

ANNUAL REPORT

2019



N.V. Verenigde Surinaamse Holdingmij.-
United Suriname Holding Company

ANNUAL REPORT

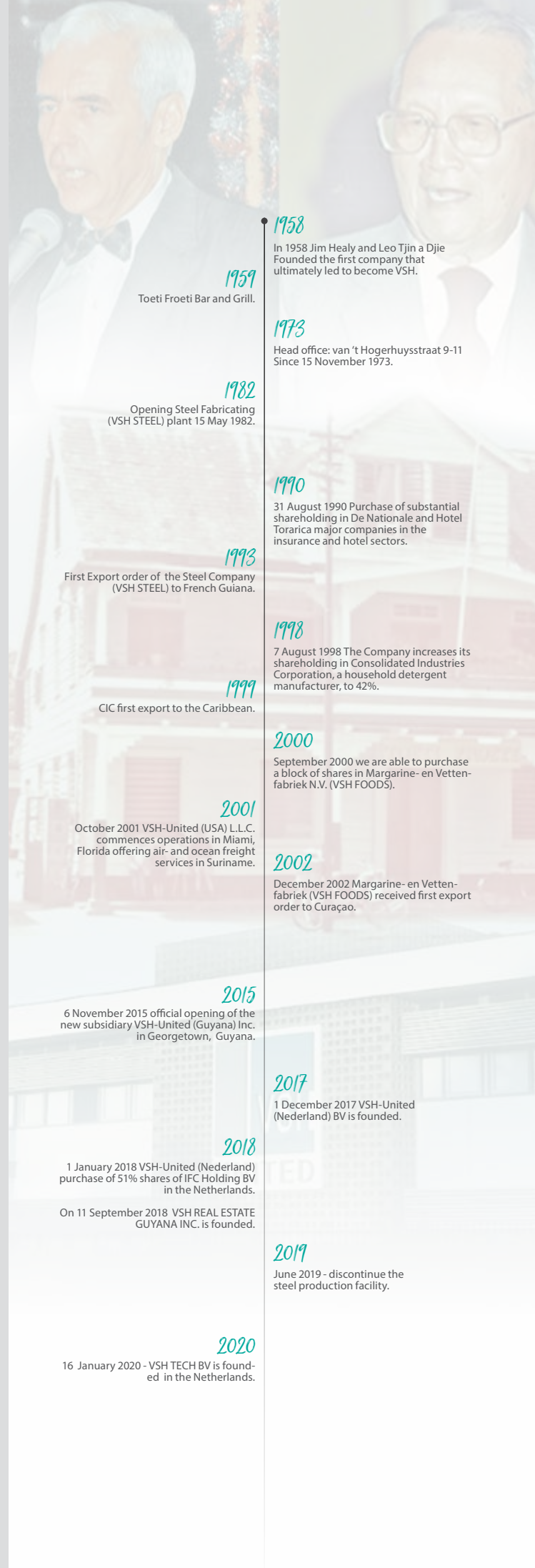


2019

N.V. Verenigde Surinaamse Holdingmij.-
United Suriname Holding Company

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1958

In 1958 Jim Healy and Leo Tjin a Djie Founded the first company that ultimately led to become VSH.

1959

Toeti Froeti Bar and Grill.

1973

Head office: van 't Hogerhuysstraat 9-11 Since 15 November 1973.

1982

Opening Steel Fabricating (VSH STEEL) plant 15 May 1982.

1990

31 August 1990 Purchase of substantial shareholding in De Nationale and Hotel Torarica major companies in the insurance and hotel sectors.

1993

First Export order of the Steel Company (VSH STEEL) to French Guiana.

1998

7 August 1998 The Company increases its shareholding in Consolidated Industries Corporation, a household detergent manufacturer, to 42%.

1999

CIC first export to the Caribbean.

2000

September 2000 we are able to purchase a block of shares in Margarine- en Vetten-fabriek N.V. (VSH FOODS).

2001

October 2001 VSH-United (USA) L.L.C. commences operations in Miami, Florida offering air- and ocean freight services in Suriname.

2002

December 2002 Margarine- en Vetten-fabriek (VSH FOODS) received first export order to Curaçao.

2015

6 November 2015 official opening of the new subsidiary VSH-United (Guyana) Inc. in Georgetown, Guyana.

2017

1 December 2017 VSH-United (Nederland) BV is founded.

2018

1 January 2018 VSH-United (Nederland) purchase of 51% shares of IFC Holding BV in the Netherlands.

On 11 September 2018 VSH REAL ESTATE GUYANA INC. is founded.

2019

June 2019 - discontinue the steel production facility.

2020

16 January 2020 - VSH TECH BV is founded in the Netherlands.

Theme

Dennis Brommert

Managing Director VSH TECH B.V.

Gregory Tai-Apin

Managing Director VSH TECH B.V.



The establishment of **VSH TECH B.V.** in Rotterdam, the Netherlands on 16 January 2020 is a cumulation of efforts dating back to 2012 that came together in 2019. The VSH Group expanding logistics segment demanded development of smart software solutions to allow data interchange with carrier systems for efficient processing of cargo documentation while managing daily vessel and terminal cargo/container movements. To support the VSH logistics segment strategy to expand our logistics footprint with multiple competing agent companies, NVOCC - Non vessel operating common carriers and terminal/warehousing operations, a single platform software system was developed and implemented.

The 2016-2021 multi-year policy plan specifically included an objective to professionalize the VSH Group administrative and business process systems in line with best practices for related business segments. At the core of this objective was the urgent need to strengthen the centralized IT support infrastructure and services (under VSH UNITED) by developing a dedicated business unit. The relatively high cost associated with IT infrastructure demanded that this new business unit would be required to not only support the VSH Group with smart IT solutions but to also build on the in-house knowledge base to offer smart revenue generating solutions to similar industries.

"What we do" is consolidated administrative services, logistics, trading, real estate, industry and strategic investments. Technology is an integral part of "What we do".

"Once a new technology rolls over you, if you're not part of the steamroller, you're part of the road."

- Stewart Brand, writer



Operating handhelds

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

What we achieved



Employees
447



Countries
4



Companies
20



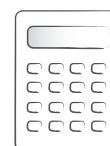
Revenue
srd 180,531,582



Earnings before income tax
srd 49,560,760



Earnings per share
srd 16,27



Dividend
srd 4,469,261

The VSH Group of Companies

**N.V. VERENIGDE SURINAAMSE HOLDINGMIJ.-
UNITED SURINAME HOLDING COMPANY**

AS PER 21 APRIL 2020

What we do



Holding

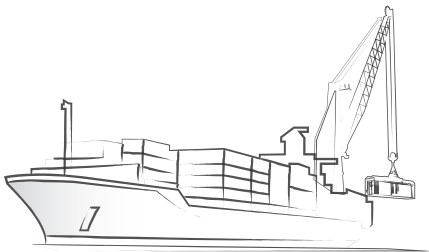
Suriname

**N.V. VERENIGDE SURINAAMSE HOLDINGMIJ.-
UNITED SURINAME HOLDING COMPANY**

The Netherlands

VSH-UNITED (NETHERLANDS) B.V.

└─ IFC HOLDING B.V.



Logistics

Suriname

N.V. VSH SHIPPING

N.V. VSH LOGISTICS

**N.V. BEST MARITIME SERVICES (previous N.V. VSH
AGENCY SERVICES)**

N.V. VSH LABOUR SERVICES

N.V. VSH TRANSPORT

Guyana

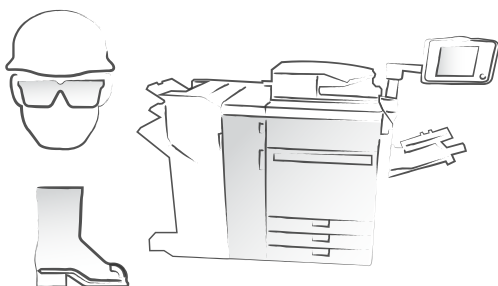
VSH-UNITED (GUYANA) INC.

USA

VSH-UNITED (USA) L.L.C.

The Netherlands

I.F.C. INTERNATIONAL FREIGHT (CARIBBEAN) B.V.



Trading

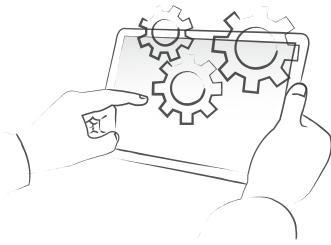
Suriname

N.V. VSH TRADING

Guyana

VSH-UNITED (GUYANA) INC.

The VSH Group of Companies

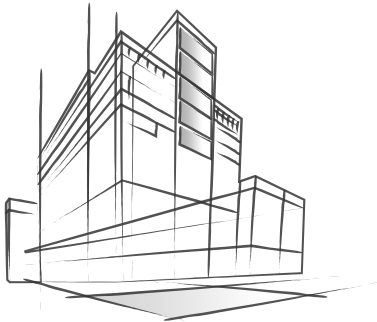


Industry

Suriname

N.V. VSH FOODS

N.V. CONSOLIDATED INDUSTRIES CORPORATION (CIC)



Real Estate

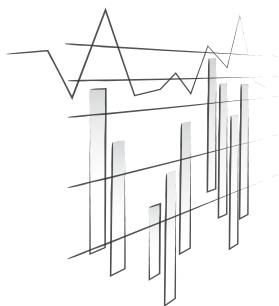
Suriname/ Guyana

N.V. VSH REAL ESTATE

└ **VSH REAL ESTATE GUYANA INC.**

The Netherlands

IFC VASTGOED B.V.



Services & Investment

Suriname

N.V. VSH STEEL

ASSURIA N.V.

TORARICA HOLDING N.V.

N.V. VSH INVESTMENT

VSH MARKETING COMPANY LTD

The Netherlands

VSH TECH B.V.



Red Wing showroom



VSH Trading warehouse

Management of the Group



P. Healy
Managing Director,
Chief Executive Officer (CEO)



P. Brahim
Managing Director,
Chief Financial Officer (CFO)



M. Ramsundersingh
Managing Director,
Chief Legal Officer (CLO)



R. Steenland
Assistant Managing Director,
Chief Business Development Officer (CBDO)



V. Finck
Head Internal Audit



G. Tai-Apin
Assistant Managing Director,
Chief Information Officer (CIO)

Management of the Group (Subsidiaries)



W. Martoredjo

Managing Director VSH Steel



K. Healy

Managing Director CIC



B. Weekes

Managing Director VSH Trading



M. Telting

Managing Director VSH FOODS



J. Liang-A-San

Managing Director VSH-UNITED (USA)



S. Poort

Managing Director VSH Transport



S. Kenswil

Managing Director VSH Shipping

Management of the Group (Subsidiaries)



B. Makhanlal

Assistant Managing Director VSH Logistics



C. Lie Wah Hing

Assistant Managing Director VSH Real Estate



D. Healy

Country Manager VSH-UNITED (GUYANA)



E. Mau Asam

Assistant Managing Director Best Maritime Services



Supervisory Board of Directors



Diana R. Halfhide (59)

Chairman of the Board

- Elected member of the Supervisory Board in 2010
- COO Suriname Alcoholic Beverages N.V./Managing Director, SAB Distribution N.V. (current)
- President Board Foundation Bejaardenwerk Gerardus Majella
- Member National Labour Advisory Board (Arbeidsadvies College)
- Board member Foundation STIBEKA (Stichting Behoud Kathedraal)
- Board member Suriname Arbitration Institute (SAI)
- Secretary Board STIVASUR (Stichting Verantwoord Alcoholgebruik)
- Master's degree in Notary Law
- Post-doctoral degree in Notary Law
- Master's in business administration, Corporate Strategy and Economic Policy
- Post-doctoral degree International & Comparative Law
- Post-graduate diploma Digital Business



Robert Hahn (44)

Vice President of the Board

- Elected member of the Supervisory Board in 2010
- Member of the Audit committee of the Board
- CEO of Datasur (2014 - June 2019)
- Manager Corporate ICT at Staatsolie Maatschappij Suriname N.V. (current)
- Over 20 years' experience in the ICT industry in Suriname and the Netherlands
- Chairman of the ICT Association in Suriname (2011 - Jan 2018)
- Board Member of the National Blood bank (since 2015)
- Master's degree in Information Technology
- Master's degree in Business Administration
- Certified Information Systems Auditor (CISA)



Philip Fernandes (50)

Board member

- Elected member of the Supervisory Board in 2018
- Member of the Remuneration & Appointment Committee
- CEO of John Fernandes Ltd (current)
- Director of Guyana Energy Support Services Ltd, John Fernandes Ltd, Bounty Farm Ltd, J.P. Santos & Co. Ltd, JPS Trading Inc., Fernandes Holdings Ltd, Fairfield Investments Ltd, Value 4 U Inc.
- Chairman of Guyana Biscuit Holding Ltd
- Chairman of Shipping Association of Guyana
- Bachelor's degree in Finance

- Elected member of the Supervisory Board in 2018
- Member of the Audit Committee
- Chief Innovation Igniter of 21Q Caribbean
- Co Founder of Digital Talents Academy
- Co Founder and Servant Catalyst of Spang Makandra Studio
- Secretary of Creative Talents Foundation
- Secretary of the ICT Association Suriname (2012-2018)
- Bachelor's degree in Architectural Engineering



Vincent Kenswil (49)

Board member

Supervisory Board of Directors



Stephen Smit (66)

Board member

- Elected member of the Supervisory Board in 2017
- Member of the Audit committee of the Board
- From 1991 until retirement in 2017 served as CEO of Assuria N.V.
- Member of the Supervisory Board of Directors of Assuria N.V., Assuria General (GY) Inc., Assuria Life (GY) Inc., Gulf Insurance Ltd. and Assuria Life (T&T) Ltd.
- Member of the Supervisory Board of Directors of N.V. VSH FOODS, N.V. Consolidated Industries Corporation, Torarica Holding N.V. and N.V. TBL Multiplex
- Chairman of the Board of the Stichting Nationale Volksmuziekschool
- Honorary Member of the Caribbean Actuarial Association
- Master's degree in Mathematics and Actuarial Science



James F. Healy Jr. (70)

Board member

- Elected member of the Supervisory Board in 2013
- Member of the Audit- and Remuneration & Appointment committee of the Board
- From 1973 until retirement in 2013 served in various positions of the VSH United Group, lastly as CEO
- Chairman of the Supervisory Boards of Assuria N.V., Torarica Holding N.V., N.V. Consolidated Industries Corporation and N.V. VSH FOODS.
- Chairman of the Supervisory Board of Directors of Assuria General (GY) Inc; Assuria Life (GY) Inc.
- Member of the Advisory Board of Conservation International Suriname
- Member of the Advisory Board of Vereniging Oase
- Honorary Consul of Great Britain and Northern Ireland in Suriname
- Bachelor's degree in Marine Transportation



Kenneth R. Lim A Po (64)

Board member

- Elected member of the Supervisory Board in 2016
- Member of the Remuneration & Appointment committee of the Board
- CEO of Bouwbedrijf Kiesel (current)
- Member of the Board of Ariba (1981 – 1986)
- President of Ponderosa Equestrian Center
- Member of the Technical commission of Oase (2 years)
- Bachelor's degree in mechanical engineering
- Bachelor's degree in Business Administration

Report of the Supervisory Board of Directors

To the Shareholders

The Supervisory Board of Directors performed its duties in accordance with Surinamese law, the Company's bylaws, and Corporate Governance Code. We advised management on relevant matters and monitored management performance in relation to goals set. Management of the Holding and the subsidiaries regularly informed us, both verbally and in writing, on policy and material aspects of business strategy, corporate planning, major events, investments, and transactions. Besides information of the Company and the Group as a whole, we also received detailed monthly reports from management on the current business position of the Group's subsidiaries while we were kept abreast of results and the financial position, risks and risk management, HR and IT performance and planning in a thorough manner. The Supervisory Board of Directors was directly involved in all decisions of fundamental importance to the Group. In addition, we discussed strategic issues with management on a regular basis while the Chairman of the Supervisory Board and the Managing Directors maintained a constant exchange of information.

Consultation and decision making

The Supervisory Board of Directors held regular monthly meetings, 12 in total. The board members regularly attended the board meetings. In addition, resolutions on urgent matters were adopted in writing or by electronic communication and later approved during official meetings. The subjects discussed in the meetings included the financial position and results, company long-term strategy 2016 - 2021, company policy, business plans and appraisals, health, safety and environment, investments, internal audit reports, management development, and appointments. In the board meeting held on 14 February 2019 management presented a review of the "Project Professionalize Exact" regarding the upgrade of the financial software Exact and also the approval was given to management for the establishment and participation in a new subsidiary VSH Tech B.V. in the Netherlands. In the board meeting held on 25 July 2019 the positions within the board were determined and a plan presented by management for investment in land-improvement in Guyana was approved. In the board meeting held on 17 October 2019, management presented financial statements over the first half year 2019. In the board meeting held on 26 November 2019 management presented the operational plans for 2020 and the multi-year projections for 2020-2021. In the board meeting held on 12 December 2019 the Supervisory Board approved capital expenditures for 2020.

Crisis management

The Supervisory Board is responsible for safeguarding the governance, reputation, viability and future value of the organization. In the first half of 2020, management had to deal with crisis management with regards to the Covid-19

pandemic. They had to keep the interest of employees in mind and keep shareholders and key business relations informed while also paying attention to the impact of Covid-19 to the community. The necessary items were discussed and management was ensured of the board's support in keeping focus on a forward-looking agenda. In the near future the Company must focus on business recovery where necessary and align strategically with the new normal that will follow after this high-impact event subsides which might change industry trends.

Corporate Governance

In the meeting held on 17 January 2019 the results of the internal audits 2018 were presented and the internal audit plan for 2019 was approved. In the same meeting the IT annual plan 2019 was presented and approved. In the board meeting of 15 August 2019 a review of the internal audit plan 2019 was presented as well as the outlook for the rest of the year 2019. In the board meeting of 20 February 2020, the Corporate Governance Code was reviewed. There were minor adjustments.

Audit Committee

(J.J. Healy Jr., S. Smit, R. Hahn, and V. Kenswil)

In a meeting held on 14 March 2019 the Audit Committee, management, internal auditor, and the external auditor discussed the management letter 2018. Special attention was given to the process to comply with IFRS reporting standards. In the meeting held on 3 June 2019 the Audit Committee, management, internal auditor, and the external auditor discussed the financial position and results 2018. During each board meeting company's action points from the Audit Committee were monitored.

In a meeting held on 17 August 2020 the Audit Committee and the external auditor discussed the annual figures 2019 and the follow up by management of the recommendations noted in the management letter 2019. Special attention was given to the adoption of International Financial Reporting Standards (IFRS) as we progress towards full IFRS compliance by the end of 2020, cost control and the development of an Enterprise Risk Management (ERM) framework which will be implemented by the end of 2020.

Remuneration Committee

(J.J. Healy Jr., P. Fernandes, and K. Lim A Po)

Based on article 4.2 d of the Corporate Governance Code which states that the chair of the Supervisory Board cannot be a member of a board committee, D. Halfhide stepped down from the remuneration committee. As of 1 March 2020 P. Fernandes filled in this position.

Management performance and Executive Performance Pay

Management remuneration was evaluated and approved in the board meeting held on 12 December 2019.

Report of the Supervisory Board of Directors

On 12 December 2019, the Supervisory Board of Directors evaluated the overall performance of the Managing Directors of the United Suriname Holding Company and found the performance to be good. Specific areas of attention were discussed with the Management including business development opportunities, information security awareness, further development of financial administration software tools, to identify risk and establishing risk tolerance parameters and monitoring developments at the overseas companies.

On a consolidated basis, the VSH United Group attained a return on capital employed of 17.56% which is above the minimum target of 15%. Therefore the CEO will receive a short-term bonus of SRD 265,325, the CLO will receive a short-term bonus of SRD 125,154 and the CFO will receive a short-term bonus of SRD 110,135.

In a meeting held on 17 August 2020 the Remuneration Committee approved the payment of the above mentioned short-term bonuses for the Managing Directors of N.V. Verenigde Surinaamse Holdingmij.-United Suriname Holding Company.

N.V. VSH FOODS is measured against a yearly minimum target of 18% of return on capital employed. Based on the return on capital employed of 18.57% the Managing Director received a short-term bonus amounting to SRD 46,003.

IFC Holding B.V. is measured against a yearly minimum target of 20% of return on capital employed. Based on the return on capital employed of 25.77% the Managing Director received a short-term bonus amounting to EURO 8,313.

The other subsidiaries either did not meet their respective minimum target of return on capital employed or were not eligible to receive the short-term bonus.

Changes in the bylaws

In the meeting of the Supervisory Board of Directors held on 17 August 2020 the management recommended a change be made to the bylaws to comply with legislation on Annual reports adopted on 24 September 2017. This change will affect article 8.50a in the "General Shareholders Meeting" section. The Board endorses the recommendations of the management to make these necessary changes in the Annual General Meeting of Shareholders on 4 September 2020.

Supervisory Board of Directors changes and appointments

In accordance with article 7.20 of the bylaws all directors resigned during the Annual General Meeting of Shareholders on 13 June 2019. In this meeting all seven members, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr., Mr. S. Smit, Mr. K. Lim A Po, Mr. V. Kenswil and

Mr. P. Fernandes were re-elected as members of the Supervisory Board of Directors.

Being eligible, the members Mrs. D. Halfhide, Mr. R. Hahn, Mr. S. Smit, Mr. K. Lim A Po, Mr. V. Kenswil and Mr. P. Fernandes offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 4 September 2020. The Supervisory Board of Directors recommends that the members mentioned be re-elected. Having reached the retirement age for Supervisory Board Directors as stipulated in Article 7.12 of the bylaws, Mr. J. J. Healy Jr. will not offer himself for re-election. Mr. J. J. Healy Jr. has been a member of the Board since 1 July 2013. We thank him for his great contribution to the Company. The vacancy left by Mr. J. J. Healy Jr. will not be filled in at this time.

Management changes and appointments

Effective 2 Augustus 2019, Mr. P. Brahim was appointed Deputy Managing Director of N.V. Best Maritime Services.

Effective 1 January 2020, Mrs. B. Klaverweide-Weekes was appointed Managing Director of N.V. VSH Trading.

Effective 1 January 2020, Gregory Tai-Apin and Dennis Brommert were appointed as Managing Directors of VSH TECH B.V. in the Netherlands.

Effective 1 May 2020, Mrs. E. Mau Asam was appointed Assistant Managing Director of N.V. Best Maritime Services.

Performance of the Supervisory Board of Directors

In a meeting held on 12 December 2019 the Supervisory Board of Directors evaluated the performance of the Board. Based upon individual appraisals they found the performance collectively as well as individually to be satisfactory. The Board identified key areas of attention including risk management, the long-term strategic plan, and more involvement in the foreign subsidiaries.

Dividend Policy and Interim Dividend

The policy of the Company is to pay a dividend in the order of 30%-35% of the net earnings, not included the other comprehensive income, and after deduction of unrealized profit from subsidiaries and the associate company. Depending on circumstances the Supervisory Board of Directors may elect to deviate from this policy.

Financial Statements and Division of Profit

In compliance with the requirements of article 9.20 of the bylaws, management presented the financial statements 2019 to the Supervisory Board of Directors on 17 August 2020.

These financial statements can be found on pages 28 to 49 of this annual report.

Report of the Supervisory Board of Directors

The independent external auditor, Lutchman & Co N.V., audited the financial statements. Their independent auditor's report can be found on page 51.

The net earnings attributable to Shareholders amounts to SRD 32,322,155 (2018: SRD 31,034,468). We recommend that the Shareholders approve the financial statements as presented.

The Supervisory Board of Directors endorses the recommendation of the Management to pay a cash dividend for the year 2019 of SRD 4,469,261. If approved, total dividend will amount to SRD 2.25 per share and the balance of the net earnings amounting to SRD 27,852,894 will be added to retained earnings. Two interim dividends have been paid for a total of SRD 2.25 per share. Therefore no final dividend will be paid out. Total dividend represents a payout ratio of 30.55% which is in line with the group's dividend policy of 30% - 35% pay-out ratio.

We advise the Shareholders to approve the proposed dividend as recommended.

Remuneration of the Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors amounts to SRD 227,172 per year and was last adjusted on 1 July 2019. The Supervisory Board of Directors endorses the recommendation of the Management to increase the remuneration of the Supervisory Board of Directors to SRD 246,768 per year, effective 1 September 2020.

Appreciation

Our thanks and appreciations go to the members of management, and all the employees of the VSH UNITED Group, its subsidiaries, and the associated company for their contribution in 2019. Their collective hard work and commitment helped the VSH UNITED Group to a good performance in a challenging market environment and to make substantial progress towards achieving the goals set out in its long-term strategic plan.

Paramaribo, 17 August 2020

The Supervisory Board of Directors,

D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Consolidated Salient Figures

in SRD	2019	2018	2017	2016	2015
Revenue	180,531,582	172,972,709	125,214,325	123,853,321	76,650,642
Earnings from continuing operations	35,288,412	40,715,669	24,060,469	34,453,587	14,087,885
Income from associate and investments	14,272,348	8,617,048	8,971,915	17,504,547	11,828,381
Net earnings to Shareholders	32,322,155	31,034,468	20,719,097	36,799,667	18,555,091
Cashflow	46,546,334	42,353,246	29,291,737	44,287,285	25,378,349
Working capital	76,682,568	79,947,928	84,727,528	79,916,406	46,970,581
Shareholders' equity	229,600,612	212,422,034	183,738,100	185,825,295	163,321,866
Paid-in capital	198,634	198,634	198,634 ¹	19,863	19,863

Per share of SRD 0.10

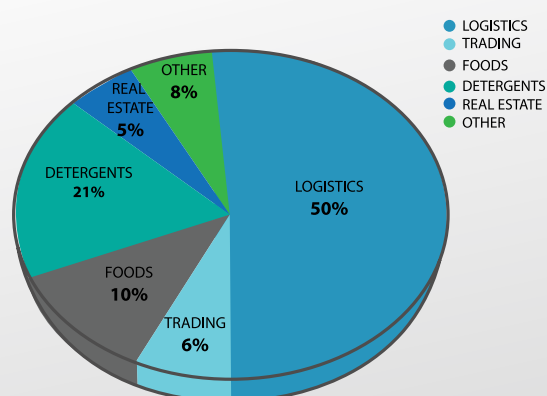
Cash dividend	2.25	4.00	2.65	2.80	1.70
Intrinsic value	115.59	106.94	92.50	93.55	82.22
Market value	77.00	77.00	72.00	72.00	72.00

Exchange rates per end of the year

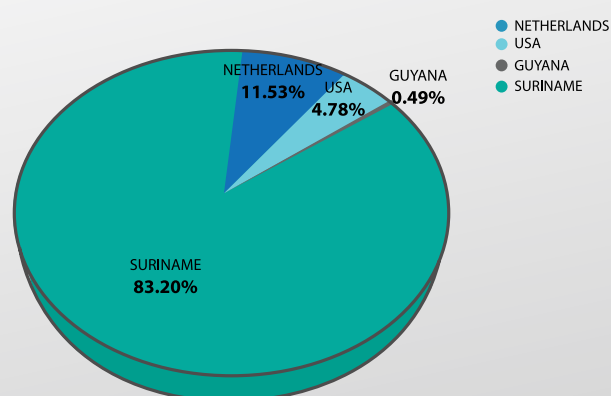
USD	8.20	7.60	7.55	7.50	4.20
EURO	9.20	8.70	9.04	7.93	4.58
GYD (per 100)	3.73	3.53	3.51	3.57	2.05

¹Conversion of SRD shares from nominal SRD 0.01 to SRD 0.10

Segment Operating Revenue 2019



Operating Revenue 2019 by Territory



Report of the Managing Directors

Introduction

The VSH United Group of Companies was established on 26 August 1958 and has grown to become one of the most diversified groups in Suriname. Market expansion ambitions saw the Company establish subsidiaries in Miami/U.S.A. (2001), Georgetown/Guyana (2015) and Moerdijk, the Netherlands (2018). The Group's major activities includes logistics, trading, manufacturing, real estate, steel engineering project management and specialized information technology services. Through associated companies VSH United is involved in the insurance and hotel business.

The COVID-19 virus pandemic that has its origins in China toward the end of 2019 has since spread across the globe. At reporting date the number of infected persons are still on the rise in Suriname. This pandemic has put additional strain on the already poorly functioning Suriname medical sector. The government's COVID-19 crisis team, emergency services units and medical care sector must be complimented on their efforts to contain the spread and treat those effected, this under very difficult circumstances. Private sector initiatives led by SU4SU/Suriname Trade Association (VSB) in collaboration with friendly partner nations have made substantial contributions in providing much needed equipment, supplies and support staff. The VSH Community Fund supports the SU4SU initiative. The disastrous effects of the pandemic on the world economy are unprecedented and has reshaped the way we do business. The VSH Group has made every effort to protect it's employees and customers by implementing stringent COVID-19 work floor safety measure while guaranteeing essential services and products in support of the larger community.

VSH United

Group results for the year 2019 were slightly higher in comparison to the year 2018. Revenue from all segments, trading, industry, logistics and real estate improved. Revenue from associate was higher in 2019 compared to 2018 while revenue from investments was slightly lower in 2019 compared to 2018.

At the Annual General Meeting of Shareholders held on 13 June 2019 the consolidated financial statement 2018 and a dividend of SRD 7,945,353 or SRD 4.00 per share of nominal SRD 0.10 were approved.

The VSH Corporate Governance Code is an integral part of the Group's Management policy. The Code and related Internal Audit and IT Charter were reviewed in the board meeting of 20 February 2020 and minor changes were made.

The Internal Audit Department (IAD) was strengthened:

- 4 FTE's (2018: 3 FTE's)
- Operational Audits 2,218 hours (2018: 2,213 hours)
- Financial Audits 949 hours (2018: 853 hours)
- Special Audits 251 hours (2018: 377 hours)

All audit file closings were done in allocated time period. We can report one significant operational audit initiated after a cargo mis-handling incident (without personal injuries)

on the terminal which lead to improve HSEQ policies for stevedore gear inventory controls. International Financial Reporting Standards (IFRS) implementation process is progressing to comply with the standard by the end of 2020. A cost control and an Enterprise Risk Management (ERM) framework will be implemented by the end of 2020.

An Information Technology (IT) strategy was prepared, with the focus on overall improved user experience. The establishment of VSH Tech B.V. in Hendrik - Ido - Ambacht, the Netherlands was realized.

The IT organization consists of 7 FTE's (2018: 7 FTE's).

Projects include:

- Support Exact professionalize activities with focus on infrastructure
- Support implementation Scansys/Exact interface automation software for purchasing
- Implementation Information Security awareness platform
- Adoption and adaptation Microsoft Office 365
- Help desk service improvements

The long-term Strategic Plan 2016-2021 objective to professionalize the business processes continued including the specific project to streamline the use of the licensed Exact administrative modules, which was finalized. Individual companies upgraded business specific software and production systems to improve business processes. Additionally, in the process to achieve regional dominance, VSH Real Estate (Guyana) Inc. executed strategic land improvement and warehouse building design projects. VSH-United (Nederland) B.V. in its second year produced better results than expected. The production companies reported an increase in export volumes.

The Business Environment

Even though the Suriname economy grew by 2.2% in 2019 (2018: 2.0%) as a result of relatively stable commodity prices for key exports in the extraction industries, continued excessive government expenditures and growing public depth fueled economic concerns and further eroded private sector confidence. Uncertainty in the financial sector effected foreign currency exchange rates and inflation.

- The Suriname Central Bank (CBVS) SRD-USD exchange rate remained at SRD 7.52 for USD 1.00.
- The VSH administration SRD-USD average exchange rate was SRD 8.20 (2018: SRD 7.60) and increased to SRD 15.00 for USD 1.00 effective June 2020.
- The December to December inflation rate for the year was 4.2%, the lowest in 4 years (2018: 5.4%, 2017: 9.2%, 2016: 52.4%). This was short lived as we can report that the June 2019 to June 2020 inflation rate was 35%.

The Guyana economy (GDP) grew by 4.7% (2018: 4.1%) signaling a steady market growth driven by the developing offshore oil industry. The transition from only exploration to production/exploration was realized with the installation of the first Floating Storage Production Offloading (FSPO) vessel at the LIZA 1 well and the start of production in Q4 2019 – "first oil".

Report of the Managing Directors

Extraction Industries

Gold

Production from the Newmont gold mining project at Nassau in eastern Suriname continues to report better than expected gold production results. Iamgold new Saramacca mine production started supplying the existing mill with ore in the second half of 2019 and gold extraction results are also better than expected. The “small” gold mining industry represents by some estimates a third of the Suriname economy, this given the number of ongoing land and water (skalians) mining operations. Unfortunately, data on the number of concession and production levels are not made public.

Oil & Gas

Staatsolie Maatschappij Suriname N.V. (Staatsolie) closed 2019 with positive results. Improved performance was due to enhanced oil recovery efforts onshore, overall cost cutting efforts and income from their interest in the gold mine of Newmont Suriname. The near shore drilling program executed in 2019 was not successful but based on newly gained information will be resumed at a later date. Exploration activities by Apache/Total in offshore block 58 (Maka Central-1) in 2019 were successful and are considered a long-term economic game changer for Staatsolie and for Suriname. This first find and additional exploration programs scheduled for 2020 are expected to further solidify Suriname's position in the developing Guiana basin offshore oil industry.

Important to note is the acquisition of the Afobaka hydroelectric dam by Staatsolie on 1 January 2020 from Alcoa/Suralco adding hydro power to their existing power generation capacity.

Bauxite

The bauxite and alumina industry in Suriname developed by Alcoa/Suralco dates back to 1916. In July 2015 Alcoa/Suralco announced that they would discontinue their operation in Suriname. A Dutch contractor was awarded the first and second phase contract to demolish the Paranam refinery. Local contractors are in the final stages of completion of the containment contract of the mud lakes adjacent to the refinery at Paranam. Ongoing exit negotiations in 2019 between Alcoa/Suralco and the government of Suriname resulted in the earlier mentioned sale of the Afobaka hydroelectric dam to Staatsolie.

Other Industries

Lumber

Export of round logs in containers remains the largest export container segment. Reports of management changes continue to affect the efficiency of the Foundation for Forest Management and Production (“Stichting voor Bosbeheer en Bostoezicht”).

Agriculture

In the Suriname agricultural sector FAI - Food and Agriculture Industries N.V. to struggle with the effects from the so-called Moko disease on its banana plants.

Banana production levels deteriorated further and negotiations between the shareholders FAI and the Suriname government are ongoing to determine the future of the company.

Fisheries had increased exports.

Tourism

In the air transport sector, overall passenger arrivals via Johan Adolf Pengel International Airport increased by 17% in 2019 compared to 2018.

The Group's Financial Overview

- Revenue SRD 180,531,582 (2018: SRD 172,972,709)
- Operating expenses SRD 149,403,844 (2018: SRD 133,937,843)
- Earnings from continuing operations SRD 35,288,412 (2018: SRD 40,715,669)
- Associate and investment income SRD 14,272,348 (2018: SRD 8,617,048)
- Earnings before tax SRD 49,560,760 (2018: SRD 49,332,717)
- Net earnings SRD 37,162,248 (2018: SRD 34,945,176)

The increase in revenue of 4.4% was offset by an operating cost increase of 11.5%, partly due to investments in the professionalization process and increase in personnel expense. The income from Associate and investment increased by 65.6%. Important to note is that Assuria 2019 dividend comprises of a cash dividend of SRD 0.46 per share and a stock dividend in which 40 shares (fractions) are entitled to one new share (a fraction has a market value of SRD 2.00).

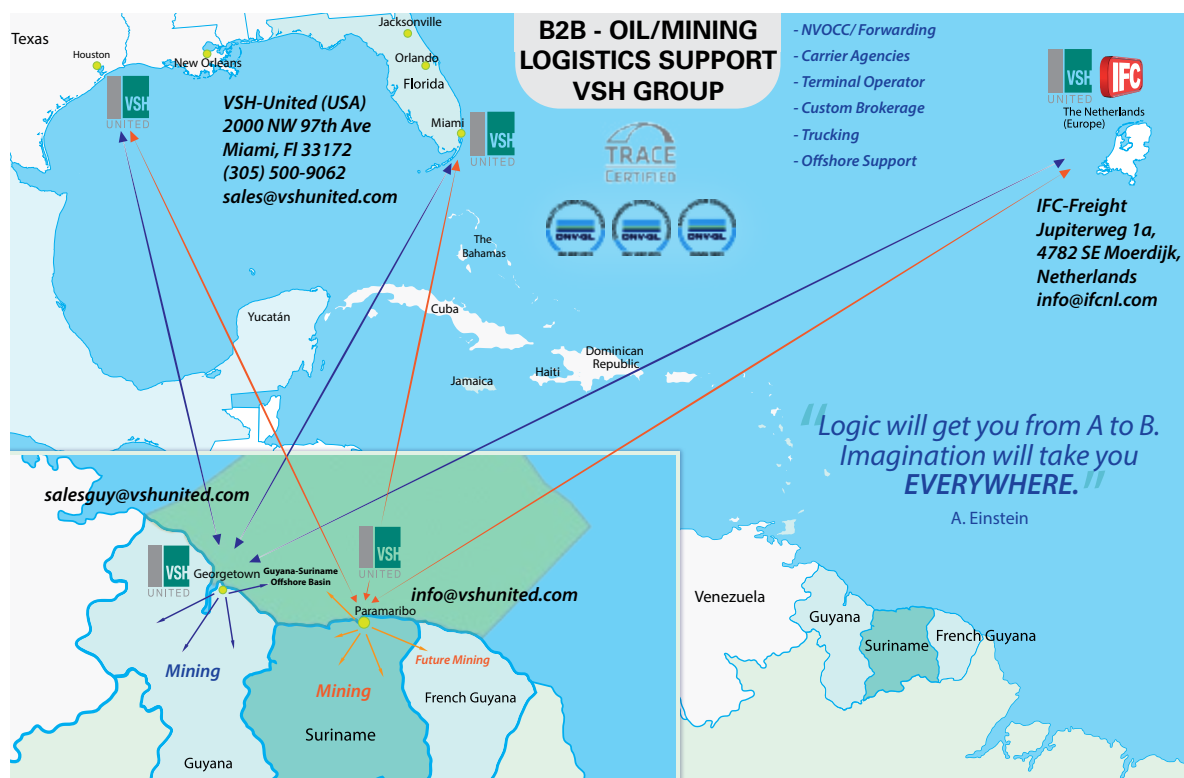
Earnings before tax increased by 0.5% while net earnings increased by 6.3%.

Segment Performance and Reporting

Logistics Segment

- **Ship Agency** companies **VSH Shipping, VSH Logistics, Best Maritime Services and VSH-United (Guyana) Inc.** represent carriers that offer liner services from ports in North America, Europe, Latin America, the Caribbean and the East Asia. These ship agency companies also provide vessel agency services to various incidental project cargo and bulk carriers.
- **NVOCC** (non-vessel operating common carrier) companies **VSH-UNITED (USA) L.L.C.** and **IFC – International Freight Caribbean B.V. (subsidiary of VSH-United Nederland B.V.)** are specialized in cargo movements from North America/ EU/Far East to Paramaribo, Guyana and the Dutch Speaking Caribbean.
- **Paramaribo port terminal operator N.V. VSH Transport** is active as stevedore, terminal cargo handling, offshore shore base services, warehousing, project logistics support, customs brokerage and trucking services.
- **VSH Labour Services** provides the required specialized personnel to support the activities of VSH Transport.

Report of the Managing Directors



VSH Transport terminal customers:



- Revenue SRD 103,297,891 (2018: SRD 99,260,871)
- Operating expenses SRD 68,629,536 (2018: SRD 53,874,871)
- Earnings from continuing operations SRD 35,493,432 (2018: SRD 43,988,435)

Revenue improved by 4.1% in comparison to 2018.

This increase in revenue is due to an increase in cargo handling activities. **Operating expenses** increased by 27.4% compared to 2018, due to investments in the professionalization process (terminal software update) and increase in personnel cost driven by the highly competitive labor market. Subsequently, **earnings from continuing operations** decreased by 19.3%.

Container Volume Statistics Dr. Jules Sedney Port - Paramaribo

TEU, Twenty-Foot Equivalent Unit	2019		2018	
Total discharge Port Stats	65,527		60,896	
VSH Transport	33,340	51%	26,468	43%
Total loaded Port Stats	62,509		57,779	
VSH Transport	30,287	48%	28,393	49%
Total containers Port Stats	128,036		118,674	
VSH Transport	63,627	50%	54,861	46%

"N.V. Havenbeheer Suriname" reported for the year a 10% increase in import full container volumes and a 6% increase in export full containers.

Offshore support services - VSH Transport was awarded the Apache/Total contract to support the oil exploration activities in the now famous Block 58 that resulted in the first oil find at the Maka Central-1 location. Offshore support service tender activities are ongoing for

2020 exploration activities.

Customs Brokerage - VSH Transport custom clearance division complements our one-stop-shop logistics marketing approach.

Risk Management

- ISO 9001:2015/14001:2015 certified - VSH Shipping, VSH Transport and VSH United (Guyana) Inc.
- OSHAS 18001 certified - VSH Transport
- TRACE Certified - VSH Group

These certifications address the operational, safety, environmental and anti-bribery risks related to logistics business activities. Process and safety appraisals enhance internal industry risk discussions and mitigation. Anti-bribery risk management solutions under the TRACE membership helps to confirm the VSH Group Corporate Governance Policy commitment to conduct business ethically and in compliance with local and international anti-bribery legislation.

The strategy of offering multiple agency companies (Suriname and Guyana) to represent competing carriers, control important cargo flows through our NVOCC network (USA and EU) has supported our multi-year cargo volume growth objectives for the terminal/cargo handling company (Suriname). Continued investments in software systems, personnel training and terminal equipment are required to maintain the VSH logistics segment market share growth. Further development of offshore agency and terminal services in line with recent Guiana basin oil finds are being explored.

Report of the Managing Directors

Trading Segment

- **N.V. VSH Trading (VSH Trading)**
- **VSH-United Guyana Inc. (VSH Guyana)**

VSH Trading is the distributor for Canon office equipment in Suriname and holds an important share of the market for copiers, printers and scanners. Document management systems are being developed in collaboration with Canon related companies.

VSH Trading and VSH Guyana are the official distributors for Red Wing products in Suriname/Guyana and they supply major industries with quality footwear for the workplace. A full line of Personal Protective Equipment (PPE) complements the assortment available to the thriving extraction industry and other customers.



- Revenue SRD 11,919,112 (2018: SRD 9,325,105)
- Operating expenses SRD 8,942,614 (2018: SRD 8,634,655)
- Earnings from continuing operations SRD 3,226,958 (2018: SRD 690,450)

Trading revenue is stated after deduction of cost of goods sold.

Revenue improved by 27.8% in comparison to 2018. **Operating expenses** increased by 3.6% compared to 2018 as a result of increase in personnel and depreciation expenses. Subsequently, earnings from **continuing operations** improved by 367.4% compared to 2018. Improved trading segment revenue was mostly generated by an increase in Suriname office equipment and PPE sales by VSH Trading. VSH Guyana continued to underperform in 2019 but the process of changing the business model by focusing on Red Wing products and expanding PPE product portfolio has improved revenue towards the end of 2019 and the beginning of 2020. The ongoing professionalization process and related cost cutting measures had a high priority 2019. IT cost cutting efforts initiated the process to explore alternative administrative software systems with webshop and cloud storage solutions. Based on market research results the decision was taken in Q1 2020 to switch to another administrative software at VSH Guyana.

The strong product brand portfolio combined with dedicated support staff at VSH Trading and VSH United (Guyana) have positioned the trading segment to further improve operating income and results for the coming years.

Industry Segment

- **N.V. VSH FOODS** (63.13%, 2018: 56.01% share position)
- VSH FOODS is the producer and distributor of margarine, butter and shortening with established quality brands in Suriname and in the Caribbean.



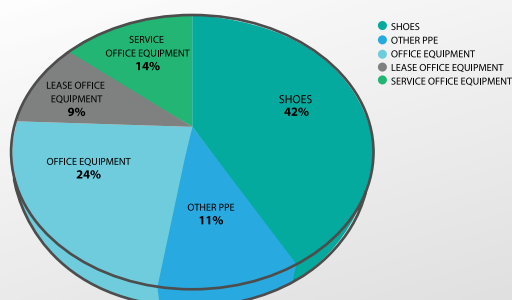
- Revenue SRD 19,597,409 (2018: SRD 17,897,762)
- Operating expenses SRD 14,702,734 (2018: SRD 14,417,608)
- Earnings from continuing operations SRD 4,175,244 (2018: SRD 3,025,974)

Revenue improved by 9.5% in comparison to 2018, as a result of domestic and export volume growth. Successful domestic pricing strategies for maintaining market leader position were implemented. Export volumes grew by 13.5% compared to 2018 and more importantly contributed to an overall 5.7% sales revenue growth. **Operating expenses** increased by 2.0% compared to 2018, mainly due to an increase in personnel expenses and depreciation expenses due to investments in the production department. Subsequently, **earnings from continuing operations** improved by 38.0% compared to 2018.

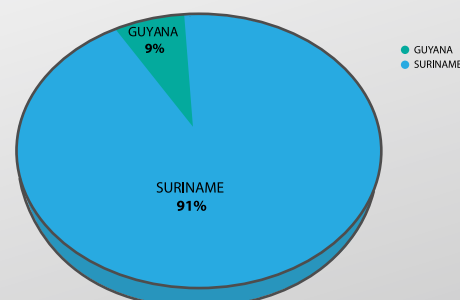
Risk Management

- Good Manufacturing Practice (GMP) audits increased involvement and awareness of personnel supporting the Food Safety Management systems in place
- Personnel training programs in finance, sales, purchasing activities and safety supports individual and company development

Segment Operating Trading Revenue 2019
"Suriname & Guyana"



Segment Operating Trading Revenue 2019
by "Country"



Report of the Managing Directors

• N.V. Consolidated Industries Corporation (CIC)

(60.40%, 2018: 60.15% share position)

CIC is the producer and distributor of a wide range of industrial/household detergents and plastic packaging materials. The Company's products are market leader in Suriname and are growing in export markets.



- Revenue SRD 42,594,943 (2018: SRD 36,552,458)
- Operating expenses SRD 37,884,871 (2018: SRD 34,467,128)
- Earnings from continuing operations SRD 3,913,203 (2018: SRD 1,458,272)

Revenue improved by 16.5% in comparison to 2018, as a result of focusing on improving overall profitability. Further focus on domestic market demands for quality and affordability, the company was able to retain their market leader position. Export volumes grew slightly compared to 2018 and contributes 34% of total sales (2018: 33%). **Operating expenses** increased by 9.9% compared to 2018, as a result of increases in personnel expenses to strengthen their labor market position and an increase in depreciation expenses due to investments made. Ongoing professionalization process investments were made in automating product packaging and mixing. Additionally, investments were made in other replacement production equipment. Subsequently, **earnings from continuing operations** improved by 168.3% compared to 2018.

Risk Management

- ISO9001:2015/14001:2015 certified systems are in place and potential operational and environmental risks are identified and addressed.
- Yearly internal appraisals sessions support competitive, economic and strategic risks discussions including personnel advancement and safety training.

VSH FOODS and CIC will continue to build on their strong brands and management understands the need for continued administrative and production improvements to ensure revenue growth in these ever changing domestic and highly competitive export markets.

Real Estate Segment

- N.V. VSH Real Estate, subsidiary: VSH Real Estate (Guyana) Inc.
- VSH United (Netherlands) B.V./IFC Holding B.V., subsidiary IFC Vastgoed B.V (Netherlands)
- VSH-UNITED (USA) L.L.C.

These companies own, develop and manage real estate objects for use by the Group or for limited rental to external tenants.

This segment also includes the historic apartment building at "Waterkant" owned by VSH Trading; effective 1 January 2020 the decision was made to transfer economic benefits to VSH Real Estate.

- Revenue SRD 9,441,382 (2018: SRD 8,075,095)
- Operating expenses SRD 5,002,017 (2018: SRD 4,938,922)
- Earnings from continuing operations SRD 4,652,082 (2018: SRD 3,136,173)

Revenue increased by 16.9% and **operating expenses** increased by 1.3% in comparison to 2018. **Earnings from continuing operations** increased by 48.3%.

We continue to explore real estate opportunities in developing the strategic lots owned in Paramaribo, Paramaribo (Suriname) and Georgetown (Guyana).

Services and investment segment

The services and investment segment comprises of earnings from services, not included in the other segments, and earnings from investment activities in the following companies:

- N.V. Verenigde Surinaamse Holdingmij.- United Suriname Holding Company
- N.V. VSH Steel
- N.V. VSH Investment
- VSH Marketing Ltd.
- The associate Assuria N.V.
- The strategic investment Torarica Holding N.V.
- Other investments in local companies

- Revenue SRD 18,416,581 (2018: SRD 20,407,967)
- Operating expenses SRD 5,842,317 (2018: SRD 10,219,254)
- Earnings from continuing operations SRD 15,072,425 (2018: SRD 18,110,879)

Revenue decreased by 9.8% and **operating expenses** decreased by 42.8% in comparison to 2018. **Earnings from continuing operations** decreased by 16.8%.

• N.V. VSH Steel

VSH Steel provides engineering and construction project management services specialized in buildings utilizing prefabricated steel structures. This newly developed business model is based on 30 years' of engineering and steel fabrication experience in Suriname, the Caribbean and Central America. Considering the highly competitive international steel fabrication market the decision was made to discontinue the steel production facility in June 2019. Strategic partnerships have been established to outsource steel fabrication under the VSH Steel brand.

- Revenue SRD 1,925,650 (2018: SRD 8,013,454)
- Operating expenses SRD 5,831,458 (2018: SRD 10,203,963)
- Earnings from continuing operations SRD (3,800,043) (2018: SRD (2,190,509))

Report of the Managing Directors

Revenue decreased by 76.0% and **operating expenses** decreased by 42.9% in comparison to 2018. **Earnings from continuing operations** was at a loss due to cost associated with closing down the production facility.

VSH Steel's proven track record in providing quality engineering and project support services will support development of this new specialized business model.



Assuria 
VERZEKERINGEN

• **Assuria N.V.** (24.63% share position), Associated Company Assuria is the largest insurance company in Suriname offering a broad range of life, property & casualty, motor and health insurance products in Suriname, Guyana, Trinidad and Tobago and other Caribbean territories. Subsidiaries Gulf Insurance Ltd. (Trinidad) and Assuria (Guyana) overall performance continued to improve in 2019.

- Solvency ratio 314% (2018: 151%)
- Share price SRD 83.25 (2018: SRD 85.00)
- Share in equity SRD 77,508,933 (2018: SRD 69,800,094)
- Share in net profit SRD 12,619,429 (2018: SRD 6,916,811)
- Dividend received SRD 742,416 (2018: SRD 2,743,710)

Investment portfolio performance improved while Real Estate related business activities continue to operate at a loss. Successful efforts have been made to curtail losses by selling of various properties. The investment in the new high rise building is expected to increase rental income and improve Real Estate results.

• **Torarica Holding N.V.** (15.3% share position), strategic investment

Torarica Holding operates three hotels in prime locations along the Suriname River. The Royal Torarica is a 105-room luxury hotel located next to Torarica Resort, a 130-room first class hotel in the entertainment centre of Paramaribo. A short walk from Torarica Resort is a fine 122-room hotel called Eco Torarica. These hotels provide state of the art accommodation mainly to business visitors and tourists.

• N.V. VSH Investment

VSH Investment operates as a broker on the Suriname Stock Exchange. The Suriname Stock Exchange meets every other week and 12 companies are listed. The index decreased; from 9,625 at the end of 2018 to 9,207 at the end of 2019, a decrease of 4.3%.

• **VSH Tech B.V.**, Subsidiary of VSH United (Nederland) (50% share position), established 16 January 2020.

VSH Tech is an information technology support services company.

Proposed Dividend

Net earnings attributable to the Shareholders of the Company amounted to SRD 32,322,155 (2018: SRD 31,034,468). Management proposes a total dividend of SRD 4,469,261 or SRD 2.25 per share of nominal SRD 0.10 per share and the balance amounting to SRD 27,852,894 to be added to retained earnings.

Two interim dividends have been paid out:

- 9 October 2019, SRD 1,986,338 or SRD 1.00 per share of nominal SRD 0.10 per share.
- 15 July 2020, SRD 2,482,923 or SRD 1.25 per share of nominal SRD 0.10 per share.

This dividend proposal represents 30.55% of the net realized profit which is in line with the group's dividend policy of 30% to 35% pay-out ratio. No final dividend will be paid. Should the proposed dividend be approved, Shareholders equity will amount to SRD 229,600,612 at the end of the year.

Share Price

At the end of the year the price for shares of the Company at the Suriname Stock Exchange amounted to SRD 77.00 per share (2018: SRD 77.00 per share).

Financial Condition

Liquidity and capital resources

The consolidated statement of cash flows illustrates that cash and cash equivalents at year end increased to SRD 42,452,629 (2018: SRD 42,256,121). In 2019 operating activities generated SRD 36,071,149 (2018: SRD 46,619,232) in cash and cash equivalents. Investments in financial and fixed assets amounted to SRD 25,945,910 (2018: SRD 45,902,320) and were partially financed by own means.

Assets and capital structure

Equity and debt

The group capital structure is as follows:

in SRD	2019	2018
Interest-bearing loans and borrowings	48,031,760	48,026,116
Cash and cash equivalents	(42,452,629)	(42,256,121)
Total equity	256,846,109	237,072,796
Total net capital employed	262,425,240	242,842,791

Report of the Managing Directors

Investments financed by own means amounted to SRD 18,515, 636 (2018: SRD 21,762,320).

Human resource management

Personnel and Organization:

- 11 Managing Directors
- 3 Assistant Managing Directors
- 35 specialized staff members
- 447 employees total group (2018: 467 employees)
- 32% - 68%, female to male ratio

The diversified nature of VSH United requires a wide range of personal and professional skills. The Company encourages individual development through financial assistance for career development through specialized training.

Remuneration structure:

- Salary increases 7% effective 1 January 2019
- Bonuses paid for the year amounted to SRD 9,989,971 (2018: SRD 9,911,115).
Bonuses and salary adjustments were based on performance evaluation.
- A medical insurance plan provides medical services to employees and their families. Employees contribute 4% and the management 6% of gross wages to the medical insurance plan. Medical insurance for employees of VSH Labour Services is insured with a "Nationale Basis Zorgverzekering". Employees of VSH Labour Services contribute 50% of the premium to the medical plan.
- The VSH Pension Fund is incorporated in a separate legal entity, which is governed by a board consisting of four members of whom Management appoints the Chairman and Secretary and two other members are elected by the Pension Fund participants. At the end of 2019 the fund manages:
 - 237 active pension fund members
 - 85 persons with deferred pension
 - 31 pensioners, 3 widows and 5 orphans receiving pension
 - Premium reserve SRD 61,183,824 (2018: SRD 56,229,798)
 - Equity SRD 80,127,925* (2018: SRD 72,445,417)
 - CIC has 159 employees who's pension benefits are insured
 - 37 pensioners and 4 persons with disability pension
 - VSH Labour Services has 85 employees that have pension benefits that are secured in "Algemeen Pensioen Fonds", which is maintained by a foundation managed by the Government

Personnel Activities

On 14 December 2019, the traditional closing of the year party was held with the employees of the Group to honor employees celebrating 10, 12½, 15, 20, 25, 30 and 35 years of service.

We honored in total 36 employees for:

- 10 years of service: 7 employees
- 12,5 years of Service: 3 employees
- 15 years of service: 7 employees
- 20 years of service: 1 employee
- 25 years of service: 6 employees
- 30 years of service: 9 employees
- 35 years of service: 3 employees

We honored Mr. R. Pancham (30 years of service CIC), Mr. W. Rebin (27 years of service VSH Steel), Mr. R. Liesdek (25 years of service CIC), Mr. H. Madjoerana (16 years of service VSH Labour Services) and Mr. D. Grebbe (15 years of service VSH Labour Services) all five of them retired on 1 January 2020.

Community Activities

The VSH Community Fund is incorporated in a separate legal entity, which is governed by a board consisting of three members of Management. The Fund supports sustainable community projects in education, environment and healthcare.

During the year, especially during religious holidays and school vacations, donations are made to churches, educational vacation projects and to community organizations to give comfort to the elderly, and to support the youth and the disadvantaged.

For the year the foundation donated a total amount of SRD 328,884 to various organizations.

Outlook

The Suriname COVID-19 pandemic curve had a slow upward start but has seen a concerning rise since end of June 2020. As the human health concern grows, the economic damage is already evident and expected to get worse. Election results on 25 May 2020 brought about a change in governing political constellation which has positively influenced private sector confidence. Confronted with huge debts, depleted foreign currency reserves, high inflation and a COVID-19 health crises the new government has a difficult task ahead.

In the short-term the relatively small Suriname economy, with a thriving gold mining industry now trading at record breaking gold prices will support economic recovery. The two active multi-national gold mining companies make a significant contribution to the government in royalties and tax income. The limited government tax income from the thriving small scale mining needs to be dealt with to ensure revenue streams to also support urgent economic recovery efforts and transparency of the sector.

The Guyana GDP high projected growth of 52.8% for 2020 is for the most part the result of the start of production in the offshore oil industry in December 2019. Elections held on 2 March 2020 also brought about a change in the governing political constellation.

The success of the diversity of the VSH Group will again be tested in these uncertain economic times. The long-term effects of the COVID-19 pandemic is difficult to access.

*Unaudited

Report of the Managing Directors

The VSH Group will continue to build on its multiyear strategy to professionalize, innovate and achieve regional dominance by market expansion efforts.

Appreciation

We want to thank the Supervisory Board of Directors for their advice and support during the year. A special word of thanks goes out to the retiring board member James (Jim) Joseph Healy Jr. whose loyalty to the Company is expressed by his seven years of constructive participation in supervising the Company and as a reminder his VSH career which spanned some forty years.

VSH Group employees are confronted with challenging living and economic conditions, still they show their commitment to support the goals and objectives of the VSH Group. Their commitment is the basis of the strong VSH foundation.

To our customers and suppliers, we express our appreciation for their loyalty and contribution.

Paramaribo, 17 August 2020

Patrick Healy

*Managing Director
Chief Executive Officer*

Malini Ramsundersingh

*Managing Director
Chief Legal & HR Officer*

Paul Brahim

*Managing Director
Chief Financial Officer*



N.V. VSH FOODS

N.V. Consolidated Industries Corporation
(CIC)

Statement of Financial Position at 31 December 2019

before appropriation of profit

ASSETS	2019 SRD	2018 SRD
Non-current assets		
Property, plant and equipment	1,751,686	2,559,738
Intangible assets	739,913	746,095
Financial assets	21,368,553	19,631,785
Subsidiary interest	147,709,938	127,005,006
Investment in associate	77,508,933	69,800,094
Total non-current assets	249,079,023	219,742,718
Current assets		
Subsidiary receivables	24,496,221	18,701,213
Trade and other receivables	2,763,781	5,235,239
Cash and cash equivalents	25,460,398	26,681,903
Total current assets	52,720,400	50,618,355
Total assets	301,799,423	270,361,073
EQUITY AND LIABILITIES		
Equity		
Issued capital	198,634	198,634
Capital in excess of par value	61,654	61,654
Retained earnings	171,434,692	151,511,222
Result for the year	32,322,155	31,034,468
Revaluation reserves	25,583,477	29,616,056
Total equity	229,600,612	212,422,034
Liabilities		
Non-current liabilities		
Deferred tax	8,964,936	8,374,153
Total non-current liabilities	8,964,936	8,374,153
Current liabilities		
Subsidiary payables	41,510,340	34,889,088
Provision	6,684,728	4,912,555
Income tax payable	52,352	526,250
Trade and other payables	14,986,455	9,236,993
Total current liabilities	63,233,875	49,564,886
Total equity and liabilities	301,799,423	270,361,073

The accompanying notes are an integral part of these financial statements

Paramaribo, 17 August 2020
Supervisory Board of Directors
D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Managing Directors
P. Healy
M. Ramsundersingh
P. Brahim

Statement of Income

for the year ended 31 December 2019

	note	2019 SRD	2018 SRD
Income from			
Subsidiaries		16,972,583	21,077,465
Share of profit in associate		12,619,429	6,916,811
Investments		1,636,816	1,681,085
Other		1,708,324	2,123,604
		32,937,152	31,798,965
Earnings			
Earnings before income tax		32,937,152	31,798,965
Income tax		(614,997)	(764,497)
Net earnings		32,322,155	31,034,468
Division of net earnings			
Interim dividend	8	4,469,261	1,191,803
Final dividend	8	-	6,753,550
Surplus		27,852,894	23,089,115
		32,322,155	31,034,468

The accompanying notes are an integral part of these financial statements

Paramaribo, 17 August 2020 Supervisory Board of Directors

D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Managing Directors

P. Healy
M. Ramsundersingh
P. Brahim

Consolidated Statement of Financial Position at 31 December 2019

before appropriation of profit

note 2019
SRD 2018
SRD

ASSETS

Non-current assets

Property, plant and equipment	4	114,748,321	104,903,253
Intangible assets	4	979,297	917,152
Subsidiary interest	5	200,000	200,000
Discontinued operations	5	1,348,295	1,937,973
Financial assets	5	36,869,001	34,189,186
Investment in associate	6	77,508,933	69,800,094
Total non-current assets		231,653,847	211,947,658

Current assets

Inventories	7	53,659,188	56,588,241
Trade and other receivables	8	80,064,652	83,047,334
Cash and cash equivalents	9	42,452,629	42,256,121
Total current assets		176,176,469	181,891,696

Total assets		407,830,316	393,839,354
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EQUITY AND LIABILITIES

Equity

Issued capital	10	198,634	198,634
Capital in excess of par value	10	61,654	61,654
Retained earnings	10	171,434,692	151,511,222
Result for the year		32,322,155	31,034,468
Revaluation reserves	10	25,583,477	29,616,056
Equity attributable to equity holders of the parent company		229,600,612	212,422,034
Non-controlling interest		27,245,497	24,650,762
Total equity		256,846,109	237,072,796

Liabilities

Non-current liabilities

Long-term borrowings	11	30,557,903	34,425,672
Deferred tax	14	14,953,445	14,822,624
Long-term provisions	12	5,978,958	5,574,494
Total non-current liabilities		51,490,306	54,822,790

Current liabilities

Trade and other payables	13	74,005,766	78,599,176
Short-term borrowings	11	17,473,857	13,600,444
Current tax payable	14	6,199,016	7,900,108
Short-term provisions	12	1,815,262	1,844,040
Total current liabilities		99,493,901	101,943,768

Total equity and liabilities		407,830,316	393,839,354
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The accompanying notes are an integral part of these financial statements

Paramaribo, 17 August 2020

Supervisory Board of Directors

D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Managing Directors

P. Healy
M. Ramsundersingh
P. Brahim

Consolidated Statement of Income

for the year ended 31 December 2019

	note	2019 SRD	2018 SRD
Revenue			
Trading		11,919,112	10,189,981
Industry		62,240,957	60,970,128
Logistics		103,297,891	99,260,871*
Real estate		3,073,622	2,551,729
		180,531,582	172,972,709
Other income	15	4,095,628	4,406,137*
Personnel expenses	15	(77,145,498)	(69,597,756)
Administrative expenses	15	(56,366,509)	(49,000,100)
Depreciation and amortisation	4	(14,224,179)	(11,318,778)
Provisions	15	(1,667,658)	(4,021,209)
Earnings from operations		35,223,366	43,441,003
Finance income		2,602,680	250,771
Finance costs		(2,537,634)	(2,976,105)
Finance income-net		65,046	(2,725,334)
Earnings from continuing operations		35,288,412	40,715,669
Share of profit in associate	6	12,619,429	6,916,811
Investments		1,652,919	1,700,237
Earnings			
Earnings before income tax		49,560,760	49,332,717
Income tax expense	14	(12,398,512)	(14,387,541)
Net earnings		37,162,248	34,945,176
Attributable to:			
Non-controlling interests		4,840,093	3,910,708
Equity holders of the parent Company		32,322,155	31,034,468
Weighted average number of shares	10	1,986,338	1,986,338
Earnings per share	10	16.27	15.62

* reclassified for comparison purposes

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	note	2019 SRD	2018 SRD
Net earnings		37,162,248	34,945,176
Non-controlling interests		(4,902,630)	(3,516,738)
		32,259,618	31,428,438
Other comprehensive income			
Actuarial gain/ (loss) on defined benefit obligation		246,752	(1,544,738)
		246,752	(1,544,738)
Income tax		(88,831)	556,106
Other comprehensive income net of income tax		157,921	(988,632)
Total comprehensive income		32,417,539	30,439,806

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Paramaribo, 17 August 2020

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Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

in SRD	Share capital	Capital in excess of par value	Retained earnings	Revaluation reserve	Total	Non-controlling interest	Total
Equity at 1 January 2018	198,634	61,654	152,612,136	26,793,683	179,666,107	18,671,017	198,337,124
Earnings after tax	-	-	31,034,468	-	31,034,468	3,910,708	34,945,176
Earnings distributions	-	-	(1,191,803)	-	(1,191,803)	(351,588)	(1,543,391)
Revaluation	-	-	-	2,912,479	2,912,479	(35,835)	2,876,644
Realized revaluation	-	-	90,106	(90,106)	-	-	-
Correction previous year	-	-	783	-	783	-	783
Other comprehensive income	-	-	-	-	-	(393,970)	(393,970)
Change in subsidiaries position	-	-	-	-	-	2,850,430	2,850,430
Equity at 31 December 2018 before appropriation of profit	198,634	61,654	182,545,690	29,616,056	212,422,034	24,650,762	237,072,796
Appropriation of profit							
Final dividend	-	-	(6,753,550)	-	(6,753,550)	(86,092)	(6,839,642)
Equity at 31 December 2018 after appropriation of profit	198,634	61,654	175,792,140	29,616,056	205,668,484	24,564,670	230,233,154
Earnings after tax	-	-	32,322,155	-	32,322,155	4,840,093	37,162,248
Earnings distributions	-	-	(4,469,261)	-	(4,469,261)	(382,020)	(4,851,281)
Revaluation	-	-	-	(3,920,766)	(3,920,766)	(1,487)	(3,922,253)
Realized revaluation	-	-	111,813	(111,813)	-	-	-
Correction previous year	-	-	-	-	-	(128,090)	(128,090)
Other comprehensive income	-	-	-	-	-	62,537	62,537
Unclaimed dividend	-	-	-	-	-	6,922	6,922
Change in subsidiaries position	-	-	-	-	-	(1,717,128)	(1,717,128)
Equity at 31 December 2019 before appropriation of profit	198,634	61,654	203,756,847	25,583,477	229,600,612	27,245,497	256,846,109
Appropriation of profit							
Proposed final dividend	-	-	-	-	-	-	-
Equity at 31 December 2019 after appropriation of profit	198,634	61,654	203,756,847	25,583,477	229,600,612	27,245,497	256,846,109

The accompanying notes are an integral part of these financial statements

Paramaribo, 17 August 2020 Supervisory Board of Directors

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Consolidated Statement of Cash Flows

for the year ended 31 December 2019

	2019 SRD	2018 SRD
Cash flows from operating activities:		
Earnings before income tax	49,560,760	49,332,717
Adjusted for:		
Depreciation and amortisation	14,224,179	11,318,778
Unrealized share of profit associate	(12,619,429)	(6,916,811)
Revaluation results	(525,261)	59,330
Investment income	(1,652,919)	(1,700,237)
Finance income/ (costs)	(65,046)	2,725,334
Provisions	1,667,658	4,021,209
Cash flow from operations before changes in working capital	50,589,942	58,840,320
<i>Changes in working capital</i>		
Change in inventories	2,929,053	(10,377,643)
Change in trade and other receivables	2,982,682	(5,172,342)
Change in trade and other payables	(4,593,410)	13,656,083
Adjustments regarding provisions	(993,573)	(2,875,089)
<i>Cash generated from operations</i>	50,914,694	54,071,329
First adoption foreign subsidiaries	-	5,431,148
Claims paid	(2,670)	(2,561)
Finance income received/ (paid finance costs)	65,046	(2,725,334)
Paid income tax	(14,905,921)	(10,155,350)
Net cash generated from operating activities	36,071,149	46,619,232
Cash flows from investing activities:		
Purchase of property, plant & equipment	(39,366,895)	(55,365,990)
Transfer of property, plant & equipment	15,418,584	10,356,101
Translation results property, plant and equipment	(1,347,504)	(1,230,828)
Disposal of property, plant and equipment	1,170,542	387,261
Purchase of non-current financial assets	(1,820,637)	(48,864)
Acquisition of foreign company	-	(17,715,750)
Acquisition of shares in subsidiaries	(1,707,172)	-
Sale of non-current financial assets	5,108	353
Dividends received	4,396,629	4,686,039
Net cash used in investing activities	(23,251,345)	(58,931,678)
Cash flows from financing activities:		
Proceeds and repayments of loans	5,644	24,078,298
Payments of medical for pensioners	(407,985)	(451,381)
Redundancy payments	(700,194)	(594,355)
Dividend paid	(11,520,761)	(5,263,796)
Net cash (used in)/ from financing activities	(12,623,296)	17,768,766
Net increase in cash for the year	196,508	5,456,320
Cash and cash equivalents at 1 January	42,256,121	36,799,801
Cash and cash equivalents at 31 December	42,452,629	42,256,121

The accompanying notes are an integral part of these financial statements

Paramaribo, 17 August 2020

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P. Brahim

Notes to the Consolidated Financial Statements

1.) Information on the reporting entity

N.V. Verenigde Surinaamse Holdingmij./United Suriname Holding Company, is a company registered and domiciled in Suriname. The Company's registered office is at Van 't Hogerhuysstraat 9-11, Paramaribo, Suriname. The consolidated financial statements of the Company at and for the year ended 31 December 2019 comprise the Company, its subsidiaries and its associate (together referred to as the Group).

These financial statements have been prepared by management and were authorized for issue by the Supervisory Board of Directors on 17 August 2020 and will be submitted for approval in the Annual General Meeting of Shareholders on 4 September 2020.

The subsidiaries are:

1. N.V. VSH Shipping
2. N.V. VSH Transport
3. N.V. VSH Trading
4. N.V. VSH Steel
5. N.V. VSH Real Estate
 - VSH Real Estate Guyana INC.
6. N.V. VSH Investment
7. VSH Marketing Company Ltd.
8. N.V. VSH Logistics
9. N.V. VSH Labour Services
10. VSH-United (USA) L.L.C.
11. VSH-United (Nederland) B.V.
 - I.F.C. (Holding) B.V. (51%)
 - o IFC International Freight (Caribbean) B.V.
 - o IFC Vastgoed B.V.
12. VSH-UNITED (GUYANA) INC.
13. N.V. Best Maritime Services (Previous N.V. VSH Agency Services)
14. N.V. VSH FOODS (63.13%)
15. N.V. Consolidated Industries Corporation (CIC) (60.40%)

The associate is:

1. Assuria N.V. (24.63%)

The VSH United Group is involved in: shipping, logistics, transport, port operating, steel engineering, manufacturing of butter, margarine and shortening, manufacturing of household cleaning products and packaging material, trading, insurance, real estate and investment.

2.) Basis of preparation

2.1) Statement of compliance

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. VSH UNITED Group is in the transition towards reporting under IFRS. Based on the Act on annual reporting (Wet op de jaarrekening (S.B. 2017 No.84)) the consolidated financial statements of VSH UNITED Group will be prepared and published in accordance with the IFRS standards as of 1 January 2020.

2.2) Application of IFRS standards

Certain provisions from the following IFRS standards were applied to these consolidated 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 28: Investments in Associates and Joint Ventures
- IAS 33: Earnings Per Share
- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

Notes to the Consolidated Financial Statements

2.3) Basis of Measurement

Specific basis of measurement are: Property and plant are valued at costs adjusted for hyperinflation. Equipment and software are valued at cost. Financial assets are valued at fair value. Other assets and liabilities are stated at fair value using the historical cost method. The methods used to measure fair value are described further in note 2.6.

2.4) Functional and presentation currency

These consolidated 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.

2.5) Use of estimates and judgments

The preparation of consolidated 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 consolidated financial statements are disclosed in note 12.

2.6) Accounting policies

The accounting policies adopted are consistent with those of previous financial year except for the following:

a. Change in accounting policies

Inventories

With effect from 1 November 2019, VSH FOODS changed its stock valuation method to weighted average costs. The change in accounting policy has been applied prospectively.

Leases

IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019.

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. The VSH UNITED Group will apply the modified retrospective approach. The modified retrospective approach does not require restatement of comparative periods. Instead the cumulative impact of applying IFRS 16 is accounted for as an adjustment to equity at the start of the current accounting period in which it is first applied, known as the 'date of initial application'. 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 (w).

CIC

The total impact of the adoption of IFRS 16 for CIC in the opening Statement of Financial position as at 1 January 2019 (before appropriation of profit):

- Capitalization of Property, Plant and Equipment SRD 2,127,062
- Recognition of the lease liability under borrowings (long-term borrowings >12 months SRD 1,267,670 and short-term borrowings <12 months SRD 859,392)

VSH FOODS

The Company adopted IFRS 16 'Leases' for the hire purchase contract (in 2017) and for an operational lease contract (in 2019).

An operational lease contract, which was recognized as a lease expense in the statement of income ended in 2019. Hereafter a new contract was signed and recognized under IFRS 16.

Leases at the 100% subsidiaries of vehicles, the VSH USA warehouse and terminal lease will be recognized in the consolidated statement of financial position as a 'right-of-use' asset and a lease liability accounting policy effective 1 January 2020.

b. Subsidiaries

Subsidiaries are those companies 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. Subsidiaries are recognized in the Parent Company according to the net equity method. Subsidiaries with a negative equity are valued at zero. Subsequently a provision is necessary and will be formed in the Parent Company to the amount of the equity or the obligation with regards to the shareholders position.

Subsidiaries are fully consolidated and the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. All balances, transactions, income and expenses between Group companies are eliminated. Non-controlling interests represent the portion of profit and net assets not held by the Company and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

c. Associate

Within the framework of IAS 28 associates are those companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the associate after the date of acquisition.

The Company's share in the profit or loss of the associate is recognized in the Company's statement of income. Dividend received reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportional interest in the associate arising from changes in the revaluation of property, plant, equipment and other assets.

Under IAS 28 the Company meets the requirement of significant influence by virtue of:

1. The share position of 24.63% in Assuria (IAS 28.5)
2. The Company holds two out of seven positions on the Assuria Supervisory Board (IAS 28.6)

d. Foreign currency transactions

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

The exchange rates used for the USD, the EURO and the GYD at 31 December 2019 are:

in SRD	2019	2018
USD	8.20	7.60
EURO	9.20	8.70
GYD (per 100)	3.73	3.53

e. Foreign operations

The assets and liabilities of foreign operations on consolidation are translated to the SRD at the exchange rates at reporting date.

For consolidation purposes the revenues and expenses of foreign operations are translated to the SRD at the average monthly internal exchange rate. The Company's shares in foreign operations are valued at the exchange rates at reporting date.

f. Property, plant and equipment (PP&E)

Land is carried at cost adjusted for hyperinflation. Land improvements and buildings are carried at cost adjusted for hyperinflation less accumulated depreciation. All other property, plant and equipment are carried at costs 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	20 - 40 years
Land improvements	5 - 10 years
Machinery and equipment	5 - 10 years
Motor vehicles	5 years
Right-of-use-assets	4 - 5 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 property, plant and equipment as a replacement, if the recognition criteria are satisfied.

g. Investments in progress

Investments in progress are carried at cost on the basis of expenditure up to 31 December 2019. Investments in progress is not depreciated. Upon completion the total costs are transferred to the relevant PP&E or intangible assets.

h. Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognized on straight-line basis over their estimated useful lives of the related assets. The estimated useful life and amortisation 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of income under depreciation and amortisation. The current estimated useful life is 3 years.

i. Gains and losses of PP&E

Net 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 consolidated statement of income.

Notes to the Consolidated Financial Statements

j. 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 consolidated 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.

k. Financial Assets

Financial assets consist of shares of listed companies that are not subsidiaries or associates. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2019, where the shares are listed.

l. Inventories

Inventories are stated at weighted average cost and net realizable value. Costs comprise direct materials and all costs incurred to bring inventories to their present location and condition net of discounts, rebates and bonuses.

m. Finished products and work in progress

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

n. Trade and other receivables

Trade and other receivables are measured at original invoice value less any expected credit loss, if there is objective evidence that the Group will not be able to collect the receivable. Trade receivables do not carry interest. Included in other receivables are hire purchase transactions which confer rights and obligations.

o. Cash and cash equivalents

Cash and cash equivalents comprise of cash in banks, cash on hand and short-term deposits and carried at cost.

p. Loans

Interest bearing loans are recognized at the fair value of the consideration received net of transaction costs. After the initial recognition interest bearing loans are subsequently measured at amortized cost using the effective interest method.

q. Income tax

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables and payables for the current and prior periods are measured at nominal value at the amount expected to be recovered from or paid to 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 reporting date method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. 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. A deferred tax asset is 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 reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

r. Provisions

Provisions are recognized for actual (legal or constructive) obligations and when a reliable estimate of the amount of the obligations can be made, 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. Some of the Company's subsidiaries provide warranties on products sold. Provisions are made for the estimated costs arising under these warranties upon the date of sale of the relevant products.

s. Trade and other payables

Trade and other payables are recognized at fair value and subsequently stated at amortized cost. Trade payables do not carry interest.

t. Employee benefits

The Group applies the following employee benefits:

• Post-employment benefits

Pensions

Pension is provided through the VSH Pension Plan. The pension plan is categorized as being a defined contribution plan. The VSH Pension Plan also includes provisions for widows and orphans, which is based on an actuarial calculation. The Group's contribution is recorded under personnel expenses in the consolidated statement of income.

Post-employment medical care

CIC has a scheme for post-employment medical care which is categorized as a defined benefit plan. The risk and liability of the post medical care is based on an actuarial calculation.

Notes to the Consolidated Financial Statements

- Short-term employee benefits

Paid Annual Leave

Yearly an analysis is made of the status of paid annual leave per employee and a liability is recognized at reporting date.

Profit-sharing and bonus payments

Within the VSH UNITED Group an executive performance pay system is applicable, which is split in three areas:

- 1) a year-end bonus, recognized upon payment at the end of the year.
- 2) a short-term bonus, recognized as a provision in the consolidated statement of income within the year the performance targets are met. The actual payment is made after the financials statements is approved by the Annual General Shareholders Meeting.
- 3) a long-term bonus, recognized in the consolidated statement of income after the financials are approved by the Annual General Shareholders Meeting.

- Other long-term benefits

Jubilees

The VSH UNITED Group acknowledges jubilees as a long term benefit. A provision is to be formed for future jubilees. The target is to recognize the provision for jubilees according to the standard in the annual figures of 2020. As of now, the jubilees are calculated per year, therefore the provision for the jubilees of 2020 will be recognized in the financials of 2019 in the consolidated statement of income.

u. 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 turnover and sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the consolidated 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. Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at reporting date. Revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease.

v. Other income

Other income comprises of income from previous years, gain from sale of PP&E, gain on revaluation of inventories, transfer fees, broker provisions, proceeds from sales of empty drums, proceeds from promo activities, fees for consulting and other services.

w. Leases

The companies within the VSH UNITED Group are in general committed to lease contracts for:

- Computers / laptops
- Vehicles for periods exceeding twelve (12) months
- Warehouse (VSH USA)
- Terminal (VSH Transport)

Except for the terminal lease, these lease contracts are typically made for fixed periods of 4 - 5 years, containing 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.

Payments made under operating leases are recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

Short-term leases and leases of low value assets for VSH UNITED Group

The VSH UNITED Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

x. Finance income, finance costs and exchange rate results

Finance income comprises of bank interest received and is recognized when incurred.

Finance costs comprises of borrowing cost and bank charges and are recognized as an expense when incurred.

Exchange results are recognized when incurred.

y. Associate and Investments

Share of profit in associate comprises of the Company's share in the profit or loss of the associate.

Investments comprise of dividend received from financial assets and are recognized when received.

z. Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

aa. Segment reporting

A segment is a distinguishable component of the Group that is a separate legal entity or a group of separate legal entities, which are subject to risks and rewards that are different from those of other segments.

3.) Segment revenue

Operating revenue of the segment is reported before distribution of costs of the Company and income taxes.

The logistics segment comprises logistics activities of the following subsidiaries:

VSH Shipping

VSH Transport

VSH Logistics

VSH Labour Services

VSH United (USA) L.L.C.

VSH-United (Nederland) B.V.

VSH-UNITED (GUYANA) INC.

N.V. Best Maritime Services (Previous N.V. VSH Agency Services)

The trading segment comprises of trading activities of the following subsidiaries:

VSH Trading

VSH-UNITED (GUYANA) INC.

VSH Steel

The food segment comprises of food production and distribution of the following subsidiary:

VSH FOODS

The detergent segment comprises of production and distribution of detergents and packaging material by the following subsidiary:

CIC

The real estate segment comprises real estate rental and service income of the following subsidiaries:

VSH Real Estate

VSH Trading

VSH United (USA) L.L.C.

The services and investment segment comprises of income from steel engineering services (VSH Steel) , income from the associate Assuria, strategic investment Torarica, investments in other shares held in local companies (VSH Investment) and other income from non-core activities from the subsidiaries.

Notes to the Consolidated Financial Statements

Operating Segments Reporting

x SRD 1,000	Logistics		Trading		Foods		Detergents	
	2019	2018	2019	2018	2019	2018	2019	2018
Segment revenue	103,298	99,261	11,919	9,325	19,597	17,898	42,595	36,552
Inter-segment revenue	-	-	-	-	-	-	-	-
Associate Income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Segment operating revenue	103,298	99,261	11,919	9,325	19,597	17,898	42,595	36,552
Segment earnings from continuing operations	35,493	43,988	3,227	690	4,175	3,026	3,913	1,458
Segment assets	144,175	132,786	28,642	23,240	38,313	38,099	59,922	58,837
Segment liabilities	73,874	78,356	22,273	15,584	19,483	21,816	28,100	28,798
Investments	4,545	26,781	281	256	10,361	2,178	6,378	3,448
Depreciation and amortisation	4,992	4,168	596	577	1,839	1,392	3,704	2,735
Employees of the reportable segment	196	192	26	23	61	61	117	116

Notes to the Consolidated Financial Statements

Real estate		Services/investments		Elimination		Consolidated	
2019	2018	2019	2018	2019	2018	2019	2018
3,074	2,552	5,979	13,910	-	-	186,462	179,498
6,368	5,523	(1,834)	(2,119)	(6,368)	(5,523)	(1,834)	(2,119)
-	-	12,619	6,917	-	-	12,619	6,917
-	-	1,653	1,700	-	-	1,653	1,700
9,442	8,075	18,417	20,408	(6,368)	(5,523)	198,900	185,996
4,652	3,136	15,073	18,111	(16,973)	(21,077)	49,561	49,333
26,613	25,403	323,925	296,986	(213,760)	(181,513)	407,831	393,839
5,838	6,505	74,151	65,128	(72,735)	(59,420)	150,984	156,766
1,334	9,595	4,749	21,360	-	-	27,648	63,618
1,312	1,099	1,781	1,348	-	-	14,224	11,319
9	6	38	69	-	-	447	467

Notes to the Consolidated Financial Statements

4.) Property, plant & equipment and intangible assets

Changes in property, plant & equipment and intangible assets are as follows:

in SRD	Total	Property	Machinery and equipment	Furniture and fixture	Motor vehicles and right-of-use	Investments in progress	Intangible assets
Cost							
Balance at 1 January 2019	177,900,227	75,157,002	57,563,513	26,891,261	3,845,672	14,442,779	3,488,811
Additions for the year	38,848,262	10,048,701	6,251,118	4,788,352	2,945,173	14,814,918	518,633
Transfers	(15,418,584)	-	-	-	-	(15,418,584)	-
Disposals	(6,934,658)	(2,650,270)	(2,023,643)	(1,451,246)	(809,499)	-	-
Translations results	1,601,948	1,351,500	-	144,613	105,835	-	92,944
Balance at 31 December 2019	195,997,195	83,906,933	61,790,988	30,372,980	6,087,181	13,839,113	4,100,388
Accumulated depreciation							
Balance at 1 January 2019	(72,996,974)	(19,938,265)	(31,890,189)	(19,890,828)	(1,277,692)	-	(2,571,659)
Depreciation charge for the year	(13,761,572)	(2,975,267)	(5,576,907)	(3,675,199)	(1,534,199)	-	(462,607)
Written back on disposals	5,764,116	2,064,384	1,650,196	1,240,037	809,499	-	-
Translation results	(254,444)	(76,340)	-	(118,094)	(60,010)	-	(86,825)
Balance at 31 December 2019	(81,248,874)	(20,925,488)	(35,816,900)	(22,444,084)	(2,062,402)	-	(3,121,091)
Net Carrying amount							
Balance at 1 January 2019	104,903,253	55,218,737	25,673,324	7,000,433	2,567,980	14,442,779	917,152
Balance at 31 December 2019	114,748,321	62,981,445	25,974,088	7,928,896	4,024,779	13,839,113	979,297

in SRD	Total	Property	Machinery and equipment	Furniture and fixture	Motor vehicles and right-of-use	Investments in progress	Intangible assets
Cost							
Balance at 1 January, 2018	134,088,956	51,135,623	51,667,719	23,064,489	1,871,269	6,349,856	3,064,630
Additions for the year	54,949,732	24,326,713	8,310,823	3,605,420	257,752	18,449,024	416,258
Transfers	(10,356,101)	-	-	-	-	(10,356,101)	-
Disposals	(3,122,126)	(305,334)	(2,429,764)	(387,028)	-	-	-
Corrections	-	-	-	(100,408)	100,408	-	7,923
Translations results	2,339,766	-	14,735	708,788	1,616,243	-	-
Balance at 31 December 2018	177,900,227	75,157,002	57,563,513	26,891,261	3,845,672	14,442,779	3,488,811
Accumulated depreciation							
Balance at 1 January 2018	(63,783,435)	(17,678,075)	(29,228,322)	(16,830,651)	(46,387)	-	(2,085,410)
Depreciation charge for the year	(10,839,466)	(2,455,584)	(4,832,063)	(2,993,247)	(558,572)	-	(479,312)
Written back on disposals	2,359,557	175,695	2,183,862	8,091	(8,091)	-	-
Written back on disposals	375,308	-	-	375,308	-	-	-
Translation results	(1,108,938)	19,699	(13,666)	(450,329)	(664,642)	-	(6,937)
Balance at 31 December 2018	(72,996,974)	(19,938,265)	(31,890,189)	(19,890,828)	(1,277,692)	-	(2,571,659)
Net Carrying amount							
Balance at 1 January 2018	70,305,521	33,457,548	22,439,397	6,233,838	1,824,882	6,349,856	979,220
Balance at 31 December 2018	104,903,253	55,218,737	25,673,324	7,000,433	2,567,980	14,442,779	917,152

The property, plant & equipment and intangible assets are insured against fire up to USD 29,200,827 (SRD 239,446,781).

Notes to the Consolidated Financial Statements

5.) Financial assets, discontinued operations and subsidiaries's interest

Financial assets comprise of shares in other companies and term deposits. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange where the shares are listed in December 2019.

in SRD	Numbers of shares	Price per share	2019 Value in SRD	2018 Value in SRD
Assuria N.V.*	3,900	83.25	324,675	340,000
Torarica Holding N.V.	202,810	80.00	16,224,800	15,041,600
Surinaamse Brouwerij N.V.	1,291	3,200.00	4,131,200	3,610,035
De Surinaamsche Bank N.V.	27,374	9.00	246,366	112,689
Self Reliance N.V.	15,241	62.35	950,276	905,073
Hakrinbank N.V.	102	408.00	41,616	41,616
Royal Bank of Scotland	297	24.01	7,131	6,745
Total shares			21,926,064	20,057,758
Other			1,291	1,829
Goodwill			14,941,646	14,129,599
Total financial assets			36,869,001	34,189,186

* The Assuria shares are held by VSH FOODS and VSH Investment

Discontinued operations relates to CIC's 98.9% subsidiary Carifrico N.V. In June 2017, all buildings at Carifrico N.V. were demolished. Aside from billboard rental income, there are no economic activities. This event therefore saw the end of Carifrico's primary revenue generating activity. The balance at 31 December 2019 amounts to SRD 1,348,295 (2018: SRD 1,937,973).

Subsidiaries' interest

in SRD	2019	2018
Subsidiary of CIC	1,348,295	1,937,973
Subsidiary of FOODS	200,000	200,000
Balance at 31 December	1,548,295	2,137,973

6.) Investment in Associate

Changes in carrying amount in associate is as follows:

in SRD	2019	2018
Balance at 1 January	69,800,094	60,744,827
Company's share of profit	12,619,429	6,916,811
Profit distribution	(742,416)	(2,743,710)
Correction previous year	(3,511,225)	-
Adjustments revaluation reserve	(656,949)	4,882,166
Balance at 31 December	77,508,933	69,800,094

Financial statements of the Associate for the year ended 2019 are to be adopted by the Annual General Meeting of Shareholders on 21 August 2020.

7.) Inventories

in SRD	2019	2018
Raw materials and packaging	19,752,840	23,336,122
Goods for sale	18,507,609	12,686,172
Finished goods	3,172,172	3,057,823
Supplies and spare parts	5,014,124	3,065,758
Goods in transit	7,617,923	15,421,840
Provision for reduced marketability	(405,480)	(979,474)
Total inventories	53,659,188	56,588,241

In 2019 a provision for reduced marketability of SRD 371,912 (2018: SRD 983,984) was considered necessary. The inventories are insured against fire up to USD 7,286,104 (SRD 59,746,053).

Notes to the Consolidated Financial Statements

8.) Trade and other receivables and dividends paid and proposed

Trade and other receivables

in SRD	2019	2018
Trade receivables	70,281,124	72,884,390
Advance to personnel	410,830	447,406
Prepayments and deposits	1,424,494	2,986,365
Insurance	287,390	130,898
To be settled import duties	231,810	39,874
Other receivables	7,429,004	6,558,401
Total trade and other receivables	80,064,652	83,047,334

At 31 December 2019 trade receivables are shown net of an allowance for uncollectible amounts of SRD 3,600,609 (2018: SRD 3,618,957). The impairment loss recognized in the current year was SRD 621,661 (2018: SRD 1,891,105).

Dividends paid and proposed

The following dividends were declared and paid by the Company.

in SRD	2019	2018
Fourth quarter interim dividend previous year SRD 0.15 per share (2017: SRD 0.15)	297,950	297,950
Final cash dividend previous year SRD 3.40 per share (2017: SRD 2.05)	6,753,550	4,071,993
Interim dividend SRD 2.25 per share (2018: SRD 0.45)	4,469,261	893,853
Declared and paid	11,520,761	5,263,796
Final dividend		
Final dividend SRD 0.00 per share (2018: SRD 3.40 per share)	-	6,753,550

The proposed dividend 2018 was adopted by the Annual General meeting of Shareholders of 13 June 2019.

9.) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks, cash on hands and short-term deposits. The cash and cash equivalents are at free disposal of the Group.

in SRD	2019	2018
Cash and cash equivalents		
Denominated in SRD	4,437,160	5,117,967
Denominated in USD	15,169,065	479,391
Denominated in EURO	19,100,601	31,694,330
Denominated in GYD	1,556,002	3,104,715
Total cash and cash at banks	40,262,828	40,396,403
Short-term deposits		
Denominated in SRD	125,000	250,000
Denominated in USD	2,064,801	1,609,718
Total cash and cash equivalents	42,452,629	42,256,121

10.) Issued capital, capital in excess of par value, reserves

Issued capital

in SRD	2019	2018
Issued capital at 1 January	198,634	198,634
Issued capital at 31 December	198,634	198,634

Notes to the Consolidated Financial Statements

At 31 December 2019 the issued share capital comprised of 1,986,338 shares (2018: 1,986,338 shares). The shares have a par value of SRD 0.10. All issued shares are fully paid.

Capital in excess of par value

The capital in excess of par value relates to the difference between the nominal value and the price of shares issued in 2010, 2007 and 2006 minus the amount paid up in 2017 by disbursement of SRD 0.09 nominal per share with regards to the conversion of the nominal value of the shares from SRD 0.01 to SRD 0.10.

Revaluation reserve

This reserve has arisen from the revaluation of property and financial assets less deferred taxes and yearly realized depreciation from the revaluation of PP&E. The yearly realized transfer of the revaluation reserve of the property is based on the difference between the commercial depreciation and fiscal depreciation. Also booked to the revaluation reserve are changes in the Company's share in the equity of the associate which are not recognized in the associate's statement of income.

Retained earnings

In 2019 the interim dividend of SRD 4,469,261 (2018: SRD 1,191,803) over the year has been charged to retained earnings.

Earnings per share

All shares of the Company are extra ordinary shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders of the Company of SRD 32,322,155 (2018: SRD 31,034,468), and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2019 of 1,986,338 (2018: 1,986,338).

	2019	2018
Weighted average number of shares	1,986,338	1,986,338
Earnings per share in SRD	16.27	15.62

11.) Long-term borrowings and short-term borrowings

in SRD	2019	2018
VSH Transport	5,117,866	8,353,564
VSH FOODS	5,370,111	6,068,058
VSH Nederland	16,699,490	16,979,372
CIC	3,370,436	3,024,678
Total long-term borrowings	30,557,903	34,425,672

Long-term borrowings

The long-term borrowings comprise of the following loans:

- In 2019 an investment facility of USD 500,000 was issued on behalf of CIC with monthly payments including interest of USD 9,901. The balance per 31 December 2019 amounts to USD 450,246 including the short-term (<12 months) portion.
- At 1 January 2019 CIC adopted IFRS 16 'leases'. The standard requires lessees to recognize a lease liability reflecting future lease payments for motor vehicles. The balance per 31 December 2019 amounts to USD 201,443 including the short-term (<12 months) portion.
- In 2015 a loan of USD 3,000,000 was issued on behalf of VSH Transport. The term of the loan is 7 years. Monthly payments including interest amounts to USD 44,548 and the balance per 31 December 2019 amounts to USD 1,098,853 including the short-term (<12 months) portion.
- In 2017 VSH FOODS entered into a hire purchase contract for its distribution trucks for which a lease liability was recognized per 1 January 2019 in line with IFRS 16. The Company agreed upon an installment plan which divides the financial obligations into 60 monthly payments with a final payment of 15% at the end of the contract period. The balance per 31 December 2019 amounts to USD 217,419 including the short-term (<12 months) portion.
- In 2018 a loan of SRD 5,000,000 was issued on behalf of VSH FOODS. The term of the loan is 5 years. The balance at 31 December 2019 amounts to SRD 3,991,760 including the short-term (<12 months) portion.

Notes to the Consolidated Financial Statements

• In 2018 a five year loan of Euro 1,500,000 was issued on behalf of IFC Vastgoed B.V. with a monthly payment of Euro 6,250 and a bullet payment of Euro 1,131,250 at the end of the term. The balance per 31 December 2019 amounts to Euro 1,368,750 including the short-term (<12 months) portion.

• In 2018 a five year loan of Euro 700,000 was issued on behalf of IFC Vastgoed B.V. with a monthly annuity of Euro 6,922. The balance per 31 December 2019 amounts to Euro 582,902 including the short-term (<12 months) portion.

The collateral given to the Institutions for these loans are:

- Mortgages on land and buildings.
- Pledge of securities.
- Fiduciary assignment of inventories.
- Fiduciary assignment of machinery and equipment.

Short-term borrowings

Short-term borrowings comprises of the short term (< 12 months) portion of the long-term loans and lease liabilities and of the following secured bank overdraft facilities:

- On 19 June 2008, VSH FOODS obtained an overdraft facility with a maximum of USD 250,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to USD 239,819 (2018: USD 247,040).
- In 2019, CIC obtained two overdraft facilities denominated in SRD and USD to finance working capital requirements on an ongoing basis. The balance at year end amounted to SRD 3,480,274 (2018: SRD 304,000).
- In 2018, IFC Vastgoed B.V. obtained an overdraft facility with a maximum of Euro 500,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to Euro 488,098 (2018: Euro 474,580).

The collateral given to the bank for the overdraft facility are:

- Pledge of securities.
- Fiduciary assignment of inventories.
- Fiduciary assignment of machinery and equipment.

12.) Provisions and commitments

in SRD	2019	2018
Product warranty, liability and disposal of waste	323,153	711,086
Deferred maintenance	212,500	212,500
Long-term medical obligation	5,978,958	5,574,494
Redundancy	1,279,609	920,454
Total provisions	7,794,220	7,418,534
Short term provisions < 12 months	1,815,262	1,844,040
Long term provisions > 12 months	5,978,958	5,574,494

13.) Trade and other payables

in SRD	2019	2018
Trade payables	54,534,270	58,220,708
Taxes on wages	4,233,271	2,640,370
Employee benefits	3,167,741	2,627,894
Received deposits & advanced payments	846,825	3,791,189
Dividend & dividend tax payables	2,948,420	959,204
Other payables	8,275,239	10,359,811
Total trade and other payables before earnings distribution	74,005,766	78,599,176
Proposed final dividend	-	6,839,642
Total trade and other payables after earnings distribution	74,005,766	85,438,818

Notes to the Consolidated Financial Statements

14.) Income tax and deferred tax liabilities

Income tax

Income tax is calculated at the applicable rate (36%) over the result of the financial year, taking into account temporary differences between the calculation of profit according to the financial statements and the taxable profit calculation. In June 2019, an agreement between CIC and the Tax Inspector was signed, finalizing all tax returns and settlements for the years 2007 up to and including 2017. 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 the taxes payable by SRD 200,947. It was further agreed that all refunds during the period would be applied against outstanding payables.

The income tax payable is specified as follows:

in SRD	2019	2018
Balance at 1 January	7,900,108	3,876,031
Paid during the year	(14,905,921)	(10,155,350)
Due over the year	12,487,343	13,831,437
Correction previous year	325,015	-
PP&E replacement reserve	244,386	239,510
Inventory adjustments	47,903	20,511
Release revaluation land and buildings*	98,882	86,669
Accelerated depreciation	1,300	1,300
Balance at 31 December**	6,199,016	7,900,108

* Included VSH FOODS SRD 35,989 (2018: SRD 35,989)

** Excluding eventual statutory interest on the amounts to be paid following a decision of the Tax Authorities on the submitted objections.

Deferred tax liabilities

These are tax liabilities arising from the differences between valuation for commercial and for taxation purposes. In 2002, 2003, 2004 and 2005 requests for the application "accelerated depreciation" according to the investments code 2001 were submitted by VSH FOODS to the Ministry of Finance for part of the investments made in PP&E from 2002 to 2005. In the financial statements it is assumed that part of the requests will be granted. This assumption is based on the approvals and rejections received from the Ministry of Finance. Part of the investment made in PP&E is fully depreciated. As a result of the application of the "Iron Inventory" valuation method the inventory has been written down this year based on the actual situation. A tax rate of 36% is used for the determination of this liability.

in SRD	2019	2018
Balance as at 1 January	14,822,624	15,680,865
Revaluation of financial assets	20,069	32,997
Revaluation of subsidiary interest	503,223	(543,248)
Inventory adjustments	(47,903)	(20,511)
Release revaluation land and buildings	(98,882)	(86,669)
PP&E replacement reserve	(244,386)	(239,510)
Release accelerated depreciation	(1,300)	(1,300)
Balance at 31 December	14,953,445	14,822,624

15.) Other income, personnel expenses, pensions, administrative expenses and provisions

Other income

in SRD	2019	2018
Gains on exchange	220,054	717,790
Gain on disposal	(32,008)	745,740
Gain on revaluation of inventories	15,992	47,473
Other	3,891,590	2,895,134
Total other income	4,095,628	4,406,137

Notes to the Consolidated Financial Statements

Personnel expenses

in SRD	2019	2018
Salaries and wages	52,351,897	48,171,511
Vacation and holiday expenses	4,045,995	2,520,734
Bonuses	9,989,971	9,911,115
Medical	3,396,592	3,052,764
Contribution to pension plan	3,063,635	2,892,871
Training	1,170,652	962,972
Other post-employment benefits	1,059,201	678,832
Other personnel expenses	2,067,555	1,406,957
Total personnel expenses	77,145,498	69,597,756

Pensions

For the employees of the Group, that have joined the VSH pension fund, the Group contributes 12% of the base salary and the employees' own contribution is 5%. The Groups pension expenses in 2019 amounted to SRD 1,879,703 (2018: SRD 1,736,080) and are recognized under personnel expenses.

The plan maintained by the foundation is a defined benefit plan, with the following maximum base salaries per year:

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

Premium reserve of the foundation as of 31 December 2019* amounted to SRD 61,183,824 (2018: SRD 56,229,806) and the total equity amounted to SRD 80,127,925 (2018: SRD 72,445,417).

* Unaudited

Employees of VSH Labour Services have joined the "Algemeen Pensioenfonds". The fund is maintained by a foundation managed by the government and is a defined benefit plan with a maximum base salary per year of SRD 60,000. In 2019 the Company and the employees both contributed 2.5% of the base salary into the fund. In 2019 pension expenses for VSH Labour Services amounted to SRD 110,948 (2018: SRD 46,827).

Employees of CIC that have joined its company's pension plan contribute 6% of the base salary. The balance of the actuarial calculated pension premiums is contributed by CIC. The pension expenses for CIC in 2019 amounted to SRD 1,072,984 (2018: SRD 1,109,964) and are recognized under personnel expenses.

Administrative expenses

in SRD	2019	2018
Marketing	4,877,340	4,452,195
Maintenance	4,697,962	5,100,645
Manufacturing	4,838,492	5,239,621
Transportation	4,831,905	4,507,888
Office	19,235,618	17,831,827
Utilities	976,659	2,124,215
Insurances	1,224,365	2,186,452
Professional services	5,805,463	4,462,114
Other	9,878,706	3,095,143
Total administrative expenses	56,366,509	49,000,100

Provisions

in SRD	2019	2018
Uncollectable receivables	621,661	1,891,105
Reduced marketability of inventories	371,912	983,984
Product warranty and liability	(385,264)	320,651
Redundancy	1,059,349	825,469
Total provisions	1,667,658	4,021,209

Notes to the Consolidated Financial Statements

16.) Commitments

Operating Leases

At balance sheet date the total commitment for future lease payments under non-cancelable operating leases amounts to:

in SRD	2019	2018
Due within one year	624,799	12,570,035
Between one and five years	69,966,784	16,181,105
Later than five years	-	-
Total	70,591,583	28,751,140

Non-cancelable operating lease payments represent rentals payable by the Group for use of vehicles (excluding VSH FOODS and CIC), computer hardware, warehouse and port terminal lease commenced on 1 April 2010 for a period of 15 years.

VSH Community Fund

This non-profit foundation was established on August 22, 2008 to finance and coordinate community projects on behalf of the Group. The fund is financed by contributions of 1.5% of the profit before tax on a final monthly basis from the operating companies. In 2019 SRD 603,614 (2018: SRD 653,454) was contributed by the companies.

17.) Related party disclosure

Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors is approved by the Shareholders' Meeting. In 2019 the actual remuneration amounted to SRD 216,846 (2018: SRD 184,290).

Management

The remuneration of key management personnel of the Group is determined by the Supervisory Board of Directors. The remuneration consists of a fixed monthly salary and a bonus of which a significant part is based on the Executive Performance Scheme. Based on the Executive Performance Scheme for 2019 a bonus of SRD 623,094 has been approved by the Supervisory Board of Directors and is payable in 2020. An amount of SRD 500,614 has been recognized in the financial statements for the year 2019 and SRD 122,480 will be recognized in the financial statements for the year 2020.

Services

Financial- and IT services are provided by the Company to VSH FOODS, VSH USA and CIC. The amount billed in 2019 amounted to SRD 1,375,286 (2018: SRD 1,681,010).

18.) Subsequent events

18.1) Establishment of VSH TECH B.V.

In January 2020 VSH-United (Nederland) B.V. (50%) and IT Partner BV (50%) established VSH TECH B.V. which will provide smart software solutions for customers in the logistics segment.

18.2) COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. On top of the already existing financial crisis in Suriname, this pandemic increases the uncertainty of the Company's financial performance for 2020.



Jubilees of the VSH Group of Companies



End of the year celebration

INDEPENDENT AUDITOR'S REPORT

*To: the Shareholders of
N.V. Verenigde Surinaamse Holdingmij.-
United Suriname Holding Company
Paramaribo*

Opinion

We have audited the financial statements 2019 of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company ("the Company"), in Paramaribo, which comprise the consolidated statement of financial position and the company statement of financial position at December 31, 2019, the consolidated statement of income and the company statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company 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 the Company 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 Matters

We draw attention to note 6 to the financial statements which describes that the Financial Statements 2019 of the Associate are to be adopted by the Annual General Meeting of Shareholders of the Associate on August 21, 2020. Our opinion is not modified in respect of this matter.

As discussed in note 18.2 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and declared it a pandemic in March 2020. 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 Company's 2019 Annual Report, 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 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 in accordance with generally accepted auditing standards, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, August 17, 2020

Lutchman & Co N.V.

Represented and signed by:

D. de Keyzer CA, AA (Chartered Accountant)



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