



Unilever

ANNUAL
REPORT
for
1988



The greater part of Unilever's business is in branded consumer goods, primarily foods, drinks, detergents and personal products. Unilever's other major activities include speciality chemicals and agribusiness operations.

There are two parent companies: Unilever N.V. and Unilever PLC. The two companies operate as nearly as is practicable as a single entity, have identical Boards of Directors and are linked by a series of agreements of which the principal is the Equalisation Agreement. This Agreement equalises the dividends payable on the ordinary capitals of N.V. and PLC with the result that all shareholders participate in the prosperity of the whole business.

Consequently, it is the combined affairs of N.V. and PLC which are of importance to shareholders and this review deals with the operations and results of Unilever as a whole.

Report of the Directors

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Unilever in 1988 continued to grow and further improve its profitability. At constant exchange rates earnings per share rose by 15%. The movements in exchange parities once again produce a different picture depending on the currencies in which the results are reported. At year-end rates earnings per share increased by 20% in guilders, 10% in sterling and 7% in dollars.

With the sale of the remaining transport companies we have virtually completed the phase of reorganisation of our European business which started in 1983. Since then margin and profit have more than doubled. Our business in Europe has made fine progress.

With the business thus strengthened we feel confident that a Company as uniquely European as Unilever will be able to benefit from the considerable advantages of the Single European Market. We are actively preparing ourselves for the new competitive situation in which we will operate. Specifically this means that we will have to increase the speed of product innovation to serve the ever more demanding European consumer. In addition we will need to ensure that our



M.R. Angus F.A. Maljers

manufacturing facilities remain fully cost competitive, as always taking any social consequences properly into account. The European market of the future will create major growth opportunities and we intend to grasp them.

There is no doubt that our existing business activities offer considerable potential for growth. We have identified a number of specific product areas for strategic investment. One such is the prestige skin care market. As has already been announced we have signed a letter of intent to purchase the Fabergé and Elizabeth Arden businesses which would provide an important stake in that market and in the market for prestige fragrances too. Furthermore, they would give us an even broader base from which to grow our personal products business in the United States and elsewhere.

Another area for expansion is food, in particular food products of high quality, nutritional value and convenience in use. There are also growth opportunities in industrial markets such as bakery products, catering, cleaning systems and speciality chemicals.

In the United States acquisitions and the launch and extension of major brands in Lever Brothers have contributed to very significant increases in volume over the last few years, despite the unrelenting vigour of competition. In 1988 growth was at a more normal level with a further strengthening of market shares and margins. The incorporation of the Durkee industrial foods business and Pennant Products will add to growth in 1989.

We continue to build up our business in Japan and to invest in the other fast growing markets of the Far East. We also plan to accelerate the development of our food businesses in Africa, Asia and Latin America in response to the rising demand in many countries for quality and variety.

The pursuit of profitable growth will make even more demands upon our personnel, particularly our management. They have all made a splendid contribution to the improved performance of Unilever in recent years which merits the highest appreciation. We are confident that they will rise to the challenges to come.



M.R. Angus
Chairman Unilever PLC
Vice-Chairman Unilever N.V.



F.A. Maljers
Chairman Unilever N.V.
Vice-Chairman Unilever PLC

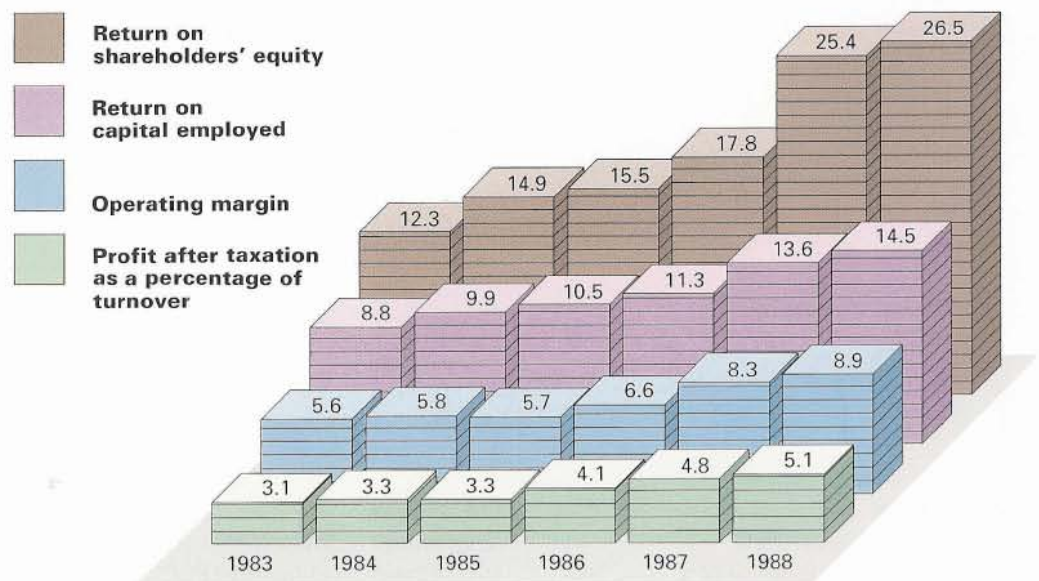
In Europe all business sectors performed well, with operating profit ahead of 1987 by 22% and 12% respectively in guilders and sterling. Particularly strong results were recorded in ice cream and tea, whilst edible fats, detergents, personal products and speciality chemicals all showed good gains. Operating margin rose from 7.6% to 8.6%.

Operating profit in North America was 14% ahead in US dollars, which translated into gains of 28% and 18% in guilders and sterling respectively. This improvement included a very strong performance by the speciality chemicals businesses; but results were good in all the major companies in the United States.

In the Rest of the World operating results in detergents were adversely affected by the rapid loss of value of the Brazilian Cruzado and market investment in other countries. This constrained overall operating profit improvement in the Rest of the World to 10% and 1% in guilders and sterling respectively, but masked strong gains in edible fats, food and drinks, personal products and speciality chemicals.

Exceptional costs in connection with business disposals and restructuring totalled Fl. 123 million (1987: Fl. 200 million), of which some 50% was in Europe. Exceptional gains arising from property sales were Fl. 256 million (1987: Fl. 213 million); almost all of them were in Europe.

All four key ratios set out in the chart below have improved again in 1988. The consistently upward trend of all the ratios over the six-year period is an encouraging and rewarding sign of the progress which has been made.

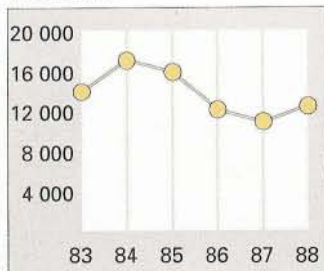


	1988	1987
Results		
Fl. million		
Turnover	61 961	55 111
Operating profit	5 486	4 572
Profit before taxation	5 262	4 417
Profit after taxation	3 168	2 640
Profit on ordinary activities attributable to shareholders	3 021	2 516
Extraordinary income	—	82
Ordinary dividends	(1 070)	(897)
Profit of the year retained	1 935	1 685
Earnings per share ^{a)}		
Guilders per Fl. 4 of ordinary capital	10.78	8.97
Pence per 5p of ordinary capital	44.68	40.54
Ordinary dividends		
N.V.: Guilders per Fl. 4 of capital	4.29	3.62
PLC: Pence per 5p of capital	13.40	12.09
Key ratios ^{a)}		
	%	%
Return on shareholders' equity	26.5	25.4
Return on capital employed	14.5	13.6
Operating margin	8.9	8.3
Profit after taxation as a percentage of turnover	5.1	4.8

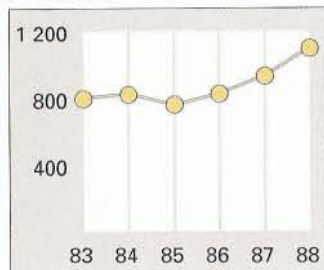
^{a)} For method of calculation see notes on page 37.

Margarine, Edible Fats & Oils, Dairy Products

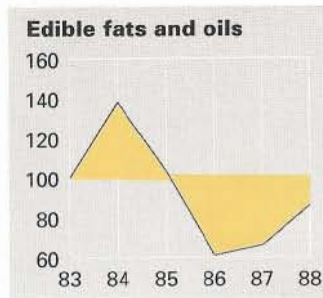
Turnover
(Fl million)



Operating profit
(Fl million)



World raw material price developments
Indices are based on yearly average prices expressed in US dollars 1983=100



We increased volume, profit and market share in Europe even though the retail market for edible fats and oils continued to decline. This performance was due in large measure to the success of our polyunsaturated health brands, such as *Becel* and *Flora*, whose rapid growth reflects increasing consumer awareness of the importance of healthy eating. Similarly consumer demand is leading to strong growth of low fat spreads and other low calorie products. In response to this demand we have extended our health and low calorie ranges throughout Europe with a greater variety of products.

We further improved our position in North America. Leadership of the United States retail market was strengthened by the continuing growth of *Country Crock* and the polyunsaturated health brand *Promise* of which an Extra Light variant was launched into a quarter of the country. The business in Canada benefited from the addition of the two major margarine brands acquired at the end of 1987.

We continued to make good progress in the Rest of the World and gains in volume and share have been registered in most countries. This was particularly so in Latin America with significant growth in Mexico. In Africa we maintained satisfactory shares in key market sectors and volume continued to grow despite some shortage of local oil supplies; however results were depressed by rigid price control in Kenya. Our businesses in Australasia have been strengthened by acquisition.

Our companies supplying the baking and catering trades in Europe achieved excellent growth. Changes in eating habits and a growing level of affluence in many countries have increased the opportunity and demand for added value products in these industries. We have entered the fast growing frozen dough market in Germany, France and Spain. Yeast has also been added to the bakery product portfolio by the purchase of The Distillers Company (Yeast) in the United Kingdom.

The scale of our operation in the United States has been transformed by the acquisitions of the Durkee industrial foods business and of Pennant Products, both of which have a substantial presence in the bakery materials, frozen dough and catering supply markets. Durkee has also considerably improved our position in the market for specialised industrial fats.

Moi, je me régale léger.



Moi, brosser les petits déj', jamais!
Un œuf, un toast, une pomme et hop,
je suis lancée.

J'adore manger. Mais léger! C'est pour
ça que j'aime Effi. De la minarine qui contient
deux fois moins de matières grasses et de
calories que la margarine et le beurre.

Pour un goût épatant: frais, léger. Tout ce que j'aime.

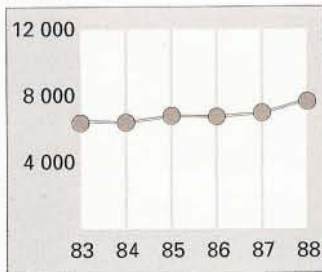
Effi. 50% de calories en moins, 100% de goût.

Valeur nutritive par 100g de minarine: matières grasses: 39,5g; protéines: 1,5g;
hydrates de carbone: 0,5g; valeur énergétique: max. 1.518kJ (360kcal).

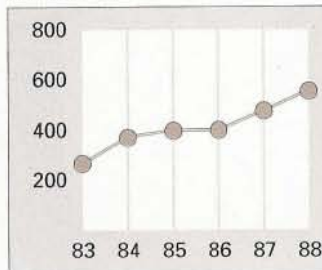
France/Belgium: Effi low fat spread.

Frozen Foods and Ice Cream

Turnover
(FI million)



Operating profit
(FI million)



The ice cream markets in most European countries continued to grow and we again improved upon an already strong position, particularly in the Mediterranean countries and in Sweden. Inventive technology has enabled constant innovation and continued improvement in product quality and we have been able to deploy the resulting novel ideas throughout Europe in the same summer season. Examples are *Twister*, an intricately shaped multi-flavour product, *Minimilk*, a nutritious product for young children and *Fruit-line*, a new type of ice cream with real fruit pieces.

Increasingly therefore we have developed strong international ice cream concepts supported by common international advertising, both for impulse purchase and for consumption in the home. This has been the foundation of the substantial growth of products of international repute such as *Cornetto* and *Viennetta*. Our new ranges of luxury Italian ice cream desserts have found a ready acceptance in other countries. The profitability of our European ice cream business has shown excellent growth.

We are actively studying markets with potential elsewhere in the world where consumption of ice cream is likely to show rapid growth. A new ice cream plant in Thailand will start production in 1989.

In frozen foods we have maintained our position in the highly competitive European markets which grew more slowly than in 1987 because a generally mild winter produced an abundance of low priced vegetables.

Product innovation remains extremely important and a number of products, which are imaginative in concept and convenient to use, have been added to our portfolio both in fish based meals and prepared green vegetables and potatoes. Some of these products were introduced into Japan with promising first results. Because of the efficiency measures introduced in all companies in recent years profitability has been much improved.

ΣΑΣ ΠΑΡΟΥΣΙΑΖΟΥΜΕ ΤΗ VIENNETTA.

ΤΟ ΝΕΟ ΕΝΤΥΠΩΣΙΑΚΟ ΠΑΓΩΤΟ ΤΗΣ ALGIDA.



Κοιτάξτε λίγο τη VIENNETTA.
Έχετε δει πιο εντυπωσιακό παγωτό;
Ασφαλώς, όχι.

Γι' αυτό πρέπει να σας το πούμε απ' την αρχή. Η VIENNETTA
παρά την απολαυστική και πλούσια κρέμα της, τις τραγανές και
τόσο προκλητικές στρώσεις από σοκολάτα, ίσως σας
δημιουργήσει ένα... μικρό πρόβλημα.

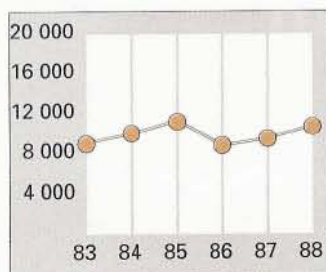
Ένα κομμάτι VIENNETTA δεν είναι ποτέ αρκετό.

VIENNETTA. ΕΝΑ ΠΑΓΩΤΟ ALGIDA

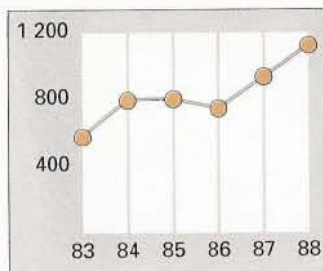


Food and Drinks

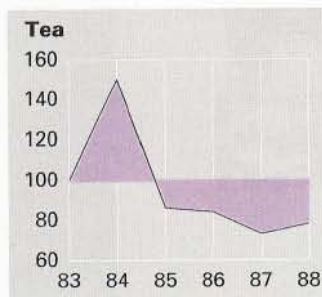
Turnover
(FI million)



Operating profit
(FI million)



World raw material price developments
Indices are based on yearly average prices expressed in US dollars 1983=100



1988 has been another good year for both sales and profits. Innovative new products and their rapid international transfer have contributed, as have acquisitions, business reorganisation and the rationalisation of production facilities. The merger of two subsidiary companies, Brooke Bond Oxo and Batchelors, has created a major force in the food industry in the United Kingdom. Our tea and coffee interests have been significantly strengthened by the acquisition of Bushells and Quality Packers which are being combined with Rosella Lipton and John West in Australia and New Zealand to form a strong and effective food and drinks operation. The German catering business has been enhanced by the acquisition of Kindler which produces a range of fresh salads and dressings for fast food outlets.

Our tea business once again achieved excellent results around the world. Iced tea in Europe is increasingly popular and there have been successful launches of flavoured teas in a number of countries. Other developments include the launch of a range of fruit drinks in India.

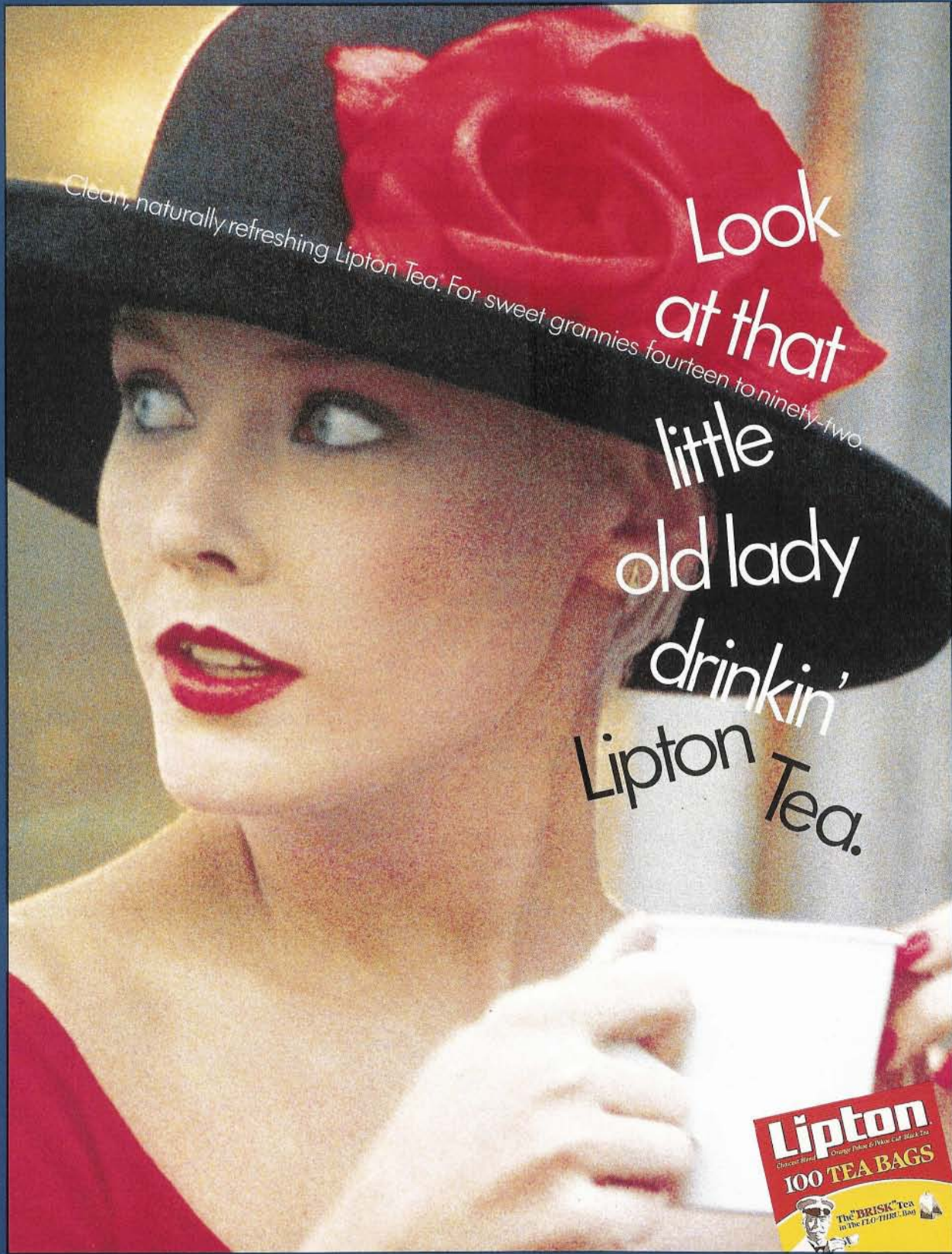
Our leading position in the worldwide instant soup market has been further improved by the introduction of the *Cup-a-Soup* range in the Middle East and Hong Kong. However, soup sales and profits in Europe were affected by the mild winter weather.

Several promising new products have been launched in the market for prepared meals including convenience products for the microwave oven. A chilled meals company in France and a Mexican foods business in the United States were acquired. Side dishes have been extended into new markets in Europe and Japan.

Trading conditions have not been easy for the meat operations in Europe with rising pig prices and lower consumer demand. The reorganisation of the Mattessons Wall's company in the United Kingdom is progressing well.

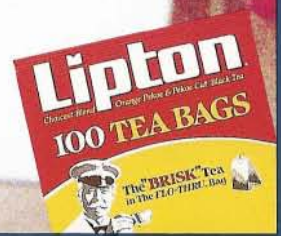
Dressings and sauces have achieved excellent growth thanks to the development of mayonnaise sales and the popularity of upside down bottles in Europe. Record sales have been achieved by Ragú Foods in the United States. The transfer of its Italian pasta sauces to Europe and Australia has shown promising initial results.

In the United States Lipton has enjoyed another record year for both sales and profits. A high level of new product activity has been maintained and there have been successful new entries in the market for nutritious fruit snacks.



Clear, naturally refreshing Lipton Tea. For sweet grannies fourteen to ninety-two.

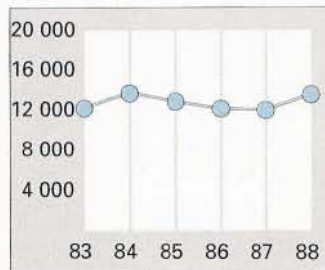
Look
at that
little
old lady
drinkin'
Lipton
Tea.



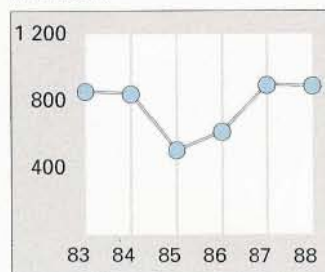
United States: Lipton tea.

Detergents

Turnover
(Fl million)



Operating profit
(Fl million)



In Europe our detergents business increased its share of a growing market. The most important gains were made in the critical area of fabrics washing products. Contributing to these gains were the extension of our fabrics washing powder *Radion* and the growth in sales of our fabrics liquid washing products, including the successful launch of *Persil Liquid* in the United Kingdom. A fabrics product packed in sachets was launched in Italy and has also started well.

Operating efficiencies were further improved and margins increased in almost all European countries. This has made it possible to fund a substantially higher level of innovative development which will enhance future profitability.

The industrial products business achieved excellent results and we continued to add to its volume and product range through a series of acquisitions.

In the United States we achieved an increase in sales despite considerable competitive pressure. A sharp increase in raw and packing material costs depressed margins before they could be improved by price increases in the second half of the year. *Surf* liquid detergent was extended nationally and a new variant of *Snuggle* fabric softener was introduced. We maintained our strong position in the toilet bars market where *Dove* is a major brand.

Our detergents business in the Rest of the World has achieved good volume gains, particularly in Brazil, Indonesia and Korea and there has been an encouraging recovery in Nigeria. Our main brands have again progressed well as we continue to improve their performance in local conditions and to maximise the use of local raw materials. In India a local competitor gained market share with low priced fabrics detergents, but action has been taken to reverse this situation. New concentrated powders have been introduced in Australasia and Taiwan and restaging of *Lux* toilet soap has been rewarded by increased shares in the key markets of Brazil and Thailand.

Although record figures were achieved in Brazil for both volume and inflation adjusted local results, our convention of converting those results at year-end exchange rates was a major reason for the decline in detergents operating profit. In addition, market investment in India and Japan and price control in Kenya were the cause of lower results in those countries.

Alles is wit, schoon en klaar voor de nacht.
Sneeuwwitje wast
in Omo, dan slapen ze zacht.



Zeven kapoentjes, heel lief en heel zacht... Maar hoe komen ze schoon voor de nacht? Heel gewoon, met nieuwe Omo. Dan wordt de was wel zeven keer zo schoon. Want Omo's nieuwe formule is zo

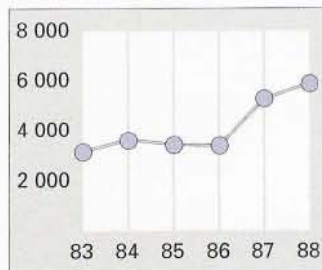
krachtig, die krijgt alle kapoenenwas weer prachtig. En nieuwe Omo is heel zorgzaam. Pasgewassen kleertjes voelen heerlijk zacht aan. Kracht en zachtheid, dat is Omo's nieuwe kwaliteit.

Nieuwe Omo wast helder wit en heerlijk zacht.
En dat is geen sprookje.

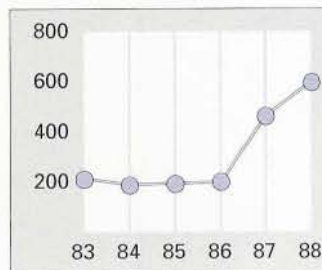
The Netherlands: Omo detergent.

Personal Products

Turnover
(£ million)



Operating profit
(£ million)



Good growth in both volume and profit has been achieved worldwide in all major product categories despite intense international and regional competition. The integration of Chesebrough-Pond's into the Unilever personal products business has greatly strengthened our position in skin care in many countries and most especially in the United States. A global programme of advertising investment in the major Chesebrough-Pond's brands is beginning to show promising results.

Constant innovation and frequent new product activity backed by effective advertising are essential to growth in these markets. New products have been widely launched and the successes have been quickly transferred around the world. Examples include *Elizabeth Taylor's Passion* perfume which, after one of the most successful launches in the United States in the last decade, is already doing well in the main European markets. *Vaseline Intensive Care Hand 'n' Nail* lotion has also been a great success in the United States using a concept first tried in Australia; it will now be extended to a number of countries.

Timotei shampoo has strengthened its leading position in Japan and a second shampoo has been launched there under the *Lux* name. In the United Kingdom the considerable value of the *Timotei* name is supporting the launch of a range of skin care products.

Good progress has been made with dental products in terms of product development and clinical trials, and performance has been encouraging in many markets. During the year we achieved market leadership in Europe and embarked upon a strategy to rebuild share in the United States.

LES MAUVAISES DENTS? JE M'EN FICHE!



Mille enfants ont participé au test de Villefranche et testé durant 3 ans sous contrôle médical, une formule comparable à celle de Signal Fluoride Plus.

Résultat: des dents super-résistantes! Faites que vos enfants, eux aussi, ne craignent plus les mauvaises dents. Facile avec la protection Fluoride Plus de Signal!

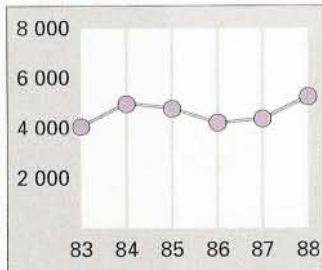


L'EFFICACITE PROUVEE POUR DES DENTS SAINES

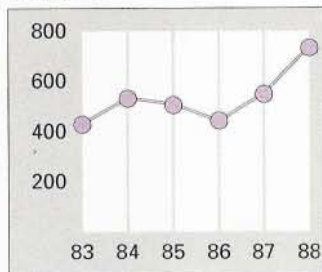
Belgium: *Signal* toothpaste.

Speciality Chemicals

Turnover
(£ million)



Operating profit
(£ million)



Sales and profits showed substantial gains in nearly all important product sectors and geographic regions.

The National Starch and Chemical group had an excellent year led by a strong performance in adhesives in North America and continued rapid growth in Europe and the Asian Pacific region. Speciality starch sales and profits worldwide made good progress despite the rise in corn prices caused by drought in the United States. Sales of resins and other speciality chemicals were also strong. During the year National Starch acquired a leading Italian adhesives company and a food ingredients business in the United States which provided additional fermentation facilities for its Microlife Technics subsidiary.

Quest International is now firmly established as a leading international fragrance, flavour and food ingredients house. During 1988 substantial sales growth in all product sectors was achieved with a particularly good performance in food ingredients. Sales and profitability in North America have markedly improved and the acquisition of Alfred Lawrence in Australia has considerably strengthened Quest's position in the Far East. In Europe a major concentration and rationalisation of fragrance compounding facilities is well under way and a new fine fragrance centre has opened in Paris. The acquisition of The Distillers Company (Yeast), mentioned in the context of bakery materials, has added substantially to Quest's capabilities in meat and savoury flavours.

Unichema's sales of fatty acids and catalysts continued to progress. Although worldwide tonnage of high performance oleochemicals increased significantly, sales value continued to be somewhat depressed by the effect on prices of the relatively weak dollar. Unichema Malaysia had an excellent year but production difficulties and industrial action affected results in Australia.

Crosfield made steady progress with silicate sales doubling in the United States. In Europe speciality silicas and cracking catalysts did well.



Let National's polymer emulsions set an international standard for your nonwovens.

Wherever you call home, you'll find that National's binder emulsions deliver the performance you need in nonwoven products. They deliver wet and dry strength, softness, absorbency and solvent resistance in a wide range of applications.

Thanks to National's worldwide production capabilities, we can deliver the same polymer emulsion from plants local to each of your producing locations. As a result, you can standardize your nonwovens' performance and quality around the globe.

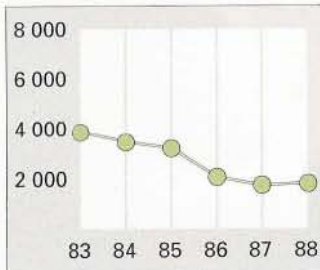
Whether your applications are in medical, industrial or consumer nonwovens, let National help you set a new standard for quality and value... worldwide. Write or call National Starch and Chemical Corporation, Finderne Avenue, Bridgewater, NJ 08807. (201) 685-5425.

National Starch and Chemical Corporation
RESINS & SPECIALTY CHEMICALS

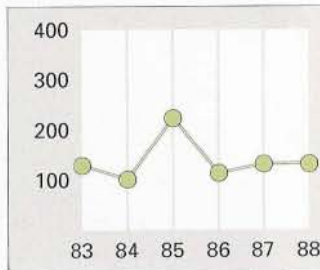
United States: polymer emulsions.

Agribusiness

Turnover
(£ million)



Operating profit
(£ million)



Our agribusiness interests comprise plant breeding and aquaculture, two new businesses in which we are investing for growth, as well as the two established traditional businesses of animal feeds and plantations.

The Plant Breeding Institute and the National Seed Development Organisation have been merged in order to bring the seed breeding and marketing skills closer together. In the past PBI's primary function was to breed varieties for the United Kingdom market; it will now be used as a base to develop an international seeds business and accordingly a new organisation – Plant Breeding International Cambridge – has been established. In the meantime we have continued to introduce new seed varieties into the United Kingdom market.

The output of salmon in Scotland increased significantly during the year and investments already made will further double production in 1989. In addition the first harvest in Chile is imminent. We have continued to invest in research into fish nutrition and health, which are critical to a successful operation. With increased availability of farmed salmon has come the need to develop the marketing and sales operations. Accordingly the groundwork has been prepared to sell a variety of branded products in the world's main markets. Pilot projects for prawn farming are being set up in Malaysia and Côte d'Ivoire.

The animal feeds market in the United Kingdom has stabilised after the sharp fall in 1987, but with continued over-capacity in the industry margins have been under pressure. The industry is going through a period of restructuring; as part of this process we have made some small tactical acquisitions.

Palm oil prices were better than in the previous two years mainly because of the drought in the United States and its effect on soya beans. Rubber prices also improved but tea prices were lower than expected. Prices in general were still well below normal levels but the impact has been offset to some extent by considerable efforts to reduce costs and to improve agricultural and labour productivity in the plantations.



GRASSLAND



CEREALS



HORTICULTURE



POTATOES



OILSEED - PULSES



RESEARCH



ENVIRONMENT



MERCHANTS



FARMERS



END-USERS

To fill this trolley can take over 10 years.

Plant Breeding International Cambridge is the new force in the international seed business.

At PBI Cambridge we're dedicated to providing agriculture worldwide with the latest that advanced plant science and technology can offer.

It's a long and complex chain from plant-breeder to end-user.

Research and development is a long term business. Programmes begun more than 10 years ago are only now beginning to benefit growers. Those initiated today will demand similar commitment.

That commitment is being made by us.

As well as resources in genetic engineering and biotechnology, we're expanding our crop portfolio, already one of the widest, through conventional breeding methods.

A broad range of breeding programmes is now in hand including familiar crops, likely alternatives and exciting potential new varieties.

And always the quest for quality.

At PBI Cambridge we're in the forefront of the advances that will have a penetrating effect on the crops that are grown. And on the food in your shopping trolley.

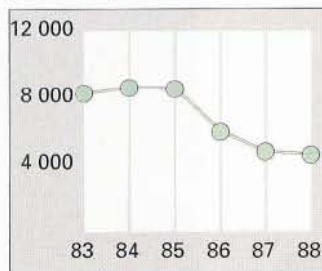


MARIS LANE, TRUMPINGTON, CAMBRIDGE CB2 2LQ, ENGLAND. TELEPHONE: (0223) 840411

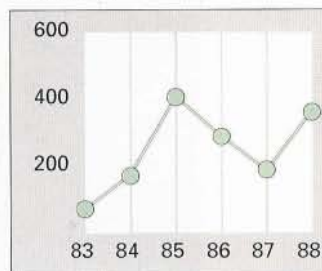
United Kingdom: plant breeding.

Other Operations

Turnover
(F1 million)



Operating profit
(F1 million)



The UAC Group has been integrated with the management structure controlling all our operations in Africa and the Middle East. As part of the ongoing reorganisation of UAC, Ford and Slater Group, Qualitair and the leasehold of the London Head Office were profitably sold.

Textile profits were maintained in West Africa despite difficult market conditions. The power applications business in the United Kingdom and in Africa achieved good growth. Better results were achieved by our associated companies in Nigeria and, in an improving economic environment, by our businesses in Ghana.

Nordsee had a very good year despite a difficult market situation for fish in Germany. Product quality and the nutritional value of fish were recognised by the consumer and, with better efficiencies, profit was improved.

Our restaurant operations both in Europe and in Canada continued to expand and produce good results.

The Medical Products business launched a new pregnancy test kit in Europe and the United States. Because of its significantly superior performance it is already market leader in the United Kingdom and has been acclaimed in other markets too.

Several of the other medical products now under development are for use in clinics and doctors' surgeries. In order to have a specialist sales force covering the professional market in the United States we acquired Sequoia-Turner Corporation of California which provides a valuable point of entry through its haematology products.

The 4P packaging group in Germany achieved a very satisfactory increase in volume and improved its market position. The printing and packaging business in the Netherlands was sold.

We completed the disposal of our transport interests with the sale of the business in Germany and the agreements to sell the Dutch and Italian transport operations.

Mmm... this is apple at its tastiest!

Lipton Tree Top
APPLE

Tree Top

Sip a delicious fruit right away!

Available in select towns only

READY TO SIP FRUIT DRINK

SUPER BLUE OMO

SUPER BLUE OMO

Washes brighter ... and it shows.

Super Clean! Super Bright! For that extra clean and bright wash all you need is Super Blue Omo. A handful of Super Blue Omo goes a long, long way! That is because Super Blue Omo has more concentrated power than any other blue detergents. Use Super Blue Omo for the whole family wash. It makes everything not just cleaner but also brighter. You can actually see the difference.

Medium 4.5kg

デリケートで傷みやすい髪に

Timotei
新発売
エクストラマイルド

やさしさは、スプリングハーブからもらった。

ティモテイにもひびく、デリケートで傷みやすい髪も毎日洗える。エクストラマイルドが加わりました。デリケートで傷みやすい髪には、髪表面を守る表皮が薄く、洗髪などの摩擦で傷つきやすいので、そのため、枝毛や切れ毛にもなりがちです。エクストラマイルドは、デリケートで傷みやすい髪のためのシャンプーで、北国のハーブのなかでも、髪にやさしいといわれるスプリングハーブ（春に抽出した新芽）のエキスを配合しました。デリケートで傷みやすい髪にやさしく働きかけて、さらおとしなめらかな髪を、髪をいたわりながら、しっとり洗い上げます。

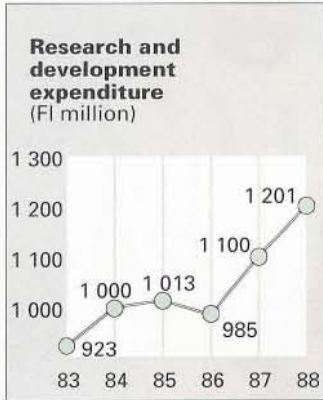
ティモテイシャンプーは、髪をいたわりながら、しっとり洗い上げます。ティモテイコンディショナーは、髪を潤かし、さらおとしなめらかな髪を、髪をいたわりながら、しっとり洗い上げます。ティモテイヘアオイルは、髪を潤かし、さらおとしなめらかな髪を、髪をいたわりながら、しっとり洗い上げます。

ティモテイシャンプー 400ml ¥1,100
ティモテイコンディショナー 400ml ¥1,100
ティモテイヘアオイル 100ml ¥300

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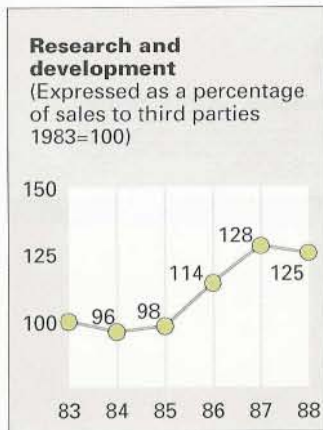
India: Tree Top fruit drink.
Nigeria: Omo detergent.
Japan: Timotei shampoo.

Research & Development



Our recognition of the importance of science and technology to the business is demonstrated by the level of commitment to research and development. In 1988 expenditure was Fl. 1 201 million (1987: Fl. 1 100 million) divided between the principal research laboratories in the United Kingdom, the Netherlands and the United States, and more than 100 company development laboratories in over 40 countries throughout the world.

The central research and engineering resource generates new knowledge and ensures that relevant knowledge and experience gained anywhere inside or outside the business is gathered, analysed and effectively exploited. For example, all our detergents companies worldwide both contribute to and draw upon an ongoing assessment of best proven practice for the many technical aspects of product formulation and manufacture. In addition, transfer of information across the different product groups of Unilever provides our companies with a source of technical development and experience which may not be readily available to companies with narrower product portfolios. Biotechnology is a typical example of science which is relevant throughout Unilever.



As well as investing in our own research resources we support a wide range of programmes and activities with universities, polytechnics and research institutes. These partnerships take many forms, including contract research, collaborative research programmes, participation in European Community co-ordinated projects, sponsored research and teaching positions. Unilever supports over 150 graduate and post-graduate research students, whilst over a score of our own staff hold visiting Chairs or Fellowships at universities. These interactions not only ensure that we can keep abreast of and utilise new developments in science and technology, but also give insight and guidance to centres of academic research on how their work can find practical application.

The Environment

A key element in the strategy of our consumer businesses is that we should provide attractive products in a manner which is responsible to society and to the environment. Above all, our products must be completely safe to use.

The implementation of this strategy against a rapidly developing background of new information and understanding relies heavily upon our technical resources and on close collaboration with outside bodies. It affects all aspects of the manufacturing operation, including the formulation, packaging and processing of our products. For example, we are eliminating chlorofluorocarbons as propellants from all aerosol products worldwide on a timescale well in advance of the internationally agreed Montreal Protocol.

In addition to a large investment in conventional equipment to manage the effluent from our factories, we are investigating novel and more effective methods. One example of this is a unique project at our frozen products factory in Gloucester in the United Kingdom where, under the sponsorship of the Science and Engineering Research Council, we have collaborated with five academic institutes to develop a pilot plant using anaerobic digestion to purify the waste water.

In the development of new products, environmental and safety considerations are built in during the first stages of design. On packaging, for example, we are working with our suppliers to develop alternatives which, without loss of convenience, protection and cost effectiveness, will make fewer demands on raw materials and create minimum waste.

Personnel

At the end of 1988 Unilever employed 291 000 people worldwide. We do not expect that there will be any increase in this number in 1989 except as a result of acquisition. In a period of increasingly rapid change we regard continuing investment in people as one of management's main priorities. Industry in general will have to pay special attention to the expected shortage of skills during the coming years. We are reinforcing efforts in the field of initial and further training to ensure that our staff remain at the highest possible level of performance.

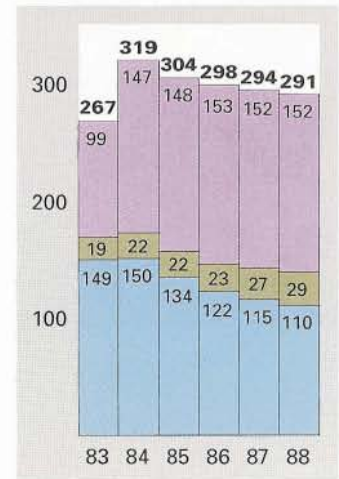
Unilever has always promoted the internationalisation of its management across borders throughout the world. We will continue to build up the abilities of management by following the principles of regular appraisal of performance and development of potential through varied and challenging experiences.

We continue to improve competitiveness by increasing productivity. We could not do this without the co-operation of our employees which in turn is made possible by our arrangements for consultation with them. These arrangements are not a standard pattern applied everywhere, but are adapted to the particular circumstances of each location.

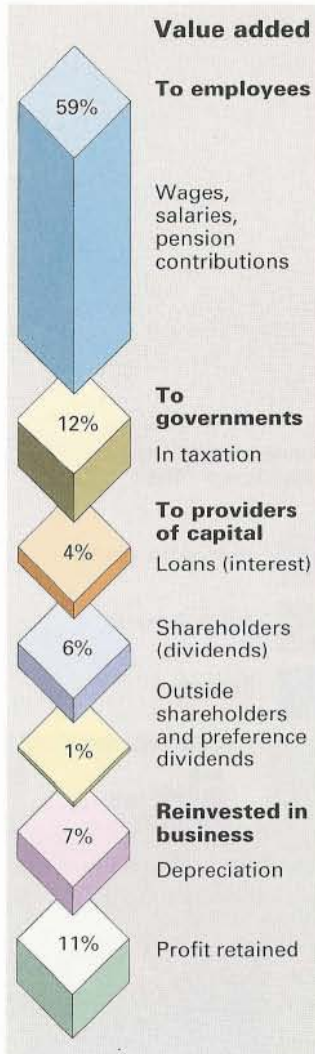
Unilever gives a high priority to contacts with the communities in which we operate. Our involvement in community work has a long tradition and dates back to the last century. Amongst our activities, we are playing an important part in supporting education in order to improve the labour market position for young people.

Our management policies require that all employees' careers are determined solely on merit. No employee will suffer because of his or her sex, race, ethnic origin or religious beliefs. These principles guide our operations around the world.

Number of group employees ('000)



Finance



Cash and current investments again increased during the year and reached Fl. 5.1 billion by the year end. We have continued to concentrate cash resources in the parent and finance companies. Net debt, that is total borrowings less cash and current investments, increased from Fl. 0.7 billion to Fl. 1.9 billion because of a heavy programme of capital expenditure, the cost of acquisitions and additional investment in working capital. Net debt was still small in relation to equity.

Although long term debt in aggregate remained little changed the company tapped the bond market on five occasions, raising both floating rate and fixed rate money on favourable terms. Two existing bond issues were retired early and some existing debt was repurchased in the market. Short term borrowing sources were further diversified with the launch of commercial paper or similar programmes in the United Kingdom and Switzerland respectively. Our borrowing programme involved significant utilisation of debt swaps in order to reduce costs.

Interest costs in total have increased because of the higher level of borrowings and higher rates, but interest cover, that is the relationship between profit and interest cost, has remained at a very favourable level. This underlines our strong financial position and leaves us well-placed to exploit growth opportunities.

There was again considerable acquisition activity; 31 transactions were completed during the year at a cost of Fl. 1 230 million. There were also 14 disposals.

Over the years 1978-1988 we have written off against reserves some Fl. 7 billion of purchased goodwill. The businesses acquired accounted for approximately Fl. 12.5 billion of our 1988 turnover.

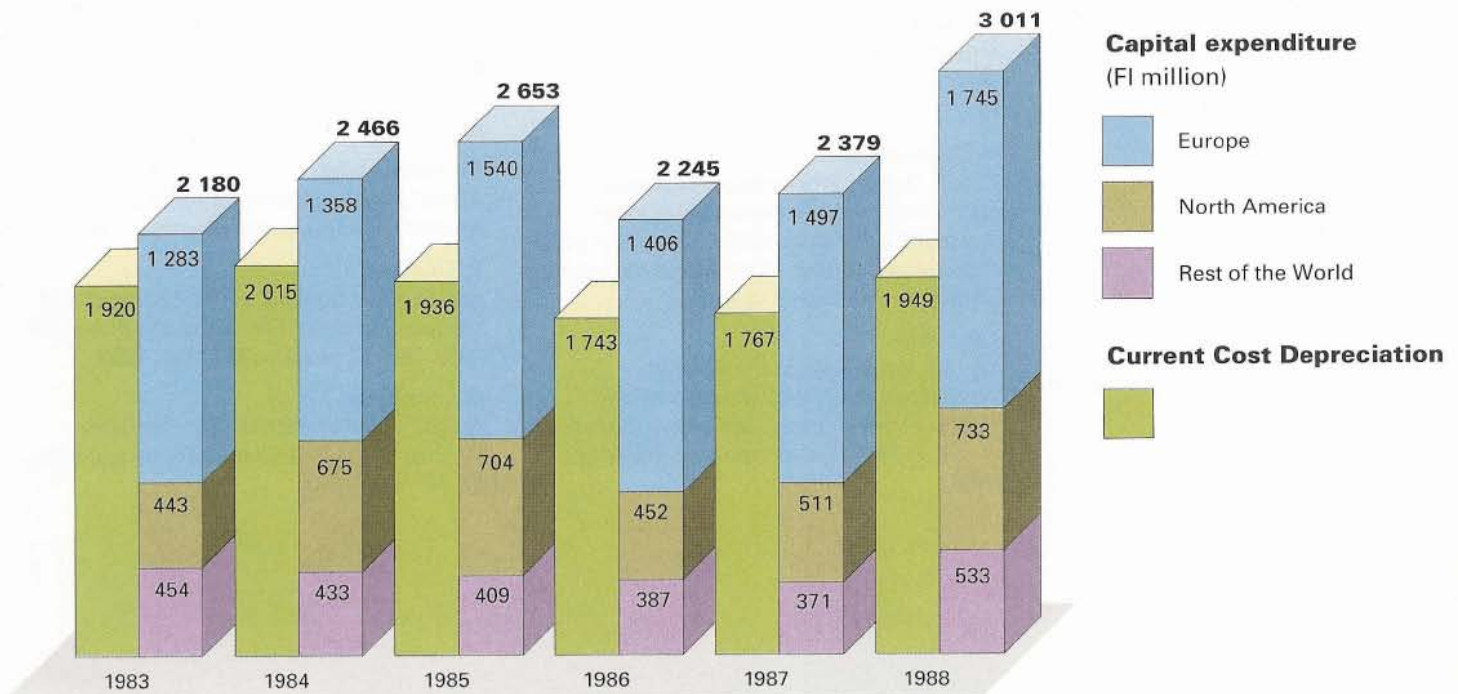
Capital Expenditure

Capital expenditure in 1988 amounted to Fl. 3 011 million (1987: Fl. 2 379 million). The tables on page 35 give an analysis by geographical area and by operation for 1988 and earlier years. Capital expenditure in 1989 is likely to continue at a level comparable in total with that of 1988.

Capital Projects

Capital projects totalling Fl. 3 109 million were approved in 1988 (1987: Fl. 3 082 million). These projects include:

- Modernisation of refineries and margarine plants in France, the United Kingdom, the Netherlands and Canada.
- Rebuilding of the Adana margarine factory in Turkey.
- Modernisation of the frozen products factory in Austria.
- Rationalisation of ice cream production in Sweden.
- Installation of a new mayonnaise plant in Italy.
- Construction of a purpose built factory in France for herbal teas.
- Expansion and automation of dry foods packing operations in the United States.
- Reorganisation of detergents and personal products production facilities in Italy.
- Installation of a dishwasher powder plant in the Netherlands.
- Construction of a new toilet soap factory in the United States.
- Extensions to the soap making plant in Brazil and installation of high speed facilities.
- Extension of fragrance manufacturing capacity and construction of a new creative centre in the United Kingdom.
- Installation of a second pressure polymer reactor in the Netherlands.
- Construction of an ester/alkanolamide plant in Malaysia.
- Relocation of the seed plant at Plant Breeding International in the United Kingdom.



Directors of N.V. and PLC**F.A. Maljers**

Age 55. A member of the Special Committee, Unilever's plural Chief Executive, since 1982. Elected to the Boards in 1974. Appointed Chairman of N.V. and a Vice-Chairman of PLC in 1984.

M.R. Angus

Age 58. A member of the Special Committee since 1984. Elected to the Boards in 1970. Appointed a Vice-Chairman of PLC in 1984 and Chairman of PLC and a Vice-Chairman of N.V. in 1986.

Sir Geoffrey Allen

Age 60. Head of Research and Engineering Division. Elected to the Boards in 1982.

J.I.W. Anderson

Age 50. Corporate Development Director. Additionally, he will take over responsibility for Medical Products Group on 1st May, 1989. Elected to the Boards in 1988.

R.W. Archer

Age 59. Personnel Director. He will become a member of the Special Committee on 3rd May, 1989. Elected to the Boards in 1978.

M. Dowdall

Age 59. Detergents Co-ordinator. Elected to the Boards in 1985.

P.V.M. Egan

Age 58. Regional Director for Latin America and Central Asia. Elected to the Boards in 1978.

H. Eggerstedt

Age 51. Frozen Products Co-ordinator. Additionally, he will become Regional Director for Continental Europe on 1st May, 1989 and a member of the Foods Executive. Elected to the Boards in 1985.

J.P. Erbé

Age 62. A member of the Special Committee since 1986. Elected to the Boards in 1972. Appointed a Vice-Chairman of N.V. in 1983. He will retire on 3rd May, 1989.

N.W.A. FitzGerald

Age 43. Financial Director. He will become Edible Fats and Dairy Co-ordinator and a member of the Foods Executive on 1st May, 1989. Elected to the Boards in 1987.

W.K. Grubman

Age 60. Chemicals Co-ordinator. Elected to the Boards in 1986.

M.G. Heron

Age 54. Regional Director for Europe. He will become Personnel Director and Regional Director for the United Kingdom and Ireland on 1st May, 1989. Elected to the Boards in 1986.

J.A. Houtzager

Age 54. Edible Fats and Dairy Co-ordinator. He will become Chairman of the Foods Executive on 1st May, 1989. Elected to the Boards in 1982.

C.M. Jemmett

Age 52. Regional Director for Africa and Middle East. Elected to the Boards in 1988.

H. Meij

Age 60. Commercial Director. Elected to the Boards in 1975.

J. Peelen

Age 49. Regional Director for East Asia and the Pacific. Elected to the Boards in 1987.

M.S. Perry

Age 55. Personal Products Co-ordinator. Elected to the Boards in 1985.

M. Tabaksblat

Age 51. Regional Director for North America. Elected to the Boards in 1984.

T. Thomas

Age 61. Co-ordinator of Agribusiness and Medical Products. Elected to the Boards in 1979. He will retire on 3rd May, 1989.

E.J. Verloop

Age 62. Food and Drinks Co-ordinator. Elected to the Boards in 1974. He will retire on 3rd May, 1989.

Board Changes

As already announced, Mr J.P. Erb , Mr T. Thomas and Mr E.J. Verloop, having reached retirement age, will not be offering themselves for re-election at the Annual General Meetings on 3rd May, 1989.

Mr Erb  joined Unilever in the Netherlands in 1951. He was elected to the Boards in 1972 with responsibility for corporate development. He has since served as Food and Drinks Co-ordinator, Frozen Products Co-ordinator and Chairman of Overseas Committee. He was elected a Vice-Chairman of Unilever N.V. in 1983. He took up his present post as a member of Special Committee in 1986.

Mr Thomas joined our business in India in 1954 where he served until 1979 when he was elected to the Boards. His appointments have since included membership of Overseas Committee, Chemicals Co-ordinator and presently Agribusiness/Medical Products Group Co-ordinator.

Mr Verloop joined Unilever in the Netherlands in 1953 and served there and in Italy as Chairman of our margarine businesses. He was elected to the Boards in 1974 and has since served as Food and Drinks Co-ordinator.

Their colleagues wish to record their gratitude to all three Directors for their distinguished and valued contribution to the business over many years.

All the remaining Directors will, in accordance with the Articles of Association of N.V. and PLC, retire from office at the Annual General Meetings and will offer themselves for re-election. In addition Mr A. Kemner, Mr C. Miller Smith and Dr O. M ller have been nominated for election as Directors of both Companies.

Mr Kemner (49) joined Unilever in 1966. He has served the business in the United Kingdom, Indonesia and the Netherlands where his appointments have included Chairman of Van den Bergh en Jurgens B.V. He is presently Operations Member of Food and Drinks Co-ordination. On appointment he will assume responsibility for the Co-ordination and become a member of the Foods Executive.

Mr Miller Smith (49) joined Unilever in 1963. His appointments include Vice-Chairman Hindustan Lever, a member of Chemicals Co-ordination, Chairman of PPF International and presently President of Quest International, our flavours and fragrances business. On appointment he will assume the responsibilities of Financial Director.

Dr M ller (53) joined Unilever's German business in 1963. Most of his career has been spent in the edible fats and dairy business in Germany where he is presently Chairman of Union Deutsche Lebensmittelwerke. On appointment he will assume responsibility for Agribusiness Co-ordination and the 4P Group.

Advisory Directors of N.V. and PLC

B.W. Biesheuvel

Age 69. Appointed an Advisory Director of N.V. 1973 and PLC 1978. Minister of Agriculture 1963-67 and Prime Minister of the Netherlands 1971-73. Chairman of the Supervisory Board of National Investment Bank, the Netherlands, since 1973. Member of the Supervisory Board of KLM since 1986.

Sir Robert Haslam

Age 66. Appointed an Advisory Director of N.V. and PLC 1986. Deputy Chairman of Imperial Chemical Industries 1980-83. Chairman of Tate & Lyle and British Steel 1983-86 and British Coal since 1986.

A. Herrhausen

Age 59. Appointed an Advisory Director of N.V. and PLC 1986. Member of the Managing Board of Deutsche Bank since 1970 and one of its two spokesmen since 1985, sole spokesman since 1988. Chairman of the Supervisory Board of Daimler-Benz since 1985.

The Rt. Hon. the Lord Hunt of Tanworth

Age 69. Appointed an Advisory Director of N.V. and PLC 1980. Senior positions in the British Civil Service including Secretary to the Cabinet 1973-79. Chairman of Banque Nationale de Paris plc since 1980 and of Prudential Corporation since 1985.

François-Xavier Ortoli

Age 64. Appointed an Advisory Director of N.V. and PLC 1985. Important ministerial posts in the French Government 1967-72. President of the Commission of the European Communities 1973-76 and Vice-President for Economic and Monetary Affairs 1977-84. Chairman of TOTAL-Compagnie Française des Pétroles since 1984.

D. Spethmann

Age 63. Appointed an Advisory Director of N.V. 1977 and PLC 1978. Chairman of the Executive Board of Thyssen, Duisburg, since 1973 and of the Supervisory Board of Munich Re since 1978.

E.P. Wellenstein

Age 69. Appointed an Advisory Director of N.V. and PLC 1978. Senior positions in the Netherlands Civil Service and later with the European Communities including Director General for External Relations 1973-76. Former member of the Supervisory Board of Royal Dutch Petroleum Company. Member of the Supervisory Board of Amsterdam-Rotterdam Bank since 1981.

Mr F.L. Byrom having reached the age of 70 will retire as an Advisory Director on 31st March, 1989. The Directors record their warm appreciation of his valuable advice and considerable experience in both financial and business matters.

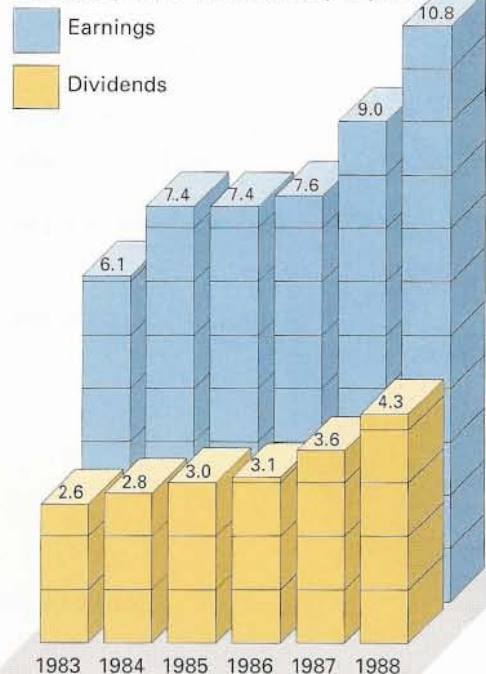
Auditors

Resolutions will be proposed for the reappointment of Coopers & Lybrand Nederland as auditors of N.V. and

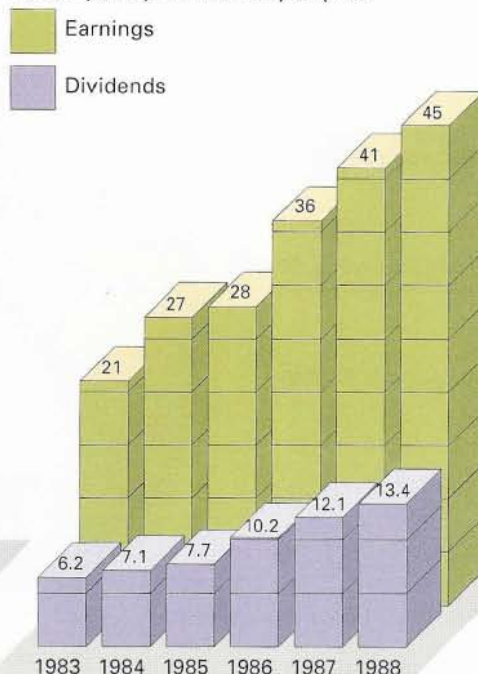
Coopers & Lybrand as auditors of PLC. Their present appointments will end at the conclusion of the Annual General Meetings.

Earnings and dividends per share

Guilders per Fl. 4 of ordinary capital



Pence per 5p of ordinary capital



Dividends

The Boards have resolved to recommend to the Annual General Meetings on 3rd May, 1989 the declaration of final dividends on the ordinary capitals in respect of 1988 at the rates shown in the table below, which are equivalent in value in terms of the Equalisation Agreement:

	1988	1987
N.V. - per Fl. 4 ordinary capital		
Interim	Fl. 1.23	Fl. 1.09
Final	Fl. 3.06	Fl. 2.53
Total	Fl. 4.29	Fl. 3.62
PLC - per 5p ordinary capital		
Interim	3.89p	3.54p
Final	9.51p	8.55p
Total	13.40p	12.09p

The N.V. final dividend will be payable as from 19th May, 1989 (or in the case of the New York shares on 31st May, 1989). The

PLC final dividend will be paid on 17th May, 1989 (or in the case of holders of American Depositary Receipts on 25th May, 1989), to shareholders registered on 14th April, 1989.

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 1988 final dividend has been calculated by reference to the rate of ACT announced by the United Kingdom Chancellor of the Exchequer in his Budget Statement on 14th March, 1989; 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.

By Order of the Board

J.W.B. Westerburgen
S.G. Williams
Secretaries of Unilever N.V.

20th March, 1989

Turnover by operations 1988

(Fl million)

Margarine, edible fats and oils,
dairy products **12 385**

Frozen foods and
ice cream **7 697**

Food and drinks **10 759**

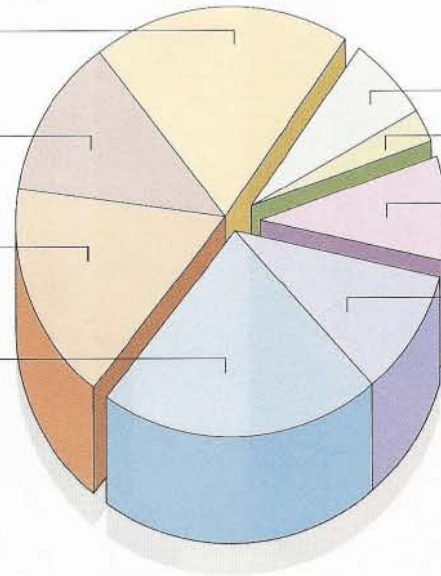
Detergents **13 525**

Other operations **4 642**

Agribusiness **1 800**

Speciality chemicals **5 260**

Personal products **5 893**



Total **61 961**

Operating profit by operations 1988

(Fl million)

Margarine, edible fats and oils,
dairy products **1 096**

Frozen foods and
ice cream **554**

Food and drinks **1 119**

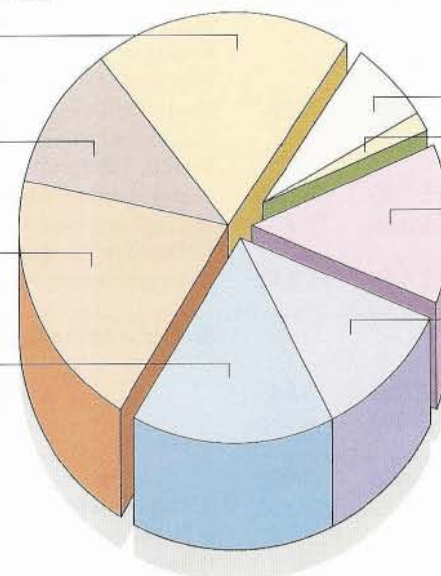
Detergents **885**

Other operations **366**

Agribusiness **132**

Speciality chemicals **735**

Personal products **599**



Total **5 486**

The following figures are largely extracted from the full combined consolidated Unilever N.V. and Unilever PLC annual accounts for 1988 and earlier years, which have been prepared under the historical cost convention. They are 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 generally accepted accounting principles in the United Kingdom.

The figures on the following pages are expressed in Dutch guilders, except where stated otherwise. Fluctuations in exchange rates over time affect the combination of the financial statements of N.V. and PLC into a single currency, with the result that trends reflected in the guilder combined statements can differ significantly from the trends shown in the pound sterling and US dollar combined statements contained in other versions of this booklet.

Statement from the auditors

We have issued an unqualified report dated 20th March, 1989 on the full accounts of Unilever N.V. and Unilever PLC and their combined accounts for the year 1988, which are included in the 1988 annual accounts of Unilever N.V. and Unilever PLC.

Auditors of Unilever N.V.:

Auditors of Unilever PLC:

Coopers & Lybrand Nederland
Rotterdam

Coopers & Lybrand
London

20th March, 1989

EXTRACTS FROM THE COMBINED CONSOLIDATED PROFIT AND LOSS ACCOUNTS OF UNILEVER N.V. AND UNILEVER PLC

for the year ended 31st December

Fl. million	1983	1984	1985	1986	1987	1988
Turnover^{a)}	59 434	66 791	66 771	55 363	55 111	61 961
Operating costs	(56 111)	(62 950)	(62 974)	(51 731)	(50 539)	(56 475)
Operating profit	3 323	3 841	3 797	3 632	4 572 ^{b)}	5 486
Income from fixed investments ^{c)}	264	292	302	166	152	184
Interest	(171)	(310)	(285)	(104)	(307)	(408)
Profit before taxation	3 416	3 823	3 814	3 694	4 417	5 262
Taxation	(1 566)	(1 605)	(1 591)	(1 429)	(1 777)	(2 094)
Profit after taxation	1 850	2 218	2 223	2 265	2 640	3 168
Outside interests in group companies	(137)	(140)	(159)	(121)	(124)	(147)
Profit on ordinary activities attributable to shareholders	1 713	2 078	2 064	2 144	2 516	3 021
Extraordinary items	—	(108) ^{d)}	—	—	82 ^{d)}	—
Profit attributable to shareholders after extraordinary items	1 713	1 970	2 064	2 144	2 598	3 021
Preference dividends	(16)	(16)	(16)	(16)	(16)	(16)
Dividends on ordinary capital	(634)	(684)	(718)	(751)	(897)	(1 070)
Profit of the year retained	1 063	1 270	1 330	1 377	1 685	1 935

Movements in profit retained

Profit of the year retained	1 063	1 270	1 330	1 377	1 685	1 935
Depreciation method change	—	—	—	—	475 ^{b)}	—
Goodwill	(51)	(973)	(152)	(572)	(4 407)	(649)
Currency retranslation ^{e)}	450	(199)	(1 735)	(2 033)	144	172
Net movements during the year	1 462	98	(557)	(1 228)	(2 103)	1 458
Profit retained – 1st January	11 348	12 810	12 908	12 351	11 123	9 020
Profit retained – 31st December	12 810	12 908	12 351	11 123	9 020	10 478

^{a)} Turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to related companies but does not include sales by related companies or sales between group companies.

^{b)} See note ^{a)} on page 33.

^{c)} Includes share of associated companies' profit before taxation:

1983	1984	1985	1986	1987	1988
218	257	230	117	122	158

^{d)} The extraordinary items in 1984 include a deferred taxation credit of Fl. 248 million following the reductions in rates of corporation tax legislated in the United Kingdom Finance Act 1984 and an extraordinary charge, net of tax relief, of Fl. 356 million for losses arising, and provisions for estimated losses less surpluses, consequent on the decision to withdraw from certain activities. By 1987 the disposal programme had been substantially

completed, with greater success than originally expected, and Fl. 82 million of the provision was released as extraordinary income in that year.

^{e)} Exchange differences arising in the accounts of individual companies from transactions denominated in foreign currencies are dealt with in the individual companies' profit and loss accounts.

In preparing the consolidated accounts in guilders, (a) the profit and loss account for the year, (b) the balance sheet values at the year end other than for the ordinary share capital of PLC, and (c) the source and use of funds for the year are translated at year-end rates of exchange. The ordinary share capital of PLC is translated at the Equalisation Agreement rate of £1 = Fl. 12. The difference between the share capital value in guilders thus derived and the value derived by applying the year-end rate of exchange is taken up in other reserves. The other effects of exchange rate changes during the year on the assets less liabilities at the beginning of the year are recorded as a movement in profit retained.

**EXTRACTS FROM THE COMBINED CONSOLIDATED BALANCE SHEETS
OF UNILEVER N.V. AND UNILEVER PLC**

as at 31st December

Fl. million	1983	1984	1985	1986	1987	1988
Fixed assets						
Tangible assets	11 110	12 915	12 162	11 316	12 869 ^{a)}	15 166
Investment in Chesebrough-Pond's Inc.	—	—	—	6 438 ^{b)}	—	—
Fixed investments	1 454	1 626	1 246	795	734	751
Current assets						
Stocks	9 267	11 501	9 744	8 210	8 250	9 525
Debtors	8 336	9 359	8 259	7 327	8 045	9 256
Current investments	1 744	1 856	3 492	6 467	1 804	3 612
Cash at bank and in hand	2 400	2 752	2 398	3 997	1 593	1 508
	21 747	25 468	23 893	26 001	19 692	23 901
Less: Creditors due within one year						
Borrowings	2 032	4 285	3 919	7 146	1 169	3 749
Trade and other creditors	9 743	11 683	10 926	9 983	11 542	13 013
Unpaid acceptances from previous shareholders of Chesebrough-Pond's Inc.	—	—	—	6 438 ^{b)}	—	—
Net current assets	9 972	9 500	9 048	2 434	6 981	7 139
Total assets less current liabilities	22 536	24 041	22 456	20 983	20 584	23 056
Creditors due after more than one year						
Borrowings	2 739	3 274	2 587	2 678	2 946	3 311
Trade and other creditors	429	436	419	519	641	1 041
Provisions for liabilities and charges						
Pensions and similar obligations	2 526	2 930	2 978	3 166	3 364	3 579
Deferred taxation and other provisions	2 213	2 551	2 258	1 800	2 188 ^{a)}	2 198
Outside interests in group companies	597	738	684	563	1 300 ^{a)}	1 294
Capital and reserves						
Called up share capital	1 477	1 400	1 399	1 396	1 396	1 399
Share premium account	91	89	87	81	84	112
Profit retained and other reserves	12 464	12 623	12 044	10 780	8 665 ^{a)}	10 122
	14 032	14 112	13 530	12 257	10 145	11 633
Total capital employed	22 536	24 041	22 456	20 983	20 584	23 056

^{a)} Following a review of Unilever's methods and rates of depreciating tangible fixed assets, changes were implemented in the accounting for depreciation with effect from 1st January, 1987. The changes increased the balance sheet values of tangible fixed assets, deferred taxation, outside interests in group companies, and profit retained by Fl. 886 million, Fl. 407 million, Fl. 4 million and Fl. 475 million respectively, and increased operating profit in 1987 by some Fl. 160 million.

^{b)} Unilever's offer for Chesebrough-Pond's Inc. was declared unconditional on 30th December, 1986 and legal ownership of 95.4% of the company's stock vested on that date, the company thus becoming a Unilever subsidiary. The Unilever investment in Chesebrough-Pond's Inc. was included in the 1986 Unilever group accounts at cost and was consolidated with effect from 1st January, 1987.

EXTRACTS FROM THE COMBINED CONSOLIDATED SOURCE AND USE OF FUNDS
OF UNILEVER N.V. AND UNILEVER PLC

for the year ended 31st December

Fl. million	1983	1984	1985	1986	1987	1988
Funds generated from operations						
Profit on ordinary activities before taxation	3 416	3 823	3 814	3 694	4 417	5 262
Elimination of items not involving a flow of funds:						
Depreciation	1 319	1 395	1 385	1 282	1 128	1 224
Others ^{a)}	288	235	213	323	185	308
Disposals of tangible fixed assets ^{a)}	200	284	217	249	433	354
	5 223	5 737	5 629	5 548	6 163	7 148
Funds from other sources						
Increase/(decrease) in borrowings due after more than one year	(135)	107	(473)	330	(359)	33
Sale of preference shares in a group company	—	—	—	—	787	—
Total sources	5 088	5 844	5 156	5 878	6 591	7 181
Payments for:						
Taxation	(1 325)	(1 198)	(1 406)	(1 317)	(1 736)	(1 806)
Dividends	(591)	(641)	(690)	(704)	(804)	(985)
Capital expenditure ^{a)}	(2 180)	(2 466)	(2 653)	(2 245)	(2 379)	(3 011)
Purchase/sale of group companies	(46)	(2 340)	402	(605)	(2 475)	(736)
Increase/decrease in stocks, debtors, trade and other creditors	(95)	(659)	388	448	(682)	(799)
Other uses	127	(152)	(198)	(277)	95	(351)
Total uses	(4 110)	(7 456)	(4 157)	(4 700)	(7 981)	(7 688)
Net increase/(decrease) in net liquid funds	978	(1 612)	999	1 178	(1 390)	(507)
Net liquid funds 1st January	1 262	2 112	323	1 971	3 318	2 228
Currency retranslation	(128)	(177)	649	169	300	(350)
Net increase/(decrease) in net liquid funds	978	(1 612)	999	1 178	(1 390)	(507)
Net liquid funds 31st December	2 112	323	1 971	3 318	2 228	1 371
Of which:						
Current investments	1 744	1 856	3 492	6 467	1 804	3 612
Cash at bank and in hand	2 400	2 752	2 398	3 997	1 593	1 508
Borrowings due within one year	(2 032)	(4 285)	(3 919)	(7 146)	(1 169)	(3 749)

^{a)} In 1988 the basis of reporting disposals of tangible fixed assets in source and use of funds has been changed from proceeds of disposal to net book value, and such disposals have been separated from capital expenditure. Comparative figures for 1983-1987 have been adjusted to the new basis.

ADDITIONAL GEOGRAPHIC AND SEGMENTAL INFORMATION

Fl. million	1983	1984	1985	1986	1987	1988
Turnover						
Europe	38 224	41 028	42 919	34 368	34 456	37 347
North America	9 550	12 838	11 553	9 726	10 252	12 379
Rest of the World	11 660	12 925	12 299	11 269	10 403	12 235
	59 434	66 791	66 771	55 363	55 111	61 961
Food products	28 485	33 507	33 930	27 536	27 205	30 841
Detergents	12 241	13 734	12 810	12 177	11 964	13 525
Personal products	3 166	3 637	3 432	3 389	5 028	5 893
Speciality chemicals	4 068	4 998	4 785	4 192	4 371	5 260
Other operations	11 474	10 915	11 814	8 069	6 543	6 442
	59 434	66 791	66 771	55 363	55 111	61 961
Operating profit						
Europe	1 526	1 786	2 179	2 138	2 626	3 205
North America	622	784	432	369	798	1 018
Rest of the World	1 175	1 271	1 186	1 125	1 148	1 263
	3 323	3 841	3 797	3 632	4 572	5 486
Food products	1 622	2 001	1 958	1 973	2 344	2 769
Detergents	856	840	504	614	894	885
Personal products	214	190	195	201	464	599
Speciality chemicals	433	533	508	441	550	735
Other operations	198	277	632	403	320	498
	3 323	3 841	3 797	3 632	4 572	5 486
Profit on ordinary activities attributable to shareholders						
Europe	893	1 121	1 383	1 546	1 785	2 041
North America	298	349	159	97	223	346
Rest of the World	522	608	522	501	508	634
	1 713	2 078	2 064	2 144	2 516	3 021
Net operating assets ^{a)}						
Europe	10 306	10 169	9 151	7 575	8 753	9 177
North America	3 062	4 515	3 941	3 385	3 459	4 982
Rest of the World	3 983	4 874	3 768	3 398	3 031	4 087
	17 351	19 558	16 860	14 358	15 243	18 246
Capital expenditure						
Europe	1 283	1 358	1 540	1 406	1 497	1 745
North America	443	675	704	452	511	733
Rest of the World	454	433	409	387	371	533
	2 180	2 466	2 653	2 245	2 379	3 011
Food products	843	1 028	1 056	999	1 051	1 227
Detergents	487	566	514	467	483	724
Personal products	87	132	102	116	137	200
Speciality chemicals	204	244	457	277	322	372
Other operations	559	496	524	386	386	488
	2 180	2 466	2 653	2 245	2 379	3 011

^{a)} Net operating assets are tangible fixed assets, stocks and debtors less trade and other creditors (excluding taxation and dividends) and less provisions for liabilities and charges other than taxation.

		1st quarter	2nd quarter	3rd quarter	4th quarter	Total year
Turnover						
1988						
Fl. million	Europe	8 938	9 519	9 580	9 310	37 347
	North America	2 767	3 105	3 184	3 323	12 379
	Rest of the World	2 704	2 865	3 029	3 637	12 235
		14 409	15 489	15 793	16 270	61 961
%		23	25	26	26	100
1987						
Fl. million	Europe	8 659	8 927	8 758	8 112	34 456
	North America	2 451	2 558	2 602	2 641	10 252
	Rest of the World	2 344	2 475	2 608	2 976	10 403
		13 454	13 960	13 968	13 729	55 111
%		25	25	25	25	100
Operating profit						
1988						
Fl. million	Europe	750	933	869	653	3 205
	North America	113	219	321	365	1 018
	Rest of the World	301	260	295	407	1 263
		1 164	1 412	1 485	1 425	5 486
%		21	26	27	26	100
1987						
Fl. million	Europe	703	767	752	404	2 626
	North America	142	149	237	270	798
	Rest of the World	269	265	265	349	1 148
		1 114	1 181	1 254	1 023	4 572
%		24	26	28	22	100
Profit before taxation						
1988						
Fl. million		1 135	1 358	1 405	1 364	5 262
%		21	26	27	26	100
1987						
Fl. million		1 054	1 146	1 198	1 019	4 417
%		24	26	27	23	100
Profit on ordinary activities attributable to shareholders						
1988						
Fl. million		643	759	781	838	3 021
%		21	25	26	28	100
1987						
Fl. million		585	654	659	618	2 516
%		23	26	26	25	100
Earnings per share						
1988						
Guilders per Fl. 4 of ordinary capital		2.29	2.71	2.79	2.99	10.78
Pence per 5p of ordinary capital		9.53	11.20	11.57	12.38	44.68
1987						
Guilders per Fl. 4 of ordinary capital		2.08	2.34	2.35	2.20	8.97
Pence per 5p of ordinary capital		9.44	10.51	10.63	9.96	40.54

The quarterly figures on this page differ from those published during each year in that they have been recalculated at the year-end rates of exchange adopted in the relevant annual accounts.

ADDITIONAL FINANCIAL DATA

		1983	1984	1985	1986	1987	1988
Earnings per share ^{a) b)}							
Guilders per Fl. 4 of ordinary capital		6.09	7.40	7.36	7.64	8.97	10.78
Pence per 5p of ordinary capital		20.57	26.87	27.59	35.51	40.54	44.68
Ordinary dividends ^{b)}							
N.V. – Guilders per Fl. 4 of capital		2.604	2.822	2.964	3.066	3.62	4.29
PLC – Pence per 5p of capital		6.172	7.104	7.724	10.232	12.09	13.40
Share prices ^{b)}							
N.V. per Fl. 4 ordinary share							
In Amsterdam (guilders)	High	51	63	81	106	156	122
	Low	38	46	63	69	90	100
PLC per 5p ordinary share							
In London (pence)	High	179	220	275	442	718	514
	Low	139	167	200	265	425	434
Market capitalisation (Fl. million) ^{c)}							
		15 395	17 040	21 525	27 745	28 406	32 195
Key ratios ^{d)}							
Return on shareholders' equity (%)		12.3	14.9	15.5	17.8	25.4	26.5
Return on capital employed (%)		8.8	9.9	10.5	11.3	13.6	14.5
Operating margin (%)		5.6	5.8	5.7	6.6	8.3	8.9
Profit after taxation as a percentage of turnover		3.1	3.3	3.3	4.1	4.8	5.1
Gearing (%)		24.6	33.7	31.4	43.4	26.4	35.3
Capital expenditure (Fl. million)							
		2 180	2 466	2 653	2 245	2 379	3 011
Depreciation (Fl. million)							
		1 319	1 395	1 385	1 282	1 128 ^{e)}	1 224
Employees (group companies)							
Staff costs (Fl. million)		11 713	11 907	11 620	10 239	10 126	10 556
Number (in thousands) at 31st December		267	254 ^{f)}	304	298	294	291

^{a)} The calculation of earnings per share is based on the combined profit of the year on ordinary activities attributable to ordinary capital divided by the combined number of share units representing the combined issued ordinary capital of N.V. and PLC. For the calculation of combined ordinary capital the rate of exchange £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. This Agreement requires as a general rule that the dividends and other rights and benefits attaching to each Fl. 12 nominal of ordinary capital of N.V. shall be equal in value, at the relevant sterling/guilder rate of exchange, to those attaching to each £1 nominal of ordinary share capital of PLC as if each such unit formed part of the ordinary capital of one and the same company.

^{b)} The nominal values, earnings per share, ordinary dividends and share prices for the years 1983 to 1986 inclusive have been adjusted to reflect the sub-division of shares on 29th June, 1987.

^{c)} The calculation of the combined market capitalisation is based on the issued number of ordinary shares of N.V. and PLC, less internal holdings, multiplied by the respective ordinary share price of N.V. (in Amsterdam) and PLC (in London) as at 31st December of each respective year. The rates of exchange used for translation from sterling to guilders are the respective year-end rates of exchange.

^{d)} Return on shareholders' equity is profit on ordinary activities attributable to ordinary shareholders expressed as a percentage of capital and reserves attributable to ordinary shareholders. Return on capital employed is the sum of profit on ordinary activities after tax and interest (after tax) on borrowings due after more than one year, expressed as a percentage of capital employed. Operating margin is operating profit expressed as a percentage of turnover. Gearing is borrowings expressed as a percentage of the sum of borrowings, capital and reserves and outside interests in group companies.

^{e)} See note ^{a)} on page 33.

^{f)} Excludes 65 000 employees of the Brooke Bond Group, for whom no staff costs were included in 1984 as a consequence of the decision to take up in Unilever's 1985 results the profits of the Brooke Bond Group for the fourth quarter 1984.

SALIENT FIGURES IN VARIOUS CURRENCIES

1988 above 1987	Dutch Guilders	Sterling Pounds	Belgian Francs	German Marks	French Francs	Swiss Francs	ECU	US Dollars	Japanese Yen
Rates of exchange ^{a)} (one unit of currency = Fl.)		3.62 3.33	0.0538 0.0537	1.1289 1.1250	0.3304 0.3317	1.3335 1.3930	2.35 2.32	2.00 1.78	0.0160 0.0146
	In millions of currency							(billions)	
Turnover	61 961 55 111	17 116 16 550	1 151 691 1 026 247	54 886 48 987	187 533 166 159	46 465 39 554	26 366 23 755	30 980 30 948	3 873 3 775
Operating profit	5 486 4 572	1 516 1 373	101 970 85 140	4 860 4 064	16 604 13 785	4 114 3 281	2 334 1 971	2 743 2 567	343 313
Profit before taxation	5 262 4 417	1 454 1 327	97 807 82 256	4 661 3 926	15 926 13 318	3 946 3 170	2 239 1 904	2 631 2 481	329 303
Profit after taxation	3 168 2 640	875 793	58 885 49 174	2 806 2 347	9 588 7 962	2 376 1 895	1 348 1 138	1 584 1 483	198 181
Profit on ordinary activities attributable to shareholders	3 021 2 516	834 756	56 152 46 855	2 676 2 237	9 143 7 586	2 265 1 806	1 286 1 084	1 510 1 413	189 172
Ordinary dividends	1 070 897	296 270	19 888 16 697	948 797	3 238 2 703	802 644	455 387	535 504	67 61
Profit of the year retained	1 935 1 685	534 506	35 967 31 386	1 714 1 498	5 857 5 082	1 451 1 210	823 726	967 946	121 115
	In units of currency								
Earnings per share									
Per Fl. 4 of ordinary capital	10.78 8.97	297.79p 269.37p	200.37 167.04	9.55 7.97	32.63 27.04	8.08 6.44	4.59 3.87	5.39 5.04	673.75 614.16
Per 5p of ordinary capital	1.62 1.35	44.68p 40.54p	30.11 25.14	1.44 1.20	4.90 4.07	1.21 0.97	0.69 0.58	0.81 0.76	101.25 92.43
Ordinary dividends ^{b)}									
N.V. – per Fl. 4 of capital	4.29 3.62	118.51p 108.71p	79.74 67.41	3.80 3.22	12.98 10.91	3.22 2.60	1.83 1.56	2.15 2.03	268.13 247.86
PLC – per 5p of capital	0.49 0.40	13.40p 12.09p	9.11 7.50	0.43 0.36	1.48 1.21	0.37 0.29	0.21 0.17	0.25 0.23	30.63 27.39

Movements between 1987 and 1988 will vary according to the currencies in which the figures are expressed.

^{a)} Rates of exchange are respective year-end rates used in translating the combined figures in the various currencies.

^{b)} The value of dividends received by shareholders in currencies other than guilders or sterling will be affected by fluctuations in the rates of exchange after the year end.

LISTING DETAILS, MARKET CAPITALISATION AND DATES FOR DIVIDEND AND INTEREST PAYMENTS

N.V.

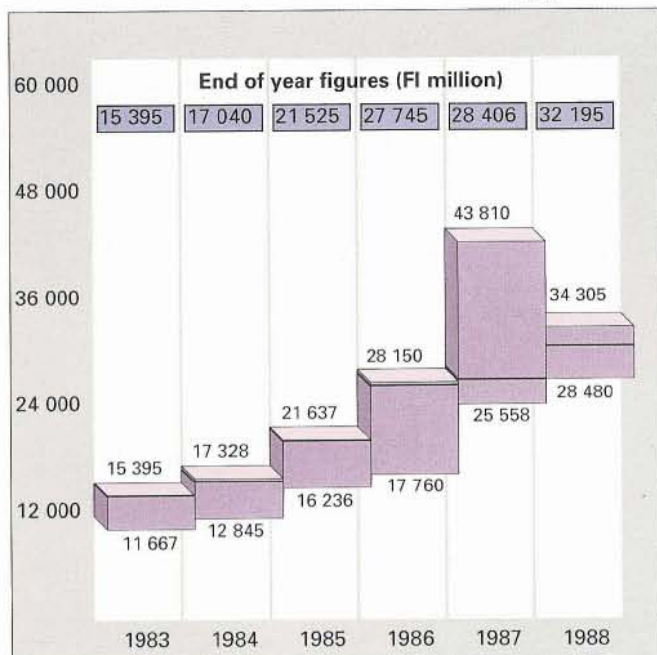
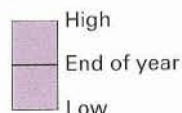
The shares or certificates (depository receipts) of Unilever N.V. are listed on the stock exchanges in Amsterdam, London, New York, and in Austria, Belgium, France, Germany, Luxembourg and Switzerland.

PLC

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

Unilever combined market capitalisation

(Fl. million)*



*at year-end rates of exchange

Ordinary dividends

N.V. and PLC

Interim Announced November, Paid December

Final Proposed February, Paid May

Preferential dividends

N.V.

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

Loan stock interest

N.V.

6% 1972/91 Paid 15th January
7¾% 1993 Paid 4th February
5¾% 1988/95 Paid 15th April
3¾% 1988/95 Paid 15th July

PLC

Unsecured Loan Stocks Paid 30th June and 31st December

Interim announcements of results

First quarter results Mid-May

First half-year results Mid-August

Nine months results Mid-November

Provisional results for the year End February

This booklet contains an English translation of the Unilever N.V. Directors' Report for 1988, together with extracts from the combined consolidated annual accounts for 1988 of Unilever N.V. and Unilever PLC, comparative figures for earlier years, and further information of interest to shareholders. Except where stated otherwise currency figures are expressed in guilders and data is for N.V. and PLC combined. There is also an English version with figures translated into US dollars. An English version of this booklet issued by Unilever PLC with figures expressed in pounds sterling and containing the Unilever PLC Directors' Report for 1988, is also available.

All these versions are identical, except for the differences in currencies and except that the PLC version contains some additional details which are not required by Dutch legislation.

The Unilever N.V. annual accounts for 1988 together with the auditors' report thereon and some additional information, are contained in a separate publication in Dutch, which is also available in an English translation entitled 'Unilever Annual Accounts for 1988'. A Unilever PLC version of that booklet, with figures expressed in pounds sterling and containing the Unilever PLC annual accounts for 1988, is also available.

The original Dutch versions of the documents 'Unilever Annual Report for 1988' and 'Unilever Annual Accounts for 1988', with figures expressed in guilders, together comprise Unilever N.V.'s full annual report and accounts for 1988 and further statutory information, as drawn up by the Board of Directors of Unilever N.V. in accordance with Dutch legislation.

Both N.V. and PLC also make filings with the United States Securities and Exchange Commission (SEC) in the form required by United States legislation.

A booklet 'Unilever in charts', giving salient figures in graphs for the years 1978-1988, is available in separate guilder, pound sterling and US dollar versions.

Copies of all versions of the above-mentioned booklets and of the filings made with the SEC, as well as of the quarterly results publications can be obtained free of charge from Unilever N.V., External Affairs Department, P.O.Box 760, 3000 DK Rotterdam, the Netherlands, or from Unilever PLC, External Affairs Department, P.O.Box 68, London EC4P 4BQ, United Kingdom.