



AKZO

Annual Report 1970

Akzo nv - Annual report 1970





n.v. Organon has acquired a topo granulator for pretreatment of pharmaceutical substances to be included in tablets. This newly developed apparatus greatly simplifies the production process.

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supervisory council, advisory council and board of management

supervisory council and advisory council

As we mentioned in last year's annual report, Mr. E. H. Vits died on January 23, 1970, shortly after his election to the supervisory council. For more than 30 years Mr. Vits very ably directed the affairs of Glanzstoff AG.

In 1970 Mr. P. van Delden, having reached retirement age, resigned from the supervisory council. We are very grateful to him for the way in which he performed his duties over many years.

The vacancies which occurred through the death of Mr. Vits and the retirement of Mr. Van Delden were filled by the appointment of Mr. Y. Scholten and Mr. E. L. Fuller. Mr. Scholten was formerly a member of the advisory council. Mr. Fuller was formerly chairman of the board of International Salt Company, United States, and played an important part in the development of that company. His appointment reflects the multinational character of our organization.

As a result of the sale of our meat companies to Unilever, Mr. C. D. de Wolf, who was responsible for the activities in this sector, resigned from the advisory council on December 31, 1970. We would like to express our great appreciation for his contribution to the Group's affairs.

board of management

On May 27, 1970, the annual meeting of shareholders accepted the resignations from the board of Messrs. J. P. van den Bent and H. Kramers. After the merger both gentlemen decided to submit their resignations in connection with the contemplated reduction in the number of board members. We are glad to say, however, that both gentlemen are remaining with the Group in management positions. On August 31, 1970, Mr. K. van Waveren retired from the board of management for reasons of health. His resignation will be submitted to the forthcoming general meeting of shareholders, but we are pleased that Mr. Van Waveren will continue to make his experience and knowledge available to the Group.

supervisory council

J. R. M. van den Brink, chairman
H. M. van Mourik Broekman, deputy chairman
J. Meynen, deputy chairman
J. E. de Quay, deputy chairman
H. J. Abs
L. J. M. Beel
P. M. H. van Boven
P. M. van Doormaal
E. L. Fuller
H. L. Merkle
E. F. Philipp
Y. Scholten
Mrs. K. Schudel-van Zwanenberg
J. van Tilburg
J. de Vries
O. Wolff von Amerongen

advisory council

J. S. A. J. M. van Aken
C. A. Klaasse
A. Kleijn
E. L. Kramer
W. T. Kroese
L. P. Ruys
W. F. G. L. Starrenburg

board of management

K. Soesbeek, president
G. Kraijenhoff, deputy president
L. H. Meerburg, deputy president
S. C. Bakkenist, deputy president
L. Vaubel, deputy president
A. van Driel
P. J. van Helden Jr.
J. H. E. Hessels
D. W. van Krevelen
H. J. Kruisinga
F. Prakke
A. Stikker

secretaries

M. van den Brandeler
A. H. M. Wentholt

some important data

	1970	1969
Sales, in Hfl million	7,249	6,366
percentage increase over previous year	13.9%	21.0%
Operating income, in Hfl million	640	801
as percentage of sales	8.8%	12.6%
Net income, in Hfl million	241	308
per ordinary share of Hfl 20 par value, in Dutch guilders	9.24	12.02
as percentage of net assets	7.7%	10.3%
Cash flow (Group income plus depreciation), in Hfl million	791	785
per ordinary share of Hfl 20 par value, in Dutch guilders	26.22	26.36
Dividend, in Hfl million	104	102
per ordinary share of Hfl 20 par value, in Dutch guilders	4.00*	4.00
Net assets, in Hfl million	3,118	2,981
per ordinary share of Hfl 20 par value, in Dutch guilders	120.06	116.40
ordinary share capital, in Hfl million	519.2	511.8
Property, plant and equipment, in Hfl million		
capital expenditures	1,001	699
depreciation, incl. additional depreciation	495	417
Number of employees at year end	100,800	100,300

* until September 1, 1971, shareholders may choose to receive the final dividend of Hfl 2.80 in cash or in ordinary shares of Akzo n.v. to a nominal amount of Hfl 0.80 per share, which will be charged to capital surplus.

report of the board of management

general review

During 1970, sales again increased at a satisfactory rate. The increase was 13.9% or Hfl 883 million over 1969. Growth rates were highest in the chemical and pharmaceutical divisions.

Net income decreased by 22.0% to Hfl 241 million, or Hfl 9.24 per ordinary share, against Hfl 12.02 per ordinary share for 1969.

As a result of substantially higher depreciation, the cash flow remained practically unchanged and amounted to Hfl 791 million in 1970, compared with Hfl 785 million in 1969.

It is proposed to pay a dividend of Hfl 4 per ordinary share of Hfl 20 par value; until September 1, 1971, shareholders may choose to receive the final dividend of Hfl 2.80 per ordinary share in cash or in ordinary shares of Akzo n.v. to a nominal amount of Hfl 0.80 per share, which will be charged to capital surplus.

In last year's annual report we expressed our anxiety about the general economic conditions in our two major markets, Western Europe and the United States, and the probable increase in labor costs. Unfortunately our fears were confirmed by the facts. While Group sales increased Hfl 883 million, or 13.9%, labor costs increased Hfl 403 million, or 24.1%. Although these figures are not strictly comparable, they do indicate the sharp wage increase in West Germany and in The Netherlands, where two-thirds of our personnel are employed. In addition, we were faced with fierce price competition and excess capacities in certain sectors of the chemical fiber market. These negative factors resulted in a decrease of operating income, expressed as a percentage of sales, from 12.6% to 8.8%. Income was also adversely affected by a Hfl 65 million net increase in financing expenses.

These adverse developments have led to the following measures: During 1970 a personnel reduction program was introduced. The vastly increased financing expenses made us decide to curtail our capital investment programs. In the selection of future investment projects stricter profitability requirements will be imposed. Special attention will be given to the ability of individual projects to contribute to our policy of improving product diversification and geographic distribution. The termination of continuously unprofitable activities has our full attention. However, in view of the social consequences of such action, alternative projects are seriously investigated wherever possible. Efforts are being made to reduce working capital in proportion to sales through more stringent operational planning and control of inventories and receivables.

Since late 1970, chemical textile fiber sales in the E.E.C. have shown a slightly upward trend. So far the increased demand has led to a modest increase in prices for certain products. Further price increases are essential for a sound development of the chemical fiber industry. The recovery and stability of this industry would be aided if more effective market information was available and if European producers were prepared – as we are – to make supplies available on a mutual, co-producer basis. Waste of capital, which is also undesirable for society as a whole, might be limited in this way. It is interesting to note that in recent years Japanese producers succeeded in keeping excess capacities within reasonable limits.

Also in view of increasing imports of low-priced textiles into the E.E.C., it is essential that the process of concentration in the textile industry continue, so that the continuity of the resulting European combinations will be assured by their economic strength and ability to pursue policies of innovation.

The temporary decline in our financial results does not lessen our confidence in the long-term development of the Group, both with respect to chemical fibers and other Group activities. On the whole, the latter developed favorably during the past year.

More than ever we are convinced of the necessity to concentrate on minimizing fluctuations in operating results by achieving a better-balanced product range and an improved geographic distribution of our activities. In both regards our attempts have been successful.

In the United States our interests were combined in Akzona Inc. Early in 1971, Akzona acquired chemical and other industrial interests from Armour and Company. As a result of the acquisition, the Akzona operations now include four of our principal product lines, namely chemical fibers, salt, chemicals and pharmaceuticals.

During the same period, the Akzo group acquired a majority interest in Companhia Industrial do Rio Grande do Norte, a leading salt-producing company in Brazil.

In the year under review our meat companies were sold to Unilever n.v. This was done because the expansion of our activities in this sector to the desired international scale would have required substantial capital expenditures. As investments for other purposes have higher priority, we decided, also in view of the shortage of capital, that this sale would be in the best interest of all those concerned.

The following figures show the development of Group sales broken down by product line and geographic area.

	1970	1969
sales, in Hfl million	7,493*	6,366
by product line		
chemical fibers	47%	52%
salt, chemical products, coatings	28%	20%
plastics, wrapping film, other products	12%	10%
pharmaceuticals	6%	6%
consumer products	7%	12%
by geographic area		
The Netherlands	13%	16%
West Germany	22%	25%
other E.E.C. countries	13%	14%
other European countries	17%	17%
North and Latin America	29%	22%
rest of the world	6%	6%

* including 1970 sales of the Armour interests and of the Brazilian salt plant and excluding sales of the meat companies.

Interesting possibilities exist for the further international utilization of our know-how. Moreover, cooperation with third parties in certain sectors will enable us to realize the above-mentioned diversification policies more rapidly than would be possible solely on the basis of autonomous growth.

Environmental conservation and the many technical, financial and economic problems relating thereto play an important part in the Group's policy. Efforts are being made to adapt the existing plants to justified demands made concerning prevention of pollution. Also, due regard is paid to such demands in the planning and construction of new plants.

We expect sales to increase by more than 10% in 1971. The development of income will depend mainly on the control of labor costs and the further recovery of business in the chemical textile fibers sector.

management

In the first full year following the merger, a major and successful effort was made to improve Group organization, including the unification of indispensable management information systems.

At the general meeting of shareholders of May 12, 1971, Mr. K. Soesbeek, who has reached retirement age, will resign as president and as a member of the board of management. At the same meeting, Mr. G. Kraijenhoff will assume the presidency and Mr. L. H. Meerburg will assume the senior deputy presidency of the board.

Mr. Kraijenhoff will combine his presidency with directing Group strategic planning.

We attach great value to the fact that top-level management is paying particular attention to the improvement of the geographic distribution of our interests. Accordingly, in addition to his other responsibilities, Mr. Meerburg will act as international coordinator. In this capacity he will coordinate the extension of activities by the various divisions with the Group's overall policy of internationalization, and also direct the coordination of Akzo's various activities in individual countries.

In order to utilize fully the opportunities which exist for mutual support of product-related activities and at the same time to assure the Group's ability to respond rapidly to new developments, it has been decided to nominate two product-line coordinators; Mr.

H. J. Schlange-Schöningen for fiber operations (Enka Glanzstoff and Enka International) and Mr. A. Stikker for the chemical group (the Salt chemical, Chemical and Coatings divisions).

At the forthcoming general meeting of shareholders, Mr. Schlange-Schöningen, who is currently a member of the board of Enka Glanzstoff, will be nominated as a member of the board of management of Akzo n.v.

Mr. Kraijenhoff will provisionally supervise the Pharmaceutical and Consumer products divisions.

financial

results in 1970

During recent years, results developed as follows:

	1970	1969	1968
sales, in Hfl million	7,249	6,366	5,260
salaries, wages and social charges, in Hfl million	2,073	1,670	1,347
as percentage of sales	28.6%	26.2%	25.6%
operating income, in Hfl million	640	801	692
as percentage of sales	8.8%	12.6%	13.2%
interest, in Hfl million	112	60	43
net income, in Hfl million	241	308	247
cash flow, in Hfl million	791	785	647

Sales showed a 13.9% increase, to which all major activities contributed.

The decrease of income was due principally to the adverse trend of business in the textile fibers sector in the E.E.C. This trend was caused in particular by price decreases, higher costs of wages and excess production capacities. The results of the Group's chemical fiber producing companies in the United States and in Spain were also lower, though to a lesser degree. The growth rates of nearly all other Group companies in this sector were, however, maintained; business of British Enkalon in particular showed a favorable trend.

In particular through the affiliation of International Salt in the last quarter of 1969 and Astral in 1970, results in the Salt and heavy chemicals and Coatings sectors improved. Results in the Consumer products sector also showed a rising trend; in the Chemical specialties sector they were at the 1969 level. Results in the Pharmaceuticals sector were slightly lower.

Net interest expenses increased substantially as a result of the loans contracted in 1969 and 1970 and the higher interest rates. The average rate of interest payable on outstanding loans increased from 6.1% at December 31, 1969 to 6.7% at December 31, 1970.

capital expenditures and working capital

During 1970 the Group continued its uninterrupted expansion. This was reflected in a high level of capital expenditures, despite the curtailment of certain investment programs.

Investments of consolidated companies in property, plant and equipment amounted to Hfl 1,001 million, compared with Hfl 699 million in 1969. Investments in affiliated companies – including

Astral S.A. – and new participations were financed partly from the private issue of Hfl 7.4 million nominal amount of Akzo's common stock. The balance, aggregating Hfl 74 million, was paid in cash. The disposal of a number of affiliates, including the meat companies, yielded an aggregate of Hfl 121 million.

Efforts have been made to keep inventories and receivables, included in current assets, at the lowest possible levels. At the end of 1970, the amounts tied up in these items totaled Hfl 3,144 million, or 43.4% of sales, against Hfl 2,826 million, or 44.4% of sales, at the end of 1969. The difference between current assets and current liabilities increased from Hfl 1,838 million at December 31, 1969 to Hfl 1,980 million at December 31, 1970.

The geographic distribution of Group investments was as follows:

December 31	1970	1969	1968
The Netherlands	38%	40%	48%
West Germany	26%	26%	26%
other E.E.C. countries	5%	4%	3%
other European countries	11%	10%	8%
North and Latin America and rest of the world	20%	20%	15%

financing

In view of our capital requirements for future years, we arranged certain medium and long-term loans. This was effected by utilizing opportunities offered both in The Netherlands and in other countries. In 1970 the total amount raised by Akzo n.v. was Hfl 139 million, made up as follows:

- Hfl 40 million of an 8¼% Euro guilder loan, maturing in 5 years.
- Hfl 49 million of a Hfl 300 million private loan, maturing in 15 years, at an interest rate of 9%, which was negotiated with institutional investors in The Netherlands in 1970. (Hfl 118 million will be raised in 1971 and Hfl 133 million in 1972.)
- Hfl 50 million from the issuance in Switzerland of Sfr 60 million aggregate principal amount of 6¾% debentures, maturing within 15 years.

Other loans, aggregating Hfl 411 million, were negotiated by consolidated companies. In this way a total amount of Hfl 550 million was raised by the Group through medium and long-term loans.

Compared with these borrowings, there were redemptions amounting to Hfl 131 million.

liquid position

As shown in the following table, during the year under review cash and marketable securities decreased by Hfl 163 million. At December 31, 1970 this item amounted to Hfl 493 million.

source and application of funds in 1970, in Hfl million

source of funds:	
group income	296
depreciation, including additional depreciation*	495
long-term loans and provisions (net)	467
income from the sale of affiliates	121
	<u>1,379</u>
application of funds:	
expenditures on property, plant and equipment (net)	1,001
investments in affiliated companies and new participations	74
increase in working capital and sundries	366
Akzo dividend for 1969	101
	<u>1,542</u>
decrease of cash and marketable securities	163

* see note 'Additional depreciation' in the notes to the financial statements.

composition of assets

In connection with certain acquisitions, the aggregate nominal value of the Company's issued and outstanding common stock increased from Hfl 511.8 million to Hfl 519.2 million.

The composition and financing of the Group's total assets are shown below.

in Hfl million and in %	Dec. 31, 1970		Dec. 31, 1969	
fixed assets	4,729	56	4,184	54
current assets	<u>3,698</u>	<u>44</u>	<u>3,521</u>	<u>46</u>
total assets	8,427	100	7,705	100
financed from:				
group net assets	3,654	43	3,484	45
long-term liabilities	3,055	36	2,538	33
current liabilities	<u>1,718</u>	<u>21</u>	<u>1,683</u>	<u>22</u>
total assets	8,427	100	7,705	100
<u>group net assets</u> liabilities	0.8		0.8	
<u>group net assets</u> fixed assets	0.8		0.8	
<u>current assets</u> current liabilities	2.2		2.1	

developments in 1971

In the year under review, American Enka Co., International Salt Company, Organon Inc. and Brand-Rex Company (the former wire and cable division of American Enka) were combined in Akzona Incorporated. Following this development, our American interests were strengthened further early in 1971 through the acquisition by Akzona of chemical and other industrial interests from Armour and Company (Armour Industrial Chemical Company, Armour Industrial Products Company, and Armour Leather Company). The products of these companies, the 12 plants of which are located in the United States and in certain other countries, include chemical specialties, raw materials for pharmaceutical products, plastic materials, abrasives, adhesive tape, adhesives and leather.

The acquisition was facilitated by a US\$75 million bank credit obtained by Akzona.

In January 1971, in order to strengthen the financial position of Akzona, we converted our US\$25 million holding of 5 $\frac{1}{4}$ % convertible subordinated debentures issued by American Enka in 1969. As a result, our participation in Akzona increased to 60%. After the complete conversion of this issue by the other debenture holders, our participation will decrease to its previous level of 57%.

Despite the curtailment of the Group's investment programs, 1971 capital expenditures cannot be financed completely from cash flow. As Akzona did, other Group companies will have to attract limited additional funds. It is expected that it will not be necessary for Akzo n.v. to raise further sums on the capital market in 1971.

research and engineering

research and development

In order to support adequately our existing activities and maximize the exploitation of new inventions, we consider it essential to coordinate research and development with the production and marketing operations of the various divisions. In addition, much emphasis is being placed on the development of scientific and technical know-how, which we consider important for our future activities.

In 1970, Group expenditures on research and development, which involves about 5,000 employees, exceeded Hfl 200 million. Over 90% of these activities are performed under direct divisional responsibility.

The divisions, depending on the nature of their operations and of the research to be done, allocate to research amounts equal to from 1 to 8% of their sales.

Research in the salt-chemical and heavy chemical sectors is concentrated principally on improving and innovating existing production processes. These include salt mining, extension of brine evaporation and salt crystallization, electrolysis and chlorinating processes and pollution control measures.

The sector of chemical specialties is concerned mainly with product improvement and the development of new products. These activities involve a large amount of application research work, which is often conducted in cooperation with customers. Efforts in this sector are largely concentrated on catalysts for the petroleum and chemical industries, initiators and other auxiliary materials for polymerization reactions, and surface-active materials used in various industries.

In the coatings sector, marketing activities are supported by constant product improvements. New coating and hardening methods for industrial paints are being developed.

In the pharmaceutical sector, research efforts are directed towards finding new active compounds, based mainly on steroid chemistry.

Considerable progress is being made in the area of special diagnostics. Research and development in the detergent and cleaning product and food sectors are devoted principally to the formulation and manufacture of new products based on known raw materials.

Research in the sector of chemical textile fibers covers improvement of the various production processes and of the properties of the products, such as dyeability, non-flammability and electrostatic behavior.

In the fields of industrial yarns, plastics, wrapping film and synthetic leather, great attention is being paid to the solution of production and end-use problems.

Divisional research is supplemented by a relatively small corporate research department, located in The Netherlands and West Germany. This department is engaged in supporting the divisions by methodological and basic research and in conducting exploratory research into areas such as polymer chemistry.

engineering

In the year under review, the engineering activities of the former AKU and KZO were combined in Akzo Engineering n.v. The Group's engineering activities in The Netherlands and West Germany involve more than 700 employees.

This group designs and constructs major engineering projects for Group companies, based on its own know-how and that acquired from third parties. The principal projects are the vinylchloride plant at Rotterdam, the new salt plant at Hengelo and the steel cord plant at Limerick in Eire.

In addition, certain plants are being built for third parties. A polyester yarn production plant in Czechoslovakia has already been delivered. Moreover, an agreement for the construction of a nylon plant in the same country was recently concluded.

Our engineering group also assists divisional technical departments on such projects as process improvement, safety and environmental conservation. Our activities in the latter field were intensified substantially. Within this context an interdivisional pollution control group was formed.

labor relations

Our personnel policy is influenced by many factors, both from inside and outside the Group. Among the former is the fact that following the 1969 merger the Group became involved in a reorganization process and in further internationalization. Among the latter are the ideas about co-determination that are evolving rapidly in present-day society.

Such developments will compel us to devote increased attention to our social policy in the years ahead. As a consequence, we have extended the Group's central personnel department.

However, being an international organization, we are aware that our policy on personnel matters should be attuned to the different situations in the various countries in which we operate.

We have a positive attitude towards employees' wishes to be further involved in the Company's affairs. However, the introduction of new relationships requires thorough preparation and, in particular, intensive consultation among all the parties concerned. In this regard, a good starting point is the valuable experience we have gained with management-employee councils which have functioned smoothly in many sections of the Group for a long period of time. In our opinion the further education and training of the members of these councils is of major importance.

Great attention is being devoted to education and training at all levels. As a result of present-day technical and economic developments,

existing knowledge and experience are being superseded rapidly. We greatly appreciate the initiative that is shown by many employees in keeping themselves informed of new developments within their respective professional and technical spheres. In our view intensified efforts on the part of the Group in supplementary training and retraining are equally essential.

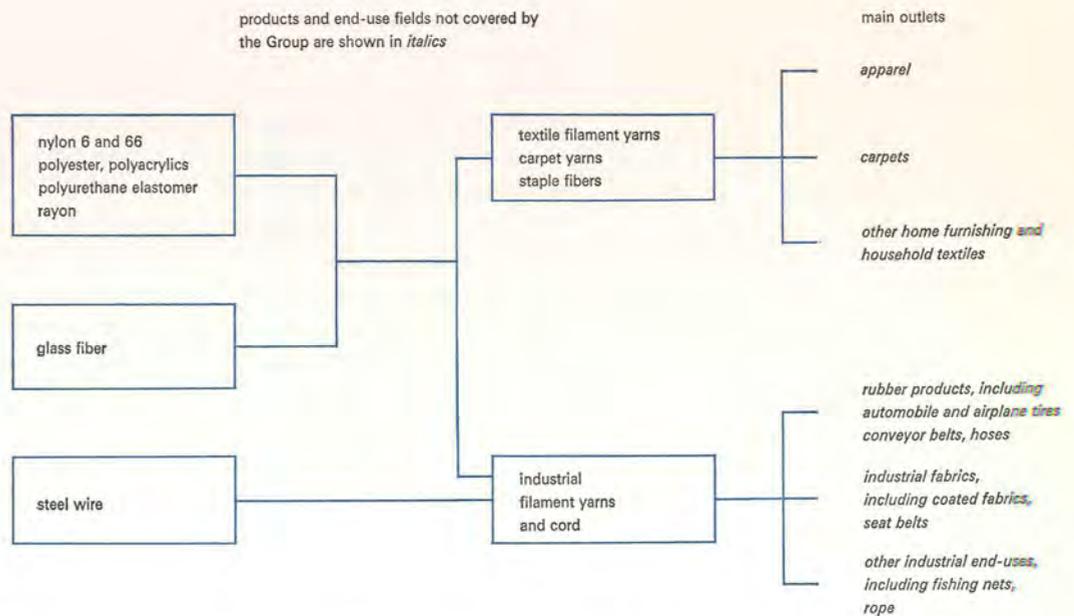
Because we need a widely and internationally experienced executive staff, we have provided appropriate training courses and exchange programs. A growing number of employees are engaged temporarily or permanently in activities outside their country of origin, a fact which also contributes to better cooperation and understanding among the Akzo companies in the various countries.

At the end of the first full year of activities under the name of Akzo, the Group's payroll included 100,800 employees. Since 1969, when the number of employees totaled 100,300, there have been the following changes; in The Netherlands the number decreased from 34,600 to 31,600 (mainly as a result of the transfer of our meat companies); in West Germany the number decreased from 32,500 to 32,000; in all other European countries the number increased from 17,300 to 20,300, in the United States from 13,400 to 13,700 and in the remainder of the world from 2,500 to 3,200.

During the year under review, the integration of AKU and Glanzstoff and the AKU/KZO merger led to the reorganization of many sectors of the Group. The unexpectedly adverse developments in certain areas compelled us to accelerate and intensify the planned efficiency measures. This led inevitably to an increasing number of transfers and job changes, a trend which will continue during 1971. Our policy is to fill vacancies through internal transfers wherever possible, also in order to keep our personnel establishment within an acceptable limit.

We express our appreciation to our employees for the dedication they have shown during a year in which we were confronted with many problems, but in which also positive efforts were made to improve the structure and the competitive position of the Group.

chemical fibers



Our production program includes all principal chemical fiber types, namely polyamide (nylon 6 and 66), polyester, polyacrylics, elastomer and rayon. These products comprise both filament yarns and staple fibers. Other products are steel wire for automobile tires and glass fiber. The Group has affiliated companies in 14 countries, located in Western Europe, North and Latin America and India. In 1970, the Group's share of world production of nylon and polyester approximated 10%, while its share of world production of rayon approximated 8%. Our textile yarns and staple fibers are used in a wide range of products, particularly for garments, carpets and other home furnishing and household goods. Industrial yarns are supplied to a variety of industries for the production of automobile tires, conveyor belts, industrial fabrics, nets, rope and so on.

In 1970, business in the chemical fiber industry was in general disappointing, both in relation to expectations for the year and the industry's long-term growth trend. This applies in particular to the majority of textile yarns and staple fibers in the E.E.C. and the United States. However, business in industrial yarns was satisfactory.

The disappointing results in the textile yarn sector were caused largely by the short business cycle which characterizes the textile industry. During the latter half of 1969 and a large part of 1970 inventories throughout the textile trade and industry in the E.E.C. and the United States were reduced. Moreover, chemical fiber producers, encouraged by the favorable trend of business in 1968 and 1969, had increased their capacities. The cumulative effects of these two factors were fierce price competition, which led to unacceptably low prices for certain chemical fibers, and excess production capacities. Moreover, because wages rose substantially, the profits of nearly all producers dropped to well below last year's level.

These developments also had a pronounced adverse effect on our Group. Despite a 7.6% increase in chemical fiber sales, operating income was substantially lower. This decline was due largely to the adverse trend in the textile markets in the E.E.C. and the United States. In the other countries in which we are operating, results were satisfactory.

As a result of the poor performance in the E.E.C., the efficiency measures which were introduced in 1969 within the scope of the closer cooperation between AKU and Glanzstoff, were intensified and accelerated. This involved and will continue to involve the gradual termination of continuously non-profitable activities. In addition, the extensive investment program carried on in the E.E.C. during recent years has been curtailed.

Outside the E.E.C. area, notably in the United States, the United Kingdom and Spain, substantial capacity expansions will come on stream in 1971 and 1972. Capacity expansions are also planned for countries in which industrial development continues to be intensive and in which the currently low level of chemical fiber consumption is expected to show substantial future growth. This applies to our affiliated companies in India, Mexico, Colombia, Argentina and Brazil; in the last-mentioned country the texturizing plant will be expanded and new production facilities for polyester textile yarn will be constructed.

The development of specialties and innovations, which enable our customers to offer new and modified products, continues to receive top priority. Arrangements have been made to provide Group companies throughout the world with specialty yarns and staple fibers which are not included in their respective production programs. Our policy is to introduce and utilize uniform trademarks wherever possible throughout the world.

In the long term, it is expected that consumption of synthetics will show further substantial growth, while demand for rayon will increase only slightly. Synthetic fibers have found growing acceptance for many end uses and world consumption is expected to increase from 4.8 million metric tons in 1970 to approximately 13 million metric tons in 1980. This presents important growth possibilities also to our Group because of our comprehensive range of products and because sales of our high-quality filament yarns represent a relatively large share of our total chemical fiber sales.

chemical fibers for
apparel, home furnishing
and household fabrics

The demand for raw materials for garments slumped and prices fell. Polyester and rayon staple fiber and nylon filament yarn were particularly affected. Income from these products in our principal markets was at an unsatisfactory level. Although prices of polyester textile yarn were also under heavy pressure, we succeeded in obtaining acceptable results through substantially higher shipments.



ENKATHERM[®], developed by Enka Glanzstoff, is a new, non-flammable and non-melting fiber material with a flame resistance exceeding 1,000 °C. It is eminently suitable for heat-resistant and fireproof garments.

The continued demand for rayon textile yarn meant that our manufacturing facilities for this product operated at full capacity. We note with satisfaction that our proprietary products, such as ENKA®, DIOLEN®, TERLENKA®, ENKALON® and ENCRON® have been accepted widely by the consumer and in the textile trade. This favorably influences shipments and income.

Shipments of nylon filament yarn for the carpet industry continued to increase substantially. This market offers further growth possibilities because, among other things, we are constantly improving our yarns.

Our shipments of synthetic filament yarns and staple fibers for other home furnishing and household fabrics, such as lace curtains, curtains and upholstery materials, showed rather steady growth. We plan to increase our share in this growing consumer market by adapting our yarns and staple fibers to meet its demands.

In the field of non-wovens, our activities are developing further. Our synthetic spunbonded web for tufted carpet backing is now being introduced to the market.

A special property novelty yarn type, ENKATHERM®, which is eminently suitable for fireproof garments, is at the development stage.

Favorable results are also expected from other innovations, such as:

- an improved ENKASHEER® nylon yarn for panty hose and stockings;
- new yarns with built-in special crimping properties;
- polyester filament yarns and staple fibers with special properties enabling a multicolor effect to be obtained in the subsequent dyeing process of the cloth made from these yarns and fibers;
- certain modified synthetic filament yarn types which impart special effects to garment and curtaining materials;
- anti-static nylon for garments and carpets.

chemical fibers
for industrial uses

Group shipments include not only yarns for the textile industry, but also heavy-denier yarns for a large number of industrial uses.

The most important consumer in the latter field is the rubber industry, which uses these yarns as reinforcing material for automobile tires and a range of products such as conveyor belts, drive belts and hoses. Certain other uses for our heavy-denier yarns are fishing nets and rope. Shipments of these yarns for the manufacture of industrial fabrics for tarpaulins, flexible silo's, containers and domed roofing for sports halls and building sites are expanding. The number of new end uses is constantly growing.

In 1970, shipments of our industrial yarns again increased substantially. After taking cost increases into account, operating results for this sector were satisfactory.

As a result of the steadily growing number of motor vehicles, the demand for reinforcing material for tires continues to show a rising trend.

The rapidly growing use of radial-ply tires has increased greatly the quantities of steel cord used. This development persuaded us to expand our production of steel cord, FERENKA®, in West Germany and to construct a big plant at Limerick in Eire. This plant is currently under construction and will come on stream in 1972.

The demand for rayon tire yarn – large quantities of which are also used in combination with steel wire – in Europe continues at a high level. In the United States, increased interest in radial-ply tires may stimulate demand for this yarn. The use of polyester for tires is expected to gradually increase. The availability of production facilities and the high quality of our polyester tire yarn will enable us to cope adequately with this increased demand.

Other tire yarns produced by the Group are nylon 6, nylon 66 and glass. We are the only producer in the world offering a complete range of tire-reinforcing materials.

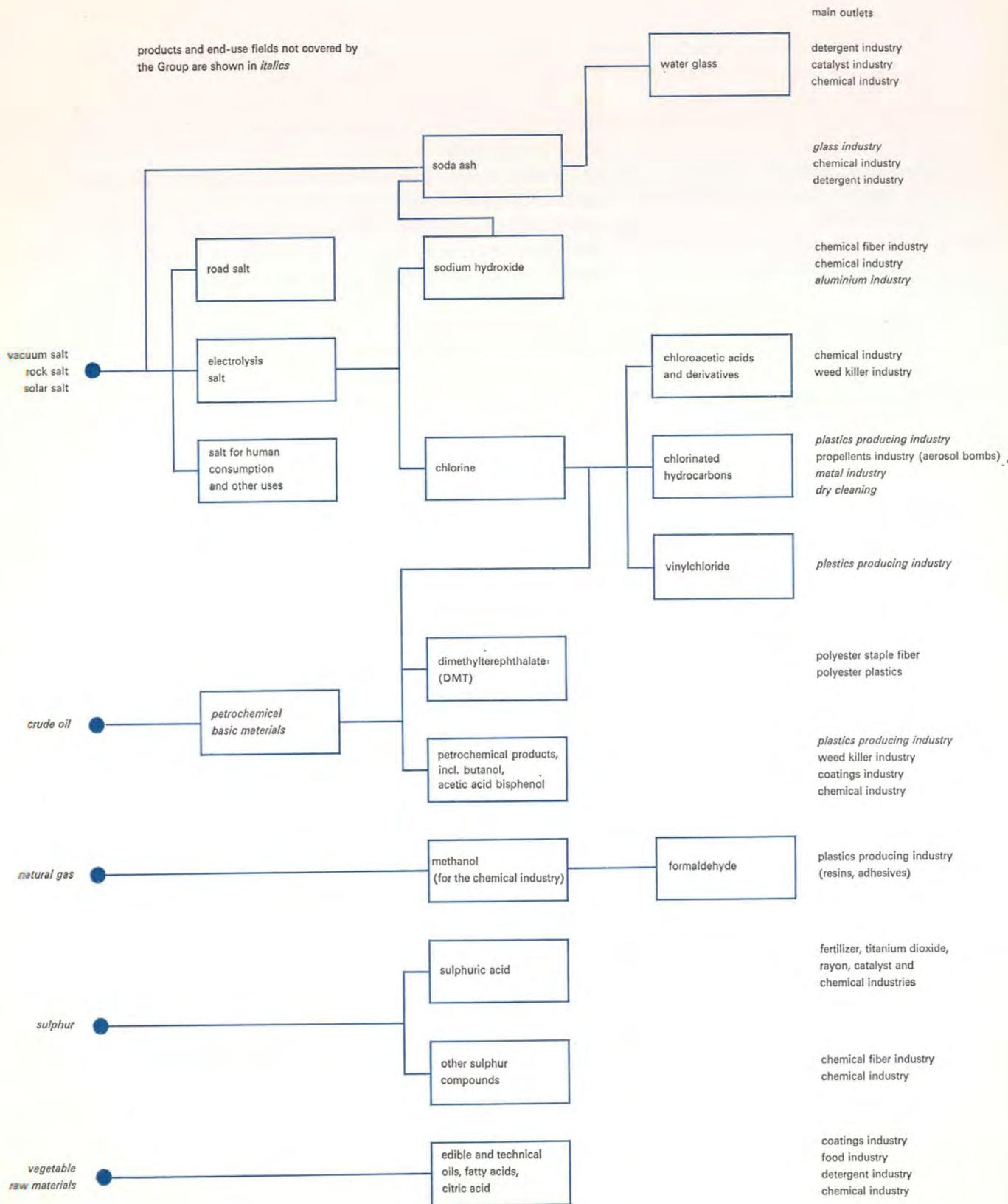
salt and heavy chemicals

Our activities in this sector comprise salt, chloralkali products, petrochemical products, technical oils and sulphur compounds. The plants are concentrated mainly in Western Europe and the United States. As in previous years, sales in Europe continued to grow steadily. As a result of higher costs and the fact that a number of major projects were still at the start-up stage, operating results remained at the 1969 level. The contribution of our American company International Salt to sales and operating income came up to our expectations. Long-range prospects for our activities in this sector seem favorable. However, in the coming years we will be faced with substantially higher costs for power and personnel.

salt

The Group utilizes all three existing salt production methods: mining, seawater evaporation and the underground solution of rock salt. Total Group production in Western Europe and the United States rose from 9 million metric tons in 1969 to 10 million metric tons in 1970, or 7% of world production. It is estimated that world demand for salt will increase by 10% per annum.

Two-thirds of our total salt production is used for the manufacture of chlorine and sodium hydroxide, as well as for ice control purposes. The location of our plants facilitates shipments to these fastest growing markets. In 1970 the large demand for road salt in The Netherlands resulted in a shortage of this product which, however, was covered by purchases from third parties. We intend to increase our share of other salt markets by further strengthening our distribution network.



The capacities of our salt plants in The Netherlands and West Germany were expanded substantially.

Early in 1971, the Group acquired a majority interest in one of the largest and most up-to-date solar salt plants in Brazil. This plant is located at Macau.

In addition, in the near future considerable capacity expansions will be completed in The Netherlands, the United States and Denmark. Construction of International Salt's solar salt facility on the Isle of Bonaire, Netherlands Antilles, is progressing well; the first major shipment is expected to be made after mid-1972.

After completion of these projects, the Group's annual salt production capacity will exceed 13 million metric tons.

chloralkali products

The Group converts a part of its salt production into chlorine, a product which has many uses. Overall chlorine consumption is expected to increase by 10 to 15% annually. The greatest increase in demand will come from the producers of vinylchloride, a raw material for the plastics industry.

The chlorine plant at Hengelo, dating from 1936, was replaced by a new, larger-capacity plant. The capacities of the facilities at Delfzijl will be increased.

After completion of these projects, our total chlorine production capacity in The Netherlands will amount to 340,000 metric tons per annum.

In order to promote greater stability of chlorine consumption, we intend to increase our capacity for captive use of chlorine, inter alia, for the manufacture of petrochemical products.

The soda ash production capacity will also be expanded.

petrochemical products

The price deterioration for most petrochemical products, which was caused by fierce competition, came to an end in 1970. Demand for certain products, such as methanol, formaldehyde and formaldehyde-based resins for the plastics industry, exceeded supply, which resulted in a slight improvement in prices.

The anticipated further increase in demand for methanol and the need for large-scale production facilities led to an agreement with DSM (Dutch State Mines) for the joint manufacture of this product, utilizing natural gas. The planned capacity of this new plant, which will be located at Delfzijl, is 330,000 metric tons per annum. Production is expected to begin in mid-1973. The agreement with DSM includes the current methanol production of Konam n.v., The Netherlands. An expansion of manufacturing facilities for methanol-based derivatives (formaldehyde and synthetic resins) is also being contemplated.

The vinylchloride production plant near Rotterdam, which has an annual capacity of 300,000 metric tons, became operative in 1971. This plant is expected to be in full production within a relatively short time.

The plants at Delfzijl producing chlorinated hydrocarbons are now

fully operational. The use of these products by Group companies is rapidly growing. An expansion of the capacity is being planned.

other products

Operating results in the field of edible and technical oils and fatty acids were satisfactory.

The acquisition by Akzona of Armour Industrial Chemical Company constitutes an extension of the Group's product range and will further stimulate our activities in this sector.

During the year under review, production and sales of sulphuric acid were at satisfactory levels. However, income from carbon disulphide was disappointing.

Verenigde Kunstmestfabrieken Mekog-Albatros n.v., The Netherlands, in which we have a 40% interest, experienced difficulties as a consequence of worldwide excess fertilizer production capacity, which resulted in lower world market prices. Negotiations are being conducted with DSM to investigate the possibility of combining interests in the fertilizer sector.

chemical specialties

The field of chemical specialties is characterized by large-scale research, advanced technology and strong sales support. Our activities cover a wide variety of products, comprising chemical raw materials, process auxiliaries and additives.

In order to derive the greatest possible benefit from research and development, we are directing our efforts towards the further extension of our interests, particularly in the United States and Japan. An important step in carrying out this policy was the acquisition by Akzona Inc. of chemical interests from Armour and Company in the United States. In Japan we entered into a few joint ventures.

Sales, which doubled during the preceding seven years, continued to grow. A labor shortage in 1970 caused a slowdown in the further expansion of production facilities, as a result of which the development of operating results leveled off. However, these capacity expansions should have a favorable influence on 1971 income.

chemical raw materials

Our shipments of chemical raw materials are directed to markets showing an annual growth of 10 to 15%.

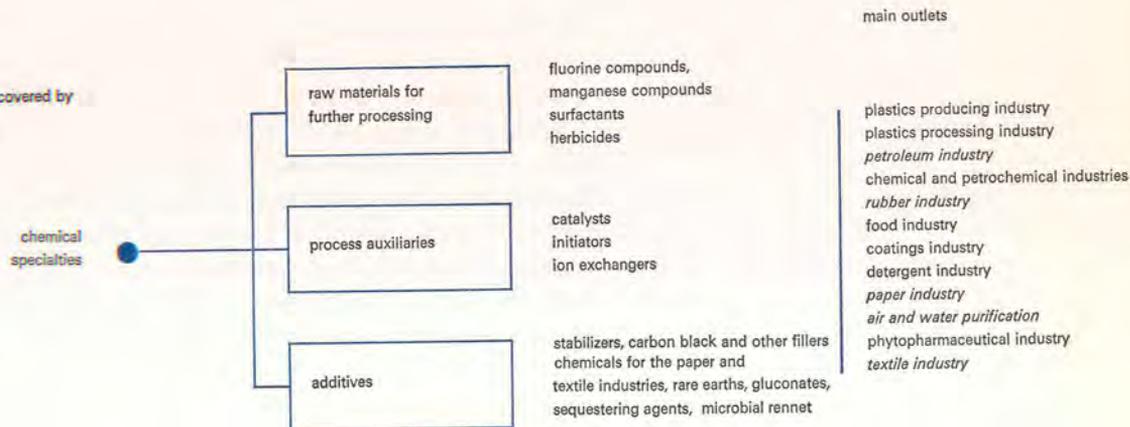
At Düren, West Germany, production facilities for raw materials used in the detergent industry are under construction.

The sale of know-how concerning detergent components contributed to income.

process auxiliaries

Our knowledge and experience in the field of porous materials constitute the basis of our position as the largest catalyst producer

products and end-use fields not covered by the Group are shown in italics



outside the United States. The expansion of the research and development facilities, which was decided upon a few years ago, is now showing positive results. Out of the 67 catalyst types currently produced, 25 were added to the production program during the last five years.

The excellent quality of our products enabled us to strengthen our position as suppliers of certain petroleum companies. New types of our cracking catalyst KETJENCAT® were successfully introduced. A strong position was achieved in the field of desulphurization catalysts which are used, inter alia, for air pollution control. In Amsterdam, a manufacturing plant for this product is under construction. In Japan, opportunities have been provided for further developments in this field through the formation of our joint venture Nippon Ketjen K.K.

Developments have been particularly favorable concerning the group of catalysts which our chemical customers use to produce raw materials for the plastics industry. Although our activities in this field began only a few years ago, they have already contributed noticeably to the growth of sales.

In the field of initiators, which are auxiliary materials for the plastics industry, novelty peroxides of the PERKADOX® range with new and interesting properties, were introduced.

In the United States, we acquired from Chemetron Corporation the remaining 50% interest in Chemetron-Noury Corporation, a peroxide producing company. Subsequently, the name of the latter company was changed to Noury Chemical Corporation.

In Japan, a 50/50 joint venture for the production of organic peroxides, Kayaku Noury K.K., was formed with Nippon Kayaku K.K.

additives

A new stabilizer, which enables manufacturers of PVC pipes to achieve higher production rates, was developed for use in the plastics industry.

A new unit for the production of carbon black, KETJENBLACK®, became operational during the year. This product is used mainly in the rubber industry as a reinforcing filler for automobile tires.

In Amsterdam and in Düren, West Germany, new production facilities for our white fillers, or silicas, which are also used for the production of shoe sole materials, came on stream.

In paper chemicals we experienced a heavy squeeze on operating results due to higher raw material prices. Our research efforts are being directed towards the development of alternative materials. The integration of the former KZO and AKU companies provides a promising basis for further development activities in the field of textile chemicals.

plastics

As is shown on pages 23, 26 and 28, the Group is concerned in many ways with the plastics industry, which is one of the fastest growing industrial sectors; we supply both raw and auxiliary materials and produce and convert certain plastics. These diversified activities constitute a firm basis for the further development of our operations in the plastics industry.

plastics

Our activities include the production of nylon pellets, AKULON[®], and polyester pellets, ARNITE[®]. These high-grade plastics are used, among other things, as engineering components. We also supply cellulose acetate as, among others, injection molding granules, SETILITHE[®]. Other plastic specialties concern thermosetting materials.

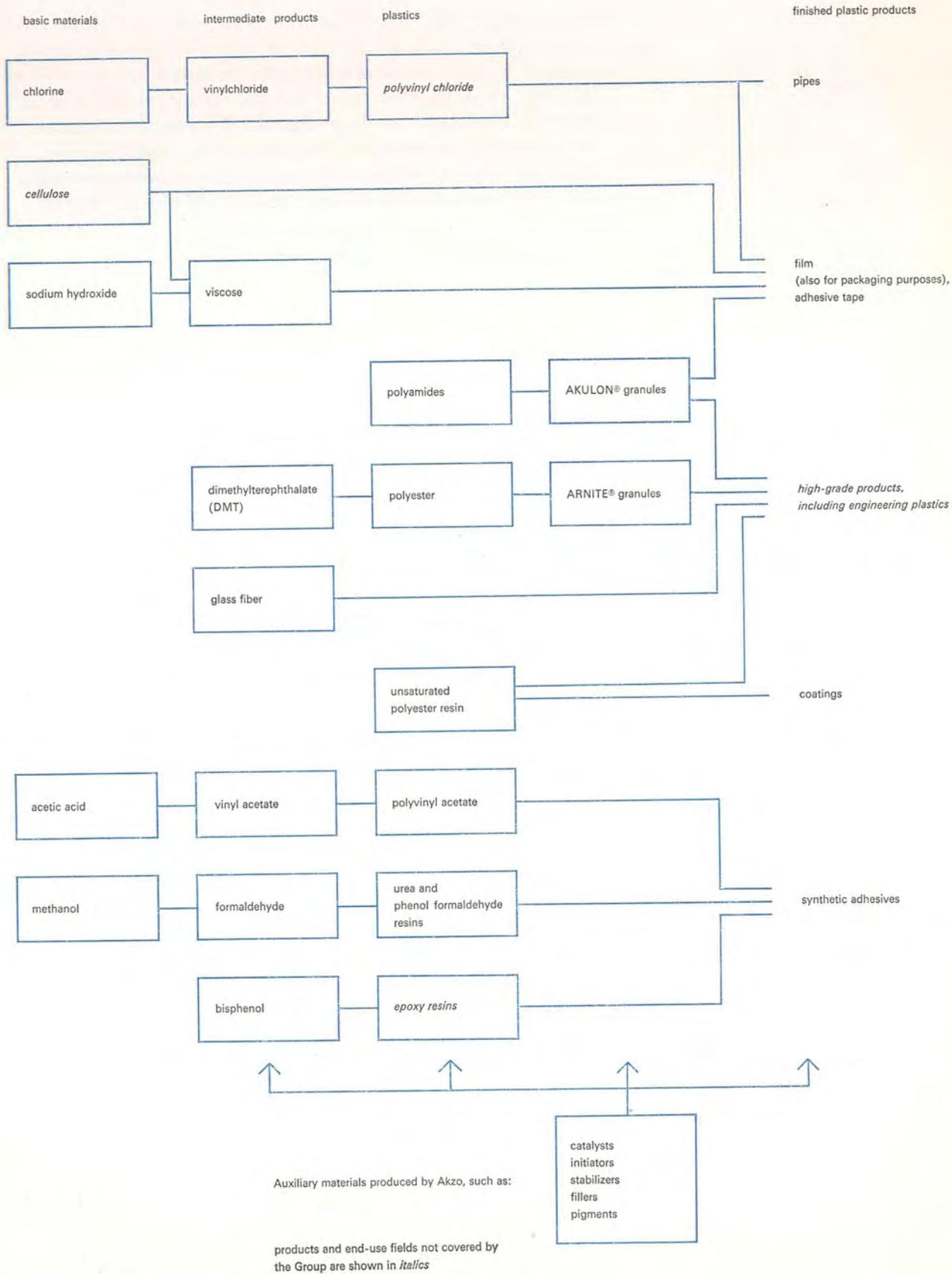
Our laboratories are engaged successfully in developing new plastics, conversion methods and uses. These efforts are facilitated by licenses covering the manufacture of special thermosetting polyester and epoxy resins.

Glass fiber products are manufactured by n.v. Silenka, The Netherlands, in which we have a 50% interest. These products are used as plastic-reinforcing materials both inside and outside the Group. The demand for Silenka's products is developing satisfactorily.

wrapping film and adhesive tape

In the area of film for wrapping and other purposes, we further extended our activities in the E.E.C. and Switzerland. We are concentrating particularly on high-grade film. Prices of most film types were under pressure.

Shipments of our various adhesive tapes and synthetic adhesives developed satisfactorily. Through Armour Industrial Products Company, the Group now owns plants in the United States. These plants produce adhesives and adhesive tape, mainly for technical uses. The development of multi-type film combinations is progressing well. Uses for our reinforced polyethylene film, including applications in the building industry, are expanding constantly. In recent years, CUPROPHAN[®] film, which is used as a membrane in artificial kidneys, gained a prominent position in the medical world.



synthetic leather

There is no doubt that the use of synthetic leather as an alternative for natural leather for shoes and other purposes will constantly increase, due partly to the relatively inelastic supply of hides. In addition, the uniformity of the man-made product permits the shoe industry to introduce labor-saving production methods. Although it will require time and sacrifices to capture a satisfactory share of this market, the high quality of our synthetic leather, XYLEE®, gives us confidence concerning our future in this area.

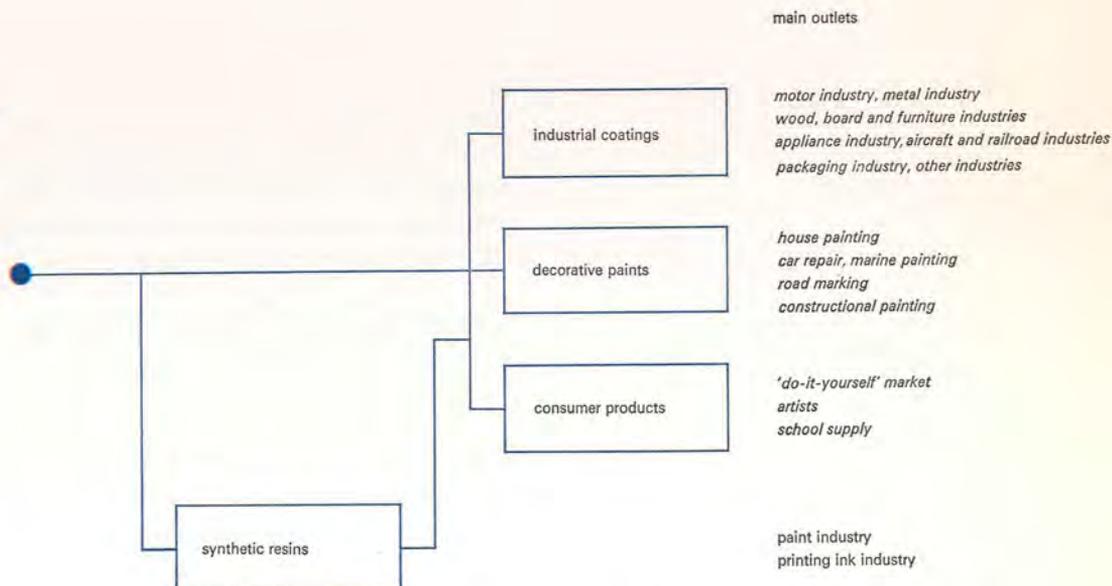
miscellaneous products

In 1970, sales of n.v. Chemische Industrie AKU-Goodrich (Ciago) of synthetic rubbers and latices reached a new high. Income was at a satisfactory level.

In the sector of wire and cable for communication and electronic uses, sales by Brand-Rex Company, a subsidiary of Akzona Inc., United States, were substantially higher. Operating results from such sales also increased. As in previous years, certain newly developed and promising types of cable were introduced to the market.

coatings

products and end-use fields not covered by the Group are shown in *italics*



Our coating activities cover the entire range of paints. Within a short time Akzo has developed into one of the world's leading paint producers. The expansion of our interests in this sector led to the formation of a new organization. The cooperation among Sikkens, Lesonal and Astral offers opportunities for more efficient production and research.

Compared with other paint producers, our sales are well diversified internationally. The Group owns paint production facilities in Western Europe and in a number of African countries. It also produces synthetic resins, which are used among other things as a raw material for the paint, adhesives, and printing ink industries, and specialties for the European packaging industry.

In Latin America we acquired a minority interest in Miluz S.A.I.C.I.F., a leading Argentinian paint producer which operates in particular in the field of industrial paints.

The coatings market may be divided roughly into three groups, viz. industrial paints and specialty coatings, decorative paints, and 'do-it-yourself' paints. The first group, which is showing encouraging growth, accounts for a substantial portion of our sales in the coatings sector. The motor industry is a major consumer of such paints. An important advantage in producing paints for various end uses is the opportunity for synergism, for example in the field of research and development.

Partly as a result of the affiliation of Astral, sales were substantially higher than in 1969. However, income increased at a lower rate, as in many countries cost increases could not be offset by higher prices.

industrial coatings

We succeeded in maintaining our important share of the market for

decorative paints,
consumer products

car paints. The demands made of industrial coating products are becoming more and more exacting. The modern techniques now at our disposal contribute to the strengthening of our market position. Some of these techniques are:

- Electron beam curing, a method for drying paints in a few seconds. In our application laboratory at Sassenheim, The Netherlands, an electron gun used in this curing method was put into service. We have high expectations concerning this interesting technique for which special paints have been developed.
- Coil coatings for steel strip. Sales in this area are constantly increasing.
- Powder coating for metal objects. In order to combine our activities in this field, we formed a joint venture, Resicoat GmbH, together with Robert Bosch GmbH, West Germany.

We maintained our strong position in the sector of decorative paints, which have a large number of uses. Our research enables us to adapt our production programs constantly in order to meet the specific demands of this market. To offset substantial wage increases, we have directed our efforts towards achieving a rate of growth exceeding that of this market. So far these efforts have been successful, particularly in connection with car repair paints. Sales in the 'do-it-yourself' sector developed satisfactorily.

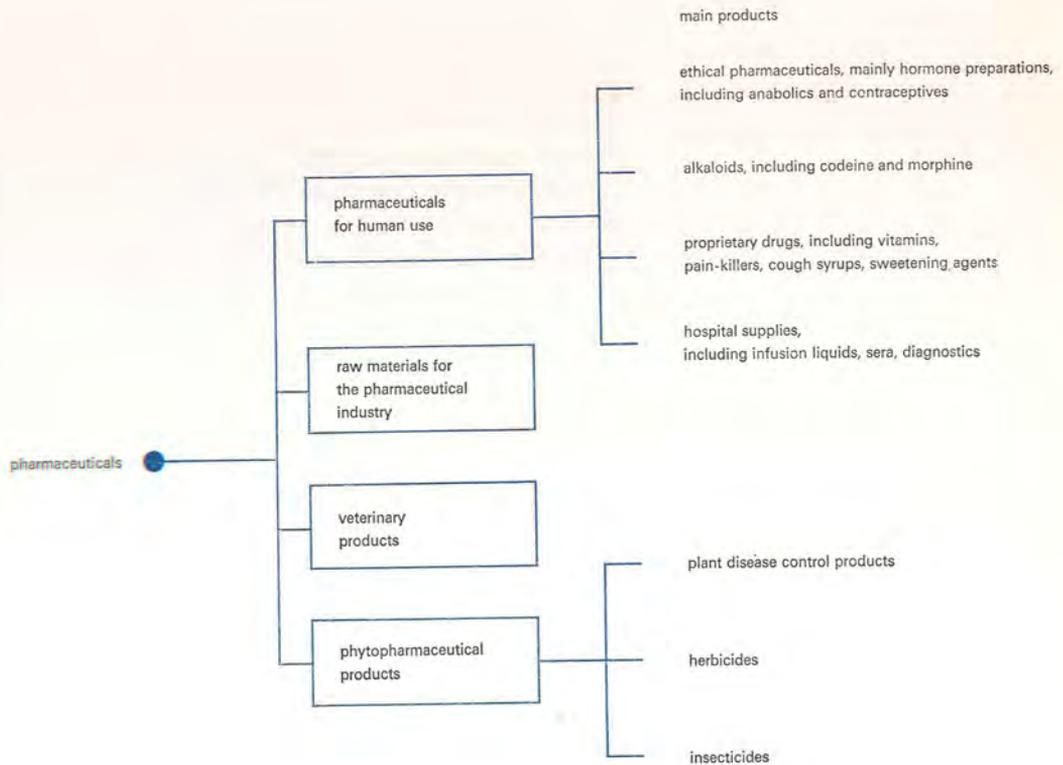
pharmaceuticals

Our pharmaceutical activities are diversified internationally and are mainly concentrated on the production of medical preparations for human use. The name Organon has become well-known in many countries. The pharmaceutical division also manufactures products for veterinary applications, as well as phytopharmaceuticals for agricultural and horticultural uses.

The Organon companies are among the world's leading producers of hormone preparations, particularly anabolics (steroid preparations with a protein-sparing and protein-building effect) and oral contraceptives.

Once again pharmaceutical sales grew substantially, but this was insufficient to offset higher costs.

Over the years the level of investment in pharmaceutical research has risen substantially. This research covers the development of new medical products and treatment methods, as well as stringent post examination for safety and therapeutical effect of products already accepted in medical practice. Since international registration requirements have become more and more stringent in recent years, the development period for new pharmaceuticals has been lengthened considerably, and is now between 5 and 10 years. As a result, the



number of entirely new medical products currently offered by the industry is lower than in previous years, despite the greatly increased research costs.

With respect to the Group, we are confident that our constantly intensified research efforts will enable us, as in earlier years, to contribute to creating both improved and entirely new medical products. Our policy is directed towards maintaining the prominent position we have acquired and creating new opportunities in the therapeutical field, as well as further penetration of other carefully selected areas. Roughly 70% of our research budget is devoted to innovations. As a result of the growing world population, the further extension of health care and the lengthened human lifetime, the total world consumption of pharmaceuticals shows an annual average growth of 10%. The division's growth rate in recent years has exceeded this percentage. In the coming years we expect to maintain at least our market share.

The recent inclusion of our American company Organon Inc. in Akzona Inc. offers new opportunities for the further strengthening of our pharmaceutical position in the United States.

The constant growth of our share of the West German pharmaceutical market was further stimulated by our investment early in 1971 in the chemical-pharmaceutical company Dr. Thiemann GmbH at Lünen. We are steadily extending the international distribution of our filling and packing facilities. In this regard special mention is made of Belgium, Italy, Spain, India and Indonesia. A manufacturing plant in

pharmaceuticals
for human use

India has been completed and local production of essential medical preparations was started.

Our sales of pharmaceuticals for human use are composed substantially of anabolics. We estimate that 40% of world production is accounted for by the Group.

Oral contraceptives constitute another important pillar in pharmaceutical sales. Outside the United States, our share of the market in these products averages 20%. The spectacular growth rate which characterized this market for a number of years, recently slowed down significantly in many countries. This was evidently caused by certain unfavorable publicity about 'the pill'. However, this market will undoubtedly show further substantial growth in the future. Despite the security offered by existing oral contraceptives, it may be assumed that these products will not be the last word in the solution of birth control problems. Our research continues unabated towards the development of alternative contraceptive products.

In the past year two new medical products were introduced to the market: DEXATOPIC[®], for curing affections of the skin and SYNAPAUSE[®], for the prevention and treatment of complaints of women in menopause.

There appear to be favorable opportunities for growth in the sector of popular pharmaceutical preparations (proprietary drugs). We, therefore, intend to intensify our activities in this area both at home and abroad. Our present range of products, which includes vitamins DAVITAMON[®], pain killers, CHEFARINE[®], cough syrups, OWBRIDGE[®] and ABDIJSIROOP[®], and sweetening agents, SUCROSA[®] and SUKRETTINE[®], will serve as a basis for further expansion and international development.

The development and manufacture of diagnostics, which we started a few years ago, are proving successful. In furtherance of our planned diversification into areas closely related to pharmaceuticals, we recently acquired Poviet Producten n.v., The Netherlands, a company engaged in the manufacture of hospital supplies, in particular infusion liquids, sera and diagnostics. This widened basis offers us opportunities for a more concentrated approach to the international market for hospital supplies.

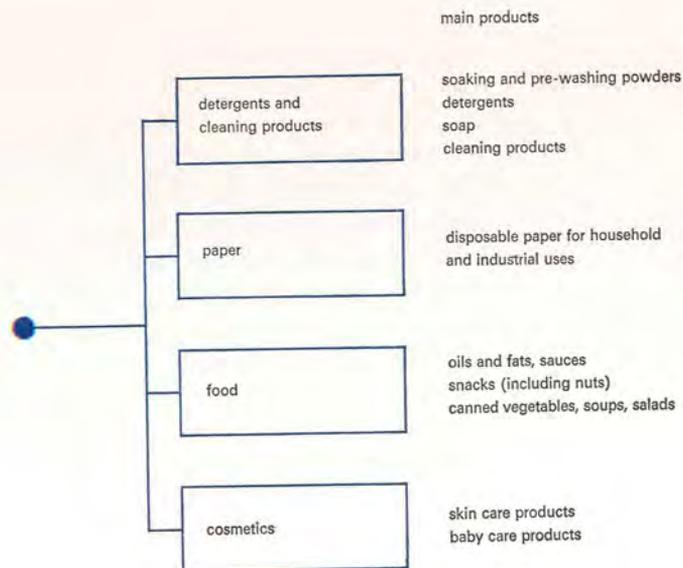
veterinary products

Vaccines and hormone preparations hold a prominent position in our veterinary products range. Each of these has a 20% share of our sales. Sales showed a particularly favorable trend, and were 25% higher than in the previous year. Our activities in this sector are largely confined to Europe, particularly the E.E.C., but we are aiming at a broader geographical distribution.

phytopharmaceutical
products

During the year under review our share of the Dutch market for phytopharmaceuticals (plant disease control products, herbicides and insecticides) increased slightly. Special attention is being paid to exports.

consumer products



In the year under review the transfer to Unilever of our meat companies was an event of major importance, also because of the many historical and personal relations existing between these companies and our organization.

Our consumer products comprise detergents and cleaning products, disposable paper, food—now exclusive of meat products—and toiletries. The principal plants are located in Benelux and the Scandinavian countries, which also constitute the principal markets. Our efforts are directed towards satisfying changing consumer requirements by utilizing new distribution channels. Sales developed satisfactorily and operating results improved substantially.

detergents and cleaning products

Increased acceptance of fully enzymatic detergents caused a proportionately lower demand for 'ordinary' detergents, without materially affecting consumption of enzymatic soaking and pre-washing powders. During the year under review the market for these products became more stable.

The prominent position of our proprietary product BIO-TEX® in the Benelux and in the Scandinavian markets was maintained. BIOLON®, which is a detergent specially developed for modern textile fibers, was introduced successfully in Benelux. Certain other Group-developed detergents were introduced into the Scandinavian market with equal success.

Operating results in the detergents and cleaning products sector exceeded the previous year's level. The outlook appears to be favorable.

disposable paper

The Swedish company Lilla Edets Pappersbruks AB, which joined the Group in 1969, developed soundly. The exchange among Group

companies of know-how in the field of household products favorably affects business. We intend to continue our policies of introducing higher-grade varieties of existing products and of extending the geographical spread of our activities.

food

In the food sector Duyvis, The Netherlands, further expanded its range of products. New production facilities came on stream. Sales of our proprietary products in France showed a further increase. In particular the BÉNÉDICTIN® mayonnaise products yielded good results.

Shipments of CALIFORNIA® soups were at a satisfactory level, despite fierce competition.

A year ago our activities in the expanding institutional food market were combined and intensified in International Food Service n.v.

cosmetics and toilettries

Our market position in this sector for, inter alia, BOLDOOT® eau de cologne and ZWITSAL® baby care products, was maintained at the previous level. ENDOCIL® skin care products will be introduced shortly in Japan. A number of new products are at the development stage.

Arnhem, April 1971

the board of management

report of the supervisory council

We have the honor to submit to you herewith, pursuant to article 38 of the articles of association, our report on the balance sheet and statement of income prepared by the board of management for the fiscal year 1970.

We approve the financial statements drawn up by the board of management, as well as the proposal made therein with regard to the allocation of profit. This proposal comprises the reservation of Hfl 136,127,204 and the allocation of Hfl 104,411,796 for distribution, including a dividend payment of Hfl 4 on each ordinary share of Hfl 20 par value. Of this amount, Hfl 1.20 was paid earlier as an interim dividend.

Until September 1, 1971, shareholders may choose to receive the final dividend in cash or in ordinary shares of Akzo n.v., to a nominal amount of Hfl 0.80 per share, which will be charged to capital surplus.

We propose that you approve the balance sheet and the statement of income and discharge the responsibility of the board of management with thanks for their conduct of the business.

Arnhem, April 1971

the supervisory council:

J. R. M. van den Brink
H. M. van Mourik Broekman
J. Meynen
J. E. de Quay
H. J. Abs
L. J. M. Beel
P. M. H. van Boven
P. M. van Doormaal

E. L. Fuller
H. L. Merkle
E. F. Philipp
Y. Scholten
K. Schudel-van Zwanenberg
J. van Tilburg
J. de Vries
O. Wolff von Amerongen

auditors' report

We have examined the following financial statements 1970 of Akzo n.v., Arnhem, which also include the consolidated financial statements.

In our opinion, the financial statements present fairly the financial position of the company at December 31, 1970, and the results of operations for 1970.

With regard to the financial data of certain Group companies, included in the financial statements, we have based our opinion in part on reports issued by other auditors, established in The Netherlands and abroad.

Arnhem, April 6, 1971

Klynveld, Kraayenhof & Co.

financial statements 1970

consolidated statement of financial position at December 31, 1970

after allocation of profit*

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
current assets		
inventories	1,580,544	1,458,138
short-term receivables	1,563,211	1,368,304
prepaid expenses	61,005	37,785
cash and marketable securities	<u>492,960</u>	<u>656,330</u>
	3,697,720	3,520,557
current liabilities		
bank overdrafts	269,762	236,975
other current liabilities	<u>1,448,211</u>	<u>1,445,590</u>
	1,717,973	1,682,565
net current assets	<u>1,979,747</u>	<u>1,837,992</u>
fixed assets		
property, plant and equipment	4,280,682	3,745,299**
intangible assets	p.m.	p.m.
investments in non-consolidated companies	305,691	315,293
long-term receivables	<u>143,070</u>	<u>123,940</u>
	4,729,443	4,184,532
total assets less current liabilities	<u>6,709,190</u>	<u>6,022,524</u>
net assets		
ordinary shares	519,160	511,792
cumulative preferred shares	1,782	1,782
priority shares	48	48
capital stock	<u>520,990</u>	<u>513,622</u>
capital surplus, paid in	729,855	703,065
retained income	1,181,615	1,122,662
other reserves	<u>685,996</u>	<u>641,207</u>
	3,118,456	2,980,556
minority interest in Group net assets	535,584	503,750
Group net assets	<u>3,654,040</u>	<u>3,484,306</u>
long-term liabilities		
provisions	857,294	809,263**
loans and other long-term debt	<u>2,197,856</u>	<u>1,728,955</u>
	3,055,150	2,538,218
total Group net assets and long-term liabilities	<u>6,709,190</u>	<u>6,022,524</u>

* based on a cash dividend of Hfl 4 per ordinary share of Hfl 20 par value.

** adapted for comparative purposes.

consolidated statement of income 1970

in Hfl 1,000	1970	1969
sales	7,248,824	6,366,291
salaries, wages and social charges	2,072,756	1,669,949
depreciation	471,639	397,236
other costs	<u>4,064,362</u>	<u>3,498,396</u>
	6,608,757	5,565,581
operating income	640,067	800,710
interest	111,976	60,465
	<u>528,091</u>	<u>740,245</u>
provision for taxes on income and capital	258,948	375,651
	<u>269,143</u>	<u>364,594</u>
equity in earnings of non-consolidated companies	31,148	28,401
Group income before extraordinary items	<u>300,291</u>	<u>392,995</u>
extraordinary items	19,083	(5,094)
additional depreciation	<u>23,632</u>	<u>19,306</u>
	4,549	24,400
Group income	295,742	368,595
of which minority interest	55,203	60,402
net income	240,539	308,193

notes to the consolidated financial statements

principles of consolidation

The consolidated financial statements include Akzo n.v. and all companies in which Akzo n.v. or any of its majority subsidiaries has an interest, directly or indirectly, of more than 50% of the outstanding capital stock, unless special reasons have rendered consolidation undesirable.

The assets, the liabilities and the results of the consolidated companies are included for 100%; minority interests in Group net assets and in Group income are shown separately.

currency

Amounts in foreign currencies have been converted at rates of exchange which do not differ materially from the official rates.

consolidated statement of financial position

inventories

Raw materials and supplies are stated at cost or at market value, whichever was lower at the date of the balance sheet. Finished goods and work in process are stated at costs or net realizable value, whichever was lower at the date of the balance sheet (adequate provisions have been made for obsolescence and other risks). In the valuation of inventories, profits arising as a result of transactions between consolidated companies have been eliminated.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
raw materials and supplies	545,174	462,937
work in process	315,297	339,076
finished goods	720,073	656,125
	1,580,544	1,458,138

short-term receivables

Short-term receivables are stated at face amounts, less provisions for doubtful accounts and for exchange and transfer risks.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
trade	1,571,117	1,327,515
discounted drafts	(262,615)	(229,368)
	1,308,502	1,098,147
receivables from non-consolidated companies	33,192	15,671
other receivables	221,517	254,486
	1,563,211	1,368,304

cash and marketable securities

With a few exceptions, securities included in this item are listed on stock exchanges. They are stated at cost or market value, whichever was lower at the date of the balance sheet. Unlisted securities are stated at cost or estimated value, whichever was lower. Cash and other liquid assets are stated at face amounts.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
securities	39,569	35,701
short-term investments	281,600	404,786
cash on hand and at banks	171,791	215,843
	492,960	656,330

other current liabilities

Other current liabilities are stated at face amounts.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
suppliers	565,395	484,503
non-consolidated companies	15,591	5,861
taxes on income and capital	63,196	101,052
dividend financial year	103,942	101,818
redemptions on loans	152,582	131,000
other liabilities and accrued charges	547,505	621,356
	1,448,211	1,445,590

property, plant and equipment

Land is stated at cost with a revaluation, however, for land acquired before 1961. Buildings, plant equipment, machinery and other fixed assets are stated at cost, less depreciation.

Depreciation is calculated by the straight-line method based on estimated life. Accelerated depreciation has been applied, where appropriate.

in Hfl 1,000	land and buildings	plant equipment, machinery and other fixed assets	total
book value at Dec. 31, 1969	1,180,747	2,564,552	3,745,299
changes due to acquisition and disposal of consolidated companies	25,019	(2,610)	22,409
investments	156,149	845,227	1,001,376
depreciation	(55,723)	(415,916)	(471,639)
other changes	(19,131)	2,368	(16,763)
book value at Dec. 31, 1970	1,287,061	2,993,621	4,280,682

This book value comprises the following items:

in Hfl 1,000	cost of acquisition	depreciation	book value
land and buildings	1,902,236	615,175	1,287,061
plant equipment, machinery and other fixed assets	6,230,706	3,237,085	2,993,621
	8,132,942	3,852,260	4,280,682

The book value at December 31, 1970, amounting to Hfl 4,281 million, includes Hfl 540 million for projects under construction. Commitments for the purchase of fixed assets amounted to approximately Hfl 306 million at December 31, 1970 and are not included in the consolidated statement of financial position.

At December 31, 1970, the insured value of property, plant and equipment was approximately Hfl 10,100 million.

intangible assets

Intangible assets, such as exploitation rights, goodwill, proprietary names, patents and licenses, know-how, preliminary costs, initial costs and research expenses are stated pro memoria. These costs have been charged to operating income, with the exception of paid goodwill, which has been charged direct to capital and reserves.

investments in non-consolidated companies

This item includes the non-consolidated companies, which are stated at net asset value or lower, where appropriate. The calculation of net asset value has been based as much as possible on the Akzo principles of valuation.

This item also includes advances to these companies, which are stated at face amounts.

in Hfl 1,000	non-consolidated companies	advances	total
situation at Dec. 31, 1969	275,494	39,799	315,293
retained income	19,380		19,380
other changes	(15,795)	(13,187)	(28,982)
situation at Dec. 31, 1970	279,079	26,612	305,691

long-term receivables

Long-term receivables are stated at face amounts less appropriate provisions. The part of long-term receivables becoming due within one year, amounting to Hfl 12 million, is included under short-term receivables.

net assets

in Hfl 1,000	capital stock	capital surplus, paid in	retained income	other reserves
situation at Dec. 31, 1969	513,622	703,065	1,122,662	641,207
newly issued ordinary shares	7,368			
capital surplus, paid in, less expenses		26,790		
goodwill resulting from acquisitions of companies			(75,169)*	
retained income 1970			136,127**	
additional depreciation				19,970**
changes in exchange rates				17,110
other changes			(2,005)	7,709
situation at Dec. 31, 1970	520,990	729,855	1,181,615	685,996

* including recomputations concerning 1969.

** for American purposes the amount stated under 'additional depreciation' should be included in 'retained income'.

At least Hfl 280 million of the amount of capital surplus, paid in, can be considered free from income tax in the meaning of the law 'Inkomstenbelasting 1964' (Income Tax 1964).

provisions

This item comprises provisions which do not refer to specific assets. With a few exceptions, provisions for deferred taxes are stated at face values.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
deferred taxes	410,555	344,194
pension rights	172,573	183,496
other provisions	274,166	281,573
	857,294	809,263

loans and other long-term debt

Loans and other long-term debt are stated at face amounts. The part of the long-term debt becoming due within one year, amounting to Hfl 153 million, is included under current liabilities.

in Hfl 1,000	Dec. 31, 1970	Dec. 31, 1969
convertible debenture loans	329,176	329,576
other debenture loans	248,495	179,514
loans under private contracts	1,429,975	1,080,169
other long-term debt	190,210	139,696
	2,197,856	1,728,955

in Hfl 1,000

convertible debenture loans

4 $\frac{3}{4}$ % Akzo n.v. convertible debenture loan 1969, issued by Akzo n.v. The total amount of the loan, maturing not later than 1989, is US\$70 million. Conversion into ordinary Akzo n.v. shares is permitted at a price of Hfl 140 per share of Hfl 20 par value, based on a rate of exchange of US\$1 = Hfl 3.60. Redemption at par occurs in 10 equal annual installments, which will become due in the years 1980 through 1989. Full or partial accelerated redemption is permitted as from January 1, 1972. This loan includes the debentures held available for exchange of the remaining convertible debentures of the 4 $\frac{3}{4}$ % loan of US\$20 million nominal amount issued by Koninklijke Zout-Organon n.v.; at December 31, 1970, 536 debentures of US\$1,000 each had not yet been converted.

252,000

The amount of the 1969 5 $\frac{1}{4}$ % convertible debenture loan of US\$44,577,000 issued by Akzona Inc. held by third parties, aggregating US\$19,598,300. to be carried forward

70,554
322,554

	in Hfl 1,000
carried forward	322,554
The amount of the 1968 7½% convertible debenture loan of £2,000,000 issued by British Enkalon Ltd. held by third parties, aggregating £765,506.	6,622
	<u>329,176</u>
other debenture loans	
Currently outstanding amount of the 4½% debenture loan 1962 issued by Akzo n.v., redeemable in 13 annual installments, the first of which became due on July 1, 1968. Accelerated redemption is permitted.	12,336
5½% debenture loan 1967 of Sfr 50 million, issued by Akzo n.v., redeemable in 5 equal annual installments; the first installment will become due on July 31, 1978. Accelerated redemption is permitted as from August 1, 1974.	41,950
6¾% debenture loan 1970 of Sfr 60 million, issued by Akzo n.v., redeemable in 6 equal annual installments; the first installment will become due on September 15, 1980. Accelerated redemption is permitted as from September 15, 1974.	50,340
Currently outstanding amount of the 6% debenture loan 1965 issued by Zout-Ketjen n.v., redeemable in 10 equal annual installments; the first installment will become due in 1971. Accelerated redemption is permitted in the years 1976 through 1979.	45,000
Currently outstanding amount of the 4½% debenture loan 1961 issued by Zwanenberg-Organon n.v., redeemable in 15 annual installments of Hfl 1 million each, in the years 1967 through 1981. Accelerated redemption is permitted as from May 1, 1971.	10,000
Profit-sharing employee debentures	6,479
Other debenture loans issued by consolidated companies. The average interest rate is 7.3%. From 1972 through 1976, Hfl 29 million will be redeemed.	82,390
	<u>248,495</u>
loans under private contracts	
Redemption will occur:	
during the years 1972 through 1976	891,879
during the years 1977 through 1981	415,522
after 1981	122,574
	<u>1,429,975</u>
The average interest rate of the loans under private contracts is 7.1%.	

liabilities not shown
in the balance sheet

Liabilities of non-consolidated companies and third parties were guaranteed to an aggregate amount of Hfl 36 million. Further, a portion of the fixed assets has been mortgaged to an aggregate amount of Hfl 464 million to secure loans.

consolidated statement of income

sales

This item includes the total of amounts invoiced to third parties on account of goods supplied and services rendered, less sales tax and excise duties.

other costs

Other costs include allocations to provisions for operating risks.

interest

in Hfl 1,000	1970	1969
interest paid	185,405	101,196
interest received	58,515	39,355
income from securities	14,914	1,376
	73,429	40,731
	111,976	60,465

taxes on income
and capital and reserves

In the computation of these taxes, deferred taxes have been taken into account.

in Hfl 1,000	1970	1969
included under this heading	258,948	375,651
taxes on equity in earnings of non-consolidated companies and extraordinary items	(18,308)	(11,185)
taxes charged to group income	240,640	364,466

equity in earnings
of non-consolidated companies

Under this heading are included the Group's equity in earnings of non-consolidated companies and interest received on loans granted to these companies, taking into account taxes on these items.

extraordinary items

This item comprises important but incidental income and deductions not relating to normal operations; the taxes concerned have been taken into account.

In 1970, the balance of these items was favorably influenced by the book profit from the sale of a number of affiliates, including the meat companies, and by compensations received on account of post-war expropriations. However, the balance was affected by reorganization expenses and costs resulting from the closing down of plants.

additional depreciation

Since the depreciation included in operating income has been calculated on a historical cost basis, an amount of Hfl 23.6 million has been charged to Group income to compensate for higher prices and has been included under Group net assets.

balance sheet at December 31, 1970 and notes to the balance sheet

after allocation of profit*

in Hfl 1,000	1970	1969**
investments in and receivables from affiliated companies	4,459,635	3,464,072
other receivables	54,249	29,489
prepaid expenses	12,160	4,317
marketable securities	1,385	1,425
banks and short-term investments	273,293	327,611
	<u>4,800,722</u>	<u>3,826,914</u>
ordinary shares	519,160	511,792
cumulative preferred shares	1,782	1,782
priority shares	48	48
capital stock	520,990	513,622
capital surplus, paid in	729,855	703,065
retained income	1,181,615	1,122,662
other reserves	685,996	641,207
net assets	<u>3,118,456</u>	<u>2,980,556</u>
convertible debenture loan	252,000	180,000
other debenture loans	104,626	60,843
loans under private contracts	437,150	331,000
amounts due to affiliated companies	741,641	110,526
other debts	42,907	62,171
dividend financial year	103,942	101,818
	<u>4,800,722</u>	<u>3,826,914</u>

* based on a cash dividend of Hfl 4 per ordinary share of Hfl 20 par value.

** adapted for comparative purposes.

The affiliated companies as well as the other assets and liabilities have been valued in accordance with the valuation principles mentioned in the notes to the consolidated financial statements. Thus net assets and net income are equal to net assets and net income as shown in the consolidated financial statements, which form part of the notes to the balance sheet.

The priority shares are held by Akzo Foundation, which is controlled by the members of the supervisory council, the advisory council and the board of management.

statement of income and allocation of profit for 1970

net income		Hfl 240,539,000
allocation of profit according to art. 42 of the articles of association		
dividend on priority shares – Hfl 60 per share of Hfl 1,000 par value	Hfl	2,880
dividend on cum. pref. shares – Hfl 60 per share of Hfl 1,000 par value		106,920
dividend on ordinary shares – Hfl 1 per share of Hfl 20 par value		25,957,999
bonus to supervisory council		<u>470,000</u>
		<u>26,537,799</u>
remaining amount		Hfl 214,001,201
it is proposed to retain		<u>136,127,204</u>
of this amount and to allocate the balance of for payment of Hfl 3 per share of Hfl 20 par value on the ordinary shares.		Hfl 77,873,997

Following the acceptance of this proposal, the holders of ordinary shares will consequently receive a total dividend of Hfl 4 per share of Hfl 20 par value, of which Hfl 1.20 was paid earlier as an interim dividend. The final dividend of Hfl 2.80, less 25% withholding tax, will be made available on dividend coupon no. 4 as from May 24, 1971. Until September 1, 1971, shareholders may choose to receive the final dividend on this coupon in cash, less 25% withholding tax, or in ordinary shares of Akzo n.v., to a nominal amount of Hfl 0.80 per share, which will be charged to capital surplus.

Arnhem, April 1971

the board of management:

K. Soesbeek
G. Kraijenhoff
L. H. Meerburg
S. C. Bakkenist
L. Vaubel
A. van Driel
P. J. van Helden Jr.
J. H. E. Hessels
D. W. van Krevelen
H. J. Kruisinga
F. Prakke
A. Stikker

the members of the
supervisory council charged
with the supervision of the
preparation of the balance sheet
and the statement of income:

J. R. M. van den Brink
H. M. van Mourik Broekman
J. Meynen
J. E. de Quay
H. J. Abs
P. M. van Doormaal

historical survey

in Hfl million

consolidated statement of financial position	1970	1969	1968*	1967*	1966*	1965*
current assets	3,698	3,521	2,630	2,011	1,919	1,782
current liabilities	1,718	1,683	1,195	1,047	1,063	923
net current assets	1,980	1,838	1,435	964	856	859
fixed assets:						
property, plant and equipment	4,280	3,745	2,822	2,895	2,828	2,499
investments in non-consolidated companies	306	315	322	300	291	236
long-term receivables	143	124	76	78	79	56
total assets less current liabilities	6,709	6,022	4,655	4,237	4,054	3,650
net assets	3,118	2,981	2,519	2,380	2,295	2,124
minority interest in group						
net assets	536	503	499	444	442	425
group net assets	3,654	3,484	3,018	2,824	2,737	2,549
long-term liabilities	3,055	2,538	1,637	1,413	1,317	1,101
total group net assets and long-term liabilities	6,709	6,022	4,655	4,237	4,054	3,650
sales	7,249	6,366	5,260	4,329	4,309	3,864
percentage increase	13.9%	21.0%	21.5%	0.5%	11.3%	
operating income	640	810	692	388	467	425
as percentage of sales	8.8%	12.6%	13.2%	9.0%	10.8%	11.0%
net income	241	308	247	156	174	162
percentage increase	(22.0%)	24.7%	58.3%	(10.4%)	7.4%	
per ordinary share of Hfl 20 par value in Dutch guilders	9.24	12.02				
as percentage of net assets	7.7%	10.3%	9.8%			
cash flow (group income plus depreciation)	791	785	647	536	546	530
per ordinary share of Hfl 20 par value in Dutch guilders	26.22	26.36				

	1970	1969	1968*	1967*	1966*	1965*
dividend	104	102	78	73	69	66
per ordinary share of Hfl 20 par value in Dutch guilders	4.00**	4.00				
ordinary share capital	519.2	511.8	449.8			
net assets per ordinary share of Hfl 20 par value in Dutch guilders	120.06	116.40				
property, plant and equipment						
investments	1,001	699	460	364	582	600
depreciation, including additional depreciation	495	417	343	351	329	329
number of employees	100,800	100,300	84,300	77,200	81,100	80,600

* combined figures of AKU and KZO.

** for complete dividend proposal see page 47.

principal Group companies and their products

direct and/or indirect
percentage participation

March 1971

E.E.C.

The Netherlands	100	Enka n.v., Arnhem	. chemical filament yarns and staple fibers (nylon, polyester, rayon, texturized filament yarn), plastics, wrapping film, non-wovens, synthetic leather, chamois and sponges, carboxymethyl cellulose (CMC)
	100	n.v. Kunststoffenmij Groningen, Groningen	. plastic pipes and bottles
	100	Struyck n.v., Zutphen	. adhesives, homopolymer and copolymer emulsions
	51	n.v. Machinefabriek L. te Strake, Deurne	. machinery for the textile industry
	100	n.v. Kon. Nederlandse Zoutindustrie, Hengelo (O)	. vacuum salt, chlorine, sodium hydroxide, caustic soda, bleaching liquor, hydrosulphite, sodium sulphate, hydrochloric acid, hydrogen, methylamines, chlorinated hydrocarbons
	100	n.v. Koninklijke Nederlandse Soda-Industrie, Delfzijl	. soda ash
	100	Exploitiemaatschappij Stork-Chemie n.v., Hengelo (O)	. chloroacetic acid and derivatives
	100	n.v. Zoutchemie Botlek, Hengelo (O)	. chlorine, sodium hydroxide, hydrogen
	100	n.v. Herbicide-Chemie Botlek, Spijkenisse	. herbicides
	100	Konam n.v., Hengelo (O)	. petrochemical products, vinylchloride
	100	Petrochemie Delfzijl n.v., Delfzijl	. dimethylterephthalate (DMT)
	40	Verenigde Kunstmestfabrieken Mekog-Albatros n.v., Utrecht	. fertilizers
	100	Koninklijke Zwavelzuurfabrieken v/h Ketjen n.v., Amsterdam	. catalysts for the petroleum and chemical industries, sulphuric acid and related products, silicas, phenol derivatives and other chemical raw and auxiliary materials
	100	Chemische Fabriek Gembo n.v., Winschoten	. silicates, boron compounds, soap builders, printing inks
	100	Kon. Industr. Maatschappij Noury & van der Lande n.v., Deventer	. chemical raw and auxiliary materials for, inter alia, the plastics, food and paint industries
	60	Ketjen Carbon n.v., Amsterdam	. carbon black
	50	Cyanamid-Ketjen Katalysator n.v., Amsterdam	. platinum catalysts
	22½	n.v. Titaandioxydefabriek Tiofine, The Hague	. titanium dioxide
	100	Sikkens Lakfabrieken n.v., Sassenheim	. decorative paints, automotive enamels, aircraft finishes, other industrial paints, car repair materials
	100	Sikkens Smits n.v., Wapenveld	. marine, construction and road-marking paints
	100	Koninklijke Fabrieken Talens & Zn. n.v., Apeldoorn	. artists' paints, office and school supplies
	100	Cetabever n.v., Beverwijk	. adhesives and paints for the 'do-it-yourself' market, industrial adhesives
	100	Flexa Fabrieken n.v., Sneek	. paints for the 'do-it-yourself' market
	100	Kunstharsfabriek Synthese n.v., Bergen op Zoom	. synthetic resins
	100	Syntac n.v., Voorburg	. auxiliary materials for the packaging industry
	100	n.v. Organon, Oss	. steroid hormones, biological hormone preparations, polypeptide hormones, liver and stomach preparations, vitamin preparations, diagnostics
	100	n.v. AAgrunol, Groningen	. phytopharmaceutical products
	100	n.v. Orgachemia, Boxtel	. phytopharmaceutical products
	100	n.v. Chefaro Maatschappij, Rotterdam	. pharmaceutical proprietary products, sweetening agents, cosmetics
	100	Intervet International n.v., Boxmeer	. veterinary products

E.E.C.

The Netherlands	100	Laboratoria Nobilis n.v./n.v. Verapharm, Boxmeer	. veterinary products	
	100	Verenigde Pharmaceutische Fabrieken n.v., Apeldoorn	. alkaloids, cosmetics and popular pharmaceutical products	
	100	Aerosol Maatschappij Holland n.v., Apeldoorn	. aerosols	
	100	Aerochem n.v., Amsterdam	. aerosols, automotive products	
	100	Poviet Producten n.v., Amsterdam	. infusion liquids, sera, diagnostics	
	100	Intec n.v., The Hague	. baby care preparations, toiletries, proprietary pharmaceutical products	
	100	Kon. Eau de Colognefabriek J. C. Boldoot n.v., Amsterdam	. eau de cologne, cosmetics	
	100	Koninklijke Fabrieken T. Duyvis Jz. n.v., Koog a.d. Zaan	. oils, mayonnaises, sauces, nuts	
	100	Rotterdamse Margarine Industrie J. M. Zwerver n.v., Vlaardingen	. margarine, fats	
	100	California Soepen n.v./n.v. Fino Fabrieken, Harderwijk	. soups, beef-tea cubes, aromatics	
	100	Wilco Conserven n.v., Assen	. vegetable preserves and dried vegetables	
	100	Kortman & Schulte n.v., Rotterdam	. detergents, soaps, soda	
	100	Koninklijke Dobbelman n.v., Nijmegen	. detergents, soaps	
	100	Loda n.v., Breda	. liquid detergents, cleaning products, bleaching liquor	
	50	n.v. Silenka, Arnhem	. glass fiber products	
	40	n.v. Chemische Industrie AKU-Goodrich, Arnhem	. synthetic rubbers and latices	
	West Germany	97	Glanzstoff AG, Wuppertal	. chemical filament yarns and staple fibers (nylon 6 and 66, polyester, elastomer, viscose rayon, modul, cupro, texturized filament yarn), plastics, wrapping film, steel wire and cord for automobile tires, synthetic leather
		96	J. P. Bemberg AG, Wuppertal-Barmen	
		97	Kuag-Textil AG, Wuppertal-Elberfeld	
97		Spinnfaser Aktiengesellschaft, Kassel		
98		Barmag Barmer Maschinenfabrik AG, Remscheid-Lennep	. machinery for the chemical fiber, plastics and textile industries	
97		Glanzstoff-Köln GmbH, Cologne	. liquid hydrogen sulphide	
90		Norddeutsche Salinen GmbH, Stade	. vacuum and pan salt	
50		Elektro-Chemie Ibbenbüren GmbH, Ibbenbüren	. chlorine, sodium hydroxide, bleaching liquor, hydrogen	
100		Oelwerke Noury & van der Lande GmbH, Emmerich	. vegetable oils	
100		Hoesch Chemie GmbH, Düren	. raw and auxiliary materials for, inter alia, the paper, rubber, detergent and textile industries	
100		Oxydo Ges. für Chem. Produkte mbH, Emmerich	. organic peroxides	
100		Eisele und Hoffmann GmbH, Mannheim	. chemicals for the paper industry	
65		Carbosulf Chemische Werke GmbH, Cologne	. carbon disulphide	
65		Rhodanid Chemie GmbH, Cologne	. thiourea and rhodanides plants under construction	
100		Sikkens GmbH, Emmerich	. decorative paints, products for the 'do-it-yourself' market, car repair materials	
100		Lesonal-Werke Chr. Lechler & Sohn Nachf., Stuttgart	. industrial paints, automotive enamels, car repair materials, decorative paints	
50		Resicoat GmbH, Reutlingen	. powder coatings	
100	Organon GmbH, Munich	. sale and production of Organon products		

direct and/or indirect
percentage participation

March 1971

E.E.C.

West-Germany	46	Chem. Pharm. Fabr. Dr. H. Thiemann GmbH, Lünen	. pharmaceuticals
Belgium	100	Fabelta n.v., Brussels	. chemical filament yarns and staple fibers (nylon, acrylic, rayon, polynosic, texturized filament yarns), plastics
	50	Moulinages Motte S.A., Mouscron	. texturized filament yarns
	100	Sikkens n.v., Ternat (Brussels)	. decorative paints, paints for the 'do-it-yourself' market, industrial paints, car repair materials
	83	Astral-Celluco S.A., Vilvoorde (Brussels)	. decorative paints, paints for the 'do-it-yourself' market, industrial paints
	100	Organon België n.v., Brussels	. sale of Organon products
France	100	Nourylande S.à.r.L., Venette	. organic peroxides
	75	Astral S.A., Paris	. decorative paints, automotive enamels and car repair materials aircraft finishes, other industrial paints, printing inks
	75	Lefranc S.A., Paris	. decorative paints, paints for the 'do-it-yourself' market, automotive enamels, industrial paints
	100	Sikkens France S.A., Ivry (Paris)	. decorative paints, paints for the 'do-it-yourself' market, car repair materials
	100	Organon S.A./Laboratoires Endopancrine S.A., Paris	. sale and production of Organon products
Italy	98	Italenka S.p.A., Milan	. wrapping film
	33	Bemberg S.p.A., Milan	. chemical filament yarns (nylon, cupro)
	60*	Italcolloid S.p.A., Milan	. fatty acids, esters, amines and other nitrogen derivatives, chemical specialties
	100	Sikkens S.p.A., Dormelletto	. decorative paints, paints for the 'do-it-yourself' market
	60	Vercolac S.p.A., Milan	. industrial paints, car repair materials, automotive enamels
	100	Dott. R. Ravasini & Cia S.p.A., Rome	. pharmaceuticals

other countries in Europe

United Kingdom	62	British Enkalon Ltd., Leicester	. chemical filament yarns (nylon, polyester)
	62	Teesside Textiles Ltd., Thornby-on-Tees	. texturized filament yarns
	100	Novadel Ltd., London	. organic peroxides, accelerators, stabilizers, flour improving agents, auxiliary materials for the paint industry
	100	Pure Chemicals Ltd., Liverpool	. stabilizers, organotin compounds, phosphites, bromine compounds, fungicides
	60*	Armour Hess Chemicals, Ltd., Leeds	. fatty acids, esters, amines and other nitrogen derivatives, chemical specialties
	100	Organon Laboratories Ltd., Morden	. sale and production of Organon products
Spain	58	La Seda de Barcelona S.A., Barcelona	. chemical filament yarns and staple fibers (nylon polyester, elastomer, rayon), texturized filament yarn
	45	Cyanenka S.A., Prat de Llobregat	. polyacrylic staple fiber

direct and/or indirect
percentage participation

March 1971

other countries in Europe

Spain	100	Organon Española S.A., Barcelona	. sale and production of Organon products
Denmark	50	Dansk Salt I/S, Mariager	. vacuum salt
	100	A/S Blumøller, Odense	. detergents
Austria	93	Erste Österreichische Glanzstoff-Fabrik AG, Vienna	. rayon filament yarns
Sweden	86	Lilla Edets Pappersbruks AB, Lilla Edet	. toilet paper, tissue paper for kitchen use, paper towels, table napkins
Switzerland	100	Sastig A.G., Glarus	. nylon filament yarns, wrapping film, adhesive tape
		– Feldmühle A.G., Rorschach	
Eire	93	Ferenka Ltd., Dublin	. steel wire and cord plant under construction
	51	N.E.T.-Ketjen Company Ltd., Dublin	. active carbon

North and Latin America

U.S.A.	60	Akzona Inc., Asheville, N.C.	. chemical filament yarns and staple fibers (nylon, polyester, rayon, polyinosics) . wire and cable for the electronic industry, copper wire . rock and vacuum salt . sale and production of Organon products . fatty acids, esters, amines and other nitrogen derivatives chemical specialties . industrial abrasives, adhesive tape, adhesives, impregnated fabrics . leather . peroxides
		– American Enka Co., Asheville, N.C.	
		– Brand-Rex Co., Willimantic, Conn.	
		– International Salt Co., Clarks Summit, Penn.	
		– Organon Inc., West Orange, N.J.	
		– Armour Industrial Chemical Co., Chicago, Illinois	
	100	– Armour Industrial Products Co., Chicago, Illinois	
		– Armour Leather Co., Sheboygan, Wisc.	
		Noury Chemical Corp., Wilmington, Del.	
Canada	60*	Armour Industrial Chemicals Ltd., Saskatoon	. fatty acids, esters, amines and other nitrogen derivatives chemical specialties
Argentina	40	Petroquímica Sudamericana S.A., Buenos Aires	. chemical filament yarns and staple fibers (nylon, polyester, polypropylene), texturized filament yarn; dimethylterephthalate (DMT) plant under construction
	34	Miluz S.A.I.C.I.F., Buenos Aires	. decorative paints, automotive enamels, industrial paints, ink
	100	Organon Argentina S.A., Buenos Aires	. sale and production of Organon products
Brazil	100	Enka do Brasil Ltda., São Paulo	. sale of chemical fibers
	50	Polyquímica S.A. Ind. Têxt., São Bernardo do Campo	. texturized filament yarn; a production plant for polyester filament yarn will be constructed
	74*	Comp. Ind. do Rio Grande do Norte (CIRNE), Macau	. solar salt

direct and/or indirect
percentage participation

March 1971

North and Latin America

Brazil	100	Lab. Organon do Brasil Ltda. São Paulo	. sale and production of Organon products
Colombia	48	Enka de Colombia S.A., Medellín	. chemical filament yarns and staple fibers (nylon, polyester), texturized filament yarn
Mexico	40	Fibras Químicas S.A., Monterrey	. chemical filament yarns (nylon, polyester)
	100	Diosynth S.A. de C.V., Mexico-City	. chemical-pharmaceutical semi-manufactured products
	49	Organon Mexicana S.A., Mexico-City	. sale and production of Organon products
Neth. Antilles	60*	Antilles International Salt Co. n.v., Bonaire	. solar salt plant under construction

other areas

Africa		Astral plants in Morocco, Tunisia, Senegal, Ivory Coast, South Africa	. decorative paints, industrial paints
South Africa	42	Holland Electro Chemical Industries (Pty) Ltd., Johannesburg	. vinylacetate, calciumacetate, acetic acid, calciumcarbide, crotonaldehyde
India	44	Century Enka Ltd., Calcutta	. nylon filament yarns
	49	Organon (India) Ltd., Calcutta	. sale and production of Organon products
Iran	51	Iran Organon S.A., Teheran	. sale and production of Organon products
Japan	50	Nippon Ketjen K.K., Tokyo	. desulphurization catalysts
	50	Kayaku Noury K.K., Tokyo	. organic peroxides
	30*	Lion Armour Company Ltd., Tokyo	. fatty acids, esters, amines and other nitrogen derivatives, chemical specialties
	60	Nippon Organon K.K., Tokyo	. sale and production of Organon products

* Subsidiaries of Akzona Inc.

