

AKZO

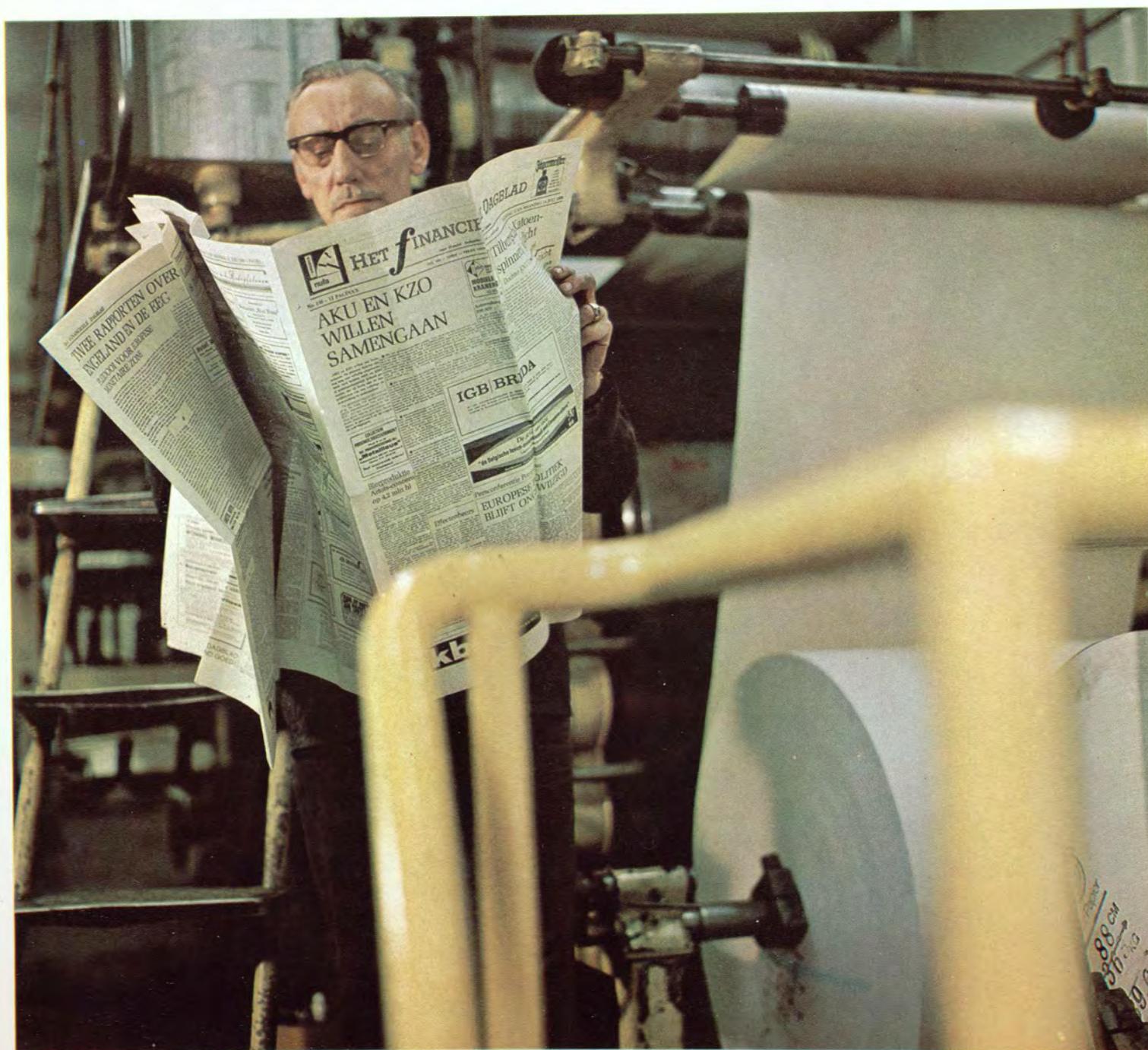
Annual Report 1969

AKZO n.v. - Annual report 1969

AKZO n.v., Arnhem, The Netherlands

KZO and AKU
announce plans for complete integration

July 11, 1969: the news comes off the press



AKZO, a new name among the largest chemical concerns,
unites 100,000 employees in 40 countries

one of the Group's offices at Arnhem, The Netherlands



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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. van Delden
P. M. van Doormaal
H. L. Merkle
E. F. Philipp
Mrs. K. Schudel-van Zwanenberg
J. van Tilburg
E. H. Vits (died January 23, 1970)
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
Y. Scholten
W. F. G. L. Starrenburg
C. D. de Wolf

board of management

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

secretaries

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

some important data

	1969	1968*
sales, in Hfl million	6,366	5,260
percentage increase over previous year	21.0	21.5
 operating income, in Hfl million	 801	 692
as percentage of sales	12.6	13.2
 net income, in Hfl million	 308	 247
percentage increase	24.7	58.3
per ordinary share of Hfl 20 par value, in Dutch guilders	12.02	10.99
 dividend		
per ordinary share of Hfl 20 par value, in Dutch guilders	4.00	—
 net assets, in Hfl million	 2,981	 2,519
per ordinary share of Hfl 20 par value, in Dutch guilders	116.40	111.92
ordinary share capital, in Hfl million	511.8	449.8
 property, plant and equipment, in Hfl million		
capital expenditures	699	460
depreciation, incl. additional depreciation	417	343
 number of employees at year end	 100,300	 84,300
of which in The Netherlands	34,600	32,400

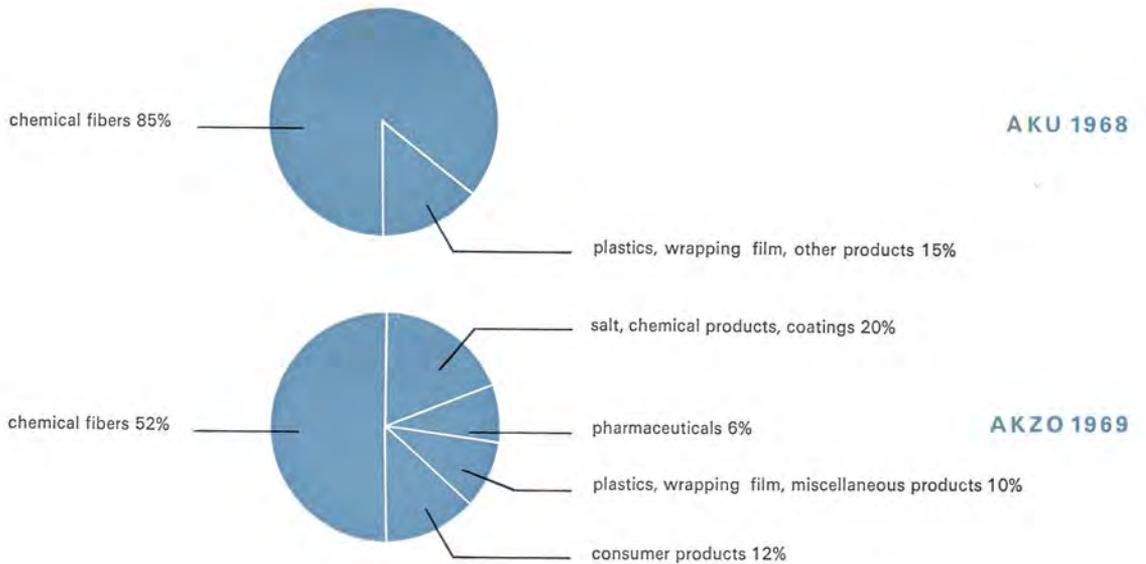
* taken from the consolidated statement of financial position as at January 1, 1969 and from the combined figures of AKU and KZO, after certain adjustments and reclassifications to put the figures on bases comparable with the figures for 1969.

general review

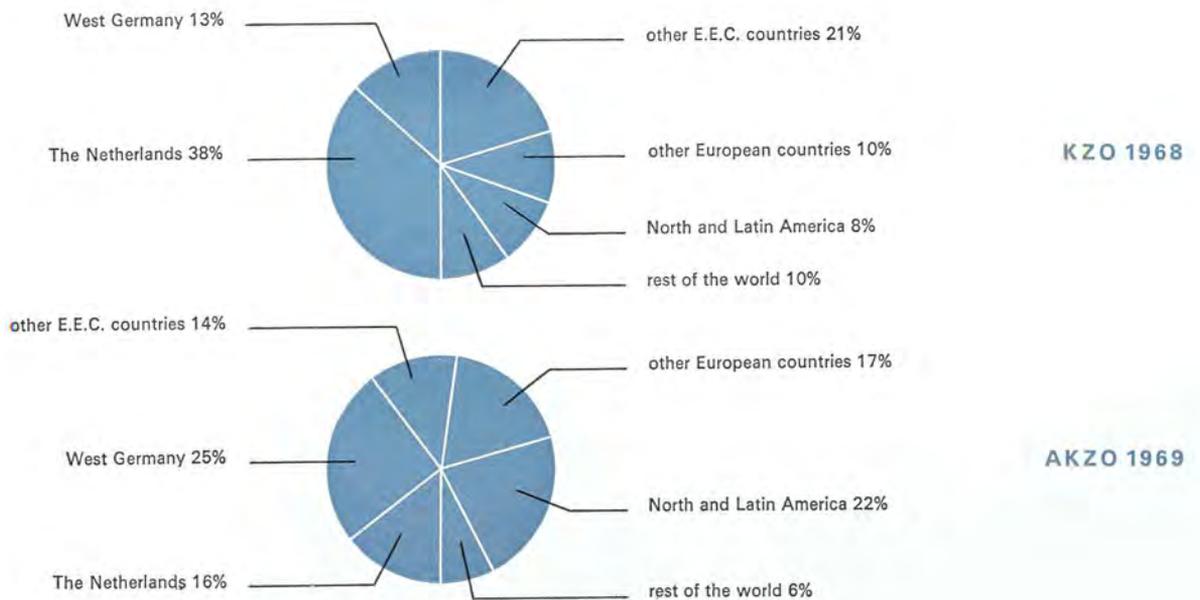
The year 1969 may be characterized as the 'breakthrough' year. To both AKU and KZO this breakthrough constituted the realization of a long-fostered wish; to AKU it meant the broadening of the Group's base through extension of its range of products and to KZO the access to an existing international organization.

The effect of the AKU-KZO merger is shown below.

breakdown of sales into product groups



breakdown of sales into sales areas



AKZO's international character
is manifested in the affiliation
of International Salt Company (U.S.A.)

I.S.C. salt mine in New York State



Shortly before the formation of AKZO, the intensified cooperation between Glanzstoff and AKU had already provided a more coordinated approach to world chemical fiber markets; moreover, this integration is expected to contribute substantially to the Group's flexibility.

The year under review also witnessed a large number of important acquisitions. In the field of chemical fibers the Group's position was strengthened through the acquisition of a Swiss and a Belgian company. The Group's salt chemical division achieved a significant foothold in the United States of America. Following the take-over – partly in 1970 – of two important companies, in West Germany and in France, the AKZO group became a major coatings producer in Western Europe. In addition, the Group acquired a Dutch food company and Swedish production company in the field of tissue paper.

However, such diversified and rapid expansion requires concentration on sectors which, also in the long run, fit in best with the Group's fields of operations. For this reason our activities in the fields of industrial gases, potato crisps and fish preserves were transferred to third parties in the year under review. In 1970 we also sold our interest in the field of zinc.

The AKZO group presently has production plants or sales offices in forty countries. The geographical distribution of our establishments, according to total investments at December 31, 1969, is illustrated by the following figures: 40% in The Netherlands, 27% in West Germany, 4% in other E.E.C. countries, 19% in North and Latin America, and 10% in other countries.

Consistent with the substantial broadening of the range of products, a new organization was established whereby responsibility for profitability and growth was entrusted to a large extent to the managements of the individual product divisions. This principle of decentralization permits extensive delegation of powers, allowing ample scope for a flexible operational policy. The necessary organizational adjustments are making good progress; these adjustments are expected to be largely completed during 1970.

The Group's growing internationalization will necessitate a regionally oriented organizational structure in addition to delegation to product divisions. Coordination of divergent activities within the same area will enhance local flexibility. In this connection we are thinking particularly of the United States of America, where a merger of our American Group companies is being contemplated.

Through more extensive product know-how and broader international diversification our research is expected to obtain better and earlier results from its discoveries. In many areas the knowledge and experience of AKU and KZO complement each other most suitably. In the field of plastics, for example, AKU has many years' experience in production, design and application, while KZO has at its disposal a broad variety of essential auxiliary materials. The initial results of the exchange of know-how are already apparent.

Fundamental and exploratory research, which is conducted centrally in Europe, can to a considerable extent be stimulated by and in turn stimulate divisional use development research in the countries concerned.

The total research budget of the AKZO group is approximately Hfl 200

million. We consider this amount a satisfactory basis for future process improvements and innovations for our range of products.

Group operations cover a number of fields which offer interesting possibilities for growth. This is illustrated in the table below, showing the annual growth of the world market expected for a number of products in our line of business.

estimated annual growth of the world market 1970 through 1979

synthetic fibers	10%	plastics	15%
chemical products	9%	food	3%
coatings	4½%	synthetic detergents	5%
pharmaceutical products	10%	cosmetics	13%

In the past years the AKZO group demonstrated its capability of growing at least as rapidly as – and in most instances even more rapidly than – the total market. We currently expect this growth to continue. From 1961 through 1969, the aggregate sales of AKU and KZO increased by an average of 14.8% annually. Aggregate net income showed an average growth of 17.1% and income per share increased 10.6% annually.

Such high anticipated rates of growth will make heavy demands on financing in the years ahead, requiring particular selectivity in making investments. One of the advantages of the new combination is the possibility of achieving further diversification of risks, both product and area-wise, through planning and fixing of investment priorities.

A high degree of flexibility and an intensive search for innovations are expected to contribute to the Group's constant growth.

During the year under review, general economic conditions had a favorable influence on sales. Demand for many products exceeded supply. As a result the expansions of capacity completed in recent years were almost fully utilized.

The trend of selling-prices varied from product to product. Lower income from certain products was amply compensated by higher income from other products.

As a result of these factors and of acquisitions, sales reached a new high, Hfl 6,400 million, compared to Hfl 5,300 million in 1968, or an increase of 21.0%.

Group income, including minority interests, showed a 21.2% increase, to Hfl 369 million; but as a result of decrease of minority interest in subsidiaries, net income rose more strongly, from Hfl 247 million to Hfl 308 million, or 24.7%. Net income per share of Hfl 20 par value rose by 9.4%, from Hfl 10.99 to Hfl 12.02.

The increase in income resulted in particular from our activities in the fields of chemical fibers, salt-mining and from the manufacture of chemical and pharmaceutical products. The sector of consumer products experienced a profit squeeze caused by higher raw material prices and official price control measures.

It is proposed to allocate from net income an amount of Hfl 102.2 million for distribution to shareholders. This will amount to a dividend of Hfl 4 per ordinary share of Hfl 20 par value.

Although the present general economic conditions of our two major markets, Western Europe and the U.S.A., are causing some anxiety, we expect a more than 10% increase in our sales for 1970.

In view of the anticipated trend of costs, in particular increases in labor costs, it is still uncertain whether income will keep pace with the expected increase in sales.

changes in the council and the board

supervisory council and advisory council

The AKU-KZO merger has been based upon the principle of equal representation in the new supervisory council of AKZO n.v.

The council's chairman is Mr. J. R. M. van den Brink; deputy chairmen are Messrs. H. M. van Mourik Broekman, J. Meynen and J. E. de Quay.

Newly appointed to the council were: Mrs. K. Schudel-van Zwanenberg and Messrs. L. J. M. Beel, P. M. H. van Boven, P. van Delden, P. M. van Doormaal, E. F. Philipp and J. E. de Quay, members of the supervisory council of Koninklijke Zout-Organon.

Earlier in the year under review the intensified cooperation between AKU and Glanzstoff had led to the appointment of Messrs. H. L. Merkle, E. H. Vits and O. Wolff von Amerongen, members of the supervisory council of Glanzstoff AG, to the company's supervisory council.

Messrs. Y. Scholten and W. F. G. L. Starrenburg, members of the supervisory council of AKU n.v. resigned from the council, but consented to serve on the newly formed advisory council. Other members appointed to this council were Messrs. J. S. A. J. M. van Aken, C. A. Klaasse, A. Kleijn, E. L. Kramer, W. T. Kroese, L. P. Ruys and C. D. de Wolf, members of the supervisory council of KZO. We are most grateful that in this manner the Group will continue to benefit by their knowledge and experience.

Messrs. J. M. Fentener van Vlissingen and M. Tieleman expressed a wish to retire entirely from the councils. We highly appreciate the valuable services these gentlemen have rendered to our companies for many years.

With regret we mention the death of Mr. E. H. Vits on January 23, 1970, shortly after his election as a member of the company's supervisory council. For more than 30 years Mr. Vits had very competently directed Glanzstoff AG. He was well aware of the need for expansion as a means of coping with international competition. Accordingly, he gave his full support to bringing about a closer cooperation between AKU and Glanzstoff. He saw in this an opportunity to further ensure the company's continuity, thus also ensuring the welfare of the many employees in whom he was deeply interested. We regret that his membership on the supervisory council was so brief and we shall sorely miss his valuable cooperation.

board of management

Upon the merger, the boards of management of AKU and KZO were combined. The president of the newly formed board of management is Mr. K. Soesbeek; deputy presidents are Messrs. G. Kraijenhoff, L. H. Meerburg, S. C. Bakkenist and L. Vaubel. As mentioned in the announcement of merger, it is intended that upon the retirement of Mr. K. Soesbeek, Mr. G. Kraijenhoff will be appointed president, which will occur at the annual meeting of shareholders in 1971 at the latest. Mr. Meerburg will at the same time be appointed substitute president.

In June 1969 Mr. Vaubel, president of the board of management of Glanzstoff AG, was appointed an executive vice president of AKU n.v. Mr. H. F. Wesenhagen resigned from the AKU board of management upon his appointment to the boards of management of Enka n.v., Glanzstoff AG and AKZO Research & Engineering n.v.

The investigation to promote effective distribution of responsibilities among the members of the board of management, referred to in the announcement of merger, led to the conclusion that a reduction in the number of board members would promote efficient management of the company. Consequently, Messrs. J.P. van den Bent and H. Kramers intend to submit their resignations as board members to the general meeting of shareholders on May 27, 1970. Both gentlemen will continue their activities with the company, Mr. Van den Bent in the field of general personnel policy and public relations, and Mr. Kramers as deputy president of the board of management of AKZO Research & Engineering n.v.

group structure

AKZO n.v. is the holding company of the Group's operating companies. Its assets principally comprise participations in a large number of companies which jointly form the AKZO group.

Since the AKU-KZO merger, these assets also include nearly the total capital stock of Koninklijke Zout-Organon n.v. The latter company, in turn, holds the shares of a large number of affiliates. Moreover, following the acquisition of a number of Glanzstoff AG shares from third parties, AKZO holds 97.5% of the total capital stock of that company.

As stated earlier, AKZO has an organizational structure whereby the responsibility for profitability and growth is entrusted to a large extent to the managements of the individual product divisions. As shown in the opposite chart, Group activities are split up into three main groups, Chemical fibers and related products, Chemical and pharmaceutical products and Consumer products.

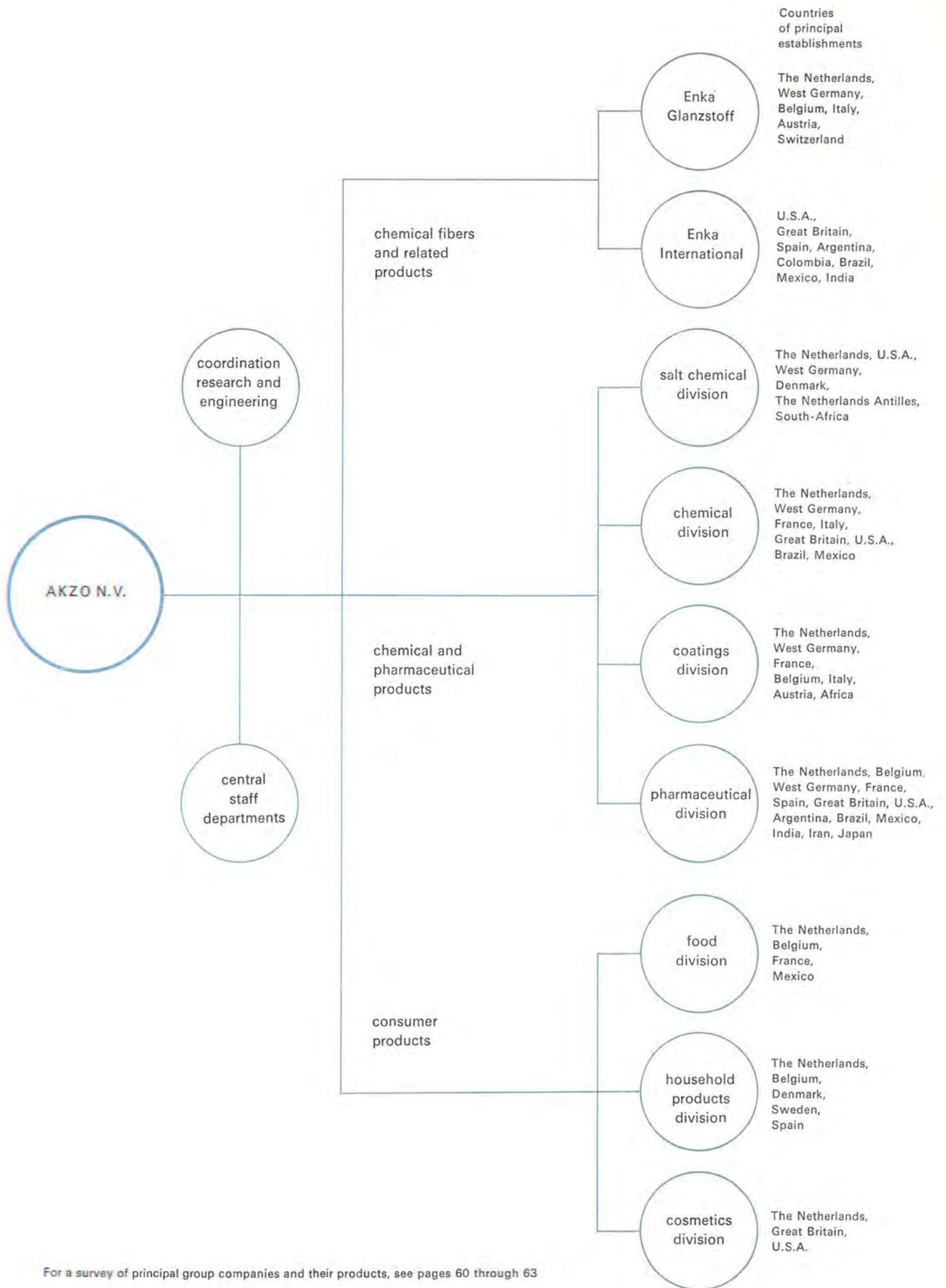
Enka n.v. and Glanzstoff AG, operating under joint management, are engaged in the production of chemical fibers and related products in the E.E.C., as well as in Austria and Switzerland. Accordingly, a single organizational unit, Enka Glanzstoff, has been created, with a Textile division, an Industrial yarn division and other divisions, including those for Plastics, Wrapping film and Synthetic leather.

Enka International n.v. is responsible, among other things, for the Group's existing interests and growth in the field of chemical fibers outside the Common Market area.

In the fields of chemical, pharmaceutical and consumer products, activities are developed by the Salt chemical division, the Chemical division, the Coatings division, the Pharmaceutical division and the Consumer products division, all of which operate in Europe and elsewhere.

AKZO Research & Engineering n.v. coordinates activities in its field of operations and renders services to Group companies and divisions.

General management, central financing, policy planning, as well as coordination relating thereto for the whole Group, rest with the board of management of AKZO n.v. Certain members of the board of management represent a Group company or a product division and other members are in charge of the promotion of general Group interests. The board is assisted by central staff departments.



For a survey of principal group companies and their products, see pages 60 through 63

mergers and acquisitions in 1969

February	<p>acquisition of Diosynth S.A., Mexico, a producer of basic materials for the manufacture of hormone substances.</p> <p>acquisition of Sastig A.G., holding company of certain production companies, including Feldmühle A.G., Switzerland, a producer of chemical fibers, cellophane and adhesive tape.</p>
March	<p>acquisition of the Belgian company Fabelta, a producer of chemical fibers, such as acrylics, and cellulose acetate pellets.</p> <p>acquisition of Lesonal-Werke Chr. Lechler & Sohn Nachf., a company with plants in West Germany and Austria for the production of industrial paints.</p>
April	<p>acquisition of Koninklijke Fabrieken T. Duyvis Jz. n.v., a food-producing company in The Netherlands.</p>
May	<p>AKU and Glanzstoff agree on complete cooperation; AKU subsequently acquires nearly all the Glanzstoff shares held by third parties.</p>
July	<p>announcement of intended merger of AKU and KZO.</p>
August	<p>participation in Polyquímica S.A. Indústria Têxtil, a new plant for synthetic filament yarn texturizing in Brazil.</p>
September	<p>acquisition of 51% of the capital stock of International Salt Cy., a leading salt producing company in the U.S.A.</p> <p>increase to 100% of the holding in Konam n.v., a producer of petrochemical products in The Netherlands.</p>
October	<p>acquisition of Lilla Edets Pappersbruks AB, Sweden, a producer of tissue paper.</p> <p>acquisition by American Enka of Nonotuck Manufacturing Company, a copper wire producing company in the United States of America.</p>
November	<p>merger of AKU and KZO effected.</p> <p>introduction of the name AKZO.</p>
December	<p>AKZO successfully concludes negotiations on the acquisition in 1970 of a majority interest in Astral S.A., a major paint producer in France.</p>

financial

capital expenditures

The Group's diversified and rapid expansion was reflected in high levels of capital expenditures and acquisitions. Capital expenditures for property, plant and equipment of consolidated companies amounted to Hfl 699 million, against Hfl 460 million in 1968. The acquisition of participations, the principal ones of which are mentioned on page 18, were financed in part by the private issuance of Hfl 62 million nominal amount of shares in our company and in part by cash payment of an aggregate amount of Hfl 255 million. From the latter amount were deducted the proceeds from the disposal of a number of activities.

The largest private issuance of shares involved 650,000 shares of Hfl 20 par value issued in connection with the acquisition of Fabelta. In consultation with the acquiring party – UCB (Union Chimique-Chemische Bedrijven) – special arrangements were made to prevent sales of the transferred shares from disturbing the market for AKZO stock. Such arrangements are made in connection with any private issuance of AKZO's shares whose size makes such measures desirable.

financing

In 1969 the outstanding capital stock increased substantially as a result of issuances in connection with the AKU/KZO merger, the acquisition of an additional interest in Glanzstoff AG, and the acquisitions of new participations. This is illustrated below.

	nominal amount of common capital stock
AKU shares outstanding at January 1, 1969	Hfl 200,011,500
KZO shares outstanding at January 1, 1969 totaling Hfl 189,268,200 nominal amount, in exchange for which AKZO shares have been issued, taking into account the 10% KZO stock dividend and an exchange ratio of 5 KZO shares for 6 AKZO shares	<u>249,834,020</u>
outstanding AKZO shares according to the consolidated statement of financial position as at January 1, 1969	Hfl 449,845,520
issued in connection with the acquisition of additional interest in Glanzstoff AG and Bemberg AG	29,229,660
issued in connection with the acquisition of new participations in 1969	<u>32,717,100</u>
AKZO shares outstanding at December 31, 1969 (number of shares of Hfl 20 par value each: 25,589,614)	<u>Hfl 511,792,280</u>

On April 1, 1970, 99% of the nominal capital stock of KZO had been exchanged for AKZO shares. For the AKZO shares which have not yet been presented for exchange, an amount of Hfl 2,863,180 of AKZO shares has been deposited with our bankers.

To promote the broadest possible international distribution, AKZO shares are presently listed on the stock exchanges in Amsterdam, Frankfurt, Dusseldorf, West Berlin, Brussels, Antwerp, Paris, Zurich, Basle and Geneva.

Funds which became available from the Group's own resources, and which mainly consisted of income and depreciation, were sufficient to cover a substantial portion of capital expenditures. Nevertheless it was deemed necessary for AKZO n.v. to contract new loans to maintain its liquid position. These loans included:

the issuance of US \$ 50 million 4 $\frac{3}{4}$ % convertible Euro dollar debentures, maturing within 20 years,

contracting for Euro guilder loans, maturing in five years and aggregating Hfl 100 million, of which Hfl 40 million will actually be borrowed in 1970, and

contracting for medium term private loans, aggregating Hfl 209 million, of which Hfl 100 million will actually be borrowed in 1970.

An important change in financing involves the issuance by American Enka of US \$ 44,577,000 5 $\frac{1}{4}$ % convertible debentures, in which AKZO has participated to the extent of its percentage holding in this company; the funds received from third parties amounted to US \$ 19,598,300.

In January 1970 an offer was made to exchange the outstanding KZO US \$ 20 million 4 $\frac{3}{4}$ % convertible Euro dollar debenture issue for an identical AKZO debenture issue, on the same conditions as are applicable to the 4 $\frac{3}{4}$ % convertible Euro dollar loan referred to above. The interchangeability thus achieved will enhance marketability. At April 1, 1970, 96% had been exchanged.

liquid position

As shown in the table below, cash and marketable securities held by the consolidated companies increased by Hfl 102 million in the year under review; as a result, liquid funds increased to Hfl 656 million.

source and application of funds in 1969, in Hfl million

source of funds:	
group income	369
depreciation, including additional depreciation	417
long-term loans and provisions (net)	636
	1,422
application of funds:	
expenditures for property, plant and equipment (net)	699
investments in associated companies and new participations (net)	276
increase in working capital and sundries	286
AKU and KZO dividends for 1968	59
	1,320
increase in cash and marketable securities	102

composition of assets

The assets and liabilities of AKU and KZO have, as of January 1, 1969, been recomputed on basis of the principles of consolidation, valuation and profit determination, appearing in the notes to the consolidated financial statements. Consequently, and as a result of the lower valuation of

affiliated companies, Group net assets decreased by Hfl 89 million as compared with the combined assets at December 31, 1968.

During the year under review Group net assets increased by Hfl 467 million and liabilities rose by Hfl 1,446 million. Consequently, the ratio of Group net assets to liabilities became 0.8.

in Hfl 1,000 and in %	Dec. 31, 1969		Jan. 1, 1969	
fixed assets	4,241,379	55	3,219,482	55
current assets	3,520,557	45	2,630,119	45
total assets	7,761,936	100	5,849,601	100
financed from:				
group net assets	3,484,306	45	3,017,550	52
long-term liabilities	2,595,065	34	1,637,156	28
current liabilities	1,682,565	21	1,194,895	20
total assets	7,761,936	100	5,849,601	100

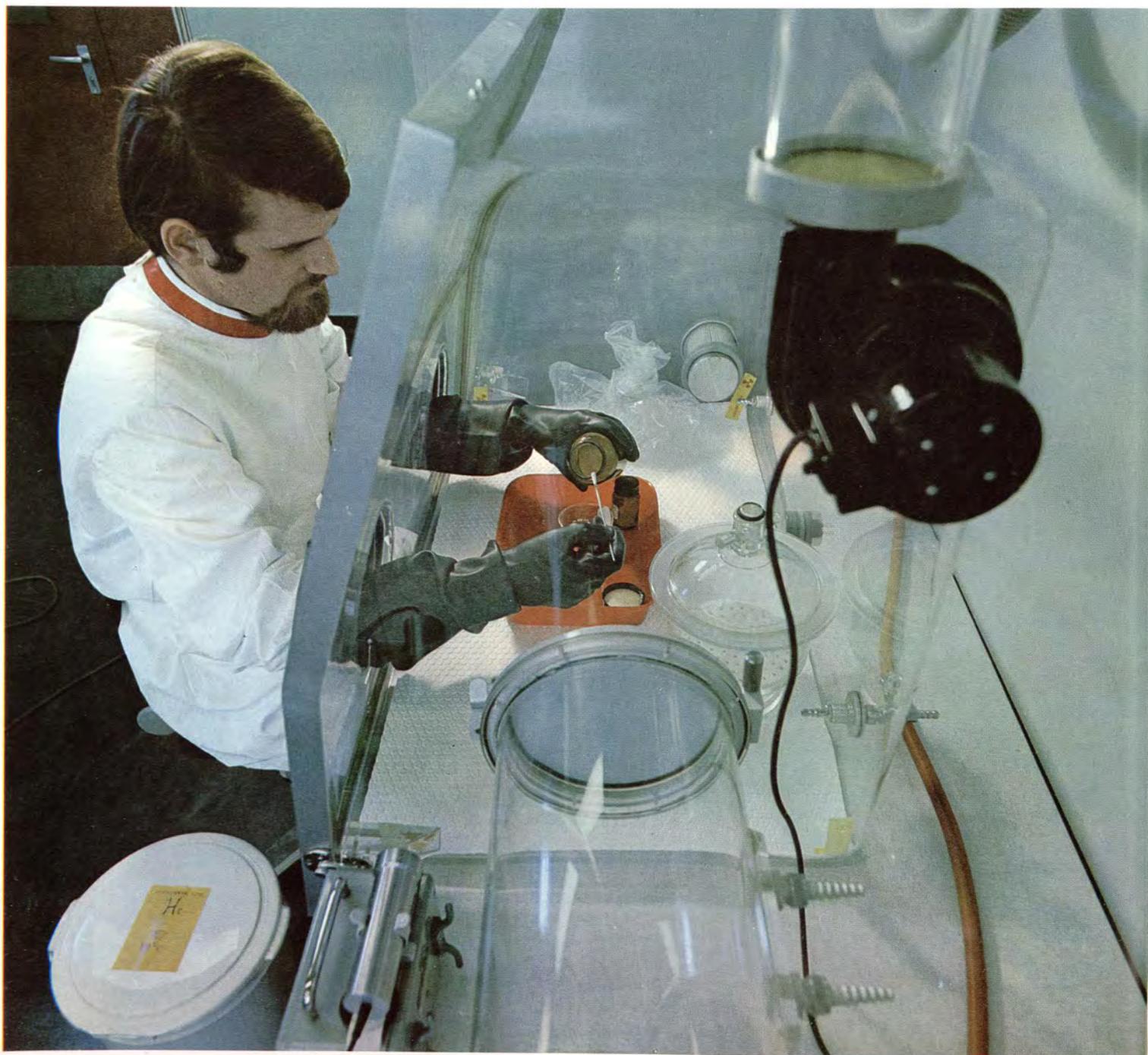
developments in 1970

For 1970 a continued high level of investment is expected; for the years ahead major projects are being prepared. In order to ensure their financing, the company's resources were further strengthened by contracting early this year for long-term private loans aggregating Hfl 300 million. Of this amount, approximately Hfl 50 million will become available in 1970, and approximately Hfl 250 million in 1971 and 1972.

The Group does not presently intend to raise money during 1970 through the issuance and sale of its stock.

research:
the start for new products
and production processes

new radio isotopes laboratory of n.v. Organon, Oss, The Netherlands



research and development

Research and development activities in the field of chemical fibers and related products are to a large extent conducted centrally at three research institutes, located in The Netherlands, West Germany and the United States of America, respectively. Research in the highly diversified field of operations of KZO is organized by product divisions in a number of laboratories in Western Europe and the United States of America. AKZO Research & Engineering n.v. will play an important role in the coordination of these activities and in centralizing general and exploratory research.

There is now a total of 5,300 employees of the AKZO group involved in research and development work.

In the year under review a number of new research buildings and laboratories were opened in The Netherlands: at Oss for pharmacological and other research, with a separate radio isotopes department; in Amsterdam, inter alia for investigations in the field of catalysts and silica application; at Zeist for applications research in the field of plastics.

In many areas substantial progress was made through the development of improved production processes, new and improved products and new uses.

On basis of our own knowledge in the field of processes a considerable capacity expansion of the vacuum salt evaporation equipment under construction was realized; moreover, large-scale diaphragm lye processing in soda-ash production was commenced.

In the spring of 1969, a plant for production of silicasol by a process of our own came on stream.

The sulphonation capacity for production of surface-active materials for a variety of uses was expanded and a new ethoxylation process was developed; both developments involved important innovations of process techniques.

The development of new ion exchangers made satisfactory progress; the high-capacity weakly-basic macroporous ion exchanger constitutes a significant contribution to our program.

In the textile area new texturizing products were developed, with special attention being paid to permanent-press texturizing of fabrics.

In the field of product development we were successful in manufacturing new and improved types of nylon carpet yarns, synthetic tire yarns and in texturizing filament yarns. A bicomponent type of stocking yarn with special crimping properties was developed and favorably received by customers.

We succeeded in developing a production process of our own for a type of polyester staple fiber which absorbs basic dyestuffs.

We consider our research efforts to find new and modified polymers to be of major importance for the future. We are optimistic with regard to certain current projects in this field, one of which concerns a raw material for the manufacture of non-flammable fibers.

Production processes for new types and varieties of synthetic leather and non-wovens were developed and are presently in commercial use. New uses have also been developed for our raw materials for the plastics industry.

Pharmaceutical research was principally directed towards ten wide therapeutic areas, including investigations relating to the central nervous system, heart and vascular diseases, and geriatrics. Research conducted on oral contraceptives at our laboratories have resulted in alternative types of the existing preparations. In addition, the development of a new preparation for sterility treatment is at an advanced stage.

labor relations

Because of the growth of our operations and the association of new companies with the Group, the number of employees rose from 84,300 to 100,300 in the year under review. Of this number, 34,600 were employed in The Netherlands, 32,500 in West Germany, 17,300 in other European countries, 13,400 in the United States of America, 1,900 in Latin America and 600 in other countries.

The continued rise of wages and prices, in particular in The Netherlands and in West Germany, has caused us grave concern. We, therefore, fully endorse the urgent appeal made by the Council of Netherlands Industrial Federations early in 1970, asking the government, employers and employees to try in every way possible to check the threatening wage-price spiral.

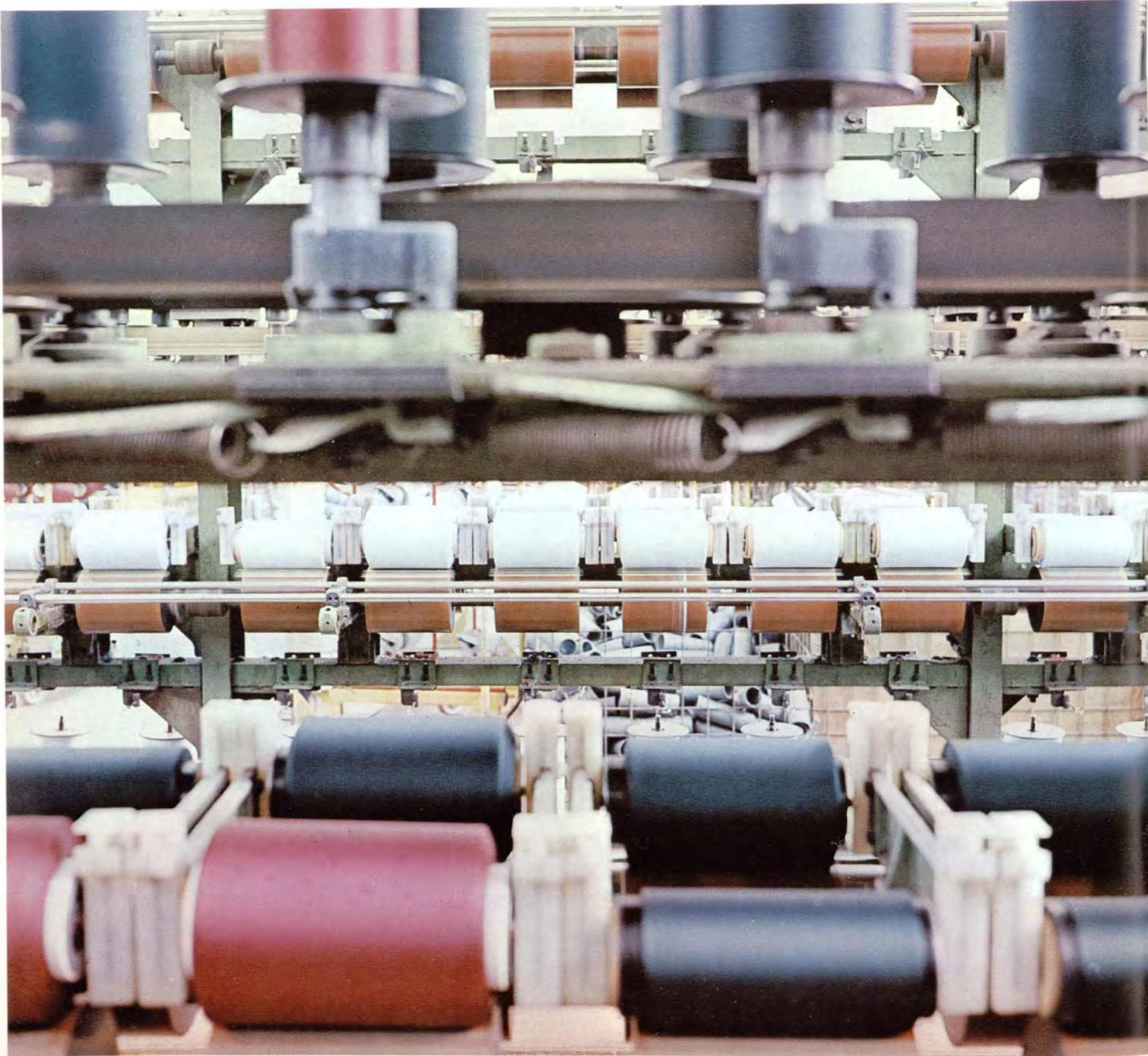
In a number of Western European countries increasing pressure for reform manifested itself in various sections of the community during the past year. In industry we are conscious of the trend towards co-determination by employees. Accordingly, we are pleased to continue cooperating in developments in this field through the appropriate management-employee councils. However, it should be kept in mind that practice has shown that this process will take a relatively long time. We should guard carefully against impairing our ability to conduct a responsive policy. We deem it useful, however, to devote considerable attention in the years ahead to the present trends towards reform in order to impart appropriate shape and content to them. The training programs now being developed for our personnel will no doubt be a positive influence.

Management development and career planning, as referred to in previous annual reports, are receiving constant attention.

The changes in Group organization which occurred in rapid succession during the year under review made very exacting demands on many employees; we highly appreciate the positive attitude they have shown. We express our gratitude to all of them for their efforts in the Group's interest.

product innovations stimulate existing markets
and open up new ones

synthetic yarn texturizing at the Kuag Textil plant, West Germany



chemical fibers

World production of chemical fibers* in 1969 showed a further increase to well over 8,000,000 metric tons, or 9% over the preceding year. This increase was largely accounted for by synthetics, which recorded a growth of 16%. Production of polyester staple fiber in particular, and also of polyester filament yarn increased substantially. Rayon production was 2% higher. The share of chemical fibers in total world production of chemical, cotton and wool fibers taken together, measured on a weight basis, increased again, from 36% in 1968 to 38% in 1969.

World consumption of synthetics, even after the very substantial growth in recent years, is expected to double again in the next seven or eight years.

In 1969, the Group's share in total world production was again approximately 10% for nylon, for polyester it rose from 9% to about 10% and for rayon from 7% to approximately 8%. The Group, with an annual capacity of 740,000 metric tons, is the world's second largest chemical fiber producer. It owns facilities for the production of chemical fibers in Western Europe, North and Latin America and India. Its diversified production program includes the principal chemical fiber types, such as polyamide (nylon 6 and 66), polyester, acrylics, elastomer and rayon (viscose, modul, cupro and acetate).

Early in the year under review the Swiss holding company Sastig A.G. – with Feldmühle A.G. as its principal production company – and the Belgian chemical fiber producer Fabelta n.v. joined the Group. Of major importance was the agreement reached later in the year for intensified cooperation between AKU and Glanzstoff.

We completed these developments by concentrating production and sales activities in the field of chemical fibers and related products in the E.E.C., Switzerland and Austria in the newly formed company Enka Glanzstoff. By forming this combination, the largest in its field in Western Europe, we have laid a basis for more efficient and flexible management and marketing operations, both in the E.E.C. and E.F.T.A., as well as with respect to exports outside these areas. We consider this a substantial improvement of the Group's position in international competition.

Nearly all the Group companies for production of synthetic fibers expanded their facilities in the year under review; extensive additional expansions of capacity are under construction.

In the E.E.C., Enka Glanzstoff is engaged in several capacity expansion projects.

In the U.S.A., American Enka has ensured further expansion by acquiring an industrial site at Clemson, South Carolina, where it presently has a new 18 million kg nylon manufacturing complex under construction; in addition, a major expansion of its polyester production capacity is under way.

* Chemical fibers is the generic term for all non-natural fibers. This term includes cellulose-based fibers, such as viscose, cupro, acetate rayon fibers, and synthetic fibers, such as polyamide (nylon), polyester, acrylics. The term fibers includes both filament yarns and staple fibers.

In Northern Ireland, British Enkalon has taken in hand its largest-ever capacity expansion. In addition, a new texturizing plant, Teesside Textiles Ltd., will be constructed in northeast England.

In Spain the new combination resulting from the merger of La Seda de Barcelona and Perlofil in 1969, is presently also engaged in a major capacity expansion program.

In India the nylon production plant of Century Enka, in which AKZO and Glanzstoff participate for 22½% each, came on stream.

These capacity expansions are intended to strengthen our important position in the world market. We are aware, of course, that world supply may at times exceed demand. However, it is of material importance to us to be able to produce with large efficiently operating units and to create ample scope for sales promotion, international trademark policy and development of new product types and uses. We are confident that in this way we shall also succeed in reducing whenever possible any fluctuations in the utilization of facilities.

chemical fibers for apparel, home furnishing and household fabrics

Chemical textile fiber sales were up again, while prices in general were firm. The quantities sold are used for apparel as well as for home furnishing and household purposes, such as carpets, lace curtains, curtains, furniture fabrics and sheets.

The demand for synthetics, in particular polyester (DIOLEN®, TERLENKA®, ENCRON®), continues undiminished due to the increasing use of texturized yarns, made bulky and elastic according to customer requirements. The Group has ample capacity for yarn texturizing either during production (for example ENKASHEER® and ENKACREPE®) or during the aftertreatment process. Our sales of texturized yarns showed a further substantial increase, although the rate of growth was less than in 1968. Prices in this sector were under pressure. However, we expect further substantial increases in sales of this type of yarn in the years ahead.

Developments in the nylon panty sector led to a higher demand for fine yarn types and for Group-developed new yarn specialties.

The carpet industry continues to be among the fastest growing industries. The increased demand in Western Europe has prompted us to expand our capacity for nylon carpet yarns (ENKA® PERLON®, ENKALON®) again, which will also enable us to meet the demand for new varieties. In the U.S.A. the nylon carpet yarn market experienced a declining demand. However, efforts are being made to stimulate demand for our nylon carpet yarns again by offering new specialty types.

Sales of polyester staple fiber continues to grow rapidly. For example, polyester/cotton blends in particular, are of growing significance. In addition to being used in blends with wool, they are used in the manufacture of dress shirts, casual wear and household fabrics.

Demand for acrylic staple fiber used in a variety of woven and knitted end products in the fields of dress materials and home furnishing fabrics, continues to be strong. In Spain an additional major expansion of the Cyanenka capacity is under way.

Our elastomer yarn (ENKASWING®), which is used in particular for foundation garments, stockings and underwear, has now reached the stage of commercial production. A further capacity expansion is under way.

viscose,
acetate and
cupro rayon

Our rayon filament yarn and staple fiber plants in general operated near capacity. Despite certain price improvements, the higher raw material prices and wages caused a squeeze on profit margins in this sector.

non-wovens

Our activities in the field of non-wovens are getting into stride. In mid-1969 we commenced marketing polyester webs as a basis for polyvinylchloride carpeting. Rayon spunbonded webs for various textile applications have recently been introduced to the market.

In 1970 a synthetic spunbonded web for tufted carpet backing will be introduced.

chemical fibers for industrial uses

For many years our efforts have also been directed towards stimulating the sale of our chemical fibers for uses outside the textile field. Such uses cover a wide variety of markets of which the rubber industry is of major importance to the Group. Over the years we have developed a variety of specialty yarns for these purposes.

In 1969, our sales and income in this sector, notably in Western Europe, experienced substantial growth. Prices in general were stable; for certain products they improved slightly.

automobile tire yarns

The vastly increasing automotive sales have caused a strong increase in demand for automobile tires. During the past two decades tire manufacturers have used, in addition to rayon, a variety of other types of yarn, such as nylon 6, nylon 66, polyester, steel wire and glass yarn. The type of reinforcing material used differs from country to country and is, moreover, largely determined by the construction of the tire in question.

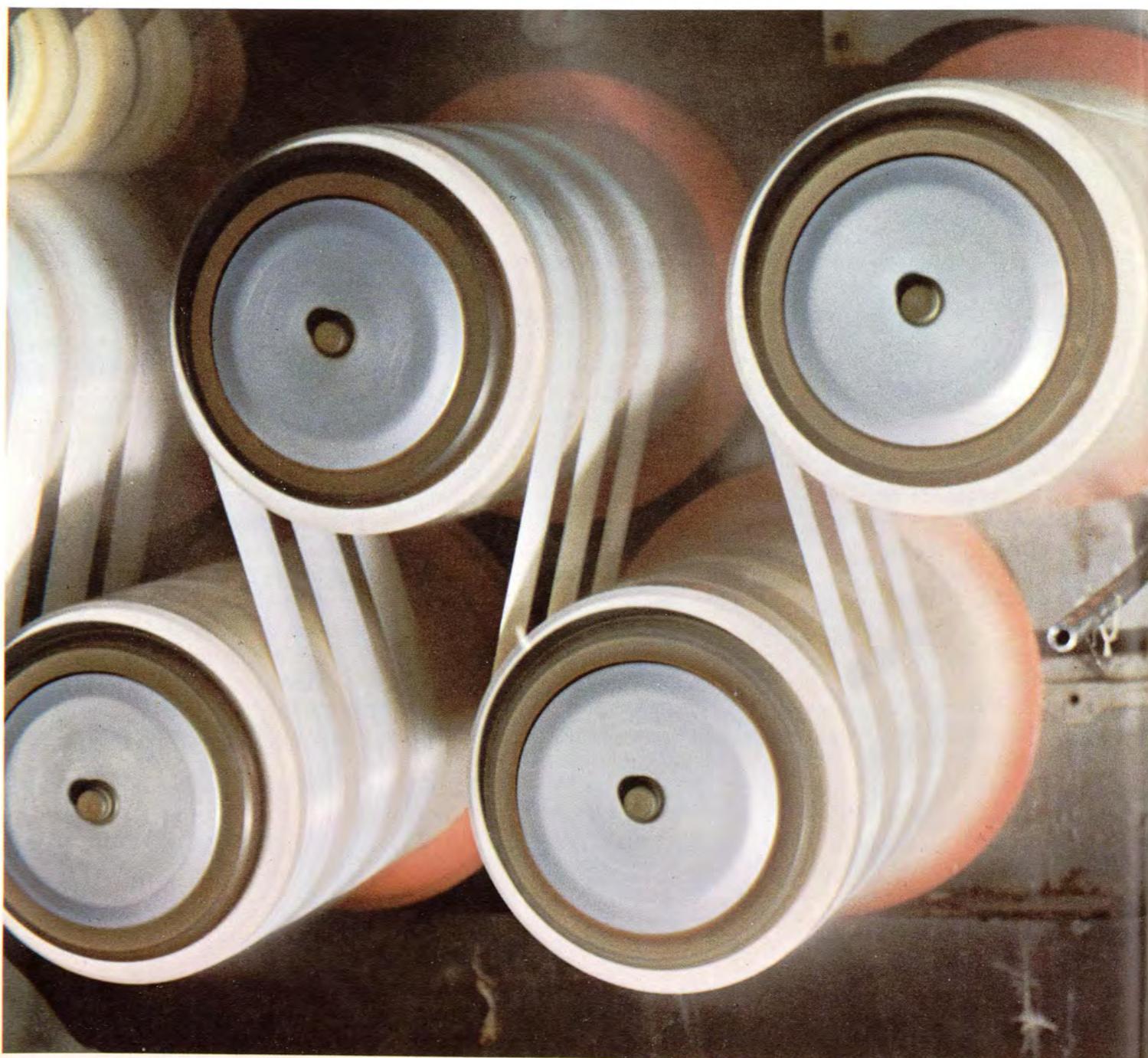
In Western Europe the growing acceptance of the radial-ply tire in recent years has strengthened the position of rayon tire yarn. Demand for steel wire which is used in particular in heavier radial-ply tires, is showing an upward trend. In 1969, the quantities used in tires in Western Europe, based on consumption value, were 50% for rayon, 20% for synthetic yarns and 30% for steel wire.

The situation in the United States of America, where the radial-ply tire is still rather insignificant, is quite different: in 1969 the quantities used in tires were 19% for rayon, 65% for nylon, 14% for polyester and 2% for glass yarn.

The Group is the only producer in the world to offer a complete range of the presently important six types of tire yarn. Thus, the Group is expected to be able to cope to a very large extent with future market developments. During the year under review our Western European rayon tire yarn plants operated at full capacity; anticipated demand has led to some additional expansions of capacity. Sales of our synthetic tire yarn, in particular nylon, increased; as a result of the growing acceptance of the radial-ply tire, we expect the growth of nylon tire yarn shipments to level off slightly. Despite expansion of capacity for production of steel wire (FERENKA®), we could not fully meet the higher demand for this product. A rather substantial expansion of the steel wire plant in West Germany is under way.

the acquisition of Sastig /Feldmühle (Switzerland) and Fabelta (Belgium) has further strengthened AKZO's position in the field of chemical fibers

production at the Fabelta plant at Tubize, Belgium



For the manufacture of products other than tire fabrics, increasing quantities of heavy denier industrial, in particular synthetic, yarns are supplied to the rubber industry. For articles requiring a high degree of shape retention and dimensional stability, for example conveyor belts, drive belts and V belts, our polyester yarn (DIOLEN®) has proved its usefulness.

As suppliers to the fishing net and rope making industries we hold a prominent position, in particular in Western Europe; moreover, we succeeded in further strengthening our market position in this field.

Sales in the potentially important market for industrial fabrics again increased considerably. Partly as a result of the growing acceptance of heavy denier synthetic yarns for plastic-coated tarpaulins and for new uses in the building and construction industry, we expect sales to grow further.

Moreover, as a result of the present efforts to improve road safety, the demand for nylon for automobile seat belts is increasing.

salt, chemical products and coatings

For the coordination of our varied activities in the chemical field we have created a chemical development group. This group will be engaged particularly in coordinating long-term policy and related research programs.

salt and heavy chemicals

Production facilities for salt and heavy chemicals are located in the E.E.C., Denmark, South Africa and the United States of America.

The petrochemical companies Konam n.v. and n.v. Petrochemie AKU were added to the Salt chemical division in view of the concentration of this division on heavy chemicals.

Of particular significance has been the acquisition of 51% of the shares of International Salt Company, one of the two major American salt producers. This company has four salt mines and three vacuum salt plants in the U.S.A., and a solar salt plant under construction on the isle of Bonaire, Dutch Antilles. The cooperation with International Salt is highly important to both parties and offers opportunities for further developments in the salt chemical area in the Western hemisphere.

Our 50% participation in Cryoton v.o.f., The Netherlands, a company operating an air-separation plant, was transferred in 1969 to the other owners of this company.

salt

Salt production of the plants at Hengelo and Delfzijl, The Netherlands, rose from 2.35 million metric tons in 1968 to 2.71 million metric tons in 1969. The increase resulted principally from the substantially higher demand for salt for the chemical industry and for road salt.

This has led to the construction of an additional vacuum salt plant at Hengelo, which will come on stream in the fall of 1970. It will be one of the world's biggest vacuum salt plants, having an annual production capacity of 1 million metric tons.

Completion of the expansion of the salt-plant of Norddeutsche Salinen GmbH, West Germany, is expected for August 1970.

chloralkali

The substantially higher demand for chlorinated products caused a shortage of chlorine throughout Western Europe. At the end of August 1969 the diaphragm electrolysis plant at Delfzijl came into operation. The planned production of vinylchloride and chlorinated hydrocarbons has necessitated further expansion of the electrolysis facilities in The Netherlands, inter alia by using metal anodes. Also chlorine production at the electrolysis plant of Elektro-Chemie Ibbenbüren, West Germany, will be increased.

After completion of the capacity expansions now under way, our total annual chlorine production capacity in The Netherlands will exceed 300,000 metric tons.

Sales of soda ash again increased substantially.

petrochemical products

In September 1969, Konam n.v., The Netherlands, became a wholly-owned company through the acquisition of the remaining 50% participation from Celanese Corporation of America. Sales of the majority of Konam's petro-

chemical products showed a satisfactory increase. Although the initial production problems were largely solved, the price level showed an adverse trend due to severe competition.

The vinylchloride monomer plant now under construction which will have a production capacity of 300,000 metric tons annually, will become operative in 1971. A large part of its future production has been committed on the basis of long-term contracts.

Nearly the total quantity of DMT (dimethylterephthalate, the raw material for polyester) produced by n.v. Petrochemie AKU is taken by the AKZO plants.

other products

Sales of chloroacetic acid derivatives continued to grow. The demand for amino acetic acid showed a substantial increase following prohibitions on the sale of cyclamates in various countries. The herbicides plant operated at near capacity.

The degree of utilization of the methylamine and cholinechloride production facilities, which came on stream at the end of 1968, has been substantially higher.

In 1969 a new product, dimethyl formamide, was included in our sales program.

Completion of the production plants for chlorinated hydrocarbons (methylene chloride, chloroform, perchloroethylene and carbon tetra chloride), now under construction at Delfzijl, is scheduled for the spring of 1970.

Verenigde Kunstmestfabrieken Mekog-Albatros n.v., The Netherlands, in which we have a 40% interest, succeeded in increasing its sales of fertilizers, in particular to other countries. Profitability of these products unfortunately showed a less favorable trend.

Lower prices of the products referred to above were substantially compensated by higher sales.

chemical specialties

This sector includes production plants in the E.E.C., Great Britain, the U.S.A., Mexico and Brazil.

Our raw and auxiliary materials for the plastics and rubber industries, which are manufactured by Noury & Van der Lande n.v. and Ketjen n.v. in The Netherlands and by Hoesch Chemie in West Germany, hold a prominent position in the European market.

Other important products are catalysts for the petroleum and chemical industries; Ketjen is the largest catalyst producer outside the United States of America. In addition, a variety of other chemical specialties is produced. In the year under review, sales and operating income increased, due particularly to larger shipments of auxiliary and raw materials for the plastics industry.

auxiliary and raw materials for the plastics and rubber industries

In the field of initiators, new types of organic peroxides were successfully introduced. At Dordrecht, The Netherlands, a new nonanoyl peroxide plant for the production of new, highly active peroxides was recently put into operation and the construction of an isopropyl percarbonate plant was started. We have strengthened our position as suppliers of auxiliary materials for the plastics industry. The lead-stabiliser production capacity in West Germany will be increased.

Increased shipments of reinforcing fillers (carbon black and silicas) necessitated capacity expansions.

affiliation of Sikkens (The Netherlands),
Lesonal (West Germany) and Astral (France) has made AKZO
a major paint producer in the E.E.C.

one of the many uses of industrial paints



As producers of phenol derivatives we were the first to introduce granulated bisphenol (prills) to the market; as a result, transportation of this product has been facilitated.

catalysts

During the year under review a substantial expansion of the cracking (FCC) catalyst capacity was undertaken. The introduction of molecular sieve cracking catalysts, which are also used in the petroleum industry, is making satisfactory progress. In Amsterdam the construction of a plant for production of hydrogenation catalysts, which are also used for air pollution control purposes, is well under way. Together with Sumitomo Metal Mining Company Ltd., Tokyo, a joint venture, Nippon-Ketjen K.K., will be formed for the construction of a plant for the manufacture of the same products in Japan.

sulphuric acid

In 1969 our sulphuric acid plants operated at full capacity. This development, as well as lower sulphur prices, had a favorable influence on financial results.

vegetable oils for technical purposes

In 1969, market conditions improved. The construction of a fatty acid distillation plant was commenced. For the processing of additional kinds of oil seeds in West Germany, new extraction facilities will be constructed.

other chemical products

Our position in the field of chemicals for the paper industry was strengthened through the acquisition of Eisele & Hoffmann GmbH in Mannheim, West Germany.

In view of the predominantly metallurgical nature of zinc manufacture, our 50% holding in n.v. Kempensche Zinkmaatschappij was transferred to Billiton in 1970.

Higher production of n.v. Titaandioxydefabriek Tiofine, in which we participate for 22½%, led to substantially better operating results.

coatings

During 1969 the Coatings division developed into one of the leading paint producers of Europe. In the same year, Lesonal Werke of Stuttgart, West Germany, joined the Group. Towards year-end, agreement was reached on the acquisition of a majority holding in the French company Astral S.A., which joined the Group in 1970.

The newly created Sikkens-Lesonal-Astral combination, which has several affiliates in Europe and Africa, produces a wide range of paints. Its joint research facilities will be of major significance for further developments.

paints

Shipments of paints were substantially higher.

Business in the sector of industrial paints for the car and aircraft industries showed a particularly favorable trend. The trend of business of other industrial paints differed; sales in West Germany were on a satisfactory level, in contrast to those in Benelux.

Sales of house paints increased, in particular in The Netherlands, France and Italy. Moreover, thanks to our specialties, we succeeded in increasing our market share in West Germany, despite keen competition.

In the 'do-it-yourself' market, particularly in The Netherlands, the demand for our products, such as FLEXA®, CETABEVER® and TALENS®, showed an upward trend. Sales of our car repair paints in the E.E.C. continued to increase substantially.

Two important license agreements were concluded: from Ford Motor Cy., Detroit, a license was obtained for paints for electron beam curing, an accelerated-drying method. In addition, Enterprise Paint granted us a license for coil coating paints.

synthetic
resins

Shipments of and results from synthetic resins, manufactured by Synthese, The Netherlands, developed satisfactorily; this was due in part to shifts in the product range.

glues and auxiliary
materials for the
packaging industry

Income from glues and auxiliary materials for the packaging industry remained below the 1968 level due to keen competition in export markets. However, prospects have improved slightly.

pharmaceuticals

The Pharmaceutical division, with n.v. Organon as its principal representative, produces a series of pharmaceutical preparations, amongst which oral contraceptives, anabolics (steroid preparations with a protein-sparing and protein-building effect), diagnostics, alkaloids and veterinary products. The world market for pharmaceuticals reached Hfl 40,000 million; it is expected to maintain its high growth rate also in the coming years.

The Organon establishments are world-wide. The growth of sales of our pharmaceutical products came up to our expectations. Research expenditures were 25% higher; this, together with the increased labor costs had a profit-squeezing effect which, however, was largely offset by greater efficiency in production.

pharmaceutical products

Oral contraceptives contributed most to the rise in sales. Together with anabolics, sales of which also rose rather substantially, these products constitute a major factor in our specialty sales.

In 1969 our range of products was further extended. For example, the introduction of the preparations of OVANON® and OVOSTAT®, in addition to LYNDIOL®, has widened the choice in contraceptives in a number of countries. In Great Britain a variant, adapted to the recommendations of the Dunlop Committee, was introduced.

The range of diagnostics was extended by the introduction of LUTEONOSTICON®, a specific auxiliary for diagnosing and subsequent treatment of sterility.

In a number of countries the introduction took place of DEXABOLIN® and TANTUMCYCLINE®, new products for treatment of certain inflammations. Further territorial outlets were obtained for CORTROSYN®/CORTROSYN DEPOT®, preparations with adrenal cortex stimulating action, and for PAVULON®, a muscle relaxant with specific possibilities of application in surgery, all launched for the first time in 1968.

Early in 1969 we acquired the Mexican manufacturing company Diosynth S.A., thus ensuring the supply of vitally important raw materials for our production of hormone substances.

We are aiming at further decentralization, notably in the fields of filling and packaging.

In Spain the construction of a new pharmaceutical plant was commenced. Production facilities now under construction in India are expected to come on stream in 1970. Also in other countries production expansions are under way.

The capacity of the organic-chemical plant at Oss, The Netherlands, is being increased. Production of the fermentation product PERLASE® was undertaken; selling prospects are promising. Our know-how of process control fits in well with the development of pharmaceutical enzymes.

With respect to sales areas, we may look back upon 1969 as a year of favorable market developments in most countries, in particular West Germany, the U.S.A., Japan and Mexico.

veterinary products

Shipments of veterinary products in Europe rose further; in particular, results in France and The Netherlands were highly satisfactory. Exports to

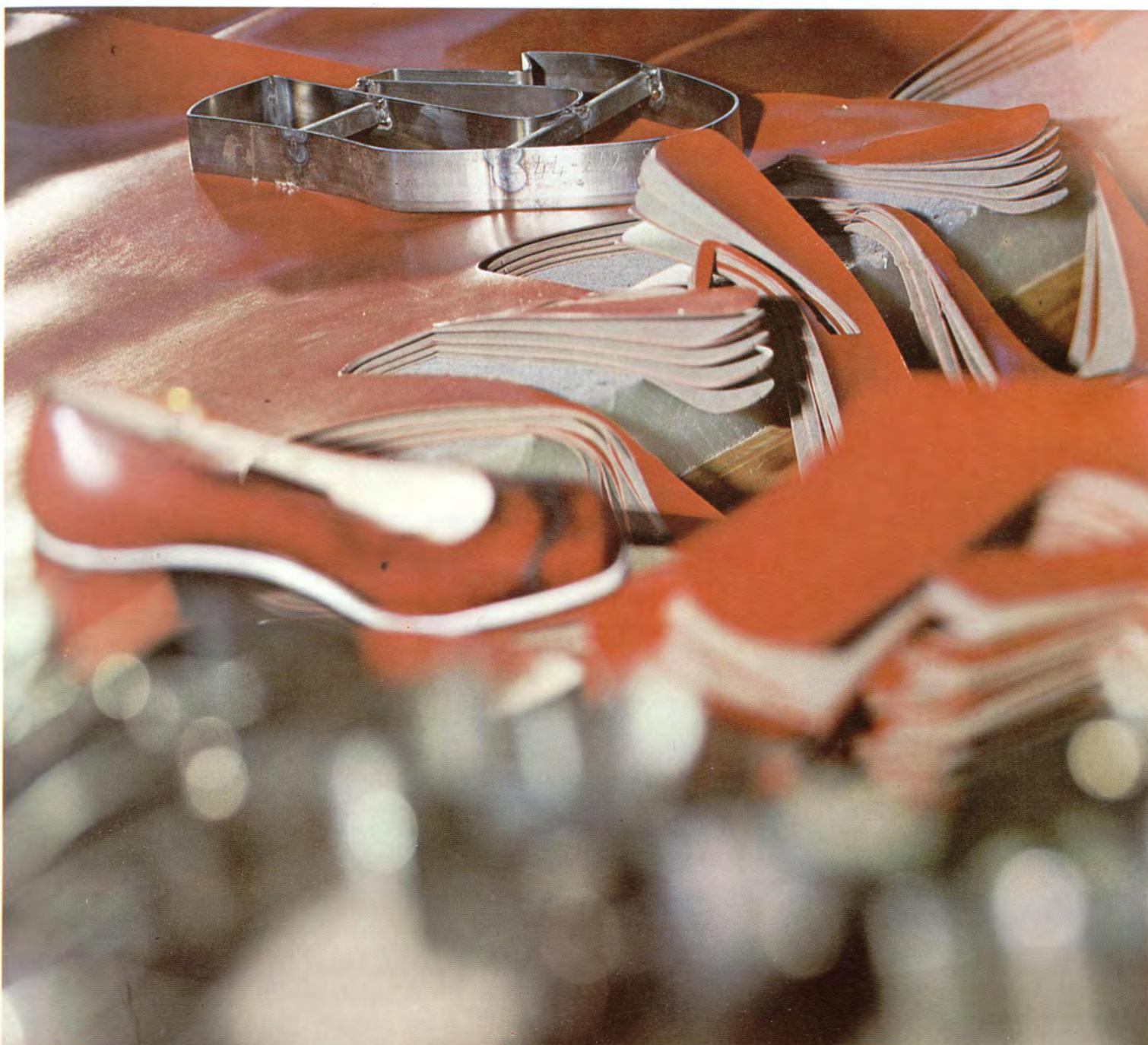
miscellaneous
products

South America and the Far East did not come up to expectations. In May 1969 an organization for domestic sales was started in Australia. Research facilities in The Netherlands were expanded.

In 1969, production and sales of alkaloids, viz. codeine and morphine, manufactured in The Netherlands by Verenigde Pharmaceutische Fabrieken, showed a favorable trend. This company also performs packaging operations for associated companies and controls Aerosol Maatschappij Holland n.v. Operating income of n.v. Orgachemia, manufacturers of phytopharmaceutical products was satisfactory.

synthetic leather, an example of the Group's diversification

XYLEE® , an Enka Glanzstoff product for shoes and upholstery



plastics, wrapping film, miscellaneous products

Both in the field of fibers for textile and industrial uses and in other sectors, man-made products are rapidly gaining in importance, side by side with traditional natural products. This applies to plastics as well as to synthetic film, leather and rubber.

raw and auxiliary materials for the plastics industry

Our operations in the field of raw and auxiliary materials for the plastics industry include, in addition to the products discussed on page 33, the production of nylon, polyester and cellulose acetate granules as well as glass fiber products; facilities for these products are located in The Netherlands, West Germany and Belgium.

The number of end uses of nylon (AKULON®)-based granules is showing accelerated growth. As a result, sales substantially exceeded those in previous years. For our polyester-based thermoplastic material ARNITE®, which was introduced in 1966, a number of new and interesting applications were developed. The market for injection molding granules based on cellulose acetate (SETILITHE®) is steadily growing.

At the end of 1969 we transferred our 40% interest in Polychemie AKU-GE, for the production of granules based on polyphenylene oxide, to our partner. Glass fiber products are manufactured in The Netherlands by n.v. Silenka AKU-Pittsburgh, in which we participate for 50%. A further substantial expansion of facilities is under way.

Plastic products, such as water supply and drain pipes, roof gutters and bottles, are manufactured by n.v. Kunststoffenmaatschappij Groningen, The Netherlands.

Despite fierce competition, favorable results through further growth are expected from our activities for the plastics industry.

wrapping film

Changing marketing methods in the retail trade has resulted in a growing demand for special-property wrapping film.

The Group has film production facilities in West Germany (cuprophane, polyethylene, polypropylene and polyvinylchloride), The Netherlands (nylon), Italy and Switzerland (cellophane and adhesive tape). Several new types are at the developmental stage. In connection with the Fabelta acquisition, our cellophane plant in The Netherlands will be transferred to the Belgian company UCB.

In the year under review, sales, in particular of synthetic film, rose substantially; income was satisfactory.

synthetic leather

Our product XYLEE® has been manufactured on a commercial scale in West Germany since 1968. During the past year demand exceeded supply. Production of a different type of XYLEE® was started in another plant in The Netherlands; moreover, the capacity in West Germany will be expanded.

synthetic rubbers and latices

Synthetic rubbers and latices are produced in The Netherlands by n.v. Chemische Industrie AKU-Goodrich (CIAGO), in which we have a 40% interest. Production includes, in particular, a range of specialties for the rubber, paper, textile, paint and plastics industries. Sales and income developed satisfactorily. A major capacity expansion was completed early in 1970.

miscellaneous
products

During the year under review, sales of carboxymethyl cellulose (CMC) continued to increase. Higher woodpulp prices were offset by certain price improvements.

The construction of two plants for Rhodanid Chemie GmbH, West Germany, each having an annual capacity of 6,000 metric tons, for the production of thiourea and rhodanides, is progressing on schedule. Both plants will come on stream in 1970.

The great demand for carbon disulphide, manufactured by Carbosulf Chemische Werke GmbH, West Germany, led to a considerable production increase. A further expansion of capacity is under way.

N.V. AAgrunol Verenigde bedrijven, The Netherlands, produces chemicals for, inter alia, fungicides, insecticides and weed killers. Sales exceeded the 1968 level, but prices were under pressure.

American Enka's Brand Rex division, which produces wires and cables for communication and electronic purposes, showed a marked recovery after the 1968 economic slowdown. Again a number of new varieties and uses were developed, including those for 'future generations' of computers, for telephone equipment and for camera's. The acquisition of Nonotuck Manufacturing Company, South Hadley, Mass., a company which draws and strands copper wire, will contribute to making us less dependent on third parties for the supply of raw materials.

the Swedish company Edet,
a leading producer of soft tissues
for household uses, joined the Group

paper production at Lilla Edets Pappersbruks



consumer products

Within the newly formed enlarged AKZO organization it was found desirable to combine all consumer product activities.

Food, household products, toiletries and other sales-related products were combined in a single Consumer products division. This will enable us to make full use of available management experience.

New product development will be concentrated on unique branded specialty lines, the income and growth of which should exceed the average levels.

food

The principal activities in the food sector relate to meat and meat products. Production plants are located in Benelux, the most important of which are Zwanenberg-Hunink, The Netherlands, and Zwan-Schoten, Belgium. In 1969 the acquisition of Koninklijke Fabrieken T. Duyvis Jz. n.v., The Netherlands, broadened the range of the Group's proprietary products in the field of oils, sauces and nuts. The production of fish preserves was transferred to third parties. Our 50% holding in Golden Wonder Holland n.v., a producer of potato crisps, was sold to our partners in this company. In 1970, negotiations with Unilever n.v. were commenced on combination of our meat product plants with those of Unilever.

Profitability of meat and meat products in The Netherlands was affected by substantially higher pig prices and the official price freeze.

Sales of meat and meat products on the Dutch market showed a rising trend. Our important exports of ZWAN® products to the U.S.A. and Great Britain were also affected by substantially higher raw material prices; however, during the second half of the year, end product prices in these countries improved.

Production conditions in Belgium remained favorable, because in this country mainly beef is processed. Our large market share for ZWAN® products was maintained; income was satisfactory.

Our CALIFORNIA® soups yielded satisfactory results. Despite intensified competition we succeeded in maintaining our market share for dried soups. Sales of canned soups rose considerably.

The recently acquired company Duyvis is holding a firm position in the Dutch market, in particular for proprietary products, such as salad dressings (SALATA® and LIVORNO®), Italian sauce, mayonnaise, peanuts and other nuts. Income in The Netherlands from these products, too, was adversely influenced by the price freeze. In France we succeeded in satisfactorily improving the market position for our proprietary products, particularly the mayonnaise product BÉNÉDICTIN®.

household products

The principal production plants for detergents and cleaning products are established in Benelux and in the Scandinavian countries. In 1969 the range of products was extended to tissue paper through the acquisition of Lilla Edets Pappersbruks AB, Sweden.

meat,
meat products
and soups

oils, sauces
and nuts

**detergents
and cleaning products**

Total sales of detergents and cleaning products declined following the contraction of activities in France and in certain other countries; however, income remained unchanged. We are slightly optimistic for future developments.

Despite fierce competition through the introduction of new enzymatic detergents, the market position of BIOTEX® in Benelux remained almost unchanged. Sales in Denmark and Norway were higher.

The production of detergent powders for Benelux was concentrated at our plant at Nijmegen, The Netherlands.

In the second half of the year the first biological fine laundering detergent BIOLON® was successfully introduced to the market in The Netherlands and in Belgium. In Scandinavia several new products were placed on the market.

tissue paper

Sales of Edet products, in particular in Sweden, Denmark, The Netherlands and West Germany, are developing towards better-quality and higher-priced articles. The knowledge of the Edet company in the field of paper, combined with the Group's know-how concerning non-wovens, provides opportunities for the development of new products.

Prospects for tissue paper, the demand for which is increasing substantially, are considered favorable.

cosmetics and toiletries

In most European countries sales of our products increased again.

In Japan, we granted a license to the Sankyo company for the introduction of the ENDOCIL® skin care product line.

In the United States of America, national distribution of a feminine deodorant line, under the FEMINIQUE® brand, proceeded as planned; we expect accelerated growth of our sales in the U.S.A. in 1970 and subsequent years.

In The Netherlands, sales of such products as the BOLDOOT® eau de cologne line, the ZWITSAL® baby care range and SINASPRIL® (children's analgesic tablets) progressed satisfactorily.

Some new products are at an advanced stage of development.

Arnhem, April 1970

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 1969.

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 205,969,744 and the allocation of Hfl 102,223,256 for distribution, including a dividend payment of Hfl 4 on each ordinary share of Hfl 20 par value.

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 1970

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. van Delden
P. M. van Doormaal
H. L. Merkle
E. F. Philipp
K. Schudel-van Zwanenberg
J. van Tilburg
J. de Vries
O. Wolff von Amerongen

auditors' report

We have examined the following financial statements 1969 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, 1969, and the results of operations for 1969.

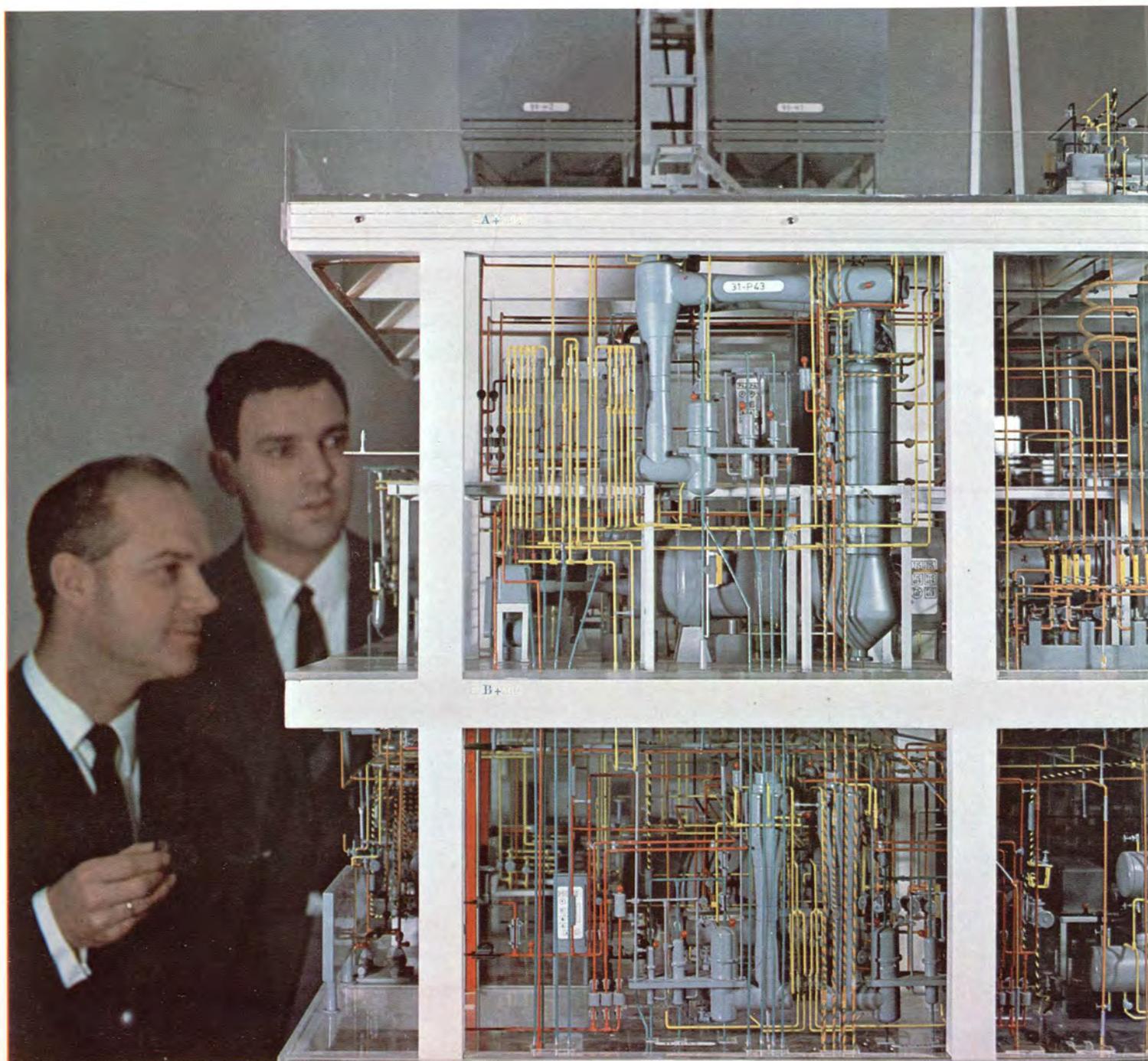
With regard to the financial data of certain group companies, included in the financial statements, we have based our opinion in part on reports issued by other auditors, established in The Netherlands and abroad.

Arnhem, April 15, 1970

Klynveld, Kraayenhof & Co.

AKZO-Engineering designs
and constructs plants throughout the world
for group companies and third parties

model of a polymer plant of which the Group has a number under construction



consolidated statement of financial position at December 31, 1969

after allocation of profit

in Hfl 1,000	Dec. 31, 1969	Jan. 1, 1969
current assets		
inventories	1,458,138	1,012,952
short-term receivables	1,368,304	1,044,115
prepaid expenses	37,785	18,377
cash and marketable securities	<u>656,330</u>	<u>554,675</u>
	3,520,557	2,630,119
current liabilities		
bank overdrafts	236,975	100,187
other current liabilities	<u>1,445,590</u>	<u>1,094,708</u>
	1,682,565	1,194,895
net current assets	<u>1,837,992</u>	<u>1,435,224</u>
fixed assets		
property, plant and equipment	3,802,146	2,821,380
intangible assets	p.m.	p.m.
investments in affiliated companies	315,293	321,735
long-term receivables	<u>123,940</u>	<u>76,367</u>
	4,241,379	3,219,482
total assets	<u>6,079,371</u>	<u>4,654,706</u>
net assets		
ordinary shares	511,792	449,845
cumulative preferred shares	1,782	1,782
priority shares	48	48
capital stock	<u>513,622</u>	<u>451,675</u>
capital surplus, paid in	703,065	394,503
retained income	1,122,662	1,122,000
other reserves	<u>641,207</u>	<u>550,950</u>
	2,980,556	2,519,128
minority interest in group net assets	<u>503,750</u>	<u>498,422</u>
group net assets	<u>3,484,306</u>	<u>3,017,550</u>
long-term liabilities		
provisions	866,110	664,827
loans and other long-term debt	<u>1,728,955</u>	<u>972,329</u>
	2,595,065	1,637,156
total group net assets and long-term liabilities	<u>6,079,371</u>	<u>4,654,706</u>

consolidated statement of income 1969

in Hfl 1,000	1969	1968*
sales	6,366,291	5,259,785
salaries, wages and social charges	1,669,949	1,346,809
depreciation	397,236	328,962
other costs	<u>3,498,396</u>	<u>2,892,038</u>
operating income	<u>5,565,581</u> 800,710	<u>4,567,809</u> 691,976
less: interest	<u>60,465</u> 740,245	<u>43,075</u> 648,901
provision for taxes on income and capital	<u>375,651</u> 364,594	<u>345,034</u> 303,867
equity in earnings of affiliated companies	<u>28,401</u>	<u>14,321</u>
group income before miscellaneous income and deductions	392,995	318,188
less:		
miscellaneous income and deductions	5,094	508
additional depreciation	<u>19,306</u>	<u>13,682</u>
group income	<u>24,400</u> 368,595	<u>14,190</u> 303,998
of which minority interest	60,402	56,848
net income	<u>308,193</u>	<u>247,150</u>

* combined income figures for 1968 as published by AKU and KZO, after certain adjustments and reclassifications to put the figures on bases comparable with the figures for 1969.

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. 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 standard 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, 1969
raw materials and supplies	462,937
work in process and finished goods	995,201
	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, 1969	Jan. 1, 1969
trade	1,327,515	1,021,054
discounted drafts	(229,368)	(186,071)
	1,098,147	834,983
receivables from affiliated companies	15,671	49,276
other receivables	254,486	159,856
	1,368,304	1,044,115

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, 1969	Jan. 1, 1969
securities	35,701	34,177
short-term investments	404,786	344,946
cash on hand and at banks	215,843	175,552
	656,330	554,675

other current liabilities

Other current liabilities are stated at face amounts.

in Hfl 1,000	Dec. 31, 1969	Jan. 1, 1969
suppliers	484,503	332,909
affiliated companies	5,861	33,982
taxes on income and capital	101,052	157,148
dividend current financial year	101,818	59,039
other liabilities and accrued charges	752,356	511,630
	1,445,590	1,094,708

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, or at a lower operating value, where appropriate. Depreciation is calculated by the straight-line method based on estimated life.

in Hfl 1,000	land and buildings	plant equipment, machinery and other fixed assets	total
book value at January 1, 1969	948,836	1,872,544	2,821,380
changes due to acquisition and disposal of consolidated companies	241,751	366,906	608,657
investments	136,086	562,690	698,776
depreciation	(47,842)	(349,394)	(397,236)
other changes	26,750	43,819	70,569
book value at December 31, 1969	1,305,581	2,496,565	3,802,146

This book value comprises the following items:

in Hfl 1,000	cost of acquisition	depreciation	book value
land and buildings	1,869,622	564,041	1,305,581
plant equipment, machinery and other fixed assets	5,302,747	2,806,182	2,496,565
	7,172,369	3,370,223	3,802,146

The book value at December 31, 1969, amounting to Hfl 3,802 million, includes Hfl 360 million for projects under construction.

Commitments for the purchase of fixed assets amounted to approximately

Hfl 374 million at December 31, 1969 and are not included in the consolidated statement of financial position.

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 are charged to operating income, with the exception of paid goodwill, which is charged direct to capital and reserves.

investments in
affiliated companies

This item includes the non-consolidated affiliated 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 n.v. principles of valuation.

This item also includes advances to these affiliated companies, amounting to Hfl 40 million, which were stated at face amounts.

in Hfl 1,000

value at January 1, 1969	321,735
changes in non-consolidated companies	(27,457)
retained income	19,265
changes in loans granted	(4,171)
other changes	5,921
value at December 31, 1969	315,293

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 16 million, is included under short-term receivables.

net assets

in Hfl 1,000	capital stock	capital surplus, paid in	retained income	other reserves
according to AKU consolidated statement of financial position at December 31, 1968	201,841	137,938	707,628*	535,149*
changes due to AKU - KZO merger and changes in valuation principles	249,834	256,565	414,372	15,801
situation at January 1, 1969	451,675	394,503	1,122,000	550,950
newly issued ordinary shares	61,947			
capital surplus, paid in, less expenses		308,562		
goodwill resulting from acquisitions of new companies			(200,212)	
retained income 1969			205,970	
additional depreciation				16,135
changes in exchange rates				69,237
other changes			(5,096)	4,885
situation at December 31, 1969	513,622	703,065	1,122,662	641,207

in Hfl 1,000

according to the classification of capital stock and surplus for American purposes on page 39 of the annual report of AKU n.v. 1968	315,758	excess of depreciation based on estimated replacement value over historical cost depreciation	166,323
add: retained income of consolidated affiliates	391,870	revaluation of investments in affiliates less: retained income of consolidated affiliates	760,696 (391,870)
retained income at Dec. 31, 1968	707,628	other reserves at Dec. 31, 1968	535,149

Capital stock at January 1, 1969 has been computed by adding to the AKU capital stock at that date, totaling Hfl 201,841,500 nominal amount, an amount of Hfl 249,843,020 which, taking into account the 10% 1969 KZO stock dividend and the exchange ratio of 5 shares of KZO for 6 shares of AKZO, is equivalent to the nominal capital stock of KZO as at January 1, 1969, amounting to Hfl 189,268,200 nominal amount.

At least Hfl 260 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).

group net assets

Group net assets is the total of net assets and minority interest in net assets of the consolidated companies.

in Hfl million

combined group net assets of AKU and KZO as at December 31, 1968		3,088
less:		
lower valuation of property, plant and equipment	44	
lower valuation of affiliated companies	15	
allocations to provisions	53	
	<u>112</u>	
higher valuation of inventories and other changes in group net assets	23	
		<u>89</u>
		2,999
add: KZO stock dividend 1968		19
		<u>3,018</u>
increase in 1969:		
net assets		461
minority interest in group net assets		5
		<u>466</u>
situation at December 31, 1969		3,484

provisions

This item comprises provisions in so far as they do not refer to specific assets. Provisions for operating risks were determined in relation to the scale of the business. With a few exceptions, provisions for deferred taxes are stated at face values.

in Hfl 1,000	Dec. 31, 1969	Jan. 1, 1969
deferred taxes	344,194	295,125
pension rights	183,496	134,372
other provisions	338,420	235,330
	<u>866,110</u>	<u>664,827</u>

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 131 million, is included under current liabilities.

in Hfl 1,000	Dec. 31, 1969	Jan. 1, 1969
convertible debenture loans	329,576	74,060
other debenture loans	179,514	178,758
loans under private contracts	1,080,169	607,986
other long-term debt	139,696	111,525
	1,728,955	972,329

convertible debenture loans

in Hfl 1,000

<p>4$\frac{3}{4}$% convertible debenture loan 1969 issued by AKZO n.v. The total amount of the loan, which matures within 20 years, is US \$ 50 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.</p>	180,000
<p>4$\frac{3}{4}$% debenture loan 1968 issued by Koninklijke Zout-Organon n.v. convertible into AKZO n.v. shares. The total amount of the loan, which matures within 20 years, is US \$20 million. In January 1970, an offer for exchange into an AKZO n.v. loan was made on otherwise unchanged conditions. At April 1, 1970, 96% had been exchanged.</p>	72,400
<p>The amount of the 1969 5$\frac{1}{4}$% convertible debenture loan of US \$44,577,000 issued by American Enka Corporation held by third parties, aggregating US \$19,598,300.</p>	70,554
<p>The amount of the 1968 7$\frac{1}{2}$% convertible debenture loan of £ 2,000,000 issued by British Enkalon Ltd. held by third parties, aggregating £ 765,506.</p>	6,622
	329,576

other debenture loans

<p>Currently outstanding amount of the 4$\frac{1}{2}$% 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.</p>	13,706
<p>5$\frac{1}{2}$% 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 after August 1, 1974.</p>	41,950
<p>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.</p>	50,000
<p>Currently outstanding amount of the 4$\frac{1}{2}$% 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.</p>	11,000
<p>Profit-sharing employee debentures</p>	6,081
<p>Other debenture loans issued by affiliated companies. The average interest rate is 6.16%. From 1971 through 1975, Hfl 15 million will be redeemed.</p>	56,777
	179,514

loans under private contracts

Redemption will occur:

during the years 1971 through 1975	574,604	
during the years 1976 through 1980	372,027	
after 1980	133,538	
		<u>1,080,169</u>

The average interest rate of the loans under private contracts is 6.62%.

liabilities not shown
in the balance sheet

Liabilities of non-consolidated affiliated companies and third parties were guaranteed to an aggregate amount of Hfl 44 million. Further, a portion of the fixed assets has been mortgaged to an aggregate amount of Hfl 320 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

interest paid		101,196
interest received	39,355	
income from securities	<u>1,376</u>	
		<u>40,731</u>
		<u>60,465</u>

taxes on income and
capital and reserves

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

in Hfl 1,000

included under this heading	375,651
taxes on equity in earnings of affiliated companies and miscellaneous income and deductions	<u>(11,185)</u>
taxes charged to group income	<u>364,466</u>

equity in earnings of
affiliated companies

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

miscellaneous
income and deductions

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

additional depreciation

Since the depreciation included in operating income has been calculated on a historical cost basis, an amount of Hfl 19.3 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, 1969 and notes to the balance sheet

after allocation of profit

in Hfl 1,000

investments in and receivables from affiliated companies		3,464,072
other receivables		33,806
cash and marketable securities		
marketable securities	1,425	
banks and short-term investments	327,611	
		<u>329,036</u>
		<u>3,826,914</u>
net assets		
ordinary shares	511,792	
cumulative preferred shares	1,782	
priority shares	48	
capital stock	513,622	
capital surplus, paid in	703,065	
retained income	1,122,662	
other reserves	641,207	
		<u>2,980,556</u>
convertible debenture loan		180,000
other debenture loans		60,843
loans under private contracts		331,000
other debts		172,697
dividend current financial year		101,818
		<u>3,826,914</u>

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 1969

net income		Hfl 308,193,000
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	25,427,114	
bonus to supervisory council	<u>405,000</u>	
		25,941,914
remaining amount		Hfl 282,251,086
it is proposed to retain		<u>205,969,744</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 76,281,342

* 650,000 of which, issued privately in 1969, are entitled to three-fourths of the dividend for 1969.

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. 2 as from June 8, 1970.

Arnhem, April 1970

the board of management:

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

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	1969	1968*	1967**	1966**	1965**
current assets	3,521	2,630	2,011	1,919	1,782
current liabilities	1,683	1,195	1,047	1,063	923
net current assets	1,838	1,435	964	856	859
fixed assets:					
property, plant and equipment	3,802	2,822	2,895	2,828	2,499
investments in affiliated companies	315	322	300	291	236
long-term receivables	124	76	78	79	56
total assets	6,079	4,655	4,237	4,054	3,650
net assets	2,981	2,519	2,380	2,295	2,124
minority interest in group net assets	503	499	444	442	425
group net assets	3,484	3,018	2,824	2,737	2,549
long-term liabilities	2,595	1,637	1,413	1,317	1,101
total group net assets and long-term liabilities	6,079	4,655	4,237	4,054	3,650
sales	6,366	5,260	4,329	4,309	3,864
percentage increase	21.0	21.5	0.5	1.13	
group income	369	304	185	217	201
percentage increase	21.2	64.3	(14.7)	8.0	
net income	308	247	156	174	162
percentage increase	24.7	58.3	(10.4)	7.4	
distributed income	102	78	73	69	66
as a percentage of net income	33.2	31.6	46.8	39.7	40.7
property, plant and equipment:					
investments	699	460	364	582	600
depreciation, including additional depreciation	417	343	351	329	329
number of employees	100,300	84,300	77,200	81,100	80,600
in The Netherlands	34,600	32,400	31,700	32,600	32,500

* taken from the consolidated statement of financial position as at January 1, 1969 and from the combined figures of AKU and KZO, after certain adjustments and reclassifications to put the figures on bases comparable with the figures for 1969.

** combined figures of AKU and KZO.

principal group companies and their products

percentage participation*	March 1970	
	E. E. C.	
The Netherlands 100	Enka n.v.	<ul style="list-style-type: none"> chemical filament yarns and staple fibers (nylon, polyester, elastomer, rayon, texturized filament yarn), plastics, wrapping film, non-wovens, synthetic leather, chamois and sponges, carboxymethyl cellulose (CMC)
100	n.v. AAgrunol, Verenigde Bedrijven	<ul style="list-style-type: none"> phytopharmaceutical products
100	n.v. Kunststoffenmaatschappij Groningen	<ul style="list-style-type: none"> plastic tubing and bottles
51	n.v. Machinefabriek L. te Strake	<ul style="list-style-type: none"> machinery for the textile industry, roller skates
100	n.v. Koninklijke Nederlandse Zoutindustrie	<ul style="list-style-type: none"> vacuum salt, chlorine, sodium hydroxide, caustic soda, bleaching liquor, hydrosulphite, sodium sulphate, hydrochloric acid, hydrogen, methylamines; plants for chlorinated hydrocarbons are under construction
100	n.v. Koninklijke Nederlandse Soda-Industrie	<ul style="list-style-type: none"> soda ash
100	Exploitiatiemaatschappij Stork-Chemie n.v.	<ul style="list-style-type: none"> chloroacetic acid derivatives
100	n.v. Zoutchemie Botlek	<ul style="list-style-type: none"> chlorine, sodium hydroxide, hydrogen
100	n.v. Herbicide-Chemie Botlek	<ul style="list-style-type: none"> herbicides
100	Konam n.v.	<ul style="list-style-type: none"> petrochemical products; vinylchloride plant under construction
100	n.v. Petrochemie AKU	<ul style="list-style-type: none"> dimethylterephthalate (DMT)
40	Verenigde Kunstmestfabrieken Mekog-Albatros n.v.	<ul style="list-style-type: none"> fertilizers
100	Koninklijke Zwavelzuurfabrieken v/h Ketjen n.v.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> silicates, boron compounds, soap builders, printing inks
100	Kon. Industr. Maatschappij Noury & van der Lande n.v.	<ul style="list-style-type: none"> chemical raw and auxiliary materials for, inter alia, the plastics, food and paint industries
100	n.v. Chefaro Maatschappij	<ul style="list-style-type: none"> pharmaceutical proprietary products, sweetening agents, cosmetics, chemical raw and auxiliary materials
60	n.v. Ketjen Carbon	<ul style="list-style-type: none"> carbon black
22½	n.v. Titaandioxydefabriek Tiofine	<ul style="list-style-type: none"> titanium dioxide
100	Sikkens Lakfabrieken n.v.	<ul style="list-style-type: none"> decorative paints, car paints, aircraft paints, other industrial paints, car repair paints
100	Sikkens Smits n.v.	<ul style="list-style-type: none"> marine, anti-corrosive and road paints
100	Koninklijke Fabrieken Talens & Zn. n.v.	<ul style="list-style-type: none"> artists' paints, office and school supplies
100	Cetabever n.v.	<ul style="list-style-type: none"> adhesives and paints for the 'do-it-yourself' market, industrial adhesives
100	Flexa Fabrieken n.v.	<ul style="list-style-type: none"> paints for the 'do-it-yourself' market
100	Kunstharsfabriek Synthese n.v.	<ul style="list-style-type: none"> synthetic resins
100	Struyck n.v.	<ul style="list-style-type: none"> various types of adhesives, homopolymer and copolymer emulsions
100	Was de Wit n.v.	<ul style="list-style-type: none"> auxiliary materials for the packaging industry

* the percentages stated in this list are based on complete exchange of KZO shares for AKZO shares.

E. E. C.

The Netherlands	100	n.v. Organon	<ul style="list-style-type: none"> . steroid hormones, biological hormone preparations, polypeptide hormones, liver and stomach preparations, vitamin preparations, diagnostics . veterinary products . phytopharmaceutical products . alkaloids, cosmetics and popular pharmaceutical products . aerosols . baby care preparations, toiletries, proprietary pharmaceutical products . eau de cologne, cosmetics . meat, meat products, meat preserves, sausages . meat products, meat preserves, sausages
	100	Laboratoria Nobilis n.v./n.v. Verapharm	
	100	n.v. Orgachemia	
	100	Verenigde Pharmaceutische Fabrieken n.v.	
	100	Aerosol Maatschappij Holland n.v.	
	100	Intec n.v.	
	100	Kon. Eau de Colognefabriek J. C. Boldoot n.v.	
	100	Zwanenberg's Fabrieken n.v.	
	100	n.v. Fijne Vleeschwaren- en Conservenfabrieken van Anton Hunink	
	100	Koninklijke Fabrieken T. Duyvis Jz. n.v.	<ul style="list-style-type: none"> . oils, mayonnaises, sauces, nuts
	100	Rotterdamse Margarine Industrie J. M. Zwerver n.v.	<ul style="list-style-type: none"> . margarine, fats
	100	California Soepen n.v./n.v. Fino Fabrieken	<ul style="list-style-type: none"> . soups, beef-tea cubes, aromatics
	100	Wilco Conserven n.v.	<ul style="list-style-type: none"> . vegetable preserves and dried vegetables
	100	Kortman & Schulte n.v.	<ul style="list-style-type: none"> . detergents, soaps, soda
	100	Koninklijke Dobbelman n.v.	<ul style="list-style-type: none"> . detergents, soaps, toothpaste
	100	Loda n.v.	<ul style="list-style-type: none"> . detergents, liquid detergents, cleaning products, bleaching liquor
	50	n.v. Silenka AKU-Pittsburgh	<ul style="list-style-type: none"> . glass fiber products
	40	n.v. Chemische Industrie AKU-Goodrich	<ul style="list-style-type: none"> . synthetic rubbers and latices
West Germany	97	Glanzstoff AG	<ul style="list-style-type: none"> . chemical filament yarns and staple fibers (nylon 6 and 66, polyester, elastomer, viscose rayon, modul, cupro, texturized filament yarn), fabrics, plastics, wrapping film, non-wovens, steel wire and cord for automobile tires, synthetic leather
	96	J. P. Bemberg AG	
	97	Kuag-Textil AG	
	97	Spinnfaser Aktiengesellschaft	
	98	Barmag Barmer Maschinenfabrik AG	<ul style="list-style-type: none"> . machinery for the textile industry
	97	Glanzstoff-Köln GmbH	<ul style="list-style-type: none"> . liquid hydrogen sulphide
	65	Carbosulf Chemische Werke GmbH	<ul style="list-style-type: none"> . carbon disulphide
	65	Rhodanid Chemie GmbH	<ul style="list-style-type: none"> . thiourea and rhodanides plants under construction
	90	Norddeutsche Salinen GmbH	<ul style="list-style-type: none"> . vacuum and pan salt
	50	Elektro-Chemie Ibbenbüren GmbH	<ul style="list-style-type: none"> . chlorine, sodium hydroxide, bleaching liquor, hydrogen
	100	Oelwerke Noury & van der Lande GmbH	<ul style="list-style-type: none"> . vegetable oils
	100	Hoesch Chemie GmbH Düren Chemie	<ul style="list-style-type: none"> . raw and auxiliary materials for, inter alia, the paper, rubber, detergent and textile industries
	100	Oxydo Ges. für Chem. Produkte mbH	<ul style="list-style-type: none"> . organic peroxides
	100	Eisele und Hoffmann GmbH	<ul style="list-style-type: none"> . chemicals for the paper industry
	100	Sikkens GmbH	<ul style="list-style-type: none"> . decorative paints, products for the 'do-it-yourself' market, car repair paints
	100	Lesonal-Werke Chr. Lechler & Sohn Nachf.	<ul style="list-style-type: none"> . car paints, industrial paints, car repair paints, decorative paints
	100	Organon GmbH	<ul style="list-style-type: none"> . sale and production of Organon products
Belgium	100	Fabelta n.v.	<ul style="list-style-type: none"> . chemical filament yarns and staple fibers (nylon, acrylic, rayon, polynosic, acetate, texturized filament yarns), plastics

percentage
participation*

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E. E. C.

	50	Moulinages Motte S.A.	• texturized filament yarns
	100	Sikkens n.v.	• decorative paints, paints for the 'do-it-yourself' market industrial paints, car repair paints
	35	Astral-Celluco	• decorative paints, paints for the 'do-it-yourself' market, industrial paints
	100	Organon België n.v.	• sale of Organon products
	100	Zwanenberg's Levensmiddelenbedrijf Zwan n.v.	• meat preserves, sausages
France	100	Nourylande S.à.r.L.	• vegetable oils, organic peroxides
	51	Astral société de Peintures, Vernis et Encres d'imprimerie	• decorative paints, car paints, aircraft paints, other industrial paints, car repair paints, printing inks
	100	Sikkens France S.A.	• decorative paints, paints for the 'do-it-yourself' market, car repair paints
	100	Organon S.A./Laboratoires Endopancrine S.A	• sale and production of Organon products
Italy	98	Italenka S.p.A.	• wrapping film
	33	Bemberg S.p.A.	• chemical filament yarns
	41	Vercolac S.p.A.	• industrial paints, car repair paints
other countries in Europe			
Great Britain	62	British Enkalon Ltd.	• chemical filament yarns (nylon, polyester)
	62	Teesside Textiles Ltd.	• texturized filament yarns
	100	Novadel Ltd.	• organic peroxides, accelerators, stabilizers, flour improving agents, auxiliary materials for the paint industry
	100	Pure Chemicals Ltd.	• stabilizers, organotin compounds, phosphites, bromine compounds, fungicides
	100	Organon Laboratories Ltd.	• sale and production of Organon products
Spain	58	La Seda de Barcelona S.A.	• chemical filament yarns and staple fibers (nylon, polyester, elastomer, rayon), texturized filament yarn
	45	Cyanenka S.A.	• acrylic staple fiber
	100	Organon Española S.A.	• sale and production of Organon products
Denmark	50	Dansk Salt I/S	• vacuum salt
	100	A/S Blumøller	• detergents
Austria	92	Erste Österreichische Glanzstoff-Fabrik AG	• rayon filament yarns
Sweden	86	Lilla Edets Pappersbruks AB	• toilet paper, tissue paper for kitchen use, paper towels, table napkins
Switzerland	100	Sastig A.G./Feldmühle A.G.	• chemical filament yarns (nylon, rayon), wrapping film, adhesive tape

percentage
participation *

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North and Latin America

U.S.A.	55	American Enka Corporation	<ul style="list-style-type: none"> . chemical filament yarns and staple fibers (nylon, polyester, rayon, polynosics), wire and cable for the electronic industry, copper wire
	51	International Salt Company	<ul style="list-style-type: none"> . rock and vacuum salt; solar salt plant under construction on Bonaire
	100	Organon Inc.	<ul style="list-style-type: none"> . sale and production of Organon products
Argentina	40	Petroquímica Sudamericana S.A.	<ul style="list-style-type: none"> . chemical filament yarns and staple fibers (nylon, polyester), texturized filament yarn; dimethylterephthalate (DMT) plant under construction
	100	Organon Argentina S.A.	<ul style="list-style-type: none"> . sale and production of Organon products
Brazil	50	Polyquímica S.A. Indústria Têxtil	<ul style="list-style-type: none"> . texturized filament yarn
	100	Laboratorios Organon do Brasil Ltda.	<ul style="list-style-type: none"> . sale and production of Organon products
	100	Enka do Brasil Ltda.	<ul style="list-style-type: none"> . sale of chemical fibers; construction of production plant is being prepared
Colombia	48	Enka de Colombia S.A.	<ul style="list-style-type: none"> . chemical filament yarns and staple fibers (nylon, polyester)
Mexico	40	Fibras Químicas S.A.	<ul style="list-style-type: none"> . chemical filament yarns (nylon, polyester)
	49	Organon Mexicana S.A.	<ul style="list-style-type: none"> . sale and production of Organon products
	100	Diosynth S.A. de C.V.	<ul style="list-style-type: none"> . chemical-pharmaceutical semi-manufactured products

other areas

India	44	Century Enka Ltd.	<ul style="list-style-type: none"> . nylon filament yarns
	49	Organon (India) Ltd.	<ul style="list-style-type: none"> . sale and production of Organon products
Iran	51	Iran Organon S.A.	<ul style="list-style-type: none"> . sale and production of Organon products
Japan	50	Nippon-Ketjen K.K.	<ul style="list-style-type: none"> . sale of hydrogenation catalysts
	60	Nippon Organon K.K.	<ul style="list-style-type: none"> . sale and production of Organon products

