

ANNUAL REPORT 2019



ADVANCEMENT

PROGRESS

CHANGE

GROWTH

IMPROVEMENT



N.V. CONSOLIDATED INDUSTRIES CORPORATION

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N.V. CONSOLIDATED INDUSTRIES CORPORATION

OZON SPLASH EVENT

24 August 2019



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 has continued across the full line of our OZON products.

With 117 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



THE COMPANY

CORPORATE RESPONSIBILITY

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

Water

In 2019 we harvested a total of 852 M³ of rainwater.

Electricity

In 2019 we achieved the target of ≤ 245 kva/MT for energy consumption.

Fossil fuel

4% less fossil fuel per MT used in 2019.

Injury

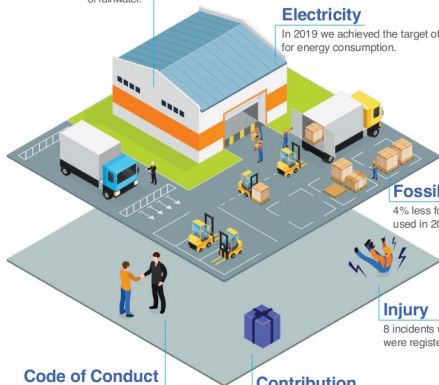
8 incidents with personal harm were registered in 2019.

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. In 2020, refreshment training on the Code of Conduct will take place.

Contribution

SRD 80K contributed to VSH Community Fund and other donations made.



THE COMPANY

QUALITY MANAGEMENT SYSTEM

CIC has been ISO9001 certified since 2006. 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.

Since 2018, we are in compliance with the ISO9001:2015 standard and have successfully passed the external QMS audit in 2019.

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 2019 were:

	Target 2019	2019	2018
Re-work Plastic	< 0.18%	0.32%	0.18%
Re-work Liquid	< 0.35%	0.87%	0.39%
Re-work Powder	< 0.60%	0.72%	0.75%

ENVIRONMENTAL MANAGEMENT SYSTEM

CIC has been ISO14001 certified since 2013. 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. Since 2018, we are in compliance with ISO14001:2015 standard and have successfully passed the external EMS audit in 2019.

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 2019 were:

	Target 2019	2019	2018
Energy consumption per MT	≤ 245 kva	243 kva	255 kva
Fuel consumption per MT	≤ 95 liters	98 liters	103 liters
Water consumption per MT	≤ 1,200 liters	1,361 liters	1,180 liters

Doing business abroad





All you need is 1 DROP

**45% MORE
CLEANING
POWER**



REPORT OF THE SUPERVISORY BOARD



1. James J. Healy Jr. - *Chairman* 2. Stephen Smit - *Vice Chairman* 3. Aubrey Nai Chung Tong 4. Malini Ramsundersingh 5. Oliver Smith 6. Patrick Healy

To the Shareholders

We hereby present our report on the activities of the Supervisory Board in 2019.

The Supervisory Board performed its duties in accordance with Suriname law, the company's bylaws 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, 11 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 key positions.

In the meeting of the Supervisory Board held on 8 October 2019 management reported on progress made in 2019 with respect to the long-term strategic plan. In the same meeting management also presented the financial and operational plan for 2020 and the Board approved capital expenditures for 2020.

Corporate Governance

In the meeting of the Supervisory Board held on 15 January 2019 the internal audit plan for 2019 was presented by the Internal Audit Department and approved by the Supervisory Board.

On 14 January 2020, the results of the internal audits 2019 were presented to the Supervisory Board as well as the audit plan for 2020. The result of the annual peer-to-peer appraisal 2019 was discussed with the Supervisory Board on 12 May 2020.

The Audit Committee held 2 meetings in 2019. Topics discussed during these meetings were the Management Letter, the financials and audit reports presented by the Internal Audit Department for 2019.

REPORT OF THE SUPERVISORY BOARD

Supervisory Board changes and appointments

Under article 13 of the bylaws 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 General Meeting of Shareholders held on 27 March 2019.

Being eligible, the members 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 General Meeting of Shareholders. Having reached the retirement age for supervisory directors as stipulated in Article 12 section 1 of the by-laws, Mr. J.J. Healy Jr. will not offer himself for re-election. Mr. J. J. Healy Jr. has been a board member since 1982. He also served as Managing Director ad interim from 1 July till 31 December 2008. We thank Mr. Healy for his great contribution to the company.

To fill the vacancy the Supervisory Board recommends that Mr. Elton Woei A Tjoen be elected as a member of the Supervisory Board.

Management Changes and Appointments

Mr. T. Lees resigned from his position as logistics manager in August 2019. Mr. O. Read joined the Company in July 2019 and was appointed Head of the Warehouse Department.

Performance of the Supervisory Board

On 14 January 2020 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 its support and guidance on expansion of the operating facilities, diversification, developing a reward structure for key persons, risk management and increase export sales.

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 (2019-2021) target of 180% for growth in gross profit for the period. Capital Employed at 1 January 2019 amounted to SRD 41,561,570 and the Return on Capital Employed achieved in 2019 was 9.5% (2018: 4.0%). Based on these results no short-term bonus was awarded to the Managing Director.

On 10 December 2019 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 diversification, mitigating turnover of key persons, increase export sales to 40% of total sales, expansion of operations facilities.

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.

In the meeting of the Supervisory Board held on 18 February 2020, the Management recommended increasing the remuneration of the Supervisory Board to SRD 108,144 per year effective 1 July 2020. The Supervisory Board endorses this recommendation and request the approval of the Shareholders.

Dividend Policy and Interim Dividend

The policy of the Company is to pay a dividend in the order of 30% of the net earnings. Considering the effects of the local financial crisis and the global pandemic on the Company's cash flow position, the Supervisory Board has approved the request of Management to suspend dividend payments until further notice.

Financial Statements and division of profit

In compliance with the requirements of article 36 of the bylaws, management presented the financial statements 2019 to the Supervisory Board on 15 April 2020.

These financial statements can be found on pages 18 to 35 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 2019 amounts to SRD 2,527,636 (2018: SRD 1,068,371). We recommend that the Shareholders approve the accounts as presented.

The Supervisory Board endorses the recommendation of the Management to pay a cash dividend for the year 2019 of SRD 600,264 (2018: SRD 450,198). If approved, total dividend will amount to SRD 0.12 per share and the balance of the net earnings amounting to SRD 1,927,372 will be added to retained earnings. The total amount of SRD 0.12 per share has already been paid out through quarterly dividend.

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 2019.

Paramaribo, 12 May 2020

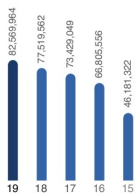
The Supervisory Board,

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

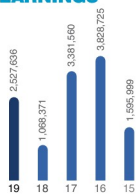
FINANCIAL HIGHLIGHTS

in SRD	2019	2018	2017	2016	2015
Sales	82,569,964	77,519,562	73,429,049	66,805,556	46,181,322
Net earnings	2,527,636	1,068,371	3,381,560	3,828,725	1,595,999
Return on sales	3.1%	1.4%	4.6%	5.7%	3.5%
Return on assets	4.2%	1.8%	6.3%	6.9%	3.7%
Shareholders' equity	31,822,176	30,039,321	31,110,088	28,273,317	25,144,733
Liabilities	28,099,908	28,797,788	22,518,115	27,390,073	18,330,301
Total equity and liabilities	59,922,084	58,837,109	53,628,203	55,663,390	43,475,034
USD exchange rate (per end of year)	8.20	7.60	7.55	7.50	4.20
Per share of SRD 0.10	2019	2018	2017	2016	2015
Earnings per share	0.51	0.21	0.68	0.77	0.32
Cash dividend	0.12	0.09	0.20	0.08	0.20
Share price	13.00	11.00	11.00	11.00	10.50

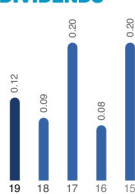
SALES



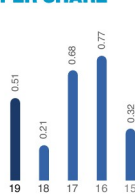
NET EARNINGS



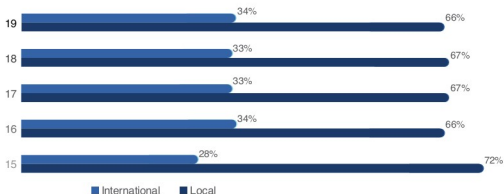
CASH DIVIDENDS



EARNINGS PER SHARE



INTERNATIONAL vs. LOCAL SALES



MANAGING DIRECTOR'S REPORT



1. Kathleen Healy- *Managing Director* 2. Maikel Macintosh- *Operations Manager* 3. Ann Maria Diran- *Financial Controller*
4. Xamira Visser- *Human Resource Officer* 5. Jane Setrowidjjo- *Management Assistant* 6. Aisha Esseboom- *Marketing Manager*
7. Raina Basant- *Sales Manager Local* 8. Danielle Phang- *Sales Manager Regional* 9. Raoul Weijers- *Procurement Manager*
10. Dewanand Ramial- *Head Technical Department* 11. Trees Djasiman- *HSEQ Manager*

The business environment

In 2019, the overall business environment in Suriname was mostly stable with an estimated GDP growth of 2.2%¹ and an exchange rate of SRD 8.20 to the USD at the end of the year (2018: SRD 7.60). However, indication of an economic downturn became evident in the fourth quarter of 2019 due to continued Government overspending and shortage of available foreign currency for businesses. The 12-month inflation amounted to 4.2% (2018: 5.4%)².

Prices of key raw- and packaging materials improved for the year as a result of negotiations with suppliers and by expanding our total supplier base.

Production

Overall production volumes decreased by 1% in 2019 to 6,825 MT compared to 6,919 MT in 2018. Powder detergent production volume increased by 1% and productivity improved by 6% for the year.

Automation investments in the liquid detergent department led to a productivity improvement of 2% while production volumes decreased by 2% for the year.

Due to process adjustments in plastic production the number of bottles blown increased by 3% compared to 2018.

Sales and Marketing

With our 2019 strategy focused on improving profitability, we were able to mitigate the effects of disruptions in our markets which resulted in an overall improvement in gross profit of 18.8% compared to the previous year. Total sales increased by 6.5% to SRD 82.6 million compared to SRD 77.5 million in the previous year.

Volumes decreased marginally by 2% due to lower local volumes sold. The re-launch of the Ozon powder detergents in the fourth quarter of 2018 continued to positively impact our sales both locally and within our export markets.

We are proud to say that we continue to grow our brands in key regional markets and remain a solid leader in our local market. Through agility, drive and perseverance, we continue to meet consumer demands for quality and affordability.

TOTAL SALES



CONTRIBUTION TO TOTAL SALES



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

MANAGING DIRECTOR'S REPORT

Human Resource Management (HRM)

The company closed off the year with 117 full time employees (2018: 116). We celebrated the anniversary of 18 employees who served 10 or more years with the company and bade farewell to the following 2 employees who retired in 2019:

Mr. R. Liesdek	25 years with the Company
Mr. R. Pancham	30 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 2019:

Training & education	Number of employees
Project Planning, Management, Scheduling and Control	2
Sales & Marketing	15
Warehouse & Stock Management	4
Maintenance Management	15
Interpersonal Skills	16
HSEQ Programs	24
Biometric Screening	All personnel
Other programs in key areas	3

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 department, management and board meetings. The number of incidents in 2019 was 54, up from 38 in 2018. Of the 54 incidents, 20 are traffic related and 8 are categorized as incidents with personal injury.

In October 2019, 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.

	2019	2018	2017	2016
Total number of incidents	54	38	54	64
Near misses	3	0	2	25
Environmental incidents	6	5	0	13
Personal injury incidents	8	6	0	5
Traffic incidents	20	16	28	10
Low impact incidents	17	11	24	11



MANAGING DIRECTOR'S REPORT

Investments

Capital investments in 2019 amounted to SRD 4.05 million (2018: SRD 3.60 million). Among others, these investments included a weighing and packaging machine, automation in the liquids mixing department, warehouse equipment, molds, wastewater management installation, lab equipment and replacement investments of machinery.

Financial Statements

SRD' 000s	2019	2018	Variance	%
Net sales	82,570	77,520	5,050	7%
Cost of sales	39,975	41,667	(1,692)	(4%)
Gross profit	42,595	35,853	6,742	19%
Personnel expense	18,606	16,015	2,592	16%
Distribution costs	1,200	1,894	(694)	(37%)
Administrative expense	14,375	13,124	1,251	10%
Depreciation / amortization	3,704	2,735	968	35%
EARNINGS FROM OPERATIONS	4,710	2,085	2,625	126%

Sales

Sales increased compared to the previous year by SRD 5.05 million. Both local and export sales grew in most product categories compared to 2018. Costs of sales decreased by SRD 1.69 million mainly due to an adjusted purchasing strategy for key raw- and packaging material.

Operational expenses

Operational expenses increased with SRD 4.1 million to SRD 37.9 million. Significant impactors leading to this increase were:

- Increases in personnel expenses of SRD 2.6 million which were a result of increases in salaries, wages and other salary related benefits including post-employment benefits.
- Increases in administrative expenses of SRD 1.3 million which were primarily attributed to foreign currency exchange losses.

Net earnings

Earnings from operations amounted to SRD 4.71 million compared to SRD 2.09 million in 2018. The main drivers for this increase are attributed to higher gross profit.

Earnings from continuing operations before tax amounted to SRD 3.9 million compared to SRD 1.6 million last year.

Profit appropriation

The Company's dividend policy is to payout a ratio of 30% of net earnings.

Management proposes to pay a cash dividend for the year 2019 of SRD 600,264 (2018: SRD 450,198). This dividend amount represents a 24% payout ratio and has already been paid out through quarterly dividend. No final dividend is proposed due to the uncertain situation as a result of the impact of the COVID-19 pandemic.

If approved, total dividend for the year will amount to SRD 0.12 per share and the balance of the net earnings amounting to SRD 1,927,372 will be added to retained earnings.

Shareholders' equity after appropriation of profit increased by 6% to SRD 31.8 million (2018: SRD 30.0 million).



MANAGING DIRECTOR'S REPORT

Outlook 2020

In the first quarter of the year, CIC has been challenged locally by volatile foreign exchange rates, shortages of foreign currencies and the effects related to the COVID-19 pandemic. The latter not only affecting us locally but also on an international level, as lockdowns resulted in lower sales and logistical challenges. Furthermore, prices of some raw materials in our segment have increased due to a worldwide increase in demand.

It is challenging to assess the impact of the recent COVID-19 pandemic on top of the existing weak macro-economic conditions on our business. Based on current projections for the first half of the year, Management expects lower results than budgeted.

As the world comes to grips with doing business after a pandemic, CIC is aware of the opportunities that have arisen, and we will adapt to the changes by utilizing our strengths to capitalize on these new opportunities. Our team is determined to come out stronger than ever.

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, 12 May 2020

Kathleen Healy,
Managing Director



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying 2019 financial statements of N.V. Consolidated Industries Corporation, the "Company", in Paramaribo, which comprise the statement of financial position as at December 31, 2019, 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.

Emphasis of a Matter

As discussed in Note 22 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Information

Management is responsible for the other information. The other information comprise the information included in the Annual Report 2019, but does not include the financial statements and our auditor's report thereon.

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 2019 financial statements, our responsibility is to read the other information, 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. If, based on the procedures performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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.

INDEPENDENT AUDITOR'S REPORT

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.
- 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, 12 May 2020
Lutchman & Co N.V.

Represented and signed by
D. de Keyzer CA, AA, chartered accountant

CONI RALLY

Donation Ozon products



STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	2019 SRD	2018 SRD
ASSETS			
Non-current assets			
Property, plant and equipment	11	26,396,542	23,721,888
Discontinued operations	12	1,348,295	1,937,973
Long-term investments	12	1,083	1,083
Total non-current assets		27,745,920	25,660,944
Current assets			
Inventories	13	22,033,977	22,896,440
Trade and other receivables	14	9,380,098	6,901,172
Income tax receivable	9	-	917,870
Cash and cash equivalents	15	762,089	2,460,683
Total current assets		32,176,164	33,176,165
Total assets		59,922,084	58,837,109
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		24,682,366	24,516,697
Net earnings		2,527,636	1,068,371
Accumulated other comprehensive income		(830,711)	(988,632)
Total equity		31,822,176	30,039,321
LIABILITIES			
Non-current liabilities			
Deferred tax liability	9	2,585,162	2,923,077
Defined benefit obligations	17	5,978,958	5,574,494
Long-term borrowings	18	2,952,826	3,024,678
Lease liabilities	19	417,610	-
Total non-current liabilities		11,934,556	11,522,249
Current liabilities			
Short-term borrowings	18	4,219,467	3,968,281
Lease liabilities	19	1,234,223	-
Liabilities owing to discontinued operations		10,225	606,480
Income tax payable	9	834,757	-
Trade and other payables	20	9,866,680	12,700,778
Total current liabilities		16,165,352	17,275,539
Total equity and liabilities		59,922,084	58,837,109

The accompanying notes on pages 22 to 35 are an integral part of these financial statements.

Paramaribo, 15 April 2020

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 INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		SRD	SRD
Sales	4	82,569,964	77,519,562
Cost of sales	4	(39,975,021)	(41,666,584)
Gross profit	4	42,594,943	35,852,978
Personnel expense	6	(18,606,197)	(16,014,562)
Distribution costs		(1,199,716)	(1,893,677)
Administrative expense	7	(14,375,411)	(13,124,193)
Depreciation / amortization		(3,703,547)	(2,735,216)
Earnings from operations		4,710,072	2,085,330
Finance cost	8	(796,869)	(627,058)
Other non-operating income	5	30,411	187,600
Earnings from continuing operations before tax		3,943,614	1,645,872
Income tax	9	(1,419,701)	(592,514)
Net earnings from continuing operations		2,523,913	1,053,358
Income from discontinued operations	12	3,723	15,013
Net earnings		2,527,636	1,068,371
Earnings per share			
Number of shares outstanding		5,002,200	5,002,200
Earnings per share	10	0.51	0.21
Proposed division of net earnings			
Interim dividend		600,264	450,198
Final dividend		-	-
Addition to retained earnings		1,927,372	618,173
		2,527,636	1,068,371

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		SRD	SRD
Net earnings		2,527,636	1,068,371
Other comprehensive income:			
Actuarial (loss) / gain on defined benefit obligation	18	246,752	(1,544,738)
		246,752	(1,544,738)
Income tax	9	(88,831)	556,106
Other comprehensive income net of taxes		157,921	(988,632)
Total comprehensive income		2,685,557	79,739

The accompanying notes on pages 22 to 35 are an integral part of these financial statements.

Paramaribo, 15 April 2020

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 2019

	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Net earnings	Accumulated other comprehensive income	Total
in SRD							
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
Other comprehensive income	-	-	-	-	-	(988,632)	(988,632)
Interim dividend	-	-	-	-	(450,198)	-	(450,198)
Equity at 31 December 2018 before appropriation of profit	500,220	39,874	4,902,791	24,966,895	618,173	(988,632)	30,039,321
Final dividend	-	-	-	-	-	-	-
Retained earnings	-	-	-	618,173	(618,173)	-	-
Equity at 31 December 2018 after appropriation of profit	500,220	39,874	4,902,791	25,585,068	-	(988,632)	30,039,321
Equity at 1 January 2019	500,220	39,874	4,902,791	25,585,068	-	(988,632)	30,039,321
Net earnings	-	-	-	-	2,527,636	-	2,527,636
Correction for previous years	-	-	-	(302,438)	-	-	(302,438)
Other comprehensive income	-	-	-	-	-	157,921	157,921
Interim dividend	-	-	-	-	(600,264)	-	(600,264)
Equity at 31 December 2019 before appropriation of profit	500,220	39,874	4,902,791	25,282,630	1,927,372	(830,711)	31,822,176
Final dividend	-	-	-	-	-	-	-
Retained earnings	-	-	-	1,927,372	(1,927,372)	-	-
Equity at 31 December 2019 after appropriation of profit	500,220	39,874	4,902,791	27,210,002	-	(830,711)	31,822,176

The accompanying notes on pages 22 to 35 are an integral part of these financial statements.

Paramaribo, 15 April 2020

Supervisory Board

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Managing Director

K. Healy

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	SRD	SRD
Cash flows from operating activities:		
Earnings from continuing operations before tax	3,943,614	1,645,872
<i>Adjusted for:</i>		
- Depreciation / amortization	3,703,547	2,735,216
- Loss / (gain) on disposal of property, plant and equipment	32,008	99,245
- Corrections on property, plant and equipment	10,366	54,839
- Write-down of inventory	(149,627)	699,480
- Redundancy	-	(8,824)
- Interest paid	796,869	627,058
- Revaluation loss / (gain) on loans	295,157	15,352
- Revaluation loss / (gain) on lease liabilities	138,207	-
- Personnel costs related to defined benefit obligation	1,059,201	678,832
<i>Changes in working capital:</i>		
- Change in inventories	862,463	(2,569,394)
- Change in trade and other receivables	(2,478,926)	(1,076,702)
- Change in trade and other payables	(2,834,098)	3,612,800
- Change in discontinued operations payables	(596,255)	(1,043)
- Adjustments due to write-down of inventory	149,627	(699,480)
- Adjustments for dividends payable	(144,785)	(69,953)
<i>Other</i>		
Payment of medical for pensioners	(407,985)	(451,381)
Payments redundancy	-	(121,176)
Cash generated from operations	4,379,384	5,170,741
Paid interest	(796,869)	(627,058)
Paid income tax	(396,258)	(1,627,182)
Net cash generated from operating activities	3,186,257	2,916,501
Cash flow from investing activities:		
Dividend received	593,400	-
Purchase of property, plant and equipment	(4,052,955) ³	(3,602,335)
Net cash used in investing activities	(3,459,555)	(3,602,335)
Cash flow from financing activities:		
Proceeds from loans and overdrafts	7,430,274	3,713,415
Repayments of loans	(7,546,098)	(2,030,135)
Lease payments	(853,993)	-
Dividend paid	(455,480)	(1,080,555)
Net cash (in) / from financing activities	(1,425,296)	602,725
Net (decrease) in cash for the year	(1,698,594)	(83,109)
Cash and cash equivalents at 1 January	2,460,683	2,543,792
Cash and cash equivalents at 31 December	762,089	2,460,683

³The principal non-cash transactions include: acquisition of right-of-use asset of SRD 2,367,617 (2018: nil) (Note 10)
The accompanying notes on pages 22 to 35 are an integral part of these financial statements.

Paramaribo, 15 April 2020

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 is a public listed company registered on the Suriname Stock Exchange. Its registered office is located 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 2019.

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 60.40% 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 15 April 2020 and will be submitted for approval at the Annual General Meeting of Shareholders.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with generally accepted accounting principles.

b) 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.

c) 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 16.

d) Applications of IFRS Standards

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

- IAS 1: Presentation of Financial Statements
- IAS 2: Inventories
- IAS 7: Statement of Cash Flows
- IAS 16: Property, Plant and Equipment
- IAS 19: Employee Benefits
- IAS 24: Related Party Disclosures
- IAS 33: Earnings per Share
- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

3. Significant accounting policies

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

a) Change in accounting policy

Leases

IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognized as an asset that was depreciated over the lease term and the amount due to the lessor recognized as borrowings; while operating leases were recognized as a periodic rental payment that was treated as a current expense in the statement of income.

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low value assets.

NOTES TO THE FINANCIAL STATEMENTS

The adoption of IFRS 16 from 1 January 2019 resulted in changes in the accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions in IFRS 16, comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in section (v) and the total impact of the adoption of IFRS 16 in the opening Statement of Financial position is as follows:

Effect on the Statement of Financial Position at 1 January, 2019
(before appropriation of profit)

	31 December 2018	Adjustment	1 January 2019
	SRD	SRD	SRD
Assets			
Non-current assets			
Property, plant and equipment	23,721,888	2,127,062	25,848,950
Assets of discontinued operations	1,937,973	-	1,937,973
Long-term investments	1,083	-	1,083
Total non-current assets	25,660,944	2,127,062	27,788,006
Total current assets	33,176,165	-	33,176,165
Total assets	58,837,109	2,127,062	60,964,171
Equity and liabilities			
Equity	30,039,321	-	30,039,321
Liabilities			
Non-current liabilities			
Deferred tax liability	2,923,077	-	2,923,077
Defined benefit obligations	5,574,494	-	5,574,494
Long-term borrowings	3,024,678	-	3,024,678
Lease liabilities	-	1,267,670	1,267,670
Total non-current liabilities	11,522,249	1,267,670	12,789,919
Current liabilities			
Short-term borrowings	3,968,281	-	3,968,281
Lease liabilities	-	859,392	859,392
Liabilities owing to discontinued operations	606,480	-	606,480
Trade and other payables	12,700,778	-	12,700,778
Total current liabilities	17,275,539	859,392	18,134,931
Total equity and liabilities	58,837,109	2,127,062	60,964,171

b) 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. Foreign exchange differences are charged or credited to the statement of income within administrative expenses.

The exchange rate for the USD and the Euro at 31 December are:

in SRD	2019	2018
USD	8.20	7.60
EURO	9.20	8.70

NOTES TO THE FINANCIAL STATEMENTS

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

All property, plant and equipment are initially recorded at cost. Land was subsequently carried at revalued amount. All other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. 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 is performed, its cost is recognized in the carrying amount of the PP&E as a replacement or as a separate asset, 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 within 'other non-operating income'.

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.

d) Intangible Assets

Intangible assets with finite useful lives are carried at cost less accumulated amortization. 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 lives is 3 years.

e) 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.

f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments carried on the statement of financial position include long-term investments, trade and other receivables, cash and cash equivalents, trade and other payables and long and short-term borrowings.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income (OCI), or through statement of income)
- Those to be measured at amortized cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

Debt instruments

Debt instruments are measured at amortized cost. Amortized cost represents the net present value (NPV) of the consideration receivable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

Equity instruments

The Company measures all equity investment at fair value.

Financial liabilities

Classification

The Company classifies its financial liabilities in the following measurement categories:

- Those to be measured at fair value
- Those to be measured at amortized cost

NOTES TO THE FINANCIAL STATEMENTS

Measurement

All financial liabilities are recognized initially at fair value. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy notes.

g) Inventories

Inventories are stated at the lower of weighted average 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 are valued based on the raw and packaging materials used.

h) Trade and other receivables

Trade and other receivables are measured at original invoice value less any expected credit loss. Trade receivables do not carry interest.

i) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash on hand and expected carried at cost.

j) Share capital

Ordinary shares are classified as equity.

k) Earnings per share

Earnings per share is calculated by dividing the net earnings by the weighted average number of ordinary shares outstanding during the year.

l) 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.

m) Revaluation reserve

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

n) 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.

o) Borrowings

Bank loans and overdrafts are initially recognized at fair value. Borrowings are subsequently carried at amortized cost using the effective interest method.

p) Employee benefits

Pension obligation

The Company participates in two pension plans. Some employees participate in Stichting VSH Pensioenfonds which is a separate legal entity while other employees participate in a pension insurance policy maintained and 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.

q) Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost.

r) 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 performance obligations are satisfied.

s) Cost of Sales

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

t) 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.

NOTES TO THE FINANCIAL STATEMENTS

u) Finance Costs

Finance costs represent interest payable on borrowings and lease and are recognized in the statement of income when incurred.

v) Leases

Accounting policy effective 1 January 2019

The Company leases computers and motor vehicles. Lease contracts are typically made for fixed periods of 3 - 4 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognized as a right-of-use asset and a corresponding liability at the lease commencement date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external sources that reflect the terms of the lease and the type of asset leased.

The right-of-use asset is measured at cost comprising of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets (less than USD 5,000) and short-term leases (shorter than twelve months). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

w) 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	2019	2018
Sales production	80,578,115	75,462,813
Sales merchandise	1,991,849	2,056,749
Total sales	82,569,964	77,519,562
Cost of sales production	38,843,868	39,775,231
Cost of sales merchandise	1,280,780	1,191,873
Write-down of inventory	(149,627)	699,480
Total cost of sales	39,975,021	41,666,584
Gross profit	42,594,943	35,852,978

Write-down of inventory, as reported in 2018, has been reclassified as part of Cost of Sales as the expense line for Provisions has been removed this year. It should be noted that this has no impact on the Statement of Financial Position.

5. Other non-operating income

in SRD	2019	2018
(Loss)/gain on disposal	(32,008)	(99,245)
Other	62,419	286,845
Total non-operating income	30,411	187,600

6. Personnel expense

in SRD	2019	2018
Salaries and wages	11,132,653	10,096,979
Vacation and holiday expenses	855,032	648,746
Bonuses	2,479,095	1,720,989
Medical	1,142,065	1,118,215
Contribution to pension plans	1,072,984	1,109,964
Training	186,410	76,548
Other post-employment benefits	1,059,201	678,832
Other personnel expenses	678,757	564,289
Total personnel expenses	18,606,197	16,014,562

Pensions

The Company has two pension schemes for its employees (1) Assuria Levensverzekering N.V. (Assuria) and (2) Stichting VSH Pensioenfonds. In 2018, it became mandatory that all new employees join Stichting VSH Pensioenfonds. Employees who join Assuria contribute 6% of their base salary and the balance of the total pension premium is contributed by the Company. The plan maintained by Assuria has the following maximum base salary per year:

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

Management and employees who 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 has 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 2019 amounted to SRD 56,229,798⁴ and total equity amounted to SRD 80,642,932⁴. The Company's pension contribution is as follows:

in SRD	2019	2018
Pension expense	1,467,434	1,509,207
Contribution by employees	(394,450)	(399,243)
Total pension expense	1,072,984	1,109,964

⁴ unaudited

NOTES TO THE FINANCIAL STATEMENTS

7. Administrative expense

in SRD	2019	2018
Marketing	3,220,972	2,707,042
Manufacturing	3,650,094	3,783,308
Maintenance	2,071,031	2,291,859
Office	1,443,523	1,581,693
Overseas travel expenses	641,252	628,526
Professional fees	747,182	629,261
Foreign exchange loss / (gain)	1,058,803	(23,341)
Other administrative expenses	1,542,554	1,525,845
Total administrative expense	14,375,411	13,124,193

8. Finance cost

in SRD	2019	2018
Interest expense on borrowings measured at amortized cost	641,117	627,058
Interest expense on lease liability	155,752	-
Total finance cost	796,869	627,058

9. Income tax and deferred tax liabilities

Income tax

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

In June 2019, an agreement between the Company and the Tax Inspector was signed, finalizing all tax returns and settlements for the years 2007 up to and including 2017. The tax returns submitted during the period would be finalized without an audit or the application of interest related to any outstanding liability. Separately, for the years 2014 up to and including 2016, the notice of assessment would be issued with a compromise. The compromise agreed an amount of SRD 558,186 to be treated as disallowed expenses resulting in an increase in the taxes payable by SRD 200,947. It was further agreed that all refunds during the period would be applied against outstanding payables.

In 2019 an adjustment of SRD 101,491 was made to the taxes payable amount to correct understatement of tax liabilities in previous years.

in SRD	2019	2018
Balance at 1 January	(917,870)	611,817
Paid during the year	(396,258)	(1,627,182)
Due over the year	1,508,532	36,408
PP&E replacement reserve	244,386	239,510
Correction previous years	302,438	-
Inventory adjustments	93,529	(178,423)
Balance at 31 December	834,757	(917,870)

Deferred tax liabilities

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

in SRD	2019	2018
Balance at 1 January	2,923,077	2,984,164
Inventory adjustments	(93,529)	178,423
PP&E replacement reserve	(244,386)	(239,510)
Balance at 31 December	2,585,162	2,923,077

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 2019 was based on the earnings attributable to ordinary shareholders of the Company of SRD 2,527,636 (2018: SRD 1,068,371) and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2019 of 5,002,200 (2018: 5,002,200).

in SRD	2019	2018
Numbers of shares	5,002,200	5,002,200
Earnings per share in SRD	0.51	0.21

Dividend paid and proposed

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

in SRD	2019	2018
1 st quarter interim dividend at SRD 0.03 (2018: SRD 0.03) per share	150,066	150,066
2 nd quarter interim dividend at SRD 0.03 (2018: SRD 0.03) per share	150,066	150,066
3 rd quarter interim dividend at SRD 0.03 (2018: SRD 0.03) per share	150,066	150,066
4 th quarter interim dividend at SRD 0.03 (2018: nil) per share	150,066	-
Total dividend paid	600,264	450,198

After the balance sheet date 2019

Final dividend	-	-
Total dividend paid and proposed	600,264	450,198

The proposed dividend 2018 was adopted by the Annual General Meeting of Shareholders of 27 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment and intangible assets

in SRD	Property	Machinery and Equipment	Furniture and Fixtures	Right of Use: Motor Vehicles	Investments in progress	Total	Software
Cost							
At 1 January 2019	17,724,802	23,750,274	5,338,716	-	758,833	47,572,625	163,125
Effect of adopting IFRS 16	-	-	-	2,127,062	-	2,127,062	-
Additions	-	505,393	15,579	240,555	3,531,983	4,293,510	-
Transfers	63,843	2,162,578	13,260	-	(2,239,681)	-	-
Disposals	-	(109,744)	-	-	-	(109,744)	-
Corrections	-	-	-	-	(10,363)	(10,363)	-
At 31 December 2019	17,788,645	26,308,501	5,367,555	2,367,617	2,040,768	53,873,089	163,125
Accumulated depreciation / amortization							
At 1 January 2019	(4,798,961)	(14,265,715)	(4,786,061)	-	-	(23,850,737)	(163,125)
Depreciation / amortization	(577,586)	(2,076,424)	(216,207)	(833,331)	-	(3,703,547)	-
Written back on disposals	-	77,736	-	-	-	77,736	-
At 31 December 2019	(5,376,547)	(16,264,403)	(5,002,268)	(833,331)	-	(27,476,548)	(163,125)
Net carrying amount							
At 1 January 2019	12,925,841	9,484,559	552,655	-	758,833	23,721,888	-
At 31 December 2019	12,412,098	10,044,098	365,287	1,534,286	2,040,768	26,396,542	-

in SRD	Property	Machinery and Equipment	Furniture and Fixtures	Right of Use: Motor Vehicles	Investments in progress	Total	Software
Cost							
At 1 January 2018	17,664,024	20,145,821	5,251,646	-	1,153,681	44,215,172	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 / amortization							
At 1 January 2018	(4,213,186)	(12,525,866)	(4,494,148)	-	-	(21,233,200)	(136,244)
Depreciation / amortization	(585,775)	(1,830,647)	(291,913)	-	-	(2,708,335)	(26,881)
Written back on disposals	-	90,798	-	-	-	90,798	-
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	-

The PP&E assets are insured against fire up to USD 10,370,888 (SRD 85,041,282)

NOTES TO THE FINANCIAL STATEMENTS

12. Discontinued operations and long-term investments

Discontinued operations

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

Earnings of Carifrico N.V. (unaudited)

in SRD	2019	2018
Income	31,798	31,798
Earnings before tax	5,882	23,719
Income tax	(2,118)	(8,539)
Net earnings	3,764	15,180

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

in SRD	2019	2018
Assets		
Property, plant and equipment	1,327,510	1,327,510
Intercompany receivables	10,226	606,480
Income tax receivable	38,996	32,378
Total assets	1,376,732	1,966,368
Equity and Liabilities		
Share capital	2,000	2,000
Revaluation reserve	1,327,510	1,327,510
Retained earnings	30,018	614,838
Net earnings	3,764	15,180
Total equity	1,363,292	1,959,528
Trade and other payables	13,440	6,840
Total liabilities	13,440	6,840
Total equity and liabilities	1,376,732	1,966,368

Long-term investments

Long-term investments 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 its nominal value of SRD 1,000;
- 25% share in N.V. Chemco. This asset is valued at cost of SRD 83.

13. Inventories

in SRD	2019	2018
Raw materials and packaging	13,417,093	13,465,744
Goods for sale	1,454,086	1,802,358
Finished goods	1,995,634	2,111,669
Supplies and spare parts	1,978,977	1,426,046
Goods in transit	3,272,094	4,758,066
Write-down of inventory	(83,907)	(667,443)
Total inventories	22,033,977	22,896,440

The inventories are insured against fire up to USD 2,452,781 (SRD 20,112,804)

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other receivables

in SRD	2019	2018
Trade receivables	8,727,586	6,665,018
Receivables regarding personnel	5,327	1,111
Prepayments and deposits	410,845	194,240
Import duties to be settled	231,410	39,874
Other receivables	4,930	929
Total trade and other receivables	9,380,098	6,901,172

15. Cash and cash equivalents

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

in SRD	2019	2018
Denominated in SRD	441,233	1,287,370
Denominated in USD	280,502	1,146,004
Denominated in EURO	40,354	27,309
Total cash and cash equivalents	762,089	2,460,683

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

16. Share capital and capital in excess of par value

At 31 December 2019 the issued share capital comprised of 5,002,200 shares (2018: 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 in 2016 minus the amount paid up in 2013 by disbursement of SRD 0.09 nominal per share (conversion of SRG to SRD shares).

NOTES TO THE FINANCIAL STATEMENTS

17. Defined benefit obligation

Other post-employment obligations

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. The amounts recognized in the statement of financial position and statement of income were determined as follows:

in SRD	2019	2018
Present value of unfunded obligation	5,978,958	5,574,494

Movement in the other post-employment obligation is as follows:

in SRD	2019	2018
Balance at 1 January	5,574,494	3,802,305
Current service cost	418,665	498,983
Interest cost	751,870	179,849
Past service cost	(567,340)	-
Transfer cost in / (out)	456,006	-
Contributions paid	(407,985)	(451,381)
Actuarial (gain)/loss on obligation due to experience	(1,250,525)	1,544,738
Actuarial (gain)/loss on obligation due to experience regarding cost increases	(890,717)	-
Actuarial (gain)/loss on obligation due to change in financial assumptions	1,894,491	-
Balance at 31 December	5,978,958	5,574,494

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

in SRD	2019	2018
Current service cost	418,665	498,983
Interest cost	751,870	179,849
Past service cost	(567,340)	-
Transfer cost in / (out)	456,006	-
Total included in personnel expense (note 6)	1,059,201	678,832

The amount recognized in the statement of comprehensive income was as follows:

in SRD	2019	2018
Net actuarial (gain) / loss	(246,752)	1,544,738

	2019		
Discount rate	13%	14%	15%
Change in discount rate	-1%	0%	1%
Change in post-employment medical obligation (in SRD)	563,526	-	(483,879)
Change in post-employment medical obligation in %	9.43%	-	-8.09%

NOTES TO THE FINANCIAL STATEMENTS

18. 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 denominated in SRD and USD.

The movement in borrowings is as follows:

in SRD	2019	2018
Balance at 1 January	6,992,959	5,294,327
Movements:		
Effect of foreign exchange movements	295,158	15,352
Loans and overdrafts	7,430,274	3,713,415
Loan installments	(8,187,215)	(2,657,193)
Interest	641,117	627,058
Balance at 31 December	7,172,293	6,992,959
	(4,219,467)	(3,968,281)
Long-term borrowings	2,952,826	3,024,678

Borrowings comprise of:

	Balance at 31 December 2019	Repayment obligation 2020	Remaining maturity > 1 year	Remaining maturity > 5 year
Secured on assets				
Bank overdrafts	3,480,274	3,480,274	-	-
Bank loans	3,692,019	739,193	2,952,826	-
	7,172,293	4,219,467	2,952,826	-

Secured borrowings 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 borrowings range between 7.25% - 11% (2018: 7.25% - 8.25%).

19. Lease liabilities

in SRD	2019	2018
Principal amounts payable:		
Long-term portion	417,610	-
Short-term portion	1,234,223	-
Total lease liability	1,651,833	-

20. Trade and other payables

in SRD	2019	2018
Trade payables	6,774,546	10,607,673
Other taxes payable	754,854	660,891
Employee benefits	1,654,377	1,230,481
Dividend payable	270,551	125,767
Other payables	412,352	75,966
Total trade and other payables	9,866,680	12,700,778

NOTES TO THE FINANCIAL STATEMENTS

21. Related party disclosure

Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2019 the total remuneration amounted to SRD 90,120 (2018: SRD 84,988).

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 2019 return on capital employed of 9.5%, no short-term bonus will be paid.

Related party transactions

The Company is a 60.40% subsidiary of VSH United. The Chief Executive Officer and the Chief Legal Officer of VSH United are members of the Supervisory Board of the Company.

The 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 amounted to SRD 851,649 (2018: SRD 997,364).

Contribution

The Company contributes on a monthly basis 1.5% of the earnings before tax to the VSH Community Fund. In 2019 the total contribution to the VSH Community Fund amounted to SRD 60,893 (2018: SRD 51,008).

22. Subsequent events

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

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