

UNILEVER

REPORT & ACCOUNTS

1958

CONTENTS

Salient points	5
Report of the Directors	7-25
Consolidated profit and loss accounts (statement A)	26-27
Consolidated balance sheets (statement B)	28-29
Reserves (statement C)	30
Land, buildings, plantations, ships, plant and equipment (statement D)	31
Summary of consolidated figures 1949-1958	32
Capital employed 1954-1958 by geographical areas (chart)	33
Return on capital employed and on turn- over 1950-1958 (chart)	33
Balance sheet - N.V. (statement E)	34-35
Balance sheet - Limited (statement F)	36-37
Reports of the Auditors	38

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UNILEVER N.V.

DIRECTORS

F. J. TEMPEL - CHAIRMAN
SIDNEY J. VAN DEN BERGH - VICE-CHAIRMAN
THE LORD HEYWORTH - VICE-CHAIRMAN

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A. D. BONHAM CARTER	ANDREW M. KNOX
G. J. COLE	J. F. VAN MOORSEL
J. A. CONNEL	F. D. MORRELL
W. A. FAURE	F. J. PEDLER
HAROLD HARTOG	R. H. SIDDONS
M. M. VAN HENGEL	A. H. SMITH
R. E. HUFFAM	E. G. WOODROOFE

ADVISORY DIRECTORS

H. M. HIRSCHFELD
J. M. HONIG
K. P. VANDER MANDELE
PAUL RIJKENS
JHR. J. A. G. SANDBERG
T. J. TWIJNSTRA
H. L. WOLTERSOM

SECRETARY

E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co. COOPER BROTHERS & Co.

This is a translation of the original Dutch report.

SALIENT POINTS

1957		1958
Fl. 18,297,000,000	TURNOVER	Fl. 18,388,000,000
Fl. 907,000,000	TRADING PROFIT	Fl. 976,000,000
Fl. 480,000,000	TAXATION FOR THE YEAR	Fl. 490,000,000
Fl. 23,000,000	EXCEPTIONAL PROFITS	Fl. 32,000,000
Fl. 428,000,000	CONSOLIDATED NET PROFIT	Fl. 503,000,000
Fl. 88,000,000	ORDINARY DIVIDENDS	Fl. 105,000,000
15½%	N.V.	18½%
17½%	LIMITED	21%
Fl. 302,000,000	PROFITS RETAINED IN THE BUSINESS	Fl. 360,000,000
Fl. 5,311,000,000	CAPITAL EMPLOYED	Fl. 5,598,000,000
Fl. 445,000,000	EXPENDITURE ON FIXED ASSETS (NET)	Fl. 429,000,000
Fl. 227,000,000	DEPRECIATION	Fl. 244,000,000

All figures relate to the N.V. and LIMITED Groups combined

UNILEVER N.V. and UNILEVER LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. This, inter alia, in effect 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 Fl. 12 nominal of N.V.'s ordinary capital being equivalent to £ 1 nominal of LIMITED's ordinary capital.

REPORT OF THE DIRECTORS FOR THE YEAR

1958

*to be submitted at the General Meeting of Shareholders
to be held at Rotterdam on 24th April, 1959*

The Directors submit their Report and Accounts for the year 1958. As usual, these combine the results and operations of the two Groups, UNILEVER N.V. ("N.V.") and UNILEVER LIMITED ("LIMITED"). Following our usual practice, the guilder equivalents of all LIMITED figures have been calculated at the official parity, i.e. £ 1 = Fl. 10.64.

CHANGES IN CAPITAL

At Extraordinary General Meetings of N.V. and LIMITED held in December, 1958, it was decided to distribute 25% in new ordinary shares to the holders of the existing ordinary shares, by capitalising part of the "Profits retained in the business". The new shares rank for dividend in respect of 1959 and subsequent years. The nominal value issued was Fl. 94,736,000 in N.V. and £ 6,686,527 in LIMITED.

Together with the scrip issue on 18th December, 1958, N.V. paid an interim cash dividend of 6¹/₄% to enable shareholders resident in the Netherlands to discharge their income tax liability on the new shares. In accordance with the Equalisation Agreement an equivalent dividend of 1s. 4.8d. per £ 1 of stock was paid by LIMITED.

The Inspector of Taxes at Rotterdam has ruled that the Dutch Recapitalisation Act, 1957, will apply to the distribution by N.V. of 25% in free shares

and the accompanying cash dividend of $6\frac{1}{4}\%$. Shareholders liable to Dutch income tax on these distributions will, therefore, upon application be charged with tax at the special rate of 20% .

RESULTS

Turnover, particulars of which are shown in the Table on page 10, again increased, to Fl. 18,388,474,000 as compared with Fl. 18,297,097,000 in 1957, whilst trading profits rose to Fl. 976,303,000 (Fl. 907,132,000 in 1957).

The main factors contributing to the trading results were as follows.

In many of our important markets the profits of our soap and detergent businesses improved, thanks largely to the increasing contribution that is now being made by new products introduced in recent years. The improvement was most marked in the United States, on the Continent of Europe, in India and South Africa.

Our animal feeding stuffs businesses, in contrast to 1957, achieved a substantial increase in sales and profits were greater.

Profit margins for margarine and other edible fats improved in the second half of the year, although the market continued to be depressed by low butter prices which fell even below the level of 1957. Our other food businesses began in 1958 to show a better return on the heavy development expenditure of the past few years.

The United Africa Group, on the other hand, faced rising costs and reduced profit margins. Profits fell sharply but there was an improvement in the later months of the year.

The consolidated net profit improved from Fl. 428,475,000 in 1957 to Fl. 503,152,000. These results were after charging taxation in 1958 of Fl. 490,069,000 (1957, Fl. 480,452,000).

Profit for the year after taxation, but before deducting loan interest, was equivalent in 1958 to 9.0% on the capital employed as against 8.2% in 1957. The returns on capital employed and on turnover for the nine years ending with 1958 are shown in the chart on page 33.

The proposed profit appropriations are shown in the consolidated profit and loss account (statement A). The Directors stated in their announcement of 13th November, 1958, that if, in addition to the interim dividends of $6\frac{1}{4}\%$ and 1s. 4.8d. per £ 1 of stock, the companies were to pay full normal interim ordinary dividends, the total distribution would be greater than they would be

prepared to recommend. A second interim dividend of 3% for N.V. and of 8.4d. per £ 1 of stock for LIMITED was therefore made payable on 18th December, 1958. The Directors now recommend the payment of final dividends in respect of 1958 at the rates indicated in their announcement of 13th November, 1958, of 9¹/₄% for N.V. and 2s. 1.2d. per £ 1 of stock for LIMITED, both payable as from 12th May, 1959. This will make total dividends for 1958 of 18¹/₂% (1957, 15¹/₂%) for N.V. and 4s. 2.4d. (1957, 3s. 6d.) per £ 1 of stock for LIMITED. These dividends in respect of 1958 are equivalent in value under the terms of the Equalisation Agreement. After payment of the recommended dividends, an amount of Fl. 359,864,000 remains to be added to the profits retained in the business which, after taking into account the adjustments set out in statement C, will then amount to Fl. 2,808,557,000.

ECONOMIC BACKGROUND

With the recession in the United States and a less dramatic fall in economic activity in a number of West European countries, total industrial production in the world (excluding the Communist-dominated countries) fell by an estimated 4%. This was the first fall since the war, and it followed the unusually small rise of 2% of the previous year. However, in the latter part of 1958, the United States economy recovered remarkably fast and the first signs of re-expansion were also apparent in Western Europe. In consequence the decline in international trade began to level out.

The main symptoms of the world recession have been a running down of stocks, lower investment and falling exports. By contrast, consumers' expenditure has been well maintained, except in those primary producing countries where incomes were severely affected by the drop in export earnings. Despite the recession, the year was remarkably free from major international currency crises. An important event was the devaluation of the French franc in the closing days of December. The strength of most West European currencies, including the guilder and sterling, made possible a widespread move towards convertibility at the end of the year.

Taxes on company profits and dividends were not quite so burdensome in 1958. Tax rates on distributed profits in Germany were considerably reduced, and there were moderate reductions in the rates on company profits in New Zealand, Nigeria and Ghana. Taxes, however, increased in France, British East Africa, Malaya, Argentina and Brazil. In the United Kingdom the double rate of profits tax—30% on distributed profits and 3% on undistributed profits—was consolidated at 10%, resulting for Unilever in little change in the charge against current profits.

TURNOVER

Turnover in 1958 amounted to Fl. 18,388,474,000, compared with the corresponding sum for 1957 of Fl. 18,297,097,000.

Turnover by commodities was as follows:—

%	1957			1958		%
	Fl.	Tons		Tons	Fl.	
16	2,945,918,000	1,617,000	Margarine, edible fats and salad oil	1,605,000	2,898,485,000	16
16	2,973,805,000	1,740,000	Soaps and other detergents	1,740,000	3,092,399,000	17
2	314,061,000		Toilet preparations, including per- fumes		367,367,000	2
10	1,800,479,000		Foods for human consumption		2,019,717,000	11
26	4,701,167,000	3,832,000	Other vegetable and animal oils and fats	3,837,000	4,545,599,000	25
8	1,407,119,000	4,060,000	Animal feeding stuffs	4,559,000	1,449,498,000	8
4	819,642,000		Miscellaneous manufactures, including glycerine		802,884,000	4
6	1,143,087,000		Produce (mainly tropical produce handled by the United Africa Group) including timber products		928,755,000	5
11	1,967,698,000		Merchandise (mainly handled by the United Africa Group)		2,042,146,000	11
1	224,121,000		Services (including ocean, river and road transport)		241,624,000	1
100	<u>18,297,097,000</u>		Total value		<u>18,388,474,000</u>	100

Fl.	Represented by:	Fl.
12,975,554,000	Sales to third parties	13,395,058,000
4,825,751,000	Supplies of marketable products and services within the organisation	4,522,649,000
495,792,000	Value of produce purchased for the West African Marketing Boards and production for other manufacturers	470,767,000
<u>18,297,097,000</u>		<u>18,388,474,000</u>

Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included to provide a proper ratio of turnover to capital employed and profits earned.
Produce purchased for the West African Marketing Boards is included on the basis of prices controlled by statutory bodies.

The geographical pattern of the business is shown in the following table:—

	1956		1957		1958	
	Fl.	%	Fl.	%	Fl.	%
Europe	11,057,886,000	62	11,103,255,000	61	11,129,833,000	60
North and South America	1,914,147,000	11	2,217,120,000	12	2,367,421,000	13
Africa, Middle East and Australasia	895,963,000	5	1,023,164,000	6	1,020,791,000	6
The Orient	828,079,000	5	817,184,000	4	858,425,000	5
The United Africa Group	3,088,047,000	17	3,136,374,000	17	3,012,004,000	16
Total	<u>17,784,122,000</u>	100	<u>18,297,097,000</u>	100	<u>18,388,474,000</u>	100

FINANCE

Cash resources, consisting of bank balances and investments, less short term borrowings, increased by Fl. 356 million to a total of Fl. 589 million at 31st December, 1958.

The main factors contributing to this exceptional increase were, first, that we succeeded in reducing stocks, despite the continued expansion of the business; secondly, the elimination of short term borrowings of the Norwegian businesses, of which the sale is reported on page 21; and, thirdly, a favourable exchange adjustment on borrowings in currencies that have been devalued during the year. The sale of the Norwegian businesses and the exchange adjustments are reflected in a reduction in the guilder value of working capital.

The movements in 1958 can be summarised as follows (in Fl. millions):—

Profits retained provided	360
Depreciation charged against profits amounted to	244
Working capital other than cash decreased by	224
so that available funds were	<u>828</u>
Expenditure on fixed assets (net) was	429
Other items, including repayment of loan capital, absorbed	<u>43</u>
Thus, total funds absorbed were	<u>472</u>
and cash resources increased by	<u><u>356</u></u>

Expenditure on fixed assets amounted to Fl. 429 million in 1958, compared with Fl. 445 million in 1957, but it was much below what had been planned. The programme for 1959 allows for making good the backlog and therefore remains very high, and in addition a resumed increase in working capital is foreseen. Nevertheless we expect our financial resources to be sufficient to meet requirements in 1959.

RAW MATERIALS

The general average of oils and fats prices in 1958 was slightly lower than in 1957. There were, however, widely divergent trends in the prices of the various groups of materials; liquid oils and whale and palm oils were cheaper than in 1957; there was little difference in the price of tallow; copra and palm kernel prices were the highest for several years.

The prices (per ton) of five principal raw materials are shown in the following table:—

	January 1958	March 1958	June 1958	September 1958	December 1958	March 1959
	£	£	£	£	£	£
Philippine Copra	68	68	66	74	87	95
Palm Kernels	53	50	51	55	64	66
Groundnut Oil	119	103	101	94	96	106
Palm Oil (Belgian Congo)	89	85	82	77	79	83
Cottonseed Oil, U.S. crude	123	116	105	94	92	93

World exports of edible and soapmaking oils and fats were rather less than in 1957. A fall in copra shipments from the Philippines, following a drought in 1957, and from Indonesia and a decline in U.S. tallow exports more than offset an increase in exports of edible oils and oilseeds from West Africa and Argentina. The United States continued to export large quantities of edible oils under special purchase arrangements to many countries.

Both production and consumption of oils and fats rose by about 2% in 1958. With large harvests in the United States and China during the second half of the year, there are good prospects for a major increase in world supplies of liquid oils during 1959.

MARGARINE AND OTHER EDIBLE FATS

Consumption of margarine in some European countries was affected by larger supplies of cheaper butter, and our sales of margarine were below their 1957 level. Sales of cooking fats, on the other hand, were higher.

Sales of edible fats for the past three years were:—

1956	1957	1958
1,602,000 tons	1,617,000 tons	1,605,000 tons

In the Netherlands, despite the more ample supplies of butter, sales of Blue Band and other margarines increased.

In the United Kingdom, butter prices reached their lowest level since the end of rationing in 1954 and the consumption of margarine fell in consequence. Sales of Summer County and Blue Band were most affected but under the circumstances the tonnages sold were not unsatisfactory; for two or three months

of the year their prices were actually above those for butter. Sales of Stork and Echo showed only a slight fall. Although lard was plentiful and cheap, our sales of compound cooking fats were only a little lower.

In Germany, consumption of butter increased for the second year in succession and again at the expense of margarine; sales of our standard brand suffered most whereas our main premium quality margarine showed only a slight decline in tonnage. Larger tonnages were also sold in Belgium, France and Switzerland. In Austria, sales of the premium margarine introduced in 1957 showed a useful increase. In Italy, Gradina margarine was highly successful. In Turkey, too, sales of edible fats were up and reached production capacity. Further extensions to the factory are in hand.

Our sales of margarine and shortenings were higher in the United States and in Canada. There was also a satisfactory increase in India, South Africa and most of the other overseas countries.

In Sweden, we acquired control of AB Agra Margarinfabrik, in which we already had an interest.

SOAPS AND OTHER DETERGENTS

Although competition in washing products sharpened in all parts of the world, profits recovered to a more satisfactory level. Sales of soapless detergents continued to make good progress, and in most countries we increased our share of the market. But demand for soap products fell in many countries and the tonnage sold was lower than in 1957. In the result the total tonnage sold has not increased over the previous year but in value there was an increase, from Fl. 2,974 million to Fl. 3,092 million, a reflection of the higher detergency obtained from a given weight of synthetic detergents compared with a like weight of soap products.

Total sales in the last three years were:—

1956	1957	1958
1,670,000 tons	1,740,000 tons	1,740,000 tons

The development and improvement of new and existing products continued, and this year Lux Liquid—a dishwashing product previously sold only in North America—has been successfully introduced into many other countries. Most of the new products launched in recent years have now become fully established and are making increasing contributions to profits.

In the Netherlands, sales increased and in particular good progress was made with the synthetic powders Sunil and Omo. Sales of Radion—a soap powder—continued to be satisfactory. Vim showed a large increase in tonnage, following improvements which were made in its quality in 1957, and its share of the market rose.

In the United Kingdom, where competition is becoming increasingly fierce, we suffered a loss in tonnage during the first part of the year. Persil *)—now with a new formula—remained dominant among soap powders but its sales for the year were down. Omo and Surf again obtained a larger share of the synthetic powder market. Lux Liquid was successfully launched.

In Germany our share of an expanding market increased, chiefly because Sunil, a blue synthetic powder, again made excellent progress. In Belgium and France, our synthetic powders also sold well, but the higher sales were offset by reduced demand for soap products. In most of the other European countries also sales were higher.

In the United States, our tonnage again increased satisfactorily and profit margins improved. Wisk, a heavy duty liquid product, has now become well established, and Lux Liquid held its leadership among dishwashing products. Sales of the “all” brand of detergents also increased. Our acquisition of this brand from the Monsanto Chemical Company in 1957 has resulted in the initiation of anti-trust proceedings, which are still in their preliminary stages.

Sales increased satisfactorily in South Africa and India, and in Australia those of Surf nearly doubled.

TOILET PREPARATIONS

Our trade in toilet preparations made good progress in nearly every country, and the rise in turnover again led to higher trading profits.

Sales for the last three years were:—

1956	1957	1958
Fl. 298,537,000	Fl. 314,061,000	Fl. 367,367,000

In the United States turnover rose sharply. Sales of Pepsodent toothpaste increased satisfactorily; Stripe toothpaste, which is now sold throughout the

*) In some parts of the world, including the British Commonwealth and France, Persil is one of our brands.

country, has made a successful start and we increased our share of the dentifrice market. In Canada, too, sales of Pepsodent toothpaste continued to grow.

In the United Kingdom, sales of Gibbs SR toothpaste again increased and both Pepsodent toothpaste and Gibbs dentifrice sold well. The shampoo market, although fiercely competitive, did not increase to any extent, but our Sunsilk shampoo fully held its share.

We made good progress in most of the West European countries in the face of intense competition. In Belgium, turnover increased substantially, chiefly because of a rapid rise in sales of toothpastes. In Germany, sales of haircreams increased and those of Pepsodent toothpaste continued to grow.

The toilet and perfumery businesses in South America had a good year, particularly in Brazil, where an improved SR toothpaste met with considerable success, and in Argentina, where sales of shampoos, colognes and lotions all increased.

FOODS

Sales of foods continued at the high rate of growth shown in recent years, although competition in most countries increased. Trading margins generally remained at their 1957 level, but the larger volume of sales resulted in higher profits.

Sales of foods for the last three years were:—

1956	1957	1958
Fl. 1,627,452,000	Fl. 1,800,479,000	Fl. 2,019,717,000

FROZEN FOODS

In the Netherlands, we acquired Vita N.V., a company which processes frozen foods; results so far are promising.

In the United Kingdom, Birds Eye frozen foods continued their remarkable progress; the tonnages sold of both peas and fish increased considerably and the newer poultry products also had a very good year. In New Zealand and Australia, however, despite larger sales, the businesses are not yet on a sound basis.

TEA

In the United States, both the volume of Lipton's sales of tea and the trading profits remained satisfactory.

SOUP MIXES

Total sales of soup mixes showed a further rise, despite heavy competition; profits, however, were lower.

Good increases of sales were recorded in the United Kingdom, Belgium and Canada, and in the United States sales were well maintained.

ICE CREAM

In the United Kingdom, in spite of the poor summer, sales of Wall's ice cream and fruit ices exceeded 1957's record, but profits were lower. In Germany, the ice cream business had an excellent year; both sales and profits increased and we intend to build a second ice cream factory in that country. We are now manufacturing ice cream in Belgium, and a new factory in South Africa has just started production.

CANNED PRODUCTS

In the United Kingdom, competition was fierce and, although sales of Batchelors' goods increased, profits continued to be unsatisfactory.

Our importing business did well.

FISH

Mac Fisheries in the United Kingdom increased their turnover. Our businesses in Germany had a more successful year; trawling results were better, thanks to larger catches and better prices, and the turnover of the wholesale and retail organisations increased.

MEAT PRODUCTS

In the Netherlands, sales of Hartog's meat and meat products were maintained, despite very severe competition. In the United Kingdom, Wall's sales of sausages, pies and other meat products were again excellent. The Wall's Handy Foods business, which was started at the end of 1956, increased its sales of pre-packed bacon and other easy-to-handle foods.

OTHER FOOD PRODUCTS

In the United States, the salad dressing business acquired by Lipton's in 1957 is showing good results.

A new product—Lucky Whip, a whipped topping for puddings and cakes—is now selling satisfactorily throughout the United States.

In Finland, our cream manufacturing business made further progress.

ANIMAL FEEDING STUFFS

The prolonged winter in Europe, followed by a wet summer, created a strong demand throughout the year for compound feeds, cake and meal. As a result, in contrast to 1957 when sales were reduced partly because of a mild winter, sales of feeding stuffs increased satisfactorily in the United Kingdom, the Netherlands, France and Germany. In the United Kingdom an increased demand for eggs and the growth of the broiler industry also helped to bring about a sharp increase in sales of poultry foods. Selling prices of feeding stuffs were lower, but so, on average, was the cost of ingredients and, with the larger output, profits increased.

Sales in the last three years were:—

1956	1957	1958
4,297,000 tons	4,060,000 tons	4,559,000 tons

OTHER INTERESTS

In the United Kingdom, sales of Crosfield's chemicals were below expectations but profitability was better than expected. Price's sales of oleine, stearine and fatty acids remained at their 1957 level, and profits increased modestly. It was a difficult year for John Knight's tallow and glue businesses and sales and profits were lower than in 1957.

In Germany, the turnover and profits of our paper and packaging businesses were very satisfactory.

RESEARCH

Our research effort is gathering momentum. The size of the Vlaardingen laboratory will be increased by 40% when the building extensions now in progress are completed in 1960. Extensions to the Port Sunlight laboratory increased the available space by a quarter. During the past year plans were also made for building a large extension to the Food Research laboratory at Colworth House, in Bedfordshire. The total cost of these extensions will amount to about Fl. 11 million.

We now have 2,600 people engaged on Research and Development throughout the world; an increase of nearly 50% in the past five years.

PLANTATIONS

The total area of our plantations in the Belgian Congo, Nigeria and the Cameroons, Ghana, Gaboon, Malaya and the Solomon Islands was 77,500 hectares in 1958, compared with 74,000 hectares in 1957.

Production of main crops (in tons) was:—

	1956	1957	1958
Palm Oil	67,100	64,800	66,500
Rubber	6,300	7,200	7,600
Copra	4,800	4,500	5,600

Total value of produce sold in 1958 amounted to Fl. 81 million as against Fl. 86 million in the previous year. Lower world prices for palm oil were the main cause of the fall in revenue.

Production of palm oil in our West African and Malayan properties reached record levels but in the Belgian Congo, with an abnormal drought in the north of the territory, output was lower than expected. Rubber output increased as a result of a greater yield from trees which have still to reach maturity. In our Cameroon banana properties we have given up the costly and unequal fight against disease and have abandoned production. The areas will be replanted with oil palms and rubber trees. Crops will be further diversified by developing a tea plantation in the Kivu region of the Belgian Congo. Production from our cocoa plantations in the Belgian Congo showed a satisfactory increase; that from our coffee plantation in that territory was at about the same level as in 1957.

UNITED AFRICA GROUP

Economic conditions in most of the territories in which the United Africa Group operates were more difficult in 1958. In Commonwealth West Africa falling world prices for most exports, poor cocoa crops, lower prices paid by Marketing Boards to producers of certain commodities, and the collapse of the diamond boom in Sierra Leone, were among the causes contributing to less favourable results. East Africa was also hit by falling world commodity prices and by difficult business conditions generally. In the French territories, on the other hand, business conditions were better owing to fairly large crops and the maintenance of abundant purchasing power during most of the year. The economy of the Belgian Congo was depressed mainly as a result of lower world prices, particularly of minerals.

The total value of merchandise sold, produce handled, and services supplied by the United Africa Group fell from Fl. 3,136,000,000 to Fl. 3,012,000,000 and, as in general costs were higher and trading margins lower, the fall in profit was relatively greater. Sales of merchandise increased from Fl. 1,958,000,000 to Fl. 2,031,000,000. The volume of produce handled was much the same in both years, but the value of it fell from Fl. 1,057,000,000 in 1957 to Fl. 847,000,000 in 1958.

COMMONWEALTH WEST AFRICA

Rapid changes are occurring in the economic structure of West Africa; competition is growing and foreign manufacturers are increasingly regarding this part of the world as an important market. In the light of these changing circumstances the Group has adopted forceful selling techniques and is giving greater emphasis to specialised activities and in some cases to local manufacture. The next few years will call for continued vigour in the pace and direction of change in the whole field of merchandise operations.

A number of specialised units, independent from the main merchandise business, have been created. Thus, UAC Motors (London) Ltd. has been formed to take over responsibility for all overseas motors operations normally dealt with from London, and separate and independent motors divisions have been set up in Nigeria and Ghana. The cold store business in Ghana now has its own independent sales organisation similar to that in Nigeria. New capital and resources have been put into the fresh and frozen foods business, and the extension to the cold store depot at Apapa in Nigeria was practically completed at the end of the year, making it the largest in West Africa. Kingsway Stores at Lagos was extended during the year, and sales at the Kingsway Stores in Accra, which was opened in 1957, continued to expand. The turnover of the breweries and the mineral waters factories, in which the Group has an interest, increased. Vehicle assembly plants in Nigeria and Ghana, now under construction, are due to come into operation in 1959. In a number of fields the Group is considering manufacturing ventures or has already agreed to capital participation in partnership with other companies or Development Boards.

FRENCH TERRITORIES

The Group's business in French Africa showed better results in 1958. Merchandise turnover rose substantially and improved gross profit margins were only partly offset by higher expenses. Net profits from produce were also higher in spite of a drop in the tonnage handled.

BELGIAN CONGO

As a result of difficult economic conditions, merchandise profits of the Group fell, though this was offset to a minor extent by improved results on the produce handling side. The motors business in particular had a difficult year.

EAST AFRICA

Falling agricultural prices, increased credit restrictions, continued political uncertainty, and a pessimistic climate of business opinion resulted in a reduction in the Group's turnover.

MIDDLE EAST AND NORTH AFRICA

Business conditions were disturbed by the July revolution in Iraq. Credit and import restrictions continued to limit the Group's activities in Turkey. The turnover in Morocco increased.

PALM LINE

Four new motor ships were commissioned during the year, bringing the total of Company ships in operation to 25. The drop in freight rates reduced earnings in 1958, though this was largely offset by reduced hire paid for charters, by faster voyages, and by lower fuel prices.

TRANSPORT

The Group's Transport Department in Commonwealth West Africa handled 4,300,000 tons of cargo in 1958, an increase of 300,000 tons.

TIMBER OPERATIONS

There was a record production in the forests in both Nigeria and Ghana and the Nigerian Plymill recovered well from last year's difficulties. Turnover rose substantially and profits, which last year fell sharply, got back to the level of two years ago.

AFRICAN STAFF

Industrial relations generally continued to be good though some staff reductions had to be made during the year because of business conditions. The technical training schools have continued to operate successfully and the school in Burutu is to be extended further.

EXPORTS

Our export sales from the Netherlands and the United Kingdom for the past three years (including merchandise exports by the United Africa Group) were as follows:—

	1956	1957	1958
Netherlands	Fl. 331,958,000	Fl. 337,920,000	Fl. 330,521,000
United Kingdom . .	Fl. 543,140,000	Fl. 559,685,000	Fl. 551,907,000

The value of our exports from the Netherlands was lower—partly because sales and selling prices of edible fats were hit by severe competition and partly because sales of bacon were lower.

Amongst the reasons for the lower United Kingdom exports were the political unrest in the Middle East, a serious boycott of British goods in Cyprus, decreased prosperity in certain primary producing countries and considerable overstocking in many markets at the end of 1957. Trading profits suffered accordingly. Exports of detergents and edible fats fell, and more than offset an increase in sales of toilet preparations and foods.

The United Africa Group's exports of merchandise from the Netherlands were higher, but those from the United Kingdom were slightly lower.

NORWAY

For many years we have owned substantial interests in two Norwegian companies, De Nordiske Fabriker De-No-Fa A/S, which has a factory for the hardening and refining of oils and fats, and A/S Lilleborg Fabriker, which owns oil mills and soap factories. At the year-end, as the climax of negotiations which had begun several months earlier, these interests were sold to a Norwegian company, A/S Borregaard. At the same time we entered into a twenty-year agreement with Borregaard for co-operation in the technical and commercial fields.

For a long time the return on our Norwegian investments has been lower than that which we normally expect to earn. It therefore appeared to be to the advantage of the business as a whole to take this opportunity to dispose of these interests in that country.

INDONESIA

Last year we reported that at the year-end, following political and economic difficulties, production in our oil milling, soap and margarine plants had been brought to a halt. In March, 1958, supplies of raw materials were again beginning to come through and, with the co-operation of the Indonesian authorities, we were able to restart manufacture. At the end of the year production was running at over 70% of the 1957 level. Our well-known international brands continue to be popular.

The programme for replacing Dutch staff in the territory by other nationals was completed early in the year and the policy of replacing Europeans by Indonesian managers continues.

EUROPEAN ECONOMIC COMMUNITY

On 1st January, 1958, the European Economic Community came into being. The trade organisations to which we belong in each of the six countries that form the Community have entered into joint consultations in order to discuss trade problems and to advise the authorities. One of their main tasks is the preparation of proposals for the import duties on oils and fats to be included in the agreed common external tariff; these duties are still under discussion. It has already been decided that oil seeds will be free of import duties.

We welcome the institution of the European Economic Community for the part it seems bound to play in raising the standards of living in the member countries. As an international business, we would like to see some form of association between the British Commonwealth and the European Economic Community. Apart from other, more general, advantages this would widen the supply basis of our businesses in the countries belonging to the European Economic Community and in the United Kingdom.

PERSONNEL

Our close contact with universities and technical colleges in many countries and the now established reputation of our management development schemes are resulting in increasing numbers of applicants, but we are still having some difficulty in finding enough with the qualities we need. The Junior Trainee scheme which was started in the United Kingdom in 1954 is now bringing forward good candidates from within the business for our senior selection boards. Management training courses are being developed and extended in a number of European countries, and more overseas personnel than ever are being brought over to these courses.

Labour relations in the Netherlands and in the other countries of Europe continue to be good and no labour disputes of any importance occurred. Everywhere—and especially overseas, where labour is showing an increasing desire to make its voice heard—we have tried to encourage the development of sound industrial relationships with organised labour.

During 1958 the value of the assets of the Unilever Pension and Provident Funds rose to Fl. 1,100 million. The total number of employees covered by the Funds was 111,400 and a further 7,100 are covered under schemes with insurance companies. Our total pension contributions and other payments for employees' death and retirement provisions, including an amount of Fl. 31 million to State and other schemes, amounted to Fl. 125 million.

CAPITAL PROJECTS

A number of major projects were completed during the year. A new soup factory was opened at Oss. In the United Kingdom the reconstruction of the Purfleet margarine factory was finished, and a new thermal power station, costing nearly Fl. 25 million, was opened on Merseyside. This is now supplying steam and electricity to all the Unilever factories in the Port Sunlight neighbourhood as well as to other industries on the Bromborough Port Estate. The projects for extending and modernising the compound feeding stuffs plants in the United Kingdom are making progress and in Germany a new seedcrushing and oil extraction plant was finished for F. Thörl's Vereinigte Harburger Ölfabriken A.G. of Hamburg-Harburg. A new soap factory at Aba, in Nigeria, started manufacture in 1958 and a soap and edible fat factory in Trinidad will begin production this year.

Projects involving an expenditure totalling Fl. 470 million were approved in 1958; the most important are listed below:—

MARGARINE AND OTHER EDIBLE FATS:	Fl.
Further stage of reconstruction and extension of margarine factory at Bromborough, England	5,600,000
Expansion of margarine manufacture and storage facilities at Hammond and Edgewater, U.S.A.	2,600,000
New margarine factory at Stockholm, Sweden	10,900,000
Extension of margarine and edible fats factory at Istanbul, Turkey	5,400,000
SOAP AND OTHER DETERGENTS:	
Plant for production of synthetic detergents and/or chemicals for synthetic detergents in England, Rhodesia, Canada and U.S.A.	17,300,000
Modernisation and extension of facilities for manufacture of Vim at Mannheim, Germany	3,100,000
New soap factory at Rangoon, Burma	10,300,000
FOODS:	
Extension of processing and storage facilities for frozen foods, United Kingdom	15,700,000
Plant for manufacture and storage of ice cream and water ices, regional depots and customers' refrigerators:	
United Kingdom	23,900,000
Germany	6,100,000

	Fl.
The first stage of a new factory for ice cream and water ices at Heppenheim, Germany	3,200,000
New ice cream factory at Boksburg, South Africa	3,400,000
Purchase and development of factory for meat products at Hayes, England	7,100,000
Plant for production of whipped topping for puddings and cakes, U.S.A.	2,400,000
Tea and tea-bagging plant and machinery, U.S.A.	8,100,000
Purchase and modernisation of Mac Fisheries' shops in the United Kingdom	3,200,000
Central depot for storage and distribution to Mac Fisheries' shops in London, England	2,600,000
Three trawlers for "Nordsee" Deutsche Hochseefischerei A.G., Bremerhaven, Germany	9,500,000
ANIMAL FEEDING STUFFS:	
Warehouses for finished products at Bristol, Hull and Manchester, England	3,400,000
PLANTATIONS:	
Oil Palm plantations and mills in the Belgian Congo and Nigeria	30,600,000
Tea plantation and factory in the Belgian Congo	12,900,000
UNITED AFRICA GROUP:	
Two cargo vessels for Palm Line Limited	24,700,000
GENERAL:	
Second stage of factory reorganisation and extension programme—technical centre, including research and works laboratory, at Warrington, England	6,400,000
Extension of research laboratory at Colworth House, Bedfordshire, England	6,000,000
Fittings and equipment for new office, London, England	2,700,000
New Head Office building at Bombay, India	5,300,000
Storage and distribution depots in the United Kingdom	4,300,000
Motor vehicles (less sales of old vehicles)	42,200,000
Housing and welfare facilities for employees (including United Africa and Plantations Groups)	9,800,000

MEMBERSHIP

At 31st December, 1958, the number of stockholders in LIMITED was 189,432. Nearly all the share capital of N.V. is represented by bearer scrip and the number of members cannot be ascertained.

DIRECTORS

Since the last Annual General Meeting, Mr. J. F. Knight has been elected a Director of N.V. and LIMITED.

All the Directors retire in accordance with Article 15 of the Articles of Association and offer themselves for re-election with the exception of Mr. R. E. Huffam, who has reached retirement age since the beginning of the present year. His many years of valuable service to the company are recorded with thanks.

AUDITORS

The Auditors, Messrs. Price Waterhouse & Co. and Messrs. Cooper Brothers & Co., retire and offer themselves for re-appointment.

ROTTERDAM, 13th March, 1959.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

HEYWORTH, *Vice-Chairman.*

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

1957			1958			
N.V.	LIMITED	COMBINED	COMBINED	N.V.	LIMITED	
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	
465,082,000	442,050,000	907,132,000	I. TRADING PROFIT	976,303,000	539,183,000	437,120,000
4,969,000	13,377,000	18,346,000	II. INCOME FROM TRADE INVESTMENTS	24,683,000	8,595,000	16,088,000
7,644,000	10,111,000	17,755,000	III. INTEREST ON LOAN CAPITAL	16,255,000	6,317,000	9,938,000
462,407,000	445,316,000	907,723,000	IV. PROFIT BEFORE TAXATION	984,731,000	541,461,000	443,270,000
256,454,000	223,998,000	480,452,000	V. TAXATION ON PROFIT FOR THE YEAR	490,069,000	266,991,000	223,078,000
205,953,000	221,318,000	427,271,000	VI. PROFIT FOR THE YEAR AFTER TAXATION	494,662,000	274,470,000	220,192,000
16,818,000	5,927,000	22,745,000	VII. EXCEPTIONAL ITEMS			
5,727,000	6,008,000	281,000	a. Taxation adjustments — previous years . .	26,682,000	30,203,000	3,521,000
			b. Other	5,398,000	5,731,000	11,129,000
13,411,000	8,411,000	21,822,000	VIII. AMOUNTS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	23,590,000	14,482,000	9,108,000
203,633,000	224,842,000	428,475,000	IX. CONSOLIDATED NET PROFIT	503,152,000	284,460,000	218,692,000
11,742,000	46,255,000	57,997,000	X. PREFERENTIAL DIVIDENDS OF PARENT COMPANIES	57,997,000	11,742,000	46,255,000
—	19,658,000	19,658,000	Less: United Kingdom income tax	19,658,000	—	19,658,000
11,742,000	26,597,000	38,339,000		38,339,000	11,742,000	26,597,000
191,891,000	198,245,000	390,136,000	XI. PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL	464,813,000	272,718,000	192,095,000
59,108,000	49,801,000	108,909,000	XII. ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
—	64,000	64,000	Ordinary	130,303,000	70,549,000	59,754,000
—	21,192,000	21,192,000	Deferred	64,000	—	64,000
59,108,000	28,673,000	87,781,000	Less: United Kingdom income tax	25,418,000	—	25,418,000
132,783,000	169,572,000	302,355,000	XIII. PROFIT RETAINED IN THE BUSINESS	359,864,000	202,169,000	157,695,000

NOTES

- I. Trading profit has been ascertained after charging the following:

1957				1958		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
115,243,000	111,742,000	226,985,000	Depreciation	244,494,000	113,069,000	131,425,000
1,415,000	2,571,000	3,986,000	Emoluments of Directors as managers	4,002,000	1,204,000	2,798,000
331,000	432,000	763,000	Pensions to former Directors	643,000	196,000	447,000
116,989,000	114,745,000	231,734,000		249,139,000	114,469,000	134,670,000

Trading profit includes income from investments, other than trade investments, n.v. Fl. 3,933,000 (Fl. 4,698,000), LIMITED Fl. 7,852,000 (Fl. 7,188,000).

- V. In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 204,809,000 less foreign tax relief of Fl. 50,678,000, and foreign taxes of Fl. 68,947,000.
- VII. Taxation adjustments arise mainly from release of provisions no longer required, less, in LIMITED, provision for the additional potential liability to United Kingdom profits tax on profits retained overseas following the change in basis of that tax.
- Exceptional items, Other, are shown after deduction of taxation and include profits less losses on disposal of fixed assets and other items not applicable to current trading.
- XII. The Ordinary dividends for 1958 are payable on the capitals in issue before the stock dividends referred to in Note II on statement B.
- The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and n.v., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.
- XIII. Profit retained in the business is represented by additions to the balances in:

1957				1958		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
14,733,000	57,380,000	72,113,000	Parent Companies	157,834,000	100,474,000	57,360,000
118,050,000	112,192,000	230,242,000	Subsidiaries	202,030,000	101,695,000	100,335,000
132,783,000	169,572,000	302,355,000		359,864,000	202,169,000	157,695,000

GENERAL

The net profits of the Parent Companies are n.v. Fl. 182,765,000, LIMITED £ 11,124,000 (Fl. 118,357,000).

CONSOLIDATED BALANCE SHEETS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

31st December 1957		
N.V.	LIMITED	COMBINED
Fl.	Fl.	Fl.
215,865,000	598,966,000	814,831,000
378,946,000	284,578,000	663,524,000
992,042,000	1,716,635,000	2,708,677,000
370,988,000	2,001,213,000	3,372,201,000
101,706,000	156,105,000	257,811,000
206,252,000	255,268,000	461,520,000
130,041,000	130,041,000	—
132,000,000	272,384,000	404,384,000
156,852,000	3,153,895,000	5,310,747,000
993,756,000	1,322,029,000	2,415,785,000
62,271,000	—	62,271,000
26,959,000	78,393,000	105,352,000
182,986,000	1,400,422,000	2,583,408,000
222,074,000	1,544,466,000	2,766,540,000
452,529,000	801,294,000	1,253,823,000
93,683,000	194,352,000	288,035,000
186,892,000	177,402,000	364,294,000
955,178,000	2,717,514,000	4,672,692,000
507,869,000	478,976,000	986,845,000
209,313,000	210,383,000	419,696,000
216,644,000	239,273,000	455,917,000
47,486,000	35,409,000	82,895,000
981,312,000	964,041,000	1,945,353,000
973,866,000	1,753,473,000	2,727,339,000
156,852,000	3,153,895,000	5,310,747,000

CAPITAL EMPLOYED

I. PREFERENTIAL CAPITAL—PARENT COMPANIES . . .	814,831,000
II. ORDINARY CAPITAL AND RESERVES	
a. Ordinary capital—parent companies	829,410,000
b. Profits retained in the business and other reserves	2,875,726,000
ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES	3,705,136,000
III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	255,311,000
IV. LOAN CAPITAL	415,380,000
V. INTER-GROUP ITEMS—N.V./LIMITED	—
VI. FUTURE TAXATION	407,896,000

EMPLOYMENT OF CAPITAL

VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT	2,571,218,000
VIII. INTERESTS NOT CONSOLIDATED	61,464,000
IX. TRADE INVESTMENTS	106,832,000

FIXED ASSETS

X. CURRENT ASSETS

a. Stocks	2,494,777,000	982,875,000
b. Debtors	1,273,628,000	489,258,000
c. Investments	317,536,000	136,018,000
d. Cash and bank balances	493,742,000	316,650,000

XI. CURRENT LIABILITIES

a. Creditors	967,511,000	467,154,000
b. Short term borrowings	222,541,000	67,016,000
c. Taxation and contingencies	454,207,000	229,640,000
d. Dividends	76,384,000	42,762,000

NET CURRENT ASSETS

31st December 1958		
COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.
814,831,000	215,865,000	598,966,000
829,410,000	473,682,000	355,728,000
2,875,726,000	1,074,312,000	1,801,414,000
3,705,136,000	1,547,994,000	2,157,142,000
255,311,000	103,886,000	151,425,000
415,380,000	167,032,000	248,348,000
—	105,329,000	105,329,000
407,896,000	127,000,000	280,896,000
5,598,554,000	2,267,106,000	3,331,448,000
2,571,218,000	1,060,232,000	1,510,986,000
61,464,000	61,464,000	—
106,832,000	27,181,000	79,651,000
2,739,514,000	1,148,877,000	1,590,637,000
2,494,777,000	982,875,000	1,511,902,000
1,273,628,000	489,258,000	784,370,000
317,536,000	136,018,000	181,518,000
493,742,000	316,650,000	177,092,000
4,579,683,000	1,924,801,000	2,654,882,000
967,511,000	467,154,000	500,357,000
222,541,000	67,016,000	155,525,000
454,207,000	229,640,000	224,567,000
76,384,000	42,762,000	33,622,000
1,720,643,000	806,572,000	914,071,000
2,859,040,000	1,118,229,000	1,740,811,000
5,598,554,000	2,267,106,000	3,331,448,000

NOTES

- II. The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and n.v., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.

The Ordinary Capitals were increased by applying profits retained in paying up unissued Ordinary capital n.v. Fl. 94,736,000, LIMITED £ 6,687,000 (Fl. 71,150,000).

Details of profits retained and other reserves are set out in statement C.

The reserves of n.v. are subject to any losses that may arise on interests not consolidated Fl. 61,464,000 referred to under VIII below.

- IV. Loan Capital is secured to the extent of n.v. Fl. 7,931,000, LIMITED Fl. 244,656,000.

- V. This is the net balance of several accounts and incorporates loans of £ 11,500,000 by the LIMITED group to the n.v. group which are secured on shares of subsidiaries of n.v.

- VI. Future taxation includes, in addition to United Kingdom income tax on the profits of 1958, taxes which would only become payable if profits retained by subsidiaries were distributed to the holding companies, and certain other taxes which are not in the nature of current liabilities.

- VII. Details of movements in 1958 and the composition of the net values at 31st December, 1958, are given in statement D.

- VIII. This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.

- IX. This includes interests in companies in which 50% of the ordinary capital is owned, and other investments not held for sale.

In LIMITED, trade investments are shown at the net book value at 31st December, 1947, with additions at cost or valuation, less Fl. 1,883,000 written off.

- X. Investments comprise – quoted, n.v. Fl. 129,797,000, LIMITED Fl. 137,799,000 – market value, n.v. Fl. 143,872,000, LIMITED Fl. 136,181,000 – and other items, mainly moneys on call and short notice.

- XI. Short term borrowings consist mainly of advances from bankers. In n.v. they are secured to the extent of Fl. 15,372,000.

GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange.

It should be borne in mind that there are restrictions on transfer of some currencies.

In order to conform to the seasonal nature of their operations, the financial year of some subsidiaries of LIMITED having interests in Africa ends on 31st August. With the consent of the Board of Trade the accounts of these companies have been consolidated on the basis of estimated accounts at 31st December.

There are contingent liabilities, upon which no loss is expected.

The commitments for capital expenditure at 31st December, 1958, were approximately – n.v. Fl. 52,000,000, LIMITED Fl. 106,000,000.

RESERVES

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
 Figures in red represent deductions

	COMBINED	N.V.		LIMITED	
		PARENT	SUBSIDIARIES	PARENT	SUBSIDIARIES
	Fl.	Fl.	Fl.	Fl.	Fl.
PREMIUMS ON CAPITAL ISSUED					
At 31st December, 1958	1,119,000	1,119,000	—	—	—
SURPLUS ON REVALUATIONS OF FIXED ASSETS, ETC.					
At 1st January, 1958	72,814,000	—	28,243,000	—	44,571,000
Additions	30,076,000	—	18,000,000	—	12,076,000
Excess of price paid for new interests over tangible assets acquired	4,441,000	—	4,431,000	—	10,000
Exchange adjustments arising on consolidation of fixed assets	32,399,000	—	26,355,000	—	6,044,000
At 31st December, 1958	66,050,000	—	15,457,000	—	50,593,000
PROFITS RETAINED IN THE BUSINESS					
At 1st January, 1958	2,634,744,000	153,307,000	809,373,000	752,117,000	919,947,000
Applied in paying up unissued ordinary capital	165,886,000	94,736,000	—	71,150,000	—
Adjustment for bonus shares received from subsidiaries	—	—	—	3,905,000	3,905,000
Exchange adjustments arising on consolidation of current assets	20,165,000	—	12,377,000	—	7,788,000
Profit of 1958 retained – see statement A	359,864,000	100,474,000	101,695,000	57,360,000	100,335,000
At 31st December, 1958	2,808,557,000	159,045,000	898,691,000	742,232,000	1,008,589,000
		160,164,000	914,148,000	742,232,000	1,059,182,000
TOTAL	2,875,726,000	1,074,312,000		1,801,414,000	

NOTES

Exchange adjustments arising on consolidation result mainly from movements in exchange rates for Argentina, Brazil, Canada, the French franc monetary area, Indonesia and Turkey.

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

1957			1958			
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
1,731,815,000	1,669,528,000	3,401,343,000	At 1st January	3,711,430,000	1,769,715,000	1,941,715,000
186,022,000	287,683,000	473,705,000	Expenditure	457,782,000	161,107,000	296,675,000
<i>15,421,000</i>	<i>13,710,000</i>	<i>29,131,000</i>	Proceeds of sales	<i>28,832,000</i>	<i>13,936,000</i>	<i>14,896,000</i>
<i>29,693,000</i>	<i>23,708,000</i>	<i>53,401,000</i>	Adjustments on disposals and exchange differences	<i>106,947,000</i>	<i>72,942,000</i>	<i>34,005,000</i>
1,872,723,000	1,919,793,000	3,792,516,000	At 31st December	4,033,433,000	1,843,944,000	2,189,489,000
			DEPRECIATION			
693,354,000	512,353,000	1,205,707,000	At 1st January	1,297,516,000	717,870,000	579,646,000
115,243,000	111,742,000	226,985,000	Charged to revenue	244,494,000	113,069,000	131,425,000
<i>29,630,000</i>	<i>26,331,000</i>	<i>55,961,000</i>	Adjustments on disposals and exchange differences	<i>79,795,000</i>	<i>47,227,000</i>	<i>32,568,000</i>
778,967,000	597,764,000	1,376,731,000	At 31st December	1,462,215,000	783,712,000	678,503,000
1,093,756,000	1,322,029,000	2,415,785,000	NET BALANCE SHEET VALUES	2,571,218,000	1,060,232,000	1,510,986,000
			DETAILS OF NET BALANCE SHEET VALUES			
484,039,000	627,220,000	1,111,259,000	Land, buildings and plantations	1,179,217,000	475,115,000	704,102,000
609,717,000	694,809,000	1,304,526,000	Ships, plant and equipment	1,392,001,000	585,117,000	806,884,000
1,093,756,000	1,322,029,000	2,415,785,000		2,571,218,000	1,060,232,000	1,510,986,000

NOTES

These assets are stated at cost or as valued by Directors at various dates since 1945.

The movements between the balances at 31st December, 1957, and those shown for 1st January, 1958, arise mainly from restating gross value and accumulated depreciation of certain fixed assets on revaluation, and adjustments arising on disposal and acquisition of subsidiaries in 1958.

SUMMARY OF CONSOLIDATED FIGURES 1949-1958

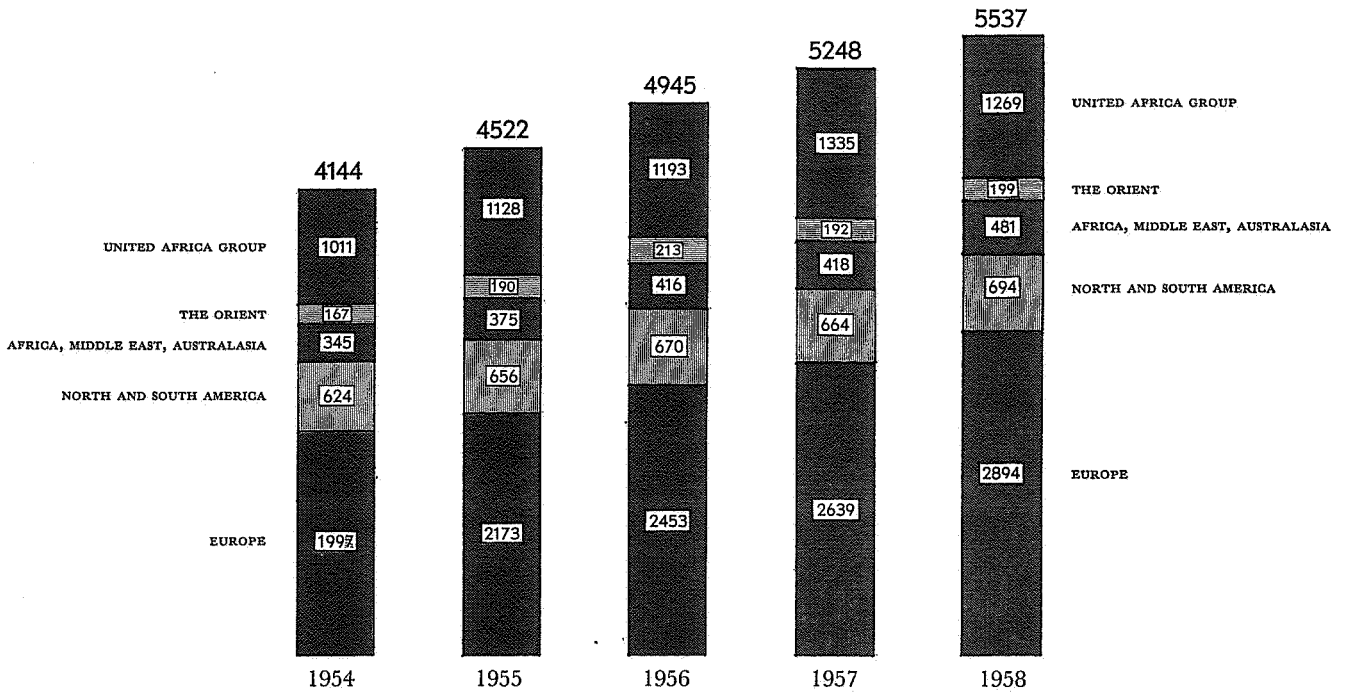
UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
(000's omitted)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Turnover	8,521,544	10,521,576	12,825,956	12,983,258	13,900,384	15,294,245	16,119,462	17,784,122	18,297,097	18,388,474
of which sales to third parties .	5,214,909	6,632,561	8,151,357	8,243,809	8,999,307	10,362,903	11,374,915	12,579,534	12,975,554	13,395,058
Trading Profit	339,921	555,209	573,849	411,788	654,125	745,813	909,241	1,053,669	907,132	976,303
Taxation for the year . .	199,319	313,859	350,952	234,666	359,249	406,631	467,149	551,923	480,452	490,069
Exceptional Items	62,212	6,661	25,938	52,025	6,107	28,374	64,896	25,957	23,026	32,080
Consolidated Net Profit .	208,333	204,573	200,433	222,769	274,001	338,931	480,055	501,489	428,475	503,152
Dividends:										
Preferential	37,019	37,019	35,863	35,726	36,947	37,019	38,257	38,339	38,339	38,339
Ordinary and Deferred	23,358	31,002	31,003	39,058	45,869	62,515	79,197	87,781	87,781	104,949
Profit retained in the business	147,956	136,552	133,567	147,985	191,185	239,397	362,601	375,369	302,355	359,864
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%	%
Distributed	1.6	1.8	1.5	*2.2	2.4	2.7	3.0	2.9	2.6	2.8
Retained	10.4	8.1	6.7	*8.5	9.8	10.5	13.7	12.3	9.0	9.7
Preferential Capital . . .	812,102	812,102	812,102	808,724	810,413	812,102	814,817	814,831	814,831	814,831
Ordinary Shareholders' Funds:										
Capital	315,320	315,320	394,750	393,723	394,237	530,684	663,524	663,524	663,524	829,410
Reserves	1,112,589	1,363,699	1,611,103	*1,355,129	1,548,839	1,744,897	1,985,637	2,385,251	2,708,677	2,875,726
Outside Shareholders' Interests	192,616	194,665	218,002	* 226,851	233,488	238,374	245,729	261,175	257,811	255,311
Loan Capital	360,183	473,107	622,877	621,987	595,722	518,869	497,142	483,445	461,520	415,380
Future Taxation	199,280	236,752	304,056	288,788	338,335	362,640	378,384	399,152	404,384	407,896
Total Capital Employed	2,992,090	3,395,645	3,962,890	3,695,202	3,921,034	4,207,566	4,585,233	5,007,378	5,310,747	5,598,554

* As adjusted for elimination of Premiums and Goodwill and other changes in the presentation of the accounts

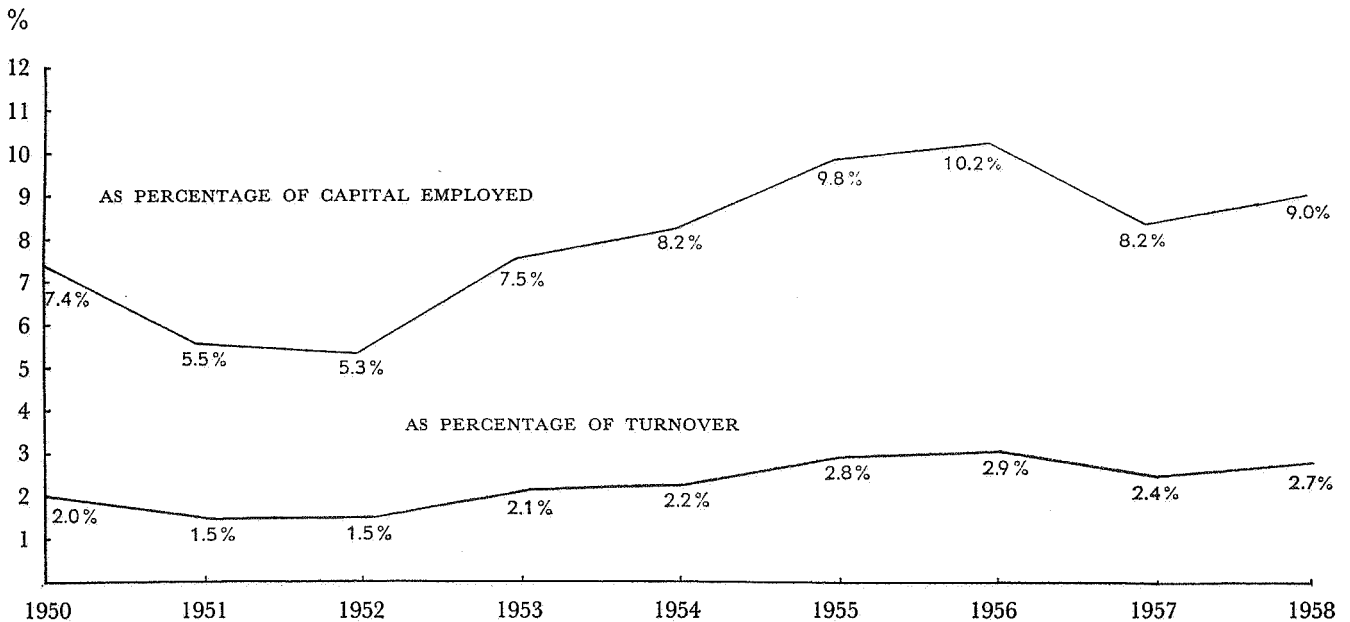
CAPITAL EMPLOYED 1954-1958 BY GEOGRAPHICAL AREAS

Figures represent Fl. millions



Capital Employed does not include Interests Not Consolidated

RETURN ON CAPITAL EMPLOYED AND ON TURNOVER 1950-1958



The returns are based on the profits, after taxation, but before deducting loan interest

UNILEVER N.V.
BALANCE SHEET AT 31st DECEMBER 1958

Figures in red represent deductions

1957		CAPITAL EMPLOYED			
Fl.	Fl.		Fl.	Fl.	Fl.
		I. PREFERENTIAL CAPITAL	<i>Authorised</i>	<i>Issued and fully paid</i>	
	29,000,000	7% Cumulative Preference	30,000,000	29,000,000	
	111,865,000	6% Cumulative Preference	125,000,000	111,865,000	
	75,000,000	4% Redeemable Cumulative Preference	75,000,000	75,000,000	
215,865,000			<u>230,000,000</u>		215,865,000
		II. ORDINARY CAPITAL AND RESERVES			
	381,346,000	ORDINARY CAPITAL	<u>500,000,000</u>	476,082,000	
	1,119,000	PREMIUMS ON CAPITAL ISSUED		1,119,000	
	153,307,000	PROFITS RETAINED IN THE BUSINESS		<u>159,045,000</u>	
535,772,000					636,246,000
22,154,000		III. INDEBTEDNESS TO LIMITED GROUP			19,741,000
773,791,000					871,852,000
		EMPLOYMENT OF CAPITAL			
		IV. INTERESTS IN SUBSIDIARIES			
	260,700,000	Shares at cost		260,700,000	
	577,316,000	Advances		648,065,000	
	838,016,000			908,765,000	
	44,153,000	Less: Deposits		<u>54,425,000</u>	
793,863,000					854,340,000
		V. CURRENT ASSETS			
	3,250,000	Debtors and payments in advance (Fl. 263,000)	6,987,000		
	13,292,000	Investments	12,117,000		
	35,825,000	Cash and bank balances	<u>64,754,000</u>		
	52,367,000			83,858,000	
		VI. CURRENT LIABILITIES AND PROVISIONS			
	7,484,000	Creditors	10,432,000		
	19,996,000	Taxation and contingencies	14,769,000		
	44,959,000	Dividends, due or proposed	<u>41,145,000</u>		
	72,439,000			<u>66,346,000</u>	
20,072,000					17,512,000
773,791,000					871,852,000
		ON BEHALF OF THE BOARD,			
		F. J. TEMPEL, <i>Chairman.</i>			
		HEYWORTH, <i>Vice-Chairman.</i>			

NOTES

- I. The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part.
- II. Fl. 94,736,000 of profits retained were applied in paying up an equivalent amount of ordinary capital which was distributed in the ratio of one ordinary share credited as fully paid for every four existing ordinary shares. A subsidiary of N.V. and a subsidiary of LIMITED, each holding Fl. 1,200,000 of ordinary capital, renounced their right to receive the additional shares applicable to their holdings. The new shares rank *pari passu* with the ordinary capital previously in issue except that they do not participate in dividends in respect of 1958.

Details of reserves are set out in statement C.

The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 61,464,000.

- V. Debtors and payments in advance have been shown after provision for doubtful debts.

Investments are at cost and comprise Treasury Bills and moneys on call and short notice.

GENERAL

There are contingent liabilities, upon which no loss is expected.

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange.

UNILEVER LIMITED
BALANCE SHEET AT 31st DECEMBER 1958

Figures in red represent deductions

	1957		CAPITAL EMPLOYED	£	£	£
	£	£		<i>Authorised</i>	<i>Issued and fully paid</i>	
			I. PREFERENTIAL CAPITAL			
		35,984,690	7% Cumulative Preference } <i>Ranking</i>	35,984,690	35,984,690	
		2,360,000	5% Cumulative Preference } <i>pari passu</i>	4,015,310	2,360,000	
		15,661,749	8% Cumulative A Preference	40,000,000	15,661,749	
		2,287,312	20% Cumulative Preferred Ordinary	2,287,312	2,287,312	
		56,294,000		82,287,312	56,293,751	56,294,000
			II. ORDINARY AND DEFERRED CAPITAL AND PROFITS RETAINED			
			CAPITAL:			
		26,746,109	Ordinary	59,031,438	33,432,636	
		100,000	Deferred	100,000	100,000	
		26,846,000		59,131,438	33,533,000	
		70,688,000	PROFITS RETAINED IN THE BUSINESS		69,759,000	
		97,534,000				103,292,000
			III. LOAN CAPITAL			
		9,207,000	3 ³ / ₄ % Debenture stock, 1955/75 } <i>Ranking</i>		9,133,000	
		13,607,000	4% Debenture stock, 1960/80 } <i>pari passu</i>		13,031,000	
		22,814,000				22,164,000
		2,900,000				700,000
		179,542,000	IV. FUTURE UNITED KINGDOM TAXATION			182,450,000
		13,261,000	V. Less: INDEBTEDNESS OF N.V. GROUP			13,320,000
		166,281,000				169,130,000
			EMPLOYMENT OF CAPITAL			
			VI. FIXED ASSETS	£	£	
		2,910,000	Land and buildings	3,323,000	388,000	2,935,000
		1,187,000	Plant and office equipment	2,075,000	565,000	1,510,000
		4,097,000		5,398,000	953,000	4,445,000
		5,712,000	Trade investments			5,818,000
		9,809,000				10,263,000
			VII. INTERESTS IN SUBSIDIARIES			
		129,778,000	Shares			133,703,000
		64,871,000	Advances			67,405,000
		194,649,000				201,108,000
		47,415,000	Less: Deposits			54,970,000
		147,234,000				146,138,000
			VIII. CURRENT ASSETS	£		
		643,000	Debtors		731,000	
		13,702,000	Investments		14,032,000	
		6,291,000	Cash and bank balances		6,551,000	
		20,636,000				21,314,000
			IX. CURRENT LIABILITIES			
		2,083,000	Creditors		1,899,000	
		6,293,000	Taxation		3,818,000	
		3,022,000	Dividends (net) due or proposed		2,868,000	
		11,398,000				8,585,000
		9,238,000				12,729,000
		166,281,000				169,130,000
			HEYWORTH, <i>Chairman.</i>			
			F. J. TEMPEL, <i>Vice-Chairman.</i>			

NOTES

- II. £ 6,686,527 of profits retained were applied in paying up an equivalent amount of ordinary capital which was distributed in the ratio of one share of £ 1 credited as fully paid for every £ 4 of existing ordinary stock. This capital ranks *pari passu* with the ordinary capital previously in issue except that it does not participate in dividends in respect of 1958.
- £ 50,000 Deferred Stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V.
- Details of profits retained in the business are set out in statement C at their guilder equivalent.
- III. The two issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 74,000 of 3³/₄% Debenture Stock 1955/75 and £ 576,000 of 4% Debenture Stock 1960/80 were purchased by the Company.
- V. This includes a loan of £ 11,000,000 which is secured on the shares of subsidiaries of N.V.
- VI. Land, buildings, plant, etc., were revalued at 1st January, 1953, and additions since that date are at cost. Trade investments are shown at net book value at 31st December, 1947, with additions at cost or valuation.
- VII. Shares in subsidiaries are stated at Directors' valuation made on the re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off £ 2,486,000.
- VIII. Investments comprise short dated Government Stocks £ 10,519,000 (market value £ 10,558,000) and Treasury Bills £ 994,000, stated at market value, and short term Municipal Loans £ 2,519,000.

GENERAL

There are contingent liabilities, upon which no loss is expected.

The estimated commitments for capital expenditure at 31st December, 1958, were £ 572,000 including £ 433,000 on behalf of subsidiaries.

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange.

REPORTS OF THE AUDITORS

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts set out in statements A to E. We have not audited the accounts of some of the subsidiaries but these have been audited either by other public accountants or by the Group's internal audit staff.

Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests not consolidated which are included in the accounts at Fl. 61,464,000 and are referred to in note II in statements B and E. Subject to this remark, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts give a true and fair view of the state of the company's affairs as at 31st December, 1958, and of its profit for the year 1958.

13th March, 1959.

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

We have examined the balance sheet of the company set out in statement F, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in statements A to D. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1958, are estimated accounts based on unaudited returns at 31st December, 1958. We have obtained all the information and explanations which we considered necessary and it is our opinion that the accounts give the information required by the Companies Act, 1948.

We are of the opinion that the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1958, and the consolidated accounts give, from the standpoint of the members of Unilever Limited, a true and fair view of the state of affairs at that date of the company and its subsidiaries and of their profit for the year 1958.

13th March, 1959.

COOPER BROTHERS & Co.
PRICE WATERHOUSE & Co.

CHAIRMEN'S SPEECHES

Printed copies of the Chairmen's speeches at the Annual General Meetings of Unilever N.V. and Unilever Limited are available on request.

"PROGRESS"

Progress, Unilever's quarterly magazine published in England, contains articles by experts inside and outside the business on current topics in which Unilever is interested. Shareholders of Unilever N.V. who are not already on our list, and who would like to receive complimentary copies, are invited to send their names and addresses to Unilever N.V., Museumpark 1, Rotterdam.