

**N.V. VERENIGDE SURINAAMSE HOLDINGMIJ.-**  
*United Suriname Holding Company*



# Half Year Report 2017

# 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**

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# Table of Contents

Report of the Management	4-5
Condensed Company Income Statement for the six months ended 30 June 2017	6
Condensed Company Balance Sheet at 30 June 2017	7
Condensed Consolidated Income Statement for the six months ended 30 June 2017	8
Condensed Consolidated Balance Sheet at 30 June 2017	9
Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2017	10
Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2017	11
Segment Reporting	12-13
Notes to the Condensed Consolidated Interim Financial Statements as at and for the period 1 January to 30 June 2017	14-19
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information	20

# Report of the Management

## Introduction

The VSH-United Group comprises a Holding Company and twelve operating subsidiaries; ten (10) are operating in Suriname, one (1) in Georgetown, Guyana and one (1) in Miami, Florida, USA.

## The Company

In the Annual General Meeting of Shareholders held on 30 June 2017, the financial statements 2016 and a cash dividend of SRD 5,561,747 (2015: SRD 3,376,775) or SRD 2.80 (2015: SRD 1.70) per share each were approved.

The Annual General Meeting of Shareholders re-elected Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr. and Mr. K. Lim A Po as members of the Supervisory Board.

After having served for seven years as a member of the Supervisory Board, Mr. A. Kluijver has decided not to stand for re-election. In the Annual General Meeting of Shareholders held on 30 June 2017 Mr. S. Smit was elected as a board member.

In the Meeting of the Supervisory Board of 19 July 2017 the members appointed Mr. R. Khodadin as Chairman, Mrs. D. Halfhide as Vice-Chairperson and Mrs. Malini Ramsundersingh as Secretary.

## The Business Environment

The Suriname economy remains under pressure. The increase in gold and oil production and relatively stable commodity prices in the reporting period have slowed the further decline of the Suriname economy. Expectations are that for 2017 the Suriname economy GDP will decline by 1.2%, this compared to a 10.5% decline in 2016<sup>1</sup>.

The inability of the government to reduce government spending and introduce revenue generating measures has required increase borrowing to cover a significant budget deficit. Increased country debt will in the long term have a negative effect on growth.

Inflation, on a year to year basis was 19.7% at the end of June 2017 (12-month June 2016: 63.8%)<sup>2</sup>. The modest growth in foreign currency reserves combined with weak consumer buying power has stabilized the US Dollar Suriname Dollar exchange rate and traded in October 2017 at SRD 7.55.

<sup>1</sup>Source: International Monetary Fund

<sup>2</sup>Source: ABS Suriname

## Financial Overview

Consolidated Group revenue from continuing operations for the first half year 2017 amounted to SRD 62,233,825 (first half year 2016: SRD 62,082,588).

- Shipping revenue was 26.6% higher compared to the first half year 2016 due to increase in cargo volumes and some off-shore activities.
- Trading revenue was 2.1% higher compared to the first half year 2016.
- Steel operating income was significantly lower with 53.5% compared to the same period of last year due to highly competitive pricing on the local market and slow project decision making in export markets.
- VSH Foods operating results decreased significantly with -108.4% in comparison to the first half year 2016 mainly due to decrease in purchasing power in the local market and increase in raw material prices in the reporting period.
- CIC operating results were 67.9% higher compared to the first half year 2016.  
Operating income was up 6.4% higher mainly due to increases in local sales prices and stable raw and packaging materials.
- Real estate revenue was 67.3% higher compared to the first half year 2016 mainly due to improved occupancy.

Costs for the first half year 2017 amounted to SRD 50,589,076 (first half year 2016: SRD 43,914,666) which is 15.2% higher compared to the same period in 2016. Personnel expenses in the first half of 2017 were 31.5% higher compared to the first half of 2016 mainly due to increases in wages in line with inflation trends. Administrative expenses posted at SRD 20,054,803 (first half year 2016: SRD 18,638,985) mainly related to inflationary cost increases. Provisions for the first half year 2017 amounted to SRD 139,012 (first half year 2016: SRD 1,429,139).

Profit from continuing operations for the first half year 2017 amounted to SRD 11,644,749 (first half year 2016: SRD 18,167,922).

The profit from the associated company Assuria N.V. (Assuria) decreased by 77.5% compared to the first half year 2016. Our share of profit as reflected in the condensed income statement amounted to SRD 4,157,890 (first half year 2016: SRD 18,459,614). Investment income in the first half year 2017 amounted to nil (first half year 2016: SRD 442,903).

Net profit for the first half year 2017 amounted to SRD 10,914,573 (first half year 2016: SRD 30,191,661).

# Report of the Management

After deduction of non-controlling interest the profit attributable to shareholders amounted to SRD 10,331,485 (first half year 2016: SRD 29,721,288). Earnings per share amounted to SRD 5.20 (first half year 2016: SRD 14.96).

Profit attributable to shareholders which has been realized in the period is used as the bench mark for determining dividend policy. Unrealized profit is the portion of consolidated profit not received in cash (dividend) from group companies during the period. Realized profit attributable to shareholders amounted to SRD 9,649,110 (first half year 2016: SRD 11,132,225 ). Realized earnings per share amounted to SRD 4.86 (first half year 2016: SRD 5.60).

Interim dividend for the first and second quarter amounted to SRD 0.30 per share (first half year 2016: SRD 0.30 per share).

The share price during the last trading session on the Suriname Stock Exchange in June 2017 amounted to SRD 72.00 compared to SRD 72.00 at 31 December 2016.

## Outlook

A weak and uncertain Suriname economy combined with slow growth in key markets Guyana, Trinidad, Jamaica will continue to affect revenue growth for the remainder of 2017.

We welcome the new legislature in the area of financial reporting requirements and the introduction of a Value Added Tax. These measures are expected to stimulate a more level playing field in the area of import, sales/pricing and project bidding.

The management team is committed to the Multiyear Strategy of growing our markets and to further professionalize our business processes. We are confident that with the ongoing smart pricing and cost management strategies we will maintain profitability for 2017.

Paramaribo, 24 October 2017

## The Management

Mr. P. Healy, *CEO*

Mrs. M. Ramsundersingh, *Chief Legal & HR*

# Condensed Company Income Statement

## for the six months ended 30 June 2017

	1 January - 30 June 2017	1 January - 30 June 2016
	SRD	SRD
<b>Income from</b>		
Subsidiaries	5,627,704	10,544,846
Share of profit in Associate	4,157,890	18,459,614
Investments	-	442,728
Other	852,954	428,282
	10,638,548	29,875,470
<b>Profit</b>		
Profit before tax	10,638,548	29,875,470
Income tax	307,063	154,182
Net profit	10,331,485	29,721,288
<b>Division of Profit</b>		
Interim dividend	595,901	595,901
Surplus	9,735,584	29,125,387
	10,331,485	29,721,288

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

Paramaribo, 24 October 2017

#### Supervisory Board

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

#### Managing Directors

P. Healy  
M. Ramsundersingh

# Condensed Company Balance Sheet at 30 June 2017

ASSETS	at 30 June 2017	at 31 December 2016
	SRD	SRD
<b>Non-current assets</b>		
Property, plant and equipment	1,232,847	771,486
Intangible Assets	638,328	637,629
Financial assets	19,536,624	17,536,624
Subsidiary interest	108,126,710	101,865,353
Investment in Associate	69,574,787	74,071,528
Total non-current assets	199,109,296	194,882,620
<b>Current assets</b>		
Subsidiary receivables	8,930,603	5,831,295
Trade and other receivables	3,702,564	3,635,295
Cash and cash equivalents	49,182,831	38,001,250
Total current assets	61,815,998	47,467,840
<b>Total assets</b>	<b>260,925,294</b>	<b>242,350,460</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	19,863	19,863
Capital in excess of par value	240,425	240,425
Retained earnings	136,509,821	104,600,076
Result for the period	10,331,485	36,799,667
Revaluation reserves	35,502,988	44,165,264
Total equity	182,604,583	185,825,295
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provision	2,263,743	1,685,915
Deferred tax	8,943,850	8,746,675
Total non-current liabilities	11,207,593	10,432,590
<b>Current liabilities</b>		
Subsidiary payables	56,611,469	42,670,260
Income tax payable	436,849	187,285
Trade and other payables	10,064,800	3,235,030
Total current liabilities	67,113,118	46,092,575
<b>Total equity and liabilities</b>	<b>260,925,294</b>	<b>242,350,460</b>

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

Paramaribo, 24 October 2017

**Supervisory Board**

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

**Managing Directors**

P. Healy  
M. Ramsundersingh

# Condensed Consolidated Income Statement

## for the six months ended 30 June 2017

	1 January - 30 June 2017	1 January - 30 June 2016
	SRD	SRD
<b>Revenue</b>		
Trading	3,985,043	3,901,784
Industry	25,375,632	25,784,791
Shipping	28,850,170	22,789,973
Real estate	1,356,998	811,195
Other	2,665,982	8,794,845
	62,233,825	62,082,588
<b>Costs</b>		
Personnel expenses	24,193,060	18,397,025
Administrative expenses	20,054,803	18,638,985
Distribution costs	939,192	939,192
Interest	1,126,651	640,646
Depreciation and amortization	4,136,357	3,869,679
Provisions	139,012	1,429,139
	50,589,076	43,914,666
Profit from continuing operations	11,644,749	18,167,922
<b>Other Income</b>		
Share of profit in Associate	4,157,890	18,459,614
Investments	-	442,903
	4,157,890	18,902,517
<b>Profit</b>		
Profit before tax	15,802,639	37,070,439
Income tax	4,888,066	6,878,778
<b>Net profit</b>	<b>10,914,573</b>	<b>30,191,661</b>
<b>Attributable to:</b>		
Non-controlling interests	583,088	470,373
Equity holders of the Parent Company	10,331,485	29,721,288
Weighted average number of shares	1,986,338	1,986,338
Earnings per share	5.20	14.96

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

Paramaribo, 24 October 2017

#### Supervisory Board

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

#### Managing Directors

P. Healy  
M. Ramsundersingh



# Condensed Consolidated Balance Sheet at 30 June 2017

ASSETS	at 30 June 2017	at 31 December 2016
	SRD	SRD
<b>Non-current assets</b>		
Property, plant and equipment	68,525,683	64,559,277
Intangible Assets	1,202,239	1,424,923
Subsidiaries' interest	2,710,067	2,088,027
Financial assets	20,181,315	18,171,967
Investment in associate	69,574,787	74,071,528
<b>Total non-current assets</b>	<b>162,194,091</b>	<b>160,315,722</b>
<b>Current assets</b>		
Inventories	48,928,112	50,024,799
Trade and other receivables	52,738,257	60,786,122
Current tax receivables	2,410,720	-
Cash and cash equivalents	50,855,202	40,839,722
<b>Total current assets</b>	<b>154,932,291</b>	<b>151,650,643</b>
<b>Total assets</b>	<b>317,126,382</b>	<b>311,966,365</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	19,863	19,863
Capital in excess of par value	240,425	240,425
Retained earnings	136,510,335	104,600,076
Results for the period	10,331,485	36,799,667
Revaluation reserves	35,502,475	44,165,264
<b>Equity attributable to equity holders of the Parent Company</b>	<b>182,604,583</b>	<b>185,825,295</b>
Non-controlling interests	17,502,345	17,160,087
<b>Total equity</b>	<b>200,106,928</b>	<b>202,985,382</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	22,885,899	17,253,103
Deferred tax	16,330,669	16,191,338
Long-term provisions	3,802,305	3,802,305
<b>Total non-current liabilities</b>	<b>43,018,873</b>	<b>37,246,746</b>
<b>Current liabilities</b>		
Trade and other payables	54,777,949	55,836,231
Short-term borrowings	5,484,319	8,905,292
Current tax payable	11,482,262	5,004,651
Short-term provisions	2,256,051	1,988,063
<b>Total current liabilities</b>	<b>74,000,581</b>	<b>71,734,237</b>
<b>Total equity and liabilities</b>	<b>317,126,382</b>	<b>311,966,365</b>

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

Paramaribo, 24 October 2017

**Supervisory Board**

R. Khodadin, Chairman

D. Halfhide, Vice Chairman

R. Hahn

J. Healy Jr.

K. Lim A Po

S. Smit

**Managing Directors**

P. Healy

M. Ramsundersingh

# Condensed Consolidated Statement of Changes in Equity

## for the six months ended 30 June 2017

in SRD	SHARE CAPITAL	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	REVALUATION RESERVE	TOTAL	NON- CONTROLLING INTERESTS	TOTAL
<b>Equity at 1 January 2016</b>	19,863	240,425	105,647,503	55,229,103	161,136,894	15,312,236	176,449,130
Profit after tax	-	-	36,799,667	-	36,799,667	2,123,353	38,923,020
Profit distributions	-	-	(1,191,803)	-	(1,191,803)	(118,261)	(1,310,064)
Revaluation	-	-	-	(10,919,463)	(10,919,463)	(157,241)	(11,076,704)
Realized revaluation	-	-	144,376	(144,376)	-	-	-
<b>Equity at 31 December 2016 before appropriation of profit</b>	19,863	240,425	141,399,743	44,165,264	185,825,295	17,160,087	202,985,382
Appropriation of profit	-	-	(4,369,944)	-	(4,369,944)	(99,669)	(4,469,613)
<b>Equity at 31 December 2016 after appropriation of profit</b>	19,863	240,425	137,029,799	44,165,264	181,455,351	17,060,418	198,515,769
Profit after tax	-	-	10,331,485	-	10,331,485	583,088	10,914,573
Profit distributions	-	-	(595,901)	-	(595,901)	(146,958)	(742,859)
Revaluation	-	-	-	(8,586,352)	(8,586,352)	5,797	(8,580,555)
Realized revaluation	-	-	76,437	(76,437)	-	-	-
<b>Equity at 30 June 2017 before appropriation of profit</b>	19,863	240,425	146,841,820	35,502,475	182,604,583	17,502,345	200,106,928

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

Paramaribo, 24 October 2017

**Supervisory Board**

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J. Healy Jr.

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**Managing Directors**

P. Healy

M. Ramsundersingh

# Condensed Consolidated Statement of Cash Flows

## for the six months ended 30 June 2017

Cash flows from operating activities:	1 January - 30 June 2017	1 January - 31 December
	SRD	SRD
<b>Profit before tax</b>	<b>15,802,639</b>	<b>51,958,134</b>
<b>Adjusted for:</b>		
Depreciation	4,136,357	7,487,618
Unrealized share of profit associate	(4,157,890)	(16,853,749)
Revaluation results	5,727	2,914,806
Investment income	-	(650,798)
Interest expense	1,126,651	1,737,499
Provisions	139,012	7,441,501
Cash flow from operations before changes in working capital	17,052,496	54,035,011
<i>Changes in working capital</i>		
Change in inventories	1,096,687	(20,982,170)
Change in trade and other receivables	8,047,865	(22,875,087)
Change in trade and other payables	(1,058,282)	17,834,584
Adjustments regarding trade and other receivables	(92,568)	-
Adjustments regarding provisions	(913)	(6,170,438)
<i>Cash generated from operations</i>	<b>25,045,285</b>	<b>21,841,900</b>
Claims paid	(2,316)	(433)
Paid interest	(1,126,651)	(1,737,499)
Paid income tax	(921,113)	(5,629,344)
<b>Net cash generated from operating activities</b>	<b>22,995,206</b>	<b>14,474,624</b>
<b>Cash flows from investing activities :</b>		
Purchase of property, plant & equipment	(7,880,079)	(10,358,654)
Transfers of property, plant & equipment	-	3,480,105
Purchase of non-current financial assets	(1,900,000)	-
Purchase of subsidiary interest	-	(371,963)
Sale of non-current financial assets	-	500
Dividends received	-	3,152,416
<b>Net cash used in investing activities</b>	<b>(9,780,079)</b>	<b>(4,097,596)</b>
<b>Cash flows from financing activities :</b>		
Proceeds and repayments of loans	2,211,823	9,796,246
Payments disposal of waste	(341,393)	(15,608)
Redundancy payments	(104,232)	(93,443)
Dividend paid	(4,965,845)	(3,376,775)
<b>Net cash used in/from financing activities</b>	<b>(3,199,647)</b>	<b>6,310,420</b>
Net increase in cash for the period	10,015,480	16,687,448
Cash and cash equivalents at 1 January	40,839,722	24,152,274
<b>Cash and cash equivalents at 30 June 2017/ 31 December 2016</b>	<b>50,855,202</b>	<b>40,839,722</b>

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

Paramaribo, 24 October 2017

**Supervisory Board**

R. Khodadin, Chairman

D. Halfhide, Vice Chairman

R. Hahn

J. Healy Jr.

K. Lim A Po

S. Smit

**Managing Directors**

P. Healy

M. Ramsundersingh

# Segment Reporting

x SRD 1,000	Shipping		Trading		Foods		Detergents		Steel	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Income	29,719	26,875	3,874	4,493	6,599	6,809	18,443	17,332	2,415	5,198
Inter-segment income	-	-	-	-	-	-	-	-	-	-
Associate Income	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Operating income	29,719	26,875	3,874	4,493	6,599	6,809	18,443	17,332	2,415	5,198
Segment results	13,319	13,648	(31)	1,436	(32)	381	2,297	1,368	(1,746)	1,641
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
Assets	92,129	82,697	14,519	14,866	26,839	26,997	54,221	55,663	15,004	17,167
Liabilities	49,634	48,552	11,639	7,229	14,210	14,149	24,858	27,640	4,090	6,657
Investments	323	552	297	249	3,197	1,325	1,760	2,522	31	40
Depreciation	1,592	2,686	73	356	352	715	1,113	2,132	238	529
Employees per segment	134	134	22	21	59	59	119	120	41	42

# Segment Reporting

x SRD 1,000	Real Estate		Other		Elimination		Consolidation	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Income	6,130	4,752	1,784	957	-	-	68,964	66,416
Inter-segment income	(2,434)	(1,644)	(932)	(523)	(3,364)	(2,167)	(6,730)	(4,334)
Associate Income	-	-	4,158	18,460	-	-	4,158	18,460
Investment Income	-	-	-	443	-	-	-	443
Operating income	3,696	3,108	5,010	19,337	(3,364)	(2,167)	66,392	80,985
Segment results	1,572	1,686	424	16,910	-	-	15,803	37,070
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
Assets	19,622	18,835	94,214	95,741	-	-	316,549	311,966
Liabilities	1,490	1,575	11,098	3,179	-	-	117,019	108,981
Investments	894	1,130	3,279	1,433	-	-	9,780	7,251
Depreciation	534	869	234	201	-	-	4,136	7,488
Employees per segment	7	7	21	22	-	-	403	405

# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## 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 City, Suriname. These condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 comprise the Company, its subsidiaries and its associate (together referred to as the Group).

These condensed consolidated interim financial statements were authorized for issue by the Supervisory Board on 24 October 2017. These condensed consolidated interim financial statements have been reviewed, not audited.

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

These condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with generally accepted accounting principles for interim financial reporting.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with generally accepted accounting principles.

### 2.2) Basis of Measurement

Property is valued at costs adjusted for hyperinflation less accumulated depreciation. Plant and equipment are valued at cost less accumulated depreciation. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Financial assets are presented at fair value. Other assets and liabilities are stated at face value using the historical cost method.

The methods used to measure fair value are discussed further in note 3.

### 2.3) Functional and presentation currency

These condensed consolidated interim 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.

# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## 2.4) Application of IFRS standards

Certain provisions from the following IFRS standards were applied to these condensed consolidated interim 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

## 3.) Accounting policies

The accounting policies adopted are consistent with those of the 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. If a subsidiary has a negative equity this subsidiary will be valued at zero. Subsequently a provision is necessary and will be formed in the parent to the amount of the equity or the obligation with regards to the shareholders position.

Subsidiaries are fully consolidated and the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. All balances, transactions, income and expenses between Group companies are eliminated. Non-controlling interests represent the portion of profit and net assets not held by the Company and are presented separately in the condensed consolidated income statement and within equity in the condensed 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 statement of income. Dividend received reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportional interest in the associate arising from changes in the revaluation of property, plant, equipment and other assets.

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 of Directors including the Chair.

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the 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 condensed consolidated statement of income.

in SRD	30 June 2017	31 December 2016
US Dollar	7.65	7.50
EURO	8.73	7.93
GYP (per 100)	3.47	3.57

### 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.

# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## 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
Land is not depreciated	

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement, if the recognition criteria are satisfied. 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 consolidated statement of income. There are no assets held under financial leases, and assets held under operating leases and not recognized in the Group's condensed consolidated 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. 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 under depreciation in the condensed consolidated statement of income. The current estimated useful life is 3 years.

## Financial Assets

Financial assets consist mostly of shares in 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 June 2017, where the shares are listed.

## Inventories

Inventories are stated at cost, less a provision for the reduced marketability of inventories if applicable. Cost is calculated using the last 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 in the balance sheet comprise cash in banks and cash on hand.

## Loans

Interest bearing bank 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.



# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## 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 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 condensed consolidated statement of income.

The Group, except for CIC, has no obligations for long term employee benefits. CIC has the obligation to pay medical benefits to pensioners. A provision based on actuarial calculations is 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 consolidated statement of income when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at 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 and terminal, agency and other services. Interest income is recognized when earned.

## 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 consolidated statement of income on a straight-line basis over the term of the lease.

## 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 during the period.

## Segments 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.

# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## 4.) Use of estimates and judgments

The preparation of these condensed consolidated interim 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.

## 5.) 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.

## 6.) Segment results

Operating results of the segments is reported before distribution of costs of the Company and income taxes.

The shipping segment comprises shipping activities of the following subsidiaries:

**VSH Shipping**

**VSH Transport**

**VSH Logistics**

**VSH Labour Services**

**VSH-United (USA)**

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

**VSH Trading**

**VSH Guyana**

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

**VSH Foods**

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

**CIC**

The steel segment comprises steel fabrication of the following subsidiary:

**VSH Steel**

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

**VSH Real Estate**

**VSH Trading**

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

# Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2017

## **7.) Dividend declaration and payment**

The proposed total dividend 2016 of SRD 2.80 per share was adopted in the Annual General Meeting of Shareholders of 30 June 2017.

The first and second quarter interim dividend 2017 of total SRD 0.60 per share (2016: SRD 0.60) were declared by the Company.

## **8.) Related party transactions**

Financial- and IT services are provided by the Company to VSH Foods, VSH USA and CIC. For the six months ended 30 June 2017 total amount billed and posted to other income in the condensed company statement of income was SRD 565,184 (first half year 2016: SRD 313,157).

The Company also purchases goods from other subsidiaries of VSH United.

The Group participates in the 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 Group contributes on a final monthly basis 1.5% of the profit before tax to the VSH Community Fund. For the six months ended 30 June 2017 a total amount of SRD 212,990 (first half year 2016: SRD 169,106) was contributed by the Group.

# Independent Auditors' report on review of condensed consolidated interim financial information

*To: The Shareholders, Supervisory Board of Directors and the Management of  
N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company  
Paramaribo, Suriname*

## **Report on review of condensed consolidated interim financial information**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company (N.V. VSH), in Paramaribo, which comprises the condensed company balance sheet and the condensed consolidated balance sheet at June 30, 2017, the condensed company and condensed consolidated statements of income, changes in equity and cash flows for the period of six months ended June 30, 2017 and the notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with generally accepted accounting principles for interim financial reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for qualified conclusion**

N.V. VSH holds a 24,63 % interest in Assuria N.V., which is accounted for by the equity method. The total investment in Assuria N.V. at June 30, 2017 and the total result for the first half year 2017 of the Company amounted to SRD 69.6 million and SRD 4.2 million, respectively. The half year financial statements of Assuria N.V. have been reviewed by another independent auditor who issued a qualified review report thereon as a result of the unavailability of an independent auditor's review report of a local subsidiary in which Assuria N.V. has a direct material investment, which is significant to the financial statements of Assuria N.V. As a result thereof, we were unable to satisfy ourselves about the carrying amount of N.V. VSH's investment in Assuria N.V. and N.V. VSH's share of net result of Assuria N.V. by other review procedures. Consequently, we were unable to determine whether adjustments to these amounts were necessary.

### **Qualified conclusion**

Except for the possible adjustments to the interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information at and for the half-year period ended June 30, 2017 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

*Paramaribo, 24 October 2017*

*Lutchman & Co*

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