



**N.V. Consolidated Industries Corporation**

# First Half Year Report 2017

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# Managing Director's report first half year 2017

## Company Profile

N.V. Consolidated Industries Corporation (CIC) is a publicly listed company that was established in 1967 and part of the VSH United Group. We are a dynamic manufacturing company of high quality household detergents and plastic packaging materials situated near the southern end of Paramaribo, the capital city of Suriname. CIC commenced its commercial activities with the production and distribution of powder detergents for household and industrial use. The initial equipment included a spray tower (capacity 2,400 MT per annum), a steam boiler and a box-filling machine. The potential success for different detergent types was quickly realized and the Company expanded to include a wide variety of liquid detergents, insect repellent and plastic packaging materials.

By January 2010, replacement investments in the plastic- and liquid equipment had resulted in a new production facility, which readied us for 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 started exporting to four new destinations. With 120 employees we proudly produce, distribute and market OZON, SUN, Witboij, Klinol, Tropical Bush and Lysol products for our customer base in Suriname and most markets in the Caribbean.

## 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

## 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

The economic decline of 9%<sup>1</sup> in 2016 continued to affect our business in the first half of 2017. Local disposable income was eroded by rate increases for potable water and gasoline. The International Monetary Fund) (IMF) economic reform program adopted by the Suriname Government in May 2016 was halted. Elimination of subsidies on water, fuel and electricity remain an issue for the government. The 12 month inflation at the end of June 2017 amounted to 19.7%<sup>2</sup>.

<sup>1</sup> Source: International Monetary Fund

<sup>2</sup> Source: General Bureau of Statistics

## The Company

On 22 March 2017 the Annual General Meeting of Shareholders approved the financial statements 2016 and the proposed dividend 2016 of SRD 0.08 per share of nominal SRD 0.10 each. Subject to unforeseen developments the Supervisory Board of Directors has approved the payment of quarterly dividend for the year 2017 at SRD 0.03 per share of nominal SRD 0.10 starting in the second quarter of 2017.

## Financial overview

Revenue in the first half year 2017 amounted to SRD 18.4 million compared to SRD 17.3 million in the first half year 2016. The improved results were driven mainly by local sales price increases over the period and cost price stability of our raw and packaging materials.

# Managing Director's report first half year 2017

Personnel expenses were 31% higher compared to the same period in 2016. Salaries of employees increased by 27% between July 2016 – June 2017, reflecting cost of living adjustments.

Operational expenditure increased by 1% compared to the same period last year primarily due to the impact of the devaluation of the Suriname dollar in 2016. Profit before taxes in the first half of 2017 amounted to SRD 2,296,865 (2016: SRD 1,367,584).

Subsidiary N.V. Carifrico (98.9%) had no other revenue than renting its facilities to CIC for storage purposes. Income from Carifrico amounted to SRD 44,212 in the reporting period. (first half year 2016: SRD 55,975).

## Outlook second half year 2017

Due to the economic challenges of 2016, we anticipated marginal growth in our revenues. In the second half of the year, our priorities remain focused on increasing our export market revenues; maintaining local market margins; improving operational efficiency through realized investments and keeping personnel motivated. We expect the results for the second half to remain positive and comparably slightly better than 2016.

Paramaribo, 8 August 2017

**Kathleen Healy**  
*Managing Director*

# Condensed Statement of Income for the six months ended 30 June 2017

	30 June 2017	30 June 2016
	SRD	SRD
<b>Revenue</b>		
<i>Industry</i>		
Sales	35,190,541	26,654,204
Cost of sales	17,335,019	9,413,466
	17,855,522	17,240,738
Profit of subsidiary	44,212	55,975
Other income	543,020	35,733
	18,442,754	17,332,446
<b>Costs</b>		
Personnel expense	6,693,123	5,121,194
Distribution costs	963,746	589,910
Administrative expense	7,061,392	8,973,232
Interest	362,108	228,361
Depreciation	1,113,356	1,052,165
Provisions	(47,836)	-
	16,145,889	15,964,862
<b>Profit before tax</b>	2,296,865	1,367,584
Income tax	810,955	472,179
<b>Net profit for the period</b>	1,485,910	895,405
<b>EARNINGS PER SHARE</b>		
Number of shares outstanding	5,002,200	5,002,185
Earnings per share	0.30	0.18

The accompanying notes on pages 9 to 13 are an integral part of these condensed interim financial statements.

Paramaribo, 8 August 2017

## 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 Balance Sheet at 30 June 2017 before appropriation of profit

ASSETS	30 June 2017	31 December 2016
	SRD	SRD
<b>Non-current assets</b>		
Property, plant and equipment	22,137,841	20,886,575
Intangible assets	36,369	45,856
Subsidiary	1,932,239	1,888,027
Financial Assets	1,083	1,083
<b>Total non-current assets</b>	<b>24,107,532</b>	<b>22,821,541</b>
<b>Current assets</b>		
Inventories	21,964,651	22,157,302
Trade and other receivables	7,136,553	8,800,526
Income tax receivable	563,062	1,273,257
Cash and cash equivalents	450,557	610,764
<b>Total current assets</b>	<b>30,114,823</b>	<b>32,841,849</b>
<b>Total assets</b>	<b>54,222,355</b>	<b>55,663,390</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	500,220	500,220
Capital in excess of par value	39,874	39,874
Revaluation reserve	4,902,791	4,902,791
Retained earnings	22,435,706	19,001,707
Profit for the period/year	1,485,910	3,828,725
<b>Total equity</b>	<b>29,364,501</b>	<b>28,273,317</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liability	3,389,801	3,389,801
Provisions	3,802,305	3,802,305
Long-term borrowings	6,397,936	2,566,125
<b>Total non-current liabilities</b>	<b>13,590,042</b>	<b>9,758,231</b>
<b>Current liabilities</b>		
Provisions	706,270	1,197,856
Short-term borrowings	1,670,905	2,687,022
Subsidiary payables	622,073	601,584
Trade and other payables	8,268,564	13,145,380
<b>Total current liabilities</b>	<b>11,267,812</b>	<b>17,631,842</b>
<b>Total equity and liabilities</b>	<b>54,222,355</b>	<b>55,663,390</b>

The accompanying notes on pages 9 to 13 are an integral part of these condensed interim financial statements.

Paramaribo, 8 August 2017

## 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 six months ended 30 June 2017

in SRD	SHARE CAPITAL	CAPITAL IN EXCESS OF PAR VALUE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
<b>EQUITY at 1 January 2016</b>	500,219	39,710	4,902,791	19,151,773	24,594,493
Issue of shares	1	164	-	-	165
Profit for the period	-	-	-	895,405	895,405
Dividend	-	-	-	(150,066)	(150,066)
<b>EQUITY at 30 June 2016</b>					
<b>before appropriation of profit</b>	500,220	39,874	4,902,791	19,897,112	25,339,997
Profit for the period	-	-	-	2,933,320	2,933,320
<b>EQUITY at 31 December 2016</b>					
<b>before appropriation of profit</b>	500,220	39,874	4,902,791	22,830,432	28,273,317
Final dividend	-	-	-	(250,110)	(250,110)
<b>EQUITY at 31 December 2016</b>					
<b>after appropriation of profit</b>	500,220	39,874	4,902,791	22,580,322	28,023,207
Profit for the period	-	-	-	1,485,910	1,485,910
Interim dividend	-	-	-	(150,066)	(150,066)
Unclaimed dividend	-	-	-	5,450	5,450
<b>EQUITY at 30 June 2017</b>					
<b>before appropriation of profit</b>	500,220	39,874	4,902,791	23,921,616	29,364,501

The accompanying notes on pages 9 to 13 are an integral part of these condensed interim financial statements.

Paramaribo, 8 August 2017

## 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 2017

	30 June 2017	30 June 2016
<b>Cash flow from operating activities:</b>		
Profit before tax	SRD 2,296,865	SRD 1,367,584
<i>Adjusted for:</i>		
- Depreciation	1,113,356	1,052,165
- Gain on disposal of PPE	(26,180)	-
- Profit of subsidiary	(44,212)	(55,975)
- Provisions	(47,836)	-
- Interest paid	362,108	228,361
<i>Changes in working capital:</i>		
- Change in inventories	192,651	(7,016,720)
- Change in trade and other receivables	1,663,973	(3,377,057)
- Change in trade and other payables	(5,893,049)	6,786,539
- Change in subsidiary payable	20,489	66,598
- Adjustments of current assets due to provisions	1,874	164
<b>Cash used from operations</b>	<b>(359,961)</b>	<b>(948,341)</b>
Paid interest	(362,108)	(228,361)
Paid income tax	(100,760)	(319,167)
<b>Net cash used from operating activities</b>	<b>(822,829)</b>	<b>(1,495,869)</b>
<b>Cash flow from investing activities:</b>		
Disposal of property, plant & equipment	26,180	-
Purchase of property, plant & equipment	(1,733,627)	(1,247,998)
<b>Net cash used in investing activities</b>	<b>(1,707,447)</b>	<b>(1,247,998)</b>
<b>Cash flow from financing activities:</b>		
Proceeds and repayments from loans	2,815,694	1,914,628
Payments disposal of waste	(341,393)	-
Payment for redundancy	(104,232)	-
Dividend paid	-	(700,306)
<b>Net cash from financing activities</b>	<b>2,370,069</b>	<b>1,214,322</b>
<b>Net decrease in cash for the period</b>	<b>(160,207)</b>	<b>(1,529,545)</b>
Cash and cash equivalents at 1 January	610,764	2,083,871
<b>Cash and cash equivalents at 30 June</b>	<b>450,557</b>	<b>554,326</b>

The accompanying notes on pages 9 to 13 are an integral part of these condensed interim financial statements.

Paramaribo, 8 August 2017

## 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 2017

## 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 2017.

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 8 August 2017.

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 2016, which have been prepared in accordance with generally accepted accounting principles.

### 2.2) Basis of Measurement

Specific basis of measurement are:

Property is valued at costs adjusted for hyperinflation less accumulated depreciation. Plant and equipment are valued at cost less accumulated depreciation. Financial assets are presented at fair value. Subsidiary is valued at net asset value. Intangible assets are valued at cost less cumulated amortization. Other assets and liabilities are stated at face value using the historical cost method.

The methods used to measure fair value are discussed further in note 3.

### 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 19 : Employee Benefits

IAS 24 : Related Party Disclosures

IAS 29 : Financial Reporting in Hyperinflationary Economies

IAS 33 : Earnings per Share

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2017

## 3.) Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

### 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 balance sheet 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 balance sheet are:

in SRD	30 June 2017	31 December 2016
USD	7.65	7.50
EURO	8.73	7.93

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

Land is carried at cost adjusted for revaluation. Land improvements and buildings are carried at cost adjusted for hyperinflation less accumulated depreciation. 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 statement of income. There are no assets held under financial leases, and assets held under operating leases are not recognized in the balance sheet.

### 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.

### 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.

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2017

## 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 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 nominal 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.

## 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 the balance sheet 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 are made for the estimated costs arising under these warranties upon the date of sale of the relevant products. Provisions which are expected to be utilized within a year are presented within other current liabilities in the balance sheet.

## 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.

## Trade and other payables

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

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2017

## Revenue

Revenue from the 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. Revenue from the 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 income

Other income comprises of bank interest, income related to previous years items and proceeds from promo activities. Interest income is recognized when earned.

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

## 4.) Use of estimates and judgments

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 balance sheet 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 balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 6.) Dividend declaration and payment

The total dividend for 2016 of SRD 0.08 per share of nominal SRD 0.10 per share was adopted in the Annual General Meeting of Shareholders of 22 March 2017. A second quarter interim dividend for the year 2017 of SRD 0.03 per share of nominal SRD 0.10 per share (2016 first quarter: SRD 0.03 per share) was declared.

# Notes to the Condensed Interim Financial Statements as at and for the six months ended 30 June 2017

## 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 2017 total remuneration amounted to SRD 37,986 (first half year 2016: SRD 32,680).

### Related parties 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 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 2017 the total contribution to the VSH Community Fund amounted to SRD 42,664 (first half year 2016: SRD 11,945).

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

To: the Shareholders, Supervisory Board and Managing Director 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 balance sheet at 30 June 2017, the condensed statements of income, changes in equity and the cash flows for the period of six months ended 30 June 2017 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 2017 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

*Paramaribo, 8 August 2017*

## Lutchman & Co

*Represented and signed by*  
*Drs M.R.A. Lutchman RA, chartered accountant*