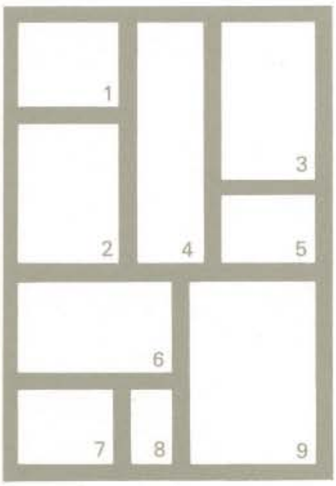
Unilever

Report and Accounts

1969

The cover design

The cover symbolises the main interests of Unilever



1 Fish
trawling, fresh, quick-frozen, canned, retailing, restaurants

2 Margarine, oils, cooking fat

3 The United Africa Group

4 Packaging
paper, plastics

5 Meat
and meat products

6 Toilet Preparations

7 Chemicals

8 Other Foods
quick-frozen, dehydrated, canned

9 Detergents

Designed by Lintas, London

UNILEVER

Report and

accounts

1969

UNILEVER N.V.

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A. A. Haak
H. A. Holmes

Auditors

Price Waterhouse & Co.
Cooper Brothers & Co.

This is a translation of the original Dutch report. French and German translations, with the figures remaining in guilders, are also published.

The report and accounts as usual combine the results and operations of **Unilever N.V.** **("N.V.")** and **Unilever Limited** **("Limited").** The report and accounts of **Limited,** which are written in the English language with the figures expressed in sterling, contain the same information as this document.

Contents

Page

Salient figures

All figures relate to **N.V.** and **Limited** Groups combined

Fl. million	1969	1968
Sales to third parties	21,829	20,032
Operating profit	1,443	1,494
Interest on loan capital	93	96
Profit of the year before taxation	1,406	1,476
Taxation on profit of the year	663	698
Consolidated profit of the year	709	746
Profit of the year accruing to ordinary capital	691	728
Ordinary dividends	305[1])	264
Profit of the year retained	345	464
Capital employed	9,320	8,962
Net liquid funds	552	963
Capital expenditure	881	716
Depreciation	572	523

Ordinary dividends		
N.V. (per Fl. 20 of capital)	Fl. 5.43[1])	Fl. 4.70
Limited (per 5s. of capital)	1s. 10$^1/_2$d.[1])	1s. 7$^1/_2$d.

Combined earnings per share are shown on page 54. The Salient figures in certain other currencies are given on page 55.

[1]) In addition to the ordinary dividends shown above, special ordinary dividends of Fl. 0.73 per Fl. 20 capital of **N.V.**, and 3d. per 5s. capital of **Limited**, amounting to Fl. 41 million are recommended for payment with the final ordinary dividends for 1969.

Report for the year 1969

to be submitted at the general meeting of shareholders to be held at the company's offices, Burgemeester s'Jacobplein 1, Rotterdam, on 6th May 1970.

The year in brief

Combined sales to third parties were about 9% higher than in 1968. All the main product groups contributed to the increase in sales; the biggest increases were in **foods** and in **detergents and toilet preparations,** and there was also a satisfactory increase in **paper, plastics and packaging, chemicals and other interests.**

In spite of the satisfactory growth in sales, profits remained depressed throughout the year by increases in wages, transport and other costs, coupled with government control of our selling prices in most of the important countries where we operate. Profits from **foods** as a whole were virtually unchanged; with the heavy expense of introducing new detergent products added to the other adverse factors, profits from **detergents and toilet preparations** were lower, as were those from **animal feeds.** Profits from **paper, plastics and packaging, chemicals and other interests,** and those of the **United Africa Group and plantations** improved. Altogether combined operating profit was about 3% and profit attributable to ordinary capital about 5% less than in 1968.

Sales to third parties, profit and capital employed by geographical areas 1960 and 1969

Sales to third parties

	Total Fl. million	Percentages / Amounts: Europe	N. & S. America	Africa	Rest of the world
1969		63	15	14	8
	21,829	13,784	3,318	2,917	1,810
1960		58	15	20	7
	14,757	8,512	2,245	2,926	1,074

Profit[1]

	Total Fl. million	Percentages / Amounts: Europe	N. & S. America	Africa	Rest of the world
1969		66	13	13	8
	794	526	100	103	65
1960		61	14	16	9
	566	346	76	92	52

Capital employed

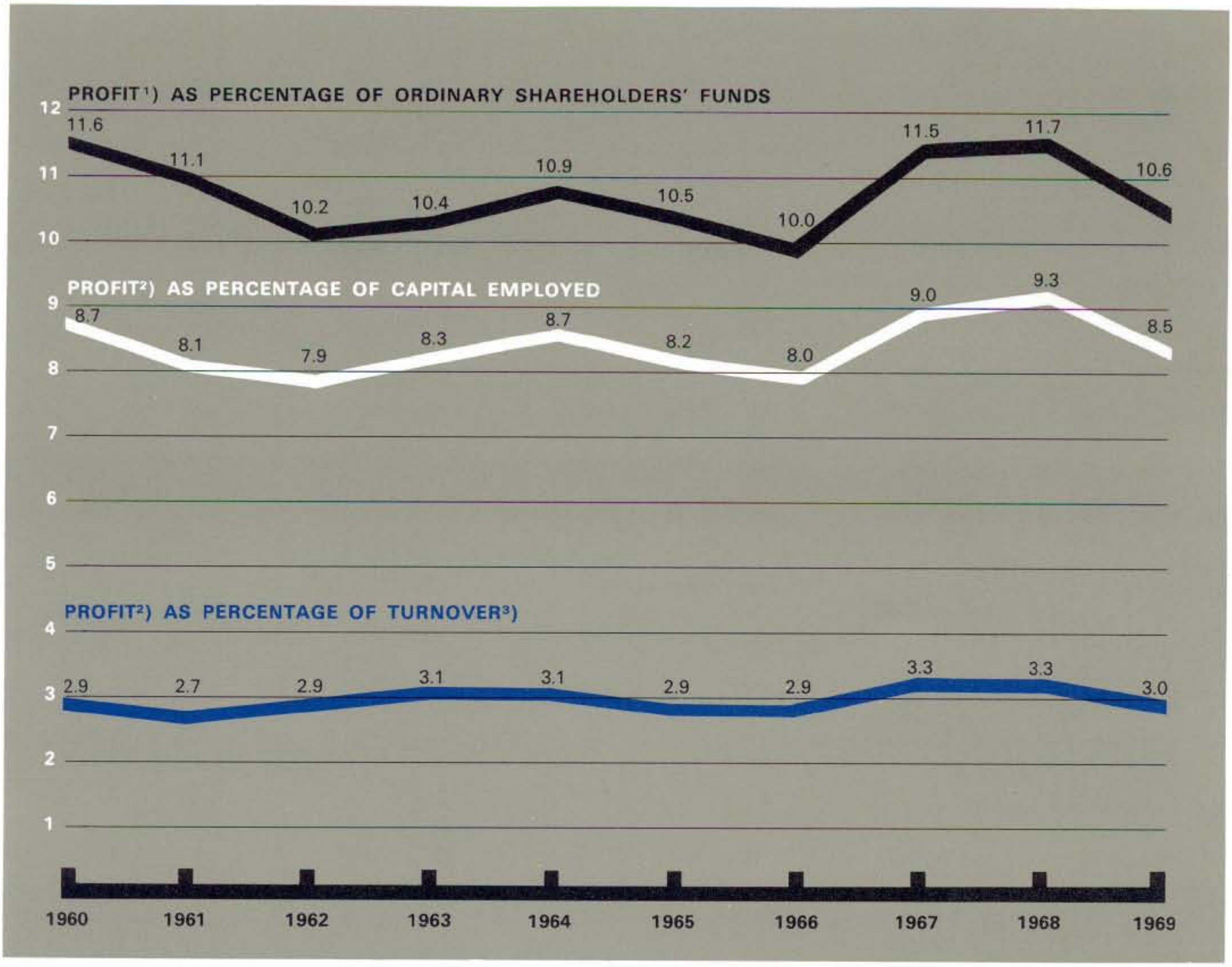
	Total Fl. million	Percentages / Amounts: Europe	N. & S. America	Africa	Rest of the world
1969		66	13	13	8
	9,320	6,152	1,247	1,255	666
1960		59	12	22	7
	6,412[2]	3,816	739	1,419	438

Africa includes all our operations in that continent—namely the United Africa Group operations, the manufacturing businesses and the plantations interests.

[1] Profit after taxation but before loan interest.

[2] Excluding interests not consolidated of Fl. 61 million.

Return on ordinary shareholders' funds, capital employed and turnover 1960–1969



1) Based on profit accruing to ordinary capital.

2) Based on profit after taxation but before loan interest.

3) Turnover includes internal sales as shown on page 13.

Summary of combined figures 1960–1969

Unilever N.V. and Unilever Limited and their subsidiaries

Fl. million	1960	1961[1]	1962	1963	1964	1965	1966	1967[2]	1968	1969
Sales to third parties	**14,757**	**14,763**	**14,972**	**15,557**	**17,115**	**18,464**	**19,189**	**19,714**	**20,032**	**21,829**
Internal sales	4,893	4,558	4,251	4,121	4,634	5,117	5,054	4,875	4,961	5,062
Turnover	19,650	19,321	19,223	19,678	21,749	23,581	24,243	24,589	24,993	26,891
Operating profit	**1,113**	**1,020**	**1,044**	**1,164**	**1,220**	**1,190**	**1,223**	**1,411**	**1,494**	**1,443**
Interest on loan capital	15	15	21	24	25	40	81	104	96	93
Profit of the year before taxation	**1,129**	**1,045**	**1,080**	**1,203**	**1,257**	**1,186**	**1,200**	**1,380**	**1,476**	**1,406**
Taxation on profit of the year	571	528	540	608	588	522	541	634	698	663
Consolidated profit of the year	**553**	**537**	**525**	**566**	**635**	**646**	**627**	**698**	**746**	**709**
Profit of the year accruing to ordinary capital	**513**	**497**	**485**	**526**	**594**	**606**	**597**	**680**	**728**	**691**
Ordinary dividends—Gross[3]	**189**	**186**	**195**	**223**	**239**	**237**	**236**	**254**	**264**	**305[5]**
United Kingdom income tax retained	34	33	34	39	42	42	—	—	—	—
Profit of the year retained	358	344	324	342	397	411	361	426	464	345
Per Fl. 12 or £1 of ordinary capital[4]:	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Earnings	**5.46**	**5.27**	**5.14**	**5.58**	**6.30**	**6.48**	**6.39**	**7.28**	**7.78**	**7.38**
Cost of dividends	1.58	1.58	1.65	1.89	2.07	2.08	2.53	2.72	2.82	3.26[5]
Dividends as % of earnings	29	30	32	34	33	32	40	37	36	44[5]
Preferential capital	831	811	815	815	836	836	317	310	310	310
Ordinary shareholders' funds	**4,429**	**4,490**	**4,757**	**5,048**	**5,425**	**5,750**	**5,955**	**5,919**	**6,221**	**6,515**
Outside interest in subsidiaries	262	246	251	262	225	199	194	205	209	214
Loan capital	**402**	**392**	**570**	**541**	**688**	**859**	**1,570**	**1,491**	**1,452**	**1,477**
Deferred liabilities	549	569	600	653	678	735	769	708	770	804
Capital employed	**6,473**	**6,508**	**6,993**	**7,319**	**7,852**	**8,379**	**8,805**	**8,633**	**8,962**	**9,320**

1) The revaluation on 6th March, 1961, raised the guilder parity by 5%.

2) Sterling devaluation on 18th November, 1967, lowered the exchange rate from £1 = Fl. 10.136 to £1 = Fl. 8.688.

3) Up to the year 1965 United Kingdom income tax deducted from dividends of **Limited** was retained by the Company. With the change to corporation tax, income tax deducted from dividends has to be handed to the Revenue and the cost of dividends is consequently the gross amount.

4) See note on Combined earnings per share and dividends on page 54. The figures for earnings and cost of dividends have been adjusted for scrip issues.

5) The special ordinary dividends, recommended for payment with the final 1969 dividends, amounting to Fl. 41 million, are not included.

The background

General

The most notable feature of 1969 was the easing, at least for a while, of the world's currency troubles. All the major currencies now seem to be in reasonable alignment; the new system of Special Drawing Rights offers hope of an orderly increase in world liquidity. Economic growth proceeded fairly steadily. Inflation in the developing countries was something less of a problem but it grew rather worse in some of the developed countries, notably the Netherlands and the United States. World trade grew rapidly and many commodity prices rose. A number of European countries suffered from labour disputes, many more of them unofficial than has been usual. In the United States, the Government took deliberate action to slow down the economy in order to curb inflation. Australia, South Africa and Japan all experienced boom conditions.

European integration

During the year the prospect of the United Kingdom and some other countries of the European Free Trade Association, together with the Republic of Ireland, joining the European Economic Community improved. Economic integration in the E.E.C. again made progress; by the year end, the 12-year transitional period, during which despite all the difficulties many positive results were achieved, had been completed on schedule. If the members of the E.E.C. wish to derive full benefit from these results, further integration, particularly by harmonisation of economic, fiscal and monetary policies, will be essential. More progress will also be needed in the harmonisation of food and drugs legislation.

Unfortunately the memorandum on the problems arising from the existing structure of the farming industry, which the European Commission published at the end of 1968, has had little effect so far. The problem of the agricultural surpluses remains a live issue and the butter surplus, although less than expected, still gives cause for concern.

Price Control

Many of our businesses were affected in 1969 by government control of selling prices. The most unfortunate experience was that of our meat business in the Netherlands which was obliged to freeze its selling prices for more than 4 months, although the freeze could not be effectively applied to the suppliers of its raw materials.

Many governments appear to believe that if manufacturers can be forced, or persuaded, not to increase selling prices, they will be unable to afford extravagant wage settlements, and inflation will thereby be contained. Since price increases are naturally unpopular with the public this theory is politically attractive but it is nevertheless fallacious.

Experience shows that whatever happens to prices, pressure for increased wages continues. Price control, however necessary it may be in exceptional circumstances, is therefore likely to stimulate consumer spending and increase balance of payments difficulties, at the same time depressing industrial profitability and, hence, investment and research. This must harm both national economies and the true interests of the public as consumers.

It is not suggested that price increases are desirable in themselves but only that they should not be prevented when they are necessary. In a free market competition would prevent unjustified price increases, at the same time allowing adequate rewards for improved products and greater efficiency.

We therefore view with concern the current proposals of the United Kingdom Government for setting up a Commission on Industry and Manpower; these proposals would give the Government unprecedented powers of intervention in industry, including wide powers of price control.

Mergers

At the time of last year's Report the talks concerning a possible merger between **Limited** and Allied Breweries Limited had been suspended pending the U.K. Monopolies Commission's enquiry into the proposed merger.

The Commission and its staff conducted the enquiry with courtesy and despatch, and in its Report made in May the Commission unanimously recommended, as we had all along expected, that the merger would not operate against the public interest. This removed any statutory obstacle to the merger but by that time six months had elapsed since the first announcement of the talks and the relationship between the market prices of **Limited's** and Allied's shares had changed. The Boards of **Limited** and Allied reluctantly concluded that, as a result, it was no longer possible to arrive at a basis for the merger which could be recommended to the shareholders of both companies. The merger proposals were therefore abandoned.

In October we agreed to merge our frozen foods and ice-cream businesses in Germany, Italy and Austria into joint companies with the corresponding businesses of Nestlé Alimentana S.A. of Switzerland in those countries. The merger came into effect from the 1st January, 1970.

Unilever will be responsible for management and will hold 75% of the share capitals of the joint companies, Nestlé holding the remaining 25%. The joint companies should be able to strengthen the position of frozen foods in the total food market in the three countries concerned and to achieve increased efficiency in marketing and distribution.

At the time of printing this Report, the Unox company, which operates our meats business in the Netherlands, and Zwanenberg, a subsidiary of Akzo N.V., Arnhem, were jointly considering the possibilities of further combination of their operations in the meats sector.

Taxation

In a number of countries which are important to us the rates of taxation on business profits were increased. They include the United Kingdom, Chile, Ghana, Nigeria, Turkey and South Africa. On the other hand there were reductions in the Congolese Republic (Kinshasa) and Indonesia. In the Netherlands the Company Tax Order, 1942, has been superseded by a Company Tax Act. The new law is effective as from the financial year 1970 and the rate of the company tax remains 46%.

On 1st January, 1969 the existing turnover tax in the Netherlands was replaced by a turnover tax on the added value basis. The rate of the tax is 12% except for certain goods and services (mainly essential ones) for which the rate of tax is 4%. In Sweden a similar tax at a rate of 10% was introduced on 1st January, 1969.

As mentioned in last year's report, we are in dispute with the German tax authorities on the question of the rate of dividend tax applicable to dividends paid by our German subsidiaries to a number of our Dutch subsidiary holding companies. Contrary to their earlier decisions, the authorities now hold a view which has led to their reclaiming a total of about DM 92 million tax for 1963 and subsequent years. In a test case before the Finanzgericht, Hamburg, we have submitted a declaration from the Netherlands Ministry of Finance showing that our view corresponds with what was discussed at the time of the negotiations on the double taxation agreement between the Netherlands and Germany. Our advisers remain unchanged in their opinion that the claim of the German revenue authorities cannot be upheld. Accordingly, no provision for this claim has been made in the balance sheet at 31st December, 1969, and we have taken credit for refunds of dividend tax of about DM 42 million which are due to us in respect of 1967, 1968 and 1969.

Analysis of sales and operating profit

N.V. 1968	N.V. 1969	Limited 1968	Limited 1969	Fl. million	Combined 1968	Combined 1969
				Sales to third parties and total turnover		
6,459	6,974	3,442	3,793	Foods	9,901	**10,767**
3,417	3,738	1,707	1,772	Detergents and toilet preparations	5,124	**5,510**
314	331	1,222	1,259	Animal feeds	1,536	**1,590**
99	114	2,061	2,344	Merchandise and other activities of The United Africa Group and plantations	2,160	**2,458**
642	726	669	778	Paper, plastics and packaging, chemicals and other interests	1,311	**1,504**
10,931	11,883	9,101	9,946	**Sales to third parties**	20,032	**21,829**
3,183	3,145	1,778	1,917	Internal sales (mainly oils and fats)	4,961	**5,062**
14,114	15,028	10,879	11,863	**Total turnover**	24,993	**26,891**
				Operating profit		
597	582	228	224	Foods	825	**806**
193	152	164	119	Detergents and toilet preparations	357	**271**
9	8	46	23	Animal feeds	55	**31**
17	22	81	115	Merchandise and other activities of The United Africa Group and plantations	98	**137**
93	129	66	69	Paper, plastics and packaging, chemicals and other interests	159	**198**
909	893	585	550	**Total operating profit**	1,494	**1,443**

Where by-products, such as oil-cake and glycerine, are sold without further processing, the proceeds are now included with the sales and profits of the main product from which the by-product is derived.

Internal sales represent supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation. Operating profit resulting from these sales is included in the profit of the supplying industry, and is proportionately significant only in the case of paper, plastics and packaging.

Foods

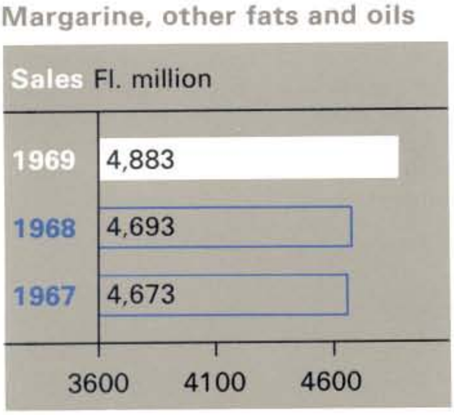
Margarine, other fats and oils

The year 1969 was the 100th anniversary of the invention of margarine. During the hundred years, and particularly since the Second World War, margarine has progressed from its origin as a cheap substitute for butter to being a distinctive product which many consumers prefer for its own sake, an achievement to which Unilever's scientific and technical experts have made a major contribution.

World consumption of edible fats and oils rose by about 2% in 1969. The increase was most marked in Africa, Asia and South America.

With a rise of 2%, margarine consumption continued its steady increase. In the United Kingdom the downward trend was reversed for the first time for many years. However, demand for margarine has shown the greatest advance in the developing countries, averaging 10% over the last few years. World butter consumption levelled off; a decline in the United Kingdom and North America was balanced by gains in most other countries. In the E.E.C. sales of surplus butter at low prices only marginally increased demand for butter.

Margarine, other fats and oils



Ghee consumption, mainly in India, Pakistan and Turkey, was fairly static but vegetable ghee advanced by 5%.

Of the total world consumption of edible fats and oils, edible oils still account for the largest share at 40%.

The rise in raw material prices, which started in October 1968, continued in 1969 as a result of a comparative shortage of fats and oils in the world market. World stocks of fats and oils decreased and towards the end of 1969 prices had reached their highest level since 1965. Profit margins came under pressure, especially since the industry is subject to price control in most of the countries in which we operate. Although our total sales increased, our profits were virtually unchanged.

Our margarine sales increased in total by 4% mainly as a result of the increased demand for specialised margarines.

Our Becel brand sold particularly well as the public became more aware of the beneficial effects of polyunsaturated oils. In Sweden and Finland Flora did very well. Good sales increases were achieved with a softer Blue Band margarine in the United Kingdom, Imperial in the United States and Rama in Germany and Japan. In Spain, however, we suffered from strong competition. In Mexico we entered the margarine market with the Astra brand.

In many countries the demand for margarines packed in tubs is still increasing. Consumers appreciate the greater convenience of a more rigid type of container and the softer margarine which it enables us to offer them. In Germany 75% of the margarine sold is now packed in this way.

In Germany we are now supplying special varieties of edible fat products under the brand name Ceres, for sale on medical prescription to patients suffering from certain kinds of deficiency in their fat metabolism.

Our sales of edible oils and compound cooking fats increased in most countries, although keen competition and high raw material prices kept profit margins down. In France the distribution of our Fruit d'Or table oil was extended to the whole country and sales reached their target; in Germany our Livio oil had a good year, and in the United Kingdom Spry table oil made encouraging progress in test markets. Table oils with high polyunsaturated content were launched in the Netherlands and Belgium under the Becel brand.

With high raw material prices and in the face of strong competition most of our companies supplying edible fats and oils to industrial users had a rather difficult year. Nevertheless speciality products for industrial users seem to have a promising future and in this sector of the market we did well. One such product, Trio Pastry Pencils, was introduced in the Netherlands in 1969 and saves many hours of labour in the manufacture of puff pastry.

Our oil milling capacity in the E.E.C. countries was considerably reduced by a fire which destroyed the extraction plant at Mannheim in Germany. In spite of this our oil mills in these countries had a slightly better year. Some of the smaller mills have been closed but the Mannheim extraction plant will be rebuilt.

(ABOVE) A party of visitors watches from a gallery the production of margarine at Van den Bergh's en Jurgens' Fabrieken N.V., Rotterdam.

(LEFT) Inside a specially equipped van used for market research tests throughout the Netherlands. A housewife is being invited to taste and give her opinion on a new margarine which it is proposed to put on the market.

(ABOVE, LEFT) Quality control in a Lipton factory in the United States.

(ABOVE, RIGHT) The Birds Eye dairy cream sponge production line in the United Kingdom.

(BELOW) A display of the products of Lawson, one of our meat companies in the United Kingdom.

Other foods

Sales of and profits from quick-frozen foods and ice-cream increased satisfactorily.

In the Netherlands progress of quick-frozen foods was hampered by the extra rise in the cost of living resulting from the introduction of added value tax. In the United Kingdom the growth in demand was slowed down by Government curbs on spending power; and there was a further rise in beef prices, mainly caused by the restriction on imports from South America. Notwithstanding these difficulties Birds Eye increased sales and profits. In Germany there was a surge in demand and the main problem for our quick-frozen foods business was shortage of production capacity; this has now been partly remedied by the purchase towards the end of the year of a factory at Burgdorf near Hanover. In Austria and Belgium good results were achieved. In Italy the businesses we acquired in 1968 increased their sales considerably but profits were disappointing.

Most of Europe had a fine summer in 1969. This stimulated the demand for ice-cream in nearly all countries and our sales and profits, particularly in the United Kingdom and Germany, improved considerably. In all countries we had much success in promoting the sale of ice-cream as a dessert, and in stimulating sales through grocers' shops and supermarkets. Outside Europe our sales of ice-cream improved in all the countries where we operate, but although there was some improvement in the United States, we have not yet succeeded in achieving reasonable profit margins in these countries.

We also continued to expand our sales of canned, dried and other packaged foods, but profits on these products were offset by the high cost of developing new products. We are nevertheless convinced that further profitable expansion in this field is possible, given continued attention to research, development and marketing. Batchelors in the United Kingdom, and Hartog in Belgium again showed that growing and profitable businesses can be developed in such products. In the United States, Lipton improved on its record performance of 1968, being specially successful with tea and salad dressings. During the year it acquired Usen Products Company, a leading manufacturer of cat food.

Our food businesses in Australia and New Zealand increased their sales but their return on capital remains low.

In the autumn the authorities in many countries decided to ban the use of cyclamate as a sweetener. This particularly affected our soft drinks trade in the United Kingdom and Sweden. Altogether the loss on unsaleable stocks amounted to more than Fl. 7 million.

Our sales of cheese and processed cheese again increased although profit margins suffered from high raw material costs. Milkana De Luxe processed cheese sold well in the Netherlands, Belgium and Germany and especially well in Italy.

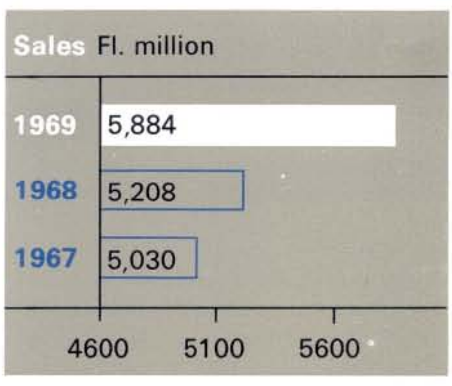
We again extended our interests in fresh dairy products in France where the market for these products is very large. We acquired majority interests in Laiterie Cazajus S.A. and Etablissements Rousset S.A., thereby strengthening our position in the regions served by them. A range of fruit yoghurt under the brand name Elite was successfully launched in Germany; yoghurts were launched in a test market under the Jolly brand in the Netherlands; our sales of yoghurt and fresh cheeses in Belgium continued to grow. However, our fresh dairy product operations are not yet profitable.

Our meat businesses had a difficult year. Pig prices in the Netherlands, the United Kingdom and Germany became very high and other costs also rose, particularly in the United Kingdom. The Unox meat business in the Netherlands increased its sales but the cost increases were accompanied by the total price freeze imposed by the Government, lasting over four months. Heavy losses resulted, but both sales and margins were at a satisfactory level at the year end although there was a small loss for the year as a whole. In the United Kingdom the Wall's meat company had difficulties in simultaneously maintaining sales and securing adequate price increases and its profits slumped; because of the different nature of their businesses Lawson and Mattessons, two companies in the Wall's group, were less affected by the circumstances and did well. In Germany the Emil Schafft business increased its sales and achieved a small profit.

In Germany the decline in consumption of fish came to an end and better prices prevailed for both fresh and frozen fish. Nordsee earned higher profits from its trawling, processing and canning, but the return on capital employed in these activities is still modest. Nordsee continued to adapt its shops to changes in buying habits and to developments in competition, and the trend of sales and profits from its fish restaurants was promising. We have opened restaurants of the same type in Austria where the results have been encouraging.

Owing to a shortage of salmon in the latter part of the year sales of John West in the United Kingdom were smaller. Prices were higher and profits were kept at the level of the previous year.

Other foods



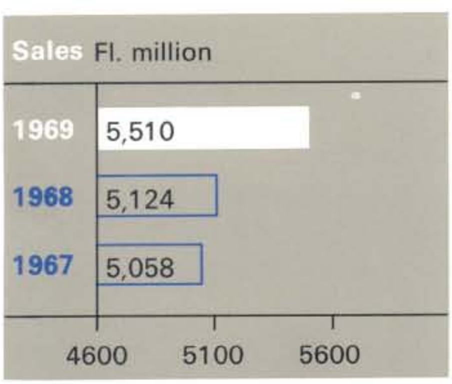
Detergents and toilet preparations

Detergents
The development of the use of enzymes has been one of the most important events in the industry since synthetic detergents came into favour immediately after the Second World War. Enzymes have proved their effectiveness in removing protein stains which had previously posed a difficult problem in the normal household wash.

Our programme for the progressive launching of the new detergents reached its peak during the early months of the year. Many millions of samples were distributed free to consumers' homes so that they could try the new products for themselves. Sales of the new brands made good progress; our share of the world detergents market improved and should form a firm base for future growth, but profits were considerably reduced by the cost of launching these new brands. Although sales improved in each quarter compared with 1968, and profits began to recover in the second half of the year, the rate of recovery was less than we expected.

We did well during the year with toilet soaps and household cleaners, but found it hard to make progress with liquid detergents for dishwashing. The sales of good quality brands continued to be hampered by competition from low-priced brands with inferior performance.

Detergents and toilet preparations



We are establishing a useful footing with specialised products for use in automatic dishwashing machines. The market for these products, though still small, is bound to become significant in the future. In the United States 20% of homes already have automatic dishwashing machines. The Continent is catching up and 7% of homes in Sweden and Italy have these machines but in the United Kingdom the figure is still as low as 1%.

During the year our detergent companies everywhere have had to contend with rising costs; the price of tallow, an important ingredient in soapmaking, increased from Fl. 480 per ton at the beginning of the year to Fl. 640 per ton in December. Most other important ingredients became dearer although the increasing production of enzymes brought down the previously high cost of this ingredient. As mentioned elsewhere in this Report wages and salaries have risen in almost all countries in which we operate. At the same time, in many countries, particularly in Western Europe but also in some overseas countries such as India, price control prevents us from maintaining our profit margins.

We continued to make good progress in selling detergents for industrial and institutional use.

There has been publicity about the health hazards of enzymes and in the early stages there were instances in some of our plants and those of other detergent manufacturers of workers having respiratory troubles caused by the inhalation of enzyme dust. Special measures including encapsulation of the enzymes have been taken to overcome these problems. So far as the consumer is concerned, exhaustive testing and the experience of millions of housewives indicate that detergents with enzymes are safe in ordinary use in the home.

Toilet preparations
Consumer expenditure on toilet preparations grew by about 6½% in 1969. Expenditure in most of continental Europe and South America was particularly buoyant, but the markets in the Netherlands and the United Kingdom showed no expansion.

Our own sales increase was greater than previously achieved, and our share of the total world market also improved.

Our progress in toothpaste was mainly in products based on an improved cleaning material, which is the fruit of our research. In shampoos and hairsprays, advances were registered for our existing brands, while new products reached the test market stage in several countries. We again achieved a substantial increase in sales of deodorants.

Consumers continue to appreciate the convenience of using many toilet preparations in aerosol pressure packs and the growing demand for these has given rise to several capital projects for increased production capacity.

During the year we continued to expand the Atkinson perfumery business, for which Italy is the most important country.

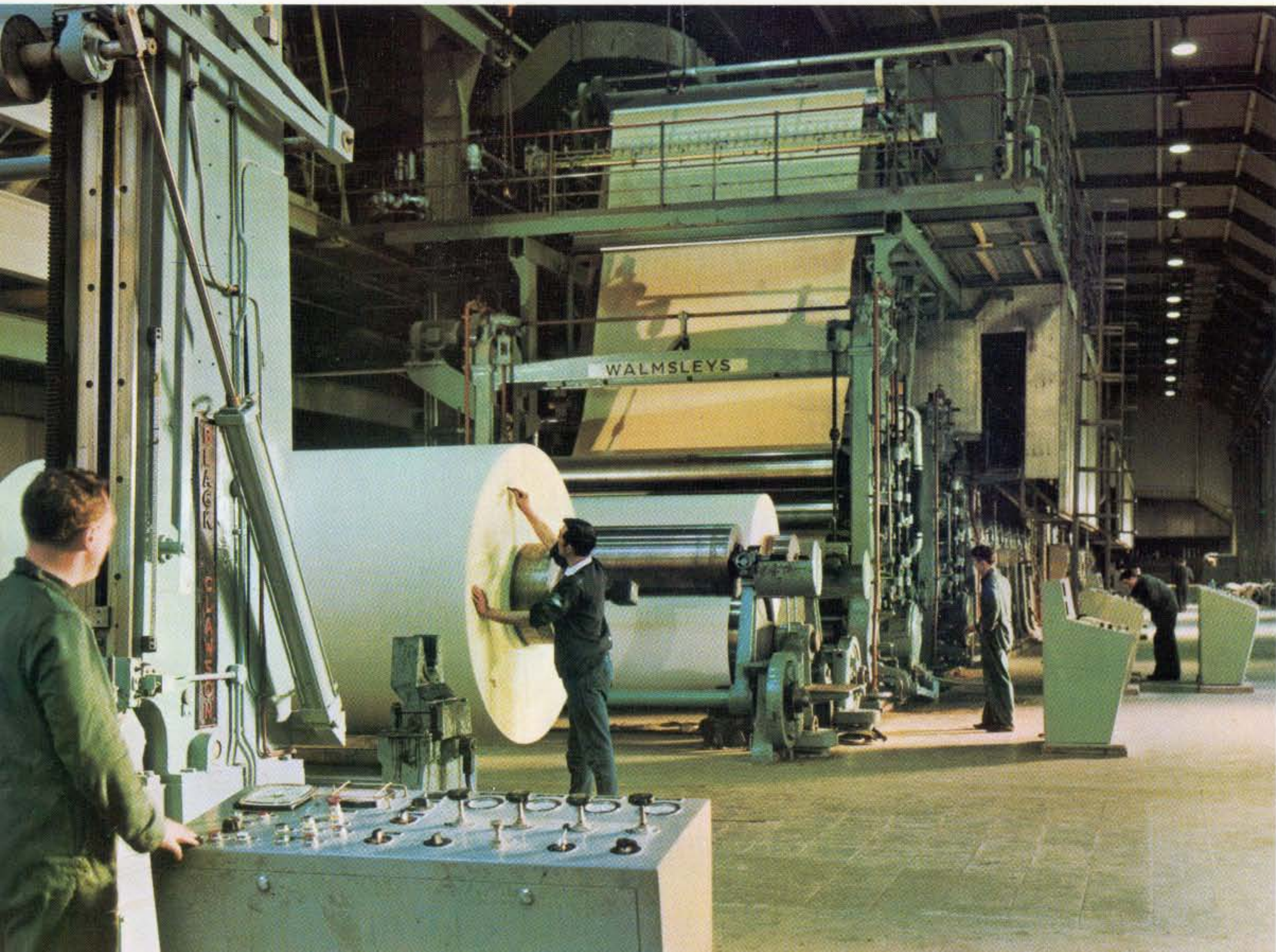
Detergents made by Unilever companies are thoroughly tested under the same conditions as are found in the home, however much these vary according to the equipment used.

(ABOVE) Testing Radiant in different types of washing machines in the United Kingdom.

(BELOW) Sun dishwashing detergent on test in a range of dishwashing machines in Italy.

(LEFT) The final stages in the production of Rexona deodorant at the Elida-Gibbs factory in Hamburg. The aerosol packs are filled and pressurised.

High quality duplex cartonboard is produced at the Thames Board Mills integrated pulp and board mill at Workington, Cumberland, U.K. (BELOW) The 100-metre long Inverform machine on which it is made.



Animal feeds

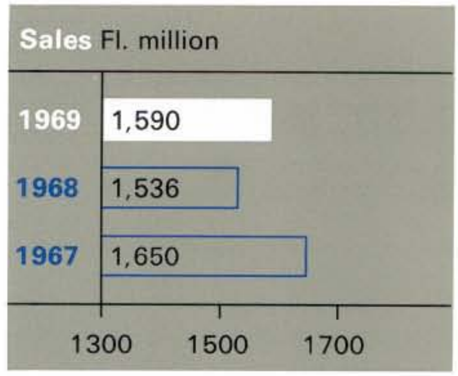
The Netherlands experienced a late, wet spring followed by a dry summer, and the weather conditions helped us to increase our sales of cattle feeds, calf pellets and milk replacer. We also achieved higher sales of pig feeds and, in spite of fierce competition, poultry feeds. Profits were about the same as last year.

In the United Kingdom weather conditions resulted in increased demand for compound cattle feeds; demand for pig feeds also increased, but that for poultry feeds was depressed by low poultry prices in the early part of the year, credit restrictions and the uncertainty surrounding the abolition of the Egg Marketing Board. The total market for compound feeds increased by 4% over 1968 but our own sales did not increase to the same extent. Measures to increase operating efficiency were continued, but with a sharp rise in raw material costs and price competition still intense our profits were again lower than in the previous year.

In France our sales of compound feeds made a good recovery from the low levels of 1968, but profits deteriorated because of the wage settlements of 1968 and higher raw material costs caused by the devaluation of the French franc.

In South Africa, because of the unusually mild winter and intense competition in the poultry feed market, our sales and profits were below expectation.

Animal feeds



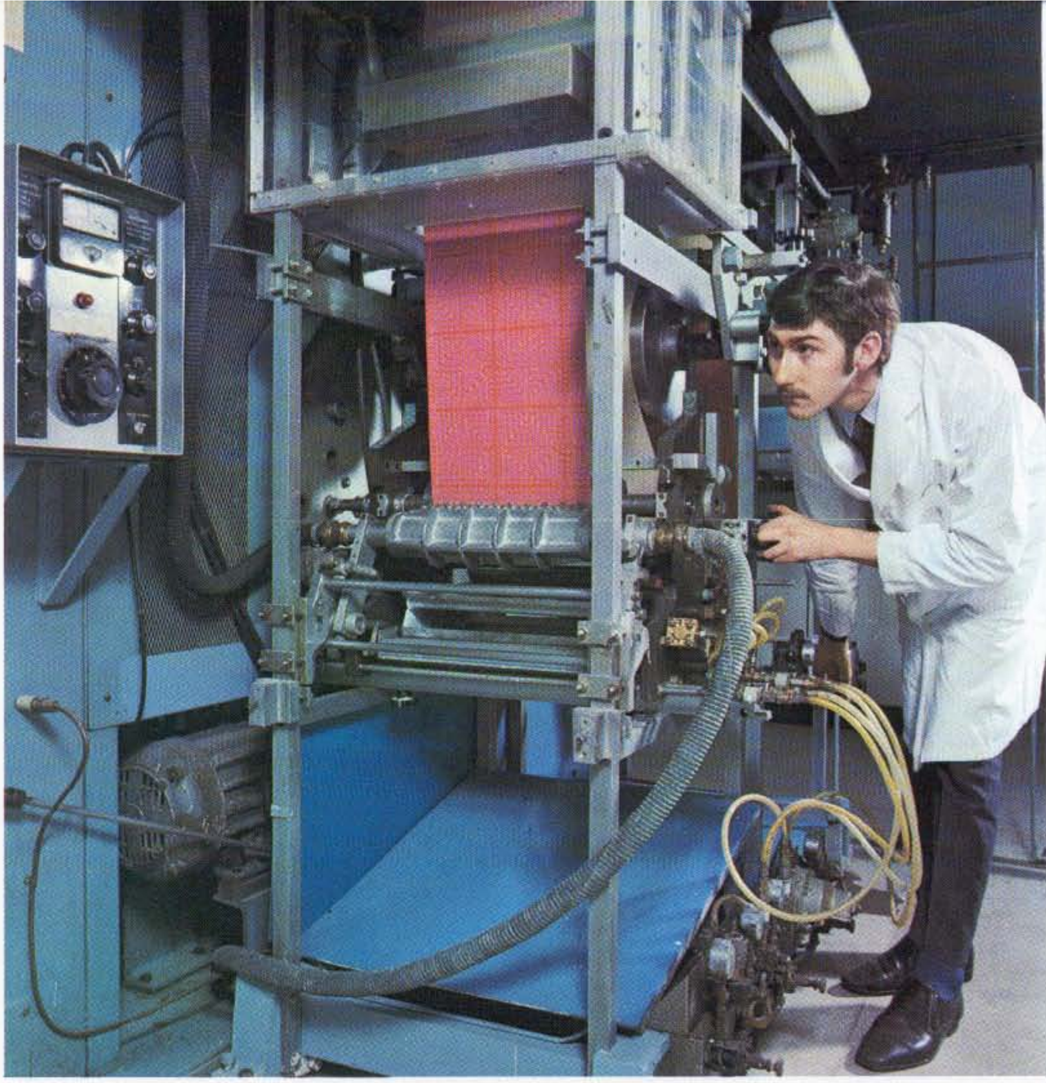
Paper, plastics and packaging

The sales and profits of this product group in 1969 were satisfactory, with the best rates of growth being experienced in the United Kingdom and Germany, our two most important production centres.

In the United Kingdom Thames Board Mills and Thames Case Limited achieved a useful increase in sales.

In Germany sales of paper and parchment improved, but profit margins were held down by competition; our sales of and profits from paper tubs, rigid PVC film and folding boxes showed excellent growth.

The profits of the Commercial Plastics Group were disappointingly small. The sale of the factory at Boekelo in the Netherlands was completed, and the sales force in continental Europe was reorganised. In the United Kingdom sales of plasticised PVC film were limited by the extension of purchase tax to vinyl wall coverings, and a planned extension of rigid PVC film production was held up by delays in bringing new plant into operation. Holpak had a difficult year owing to fluctuations in demand.



(ABOVE) In the laboratories of Vinyl Products in the United Kingdom a washable wallpaper overcoating based on a synthetic resin emulsion is applied to a customer's product on a pilot-scale machine.

(BELOW) The fully continuous hydrogenation plant, at Oelwerke Germania, Emmerich, Germany.

Chemicals

The year was one of continued expansion for our chemical businesses and sales to third parties reached nearly Fl. 600 million. Sales in Europe in particular showed a satisfactory rise and profits were also higher.

New units commissioned during the year included additional fatty acid processing equipment for Price's Chemicals in the United Kingdom and for VSW-Germania and Aldag Fettchemie in Germany; metasilicate and paraformaldehyde units for Joseph Crosfield & Sons, Warrington; and a new research and development laboratory for Vinyl Products, Carshalton, near London.

In the United Kingdom market conditions and extra costs due to delays in starting up plant made it a difficult year for Joseph Crosfield & Sons. Action has been taken to overcome these obstacles and profits should benefit accordingly.

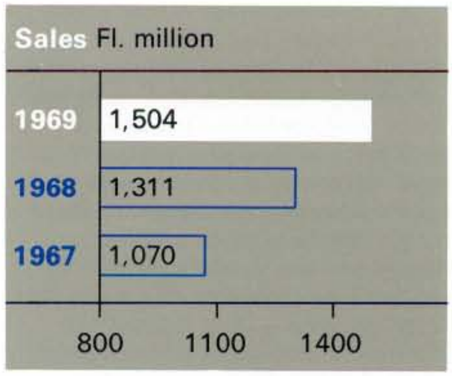
The sharp rise in the price of tallow noted elsewhere in this Report and the drop in the price of glycerine presented a problem for our fatty acid businesses in the United Kingdom and Germany; profit margins were reduced.

We took further steps to broaden our interests in thermosetting resins and other speciality chemicals by the acquisition of Stabilital S.p.A. in Italy. Negotiations were completed for the purchase of Styrene Co-Polymers Limited in the United Kingdom and a majority interest in Sheby S.A. in France.

The tallow rendering activities of John Knight in the United Kingdom were sold to Prosper de Mulder Limited, in which **Limited** now holds a one-third interest.

Unilever-Emery in the Netherlands, our joint venture with Emery Industries Inc., of Cincinnati, again had a very satisfactory year in spite of severe increases in raw material costs. Substantial new investments have been approved by our partners and ourselves for the further development of this business.

Paper, plastics, packaging and chemicals



The United Africa Group

Several years ago the United Africa Group embarked on a policy of switching its financial and managerial resources out of much of its older produce buying and general trading activities into new specialised and industrial ventures. There was inevitably a delay between the time of investment in new industries and businesses and the time when they began to show reasonable profits. In 1969 a number of the Group's new ventures reached this stage and this, together with greater economic stability in tropical Africa, resulted in a substantial improvement in the level of the Group's profits in most of the countries in which the Group operates.

The timber businesses, which in 1968 had been seriously affected by the civil war in Nigeria, did very much better; a new timber venture in Kolombangara in the Solomon Islands got off to a good start. Textiles had another satisfactory year, and production in the new factories expanded, although the factory near Onitsha in the Nigerian war area unfortunately remained closed. The technical and motors companies operating in a number of countries had an outstanding year. The Group also did well in building materials, but the chemists and department store companies were a little less profitable. The results of Palm Line were much improved.

The breweries in Africa had another good year. Results in French-speaking Africa continued to be very good.

Early in 1970 the tragic civil war in Nigeria came to an end. The Group hopes to be able to resume most of its activities in the war-torn areas and to make a contribution to a return to normal economic life. We provided assistance to our staff in these areas as contact with them was re-established and we shall provide future employment for as many of them as possible.

Dividend remittances from certain African countries are still being delayed, but in the Congolese Republic (Kinshasa) previous restrictions on transfer have been lifted.

At the end of the year agreement was reached in principle for the acquisition by **Limited** of Leverton Group Limited; negotiations were still proceeding at the time when this Report went to press. Leverton Group operates the franchise for The Caterpillar Tractor Company Limited in the northern, eastern and south eastern parts of England and the business, when acquired, will be managed as part of the United Africa Group which already operates similar franchises in seven countries in Africa.

Nigerian Breweries Ltd. is a partnership between Heineken, the well-known Dutch brewers, The United Africa Company, and other leading merchant firms. There are also over 1,000 Nigerian stockholders. (RIGHT) The control panel that programmes the brewing process at the brewery near Lagos.

Plantations

Profits for 1969 were slightly higher than those of 1968. They would have been substantially higher but for a poor climatic year for both oil palm and rubber plantations in west and central Africa. On the other hand, palm oil production from our Malaysian estates was above estimate.

The price of palm oil improved considerably, but too late to affect the year's profits. Rubber prices reached their highest level for eight years in the middle of the year, and although they have fallen considerably they are still at a satisfactory level. Higher cocoa prices enabled us to make a good profit from our small cocoa plantation in the Congolese Republic (Kinshasa).

In that country the more settled conditions have encouraged us to resume our long term research activities by the establishment of a new centre in collaboration with the Société de Cultures au Congo.

Exports

The shipments of most of our exporting companies in 1969 were higher than in the previous year. From our two most important exporting countries the value of the shipments was as follows:

	1967	1968	1969
Netherlands (Fl. million)	484	562	698
United Kingdom (Fl. million)	501	548	646

The substantial increase in shipments from the Netherlands included supplies of processed raw materials to Germany to make up for the shortage caused by the fire at our Mannheim extraction plant. Exports of our high quality slicing hams to the United States showed a sharp increase, and shipments of chemicals and oilcake and meal also did well, but lower exports of edible fats partly offset some of the increase.

Exports from the United Kingdom showed a large increase, chiefly reflecting substantially higher export sales of merchandise by the United Africa Group, and generally higher sales of detergents and most of our other products.

Personnel

The total number of Unilever employees world-wide is 326,600 of whom 1,494 are senior managers, 12,263 middle managers and 25,147 assistant managers.

Our personnel policy is continuously being adapted to meet changes in organisation brought about by expansion of the business and by changing attitudes both within and outside Unilever. Modern personnel management must be ready to deal with an increasing desire at all levels for more communication and for wider involvement in the process of decision taking. Progress was made during the year in the development of our policies and practices in the fields of appraisal, training, remuneration and recruitment.

We continued to evolve procedures for assessing management resources in relation to our current and future needs. In our system of management development increasing attention is paid to planning the careers of managers.

A high level of economic activity in many countries coupled with inflation and difficult labour market conditions resulted in sizeable wage and salary increases. More and more it is the concern of our companies that there should be a closer relationship between these wage and salary increases and improvements in efficiency.

Our pension contributions for our own and other pension schemes, including State Pensions, and other payments for employees' retirement and death benefits amounted in 1969 to Fl. 339 million. The assets of the Unilever pension and provident funds throughout the world increased to Fl. 3,136 million.

The problems of pollution

With the growth of world population and industrial activity, pollution of all kinds presents increasing problems. Our particular concern is with the treatment of effluent and industrial waste in factories and with the disposal of detergents in domestic waste water. Many of our capital projects include substantial expenditure on installations for treating effluent; for example, we are about to spend Fl. 5 million on such an installation at one factory and Fl. 4 million at another. Our research laboratories devote considerable attention to these problems and, a few years ago, collaborated in the successful efforts to deal with the problem caused by detergent foam in the outflow from sewage plants.

At the present time there is concern in some countries that lakes are suffering from high levels of phosphoric nutrients arising from human waste, fertilisers and detergents, which are stimulating excessive growth of vegetation. To overcome this problem so far as detergents are concerned our scientists are searching for alternative compositions that will nevertheless give the housewife the washing performance she expects.

(BELOW) The new nine-storey wing of the Unilever Research Laboratory at Vlaardingen in the Netherlands, which was officially opened in April by H.R.H. Prince Claus. This new wing has provided facilities for increased research into margarine and dairy products.

Finance

Details of increase/*decrease* in funds during year.
Fl. million; *figures in italics represent deductions*

	1964	1965	1966	1967	1968	1969
Source of funds						
Profit of the year re-invested in the business	397	411	361	426	464	345
Depreciation charged against profit	412	453	500	498	523	572
Proceeds of disposal of fixed assets	75	69	61	79	54	103
Changes in share and loan capital	106	74	192	68	*15*	25
	990	**1,007**	**1,114**	**1,071**	**1,026**	**1,045**
Use of funds						
Capital expenditure	*653*	*673*	*605*	*616*	*716*	*881*
Additional/reduced *working capital other than cash*	*362*	*410*	*8*	175	*315*	*445*
Subsidiaries acquired	*347*	*129*	*105*	*54*	*259*	*132*
Subscriptions to trade investments	*89*	*14*	*46*	*8*	*9*	*20*
	1,451	***1,226***	***764***	***503***	***1,299***	***1,478***
Other sources/*uses*	**133**	**20**	***41***	***125***	**88**	**22**
Increase/*decrease* during year	*328*	*199*	309	443	*185*	*411*
Net liquid funds 1st January	923	595	396	705	1,148	963
Net liquid funds 31st December	**595**	**396**	**705**	**1,148**	**963**	**552**

Net liquid funds consist of marketable and short-term securities, and cash and bank balances, less bank advances.

The continued expansion of sales and the development of the business in 1969 resulted in an increased use of funds, both for fixed assets and for working capital, particularly debtors. This was the primary cause of the further decrease in net liquid funds during 1969.

The most important new acquisitions were the Usen Products Company in the United States and the majority interests in Rousset and Cazajus in France.

Capital projects

Among the major projects completed in 1969 were:

Netherlands	Additional research facilities mainly for edible oils and fats and detergents at Vlaardingen. Modernisation of food factory at Delft.
United Kingdom	Additional research facilities, mainly for detergents and toilet preparations, at Port Sunlight and Isleworth. Expansion of freezing and packing facilities at Yarmouth, Grimsby and Hull. Buildings to provide additional production space and central warehouse for toilet preparations at Leeds. Enzyme dosing equipment and expansion of N.S.D. powder production capacity at Port Sunlight.
Austria	Expansion of frozen products factory at Gross Enzersdorf, near Vienna.
Germany	Additional margarine production facilities at Mannheim. Automatic stacker-crane warehouse at Kleve.
South Africa	Expansion of N.S.D. production facilities and warehouse at Durban.
Singapore	Factory for production of edible fats, scourers and toilet preparations.
Australia	Rationalisation of edible fats and detergents manufacture at Balmain, Sydney. New facilities for toilet preparations manufacture at North Rocks, Sydney.

Expenditure of Fl. 1,085 million was approved in 1969.
The more important items are listed below:

		Fl. million
Margarine, other fats and oils	Margarine factories in the Argentine and Ghana. Extensions to margarine tub filling and packing lines in the Netherlands, the United Kingdom and Germany; reorganisation of margarine production in Austria. Modernisation of oil refining facilities in the United Kingdom and Germany. Additional warehousing facilities in the United Kingdom and the Republic of Ireland.	**143**
Other foods	Additional facilities for ice-cream production, storage and distribution in the Netherlands, the United Kingdom, Germany, Belgium and Italy. Further buildings, production equipment and cold store extensions for frozen foods in the United Kingdom. Additional food centres for Mac Fisheries in the United Kingdom, and supermarkets in Germany. Production facilities for fresh dairy products in Germany. Expansion of production facilities for fresh and other dairy products in the United Kingdom and Belgium. Additional factory ships for Nordsee, Germany. Factory for the production of teabags, iced tea mixes, soups and other processed foods in Santa Cruz in the United States.	**348**
Detergents and toilet preparations	N.S.D. production facilities in the Netherlands, the United Kingdom, the United States and Thailand. Bulk storage of N.S.D. powder in Germany. Land, buildings and production plant for toilet preparations in the United Kingdom, Germany and Austria.	**180**
Animal feeds	Compound mill in the United Kingdom.	**30**
Paper, plastics and packaging, chemicals and other interests	Increase in plastic tub production equipment in Germany. Polyethylene film production plant in Germany. Improved packaging material and printing facilities in Germany and Denmark. Extensions to fatty acid processing plant in the United Kingdom and Germany. Fatty acid splitting and hardening plant in South Africa. Corrugated case factory in the United Kingdom.	**265**
General	Motor vehicles (less sales of old vehicles). Purchase of land for future extension in South Africa and Nigeria. Coastal and river transport in Germany.	**119**
		1,085

The geographical pattern of the expenditure approved is as follows:

	Fl. million	%
Europe	789	73
North and South America	152	14
Africa	90	8
Rest of World	54	5
	1,085	100

Quarterly results

The quarterly results reflect the seasonal nature of some of Unilever's businesses. A good summer in Europe adds to ice-cream sales and the second quarter also benefits from sales of tea into the trade in the United States where it is popular in the summer as an iced drink. The fourth quarter is usually more profitable for edible fats, consumption being high in Europe over the Christmas period.

The figures in the chart below are as published except that the **Limited** results included in the first three quarters of 1967 have been recalculated at the post-sterling devaluation rate.

	Total Fl. million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1969	691	147 21%	177 26%	176 25%	191 28%
1968	728	165 23%	203 28%	170 23%	190 26%
1967	680	137 20%	185 27%	168 25%	190 28%

Capital and membership

There were no changes during 1969 in the share capital of **N.V.** or **Limited.**

At the year end **Limited** had 85,605 ordinary and 1,402 preferential shareholders, and 122,034 debenture and unsecured loan stockholders.
As **N.V.'s** share and loan capital is held by the public largely in the form of bearer scrip, the exact number of holders cannot be ascertained.

Dividends

The proposed appropriations of the profits of **N.V.** and **Limited** are shown in the consolidated profit and loss accounts on page 36.

The interim dividends on the ordinary capitals for 1969, and the final dividends recommended by the Boards are as follows:

	N.V. per Fl. 20 nominal:	
First interim	Fl. 0.72	
Second interim	Fl. 2.52	(1968: Fl. 2.53)*
Final	Fl. 2.19	(1968: Fl. 2.17)
Total	Fl. 5.43	(1968: Fl. 4.70)

	Limited per 5s. nominal:	
First interim	3 d.	
Second interim	$10^1/_2$d.	(1968: $10^1/_2$d.)*
Final	9 d.	(1968: 9 d.)
Total	1s. $10^1/_2$d.	(1968: 1s. $7^1/_2$d.)

* Only one interim dividend was paid for 1968.

This is in accordance with the Boards' intentions as stated in the Annual Report for 1968.

In May 1969 first interim dividends for the year were made payable, at the same time as the final dividends for 1968; second interim dividends were made payable in December. The payment of two interim dividends was an exceptional measure and the Boards propose to revert to the normal practice of making a single interim dividend payment in December of each year. To achieve this without reducing the amounts paid to shareholders as dividend in May 1970 as compared with May 1969, the Boards also recommend the payment of once-for-all special dividends of Fl. 0.73 per Fl. 20 of ordinary capital of **N.V.** and 3d. per 5s. ordinary share of **Limited.**

It is intended to make the final dividends for 1969 and special dividends on the ordinary shares of both Companies payable as from 15th May, 1970 except that the dividends on the New York Shares of **N.V.** and on the American Depositary Receipts representing ordinary capital of **Limited** will be paid on 4th June, 1970.

The above-mentioned final and special dividends of **N.V.** and **Limited** are equivalent in value under the terms of the Equalisation Agreement at the sterling/guilder rate of exchange on 24th February, 1970. The first and second interim dividends of **N.V.** and **Limited** were declared on 7th May, 1969 and 5th November, 1969 respectively, at the then current rates of exchange.

After payment of the ordinary dividends for 1969, it is proposed to set aside Fl. 59,064,000 (**N.V.** Fl. 33,000,000, **Limited** £3,000,000 or Fl. 26,064,000) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Directors

Sir Arthur Smith retired as a Director of **N.V.** and **Limited** on the 30th November, 1969. Lord Cole, Mr. J. F. Knight and Dr. P. Kuin will not seek re-election as Directors at the Annual General Meetings on 6th May, 1970.

Lord Cole in 1923 joined the Lever group, became a Director of The United Africa Company in 1945, a Director of **N.V.** and **Limited** in 1948 and a Vice-Chairman of **Limited** in 1956. In 1960 he was appointed Chairman of **Limited** and also a Vice-Chairman of **N.V.**

His colleagues wish to express their gratitude and to pay tribute to his outstanding services to the Unilever group during the whole of his working life.

Sir Arthur Smith joined the group in 1923. He became a Director of The United Africa Company in 1945 and became a Director of **N.V.** and **Limited** in 1948. Since 1955 he has been Chairman of The United Africa Company.

Mr. Knight joined **Limited** in 1945 and became a Director of **N.V.** and **Limited** in 1958. Dr. Kuin joined **N.V.** in 1948; he has been a Director of **N.V.** and **Limited** since 1961.

Their colleagues pay tribute to the distinguished services rendered to Unilever in the course of many years by Sir Arthur Smith, Mr. Knight and Dr. Kuin.

In accordance with Article 21 of the Articles of Association all the Directors retire at the Annual General Meeting and, with the exception of Lord Cole, Mr. Knight and Dr. Kuin, offer themselves for re-election.

The Directors intend to elect Dr. E. G. Woodroofe to succeed Lord Cole as Chairman of the Board of **Limited** and to elect him a Vice-Chairman of **N.V.**
Mr. D. A. Orr was elected a Vice-Chairman of **Limited** with effect from 1st February, 1970.

In February 1970 Mr. H. S. A. Hartog, Chairman of **N.V.** and a Vice-Chairman of **Limited**, was appointed an honorary Knight Commander of the Order of the British Empire.

Dr. K. Blessing, who recently retired as President of the Bundesbank in Germany and was previously Chairman of the national management of our German companies, has been appointed an Advisory Director of **N.V.** as from 1st March, 1970. Dr. J. H. van Roijen, the Netherlands Ambassador to the United Kingdom, has also been appointed an Advisory Director of **N.V.** as from 1st May, 1970.

In 1969 a Life Peerage was awarded to Sir Robert Hall, an Advisory Director of **Limited**; he has assumed the title of Lord Roberthall.

Auditors

The auditors, Price Waterhouse & Co. and Cooper Brothers & Co., retire and offer themselves for reappointment.

Rotterdam, 17th March, 1970

ON BEHALF OF THE BOARD,

A. A. HAAK }
H. A. HOLMES } Secretaries

Dates for Unilever N.V. shareholders to note

Dividends

Ordinary	Interim	Announced mid-November. Payable mid-December (New York shares: second half of December).
	Final	Proposed end of February. Payable mid-May (New York shares: about end of May).
7 % and 6 % Cumulative Preference	First half	Payable 1st July.
	Second half	Payable 2nd January.
4 % Cumulative Preference	First half	Payable 1st October.
	Second half	Payable 1st April.

Interim announcement of results

First quarter results	Mid-May.
First half-year results	Mid-August.
Nine months results	Mid-November.
Provisional results for the year	End of February.

Unilever

Combined results

for the year ended 31st December

Figures in italics represent deductions

Fl. million

	1968	**1969**
Sales to third parties	20,032	**21,829**
Operating profit	1,494	**1,443**
Financial items	*18*	***37***
Profit of the year before taxation	1,476	**1,406**
Taxation on profit of the year	*698*	***663***
Profit of the year after taxation	778	**743**
Outside interests and preference dividends	*50*	***52***
Profit of the year accruing to ordinary capital	728	**691**
Ordinary and deferred dividends	*264*	***305***
Special ordinary dividends	—	***41***
Profit of the year retained	464	**345**

The figures above and on page 35 are arrived at by combining the figures in the consolidated accounts of **N.V.** and **Limited** and should be read in conjunction with these accounts and the first paragraph of page 38. Other movements in Profits retained are shown on page 36.

Combined assets and liabilities

as at 31st December

Figures in italics represent deductions

Fl. million

	1968	**1969**
Capital Employed		
Preferential capital	310	**310**
Ordinary shareholders' funds	6,221	**6,515**
Outside interests in subsidiaries	209	**214**
Loan capital	1,452	**1,477**
Deferred liabilities	770	**804**
	8,962	**9,320**
Employment of Capital		
Land, buildings and plant	4,679	**5,003**
Trade investments	209	**214**
Long-term debtors	179	**174**
Net current assets	3,895	**3,929**
	8,962	**9,320**

Consolidated profit and loss accounts

for the year ended 31st December

Figures in italics represent deductions

Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
9,101,179	9,945,668	**Sales to third parties**	10,930,723	11,883,168
8,515,973	*9,395,822*	Costs	*10,022,403*	*10,989,414*
585,206	549,846	**Operating profit**	908,320	893,754
15,552	12,824	Income from trade investments	12,785	15,809
62,189	*60,321*	Interest on loan capital	*34,116*	*32,304*
24,865	10,773	Other interest	25,131	16,384
563,434	513,122	**Profit of the year before taxation**	912,120	893,643
272,638	*255,749*	Taxation on profit of the year	*424,997*	*407,283*
290,796	257,373	**Profit of the year after taxation**	487,123	486,360
9,261	*11,702*	Outside interests in results of subsidiaries	*22,610*	*23,107*
281,535	245,671	**Consolidated profit of the year**	464,513	463,253
3,484	*3,484*	Preference dividends	*14,694*	*14,694*
278,051	242,187	**Profit of the year accruing to ordinary capital**	449,819	448,559
113,615	*131,111*	Ordinary and deferred dividends	*150,439*	*173,805*
—	*17,480*	Special ordinary dividends	—	*23,366*
164,436	93,596	**Profit of the year retained**	299,380	251,388

Movements in profits retained

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
14,804	*9,053*	Exceptional items not applicable to current trading	604	7,615
122,666	2,146	Goodwill on acquisition of new subsidiaries after deducting surplus on revaluation of fixed assets	*46,088*	*86,545*
2,935	*16,177*	Effect of exchange rate changes	*534*	51,525
164,436	93,596	Profit of the year retained	299,380	251,388
20,851	26,064	of which fixed assets replacement reserve	28,000	33,000
24,031	70,512	Net addition to profits retained	253,362	223,983
2,613,767	2,637,798	Profits retained—1st January	2,188,717	2,442,079
2,637,798	2,708,310	Profits retained—31st December	2,442,079	2,666,062

The notes on pages 34, 35 and 38 to 40 form part of the above accounts.

Consolidated balance sheets

as at 31st December

Figures in italics represent deductions

Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		Capital Employed		
44,683	44,683	**Preferential capital**	265,060	265,060
3,086,603	3,157,115	**Ordinary shareholders' funds**	3,134,410	3,358,393
546,204	546,204	Ordinary capital	640,165	640,165
2,540,399	2,610,911	Profits retained and other reserves	2,494,245	2,718,228
75,803	80,173	**Outside interests in subsidiaries**	132,641	133,901
888,192	892,605	**Loan capital**	563,882	584,840
448,283	444,131	**Deferred liabilities**	322,002	359,497
55,378	56,688	Inter-Group—**N.V./Limited**	55,378	*56,688*
4,488,186	4,675,395		4,473,373	4,645,003
		Employment of Capital		
2,415,038	2,493,256	**Land, buildings and plant**	2,263,775	2,510,292
92,406	106,698	**Trade investments**	116,363	107,744
38,357	34,213	**Long-term debtors**	140,816	138,779
1,942,385	2,041,228	**Net current assets**	1,952,419	1,888,188
1,762,674	1,845,131	Stocks	1,802,851	1,907,257
1,149,553	1,350,992	Debtors	1,054,139	1,275,198
964,420	*1,006,409*	Creditors	*1,188,114*	*1,290,518*
281,344	*319,414*	Provision for taxation	*268,441*	*208,242*
54,604	*72,093*	Dividends	*80,058*	*104,167*
324,610	264,793	Marketable and short-term securities	311,985	287,496
327,729	282,212	Cash and bank balances	622,679	521,769
321,813	*303,984*	Bank advances	*302,622*	*500,605*
4,488,186	4,675,395		4,473,373	4,645,003

The notes on pages 34, 35, 38, 39 and 41 to 45 form part of the above accounts.

General notes to the accounts

Equalisation Agreement
N.V. and **Limited** are linked by a series of agreements of which the principal is the Equalisation Agreement. Inter alia this equalises the rights of the ordinary capitals of the two Companies as to dividends and, on liquidation, as to capital value, on the basis of £ 1 nominal of **Limited's** ordinary capital being equivalent to Fl. 12 of **N.V.'s** ordinary capital.

Presentation
Effect has already been given to the provisions of the 1968 Netherlands Companies Bill.

Treatment of foreign currencies
Limited's figures have been converted to guilders at the official parity of £1 = Fl. 8.688, except **Limited's** ordinary capital which has been converted at the rate of £1 = Fl. 12, the consequential adjustment being included in Profits retained and other reserves. Other foreign currencies have been converted at the official parities or other rates of exchange current at the year-end, except that Sales to third parties have been converted to guilders at the rates of exchange ruling at the end of each quarter.

The degree of restriction which affects the transfer of some currencies varies from year to year. After making provisions, the net assets and net profits presently subject to severe restrictions are not large in relation to the total.

Subsidiaries consolidated
Subsidiary companies are those companies in which **N.V.** and **Limited,** directly or indirectly, either hold more than 50% of the equity (i.e. ordinary) capital or, being shareholders, control the composition of a majority of the board of directors.
Recognising the seasonal nature of their operations, some companies having substantial interests in Africa close their financial year on 30th September. Their accounts, at this date, are included in the consolidated accounts.

A list of subsidiaries, which it is considered have principally affected the results or assets in terms of the Companies Act 1967, is given on pages 52 and 53.

Goodwill
In accordance with the practice established in 1953 the excess of the price paid for new interests over net tangible assets acquired has been eliminated by deduction from Profits retained.

Bases of valuation
In the main, land, buildings and plant are stated at cost. Less than 10% represents assets in some countries where revaluations, following local devaluation of currencies, have had the effect of maintaining the original guilder/sterling values. Depreciation is charged mainly on the basis of fixed percentages of cost at rates appropriate to each country.

In **N.V.,** trade investments are shown principally at cost. In **Limited,** they are shown at net book amount at 31st December, 1947 with additions at cost or valuation, less Fl. 10,486,000 written off.

A list of investments, which it is considered have principally affected the results or assets in terms of the Companies Act 1967, is given on page 53.

Stocks are consistently stated on the basis of the lower of cost —mainly averaged cost—and net realisable value, less provisions for obsolescence.

Debtors are after deducting adequate provisions for doubtful debts.

Unfunded retirement benefits, included in Deferred liabilities, represent the estimated present value of the future liability for retirement and death benefits to past and present employees other than benefits provided through pension and provident funds.

In the balance sheet of **N.V.,** shares in subsidiaries are stated at cost.

In the balance sheet of **Limited,** shares in subsidiaries are stated at Directors' valuation made on re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.

Taxation
The close company provisions of the United Kingdom Finance Act 1965 do not apply to **Limited.**

United Kingdom "overspill" tax relief is a transitional relief of tax on overseas income on the introduction of corporation tax and has been taken to Profits retained as not applicable to current trading.

United Kingdom corporation tax on the profits of 1969 and foreign taxes, which are not due before 1st January, 1971, together with Deferred taxation, are included under Deferred liabilities. Deferred taxation arises mainly from the charge made to profits in respect of the tax postponed through fixed assets being written off in some countries more rapidly for tax than for commercial purposes, less the estimated future taxation relief on the provisions for unfunded retirement benefits.

The provision for Deferred taxation at 31st December, 1968, has been increased to take account of higher rates of tax, the charge being included in Taxation adjustments previous years.

Other taxation adjustments relating to previous years arise mainly from refunds of taxes and release of provisions no longer required and together they are taken to Exceptional items not applicable to current trading under Movements in profits retained.

A dispute with the German tax authorities gives rise to a contingent liability of Fl. 132.5 million, comprising Fl. 91 million for refunds of dividend tax for 1963 and subsequent years already received and Fl. 41.5 million for refunds claimed in respect of 1967, 1968 and 1969 and included in debtors. Leading German tax experts who have been consulted remain of the opinion that the authorities' case cannot be upheld.

Dividends waived

The Trustees of the Leverhulme Trust have waived their right to that part ($62\frac{1}{2}\%$) of the 1968 and 1969 **Limited** Ordinary dividends which flows back to the Company.

Notes to the consolidated profit and loss accounts

Figures in italics represent deductions

Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		Costs include:		
236,461	*244,342*	Depreciation	*286,622*	*327,278*
3,527	*3,901*	Emoluments of Directors as managers including contributions to pension funds for superannuation	*2,079*	*2,999*
1,685	*921*	Superannuation of former Directors	*474*	*270*
1,442,356	*1,642,188*	Remuneration of employees including social security contributions	*1,926,199*	*2,243,632*
2,667	*3,015*	Auditors' remuneration	*2,787*	*3,224*
382	*78*	Profit/*loss* on disposal of trade investments	*164*	35
34,900	*44,613*	Hire of plant and machinery	*31,633*	*44,261*
		Income from trade investments		
4,144	2,381	Quoted shares	1,911	2,542
10,713	9,635	Unquoted shares	10,057	12,616
695	808	Interest on loans	817	651
15,552	**12,824**		**12,785**	**15,809**
		Interest on loan capital includes:		
2,641	*1,877*	Interest on loans, the final repayment of which will be made within 5 years	*4,164*	*1,989*
		Other interest		
25,430	*21,816*	Interest paid on bank advances	*29,666*	*39,675*
50,295	32,589	Interest received	54,797	56,059
24,865	**10,773**		**25,131**	**16,384**
		Taxation on profit of the year for **Limited** is made up of:		
184,672	*183,343*	U.K. corporation tax		
45,482	76,411	less: Foreign tax relief		
133,448	*148,817*	plus: Foreign taxes		
272,638	***255,749***			
		Exceptional items not applicable to current trading		
704	*18,193*	Taxation adjustments previous years	23,161	6,939
5,647	2,824	United Kingdom—"overspill" tax relief	—	—
16,186	*3,970*	Nationalisation of interests, war damage, disposal and closing of units	*22,228*	*2,162*
—	18,696	Other profits	5,467	12,282
4,969	*8,410*	Other losses	*5,796*	*9,444*
14,804	***9,053***		**604**	**7,615**

Notes to the consolidated balance sheets

Figures in italics represent deductions

Share capital

Authorised 1968	Authorised 1969		Issued and fully paid 1968	Issued and fully paid 1969
Fl. 000's	Fl. 000's	**N.V.**	Fl. 000's	Fl. 000's
		Preferential:		
75,000	75,000	7% Cumulative Preference — *Ranking pari passu*	29,000	29,000
200,000	200,000	6% Cumulative Preference — *Ranking pari passu*	161,060	161,060
75,000	75,000	4% Cumulative Preference — *Ranking pari passu*	75,000	75,000
350,000	350,000		**265,060**	**265,060**
1,002,400	1,002,400	Ordinary	**642,565**	**642,565**

The 4% cumulative preference capital is redeemable at par at the Company's option either wholly or in part.

Fl. 1,200,000 of ordinary capital is held by a subsidiary of **N.V.** and Fl. 1,200,000 by a subsidiary of **Limited.** These holdings are eliminated in consolidation.

Both subsidiaries have waived their rights to dividends.

Authorised 1968	Authorised 1969		Issued and fully paid 1968	Issued and fully paid 1969
£ 000's	£ 000's	**Limited**	£ 000's	£ 000's
		Preferential:		
172	172	5% First Cumulative Preference	172	172
3,503	3,503	7% First Cumulative Preference	3,503	3,503
1,218	1,218	8% Second Cumulative Preference	1,218	1,218
250	250	20% Third Cumulative Preferred Ordinary	250	250
5,143	5,143		**5,143**	**5,143**
		Guilder equivalent (000's)	**Fl. 44,683**	**Fl. 44,683**
136,176	136,176	Ordinary (in shares of 5s. nom. each)	**45,517**	**45,517**
		Guilder equivalent (000's)	**Fl. 546,204**	**Fl. 546,204**
100	100	Deferred	**100**	**100**

Half of the deferred stock is held by a subsidiary of **Limited** and half by a subsidiary of **N.V.** These holdings are eliminated in consolidation.

A nominal dividend of 1/4% was paid on this stock.

Profits retained and other reserves

at 31st December

Fl. 000's Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
53,353	53,353	Premiums on capital issued	52,166	52,166
22,789	—	Including premium on capital issue on acquisition of Midland Poultry Holdings Limited in 1968	—	—
150,752	*150,752*	Adjustment on conversion of **Limited's** ordinary capital at £1 = Fl. 12	—	—
2,637,798	2,708,310	Profits retained	2,442,079	2,666,062
99,043	125,107	of which fixed assets replacement reserve	88,000	121,000
2,540,399	**2,610,911**		**2,494,245**	**2,718,228**

Notes to the consolidated balance sheets

Figures in italics represent deductions

1968	Loan capital	1969
Fl. 000's	N.V.	Fl. 000's
300,000	6% Notes 1972/91	300,000
	Subsidiaries	
122,684	Netherlands: $4\frac{1}{2}\%$ Loans 1986/87	119,026
8,587	$3\frac{3}{4}\%/4\%$ Loan to 1989	8,319
	Germany: $3\%/4\frac{1}{2}\%$ Mortgages on factory ships	
11,916	repayable period to 1985	22,555
72,400	U.S.A.: $4\frac{5}{8}\%$ 20 years Notes 1973/82	72,400
48,295	Others	62,540
563,882		584,840

£ 000's	Limited	£ 000's
7,202	$3\frac{3}{4}\%$ Debenture stock 1955/75 *Ranking*	7,183
10,305	4% Debenture stock 1960/80 *pari*	10,101
12,456	$6\frac{3}{4}\%$ Debenture stock 1985/88 *passu*	11,713
2,188	$5\frac{1}{2}\%$ Unsecured loan stock 1991/2006 *Ranking*	2,188
54,735	$7\frac{3}{4}\%$ Unsecured loan stock 1991/2006 *pari passu*	54,735
86,886		85,920
	Subsidiaries	
750	United Kingdom: 6% Debenture stock 1980/85	750
—	6% Debenture	1,029
3,846	Canada: 6% Debenture Series A 1985	3,673
1,389	India: $7\frac{3}{4}\%$ Debentures 1977/80	1,389
2,800	Australia: $7\frac{3}{4}\%$ Debentures 1982/87	2,800
1,167	South Africa: $7\frac{1}{2}\%$ Loan 1971	1,167
	New Zealand: $5\frac{3}{4}\%/7\%$ Debenture loans	
1,120	1971/83	1,120
1,517	Nigeria: 8% Debenture stock 1976/80	1,517
2,757	Others	3,375
102,232		102,740
Fl. 888,192	Guilder equivalent (000's)	Fl. 892,605

The three issues of debenture stock of **Limited** are secured by a floating charge on the assets of the Company.

During the year £19,000 of the $3\frac{3}{4}\%$ stock 1955/75, £204,000 of the 4% stock 1960/80 and £743,000 of the $6\frac{3}{4}\%$ stock 1985/88 were purchased by the company.

Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		The repayments fall due as follows:		
28,662	32,189	After 1 year but within 5 years	87,539	125,867
98,079	102,336	After 5 years but within 10 years	169,650	179,990
258,824	246,644	After 10 years but within 20 years	253,638	241,352
502,627	511,436	After 20 years	53,055	37,631
		of which:		
861,546	868,661	Loans on which the final repayment will be made after 5 years amount to	548,998	565,754

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		Deferred liabilities		
154,012	138,687	Tax not due before 1st January, 1971	81,551	96,891
142,405	143,395	Deferred taxation	38,102	29,072
151,866	162,049	Unfunded retirement benefits	202,349	233,534
448,283	**444,131**		**322,002**	**359,497**
		Security has been issued in respect of:		
335,965	337,381	Loan capital	51,133	71,460
29,287	13,023	Bank advances	47,211	46,930
1,816	35,847	Creditors	25,784	17,156
367,068	**386,251**		**124,128**	**135,546**
137,236	120,468	**Contingent liabilities** on which no loss is expected include guarantees of	34,235	35,302
		The Parent Companies have, in addition, given guarantees in respect of subsidiary companies' liabilities.		
22,493	23,489	**Bills discounted** at 31st December amount to	21,253	78,633

Long-term commitments in respect of leaseholds, rental agreements, hire purchase contracts, etc., are not material.

Inter-Group—**N.V./Limited** consists of several accounts between **N.V.** and **Limited** and in 1968 included loans of £11,500,000 by **Limited** to **N.V.**, of which £9,200,000 was repaid in 1969. The balance of £2,300,000 is secured on shares of subsidiaries of **N.V.**

Land, buildings and plant

At 31st December, 1969 capital expenditure authorised by the Boards and still not spent was—**N.V.** Fl. 446,532,000, **Limited** Fl. 409,413,000. Of these amounts commitments had been entered into for **N.V.** Fl. 175,597,000 (1968: Fl. 123,159,000), **Limited** Fl. 166,532,000 (1968: Fl. 104,030,000).
In **Limited,** investment grants receivable in the United Kingdom estimated at Fl. 35,438,000 (1968: Fl. 42,615,000) have been deducted in stating the expenditure for the year.

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. 000's

Limited Cost	Limited Depreciation	**Land, buildings and plant** *(continued)*	N.V. Cost	N.V. Depreciation
		Movements during the year:		
4,192,829	1,777,791	1st January, 1969	4,454,519	2,190,744
351,569	—	Expenditure	529,279	—
46,116	—	Proceeds of disposals	*56,647*	—
16,576	2,824	New subsidiaries	77,964	42,391
131,232	*134,586*	Adjustments for disposals, revaluations and exchange differences	*15,424*	*81,014*
—	244,341	Charged to profit and loss accounts	—	327,278
4,383,626	1,890,370	31st December, 1969	4,989,691	2,479,399

Net balance sheet amounts:

Limited		N.V.
904,438	Land and buildings—freehold	1,075,126
243,794	—leasehold—long-term (50 years or over)	21,725
118,174	—leasehold—short-term	25,450
1,042,534	Plant and equipment	1,241,724
184,316	Ships and motor vehicles	146,267
2,493,256		**2,510,292**

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		Trade investments—long-term investments in businesses with which the companies have a trade relationship		
95,464	92,406	1st January	107,189	116,363
6,464	20,695	Additions	9,887	11,520
9,522	*6,403*	Disposals and other adjustments	*713*	*20,139*
92,406	**106,698**	31st December	**116,363**	**107,744**
		of which:		
27,072	27,072	Quoted shares	35,322	44,764
41,998	52,363	Unquoted shares	65,890	50,199
23,336	27,263	Loans	15,151	12,781
88,609	97,836	Market value quoted shares	29,583	45,022
87,332	103,318	Directors' valuation of unquoted shares on the basis of underlying net assets	99,120	96,422

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. 000's

Limited 1968	Limited 1969		N.V. 1968	N.V. 1969
		Long-term debtors are debtors not due for repayment within one year.		
		Stocks		
725,040	764,118	Raw materials and stocks in process	1,073,575	1,097,009
460,021	479,091	Finished products	637,078	734,335
577,613	601,922	Merchandise and other stocks	92,198	75,913
1,762,674	**1,845,131**		**1,802,851**	**1,907,257**
		Debtors include:		
921,302	1,046,617	Trade debtors	754,431	873,483
		Creditors include the following:		
580,706	645,527	Debts to suppliers	562,734	604,779
1,746	2,120	Short-term portion of loan capital	16,268	11,460
15,995	17,246	Short-term portion of unfunded retirement benefits	11,901	13,945
		Marketable and short-term securities represent liquid funds temporarily invested:		
258,546	202,300	Quoted—mainly dated stocks	94,790	86,689
257,721	198,999	Market value	100,014	91,019
66,064	62,493	Unquoted—mainly municipal and other short-term loans	217,195	200,807
324,610	**264,793**		**311,985**	**287,496**

Unilever N.V. balance sheet

as at 31st December

Figures in italics represent deductions
Fl. 000's

1968				1969
		Capital employed		
265,060		**Preferential capital**		**265,060**
		Ordinary capital and reserves		
	642,565	Ordinary capital	642,565	
	52,166	Premiums on capital issued	52,166	
	452,658	Profits retained and other reserves	511,712	
1,147,389				**1,206,443**
300,000		**Loan capital**		**300,000**
175		Inter-Group—**Limited**		*2,119*
1,712,274				**1,769,384**
		Employment of capital		
		Interests in subsidiaries		
	260,375	Shares	260,375	
	1,385,486	Advances	1,513,046	
	151,496	Deposits	*189,998*	
1,494,365				**1,583,423**
38,623		**Long-term debtors**		**15,753**
		Net current assets		
	10,536	Debtors and payments in advance	26,970	
	52,847	Creditors	*65,632*	
	30,279	Provision for taxation	*47,892*	
	78,227	Dividends due or proposed	*102,126*	
	109,801	Marketable and short-term securities	98,534	
	220,302	Cash and bank balances	260,354	
179,286				**170,208**
1,712,274				**1,769,384**

On behalf of the Board,
H. S. A. HARTOG, Chairman
COLE, Vice-Chairman

The notes on pages 38, 39, 41 to 45 and 47 form part of the above balance sheet.

Notes to Unilever N.V. Balance sheet

Figures in italics represent deductions
Fl. 000's

1968	1968		1969	1969
		Profits retained and other reserves		
403,419		1st January		452,658
—		Revaluation of advances to subsidiaries		18,456
	214,372	Profit of the year	252,463	
	14,694	Preferential dividends	*14,694*	
	150,439	Ordinary dividends	*173,805*	
	—	Special ordinary dividend	*23,366*	
49,239		Profit of the year retained		40,598
		of which:		
		Fixed assets replacement reserve		
28,000		(on behalf of subsidiaries)		33,000
452,658		31st December		**511,712**
		of which:		
88,000		Fixed assets replacement reserve		121,000

1968		1969
	The profit of the year consists of:	
202,421	Income from subsidiaries	227,576
25,409	Interest	30,788
77	Sundries	12,498
1,930	General expenses	*2,201*
11,451	Taxation	*16,198*
214,372		**252,463**

Long-term debtors are mainly deposits with financial institutions which are not due for repayment within one year.

Debtors include payments in advance Fl. 599,000 (1968: Fl. 1,015,000).

Creditors include debts to suppliers Fl. 2,360,000 (1968: Fl. 2,452,000).

Marketable and short-term securities represent liquid funds temporarily invested and are mainly short-term deposits with financial institutions.

Unilever Limited balance sheet

as at 31st December

Figures in italics represent deductions
£000's

1968	1968		1969	1969
		Capital employed		
5,143		**Preferential capital**		**5,143**
		Ordinary and deferred capital and reserves		
	45,517	Ordinary capital	45,517	
	100	Deferred capital	100	
	6,141	Premiums on capital issued	6,141	
	155,705	Profits retained and other reserves	166,187	
207,463				**217,945**
86,886		**Loan capital**		**85,920**
5,352		**Deferred liabilities**		**6,621**
8,157		Inter-Group—**N.V.**		**2,733**
296,687				**318,362**
		Employment of capital		
12,372		**Land, buildings and plant**		**12,268**
1,773		**Trade investments**		**2,340**
		Interests in subsidiaries		
	170,891	Shares	169,145	
	151,424	Advances	188,925	
	71,401	Deposits	*78,594*	
250,914				**279,476**
		Net current assets		
	2,390	Debtors	4,698	
	12,471	Creditors	*8,969*	
	1,304	Provision for taxation	*1,165*	
	6,236	Dividends due or proposed	*8,248*	
	27,921	Marketable and short-term securities	21,092	
	21,328	Cash and bank balances	16,870	
31,628				**24,278**
296,687				**318,362**

COLE, Chairman
H. S. A. HARTOG, Vice-Chairman

The notes on pages 38, 39, 41 to 45, 49 and 50 form part of the above balance sheet.

Notes to Unilever Limited Balance sheet

Figures in italics represent deductions
£000's

1968				1969
		Profits retained and other reserves		
150,300		1st January		155,705
	18,883	Profit of the year	27,985	
	401	Preferential dividends	*401*	
	13,077	Ordinary and deferred dividends	*15,090*	
	—	Special ordinary dividend	*2,012*	
5,405		Profit of the year retained		10,482
		of which:		
		Fixed assets replacement reserve		
2,400		(on behalf of subsidiaries)		3,000
155,705		31st December		**166,187**
		of which:		
11,400		Fixed assets replacement reserve		14,400
		Deferred liabilities:		
	300	U.K. corporation tax	800	
	2,810	Deferred taxation	3,014	
	2,242	Unfunded retirement benefits	2,807	
	5,352		**6,621**	

Land, buildings and plant

Investment grants receivable have been deducted in stating the cost of fixed assets, estimated at £68,000 relating to capital expenditure during 1969 (1968: £108,000).

At 31st December, 1969 capital expenditure authorised by the Board and still not spent was £645,000 (1968: £793,000). Of this amount commitments had been entered into for £313,000 (1968: £451,000).

1968 Cost	1968 Depreciation		1969 Cost	1969 Depreciation
		Movements during the year:		
16,040	4,253	1st January	17,340	4,968
1,445	—	Expenditure	876	—
21	—	Proceeds of disposals	*41*	—
124	*111*	Disposals and other adjustments	*76*	*66*
—	826	Charged to profit and loss account	—	929
17,340	4,968	31st December	18,099	5,831
		Net balance sheet amounts:		
6,256		Land and buildings—freehold	5,842	
		—leasehold—long-term		
630		(50 years or over)	609	
27		—leasehold—short-term	26	
5,459		Plant and equipment	5,791	
12,372			**12,268**	

Notes to Unilever Limited Balance sheet

Figures in italics represent deductions
£000's

1968		1969
	Trade investments:	
662	Quoted shares	662
605	Unquoted shares	1,129
506	Loans	549
1,773		**2,340**
5,495	Market value of quoted shares	6,570
1,626	Directors' valuation of unquoted shares—on the basis of underlying net assets	2,202
	Marketable and short-term securities represent liquid funds temporarily invested:	
27,911	Quoted—mainly dated stocks	21,083
28,052	Market value	21,036
10	Unquoted	9
27,921		**21,092**

Emoluments of Directors and senior employees

The numbers of Directors whose remuneration falls within the stated brackets are:

1968		1969
5	Up to– £2,500	4
3	£2,501– £5,000	–
1	£5,001– £7,500	–
2	£7,501–£10,000	1
4	£10,001–£12,500	2
3	£12,501–£15,000	1
1	£15,001–£17,500	1
5	£17,501–£20,000	6
1	£20,001–£22,500	3
2	£22,501–£25,000	2
1	£25,001–£27,500	–
–	£27,501–£30,000	1
–	£30,001–£32,500	1
28		22

During 1969 there was one Director who served for only part of the year (1968: eleven).

The Chairman received remuneration of £40,000 (1968: £30,000).

All contracts of service of Directors with the Company or any of its subsidiaries are determinable by the employing company without payment of compensation at less than one year's notice.

The undernoted number of employees employed wholly or mainly in the United Kingdom, receiving remuneration in excess of £10,000 includes chairmen and directors of wholly owned subsidiary companies.

1968		1969
31	£10,000–£12,500	30
13	£12,501–£15,000	18
4	£15,001–£17,500	7
1	£17,501–£20,000	2
49		57

Reports of the Auditors

N.V. Group

To the Members of Unilever N.V.

In our opinion the accounts and the notes relevant thereto set out on pages 34 to 47 and 52 and 53 together give a true and fair view of the state of affairs at 31st December, 1969 and of the profit for the year ended on that date of the Company and the Group.

London/The Hague
London/Rotterdam
17th March, 1970

Price Waterhouse & Co.
Cooper Brothers & Co.

Limited Group

*The following is the auditors' report on the accounts of **Limited** and the **Limited** group which are expressed in sterling.*

To the Members of Unilever Limited.

In our opinion the accounts and the notes relevant thereto set out on pages 34 to 45, 48 to 50 and 52 and 53 together give a true and fair view of the state of affairs at 31st December, 1969 and of the profit for the year ended on that date of the Company and the Group and comply with the Companies Acts, 1948 and 1967.

London
17th March, 1970

Cooper Brothers & Co.
Price Waterhouse & Co.

Principal Subsidiaries

N.V.'s principal subsidiaries are held indirectly through subsidiaries with the exception of Van den Bergh's en Jurgens' Fabrieken, Lipoma, Marga, Mavibel, Noorda, Saponia, and Wemado, in the Netherlands.

Limited's principal subsidiaries are held directly with the exception of Commercial Plastics in the United Kingdom and the interests in Africa, Australasia, Trinidad, Ceylon and Malaysia. The more important subsidiaries are shown below. Where holdings are less than 100% of the equity capital percentages are stated after rounding off.

Europe

	% of equity held
Belgium—N.V. group	
Hartog's Levensmiddelen N.V.	99
Iglo-Ola N.V.	99
Lever N.V.	99
Union N.V.	99
Denmark—N.V. group	
Solofabriken A/S	
Sunlight Fabrikkerne A/S	
Germany—N.V. group	
Deutsche Lebensmittelwerke G.m.b.H.	
Elida-Gibbs G.m.b.H.	
Folienfabrik Forchheim G.m.b.H.	
Langnese-Iglo G.m.b.H.	
Margarine-Union G.m.b.H.	
Heinrich Nicolaus G.m.b.H.	
"Nordsee" Deutsche Hochseefischerei G.m.b.H.	68
R. Rube & Co. G.m.b.H.	
Papierfabrik Seltmans G.m.b.H.	
Sunlicht G.m.b.H.	
Spain—N.V. group	
Agra S.A.	
Lever Ibérica S.A.	92
France—N.V. group	
Astra-Calvé	97
Savonneries Lever	99
Thibaud Gibbs et Cie	99
Greece—N.V. group	
Industrie Hellénique de Détergents S.A. (E.V.A.)	79
Republic of Ireland—Limited group	
Lever Brothers (Ireland) Ltd.	
W. & C. McDonnell Ltd.	
Paul and Vincent Ltd.	
Italy—N.V. group	
Algel S.p.A.	
Sages S.p.A.	
Unil-It S.p.A.	
Netherlands—N.V. group	
Van den Bergh's en Jurgens' Fabrieken N.V.	
Calvé-De Betuwe N.V.	
Handelmaatschappij Noorda N.V.	
Iglo N.V.	
Lever's Zeep-Maatschappij N.V.	
"Lipoma", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
"Marga", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Mavibel (Maatschappij voor Internationale Beleggingen) N.V.	
N.V. Mengvoeder U.T.-Delfia	
"Saponia", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Scado-Archer-Daniels N.V.	
Unilever-Emery N.V.	50
Unilever Export N.V.	
Unox N.V.	
"Wemado", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Austria—N.V. group	
"Apollo" Seifen und Waschmittel G.m.b.H.	
"Elida" G.m.b.H.	
Eskimo-Iglo G.m.b.H.	
"Kunerol" Nahrungsmittel G.m.b.H.	
Oesterreichische Unilever G.m.b.H.	
Portugal—N.V. group	
Industrias Lever Portuguesa Lda.	60
Switzerland—N.V. group	
"Astra", Fett- & Oelwerke A.G.	79
Oel- & Fettwerke "Sais"	99
Sunlight A.G.	
Finland—N.V. group	
S.W. Paasivaara-Yhtymä Oy.	
Turun Saippua Oy.	
Sweden—N.V. group	
AB Centrava	
AB Liva Fabriker	
AB Sunlight	
Turkey—N.V. group	
Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi	80
United Kingdom—Limited group	
Batchelors Foods Ltd.	
Van den Berghs and Jurgens Ltd.	
Birds Eye Foods Ltd.	
The British Oil and Cake Mills Ltd.	
Chemical and Industrial Investment Company Ltd.	
Commercial Plastics Industries Ltd.	
C.W.A. Holdings Ltd.	
Joseph Crosfield & Sons Ltd.	
Gibbs Proprietaries Ltd.	
Lever Brothers & Associates Ltd.	
Mac Fisheries Ltd.	
Midland Poultry Holdings Ltd.	
Palm Line Ltd.	
Price's Chemicals Ltd.	
Proprietary Perfumes Ltd.	
Reichhold Chemicals Ltd.	
Silcock & Lever Feeds Ltd.	
S.P.D. Ltd.	
Thames Board Mills Ltd.	
U.K. Compound Feeds Ltd.	
Unilever Export Ltd.	
Unilever (Commonwealth Holdings) Ltd.	
The United Africa Company Ltd.	
U.A.C. Holdings Ltd.	
T. Wall & Sons Ltd.	
John West Foods Ltd.	

North and South America

	% of equity held
Canada	
Lever Brothers Ltd.—Limited group	
Thomas J. Lipton Ltd.—N.V. group	
Mexico—N.V. group	
Lever de Mexico S.A. de C.V.	
United States of America—N.V. group	
Lever Brothers Company	
Thomas J. Lipton Inc.	99
Argentina—N.V. group	
Lever Hermanos Limitada S.A. Comercial e Industrial	99
Brazil—N.V. group	
Industrias Gessy Lever S.A.	99
Peru—N.V. group	
Lever Pacocha S.A.	
Trinidad—Limited group	
Lever Brothers West Indies Ltd.	98
Venezuela—N.V. group	
Lever S.A.	

Africa	% of equity held
Cameroons—Limited group	
Pamol (Cameroons) Ltd.	
Congolese Republic (Kinshasa)	
Plantations Lever au Congo S.C.A.R.L. —N.V. group	98
Sedec S.C.A.R.L.—Limited group	99
Société des Margarineries et Savonneries Congolaises "Marsavco" S.C.A.R.L.—N.V. group	99
Ghana—Limited group	
Kingsway Stores of Ghana Ltd.	89
Lever Brothers Ghana Ltd.	51
The United Africa Company of Ghana Ltd.	
Ivory Coast—Limited group	
Compagnie Française de la Côte d'Ivoire S.A.	99
Kenya—Limited group	
East Africa Industries Ltd.	54
Gailey & Roberts Ltd.	
Malawi—Limited group	
Lever Brothers (Malawi) Ltd.	

	% of equity held
Nigeria—Limited group	
African Timber and Plywood (Nigeria) Ltd.	
Kingsway Stores of Nigeria Ltd.	
Lever Brothers (Nigeria) Ltd.	
Pamol (Nigeria) Ltd.	
The United Africa Company of Nigeria Ltd.	
Rhodesia—Limited group	
Lever Brothers (Pvt.) Ltd.	
Sierra Leone—Limited group	
The United Africa Company of Sierra Leone Ltd.	
South Africa—Limited group	
Unilever South Africa (Pty.) Ltd.	
Zambia—Limited group	
Lever Brothers Zambia Ltd.	
Rest of World	
Ceylon—Limited group	
Lever Brothers (Ceylon) Ltd.	
India—Limited group	
Hindustan Lever Ltd.	85

	% of equity held
Indonesia—N.V. group	
Van den Bergh's Fabrieken Indonesia N.V.	
Maatschappij ter Exploitatie der Colibri-Fabrieken N.V.	
Lever's Zeepfabrieken Indonesia N.V.	
Japan—N.V. group	
Hohnen-Lever Company Ltd.	70
Malaysia—Limited group	
Lever Brothers (Malaysia) Sdn. Bhd.	
Pamol (Malaya) Sdn. Bhd.	
Pamol (Sabah) Ltd.	
Pakistan—Limited group	
Lever Brothers Pakistan Ltd.	70
Philippines—N.V. group	
Philippine Refining Company Inc.	
Thailand—N.V. group	
Lever Brothers (Thailand) Ltd.	
Australia—Limited group	
Rosella Foods Pty. Ltd.	
Streets Ice Cream Pty. Ltd.	
Unilever Australia Pty. Ltd.	
New Zealand—Limited group	
Unilever New Zealand Ltd.	

Unilever principal investments

	% of equity held
Germany—N.V. group	
Fritz Homann G.m.b.H.	50
Netherlands—N.V. group	
P. de Gruyter & Zoon N.V.	
Ordinary shares	49
Preference capital held	48
Texoprint N.V.	43
United Kingdom—Limited group	
Allied Suppliers Ltd.	12
Nigeria—Limited group	
Guinness (Nigeria) Ltd.	29
Nigerian Breweries Ltd.	33

Combined earnings per share and dividends

1969 above 1968	Dutch Guilders	Sterling s/d	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Earnings[1])								
Per Fl. 12 or £1 of ordinary capital	**7.38**	**16/11.89**	**53.02**	**101.95**	**11.32**	**7.46**	**8.92**	**2.04**
	7.78	17/10.85	55.87	107.43	11.93	7.86	9.39	2.15
Per Fl. 20 of ordinary capital	**12.30**	**28/ 3.82**	**88.37**	**169.91**	**18.87**	**12.44**	**14.86**	**3.40**
	12.96	29/10.08	93.12	179.04	19.89	13.11	15.66	3.58
Dividends[2])								
Per Fl. 20 of ordinary capital	**5.43**	**12/ 6**	**39.01**	**75.00**	**8.33**	**5.49**	**6.56**	**1.50**
	4.70	10/10	33.76	64.92	7.21	4.75	5.68	1.30

[1]) The figure of earnings per share should not be considered as more than a guide for comparing the combined profits from year to year, and should not be taken as the amount that would be paid to the ordinary shareholders, if all the profits for the year were distributed as dividend. Reference is made to the booklet, Equalisation Agreement and Earnings per Share, reprinted in 1967, which is available on request. In calculating the earnings per share $62\,^1/_2\,^0/_0$ of the 33,775,626 (1968: 33,780,296) **Limited** ordinary shares held by the Leverhulme Trust has been excluded from the profit participation.

[2]) For special ordinary dividend, recommended for payment in May 1970, see note[1]) on page 6.

*The figures shown above for both years have been converted at the appropriate rates for the country concerned, except that those in sterling are the same as in **Limited's** Report and Accounts.*

Salient figures in other currencies

*All figures relate to **N.V.** and **Limited** groups combined.*
The Salient Figures given on page 6 are shown below in the currencies indicated.

Million—1969 above 1968	Sterling s/d	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Sales to third parties	**2,512** 2,306	**156,807** 143,899	**301,503** 276,684	**33,492** 30,735	**22,070** 20,253	**26,357** 24,187	**6,030** 5,534
Operating profit	**166** 172	**10,370** 10,729	**19,939** 20,629	**2,215** 2,292	**1,460** 1,510	**1,743** 1,803	**399** 413
Interest on loan capital	**11** 11	**665** 692	**1,279** 1,330	**142** 148	**94** 97	**112** 116	**26** 27
Profit of the year before taxation	**162** 170	**10,105** 10,600	**19,431** 20,381	**2,158** 2,264	**1,422** 1,492	**1,699** 1,782	**389** 408
Taxation on profit of the year	**76** 80	**4,763** 5,011	**9,158** 9,636	**1,017** 1,070	**670** 705	**801** 842	**183** 193
Consolidated profit of the year	**82** 86	**5,093** 5,359	**9,792** 10,304	**1,088** 1,145	**717** 754	**856** 901	**196** 206
Profit of the year accruing to ordinary capital	**80** 84	**4,962** 5,229	**9,541** 10,053	**1,060** 1,117	**698** 736	**834** 879	**191** 201
Ordinary dividends (see note[1]) on page 6)	**35** 30	**2,190** 1,897	**4,212** 3,647	**468** 405	**308** 267	**368** 319	**84** 73
Profit of the year retained	**40** 54	**2,478** 3,332	**4,765** 6,406	**529** 712	**349** 469	**417** 560	**95** 128
Capital employed	**1,073** 1,031	**66,953** 64,375	**128,735** 123,778	**14,300** 13,750	**9,423** 9,061	**11,254** 10,820	**2,575** 2,476
Net liquid funds	**64** 111	**3,963** 6,917	**7,620** 13,300	**846** 1,477	**558** 974	**666** 1,163	**152** 266
Capital expenditure	**101** 82	**6,328** 5,146	**12,166** 9,895	**1,351** 1,099	**891** 724	**1,064** 865	**243** 198
Depreciation	**66** 60	**4,106** 3,758	**7,895** 7,225	**877** 803	**578** 529	**690** 632	**158** 144

*The figures shown above for both years have been converted at the appropriate rates for the country concerned, except that those in sterling are the same as in **Limited's** Report and Accounts.*