Unilever

report and accounts

1973

Unilever N.V.

Report and accounts 1973

Directors

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Sir Ernest Woodroofe, vice-chairman
A. W. J. Caron, vice-chairman
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The Viscount Trenchard
K. H. Veldhuis

Advisory directors

B. W. Biesheuvel
H. S. A. Hartog
R. Mueller
J. H. van Roijen

Secretaries

C. Zwagerman
H. A. Holmes

Auditors

Price Waterhouse & Co.
Coopers & Lybrand Nederland

Mr. E. Brough and Dr. E. Smit, who retired from the Board on 1st March, 1974, were Directors throughout 1973.

The cover design
The Unilever Research photograph on the cover shows reflective tiles used in canopies suspended over open refrigerated display cabinets. This innovation, developed jointly with our ice-cream and frozen foods companies, helps keep the temperature down, thereby maintaining the quality of the products.

A special survey of our Edible Fats and Chilled Dairy Products is issued as a supplement to this Report.

Unilever

Unilever comprises Unilever N.V., Rotterdam **(N.V.)** and Unilever Limited, London **(Limited)** and their respective subsidiary companies which operate in more than seventy countries and are mainly engaged in the manufacture and sale of a wide variety of goods for household use. The principal products are foods (including margarine, other fats and oils; ice-cream; frozen and other packaged 'convenience' foods; meat and fish); drinks; detergents and toilet preparations; paper, plastics, packaging; chemicals; and animal feeds. Through UAC International, formerly the United Africa Group, a substantial business is carried on mainly—but not exclusively—in Africa as merchants and retailers, as timber producers and manufacturers of timber products, in diverse industrial ventures, and in the operation of an ocean fleet. Unilever also has other interests in transport and interests in plantations.

N.V. and **Limited** have identical Boards of Directors and are linked by agreements, including an Equalisation Agreement which requires dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of **N.V.** to be equal in value at the current Guilder/Sterling rate of exchange to those attaching to each £1 nominal of ordinary share capital of **Limited** as if each such unit formed part of the ordinary capital of one and the same company. In consequence, the combined affairs of **N.V.** and **Limited** are more important to shareholders than the separate affairs of either company.

The Report and Accounts as usual combine the results and operations of **N.V.** and **Limited** with the figures expressed in guilders.

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 of **Limited**, which are in English with the figures expressed in sterling, contain the same information as this document.

Contents

Salient figures

Fl. million	1972	**1973**
Sales to third parties	26,832	**29,197**
Operating profit	1,948	**2,193**
Taxation on profit of the year	*847*	***1,012***
Profit of the year accruing to ordinary capital	987	**1,106**
Ordinary dividends	*347*	***328***
Profit of the year retained	640	**778**
Capital employed	10,338	**10,543**
Net liquid funds	1,570	**1,371**
Capital expenditure	927	**974**
Depreciation	644	**653**
Ordinary dividends*		
N.V.—per Fl. 20 of capital	Fl. 6.71	**Fl. 6.71**
Limited—per 25p of capital	11.02p	**11.03p**
Combined earnings per share**		
per Fl. 20 of capital	Fl. 17.70	**Fl. 19.83**
per 25p of capital	35.06p	**45.76p**
Number of employees	337,000	**353,000**

Salient figures in certain other currencies are shown on pages 50 and 51.

* **Limited's** 1972 first interim dividend of 4.52p per share of 25p is included gross before deduction of income tax. The balance of 1972 and all 1973 dividends are included at the amounts paid or to be paid to shareholders. See notes on pages 8 and 26.

** See note on pages 30 and 50.

Salient facts

Operating profit rose by 12% over 1972. Helped by increased income from trade investments and higher interest rates on liquid funds, profit before taxation was up by 15%. The average rate of taxation on our profits was higher than in 1972, mainly because of the change in the United Kingdom taxation system. The increase in profit accruing to ordinary capital and earnings per share was 12%.

The results of our margarine business were adversely affected by the soaring cost of raw materials. Most of our other food activities—notably ice-cream—contributed to the increase in profit, although our dairy product operations have yet to become profitable, and the profits from meat products remain unsatisfactory.

The sales volume of detergents showed good growth. In toilet preparations we increased our share of a growing world market and results were excellent.

There was a sharp rise in demand for the products of our paper, plastics, packaging and chemicals companies. With high sales volume and increased efficiency their sales and profits rose substantially. The extensive investments we have made in relocating and modernising animal feeds production began to bear fruit, and profits recovered from the poor levels of recent years.

The UAC International group benefited from improved trading conditions in many of the African countries where they operate, and their profits rose accordingly.

The 1973 results have been calculated at the year-end exchange rates. At these rates earnings per share rose by 31% in sterling compared with 12% in guilders: if the 1973 results had been calculated at the same rates of exchange as those used for the 1972 accounts, earnings per share would have increased by 19% in both sterling and guilders.

As a result of dividend restrictions imposed by the Netherlands Government early in 1974, **N.V.'s** total dividend for 1973 has to be held to the 1972 level. Because of the further fall in the sterling/guilder exchange rate, **Limited** will be obliged under the Equalisation Agreement to increase its total 1973 dividend by more than the statutory limit currently in force in the United Kingdom: as before, the amount by which **Limited's** dividend exceeds the limit will have to be carried forward for distribution when circumstances permit.

Sales to third parties, profit and capital employed by geographical areas 1963 and 1973

Sales to third parties

Percentages / Amounts

Year	Total Fl. million	Europe %	Europe	N. & S. America %	N. & S. America	Africa %	Africa	Rest of the world %	Rest of the world
1973	29,197	68	19,818	12	3,669	12	3,426	8	2,284
1963	15,557	63	9,720	15	2,406	14	2,239	8	1,192

Profit[1])

Percentages / Amounts

Year	Total Fl. million	Europe %	Europe	N. & S. America %	N. & S. America	Africa %	Africa	Rest of the world %	Rest of the world
1973	1,242	68	840	11	142	13	166	8	94
1963	607	68	412	15	91	9	57	8	47

Capital employed

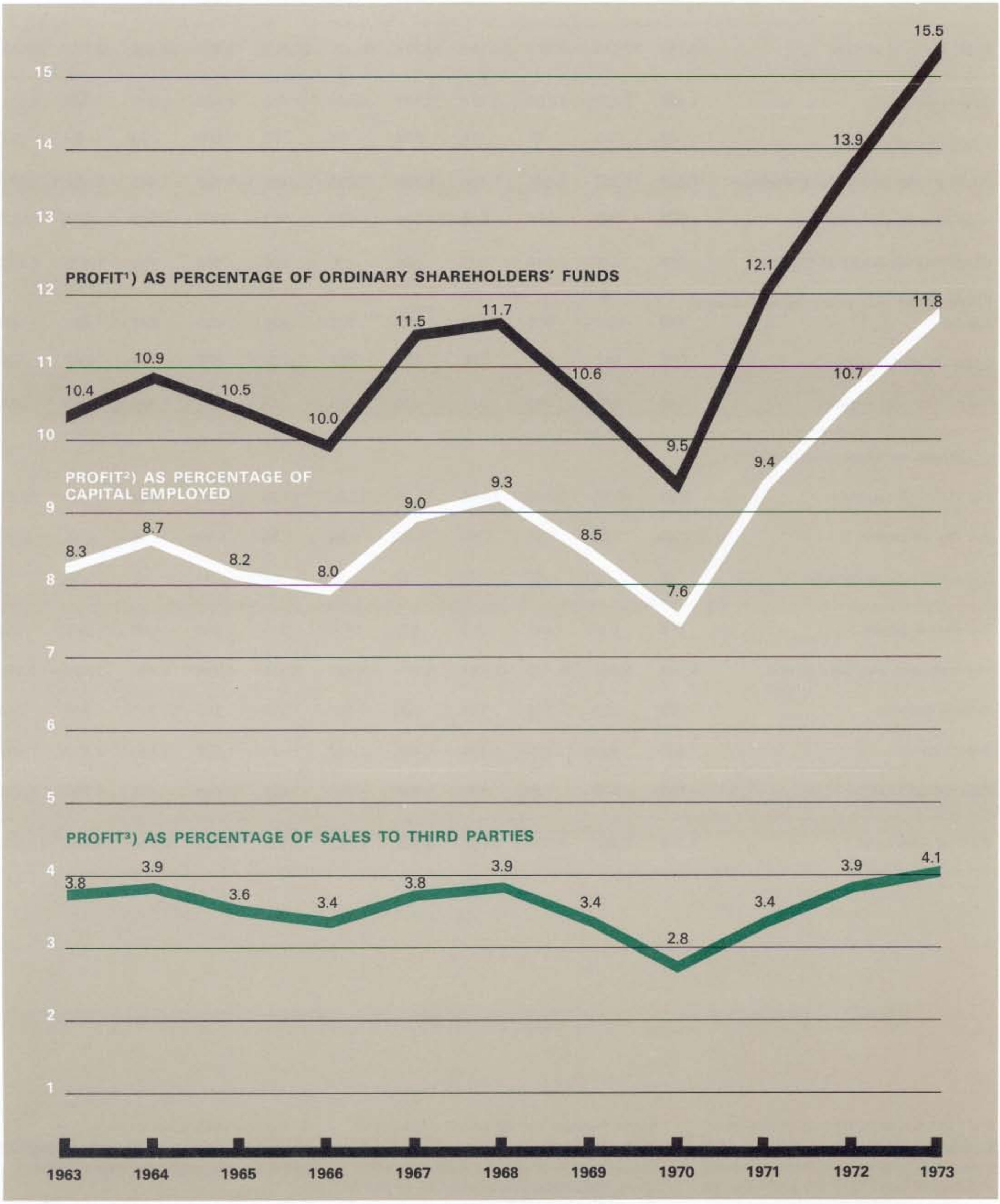
Percentages / Amounts

Year	Total Fl. million	Europe %	Europe	N. & S. America %	N. & S. America	Africa %	Africa	Rest of the world %	Rest of the world
1973	10,543	72	7,595	12	1,244	10	1,015	6	689
1963	7,319	65	4,781	13	954	15	1,088	7	496

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

1) Profit after taxation but before loan interest.

Return on ordinary shareholders' funds, capital employed and sales to third parties 1963–1973



[1]) *Based on profit accruing to ordinary capital.*

[2]) *Based on profit after taxation but before loan interest.*

[3]) *Based on profit after taxation.*

Summary of combined figures 1963–1973

Fl. million	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Sales to third parties	15,557	17,115	18,464	19,189	19,714	20,032	21,829	24,917	26,483	26,832	29,197
Operating profit	1,164	1,220	1,190	1,223	1,411	1,494	1,443	1,433	1,717	1,948	2,193
Interest on loan capital	*24*	*25*	*40*	*81*	*104*	*96*	*93*	*100*	*109*	*99*	*98*
Profit of the year before taxation	1,203	1,257	1,186	1,200	1,380	1,476	1,406	1,353	1,653	1,902	2,202
Taxation on profit of the year	*608*	*588*	*522*	*541*	*634*	*698*	*663*	*659*	*766*	*847*	*1,012*
Consolidated profit of the year	566	635	646	627	698	746	709	668	859	1,005	1,122
Profit of the year accruing to ordinary capital	526	594	606	597	680	728	691	650	841	987	1,106
Ordinary dividends[1]	***184***	***197***	***195***	***236***	***254***	***264***	***305[3]***	***307***	***348***	***347***	***328***
Profit of the year retained	342	397	411	361	426	464	345	343	493	640	778
Combined earnings (in guilders)[2]:											
Per Fl. 20 of capital	9.31	10.50	10.80	10.65	12.14	12.96	12.30	11.53	15.09	17.70	19.83
Per 25p of capital	1.40	1.58	1.62	1.60	1.82	1.94	1.85	1.73	2.26	2.65	2.97
Dividends as % of earnings	34	33	32	40	37	36	44[3]	47	41	35	30
Preferential capital	815	836	836	317	310	310	310	310	308	304	298
Ordinary shareholders' funds	5,048	5,425	5,750	5,955	5,919	6,221	6,515	6,826	6,982	7,107	7,130
Outside interests	262	225	199	194	205	209	214	250	211	247	244
Loan capital	541	688	859	1,570	1,491	1,452	1,477	1,634	1,660	1,610	1,601
Deferred liabilities	653	678	735	769	708	770	804	888	979	1,070	1,270
Capital employed	7,319	7,852	8,379	8,805	8,633	8,962	9,320	9,908	10,140	10,338	10,543

The 1967 figures reflect the devaluation of sterling on 18th November, 1967, the 1971 figures the realignment of major currencies and the 1972 and 1973 figures the floating of sterling and other currencies.

[1]) With the change to corporation tax in the United Kingdom from 1966, income tax deducted from dividends had to be handed to the Revenue and the cost of dividends in 1966–1971 is the gross amount. In 1972 the first interim dividend of **Limited** is included gross. The second interim and final dividends for 1972 and all 1973 dividends are included at the amounts paid or to be paid to the shareholders in line with the change to the Imputation system of taxation from 1st April, 1973.

[2]) The figures for earnings have been adjusted for scrip issues. See note on page 50 for basis of calculating earnings per share.

[3]) The special ordinary dividends, paid with the final 1969 dividends, amounting to Fl. 41 million, are not included.

Review of 1973

to be submitted at the annual general meeting of shareholders to be held at the company's offices, Burgemeester s'Jacobplein 1, Rotterdam, on 8th May, 1974.

Introduction

The economic background
The year 1973 was in many ways one of economic upheaval. The major economies grew rapidly—by far more than the average of the preceding five years. The volume of world trade was 13% higher than in 1972, while consumer spending reached boom proportions in many countries.

The high level of demand through almost the whole developed world pushed raw material prices to unprecedented levels. Poor crops, particularly in grains, sent agricultural prices soaring.

Inflationary pressures intensified in spite of the efforts of governments to restrain them by means of price and income controls. For most manufacturing companies the increasing rate of inflation means that a significant part of their profits is needed to maintain the substance of their business.

Countries producing primary commodities found the terms of trade turning in their favour. Many of the developing countries had a year of satisfactory real growth. Some countries of the developed world, notably the United Kingdom, experienced a sharp deterioration in their balance of payments positions. The United States swung from a large balance of payments deficit to a comfortable surplus.

The end of the year was overshadowed by the Middle East war and the resultant oil crisis which threatens to halt economic growth, accelerate inflation and put even more strain on the international monetary system. Industry was faced with a heavy burden of adapting to the changed supply conditions and higher prices for oil and oil-based raw materials.

Exchange rates
The growth in world trade during 1973 took place against a background of large swings in the relative positions of major currencies. The year saw the break-up of the general currency realignment of December 1971; a weakening of the United States dollar, partly reversed by the year end; and the linked floating of most of the European Community (E.C.) currencies. Sterling continued to float separately throughout the year. Its effective exchange rate weakened to record low levels in the autumn recovering only slightly by the year end.

For the purpose of calculating the 1973 combined results we have used the sterling exchange rate current at the year end of £1 = Fl. 6.50. This was about 14% below the rate of £1 = Fl. 7.57 used for the 1972 results. Calculated at these rates, combined earnings per share increased by 12% in guilders, and by 31% in terms of sterling. If the 1973 combined results had been calculated at the same rates of exchange as those for 1972, earnings per share would have increased by 19% in both currencies.

International developments
Only limited progress was made towards economic integration of the enlarged E.C.

In many quarters, notably at the United Nations, multinational companies continue to attract attention. The Chairmen of **N.V.** and **Limited** were amongst a number of industrialists invited to give evidence on the subject to the 'Group of Eminent Persons' appointed by the United Nations Economic and Social Council (ECOSOC). In written and oral testimony they explained the way in which multinationals further the efficient international distribution of capital, know-how and employment, and gave examples of the economic and social benefits brought by Unilever to developing countries. Their testimony dealt with the special characteristics of Unilever: our activities in an unusually wide range of industries in an exceptionally large number of countries—75. They pointed to the way in which our branded, packaged consumer products are normally manufactured locally for the local market; products, marketing, packaging and selling methods being adapted to the local culture and way of life. They emphasised the world-wide spread of our technology and our capacity to put together contributions from many countries and many disciplines into a working whole. They deplored the increasing trend of government discrimination against multinationals, rebutted charges levelled against international businesses, and made recommendations for dispelling suspicion and distrust with more openness.*

* The evidence to the ECOSOC enquiry has been published in a booklet entitled 'Unilever and World Development' which is available on request from Unilever (Department Externe Betrekkingen), Burg. s'Jacobplein 1, Rotterdam, Netherlands.

In a recent memorandum the European Commission, while calling for fuller disclosure of the affairs of multinational companies, acknowledged their economic value and expressed the opinion that any measures to be proposed should not discriminate against them in favour of national companies.

Taxation

The European Commission in 1973 made proposals on the long pending questions of the future common structure of corporation tax and a possible uniform withholding tax on interest.

On the corporation tax issue the Commission has concluded in favour of the so-called imputation system, under which the shareholder receives with his dividend a credit for corporation tax attributable to the profit distributed as dividend. Even if the Council of Ministers accepts the proposal, it may still be some time before the question is finally settled. It is to be hoped that the proposal will be implemented in a way that does not discriminate against dividend payments to holding companies across national frontiers.

A general withholding tax on interest could restrict the scope for financing investment by borrowing on international capital markets. In the difficult years ahead, such an obstacle to investment would be thoroughly regrettable.

We reported last year that the German Tax Authorities had lodged an appeal against the verdicts in our favour of the Tax Courts in Hamburg and Bremen.

The appeal against the verdict by the Tax Court in Bremen has been withdrawn and this dispute has therefore been decided finally in our favour.

The appeal against the verdict by the Tax Court in Hamburg is still pending. We remain of the opinion that this dispute will be settled in our favour as well.

Results and prospects

We achieved substantial profit growth for the third year running.

The achievement of these results reflects great credit on our staff at all levels. We are very grateful for their loyalty and efforts.

Prospects for the immediate future are hard to assess.

It seems clear that for petroleum importing countries, the era of cheap and abundant energy sources is over. This will not have a major direct effect on operating costs in most of our industries, but will seriously affect both the cost and availability of many bought-in manufactured or semi-manufactured items, such as petrochemicals and plastic packaging materials, as well as the cost of transport. Higher costs for energy will push up the general cost of living and, with it, labour costs.

Some of the increases in our costs should be offset by further improvements in efficiency and productivity, and by the skills we already possess in substituting scarce materials. In addition, supplies of oils and oilseeds, which are very important to our food operations, should begin to catch up with demand and a slowing down, if not an actual reversal of the upward trend in the cost of such materials, should result.

Altogether we believe that, with the wide geographical spread of our interests, and as suppliers mainly of goods for everyday consumption or use, we are well placed to face the threatened economic stagnation. In the short-term, however, there could be some effect on our profitability.

It will continue to be our policy to expand our existing business—geographically; by continuing to introduce new or improved products; and by continuing to seek opportunities for entering new fields of activity to which our research and development and management skills are relevant. In this way we expect to be able to achieve our previously expressed aim, a sustained growth in earnings per share so that over a period of years they at least keep pace with inflation.

Analysis of sales and operating profit

Fl. million

	1968	1969	1970	1971	1972*	1973*
Sales						
Foods	10,848	11,768	13,647	14,814	15,395	17,357
Detergents and toilet preparations	5,201	5,593	6,044	6,438	6,343	6,404
Paper, plastics, packaging, chemicals, transport and other interests	1,973	2,264	2,604	2,793	3,504	3,947
Animal feeds	1,766	1,829	1,972	1,871	1,725	2,169
Merchandise and other activities of UAC International and plantations	2,257	2,569	3,139	3,223	3,174	3,069
Total sales	22,045	24,023	27,406	29,139	30,141	32,946
of which internal sales	*2,013*	*2,194*	*2,489*	*2,656*	*3,309*	*3,749*
Sales to third parties	20,032	21,829	24,917	26,483	26,832	29,197
Operating profit						
Foods	825	806	677	875	982	1,073
Detergents and toilet preparations	357	271	388	493	549	552
Paper, plastics, packaging, chemicals, transport and other interests	159	198	145	155	231	303
Animal feeds	55	31	26	8	43	76
Merchandise and other activities of UAC International and plantations	98	137	197	186	143	189
	1,494	1,443	1,433	1,717	1,948	2,193

* The movements in exchange rates during 1972 and 1973 have decreased the figures expressed in guilders, and increased them when expressed in sterling, influencing the apparent trend to a significant extent.

The sales figures reported for product groups are total sales, comprising sales to third parties and internal sales. Internal sales represent supplies of marketable products and services between one industry and another within the organisation. The profit on these internal sales is included in the profit of the supplying industry. The basis for distinguishing industries within the organisation has been changed and internal sales are now reported only when they are between major product groups. Most of the previously reported internal oil transfers have thereby been excluded which has the effect of reducing the amount of internal sales. The inclusion of internal sales in the total sales of the product groups reflects more properly the sales to which the operating profit of these groups should be related. For the business as a whole only sales to third parties are used.

Previous years figures have been adjusted to the new basis and the graph on page 7 redrawn accordingly.

Foods

Margarine, other fats and oils

For the first time for many years, world wide consumption of margarine, butter and all other edible fats and oils decreased in 1973. The fall was of 1% and was mainly attributable to India where a severe drought seriously affected indigenous oil crops, and supplies of edible oil and vegetable ghee fell sharply. Butter production in the E.C. was again surplus to requirements and in spite of the sale to Russia of surplus stocks of the previous year, stocks at the end of 1973 exceeded 400,000 tons.

The rise in world consumption of margarine was halted, and in Europe consumption actually fell. This was partly the result of the dramatic rise in world prices of oils and fats, which had a significant effect on margarine prices. Our sales volume suffered accordingly in a number of countries. In the United Kingdom margarine prices rose to the same level as those of butter.

Sales of health margarines continued to make good progress. Margarine in tubs continued to increase their share of the market. Sales of cooking and salad oils increased in many European countries.

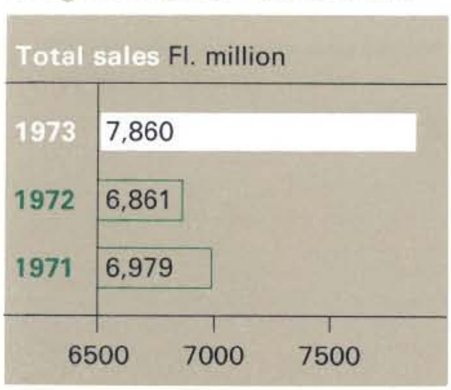
The rise in raw material and other costs, which we could not fully offset by increased selling prices, prevented us from maintaining profit margins.

Our businesses in speciality fats for the chocolate, biscuit and confectionery industries had a good year, progress being achieved in the co-ordination of our various operations in these markets.

On the whole our oil milling operations prospered, despite some temporary interruptions in seed supplies. Additional production capacity was installed in the United Kingdom and Germany, and further cost reductions were achieved which enabled our margins to be maintained.

Investment in plant was still at a high level, particularly on the modernisation of our margarine factories, which is now almost complete. A start was also made on modernisation of existing oil refineries.

Margarine, other fats and oils



Other food interests

General

Consumption of convenience foods in Europe grew considerably. Our own total sales continued their strong upward trend both in volume and in value with a good contribution coming from successful new products.

We maintained our drive for more efficient usage of raw materials and for higher productivity in factories and in distribution. Increases in our selling prices were unavoidable, but were generally below the average for all foods and, in consequence, our products improved their competitive position in relation to the alternatives, such as fresh foods.

Frozen foods

Consumption of frozen foods in Europe increased by 20% in value. Our own sales grew substantially against strong competition, especially in large size packs. These packs are gaining in popularity in many countries, particularly the United Kingdom where general grocery stores are increasingly tending to stock them in response to competition from Home Freezer Centres.

Nearly all product categories contributed to the increase in our sales: the main exception was fish where big raw material price increases—for example, of 60% in the case of cod—and some shortages, notably of plaice in Italy, kept sales below the 1972 level.

New products accounted for a significant proportion of sales: these included vegetable and bakery products, pies and meals.

Ice-cream

Our summer seasonal trade benefited from exceptionally fine weather in most of the countries concerned. Our sales for home consumption are less affected by weather, but these also rose, particularly in the United Kingdom where the removal of purchase tax enabled ice-cream to compete on equal terms with other desserts. The importance of novelty to the ice-cream business was well illustrated by our German business where 23% of the year's sales came from new products. Altogether results were excellent, with sales 19% higher than in 1972.

The launch by Lipton Inc. in the United States of Good Humor 'No-Drip' ice-cream was successful, and their total sales of ice-cream were significantly up on the previous year.

We acquired ice-cream companies in Brazil, Ireland and Spain.

Sundry packaged foods and drinks

Most of our companies had a good year, sales in total rising by 24%.

'Cup-a-Soup', since its original introduction by Lipton Inc. in the United States, has been successfully launched in a total of six other countries and has widened the total market for soup. However, our sales of soup of all types suffered somewhat in 1973 from the warm weather.

Lipton Inc. and Lipton Limited increased their sales of tea. Excellent progress was made by Lipton Inc. with instant tea and tea mixes.

In France our tea and sundry foods activities have been brought under unified management, and made good progress.

Unilever innovation

Innovation can take many forms in a corporate context. In the product field, the continuous search for success calls for a highly co-ordinated research, production and marketing operation. By the very nature of many of the products which Unilever companies provide for daily use in households throughout the world, innovation often means a series of improvements—step by step—rather than the dramatically novel breakthrough, although the latter is not unknown.

In other fields, innovation—in the sense of bringing about beneficial change—is also harnessed to meet the requirements of the business.

The pictures in this Review take a brief look at recent examples of innovation in Europe and North America.

(TOP) Many dairy products are made under completely aseptic conditions as here by Union Deutsche Lebensmittelwerke at Kleve in Germany.

(BOTTOM RIGHT) Plant hybridisation studies at our Duiven research laboratory in the Netherlands. Our wide and detailed knowledge of edible oils begins with understanding the plants from which they are derived.

(BOTTOM LEFT) Good Humor 'No-Drip' ice-cream is a successful technical innovation in the United States. The boy's choc-ice is not melting because it is less sensitive to temperature. The product has nation-wide distribution through frozen food channels.

In the Netherlands Calvé-De Betuwe made good progress with snacks and soft drinks. In the United Kingdom Batchelors launched 'skillet dinner mixes' in a market that soon became very competitive. Their sales of processed peas and 'Vesta' packet meals were well up on 1972. John West were short of supplies of canned red salmon, but made up for this by bigger sales of their other products. In Australia, Rosella continued to do well, as did Novia in Sweden.

Nordsee in Germany, in which we have a majority interest, re-launched their range of canned fish products, and their sales increased substantially. Their new fish ready meals made a promising start.

Our chocolate and cocoa interests in the Netherlands, Austria, Germany and Ireland, acquired during the year, encountered difficulties because of the high price of cocoa beans, but altogether they achieved satisfactory results.

Our joint mineral water venture with Perrier in Germany more than doubled its sales of 'Contrex'.

Dairy products

Sales of yoghurts, desserts and other fresh dairy products continued to rise. Our interests in fresh dairy products were increased by the acquisition of a factory in northern France, and widening our distribution system to cover the whole country. The acquisition of the ice-cream business in Spain also gave us an entry into the fresh dairy products market in that country. In Austria we entered into a joint venture with a dairy co-operative, and in the United Kingdom we introduced 'Cool Country' products on a test basis in the south-east region.

In most countries in Europe we are still in the development phase, and although we see good prospects, profits have yet to be achieved.

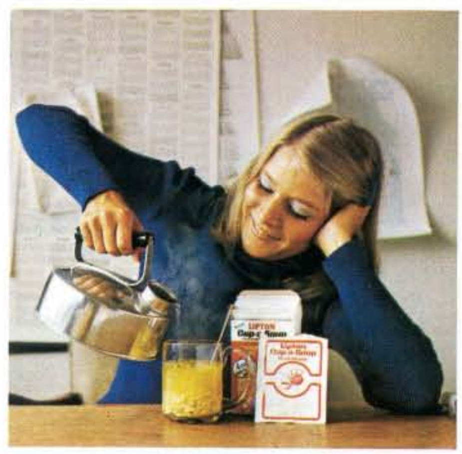
Sales by our processed cheese businesses in Belgium, Germany and Italy improved.

Fish

Nordsee had a successful year with its trawling operations. An important contribution came from the six new factory trawlers launched since September 1972. The fresh fish trawlers showed improved results.

In the United Kingdom Mac Fisheries' wholesale fish business did particularly well.

Marine Harvest, the company operating our salmon farm at Lochailort in Scotland, increased its production and should reach full capacity there in the current year. Plans are in hand to extend the operation to additional sites.

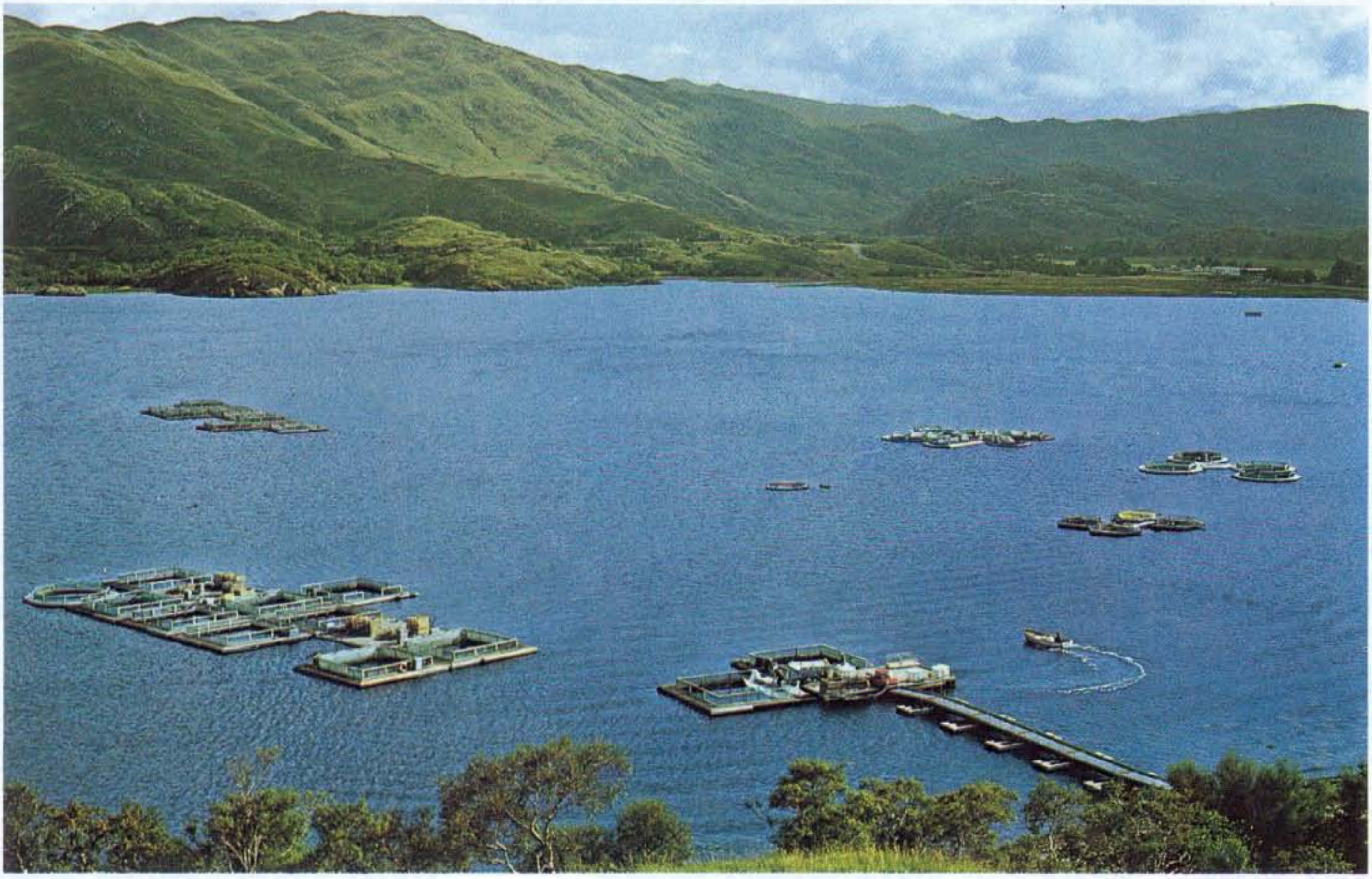


Meat products

Results from this industry improved but those of our larger companies were still unsatisfactory. Our smaller companies in the United Kingdom, Belgium and Germany did well. Research carried out in previous years is now being applied, and contributed to the improvement in results. Notable among these developments was the continuous sausage making process illustrated above.

Our meat interests in Canada were further extended by the acquisition of La Belle Fermière of Quebec.

The increases in our raw material costs were even more acute than in 1972. In the United Kingdom these costs, having risen on



(TOP LEFT) Wall's revolutionary continuous production unit, developed in co-operation with Unilever Research, co-extrudes sausage meat and edible casing and allows variation in sausage diameter to suit customer needs.

(BOTTOM LEFT) A Danish office-worker making Lipton 'Cup-a-Soup'. Since 1971 this novel instant product has been introduced in seven countries.

(ABOVE) Our salmon farm at Lochailort, in the West of Scotland produces a large number of high-quality salmon. They are mostly marketed in the form of 'Lochinvar' smoked salmon.

average by 30 % in 1972, went up by a further 48 % in 1973. In the continental European countries where we operate the comparative average figures were approximately 11 % and 24 %. The consequent increases in selling prices made it difficult to increase the volume of our sales.

Until late in the year it was believed that production of livestock would improve in response to the demand for meat and that the rises in our raw material costs would moderate accordingly; but the enormous increases in the price of animal feeding stuffs held back the pace of increased production.

Catering

A further 21 Nordsee restaurants were opened in three countries in Europe.

A & W Food Services in Canada had a satisfactory year.

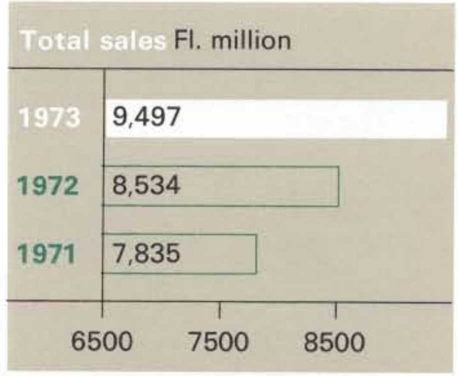
Our partnership in food service management with Gardner Merchant Food Services established an operating company in Germany and acquired a majority interest in an existing food service company in the Netherlands.

Retailing

Nordsee modernised a further 20 of their fish and delicatessen shops, by incorporating snack bars. However, this business is not helped by warm weather and results were lower than the previous year.

Mac Fisheries continued to expand their supermarket operations.

Other food interests



Detergents and toilet preparations

Detergents

For the first ten months of 1973, consumption of detergents in those countries where we operate was estimated to be increasing at somewhat over 3% in volume compared with the previous year. Our own sales volume increased by considerably more than this as a result of an improvement in the competitive performance of our business. Outstanding progress was made in Brazil, Canada and Italy.

By the mid-year there had already been sharp increases in the prices of soapmaking oils and fats, and these levels were maintained. There were also higher costs for some detergent chemicals, for packaging materials and for labour. The impact on our production costs varied from country to country, dependent in part on exchange rate movements; modest increases had to be made in our selling prices in a number of countries.

In the last two months of the year the position changed. Very sharp cost increases began to be experienced for detergent chemicals, following on the fuel crisis. There were instances of physical shortage, and we needed to exercise much ingenuity to keep our factories in production so far as possible. We also had a damaging 3 1/2 week strike at our principal plant in France. At the same time there was appreciable buying of soap and detergents to increase household stocks in a number of countries.

In the earlier part of the year we arrested a decline in our share of the washing powder market, which had become apparent internationally in the last few years. We improved our position in respect of rinse products for softening fabrics. This is a market which is increasing rapidly in most developed countries and is already very large in some. We also did well with dishwashing products, both for hand use in the bowl and with those specialised for dishwashing machines. The latter market, long sizeable in North America, is now becoming more important in Europe.

Progress was also made in the sale of specialised products for cleaning baths, sinks, enamel kitchen fitments, lavatories and floors. A novel toilet soap containing bath oil was marketed to about half the country in the United States, while new toilet soaps specially designed to enhance freshness were introduced into test markets in the United Kingdom, France, Germany and Malaysia. In some countries, we had to reduce sales of hard soap as a result of tallow shortage.

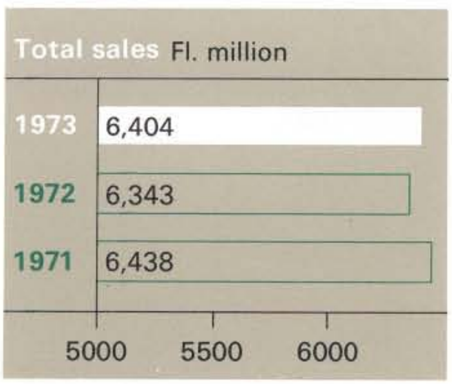
Our industrial detergent business continued to develop satisfactorily.

Altogether our profits decreased when expressed in terms of guilders, but increased when expressed in terms of sterling.

Detergents are more dependent on the energy industries than is sometimes realised. The fuel requirements of our own plants per ton produced are not very high, but the energy needed by our suppliers to produce some of the basic chemicals is significant. Additionally, certain chemicals, especially surfactants, are themselves derivatives of petroleum hydrocarbons, as are most plastics, which are important to us for the packaging of liquids.

The further increases in petroleum prices must affect our costs adversely to a greater extent than has yet been felt. Nonetheless, in the longer run, the improvement in our competitive position should help us to weather these difficulties.

Detergents and toilet preparations

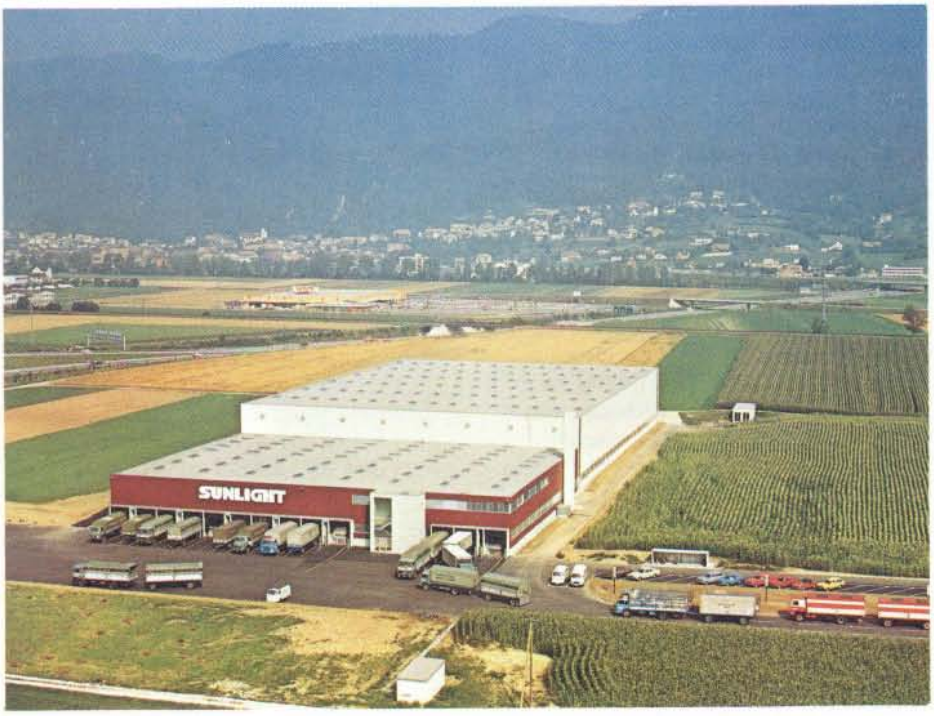


Toilet preparations

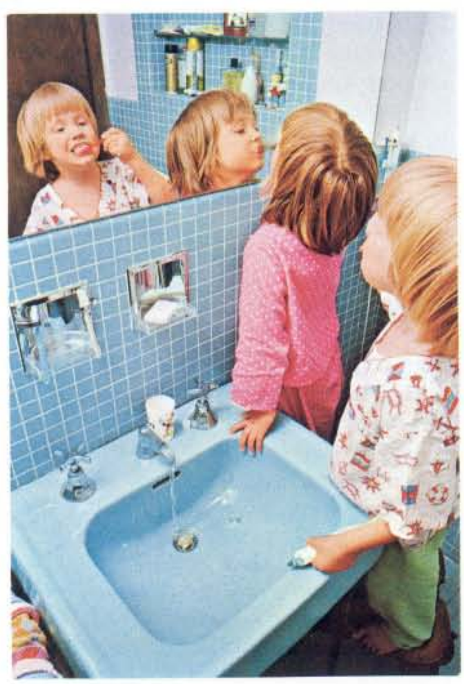
Our toilet preparations business had an excellent year. We increased our share of a growing world market and results improved in virtually all the markets where we operate. In North America we held our position and in most of Europe we made substantial gains. Progress in the United Kingdom was particularly noteworthy, and our companies in Brazil and South Africa each had a record year.

In this highly competitive market there is a special need to ensure that the formulation and presentation of our products are of the highest standard. We must also be prepared to meet emerging consumer demands with new and improved products. We launched several new products in 1973 and updated many others. A green peppermint variant was added to our successful 'Close-Up' toothpaste, and the fluoride version of 'Signal' toothpaste was extended into new areas. A new toothpaste specially designed to promote healthy gums was introduced in Germany and Austria. Improved hair preparations and personal deodorants were put on the market in Europe and elsewhere. In Italy we successfully launched a new range of cosmetics, and new bath preparations have been introduced in a number of countries.

To meet the expansion of sales we extended our production facilities, particularly in the United Kingdom, Germany and Italy.



(ABOVE) Distribution is an area in which we have pioneered for many years. This automated warehouse at Olten in Switzerland enables detergents and other products to reach retail outlets quickly, economically and in the best possible condition.



(RIGHT) Children spend less than 30 seconds at a time brushing their teeth. 'Aim', Lever Brothers Company's unique translucent fluoride toothpaste in the United States is designed to prompt youngsters to brush longer and more frequently.

(TOP) Interior view shows one of the electric tractors which are controlled by high-frequency signals transmitted through cables laid in the floor.

(BOTTOM) 'Cif', a novel liquid abrasive cleaner marketed in France, Belgium and Italy (and, under other names, in six more European countries) thoroughly cleans various modern surfaces such as enamel, stainless steel and plastic.

Paper, plastics and packaging

Demand for the products of these industries increased sharply and our major companies increased their sales and their profits.

On the continent of Europe the main contribution to the increase in total sales and profits came from Germany: better results were also achieved in France. Profits benefited from higher sales volume, from more efficient use of production capacity and from the successful completion of the reorganisation of our activities throughout the continent.

In the United Kingdom buoyant demand was accompanied by sharp rises in raw material costs and difficulties over raw material supply. In spite of these problems Thames Board were able to increase the volume of their sales to such an extent that, although affected by price control, their profits were better than in 1972. Thames Case also improved their results and Commercial Plastics had a good year.

These industries in particular will have to contend with shortages of raw materials.

Chemicals

The acceleration in the general rate of economic expansion was reflected throughout the year in a high demand for the full range of our specification and speciality chemicals. This was particularly pronounced in the United Kingdom, where most of our plants were operating at or near full capacity.

The year saw exceptional difficulties in respect of all kinds of raw materials. Prices of oleochemical feedstocks—moving in sympathy with world prices of oilseeds and vegetable oils—reached record levels in September, then fell back in the autumn before rising strongly again at the year end. Petrochemicals became increasingly scarce and costly from month to month throughout the year, and the situation deteriorated still further after the cutback in shipments of crude oil.

Price controls were introduced or continued in the Netherlands, the United Kingdom, France and Italy.

In spite of the above difficulties the combination of high throughputs, strict cost control and the continuous introduction of products with improved performance characteristics led to a substantial improvement of profits.

A number of projects of special interest were successfully developed during the year.

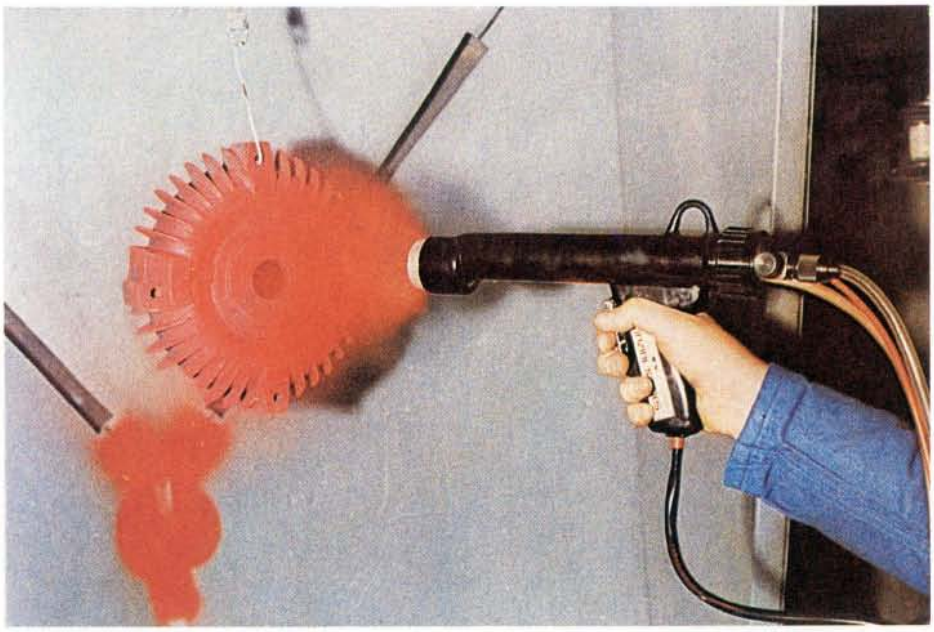
Investments by Unilever-Emery in the Netherlands—our joint venture with Emery Industries, Inc. of Cincinnati—included extra manufacturing capacity for polymerised fatty acids.

Projects in the United Kingdom included polymer emulsions based on gaseous monomers by Vinyl Products; improved types of petroleum cracking catalysts by Crosfields; a new range of savoury snack flavours by Food Industries; increased capacity for distilled monoglycerides and a wider range of these, also by Food Industries. Proprietary Perfumes launched a new marketing drive in the United States.

Developments in continental Europe included improved fatty acid distillation plant in Germany, new printing ink resins based on refined and polymerised hydrocarbons by Sheby in France, modernisation of distillation and extraction facilities by Bertrand Frères in France, and improved facilities for manufacture of stabilisers by Stabilital in Italy.

In Canada Hart Chemicals had an excellent year in spite of continuing problems with petrochemical shortages.

Interests were acquired in France and Germany in the manufacture and use of powder coatings for electrostatic spray application of industrial finishes. One such use is illustrated opposite.



Two of our chemicals companies have pioneered electrostatic powder-coating which has a wide variety of industrial applications. Here the cover for an electric motor is being coated with an epoxy resin-based powder.

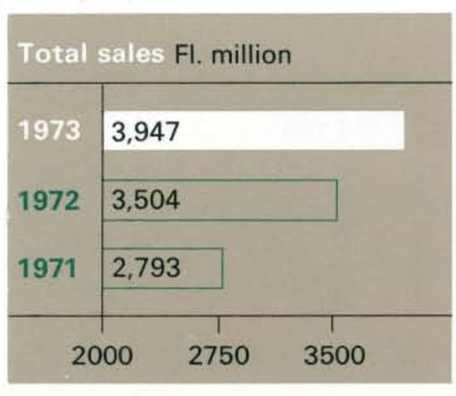
Transport

Transport is one of the fields where we see scope for profitable expansion. It was therefore decided during the year that our already substantial and diverse transport activities in Europe should be developed on a co-ordinated basis. Our transport undertakings, which serve both our own companies and third parties, include extensive local delivery networks, long distance trunk haulage and an inland shipping fleet.

Norfolk Lijn in the Netherlands, which was acquired during the year, operates a large road haulage fleet, roll-on/roll-off ferries between the Netherlands and the United Kingdom, and harbour facilities in the Netherlands. We already owned an interest in the ferry operations.

The year has also witnessed a substantial growth in our international trunk haulage activities and the specialised transport and distribution of clothing.

Paper, plastics, packaging, chemicals, transport etc.



'Intagen' resulted from years of intensive research into piglet health at our Colworth House laboratory. Following its successful launch in the United Kingdom it is planned to introduce it into a number of other countries.

Animal feeds

Our extensive investment in re-locating and modernising animal feeds production in the Netherlands, the United Kingdom and France began to bear fruit. As a result profits recovered from the poor levels of recent years, in spite of difficult trading conditions.

Animal feeds

The cost of cereals, proteins and other raw materials rose to record levels. This placed a heavy responsibility on management, especially on our buyers and planners, to use their skills to minimise the impact of the cost increases on selling prices. Selling prices nevertheless had to be increased substantially but even so it often proved impossible to recover all cost increases under stringent price control.

Good progress towards greater efficiency was made by all our companies. A number of small acquisitions in the United Kingdom and France helped towards our aim of achieving a more profitable assortment of products.

In the United Kingdom BOCM Silcock successfully introduced an oral vaccine, 'Intagen', into their piglet foods.

UAC International

The UAC International group benefited from improved economic conditions in a number of the African countries in which they operate and profits rose. Nearly all divisions contributed to the improvement in profit, especially the G. B. Ollivant Division with its general and specialist trading activities. The technical equipment and motor distribution businesses had another good year and there was a profit recovery in Palm Line. The trade investment companies, notably the breweries, made a very satisfactory contribution to group results.

Because the opportunities for expansion in Africa are limited, it is now part of the group's policy to extend its operations to other parts of the world. During the year three companies engaged in motor distribution in the United Kingdom were acquired. These will operate as part of UAC International's total motors business. Several office equipment companies in England were also acquired, and a successful offer was made for the issued share capital of Kennedy's (Builders' Merchants) Limited, an important building materials company. An earlier offer for the entire equity of a similar company—Ellis & Everard Limited—was not successful but about a third of the total equity was acquired. Interests in automotive equipment and servicing were acquired in France, and the group's timber operations were expanded by the acquisition of a timber company in Indonesia in partnership with the Indonesian authorities, Jardine Matheson & Co., Ltd., of Hong Kong and MacMillan Bloedel Ltd. of Vancouver.

In Africa several governments have passed legislation compelling foreign companies to sell part of their equity to local interests. In Nigeria most of the wholly-owned subsidiaries within the UAC International group were merged into UAC of Nigeria and 40% of the equity in the latter company will shortly be offered for sale to Nigerian nationals. In Ghana no agreement has yet been reached for prompt, fair or adequate compensation for the 55% interest in our timber business which the Government acquired compulsorily with retrospective effect from 1st October, 1972. Negotiations are proceeding to sell 50% of the equity of Aetco Lever Maroc to local participants.

In addition to surgical instruments and medical equipment, A. J. Seward (UAC International Medical Division) will market a new range of advanced laboratory equipment, developed by Unilever Research and manufactured by another of our companies, Precision Engineering Products. This machine speeds up the traditionally slow processes involved in microbiological analysis.

Plantations

Produce prices for all crops, with the exception of tea, reached very high levels during the year, and profits rose in consequence.

The year, however, was not a good climatic one for oil palms. Profits would have been substantially higher if the weather had not reduced production of palm oil and palm kernels. Rubber and cocoa crops were satisfactory, but copra and tea were disappointing, also owing in the main to adverse weather conditions.

It should be emphasised that our plantations sell their production on world markets, and are not used to provide raw materials for our own manufacturing activities. Their total production is in any case very small in relation to our requirements of such raw materials.

Exports

In 1973 our exports—from some 30 countries throughout the world—reached a combined total of Fl. 3,509 million, compared with Fl. 2,937 million in 1972.

Over three-quarters of these exports came from the Netherlands, the United Kingdom and Germany. The values of our shipments from these main exporting countries, and from all other countries, since 1971 were as follows:

Fl. million	1971	1972	1973
The Netherlands	1,098	1,154	1,388
United Kingdom	776	771	839
Germany	486	524	764
Other countries	515	488	518

We increased our exports from the Netherlands, particularly those of chemicals, meat and other food products. The inclusion of exports by Bensdorp, the company which we acquired in 1973, also contributed favourably to the increase in our sales of other foods.

The increases in our exports from the United Kingdom were mainly in sales of chemicals, packaging, detergents, animal feeds, and in merchandise shipped by UAC International.

The main features of our German exports were steeply rising sales of chemicals, packaging, and oils, oilcake and meal. Nordsee's fish exports also increased.

Personnel

The total number of Unilever employees world-wide is 353,000 (1972: 337,000).

Continuing high levels of inflation had a pronounced effect on the industrial and social climate in almost all countries, and this brought about an accelerated increase in the wage and salary bill. The general desire to obtain, not only full compensation for rapidly rising living costs, but higher real wages and social benefits, caused increased manpower costs to outstrip the growth of productivity in our own and other industries.

With one exception in France noted elsewhere, our own establishments were little affected in 1973 by industrial action.

In personnel matters our subsidiary companies are largely autonomous. The centre confines itself to laying down general principles (for example, that wages must be good by local standards), to placement and promotion of top management and giving specialist advice, if asked for.

Another general principle is that management should normally be nationals of the countries in which they work. In developing countries this was formerly impracticable, but striking progress has been made with the development of local management resources. In Latin America and Nigeria, for example, the proportion of expatriates in our management has been halved since 1968. In Sri Lanka our management in 1950 was 100% expatriate and is now 96% local. As an international business, however, we recognise that top management will benefit from service in countries other than their own, and over one-third of our present top management have served in two or more such countries.

The aim of our personnel and social policy is to employ people at all levels in a manner that is meaningful to them and which enables them, so far as possible, to take responsibility for objectives that have been previously jointly agreed with them. Close and frank mutual consultation between all those involved is essential to reach this end.

Our contributions to our own and other pension schemes, including State schemes, and other payments for employees retirement and death benefits amounted in 1973 to Fl. 512 million. The assets of our funds throughout the world increased to Fl. 3,947 million and the reserves in the accounts to meet our obligations under unfunded schemes to Fl. 649 million.

Research and Development

Research and development was in total maintained at a constant level in 1973, although some economies in operation were made. These enabled us to reduce the full impact of inflation on our costs without any loss of the scientific staff who form the heart and sinews of our research effort.

Whilst the broad pattern of our basic research work has remained very similar to that of previous years, there have been some changes in emphasis of the work. The more traditional oils and fats side of the business has to some degree given way to the needs of the other more rapidly expanding food industries in which we operate. There has been an increase in the work devoted to the safety and ecological effects of products. Furthermore, it is clear that in future years we shall need to put greater emphasis on new products and processes which conserve energy and consume less of the world's scarce raw materials. Research is already turning in that direction.

Current innovations depend, of course, on research undertaken in past—sometimes long past—years. This year's innovations based on several decades of work included, among other things, an increased range of fat-based products with health benefits. Low-calorie products, also based on many years of work, have been introduced in Germany and elsewhere. A wide range of products introduced in the toilet preparations and detergents fields also incorporate the results of past scientific research.

At Port Sunlight in the United Kingdom new research facilities were opened for determining the environmental effects of new detergent materials. These facilities include models of typical public sewage treatment plants operating on domestic sewage; and artificial streams reproducing the conditions of normal river life. These streams can be fed with effluent from a plant in which the test material has been treated, thereby reproducing the situation of a river close to a sewage outfall. In this way the effects of the new material and any possible degradation product can be determined along with their interaction, if any, with other materials present in the effluent.

During the year steady progress was maintained in improving the quality of effluent discharged from our factories throughout the world. In addition to the construction of treatment plants, we are paying particular attention to reducing the quantity of organic material entering factory waste waters in order to conserve raw materials and reduce the cost and power requirement of effluent treatment.

Concern is growing over the environmental nuisance caused by industrial noise and odours. During the year we established a group to consider the problems of noise, including noise nuisance in our factories. We are similarly tackling any possible odour problems from our factories, and have taken steps to reduce nuisance from this source.

Finance

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

	1968	1969	1970	1971	1972	1973
Source of funds	1,026	1,045	1,278	1,285	1,472	1,619
Profit of the year re-invested in the business	464	345	343	493	640	778
Depreciation charged against profit	523	572	666	667	644	653
Proceeds of disposal of fixed assets	54	103	87	101	146	87
Changes in share and loan capital	*15*	25	182	24	42	101
Use of funds	*1,299*	*1,478*	*1,460*	*586*	*1,062*	*1,912*
Capital expenditure	*716*	*881*	*993*	*850*	*927*	*974*
Additional/reduced *working capital other than cash*	*315*	*445*	*246*	310	56	*621*
Subsidiaries acquired/sold	*259*	*132*	*230*	*34*	*213*	*260*
Subscriptions to trade investments	*9*	*20*	9	*12*	22	*57*
Other sources/*uses*	88	22	91	*105*	164	193
Increase/*decrease* during year	*185*	*411*	*91*	594	574	*100*
Net liquid funds 1st January	1,148	963	552	461	1,051	1,570
Sterling/guilder realignment	—	—	—	*4*	*55*	*99*
Net liquid funds 31st December	963	552	461	1,051	1,570	1,371

Net liquid funds consist of marketable securities, cash and deposits less short-term borrowings.

The movement of Fl. 99 million shown above as sterling/guilder realignment is the difference on the recalculation of the opening funds in **Limited** at the closing rates of exchange. The movements in working capital, trade investments and preferential and loan capital are shown after elimination of the influence of the realignment.

In 1973 funds decreased by only Fl. 100 million after providing for the significantly higher level of working capital—increased by Fl. 621 million. The improvement in the ratio of working capital to sales achieved in 1972 has been almost wholly maintained.

Acquisitions during 1973 included: Bensdorp (chocolate manufacturers) and Norfolk Lijn (transport) in the Netherlands; Ford & Slater and Robert Massey (motor distributors) in the United Kingdom; Hughes Brothers in Ireland, Alnasa in Brazil and Frigo in Spain (ice-cream manufacturers).

Frowein & Nolden (Otto Mess shops) in Germany was sold during the year.

Capital projects

Projects amounting to Fl. 1,279 million were approved in 1973 (1972: Fl. 896 million).

The geographical pattern was as follows:

	%	Fl. million
Europe	78	990
North and South America	10	130
Africa	6	81
Rest of World	6	78
	100	1,279

Some of the more important projects are listed below: **Fl. million**

Margarine, other fats and oils **214**

Extension to margarine production capacity in the United Kingdom, Belgium and Brazil.
New margarine production facilities in Argentina and Ireland.
Expansion of edible oil refining capacity in France, Japan and East Africa.
Expansion of solvent fractionation capacity in the Netherlands and the United Kingdom.
New facilities in the United Kingdom, and increased capacity in Germany, for production of high-protein soya meal.

Other foods **458**

New ice-cream factory in Italy.
Extended distribution facilities for frozen products in the United Kingdom, Germany, Italy and Austria.
New production facilities for frozen products in Austria.
Additional supermarkets in the United Kingdom.
Expansion of capacity for producing meat products in the United Kingdom and Germany.
Expansion of broiler chicken production in the United Kingdom.

Detergents and toilet preparations **170**

Increased production capacity for toilet soaps in Brazil, Indonesia and South Africa.
New factories for toiletries in Austria and South Africa.
New central packed stock warehouse in Germany.

Paper, plastics, packaging, chemicals, transport and other interests **269**

Increased capacity for laminating and printing plastics in the United Kingdom and multi-colour printing in Germany.
Rationalisation of fatty acid production in Germany.
Extension of capacity for polymerised fatty acids in the Netherlands.
New manufacturing facilities for emulsion polymers in the United Kingdom.
Expansion of pusher boat fleet in Germany.
New warehouses or depots in Australia, Belgium and France.

General **168**

Office accommodation in the Netherlands, Belgium and Germany.
Research facilities in the United Kingdom.

1,279

Interests in land

N.V. and **Limited** have interests in land in Europe, North and South America, Africa, Asia and Australasia. Such interests are developed either as purpose designed factories, warehouses and trading establishments with ancillary offices and laboratories or as plantations. Substantially all the land and buildings are fully used in the business and their continued suitability for these purposes is kept under review. In these circumstances it is considered that an assessment of the market value of all interests in land throughout the world would not produce information of significance to members or debenture or unsecured loan stockholders in terms of Section 16 of the United Kingdom Companies Act 1967.

Dividends

The proposed appropriations of the profits of **N.V.** and **Limited** are shown in the consolidated profit and loss account on page 32.

The interim dividends for 1973 declared by the Boards in November and the final dividends recommended for declaration at the Annual General Meetings are at the following rates which are equivalent in value in terms of the Equalisation Agreement:

N.V.

per Fl. 20 ordinary capital	
Interim	Fl. 2.93
Final	Fl. 3.78
Total	Fl. 6.71

Limited

per 25p ordinary share	
Interim	4.86p
Final	6.17p
Total	11.03p

N.V.'s interim dividend was paid on 19th December, and represented an increase of 8% or Fl. 0.22 per Fl. 20 over the interim for 1972. Since the year end, the Netherlands Government has imposed statutory dividend restrictions, the effect of which is that **N.V.'s** total dividend for 1973 must not exceed its total dividend for 1972. The **N.V.** final dividend must, therefore, be reduced by Fl. 0.22 per Fl. 20, and the total dividend for 1973 of Fl. 6.71 will be unchanged from 1972. The **N.V.** final dividend will be paid on 20th May, 1974.

Owing to the further fall in the sterling/guilder exchange rate, **Limited** again needs to declare dividends for 1973 in excess of the statutory limit currently in force for United Kingdom companies. As before, the Treasury have consented to this, subject to the condition that the total amount paid to shareholders by way of dividends for 1973 (including the postponed second instalment of the final dividend for 1972) is kept within the statutory limit, and payment of the balance of dividends declared for 1973 is postponed.

Limited's interim dividend was, therefore, made payable in two instalments, of which the first, amounting to 1.88p per share, together with the second instalment of 1972 final dividend amounting to 1.44p per share was paid on 2nd January, 1974.

Similarly, it is proposed to make **Limited's** final dividend payable by two instalments. The first instalment of 2.33p per share together with the second instalment of the interim of 2.98p per share would be paid on 20th May, 1974. This payment of 5.31p per share, bringing **Limited's** dividend payments for 1973 (including the postponed second instalment of 1972 final dividend) up to 8.63p per share, is within the statutory limit and would be made to shareholders registered in the books of the Company at close of business on 25th April, 1974. The second instalment of 1973 final dividend amounting to 3.84p per share would be paid when circumstances permitted to holders of ordinary capital now in issue registered at the time of payment.

For the purpose of equalising dividends under the Equalisation Agreement, the Advance Corporation Tax (A.C.T.) in respect of any dividend paid by **Limited** has to be treated as part of the dividend. If the rate of A.C.T. is changed from the current rate of three-sevenths before payment of the abovementioned dividends has been completed, the figures will be adjusted accordingly and an announcement made.

Final dividends on the New York shares of **N.V.** and on the American Depositary Receipts representing ordinary capital of **Limited** will be paid on 7th June, 1974.

After payment of the ordinary dividends for 1973 it is proposed to set aside Fl. 125 million (**N.V.** Fl. 73 million, **Limited** Fl. 52 million) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Quarterly results

Profit accruing to ordinary capital

	Total Fl. million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1973	1,106	233 21%	320 29%	319 29%	234 21%
1972	987	191 19%	278 28%	262 27%	256 26%
1971	841	166 20%	242 29%	227 27%	206 24%

The published results for the first three quarters of 1971 and the four quarters of 1972 and 1973 have been recalculated at the year-end rates of exchange which have been used for the results of the respective years.

The effect of the change in depreciation rates made at the end of 1972 has also been allocated to quarters. The figures in the chart, therefore, differ from the figures originally published for each quarter.

The fourth quarter of each year contains year-end adjustments, principally for taxation. These significantly increased the results in the fourth quarter of 1972 and reduced the results in the fourth quarter of 1973.

Capital and membership

There were no changes during 1973 in the share capital of **N.V.** or **Limited.** In 1973 **N.V.** issued Fl. 27,175 8% 5-year notes in connection with its offer for the 5 1/2% cumulative preference shares and the ordinary 'A' shares of Van den Bergh's en Jurgens' Fabrieken N.V. (now Nederlandse Unilever Bedrijven B.V.) leaving Fl. 76,995 of these notes available for issue.

At the year end **Limited** had 93,552 ordinary and 1,255 preferential shareholdings, and 102,602 debenture and unsecured loan stockholdings. As **N.V.'s** share and loan capital is held by the public largely in the form of bearer scrip, it is impossible to ascertain the total number of holders or the proportions held by different classes of holder.

Unilever N.V. and N.V. Nederlandsch Administratie- en Trustkantoor have decided that in 1974 the Certificates for Ordinary Unilever N.V. shares issued by the Trustkantoor will also be obtainable in the form of 'C.F.' (Central Registry) certificates.

The trust certificates and ordinary bearer share certificates, at present available in denominations of 5 x Fl. 20 (Fl. 100) and 50 x Fl. 20 (Fl. 1,000), will also be obtainable in denominations of Fl. 20. The Amsterdam Bourse Committee will be asked to treat the 1 x Fl. 20, 5 x Fl. 20 (Fl. 100) and 50 x Fl. 20 (Fl. 1,000) ordinary shares as interchangeable.

A further announcement will be made regarding the date the new certificates are obtainable.

Directors

It was announced in October 1973 that Sir Ernest Woodroofe, Chairman of **Limited** and a Vice-Chairman of **N.V.**, Mr. A. W. J. Caron, a Vice-Chairman of **N.V.**, Mr. E. Brough, Mr. J. J. H. Nagel and Dr. E. Smit would retire in 1974. Mr. Brough and Dr. Smit retired on 1st March, 1974; Sir Ernest Woodroofe, Mr. Caron and Mr. Nagel will retire at the Annual General Meeting and will not seek re-election. In accordance with Article 21 of the Articles of Association the remaining Directors named on page 1 will also relinquish office at the Annual General Meeting and offer themselves for re-election.

It is also intended to nominate for election as Directors at the Annual General Meeting Mr. K. Durham, Mr. A. H. C. Hill, Mr. F. A. Maljers, Jonkheer I. E. B. Quarles van Ufford, Mr. C. F. Sedcole, Mr. O. Strugstad and Mr. E. J. Verloop.

As already announced, it is intended to elect Mr. D. A. Orr to succeed Sir Ernest Woodroofe as Chairman of **Limited** and a Vice-Chairman of **N.V.**, and to elect Dr. J. M. Goudswaard to succeed Mr. Caron as a Vice-Chairman of **N.V.** Mr. S. G. Sweetman was elected a Vice-Chairman of **Limited** from 4th March, 1974.

Sir Ernest Woodroofe, who received the honour of a Knighthood in the 1973 Birthday Honours List, retires after 39 years' service with Unilever. After 20 years in line management, he was Head of Research Division from 1955 to 1961. He became a Director of **Limited** and **N.V.** in 1956, a Vice-Chairman of **Limited** in 1961, Chairman of **Limited** and a Vice-Chairman of **N.V.** in 1970. His colleagues pay tribute to his outstanding record of service to Unilever, and his wise and inspiring leadership as Chairman of **Limited.**

Mr. Caron has served Unilever for 36 years. He has been a Director of **N.V.** and **Limited** since 1960, and a Vice-Chairman of **N.V.** since 1971. Mr. Brough also retires after 36 years' service. He has been a Director of both companies since 1968. Mr. Nagel joined Unilever in 1951 and became a Director of both companies in 1966. Dr. Smit joined Unilever in 1941 and has been a Director of both companies since 1964. Each of these Directors has rendered distinguished service to Unilever, and their colleagues wish to record their appreciation of the contribution each has made to the affairs of the business.

In January, 1974 Mr. G. D. A. Klijnstra, Chairman of **N.V.** and a Vice-Chairman of **Limited**, was appointed an honorary Knight Commander of the Order of the British Empire.

Mr. B. W. Biesheuvel, a former Prime Minister of the Netherlands, was appointed an Advisory Director of **N.V.** from 8th August, 1973. Dr. H. J. Witteveen resigned as an Advisory Director of **N.V.** in October, 1973 in connection with his appointment as Managing Director of the International Monetary Fund. The Board express their gratitude for his advice and assistance.

The Lord O'Brien of Lothbury, G.B.E., P.C., a former governor of the Bank of England, was appointed an Advisory Director of **Limited** from 1st December, 1973.

After 46 years service with Unilever and its predecessors, Mr. A. A. Haak will retire as an Advisory Director of **Limited** at the Annual General Meeting. He was a Secretary of **N.V.** and **Limited** from 1967 until his appointment as an Advisory Director of **Limited** in 1971. The Directors pay tribute to his wise counsel and his dedication to the interests of the business.

Auditors

The auditors, Price Waterhouse & Co., The Hague, and Coopers & Lybrand, Rotterdam (from 1st March, 1974, Coopers & Lybrand Nederland), retire and offer themselves for reappointment.

Rotterdam, 19th March, 1974.

ON BEHALF OF THE BOARD,

C. ZWAGERMAN Secretary
H. A. HOLMES Secretary

Accounts

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 Fl. 12 nominal of **N.V.'s** ordinary capital being equivalent to £1 of **Limited's** ordinary capital. Combined figures are given for the information of shareholders.

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 29 to 43 and 47 to 49 together give a true and fair view of the state of affairs at 31st December, 1973 and of the profit for the year ended on that date of the Company and the Group and comply with the Netherlands Act on Annual Accounts 1970.

Price Waterhouse & Co.
The Hague

Coopers & Lybrand Nederland
Rotterdam

19th March, 1974

Limited Group

To the Members of Unilever Limited.

In our opinion the accounts and the notes relevant thereto set out on pages 29 to 41 and 44 to 49 together give a true and fair view of the state of affairs at 31st December, 1973 and of the profit for the year ended on that date of the Company and the Group and comply with the United Kingdom Companies Acts 1948 and 1967.

Coopers & Lybrand
London

Price Waterhouse & Co.
London

19th March, 1974

* Signed by auditors, authorised under Section 42a of the Netherlands Commercial Code.

Combined results

for the year ended 31st December

Figures in italics represent deductions

Fl. million

	1972	**1973**
Sales to third parties	26,832	**29,197**
Operating profit	1,948	**2,193**
Financial items	*46*	**9**
Profit of the year before taxation	1,902	**2,202**
Taxation on profit of the year	*847*	***1,012***
Profit of the year after taxation	1,055	**1,190**
Outside interests and preference dividends	*68*	***84***
Profit of the year accruing to ordinary capital	987	**1,106**
Combined earnings per share* per Fl. 20 of capital	Fl. 17.70	Fl. 19.83
per 25p of capital	35.06p	45.76p
Ordinary dividends	*347*	***328***
Profit of the year retained**	640	**778**

* The basis of calculation is shown on page 50. The increase in guilders is 12% and in sterling 31%. The difference arises from the use of the rate of £1 = Fl. 7.57 in 1972 and £1 = Fl. 6.50 in 1973.

**** Other movements in Profits retained are shown on page 32.**

Combined assets and liabilities

as at 31st December
Figures in italics represent deductions
Fl. million

	1972	1973
Capital Employed		
Preferential capital	304	**298**
Ordinary shareholders' funds	7,107	**7,130**
Outside interests in subsidiaries	247	**244**
Loan capital	1,610	**1,601**
Deferred liabilities	1,070	**1,270**
	10,338	**10,543**
Employment of Capital		
Land, buildings and plant	5,287	**5,238**
Trade investments	175	**215**
Long-term debtors	205	**203**
Net current assets	4,671	**4,887**
	10,338	**10,543**

The figures above and on page 30 are the combined figures shown in the consolidated accounts on pages 32 and 33 and should be read in conjunction with these accounts and the note on page 29.

Consolidated profit and loss accounts

for the year ended 31st December

Figures in italics represent deductions

Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
11,648,821	15,183,062	26,831,883	**Sales to third parties**	29,197,312	16,759,770	12,437,542
10,899,164	*13,985,411*	*24,884,575*	Costs	*27,004,189*	*15,473,709*	*11,530,480*
749,657	1,197,651	1,947,308	**Operating profit**	2,193,123	1,286,061	907,062
14,845	7,086	21,931	Income from trade investments	38,076	20,513	17,563
54,004	*45,446*	*99,450*	Interest on loan capital	*98,353*	*52,164*	*46,189*
21,203	10,498	31,701	Other interest	68,761	49,099	19,662
731,701	1,169,789	1,901,490	**Profit of the year before taxation**	2,201,607	1,303,509	898,098
340,627	*506,244*	*846,871*	Taxation on profit of the year	*1,012,186*	*569,725*	*442,461*
391,074	663,545	1,054,619	**Profit of the year after taxation**	1,189,421	733,784	455,637
13,391	*36,617*	*50,008*	Outside interests in results of subsidiaries	*67,116*	*49,215*	*17,901*
377,683	626,928	1,004,611	**Consolidated profit of the year**	1,122,305	684,569	437,736
3,036	*14,694*	*17,730*	Preference dividends	*16,520*	*14,694*	*1,826*
374,647	612,234	986,881	**Profit of the year accruing to ordinary capital**	1,105,785	669,875	435,910
132,134	*214,775*	*346,909*	Dividends on ordinary and deferred capital	*328,235*	*214,775*	*113,460*
242,513	397,459	639,972	**Profit of the year retained**	777,550	455,100	322,450

Movements in profits retained

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
53,444	*63,588*	*117,032*	Exceptional items not applicable to current trading	*63,103*	*25,241*	*37,862*
73,854	*19,723*	*93,577*	Goodwill on acquisition of new subsidiaries	*159,393*	*93,951*	*65,442*
67,759	*26,067*	41,692	Effect of exchange rate changes	*88,380*	*190,138*	101,758
297,548	—	*297,548*	Sterling/Guilder realignment	*385,609*	—	*385,609*
242,513	397,459	639,972	Profit of the year retained	777,550	455,100	322,450
42,392	66,000	108,392	of which fixed assets replacement reserve	125,000	73,000	52,000
114,574	288,081	173,507	Net additions to profits retained	81,065	145,770	*64,705*
2,842,673	2,985,656	5,828,329	Profits retained—1st January	6,001,836	3,273,737	2,728,099
2,728,099	3,273,737	6,001,836	Profits retained—31st December	6,082,901	3,419,507	2,663,394

The notes on pages 29 to 31 and 34 to 36 form part of these accounts.
Combined earnings per share are shown on page 30.

Consolidated balance sheets

as at 31st December

Figures in italics represent deductions

Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
			Capital Employed			
38,932	265,060	303,992	**Preferential capital**	298,490	265,060	33,430
3,141,391	3,966,068	7,107,459	**Ordinary shareholders' funds**	7,130,106	4,111,838	3,018,268
549,204	640,165	1,189,369	Ordinary capital	1,189,369	640,165	549,204
2,592,187	3,325,903	5,918,090	Profits retained and other reserves	5,940,737	3,471,673	2,469,064
72,104	174,598	246,702	**Outside interests in subsidiaries**	243,751	166,336	77,415
783,472	827,013	1,610,485	**Loan capital**	1,601,037	875,039	725,998
502,655	567,432	1,070,087	**Deferred liabilities**	1,269,584	722,668	546,916
78,814	*78,814*	—	Inter-Group—**N.V./Limited**	—	*31,948*	31,948
4,617,368	5,721,357	10,338,725		10,542,968	6,108,993	4,433,975
			Employment of Capital			
2,257,389	3,030,173	5,287,562	**Land, buildings and plant**	5,237,565	3,116,088	2,121,477
60,144	114,402	174,546	**Trade investments**	214,883	123,636	91,247
43,626	161,103	204,729	**Long-term debtors**	203,303	127,175	76,128
2,256,209	2,415,679	4,671,888	**Net current assets**	4,887,217	2,742,094	2,145,123
1,855,755	2,238,049	4,093,804	Stocks	4,826,881	2,680,965	2,145,916
1,413,198	1,636,091	3,049,289	Debtors	3,420,951	1,840,294	1,580,657
1,223,849	*1,809,641*	*3,033,490*	Creditors	*3,673,988*	*2,173,450*	*1,500,538*
351,838	*384,057*	*735,895*	Provision for taxation	*797,105*	*392,902*	*404,203*
134,299	*137,754*	*272,053*	Dividends	*260,554*	*129,663*	*130,891*
82,664	181,488	264,152	Marketable securities	490,899	256,691	234,208
957,295	1,059,480	2,016,775	Cash and deposits	1,489,963	939,146	550,817
342,717	*367,977*	*710,694*	Short-term borrowings	*609,830*	*278,987*	*330,843*
4,617,368	5,721,357	10,338,725		10,542,968	6,108,993	4,433,975

The notes on pages 29 to 31, 34, 35 and 37 to 41 form part of these accounts.

Accounting policies and notes to the accounts

Companies legislation
The accounts comply with the Netherlands Annual Accounts Act 1970 and the United Kingdom Companies Acts 1948 and 1967 and take account of the recommended standards in the Netherlands and the United Kingdom.

Foreign currencies
The policy is to use closing rates of exchange, those current at the year end, for translation of foreign currencies into the reporting currencies in which **N.V.'s** and **Limited's** consolidated accounts are prepared, guilders and sterling respectively.

All assets and liabilities (including land, buildings and plant which were stated at historic cost in terms of guilders or sterling up to and including 1972) are now translated at closing rates.

The effect of exchange rate changes is a deduction from profits retained of Fl. 190 million in **N.V.** and an addition of Fl. 102 million in **Limited.** The net deduction of Fl. 88 million comprises:

(a) the effect of the change to closing rates on land, buildings and plant up to and including 1972 Fl. 44 million;
(b) the effect of restating the opening balances, including land, buildings and plant thus adjusted, at 1973 closing rates, Fl. 44 million.

The net amount shown in 1972 as the effect of exchange rate changes, adding Fl. 42 million to profits retained, would not have been materially different had the new policy for translation of land, buildings and plant been applied.

For the purpose of the combined guilder figures all **Limited** figures are converted at the rate of £1 = Fl. 7.57 in 1972 and £1 = Fl. 6.50 in 1973 except for the ordinary capital of **Limited** which is converted, as in past years, at the Equalisation Agreement rate of £1 = Fl. 12. The effect of converting all other balance sheet items at 1st January, 1973 at the 1973 year end sterling/guilder rate is reflected in profits retained and shown separately as sterling/guilder realignment, Fl. 386 million (1972: Fl. 298 million).

Consolidated companies
Companies included in the consolidated accounts are those in which **N.V.** or **Limited** holds directly or indirectly more than 50% of the equity and preference capital, or being directly or indirectly a shareholder controls the composition of a majority of the Board of Directors.

The list of principal consolidated companies on pages 47–49 takes account of Article 14(3) of the Netherlands Annual Accounts Act 1970.

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 consolidation.

Trade investments
These are minority investments in companies with which **N.V.** or **Limited** has a long term trading relationship. There are some 200 such investments in businesses throughout the world and a statement summarising the interest in the results and net assets of all trade investments is given on page 41. These are not significant in relation to the consolidated results or capital employed.

Trade investments are shown at cost less Fl. 8 million written-off in **N.V.** and Fl. 29 million written-off in **Limited** and dividends are accounted for when received. The principal trade investments are listed on page 49.

Goodwill
The excess of the price paid for new interests over the value of the net tangible assets acquired is deducted from profits retained.

Depreciation
Depreciation of fixed assets is provided by the straight-line method at percentages of cost related to the expected average lives of the assets.

To make provision towards the higher cost of replacing existing assets an annual allocation is made to fixed asset replacement reserve from the profit of the year retained. This allocation is the amount by which depreciation calculated on estimated replacement value exceeds the depreciation charged in the consolidated accounts.

Net current assets
Stocks are consistently stated on the basis of the lower of cost and net realisable value, less provisions for obsolescence. Cost—mainly averaged cost—includes direct expenditure and where appropriate, a proportion of manufacturing overheads.

Debtors are stated after deducting adequate provisions for doubtful debts.

Marketable securities represent liquid funds temporarily invested and are shown at their realisable value.

That portion of loan capital which is repayable within 1 year is shown as loan capital.

Ordinary shareholders' funds
Ordinary shares numbered 1 to 2,400 (inclusive) in **N.V.** and the deferred stock of **Limited** are held as to one-half of each class by N.V. Elma—a subsidiary of **N.V.**—and one-half by United Holdings Limited—a subsidiary of **Limited.** This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. A nominal dividend of ¼% was paid on this deferred stock and the above-mentioned subsidiaries have waived their rights to dividends on their ordinary shares.

The directors of N.V. Elma are **N.V.** and **Limited,** who with Mr. G. D. A. Klijnstra and Mr. D. A. Orr are also directors of United Holdings Limited.

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

Taxation not due before 1st January, 1975 includes United Kingdom corporation tax on the profits of 1973 and certain other countries' taxes which are not due before that date.

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 purposes than under the group depreciation policy, less the estimated future tax relief on the provisions for unfunded retirement benefits.

The provision for deferred taxation at 31st December, 1972 has been adjusted for subsequent changes in rates of tax the effect of which is included in tax adjustments previous years and taken to profits retained. No provision has been made for the tax which would become payable if retained profits of subsidiaries were distributed to the Parent companies as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

Contingent liabilities
Contingent liabilities are not expected to give rise to any material loss and include guarantees, security issued and bills discounted as set out on page 39.

A dispute with the German Tax Authorities gives rise to a contingent liability of Fl. 238 million representing the possible claim by the authorities for repayment of dividend tax.

The appeal against the verdict in our favour by the Tax Court in Hamburg will be heard during 1974. A favourable decision was made by the Federal Tax Court in a comparable case in 1972 and an appeal lodged by the Tax authorities against the verdict in our favour by the Tax Court in Bremen has now been withdrawn. The companies' adviser remains of the opinion that the decision in the Hamburg case will be in the companies' favour.

Long term commitments in respect of leaseholds, rental agreements, hire purchase and other contracts are mainly in respect of buildings and computers. The commitments are not material.

General
Expenditure on research and the development of new products is charged against profits of the year in which it is incurred.

The close company provisions of the United Kingdom Income and Corporation Taxes Act 1970 do not apply to **Limited.**

The Trustees of the Leverhulme Trust have waived their right to that proportion of the 1972 and 1973 dividends on the Trustees' holding of ordinary shares of **Limited** which would flow back to the Company.

Notes to the consolidated profit and loss accounts

Figures in italics represent deductions
Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
			Costs include:			
47,669	*66,937*	*114,606*	Hire of plant and machinery	*110,257*	*65,790*	*44,467*
263,141	*380,499*	*643,640*	Depreciation	*653,437*	*409,778*	*243,659*
1,912,212	*3,019,320*	*4,931,532*	Remuneration of employees including social security contributions	*5,243,163*	*3,292,786*	*1,950,377*
3,770	*3,799*	*7,569*	Emoluments of Directors as managers including contributions to pension funds for superannuation	*8,173*	*4,565*	*3,608*
1,575	*706*	*2,281*	Superannuation of former Directors	*1,683*	*604*	*1,079*
3,967	*4,586*	*8,553*	Auditors' remuneration	*9,190*	*4,718*	*4,472*
14,845	7,086	**21,931**	**Income from trade investments**	**38,076**	20,513	17,563
4,496	2,577	7,073	Quoted shares	9,751	1,528	8,223
10,834	3,894	14,728	Unquoted shares	12,022	4,346	7,676
257	608	865	Interest on loans	1,643	1,116	527
742	7	*735*	Profit/***loss*** on disposal	14,660	13,523	1,137
			Interest on loan capital includes:			
4,444	*11,654*	*16,098*	Interest on loans, the final repayment of which will be made within 5 years	*16,815*	*12,882*	*3,933*
21,203	10,498	**31,701**	**Other interest**	**68,761**	49,099	19,662
32,922	*58,998*	*91,920*	Interest paid on short-term borrowings	*84,320*	*58,086*	*26,234*
54,125	69,496	123,621	Interest received including change in market value of marketable securities	153,081	107,185	45,896
340,627			**Taxation on profit of the year** for **Limited** is made up of:			***442,461***
252,898			U.K. corporation tax			*353,646*
116,964			less: double tax relief			149,169
204,693			plus: non U.K. taxes			*237,984*
53,444	***63,588***	***117,032***	**Exceptional items not applicable to current trading**	***63,103***	***25,241***	***37,862***
26,646	27,120	53,766	Taxation adjustments previous years	*23,413*	—	*23,413*
115,343	*81,320*	*196,663*	Provision for nationalisation of interests, war damage, disposal and closing of units	*39,690*	*25,241*	*14,449*
30,197	*10,868*	*41,065*	Adjustment to provision for unfunded retirement benefits	—	—	—
65,450	1,480	66,930	Other profits	—	—	—

Notes to the consolidated balance sheets

Figures in italics represent deductions

1972 Authorised	1973 Authorised	Share capital	1972 Issued and fully paid	1973 Issued and fully paid
		Preferential capital (000's)	**Fl. 303,992**	**Fl. 298,490**
Fl. 000's		**Unilever N.V.**		Fl. 000's
75,000	75,000	7% Cumulative Preference — *Ranking pari passu*	29,000	29,000
200,000	200,000	6% Cumulative Preference — *Ranking pari passu*	161,060	161,060
75,000	75,000	4% Cumulative Preference — *Ranking pari passu*	75,000	75,000
350,000	350,000		265,060	265,060
£000's		**Unilever Limited**		£000's
172	172	5% First Cumulative Preference	172	172
3,503	3,503	7% First Cumulative Preference	3,503	3,503
1,218	1,218	8% Second Cumulative Preference	1,218	1,218
250	250	20% Third Cumulative Preferred Ordinary	250	250
5,143	5,143		5,143	5,143
		Guilder equivalent (000's)	Fl. 38,932	Fl. 33,430
		Ordinary capital (000's)	**Fl. 1,189,369**	**Fl. 1,189,369**
Fl. 000's		**Unilever N.V.**		Fl. 000's
1,002,400	1,002,400	Ordinary	642,565	642,565
		Internal holdings eliminated in consolidation	*2,400*	*2,400*
			640,165	640,165
£000's		**Unilever Limited**		£000's
136,176	136,176	Ordinary (in 25p shares)	45,767	45,767
100	100	Deferred	100	100
		Internal holdings eliminated in consolidation	*100*	*100*
		Guilder equivalent (000's)	Fl. 549,204	Fl. 549,204

The 4% cumulative preference capital of **N.V.** is redeemable at par at the Company's option either wholly or in part.

Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
2,592,187	3,325,903	**5,918,090**	**Profits retained and other reserves**	**5,940,737**	3,471,673	2,469,064
66,836	52,166	119,002	Premiums on capital issued	109,554	52,166	57,388
202,748	—	*202,748*	Adjustment on conversion of **Limited's** ordinary capital at £1 = Fl. 12	*251,718*	—	*251,718*
2,728,099	3,273,737	6,001,836	Profits retained	6,082,901	3,419,507	2,663,394
192,278	237,000	429,278	Profits retained include cumulative fixed assets replacement reserve	527,100	310,000	217,100

Notes to the consolidated balance sheets

Figures in italics represent deductions

Loan capital (000's)

1972		1973
Fl. 1,610,485		**Fl. 1,601,037**
Fl. 000's	N.V.	Fl. 000's
285,000	6% Notes 1972/91	270,000
120,427	8% Notes 1975	120,454
50,778	6 3/4% Notes 1986	52,308
456,205		**442,762**
	Subsidiaries	
110,510	Netherlands: 4 1/2% Loans 1986/87	102,950
59,177	Germany: 3%–6 1/2% Mortgages on factory ships repayable period to 1987	92,273
64,800	U.S.A. 4 5/8% 20 year Notes 1973/82	50,400
64,800	7 9/20% 25 year Notes 1997	84,000
71,521	Others	102,654
827,013		**875,039**
£000's	**Limited**	£000's
6,782	3 3/4% Debenture stock 1955/75 (*Ranking pari passu*)	6,750
9,659	4% Debenture stock 1960/80 (*Ranking pari passu*)	9,548
11,713	6 3/4% Debenture stock 1985/88 (*Ranking pari passu*)	11,126
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
85,077		**84,347**
	Subsidiaries	
3,451	Canada: 6% Debentures Series A 1985	3,384
—	8 7/8% Debentures Series B 1993	8,622
3,261	Australia: 7 3/4% Debentures 1982/87	3,871
11,708	Others	11,468
103,497		**111,692**
Fl. 783,472	Guilder equivalent (000's)	**Fl. 725,998**

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

During the year £32,000 of the 3 3/4% stock, £111,000 of the 4% stock and £587,000 of the 6 3/4% stock were purchased by the Company.

Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
			The repayments fall due as follows:			
9,038	41,200	50,238	Within 1 year	59,431	45,677	13,754
93,346	291,595	384,941	After 1 year but within 5 years	398,430	327,749	70,681
105,798	190,300	296,098	After 5 years but within 10 years	300,938	199,414	101,524
134,307	279,633	413,940	After 10 years but within 20 years	416,828	255,589	161,239
440,983	24,285	465,268	After 20 years	425,410	46,610	378,800
696,379	676,802	1,373,181	Loans on which the final repayment will be made after 5 years amount to:	1,339,531	696,655	642,876

Notes to the consolidated balance sheets

Figures in italics represent deductions

Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
502,655	**567,432**	**1,070,087**	**Deferred liabilities**	**1,269,584**	**722,668**	**546,916**
266,585	380,813	647,398	Unfunded retirement benefits	648,564	402,312	246,252
143,428	137,083	280,511	Taxation not due before 1st January, 1975	422,858	246,474	176,384
33,330	—	*33,330*	Advance corporation tax—United Kingdom	*66,489*	—	*66,489*
125,972	49,536	175,508	Deferred taxation	264,651	73,882	190,769

Inter-Group consists of several accounts between **N.V.** and **Limited.**

Contingent liabilities

The Parent companies have given guarantees in respect of subsidiary companies' liabilities included in the consolidated accounts.

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
61,741	56,515	118,256	Other guarantees amount to:	160,269	78,681	81,588
343,224	143,058	486,282	**Security** has been issued in respect of:	544,515	210,168	334,347
282,694	116,106	398,800	Loan capital	398,166	157,620	240,546
59,788	25,802	85,590	Bank advances	134,984	42,236	92,748
742	1,150	1,892	Creditors	11,365	10,312	1,053
15,988	81,178	97,166	**Bills discounted** at 31st December amount to:	155,386	138,323	17,063

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. 000's

	1973 Combined	N.V.	Limited
Land, buildings and plant	**5,237,565**	**3,116,088**	**2,121,477**
Land and buildings—freehold	1,957,576	1,205,590	751,986
—leasehold—long-term (50 years or over)	214,730	17,618	197,112
—leasehold—short-term	98,773	29,743	69,030
Plant and equipment	2,577,066	1,625,427	951,639
Ships and motor vehicles	389,420	237,710	151,710
Cost—31st December, 1973	10,567,375	6,415,259	4,152,116
1st January, 1973	10,577,924	6,249,868	4,328,056
Sterling/Guilder realignment	*611,759*	—	*611,759*
Expenditure	974,181	625,248	348,933
Proceeds of disposals	*86,816*	*32,723*	*54,093*
New subsidiaries	200,401	112,716	87,685
Exchange and other adjustments	*486,556*	*539,850*	53,294
Depreciation—31st December, 1973	5,329,810	3,299,171	2,030,639
1st January, 1973	5,290,362	3,219,695	2,070,667
Sterling/Guilder realignment	*292,683*	—	*292,683*
New subsidiaries	62,671	36,001	26,670
Exchange and other adjustments	*383,977*	*366,303*	*17,674*
Charged to profit and loss accounts	653,437	409,778	243,659

At 31st December, 1973 capital expenditure authorised by the Boards and still not spent was: **N.V.** Fl. 576,519 (1972: Fl. 407,949), **Limited** Fl. 325,598 (1972: Fl. 300,665). Of these amounts commitments had been entered into for **N.V.** Fl. 162,371 (1972: Fl. 148,222), **Limited** Fl. 104,852 (1972: Fl. 131,453).

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. 000's

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
60,144	**114,402**	**174,546**	**Trade investments**	**214,883**	**123,636**	**91,247**
15,988	41,511	57,499	Quoted shares	80,171	41,490	38,681
36,828	52,074	88,902	Unquoted shares	85,857	48,501	37,356
7,328	20,817	28,145	Loans	48,855	33,645	15,210
			Movements during the year:			
2,657	35,198	37,855	Additions	68,944	30,393	38,551
56,064	*15,017*	*71,081*	Disposals and other adjustments	*28,607*	*21,159*	*7,448*
			Attributable share of:			
159,470	153,866	313,336	Net assets	351,485	173,047	178,438
24,497	13,231	37,728	Net profits after tax	27,795	6,937	20,858
50,288	52,541	102,829	Market value of quoted shares	122,234	50,136	72,098
100,590	71,398	171,988	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	129,673	56,385	73,288

Long-term debtors are debtors not due for repayment within one year, less provisions

1972 Limited	1972 N.V.	1972 Combined		1973 Combined	1973 N.V.	1973 Limited
1,855,755	**2,238,049**	**4,093,804**	**Stocks**	**4,826,881**	**2,680,965**	**2,145,916**
749,324	1,264,911	2,014,235	Raw materials and stocks in process	2,584,435	1,641,565	942,870
463,791	910,234	1,374,025	Finished products	1,522,867	973,383	549,484
642,640	62,904	705,544	Merchandise and other stocks	719,579	66,017	653,562
			Debtors include:			
1,065,076	1,114,803	2,179,879	Trade debtors	2,499,208	1,258,391	1,240,817
			Creditors include:			
827,545	883,704	1,711,249	Debts to suppliers	2,096,435	1,122,553	973,882
32,104	25,189	57,293	Short-term portion of unfunded retirement benefits	56,211	27,812	28,399
82,664	**181,488**	**264,152**	**Marketable securities**	**490,899**	**256,691**	**234,208**
76,343	80,759	157,102	Quoted—at market value	352,481	158,332	194,149
6,321	100,729	107,050	Unquoted	138,418	98,359	40,059

Unilever N.V. balance sheet

as at 31st December

Figures in italics represent deductions

Fl. 000's

1972	1972		1973	1973
		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	
	863,866	Profits retained	1,110,474	
1,558,597				1,805,205
456,205		**Loan capital**		442,762
23,659		**Deferred liabilities**		33,377
3,416		Inter-Group—**Limited**		*5,269*
2,300,105				2,541,135
		Employment of capital		
		Interests in subsidiaries		
	304,579	Shares	304,606	
	1,944,113	Advances	2,234,531	
	96,953	Deposits	*124,988*	
2,151,739				2,414,149
1,161		**Long-term debtors**		202
		Net current assets		
	17,194	Debtors	24,914	
	87,091	Creditors	*81,939*	
	32,529	Provision for taxation	*3,794*	
	137,631	Dividends due or proposed	*129,542*	
	6,625	Marketable securities	86,773	
	380,637	Cash and deposits	230,372	
147,205				126,784
2,300,105				2,541,135

The Board of Directors.

The notes on pages 29 to 41, 43 and 47 to 49 form part of these accounts.

Unilever N.V.—Notes

Figures in italics represent deductions
Fl. 000's

1972		1973
	Profits retained	
688,554	1st January	863,866
—	Revaluation of advances to subsidiaries	9,219
175,312	Profit of the year retained	237,389
	of which: fixed assets replacement reserve	
66,000	(on behalf of subsidiaries)	73,000
863,866	31st December	1,110,474
	of which:	
237,000	Fixed assets replacement reserve	310,000

Loan capital includes an amount of Fl. 15 million which has to be repaid in 1974.

Deferred liabilities represent provision for deferred taxation.

Interests in subsidiaries
Shares in subsidiaries are stated at cost. Profits retained and the profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.

1972		1973
	Debtors include:	
3,511	Payments in advance	2,978
42	Trade debtors	140
	Creditors include:	
2,053	Debts to suppliers	5,868
	Marketable securities	
6,625	Quoted stocks	86,773
	Profit and loss account	
404,781	Profit of the year	466,858
	Proposed profit appropriation in accordance with art. 41 of the Articles of Association	
404,781	Profit of the year	466,858
14,694	Preference dividends	*14,694*
	Profit at disposal of the annual general	
390,087	meeting of shareholders	452,164
214,775	Ordinary dividends	*214,775*
175,312	Profit of the year retained	237,389

Unilever Limited balance sheet

as at 31st December

Figures in italics represent deductions

£000's

1972				1973
		Capital employed		
5,143		**Preferential capital**		5,143
		Ordinary and deferred capital and reserves		
	45,767	Ordinary capital	45,767	
	100	Deferred capital	100	
	8,829	Premiums on capital issued	8,829	
	187,447	Profits retained and other reserves	196,439	
242,143				251,135
85,077		**Loan capital**		84,347
6,095		**Deferred liabilities**		3,244
6,001		Inter-Group—**N.V.**		5,684
344,459				349,553
		Employment of capital		
12,645		**Land, buildings and plant**		12,420
826		**Trade investments**		4,290
		Interests in subsidiaries		
	178,097	Shares	193,746	
	152,869	Advances	239,029	
	87,569	Deposits	*101,149*	
243,397				331,626
		Net current assets		
	16,717	Debtors	8,263	
	5,201	Creditors	*9,746*	
	7,062	Provision for taxation	*10,055*	
	17,655	Dividends due or proposed	*19,867*	
	8,867	Marketable securities	28,305	
	91,925	Cash and deposits	4,317	
87,591				1,217
344,459				349,553

SIR ERNEST WOODROOFE, Chairman
G. D. A. KLIJNSTRA, Vice-Chairman

The notes on pages 34, 35, 37 to 41, 45 and 46 form part of these accounts.

Unilever Limited—Notes

Figures in italics represent deductions
£000's

1972				1973
		Profits retained and other reserves		
175,012		1st January		187,447
	30,103	Profit of the year	26,473	
	188	Bonus shares from subsidiaries	255	
	401	Preferential dividends	*281*	
	17,455	Dividends on ordinary and deferred capital	*17,455*	
12,435		Profit of the year retained		8,992
		of which:		
		Fixed assets replacement reserve		
5,600		(on behalf of subsidiaries)		8,000
187,447		31st December		**196,439**
		of which:		
25,400		Fixed assets replacement reserve		33,400
		Deferred liabilities:		
	4,748	Unfunded retirement benefits	4,769	
	3,200	U.K. corporation tax	4,505	
	4,403	Advance corporation tax	*9,255*	
	2,550	Deferred taxation	3,225	
	6,095		**3,244**	
		Land, buildings and plant:		
		Land and buildings—freehold	6,909	
		—leasehold—long-term (50 years or over)	523	
		—leasehold—short-term	42	
		Plant and equipment	4,946	
			12,420	

	Cost	Depreciation
Movements during the year:		
1st January, 1973	21,581	*8,936*
Expenditure	1,271	—
Proceeds of disposals	*146*	—
Other adjustments	*224*	165
Charged to profit and loss account	—	*1,291*
31st December, 1973	22,482	*10,062*

At 31st December, 1973 capital expenditure authorised by the Board and still not spent was £6,420 (1972: £1,058). Of this amount commitments had been entered into for £1,010 (1972: £728).

Unilever Limited—Notes

Figures in italics represent deductions
£000's

1972		1973
	Trade investments at net book value at 31st December, 1947 with additions at cost or valuation less £929 written off.	
—	Quoted shares	3,431
739	Unquoted shares	770
87	Loans	89
826		**4,290**
—	Market value of quoted shares	3,401
1,392	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	1,429

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

Interests in subsidiaries
Profits retained and the profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.

1972		1973
	Marketable securities:	
8,866	Quoted—at market value	28,304
1	Unquoted	1
8,867		**28,305**

Cash and deposits
At 31st December subsidiaries in the United Kingdom also held funds of £37 million (1972: £nil).

1972		1973
	Profit of the year is after charging	
25	Auditors' remuneration	32

Emoluments of Directors and senior employees
During 1973 there were no Directors who served for only part of the year (1972: one).

The Chairman received remuneration of £50,063 (1972: £47,000).

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.

Excluding the Chairman the following numbers of Directors received remuneration as follows:

1972		1973
1	£2,501– £5,000	–
3	£5,001– £7,500	4
1	£10,001–£12,500	1
1	£12,501–£15,000	–
2	£15,001–£17,500	2
2	£17,501–£20,000	2
5	£20,001–£22,500	2
2	£22,501–£25,000	4
1	£25,001–£27,500	2
1	£27,501–£30,000	1
–	£30,001–£32,500	1
1	£32,501–£35,000	–
1	£37,501–£40,000	1
–	£40,001–£42,500	1
21		21

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

1972		1973
107	£10,000–£12,500	119
43	£12,501–£15,000	63
16	£15,001–£17,500	20
6	£17,501–£20,000	13
9	£20,001–£22,500	9
3	£22,501–£25,000	3
–	£25,001–£27,500	1
184		228

Principal subsidiaries

The percentage of equity held is 100% except where otherwise stated.

N.V.'s principal subsidiaries are held through subsidiaries with the exception of Nederlandse Unilever Bedrijven, Lipoma, Marga, Mavibel, Noorda, Saponia, Unilever Grondstoffen Mij. and Wemado, in the Netherlands.

Limited's principal subsidiaries are held directly with the exception of Commercial Plastics, Mattessons Meats, Synthetic Resins and Vinyl Products in the United Kingdom, Monarch Fine Foods, Shopsy's Foods and A & W Food Services in Canada and the interests in Africa [except Pamol (Cameroons)], Australasia, France, Malaysia and Sri Lanka.

	% of equity held
Europe	
Belgium—N.V. group	
Hartog's Levensmiddelen N.V., Brussels	
Iglo-Ola N.V., Brussels	
Lever N.V., Brussels	
Union N.V., Merksem-Antwerp	
N.V. Zwanenberg's Levensmiddelenbedrijf 'Zwan', Schoten	
Denmark—N.V. group	
Uni-Dan A/S, Copenhagen	
Germany—N.V. group	
Deutsche Unilever G.m.b.H., Hamburg	
Bensdorp G.m.b.H., Cleves	
Schiffahrts- und Speditionskontor 'Elbe' G.m.b.H., Hamburg	
Elida-Gibbs G.m.b.H., Hamburg	
4P Folie Forchheim G.m.b.H., Forchheim	
Preference capital	100
4P Papier Günzach G.m.b.H., Günzach	
Langnese-Iglo G.m.b.H., Hamburg	75
Lever Sunlicht G.m.b.H., Hamburg	
Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf, Bremen	
4P Nicolaus Kempten G.m.b.H., Kempten	
4P Nicolaus Ronsberg G.m.b.H., Ronsberg	
'Nordsee' Deutsche Hochseefischerei G.m.b.H., Bremerhaven	68
Preference capital	68
4P Rube Göttingen G.m.b.H., Göttingen	
Scado G.m.b.H., Emslage	
'Unichema' Chemie-Gesellschaft m.b.H., Hamburg	
Union Deutsche Lebensmittelwerke G.m.b.H., Hamburg	
Spain—N.V. group	
Agra S.A., Lamiacó	
Frigo S.A., Barcelona	86
Lever Ibérica S.A., Madrid	
France—N.V. group	
Astra-Calvé S.A., Courbevoie	99
Bertrand Frères S.A., Grasse	99
Compagnie Française de Nutrition Animale S.A., Tours	99
4P Emballages France S.A., Allonne	99
La Roche aux Fées S.A., Nantes	93
Etablissements Rousset S.A., Vénissieux	93
Société Autonome de Transports et de Magasinage S.A., Paris	99
Savonneries Lever S.A., Paris	99
Société des Thés de l'Eléphant S.A., Marseille	98
Sheby S.A., Bezons	94
Thibaud Gibbs et Cie. S.A., Paris	99
Unilever Export France S.A., Courbevoie	99
Union Générale des Glycérines, Paris	79
—Limited group	
Compagnie du Niger Français S.A., Paris	81
Fragep S.A., Paris	85
Greece—N.V. group	
Industrie Hellénique de Détergents S.A. (E.V.A.), Athens	79
Lever Hellas A.E., Athens	79
Republic of Ireland—Limited group	
Lever Brothers (Ireland) Ltd., Dublin	
W. & C. McDonnell Ltd., Dublin	
Paul and Vincent Ltd., Dublin	
H B Icecream Ltd., Dublin	
Italy—N.V. group	
Unil-It S.p.A., Milan	
Algel-Findus S.p.A., Cisterna	75
Sages S.p.A., Milan	75
The Netherlands—N.V. group	
Nederlandse Unilever Bedrijven B.V., Rotterdam	
Preference capital	99
African and Eastern Trading Company Holland B.V., Rotterdam	
Bensdorp B.V., Bussum	
Van den Bergh en Jurgens B.V., Rotterdam	
Koninklijke Maatschappij De Betuwe B.V., Tiel	
Binfürst Autotransport B.V., Rotterdam	
Calvé-De Betuwe B.V., Delft	
Croklaan B.V., Wormerveer	
4P Drukkerij Reclame B.V., Rotterdam	
H. Hartog's Fabrieken B.V., Oss	
Iglo B.V., Utrecht	
Lever's Zeep-Maatschappij B.V., Rotterdam	
'Lipoma', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Lucas Aardenburg B.V., Hoogeveen	
'Marga', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Handelmaatschappij Marko B.V., Rotterdam	
Mavibel (Maatschappij voor Internationale Beleggingen) B.V., Rotterdam	
Mengvoeder UT-Delfia B.V., Maarssen	
E. Noack's Koninklijke Fijne Vleeswaren- en Conservenfabrieken B.V., Amersfoort	
Handelmaatschappij Noorda B.V., Rotterdam	
Norfolk Lijn B.V., The Hague	
* Pensioenverzekeringmaatschappij 'Progress' N.V., Rotterdam	91
Bakhuis' Vleeswaren- en Conservenfabrieken Olba B.V., Olst	
Safial B.V., Rotterdam	75
'Saponia', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Scado B.V., Zwolle	
Sheby-Kemi B.V., Wormerveer	
U. Twijnstra's Oliefabrieken B.V., Akkrum	
Exportslachterij Udema B.V., Gieten	
Unilever-Emery N.V., Gouda	50
Preference capital	50
Unilever Export B.V., Rotterdam	
Unilever Grondstoffen Maatschappij B.V., Rotterdam	
Unimills B.V., Zwijndrecht	
Unox B.V., Oss	
Verenigde Zeepfabrieken B.V., Rotterdam	
Viruly B.V., Maarssen	
'Wemado', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Zwanenberg's Fabrieken B.V., Oss	
Austria—N.V. group	
Österreichische Unilever G.m.b.H., Vienna	
Allpack Verpackungen Gesellschaft m.b.H., Vienna	
'Apollo' Seifen und Waschmittel G.m.b.H., Vienna	

* Pensioenverzekeringmaatschappij 'Progress' N.V. is not consolidated. It publishes separate accounts.

	% of equity held
Bensdorp G.m.b.H., Vienna	
Elida Gesellschaft m.b.H., Vienna	
Eskimo-Iglo G.m.b.H., Vienna	75
'Kunerol' Nahrungsmittel G.m.b.H., Vienna	
Unichema Vertriebsgesellschaft m.b.H., Vienna	

Portugal—N.V. group

Iglo Indústrias de Gelados, Lda., Lisbon	74
Indústrias Lever Portuguesa, Lda., Sacavem	60

Switzerland—N.V. group

Unilever (Schweiz) A.G., Zürich	
'Astra' Fett- und Oelwerke A.G., Steffisburg	87
Elida Cosmetic A.G., Zürich	
Sais A.G., Zürich	
Sunlight A.G., Olten	

Finland—N.V. group

Gibbs Oy, Turku
Lumivalko Oy, Turku
S.W. Paasivaara-Yhtymä Oy, Helsinki
Turun Saippua Oy, Åbo

Sweden—N.V. group

AB Centrava, Stockholm
AB Liva Fabriker, Lidingö
Novia Livsmedelsindustrier AB, Stockholm
Scado AB, Landskrona
AB Sunlight, Nyköping
AB Vandenberghs Margarin, Lidingö

Turkey—N.V. group

Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi, Istanbul	80

United Kingdom—Limited group

	% of equity held
Associated Feed Manufacturers Ltd., Belfast	
Austin Packaging Group Ltd., Bromborough	
Batchelors Foods Ltd., Sheffield	
Birds Eye Foods Ltd., Walton-on-Thames	
BOCM Silcock Ltd., Basingstoke	
Chemical and Industrial Investment Company Ltd., Wallsend	
Clynol Ltd., London	
Commercial Plastics Industries Ltd., Wallsend	
C.W.A. Holdings Ltd., London	
Joseph Crosfield & Sons Ltd., Warrington	
Elida Gibbs Ltd., London	
Food Industries Ltd., Liverpool	
Ford & Slater Holdings Ltd., Leicester	99
Lawson of Dyce Ltd., Aberdeen	
Lever Brothers Ltd., London	
Leverton Group Ltd., London	
Lipton Ltd., London	
Mac Fisheries Ltd., Bracknell	
Robert B. Massey & Co. Ltd., York	
Mattessons Meats Ltd., London	
Midland Poultry Holdings Ltd., Craven Arms	
Palm Line Ltd., London	
Price's Chemicals Ltd., Bromborough	
Proprietary Perfumes Ltd., Ashford	
Reichhold Chemicals Ltd., Liverpool	
Richmond Sausage Company Ltd., Liverpool	
S.P.D. Ltd., Watford	
Synthetic Resins Ltd., Liverpool	
Thames Board Mills Ltd., Purfleet	
Thames Case Ltd., Purfleet	
Unilever Export Ltd., London	
Unilever (Commonwealth Holdings) Ltd., London	
UML Ltd., Port Sunlight	
UAC International Limited, London	
U.A.C. Holdings Ltd., London	
Van den Berghs and Jurgens Ltd., London	
Vinyl Products Ltd., Carshalton	
T. Wall & Sons Ltd., London	
John West Foods Ltd., Liverpool	

North and South America

Canada—N.V. group

Thomas J. Lipton Ltd., Toronto	99

—Limited group

Lever Brothers Ltd., Toronto
Monarch Fine Foods Co. Ltd., Toronto
Shopsy's Foods Ltd., Weston
A & W Food Services of Canada Ltd., Toronto

Netherlands Antilles—N.V. group

N.V. Becumij, Willemstad
Mavibel International N.V., Willemstad

United States of America—N.V. group

Lever Brothers Company, Portland	
Thomas J. Lipton Inc., Dover	99

Argentina—N.V. group

Lever y Asociados Sociedad Anonima Comercial Industrial y Financiera, Buenos Aires	99

Brazil—N.V. group

Industrias Gessy Lever S.A., Sao Paulo	99

Colombia—N.V. group

Compañia Colombiana de Grasas 'Cogra' S.A., Bogotá
Productos Lever S.A., Bogotá

Trinidad—Limited group

Lever Brothers West Indies Ltd., Port of Spain	75

Venezuela—N.V. group

Lever S.A., Caracas

Africa

	% of equity held

United Republic of Cameroons —Limited group

Pamol (Cameroons) Ltd., London
Plantations Pamol du Cameroun Ltd., Lobe

People's Republic of the Congo (Brazzaville)—Limited group

Société Commerciale du Kouilou Niari-Congo S.A., Brazzaville	96

Republic of Zaire—N.V. group

Plantations Lever au Zaïre s.a.r.l., Kinshasa	98
Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l., Kinshasa	

—Limited group

Sedec s.a.r.l., Kinshasa	99

Gabon—Limited group

Hatton et Cookson S.A., Libreville	99

Ghana—Limited group

Kingsway Stores of Ghana Ltd., Accra	89
Lever Brothers Ghana Ltd., Accra	51
The United Africa Company of Ghana Ltd., Accra	

Ivory Coast—Limited group

Compagnie Française de la Côte d'Ivoire S.A., Abidjan	99

Kenya—Limited group

East Africa Industries Ltd., Nairobi	54
Gailey & Roberts Ltd., Nairobi	

Malawi—Limited group

Lever Brothers (Malawi) Ltd., Limbe

Morocco—Limited group

Aetco Lever Maroc, Casablanca	99

Nigeria—Limited group

Lever Brothers Nigeria Ltd., Apapa	60
Norspin Ltd., Lagos	63
Pamol (Nigeria) Ltd., Lagos	
UAC of Nigeria Ltd., Lagos	

Rhodesia—Limited group

Lever Brothers (Private) Ltd., Salisbury

Sierra Leone—Limited group

The United Africa Company of Sierra Leone Ltd., Freetown

South Africa—Limited group

Hudson & Knight (Pty.) Ltd., Durban
Lever Brothers (Pty.) Ltd., Durban
Lever's Stock Feeds (Pty.) Ltd., Durban
Unilever South Africa (Pty.) Ltd., Durban

	% of equity held
Van den Bergh and Jurgens (Pty.) Ltd., Durban	
T. Wall & Sons (Pty.) Ltd., Durban	
Tanzania—Limited group	
The United Africa Company of Tanzania Ltd., Dar es Salaam	
Uganda—Limited group	
Gailey & Roberts (Uganda) Ltd., Kampala	
Zambia—Limited group	
K. B. Davies & Co. (Zambia) Ltd., Chingola	

Rest of World

	% of equity held
India—Limited group	
Hindustan Lever Ltd., Bombay	85
Indonesia—N.V. group	
Van den Bergh's Fabrieken Indonesia N.V., Jakarta	
Maatschappij ter Exploitatie der Colibri-Fabrieken N.V., Jakarta	
Lever's Zeepfabrieken Indonesia N.V., Jakarta	
Japan—N.V. group	
Hohnen-Lever Company Ltd., Tokyo	70
Malaysia—Limited group	
Lever Brothers (Malaysia) Sdn. Bhd., Kuala Lumpur	
Pamol (Malaya) Sdn. Bhd., Kuala Lumpur	
Pamol (Sabah) Ltd., London	
Pakistan—Limited group	
Lever Brothers Pakistan Ltd., Karachi	70

	% of equity held
Philippines—N.V. group	
Philippine Refining Company Inc., Manila	
Sri Lanka—Limited group	
Lever Brothers (Ceylon) Ltd., Colombo	
Thailand—N.V. group	
Lever Brothers (Thailand) Ltd., Bangkok	
Australia—Limited group	
Rosella Foods Pty. Ltd., Richmond	
Streets Ice Cream Pty. Ltd., Sydney	
Unilever Australia Pty. Ltd., Sydney	
New Zealand—Limited group	
Lever Brothers (New Zealand) Ltd., Petone	
Unilever New Zealand Ltd., Petone	

Principal trade investments

	% of equity held
Germany—N.V. group	
Fritz Homann G.m.b.H.	50
Netherlands—N.V. group	
Gamma Holdings N.V.	43
United Kingdom—Limited group	
Ellis & Everard Ltd.	33
Nigeria—Limited group	
Guinness (Nigeria) Ltd.	22
Nigerian Breweries Ltd.	33

Combined earnings per share and dividends

1973 above 1972	Dutch Guilders	Sterling Pence	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Rates of exchange: one unit = Fl.		**6.50**	**0.1424**	**0.0689**	**0.6041**	**1.0420**	**0.8718**	**2.80**
		7.57	0.1392	0.0724	0.6343	1.0069	0.8463	3.24
Earnings[1][2]								
Per Fl. 20 of capital	**19.83**	**305.04**	**139.24**	**287.77**	**32.82**	**19.03**	**22.74**	**7.08**
	17.70	233.76	127.12	244.41	27.90	17.57	20.91	5.46
Per 25p of capital	**2.97**	**45.76**	**20.89**	**43.17**	**4.92**	**2.85**	**3.41**	**1.06**
	2.65	35.06	19.07	36.66	4.18	2.64	3.14	0.82
Earnings plus depreciation								
Per Fl. 20 of capital	**31.54**	**485.30**	**221.52**	**457.83**	**52.22**	**30.27**	**36.18**	**11.27**
	29.24	386.22	210.03	403.82	46.09	29.04	34.55	9.02
Per 25p of capital	**4.73**	**72.79**	**33.23**	**68.67**	**7.83**	**4.54**	**5.43**	**1.69**
	4.39	57.93	31.50	60.57	6.91	4.36	5.18	1.35
Dividends[2]								
Per Fl. 20 of capital	**6.71**	**103.23**	**47.12**	**97.39**	**11.11**	**6.44**	**7.70**	**2.40**
	6.71	88.64	48.20	92.68	10.58	6.66	7.93	2.07
Per 25p of capital	**0.72**	**11.03**	**5.04**	**10.41**	**1.19**	**0.69**	**0.82**	**0.26**
	0.83	11.02	5.99	11.52	1.31	0.83	0.99	0.26

[1]) The figure of earnings per share is a guide for comparing combined earnings from year to year. A booklet, Equalisation Agreement and Earnings per Share, reprinted in 1973, is available on request.

The calculation of earnings per share is based on the combined profit of the year accruing to ordinary capital divided by the combined number of share units representing the combined ordinary capital of **N.V.** and **Limited** of Fl. 1,189 million less Fl. 74 million, being 73% of the ordinary capital held by the Leverhulme Trust on which the rights to dividends which would flow back to the Company, have been waived. For the calculation of combined ordinary capital the rate of exchange £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. The combined number of share units is therefore 55,769,911 of Fl. 20 or, alternatively, 371,799,408 of 25 pence.

[2]) Rates of exchange quoted above have been used to convert figures in this table. The change in rates between 1972 and 1973 results in the percentage growth being different according to the currency in which it is expressed.

The value of dividends received by shareholders in currencies other than guilders or sterling will be affected by fluctuations in the rates of exchange after the year end.

Salient figures in other currencies

1973 above 1972	Sterling £	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Rates of exchange: one unit = Fl.	**6.50**	**0.1424**	**0.0689**	**0.6041**	**1.0420**	**0.8718**	**2.80**
	7.57	0.1392	0.0724	0.6343	1.0069	0.8463	3.24
Million							
Sales to third parties	**4,492**	**205,055**	**423,765**	**48,332**	**28,029**	**33,510**	**10,421**
	3,545	192,750	370,613	42,286	26,655	31,688	8,330
Operating profit	**338**	**15,402**	**31,831**	**3,630**	**2,105**	**2,517**	**783**
	257	13,989	26,897	3,069	1,934	2,300	605
Taxation on profit of the year	***156***	***7,109***	***14,691***	***1,676***	***972***	***1,162***	***361***
	112	*6,084*	*11,697*	*1,335*	*841*	*1,000*	*263*
Profit of the year accruing to ordinary capital	**170**	**7,766**	**16,049**	**1,830**	**1,062**	**1,269**	**395**
	130	7,089	13,631	1,555	980	1,166	307
Ordinary dividends	***50***	***2,305***	***4,764***	***543***	***315***	***377***	***117***
	46	*2,492*	*4,791*	*547*	*344*	*410*	*108*
Profit of the year retained	**120**	**5,461**	**11,285**	**1,287**	**747**	**892**	**278**
	84	4,597	8,840	1,008	636	756	199
Capital employed	**1,622**	**74,044**	**153,019**	**17,453**	**10,121**	**12,100**	**3,763**
	1,366	74,269	142,803	16,293	10,270	12,210	3,210
Net liquid funds	**211**	**9,629**	**19,899**	**2,270**	**1,316**	**1,574**	**489**
	207	11,280	21,689	2,475	1,560	1,854	487
Capital expenditure	**150**	**6,842**	**14,139**	**1,613**	**935**	**1,118**	**348**
	122	6,658	12,801	1,461	921	1,095	288
Depreciation	***100***	***4,589***	***9,484***	***1,082***	***627***	***750***	***233***
	85	*4,624*	*8,890*	*1,014*	*639*	*760*	*200*

Reference is made to the notes on pages 8 and 26 regarding the dividends.

Dates

Dividends and interest

Ordinary	Interim	Announced mid-November. Payable second half of December.
	Final	Proposed end of February. Payable second half of May (New York shares: beginning of June).
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.
6% Notes 1972/91		Payable 15th January.
8% Notes 1975		Payable 1st December.
6¾% Notes 1986		Payable 15th February.

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.

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Edible Fats and Chilled Dairy Products

Our food business in Europe is spread over three product divisions. Last year we dealt with Food and Drinks. The present survey covers what we call Edible Fats and Chilled Dairy Products. In other words, margarine, table oils, shortenings, specialities for chocolate confectionery, bakers and caterers, soya meal, oil cake and refined edible oils, yoghurts, chilled desserts—a product range of great variety.

The evolution of margarine

The firms from which Unilever was created were pioneers in margarine, and Unilever is today the world's largest producer.

Originally, margarine was a straightforward butter substitute. It relieved the shortage of butter which would otherwise have afflicted the growing working class of 19th century industrial Europe. It has, however, come a long way from that humble beginning. It is today a whole class of products, some of which have advantages butter notably lacks. We can rightfully claim that a great deal of the advance is based on Unilever research, including pioneering the addition of vitamins to margarine.

First, we have studied the components of butter flavour, how the sensation of taste is produced. We have analysed, not one butter, but butters from many parts of the world and we can match their differing flavours. This ability has, for instance, made 'Rama' in Germany the biggest selling margarine in the world.

Secondly, we early realised the importance of making margarine easily spreadable even when it is taken straight from the refrigerator. To achieve this innovation involved a change in packaging, which was relatively easy. But it took years of research to gain an understanding of the crystallisation of mixtures of fats and oils which, together with the process of emulsification, govern the texture of margarine.

Thirdly, our Research Laboratory at Vlaardingen in the Netherlands, which is probably the world's leading oils and fats laboratory, was amongst the pioneers in investigating the connections between atherosclerosis, the cholesterol level in the blood, and polyunsaturates. They worked for many years to develop the polyunsaturated margarines like 'Becel' in the Netherlands, 'Flora' in the United Kingdom, and 'Promise' in the United States, with which so many people now protect their health.

In short, margarine is no longer a butter substitute. It can do everything the consumer asks from butter. It can also meet requirements which butter cannot. It is, therefore, unjust that it is still sometimes discriminated against by legal restrictions like the compulsory cube shape in Belgium and France, the limitations on flavour in France and Switzerland, the compulsory quotas in Australia, the compulsory, and objectionable, orange colour in Canada, and compulsory tracers in Belgium, though we hope these will soon disappear. It is unfortunate, too, that the European Community's Agricultural Policy subsidises an over-production of butter.

Our research has not only produced better margarines for the housewife, it has also produced better margarines and other speciality fats for industry. We manufacture one product which melts and holds consistency in a way suitable for puff pastry, another for biscuits, another for cream fillings and yet a fourth for confectionery. Indeed, we sell a whole range of such fats and margarines. We may sell the baker fats with emulsifiers and other ingredients added in order to save him the labour he can no longer afford. We may take out particular fractions of palm oil in order to provide the confectioner with the quick melting fat he needs for chocolate and other kinds of couverture. We make a special fat for the chocolate manufacturer tailored specifically to his needs for quality. The problem of bloom that appears on the surface of chocolate under certain conditions of storage is cured by the use of a proportion of this product.

Our growth in margarine has been slowed down by stagnation in the consumption of edible fats per head in the developed countries, though there is still considerable growth to come in some of the developing countries where per capita consumption is low.

Edible oils

We are still small in the cooking and table oil market, but we have made advances in the United Kingdom, France and Germany in that segment of the market which caters for those who want a high quality oil, packed in an attractive pack, which the housewife finds easy to grip and to re-close.

Variety of raw materials

We have equally used knowledge built up over many years in order to enable us to make our products from a wide range of raw materials, according to their availability and price. We have been greatly helped in our endeavours by the free access to the world market traditionally allowed by most European countries and now by the enlarged Community. We have thus been able to solve the problems presented by developments as diverse as the disappearance of whale oil and the scarcity and relative expensiveness of groundnut oil; partly, this has been achieved by research into the nature of the oils and fats themselves; partly by improvements in treatment, notably of soya oil.

Advances in oil seed extraction

In oil seed extraction our growth has been great in the past few years and the future offers further opportunity. Our oil mills used to expel oil by mechanical processes from tropical oil seeds like groundnut, copra and palm kernels. We also had some small oil extraction plants. In more recent

years the supply of tropical oil seeds has fallen away as the producing countries developed their own milling industry.
Simultaneously, however, there has been a huge increase in the demand for soya meal from extraction plants as the main protein constituent of animal feeds. This is due to a complex of factors. For example, since the second world war the harvest of soya beans in the United States has built up until it is now much the biggest oilseed crop anywhere. Then there is the great increase in the intensive feeding of pigs, and also of poultry, in Europe. In these new conditions we have replaced our small mills with extraction plants whose huge size enables them to take advantage of the large economies of scale which are available in extraction. We have two, each with a capacity of a million tons of seed a year in Germany; one in the Netherlands, and one in the United Kingdom which will shortly be brought up to the same size.

Opportunities in vegetable protein

An even more exciting possibility is specially treated soya protein for human consumption. We have recently sanctioned a 30,000-ton plant for these as a first step. People have always eaten vegetable protein as a regular part of their diet. One has only to think of the place of beans and peas in European diets or of groundnuts in West Africa and parts of India, but it is only in the past few years that the technical problems involved in making soya protein palatable have been solved. Now that they have, one may expect to see it widely used in all kinds of food since the traditional animal proteins—fish and meat—are becoming scarcer and more expensive all the time.

Extension into the chilled cabinet

In 1967 we decided that our experience in food marketing, in chilled distribution and in food research would justify a major extension in the chilled cabinet, mainly with dairy products.

We had gone into processed cheese in Germany before the second world war and this had extended into fresh dairy products. So we knew something about the industry.

The development in many countries of bigger shops, notably supermarkets, meant that chilled cabinets were both more usual and bigger than they had previously been. More and more people were buying refrigerators, as has already been noted. So there was an opportunity.

We had experience of low temperature distribution in margarine and frozen food and we had both research and practical knowledge of flavours and ingredients such as fruit, which would be needed if we were to put on the market a range going beyond the traditional fresh yoghurt.

Our confidence was justified. Our research has been able to extend the shelf life of chilled products, for instance, by aseptic processing. By judicious acquisition, we speeded up the process of extending ourselves around Europe, and we now produce in seven of the European countries and are planning production in an eighth.

Brand names such as 'La Roche aux Fées' in France, 'Jacky' in Belgium and Finland, 'Jolly' in the Netherlands and Sweden, 'Elite' in Germany, and 'Cool Country' in the United Kingdom are becoming universally known. Our sales have increased by 20 to 30% per annum. Our product range, especially in desserts, has been steadily extended. In 1973 we sold 125,000 tons of chilled dairy products and there is still much expansion possible, not only in the original dairy products, but also in many other chilled foods.

In conclusion, our Edible Fats and Chilled Dairy Products group combines our oldest success with our newest diversification. Through all the product fields in which it operates, there runs a consistent emphasis on basic research, long term development, distribution which ensures freshness, and a concern for the specialised requirements of our consumers. It is this combination which has more than doubled our sales in the past ten years and given this group in 1973 sales of Fl. 8,500 million.

Some of the brands and varieties mentioned in the text are included in the selection above. More than 20 products are shown, marketed in 8 countries, but they form only a small part of the total.

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