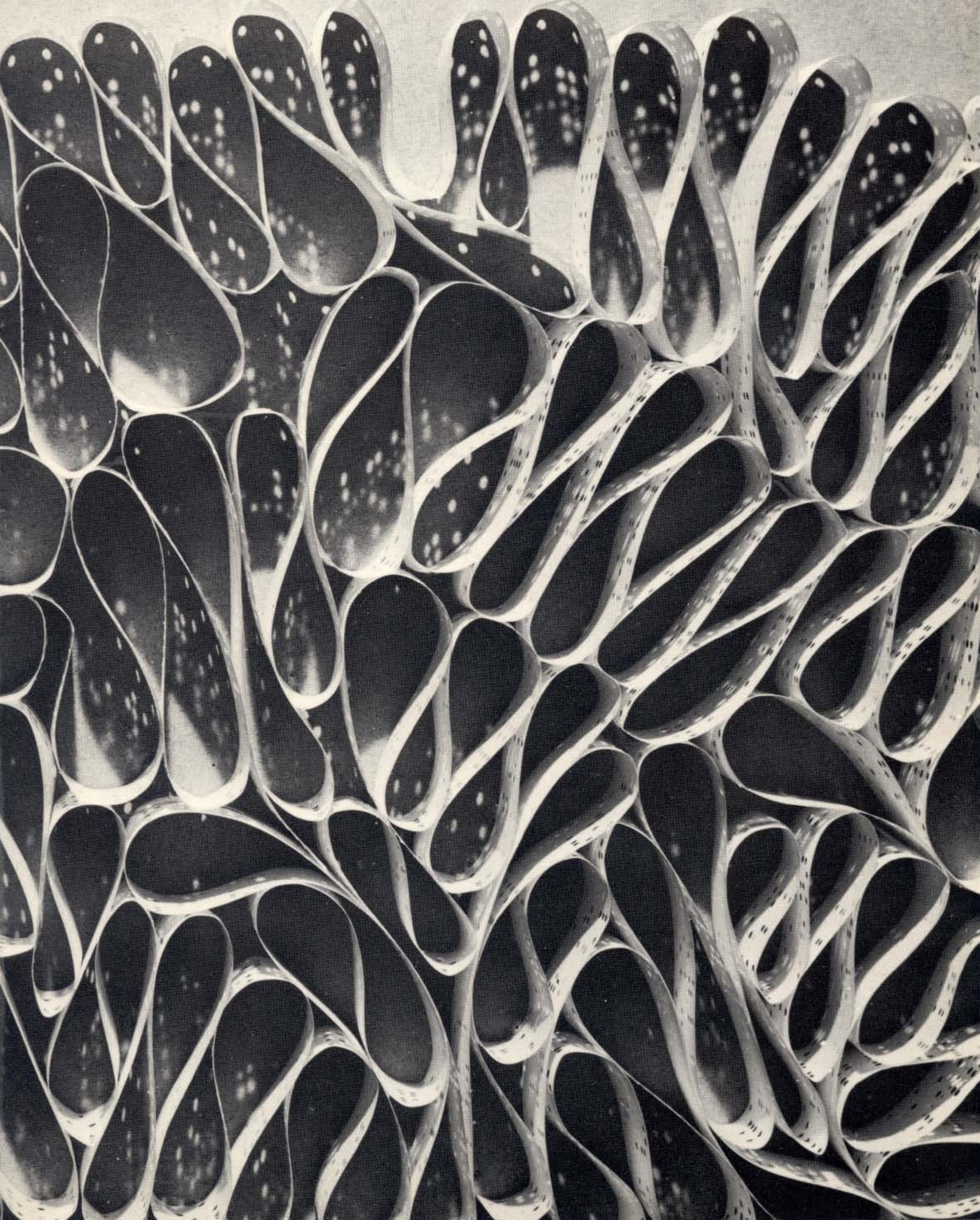
Unilever
Report and Accounts 1968



Note on cover annual report

Punched paper tape was arranged in a pattern to make the design for the cover of this Report and Accounts. It is used for data transfer in the electronic computers and communications equipment employed extensively throughout Unilever.

Increasingly these tools of modern management are being used in project control, for scientific, market and operations research, forward planning, order processing and sales accounting, and in the control of production, distribution and stocks. In many other ways as well they provide management with the full and accurate information needed in running a complex world-wide business.

Designed by Design Research Unit
in collaboration with Unilever.

UNILEVER

Report and

accounts

1968

UNILEVER N.V.

Directors

H. S. A. Hartog, chairman
The Lord Cole, vice-chairman
G. D. A. Klijnstra, vice-chairman
E. Brough
A. W. J. Caron
J. G. Collingwood
R. H. Del Mar
J. M. Goudswaard
C. T. C. Heyning
J. F. Knight
P. Kuin
P. A. Macrory
D. J. Mann
J. J. H. Nagel
D. A. Orr
R. H. Siddons
E. Smit
Sir Arthur Smith
J. P. Stubbs
S. G. Sweetman
The Viscount Trenchard
K. H. Veldhuis
E. G. Woodroofe

Advisory directors

J. M. Honig
F. J. M. A. H. Houben
F. J. Tempel
G. E. van Walsum

Secretaries

A. A. Haak
H. A. Holmes

Auditors

Price Waterhouse & Co.
Cooper Brothers & Co.

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

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

Contents

Salient figures

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

Fl. million	1968	1967
Sales to third parties	20,032	19,714
Operating profit	1,494	1,411
Interest on loan capital	96	104
Profit of the year before taxation	1,476	1,380
Taxation on profit of the year	698	634
Consolidated profit of the year	746	698
Profit of the year accruing to ordinary capital	728	680
Ordinary dividends	264	254
Profit of the year retained	464	426
Capital employed	8,962	8,633
Capital expenditure	716	616
Depreciation	523	498
Ordinary dividends		
N.V. (per Fl. 20 of capital)	Fl. 4.70	Fl. 4.67
Limited (per 5s. of capital)	1s. 7½d.	1s. 6d.

Salient figures, together with combined earnings per share are shown on page 47 in certain other currencies.

Where necessary the figures for 1967 have been adjusted in accordance with the changes in presentation as explained on page 30.

Report for the year 1968

to be submitted at the general meeting of shareholders to be held at the company's offices, Burgemeester s'Jacobplein 1, Rotterdam, on 7th May 1969.

The year in brief

Combined sales to third parties rose by about 1.6% over 1967 to Fl. 20,032 million, combined profit before taxation by about 6% to Fl. 1,494 million. This comparison is based on the figures for 1967 published last year; if, for a fairer comparison, **Limited's** total sales and profit for 1967 are converted at the rates prevailing after sterling devaluation, the increases are 7.3% and 10.5% respectively. In spite of this higher operating profit, the profit accruing to the ordinary capital of **N.V.** and **Limited** (which was already converted in the 1967 accounts at the post-devaluation rates) increased by only a little more than 7% to Fl. 728 million, largely owing to higher rates of taxation in many countries.

Higher sales were achieved in most product groups, notably in foods, detergents and toilet preparations, paper, printing, packaging, plastics and chemicals.

All the main product groups except detergents and toilet preparations and animal feeds contributed to the increase in profits.

Sales to third parties, profit and capital employed by geographical areas 1959 and 1968

Sales to third parties

	Total Fl. million	Percentages Europe	N. & S. America	Africa	Rest of the world
1968	20,032	64	16	12	8
1959	14,140	58	16	19	7

Profit

	Total Fl. million	Percentages Europe	N. & S. America	Africa	Rest of the world
1968	832	69	13	11	7
1959	629	65	12	16	7

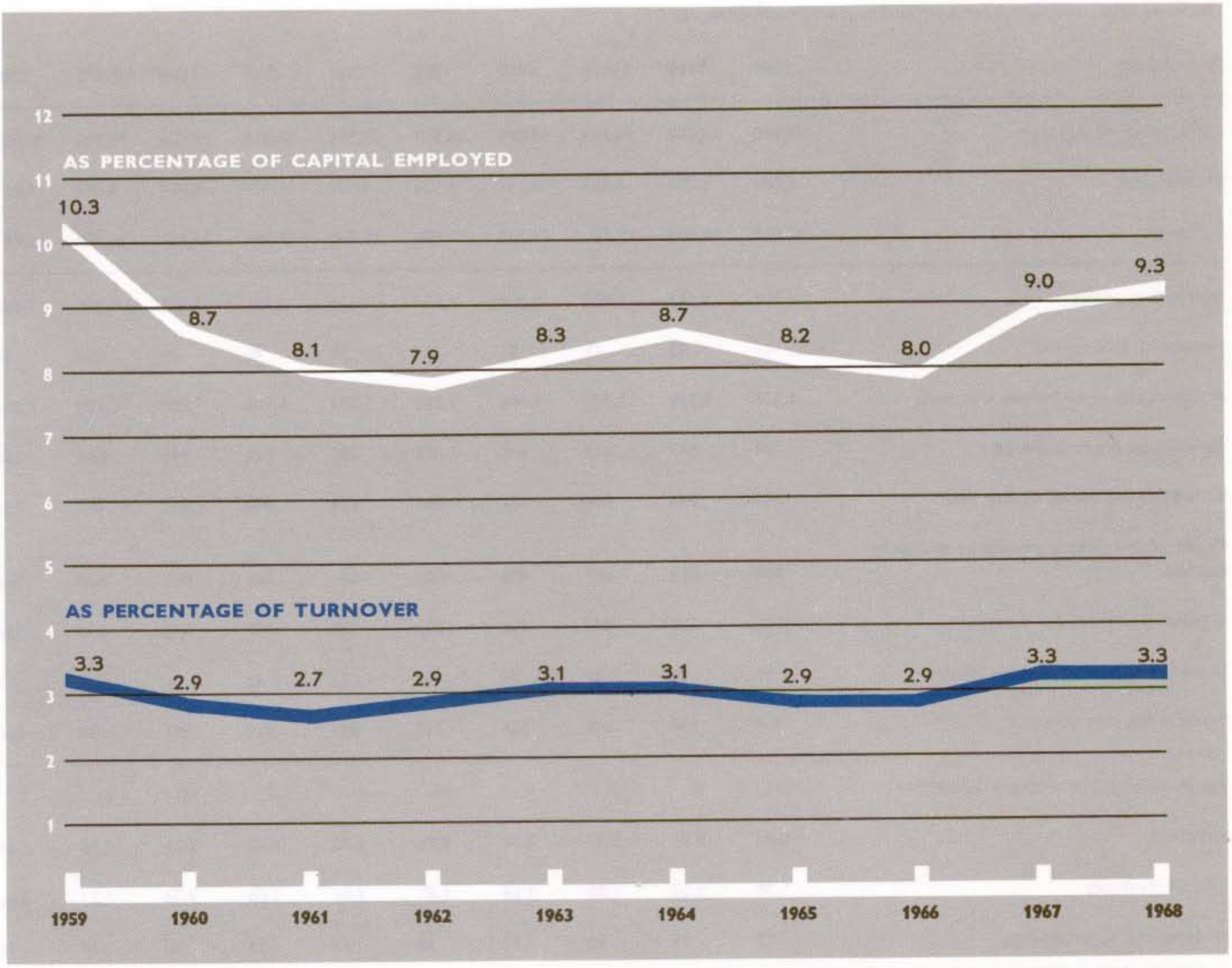
Capital employed

	Total Fl. million	Percentages Europe	N. & S. America	Africa	Rest of the world
1968	8,962	67	13	13	7
1959	6,079*	58	12	23	7

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

* *Excluding interests not consolidated of Fl. 61 million.*

Return on capital employed and on turnover 1959-1968



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

Summary of combined figures 1959-1968

Unilever N.V. and Unilever Limited and their subsidiaries

Fl. million	1959	1960	1961*	1962	1963	1964	1965	1966	1967**	1968
Sales to third parties	**14,140**	**14,757**	**14,763**	**14,972**	**15,557**	**17,115**	**18,464**	**19,189**	**19,714**	**20,032**
Internal sales	4,876	4,893	4,558	4,251	4,121	4,634	5,117	5,054	4,875	4,961
Turnover	19,016	19,650	19,321	19,223	19,678	21,749	23,581	24,243	24,589	24,993
Operating profit	**1,207**	**1,113**	**1,020**	**1,044**	**1,164**	**1,220**	**1,190**	**1,223**	**1,411**	**1,494**
Interest on loan capital	15	15	15	21	24	25	40	81	104	96
Profit of the year before taxation	**1,216**	**1,129**	**1,045**	**1,080**	**1,203**	**1,257**	**1,186**	**1,200**	**1,380**	**1,476**
Taxation on profit of the year	594	571	528	540	608	588	522	541	634	698
Consolidated profit of the year	**640**	**553**	**537**	**525**	**566**	**635**	**646**	**627**	**698**	**746**
Profit of the year accruing to ordinary capital	**600**	**513**	**497**	**485**	**526**	**594**	**606**	**597**	**680**	**728**
Ordinary dividends—Gross***	**177**	**189**	**186**	**195**	**223**	**239**	**237**	**236**	**254**	**264**
United Kingdom income tax retained	31	34	33	34	39	42	42	—	—	—
Profit of the year retained	454	358	344	324	342	397	411	361	426	464
Per Fl. 12 or £ 1 of ordinary capital****:	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Earnings	**6.44**	**5.46**	**5.27**	**5.14**	**5.58**	**6.30**	**6.48**	**6.39**	**7.28**	**7.78**
Cost of dividends	1.50	1.58	1.58	1.65	1.89	2.07	2.08	2.53	2.72	2.82
Dividends as % of earnings	23	29	30	32	34	33	32	40	37	36
Preferential capital	815	831	811	815	815	836	836	317	310	310
Ordinary shareholders' funds	**4,204**	**4,429**	**4,490**	**4,757**	**5,048**	**5,425**	**5,750**	**5,955**	**5,919**	**6,221**
Outside interest in subsidiaries	258	262	246	251	262	225	199	194	205	209
Loan capital	**416**	**402**	**392**	**570**	**541**	**688**	**859**	**1,570**	**1,491**	**1,452**
Deferred liabilities	447	549	569	600	653	678	735	769	708	770
Capital employed	**6,140**	**6,473**	**6,508**	**6,993**	**7,319**	**7,852**	**8,379**	**8,805**	**8,633**	**8,962**

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

** Sterling devaluation on 18th November, 1967, lowered the exchange rate from £ 1 = Fl. 10.136 to £ 1 = Fl. 8.688. Where necessary the figures for 1967 have been adjusted in accordance with the changes in presentation as explained on page 30.

*** For the years 1959–1965 United Kingdom income tax deducted from dividends of **Limited** was retained by the Company. With the change to corporation tax, income tax deducted from dividends has to be handed to the Revenue and the cost of dividends is consequently the gross amount.

**** The figures for earnings and cost of dividends have been adjusted for scrip issues. See note on Combined earnings per share and dividends on page 47.

The background

General

Despite continuing monetary difficulties, which twice in the course of the year became dramatically acute, 1968 was a favourable year for the economies of the world.

In the Netherlands economic activity showed a marked improvement, mainly as a result of increased demand in export markets. The United Kingdom had a year of more than average growth and made slow progress towards a balance of payments surplus. Expansion in Germany made its contribution to world trading conditions, especially within the European Economic Community. In France, however, the growth rate declined compared with 1967 and the May/June events led to an increase in prices. Activity in the United States continued at a high level. Japan continued on its spectacular way. Australia and South Africa both did notably well.

India and Pakistan had good harvests after two very bad years. Indonesia has reduced its rate of inflation considerably, though it is still high. The Government of the Congolese Republic (Kinshasa) improved its control over the country. On the other hand, the Nigerian civil war dragged on throughout the year. In Algeria many businesses were nationalised, including those of our subsidiaries. Inflation in most of Latin America is still a problem.

European integration

Politically there are still many differences of opinion between the E.E.C. member states, and the dispute over the widening of the Community, notably over the entry of the United Kingdom, continues. Nevertheless, progress is being made in many ways. For example, the Customs Union was completed in July. Nearly all the agricultural market and price regulations have been settled. There is now almost complete freedom of movement of workers; and a beginning has been made on a common transport policy.

Towards the end of 1968 the European Commission published a memorandum on the problems arising from the existing structure of the farming industry. We agree with their eventual objectives but are seriously concerned about the immediate and medium-term measures proposed for the oils and fats, and dairy industries.

For many years there has been little change in the relative levels of consumption of margarine and butter in the E.E.C. countries as a whole, but the measures now proposed by the Commission for dealing with the huge butter surplus resulting from over-production would change the pattern of consumption by forced sales of butter.

One of the measures proposed is to make a substantial all-round reduction in the price of butter, and to dispose of surplus stocks by an even bigger cut in the price to special categories of users.

The proposed price reductions would cost about Fl. 3,000 million in a year. The E.E.C. Federation of Margarine Manufacturers (IMACE) has made suggestions to the Commission for disposing of the surplus in other ways at half the cost and without seriously affecting the ratio between butter and margarine consumption within the E.E.C.

The Commission also propose the imposition of taxes on edible oils at rates that would vary with world market prices and would differ from product to product, and on oil cake and meal.

These measures would upset the balance of world trade, damage the interests of exporting countries, many of them developing countries, and increase the price to the consumer of margarine, table oil and cooking fat.

The existing E.E.C. oils and fats regulation is based on the principle that access to world markets should be free. The consequence of these proposed measures must be a disturbance of the world markets, which could well impair this fundamental principle.

In previous Reports we have expressed the hope that harmonisation of the margarine laws within the E.E.C., which we welcome in principle, would remove the discrimination against margarine. The Commission's proposals which were published in the autumn of 1968 do so only partially.

Mergers and acquisitions

On the 29th November, 1968, it was announced that talks were proceeding with a view to a merger between **Limited** and Allied Breweries Limited. These talks had reached an advanced stage when, on 28th January, 1969, the Board of Trade in the United Kingdom announced that the merger was being referred to the Monopolies Commission. This made it necessary to suspend the talks for the time being.

We and the Directors of Allied Breweries found the Government's decision to refer this merger surprising since it would not give rise to monopoly conditions in any of the product groups concerned, and the Board of Trade in previous discussions had not stated any ground on which it could be expected to be contrary to public interest. We are, of course, co-operating with the Commission in their enquiries which were still in progress at the date when this Report went to press.

In April 1968 **Limited** made an offer to acquire the issued share capital of Smith & Nephew Associated Companies Limited. The terms of the offer were later revised but sufficient acceptances were not received and the offer lapsed.

In pursuance of an offer dated 21st June, 1968, **Limited** acquired the rest of the issued share capital of Midland Poultry Holdings Limited, broiler producers, in which **Limited** already had a minority interest.

In pursuance of an offer dated 23rd July, 1968, **Limited** in 1968 acquired most of the ordinary capital of Reichhold Chemicals Limited, Liverpool; the preference capital was redeemed at the end of 1968 and the balance of the ordinary capital has since been acquired.

Other acquisitions during 1968 are mentioned elsewhere in this Report.

Taxation

The tendency of governments to increase rates of taxation on business profits continued in 1968, the most important examples from our point of view being the United States, Germany and Belgium. There were welcome reductions in the Netherlands, from 47 per cent to 46 per cent; and in India and Ghana, although the rates there are still very high.

Austria introduced a split tariff for corporation tax, which considerably reduced the tax rate on distributed profits. Disappointingly the Netherlands has postponed a decision on the mitigation of double taxation on company and shareholder.

World-wide, we suffered more from higher taxation than we gained from lower, so that the tax burden on our profits as a whole was greater in 1968 than 1967.

In Germany we are in dispute with the tax authorities who in 1968 changed their opinion on the question of refunding part of the dividend tax levied on dividends paid by our German subsidiaries to a number of our Dutch subsidiary holding companies; they also reclaimed a total of about DM 92 million refunded for the year 1963 and subsequent years. After consulting leading German tax experts we have come to the conclusion that the authorities' claim cannot be upheld. Accordingly no provision for their claim has been made in the balance sheet at 31st December, 1968, or for refunds of dividend tax of about DM 21.7 million which are due to us in respect of 1967 and 1968.

Analysis of sales and operating profit

N.V. 1967	N.V. 1968	Limited 1967	Limited 1968		Combined 1967 (Fl. million)	Combined 1968 (Fl. million)
				Sales to third parties and total turnover		
6,228	6,459	3,475	3,442	Foods	9,703	**9,901**
3,355	3,417	1,703	1,707	Detergents and toilet preparations	5,058	**5,124**
312	314	1,338	1,222	Animal feeds	1,650	**1,536**
79	99	2,154	2,061	Merchandise and other activities of The United Africa Group and plantations	2,233	**2,160**
576	642	494	669	Paper, printing, packaging, plastics, chemicals and other interests	1,070	**1,311**
10,550	10,931	9,164	9,101	**Sales to third parties**	19,714	**20,032**
3,122	3,183	1,753	1,778	Internal sales (mainly oils and fats)	4,875	**4,961**
13,672	14,114	10,917	10,879	**Total turnover**	24,589	**24,993**
				Operating profit		
543	597	218	228	Foods	761	**825**
224	193	164	164	Detergents and toilet preparations	388	**357**
5	9	64	46	Animal feeds	69	**55**
8	17	67	81	Merchandise and other activities of The United Africa Group and plantations	75	**98**
78	93	40	66	Paper, printing, packaging, plastics, chemicals and other interests	118	**159**
858	909	553	585	**Total operating profit**	1,411	**1,494**

Where by-products, such as oil-cake and glycerine, are sold without further processing, the proceeds are now included with the sales and profits of the main product from which the by-product is derived. The 1967 figures have been adjusted to this basis.

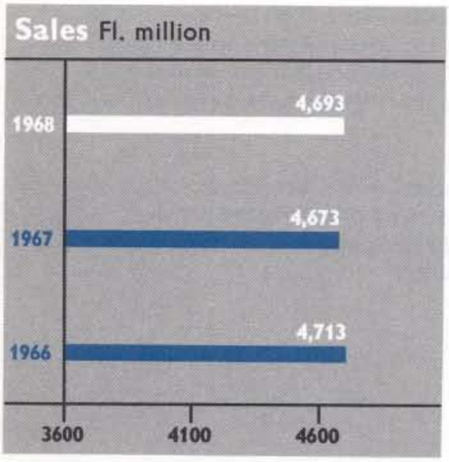
Internal sales represent supplies of marketable products – for use as raw materials – and services by one industry to other industries within the organisation. They are included to calculate the return on turnover on page 9.

Foods

Margarine, other fats and oils
World consumption increased by approximately 4 per cent in 1968 or at a slightly higher rate than last year. About half of the volume increase took place in India, where better oil-seed crops enabled consumption to rise. World butter consumption increased marginally for the first time in five years.

In the world raw material markets, the escalation in the prices of copra and palm kernels continued as a result of hurricane damage in the Philippines and the civil war in Nigeria, reaching a peak in mid-year. This was accompanied by a fall in the prices of liquid oils, but over the second half of the year, the trends were reversed with liquid oils returning to the prices prevailing at the end of 1967. During the last three months of the year average raw material prices increased by 14 per cent. Such short-term fluctuations occur from time to time, but over the last ten years as a whole, average prices have shown little change.

In the major margarine markets, Western Europe and the United States, the trend towards specialised products continued. For instance, in the Netherlands, our customers now have the choice between our long-established brands and Brio, Bona and Becel, each of which has its special properties. There is also Era, a low calorie spread marketed in the Netherlands under the generic name "halvarine". It has half the fat content of margarine. Margarines with a high content of polyunsaturated oils meet with an increasing demand in a number of markets as the conviction grows that these products are beneficial to health.



Results in total continued to be satisfactory.

In Canada, the acquisition of Monarch Fine Foods strengthened our position in that market, while encouraging progress was made in Turkey, Japan and Indonesia.

Our South African company also had a good year, although the legislation relating to margarine is still very restrictive. In Australia, Victoria took the retrograde step of forbidding the use of natural colours and flavours in "cooking" margarines; these are outside the quota system imposed for table margarines but must contain at least 90 per cent of Australian raw materials.

Sales of edible oils and compound fats showed encouraging increases in most countries while, with more raw materials available, sales of vegetable ghee improved in India, Pakistan and Turkey.

In the E.E.C. countries the oil mills had a particularly difficult year, owing to a number of external factors, such as larger imports of oils and meal, and over-capacity resulting from the erection of new extraction plants. As economy of scale is most important in the processing of oil seeds, we brought a new extraction plant into operation with an annual capacity of 400,000 tons of seeds, at the same time closing two small extraction plants and an old hydraulic press plant.

Other foods
Other foods embrace all the food products we market apart from margarine, other fats and oils.

Our sales of quick-frozen foods continued to grow. In the United Kingdom profits were maintained although some raw material costs were increased by devaluation and scarcity of meat due to foot and mouth disease. There was a welcome improvement in the rate of growth in continental Europe, where our companies in the Netherlands, Austria, Belgium and Germany made good progress. In the Netherlands this development was greatly assisted by television advertising. We extended our interests by acquiring two quick-frozen foods businesses in Italy – Invito S.p.A. and Genepesca S.p.A. In the Netherlands Iglo added frozen dessert products to their range; our Austrian company introduced frozen meat products, and our Belgian company frozen soups; frozen "boil-in-bag" dishes were introduced in several countries.

Our ice-cream sales were also higher than in 1967 in spite of the fact that the weather in 1968 was worse in many European countries. In the United Kingdom the purchase tax on ice-cream was raised, and profits were less than in 1967. The profits of our Australian ice-cream business improved considerably.

We continued to expand our range of canned, dried and other non-refrigerated packaged foods. In this sector opportunities for growth now exist in an increasing number of West European countries where people are becoming readier to try innovations and to change their eating habits. In contrast, the growth of sales of some of the more traditional products, such as jam and canned vegetables, has slowed down and here the scope for further development and better profitability is limited.

The total market for dried soups is now growing somewhat more slowly than in the early stages of their development but, nevertheless, our operations achieved good results. In the United Kingdom Batchelors increased their sales with the help of improvements in the quality of the product and a reduction in the time needed for cooking. The expansion in the market for canned soups is gathering momentum in a number of countries, such as the Netherlands and Germany, largely as a result of our efforts. In Germany we introduced a new range of canned soups.

A wide and increasing variety of products are now being sold in the form of prepared meals and dishes. We market these not only quick-frozen but also dehydrated (such as the dishes sold under the Norica brand in the Netherlands, and under the Vesta brand in the United Kingdom) and in cans (for example, under the Unox brand in the Netherlands and Belgium). Sales of these products continued to expand at a satisfactory rate and, as they become more popular, should yield good profits.

In soft drinks, dressings and condiments, dessert products and tea, including "instant" tea, our business continued to grow and good results were achieved.

Lipton in the United States achieved record sales and profits in 1968, and is still our largest non-refrigerated packaged food business despite the rapid growth of many of our other companies.

Sales of cheese continued to increase satisfactorily, particularly in South Africa. During the year under review, Milkana was introduced in the Netherlands and so far results are encouraging. Our margins have been under pressure due to increased raw material prices and competition continues to be lively.

Our progress with cheese has led us to consider other dairy products, such as cottage cheese and yoghurt, to which the experience with similar products gained by our German companies can be applied. These products are displayed alongside other cheese varieties and margarine and sold to the public from the chilled cabinet. During the year we therefore acquired interests in the Jacky dairy products business in Belgium and in a similar business in France, La Roche aux Fées. These new dairy products were also introduced in test markets in the United Kingdom and Germany and achieved a satisfactory market share.

In the Netherlands Unox increased its sales. During the year direct selling of perishable products from vans was introduced and volume increased. A new range of canned meats in sauces was introduced. Exports to the United States increased, with satisfactory results, but those to the United Kingdom suffered from the devaluation of sterling. Sales of the Wall's meat companies in the United Kingdom improved, with Mattessons Meats and Lawson doing particularly well. The most marked increases were in sales of sausages and meats of continental types and of canned meat products. New varieties of ham and bacon were successfully launched during the year. Unfortunately rising costs prevented a corresponding increase in the profits of the group as a whole. The Emil Schafft business in Germany continued to improve its sales and profits. All product groups showed good sales increases. In Canada keen price competition affected Hygrade's profits, but sales were maintained and prospects seem good. Further opportunities for expanding our international meat interests were being studied at the turn of the year.

Our fishing interests in Germany and, even more so, those in Newfoundland were again badly affected by low fish prices. In Newfoundland the situation became so serious that we decided to sell our fishing business there to the Government. "Nordsee" in Germany as a whole benefited from extensive reorganisation and a further shift towards processing and freezing at sea. The chain of fish restaurants which it is building up showed encouraging results, but the canned fish division again had to contend with severe price cutting. In the United Kingdom John West Foods again had a good year.

During the second half of the year, our retail business Mac Fisheries, in a competitive trading situation, had difficulty in raising selling prices enough to offset rising costs, including the 50 per cent increase in Selective Employment Tax; profits suffered in consequence.

Detergents and toilet preparations

Detergents
Our considerable and continuing investment in detergent research and development generates the quality improvements necessary to keep our products in the forefront of their markets and in line with consumer needs. Every year most of our major products benefit from some modification to formulation or some refinement of the manufacturing process. Typical product improvements are longer-lasting lather in a dishwashing product, the superfatting of a toilet soap and better gloss from a floor cleaner-polisher.

Occasionally a new ingredient can open up more exciting possibilities. An example of this is the incorporation of enzymes in soaking and washing powders, and in 1968 a further advance was made in the application of enzyme technology to the latter. In order to draw attention to this advance, we introduced in Western Europe and North America some new strongly advertised powders, while enzymes were also incorporated in a number of our existing brands. Our competitors were likewise active in their exploitation of enzymes in products for washing fabrics and there was intensive competition to get the new products established. We nevertheless increased our sales of washing powders and more than maintained our market shares, but the cost was high.

The steady growth in world prosperity means a steady rise in the demand for detergents. In the developed countries, the growth in real income and the rise in demand run approximately in line. In the less prosperous countries, the rise in demand is almost everywhere faster than the rise in real income.

In the affluent countries the products tend to become more specialised, and we continued to introduce products specifically designed for the most modern automatic washing machines and for easier washing of synthetic fabrics.

Liquid detergents for dishwashing continue to replace powders in many countries. Sales of high grade brands are increasing but their growth is hampered by competition from cheaper products.

We continued to make good progress with our toilet soaps, even though this market is static in Western Europe and North America, as a result partly of the increasing use of bath additives and wash-off creams and partly of the cleaner environment now prevailing in the Western world. Our toilet soaps did well, holding market leadership in most countries: the growth in sales of our deodorant soaps was particularly encouraging.

Changes in domestic equipment and new types of surfaces for floors and walls have led to changes in our household cleaning products. Although there is still a steady sale for the abrasive type of article there is a growing demand for products that will clean surfaces quickly without scratching or mess. In some countries we introduced a new spray cleaner that removes grease very efficiently and is convenient to use.

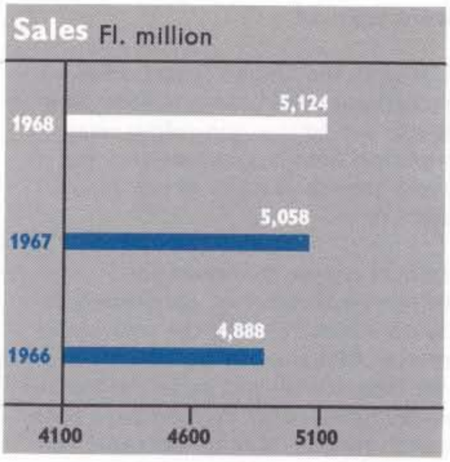
Our business in detergents for industrial and institutional use had another satisfactory year and registered higher profits. We maintained our sales to laundries and developed our trade with other types of customer, such as hospitals, hotels and catering establishments.

Toilet preparations
In those countries where we operate, consumer expenditure on toilet preparations is believed to be at present about equal to that on detergents.

The amount spent on toilet preparations is expanding at a faster rate than the growth of incomes. Our share of this large market, though still very small, is now increasing. Except in North America, where we are represented only in the dental preparations sector, our growth in 1968 was greater than we have previously achieved.

Progress was again made in hair preparations, mainly in hairsprays and shampoos of the Sunsilk type. Sharp increases were achieved in sales of deodorant products, under the names Rexona, Sure and Shield. Our share of the toothpaste market was about maintained. In perfumery, the Atkinson business made a notable advance in Italy.

Profits in Europe increased but, in view of the efforts we are making to increase our share of the market, profits cannot at this stage be expected to rise in line with sales.



Animal feeds

With higher standards of living and the growth of world population, the demand for milk, meat, eggs and other livestock products is steadily increasing and, with it, world consumption of animal feeds. In the E.E.C. countries the total consumption of compound feeds has been growing in recent years at an annual rate of about 10 per cent.

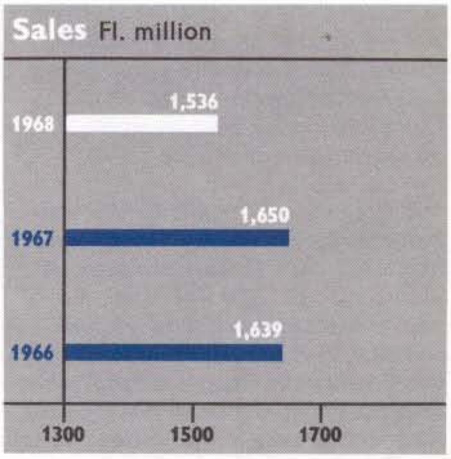
In the Netherlands we increased our sales of and profits from compound feeds. The main increase was in sales of pig feeds, which were helped by an increase in the pig population, our pig price contract scheme and improvements in the quality of our products.

In the United Kingdom, however, where the use of compound feeds is already widespread, the same opportunities for expanding sales as exist in the E.E.C. countries cannot now be expected. The total market for compound feeds in 1968 was only about $1\frac{1}{2}\%$ above that in 1967; our own sales were slightly lower and with competition fiercer than ever profits were appreciably reduced. We were, however, able to increase our sales of the concentrates which are used to provide a balanced diet when mixed with materials grown on the farm, and of the specialised rations now required by many pig, broiler and turkey producers. The success of The British Oil and Cake Mills in the pig feed market can be partly ascribed to their increasing involvement in pig breeding and pig management.

We continued in 1968 to reshape our United Kingdom business so as to improve efficiency. The fusion of Silcock and Lever's Feeds in 1967 was followed in 1968 by a reorganisation of The British Oil and Cake Mills with a view to more centralised control.

In France our sales were lower partly as a result of the added value tax, which made our products more expensive, and partly because of poor markets for farm products, which led farmers to reduce their purchases.

In South Africa we acquired the Lion Bridge Group of Companies, thus more than doubling our stake in the animal feeds market there.



Paper, printing, packaging and plastics

The substantial increase in turnover was only partly due to the inclusion for the first time of the sales of the Commercial Plastics Group of Companies which became wholly owned at the end of 1967.

The Commercial Plastics Group was reorganised in order to strengthen its position as a leading producer of plasticised and rigid PVC film. As part of this reorganisation, Holpak and King Packaging (a member of the Commercial Plastics Group) were brought under the same management. As a further step it was decided to sell the Commercial Plastics factory at Boekelo in the Netherlands.

In the United Kingdom the reduction in foreign competition which board manufacturers had hoped for from the devaluation of sterling did not come about. Thames Board Mills were able to increase their sales and to make more and better use of the capacity of their new Workington mill; but profits, although higher than last year, were still low.

In Germany turnover was much higher than in 1967 and profits increased in proportion; the increase for tubs was spectacular. Our turnover in parchment was above expectation and the record achieved in 1967 was surpassed, but margins were kept down by competition.

In the plastic conversion plant at Forchheim, production of very thin unplasticised PVC film increased further. A start was made on production of thicker gauge film.

In the Netherlands a plant for making PVC tubs was brought into operation.

In Austria our subsidiary, Allpack, started production of collapsible aluminium tubes.

Our companies in Australia and Nigeria again did well.

Chemicals

The resumed growth of industrial activity in nearly all European countries brought an increase in demand for our products, and several of our companies were stretched to capacity. Total sales and profits increased substantially.

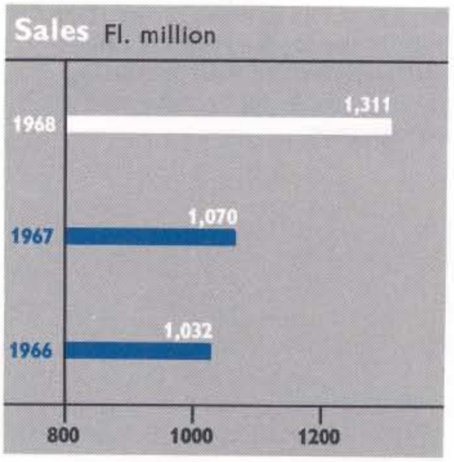
In the Netherlands we acquired the remaining shares of Scado-Archer-Daniels N.V. Unilever-Emery, our joint venture with Emery Industries Inc., of Cincinnati, again did well.

In the United Kingdom Proprietary Perfumes Limited and Associated Adhesives Limited had a successful year. A shortage of raw materials brought difficult trading conditions to John Knight, where measures are in hand to streamline the operations and further reduce operating costs. Our interests in the field of thermosetting resins and emulsions were widened by the acquisition of Reichhold Chemicals Limited. Minor acquisitions included Thorley Products, specialists in flavouring additives for animal feeds, which was consolidated with Food Industries, thus expanding our product range offered to compounders.

Our position in the fatty acids industry was strengthened by the acquisition at the turn of the year of the fatty acid and glycerine interests of Otto Aldag in Hamburg.

New plant commissioned during 1968 included fatty acid processing equipment for Price's Chemicals at Bromborough in the United Kingdom and VSW-Germania in Germany, formaldehyde production facilities for Joseph Crosfield & Sons, at Warrington also in the United Kingdom, and a flavour production unit for Food Industries at Bromborough. A number of projects were approved to increase capacity, improve product quality and diversify our interests, and these will come into production in 1969 and 1970.

PAPER, PRINTING, PACKAGING, PLASTICS AND CHEMICALS



The United Africa Group

Our businesses in Nigeria were again adversely affected by the civil war. Import licensing and exchange controls were tightened; in the former Eastern region business was largely at a standstill and losses may prove to be heavy. We believe sufficient provision has been made. Elsewhere in tropical Africa, however, the political situation was more stable; our turnover and profits increased and more than made up for the loss of business in Nigeria. The results of The United Africa Group as a whole were more than satisfactory, both sales and profits showing an appreciable increase.

In English-speaking tropical Africa the motors and technical businesses had another good year. Our timber operations were unprofitable and a loss was incurred in Nigeria as a result of the civil war, loss of trained staff, shipping difficulties and flooding of forest areas. Our department stores did much better despite the troubles in Nigeria, where our large store at Port Harcourt was burnt down. The general trading businesses did well. Textiles had another good year, marred only by the complete closure of, and damage to, our textiles factory near Onitsha in Nigeria. In Ghana our textile ventures had a profitable year; the new spinning and weaving factory at Juapong, in which we have an interest, has now started production.

Palm Line showed improved results following the ending of the freight war in the West-African trade; satisfactory alternative employment was found for ships temporarily surplus to the trade. The fleet now consists of 15 owned ships and one on charter.

Our companies in French-speaking Africa had a record year, with the motors and technical businesses accounting for the bulk of the increase in profits; produce, insurance and the brewery also did better. The new textiles factory in the Ivory Coast should start production in the second half of 1969. In the Congolese Republic (Kinshasa) the political situation was more stable and our sales, especially of general goods, increased sharply as a result of the complete import liberalisation established after the devaluation of the Congo currency in 1967.

Profits were also higher in East Africa, the Arabian Gulf, Sierra Leone, the Gambia and the Spanish territories.

Plantations

The predominant feature of 1968 was the fall in the selling price of palm oil, the main product of our plantations. The steady decline which has gone on over the past three years continued for the first six months of 1968, after which the price plunged sharply. On the other hand, the selling price of rubber, which had fallen to an 18 year low at the end of 1967, showed a steadily rising trend throughout 1968.

The effect of the lower palm oil price which started to affect us in the second part of the year was mitigated by higher production, and our total profits from plantations were higher than in 1967 owing to the good results of other activities.

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

	Tons		
	1966	**1967**	**1968**
Palm Oil	71,800	85,900	98,700
Palm Kernels	23,500	26,100	29,500
Rubber	9,100	10,800	10,900
Copra	5,400	4,900	5,200

The main increase in production came from our plantation areas in the Congolese Republic (Kinshasa) where conditions for oil palms were especially good, and only labour shortage impeded production. In all other countries except Nigeria crops were close to or above estimates.

In Nigeria, we were able to reoccupy our rubber estates in the Calabar area in May, and by the end of the year production was back to two-thirds of normal. Damage to our installations was not as bad as had been feared. The training of new labour has proceeded well so that we should again be in full production in 1969.

Exports

The upward trend in the shipments of most of our exporting companies continued in 1968. There were again increases in our exports from the Netherlands and the United Kingdom, the two most important exporting countries, as the following table shows:

	1966	1967	1968
Netherlands (Fl. million)	422	484	562
United Kingdom (Fl. million)	499	501	548

Shipments from the Netherlands of foods, chemicals, general merchandise and animal feeds all showed especially good progress.

After taking into account the devaluation of sterling in 1967 the increase in exports from the United Kingdom was substantial and reflected higher sales of nearly all the products concerned, including The United Africa Group's exports of merchandise.

Finance

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

	1963	1964	1965	1966	1967	1968
Source of funds						
Profits of the year re-invested in the business	342	397	411	361	426	464
Depreciation charged against profit	365	412	453	500	498	523
Proceeds of disposal of fixed assets	51	75	69	61	79	54
Changes in share and loan capital	*29*	106	74	192	68	*15*
	729	**990**	**1,007**	**1,114**	**1,071**	**1,026**
Use of funds						
Capital expenditure	*614*	*653*	*673*	*605*	*616*	*716*
Additional/reduced *working capital other than cash*	*16*	*362*	*410*	*8*	175	*315*
Subsidiaries acquired	*107*	*347*	*129*	*105*	*54*	*259*
Subscriptions to trade investments	*16*	*89*	*14*	*46*	*8*	*9*
	753	***1,451***	***1,226***	***764***	***503***	***1,299***
Other sources/*uses*	**59**	**133**	**20**	***41***	***125***	**88**
Increase/*decrease* during year	35	*328*	*199*	309	443	*185*
Net liquid funds 1st January	888	923	595	396	705	1,148
Net liquid funds 31st December	**923**	**595**	**396**	**705**	**1,148**	**963**

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

Where necessary the figures for 1967 have been adjusted in accordance with the changes in presentation as explained on page 30.

The drop in net liquid funds during 1968 was mainly due to the amount spent on new acquisitions and an increase in working capital, i.e. higher stocks and debtors.

The most important new acquisitions were the Reichhold Chemicals, Midland Poultry and Monarch Fine Foods businesses and the majority interest in the Jacky dairy products business.

No new loan capital was raised during 1968, but some repayments of existing loans were made.

Capital projects

Among the major projects completed in 1968 were:

Netherlands	New oil extraction plant at Zwijndrecht. Modernisation of margarine factory at Rotterdam.
United Kingdom	Production lines for quick frozen meat pies at Kirkby and quick frozen fish cakes at Lowestoft. Fatty acid distillation and ester plant at Bromborough. Technical block for development of toilet preparations at Leeds.
France	Modernisation of margarine factory at Asnières.
Germany	New building for cheese manufacture at Bahrenfeld. Two new factory ships for "Nordsee". Extension of manufacturing facilities for laminated foil at Kempten and PVC film at Forchheim. Installation of hydrogen plant at Brake.
Denmark	New ice-cream factory at Skovlunde.
India	Additional edible oil hardening plant at Shamnagar.
Philippines	Additional N.S.D. plant at Manila.
U.S.A.	Expansion of packet meals production at Flemington, New Jersey.

Expenditure of Fl. 821 million was approved in 1968.
The more important items are listed below:

		Fl. million
Margarine, other fats and oils		**130**
	New margarine factories in the United Kingdom and Brazil. Extension of vegetable ghee production facilities in Turkey. Further margarine tub filling and packing lines in the United Kingdom and continental Europe. Improved oil refining facilities in the Netherlands, the United Kingdom and France.	
Other foods		**270**
	Extension of manufacturing facilities and additional cold stores for frozen foods in the United Kingdom and Germany. Additional shops and restaurants for "Nordsee" in Germany. Additional food centres for Mac Fisheries in the United Kingdom. Increased manufacturing, storage and distribution facilities for ice-cream in Italy.	
Detergents and toilet preparations		**123**
	Increased N.S.D. manufacturing facilities in the United Kingdom, Spain, Thailand and Australia. New N.S.D. plant in Indonesia. Modernisation of toilet soap manufacturing plant in the United Kingdom.	
Animal feeds		**28**
	Improvements to compounding plants in the United Kingdom. New factory at Pietermaritzburg, South Africa.	
Paper, printing, packaging, plastics, chemicals and other interests		**161**
	Further extension to facilities for manufacturing margarine tubs in the United Kingdom and Germany. Expansion and modernisation of PVC and polyethylene film manufacturing plant at Forchheim, Germany.	
General		**109**
	Motor vehicles (less sales of old vehicles). Additional research facilities, mainly in the Netherlands and the United Kingdom. Housing and welfare facilities for employees.	
		821

The geographical pattern of the expenditure approved was as follows:

	Fl. million	%
Europe	601	73
North and South America	119	15
Africa	49	6
Rest of World	52	6
	821	100

Research

With the virtual completion of the extension of the laboratory at Vlaardingen in the Netherlands, a new building at Port Sunlight and a new wing of the Isleworth laboratory, both in the United Kingdom, we are near the end of our current expansion programme in Europe.

We continue to give much attention to improving our skill at steering our scientific research in the most profitable directions. For instance, cost benefit analysis is enabling us to make a more informed choice of projects and to introduce better methods of budgetary control. The use of computers for the storage and retrieval of knowledge gained in our different laboratories and elsewhere is ensuring its widest possible application, and improved objective methods for assessing the merits of products evolved in the laboratory are enabling us to speed the appearance of the best of them in the shops.

The results of research have been applied across all our main product groups. Our work in the field of oils and fats, especially with regard to their dietary value, is receiving increased recognition. As an example of this, four international awards have been received by our scientists: the Dr. Saal van Zwanenberg Foundation Award, the Chevreul Medal, the Normann Medal and the Heinrich Wieland Prize. In detergents, improvements have been made to the washing powders containing enzymes. In our toilet preparations research, we aim to develop products with additional specific benefits to the user based on a more fundamental understanding of hair, skin and teeth. Recent examples include improvements of the conditioning and therapeutic properties of shampoos, and of the cleaning properties of dentifrices. In Other foods, progress has been made with the growing and selection of raw materials for a wide range of products, with improvements of texture, flavour and appearance, and with more economic methods of manufacture.

Personnel

The total number of Unilever employees world-wide is about 312,000 of whom 1,390 are senior managers, 11,196 middle managers and 23,725 assistant managers. The development and deployment of this manpower is a major responsibility of management.

Adequate management resources are essential to the growth and efficiency of our business and a regular intake and training of new managers are therefore vital. The competition in recruitment of management of high quality becomes greater each year in all countries and in all sectors of our business. We have to compete not only with other business employers but with the public service and the professions, including education.

Our senior managers are giving increased attention to the regular reviewing of management resources and requirements, including those expected to arise from the growth of the business. These reviews involve assessing the potential of individuals, identifying the development and training needs of individuals and groups and forecasting future requirements so as to provide a basis for recruitment and promotion.

A major educational effort has been put in hand to ensure that managers at all levels and of all nationalities become aware of the possible application of computers to our business now and in the future.

The handling of industrial relations is becoming more complicated as a result of government intervention, a greater variety of union demands and in some countries shortage of labour. The close examination by governments of proposed wage and salary increases, in the United Kingdom the progressive introduction of productivity bargaining, in the Netherlands the development of a less centralised system of collective bargaining, are contributing to greater demands on the time of our managers. There were some interruptions of normal working and a few strikes, but these did not materially affect our total results.

Unilever's pension contributions for its own and other pension schemes, including State Pensions, and other payments for employees' retirement and death benefits amounted in 1968 to Fl. 295 million. The assets of our pension and provident funds increased to Fl. 2,893 million.

Capital and membership

There were no changes in the share capital of **N.V.** in 1968. **Limited's** issued share capital was increased in 1968 by the issue of 718,670 ordinary shares of 5s. each in connection with the acquisition of Midland Poultry Holdings Limited.

At the year end **Limited** had 74,267 ordinary and 1,456 preferential shareholders, and 116,681 debenture and unsecured loan stockholders. As **N.V.'s** share and loan capital is held by the public largely in the form of bearer scrip, the exact number of holders cannot be ascertained.

Dividends

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss accounts on page 28.

The interim dividends on the ordinary capitals for 1968, and the final dividends recommended by the Directors are as follows:

	N.V. per Fl. 20 nominal:	
Interim	Fl. 2.53	(1967: Fl. 2.50)
Final	Fl. 2.17	(1967: Fl. 2.17)
Total	Fl. 4.70	(1967: Fl. 4.67)

	Limited per 5s. nominal:	
Interim	10½d.	(1967: 9d.)
Final	9 d.	(1967: 9d.)
Total	1s. 7½d.	(1967: 1s. 6d.)

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

As **N.V.'s** interim dividend in guilders for 1968 was practically the same as for 1967, **Limited's** interim dividend was with the sanction of the British Treasury increased for 1968 by 1½d. to 10½d. The Boards were of the opinion that the upward trend in profits in 1967 and 1968 justified an increase in the 1968 dividends of both Companies. While fully aware of the United Kingdom government's policy of dividend restraint but also bearing in mind the Equalisation Agreement between **N.V.** and **Limited, Limited** made application to the Treasury to sanction an increase in **Limited's** final dividend but this application was rejected.

However, on the basis of discussions with the Treasury, the Boards are confident that in the event of an agreed merger taking place between **Limited** and Allied Breweries, the Treasury will not object to **Limited** increasing the rate of its ordinary dividends for 1969 by 3d. to 1s. 10½d. per 5s. ordinary share, equivalent at the rate of £ 1 = Fl. 8.67 and under the terms of the Equalisation Agreement, to Fl. 5.42 per Fl. 20 of ordinary capital of **N.V.**

The Boards intend if profit expectations are realised and if it is otherwise possible, to declare or recommend such dividends as will maintain total annual dividend payments at not less than the higher level mentioned above. Accordingly, the Boards propose to declare first interim dividends for 1969 at the rate of 3d. per 5s. ordinary share of **Limited,** and (assuming the rate of exchange of £ 1 = Fl. 8.67) at the rate of Fl. 0.72 per Fl. 20 of ordinary capital of **N.V.** Such first interim dividends will be declared by the Boards on 7th May, 1969, payable with the final dividends for 1968. The exchange rate of £ 1 = Fl. 8.67 is that on 25th February, 1969, when the Boards' intentions concerning the first interim dividends for 1969 were announced.

It is intended to make the final dividends for 1968 and the first interim dividends for 1969 on the ordinary shares of both companies payable as from 16th May, 1969, except that the dividends on the New York shares of **N.V.** and on the American Depositary Receipts representing ordinary capital of **Limited** will be paid on 5th June, 1969.

It is also proposed to set aside Fl. 48,851,000 (**N.V.** Fl. 28,000,000, **Limited** £ 2,400,000 or Fl. 20,851,000) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Directors

At the Annual General Meetings in 1968 Mr. E. Brough, Mr. R. H. Del Mar, Mr. C. T. C. Heyning, Mr. P. A. Macrory and Mr. K. H. Veldhuis were elected to the Boards of **N.V.** and **Limited.**

After twelve years as a Director of **N.V.** and **Limited,** Mr. F. J. Pedler retired on 30th September, 1968. Mr. Pedler joined The United Africa Company Limited in 1947, became a Director of that Company in 1950 and at the time of his retirement was its Deputy Chairman and Managing Director. His colleagues wish to place on record their appreciation of his excellent services.

Mr. A. E. J. Nysingh, who had been an Advisory Director of **N.V.** since August, 1961, died on 26th January, 1969. His wide experience and wisdom were of great value to the Company.

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

Under the existing Articles of Association of **N.V.** and **Limited,** the maximum number of Directors is twenty-five. The Boards are of the opinion that while this maximum should be adequate at most times in the foreseeable future, there may be occasions, particularly in the event of a merger between **Limited** and Allied Breweries, when a temporary increase will be desirable. Special resolutions will, therefore, be proposed at the Annual General Meetings for the purpose of increasing the maximum number to thirty.

Secretaries

Mr. P. A. Macrory, after his election to the Boards, resigned as a Secretary of **Limited** and **N.V.** and was succeeded by Mr. H. A. Holmes.

Auditors

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

Rotterdam, 20th March, 1969.

ON BEHALF OF THE BOARD,

H. S. A. HARTOG, Chairman.

COLE, Vice-chairman.

Consolidated profit and loss accounts

for the year ended 31st December

Figures in red represent deductions

Fl. 000's

N.V. 1967	N.V. 1968	Limited 1967	Limited 1968		Combined 1967	Combined 1968
10,549,550	10,930,723	9,164,228	9,101,179	**Sales to third parties**	19,713,778	20,031,902
9,691,374	10,022,403	8,611,291	8,515,973	Costs	18,302,665	18,538,376
858,176	908,320	552,937	585,206	**Operating profit**	1,411,113	1,493,526
10,552	12,785	15,426	15,552	Income from trade investments	25,978	28,337
37,597	34,116	66,872	62,189	Interest on loan capital	104,469	96,305
22,632	25,131	25,229	24,865	Other interest	47,861	49,996
853,763	912,120	526,720	563,434	**Profit of the year before taxation**	1,380,483	1,475,554
389,017	424,997	245,214	272,638	Taxation on profit of the year	634,231	697,635
—	—	21,895	—	Effect of sterling devaluation	21,895	—
18,954	22,610	7,032	9,261	Outside interest in results of subsidiaries	25,986	31,871
445,792	464,513	252,579	281,535	**Consolidated profit of the year**	698,371	746,048
14,694	14,694	3,484	3,484	Preferential dividends	18,178	18,178
431,098	449,819	249,095	278,051	**Profit of the year accruing to ordinary capital**	680,193	727,870
149,479	150,439	104,405	113,615	Ordinary and deferred dividends	253,884	264,054
281,619	299,380	144,690	164,436	**Profit of the year retained**	426,309	463,816

N.V. 1967	N.V. 1968	Limited 1967	Limited 1968	**Movements in profits retained**	Combined 1967	Combined 1968
2,234	604	23,468	14,804	Exceptional and other items not applicable to current trading	25,702	14,200
32,058	46,088	38,757	122,666	Goodwill on acquisition of new subsidiaries after deducting surplus on revaluation of fixed assets	70,815	168,754
14,021	534	49,747	2,935	Effect of exchange rate changes on consolidation	63,768	3,469
—	—	230,657	—	Sterling devaluation – effect on net asset values	230,657	—
281,619	299,380	144,690	164,436	Profit of the year retained	426,309	463,816
21,000	28,000	17,376	20,851	of which fixed assets replacement reserve	38,376	48,851
233,306	253,362	197,939	24,031	Net addition to profits retained	35,367	277,393
1,955,411	2,188,717	2,811,706	2,613,767	Profits retained – 1st January	4,767,117	4,802,484
2,188,717	2,442,079	2,613,767	2,637,798	Profits retained – 31st December	4,802,484	5,079,877

The notes on pages 30 to 32 form part of the above accounts

Consolidated balance sheets

as at 31st December

Figures in red represent deductions

Fl. 000's

N.V. 1967	N.V. 1968	Limited 1967	Limited 1968		Combined 1967	Combined 1968
				Capital Employed		
265,060	265,060	44,683	44,683	**Preferential capital**	309,743	**309,743**
2,881,048	3,134,410	3,038,219	3,086,603	**Ordinary shareholder's funds**	5,919,267	**6,221,013**
640,165	640,165	544,044	546,204	Ordinary capital	1,184,209	**1,186,369**
2,240,883	2,494,245	2,494,175	2,540,399	Profits retained and other reserves	4,735,058	**5,034,644**
128,974	132,641	76,037	75,803	**Outside interest in subsidiaries**	205,011	**208,444**
572,428	563,882	918,400	888,192	**Loan capital**	1,490,828	**1,452,074**
289,882	322,002	418,632	448,283	**Deferred liabilities**	708,514	**770,285**
93,014	55,378	*93,014*	*55,378*	Inter-Group – **N.V./Limited**	—	**—**
4,230,406	4,473,373	4,402,957	4,488,186		8,633,363	**8,961,559**
				Employment of Capital		
2,162,598	2,263,775	2,330,982	2,415,038	**Land, buildings and plant**	4,493,580	**4,678,813**
107,189	116,363	95,464	92,406	**Trade investments**	202,653	**208,769**
135,657	140,816	36,359	38,357	**Long-term debtors**	172,016	**179,173**
1,824,962	1,952,419	1,940,152	1,942,385	**Net current assets**	3,765,114	**3,894,804**
1,677,743	1,802,851	1,554,857	1,762,674	Stocks	3,232,600	**3,565,525**
884,816	1,054,139	991,657	1,149,553	Debtors	1,876,473	**2,203,692**
1,069,257	*1,188,114*	*768,635*	*964,420*	Creditors	*1,837,892*	***2,152,534***
274,881	*268,441*	*244,932*	*281,344*	Provision for taxation	*519,813*	***549,785***
80,658	*80,058*	*54,145*	*54,604*	Dividends	*134,803*	***134,662***
273,820	311,985	365,400	324,610	Marketable and short-term securities	639,220	**636,595**
777,601	622,679	446,389	327,729	Cash and bank balances	1,223,990	**950,408**
364,222	*302,622*	*350,439*	*321,813*	Bank advances	*714,661*	***624,435***
4,230,406	4,473,373	4,402,957	4,488,186		8,633,363	**8,961,559**

The notes on pages 30, 31 and 33 to 37 form part of the above accounts

General notes to the accounts

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

Changes in presentation
Effect has been given to the provisions of the 1967 United Kingdom Companies Act and the main provisions of the 1968 Netherlands Companies Bill. Further, exceptional items are no longer reported as profit of the year, but are shown as movements in profits retained. Where necessary the 1967 figures have been adjusted accordingly.

Treatment of foreign currencies
For 1968 **Limited** figures in the Consolidated balance sheet have been converted to guilders at the official parity of £ 1 = Fl. 8.688, except **Limited's** ordinary capital which has been converted at the rate of £ 1 = Fl. 12 under the terms of the Equalisation Agreement, the consequential adjustment being included in Profits retained and other reserves. Other foreign currencies have been converted at the official parities or other rates of exchange current at the year-end, except that Sales to third parties have been converted to guilders at the rates of exchange ruling at the end of each quarter.

For 1967 the same principles applied except that **Limited's** operating profit for the first nine months was converted at pre-sterling devaluation rates, the revaluation to year-end rates resulting in the deduction of Fl. 28,469,000.

Revaluation at year-end rates of the balance of profits and losses of **Limited** subsidiaries in countries whose currencies were not devalued, included in **Limited's** results for the first nine months of 1967, gave a gain in sterling, equivalent to Fl. 6,959,000.

The difference between these two amounts is included in Effect of sterling devaluation.

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

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

A list of subsidiaries, which it is considered have principally affected the results or assets in terms of the United Kingdom Companies Act, 1967, is given on pages 45 and 46.

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

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

A list of investments, which it is considered have principally affected the results or assets in terms of the Companies Act, 1967, is given on page 46.

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

Debtors are after deducting adequate provisions for doubtful debts.

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

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

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

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

Taxation adjustments relating to previous years, which arise mainly from refunds of taxes and release of provisions no longer required, are taken to Profits retained. United Kingdom "overspill" tax relief is a transitional relief of tax on overseas income on the introduction of corporation tax and has been taken to Profits retained as not applicable to current trading.

United Kingdom corporation tax on the profits of 1968 and foreign taxes, which are not due before 1st January, 1970, together with Deferred taxation, are included under Deferred liabilities. Deferred taxation arises mainly from the charge made to profits in respect of the tax postponed through fixed assets being written off in some countries more rapidly for tax than for commercial purposes, less the estimated future taxation relief on the provisions for unfunded retirement benefits.

The dispute with the German tax authorities over the refund of dividend tax gives rise to a contingent liability of Fl. 103 million. After consultation with leading German tax experts it is considered that the authorities' claim cannot be upheld.

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

Dividends waived
The Trustees of the Leverhulme Trust have waived their right to that part ($62\frac{1}{2}\%$) of the 1967 and 1968 **Limited** Ordinary dividends which flow back to the Company.

Notes to the consolidated profit and loss accounts

Figures in red represent deductions
Fl. 000's

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Costs include:		
240,361	*236,461*	Depreciation	*274,696*	*286,622*
3,905	*3,527*	Emoluments of Directors as managers including contributions to pension funds for superannuation	*2,218*	*2,079*
527	*1,685*	Superannuation of former Directors	*507*	*474*
1,480,606	*1,442,356*	Remuneration of employees including social security contributions	*1,764,304*	*1,926,199*
2,442	*2,667*	Auditors' remuneration	*2,710*	*2,787*
572	382	Profit/*loss* on disposal of trade investments	180	*164*
31,153	*34,900*	Hire of plant and machinery	*27,122*	*31,633*

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Income from trade investments		
2,960	4,144	Quoted shares	612	1,911
11,283	10,713	Unquoted shares	8,286	10,057
1,183	695	Interest on loans	1,654	817
15,426	**15,552**		**10,552**	**12,785**

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Interest on loan capital includes:		
1,569	*2,641*	Interest on loans, the final repayment of which will be made within 5 years	*8,553*	*4,164*

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Other interest		
25,805	*25,430*	Interest paid on bank advances	*26,309*	*29,666*
51,034	50,295	Interest received	48,941	54,797
25,229	**24,865**		**22,632**	**25,131**

Limited 1967	Limited 1968	
		Taxation on profit of the year for **Limited** is made up of:
171,762	*184,672*	U.K. corporation tax
37,412	45,482	less: Foreign tax relief
110,864	*133,448*	plus: Foreign taxes
245,214	***272,638***	

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Exceptional and other items not applicable to current trading		
9,097	704	Taxation adjustments previous years	2,439	23,161
4,344	5,647	United Kingdom—"overspill" tax relief	—	—
18,671	*16,186*	Nationalisation of interests, war damage, disposal and closing of units	3,014	*22,228*
2,745	—	Other profits	404	5,467
2,789	*4,969*	Other losses	*8,091*	*5,796*
23,468	***14,804***		***2,234***	**604**

Notes to the consolidated balance sheets

Figures in red represent deductions

Share capital

N.V.

Authorised 1967 Fl. 000's	Authorised 1968 Fl. 000's		Issued and fully paid 1967 Fl. 000's	Issued and fully paid 1968 Fl. 000's
		Preferential:		
75,000	75,000	7°/₀ Cumulative Preference — Ranking pari passu	29,000	29,000
200,000	200,000	6°/₀ Cumulative Preference — Ranking pari passu	161,060	161,060
75,000	75,000	4°/₀ Cumulative Preference — Ranking pari passu	75,000	75,000
350,000	350,000		265,060	265,060
1,002,400	1,002,400	Ordinary	642,565	642,565

The 4°/₀ cumulative preference capital is redeemable at par at the Company's option either wholly or in part.

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

Both subsidiaries have waived their rights to dividends.

Limited

Authorised 1967 £ 000's	Authorised 1968 £ 000's		Issued and fully paid 1967 £ 000's	Issued and fully paid 1968 £ 000's
		Preferential:		
172	172	5°/₀ First Cumulative Preference	172	172
3,503	3,503	7°/₀ First Cumulative Preference	3,503	3,503
1,218	1,218	8°/₀ Second Cumulative Preference	1,218	1,218
250	250	20°/₀ Third Cumulative Preferred Ordinary	250	250
5,143	5,143		5,143	5,143
		Guilder equivalent	Fl. 44,683	Fl. 44,683
136,176	136,176	Ordinary (in shares of 5s. nom. each)	45,337	45,517
		Guilder equivalent	Fl. 544,044	Fl. 546,204
100	100	Deferred	100	100

The increase in ordinary capital is due to the issue of 718,670 shares in connection with the acquisition of Midland Poultry Holdings Limited. The premium on issue was £ 2,623,000 or Fl. 22,789,000.

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

A nominal dividend of ¹/₄°/₀ was paid on this stock.

Profits retained and other reserves

at 31st December

Fl. 000's

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
30,564	53,353	Premiums on capital issued	52,166	52,166
—	22,789	Including premium on capital issue on acquisition of Midland Poultry Holdings Limited during the year	—	—
150,156	*150,752*	Adjustment on conversion of **Limited's** ordinary capital at £ 1 = Fl. 12	—	—
2,613,767	2,637,798	Profits retained	2,188,717	2,442,079
78,192	99,043	of which fixed assets replacement reserve	60,000	88,000
2,494,175	2,540,399		2,240,883	2,494,245

Notes to the consolidated balance sheets

Figures in red represent deductions

1967	Loan capital	1968
Fl. 000's	**N.V.**	Fl. 000's
300,000	6% Notes 1972/91	300,000
	Subsidiaries	
126,342	Netherlands: $4^1/_2$% Loans 1986/87	122,684
8,845	$3^3/_4$/4% Loan to 1989	8,587
11,400	Germany: 3%/4% Mortgages on factory ships repayable period to 1981	11,916
72,400	U.S.A.: $4^5/_8$% 20 years Notes 1973/82	72,400
53,441	Others	48,295
572,428		**563,882**

1967		1968
£ 000's	**Limited**	£ 000's
7,290	$3^3/_4$% Debenture stock 1955/75 Ranking pari passu	7,202
10,481	4% Debenture stock 1960/80 Ranking pari passu	10,305
13,810	$6^3/_4$% Debenture stock 1985/88 Ranking pari passu	12,456
2,188	$5^1/_2$% Unsecured loan stock 1991/2006 Ranking pari passu	2,188
54,735	$7^3/_4$% Unsecured loan stock 1991/2006 Ranking pari passu	54,735
88,504		**86,886**
	Subsidiaries	
750	United Kingdom: 6% Debenture stock 1980/85	750
3,846	Canada: 6% Debenture Series A 1985	3,846
1,730	$6^1/_2$% Loan 1974	—
1,389	India: $7^3/_4$% Debentures 1977/80	1,389
2,800	Australia: $7^3/_4$% Debentures 1982/87	2,800
1,167	South Africa: $7^1/_2$% Loan 1971	1,167
1,027	New Zealand: $5^3/_4$%/7% Debenture loans 1971/81	1,120
1,517	Nigeria: 8% Debenture stock 1976/88	1,517
2,979	Others	2,757
105,709		**102,232**
Fl. 918,400	Guilder equivalent	**Fl. 888,192**

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

During the year £ 88,000 of the $3^3/_4$% stock 1955/75, £ 176,000 of the 4% stock 1960/80 and £ 1,354,000 of the $6^3/_4$% stock 1985/88 was purchased by the company.

Limited 1967 (Fl. 000's)	Limited 1968 (Fl. 000's)		N.V. 1967	N.V. 1968
		The repayments fall due as follows:		
38,053	28,662	After 1 year but within 5 years	66,778	87,539
100,581	98,079	After 5 years but within 10 years	168,763	169,650
277,469	258,824	After 10 years but within 20 years	268,056	253,638
502,297	502,627	After 20 years	68,831	53,055
918,400	888,192		572,428	563,882
884,517	861,546	Loans on which the final repayment will be made after 5 years amount to	552,267	548,998

Notes to the consolidated balance sheets

Figures in red represent deductions
Fl. 000's

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Deferred liabilities		
136,080	154,012	Tax not due before 1st January, 1970	65,114	81,551
140,937	142,405	Deferred taxation	41,481	38,102
141,615	151,866	Unfunded retirement benefits	183,287	202,349
418,632	**448,283**		**289,882**	**322,002**
		Security has been issued in respect of:		
363,506	335,965	Loan capital	49,201	51,133
30,330	29,287	Bank advances	50,931	47,211
18,410	1,816	Creditors	14,288	25,784
412,246	**367,068**		**114,420**	**124,128**
94,882	137,236	**Contingent liabilities** on which no loss is expected include guarantees of	31,368	34,235
		The Parent Companies have, in addition, given guarantees in respect of subsidiary companies' liabilities.		
10,443	22,493	**Bills discounted** at 31st December amount to	57,883	21,253

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

Inter-Group-**N.V./Limited** consists of several accounts and includes loans of £ 11,500,000 by **Limited** to **N.V.** which are secured on shares of subsidiaries of **N.V.**

Land, buildings and plant
At 31st December, 1968 capital expenditure authorised by the Boards and still not spent was—**N.V.** Fl. 329,279,000, **Limited** Fl. 341,508,000. Of these amounts commitments had been entered into for **N.V.** Fl. 123,159,000 (1967 – Fl. 113,309,000), **Limited** Fl. 104,030,000 (1967 – Fl. 83,987,000). In **Limited**, investment grants receivable in the United Kingdom estimated at Fl. 42,615,000 (1967 – Fl. 29,817,000) have been deducted in stating the expenditure for the year.

Notes to the consolidated balance sheets

Figures in red represent deductions
Fl. 000's

Land, buildings and plant
(continued)

Limited Cost	Limited Depreciation		N.V. Cost	N.V. Depreciation
		Movements during the year:		
3,918,384	1,587,402	1st January, 1968	4,126,597	1,963,999
305,618	—	Expenditure	410,779	—
25,612	—	Proceeds of disposals	*27,786*	—
73,057	20,895	New subsidiaries	63,552	46,181
78,618	*66,967*	Adjustments for disposals, revaluations and exchange differences	*118,623*	*106,058*
—	236,461	Charged to profit and loss accounts	—	286,622
4,192,829	1,777,791	31st December, 1968	4,454,519	2,190,744

Net balance sheet amounts:

Limited		N.V.
863,813	Land and buildings—freehold	1,000,928
244,167	—leasehold—long-term (50 years or over)	20,441
101,172	—leasehold—short-term	21,195
1,029,085	Plant and equipment	1,101,155
176,801	Ships and motor vehicles	120,056
2,415,038		**2,263,775**

Trade investments—long-term investments in businesses with which the companies have a trade relationship

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
163,524	95,464	1st January	153,181	107,189
11,529	6,464	Additions	8,836	9,887
79,589	*9,522*	Disposals and other adjustments	*54,828*	*713*
95,464	**92,406**	31st December	**107,189**	**116,363**
		of which:		
28,305	27,072	Quoted shares	35,211	35,322
40,165	41,998	Unquoted shares	60,418	65,890
26,994	23,336	Loans	11,560	15,151
75,229	88,609	Market value quoted shares	14,607	29,583
75,325	87,332	Directors' valuation of unquoted shares on the basis of underlying net assets	90,212	99,120

Notes to the consolidated balance sheets

Figures in red represent deductions
Fl. 000's

Limited 1967	Limited 1968		N.V. 1967	N.V. 1968
		Long-term debtors are debtors not due for repayment within one year.		
		Stocks		
636,891	725,040	Raw materials and stocks in process	1,013,673	1,073,575
403,871	460,021	Finished products	565,912	637,078
514,095	577,613	Merchandise and other stocks	98,158	92,198
1,554,857	**1,762,674**		**1,677,743**	**1,802,851**
		Debtors include:		
789,218	921,302	Trade debtors	647,400	754,431
		Creditors include the following:		
449,117	580,706	Debts to suppliers	508,783	562,734
18,280	1,746	Short-term portion of loan capital	28,996	16,268
14,769	15,995	Short-term portion of unfunded retirement benefits	10,713	11,901
		Marketable and short-term securities represent liquid funds temporarily invested:		
207,183	258,546	Quoted—mainly dated stocks	71,997	94,790
204,211	257,721	Market value	81,494	100,014
158,217	66,064	Unquoted—mainly municipal and other short-term loans	201,823	217,195
365,400	**324,610**		**273,820**	**311,985**

Unilever N.V. Balance sheet

as at 31st December

Figures in red represent deductions
Fl. 000's

1967			1968	
		Capital employed		
265,060		**Preferential capital**		265,060
		Ordinary capital and reserves		
	642,565	Ordinary capital	642,565	
	52,166	Premiums on capital issued	52,166	
	403,419	Profits retained and other reserves	452,658	
1,098,150				1,147,389
300,000		**Loan capital**		300,000
818		Inter-Group – **Limited**		*175*
1,662,392				1,712,274
		Employment of capital		
		Interests in subsidiaries		
	260,375	Shares	260,375	
	1,239,466	Advances	1,385,486	
	133,953	Deposits	*151,496*	
1,365,888				1,494,365
32,967		**Long-term debtors**		38,623
		Net current assets		
	9,528	Debtors and payments in advance	10,536	
	50,987	Creditors	*52,847*	
	20,789	Provision for taxation	*30,279*	
	78,203	Dividends due or proposed	*78,227*	
	36,378	Marketable and short-term securities	109,801	
	367,610	Cash and bank balances	220,302	
263,537				179,286
1,662,392				1,712,274

On behalf of the Board,

H. S. A. HARTOG, Chairman

COLE, Vice-chairman

The notes on pages 30, 31, 33 to 37 and 39 form part of the above balance sheet

Notes to Unilever N.V. Balance sheet

Figures in red represent deductions
Fl. 000's

1967				1968
		Profits retained and other reserves		
367,259		1st January		403,419
3,039		Discount and expenses on issue of 6% Notes		—
	203,372	Profit of the year	214,372	
	14,694	Preferential dividends	14,694	
	149,479	Ordinary dividends	150,439	
39,199		Profit of the year retained		49,239
		of which:		
21,000		Fixed assets replacement reserve (on behalf of subsidiaries)		28,000
403,419		31st December		**452,658**
		of which:		
60,000		Fixed assets replacement reserve (on behalf of subsidiaries)		88,000

1967		1968
	The profit of the year consists of:	
191,726	Income from subsidiaries	202,421
19,333	Interest	25,409
5,454	Sundries	77
2,047	General expenses	1,930
11,094	Taxation	11,451
203,372		**214,372**

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

Debtors include payments in advance Fl. 1,015,000 (1967 – Fl. 665,000).

Creditors include debts to suppliers Fl. 2,452,000 (1967 – Fl. 2,311,000).

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

Unilever Limited Balance sheet

as at 31st December

Figures in red represent deductions

£ 000's

1967				1968
		Capital employed		
5,143		**Preferential capital**		5,143
		Ordinary and deferred capital and reserves		
	45,337	Ordinary capital	45,517	
	100	Deferred capital	100	
	3,518	Premiums on capital issued	6,141	
	150,300	Profits retained and other reserves	155,705	
199,255				207,463
88,504		**Loan capital**		86,886
5,250		**Deferred liabilities**		5,352
11,136		Inter-Group—**N.V.**		*8,157*
287,016				296,687
		Employment of capital		
11,787		**Land, buildings and plant**		12,372
2,164		**Trade investments**		1,773
		Interests in subsidiaries		
	150,677	Shares	170,891	
	134,317	Advances	151,424	
	68,579	Deposits	*71,401*	
216,415				250,914
		Net current assets		
	2,217	Debtors	2,390	
	5,958	Creditors	*12,471*	
	2,077	Provision for taxation	*1,304*	
	6,209	Dividends due or proposed	*6,236*	
	31,523	Marketable and short-term securities	27,921	
	37,154	Cash and bank balances	21,328	
56,650				31,628
287,016				296,687

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

The notes on pages 30, 31, 33 to 37, 41 and 42 form part of the above balance sheet

Notes to Unilever Limited Balance sheet

Figures in red represent deductions
£ 000's

1967	1967		1968	1968
		Profits retained and other reserves		
124,843		1st January		150,300
154		Deferred tax adjustment		—
	38,029	Profit of the year	18,883	
	401	Preferential dividends	*401*	
	12,017	Ordinary and deferred dividends	*13,077*	
25,611		Profit of the year retained		5,405
		of which:		
2,000		Fixed assets replacement reserve (on behalf of subsidiaries)		2,400
150,300		31st December		**155,705**
		of which:		
9,000		Fixed assets replacement reserve		11,400

1967		1968
	Deferred liabilities	
859	U.K. corporation tax	300
2,514	Deferred taxation	2,810
1,877	Unfunded retirement benefits	2,242
5,250		**5,352**

Land, buildings and plant
Investment grants receivable have been deducted in stating the cost of fixed assets, estimated at £ 108,000 relating to capital expenditure during 1968 (1967 – £ 45,000).

At 31st December, 1968 capital expenditure authorised by the Board and still not spent was £ 793,000 (1967 – £ 1,479,000). Of this amount commitments had been entered into for £ 451,000 (1967 – £ 752,000).

Cost	Depreciation	Movements during the year:	Cost	Depreciation
14,812	3,675	1st January	16,040	4,253
1,407	—	Expenditure	1,445	—
9	—	Proceeds of disposals	*21*	—
170	*192*	Disposals and other adjustments	*124*	*111*
—	770	Charged to profit and loss account	—	826
16,040	4,253	31st December	17,340	4,968

1967		1968
	Net balance sheet amounts:	
5,785	Land and buildings—freehold	6,256
	—leasehold—long-term	
652	(50 years or over)	630
29	—leasehold—short-term	27
5,321	Plant and equipment	5,459
11,787		**12,372**

Notes to Unilever Limited Balance sheet

Figures in red represent deductions
£ 000's

1967		1968
	Trade investments:	
805	Quoted shares	662
633	Unquoted shares	605
726	Loans	506
2,164		**1,773**
4,623	Market value of quoted shares	5,495
1,594	Directors' valuation of unquoted shares on the basis of underlying net assets	1,626
	Marketable and short-term securities represent liquid funds temporarily invested	
21,942	Quoted—mainly dated stocks	27,911
21,785	Market value	28,052
9,581	Unquoted	10
31,523		**27,921**

Emoluments of Directors and senior employees

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

1967		1968
6	Up to– £ 2,500	5
–	£ 2,501– £ 5,000	3
–	£ 5,001– £ 7,500	1
3	£ 7,501–£ 10,000	2
2	£ 10,001–£ 12,500	4
1	£ 12,501–£ 15,000	3
1	£ 15,001–£ 17,500	1
7	£ 17,501–£ 20,000	5
1	£ 20,001–£ 22,500	1
2	£ 22,501–£ 25,000	2
1	£ 25,001–£ 27,500	1
24		28

During 1968 there were eleven Directors who served for only part of the year (1967—four).

The Chairman received remuneration of £ 30,000 (1967—£ 30,000).

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

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

1967		1968
27	£ 10,000–£ 12,500	31
12	£ 12,501–£ 15,000	13
1	£ 15,001–£ 17,500	4
1	£ 17,501–£ 20,000	1
41		49

Reports of the Auditors

N.V. Group

To the Members of Unilever N.V.

In our opinion the accounts and the notes relevant thereto set out on pages 28 to 39 and 45 and 46 together give a true and fair view of the state of affairs at 31st December, 1968 and of the profit for the year ended on that date of the Company and the Group.

London/The Hague
London/Rotterdam
20th March, 1969

Price Waterhouse & Co.
Cooper Brothers & Co.

Limited Group

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

To the Members of Unilever Limited.

In our opinion the accounts and the notes relevant thereto set out on pages 28 to 37, 40 to 42 and 45 and 46 together give a true and fair view of the state of affairs at 31st December, 1968 and of the profit for the year ended on that date of the Company and the Group and comply with the Companies Acts, 1948 and 1967.

London
20th March, 1969

Cooper Brothers & Co.
Price Waterhouse & Co.

Dates for Unilever N.V. shareholders to note

Dividends

Ordinary	Interim	Announced mid-November. Payable mid-December (New York shares: second half of December).
		The Board proposes to declare a first interim dividend for 1969; in that event it will be payable with the final dividend for 1968.
	Final	Proposed end of February. Payable mid-May (New York shares: about end of May).
7% and 6% Cumulative Preference	First half	Payable 1st July.
	Second half	Payable 2nd January.
4% Cumulative Preference	First half	Payable 1st October.
	Second half	Payable 1st April.

Interim announcement of results

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

Principal Subsidiaries

N.V.'s principal subsidiaries are held indirectly through subsidiaries with the exception of Van den Bergh's en Jurgens' Fabrieken, Lipoma, Marga, Mavibel, Noorda, Saponia, and Wemado, in the Netherlands. **Limited's** principal subsidiaries are held directly with the exception of Commercial Plastics in the United Kingdom and the interests in Africa, Australasia, Trinidad, Ceylon and Malaysia. The more important subsidiaries are shown below. Where holdings are less than 100% of the equity capital percentages are stated after rounding off.

Europe

	% of equity held
Belgium – N.V. group	
Hartog's Levensmiddelen N.V.	99
Iglo-Ola N.V.	99
Lever N.V.	99
Union N.V.	99
Denmark – N.V. group	
Solofabriken A/S	
Sunlight Fabrikkerne A/S	
Germany – N.V. group	
Deutsche Lebensmittelwerke G.m.b.H.	
Elida G.m.b.H.	
Folienfabrik Forchheim G.m.b.H.	
Langnese-Iglo G.m.b.H.	
Margarine-Union G.m.b.H.	
Heinrich Nicolaus G.m.b.H.	
"Nordsee" Deutsche Hochseefischerei G.m.b.H.	68
R. Rube & Co., G.m.b.H.	
Papierfabrik Seltmans G.m.b.H.	
Sunlicht G.m.b.H.	
Ireland – Limited group	
Lever Brothers (Ireland) Ltd.	
W. & C. McDonnell Ltd.	
Paul and Vincent Ltd.	
Spain – N.V. group	
Agra, S.A.	
Lever Ibérica, S.A.	92
France – N.V. group	
Astra-Calvé	97
Savonneries Lever	99
Thibaud Gibbs et Cie	99
Greece – N.V. group	
Industrie Hellénique de Détergents S.A. (E.V.A.)	79
Italy – N.V. group	
Società Partenopea Imbottigliamento Confezione Alimenti S.P.I.C.A. S.p.A.	
Unil-It S.p.A.	
Sages S.p.A.	
Netherlands – N.V. group	
Van den Bergh's en Jurgens' Fabrieken N.V.	
Calvé-De Betuwe N.V.	
Commercial Plastics Boekelo N.V.	
Iglo N.V.	
Lever's Zeep-Maatschappij N.V.	
"Lipoma", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
"Marga", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Mavibel (Maatschappij voor Internationale Beleggingen) N.V.	
N.V. Mengvoeder U.T.-Delfia	
Handelmaatschappij Noorda N.V.	
"Saponia", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Scado-Archer-Daniels N.V.	
Unilever-Emery N.V.	50
Unilever Export N.V.	
Unox N.V.	
Vinolia N.V.	
"Wemado", Maatschappij tot Beheer van Aandeelen in Industrieële Ondernemingen N.V.	
Austria – N.V. group	
"Apollo" Seifen und Waschmittel G.m.b.H.	
"Elida" Wiener Parfümerie Gesellschaft m.b.H.	
Eskimo-Iglo G.m.b.H.	
"Kunerol" Nahrungsmittel G.m.b.H.	
Oesterreichische Unilever G.m.b.H.	
Portugal – N.V. group	
Industrias Lever Portuguesa Lda.	60
Switzerland – N.V. group	
"Astra" Fett- & Oelwerke A.G.	79
Oel- und Fettwerke "Sais"	99
Sunlight A.G.	
Finland – N.V. group	
S. W. Paasivaara-Yhtymä Oy.	
Turun Saippua Oy.	
Sweden – N.V. group	
AB Centrava	
AB Liva Fabriker	77
AB Sunlight	
Turkey – N.V. group	
Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi	80
United Kingdom – Limited group	
Batchelors Foods Ltd.	
Van den Berghs and Jurgens Ltd.	
Birds Eye Foods Ltd.	
The British Oil and Cake Mills Ltd.	
Chemical and Industrial Investment Company Ltd.	
Commercial Plastics Industries Ltd.	
C.W.A. Holdings Ltd.	
Joseph Crosfield & Sons Ltd.	
Gibbs Proprietaries Ltd.	
Lever Brothers & Associates Ltd.	
Mac Fisheries Ltd.	
Midland Poultry Holdings Ltd.	
Palm Line Ltd.	
Price's Chemicals Ltd.	
Proprietary Perfumes Ltd.	
Reichhold Chemicals Ltd.	
R. Silcock & Sons Ltd.	
S.P.D. Ltd.	
Thames Board Mills Ltd.	
U.K. Compound Feeds Ltd.	
Unilever Export Ltd.	
Unilever (Commonwealth Holdings) Ltd.	
The United Africa Company Ltd.	
U.A.C. Holdings Ltd.	
T. Wall & Sons Ltd.	
John West Foods Ltd.	

North and South America

	% of equity held
Canada	
Lever Brothers Ltd. – Limited group	
Thomas J. Lipton Ltd. – N.V. group	
Mexico – N.V. group	
Lever de Mexico S.A.	97
United States of America – N.V. group	
Lever Brothers Company	
Thomas J. Lipton Inc.	99
Argentina – N.V. group	
Lever Hermanos Limitada S.A. Comercial y Industrial	99
Brazil – N.V. group	
Industrias Gessy Lever S.A.	99
Peru – N.V. group	
Lever Pacocha S.A.	
Trinidad – Limited group	
Lever Brothers West Indies Ltd.	98
Venezuela – N.V. group	
Lever S.A.	

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

Rest of World	% of equity held
Ceylon – Limited group	
Lever Brothers (Ceylon) Ltd.	
India – Limited group	
Hindustan Lever Ltd.	85
Indonesia – N.V. group	
Van den Bergh's Fabrieken Indonesia N.V.	
Maatschappij ter Exploitatie der Colibri-Fabrieken N.V.	
Lever's Zeepfabrieken Indonesia N.V.	
Japan – N.V. group	
Hohnen-Lever Co. Ltd.	70
Malaysia – Limited group	
Lever Brothers (Malaysia) Sdn. Berhad	
Pamol (Malaya) Sdn. Berhad	
Pamol (Sabah) Ltd.	
Pakistan – Limited group	
Lever Brothers Pakistan Ltd.	70
Philippines – N.V. group	
Philippine Refining Company Inc.	
Thailand – N.V. group	
Lever Brothers (Thailand) Ltd.	
Australia – Limited group	
Rosella Foods Pty. Ltd.	
Streets Ice Cream Pty. Ltd.	
Unilever Australia Pty. Ltd.	
New Zealand – Limited group	
Unilever New Zealand Ltd.	

Principal investments

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

Combined earnings per share* and dividends

1968 above 1967	Dutch Guilders	Sterling s/d	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Earnings							
Per Fl. 12 or £ 1 of ordinary capital	**7.78**	**17/10.85**	**107.43**	**10.61**	**8.59**	**9.39**	**2.15**
	7.28	16/ 9.17	100.59	9.93	8.05	8.80	2.01
Per Fl. 20 of ordinary capital	**12.96**	**29/10.08**	**179.04**	**17.68**	**14.32**	**15.66**	**3.58**
	12.14	27/11.28	167.64	16.55	13.41	14.66	3.35
Dividends							
Per Fl. 20 of ordinary capital	**4.70**	**10/10**	**64.92**	**6.41**	**5.19**	**5.68**	**1.30**
	4.67	10/00	64.50	6.37	5.16	5.64	1.29

* The figure of combined earnings per share should not be considered as more than a guide for comparing the combined profits from year to year, and should not be taken as the amount that would be paid to the ordinary shareholders, if all the profits for the year were distributed as dividend. Reference is made to the booklet, Equalisation Agreement and Earnings per Share, reprinted in 1967, which is available on request. In calculating the earnings per share 62½% of the 33,780,296 (1967 – 33,803,296) **Limited** ordinary shares held by the Leverhulme Trust has been excluded from the profit participation.

Salient figures in other currencies

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

Million—1968 above 1967	Sterling s/d	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Sales to third parties	**2,306**	**276,684**	**27,322**	**22,135**	**24,187**	**5,534**
	2,022	272,290	26,881	21,783	23,805	5,446
Operating profit	**172**	**20,629**	**2,037**	**1,650**	**1,803**	**413**
	145	19,490	1,924	1,559	1,704	390
Interest on loan capital	**11**	**1,330**	**131**	**106**	**116**	**27**
	11	1,443	142	115	126	29
Profit of the year before taxation	**170**	**20,381**	**2,013**	**1,630**	**1,782**	**408**
	142	19,067	1,882	1,525	1,667	381
Taxation on profit of the year	**80**	**9,636**	**952**	**771**	**842**	**193**
	65	8,760	865	701	766	175
Consolidated profit of the year	**86**	**10,304**	**1,018**	**824**	**901**	**206**
	80	9,646	953	772	843	193
Profit of the year accruing to ordinary capital	**84**	**10,053**	**993**	**804**	**879**	**201**
	78	9,395	928	752	821	188
Ordinary dividends	**30**	**3,647**	**360**	**292**	**319**	**73**
	29	3,506	346	281	306	70
Profit of the year retained	**54**	**6,406**	**633**	**512**	**560**	**128**
	49	5,889	582	471	515	118
Capital employed	**1,031**	**123,778**	**12,223**	**9,902**	**10,820**	**2,476**
	994	119,245	11,775	9,540	10,424	2,385
Capital expenditure	**82**	**9,895**	**977**	**792**	**865**	**198**
	71	8,509	840	681	744	170
Depreciation	**60**	**7,225**	**713**	**578**	**632**	**144**
	57	6,888	680	551	602	138

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