ИЗВЕШТАЈ
на
Надзорниот одбор за одобрување на работата и за водењето на работоњето со Друштвото во 2018 година

Надзорниот одбор на Друштвото за производство на хартија и амбалажа ДС СМИТХ АД Скопје, во согласност со одредбите од Законот за трговските друштва и Статутот на Друштвото како орган задолжен да ја следи работата и да врши надзор врз работата на Управниот одбор, во текот на 2018 година работеше целосно во согласност со Законот за трговските друштва и Статутот на Друштвото, при што најсвесно, најдоговорно и целосно во континуитет ја следеше работата на Управниот одбор на ДС СМИТХ АД Скопје.

1. Следење и контрола над управувањето и раководењето со Друштвото во текот на 2018 година

 Во текот на 2018 година Надзорниот одбор согласно одредбите од Статутот на Друштвото редовно беше информиран за целокупното работење на Друштвото, вршење увид во сите сегменти на работоњето, редовно ги следеше финансовите извештаи и сознаваше при што вршење според би остварени резултати од претходната - те години имајки ги во предвид целокупните сознавани во стопанството.

2. Контрола над управувањето и раководењето со Друштвото во 2018 година

Надзорниот одбор во текот на 2018 година одржа 4 (четири) седници на кои редовно го разгледуваше работењето на Друштвото за изминатиот период, даваше редовно предложи и согласности на Управниот одбор од својата надлежност согласно Статутот.

На одржаните седници Надзорниот одбор ги разгледа, и расправа од сите значајни прашања во делот на своите остварувања, а пред се

REPORT
of
the Supervisory Board for approval of the performance and conduct of operations in the Company for 2018

The Supervisory Board of the Company for production of paper and packaging DS SMITH AD Skopje, in accordance with provisions of the Law on Trade Companies and the Statute of the Company as a body assigned to monitor the work process and supervise the work of the Management Board of the Company, during 2018 worked entirely in accordance with the Law on Trade Companies and the provisions of the Statute of the Company, wherein most conscientiously, most responsible and completely in continuity monitored the work of the Management Board of DS SMITH AD Skopje.

1. Monitoring and control over the management and administration of the Company during 2018

During 2018 the Supervisory Board in accordance with the provisions of the Statute of the Company was regularly informed of the overall operation of the Company, has been presented in all segments, regularly monitored the financial reports and the conditions whereby performed comparisons with the results from previous years having in mind the overall conditions in the economy.

2. Control of the management and administration of the Company in 2018

The Supervisory Board during 2018 held 4 (four) meetings and regularly reviewed the operations of the Company for the past period, regularly gave proposals and approvals of it's jurisdiction to the Management Board in accordance with the Statute of the Company.

On the held meetings the Supervisory Board reviewed and discussed all significant issues within the scope of its authorizations, and foremost
At the meetings where the agenda was reviewing the unaudited single financial statements and the unaudited consolidated financial statements for the previous year, upon invitation, the President of the Management Board and the managers of the relevant expert services took their participation, in order to elaborate in detail about the stated positions from the submitted financial reports, so that the Supervisory Board can decide accordingly.

The Supervisory Board, upon the regularly conducted insight of the Annual Report on the performance of the Company for the period from January-December 2018, concluded that the performance of the Company, as well as the management of the work process had been conducted satisfactorily, even though the financial results for 2018 are not positive. The realized negative financial results are a result of significant investment costs, as well as the planned stop of the production in the Velpap section in order to change parts and their installation. The halt lasted for a month so the regular production continued by the end of September 2018.
For the last 2018, as of 31.12.2018 the Company realized net loss of 714,730,00 €, or MKD 43,955,887,00 (2017: net profit of 359,497,00 €, or MKD 22,109,062,00 (twenty-two million hundred and nine thousand sixty-two)).

Significant investments realized during 2018 that had an impact on the financial results are the following:

- Staker (exhibitor part) - 227,000,00 €
- Steam system - 159,000,00 €
- Dryer - 127,000,00 €
- Preheaters for triplex - 108,000,00 €
- Rollover rollers - 96,000,00 €
- Scania truck - 89,000,00 €
- Slicers (two) - 56,000,00 €
- Plotter lasercomb - 46,000,00 €
- Long knife - 27,000,00 €
- Diagonal knife (Cut off) - 26,000,00 €
- Compressor 75 KW - 24,000,00 €
- Bridge brake - 23,000,00 €
- Containers (five) - 22,000,00 €
- Scart knife - 18,000,00 €

According to the conclusion of the Supervisory Board, the Management Board during the working process correctly identified the current economic conditions and properly took measures for successful operation and increase of the productivity of the production process.

The conclusion of the Supervisory Board of the Company is that according to the work of the Management Board and it's President who also acts in the capacity of First General Manager of the Company, with maximum engagement of the members of the Management team, under his direction, and all other participants in the process of operation, DS SMITH AD Skopje maintained the credibility and reputation of the DS SMITH Group in Republic of North Macedonia.

3. Results of the economic - financial revision conducted by the Audit Company Deloitte DOO Skopje for 2018

In accordance with the Law on Trade Companies and the Decision of the Assembly in 2017 for appointment of Audit Company Deloitte DOO Skopje, a revision had been conducted of the economic-financial data of the Company for the year 2018.
economic and financial performance of the Company for 2018 by independent auditors authorized by the Audit Company Deloitte DOO Skopje.

The auditors Report is conducted in accordance with the Audit Law of the Republic of North Macedonia, the International Standards on Auditing and the relevant ethical standards that enabled the preparation and fair presentation of the financial position.

According to the opinion of the independent auditors the financial reports of DS SMITH AD Skopje show real and objective state, in all material respects, of the financial position of the Company as of 31.12.2018, as well as the results of the operations and cash flows for the past year in accordance with the audit regulations in the Republic of North Macedonia and the international standards for auditing.

Along with the financial reports, the Supervisory Board in accordance with art.480 of the Law on Trade Companies reviewed and checked the Annual Statement of the Company for 2018, the Annual Report for the performance of the Company for 2018 and the draft Decision for covering of the loss for 2018, after which he proposes to the Annual Assembly of Shareholders of DS SMITH AD Skopje to adopt the necessary decisions for their adoption.

The Supervisory Board, considering the operating conditions and the work, the engagement of the Management Board in 2018 fully performed the assigned duties referred to into the Law on Trade Companies and the Statute of the Company and proposes to the Annual Assembly of Shareholders of DS SMITH AD Skopje to positively evaluate their performance and the Company's operations for year 2018.

Надзорен одбор / Supervisory board
Претседател / President

Жан Лиехардт / Jean Lienhardt

[Signature]