

UNILEVER

REPORT & ACCOUNTS

1962

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UNILEVER N.V.

DIRECTORS

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SIDNEY J. VAN DEN BERGH - VICE-CHAIRMAN
GEORGE COLE - VICE-CHAIRMAN

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ADVISORY DIRECTORS

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K. P. VAN DER MANDELE
A. E. J. NYSINGH
PAUL RIJKENS
JHR. J. A. G. SANDBERG

SECRETARIES

E. A. HOFMAN
P. A. MACRORY

AUDITORS

PRICE WATERHOUSE & Co. COOPER BROTHERS & Co.

This is a translation of the original Dutch report.

SALIENT FIGURES

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

Fl. millions

1961		1962
19,321	TURNOVER*)	19,223
14,763	OF WHICH THIRD PARTY SALES*)	14,972
1,045	PROFIT BEFORE TAXATION	1,080
528	TAXATION FOR THE YEAR	540
40	EXCEPTIONAL ITEMS	8
537	CONSOLIDATED NET PROFIT	525
153	ORDINARY DIVIDENDS	161
344	PROFIT RETAINED IN THE BUSINESS . . .	324
6,508	CAPITAL EMPLOYED	6,993
553	EXPENDITURE ON FIXED ASSETS (NET) . .	517
309	DEPRECIATION	341
	ORDINARY DIVIDENDS	
Fl. 4.20 (21%)	N.V. (PER FL. 20 OF CAPITAL)	Fl. 4.40 (22%)
1s. 2.87d. (24.79%)	LIMITED (PER 5/- OF CAPITAL)	1s. 3.68d. (26.13%)

*) In comparing the figures for 1962 with those for 1961 regard should be had to the effects of the revaluation of the guilder on 6th March, 1961.

The Salient Figures are shown in certain other currencies on page 40.

REPORT OF THE DIRECTORS FOR THE YEAR 1962

*to be submitted at the General Meeting of Shareholders
to be held at Rotterdam on 1st May, 1963*

The Directors submit their Report and Accounts for the year 1962. These, as usual, combine the results and operations of the two Groups, UNILEVER N.V. ("N.V.") and UNILEVER LIMITED ("LIMITED"), with the guilder equivalents of all LIMITED figures calculated at the official parity at 31st December, i.e. £ 1 = Fl. 10.136.

RESULTS

The guilder value of the turnover, particulars of which are given on pages 11 and 12, was Fl. 19,223,064,000 in 1962 (1961: Fl. 19,321,268,000). In comparing these amounts, regard should be had to the fact that sales for the months of January and February 1961 outside the Netherlands have been converted to guilders at the rates of exchange ruling before the revaluation of the guilder on 6th March, 1961. Conversion of these sales at the rates after revaluation would give a guilder value of the 1961 turnover of Fl. 19,192,000,000.

Profits before tax rose from Fl. 1,044,732,000 in 1961 to Fl. 1,080,108,000 in 1962. After charging taxation of Fl. 540,008,000 (1961: Fl. 527,631,000) the consolidated net profit in 1962 was Fl. 524,797,000*) compared with Fl. 536,655,000 in 1961.

*) This figure is some Fl. 3 million lower than was included in the preliminary announcement on 26th February. A provision for the additional tax likely to be payable on the 1962 profits of Hindustan Lever Limited under the Indian budget proposals announced on 28th February increases the tax charge by some Fl. 4.5 million.

Excluding the United Africa Group, third party sales increased by Fl. 671 million*) to Fl. 12,823 million and profits before tax were up by Fl. 67,720,000. A major contribution to the increased profits was made by the detergents side, particularly in the United Kingdom, Germany, France, Italy and Australia. Edible fats had a good year in most of the countries where we trade. Animal feeding stuffs also recorded a satisfactory increase. On the debit side, it was a sad year for the ice cream business almost everywhere in Europe, with purchase tax in the United Kingdom adding insult to the injury of the weather.

Profits before tax of the United Africa Group again fell, being Fl. 32,344,000 lower than in 1961, with their third party sales, at Fl. 2,149 million, down by Fl. 338 million*). This was partly the result of the Group's declared policy of moving out of the produce trade and reducing its distributive trade in the more straightforward merchandise lines. A fuller account of how the Group fared in 1962 is given on pages 19 and 20.

Profit for the year after taxation, but before charging loan interest, was equivalent in 1962 to 7.9% on the capital employed, as compared with 8.1% in 1961. The return on capital employed and on turnover for the last ten years are set out on page 26 and there is shown on page 27 a geographical analysis of sales to third parties, profit and capital employed.

DIVIDENDS

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss accounts (statement A). The interim dividends on the ordinary capitals for 1962, which were paid in December last, the final dividends thereon now recommended by the Directors, and the resultant total dividends for 1962, are as follows:—

	N.V.	LIMITED
Interim	Fl. 1.60— 8%	5.70 <i>d.</i> — 9.50%
Final	Fl. 2.80—14%	9.98 <i>d.</i> —16.63%
Total for 1962	Fl. 4.40—22%	1 <i>s.</i> 3.68 <i>d.</i> —26.13%
Total for 1961	Fl. 4.20—21%	1 <i>s.</i> 2.87 <i>d.</i> —24.79%

In the case of N.V., dividends are actual per Fl. 20 nominal amount of ordinary capital. In the case of LIMITED, dividends are actual per 5/- ordinary share, before deducting income tax.

*) After converting sales in January and February 1961 at the rates of exchange ruling after the revaluation of the guilder.

The dividends for 1962 are equivalent in value under the terms of the equalisation agreement.

It is proposed to make the final dividends on the ordinary shares of both companies payable as from 14th May, 1963, except that the dividends on the New York shares of N.V. and the American Depositary Receipts representing ordinary capital of LIMITED will be payable as from 4th June, 1963.

After payment of the recommended dividends for 1962 an amount of Fl. 323,967,000 remains to be added to the profits retained in the business which, after taking into account the adjustments set out in statement B, will then amount to Fl. 3,858,178,000.

CAPITAL AND MEMBERSHIP

In 1962 N.V. issued Fl. 3,029,000 6% cumulative preference capital to complete the purchase of N.V. Exportslachterij Udem, Gieten, and upon the acquisition of N.V. Bakhuis' Vleeschwaren- en Conservenfabrieken "Olba", Olst.

In addition, N.V. issued Fl. 500,000 ordinary capital in connection with the acquisition of assets of Edelweiss-Milchwerke K. Hoefelmayr K.G., Kempten, Germany.

No alteration in the capital of LIMITED occurred in 1962.

At 31st December, 1962 the number of ordinary shareholders of LIMITED was 51,651 and there were 134,877 holders of its preference stocks, making a total membership of 186,528. As a large part of the capital of N.V. is represented by bearer scrip the number of members cannot be ascertained.

THE BACKGROUND

While the year 1962 as a whole was one of substantial economic expansion, as it went on there were signs of a slowing down, most marked in the United States, Germany and Italy. In the United Kingdom, which had begun the year in a mild recession, there was a shift towards more expansionary policies and some recovery in spending. Outside the industrial countries low commodity prices continued to hold down incomes and in a number of African countries political as well as economic difficulties put a brake on consumer spending. The Cuban crisis had no significant economic effects, beyond causing a temporary jump in some commodity prices.

There was speculation against the Canadian dollar following its devaluation. Latin America remained plagued by inflation, and the Argentine peso, the Brazilian cruzeiro and the Chilean escudo all depreciated rapidly. The Congolese Republic and Indonesia also suffered heavy inflation.

Some tax benefits came from the improvement in investment allowances in the United Kingdom and the introduction of investment credits in the United States. The Belgian tax system was remodelled, resulting in a slightly lower rate of tax on companies, but in several countries, including Finland, Ceylon and Brazil, rates of tax on profits went up. The Indian budget announced on 28th February, 1963 proposes very heavy additional taxation including increased excise taxes and a new super profits tax.

THE EUROPEAN ECONOMIC COMMUNITY

The failure of the negotiations for the United Kingdom's entry into the European Economic Community should not be allowed to obscure the solid progress that was made in 1962 towards a fulfilment of many of the Community's aims.

At the start of the year the governments of the Six began the second stage of the transition to full economic integration. Of immediate interest to Unilever is the influence that the further reduction of import duties inside the E.E.C. will have on trading conditions. The European Commission proposed that all internal duties on industrial products be abolished by 1st January, 1967, three years earlier than originally intended. This programme is already half completed. For most food products freedom of movement will take longer to attain since these are subject to the regulations on agriculture, a sector in which freedom is being brought about only gradually as part of a common agricultural policy.

Some aspects of the discussions on this policy are disquieting; for example, the suggestion at present being canvassed in some quarters to raise margarine prices in order to give an artificial stimulus to the sales of butter, even if it achieved its object—which is doubtful—would be unfair to those who for reasons of price or personal preference choose to buy margarine. It would also make things harder for the primary producing countries.

A more general reason for concern is a tendency to create a protected market for high-priced foodstuffs within the E.E.C. The full benefits of economic integration cannot be achieved if the exchange of goods and services with the rest of the world is unduly restricted.

The American Trade Expansion Act opens the door for negotiations which may lead to further reductions of import tariffs, which would help our enterprises to gain freer access to raw material sources and to markets.

We have been closely studying the adaptation of Unilever to the changes the European Economic Community will bring about, and our investment

policy, particularly the location of new factories, is now based on the advent of a wider market. An intensive study is also being made of the influence that a unified European trading area will have on such aspects of our marketing policy as pack design and brand names. The integration of food and drug regulations in the E.E.C. is a matter of great consequence to our edible fats and foods businesses. Long-term planning is, however, made difficult by uncertainty about a number of basic conditions, such as future transport rates and taxation.

The most troubling uncertainty is that which concerns the future membership of the Community. For an international business like Unilever the ideal is an area comprising as many West European countries as possible and aiming at maximum freedom of exchange with other parts of the world, and it is a matter of regret to us that the negotiations for the United Kingdom's entry have come to a halt. We can but look forward to the day when a more favourable political atmosphere will allow them to be resumed. Meanwhile, however, Unilever is well placed to take advantage of any opportunities that may arise in the countries of the European Free Trade Association and the Commonwealth.

ANALYSIS OF TURNOVER

	1960		1961		1962	
	Fl.	%	Fl.	%	Fl.	%
Margarine and other edible fats	3,149,089,000	16	3,016,338,000	16	2,977,329,000	15
Detergents	3,238,890,000	16	3,268,164,000	17	3,398,230,000	18
Foods	2,462,660,000	13	2,765,631,000	14	3,062,980,000	16
Oils and fats mainly for use within the organisation	4,379,679,000	22	4,146,429,000	22	3,942,652,000	20
Toilet preparations	438,145,000	2	434,089,000	2	432,012,000	2
Animal feeding stuffs	1,679,460,000	9	1,617,362,000	8	1,838,562,000	10
Chemical, paper and other industrial interests	938,118,000	5	997,868,000	5	1,013,950,000	5
Tropical produce	733,756,000	4	574,537,000	3	360,500,000	2
Merchandise	2,353,887,000	12	2,204,166,000	11	1,905,049,000	10
Services including transport	276,683,000	1	296,684,000	2	291,800,000	2
	<u>19,650,367,000</u>	<u>100</u>	<u>19,321,268,000</u>	<u>100</u>	<u>19,223,064,000</u>	<u>100</u>
Represented by:	Fl.		Fl.		Fl.	
Sales to third parties	14,757,339,000		14,762,507,000		14,971,924,000	
Supplies of marketable products and services within the organisation	4,570,412,000		4,312,884,000		4,181,840,000	
Value of produce purchased for the Commonwealth West African Marketing Boards	322,616,000		245,877,000		69,300,000	
	<u>19,650,367,000</u>		<u>19,321,268,000</u>		<u>19,223,064,000</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 Commonwealth West African Marketing Boards is included on the basis of prices controlled by statutory bodies.

Sales outside the Netherlands in 1960 and in the months of January and February 1961 have been converted to guilders at the rates of exchange ruling before the revaluation of the guilder on 6th March, 1961. Conversion of these sales, for comparison, at the rates after revaluation gives the following figures, rounded off to millions:—

	1960	1961	1962
	Fl.	Fl.	Fl.
Total turnover	18,934,000,000	19,192,000,000	19,223,000,000
of which:			
sales to third parties.	14,196,000,000	14,639,000,000	14,972,000,000

MARGARINE AND OTHER EDIBLE FATS

Sales for the last three years were:—

1960	1961	1962
Fl. 3,149,089,000	Fl. 3,016,338,000	Fl. 2,977,329,000

The tonnage sold was about the same as in 1961, but profits were better. In most countries of Europe ample supplies of butter once more weakened the demand for margarine, so that our sales deteriorated slightly, though our main brands held, and in some cases improved, their share of the market. In France and Turkey, however, we sold substantially more. The United States sales of margarine were lower, but those of cooking fat were up. India, Pakistan and Nigeria were countries where sales notably improved.

It might be thought that margarine has reached a stage of development where its manufacture is merely a matter of producing a range of qualities matching the range of prices the public is willing to pay. This is far from so. All the time our research is at work to find ways of improving its appearance and taste as well as its physical, nutritional and dietetic qualities. The outcome has been that not only have our products manifestly improved in recent years but our work has led to the development of new types of margarine and edible fats designed to satisfy specific consumer needs. We have also been devoting increased attention to the development of products for the bakery and catering trades and these, with vigorous marketing, have generally achieved satisfactory results.

DETERGENTS

Sales for the last three years were:—

1960	1961	1962
Fl. 3,238,890,000	Fl. 3,268,164,000	Fl. 3,398,230,000

This is traditionally a fiercely competitive side of the business and nearly everywhere our companies did well in continuing the progress in sales and profits noted last year. The improvement in profits is partly attributable to a return to more reasonable margins in France, Italy and Australia; partly, it reflects the fact that our research and development enabled us to increase sales of the better quality products: for example, in the United Kingdom an improved Omo scored a marked success, and in Germany the same brand helped our business to achieve its best year yet.

There has been no slackening of pace in the development of the main trends that have become apparent in recent years. The rapidly growing popularity of automatic washing machines has meant that increasing attention is being given to the formulation of washing products especially suitable for this type of equipment. Sales of low-sudsing products have shown a marked growth in the United States*) and on the Continent. The pre-measured detergent tablet first developed in the United States is now being introduced in test markets in Canada and, under the brand name Presto, in the United Kingdom, Belgium and Sweden. Another significant trend is the increasing use of liquid detergents for washing up. In the most advanced countries they have grown to form a substantial part of the total detergent market without causing any appreciable reduction in the sales of detergent powders, except in the United States, where light duty powders have suffered. There are many competitors in this market and this has affected Lux Liquid in the United Kingdom, Australia and Canada; this brand has, however, scored a good success on the Continent, particularly in France and Germany. In the field of toilet soaps the move is towards products of higher quality, with specialised properties, cosmetic, for example, and deodorant. Thus, in the United Kingdom, Lifebuoy Toilet Soap proved particularly successful. Finally, to keep pace with the striking changes in the design and equipment of the household kitchen, there is a growing demand for products specially designed for surface cleaning. These are made both as liquids, such as Handy Andy, and in the United States and Canada are now marketed in an ammoniated as well as the original version, and powders, which we have on test market in Canada, Austria and Germany; these make considerable appeal to the housewife for the heavy cleaning jobs around the house.

The trends described above are naturally most marked in the more sophisticated markets. Elsewhere, there has been a steady increase in the consumption of the more traditional products—Pakistan, Burma and Nigeria are among the countries where we made considerable sales gains—together with a rapid rise in the use of non-soapy detergent powders.

*) As mentioned in earlier Reports, the acquisition by Lever Brothers Company of the "all" brand from the Monsanto Chemical Company in 1957 led to the initiation of anti-trust proceedings against Lever Brothers Company. The hearing was completed earlier this year and judgment is expected this summer.

FOODS

Sales for the last three years were:—

1960	1961	1962
Fl. 2,462,660,000	Fl. 2,765,631,000	Fl. 3,062,980,000

Two factors dominate the food business, in which we are deeply and diversely engaged throughout the world. The one is that the housewife in the more advanced countries now regards as indispensable the prepared food products that offer her such great advantages as convenience, quality, variety, real economy and independence of the seasons; the other is that competition in this field is intensifying as more manufacturers come into this market.

Worldwide our sales again grew; but it was a leaner year for profits, because, besides the growing competition, the development of new products cost us a good deal, and in one of Europe's less genial summers people did not want to buy ice cream, except in Austria and Italy, where the weather was better. In the United Kingdom and Portugal the situation was made worse by the imposition of purchase tax on ice cream. The paradox that our world sales of ice cream were nevertheless a record is explained by the fact that we entered into new ventures in the Netherlands, Sweden, Canada, South Africa and Singapore. We also acquired a minority interest in an important Italian ice cream business.

Our quick-frozen foods companies made increased sales, despite the fact that more and more competitors are flocking to this business. Except for our United Kingdom companies, where results were good, our operations are still in the development stage and are not yet making profits.

The meat businesses of Unilever have an important part to play in the efficient conversion of animals such as pigs into various products offering the housewife the advantages of convenience—pre-packaging is an instance—high and uniform quality and improved keepability. Thus T. Wall & Sons achieved record sales with profits that were sound but somewhat below the 1961 level and continued to market pre-packed bacon successfully in the United Kingdom.

We achieved increased sales of dried soup mixes in most major markets. Also we continued to expand our interests in canned soups and are now marketing these in eight European countries. In the United States Thomas J. Lipton Inc. have maintained their leading position in the dried soup and tea markets and have also made good progress in the sale of Instant Tea.

In the United Kingdom Mac Fisheries continued the modernisation of their traditional fish shops, as well as closing down some that were uneconomical, and have now opened nine food centres selling a comprehensive range of food

products. In Germany, the trawler fleet of "Nordsee" Deutsche Hochseefischerei G.m.b.H. has made much progress in developing freezing at sea.

The addition of Edelweiss to the German cheese business considerably increased our sales and profits. Meanwhile the cheese business in Italy continued to develop satisfactorily whilst in Belgium sales improved.

Good progress has been made in expanding our interests in all forms of dehydration. We were unable to satisfy the demand for Surprise Peas in the United Kingdom in 1962, but following rapid increase in production facilities distribution has since been extended throughout the country. A new range of packaged meals under the Vesta name has made rapid strides in the U.K. and similar products are now being marketed in Sweden. The development of the accelerated freeze drying process has continued in the United States, the United Kingdom and on the Continent.

TOILET PREPARATIONS

Sales for the last three years were:—

1960	1961	1962
Fl. 438,145,000	Fl. 434,089,000	Fl. 432,012,000

Living standards and the mass-market demand for toilet preparations are so closely related that growth in the former determines growth in the latter. Thus our companies in most countries in 1962 increased their turnover—save for North America where, though new products brought some sales recuperation, hot competition in the toothpaste market prevented us from doing well. A loss in the United States, and the effect of currency depreciation in some of our important markets, brought the total profit below that of 1961.

In the toilet preparations market interesting and far-reaching change is occurring, markedly in the more sophisticated countries. People have for long bought products for the care of hair, skin and teeth chiefly for social and cosmetic reasons, and this is still so; but now they increasingly look also for the highly specialised products that have demonstrable prophylactic and therapeutic characteristics. This indeed is a trend that Unilever companies have done much to encourage in their marketing of new products that owe the soundness of their claims to the basic research and development work done in our laboratories since we began some years ago to intensify our research effort.

The trend in the shampoo market, an arena of fierce competition, is towards specialised shampoos designed to provide for differing hair conditions and needs.

Intensive research has again helped us to add to the range of products marketed under established names such as Sunsilk. A solid contribution to sales was also made by the successful introduction of Clinic Medicated Shampoo in various countries, including Argentina, South Africa and New Zealand. We made further progress with haircreams—which are now ousting the traditional brilliantines and fixatives—notably with Brisk in Germany and Trim in Australia.

The popularity of home hair colorants is mounting rapidly and, as a first step towards their international development, we successfully launched the United Kingdom Harmony range in Australia. Activity in the field of skin preparations continues and we introduced Vinolia hand lotion in Germany and Vinolia beauty cream in France.

In 1962, we successfully put fluoride toothpaste on the market, under the Gibbs or Pepsodent brands, in the United Kingdom, Finland, Sweden and the Rhodesias. It had been launched in late 1961 in North America, where it has helped to win back some lost sales. Signal toothpaste also continues to be a success and sales have grown in many key markets, notably on the Continent.

ANIMAL FEEDING STUFFS

Sales for the last three years were:—

1960	1961	1962
Fl. 1,679,460,000	Fl. 1,617,362,000	Fl. 1,838,562,000

Our animal feeding stuffs helped farmers in Europe to meet the difficulties of the long cold spring of 1962 and the demand for compound feeding stuffs then and for the rest of 1962 was such that sales and profits were higher than in the previous year. In the United Kingdom, sales and profits set a new record.

The move towards specialisation by livestock producers has gathered momentum. In the United Kingdom especially, the units for milk, egg and pig meat production have grown larger, with the result that farmers have become more cost conscious and consequently more aware of the importance of the relationship between an animal's food and the profits it can produce. This has been to the advantage of our companies. The emphasis upon producing quality milk, which to the British producer no less than to farmers elsewhere means premiums or penalties in his milk cheque, has provided The British Oil & Cake Mills Limited with the opportunity to market their new Q.R. range of dairy foods. These, which were introduced in the autumn of 1962, made a considerable impact.

In egg production the trend toward high-producing, lightweight birds has enabled R. Silcock & Sons Limited to provide a specialist range of rations designed for this type of bird. The broiler farmer is probably the most critical buyer in the agricultural market, since he is extremely cost conscious and can test the performance of the feed on every batch of chickens he raises. Our companies are devoting considerable research to the improvement of broiler foods, and B.O.C.M. succeeded in increasing their market share.

The intensive rearing of beef animals intended to meet the demand for young tender meat with a high lean content is engaging the particular attention of British farmers. This trend has given our companies the opportunity to supply concentrated rations suitable for this purpose.

The production of pig meat also is becoming more highly specialised and the growing United Kingdom market for fresh pork has stimulated our companies to produce special foods that enable pigs to grow rapidly with a high total lean content. B.O.C.M.'s "Dairy Porcus" ration had much success in this field. Similar trends are beginning to develop in the production of sheep, and Lever's Feeds Limited in particular did well with the formulation of intensive rations for this market.

On the Continent the total market of animal feeding stuffs is gradually growing, with the increased demand for meat, poultry and eggs. Farmers are becoming more efficient in their feeding methods and systems of poultry farming are getting more intensive, with the development of a broiler industry and of bigger egg producing units.

In the Netherlands despite strong competition sales were up and we were able to make a reasonable profit, but in France, although sales were up profits were eroded by the heavy cost of developing the business.

CHEMICAL, PAPER AND OTHER INDUSTRIAL INTERESTS

Sales for the last three years were:—

1960	1961	1962
Fl. 938,118,000	Fl. 997,868,000	Fl. 1,013,950,000

In the Netherlands N.V. Koninklijke Stearine Kaarsenfabrieken "Gouda-Apollo" had a good year for their traditional products, candles, oleine, stearine and fatty acids. A fire in the Gouda plant caused difficulties in the production of Unilever-Emery N.V. products. We were, however, able to make such arrangements that the development of sales was not affected.

It was a difficult year for the United Kingdom chemical industry which in general found itself working below production capacity and having to trim its profit margins. In this meagre market Joseph Crosfield & Sons Limited and Price's (Bromborough) Limited had fewer buyers for their chemical products and their profits fell. John Knight Limited's tallow and glue business had a laborious struggle; but sales of the adhesives made by Fixol & Stickphast Limited, which we acquired in 1961, increased satisfactorily. Another of our newer companies, E. R. Holloway Limited, in the field of plastic products put up its sales and profits.

Our German paper and packaging business once more lifted its sales figures and maintained its profits. The programme of expansion is going forward as planned.

In Canada mounting production costs meant thinner profit margins for Success Wax Limited, a wax and polish business which we acquired in 1961; nevertheless its sales were up.

PLANTATIONS

By the end of 1962 we had 89,500 hectares planted in the Congo, Nigeria, the Cameroons, Gabon, Malaya, North Borneo and the Solomon Islands. This was some 500 hectares less than the previous year, for the contraction in our cocoa and coffee growing in the Congo exceeded by that amount the land newly given over to oil palms, rubber, coconut and tea in our plantations as a whole.

The political upsets of the Congo cast less of a shadow over our business than they did in 1961, and production figures took an upward turn. We made the first sales from our new tea estate.

Production of the main crops (in tons) for the last three years has been:—

	1960	1961	1962
Palm Oil	72,700	58,600	69,400
Palm Kernels	33,200	26,600	28,300
Rubber	9,400	9,100	10,100
Copra	5,200	5,400	5,500

The weakening of world commodity prices naturally had a dampening effect everywhere on the results of our work, but in the end the increased sales more than made up for the lower prices, so that the value of our produce sold rose from Fl. 70 million in 1961 to Fl. 78 million.

We did not initiate any major projects, although we are in the process of adding land to our oil palm venture in British North Borneo, and are increasing the size of our tea estate in the Congo.

UNITED AFRICA GROUP

As forecast a year ago, turnover continued to fall, from Fl. 2,828 million in 1961 to Fl. 2,321 million in 1962—a drop of Fl. 274 million in merchandise, Fl. 223 million in produce and Fl. 10 million in services and other activities. Profits before tax were down by Fl. 32 million.

The industrial ventures in which the Group is a partner now include building and civil engineering, mattresses, metal furniture, tea and coffee packing, plastics, brewing and cement. The Group does not have a majority share in any of these ventures, so that the results are not consolidated in the Group's accounts and are not reflected in the turnover figures; but our income from these trade investments continues in general to show a healthy growth.

COMMONWEALTH WEST AFRICA

By the end of 1962 the Group had practically ceased to buy oil, oilseeds, cocoa and other products controlled by the Government Marketing Boards. At the same time the handling of the straightforward merchandise lines, particularly those made locally, is gradually passing to indigenous traders.

Trade in Nigeria continued to be sluggish because of falling produce prices, an over-stocked market and political problems in the Western Region. In Ghana the effects of the drastic 1961 budget caused trade to settle at lower levels until October, 1962, when a new budget gave relief in some sectors. In Gambia the generous groundnut crop fostered favourable trading conditions, but Sierra Leone was hit by falling diamond production.

To cope with the changing pattern of trade described above, the various units of the Group are increasingly being assigned their own specialised roles. Thus the business of drugs and toilet preparations has been drawn together into United Africa Chemists Limited; Unamec (United Africa Mechanical and Electrical Limited) handles the trade in machinery, plant and electrical equipment and this year showed better results. In Nigeria, Kingsway Stores, a departmental store business, opened a branch at Ibadan in October and a new store is now being built at Port Harcourt; a wholly-owned subsidiary, G. Gottschalck and Company, has concentrated on the Group's trade in building materials and another, G. B. Ollivant, has taken over the Group's general merchandise business. United Africa Motors Limited had a disappointing year, but sales picked up in Ghana in the last quarter after the tax alleviations of the October budget. Business was dull for the timber trade as a whole and the Group's timber interests can be considered to have done well in maintaining sales and profits at a reasonable level. New industrial development in Nigeria in which the Group is interested includes a start on a cotton yarn spinning factory, textile printing, the formation of a company to produce cartons and the setting up of a cigarette factory.

FRENCH-SPEAKING TERRITORIES

With thinner crop yields and the commodity price slide, turnover and profits in both merchandise and produce were down, notably in the Ivory Coast. But there were other factors. In certain territories State trading organisations were set up and there was more extensive control of prices. The Group continues to participate in industrial ventures; a brewery now being built in Chad is one of the latest.

CONGO

The Group's business in the Congo met restrictions on imports by replacing them with locally produced supplies and a high volume of sales was maintained; the pharmaceutical company had a particularly good year.

All the Unilever staff in the Congo continue to show admirable fortitude in facing living conditions of considerable austerity.

EAST AFRICA

Political uncertainties continue to hamper economic advancement in most territories; an unpleasantly severe pruning of expenses was necessary but had the satisfactory effect of turning the losses of previous years into a modest profit. We withdrew altogether from produce but good profits were earned by the technical goods side.

MIDDLE EAST, MOROCCO AND CANARY ISLANDS

The Iraqi and the Canary Islands businesses both continued to prosper. In Morocco trading conditions remained difficult, though the new company formed there has earned a good profit. Turnover is increasing in the Arabian Gulf and this offers promise for the future.

TRANSPORT

The year was a sad one for shipping all over the world and the Palm Line did not escape. They cut down their charterings, and the tonnage carried in their own ships fell substantially. One of Palm Line's older ships, the "Ashanti Palm", dragged her anchor in Naples harbour, crashed against a breakwater and sank, fortunately without loss of life. With the sale of another vessel since the year end, the fleet now numbers 22 vessels.

EXPORTS

Our export sales from the Netherlands and the United Kingdom (including United Africa Group merchandise) were:—

	1960	1961	1962
Netherlands	Fl. 378,795,000	Fl. 369,119,000	Fl. 365,932,000
United Kingdom .	Fl. 606,544,000	Fl. 565,922,000	Fl. 478,287,000

The poor prices fetched by primary produce meant that purchasing power was squeezed in many of our main export markets.

Our exports of edible fats and oils from the Netherlands were up in volume but down in value; exports of detergents increased in both. We exported slightly less of our meat products, but more favourable raw material prices improved profits. Our export business maintained its sales of frozen foods. The United Africa Group exports of merchandise from the Netherlands increased.

With the exception of the United Africa Group exports of merchandise, which fell sharply, United Kingdom exports and profits were maintained at a reasonable level, despite the fact that more had to be spent on advertising and selling in determined pursuit of new markets.

FINANCE

Our cash resources (cash and bank balances and marketable and short-term securities less bank advances) increased by Fl. 468 millions, from Fl. 420 millions to Fl. 888 millions, in 1962.

The movements in 1962 can be summarised as follows (Fl. millions):—

SOURCE OF FUNDS:

Profit retained	324
Depreciation charged against profit	341
Working capital other than cash decreased by	267
Additional loan capital	178
So that available funds were	<u>1,110</u>

USE OF FUNDS:

Expenditure on fixed assets less proceeds of sales	517
Cash payment for subsidiaries acquired	35
Cash subscriptions to trade investments	58
Other uses	<u>32</u>
Thus total funds absorbed were	<u>642</u>
And cash resources increased by	<u><u>468</u></u>

In addition to Fl. 112 million, the balance of long-term loans of Fl. 130 million at 4¹/₂% from institutional investors arranged in 1961 in the Netherlands, \$ 20 million has been borrowed by Lever Brothers Company from institutions in New York for 20 years at 4⁵/₈%.

Low commodity prices and reduction of working capital in Africa, as a result of withdrawal from the produce trade and reduced investment in bulk merchandise stocks, are the other principal reasons for the growth in cash resources.

These resources are largely concentrated in the Netherlands, the United Kingdom, Germany and the United States.

Expenditure on fixed assets (net) at Fl. 517 million, continues at a high level (1961: Fl. 553 million; 1960: Fl. 538 million), and is expected to rise again this year.

Our financial resources should be adequate for our requirements in 1963.

PENSIONS

During 1962 Unilever's pension contributions and other payments for employees' retirement and death benefits amounted to Fl. 190 million. The assets of the Unilever pension and provident funds covering 124,000 employees and 20,000 pensioners increased from Fl. 1,560,000,000 to Fl. 1,723,000,000.

CAPITAL PROJECTS

Among major projects completed in 1962 were a soapery at Warrington and a works laboratory at Port Sunlight in the United Kingdom, a detergents factory in Algeria, manufacturing and packaging facilities for synthetic detergent tablets at Edgewater, New Jersey, and a salad dressings plant at Independence, Missouri, in the United States, and a potato flake factory at Ballarat, Australia.

Expenditure of Fl. 534 millions was approved in 1962; the most important items are listed below:—

MARGARINE AND OTHER EDIBLE FATS:	Fl.
Production facilities and modernisation of factories in Great Britain, France and Germany	12,100,000
DETERGENTS:	
Production facilities in Great Britain, U.S.A., Canada, Brazil and Spain	25,800,000
FOODS:	
Extension of meat production and slaughtering facilities in Great Britain	21,600,000

	Fl.
Development of Surprise Peas production at Ashford, Huntingdon, Sheffield and Worksop in Great Britain	14,000,000
Factory for production of tea at Flemington, U.S.A.	12,900,000
New factory for processed cheese at Hamburg-Bahrenfeld, Germany	7,400,000
Extension of manufacturing, storage and distribution facilities for ice cream and quick-frozen foods in Great Britain and Germany	11,500,000
Improvements to existing shops and provision of supermarkets in Great Britain and Germany	8,400,000

OTHER INDUSTRIAL ACTIVITIES:

Production facilities for chemicals in U.S.A. and Germany . .	16,500,000
New printing works near Sydney, Australia.	14,500,000
Production facilities for perfumes at Ashford, Great Britain . .	9,600,000
Installation of oil milling equipment at Mannheim, Germany.	3,200,000

GENERAL:

Motor vehicles (less sales of old vehicles)	47,400,000
Housing and welfare facilities for employees	8,600,000
Additional research facilities at Isleworth, Welwyn and Colworth House in Great Britain	15,200,000
Erection of biological laboratory at Vlaardingen	2,500,000
New research laboratory at Hamburg-Bahrenfeld, Germany . .	8,700,000
Office buildings in Great Britain and U.S.A.	15,400,000
New Kingsway Store at Port Harcourt, Nigeria	8,000,000

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

	<i>Fl. million</i>	%
Europe	366	68.5
Africa	42	8.0
North and South America	79	14.9
Rest of the World	47	8.6
Total	<u>534</u>	<u>100.0</u>

EARNINGS PER SHARE

The combined earnings per unit (Fl. 12 or £ 1) of ordinary capital in 1962 were Fl. 6.57 or 12s. 11.62d. (1961: Fl. 6.74 or 13s. 3.62d.).

A company's earnings per unit of ordinary capital provide a popular yardstick for measuring its progress. For Unilever the appropriate earnings per share calculation is for N.V. and LIMITED combined. To show earnings per share separately for the two companies would be misleading, because of the Equalisation Agreement between N.V. and LIMITED. This provides that the ordinary dividend paid on Fl. 12 nominal of N.V.'s ordinary capital shall be equivalent at the current rate of exchange between the guilder and the pound sterling, to the ordinary dividend paid on £ 1 nominal of LIMITED's ordinary capital; and if it is necessary to achieve this result, the profits of one company may be used for the ordinary dividends of the other, although in practice this has never happened.

For this Report and the Accounts LIMITED's ordinary capital has been converted at the rate of £ 1 = Fl. 12, which is the basic rate for the purposes of the Equalisation Agreement. Unilever's earnings per share, which are shown above and repeated in other currencies on page 40, have been calculated by dividing the combined net profits of N.V. and LIMITED accruing to their ordinary shareholders by the combined ordinary capitals.

The figure of earnings per share should not be considered as more than a guide for comparing the combined profits from year to year and should not be taken as the amount that would be paid to the ordinary shareholders if all the profits for the year were distributed as dividend.

An explanation in greater detail of the effect of the Equalisation Agreement is given in a booklet, "Equalisation Agreement and Earnings per Share" *).

*) Copies of this booklet in Dutch, English, French and German are obtainable free of charge from Unilever N.V., Museumpark 1, Rotterdam 2, and from Information Division, Unilever Limited, Unilever House, Blackfriars, London E.C. 4., or as follows:—

Dutch: Rotterdamsche Bank N.V., Amsterdam; Kredietbank N.V., Brussels and Antwerp;

English: Morgan Guaranty Trust Company, 140 Broadway, New York 15, N.Y.; Irving Trust Company, 1 Wall Street, New York 15, N.Y.;

French: de Rothschild Frères, Paris; Société de Banque Suisse, Crédit Suisse and Union de Banques Suisses, Geneva and Lausanne; Kredietbank N.V., Brussels;

German: Dresdner Bank A.G. and Deutsche Bank A.G., Hamburg, Düsseldorf, Frankfurt and Munich; Bank für Handel und Industrie A.G. and Berliner Disconto Bank A.G., Berlin; Schweizerischer Bankverein, Schweizerische Kreditanstalt and Schweizerische Bankgesellschaft, Zürich and Basle.

DIRECTORS

In accordance with Article 21 of the Articles of Association, all the Directors retire and offer themselves for re-election.

AUDITORS

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

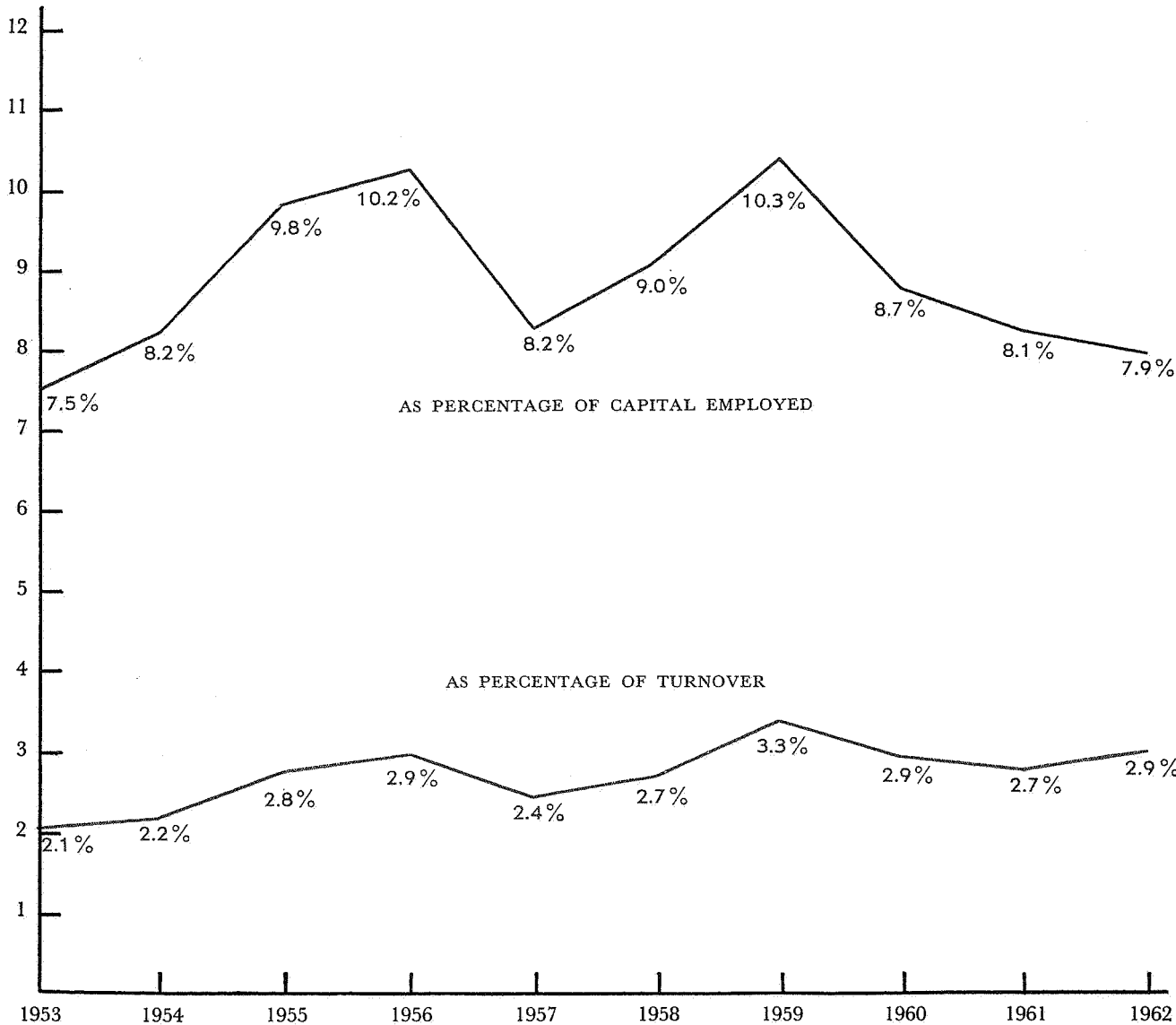
ROTTERDAM, 19th March, 1963.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

GEORGE COLE, *Vice-Chairman.*

RETURN ON CAPITAL EMPLOYED AND ON TURNOVER 1953-1962



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

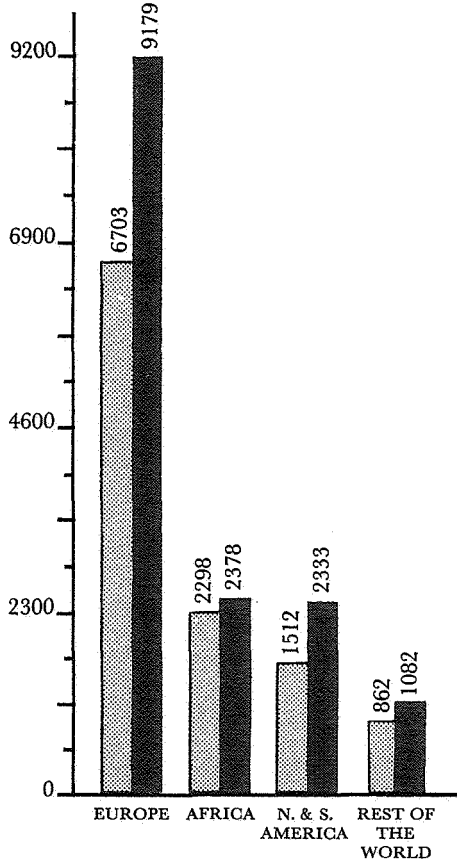
SALES TO THIRD PARTIES, PROFIT AND CAPITAL EMPLOYED BY GEOGRAPHICAL AREAS

1955

1962

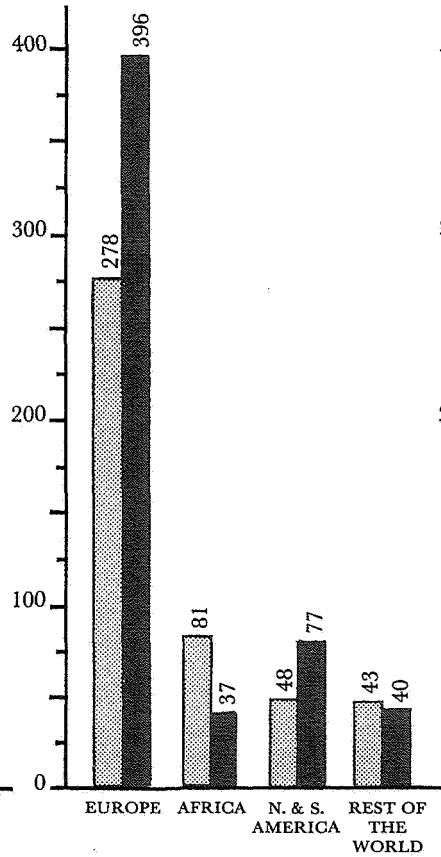
SALES TO THIRD PARTIES

Fl. millions



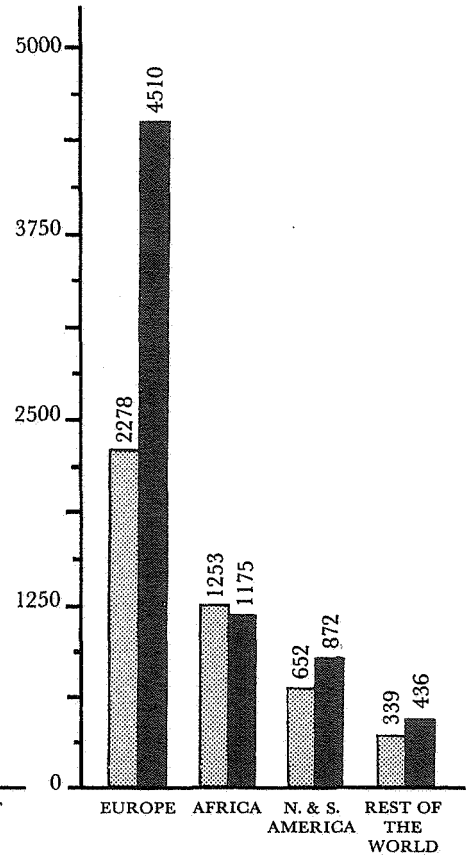
PROFIT AFTER TAXATION, BUT BEFORE LOAN INTEREST

Fl. millions



CAPITAL EMPLOYED

Fl. millions



	SALES TO THIRD PARTIES		PROFIT		CAPITAL EMPLOYED	
	1955	1962	1955	1962	1955	1962
	%	%	%	%	%	%
EUROPE	58.9	61.3	61.7	72.0	50.4	64.5
AFRICA	20.2	15.9	18.0	6.7	27.7	16.8
NORTH AND SOUTH AMERICA	13.3	15.6	10.6	14.1	14.4	12.5
REST OF THE WORLD	7.6	7.2	9.7	7.2	7.5	6.2
	100.0	100.0	100.0	100.0	100.0	100.0

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

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

Fl. thousands

1961		
N.V.	LIMITED	COMBINED
7,280,988	7,481,519	14,762,507
6,760,141	6,981,916	13,742,057
520,847	499,603	1,020,450
6,757	32,161	38,918
5,950	8,686	14,636
521,654	523,078	1,044,732
255,429	272,202	527,631
266,225	250,876	517,101
32,986	6,852	39,838
12,510	7,774	20,284
286,701	249,954	536,655
12,972	26,992	39,964
273,729	222,962	496,691
101,225	51,897	153,122
172,504	171,065	343,569

I. SALES TO THIRD PARTIES

II. COSTS

III. TRADING PROFIT

IV. INCOME FROM TRADE INVESTMENTS

V. INTEREST ON LOAN CAPITAL

VI. PROFIT BEFORE TAXATION

VII. TAXATION BASED ON PROFIT FOR THE YEAR

VIII. PROFIT FOR THE YEAR AFTER TAXATION

IX. EXCEPTIONAL ITEMS

X. OUTSIDE INTEREST IN RESULTS OF SUBSIDIARIES

XI. CONSOLIDATED NET PROFIT

XII. PREFERENTIAL DIVIDENDS

XIII. PROFIT ACCRUING TO ORDINARY CAPITAL

XIV. ORDINARY DIVIDENDS

XV. PROFIT RETAINED IN THE BUSINESS

1962		
COMBINED	N.V.	LIMITED
14,971,924	7,644,427	7,327,497
13,913,969	7,069,330	6,844,639
1,057,955	575,097	482,858
42,855	7,561	35,294
20,702	11,894	8,808
1,080,108	570,764	509,344
540,008	270,857	269,151
540,100	299,907	240,193
7,844	6,040	1,804
23,147	15,291	7,856
524,797	290,656	234,141
40,327	13,335	26,992
484,470	277,321	207,149
160,503	105,819	54,684
323,967	171,502	152,465

NOTES

I, II and III. Sales have been converted to guilders at the rates of exchange ruling at the end of each half year concerned, with the exception that sales for the first two months of 1961 outside the Netherlands were converted at the rates ruling before the revaluation of the guilder on 6th March, 1961. Trading profits for the whole of each year have been converted at the respective year end rates.

Costs include:

1961			<i>Fl. thousands</i>	1962		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
156,207	152,668	308,875	Depreciation	341,233	173,796	167,437
1,368	2,950	4,318	Emoluments of Directors as managers including contributions to pension funds for superannuation	4,963	1,740	3,223
181	1,196	1,377	Superannuation of former Directors	649	152	497
3,794	8,626	12,420	Income from marketable and short-term securities	20,345	5,475	14,870
<u>153,962</u>	<u>148,188</u>	<u>302,150</u>		<u>326,500</u>	<u>170,213</u>	<u>156,287</u>

VII. In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 244,805,000 less foreign tax relief of Fl. 66,057,000, and foreign taxes Fl. 90,403,000. Tax relief on investment allowances: N.V. Fl. 1,995,000 (1961 Fl. 2,254,000), LIMITED Fl. 17,809,000 (1961 Fl. 21,357,000).

IX. Exceptional items are as follows:

1961			<i>Fl. thousands</i>	1962		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
28,473	7,278	35,751	Taxation adjustments - previous years	16,501	15,518	983
4,513	426	4,087	Other	8,657	9,478	821
<u>32,986</u>	<u>6,852</u>	<u>39,838</u>		<u>7,844</u>	<u>6,040</u>	<u>1,804</u>

Taxation adjustments arise mainly from release of provisions no longer required and refund of taxes following changes in legislation.

Other exceptional items are a balance of many items not applicable to current trading and are shown after deduction of taxation. In N.V. the net profit in 1961 included a substantial profit on the sale of securities.

XII and XIV. Dividends are declared gross, but LIMITED retains United Kingdom income tax at the standard rate in force on the date of payment, whereas N.V. pays its dividends gross.

Dividends are as follows:

1961			<i>Fl. thousands</i>	1962		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
12,972	44,061	57,033	Preferential dividends gross	57,396	13,335	44,061
—	17,069	17,069	United Kingdom income tax	17,069	—	17,069
<u>12,972</u>	<u>26,992</u>	<u>39,964</u>		<u>40,327</u>	<u>13,335</u>	<u>26,992</u>
101,225	84,727	185,952	Ordinary dividends gross	195,097	105,819	89,278
—	32,830	32,830	United Kingdom income tax	34,594	—	34,594
<u>101,225</u>	<u>51,897</u>	<u>153,122</u>		<u>160,503</u>	<u>105,819</u>	<u>54,684</u>

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.

CONSOLIDATED BALANCE SHEETS

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

Fl. thousands

31st December 1961		
N.V.	LIMITED	COMBINED
240,895	570,596	811,491
479,624	404,436	884,060
1,398,356	2,207,915	3,606,271
1,877,980	2,612,351	4,490,331
99,615	145,969	245,584
173,973	217,721	391,694
199,000	369,457	568,457
143,941	<i>143,941</i>	—
2,735,404	3,772,153	6,507,557
1,430,185	1,913,971	3,344,156
62,806	99,485	162,291
1,492,991	2,013,456	3,506,447
1,155,185	1,565,830	2,721,015
692,949	872,537	1,565,486
51,897	247,247	299,144
337,896	174,653	512,549
2,237,927	2,860,267	5,098,194
565,056	558,159	1,123,215
172,189	219,272	391,461
187,347	274,311	461,658
70,922	49,828	120,750
995,514	1,101,570	2,097,084
1,242,413	1,758,697	3,001,110
2,735,404	3,772,153	6,507,557

CAPITAL EMPLOYED

I. PREFERENTIAL CAPITAL—PARENT COMPANIES	814,520	243,924	570,596
ORDINARY CAPITAL AND RESERVES			
II. Ordinary Capital—parent companies	884,560	480,124	404,436
III. Profits retained in the business and other reserves . .	3,872,552	1,565,445	2,307,107
ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES			
IV. OUTSIDE INTEREST IN SUBSIDIARIES	4,757,112	2,045,569	2,711,543
V. LOAN CAPITAL	250,718	103,128	147,590
VI. DEFERRED LIABILITIES	569,853	350,429	219,424
VII. N.V./LIMITED INTER-GROUP ITEMS	600,634	218,000	382,634
	—	135,630	<i>135,630</i>
	6,992,837	3,096,680	3,896,157

EMPLOYMENT OF CAPITAL

VIII. LAND, BUILDINGS AND PLANT	3,568,903	1,567,905	2,000,998
IX. TRADE INVESTMENTS	220,664	92,109	128,555

FIXED ASSETS

CURRENT ASSETS

X. Stocks	2,604,641	1,136,908	1,467,733
XI. Debtors	1,500,630	728,915	771,715
XII. Marketable and short-term securities	529,979	117,505	412,474
XIII. Cash and bank balances	665,470	457,702	207,768
	5,300,720	2,441,030	2,859,690

CURRENT LIABILITIES

XIV. Creditors	1,214,970	650,324	564,646
XV. Bank advances	307,147	73,046	234,101
XVI. Provision for taxation	447,430	204,612	242,818
XVII. Dividends	127,903	76,382	51,521
	2,097,450	1,004,364	1,093,086

NET CURRENT ASSETS

31st December 1962		
COMBINED	N.V.	LIMITED
814,520	243,924	570,596
884,560	480,124	404,436
3,872,552	1,565,445	2,307,107
4,757,112	2,045,569	2,711,543
250,718	103,128	147,590
569,853	350,429	219,424
600,634	218,000	382,634
—	135,630	<i>135,630</i>
6,992,837	3,096,680	3,896,157
3,568,903	1,567,905	2,000,998
220,664	92,109	128,555
3,789,567	1,660,014	2,129,553
2,604,641	1,136,908	1,467,733
1,500,630	728,915	771,715
529,979	117,505	412,474
665,470	457,702	207,768
5,300,720	2,441,030	2,859,690
1,214,970	650,324	564,646
307,147	73,046	234,101
447,430	204,612	242,818
127,903	76,382	51,521
2,097,450	1,004,364	1,093,086
3,203,270	1,436,666	1,766,604
6,992,837	3,096,680	3,896,157

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.

I and II. LIMITED's consolidated balance sheet has been converted at the official parity of £ 1 = Fl. 10.136 as in 1961, except that contrary to earlier practice LIMITED's ordinary capital has been converted at the rate of £ 1 = Fl. 12. The consequential adjustment is shown in III below.

Increases in capital are referred to in notes I and II of statement C.

III. Movements in profits retained and other reserves were as follows:

	<i>Fl. thousands</i>		
	COMBINED	N.V.	LIMITED
PREMIUMS ON CAPITAL ISSUED			
At 1st January, 1962	60,331	43,323	17,008
Arising on issues of preferential and ordinary capital	4,925	4,925	—
At 31st December, 1962	<u>65,256</u>	<u>48,248</u>	<u>17,008</u>
ADJUSTMENT ON CONVERSION OF LIMITED'S ORDINARY CAPITAL AT £ 1 = Fl. 12			
	<u>62,822</u>	<u>—</u>	<u>62,822</u>
SURPLUS ON REVALUATION OF FIXED ASSETS			
At 1st January, 1962	14,697	—	14,697
Additions	1,297	—	1,297
Goodwill on acquisition of new subsidiaries*)	1,074	—	1,074
Exchange and other adjustments on consolidation	2,980	—	2,980
At 31st December, 1962	<u>11,940</u>	<u>—</u>	<u>11,940</u>
PROFITS RETAINED IN THE BUSINESS			
At 1st January, 1962	3,594,065	1,355,033	2,239,032
Goodwill on acquisition of new subsidiaries*)	6,881	6,881	—
Exchange and other adjustments on consolidation	52,973	2,457	50,516
Profit for the year retained	323,967	171,502	152,465
At 31st December, 1962	<u>3,858,178</u>	<u>1,517,197</u>	<u>2,340,981</u>
	<u>3,872,552</u>	<u>1,565,445</u>	<u>2,307,107</u>

*) In accordance with the practice established in 1953, the excess of the price paid for new interests over tangible assets acquired has been eliminated.

V. Loan capital is secured to the extent of n.v. Fl. 37,751,000, LIMITED Fl. 207,065,000.

VI. Deferred liabilities are as follows:

1961			<i>Fl. thousands</i>			1962		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED		
81,000	162,248	243,248	Future taxation	229,026	78,000	151,026		
38,000	158,050	196,050	Deferred taxation	215,272	46,000	169,272		
80,000	49,159	129,159	Unfunded retirement benefits	156,336	94,000	62,336		
<u>199,000</u>	<u>369,457</u>	<u>568,457</u>		<u>600,634</u>	<u>218,000</u>	<u>382,634</u>		

Future taxation includes, in addition to United Kingdom income tax on the profits of 1962, taxes on the 1962 profits of companies situated outside the Netherlands and the United Kingdom which will only become payable if those profits are distributed to the holding companies and certain other taxes which are not in the nature of current liabilities. Deferred taxation arises because in many countries depreciation allowances for tax exceed the corresponding amounts charged to profits.

Unfunded retirement benefits represent the estimated current value of future supplementary payments to past and present employees. The amounts are stated after allowing in appropriate cases for estimated future taxation relief.

- VII. 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.

- VIII. Movements in land, buildings and plant were as follows:

COST OR VALUATION*)	<i>Fl. thousands</i>		
	COMBINED	N.V.	LIMITED
At 1st January, 1962	5,276,315	2,456,379	2,819,936
Expenditure (net)	516,999	270,927	246,072
New subsidiaries	59,307	47,154	12,153
Adjustments on disposals, revaluations and exchange differences	107,719	52,346	55,373
At 31st December, 1962	<u>5,744,902</u>	<u>2,722,114</u>	<u>3,022,788</u>
DEPRECIATION			
At 1st January, 1962	1,932,159	1,026,194	905,965
Charged to profit and loss account	341,233	173,796	167,437
New subsidiaries	13,392	9,510	3,882
Adjustments on disposals, revaluations and exchange differences	110,785	55,291	55,494
At 31st December, 1962	<u>2,175,999</u>	<u>1,154,209</u>	<u>1,021,790</u>
NET BALANCE SHEET AMOUNTS			
Land	143,126	87,459	55,667
Buildings	1,519,308	639,503	879,805
Plant and equipment	1,741,066	819,684	921,382
Ships	165,403	21,259	144,144
	<u>3,568,903</u>	<u>1,567,905</u>	<u>2,000,998</u>

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

At 31st December, 1962, the amount of capital expenditure authorised by the Boards and still not spent was Fl. 574,000,000 (n.v. Fl. 263,000,000, LIMITED Fl. 311,000,000). Of these amounts commitments had been entered into for Fl. 193,000,000 (n.v. Fl. 105,000,000, LIMITED Fl. 88,000,000).

- IX. Trade investments are mostly companies in which Unilever own 50% or less of the ordinary share capital and which are not included in the consolidation, and other investments not held for sale.

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

	<i>Fl. thousands</i>		
	BOOK AMOUNT 31ST DECEMBER 1962	UNILEVER SHARE OF NET ASSETS	NET PROFITS AFTER TAX
Europe	133,319	246,241	24,293
Africa	64,393	83,671	7,311
Rest of the world	19,982	22,460	1,719
	<u>217,694</u>	<u>352,372</u>	<u>33,323</u>
Leverhulme Trust	2,970		
	<u>220,664</u>		

In n.v., trade investments are shown principally at cost less a provision of Fl. 55,000,000.

In LIMITED, they are shown at net book amount at 31st December, 1947, with additions at cost or valuation, less Fl. 1,814,000 written off.

- X. Stocks are consistently stated at 31st December, 1961, and 1962 on the basis of the lower of cost – mainly averaged cost – and net realisable value.
- XII. Marketable and short-term securities comprise quoted, mainly dated stocks, n.v. Fl. 53,420,000, LIMITED Fl. 260,860,000 (market value n.v. Fl. 64,807,000, LIMITED Fl. 270,439,000) and unquoted, mainly municipal and other short-term loans.
- XV. Bank advances are secured to the extent of n.v. Fl. 25,863,000, LIMITED Fl. 3,923,000.

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.

There are contingent liabilities. The amounts involved are not material and no loss is expected.

In order to conform to the seasonal nature of their operations, the financial year of some subsidiaries of LIMITED having substantial interests in Africa ends on 30th September. With the consent of the Board of Trade the accounts of these companies have been consolidated on the basis of interim accounts at 31st December.

The assets in the Congo are included partly on an estimated basis, and amount to n.v. Fl. 97,782,000, LIMITED Fl. 82,588,000, combined Fl. 180,370,000 (1961 Fl. 205,954,000).

REPORTS 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, 1962, and of their profit for the year 1962.

London and The Hague }
London and Rotterdam } 19th March, 1963.

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 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, 1962, 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 1962.

London, 19th March, 1963.

COOPER BROTHERS & Co.
PRICE WATERHOUSE & Co.

SUMMARY OF COMBINED FIGURES 1953-1962

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Fl. millions

	1953	1954	1955	1956	1957	1958	1959	1960	1961 *	1962 *
Turnover	13,900	15,294	16,119	17,784	18,297	18,388	19,016	19,650	19,321	19,223
of which Sales to third parties	8,999	10,363	11,375	12,580	12,976	13,395	14,140	14,757	14,763	14,972
Profit before taxation	643	737	905	1,051	908	985	1,216	1,129	1,045	1,080
Taxation for the year	359	407	467	552	480	490	594	571	528	540
Exceptional items	6	28	65	26	23	32	43	20	40	8
Consolidated net profit	274	339	480	501	428	503	640	553	537	525
Dividends:										
Preferential	37	37	38	38	38	38	40	41	40	40
Ordinary	46	63	79	88	88	105	146	155	153	161
Profit retained in the business	191	239	363	375	302	360	454	357	344	324
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%	%
Distributed	2.4	2.7	3.0	2.9	2.6	2.8	3.5	3.5	3.4	3.4
Retained	9.8	10.5	13.7	12.3	9.0	9.7	10.8	8.1	7.7	6.8
Preferential Capital	810	812	815	815	815	815	815	831	811	815
Ordinary shareholders' funds:										
Capital	418	560	700	700	700	875	880	881	884	885
Reserves	1,525	1,716	1,949	2,349	2,673	2,830	3,324	3,548	3,606	3,872
Outside interest	234	238	246	261	258	255	258	262	246	251
Loan capital	596	519	497	483	461	416	416	402	392	570
Deferred liabilities:										
Future and deferred taxation	338	363	378	399	404	408	447	446	440	444
Unfunded retirement benefits	—	—	—	—	—	—	—	103	129	156
Total Capital Employed	3,921	4,208	4,585	5,007	5,311	5,599	6,140	6,473	6,508	6,993

* *Regard should be had to the revaluation of the guilder on 6th March, 1961.*

UNILEVER N.V.
BALANCE SHEET AT 31st DECEMBER 1962

Figures in red represent deductions

Fl. thousands

1961	CAPITAL EMPLOYED		
	I. PREFERENTIAL CAPITAL	<i>Authorised</i>	<i>Issued and fully paid</i>
29,000	7% Cumulative Preference	30,000	29,000
136,895	6% Cumulative Preference	200,000	139,924
75,000	4% Redeemable Cumulative Preference	75,000	75,000
240,895		<u>305,000</u>	243,924
	II. ORDINARY CAPITAL AND RESERVES		
482,024	ORDINARY CAPITAL	<u>750,000</u>	482,524
43,323	PREMIUMS ON CAPITAL ISSUED		48,248
436,558	PROFITS RETAINED IN THE BUSINESS		<u>438,321</u>
961,905			969,093
22,325	III. INDEBTEDNESS TO LIMITED GROUP		21,203
<u>1,225,125</u>			<u>1,234,220</u>
	EMPLOYMENT OF CAPITAL		
	IV. INTERESTS IN SUBSIDIARIES		
260,375	Shares at cost		260,375
1,170,318	Advances		1,067,775
1,430,693			1,328,150
231,801	<i>Less: Deposits</i>		<u>214,907</u>
1,198,892			1,113,243
	V. CURRENT ASSETS		
24,738	Debtors and payments in advance	33,374	
4,522	Marketable and short-term securities	34,848	
104,568	Cash and bank balances	<u>164,367</u>	
133,828			232,589
	VI. CURRENT LIABILITIES AND PROVISIONS		
36,838	Creditors	37,257	
1,472	Provision for taxation	425	
69,285	Dividends, due or proposed	<u>73,930</u>	
107,595			<u>111,612</u>
26,233			120,977
<u>1,225,125</u>			<u>1,234,220</u>
	ON BEHALF OF THE BOARD,		
	F. J. TEMPEL, <i>Chairman.</i> GEORGE COLE, <i>Vice-Chairman.</i>		

NOTES

- I. Fl. 3,029,000 of 6% cumulative preference capital was issued in respect of the remainder of the purchase price of N.V. Exportslachterij Udema, Gieten, acquired in 1961 and in connection with the acquisition of N.V. Bakhuis' Vleeschwaren- en Conservenfabrieken "Olba", Olst.

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

- II. Fl. 500,000 of ordinary capital was issued in connection with the acquisition of assets of Edelweiss-Milchwerke K. Hoefelmayer K.G., Kempten, Germany.

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 right to the final dividend for 1962.

The movements in premiums on capital issued during 1962 were: *Fl. thousands*

Balance at 1st January	43,323
Arising on issues of preferential and ordinary capital	4,925
Balance at 31st December	<u>48,248</u>

The movements in profits retained in the business during 1962 were:

Balance at 1st January	436,558
Profit for the year	120,917
Preferential dividends	13,335
Ordinary dividends	<u>105,819</u>
Profit for the year retained	1,763
Balance at 31st December	<u>438,321</u>

- V. Debtors and payments in advance (Fl. 648,000) have been shown after provision for doubtful debts.

Marketable and short-term securities are short-term deposits.

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.

UNILEVER LIMITED
BALANCE SHEET AT 31st DECEMBER 1962

Figures in red represent deductions

£ thousands

1961	CAPITAL EMPLOYED		Authorised	Issued and fully paid
	I. PREFERENTIAL CAPITAL			
35,985	7% Cumulative Preference } <i>Ranking</i>		35,985	35,985
2,360	5% Cumulative Preference } <i>pari passu</i>		4,015	2,360
15,662	8% Cumulative A Preference		40,000	15,662
2,287	20% Cumulative Preferred Ordinary		2,287	2,287
56,294			<u>82,287</u>	56,294
	II. ORDINARY AND DEFERRED CAPITAL AND PROFITS RETAINED			
33,703	Ordinary Capital		59,031	33,703
100	Deferred Capital		100	100
33,803			<u>59,131</u>	33,803
1,678	PREMIUMS ON CAPITAL ISSUED			1,678
100,896	PROFITS RETAINED IN THE BUSINESS			108,425
136,377				143,906
	III. LOAN CAPITAL			
8,213	3 ³ / ₄ % Debenture stock, 1955/75 } <i>Ranking</i>			8,156
11,719	4% Debenture stock, 1960/80 } <i>pari passu</i>			11,672
19,932				19,828
2,340				1,441
214,943				221,469
13,554				13,666
201,389				207,803
	EMPLOYMENT OF CAPITAL			
	VI. FIXED ASSETS			
6,551	Land, buildings and plant			7,896
5,853	Trade investments			5,753
12,404				13,649
	VII. INTERESTS IN SUBSIDIARIES			
120,377	Shares			117,559
96,718	Advances			87,895
217,095				205,454
45,202	Less: Deposits			49,860
171,893				155,594
	VIII. CURRENT ASSETS			
1,556	Debtors		2,848	
17,748	Marketable and short-term securities		36,820	
7,673	Cash and bank balances		8,869	
26,977				48,537
	IX. CURRENT LIABILITIES			
2,463	Creditors		2,348	
2,925	Provision for taxation		2,864	
4,497	Dividends (net) due or proposed		4,765	
9,885				9,977
17,092				38,560
201,389				207,803
	GEORGE COLE, <i>Chairman.</i>			
	F. J. TEMPEL, <i>Vice-Chairman.</i>			

NOTES

- II. £ 50,000 deferred stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V. who have waived their right to the dividend for 1962.

	<i>£ thousands</i>
The movements in profits retained in the business during 1962 were:	
Balance at 1st January	100,896
Bonus shares received from a subsidiary	1,805
Profit for the year	13,782
Preferential dividends	2,663
Ordinary dividends	<u>5,395</u>
Profit for the year retained	5,724
Balance at 31st December	<u><u>108,425</u></u>

- III. The two issues of debenture stock are secured by a floating charge on the assets of the company. During the year £ 57,000 of 3³/₄% debenture stock 1955/75 and £ 47,000 of 4% debenture stock 1960/80 were purchased by the company.

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

	<i>£ thousands</i>
VI. Land, buildings and plant:	
At valuation 1st January, 1953, with additions since at cost	9,506
Depreciation	<u>1,610</u>
	<u><u>7,896</u></u>

Trade investments are shown at net book amount 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. Marketable and short-term securities comprise short-dated government and municipal stocks £ 23,109,000 (market value £ 24,036,000), and short-term municipal loans £ 13,711,000.

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, upon which no loss is expected.

The estimated commitments for capital expenditure at 31st December, 1962, were £ 416,000.

SALIENT FIGURES

*All figures relate to the N.V. and LIMITED groups combined.
The Salient Figures given on page 5 are shown below in the currencies indicated.*

In millions – 1961 in italics

	U.K. Sterling	Belgium Francs	France Francs	Germany Marks	Switzer- land Francs	U.S.A. Dollars
Turnover	1,896.5 <i>1,890.1</i>	265,512 <i>264,610</i>	26,210 <i>26,121</i>	21,241 <i>21,349</i>	23,213 <i>23,134</i>	5,310 <i>5,292</i>
of which						
Third party sales	1,477.1 <i>1,444.4</i>	206,794 <i>202,211</i>	20,414 <i>19,961</i>	16,544 <i>16,313</i>	18,080 <i>17,679</i>	4,136 <i>4,044</i>
Profit before taxation	106.6 <i>103.1</i>	14,919 <i>14,429</i>	1,473 <i>1,424</i>	1,193 <i>1,154</i>	1,304 <i>1,262</i>	298 <i>289</i>
Taxation for the year	53.3 <i>52.1</i>	7,459 <i>7,288</i>	736 <i>719</i>	597 <i>583</i>	652 <i>637</i>	149 <i>146</i>
Exceptional items	0.8 <i>3.9</i>	108 <i>550</i>	11 <i>54</i>	9 <i>44</i>	9 <i>48</i>	2 <i>11</i>
Consolidated net profit	51.8 <i>52.9</i>	7,249 <i>7,412</i>	715 <i>732</i>	580 <i>593</i>	634 <i>648</i>	145 <i>148</i>
Ordinary dividends	15.8 <i>15.1</i>	2,217 <i>2,115</i>	219 <i>209</i>	177 <i>169</i>	194 <i>185</i>	44 <i>42</i>
Profit retained in the business	32.0 <i>33.9</i>	4,475 <i>4,745</i>	442 <i>468</i>	358 <i>380</i>	391 <i>415</i>	89 <i>95</i>
Capital employed	689.9 <i>642.0</i>	96,586 <i>89,883</i>	9,534 <i>8,873</i>	7,727 <i>7,191</i>	8,444 <i>7,858</i>	1,932 <i>1,798</i>
Expenditure on fixed assets (net)	51.0 <i>54.6</i>	7,141 <i>7,639</i>	705 <i>754</i>	571 <i>611</i>	624 <i>668</i>	143 <i>153</i>
Depreciation	33.7 <i>30.5</i>	4,713 <i>4,266</i>	465 <i>421</i>	377 <i>341</i>	412 <i>373</i>	94 <i>85</i>

COMBINED EARNINGS AND DIVIDENDS PER SHARE

1961 in italics

Per Fl. 12 or £ 1 of ordinary capital:	U.K. Sterling	Belgium Francs	France Francs	Germany Marks	Switzer- land Francs	U.S.A. Dollars
Earnings	12s. 11.62d. <i>13s. 3.62d.</i>	90.78 <i>93.11</i>	8.96 <i>9.19</i>	7.26 <i>7.45</i>	7.94 <i>8.14</i>	1.82 <i>1.86</i>
Dividends	5s. 2.72d. <i>4s. 11.48d.</i>	36.59 <i>34.70</i>	3.61 <i>3.43</i>	2.93 <i>2.78</i>	3.20 <i>3.03</i>	0.73 <i>0.69</i>
Per Fl. 20 of ordinary capital:						
Earnings	21s. 7.37d. <i>22s. 2.03d.</i>	151.30 <i>155.19</i>	14.94 <i>15.32</i>	12.10 <i>12.41</i>	13.23 <i>13.57</i>	3.03 <i>3.10</i>
Dividends	8s. 8.18d. <i>8s. 3.45d.</i>	60.77 <i>58.01</i>	6.00 <i>5.73</i>	4.86 <i>4.64</i>	5.31 <i>5.07</i>	1.22 <i>1.16</i>

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

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**REPORT AND ACCOUNTS OF
UNILEVER N.V. AND
UNILEVER LIMITED**

In addition to this English translation of the Report and Accounts of Unilever N.V., French and German translations are available on request. The Report and Accounts of Unilever Limited contain the same information, with figures in sterling.

“PROGRESS”

Progress, Unilever's quarterly magazine published in England, contains articles by authors inside and outside the business on 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 2.