UNILEVER N V
Form 6-K
February 04, 2011

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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934
For the month of February, 2011
UNILEVER N.V.

(Translation of registrant s name into English)

WEENA 455, 3013 AL, P.O. BOX 760, 3000 DK, ROTTERDAM, THE NETHERLANDS

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):__________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):__________

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-__________

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNILEVER N.V.

/s/ T. E. Lovell
T. E. Lovell,
Secretary

Date: 4 February, 2011

2010 FULL YEAR RESULTS

Full year highlights

Turnover up 11.1% at 44.3 billion, with 7.3% due to currency**.**

Underlying volume growth 5.8%. Underlying sales growth 4.1% and underlying price growth (1.6)%.

Underlying operating margin up 20bps with increased investment in advertising and promotions up 30 bps, funded by higher gross margins and lower indirects. Margin underpinned by savings of 1.4 billion.

Healthy free cash flow of 3.4 billion reflecting continuing improvement in working capital.

Fully diluted earnings per share 1.46 up 25%.

Chief Executive Officer

We are pleased with another year of good results in which we delivered against all our key priorities and further progressed the transformation of Unilever. We delivered strong volume growth, particularly in emerging markets which continued to be the engine of growth. We gained volume share in all regions driven by stronger innovations, significant increases in marketing investment and the extension of our brands into new territories. At the same time we delivered margin improvement through a strong savings programme, lower indirects and volume efficiencies. This, coupled with excellent working capital management, enabled us to deliver robust cash flow.

The Unilever of today is more agile and confident, now fully fit to compete. We remain focused on serving our consumers and customers and building the long term health of our brands. Despite the intense competition and the return of commodity cost volatility, our objectives remain: profitable volume growth ahead of our markets, steady and sustainable underlying operating margin improvement and strong cash flow.

Turnover	**44,262m**	**+11.1%**
Underlying sales growth*	**4.1%**	
Operating profit	**6,339m**	**+26%**
Net profit	**4,598m**	**+26%**
Diluted earnings per share	**1.46**	**+25%**

Quarterly Dividend payable in March 2011 0.208 per share

(*) Underlying sales growth is a non-GAAP measure, see note 2 on page 10 for further explanation of non-GAAP measures used.

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OPERATIONAL REVIEW: REGIONS

(unaudited)

	m	%	%	%	bps
Unilever Total	**44,262**	**4.1**	**5.8**	**(1.6)**	**20**
Asia Africa CEE	17,685	7.7	10.2	(2.2)	(50)
Americas	14,562	4.0	4.8	(0.7)	(10)
Western Europe	12,015	(0.4)	1.4	(1.8)	170

2010 results were strong despite intense competition, weak consumer confidence in many markets and the impact of rising commodities costs in the second half. Whilst markets showed little or no growth in the developed economies, emerging market growth remained healthy. We grew our volumes ahead of the market in all regions and finished the year strongly despite a strong prior year comparator. Savings programmes delivered strongly across both supply chain and indirects. We invested in our product quality and significantly increased the investment behind our brands whilst improving advertising quality.

The acquisition of Sara Lee s personal care business and the disposal of the Italian frozen foods business were completed during the year. The proposed acquisition of Alberto Culver has received shareholder approval and now awaits approval of the relevant regulatory authorities. The previously announced disposal of the Brazilian tomato business is expected to be finalised early in 2011.

Asia Africa CEE

In 2010 we grew ahead of the market and continued to gain volume share. Asia Pacific delivered double digit volume growth in the year. There were particularly strong performances in Vietnam, the Philippines, Pakistan and China. In India we delivered consistent double digit volume growth and we are encouraged by our progress in this highly competitive market. The business in North Africa, Middle East and Central Africa performed well throughout the year. Whilst market conditions in Central and Eastern Europe were weaker, volume growth was still comfortably positive.

Underlying operating margin was down for the year reflecting stable gross margins and increased investment in advertising and promotions. The rollout of the regional IT platform progressed well, with successful rollout in 2010 to a number of countries including China, Australia, Vietnam and North Africa.

Americas

We gained volume share in 2010 and saw higher underlying sales growth driven by consistent growth in Latin America and good performance in North America.

Whilst the US economy remains difficult and increasingly competitive, our business continued to benefit from our strong innovation programme. The Brazilian market continues to grow strongly but remains highly competitive; in this context our business delivered good results. Mexico had a particularly good year, gaining share in a number of key categories and the Southern Cone had another excellent year with a strong recovery in Chile after the devastating earthquake. Underlying operating margin was down slightly in the year.

Western Europe

Despite difficult markets we delivered volume growth and improved volume share in the year. Underlying price continued to improve but was still negative year-on-year reflecting the high levels of promotional intensity in many of our markets. Conditions in Southern Europe remain particularly challenging. Northern Europe is more robust and we saw strong performances in the UK and France.

Underlying operating margin was up in the year, reflecting the benefits of the cost saving programmes and lower advertising and promotions.

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OPERATIONAL REVIEW: CATEGORIES

(unaudited)

	m	%	%	%
Unilever Total	**44,262**	**4.1**	**5.8**	**(1.6)**
Savoury, Dressings & Spreads	14,164	1.4	2.5	(1.0)
Ice Cream & Beverages	8,605	6.1	5.9	0.1
Personal Care	13,767	6.4	7.9	(1.4)
Home Care	7,726	3.0	8.2	(4.8)

All categories grew volume and generated positive underlying sales growth in 2010, ending the year on a strong note. Almost all of our major brands grew volume on the back of bigger, better innovations rolled out more quickly across more markets. Magnum Gold?! was launched in 29 countries, Dove Men+Care is now in more than 30 markets and Dove Damage Therapy hair care products have reached 22 markets. In addition we have accelerated the rates at which we are extending our brands into new markets, with more than 100 new launches in the year.

Savoury, Dressings and Spreads

Savoury delivered strong volumes and impactful innovations. Knorr jelly bouillon helped to drive growth across many markets in Europe and Latin America whilst a new gourmet soups range drove strong share growth in France. Knorr soupy noodles continue to grow in India and soups have been launched in Bangladesh. The Knorr Season and Shake baking bags have now been launched in more than 20 markets with good initial results. PF Chang s restaurant quality frozen meals have been a great success, exceeding 50m turnover in the launch year.

Dressings grew volume driven by a successful campaign to increase the consumption occasions of mayonnaise in Latin America and the launch of a range of flavoured mayonnaises in Europe. Spreads grew volume in the year by investing in improved product quality and communicating the new taste benefits; a strong performance given the weak markets. Pro.Activ spreads again delivered strong growth by emphasising its core heart health benefits and Pro.Activ Buttery was launched successfully in Europe.

Ice Cream and Beverages

Ice cream delivered another good year of growth with a strong contribution from Western Europe, Asia and Russia. Magnum was launched in Indonesia and Klondike continued to grow in the US driven by improved product quality and a strong TV and digital marketing campaign which increased consumer interaction with the brand.

Tea delivered strong volume and solid price growth. Tea grew particularly well in India, UK, Turkey, Saudi Arabia and China driven by the strength of the Lipton brand equity, up-trading to new formats such as green tea in pyramid bags, the development of milk teas in China and the conversion from loose tea to tea-bags across emerging markets. Ades soy-based drinks continued to make progress in Latin America with impactful new packaging and advertising.

Personal Care

Deodorants had another excellent year driven by Dove Men+Care, the continued strengthening of the Rexona brand and by the launch towards the end of the year of the latest Axe variant, Excite. Hair continued to make good progress with strong growth in North America, China, South East Asia and India as a result of the rollout of Dove Damage Therapy, the continued rollout of Clear in Latin America and the relaunch of Clear in Asia. TiGi continued to perform well ahead of the professional market growth.

Skin delivered a solid year driven by continued momentum on Dove Nutrium moisture, Dove Men+Care, the latest Axe shower variant Rise, which contributed to record Axe shower market shares in the United States, and the rollout of Lifebuoy and Vaseline into new countries. Our Oral business delivered a solid year despite a heightened level of competitive activity. Signal Sensitive Expert was launched in France and White Now continues to do well across many markets including Vietnam and the Philippines.

Home Care

In highly competitive markets Laundry delivered strong underlying volume growth and underlying sales growth improved progressively through the year. Volume growth was particularly strong in India on the back of the re-launches of Rin and Wheel laundry detergents. In China we continued to close the share gap versus the market leader and the launch of Omo liquids is driving strong double digit growth. Comfort, recently launched in India, continues to make good progress in developing the market for fabric conditioners.

Household care continued to deliver volume-driven sales growth behind the market rollouts of Cif into Vietnam, Indonesia, Malaysia and the Philippines. Sun Turbo All-in-1 concentrated gel is doing well in France and the Netherlands.

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ADDITIONAL COMMENTARY ON THE FINANCIAL STATEMENTS FULL YEAR

Finance costs and tax

The cost of financing net borrowings in the year was 414 million, as the adverse impact of currency was more than offset by lower average net debt. The interest rate on borrowings was 4.4% and on cash deposits was 1.7%. The charge for pensions financing was a credit of 20 million compared with a net charge of 164 million in the prior year. The effective tax rate was 25.5% compared with 26.2% in 2009 reflecting the geographical mix of profits and the impact of the Frozen Foods disposal. The underlying tax rate excluding the effect of restructuring, disposals and impairments was 27.1%. Our longer-term expectation for the tax rate remains around 26%.

Joint ventures, associates and other income from non-current investments

Net profit from joint ventures and associates, together with other income from non-current investments contributed 187 million compared to 489 million in the prior year which benefited from the 327 million gain on disposal of the majority of the equity interest in JohnsonDiversey.

Earnings per share

Fully diluted earnings per share for the full year were 1.46, up 25%. This was driven by improved underlying operating profit, lower restructuring charges, lower pension costs, the favourable impact of foreign exchange and higher profit on business disposals partially offset by the provision in respect of the European Commission investigation into consumer detergents (see page 5). Business disposals include the disposal of the Italian Frozen Foods business in 2010.

Restructuring

Restructuring in the year was 589 million. This reflects action being taken to make the business fit to compete in the current environment.

Cash Flow and Net Debt

Free cash flow was 3.4 billion. Cash flow from operating activities was 6.8 billion reflecting higher operating profit and lower pensions payments. Further progress was made on reducing working capital, building on the strong performance in the prior year. Working capital reduced as a percentage of turnover and has now been negative for five consecutive quarters. Tax payments increased to 1.3 billion. Net capital expenditure increased 443 million to 1.7 billion, representing 3.8% of turnover. This primarily reflects investment in new capacity required to support the strong volume growth of the business in emerging markets.

Closing net debt at 6.7 billion was up from 6.4 billion as at 31st December 2009. The outflow from dividends, acquisitions and the negative impact of foreign exchange rates on net debt exceeded the inflow from free cash flow and business disposals.

Pensions

The net pensions deficit was 2.1 billion at the end of December 2010 down from 2.6 billion at the end of 2009. This is due to cash contributions made and good asset returns over the year offset by the impact of lower corporate bond rates on the calculation of the pension liabilities.

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COMPETITION INVESTIGATIONS

As previously reported, in June 2008 the European Commission initiated an investigation into potential competition law infringements in the European Union in relation to consumer detergents. While the investigation is ongoing, Unilever has concluded that it is now appropriate to take a provision of 110 million.

In addition and as previously reported, Unilever is involved in a number of other ongoing investigations by national competition authorities in a number of European countries including Greece, France, the Netherlands, Belgium and Germany. These investigations are at various stages and concern a variety of product markets. Provisions have been made to the extent appropriate.

It is Unilever s policy to co-operate fully with the competition authorities in the context of all ongoing investigations. In addition, Unilever reinforces and enhances its internal competition law compliance procedures on an ongoing basis.

CAUTIONARY STATEMENT

This announcement may contain forward-looking statements, including forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as expects , anticipates , intends , believes or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including, among others, competitive pricing and activities, economic slowdown, industry consolidation, access to credit markets, recruitment levels, reputational risks, commodity prices, continued availability of raw materials, prioritisation of projects, consumption levels, costs, the ability to maintain and manage key customer relationships and supply chain sources, consumer demands, currency values, interest rates, the ability to integrate acquisitions and complete planned divestitures, the ability to complete planned restructuring activities, physical risks, environmental risks, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory developments, political, economic and social conditions in the geographic markets where the Group operates and new or changed priorities of the Boards. Further details of potential risks and uncertainties affecting the Group are described in the Group s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including the 20-F Report and the Annual Report and Accounts 2009. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ENQUIRIES

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There will be a web cast of the results presentation available at:
www.unilever.com/ourcompany/investorcentre/results/quarterlyresults/default.asp

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INCOME STATEMENT

(unaudited)

Continuing operations:

Turnover	**44,262**	**39,823**	**11.1%**	**3.6%**
Operating profit	**6,339**	**5,020**	**26%**	**19%**
Restructuring, business disposals and other (RDIs) (see note 3)	(281)	(868)		
Underlying operating profit	6,620	5,888	12%	6%
Net finance costs	**(394)**	**(593)**		
Finance income	77	75		
Finance costs	(491)	(504)		
Pensions and similar obligations	20	(164)		
Share in net profit/(loss) of joint ventures	**120**	**111**		
Share in net profit/(loss) of associates	**(9)**	**4**		
Other income from non-current investments	**76**	**374**		
Profit before taxation	**6,132**	**4,916**	**25%**	**18%**
Taxation	(1,534)	(1,257)		
Net profit	**4,598**	**3,659**	**26%**	**18%**
Attributable to:				
Non-controlling interests	354	289		
Shareholders equity	4,244	3,370	26%	18%
Total operations basic (Euros)	1.51	1.21	25%	17%
Total operations diluted (Euros)	1.46	1.17	25%	17%

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STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

million	Full Year 2010	Full Year 2009
Net profit	**4,598**	**3,659**
Other comprehensive income		
Fair value gains/(losses) on financial instruments net of tax	43	105
Actuarial gains/(losses) on pension schemes net of tax	105	18
Currency retranslation gains/(losses) net of tax	460	396
Total comprehensive income	**5,206**	**4,178**
Attributable to:		
Non-controlling interests	412	301
Shareholders equity	4,794	3,877

STATEMENT OF CHANGES IN EQUITY

(unaudited)

million	Full Year 2010	Full Year 2009
Equity at 1 January	12,536	10,372
Total comprehensive income for the period	5,206	4,178
Dividends on ordinary capital	(2,309)	(2,115)
Movement in treasury stock	(126)	129
Share-based payment credit	144	195
Dividends paid to non-controlling interests	(289)	(244)
Currency retranslation gains/(losses) net of tax	2	3
Other movements in equity	(86)	18
Equity at the end of the period	**15,078**	**12,536**

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CASH FLOW STATEMENT

(unaudited)

million	Full Year 2010	Full Year 2009
Cash flow from operating activities	**6,818**	**6,733**
Income tax paid	(1,328)	(959)
Net cash flow from operating activities	**5,490**	**5,774**
Interest received	70	73
Net capital expenditure	(1,701)	(1,258)
Acquisitions and disposals	(361)	(139)
Other investing activities	828	61
Net cash flow from/(used in) investing activities	**(1,164)**	**(1,263)**
Dividends paid on ordinary share capital	(2,323)	(2,106)
Interest and preference dividends paid	(494)	(517)
Change in financial liabilities	(1,373)	(1,567)
Other movements on treasury stock	(124)	103
Other financing activities	(295)	(214)
Net cash flow from/(used in) financing activities	**(4,609)**	**(4,301)**
Net increase/(decrease) in cash and cash equivalents	**(283)**	**210**
Cash and cash equivalents at the beginning of the period	**2,397**	**2,360**
Effect of foreign exchange rate changes	(148)	(173)
Cash and cash equivalents at the end of the period	**1,966**	**2,397**

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(unaudited)

million	As at 31 December 2010	As at 31 December 2009
Goodwill	13,178	12,464
Intangible assets	5,100	4,583
Property, plant and equipment	7,854	6,644
Pension asset for funded schemes in surplus	910	759
Deferred tax assets	607	738
Other non-current assets	1,034	1,017
Total non-current assets	**28,683**	**26,205**
Inventories	4,309	3,578
Trade and other current receivables	4,135	3,429
Current tax assets	298	173
Cash and cash equivalents	2,316	2,642
Other financial assets	550	972
Non-current assets held for sale	876	17
Total current assets	**12,484**	**10,811**
Financial liabilities	(2,276)	(2,279)
Trade payables and other current liabilities	(10,226)	(8,413)
Current tax liabilities	(639)	(487)
Provisions	(408)	(420)
Liabilities associated with assets held for sale	(57)	-
Total current liabilities	**(13,606)**	**(11,599)**
Net current assets/(liabilities)	**(1,122)**	**(788)**
Total assets less current liabilities	**27,561**	**25,417**

Financial liabilities due after one year	7,258	7,692
Non-current tax liabilities	184	107
Pensions and post-retirement healthcare liabilities:		
Funded schemes in deficit	1,081	1,519
Unfunded schemes	1,899	1,822
Provisions	886	729
Deferred tax liabilities	880	764
Other non-current liabilities	295	248
Total non-current liabilities	**12,483**	**12,881**
Shareholders equity	14,485	12,065
Non-controlling interests	593	471
Total equity	**15,078**	**12,536**
Total capital employed	**27,561**	**25,417**

(unaudited)

The condensed preliminary financial statements are based on International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS as issued by the International Accounting Standards Board. With effect from 1 January 2010 the Group has adopted IFRS 3 Business Combinations (Revised) , all other accounting policies and methods of computation are consistent with the year ended 31 December 2009.
The condensed financial statements are shown at current exchange rates, while percentage year-on-year changes are shown at both current and constant exchange rates to facilitate comparison.
The income statement on page 6, the statements of comprehensive income and changes in equity on page 7, the cash flow statement on page 8, and the analysis of free cash flow on page 13 are translated at rates current in each period. The balance sheet on page 9 and the analysis of net debt on page 14 are translated at period-end rates of exchange.
The financial statements attached do not constitute the full financial statements within the meaning of Section 434 of the UK Companies Act 2006. Full accounts for Unilever for the year ended 31 December 2009 have been delivered to the Registrar of Companies. The auditors report on these accounts was unqualified and did not contain a statement under Section 498 (2) or Section 498 (3) of the UK Companies Act 2006.

Recent accounting developments

The Group is currently assessing the impact of the following revised standards and interpretations or amendments that are not yet effective. These changes are not expected to have a material impact on the Group s results of operations, financial position or disclosures:

IAS 24 Related Party Disclosures (Revised) will be effective for periods beginning on or after 1 January 2011. The changes primarily relate to government-related entities and the definition of a related party.

IAS 32 (Amendments) Financial Instruments: Disclosure will be effective for periods beginning on or after 1 February 2010. The changes primarily relate to the classification of rights, options and warrants.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments is effective for periods beginning on or after 1 July 2010.

IFRIC 14 Minimum Funding Requirement (Amendment) is effective for periods beginning on or after 1 January 2011.

IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2013 amends the classification and measurement for financial assets.

Improvements to IFRS (issued May 2010) is effective for periods beginning on or after 1 July 2010.

In our financial reporting we use certain measures that are not recognised under IFRS or other generally accepted accounting principles (GAAP). We do this because we believe that these measures are useful to investors and other users of our financial statements in helping them to understand underlying business performance. Wherever we use such measures, we make clear that these are not intended as a substitute for recognised GAAP measures. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures. Unilever uses constant rate and underlying measures primarily for internal performance analysis and targeting purposes.
The principal non-GAAP measure which we apply in our reporting is underlying sales growth, which we reconcile to changes in the GAAP measure turnover in notes 4 and 5. Underlying sales growth (abbreviated to USG or growth) reports turnover growth at constant exchange rates, excluding the effects of acquisitions and disposals. Turnover includes the impact of exchange rates, acquisitions and disposals.
We also comment on underlying trends in operating margin before the impact of restructuring, disposals and other one-off items, which we collectively term RDIs, on the grounds that the incidence of these items is uneven between

reporting periods. Further detail on RDIs can be found in note 3. We also discuss free cash flow, which we reconcile in note 8 to the amounts in the cash flow statement, and net debt, which we reconcile in note 9 to the amounts reported in our balance sheet and cash flow statement.

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(unaudited)

In our income statement reporting we recognise restructuring costs, profits and losses on business disposals and certain other one-off items, which we collectively term RDIs. We disclose on the face of our income statement the total value of such items that arise within operating profit.

million	Full Year 2010	Full Year 2009
RDIs within operating profit:		
Restructuring	(589)	(897)
Business disposals	468	4
Impairments and other one-off items	(160)	25
Total RDIs within operating profit	**(281)**	**(868)**

The 2010 Impairments and other one-off items cost includes the provision related to potential competition law infringements in the European Union (see page 5) and one off costs related to acquisitions.

Continuing operations Full Year million	Asia Africa CEE	Americas	Western Europe	Total
Turnover				
2009	14,897	12,850	12,076	39,823
2010	17,685	14,562	12,015	44,262
Change	18.7%	13.3%	(0.5)%	11.1%
Impact of:				
Exchange rates	10.1%	9.0%	1.4%	7.3%
Acquisitions	0.2%	0.3%	0.5%	0.3%
Disposals	(0.1)%	(0.4)%	(2.0)%	(0.8)%
Underlying sales growth	**7.7%**	**4.0%**	**(0.4)%**	**4.1%**
Price	(2.2)%	(0.7)%	(1.8)%	(1.6)%
Volume	10.2%	4.8%	1.4%	5.8%
Operating profit				
2009	1,927	1,843	1,250	5,020
2010	2,253	2,169	1,917	6,339
Underlying operating profit				
2009	2,074	2,074	1,740	5,888
2010	2,361	2,328	1,931	6,620

Operating margin				
2009	12.9%	14.3%	10.4%	12.6%
2010	12.7%	14.9%	16.0%	14.3%
Underlying operating margin				
2009	13.9%	16.1%	14.4%	14.8%
2010	13.4%	16.0%	16.1%	15.0%

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(unaudited)

Continuing operations million	Full Year	Savoury Dressings and Spreads	Ice Cream and Beverages	Personal Care	Home Care	Total
Turnover						
2009		13,256	7,753	11,846	6,968	39,823
2010		14,164	8,605	13,767	7,726	44,262
Change		6.8%	11.0%	16.2%	10.9%	11.1%
Impact of:						
Exchange rates		5.8%	6.8%	8.5%	8.3%	7.3%
Acquisitions		0.2%	0.0%	0.6%	0.1%	0.3%
Disposals		(0.7)%	(2.0)%	0.0%	(0.7)%	(0.7)%
Underlying sales growth		**1.4%**	**6.1%**	**6.4%**	**3.0%**	**4.1%**
Price		(1.0)%	0.1%	(1.4)%	(4.8)%	(1.6)%
Volume		2.5%	5.9%	7.9%	8.2%	5.8%
Operating profit						
2009		1,840	731	1,834	615	5,020
2010		2,846	724	2,296	473	6,339
Operating margin						
2009		13.9%	9.4%	15.5%	8.8%	12.6%
2010		20.1%	8.4%	16.7%	6.1%	14.3%

6 TAXATION

The effective tax rate for was 25.5% compared with 26.2% for 2009. The tax rate is calculated by dividing the tax charge by pre-tax profit excluding the contribution of joint ventures and associates.

Tax effects of components of other comprehensive income were as follows:

million	Full Year 2010			Full Year 2009		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Fair value gains/(losses) on financial instruments	41	2	43	163	(58)	105
Actuarial gains/(losses) on pension schemes	158	(53)	105	38	(20)	18
Currency retranslation gains/(losses)	460		460	396		396

Other comprehensive income	**659**	**(51)**	**608**	**597**	**(78)**	**519**

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NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

7 RECONCILIATION OF NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES

million	Full Year 2010	2009
Net profit	**4,598**	**3,659**
Taxation	1,534	1,257
Share of net profit of joint ventures/associates and other income from non-current investments	(187)	(489)
Net finance costs	394	593
Operating profit	**6,339**	**5,020**
Depreciation, amortisation and impairment	993	1,032
Changes in working capital	169	1,701
Pensions and similar provisions less payments	(472)	(1,028)
Restructuring and other provisions less payments	72	(258)
Elimination of (profits)/losses on disposals	(476)	13
Non-cash charge for share-based compensation	144	195
Other adjustments	49	58
Cash flow from operating activities	**6,818**	**6,733**

8 FREE CASH FLOW

million	Full Year 2010	2009
Cash flow from operating activities	**6,818**	**6,733**
Income tax paid	(1,328)	(959)
Net capital expenditure	(1,701)	(1,258)
Net interest and preference dividends paid	(424)	(444)
Free cash flow	**3,365**	**4,072**

9 NET DEBT

million	As at 31 December 2010	As at 31 December 2009
Total financial liabilities	**(9,534)**	**(9,971)**

Financial liabilities due within one year	(2,276)	(2,279)
Financial liabilities due after one year	(7,258)	(7,692)
Cash and cash equivalents as per balance sheet	**2,316**	**2,642**
Cash and cash equivalents as per cash flow statement	1,966	2,397
Add bank overdrafts deducted therein	350	245
Other financial assets	**550**	**972**
Net debt	**(6,668)**	**(6,357)**

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10 COMBINED EARNINGS PER SHARE

The combined earnings per share calculations are based on the average number of share units representing the combined ordinary shares of NV and PLC in issue during the period, less the average number of shares held as treasury stock.

In calculating diluted earnings per share, a number of adjustments are made to the number of shares, principally the following: (i) conversion into PLC ordinary shares in the year 2038 of shares in a group company under the arrangements for the variation of the Leverhulme Trust and (ii) the exercise of share options by employees.

Earnings per share for total operations for the twelve months were calculated as follows:

	2010	2009
Combined EPS Basic		
Average number of combined share units (Millions of units)	2,812.3	2,796.3
Net profit attributable to shareholders equity	4,244	3,370
Combined EPS basic	1.51	1.21
Combined EPS Diluted		
Adjusted average number of combined share units (Millions of units)	2,905.1	2,890.0
Combined EPS diluted	1.46	1.17

The numbers of shares included in the calculation of earnings per share is an average for the period. During the period the following movements in shares have taken place:

	Millions
Number of shares at 31 December 2009 (net of treasury stock)	2,804.2
Net movements in shares under incentive schemes	5.6
Number of shares at 31 December 2010	2,809.8

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11 DIVIDENDS

As agreed at the 2009 Annual General Meetings, Unilever moved to the payment of quarterly dividends with effect from 1 January 2010.

The Boards have declared quarterly dividends at the following rates which are equivalent in value at the rate of exchange applied under the terms of the Equalisation Agreement between the two companies:

	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Per Unilever N.V. ordinary share:	0.2080	0.2080	0.2080	0.2080
Per Unilever PLC ordinary share:	£0.1803	£0.1726	£0.1820	£0.1775
Per Unilever N.V. New York share:	US$0.2764	US$0.2750	US$0.2916	US$0.2861
Per Unilever PLC American Depositary Receipt:	US$0.2764	US$0.2750	US$0.2916	US$0.2861

The quarterly dividend calendar will be as follows:

	Announcement Date	Ex-Dividend Date	Record Date	Payment Dat
Calendar Year 2011				
Quarterly dividend announced with Q4 2010 results	3 February 2011	9 February 2011	11 February 2011	16 March 2011
Quarterly dividend announced with Q1 2011 results	28 April 2011	11 May 2011	13 May 2011	15 June 201
Quarterly dividend announced with Q2 2011 results	4 August 2011	10 August 2011	12 August 2011	14 Septembe 2011
Quarterly dividend announced with Q3 2011 results	3 November 2011	9 November 2011	11 November 2011	14 Decembe 2011

12 ACQUISITIONS AND DISPOSALS

On 18 January 2010 we announced a definitive agreement with Hormel Foods Corporation to sell our Shedd s Country Crock branded side dish business in the US. The transaction was completed in February 2010. Under the terms of the agreement, Hormel will market and sell Shedd s Country Crock chilled side-dish products, such as homestyle mashed potatoes, under a licence agreement.

On 26 April 2010 we announced the agreement with Strauss Holdings Ltd to increase the Unilever shareholding in Glidat Strauss Israel from 51% to 90% for an undisclosed sum. The transaction was completed on 7 October 2010.

On 1 June 2010 we completed the disposal of the Brunch brand in Germany to Bongrain.

On 9 August 2010 we announced an asset purchase agreement with the Norwegian dairy group TINE, to acquire the Ice Cream operations of Diplom-Is in Denmark, as of 30th September 2010. The value of the transaction is undisclosed.

On 24 September 2010 we announced a definitive agreement to sell our consumer tomato products business in Brazil to Cargill for approximately R$600 million. The assets and liabilities related to this business are reported as held for sale.

On 27 September 2010 we announced a definitive agreement to acquire Alberto Culver Company for US$3.7 billion in cash. The acquisition has received shareholder approval but is subject to regulatory approval.

On 28 September 2010 we announced an agreement to buy EVGA s ice cream brands and distribution network in Greece for an undisclosed sum. The transaction was completed on 27 January 2011.

The disposal of our frozen foods business in Italy for 805m to Birds Eye Iglo was completed on 1 October 2010.

The acquisition of Sara Lee s personal care business was completed on 6 December 2010.

13 EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events other than those mentioned elsewhere in this report.