	186	–	1 519	–	–	–	1 705	6 079
Pension liability for funded schemes in deficit	1 633	–	–	–	43	–	615	–	–	–	658	2 291
Pension liability for unfunded schemes	2 741	–	–	–	143	–	904	–	–	–	1 047	3 788
Deferred tax liabilities	511	(33)	50	1	(15)	1 068	(793)	–	–	–	278	789
Total non-current liabilities	13 865	(39)	50	1	171	1 068	726	–	–	–	1 977	15 842
Shareholders' equity												
Called up share capital	642	–	–	–	–	–	–	–	–	–	–	642
Share premium account	1 530	–	–	–	–	–	–	–	–	–	–	1 530
Other reserves	(2 735)	–	–	–	–	–	–	–	–	–	–	(2 735)
Retained profit	6 097	1 540	115	(4)	(36)	(1 068)	–	–	1 215	(32)	1 730	7 827
Total shareholders' equity	5 534	1 540	115	(4)	(36)	(1 068)	–	–	1 215	(32)	1 730	7 264
Minority interests	362	2	1	–	–	–	–	–	–	–	3	365
Total equity	5 896	1 542	116	(4)	(36)	(1 068)	–	–	1 215	(32)	1 733	7 629
Total capital employed	19 761	1 503	166	(3)	135	–	726	–	1 215	(32)	3 710	23 471

Reconciliation of profit for the nine months ended 25 September 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	30 133	–	–	–	–	–	–	(147)	–	–	(147)	(803)	29 183
Turnover of joint ventures	(147)	–	–	–	–	–	–	147	–	–	147	–	–
Operating costs	(26 238)	785	31	7	–	–	–	–	–	–	823	803	(24 612)
Share of operating profit of joint ventures	35	–	–	–	–	–	–	(35)	–	–	(35)	–	–
Operating profit/(loss)	3 783	785	31	7	–	–	–	(35)	–	–	788	–	4 571
Share of operating profit of associates	34	5	–	–	–	–	–	(39)	–	–	(34)	–	–
Finance costs	(469)	–	–	–	–	–	–	35	–	–	35	–	(434)
Other finance income/(cost) – pensions and similar obligations	(61)	–	–	–	2	–	–	–	–	–	2	–	(59)
Share of net profit of joint ventures	–	–	–	–	–	–	–	31	–	–	31	–	31
Share of net profit of associates	–	–	–	–	–	–	–	2	–	–	2	–	2
Income from other non-current investments	26	–	–	–	9	–	–	–	–	–	9	–	35
Profit/(loss) before taxation	3 313	790	31	7	11	–	–	(6)	–	–	833	–	4 146
Taxation	(1 040)	(35)	(8)	(2)	(3)	(18)	–	6	–	–	(60)	–	(1 100)
Profit/(loss) for the period	2 273	755	23	5	8	(18)	–	–	–	–	773	–	3 046
Attributable to:													
Minority interests	142	2	1	2	–	–	–	–	–	–	5	–	147
Shareholders' equity	2 131	753	22	3	8	(18)	–	–	–	–	768	–	2 899

Reconciliation of profit for the third quarter ended 25 September 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	10 260	–	–	–	–	–	–	(51)	–	–	(51)	(271)	9 938
Turnover of joint ventures	(51)	–	–	–	–	–	–	51	–	–	51	–	–
Operating costs	(8 787)	262	4	5	–	–	–	–	–	–	271	271	(8 245)
Share of operating profit of joint ventures	15	–	–	–	–	–	–	(15)	–	–	(15)	–	–
Operating profit/(loss)	1 437	262	4	5	–	–	–	(15)	–	–	256	–	1 693
Share of operating profit of associates	14	1	–	–	–	–	–	(15)	–	–	(14)	–	–
Finance costs	(157)	–	–	–	–	–	–	12	–	–	12	–	(145)
Other finance income/(cost) – pensions and similar obligations	(18)	–	–	–	1	–	–	–	–	–	1	–	(17)
Share of net profit of joint ventures	–	–	–	–	–	–	–	13	–	–	13	–	13
Share of net profit of associates	–	–	–	–	–	–	–	–	–	–	–	–	–
Income from other non-current investments	5	–	–	–	(2)	–	–	–	–	–	(2)	–	3
Profit/(loss) before taxation	1 281	263	4	5	(1)	–	–	(5)	–	–	266	–	1 547
Taxation	(372)	(10)	(1)	(1)	1	5	–	5	–	–	(1)	–	(373)
Profit/(loss) for the period	909	253	3	4	–	5	–	–	–	–	265	–	1 174
Attributable to:													
Minority interests	42	1	–	2	–	–	–	–	–	–	3	–	45
Shareholders' equity	867	252	3	2	–	5	–	–	–	–	262	–	1 129

Reconciliation of equity at 25 September 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Restated under IFRS € million
Non-current assets												
Goodwill	13 011	617	–	–	–	–	–	–	–	–	617	13 628
Intangible assets	4 116	927	135	–	–	–	–	–	–	–	1 062	5 178
Property, plant and equipment	6 598	–	–	(39)	–	–	–	–	–	(51)	(90)	6 508
Biological assets	–	–	–	35	–	–	–	–	–	–	35	35
Joint ventures and associates	77	–	–	–	–	–	–	–	–	–	–	77
Other non-current investments	152	–	–	–	185	–	–	–	–	387	572	724
Pension asset for funded schemes in surplus	543	–	–	–	(52)	–	256	–	–	–	204	747
Trade and other receivables due after more than one year	1 011	–	–	–	–	–	(800)	–	–	51	(749)	262
Deferred tax assets	–	–	–	–	–	–	1 305	–	–	–	1 305	1 305
Total non-current assets	25 508	1 544	135	(4)	133	–	761	–	–	387	2 956	28 464
Current assets												
Inventories	4 182	–	–	–	–	–	–	–	–	(2)	(2)	4 180
Trade and other receivables due within one year	5 203	–	–	–	–	–	–	–	–	(385)	(385)	4 818
Financial assets	951	–	–	–	–	–	–	–	–	54	54	1 005
Cash and cash equivalents	1 716	–	–	–	–	–	–	–	–	(54)	(54)	1 662
Total current assets	12 052	–	–	–	–	–	–	–	–	(387)	(387)	11 665
Current liabilities												
Creditors due within one year	(14 787)	–	–	–	–	–	859	–	613	–	1 472	(13 315)
Borrowings	(5 677)	–	–	–	–	–	–	–	–	–	–	(5 677)
Trade and other payables	(9 110)	–	–	–	–	–	859	–	613	–	1 472	(7 638)
Current tax liabilities	–	–	–	–	–	–	(859)	–	–	–	(859)	(859)
Net current assets/(liabilities)	(2 735)	–	–	–	–	–	–	–	613	(387)	226	(2 509)
Total assets less current liabilities	22 773	1 544	135	(4)	133	–	761	–	613	–	3 182	25 955
Non-current liabilities												
Creditors due after more than one year	9 489	–	–	–	–	–	–	–	–	–	–	9 489
Borrowings	8 692	–	–	–	–	–	–	–	–	–	–	8 692
Trade and other payables	797	–	–	–	–	–	–	–	–	–	–	797
Provisions for liabilities and charges (excluding pensions and similar obligations)	819	(5)	–	–	–	–	–	–	–	–	(5)	814
Restructuring and other provisions	794	–	–	–	–	–	–	–	–	–	–	794
Interest in associates	25	(5)	–	–	–	–	–	–	–	–	(5)	20
Liabilities for pensions and similar obligations	4 306	–	–	–	167	–	1 444	–	–	–	1 611	5 917
Pension liability for funded schemes in deficit	1 629	–	–	–	13	–	645	–	–	–	658	2 287
Pension liability for unfunded schemes	2 677	–	–	–	154	–	799	–	–	–	953	3 630
Deferred tax liabilities	609	14	42	–	(10)	1 153	(683)	–	–	–	516	1 125
Total non-current liabilities	15 223	9	42	–	157	1 153	761	–	–	–	2 122	17 345
Shareholders' equity												
Called up share capital	642	–	–	–	–	–	–	–	–	–	–	642
Share premium account	1 534	–	–	–	–	–	–	–	–	–	–	1 534
Other reserves	(2 815)	–	–	–	–	–	–	–	–	–	–	(2 815)
Retained profit	7 818	1 533	92	(4)	(24)	(1 153)	–	–	613	–	1 057	8 875
Total shareholders' equity	7 179	1 533	92	(4)	(24)	(1 153)	–	–	613	–	1 057	8 236
Minority interests	371	2	1	–	–	–	–	–	–	–	3	374
Total equity	7 550	1 535	93	(4)	(24)	(1 153)	–	–	613	–	1 060	8 610
Total capital employed	22 773	1 544	135	(4)	133	–	761	–	613	–	3 182	25 955

Reconciliation of profit for the six months ended 26 June 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	19 873	–	–	–	–	–	–	(96)	–	–	(96)	(532)	19 245
Turnover of joint ventures	(96)	–	–	–	–	–	–	96	–	–	96	–	–
Operating costs	(17 451)	523	27	2	–	–	–	–	–	–	552	532	(16 367)
Share of operating profit of joint ventures	20	–	–	–	–	–	–	(20)	–	–	(20)	–	–
Operating profit/(loss)	2 346	523	27	2	–	–	–	(20)	–	–	532	–	2 878
Share of operating profit of associates	20	4	–	–	–	–	–	(24)	–	–	(20)	–	–
Finance costs	(312)	–	–	–	–	–	–	23	–	–	23	–	(289)
Other finance income/(cost) – pensions and similar obligations	(43)	–	–	–	1	–	–	–	–	–	1	–	(42)
Share of net profit of joint ventures	–	–	–	–	–	–	–	18	–	–	18	–	18
Share of net profit of associates	–	–	–	–	–	–	–	2	–	–	2	–	2
Income from other non-current investments	21	–	–	–	11	–	–	–	–	–	11	–	32
Profit/(loss) before taxation	2 032	527	27	2	12	–	–	(1)	–	–	567	–	2 599
Taxation	(668)	(25)	(7)	(1)	(4)	(23)	–	1	–	–	(59)	–	(727)
Profit/(loss) for the period	1 364	502	20	1	8	(23)	–	–	–	–	508	–	1 872
Attributable to:													
Minority interests	100	1	1	–	–	–	–	–	–	–	2	–	102
Shareholders' equity	1 264	501	19	1	8	(23)	–	–	–	–	506	–	1 770

Reconciliation of profit for the second quarter ended 26 June 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	10 516	–	–	–	–	–	–	(53)	–	–	(53)	(279)	10 184
Turnover of joint ventures	(53)	–	–	–	–	–	–	53	–	–	53	–	–
Operating costs	(9 184)	264	15	4	–	–	–	–	–	–	283	279	(8 622)
Share of operating profit of joint ventures	10	–	–	–	–	–	–	(10)	–	–	(10)	–	–
Operating profit/(loss)	1 289	264	15	4	–	–	–	(10)	–	–	273	–	1 562
Share of operating profit of associates	11	2	–	–	–	–	–	(13)	–	–	(11)	–	–
Finance costs	(161)	–	–	–	–	–	–	11	–	–	11	–	(150)
Other finance income/(cost) – pensions and similar obligations	(23)	–	–	–	–	–	–	–	–	–	–	–	(23)
Share of net profit of joint ventures	–	–	–	–	–	–	–	9	–	–	9	–	9
Share of net profit of associates	–	–	–	–	–	–	–	1	–	–	1	–	1
Income from other non-current investments	19	–	–	–	–	–	–	–	–	–	–	–	19
Profit/(loss) before taxation	1 135	266	15	4	–	–	–	(2)	–	–	283	–	1 418
Taxation	(335)	(11)	(4)	(1)	–	1	–	2	–	–	(13)	–	(348)
Profit/(loss) for the period	800	255	11	3	–	1	–	–	–	–	270	–	1 070
Attributable to:													
Minority interests	51	–	1	1	–	–	–	–	–	–	2	–	53
Shareholders' equity	749	255	10	2	–	1	–	–	–	–	268	–	1 017

Reconciliation of equity at 26 June 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Restated under IFRS € million
Non-current assets												
Goodwill	13 313	414	–	–	–	–	–	–	–	–	414	13 727
Intangible assets	4 216	879	130	–	–	–	–	–	–	–	1 009	5 225
Property, plant and equipment	6 680	–	–	(40)	–	–	–	–	–	(59)	(99)	6 581
Biological assets	–	–	–	31	–	–	–	–	–	–	31	31
Joint ventures and associates	69	–	–	–	–	–	–	–	–	–	–	69
Other non-current investments	170	–	–	–	191	–	–	–	–	380	571	741
Pension asset for funded schemes in surplus	574	–	–	–	(52)	–	266	–	–	–	214	788
Trade and other receivables due after more than one year	978	–	–	–	–	–	(782)	–	–	59	(723)	255
Deferred tax assets	–	–	–	–	–	–	1 329	–	–	–	1 329	1 329
Total non-current assets	26 000	1 293	130	(9)	139	–	813	–	–	380	2 746	28 746
Current assets												
Inventories	4 322	–	–	–	–	–	–	–	–	(3)	(3)	4 319
Trade and other receivables due within one year	5 604	–	–	–	–	–	–	–	–	(377)	(377)	5 227
Financial assets	1 072	–	–	–	–	–	–	–	–	116	116	1 188
Cash and cash equivalents	2 413	–	–	–	–	–	–	–	–	(116)	(116)	2 297
Total current assets	13 411	–	–	–	–	–	–	–	–	(380)	(380)	13 031
Current liabilities												
Creditors due within one year	(16 446)	–	–	–	–	–	960	–	–	–	960	(15 486)
Borrowings	(7 317)	–	–	–	–	–	–	–	–	–	–	(7 317)
Trade and other payables	(9 129)	–	–	–	–	–	960	–	–	–	960	(8 169)
Current tax liabilities	–	–	–	–	–	–	(960)	–	–	–	(960)	(960)
Net current assets/(liabilities)	(3 035)	–	–	–	–	–	–	–	–	(380)	(380)	(3 415)
Total assets less current liabilities	22 965	1 293	130	(9)	139	–	813	–	–	–	2 366	25 331
Non-current liabilities												
Creditors due after more than one year	9 845	–	–	–	–	–	–	–	–	–	–	9 845
Borrowings	9 042	–	–	–	–	–	–	–	–	–	–	9 042
Trade and other payables	803	–	–	–	–	–	–	–	–	–	–	803
Provisions for liabilities and charges (excluding pensions and similar obligations)	798	(4)	–	–	–	–	–	–	–	–	(4)	794
Restructuring and other provisions	770	–	–	–	–	–	–	–	–	–	–	770
Interest in associates	28	(4)	–	–	–	–	–	–	–	–	(4)	24
Liabilities for pensions and similar obligations	4 451	–	–	–	173	–	1 529	–	–	–	1 702	6 153
Pension liability for funded schemes in deficit	1 746	–	–	–	13	–	701	–	–	–	714	2 460
Pension liability for unfunded schemes	2 705	–	–	–	160	–	828	–	–	–	988	3 693
Deferred tax liabilities	704	6	41	(1)	(10)	1 174	(716)	–	–	–	494	1 198
Total non-current liabilities	15 798	2	41	(1)	163	1 174	813	–	–	–	2 192	17 990
Shareholders' equity												
Called up share capital	642	–	–	–	–	–	–	–	–	–	–	642
Share premium account	1 538	–	–	–	–	–	–	–	–	–	–	1 538
Other reserves	(2 846)	–	–	–	–	–	–	–	–	–	–	(2 846)
Retained profit	7 445	1 289	89	(7)	(24)	(1 174)	–	–	–	–	173	7 618
Total shareholders' equity	6 779	1 289	89	(7)	(24)	(1 174)	–	–	–	–	173	6 952
Minority interests	388	2	–	(1)	–	–	–	–	–	–	1	389
Total equity	7 167	1 291	89	(8)	(24)	(1 174)	–	–	–	–	174	7 341
Total capital employed	22 965	1 293	130	(9)	139	–	813	–	–	–	2 366	25 331

Reconciliation of profit for the first quarter ended 27 March 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends € million	Other € million	Total effect of transition to IFRS € million	Change relating to turnover definition € million	Restated under IFRS € million
Turnover	9 357	–	–	–	–	–	–	(43)	–	–	(43)	(253)	9 061
Turnover of joint ventures	(43)	–	–	–	–	–	–	43	–	–	43	–	–
Operating costs	(8 267)	259	12	(2)	–	–	–	–	–	–	269	253	(7 745)
Share of operating profit of joint ventures	10	–	–	–	–	–	–	(10)	–	–	(10)	–	–
Operating profit/(loss)	1 057	259	12	(2)	–	–	–	(10)	–	–	259	–	1 316
Share of operating profit of associates	9	2	–	–	–	–	–	(11)	–	–	(9)	–	–
Finance costs	(151)	–	–	–	–	–	–	12	–	–	12	–	(139)
Other finance income/(cost) – pensions and similar obligations	(20)	–	–	–	1	–	–	–	–	–	1	–	(19)
Share of net profit of joint ventures	–	–	–	–	–	–	–	9	–	–	9	–	9
Share of net profit of associates	–	–	–	–	–	–	–	1	–	–	1	–	1
Income from other non-current investments	2	–	–	–	11	–	–	–	–	–	11	–	13
Profit/(loss) before taxation	897	261	12	(2)	12	–	–	1	–	–	284	–	1 181
Taxation	(333)	(14)	(3)	–	(4)	(24)	–	(1)	–	–	(46)	–	(379)
Profit/(loss) for the period	564	247	9	(2)	8	(24)	–	–	–	–	238	–	802
Attributable to:													
Minority interests	49	1	–	(1)	–	–	–	–	–	–	–	–	49
Shareholders' equity	515	246	9	(1)	8	(24)	–	–	–	–	238	–	753

Reconciliation of equity at 27 March 2004

(unaudited)

	Previously reported under old GAAP € million	Goodwill and indefinite lived intangible assets € million	Software € million	Biological assets € million	Pensions and similar obligations € million	Deferred tax restatement effect € million	Tax reclassifying effect € million	Joint ventures and associates € million	Dividends* € million	Other € million	Total effect of transition to IFRS € million	Restated under IFRS € million
Non-current assets												
Goodwill	13 556	209	-	-	-	-	-	-	-	-	209	13 765
Intangible assets	4 276	821	116	-	-	-	-	-	-	-	937	5 213
Property, plant and equipment	6 750	-	-	(40)	-	-	-	-	-	(57)	(97)	6 653
Biological assets	-	-	-	27	-	-	-	-	-	-	27	27
Joint ventures and associates	61	-	-	-	-	-	-	-	-	-	-	61
Other non-current investments	150	-	-	-	194	-	-	-	-	380	574	724
Pension asset for funded schemes in surplus	574	-	-	-	(49)	-	305	-	-	-	256	830
Trade and other receivables due after more than one year	764	-	-	-	-	-	(610)	-	-	57	(553)	211
Deferred tax assets	-	-	-	-	-	-	1 181	-	-	-	1 181	1 181
Total non-current assets	26 131	1 030	116	(13)	145	-	876	-	-	380	2 534	28 665
Current assets												
Inventories	4 505	-	-	-	-	-	-	-	-	(1)	(1)	4 504
Trade and other receivables due within one year	5 692	-	-	-	-	-	-	-	-	(379)	(379)	5 313
Financial assets	1 230	-	-	-	-	-	-	-	-	108	108	1 338
Cash and cash equivalents	2 347	-	-	-	-	-	-	-	-	(108)	(108)	2 239
Total current assets	13 774	-	-	-	-	-	-	-	-	(380)	(380)	13 394
Current liabilities												
Creditors due within one year	(17 654)	-	-	-	-	-	873	-	1 147	-	2 020	(15 634)
Borrowings	(7 485)	-	-	-	-	-	-	-	-	-	-	(7 485)
Trade and other payables	(10 169)	-	-	-	-	-	873	-	1 147	-	2 020	(8 149)
Current tax liabilities	-	-	-	-	-	-	(873)	-	-	-	(873)	(873)
Net current assets/(liabilities)	(3 880)	-	-	-	-	-	-	-	1 147	(380)	767	(3 113)
Total assets less current liabilities	22 251	1 030	116	(13)	145	-	876	-	1 147	-	3 301	25 552
Non-current liabilities												
Creditors due after more than one year	9 418	-	-	-	-	-	-	-	-	-	-	9 418
Borrowings	8 659	-	-	-	-	-	-	-	-	-	-	8 659
Trade and other payables	759	-	-	-	-	-	-	-	-	-	-	759
Provisions for liabilities and charges (excluding pensions and similar obligations)	852	(2)	-	-	-	-	-	-	-	-	(2)	850
Restructuring and other provisions	824	-	-	-	-	-	-	-	-	-	-	824
Interest in associates	28	(2)	-	-	-	-	-	-	-	-	(2)	26
Liabilities for pensions and similar obligations	4 407	-	-	-	179	-	1 559	-	-	-	1 738	6 145
Pension liability for funded schemes in deficit	1 709	-	-	-	14	-	739	-	-	-	753	2 462
Pension liability for unfunded schemes	2 698	-	-	-	165	-	820	-	-	-	985	3 683
Deferred tax liabilities	693	(6)	37	(1)	(10)	1 168	(683)	-	-	-	505	1 198
Total non-current liabilities	15 370	(8)	37	(1)	169	1 168	876	-	-	-	2 241	17 611
Shareholders' equity												
Called up share capital	642	-	-	-	-	-	-	-	-	-	-	642
Share premium account	1 537	-	-	-	-	-	-	-	-	-	-	1 537
Other reserves	(2 613)	-	-	-	-	-	-	-	-	-	-	(2 613)
Retained profit	6 835	1 037	79	(9)	(24)	(1 168)	-	-	1 147	-	1 062	7 897
Total shareholders' equity	6 401	1 037	79	(9)	(24)	(1 168)	-	-	1 147	-	1 062	7 463
Minority interests	480	1	-	(3)	-	-	-	-	-	-	(2)	478
Total equity	6 881	1 038	79	(12)	(24)	(1 168)	-	-	1 147	-	1 060	7 941
Total capital employed	22 251	1 030	116	(13)	145	-	876	-	1 147	-	3 301	25 552

Appendix 5: Reconciliation of equity at 1 January 2005

(unaudited)

	Restated under IFRS at 31 December 2004 € million	Financial instruments (including preference shares) € million	Non-current assets and asset groups held for disposal € million	Total effect of changes per 1 January 2005 € million	Restated under IFRS at 1 January 2005 € million
Non-current assets					
Goodwill	12 108	–	(133)	(133)	11 975
Intangible assets	4 899	–	(60)	(60)	4 839
Property, plant and equipment	6 181	–	(130)	(130)	6 051
Biological assets	33	–	–	–	33
Joint ventures and associates	54	–	–	–	54
Other non-current investments	698	–	(1)	(1)	697
Pension asset for funded schemes in surplus	625	–	–	–	625
Trade and other receivables due after more than one year	279	468	–	468	747
Deferred tax assets	1 491	–	–	–	1 491
Total non-current assets	26 368	468	(324)	144	26 512
Assets held for sale	–	–	375	375	375
Current assets					
Inventories	3 756	–	(16)	(16)	3 740
Trade and other receivables due within one year	4 131	131	(27)	104	4 235
Financial assets	1 013	(480)	–	(480)	533
Cash and cash equivalents	1 590	–	(8)	(8)	1 582
Total current assets	10 490	(349)	(51)	(400)	10 090
Current liabilities					
Creditors due within one year	(12 669)	(1 364)	14	(1 350)	(14 019)
Borrowings	(5 155)	(1 293)	–	(1 293)	(6 448)
Trade and other payables	(7 514)	(71)	14	(57)	(7 571)
Current tax liabilities	(718)	–	–	–	(718)
Net current assets/(liabilities)	(2 897)	(1 713)	(37)	(1 750)	(4 647)
Total assets less current liabilities	23 471	(1 245)	14	(1 231)	22 240
Non-current liabilities					
Creditors due after more than one year	7 610	323	–	323	7 933
Borrowings	6 893	328	–	328	7 221
Trade and other payables	717	(5)	–	(5)	712
Provisions for liabilities and charges (excluding pensions and similar obligations)	1 364	–	(2)	(2)	1 362
Restructuring and other provisions	1 348	–	(2)	(2)	1 346
Interest in associates	16	–	–	–	16
Liabilities for pensions and similar obligations	6 079	–	(3)	(3)	6 076
Pension liability for funded schemes in deficit	2 291	–	–	–	2 291
Pension liability for unfunded schemes	3 788	–	(3)	(3)	3 785
Deferred tax liabilities	789	(4)	–	(4)	785
Total non-current liabilities	15 842	319	(5)	314	16 156
Liabilities held for sale	–	–	19	19	19
Shareholders' equity					
Called up share capital	642	(130)	–	(130)	512
Share premium account	1 530	(1 372)	–	(1 372)	158
Other reserves	(2 735)	(19)	–	(19)	(2 754)
Retained profit	7 827	(43)	–	(43)	7 784
Total shareholders' equity	7 264	(1 564)	–	(1 564)	5 700
Minority interests	365	–	–	–	365
Total equity	7 629	(1 564)	–	(1 564)	6 065
Total capital employed	23 471	(1 245)	14	(1 231)	22 240

Appendix 6: Segmental analysis by operation

(unaudited)

	27 March 2004 € million	26 June 2004 € million	For the quarter ended		For the year ended
			25 September 2004 € million	31 December 2004 € million	31 December 2004 € million
Turnover					
Foods	4 978	5 881	5 631	5 474	21 964
Savoury and dressings	1 889	2 065	1 965	2 253	8 172
Spreads and cooking products	1 040	1 104	1 110	1 240	4 494
Beverages	733	774	742	763	3 012
Ice cream and frozen foods	1 316	1 938	1 814	1 218	6 286
Home and Personal Care	4 083	4 303	4 307	4 451	17 144
Personal care	2 375	2 597	2 619	2 731	10 322
Home care and other	1 708	1 706	1 688	1 720	6 822
Total	9 061	10 184	9 938	9 925	39 108
Operating profit					
Foods	673	965	976	(506)	2 108
Savoury and dressings	313	369	320	224	1 226
Spreads and cooking products	170	179	195	137	681
Beverages	92	108	97	(805)	(508)
Ice cream and frozen foods	98	309	364	(62)	709
Home and Personal Care	643	597	717	248	2 205
Personal care	385	421	525	251	1 582
Home care and other	258	176	192	(3)	623
Total	1 316	1 562	1 693	(258)	4 313
Operating margin					
Foods	13.5%	16.4%	17.3%	(9.2)%	9.6%
Savoury and dressings	16.5%	17.8%	16.3%	10.0%	15.0%
Spreads and cooking products	16.3%	16.3%	17.6%	11.0%	15.2%
Beverages	12.6%	13.9%	13.1%	(105.4)%	(16.9)%
Ice cream and frozen foods	7.4%	15.9%	20.1%	(5.1)%	11.3%
Home and Personal Care	15.8%	13.9%	16.6%	5.6%	12.9%
Personal care	16.3%	16.2%	20.0%	9.2%	15.3%
Home care and other	15.1%	10.3%	11.4%	(0.2)%	9.1%
Total	14.5%	15.3%	17.0%	(2.6)%	11.0%

Appendix 7: Segmental analysis by geography

(unaudited)

	27 March 2004 € million	26 June 2004 € million	For the quarter ended 25 September 2004 € million	For the quarter ended 31 December 2004 € million	For the year ended 31 December 2004 € million
<u>Turnover</u>					
Europe	3 885	4 488	4 348	4 233	16 954
The Americas	2 925	3 212	3 163	3 226	12 526
Asia/Africa	2 251	2 484	2 427	2 466	9 628
Total	9 061	10 184	9 938	9 925	39 108
<u>Operating profit</u>					
Europe	592	679	843	202	2 316
The Americas	438	555	504	(544)	953
Asia/Africa	286	328	346	84	1 044
Total	1 316	1 562	1 693	(258)	4 313
<u>Operating margin</u>					
Europe	15.3%	15.1%	19.4%	4.8%	13.7%
The Americas	15.0%	17.3%	16.0%	(16.9)%	7.6%
Asia/Africa	12.7%	13.2%	14.2%	3.4%	10.8%
Total	14.5%	15.3%	17.0%	(2.6)%	11.0%