Annual Review 1995

And Summary Financial Statement

English Version in Guilders

Unilever

Contents

Directors' Report

The two parent companies, Unilever N.V. (N.V.) and Unilever PLC (PLC), operate as nearly as is practicable as a single entity. This Annual Review therefore deals with the operations and results of the Unilever Group as a whole.

Fluctuations in exchange rates can have a significant effect on Unilever's reported results. In order to highlight the currency impact, key 1995 comparisons are expressed both at the rates of exchange for the current year (current exchange rates) and also at the same exchange rates as were used for 1994 (constant exchange rates).

The brand names shown in italics in this Annual Review are trade marks owned by or licensed to companies within the Unilever Group.

Our Company

The brands we make serve people's everyday needs, when it comes to what they eat and drink, the way they look and how they keep their clothes and their homes clean. That's what has turned those brands into household names and made us one of the largest consumer goods companies in the world.

We have business customers, too, whose needs are different. Our speciality chemicals and industrial cleaning systems, our professional bakery and catering products are just some of the ways we try to provide specific answers for their specific business needs.

People – and our understanding of how they're different, as well as what they have in common, what they need now and what they may want in the future – are at the heart of everything we do.

Morris Tabaksblat and Sir Michael Perry are the Chairmen of Unilever. Together they have a total of more than 70 years of Unilever experience, spanning both the geography and the product areas which make up Unilever's business.

Chairmen's Statement

Last year we noted that there were signs of a possible recovery in Europe which could lead to some renewal of consumer confidence; but that was not to be. On the contrary, as 1995 progressed most major European economies began to slow down and within that context the outcome for our European business as a whole was a disappointing year of no growth.

This lies behind our resolve to quicken the pace of restructuring in Europe. Savings from previous restructuring are improving profitability, but there is scope to pursue even more cost reduction, especially in manufacturing in the light of the sourcing opportunities now provided by a single market of fifteen countries, new technologies and, not least, consumer demand.

Performance in North America was more encouraging. Several companies achieved satisfactory growth and the benefits from restructuring were quick to come through to profit. This is not evident in the final result, however, because we have provided for the already announced closure of surplus manufacturing capacity for fabrics washing powders. We have also discontinued the custom in Lipton of promotional selling into customers' stocks at year end, a practice which was operationally inefficient.

In many of the developing and emerging countries our companies again achieved strong growth, particularly in the fast growing economies of Asia and Latin America. Unilever has unique strengths in these markets and we are investing in their growth by giving them priority in the allocation of corporate resources.

We also continue to improve the balance of our portfolio by acquiring businesses which fit our strategy and disposing of those which do not. In 1995 the net expenditure on acquisitions less disposals was just over Fl. 1 700 million. We have since announced two intended strategic acquisitions. The combination of Diversey with Lever Industrial International will create a major force in the industrial and institutional detergents markets worldwide and Helene Curtis will provide a leading position in hair products, particularly in the United States.

The surest way to profitable and sustainable growth is through effective innovation. We now have in place a worldwide network of innovation centres, which not only encourages a swift interchange of ideas, but more importantly also enables an effective response to the specific consumer requirements of local or regional markets.

We are currently engaged in changing the structure at the very top of Unilever. Our purpose is to ensure clarity of individual responsibility for the achievement of corporate strategic goals, whilst at the same time simplifying processes and procedures against the background of a rapidly evolving global balance.

The 1995 result bears the cost of addressing today's realities and ensuring that Unilever remains competitive in the future. Net profit is therefore down on 1994, a decrease which is particularly significant in guilders at current exchange rates because of the continuing strength of the guilder against almost all currencies.

Looking ahead, there is little evidence yet of any noticeable improvements in trading conditions in Europe. We therefore anticipate a continuing low growth environment, but improving efficiencies. Elsewhere we expect to be able to build upon the progress achieved this year.

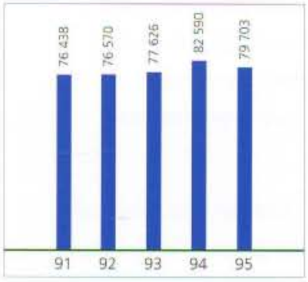
Throughout the year we have received tremendous support from all our employees who have given their utmost in conditions which for the most part have been far from easy. We would like unreservedly to thank them all for that support.

Sir Michael Perry **Morris Tabaksblat**

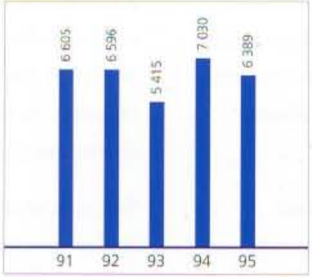
Chairmen of Unilever

How we performed

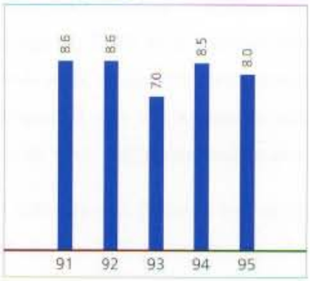
Turnover *Fl. million*



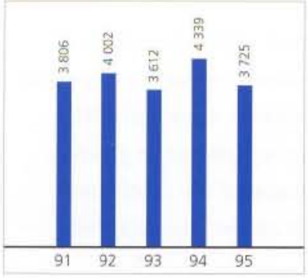
Operating profit *Fl. million*



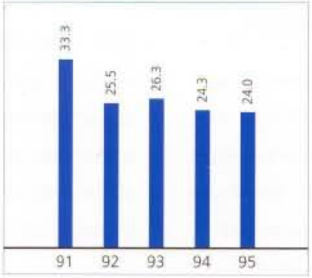
Operating margin %



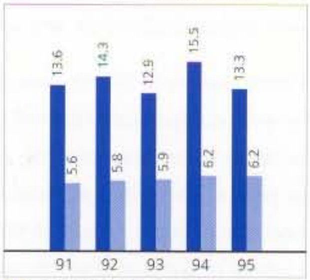
Net profit *Fl. million*



Net gearing %



Earnings & dividend per share
Guilders per Fl. 4 of ordinary capital



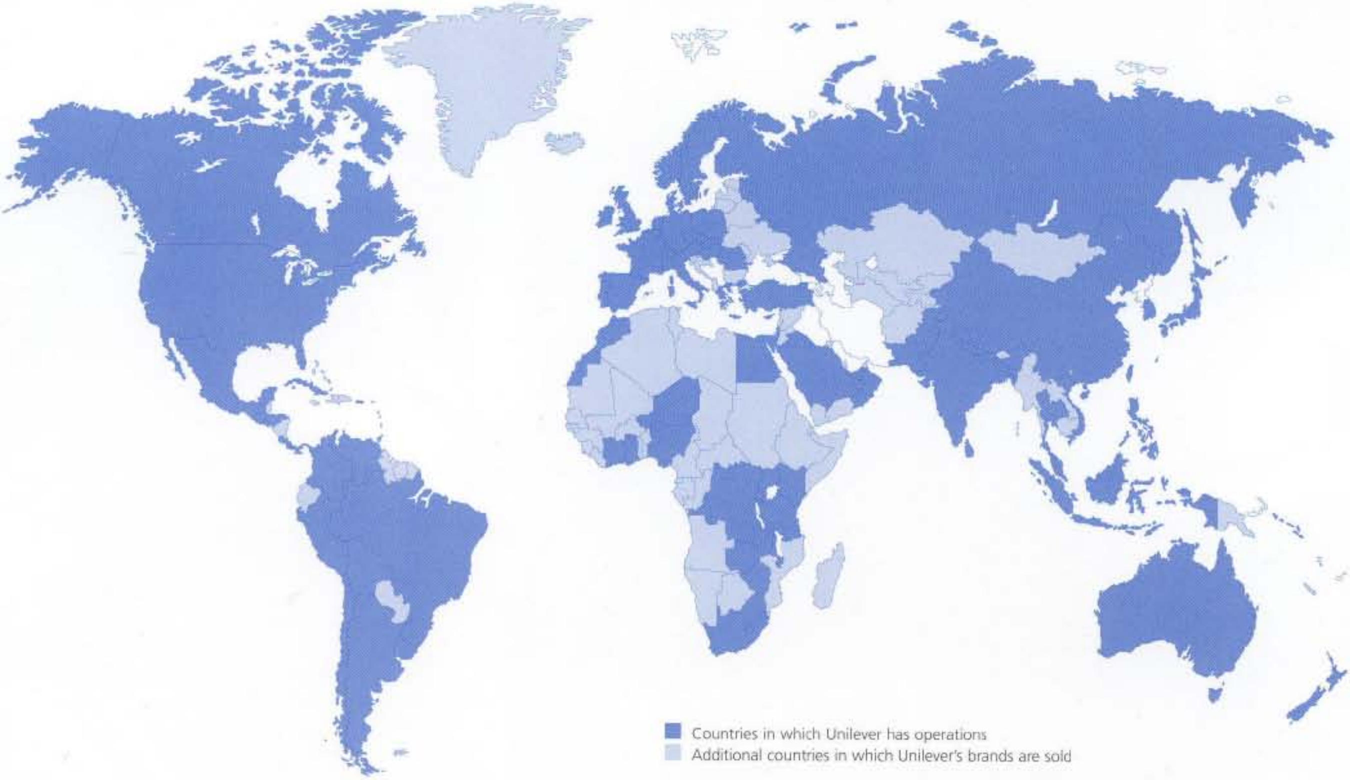
Combined earnings per share
Dividend per share

Results	**1995/1994 Change** at current exchange rates	**1995/1994 Change** at constant exchange rates
Turnover	(3)%	6%
Operating profit	(9)%	0%
Net profit	(14)%	(7)%

Fluctuations in exchange rates can have a significant effect on Unilever's reported results. In order to highlight the currency impact, key 1995 comparisons are expressed both at the rates of exchange for the current year (current exchange rates) and also at the same exchange rates as were used for 1994 (constant exchange rates).

There have been some changes in the analysis by geographical area and by operation following certain organisational changes effective from 1 January 1995. Prior year figures have been restated on a comparable basis.

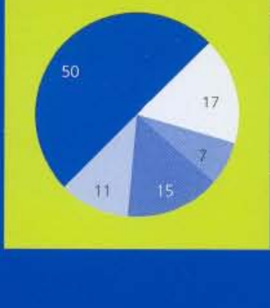
Around the world. Unilever has operations in more than 90 countries, spanning every continent. Ten new countries have been added to the list in the last three years. In addition, Unilever's brands are on sale in a further 70 countries through import arrangements or agreements with local companies. Nearly a third of Unilever's operating profits now come from countries outside Europe and North America.



Turnover by geographical area 1995
Fl. million at current exchange rates

%		*Region*	95	94
52	☐	Europe	41 277	41 919
19	■	North America	14 993	16 548
6	■	Africa and Middle East	4 945	5 281
14	■	Asia and Pacific	10 924	10 891
9	■	Latin America	7 564	7 951
		Total	79 703	82 590

Operating profit by geographical area 1995
Fl. million at current exchange rates



%		*Region*	95	94
50	☐	Europe	3 190	3 481
17	■	North America	1 109	1 405
7	■	Africa and Middle East	458	472
15	■	Asia and Pacific	951	931
11	■	Latin America	681	741
		Total	6 389	7 030

Organics **- successful innovation** to meet international consumer needs. Seen here at the *Elida* Hair Institute in Paris, *Organics* shampoo was first launched in Thailand in late 1993 after joint development work by Unilever's Hair Innovation Centres in Bangkok and Paris. By 1995 the brand was sold in over 40 countries, generating sales of Fl. 500 million.

The multi-local multinational

Understanding people is the only basis for success in today's market-place. Every sale we make is individual and personal. "Getting it right" consistently at local level provides the building blocks that create *our* kind of multinational business. Managing it requires the sensitivity to know when a global brand makes sense or when local requirements should take precedence... when to transfer innovation and expertise from one market to another and, equally, when a local idea has global potential... when to bring international teams together fast to focus on key opportunities. And because we've been in so many places for so long, we can truly say we are *the* multi-local multinational.

Business Overview

Unilever's results are published in the currencies of the two parent countries, namely the guilder and the pound sterling. Fluctuations between the currencies can lead to different trends for the same business. That is why we normally comment on performance at constant exchange rates (ie the same rates as in the preceding year), thus eliminating one variable over which we have no control. We also use constant exchange rates for the management of the business. In 1995, the year on year performance in guilders and pounds at current exchange rates was markedly different. Therefore in order to make the comparison with 1994 clearer, the comments which follow are based on profit trends at constant exchange rates, unless otherwise stated.

1995 Results

Sales increased by 6% of which 3% was due to increased volume. Adjusting for the combined effect of acquisitions and disposals, the underlying volume growth was 1%. Operating profit remained at the same level as in 1994. Factors contributing to the lack of operating profit growth were an increase in exceptional items, from Fl. 173 million in 1994 to Fl. 601 million, and a one-off reduction in profit of about Fl. 170 million caused by the decision to reduce excessively high trade inventories in the United States to normal operating levels.

At current exchange rates just over Fl. 2 000 million was spent on acquisitions in 1995 and Fl. 280 million received from disposals; the effect on turnover and operating profit of acquisitions was Fl. 1 487 million and Fl. 94 million respectively.

Overall Business Development in 1995

The underlying volume growth of 1% is heavily influenced by the lack of growth in Europe and the reduction of trade customers' inventories of Thomas J. Lipton products in the United States. In Europe most fast moving consumer goods markets were either static or in slight decline and there was no evidence of any resurgence in consumer confidence. Hence overall volumes in 1995 showed no increase over 1994. In North America on the other hand, growth was satisfactory apart from Thomas J. Lipton. Elsewhere in the world growth was strong in most developing markets, especially in Asia and South America.

Further steps are being taken to reduce the cost base of our operations and net exceptional restructuring costs of Fl. 768 million have been charged to operating profit. These, for the most part, are projects to continue the rationalisation of foods manufacturing in Europe and to close surplus fabrics detergents capacity in the United States, all of which will be commenced in 1996.

Cost savings from previous restructuring are substantial and have already boosted margins in North America. In Europe the savings were initially invested in support of brands, but are now beginning to come through into profit. Productivity, as we usually measure it, by volume per employee excluding plantations, also increased by a further 5%.

Further progress has been made in improving the business portfolio. Thirty eight companies with operations in priority categories and regions were acquired; seventeen companies were sold; the outcome of these transactions will be a net improvement in margin.

Regional Highlights
Europe

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	41 277	43 138	41 919	3%
Operating profit	3 190	3 362	3 481	(3)%

Turnover *Fl. million* **Operating profit** *Fl. million*

Overall underlying volumes fell slightly in our Western European markets, partly compensated by continued good growth in Central and Eastern Europe. Exceptional charges amounting to Fl. 448 million are included in operating profit, of which the greater part is further restructuring in foods. As a consequence, operating profit in Europe decreased by 3%, but, excluding these costs, was 7% ahead of last year.

Western Europe

1995 was another difficult year. Inflation remained low in most countries, but growth slowed down markedly during the second half of the year. This was partly due to a slow-down in exports, and partly to more restrictive fiscal policies. Throughout Western Europe, consumer spending has been constrained by low and even deteriorating levels of consumer confidence.

Nowhere is this more apparent than in Germany, the biggest of our markets in Europe. Unemployment rose steadily over the course of 1995 and, together with a higher level of taxation, has stifled consumer demand. As a result there was some decline in volumes and profits in Germany, which is one of the factors behind a disappointing European result.

There was no growth overall in 1995 either in our markets or in our own operations, which showed a slight decline. In two major consumer markets – edible fats and fabrics detergents – there was some decline. Our speciality chemicals business did grow, but more in the first half year than in the second. Ice cream volumes were slightly ahead of 1994 even though the summer season was not as favourable. The only category to show significant growth was ready-to-drink tea, which continues to progress well in continental Europe.

Profit excluding exceptional restructuring costs grew by 6% owing to much better results in all foods categories. Acquisitions, the sale of loss making meat businesses in Spain and the United Kingdom, and cost savings all contributed. There was some improvement in detergents over 1994 which included a substantial stock write-off. Speciality chemicals results also improved, but there was a decline in personal products because of a shortfall in Elizabeth Arden and weaknesses in Germany.

Profit growth in the Netherlands and the United Kingdom was good. In the United Kingdom there were excellent results in ice cream and personal products, and the substitution of Mattessons Wall's losses with profit from the newly acquired Colman's of Norwich created a marked improvement in the overall foods result.

As already noted, the savings arising from the restructuring provision taken in 1993 are now beginning to come through to profit and will have a greater impact over the coming year. The fight for share of relatively static markets will remain intense and restructuring will continue to ensure our ability to compete and improve margins.

Central and Eastern Europe

Operating profit more than doubled, albeit from a small base. This was largely because of the strong position we have built in margarine; in 1995 both our international and locally acquired brands achieved good growth in volume and profit. The detergents and personal products businesses' profits were constrained by the competitive battle for market share. In ice cream the lessons of the first season were well taken. With products specifically developed for the needs and pocket of the local consumer and well supported by advertising, there was a much improved performance.

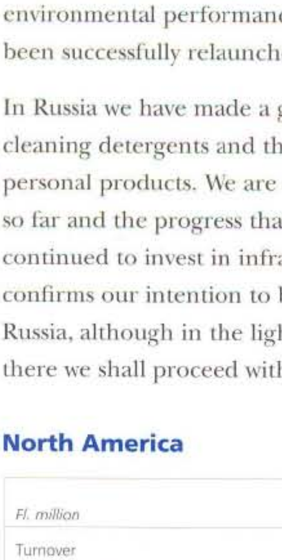
We acquired a detergents factory in Romania. Work is already in hand to upgrade the processes and to improve environmental performance. The key local brand has been successfully relaunched.

In Russia we have made a good beginning in tea, fabrics cleaning detergents and the international range of personal products. We are encouraged by our experience so far and the progress that has been made. We have continued to invest in infrastructure for the future; this confirms our intention to build a substantial position in Russia, although in the light of a still unsettled situation there we shall proceed with caution.

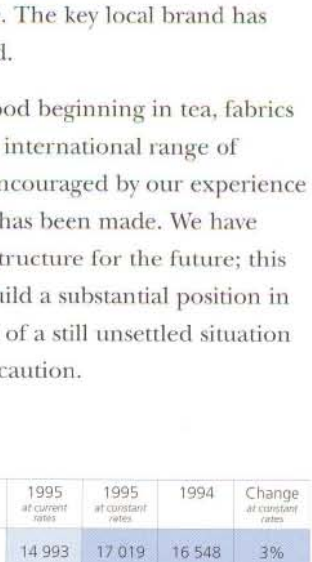
North America

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	14 993	17 019	16 548	3%
Operating profit	1 109	1 259	1 405	(10)%

Turnover *Fl. million*



Operating profit *Fl. million*



The economies of Canada and the United States grew modestly in 1995. Our ice cream, detergents and chemicals businesses recorded satisfactory growth. This was offset however by the planned reduction of excessive trade stocks in Thomas J. Lipton in the United States, a further but smaller decline in the margarine market, and reduced volumes in personal products owing to a setback in Elizabeth Arden. In total, underlying volumes remained at the same level as in 1994.

Operating profit includes exceptional items of Fl. 133 million, a large part of which is the cost of closing surplus detergents powders capacity, partly offset by profits on business disposals referred to below. Excluding these exceptional items, underlying profitability was in line with 1994.

Lipton took determined action to complete its programme of reducing stocks in trade customers' hands at year end to normal operating levels. This brought to an end a practice, by no means uncommon in the non-perishable foods sector of the United States grocery trade, of maintaining excessive sales pressure ahead of consumer demand. The effect on 1995 compared with 1994 has been to reduce sales by some Fl. 290 million and profit by close to Fl. 170 million. This is not only significant in terms of the Lipton performance, but also for North America and Unilever as a whole. We would expect to see sales and profits back to more normal levels in 1996.

The Good Humor Breyers ice cream businesses completed another successful year of substantial growth in volume and profit. Lever had a much improved performance, gaining share in liquid fabrics detergents and consolidating its leadership of the personal wash market by a successful first entry in shower gels. Despite the decline in sales, there was a substantial increase in profit in personal products, the setback in Elizabeth Arden being more than offset by outstanding results in Calvin Klein. Speciality chemicals was particularly affected by raw material cost increases and, as a result, profit was slightly below 1994 in spite of a satisfactory increase in volume.

In the United States, we entered new markets with the acquisition of the Gorton's frozen foods business and Auto-Chlor System, an industrial detergents business. Agreement was reached in early 1996 to acquire the greater part of the worldwide Diversey business, subject to regulatory approval. Diversey, together with Auto-Chlor, will provide us for the first time with an important position in the Canadian and United States industrial and institutional cleaning markets. Also early in 1996 an offer was made to acquire Helene Curtis, subject to regulatory approval and contract. Helene Curtis will

Success depends on providing the right mix of international and local brands for the local consumer

In Vietnam Unilever has moved fast to get two joint ventures up and running. Within nine months, production lines for shampoos, toilet soaps and detergents had been set up, the new sales force had visited every retail shop in 40 cities, and a distribution network was supplying outlets the length and breadth of the country. International brands like *Lux*, *Sunsilk*, *Close-Up* and *Omo* have been launched and *Viso*, the local detergents brand, has been successfully relaunched.

Unilever's joint venture bases in Hanoi and Ho Chi Minh City are ideally placed to supply distributors throughout the country.

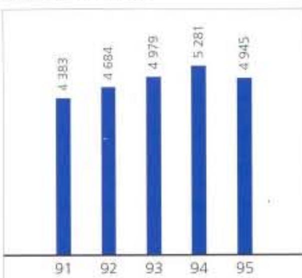
bring a leading position in the market for hair products, where hitherto we have had a relatively weak presence. Disposals included the Sunkist fruit snacks operation and Erno Laszlo cosmetics.

In a further reshaping of the portfolio in Canada, the Natrel ice cream business was acquired and the A&W restaurant chain and LePage's consumer adhesives business were sold.

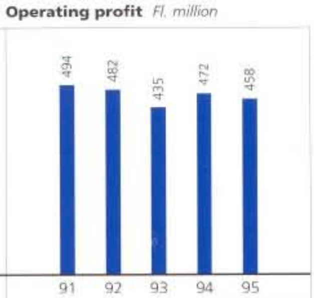
Africa and Middle East

Fl. million	1995 *at current rates*	1995 *at constant rates*	1994	Change *at constant rates*
Turnover	4 945	5 532	5 281	5%
Operating profit	458	519	472	10%

Turnover *Fl. million*



Operating profit *Fl. million*



Overall growth was slightly lower than in 1994. Profit, excluding certain positive exceptional items in 1995, decreased, reflecting difficult trading conditions in a number of countries.

There were sharply contrasting results in this region. In most of Southern and Western Africa they were good, particularly in Côte d'Ivoire and Ghana. South Africa also did well in comparison with 1994 which was boosted by a post-electoral boom. But the overall performance in Africa was tempered by drought in East Africa and the general turmoil in Nigeria, where sharply reduced consumer purchasing power caused a decline in profit.

Most significant was the shortfall in Turkey. In the aftermath of the 1994 economic crisis, inflation rose and recession deepened. This led to a severe decline in both volume and profit, and some loss of share as consumers were forced to downtrade. Similarly Arabia suffered an economic downturn, the result of which was destocking in the trade. Consumer demand, however, remained steady and some profit growth was achieved, but at a much lower rate than in previous years. Although margins were under pressure, Arabia remains a very significant contributor to the region's profit.

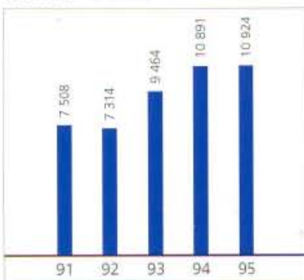
In Nigeria, the final step in the reorganisation following the exit from the UAC activities was completed by the merger at the year end of their former Seward's personal products business with Lever Brothers. We now have a considerably reduced presence in Nigeria, but one which is wholly focused on our core activities.

We continue to seek expansion into new countries through acquisition or market development. The formation of a joint venture with the leading ice cream company in Israel was a landmark. Our brands are being established in Lebanon and Syria through imports and some on-shore manufacture. After a long absence, we have also returned to our former detergents operation in Zambia and increased our presence in Uganda.

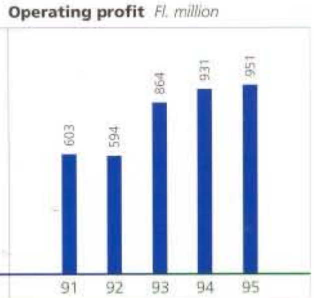
Asia and Pacific

Fl. million	1995 *at current rates*	1995 *at constant rates*	1994	Change *at constant rates*
Turnover	10 924	12 291	10 891	13%
Operating profit	951	1 082	931	16%

Turnover *Fl. million*



Operating profit *Fl. million*



1995 was an excellent year for the region, with strong growth in both sales and profit in most countries and categories.

International expertise means we can focus relevant experience and people on new markets - fast

Another outstanding year in India and recovery in Pakistan have made a strong contribution to volume and profit growth in Central Asia. There were strong advances in detergents and personal products but, apart from ice cream and tomato products, volume growth in foods was disappointing.

Our companies in South East Asia also recorded another year of strong growth in sales and profit. Tariff reductions, which we warmly welcome, provided increased opportunities for international sourcing which will lead to cost savings after initial restructuring charges, some of which have been taken in 1995. Overall profits remained at a very satisfactory level.

In Australasia and Japan market growth was modest but overall market shares were maintained. There was another satisfactory profit improvement in Japan despite severe pressure on selling prices, whereas in Australasia good profits were maintained.

Turnover almost doubled in China, after tripling in 1994. Stretching targets were achieved and results were better than expected as increased local sourcing of raw and packing materials reduced costs. Two new joint ventures and two new factories came on stream. A very high level of investment in recruitment, training and management development was maintained.

There was noticeable progress in Korea, even though the business remains in loss. Although we have no illusions about the difficulties of establishing a business there, we believe that a profitable operation can be built up.

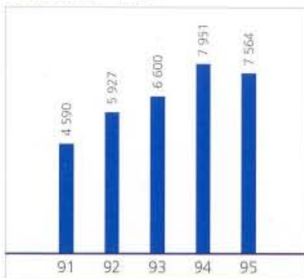
An encouraging start was made in Vietnam, where two factories commenced production of fabrics cleaning, personal wash and shampoo products; selling and distribution systems were established and an extensive programme of training undertaken. This was another example of our ability to enter wholly new markets successfully and fast, by drawing together people and expertise from around the world.

The region as a whole is dynamic and full of potential, with increasing levels of intra-regional trade, investment and interchange of management. Our companies in India in particular are an important source of quality management, innovation and relevant business processes, not only for Asia but also further afield.

Latin America

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	7 564	9 372	7 951	18%
Operating profit	681	804	741	8%

Turnover *Fl. million*



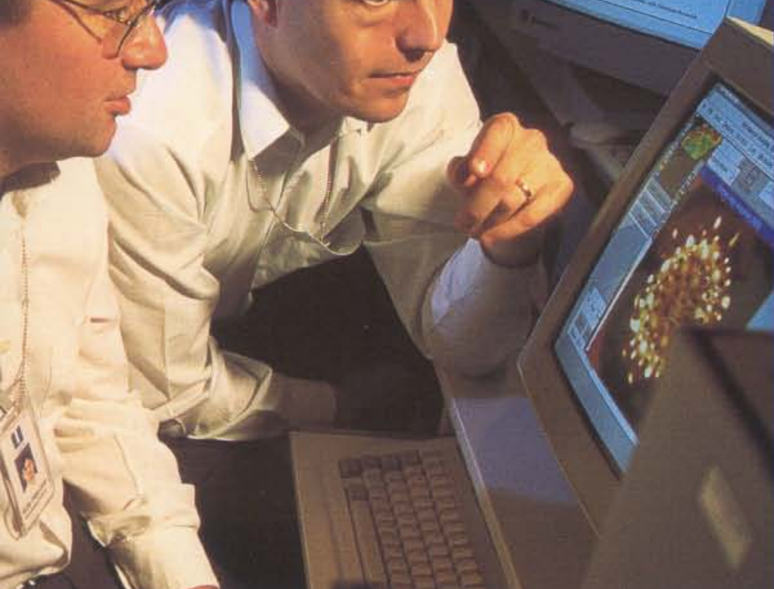
Operating profit *Fl. million*

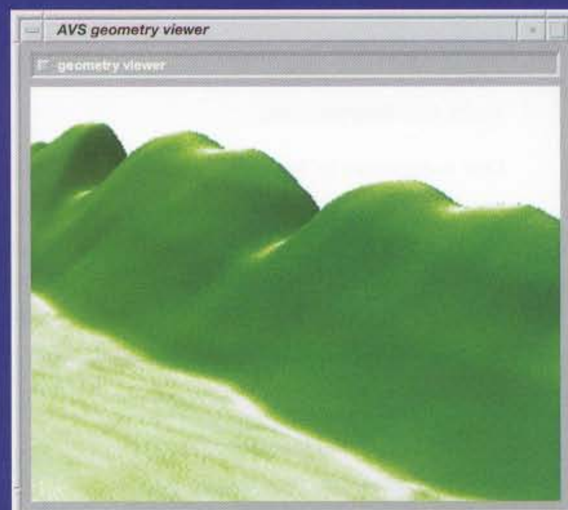
1995 was another year of strong volume growth. Most major countries improved in both volume and profit, with the best performances in Argentina and Chile. The acquisitions in Central America and Peru also enhanced volume and profits. In Brazil, however, the business did not repeat the exceptional performance of the second half of 1994 and profits returned to a more sustainable level. This was the main reason for the decrease in margin.

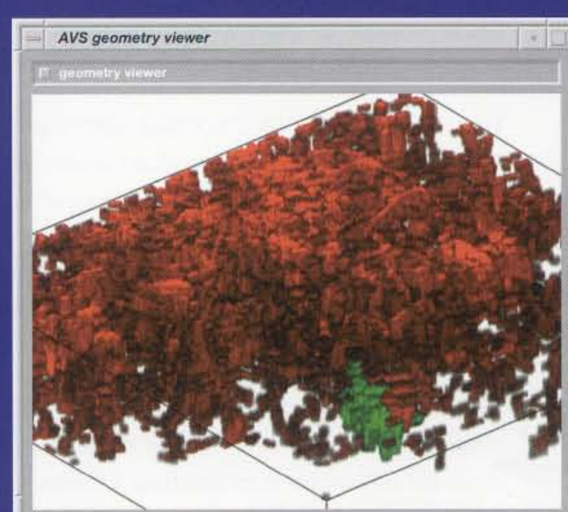
Our businesses in Argentina, Brazil and Chile continue to flourish, with exceptional strengths in detergents and personal products despite increasing competition. In the foods portfolio, however, much of which is still relatively new, progress was not as good as we would have liked, although in the latter part of the year there was an encouraging improvement as our brands began to respond to market investment.

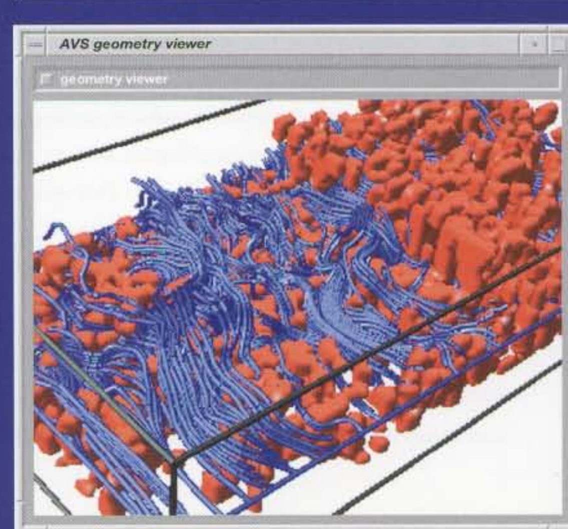
Trading conditions in Mexico were very difficult, as was to be expected after the December 1994 devaluation of the peso. With rising inflation and a declining GDP, the principal objectives were to preserve the substance of the business and hold market shares. Both objectives were achieved, together with a positive result. The decline in this region's 1995 results at current compared with

Sophisticated measurement techniques have been developed by Unilever Research to improve understanding of microstructures such as plaque, a complex biofilm composed of many different bacteria. Individual bacteria on the tooth surface can be imaged with atomic force microscopy (top right), whereas confocal light microscopy can image the biofilm's complex structure and highlight decay-causing organisms (middle). By combining measurement data with computer simulation, the flow of other materials through the structure (bottom right) can be modelled.









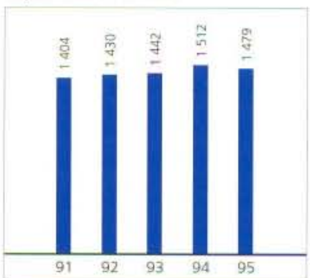
constant exchange rates is almost entirely due to the peso devaluation.

In Venezuela, adverse raw material price movements and a year end devaluation put a downward pressure on profits.

We have been active in acquisitions, both to strengthen our foods interests and to expand to new countries. As a result we now have a direct presence in almost every Latin American country. The leading tea company in Chile was acquired and a first entry was made into frozen foods in Argentina. We re-entered Peru through a controlling share in the leading edible fats, soaps and personal products company.

Product concepts have in the past transferred well from South America to other parts of the world. Now the international interchange continues as the development of a low cost fabric cleaning detergent in Latin America, tailored especially for consumers with limited spending power, has drawn on the considerable experience already accumulated in India.

Research and development expenditure *Fl. million*



Technology and Innovation

Investment in research and development in 1995 was Fl. 1 479 million. In addition to the five major research laboratories in India, the Netherlands, the United Kingdom and the United States, a new Biotechnology Application Centre was opened in the Netherlands and a small research unit is currently being established in China. These central units are closely linked to development laboratories and innovation centres located in the majority of our operating companies around the world.

The central laboratories concentrate their substantial exploratory research programmes on those scientific and technological disciplines which will have the potential to make the greatest impact on our priority product categories. In specific areas of research there is close collaboration with universities and other scientific institutions. There are also formal links between exploratory science and the product innovation programmes. The overall objective is to ensure that our science is excellent in quality and relevant, and that it flows without interruption into our brands.

There is now a greater focus on fast growing markets outside Europe and the United States, and an increasing proportion of the total expenditure is being directed towards specific projects for these markets. The laws of science may be the same everywhere in the world, but consumers are not; innovation must therefore be tailored to the specific requirements of each regional or national market. This is where our sophisticated international studies in consumer science have a particularly important role to play.

A disciplined innovation process encourages creativity. Although speed to market is increasingly essential for competitive success, innovation has to be within a well defined framework. A major initiative has been taken to train research teams in project management and to improve procedures. A network of innovation centres has been established in major countries around the world – and more will follow. These are designed to work closely with the central laboratories to develop innovative ideas from specific market briefs into products with maximum competitive impact. A good example of the output of this process is *Organics* shampoo. *Organics* was developed through collaboration between innovation centres in Bangkok and Paris and central research. The product was first launched in Thailand in 1993 and has since been extended to over 40 countries.

Actions taken in recent years to improve the productivity of assets in all areas of the business and to raise the reliability and flexibility of manufacturing assets are now beginning to show positive results.

Information Technology

Information technology is changing the way international business is conducted. Unilever's worldwide business operations are increasingly being drawn together through transnational processes and powerful information technology networks and applications. This new way of working provides global scale and synergy to product innovation and to support processes such as buying. It also facilitates international team working.

The Unilever Network connects operating companies in 78 countries and carries a wide range of services from electronic mail to databases that enable the sharing of information. Over 55 000 employees have access to on-line communications; many of them participate in project teams, using desk-top software to share information. This allows important business trends to be communicated quickly for better decision making and also assists product development by teams working across frontiers and time zones.

Video conferencing is available in over 80 locations, enabling face to face discussions to take place between up to ten sites simultaneously. This provides an immediate and efficient means of communication as an alternative to the time and energy consumed by travel. In India, modern low cost satellite technology is being used to improve telephone links and computer communications to more than 150 locations.

Information technology resources are being concentrated towards understanding the consumer better by means of faster dissemination of more up to date information about trends in markets. This ensures more focused innovation which in turn is the key driver of growth. Some of our companies have been pioneers in developing the Internet for advertising their products, providing a direct interactive channel to consumers and thereby opening up new opportunities for market research. Supply chains are now being managed internationally, supported by new ways of working and new systems. Information technology is being used to accelerate the speed of response to customers in an increasingly competitive environment.

Sales forces are being equipped with technology for multi-media sales presentations. This form of communication has been used to introduce new products to the trade, enhance sales presentations and deliver product information direct to the consumer by way of in-store computers.

Information technology will increasingly provide new channels of communication, both internally between all locations and externally to consumers, customers and suppliers. It will provide the means for Unilever to capitalise on its unique blend of global and local strengths. The benefits of shared knowledge, wherever it resides, are increasingly available to all of our companies, enabling its rapid exploitation for competitive advantage.

Environmental Responsibility

Effective environmental management has a direct bearing on our long term business performance and reputation. Our policy is continuously to improve the environmental impact of all our activities, to ensure that our products and processes are wholly safe and to maintain the highest standards of occupational health and safety in all our offices and factories. Environmental issues are therefore increasingly integrated into the

Research must be consumer focused and technology driven - a worldwide commitment mainstream of our activities. Our diverse businesses throughout the world face very different environmental issues, and we have to ensure that, whilst responding to local requirements, they also adhere to our own exacting standards.

Our first Environment Report will be published in 1996. This will explain how Unilever is implementing its Environment Policy worldwide, set out management systems and responsibilities and describe the priorities of each of the product groups and some of the achievements which have already been made.

For example, Unichema's Emmerich site has successfully passed the European Union Environmental Audit, the first site in Germany to obtain this new certificate. The introduction of a new detergents manufacturing process in some major factories in Asia and Europe is leading to 80% energy savings. In Brazil, the volume of liquid effluent arising from the production of personal products is 95% lower than in 1990. New irrigation methods developed with our vegetable suppliers are reducing the need for chemical fungicide treatment.

We will report regularly on our environmental performance to ensure that our employees, shareholders and customers, and others, are fully informed of how we are progressing.

There is still much to do, but we are confident that our strengths in research and development and our understanding of consumer needs will deliver products and services which provide excellent performance and value, together with progressively lower environmental impact.

We recognise that the environmental improvements needed to move towards sustainable development can be achieved only through partnership. Unilever continues to participate fully around the world in a wide range of collaborative programmes with industry, government, academic and community organisations to improve knowledge and promote best practice.

People

Unilever's international strength has been built on the skills of its people. Whilst the local operating companies in which most of them work remain the driving force of the business, we are moving skills, knowledge and ideas around the world more than ever before. The networks created provide a unique strength in the drive to spread innovation and efficiency throughout our operations.

Unilever recruits over 1 000 graduate trainees worldwide every year. They are selected not only for their intellect, leadership potential and drive, but also for their external orientation. In their Unilever careers not all will work abroad, but most will have roles that have an international dimension. Initiatives to encourage this perspective include a regional swap scheme in South East Asia whereby high potential trainees go on a six month regional placement in their first two years, switching countries with other trainees. Sixty trainees took part in 1995. In Africa, in addition to local recruitment, we recruit nationals who are studying abroad, offering them an international career that will start in their home country. Ten joined in 1995.

A high priority is placed on building skills and knowledge across the organisation through formal training and experience on the job. Managers now spend an average of seven days each year on training events. Courses are run at national, regional and international level. The current emphasis is on developing skills worldwide in our chosen categories and fast-growing regions. For example, a 'university' offering a full spectrum of management and functional skills courses has been created in Central Europe. These courses have presenters from all over the Unilever world, sharing best practice. So far 250 employees have attended. An 'Ice Cream Academy' was opened in 1995 in the Netherlands. It is a centre of excellence providing specific category training especially for those in newly-established ice cream businesses in emerging markets. In 1995 there were seven courses involving 200 employees. Similar 'academies' will be set up for margarine and tea in 1996.

The senior management team at CICA in Brazil brings together four nationalities and a wealth of experience from around the Unilever world. Team members have worked previously in Belgium, India, Indonesia, the Netherlands, the UK and the USA. International teams like this are to be found in many Unilever companies, providing the business with a unique competitive advantage.

The CICA team:

Hrishi Bhattacharrya
Vice President
Indian
Previously Detergents Vice President and Head of Beverages business in India

Torvald de Coverly Veale
Category Group Director
English/Swedish
Previously Business Development Manager for Foods in East Asia and Pacific Region

Clovis Soares de Oliveira
Product Group Development Manager
Brazilian
Previously Development Manager in the Netherlands and the USA

Gunter Lemmens
Key Accounts Development Manager (Sales)
Belgian
Previously Trade Marketing Manager, CICA, Brazil

Antonio Solera Castilho
Logistics Director
Brazilian
Previously Logistics Director, Elida Gibbs, Brazil

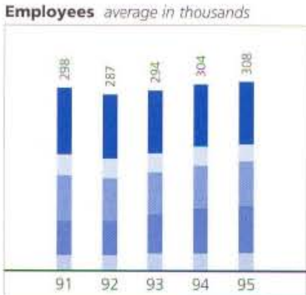
Our international competitive strength is the depth and quality of our people and their ability to network

The transfer of skills and knowledge across the organisation through expatriation is well-established, but the pattern is changing. The heavy reliance on developed countries as providers is being balanced by new sources and in Asia and Latin America by regional expatriation. East Asia has put a high priority on developing its regional resources and building regional teams and expertise. Consequently, the proportion of expatriates from within the region to total expatriates has risen in five years from 15% to 40%. Our Indian companies have become an important source of expatriates, with more than 50 managers working in senior positions around the world.

There is an increasing use of international project teams too, with employees in their local company linking with others abroad, supported by efficient use of information technology. Building and using these international networks is an important feature of the Unilever innovation process. It also provides an opportunity for skill interchange between countries.

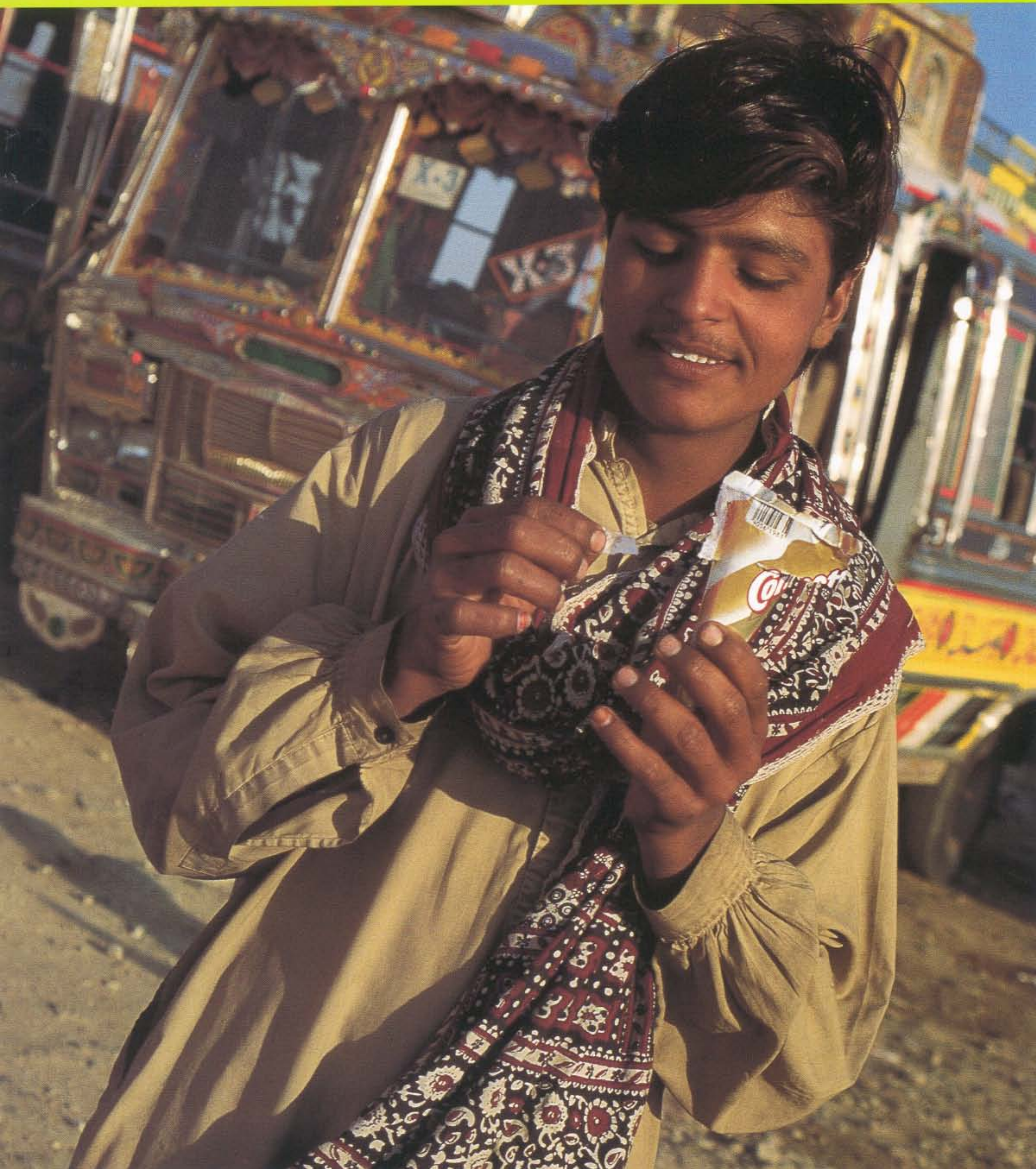
So although the vast majority of Unilever's 308 000 employees worldwide are locally employed to provide products and services for local consumers and customers, an increasing number of them are contributing either in person or via communications technology to Unilever businesses beyond their national boundaries. The opportunity is to build these skills and, in so doing, to provide new and interesting challenges for our employees.

Employees *average in thousands*



	91	92	93	94	95
Europe	109	105	102	101	101
North America	34	32	32	32	29
Africa and Middle East	74	69	68	69	72
Asia and Pacific	56	56	64	74	77
Latin America	25	25	28	28	29

Ice cream launched in Pakistan. 1995 was another year of expansion for Unilever's ice cream business, which entered four new countries: the Dominican Republic, Israel, Pakistan and Sri Lanka. The existing ice cream businesses in Canada, India and the Netherlands were strengthened by acquisition, and in China a new ice cream factory was completed in Shanghai.



New ways of working

We're focusing on our core businesses and concentrating on countries with growth potential.

We've made innovation the key word in the Unilever lexicon. Our new innovation centres are designed to produce brands and brand extensions – both locally and internationally – that meet the needs of the consumer. We're innovating, too, in the speed and efficiency of the way we roll out our successes. Developing brands in one part of the world, which are winners on the other side of it.

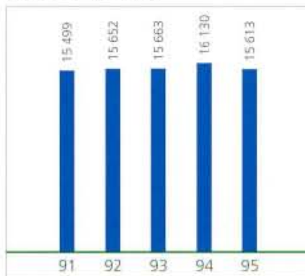
We're being single minded about being the multi-local multinational.

Foods

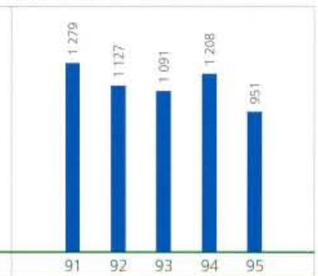
Oil and dairy based foods and bakery

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	15 613	16 951	16 130	5%
Operating profit	951	1 008	1 208	(16)%

Turnover *Fl. million*



Operating profit *Fl. million*



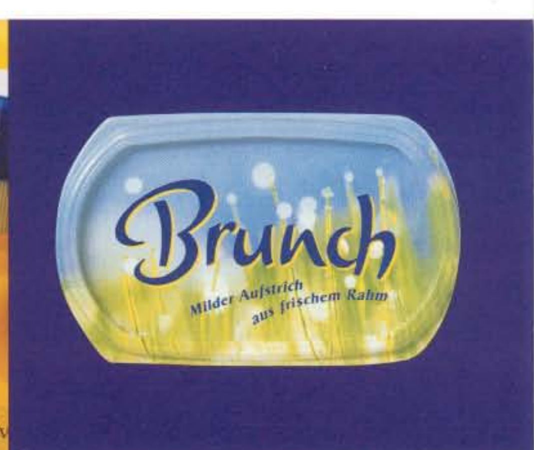
The market decline in North America and Western Europe continued, but at a reduced rate and more in line with long term trends. Our companies managed to compensate for some decline in volume with mix improvements and, in the United Kingdom and the United States in particular, with increased market shares.

The changing market dynamics and technologies make continuing restructuring inevitable in order to remain competitive. Exceptional items of Fl. 232 million, mainly further restructuring costs focused in Europe, were taken in 1995. Excluding these, profitability was above 1994 levels. There was some improvement in Europe, mainly from cost savings, but this was broadly offset by declining profits elsewhere, particularly in Turkey.

As always, innovation and the swift roll-out of successful concepts into new markets have played a key role. Important innovations included the *Yofresh* concept of

The new *I Can't Believe It's Not Butter* spray offers all the taste and nutritional benefits of the successful spread, in a form which is easy to use in cooking.

Brunch spread, introduced in Germany in 1995, uses an innovative combination of dairy ingredients to provide a tasty alternative to butter.



spreads and dressings containing yoghurt launched in Europe and the United States, *I Can't Believe It's Not Butter* spray margarine in the United States, and *Brunch*, a cream based spread in Germany.

There was less public concern about trans fats, which are now generally regarded as being equivalent to saturated fats. There was increasing recognition of Unilever's continued progress in improving the nutritional profile of our products, and the fact that our leading brands in Europe, such as *Flora* and *Becel*, are already virtually free of trans fats strengthened brand confidence.

Our brands are firmly established as market leaders in Central Europe and recorded strong growth in volume and profit. This is a good example of a successful transfer of concepts from neighbouring markets, with the appropriate expertise to meet local requirements.

Difficult trading conditions were encountered in a number of countries elsewhere in the world, but in Turkey in particular there was a marked decline in profit, caused by reduced purchasing power in a country with severe economic problems.

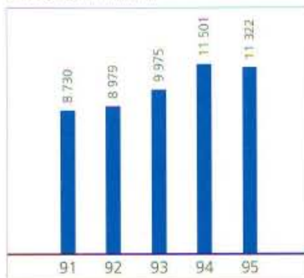
Bertolli is now well established as our international olive oil brand. Capitalising on its Italian heritage, it is the most widely available brand in world markets as well as market leader in the United States. In 1995, there was a shortage of supply of olive oil because of drought; the resulting escalation in costs had a major impact on volume and profitability.

There was a much improved result from bakery products in Europe, whereas problems persisted in the United States. The acquisition of British Arkady will lead to a more soundly based operation in the United Kingdom, and selected acquisitions in France have established a leading position in the supply of frozen bakery products. This is a market where we see good prospects.

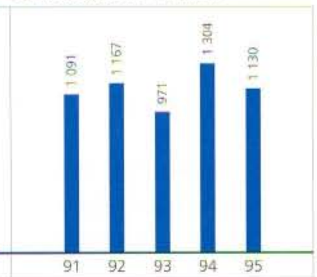
Ice cream and beverages

Fl. million	1995 *at current rates*	1995 *at constant rates*	1994	Change *at constant rates*
Turnover	11 322	12 294	11 501	7%
Operating profit	1 130	1 219	1 304	(6)%

Turnover *Fl. million*



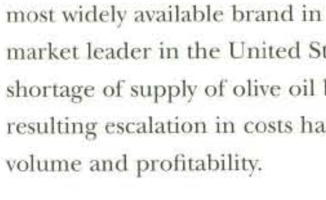
Operating profit *Fl. million*



Operating profit in 1995 includes exceptional items of Fl. 111 million, mainly restructuring costs for our European operations, whilst 1994 included exceptional profits on the disposal of beer and fruit drinks interests. Excluding these, underlying results were 7% ahead of 1994, with improved performance in all regions.

A good volume and profit performance in ice cream was partly offset by the effect of Thomas J. Lipton's planned reduction in trade stocks of tea in the United States.

It was a year of further geographical expansion in ice cream. We now have operations in 45 countries, covering all the continents. New businesses were started in Pakistan and Sri Lanka, further acquisitions were made in Canada, India and the Netherlands and a new joint venture managed by Unilever was started in Israel.



The combination of refreshing fruit purée and premium quality ice cream has made *Solero* an instant success in Europe. Launched in mid-1994 in the UK, *Solero* will be in 20 countries by mid-1996 – our fastest ice cream roll-out ever.

A second factory came on stream in China to supply the Shanghai region. In addition to our international brands, products have been successfully developed in many countries to suit local tastes and spending power.

Innovation and speed of roll-out play a critical role in ice cream. A quarter of all sales comes from products introduced in the last three years. For example, *Solero* was developed and launched in the United Kingdom in 1994, extended to twelve countries in 1995 and will be available much more widely in 1996. A worldwide network of innovation centres is being established to ensure coherent international development of all key brands.

The 1995 summer in parts of Northern Europe was exceptional, but in the South it was below par. The weather in Europe as a whole was not as favourable as in 1994; nevertheless volume, profit and market share all improved.

For some years now, aspects of the marketing arrangements employed by our European ice cream businesses have been the subject of investigations by various regulatory authorities and have been the subject of legal dispute. Some progress to resolve these issues was made during 1995 and efforts to this end continue.

In North America, our ice cream business is less weather related and goes from strength to strength, delivering another excellent result in 1995.

In tea, the reduction of trade stocks in the United States masked the progress in results elsewhere. Based on the international strength of the *Lipton* brand, our black tea operations continued to expand in new markets, some of which have vast potential. Our established businesses in Egypt and Indonesia grew strongly. In India, the largest market of all, sales and distribution structures were reorganised following the merger of the Brooke Bond and Lipton companies and in a highly competitive market, profits have begun to respond.

There was again substantial growth in ready-to-drink products. Well over one billion litres were sold under the *Lipton* name, unquestionably the leading brand worldwide. The acquisition of the Choky-Tropico beverages company substantially increased distribution in France.

Drinks based on tea powder are an interesting development. An instant tea mix has been successfully launched in Asian markets and a tea based breakfast drink in France has gained a positive response.

Culinary and frozen foods

Fl. million	1995 *at current rates*	1995 *at constant rates*	1994	Change *at constant rates*
Turnover	14 260	15 325	14 884	3%
Operating profit	693	749	846	(12)%

Turnover *Fl. million*

Operating profit *Fl. million*

Underlying volumes were 2% below 1994, mainly because of the steps taken in the United States to reduce Thomas J. Lipton's trade stocks.

Unilever entered the frozen foods market in the USA with the acquisition of the Gorton's frozen fish and seafood business in 1995. Gorton's long experience of bringing successful products to the US consumer will be complemented by Unilever's existing expertise in the production and marketing of fish products.

Operating profit includes exceptional items of Fl. 94 million, mainly restructuring costs focused in Europe. Excluding these, results are 6% below 1994. Profits in frozen foods were markedly enhanced, owing to portfolio management and cost improvements in Europe. The overall result of the category, however, carries the greater part of the burden of the reduction of Lipton's trade stocks in the United States.

The core element of the culinary category is a growing and profitable business in many parts of the world, which includes tomato products, wet and dry meal sauces, cooking aids and bouillons, mayonnaise, dressings and condiments. In addition, there are other products which are significant in certain countries. It is a large portfolio which is consistently under review; in 1995 the Revilla meat business in Spain and A&W restaurants in Canada were sold and the Colman's of Norwich business was acquired, bringing with it a leading position in dry sauces and mustard in the United Kingdom.

Attention has been focused on reaching a more detailed understanding of consumers' cooking, food preparation and eating habits and on further developing our science and technology base, particularly in tomatoes and flavours. This has assisted geographical expansion by ensuring that products are finely tuned to local taste.

Vigorous competition in pasta sauces in the United States ensures that the market continues to grow at 5% per annum. Leadership of the market with *Ragú* and *Five Brothers* was retained, but margins reflect the cost of maintaining share. In other tomato based products, the *CICA* brand in Latin America and Kissan in India recorded growth in volume and share.

In frozen foods the strategy of focusing on vegetables and fish, whilst building a strong third segment in poultry, is proving to be successful. Vegetables and poultry products performed particularly well; in frozen fish, on the other hand, there was consumer resistance to the price increases needed to cover the sharp rise in raw material costs. There was no growth in overall sales volume in Europe, but our share of the market was maintained. Profit improvement was very satisfactory, helped by the conversion of Mora in the Netherlands to a wholly owned subsidiary.

The Frudesa business in Spain, which was acquired in 1994, is now fully integrated into the European network. We are now expanding outside Western Europe through the acquisition of the leading *Gorton's* frozen fish brand in the United States and through small but promising beginnings in Argentina, Hungary and Mexico.

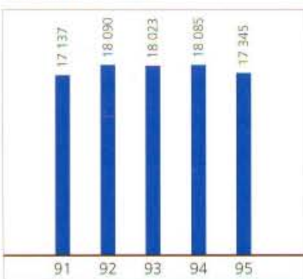
Consumers have responded enthusiastically to the quality ingredients used in *Five Brothers* premium pasta sauces which were launched in the USA in 1995.

Colman's, one of the UK's leading foods manufacturers, was acquired by Unilever in 1995. The *Colman's* range of mustards, condiments and sauces includes the new *Pasta Passion*.

Detergents

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	17 345	19 180	18 085	6%
Operating profit	1 145	1 255	1 278	(2)%

Turnover *Fl. million*



Operating profit *Fl. million*

The decline in operating profit is after an increase in restructuring costs of Fl. 163 million, mainly in the United States. Excluding these, profitability is 10% ahead of last year, with a particularly encouraging performance in the United States.

Worldwide volume and market shares increased and further progress was made to improve innovation processes and reduce structural costs. Whilst overall volume declined somewhat in Europe, this was compensated by growth in all other regions.

There was again a good performance in the fast growing, developing and emerging markets, where we have a particularly strong position. Sales in these markets now represent almost half of our worldwide sales of detergents. In 1995, we moved to build further on that position by acquisitions and joint ventures, some of them in countries new to Unilever. In the United States, organisational changes and continued restructuring have increased efficiencies and both sales and profitability improved. In Europe profits also increased, but over a 1994 profit which included the cost of writing off stocks following the failure of the launch of the *Power* range of fabrics detergents.

Sales of fabrics detergents in Europe have yet to recover; the total market declined, but we also lost share. The lessons of *Power* have been learned and are being vigorously applied. We are determined and confident that the lost ground will be recovered, but it will take time. Our North American fabrics detergents position, on the other hand, was much improved. In the priority liquids sector, sales rose by a quarter and there was a slight gain in share, despite some weakness in the powders sector. The closure of powders manufacturing capacity, already announced and included in the 1995 results, will deliver a further substantial improvement in profitability. We recorded strong growth in the principal markets of Central and South East Asia and Latin America.

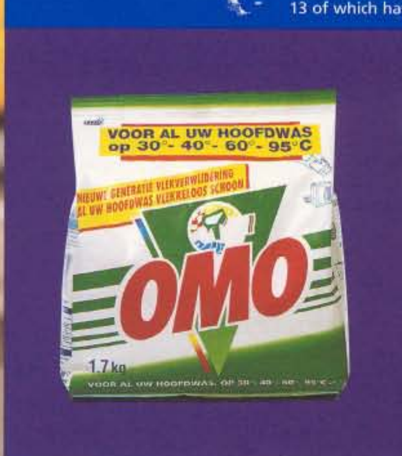
We expanded our worldwide lead in personal wash. *Dove* is now sold in 70 countries and is brand leader in North America and Western Europe. *Lux* is the world's leading soap and continues to grow outside Europe and North America.

Sales of homecare products increased in Asia and Latin America, but fell back in Europe. Recent innovations should provide the platform for a resumption of growth.

Lever Industrial International increased turnover, but profits were below last year in a very competitive and far from buoyant environment in Europe. The industrial and institutional markets offer opportunities for substantial profitable growth and we are positioned to benefit from those opportunities following a number of acquisitions, most importantly in North America. The proposed acquisition of Diversey will significantly strengthen our position in Europe and North America and create a business well capable of providing excellent customer service virtually everywhere in the world.

***Omo* - a truly international brand.** *Omo* detergent is sold in 50 countries, 13 of which have been added in the last three years. *Omo* adapts itself to the needs of each local market. There are as many formulations as consumer habits require. Local successes add up to an international brand with a turnover of Fl. 1 900 million.

Omo is sold in 50 countries,
13 of which have been added in the last three years



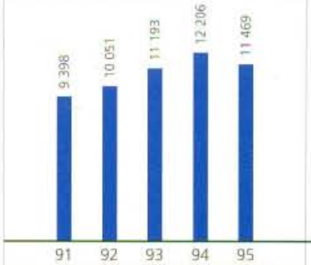
Adding value to *Pond's*. Since acquiring *Pond's* at the end of 1986, Unilever has given new life to this 150 year old brand through the successful *Pond's Institute* concept, product innovation and a programme of geographical expansion. The brand is now sold in 75 countries and has quadrupled in turnover since acquisition.

1846	1857	1907	1955	1986	1991	1994	1995
First product developed by Theron T. Pond in USA.	Brand name *Pond's Extract* first used.	*Pond's Vanishing Cream* and *Cold Cream* developed.	Chesebrough - Pond's formed.	**Chesebrough - Pond's acquired by Unilever. *Pond's* brand on sale in 27 countries.**	**Innovative *Pond's* facial cleansers launched.** ***Pond's Institute* advertising launched.**	***Pond's* facial moisturisers launched, with alpha hydroxy acids. International market leadership in face care reaffirmed.**	***Pond's* brand on sale in 75 countries.**

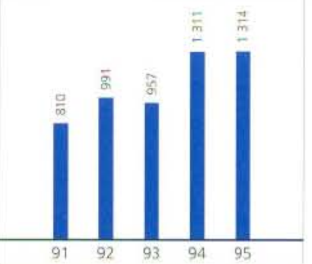
Personal Products

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	11 469	12 741	12 206	4%
Operating profit	1 314	1 492	1 311	14%

Turnover *Fl. million*



Operating profit *Fl. million*



The improvement in profit is again due to a very strong performance in the fast growing markets of Asia and Latin America and the continuing success of our Calvin Klein business in the United States. The Elizabeth Arden business suffered a considerable setback, as some recent innovations did not live up to expectations and both sales and profits were well below 1994. This was particularly the case in Europe and was the cause of a poor European result overall. Contrary to the general trend, very good profits were achieved in the United Kingdom.

The *Pond's Institute* concept is now used worldwide with a product portfolio designed to meet the different needs of local markets. The combination of *Pond's* and strong local skin care brands such as *Citra* in Indonesia, *Dawn* in South Africa and *Fair & Lovely* in India make very strong portfolios in these countries. In addition, we acquired *Hazeline*, a range of skin care products sold in China and seven other Asian countries, towards the end of the year. All these brands will provide opportunities for international transfer.

In oral care, *Mentadent* toothpaste in the United States continued to make excellent progress and a mouthwash and toothbrush were successfully introduced under the same name. In Europe, the launch of baking soda and micro granule toothpaste variants have helped to maintain market share.

In hair care, the main emphasis was on the roll-out of *Organics* shampoos and conditioners, already well established in South East Asia, throughout most of Europe, Latin America and in Japan. The brand has been well received and added a renewed impetus to growth in this sector.

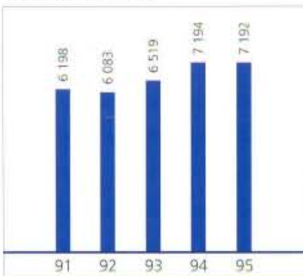
Although it was not a year for significant new activity in the deodorant market, the new skin-friendly range of products under the *Vaseline* name did well.

The fragrance market continued to grow strongly, galvanised by new product launches. *cK one* built on its spectacular success in the United States with an equally successful transfer to Europe. Within twelve months of its introduction, *cK one* is the leading fragrance brand in the United States and in the top five worldwide.

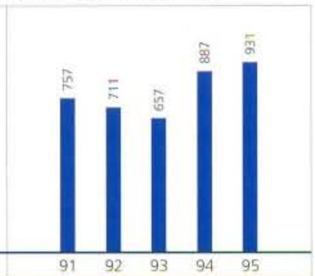
Speciality Chemicals

Fl. million	1995 at current rates	1995 at constant rates	1994	Change at constant rates
Turnover	7 192	7 885	7 194	10%
Operating profit	931	1 022	887	15%

Turnover *Fl. million*



Operating profit *Fl. million*



The speciality chemicals business achieved another satisfactory increase in sales and operating profits in 1995. The impact of higher raw material costs on margins in some areas was more than offset by improvements in other costs and some positive exceptional items, including a gain on the disposal of the LePage's business in Canada. A significant feature was the slow-down in market growth rates as the year progressed.

Speciality chemicals consists of five international companies, all managed on a worldwide basis. During 1995 a number of manufacturing investments were made to respond to the growing needs of global customers and additional sales offices were opened in China, Hungary, Poland, Russia and Vietnam.

Efforts continued to contain costs whilst providing more creative support to customers. A new regional business centre was opened by Quest in Chicago, bringing together expertise from a number of different sites. Loders Croklaan is merging with Quest's food division to provide greater support to key customers.

A critical initiative is the rapid improvement in information systems across the world to allow all available expertise to be focused on customers' needs, irrespective of time zones or geography. A specific example of this is the Global Innovation Network in National Starch, which links their research laboratories in Europe, Japan and the United States.

In National Starch, adhesives and resins both showed strong growth in sales value, but much of this was caused by unavoidable price increases to recover significantly higher costs of raw materials. In the starch division, food customers provided good volume growth, but there was lower offtake from paper manufacturers and other industrial customers.

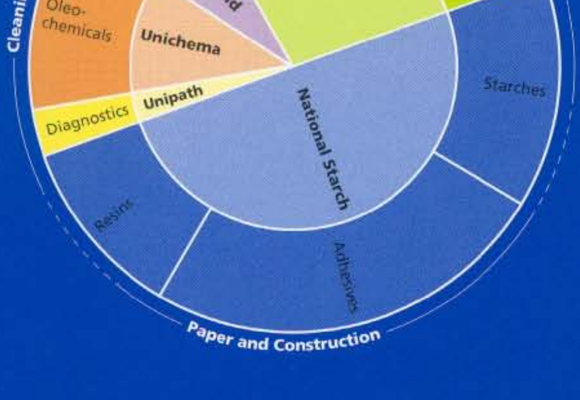
Following its major programme to reduce costs and streamline the business, Quest achieved further profit improvement. In fragrances, business was difficult because of high raw material costs, but in food flavours and ingredients, sales and profit growth continued, particularly in Africa and North America.

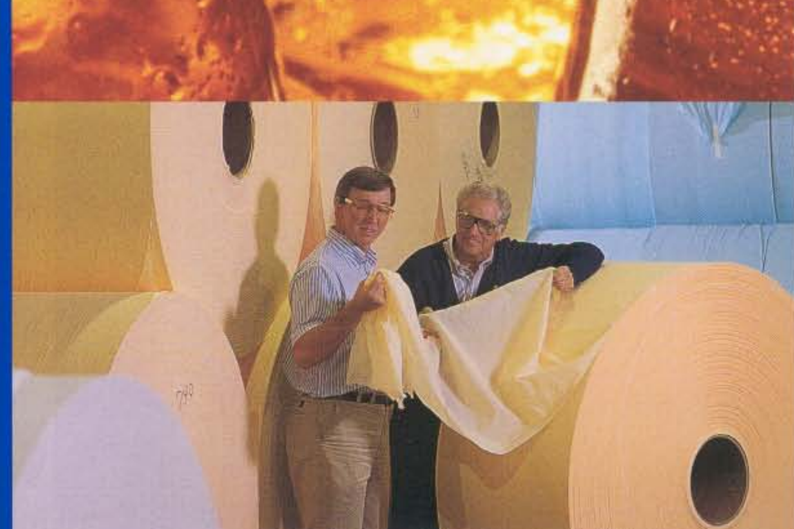
Unichema, which specialises in oleochemicals, had a particularly successful year. This was partly the result of favourable market prices for glycerine and other products, but cost containment and improvements in plant efficiencies also played a significant role.

Crosfield also benefited from good performances in its major markets of zeolites, silicas and catalysts.

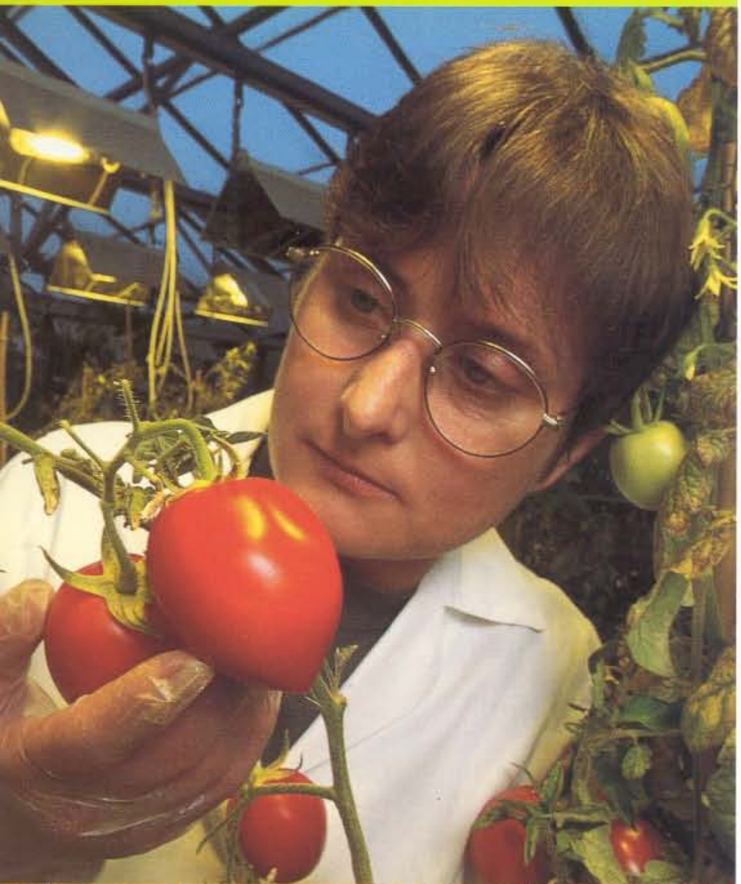
Unipath, our medical diagnostics business, had another successful year, both in terms of existing markets and new product developments. Results were helped by the settlement of a patent issue.

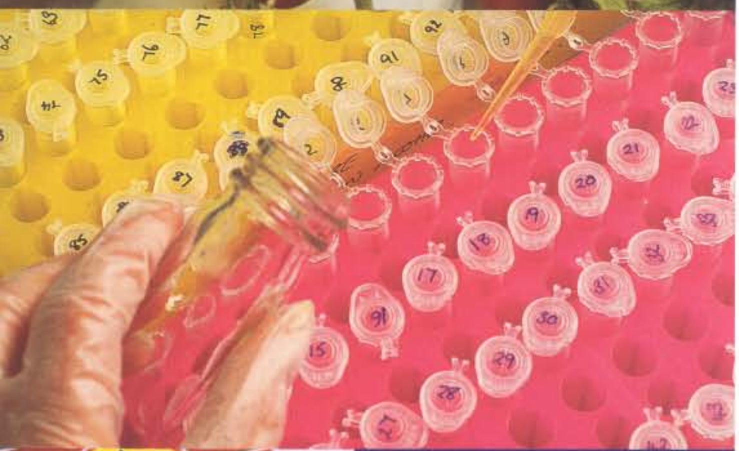
Speciality Chemicals is a group of five international companies. Each has its own particular areas of expertise, as shown in the diagram below. The products are sold to industrial customers and provide a high degree of functionality to their processes and products. For example, beverage customers can purchase flavours, enzymes, hydrocolloids and other ingredients, as well as silica gels for clarification and adhesives for labelling on high speed bottling lines.





Tomatoes are the subject of intensive research and breeding programmes at PBI Cambridge, Unilever's plant science company, acquired in 1987. The results benefit more recent acquisitions like CICA in Brazil and Kissan in India, which market processed tomato products. Unilever is now one of the largest tomato processors in the world.





Other Operations

Plantations and plant science

Palm oil prices in world markets were favourable, but improved profits from the sale of oil were not quite sufficient to cover the shortfall caused by low prices for our East African tea production, which were further depressed by adverse exchange rates. Good progress has been made in building closer linkages between our tea estate operations and the consumer tea business. There is a closely co-ordinated research programme involving Unilever Research in Europe and India with newly established field laboratories on estates in India and Kenya. During 1995 some 60% of our Indian estate production was used directly by Brooke Bond Lipton India Limited.

PBI Cambridge has continued to build arable crop breeding programmes in France and Germany, whilst the plant science resource is increasingly focused on programmes in support of raw material development for our foods business. Key projects in the foods area include work relating to bakery products, edible oils, tomatoes and vegetables.

Financial Review

The figures quoted in this Financial Review are in guilders, at current rates of exchange, unless otherwise stated. In this respect the profit and loss account and cash flow information are translated at annual average rates of exchange, whilst the balance sheet is translated at year-end rates of exchange.

Results

Turnover for the Group decreased by 3% to Fl. 79 703 million. The adverse impact on **Operating Profit** of these lower sales was further affected by exceptional restructuring charges and other costs of Fl. 585 million (1994: Fl. 173 million) leaving operating profit 9% down on last year. A segmental analysis of operating performance is given in the Business Overview and Review of Operations on pages 8 to 17 and 26 to 36 respectively.

Income from fixed investments declined, mainly reflecting the adverse impact of exchange rates on income from our investments in Nigeria and changes in the status of some operations from associates to subsidiaries.

Net interest costs increased by Fl. 37 million to Fl. 645 million. Average net debt at constant exchange rates rose by Fl. 966 million, mainly due to continued outlays on acquisitions. Net interest cover remained strong at 10.1 times.

The Group's effective **tax rate** on current year's profits was 36.2% compared to 35.8% in 1994. The increase mainly reflects higher tax rates in Australia, Brazil, France and Italy, combined with an adverse mix effect. As in 1994, but at a lower level, the year benefited from tax credits arising on the settlement of prior year tax liabilities.

Net Profit at constant exchange rates decreased by 7%. The Guilder strengthened significantly in 1995 and, on average, revalued some 7% against the currencies of our principal operations. Net profit at current exchange rates therefore decreased by 14%. Before exceptional items and at constant exchange rates net profit was identical to 1994.

Return on Capital Employed, which excludes goodwill eliminated in reserves, decreased to 14.2% from 16.9% in 1994.

Dividends and Market Capitalisation

Earnings per share declined by 14% from Fl. 15.52 to Fl. 13.26. Dividends paid and proposed on ordinary capital amount to Fl. 6.19 per Fl. 4 share. Despite lower earnings, the proposed dividend is maintained at the same level as in 1994. This takes the ratio of dividends to profit attributable to ordinary shareholders to 42.7% (1994: 36.6%). Profit of the year retained was Fl. 2 125 million.

Unilever's combined market capitalisation at 31 December 1995 was Fl. 62.9 billion, compared to Fl. 58.0 billion at the end of 1994.

Combined market capitalisation
Fl. million

Earnings & dividend per share
Guilders per Fl. 4 of ordinary capital

Net cash flow before investing activities *Fl. million*

Balance Sheet

The guilder strengthened against most currencies between the two balance sheet dates, the effect being a Fl. 784 million currency loss on retranslation of net assets.

Profit retained, after accounting for dividends, currency movements, and a Fl. 1 403 million net goodwill write-off on acquisitions, fell by Fl. 62 million to Fl. 13 260 million. Total capital and reserves fell by 1% to Fl. 13 989 million.

Cash Flow

Cash flow remains a key area of focus for the business. Net cash flow from operating activities of Fl. 8 189 million was Fl. 915 million lower than 1994, mainly reflecting higher outflows on working capital, principally caused by sales growth outside Europe and North America.

Net cash flow, before investing activities of Fl. 4 224 million, was Fl. 394 million below last year. This was after net interest payments of Fl. 658 million (1994: Fl. 579 million), dividends of Fl. 1 683 million (1994: Fl. 1 653 million), and tax payments of Fl. 1 669 million (1994: Fl. 2 317 million). Lower tax outflows mainly reflected reduced payments in Germany due to timing differences.

Following increased levels of capital expenditure in both 1993 and 1994, the level reduced in 1995 by Fl. 905 million to Fl. 3 070 million, partly as a result of the impact of exchange rates, with an increasing proportion of spending related to regions outside North America and Western Europe. Major capital projects approved during 1995 included investments in foods, mainly in ice cream, in China, Indonesia, Poland, the United States and Vietnam, and in speciality chemicals in the Netherlands, the United Kingdom and the United States.

A total of 38 businesses was acquired for a cash outlay of Fl. 1 872 million, focused in our core categories and regions. The largest acquisitions were Colman's of Norwich in the United Kingdom, Gorton's and Auto-Chlor System in the United States, Mora in the Netherlands and Hazeline in China and South East Asia. Almost half of the acquisitions in value terms, and three quarters in number, were outside Europe and North America.

There were 17 disposals, including our interests in A&W Food Services and LePage's in Canada, and the Revilla Group in Spain, with proceeds totalling Fl. 298 million.

Net debt (borrowings less cash and current investments) at the end of 1995 of Fl. 4 703 million was Fl. 86 million less than at the end of 1994. Debt levels were somewhat lower in the United States, partly offset by higher debt in other regions. Net gearing was maintained at 24%, despite the continued high level of investment in acquisitions, helped by the lower level of capital expenditure. Acquisitions and offers since the end of 1995, notably Diversey and Helene Curtis, will, if completed, add some Fl. 2 200 million to net debt.

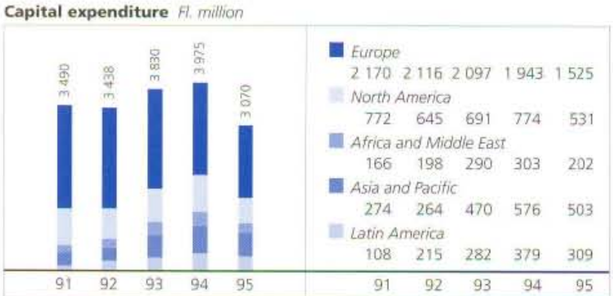
Unilever's net debt fluctuates with the seasonality of the business, typically peaking mid year. In 1995 net debt rose to Fl. 6 399 million at the end of June following payment of the 1994 final dividend, increased seasonal investment in working capital, and acquisition outflows.

Finance and Liquidity

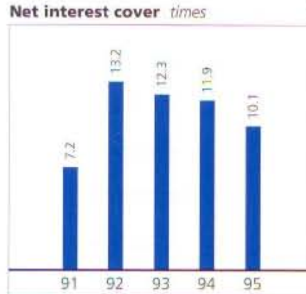
Unilever's financial position remains strong, enabling it to borrow in the major global debt markets at the lowest cost available to a corporate borrower, thus ensuring borrowing flexibility and a diverse funding base. Group policy is to finance operating subsidiaries through a mixture of retained profits, bank borrowings and loans from parent and group finance companies.

The international bond markets continue to be the main source of long term debt, mainly through the Debt Issuance Programme established in 1994. Long term debt decreased in 1995 by Fl. 150 million. New issues were mainly sourced from two US dollar denominated Eurobond issues, with maturities of five and ten years respectively. Funding was at fixed interest

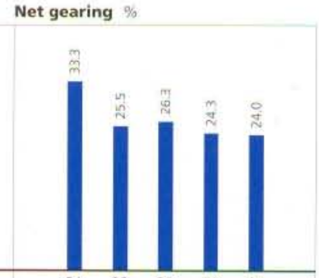
Capital expenditure *Fl. million*



Net interest cover *times*



Net gearing *%*



rates averaging 6.3%. Long term debt totalling Fl. 518 million, which matures in 1996, was reclassified to short term borrowings at the year end.

Long term borrowings are raised at fixed interest rates in major currencies and, as appropriate, swapped to floating rates and into the preferred currency. The maturity profile is spread over a ten year period to 2005. The proportion of long term debt repayable within five years increased in 1995 to 58%, compared to 49% at the end of 1994.

For short term finance, Unilever is active in commercial paper in the United States domestic markets, and operating subsidiaries fund day to day needs using local bank borrowings. At the end of 1995, short term borrowings were Fl. 2 950 million, a decrease of Fl. 272 million compared with 1994.

Almost half of Unilever's total borrowings are raised in US dollars, with the remainder mostly in guilders, French francs and sterling.

Cash and current investments at end 1995 totalled Fl. 3 707 million, Fl. 336 million lower than at the end of 1994.

Unilever has committed multi-currency credit facility agreements until 2000 with nine banks under which it may borrow up to US $ 2 700 million for general financing or acquisition purposes. No funds are currently drawn under these facilities.

Treasury and Hedging Policies

The Group treasury function operates as a cost centre governed by financial policies and plans agreed by the directors. Its purpose is to serve the needs of the business through the effective management of financial risk, to secure finance at minimum cost and invest liquid funds securely. All major areas of activity are covered by policies, guidelines, exposure limits, a system of authorities and independent reporting. Performance is closely monitored with independent reviews undertaken by the corporate Internal Audit function.

Unilever operates an interest rate management policy aimed at reducing volatility and minimising interest costs. Interest rates are fixed on a proportion of debt and investments for periods of up to ten years. The proportion fixed is higher in the near term than in the longer term, so increasing the predictability of short term interest costs, whilst maintaining flexibility to benefit from rate movements in the longer term. This is achieved through the issue of fixed rate long term debt, combined with the use of a range of straightforward financial derivative instruments.

Under the Group's foreign exchange policy, trading exposures are generally hedged, mainly through the use of forward foreign exchange contracts. Some flexibility is permitted within overall exposure limits.

Assets held in foreign currencies are, to a large extent, financed by borrowings in the same currencies. Consequently some 60% of Unilever's total capital and reserves at the end of 1995 were denominated in the currencies of the two parent companies. From an earnings perspective, some 18% of Unilever's 1995 net income was denominated in guilders, 17% in sterling, 15% in dollars and some 18% and 7% respectively in dollar and guilder related currencies.

To ensure maximum flexibility in meeting changing business needs, investment management policy is to concentrate Unilever's substantial liquid funds centrally in the parent and finance companies. These funds, mainly in guilders and sterling, are invested in short term bank deposits and marketable securities, or on-lent to subsidiaries.

Credit risk exposures are minimised by dealing only with a broad range of financial institutions with secure credit ratings, and by working within agreed counterparty limits. Counterparty credit ratings are regularly monitored and there is no significant concentration of credit risk with any single counterparty.

Further details on derivatives, foreign exchange exposures and other related information on financial instruments is given in the separate Unilever Annual Accounts 1995 booklet on page 20.

Organisation and Corporate Governance

Organisation

Legal Structure

The Unilever Group was established in 1930 when the Margarine Unie and Lever Brothers decided to merge their interests, whilst retaining their separate legal identities. Now known as Unilever N.V. and Unilever PLC respectively, these are the parent companies of what today is one of the largest consumer goods businesses in the world, with its corporate centre located in London and Rotterdam.

Since 1930, N.V. and PLC have operated as nearly as is practicable as a single entity. They have the same directors and are linked by a series of agreements which have the result that all shareholders, whether in N.V. or PLC, participate in the prosperity of the whole business. There is, in particular, the Equalisation Agreement which regulates the rights of the two sets of shareholders in relation to each other.

N.V. and PLC are holding and service companies and Unilever's businesses are carried on by their group companies around the world. N.V. and PLC have agreed to co-operate in every field of operations, to exchange all relevant information with regard to their businesses and to ensure that all group companies act accordingly. In most cases the shares in the group companies are held by either N.V. or PLC.

Further particulars of these arrangements are set out on page 2 of the separate Unilever Annual Accounts 1995 booklet. In particular, there is an explanation as to why N.V. and PLC and their group companies constitute a single group for the purpose of presenting consolidated accounts.

Management Structure

The activities of the companies worldwide are co-ordinated by product management groups and regional management groups. These are supported by a range of functional services.

The product management groups are responsible for the overall policy of the development, production and marketing of our foods, detergents, personal products and speciality chemicals businesses respectively. The foods management group is now sub-divided for reporting purposes into oil and dairy based foods and bakery, ice cream and beverages, and culinary and frozen foods, a change from 1994.

There are regional management groups for the consumer products companies in Western Europe; Central and Eastern Europe; North America; Africa and the Middle East; East Asia and Pacific, and Latin America and Central Asia. The prestige personal products and speciality chemicals operations are managed on a global basis.

The functional services are the responsibility of the Financial Director, the Research and Engineering Director and the Personnel Director.

In most countries where Unilever operates, a National Manager is responsible for contacts with local government, social policy and the provision of services. In North America, the President of Unilever United States fulfils this role.

Corporate Governance

Directors and Advisory Directors

Each of the 14 directors is a full time executive and is a director of both N.V. and PLC. In addition to their specific management responsibilities, Unilever's directors are jointly responsible as the Boards of Directors of N.V. and PLC for the conduct of the business as a whole.

The directors normally meet on a monthly basis with the chairmanship alternating between the Chairman of N.V. and the Chairman of PLC. They have adopted a schedule of matters which are reserved for decision by the Boards as a whole. Other matters are delegated to committees.

As the concept of the non-executive director, as recognised in the United Kingdom, is not a feature of corporate governance in the Netherlands, and the Supervisory Board, as recognised in the Netherlands, is unknown in the United Kingdom, it is not practicable to appoint non-executive directors who could serve on both Boards. However, a strong independent element has long been provided by Unilever's Advisory Directors.

The Advisory Directors are the principal external presence in the governance of Unilever. One of their key roles is to assure the Boards that the provisions for the corporate governance of Unilever are adequate and reflect, so far as practicable, best practice.

Although Advisory Directors are not formally members of the Boards, their appointment is provided for in the Articles of Association of both parents, and their terms of appointment, role and powers are formally enshrined in resolutions of the Boards. They comprise all, or a majority of, the members of certain key committees of the Boards. They attend at least four of the monthly meetings of the directors in addition to their committee meetings, other conferences of the directors and other meetings with the Special Committee.

Advisory Directors are appointed by resolutions of the Boards for a term of three years. They are appointed for a maximum of, normally, three consecutive terms but retire at age 70. Their remuneration is determined by the Board.

Board Committees

For the better governance of Unilever, the directors have established the following committees:

a) the Special Committee, which comprises the Chairmen of the two parent companies and, usually, a third member. Its responsibilities include setting long term strategies for the Group and approving strategies for the individual management groups. The Committee monitors their performance and sets overall financial policy. It also approves all senior management appointments. It normally meets formally at least once a week and informally more often than that.

b) an Audit Committee, which comprises three Advisory Directors. It reviews financial statements before publication and oversees financial reporting and control arrangements. It meets at least twice a year. Both the head of Unilever's corporate Internal Audit function and the external Auditors attend the Committee's meetings and have direct access to the Chairman of the Committee.

c) an External Affairs and Corporate Relations Committee, which comprises three Advisory Directors. It advises on external issues of relevance to the business and reviews Unilever's corporate relations strategy. It normally meets four times a year.

d) a Nomination Committee, constituted in December 1995, which comprises three Advisory Directors and the Chairmen of N.V. and PLC. It recommends to the Boards candidates for the positions of director, Advisory Director and member of the Special Committee. It meets at least once a year.

e) a Remuneration Committee, which comprises three Advisory Directors. It reviews the remuneration policy for directors and has responsibility for the Executive Share Option Schemes. It meets at least twice a year.

f) committees to conduct routine business, which comprise any two of the directors and certain senior executives. They administer certain matters previously agreed by the Boards or Special Committee. They meet as and when necessary, which may be several times each week.

All committees are formally established by Board resolutions with carefully defined remits. They report regularly and are responsible to the Boards of N.V. and PLC.

Reporting to Shareholders

The formal statements of the directors' responsibilities are set out on page 3 of the separate Unilever Annual Accounts 1995 booklet. These cover Annual Accounts, Going Concern and Internal Control. The report to shareholders by the Remuneration Committee, on behalf of the Boards, on directors' remuneration is set out on pages 31 to 36 of the Unilever Annual Accounts 1995. The Annual Accounts also contains, on page 37, a formal statement on Corporate Governance.

The Reports from the Auditors on these matters are set out or reported, as appropriate, on pages 4 and 37 of the Annual Accounts 1995.

Board Changes

As already announced, Sir Michael Perry will retire on 31 August 1996. His colleagues wish to record their appreciation of his most significant contribution to Unilever over 39 years of service, 11 of them as a director and four as a chairman.

Mr Niall FitzGerald was elected as a member of Special Committee with effect from 1 January 1996 and the Boards intend to elect Mr FitzGerald to succeed Sir Michael Perry as Chairman of PLC and a Vice-Chairman of N.V. Pending the outcome of a review of Unilever's organisation and management structure led by Mr FitzGerald, Dr Iain Anderson has assumed responsibility for detergents in addition to his responsibility for speciality chemicals.

All directors will retire from office, in accordance with the Articles of Association of N.V. and PLC, at the Annual General Meetings and offer themselves for re-election.

Dr Dieter Spethmann will retire as an Advisory Director at the Annual General Meetings in 1996. The directors wish to record their sincere appreciation of his contribution in that role during the past 19 years for N.V. and 18 years for PLC.

As anticipated by last year's Annual Report, Mr Robert M. Phillips was elected as a director at the Annual General Meetings in 1995 and Dr François-Xavier Ortoli retired as an Advisory Director.

Directors

Special Committee Unilever's Plural Chief Executive

Sir Michael Perry
Aged 62. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 1992. Member of Special Committee since 1991. Appointed director 1985. Joined Unilever 1957. Retiring 1996. Previous posts include: Chairman, Lever Brothers, Thailand 73/77. President, Lever y Asoc., Argentina 77/81. Chairman, Nippon Lever KK 82/83. Chairman, UAC International 85/87. Personal Products Co-ordinator 87/91.

Morris Tabaksblat
Aged 58. Chairman of Unilever N.V. and a Vice-Chairman of Unilever PLC since 1994. Member of Special Committee since 1992. Appointed director 1984. Joined Unilever 1964. Previous posts include: Managing Director, Lever, Brazil 77/81. Chairman, Lever Sunlight, Netherlands 81/84. Personal Products Co-ordinator 84/87. Chairman, Chesebrough-Pond's 87/88. Regional Director, North America 88/89. Chairman, Foods Executive 89/92.

Niall FitzGerald
Aged 50. A Vice-Chairman of Unilever PLC since 1994. Member of Special Committee since 1996. Appointed director 1987. Joined Unilever 1967. Previous posts include: Managing Director, Van den Bergh & Jurgens, South Africa 82/85. Unilever Treasurer 85/86. Financial Director 87/89. Edible Fats & Dairy Co-ordinator 89/90. Member, Foods Executive 89/91. Detergents Co-ordinator 91/95.

Foods - United States

Jan Peelen
Aged 56. Chairman, Foods Executive since 1993 and responsible for Tea and Tea based Beverages and Culinary Products. Also responsible for US foods businesses. Appointed director 1987. Joined Unilever 1966. Previous posts include: Chairman, Van den Bergh en Jurgens, Netherlands 79/83. President, Indústrias Gessy Lever, Brazil 84/87. Regional Director, East Asia & Pacific 87/92.

Ice Cream & Frozen Foods - Europe

Antony Burgmans
Aged 49. Member of Foods Executive since 1994 and responsible for Ice Cream and Frozen Foods. Also responsible for Marketing Projects Group. Appointed director 1991. Joined Unilever 1972. Previous posts include: Marketing Director, Lever, Germany 85/87. Chairman, PT Unilever Indonesia 88/91. Personal Products Co-ordinator 91/94. Responsible for South European Foods business 1994.

Foods - Europe

Okko Müller
Aged 60. Member of Foods Executive since 1991 and responsible for Oil and Dairy based Foods and Bakery Products. Also responsible for European foods businesses except Ice Cream and Frozen Foods. Appointed director 1989. Joined Unilever 1963. Previous posts include: Chairman, Union Deutsche Lebensmittelwerke 81/89. Agribusiness Co-ordinator 89/91. Responsible for North European Foods business 91/94.

Detergents and Speciality Chemicals

Iain Anderson
Aged 57. Chemicals Co-ordinator since 1992 and Detergents Co-ordinator since 1996. Also responsible for North America Regional Management. Appointed Director 1988. Joined Unilever 1965. Previous posts include: Chairman, PPF International 81/83. Chemicals Co-ordination and Chairman, Medical Products Group 83/85. Chairman, Batchelors Foods 85/88. Corporate Development Director 88/92.

Personal Products

Robert Phillips
Aged 57. Personal Products Co-ordinator since 1994. Appointed director 1995. Joined Unilever in 1986 upon Unilever's acquisition of Chesebrough-Pond's. Previous posts include: President, Chesebrough-Pond's 86/92. CEO, Chesebrough-Pond's 88/92. Chairman and CEO, Unilever Prestige Personal Products 92/94.

Financial

Hans Eggerstedt
Aged 57. Financial Director since 1993. Also responsible for Information Technology Group. Appointed director 1985. Joined Unilever 1965. Previous posts include: Managing Director, Unilever Turkey 78/81. Chairman, Nordsee, Germany 81/83. Unilever Treasurer 83/85. Frozen Products Co-ordinator 85/90. Regional Director for Continental Europe 89/92. Commercial Director 90/92.

Research & Engineering

Ashok Ganguly
Aged 60. Research & Engineering Director since 1990. Also responsible for Patent Division. Appointed director 1990. Joined Unilever 1962. Previous posts include: Development and General Factory Manager, Hindustan Lever 71/76. Technical Director, Hindustan Lever 77/80. Chairman, Hindustan Lever 80/90.

Personnel

Clive Butler
Aged 49. Personnel Director since 1993. Also Regional Director for Europe. Appointed director 1992. Joined Unilever 1970. Previous posts include: Chairman, Philippine Refining 83/86. President, Foods Division, Lever Brothers, USA 86/89. President, Van den Bergh Foods, USA 89/90. Foods Executive 90/92. Corporate Development Director 1992.

Latin America & Central Asia

Christopher Jemmett
Aged 59. Regional Director, Latin America & Central Asia since 1992. Appointed director 1988. Joined Unilever 1958. Previous posts include: President, Unilever Japan KK 73/77. Chairman, BOCM Silcock 78/80. Overseas Committee 80/87. Chairman, UAC 87/88. Regional Director, Africa & Middle East 88/92. Agribusiness Co-ordinator 91/92.

East Asia & Pacific

Alexander Kemner
Aged 56. Regional Director, East Asia & Pacific since 1993. Appointed director 1989. Joined Unilever 1966. Previous posts include: Marketing Director, Van den Berghs & Jurgens, UK 80/83. Chairman, Van den Bergh en Jurgens, Netherlands 83/86. Deputy Food & Drinks Co-ordinator 86/89. Food & Drinks Co-ordinator 89/90. Member, Foods Executive 89/92.

Africa & Middle East and Central & Eastern Europe

Roy Brown
Aged 49. Regional Director, Africa & Middle East since 1992 and Central & Eastern Europe since 1994. Also responsible for Plantations and Plant Science Group. Appointed director 1992. Joined Unilever 1974. Previous posts include: Chairman, Pamol Plantations, Malaysia 84/86. Operations Member, Agribusiness Co-ordination 86/87. Chairman, PBI Cambridge 87/89. Chairman, Lever Brothers, UK 90/92.

Special Committee

Unilever's Plural Chief Executive

Morris Tabaksblat

Sir Michael Perry

Niall FitzGerald

Foods Executive

Foods - United States
Jan Peelen

Ice Cream & Frozen Foods - Europe
Antony Burgmans

Foods - Europe
Okko Müller

Product Directors

Detergents and Speciality Chemicals
Iain Anderson

Personal Products
Robert Phillips

Functional Directors

Financial
Hans Eggerstedt

Research & Engineering
Ashok Ganguly

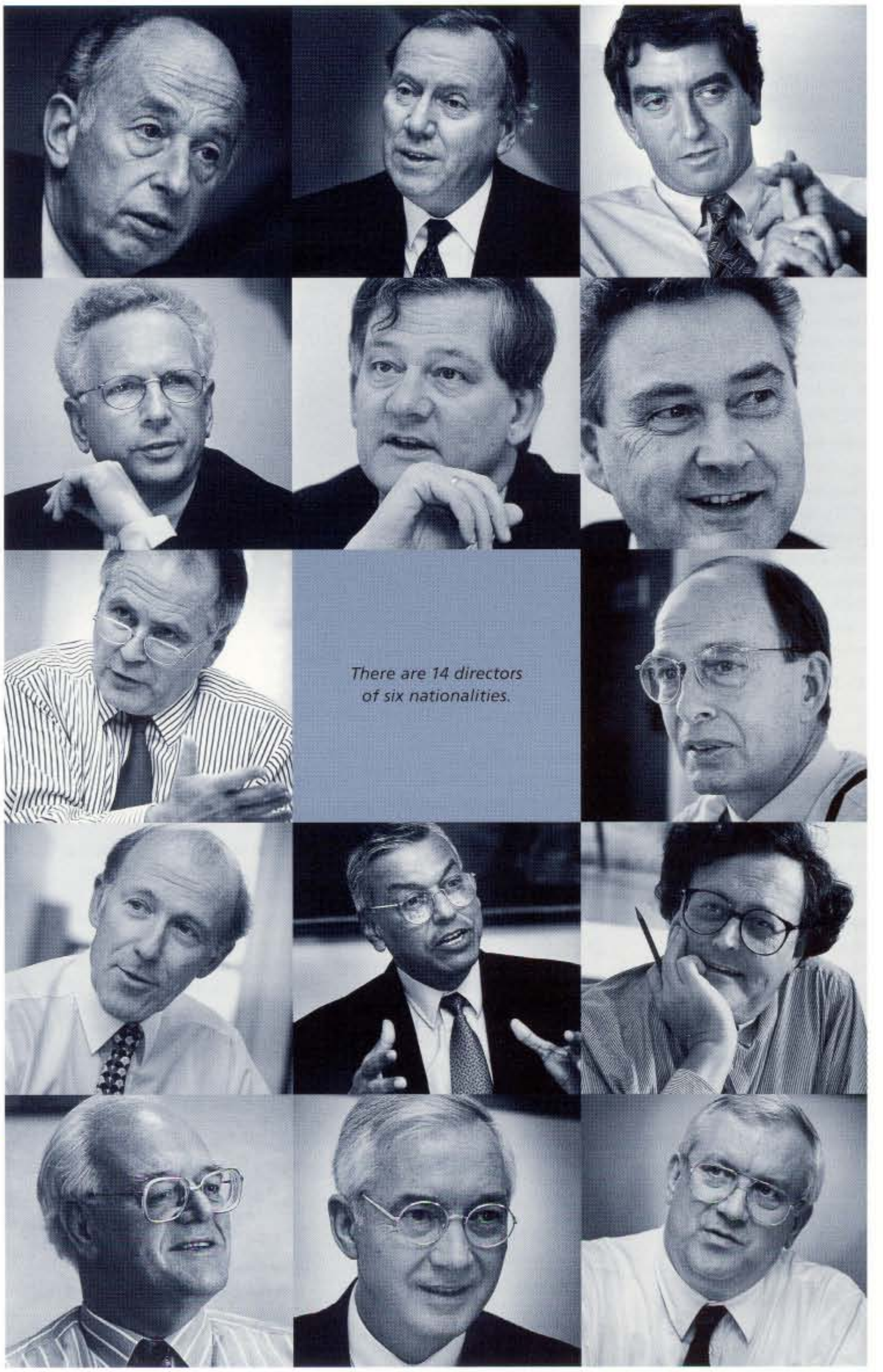
Personnel
Clive Butler

Regional Directors

Latin America & Central Asia
Christopher Jemmett

East Asia & Pacific
Alexander Kemner

Africa & Middle East and Central & Eastern Europe
Roy Brown



Advisory Directors and Board Committees

Sir Derek Birkin
Aged 66. Appointed 1993. Chairman, Tunnel Holdings 75/82. Director, RTZ Corporation since 1982, Chief Executive 85/91 and Chairman since 1991. Director, Carlton Communications and Merck & Co. Inc. (USA) since 1992.

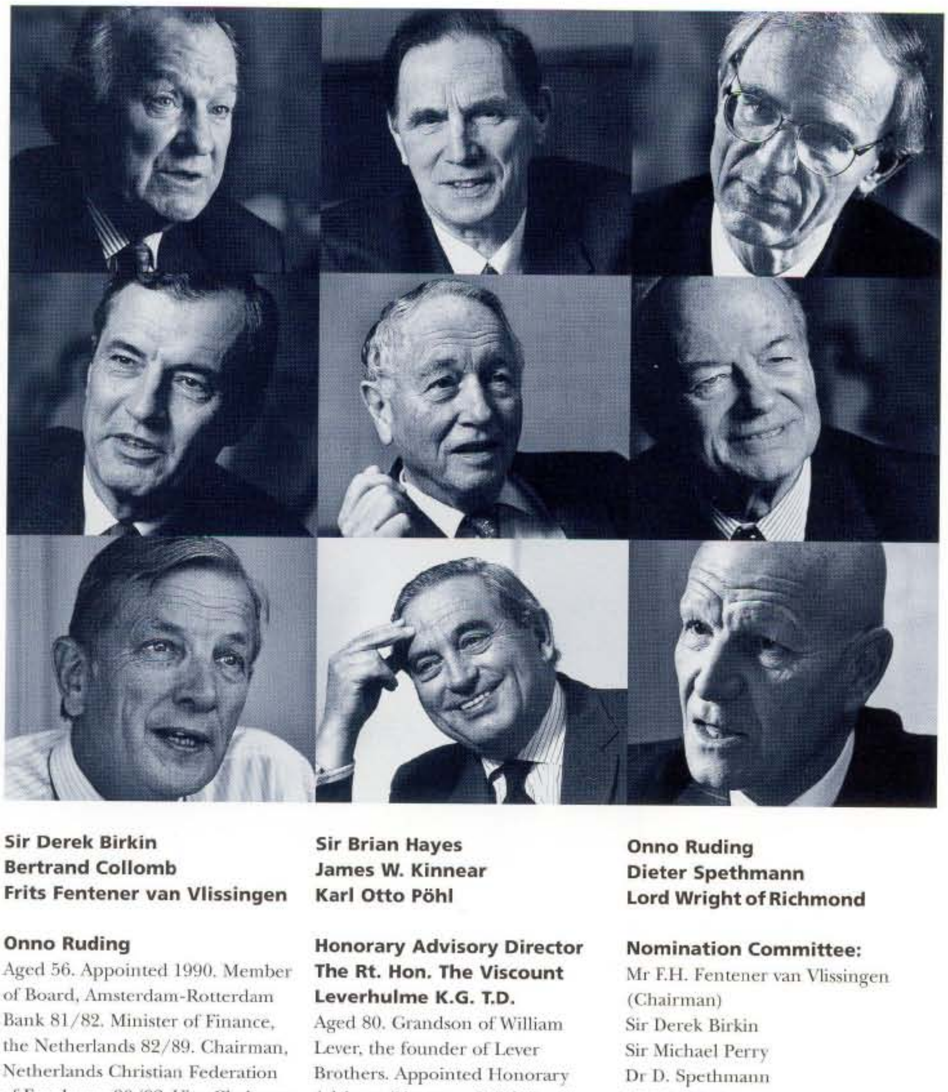
Bertrand Collomb
Aged 53. Appointed 1994. French government administrator 66/75. Lafarge Group since 1975. Chairman and Chief Executive Officer, Lafarge since 1989. Member, European Round Table of Industrialists. Chairman, Institut de l'Entreprise. Director, Elf Aquitaine since 1994.

Frits Fentener van Vlissingen
Aged 62. Appointed 1990. Member, Executive Board SHV Holdings 67/75, and Chairman, 75/84. Managing Director, Flint Holding since 1984. Member, Supervisory Board, Amsterdam-Rotterdam Bank 74/91, ABN AMRO Bank since 1991 and Akzo Nobel since 1984.

Sir Brian Hayes
Aged 66. Appointed 1990. Permanent Secretary, Ministry of Agriculture, Fisheries and Food 79/83. Joint Permanent Secretary, Department of Trade and Industry 83/85 and sole Permanent Secretary 85/89. Director, Tate & Lyle and Guardian Royal Exchange since 1989.

James W. Kinnear
Aged 67. Appointed 1994. Vice-Chairman, Texaco Inc. 83/86, and President and Chief Executive Officer 87/93. Director, Corning Inc. since 1978, ASARCO Inc. since 1990 and Paine Webber Group Inc. since 1994.

Karl Otto Pöhl
Aged 66. Appointed 1992. Secretary of State, German Ministry of Finance 72/77. Deputy President, Deutsche Bundesbank 77/79 and President 80/91. Partner, Sal. Oppenheim Bank since 1992.



Sir Derek Birkin
Bertrand Collomb
Frits Fentener van Vlissingen

Sir Brian Hayes
James W. Kinnear
Karl Otto Pöhl

Onno Ruding
Dieter Spethmann
Lord Wright of Richmond

Onno Ruding
Aged 56. Appointed 1990. Member of Board, Amsterdam-Rotterdam Bank 81/82. Minister of Finance, the Netherlands 82/89. Chairman, Netherlands Christian Federation of Employers 90/92. Vice-Chairman and Director, Citicorp and Citibank since 1992.

Dieter Spethmann
Aged 69. Appointed 1977/78. Retiring 1996. Chairman, Executive Board of Thyssen, Duisburg 73/91. Chairman, Supervisory Board of Munich Re since 1978. Attorney at Law in private practice since 1991.

Lord Wright of Richmond G.C.M.G.
Aged 64. Appointed 1991. Permanent Under Secretary of State at the Foreign and Commonwealth Office and Head of the Diplomatic Service 86/91. Director, Barclays Bank, British Petroleum and De La Rue since 1991, and BAA since 1992. Chairman of Royal Institute of International Affairs since 1995.

Honorary Advisory Director
The Rt. Hon. The Viscount Leverhulme K.G. T.D.
Aged 80. Grandson of William Lever, the founder of Lever Brothers. Appointed Honorary Advisory Director of PLC for life on his retirement as an Advisory Director in 1985.

Board Committees

The memberships of the Board Committees are:

Audit Committee:
Sir Brian Hayes (Chairman)
Mr K.O. Pöhl
Dr O. Ruding

External Affairs and Corporate Relations Committee:
Lord Wright of Richmond (Chairman)
Mr B. Collomb
Mr J.W. Kinnear

Nomination Committee:
Mr F.H. Fentener van Vlissingen (Chairman)
Sir Derek Birkin
Sir Michael Perry
Dr D. Spethmann
Mr M. Tabaksblat

Remuneration Committee:
Mr F.H. Fentener van Vlissingen (Chairman)
Sir Derek Birkin
Dr D. Spethmann

J.W.B. Westerburgen
S.G. Williams
Joint Secretaries of Unilever
11 March 1996

Summary Financial Statement

Introduction

This Annual Review booklet and the separate booklet entitled 'Unilever Annual Accounts 1995' together comprise the full Annual Report and Accounts for 1995 of N.V. and PLC when expressed in guilders and pounds sterling respectively. This Summary Financial Statement is a summary of the Unilever Group's full annual accounts set out in 'Unilever Annual Accounts 1995'. That separate booklet also contains additional financial information and further statutory and other information.

For a full understanding of the results of the Group and state of affairs of N.V., PLC or the Group, both this Annual Review and 'Unilever Annual Accounts 1995' should be consulted. See page 48 for details.

The auditors have issued an unqualified audit report on the full accounts. The United Kingdom Companies Act 1985 requires the auditors to report if the accounting records are not properly kept or if the required information and explanations are not received. Their report on the full accounts contains no such statement.

The following summarised financial statements should be read with the directors' report set out earlier in this review, which mentions, to the extent applicable, any important future developments or post-balance sheet events.

Dividends

The Boards have resolved to recommend to the Annual General Meetings on 7 May 1996 the declaration of final dividends on the ordinary capitals in respect of 1995 at the rates shown in the table below. The dividends will be paid in accordance with the timetable on page 48.

N.V.	**1995**	1994	**PLC**	**1995**	1994
Per Fl. 4 of ordinary capital			Per 5p of ordinary capital		
Interim	**Fl. 1.48**	Fl. 1.48	Interim	**7.05p**	6.51p
Final	**Fl. 4.71**	Fl. 4.71	Final	**22.35p**	20.30p
Total	**Fl. 6.19**	Fl. 6.19	Total	**29.40p**	26.81p

For the purpose of equalising dividends under the Equalisation Agreement, Advance Corporation Tax (ACT) in respect of any dividend paid by PLC has to be treated as part of the dividend. PLC's 1995 final dividend has been calculated by reference to the rate of ACT which is due to come into force on 1 April 1996; if the effective rate applicable to payment of the dividend is different the amount will be adjusted accordingly and a further announcement made to the shareholders of PLC.

Statement from the Auditors

This statement is addressed to the shareholders of Unilever N.V. and Unilever PLC. We have audited the Summary Financial Statement set out on pages 45 to 47.

The Summary Financial Statement is the responsibility of the directors. Our responsibility is to report to you on whether the statement is consistent with the annual accounts and directors' report.

In our opinion the Summary Financial Statement of the Unilever Group set out on pages 45 to 47 is consistent with the full accounts and directors' report for 1995 and complies with the requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder.

Coopers & Lybrand
Registeraccountants
Rotterdam
As auditors of Unilever N.V.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
As auditors of Unilever PLC

11 March 1996

Summary Consolidated Accounts

Unilever Group	Fl. million 1995	1994
Profit and loss account *for the year ended 31 December*		
Turnover	**79 703**	82 590
Operating profit	**6 389**	7 030
Income from fixed investments	**120**	174
Non-operating exceptional items	**–**	38
Interest	**(645)**	(608)
Profit on ordinary activities before taxation	**5 864**	6 634
Taxation on profit on ordinary activities	**(1 975)**	(2 122)
Profit on ordinary activities after taxation	**3 889**	4 512
Minority interests	**(164)**	(173)
Net profit	**3 725**	4 339
Attributable to: **N.V.**	**2 315**	2 928
PLC	**1 410**	1 411
Dividends	**(1 600)**	(1 598)
Profit of the year retained	**2 125**	2 741
Combined earnings per share		
Guilders per Fl. 4 of ordinary capital	**13.26**	15.52
Pence per 5p of ordinary capital	**78.63**	83.59

Directors

The directors of Unilever during 1995 are shown on pages 42 and 43. Their total emoluments for the year ended 31 December 1995 were Fl. 20 million (1994: Fl. 23 million).

Accounting policies

The accounts are prepared in accordance with accounting principles generally accepted in the Netherlands and the United Kingdom except that:–

The treatment of deferred taxation, for which full provision is made, complies with Dutch legislation as currently applied rather than with Accounting Standards in the United Kingdom; and

N.V. and PLC shares held by employee share trusts and subsidiaries to satisfy options are deducted from capital and reserves as required by Dutch law whereas the United Kingdom Accounting Standard, UITF Abstract 13, would classify such shares as fixed assets. UITF 13 has been adopted in other respects from 1 January 1995 and prior year figures have been restated on a comparable basis.

Unilever Group

Balance sheet
as at 31 December

	Fl. million 1995	1994
Fixed assets	**22 042**	22 674
Current assets		
Stocks	**10 683**	10 168
Debtors	**11 757**	12 402
Cash and current investments	**3 707**	4 043
	26 147	26 613
Creditors due within one year		
Borrowings	**(2 950)**	(3 222)
Trade and other creditors	**(15 749)**	(16 248)
Net current assets	**7 448**	7 143
Total assets less current liabilities	**29 490**	29 817
Creditors due after more than one year		
Borrowings	**5 460**	5 610
Trade and other creditors	**926**	1 057
Provisions for liabilities and charges	**8 220**	8 221
Minority interests	**895**	783
Capital and reserves	**13 989**	14 146
Attributable to: **N.V.**	**9 278**	9 151
PLC	**4 711**	4 995
Total capital employed	**29 490**	29 817

Cash flow statement
for the year ended 31 December

	1995	1994
Net cash inflow from operating activities	**8 189**	9 104
Dividends from fixed investments	**45**	63
Interest paid less received	**(658)**	(579)
Dividends paid	**(1 683)**	(1 653)
Net cash outflow from returns on investments and servicing of finance	**(2 296)**	(2 169)
Taxation	**(1 669)**	(2 317)
Capital expenditure less disposals	**(2 853)**	(3 651)
Acquisition and disposal of group companies	**(1 574)**	(1 375)
Other	**353**	22
Net cash outflow from investing activities	**(4 074)**	(5 004)
Net cash inflow/(outflow) before financing	**150**	(386)
Net cash inflow/(outflow) from financing	**(198)**	618
Increase/(decrease) in cash and cash equivalents	**(48)**	232

This Summary Financial Statement was approved by the Boards of Directors on 11 March 1996.

Sir Michael Perry *Chairmen of Unilever* **M. Tabaksblat**

Additional Information

Financial calendar

Annual General Meetings

N.V.
10.30 am Tuesday 7 May 1996
Concert- en Congresgebouw de Doelen
Entrance Kruisplein 30
Rotterdam

PLC
11.00 am Tuesday 7 May 1996
The Queen Elizabeth II Conference Centre
Broad Sanctuary, Westminster
London SW1P 3EE

Announcements of results

First quarter	2 May 1996	Nine months	8 November 1996
First half year	9 August 1996	Provisional for year	11 February 1997

Dividends on ordinary capital

Final for 1995	**N.V.**	**PLC**	***N.V. New York Shares***	***PLC American Shares***
Proposal announced	20 February 1996	20 February 1996	*20 February 1996*	*20 February 1996*
Ex-dividend date	8 May 1996	9 April 1996	*10 May 1996*	*15 April 1996*
Record date	–	17 April 1996	*14 May 1996*	*17 April 1996*
Declaration	7 May 1996	7 May 1996	*7 May 1996*	*7 May 1996*
Payment date	24 May 1996	24 May 1996	*3 June 1996*	*3 June 1996*
Interim for 1996				
Announced	8 November 1996	8 November 1996	*8 November 1996*	*8 November 1996*
Ex-dividend date	18 November 1996	18 November 1996	*14 November 1996*	*22 November 1996*
Record date	–	26 November 1996	*18 November 1996*	*26 November 1996*
Payment date	20 December 1996	20 December 1996	*20 December 1996*	*30 December 1996*

Preferential dividends

N.V.

4% Preference	Paid 1 January
6% Preference	Paid 1 October
7% Preference	Paid 1 October

United Kingdom capital gains tax

The market value of PLC 5p ordinary shares at 31 March 1982 was £1.235.

Listing details

N.V. The shares or certificates (depositary receipts) of N.V. are listed on the stock exchanges in Amsterdam, London, New York and in Austria, Belgium, France, Germany, Luxembourg and Switzerland.

PLC The shares of PLC are listed on The Stock Exchange, London and, as American Depositary Receipts, in New York.

Both N.V. and PLC participate in Eurolist.

Financial publications

Versions of this booklet are available, with figures expressed in pounds sterling, in English and, with figures expressed in guilders, in Dutch and English. The 'Unilever Annual Accounts 1995' booklet is available in the same versions.

Copies of all versions of both booklets can be obtained without charge from Unilever's Corporate Relations Department, Rotterdam or London (see below). They are also available from Unilever United States Inc., Corporate Affairs Department, 390 Park Avenue, New York NY 10022-4698 (telephone +1 212 906 4240; telefax +1 212 906 4666).

Addresses

Unilever N.V.
Weena 455
PO Box 760
3000 DK Rotterdam
Telephone +31 (0)10 217 4000
Telefax +31 (0)10 217 4798

Web site
http://www.unilever.com/corporate/

Unilever PLC
PO Box 68
Unilever House
Blackfriars
London EC4P 4BQ
Telephone +44 (0)171 822 5252
Telefax +44 (0)171 822 5951

Unilever PLC
Registered Office
Port Sunlight
Wirral
Merseyside L62 4ZA

Unilever PLC
Registrars
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone +44 (0)181 650 4866
Telefax +44 (0)181 639 2262

Methods of calculation

Return on capital employed is the sum of profit on ordinary activities after taxation, plus interest, after tax, on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.

Net gearing is net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt.

Net interest cover is profit before net interest and taxation divided by net interest.

Combined earnings per share are net profit attributable to ordinary capital, divided by the average number of share units representing the combined ordinary capital of N.V. and PLC less certain trust holdings.

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