



## INTERIM MANAGEMENT REPORT FOR HALF YEAR TO JUNE 2008

### KEY FINANCIALS

(unaudited)

Second Quarter 2008			€million	Half Year 2008		
Current rates	Increase/(Decrease) Current rates	Constant rates		Current rates	Increase/(Decrease) Current rates	Constant rates
Continuing operations:						
10 374	(1)%	6 %	Turnover	19 945	(1)%	6 %
1 369	(5)%	3 %	Operating profit	3 184	16 %	24 %
1 353	(4)%	4 %	Pre-tax profit	3 135	14 %	21 %
Total operations:						
978	(19)%	(12)%	Net profit	2 385	5 %	10 %
0.32	(18)%	(12)%	EPS (Euros)	0.79	6 %	12 %

### GOOD PERFORMANCE CONTINUES IN A CHALLENGING ENVIRONMENT. OUTLOOK CONFIRMED.

#### Financial Highlights of the Half Year

- Underlying sales growth of 7.0% in the first half year.
- Operating margin of 16.0% in the first half year, with an underlying improvement of 0.4 percentage points.
- Earnings per share up by 6%, or 12% at constant exchange rates. The first quarter benefited from disposal profits, while the second quarter was affected by higher restructuring charges and a particularly low tax rate last year.

#### Operational Highlights

- Broad-based growth in every category.
- Continued strong growth in Developing and Emerging (D&E) countries from both volume and pricing.
- Price-driven growth in Western Europe and North America.
- Cost increases recovered through determined pricing action and accelerating savings. Efficiency programmes on track to deliver €1 billion of savings this year.
- Further significant progress with disposal programme, including *Bertolli* olive oil and North American laundry.

#### GROUP CHIEF EXECUTIVE

“Our performance in the first half year has been good in what has been a challenging environment. We have delivered 7% underlying sales growth and an underlying improvement in profitability while maintaining competitiveness. The changes already implemented in the business have made us nimbler and better able to respond to the market conditions. We are doing so against our clear priorities of maintaining competitiveness, improving margins and investing selectively to gain market share.

Looking to the future, our strategy leverages our strong brands, broad geographic footprint and products that meet everyday needs across a wide range of price points. Our innovation programme focuses on opportunities in health and wellness, the use of superior technology, and rapid deployment into new markets. This continues to be the best route to long-term value creation.

For this year we confirm our outlook for delivering growth ahead of our 3-5% target range, with an underlying improvement in operating margin.”

Patrick Cescau, Group Chief Executive

31 July 2008



## **UNILEVER SECOND QUARTER AND HALF YEAR RESULTS 2008**

In the following commentary we report underlying sales growth (abbreviated to 'USG' or 'growth') at constant exchange rates, excluding the effects of acquisitions and disposals. Turnover includes the impact of exchange rates, acquisitions and disposals. Unilever uses 'constant rate' and 'underlying' measures primarily for internal performance analysis and targeting purposes. We also comment on trends in operating margins before RDIs (restructuring, disposals and impairments), and use the movements in Ungearing Free Cash Flow and Return On Invested Capital to measure progress against our longer-term value creation goals. Unilever believes that such measures provide additional information for shareholders on underlying business performance trends. Such measures are not defined under IFRS and are not intended to be a substitute for GAAP measures of turnover, operating margin, profit, EPS and cash flow. Please refer also to note 2 to the financial statements. Further information about these measures is available on our website at [www.unilever.com/ourcompany/investorcentre](http://www.unilever.com/ourcompany/investorcentre)

This results announcement also represents Unilever's half-yearly report for the purposes of the Disclosure and Transparency Rules (DTR) made by the UK Financial Services Authority (DTR 4.2 – Half-yearly financial reports). In this context: (i) the condensed set of financial statements can be found on pages 8 to 16; (ii) pages 1 to 7 comprise the interim management report; and (iii) the Directors' responsibility statement can be found on page 17. Other than as disclosed elsewhere in this document no material related parties transactions have taken place in the first six months of the year.

### **1. SUMMARY OF BUSINESS PERFORMANCE FOR THE SECOND QUARTER AND FIRST HALF YEAR**

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Underlying sales growth was 6.8% in the second quarter, taking the half year rate to 7.0%. Prices increased by 7.4% in the second quarter and by 6.1% in the first half year.

Europe grew by 2.3% in both the quarter and the half year. All of the growth has come from pricing, with volumes 2.9% lower in the second quarter. The lower volumes largely reflect weaker ice cream sales and the expected reversal of the additional sales at the end of the first quarter ahead of price increases and systems implementations.

The Americas has sustained its momentum with growth of 5.7% in the first half year. This was achieved against a strong comparator which included the impact of additional sales ahead of the systems change in the US in June last year. In Latin America growth accelerated in both value and volume including a good performance in Brazil.

Growth in Asia Africa picked up further to 15.1% in the second quarter and is broad-based across countries with double-digit increases almost everywhere. In addition to pricing, volume growth was robust at 4.1% in the second quarter.

At a global level, all categories grew by more than 5% in the first half year.

Advertising investment behind our brands was increased by some €100 million at constant rates of exchange in the first half year. With the benefit of higher sales, media efficiency programmes and fewer promotions, A&P as a percentage of sales was 0.7 points lower in the second quarter and 0.4 points lower in the first half year.

Commodity costs increased by around €600 million in the second quarter and by around €1 billion in the first half. This is equivalent to 5.5 percentage points of sales in the quarter and 4.8 percentage points in the first half. Both price increases and savings from cost reduction programmes accelerated in the second quarter. As a result we were able to deliver an underlying improvement in operating margin of 0.5 percentage points in the quarter, taking the first half year improvement to 0.4 percentage points.

### **2. FINANCIAL COMMENTARY**

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#### **2.1 Turnover**

Underlying sales growth was 6.8% in the second quarter and 7.0% in the first half year. The Euro has strengthened against most currencies and this, together with a small net impact of acquisitions and disposals, led to turnover being 1.4% lower in the second quarter and 0.5% lower in the first six months.

#### **2.2 Operating profit**

Operating profit was 5% lower than last year in the second quarter because of the strengthening of the Euro and a higher level of restructuring charges. The operating margin at 13.2% was 0.5 percentage points below last year. Before the impact of restructuring and disposals there was an underlying improvement of 0.5 percentage points.

For the half year, operating profit was 16% higher than last year and the operating margin of 16.0% was 2.3 percentage points higher, both being boosted by profits on disposals in the first quarter. Before restructuring and disposals there was an underlying improvement in operating margin of 0.4 percentage points.

### **2.3 Finance costs and tax**

Finance costs of net borrowings were 16% lower than last year in the quarter and in line with last year for the first six months.

The effective tax rate was 28% in the second quarter and 25% in the first half year. This compares with 19% and 20% in the second quarter and first half of last year respectively, both of which included benefits from the favourable settlement of tax audits. The underlying tax rate, before restructuring and disposals, was 26% in the first half of this year. For the full year we expect the tax rate on this basis to be around 25%.

### **2.4 Joint ventures, associates and other income from non-current investments**

Share of net profit from joint ventures and associates and other income from non-current investments for the second quarter was in line with last year at €39 million. For the first half year these contributed €92 million, which was €47 million below last year as a result of a lower level of one-time gains in the first quarter.

### **2.5 Net profit and earnings per share**

Net profit was 19% lower than last year in the second quarter, reflecting higher restructuring costs, the low tax rate in the same quarter last year and the stronger euro.

Net profit was 5% higher in the first six months with a benefit from profits on disposals, but a negative impact from the stronger euro.

Earnings per share for the first six months were €0.79 which included a net gain of €0.07 from restructuring and disposals. This compares with €0.75 in the first six months of last year which included a negligible net impact from restructuring and disposals and benefited from the particularly low tax rate.

### **2.6 Share buy-backs**

By the end of June we had bought back 53.6 million shares at a total purchase price of €1.1 billion, as part of the planned 2008 share buy-back of at least €1.5 billion.

### **2.7 Cash flow**

Net cash flow from operating activities was €0.7 billion lower than last year. This was entirely due to a build-up of working capital in the first half year. Part of this came from the effect of commodity price inflation. In addition there were a number of temporary factors including the planned build-up of stocks during the change programme and calendar effects. The largely one-off nature of these, together with an intensified programme for working capital management across the business, is expected to result in a much improved cash flow in the second half year.

Restructuring costs were slightly higher than in the first half of 2007, but this was more than offset by lower cash contributions to pension funds and favourable tax rebates.

Net capital expenditure was also slightly higher than last year.

### **2.8 Balance sheet**

Working capital has increased from its normal seasonal low point at the start of the year. The increase has been heightened by the factors referred to above in the commentary on cash flow movements.

The overall funding position of the Group's pension arrangements improved slightly with net liabilities for all schemes of €1.0 billion at the end of the half year, down from €1.1 billion at the end of 2007. Assets have reduced by €2.1 billion due to the fall in market values and the appreciation of the euro against the currencies of investments. Liabilities fell by €2.2 billion, mainly due to the impact of higher discount rates, net of higher inflation assumptions and the strengthening of the euro.

### 3. OPERATIONAL REVIEW

#### 3.1 Europe

Second Quarter 2008					Half Year 2008			
2008	2007	% Change	% Underlying sales growth		2008	2007	% Change	% Underlying sales growth
4 017	4 041	(0.6)	2.3	Turnover (€million)	7 511	7 585	(1.0)	2.3
12.9	13.8	(3.9)	(1.7)	Operating Margin (%)	20.1	14.1	3.5	(1.5)
				Impact of RDIs (%)*				

\* Restructuring, business disposals and other items

#### Growth

Underlying sales growth was 2.3% in both the quarter and the half year, slightly behind the growth of our markets.

Central and Eastern Europe maintained its growth of around 10% with further growth in volumes in the second quarter and increased pricing. Russia made a particularly strong contribution.

Western Europe grew by 1.4% in the second quarter, and by 1.3% in the first half year. Increased prices were partly offset by lower volumes in ice cream and the expected reversal of the additional sales at the end of the first quarter ahead of price increases and systems implementations. Germany grew modestly in the second quarter, with an improved performance in spreads, after a weak start to the year. Benelux had another good quarter with continued strong growth in the Netherlands across most categories, and a pick-up in Belgium. In both the UK and Italy, savoury and dressings contributed to solid growth. Sales in France and Spain declined in difficult trading conditions and in both countries we have lost some share to private label brands.

#### Innovation

*Hellmann's* extra light mayonnaise made with free range eggs is part of a campaign to promote the goodness of mayonnaise in the UK, France and Italy. *Rama* flavoured creams have been launched in Germany and the Nordic countries. In tea, we have built further on the Rainforest Alliance certification, extended *Lipton* linea slimming teas and introduced *Lipton* clear green, a new generation of healthy tea. A strong programme for *Magnum* ice creams included new-look 'minis' across the region, and the top-of-the-range 'temptation' introduced to several new countries.

A new range of *Axe* body washes and after shave balms has been launched in the UK, Germany and France and the latest global body spray *Axe* dark temptation across the region. The new upside-down deodorants for *Dove* and *Rexona* offer the smoothest ever roll-on with less packaging material. *Small & mighty* concentrated detergents are being rolled out across the region under the *Dirt is Good* brand. As well as offering consumer convenience, these also have a markedly better environmental footprint. In oral care we have launched *Signal* white now, the first instant whitening toothpaste.

#### Profitability

The first half year operating margin of 20.1% was 6.0 percentage points higher than last year, largely reflecting profits on disposals. Before restructuring and disposals there was an underlying improvement in margin of 1.0 percentage point. Gross margins were lower as we recovered cost increases in absolute terms but not yet sufficiently to maintain the percentage margin. However this was more than compensated by sharply lower overheads costs.

#### Accelerating change

As previously announced, Western Europe will be managed as a single region under a new President, Doug Baillie. This will allow the management to focus solely on driving improved performance in the region. Central and Eastern Europe will now be under the responsibility of Harish Manwani, President for Asia Africa, reflecting the priority on business building in developing and emerging markets. These changes will be reflected in the regional segmentation of Unilever's published results from the end of this year.

In the second quarter we completed the move to a single office location in Italy, and announced four factory rationalisations and the setting up of a new multi-country organisation for Central Europe. The move to a single SAP system for the region continues, with three quarters of our business now live and the full programme to be complete by the end of the year. In July we announced the disposal of the *Bertolli* olive oil business and three local bottled oil brands in Italy.

### 3.2 The Americas

Second Quarter 2008				Half Year 2008			
2008	2007	% Change	% Underlying sales growth	2008	2007	% Change	% Underlying sales growth
3 314	3 520	(5.8)	4.9	6 453	6 751	(4.4)	5.7
13.4	14.9	(1.3)		13.7	14.6	(1.0)	

Turnover (€million)

Operating Margin (%)  
Impact of RDIs (%)\*

\* Restructuring, business disposals and other items

#### Growth

The good momentum in the business has been sustained, with underlying sales growth of 5.7% in the first six months, against a strong comparator due to the additional sales ahead of the systems implementation in the US at the end of the second quarter last year. This held back the second quarter growth for the region as a whole by some 2 percentage points.

In the US all of the growth is coming from price, with consumer volumes lower than a year ago. Before the effect of the systems implementation last year, which reversed in July, our own sales in the US grew by about 4% in both the second quarter and the first six months, slightly ahead of the market growth rate. Canada had a weak second quarter.

Our growth in Latin America has been strong across all the main countries, with 13% in the second quarter taking the half year growth rate to 11%. There has been a good performance in Brazil and continued high growth in Mexico and elsewhere.

#### Innovation

New ranges of *Knorr* bouillons, sauces and soups have been launched in Brazil and Argentina with a clear Vitality positioning, featuring healthy ingredients. Under the *Hellmann's* brand we have introduced an olive oil mayonnaise in the US and a new milder tasting mayonnaise made with milk in Brazil and Mexico. *Bertolli* frozen meals in the US have been extended with a range of 'mediterranean garden' dishes.

The latest global *Dove* range, 'go fresh', has been launched in the US, as well as a new cream oil variant, 'sleek satin'. As in Europe, *Axe* has brought out body washes targeted at over 20's and the new 'dark temptation' deodorant with a novel chocolate fragrance. In Laundry the new *Dirt is Good* mix with improved cleaning and longer-lasting freshness has been introduced to Latin America as well as a variant of *Surf* with fabric conditioner. New variants of 3 times concentrated liquid detergents have been launched in the US.

#### Profitability

The operating margin for the first half year was 13.7%, which was 0.9 percentage points lower than last year. Before the impact of restructuring and disposals, there was an underlying reduction in margin of 0.6 percentage points. We have fully recovered the impact of higher commodity costs in absolute terms, through a combination of savings and price increases, but this has not been enough to maintain the percentage margin.

#### Accelerating change

As part of the One Unilever programme, the move to a single head office for the US business in Englewood Cliffs and the closure of the Greenwich office has been completed. At the same time, the ice cream businesses in the US and Canada have been integrated into the respective One Unilever country organisations. In Latin America, the financial shared services centre has been sold to Capgemini. We have also announced the disposal of olive oil sold under the *Bertolli* brand as part of a global agreement, and the sale of the North American laundry business.

### 3.3 Asia Africa

Second Quarter 2008			
2008	2007	% Change	% Underlying sales growth
3 043	2 965	2.7	15.1

Turnover (€million)

Half Year 2008			
2008	2007	% Change	% Underlying sales growth
5 981	5 718	4.6	14.7

13.3	12.2
(0.4)	(0.5)

Operating Margin (%)  
Impact of RDIs (%)\*

13.3	12.1
(0.2)	(0.6)

\* Restructuring, business disposals and other items

#### Growth

Underlying sales growth was 15.1% in the second quarter and 14.7% in the first half year. While more of the growth in value is coming from pricing, volumes also continue to grow well, albeit at a slightly slower pace than last year. Our growth continues to be very broad-based and is ahead of the market. All of our top five D&E businesses in the region, and all our categories, grew at more than 10%.

In India, laundry contributed particularly strongly with good growth in all three of our brands, each positioned at a different income level. The new global *Sunsilk* mix is driving share gain in India as elsewhere in the region. China has sustained a growth rate of over 20%, with most of this coming from higher volumes including the build of *Clear* shampoo. Indonesia has shown continued strong growth momentum, particularly in personal care and ice cream. Turkey had another good, well balanced performance, however growth in South Africa came entirely from price, with volumes flat, largely as a result of supply chain constraints.

Performance in Japan and Australia was weak in more difficult consumer markets.

#### Innovation

We have launched *Lipton* milk tea in a number of new countries and introduced *Lipton* clear green teas in Turkey and Arabia. A strong programme for *Cornetto* ice cream includes a new 'choco disk' variant and we have introduced *Magnum* chocolate indulgence in China and India. In Turkey we have launched *Knorr* eat in colour mealmakers and mayonnaise in a squeeze bottle.

*Rexona* is taking the first steps to building a market for deodorants in China. New versions of *Pond's* anti-ageing and skin-lightening creams and the new global *Sunsilk* range have been rolled out across the region. Innovations in laundry include *Surf* clean and fresh, *Surf* Excel multi-chamber sachets, the improved global *Dirt is Good* mix and concentrated fabric conditioners.

#### Profitability

The operating margin for the first six months was 13.3%, which was 1.2 percentage points higher than a year ago. Before the impact of restructuring and disposals there was an underlying improvement of 0.8 percentage points. Savings programmes and price increases have offset the impact of higher commodity costs and we have the benefit of increased scale from sales growth.

#### Accelerating change

The move to a single SAP system across the region is progressing to plan and we are setting up a regional supply chain team based in Singapore.

In the second quarter we announced the disposal of our palm oil business in Cote D'Ivoire and the acquisition of laundry soaps in the same country. We have also announced the disposal of Komili olive oil in Turkey. Both these transactions are subject to regulatory approval.

Central and Eastern Europe will be managed as part of this region. This reflects the focus on business building in these countries as part of Unilever's priority for Developing and Emerging markets. The change will be reflected in our reporting of business segments from the end of this year.

## RISK MANAGEMENT

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On pages 13 and 14 of our 2007 Report and Accounts we set out our assessment of the principal risk issues that would face the business through 2008. In our view, the nature and potential impact of such risks remains essentially unchanged as regards our performance over the second half of the year. As anticipated, commodity prices affecting the materials we buy have continued to show an upward trend in the first half of the year. We will continue to monitor this closely and to manage our response through a combination of pricing and savings programmes. In addition, there could be a further weakening of key economies. Whilst people's essential needs for food and hygiene would remain unchanged, we could experience impact in markets as individual consumers adjust their spending patterns. We manage the associated risks by ensuring that our brands remain competitive through appropriate pricing, marketing support and relevant innovation in our product portfolio across a wide range of price points.

## OTHER INFORMATION

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On 10 April 2008, Unilever entered into a settlement with Mars to bring an end to all claims made by Mars concerning Unilever's distribution arrangements for the sale of impulse ice cream. Prior to the settlement, Mars had initiated proceedings against Unilever in a number of European jurisdictions. The settlement does not imply any admission of liability on Unilever's part.

In April 2008 Unilever received a notice from the UK Office of Fair Trading requiring the production of documents in relation to an investigation into potential co-ordination of the retail prices of products in the grocery sector. A response to the notice was provided in June 2008. It is too early to gauge whether the investigation to which the notice relates will lead to a Statement of Objections being addressed to Unilever or its subsidiaries.

In June 2008, Unilever premises in Austria, Belgium, Italy, The Netherlands and Spain were the subject of unannounced inspections by the European Commission and/or national competition authorities. The inspections were in relation to the home care and/or personal care markets. A request for information relating to alleged anti-competitive behaviour in detergents markets in the EEA was subsequently received by Unilever in July 2008. It is too early to gauge whether the investigation that has been initiated will lead to a Statement of Objections being addressed to Unilever or its subsidiaries.

## CAUTIONARY STATEMENT

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This announcement 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, including financial objectives to 2010, 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 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.

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There will be a web cast of the results presentation available at:  
[www.unilever.com/ourcompany/investorcentre/results/quarterlyresults/default.asp](http://www.unilever.com/ourcompany/investorcentre/results/quarterlyresults/default.asp)

The results for the third quarter 2008 and the announcement of interim dividends will be published on 30 October 2008.

## CONDENSED FINANCIAL STATEMENTS

### INCOME STATEMENT

(unaudited)

Second Quarter		€million		Half Year			
2008	2007	Increase/ (Decrease)		2008	2007	Increase/ (Decrease)	
		Current rates	Constant rates			Current rates	Constant rates
<b>Continuing operations:</b>							
10 374	10 526	(1)%	6 %	19 945	20 054	(1)%	6 %
<b>Turnover</b>							
1 369	1 443	(5)%	3 %	3 184	2 745	16 %	24 %
<b>Operating profit</b>							
(212)	(110)	After (charging)/crediting: Restructuring, business disposals and other items (see note 3)		181	(196)		
(55)	(70)	Net finance costs		(141)	(140)		
27	44	Finance income		51	71		
(114)	(147)	Finance costs		(259)	(278)		
32	33	Pensions and similar obligations		67	67		
30	30	Share in net profit/(loss) of joint ventures		74	57		
(1)	3	Share in net profit/(loss) of associates		8	51		
10	6	Other income from non-current investments		10	31		
1 353	1 412	(4)%	4 %	3 135	2 744	14 %	21 %
<b>Profit before taxation</b>							
(375)	(259)	Taxation		(750)	(539)		
978	1 153	(15)%	(8)%	2 385	2 205	8 %	14 %
<b>Net profit from continuing operations</b>							
–	54	Net profit/(loss) from discontinued operations		–	76		
978	1 207	(19)%	(12)%	2 385	2 281	5 %	10 %
<b>Net profit for the period</b>							
<b>Attributable to:</b>							
69	63	Minority interests		137	124		
909	1 144	(21)%	(14)%	2 248	2 157	4 %	10 %
Shareholders' equity							
<b>Combined earnings per share</b>							
0.32	0.38	(14)%	(8)%	0.79	0.72	10 %	16 %
Continuing operations (Euros)							
0.31	0.37	(14)%	(8)%	0.77	0.70	10 %	16 %
Continuing operations – diluted (Euros)							
–	0.02	Discontinued operations (Euros)		–	0.03		
–	0.01	Discontinued operations – diluted (Euros)		–	0.02		
0.32	0.40	(18)%	(12)%	0.79	0.75	6 %	12 %
Total operations (Euros)							
0.31	0.38	(19)%	(12)%	0.77	0.72	6 %	12 %
Total operations – diluted (Euros)							



## **STATEMENT OF RECOGNISED INCOME AND EXPENSE**

(unaudited)

€ million

	<b>Half Year</b>	
	<b>2008</b>	<b>2007</b>
Fair value gains/(losses) on financial instruments net of tax	(34)	14
Actuarial gains/(losses) on pension schemes net of tax	(126)	1 221
Currency retranslation gains/(losses) net of tax	(331)	194
<b>Net income/(expense) recognised directly in equity</b>	<b>(491)</b>	<b>1 429</b>
Net profit for the period	2 385	2 281
<b>Total recognised income and expense for the period</b>	<b>1 894</b>	<b>3 710</b>

### **Attributable to:**

Minority interests	91	131
Shareholders' equity	1 803	3 579

## **CASH FLOW STATEMENT**

(unaudited)

€ million

	<b>Half Year</b>	
	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
Cash flow from operating activities	885	1 661
Income tax paid	(481)	(600)
<b>Net cash flow from operating activities</b>	<b>404</b>	<b>1 061</b>
<b>Investing activities</b>		
Interest received	64	62
Net capital expenditure	(491)	(444)
Acquisitions and disposals	403	72
Other investing activities	40	161
<b>Net cash flow from/(used in) investing activities</b>	<b>16</b>	<b>(149)</b>
<b>Financing activities</b>		
Dividends paid on ordinary share capital	(1 194)	(1 412)
Interest and preference dividends paid	(201)	(225)
Change in financial liabilities	2 081	1 905
Share buy-back programme	(1 085)	(663)
Other movements on treasury stock	(19)	219
Other financing activities	(89)	(309)
<b>Net cash flow from/(used in) financing activities</b>	<b>(507)</b>	<b>(485)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(87)</b>	<b>427</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>901</b>	<b>710</b>
Effect of foreign exchange rate changes	(152)	23
<b>Cash and cash equivalents at the end of period</b>	<b>662</b>	<b>1 160</b>

**BALANCE SHEET**

(unaudited)

<b>€ million</b>	<b>As at 30 June 2008</b>	<b>As at 31 December 2007</b>	<b>As at 30 June 2007</b>
<b>Non-current assets</b>			
Goodwill	12 015	12 244	12 439
Intangible assets	4 436	4 511	4 741
Property, plant and equipment	6 045	6 284	6 249
Pension asset for funded schemes in surplus	1 857	2 008	2 451
Deferred tax assets	966	1 003	782
Other non-current assets	1 245	1 324	1 215
<b>Total non-current assets</b>	<b>26 564</b>	<b>27 374</b>	<b>27 877</b>
<b>Current assets</b>			
Inventories	4 431	3 894	4 166
Trade and other current receivables	5 514	4 194	5 437
Current tax assets	241	367	254
Cash and cash equivalents	1 060	1 098	1 518
Other financial assets	259	216	292
Non-current assets held for sale	277	159	38
<b>Total current assets</b>	<b>11 782</b>	<b>9 928</b>	<b>11 705</b>
<b>Current liabilities</b>			
Financial liabilities	(5 947)	(4 166)	(5 367)
Trade payables and other current liabilities	(8 377)	(8 017)	(8 833)
Current tax liabilities	(457)	(395)	(614)
Provisions	(829)	(968)	(658)
Liabilities associated with non-current assets held for sale	(42)	(13)	–
<b>Total current liabilities</b>	<b>(15 652)</b>	<b>(13 559)</b>	<b>(15 472)</b>
<b>Net current assets/(liabilities)</b>	<b>(3 870)</b>	<b>(3 631)</b>	<b>(3 767)</b>
<b>Total assets less current liabilities</b>	<b>22 694</b>	<b>23 743</b>	<b>24 110</b>
<b>Non-current liabilities</b>			
Financial liabilities due after one year	5 607	5 483	5 233
Non-current tax liabilities	231	233	226
Pensions and post-retirement healthcare benefits liabilities:			
Funded schemes in deficit	787	827	517
Unfunded schemes	2 084	2 270	3 097
Provisions	785	694	899
Deferred tax liabilities	1 260	1 213	1 088
Other non-current liabilities	168	204	256
<b>Total non-current liabilities</b>	<b>10 922</b>	<b>10 924</b>	<b>11 316</b>
<b>Equity</b>			
Shareholders' equity	11 344	12 387	12 245
Minority interests	428	432	549
<b>Total equity</b>	<b>11 772</b>	<b>12 819</b>	<b>12 794</b>
<b>Total capital employed</b>	<b>22 694</b>	<b>23 743</b>	<b>24 110</b>

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 1 ACCOUNTING INFORMATION AND POLICIES

The condensed interim financial statements are based on International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS as issued by the International Accounting Standards Board, and have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The basis of preparation is consistent with that applied for the year ended 31 December 2007.

The condensed financial statements are shown at current exchange rates, while percentage year-on-year changes are shown at both current and constant exchange rates to facilitate comparison.

The income statement on page 8 and the statement of recognised income and expense and the cash flow statement on page 9 are translated at rates current in each period. The balance sheet on page 10 is translated at period-end rates of exchange.

The financial statements attached do not constitute the full financial statements within the meaning of Section 240 of the UK Companies Act 1985. Full accounts for Unilever for the year ended 31 December 2007 have been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the UK Companies Act 1985.

### 2 NON-GAAP MEASURES

In our financial reporting we use certain measures that are not recognised under IFRS or other generally accepted accounting principles (GAAP). We do this because we believe that these measures are useful to investors and other users of our financial statements in helping them to understand underlying business performance. Wherever we use such measures, we make clear that these are not intended as a substitute for recognised GAAP measures. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures.

The principal non-GAAP measure which we apply in our quarterly reporting is underlying sales growth, which we reconcile to changes in the GAAP measure turnover in notes 4 and 5. In note 8 we reconcile net debt to the amounts reported in our balance sheet and cash flow statement. We also comment on underlying trends in operating profit, by which we mean the movements recorded after setting aside the impact of restructuring, disposals and impairments, on the grounds that the incidence of these items is uneven between quarterly reporting periods. We specifically avoid referring to a measure of 'underlying operating profit', since such a term might imply that we did not regard the items involved, particularly restructuring costs, as an ongoing element of our business over the longer term. In addition, we report annually against two further non-GAAP measures: Ungearred Free Cash Flow and Return on Invested Capital. Further information about these measures and their reconciliation to GAAP measures is given on our website at [www.unilever.com/investorcentre](http://www.unilever.com/investorcentre)

### 3 SIGNIFICANT ITEMS WITHIN THE INCOME STATEMENT

In our income statement reporting we recognise restructuring costs, profits and losses on business disposals and certain other one-off items, which we collectively term RDIs. We disclose on the face of our income statement the total value of such items that arise within operating profit. In our operating review by geographic segment and in note 4 we highlight the impact of these items on our operating margin. The impact of these items, and of similar items arising within other elements of our income statement, on our reported net profit was as follows:

€million

Second Quarter			Half Year	
2008	2007		2008	2007
(206)	(120)	RDIs within operating profit:		
(1)	6	Restructuring	(330)	(241)
(5)	4	Business disposals	516	36
		Other one-off items	(5)	9
(212)	(110)		181	(196)
58	37	Tax effect of RDIs within operating profit:	(3)	72
–	57	RDIs arising below operating profit:	24	137
(154)	(16)	Total impact of RDIs on net profit	202	13

The impact of RDIs on reported Earnings Per Share is given in note 10.

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 4 SEGMENTAL ANALYSIS BY GEOGRAPHY

On 28 February 2008 Unilever announced a number of organisational changes. As part of these changes, our operations in Central and Eastern Europe will in future be managed within an enlarged region together with those in Asia and Africa, with Western Europe becoming a standalone region. Since these changes are taking place progressively during the remainder of 2008, we are continuing to report quarterly against our structure as it applied in 2007. In our fourth quarter reporting for 2008 we will provide additional analysis of our regional results against the new structure, including restated amounts for each of the quarters of 2008, and will report on the new basis thereafter.

#### Continuing operations – Second Quarter

€million	Europe	Americas	Asia Africa	Total
<b>Turnover</b>				
2007	4 041	3 520	2 965	10 526
2008	4 017	3 314	3 043	10 374
Change	(0.6)%	(5.8)%	2.7 %	(1.4)%
<b>Impact of:</b>				
Exchange rates	(2.1)%	(9.4)%	(10.7)%	(7.1)%
Acquisitions	1.4 %	– %	0.2 %	0.6 %
Disposals	(2.2)%	(1.0)%	(0.3)%	(1.3)%
<b>Underlying sales growth</b>	2.3 %	4.9 %	15.1 %	6.8 %
Price	5.4 %	6.8 %	10.6 %	7.4 %
Volume	(2.9)%	(1.7)%	4.1 %	(0.5)%
<b>Operating profit</b>				
2007	557	523	363	1 443
2008	519	445	405	1 369
Change current rates	(6.8)%	(14.9)%	11.7 %	(5.1)%
Change constant rates	(5.0)%	(4.3)%	27.5 %	3.4 %
<b>Operating margin</b>				
2007	13.8 %	14.9 %	12.2 %	13.7 %
2008	12.9 %	13.4 %	13.3 %	13.2 %
<i>Includes restructuring, business disposals and other items</i>				
2007	(1.7)%	(0.7)%	(0.5)%	(1.1)%
2008	(3.9)%	(1.3)%	(0.4)%	(2.0)%

#### Continuing operations – Half Year

€million	Europe	Americas	Asia Africa	Total
<b>Turnover</b>				
2007	7 585	6 751	5 718	20 054
2008	7 511	6 453	5 981	19 945
Change	(1.0)%	(4.4)%	4.6 %	(0.5)%
<b>Impact of:</b>				
Exchange rates	(2.1)%	(8.6)%	(8.6)%	(6.2)%
Acquisitions	0.8 %	– %	0.2 %	0.3 %
Disposals	(1.9)%	(1.0)%	(0.3)%	(1.2)%
<b>Underlying sales growth</b>	2.3 %	5.7 %	14.7 %	7.0 %
Price	4.0 %	6.3 %	8.5 %	6.1 %
Volume	(1.6)%	(0.6)%	5.7 %	0.8 %
<b>Operating profit</b>				
2007	1 067	988	690	2 745
2008	1 510	882	792	3 184
Change current rates	41.6 %	(10.8)%	14.9 %	16.0 %
Change constant rates	43.3 %	(1.1)%	28.3 %	23.7 %
<b>Operating margin</b>				
2007	14.1 %	14.6 %	12.1 %	13.7 %
2008	20.1 %	13.7 %	13.3 %	16.0 %
<i>Includes restructuring, business disposals and other items</i>				
2007	(1.5)%	(0.7)%	(0.6)%	(1.0)%
2008	3.5 %	(1.0)%	(0.2)%	0.9 %

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 5 SEGMENTAL ANALYSIS BY PRODUCT AREA

#### Continuing operations – Second Quarter

€million	Savoury, dressings and spreads	Ice cream and beverages	Personal care	Home care and other	Total
<b>Turnover</b>					
2007	3 377	2 441	2 861	1 847	10 526
2008	3 433	2 377	2 761	1 803	10 374
Change	1.6 %	(2.6)%	(3.5)%	(2.3)%	(1.4)%
<b>Impact of:</b>					
Exchange rates	(5.7)%	(6.3)%	(8.7)%	(8.4)%	(7.1)%
Acquisitions	0.2 %	2.2 %	– %	– %	0.6 %
Disposals	(1.9)%	(1.9)%	0.1 %	(1.3)%	(1.3)%
<b>Underlying sales growth</b>	9.6 %	3.6 %	5.6 %	8.1 %	6.8 %
<b>Operating profit</b>					
2007	526	403	383	131	1 443
2008	507	370	365	127	1 369
Change current rates	(3.5)%	(8.1)%	(4.7)%	(3.1)%	(5.1)%
Change constant rates	3.2 %	(2.6)%	7.4 %	11.4 %	3.4 %
<b>Operating margin</b>					
2007	15.5 %	16.5 %	13.4 %	7.1 %	13.7 %
2008	14.8 %	15.6 %	13.2 %	7.0 %	13.2 %

#### Continuing operations – Half Year

€million	Savoury, dressings and spreads	Ice cream and beverages	Personal care	Home care and other	Total
<b>Turnover</b>					
2007	6 752	4 055	5 610	3 637	20 054
2008	6 859	3 999	5 481	3 606	19 945
Change	1.6 %	(1.4)%	(2.3)%	(0.8)%	(0.5)%
<b>Impact of:</b>					
Exchange rates	(5.0)%	(6.0)%	(7.5)%	(6.9)%	(6.2)%
Acquisitions	0.1 %	1.4 %	– %	– %	0.3 %
Disposals	(1.8)%	(1.5)%	(0.1)%	(1.3)%	(1.2)%
<b>Underlying sales growth</b>	8.7 %	5.1 %	5.7 %	8.0 %	7.0 %
<b>Operating profit</b>					
2007	983	517	925	320	2 745
2008	1 422	586	880	296	3 184
Change current rates	44.7 %	13.4 %	(4.9)%	(7.6)%	16.0 %
Change constant rates	51.7 %	19.4 %	3.8 %	1.9 %	23.7 %
<b>Operating margin</b>					
2007	14.6 %	12.7 %	16.5 %	8.8 %	13.7 %
2008	20.7 %	14.7 %	16.1 %	8.2 %	16.0 %

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 6 TAXATION

The effective tax rate for the first half year was 25% compared with 20% for the first half of 2007. The tax rate is calculated by dividing the tax charge by pre-tax profit excluding the contribution of joint ventures and associates.

### 7 RECONCILIATION OF NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

€million	Half Year	
	2008	2007
Net profit	2 385	2 281
Taxation	750	546
Share of net profit of joint ventures/associates and other income from non-current investments	(92)	(139)
Net finance costs	141	140
Operating profit (continuing and discontinued operations)	3 184	2 828
Depreciation, amortisation and impairment	466	464
Changes in working capital	(2 140)	(1 313)
Pensions and similar provisions less payments	(42)	(104)
Restructuring and other provisions less payments	(55)	(93)
Elimination of (profits)/losses on disposals	(565)	(182)
Non-cash charge for share-based compensation	54	69
Other adjustments	(17)	(8)
<b>Cash flow from operating activities</b>	<b>885</b>	<b>1 661</b>

### 8 NET DEBT

€million	As at	As at
	30 June 2008	31 December 2007
Total financial liabilities	(11 554)	(9 649)
Financial liabilities due within one year	(5 947)	(4 166)
Financial liabilities due after one year	(5 607)	(5 483)
Cash and cash equivalents as per balance sheet	1 060	1 098
Cash and cash equivalents as per cash flow statement	662	901
Add bank overdrafts deducted therein	398	197
Financial assets	259	216
<b>Net debt</b>	<b>(10 235)</b>	<b>(8 335)</b>

On 21 February 2008 we issued Swiss franc notes to the value of CHF 600 million (€360 million) in two tranches: CHF 250 million with an interest rate of 3.125% and maturing in January 2012, and CHF 350 million at 3.5% maturing in March 2015. On 21 May 2008 we issued €750 million fixed rate notes with a coupon rate of 4.875%, repayable in 2013.

### 9 MOVEMENTS IN EQUITY

€million	Half Year	
	2008	2007
Equity at 1 January	12 819	11 672
Total recognised income and expense for the period	1 894	3 710
Dividends	(1 352)	(1 363)
Movement in treasury stock	(1 520)	(1 283)
Share-based payment credit	54	64
Dividends paid to minority shareholders	(95)	(97)
Currency retranslation gains/(losses) net of tax	(17)	(1)
Other movements in equity	(11)	92
<b>Equity at the end of the period</b>	<b>11 772</b>	<b>12 794</b>

During the first half year we purchased shares to the value of €1.1 billion under the share buy-back programme announced in March 2007.

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 10 COMBINED EARNINGS PER SHARE

The combined earnings per share calculations are based on the average number of share units representing the combined ordinary shares of NV and PLC in issue during the period, less the average number of shares held as treasury stock.

In calculating diluted earnings per share, a number of adjustments are made to the number of shares, principally the following: (i) conversion into PLC ordinary shares in the year 2038 of shares in a group company under the arrangements for the variation of the Leverhulme Trust and (ii) the exercise of share options by employees.

Earnings per share for total operations for the first half year were calculated as follows:

	<u>2008</u>	<u>2007</u>
<b>Combined EPS – Basic</b>		
	<u>Millions of units</u>	
Average number of combined share units	2 828.1	2 887.1
	<u>€ million</u>	
Net profit attributable to shareholders' equity	2 248	2 157
Combined EPS (Euros)	0.79	0.75
<b>Combined EPS – Diluted</b>		
	<u>Millions of units</u>	
Adjusted average number of combined share units	2 925.6	2 984.5
Combined EPS – diluted (Euros)	0.77	0.72
<b>Impact of RDIs on Earnings Per Share</b>		
	<u>€ million</u>	
Total impact of RDIs on reported net profit (see note 3)	202	13
Impact of RDIs on basic earnings per share (Euros)	0.07	0.01
<b>Earnings per share in US Dollars and Sterling</b>		
Combined EPS (Dollars)	1.22	0.99
Combined EPS – diluted (Dollars)	1.18	0.96
Combined EPS (Pounds)	0.62	0.50
Combined EPS – diluted (Pounds)	0.60	0.49

The numbers of shares included in the calculation of earnings per share is an average for the period. During the period the following movements in shares have taken place:

	<u>Millions</u>
Number of shares at 31 December 2007 (net of treasury stock)	2 853.1
Net movements in shares under incentive schemes	6.0
Share buy-back	(53.6)
Number of shares at 30 June 2008	2 805.5

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

### 11 ACQUISITIONS AND DISPOSALS

On 14 November 2007 we announced that we had signed a definitive agreement with McCormick & Company, Incorporated to sell our Lawry's and Adolph's branded seasoning blends and marinades business in the US and Canada for €410 million. The transaction is expected to be completed on or around 31 July 2008. The combined annual turnover of the business is approximately €100 million.

Effective 1 January 2008, we entered into an expanded international partnership with Pepsico for the marketing and distribution of ready-to-drink tea products under the *Lipton* brand.

On 3 January 2008 we completed the sale of the Boursin brand to Le Groupe Bel for €400 million. The turnover of this brand in 2007 was approximately €100 million.

On 4 February 2008 we announced that we had signed an agreement to acquire Inmarko, the leading Russian ice cream company, for an undisclosed amount. The transaction was completed on 2 April 2008. The company had a turnover in 2007 of approximately €115 million.

On 19 June 2008 we announced that we had signed an agreement to sell our edible oil business in Côte d'Ivoire together with our interests in local palm oil plantations, Palmci and PHCI. At the same time we plan to acquire the soap business of Cosmivoire, an Ivorian producer with a market presence throughout Francophone West Africa. The deal is subject to approval by the regulatory authorities.

On 10 July 2008 we announced that we had signed an agreement to sell Komili, the market leading olive oil brand in Turkey, to Ana Gida, part of the Anadolu Group, for an undisclosed amount. The transaction, which is subject to regulatory approval, is expected to be completed by the end of 2008.

On 21 July 2008 we announced that we had signed an agreement with Grupo SOS for the disposal of our Bertolli olive oil and vinegar business, for a consideration of €630 million. The transaction is structured as a worldwide perpetual licence by Unilever of the *Bertolli* brand in respect of olive oil and premium vinegar. The transaction includes the sale of the Italian Maya, Dante and San Giorgio olive oil and seed oil businesses, as well as the factory at Inveruno, Italy. The transaction, which is subject to regulatory approval, is expected to be completed by the end of 2008.

On 28 July 2008 we announced that we had signed a definitive agreement to sell our North American laundry business in the US, Canada and Puerto Rico to Vestar Capital Partners, a leading global private equity firm, for a face value of US \$1.45 billion. Vestar will merge the business with its existing operation, Huish Detergents Inc., to form a new company, The Sun Products Corporation. The consideration consists of a cash payment of US \$1.075 billion, together with preferred shares in the Sun Products Corporation with a face value of US \$375 million, and warrants offering the opportunity to acquire up to 2.5% of the common equity of the Sun Products Corporation. The businesses to be sold include the *all*, *Snuggle*, *Wisk*, *Surf* and *Sunlight* fabric cleaning and fabric conditioning brands in the US, Canada and Puerto Rico, as well as Unilever's manufacturing facility in Baltimore. These businesses had a combined turnover in 2007 of approximately US \$1.0 billion. The transaction, which is subject to regulatory approval, is expected to be completed by the end of 2008.

### 12 EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events other than those mentioned elsewhere in this report.



## RESPONSIBILITIES OF DIRECTORS

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The Directors confirm that this condensed consolidated set of interim financial statements has been prepared in accordance with IAS 34, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

Unilever's Directors are listed in the Annual Report and Accounts for 2007, with the exception of the following changes:

- At the Group's AGMs on 14 and 15 May 2008, James Lawrence was appointed as an Executive Director and Kees van der Graaf and Ralph Kugler stood down as Executive Directors
- On 30 June 2008 Genevieve Berger stood down as a Non-Executive Director in order to take up an executive role as Unilever's Chief Research and Development Officer

Details of all current Directors are available on our website at [www.unilever.com](http://www.unilever.com)

By order of the Board

**Patrick Cescau**  
Group Chief Executive

**James Lawrence**  
Chief Financial Officer

31 July 2008