

UNILEVER

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UNILEVER

REPORT AND ACCOUNTS

1966

UNILEVER N.V.

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J. M. HONIG
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A. E. J. NYSINGH
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P. A. MACRORY

Auditors

PRICE WATERHOUSE & Co.
COOPER BROTHERS & Co.

This is a translation of the original Dutch report.

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Salient figures

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

Fl. million

1965		1966
23,581	TURNOVER	24,243
18,464	OF WHICH SALES TO THIRD PARTIES	19,189
1,190	OPERATING PROFIT	1,223
40	INTEREST ON LOAN CAPITAL	81
1,186	PROFIT BEFORE TAXATION	1,200
522	TAXATION FOR THE YEAR	541
646	CONSOLIDATED NET PROFIT.	627
58	PREFERENTIAL DIVIDENDS—GROSS . . .	39
237	ORDINARY DIVIDENDS—GROSS	236
411	PROFIT RETAINED IN THE BUSINESS . .	361
8,379	CAPITAL EMPLOYED.	8,805
673	CAPITAL EXPENDITURE	605
453	DEPRECIATION.	500
	ORDINARY DIVIDENDS—GROSS	
Fl. 4.22	N.V. (PER FL. 20 OF CAPITAL)	Fl. 4.21
1s. 3d.	LIMITED (PER 5s. OF CAPITAL).	1s. 3d.

Combined earnings per share are shown on page 46, where the salient figures are also given in certain other currencies.

Report of the Directors for 1966

*to be submitted at the General Meeting of Shareholders
to be held at the Company's offices in Rotterdam on 2nd May, 1967*.*

THE YEAR IN BRIEF

Turnover at Fl. 24,243 million, was up by nearly 3⁰/₀, while third party sales rose by Fl. 725 million, or about 4⁰/₀ to Fl. 19,189 million. Foods, other than edible fats, achieved another sharp rise in sales, and accounted for the major part of the year's increase. Sales of toilet preparations also rose sharply while the remaining product groups showed either modest rises or maintained the same sales level as in 1965.

Profits before taxation at Fl. 1,200 million were marginally higher. Foods, other than edible fats, showed a further improvement in profits with frozen products doing particularly well. Profits on detergents recovered from the comparatively low figure of 1965, while profits on edible fats and toilet preparations showed small rises.

Among our other main operations, there were lower profits in the United Africa Group, in Thames Board Mills and in animal feeding stuffs.

The benefits of the Scheme of Arrangement for the cancellation of preferential capital of LIMITED started to accrue only in the second half of 1966. The resultant increase of loan interest of Fl. 22 million is offset by a reduction in tax of Fl. 9 million and in preferential dividends of Fl. 20 million, a net benefit of Fl. 7 million for the half-year.

* The Report and Accounts as usual combine the results and operations of Unilever N.V. ('N.V.') and Unilever Limited ('LIMITED'), with the guilder equivalents of the LIMITED figures calculated at the official parity at 31st December, i.e. £ 1 = Fl. 10.136.

Sales to third parties, profit and capital employed by geographical areas 1957 and 1966

Sales to third parties Fl. million						
	Total, all areas	Europe		N. & S. America	Africa	Rest of the world
1966	19189	12300		2829	2679	1381
% Change 1966 on 1957	47.9 %	63.3 %		44.5 %	5.3 %	46.0 %
1957	12976	7530		1957	2543	946

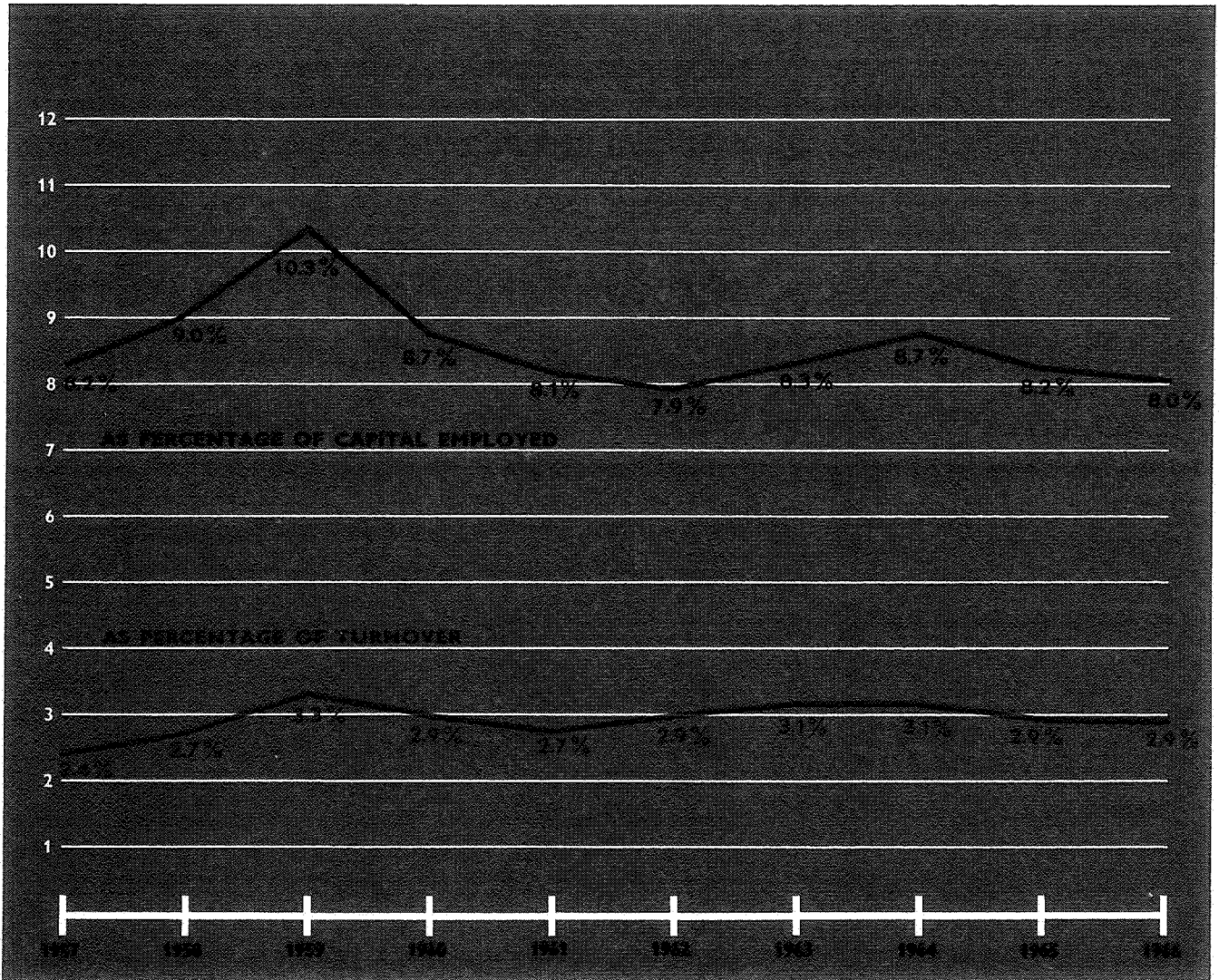
Profit Fl. million						
	Total, all areas	Europe		N. & S. America	Africa	Rest of the world
1966	705	490		87	84	44
% Change 1966 on 1957	61.7 %	92.3 %		94.8 %	- 17.6 %	27.3 %
1957	436	255		45	102	34

Capital employed Fl. million						
	Total, all areas	Europe		N. & S. America	Africa	Rest of the world
1966	8805	5894		1122	1217	572
% Change 1966 on 1957	67.7 %	113.2 %		66.0 %	- 16.5 %	62.5 %
1957	5249*	2764		676	1457	352

* Excluding Interests not Consolidated of Fl. 62 million.

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

Return on capital employed and on turnover 1957-1966



The charts on pages 8 and 9 are based on the profit, after taxation, but before loan interest.

Summary of combined figures 1957-1966

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. million

	1957	1958	1959	1960	1961*	1962	1963	1964	1965	1966
Turnover	18,297	18,388	19,016	19,650	19,321	19,223	19,678	21,749	23,581	24,243
of which Sales to third parties . . .	12,976	13,395	14,140	14,757	14,763	14,972	15,557	17,115	18,464	19,189
Operating profit	907	976	1,207	1,113	1,020	1,044	1,164	1,220	1,190	1,223
Interest on loan capital	18	16	15	15	15	21	24	25	40	81
Profit before taxation	908	985	1,216	1,129	1,045	1,080	1,203	1,257	1,186	1,200
Taxation for the year	480	490	594	571	528	540	608	588	522	541
Consolidated net profit	428	503	640	553	537	525	566	635	646	627
Dividends** :—										
Preferential—gross	58	58	58	58	57	57	57	58	58	39
Ordinary—gross	109	130	177	189	186	195	223	239	237	236
United Kingdom Income Tax re- tained	41	45	49	52	50	51	56	59	60	9
Profit retained in the business	302	360	454	358	344	324	342	397	411	361
Per Fl. 12 or £ 1 ordinary capital*** :—	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Earnings	4.20	5.01	6.44	5.46	5.27	5.14	5.58	6.30	6.48	6.39
Cost of dividends	0.91	1.11	1.50	1.58	1.58	1.65	1.89	2.07	2.08	2.53
Preferential Capital	815	815	815	831	811	815	815	836	836	317
Ordinary shareholders' funds :—										
Capital	700	875	880	881	884	885	1,179	1,179	1,184	1,184
Reserves	2,673	2,830	3,324	3,548	3,606	3,872	3,869	4,246	4,566	4,771
Outside interest	258	255	258	262	246	251	262	225	199	194
Loan capital	461	416	416	402	392	570	541	688	859	1,570
Deferred liabilities :—										
Taxation	404	408	447	359	354	341	361	361	409	422
Unfunded retirement benefits . . .	—	—	—	190	215	259	292	317	326	347
Capital employed	5,311	5,599	6,140	6,473	6,508	6,993	7,319	7,852	8,379	8,805

* The revaluation on 6th March, 1961, raised the guilder parity by 5%. ** For the years 1957-1965 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. *** See note on Combined earnings and dividends per share on page 46. The figures for earnings and cost of dividends have been adjusted for scrip issues.

THE BACKGROUND

GENERAL

This was a year in which the tendency of Governments to impose a closer control over the operations of the private sector of industry continued with unabated zeal. As examples particularly affecting important parts of the Unilever business we may instance, in the United Kingdom, the inquiry of the Monopolies Commission into the detergent industry, which is dealt with in a later section; the control of prices and incomes established by the Prices and Incomes Act, and the 'early warning' system for the notification of intended price increases, which covers a wide range of our products. In the United States the Department of Justice has initiated an inquiry under the anti-trust laws into the detergents industry, and in the European Economic Community, as mentioned last year, an inquiry into the margarine industry is under way; the European Commission has decided upon this step in view of the fact that trade in margarine within the E.E.C. countries is lagging behind the general development of intra-E.E.C. trade. There is no blinking the fact that an alarmingly high proportion of management time is taken up in dealing with inquiries and investigations of this kind.

The growth rate in a number of key industrial countries dropped, particularly in Germany, the United Kingdom and the Netherlands. In contrast, expansion in France and Italy held up well. North America again showed a fast rate of economic expansion.

Inflationary pressures became serious, both in the United States and in a number of Western European countries, notably the Netherlands. Governments are being forced on to a deflationary course, with the result that growth rates in 1967 in most countries are likely to be moderate in comparison with those achieved in recent years.

E.E.C. AND E.F.T.A.

The countries of both the E.E.C. and the European Free Trade Association have once more benefited from the continuing development of these Groups. Any move towards greater co-operation between them is to be welcomed.

Within the E.E.C., the progress towards integration, which had come to a halt in mid-1965, was resumed and a number of important decisions were taken. One was the decision to abolish

import duties on industrial products within the Community and establish the common tariff by 1st July, 1968, which is 18 months sooner than originally intended.

The completion of the main structure of the Common Market agricultural policy is another factor of great importance. The regulations on oils and fats are clearly of the most direct significance to Unilever. In the case of olive oil, the regulation came into force on 10th November last; for all the other products covered, including margarine, it will become effective on the 1st July, 1967.

From these dates import duties and the remaining restrictions on the volume of imports within the E.E.C. have been ended for the products mentioned. A system of variable levies applies to imports of olive oil from outside the E.E.C., but imports of other oils, except from the associated African countries, will be subject to the common outer tariff. Oil seeds are entirely free from import duties. For these raw materials, therefore, the E.E.C. processing industry will have free access to world markets.

For oil seeds grown in the E.E.C. common target prices will be fixed. As market prices in the E.E.C. will also in future be about equal to world market prices the difference between market price and target price will be paid to the growers in the form of a direct grant. If necessary, the market will be supported by government purchases. We hope that these measures will not result in any unwarranted expansion of oil seed growing in the E.E.C., as this would increase the burden on tax payers or consumers, or lead to more demand for protection.

During the year a start was made in the E.E.C. on the harmonisation of the margarine laws in force in the individual countries. It must be hoped that this will put an end to existing regulations that discriminate against margarine.

The E.F.T.A. too made progress. Import duties on industrial products within the Association were abolished from 31st December and the special surcharge on imports, which had been introduced by the British Government as an emergency measure in 1964, was lifted towards the end of the year.

THE DEVELOPING COUNTRIES

In a number of regions economic development suffered severely from continuing political instability, Africa being particularly affected. The southern part of that Continent was overshadowed by the Rhodesian crisis, although Zambia's position was helped

by the high copper prices that prevailed for much of the year. The new military regimes in Ghana and Nigeria face enormous problems. The Ghana Government has very heavy external debts, while in Nigeria conflict between the regions has slowed down the country's progress.

India too has had a most difficult year. Devaluation has not yet produced the hoped for increase in exports, while poor harvests and the temporary suspension of aid hit the economy hard. Both India and Ceylon have suffered from the sharp fall in tea prices, and in the case of Ceylon this has produced a considerable deterioration in the balance of payments position.

Latin America, on the other hand, experienced growth rates running at, or slightly above, their 1965 levels. In Brazil the rate of inflation has been further moderated, while Venezuela has continued on its prosperous course of the last few years. Argentina had a difficult year and production was down on 1965.

Our business in Indonesia was put under Government supervision three years ago, although we retained the legal ownership. In February, 1967, the Indonesian Government promised gradually to withdraw this supervision, and to return the management of the business to us in May, 1967.

TAXATION

There have been no further developments following the announcement by the Netherlands Government, mentioned in last year's Report, of its intention to modify the proposals for the reform of company taxation.

The temporary increase in the general rate of Dutch corporation tax from 46 per cent to 47 per cent has been retained for 1967.

As an incentive to investment the United Kingdom instituted a system of cash grants towards the cost of certain plant and machinery. This replaced a system under which additional tax allowances were given on all new plant and machinery and some buildings. Although the change has meant little difference to *LIMITED* in terms of money, it has a marked effect on the consolidated net profit because, under the earlier system, the allowances reduce the tax charge for the year in the profit and loss account—Fl. 22.5 million in 1965—whereas under the new system the grants reduce the cost of the assets in the balance sheet—Fl. 33 million in 1966. Under the new system the charge for deprecia-

tion will be reduced, but the benefit to the profit and loss account will be spread over the life of the assets.

Several countries have increased, or intend to increase, their taxes on profits. The most important for us is the 6 per cent surcharge on the present tax rate which is proposed in the United States.

As forecast in last year's Report, both the Dutch and United Kingdom withholding taxes on dividends payable to United States shareholders now amount to 15 per cent, except that United States non-profit-making charitable organisations and pension trusts are exempt from Dutch withholding tax until 8th July, 1968, in respect of Dutch shares held by them on 30th April, 1965. These withholding taxes have also been changed for shareholders in other countries.

UNITED KINGDOM: MONOPOLIES COMMISSION AND DETERGENTS

The British Monopolies Commission's Report on the supply of household detergents in the United Kingdom was presented to Parliament in August. The Commission found that 'monopoly' conditions prevailed (in the special meaning of the Monopolies Acts), inasmuch as both Unilever Limited and Procter & Gamble Limited each supplied more than one-third of all household detergents in the United Kingdom; they concluded that neither 'monopoly' position, as such, operated against the public interest, nor might it be expected to do so; but they took the view that the policies pursued by both companies on advertising and promotion, and their price policies, were things done by them as a result of, or for the purpose of, preserving their 'monopoly' positions, and were things which operated, and might be expected to operate, against the public interest.

The Commission recommended that substantial reductions should be made by both companies in their wholesale selling prices for household detergents, and that the Board of Trade should encourage the two companies to agree that a substantial reduction in selling expenses should accompany the price reductions.

Lever Brothers & Associates Limited, the Unilever company immediately concerned, at once announced its disagreement with these conclusions and recommendations. Procter & Gamble did the same, while the Commission's Report was subject to

strong and almost unanimous criticism by the British press. Since then the Board of Trade, upon whom rests the responsibility of deciding the extent, if any, to which the Commission's recommendations are to be implemented, has been discussing the matter with each of the companies concerned.

In these discussions we have pointed out that the Commission's suggestion that these companies' profits were too high rests upon a comparison between the profits earned by them on capital employed and the profits earned on average by manufacturing industry generally, and we have stressed that it is a grotesque misuse of statistics to average out the return on capital achieved by an assortment of vastly differing enterprises, including those of minimum efficiency, and then to criticise those whose performance is better than the average.

We have consistently urged that to carry out the Commission's recommendations would in fact be harmful to the public interest, except on the narrow view that 'public interest' means no more than a short-lived price reduction for the products now in existence. We have pointed out that there is no causal chain of connection between high expenditure on advertising and a 'monopoly' share of the market, and that with a less concentrated market expenditure on advertising would in fact have been higher.

We have emphasised that action such as the Commission recommended would stifle competition rather than encourage it; would discourage research and the development of new products, at the expense of the consumer and exports; would narrow the range of choice available to the housewife; and would impose a serious handicap upon an important sector of British industry that is facing strong international competition. For these reasons we have felt obliged to refuse all suggestions that we should voluntarily implement the Commission's recommendations as they stood.

We have, however, told the President of the Board of Trade that we are willing to extend for a further two years the undertaking to hold prices that we gave when, in 1965, the Prices and Incomes Board recommended that there should be a standstill on prices until the end of 1966. We have also offered to take certain alternative measures which in our view, without destroying the consumer's freedom of choice, should achieve the basic objective which the Commission appeared to have in mind.

At the moment of writing our proposals are still under discussion. If, however, the President of the Board of Trade should reject them and decide to impose price reductions upon our full

range of detergent products by compulsory order, we have left him in no doubt that we shall challenge the validity of such an order by all legal means open to us, and that we shall do all in our power to call to public attention the harmful effects that his action is likely to have upon British competitive power.

ANALYSIS OF TURNOVER

	1957		Fl. million		1966	
		%		%		%
Margarine, other edible fats and oils	3,791	21	4,176	18	4,231	17
Other foods	1,658	9	4,076	17	4,650	19
Detergents and toilet preparations	3,263	18	4,769	20	4,808	20
Animal feeding stuffs	1,309	7	1,984	8	1,998	8
Merchandise and other activities of United Africa Group, and plantations	2,471	13	2,301	10	2,324	10
Paper, printing, packaging, plastics, chemicals and other interests	484	3	1,158	5	1,178	5
SALES TO THIRD PARTIES	12,976	71	18,464	78	19,189	79
Internal sales (mainly oils and fats)*	5,321	29	5,117	22	5,054	21
TOTAL TURNOVER	18,297	100	23,581	100	24,243	100

* *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.*

PRODUCT CO-ORDINATION

With increasing competition, and with many national markets becoming more and more alike as trade flows more freely across the frontiers and consumers' tastes converge upon a common pattern, it has become clear that management control on a geographical or regional basis, though essential for ensuring uniformity of policy within an individual country, is not the complete answer. Accordingly, step by step, product co-ordinating teams have been introduced for the main product groups, their task being the formulation of policies that would stimulate expansion anywhere in the world where opportunity offered.

Product co-ordination is achieving its object of increasing our professionalism, and thereby sharpening our effectiveness with the consumer and against competition, by adopting, wherever practicable, consistent policies throughout Unilever.

MARGARINE, OTHER EDIBLE FATS AND OILS

World consumption of margarines shows only a small increase over last year and our own total sales show a similar picture. Raw material prices, though lower on average than the high level of 1965, were still above those of recent years. Strict price control continued in a number of countries. Margins have been under pressure in some countries, but in total, profits showed a slight improvement, despite the fact that a loss was incurred in the United States.

Sales of our premium quality margarines have again improved in various markets. We have done well in developing products designed to meet consumers' diversified and specialised needs, particularly Flora and SB in Germany and Bona in the Netherlands.

In the United Kingdom the market was affected by increased supplies of cheaper priced butter.

Economic difficulties in the countries where vegetable ghee forms a substantial part of the staple diet have resulted in a shortage of raw materials which has caused a reduction in our sales and profits.

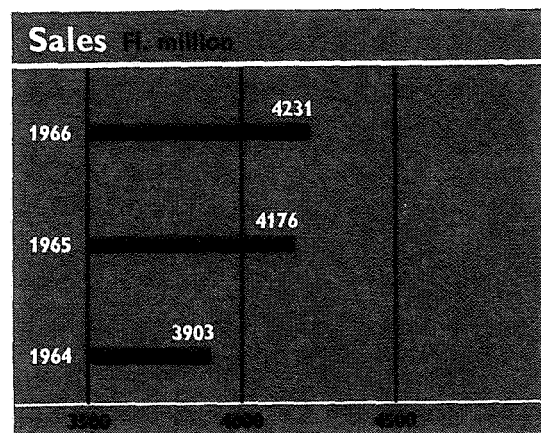
Our total sales of domestic-cooking shortenings and compound fats generally have been maintained and our industrial trade has improved, particularly in the United Kingdom and Australia, but this is a highly competitive field.

The edible oil business has continued to grow, particularly in the industrial fields. Sales of Livio in Germany increased in the distributive consumer market.

OTHER FOODS

This has been another good year, with sales considerably increased and profits showing a higher rate of growth. The return on capital employed and turnover in this group has always been lower than for other branded goods, but the gap has been greatly narrowed in the last few years. The policy of specialisation and international development is yielding good results and the future looks promising.

Quick-frozen foods and ice cream have again shown themselves an area of vigorous growth and opportunity. Birds Eye in the United Kingdom for the thirteenth year running made increased



profits on substantially increased sales. Wall's Ice Cream in the United Kingdom has recorded a good profit which for the first time fully reflects the economies achieved by reorganisation. The integrated frozen food and ice cream companies in Germany, the Netherlands, Belgium and Austria made good progress. Streets in Australia, up against the competition of cut price bulk packs of ice cream in supermarkets, had a difficult year. So too had the ice cream businesses in the United States and South Africa. In New Zealand we acquired the interests in frozen products of Fropax (N.Z.) Ltd., and this gave us entry into the ice cream market in that country.

In the United States, after five years of intense competition in the dried soup market, Thomas J. Lipton Inc. finished the year in a strong position with higher sales and market share, and good profits. Batchelors Foods, in the United Kingdom, have also made marked progress with dried soups.

The canned soup businesses in the Netherlands, Belgium, Germany and Sweden achieved better results.

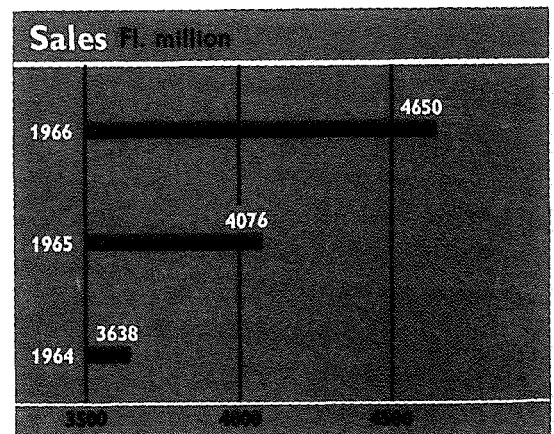
In the Netherlands our Unox meat business had an improved year due to more plentiful supplies of pigs. In the United Kingdom, however, most meat processing companies have been adversely affected by a steep rise in pig prices, and this has squeezed T. Wall & Sons' margins on their meat products. In Germany, Emil Schafft, our meat business, is developing well.

Total tea consumption in the United States showed a small increase over the previous year, thus reversing the trend of the last four years. Thomas J. Lipton Inc. continued to make progress with tea bags and in the developing market for instant tea and iced tea mixes.

Developments in prepared meals are going on in a number of countries. So far, our most successful established product is unquestionably Batchelors' Vesta range, in the United Kingdom, which had another year of good growth in sales and profits.

Good progress was recorded in the dressings and condiments product group. Lipton in the United States continued to do well with their Wishbone Dressings.

"Nordsee" Deutsche Hochseefischerei G.m.b.H. in Germany had a difficult year, mainly because catches were on the low side and, despite this, prices were depressed. John West Foods in the United Kingdom increased their sales and profits, although red salmon, their major line, was in short supply. At the end of 1966 this company took over from third parties the selling of our Dutch Unox products in the United Kingdom.



Although food retailers in the United Kingdom found it difficult to increase turnover, Mac Fisheries' operational efficiency showed a marked improvement, following the assimilation of the Premier Supermarkets they acquired in 1964; as a result profits were substantially better.

The main cheese businesses in Germany, Belgium, Italy and South Africa continued to increase their sales.

DETERGENTS AND TOILET PREPARATIONS

DETERGENTS

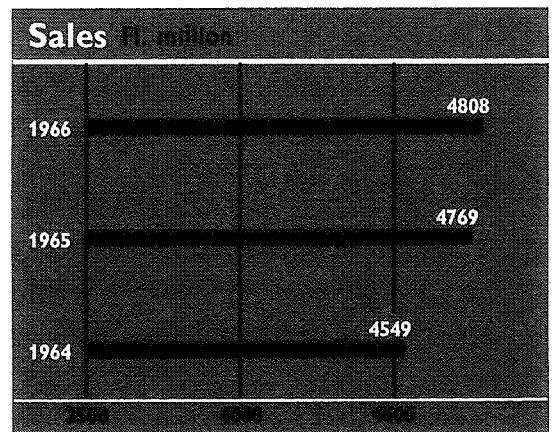
This is the area in which competition is at its fiercest, and in 1966 the contest between ourselves and our major international competitors grew in intensity. It centred particularly upon washing powders, the sector that accounts for nearly half of our detergent sales and profits. The brunt of the attack fell in North America and in Europe, especially in Germany. New brands launched by our competitors and backed by very heavy advertising and promotion inevitably bit into the market share of existing products, both competitors' and our own. It therefore comes as no surprise to find that in the United States, where this competition was at its most severe, Lever Brothers Company had a sharp set-back in both sales and profits, a fall in the sales of laundry detergents being the largest single cause.

In the light of these facts, and bearing in mind too that in many of our main markets we are facing stringent price control, it must be considered not unsatisfactory that our detergent profits, in total, have shown some improvement.

Of particular products, our washing powders have developed well in the South American and African continents and a powder specially designed for the markets of South East Asia has made good progress. A product formulated for use in automatic washing machines has made marked progress, particularly in France, and our light duty powder for washing modern fabrics has grown in importance in many European countries.

Lux Liquid for dishwashing has registered increased sales, especially in France and Germany. Lever Brothers Company in the United States continued to make progress with 'all' for automatic dishwashers; we are introducing a similar product under the brand name Sun in other markets.

In the toilet soap field, we have done particularly well this



year, and have increased our share of the total world market available to us. This is primarily thanks to a marked increase in sales of Lux Toilet Soap following the product improvements introduced in the last two years, a success that has been particularly marked in Australia. Rexona, a deodorant soap, (in some countries sold under the brand name Reward) has developed well, particularly in France and Germany and also in many other European and overseas markets. Lifebuoy Toilet Soap continues to make progress. Notwithstanding the general decline in the use of household soap, our sales in a number of markets have increased.

Vim scourer has more than maintained the marked improvement in sales achieved last year, particularly in the United Kingdom, Spain, Turkey and India. Dual, the floor cleaner and polisher, has been introduced into more markets, thus strengthening our position in this specialised household cleaner field; progress in these new markets has been encouraging, especially in Germany. We have also done well with bleaches in the three countries where we market them.

Sales of detergents for industrial use have generally maintained the improvements achieved last year, progress in Italy, Austria, Germany and New Zealand being particularly satisfactory.

TOILET PREPARATIONS

Our sales of toilet preparations have increased in 1966; profits have also improved.

Toothpastes have shown modest progress. Gains for S.R. in the United Kingdom and Signal in France were noteworthy, but we lost ground in Germany. There was a more marked increase in sales of shampoos, both in medicated brands and in those designed primarily for hair beauty.

The hairspray market has become large by toiletry standards and we have introduced products in a number of countries during the year, with encouraging results. Interesting experience has also been obtained in deodorants and hair colourants where the scale of our operations is as yet small.

The extension of our research laboratories at Isleworth in the United Kingdom, the first stage of which was completed in 1966, has given us improved facilities for development in these newer fields.

ANIMAL FEEDING STUFFS

In the Netherlands the total market showed a modest increase, and N.V. Mengvoeder U.T.-Delfia maintained its market share notwithstanding fierce competition. Turnover in cattle feeds was higher and in pig and poultry feeds about the same as in the previous year. Our business scored special sales increases with pig feeds in cubes and also with a milk replacer for rearing calves.

In the United Kingdom, our sales of cattle food declined marginally in volume on a market substantially the same as a year ago. With a cyclical decline in the size of the pig breeding herd and home grown barley plentiful, demand for pig compound feeds dropped. Sales of poultry feeds also, while showing an increase for the first half of the year, fell away in the second half, and over the full year the national demand was lower than in 1965. We sold more concentrates both for pigs and for poultry. Competition has been intense, particularly from the country compounders, and this has put pressure on margins. Nevertheless, the substantial share of the market held by our three companies has been well supported by the work of our nutritional experts and field staffs, and a number of new products and management techniques have been introduced during the year.

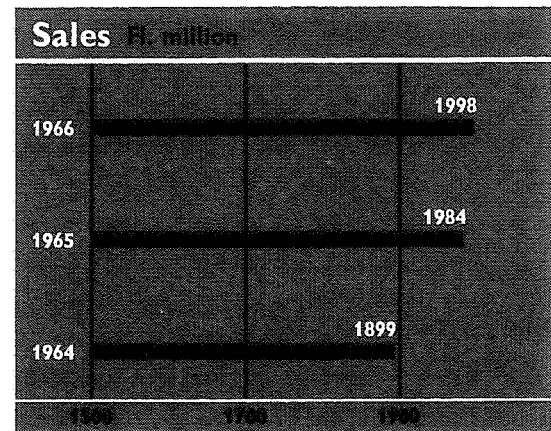
In the Republic of Ireland we acquired, last May, Paul and Vincent Limited, a Dublin firm of animal feed manufacturers.

In France, sales of compound feeds improved, despite some loss of broiler feed tonnage.

Progress is being maintained in cattle foods in South Africa and we have made a marked increase in sales of poultry feeds in India and Pakistan.

PAPER, PRINTING, PACKAGING AND PLASTICS

During the year the Packaging Group as a whole has increased its turnover. Profit margins on board packages have been somewhat lower. Margins for specialised products and more sophisticated packaging materials have been held at approximately their 1965 level, and our ability to manufacture these has stood us in good stead. Our Dutch and German plants made better profits, and our new ventures in Australia, France and Nigeria made a larger contribution. It was a lean year for the industry in general in the United Kingdom, and the profits of Thames Board Mills dropped considerably.



CHEMICALS

The chemical businesses had another year of intense competition.

Sales and profits of Unilever-Emery N.V. in the Netherlands both showed satisfactory improvements.

The industrial slowing down in the United Kingdom affected our companies there. Sales, however, were held virtually at the same level as in 1965 but lower margins meant reduced profits. Food Industries Limited, whose formation was reported last year, decided to concentrate production on a single site on Merseyside in place of the four flavour factories operating at present, but this move will take some time to complete. The selling activities of Cumming, Parsons Limited, who make flavourings, were amalgamated with those of Food Industries Limited at the end of 1966.

Sales of our perfumery business were lower than in 1965, and a serious loss was incurred in stocks of essential oils.

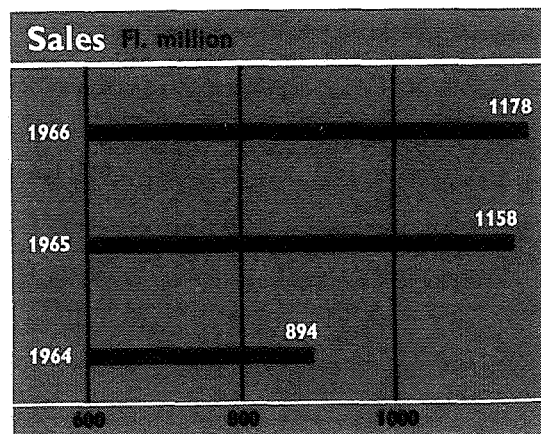
THE UNITED AFRICA GROUP

Sales in the United Africa Group increased slightly in 1966 but profits were lower. Our textiles operations in particular were in total much less profitable, and in Nigeria they made a loss. Palm Line had a difficult year and returned a small loss as a result of a fall in the volume of traffic, uneconomic freight rates and the costly strike of seamen in the United Kingdom. On the other hand, the foods and motors businesses improved their results. The technical business continued to do well and the profits of both the pharmaceutical companies and Kingsway Stores were maintained. Timber results fell from the exceptional levels recorded last year, most of the decline occurring in Ghana where fiscal and other Government action had detrimental effects.

Apart from textiles, results in the industrial field were generally satisfactory. The breweries continued to be an excellent investment.

Political and economic conditions were steady in French-speaking Africa and our businesses there did well. Political conditions in the Congolese Republic (Kinshasa) were more stable and turnover increased. In Nigeria the unsettling effects of political disturbances frustrated the expected improvement in results, and our total profits remained low in relation to the size of our investment. In Ghana the Government has taken energetic measures to end inflation and bring the balance of payments under control.

PAPER, PRINTING, PACKAGING, PLASTICS AND CHEMICALS



PLANTATIONS

By the middle of the year we had regained possession of all our plantation areas in the Congolese Republic (Kinshasa). Damage at the last two areas re-occupied, which had been longest in rebel hands, though severe, was not irreparable. The pace of rehabilitation has depended on the availability of labour, but good progress has been made and production was noticeably up on 1965. Given a continuation of settled conditions, and the gradual return of our workers, there will be a much more significant crop increase in 1967.

The location of our estates in Nigeria is such that we were virtually unaffected by the mass movement of workers between the various regions that followed on the disturbances there, and work continued normally.

In Africa generally, it was not a good climatic year for oil palms, but Malaya produced heavy crops, so that, in spite of considerably lower selling prices for all our main crops, profits were maintained at the 1965 level.

The end of Indonesia's 'confrontation' of Malaysia gives us reason to hope that our act of faith in establishing oil palm plantations in Sabah (North Borneo) has been justified, and production is expected to begin in April, 1967.

The following table shows the output of the main crops of all our plantations for the last three years (in tons):

	1964	1965	1966
Palm Oil	63,700	58,400	71,800
Palm Kernels	23,400	21,000	23,500
Rubber	9,600	8,000	9,100
Copra	5,900	6,000	5,400

The year saw the commissioning of two new factories—a new palm oil mill at Lobe Estate in the West Cameroons, which incorporates many of the new techniques and plant we have tried out over the last three years at our first continuous screw press mill in Malaya, and a factory for our small tea estate in the Kivu area of the Congo.

EXPORTS

Although we export our products from a steadily increasing number of countries, our exports from the Netherlands and the United Kingdom are still the most important; including United Africa Group merchandise, the trend of exports from these two countries is as shown below:—

	Fl. million		
	1964	1965	1966
Netherlands	443	418	422
United Kingdom	447	506	499

Exports from the Netherlands of meat products to the United Kingdom and the United States and those of chemicals were up. Exports of other commodities were on balance about the same as last year.

There was a fall in the United Africa Group's exports from the United Kingdom, partly because of the shipping strike, but this decline was almost wholly offset by a rise in exports of the products of all our other commodity groups.

FINANCE

Source and use of funds (figures in red represent reductions):—

	1962	1963	1964	1965	1966
Net Liquid Funds—1st January					
(Cash and bank balances and marketable and short-term securities less bank advances)	420	888	923	595	396
Increase / decrease during year	468	35	328	199	309
Net Liquid Funds—31st December	888	923	595	396	705

Details of increase / decrease during year:

Source of Funds:

Profits re-invested in the business	324	342	397	411	361
Depreciation charged against profit	341	365	412	453	500
Proceeds of disposals of fixed assets	48	51	75	69	61
New loan capital less repayments	178	29	148	170	711
	<u>891</u>	<u>729</u>	<u>1,032</u>	<u>1,103</u>	<u>1,633</u>

Use of Funds:

Capital expenditure	565	614	653	673	605
Additional/reduced working capital other than cash	267	16	362	410	8
Subsidiaries acquired	44	107	347	129	105
Subscriptions to trade investments	58	16	89	14	46
Preferential capital retired less proceeds of capital issues	9	0	42	96	519
	<u>391</u>	<u>753</u>	<u>1,493</u>	<u>1,322</u>	<u>1,283</u>

Other Sources / Uses	32	59	133	20	41
Increase / decrease during year	468	35	328	199	309

A reversal of the upward trend of capital expenditure (investment grants in the United Kingdom estimated at Fl. 33 million have been deducted in 1966), a minor increase in working capital and a moderate outgoing on new acquisitions all contributed to a recovery of the liquidity lost in the two previous years. Important new acquisitions in Canada were the Myriad liquid detergent, the Hygrade meat and the Puritan Cannery businesses and in the United States the Glamorene Products detergents and the Morton House Kitchens food businesses. In New Zealand we acquired the frozen products interests of Fropax (N.Z.) Ltd.

The issue by LIMITED of £ 57 million unsecured loan stock under the Scheme of Arrangement is reflected in new loan capital and the £ 51 million preferential capital cancelled is shown under preferential capital retired. n.v. received the proceeds of Fl. 225 million nominal of the Fl. 300 million nominal of 6% Notes, issued at 98 per cent in December 1965. The remainder of the proceeds are due in 1967. Lever Brothers Limited, Canada, received the balance of Can. \$ 2.3 million of the Can. \$ 10 million 6% loan issued in 1965. During 1966 a new loan was raised of Rand 2 million at 7½% by Lever Brothers (Pty.) Limited, South Africa.

CAPITAL PROJECTS

Among the major projects completed in 1966 were:—

- | | |
|-----------------|---|
| Netherlands: | Silo at Hoogkerk;
Food research laboratory at Duiven;
Second spray-drying tower at Vlaardingen;
Fatty acid separation plant at Gouda; |
| United Kingdom: | Oil hardening plant at Bromborough;
Additional freezing and processing plant at Lowestoft;
Bulk delivery installation for compound feeds at Bristol;
Integrated pulp and board mill at Workington;
Toilet preparations research laboratory at Isleworth;
Extension of synthetic aromas plant at Ashford; |
| Germany: | Two refrigerated factory trawlers for "Nordsee";
Extension of plastic bottle factory at Neuss; |
| Kenya: | Synthetic detergent plant at Nairobi; |
| Cameroon: | Palm oil mill at Lobe; |
| Nigeria: | Textile printing factory at Onitsha; |
| Zambia: | Soap and edible oils and fats factory at Ndola; |
| South Africa: | Warehouse at Durban. |

Expenditure of Fl. 664 million was approved in 1966; the more important items are listed below:—

	Fl.
MARGARINE, OTHER EDIBLE FATS AND OILS	62,000,000
Modernising of installations for oil refining in the Netherlands and Germany	
Extension of storage and distribution facilities in Germany	
Hydrogen production plant at Brake, Germany	
OTHER FOODS	191,300,000
Extension of manufacturing, storage and distribution facilities for ice cream and quick-frozen foods in the United Kingdom, Germany and Italy	
New trawlers for "Nordsee", in Germany and North Eastern Fish Industries in Canada	
Spray-drying equipment for instant tea at Suffolk and Independence, United States	
Extension and modernising of soup production in the Netherlands and Sweden	
Warehouse for canned goods at Liverpool, United Kingdom	
Production facilities for cheese at Hamburg-Bahrenfeld, Germany	
DETERGENTS AND TOILET PREPARATIONS	78,300,000
Spray-drying and sulphonation plant at Buenos Aires, Argentina	
Packing facilities at Baltimore and Hammond, United States	
Sulphonation plant at Hammond, United States	
Packed stock warehouses in Belgium and Finland	
Extension of toilet soap production facilities at Vlaardingen, Netherlands	
ANIMAL FEEDING STUFFS	24,300,000
Production and storage facilities in the United Kingdom and Ireland	
MERCHANDISE, AND OTHER ACTIVITIES OF THE UNITED AFRICA GROUP AND PLANTATIONS	33,800,000
Warehouse extension, Tema, Ghana	
Improvement to palm oil mill, Ndian, Camerouns	
PAPER, PRINTING, PACKAGING, PLASTICS, CHEMICALS AND OTHER INTERESTS	127,000,000
Corrugator plant, Cumbernauld, United Kingdom	
Production facilities for chemicals at Bromborough, United Kingdom	
Jasmine plantation and extraction plant at Alanya, Turkey	
Extension of fatty acid distilling and fractionating plant at Emmerich, Germany	
GENERAL	
Motor vehicles (less sales of old vehicles)	64,600,000
Additional research facilities mainly in the Netherlands, United Kingdom, Germany and the United States	73,300,000
Housing and welfare facilities for employees	9,400,000
	<u>Total</u> <u>Fl. 664,000,000</u>

The geographical pattern of the expenditure approved was as follows:—

	Fl. million	%
Europe	476	71.7
North and South America	92	13.9
Africa	59	8.8
Rest of the World	37	5.6
	<u>Total</u> <u>664</u>	<u>100.0</u>

RESEARCH

Our research facilities continue to be extended to serve the many types of business in which we operate.

New catalysts for the processing of vegetable oils have enabled us to make margarines of better flavour and keeping properties whilst still retaining a high content of poly-unsaturated fatty acids. Our own research staff, as well as a number of independent workers, have brought out the importance of poly-unsaturated fatty acids as a significant dietary factor in reducing the risk of cardiovascular disease.

Research into methods of dehydration has led to the development and marketing of prepared meals and dehydrated vegetables. Horticultural research involving the development of better varieties of vegetables and methods of growing and harvesting them has improved the supply of our raw materials.

New detergent products have been developed, and existing products modified, to increase their efficiency in the washing of fabrics incorporating synthetic fibres and new types of textile finishes.

Two recent products which originated in our research, namely Dual, a product which cleans and polishes floors in one operation, and Lux with Dermasil, a dish-washing liquid that incorporates an ingredient that is helpful to the hands, are now achieving commercial success.

Another notable feature in which our laboratories have played a significant part has been the smooth changeover in a number of countries from biologically 'hard' to biologically 'soft' detergent materials, which decompose more completely during sewage treatment.

Research into the physics and chemistry of hair is also showing us new ways of adding beauty to the hair.

PERSONNEL

Our total number of employees world-wide is now 300,000 of whom 32,800 are in positions of management.

In the United Kingdom the Government's Incomes Policy, which had operated on a basis of voluntary restraint since the Declaration of Intent signed by Government, employers and unions in December 1964, was generally observed by our companies and the trade unions with which we are concerned. This

was followed in July 1966 by a total standstill of both prices and incomes. The arbitrary nature of the incomes standstill has had an uneven impact on different groups of employees. Our adherence to the Government's policy has necessitated the postponement of salary and wage increases which would otherwise have been given.

In the Netherlands, by contrast with the United Kingdom, there has ever since the last war been a close Governmental control of prices and incomes. However, after a long period of restraint, there has more recently been a rapid acceleration in the rate of wage increases, with the result that in the last three years, 1964–1966, average wage costs per hour have gone up by more than 40% (compared with a rise of less than 20% in the United Kingdom during the same period).

One of the central services which has been expanding rapidly in recent years is our Research Division. Since 1960 the number of scientists employed in our research laboratories in various parts of the world has more than doubled and is now over 900. Our research laboratories have achieved in recent years a very good scientific reputation. Relationships with the relevant departments of universities in the countries where our laboratories are located have developed most satisfactorily. These two factors have resulted in young scientists increasingly being attracted to working with us. Nevertheless, maintaining a sufficient flow of top-quality scientists into the Division requires a major recruitment effort. We have had some success in counteracting the 'brain drain' from the United Kingdom to the United States. During the last two years, 28 British scientists have returned from universities in the United States to work in our research laboratories in the United Kingdom, and it is expected that about 15 more will return in 1967. Their experience of working in the United States is of considerable value to us.

Unilever's pension contributions for its own and other pension schemes, including State pensions, and other payments for employees' retirement and death benefits amounted in 1966 to Fl. 272 million. The assets of the Unilever pension and provident funds increased from Fl. 2,362 million to Fl. 2,575 million.

CAPITAL AND MEMBERSHIP

A Scheme of Arrangement between LIMITED and its members was approved by meetings of members held on the 20th September, 1966 and, as sanctioned by an order of the High Court of Justice dated the 24th October, 1966, became effective on the 2nd December, 1966. The main object was to mitigate the increased cost of dividend distributions that has resulted from the introduction of corporation tax in the United Kingdom. Under this Scheme £ 51,150,683 of LIMITED's preferential capital was cancelled and £ 56,922,166 of new Unsecured loan stock 1991/2006 was issued in consideration. By special resolution LIMITED also cancelled its £ 25,993,561 unissued preferential capital and maintained its authorised capital at £ 141,418,750 by an increase of £ 77,144,244 in its unissued ordinary capital. To reduce the risk of confusion the preferential capital remaining after the Scheme became effective has been redesignated; the 7 per cent and 5 per cent Cumulative preference, 8 per cent Cumulative A preference and 20 per cent Cumulative preferred ordinary stocks being respectively redesignated 7 per cent First and 5 per cent First Cumulative Preference, 8 per cent Second Cumulative Preference and 20 per cent Third Cumulative Preferred Ordinary stocks (the Scheme of Arrangement is referred to in note 1 on Statement D, page 41).

At the year end LIMITED had 72,568 ordinary and 1,550 preferential shareholders, and 125,783 debenture and unsecured loan stockholders. n.v.'s share and loan capital being 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 the Parent Companies are shown in the consolidated profit and loss accounts (Statement A) on page 32.

The interim dividend on the ordinary capitals for 1966, and the final dividends now recommended by the Directors are as follows:—

	n.v. per Fl. 20 nominal:	LIMITED per 5s. nominal:
Interim	Fl. 2.53 (1965: Fl. 2.53)	9d. (1965: 9d.)
Final	Fl. 1.68 (1965: Fl. 1.69)	6d. (1965: 6d.)
Total	<u>Fl. 4.21 (1965: Fl. 4.22)</u>	<u>1s. 3d. (1965: 1s. 3d.)</u>

These dividends are equivalent in value under the terms of the Equalisation Agreement.

It is intended to make the final dividends on the ordinary shares of both companies payable as from 16th May, 1967, 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 as from 27th May, 1967.

After payment of the ordinary dividends for 1966, it is proposed to set aside Fl. 34,272,000 (N.V. Fl. 14,000,000, LIMITED £ 2,000,000 or Fl. 20,272,000) to reserve for replacement of fixed assets (on behalf of subsidiaries), leaving a further amount of Fl. 326,327,000 to be added to the profits retained in the business.

It was stated last year that the first dividend on which LIMITED, in accordance with the United Kingdom Finance Act, 1965, would have to account to the Inland Revenue for income tax deducted was likely to be the final dividend for 1966. Provisions in the United Kingdom Finance Act, 1966, have resulted in this obligation being advanced to the interim dividend for 1966 paid on the 9th December, 1966 and to the preferential dividend paid on the 2nd January, 1967. The effect of the obligation being advanced has, however, been mitigated by bringing the cancellation of the preferential capital into effect before the end of 1966.

DIRECTORS

At the Annual General Meetings in 1966 Mr. J. J. H. Nagel was elected to the Boards of N.V. and LIMITED.

Mr. M. M. van Hengel, after more than 50 years' service with Unilever, retired on medical grounds on 1st September, 1966 from the Boards of both Companies. The Directors place on record their great appreciation of his long and excellent service.

The Directors also record their appreciation of the services of Mr. Colin Baxter, who resigned from the Boards of both Companies in December, 1966 on taking up an appointment outside Unilever.

In Accordance with Article 21 of the Articles of Association all the Directors retire at the Annual General Meeting and offer themselves for re-election.

In May, 1966, Dr. F. J. M. A. H. Houben was appointed an Advisory Director of N.V.

SECRETARY

Having reached retirement age, Mr. E. A. Hofman, who was appointed Secretary of N.V. in 1940 and was also appointed a Secretary of LIMITED in 1962, will relinquish office in May, 1967. The Directors take this opportunity to pay tribute to his many years of outstanding service to Unilever. Mr. A. A. Haak will be his successor in both appointments.

AUDITORS

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

Rotterdam, 21st March, 1967.

ON BEHALF OF THE BOARD,

H. S. A. HARTOG, *Chairman.*

COLE, *Vice-Chairman.*

STATEMENT A

Consolidated profit and loss accounts

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. 000's. *Figures in red represent deductions.*

N.V.		LIMITED		COMBINED	
1966	1965	1966	1965	1966	1965
9,963,536	9,511,466	9,225,118	8,952,622	1 Sales to third parties	19,188,654 18,464,088
9,292,361	8,872,254	8,673,071	8,402,106	2 Costs	17,965,432 17,274,360
671,175	639,212	552,047	550,516	3 Operating profit	1,223,222 1,189,728
11,991	9,260	19,583	15,802	4 Income from trade investments	31,574 25,062
14,569	11,694	13,876	11,444	5 Income from marketable and short-term securities	28,445 23,138
36,377	23,343	44,355	16,745	6 Interest on loan capital	80,732 40,088
518	7,609	2,291	4,602	7 Other interest	2,809 12,211
660,840	629,214	538,860	556,415	8 Profit before taxation	1,199,700 1,185,629
302,783	286,773	238,530	235,236	9 Taxation based on profit for the year	541,313 522,009
358,057	342,441	300,330	321,179	10 Profit for the year after taxation	658,387 663,620
6,897	14,226	6,193	8,241	11 Exceptional items	13,090 5,985
14,702	17,267	4,065	6,487	12 Outside interest in results of subsidiaries	18,767 23,754
336,458	339,400	290,072	306,451	13 Consolidated net profit	626,530 645,851
14,694	14,694	14,981	25,888	14 Preferential dividends	29,675 40,582
321,764	324,706	275,091	280,563	15 Profit accruing to ordinary capital	596,855 605,269
134,754	135,075	101,502	59,630	16 Ordinary and Deferred dividends	236,256 194,705
14,000	15,000	20,272	20,272	17 Fixed assets replacement reserve	34,272 35,272
173,010	174,631	153,317	200,661	18 Other profits retained	326,327 375,292
187,010	189,631	173,589	220,933	19 Profit retained in the business	360,599 410,564

Notes

Recognising the seasonal nature of their operations, some companies having substantial interests in Africa close their financial year on 30th September. Commencing in 1966 the results and net assets of these companies have been consolidated on the basis of their accounts at 30th September, whereas in previous years they have been consolidated on the basis of interim accounts at 31st December. Their results of the quarter ended 31st December, 1965, which are included in the consolidated profit and loss accounts for 1966 and 1965, have been eliminated from profits retained at 31st December, 1965, as shown in note 3 on statement B. This change has had no material effect on the result for 1966.

1 Sales have been converted to guilders at the rates of exchange ruling at the end of each quarter.

2 Costs include:—

N.V.		LIMITED		Fl. 000's	COMBINED	
1966	1965	1966	1965		1966	1965
256,915	226,943	243,254	226,235	Depreciation	500,169	453,178
2,190	2,149	3,943	3,781	Emoluments of Directors as managers including contributions to pension funds for superannuation	6,133	5,930
606	164	710	659	Superannuation of former Directors	1,316	823

3 Operating profit for the whole of each year has been converted at the respective year-end rates.

6 LIMITED 1966 figures include interest for the second half-year, Fl. 22,107,000, on unsecured loan stock issued in consideration for preferential capital cancelled. There is at the same time a reduction in the gross cost of preferential dividends.

9 Taxation in LIMITED in 1966 comprises United Kingdom corporation tax Fl. 165,987,000 less foreign tax relief Fl. 27,570,000 and foreign taxes of Fl. 100,113,000. Tax relief on investment allowances was: N.V. Fl. 1,910,000 (1965 Fl. 3,661,000), LIMITED Fl. 4,054,000 (1965 Fl. 22,553,000). In 1966 United Kingdom investment allowances were replaced by investment grants which have been applied to reduce the cost of new capital expenditure.

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

11 Exceptional items are as follows:—

N.V.		LIMITED		Fl. 000's	COMBINED	
1966	1965	1966	1965		1966	1965
101	6,817	456	4,399	Taxation adjustments—previous years	355	11,216
6,796	7,409	6,649	12,640	Other	13,445	5,231
6,897	14,226	6,193	8,241		13,090	5,985

Taxation adjustments arise mainly from refunds of taxes and release of provisions no longer required. 'Other' exceptional items—shown after deduction of related taxation—are a balance of several items not applicable to current trading and include for 1966 United Kingdom 'overspill' tax relief of Fl. 6,588,000. This is a transitional relief of tax on overseas income on the introduction of corporation tax.

14 Dividends are declared gross. N.V. pays its dividends gross, but LIMITED as a result of transitional arrangements under the Finance Act 1965, continued to retain United Kingdom income tax, deducted at the standard rate in force on the date of payment, from all dividends payable for 1965 and the preferential dividend for the first half-year 1966. Tax deducted from the interim and final ordinary 1966 and preferential dividend for the second half-year 1966 has been, or will be, accounted for to the United Kingdom Revenue.

Dividends are as follows:—

N.V.		LIMITED		Fl. 000's	COMBINED	
1966	1965	1966	1965		1966	1965
14,694	14,694	24,073	44,061	Preferential dividends—gross	38,767	58,755
—	—	9,092	18,173	United Kingdom income tax retained	9,092	18,173
14,694	14,694	14,981	25,888		29,675	40,582
134,754	135,075	101,502	101,502	Ordinary and Deferred dividends—gross	236,256	236,577
—	—	—	41,872	United Kingdom income tax retained	—	41,872
134,754	135,075	101,502	59,630		236,256	194,705

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 Trustees of the Leverhulme Trust have waived their right to that part of the 1965 and 1966 LIMITED ordinary dividends which flow back to the Company.

17 In view of the continued rise in the cost of replacement of plant, machinery and other equipment it is proposed to set aside Fl. 34,272,000 (N.V. Fl. 14,000,000, LIMITED Fl. 20,272,000 or £ 2,000,000) of the retention of the profit for the year 1966 to fixed assets replacement reserve. In 1965 the amount set aside was Fl. 35,272,000 (N.V. Fl. 15,000,000, LIMITED Fl. 20,272,000 or £ 2,000,000).

Consolidated balance sheets

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. 000's. *Figures in red represent deductions.*

N.V.		LIMITED		COMBINED	
1966	1965	1966	1965	1966	1965
265,060	265,060	52,130	570,596		
640,165	640,165	544,044	544,044		
2,007,577	1,864,254	2,762,857	2,701,837		
2,647,742	2,504,419	3,306,901	3,245,881		
118,777	123,026	75,523	75,859		
575,219	462,859	994,433	395,912		
306,000	281,000	463,216	454,093		
111,690	118,582	111,690	118,582		
4,024,488	3,754,946	4,780,513	4,623,759		
2,049,981	2,006,069	2,559,908	2,529,946		
153,181	133,439	163,524	139,329		
122,126	145,833	36,145	20,414		
2,325,288	2,285,341	2,759,577	2,689,689		
1,640,435	1,519,553	1,689,012	1,848,016		
866,024	763,210	1,027,719	1,005,157		
277,106	309,285	317,267	195,138		
407,466	322,251	430,020	303,400		
3,191,031	2,914,299	3,464,018	3,351,711		
881,371	838,691	770,234	758,234		
337,763	342,685	388,716	391,128		
208,747	188,395	241,297	231,283		
63,950	74,923	42,835	36,996		
1,491,831	1,444,694	1,443,082	1,417,641		
1,699,200	1,469,605	2,020,936	1,934,070		
4,024,488	3,754,946	4,780,513	4,623,759		
				CAPITAL EMPLOYED	
				1 Preferential capital—	
				N.V. and Limited.	
				317,190	835,656
				Ordinary capital and reserves	
				2 Ordinary capital—N.V. and Limited	
				1,184,209	1,184,209
				3 Profits retained in the business and other reserves	
				4,770,434	4,566,091
				Ordinary shareholders' funds	
				5,954,643	5,750,300
				4 Outside interest in subsidiaries	
				194,300	198,885
				5 Loan capital	
				1,569,652	858,771
				6 Deferred liabilities	
				769,216	735,093
				7 N.V./Limited Inter-Group items	
				—	—
				8,805,001	8,378,705
				EMPLOYMENT OF CAPITAL	
				8 Land, buildings and plant	
				4,609,889	4,536,015
				9 Trade investments	
				316,705	272,768
				10 Long-term claims	
				158,271	166,247
				5,084,865	4,975,030
				Current assets	
				11 Stocks	
				3,329,447	3,367,569
				12 Debtors	
				1,893,743	1,768,367
				13 Marketable and short-term securities	
				594,373	504,423
				14 Cash and bank balances	
				837,486	625,651
				6,655,049	6,266,010
				Current liabilities	
				15 Creditors	
				1,651,605	1,596,925
				16 Bank advances	
				726,479	733,813
				17 Provision for taxation	
				450,044	419,678
				18 Dividends	
				106,785	111,919
				2,934,913	2,862,335
				3,720,136	3,403,675
				8,805,001	8,378,705

Notes

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.

LIMITED's consolidated balance sheet has been converted at the official parity of £ 1 = Fl. 10.136 except that LIMITED's ordinary capital has been converted at the rate of £ 1 = Fl. 12. The consequential adjustment is shown in note 3 below.

The decrease in preferential capital in LIMITED is referred to in note 1 of statement D.

Movements in profits retained and other reserves were:—

N.V.		LIMITED		Fl. 000's	COMBINED	
				Premiums on capital issued		
52,166	35,659			At 1st January, 1966	87,825	
				Adjustment on conversion of Limited's ordinary capital at £ 1 = Fl. 12		
—	84,508			At 1st January, 1966	84,508	
				Profits retained in the business		
1,812,088	2,750,686			At 1st January, 1966	4,562,774	
—	17,809			Adjustment in respect of consolidation of companies having financial year end 30th September—see opening note on statement A	17,809	
—	58,495			Excess of the nominal amount of unsecured loan stock issued by Limited over the nominal amount of preferential capital cancelled	58,495	
—	1,743			Expenses of the Scheme of Arrangement—see note 1 on statement D	1,743	
12,420	—			Discount and expenses on issue of the 6% Notes by N.V.	12,420	
29,989	14,737			Goodwill on acquisition of new subsidiaries after deducting surplus on revaluation of fixed assets Fl. 3,055,000 (N.V. Fl. 1,281,000, LIMITED Fl. 1,774,000)*	44,726	
1,278	19,785			Exchange and other adjustments on consolidation	21,063	
14,000	20,272			Fixed assets replacement reserve	34,272	
173,010	153,317			Other profits retained	326,327	
187,010	173,589			Profit for the year retained	360,599	
1,955,411	2,811,706			At 31st December, 1966**	4,767,117	
2,007,577	2,762,857				4,770,434	

* 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.

** Includes cumulative fixed assets replacement reserve Fl. 109,952,000 (N.V. Fl. 39,000,000, LIMITED Fl. 70,952,000).

Movements in 1966 include issues in LIMITED of £ 2,188,000 (Fl. 22,178,000) 5½% and £ 54,735,000 (Fl. 554,794,000) 7¾% unsecured loan stock 1991/2006 under the Scheme of Arrangement referred to in note 1 of statement D. In N.V. of the Fl. 300,000,000 6% Notes an amount of Fl. 225,000,000 was received in 1966.

Loan capital includes amounts repayable:—

N.V.		LIMITED		Fl. 000's	COMBINED	
1966	1965	1966	1965		1966	1965
109,852	219,305	29,232	12,153	after 1 year but within 5 years	139,084	231,458
146,195	80,586	104,006	93,849	after 5 years but within 10 years	250,201	174,435
241,187	140,143	169,504	173,275	after 10 years but within 20 years	410,691	313,418
77,985	22,825	691,691	116,635	after 20 years	769,676	139,460
575,219	462,859	994,433	395,912		1,569,652	858,771

Loan capital is secured to the extent of N.V. Fl. 49,618,000 (1965 Fl. 50,817,000), LIMITED Fl. 353,980,000 (1965 Fl. 355,287,000).

Deferred liabilities are as follows:—

N.V.		LIMITED		Fl. 000's	COMBINED	
1966	1965	1966	1965		1966	1965
126,000	116,000	295,972	292,931	Taxation	421,972	408,931
180,000	165,000	167,244	161,162	Unfunded retirement benefits	347,244	326,162
306,000	281,000	463,216	454,093		769,216	735,093

STATEMENT B

Notes (continued)

Taxation deferred liabilities include:—

(1) United Kingdom corporation tax Fl. 131,444,000 (1965 Fl. 112,510,000) on the profits of 1966 and due on 1st January, 1968 and certain foreign taxes which are not in the nature of current liabilities.

(2) deferred taxation—in many countries fixed assets are written off more rapidly for tax than is adopted for commercial purposes, so that there is an immediate saving of tax. This saving has not been taken to profits but set aside to meet the liability which will ultimately arise.

Less

(3) estimated future taxation relief on the provisions for unfunded retirement benefits.

Unfunded retirement benefits 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.

7 Inter-group items consist of several accounts and incorporate loans of £ 11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.

8 Movements in land, buildings and plant were as follows:—

N.V.	LIMITED	Fl. 000's		COMBINED
Cost or valuation by Directors at various dates since 1945				
3,578,632	3,972,521	At 1st January, 1966		7,551,153
308,591	296,782	Expenditure		605,373
24,998	35,608	Proceeds of disposals		60,606
18,979	21,113	New subsidiaries		40,092
71,529	87,483	Adjustments on disposals, revaluations and exchange differences		159,012
3,809,675	4,167,325	At 31st December, 1966		7,977,000
Depreciation				
1,572,563	1,442,575	At 1st January, 1966		3,015,138
256,915	243,254	Charged to profit and loss account		500,169
1,482	7,440	New subsidiaries		8,922
71,266	85,852	Adjustments on disposals, revaluations and exchange differences		157,118
1,759,694	1,607,417	At 31st December, 1966		3,367,111
Net balance sheet amounts				
122,400	105,131	Land		227,531
843,423	1,127,448	Buildings		1,970,871
1,044,635	1,224,165	Plant and equipment		2,268,800
39,523	103,164	Ships		142,687
2,049,981	2,559,908			4,609,889

In LIMITED, investment grants receivable in the United Kingdom estimated at Fl. 32,993,000 have been deducted in stating the above expenditure.

At 31st December, 1966 the amount of capital expenditure authorised by the Boards and still not spent was Fl. 563,000,000 (N.V. Fl. 293,000,000, LIMITED Fl. 270,000,000). Of this amount commitments had been entered into for Fl. 206,000,000 (N.V. Fl. 105,000,000, LIMITED Fl. 101,000,000).

9 Trade investments are mostly companies in which Unilever owns 50% or less of the ordinary share capital and which are not therefore included in the consolidation.

The following table shows the share of the underlying net assets and profits for the latest year for which information is available:—

	Fl. 000's		
	Book amount 31st December, 1966	Unilever share of Net Assets	Net Profits after tax
Europe	201,552	248,190	19,019
North and South America	21,236	28,678	4,175
Africa	61,806	113,392	11,914
Rest of the World	32,111	27,986	2,206
	1966 316,705	418,246	32,902
	1965 272,768	373,451	36,681

Income from trade investments, before tax, taken up in 1966 amounted to Fl. 31,574,000 (1965 Fl. 25,062,000).

In N.V., trade investments are shown principally at cost less a provision of Fl. 69,734,000 (1965 Fl. 68,069,000).

In LIMITED, trade investments are shown at net book amount at 31st December, 1947, with additions at cost or valuation, less Fl. 10,329,000 written off.

Notes (continued)

- 10 Long-term claims comprise balances which are not due for repayment within one year.
- 11 Stocks are consistently stated at 31st December, 1965 and 1966, on the basis of the lower of cost—mainly averaged cost—and net realisable value.
- 13 Marketable and short-term securities comprise quoted, mainly dated, stocks, N.V. Fl. 62,579,000 (1965 Fl. 59,964,000), LIMITED Fl. 152,861,000 (1965 Fl. 107,411,000) and unquoted, mainly municipal and other short-term loans. The market value of quoted securities amounts to: N.V. Fl. 68,331,000 (1965 Fl. 68,617,000), LIMITED Fl. 152,405,000 (1965 Fl. 105,739,000).
- 16 Bank advances are secured to the extent of N.V. Fl. 40,657,000 (1965 Fl. 30,040,000), LIMITED Fl. 39,794,000 (1965 Fl. 30,398,000).

GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end. There are restrictions on transfer of some currencies. The net assets and net profits in countries subject to severe restrictions, after making appropriate provisions, are not material in relation to total net assets and net profits.

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

As stated in the opening note on statement A the net assets of certain subsidiaries are consolidated in 1966 on the basis of their accounts as at 30th September, 1966, whereas in 1965 interim accounts as at 31st December, 1965, were used.

Balance sheet

UNILEVER N.V.

Fl. 000's. *Figures in red represent deductions.*

31st December, 1965

31st December, 1966

		CAPITAL EMPLOYED			
			<i>Authorised</i>	<i>Issued and fully paid</i>	
		1 Preferential capital			
	29,000	7% Cumulative Preference	75,000	29,000	
	161,060	6% Cumulative Preference	200,000	161,060	
	75,000	4% Cumulative Preference	75,000	75,000	
265,060			<u>350,000</u>		265,060
		2 Ordinary capital and reserves			
	642,565	Ordinary capital	1,002,400	642,565	
	52,166	Premiums on capital issued		52,166	
	334,570	Profits retained in the business and other reserves		367,259	
1,029,301					1,061,990
		3 Loan capital			
	—	6% Notes			225,000
	1,255	4 Indebtedness—Limited Group			115
1,293,106					1,552,165
		EMPLOYMENT OF CAPITAL			
		5 Interests in subsidiaries			
	260,375	Shares at cost		260,375	
	1,003,284	Advances		1,254,633	
	1,263,659			1,515,008	
	134,549	Less: Deposits		129,889	
1,129,110					1,385,119
		6 Current assets			
	34,009	Debtors and payments in advance	25,982		
	53,538	Marketable and short-term securities	71,506		
	164,840	Cash and bank balances	189,816		
	252,387			287,304	
		7 Current liabilities and provisions			
	13,689	Creditors	48,899		
	1,399	Provision for taxation	8,970		
	73,303	Dividends, due or proposed	62,389		
	88,391			120,258	
163,996					167,046
1,293,106					1,552,165

On behalf of the Board,

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

Notes

- 1 The 4% cumulative preference capital is redeemable at par at the Company's option either wholly or in part.
- 2 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, who have waived their rights to the dividends for 1966.

	<i>Fl. 000's</i>
The profit and loss account of N.V. for 1966 is as follows:—	
Income from subsidiaries	188,459
Interest	16,452
	204,911
<i>Less:</i> General expenses	2,357
Taxation	7,571
Sundries	426
	10,354
Profit for the year	194,557

	<i>Fl. 000's</i>
The movements in profits retained in the business and other reserves were:—	
Balance at 1st January, 1966	334,570
Discount and expenses on issue of the 6% Notes	12,420
Profit for the year	194,557
Preferential dividends	14,694
Ordinary dividends	134,754
	14,000
Fixed assets replacement reserve (on behalf of subsidiaries)	31,109
Other profits retained	45,109
Profit for the year retained	367,259
Balance at 31st December, 1966*	367,259

* Includes cumulative fixed assets replacement reserve Fl. 39,000,000.

- 3 Fl. 300,000,000 6% Notes were issued in 1965, of which Fl. 225,000,000 were received in 1966; the remaining Fl. 75,000,000 will be received in 1967 and are not reflected in these accounts. Discount and expenses amounting to Fl. 12,420,000 have been charged to profits retained.

- 5 The proceeds of the 6% Note Issue referred to above were advanced to subsidiaries outside the Netherlands.

- 6 Debtors and payments in advance (Fl. 647,000) have been shown after provision for doubtful debts.

Marketable and short-term securities are short-term deposits mainly with financial institutions.

GENERAL

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

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

Balance sheet

UNILEVER LIMITED

£ 000's. *Figures in red represent deductions.*

31st December, 1965

31st December, 1966

		CAPITAL EMPLOYED	
		<i>Authorised</i>	<i>Issued and fully paid</i>
		1 Preferential capital	
	2,360	172	172
	35,985	3,503	3,503
	15,662	1,218	1,218
	2,287	250	250
56,294		<u>5,143</u>	5,143
		2 Ordinary and deferred capital and reserves	
	45,337	136,176	45,337
	100	100	100
	45,437	<u>136,276</u>	45,437
	3,518		3,518
	123,111		124,843
172,066			173,798
		3 Loan capital	
	7,427		7,354
	10,914		10,655
	14,000		14,000
	—		2,188
	—		54,735
32,341			88,932
3,980			4,958
264,681			272,831
11,210			11,486
253,471			261,345
		4 Deferred liabilities	
			11,486
			261,345
		5 Indebtedness of N.V. Group	
			11,486
			261,345
		EMPLOYMENT OF CAPITAL	
		6 Fixed assets	
	10,870		11,137
	5,826		7,284
16,696			18,421
		7 Interests in subsidiaries	
	144,757		147,314
	117,687		132,908
	262,444		280,222
	50,290		84,884
212,154			195,338
		8 Current assets	
	1,655	3,750	
	12,851	24,224	
	18,249	31,165	
	32,755		59,139
		9 Current liabilities	
	3,390	6,238	
	1,114	1,109	
	3,630	4,206	
	8,134		11,553
24,621			47,586
253,471			261,345

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

Notes

- 1 Pursuant to a Scheme of Arrangement, as sanctioned by an order of the High Court of Justice, which became effective on the 2nd December, 1966, the following preferential capital was cancelled and new unsecured loan stock issued in consideration:—

<i>Issued Preferential capital cancelled</i>		<i>Unsecured loan stock 1991/2006 issued</i>
5% Cumulative preference	£ 2,188,000	5 ¹ / ₂ % £ 2,188,000
7% Cumulative preference	£ 32,482,000	7 ³ / ₄ % £ 54,735,000
8% Cumulative A preference	£ 14,444,000	
20% Cumulative preferred ordinary	£ 2,037,000	
	<u>£ 51,151,000</u>	<u>£ 56,923,000</u>

In addition to the above reduction in issued preferential capital, by special resolution nominal £ 1,655,000 of unissued 5% cumulative preference and nominal £ 24,338,000 of unissued 8% cumulative A preference capital were cancelled and the total authorised capital was maintained by an increase of £ 77,144,000 in the unissued ordinary capital.

Provision was made in the Scheme of Arrangement for holders who so elected to retain their preferential capital and by special resolution the preferential capital so retained has been redesignated as now shown in the Balance Sheet.

- 2 Half of the deferred stock is held by a subsidiary of LIMITED and half by a subsidiary of N.V. A nominal dividend of ¹/₄% £ 250 was paid on this stock.

The movements in profits retained in the business and other reserves were:—

	<i>£ 000's</i>
Balance at 1st January, 1966	123,111
Excess of the amount of unsecured loan stock issued over the nominal amount of preferential capital cancelled	5,772
Expenses of the Scheme of Arrangement—see note 1 above	171
Bonus shares received from a subsidiary	936
Profit for the year	18,231
Preferential dividends	
first half-year (net)	1,278
second half-year (gross)	200
Ordinary and Deferred dividends—(gross)	<u>10,014</u>
Fixed assets replacement reserve (on behalf of subsidiaries)	2,000
Other profits retained	4,739
Profit for the year retained	6,739
Balance at 31st December, 1966*	<u>124,843</u>

* Includes cumulative fixed assets replacement reserve £ 7,000,000.

- 3 The three issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 73,000 of 3³/₄% debenture stock 1955/75 and £ 259,000 of 4% debenture stock 1960/80 were purchased by the Company. The unsecured loan stock was issued under the Scheme of Arrangement referred to in note 1.

- 4 Deferred liabilities are as follows:—

<i>1965</i>		<i>1966</i>
<i>£ 000's</i>		<i>£ 000's</i>
2,711	Taxation*	3,528
1,269	Unfunded retirement benefits	<u>1,430</u>
3,980		<u>4,958</u>

* Includes United Kingdom corporation tax of £ 1,624,000 (1965 £ 332,000).

- 5 This includes a loan of £ 11,000,000 secured on the shares of subsidiaries of N.V.

- 6 Land, buildings and plant:—

<i>1965</i>		<i>1966</i>
<i>£ 000's</i>		<i>£ 000's</i>
13,904	At valuation 1st January, 1953, with additions at cost.	14,812
3,034	Depreciation	<u>3,675</u>
10,870		<u>11,137</u>

Investment grants receivable in the United Kingdom estimated at £ 95,000, have been deducted in stating the cost.

Trade investments are shown at net book amount at 31st December, 1947, with additions at cost or valuation.

- 7 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.

- 8 Marketable and short-term securities comprise short-dated government and municipal stocks £ 13,101,000 (1965 £ 7,251,000) (market value £ 13,259,000 (1965 £ 7,312,000)) and short-term municipal loans £ 11,123,000 (1965 £ 5,600,000).

GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end. There are contingent liabilities, on which no loss is expected.

The estimated commitments for capital expenditure at 31st December, 1966, were £ 313,000 (1965 £ 462,000).

Report of the Auditors

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts and notes set out in Statements A to C.

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 affairs of the Company and its subsidiaries as at 31st December, 1966, and of their profit for the year 1966.

London/The Hague, }
London/Rotterdam, } 21st March, 1967.

PRICE WATERHOUSE & Co.
COOPER BROTHERS & Co.

Report of the Auditors

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 accounts and notes set out in Statements A, B and D. Proper books of account have been kept by the Company and its balance sheet set out in Statement D is in agreement with them. 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, 1966, 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 1966.

London, 21st March, 1967.

COOPER BROTHERS & Co.
PRICE WATERHOUSE & Co.

UNILEVER PRINCIPAL SUBSIDIARIES

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. The more important subsidiaries are shown below. Where holdings are less than 100% of the equity capital percentages are stated after rounding off.

EUROPE

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 Fabrikerne A/S

GERMANY – N.V. group

Deutsche Lebensmittelwerke G.m.b.H.
Elida 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.

IRELAND – LIMITED group

Lever Brothers (Ireland) Ltd.
W. & C. McDonnell Ltd.
Paul and Vincent Ltd.

SPAIN – N.V. group

Agra, S.A. Acidos Grasos y Derivados – 60%
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%

ITALY – N.V. group

Società Partenopea Imbottigliamento Confezione
Alimenti S.P.I.C.A. 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.
Iglo N.V.
Lever's Zeep-Maatschappij N.V.
N.V. Mengvoeder U.T.-Delfia
Unilever-Emery N.V. – 50%
Unilever Export N.V.
Unox N.V.
Vinolia N.V.

AUSTRIA – N.V. group

“Apollo” Seifen und Waschmittel G.m.b.H.
“Elida” Wiener Parfümerie Gesellschaft m.b.H.
Iglo-Feinfrost 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. – 78%
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 – 77%
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.
Joseph Crosfield & Sons Ltd.
Domestos Ltd.
Gibbs Proprietaries Ltd.

Lever Brothers & Associates Ltd.
Mac Fisheries Ltd.
Palm Line Ltd.
Price's (Bromborough) Ltd.
Proprietary Perfumes Ltd.
R. Silcock & Sons Ltd.
S.P.D. Ltd.
Thames Board Mills Ltd.
Unilever Export Ltd.
The United Africa Company Ltd.
T. Wall & Sons Ltd.
T. Wall & Sons (Ice Cream) Ltd.
T. Wall & Sons (Meat & Handy Foods) Ltd.
John West Foods Ltd.

NORTH AND SOUTH AMERICA

CANADA

Lever Brothers Ltd. – LIMITED group
Thomas J. Lipton Ltd. – N.V. group

MEXICO – N.V. group
Lever de Mexico S.A. – 85%

UNITED STATES OF AMERICA – N.V. group
Lever Brothers Company
Thomas J. Lipton Inc. – 99%

ARGENTINE – N.V. group
Lever Hermanos Limitada S.A. Comercial y
Industrial – 99%

BRAZIL – N.V. group
Industrias Gessy Lever S.A. – 99%

PERU – N.V. group
Lever Pacocha S.A. – 99%

TRINIDAD – LIMITED group
Lever Brothers West Indies Ltd. – 98%

AFRICA

ALGERIA – N.V. group
Unilever Algérie – 99%

CAMEROONS – LIMITED group
Pamol (Cameroons) Ltd.

CONGOLESE REPUBLIC (KINSHASA)
Plantations Lever au Congo
S.C.A.R.L. – 98% – N.V. group
Sedec S.C.A.R.L. – 99% – LIMITED group
Société des Margarineries et Savonneries Congolaises
"Marsavco" S.C.A.R.L. – 99% – N.V. group

GHANA – LIMITED group
Kingsway Stores of Ghana Ltd.
Lever Brothers Ghana Ltd. – 51%
The United Africa Company of Ghana Ltd.

IVORY COAST – LIMITED group
Compagnie Française de la Côte d'Ivoire – 99%

KENYA – LIMITED group
East Africa Industries Ltd. – 54%
Gailey & Roberts Ltd.

MALAWI – LIMITED group
Lever Brothers (Malawi) Ltd.

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
Lever Brothers (Pty.) Ltd.

ZAMBIA – LIMITED group
Lever Brothers Zambia Ltd.

REST OF THE WORLD

CEYLON – LIMITED group
Lever Brothers (Ceylon) Ltd.

INDIA – LIMITED group
Hindustan Lever Ltd. – 85%

MALAYSIA – LIMITED group
Pamol (Malaya) Sdn. Berhad
Pamol (Sabah) Ltd.
Lever Brothers (Malaya) Sdn. Berhad

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.

Combined earnings and dividends per share*

1966 above 1965

	Netherlands Guilders	U.K. Sterling s/d	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Per Fl. 12 or £ 1 of ordinary capital:—							
Earnings	6.39	12/7.30	88.26	8.72	7.06	7.72	1.77
	6.48	12/9.44	89.51	8.84	7.16	7.83	1.79
Dividends—gross	2.53	5/0	34.89	3.45	2.79	3.05	0.70
	2.53	5/0	34.97	3.45	2.80	3.06	0.70
Per Fl. 20 of ordinary capital:—							
Earnings	10.65	21/0.17	147.10	14.53	11.77	12.86	2.94
	10.80	21/3.73	149.18	14.73	11.93	13.05	2.98
Dividends—gross	4.21	8/4	58.15	5.74	4.65	5.09	1.17
	4.22	8/4	58.29	5.76	4.66	5.10	1.17

* The figure of combined 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 combined earnings per share 62¹/₂% of the £ 8,450,824 LIMITED ordinary shares held by the Leverhulme Trust has been excluded from the profit participation.

Salient figures in other currencies

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

The Salient Figures given on page 6 are shown below in the currencies indicated.

Million—1966 above 1965

	U.K. Sterling	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Turnover	2,391.8	334,851	33,055	26,788	29,276	6,697
	2,326.5	325,707	32,152	26,057	28,476	6,514
of which Sales to third parties	1,893.1	265,037	26,163	21,203	23,172	5,301
	1,821.6	255,029	25,175	20,402	22,297	5,101
Operating profit	120.7	16,895	1,668	1,351	1,477	338
	117.4	16,433	1,622	1,315	1,437	329
Interest on loan capital	8.0	1,115	110	89	97	22
	4.0	554	55	44	48	11
Profit before taxation	118.4	16,570	1,636	1,325	1,449	331
	117.0	16,376	1,617	1,310	1,432	327
Taxation for the year	53.4	7,476	738	598	654	149
	51.5	7,210	712	577	630	144
Consolidated net profit	61.8	8,654	854	692	757	173
	63.7	8,921	881	714	780	178
Preferential dividends—gross	3.8	536	53	43	47	11
	5.8	812	80	65	71	16
Ordinary dividends—gross	23.3	3,263	322	261	286	65
	23.3	3,268	323	261	286	65
Profit retained in the business	35.6	4,981	492	398	435	100
	40.5	5,671	560	454	496	113
Capital employed	868.7	121,616	12,005	9,729	10,633	2,432
	826.6	115,728	11,424	9,258	10,118	2,315
Capital expenditure	59.7	8,361	825	669	731	167
	66.4	9,293	917	743	812	186
Depreciation	49.3	6,908	682	553	604	138
	44.7	6,259	618	501	547	125

The figures shown above have been converted at the official parity rate for the country concerned.

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: second half 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.

