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Certain sections of the Unilever Annual Report and Accounts 2006 have been audited. Sections that have been audited are set out on pages 70 to 123, 129 to 130, 132 to 134 and 137 to 139. The auditable part of the Directors' Remuneration report as set out on page 49 has also been audited.

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The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified on the final page of the Report.

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Basis of reporting

In this Operating review we comment on our changes in revenue on the basis of underlying sales growth (USG). This measure reflects the change in revenue at constant rates of exchange, (average exchange rates for the preceding year) excluding the effects of acquisitions and disposals. It is a measure that provides valuable additional information on the underlying performance of the business. In particular, it presents the organic growth of our business year on year and is used internally as a core measure of sales performance.

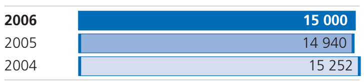
USG is not a measure which is defined under either IFRS or US GAAP. It should not be considered in isolation from, or as a substitute for, financial information presented in compliance with either IFRS or US GAAP. This measure as reported by us may not be comparable with similarly titled measures reported by other companies.

The reconciliation of USG to turnover for each of our reporting regions is given in the following section, and for the Group in total on page 25.

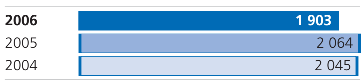
The reporting in this section is based on results for continuing operations. Following the disposal of the majority of our European frozen foods businesses during 2006, the operations which we classify under this heading are different from those which were included as continuing operations in our Report and Accounts 2005.

Europe

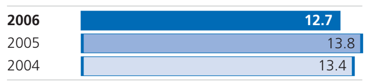
Turnover (€ million)
Continuing operations



Operating profit (€ million)
Continuing operations



Operating margin (%)
Continuing operations



Continuing operations at current rates of exchange	**€ million 2006**	€ million 2005	€ million 2004	Year on year change at current exchange rates 2006 vs 2005	Year on year change at current exchange rates 2005 vs 2004	Year on year change at constant exchange rates 2006 vs 2005	Year on year change at constant exchange rates 2005 vs 2004
Turnover	**15 000**	14 940	15 252	**0.4%**	(2.0)%	**0.2%**	(2.4)%
Operating profit	**1 903**	2 064	2 045	**(7.7)%**	0.8%	**(7.9)%**	0.6%
Operating margin	**12.7%**	13.8%	13.4%				
Restructuring, business disposals, impairment charges and one-time gain on UK pension plans included in operating margin	**(1.4)%**	(0.9)%	(2.7)%				

Turnover and underlying sales growth	**2006 vs 2005**	2005 vs 2004
Underlying sales growth (%)	**1.0**	(0.4)
Effect of acquisitions (%)	**0.1**	0.0
Effect of disposals (%)	**(0.9)**	(2.1)
Effect of exchange rates (%)	**0.2**	0.4
Turnover growth (%)	**0.4**	(2.0)

2006 compared with 2005

Turnover at current rates of exchange rose by 0.4%, after the impact of acquisitions, disposals and exchange rate changes as set out in the table above. Operating profit at current rates of exchange fell by 7.7%, after including a favourable currency movement of 0.2%. The underlying performance of the business after eliminating these exchange translation effects and the impact of acquisitions and disposals is discussed below at constant exchange rates.

We have done much work in Europe to make our business more competitive. In particular there has been a single-minded drive to improve the value we offer consumers, plus a strong innovation programme targeted at the core of our portfolio. Simultaneously, the implementation of our 'One Unilever' programme, the building of capabilities and changes in leadership are all resulting in better execution.

These differences, combined with improved consumer demand, returned the region to modest growth. Underlying sales grew by 1% in the year – entirely from volume. Market shares were broadly stable with gains in ice cream, soups, deodorants and body care. However, there were losses in laundry, hair care and tea.

The UK, our largest European business, returned to growth in the year with good results across most Foods and personal care ranges. Although laundry sales declined, there have been promising signs of progress in recent market shares with *Persil* regaining its position as the country's leading laundry brand.

The Netherlands had a strong year. A pioneer of 'One Unilever', it benefited from operating as a single company. Highlights were rapid growth for *Lipton, Dove, Rexona* and *Axe*.

France remained a difficult market with sales lower in spreads, laundry and hair care. New management is now in place and there was an improvement in the second half of the year.

Sales in Germany held up better in 2006. There was good growth for personal care brands but some turnover in *Lipton* ice tea was lost following changes in rules for bottle returns.

Central and Eastern Europe continued to do well, driven by double-digit growth in Russia.

The sale of the majority of our European frozen foods businesses to Permira was successfully completed during the year.

Our 2006 innovation programmes have resulted in our Foods brands wholeheartedly embracing the concept of Vitality, with new products designed to deliver the health benefits that consumers seek. *Rama/Blue Band Idea!* – spreads with added nutrients which are beneficial to children's mental development – was launched in 2006 and is being rapidly rolled out in 2007. Throughout 2007 cause-related promotional activities associated with these brands will support the United Nations World Food Programme, improving awareness of child hunger and raising funds to alleviate it.

A range of *Knorr* bouillon cubes with selected natural ingredients and a better, richer taste has been rolled out across the region, while *Vie* one-shot fruit and vegetable products are now available in 12 countries. Meanwhile, Latin America's *AdeS* drink, a healthy blend of fruit juices and soya, has been launched successfully in the UK as *AdeZ*.

2006 compared with 2005 (continued)

Product launches with clear functional or emotional benefits in Home and Personal Care brands are being rolled out rapidly across the region. A range of new *Dove* launches included the moisturising self-tan *Dove Summer Glow*. Meanwhile in household care, *Domestos 5x* continues to kill germs even after several flushes and the cleaning power of *Cif* has been applied to a series of power sprays.

The operating margin, at 12.7%, was 1.1 percentage points lower than a year ago, with higher net costs for restructuring, disposals and impairments, partially offset by a one-time gain of €120 million from changes to the UK pensions plan. Before these items, the operating margin would have been 0.6 percentage points lower than in 2005. Margins in Foods were lower than in 2005 as we absorbed significant increases in commodity costs which were only partly compensated by savings programmes.

2005 compared with 2004

Turnover at current rates of exchange fell by 2.0%, mainly due to disposals, and including a positive impact from currency movements of 0.4%. Operating profit at current rates of exchange rose by 0.8%, including a favourable effect of currency movements of 0.2%. The underlying performance of the business after eliminating these exchange translation effects and the impact of acquisitions and disposals is discussed below at constant exchange rates.

Our priority in Europe was to regain momentum and improve competitiveness. The focus was on enhancing the value to consumers of our products through keener pricing, improved quality and more and better innovation.

Marketing support was raised to a more competitive level with additional spend deployed against our best opportunities, and the organisation was streamlined.

We made progress during the year. Volume was slightly positive, but investment in pricing meant that underlying sales declined by 0.4% in the year.

Central and Eastern Europe performed well in buoyant markets, notably in Russia which was ahead by nearly 20%.

Western Europe was challenging, with continued weak consumer demand. Our businesses grew in the Netherlands and Spain, but declined in France, Germany and the UK.

In Foods, we have held overall market share through the course of the year, with growth across all key categories apart from frozen foods.

In Home and Personal Care we had a disappointing year and we have lost market share, particularly in the UK.

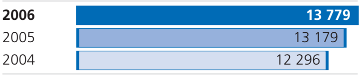
New product launches in 2005 included *Knorr Vie* mini shots, extensions of the *Becel/Flora pro•activ* heart health range, soups fortified with vitamins and low-fat soups.

We introduced a *Rexona Sport* variant in deodorants, *Axe* shower gel and *Sunsilk* hair styling products. We further improved our home care product range with launches that address specific consumer needs, such as 'no-need-to-pre-treat' laundry detergents, *Sun* 4-in-1 dishwash and *Domestos* sink and drain unblocker.

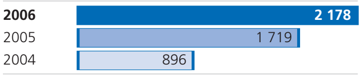
The operating margin, at 13.8%, was 0.4 percentage points higher than in 2004. Increased advertising and promotions and pricing investment together with higher input costs were partly offset by productivity gains. Net restructuring, disposal and impairment costs, at 0.9% were 1.8 percentage points lower than in 2004.

The Americas

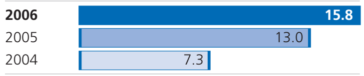
Turnover (€ million)
Continuing operations



Operating profit (€ million)
Continuing operations



Operating margin (%)
Continuing operations



Continuing operations at current rates of exchange	**€ million 2006**	€ million 2005	€ million 2004	Year on year change at current exchange rates 2006 vs 2005	Year on year change at current exchange rates 2005 vs 2004	Year on year change at constant exchange rates 2006 vs 2005	Year on year change at constant exchange rates 2005 vs 2004
Turnover	**13 779**	13 179	12 296	**4.6%**	7.2%	**3.1%**	3.4%
Operating profit	**2 178**	1 719	896	**26.7%**	91.9%	**25.0%**	83.6%
Operating margin	**15.8%**	13.0%	7.3%				
Restructuring, business disposals, impairment charges and one-time gain on US healthcare plans included in operating margin	**0.0%**	(3.4)%	(9.2)%				

Turnover and underlying sales growth	**2006 vs 2005**	2005 vs 2004
Underlying sales growth (%)	**3.7**	4.1
Effect of acquisitions (%)	**0.1**	0.0
Effect of disposals (%)	**(0.7)**	(0.7)
Effect of exchange rates (%)	**1.4**	3.6
Turnover growth (%)	**4.6**	7.2

2006 compared with 2005

Turnover at current rates of exchange rose by 4.6%, after the impact of acquisitions, disposals and exchange rate changes as set out in the table above. Operating profit at current rates of exchange rose by 26.7%, after including a favourable currency movement of 1.4%. The underlying performance of the business after eliminating these exchange translation effects and the impact of acquisitions and disposals is discussed below at constant exchange rates.

Overall, we have maintained share in the US in markets which are growing at around 3%. Underlying sales growth in the US was 2.4%, partly reflecting the effect of trade de-stocking in personal care brands during the first half of the year and in ice cream in the second half. *Degree, Dove* and *Axe* – our three main deodorants brands – all gained share. The launch of *Sunsilk* drove growth in haircare. In laundry we initiated the move to concentrated liquids but have lost further share in conventional detergents.

Bertolli frozen meals, Lipton ready-to-drink tea, in our joint venture with Pepsi, and *Slim•Fast* all gained share in the US with the latter making weight loss accessible, affordable and achievable for consumers everywhere. Our share for the year as a whole was also up in ice cream, although sales were down. The sector has been heavily promoted in recent years but in 2006 the level of promotional intensity reduced. As a result, the trade used up stocks and bought less.

Sales in Brazil picked up well after a slow start, with very good innovation-driven performances in hair, deodorants and laundry. Indeed, *Omo's* brand share was at its highest level for many years.

Sales in Mexico were lower for the year, affected by a combination of a decline in the traditional retail trade and local low-priced competition. In addition, there were several operational issues which have since been addressed. The business returned to growth in the fourth quarter. Elsewhere there was good growth in Argentina, Central America and Venezuela. Taken together, sales in Latin America were ahead by 5.8% with Home and Personal Care brands continuing to do well. However, there was more modest growth in Foods brands due to tough local competition.

New products introduced in the US included *Wish-Bone Salad Spritzers* with one calorie per spray, further development of the *Bertolli* premium frozen meal range, and *Lipton* pyramid tea bags. Across the region, new *Knorr* soups and bouillons cater for local tastes. The highly successful *AdeS* nutritional drink has been extended with a 'light' variant, new fruit flavours and the launch of soymilk in Brazil and Mexico.

We strengthened our hair portfolio with the launch of *Sunsilk*, improved both the *Suave* and *Dove* haircare lines and sold the Aquanet and Finesse brands. We had a good sales response to *all Small & Mighty* concentrated liquid detergents. These use reduced-size packaging to save water, cardboard and energy use in production, packaging and transport. They are also easier for consumers to carry, pour and store. We then applied *all Small & Mighty's* product technology to fabric conditioners, creating *Snuggle Exhilarations* – a three-times more concentrated premium sub-range delivering superior fragrance. In Brazil, *Omo* has been further strengthened with a new top-performance product including baby and foam control variants.

2006 compared with 2005 (continued)

The operating margin, at 15.8%, was 2.8 percentage points higher than a year ago. There were lower costs for restructuring, disposals and impairments, and a one-time benefit in 2006 of €146 million from changes to US healthcare plans. In 2005 there was a gain on the sale of an office. Before these items the operating margin would have been 0.3 percentage points lower than last year. Innovation-driven marketing mix, pricing and productivity offset high commodity costs. Advertising and promotions were increased to support major brand launches.

2005 compared with 2004

Turnover at current rates of exchange rose by 7.2%, including a positive impact from currency movements of 3.6%. Operating profit at current rates of exchange was 92% higher than in 2004, including a favourable impact from currency movements of 8.3%. The underlying performance of the business after eliminating these exchange translation effects and the impact of disposals is discussed below at constant exchange rates.

Underlying sales grew by 4%, all coming from volume gains, broadly based across the region, underpinned by a successful innovation programme.

Consumer demand in the US showed a sustained recovery. Our sales in the US grew by 3.2%, accelerating through the year, and we gained market share in aggregate.

In Brazil and Mexico, a strong first half was followed by relatively weaker demand in the second half of the year. We grew in line with our markets in Home and Personal Care, but saw some share loss in Foods.

Growth in Personal Care across the region was driven by good consumer response to our initiatives, including Vitality innovation and consistent support. This was particularly evident in the deodorants and personal wash categories, with strong double-digit growth for *Axe*, now the number one deodorant in the US, and for the *Dove* and *Rexona* brands.

Another strong Foods performance in the US was driven by further share gains in ice cream, continued good results from the extension of the *Country Crock* and *Bertolli* brands into new categories, and from *Lipton* ready-to-drink and speciality teas. *Slim•Fast* continued to regain share, but in a much contracted weight management market and sales were well below the previous year.

New launches in the US included the well received *Dove Cool Moisture* range and the extension of *Axe* into male shower gels. In Latin America our brands were also very successful in connecting with younger consumers through *Rexona 'teens'* and innovative communication for *Axe*.

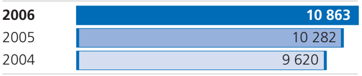
In the US we introduced *all Small & Mighty* laundry detergent, offering the convenience of the same cleaning power in a smaller bottle. We invested in communication of our *Omo* laundry brands, under the 'Dirt is Good' campaign in southern Latin America.

In Foods, we strengthened the Vitality credentials of our brands in the US with *Promise* heart health spread, *Ragú* organic and support for the anti-oxidant properties of *Lipton* teas. *AdeS* continued to build across Latin America with the distinctive nutrition benefits of 'soy with fruit'.

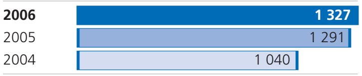
The operating margin at current rates of exchange was 13.0%, 5.7 percentage points higher than in 2004. Net charges for restructuring, disposal and impairment were 3.4%, which was 5.8 percentage points lower than in the prior year. Cost savings offset a higher level of advertising and promotions and increased input costs. There were also gains from the sale of an office in the US, in US healthcare plans and from currency effects on capital reductions.

Asia Africa

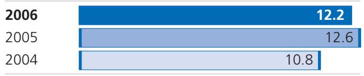
Turnover (€ million)
Continuing operations



Operating profit (€ million)
Continuing operations



Operating margin (%)
Continuing operations



Continuing operations at current rates of exchange	**€ million 2006**	€ million 2005	€ million 2004	Year on year change at current exchange rates 2006 vs 2005	Year on year change at current exchange rates 2005 vs 2004	Year on year change at constant exchange rates 2006 vs 2005	Year on year change at constant exchange rates 2005 vs 2004
Turnover	**10 863**	10 282	9 620	**5.7%**	6.9%	**6.8%**	6.9%
Operating profit	**1 327**	1 291	1 040	**2.8%**	24.1%	**4.0%**	24.7%
Operating margin	**12.2%**	12.6%	10.8%				
Restructuring, business disposals and impairment charges included in operating margin	**(0.3)%**	0.0%	(2.9)%				

Turnover and underlying sales growth	**2006 vs 2005**	2005 vs 2004
Underlying sales growth (%)	**7.7**	8.7
Effect of acquisitions (%)	**0.0**	0.0
Effect of disposals (%)	**(0.8)**	(1.6)
Effect of exchange rates (%)	**(1.1)**	0.0
Turnover growth (%)	**5.7**	6.9

2006 compared with 2005

Turnover at current rates of exchange rose by 5.7%, after the impact of acquisitions, disposals and exchange rate changes as set out in the table above. Operating profit at current rates of exchange rose by 2.8%, after including an adverse currency movement of 1.2%. The underlying performance of the business after eliminating these exchange translation effects and the impact of acquisitions and disposals is discussed below at constant exchange rates.

Markets remained buoyant in most of the key countries though there was a slowdown in consumer spending in Thailand. Underlying sales growth of 7.7% was broadly based and our aggregate market shares remained stable.

India grew well across major sectors. A mix of global, regional and local brands is driving growth, notably *Wheel* and *Surf Excel* in laundry, and *Clinic* in haircare. A second year of excellent growth in China, stemmed from a combination of market growth, better distribution and innovations behind global brands such as *Omo, Lux* and *Pond's*, as well as the local toothpaste brand, *Zhonghua*. Indeed, Unilever Oral Care and *Zhonghua* exhibited at the FDI World Dental Federation Congress in China to showcase 'Live, Learn, Laugh' – Unilever's global partnership with the Federation to improve oral health globally.

Indonesia sustained good momentum, not only in the large Home and Personal Care ranges but also in Foods as a result of strong performances in ice cream and savoury. Thailand had a disappointing year through weak demand and intense competition. A major programme of activities is under way to correct this.

Australia experienced a much improved performance with share gains in a number of areas. In Japan, *Lux Super Rich* – the leading brand – performed well despite the launch of a competitor's major brand. However, *Dove* and *Mod's* lost share.

Savoury, ice cream, laundry and household care brands were the main drivers of strong growth in Turkey, while sales in Arabia were well ahead.

In South Africa, aggressive price promotions by a local competitor have reduced laundry sales, but there were strong growth and share gains in Foods.

Innovation is increasingly being driven globally and regionally, rather than locally. The new *Sunsilk* range has been introduced in most major markets and in laundry, the Dirt is Good positioning is now in place across the region. *Pond's Age Miracle*, incorporating unique technology and designed specifically for Asian skin, has been launched in four countries. Meanwhile the latest global *Axe/Lynx* fragrance, *Click*, has been introduced in Australia and New Zealand.

As in the rest of the world, the Foods innovation programme focused on Vitality. *Moo*, a wholesome children's ice cream range based on the goodness of milk, has been very well received by mothers and children alike and has proven a real success story in South East Asia. Healthy green tea innovations are being rolled out extensively, while in South Africa marketing for *Rama* margarine now communicates the product's healthy oils. Addressing the needs of lower income consumers, low-priced *Knorr* stock cubes – already successful in Latin America – were also introduced in the region.

2006 compared with 2005 (continued)

The operating margin at 12.2% was 0.4 percentage points lower than a year ago. Before the impact of restructuring, disposals and impairments, the operating margin would have been in line with last year. The benefits to margin of strong volume growth and savings programmes were fully offset by higher commodity costs and other cost inflation which could not be fully recovered in pricing.

2005 compared with 2004

Turnover at current rates of exchange rose by 6.9%, with no net impact from currency movements. Operating profit at current rates of exchange was 24% higher than in 2004, after allowing for an adverse impact from currency movements of 0.6%. The underlying performance of the business after eliminating these exchange translation effects and the impact of disposals is discussed below at constant exchange rates.

We capitalised on our leading positions and buoyant consumer demand across most of the region, growing underlying sales by nearly 9%, in a competitive environment, and increasing market share in key battlegrounds.

The growth was broad-based in terms of both categories and geographies. There were notable performances in all major developing and emerging countries, including a strong recovery in India with market share gains, and significant contributions from China, which was up by over 20%, and from South East Asia, South Africa, Turkey and Arabia. Japan returned to growth. After a weak first half, Australia improved in the second half of the year.

Most of the increase came from volume, but price growth gained momentum through the year, as we moved selectively to recover increased commodity costs, especially in home care.

Growth was underpinned by a range of innovations. In skin care in India, *Lux* was strengthened with new soap bars from the global range and the introduction of limited editions. Innovations in *Pond's* included a new 'mud' range in China.

In haircare we launched *Dove* in Indonesia, a *Sunsilk* summer range across South East Asia, a new variant for *Lux Super Rich* in China and a strengthened *Sunsilk* range across several key markets in Africa and the Middle East.

New formulations for our laundry products include improved whiteness delivery for *Surf* in Indonesia and *Omo* for sensitive skin in Turkey.

In tea, we substantially strengthened the *Brooke Bond* brand in India, while *Lipton* benefited from strong regional innovations, including Earl Grey and Green Tea variants in markets such as Turkey and Arabia.

The operating margin was 12.6%, 1.8 percentage points higher than in 2004. Increased investment in advertising and promotions was partly offset by productivity gains. The remaining difference was due to net restructuring, disposal and impairment charges which were insignificant in 2005 compared with a net charge of 2.9% in 2004.

We are passionate about developing great global brands and bringing them to market brilliantly. Our Foods and Home and Personal Care teams invest heavily in world-class innovation in order to create global brand ideas that can be rolled out fast. This involves close collaboration between our marketing and research teams, in order to develop breakthrough ideas that meet the changing needs of consumers the world over and fulfil our mission of adding Vitality to life.

Faster roll-out

Changes to our structure, our 'One Unilever' programme, and better collaboration across our business are helping us get new products to market faster than ever before, and this is having a big impact on brand growth.

Our Dirt is Good positioning including the *Omo* laundry brand now has sales of over €2.5 billion thanks to an alignment of the brand positioning and the rapid roll-out in Asia, where it delivered not only growth, but record market shares.

The new *Rama/Blue Band Idea!* spread was launched in 14 countries within only five months. *Idea!* is a breakthrough innovation with an advanced nutrient mix that supports children's mental development – an issue of interest to parents around the globe, both in developed and developing markets.

Dove Summer Glow self-tanning lotion was rolled out across four European countries in just a few weeks. It became our most successful personal care innovation in Europe in 2006, gaining sector leadership in most markets through an outstanding team effort involving marketing, supply chain, R&D and customer development.

Brands with global missions

Throughout 2006 we continued to build brands with global missions and distinctive points of view. Our brands aim to communicate ideas that can be expressed wherever and whenever consumers encounter them, and play an active role in consumers' lives.

Axe/Lynx is one of the best-known examples: the '*Axe/Lynx* effect' – giving guys the edge in the dating game – underpins all the brand's campaigns. In 2006 this led to an innovative launch for *Axe Click*, our most successful anti-perspirant variant since *Pulse*. More than 4 million consumers claimed a free hand-held clicker to keep track of the flirtatious looks they attracted as a result of using *Axe Click*, helping drive the brand's growth in France, Germany and Mexico.

Overall, our deodorants business continues to grow. *Rexona*, with its 'won't let you down' promise, played a big role in this success, and reached a major milestone by breaking the €1 billion sales barrier.

Flora/Becel has been fighting the spread of cardiovascular disease for over 40 years. Since 2003 the brand has joined forces with the World Heart Federation to educate consumers and encourage them to make heart-healthy changes to their diet and lifestyle. *Flora/Becel pro•activ* is the world's best-selling cholesterol-lowering food brand and in 2006 the Three Week Challenge engaged with consumers in a number of countries to demonstrate to them the product's effectiveness in lowering cholesterol.

Throughout the year, the *Dove Campaign for Real Beauty* continued to challenge conventional definitions of beauty. The strength of this global mission led to great examples of regional execution. For example, the Evolution advertisement, which exposed some of the tricks of the beauty trade, prompted much media attention in North America and was downloaded from YouTube.com a million times in a two-week period.

The *Dove Self Esteem Fund* works in partnership with schools and organisations such as Girl Scouts of America and the Eating Disorders Association to inspire girls to feel more confident about the way they look. So far, *Dove* self-esteem programmes have reached more than 750 000 young people and sales of *Dove* products are growing rapidly.

Lipton is committed to ensuring consumers everywhere are aware of the 'goodness of tea', which is rich in theanine and antioxidants, and has zero calories. Popular all over the world, *Lipton* is the leading global tea brand. In 2006, the brand grew strongly, with leaf tea increasing by around 5% and ready-to-drink products, including sales through our joint venture with Pepsi, up by 25%.

Research & Development

We currently employ more than 6 000 scientists and product developers in Research & Development (R&D) worldwide, delivering total product solutions for Vitality innovations. In 2006 we spent over €900 million on R&D worldwide.

Following our Science & Technology Review, which looked at all aspects of our R&D activities, we are focusing resources on world-class R&D capabilities, working with clear innovation targets and concentrating on fewer – but bigger – projects, which in many cases involve patented technology. We have also embraced Open Innovation, which has involved creating new working relationships between our R&D teams, suppliers, customers, universities and other institutes worldwide.

Launched in Turkey in December, *Amaze Brainfood* is the result of four years of development, long-term clinical trials and €40 million of research. The range of lunchbox snacks and milk drinks contains one-third of the nutrients children need daily for brain development. It was developed through collaboration between our product development teams and the Unilever Food & Health Research Institute.

In the Asia skincare market, *Pond's* launched *Age Miracle*, a breakthrough patented innovation containing a plant extract called CLA (conjugated linoleic acid) which helps reduce signs of ageing and yields exceptional results in Asian complexions. *Age Miracle* has gone on sale across Asia, helping build *Pond's* profile in fast-growing D&E markets.

We also developed *Surf Excel*, which enables consumers to achieve the same laundry cleaning results with less rinsing – a big advantage in areas where water supply is limited.

Following the theme of 'less is more' in laundry, new technology helped create *all Small & Mighty* concentrated liquid detergents, which were launched in the US. *Small & Mighty* is three times more concentrated than regular detergents, so you get a full load clean with just one-third of the amount. That means fewer packaging materials, cheaper transport and less space needed for storage – good news for consumers, retailers and the environment. During 2007 *Small & Mighty* will be rolled out across Europe.

In June we submitted a dossier to the UK FSA (Food Standards Agency) to seek regulatory approval under the EC Novel Foods Regulation for the use of Ice Structuring Protein (ISP) in ice cream products in Europe. This breakthrough ISP technology enables a multitude of innovations in ice cream, including significantly healthier options and better quality ice cream.

New *Domestos 5x* contains a molecule called C-TAC which clings to the toilet bowl flush after flush, killing germs up to five times longer than any other bleach or toilet product. As part of its launch, consumers were supplied with a test strip to prove how long it remains effective. *Domestos 5x* is due to be launched in all key countries for the brand.

Vitality

Our Vitality mission is at the heart of everything we do. It provides clear direction for meeting consumers' changing needs, and helps us identify major growth opportunities for our Foods and Home and Personal Care brands.

For example, *Knorr Vie* shots pack lots of nutrition into each handy 100ml bottle. These smoothie-style products made from fruit and vegetables provide half the minimum daily intake of fruit and vegetables recommended by the World Health Organization. Launched in 2005, they are now available in 12 European countries – over 100 million bottles have been sold so far.

AdeZ – our soya-based drink with fruit juices – delivers 35% of the daily recommended intake of vitamins B6 and C, magnesium and calcium. *AdeZ* provides the goodness of soya in a great tasting range of flavours. *AdeZ* started in South America and, with the launch in the UK, this successful product has now been brought to Europe.

When it comes to hygiene, *Lifebuoy* has already helped around 70 million people in India become more aware of the importance of hand-washing with soap to control the spread of diarrhoeal disease and respiratory infections. The brand has been working in partnership with organisations such as the World Bank and UNICEF to promote hand-washing in other countries and as part of its roll-out in Africa.

In early 2005 we made a commitment to reduce the amount of fats, salt and sugar in our products – a pledge which won the praise of the European Health Commissioner. Since then we have achieved our original targets: by the end of 2006 we had assessed more than 16 000 products and taken out more than 37 000 tonnes of trans and saturated fats, 3 000 tonnes of sodium and 17 000 tonnes of sugars – without compromising flavour. This work continues through our ongoing Nutrition Enhancement Programme.

A great example is the nutritional improvements to our ice cream products. We have removed artificial colours and flavours, increased the fruit content and reduced sugar levels in water ices across our kids' portfolio in Western Europe. It is an ongoing improvement process which will extend to more products and regions in the future.

Through our global partnership with the FDI World Dental Federation we are helping to improve oral health around the world with practical, sustainable community programmes. To support these initiatives we have developed a low-cost toothbrush, the *Pepsodent Fighter*, which retails at a price equivalent to just €0.20 and is proving a great success in India and Indonesia.

Meanwhile our Choices programme is helping busy shoppers make quick purchasing decisions for healthier eating. The front-of-pack stamp helps identify products which are in line with international recommendations for trans fats, saturated fats, salt and sugar. The programme has been launched in the Netherlands, Belgium and the US, and is now being rolled out globally to a total of 40 countries. We are also encouraging its adoption more widely in the foods industry.

Innovations in 2006

The following are some examples of our brand innovations and similar activities in 2006.

Lipton, the world's biggest tea brand, is creating drinks that help people live healthier lives. The brand has been rolling out a communication programme to inform consumers of its antioxidant health benefits and is influencing the wider tea industry with its commitments to sustainability – for example, sustainable farming practices – and education and health. In 2006 Unilever Tea Kenya won a Global Business Coalition on HIV/AIDS award for its work on the education, prevention and treatment of HIV/AIDS in the workplace and beyond. The brand has shown consistent high growth over the past few years.

Dove Summer Glow self-tanning lotion keeps a body beautiful all year round. A great example of how a strong global platform can help a brand extend into new categories, *Dove Summer Glow* was launched in the US and rolled out in four European countries in a matter of weeks. Its advertising continued to target women who, through earlier campaigns, already know that *Dove* is committed to real beauty for real women. *Dove Summer Glow* helps them feel good about their skin, whatever the weather.

The healthy-heart foods market is growing fast. And backed by our Goodness of Margarine campaign, *Flora/Becel* continues to lead the way. Unilever has been a partner of the World Heart Federation since 2003, and works closely with them to increase awareness of cardio-vascular disease. Throughout 2007, *Flora/Becel* is planning to take the message further than ever before, with its global Love Your Heart campaign which is intended to inspire and empower people to make heart-healthy choices.

Backed by a passion-packed advertising campaign linked to the energy and excitement of football and the 2006 World Cup, *Rexona* scored this year when annual sales passed the €1 billion mark for the first time. The goal now is to promote the brand's market-leading body-responsive deodorant, with its technology-based 'won't let you down' promise, and turn *Rexona* into an iconic brand worldwide for men and women.

Test-marketed in Ireland and Belgium in 2006, *Frusì* – our new frozen snack – is proving very popular. *Frusì* was created to provide guilt-free pleasure for people who take their health seriously. With *Frusì* they have the best of both worlds: real natural goodness without compromise on taste, pleasure or convenience. Sales of *Frusì* have beaten targets for market penetration and share, and repeat purchases. Following the success of this test-market, *Frusì* is being rolled out to more countries in 2007.

Developed with 'empty nesters' in mind and launched in the UK in January 2006, *Comfort Crème* has shown thousands of older women that it's good to wear softer clothes that help you look and feel great. With its gold-topped bottles and fragrances of jojoba and sweet almond oil, *Comfort Crème* is now used in over a million UK households. Its success has overturned the idea that fabric conditioners are only popular with mothers with young children.

With each bottle able to dress more salad than a bottle twice its size – 26 salads in all – *Wish-Bone Salad Spritzers* are helping Americans count the calories. The easy-to-use bottles allow consumers to dress their salads perfectly with just one calorie per spray. Available in three flavours – Italian, Balsamic Breeze and Red Wine Mist – *Wish-Bone Salad Spritzers* are good for salads, vegetables – and waistlines.

Bad hair dramas are becoming a thing of the past for America's 20-something women. Launched nationwide in 2006 with a witty, $200 million campaign, the *Sunsilk* 'Get Hairapy' approach to the dramas of kinky, flat or frizzy hair is bringing this global brand to an entirely new market. Backed by innovative marketing, the campaign has led to more and more women solving their hair issues with some serious 'hairapy'.

In 2001, when Unilever signed a joint venture with Indonesia's Kecap company, *Bango* soy sauce had a national market share of less than 5%. Today, following an imaginative programme designed to preserve Indonesia's culinary heritage and enhance the livelihood of the country's soy bean farmers, the brand has sales of around €100 million – and is growing by 10% year on year. Unilever's guaranteed market, technical assistance and access to finance, combined with improved work opportunities for women and localised community involvement, have all helped develop the brand.

Right across Asia, from Pakistan to China, the Dirt is Good positioning with *Omo* (*Rinso*) has been washing well with consumers. Based on the simple premise that, for children, dirt and stains are a natural part of being active and learning through play, the campaign promotes the brand through community-endorsed playgrounds, outdoor games and competitions involving both children and parents. The campaign's success has led to *Omo* becoming Unilever's first-ever billion RMB (Renminbi) sales brand in China.