

**PT UNILEVER INDONESIA TBK AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*Contents*

|  |        |
|--|--------|
| Consolidated Balance Sheets                    | 1 – 2  |
| Consolidated Statements of Income              | 3      |
| Consolidated Statements of Changes in Equity   | 4      |
| Consolidated Statements of Cash Flows          | 5      |
| Notes to the Consolidated Financial Statements | 6 – 39 |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*(Expressed in million Rupiah)*

|  | Notes   | 2006      | 2005      |
|--|---------|-----------|-----------|
| <b>CURRENT ASSETS</b>  |         |           |           |
| Cash and cash equivalents  | 2d, 4   | 1,030,051 | 560,259   |
| Trade debtors<br>(Net of allowance for doubtful accounts of Rp 1,579<br>in 2006 and Rp 7,808 in 2005)                      |         |           |           |
| - Third parties  | 2g, 5   | 808,693   | 817,644   |
| - Related parties  | 2c, 5   | 54,628    | 54,228    |
| Other debtors  | 2f, 6   | 27,893    | 28,816    |
| Inventories<br>(Net of provision for obsolete and unused/slow moving stocks<br>of Rp 39,371 in 2006 and Rp 26,368 in 2005) | 2h, 7   | 789,810   | 693,903   |
| Prepaid taxes  | 2o, 14c | 46,109    | 5,536     |
| Prepaid expenses   | 2m, 9   | 70,479    | 37,088    |
| <b>Total Current Assets</b>  |         | 2,827,663 | 2,197,474 |
| <b>NON-CURRENT ASSETS</b>  |         |           |           |
| Amounts due from related parties   | 2c, 8c  | 7,355     | 19,028    |
| Deferred tax assets, net   | 2o, 14b | 37,142    | 56,984    |
| Fixed assets<br>(Net of accumulated depreciation of Rp 396,767 in<br>2006 and Rp 338,181 in 2005)                          | 2i, 10a | 1,632,907 | 1,384,600 |
| Intangible assets<br>(Net of accumulated amortisation of Rp 77,969 in<br>2006 and Rp 63,790 in 2005)                       | 2k, 11  | 162,439   | 170,729   |
| Other assets   | 2m, 12  | 64,953    | 59,684    |
| Prepaid pension expense  | 2p, 17  | 33,529    | 12,748    |
| <b>Total Non-current Assets</b>  |         | 1,938,325 | 1,703,773 |
| <b>TOTAL ASSETS</b>  |         | 4,765,988 | 3,901,247 |

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

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*(Expressed in million Rupiah, except par value per share)*

|   | <b>Notes</b> | <b>2006</b> | <b>2005</b> |
|---|--------------|-------------|-------------|
| <b>CURRENT LIABILITIES</b>  |              |             |             |
| Trade creditors   |              |             |             |
| - Third parties   | 13           | 824,577     | 482,714     |
| - Related parties   | 2c, 13       | 97,950      | 56,173      |
| Taxes payable   | 2o, 14d      | 202,214     | 94,699      |
| Dividend payable  | 22           | 15,239      | 13,461      |
| Accrued expenses  | 15           | 746,233     | 659,126     |
| Other payable   | 2f, 16       | 69,196      | 54,273      |
| <b>Total Current Liabilities</b>  |              | 1,955,409   | 1,360,446   |
| <b>NON-CURRENT LIABILITIES</b>  |              |             |             |
| Amounts due to related parties  | 2c, 8d       | 78,326      | 73,322      |
| Employee benefit obligations  | 2p, 17       | 89,020      | 64,824      |
| <b>Total Non-current Liabilities</b>  |              | 167,346     | 138,146     |
| <b>MINORITY INTERESTS</b>   | 18           | 11,405      | 14,448      |
| <b>EQUITY</b>   |              |             |             |
| Share capital   | 2r, 19       | 76,300      | 76,300      |
| (Authorised, issued and fully paid-up:<br>7,630,000,000 common shares at par value of<br>Rp 10 per share for 2006 and 2005) |              |             |             |
| Capital paid in excess of par value   | 2r, 20       | 15,227      | 15,227      |
| Fixed assets revaluation reserve  | 2i, 10b      | 287,593     | 287,593     |
| Balance arising from restructuring transactions between<br>entities under common control                                    | 2c, 21       | 80,773      | 80,773      |
| Appropriated retained earnings  | 23           | 16,929      | 15,848      |
| Unappropriated retained earnings  |              | 2,155,006   | 1,912,466   |
| <b>Total Equity</b>   |              | 2,631,828   | 2,388,207   |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |              | 4,765,988   | 3,901,247   |

*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 SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*(Expressed in million Rupiah, except basic earnings per share)*

|   | <b>Notes</b> | <b>2006</b> | <b>2005</b> |
|---|--------------|-------------|-------------|
| <b>NET SALES</b>  | 2n, 24       | 8,669,090   | 7,609,797   |
| <b>COST OF GOODS SOLD</b>                               | 2n, 25       | (4,331,082) | (3,871,964) |
| <b>GROSS PROFIT</b>                                     |              | 4,338,008   | 3,737,833   |
| <b>OPERATING EXPENSES</b>                               |              | (2,390,163) | (2,043,175) |
| Marketing and selling expenses                          | 2n, 26a      | (1,912,719) | (1,608,463) |
| General and administration expenses                     | 2n, 26b      | (477,444)   | (434,712)   |
| <b>OPERATING INCOME</b>                                 |              | 1,947,845   | 1,694,658   |
| <b>OTHER INCOME/(EXPENSES)</b>                          |              | 20,856      | 26,310      |
| Loss on disposals of fixed assets                       | 2i, 10d      | (1,050)     | (1,973)     |
| Gain/(loss) on foreign exchange, net                    | 2e           | (2,985)     | 4,127       |
| Interest income   |              | 24,891      | 24,156      |
| <b>PROFIT BEFORE INCOME TAX</b>                         |              | 1,968,701   | 1,720,968   |
| Income tax expense                                      | 2o, 14a      | (593,755)   | (521,771)   |
| <b>INCOME BEFORE MINORITY INTERESTS</b>                 |              | 1,374,946   | 1,199,197   |
| <b>MINORITY INTERESTS IN NET (GAIN) OF SUBSIDIARIES</b> | 18b          | (1,531)     | (15)        |
| <b>NET INCOME</b>                                       |              | 1,373,415   | 1,199,182   |
| <b>BASIC EARNINGS PER SHARE</b>                         | 2t, 28       | 180         | 157         |

*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 SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*(Expressed in million Rupiah)*

|                                      | Notes | Share capital | Capital paid in excess of par value | Fixed assets revaluation reserve | Balance arising from restructuring transactions between entities under common control | Appropriated retained earnings | Unappropriated retained earnings | Total            |
|--------------------------------------|-------|---------------|-------------------------------------|----------------------------------|---|--------------------------------|----------------------------------|------------------|
| <b>Balance at December, 31 2004</b>  |       | 76,300        | 15,227                              | 287,593                          | 80,773  | 15,848                         | 1,782,706                        | 2,258,447        |
| Net income for the year              |       | -             | -                                   | -                                | -   | -                              | 1,199,182                        | 1,199,182        |
| Actuarial loss                       |       | -             | -                                   | -                                | -   | -                              | (1,222)                          | (1,222)          |
| Dividends                            | 22    | -             | -                                   | -                                | -   | -                              | (1,068,200)                      | (1,068,200)      |
| <b>Balance at September, 30 2005</b> |       | 76,300        | 15,227                              | 287,593                          | 80,773  | 15,848                         | 1,912,466                        | 2,388,207        |
| <b>Balance at December, 31 2005</b>  |       | 76,300        | 15,227                              | 287,593                          | 80,773  | 16,442                         | 1,697,191                        | 2,173,526        |
| Net income for the year              |       | -             | -                                   | -                                | -   | -                              | 1,373,415                        | 1,373,415        |
| Return of unclaimed dividends        |       | -             | -                                   | -                                | -   | 487                            | -                                | 487              |
| Dividends                            | 22    | -             | -                                   | -                                | -   | -                              | (915,600)                        | (915,600)        |
| <b>Balance at September, 30 2006</b> |       | <u>76,300</u> | <u>15,227</u>                       | <u>287,593</u>                   | <u>80,773</u>   | <u>16,929</u>                  | <u>2,155,006</u>                 | <u>2,631,828</u> |

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

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SEPTEMBER 30, 2006 AND 2005**  
**(UNAUDITED)**

*(Expressed in million Rupiah)*

|   | Notes | 2006        | 2005        |
|---|-------|-------------|-------------|
| <b>Cash flows from operating activities</b>                   |       |             |             |
| Receipts from customers                                       |       | 8,897,543   | 7,765,652   |
| Payments to suppliers   |       | (6,279,717) | (5,627,100) |
| Payments of directors and employees remuneration              |       | (462,834)   | (363,754)   |
| Payments of employee benefits                                 | 17    | (29,521)    | (30,577)    |
| Payments of service fees                                      |       | (264,088)   | (209,518)   |
| Cash from operations  |       | 1,861,383   | 1,534,703   |
| Receipts of interest income                                   |       | 24,891      | 24,156      |
| Payments of loans to employees                                |       | (6)         | (13,798)    |
| Payments of corporate income tax                              |       | (438,459)   | (585,512)   |
| <b>Net cash flows provided from operating activities</b>      |       | 1,447,809   | 959,549     |
| <b>Cash flows from investing activities</b>                   |       |             |             |
| Payments for the acquisition of fixed assets                  | 10a   | (200,795)   | (95,168)    |
| Proceeds from the sale of fixed assets                        | 10d   | 2,752       | 1,183       |
| <b>Net cash flows used in investing activities</b>            |       | (198,043)   | (93,985)    |
| <b>Cash flows from financing activities</b>                   |       |             |             |
| Dividends paid  | 22    | (916,160)   | (1,072,050) |
| <b>Net cash flows used in financing activities</b>            |       | (916,160)   | (1,072,050) |
| <b>Net decrease in cash and cash equivalents</b>              |       | 333,606     | (206,486)   |
| Effect of exchange rate changes on cash and cash equivalents  |       | (8,924)     | (17,710)    |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | 705,369     | 784,455     |
| <b>Cash and cash equivalents at the end of the year</b>       | 2d, 4 | 1,030,051   | 560,259     |

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

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

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**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 dated July 22, 1980 of public notary Mrs. Kartini Muljadi SH, the Company's name was changed to "PT Unilever Indonesia". By deed No. 92 dated June 30, 1997 of public notary Mr. Mudofir Hadi SH, 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 of 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 dated July 10, 2003 of public notary Singgih Susilo SH 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, marketing and distributing of consumer goods including 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 dated June 14, 2000 of public notary Singgih Susilo SH, 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 manufacturing, developing, marketing and selling 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 a separate legal entity. This merger was in accordance with the approval of the Investment Co-ordinating 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**  
**SEPTEMBER 30, 2006 AND 2005**

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

|                    | Country of domicile | Year of commercial operation commenced | Percentage of ownership |      | Total assets in Rp billion |      |
|--------------------|---------------------|--|-------------------------|------|----------------------------|------|
|                    |                     |  | 2006                    | 2005 | 2006                       | 2005 |
| PT Anugrah Lever   | Indonesia           | 2001                                   | 65%                     | 65%  | 59,4                       | 69,1 |
| PT Technopia Lever | Indonesia           | 2002                                   | 51%                     | 51%  | 25,5                       | 51,5 |

As at September, 30 2006, 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 Morits Egon Rompis  
Laercio de Holanda Cardoso Junior  
Bernadette Mary Wake

**2. Summary of Significant Accounting Policies**

The consolidated financial statements of PT Unilever Indonesia Tbk and subsidiaries (collectively "the Group") were prepared by the Board of Directors and completed on October 30, 2006.

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 2i) 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.

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.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

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amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

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

**b. 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.

**c. Related party transactions**

The Company and its subsidiaries have transactions with related parties. The definition of related parties used is in accordance with Statement of Financial Accounting Standards ("PSAK") 7 "Related party disclosures".

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

The restructuring transaction between entities under common control was accounted for using a method similar to the pooling of interest method of accounting. The difference between the acquisition cost and the book value of the net asset acquired, excluding retained earnings/accumulated losses, 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.

**d. Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, cash in banks, and short-term investments maturing in three months or less.

**e. Foreign currencies translation**

Transactions denominated in foreign currencies are translated into Indonesian Rupiah at the exchange rates prevailing at the date of the transaction. Year 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 statements of income. The balance sheet date rates used to translate foreign currency balances as of September 30, 2006 and 2005 were Rp 9,225 (full amount Rupiah) and Rp 10,290 (full amount Rupiah) for US Dollar 1, respectively. As a comparison, the middle rates of Citibank, with whom the Company negotiates most of its foreign currency transactions were Rp 9,229 (full amount Rupiah) and Rp 10,290 (full amount Rupiah) for US Dollar 1 as at September 30, 2006 and 2005, respectively.

**f. Derivative financial instruments**

The Company periodically enters into forward foreign currency contracts with external counterparties, in implementing their risk management policies. Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, do not qualify for hedge accounting under the specific rules in PSAK 55 (Revised 1999) "Accounting for derivative instruments and hedging activities" ("PSAK 55"). Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under PSAK 55 are recognised immediately in the consolidated statements of income.

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.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

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**g. Trade debtors**

Trade debtors are recognised net of an allowance for doubtful accounts, based on management's review of the collectability of each account at the end of the year. 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 less accumulated depreciation, except for certain fixed assets which were revalued, in accordance with government regulations, to reflect the fair value of the assets.

Historical cost covers expenditure that is directly attributable to the acquisition of the items.

In a revaluation, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The difference resulting from the revaluation of such fixed assets is credited to the "fixed assets revaluation reserve" account presented in the equity section.

Land is not depreciated.

Fixed assets depreciation was calculated using the straight line method to allocate their cost or revalued amount to their residual values over their estimated useful lives as follows:

|                         |            |
|-------------------------|------------|
| Buildings               | 40 years   |
| Machinery and equipment | 5-20 years |
| Motor vehicles          | 8 years    |

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are eliminated from the consolidated financial statements, and the resulting gains and losses on the disposal of fixed assets are recognised in the consolidated statements of income.

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.

Repairs and maintenance expenses are charged to the consolidated statements of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

**j. Impairment of fixed assets and other non-current assets**

At balance sheet date, the Group review whether there is any indication of impairment or not.

Fixed assets and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

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**k. Intangible assets**

The costs of operating rights, trademarks and copyrights acquired are amortised using 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.

**l. 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.

**m. Prepaid expenses**

Prepaid expenses are charged against the consolidated statements 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.

**n. Revenue and expenses**

Net sales represent revenue earned from the sale of the Group's products, net of returns, trade allowances, sales tax on luxury goods 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.

**o. 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 are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences 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.

**p. Employee benefits**

**- Short-term employee benefit obligations**

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

**- Pension benefit obligations**

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 liability recognised in the consolidated balance sheets in respect of defined benefit pension plans 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 interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

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Actuarial gains and losses can arise from experience adjustments, changes in actuarial assumptions and changes in pension plan. When the actuarial gains and losses exceed 10% of present value of defined benefit or 10% of program's asset fair value, the exceed amount are charged or credited to expenses or income over the average remaining service lives of the relevant employees.

The Company is required to provide a minimum amount of pension benefit in accordance with Labor Law No. 13/2003 ("Labor Law"). Since the Labor Law sets the formula for determining the minimum amount of benefits, in substance, pension plans under the Labor Law represent defined benefit plans. No revision needs to be made in relation to the benefits under the Company's pension plan as the calculation of the benefit obligation performed by the actuary shows that the expected benefits provided by the Company's pension plan will exceed the minimum requirements of the Labor Law.

**- Post-employment medical benefit obligations**

The Company provides post-employment medical benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a certain service period. The estimated costs of these benefits are recognised over the period of employment, using an accounting method similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

**- Other post-employment and long-term benefit obligations**

The Company provides other post-employment benefits under the Labor Law, jubilee and long leave benefits. The entitlement to these benefits is usually based on the completion of a certain service period by the employee. The estimated costs of these benefits are recognised over the period of employment, using an accounting method similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

**- Bonus scheme**

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders and employees' performance after certain adjustments. The Company recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

**Change in accounting policy**

In 2005 the Company adopted PSAK 24 (Revised 2004), "Employee Benefits" ("PSAK 24"). The adoption of this accounting standard is considered as a change in accounting policy. The comparative consolidated financial statements for the period end March, 31 2006 have been restated accordingly as required by PSAK 24 (see Note 3).

Prior to 2005, the Company also used an actuarial calculation for the post-employment medical and pension benefits only.

**q. 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, while 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 statements of income over a period of three years, using the straight-line method.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

**r. Share and capital paid in excess of par value**

Common shares are classified as equity. Capital paid in excess of par value is the difference between the selling price and nominal value of the share. All expenses directly related to the issuance of share capital or options are recorded as a deduction from capital paid in excess of par value.

**s. Dividends**

Dividend payments to all shareholders are recognised as a liability in the consolidated financial statements in the period when the dividend payment was declared by the shareholders.

**t. 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.

**u. Segment information**

The Company manage their business in one integrated segment i.e. manufacturing, marketing and distributing of consumer goods. Management allocates resources and evaluates Group's performance at the Company level.

**3. Restatements of the consolidated financial statements**

As disclosed in Note 2p, the Company adopted PSAK 24 in 2005. The comparative consolidated financial statements for the period end December, 31 2004 have been restated as follows:

|                                    | <u>Before restatement</u> | <u>After<br/>restatement</u> | <u>Adjustment</u> |
|------------------------------------|---------------------------|------------------------------|-------------------|
| <b>Consolidated balance sheets</b> |                           |                              |                   |
| Deferred tax assets                | 40,597                    | 56,984                       | 16,387            |
| Prepaid pension expense            | 19,118                    | 12,748                       | 6,370             |
| Employee benefits obligation       | 16,570                    | 64,824                       | 48,254            |
| Unappropriated retained earnings   | 1,950,703                 | 1,912,466                    | 38,237            |

The impact to the consolidated financial statements for the period end September, 30 2006 is an increase in deferred tax asset by Rp 16,387, a decrease in the prepaid pension expense by Rp 6,370, an increase in employee benefits obligation by Rp 48,254 and a decrease in an unappropriated retained earnings by Rp 38,237, respectively.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006          | 2005           |
|--|---------------|----------------|
| <b>4. Cash and cash equivalents</b>  | 1,030,051     | 560,259        |
| Cash on hand   | 520           | 302            |
| Cash in banks  |               |                |
| Third parties – Rupiah:  |               |                |
| Deutsche Bank AG   | 69,160        | 62,660         |
| HSBC   | 58,043        | -              |
| ABN AMRO Bank N.V.   | 34,018        | 20,915         |
| PT Bank Lippo Tbk  | 27,224        | 16,996         |
| PT Bank Mandiri (Persero) Tbk  | 26,100        | 15,401         |
| PT Bank Central Asia Tbk   | 11,585        | 11,132         |
| PT Bank Negara Indonesia (Persero) Tbk   | 4,606         | 4,119          |
| Citibank N.A.  | 4,555         | 14,069         |
| Others (respective individual balances less than Rp 1,000)                                       | 1,120         | 1,338          |
| Third parties – US Dollars:  |               |                |
| Citibank N. A.   | 19,153        | 47,816         |
| ABN AMRO Bank N. V.  | 921           | 169            |
| Deutsche Bank AG   | 115           | 291            |
| Third parties – Euro:  |               |                |
| Citibank N.A   | 14,424        | 239            |
| ABN AMRO Bank N. V.  | 4,397         | 22,761         |
| Deutsche Bank AG   | 2,985         | 351            |
| Time deposits (maturity within three months):  |               |                |
| Third parties – Rupiah:  |               |                |
| PT ANZ Panin Bank  | 215,000       | -              |
| Standard Chartered Bank  | 165,000       | -              |
| Citibank N. A  | 150,000       | -              |
| PT Bank Mandiri (Persero) Tbk  | 90,000        | 30,000         |
| PT Bank Lippo Tbk  | 85,000        | -              |
| ABN AMRO Bank N. V.  | -             | 20,000         |
| PT Bank Rabobank International Indonesia   | -             | 20,000         |
| Third parties – US Dollars:  |               |                |
| PT ANZ Panin Bank  | 46,125        | 123,480        |
| PT Bank Mandiri (Persero) Tbk  | -             | 61,740         |
| Citibank N. A  | -             | 41,160         |
| PT Bank Mizuho Indonesia   | -             | 20,580         |
| Third parties – Euro:  |               |                |
| PT Bank Rabobank International Indonesia   | -             | 24,740         |
| The interest rates per annum for the above time deposits during the current year are as follows: |               |                |
| Rupiah   | 8,8% - 14,50% | 7,00% - 10,00% |
| US Dollars   | 3,45% - 5,25% | 3,30% - 4,00%  |
| Euro   | 1,25% - 3,00% | 1,80% - 1,90%  |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006    | 2005    |
|---|---------|---------|
| <b>5. Trade debtors</b>   |         |         |
| Third parties:  | 808,693 | 817,644 |
| Rupiah  | 788,633 | 793,342 |
| US Dollars  | 21,639  | 32,110  |
| Less: Allowance for doubtful accounts   | (1,579) | (7,808) |
| <p>Third party trade debtors denominated in Rupiah comprise receivables from customers throughout the Indonesian archipelago.</p> <p>Third party trade debtors denominated in US Dollars comprise receivables from foreign customers.</p> |         |         |
| Related parties:  | 54,628  | 54,228  |
| Unilever Australia Ltd.   | 18,777  | 20,661  |
| Unilever (Malaysia) Holdings Sdn. Bhd.  | 8,618   | 14,696  |
| Unilever New Zealand Ltd.   | 6,662   | 6,215   |
| Unilever Taiwan Ltd.  | 5,777   | 3,960   |
| Unilever Thai Trading Ltd.  | 3,862   | -       |
| Unilever Singapore Pte. Ltd.  | 3,548   | 2,754   |
| Unilever Philippines, Inc.  | 2,974   | 341     |
| PT Diversey Indonesia   | 2,214   | 1,488   |
| Unilever Hongkong   | 862     | -       |
| Unilever Thai Holdings Ltd.   | 160     | 1,834   |
| Unilever Market Development South Africa  | -       | 1,321   |
| Others (respective individual balances less than Rp 1,000)  | 1,174   | 958     |
| Aging analysis of trade debtors is as follows:  | 863,321 | 871,872 |
| Current   | 821,314 | 827,785 |
| Overdue 1 – 30 days   | 42,007  | 44,087  |
| Movements in the allowance for doubtful accounts are as follows:  | (1,579) | (7,808) |
| Allowance for doubtful accounts – beginning   | (4,998) | (6,118) |
| Reversal of/ (provision for) allowance for doubtful accounts  | 2,957   | (1,690) |
| Doubtful debts written off  | 462     | -       |
| Allowance for doubtful accounts – ending  | (1,579) | (7,808) |
| <p>Based on a review of the status of accounts receivable at the end of the year, management believe that the allowance for doubtful accounts is adequate to cover possible losses arising from the non-collection of accounts.</p>       |         |         |
| <b>6. Other debtors</b>   | 27,893  | 28,816  |
| Loans to employees (Note 8e)  | 13,069  | 20,080  |
| Advances  | 12,278  | 8,139   |
| Others (respective individual balances less than Rp 1,000)  | 2,546   | 597     |
| <p>Management have 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>  |         |         |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006     | 2005     |
|--|----------|----------|
| At September, 30 2006, the Company had forward foreign exchange contracts in US Dollars and Euro. The purchases of US Dollars will mature in October and November 2006. The purchases of Euro will mature in October 2006. The notional amount of the contracts as at September, 30 2006 was USD 18,000,000 and EUR 4,000,000 (2005: USD 10,000,000). The forward rates of the contracts range from Rp 9,163 (full amount Rupiah) to Rp 9,275 (full Amount Rupiah) per USD 1 and Rp 11,823 (full amount Rupiah) to Rp 11,805 (full amount) per Euro 1. |          |          |
| The counter parties for the above contracts in 2006 are Citibank, Rabo Bank, HSBC and ABN AMRO (2005: Citibank, ABN Amro).   |          |          |
| <b>7. Inventories</b>  | 789,810  | 693,903  |
| Finished goods   | 479,709  | 438,666  |
| Work in process  | 17,840   | 16,544   |
| Raw materials  | 216,091  | 189,069  |
| Goods in transit   | 95,409   | 51,686   |
| Spare parts  | 20,132   | 24,306   |
| Provision for obsolete and unused/slow moving stocks   | (39,371) | (26,368) |
| Movements in the provision for obsolete and unused/slow moving stocks are as follows:  |          |          |
|  | (39,371) | (26,368) |
| Beginning balance  | (22,468) | (23,247) |
| Changes during the year:   |          |          |
| Amounts provided   | (39,256) | (25,687) |
| Amounts written off  | 22,353   | 22,566   |
| Ending balance   | (39,371) | (26,368) |

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

As of September 30, 2006 and 2005 inventories owned by the Company and subsidiaries are insured against the risk of loss due to natural disaster, fire and other risks with a total coverage of Rp 584,776 and Rp 543,373, respectively. Management believe the amounts are adequate to cover possible losses arising from such risks.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

**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 Hongkong Ltd.
- Unilever Japan Beverage K.K.
- Unilever (Malaysia) Holdings Sdn. Bhd.
- Unilever Market Development Southern Africa
- Unilever New Zealand Ltd.
- Unilever Philippines, Inc.
- Unilever Singapore Pte. Ltd.
- Unilever Taiwan Ltd.
- Unilever Thai Trading Ltd.
- Unilever Thai Holdings Ltd.

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

- Bestfoods Shandongs Ltd.
- Hindustan Lever Ltd.
- Lipton Ltd. Kenya
- PT Anugrah Setia Lestari
- PT Kimberly Lever Indonesia
- PT Technopia Jakarta
- Unilever (China) Investing Company Ltd.
- Unilever Deutschland GmbH
- Unilever (Malaysia) Holdings Sdn. Bhd.
- Unilever Philippines, Inc.
- Unilever Srilanka Ltd.
- Unilever Thai Holdings Ltd.
- Unilever Vietnam

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

| <b>Related parties</b>                  | <b>Nature of the relationships</b>     | <b>Type of transactions</b>  |
|---|--|--|
| - 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 of Unilever group | Royalty payments   |
| - PT. Anugrah Setia Lestari             | Affiliated company                     | Manufacturing fees   |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

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|  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>- Hindustan Lever Ltd.</li> <li>- PT Kimberly Lever Indonesia</li> <li>- Unilever India Shared Services</li> <li>- Unilever United Kingdom Central Resources</li> <li>- Unilever United States, Inc.</li> </ul> | <ul style="list-style-type: none"> <li>Affiliated company</li> <li>Affiliated company</li> <li>Affiliated company</li> <li>Affiliated company</li> <li>Affiliated company</li> </ul> | <ul style="list-style-type: none"> <li>Expense reimbursements</li> <li>Expense reimbursements</li> <li>Expense reimbursements</li> <li>Expense reimbursements</li> <li>Expense reimbursements</li> </ul> |
|--|--|--|

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 equal to two percent (including withholding tax Article. 26) of the value of sales made to third parties during the year.
- ii. In 1997, the Company entered into an agreement with Unilever Business Group Services B.V. ("UBGS") which is valid until a date that is yet to be determined. Under this agreement, the Company shall pay an annual fee equal to 1.5% of sales for the regional services provided by UBGS and the Company shall charge UBGS for the 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.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

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The Subsidiaries

- i. On March 1, 2001 PT AL entered into a manufacturing agreement with PT Anugrah Setia Lestari ("PT ASL"), whereby PT ASL provided assistance in the production, packaging and storing of PT AL's products.
- 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.
- 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.
- 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.
- 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.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006    | 2005    |
|---|---------|---------|
| Expenses charged by related parties:  | 293,114 | 259,383 |
| Service fee to Unilever N.V.  | 159,370 | 143,368 |
| Service fee to UBGS   | 118,764 | 106,841 |
| Manufacturing and other fees to PT ASL  | 14,980  | 9,174   |
| As percentage to total operating expenses and cost of goods sold  | 4,35%   | 4,38%   |
| Refer to 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.                   |         |         |
| c. Amounts due from related parties   | 7,355   | 19,028  |
| PT Kimberly Lever Indonesia   | 6,897   | 18,011  |
| Others (respective individual balances less than Rp 1,000)  | 458     | 1,017   |
| As percentage to non-current assets   | 1,51%   | 1,12%   |
| Management have 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   | 78,326  | 73,322  |
| Unilever N.V.   | 70,311  | 59,960  |
| Unilever United States, Inc   | 4,319   | 2,455   |
| Unilever India Shared Service   | 1,303   | -       |
| Unilever United Kingdom Central Resources   | 510     | 6,610   |
| Hindustan Lever Ltd.  | -       | 1,768   |
| Others (respective individual balances less than Rp 1,000)  | 1,883   | 2,529   |
| As percentage to non-current liabilities  | 46,80%  | 53,08%  |
| e. Employee loans to key management personnel   | 8,187   | 6,346   |
| Loans:  |         |         |
| - Current   | 13,069  | 20,080  |
| - Non-current   | 30,263  | 28,282  |
|   | 43,332  | 48,362  |
| Less: employee loans to non-key management personnel  | 35,145  | 42,016  |
| As percentage to currents assets  | 0.29%   | 0.29%   |

The Company provides its personnel with non-interest bearing loans. The loans are repayable by instalments deducted from the employee's monthly salaries.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | <b>2006</b> | <b>2005</b> |
|---|-------------|-------------|
| f. Salaries and allowances of the Boards of Commissioners and Directors.                    | 21,693      | 16,453      |
| Included in the Board of Directors remuneration package are housing and vehicle facilities. |             |             |
| As a percentage to total employee costs   | 4,61%       | 3,73%       |

g. The share matching plan

A summary of the share matching plan is as follows:

|                             | <b>2006</b>                 |  | <b>2005</b>                 |  |
|-----------------------------|-----------------------------|--|-----------------------------|--|
|                             | Number of shares<br>matched | Average price<br>per share<br>(full amount Rupiah) | Number of shares<br>matched | Average price<br>per share<br>(full amount Rupiah) |
| Balance at January 1        | 1,230,255                   | -  | 1,252,638                   | -  |
| Shares granted:             |                             |  |                             |  |
| - Unilever N.V.             | 1,183                       | 631,263  | 223                         | 627,836  |
| - Unilever PLC              | 8,020                       | 92,984   | 1,551                       | 90,269   |
| - PT Unilever Indonesia Tbk | 200,978                     | 4,850  | 55,497                      | 3,680  |
| Shares forfeited/expired:   | (29,971)                    | 3,675  | (35,239)                    | 3,675  |
| Balance at September 30     | 1,410,465                   |  | 1,274,670                   |  |

|  | <b>2006</b> | <b>2005</b> |
|--|-------------|-------------|
| <b>9. Prepaid expenses</b>                                 | 70,479      | 37,088      |
| Rents  | 24,516      | 11,467      |
| Advertising expenses                                       | 26,081      | 5,885       |
| IT Consultant  | -           | 5,889       |
| Insurance  | 4,268       | 4,422       |
| Others (respective individual balances less than Rp 1,000) | 15,614      | 9,425       |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

**10. Fixed Assets**

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

|  | <b>Balance<br/>December 31,<br/>2005</b> | <b>Additions</b> | <b>Transfers</b> | <b>Disposals</b> | <b>Balance<br/>September 30,<br/>2006</b> |
|--|--|------------------|------------------|------------------|---|
| <u>Direct ownership</u>                        |  |                  |                  |                  |   |
| At cost (inclusive of revaluation increments): |  |                  |                  |                  |   |
| Land   | 108,980                                  | 2,850            | -                | -                | 111,830                                   |
| Buildings                                      | 300,157                                  | 76               | 3,854            | -                | 304,087                                   |
| Machinery and equipment                        | 1,255,847                                | 33,088           | 66,066           | (5,435)          | 1,349,566                                 |
| Motor vehicles                                 | 49,722                                   | 3,857            | -                | (4,615)          | 48,964                                    |
| Construction in progress                       | 124,223                                  | 160,924          | (69,920)         | -                | 215,227                                   |
| Total  | <u>1,838,929</u>                         | <u>200,795</u>   | <u>-</u>         | <u>(10,050)</u>  | <u>2,029,674</u>                          |
| Accumulated depreciation:                      |  |                  |                  |                  |   |
| Buildings                                      | (33,365)                                 | (5,250)          | -                | -                | (38,615)                                  |
| Machinery and equipment                        | (291,337)                                | (50,236)         | -                | 3,081            | (338,492)                                 |
| Motor vehicles                                 | (18,568)                                 | (4,259)          | -                | 3,167            | (19,660)                                  |
| Total  | <u>(343,270)</u>                         | <u>(59,745)</u>  | <u>-</u>         | <u>6,248</u>     | <u>(396,767)</u>                          |
| Net book value                                 | <u>1,495,659</u>                         |                  |                  |                  | <u>1,632,907</u>                          |
| <br>   |  |                  |                  |                  |   |
|  | <b>Balance<br/>December 31,<br/>2004</b> | <b>Additions</b> | <b>Transfers</b> | <b>Disposals</b> | <b>Balance<br/>September 30,<br/>2005</b> |
| <u>Direct ownership</u>                        |  |                  |                  |                  |   |
| At cost (inclusive of revaluation increments): |  |                  |                  |                  |   |
| Land   | 64,945                                   | 757              | -                | -                | 65,702                                    |
| Buildings                                      | 270,156                                  | 282              | 27,727           | (149)            | 298,016                                   |
| Machinery and equipment                        | 1,146,330                                | 9,229            | 85,127           | (12,499)         | 1,228,187                                 |
| Motor vehicles                                 | 41,102                                   | 6,637            | -                | (3,372)          | 44,367                                    |
| Construction in progress                       | 121,100                                  | 78,263           | (112,854)        | -                | 86,509                                    |
| Total  | <u>1,643,633</u>                         | <u>95,168</u>    | <u>-</u>         | <u>(16,020)</u>  | <u>1,722,781</u>                          |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|                           | <b>Balance<br/>December 31,<br/>2004</b> | <b>Additions</b> | <b>Transfers</b> | <b>Disposals</b> | <b>Balance<br/>September 30,<br/>2005</b> |
|---------------------------|--|------------------|------------------|------------------|---|
| Accumulated depreciation: |  |                  |                  |                  |   |
| Buildings                 | (26,712)                                 | (5,228)          | -                | 7                | (31,933)                                  |
| Machinery and equipment   | (252,519)                                | (46,856)         | -                | 10,544           | (288,831)                                 |
| Motor vehicles            | (16,000)                                 | (3,731)          | -                | 2,314            | (17,417)                                  |
| Total                     | <u>(295,231)</u>                         | <u>(55,815)</u>  | <u>-</u>         | <u>12,865</u>    | <u>(338,181)</u>                          |
| Net book value            | <u>1,348,402</u>                         |                  |                  |                  | <u>1,384,600</u>                          |

b. In 2004, the Company's buildings and machinery were revalued by an independent appraisal company, PT Artanila Permai, 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 resulted in 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 before revaluation in August 2004 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 sheets.

c. The Company has 35 plots of land with *Hak Guna Bangunan* ("HGB") titles (including 2 new HGB which were acquired in 2005) and 1 plot of land with *Hak Pakai* title which have remaining useful lives ranging from 4 to 30 years expiring between 2009 until 2035.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006    | 2005     |
|---|---------|----------|
| d. The calculation of the loss on disposals of fixed assets is as follows:                                  |         |          |
| Loss on disposal of fixed assets  | (1,050) | (1,973)  |
| Gain/(loss) on sale of fixed assets   | 580     | (1,412)  |
| Acquisition costs   | 6,937   | 14,242   |
| Accumulated depreciation  | (4,765) | (11,647) |
| Net book value  | 2,172   | 2,595    |
| Proceeds  | 2,752   | 1,183    |
| Gain/(loss) on sale of fixed assets   | 580     | (1,412)  |
| Loss on fixed assets written off  | (1,630) | (561)    |
| Acquisition costs   | 3,113   | 1,779    |
| Accumulated depreciation  | (1,483) | (1,218)  |
| Net book value  | 1,630   | 561      |
| Loss on fixed assets written off  | (1,630) | (561)    |
| e. Construction in progress as of September 30:   | 215,227 | 86,508   |
| Buildings   | 49,210  | -        |
| Machinery and equipment   | 166,017 | 86,508   |
| The percentage of completion for construction in progress in 2006 is 78% (2005: 75%) of the contract value. |         |          |
| f. Depreciation expense was allocated as follows:   | 59,745  | 55,815   |
| Cost of goods manufactured  | 41,969  | 42,754   |
| Operating expenses  | 17,776  | 13,061   |

g. The Group's fixed assets have been insured against the risk of loss with total coverage of USD 166 million and Rp 43,141 (2005: USD 174 million and Rp 41,866) which was considered adequate by management to cover possible losses arising from such risks.

Insurance coverage for each class of fixed assets is as follows:

**Period end September, 30 2006:**

|                                    | Insured amounts |                          |            | Net book value<br>of fixed assets |
|------------------------------------|-----------------|--------------------------|------------|-----------------------------------|
|                                    | USD million     | Rp million<br>equivalent | Rp million | Rp million                        |
| Buildings, machinery and equipment | 166             | 1,530,926                | -          | 1,276,546                         |
| Motor vehicles                     | -               | -                        | 43,141     | 29,304                            |
|                                    | 166             | 1,530,926                | 43,141     | 1,305,850                         |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

**Period end September, 30 2005:**

|   | Insured amounts |                          |               | Net book value<br>of fixed assets |
|---|-----------------|--------------------------|---------------|-----------------------------------|
|   | USD million     | Rp million<br>equivalent | Rp million    | Rp million                        |
| Buildings, machinery and equipment  | 174             | 1,793,568                | -             | 1,205,439                         |
| Motor vehicles  | -               | -                        | 41,866        | 26,950                            |
|   | <u>174</u>      | <u>1,793,568</u>         | <u>41,866</u> | <u>1,232,389</u>                  |
|   |                 |                          | <b>2006</b>   | <b>2005</b>                       |
| <b>11. Intangible assets</b>  |                 |                          | 162,439       | 170,729                           |
| Cost  |                 |                          | 240,408       | 234,519                           |
| Less: Accumulated amortisation  |                 |                          | (77,969)      | (63,790)                          |
| Amortisation expense  |                 |                          | 10,117        | 11,880                            |
| Intangible assets comprise primarily operating rights, trademarks and copyrights relating to the Hazeline, Bango and Taro products and software licenses. |                 |                          |               |                                   |
| The software intangible assets were acquired in 2005 and 2004.  |                 |                          |               |                                   |
| The Hazeline intangible asset was acquired in 1995, whereas Bango and Taro were acquired in 2000 and 2003, respectively.                                  |                 |                          |               |                                   |
| <b>12. Other assets</b>   |                 |                          | 64,953        | 59,684                            |
| Loans to employees  |                 |                          | 30,263        | 28,283                            |
| Prepaid rent  |                 |                          | 22,420        | 19,797                            |
| Refundable deposits   |                 |                          | 11,174        | 11,604                            |
| Others (respective individual balances less than Rp 1,000)  |                 |                          | 1,096         | -                                 |

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

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006    | 2005    |
|--|---------|---------|
| <b>13. Trade creditors</b>                                 |         |         |
| Third parties:   | 824,577 | 482,714 |
| - Rupiah   | 702,256 | 390,206 |
| - Foreign currencies                                       | 122,321 | 92,508  |
| Related parties:   | 97,950  | 56,173  |
| PT Kimberly Lever Indonesia                                | 27,522  | 7,654   |
| Unilever (China) Investing Company Ltd.                    | 20,873  | 23,964  |
| Lipton Ltd. UK   | 15,358  | 12,134  |
| Unilever Vietnam   | 11,722  | -       |
| Unilever Thai Holdings Ltd.                                | 6,755   | -       |
| Hindustan Lever Ltd.                                       | 5,185   | 2,335   |
| Unilever Deutschland GmbH                                  | 4,470   | 4,769   |
| Unilever Foods (Malaysia) Sdn. Bhd.                        | 3,469   | 3,211   |
| Others (respective individual balances less than Rp 1,000) | 2,596   | 2,106   |
| Aging analysis of trade payables is as follows:            | 922,527 | 538,887 |
| Current  | 869,912 | 513,087 |
| Overdue 1 – 30 days  | 52,615  | 25,800  |

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

|                       | 2006     | 2005    |
|-----------------------|----------|---------|
| <b>14. Taxation</b>   |          |         |
| a. Income tax expense |          |         |
| The Group             | 593,755  | 521,771 |
| Current               | 609,591  | 509,618 |
| Deferred              | (15,836) | 12,153  |
| The Company           | 587,280  | 521,371 |
| Current               | 603,144  | 509,368 |
| Deferred              | (15,864) | 12,003  |
| The Subsidiaries      | 6,475    | 400     |
| Current               | 6,447    | 250     |
| Deferred              | 28       | 150     |

Income tax expense represents the income tax expense of the Company and its subsidiary ("PT AL"). As at September, 30 2006, PT Technopia Lever was still in a commercial and fiscal loss position, hence did not record any income tax expense and liabilities.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006      | 2005      |
|---|-----------|-----------|
| 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 September 30, 2006 and 2005 are as follows: |           |           |
| Consolidated profit before income tax   | 1,968,701 | 1,720,968 |
| Net loss/(gain) from subsidiaries before income tax   | (13,873)  | (984)     |
| Profit before income tax – the Company  | 1,954,828 | 1,719,984 |
| Temporary differences:  |           |           |
| Provisions  | 84,965    | 22,335    |
| Difference between commercial and fiscal depreciation of fixed assets' and amortisation of intangible assets  | (65,001)  | (68,912)  |
| Employee benefit obligations  | 32,916    | 15,914    |
| Permanent differences:  |           |           |
| Interest and rental income subject to final tax   | (38,314)  | (24,156)  |
| Non-deductible expenses   | 40,909    | 31,304    |
| Tax assessments on 1999 and 2004 fiscal years   | 237       | (827)     |
| Taxable income – the Company  | 2,010,540 | 1,695,642 |
| The Company   |           |           |
| Corporate income tax – current year   | 603,144   | 509,368   |
| Less: prepaid income tax  | (439,692) | (453,121) |
| Income tax payable  | 163,452   | 56,247    |
| The Subsidiaries  |           |           |
| Corporate income tax – current year   | 6,447     | 250       |
| Less: prepaid income tax  | -         | (3,222)   |
| Income tax (overpayment)/payable  | 6,447     | (2,972)   |
| The Group   |           |           |
| Corporate income tax – current year   | 609,591   | 509,618   |
| Less: prepaid income tax  | (439,692) | (456,343) |
| Income tax payable  | 169,899   | 53,275    |

The Company planned to revise the 2004 annual tax return in March 2006 in relation to the tax assessments (see Note 14e) and other fiscal corrections which resulted in additional corporate income tax payable amounting to Rp 2,225 and deferred tax assets of Rp 4,477 for the 2004 fiscal year.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006      | 2005      |
|--|-----------|-----------|
| The reconciliation between the Company's income tax expense and the theoretical tax amount on the Company's profit before income tax are as follows: |           |           |
| Profit before income tax   | 1,954,828 | 1,719,984 |
| Income tax expense   | 587,280   | 521,371   |
| Tax calculated at progressive rates:   | 586,431   | 515,979   |
| Interest and rental income subject to final tax  | (11,494)  | (9,502)   |
| Non-deductible expenses  | 12,273    | 11,646    |
| Deferred tax   | -         | (248)     |
| Tax assessments on 1999 and 2004 fiscal years  | 70        | 3,496     |
|  | -         | -         |
| b. Deferred tax assets   | 37,142    | 56,984    |

The effect of the temporary differences was calculated at the maximum tax rate (30%).

|   | December 31,<br>2005 | Credited/(charged)<br>to the consolidated<br>statement of income        | September 30,<br>2006 |
|---|----------------------|---|-----------------------|
| Deferred tax assets - the Group   | 21,305               | 15,837  | 37,142                |
| Deferred tax assets - the Company:  |                      |   |                       |
| - Provisions  | 58,511               | 35,064  | 93,575                |
| - Difference between commercial and fiscal net book value of fixed assets and intangible assets | (53,563)             | (19,499)  | (73,062)              |
| - Employee benefit obligations  | 16,348               | 299   | 16,647                |
|   | 21,296               | 15,864  | 37,160                |
| Deferred tax assets - the subsidiary, net   | 9                    | (27)  | (18)                  |
|   | December 31,<br>2004 | Credited/<br>(charged) to<br>the consolidated<br>statement<br>of income | September 30,<br>2005 |
| Deferred tax assets - the Group   | 68,613               | (11,629)  | 56,984                |
| Deferred tax assets - the Company:  |                      |   |                       |
| - Provisions  | 71,083               | 6,699   | 77,782                |
| - Difference between commercial and fiscal net book value of fixed assets and intangible assets | (23,203)             | (23,477)  | (46,680)              |
| - Employee benefit obligations  | 20,433               | 5,299   | 25,732                |
|   | 68,313               | (11,479)  | 56,834                |
| Deferred tax assets - the subsidiary, net   | 300                  | (150)   | 150                   |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006    | 2005    |
|---|---------|---------|
| Management believes that the Company's deferred tax assets as at September 30, 2006 will be realised in the foreseeable future.   |         |         |
| As at September 30, 2006 deferred tax assets of PT Technopia Lever (the subsidiary) which are mainly derived from carried forward tax losses amounting to Rp 19,739 (2005: Rp 19,402) have not been booked due to the uncertainty of their realisation in the foreseeable future. |         |         |
| c. Prepaid taxes  | 46,109  | 5,536   |
| The Company:  | 34,159  | -       |
| Corporate income tax  | 34,159  | -       |
| The Subsidiaries:   | 11,950  | 5,536   |
| Corporate income tax  | 5,160   | -       |
| Value added tax   | 6,790   | 5,536   |
| d. Taxes payable  | 202,214 | 94,699  |
| The Company:  | 194,533 | 97,026  |
| - Corporate income tax  | 163,452 | 56,247  |
| - Employee income tax Article 21  | 10,924  | 8,730   |
| - Value added tax   | 12,915  | 26,455  |
| - Withholding taxes Articles 23/26  | 7,242   | 5,594   |
| The Subsidiaries  | 7,681   | (2,327) |
| - Corporate income tax  | 6,447   | (2,972) |
| - Value added tax   | 93      | -       |
| - Employee income tax Article 21  | 4       | 1       |
| - Withholding taxes Articles 23/26  | 1,137   | 644     |
| e. Tax assessments  |         |         |

In May 2005, after the merger between PT Knorr Indonesia ("PT KI") and the Company, PT KI received a tax assessment letter for 2003 fiscal year confirming a correction of the fiscal loss of Rp 7,087 as reported in the annual tax return, to be Rp 6,209. In December 2005, PT KI received the 2004 tax assessment, confirming a correction of the fiscal loss of Rp 3,719 to be taxable income of Rp 230. Management agreed with the tax assessments and recorded the corporate income tax payable including the tax penalty amounting to Rp 1,796 in the current year. Management will submit the revised 2005 annual tax return in March 2006 in relation with the fiscal loss correction based on the above tax assessments.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006    | 2005    |
|--|---------|---------|
| <p>As at the date of the completion of these consolidated financial statements, the Company is being audited by the tax authorities for 2000 value added tax and 2001 withholding taxes, and also for all taxes relating to the 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> |         |         |
| <b>15. Accrued expenses</b>  | 746,233 | 659,126 |
| Sales and promotion expenses   | 517,041 | 367,481 |
| Employee expenses  | 148,772 | 167,255 |
| ULI Peduli Foundation  | 10,412  | 14,328  |
| Insurance  | 8,228   | 25,611  |
| Others (respective individual balances less than Rp 10,000)  | 61,780  | 84,451  |
| <b>16. Other liabilities</b>   | 69,196  | 54,273  |
| Consultants fees and other services  | 43,075  | 43,968  |
| Technical parts  | 19,755  | 6,279   |
| Others (respective individual balances less than Rp 10,000)  | 6,366   | 4,026   |

The Company entered into derivative transactions for the Period ended September 30, 2006 and 2005, for the purpose of hedging. The changes in the fair values of the derivative financial instruments are recognised in the consolidated statements of income since the supporting documentation does not fulfil the criteria set forth in PSAK 55 to qualify as a hedge.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006   | 2005   |
|--|--------|--------|
| <b>17. Employee benefit obligations</b>  |        |        |
| <b>The Company</b>   |        |        |
| <p>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.</p> <p>The Fund is funded through contributions, made primarily by the Company, and sufficient to meet the minimum requirements set forth in the applicable pension legislation.</p> <p>Employee benefits recognised in the consolidated balance sheets consist of:</p> |        |        |
| Prepaid pension expense  | 33,529 | 12,748 |
| Employee benefit obligations   | 89,020 | 64,824 |
| Post-employment medical benefit obligations  | 29,291 | 35,457 |
| Other post-employment and long-term benefit obligations  | 59,729 | 29,367 |
| The net amounts recognised in the consolidated statements of income were as follows:   | 41,744 | 20,415 |
| Pension benefits   | 25,155 | 16,741 |
| Post-employment medical benefits   | 3,539  | 2,476  |
| Other post-employment and long-term benefits   | 13,050 | 1,198  |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006 | 2005 |
|--|------|------|
|--|------|------|

**- Pension benefits**

The amounts recognised in the consolidated balance sheets are determined as follows:

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Present value of funded obligations | 426,875   | 347,161   |
| Fair value of plan assets           | (455,485) | (355,827) |
|                                     | (28,610)  | (8,666)   |
| Unrecognised actuarial losses       | (1,583)   | (1,748)   |
| Unrecognised past service cost      | (2,336)   | (2,334)   |
| Prepaid pension expense             | (33,529)  | (12,748)  |

Pension benefits expense consist of the following components:

|   |          |          |
|---|----------|----------|
|   | 25,155   | 16,741   |
| Current service cost                        | 21,950   | 17,508   |
| Interest cost                               | 31,080   | 22,615   |
| Expected return on plan assets              | (31,794) | (25,716) |
| Actuarial losses recognised during the year | 1,583    | -        |
| Past service cost                           | 2,336    | 2,334    |

Of the total charge, Rp 16,223 (2005: Rp 10,958) and Rp 8,932 (2005: Rp 5,783) were included in cost of goods sold and operating expenses respectively.

The actual return on plan assets was Rp 42,869 (2005: Rp 41,237).

The movements in the prepaid pension expense recognised in the consolidated balance sheets are as follows:

|  |          |          |
|--|----------|----------|
| Balance at the beginning of the year             | (29,163) | (12,117) |
| Charged to the consolidated statements of income | 25,155   | 29,946   |
| Contributions paid                               | (29,521) | (30,577) |
| Balance at the end of the year                   | (33,529) | (12,748) |

The estimated actuarial liability and fair value of plan assets of the Fund as at September 30, 2006 and 2005 were based on the actuarial calculations performed by PT Watson Wyatt Purbajaga in its report dated January 16, 2006 (2004: dated January 5, 2005) using the principal actuarial assumptions as follows:

|                                   | 2006          | 2005          |
|-----------------------------------|---------------|---------------|
| a. Discount rate                  | 11% per annum | 11% per annum |
| b. Salary increase rate           | 10% per annum | 10% per annum |
| c. Pension benefits increase rate | 8% per annum  | 8% per annum  |
| d. Inflation rate                 | 8% per annum  | 8% per annum  |
| e. Expected return on plan assets | 12% per annum | 12% per annum |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|                          | <b>2006</b>  | <b>2005</b>  |
|--------------------------|--|--|
| f. Mortality rate        | Pre retirement:<br>Indonesian Mortality Table 1999<br>Post retirement:<br>USA General Annuitants Mortality<br>Table 1971 | Pre retirement:<br>Indonesian Mortality Table 1999<br>Post retirement:<br>USA General Annuitants Mortality<br>Table 1971 |
| g. Withdrawal rate       | 8% at age 20 reducing to 2% at<br>age 45   | 8% at age 20 reducing to 2% at<br>age 45   |
| h. Early retirement rate | 2% per annum for age 45-55 or 60<br>years  | 2% per annum for age 45-55 or 60<br>years  |

**- Post-employment medical benefits**

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.

In addition to the assumptions used for the pension schemes, the main actuarial assumption used is a long-term increase in medical claim costs of 20% in the first year, 16% in the second year, 12% in the third year, and 10% in the fourth year onwards.

The Company used the assumption that the post-employment medical benefits equals to ASKES Gold Premium program.

The amounts recognised in the consolidated balance sheets are determined as follows:

|                                       | <b>2006</b> | <b>2005</b> |
|---------------------------------------|-------------|-------------|
| Present value of unfunded obligations | 29,291      | 35,457      |
| Unrecognised actuarial gains          | -           | -           |
| Post-employment medical benefits      | 29,291      | 35,457      |

The amounts recognised in the consolidated statements of income were as follows:

|                      |       |       |
|----------------------|-------|-------|
| Current service cost | 1,020 | 392   |
| Interest cost        | 2,519 | 2,084 |

Of the total charge, Rp 2,282 (2005: Rp 1,621), and Rp 1,257 (2005: Rp 855) were included in cost of goods sold and operating expenses respectively.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006    | 2005     |
|---|---------|----------|
| <p>The movements in the post-employment medical benefit obligations recognised in the consolidated balance sheets are as follows:</p>   |         |          |
| Balance at the beginning of the year  | 31,076  | 32,981   |
| Charged to the consolidated statements of income  | 3,539   | 2,476    |
| Actual payments   | (5,324) | -        |
| Balance at the end of the year  | 29,291  | 35,457   |
| <p><b>- Other post-employment and long-term benefits</b></p>  |         |          |
| <p>The Company provides other post-employment benefits based on the Labor Law, jubilee and long leave benefits. 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 other post-employment and long-term benefits.</p> |         |          |
| <p>The amounts recognised in the consolidated balance sheets are determined as follows:</p>   |         |          |
| Present value of unfunded obligations   | 59,729  | 29,637   |
| Unrecognised actuarial losses   | -       | -        |
| Other post-employment and long-term benefits obligation   | 59,729  | 29,637   |
| <p>The amounts recognised in the consolidated statements of income were as follows:</p>   |         |          |
|   | 13,050  | 1,198    |
| Current service cost  | 8,816   | 842      |
| Interest cost   | 4,129   | 356      |
| Actuarial (gains)/losses recognised during the year   | 69      | 2,184    |
| <p>Of the total charge, Rp 8,416 (2005: Rp 784) and Rp 4,634 (2005: Rp 414), were included in cost of goods sold and operating expenses respectively.</p>   |         |          |
| <p>The movements in the post-employment and long-term benefit obligations recognised in the consolidated balance sheet are as follows:</p>  |         |          |
| Balance at the beginning of the year  | 52,583  | 47,245   |
| Charged to the consolidated statements of income  | 13,050  | 1,198    |
| Actual payments   | (5,904) | (19,076) |
| Balance at the end of the year  | 59,729  | 29,367   |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006    | 2005    |
|--|---------|---------|
| <b>18. Minority interests</b>                            |         |         |
| a. Minority interests in the net assets of subsidiaries: | 11,405  | 14,448  |
| PT Anugrah Lever – percentage of ownership 35%           | 10,468  | 9,387   |
| Carrying amount – beginning of the year                  | 5,793   | 12,559  |
| 2004 interim dividend paid to PT Anugrah Indah Pelangi   | (560)   | (3,850) |
| Share of net profit – current year                       | 5,235   | 678     |
| PT Technopia Lever – percentage of ownership 49%         | 937     | 5,061   |
| Carrying amount – beginning of the year                  | 4,641   | 5,724   |
| Share of net loss – current year                         | (3,704) | (663)   |

A Circular Resolution of the Shareholders in lieu of a General meeting of the Shareholders of PT Anugrah Lever ("PT AL") dated September 26, 2005 agreed to the reduction of the authorised share capital of PT AL from 40,000 shares to 10,000 shares and the issued and fully paid capital from 20,000 shares to 10,000 shares. The changes to PT AL's Articles of Association were notarised by Mrs. Isyana Wisnuwardhani Sadjarwo SH on November 16, 2005 and the changes of the authorised share capital and issued and fully paid-up capital have been approved by the Minister of Justice and Human Rights of the Republic of Indonesia under decision letter No C-32344.HT.01.04.TH.2005 dated December 6, 2005. As at the date of the completion of these consolidated financial statements, the publication of the changes of the Company's Articles of Association in the State Gazette is still being processed.

A Circular Resolution of the Shareholders in lieu of a General meeting of the Shareholders of PT Technopia Lever ("PT TL") dated August 4, 2004 agreed to increase the authorised share capital from Rp 50,000 (50,000 shares with the par value of Rp 1 per share) to Rp 75,000 (75,000 shares with the par value of Rp 1 per share). The changes to PT TL's Articles of Association were notarised by Mrs. Isyana Wisnuwardhani Sadjarwo SH on September 1, 2004 and the change of the authorised share capital has been approved by the Minister of Justice and Human Rights Republic of Indonesia under decision letter No C-26214.HT.01.04.TH.2004 dated October 20, 2004 and published in the State Gazette No. 35 dated May 3, 2005 in Supplement No. 4449.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006          | 2005          |
|--|---------------|---------------|
| b.Minority interests in the net gain/(loss) of the subsidiaries:   | 1,531         | 15            |
| PT Anugrah Lever   | 5,235         | 678           |
| PT Technopia Lever   | (3,704)       | (663)         |
| <b>19. Share capital</b>   | <b>76,300</b> | <b>76,300</b> |
| Authorised, issued and fully paid-up by:   |               |               |
| Maatschappij voor Internationale Beleggingen (Mavibel) B.V.<br>Rotterdam, Netherlands: 6,484,877,500 shares, with par value<br>of Rp 10 per share (full amount Rupiah).  | 64,849        | 64,849        |
| Public (listed on the Jakarta Stock Exchange and Surabaya<br>Stock Exchange): 1,145,122,500 shares, with par value of Rp<br>10 per share (full amount Rupiah).   | 11,451        | 11,451        |
| At September 30, 2006, Mavibel B.V. which held<br>6,484,877,500 shares or 85% of the total authorised, issued<br>and fully paid-up shares of the Company was the majority<br>shareholder of the Company; no other shareholders held more<br>than 5% of the total authorised, issued and fully paid-up<br>shares of the Company.  |               |               |
| As of September 30, 2006 and 2005, Director who held the<br>Company's public shares is Mr. Josef Bataona with an<br>ownership not more than 0.001% of the authorised, issued<br>and fully paid-up shares of the Company.   |               |               |
| There were no members of the Board of Commissioners who<br>held the Company's public shares.   |               |               |
| <b>20. Capital paid in excess of par value</b>   | <b>15,227</b> | <b>15,227</b> |
| Capital paid in excess of par value represents the difference<br>between the selling price (Rp 3,175 (full amount Rupiah) per<br>share) and the par value prior to the share splits (Rp 1,000 (full<br>amount Rupiah) per share) of 9,200,000 shares issued on the<br>Indonesian Stock Exchanges in December 1981, net of the<br>distribution of 4,783,333 bonus shares amounting to Rp<br>4,783,333,000 (full amount Rupiah) in 1993. |               |               |
| <b>21. Balance arising from restructuring transactions between<br/>entities under common control</b>   | <b>80,773</b> | <b>80,773</b> |
| Total equity excluding accumulated deficit of PT Knorr Indonesia   | 85,173        | 85,173        |
| Purchase price of PT Knorr Indonesia's shares  | (4,400)       | (4,400)       |



**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006      | 2005      |
|---|-----------|-----------|
| <b>23. Appropriated retained earnings</b>   | 16,929    | 15,848    |
| <p>At the Company's Annual General Meeting of the Shareholders on May 31, 1999, the Company established a statutory reserve amounting to Rp 15,260 from 1998 retained earnings in accordance with Article 61 of the Indonesian Limited Company Law No. 1 of the year 1995 (the "Company Law").</p> <p>Return of unclaimed dividends amounting to Rp 487 in 2006 respectively is included in appropriated retained earnings as decided by management in line with the Company Law.</p> |           |           |
| <b>24. Net Sales</b>  | 8,669,090 | 7,609,797 |
| Domestic  | 8,285,870 | 7,181,552 |
| Export  | 383,220   | 428,245   |
| <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 266,761 and Rp 277,342 for the Period ended September 30, 2006 and 2005, respectively, which represent 3.08% and 3.59% of total net sales respectively.</p> <p>The details of sales to related parties are as follows:</p>   |           |           |
|   | 266,761   | 273,342   |
| Unilever Australia Ltd.   | 76,989    | 78,938    |
| Unilever (Malaysia) Holdings Sdn. Bhd.  | 71,290    | 76,048    |
| Unilever Singapore Pte, Ltd.  | 30,010    | 22,314    |
| Unilever Taiwan Ltd.  | 27,047    | 10,584    |
| Unilever New Zealand Ltd.   | 19,448    | 19,307    |
| Unilever Thai Trading Ltd   | 16,212    | -         |
| Unilever Philippines, Inc.  | 9,323     | 37,292    |
| Unilever Hongkong Ltd.  | 3,285     | 2,991     |
| Unilever Market Development South Africa  | 2,447     | 11,672    |
| Unilever Japan Beverage K.K.  | 2,409     | 1,811     |
| Unilever Thai Holdings Ltd  | 1,363     | 10,808    |
| Others (respective individual balances less than Rp 1,000)  | 6,938     | 1,577     |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | 2006      | 2005      |
|---|-----------|-----------|
| <b>25. Cost of goods sold</b>   | 4,331,082 | 3,871,964 |
| The components of cost of goods sold are as follows:  |           |           |
| Raw materials   |           |           |
| - At the beginning of the year  | 274,590   | 191,872   |
| - Purchases   | 3,901,390 | 3,544,170 |
|   | 4,175,980 | 3,736,042 |
| - At the end of the year  | (308,540) | (238,692) |
| Raw materials used  | 3,867,440 | 3,497,350 |
| Direct labour   | 139,360   | 145,696   |
| Depreciation  | 41,969    | 42,762    |
| Manufacturing overheads   | 294,326   | 205,940   |
| Total production costs  | 4,343,095 | 3,891,748 |
| Work in process   |           |           |
| - At the beginning of the year  | 10,985    | 8,454     |
| - At the end of the year  | (17,840)  | (16,545)  |
| Cost of goods manufactured  | 4,336,240 | 3,883,657 |
| Finished goods  |           |           |
| - At the beginning of the year  | 478,889   | 426,973   |
| - At the end of the year  | (484,047) | (438,666) |
| No purchases from individual supplier were made in excess of 10% of total Group's purchases.  |           |           |
| The Group's purchases from related parties, amounted to Rp 246,843 and Rp 172,129 for the Period ended September 30, 2006 and 2005 respectively, which represent 6.32% and 4.86% respectively of the total purchases. |           |           |
| Purchases of raw materials from related parties comprise:   | 246,843   | 172,129   |
| PT Anugrah Setia Lestari  | 85,499    | 64,285    |
| PT Kimberly Lever Indonesia   | 72,814    | 50,385    |
| Unilever (China) Investing Company Ltd  | 24,885    | 22,787    |
| PT Technopia Jakarta  | 15,275    | 18,305    |
| Lipton Ltd. Kenya   | 12,251    | 7,982     |
| Unilever Thai Holdings Ltd.   | 7,609     | -         |
| Unilever Vietnam  | 6,317     | -         |
| Hindustan Lever Ltd.  | 6,253     | 6,367     |
| Unilever Deutschland GmbH.  | 6,185     | -         |
| Unilever (Malaysia) Holdings Sdn. Bhd.  | 4,870     | -         |
| Unilever Srilanka Ltd.  | 2,537     | -         |
| Bestfoods Shandong Ltd.   | 1,222     | -         |
| Unilever Philippines, Inc.  | -         | 1,149     |
| Others (respective individual balances less than Rp 1,000)  | 1,126     | 869       |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | <b>2006</b>      | <b>2005</b>      |
|---|------------------|------------------|
| <b>26. a. Marketing and selling expenses</b>  | 1,912,719        | 1,608,463        |
| Advertising, promotion and research   | 1,175,943        | 986,648          |
| Distribution costs  | 409,378          | 295,211          |
| Remuneration  | 241,473          | 204,982          |
| Travelling and representation   | 21,103           | 18,280           |
| Rents   | 18,553           | 14,214           |
| Telecommunications  | 10,259           | 11,060           |
| Depreciation of fixed assets  | 9,091            | 5,066            |
| Repair & Maintenance  | 8,845            | 8,211            |
| Others (respective individual balances less than Rp 10,000)   | 18,074           | 64,791           |
| <b>b. General and administration expenses</b>   | 477,444          | 434,712          |
| Service fees  | 278,133          | 250,209          |
| Remuneration  | 101,646          | 89,971           |
| Rents   | 29,714           | 27,021           |
| Employee benefits   | 18,739           | 16,741           |
| Telecommunications  | 18,116           | 14,569           |
| Travelling and representation   | 9,525            | 6,855            |
| Depreciation of fixed assets  | 8,685            | 7,995            |
| Consultants fees  | 5,853            | 8,417            |
| Education and training  | 4,673            | 6,576            |
| Repair & Maintenance  | 1,717            | 2,603            |
| Others (respective individual balances less than Rp 10,000)   | 643              | 3,755            |
| <b>27. Employee costs</b>   | 482,479          | 440,649          |
| <p>The number of permanent employees of the Company as of September 30, 2006 and 2005 were 3,127 and 3,010 respectively.</p> <p>As at September 30, 2006 and 2005, the subsidiaries (PT Anugrah Lever and PT Technopia Lever) had no permanent employees.</p> |                  |                  |
| <b>28. Basic earnings per share</b>   |                  |                  |
| Net income attributable to the shareholders   | 1,373,415        | 1,199,182        |
| Weighted average number of outstanding shares (in thousands)  | <u>7,630,000</u> | <u>7,630,000</u> |
| Basic earnings per share (full amount Rupiah)   | <u>180</u>       | <u>157</u>       |

There are no securities which would resulted in a dilutive impact.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

**29. Assets and liabilities denominated in foreign currencies**

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

|   | <b>2006</b>      |                |
|---|------------------|----------------|
|   | Foreign currency | Million Rupiah |
| <b>Assets</b>   |                  |                |
| Cash and cash equivalents   | USD 7,188,530    | 66,314         |
|   | EUR 1,865,353    | 21,806         |
| Trade debtors   |                  |                |
| - Third parties   | USD 2,345,658    | 21,639         |
| - Related parties   | USD 5,681,714    | 52,414         |
| Amounts due from related parties                                    | USD 31,481       | 290            |
|   |                  | 162,463        |
| <b>Liabilities</b>  |                  |                |
| Trade creditors   |                  |                |
| - Third parties   | CAD 1,100        | 9              |
|   | CHF 1,476        | 11             |
|   | EUR 299,407      | 3,500          |
|   | GBP 583,466      | 10,065         |
|   | JPY 8,800,000    | 688            |
|   | THB 70,708       | 17             |
|   | USD 9,709,594    | 89,571         |
| - Related parties   | AUD 137,427      | 945            |
|   | EUR 387,795      | 4,533          |
|   | THB 759,809      | 187            |
|   | USD 7,020,404    | 64,763         |
| Other liabilities   | AUD 424          | 3              |
|   | EUR 125,788      | 1,470          |
|   | GBP 3,694        | 64             |
|   | PHP 40,127       | 7              |
|   | SEK 162,169      | 204            |
|   | SGD 241,190      | 1,390          |
|   | THB 3,535,585    | 869            |
|   | USD 1,566,586    | 14,452         |
| Amounts due to related parties                                      | AUD 1,364        | 9              |
|   | GBP 29,583       | 510            |
|   | SGD 39,028       | 227            |
|   | THB 11,374       | 3              |
|   | USD 13,006,470   | 119,985        |
|   |                  | 313,482        |
| Excess of liabilities over assets denominated in foreign currencies |                  | 151,019        |

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|   | <b>2005</b>             |            |                       |
|---|-------------------------|------------|-----------------------|
|   | <u>Foreign currency</u> |            | <u>Million Rupiah</u> |
| <b>Assets</b>   |                         |            |                       |
| Cash and cash equivalents   | USD                     | 28,692,999 | 295,251               |
|   | EUR                     | 3,079,316  | 38,091                |
| Trade debtors   |                         |            |                       |
| - Third parties   | USD                     | 3,120,493  | 32,110                |
| - Related parties   | USD                     | 5,125,340  | 52,740                |
| Amounts due from related parties                                    | USD                     | 98,798     | <u>1,017</u>          |
|   |                         |            | <u>419,209</u>        |
| <b>Liabilities</b>  |                         |            |                       |
| Trade creditors   |                         |            |                       |
| - Third parties   | AUD                     | 72,966     | 571                   |
|   | EUR                     | 142,398    | 1,761                 |
|   | GBP                     | 435,791    | 7,892                 |
|   | USD                     | 7,996,474  | 82,284                |
| - Related parties   | AUD                     | 89         | 1                     |
|   | EUR                     | 385,536    | 4,769                 |
|   | USD                     | 4,251,650  | 43,750                |
| Other liabilities   | CHF                     | 4,282      | 34                    |
|   | EUR                     | 4,571      | 57                    |
|   | MYR                     | 6,463      | 18                    |
|   | THB                     | 4,782,926  | 1,200                 |
|   | USD                     | 138,512    | 1,425                 |
| Amounts due to related parties                                      | AUD                     | 4,465      | 35                    |
|   | EUR                     | 53,298     | 659                   |
|   | GBP                     | 367,830    | 6,661                 |
|   | SGD                     | 69,700     | 424                   |
|   | THB                     | 8,902      | 2                     |
|   | USD                     | 6,369,254  | <u>65,541</u>         |
|   |                         |            | <u>217,084</u>        |
| Excess of assets over liabilities denominated in foreign currencies |                         |            | <u>202,125</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.

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006 | 2005 |
|--|------|------|
|--|------|------|

**30. Significant commitments and contingent liabilities**

- a. The Company had commitments to purchase fixed assets amounting to Rp 52,747 and Rp 43,200 respectively as of September, 30 2006 and 2005 respectively.
- b. Building rental and computer lease ("operating lease") commitments in 2006 and 2005 are as follows:

|                         | USD<br>(in thousands)   | USD<br>(in thousands)   |
|-------------------------|-------------------------|-------------------------|
| Rent of office building |                         |                         |
| Payable within          |                         |                         |
| 1 year                  | 1,034                   | 998                     |
| 2 – 4 years             | 1,340                   | 2,374                   |
|                         | Rupiah<br>(in millions) | Rupiah<br>(in millions) |
| Lease of computer       |                         |                         |
| Payable within          |                         |                         |
| 1 year                  | 3,448                   | -                       |
| 2 – 4 years             | 9,995                   | -                       |

- c. The Company had revolving credit facilities at September 30, 2006 from:

|                  | Short term    |              |
|------------------|---------------|--------------|
|                  | USD (million) | Rp (million) |
| Citibank         | 2             | -            |
| ABN AMRO Bank    | -             | 175,000      |
| Deutsche Bank    | 15            | -            |
| Total facilities | 17            | 175,000      |

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

On April 4, 2006, the Company agreed to increase the loan facility from Deutsche Bank to USD 15 million.

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

**PT UNILEVER INDONESIA Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006 AND 2005**

*(Expressed in million Rupiah, unless otherwise stated)*

|  | 2006 | 2005 |
|--|------|------|
|--|------|------|

As at September 30, 2006, the Company did not use the facilities from the above mentioned banks, except that ABN AMRO Bank had paid Rp 28,691 (2005: Rp 15,154) to certain suppliers of the Company. The liabilities arising from this facility was recorded in "Trade creditors".

- d. The Group did not have any significant contingent liabilities as at September 30, 2006 and 2005.

**31. Other important agreements**

In August 2005, the Company signed an agreement with Calbee Foods Co., Ltd., Japan ("Calbee") in development, manufacturing and selling of savoury snacks product in Indonesia. The Company has a right to use the Calbee trade mark. Based on that agreement, the Company has to pay 2% royalty (including income tax Article 26) of the sales of Calbee products to third parties during the year, except for the first year which is determined based on a certain amount.

**32. Reclassification of accounts**

The following reclassifications of accounts of the 2005 consolidated financial statements were made to be consistent with the presentation of the 2006 consolidated financial statements:

- Other liabilities – sales and promotion expenses amounting to Rp 271,752 in 2005 was reclassified to Accrued expenses.
- Prepaid pension expense, deferred tax asset and employee benefits obligation amounting to Rp 38,237 in 2005 was reclassified to unappropriated retained earnings.