



**N.V. Consolidated Industries Corporation**

# First Half Year Report 2018

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# Managing Director's report first half year 2018

## Company Profile

N.V. Consolidated Industries Corporation (CIC) is part of the VSH United Group and is a publicly listed company that was established in 1967. We are a world class manufacturing company of high quality household detergents and plastic packaging materials situated near the southern end of Paramaribo, the capital city of Suriname. With 120 employees we proudly produce and market Ozon, Sun, Witboi, Klinol and Tropical Bush products for distribution in the Suriname and Caribbean markets.

## Mission statement

We are a dynamic manufacturing company of high quality household detergents and plastic packaging materials located in Paramaribo, Suriname. Since the foundation in 1967 the Company identified itself through continuous attention to quality and development of products to the demands of our customers and produced in state-of-the-art facilities.

We have committed ourselves to consolidate our number 1 position in the Suriname market and to expand the position of our products in regional markets for the benefit of our clients, employees, shareholders and society.

## Core values

**TO BE A CHAMPION FOR OUR CUSTOMERS, PARTNERS, SHAREHOLDERS AND IN THE COMMUNITY, WE HOLD FAST TO THESE VALUES:**

- YOUR SUCCESS IS OUR DESIRE
- TRUST IN OUR RELATIONSHIPS AND PERSONALLY RESPONSIBLE FOR ALL OUR ACTIONS
- CREATING A BETTER COMPANY FOR A BETTER WORLD

## Strategic Goal 2016-2021

**TO ACHIEVE REGIONAL DOMINANCE, WE MUST HAVE A SOLID POSITION WITHIN THE TOP 3 BRANDS IN THE CLEANING INDUSTRY.**

## The business environment

Rising prices of key raw- and packaging materials resulted in a challenging first half year. Import of cheap, substandard products driven by the erosion of disposable income both in Suriname and in important regional markets continues to affect our business.

## The Company

On 21 March 2018 the Annual General Meeting of Shareholders approved the financial statements 2017 and the proposed dividend of SRD 0.20 per share of nominal SRD 0.10 each. Subject to unforeseen developments the Supervisory Board has approved the payment of quarterly dividend for the year 2018 at SRD 0.03 per share of nominal SRD 0.10 each.

## Financial overview

Net sales increased by 7% to SRD 37.6 million compared to the same period last year (2017: SRD 35.2 million), while cost of sales increased by 16% to SRD 20.1 million compared to the same period last year (2017: SRD 17.3 million).

Earnings from operations amounted to SRD 199,870 (2017: SRD 2,083,184).

These results were driven mainly by higher personnel expenses, increased prices of key raw- and packaging materials and necessary provisions. Earnings from continuing operations before taxes in the first half of 2018 amounted to a loss of SRD 87,803 (first half of 2017 profit: SRD 2,252,653).

## Outlook second half year 2018

For the remainder of the year, our priorities are focused on increasing profitability, sustaining growth in our export markets, improving operational efficiency through investments and keeping personnel motivated. Subject to unforeseen circumstances, we expect the year end results to be positive but lower than budgeted and lower than last year. Despite disappointing results, Management has recommended to maintain interim dividend payments as planned based on the expectation of improvement going forward.

Paramaribo, 11 September 2018

**Ms. Kathleen Healy**  
Managing Director

# Condensed Statement of Income for the six months ended 30 June 2018

	30 June 2018	30 June 2017
	SRD	SRD
<b>Net sales</b>	<b>37,644,556</b>	35,190,541
Cost of sales	(20,060,730)	(17,335,019)
Personnel expense	(8,206,827)	(6,693,123)
Distribution costs	(905,368)	(963,746)
Administrative expense	(6,345,679)	(7,049,949)
Depreciation and amortization	(1,381,290)	(1,113,356)
Provisions	(544,792)	47,836
<b>Earnings from operations</b>	<b>199,870</b>	2,083,184
Net finance cost	(302,678)	(362,039)
Other non-operating income	15,005	531,508
<b>Earnings from continuing operations before tax</b>	<b>(87,803)</b>	2,252,653
Income tax	-	(810,955)
<b>Net (loss) / earnings from continuing operations</b>	<b>(87,803)</b>	1,441,698
Income from discontinued operations	7,445	44,212*
<b>Net (loss) / earnings</b>	<b>(80,358)</b>	1,485,910
<b>Earnings per share</b>		
Number of shares outstanding	5,002,200	5,002,200
Earnings per share	(0.02)	0.77

\*Presented on this line item for comparative purpose only. In 2017 First Half Year Report presented as profit of subsidiary.

The accompanying notes on pages 8 to 12 are an integral part of these condensed interim financial statements.

Paramaribo, 11 September 2018

## Supervisory Board

J.J. Healy Jr., Chairman

S. Smit, Vice Chairman

A. Nai Chung Tong

M. Ramsundersingh

O. Smith

P. Healy

## Managing Director

K. Healy

# Condensed Statement of Financial Position as at 30 June 2018 before appropriation of profit

<b>ASSETS</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	SRD	SRD
<b>Non-current assets</b>		
Property, plant and equipment	<b>24,103,130</b>	22,981,971
Intangible assets	-	26,881
Assets of discontinued operations	<b>1,930,405</b>	1,922,960
Financial assets	<b>1,083</b>	1,083
<b>Total non-current assets</b>	<b>26,034,618</b>	24,932,895
<b>Current assets</b>		
Inventories	<b>19,782,101</b>	20,327,046
Trade and other receivables	<b>9,752,338</b>	5,824,470
Cash and cash equivalents	<b>1,725,566</b>	2,543,792
<b>Total current assets</b>	<b>31,260,005</b>	28,695,308
<b>Total assets</b>	<b>57,294,623</b>	53,628,203
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	<b>500,220</b>	500,220
Capital in excess of par value	<b>39,874</b>	39,874
Revaluation reserve	<b>4,902,791</b>	4,902,791
Retained earnings	<b>24,816,829</b>	22,285,643
Net (loss) / earnings	<b>(80,358)</b>	3,381,560
<b>Total equity</b>	<b>30,179,356</b>	31,110,088
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	<b>2,984,164</b>	2,984,164
Provisions	<b>3,802,305</b>	3,802,305
Long-term borrowings	<b>3,621,276</b>	3,721,688
<b>Total non-current liabilities</b>	<b>10,407,745</b>	10,508,157
<b>Current liabilities</b>		
Provisions	<b>8,824</b>	130,000
Short-term borrowings	<b>3,636,214</b>	1,572,640
Liabilities owing to discontinued operations	<b>599,416</b>	607,523
Income tax payable	<b>433,585</b>	611,817
Trade and other payables	<b>12,029,483</b>	9,087,978
<b>Total current liabilities</b>	<b>16,707,522</b>	12,009,958
<b>Total equity and liabilities</b>	<b>57,294,623</b>	53,628,203

The accompanying notes on pages 8 to 12 are an integral part of these condensed interim financial statements.

Paramaribo, 11 September 2018

## Supervisory Board

J.J. Healy Jr., Chairman  
S. Smit, Vice Chairman  
A. Nai Chung Tong  
M. Ramsundersingh  
O. Smith  
P. Healy

## Managing Director

K. Healy

# Condensed Statement of Changes in Equity for the year ended 30 June 2018

in SRD	Share Capital	Capital in Excess of Par Value	Revaluation Reserve	Retained Earnings	Total
<b>Equity at 1 January 2017</b>	500,220	39,874	4,902,791	22,580,322	28,023,207
Net earnings	-	-	-	1,485,910	1,485,910
Dividend	-	-	-	(150,066)	(150,066)
Unclaimed dividend	-	-	-	5,450	5,450
<b>Equity at 30 June 2017 before appropriation of profit</b>	500,220	39,874	4,902,791	23,921,616	29,364,501
Net earnings	-	-	-	1,895,653	1,895,653
Dividend	-	-	-	(150,066)	(150,066)
<b>Equity at 31 December 2017 before appropriation of profit</b>	500,220	39,874	4,902,791	25,667,203	31,110,088
Final and fourth quarter dividend	-	-	-	(700,308)	(700,308)
<b>Equity at 31 December 2017 after appropriation of profit</b>	500,220	39,874	4,902,791	24,966,895	30,409,780
Net loss	-	-	-	(80,358)	(80,358)
Dividend	-	-	-	(150,066)	(150,066)
<b>Equity at 30 June 2018 before appropriation of profit</b>	500,220	39,874	4,902,791	24,736,471	30,179,356

The accompanying notes on pages 8 to 12 are an integral part of these condensed interim financial statements.

Paramaribo, 11 September 2018

## Supervisory Board

J.J. Healy Jr., Chairman  
S. Smit, Vice Chairman  
A. Nai Chung Tong  
M. Ramsundersingh  
O. Smith  
P. Healy

## Managing Director

K. Healy

# Condensed Statement of Cash Flows for the six months ended 30 June 2018

	30 June 2018	30 June 2017
<b>Cash flow from operating activities:</b>		
Earnings from continuing operations before tax	SRD (87,803)	SRD 2,252,653
<i>Adjusted for:</i>		
- Depreciation and amortization	1,381,290	1,113,356
- Gain on disposal of property, plant and equipment	-	(26,180)
- Provisions	544,792	(47,836)
- Interest paid	302,678	362,039
- Revaluation loss on loans	585	138,692
<i>Changes in working capital:</i>		
- Change in inventories	544,945	192,651
- Change in trade and other receivables	(2,965,279)	1,663,973
- Change in trade and other payables	1,978,916	(5,940,735)
- Change in discontinued operations payables	(8,107)	20,489
- Adjustments of current assets due to provisions	(544,792)	1,874
- Adjustments regarding payables	(50,846)	47,686
<i>Other:</i>		
- Payments disposal of waste	-	(341,393)
- Payments redundancy	(121,176)	(104,232)
<b>Cash generated from/used in operations</b>	<b>975,203</b>	<b>(666,963)</b>
Paid interest	(302,678)	(362,039)
Paid income tax	(178,232)	(100,760)
<b>Net cash generated from/used in operating activities</b>	<b>494,293</b>	<b>(1,129,762)</b>
<b>Cash flow from investing activities:</b>		
Net proceeds from sale of property, plant and equipment	-	26,180
Purchase of property, plant and equipment	(2,475,567)	(1,733,627)
<b>Net cash used in investing activities</b>	<b>(2,475,567)</b>	<b>(1,707,447)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from loans and overdrafts	2,849,894	4,132,804
Repayments of loans	(887,317)	(1,455,802)
Dividend paid	(799,529)	-
<b>Net cash generated from financing activities</b>	<b>1,163,048</b>	<b>2,677,002</b>
<b>Net decrease in cash for the period</b>	<b>(818,226)</b>	<b>(160,207)</b>
Cash and cash equivalents at 1 January	2,543,792	610,764
<b>Cash and cash equivalents at 30 June</b>	<b>1,725,566</b>	<b>450,557</b>

The accompanying notes on pages 8 to 12 are an integral part of these condensed interim financial statements.

Paramaribo, 11 September 2018

## Supervisory Board

J.J. Healy Jr., Chairman  
S. Smit, Vice Chairman  
A. Nai Chung Tong  
M. Ramsundersingh  
O. Smith  
P. Healy

## Managing Director

K. Healy

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2018

## 1.) Information on the reporting entity

N.V. Consolidated Industries Corporation (CIC) is a company registered and domiciled in Suriname. The Company's registered office is at Industrieweg – Zuid BR 34, Paramaribo, Suriname. These condensed interim financial statements refer to the Company's financial statements as at and for the six months ended 30 June 2018.

The Company is involved in the manufacturing of a wide range of industrial and household detergents and plastic packaging material.

The Company has a manufacturing plant at above mentioned address and sells in Suriname, South America, the Caribbean and Europe.

The Company's parent, which is also its ultimate parent entity, is N.V. Verenigde Surinaamse Holdingsmij./United Suriname Holding Company (VSH United). VSH United holds a majority share of 60.15% in the Company.

The Company has one subsidiary N.V. Carifrico in which it holds 98.9% share.

These condensed interim financial statements were authorized for issue by the Supervisory Board on 11 September 2018.

These condensed interim financial statements have been reviewed, not audited.

## 2.) Basis of preparation

### 2.1) Statement of compliance

These condensed interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting. These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with generally accepted accounting principles.

### 2.2) Basis of Measurement

Specific basis of measurement are:

Property is stated at revalued amount less accumulated depreciation. Plant and equipment are valued at cost less accumulated depreciation.

Financial assets are presented at fair value unless disclosed otherwise. Intangible assets are valued at cost less cumulated amortization.

Other assets and liabilities are stated at face value using the historical cost method.

### 2.3) Functional and presentation currency

These condensed interim financial statements are presented in Suriname Dollars (SRD), which is the Company's functional currency.

All financial information presented in SRD has been rounded to the nearest dollar.

### 2.4) Applications of IFRS standards

Certain provisions from the following IFRS standards were applied to these condensed interim financial statements:

IAS 07 : Statement of Cash Flows

IAS 16 : Property, Plant and Equipment

IAS 17 : Leases

IAS 18 : Revenue

IAS 24 : Related Party Disclosures

IAS 33 : Earnings per Share



# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2018

## 3.) Accounting policies

The accounting policies are consistent with those of the previous financial year with below exception:

### Change in accounting policy:

The following main change has been applied:

Following a review of the compliance of our inventory valuation methods to International Financial Reporting Standards (IFRS), the cost formula was adjusted from replacement costing to weighted average cost on 1 January 2018. Taking into consideration the practicality and materiality, the retrospective impact of this change did not result in a restatement of the 2017 comparatives.

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the free market exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the condensed statement of income.

The exchange rates used for the US Dollar (USD) and the EURO at reporting date are:

in SRD	30 June 2018	31 December 2017
USD	7.55	7.55
EURO	8.80	9.04

### Property, Plant and Equipment (PP&E)

Land is carried at revalued amount and all other property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to write off the costs of individual assets to their residual values over their estimated useful lives as follows:

• Buildings	5 - 40 years
• Land improvements	5 - 10 years
• Machinery and Equipment	3 - 10 years
• Other assets	3 - 5 years

Land is not depreciated.

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the PP&E as a replacement, if the recognition criteria are satisfied. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the condensed statement of income. There are no assets held under financial leases, and assets held under operating leases are not recognized in the condensed statement of financial position.

### Intangible Assets

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the condensed statement of income under depreciation. The current estimated useful is 3 years.

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2018

## Financial assets

Financial assets consist of shares in 2 companies:

- CIC Plastics N.V. in which the Company has 100% of outstanding shares. At the moment there are no activities in this company. This asset is recognized at equity value.
- N.V. Chemco in which the Company has 25% of outstanding shares. This asset is recognized at cost.

## Subsidiary

Subsidiary is the entity over which the Company has control, defined as the power to govern the financial and operating policies so as to obtain benefits from their activities. The subsidiary is recognized at net asset value and the Company's share in the profit or loss is recognized in the condensed statement of income.

## Inventories

Inventories are stated at cost, less the write down of reduced marketability's if applicable. Costs comprise direct materials and all costs incurred to bring inventories to their present location and condition net of discounts, rebates and bonuses.

## Finished products and work in progress

Finished products and work in progress are valued based on the raw and packaging materials used.

## Trade and other receivables

Trade and other receivables are stated at fair value less an allowance for uncollectible amounts, if there is objective evidence that the Company will not be able to collect the receivable. Trade receivables do not carry interest.

## Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash on hand and are carried at nominal value.

## Share capital

Ordinary shares are classified as equity.

## Earnings per share

Earnings per share are calculated by dividing the net profit or net loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## Capital in excess of par value

The capital in excess of par value relates to the difference between nominal value and the price of the shares issued.

## Revaluation reserve

This reserve has arisen from the revaluation of the land in 2009.

## Provisions

Provisions are recognized for actual (legal or constructive) obligations, existing at reporting date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions which are expected to be utilized within a year are presented within other current liabilities in the condensed statement of financial position.

## Employee benefits

The Company participates in a defined benefit pension plan. Some of the pensioners are insured while other employees participate in a pension foundation which is a separate legal entity. The Company has an obligation to pay medical benefits for pensioners. A provision based on actuarial calculations has been recognized for long-term employee benefit obligations.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2018

## Trade and other payables

Trade and other payables are stated at fair value. Trade payables do not carry interest.

## Sales

Sales of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales taxes, customer discounts and other sales related discounts. Sale of products is recognized in the condensed statement of income when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products.

## Cost of Sales

Cost of sales comprises the cost of raw- and packaging material.

## Other non-operating income

Other non-operating income comprises of income related to previous years items and proceeds from promotional activities.

## Expenses

### *Borrowing costs*

All borrowing costs are recognized as an expense when incurred.

## Operating lease payments

Payments made under operating leases are recognized in the condensed interim financial information on a straight-line basis over the term of the lease.

## 4.) Use of estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods if affected.

## 5.) Income tax

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables for the current and prior periods are measured at the amount expected to be recovered from the Tax Authorities. The tax rates and the tax laws used are those that are enacted or substantively enacted by the reporting date.

Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## 6.) Dividend declaration and payment

The total dividend for 2017 of SRD 0.20 per share of nominal SRD 0.10 per share was adopted in the Annual General Meeting of Shareholders of 21 March 2018. A first quarter interim dividend for the year 2018 of SRD 0.03 per share of nominal SRD 0.10 per share (2017 first quarter: nil) was declared.

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2018

## 7.) Related party disclosure

### Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. For the six months ended 30 June 2018 total remuneration amounted to SRD 40,228 (first half year 2017: SRD 34,926).

### Related parties transactions

The Company is a 60.15% subsidiary of VSH United. The Chief Executive Officer and the Chief Legal Officer of VSH United are members of the Supervisory Board of the Company.

The Company is charged by VSH United for IT related services and salary administration.

The Company contributes on a monthly basis 1.5 % of the profit before tax to the VSH Community Fund. For the six month ended 30 June 2018 the total contribution to the VSH Community Fund amounted to SRD SRD 20,919 (first half year 2017: SRD 42,664).

# Independent Auditors' report on review of condensed interim financial information

To: the Shareholders of  
**N.V. Consolidated Industries Corporation**  
Paramaribo, Suriname

## Introduction

We have reviewed the accompanying condensed interim financial information of N.V. Consolidated Industries Corporation, in Paramaribo, which comprises the condensed statement of financial position at 30 June 2018, the condensed statements of income, condensed statement of changes in equity and the condensed statement of cash flows for the period of six months ended 30 June 2018 and the notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with generally accepted accounting principles for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information at 30 June 2018 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

Paramaribo, 11 September 2018

## Lutchman & Co

Represented and signed by  
D. de Keyzer AA, Chartered Accountant