

PT UNILEVER INDONESIA TBK AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004
(UNAUDITED)

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PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2005 AND 2004
(UNAUDITED)

Rupiah millions

	Notes	2005	2004
CURRENT ASSETS			
Cash and cash equivalents	4	915,364	1,050,491
Trade debtors (Net of allowance for doubtful accounts of Rp 5,901 in 2005 and Rp 6,392 in 2004)			
- Third parties	2g, 5	578,619	680,135
- Related parties	2d, 5	40,792	59,667
Other debtors	2f, 6	27,729	22,962
Inventories (Net of provision for obsolete and unused/slow moving stocks of Rp 34,459 in 2005 and Rp 20,399 in 2004)	2h, 7	621,385	585,122
Prepaid taxes	2h, 14c	6,057	5,482
Prepaid expenses	2l, 9	31,561	73,727
Total Current Assets		2,221,507	2,477,586
NON-CURRENT ASSETS			
Amounts due from related parties	2d, 8c	24,361	23,845
Deferred tax asset, net	2n, 14b	64,594	34,848
Fixed assets (Net of accumulated depreciation of Rp 328,055 in 2005 and Rp 282,042 in 2004)	2i, 10a	1,351,290	971,177
Intangible assets (Net of accumulated amortisation of Rp 60,607 in 2005 and Rp 45,531 in 2004)	2j, 11	179,759	182,054
Other assets	2l, 12	50,312	58,412
Prepaid pension expense	2o, 17	45,280	47,372
Total Non-current Assets		1,715,596	1,317,708
TOTAL ASSETS		3,937,103	3,795,294

The accompanying notes form an integral part of these consolidated financial statements

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2005 AND 2004
(UNAUDITED)

Rupiah millions, except par value per share

	Notes	2005	2004
CURRENT LIABILITIES			
Trade creditors			
- Third parties	13	436,807	400,146
- Related parties	2d, 13	36,666	15,294
Taxes payable	2n, 14d	83,897	122,380
Dividend payable	22	610,400	610,400
Accrued expenses	15	329,901	366,586
Other liabilities	16	248,043	338,000
Total Current Liabilities		1,745,714	1,852,806
NON-CURRENT LIABILITIES			
Amounts due to related parties	2d, 8d	74,970	39,485
Employee benefit obligations	2o, 17	69,260	65,325
Total Non-current Liabilities		144,230	104,810
MINORITY INTERESTS	18a	14,147	8,750
EQUITY			
Share capital	19	76,300	76,300
(Authorised, issued and fully paid-up: 7,630,000,000 common shares at par value of Rp 10 per share for 2005 and 2004)			
Capital paid in excess of par value	20	15,227	15,227
Fixed assets revaluation reserve	2i, 10b	287,593	154
Balance arising from restructuring transactions between entities under common control	3, 21	80,773	-
Appropriated retained earnings	23	15,848	15,260
Unappropriated retained earnings		1,557,271	1,721,987
Total Equity		2,033,012	1,828,928
TOTAL LIABILITIES AND EQUITY		3,937,103	3,795,294

The accompanying notes form an integral part of these consolidated financial statements

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED JUNE 30, 2005 AND 2004
(UNAUDITED)

Rupiah millions except basic earnings per share

	Notes	2005	2004
NET SALES	2m, 24	4,894,180	4,469,442
COST OF GOODS SOLD	2m, 25	(2,500,724)	(2,102,798)
GROSS PROFIT		2,393,456	2,366,644
OPERATING EXPENSES		(1,252,309)	(1,319,480)
Marketing and selling expenses	2m, 26a	(971,950)	(1,050,147)
General and administration expenses	2m, 26b	(280,359)	(269,333)
OPERATING INCOME		1,141,147	1,047,164
OTHER INCOME/(EXPENSES)		12,965	54,481
Gain/(loss) on disposals of fixed assets	2i, 10d	(750)	1,905
Gain on foreign exchange, net	2e	1,677	34,514
Interest income		12,038	18,062
PROFIT BEFORE INCOME TAX		1,154,112	1,101,645
Income tax expense	2n, 14a	(349,055)	(334,681)
INCOME BEFORE MINORITY INTERESTS		805,057	766,964
MINORITY INTERESTS IN NET LOSS OF SUBSIDIARIES		286	-
Net loss of subsidiaries	18b	286	-
NET INCOME		805,343	766,964
BASIC EARNINGS PER SHARE	2q, 28	106	101

The accompanying notes form an integral part of these consolidated financial statements

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2005 AND 2004

Rupiah millions

	<u>Notes</u>	<u>Share Capital</u>	<u>Capital paid in excess of par value</u>	<u>Fixed assets revaluation reserve</u>	<u>Balance arising from restructuring transactions between entities under common control</u>	<u>Appropriated retained earnings</u>	<u>Unappropriated retained earnings</u>	<u>Total</u>
Balance at December 31, 2003		76,300	15,227	154	-	15,260	1,988,718	2,095,659
Net income for the period		-	-	-	-	-	766,964	766,964
PT AL Dividend		-	-	-	-	-	2,600	2,600
Accumulated deficit of PT Knorr Indonesia		-	-	-	-	-	(44,395)	(44,395)
Dividends	22	-	-	-	-	-	(991,900)	(991,900)
Balance at June 30, 2004		<u>76,300</u>	<u>15,227</u>	<u>154</u>	<u>-</u>	<u>15,260</u>	<u>1,721,987</u>	<u>1,828,928</u>
Balance at December 31, 2004		76,300	15,227	287,593	80,773	15,848	1,820,943	2,296,684
Net income for the period		-	-	-	-	-	805,343	805,343
Actuarial loss		-	-	-	-	-	(815)	(815)
Dividends	22	-	-	-	-	-	(1,068,200)	(1,068,200)
Balance at June 30, 2005		<u>76,300</u>	<u>15,227</u>	<u>287,593</u>	<u>80,773</u>	<u>15,848</u>	<u>1,557,271</u>	<u>2,033,012</u>

The accompanying notes form an integral part of these consolidated financial statements

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2005 AND 2004

Rupiah millions

	Notes	2005	2004
Cash flows from operating activities			
Receipts from customers		5,188,684	4,519,820
Receipts of interest income		12,038	18,062
Payments/(repayments) of loans to employees		(3,420)	(2,357)
Payments to suppliers		(3,745,783)	(3,276,772)
Payments of directors and employees remuneration		(235,113)	(282,348)
Payments of pension contributions	17	(21,111)	(10,330)
Payments of service fees		(134,919)	(146,671)
Payments of corporate tax		(427,899)	(323,855)
		632,477	495,549
Cash flows from investing activities			
Investment in PT Knorr Indonesia		-	(59,915)
Payments for the acquisition of fixed assets	10a	(39,026)	(125,386)
Proceeds from the sale of fixed assets	10d	1,132	5,689
		(37,894)	(179,612)
Cash flows from financing activities			
Dividends paid	22	(461,650)	(381,500)
		(461,650)	(381,500)
Net increase/(decrease) in cash and cash equivalents		132,933	(65,563)
Effect of exchange rate changes on cash and cash equivalents		(2,024)	(20,525)
Cash and cash equivalents at the beginning of the period		784,455	1,136,579
Cash and cash equivalents at the end of the period	2b, 4	915,364	1,050,491

The accompanying notes form an integral part of these consolidated financial statements

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

1. General

PT Unilever Indonesia Tbk (the "Company") was established on December 5, 1933 as Lever's Zeepfabrieken N.V. by deed No. 23 of Mr. A.H. van Ophuijsen, notary in Batavia. This deed was approved by the Gouverneur Generaal van Nederlandsch-Indie under letter No. 14 on December 16, 1933, registered at the Raad van Justitie in Batavia under No. 302 on December 22, 1933 and published in the Javasche Courant on January 9, 1934 Supplement No. 3.

By deed No. 171 of public notary Mrs. Kartini Muljadi SH dated July 22, 1980 the Company's name was changed to "PT Unilever Indonesia". By deed No. 92 of public notary Mr. Mudofir Hadi SH dated June 30, 1997 the Company's name was changed to "PT Unilever Indonesia Tbk". This deed was approved by the Minister of Justice under decision letter No.C2-1.049HT.01.04 TH.98 dated February 23, 1998 and published in State Gazette No. 2620 of May 15, 1998 Supplement No. 39.

The Company listed 15% of its shares on the Jakarta Stock Exchange and Surabaya Stock Exchange following the approval from the Chairman of Capital Market Supervisory Board (Bapepam) No.SI-009/PM/E/1981 on November 16, 1981.

At the Company's Annual General Meeting of the Shareholders on June 24, 2003, the shareholders agreed to a stock split, reducing the par value per share from Rp 100 per share to Rp 10 per share. This change was notarised by deed No. 46 of public notary Singgih Susilo SH dated July 10, 2003 and was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under decision letter No. C-17533 HT.01.04-TH.2003.

The Company is engaged in the manufacturing of soaps, detergents, margarine, dairy based foods, ice cream, tea based beverages and cosmetic products.

As approved at the Company's Annual General Meeting of the Shareholders on June 13, 2000, which was notarised by deed No. 82 of public notary Singgih Susilo SH dated June 14, 2000 the Company also acts as a main distributor of its products and provides marketing research services. This deed was approved by the Minister of Law and Legislation (formerly Minister of Justice) of the Republic of Indonesia under decision letter No. C-18482 HT.01.04-TH.2000.

The Company commenced commercial operations in 1933.

The Company's office is located at Jalan Jendral Gatot Subroto Kav. 15, Jakarta. The factories are located at Jalan Jababeka 9 Blok D, Jalan Jababeka Raya Blok O, Jababeka Industrial Estate Cikarang, Bekasi, West Java and Jalan Rungkut Industri IV No. 5-11, Rungkut Industrial Estate, Surabaya, East Java.

On November 22, 2000, the Company entered into an agreement with PT Anugrah Indah Pelangi, to establish a new company namely PT Anugrah Lever ("PT AL") which is engaged in the manufacturing, developing, marketing and selling of soy sauce, chilli sauce and other sauces under the Bango, Parkiet and Sakura trademarks and other brands under license of the Company to PT AL.

On July 3, 2002, the Company entered into an agreement with Texchem Resources Berhad, to establish a new company namely PT Technopia Lever which is engaged in the distribution, export and import of goods under the Domestos Nomos trademark. On November 7, 2003 Texchem Resources Berhad entered into a Share Sale and purchase Agreement with Technopia Singapore Pte. Ltd, in which Texchem Resources Berhad agreed to sell all of its shares in PT Technopia Lever to Technopia Singapore Pte. Ltd.

At the Company's Extraordinary General Meeting of the Shareholders on December 8, 2003, the Company received approval from its minority shareholders to acquire the shares of PT Knorr Indonesia ('PT KI') from Unilever Overseas Holdings Limited (a related party). This acquisition became effective on the signing date of the share sales and purchase agreement between the Company and Unilever Overseas Holdings Limited on January 21, 2004. On July 30, 2004, the Company merged with PT KI. The merger was accounted for using a method similar to the pooling of interest method. The Company was the surviving company and after the merger PT KI no longer existed as separate legal entity. This merger is in accordance with the approval of the Capital Investment Co-ordination Board (BKPM) in letter No. 740/III/PMA/2004 dated July, 29, 2004.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

The summary of the Company's direct ownership in subsidiaries and the total assets of subsidiaries are as follows:

	Country of domicile	Percentage of ownership		Year of commercial operation commenced	Total assets in Rp billion	
		2005	2004		2005	2004
PT Anugrah Lever	Indonesia	65%	65%	2001	48.7	54.4
PT Technopia Lever	Indonesia	51%	51%	2002	26.2	31.1

As at June 30, 2005, the Company's Boards of Commissioners and Directors were as follows:

Board of Commissioners

President Commissioner : Louis Willem Gunning
Commissioners : Theodore Permadi Rachmat
Kuntoro Mangkusubroto
Cyrillus Harinowo
Bambang Subianto

Board of Directors

President Director : Maurits Daniel Rudolf Lalisang
Directors : Desmond Gerard Dempsey
Mohammad Effendi Soeparsono
Muhammad Saleh
Josef Bataona
Surya Dharma Mandala
Debora Herawati Sadrach
Andreas M. Rompis
Laercio de Holanda Cardoso Junior

2. Summary of Significant Accounting Policies

The consolidated financial statements of PT Unilever Indonesia Tbk and subsidiaries (collectively "the Group") were prepared by the Directors and completed on July 29, 2005.

Presented below are the significant accounting policies adopted in preparing the consolidated financial statements of the Group, which are in conformity with accounting principles generally accepted in Indonesia.

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared under the historical cost convention, with the exception that certain fixed assets have been revalued in accordance with the applicable government regulations (refer to Note 2f) and derivative financial instruments which are valued at fair value (refer to Note 2f).

The consolidated financial statements have also been prepared on the basis of the accruals concept except for the consolidated statements of cash flows.

Figures in the financial statements are rounded and stated in millions of Rupiah unless otherwise stated.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

b. Consolidated statements of cash flows

The consolidated statements of cash flows are prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and short term investments with a maturity of three months or less, net of overdrafts, if any.

c. Principles of consolidation

The consolidated financial statements include the accounts of the Company and the subsidiaries it controls, PT Anugrah Lever and PT Technopia Lever, in which the Company directly has control and ownership of more than 50% of voting rights. The subsidiaries are consolidated from the date on which effective control was transferred to the Company.

The effect of all material transactions and balances between the Company and the subsidiaries has been eliminated in preparing the consolidated financial statements.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the subsidiaries unless otherwise stated.

d. Related party transactions

The Company and its subsidiaries have transactions with related parties. The definition of related parties used is in accordance with Standard of Financial Accounting Standard ("PSAK") No. 7 "Related Party Disclosures".

All material transactions with related parties are disclosed in the notes to the consolidated financial statements.

The merger with PT Knorr Indonesia was accounted for using a method similar to the pooling of interest method of accounting. The difference between book value of the investment in shares and the book value of the net asset acquired, excluding retained earnings, was recorded in "Balance arising from restructuring transactions between entities under common control" account, which is presented in the equity section of the consolidated balance sheet.

e. Foreign currency translation

Transactions in foreign currencies are translated into Indonesian Rupiah at the exchange rate prevailing at the date of the transaction. Period end balances of monetary assets and liabilities in foreign currencies are translated into Indonesian Rupiah at the exchange rates prevailing at the balance sheet date. Exchange gains and losses arising on transactions in foreign currency and on the translation of foreign currency monetary assets and liabilities are recognised in the consolidated income statement. The balance sheet date rates used to translate foreign currency balances as of June 30, 2005 and 2004 were 9,770 (full amount Rupiah) and Rp 9,414 (full amount Rupiah) for USD 1, respectively. As a comparison, the middle rates of Citibank, with whom the Company negotiates most of its foreign currency transactions were Rp 9,565 (full amount Rupiah) and Rp 9,417.50 (full amount Rupiah) for USD 1 as at June 30, 2005 and 2004, respectively.

f. Derivative financial instruments

The Company periodically enters into forward foreign currency contracts with external counterparts, in implementing its risk management policies.

Derivative financial instruments are recognised in the balance sheet as assets or liabilities depending on the rights and obligations as governed by the contract, and recorded at their fair value.

Changes in the fair value of derivative instruments that are not designated as hedging instruments are recognised in the consolidated statement of income.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

g. Trade debtors

Trade debtors are recognised at recoverable value, after providing for doubtful debts, based on management's review of the current status of each account at the end of the period. Uncollectible receivables are written off as bad debts during the period in which they are determined to be not collectible.

h. Inventories

Inventories are valued at the lower of cost and net realisable value. The principal method used to determine cost is the average cost method. Cost of finished goods and work in process comprises materials, labour and an appropriate proportion of directly attributable fixed and variable overheads.

A provision for obsolete and unused/slow moving inventories is determined on the basis of estimated future usage or sale of inventory items.

i. Fixed assets and depreciation

Fixed assets are recorded at cost, except for certain fixed assets which were revalued in accordance with government regulations, less accumulated depreciation. Maintenance and repairs are charged to expenses while replacements and improvements, which materially increase the value or extend the life or the capacity of the related assets are capitalised. Sold fixed assets are removed from the related group of fixed assets, and the resulting gains or losses are reflected in the consolidated statement of income for the period. Fixed assets, which are no longer used in the operations are removed from the related group of fixed assets and recorded as other assets.

The Company has revalued its fixed assets several times; on January 1, 1981 in accordance with the Minister of Finance decree No. KEP-1677/MK/II/12/1976, as of January 1, 1987 in accordance with Government Regulation No. 45/1986 and the Minister of Finance decree No. 914/KMK.04/1986 and as of August 30, 2004 in accordance with the Minister of Finance decree No. 486/KMK.03/2002 and the decree of the Director General of Tax No. KEP-519/PJ/2002 dated December 2, 2002.

The differences resulting from the revaluation of such assets have been approved by the Director General of Tax, the latest in the decree No. KEP-14/WPJ.19/BD.04/2004 dated December 20, 2004. The revaluation increments were credited to the "Fixed asset revaluation reserve" account, presented in the equity section of the consolidated balance sheet. Depreciation is calculated on cost or revalued amount on the straight-line method over the estimated useful lives of the assets.

The major classes of depreciable fixed assets with their estimated useful lives are summarised below:

Buildings	40 years
Machinery and equipment	20 years
Motor vehicles	8 years
Furniture	8 years

Land is not depreciated.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, which is determined as the higher of net selling price or value in use.

The accumulated costs of the construction of buildings and plant and the installation of machinery are capitalised as construction in progress. These costs are reclassified to fixed asset accounts when the construction or installation is complete. Depreciation is charged from the date when assets are brought into use.

j. Intangible assets

The cost of operating rights, trademarks and copyrights acquired are amortised on the straight-line method over their estimated useful lives of 10 – 20 years. Management also assesses the carrying value of intangible assets based on annual review of their remaining useful lives.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

k. Research and development

Research and development costs are expensed in the period in which they are incurred, as long as those costs do not meet the requirements for capitalisation.

l. Prepaid expenses

Prepaid expenses are charged against the consolidated statement of income over the period in which the related benefits are derived, using the straight-line method. Prepaid expenses with benefit period of more than 12 months are recorded as non-current assets.

m. Revenue and expenses

Net sales represent revenue earned from the sale of the Group's products, net of returns, trade allowances, duties and value-added tax. Revenue from export sales is recognised upon shipment of the goods to the customers (f.o.b. shipping point). Revenue from domestic sales is recognised when goods are delivered to the distributors/customers.

Expenses are recognised on an accrual basis.

n. Taxation

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the results of the appeal are determined.

o. Employee benefits

- Short-term employee benefits

Short-term of employee benefits are recognised when they accrue to the employees.

- Long-term and post employment employee benefits

Employee benefits such as pension, post employment healthcare benefits and other benefits are calculated in accordance with the Company's Regulations and Labour Law No. 13/2003.

The Company has a defined benefit pension plan covering all of its employees who have the right to pension benefits as stipulated in the regulations of Dana Pensiun Unilever Indonesia ("Dana Pensiun"). The plan is generally funded through payments to the Dana Pensiun, which are determined by periodic actuarial calculation. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, year of service and compensation.

The benefit pension obligations is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality long-term bonds that are denominated in Rupiah in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement over the employees' expected average remaining working lives.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
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Rupiah millions except otherwise stated

Past-service costs are recognised immediately in the consolidated statements of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised using the straight-line method over the vesting period.

The Company also provides post-employment medical benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The liability and expense relating to this plan are determined by independent actuary once every year, using the Projected Unit Credit method.

p. Share matching plan

Since 2002, the Company introduced a Share Matching plan, which is applied to manager level and above.

Under this plan, managers can invest up to 25% of their gross annual bonus in Unilever shares ("bonus shares"). Middle and junior managers are entitled to invest in the Company's shares, senior managers and above are only entitled to invest in the shares of Unilever N.V. and Unilever PLC (the ultimate shareholders). The Company then awards an equivalent number of matching shares. These matching shares vest three years after the grant provided certain conditions are met, including the requirement that the original "bonus shares" shall be retained for the three-year period and the managers are still employed by the Company at the end of the three-year period. The cost of the matching shares is recorded as deferred charges and is charged to the statement of income over a period of three years, using the straight-line method.

q. Basic earnings per share

Basic earnings per share is computed by dividing net income with the weighted average number of outstanding shares. There are no convertible securities, options or warrants that would give rise to a dilution of the earnings per share.

r. Segment information

The Company's segment information is presented based on business segments. A business segment is a distinguishable component engaged in providing products (individual products as well as group of products) that are subject to risks and returns which are different from those of other business segments. Business segment information is consistent with the operating information routinely reported to the ultimate decision makers within the Company.

s. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
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JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

3. Merger and comparison of the consolidated financial statements

The merger between PT Knorr Indonesia and the Company was accounted for as a restructuring transaction between entities under common control, using a method similar to the pooling interest method of accounting. The Company has decided not to restate the consolidated financial statements as at and for the year ended December 31, 2003 since the impact is not considered to be material.

A summary of balances before and after the merger at the effective date of merger is as follows:

	July 30, 2004	
	Before merger – the Company and subsidiaries	After merger – Group
Current assets	1,990,712	1,995,084
Non-current assets	1,686,844	1,718,121
Current liabilities	1,300,497	1,361,237
Non-current liabilities	69,558	69,558
Minority interests	7,286	7,286
Equity	2,300,214	2,275,123
Operating income	1,200,968	1,201,148
Net income	874,389	882,054
Basic earnings per share	115	116

PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

Rupiah millions except otherwise stated

	2005	2004
4. Cash and cash equivalents	915,364	1,050,491
Cash on hand	324	330
Cash in banks		
Third parties – Rupiah:		
ABN Amro Bank	99,905	48,664
Deutsche Bank	67,232	93,716
Citibank	1,050	6,824
Lippo Bank	20,917	20,452
Bank Mandiri	20,247	20,611
Bank Central Asia	4,288	7,260
Bank BNI' 46	3,854	3,233
HSBC	137	14,400
Bank Niaga	1,215	-
Bank Permata, Bank Rakyat Indonesia, Standard Chartered Bank, ANZ Bank (respective individual balances less than Rp 1,000)	117	109
Third parties – US Dollars:		
Citibank	9,024	104,568
ABN Amro Bank, Deutsche Bank, Standard Chartered Bank (respective individual balances less than Rp 1,000)	437	678
Third parties – Euro:		
ABN Amro Bank	6,208	727
Citibank, Deutsche Bank (respective individual balances less than Rp 1,000)	1,329	385
Time deposits (maturity within three months):		
Third parties – Rupiah:		
ABN Amro Bank	60,000	363,000
ANZ Bank	80,000	70,000
Rabo Bank	120,000	15,000
Standard Chartered Bank	-	110,000
Bank Mizuho Indonesia	-	70,000
HSBC	20,000	-
Deutsche Bank	110,000	99
Citibank	250,000	277
Third parties – US Dollars:		
HSBC	39,080	-
Bank Mizuho Indonesia	-	47,070
ANZ Bank	-	18,828
Third parties – Euro:		
Deutsche Bank	-	34,260

The interest rates per annum for the above time deposits are as follows:

Rupiah	6.80% - 8.00%	5.125% - 8.60%
US Dollars	2.25% - 2.95%	0.95% - 1.30%
Euro	2.00% - 2.00%	1.90%

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	2005	2004
5, Trade debtors		
Third parties :	578,619	680,135
Rupiah	515,891	639,480
US Dollars	68,629	47,047
Less: Allowance for doubtful accounts	(5,901)	(6,392)
Third party trade debtors denominated in Rupiah comprise receivables from customers throughout the Indonesian archipelago.		
Third party trade debtors denominated in US Dollars comprise receivables from foreign customers.		
Related parties :	40,792	59,667
Unilever Taiwan Ltd.	1,016	5,952
Unilever Philippines (PRC), Inc.	3,478	12,632
Unilever Australia Ltd.	9,644	12,581
Unilever Malaysia Holdings Sdn. Bhd.	11,264	13,515
Unilever Chile Ltd.	-	2,008
Unilever Singapore Pte. Ltd.	2,179	3,155
Unilever Hongkong	1,170	-
Unilever New Zealand	2,279	3,381
Unilever Market Development South Africa	4,147	-
PT Diversey Indonesia	2,535	2,962
Unilever Thai Holdings Ltd.	1,757	2,619
Others (respective individual balances less than Rp 1,000)	1,323	862
Ageing analysis of trade receivables:	578,619	680,135
Current	527,345	619,288
Overdue 1 – 30 days	51,274	60,847
Movements in the allowance for doubtful accounts are as follows:	(5,901)	(6,392)
Allowance for doubtful accounts – beginning	(6,118)	(2,855)
Amounts provided	217	(3,537)
Doubtful debts written off	-	-
Allowance for doubtful accounts – ending	(5,901)	(6,392)

Based on a review of the status of accounts receivable at the end of the period, management believes that the allowance for doubtful accounts is sufficient to cover any losses from the non-collection of accounts.

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	2005	2004
6. Other debtors	27,729	22,962
Loans to employees	16,254	14,229
Advances	5,459	7,196
Others (respective individual balances less than Rp 1,000)	6,016	1,537
<p>Management has not made any provision for doubtful accounts for other debtors as they are of the opinion that these receivables will be collectible in full.</p> <p>At June 30, 2005, the Company had forward foreign exchange contracts in US Dollars, for the purchase of foreign currencies which will fall due between July and August 2005. The notional amount of the contracts as at June 30, 2005 was USD 75,263,204 and 2,000,000 EUR (2004: nil). The forward rates of the contracts range from Rp 9,518 (full amount Rupiah) to Rp 9,754 (full amount Rupiah) per US Dollar 1 and from Rp 11,670 (full amount Rupiah) to Rp 11,840 (full amount Rupiah) per EUR 1.</p> <p>The counter parties for the above contracts are ABN, ANZ, Citibank, HSBC, RABO Bank and Standard Chartered Bank.</p>		
7. Inventories	621,385	585,122
Finished products	411,939	375,405
Work in process	14,446	7,381
Raw materials	159,414	169,526
Goods in transit	44,617	31,239
Spare parts	25,428	21,970
Provision for obsolete and unused/slow moving stocks	(34,459)	(20,399)
Movements in the provision for obsolete and unused/slow moving stocks are as follows:	(34,459)	(20,399)
Beginning balance	(23,247)	(24,878)
Changes during the period:		
Amounts provided	(23,609)	(711)
Amounts written off	12,397	5,190
Ending balance	(34,459)	(20,399)

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Management believes that the provision for obsolete and unused/slow moving stocks is adequate to cover any possible losses arising.

As of June 30, 2005 and 2004 inventories owned by the Company and subsidiaries were insured against the risk of loss due to natural disaster, fire, sabotage and vandalism with a total coverage of Rp 515 billion and Rp 411 billion, respectively, which was considered adequate by management to cover such risks.

8. Related party transactions

a. The nature of transactions and relationships with related parties are as follows:

i. The Group sold finished goods to the following related parties:

- Unilever Australia Ltd.
- Unilever Malaysia Holdings Sdn. Bhd.
- Unilever Thai Holdings Ltd.
- Unilever Taiwan Ltd.
- Unilever New Zealand
- Unilever Singapore Pte. Ltd.
- Unilever Philippines (PRC), Inc.
- Unilever Market Development South Africa
- PT Diversey Indonesia
- BBL Japan K.K.
- Unilever Chile Ltd.
- Unilever Hongkong Ltd.

ii. The Group purchased raw materials and others from the following following related parties:

- Lever Faberge Deutschland GmbH
- Lipton Ltd (Head Office) UK
- PT Kimberly Lever Indonesia
- PT Anugrah Setia Lestari
- Lipton Ltd Kenya
- PT Technopia Jakarta
- Unilever Philippines (PRC), Inc.
- Hindustan Lever Limited
- CPC/AJI (Malaysia) Sdn. Bhd.
- Unilever China Ltd.
- Unilever Bestfoods (Malaysia) Sdn. Bhd.

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	2005	2004
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iii. Details of the nature and types of transactions with related parties other than mentioned above are as follows:

	Related parties	Nature of the relationship	Type of transactions
-	Unilever Business Group Services B.V.	Affiliated company	Payments for regional services/reimbursements of regional research costs paid by the Company
-	Unilever N.V.	Ultimate shareholder	Royalty payments
-	Unilever United States, Inc.	Affiliated company	Expense reimbursements
-	Unilever United Kingdom Central Resources	Affiliated company	Expense reimbursements
-	PT Anugrah Setia Lestari	Affiliated company	Manufacturing fees
-	Good Humor, USA	Affiliated company	Expense reimbursements
-	Unilever Thai Trading	Affiliated company	Expense reimbursements
-	Hindustan Lever	Affiliated company	Expense reimbursements

b. Significant agreements with related parties

The Company

- i. Under the terms and conditions of an agreement with the Unilever group of companies which is valid until a date that is yet to be determined, certain services are provided by Unilever N.V. to the Company. The Company also has the right to use all Indonesian patents and trade marks owned by Unilever N.V. or any member of the Unilever group of companies. The agreement further provides that the Company shall, in consideration for granting of these rights, pay an annual contribution to Unilever Group equal to two percent (including withholding tax Article. 26) of the value of sales made to third parties during the period.
- ii. In 1997, the Company entered into an agreement with Unilever Business Group Services B.V. ("UBGS") companies which is valid until a date that is yet to be determined. Under this agreement, the Company shall pay an annual fee amounting to 1.5% of sales for regional services provided by UBGS and the Company shall charge UBGS for business group costs paid by Company.
- iii. On April 7, 2000 the Company entered into a distribution agreement with PT Kimberly Lever Indonesia ('KLI') companies which is valid until a date that is yet to be determined, whereby KLI appointed the Company as its exclusive distributor of KLI's products sold in Indonesia.

The Subsidiaries

- i. On March 1, 2001 PT Anugrah Lever ("PT AL"), the subsidiary, entered into a food distribution agreement with PT Anugrah Kasih Karunia ("PT AKK"), whereby PT AL appointed PT AKK as its distributor for the Jakarta, Bogor, Tangerang and Bekasi areas. This agreement was terminated in April 2003.
- ii. On July 17, 2002 PT Technopia Lever ("PT TL") entered into a manufacturing agreement with PT Technopia Jakarta, to appoint PT Technopia Jakarta to manufacture, pack, store and supply PT TL's products exclusively for PT TL in Indonesia. The initial term of this agreement is for a period of 10 years and can be extended for further period of 5 years.

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	2005	2004
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- iii. On July 17, 2002 PT TL entered into a technology transfer agreement with Fumakilla Malaysia Berhad ("Fumakilla") and PT Technopia Jakarta ("Technopia"), in which Fumakilla agreed to grant PT TL and Technopia a license to use technical information and know-how in connection with the manufacturing, development and use of products, on the terms and conditions set forth in this agreement. The initial term of this agreement is for a period of 10 years and can be extended for further period of 5 years. Under this agreement, PT TL shall pay a royalty of 1% of net sales on a quarterly basis, exclusive of Value Added Tax and any other taxes.
- iv. On July 17, 2002 PT TL entered into a trademark license agreement with Unilever N.V., under which PT TL is entitled to use the "Domestos Nomos" trademark in Indonesia in connection with the manufacturing, packaging, advertising and sales of these products in Indonesia. The initial term of this agreement is for a period of 10 years and can be extended for further period of 5 years. Under this agreement, PT TL shall pay a royalty of 1% of net sales on a quarterly basis, exclusive of Value Added Tax and any other taxes.
- v. On July 17, 2002 PT TL entered into a management service agreement with Texchem Resources Berhad ("Texchem"). Under this agreement, PT TL agrees to accept Texchem's assistance in managing its business within Indonesia. This agreement covers a period of five years, unless terminated in accordance with the provisions specified in the agreement. PT TL shall pay Texchem a monthly management fee as specified in the agreement.

The summary of receipts from and payments to related parties are as follows:

	2005	2004
Payments to related parties	169,213	149,462
As percentage to total operating expenses	13.51%	11.33%
Service fee to Unilever N.V.	95,163	81,952
Service fee to UBGS	70,904	61,069
Manufacturing fee to PT ASL	3,146	5,503
Others (respective individual balances less than Rp 1,000)	-	938

See Notes 24 and 25 for details of sales and purchases of goods and services to/from related parties.

All transactions with related parties are conducted on the same terms and conditions as those with non-related parties.

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	2005	2004
c. Amounts due from related parties	24,361	23,845
Unilever Business Group Services B.V.	14,422	7,065
PT Kimberly Lever Indonesia	8,832	15,145
Others (respective individual balances less than Rp 1,000)	1,107	1,635
Management has not made a provision for doubtful accounts as they are of the opinion that these receivables will be collectible in full.		
d. Amounts due to related parties	74,970	39,485
Unilever N.V.	66,679	33,956
Good Humor, USA	3,474	-
Unilever Thai Trading	50	1,598
Unilever United States, Inc.	2,331	1,359
Others (respective individual balances less than Rp 1,000)	2,436	2,572
e. Employee loans to key management personnel	6,461	20,568
Loans:		
- Current	16,254	14,229
- Non current	21,731	19,405
Less: employee loans to non-key management personnel	(31,524)	(13,066)
The Company provides its personnel with non-interest bearing loans. The loans are repayable by installments deducted from the related employees monthly salaries.		
f. Salaries and allowances of the Boards of commissioners and directors.	11,344	16,803
Included in the Board of directors remuneration package are housing and vehicle facilities.		
As a percentage to total employee costs	4%	7%

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g. The share matching plan

A summary of the share matching plan is as follows:

	2005		2004	
	Number of shares matched	Average price per share (full amount Rupiah)	Number of shares matched	Average price per share (ful amount Rupiah)
Balance at January 1	1,252,638		840,431	-
Shares granted:				
- Unilever N.V.	223	627,836	2,256	602,405
- Unilever PLC	1,551	90,269	15,578	87,240
- PT Unilever Indonesia Tbk	55,497	3,680	404,605	3,675
Bonus shares canceled:	(35,239)	3,675	-	-
Balance at June 30	1,274,670		1,262,870	

Deferred charges for the share matching plan as at June 30, are as follows:

	2005	2004
Balance at January 1	3,745	3,562
Shares granted:		
- Unilever N.V.	140	1,359
- Unilever PLC	140	1,359
- PT Unilever Indonesia Tbk	204	1,487
Bonus shares canceled:	(130)	-
	4,099	7,767
Charged to the consolidated statements of income	-	(1,631)
Balance at June 30	4,099	6,136

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	2005	2004
9. Prepaid expenses	31,561	73,727
Prepaid rents	15,938	16,767
Advertising expenses	2,884	27,111
Information technology consultant	-	1,972
Others (respective individual balances less than Rp 1,000)	12,739	27,877

10. Fixed Assets

a. Movements by major classifications of fixed assets are as follows :

	Balance December 31, 2004	Additions	Transfers	Disposals	Balance June 30, 2005
<u>Direct ownership</u>					
At cost (inclusive of revaluation increments):					
Land	64,945	218	-	-	65,163
Buildings	270,156	282	27,727	(149)	298,016
Machinery and equipment	1,146,330	6,230	72,420	(1,571)	1,223,409
Motor vehicles	41,102	4,081	-	(1,594)	43,589
Construction in progress	121,100	28,215	(100,147)	-	49,168
Total	<u>1,643,633</u>	<u>39,026</u>	<u>-</u>	<u>(3,314)</u>	<u>1,679,345</u>
Accumulated depreciation:					
Buildings	(26,712)	(3,430)	-	7	(30,135)
Machinery and equipment	(252,519)	(28,349)	-	329	(280,539)
Motor vehicles	(16,000)	(2,477)	-	1,096	(17,381)
Total	<u>(295,231)</u>	<u>(34,256)</u>	<u>-</u>	<u>1,432</u>	<u>(328,055)</u>
Net book value	<u>1,348,402</u>				<u>1,351,290</u>

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	Balance December 31, 2003	Additions	Transfers	Disposals	Balance June 30, 2004
<u>Direct ownership</u>					
At cost (inclusive of revaluation increments):					
Land	44,732	-	103	-	44,835
Buildings	160,966	419	28,169	-	189,554
Machinery and equipment	764,912	-	136,266	(32,535)	868,643
Motor vehicles	42,359	-	1,325	(1,413)	42,271
Construction in progress	148,812	124,967	(165,863)	-	107,916
Total	<u>1,161,781</u>	<u>125,386</u>	<u>-</u>	<u>(33,948)</u>	<u>1,253,219</u>
Accumulated depreciation:					
Buildings	(21,881)	(2,051)	-	-	(23,932)
Machinery and equipment	(250,022)	(22,234)	-	28,841	(243,415)
Motor vehicles	(13,398)	(2,515)	-	1,218	(14,695)
Total	<u>(285,301)</u>	<u>(26,800)</u>	<u>-</u>	<u>30,059</u>	<u>(282,042)</u>
Net book value	<u>876,480</u>				<u>971,177</u>

- b. On September 2004, the Company's certain assets were revalued in accordance with Minister of Finance decree No. 486/KMK.03/2002 and the decree of Director General of Tax No. KEP-519/PJ/2002 dated December 2, 2002. The revaluation was performed by PT Artanila Permai, an independent appraisal company, resulting an increment of Rp 291,583 and was approved by the tax office in its decision letter No. KEP-14/WPJ.19/BD.04/2004 dated December 20, 2004. The independent appraisal used the cost approach in determining the fair value of those assets. The carrying value of buildings, machinery and equipment that were revalued on August 2004 (at the revaluation date) was Rp 441,411.

The above revaluation increment and the deferred tax effect of Rp 37,522 net of the final tax of Rp 41,666 were credited to the "Fixed asset revaluation reserve" account, presented in the equity section of the consolidated balance sheet.

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	2005	2004
c. The Company has 32 plots of land with <i>Hak Guna Bangunan</i> titles and 1 plot of land with <i>Hak Pakai</i> title which have remaining useful lives ranging from 5 to 19 years expiring between 2009 until 2023.		
d. The calculation of the gain/(loss) on disposals of fixed assets is as follows:		
	(750)	1,905
Gain/(loss) on sale of fixed assets	(679)	1,905
Acquisition costs	3,175	34,484
Accumulated depreciation	(1,364)	(30,700)
Net book value	1,811	3,784
Proceeds	1,132	5,689
Gain/(loss) on sale of fixed assets	(679)	1,905
(Loss) on sale of fixed assets	(71)	-
Acquisition costs	139	21,327
Accumulated depreciation	(68)	(21,327)
Net book value	71	-
(Loss) on sale of fixed assets	(71)	-
e. Construction in progress as of June 30:		
	49,168	107,916
Buildings	-	599
Machinery and equipment	49,168	107,317
The percentage of completion for construction in progress is approximately 58% (2004: 61%) of the total budgeted costs.		
f. Depreciation expense was allocated as follows:		
	34,256	26,800
Cost of goods manufactured	26,094	16,898
Operating expenses	8,162	9,902
g. The Group's fixed assets have been insured against the risk of loss with total coverage of approximately USD 174 million and Rp 40,143 million (2004: USD 195 million and Rp 43,711 million) which was considered adequate by management to cover possible losses arising from such risks.		

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Insurance coverage by fixed asset class is as follows:

Period ended June 30, 2005:

	Insured amounts			Net book value of fixed assets
	USD million	Rp millions equivalent	Rp millions	Rp millions
Buildings, machinery and equipment	174	1,702,931	-	1,210,752
Motor vehicles	-	-	40,143	26,208
	<u>174</u>	<u>1,702,931</u>	<u>40,143</u>	<u>1,236,960</u>

Period ended June 30, 2004:

	Insured amounts			Net book value of fixed assets
	USD million	Rp millions equivalent	Rp millions	Rp millions
Buildings, machinery and equipment	195	1,840,079	-	790,850
Motor vehicles	-	-	43,711	27,576
	<u>195</u>	<u>1,840,079</u>	<u>43,711</u>	<u>818,426</u>

	2005	2004
11. Intangible assets	179,759	182,054
Cost	240,366	227,585
Less: Accumulated amortisation	(60,607)	(45,531)
Amortisation expense	8,697	6,379
12. Other assets	50,312	58,412
Loans to employees	21,732	19,405
Refundable deposits	11,175	7,132
Prepaid rents	17,405	13,039
PT Knorr Indonesia	-	18,836

Management has not made any provision for doubtful accounts as they are of the opinion that the loans to employees and the refundable deposits will be collectible in full.

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	2005	2004
13. Trade creditors		
Third parties :	436,807	400,146
- Rupiah	358,306	337,652
- Foreign currencies	78,501	62,494
Related parties	36,666	15,294
Unilever China Ltd.	19,954	-
Hindustan Lever Limited	3,551	-
Lipton Ltd. (Head Office) UK	3,977	5,033
Lever Faberge Deutschland GmbH	3,509	5,216
Unilever Philippines (PRC), Inc.	888	2,322
Unilever Bestfoods (Malaysia) Sdn. Bhd.	-	1,460
CPC/AJI (Malaysia) Sdn. Bhd.	3,225	-
Others (respective individual balances less than Rp 1,000)	1,562	1,263

These balances arise from the purchases of raw materials, technical materials, supplies and advertising.

14. Taxation

a. Income tax expense

The Group	349,055	334,681
Current	361,074	329,129
Deferred	(12,019)	5,552
The Subsidiaries	(647)	3,056
Current	-	3,055
Deferred	(647)	1
The Company	349,702	331,625
Current	361,074	326,074
Deferred	(11,372)	5,551

The income tax expense represents the income tax expense of the Company and its subsidiary ("PT AL"). As at June 30, 2005 PT Technopia Lever was still in a commercial and fiscal loss position, hence did not record any income tax expense or liabilities.

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	2005	2004
A reconciliation between profit before income tax as shown in the consolidated financial statements and the Company's estimated taxable income for the period ended June 30, 2005 and 2004 is as follows:		
Consolidated profit before income tax	1,154,113	1,101,645
Net (gain)/loss from subsidiaries before income tax	1,437	(5,248)
Profit before income tax – the Company	1,155,550	1,096,397
Temporary differences:		
Provisions	99,835	(7,400)
Difference between book and tax depreciation and amortisation	(54,372)	(9,997)
Provision for retirement benefits	(8,988)	-
Permanent differences:		
Interest income subject to final tax	(15,565)	(20,199)
Non-deductible expenses	25,824	28,170
Tax assessments on 1999	(955)	-
	1,201,329	1,086,971
Tax losses compensated	-	-
Taxable income – the Company	1,201,329	1,086,971

The reconciliation between the Company's income tax expense and the theoretical tax amount on the Company's profit before income tax is as follows:

Profit before income tax	1,155,550	1,096,397
Income tax expense	349,702	331,625
Tax calculated at progressive rates:	346,649	328,902
Income subject to final tax	(4,670)	(6,060)
Non-deductible expenses	7,746	8,783
Tax assessment 1999	(23)	-

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	2005	2004
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b. Deferred tax asset 64,594 34,848

The temporary difference calculated at the maximum tax rate (30%).

	December 31, 2004	Merger	Charged to fixed assets revaluation surplus	Credited/ (charged) to the consolidated statement of income	June 30, 2005
Deferred tax asset - the Group	52,226	-	350	12,018	64,594
Deferred tax asset - the Company:					
- Provisions	85,278	-	-	29,949	115,227
- Difference between book and tax depreciation and amortisation	(23,203)	-	-	(15,881)	(39,084)
- Provision for retirement benefits	(11,694)	-	350	(2,240)	(13,584)
- Provision for employee compensation	1,545	-	-	(457)	1,088
	51,926	-	350	11,371	63,647
Deferred tax asset - the subsidiary, net	300	-	-	647	947
	December 31, 2003	Merger	Charged to fixed assets revaluation surplus	Credited/ (charged) to the consolidated statement of income	June 30, 2004
Deferred tax asset - the Group	40,399	-	-	(5,551)	34,848
Deferred tax asset - the Company:					
- Provisions	94,756	-	-	(22,231)	72,525
- Difference between book and tax depreciation and amortisation	(49,214)	-	-	(3,331)	(52,545)
- Provision for retirement benefits	(15,170)	-	-	9,474	(5,696)
- Provision for employee compensation	10,013	-	-	10,537	20,550
	40,385	-	-	(5,551)	34,834
Deferred tax asset - the subsidiary, net	14	-	-	-	14

Management believes that the Company's deferred tax asset as at June 30, 2005 will be realised in the foreseeable future.

As at June 30, 2005 deferred tax asset of PT Technopia Lever (the subsidiary) which was mainly derived from the carried forward tax losses amounting to Rp 19,416 have not been booked due to the uncertainty of its realisation in the foreseeable future.

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	2005	2004
c. Prepaid taxes	6,057	5,482
The Subsidiaries:		
Value added tax	6,057	5,482
d. Taxes payable	83,897	122,380
- The Company	85,149	119,430
- The Subsidiaries	(1,252)	2,950
Taxes payable - the Company	85,149	119,430
Income tax expense – current period	361,074	327,074
Less: Prepaid tax	(296,886)	(213,234)
Corporate income tax payable	64,188	113,840
Other taxes payable:		
- Employee income tax Article 21	4,051	3,732
- Value added tax	11,077	(4,272)
- Withholding taxes Articles 23/26	5,833	6,130
Taxes payable - the subsidiaries	(1,252)	2,950
Income tax expense – current period	-	3,056
Less: Prepaid tax	(1,769)	(472)
Corporate income tax payable	(1,769)	2,584
Other taxes payable:		
- Employee income tax Article 21	1	1
- Withholding taxes Articles 23/26	516	365

e. Tax assessments

On December 16, 2003 the Company received a tax assessment letter confirming an underpayment of income tax amounting to Rp 298 million. This underpayment was paid in December 2003 and charge to expense in 2003. The Company lodged an objection against the assessment and the tax office accepted the objection in December 2004.

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	2005	2004
<p>In June 2002, the Company received a tax assessment letter confirming an underpayment of 1999 corporate income tax and value added tax amounting to Rp 1,342 and Rp 4,527 respectively. These underpayments were paid in July 2002. The Company lodged an objection to Rp 1,788 of the value added tax assessment. The tax office accepted part of the objection filed by the Company amounting to Rp 508, which was offset against the value added tax payable for September 2003. In the subsequent appeal process, the tax office accepted the Company's objection. The final result of the Company's objection amounting to Rp 1,280 was offset against the 2004 value added tax payable and income tax Article 21.</p> <p>As at the date of the preparation of this report, the Company is being audited by the tax authorities for the 2000 value added tax and 2001 withholding taxes, and also for all taxes relating to 2002 and 2003 fiscal years.</p> <p>f. Administration</p> <p>Under the taxation laws of Indonesia, the Group submits its tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within ten years from the date the tax becomes due.</p>		
15. Accrued expenses	329,901	366,586
Sales expenses	105,179	123,536
Employee bonus	68,192	48,600
Employee expenses	43,588	62,476
Insurance	24,613	15,934
ULI Peduli foundation	16,537	12,287
Others (respective individual balances less than Rp 10,000)	71,792	103,753
16. Other liabilities	248,043	338,000
Advertising and promotion expenses	186,666	254,589
Consultant fees and other services	50,212	68,668
Technical parts	10,876	11,889
Others (respective individual balances less than Rp 10,000)	289	2,854

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	2005	2004
17. Employee benefits		
The Company		
The Company received approval from the Minister of Finance of the Republic of Indonesia on July 3, 2000 to establish a separate trustee-administered pension fund, Dana Pensiun Unilever Indonesia (the "Fund"), for which substantially all employees, after serving a qualifying period, are entitled to defined benefits on retirement, disability or death.		
The Fund is funded through contributions, made primarily by the Company, sufficient to meet the minimum requirements set forth in the applicable pension legislation.		
Employee benefits recognised in the consolidated balance sheets consisted of:		
Prepaid pension expense	45,280	47,372
Employee benefit obligation	69,620	65,325
Post-employment medical benefits obligation	29,890	30,180
Other employee benefits obligation	39,370	35,145
The amounts recognised in the consolidated statement of income are as follows:	17,262	32,765
Pension benefits	13,647	12,602
Post-employment medical benefits	1,651	17,576
Actuarial loss	1,165	922
Other employee benefits	799	1,665
- Pension benefits		
The amounts recognised in the consolidated balance sheets are determined as follows:		
Present value of funded obligations	367,646	234,944
Fair value of plan assets	(327,499)	(219,746)
	40,147	15,198
Unrecognised actuarial losses	1,165	922
Unrecognised past service cost	1,557	12,011
Medical after retired	1,651	17,576
Other employee benefits	760	1,665
Prepaid pension expense	45,280	47,372

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	2005	2004
Pension benefit expense consisted of the following components	13,647	12,602
Current service cost	11,671	9,419
Interest cost	15,077	12,968
Expected return on plan assets	(17,144)	(13,383)
Net actuarial losses recognised during the period	1,165	922
Past service cost	2,878	2,676
<p>Of the total charge of Rp 13,647, Rp 3,657 (2004: Rp 7,806) and Rp 9,990 (2004: Rp 14,130) were included in cost of goods sold and general and administration expenses respectively.</p>		
<p>The movement in the prepaid pension expense recognised in the balance sheet is as follows:</p>		
	45,280	47,372
Beginning of the period	38,981	50,566
Charged to consolidated statement of income	(13,647)	(12,602)
Actuarial loss	(1,165)	(922)
Contributions paid	21,111	10,330
<p>The estimated actuarial liability and fair value of the fund assets per June 30, 2005 and 2004 were based on the actuarial calculations by PT Watson Wyatt Purbajaga in its report dated January 5, 2005 (2004: dated February 25, 2004) using the principal actuarial assumptions as follows:</p>		
a. Discount rate	: 10% per annum	
b. Pensionable salary increase	: 8% per annum	
c. Expected return on plan assets	: 12% per annum	
<p>- Post-employment medical benefits</p>		
<p>The Company provides a post-employment medical benefits scheme. The accounting method, assumptions and the frequency of valuations are similar to those used for the Company's defined benefit pension scheme. There are no plan assets for the post-employment medical benefits. The post-employment medical benefits scheme is self funded.</p>		
<p>The estimated actuarial liability as at June 30, 2005 was based on the actuarial calculations performed by PT Watson Wyatt Purbajaga in its report dated January 5, 2005 using the main actuarial assumption of long-term increase in health cost of 8% per annum. The amounts recognised in the consolidated balance sheet were determined as follows:</p>		
	29,890	30,180
Present value of unfunded obligations	28,501	28,761
Unrecognised actuarial losses	-	-
Unrecognised past service cost	-	-
	1,389	1,419

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	2005	2004
The amounts recognised in the consolidated statement of income were as follows:	1,651	17,576
Current service cost	262	238
Interest cost	1,389	1,419
Net actuarial losses recognised in period	-	-
Past service cost	-	15,919
18. Minority interests	14,147	8,750
a. Minority interests in the net assets of subsidiaries:		
PT Anugrah Lever	8,456	11,484
Percentage of ownership 35%		
Carrying amount – beginning	12,559	8,750
2004 interim dividend paid to PT Anugrah Indah Pelangi	(2,734)	-
2004 interim dividend paid to PT Anugrah Damai Pratama	(1,116)	-
Share of net profit/(loss) – current period	(253)	2,734
PT Technopia Lever	5,691	(2,734)
Percentage of ownership 49%		
Carrying amount – beginning	5,724	-
Share of net loss – current period	(33)	(2,734)
b. Minority interests in the net loss of the subsidiaries:	286	-
PT Anugrah Lever	253	2,734
PT Technopia Lever	33	(2,734)

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	2005	2004
19. Share capital	76,300	76,300
Authorized, issued and fully paid-up by:		
Maatschappij voor Internationale Beleggingen (Mavibel) B.V. Rotterdam, Netherlands: 6,484,877,500 shares, with par value of Rp 10 per share (full amount Rupiah).	64,849	64,849
Public (listed on the Jakarta Stock Exchange and Surabaya Stock Exchange): 1,145,122,500 shares, with par value of Rp 10 per share (full amount Rupiah).	11,451	11,451
At June 30, 2005, Mavibel B.V. which held 6,484,877,500 shares or 85% of the total authorised, issued and fully paid-up shares of the Company was the largest shareholder of the Company; there were no other shareholders held more than 5% of the total authorised, issued and fully paid-up shares of the Company.		
As of June 30, 2005 and 2004, Directors who held the Company's public shares were:		
- Mr. Josef Bataona		
The highest individual ownership is not more than 0.001% of the authorised, issued and fully paid-up shares of the Company.		
There were no members of the Board of commissioners who held the Company's public shares.		
20. Capital paid in excess of par value	15,227	15,227
Capital paid in excess of par value represents the difference between the selling price (Rp 3,175 per share) (full amount Rupiah) and the par value prior to the share splits (Rp 1,000 per share) (full amount Rupiah) of 9,200,000 shares issued on the Indonesian Stock Exchanges in December 1981, net of the distribution of 4,783,333 bonus shares amounting to Rp 4,783,333,000 (full amount Rupiah) in 1993.		

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	2005	2004																				
21. Balance arising from restructuring transactions between entities under common control	80,773	-																				
Total equity excluding accumulated deficit of PT Knorr Indonesia	85,173	-																				
Purchase price of PT Knorr Indonesia's shares	(4,400)	-																				
22. Dividends																						
The Group	1,072,050	991,900																				
The Company	1,068,200	991,900																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Payment dates</th> <th style="width: 15%;">Dividend per share (full amount Rupiah)</th> <th style="width: 15%;">Payments in 2005</th> <th style="width: 15%;">Payments in 2004</th> </tr> </thead> <tbody> <tr> <td>Final dividend 2004</td> <td style="text-align: right;">80</td> <td style="text-align: right;">610,400</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Interim dividend II 2004</td> <td style="text-align: right;">60</td> <td style="text-align: right;">457,800</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Final dividend 2003</td> <td style="text-align: right;">80</td> <td style="text-align: right;">-</td> <td style="text-align: right;">610,400</td> </tr> <tr> <td>Interim dividend II 2003</td> <td style="text-align: right;">50</td> <td style="text-align: right;">-</td> <td style="text-align: right;">381,500</td> </tr> </tbody> </table>	Payment dates	Dividend per share (full amount Rupiah)	Payments in 2005	Payments in 2004	Final dividend 2004	80	610,400	-	Interim dividend II 2004	60	457,800	-	Final dividend 2003	80	-	610,400	Interim dividend II 2003	50	-	381,500	
Payment dates	Dividend per share (full amount Rupiah)	Payments in 2005	Payments in 2004																			
Final dividend 2004	80	610,400	-																			
Interim dividend II 2004	60	457,800	-																			
Final dividend 2003	80	-	610,400																			
Interim dividend II 2003	50	-	381,500																			
The Subsidiaries	3,850	-																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Payment dates</th> <th style="width: 15%;">Dividend per share (full amount Rupiah)</th> <th style="width: 15%;">Payments in 2005</th> <th style="width: 15%;">Payments in 2004</th> </tr> </thead> <tbody> <tr> <td>Final dividend 2004 to PT Anugrah Indah Pelangi</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">1,243</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Interim dividend 2004 to PT Anugrah Indah Pelangi</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">1,491</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Final dividend 2004 to PT Anugrah Damai Pratama</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">507</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Interim dividend 2004 to PT Anugrah Damai Pratama</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">609</td> <td style="text-align: right;">-</td> </tr> </tbody> </table>	Payment dates	Dividend per share (full amount Rupiah)	Payments in 2005	Payments in 2004	Final dividend 2004 to PT Anugrah Indah Pelangi	300,000	1,243	-	Interim dividend 2004 to PT Anugrah Indah Pelangi	300,000	1,491	-	Final dividend 2004 to PT Anugrah Damai Pratama	300,000	507	-	Interim dividend 2004 to PT Anugrah Damai Pratama	300,000	609	-	
Payment dates	Dividend per share (full amount Rupiah)	Payments in 2005	Payments in 2004																			
Final dividend 2004 to PT Anugrah Indah Pelangi	300,000	1,243	-																			
Interim dividend 2004 to PT Anugrah Indah Pelangi	300,000	1,491	-																			
Final dividend 2004 to PT Anugrah Damai Pratama	300,000	507	-																			
Interim dividend 2004 to PT Anugrah Damai Pratama	300,000	609	-																			
23. Statutory reserve	15,848	15,260																				

At the Company's Annual General Meeting of the Shareholders on May 31, 1999, the Company established a statutory reserve from the 1998 net profit amounting to Rp 15,260 in accordance with Article 61 of the Indonesian Limited Company Law No. 1 year 1995.

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	2005	2004
24. Net Sales	4,894,180	4,469,442
Domestic	4,620,402	4,218,205
Export	273,778	251,237
<p>No individual customer had total transactions of more than 10% of net sales.</p> <p>The Group's sales to related parties amounted to Rp 174,308 and Rp 202,779 for the period ended June 30, 2005 and 2004, respectively, which represent 3.56% and 4.54% of total net sales respectively.</p> <p>The details of sales to related parties are as follows:</p>		
	174,308	202,779
Unilever Australia Ltd.	43,970	53,315
Unilever Market Development South Africa	9,011	-
Unilever Malaysia Holdings Sdn. Bhd.	45,085	46,968
Unilever Philippines (PRC), Inc.	34,142	34,307
Unilever Taiwan Ltd.	5,656	18,300
Unilever Singapore Pte. Ltd.	14,354	18,681
Unilever New Zealand	10,957	14,449
Unilever Thai Holdings	6,501	8,934
Unilever Chile Ltd.	-	3,223
Unilever Hongkong Ltd.	2,548	2,426
BBL Japan K.K.	1,054	-
Others (respective individual balances less than Rp 1,000)	1,030	2,176
25. Cost of goods sold	2,500,724	2,102,798
<p>The components of cost of goods sold are as follows:</p>		
Raw materials		
- At the beginning of the period	191,872	140,775
- Purchases	2,257,970	1,932,045
	2,449,842	2,072,820
- At the end of the period	(204,031)	(200,765)
Raw materials used	2,245,811	1,872,055
Direct labour	94,453	88,644
Depreciation	26,094	16,898
Manufacturing overheads	125,324	126,039
Total production cost	2,491,682	2,103,636
Work in process		
- At the beginning of the period	8,454	7,694
- At the end of the period	(14,446)	(7,381)
Cost of goods manufactured	2,485,690	2,103,949
Finished products		
- At the beginning of the period	426,973	374,254
- At the end of the period	(411,939)	(375,405)

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	2005	2004
No purchases from individual suppliers were made in excess of 10% of the Group's purchases.		
The Group's purchases from related parties, amounted to Rp 327,890 and Rp 125,023 for the period ended June 30, 2005 and 2004 respectively, which represent 14.52% and 6.47% respectively of the total purchases of goods and services.		
Purchases of goods and services from related parties comprise:	327,890	125,023
PT Kimberly Lever Indonesia	121,168	43,531
PT Anugrah Setia Lestari	93,961	51,399
PT Technopia Jakarta	51,356	23,220
Lipton Ltd. Mombasa	8,256	4,286
PT Knorr Indonesia	-	2,587
Hindustan Lever	14,825	-
Lever Faberge Deutschland GmbH	5,808	-
Unilever China Limited	32,199	-
Others (respective individual balances less than 1,000)	317	-
26. a. Marketing and selling expenses	971,950	1,050,147
Advertising, promotion and research	598,070	693,626
Distribution costs	170,397	168,402
Remuneration	136,049	128,784
Travelling and representation	11,704	9,762
Rents	9,142	8,336
Depreciation of fixed assets	5,389	5,139
Telecommunications	8,724	7,029
Repairs and maintenance	6,078	5,071
Others (respective individual balances less than Rp 1,000)	26,397	23,998
b. General and administration expenses	280,359	269,333
Service fees	166,067	143,020
Remuneration	49,417	39,870
Pension	13,610	13,194
Telecommunications	8,202	12,246
Rental expenses	17,618	11,071
Consultants fees	6,127	3,516
Education and training	4,999	4,072
Depreciation of fixed assets	2,773	4,763
Travelling and representation	4,396	3,479
Allowance for doubtful debts	92	227
Repairs and maintenance	1,754	1,183
Others (respective individual balances less than Rp 1,000)	5,304	32,692

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	2005	2004
27. Employee costs	279,919	257,298
<p>The number of permanent employees of the Company as of June 30, 2005 and 2004 were 3,019 and 2,970 respectively.</p> <p>As at June 30, 2005 and 2004, the subsidiaries (PT Anugrah Lever and PT Technopia Lever) had no permanent employees.</p>		
28. Basic earnings per share		
Net income attributable to the shareholders	805,343	766,964
Weighted average number of ordinary shares (in thousands)	7,630,000	7,630,000
Basic earnings per share (full amount Rupiah)	106	101

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29. Assets and liabilities in foreign currencies

Assets and liabilities denominated in various foreign currencies are as follows:

	2005	
	Foreign currency	Rupiah millions
Assets		
Cash and cash equivalents	USD 4,968,291	48,541
	EUR 637,642	7,537
Trade debtors		
- Third parties	USD 7,024,510	68,629
- Related parties	USD 3,915,800	38,257
Amounts due from related parties	USD 1,589,531	15,530
		178,494
Liabilities		
Trade creditors		
- Third parties	AUD 50,688	376
	CHF 66,667	508
	EUR 239,351	2,829
	GBP 291,361	5,078
	JPY 943,950	83,238
	NZD 3,046	20,606
	SGD 162	937
	USD 7,124,345	69,605
- Related parties	EUR 296,885	3,509
	THB 33,755	8
	USD 3,392,852	33,148
Other liabilities	EUR 3,638	43
	SGD 44,563	258
	THB 4,220	1
	USD 556,326	5,435
Amounts due to related parties	EUR 65,397	773
	GBP 15,547	271
	SGD 34,018	197
	THB 212,342	50
	USD 7,541,248	73,678
		300,548
Excess of assets over liabilities in foreign currencies		(122,054)

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	2004		
		Foreign currency	Rupiah millions
Assets			
Cash and cash equivalents	USD	18,179,708	171,144
	EUR	3,097,336	35,369
Trade debtors			
- Third parties	USD	4,728,354	44,513
- Related parties	USD	6,292,570	59,238
Amounts due from related parties	USD	1,333,337	12,552
			<u>322,816</u>
Liabilities			
Trade creditors			
- Third parties	AUD	45,393	298
	CHF	97,659	737
	EUR	587,880	6,714
	GBP	178,730	3,067
	JPY	5,945,000	519
	USD	4,696,202	44,210
- Related parties	USD	1,070,502	10,077
	EUR	456,749	5,216
Other liabilities	AUD	11,272	74
	EUR	89,405	1,021
	PHP	6,061	1
	SGD	82,975	457
	USD	573,171	5,396
Amounts due to related parties	AUD	4,265	28
	EUR	71,629	818
	GBP	56,877	976
	SGD	27,778	153
	USD	4,391,226	41,339
			<u>121,101</u>
Excess of assets over liabilities in foreign currencies			<u>201,715</u>

When it is required in the opinion of management, the Group enters into foreign currency exchange contracts with external counterparts to reduce its exposure to foreign exchange movements affecting existing foreign currency denominated assets and liabilities.

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30. Commitments and contingent liabilities

- a. The Company had commitments to purchase fixed assets and raw materials amounting to Rp 30,2 billion and Rp 3,3 billion respectively as of June 30, 2005 (2004: Rp 23,1 billion and Rp 9,1 billion for purchases of fixed assets and raw materials respectively).

- b. Rental commitments under operating leases:

	2005	2004
	USD	USD
	(in thousands)	(in thousands)
Payable within		
1 year	989	953
2 – 5 years	2,625	3,614

- c. The Company had revolving credit facilities at June 30, 2005 and 2004 from:

	Short term	Overdraft
	USD (million)	Rp (million)
Citibank	2	-
ABN AMRO Bank	-	175
Deutsche Bank	2	-
HSBC	-	-
Total facilities	4	175

These facilities are unsecured short-term financing and the interest is paid at prevailing market rates. The facilities are subject to review on annual basis.

On December 7, 2004, ABN AMRO and the Company agreed to use the facility from ABN AMRO as a supplier financing facility for certain of the Company's suppliers.

As at June 30, 2005 and 2004, the Company did not use the facilities from the above mentioned banks, except that ABN AMRO had paid Rp 18,589 to certain of the Company's suppliers. The liabilities arising from this facility was recorded in trade creditors.

- d. The Group did not have any significant contingent liabilities as at June 30, 2005 and 2004.

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	2005	2004
31. Business segment information		
a. Activities		
- <i>Home & Personal Care</i> This segment relates to the cleaning, household care and cosmetics products.		
- <i>Foods & Ice Cream</i> This segment relates to foods, beverages and ice cream products.		
b. Information by business segment		
Segment net sales:	4,894,180	4,469,442
Home & Personal Care	4,019,960	3,707,724
Foods & Ice Cream	874,220	761,718

32. Reclassification of accounts

The following reclassifications of accounts of the 2004 consolidated financial statements were made to be consistent with the presentation of the 2005 consolidated financial statements:

- Accrued advertising and accrued technical parts amounting to Rp 335,146 for the period 2004 were reclassified from trade creditors third parties to the other liabilities.
- Long-term employee benefit liabilities amounting to Rp 32,873 which were recorded in accrued expenses in 2004 were reclassified to employee benefits obligations.