Unilever
Report and Accounts 1976

Unilever N.V.
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The Unilever group of companies provides a wide range of products and services in some 75 countries, employing over 300 000 people. It has existed for nearly 50 years as a group, but can trace its roots much further back than that.

There are two parent companies: Unilever N.V., Rotterdam, and Unilever Limited, London. Equal partners, they have identical Boards of Directors and are linked by agreements, one of which equalises the dividends payable on the ordinary capital of N.V. and of Limited, according to a formula set out elsewhere in this Report. Unilever operates as one group. The combined affairs of N.V. and Limited are, therefore, more important to shareholders than those of the two separate companies and the Report and Accounts deals, as usual, with the operations and results of Unilever as a whole: except where stated otherwise, all the figures are for N.V. and Limited combined.

The larger part of Unilever is in branded and packaged consumer goods: mainly foods, detergents and toilet preparations. The foods include margarine, other fats and oils, ice cream, frozen and other convenience products, meat, fish, tea and other drinks. Unilever has other important activities, such as chemicals, paper, plastics and packaging, animal feeds, transport and tropical plantations. UAC International, a major Unilever company, has substantial interests in Africa and other parts of the world in diverse industrial ventures, and as merchants and specialist distributors.

Unilever is one of the dozen largest businesses in the world by turnover—and the largest in consumer goods. The geographical spread and diversity of its operations help to give it strength and stability.

Contents

Cover photograph: Lester Bookbinder.

A special survey of our toiletries business is issued as a supplement to this Report.

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J. M. Goudswaard, *Vice-Chairman*

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Jonkheer I. E. B. Quarles van Ufford

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G. K. G. Stevens

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The Viscount Trenchard

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R. Mueller

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C. Zwagerman

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Auditors

Price Waterhouse & Co.

Coopers & Lybrand Nederland

Review of 1976

The economic background
Economic conditions in 1976 were more favourable than in 1975. There was a recovery from economic recession in the industrialised world, and in the first half of the year it was quite pronounced. Many mineral oil-exporting countries continued to boom. Some developing countries recorded another year of growth, helped by a renewed increase in other commodity prices; all mineral oil-importing countries suffered in varying degrees from increased oil prices. The growing burden of external debt of some developing countries is a worrying feature of the world economic scene.

Inflation was not as severe in 1976 as it had been in 1974 and 1975 but it was still high. It averaged 11% for the world in which Unilever operates. In Germany, Switzerland and the United States, notably, the rate of inflation came down to levels significantly below the average. India achieved the rare feat of a year when prices actually went down.

However, levels of unemployment did not respond to the limited economic recovery and even rose in a number of countries.

The more favourable economic conditions have led to an increase in published profits in many countries, but the trend is to a decline in real profitability to levels which are too low not least in our two home countries, the Netherlands and the United Kingdom. This trend must be reversed if new investment is to be made on the scale required for the healthy expansion of the world economy. There are signs that governments are becoming aware of this need, and some measures to improve the conditions for business have been taken.

International developments
It was not a good year for the European Community (E.C.). Progress towards integration was slow; the weaker and stronger economies within the Community tended to drift further apart in standards of living. But there was some progress on the harmonisation of legislation. Agreement has been reached on the principle of direct elections to the European Parliament in 1978, which may give the Community a new impetus towards further integration.

In the international context three developments in the past year have been of special interest to us.

First, there was the promulgation by the Organisation for Economic Co-operation and Development (OECD) of guidelines for multinational enterprises. We have publicly expressed our support for, and our determination to comply with, these guidelines which are very similar to the standards it has been our long-standing practice to observe. This Report and Accounts meets the guidelines on disclosure of information. We attach great significance to the recognition by the governments of the OECD countries that they also have to respect certain rules, in particular their understanding that there should be no discrimination between nationally-owned and foreign-owned companies.

The second was the European Commission's proposal for a tax on edible oils and fats. This is a totally unjustifiable proposal. It is part of an attempt to deal with a structural surplus of milk in the Community. It is necessary to find acceptable solutions to this problem, but there is no reason to try and do so at the expense of another industry and its consumers. The Commission's proposal—without contributing to the solution of the dairy problem—would, moreover, increase the cost of living, and hamper exports from the developing countries.

The third development was the adoption by the United Nations Conference on Trade and Development (UNCTAD) of a resolution to convene further meetings on an integrated programme for some 20 commodities, including oils and fats. This seeks to protect the economies of developing countries by universal buffer stock schemes linked to the indexation of raw material prices. For edible oils and fats the practical difficulties of such an approach would be immense. In our view such commodity agreements would be likely to disrupt the world market. We believe that the export income of developing countries would be better safeguarded by compensatory finance schemes—such as those provided under the Lomé Agreement and under the International Monetary Fund compensatory finance facility—rather than by interfering with the long-term balance of supply and demand.

The year in brief
Volume accounted for 8% of the increase in sales for 1976. Profits showed a good recovery as compared with the disappointing results in 1975. Restocking in the first half-year, particularly in Europe, contributed to these improved figures. Owing to movements in exchange rates the real rise in sales is not reflected in the guilder figures.

In Europe there was a major improvement in most product groups as compared with the poor results in 1975. However, margins in general are still too low. Results in margarine, other fats and oils, and other foods, chemicals, paper, plastics and packaging and animal feeds showed a marked recovery. Frozen foods and ice cream again did well. Our toilet preparations businesses showed further growth. Our two major meat companies continued to make operating losses. These were increased by heavy costs of restructuring in the United Kingdom.

In North America results were generally satisfactory.

In most other countries outside Europe there was further sales and profit growth. UAC International contributed substantially to the higher 1976 results.

Exchange rates and their effect on reported figures
It was a year of substantial variations in the floating rates of exchange between major currencies and almost all currencies were caught up in the resulting instability. Sterling, the French franc and the Italian lira, all fell substantially against the guilder and deutschmark particularly. The dollar depreciated against the linked European currencies but appreciated against sterling, the franc and the lira.

Had rates remained at end 1975 levels the increase in operating profit in guilders and sterling would have been 52%. Our accounts for 1976 have as usual been prepared using the 1976 closing rates of exchange, and on this basis the increase in operating profit expressed in guilders is 33%. About half of the difference between the two percentages is caused by the rise in value of the guilder against sterling, and the balance by the increase against many other currencies.

At the end of 1975 the exchange rate was £1 = Fl. 5.43. The 1976 accounts have been prepared using the rate of Fl. 4.18, which resulted in a decrease of 23%. All the figures in **Limited's** accounts, which are in sterling, are consequently appreciably higher. In particular, increases in sales, profits, capital expenditure and net liquid funds are much greater than those shown in **N.V.'s** accounts, which are stated in guilders. For example, the increase in operating profit over 1975 in sterling was 73%.

Finance
The dominant influences on our financial position in 1976 were the recovery of profits from the depressed level of 1975 and an increase in working capital as against a reduction in 1975. This increase was caused by higher raw material prices as well as by higher sales volume. Capital expenditure remained well above depreciation.

Our net liquid funds rose by Fl. 267 million of which Fl. 210 million was additional loan capital raised to provide for possible future needs. Net liquid funds at the year-end represented a little under 5% of the year's sales to third parties. The corresponding percentage both in 1975 and on average over the last 10 years was 4%. The strength of our balance sheet gives us confidence that we can meet the financial pressures arising both from our heavy capital expenditure programme and from any sudden increases in working capital arising from world inflation and raw material price fluctuations.

During 1976 we spent a total of Fl. 59 million on acquisitions.

Prospects
Inflation will remain high in most countries, with raw material costs expected to rise more rapidly than general inflation. Unemployment is not likely to fall in the current year.

Industrial activity in the first few months of 1977 will not have the benefit of the considerable restocking that took place in the corresponding months of the previous year. While growth of the economies in which we operate is expected to be a little slower than last year, there should be reasonable growth in the particular market areas with which we are concerned. In general our business is expected to make progress during 1977.

Nigeria
The Nigerian Government has introduced legislation which will require Nigerian shareholding in most of our businesses there to increase from 40% to 60%. This will apply to the greater part of our interests there in 1977 and to the rest in 1978. The interests to which it applies will no longer be included in our accounts as subsidiaries but as associated companies, thus full sales and operating profit will not be included in the figures, but only our share in the profits.

Had this situation existed in 1976 profit attributable would have been reduced by 4%.

Employees
The progress that was achieved during the year was made possible only by the efforts of our employees throughout the business, and we wish to record our warm thanks to them.

Quarterly results

Fl. million	Sales to third parties		Operating profit		Profit attributable to ordinary capital		Earnings per share guilders per Fl. 20 pence per 25p	
	1975	**1976**	1975	**1976**	1975	**1976**	1975	**1976**
1st Quarter	8 626	**8 719**	228	**566**	61	**258**	Fl. 1.10	**Fl. 4.63**
	23%	**24%**	12%	**22%**	8%	**22%**	2.96p	**16.61p**
2nd Quarter	9 218	**9 016**	446	**721**	144	**299**	Fl. 2.58	**Fl. 5.37**
	25%	**25%**	22%	**27%**	19%	**25%**	7.27p	**19.25p**
3rd Quarter	9 100	**9 204**	675	**796**	276	**339**	Fl. 4.95	**Fl. 6.08**
	25%	**25%**	34%	**30%**	36%	**29%**	13.73p	**21.84p**
4th Quarter	9 761	**9 554**	637	**560**	290	**287**	Fl. 5.21	**Fl. 5.15**
	27%	**26%**	32%	**21%**	37%	**24%**	14.27p	**18.47p**
Total year	36 705	**36 493**	1 986	**2 643**	771	**1 183**	Fl. 13.84	**Fl. 21.23**
	100%	**100%**	100%	**100%**	100%	**100%**	38.23p	**76.17p**

The published results for each of the quarters of 1975 and 1976 have been recalculated at the year-end rates of exchange which have been used for the results of the respective years.

The figures in the table therefore differ from the figures originally published for each quarter.

Summary of Combined figures

Fl. million	1975	1976
Results for the year ended 31st December		
Sales to third parties	36 705	36 493
Operating profit	1 986	2 643
Non-recurring and financial items	*205*	*127*
Profit before taxation	1 781	2 516
Taxation	*883*	*1 179*
Profit after taxation	898	1 337
Outside interests and preference dividends	*127*	*154*
Profit attributable to ordinary capital	771	1 183
Ordinary dividends	*362*	*395*
Profit of the year retained	409	788
Assets and liabilities as at 31st December		
Capital employed		
Preferential share capital	293	286
Ordinary shareholders' equity	7 513	7 466
Outside interests in subsidiaries	381	425
Loan capital	2 223	2 314
Deferred liabilities	1 759	1 877
	12 169	12 368
Employment of capital		
Land, buildings and plant	5 958	5 644
Trade investments	256	190
Long-term debtors	184	162
Working capital	5 329	5 813
Provision for taxation	*694*	*806*
Dividends	*327*	*332*
Net liquid funds	1 463	1 697
	12 169	12 368

Fl. million	1975	1976
Source and use of funds for the year ended 31st December		
Funds generated from operations	2 618	3 354
Funds from other sources	122	268
Total sources	2 740	3 622
Taxation payments during year	*592*	*773*
Capital expenditure less disposals	*1 129*	*1 046*
Goodwill on acquisition of subsidiaries	*4*	6
Purchase/sale of trade investments	*59*	36
Additional/reduced working capital	449	*1 143*
Dividends paid during year	*327*	*373*
Other sources/*uses*	25	*62*
Total uses	*1 637*	*3 355*
Net increase in net liquid funds (excluding effect of exchange rate differences)	1 103	267

	1975	1976
Earnings per share		
per Fl. 20 of capital	Fl. 13.84	Fl. 21.23
per 25p of capital	38.23p	76.17p

The basis of calculation is shown on page 42. The increase in guilders is 53% and in sterling 99%. The difference arises from the use of the rate of £1 = Fl. 5.43 in 1975 and £1 = Fl. 4.18 in 1976.

	1975	1976
Ordinary dividends		
N.V. per Fl. 20 of capital	Fl. 7.65	Fl. 8.36
Limited per 25p of capital (declared/proposed)	13.67p	19.24p
Limited per 25p of capital (paid/payable)	10.18p	11.19p
Ordinary shareholders' equity per share		
per Fl. 20 of capital	Fl. 134.84	Fl. 134.00
per 25p of capital	372.50p	480.86p

The figures above and on page 8 are combined figures and should be read in conjunction with the consolidated accounts on pages 38 to 40 which also give details of other movements in profit retained. Reference should also be made to the note on page 33.

Value added statement

Fl. million		1975		1976
Sources				
Sales to third parties		36 705		36 493
Investment income		219		203
		36 924		36 696
Less cost of materials and services purchased		*27 395*		*26 551*
Value added		9 529		10 145
	%		%	
Disposal				
To employees in wages, salaries, pension contributions	70	6 699	65	6 646
To governments in taxation	10	883	12	1 179
To providers of capital				
—loans (interest)	4	357	3	289
—shareholders (dividends)	4	362	4	395
—outside shareholders and preference dividends	1	127	1	154
Reinvested in business				
—depreciation	7	692	7	694
—profit retained	4	409	8	788
	100	9 529	100	10 145

Because of the rise in productivity and profitability achieved during the year—whilst the share of providers of capital has remained steady—we have been able to retain substantially greater sums in the business available for investment.

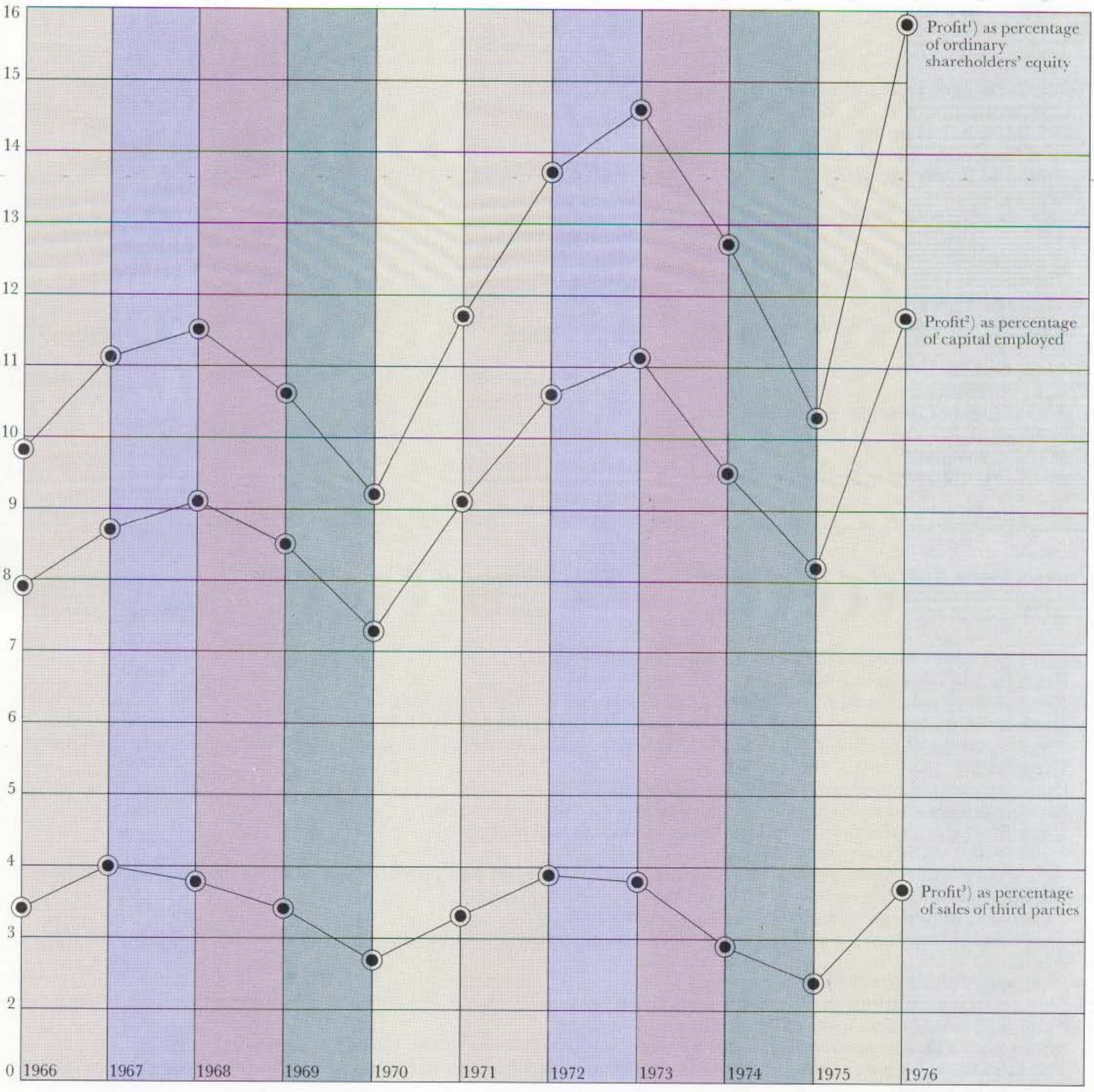
Capital expenditure

Fl. million	1975	1976
Analysis by geographical areas		
E.C. countries	828	708
Other European countries	89	68
United States and Canada	113	92
Central and South America	29	23
Africa	78	127
Asia, Australia, New Zealand	76	79
	1 213	1 097
Analysis by operations		
Margarine, other fats and oils, dairy products	272	208
Other foods	354	320
Detergents	126	131
Toilet preparations	28	35
Chemicals, paper, plastics, packaging	176	144
Animal feeds	32	26
UAC International	76	101
Plantations, transport and other interests	149	132
	1 213	1 097

Projects amounting to Fl. 1 456 million were approved in 1976 (1975: Fl. 1 214 million).
The more important projects were:

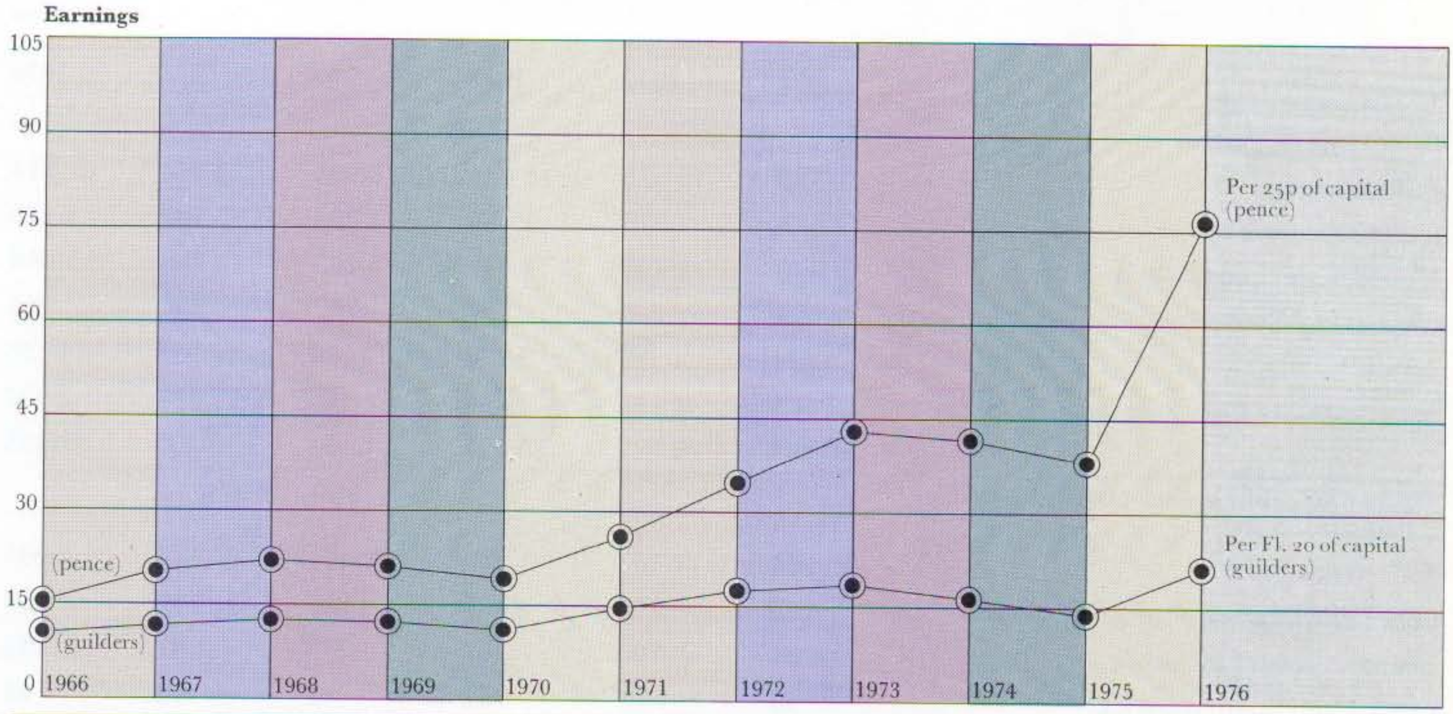
- Plant and other facilities for oil milling in the Netherlands.
- Plant for the treatment of oil refinery effluent in Belgium.
- Expansion of warehouse for edible oils and fats in the United Kingdom.
- Replacement of hydrogen manufacturing plant for oil hardening in India.
- Mechanisation of beefburger production, and production facilities for sponge cake food products in the United Kingdom.
- Concentration of ice cream production in Denmark.
- Modernisation and renovation of shops and restaurants in Germany.
- Plant for the manufacture of bone gelatine in the United States.
- Mechanised warehouse for detergents in Germany.
- Rebuilding and replacement of buildings and plant for liquid and powder detergents in the United Kingdom.
- Modernisation of detergents manufacturing facilities in France.
- Expansion of detergents manufacturing capacity in Nigeria.
- Facilities for toilet soap manufacturing and packing, and expansion of detergents manufacturing capacity in Brazil.
- New wing for Unilever House, London.
- New toilet preparations factories in Brazil and Spain.
- Fatty acids distillation units in Australia and Germany.
- Seven plants for the production of nutritionally improved straw in the United Kingdom.
- Facilities for sales, servicing and spares for earth-moving equipment, lift trucks and industrial engines in Nigeria.
- Brewery in Tchad.
- Expansion of facilities for the production of high grade tropical cotton prints in the Ivory Coast.

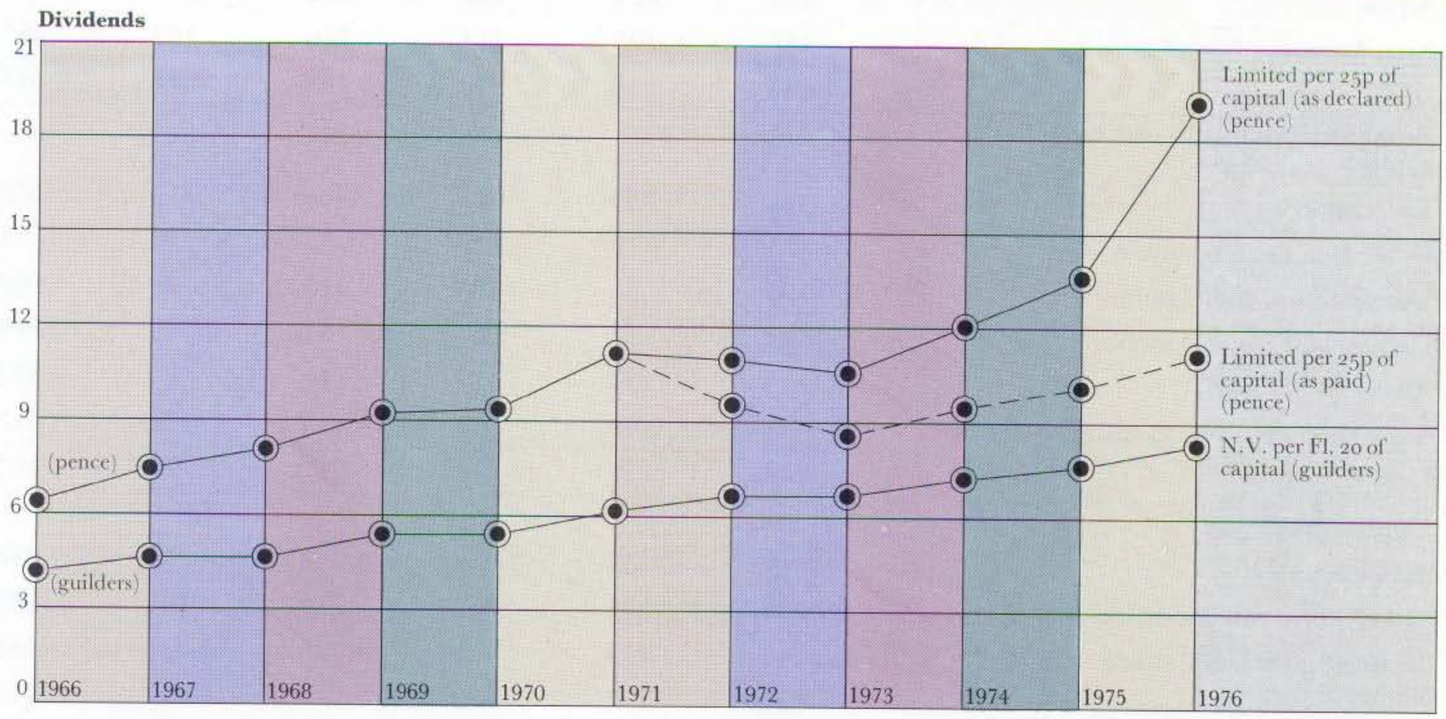
Return on shareholders' equity, capital employed and sales



[1]) Based on profit attributable to ordinary capital.
[2]) Based on profit after taxation but before loan interest.
[3]) Based on profit after taxation.

Earnings and dividends per share





The increase in **Limited** dividends over and above the increase in **N.V.** dividends arises from the requirement of the Equalisation Agreement to pay the same dividend to both groups of shareholders as explained on page 33. The decline in sterling relative to the guilder, therefore, accounts for the divergent trends. The apparent change in trend in **Limited's** dividends in the years 1971 to 1973 is caused by the introduction of Advance Corporation Tax in the United Kingdom. (See also note 2 on page 59.)

Sales, profit and capital employed by geographical areas

Fl. million

	1971	1972	1973	1974	1975	1976
Sales to third parties						
E.C. countries	15 788	15 975	18 024	22 020	22 260	21 814
Other European countries	1 515	1 574	1 796	2 208	2 482	2 426
United States and Canada	3 179	3 149	3 072	3 293	3 856	3 648
Central and South America	602	568	597	757	864	948
Africa	3 394	3 386	3 424	3 690	4 326	4 733
Asia, Australia, New Zealand	2 005	2 180	2 284	2 503	2 917	2 924
	26 483	26 832	29 197	34 471	36 705	36 493
Operating profit before taxation and outside interests						
E.C. countries	946	1 101	1 248	1 099	815	1 296
Other European countries	100	156	187	150	130	159
United States and Canada	221	193	187	237	201	233
Central and South America	45	69	68	45	50	59
Africa	271	234	289	342	527	639
Asia, Australia, New Zealand	134	195	214	236	263	257
	1 717	1 948	2 193	2 109	1 986	2 643
Profit attributable to ordinary capital						
E.C. countries	483	580	617	446	313	638
Other European countries	55	79	99	73	53	74
United States and Canada	108	86	89	111	92	109
Central and South America	18	37	37	31	25	49
Africa	123	124	115	140	180	202
Asia, Australia, New Zealand	32	69	83	114	108	111
	819	975	1 040	915	771	1 183
Capital employed						
E.C. countries	6 512	6 788	7 033	7 652	8 073	7 932
Other European countries	531	577	668	774	786	923
United States and Canada	1 147	1 279	1 135	1 128	1 229	1 281
Central and South America	182	179	182	238	292	313
Africa	1 167	898	910	923	1 088	1 251
Asia, Australia, New Zealand	601	617	615	644	701	668
	10 140	10 338	10 543	11 359	12 169	12 368

Sales and profit by operations

						Fl. million
	1971	1972	1973	1974	1975	1976
Sales						
Margarine, other fats and oils, dairy products	7 476	7 417	8 471	11 609	10 763	9 805
Other foods	7 338	7 978	8 886	9 252	10 220	10 224
Detergents	5 402	5 266	5 279	5 906	6 780	6 596
Toilet preparations	1 036	1 077	1 125	1 226	1 445	1 533
Chemicals, paper, plastics, packaging	1 999	1 938	2 256	2 971	2 515	2 790
Animal feeds	1 871	1 725	2 169	2 395	2 234	2 310
UAC International	3 043	3 020	2 932	3 328	4 258	4 656
Plantations, transport, other interests	974	1 720	1 828	1 982	1 880	1 992
Total sales[1])	29 139	30 141	32 946	38 669	40 095	39 906
of which internal sales[2])	*2 656*	*3 309*	*3 749*	*4 198*	*3 390*	*3 413*
Sales to third parties	26 483	26 832	29 197	34 471	36 705	36 493
Operating profit before taxation and outside interests[3])						
Margarine, other fats and oils, dairy products	480	566	559	475	312	524
Other foods	395	416	514	354	422	542
Detergents	442	488	461	470	498	522
Toilet preparations	51	61	91	71	111	126
Chemicals, paper, plastics, packaging	85	142	218	309	73	182
Animal feeds	8	43	85	40	33	60
UAC International	154	135	172	255	450	584
Plantations, transport, other interests	102	97	93	135	87	103
	1 717	1 948	2 193	2 109	1 986	2 643

The movements in exchange rates during the years 1972 to 1976 have influenced the apparent trend to a significant extent, depressing the trend in guilders but inflating it in sterling by **Limited.**

[1]) 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.

[2]) The inclusion of internal sales in the total sales of the product groups properly reflects 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.

[3]) On average, taxation reduces the profits of operations of subsidiaries by approximately one-half and the significance of outside interests has been increasing. In UAC International the amount of operating profit attributable to outside interests rose from Fl. 116 million in 1975 to Fl. 156 million in 1976.

Review of operations

Margarine, other fats and oils, dairy products

	1975	1976
Total sales (Fl. million)	10 763	**9 805**
Decrease	*7%*	***9%***
Operating margin	2.9	**5.3**

Margarine, other fats and oils
World consumption of margarine, butter and all other edible fats and oils showed an increase of 3.6% in 1976 compared with a 1.4% increase in 1975. In Western Europe consumption was practically stable but elsewhere there was a good increase. The ratio of margarine to butter consumption increased slightly, again mostly outside Western Europe.

World market prices for oils and fats behaved more calmly in 1976 than in the two previous years. During the first half-year they stabilised generally at about the level reached after the decline in 1975, but they rose noticeably in the second half of 1976. On the whole we have been able to adapt selling prices to the changes in our raw material costs, although in a number of countries price control regulations caused delays. This was particularly felt in the United Kingdom, where raw material costs increased more sharply as the sterling exchange rate deteriorated.

There was a considerable increase over the poor results of 1975. We maintained our share of the world total edible fats and oils market: a small increase in the consumer business compensated for a slight fall in the non-distributive market.

In margarine our market share world-wide remained unchanged. There was a small decline in Europe and the United States, but a marked improvement for the third successive year in the rapidly growing markets in the rest of the world. In Australia, Brazil, Canada, Japan and Turkey we increased our shares in growing markets. In Europe premium brands benefited from the economic recovery. Sales of our health brands in particular increased by 30%. In the United Kingdom, after the favourable report of the Royal College of Physicians and the British Cardiac Society, the increase was even greater. In Italy labour disputes reduced our output in the first half of the year. In the United States in the face of continued fierce price competition, our share steadied in the course of the year but results remain disappointing.

Our table oil business was helped by quieter raw materials markets. In France sunflower oil, in which our brand is 'Fruit d'Or', gained on groundnut oil, its main rival in the salad oil sector. We introduced a blended oil particularly suitable for frying under our 'Astra' brand name.

In some countries, notably the United Kingdom and France, sales to the bakery and catering trades were depressed and our volumes and profits were down. In Austria, Finland, Germany and Switzerland our companies showed good results.

Our speciality fats business had difficulties in maintaining its volume of sales due to depressed conditions in the chocolate and confectionery industry, but the extreme scarcity of cocoa butter has attracted new business for our substitutes.

Our oil milling division was faced with sharply rising soyabean prices during 1976 as a result of a smaller than expected crop in the United States, and large purchases by Russia. Early in the year, meal markets in the E.C. were disrupted by the introduction of a scheme to subsidise the use in animal feeds of surplus milk powder and by arrivals of cheap meal from subsidised oil mills in Brazil. The construction of a major new soyabean extraction plant in Europoort, Rotterdam, is proceeding according to plan, as is the mill in Canada we are erecting in partnership with Maple Leaf Mills Limited.

The production of vegetable protein concentrates for animal feeding purposes on an industrial scale began at the end of 1976. We are also developing the production of concentrates in textured and in powder form for human consumption, as an ingredient for snacks and meals.

Dairy products
Results in 1976, though substantially better than in the previous year, still showed a loss. This was due mainly to France where price control did not allow the industry to compensate fully for wage and other cost increases. Restructuring of the business, volume growth and improved margins in Belgium, Finland and Germany benefited results.

Table margarine and vanaspati made by Unilever-İş in Istanbul is seen here being delivered to a small shop in Eastern Anatolia, a remote region of Turkey which is snow-covered from October to April.

Other foods

	1975	1976
Total sales (Fl. million)	10 220	**10 224**
Increase	10%	**—**
Operating margin	4.1	**5.3**

General
It was again a year in which weather conditions were abnormal. The summer in northern Europe was exceptionally long, hot and dry but not in central and southern Europe. The hot weather was favourable for the sales of many of our products, in particular because of the shortage of fresh vegetables.

Frozen foods
The increase in demand for frozen foods, first felt in the latter part of 1975, became more pronounced in response to returning confidence of Continental European consumers, and the scarcity of fresh vegetables gave an extra stimulus.

Margins improved as a result of higher volume and greater productivity, despite the continuing pressure of inflation, price control and severe competition.

In the United Kingdom, Birds Eye shouldered the initial cost of its major, long-term restructuring of production and distribution facilities, and did not participate in the general improvement achieved elsewhere in Europe. The report of the Monopolies and Mergers Commission on the supply of frozen food in the United Kingdom was published in the autumn. It praised Birds Eye's role in the market and found little to criticize in its operations.

Sales of potato products soared in the Netherlands and Belgium as the prevailing very high potato prices made our products, with their advantages of quality and convenience, a very attractive buy. Spinach was introduced in a novel and more convenient form in Belgium and France with considerable success. In Germany sales of specialised vegetables, such as creamed spinach and prepared red cabbage, increased greatly.

Sales volume of fish and fish products was held back by the very rapid increase in the price of the raw material, but sales of frozen meat products did well, particularly in the United Kingdom, Germany and Italy.

It was a good year for sales of bakery products, particularly in Austria and Germany. A range of snack products specially developed for the coffee bars in Italy, and Birds Eye cakes and 'Arctic Roll' in the United Kingdom, also did well. These Birds Eye products were also introduced in the Netherlands.

Ice cream
We achieved record sales for the second successive year in the Netherlands, the United Kingdom, Belgium and France. Our companies in Austria, Denmark and Germany also had good sales, while sales in Italy, Spain and Switzerland were disappointing.

The introduction of new products again played an important role in this successful ice cream year. For instance, Langnese-Iglo introduced a high class water ice, named 'Kilimanscharo' in Germany: and Wall's brought the 'Cornetto', already so popular in Continental Europe, to the United Kingdom.

The take-home ice cream market is still expanding, notably through the grocery trade. We have introduced our 'soft scoop' ice cream, which was successfully launched in the United Kingdom last year, into other countries. New high quality products have been formulated. For example, a new range of top quality dairy ice cream, called 'Fermette' has been a great success in Belgium.

The new factory near Naples went into operation early in the year.

In the United Kingdom the Monopolies and Mergers Commission is now investigating the supply of ice cream and water ices, as a result of which Wall's will undoubtedly be involved in much extra administrative work.

Sundry packaged foods and drinks
In 1976 sales volume grew and profits were substantially better than in the previous year. Price increases of our products were generally below the increase in consumer food prices: they thus became more attractive in terms of value for money.

In Europe there was a growth in the volume of dried soup sales, and the profit contribution from all sections of our soup business showed a marked improvement.

A number of new products have been successfully launched during the year. Premium quality ranges of dried soups have been introduced in Belgium and Sweden, and in the Netherlands, Unox have launched a bouillon in tube.

Dressings and condiments had a good year throughout

A great variety of convenience products is marketed by our frozen food companies. The range of pizzas introduced in Germany last year by Langnese-Iglo was an immediate success. They are made at Reken, near Munster.

Europe. A low-oil mayonnaise was launched in Germany and a new salad dressing in Switzerland. Sauces for Eastern-style meals were introduced in the Netherlands and the range of sauce mixes in Sweden was successfully extended.

Catering to increased health consciousness in a traditional market, a low-sugar jam was introduced in Belgium. New snack products, including Japanese rice snacks, were introduced in addition to our successful coated nuts in the Netherlands. In Belgium and Italy a new chocolate spread was introduced, which appeals to children through its combination of chocolate and fruit. A range of instant drink products was launched in Belgium.

In our tea businesses, 1976 showed an improvement over the previous year when trade de-stocking and sharply rising tea prices had affected volume. Market shares were increased in most of our markets. Lipton Inc. in the United States made good progress with iced tea mixes. The 'Sir Thomas Lipton' speciality range of teas was launched in France, Italy, Sweden and Switzerland. Good contributions were also made by France, India, Japan and Pakistan. Our tea business in South Africa has extended its operations through the acquisition of Glenton & Mitchell. Production facilities for the export trade to numerous markets came into operation in the United Kingdom.

The chocolate market in Europe suffered from the unprecedentedly high levels of cocoa bean prices. This has created considerable pressure on both volume and margins for our chocolate companies. Nevertheless, considerable new product development has taken place during the year, and our granulated cocoa drink continues to be successful in a number of markets.

In its markets other than tea, Lipton Inc. had another successful year and continued to make a major contribution to profits.

Rosella Foods in Australia had a better year which included the re-launch of a number of the company's products under the Rosella house name.

In several countries sales of processed foods were boosted by shortage and high prices of some fresh vegetables and potatoes. In the United Kingdom, Batchelors had a successful year. A new form of processed pea called 'Mushy peas', traditionally home-made and linked to regional taste, was well accepted throughout the country.

John West in the United Kingdom had an outstandingly good year. In spite of the high prices of imported red salmon, they were able to maintain the consumers' interest in their products, at the same time promoting alternative fish products.

Meat products

In the United Kingdom the losses of The Wall's Meat Company were still serious. Major measures of re-organisation continued and included the decision to close our plant at Hayes, Middlesex. Lawson of Dyce also had a difficult year. Both these companies are dependent on pigs produced in the United Kingdom and their difficulties have been much aggravated by the continued advantages enjoyed by imported bacon, ham and other pigmeat products.

The E.C.'s agricultural marketing arrangements caused these imports to benefit to an extent averaging 25% of sales price, rising at times to as high as 40%. Although pigfeed costs have remained lower in the United Kingdom than in Continental Europe, distortion of trade of this order of magnitude seriously damages the British-based industry.

Wall's launched a new range of quality sausages in October and sales have been encouraging.

Our meat group in the Netherlands also had serious problems and losses, though for quite different reasons. Eastern European countries have markedly increased their share of exports to the United States, at prices well below the Dutch prices, to the detriment of Dutch export sales. Pig prices in the Netherlands have remained high due to demand within the E.C. for high quality Dutch pigs, and in addition, factory operations there now have high costs by international standards. A major reappraisal of our meat operations in the Netherlands is now in progress.

On the other hand, our speciality meat business in the United Kingdom — Mattessons — had a good year. Volume growth was strong and they were able to use imports to make good margins.

Our meat companies in Belgium and Germany also showed improved results. A feature of these businesses has been the success of a novel small smoked sausage called 'Bi-Fi' which has found substantial appeal as a snack. Appropriate capital investments have been made to increase capacity.

Fish

Our fish trawling, processing and trading company 'Nordsee' in Germany made a good recovery from the poor result of last year. With rising fish prices the trawling loss was reduced considerably in 1976, and all other parts of the business did well.

Retailing
The difficulties of the fishing industry, together with the very hot weather, affected the small fish shops of MacFisheries in the United Kingdom. Closure of small shops continues. However, supermarkets improved sales volume. Margins were under pressure but towards the end of the year showed signs of improvement.

Detergents

	1975	**1976**
Total sales (Fl. million)	6 780	**6 596**
Increase/*Decrease*	15%	***3%***
Operating margin	7.3	**7.9**

During 1976 there was a modest growth in the detergent market. With the moderating of inflation, prices in this product group were less influenced by cost increases or Government control than by increased competition as companies sought to improve profitability through volume growth. Our own sales volume increased by about 6% world-wide, and for some products we achieved an increase in market share.

Results world-wide showed progress and there was a marked improvement in Africa, Asia and South America. Owing to severe competition and price control, margins in Europe are still too low.

A fabrics powder 'Bio Presto Lavatrice' was launched successfully in Italy, a detergent bar 'Superwheel' proved outstanding in the Philippines, the toilet soap 'Shield' was an undoubted success in the United Kingdom, and in France a new dishwash product 'Dove' is progressing well. Sales of our international liquid household cleaner specially developed for modern surfaces were very good in Australia and New Zealand, and the brand was successfully extended to Germany, where it sells under the name of 'Viss'.

Several major capital projects have been put in hand to expand capacity. Work has commenced on the extension of detergent and toilet soap facilities in Brazil, Nigeria and South Africa, and new toilet soap facilities in Japan are now in operation. New factories are under construction in Australia and Northern India.

Lever Brothers Company in the United States has started a programme of heavy capital expenditure to increase capacity and improve efficiency. Amongst other new projects are increased fabrics powder production in the United Kingdom, France and Spain and a large mechanised warehouse in Germany.

Toilet preparations

	1975	**1976**
Total sales (Fl. million)	1 445	**1 533**
Increase	18%	**6%**
Operating margin	7.7	**8.2**

The world market for toilet preparations increased more rapidly than in 1975. Our own sales volume grew even faster than the market. We achieved significant share increases in hair and skin care markets, and in the United States in the dentifrice market.

Profit growth was satisfactory with major contributions coming from the United States, South America and export sales from the United Kingdom.

In Europe our companies in the United Kingdom and Sweden, and Atkinsons in Italy, made particularly good progress. In Germany sales and profits improved despite difficult competitive conditions. Our Gibbs business in Italy is making an encouraging recovery from the setback suffered in 1975.

Elsewhere, sales and profit growth rates were generally well above those achieved in Europe and North America, with pride of place going to Brazil and Indonesia.

New product activity has been concentrated mainly within the hair and skin care, and perfumery markets. We have introduced new shampoos in many countries and have launched our major shampoo brand 'Sunsilk' in Japan. A successful men's range, 'Denim', was launched in the United Kingdom, and we have been active in perfumery markets in Austria, France, Italy and Switzerland. A new hand cream, 'Elida Handbalsam', is now successfully established in five countries.

Three major new capital projects were begun during the year; new toiletries factories in Brazil and Spain, and a very considerable expansion to our production and warehousing capacity in the United Kingdom. In addition a considerable expenditure on further mechanisation in many factories in Continental Europe took place.

Chemicals, paper, plastics, packaging

	1975	1976
Total sales (Fl. million)	2 515	**2 790**
Increase/*Decrease*	*15%*	**11%**
Operating margin	2.9	**6.5**

Chemicals
There was a recovery in the demand for chemical products during 1976 which was more pronounced in the first half-year as our customers replenished stocks. Our sales were well up on 1975: a substantial part of this was an increase in volume. Our companies have fully made up the ground lost in late 1974 and in 1975.

Raw material prices rose throughout the year, but at a slower rate in the second half-year. Towards the end of the year, the prices of petrochemical materials were drifting downwards.

Against this better background our profits improved appreciably. In fatty acids, and in food flavours, we had a good year. In the United Kingdom we had good results from Crosfields, who experienced an upsurge in demand for most products, but especially in catalysts for the cracking of petroleum. Proprietary Perfumes, whose sales showed an excellent increase, also had a good year. Our European synthetic resins business made a good recovery in volume but profits continued to be disappointing.

In the Netherlands, Unilever-Emery—our joint venture with Emery Industries Inc., of Cincinnati—further expanded its fatty acid processing plant. However, it was hampered by the continuing excess industry capacity in certain organic chemicals.

Important additions to our manufacturing facilities were made in the United Kingdom for new developments in specialised products. At Crosfields, Warrington, a new polyelectrolytes plant was installed, together with increased capacity for the production of silica gel; at Vinyl Products, Warrington, a further increase in emulsion polymerisation facilities came into operation. Additions were also made in the Netherlands where Scado completed a new plant at Schoonebeek to manufacture speciality surface coating resins.

The results from our chemicals companies in Australia and South Africa were well up on 1975. In Australia we expanded our facilities for glycerine refining and in India the new plant to make ossein, an intermediate for gelatine, was completed.

Paper, plastics, packaging
Market conditions did not improve as much as expected. No marked rebuilding of customers' stocks occurred; in consequence we have been working with shorter manufacturing runs which are less economic.

In 1976 we reaped the benefit of the restructuring which took place in 1975, resulting in more efficient organisations well adapted to the difficult conditions we continue to encounter. This, together with improved use of raw materials, and the return to more normal sales levels, helped to produce an encouraging turnround in trading results, particularly in Thames Board Mills and Thames Case in the United Kingdom.

The Nairn Williamson business, acquired in 1975 to complement that of Commercial Plastics in interior décor and some industrial film fields, was successfully absorbed into a new organisation, including both elements, under the name of Nairn International. Excellent progress was made by this group in the United Kingdom and many export markets.

Volumes and market shares were well held by most of our eight paper, plastics and packaging companies in Continental Europe, but there remained over-capacity in the industry and severe price competition. In Germany this situation is compounded by the effect of the strength of the deutschmark on export prices. Product development work continues and, particularly in retail packaging, good progress is being made.

By taking up an interest in Fayard & Ravel we are adding to our existing operations in France, plastic film and flexible packaging capabilities which will broaden our French activities substantially. An oriented polypropylene film plant is being installed at Forchheim in Germany, and facilities for tub-making from various materials, plastic and fibrous, have been increased in several Continental European countries.

Named by the Trade Press as the most successful new product of 1976 in the United Kingdom, 'Shield' has rapidly established its position as the country's leading toilet soap brand.

Animal feeds

	1975	1976
Total sales (Fl. million)	2 234	**2 310**
Increase/*Decrease*	*7%*	**3%**
Operating margin	1.5	**2.6**

During the year farming in Western Europe began to recover slowly from the recession of 1974/75. Exceptional weather conditions, notably the long drought, had a considerable effect on the agricultural scene—inflating demand for compound feed, especially cattle feed, but depressing activity in the arable sector.

Our compound feed companies, especially in the Netherlands and the United Kingdom, took advantage of this favourable opportunity; the United Kingdom business in particular had a very good year and was the principal contributor to our substantial improvement in results over 1975. The results of our French business were severely affected by the Government's price freeze at a time when raw material prices were rising fast. Our company in Ireland suffered from operating problems arising in the course of the planned redeployment of manufacturing facilities; but there was an encouraging recovery during the second half of the year.

Among our other operations the poultry business had a successful year helped by the sharp rise in meat prices. Conditions were less favourable for our agricultural merchant companies which suffered from the stagnation in arable farming. The feed supplement companies experienced varying fortunes; progress was slow in the United Kingdom but the French business did well.

Of our new ventures the first commercial plant for nutritionally improved straw made a successful debut. We embarked on a programme of extending this activity with the construction and commissioning of two further plants in the United Kingdom during 1976; and construction of five more plants in 1977 has been authorised. Development work on another new process for extracting high protein material from grass is approaching the stage of commercial feasibility.

In many countries stubble is still burnt in the fields. This photograph, taken at one of our newly-commissioned plants for nutritionally improved straw in the United Kingdom, shows in the foreground the amount of pellets which can be processed from the quantity of straw behind them. This process produces an ingredient for inclusion in animal feeds, which formerly went to waste.

UAC International

	1975	1976
Total sales (Fl. million)	4 258	**4 656**
Increase	28%	**9%**
Operating margin	10.6	**12.5**

For the fourth year running UAC International (UACI) improved its results. This was the case in almost all sections of the business, and in most countries outside Europe, including trade investment companies in which UACI has a management responsibility. The increase in sales resulted in part from inflation, which also necessitated an addition to working capital.

Some countries in Africa, such as the East African countries, and also Sierra Leone and Zambia, were adversely affected by world economic conditions. But business in Nigeria was buoyant and there was further economic growth in the Ivory Coast. In the United Kingdom, UACI's newer activities generally improved their results but our business in building materials was adversely affected by the slump in the construction industry.

The Nigerian Government has introduced legislation which will require local participation in most of our businesses there to be 60% instead of 40%. During 1976 40% of the equity of UAC of Ghana Limited was sold to the Ghana public in compliance with new legislation in that country; and in Sierra Leone a voluntary sale to the public of 12½% of the equity of UAC of Sierra Leone Limited was made in December, 1976.

Our Caterpillar dealerships in the United Kingdom and Africa increased sales and profits. The medical supplies business developed further its exports from the United Kingdom and is continuing to expand its range of activities. The technical businesses dealing in mechanical goods, radio, refrigeration and electrical equipment, also did well and have now expanded into Australia following the acquisition of a majority shareholding in a company operating the General Motors Detroit diesel franchise in Queensland and New South Wales.

The motors operations outside Europe had a good year, especially in Nigeria and French-speaking Africa. In the United Kingdom, Ford & Slater and Armstrong/Massey did well under difficult circumstances, and UACI have now acquired another company, North Midland Truck Engineering, in the United Kingdom which will add to the Group's specialised vehicle body building capacity.

The textile distribution businesses had a profitable year, notably in French-speaking Africa; on the textile manufacturing side, sales were favourable in the Ivory Coast and Ghana but in Nigeria conditions were very difficult. However, our operations in the manufacture of plastics, packaging, metal goods and bedding were successfully expanded. The G.B. Ollivant division with its general trading, building materials and office equipment businesses, achieved record sales. In the office equipment field there was further expansion in the Arabian Gulf states, and new acquisitions were made in the United Kingdom to expand the national distributive network. The Kingsway department stores in Africa did very well. Palm Line had a good year following an increase in freight rates.

The timber businesses also did well, not only in Nigeria where the domestic market continues to expand, but also in our new venture in Indonesia and in the Solomon Islands.

The breweries in which UACI have a commercial management responsibility all had a good year and substantial new investments are being undertaken by the breweries in Nigeria and Tchad.

Plantations

Production of palm oil and palm kernels was slightly below 1975 levels with West Malaysia being particularly affected by drought conditions early in the year. Copra production was also disappointing but rubber continued to improve.

Higher selling prices for all commodities, except copra, compensated for the shortfall in production, resulting in profits being broadly in line with 1975.

During 1976 a company was formed in partnership with the government of Ghana to develop oil palms in the western region — land clearing and preliminary work is ahead of schedule and first plantings will take place early in 1977.

The development of oil palm planted areas has been proceeding in Cameroun and it is hoped that next year will see further expansion.

We are working with the government of Zaire on a plan to rehabilitate the extensive plantations there and it is hoped that international aid will also be forthcoming for this purpose.

Transport

The transport industry in general showed some improvement over the very unfavourable conditions of 1975, though demand in several of our markets remained depressed. Wage costs continued to increase and margins were generally under pressure. We were able to increase our sales, and profits were somewhat better than in 1975, while third party business increased at a very satisfactory rate.

There were significant differences in the performance of our major companies, partly reflecting differences in the rate of economic recovery in their home markets. Our results in Germany were satisfactory as they were in France, where a vigorous profit improvement programme has been undertaken. The transport industry in the United Kingdom remained generally stagnant and our results were disappointing, particularly in hanging garments distribution, which suffered from problems of the United Kingdom textile trade. The volume and margins of our North Sea ferry operations failed to come up to expectations. In Spain the combination of rapidly rising wage costs and a depressed economy caused severe problems for our transport companies.

We continued to invest in better facilities, with a view to improving performance and reducing costs, particularly in our unique European warehousing and distribution network. The German warehousing and distribution system, launched in 1974, had another good year. In 1976 about a third of the sales were to third parties and this proportion continues to increase. A new national distribution system was established successfully in Italy. In the United Kingdom, Unicold has been set up as a specialist refrigerated distribution unit.

We have continued our developments in the fields of international groupage, forwarding and specialised haulage. The acquisition of Carryfast Limited in the United Kingdom gives us a national express parcels facility, which will be developed in conjunction with our growing international groupage activities.

Exports

In 1976 our exports—from over 30 countries throughout the world—reached a combined total of Fl. 4 780 million, compared with Fl. 4 732 million in 1975.

The values of these shipments from each of the three main exporting countries, and from all other countries combined, since 1974, are as follows:

Fl. million	1974	1975	**1976**
The Netherlands	1 561	1 748	**1 730**
United Kingdom	1 087	1 272	**1 274**
West Germany	1 087	1 029	**1 015**
Other countries	795	683	**761**

The value of exports of oil milling products from the Netherlands and Germany fell, but all other product groups recorded higher exports.

Exports from the United Kingdom were mainly in the form of merchandise shipped by UAC International, and of plastics and packaging products which now include those of Nairn International, edible fats, frozen foods, detergents, toilet preparations and chemicals.

Research and development

Our total expenditure on research and development in 1976 amounted to Fl. 457 million (1975: Fl. 423 million).

The strength of our research and development has been maintained. Improving existing products remains a feature of the current programme. For example, a more efficient process for pre-refining vegetable oils has been successfully introduced, and attention has been given to increasing the efficiency of our food companies in the processing of meat, fish and vegetables.

Increased processing efficiency is important in animal feeds research, and we are investigating ways of upgrading raw materials which are currently under-utilised or wasted altogether. For example, nutritionally-improved straw, illustrated on page 25, has already been introduced and recently a new approach has been worked out to the use of grass in animal feeding. Grass normally contains more protein than cattle can use, and we have developed a method of extracting this extra protein in a form than can be fed to pigs and poultry.

In our research on detergents, we are developing our understanding of the changing needs of consumers and their washing habits, and using this understanding to improve the overall economy of our products. Our scientists are involved in the selection of the best raw materials to meet carefully specified product properties, and in their processing and packaging.

Nutrition continues to be of major importance and our investigations over many years into the role of fats in the diet have attracted international attention. The recent report, referred to earlier on page 16, by a joint working party of the Royal College of Physicians of London and the British Cardiac Society on Prevention of Coronary Heart Disease has confirmed our findings on the health promoting properties of margarines with a high content of linoleic fatty acid.

We have built up our research into ice cream over the past five years, which offers considerable scope for innovation, and could lead to a number of interesting new products in the next few years. Products stemming from the work are now finding their way into the market place, such as the ice cream referred to earlier which combines scoopability with storage stability.

Our salmon farming programme in Scotland continues to progress, with outstanding improvements being achieved in nutrition, growth rate, survival and final weight.

In scientific fields of major importance to us we publish widely in scientific literature and participate at scientific conferences; a number of our staff continue to hold part-time professorships and other scientific appointments; others serve on governmental, regulatory and other official committees.

Personnel

The total number of our employees and their geographical distribution is shown in the table below.

(000's)	1975	1976
E.C. countries	178	**177**
Other European countries	18	**17**
United States and Canada	20	**20**
Central and South America	10	**11**
Africa	54	**51**
Asia, Australia, New Zealand	42	**41**
	322	**317**

The table does not include Zaire.

We have continued to develop our systems of informing our employees about the activities, objectives and general plans of the companies to which they contribute their efforts. In this way we hope to prevent unnecessary misunderstandings and gradually strengthen the existing appreciation and respect for the complementary roles that employees at all levels have to play in the industrial scene.

Co-determination or participation schemes have been advocated or implemented in a number of countries. We are in favour of improved employee participation, but we believe that in many instances the schemes put forward lack understanding of the vital part to be played by management. Further, more countries have introduced pay freezes and incomes policies. We also find that incomes policies almost always discriminate against management by eroding the relationship between monetary rewards and responsibility and performance. Such discrimination is particularly regrettable when cost pressures and price controls make management's role in maintaining competitiveness and profitability specially important.

A problem which is causing increasing disquiet is growing absenteeism in a number of countries. Every effort is made, together with all concerned, to analyse the reasons and to work out plans for improvement, for example, by increasing work interest and better working conditions.

Ways are being developed towards further equal opportunity with continued training efforts and the creation of better career possibilities for both men and women at all levels. Much attention is paid to the recruitment, training and development of skilled personnel. To this end the strengthening of personnel management is treated as a matter of priority.

Dividends

The proposed appropriations of the profits of **N.V.** and **Limited** are shown in the consolidated profit and loss account on page 38.

The Boards have resolved to recommend to the Annual General Meetings on 11th May, 1977 the declaration of final dividends in respect of 1976 on the ordinary capitals at the following rates, which are equivalent in value in terms of the Equalisation Agreement:

N.V.
per Fl. 20 ordinary capital

Interim	Fl. 3.20
Final	Fl. 5.16
Total	Fl. 8.36
	(1975: Fl. 7.65)

Limited
per 25p ordinary share

Interim	7.46p
Final	11.78p
Total	19.24p
	(1975: 13.67p)

It is intended to make the final dividend of Fl. 5.16 obtainable from 23rd May, 1977.

Because of the fall since last year in the sterling/guilder exchange rate, **Limited** will be obliged under the Equalisation Agreement to increase its total dividend declarations for 1976 by an amount which exceeds the statutory limit of 10% currently in force for United Kingdom companies. As before the Treasury have agreed to such declarations by **Limited** subject to the condition that the total amount paid to shareholders by way of dividends for 1976 is kept within the statutory limit and payment of the balance of 1976 dividends is postponed.

It is therefore again proposed to make the final dividend of **Limited** payable by instalments. The first instalment of 7.01 pence per share will be paid on 23rd May, 1977 to shareholders registered in the books of the Company on 29th April, 1977. This payment will bring **Limited's** dividend payments for 1976 up to 11.19 pence per share which is within the statutory limit. The balance of **Limited's** 1976 final dividend which together with the deferred balance of earlier dividends will amount in total to 17.53 pence per share, will be paid when circumstances permit 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 United Kingdom Advance Corporation Tax in respect of any dividend paid by **Limited** has to be treated as part of the dividend. If the rate of United Kingdom Advance Corporation Tax changes from the current rate before payment of these dividends has been completed, the figures now announced will be adjusted accordingly and a further announcement made.

Final dividends on the New York shares of **N.V.** will be payable as from 10th June, 1977.

After provision for the Ordinary dividends for 1976 it is proposed to set aside Fl. 311 million (**N.V.** Fl. 174 million, **Limited** Fl. 137 million) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Capital and membership

During 1976 there was no change in the share capital of **N.V.** or **Limited.**

Changes in loan capital are shown in the Notes to the consolidated balance sheets on page 44.

At the year end **Limited** had 84 772 ordinary and 1 112 preferential shareholdings and 88 383 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 number of holders.

Directors

As already announced, Viscount Trenchard will resign as a Director during March, 1977. Dr. J. G. Collingwood, whose intention to retire has already been announced, will not offer himself for re-election at the Annual General Meetings. In accordance with Article 21 of the Articles of Association all the remaining Directors named on page 3 will retire from office at the forthcoming Annual General Meeting and will offer themselves for re-election.

It is also intended to nominate Mr. F. W. L. Mann for election as a Director at the Annual General Meeting.

Dr. Collingwood joined Unilever in 1946 and became a Director of **N.V.** and **Limited** in 1965. Viscount Trenchard joined Unilever in 1947 and became a Director of both Companies in 1967. Their colleagues wish to record their appreciation of the contribution each has made to the business.

The Directors record with deep regret the death in December, 1976 of Mr. G. D. A. Klijnstra, a former Chairman of **N.V.**, who was appointed an Advisory Director of **N.V.** following his retirement in 1975. We also regret to record the death in October, 1976 of Mr. A. I. Anderson who retired as a Director earlier in the year.

On 1st January, 1977 Dr. D. Spethmann was appointed an Advisory Director of **N.V.**
The appointment of Dr. T. Browaldh as an Advisory Director of **N.V.** with effect from 1st April, 1977 has also been announced.

Dr. R. Mueller, an Advisory Director of **N.V.**, will retire in May, 1977. The Directors record their gratitude for his counsel and dedication to the interests of the business.

At the Annual General Meetings on 12th May, 1976 Mr. G. K. G. Stevens was elected a Director of both Companies.

Secretaries
Mr. H. A. Holmes who has been a Secretary of **Limited** and **N.V.** since 1968 retired in July, 1976.
The Directors take this opportunity to pay tribute to his outstanding service to Unilever. He has been succeeded by Mr. J. D. Keir.

Auditors

The auditors, Price Waterhouse & Co., The Hague, and Coopers & Lybrand Nederland, Rotterdam, retire and offer themselves for reappointment.

By order of the Board
C. Zwagerman
J. D. Keir
Secretaries
22nd March, 1977

Reports of the Auditors

N.V. and **Limited** are linked by a series of agreements of which the principal is the Equalisation Agreement. Amongst other things, this requires the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl.12 nominal of Ordinary share capital of **N.V.** to be equal in value at the current sterling/guilder rate of exchange to those attaching to each £1 nominal of Ordinary capital of **Limited** as if each such unit formed part of the Ordinary capital of one and the same company. Combined figures are given for the information of shareholders.

N.V. Group[1])

To the Members of Unilever N.V.

In our opinion the accounts and the notes relevant thereto set out on pages 33 to 49 and 54 to 57 together give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1976 and of the profit and source and use of funds of the Group for the year then ended.

Price Waterhouse & Co.
The Hague

Coopers & Lybrand Nederland
Rotterdam

22nd March, 1977

[1]) Signed by auditors authorised under Article 102 of Dutch Civil Code, Book II.

Limited Group

To the Members of Unilever Limited

In our opinion the accounts and the notes relevant thereto set out on pages 33 to 47 and 50 to 57 together give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1976 and of the profit and source and use of funds of the Group for the year then ended and comply with the United Kingdom Companies Acts 1948 and 1967.

Coopers & Lybrand
London

Price Waterhouse & Co.
London

22nd March, 1977

Accounting policies

Companies legislation
The accounts have been prepared on the historic cost convention and comply with the Civil Code, Book II in the Netherlands, United Kingdom Companies Acts 1948 and 1967 and recommended standards in the Netherlands and the United Kingdom except where any change from present policy would have no material effect.

Foreign currencies
Gains and losses arising in each individual company as a result of changes in the relative value of currencies during the year are included in the local currency operating profit of the individual company concerned.

In consolidating subsidiary companies of **N.V.** into guilders and of **Limited** into sterling respectively, closing exchange rates, those current at the year-end, are used for translation of sales and profit for the year and assets and liabilities at the year-end. The effect of exchange rate changes during the year, on the assets and liabilities at the beginning of the year, is shown as a movement in profit retained.

In arriving at the combined figures in guilders the sterling figures of **Limited** are translated at the year-end sterling/guilder exchange rate, except for the ordinary capital of **Limited** which is translated at the Equalisation Agreement rate of £1 = Fl. 12. The effect of restating the assets and liabilities of **Limited** at the beginning of the year is described as sterling/guilder realignment and is shown as a movement in profit retained.

Consolidated companies
Companies included in the consolidated accounts of **N.V.** or **Limited** are those in which directly or indirectly **N.V.** or **Limited** either holds more than 50% of the equity capital or being a shareholder controls the composition of a majority of the Board of Directors. Further, in accordance with Civil Code, Book II in the Netherlands, **N.V.'s** consolidated accounts include those companies in which **N.V.** holds directly or indirectly more than 50% of the total issued capital.

A list of principal subsidiaries is given on pages 54 to 56.

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. The principal investments are listed on page 57.

A statement summarising the interest in the results and net assets of all trade investments is given on page 46. These are not significant in relation to the consolidated results or capital employed.

Trade investments are shown at cost less amounts written off and dividends are accounted for when received.

Goodwill
Since no value is attributed to goodwill in our businesses the difference between the price paid for new interests and the value of the net tangible assets is adjusted against profit retained in the year of acquisition.

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.

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 fixed costs.

Debtors are stated after deducting adequate provision for doubtful debts.

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

That proportion of loan capital which is repayable within one year is included in loan capital.

Pensions
Liabilities in respect of retirement and death benefits are provided for by payments to pension and provident funds and by building up unfunded provisions. The amounts of the payments/charges are determined on an actuarial basis so that over the long term the funds and provisions will be adequate to meet the liabilities. The unfunded provisions 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.

Deferred liabilities
Unfunded retirement provisions as explained above.

Deferred taxation, provided at the rates of tax applicable at 31st December, 1976, 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 provision for unfunded retirement benefits. Short-term timing differences are included in Taxation not due before 1st January, 1978.

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.

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

General notes to the accounts

Ordinary shareholders' equity
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 United Holdings Limited—a subsidiary of **Limited**—and one half by N.V. Elma—a subsidiary of **N.V.** This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders.

The Directors of N.V. Elma are **N.V.** and **Limited,** who with Mr. H. F. van den Hoven and Mr. D. A. Orr are also Directors of United Holdings Limited. The above-mentioned subsidiaries have waived their rights to dividends on their ordinary shares. A nominal dividend of 1/4% was paid on the deferred stock of **Limited.**

Contingent liabilities
Contingent liabilities of the Group are not expected to give rise to any material loss. They include guarantees, security issued and bills discounted as follows:

Fl. million

	N.V.		Limited		Combined	
	1975	**1976**	1975	**1976**	1975	**1976**
Guarantees	153	**134**	137	**158**	290	**292**
Security has been issued in respect of:						
Loan capital	204	**197**	163	**132**	367	**329**
Bank advances	55	**75**	80	**57**	135	**132**
Creditors	14	**21**	—	—	14	**21**
Bills discounted	129	**89**	24	**27**	153	**116**

In addition the parent companies have given guarantees in respect of subsidiary companies' liabilities included in the consolidated accounts.

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 as follows:

Fl. million

	N.V.		Limited		Combined	
	1975	**1976**	1975	**1976**	1975	**1976**
Total	512	**616**	716	**644**	1 228	**1 260**
of which payable within one year	83	**112**	33	**37**	116	**149**

Fl. million

Pensions	1975	**1976**
Contributions amounted to:		
Pensions and provident funds	275	**297**
State and other schemes	320	**334**
	595	**631**
In addition provisions were made for unfunded schemes amounting to	220	**251**

At the end of 1976 the book value of the assets of the funds amounted to Fl. 4 209 million (1975: Fl. 4 194 million), and provisions in the consolidated accounts to meet obligations under unfunded schemes amounted to Fl. 860 million (1975: Fl. 808 million). These provisions, together with the assets of the pension funds, are sufficient in total to cover all pensions in course of payment at their existing levels and all contractual entitlements to deferred benefits in respect of service to date.

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.

Inter-group pricing for goods and services
International trade in own manufactured goods between Unilever companies is relatively unimportant. Such transactions represent under 6% of total turnover and under 2% involve sales to or from the developing countries.

The preferred method for determining the transfer prices is to take the market price; where there is no market price, the two managements concerned engage in arm's length negotiations. Normally this will lead to a price fixed at ex-works cost plus an appropriate percentage for a profit mark-up. Where required the method employed is discussed and agreed with the government authorities of the countries concerned.

General services provided by central advisory departments and research laboratories are charged to Unilever companies on the basis of fees under agreements approved where necessary by the government authorities of the countries concerned.

Where a central purchasing department buys goods for a Unilever company for use in its production, then that company is either treated as the buyer in the contract or is given the benefit of the central purchasing department's contract price. However, where a specialist buying service is provided directly by one unit for another, an appropriate commission is generally either included in the price or shown on the face of the relevant documents. In most of these cases the method applied is based on agreements with the taxation and other government authorities of the countries concerned.

General
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 1975 and 1976 dividends on the Trustees' holding of ordinary shares of **Limited** which would flow back to the Company through its wholly owned subsidiary which has a beneficial interest in the income of the Trust.

Zaire
In September 1976 the Zaire authorities returned the interests they had taken over from us in 1975. Amounts in respect of our interests in Zaire have not been included in the consolidated accounts as negotiations are taking place with the Government on the structure of our investments there and our future role therein.

Consolidated profit and loss accounts

Unilever N.V. and Unilever Limited and their subsidiaries
for the year ended 31st December

1975 Limited	1975 N.V.	1975 Combined	Fl. million	1976 Combined	1976 N.V.	1976 Limited
15 617	21 088	36 705	**Sales to third parties**	36 493	20 728	15 765
14 491	*20 228*	*34 719*	Costs (a)	*33 850*	*19 508*	*14 342*
1 126	860	1 986	**Operating profit**	2 643	1 220	1 423
45	*22*	*67*	Non-recurring items (b)	*41*	*6*	*35*
32	4	36	Income from trade investments (c)	29	10	19
41	*133*	*174*	Interest (d)	*115*	*89*	*26*
1 072	709	1 781	**Profit before taxation**	2 516	1 135	1 381
532	*377*	*909*	Taxation on profit of the year (e)	*1 207*	*512*	*695*
7	19	26	Taxation adjustments previous years	28	33	5
547	351	898	**Profit after taxation**	1 337	656	681
95	*32*	*127*	Outside interests and preference dividends (f)	*154*	*55*	*99*
452	319	771	**Profit attributable to ordinary capital**	1 183	601	582

1975		1976
	Combined earnings per share (g)	
Fl. 13.84	per Fl. 20 of capital	Fl. 21.23
38.23p	per 25p of capital	76.17p

1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Limited
—	—	—	Extraordinary items less taxation and outside interests	—	—	—
452	319	771	**Profit after extraordinary items**	1 183	601	582
117	*245*	*362*	Dividends on ordinary and deferred capital	*395*	*268*	*127*
335	74	409	**Profit of the year retained**	788	333	455

1975 Limited	1975 N.V.	1975 Combined	**Movements in profit retained**	1976 Combined	1976 N.V.	1976 Limited
2 675	3 510	6 185	Profit retained—1st January	6 525	3 670	2 855
180	160	340	Net additions to profit retained	21	128	*107*
335	74	409	Profit of the year retained[1])	788	333	455
1	*3*	*4*	Goodwill (w)	6	*3*	9
59	89	148	Effect of exchange rate changes (h)	*116*	*202*	86
213	—	*213*	Sterling/guilder realignment	*657*	—	*657*
2 855	3 670	6 525	Profit retained—31st December	6 546	3 798	2 748
116	150	266	[1]) of which added to fixed asset replacement reserve	311	174	137

The notes on pages 33 to 37, 41 and 42 form part of these accounts.
The letters between brackets refer to notes on pages 41, 42 and 47.

Consolidated balance sheets

Unilever N.V. and Unilever Limited and their subsidiaries
as at 31st December

1975 Limited (Fl. million)	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Limited (Fl. million)
			Capital employed			
28	265	293	**Preferential share capital** (i)	286	265	21
3 151	4 362	7 513	**Ordinary shareholders' equity**	7 466	4 490	2 976
549	640	1 189	Ordinary share capital (j)	1 189	640	549
2 855	3 670	6 525	Profit retained (k)	6 546	3 798	2 748
253	52	*201*	Other reserves (l)	269	52	*321*
213	168	381	**Outside interests in subsidiaries**	425	181	244
585	1 638	2 223	**Loan capital** (m)	2 314	1 640	674
816	943	1 759	**Deferred liabilities** (n)	1 877	965	912
8	*8*	—	Inter-Group—**N.V./Limited**	—	*8*	8
4 801	7 368	12 169		12 368	7 533	4 835
			Employment of capital			
2 277	3 681	5 958	**Land, buildings and plant** (o)	5 644	3 602	2 042
135	121	256	**Trade investments** (p)	190	118	72
49	135	184	**Long-term debtors** (q)	162	121	41
2 680	2 649	5 329	**Working capital**	5 813	2 886	2 927
2 780	3 077	5 857	Stocks (r)	6 310	3 417	2 893
1 784	2 134	3 918	Debtors (s)	4 077	2 212	1 865
1 884	*2 562*	*4 446*	Creditors (t)	*4 574*	*2 743*	*1 831*
412	*282*	*694*	**Provision for taxation**	*806*	*278*	*528*
169	*158*	*327*	**Dividends**	*332*	*170*	*162*
241	1 222	1 463	**Net liquid funds**	1 697	1 254	443
62	200	262	Marketable securities (u)	406	327	79
702	1 568	2 270	Cash and deposits (v)	2 362	1 568	794
523	*546*	*1 069*	Short-term borrowings	*1 071*	*641*	*430*
4 801	7 368	12 169		12 368	7 533	4 835

The notes on pages 33 to 37 and 43 to 46 form part of these accounts.
The letters between brackets refer to notes on pages 43 to 46.

Consolidated source and use of funds

Unilever N.V. and Unilever Limited and their subsidiaries
for the year ended 31st December

1975 Fl. million Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Fl. million Limited
1 363	1 255	2 618	**Funds generated from operations**	3 354	1 693	1 661
1 072	709	1 781	Profit before taxation	2 516	1 135	1 381
			Costs not involving outflow of funds:			
44	101	145	Unfunded retirement benefits	144	86	58
247	445	692	Depreciation	694	472	222
			Funds from other sources			
25	147	122	Loan capital issued/*repaid*	268	59	209
1 338	1 402	2 740	**Total sources**	3 622	1 752	1 870
278	*314*	*592*	**Taxation payments during year**	*773*	*470*	*303*
413	*716*	*1 129*	**Capital expenditure less disposals**	*1 046*	*594*	*452*
1	*3*	*4*	**Goodwill on acquisition of subsidiaries** (w)	6	*3*	9
60	1	*59*	***Purchase*/sale of trade investments**	36	—	36
204	653	449	***Additional*/reduced working capital**	*1 143*	*425*	*718*
168	781	613	Stocks	*1 155*	*553*	*602*
213	*37*	*250*	Debtors	*703*	*275*	*428*
177	*91*	86	Creditors	715	403	312
80	*247*	*327*	**Dividends paid during year**	*373*	*273*	*100*
37	*12*	25	**Other sources/*uses***	*62*	*24*	*38*
999	*638*	*1 637*	**Total uses**	*3 355*	*1 789*	*1 566*
339	764	1 103	**Net increase/*decrease* in net liquid funds**	267	*37*	304
79	449	370	Net liquid funds 1st January as reported	1 463	1 222	241
25	9	*16*	Effect of exchange rate changes (x)	23	69	*46*
6	—	6	Sterling/guilder realignment	*56*	—	*56*
98	458	360	Revised opening funds	1 430	1 291	139
339	764	1 103	Net increase/*decrease* in net liquid funds	267	*37*	304
241	1 222	1 463	**Net liquid funds 31st December**	1 697	1 254	443

The notes on pages 33 to 37 and 47 form part of these accounts.
The letters between brackets refer to notes on page 47.

Notes to the consolidated profit and loss accounts

Fl. million Limited 1975	N.V. 1975	Combined 1975		Combined 1976	N.V. 1976	Limited 1976 Fl. million
14 491	***20 228***	***34 719***	**(a) Costs**	***33 850***	***19 508***	***14 342***
7 365	*11 673*	*19 038*	Raw materials and packaging	*17 232*	*10 567*	*6 665*
58	*80*	*138*	Hire of plant and machinery	*153*	*87*	*66*
6	*7*	*13*	Auditors' remuneration	*13*	*7*	*6*
4 356	*3 783*	*8 139*	Other costs	*9 112*	*3 987*	*5 125*
2 453	*4 231*	*6 684*	Remuneration of employees including social security contributions	*6 632*	*4 379*	*2 253*
4	*6*	*10*	Emoluments of Directors as managers including contributions to pension funds for superannuation	*10*	*7*	*3*
2	*3*	*5*	Superannuation of former Directors	*4*	*2*	*2*
247	*445*	*692*	Depreciation	*694*	*472*	*222*
247	*445*	*692*	Depreciation as above based on historic cost of assets	*694*	*472*	*222*
363	*595*	*958*	Depreciation based on replacement value of assets	*1 005*	*646*	*359*
116	*150*	*266*	Difference being current basis of addition to fixed asset replacement reserve	*311*	*174*	*137*

(b) Non-recurring items are provisions for nationalisation of interests, war damage, disposal and closing of units.

Limited 1975	N.V. 1975	Combined 1975		Combined 1976	N.V. 1976	Limited 1976
32	4	36	**(c) Income from trade investments**	29	10	19
20	3	23	From quoted shares	7	1	6
8	6	14	From unquoted shares	24	14	10
1	2	3	Interest on loans	2	1	1
3	*7*	*4*	Other profits/*losses* including disposals	*4*	6	2
41	***133***	***174***	**(d) Interest**	***115***	***89***	***26***
60	*124*	*184*	Interest on loan capital	*172*	*131*	*41*
60	*113*	*173*	Interest on short-term borrowings	*117*	*77*	*40*
79	104	183	Interest received including change in market value of marketable securities	174	119	55
			Interest on loan capital includes:			
23	*62*	*85*	Interest on loans, the final repayment of which will be made within 5 years	*68*	*56*	*12*

Notes to the consolidated profit and loss accounts

Fl. million 1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	Fl. million 1976 Limited
532			**(e) Taxation on profit of the year** for **Limited** is made up of:			*695*
358			United Kingdom corporation tax[1])			*414*
144			less: double tax relief			113
318			plus: non-United Kingdom taxes			*394*

[1]) The United Kingdom corporation tax for 1976 has been based on a rate of 52% (1975: 52%). The charge includes Fl. 37 million (1975: Fl. 59 million) transferred to deferred taxation.

Fl. million 1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	Fl. million 1976 Limited
95	*32*	*127*	**(f) Outside interests and preference dividends**	*154*	*55*	*99*
93	*17*	*110*	Outside interests	*138*	*40*	*98*
2	*15*	*17*	Preference dividends	*16*	*15*	*1*

(g) Combined earnings per share
The calculation of earnings per share is based on the combined profit of the year attributable 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 (as set out on page 43) less Fl. 75 million (1975: Fl. 75 million) being 74% (1975: 74%) 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 55 719 254 (1975: 55 719 254) of Fl. 20 or alternatively 371 461 691 (1975: 371 461 691) of 25 pence.

The calculations for 1975 and 1976 are therefore:

1975		1976
Fl. 771 million	Profit attributable to ordinary capital (see page 38)	Fl. 1 183 million
55 719 254	Divided by units of Fl. 20	55 719 254
Fl. 13.84	=	Fl. 21.23
142.0 million	Profit attributable to ordinary capital in sterling	282.9 million
371 461 691	Divided by units of 25p	371 461 691
38.23p	=	76.17p

Fl. million 1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	Fl. million 1976 Limited
59	89	148	**(h) Effect of exchange rate changes**	*116*	*202*	86
52	56	108	Fixed assets	*132*	*206*	74
7	33	40	Other	16	4	12

Notes to the consolidated balance sheets

1975 Authorised	1975 Issued and fully paid		1976 Issued and fully paid	1976 Authorised
	293	**(i) Preferential share capital** (Fl. million)	286	
Fl. million	Fl. million	**Unilever N.V.**	Fl. million	Fl. million
75	29	7% Cumulative Preference (*Ranking pari passu*)	29	75
200	161	6% Cumulative Preference (*Ranking pari passu*)	161	200
75	75	4% Cumulative Preference (*Ranking pari passu*)	75	75
350	265		265	350
£million	£million	**Unilever Limited**[1]	£million	£million
0.2	0.2	5% First Cumulative Preference	0.2	0.2
3.5	3.5	7% First Cumulative Preference	3.5	3.5
1.2	1.2	8% Second Cumulative Preference	1.2	1.2
0.2	0.2	20% Third Cumulative Preferred Ordinary	0.2	0.2
5.1	5.1		5.1	5.1
	28	Guilder equivalent (million)	21	

[1]) The rates shown for the preferential capital of **Limited** are before the reduction of three tenths which followed the introduction of the imputation system of taxation in the United Kingdom in April 1973.

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

1975 Authorised	1975 Issued and fully paid		1976 Issued and fully paid	1976 Authorised
	1 189	**(j) Ordinary share capital** (Fl. million)	1 189	
Fl. million	Fl. million	**Unilever N.V.**	Fl. million	Fl. million
1 002	**642**	Ordinary	**642**	1 002
	2	Internal holdings eliminated in consolidation	*2*	
	640		640	
£million	£million	**Unilever Limited**	£million	£million
136.2	**45.8**	Ordinary (in 25p shares)	**45.8**	136.2
0.1	0.1	Deferred	0.1	0.1
	0.1	Internal holdings eliminated in consolidation	*0.1*	
	45.8		45.8	
	549	Guilder equivalent (million)	549	

1975 Limited (Fl. million)	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Limited (Fl. million)
362	556	918	**(k) Profit retained** includes cumulative fixed assets replacement reserve	1 146	730	416
253	**52**	*201*	**(l) Other reserves**	*269*	**52**	*321*
48	52	100	Premiums on capital issued	89	52	37
301	—	*301*	Adjustment on conversion of **Limited's** ordinary capital at £1 = Fl. 12	*358*	—	*358*

Notes to the consolidated balance sheets

1975		1976
2 223	**(m) Loan capital** (Fl. million)	2 314
Fl. million	**Unilever N.V.**	Fl. million
240	6% Bonds 1972/91	225
100	10½% Euroguilder Notes 1979	100
52	9¾% Euro DM Notes 1981 (DM 50 million)	52
125	8¾% Bonds 1981/85	125
62	6¾% Bonds 1981/86 (Swiss Frs. 60 million)	60
104	8½% Bonds 1981/87 (DM 100 million)	104
683		**666**
	Subsidiaries	
88	Netherlands: 4½% Loans 1968/87	80
100	9¾% Loans 1980/89	100
95	Germany: 3½%–8½% Mortgage loans on ships repayable period to 1989	83
21	11% Bank Loan 1979	21
54	10⅞% Bank Loan 1979	54
38	U.S.A.: 4⅝% Notes 1973/82	29
81	7 9/20% Notes 1982/97	74
—	9⅛% Notes 1982/91	62
103	Curaçao: 7¾% Notes 1979 (Swiss Frs. 100 million)	100
103	8¾% Notes 1979 (Swiss Frs. 100 million)	100
272	Others	271
1 638		**1 640**
£million	**Unilever Limited**	£million
9.2	4% Debenture stock 1960/80 } *Ranking pari passu*	9.2
11.0	6¾% Debenture stock 1985/88 } *Ranking pari passu*	11.0
2.2	5½% Unsecured loan stock 1991/2006 } *Ranking pari passu*	2.2
54.7	7¾% Unsecured loan stock 1991/2006 } *Ranking pari passu*	54.7
—	Bank Loans 1978/82	50.5
77.1		**127.6**
	Subsidiaries	
3.4	Canada: 6% Debenture Series A 1985	3.7
9.8	8⅞% Debenture Series B 1993	11.6
3.7	Australia: 7¾% Debentures 1982/87	3.8
13.8	Others	14.4
107.8		**161.1**
585	Guilder equivalent (million)	**674**

The issues of debenture stock of **Limited** are secured by a floating charge on the assets of the Company.
Unless otherwise indicated, the loans are fixed in the currency of the country in which they were raised.

1975 Fl. million Limited	N.V.	Combined		1976 Combined	N.V.	Fl. million Limited
			The repayments fall due as follows:			
13	71	84	Within 1 year	81	70	11
99	708	807	After 1 year but within 5 years	962	778	184
35	520	555	After 5 years but within 10 years	672	536	136
121	301	422	After 10 years but within 20 years	323	224	99
317	38	355	After 20 years	276	32	244
487	1 090	1 577	Loans on which the final repayment will be made after 5 years amount to	1 585	1 053	532

Notes to the consolidated balance sheets

Fl. million 1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	Fl. million 1976 Limited
816	**943**	**1 759**	**(n) Deferred liabilities**	**1 877**	**965**	**912**
271	537	808	Unfunded retirement benefits	860	586	274
421	242	663	Taxation not due before 1st January, 1978	697	195	502
194	—	*194*	Advance Corporation Tax — United Kingdom	*154*	—	*154*
318	164	482	Deferred taxation	474	184	290

Taxation not due before 1st January, 1978 includes United Kingdom corporation tax on the profits of 1976 and Fl. 339 million in respect of tax postponed on increases in stocks in the United Kingdom in 1973–1976 together with certain other countries' taxes not due before that date.
Advance Corporation Tax, which includes Fl. 62 million in respect of the dividends declared/proposed but not payable because of dividend restraint, is available for offset against future United Kingdom corporation tax liabilities.

1975 Limited	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Limited
2 277	**3 681**	**5 958**	**(o) Land, buildings and plant**	**5 644**	**3 602**	**2 042**
755	1 399	2 154	Land and buildings — freehold	1 995	1 360	635
206	14	220	— leasehold — long-term (50 years or over)	184	10	174
80	24	104	— leasehold — short-term	104	31	73
1 052	1 982	3 034	Plant and equipment	2 943	1 958	985
184	262	446	Ships and motor vehicles	418	243	175
4 274	7 394	11 668	**Cost** — 31st December	11 214	7 388	3 826
4 194	6 768	10 962	1st January	11 668	7 394	4 274
334	—	*334*	Sterling/guilder realignment	*984*	—	*984*
114	112	226	Exchange rate changes	*254*	*414*	160
504	709	1 213	Expenditure	1 097	625	472
92	*56*	*148*	Disposals — proceeds	*102*	*47*	*55*
140	*278*	*418*	— depreciation	*310*	*196*	*114*
2	100	102	New subsidiaries	85	18	67
26	39	65	Other adjustments	14	8	6
1 997	3 713	5 710	**Depreciation** — 31st December	5 570	3 786	1 784
1 963	3 422	5 385	1st January	5 710	3 713	1 997
157	—	*157*	Sterling/guilder realignment	*460*	—	*460*
62	56	118	Exchange rate changes	*122*	*208*	86
140	*278*	*418*	Disposals	*310*	*196*	*114*
1	37	38	New subsidiaries	34	2	32
21	31	52	Other adjustments	24	3	21
247	445	692	Charged to profit and loss accounts	694	472	222
504	709	1 213	**Expenditure**	1 097	625	472
123	107	230	Land and buildings	179	91	88
309	487	796	Plant and equipment	752	455	297
72	115	187	Ships and motor vehicles	166	79	87
521	438	959	At 31st December, capital expenditure authorised by the Boards and still not spent was	1 269	600	669
133	167	300	Of these amounts commitments had been entered into for	309	163	146

The estimated remainder life replacement value of our fixed assets — after depreciation — is Fl. 9 800 million, compared with the net historic book value of Fl. 5 644 million.

Notes to the consolidated balance sheets

1975 Limited (Fl. million)	1975 N.V.	1975 Combined		1976 Combined	1976 N.V.	1976 Limited (Fl. million)
135	121	256	**(p) Trade investments**	190	118	72
22	42	64	Quoted shares	64	44	20
80	53	133	Unquoted shares	86	55	31
33	26	59	Loans	40	19	21
59	—	59	Movements during the year:	*66*	*3*	*63*
65	27	92	Additions	31	18	13
6	—	*6*	Sterling/guilder realignment	*31*	—	*31*
6	1	7	Exchange rate changes	1	*3*	4
6	*28*	*34*	Disposals and other adjustments	*67*	*18*	*49*
			Attributable share of:			
254	165	419	Net assets	421	198	223
37	12	49	Net profits after tax	57	18	39
96	43	139	Market value of quoted shares	137	54	83
111	48	159	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	165	82	83
			(q) Long-term debtors are debtors not due for repayment within one year, less provisions.			
2 780	3 077	5 857	**(r) Stocks**	6 310	3 417	2 893
906	1 672	2 578	Raw materials and stocks in process	2 811	1 802	1 009
674	1 149	1 823	Finished products	1 993	1 340	653
1 200	256	1 456	Merchandise and other stocks	1 506	275	1 231
1 784	2 134	3 918	**(s) Debtors**	4 077	2 212	1 865
1 416	1 500	2 916	Trade	3 060	1 547	1 513
368	634	1 002	Other	1 017	665	352
1 884	*2 562*	*4 446*	**(t) Creditors**	*4 574*	*2 743*	*1 831*
1 217	*1 235*	*2 452*	Debts to suppliers	*2 595*	*1 394*	*1 201*
31	*39*	*70*	Short-term portion of unfunded retirement benefits	*76*	*47*	*29*
636	*1 288*	*1 924*	Other	*1 903*	*1 302*	*601*
62	200	262	**(u) Marketable securities**	406	327	79
47	51	98	Quoted—at market value	138	86	52
15	149	164	Unquoted	268	241	27
702	1 568	2 270	**(v) Cash and deposits**	2 362	1 568	794
236	471	707	On call	757	443	314
466	1 097	1 563	Repayment notice required	1 605	1 125	480

Notes to the consolidated source and use of funds

1975 Limited	1975 N.V.	1975 Combined	Fl. million	1976 Combined	1976 N.V.	1976 Limited
1	*3*	*4*	**(w) Goodwill on acquisitions of subsidiaries**	6	*3*	9
			Effect of acquisitions on consolidated balance sheets			
1	63	64	Land, buildings and plant	51	16	35
1	*9*	*10*	Trade investments	*44*	*9*	*35*
—	4	4	Long-term debtors	—	—	—
6	4	*2*	Working capital	74	4	70
—	*8*	*8*	Net liquid funds	*2*	4	*6*
2	*8*	*10*	Outside interests	—	*3*	3
—	*8*	*8*	Loan capital	*5*	*2*	*3*
1	*8*	*9*	Deferred liabilities	*11*	*2*	*9*
9	30	21	Net assets acquired	63	8	55
8	*33*	*25*	Cash paid	*57*	*11*	*46*

(x) Effect of exchange rate changes
Movements shown against individual headings on page 40 represent the differences between opening and closing balance sheets except that they exclude the effect on opening balances of both exchange rate changes and sterling/guilder realignment.
The effect of these on opening net liquid funds is shown on separate lines.

Unilever N.V. balance sheet

as at 31st December

1975 Fl. 000's	1975		1976	1976 Fl. 000's
		Capital employed		
265 060		**Preferential share capital** (i)		265 060
		Ordinary capital and reserves		
	642 565	Ordinary share capital (j)	642 565	
	52 166	Premiums on capital issued	52 166	
	1 503 156	Profit retained	1 695 820	
2 197 887				2 390 551
682 740		**Loan capital** (m)		666 420
16 834		**Deferred liabilities**		3 712
16 295		Inter-Group—**Limited**		*22 091*
3 146 226				3 303 652
		Employment of capital		
		Interests in subsidiaries		
	304 640	Shares	654 642	
	2 162 006	Advances	1 947 665	
	30 271	Deposits	*20 340*	
2 436 375				2 581 967
918		**Long-term debtors**		642
		Working capital		
	64 509	Debtors and prepaid expenses	24 894	
	128 486	Creditors	*109 851*	
63 977				*84 957*
39 674		**Taxation**		15 256
157 873		**Dividends due or proposed**		*169 590*
		Net liquid funds		
	12 661	Marketable securities	42 429	
	957 796	Cash and deposits	917 905	
970 457				960 334
3 146 226				3 303 652

The Board of Directors

The notes on pages 33 to 47, 49 and 54 to 57 form part of these accounts.
The letters between brackets refer to notes on pages 43 and 44.

Unilever N.V. notes to the balance sheet profit and loss account

Fl. 000's 1975		1976 Fl. 000's
	Profit retained	
1 333 162	1st January	1 503 156
169 994	Profit of the year retained of which:	192 664
150 000	Fixed assets replacement reserve (on behalf of subsidiaries)	174 000
1 503 156	31st December of which:	**1 695 820**
556 000	Fixed assets replacement reserve	730 000
	Loan capital includes an amount of Fl. 15 million repayable within one year.	
	Deferred liabilities	
—	Unfunded retirement benefits	2 000
16 834	Deferred taxation	1 712
16 834		**3 712**
	Interests in subsidiaries Shares in subsidiaries are stated at cost. Profit retained and profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under those 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.	
	Debtors and prepaid expenses include:	
2 200	Payments in advance	3 694
	Creditors include:	
2 221	Debts to suppliers	*2 158*
	Taxation Prepayments of taxation for 1976 exceed the taxation provision considered necessary at the year-end.	
	Marketable securities	
12 661	Quoted stocks	42 429

PROFIT AND LOSS ACCOUNT

Fl. 000's 1975		1976 Fl. 000's
429 551	Profit of the year	474 947
	Proposed profit appropriation in accordance with Art. 41 of the Articles of Association	
429 551	Profit of the year	474 947
14 694	Preference dividends	*14 694*
414 857	Profit at disposal of the annual general meeting of shareholders	460 253
244 863	Ordinary dividends	*267 589*
169 994	Profit of the year retained	192 664
	Analysis of operating profit Unilever N.V. and subsidiaries	
512 908	Foods	789 093
329 446	Detergents and toilet preparations	346 913
7 038	Paper, plastics, packaging, chemicals, transport and other interests	71 110
9 210	Animal feeds	6 055
1 680	Merchandise and other activities of UAC International and plantations	7 513
860 282		1 220 684

Unilever Limited balance sheet

as at 31st December

£million 1975	1975		1976	1976 £million
		Capital employed		
5.1		**Preferential share capital** (i)		5.1
		Ordinary and deferred capital and reserves		
	45.8	Ordinary share capital (j)	45.8	
	0.1	Deferred capital (j)	0.1	
	8.8	Premiums on capital issued	8.8	
	238.6	Profit retained and other reserves	312.5	
293.3				367.2
77.1		**Loan capital** (m)		127.6
20.4		**Deferred liabilities**		*16.9*
4.1		Inter-Group—**N.V.**		11.0
359.2				494.0
		Employment of capital		
20.7		**Land, buildings and plant**		23.4
2.7		**Trade investments**		3.9
		Interests in subsidiaries		
	219.6	Shares	224.7	
	214.6	Advances	300.0	
	143.8	Deposits	*120.0*	
290.4				404.7
		Working capital		
	2.5	Stocks	4.7	
	14.4	Debtors	10.8	
	12.7	Creditors	*18.9*	
4.2				*3.4*
19.8		**Provision for taxation**		*13.9*
31.2		**Dividends due or proposed**		*38.9*
		Net liquid funds		
	8.5	Marketable securities	8.6	
	83.7	Cash and deposits	109.6	
92.2				118.2
359.2				494.0

H. F. VAN DEN HOVEN, Vice-Chairman
S. G. SWEETMAN, Vice-Chairman

The notes on pages 34 to 37, 43, 44 and 51 to 53 form part of these accounts.
The letters between brackets refer to notes on pages 43 and 44.

Unilever Limited notes

1975 £million	1975 £million		1976 £million	1976 £million
		Profit retained and other reserves		
213.3		1st January		238.6
	47.2	Profit of the year	104.6	
	0.3	Preferential dividends	*0.3*	
	21.6	Dividends on ordinary and deferred capital	*30.4*	
25.3		Profit of the year retained		73.9
		of which:		
21.4		Fixed assets replacement reserve (on behalf of subsidiaries)		32.9
238.6		31st December		**312.5**
		of which:		
66.6		Fixed assets replacement reserve		99.5
		Deferred liabilities		
	4.6	Unfunded retirement benefits	4.4	
	4.5	United Kingdom corporation tax	9.0	
	34.4	Advance Corporation Tax	*36.8*	
	4.9	Deferred taxation	6.5	
	20.4		***16.9***	

The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of the subsidiary companies

1975		1976
	Land, buildings and plant	
7.0	Land and buildings — freehold	8.1
5.9	— leasehold — long-term (50 years or over)	5.7
0.1	— leasehold — short-term	—
7.7	Plant and equipment	9.6
20.7		**23.4**

Movements during the year:	Cost	Depreciation	Net book value
1st January, 1976	32.6	*11.9*	20.7
Expenditure	4.8	—	4.8
Proceeds of disposals	*0.3*	—	*0.3*
Other adjustments	*0.4*	0.3	*0.1*
Charged to profit and loss account	—	*1.7*	*1.7*
31st December, 1976	36.7	*13.3*	23.4

At 31st December, 1976 capital expenditure authorised by the Board and still not spent was £17.7 (1975: £14.2). Of this amount commitments had been entered into for £4.5 (1975: £4.1).

Unilever Limited notes

£million 1975		1976 £million
	Trade investments at net book value at 31st December, 1947 with additions at cost or valuation less £1.1 written off:	
1.2	Quoted shares	1.4
1.2	Unquoted shares	1.1
0.3	Loans	1.4
2.7		**3.9**
2.0	Market value of quoted shares	1.5
1.3	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	4.2

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

Profit retained and 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.

1975		1976
	Dividends due or proposed	
16.2	Payable in 1977	*11.2*
15.0	Deferred dividends	*27.7*
31.2		***38.9***
	Marketable securities	
8.5	Quoted—at market value	**8.6**
0.06	Profit of the year is after charging Auditors' remuneration	0.06

Unilever Limited notes

Emoluments of Directors and senior employees
The adjoining table shows the numbers of Directors of the Company (excluding the Chairman) and the numbers of employees (including chairmen and directors of wholly owned subsidiary companies) employed wholly or mainly in the United Kingdom and receiving emoluments in excess of £10 000, whose emoluments fell within the ranges shown.

During the year there were 3 Directors who served for only part of the year (1975: 2).

The Chairman of **Limited** Mr. D. A. Orr received remuneration of £56 000 (1975: £56 000).

All contracts of service of Directors of the Company 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.

Directors 1975	Directors 1976		Senior employees 1975	Senior employees 1976
–	–	£ 2 501–£ 5 000	–	–
1	2	£ 5 001–£ 7 500	–	–
1	2	£ 7 501–£10 000	–	–
2	2	£10 001–£12 500	296	323
3	2	£12 501–£15 000	147	171
2	2	£15 001–£17 500	65	94
–	–	£17 501–£20 000	57	54
–	1	£20 001–£22 500	24	39
3	2	£22 501–£25 000	16	13
2	1	£25 001–£27 500	14	13
3	4	£27 501–£30 000	8	8
2	2	£30 001–£32 500	3	7
1	–	£32 501–£35 000	4	6
1	1	£35 001–£37 500	–	–
1	1	£37 501–£40 000	–	2
1	–	£40 001–£42 500	1	–
–	–	£42 501–£45 000	–	1
1	1	£45 001–£47 500	–	2
–	–	£47 501–£50 000	–	1
–	–	£50 001–£52 500	–	–
–	1	£52 501–£55 000	–	–
24	24		635	734

Effect of United Kingdom taxation on emoluments
The foregoing table deals with gross emoluments before taxation. The table adjoining gives examples of the amounts which would actually have been received, after United Kingdom taxation at the rates in force from 6th April, 1976, by a married man with two dependent children, no other source of income, and no deductions other than an 8% contribution to a Unilever retirement scheme:

Gross emoluments	Retirement contributions	Tax	Amount received
5 000	400	995	3 605
7 500	600	1 810	5 090
10 000	800	2 875	6 325
12 500	1 000	4 195	7 305
15 000	1 200	5 680	8 120
17 500	1 400	7 290	8 810
20 000	1 600	8 985	9 415
22 500	1 800	10 710	9 990
25 000	2 000	12 535	10 465
27 500	2 200	14 440	10 860
30 000	2 400	16 350	11 250
32 500	2 600	18 260	11 640
35 000	2 800	20 170	12 030
37 500	3 000	22 080	12 420
40 000	3 200	23 990	12 810
42 500	3 400	25 895	13 205
45 000	3 600	27 805	13 595
47 500	3 800	29 715	13 985
50 000	4 000	31 625	14 375
52 500	4 200	33 530	14 770
55 000	4 400	35 440	15 160

Principal subsidiaries

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.

Where holdings are less than 100% of the equity capital percentages are stated after rounding off. Where applicable the percentage of preference capital held is also stated.

The subsidiaries' registered offices are in the places mentioned.

The list of consolidated companies takes account of Article 320(3) of the Dutch Civil Code, Book II.

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

E.C. Countries

Belgium — N.V. group
Hartog's Levensmiddelen N.V., Brussels
Iglo-Ola N.V., Brussels
N.V. Jacky, Antwerp
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
Bensdorp G.m.b.H., Cleves
Deutsche Unilever G.m.b.H., Hamburg
Schiffahrts- und Speditionskontor 'Elbe' G.m.b.H., Hamburg
Elida-Gibbs G.m.b.H., Hamburg
4P Folie Forchheim G.m.b.H., Forchheim
4P Papier Günzach G.m.b.H., Günzach
75 Langnese-Iglo G.m.b.H., Hamburg
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
68 'Nordsee' Deutsche Hochseefischerei G.m.b.H., Bremerhaven (Preference capital held 68%)
4P Rube Göttingen G.m.b.H., Göttingen
Scado G.m.b.H., Emslage
Schafft Fleischwerke G.m.b.H., Ansbach
'Unichema' Chemie-Gesellschaft m.b.H., Hamburg
Union Deutsche Lebensmittelwerke G.m.b.H., Hamburg

France — N.V. group
99 Astra-Calvé S.A., Courbevoie
99 Bertrand Frères S.A., Grasse
99 Compagnie Française de Nutrition Animale S.A., Tours
99 Elida Gibbs S.A., Paris
99 4P Emballages France S.A., Allonne
94 Etablissements Rousset S.A., Vénissieux
99 La Roche aux Fées S.A., Nantes
99 Lever S.A., Paris
99 Société Autonome de Transports et de Magasinage S.A., Courbevoie
99 Société des Thés de l'Eléphant S.A., Marseille

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

99 Sheby S.A., Bezons
99 Unilever Export France S.A., Courbevoie
79 Union Générale des Glycérines, Paris.

— Limited group
81 CNF S.A., Paris
85 Fragep S.A., Paris

Ireland — Limited group
Lever Brothers (Ireland) Ltd., Dublin
W. & C. McDonnell Ltd., Dublin
Paul and Vincent Ltd., Dublin
H B Ice Cream Ltd., Dublin

Italy — N.V. group
75 Algel S.p.A., Cisterna
75 Also S.p.A., Naples
75 Gelsi S.p.A., Turin
75 Sages S.p.A., Milan
Unil-It S.p.A., Milan

The Netherlands — N.V. group
African and Eastern Trading Company Holland B.V., Rotterdam
Algemeen Vrachtkantoor B.V., Rotterdam
Bakhuis' Vleeswaren- en Conservenfabrieken Olba B.V., Olst
Bensdorp B.V., Bussum
Van den Bergh en Jurgens B.V., Rotterdam
Koninklijke Maatschappij De Betuwe B.V., Tiel
Calvé-De Betuwe B.V., Delft
Croklaan B.V., Wormerveer
4P Drukkerij Reclame B.V., Rotterdam
Iglo B.V., Utrecht
Lever Industrial B.V., Maarssen
Lever Sunlight B.V., Rotterdam
Lipoma B.V., Rotterdam
Lucas Aardenburg B.V., Hoogeveen
Marga B.V., Rotterdam
Handelmaatschappij Marko B.V., Rotterdam
Mavibel (Maatschappij voor Internationale Beleggingen) B.V., Rotterdam
Mengvoeder UT-Delfia B.V., Maarssen
Nederlandse Unilever Bedrijven B.V., Rotterdam (Preference capital held 99%)
Handelmaatschappij Noorda B.V., Rotterdam
Norfolk Line B.V., 's-Gravenhage
75 Safial B.V., Rotterdam
Saponia B.V., Rotterdam
Scado B.V., Zwolle
Sheby-Kemi B.V., Wormerveer
U. Twijnstra's Oliefabrieken B.V., Akkrum
Exportslachterij Udema B.V., Gieten
50 Unilever-Emery N.V., Gouda (Preference capital held 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
Wemado B.V., Rotterdam
Zwanenberg's Fabrieken B.V., Oss

United Kingdom — Limited group
Austin Packaging Group Ltd., Bromborough
Batchelors Foods Ltd., Sheffield
Birds Eye Foods Ltd., Walton-on-Thames
BOCM Silcock Ltd., Basingstoke
BOCM Silcock (N.I.) Ltd., Belfast

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

Chemical and Industrial Investment Company Ltd., Wallsend
Clynol Ltd., High Wycombe
Commercial Plastics Industries Ltd., Wallsend
C.W.A. Holdings Ltd., London
Joseph Crosfield & Sons Ltd., Warrington
Elida Gibbs Ltd., London
Food Industries Ltd., Bromborough
Ford & Slater Group Ltd., Leicester
Kennedy's (Builders' Merchants) Ltd., Bournemouth
Lawson of Dyce Ltd., Aberdeen
Lever Brothers Ltd., Kingston-upon-Thames
Leverton Group Ltd., Windsor
Lipton Ltd., London
MacFisheries Ltd., Bracknell
Robert B. Massey & Co. Ltd., York
Mattessons Meats Ltd., London
Midland Poultry Holdings Ltd., Craven Arms
Nairn Williamson Ltd., London
Palm Line Ltd., London
Price's Chemicals Ltd., Bromborough
Proprietary Perfumes Ltd., Ashford
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
United Agricultural Merchants Ltd., Basingstoke
UAC International Ltd., London
Van den Berghs and Jurgens Ltd., Burgess Hill
Vinyl Products Ltd., Carshalton
T. Wall & Sons Ltd., London
John West Foods Ltd., Liverpool

Other European Countries

Finland — N.V. group
Oy Leverindus AB, Turku
S.W. Paasivaara-Yhtymä Oy, Helsinki
Turun Saippua Oy, Turku

Greece — N.V. group
85 Industrie Hellénique de Détergents S.A. (E.V.A.), Athens

Austria — N.V. group
4P Allpack Verpackungen Gesellschaft m.b.H., Vienna
'Apollo' Seifen und Waschmittel G.m.b.H., Vienna
Bensdorp G.m.b.H., Vienna
Elida Gibbs Gesellschaft m.b.H., Vienna
75 Eskimo-Iglo G.m.b.H., Vienna
'Kunerol' Nahrungsmittel G.m.b.H., Vienna
Lever Industrie-Produkte und Systeme für Reinigung und Pflege Vertriebsgesellschaft m.b.H., Vienna
Österreichische Unilever G.m.b.H., Vienna

Portugal — N.V. group
74 Iglo Indústrias de Gelados, Lda., Lisbon
60 Indústrias Lever Portuguesa, Lda., Sacavem

Spain — N.V. group
Agra S.A., Lamiacó
94 Frigo S.A., Barcelona
Lever Ibérica S.A., Madrid

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

Sweden — N.V. group
AB Liva Fabriker, Lidingö
Gibbs AB, Stockholm
Leverindus AB, Nyköping
Novia Livsmedelsindustrier AB, Kristianstad
Pierre Robert AB, Malmö
Scado AB, Landskrona
AB Sunlight, Nyköping
Svenska Unilever Förvaltnings AB, Stockholm

Switzerland — N.V. group
88 'Astra' Fett- und Oelwerke A.G., Steffisburg
Elida Cosmetic A.G., Zürich
Meina Holding A.G., Zürich
Sais A.G., Zürich
Sunlight A.G., Olten
Unilever (Schweiz) A.G., Zürich

United States and Canada

Canada — N.V. group
99 Thomas J. Lipton Ltd., Toronto
— 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

United States of America — N.V. group
Lever Brothers Company, Portland, Maine
99 Thomas J. Lipton Inc., Dover, Delaware

Central and South America

Argentina — N.V. group
99 Lever y Asociados SACIF, Buenos Aires

Brazil — N.V. group
99 Industrias Gessy Lever Ltda., São Paulo

Colombia — N.V. group
Compañia Colombiana de Grasas 'Cogra' S.A., Bogotá
Productos Lever S.A., Bogotá

Mexico — N.V. group
Zwanenberg de Mexico S.A., Mexico

Netherlands Antilles — N.V. group
Mavibel International N.V., Willemstad
Unilever Becumij N.V., Willemstad

Trinidad — Limited group
60 Lever Brothers West Indies Ltd., Port of Spain

Venezuela — N.V. group
Lever S.A., Caracas

Africa

Gabon — Limited group
99 Hatton et Cookson S.A., Libreville

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

Ghana—Limited group
45 Lever Brothers Ghana Ltd., Accra
60 UAC of Ghana Ltd., Accra

Ivory Coast—Limited group
99 CFCI S.A., Abidjan

United Republic of Cameroons—Limited group
Pamol (Cameroons) Ltd., London
Plantations Pamol du Cameroun Ltd., Lobe

Kenya—Limited group
54 East Africa Industries Ltd., Nairobi
Gailey & Roberts Ltd., Nairobi

People's Republic of the Congo (Brazzaville)—Limited group
96 Société Commerciale du Kouilou Niari-Congo S.A., Brazzaville

Malawi—Limited group
80 Lever Brothers (Malawi) Ltd., Limbe

Nigeria—Limited group
60 Lever Brothers Nigeria Ltd., Apapa
Pamol (Nigeria) Ltd., Lagos
60 UAC of Nigeria Ltd., Lagos

Uganda—Limited group
Gailey & Roberts (Uganda) Ltd., Kampala

Rhodesia—Limited group
Lever Brothers (Private) Ltd., Salisbury

Sierra Leone—Limited group
87 UAC of Sierra Leone Ltd., Freetown

Tanzania—Limited group
The United Africa Company of Tanzania Ltd., Dar es Salaam

Republic of Tchad—Limited group
67 Brasseries du Logone S.A., Moundou

Republic of Zaire—N.V. group
98 Plantations Lever au Zaïre s.a.r.l., Kinshasa
Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l., Kinshasa
—Limited group
99 Sedec s.a.r.l., Kinshasa

Zambia—Limited group
K. B. Davies & Co. (Zambia) Ltd., Chingola

South Africa—Limited group
Elida Gibbs (Pty.) Ltd., Durban
Glenton & Mitchell (Pty.) Ltd., Durban
Hudson & Knight (Pty.) Ltd., Durban
Lever Brothers (Pty.) Ltd., Durban
Nairn Industries (Pty.) Ltd., Durban
Unilever South Africa (Pty.) Ltd., Durban
Van den Bergh and Jurgens (Pty.) Ltd., Durban
T. Wall & Sons (Pty.) Ltd., Durban
S.A. Warehousing Services (Pty.) Ltd., Durban

Asia, Australia, New Zealand

Australia—Limited group
Rosella Foods Pty. Ltd., Richmond

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

Streets Ice Cream Pty. Ltd., Sydney
Unilever Australia Pty. Ltd., Sydney

Philippines—N.V. group
Philippine Refining Company Inc., Manila

India—Limited group
85 Hindustan Lever Ltd., Bombay

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
79 Nippon Lever Industries Ltd., Tokyo

Malaysia—Limited group
Lever Brothers (Malaysia) Sdn. Bhd., Kuala Lumpur
Pamol (Sabah) Ltd., London
Unipamol Malaysia Sdn. Bhd., Kuala Lumpur

New Zealand—Limited group
Lever Brothers (New Zealand) Ltd., Petone
Unilever New Zealand Ltd., Petone

Pakistan—Limited group
70 Lever Brothers Pakistan Ltd., Karachi

Sri Lanka—Limited group
Lever Brothers (Ceylon) Ltd., Colombo

Thailand—N.V. group
Lever Brothers (Thailand) Ltd., Bangkok

Turkey—N.V. group
80 Unilever-Iş Ticaret ve Sanayi Türk Limited Şirketi, Istanbul

Principal trade investments

% of equity held

Chile—N.V. group
50 Indus Lever S.A.C.I.

Germany—N.V. group
50 Fritz Homann Lebensmittelwerke G.m.b.H. & Co. K.G.

The Netherlands—N.V. group
43 Gamma Holding N.V.

United Kingdom—Limited group
32 Ellis & Everard Ltd.

Nigeria—Limited group
19 Guinness (Nigeria) Ltd.
22 Nigerian Breweries Ltd.

Indonesia—N.V. group
50 P.T. Sangkulirang

Financial review 1966-1976

Fl. million

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Results											
Sales to third parties	19 189	19 714	20 032	21 829	24 917	26 483	26 832	29 197	34 471	36 705	36 493
Costs	*17 966*	*18 303*	*18 538*	*20 386*	*23 484*	*24 766*	*24 884*	*27 004*	*32 362*	*34 719*	*33 850*
Operating profit	1 223	1 411	1 494	1 443	1 433	1 717	1 948	2 193	2 109	1 986	2 643
Non-recurring and financial items	*50*	*71*	*14*	*29*	*126*	*81*	*112*	*34*	*142*	*205*	*127*
Profit before taxation	1 173	1 340	1 480	1 414	1 307	1 636	1 836	2 159	1 967	1 781	2 516
Taxation	*541*	*641*	*716*	*672*	*633*	*771*	*793*	*1 035*	*961*	*883*	*1 179*
Profit after taxation	632	699	764	742	674	865	1 043	1 124	1 006	898	1 337
Outside interests and preference dividends	*48*	*44*	*50*	*53*	*45*	*46*	*68*	*84*	*91*	*127*	*154*
Profit attributable to ordinary capital	584	655	714	689	629	819	975	1 040	915	771	1 183
Extraordinary items, less taxation and outside interests	*78*	—	—	—	—	—	*110*	—	—	—	—
Profit after extraordinary items	506	655	714	689	629	819	865	1 040	915	771	1 183
Dividends on ordinary and deferred capital[2])	*236*	*254*	*264*	*305*[3])	*307*	*348*	*347*	*324*	*345*	*362*	*395*
Profit of the year retained	270	401	450	384	322	471	518	716	570	409	788
Assets and liabilities											
Preferential share capital	317	310	310	310	310	308	304	298	295	293	286
Ordinary shareholders' equity	5 955	5 919	6 221	6 515	6 826	6 982	7 107	7 134	7 199	7 513	7 466
Outside interests in subsidiaries	194	205	209	214	250	211	247	244	327	381	425
Loan capital	1 570	1 491	1 452	1 477	1 634	1 660	1 610	1 601	2 120	2 223	2 314
Deferred liabilities	769	708	770	804	888	979	1 070	1 266	1 418	1 759	1 877
Capital employed	8 805	8 633	8 962	9 320	9 908	10 140	10 338	10 543	11 359	12 169	12 368
Land, buildings and plant	4 610	4 494	4 679	5 003	5 439	5 371	5 287	5 238	5 577	5 958	5 644
Trade investments	317	203	209	214	199	208	175	215	197	256	190
Long-term debtors	158	172	179	174	187	198	205	203	291	184	162
Working capital	3 572	3 271	3 617	4 081	4 410	4 236	4 109	4 574	5 858	5 329	5 813
Provision for taxation	*450*	*520*	*550*	*528*	*610*	*704*	*736*	*801*	*639*	*694*	*806*
Dividends	*107*	*135*	*135*	*176*	*178*	*220*	*272*	*257*	*295*	*327*	*332*
Net liquid funds	705	1 148	963	552	461	1 051	1 570	1 371	370	1 463	1 697
Employment of capital	8 805	8 633	8 962	9 320	9 908	10 140	10 338	10 543	11 359	12 169	12 368
Source and use of funds											
Funds generated from operations	1 694	1 882	2 032	2 027	2 108	2 326	2 600	2 851	2 676	2 618	3 354
Funds from other sources	192	77	*15*	25	182	50	42	101	605	122	268
Total sources	1 886	1 959	2 017	2 052	2 290	2 376	2 642	2 952	3 281	2 740	3 622
Taxation payments during year	*498*	*533*	*635*	*706*	*598*	*589*	*705*	*692*	*906*	*592*	*773*
Capital expenditure, less disposals	*575*	*653*	*733*	*828*	*1 083*	*790*	*864*	*1 024*	*1 271*	*1 129*	*1 046*
Goodwill on acquisition of subsidiaries	*45*	*71*	*169*	*84*	*31*	*52*	*94*	*156*	*83*	*4*	6
Purchase/sale of trade investments	*46*	*8*	*9*	*20*	9	*12*	22	*57*	5	*59*	36
Additional/reduced working capital	*32*	*10*	*346*	*465*	*329*	112	*96*	*753*	*1 557*	449	*1 143*
Dividends paid during year	*271*	*238*	*282*	*322*	*324*	*322*	*303*	*337*	*311*	*327*	*373*
Other sources/*uses*	*110*	48	*28*	*34*	25	*129*	*37*	*38*	*124*	25	*62*
Total uses	*1 577*	*1 465*	*2 202*	*2 459*	*2 381*	*1 782*	*2 077*	*3 057*	*4 247*	*1 637*	*3 355*
Net increase/*decrease* in funds	309	494	*185*	*407*	*91*	594	565	*105*	*966*	1 103	267

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Shareholders' equity											
per Fl. 20 of capital (Fl.)	106	106	111	116	121	125	127	128	129	135	134
per 25p of capital (pence)	157	182	191	200	209	222	253	295	328	372	481
Earnings[1]											
per Fl. 20 of capital (Fl.)	10.42	11.74	12.71	12.28	11.17	14.69	17.48	18.64	16.43	13.84	21.23
per 25p of capital (pence)	15.41	20.26	21.94	21.19	19.29	26.06	34.63	43.02	41.76	38.23	76.17
Earnings plus depreciation											
per Fl. 20 of capital (Fl.)	19.34	20.93	22.03	22.46	23.00	26.64	29.02	30.36	28.31	26.26	33.69
per 25p of capital (pence)	28.62	36.13	38.02	38.77	39.71	47.27	57.50	70.06	71.97	72.53	120.90
Dividends[2]											
N.V. per Fl. 20 of capital (Fl.)	4.21	4.67	4.70	5.43[3]	5.43	6.20	6.71	6.71	7.25	7.65	8.36
Limited per 25p of capital (pence)	6.25	7.50	8.13	9.38[3]	9.42	11.20	11.02	10.63	12.09	13.67	19.24
Capital expenditure (Fl. million)	605	616	716	881	993	850	927	974	1 309	1 213	1 097
Depreciation (Fl. million)	500	498	523	572	666	667	644	653	662	692	694
Employees											
Remuneration of employees (Fl. million)	3 152	3 245	3 368	3 886	4 508	4 693	4 931	5 243	5 868	6 684	6 632
Number of employees (000's)	300	304	312	326	335	324	337	353	357	322	317
Ratios											
Sales : capital employed	2.2	2.3	2.2	2.3	2.5	2.6	2.6	2.8	3.0	3.0	3.0
Sales per employee (Fl.)	63 963	64 849	64 205	66 960	74 379	81 738	79 620	82 711	96 557	114 346	115 120
Sales : working capital	5.4	6.0	5.5	5.4	5.7	6.3	6.5	6.4	5.9	6.9	6.3
Dividends : earnings	0.40	0.39	0.37	0.44	0.49	0.43	0.36	0.31	0.38	0.47	0.33
Gearing[4]	0.26	0.26	0.24	0.24	0.25	0.25	0.23	0.22	0.30	0.29	0.29
Current assets : current liabilities	2.3	2.2	2.1	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.9
Share prices											
N.V. per Fl. 20 ordinary share in Amsterdam											
High	120	112	144	131	121	122	150	162	118	123	131
Low	73	85	105	98	79	87	118	100	69	80	100
Limited per 25p ordinary share in London											
High	172	251	420	350	313	345	405	397	339	434	500
Low	132	149	219	228	188	209	325	278	149	167	346

The 1967 figures reflect the devaluation of sterling on 18th November, 1967, the 1971 figures the realignment of major currencies and the 1972 to 1976 the floating of sterling and other currencies.

[1]) See notes on page 42.

[2]) The cost of dividends in 1966–1971 is the gross amount. In 1972 the first interim dividend of **Limited** is included gross. All subsequent 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.

[3]) Excludes special ordinary dividends of Fl. 0.73 and 1.25 pence paid with the final 1969 dividends, amounting to Fl. 41 million.

[4]) Gearing is loan capital plus short-term borrowings divided by the sum of loan capital, short-term borrowings, preferential share capital, ordinary shareholders' equity and outside interests in subsidiaries.

Salient figures in guilders and other currencies

1976 above 1975

Rates of exchange: one unit = Fl.	Dutch Guilders	Sterling Pounds	Belgian Francs	German Marks	French Francs	Austrian Schillings	U.S. Dollars	Swiss Francs
		4.18	0.0689	1.0420	0.4924	0.1463	2.4600	1.0020
		5.43	0.0689	1.0420	0.6041	0.1463	2.6900	1.0240
	In millions of currency							
Sales to third parties	36 493	8 731	529 680	35 009	74 122	249 431	14 842	36 406
	36 705	6 760	532 726	35 218	60 769	250 917	13 654	35 826
Operating profit	2 643	632	38 373	2 536	5 370	18 070	1 075	2 637
	1 986	366	28 827	1 906	3 288	13 578	739	1 939
Taxation on profit of the year	*1 207*	*289*	*17 526*	*1 158*	*2 453*	*8 253*	*491*	*1 205*
	909	*168*	*13 201*	*873*	*1 506*	*6 218*	*338*	*888*
Profit of the year attributable to ordinary capital before extraordinary items	1 183	283	17 166	1 135	2 402	8 084	481	1 180
	771	142	11 192	740	1 277	5 271	287	753
Ordinary dividends	*395*	*95*	*5 728*	*379*	*802*	*2 698*	*161*	*394*
	362	*67*	*5 257*	*348*	*600*	*2 476*	*135*	*354*
Capital employed	12 368	2 959	179 520	11 865	25 121	84 537	5 030	12 339
	12 169	2 241	176 616	11 676	20 147	83 187	4 527	11 877
Ordinary shareholders' equity	7 466	1 786	108 370	7 163	15 165	51 032	3 037	7 449
	7 513	1 384	109 049	7 209	12 439	51 363	2 795	7 334
Loan capital	2 314	554	33 582	2 220	4 699	15 814	941	2 308
	2 223	409	32 260	2 133	3 680	15 195	827	2 170
Capital expenditure	1 097	262	15 926	1 053	2 229	7 500	446	1 095
	1 213	223	17 607	1 164	2 008	8 293	451	1 184
Depreciation	694	166	10 080	666	1 411	4 747	282	693
	692	127	10 041	664	1 145	4 729	257	675
	In units of currency							
Shareholders' equity								
Per Fl. 20 of capital	134.00	3 205.75p	1 944.85	128.60	272.14	915.93	54.47	133.73
	134.84	2 483.33p	1 957.11	129.41	223.22	921.70	50.13	131.68
Per 25p of capital	20.10	480.86p	291.73	19.29	40.82	137.39	8.17	20.06
	20.23	372.50p	293.57	19.41	33.48	138.25	7.52	19.75
Earnings[1])								
Per Fl. 20 of capital	21.23	507.81p	308.07	20.37	43.11	145.09	8.63	21.18
	13.84	254.87p	200.86	13.28	22.91	94.60	5.14	13.51
Per 25p of capital	3.18	76.17p	46.21	3.06	6.47	21.76	1.29	3.18
	2.08	38.23p	30.13	1.99	3.44	14.19	0.77	2.03
Dividends[2])								
N.V. — per Fl. 20 of capital	8.36	200.00p	121.34	8.02	16.98	57.14	3.40	8.34
	7.65	140.88p	111.03	7.34	12.66	52.29	2.84	7.47
Limited — per 25p of capital	0.80	19.24p	11.67	0.77	1.63	5.50	0.33	0.80
	0.74	13.67p	10.77	0.71	1.23	5.07	0.28	0.72

[1]) See note (g) on page 42.
[2]) See notes on pages 30 and 59.
Rates of exchange quoted above have been used to convert figures in this table. The change in rates between 1975 and 1976 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.

Inflation accounting

Fl. million	1974	1975	1976
Profit and loss account			
Sales to third parties	34 471	36 705	36 493
Operating profit (historical)	2 109	1 986	2 643
Cost of sales adjustment	*1 180*	*48*	*473*
Depreciation adjustment	*166*	*266*	*311*
Current cost operating profit	763	1 672	1 859
Non-recurring items	—	*67*	*41*
Income from trade investments	17	36	29
Interest	*159*	*174*	*115*
Current cost profit before taxation	621	1 467	1 732

The above figures are estimated and unaudited and are based on the recommendations on inflation accounting published in the United Kingdom in December, 1976. The cost of sales adjustment charges current cost of raw materials against sales, that is to say, it eliminates stock profits. The depreciation adjustment represents the additional amount which has to be set aside to cover the current cost of replacement of the fixed assets used in the business, which is higher than the original cost on which the historic depreciation charge is based.

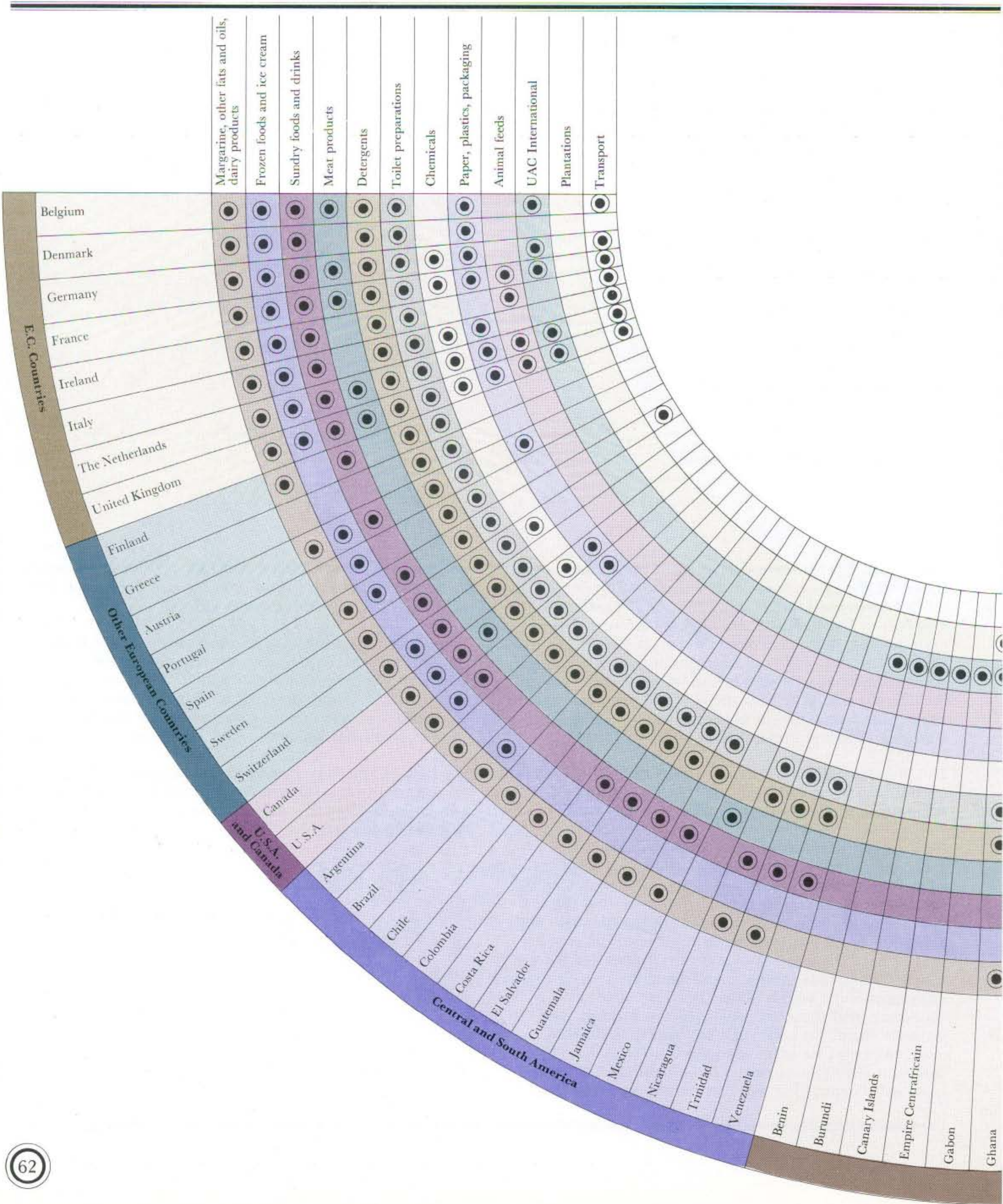
In our view there are still important aspects of inflation accounting to be resolved—particularly those regarding taxation and distributable profit.

First with regard to taxation. Fiscal authorities throughout the world do not, in general, accept the cost of sales and depreciation adjustments in determining tax liabilities. It can be argued therefore that the tax charge should be the same as that in the historic cost accounts. Such charges would represent 154%, 62% and 70% of the current cost profits before tax shown above for the three years in question. In many countries provisions exist which allow the deferral of tax payments and these are shown in our historic cost balance sheet. To a varying, but rarely total, extent these interest-free loans compensate for the fact that the inflation adjustments may not be deducted. Had they been fully deductible world wide the resulting tax charges would have been some Fl. 1 100 million lower than those included in the historic cost profit and loss accounts over the three years 1974 to 1976.

Secondly regarding distributable profits there is still considerable debate as to what constitutes the 'substance' of the business—which has to be 'maintained' before arriving at distributable profits. A number of possible approaches are set out in the report published in the United Kingdom.

In view of the importance of these issues, the large sums involved and the short time since the issue of the report we do not consider it advisable to go beyond the above figures at this stage.

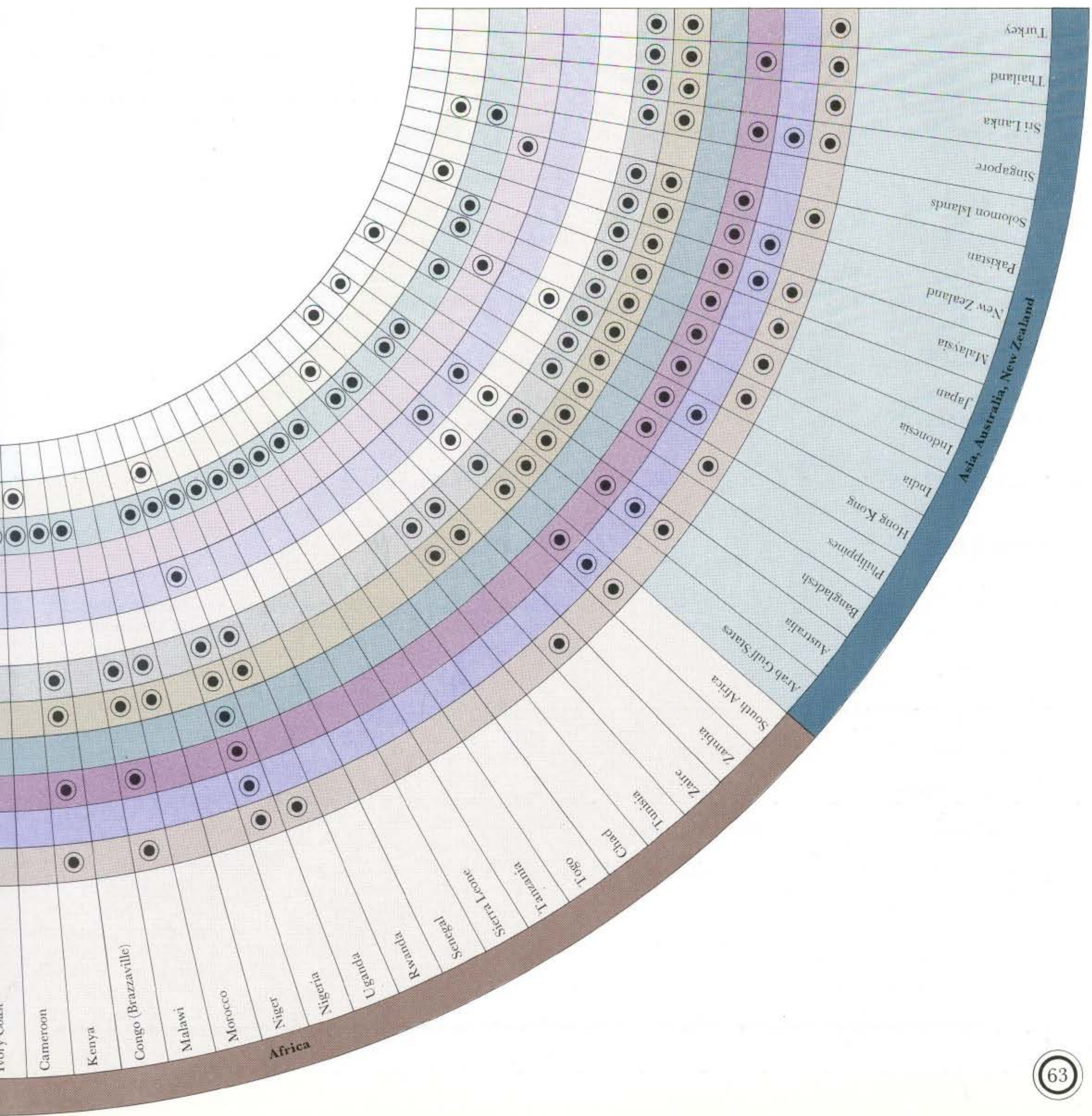
Unilever world-wide



The chart shows manufacturing, service or selling operations in which Unilever owns 50% or more of the voting capital, but does not indicate the size of each operation.

In addition, Unilever products are made available in over 100 countries by our export companies.

There are other industrial ventures where our interest is less than 50% and to which we often make management available.



Dates for dividend and interest payments

Ordinary	Interim	Announced mid-November. Payable second half of December.
	Final	Proposed early March. 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% Bonds 1972/91		Payable 15th January.
10½% Euroguilder Notes 1979		Payable 15th August.
9¾% Euro DM Notes 1981		Payable 1st December.
8¾% Bonds 1981/85		Payable 1st December.
6¾% Bonds 1981/86		Payable 15th February.
8½% Bonds 1981/87		Payable 1st May.

If the above dates fall on a Sunday or a public holiday, the dividends and interest will be payable on the next working day.

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	Early March.

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