ANNUAL REPORT 2016

VSH UNITED

ANNUAL REPORT 2016

*In these challenging economic times faced by Suriname, the **VSH Group** thought it important to highlight the **Guyana Basin's Offshore** Business Opportunities developed by Suriname's continuing active exploration and neighboring Guyana's significant oil discovery. For Suriname there is no longer the question of "if there is oil", but when and where it will be found.*
For these reasons, we choose to highlight the agency and shore base terminal business activities - which the VSH Shipping group has grown to be the leading service provider for the Suriname offshore market - as the theme for this annual report. With experience gained, we are strengthening the resources of our VSH United Guyana subsidiary to support the Guyana business community in the development of HSEQ standards within the Oil and Gas industry.
We must emphasize the fact that the success in the development of the Suriname offshore agency and shore base terminal business activities by the VSH Shipping Group is based significantly on the demand of local content requirements by State Oil Suriname exploration agreements. These activities are also supported by Havenbeheer Suriname N.V. as the public-private partner at the Jules Sedney Port of Paramaribo facility, the Maritime Authority Suriname (MAS) in facilitating efficient supply vessel guidance and support and the Customs Authorities in facilitating efficient clearance of vessels and cargo related to the offshore activities. Additionally, the services provided by key suppliers such as Interfarm N.V., Traverco N.V., Mines Services N.V., KJJ Transport, De Paarl and Nautec N.V. complete our one stop service offered to the various offshore projects. We are proud to have been awarded agency and shore base contracts for the following offshore exploration activities in the Guyana Basin:

	Country	Project Type	Operator	Rig/Vessel	Support vessels	Support Location
2010/11	Suriname	Drill activities	Murphy Oil/Repsol/Inpex	Atwood Beacon	Bourbon	Suriname
2012	Suriname	Seismic-Geokinetics	Paradise Oil	MV John P Lab MV Western Regent		Suriname
2012	Suriname	Seismic-Schlumber G	Tullow	Stena Icemax		Suriname
2012/13	Guyana	Drill activities	Tullow/Shell	Polarcus Nalia	Bourbon	Suriname/Trinidad
2013	Suriname	Seismic-Polarcus	Apache/Inpex/Petronas	Polarcus Asima		Suriname
2013	Guyana	Seismic-Polarcus	Repsol	Seismic-Polarcus		Suriname
2014	Suriname	Suriname Deep Water Current Array support services-Fugro	Kosmos	MV Markman		Suriname
2014	Suriname	Seismic-Projects	Petronas/Apache/Inpex Staatsolie			Suriname
2015	Suriname	Drill activities	Apache-Popokai#1	Stena DrillMax (Stena)	Tide Water	Suriname/Trinidad
2015	Suriname	Drill activities	Inpex/Teikoku Oil-Spar 1	Hakurya-12 (JDC)	Bourbon	Suriname
2016	Suriname	Drill activities	Petronas-Roselle 1	Ralph Coffman (Rowan Companies)	Dess/Burni Armada	Pipeyard Warehouse Suriname/ Mud Plant Trinidad
2016	Suriname	Seismic-Polarcus	Apache	Polarcus Alima (Polarcus)	Vroon Offshore/ Rederij	Suriname
2017	Suriname	Drill activities	Apache-Kolibrie 1	Bob Douglas (Noble)	TideWater	Suriname/Trinidad

TRACE CERTIFIED

MANAGEMENTSYSTEEM CERTIFICATIE
DNV·GL
ISO 9001 = ISO 14001
OHSAS 18001

Core Values

To be a Champion for our Customers, Partners, Shareholders and in the Community we hold fast to these values:

- **Your success is our desire**
- **Trust in our relationships and personally responsible for all our actions**
- **Creating a better company for a better world**

VSH Group: Financial Department

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Management of the Group

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

Established in Paramaribo, Suriname

HOLDING

Management

P. Healy, *Chief Executive Officer (CEO)*
M. Ramsundersingh, *Chief Legal Officer (CLO)*
P. Brahim, *Chief Financial Officer (CFO)*
V. Finck, *Head Internal Audit*

M. Ramsundersingh

P. Healy

V. Finck

P. Brahim

Management of the Group (subsidiaries)

SHIPPING

N.V. VSH SHIPPING
S. Poort, *Managing Director*

N.V. VSH TRANSPORT
P. Healy, *Managing Director*
S. Poort, *Assistant Managing Director*

VSH-UNITED (USA) L.L.C.
Miami, United States of America
J. Liong-A-San, *Managing Director*

N.V. VSH LOGISTICS
K. Wong Fong Sang, *Managing Director*
B. Makhanlal, *Assistant Managing Director*

N.V. VSH LABOUR SERVICES
P. Healy, *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*

VSH-UNITED (GUYANA) INC.
P. Healy, *Director*
M. Ramsundersingh, *Director*
D. Scott, *Country Manager*

REAL ESTATE

N.V. VSH REAL ESTATE
P. Healy, *Managing Director*
C. Lie Wah Hing, *Assistant Managing Director*

INVESTMENT

N.V. VSH INVESTMENT
P. Brahim, *Managing Director*

S. Poort

J. Liong-A-San

K. Wong Fong Sang

B. Makhanlal

W. Martoredjo

M. Telting

K. Healy

D. Scott

C. Lie Wah Hing

GOLDEN BRAND
Flavor of the Caribbean

marigold

YELLOW BIRD

BAKE 'N FRY

BAKER'S CHOICE

ozon

SUN

Witbol

KLINOL

Tropical Bush

MAERSK

SeaLand

EUKOR Car Carriers Inc.

INTERMARINE

Seatrade

SEABOARD MARINE

InselAir
Reaching Higher

Canon

PPE
Personal Protective Equipment

RED WING SHOES®

WORX®
BY RED WING SHOES

VSH STEEL

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 descendents, 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 governement 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.

MV Sea Titus discharge and load activities at the shore base of Paramaribo

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, 11 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 18 August 2016, Management presented financial statements over the first half year 2016. In the board meeting held on 10 November 2016 Management presented the operational plans for 2017 and the Board approved capital expenditures for 2017. Management remuneration was evaluated and approved in the board meeting held on 8 December 2016.

Corporate Governance

In the meeting of the Supervisory Board of Directors held on 19 January 2017 the results of the internal audits 2016 were presented and the internal audit plan for 2017 was approved. The results of the annual appraisals of the subsidiaries 2016 were discussed with the Board on 16 February 2017.
In a meeting held on 13 April 2017 the Audit Committee and the external auditor discussed the management letter 2016 and the follow up by management of the recommendations noted in the management letter 2015. Special attention was given to cost control and the importance of administrative procedures especially with regard to the overseas companies. In a meeting held on 8 June 2017 the Audit Committee together with the external auditor, internal auditor and management discussed findings in relation to the year-end audit and the financial position and results 2016.

Changes in the bylaws

In the meeting of the Supervisory Board of Directors held on 15 June 2017 the management recommended changes be made to the bylaws to comply with revisions to the Suriname Commercial Code adopted on 29 July 2016. These changes will affect article 2 in the "Purpose" section, article 3 in the "Duration" section, article 4 in the "Capital" section, Article 5a in the "Shares" section, Article 6.10, 6.42 & 6.50 in the "Executive Board" section, article 8.32 in the "General Shareholders' Meeting" section and article 9.30b in the "Profit & Loss" section. The Board endorses the recommendations of the management to make these necessary changes in the Annual General Meeting of Shareholders on 30 June 2017.

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 4 July 2016. In this meeting five members, Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr. and Mr. A. Kluijver were re-elected as members of the Supervisory Board of Directors. To fill the vacancy left by Mr. R. Elias who resigned from the Supervisory Board of Directors effective 4 July 2016, Mr. K. Lim A Po was elected a member of the Supervisory Board of Directors.

After having served for seven years as a member of the Supervisory Board, Mr. A. Kluijver has decided not to stand for re-election.
Being eligible, the members Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr. and Mr. K. Lim A Po offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 30 June 2017. The Supervisory Board of Directors recommends that the members mentioned be re-elected. To fill the vacancy left by Mr. A. Kluijver the Board recommends that Mr. S. Smit be elected as a member of the Supervisory Board.

Report of the Supervisory Board of Directors

Management changes and appointments

Effective 1 February 2017,
Mrs. B. Klaverweide-Weekes was appointed Sales & Marketing Manager of N.V. VSH Trading.

Effective 1 April 2017,
Mrs. B. Makhanlal was appointed Assistant Managing Director Shipping Services of N.V. VSH Logistics.

Effective 1 April 2017,
Mr. D. Scott was appointed Country Manager of VSH-United (Guyana) Inc.

Performance of the Supervisory Board of Directors

In a meeting held on 8 December 2016 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.

Management performance and Executive Performance Pay

On 8 December 2016 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, risk management and monitoring developments at the overseas companies.

On a consolidated basis, the VSH United Group attained a return on capital employed of 25.5% which is above the minimum target of 15.0%.
Therefor the CEO will receive a short-term bonus of SRD 277,110 and the CLO will receive a short-term bonus of SRD 138,555.

Performance of the Managing Directors of the Shipping Group (VSH Shipping, VSH Transport, VSH Logistics and VSH-United (USA)) is measured against a yearly minimum target of 35.0% of return on capital employed. Based on the return on capital employed of 45.5% of the Shipping Group as a whole the Managing Director of VSH Shipping will receive a short-term bonus amounting to SRD 27,780 and the Managing Director of VSH Logistics will receive a short-term bonus amounting to SRD 10,629.

Performance of the Managing Director of VSH Steel is measured against a yearly minimum target of 10.0% of return on capital employed. Based on the return on capital employed of 22.2% the Managing Director will receive a short-term bonus amounting to SRD 18,804.
Performance of the Managing Director of N.V. Consolidated Industries Corporation (CIC) is measured against a yearly minimum target of 15.0% of return on capital employed. Based on the return on capital employed of 18.7% the Managing Director received a short-term bonus amounting to SRD 59,469.

The other subsidiaries did not meet their respective minimum target of return on capital employed.

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 2017 as follows:

- 1st quarter payable 17 July 2017; SRD 0.15 per share
- 2nd quarter payable 15 August 2017; SRD 0.15 per share
- 3rd quarter payable 15 November 2017; SRD 0.15 per share
- 4th quarter payable 15 February 2018; SRD 0.15 per share

Division of Profit

In compliance with the requirements of article 9.20 of the bylaws, management presented the financial statements 2016 to the Supervisory Board of Directors on 15 June 2017.

These financial statements can be found on pages 22 to 44 of this annual report.
The independent external auditor, Lutchman & Co, audited the financial statements. Their independent auditor's report can be found on page 21.
The net profit attributable to Shareholders amounts to SRD 36,799,667 (2015: SRD 18,555,091).
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 5,561,747. If approved, total dividend will amount to SRD 2.80 per share and the balance of the net profit amounting to SRD 31,237,920 will be added to retained earnings. Four quarterly dividends have been paid for a total of SRD 0.60 per share. The final dividend will thus amount to SRD 2.20 per share. This dividend represents a payout ratio of 28.0% which does not meet our 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.

Report of the Supervisory Board of Directors

Remuneration of the Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors amounts to SRD 140,400 per year and was last adjusted on 1 July 2016. The Supervisory Board of Directors endorses the recommendation of the Management to increase the remuneration of the Supervisory Board of Directors to SRD 162,060 per year effective 1 July 2017.

Appreciation

Our thanks and appreciation go to the members of Management, and all the employees of VSH United, its subsidiaries and the associated company for their contribution in 2016. 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.

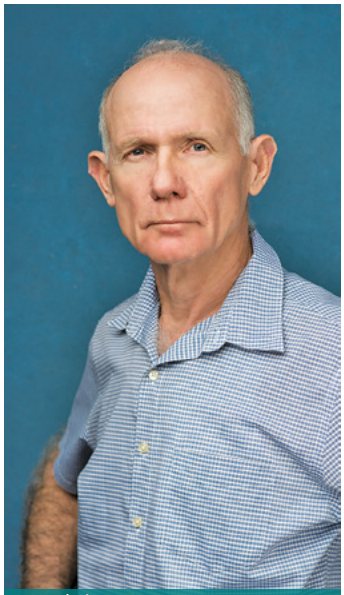
Paramaribo, 15 June 2017

The Supervisory Board of Directors,
R. Khodadin, *Chairman*
D. Halfhide, *Vice Chairman*
R. Hahn
J. Healy, Jr.
A. Kluijver
K. Lim A Po

R. Khodadin

D. Halfhide

R. Hahn


J. Healy jr.

A. Kluijver

K. Lim A Po

Salient Figures

in SRD Consolidated	2016	2015	2014	2013	2012
Revenue	132,536,203	78,072,962	68,127,374	63,200,893	57,599,750
Profit from continuing operations	34,453,587	14,087,885	15,568,891	14,401,741	12,878,475
Other income	17,504,547	11,828,381	12,228,766	10,346,252	9,188,424
Net profit to Shareholders	36,799,667	18,555,091	20,151,842	17,677,725	16,431,570
Cashflow	44,287,285	25,378,349	26,436,909	23,568,482	21,898,843
Working capital	79,916,406	46,970,581	40,178,943	39,990,907	38,452,114
Shareholders equity	185,825,295	163,321,866	166,198,086	145,257,126	125,347,696
Paid-in capital	19,863	19,863	19,863	19,863	19,863
Per share of SRD 0.01					
Cash dividend	2.80	1.70	1.65	1.50	1.50
Intrinsic value	93.55	82.22	83.67	73.13	69.42
Market value	72.00	72.00	50.50	46.00	37.50
USD Rate					
Year average	6.61	3.48	3.35	3.35	3.35
Per end of the year	7.50	4.20	3.35	3.35	3.35

Report of the Managing Directors

Introduction

Since its inception in 1958 as a trading company VSH United has become one of the most diversified groups in Suriname with subsidiaries in Miami, USA and in Georgetown, Guyana. Its major activities include ship agency, port terminal operations, trading, manufacturing, real estate development and management. Through associated companies VSH United is involved in the insurance and hotel business.

VSH United

Group results for the year 2016 were higher in comparison to the year 2015. Revenue from our ship agency, terminal/cargo handling operations, industry, real estate and trading all improved.

In the Annual General Meeting of Shareholders held on 4 July 2016 the financial statements 2015 and a dividend of SRD 3,376,775 or SRD 1.70 per share of nominal SRD 0.01 were approved.

The VSH Corporate Governance Code is an integral part of the Group's Management policy. This code was reviewed in March 2017 and no changes and/or updates were necessary.

The year 2016 was the first year of our strategic long-term plan 2016-2021. Necessary steps have been taken to support our ambition to achieve regional dominance. To improve our business processes necessary investments in crucial hardware and software have been made and are an integral part of our long-term strategic objective professionalization. Development of new products and product innovations is leading the way in the industry sector while new and improved services are being developed in the shipping and trading sectors. Increase in export volumes and expansion of our Guyana operation are testament to our aggressive ambition for regional penetration.

The business environment

The Suriname economy/GDP declined by around 9% over 2016 as a result of reduced income due to low commodity prices from key exports in the oil and mining industry. This is the third consecutive year of reduced income from oil and mining exports and this trend has resulted in a significant reduction in foreign currency reserves. Excessive government spending and the financing thereof increased government debt to 55% of GDP (2015: 39%)[1], and substantially depreciated the Suriname Dollar. The US dollar exchange rate increased from SRD 4.20 at the beginning of the year to SRD 7.50 at the end. Inflation for the year 2016 amounted to 55.5%[2].

[1] S&P Global Ratings: www.standardandpoors.com/ratingsdirect
[2] General Bureau of Statistics

The recession that started in 2015, worsened in 2016 which led to the downgrading of Suriname's credit ratings by various international rating institutions. In January 2016, the International Monetary Fund (IMF) announced that they were approached by the government of Suriname to discuss the possibility of IMF financial support for an economic reform program. The IMF economic reform program initiated in May of 2016, included a two-year financial arrangement in the amount of USD 478 million. The Suriname government received the first installment of USD 87 million and subsequent disbursements were withheld pending compliance with the terms of the agreement. Finally, the government decided to terminate the program in May 2017 based on their positive assessment of economic conditions. The concerns as to the government's ability and/or willingness to comply with the strict measures set forth by the IMF program in the time line set were justified.

The construction activities of the new Newmont/Surgold gold mining project at Nassau in eastern Suriname were completed ahead of schedule and production commenced in November 2016.

The unexpected technical issues experienced with the start-up of the State Oil refinery expansion project delayed full production until the fourth quarter of 2016. An operational cost reduction program implemented in line with reduced oil revenue due to the decline in world oil prices enabled State Oil to close off the year 2016 with a minimal profit. Only investment projects aimed at maintaining current oil production levels and off/near-shore exploration drilling projects were continued.

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 will discontinue their operation in Suriname. By November 2015 Suralco halted refinery production and in January 2017 the Paranam facility was shut down.
Exit negotiations between a Suriname government committee and the multinational have been on and off. Various options are being reviewed including converting the Paranam area into an industrial zone. Discussions are ongoing.
In the agricultural sector FAI - Food and Agriculture Industries N.V.- has managed to maintain banana production levels. They are experiencing challenges in expanding production. Rice production decrease and exports continue to be effected by world market surplus and related low prices. Fisheries has seen improved exports.

50th Anniversary Independence Arch – Georgetown - Guyana

Centennial Arch - Linden - Guyana

Overall passenger arrivals increased by 12.8%[3] in 2016 compared to 2015 this due to increased passenger movements from French Guiana and Brazil to Suriname. One major regional airline based out of Curaçao effected by the deteriorating economic conditions in Venezuela ended up in financial difficulties and stopped service to Suriname in the first quarter of 2017 resulting in a loss of some 760 passenger seats per week for the Suriname market. A deal between the national carrier Surinam Airways and an international tour airline operator will support much needed expanded passenger lift capacity to support tourism development.

The setbacks experienced in 2016 once again demonstrate the urgent need for the government and private sector to place emphasis on diversification of the Suriname economy.

[3] Stichting Toerisme Suriname

Financial overview

The Group's net profit from continuing operations amounted to SRD 34,453,587 (2015: SRD 14,087,885). Total revenue amounted to SRD 132,536,203 (2015: SRD 78,072,962) due to higher revenue in all activities. Operating expense amounted to SRD 98,082,616 (2015: SRD 63,985,077) due to higher expenses in all categories.

Other income included our share of profit in associate company Assuria and investment income and amounted to SRD 17,504,547 (2015: SRD 11,828,381).

Profit before tax amounted to SRD 51,958,134 (2015: SRD 25,916,266).
Net profit for the year amounted to SRD 38,923,020 (2015: SRD 20,187,447).

Important to consider are the effects of the currency devaluation on the overall SRD reporting. The average USD rate in 2016 was SRD 6.61 compared to SRD 3.48 in 2015.

Segment performance and reporting

Shipping Group

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. The ship agency companies also provide vessel agency services to various bulk carriers and offshore activities mainly for the local oil industry. VSH Logistics also provides ticketing and cargo sales services to airlines operating to and from Suriname. VSH-UNITED (USA) L.L.C. is based in Miami, Florida and is a registered NVOCC - non-vessel operating common carrier - specialized in cargo movements from Miami, Panama and Hong Kong to Paramaribo and Guyana.

VSH Transport is the port terminal operator offering consolidation, 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 81.8% higher in comparison to 2015 and amounted to SRD 57,860,606 (2015: SRD 31,819,943). This increase in income is mainly due to an increase in off shore related activities.

An increase in container handlings was realized (2016: 41,056 teus, 2015: 39,388 teus), the break bulk/project cargo shipments decreased (2016: 36,913 revton, 2015: 102,798 revton) and RORO cargo decreased (2016: 3,339 units, 2015: 9,235 units). Overall port statistics for 2016 compared to 2015 show the following trend: container handlings: -7%, break bulk/project cargo -25%, RORO cargo: -58%. The decrease in volumes is related to the strong economic downturn and no large-scale projects were executed in 2016. The first months of 2017 show an increase in volumes, compared to 2016, similar to the levels of 2015; except the RORO cargo remains lower than in 2016. Services operated by Seaboard Marine, EUKOR Car Carriers, Intermarine, Seatrade, Atlantic Feeder Service (AFS), Maersk Line and Sealand offer worldwide reliable shipping options within the group and in-house custom brokerage complements our one-stop-shop logistics approach. Total number of regular cargo vessels handled in 2016 was 318 (2015: 291), and an additional 74 off-shore supply vessels.

The segment operating result amounted to SRD 25,048,907 (2015: SRD 11,149,618). The long-term investments in a port mobile crane, software developments, personnel and terminal expansion increased efficiency. Agency services and shore base services for offshore exploration and seismic projects contributed to the income. One offshore project started and was completed in 2017. New offshore projects are expected in 2017 and 2018 and will require continued strong company efforts to ensure successful participation in highly competitive bidding processes.

Prospects for further vessel and cargo handling in 2017 are largely dependent on Suriname's economic conditions and the shipping lines response to the reduced cargo volumes. In line with our multiyear plan 2016-2021 and our ambition for aggressive regional penetration, support to our subsidiary VSH-United (Guyana) by the other shipping companies is crucial for the development of cargo market share growth and development of offshore services.

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 SOHO - 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 amounted to SRD 8,295,952 (2015: SRD 4,486,339). Segment operating result in 2016 was 67.7% lower compared to 2015 and amounted to SRD 240,857 (2015: SRD 746,208). This significant decrease is predominantly due to start-up expenses with regards to our Guyana operations. Volumes in sales of footwear experienced a decrease of +/- 36% where sales of PPE increased by +/- 5%. Sales in office equipment experienced a decrease of +/- 35% in line with the market trends for similar products. Professionalization of the business processes in order to be more efficient and to be able to focus on the core business activities is the main goal for 2017.

Foods

The Foods segment is related to activities of N.V. VSH Foods (56.01%), which includes 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 2016 was 18.9% higher than 2015 and amounted to SRD 14,587,607 (2015: SRD 12,268,371). Segment operating result in 2016 was 39.1% lower than 2015 and amounted to SRD 2,116,445 (2015: SRD 3,474,963). The impact of the devaluation of the Suriname Dollar, high inflation and sensitivity of price adjustments in the local market are the main reasons negatively effecting the company operating results. Important to note is that even though operating results decreased, the overall local sales volume in 2016 were maintained at 2015 levels. Additionally, in line with our multiyear 2016 - 2021 strategy, export volumes 2016 increased by 200% compared to 2015. Overall export volume made up 21% of the production volume compared to 8% in 2015. Product innovations included the production of sticks, spreadable and non-refrigerated margarine and contributed 21% to total production volume of which 11% was exported.
The result of continued low purchasing power of local consumers further underscores the importance on exports. Continued investment in product innovation and production efficiencies will be required to improve financial results.

Detergents

N.V. Consolidated Industries Corporation (60.15%) (2015: 59.44%) manufactures a wide range of industrial and 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 increased by 59.2% in 2016 and amounted to SRD 38,515,789 (2015: SRD 24,199,079). Segment operating result amounted to SRD 5,946,907 (2015: SRD 2,489,318). The devaluation of the Suriname Dollar had an impact on sales and financial results. Local price increases were not sufficient to maintain healthy margins and the value of exports was inflated.

Total powder detergent production volume increased to 2,790 MT (2015: 2,712 MT) as a result of higher demand in both the local and export markets. Liquid detergent production volume increased to 4,512 MT (2015: 4,348 MT). Bleach production decreased to 733,49 MT (2015: 872,71 MT) due to technical issues in the 4th quarter 2016 which have been resolved. Production quantities in the plastic blow molding decreased to 275 MT (2015: 368 MT) due to the loss of one major customer who installed their own blow molding facility.

In line with our strategic long-term plan 2016-2021 regional dominance strategy the export volumes increased by 7.6% in 2016 with Guyana, Jamaica and Curaçao taking the lead in growth. Overall export volume made up 40% of production volume compared to 38% in 2015. Additionally, commitment to improved business processes and product innovation are contributing drivers of the long-term 2016-2021 plan. The company expects to improve on margins and profitability.

Steel

N.V. VSH Steel produces prefabricated steel structures and supplies the construction industry in Suriname, the Caribbean and Central America. Operating income is reported after deduction of cost of raw materials. Operating income improved in 2016 due to strong export marketing effort and amounted to SRD 11,179,261 (2015: SRD 3,997,251). Segment operating result amounted to a profit of SRD 3,268,153 (2015: loss SRD 1,135,557). Production volume year amounted to 790 MT (2015: 774 MT) of which more than 53% was exported compared to 23% in 2015. The stringent cost cutting measures implemented to cope with further deteriorating Suriname market conditions in combination with a new export strategy produced good results. The market expansion

into Guyana supported by our VSH United Guyana office was successful in developing increased brand awareness. We were honored to be awarded the design, engineering and fabrication job for the 50th Anniversary Independence Arch which was unveiled on May 20th, 2016 in time for the Independence Day celebration on 25th May 2016. The success of the first arch resulted in being awarded the design, engineering and fabrication job for the Centennial Arch as part of the Commemoration of the 100th anniversary of Bauxite mining in Guyana. This Centennial Arch was unveiled on 25 November 2016 in the town of Linden. A first pilot project delivered in Panama in the second quarter in partnership with a USA based project support company has not developed additional projects. Continued export market analysis and aggressive country visits will be required to maintain and build the brand awareness. We can report that the strong efforts made by the sales and marketing team in Suriname and Guyana has produced a significant number of quotations but that few projects have been secured in 2017.
In the shrinking Suriname market, we were found to be competing against below cost competitive offers while in Guyana quotations issued have been slow to materialize into orders. The initial positive outlook for the year 2017 has not materialized and first quarter results are at a loss.

Real Estate

N.V. VSH Real Estate owns, develops and manages real estate objects for use by the Group or for rent to external tenants. This segment also includes the historic apartment building at Waterkant owned by VSH Trading. Real Estate income amounted to SRD 6,220,373 (2015: SRD 3,539,432) and operating result amounted to SRD 3,068,423 (2015: SRD 701,099). This significant increase is due to the devaluation of the Suriname Dollar and improved occupancy. The project to build a modern office building on our last vacant property in Paramaribo at Van 't Hogerhuysstraat is still in the redesign stage. The design and the rental feasibility study will be completed by the end of 2017. We continue to explore real estate opportunities whether in developing the existing strategic lots at Paranam or possible new investments to support the VSH Group strategic objectives.

Associate Company

Assuria N.V. (24.63%) is the largest 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., the largest retail bank in Suriname.
The Bank Act of 2011 requires Assuria to reduce its shareholding in De Surinaamsche Bank N.V. to 20%. Assuria's share position as of 2016 remained at 44%. The deteriorating economic conditions had its effect on the banking sector in general. Current market conditions do not facilitate the opportunity to further reduce the share position and the extension to maintain the 44% share position granted by the Central Bank of Suriname is still in effect until the end of 2017. The Company's share in the equity of Assuria amounted to SRD 74,071,528 (2015: SRD 73,353,344). The price for an Assuria share on the last trading session in 2016 at the Suriname Stock Exchange amounted to SRD 94.75 (2015: SRD 94.75).
The Company's share in the net profit of Assuria amounted to SRD 16,853,749 (2015: SRD 10,831,795). During the year an amount of SRD 2,501,618 (2015: SRD 3,679,800) was received as cash dividend.

The amendment to the income tax law effective 12 April 2016, discontinued the special ruling on equalization reserves and the amounts associated with these historical reserves are to be filed as income in 2016 and 2017. This amendment to the income tax law will have a negative effect on equity and liquidity of the local insurance companies.

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 650,798 (2015: SRD 996,586). At year end investment assets stood at SRD 18,171,967 (2015: SRD 18,051,192).

Strategic Investment

Torarica Holding N.V. (12.30%) 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 122 room hotel called Eco Resort Inn. 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 every other week and 12 companies are listed. The Index increased from 8,952 at the end of 2015 to 9,663 at the end of 2016, an increase of 7.9%.

Proposed dividend

Profit attributable to the Shareholders of the Company amounted to SRD 36,799,667 (2015: SRD 18,555,091). Quarterly interim dividend amounted to SRD 1,191,803 or SRD 0.60 per share of nominal SRD 0.01 per share. Management proposes a final cash dividend of SRD 4,369,944 or SRD 2.80 per share of nominal SRD 0.01 per share. Total dividend then amounts to SRD 5,561,747. Management further recommends that the remaining profit amounting to SRD 31,237,920 be transferred to retained earnings. This dividend represents a pay-out of 28.0% which is lower than the policy threshold of 30%-35% pay-out ratio. Lower first quarter results 2017 compared to 2016 and investments to support the VSH Group strategic objectives requires smart cash flow management. Should the proposed dividend be approved, Shareholders equity will amount to SRD 181,455,351 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 (2015: 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 increased to SRD 40,839,722 (2015: SRD 24,152,274). In 2016 operating activities generated SRD 14,474,624 (2015: SRD 9,708,453) in cash and cash equivalents. Investments in financial and fixed assets amounted to SRD 7,250,512 (2015: SRD 14,703,177) and were financed by own means.

Equity and debt

The Group's capital structure is as follows:

in SRD	2016	2015
Interest-bearing loans and borrowings	26,158,395	16,362,149
Cash and cash equivalents	(40,839,722)	(24,152,274)
Total equity	202,985,382	179,144,251
Total net capital employed	188,304,055	171,354,126

Investments in fixed assets financed by own means amounted to SRD 6,878,549 (2015: SRD 4,653,177).

Personnel and organization

Management consists of 8 Managing Directors; 2 Assistant Managing Directors and 29 specialized staff members. At the end of the year the Group employed 405 persons (2015: 388 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 through financial assistance for career development through specialized training. Training during the year included: first aid refreshment courses, financial courses, Fire Safety awareness courses, VSH Code of Conduct refreshment sessions, Defensive driving, Container training, Oil & Gas Hazard Awareness online training, Project Management training and Customer Service & Sales courses.

Bonuses and salary adjustments are based on performance evaluation. Bonuses paid for the year amounted to SRD 5,430,258 (2015: SRD 4,340,737). A medical insurance plan provides medical services to employees and their families. Employees contribute 4% and 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 the Chairman and Secretary are appointed by management and two other members are elected by the participants. At the end of the year there were 206 active pension fund members, 53 persons with deferred pension, 22 pensioners, 4 widows and 6 orphans receiving pension. Premium reserve at 31 December 2016 amounted to SRD 36,948,261 (2015: SRD 24,092,140). Total equity of the fund amounted to SRD 55,445,681[4] (2015: SRD 42,572,710). Pension benefits for 118 CIC employees are insured. Under this plan there are 28 pensioners and 3 persons with disability pension. Pension benefits for 56 VSH Labour Services employees are secured in "Algemeen Pensioen", which is maintained by a foundation managed by the government.

[4] Unaudited

Personnel Activities

On 30 December 2016, an end of the year "get together" was held with the employees of the Group to honor employees celebrating 10, 12½, 15, 20, 30 and 35 years of service. We honored Mr. H. van Dams (20 years of service VSH Transport) - and Mr. E. Spong (24 years of service VSH Steel) both of whom retired on 1 January 2017.

Community Activities

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

Some 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 Suripop XIX event;
- to the Consecration of Priest Mr. K. Choennie;
- to badminton players representing Suriname at the Carebaco Badminton Games 2016 at Aruba;
- to the Board of the "Surinaamse Zwembond" for the purchase of a new International time registration system for keeping time records of our national swimmers;
- printers/copiers to several schools;
- to the National Art Fair;
- to the Salvation Army Christmas Charity Project.

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

Outlook

Concerns for further deterioration of Suriname's risk ranking and its effect on local companies doing business in a global economy are justified and should not be underestimated.
The resulting uncertain investment climate has forced us to re-evaluate short term investments and to re-think multiyear strategies in this recurring volatile economic environment. This to ensure company growth and shareholder return.
As advocated by the private sector organization, we must re-establish investor confidence and economic growth by a transparent and predictable trade and industry policy. Such a policy must be imbedded in a modern investment law and a strong judiciary in order to provide a level playing field. Priority must be given to final completion of this policy.

Specifically a focus on quick wins in the tourist and agricultural sectors could provide an impulse to ignite economic growth.
The ongoing cost cutting efforts by the VSH Group of companies are leading the efforts to counter the reduced income from local sales and services. For the sector trading and shipping the required investments are secured to continue the multiyear expansion strategy to build the Suriname and Guyana markets into one market segment. Management in the sector industry is focused on maintaining our strong market position in Suriname while growing exports.
The multiyear strategic focus on professionalization of our internal support services is ongoing and we must compliment the VSH personnel in their support and willingness to facilitate this effort.
The theme of this annual report emphasizes the importance of developing the off-shore business sector which the shipping group has been focusing on the past years. The spin off from oil finds in the Guyana basin will greatly benefit the business environment in Suriname and Guyana. This highly competitive and global business opportunity requires smart partnerships to complete the service package as demanded by the large oil companies. We have been successful in introducing the VSH brand in this newly developing industry and are aggressively exploring strategies to secure a strong VSH market position moving forward.

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 Board member Albert Kluijver who's creative thinking contributed to the Boards effort in supervising the company during this difficult year.
It is the VSH personnel healthy work ethic that has developed the strong VSH brand and which will support the next level building efforts. In the most difficult of times they step up to the plate and do the job, for which we thank them.
The positive financial results are achieved by hard work and loyal customers. To our customers and suppliers, we send our appreciation for their loyalty and contribution.

Paramaribo, 15 June 2017

Patrick Healy
Chief Executive Officer
Malini Ramsundersingh
Chief Legal & HR Officer

VSH Steel: Pre Engineered Steel Frame – Paramaribo-Suriname

VSH Trading : Showroom

THE POWER OF
oZon
CREOLINE
BLACK DISINFECTANT
6 in 1 multi-purpose action
TOILET BOWL CLEANER
Classic
BLEACH
apple
Windola
STREAK-FREE GLASS CLEANER

Independent Auditor's Report

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

We have audited the accompanying financial statements 2016 of N.V. Verenigde Surinaamse Holdingmij.- / United Suriname Holding Company, in Paramaribo, which comprise the consolidated and company balance sheet at 31 December 2016, the consolidated and company income statement, the consolidated cash flow statement 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.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

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 at 31 December 2016 and of its results and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Paramaribo, 15 June 2017
Lutchman & Co, Accountants

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

Income Statement
for the year ended 31 December 2016

	note	2016 SRD	2015 SRD
Income from			
Subsidiaries		18,534,629	6,336,337
Share of profit in Associate		16,853,749	10,831,795
Investments		646,643	978,684
Other		1,194,759	637,929
Total income		37,229,780	18,784,745
Profit			
Profit before tax		37,229,780	18,784,745
Income tax		430,113	229,654
Net profit		36,799,667	18,555,091
Division of Profit			
Interim dividend	7	1,191,803	1,191,803
Final dividend	7	4,369,944	2,184,972
Surplus		31,237,920	15,178,316
Net Profit		36,799,667	18,555,091

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

Paramaribo, 15 June 2017
Supervisory Board of Directors
R. Khodadin, *Chairman*
D. Halfhide, *Vice Chairman*
R. Hahn
J. Healy Jr.
A. Kluijver
K. Lim A Po

Managing Directors
P. Healy
M. Ramsundersingh

Balance Sheet at 31 December 2016

before appropriation of profit

ASSETS	2016 SRD	2015 SRD
Non-current assets		
Property, plant and equipment	771,486	551,166
Intangible Assets	637,629	-
Financial assets	17,536,624	17,473,085
Subsidiary interest	101,865,353	77,766,643
Investment in Associate	74,071,528	73,353,344
Total non-current assets	194,882,620	169,144,238
Current assets		
Subsidiary receivables	5,831,295	1,522,579
Trade and other receivables	3,635,295	3,098,398
Cash and cash equivalents	38,001,250	16,125,122
Total current assets	47,467,840	20,746,099
Total assets	242,350,460	189,890,337
EQUITY AND LIABILITIES		
Equity		
Issued capital	19,863	19,863
Capital in excess of par value	240,425	240,425
Retained earnings	104,600,076	89,277,384
Result for the year	36,799,667	18,555,091
Revaluation reserves	44,165,264	55,229,103
Total equity	185,825,295	163,321,866
Liabilities		
Non-current liabilities		
Provision subsidiary	1,685,915	-
Deferred tax	8,746,675	7,285,044
Total non-current liabilities	10,432,590	7,285,044
Current liabilities		
Subsidiary payables	42,670,260	15,095,370
Income tax payable	187,285	74,533
Trade and other payables	3,235,030	4,113,524
Total current liabilities	46,092,575	19,283,427
Total equity and liabilities	242,350,460	189,890,337

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

Paramaribo, 15 June 2017
Supervisory Board of Directors
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A. Kluijver
K. Lim A Po

Managing Directors
P. Healy
M. Ramsundersingh

Consolidated Income Statement

for the year ended 31 December 2016

	note	2016 SRD	2015 SRD
Revenue			
Trading		9,235,451	5,257,047
Industry		58,676,001	38,809,455
Shipping		53,871,405	31,157,578
Real estate		2,070,464	1,426,562
Other	*4*	8,682,882	1,422,320
		132,536,203	78,072,962
Costs			
Personnel expenses	*4*	40,350,712	31,408,313
Administrative expenses		41,065,286	24,688,785
Interest		1,737,499	905,382
Depreciation and amortization	*8*	7,487,618	6,823,258
Provisions	*4*	7,441,501	159,339
		98,082,616	63,985,077
Profit from continuing operations		34,453,587	14,087,885
Other Income			
Share of profit in Associate	*10*	16,853,749	10,831,795
Investments		650,798	996,586
		17,504,547	11,828,381
Profit			
Profit before tax		51,958,134	25,916,266
Income tax	*5*	13,035,114	5,728,819
Net profit		38,923,020	20,187,447
Attributable to:			
Non-controlling interests		2,123,353	1,632,356
Equity holders of the Parent Company		36,799,667	18,555,091
Weighted average number of shares	*6*	1,986,338	1,986,338
Earnings per share	*6*	18.53	9.34

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

Paramaribo, 15 June 2017

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Consolidated Balance Sheet at 31 December 2016

before appropriation of profit

ASSETS	note	2016 SRD	2015 SRD
Non-current assets			
Property, plant and equipment	8	64,559,277	64,865,604
Intangible Assets	8	1,424,923	1,082,173
Subsidiary interest	9	2,088,027	2,024,958
Financial assets	9	18,171,967	18,051,192
Investment in associate	10	74,071,528	73,353,344
Total non-current assets		160,315,722	159,377,271
Current assets			
Inventories	11	50,024,799	29,042,629
Trade and other receivables	12	60,786,122	37,911,035
Income tax receivables	5	-	266,438
Cash and cash equivalents	13	40,839,722	24,152,274
Total current assets		151,650,643	91,372,376
Total assets		311,966,365	250,749,647
EQUITY AND LIABILITIES			
Equity			
Issued capital	14	19,863	19,863
Capital in excess of par value		240,425	240,425
Retained earnings	14	104,600,076	89,277,384
Results for the year		36,799,667	18,555,091
Revaluation reserves	14	44,165,264	55,229,103
Equity attributable to equity holders of the Parent Company		185,825,295	163,321,866
Non-controlling interests		17,160,087	15,822,385
Total equity		202,985,382	179,144,251
Liabilities			
Non-current liabilities			
Long-term borrowings	16	17,253,103	11,627,463
Deferred tax	5	16,191,338	12,612,811
Long-term provisions	17	3,802,305	2,963,327
Total non-current liabilities		37,246,746	27,203,601
Current liabilities			
Trade and other payables	18	55,836,231	38,001,647
Short-term borrowings	16	8,905,292	4,734,686
Income tax payables	5	5,004,651	-
Short-term provisions	17	1,988,063	1,665,462
Total current liabilities		71,734,237	44,401,795
Total equity and liabilities		311,966,365	250,749,647

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

Paramaribo, 15 June 2017

Supervisory Board of Directors
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Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

in SRD	Share capital	Capital in excess of par value	Retained earnings	Revaluation reserve	Total	Non-controlling interest	Total
Equity at 1 January 2015	19,863	240,425	90,553,273	72,901,602	163,715,163	14,585,931	178,301,094
Profit after tax	-	-	18,555,091	-	18,555,091	1,632,356	20,187,447
Profit distributions	-	-	(1,191,803)	-	(1,191,803)	(354,783)	(1,546,586)
Revaluation	-	-	-	(17,561,127)	(17,561,127)	(39,331)	(17,600,458)
Realized revaluation	-	-	111,372	(111,372)	-	-	-
Correction previous year	-	-	(195,458)	-	(195,458)	(1,788)	(197,246)
Equity at 31 December 2015 before appropriation of profit	19,863	240,425	107,832,475	55,229,103	163,321,866	15,822,385	179,144,251
Final dividend	-	-	(2,184,972)	-	(2,184,972)	(510,149)	(2,695,121)
Equity at 31 December 2015 after appropriation of profit	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)	-	-	-
Equity at 31 December 2016 before appropriation of profit	19,863	240,425	141,399,743	44,165,264	185,825,295	17,160,087	202,985,382
Appropriation of profit							
Proposed final dividend	-	-	(4,369,944)	-	(4,369,944)	(99,669)	(4,469,613)
Equity at 31 December 2016 after appropriation of profit	19,863	240,425	137,029,799	44,165,264	181,455,351	17,060,418	198,515,769

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

Paramaribo, 15 June 2017

Supervisory Board of Directors
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A. Kluijver
K. Lim A Po

Managing Directors
P. Healy
M. Ramsundersingh

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	2016 SRD	2015 SRD
Cash flows from operating activities:		
Profit before tax	51,958,134	25,916,266
Adjusted for:		
Depreciation	7,487,618	6,823,258
Unrealized share of profit associate	(16,853,749)	(10,831,795)
Revaluation results	2,914,806	(377,881)
Investment income	(650,798)	(996,586)
Interest expense	1,737,499	905,382
Provisions	7,441,501	159,339
Cash flow from operations before changes in working capital	54,035,011	21,597,983
Changes in working capital		
Change in inventories	(20,982,170)	(4,035,328)
Change in trade and other receivables	(22,875,087)	(9,530,569)
Change in trade and other payables	17,834,584	12,255,261
Adjustments regarding subsidiaries	-	(2,057,649)
Adjustments regarding provisions	(6,170,438)	(245,975)
Cash generated from operations	21,841,900	17,983,723
Claims paid	(433)	(4,611)
Paid interest	(1,737,499)	(905,382)
Paid income tax	(5,629,344)	(7,365,277)
Net cash from operating activities	14,474,624	9,708,453
Cash flows from investing activities:		
Purchase of property, plant & equipment	(10,358,654)	(32,272,389)
Transfer of property, plant & equipment	3,480,105	16,212,999
Purchase of non-current financial assets	-	(24,440)
De-consolidated property, plant and equipment of subsidiary	-	1,380,653
Purchase of subsidiary interest	(371,963)	-
Sale of non-current financial assets	500	10,030
Dividends received	3,152,416	4,676,386
Net cash used in investing activities	(4,097,596)	(10,016,761)
Cash flows from financing activities :		
Proceeds and repayments of loans	9,796,246	12,277,920
Payments disposal of waste	(15,608)	(27,379)
Payments pension provision	-	(539,558)
Redundancy payments	(93,443)	(53,753)
Dividend paid	(3,376,775)	(3,575,409)
Net cash used in financing activities	6,310,420	8,081,821
Net increase in cash for the year	16,687,448	7,773,513
Cash and cash equivalents at 1 January	24,152,274	16,378,761
Cash and cash equivalents at 31 December	40,839,722	24,152,274

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

Paramaribo, 15 June 2017

Supervisory Board of Directors
R. Khodadin, *Chairman*
D. Halfhide, *Vice Chairman*
R. Hahn
J. Healy Jr.
A. Kluijver
K. Lim A Po

Managing Directors
P. Healy
M. Ramsundersingh

Nancy Kambel: Knighted by the President for being a multiple blood donor.

VSH Steel - Mr. E. Spong retired on 1 January 2017 after 24 years of service.

Notes to the Consolidated Financial Statements

1.) Information on the reporting entity

N.V. Verenigde Surinaamse Holdingmij.-/United Suriname Holding Company, is a company registered and domiciled in Suriname. The Company's registered office is at Van 't Hogerhuysstraat 9-11, Paramaribo, Suriname. The consolidated financial statements of the Company at and for the year ended 31 December 2016 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 15 June 2017 and will be submitted for approval in the Annual General Meeting of Shareholders on 30 June 2017.

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 FOODS (56.01%)**
13. **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 financial statements 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 19: Employee Benefits
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 to the amount of the negative equity or the obligation with regards to the shareholders' position.
Subsidiaries are fully consolidated and the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. All balances, transactions, income and expenses between Group companies are eliminated. Non-controlling interests represent the portion of profit and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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 income statement. 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 at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at balance sheet date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the income statement.

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

in SRD	2016	2015
USD	7.50	4.20
EURO	7.93	4.58
GYD (per 100)	3.57	2.05

Foreign operations
The assets and liabilities of foreign operations on consolidation are translated to the SRD at the exchange rates at balance sheet 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 balance sheet 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
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. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the income statement. There are no assets held under financial leases, and assets held under operating leases are not recognized in the balance sheet.

Intangible assets
Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight-line basis over their estimated useful lives of the related assets. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement under depreciation and amortization. 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 2016, 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 in first out 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 nominal 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.

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, existing at balance sheet date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. 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 nominal 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 income statement.

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 income statement 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 the balance sheet date. Revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Other revenue comprises of bank interest received, income from previous years, 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. Interest income is recognized when received.

Other income
Other income comprises of the Company's share in the profit or loss of the associate and dividend payments received from financial assets.

Expenses

Borrowing costs
All borrowing costs are recognized as an expense when incurred.

Operating lease payments
Payments made under operating leases are recognized in the income statement 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 cost of the Company and income taxes of the respective subsidiaries.

The shipping segment comprises shipping activities of the following subsidiaries:
VSH Shipping
VSH Transport
VSH Logistics
VSH Labour 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 of 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 subsidiaries VSH Investment and VSH Marketing, the associate Assuria, the strategic investment Torarica and other shares held in local companies.

Segment Reporting

x SRD 1,000	Shipping		Trading		Foods		Detergents	
	2016	2015	2016	2015	2016	2015	2016	2015
Income	57,861	31,820	8,296	4,486	14,588	12,268	38,516	24,199
Inter-segment income	-	-	-	-	-	-	-	-
Associate Income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Operating income	57,861	31,820	8,296	4,486	14,588	12,268	38,516	24,199
Segment results	25,049	11,150	241	746	2,116	3,475	5,947	2,489
Assets	82,697	50,012	14,866	10,160	26,997	17,416	55,663	43,474
Liabilities	48,552	28,670	7,229	2,913	14,149	5,775	27,640	18,881
Investments	552	11,454	249	566	1,325	1,082	2,522	761
Depreciation	2,686	1,947	356	205	715	654	2,132	2,341
Employees	134	133	21	19	59	54	120	115

Steel		Real Estate		Other		Elimination		Consolidation	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
11,179	3,997	10,234	5,730	1,395	829	-	-	142,069	83,329
-	-	(4,014)	(2,191)	(165)	(176)	(5,354)	(2,890)	(9,533)	(5,257)
-	-	-	-	16,854	10,832	-	-	16,854	10,832
-	-	-	-	651	997	-	-	651	997
11,179	3,997	6,220	3,539	18,735	12,503	(5,354)	(2,890)	150,041	89,901
3,268	(1,136)	3,068	701	12,269	8,491	-	-	51,958	25,916
17,167	14,163	18,835	17,403	95,741	98,122	-	-	311,966	250,750
6,657	6,067	1,575	1,261	3,179	8,038	-	-	108,981	71,605
40	78	1,130	552	1,433	210	-	-	7,251	14,703
529	614	869	895	201	167	-	-	7,488	6,823
42	40	7	8	22	19	-	-	405	388

4.) Other revenue, personnel expenses, provisions and pensions

Other revenue

in SRD	2016	2015
Gains on exchange	3,804,652	20,429
Income from previous years	129,566	54,062
Gain on revaluation of inventories	2,010,276	132,552
Income from terminal and agency services	1,230,842	603,962
Other	1,507,546	611,315
Total other revenue	8,682,882	1,422,320

Personnel expenses

in SRD	2016	2015
Salaries and wages	27,276,142	21,340,221
Vacation and holiday expenses	2,212,883	1,040,172
Bonuses	5,430,258	4,340,737
Medical	2,190,492	2,021,420
Contribution to pension plan	2,122,949	1,637,464
Training	463,190	275,704
Other personnel expenses	654,798	752,595
Total personnel expenses	40,350,712	31,408,313

Provisions

in SRD	2016	2015
Uncollectable receivables	5,441,399	187,961
Disposal of waste	112,500	-
Reduced marketability of inventories	729,039	58,014
Product warranty and liability	246,619	10,054
Deferred maintenance	-	10,625
Pension	-	(645,467)
Medical	838,978	(311,848)
Redundancy	72,966	850,000
Total provisions	7,441,501	159,339

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 Group's pension expenses in 2016 amounted to SRD 1,065,624 (2015: SRD 930,769) 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 60,000
Staff	SRD 125,000
Management	SRD 200,000

Premium reserve of the foundation as of 31 December 2016* amounted to SRD 36,948,261 (2015: SRD 24,092,140) and the total equity amounted to SRD 55,445,681 (2015: SRD 42,572,710).
* Unaudited

Employees of VSH Labour Services have joined the "Algemeen Pensioenfonds".
The fund is maintained by a foundation managed by the governement and is a defined benefit plan with a maximum base salary per year of SRD 60,000. In 2016 the Company and the employees both contributed 1.75% of the base salary into the fund. In 2016 pension expenses for VSH Labour Services amounted to 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 2016 amounted to SRD 1,037,246 (2015: SRD 706,695) 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 income tax is specified as follows:

in SRD	2016	2015
Balance at 1 January	(266,438)	800,736
Paid during the year	(5,629,344)	(7,365,277)
Due over the year	13,035,114	5,728,819
Correction previous year	-	17,370
PP&E replacement reserve	260,152	416,526
Tax recoverable	(38,559)	-
Inventory adjustments	(2,474,306)	25,381
Release revaluation land and buildings*	116,732	99,943
Accelerated depreciation	1,300	10,064
Balance at 31 December**	5,004,651	(266,438)

* Included VSH Foods SRD 35,521 (2015: SRD 37,297).
**Excluding eventual statutory interest on the amounts to be paid following a decision of the Tax Authorities on the submitted objections.

Deferred tax liabilities
These are tax liabilities arising from the differences between valuation for commercial and for taxation purposes. In 2002, 2003, 2004 and 2005 requests for the application "accelerated depreciation" according to the 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.

The deferred tax liabilities is specified as follows:

in SRD	2016	2015
Balance at 1 January	12,612,811	12,156,914
Revaluation of financial assets	43,649	461,532
Revaluation of subsidiary interest	1,438,756	546,279
Inventory adjustments	2,474,306	(25,381)
Release revaluation land and buildings	(116,732)	(99,943)
PP&E replacement reserve	(260,152)	(416,526)
Release accelerated depreciation	(1,300)	(10,064)
Balance at 31 December	16,191,338	12,612,811

6.) Earnings per share

All shares of the Company are ordinary shares with a par value of SRD 0.01. The calculation of earnings per share at 31 December 2016 was based on the profit attributable to ordinary Shareholders of the Company of SRD 36,799,667 (2015: SRD 18,555,091) and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2016 of 1,986,338 (2015: 1,986,338).

	2016	2015
Weighted average number of shares	1,986,338	1,986,338
Earnings per share in SRD	18.53	9.34

7.) Dividends paid and proposed

The following dividends were declared and paid by the Company.

in SRD	2016	2015
Fourth quarter interim dividend previous year SRD 0.15 per share (2014: SRD 0.10)	297,950	198,633
Final cash dividend previous year SRD 1.10 per share (2014: SRD 1.25)	2,184,972	2,482,923
First quarter interim dividend SRD 0.15 per share (2015: SRD 0.15)	297,951	297,951
Second quarter interim dividend SRD 0.15 per share (2015: SRD 0.15)	297,951	297,951
Third quarter interim dividend SRD 0.15 per share (2015: SRD 0.15)	297,951	297,951
Declared and proposed	3,376,775	3,575,409

After the balance sheet date 2016:
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 2.20 per share 4,369,944

The proposed dividend 2015 was adopted by the Annual General Meeting of Shareholders of 4 July 2016.

8.) Property, plant equipment and intangible assets

Changes in property, plant and equipment are as follows:

in SRD	Total	Property	Machinery and Equipment	Furniture and Fixture	Investments in progress
Book value at 1 January 2015	57,282,576	34,914,768	15,843,278	4,296,301	2,228,229
Movements 2015:					
De-consolidated subsidiary of CIC	(1,380,653)	(1,380,566)	-	(87)	-
Investment	31,733,917	2,143,153	12,261,948	1,549,474	15,779,342
Depreciation	(6,557,237)	(1,442,770)	(3,342,393)	(1,772,074)	-
Transfers*	(16,212,999)	-	-	-	(16,212,999)
Book value at 31 December 2015	**64,865,604**	**34,234,585**	**24,762,833**	**4,073,614**	**1,794,572**
Movements 2016:					
Investment	9,653,293	635,730	2,145,325	2,090,276	4,781,962
Depreciation	(7,149,615)	(1,494,731)	(4,024,890)	(1,629,994)	-
Transfers*	(3,480,105)	-	-	-	(3,480,105)
Translation results	670,100	(2,865)	361,378	311,587	-
Book value at 31 December 2016	**64,559,277**	**33,372,719**	**23,244,646**	**4,845,483**	**3,096,429**
Consists of:					
Current Value	121,042,498	49,425,817	48,678,468	19,841,784	3,096,429
Accumulated depreciation	(56,483,221)	(16,053,098)	(25,433,822)	(14,996,301)	-
Book value at 31 December 2016	**64,559,277**	**33,372,719**	**23,244,646**	**4,845,483**	**3,096,429**

* transfers of investments in progress to the respective asset categories.

Changes in intangible assets are as follows:

in SRD	Software
Book value at 1 January 2015	**809,722**
Movements 2015:	
Investment	538,472
Amortization	(266,021)
Book value at 31 December 2015	**1,082,173**
Movements 2016:	
Investment	705,361
Amortization	(338,003)
Translation results	(24,608)
Book value at 31 December 2016	**1,424,923**
Consists of:	
Current Value	2,910,190
Accumulated amortizations	(1,485,267)
Book value at 31 December 2016	**1,424,923**

The property, plant, equipment and intangible assets are insured against fire up to USD 41,395,334 (SRD 310,465,005).

9.) Subsidiaries' interest and financial assets

Subsidiaries' interest

in SRD	2016	2015
Subsidiary of CIC	1,888,027	1,824,958
Subsidiary of Foods	200,000	200,000
Balance at 31 December	2,088,027	2,024,958

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 2016.

in SRD	Number of Shares	Price per share	2016	2015
Assuria N.V.*	4,000	94.75	379,000	379,000
Torarica Holding N.V.	163,020	80.00	13,041,600	13,041,600
Surinaamse Brouwerij N.V.	1,287	2,700.00	3,474,900	3,449,160
De Surinaamsche Bank N.V.	6,108	52.00	317,616	229,050
Self Reliance N.V.	13,895	65.50	910,123	903,175
Hakrinbank N.V.	100	408.00	40,800	40,000
Royal Bank of Scotland	297	20.70	6,148	6,706
Total shares			18,170,187	18,048,691
Other			1,780	2,501
Total financial assets			18,171,967	18,051,192

* The Assuria shares are held by VSH Foods and VSH Investment.

10.) Investment in associate

Changes in carrying amount of the associate is as follows:

in SRD	2016	2015
Balance at 1 January	73,353,344	84,785,427
Company's share of profit	16,853,749	10,831,795
Profit distribution	(2,706,064)	(2,985,771)
Adjustments revaluation reserve	(13,429,501)	(19,278,107)
Balance at 31 December	74,071,528	73,353,344

11.) Inventories

in SRD	2016	2015
Raw materials and packaging	24,530,370	14,878,164
Goods for sale	10,249,177	6,295,517
Finished goods	4,260,697	1,655,495
Supplies and spare parts	2,700,903	2,055,591
Goods in transit	9,008,729	4,259,922
Provision for reduced marketability	(725,077)	(102,060)
Total inventories	50,024,799	29,042,629

In 2016 a provision for reduced marketability of SRD 729,039 (2015: SRD 58,014) was considered necessary.
The inventories are insured against fire up to USD 11,371,500 (SRD 85,286,250).

12.) Trade and other receivables

in SRD	2016	2015
Trade receivables	50,500,567	30,716,527
Advance to personnel	397,141	251,628
Prepayments and deposits	2,129,796	1,391,393
Insurance	164,159	69,857
To settle import duty	152,182	33,326
Other receivables	7,442,277	5,448,304
Total trade and other receivables	60,786,122	37,911,035

At 31 December 2016 trade receivables are shown net of an allowance for uncollectable amounts of SRD 6,508,007 (2015: SRD 1,201,305). The impairment loss recognized in the current year was SRD 5,441,399 (2015: SRD 187,961).

13.) Cash and cash equivalents

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

in SRD	2016	2015
Denominated in SRD	4,274,055	7,083,623
Denominated in US Dollars	32,759,350	15,923,342
Denominated in EURO	3,654,501	1,143,623
Denominated in GYD	151,816	1,686
Total cash and cash equivalents	40,839,722	24,152,274

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

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

Issued capital

in SRD	2016	2015
Issued capital at 1 January	19,863	19,863
Issued capital at 31 December	19,863	19,863

At 31 December 2016 the issued share capital comprised of 1,986,338 shares (2015: 1,986,338 shares). The shares have a par value of 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.

Revaluation reserve
This reserve has arisen from the revaluation of property and financial assets less deferred taxes and yearly realized depreciation from the revaluation of property, plant and equipment. 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 profit and loss.

Retained earnings
In 2016 the interim dividend of SRD 1,191,803 (2015: SRD 1,191,803) over the year has been charged to retained earnings.

15.) Long-term borrowings

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

in SRD	2016	2015
VSH Transport	14,686,978	9,829,585
CIC	2,566,125	1,797,878
Total long-term borrowings	17,253,103	11,627,463

The loans comprise of two long-term arrangements with financial institutions:
- 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 2016 amount to USD 412,350 including the short-term (<12 months) portion.
- In 2015 a loan of USD 3,000,000 was issued on behalf of VSH Transport. The term of the loan is 7 years. Monthly payments Including interest amount to USD 44,548 and the balance per 31 December 2016 amount to USD 2,346,268 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. On 6 December 2016 this overdraft facility was increased by USD 250,000 for a period of one year. The balance at year end amounted to USD 441,098 (2015: USD 201,235).
- 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 USD 288,070 (2015: USD 395,209).
- 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	2016	2015
Product warranty, liability and disposal of waste	878,899	535,821
Deferred maintenance	212,500	212,500
Long-term medical obligation	3,802,305	2,963,327
Redundancy	896,664	917,141
Total provisions	5,790,368	4,628,789
Short-term provisions < 12 months	1,988,063	1,665,462
Long-term provisions > 12 months	3,802,305	2,963,327

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	2016	2015
VSH Steel	265,550	88,056
VSH Foods	225,996	157,304
CIC	387,353	290,461
Total product warranty, liability and disposal of waste	878,899	535,821

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

in SRD	2016	2015
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 (2015: SRD 2,963,327) is considered necessary.

Redundancy
Redundancy represents a provision for VSH Shipping, VSH Transport and VSH Steel 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	2016	2015
Due within one year	6,012,190	3,948,366
Between one and five years	18,638,357	11,869,044
Later the five years	3,938,667	8,041,444
Total	28,589,214	23,858,854

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 22 August 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 2016 a total amount of SRD 630,800 (2015: SRD 218,093) was contributed by the companies.

18.) Trade and other payables

in SRD	2016	2015
Trade payables	43,502,365	26,341,076
Taxes on wages	782,207	1,285,763
Employee benefits	2,189,641	1,848,017
Received deposits & advanced payments	4,306,631	4,355,572
Dividend & sales tax payables	434,527	2,583,254
Other payables	4,620,860	1,587,965
Total trade and other payables before profit distribution	55,836,231	38,001,647
Proposed dividend	4,469,613	2,695,121
Total trade and other payables after profit distribution	60,305,844	40,696,768

19.) Related party disclosure

Supervisory Board of Directors
The remuneration of the Supervisory Board of Directors is approved by the Annual General Meeting of Shareholders. In 2016 the total remuneration amounted to SRD 124,200 (2015: SRD 104,230).

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 2016 a bonus of SRD 532,347 (2015: SRD 113,056) has been approved by the Supervisory Board of Directors. This amount is payable in 2017 and has not been recognized in the balance sheet at 31 December 2016.

Services
Financial- and IT services are provided by the Company to VSH Foods, VSH USA and CIC. The amount billed in 2016 amounted to SRD 837,128 (2015: SRD 479,642).

20.) Subsequent events

Events after the balance sheet date:
- On 1 March 2017 all waste disposal from CIC due to the 2009 fire was shipped to Denmark. The costs is set off against the provision disposal of waste.

- "Stichting VSH Pensioenfonds" increased the maximum base salaries per year as per 1 January 2017 as follows:
  - Personnel from SRD 60,000 to SRD 78,000
  - Staff from SRD 125,000 to SRD 162,500
  - Management from SRD 200,000 to SRD 260,000.

- On 28 February 2017 CIC obtained a loan of SRD 2,075,574 with a term of 2 years and a monthly annuity of SRD 97,704.

- In April 2017 VSH United purchased 25,000 shares of Torarica Holding N.V. for a total amount of SRD 1,900,000. This purchase increased the share position of VSH United from 12.30% to 14.19%.

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