

# BRINGING TOGETHER GROWING TOGETHER

Annual Report 2017



# CONTENTS

## 01

Bringing together Growing together  
Core Values

5  
6

## 02

Management of the Group  
Management of the Group (subsidiaries)

7  
8

## 03

Brands of the Group

11

## 04

Suriname

12

## 05

Growing outside of Suriname

14

# 06

Supervisory Board of Directors	16
Report of the Supervisory Board of Directors	18

# 07

Salient Figures	21
-----------------	----

# 08

Report of the Managing Directors	22
----------------------------------	----

# 09

Financial Statements	32
----------------------	----

# 10

Notes to the Consolidated Financial Statements	39
--	----

# 11

Independent Auditor's Report	55
------------------------------	----



VSH-UNITED (Guyana) - Warehouse - Tiffany Humphrey



VSH-UNITED (Guyana) - Management/Staff meeting



## BRINGING TOGETHER GROWING TOGETHER

The 2017 Annual Report “Bringing Together, Growing Together,” is instigated by a series of determinative events starting in 2015 that have affected the Group’s performance negatively (see the Report of the Managing Directors). In anticipation of the inevitable market downturn, the VSH Group of Companies have chosen to strengthen their core business activities.

In keeping with the 2016-2021 strategy, main goal is to gain regional dominance. Expanding from the traditional VSH Suriname market to Europe and to include the anticipated growth of the Guyana market are important and innovative steps. The differing business landscapes required an adjustment of the trading activities of product innovation in manufacturing and of the logistical service portfolio to secure (large) business-to-business opportunities.

Furthermore, the benefits of economy of scale compelled some Companies within the Group to rethink not only their sales & marketing strategy, but also their production capacity for the region.

As a result, the efforts put forward by the VSH Group of Companies to deal with said determinative events since 2015 have resulted in improved sales and production capacity at the manufacturing companies to benefit export growth in the coming years. The VSH Group logistical services portfolio was extended to include full service contracts with the oil and mining industries. In addition, the establishment of VSH-UNITED Nederland Company in Rotterdam as per 1 January 2018 completes the logistical circle for the growing market of the Suriname/Guyana region.

Inventory control overhaul resulting in increased efficiency as well as smart buying strategies at the Trading segment will ensure improved profit margins. Finally, management oversight and controls are supported by significantly improved workflow- and software system compliance as the result of a company wide upgrade of administrative processes.

“Bringing Together” the efforts of all involved to ensure “Growing Together” exemplifies the brand that VSH embodies.



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# CORE VALUES

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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



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

*Established in Paramaribo, Suriname*



**P. Healy**

*Chief Executive Officer (CEO)*



**M. Ramsundersingh**

*Chief Legal Officer (CLO)*



**P. Brahim**

*Assistant Managing Director,  
Chief Financial Officer (CFO)*



**R. Steenland**

*Assistant Managing Director,  
Chief Business Development Officer (CBDO)*



**G. Tai-Apin**

*Assistant Managing Director,  
Chief Information Officer (CITO)*



**V. Finck**

*Head Internal Audit*

As per 1 June 2018

## SHIPPING

N.V. VSH SHIPPING

**P. Healy***Acting Managing Director*

N.V. VSH TRANSPORT

**S. Poort***Managing Director*VSH-UNITED (USA) L.L.C.  
MIAMI, UNITED STATES OF AMERICA**J. Liong-A-San***Managing Director*

N.V. VSH LOGISTICS

**R. Steenland***Acting Managing Director***B. Makhanlal***Assistant Managing Director*

N.V. VSH LABOUR SERVICES

**P. Healy***Managing Director*

N.V. VSH AGENCY SERVICES

**P. Healy***Managing Director*

VSH-UNITED (NEDERLAND) B.V.

**R. Steenland***Executive Director***P. Healy***Non-Executive Director*

## REAL ESTATE

N.V. VSH REAL ESTATE

**P. Healy***Managing Director***C. Lie Wah Hing***Assistant Managing Director*

## MANUFACTURING

N.V. VSH STEEL

**W. Martoredjo***Managing Director*

N.V. VSH FOODS

**M. Telting***Managing Director*N.V. CONSOLIDATED INDUSTRIES  
CORPORATION**K. Healy***Managing Director*

## TRADING

N.V. VSH TRADING

**P. Healy***Acting Managing Director***B. Weekes***Assistant Managing Director*

VSH-UNITED (GUYANA) INC.

**P. Healy***Director***M. Ramsundersingh***Director*

## INVESTMENT

N.V. VSH INVESTMENT

**P. Brahim***Managing Director*





**W. Martoredjo**



**K. Healy**



**M. Telting**



**J. Liong-A-San**



**S. Poort**



**B. Makhanlal**



**B. Weekes**



**C. Lie Wah Hing**



**YELLOW BIRD**



**BAKER'S CHOICE**



**Tropical Bush**



**SeaLand**

**Assuria**   
VERZEKERINGEN



INTERMARINE 



**SEABOARD**  
MARINE



**Canon**



# SURINAME



Suriname is a country of 163,270 square kilometers situated on the northeast shoulder of South America and home of the VSH Group. While a Babylonian profusion of some seven languages are in everyday use, the official language is Dutch.

The population of some 530,300 souls is one of the most polyglot in the world and includes indigenous Indians, African descendants, Hindustanis, Javanese, Chinese, Lebanese, Jews and Europeans.

Recent arrivals include Brazilians and so called new Chinese. Almost half of the population is concentrated in and around the capital city Paramaribo.

Suriname has a strong democratic tradition dating back some 145 years. Legislative powers are in the hands of the National Assembly composed of 51 members elected by popular vote for a period of five years. The President is the head of government and is elected for five years by a two thirds majority vote in the National Assembly or by a common majority vote in the United Peoples Assembly comprised of national, regional and municipal representatives. The Council of Ministers chaired by the Vice President consists of 17 member ministers and exercises the highest executive and administrative power.

Mining is the backbone of the economy. Gold is mined in large, medium and small scale operations and provides employment to hinterland communities and migrant workers from Brazil.

Crude oil production and refining contributes significantly to the fuel requirements of industry and electric power generation. Energy requirements are further complemented by a hydroelectric dam located 90 km south of Paramaribo.

Rice, bananas, shrimp, fish and timber comprise the other traditional export products.

Suriname is the proud guardian of one of the largest expanses of pristine tropical rainforests in the world. The Central Suriname Nature Reserve (1.6 million hectares) is the largest of 15 protected areas encompassing 12% of the total land surface of the country.

Since its establishment in 1958 the VSH Group has grown steadily and is well positioned to participate in the further development of this young nation.





Intermarine vessel Industrial Aim carrying cargo for Newmont to Moengo Port (Traymore N.V.)

# GROWING OUTSIDE OF SURINAME



## Florida, USA, 2001

Taking advantage of Florida's business-friendly legislation, favorable tax climate and its geographical proximity to the Caribbean and South American, we commenced operations in Miami, Florida in October of 2001, offering air- and ocean freight services to and from Suriname. Florida is not only the top travel destination in the world. The Sunshine State also relies heavily on international trade, agriculture, aerospace and aviation, and the life sciences. As of 2015, Florida has the fourth largest economy in the USA with a real gross domestic product (GDP) of USD 840 billion and a USD 77 billion budget. Florida is

home to the nation's 2nd largest foreign trade zone network. The overwhelming share of Florida's trade moves to and from Latin America and the Caribbean, through the state's seaports and airports. Most of these movements are intermodal in nature, requiring also a highway and/or rail connection. The nominal value of exports and imports leaving from and coming to Florida has more than quadrupled over the last 20 years. Trade with Asia and Latin America is expected to increase, and improvements to the Panama and Suez Canals will allow a larger share of trade to move directly to Florida.





#### Georgetown, Guyana, 2015

VSH-UNITED (Guyana) Inc. was established in Georgetown Guyana in November of 2015. This new

addition to the VSH Group of Companies is an extension of our VSH Trading activities specializing in personal protective equipment and small home/office equipment. Additionally, VSH-UNITED (Guyana) provides sales and marketing support to VSH Steel and VSH-UNITED (USA), reflecting our “boots on the ground concept”. Much like Suriname, our neighbor Guyana has had a history of petroleum exploration since the 1940s. Guyana gained worldwide attention in May of 2015 when Exxon Mobil announced discovery of oil in the Liza-1 well, followed by Payara, Liza deep, Snoek, Turbot, Ranger and Pacora by early 2018. For a country of 750.000 people, the find changes everything. Within a decade Guyana will be completely transformed through economic growth.

The Co-Operative Republic of Guyana is a sovereign State on the northern mainland of South America. Guyana is bordered by the Atlantic Ocean to the north, Brazil to the south and southwest, Suriname to the east and Venezuela to the west. The official language is English. Guyana is part of the Anglophone Caribbean and member of CARICOM (Caribbean Community). CARICOM's main objective is to promote economic integration and cooperation among its members with a regional single market. The secretariat headquarters is in Georgetown, Guyana. CARICOM is an official United Nations Observer. In 2008, Guyana joined the Union of South American Nations as a founding member.



#### Moerdijk, the Netherlands, 2018

Due to recent oil finds off the coast of Guyana and the likely future discovery off the coast of Suriname,

the Suriname/Guyana region required a strong VSH EU branch. Consequently, we commenced operations in Moerdijk, the Netherlands, in January 2018. Various offshore service providers from Europe have been contracted for Guyana.

VSH-United is now the majority shareholder in a strategic and efficient NVOCC company/warehouse that is specialized in the Dutch Caribbean and will be able to support NVOCC development targeting Suriname/Guyana.

The Netherlands is located in Western Europe with a population of seventeen million. It forms a constituent country of the Kingdom of the Netherlands with three island territories (Bonaire, Sint Eustatius and Saba) and three constituent countries (Aruba, Curaçao and Sint Maarten) in the Caribbean. Suriname was Dutch territory until 1975, hence the trade connection. The European portion of the Netherlands borders Germany, Belgium, and the North Sea, sharing maritime borders in the North Sea with Belgium, the United Kingdom, and Germany.

The Port of Rotterdam is the largest port in Europe, located in the city of Rotterdam, the Netherlands. Until 2004 it was the world's busiest port. In 2011, Rotterdam was the world's eleventh-largest container port in terms of twenty-foot equivalent units (TEU) handled. In 2012 Rotterdam was the world's sixth-largest port in terms of annual cargo tonnage. The port of Rotterdam is mostly dependent on the petrochemical industry and general cargo transshipment handlings. The harbor functions as an important transit point for transport of bulk and other goods between the European continent and other parts of the world.

# SUPERVISORY BOARD OF DIRECTORS



## **Roy M.F. Khodadin (65)**

*Chairman of the Board*

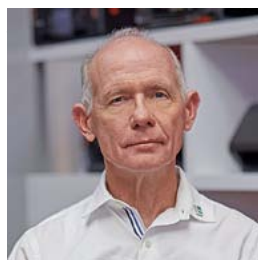
- Elected member of the Supervisory Board in 1991
- Managing Director of Hatramij (current)
- Managing Director of Mojosur (current)
- Chairman UHUD Foundation
- Chairman Supervisory Board INADCO
- Advisory Board Taiedul Islam
- Charter member Lionsclub Parwani
- Bachelor's degree in Management and Marketing



## **Diana R. Halfhide (57)**

*Vice President of the Board*

- Elected member of the Supervisory Board in 2010
- Member of the Remuneration and Appointment committee of the Board
- Director Operations Suriname Alcoholic Beverages N.V./ Managing Director, SAB Distribution N.V. (current)
- President Board Foundation Bejaardenwerk Gerardus Majella
- Member National Labour Advisory Board (AAC)
- Board member Foundation STIBEKA (Stichting Behoud Kathedraal)
- Board member Suriname Arbitration Institute (SAI)
- President Board STIVASUR (Stichting Verantwoord Alcoholgebruik)
- Member of Quota International of Suriname
- 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 and Comparative Law



## **James J. Healy Jr. (67)**

*Board member*

- Elected member of the Supervisory Board in 2013
- Member of the Audit- and Remuneration and 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.
- Member of the Supervisory Board of Directors of De Surinaamsche Bank N.V.
- Chairman of the Board of Directors of Assuria General GY; Assuria Life GY
- Member of the Advisory Board of Conservation International Suriname
- Member of the Advisory Board of Oase
- Honorary Consul of Great Britain and Northern Ireland in Suriname
- Bachelor's degree in Marine Transportation



### **Stephen Smit (64)**

*Board member*

- Elected member of the Supervisory Board in 2017
- Member of the Audit committee of the Board
- Chairman of the Supervisory Board of Directors of De Surinaamsche Bank N.V.
- Member of the Supervisory Board of Directors of Assuria N.V., 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 Consul of Canada in Suriname
- Honorary Member of the Caribbean Actuarial Association
- Master's degree in Mathematics and Actuarial Science



### **Robert Hahn (42)**

*Board member*

- Elected member of the Supervisory Board in 2010
- Member of the Audit committee of the Board
- Board member of the Nationale Bloedbank van het Surinaamse Rode Kruis (since 2015)
- CEO of Datasur (current)
- Almost 20 years' experience in the ICT industry in Suriname and the Netherlands
- Chairman of the ICT Association in Suriname (2011 - Jan 2018)
- Master's degree in Information Technology
- Master's degree in Business Administration



### **Kenneth R. Lim A Po (62)**

*Board member*

- Elected member of the Supervisory Board in 2016
- Member of the Remuneration and Appointment committee of the Board
- CEO Bouwbedrijf Kiesel (current)
- Member of the Board of Arriba (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 Suriname 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 7 August 2017, the board

approved the establishment of VSH-UNITED (Nederland) BV, a 100% VSH subsidiary registered in the Netherlands. In this meeting, approval was also given to management to proceed with negotiations for the purchase of 51% shares in IFC Holding BV a cargo consolidated company in the Netherlands. In the board meeting held on 17 August 2017, management presented financial statements over the first half year 2017. In the board meeting held on 22 November 2017 management presented the operational plans for 2018 and the board approved capital expenditures for 2018. Also, expenditures for the 60 year VSH jubilee in 2018 were approved by the board in a meeting on 15 March 2018.

### Corporate Governance

In the meeting of the Supervisory Board of Directors held on 18 January 2018 the results of the internal audits 2017 were presented and the internal audit plan for 2018 was approved. In the board meeting of 15 February 2018, the results of the annual appraisals of the subsidiaries 2017 were discussed and the Corporate Governance Code was reviewed. Changes were made in the Audit charter to bring it in line with the Audit Committee charter. In a meeting held on 10 May 2018 the board approved an IT security policy charter as part of the Corporate Governance Code.

### Audit Committee

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

In a meeting held on 23 October 2017 the Audit Committee and the external auditor discussed the follow up by management of the recommendations noted in the management letters 2015 and 2016. Special attention was given to cost control and the follow up regarding the upgrade of the financial software system Exact.

In a meeting held on 11 December 2017 the performance of the Head Internal Audit was evaluated and was found to be satisfactory. The Head of the Internal Audit presented the annual internal audit plan for 2018. In a meeting held on 15 March 2018 the Audit Committee, management, internal auditor and the external auditor discussed the management letter 2017. Special attention was given to the overseas companies especially the new established company in the Netherlands.

### Remuneration Committee

*(J.J. Healy Jr., D. Halfhide and K. Lim A Po).*

### Management performance and Executive Performance Pay

Management remuneration was evaluated and approved in the board meeting held on 14 December 2017.

On 14 December 2017 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 further development of financial administration software tools, identification of risk, establishing risk tolerance parameters and monitoring developments at the overseas companies.

Performance of the Managing Director of N.V. VSH FOODS is measured against a yearly minimum target of 20.0% of return on capital employed. Based on the return on capital employed of 20.2% the Managing Director received a short-term bonus amounting to SRD 32,696.

The Group on a consolidated basis and 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.

The Supervisory Board decided to issue a one-time bonus amounting to SRD 104,267 to the CEO for his contribution at VSH Transport.

### 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 30 June 2017. In this meeting five members, Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr. and Mr. K. Lim A Po were re-elected as members of the Supervisory Board of Directors. To fill the vacancy left by Mr. A. Kluijver who resigned from the Supervisory Board of Directors effective 30 June 2017, Mr. S. Smit was elected a member of the Supervisory Board of Directors.

After having served for almost twenty-seven years as a member of the Supervisory Board of which 8 years as Chairman, Mr. R. Khodadin has decided not to stand for re-election.

Being eligible, the members Mr. J. Healy Jr., Mrs. D. Halfhide, Mr. R. Hahn, Mr. S. Smit and Mr. K. Lim A Po offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 6 July 2018. The Supervisory Board of Directors recommends that the members mentioned be re-elected. To fill the vacancy left by Mr. R. Khodadin and to add a new member, the board recommends that Mr. V. Kenswil and Mr. P. Fernandes be elected as members of the Supervisory Board.

Should the shareholders elect the members as proposed the board will consist of seven members, the maximum number allowed under the bylaws.

### Management changes and appointments

Effective 1 January 2018,

Mrs. B. Weekes was appointed Assistant Managing Director of N.V. VSH Trading.

Effective 1 January 2018, Mr. H. Wadhwanie was appointed IT Manager of N.V. Verenigde Surinaamse Holdingmij./ United Suriname Holding Company.

Effective 1 January 2018, Mr. R. Steenland was appointed Assistant Managing Director/ Chief Business Development Officer of N.V. Verenigde Surinaamse Holdingmij./ United Suriname Holding Company.

Effective 1 April 2018, Mr. G. Tai-Apin was appointed Assistant Managing Director/ Chief Information Officer of N.V. Verenigde Surinaamse Holdingmij./ United Suriname Holding Company.

Effective 2 May 2018, Mr. R. Steenland and Mr. P. Healy were appointed Directors of VSH-UNITED (Nederland) B.V. respectively Executive Director and non-Executive Director.

Effective 1 November 2017, Mr. P. Healy stepped down as Managing Director of N.V. VSH Transport. To fill the position left by Mr. P. Healy, Mr. S. Poort was appointed Managing Director of N.V. VSH Transport, effective 1 November 2017. Effective 1 November 2017, Mr. S. Poort stepped down as Managing Director of N.V. VSH Shipping. To fill the position left by Mr. S. Poort, Mr. P. Healy was appointed Acting Managing Director, effective 1 November 2017.



Effective 20 December 2017, Mrs. K. Wong Fong Sang stepped down as Managing Director of N.V. VSH Logistics. To fill the position left by Mrs. K. Wong Fong Sang, Mr. R. Steenland was appointed Acting Managing Director, effective 20 December 2017.

#### **Appointment of Managing Director Finance/ Chief Finance Officer**

Due to the extension of the VSH Group with overseas subsidiaries the board endorses the recommendation of the management to appoint Mr. P. Brahim as Managing Director Finance/ Chief Financial Officer of N.V. Verenigde Surinaamse Holdingmij./United Suriname Holding Company in the Annual General Meeting of Shareholders to be held on 6 July 2018, effective 1 July 2018.

#### **Performance of the Supervisory Board of Directors**

In a meeting held on 14 December 2017, 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 assessment, the long-term strategic plan and more involvement in the foreign companies.

#### **Dividend Policy and Interim Dividend**

The policy of the Company is to pay a dividend in the order of 30% - 35% of the net profit attributable to the Shareholders of the Company, after deduction of unrealized profit from subsidiaries and the associate company. Subject to unforeseen developments the Supervisory Board of Directors has approved the payment of interim dividend for the year 2018 as follows:

- 1st quarter payable 17 July 2018;  
SRD 0.15 per share
- 2nd quarter payable 15 August 2018;  
SRD 0.15 per share
- 3rd quarter payable 15 November 2018;  
SRD 0.15 per share
- 4th quarter payable 15 February 2019;  
SRD 0.15 per share

#### **Financial Statements and Division of Profit**

In compliance with the requirements of article 9.20 of the bylaws, management presented the financial statements 2017 to the Supervisory Board of Directors on 20 June 2018.

These financial statements can be found on pages 32 to 54 of this annual report.

The independent external auditor, Lutchman & Co, audited the financial statements. Their independent auditor's report can be found on pages 55 and 56. The net profit attributable to Shareholders amounts to SRD 20,719,097 (2016: SRD 36,799,667). 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 of SRD 5,263,796. If approved, total dividend will amount to SRD 2.65 per share and the balance of the net profit amounting to SRD 15,455,301 will be added to retained earnings. Four quarterly dividends have been paid for a total of SRD 0.60 per share. In celebration of the 60th anniversary of the VSH Group management proposes to pay out a bonus dividend of SRD 0.40 per share. The final dividend will thus amount to SRD 1.65 per share. The total dividend for the year of SRD 2.65 per share represents a payout ratio of 39.9% of realized profit and is above the normal policy threshold of 30% - 35% pay-out ratio. The board endorses the arguments of the management, in this instance, as set out in the Managing Directors' Report.

We advise the Shareholders to approve the dividend as recommended.

#### **Remuneration of the Supervisory Board of Directors**

The remuneration of the Supervisory Board of Directors amounts to SRD 162,060 per year and was last adjusted on 1 July 2017. The Supervisory Board of Directors endorses the recommendation of the Management to increase the remuneration of the Supervisory Board of Directors to SRD 206,520 per year effective 1 July 2018.

#### **Appreciation**

Our thanks and appreciations go to the members of Management, and all the employees of VSH United, its subsidiaries and the associated company for their contribution in 2017. Their collective hard work and commitment helped the VSH 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.

A special thanks to Chairman Roy Khodadin for his balanced and objective leadership and for his insight and advice in promoting our objectives and Corporate Values during his tenure.

Paramaribo, 20 June 2018

#### **The Supervisory Board of Directors,**

R. Khodadin, *Chairman*  
D. Halfhide, *Vice Chairman*  
K. Lim A Po  
R. Hahn  
J. Healy Jr.  
S. Smit



in SRD Consolidated	2017	2016	2015	2014	2013
Revenue	125,214,325	123,853,321	76,650,642	65,282,561	61,063,143
Profit from continuing operations	24,060,469	34,453,587	14,087,885	15,568,891	14,401,741
Income from associate and investments	8,971,915	17,504,547	11,828,381	12,228,766	10,346,252
Net profit to Shareholders	20,719,097	36,799,667	18,555,091	20,151,842	17,677,725
Cashflow	29,291,737	44,287,285	25,378,349	26,436,909	23,568,482
Working capital	84,727,528	79,916,406	46,970,581	40,178,943	39,990,907
Shareholders' equity	183,738,100	185,825,295	163,321,866	166,198,086	145,257,126
Paid-in capital	198,634 <sup>1</sup>	19,863	19,863	19,863	19,863

**Per share of SRD 0.10**

Cash dividend	2.65	2.80	1.70	1.65	1.50
Intrinsic value	92.50	93.55	82.22	83.67	73.13
Market value	72.00	72.00	72.00	50.50	46.00

**USD Rate**

Year average	7.61	6.61	3.48	3.35	3.35
Per end of the year	7.55	7.50	4.20	3.35	3.35

<sup>1</sup> Conversion of the nominal value of the shares from SRD 0.01 to SRD 0.10.



# REPORT OF THE MANAGING DIRECTORS

## Introduction

The VSH United Group of Companies has grown to become one of the most diversified groups in Suriname. August 22, 2018 will be the 60th anniversary of the date of incorporation of the first Company of what has now become the VSH United Group.

To support further growth of its core activities the strategy of building a wider market base led to the establishment of subsidiaries in Miami, U.S.A. (2001), Georgetown, Guyana (2015) and as per 1 January 2018 in Moerdijk, the Netherlands. The Group's major activities include ship agency, freight forwarding, port terminal operations, offshore support services, trading, manufacturing, real estate development and management. Through associated companies VSH United is involved in the insurance and hotel business.

## VSH United

Group's result for the year 2017 were lower in comparison to the year 2016. Revenue from the Shipping and Real Estate segments improved while revenue from Trading and Industry segments declined.

In the Annual General Meeting of Shareholders held on 30 June 2017 the financial statements 2016 and a dividend of SRD 5,561,747 or SRD 2.80 per share were approved.

The VSH Corporate Governance Code is an integral part of the Group's Management policy. The Code and the Audit Charter were reviewed in February 2018 and changes were made to the Audit charter. Additionally, in May 2018 an IT security policy charter was approved as part of the Corporate Governance Code.

The year 2017 was year two of the strategic long-term plan 2016-2021. We explored logistical support service opportunities in Rotterdam, the Netherlands, as part of our ambition to achieve regional dominance fueled in part by the Guyana offshore oil discoveries and potential market development. This led to the establishment of VSH-UNITED (Nederland) and the acquisition of a majority stake in an existing Non-Vessel

Operating Common Carrier (NVOCC) company. Further, in line with our long-term professionalization objective we contracted the services of an Exact software consultancy bureau to provide onsite expertise for the expansion and improvement of the licensed Exact administrative modules. Continued development of new products and process improvements are leading the way in the industry- and trading segment.

## The Business Environment

The Suriname economy grew by approximately 1.2%<sup>2</sup> in 2017 as a result of improved commodity prices for key exports in the oil and mining industry. This marginal growth came after two consecutive years of negative economic growth due to reduced income from oil and mining exports (2015: 0.3%<sup>2</sup>, 2016: 7%<sup>2</sup>).

As a result of excessive government spending in 2015 resulting in inflation of 52.4%<sup>3</sup> in 2016 and a currency devaluation from SRD 4.20 to SRD 7.50 for the USD - government expenditures/local debt payments were partially postponed in 2017. This combined with reduced consumer purchasing power stabilized the exchange rate at year-end at SRD 7.55 for the USD and brought inflation down to 9.2%.

The recession that started in 2015, worsened in 2016 and has stabilized in 2017.

Expectations are that the Suriname economy will grow in 2018 by approximately 2.5%<sup>4</sup>.

This positive forecast is based for the most part on projected increased exports in the oil and mining industry and is heavily dependent on stable commodity prices. Improved Oil and mining industry performance is expected to have a trickledown effect on the other business sectors giving a much-needed boost to the local economy in 2018. The fact that the government has financed their expenditure and deficit in 2017 by borrowing from local and international banks and is now saddled with a depth that is unacceptably high is very concerning. Very little has been done to improve government tax income collections and to

<sup>2</sup> Fitch report 21 February 2018

<sup>3</sup> S&P Global Ratings: [www.standardandpoors.com/ratingsdirect](http://www.standardandpoors.com/ratingsdirect)

<sup>4</sup> General Bureau of Statistics

reduce government expenditures in the long-term. The Suriname economy is still very vulnerable due to dependence on mineral resources and the need for diversification of the economy has become more urgent.

Newmont Suriname had their first full year of production at the Merian gold mine in eastern Suriname and reported better than expected gold production results. State Oil is a stakeholder in this venture. Iamgold has announced that it is exploring new mining sites in the Saramacca Project area and are extending their activities in Suriname. New investments are estimated at USD 160 million. Production from these new mines are expected to commence in 2019.

State Oil reported in their half-year report 2017 that they have experienced challenges in ramping up production from the oil fields in Saramacca. At the refinery, the improvements in equipment and processes have allowed for increased production for the high-end products. Projected price improvements of the high-end products and the Meriam Gold investment income will make a significant contribution to 2018 financials. Offshore exploration resumed in September/October 2017 with Tullow Oil drilling the Araku well without success in block 54.

The bauxite and alumina industry in Suriname developed by Alcoa dates back to 1916. The relationship between Suriname and Alcoa was formalized with a mineral agreement in 1957 and the establishment of the Suriname Aluminum Company N.V. (Suralco). In July 2015 Alcoa/Suralco announced that they would discontinue their operation in Suriname. By November 2015 Suralco halted Alumina production and in January 2017 the Paranam facility was shut down. In 2017, a bid round was carried out for the dismantling of the refinery. Eleven international contractors participated in the bid and the Dutch contractor KOOLE has been awarded the first phase contract. Work is to start in the second quarter of 2018.

In the agricultural sector FAI - Food and Agriculture Industries N.V.- has managed to maintain banana production levels. It is experiencing challenges in expanding production. Rice production continued its downward trend and exports continue to be affected by the quality of the export rice. Fisheries have seen improved exports.

In the air transport sector, overall passenger arrivals increased by 8.2%<sup>5</sup> in 2017 compared to 2016. There was a significant increase of passenger arrivals (+/- 20%)<sup>5</sup> via Johan Adolf Pengel International Airport. Additionally, international air travel via the smaller local airport at "Zorg

en Hoop" saw an average increase of 30%<sup>5</sup> in passenger movements, mainly due to increased traffic to and from Guyana. Other ports of entry at Albina and Nickerie saw a decline in passenger movements. One regional airline based out of Curaçao, which had stopped service to Suriname in the first quarter of 2017, resumed operations in the fourth quarter of 2017 with significantly reduced capacity (from 760 passenger seats to 80 passenger seats weekly). The national carrier Surinam Airways and an international tour airline operator joined forces in the summer of 2017 and facilitated expanded passenger lift capacity in the summer months from Europe to support tourism development. Tourism remains the quick win option for economic diversification.

### Financial Overview

The Group's net profit from continuing operations amounted to SRD 24,060,469 (2016: SRD 34,453,587). Total revenue amounted to SRD 125,214,325 (2016: SRD 123,853,321). Operating expense amounted to SRD 105,224,499 (2016: SRD 96,280,565).

The share of profit in associate company Assuria and the investment income amounted to SRD 8,971,915 (2016: SRD 17,504,547).

Profit before income tax amounted to SRD 33,032,384 (2016: SRD 51,958,134). Net profit for the year amounted to SRD 22,987,218 (2016: SRD 38,923,020).

It is important to consider the effects of the currency devaluation when comparing current and previous year financial reports presented in Suriname dollars.

### Segment Performance and Reporting

#### Shipping

The ship agency companies VSH Shipping and VSH Logistics represent liner services from ports in Latin America, the Caribbean, North America, the Far East and Europe. These Companies also provide vessel agency services to various bulk carriers and offshore activities mainly for the developing oil industry. VSH Logistics also provides ticketing and cargo sales services to an airline operating to and from Suriname. In response to market developments VSH Agency Services was established in March 2017, this new ship agency company has been negotiating with different carriers in 2017 for agency representation. VSH-UNITED (USA) L.L.C. is based in Miami, Florida and is a registered Non-Vessel Operating Common Carrier (NVOCC) specialized in cargo movements from USA/Miami, Panama and Hong Kong to Paramaribo and Guyana. VSH Transport

<sup>5</sup> Stichting Toerisme Suriname

is the port terminal operator offering stevedoring, terminal cargo handling, offshore shore base services, warehousing, project logistic support, customs brokerage and trucking services. VSH Labour Services provides the required specialized personnel to support the activities of VSH Transport.

Shipping income was 8.8% higher in comparison to 2016 and amounted to SRD 58,368,098 (2016: SRD 53,625,092). This increase in income is mainly due to an increase in cargo handling activities.

CONTAINER VOLUME STATISTICS DRS. JULES SEDNEY PORT - PARAMARIBO					
TEU, twenty foot equivalent	2017		2016		2015
Discharge Port Statistics	57,088		51,975		55,719
Discharge VSH Transport	22,855	40%	18,442	35%	17,997
Load Port Statistics	52,412		46,677		50,288
Load VSH Transport	25,520	49%	22,039	47%	21,345
Total Containers - Port Statistics	112,318		98,652		106,007
Total VSH Transport	49,587	44%	40,481	41%	39,342

BREAKBULK VOLUME STATISTICS DRS. JULES SEDNEY PORT - PARAMARIBO					
Metric Ton Cargo	2017		2016		2015
Discharge Port Statistics	96,199		96,344		127,785
Discharge VSH Transport	47,335	49%	41,323	43%	68,613

The increase in volumes reflects the relatively stable market conditions specific to the oil and mining industry imports. No large-scale projects were executed in 2017. The first quarter of 2018 shows a further increase of 4.96% in container volumes compared to 2017. Services operated by EUKOR Car Carriers, Seaboard Marine, Intermarine, Seatrade, MSC/Atlantic Feeder Service (AFS), Maersk Line and Sealand offer worldwide reliable shipping options within the group and in-house custom brokerage services complements our one-stop-shop logistics approach. Total number of regular cargo vessels handled in 2017 was 346 (2016: 318).

The segment operating result amounted to SRD 25,028,843 (2016: SRD 25,048,907). The long-term investments in a port mobile crane, software developments, personnel and terminal expansion has resulted in efficiency improvements. One offshore project that started in November 2016 was completed in May 2017, while a second project which started in December 2017 continued in 2018. New offshore projects are expected in 2018/2019 and will require continued focused efforts to ensure successful participation in the highly competitive bidding processes.

Prospects for growth in vessel and cargo handling for the remainder of 2018 are largely dependent on the improvement of Suriname's economic conditions. In addition, increasing cargo volumes in the Guyana market has been met by strong competition.

In line with our strategic long-term plan 2016 - 2021 and our ambition for regional dominance, continued capacity strengthening is required for VSH-UNITED (Guyana) to grow our share of the cargo market and offshore services in the Guyana basin.

### Trading

N.V. VSH Trading is the distributor for Canon office equipment in Suriname and holds an important share of the market for copiers, printers and scanners. VSH-UNITED (Guyana) Inc. acts as a Canon reseller in the Guyana market of small office and home office-equipment and supplies. Both companies are official distributors for Red Wing products and they supply major industries with quality footwear for the workplace. A full line of Personal Protective Equipment (PPE) complements the assortment available to customers.

Trading operating income is stated after deduction of cost of goods sold. Operating income was lower and amounted to SRD 6,783,768 (2016: SRD 6,861,798). Segment operating result amounted to a loss of SRD 1,355,213 (2016: profit SRD 240,857).

This significant loss is predominantly due to unexpected slow sales and increased expenses with regards to our Guyana operations. Anticipated market growth related to the newly developing oil industry in Guyana did not materialize in 2017. The Liza Phase 1 development continues to progress, mostly with laying the foundation for production start-up in 2020. Liza Phase 1 involves the conversion of an oil tanker into a floating, production, storage and offloading (FPSO) vessel named Liza Destiny, along with four undersea drill centers with 17 production wells. Construction of the FPSO and the subsea equipment is under way in more than a dozen countries. "First oil" to be produced in the Liza Phase 1 is scheduled for March 2020. Developments in Guyana in 2018 including increased investments by government and local companies in improving infrastructure and real estate to facilitate support services for the oil industry on shore point to improve market conditions. There is a large influx of expats brought in by offshore contracting companies which are setting up offices and shore base infrastructure, all signaling increased demand for safety shoes and PPE supplies.

Exact administrative software consultancy support commenced at the VSH Trading in May 2017 and was completed in December 2017. The improved use of Exact has now clearly defined the user rights of individual employees, implemented among other modules the Warehouse Management System and strengthened management's overall controls. Footwear sales increased by 14.92% whereas sales of PPE increased by 20.82%. Sales in office equipment





Assuria Hermitage High Rise Project - fabricated by VSH Steel.



CIC - Ozon splash August 2017.



declined by 21.87% in line with market trends for similar products. Improved management capacity supported by dedicated support staff will bring improved results in the coming years.

### Foods

The Foods segment is related to activities of N.V. VSH FOODS publicly traded company (VSH share position: 56.01%). Company activities include the production and distribution of margarine, butter and shortening. Operating income is stated after deduction of cost of packaging and raw materials.

Segment operating income in 2017 was 18.7% higher than 2016 and amounted to SRD 15,779,357 (2016: SRD 13,290,108). Segment operating result in 2017 was 54.5% higher than 2016 and amounted to SRD 3,269,253 (2016: SRD 2,116,445).

The effects of inflation and increased cost for raw materials, especially for the butter production, led to a number of price increases. This combined with weak consumer spending power restricted overall volume growth by 6.0% compared to 2016: +16.6%. The local market conditions continue to underscore the importance on exports. In line with our strategic long-term plan 2016-2021, export volumes in 2017 increased by 37.7% compared to 2016. Overall export volume made up 27% of the production volume compared to 21% in 2016. Three out of four targeted markets experienced significant growth with Jamaica (24%) and Trinidad (31%) leading the way and recent entry (Q4 2016) into Guyana posted a growth of 31%.

The focus on professionalization in the area of production planning, preventive maintenance and strategic investments in the packaging lines has resulted in improved productivity. The management team has confidence in the strong product line and is focused on administrative and production efficiencies and investments required to ensure volume growth to further improving financial results.

### Detergents

N.V. Consolidated Industries Corporation (CIC), a publicly traded company (VSH share position: 60.15%) proudly commemorated its 50th anniversary on the 25th of November 2017. This milestone substantiates the Company's position as a well-established manufacturer of a wide range of industrial/household detergents and plastic packaging materials. The Company's products command an important share of the local and regional markets.

Operating income is reported after deduction of cost of packaging and raw materials. Segment income declined by 3.9% in 2017 and amounted to SRD 36,793,328 (2016: SRD 38,296,885). Segment operating result was 11.5% lower than 2016 and amounted to SRD 5,264,040 (2016: SRD

5,946,907). Inflation, weak consumer spending and an influx of substandard products affected overall sales and reduced local volume by 6% for the year. Exports volumes also declined by 16% in 2017 as a result of lower demand in major export markets due to declining economic conditions and the impact on logistic supply during the hurricane season.

- Powder detergent production volume declined to 2,320 MT (2016: 2,790 MT)
- Liquid detergent production volume declined to 4,077 MT (2016: 4,512 MT)
- Bleach production increased to 778 MT (2016: 660 MT)
- Production quantities in the plastic blow-molding increased to 314 MT (2016: 275 MT) as a result of the commissioning of the PET blow-molding machine in Q4 2016.

The challenging market conditions during the year resulting in reduced volumes and income forced management to focus on increasing profitability in a shrinking local market. Strategic marketing and pricing decisions made resulted in improved gross margins and increased local sales by 10%. Motivated by the strategic long-term plan 2016 - 2021 for regional dominance, aggressive measures were taken in the second half of 2017 to offset the approximately 59% decline in one major export market and resulted in improved exports in the fourth quarter. These efforts were still not enough to recover from the overall lost export sales for the year. Overall export volume made up 31% of the production volume down from 34% in 2016.

The commitment to improved business processes and product innovation are also contributing drivers leading the long-term strategic plan 2016-2021. Production and product improvements are ongoing while the Exact consultancy support team is working closely with the management team to implement automated administrative processes to support improved purchasing, inventory and sales management activities. The highly motivated CIC organization with strong established brands is focused on regaining market position both in the local and export markets.

### Steel

N.V. VSH Steel provides engineering services and produces prefabricated steel structures for the construction industry in Suriname, the Caribbean and Central America. Operating income is reported after deduction of cost of raw materials. Operating income declined significantly in 2017 to SRD 4,360,485 (2016: SRD 9,602,146) due to challenging local and regional markets. Segment operating result amounted to a loss of SRD 2,850,679 (2016: profit SRD 3,268,153). Production volume for the year amounted to 208 MT (2016: 790 MT) of which 62% was export



compared to 61% in 2016. Sales and marketing activities in the Guyana market supported by our VSH-UNITED Guyana office made its contribution by focusing on the mining sector. As stated earlier the anticipated market growth as a result of the developing oil industry in the Guyana market did not materialize in 2017.

All of the export production was for the Guyana market, still a number of Guyana quotations have been postponed pending improved economic conditions and the start up of mining projects. Continued emphasis will be on export and in particular the Guyana market if the Company is expected to turn a profit in 2018.

We can report that by June 2018 a total of 750 MT in projects were signed and in production. In addition 4 standard warehouses, which were fabricated in 2017 and held in stock, were sold to customers in Suriname, Guyana and French Guyana. Prospects for the Suriname market for the remainder of 2018 are bleak whereas the Guyana market is showing signs of investments in various real estate projects to facilitate support services for the oil industry. Gold and Bauxite mining investments have also been announced for 2018.

The VSH Steel organization has a proven track record of resilience and management is committed to turn the loss of 2017 into a profit in 2018.

### Real Estate

N.V. VSH Real Estate owns, develops and manages 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. Real Estate income amounted to SRD 7,709,606 (2016: SRD 3,424,091) and operating result amounted to SRD 3,312,507 (2016: SRD 3,068,423). This increase is due to improved occupancy. The project to build a modern office building on our last vacant property in Paramaribo at Van 't Hogerhuysstraat is on hold pending improved economic conditions. We continue to explore real estate opportunities whether in developing the existing strategic industrial lots at Paramam or possible new investments to support the VSH Group strategic objectives in Guyana.

### Associate Company

Assuria N.V. (VSH share position: 24.63%) is the largest publicly traded insurance company in Suriname offering a broad range of life, casualty and health insurance products in Suriname, Guyana, Trinidad and Tobago and other Caribbean territories. Assuria is the largest shareholder in De Surinaamsche Bank N.V. (DSB), the largest retail bank in Suriname. The Bank Act of 2011 requires Assuria to reduce its shareholding in DSB to 20%.

Assuria's share position as of 2017 remained at 44% with permission from the Central Bank of

Suriname.

The difficult economic climate, especially in the Suriname market has had its effects on the insurance industry. For Assuria the life and general insurance business in Suriname performed well in 2017. The medical company, on the other hand, recorded a substantial loss. The insurance branches in Guyana, Trinidad and Tobago and other Caribbean territories performed well in 2017. In 2017 the DSB continued with recovery measures and is expected to post a small profit. Assuria is confident that the bank is on the right track of recovery and will continue to provide support when and where possible.

The Company's share in the equity of Assuria amounted to SRD 62,001,133 (2016: SRD 74,071,528). The price for an Assuria share on the last trading session in 2017 at the Suriname Stock Exchange amounted to SRD 94.20 (2016: SRD 94.75). The Company's share in the net profit of Assuria amounted to SRD 7,926,056 (2016: SRD 16,853,749). During the year an amount of SRD 3,082,639 (2016: SRD 2,501,618) was received as cash dividend.

### Investments

Investments include the Company's strategic investment in Torarica Holding N.V., the subsidiary N.V. VSH Investment and other investments in local production companies and financial institutions. Investment income amounted to SRD 1,045,859 (2016: SRD 650,798). At year end investment assets stood at SRD 20,111,096 (2016: SRD 18,171,967).

### Strategic Investment

Torarica Holding N.V. (VSH share position: 14.19%) operates three hotels in prime locations along the Suriname River. The Royal Torarica is a 105-room luxury hotel located next to Torarica, a 130-room first class hotel and casino in the entertainment centre of Paramaribo. A short walk from Torarica Hotel is a fine 120-room hotel called Eco Resort. These hotels provide state of the art accommodation mainly to business visitors and tourists.

### Investment Subsidiary

N.V. VSH Investment operates as broker on the Suriname Stock Exchange. The Suriname Stock Exchange meets twice a month and 12 companies are listed. The Index declined slightly; from 9,661 at the end of 2016 to 9,531 at the end of 2017, a decline of 1.3%.

### Proposed Dividend

Profit attributable to the Shareholders of the Company amounted to SRD 20,719,097 (2016: SRD 36,799,667). Quarterly interim dividend amounted to SRD 1,191,803 or SRD 0.60

per share of nominal SRD 0.10 per share. Management proposes a final cash dividend of SRD 4,071,993 or SRD 2.05 per share of nominal SRD 0.10 per share. Total dividend then amounts to SRD 5,263,796. This dividend proposal represents 39.93% of the net realized profit and deviates from the Company policy to pay a dividend in the order of 30% to 35%.

The VSH Group will be commemorating its 60th anniversary on 22 August 2018 and Management proposed a one-time deviation of the policy to allow the shareholders to share in the joy of this special occasion. Management further recommends that the remaining profit amounting to SRD 15,455,301 be transferred to retained earnings. Should the proposed dividend be approved, Shareholders equity will amount to SRD 179,666,107 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 72.00 per share (2016: SRD 72.00 per share).

### Financial Condition

#### *Liquidity and capital resources*

The consolidated cash flow statement illustrates that cash and cash equivalents at year end decreased to SRD 36,799,801 (2016: SRD 40,839,722). In 2017 operating activities generated SRD 15,814,087 (2016: SRD 14,474,624) in cash and cash equivalents. Investments in financial and fixed assets amounted to SRD 15,739,369 (2016: SRD 7,250,512) and were partially financed by own means.

### Assets and capital structure

#### *Equity and debt*

The Group's capital structure is as follows:

in SRD	2017	2016
Interest-bearing loans and borrowings	23,947,818	26,158,395
Cash and cash equivalents	(36,799,801)	(40,839,722)
Total equity	202,860,373	202,985,382
<b>Total net capital employed</b>	<b>190,008,390</b>	188,304,055

Investments financed by own means amounted to SRD 14,779,796 (2016: SRD 6,878,549).

### Legal

We must report an internal fraud case committed by an employee. Criminal charges were filed against the employee. The court case is ongoing and a lien on personal assets is in place. The arbitration case between VSH Transport and Havenbeheer Suriname N.V. regarding allocation of vacant space at the port of Paramaribo and a conclusion is expected in 2018.

### Personnel and Organization

Management consists of 7 Managing Directors; 3 Assistant Managing Directors and 32 specialized staff members. At the end of the year the Group employed 405 persons (2016: 405 persons). Of the 405 employees 28% is female while 72% is male.

The diversified nature of VSH-UNITED requires a wide range of personal and professional skills. The Company encourages individual development by providing financial assistance for career development through specialized training. Training during the year included: first aid refresher courses, Excel advance courses, Time Management courses, Container Technician Certificate course, VSH Code of Conduct refresher sessions, Cyber security courses, Project Management training, HSEQ courses and Customer Service & Sales courses, BA and MBA courses.

Bonuses and salary adjustments are based on performance evaluation. Bonuses paid for the year amounted to SRD 6,297,024 (2016: SRD 5,430,258). 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 the year there were 206 active pension fund members, 60 persons with deferred pension, 23 pensioners, 4 widows and 6 orphans receiving pension.

Premium reserve at 31 December 2017 amounted to SRD 49,430,278 (2016: SRD 36,948,261). Total equity of the fund amounted to SRD 70,679,384 (2016: SRD 55,445,681)\*. Pension benefits for 115 CIC employees are insured. Under this plan there are 31 pensioners and 4 persons with disability pension. Pension benefits for 64 VSH Labour Services employees are secured in "Algemeen Pensioen Fonds", which is maintained by a foundation managed by the Government.

\*Unaudited

### Personnel activities

On 31 December 2017, the traditional closing of the year party was held with the employees of the Group to honor employees celebrating 10, 12.5, 15, 20, 25, 30, 35 and 40 years of service. We honored:

- *10 years of service:* M. Pachai (Holding)
- *12.5 years of Service:* E. Fong Tin Joeng (CIC); U. Tuinfort (CIC); G. Zinhagel (CIC)
- *15 years of service:* M. Ramsundersingh (Holding); S. Nejal (Holding); R. Adipi (Steel); R. Gajadhar (Steel); M. Maartens (Steel); R. Martodimedjo (Steel); M. Danoeatmodjo (Shipping)
- *20 years of service:* M. Dawse (Steel); T. Sotong (Steel); R. Brandon (Transport); H. Rapan (CIC); C. Plato (Labour Services)
- *25 years of service:* P. Troenopawiro (Transport); H. Yearwood (Shipping); R. Kromokardi (Steel); P. Amatkarijo (Steel); S. Gopalrai (Steel); W. Rebin (Steel); E. Mau-Asam (Logistics); B. Jaleti (FOODS); H. Oemrawsingh (FOODS); M. Hoogvliets (CIC); O. Karijo (CIC)
- *30 years of service:* D. Nanpersad (CIC); A. Pherai (CIC); S. Gajapersad (CIC)
- *40 years of service:* H. Kaarsbaan (FOODS); H. Kromokarijo (FOODS).



VSH Labour Services – Mr. R. Rijssen retired on 1 January 2018.



CIC – honoring retirees at end of the year party December 2017.

We also honored Mr. R. Rijssen (14 years of service VSH Labour Services), Mr. A. Combo (26 years of services CIC), Mrs. I. Ommen (27 years of services CIC), Mr. A. Tojong (25 years of services CIC) and Mr. A. Hatomi (42 years of services CIC) who retired on 1 January 2018.

### 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. Some of the projects supported are mentioned below.

The foundation has three permanent projects: the daily bread project for the children's home "*Zout der Aarde*", "*Villa Zapakara Kinder museum*" and a yearly membership fee for the organization "*Friends of Green Suriname*".

The foundation donated:

- to the "Surinaamse Karate-Do" association representing Suriname at the Caribbean Karate Championships in Suriname as host country;
- to the "Youth Leaders of Today" Fund for distribution of schoolbags at beginning of the new schoolyear;
- safety shoes to several Technical schools
- to the Rotary Clubs for supporting the Go Glo educational project and the Students Excellence Award project;
- printers/copiers to several schools;
- to the National Art Fair
- to the Salvation Army Christmas Charity Project

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.

### Outlook

The expectation is that the Suriname economy will grow in 2018 and that is good news. Projected economic growth continues to depend on the traditional oil and mining sector. Very little has been done to re-establish (local) investor confidence. No real effort has been made by the Government to promote diversification and to develop a transparent trade and industry policy supported by a modern investment law and a strong judiciary to provide a level playing field.

The focus of the VSH Group of Companies is to counter reduced income from local sales and services on market expansion and export growth. The strategy to expand our home market in the Guyanas has been complimented with the establishment of the VSH UNITED (Nederland) B.V. and expansion

into the Dutch logistics market targeting the Dutch speaking Caribbean and the Guyanas.

Professionalization of our internal support services has strengthened the organization and modern automated business processes have increased efficiency on the work floor.

To quote Mr. Andy Grove, former CEO of Intel:  
*“Bad companies are destroyed by crisis.  
Good companies survive them.  
Great companies are improved by them”.*

#### **Bringing Together - Growing Together**

#### **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 departing Chairman of the Board

*Mr. Roy Khodadin* whose loyalty to the Company is expressed by his many years of constructive participation and guiding the Company during good and bad times.

The fact that VSH personnel are committed and willing to embrace new opportunities and grow together with the VSH brand, is exceptional. Their commitment is the foundation of the Company's growth and success.

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

Paramaribo, 20 June 2018

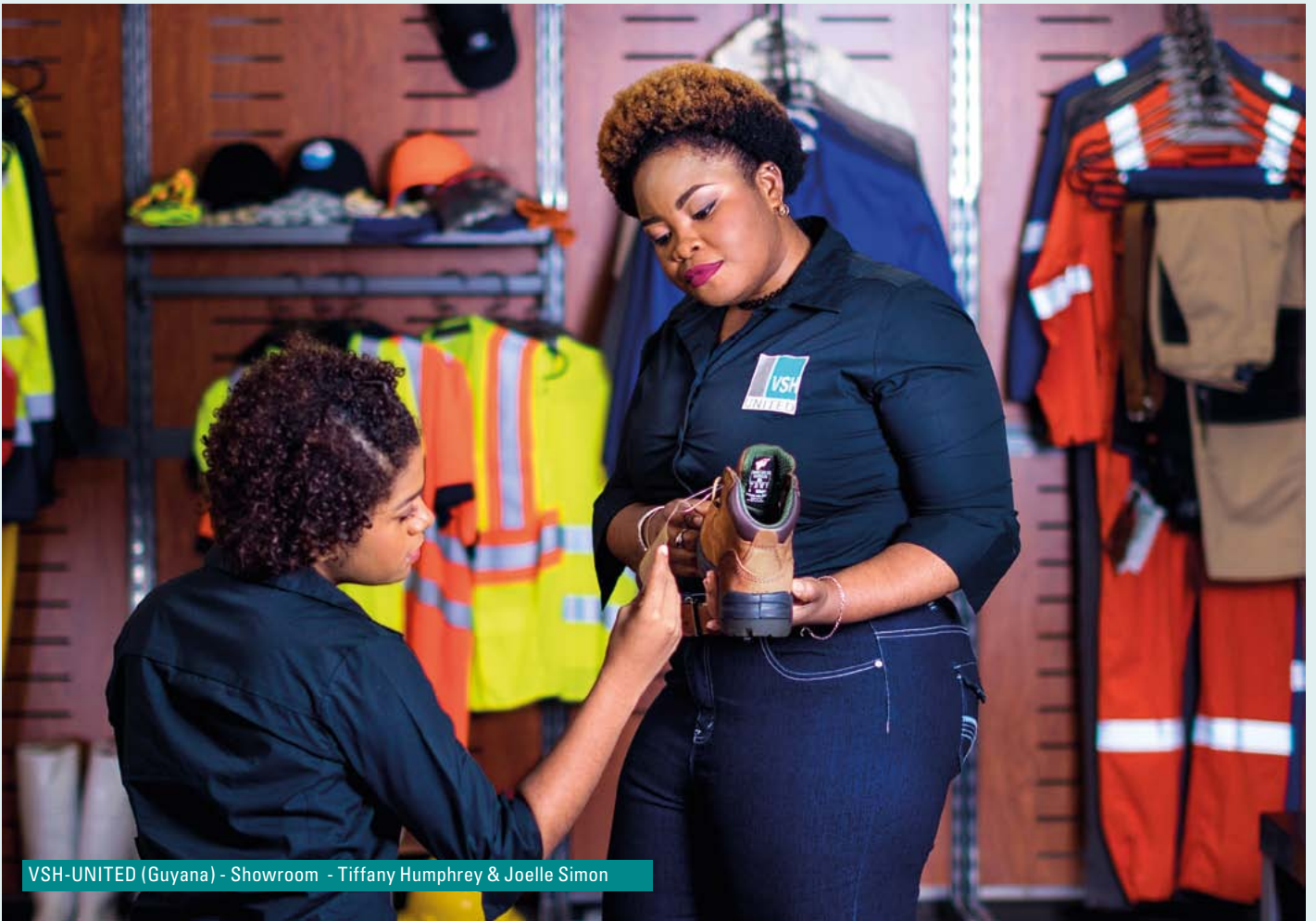
**Patrick Healy**

*Managing Director, Chief Executive Officer*

**Malini Ramsundersingh**

*Managing Director, Chief Legal and HR Officer*





VSH-UNITED (Guyana) - Showroom - Tiffany Humphrey & Joelle Simon



Independence Arch, Georgetown - Guyana - fabricated by VSH Steel

	<i>note</i>	<b>2017 SRD</b>	<b>2016 SRD</b>
<b>Income from</b>			
Subsidiaries		10,764,042	18,534,629
Share of profit in associate		7,926,056	16,853,749
Investments		1,043,586	646,643
Other		1,539,708	1,194,759
		<b>21,273,392</b>	<b>37,229,780</b>
<b>Profit</b>			
<b>Profit before income tax</b>		<b>21,273,392</b>	<b>37,229,780</b>
Income tax		(554,295)	(430,113)
<b>Net profit</b>		<b>20,719,097</b>	<b>36,799,667</b>
<b>Division of Profit</b>			
Interim dividend	7	1,191,803	1,191,803
Final dividend	7	4,071,993	4,369,944
Surplus		15,455,301	31,237,920
		<b>20,719,097</b>	<b>36,799,667</b>

The accompanying notes are an integral part of these financial statements.

**Paramaribo, 20 June 2018**  
**Supervisory Board of Directors**  
R. Khodadin, *Chairman*  
D. Halfhide, *Vice Chairman*  
K. Lim A Po  
R. Hahn  
J. Healy Jr.  
S. Smit

**Managing Directors**  
P. Healy  
M. Ramsundersingh



	2017 SRD	2016 SRD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,406,839	771,486
Intangible assets	574,183	637,629
Financial assets	19,484,536	17,536,624
Subsidiary interest	113,208,358	101,865,353
Investment in associate	62,001,133	74,071,528
<b>Total non-current assets</b>	<b>196,675,049</b>	<b>194,882,620</b>
<b>Current assets</b>		
Subsidiary receivables	11,044,696	5,831,295
Trade and other receivables	21,947,085	3,635,295
Cash and cash equivalents	32,551,233	38,001,250
<b>Total current assets</b>	<b>65,543,014</b>	<b>47,467,840</b>
<b>Total assets</b>	<b>262,218,063</b>	<b>242,350,460</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	198,634	19,863
Capital in excess of par value	61,654	240,425
Retained earnings	135,965,032	104,600,076
Result for the year	20,719,097	36,799,667
Revaluation reserves	26,793,683	44,165,264
<b>Total equity</b>	<b>183,738,100</b>	<b>185,825,295</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax	8,814,179	8,746,675
<b>Total non-current liabilities</b>	<b>8,814,179</b>	<b>8,746,675</b>
<b>Current liabilities</b>		
Subsidiary payables	61,424,698	42,670,260
Provisions	3,072,123	1,685,915
Income tax payable	316,048	187,285
Trade and other payables	4,852,915	3,235,030
<b>Total current liabilities</b>	<b>69,665,784</b>	<b>47,778,490</b>
<b>Total equity and liabilities</b>	<b>262,218,063</b>	<b>242,350,460</b>

The accompanying notes are an integral part of these financial statements.

**Paramaribo, 20 June 2018**  
**Supervisory Board of Directors**  
R. Khodadin, *Chairman*  
D. Halfhide, *Vice Chairman*  
K. Lim A Po  
R. Hahn  
J. Healy Jr.  
S. Smit

**Managing Directors**  
P. Healy  
M. Ramsundersingh

	<i>note</i>	<b>2017 SRD</b>	<b>2016 SRD</b>
<b>Revenue</b>			
Trading		8,839,993	9,235,451
Industry		54,876,945	58,676,001
Shipping		58,820,396	53,871,405
Real estate		2,676,991	2,070,464
		<b>125,214,325</b>	123,853,321
Other income	4	6,611,278	8,682,882
Personnel expenses	4	(47,764,284)	(40,350,712)
Administrative expenses		(48,014,418)	(41,000,734)
Depreciation and amortisation	8	(8,572,640)	(7,487,618)
Provisions	4	(873,157)	(7,441,501)
<b>Operating profit</b>		<b>26,601,104</b>	36,255,638
Finance income		37,407	158,968
Finance costs		(2,578,042)	(1,961,019)
Finance costs-net		(2,540,635)	(1,802,051)
<b>Profit from continuing operations</b>		<b>24,060,469</b>	34,453,587
Share of profit in associate	10	7,926,056	16,853,749
Investments		1,045,859	650,798
<b>Profit</b>			
<b>Profit before income tax</b>		<b>33,032,384</b>	51,958,134
Income tax	5	(10,045,166)	(13,035,114)
<b>Net profit</b>		<b>22,987,218</b>	38,923,020
<b>Attributable to:</b>			
Non-controlling interests		2,268,121	2,123,353
<b>Equity holders of the parent company</b>		<b>20,719,097</b>	36,799,667
Weighted average number of shares	6	1,986,338	1,986,338
<b>Earnings per share</b>	6	<b>10.43</b>	18.53

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	<i>note</i>	<b>2017 SRD</b>	2016 SRD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	70,305,521	64,559,277
Intangible assets	8	979,220	1,424,923
Subsidiary interest	9	200,000	2,088,027
Discontinued operations	9	1,929,617	-
Financial assets	9	20,111,096	18,171,967
Investment in associate	10	62,001,133	74,071,528
<b>Total non-current assets</b>		<b>155,526,587</b>	160,315,722
<b>Current assets</b>			
Inventories	11	46,210,598	50,024,799
Trade and other receivables	12	77,868,335	60,786,122
Cash and cash equivalents	13	36,799,801	40,839,722
<b>Total current assets</b>		<b>160,878,734</b>	151,650,643
<b>Total assets</b>		<b>316,405,321</b>	311,966,365
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	14	198,634	19,863
Capital in excess of par value	14	61,654	240,425
Retained earnings	14	135,965,032	104,600,076
Result for the year		20,719,097	36,799,667
Revaluation reserves	14	26,793,683	44,165,264
<b>Equity attributable to equity holders of the parent company</b>		<b>183,738,100</b>	185,825,295
Non-controlling interest		19,122,273	17,160,087
<b>Total equity</b>		<b>202,860,373</b>	202,985,382
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	16	17,910,572	17,253,103
Deferred tax	5	15,680,865	16,191,338
Long-term provisions	17	3,802,305	3,802,305
<b>Total non-current liabilities</b>		<b>37,393,742</b>	37,246,746
<b>Current liabilities</b>			
Trade and other payables	18	64,943,093	55,836,231
Short-term borrowings	16	6,037,246	8,905,292
Current tax payable	5	3,876,031	5,004,651
Short-term provisions	17	1,294,836	1,988,063
<b>Total current liabilities</b>		<b>76,151,206</b>	71,734,237
<b>Total equity and liabilities</b>		<b>316,405,321</b>	311,966,365

The accompanying notes are an integral part of these financial statements.

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in SRD	Share capital	Capital in excess of par value	Retained earnings	Revaluation reserve	Total	Non-controlling interest	Total
<b>Equity at 1 January 2016</b>	19,863	240,425	105,647,503	55,229,103	161,136,894	15,312,236	176,449,130
Profit after tax	-	-	36,799,667	-	36,799,667	2,123,353	38,923,020
Profit distributions	-	-	(1,191,803)	-	(1,191,803)	(118,261)	(1,310,064)
Revaluation	-	-	-	(10,919,463)	(10,919,463)	(157,241)	(11,076,704)
Realized revaluation	-	-	144,376	(144,376)	-	-	-
<b>Equity at 31 December 2016 before appropriation of profit</b>	19,863	240,425	141,399,743	44,165,264	185,825,295	17,160,087	202,985,382
<b>Appropriation of profit</b>							
Final dividend	-	-	(4,369,944)	-	(4,369,944)	(99,669)	(4,469,613)
<b>Equity at 31 December 2016 after appropriation of profit</b>	19,863	240,425	137,029,799	44,165,264	181,455,351	17,060,418	198,515,769
Profit after tax	-	-	20,719,097	-	20,719,097	2,268,121	22,987,218
Profit distributions	-	-	(1,191,803)	-	(1,191,803)	(205,695)	(1,397,498)
Revaluation	-	-	-	(17,244,545)	(17,244,545)	(2,744)	(17,247,289)
Realized revaluation	-	-	127,036	(127,036)	-	-	-
Issued shares	178,771	(178,771)	-	-	-	-	-
Unclaimed dividend	-	-	-	-	-	2,173	2,173
<b>Equity at 31 December 2017 before appropriation of profit</b>	198,634	61,654	156,684,129	26,793,683	183,738,100	19,122,273	202,860,373
<b>Appropriation of profit</b>							
Proposed final dividend	-	-	(4,071,993)	-	(4,071,993)	(451,256)	(4,523,249)
<b>Equity at 31 December 2017 after appropriation of profit</b>	198,634	61,654	152,612,136	26,793,683	179,666,107	18,671,017	198,337,124

The accompanying notes are an integral part of these financial statements.

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	<i>note</i>	<b>2017 SRD</b>	2016 SRD
<b>Cash flows from operating activities:</b>			
<b>Profit before tax</b>		<b>33,032,384</b>	51,958,134
<i>Adjusted for:</i>			
Depreciation and amortisation		<b>8,572,640</b>	7,487,618
Unrealized share of profit associate		<b>(7,926,056)</b>	(16,853,749)
Revaluation results		<b>(626,343)</b>	2,914,806
Investment income		<b>(1,045,859)</b>	(650,798)
Interest expense		<b>2,164,929</b>	1,737,499
Provisions		<b>873,157</b>	7,441,501
Cash flow from operations before changes in working capital		<b>35,044,852</b>	54,035,011
<i>Changes in working capital</i>			
Change in inventories		<b>3,814,201</b>	(20,982,170)
Change in trade and other receivables		<b>(17,082,213)</b>	(22,875,087)
Change in trade and other payables		<b>9,106,862</b>	17,834,584
Adjustments regarding provisions		<b>(1,089,973)</b>	(6,170,438)
<b>Cash generated from operations</b>		<b>29,793,729</b>	21,841,900
Claims paid		<b>(5,598)</b>	(433)
Paid interest		<b>(2,164,929)</b>	(1,737,499)
Paid income tax		<b>(11,809,115)</b>	(5,629,344)
<b>Net cash from operating activities</b>		<b>15,814,087</b>	14,474,624
<b>Cash flows from investing activities :</b>			
Purchase of property, plant & equipment		<b>(13,973,441)</b>	(10,358,654)
Transfer of property, plant & equipment		-	3,480,105
Purchase of non-current financial assets		<b>(1,900,000)</b>	-
Disposal of property, plant and equipment		<b>134,072</b>	-
Purchase of subsidiary interest		-	(371,963)
Sale of non-current financial assets		-	500
Dividends received		<b>4,128,498</b>	3,152,416
<b>Net cash used in investing activities</b>		<b>(11,610,871)</b>	(4,097,596)
<b>Cash flows from financing activities :</b>			
Proceeds and repayments of loans		<b>(2,210,577)</b>	9,796,246
Payments disposal of waste		<b>(341,855)</b>	(15,608)
Redundancy payments		<b>(128,958)</b>	(93,443)
Dividend paid		<b>(5,561,747)</b>	(3,376,775)
<b>Net cash (used in)/from financing activities</b>		<b>(8,243,137)</b>	6,310,420
Net (decrease)/increase in cash for the year		<b>(4,039,921)</b>	16,687,448
Cash and cash equivalents at 1 January		<b>40,839,722</b>	24,152,274
<b>Cash and cash equivalents at 31 December</b>		<b>36,799,801</b>	40,839,722

**Paramaribo, 20 June 2018**  
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P. Healy  
M. Ramsundersingh



VSH Labour Services - Xaviër Elburg member of the Suriname national basketball team.

## 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 2017 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 on 20 June 2018 and will be submitted for approval in the Annual General Meeting of Shareholders on 06 July 2018.

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**
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 (GUYANA) INC.**
12. **N.V. VSH Agency Services**
13. **N.V. VSH FOODS (56.01%)**
14. **N.V. Consolidated Industries Corporation (CIC) (60.15%)**

The associate is:

### 1. Assuria N.V. (24.63%)

The VSH United Group is involved in: shipping, logistics, transport, port operating, steel fabrication, 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.

### 2.2) 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.

### 2.3) 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.

### 2.4) 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 statement of income are described in note 17.

### 2.5) Application of IFRS standards

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

IAS 7: Statement of Cash Flows  
 IAS 16: Property, Plant and Equipment  
 IAS 17: Leases  
 IAS 18: Revenue  
 IAS 24: Related Party Disclosures  
 IAS 28: Investments in Associates and Joint Ventures  
 IAS 29: Financial Reporting in Hyperinflationary Economies  
 IAS 33: Earnings Per Share

### 2.6) Accounting policies

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

### 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 at presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position.

### 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.

As of 2010 Assuria is presented as an associate.

Under IAS 28.6 the Company meets the requirement of significant influence by virtue of:

1. The share position of 24.63% in Assuria.
2. The Company holds two out of six positions on the Assuria Supervisory Board including the Chair.

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the internal exchange rates derived from the free market at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange differences arising are charged or credited to the statement of income.

The exchange rates used for the US Dollar (USD) the EURO and the GYD per 31 December are:

in SRD	2017	2016
US	7.55	7.50
EURO	9.04	7.93
GYD (per 100)	3.51	3.57

### 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.



**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
Other assets	3 - 5	years

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.

**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 statement of income. There are no assets held under financial leases, and assets held under operating leases are not recognized in the statement of financial position.

**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 statement of income under depreciation and amortisation. The current estimated useful life is 3 years.

**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 2017, where the shares are listed.

**Inventories**

Inventories are stated at cost, less a provision for the reduced marketability of inventories if applicable. Cost is calculated using the last landed costs method. Costs comprise direct materials and all costs incurred to bring inventories to their present location and condition net of discounts, rebates and bonuses.

**Finished products and work in progress**

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

**Trade and other receivables**

Trade and other receivables are stated at fair value less an allowance for uncollectible amounts, if there is objective evidence that the 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.

**Cash and cash equivalents**

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

**Loans**

Interest bearing loans are recorded 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.

**Provisions**

Provisions are recognized for actual (legal or constructive) obligations when a reliable estimate of the amount 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.

**Trade and other payables**

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

**Employee benefits**

The Group employees participate in a defined benefit pension plan. Some of the pensions are insured while other employees participate in a pension fund.

The Group's contribution is recorded under personnel expenses in the statement of income.

The Group, except for CIC, has no obligations for long-term employee benefits. CIC has the obligation to pay medical benefits to pensioners. A provision based on actuarial calculations has been recognized for long-term employee benefit obligations.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**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 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.

**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, terminal, agency, and other services.

**Finance income and finance costs**

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.

**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.

**Expenses****Operating lease payments**

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

**Income tax**

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables and payables for the current and prior periods are measured 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 balance sheet date. Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance sheet date. 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 balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**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.

**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 results**

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

The shipping segment comprises shipping activities of the following subsidiaries:

VSH Shipping  
VSH Transport  
VSH Logistics  
VSH Labour Services  
VSH Agency Services  
VSH USA

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

VSH Trading  
VSH Guyana.

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 steel segment comprises steel fabrication of the following subsidiary:

VSH Steel

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

VSH Real Estate  
VSH Trading

Other income, assets and liabilities not included in the segment reporting are related to the subsidiary VSH Investment, VSH Marketing, the associate Assuria, the strategic investment Torarica and other shares held in local companies.

## Operating Segments Reporting

x SRD 1,000	Shipping		Trading		Foods		Detergents	
	2017	2016	2017	2016	2017	2016	2017	2016
Segment Income	58,368	53,625	6,784	6,862	15,779	13,291	36,793	38,297
Inter-segment income	-	-	-	-	-	-	-	-
Associate Income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
<b>Reportable segment operating income</b>	<b>58,368</b>	<b>53,625</b>	<b>6,784</b>	<b>6,862</b>	<b>15,779</b>	<b>13,291</b>	<b>36,793</b>	<b>38,297</b>
<b>Reportable segment profit</b>	<b>25,029</b>	<b>25,049</b>	<b>(1,252)</b>	<b>241</b>	<b>3,269</b>	<b>2,116</b>	<b>5,264</b>	<b>5,947</b>
Reportable segment assets	97,335	82,697	18,466	14,866	31,501	26,997	53,626	55,663
Reportable segment liabilities	56,971	48,552	11,065	7,229	17,144	14,149	23,218	27,640
Investments	663	552	653	249	5,771	1,325	4,337	2,522
Depreciation and amortisation	2,981	2,686	344	356	764	715	2,260	2,132
Employees of the reportable segment	142	134	22	21	58	59	115	120



	Steel		Real Estate		Other		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	4,360	9,602	2,677	9,958	1,644	165	-	-	126,405	131,800
	-	-	5,033	(4,014)	(1,644)	(165)	(4,580)	(3,768)	(1,191)	(7,947)
	-	-	-	-	7,926	16,854	-	-	7,926	16,854
	-	-	-	-	1,046	651	-	-	1,046	651
	4,360	9,602	7,710	5,944	8,972	17,505	(4,580)	(3,768)	134,186	141,358
	(2,851)	3,268	3,313	3,068	260	12,269	-	-	33,032	51,958
	13,241	17,167	19,672	18,835	82,564	95,741	-	-	316,405	311,966
	2,022	6,657	1,465	1,575	1,660	3,179	-	-	113,545	108,981
	59	40	1,195	1,130	3,061	1,433	-	-	15,739	7,251
	472	529	1,137	869	615	201	-	-	8,573	7,488
	41	42	6	7	21	22	-	-	405	405

#### 4.) Other income, personnel expenses, provisions and pensions

##### Other income

in SRD	2017	2016
Gains on exchange	251,828	3,804,652
Income from previous years	-	129,566
Gain on revaluation of inventories	166,056	2,010,276
Income from terminal and agency services	3,063,716	1,230,842
Other	3,129,678	1,507,546
<b>Total other income</b>	<b>6,611,278</b>	<b>8,682,882</b>

##### Personnel expenses

in SRD	2017	2016
Salaries and wages	32,177,286	27,276,142
Vacation and holiday expenses	2,373,891	2,212,883
Bonuses	6,297,024	5,430,258
Medical	2,969,498	2,190,492
Contribution to pension plan	2,716,968	2,122,949
Training	455,411	463,190
Other personnel expenses	774,206	654,798
<b>Total personnel expenses</b>	<b>47,764,284</b>	<b>40,350,712</b>

##### Provisions

in SRD	2017	2016
Uncollectable receivables	857,580	5,441,399
Disposal of waste	(45,498)	112,500
Reduced marketability of inventories	232,393	729,039
Product warranty and liability	(92,953)	246,619
Medical	-	838,978
Redundancy	(78,365)	72,966
<b>Total provisions</b>	<b>873,157</b>	<b>7,441,501</b>

##### 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 2017 amounted to SRD 1,513,736 (2016: SRD 1,065,624) 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 2017\* amounted to SRD 49,430,278 (2016: SRD 36,948,261) and the total equity amounted to SRD 70,679,384 (2016: SRD 55,445,681).

\* 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 2017 the Company and the employees both contributed 2% of the base salary into the fund. In 2017 pension expenses for VSH Labour Services amounted to SRD 26,697 (2016: SRD 20,079).

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 2017 amounted to SRD 1,176,535 (2016: SRD 1,037,246) and are recognized under personnel expenses.

## 5.) 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 2013 the Tax Inspector agreed that the final tax assessments for CIC regarding the years 2007 up to and including 2012 will be imposed after an audit from the Tax Authorities which commenced in 2013. At reporting date the income tax audit have not been completed by the Tax Authorities.

The current tax payable is specified as follows:

in SRD	2017	2016
Balance at 1 January	5,004,651	(266,438)
Paid during the year	(11,809,115)	(5,629,344)
Due over the year	10,045,166	13,035,114
PP&E replacement reserve	250,573	260,152
Tax recoverable	60,861	(38,559)
Inventory adjustments	215,147	(2,474,306)
Release revaluation land and buildings*	107,448	116,732
Accelerated depreciation	1,300	1,300
<b>Balance at 31 December</b>	<b>3,876,031</b>	<b>5,004,651</b>

\* Included VSH FOODS SRD 35,989 (2016: SRD 35,521)

### 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 investment 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. 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.

De deferred tax liabilities are specified as follows:

in SRD	2017	2016
Balance as at 1 January	16,191,338	12,612,811
Revaluation of financial assets	13,740	43,649
Revaluation of subsidiary interest	50,255	1,438,756
Inventory adjustments	(215,147)	2,474,306
Release revaluation land and buildings	(107,448)	(116,732)
PP&E replacement reserve	(250,573)	(260,152)
Release accelerated depreciation	(1,300)	(1,300)
<b>Balance at 31 December</b>	<b>15,680,865</b>	<b>16,191,338</b>

## 6.) Earnings per share

All shares of the Company are ordinary shares with a par value of SRD 0.10 (2016: SRD 0.01). The calculation of earnings per share at 31 December 2017 was based on the profit attributable to ordinary Shareholders of the Company of SRD 20,719,097 (2016: SRD 36,799,667) and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2017 of 1,986,338 (2016: 1,986,338).

	2017	2016
Weighted average number of shares	1,986,338	1,986,338
Earnings per share in SRD	10.43	18.53

## 7.) Dividends paid and proposed

The following dividends were declared and paid by the Company.

in SRD	2017	2016
Fourth quarter interim dividend previous year SRD 0.15 per share (2015: SRD 0.15)	297,950	297,950
Final cash dividend previous year SRD 2.20 per share (2015: SRD 1.10)	4,369,944	2,184,972
First quarter interim dividend SRD 0.15 per share (2016: SRD 0.15)	297,951	297,951
Second quarter interim dividend SRD 0.15 per share (2016: SRD 0.15)	297,951	297,951
Third quarter interim dividend SRD 0.15 per share (2016: SRD 0.15)	297,951	297,951
<b>Declared and paid</b>	<b>5,561,747</b>	<b>3,376,775</b>

### After reporting date 2017:

Declared and proposed by the Company

Fourth quarter interim dividend SRD 0.15 per share

297,950

The Management proposed the following final dividend:

Cash dividend SRD 2.05 per share

4,071,993

The proposed dividend 2016 was adopted by the Annual General Meeting of Shareholders of 30 June 2017.



## 8.) 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	Investments in progress	Intangible assets
<b>Cost</b>							
At 1 January 2017	121,042,498	49,425,818	48,678,467	19,841,784	-	3,096,429	2,910,190
Additions for the year	13,821,953	111,983	3,483,978	1,552,787	1,871,269	6,801,936	151,488
Transfers	-	1,597,822	-	1,950,687	-	(3,548,509)	-
Disposals	(789,449)	-	(509,461)	(279,988)	-	-	-
Corrections	-	-	-	-	-	-	-
Translations results	13,954	-	14,735	(781)	-	-	2,952
<b>At 31 December 2017</b>	<b>134,088,956</b>	<b>51,135,623</b>	<b>51,667,719</b>	<b>23,064,489</b>	<b>1,871,269</b>	<b>6,349,856</b>	<b>3,064,630</b>
<b>Accumulated depreciation</b>							
At 1 January 2017	(56,483,221)	(16,053,098)	(25,433,822)	(14,996,301)	-	-	(1,485,267)
Depreciation/amortisation for the year	(7,974,594)	(1,624,977)	(4,198,497)	(2,104,733)	(46,387)	-	(598,046)
Corrections	-	-	-	-	-	-	-
Written back on disposals	679,775	-	414,454	265,321	-	-	-
Translation results	(5,395)	-	(10,457)	5,062	-	-	(2,097)
<b>Book value 31 December 2017</b>	<b>(63,783,435)</b>	<b>(17,678,075)</b>	<b>(29,228,322)</b>	<b>(16,830,651)</b>	<b>(46,387)</b>	<b>-</b>	<b>(2,085,410)</b>
<b>Net Carrying amount</b>							
At 1 January, 2017	64,559,277	33,372,720	23,244,645	4,845,483	-	3,096,429	1,424,923
At 31 December, 2017	70,305,521	33,457,548	22,439,397	6,233,838	1,824,882	6,349,856	979,220

in SRD	Total	Property	Machinery and Equipment	Furniture and Fixture	Motor Vehicles	Investments in progress	Intangible assets
<b>Cost</b>							
At 1 January 2016	114,436,459	48,951,630	45,434,860	18,255,397	-	1,794,572	1,594,969
Additions for the year	9,653,293	635,730	2,145,325	2,090,276	-	4,781,962	705,361
Transfers	(3,480,105)	-	-	-	-	(3,480,105)	-
Disposals	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-
Translations results	-	-	-	-	-	-	-
<b>At 31 December 2016</b>	<b>120,609,647</b>	<b>49,587,360</b>	<b>47,580,185</b>	<b>20,345,673</b>	<b>-</b>	<b>3,096,429</b>	<b>2,300,330</b>
<b>Accumulated depreciation</b>							
At 1 January 2016	(49,570,855)	(14,717,045)	(20,672,027)	(14,181,783)	-	-	(512,796)
Depreciation/amortisation for the year	(7,149,615)	(1,494,731)	(4,024,890)	(1,629,994)	-	-	(338,003)
Corrections	-	-	-	-	-	-	-
Translation results	670,100	(2,865)	361,378	311,587	-	-	(24,608)
<b>Book value 31 December 2016</b>	<b>(56,050,370)</b>	<b>(16,214,641)</b>	<b>(24,335,539)</b>	<b>(15,500,190)</b>	<b>-</b>	<b>-</b>	<b>(875,407)</b>
<b>Net Carrying amount</b>							
At 1 January, 2016	64,865,604	34,234,585	24,762,833	4,073,614	-	1,794,572	1,082,173
At 31 December, 2016	64,559,277	33,372,719	23,244,646	4,845,483	-	3,096,429	1,424,923

The property, plant, equipment and intangible assets are insured against fire up to USD 51,703,913 (SRD 390,364,546).

## 9.) Financial assets, discontinued operations and subsidiaries' interest

### Financial assets

Non-current financial assets comprise of shares in other companies. 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 2017.

in SRD	numbers of shares	price per share	2017	2016
Assuria N.V.*	4,000	94.20	376,800	379,000
Torarica Holding N.V.	188,020	80.00	15,041,600	13,041,600
Surinaamse Brouwerij N.V.	1,287	2,700.00	3,474,900	3,474,900
De Surinaamsche Bank N.V.	6,307	47.75	301,159	317,616
Self Reliance N.V.	13,895	62.40	867,048	910,123
Hakrinbank N.V.	100	408.00	40,800	40,800
Royal Bank of Scotland	297	23.60	7,009	6,148
			20,109,316	18,170,187
Other			1,780	1,780
<b>Total financial assets</b>			<b>20,111,096</b>	<b>18,171,967</b>

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

### Discontinued operations

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 2017 amounts to SRD 1,929,617 (2016: SRD nil).

### Subsidiaries' interest

in SRD	2017	2016
Subsidiary of CIC	-	1,888,027
Subsidiary of FOODS	200,000	200,000
<b>Balance at 31 December</b>	<b>200,000</b>	<b>2,088,027</b>

## 10.) Investment in associate

Changes in carrying amount of the associate:

in SRD	2017	2016
Balance at 1 January	74,071,528	73,353,344
Company's share of profit	7,926,056	16,853,749
Profit distribution	(2,651,924)	(2,706,064)
Adjustments revaluation reserve	(17,344,527)	(13,429,501)
<b>Balance at 31 December</b>	<b>62,001,133</b>	<b>74,071,528</b>

## 11.) Inventories

in SRD	2017	2016
Raw materials and packaging	20,587,079	24,530,370
Goods for sale	11,687,425	10,249,177
Finished goods	2,947,393	4,260,697
Supplies and spare parts	3,000,944	2,700,903
Goods in transit	8,383,596	9,008,729
Provision for reduced marketability	(395,839)	(725,077)
<b>Total inventories</b>	<b>46,210,598</b>	<b>50,024,799</b>

In 2017 a provision for reduced marketability of SRD 232,393 (2016: SRD 729,039) was considered necessary. The inventories are insured against fire up to USD 14,668,892 (SRD 110,750,133).

**12.) Trade and other receivables**

in SRD	2017	2016
Trade receivables	49,799,909	50,500,567
Advance to personel	435,098	397,141
Prepayments and deposits	20,166,319	2,129,796
Insurance	156,732	164,159
To be settled import duties	25,701	152,182
Other receivables	7,284,576	7,442,277
<b>Total trade and other receivables</b>	<b>77,868,335</b>	<b>60,786,122</b>

At 31 December 2017 trade receivables are shown net of an allowance for uncollectible amounts of SRD 2,028,647 (2016: SRD 6,508,007). The impairment loss recognized in the current year was SRD 857,580 (2016: SRD 5,441,399).

**13.) Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks and cash on hand.  
The cash and cash equivalents are at free disposal of the Group.

SRD	2017	2016
Denominated in SRD	4,036,405	4,274,055
Denominated in US Dollars	30,223,975	32,759,350
Denominated in EURO	1,961,747	3,654,501
Denominated in GYD	577,674	151,816
<b>Total cash and cash equivalents</b>	<b>36,799,801</b>	<b>40,839,722</b>

**14.) Issued capital, capital in excess of par value, revaluation reserves and retained earnings****Issued capital**

in SRD	2017	2016
Issued capital at 1 January	19,863	19,863
Issued capital at 31 December	198,634	19,863

At 31 December 2017 the issued share capital comprised of 1,986,338 shares (2016: 1,986,338 shares).

The shares have a par value of SRD 0.10 (2016: SRD 0.01). 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 relaied 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**

The interim dividend 2017 of SRD 1,191,803 (2016: SRD 1,191,803) has been charged.

### 15.) Long-term borrowings

Long-term borrowings comprises of loans for VSH Transport, VSH FOODS and CIC.

in SRD	2017	2016
VSH Transport	11,650,264	14,686,978
VSH FOODS	2,538,620	-
CIC	3,721,688	2,566,125
<b>Total long-term borrowings</b>	<b>17,910,572</b>	<b>17,253,103</b>

The loans comprise of the following long-term arrangements:

- An investment facility of USD 1,050,000 was issued on behalf of CIC with monthly payments of USD 5,850. The balance per 31 December 2017 amount to USD 342,150 including the short-term (<12 months) portion.
- In 2017 a five year loan of USD 260,000 was issued on behalf of CIC with a monthly payment of USD 5,210. The balance per 31 December 2017 amount to USD 260,000 including the short-term (<12 months) portion.
- In 2017 a loan of SRD 2,130,804 was issued on behalf of CIC to finance working capital with a monthly payment of SRD 96,752. The balance per 31 December 2017 amount to SRD 748,095 and comprises only 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 amount to USD 44,548 and the balance per 31 December 2017 amount to USD 1,958,185 including the short-term (<12 months) portion.
- In 2017 VSH FOODS entered into a hire purchase contract for its distribution trucks. 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 2017 amount to USD 407,641 including the short-term (<12 months) portion.

The collateral given to the Institutions for these loans are:

- Mortgages on land and buildings at the Saramaccadoorsteek no. 10.
- Pledge of securities.

### 16.) Short-term borrowings

Short-term borrowing comprises of the short term (< 12 months) portion of the long-term loans 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 176,235 (2016: USD 441,098).
- On 14 July 2015, CIC obtained an overdraft facility with a maximum of USD 400,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to negative USD 85,814 (2016: USD 288,070).
- On 19 December 2006, CIC obtained an overdraft facility with a maximum of SRD 100,000 to finance working capital requirements on an ongoing basis. This facility was not used during the year.

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

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



**17.) Provisions and commitments**

in SRD	2017	2016
Product warranty, liability and disposal of waste	392,995	878,899
Deferred maintenance	212,500	212,500
Long-term medical obligation	3,802,305	3,802,305
Redundancy	689,341	896,664
<b>Total provisions</b>	<b>5,097,141</b>	<b>5,790,368</b>
Short term provisions < 12 months	1,294,836	1,988,063
Long term provisions > 12 months	3,802,305	3,802,305

**Product warranty, liability and disposal of waste**

The warranty provision represents management's best estimate of the liability under warranties granted for its products, based on past experience and industry averages for defective products. Disposal of waste represents CIC's liability for the disposal of waste due to the fire in 2009.

in SRD	2017	2016
VSH Steel	92,525	265,550
VSH FOODS	300,470	225,996
CIC	-	387,353
<b>Total product warranty and liability</b>	<b>392,995</b>	<b>878,899</b>

**Deferred maintenance**

This provision represents management's estimate of deferred maintenance on property and buildings.

in SRD	2017	2016
VSH Transport	212,500	212,500

**Long-term medical obligation**

CIC has the obligation to pay medical expenses for pensioners for which a provision amounting to SRD 3,802,305 (2016: SRD 3,802,305) is considered necessary.

**Redundancy**

Redundancy represents a provision for VSH Logistics and CIC.

**Commitments****Operating Leases**

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

in SRD	2017	2016
Due within one year	6,774,751	6,012,190
Between one and five years	19,461,032	18,638,357
Later the five years	3,938,667	3,938,667
<b>Total</b>	<b>30,174,450</b>	<b>28,589,214</b>

Non-cancelable operating lease payments represent rentals payable by the Group for use of vehicles, computer hardware 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 2017 SRD 633,971 (2016: SRD 630,800) was contributed by the operating companies.

**18.) Trade and other payables**

in SRD	2017	2016
Trade payables	<b>52,546,629</b>	43,502,365
Taxes on wages	<b>1,788,555</b>	782,207
Employee benefits	<b>2,511,738</b>	2,189,641
Received deposits & advanced payments	<b>401,743</b>	4,306,631
Dividend & sales tax payables	<b>1,612,832</b>	434,527
Other payables	<b>6,081,596</b>	4,620,860
<b>Total trade and other payables before profit distribution</b>	<b>64,943,093</b>	55,836,231
Proposed dividend	<b>4,523,249</b>	4,469,613
<b>Total trade and other payables after profit distribution</b>	<b>69,466,342</b>	60,305,844

**19.) Related party disclosure****Supervisory Board of Directors**

The remuneration of the Supervisory Board of Directors is approved by the Shareholders' Meeting. In 2017 the total remuneration amounted to SRD 151,230 (2016: SRD 124,200).

**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 2017 a bonus of SRD 32,696 has been approved by the Supervisory Board of Directors. This amount is payable in 2018 and has not been recognized in the statement of financial position at 31 December 2017.

The Supervisory Board decided to issue a one-time bonus amounting to SRD 104,267 to the CEO for his contribution at VSH Transport. This amount is payable in 2018 and has not been recognized in the statement of financial position at 31 December 2017.

**Services**

Financial- and IT services are provided by the Company to VSH FOODS, VSH USA and CIC. The amount billed in 2017 amounted to SRD 1,044,422 (2016: SRD 791,319).

**20.) Subsequent events****Events after the reporting date:**

In December 2017 VSH-UNITED (Nederland) BV was established.

On 1 January 2018 VSH-UNITED (Nederland) BV acquired 51% of the shares for a total amount of Euro 1,975,000 in IFC Holding B.V., a NVOCC, freight forwarder and consolidator situated in Moerdijk, Netherlands. The prepayment of Euro 1,975,000 is recognized under trade and other receivables (prepayments and deposits). Subsequent to this investment IFC Holding established a 100% subsidiary IFC Real Estate. In March 2018 IFC Real Estate invested in the real estate property of the IFC headquarters. It consisted of a large warehouse, office space and open terrain for cargo handling. For this purpose IFC Real Estate entered into a long-term loan of Euro 2,700,000.

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

**Opinion**

We have audited the accompanying financial statements 2017 of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, in Paramaribo, which comprise the consolidated statement of financial position and the company statement of financial position at December 31, 2017, the consolidated statement of income and the company statement of income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding 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 N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

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

In connection with our audit of the 2017 financial statements, our responsibility is to read the other information included in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the procedures performed, the other information included in the annual report is not materially inconsistent with the financial statements and appears not materially misstated.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit we exercise professional judgment and maintain professional skepticism throughout the audit.  
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Paramaribo, 20 June 2018

**Lutchman & Co, accountants**

*Represented and signed by*

Drs. M.R.A. Lutchman RA, chartered accountant



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