

ANNUAL REPORT 2018



N.V. CONSOLIDATED
INDUSTRIES CORPORATION

ANNUAL REPORT 2018



N.V. CONSOLIDATED
INDUSTRIES CORPORATION

New Ozon logo launch



580 likes

OZON POWER TEAM @KKFJaarbeurs2018
#ThePowerOfOzon

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OZON



115 likes

#SU #thepowerofozon

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367 likes

We've got something NEW for you! Hmmm...what will it be?
Stay tuned for the reveal!

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CIC @KKFJaarbeurs2018 #SU #ThePowerOfOzon

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972 likes

Happy Customer
#thepowerofozon #SU #2018

Who we are



N.V. Consolidated Industries Corporation (CIC) is situated near the southern end of Paramaribo, the capital city of Suriname. We are a publicly traded company that was established in 1967 and a subsidiary of the VSH United group of companies. We commenced our commercial activities with the production and distribution of powder detergents for household and industrial use. The initial equipment included a spray tower, a steam boiler and a box-filling machine. The potential for success in different detergent types was quickly realized and we expanded to include a wide variety of liquid detergents, insect repellent and plastic packaging materials.

In January 2010, replacement investments of the plastic and liquid equipment resulted in new production facilities, which readied us for further regional expansion.

In 2012, emphasis was placed on continued expansion in export markets and investing in research and development. Since then we have successfully re-launched and expanded many of our brand portfolios and have started exporting to 5 new destinations.

2018 marked another milestone in research and development with the rebranding of our most successful and biggest brand, OZON. The rebranding commenced with the launch of the new OZON powder detergents and will continue across the full line of our OZON products.

With just over 116 full-time employees we proudly produce, distribute and market OZON, SUN, KLINOL, WITBOI, TROPICAL BUSH and LYSOL products for our customer base in Suriname and most regional markets.

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The Company

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 production facilities.

We have committed ourselves to consolidation of our number 1 position in the Suriname market and to expand the market position of our products in the region for the benefit of our clients, employees, shareholders and society as a whole.

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



116

employees



6,919 MT

production



14

export countries



Market leader

in Suriname



The Company

Corporate responsibility

Our sense of responsibility towards the community and environment, in which we operate, focuses on the following areas:



Electricity

In 2018 we achieved the target of 255 KVa/MT for energy consumption.



Water

In 2018 we harvested a total of 1,065 M³ of rainwater. Since implementing our Energy Savings Plan in 2015, we have decreased our use of potable water by 41%.



Fossil fuel

8.5% more fossil fuel per MT used in 2018.



Injury

6 incidents with personal harm were registered in 2018.



Contribution

SRD 112,633 contributed to VSH Community Fund and other donations made. Donations included among others; children's orphanages, hospitals, penitentiaries, animal shelters and schools.



Code of Conduct

The Code of Conduct applies to the members of the Supervisory Board, management, employees of CIC and all customers, suppliers, service providers, contractors and other relations of CIC who perform activities for or on behalf of CIC. They are deemed to be aware of these provisions and to apply them in their activities on behalf of CIC.

The Company

Quality Management System

In October 2006, CIC became ISO9001:2005 certified. The ISO9001 family addresses various aspects of quality management and contains some of ISO's best-known standards. The standards provide guidance and tools for the Company to ensure that our products and services consistently meet our customers' requirements, and that quality is consistently improved. We are proud to announce that we successfully passed the ISO-2015 norm audit in October 2018 and are now an ISO9001:2015 certified company.

Our Quality policy

It is our policy to satisfy our customers by providing them on time delivery of products and services that meet their requirements and enable them to achieve their goals. This is achieved with a continuous improvement mindset and critical eye on quality in all aspects, where consumer and market demands are central and every employee is involved.

The main quality results for 2018 were:

	Target 2018	2018	2017
Minimize re-work (Plastic)	< 0.08%	0.18%	0.24%
Minimize re-work (Liquid)	< 0.30%	0.39%	0.38%
Minimize re-work (Powder)	< 0.30%	0.75%	0.72%

Although improvements were made, the quality targets for 2018 were not achieved. We continue our efforts to meet these targets.

Environmental Management System

In October 2013, CIC became ISO14001:2008 certified. The ISO14001 family of standards provides practical tools for the Company to manage our environmental responsibilities. ISO14001 focuses on environmental management systems to aid us in achieving this. We are proud to announce that we successfully passed the ISO 2015 norm audit in October 2018 and are now an ISO14001:2015 certified company.

Our Environmental policy

We are aware that our operations impacts our surroundings. We will strive to ensure that these activities have minimal impact on the environment.

The main environmental results for 2018 were:

	Target 2018	2018	2017
Decrease energy consumption per MT	≤ 255 kva	255 kva	262 kva
Decrease fuel consumption per MT	≤ 85 liters	103 liters	94 liters
Decrease water consumption per MT	≤ 1,200 liters	1,180 liters	1,200 liters

Doing business abroad





Report of the Supervisory Board



James J. Healy Jr.
Chairman

To the Shareholders

We hereby present our report on the activities of the Supervisory Board in 2018.

The Supervisory Board performed its duties in accordance with Suriname law, the company's by-laws and Corporate Governance Code. We advised management on relevant issues and monitored management's performance in relation to set goals. Management regularly informed us, both verbally and in writing on material aspects of the business, major events, competitor activities, investments and transactions. We kept abreast of results and the financial position, risks and risk management.

Consultation and decision-making

The Supervisory Board held regular monthly meetings, 13 in total. The subjects discussed in the meetings included the financial position and results, Company strategy, Company policy, corporate governance, business plans and appraisals, management letter, health, safety and environment, management development, commercial aspects and appointments. In the meeting of the Supervisory Board held on 17 October 2018 management reported on progress made in 2018 with respect to the long-term strategic plan. In the same meeting management also presented the strategic plan 2019 - 2021. Additionally, the financial and operational plans for 2019 were presented and the Board approved capital expenditures for 2019.

Corporate Governance

In the meeting of the Supervisory Board held on 16 January 2018 the internal audit plan for 2018 was presented by the Internal Audit Department and approved by the Supervisory Board.

On 15 January 2019, the results of the internal audits 2018 were presented to the Supervisory Board as well as the audit plan for 2019. The result of the annual peer-to-peer appraisal 2018 was discussed with the Supervisory Board on 12 February 2019. The Audit Committee had 2 meetings in 2018. Topics discussed during these meetings were Management Letter, the Financials and Audit reports presented by the Internal Audit for 2018.

Supervisory Board changes and appointments

Under article 13 of the by-laws all Supervisory Board members retire in the Annual Meeting of Shareholders. Six members, Mr. J.J. Healy Jr., Mr. S. Smit, Mrs. M.A. Ramsundersingh, Mr. O. Smith, Mr. P. Healy and Mr. A. Nai Chung Tong were re-elected as members of the Supervisory Board in the Annual Meeting of Shareholders held on 21 March 2018.

Being eligible, the members Mr. J.J. Healy Jr., Mr. S. Smit, Mrs. M.A. Ramsundersingh, Mr. O. Smith, Mr. P. Healy and Mr. A. Nai Chung Tong offer themselves for re-election in the Annual Meeting of Shareholders to be held on 27 March 2019.

Management Changes and Appointments

Mrs. Wandena Debidin resigned from her position as procurement manager in March 2018. Mr. Raoul Weijers joined the Company in April 2018 and was appointed procurement manager in October of the same year.

In July 2018, Ms. Danielle Phang was appointed regional sales manager and Mrs. Ratna Basant-Khedoe was appointed local sales manager.

In November 2018, Mr. Timothy Lees was promoted to a staff position as logistics manager.

Performance of the Supervisory Board

On 12 February 2019 the performance of the Supervisory Board was evaluated through a self-assessment by the members. Based upon individual appraisals by the members, the performance was found to be good. In the coming period the Board will focus on production efficiencies and space constraints, succession in key positions, increasing exports and review and recommend changes to the business model of the Company.



Stephen Smit
Vice Chairman



Aubrey Nai Chung Tong

Report of the Supervisory Board

Management Performance and Executive Performance Pay

Performance of the Managing Director is measured against a yearly minimum target of 15% of Return on Capital Employed and a three-year (2016-2018) target of 142% for growth in gross profit for the period. Based on the results, the targets were not achieved, therefore no short- or long-term bonus was awarded to the Managing Director.

On 11 December 2018 the Supervisory Board evaluated the overall performance of the Managing Director and found the performance to be satisfactory. Specific areas of attention were discussed with the Managing Director including reviewing the current business model in order to increase profitability, continued growth in export markets and further implementation of the long-term strategic plans.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board amounts to SRD 90,120 per year and was approved in the Annual General Meeting of Shareholders held on 21 March 2018.

Dividend Policy and Interim Dividend

The policy of the Company is to pay a dividend in the order of 30% of the net earnings. Subject to unforeseen developments the Supervisory Board has approved the payment of interim dividend for the year 2019 as follows:

- 1st quarter payable 16 April 2019: SRD 0.03 per share
- 2nd quarter payable 16 July 2019: SRD 0.03 per share
- 3rd quarter payable 16 October 2019: SRD 0.03 per share
- 4th quarter payable 13 February 2020: SRD 0.03 per share

Financial Statements and division of profit

In compliance with the requirements of article 36 of the by-laws, management presented the financial statements 2018 to the Supervisory Board on 7 March 2019.

These financial statements can be found on pages 18 to 33 of this annual report. The independent external auditor, Lutchman & Co N.V., audited the financial statements. Their independent auditor's report can be found on pages 15 to 16. The net earnings in 2018 amounts to SRD 1,068,371 (2017: SRD 3,381,560). We recommend that the Shareholders approve the accounts as presented.

In view of disappointing results for the year and the subsequent decrease in cashflow, Management recommended and the Supervisory Board approved the suspension of interim dividend payments effective the fourth quarter 2018. The Supervisory Board endorses the recommendation of the Management to pay a cash dividend for the year 2018 of SRD 450,198 (2017: SRD 1,000,440). This dividend amount has already been distributed as interim dividend in 2018. If approved, total dividend will amount to SRD 0.09 per share and the balance of the net earnings amounting to SRD 618,173 will be added to retained earnings. Management will elaborate on the prospects for resumption of interim dividend payments in 2019 as indicated above. We advise the Shareholders to approve the dividend as recommended.

Appreciation

The Supervisory Board is grateful for the contribution made by management and by all the employees of the Company to the results of 2018.

Paramaribo, 7 March 2019

The Supervisory Board,

James J. Healy Jr., Chairman
Stephen Smit, Vice Chairman
Aubrey Nai Chung Tong
Malini Ramsundersingh
Oliver Smith
Patrick Healy



Malini Ramsundersingh |



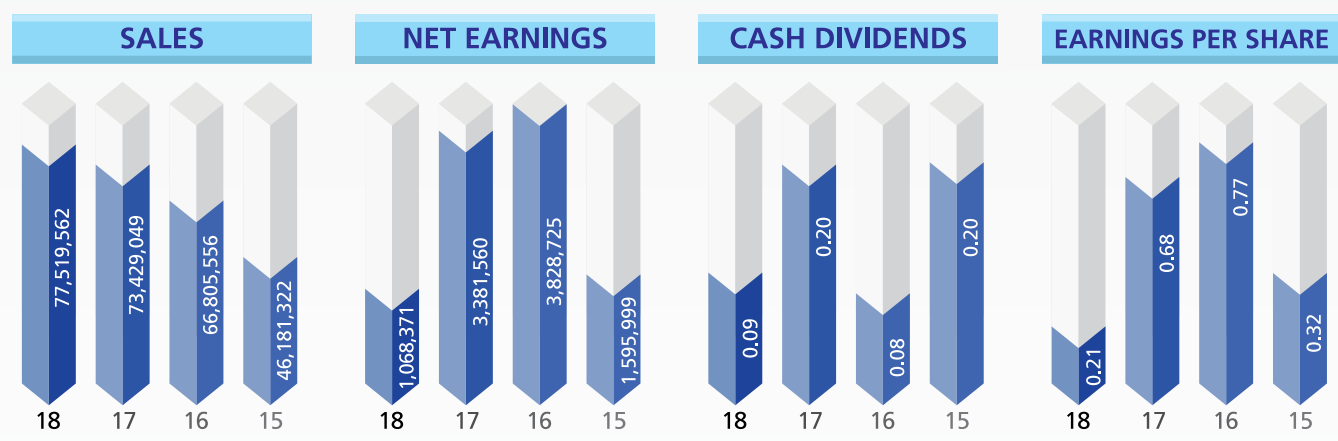
Oliver Smith |



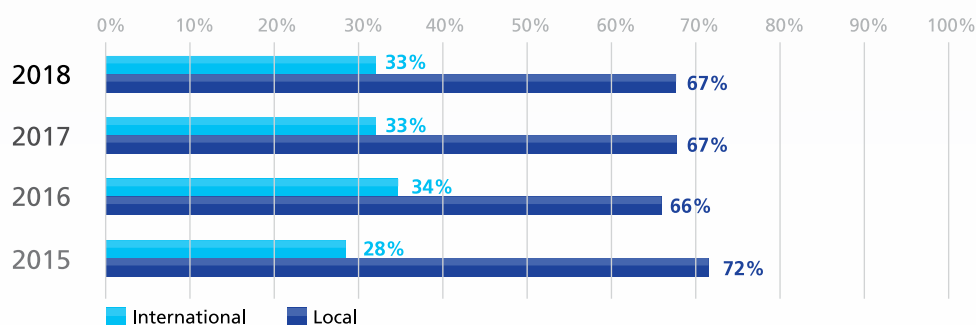
Patrick Healy |

Financial Highlights

in SRD	2018	2017	2016	2015
Sales	77,519,562	73,429,049	66,805,556	46,181,322
Net Earnings	1,068,371	3,381,560	3,828,725	1,595,999
Return on Sales	1.4%	4.6%	5.7%	3.5%
Return on Assets	1.8%	6.3%	6.9%	3.7%
Shareholders' Equity	30,039,321	31,110,088	28,273,317	25,144,733
Liabilities	28,797,788	22,518,115	27,390,073	18,330,301
Total Equity and Liabilities	58,837,109	53,628,203	55,663,390	43,475,034
Per share of SRD 0.10	2018	2017	2016	2015
Earnings per share	0.21	0.68	0.77	0.32
Cash dividend	0.09	0.20	0.08	0.20
Share Price	11.00	11.00	11.00	10.50
USD exchange rate (per end of year)	7.60	7.55	7.50	4.20



INTERNATIONAL vs. LOCAL SALES



Managing Director's report



Kathleen Healy
Managing Director

The business environment

In 2018, the overall business environment in Suriname was stable with an estimated GDP growth of 2%¹ and an average exchange rate of SRD 7.60 to the USD.

The 12-month inflation amounted to 5.4% (2017: 9.2%)².

Our business environment was impacted by significant price increases in key raw- and packaging materials within the first quarter of the year. These increases continued into the second and third quarter and disrupted the profitability goals set forth in our plans for 2018. Import of cheap substandard products driven by the erosion of disposable income both in Suriname and in important regional markets continued to affect our business.

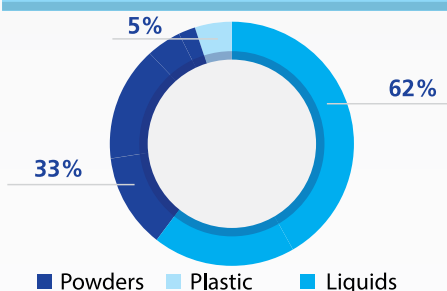
Production

We increased overall production volumes by 3% in 2018 to 6,919 MT compared to 6,711 MT in 2017. Efficiency gains were made in all three production facilities totaling 17%. Commissioning of our second fully automated powder packaging machine at the end of 2017 resulted in an increase of productivity of 4% in our powder detergent plant in 2018. This crucial investment also contributed to the successful launch of the new OZON powder detergents. The powder detergent production volume decreased marginally by 1% in 2018 in comparison to the previous year.

Liquid production volumes increased by 5% in 2018 compared to the previous year. Preparations have been made in 2018 to automate the mixing department of the liquids plant. These investments will result in further efficiency gains in 2019.

Plastic production volumes continued to grow in 2018 resulting in a 10% increase compared to 2017. In June 2018, we commissioned a second GM5000 blow molding machine to accommodate our growth in the larger volume packages.

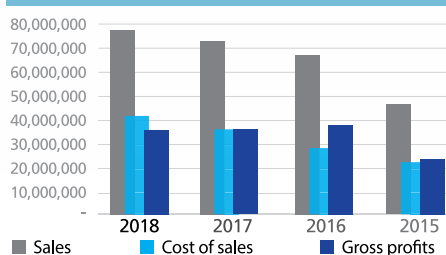
PRODUCTION VOLUME CONTRIBUTION



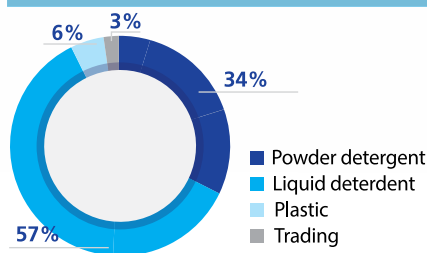
Sales and Marketing

Sales grew by 5.6% to SRD 77.5 million for the year compared to SRD 73.4 million in 2017, with export sales increasing by 5.7% and local sales increasing by 5.5%. The highly competitive and dynamic segments within our industry motivated us to implement new and creative ways to innovate and focus on profitability for specific product groups both locally and in the regional markets. Unfortunately, costs of sales increased by 11.8% to SRD 41.0 million compared to SRD 36.6 million in the previous year due to significant price increases in key raw- and packaging materials. Even though this development negatively impacted our bottom line, we were able to mitigate some of the effects with an adjusted pricing strategy and with the launch of the new OZON powder detergents.

GROSS PROFITS



CONTRIBUTION TO SALES



¹Source: International Monetary Fund | ²Source: General Bureau of Statistics

Managing Director's report

Plastic sales have realized a growth of 9.8% in 2018. Both PET and HDPE bottle volumes have shown a steady growth and we are confident that these sales will continue to increase.

Import statistics indicate that OZON and SUN remain the number one detergent brand and that CIC dominates the cleaning segment in the Suriname market³. Liquid sales accounted for 57% of total sales while powder detergents represented 34%.

Local vs. export sales contribution remained the same in 2018 compared to the previous year.

Human Resource Management (HRM)

At the end of 2018, the Company employed 116 persons (2017: 115 persons). We celebrated the anniversary of 16 employees who served 10 or more years with the Company. We bade farewell to the following 3 employees who retired in 2018:

Mr. K. Sodikromo	39 years with the Company
Mr. H. Kromosoeto	24 years with the Company
Mrs. J. Aviankoi	24 years with the Company

We believe that providing an employee with training and development opportunities not only contributes to the quality and effectiveness of our organization, it also serves to motivate and retain employees. The following training & education programs were held in 2018:

Training & Education 2018	Number of employees
Sales & customer care	7
Leadership	1
Personal development	2
Other programs in key areas	12
Bachelor's & Master's degree's	3
HSEQ programs	Company wide

Risk Management

Potential Company risks are identified and addressed in several ways. The ISO9001 system addresses operational risks, ISO14001 addresses environmental risks and the semi-annual appraisals address competitive-, economic-, business continuity- and strategic risks.

Incidents are recorded and discussed during management and board meetings. The number of incidents in 2018 was 38, down from 54 in 2017. Of the 38 incidents, 6 are categorized as incidents with personal injury. The total number of lost working days due to incidents amounted to 74.

In October 2018, our quality management system ISO9001:2015 and our environmental management system ISO14001:2015 were audited and found to be adequate. No major shortcomings were reported and only recommendations for further improvements were made.

	2018	2017	2016	2015	2014
Total number of incidents	38	54	64	48	59
Near misses	0	2	25	1	3
Environmental incidents	5	0	13	9	12
Personal injury incidents	6	0	5	8	11
Traffic incidents	16	28	10	10	9
Other	11	24	11	20	24

³ Source: General Bureau of Statistics

Managing Director's report

Investments

Capital investments in 2018 amounted to SRD 3.60 million (2017: SRD 4.45 million). Among others, these investments included a new blow molding machine, molds, a new in-line capper, automation investments in the mixing department and replacement investments of machinery.

Financial statements

As we progress towards IFRS compliance by 2020, changes have been made to the presentation of the financial results. This year, we added the statement of comprehensive income which provides a holistic view of earnings from core operations and other non-core activities referred to as other comprehensive income. The other comprehensive income captures unrealized income and expenses from sources such as actuarial valuations. With this adoption, earnings attributable to shareholders and realized earnings from core operations become transparent.

Key figures

SRD' 000s	2018	2017	Variance	%
Sales	77,519	73,429	4,090	6%
Cost of sales	40,967	36,636	4,331	12%
Gross profit	36,552	36,793	(241)	(1%)
Operational expenses	34,467	31,892	2,575	8%
Earnings from operations	2,085	4,901	(2,816)	(57%)
Finance cost	627	688	(61)	(9%)
Other non-operating income	188	1,016	(828)	(82%)
Earnings from continuing operations before tax	1,646	5,229	(3,583)	(69%)
Income tax	593	1,882	(1,290)	(69%)
Net earnings from continuing operations after tax	1,053	3,347	(2,293)	(69%)
Income from discontinued operations	15	35	(20)	(57%)
Net earnings	1,068	3,382	(2,313)	(68%)

Sales

Sales increased compared to the previous year by SRD 4.09 million. Locally, we had increases in our liquids detergent segment while exports grew in the powder detergent segment. Costs of sales increased by SRD 4.33 million mainly due to increases in key raw- and packaging material.

Operational expenses

Operational expenses increased with SRD 2.58 million to SRD 34.47 million. Significant impactors leading to this increase were:

- Increases in personnel expenses of SRD 1.99 million was a result of increases in salaries and wages and other post-employment benefits.
- Administrative expenses decreased by SRD 1.08 million and is primarily attributed to lower marketing costs for the year.
- Provisions amounted to SRD 690 thousand and is attributed to the reduced marketability of inventories due to the launch of the new OZON powder detergents.

Net earnings

Earnings from operations amounted to SRD 2.08 million compared to SRD 4.90 million in 2017. The main drivers to this decline are attributed to higher costs of sales and increase in provisions. Earnings from continued operations before tax amounted to SRD 1.65 million compared to SRD 5.23 million last year.

Managing Director's report

Profit appropriation

The Company's dividend policy is to pay out a ratio of 30% of its net earnings. Due to disappointing results, Management recommended, and the Supervisory Board approved the suspension of interim dividend payments effective from the fourth quarter of 2018.

Management proposes to pay a cash dividend for the year 2018 of SRD 450,198 (2017: SRD 1,000,440). This dividend amount has already been distributed as interim dividend in 2018. If approved, this pay out represents a ratio of 42% and SRD 618 thousand will be added to retained earnings.

Shareholder's equity declined by 4% to SRD 30.0 million (2017: SRD 31.1 million). This was attributed to net actuarial losses on the defined benefit obligation amounting to SRD 989 thousand.

Outlook 2019

We expect the challenges we faced in 2018 to continue in 2019, however adjusted strategies and improved production processes will allow us to better absorb volatility and create a better opportunity for increased profitability. We expect the first quarter results to be on par with budget and we continue our efforts to increase efficiency in our production facilities as well as efforts on costs reduction. Based on current projections for the first half of the year and available cashflow, Management is confident to commence payout of interim dividend starting with the first quarter of 2019.

Appreciation

We thank our Shareholders, Supervisory Board, Employees and all other Stakeholders of CIC. We appreciate the confidence our customers and distributors have in our products and Company and we thank them for their contribution throughout the year.

Paramaribo, 7 March 2019

Kathleen Healy,
Managing Director



Maikel Macintosh
Operations Manager



Ann Maria Diran
Financial Controller



Xamira Visser
Human Resource Officer



Jane Setrowidjojo
Management Assistant



Aisha Esseboom
Marketing Manager



Ratna Basant - Khedoe
Sales Manager Local



Danielle Phang
Sales Manager Regional



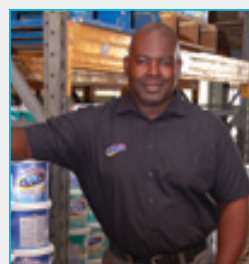
Raoul Weijers
Procurement Manager



Dewanand Ramlal
Head Technical Department



Trees Djasiman
HSEQ Manager



Timothy Lees
Logistics Manager

Independent Auditor's report

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

Opinion

We have audited the accompanying 2018 financial statements of N.V. Consolidated Industries Corporation, the "Company", in Paramaribo, which comprise the statement of financial position as at December 31, 2018, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of N.V. Consolidated Industries Corporation and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of N.V. Consolidated Industries Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 2018 financial statements, our responsibility is to read the other information included in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the procedures performed, the other information included in the annual report is not materially inconsistent with the financial statements and appears not materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's report

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Paramaribo, 7 March 2019

Lutchman & Co N.V.

*Represented and signed by
D. de Keyzer AA (chartered accountant)*



Statement of Income

for the year ended 31 December 2018

		2018	2017
	note	SRD	SRD
Sales	4	77,519,562	73,429,049
Cost of sales		(40,967,104)	(36,635,721)
Gross profit	4	36,552,458	36,793,328
Personnel expense	6	(16,014,562)	(14,027,263)
Distribution costs		(1,893,677)	(1,990,867)
Administrative expense	7	(13,133,017)	(14,212,430)
Depreciation/amortization		(2,735,216)	(2,260,196)
Provisions	8	(690,656)	598,919
Earnings from operations		2,085,330	4,901,491
Finance cost		(627,058)	(688,194)
Other non-operating income	5	187,600	1,015,810
Earnings from continuing operations before tax		1,645,872	5,229,107
Income tax	9	(592,514)	(1,882,480)
Net earnings from continuing operations		1,053,358	3,346,627
Income from discontinued operations	12	15,013	34,933
Net earnings		1,068,371	3,381,560
Earnings per share			
Number of shares outstanding		5,002,200	5,002,200
Earnings per share	10	0.21	0.68
Division of net earnings			
Interim dividend		450,198	450,198
Final dividend		-	550,242
Addition to retained earnings		618,173	2,381,120
		1,068,371	3,381,560

Statement of Comprehensive Income

for the year ended 31 December 2018

		2018	2017
	note	SRD	SRD
Net earnings		1,068,371	3,381,560
Other comprehensive income			
Actuarial (loss)/gain on defined benefit obligation	18	(1,544,738)	-
		(1,544,738)	-
Income tax		556,106	-
Other comprehensive income net of tax		(988,632)	-
Total comprehensive income		79,739	3,381,560

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 7 March 2019

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

Statement of Financial Position

at 31 December 2018

		2018	2017
	note	SRD	SRD
ASSETS			
Non-current assets			
Property, plant and equipment	11	23,721,888	22,981,971
Intangible assets	11	-	26,881
Discontinued operations	12	1,937,973	1,922,960
Financial assets	12	1,083	1,083
Total non-current assets		25,660,944	24,932,895
Current assets			
Inventories	13	22,896,440	20,327,046
Trade and other receivables	14	6,901,172	5,824,470
Income tax receivable	9	917,870	-
Cash and cash equivalents	15	2,460,683	2,543,792
Total current assets		33,176,165	28,695,308
Total assets		58,837,109	53,628,203
EQUITY AND LIABILITIES			
Equity			
Share capital	16	500,220	500,220
Capital in excess of par value		39,874	39,874
Revaluation reserve		4,902,791	4,902,791
Retained earnings		24,516,697	22,285,643
Net earnings for the year		1,068,371	3,381,560
Other reserves		(988,632)	-
Total equity		30,039,321	31,110,088
Liabilities			
Non-current liabilities			
Deferred tax liability	9	2,923,077	2,984,164
Defined benefit obligations	18	5,574,494	3,802,305
Long-term borrowings	19	3,024,678	3,721,688
Total non-current liabilities		11,522,249	10,508,157
Current liabilities			
Provision	17	-	130,000
Short-term borrowings	19	3,968,282	1,572,640
Liabilities owing to discontinued operations		606,480	607,523
Income tax payable	9	-	611,817
Trade and other payables	20	12,700,778	9,087,978
Total current liabilities		17,275,539	12,009,958
Total equity and liabilities		58,837,109	53,628,203

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 7 March 2019

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

Statement of Changes in Equity

for the year ended 31 December 2018

in SRD	Share Capital	Capital in excess of Par Value	Revaluation Reserve	Retained Earnings and Other Reserves	Total
Equity at 1 January 2017	500,220	39,874	4,902,791	22,580,322	28,023,207
Net earnings	-	-	-	3,381,560	3,381,560
Dividend	-	-	-	(300,132)	(300,132)
Other comprehensive income	-	-	-	-	-
Unclaimed dividend	-	-	-	5,453	5,453
Equity at 31 December 2017 before appropriation of earnings	500,220	39,874	4,902,791	25,667,203	31,110,088
Final and fourth quarter dividend	-	-	-	(700,308)	(700,308)
Equity at 31 December 2017 after appropriation of earnings	500,220	39,874	4,902,791	24,966,895	30,409,780
Equity at 1 January 2018	500,220	39,874	4,902,791	24,966,895	30,409,780
Net earnings	-	-	-	1,068,371	1,068,371
Dividend	-	-	-	(450,198)	(450,198)
Other comprehensive income	-	-	-	(988,632)	(988,632)
Equity at 31 December 2018 before appropriation of earnings	500,220	39,874	4,902,791	24,596,436	30,039,321
Proposed final dividend	-	-	-	-	-
Equity at 31 December 2018 after appropriation of earnings	500,220	39,874	4,902,791	24,596,436	30,039,321

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 7 March 2019

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

Statement of Cash Flows

for the year ended 31 December 2018

	2018 SRD	2017 SRD
Cash flows from operating activities:		
Earnings from continuing operations before tax	1,645,872	5,229,107
<i>Adjusted for:</i>		
- Depreciation/amortization	2,735,216	2,260,196
- Loss / (gain) on disposal of property, plant & equipment	99,245	(172,529)
- Corrections on property, plant & equipment	54,839	-
- Provisions	595,838	(598,919)
- Inventory write-off	94,818	-
- Interest paid	627,058	688,194
- Revaluation loss / (gain) on loans	15,352	(17,889)
- Personnel cost related to defined benefit obligation	678,832	-
<i>Changes in working capital:</i>		
- Change in inventories	(2,569,394)	1,830,256
- Change in trade and other receivables	(1,076,702)	2,976,056
- Change in trade and other payables	3,542,847	(4,105,088)
- Change in discontinued operations payables	(1,043)	5,939
- Adjustments of current assets due to provisions	(699,480)	1,876
<i>Other</i>		
Payment of medical for pensioners	(451,381)	-
Payments disposal of waste	-	(341,855)
Payments redundancy	(121,176)	(128,958)
Cash generated from operations	5,170,741	7,626,386
Paid interest	(627,058)	(688,194)
Paid income tax	(1,627,182)	(403,042)
Net cash generated from operating activities	2,916,501	6,535,150
Cash flow from investing activities:		
Net proceeds from sale of property, plant & equipment	-	281,920
Purchase of property, plant & equipment	(3,602,335)	(4,446,008)
Net cash used in investing activities	(3,602,335)	(4,164,088)
Cash flow from financing activities:		
Proceeds from loans and overdrafts	3,713,415	4,132,804
Repayments of loans	(2,030,135)	(4,073,735)
Unclaimed dividend	-	5,453
Dividend paid	(1,080,555)	(502,556)
Net cash from / (used) in financing activities	602,725	(438,034)
Net (decrease) / increase in cash for the year	(83,109)	1,933,028
Cash and cash equivalents at 1 January	2,543,792	610,764
Cash and cash equivalents at 31 December	2,460,683	2,543,792

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 7 March 2019

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 Financial Statements

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. The financial statements refer to the Company's financial statements as at and for the year ended 31 December 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, the Caribbean and Europe.

The Company's parent, which is also its ultimate parent entity, is N.V. Verenigde Surinaamse Holdingmij./ 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 a 98.9% share and which is recognized as discontinued operations as of June 2017.

These financial statements were authorized for issue by the Supervisory Board on 7 March 2019 and will be submitted for approval to the Annual General Meeting of Shareholders on 27 March 2019.

2. Basis of preparation

2.1) Statement of compliance

The financial statements 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 accumulated amortization. Other assets and liabilities are stated at face value using the historical cost method.

2.3) Functional and presentation currency

These financial statements are presented in Suriname Dollars (SRD), which is the Company's functional currency. All financial information presented in Suriname Dollars has been rounded to the nearest dollar.

2.4) Use of estimates and judgments

The preparation of 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. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 17.

2.5) Applications of IFRS Standards

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

- IAS 02 : Inventories
- IAS 07 : Statement of Cash Flows
- IAS 16 : Property, Plant and Equipment
- IAS 17 : Leases
- IAS 18 : Revenue
- IAS 19 : Employee Benefits
- IAS 24 : Related Party Disclosures
- IAS 33 : Earnings per Share

3. Accounting policies

The accounting policies adopted and the presentation are consistent with the previous financial year except for the following:

- **Change in accounting policies**

- Inventories*

- With effect from 1 January 2018, the Company adopted IAS 2 'Inventories' and changed its stock valuation method to average cost. The change in accounting policy has been applied prospectively.

- **Change in presentation**

- Employee Benefits*

- With effect from 1 January 2018 and in accordance with IAS 19 'Employee Benefits' the actuarial gains or losses arising from experience adjustments and changes in the actuarial assumptions are recognized in Other Comprehensive Income.

Notes to the Financial Statements

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 reporting date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the statement of income.

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

in SRD	2018	2017
USD	7.60	7.55
EURO	8.70	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 5 - 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 statement of income. There are no assets held under financial leases, and assets held under operating leases are not recognized in the statement of financial position.

Investments in progress are carried at cost on the basis of expenditure at reporting date. Investments in progress are not depreciated. Upon completion, the total costs are transferred to the relevant PP&E.

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 statement of income under depreciation/amortization.

The current estimated useful is 3 years.

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 equity value and the Company's share in the profit or loss is recognized in the Company's statement of income.

Financial assets

Financial assets consist of shares in two companies:

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

Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

Notes to the Financial Statements

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity.

Earnings per share

Earnings per share is calculated by dividing the net earnings 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 Company's 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 statement of financial position.

Employee benefits

Pension obligation

The Company participates in a defined benefit pension plan. Some employees participate in a pension foundation which is a separate legal entity while other employees participate in a pension fund administered by Assuria Levensverzekering N.V..

Other post-employment obligation

For some employees, the Company has an obligation to pay medical insurance as a post employment benefit to pensioners. A liability based on actuarial calculations has been recognized for this long-term employee benefit obligation.

Short-term employee benefits

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

Trade and other payables

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

Sales

Sale 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 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 gain/loss on disposal of PP&E and proceeds from promotional activities and other miscellaneous income.

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 statement of income on a straight-line basis over the term of the lease.

Income tax

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables or payables 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 at 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 at reporting date.

Notes to the Financial Statements

4. Sales and Cost of sales

in SRD	2018	2017
Sales production	75,462,813	71,285,661
Sales merchandise	2,056,749	2,143,388
Total sales	77,519,562	73,429,049
Cost of sales production	39,775,231	35,456,123
Cost of sales merchandise	1,191,873	1,179,598
Total cost of sales	40,967,104	36,635,721
Gross profits	36,552,458	36,793,328

5. Other non-operating income

in SRD	2018	2017
(Loss) / gain on disposal	(99,245)	172,529
Other	286,845	843,281
Total non-operating income	187,600	1,015,810

6. Personnel expense

in SRD	2018	2017
Salaries and wages	10,096,979	8,511,181
Vacation and holiday expenses	648,746	700,590
Bonuses	1,720,989	1,628,220
Medical	1,118,215	1,320,103
Contribution to pension plan	1,109,964	1,176,535
Training	76,548	162,190
Other post-employment benefits	678,832	-
Other personnel expenses	564,289	528,444
Total personnel costs	16,014,562	14,027,263

Pensions

The pensions of employees are administered by Assuria Levensverzekering N.V. (Assuria). Employees contribute 6% of their base salary to Assuria. The balance of the actuarial calculated pension premiums is contributed by the Company. The plan maintained by Assuria is a defined benefit plan, with the following maximum base salary per year:

- Personnel SRD 60,000
- Staff SRD 72,000

Members of the Management and employees who elected to join the Stichting VSH Pensioenfonds contribute 5% while the Company contributes 12% of the base salary to the foundation. The plan maintained by the foundation is a defined benefit plan, with the following maximum base salary per year:

- Personnel SRD 78,000
- Staff SRD 162,500
- Management SRD 260,000

Pension liabilities of the foundation at 31 December 2018 amounted to SRD 49,430,278⁵ and total equity amounted to SRD 73,902,812⁵.

The Company's pension contribution is as follows:

in SRD	2018	2017
Pension costs	1,509,207	1,508,317
Contribution by employees	(399,243)	(331,782)
Total pension costs	1,109,964	1,176,535

⁵unaudited

Notes to the Financial Statements

7. Administrative expenses

in SRD	2018	2017
Marketing	2,707,042	3,772,609
Manufacturing	3,783,308	3,715,753
Maintenance	2,291,859	2,220,443
Office	1,581,693	1,184,413
Other	2,769,115	3,319,212
Total administrative expenses	13,133,017	14,212,430

Other includes exchange gains of SRD 23,341 (2017: exchange losses of SRD 359,402).

8. Provisions

in SRD	2018	2017
Uncollectible amounts	-	(1,876)
Waste disposal	-	(45,498)
Redundancy	(8,824)	(551,545)
Reduced marketability of inventories and write-off	699,480	-
Total provisions	690,656	(598,919)

9. Income tax and deferred tax liabilities

Income tax

Income tax is calculated at the applicable rate (36%) over the earnings of the financial year, taking into account temporary differences between the calculation of earnings according to the financial statements and the taxable earnings calculation.

In 2018, the Tax Inspector agreed that the final tax assessments for the years 2007 and 2008 will be imposed according to the filed income tax returns.

There will be no audit for the years up to and including 2012 because the law prohibits the Tax Inspector to impose a corrected final income tax assessment after 5 years following the end of the tax year.

For the years 2014 up to and including 2016, the Company has filed final income tax returns that resulted in a refund of income tax paid.

The income tax receivable/payable is specified as follows:

in SRD	2018	2017
Balance at 1 January	611,817	(1,273,257)
Paid during the year	(1,627,182)	(403,042)
Due over the year	36,408	1,882,480
PP&E replacement reserve	239,510	250,573
Inventory adjustments	(178,423)	155,064
Balance at 31 December	(917,870)	611,817

Deferred tax liabilities

Deferred tax liabilities relate to tax liabilities arising from the differences between valuation for commercial and for tax purposes. In the following movement of the deferred tax liabilities the effect of such differences in valuation principles is presented.

in SRD	2018	2017
Balance at 1 January	2,984,164	3,389,801
Inventory adjustments	178,423	(155,064)
PP&E replacement reserve	(239,510)	(250,573)
Balance at 31 December	2,923,077	2,984,164

Notes to the Financial Statements

10. Earnings per share

All shares of the Company are ordinary shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2018 was based on the earnings attributable to ordinary shareholders of the Company of SRD 1,068,371 (2017: SRD 3,381,560) and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2018 of 5,002,200 (2017: 5,002,200).

in SRD	2018	2017
Numbers of shares	5,002,200	5,002,200
Earnings per share in SRD	0.21	0.68

Dividends paid and proposed

During the financial year the following dividends were declared and paid by the Company:

in SRD	2018	2017
First quarter interim dividend at SRD 0.03 (2017: nil) per share	150,066	-
Second quarter interim dividend at SRD 0.03 (2017: SRD 0.03) per share	150,066	150,066
Third quarter interim dividend at SRD 0.03 (2017: SRD 0.03) per share	150,066	150,066
	450,198	300,132

After reporting date 2018:

Fourth quarter interim dividend: nil (2017: SRD 0.03) per share	-	150,066
No final dividend will be paid for 2018 (2017: SRD 0.11) per share	-	550,242
Total dividend declared	450,198	1,000,440

The proposed dividend 2017 was adopted by the Annual General Meeting of Shareholders of 21 March 2018.

Notes to the Financial Statements

11. Property, plant and equipment and intangible assets

in SRD	Property	Machinery and Equipment	Furniture and Fixtures	Investments in progress	Total	Software
Cost						
At 1 January 2018	17,664,025	20,145,821	5,251,646	1,153,681	44,215,171	163,125
Additions	60,778	2,832,079	87,070	622,409	3,602,335	-
Transfers	-	962,418	-	(962,418)	-	-
Disposals	-	(190,044)	-	-	(190,044)	-
Corrections	-	-	-	(54,839)	(54,839)	-
At 31 December 2018	17,724,802	23,750,274	5,338,716	758,833	47,572,625	163,125
Accumulated Depreciation						
At 1 January 2018	(4,213,186)	(12,525,866)	(4,494,148)	-	(21,233,200)	(136,244)
Depreciation charge	(585,775)	(1,830,648)	(291,913)	-	(2,708,335)	(26,881)
Corrections	-	-	-	-	-	-
Written back on disposals	-	90,799	-	-	90,799	-
At 31 December 2018	(4,798,961)	(14,265,715)	(4,786,061)	-	(23,850,737)	(163,125)
Net Carrying Amount						
At 1 January 2018	13,450,838	7,619,955	757,498	1,153,681	22,981,971	26,881
At 31 December 2018	12,925,841	9,484,559	552,655	758,833	23,721,888	-

in SRD	Property	Machinery and Equipment	Furniture and Fixtures	Investments in progress	Total	Software
Cost						
At 1 January 2017	16,066,204	17,457,408	5,149,477	1,760,217	40,433,305	163,125
Additions	-	1,457,404	223,364	2,765,240	4,446,008	-
Transfers	1,597,820	1,740,470	33,485	(3,371,776)	-	-
Disposals	-	(532,172)	(131,970)	-	(664,141)	-
Corrections	-	22,711	(22,711)	-	-	-
At 31 December 2017	17,664,025	20,145,821	5,251,646	1,153,681	44,215,171	163,125
Accumulated Depreciation						
At 1 January 2017	(3,665,314)	(11,520,271)	(4,361,145)	-	(19,546,730)	(117,269)
Depreciation charge	(547,872)	(1,420,048)	(273,301)	-	(2,241,221)	(18,975)
Corrections	-	(8,327)	8,327	-	-	-
Written back on disposals	-	422,781	131,970	-	554,750	-
At 31 December 2017	(4,213,186)	(12,525,866)	(4,494,148)	-	(21,233,200)	(136,244)
Net Carrying Amount						
At 1 January 2017	12,400,890	5,937,136	788,333	1,760,217	20,886,575	45,856
At 31 December 2017	13,450,838	7,619,955	757,498	1,153,681	22,981,971	26,881

The PP&E and intangible assets are insured against fire up to USD 10,298,438 (SRD 78,268,129).

Notes to the Financial Statements

12. Subsidiary and financial assets

Discontinued operations

Discontinued operations relates to the company's 98.9% subsidiary Carifrico N.V.

Earnings of Carifrico N.V. (unaudited)

in SRD	2018	2017
Income	31,798	227,687
Expenses	(8,079)	(172,497)
Earnings before tax	23,719	55,190
Income tax	(8,539)	(19,868)
Earnings after tax	15,180	35,321

Statement of Financial Position of Carifrico N.V. (unaudited)

in SRD	2018	2017
Assets		
Property, plant and equipment	1,327,510	1,327,510
Intercompany receivables	606,480	607,521
Income tax receivable	32,378	16,157
Total Assets	1,966,368	1,951,188
Equity and Liabilities		
Share capital	2,000	2,000
Revaluation reserve	1,327,510	1,327,510
Retained earnings	614,838	579,517
Earnings for the year	15,180	35,321
Total Equity	1,959,528	1,944,348
Trade and other payables	6,840	6,840
Total Liabilities	6,840	6,840
Total Equity and Liabilities	1,966,368	1,951,188

Financial assets

The financial assets consist of:

- 100% share in CIC Plastics N.V. and consist of all outstanding shares in this company. At present there are no activities in CIC Plastics N.V. This asset is valued at equity value of SRD 1,000.
- 25% share in N.V. Chemco. This asset is valued at cost of SRD 83.

13. Inventories

in SRD	2018	2017
Raw materials and packaging	13,465,744	13,082,045
Goods for sale	1,802,358	1,380,394
Finished goods	2,111,669	1,982,938
Supplies and spare parts	1,426,046	1,377,518
Goods in transit	4,758,066	2,633,070
Provision for reduced marketability	(667,443)	(128,919)
Total Inventories	22,896,440	20,327,046

The inventories are insured against fire up to USD 2,490,519 (SRD 18,927,944).

Notes to the Financial Statements

14. Trade and other receivables

in SRD	2018	2017
Trade receivables	6,665,018	5,577,692
Less provision for uncollectible amounts	-	-
Net trade receivables	6,665,018	5,577,692
Receivables regarding personnel	1,111	22,519
Prepayments and deposits	194,240	162,235
Import duties to be settled	39,874	25,701
Other receivables	929	36,323
Total trade and other receivables	6,901,172	5,824,470

15. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash on hand.

in SRD	2018	2017
Denominated in SRD	1,287,370	402,976
Denominated in US Dollars	1,146,004	2,101,716
Denominated in EURO	27,309	39,100
Total cash and cash equivalents	2,460,683	2,543,792

The cash and cash equivalents are at the free disposal of the Company.

16. Share capital and Capital in excess of par value

At 31 December 2018 the issued share capital comprised of 5,002,200 shares (2017: 5,002,200 shares) with a par value of SRD 0.10 each. All issued shares are fully paid up.

The capital in excess of par value relates to the difference between the nominal value and the price of the shares issued in 1998 and 2016 minus the amount paid up in 2013 by disbursement of SRD 0.09 nominal (conversion of SRG to SRD shares).

17. Provision

Provisions consist of:

in SRD	2018	2017
Redundancy*	-	130,000
Total provision	-	130,000

*Short-term provision <12 months	-	130,000
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Redundancy

Provision was made for redundancy payments in line with planned organizational restructuring.

Notes to the Financial Statements

18. Defined benefit obligation

The amount recognized in the statement of financial position was determined as follows:

in SRD	2018	2017
Present value of unfunded obligation	5,574,494	3,802,305

Movement in the defined benefit obligation is as follows:

	2018	2017
Balance at 1 January	3,802,305	3,802,305
Current service cost	498,983	-
Interest cost	179,849	-
	678,832	-
Actuarial loss / (gain)	1,544,738	-
Contributions paid	(451,381)	-
Balance at 31 December	5,574,494	3,802,305

The amounts recognized in the statement of income were as follows:

	2018	2017
Current service cost	498,983	-
Interest cost	179,849	-
Total included in personnel costs (note 6)	678,832	-

Notes to the Financial Statements

19. Borrowings

Borrowings consists of long-term loans for investments in buildings and machinery and short-term loans which comprise of two secured bank overdraft facilities.

The movement in borrowings is as follows:

in SRD	2018	2017
Balance at 1 January	5,294,328	3,092,625
Movements:		
Effect of foreign exchange movements	15,352	(17,889)
Loans received	3,713,415	4,132,804
Loan installments	(2,657,193)	(2,601,406)
Interest	627,058	688,194
	6,992,960	5,294,328
Short-term (<12 months)	(3,968,282)	(1,572,640)
Balance at 31 December	3,024,678	3,721,688

Bank and other loans comprise of:

in SRD	Balance at 31 December 2018	Repayment obligation 2019	Remaining maturity >1 year	Remaining maturity > 5 year
Secured on assets				
Bank borrowings	2,062,824	629,853	1,432,971	-
Bank overdrafts	2,958,415	2,958,415	-	-
	5,021,239	3,588,268	1,432,971	-
Unsecured				
Other loans	1,971,721	380,014	1,591,707	-
	6,992,960	3,968,282	3,024,678	-

Secured loans are supported by a mortgage on land and buildings at Saramaccadoorsteek no. 10; pledge of securities; fiduciary assignment of inventories and a fiduciary assignment of machinery and equipment.
Interest rate on loans range between 7.25% - 8.25% (2017: 7.25% - 8.25%).

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

Notes to the Financial Statements

20. Trade and other payables

in SRD	2018	2017
Trade payables	10,607,673	7,206,554
Other taxes payable	660,891	550,598
Employee benefits	1,230,481	1,197,229
Dividend payable	125,767	55,816
Other payables	75,966	77,781
Trade and other payables	12,700,778	9,087,978

21. Off balance sheet commitments

Operational leases

The total commitments for future minimum lease payments under non-cancelable operational leases per reporting date amount to:

in SRD	2018	2017
Due within one year	2,142,855	2,010,630
Between one and five years	2,680,881	5,520,556
Total	4,823,736	7,531,186

22. Related party disclosure

Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2018 the total remuneration amounted to SRD 94,888 (2017: SRD 72,288).

Management

The remuneration of key management personnel of the Company is determined by the Supervisory Board. The remuneration consists of a fixed monthly salary and a bonus. The bonus of the Managing Director is based on the Executive Performance Scheme and is measured against a yearly minimum target of 15% of return on capital employed. Based on the 2018 return on capital employed of 4%, no short-term or long-term bonus will be paid.

Loan from related party

Short-term loan payable to VSH United was due by October 2018. The loan bears interest in line with market rates. This was fully repaid in January 2019.

Related party transactions

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

The related party transactions are executed on an arm's length basis. Outstanding balances are not secured, do not carry interest and are settled with cash and cash equivalents.

The yearly IT related services and salary administration services invoiced by VSH United amounts to SRD 997,364 (2017: SRD 637,378).

Contribution

The Company contributes on a monthly basis 1.5% of the earnings before tax to the VSH Community Fund. In 2018 the total contribution to the VSH Community Fund amounted to SRD 51,008 (2017: SRD 104,800).

23. Subsequent events

On 20 February 2019 a secured loan agreement was signed with a local bank in the amount of USD 500,000. Two additional agreements were signed for overdraft facilities with a maximum of SRD 500,000 and USD 500,000.



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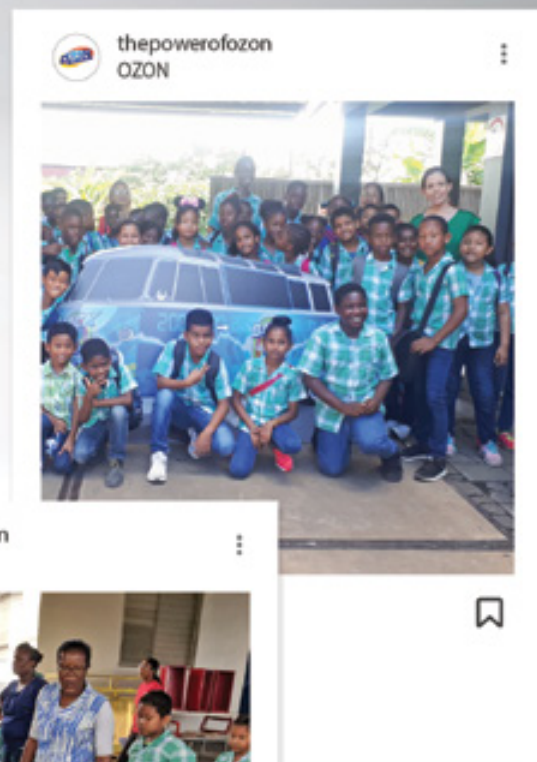
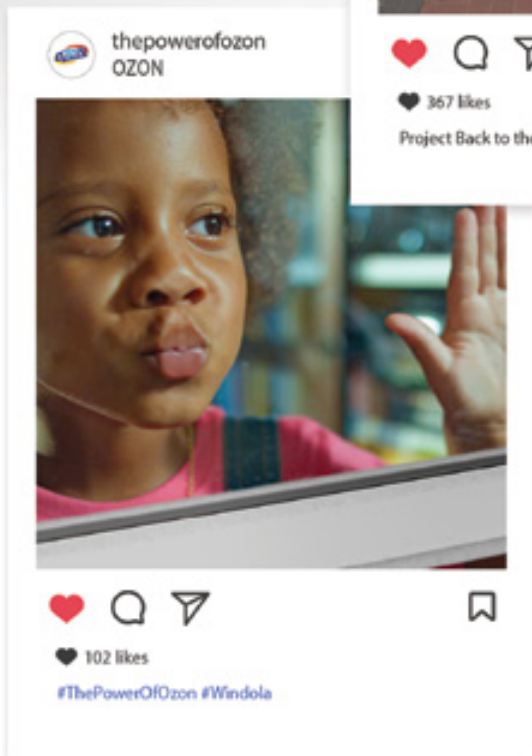
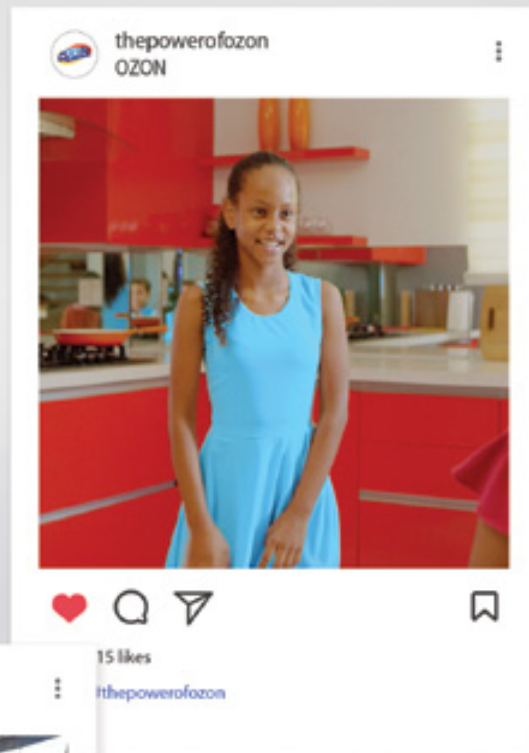
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