

UNILEVER

REPORT & ACCOUNTS

1959

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UNILEVER

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UNILEVER N.V.

DIRECTORS

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

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PAUL RIJKENS
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H. L. WOLTERSOM

SECRETARY

E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co. COOPER BROTHERS & Co.

This is a translation of the original Dutch report.

SALIENT POINTS

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

1958		1959
Fl.		Fl.
18,388,000,000	TURNOVER	19,016,000,000
976,000,000	TRADING PROFIT	1,207,000,000
490,000,000	TAXATION FOR THE YEAR	594,000,000
32,000,000	EXCEPTIONAL PROFITS	43,000,000
503,000,000	CONSOLIDATED NET PROFIT	640,000,000
105,000,000	ORDINARY DIVIDENDS	146,000,000*
18 1/2%	N.V.	20%*
4s. 2.4d.	LIMITED (PER £ 1 OF CAPITAL)	4s. 6.5d.*
360,000,000	PROFIT RETAINED IN THE BUSINESS	454,000,000
5,598,000,000	CAPITAL EMPLOYED	6,140,000,000
429,000,000	EXPENDITURE ON FIXED ASSETS (NET)	439,000,000
244,000,000	DEPRECIATION	271,000,000

* On increased capital.

UNILEVER N.V. and UNILEVER LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. This, inter alia, in effect equalises the rights of the ordinary capitals of the two companies as to dividends and, on liquidation, as to capital value, on the basis of Fl. 12 nominal of n.v.'s ordinary capital being equivalent to £ 1 nominal of LIMITED's ordinary capital.

REPORT OF THE DIRECTORS FOR THE YEAR 1959

*to be submitted at the General Meeting of Shareholders
to be held at Rotterdam on 26th April, 1960*

The Directors submit their Report and Accounts for the year 1959. As usual, these combine the results and operations of the two Groups, UNILEVER N.V. ("N.V.") and UNILEVER LIMITED ("LIMITED"), with the sterling equivalents of all N.V. figures calculated at the official parity, i.e. £ 1 = Fl. 10.64.

CHANGES IN CAPITAL

During 1959, N.V. issued a nominal amount of Fl. 4,744,000 ordinary capital. Fl. 1,249,000 was issued to third parties who held minority interests in two of our German companies, F. Thörls Vereinigte Harburger Oelfabriken A.G. and Verein deutscher Oelfabriken after these companies had been absorbed by Margarine Union G.m.b.H. The balance of nominal Fl. 3,495,000 was issued for the acquisition of virtually the whole share capital of N.V. Koninklijke Stearine Kaarsenfabrieken "Gouda-Apollo" of Gouda. The Gouda-Apollo shares thus acquired were subsequently transferred by N.V. to Unilever-Emery, a company in which half the capital is held by N.V. and half by Emery Industries, Inc. of Cincinnati, U.S.A. Details of this venture are given on page 19.

RESULTS

Turnover, particulars of which are shown in the table on page 11, again increased, Fl. 19,015,776,000 as compared with Fl. 18,388,474,000 in 1958.

Trading profits rose to Fl. 1,207,196,000 (Fl. 976,303,000 in 1958). The main factors accounting for the improved trading results were as follows.

The improvement in profit margins for margarine and edible fats, which began in the second half of 1958, was generally maintained in 1959, and shorter supplies of butter in Europe helped the sales of our premium brands.

The volume of our soap and detergents trade increased almost everywhere and the increase occurred largely in the higher quality products, which yield a better margin. As a result, profits rose.

There was a considerable rise in the profits of our business in toilet preparations in the United States.

The hot, dry summer of 1959 in Northern Europe made the farmers turn to compound feeds earlier in the year. This brought useful increases in both sales and profits of the animal feeding stuffs side of the business.

The hot summer was also partly responsible for a substantial rise in the sales and profits of ice cream. In addition our other food businesses, particularly quick-frozen foods and dry soups, continued to yield an increasing return on the heavy development expenditure of recent years.

In the United Africa Group the improvement reported last year for the later months of 1958 continued into 1959, and, with the steps taken to combat rising costs and obtain better margins, resulted in much better profits.

The consolidated net profit rose from Fl. 503,152,000 in 1958 to Fl. 639,730,000. This was after charging taxation in 1959 of Fl. 593,765,000 (1958, Fl. 490,069,000).

Profit for the year after taxation, but before deducting loan interest, was equivalent in 1959 to 10.3% on the capital employed as against 9% in 1958. The returns on capital employed and on turnover for the ten years ending with 1959 are shown in the chart on page 35.

The proposed appropriations of the profits are shown in the consolidated profit and loss account (statement A). Interim dividends in respect of 1959 were paid on 17th December last on the ordinary capitals at the rate of 7% for N.V. and 1s. 7.2d. per £ 1 of stock before deducting income tax for LIMITED. The Directors now recommend the payment of final ordinary dividends of 13% for N.V. and 2s. 11.3d. per £ 1 of stock before deducting income tax for

LIMITED, both payable as from 10th May, 1960. This will make total dividends for 1959 of 20% for N.V. and 4s. 6.5d. for LIMITED, which are equivalent in value under the terms of the Equalisation Agreement.

In order to compare the dividends in respect of 1958, 18½% for N.V. and 4s. 2.4d. for LIMITED, with those now proposed, it should be noted that the dividends for 1959 will be distributed on the ordinary capitals as increased by the one for four scrip issues made in December, 1958. On the basis of these increased capitals the dividends for 1958 would have been 14.8% for N.V. and 3s. 4.3d. for LIMITED.

After payment of the final ordinary dividends for 1959, an amount of Fl. 453,967,000 remains to be added to the profits retained in the business which, after taking into account the adjustments set out in statement C, will then amount to Fl. 3,261,551,000.

ECONOMIC BACKGROUND

In most of Western Europe, and in North America, 1959 was a year of economic expansion. Industrial production rose, and over the world generally (outside the Communist countries) was about 10% higher than in 1958, a year of mild recession when industrial production had fallen by 3%. Increased production in 1959 was accompanied by greater exports and a greater demand for raw materials to replenish stocks run down during the recession, and world trade recovered rapidly. Towards the end of the year, when investment as well as consumption was rising, many Governments began to look to their defences against inflation.

The primary producing countries shared in the economic recovery with a sharp increase in their commodity exports, though by the end of the year the general level of commodity prices had still only risen about half as much as it had fallen from the peak prices of 1957.

1959 was Europe's first year of exchange convertibility since the War. The more important international currencies were stable, but fluctuations in some of the others presented the usual difficulties. In particular, the Brazilian cruzeiro depreciated rapidly, while Indonesia carried through a drastic reform of currency and exchange in August.

Unilever benefited from the fall in the standard rate of income tax in the United Kingdom. The tax rate was also reduced in the Republic of Ireland, Finland, Canada, the Philippines, the Belgian Congo and some of the French

African territories raised their taxes on profits. In Thailand and the Philippines distributed profits were taxed at a higher rate; in Indonesia they were taxed for the first time.

ECONOMIC CO-OPERATION IN EUROPE

At the beginning of 1959 the countries of the European Economic Community introduced the first tariff reductions for their internal trade. It was encouraging that a decision was taken to apply these reductions equally to imports from countries outside the Community, so far as compatible with the outer tariff planned for the Community as a whole. Similarly, at the beginning of 1959 a start was made towards abolishing quota restrictions, or at least increasing the quotas, but this feature was confined mostly to trade within the Community.

After the failure of the negotiations for a comprehensive European free trade system, the "Outer Seven" formed a free trade area with the United Kingdom as the principal member. The European Free Trade Association Treaty was signed towards the end of 1959 and the first steps towards its implementation are to be taken on 1st July, 1960.

Last year we said that we welcomed the institution of the European Economic Community and we looked forward to some form of association between that Community and the British Commonwealth. We should regret any permanent division of the European countries and their associated territories into two blocs, which could hamper the access of some of our businesses to sources of raw materials and to markets. We therefore hope to see steps taken in the direction of the economic unity of Europe as a whole, with no discrimination by European countries as between one or another of the developing territories overseas.

TURNOVER

Turnover in 1959 amounted to Fl. 19,015,776,000 (1958, Fl. 18,388,474,000); of this Fl. 14,140,134,000 (1958, Fl. 13,395,058,000) represents sales to third parties. Of the balance, Fl. 4,522,107,000 (1958, Fl. 4,565,379,000) represents supplies of marketable products, for use as raw material, and services by one part of Unilever to another. These are included in the total in order to show a proper ratio of turnover to capital employed and profits earned. Fl. 353,535,000 (1958, Fl. 428,037,000) represents the value of produce purchased for the Commonwealth West African Marketing Boards, which is given on the basis of prices controlled by statutory bodies.

Turnover by commodities in 1959 was as follows:—

%	1958			1959		%
	Fl.	Tons		Tons	Fl.	
16	2,898,485,000	1,605,000	Margarine, edible oils and fats . . .	1,653,000	2,959,431,000	16
17	3,092,399,000	1,740,000	Soap and other detergents	1,787,000	3,277,450,000	17
25	4,545,599,000	3,837,000	Oils and fats mainly for use within the organisation	3,723,000	4,339,513,000	23
11	2,019,717,000		Fresh, quick-frozen, canned and other processed foods, including ice cream		2,301,921,000	12
2	367,367,000		Toilet preparations, including per- fumes		404,958,000	2
8	1,449,498,000	4,559,000	Animal feeding stuffs	4,927,000	1,661,777,000	9
4	802,884,000		Miscellaneous manufactures, including glycerine		858,308,000	5
5	928,755,000		Produce (mainly tropical produce handled by the United Africa Group) including timber products		812,247,000	4
11	2,042,146,000		Merchandise (mainly handled by the United Africa Group)		2,155,483,000	11
1	241,624,000		Services (including ocean, river and road transport)		244,688,000	1
100	18,388,474,000		Total value		19,015,776,000	100

Fl.	Represented by:	Fl.
13,395,058,000	Sales to third parties	14,140,134,000
4,565,379,000	Supplies of marketable products and services within the organisation . .	4,522,107,000
428,037,000	Value of produce purchased for the West African Marketing Boards . .	353,535,000
18,388,474,000		19,015,776,000

As will be seen from the table on page 34, total turnover has risen from about Fl. 10,521,576,000 in 1950 to Fl. 19,015,776,000 in 1959. But over the same period third party sales show proportionately a much larger increase, from Fl. 6,632,561,000 in 1950 to Fl. 14,140,134,000 in 1959. The reason for this is that much of the expansion in recent years has come from the industries which do not involve much internal turnover, e.g. ice cream, quick-frozen and other foods. On the detergent side, the swing to soapless products has had a similar effect in lessening the relative importance of internal turnover. Total sales to third parties are thus becoming the yardstick by which the real growth can most realistically be assessed.

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

	1957		1958		1959	
	Fl.	%	Fl.	%	Fl.	%
Europe	11,103,255,000	61	11,129,833,000	60	11,611,613,000	61
North and South America . .	2,217,120,000	12	2,367,421,000	13	2,481,929,000	13
Africa, Middle East and Australasia	1,023,164,000	6	1,020,791,000	6	980,965,000	5
The Orient	817,184,000	4	858,425,000	5	954,249,000	5
The United Africa Group . .	3,136,374,000	17	3,012,004,000	16	2,987,020,000	16
Total	18,297,097,000	100	18,388,474,000	100	19,015,776,000	100

FINANCE

Our cash resources (bank balances and investments, less short term borrowings) increased by Fl. 275 million to Fl. 864 million in 1959.

The movements in 1959 can be summarised as follows (in Fl. millions):—

Profits retained provided	454
Depreciation charged against profits amounted to	271
Other sources contributed	57
So that available funds were	<u>782</u>
Expenditure on fixed assets (net) was	439
Other investments paid for in cash cost	52
Working capital other than cash increased by	16
Thus, total funds absorbed were	<u>507</u>
and cash increased by	<u><u>275</u></u>

The chief contribution from other sources is taxation charged against profits but not immediately payable. The main investments paid for in cash during the year are mentioned elsewhere in this report. After the substantial reduction of working capital in the previous year, the continued expansion of the business in 1959 called for a small increase. There was no significant movement in loan capital. There was more than sufficient cash to provide for expenditure on fixed assets and other investments and to finance the increase in working capital.

Our cash resources are mainly located in the Netherlands, the United Kingdom, the United States and Germany. The trend in 1959 towards higher interest rates has naturally improved the earnings on these assets.

Expenditure on fixed assets, which amounted to Fl. 439 million in 1959 compared with Fl. 429 million in 1958, was again less than planned. Our estimated expenditure for 1960 is a good deal higher. We expect our financial resources to be sufficient to meet requirements in 1960.

MATERIALS

OILS AND FATS

These are still the biggest single group of raw materials used in our operations, but as other sides of the business such as foods—other than edible fats—and compound feeding stuffs continue to expand and the output of synthetic detergents goes on rising, their preponderance is less marked than formerly. The average level of oils and fats prices in 1959 was rather higher than in 1958.

There were, however, widely divergent trends in the prices of the different groups of raw materials and the effect on costs was not uniform but varied according to those used in particular products and particular countries. Copra and palm kernels were even more expensive than in 1958, while groundnut and palm oil prices were also higher. But whale oil showed little change and cottonseed oil, lard and tallow were cheaper.

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

	January 1959	March 1959	June 1959	September 1959	December 1959	March 1960
	£	£	£	£	£	£
Philippine Copra	94	96	89	85	87	87
Palm Kernels	66	67	68	69	68	65
Groundnut Oil	97	107	120	109	107	124
Palm Oil (Belgian Congo) . .	80	84	97	81	84	81
Cottonseed Oil, U.S. crude .	93	93	102	88	80	81
Lard (U.S.)	88	86	78	73	72	75

World exports of edible and soapmaking oils and fats were some 8% larger than in 1958; increased supplies of soya bean oil, cottonseed oil, lard and tallow from the United States more than compensated for the fall in copra shipments from the Philippines. The United States continued to export large quantities of edible oil under special purchase arrangements to many countries.

World production of oils and fats rose by about 6% in 1959, but consumption did not increase as much and by the end of the year stocks were higher. Supplies of most materials, especially those of American origin, should be ample in 1960. West African exports of groundnuts may, however, be reduced.

GRAINS, ETC.

Prices of raw materials used in compound feeding stuffs were on average dearer than in 1958, the increase being almost entirely attributable to oilcake and meal, with grains showing little change. During the first half of 1959, there was a reversal of the upward trend in prices that occurred during most of 1958, but thereafter prices rose again, particularly those of oilcake and meal.

CHEMICALS

Supplies of detergent alkylate and sodium perborate in Western Europe were more abundant in 1959 and prices were lower. Detergent phosphates were also cheaper, but prices of other chemicals showed little change.

OTHER RAW MATERIALS

Prices of other raw materials used in our various operations were virtually unchanged.

PACKING MATERIALS

Prices on average have shown little change from 1958. Although the prices of paper, carton board and fibre board containers did not vary much throughout the year, those of metal containers fluctuated in some overseas countries because of the effects of the prolonged steel strike in the United States.

MARGARINE AND OTHER EDIBLE FATS

Sales for the last three years were:—

1957	1958	1959
1,617,000 tons	1,605,000 tons	1,653,000 tons

EUROPE

There was less butter for sale in Europe than in 1958, and we were able to sell more margarine, especially premium brands; profits increased. We also sold more cooking fats, in spite of cheap lard in some countries.

In the Netherlands, with greater sales, we held our share of the market for margarine. Demand for premium qualities is gradually increasing. Thus turnover of Rama and Planta improved, but that of Blue Band, our standard brand, remained unchanged.

Blue Band and Summer County, in the United Kingdom, won back all they had lost to cheap butter in 1958, but the tonnage of our cheapest brand, Echo, fell. We sold more Stork than in 1958, and total sales of margarine increased satisfactorily, especially in the latter half of the year. Lard was cheap, and the demand for compound cooking fats in general fell, although we sold rather more.

In France, Planta, a premium brand launched at the end of 1958, sold well and gave us larger total sales of margarine.

In Germany, sales of butter went on rising, at the expense of margarine. Although we held our share of the total market and were able to increase the sales of Rama, our premium brand, turnover of our cheaper brands fell. In Italy, the introduction of a tax on margarine led to a significant increase in price to the consumer. Furthermore our sales were checked by competition. Our business in Turkey did well.

UNITED STATES

Sales of margarine and "shortening" (cooking fat) were virtually unchanged.

OTHER OVERSEAS COUNTRIES

Edible fats did well in most countries, especially India. Raw materials in Indonesia were in rather better supply than in 1958, so our sales were better.

SOAP AND OTHER DETERGENTS

Sales for the last three years were:—

1957	1958	1959
1,740,000 tons	1,740,000 tons	1,787,000 tons

A ton of synthetic detergent has more detergency than a ton of soap and the proportion of synthetics in the total sales continues to rise, so that this increase in total tonnage is more impressive than it looks.

With the continued swing to synthetics as well as to the higher quality and more specialised products, our profits rose. We held our ground with synthetic liquids against fierce competition and in several countries we launched a new liquid product, in English-speaking countries usually called "Handy Andy", which is for cleaning hard surfaces about the house.

EUROPE

In the Netherlands, sales of Sunil and Omo synthetic powders, Lux Toilet Soap and Radion soap powder, all increased.

In the United Kingdom, Persil*), improved in quality, got back all the tonnage lost in 1958. Omo and Surf, our synthetic powders, had a good year.

In Germany, competition was severe and we sold less of our two main brands, the synthetic powders Sunil and Suwa. Lux Liquid for washing up, and an improved Vim, both had a good year.

In France, Sweden and most other European countries, we did well with synthetic products.

UNITED STATES

We sold more than in 1958, particularly of toilet tablets and the "all" brand of detergents. We are now selling Handy Andy throughout the country in good quantities. Wisk, a heavy duty liquid, held its position, but Lux Liquid

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

lost ground to competition. The anti-trust proceedings over our acquisition of the "all" brand, which were mentioned last year, are likely to continue for some time yet before any decision is reached. The manufacturing plant at Cambridge, Mass. was closed down late in the year and the property sold. Essentially a soap factory, it had become virtually obsolete with the growth of synthetics.

OTHER OVERSEAS COUNTRIES

In most countries our sales were higher, progress being specially marked in South Africa and Brazil. In Argentina, we suffered what we hope was a temporary reverse as a consequence of the trade recession which followed measures designed to stabilise the economy.

Our Egyptian company, which was put under sequestration in 1956, was released to us in May, 1959. During the period of sequestration it was maintained in a profitable condition. We have subsequently decided to extend our interests and have entered into an agreement with the Egyptian Salt & Soda Company Limited for a joint venture in the synthetic detergent field.

FOODS

Sales for the last three years were:—

1957	1958	1959
Fl. 1,800,479,000	Fl. 2,019,717,000	Fl. 2,301,921,000

There was a good deal of competition in most countries, but in 1959 our turnover was increasing even faster than usual.

QUICK-FROZEN FOODS

In the Netherlands, Vita is doing well.

In the United Kingdom, Birds Eye went on expanding, not only with peas and fish, but with other, newer products which are growing in importance.

We are carrying out tests with quick-frozen foods in some other Continental countries.

The Birds Eye business in New Zealand is going through a difficult time. We have sold our quick-freezing interests in Australia.

In the United States, the Dinner-Redy Corporation, which makes quick-frozen dishes that are ready to eat, has been acquired.

SOUP MIXES

In most countries competition was strong, particularly in the United Kingdom, where profits were hard to earn.

We had a good year in Belgium, France, the United States, Canada, Australia and South Africa.

ICE CREAM

The United Kingdom had its best summer for many years and Wall's sales were a record.

In Germany, sales and profits were good. The new factory at Heppenheim will start production in the spring of 1960.

In Belgium, though we sold more, we have not yet made a profit.

We made a very successful start in South Africa.

Towards the end of the year we bought ice cream businesses in France, Portugal and Australia.

CANNED PRODUCTS

There was fierce competition in the United Kingdom and we made less profit than we had expected. Our importing business had an outstandingly good year, doing excellent trade in canned fish and other products.

We have put new kinds of canned soup on the market in the Netherlands and France and they have made quite a good start.

FISH

Mac Fisheries, in the United Kingdom, sold more and made more profit. So did our wholesale and retail businesses in Germany, but there was little change in the results of the trawling business.

MEAT PRODUCTS

In the Netherlands, sales of meat products were a little higher than in 1958, but profits are not yet adequate.

Wall's profits were satisfactory. They sold rather less of their sausages, but more of their other meat products.

TEA

In the United States, Thomas J. Lipton Inc., in which we now hold a 98.76% interest, sold rather more tea and made more profit.

OTHER FOOD PRODUCTS

Our processed cheese is selling well in Germany.

In Finland, our cream manufacturing business again had a satisfactory year.

In the United States, Lucky Whip, a whipped topping for puddings and cakes, again did better; our salad dressing business is going well.

TOILET PREPARATIONS

Sales for the last three years were:—

1957	1958	1959
Fl. 314,061,000	Fl. 367,367,000	Fl. 404,958,000

EUROPE

In the United Kingdom, we sold less Gibbs S.R. than in 1958 and rather less toothpaste in total, although sales of Pepsodent rose. We did well with hair preparations, especially Sunsilks and Gloria shampoos.

In France, we sold considerably more toothpaste and shaving preparations, and total turnover rose. In Belgium sales of toothpaste fell.

In Germany, once again, we sold more hair creams and Pepsodent toothpaste.

NORTH AMERICA

In the United States, sales of our new toothpaste, Stripe, were fully up to expectations and our total share of the market rose in consequence.

Stripe was launched in Canada late in the year and started very well.

OTHER OVERSEAS COUNTRIES

Toilet preparations continued to make steady progress overseas, the improvement in India having been particularly marked in 1959.

ANIMAL FEEDING STUFFS

Sales for the last three years were:—

1957	1958	1959
4,060,000 tons	4,559,000 tons	4,927,000 tons

The spring and summer in Northern Europe were exceptionally dry, and this increased the year's consumption of cattle food, with farmers changing over to concentrated feeds unusually early in the season. Trading margins, although satisfactory, were lower than in 1958, but we sold more and made more profit.

In the United Kingdom, sales rose sharply as milk producers continued to feed more compounds to raise yields. Our sales of poultry feeds increased proportionately faster than the increase of poultry in the country.

In the Netherlands, animal feeding stuffs also sold well.

OTHER INTERESTS

THE NETHERLANDS

N.V. have entered into an agreement with Emery Industries, Inc., of Cincinnati, under which each holds half the capital of a Dutch Company, Unilever-Emery. This company will build a factory at Gouda, of which the products are intended for use as raw materials or ingredients in a wide range of processing industries such as the manufacture of plastics, synthetic lubricants, polyamides, foam rubber and anti-corrosives; also the lacquer, paint, detergent and textile industries. Unilever-Emery has acquired N.V. Koninklijke Stearine Kaarsen-fabrieken "Gouda-Apollo", whose factory is adjacent to the site of Unilever-Emery's plant and will supply it with the necessary feed stocks and ancillary services.

UNITED KINGDOM

Crosfield's chemical business and Price's business in oleine, stearine and fatty acids made greater sales and profits.

John Knight's tallow and glue business was affected by strong competition and sales and profits dropped.

GERMANY

Our paper, printing and packaging businesses went on well.

PLANTATIONS

The total area of our plantations in the Belgian Congo, Nigeria and the Cameroons, Ghana, Gaboon, Malaya and the Solomon Islands was 81,000 hectares in 1959, compared with 77,500 hectares in 1958.

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

	1957	1958	1959
Palm Oil	64,800	66,500	69,500
Rubber	7,200	7,600	9,100
Copra	4,500	5,600	5,100
Palm Kernels	29,400	31,000	32,000

Total value of produce sold in 1959 amounted to Fl. 96 million as against Fl. 81 million in the previous year. The rise in revenue resulted from increased sales of palm oil and rubber, as well as from higher world prices. Profits also increased satisfactorily. The upward trend in production is expected to continue as more of the planted area reaches maturity.

In the Belgian Congo, in spite of the present political difficulties, there has been no slackening in our rate of investment. Apart from progress with the many plantation projects already under way, initial plantings of tea were made in the Kivu region, a start was made with the construction of a new oil palm mill at Alberta, and over Fl. 2 million was spent in 1959 on housing for African employees.

In the Solomon Islands, initial plantings were made to develop a further 800 hectares of coconut palms, the first we have made there since 1928. We have been able to do this because there was more labour available.

UNITED AFRICA GROUP

The movement towards political independence gathered momentum in 1959 in most of the territories in which the United Africa Group operates. With certain exceptions these movements were peaceful, and in the main it was the economic conditions that influenced the results of the Group.

The economic climate varied considerably from territory to territory. Ghana had a prosperous year as a result of good cocoa crops and increased Government expenditure on development. In Nigeria, conditions were stable and further development occurred. Sierra Leone failed to recover from the earlier collapse of the diamond boom. In the French territories, the devaluation at the end of 1958 was followed by a period of price and wage stability. Despite a recovery in world copper prices, the economy of the Belgian Congo remained depressed, largely through unsettled political conditions and partly because of a pruning of development expenditure. British East Africa showed signs of economic recovery, and Turkey also enjoyed a marked improvement. Conditions, however, were difficult in both Iraq and Morocco.

Largely as a result of the deliberate policy of withdrawal from the produce trade in certain areas, notably Ghana, total turnover (merchandise sold, produce handled and services supplied) fell from Fl. 3,012,000,000 to Fl. 2,987,000,000. The value of produce handled fell by Fl. 131,000,000 to Fl. 716,000,000, but sales of merchandise rose by Fl. 108,000,000 to Fl. 2,139,000,000. This increase in merchandise turnover was achieved with a lower level of stocks and in total the profits of the United Africa Group were higher than in 1958 with less capital employed. The Group will handle still less produce in 1960, as it is felt that these activities can now be carried out efficiently by local traders.

COMMONWEALTH WEST AFRICA

The increased efficiency of the African businessman and the greater sophistication of the consumer are bringing changes in methods of operation. The Group is acquiring a new look; it is being rapidly converted from a trading and produce buying concern into a merchandising and industrial business.

The development of specialised units continued during 1959, and a self-contained drugs and perfumery unit was set up in Nigeria. Sales of machinery, electrical and other technical equipment have continued to expand.

Considerable further extensions to cold storage capacity in Ghana and Nigeria have been undertaken, and the food manufacturing and processing department at Apapa, based mainly on pork products, is getting on well. Further extensions were made to Kingsway Stores at Lagos and are planned in 1960 for the store in Accra. A new brewery in which the Group has an interest is being constructed at Kumasi in Ghana. The motors business had a successful year following the opening of vehicle assembly plants in Nigeria and Ghana. The policy of establishing bicycle assembly plants in Africa, begun in 1957, is being continued.

FRENCH TERRITORIES

The volume of merchandise sales rose in 1959, but produce purchases fell as a result of the Group's decision to withdraw in certain territories from this type of business. Although trade was adversely affected by political developments in Guinea and the Cameroons, total profits remained satisfactory.

BELGIAN CONGO

Riots, tribal disturbances and strikes hindered business in 1959 and merchandise sales fell slightly; total profits were reduced despite more favourable returns from produce.

EAST AFRICA

With better economic conditions, both turnover and trading results improved. The Group is widening its interests on the motors side and also in pharmaceuticals and toilet preparations.

TURKEY, MIDDLE EAST AND NORTH AFRICA

A new company has been formed in Iraq with participation by the Iraqi public to take over our import business, which has been hampered by severe restrictions, particularly on imports of motor cars. Business conditions in general continue to be difficult. Improved economic conditions favoured business in Turkey, but results in Morocco were poor.

PALM LINE LIMITED

In 1959 the emphasis was on modernisation. Five of the older ships were sold. Against this, one new vessel was delivered in October, a new sister ship was taken into service early in 1960, and two further ships have been ordered for delivery in 1960 and 1961. Freight rates during the year continued to be depressed, and profits fell slightly despite a rise in the volume of traffic carried. Palm Line Limited has a 19% interest in the new Nigerian National Line.

TRANSPORT

The cargo handled by the Group in Commonwealth West Africa rose from 4.3 million tons to 4.9 million tons, but competition from road and rail is reducing the profitability of Niger River transport.

TIMBER OPERATIONS

The good results of 1958 were well maintained in 1959. Production from forests and saw mills in Nigeria and Ghana made further progress and the plymill in Nigeria continued to operate satisfactorily. A new plymill is being installed in Ghana.

AFRICAN STAFF

Labour relations remained generally good throughout the year. Most of the first batch of apprentices to leave our technical training schools have decided to remain in our employment. Further scholarships have been awarded to Africans engaged in higher education.

EXPORTS

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

	1957	1958	1959
Netherlands . . .	Fl. 337,920,000	Fl. 330,521,000	Fl. 350,333,000
United Kingdom .	Fl. 559,685,000	Fl. 551,907,000	Fl. 593,137,000

Because of the recovery in world markets exports picked up and profits improved.

The value of our exports from the Netherlands increased; sales of edible fats rose substantially and other products made good progress.

Exports from the United Kingdom of detergents, edible fats and other food products were higher, but those of toilet preparations stayed at about the same level as in 1958.

The United Africa Group's exports of merchandise from the Netherlands and from the United Kingdom were also higher than in 1958.

PERSONNEL

Greater prosperity in Western Europe increased the demand for shorter hours and more pay. There have been no major industrial disputes in our business in 1959. We are progressively giving senior factory workpeople status and conditions of service akin to those of office workers. In developing countries, especially Africa, where we hear more and more of the voice of organised labour, we are following our usual policy of fostering good relations with trade unions.

During 1959 the value of the assets of the Unilever Pension and Provident Funds rose to Fl. 1,300 million. The total number of employees covered by the Funds was 111,100 and a further 5,700 are covered under schemes with insurance companies. Our total pension contributions and other payments for employees' death and retirement provisions, including an amount of Fl. 32 million to State and other schemes, amounted to Fl. 145 million.

EDUCATIONAL AND CHARITABLE DONATIONS

Like every large business to-day, we receive hundreds of appeals and it is impossible to respond to all. It is our policy, therefore, to confine our support, first, to Universities and other educational establishments and, secondly, to a limited selection of general charities.

We think it right to give help to the Universities, not only in the public interest, but also because they are an important source of recruitment of future managers of the business. Moreover much of the basic research that is done there can benefit our operations. We have therefore decided to support such institutions as the Dutch School of Economics, Rotterdam; the Central Students' Housing Foundation at Leiden; Churchill College, Cambridge; the Universities of Edinburgh, Leeds, Leicester, Liverpool and Manchester; Oxford University

(Buildings Appeal Fund); St. Catherine's College, Oxford; University College, London; the Manchester College of Science and Technology; Trinity College, Dublin; the Delhi Engineering College Trust; the University College of the West Indies and a number of universities in other countries.

In total, Unilever's contributions to educational establishments throughout the world are at present running at a rate approaching Fl. 1,400,000 a year.

In the field of general charities our donations in 1959 amounted to about Fl. 1,800,000, the gifts varying in size from £ 10,000 to the World Refugee Year down to donations of Fl. 100 or less.

CAPITAL PROJECTS

Several major projects were completed during the year. An additional head office in Rotterdam was opened in 1959. The crushing departments at Zwijnrecht in the Netherlands and at Baasrode in Belgium have been modernised. In the United Kingdom the new Fl. 10 million chemical building at Warrington was brought into operation. A new cold store was opened at Kirkby, and the meat products factory at Hayes commenced production. Two new ships were delivered to Palm Line during the year, costing rather over Fl. 10 million each. In Germany the new factory at Mannheim for producing cooking fats will soon be ready. In Burma the new factory at Rangoon is nearing completion and will shortly be in production.

Projects involving an expenditure totalling Fl. 550 million were approved in 1959; the most important are listed below:—

MARGARINE AND OTHER EDIBLE FATS:	Fl.
Expansion of manufacturing capacity at Ghaziabad, India . .	3,500,000
Expansion of manufacturing facilities at Edgewater, Hammond and Los Angeles, U.S.A.	3,100,000
New factory for cooking fats at Mannheim, Germany	2,300,000
SOAP AND OTHER DETERGENTS:	
Plant for production of synthetic detergents and/or chemicals for synthetic detergents in Germany, U.S.A., South Africa, Argentin a and Malaya	11,800,000
Erection of a new factory at Casablanca, Morocco	5,400,000

FOODS:	Fl.
Extension of processing and storage facilities for quick-frozen foods in the Netherlands, Belgium and England	17,500,000
New ice cream factory at Gloucester, England	46,000,000
Second stage of a new factory for ice cream and water ices at Heppenheim, Germany	21,300,000
Extension of plant for manufacture and storage of ice cream and water ices, regional depots and customers' refrigerators: United Kingdom, Germany, Belgium and South Africa	23,800,000
Further development of meat factory and provision of refrigerated storage and freezing facilities, London	9,700,000
Purchase and modernisation of Mac Fisheries' shops in the United Kingdom.	4,600,000
Seven trawlers for "Nordsee" Deutsche Hochseefischerei A.G. at Bremerhaven, Germany	24,000,000
Tea-bagging plant and machinery, U.S.A.	2,700,000
 TOILET PREPARATIONS:	
Expansion of toothpaste manufacturing facilities at Edgewater, U.S.A.	3,500,000
 OIL MILLING AND ANIMAL FEEDING STUFFS:	
New compound mills at Bromborough and near Avonmouth, England	45,700,000
Extension of plant and buildings at Manchester and Silver-town, England	6,700,000
Replacement of steam generating plant at Selby, England . .	3,500,000
Modernisation of compound plants in the Netherlands . . .	5,300,000
Fatty acid plant and extension to the Seehafen oil mill at Hamburg—Harburg, Germany	3,100,000
Share of joint venture in new oil mill in Finland	4,400,000
 PAPER AND PACKAGING:	
Extension and modernisation of plant in Germany and Denmark	2,900,000
 PLANTATIONS:	
Palm oil mill at Alberta, Belgian Congo	4,800,000

UNITED AFRICA GROUP:	Fl.
Two ocean vessels for Palm Line Limited	27,200,000
Plywood mill in Ghana.	5,500,000
GENERAL:	
Motor vehicles (less sales of old vehicles)	42,700,000
Storage and distribution depots in the United Kingdom . .	4,800,000
Housing and welfare facilities for employees (including United Africa and Plantations Groups)	9,200,000
Fittings and equipment for new offices Rotterdam and London	5,000,000
Buildings for offices, welfare facilities and warehouse at Colombo, Ceylon	2,800,000

MEMBERSHIP

At 31st December, 1959, the number of stockholders in LIMITED was 189,439. Nearly all the share capital of N.V. is represented by bearer scrip and the number of members cannot be ascertained.

DIRECTORS

Mr. T. J. Twijnstra, who had been an Advisory Director of N.V. since 1953, died in April, 1959. We record our appreciation of his services to the Company.

In May, 1959 Mr. Sidney J. van den Bergh accepted office as Minister of Defence and resigned from the Boards of both companies. He gave up his ministerial appointment in August, 1959 and was re-appointed a Director of both N.V. and LIMITED and a Vice-Chairman of N.V.

Mr. W. A. Faure, acting on medical advice, resigned from the Boards of both companies at the end of September, 1959. His many years of valuable service to the organisation are recorded with thanks.

Messrs. A. W. J. Caron, D. J. Mann and J. P. Stubbs were appointed Directors of N.V. and of LIMITED early in 1960.

Lord Heyworth, having reached retirement age, will not seek re-election at the forthcoming Annual General Meetings. Lord Heyworth joined Lever Brothers Limited in 1912. He was elected to the Boards of the Parent Companies in 1934, becoming Vice-Chairman of LIMITED in 1941 and Chairman in

1942. He has been a Vice-Chairman of n.v. since 1945. His colleagues place on record their high appreciation of the services of Lord Heyworth, whose wise leadership has been of the greatest value to the business.

The Directors have announced their intention to elect Mr. George Cole to succeed Lord Heyworth as Chairman of the Board of LIMITED and Mr. J. A. Connel to succeed Mr. Cole as one of its Vice-Chairmen. It has also been announced that it is intended to elect Mr. Cole a Vice-Chairman of n.v.

All the Directors retire in accordance with Article 15 of the Articles of Association and, excepting Lord Heyworth, offer themselves for re-election.

AUDITORS

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

ROTTERDAM, 15th March, 1960.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

HEYWORTH, *Vice-Chairman.*

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

1958			1959			
N.V.	LIMITED	COMBINED		N.V.	LIMITED	
Fl.	Fl.	Fl.		Fl.	Fl.	
539,183,000	437,120,000	976,303,000	I. TRADING PROFIT	1,207,196,000	619,907,000	587,289,000
8,595,000	16,088,000	24,683,000	II. INCOME FROM TRADE INVESTMENTS	23,629,000	6,265,000	17,364,000
6,317,000	9,938,000	16,255,000	III. INTEREST ON LOAN CAPITAL	15,312,000	5,544,000	9,768,000
541,461,000	443,270,000	984,731,000	IV. PROFIT BEFORE TAXATION	1,215,513,000	620,628,000	594,885,000
266,991,000	223,078,000	490,069,000	V. TAXATION ON PROFIT FOR THE YEAR	593,765,000	311,380,000	282,385,000
274,470,000	220,192,000	494,662,000	VI. PROFIT FOR THE YEAR AFTER TAXATION	621,748,000	309,248,000	312,500,000
30,203,000	3,521,000	26,682,000	VII. EXCEPTIONAL ITEMS			
5,731,000	11,129,000	5,398,000	<i>a.</i> Taxation adjustments — previous years . .	50,296,000	13,492,000	36,804,000
			<i>b.</i> Other	7,772,000	24,029,000	16,257,000
14,482,000	9,108,000	23,590,000	VIII. AMOUNTS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	24,542,000	14,413,000	10,129,000
284,460,000	218,692,000	503,152,000	IX. CONSOLIDATED NET PROFIT	639,730,000	284,298,000	355,432,000
11,742,000	46,255,000	57,997,000	X. PREFERENTIAL DIVIDENDS OF PARENT COMPANIES	57,997,000	11,742,000	46,255,000
—	19,658,000	19,658,000	<i>Less:</i> United Kingdom income tax	17,918,000	—	17,918,000
11,742,000	26,597,000	38,339,000		40,079,000	11,742,000	28,337,000
272,718,000	192,095,000	464,813,000	XI. PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL	599,651,000	272,556,000	327,095,000
70,549,000	59,754,000	130,303,000	XII. ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
—	64,000	64,000	Ordinary	176,944,000	96,165,000	80,779,000
—	25,418,000	25,418,000	Deferred	64,000	—	64,000
70,549,000	34,400,000	104,949,000	<i>Less:</i> United Kingdom income tax	31,324,000	—	31,324,000
202,169,000	157,695,000	359,864,000	XIII. PROFIT RETAINED IN THE BUSINESS .	453,967,000	176,391,000	277,576,000

NOTES

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

1958				1959		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
113,069,000	131,425,000	244,494,000	Depreciation	271,124,000	128,005,000	143,119,000
1,204,000	2,798,000	4,002,000	Emoluments of Directors as managers	4,269,000	1,343,000	2,926,000
196,000	447,000	643,000	Superannuation of former Directors	873,000	192,000	681,000
114,469,000	134,670,000	249,139,000		276,266,000	129,540,000	146,726,000

Trading profit includes income from investments, other than trade investments, n.v. Fl. 7,643,000 (Fl. 3,933,000), LIMITED Fl. 7,927,000 (Fl. 7,852,000).

- V. In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 265,435,000 less foreign tax relief of Fl. 74,767,000, and foreign taxes of Fl. 91,717,000.
- VII. Taxation adjustments in n.v. arise mainly from release of provisions no longer required. In LIMITED they arise mainly from the reduction in the standard rate of income tax in the U.K. Finance Act, 1959, which reduced the cost of income tax on the profits for the year 1958 taxable in the United Kingdom and also the potential liability to United Kingdom income tax on profits retained overseas.
- Exceptional items, Other, are shown after deduction of taxation and include profits less losses on disposal of fixed assets and other items not applicable to current trading.
- IX. The net profits of the Parent Companies are n.v. Fl. 207,649,000, LIMITED £ 18,257,000 (Fl. 194,258,000).
- XII. The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and n.v., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.
- XIII. The profit retained by the Parent Companies and by the Subsidiaries is shown in statement C.

CONSOLIDATED BALANCE SHEETS

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

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

CAPITAL EMPLOYED

I. PREFERENTIAL CAPITAL—PARENT COMPANIES . . .	814,831,000	215,865,000	598,966,000
II. ORDINARY CAPITAL AND RESERVES			
a. Ordinary capital—parent companies	834,154,000	478,426,000	355,728,000
b. Profits retained in the business and other reserves	3,369,957,000	1,285,038,000	2,084,919,000
ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES	4,204,111,000	1,763,464,000	2,440,647,000
III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	258,211,000	105,879,000	152,332,000
IV. LOAN CAPITAL	416,061,000	169,245,000	246,816,000
V. INTER-GROUP ITEMS—N.V./LIMITED	—	113,133,000	113,133,000
VI. FUTURE TAXATION	446,840,000	117,000,000	329,840,000
	6,140,054,000	2,484,586,000	3,655,468,000

EMPLOYMENT OF CAPITAL

VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT	2,808,719,000	1,162,339,000	1,646,380,000
VIII. INTERESTS NOT CONSOLIDATED	61,254,000	61,254,000	—
IX. TRADE INVESTMENTS	119,319,000	29,974,000	89,345,000
	2,989,292,000	1,253,567,000	1,735,725,000

FIXED ASSETS

X. CURRENT ASSETS

a. Stocks	2,564,316,000	1,067,332,000	1,496,984,000
b. Debtors	1,352,539,000	535,983,000	816,556,000
c. Investments	534,309,000	195,148,000	339,161,000
d. Cash and bank balances	568,798,000	325,302,000	243,496,000
	5,019,962,000	2,123,765,000	2,896,197,000

XI. CURRENT LIABILITIES

a. Creditors	1,064,552,000	513,613,000	550,939,000
b. Short term borrowings	238,742,000	89,388,000	149,354,000
c. Taxation and contingencies	445,248,000	219,712,000	225,536,000
d. Dividends	120,658,000	70,033,000	50,625,000
	1,869,200,000	892,746,000	976,454,000

NET CURRENT ASSETS

	3,150,762,000	1,231,019,000	1,919,743,000
	6,140,054,000	2,484,586,000	3,655,468,000

31st December 1959		
COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.
814,831,000	215,865,000	598,966,000
834,154,000	478,426,000	355,728,000
3,369,957,000	1,285,038,000	2,084,919,000
4,204,111,000	1,763,464,000	2,440,647,000
258,211,000	105,879,000	152,332,000
416,061,000	169,245,000	246,816,000
—	113,133,000	113,133,000
446,840,000	117,000,000	329,840,000
6,140,054,000	2,484,586,000	3,655,468,000
2,808,719,000	1,162,339,000	1,646,380,000
61,254,000	61,254,000	—
119,319,000	29,974,000	89,345,000
2,989,292,000	1,253,567,000	1,735,725,000
2,564,316,000	1,067,332,000	1,496,984,000
1,352,539,000	535,983,000	816,556,000
534,309,000	195,148,000	339,161,000
568,798,000	325,302,000	243,496,000
5,019,962,000	2,123,765,000	2,896,197,000
1,064,552,000	513,613,000	550,939,000
238,742,000	89,388,000	149,354,000
445,248,000	219,712,000	225,536,000
120,658,000	70,033,000	50,625,000
1,869,200,000	892,746,000	976,454,000
3,150,762,000	1,231,019,000	1,919,743,000
6,140,054,000	2,484,586,000	3,655,468,000

NOTES

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

The Ordinary capital of N.V. was increased by Fl. 4,744,000 in respect of the issue of shares to acquire the interests in other undertakings referred to in Note II of statement E.

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

The reserves of N.V. are subject to any losses that may arise on interests not consolidated Fl. 61,254,000 referred to under VIII below.

- IV. Loan Capital is secured to the extent of N.V. Fl. 10,682,000, LIMITED Fl. 243,103,000.
- V. This is the net balance of several accounts and incorporates loans of £ 11,500,000 by the LIMITED group to the N.V. group which are secured on shares of subsidiaries of N.V.
- VI. Future taxation includes, in addition to United Kingdom income tax on the profits of 1959, taxes which would only become payable if profits retained by subsidiaries were distributed to the holding companies, and certain other taxes which are not in the nature of current liabilities.
- VII. Details of movements in 1959 and the composition of the net values at 31st December, 1959, are given in statement D.
- VIII. This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland and China.
- IX. This includes interests in companies in which 50% of the ordinary capital is owned, and other investments not held for sale.
- In LIMITED, trade investments are shown at the net book value at 31st December, 1947, with additions at cost or valuation, less Fl. 1,958,000 written off.
- X. Investments comprise: quoted, N.V. Fl. 92,084,000, LIMITED Fl. 230,313,000 – market value, N.V. Fl. 117,722,000, LIMITED Fl. 228,813,000 – and Treasury Bills, Government Bonds and moneys on call and short notice.
- XI. Short term borrowings consist mainly of advances from bankers. In N.V. they are secured to the extent of Fl. 27,631,000.

GENERAL

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

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

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

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

The commitments for capital expenditure at 31st December, 1959, were approximately – N.V. Fl. 75,000,000, LIMITED Fl. 106,000,000.

RESERVES

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

	COMBINED	N.V.		LIMITED	
		PARENT	SUBSIDIARIES	PARENT	SUBSIDIARIES
	Fl.	Fl.	Fl.	Fl.	Fl.
PREMIUMS ON CAPITAL ISSUED					
At 1st January, 1959	1,119,000	1,119,000	—	—	—
Arising on issue of ordinary capital	26,391,000	26,391,000	—	—	—
Costs of increase in capital	226,000	226,000	—	—	—
At 31st December, 1959	27,284,000	27,284,000	—	—	—
SURPLUS ON REVALUATIONS OF FIXED ASSETS, ETC.					
At 1st January, 1959	66,050,000	—	15,457,000	—	50,593,000
Additions	44,674,000	—	36,322,000	—	8,352,000
Excess of price paid for new interests over tangible assets acquired	27,546,000	—	25,205,000	—	2,341,000
Exchange adjustments arising on consolidation of fixed assets	2,056,000	—	1,642,000	—	414,000
At 31st December, 1959	81,122,000	—	24,932,000	—	56,190,000
PROFITS RETAINED IN THE BUSINESS					
At 1st January, 1959	2,808,557,000	159,045,000	898,691,000	742,232,000	1,008,589,000
Adjustment for additional cost of dividends on ordinary and deferred capital of LIMITED for 1958—see note . . .	1,114,000	—	—	1,114,000	—
Adjustment for bonus shares received from a subsidiary .	—	—	—	138,000	138,000
Exchange and other adjustments arising on consolidation of net current assets	141,000	—	1,305,000	—	1,446,000
Profit retained in 1959—see statement A	453,967,000	99,742,000	76,649,000	116,402,000	161,174,000
At 31st December, 1959	3,261,551,000	258,787,000	974,035,000	857,658,000	1,171,071,000
		286,071,000	998,967,000	857,658,000	1,227,261,000
TOTAL	3,369,957,000	1,285,038,000		2,084,919,000	

NOTE

This adjustment results from the lower rate of income tax deducted from the final dividend on the ordinary capital and the dividend on the deferred capital for 1958 following the reduction of the standard rate of income tax in the U.K. Finance Act, 1959.

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

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

1958			1959			
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
1,769,715,000	1,941,715,000	3,711,430,000	At 1st January	4,109,980,000	1,906,340,000	2,203,640,000
161,107,000	296,675,000	457,782,000	Expenditure	480,861,000	199,295,000	281,566,000
<i>13,936,000</i>	<i>14,896,000</i>	<i>28,832,000</i>	Proceeds of sales	<i>42,024,000</i>	<i>18,542,000</i>	<i>23,482,000</i>
<i>72,942,000</i>	<i>34,005,000</i>	<i>106,947,000</i>	Adjustments on disposals and exchange differences	<i>140,190,000</i>	<i>87,607,000</i>	<i>52,583,000</i>
1,843,944,000	2,189,489,000	4,033,433,000	At 31st December	4,408,627,000	1,999,486,000	2,409,141,000
			DEPRECIATION			
717,870,000	579,646,000	1,297,516,000	At 1st January	1,470,037,000	791,067,000	678,970,000
113,069,000	131,425,000	244,494,000	Charged to revenue	271,124,000	128,005,000	143,119,000
<i>47,227,000</i>	<i>32,568,000</i>	<i>79,795,000</i>	Adjustments on disposals and exchange differences	<i>141,253,000</i>	<i>81,925,000</i>	<i>59,328,000</i>
783,712,000	678,503,000	1,462,215,000	At 31st December	1,599,908,000	837,147,000	762,761,000
1,060,232,000	1,510,986,000	2,571,218,000	NET BALANCE SHEET VALUES	2,808,719,000	1,162,339,000	1,646,380,000
			DETAILS OF NET BALANCE SHEET VALUES			
475,115,000	704,102,000	1,179,217,000	Land, buildings and plantations	1,286,609,000	510,517,000	776,092,000
585,117,000	806,884,000	1,392,001,000	Ships, plant and equipment	1,522,110,000	651,822,000	870,288,000
1,060,232,000	1,510,986,000	2,571,218,000		2,808,719,000	1,162,339,000	1,646,380,000

NOTES

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

The movements between the balances at 31st December, 1958, and those shown for 1st January, 1959, arise mainly from restating gross value and accumulated depreciation of certain fixed assets on revaluation, and adjustments arising on acquisition of subsidiaries in 1959.

SUMMARY OF CONSOLIDATED FIGURES 1950-1959

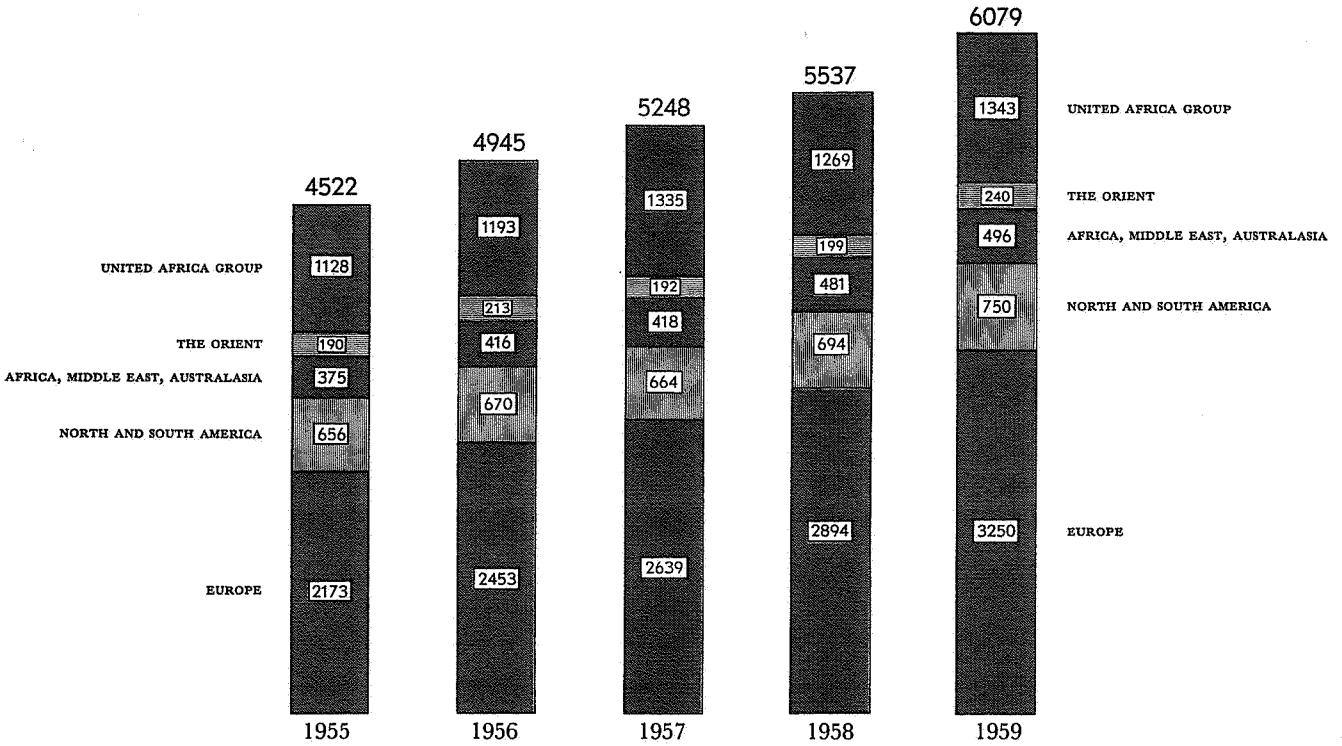
UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
(000's omitted)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Turnover	10,521,576	12,825,956	12,983,258	13,900,384	15,294,245	16,119,462	17,784,122	18,297,097	18,388,474	19,015,776
of which										
Sales to third parties	6,632,561	8,151,357	8,243,809	8,999,307	10,362,903	11,374,915	12,579,534	12,975,554	13,395,058	14,140,134
Trading Profit	555,209	573,849	411,788	654,125	745,813	909,241	1,053,669	907,132	976,303	1,207,196
Taxation for the year	313,859	350,952	234,666	359,249	406,631	467,149	551,923	480,452	490,069	593,765
Exceptional Items	6,661	25,938	52,025	6,107	28,374	64,896	25,957	23,026	32,080	42,524
Consolidated Net Profit	204,573	200,433	222,769	274,001	338,931	480,055	501,489	428,475	503,152	639,730
Dividends:										
Preferential	37,019	35,863	35,726	36,947	37,019	38,257	38,339	38,339	38,339	40,079
Ordinary and Deferred	31,002	31,003	39,058	45,869	62,515	79,197	87,781	87,781	104,949	145,684
Profit retained in the business	136,552	133,567	147,985	191,185	239,397	362,601	375,369	302,355	359,864	453,967
Profit in relation to Ordinary Shareholders' Funds:										
Distributed	1.8	1.5	*2.2	2.4	2.7	3.0	2.9	2.6	2.8	3.5
Retained	8.1	6.7	*8.5	9.8	10.5	13.7	12.3	9.0	9.7	10.8
Preferential Capital	812,102	812,102	808,724	810,413	812,102	814,817	814,831	814,831	814,831	814,831
Ordinary Shareholders' Funds:										
Capital	315,320	394,750	393,723	394,237	530,684	663,524	663,524	663,524	829,410	834,154
Reserves	1,363,699	1,611,103	*1,355,129	1,548,839	1,744,897	1,985,637	2,385,251	2,708,677	2,875,726	3,369,957
Outside Shareholders' Interests	194,665	218,002	* 226,851	233,488	238,374	245,729	261,175	257,811	255,311	258,211
Loan Capital	473,107	622,877	621,987	595,722	518,869	497,142	483,445	461,520	415,380	416,061
Future Taxation	236,752	304,056	288,788	338,335	362,640	378,384	399,152	404,384	407,896	446,840
Total Capital Employed	3,395,645	3,962,890	3,695,202	3,921,034	4,207,566	4,585,233	5,007,378	5,310,747	5,598,554	6,140,054

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

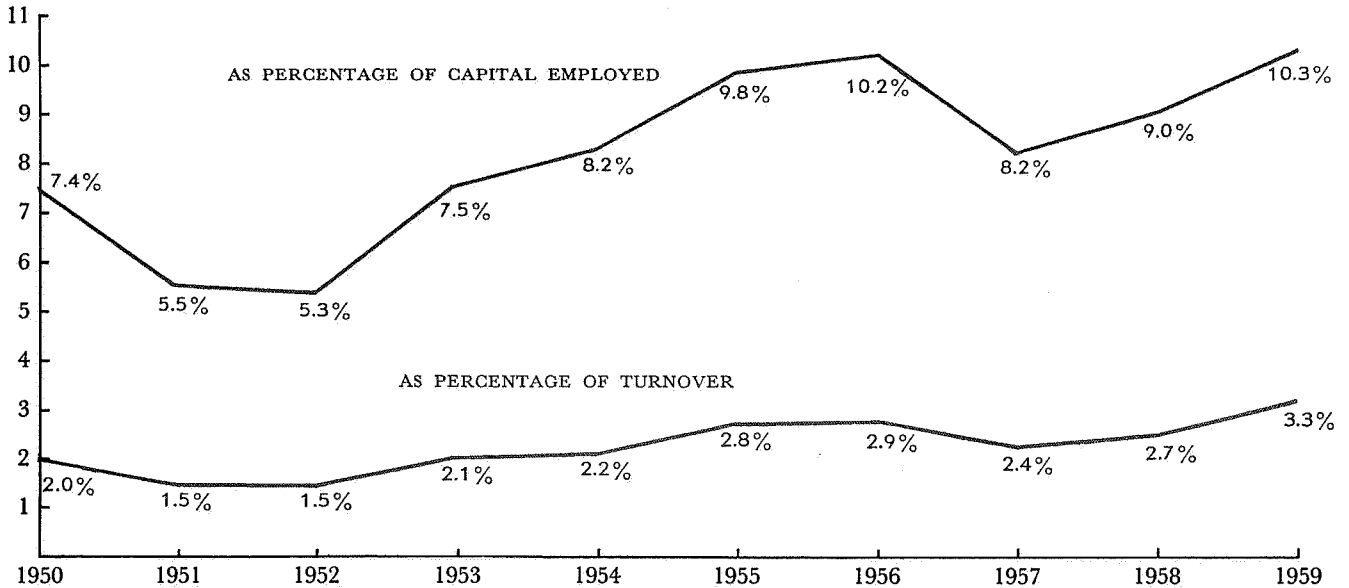
CAPITAL EMPLOYED 1955-1959 BY GEOGRAPHICAL AREAS

Figures represent Fl. millions



Capital Employed does not include Interests Not Consolidated

RETURN ON CAPITAL EMPLOYED AND ON TURNOVER 1950-1959



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

NOTES

- I. The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part.
- II. Fl. 1,200,000 ordinary capital is held by a subsidiary of N.V. and Fl. 1,200,000 by a subsidiary of LIMITED.

Fl. 4,744,000 of ordinary capital was issued in connection with the acquisition of the minority interests in German subsidiaries F. Thörl's Vereinigte Harburger Oelfabriken A.G. and Verein deutscher Oelfabriken—Fl. 1,249,000—and the acquisition of the shares of N.V. Koninklijke Stearine Kaarsenfabrieken "Gouda-Apollo"—Fl. 3,495,000. The new capital is entitled to the dividends payable for 1959 and ranks *pari passu* in all other respects with the ordinary capital previously in issue.

The movements in premiums on capital issued during 1959 are:—

	Fl.
Balance at 1st January	1,119,000
Arising on issue of ordinary capital	26,391,000
Costs of increase in capital	<u>226,000</u>
Balance at 31st December	<u>27,284,000</u>

The movements in profits retained in the business during 1959 are:—

	Fl.
Balance at 1st January	159,045,000
Profit for the year	<u>207,649,000</u>
	366,694,000
Appropriations:	
Preferential dividends	11,742,000
Ordinary dividends	<u>96,165,000</u>
Balance at 31st December	<u>258,787,000</u>

The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland and China held by subsidiaries at a book value of Fl. 61,254,000.

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

Investments are at cost and comprise short dated Government Bonds, Treasury Bills and moneys on call and short notice.

GENERAL

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

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

NOTES

- II. £ 50,000 Deferred Stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V.

The movements in profits retained in the business during 1959 are:—

	£
Balance at 1st January	69,759,000
Additional cost of final Ordinary and Deferred dividends for 1958—see note on statement C	105,000
Bonus shares received from a subsidiary	13,000
Profit for the year	18,257,000
	<u>87,924,000</u>
Appropriations:	
Preferential dividends	2,663,000
Ordinary dividends	4,650,000
Deferred dividend	4,000
	<u>80,607,000</u>

- III. The two issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 102,000 of 3³/₄% Debenture Stock 1955/75 and £ 37,000 of 4% Debenture Stock 1960/80 were purchased by the Company.
- V. This includes a loan of £ 11,000,000 which is secured on the shares of subsidiaries of N.V.
- VI. Land, buildings, plant, etc., were revalued at 1st January, 1953, and additions since that date are at cost. Trade investments are shown at net book value at 31st December, 1947, with additions at cost or valuation.
- VII. Shares in subsidiaries are stated at Directors' valuation made on the re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off £ 2,486,000.
- VIII. Investments comprise short dated Government and Municipal Stocks £ 20,179,000 (market value £ 20,222,000), Treasury Bills £ 4,685,000 and short term Municipal loans £ 3,519,000.

GENERAL

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

The estimated commitments for capital expenditure at 31st December, 1959, were £ 195,000 including £ 91,000 on behalf of subsidiaries.

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

REPORTS OF THE AUDITORS

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

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

Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests not consolidated which are included in the accounts at Fl. 61,254,000 and are referred to in note II in statements B and E. Subject to this remark, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts give a true and fair view of the state of the company's affairs as at 31st December, 1959, and of its profit for the year 1959.

15th March, 1960.

PRICE WATERHOUSE & Co.
COOPER BROTHERS & Co.

LIMITED GROUP

The following is the auditors' report on the accounts of LIMITED and the LIMITED Group which are expressed in sterling.

TO THE MEMBERS OF UNILEVER LIMITED

We have examined the balance sheet of the company set out in statement F, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in statements A to D. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1959, are estimated accounts based on unaudited returns at 31st December, 1959. 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, 1959, 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 1959.

15th March, 1960.

COOPER BROTHERS & Co.
PRICE WATERHOUSE & Co.

CHAIRMEN'S SPEECHES

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

"PROGRESS"

Progress, Unilever's quarterly magazine published in England, contains articles by experts inside and outside the business on current topics in which Unilever is interested. Shareholders of Unilever N.V. who are not already on our list, and who would like to receive complimentary copies, are invited to send their names and addresses to Unilever N.V., Museumpark 1, Rotterdam 2.